

AMP CAPITAL NOTES 2

Issuer



AMP Limited
(ABN 49 079 354 519)

Arranger



Joint Lead Managers



Co-managers



IMPORTANT NOTICES

About this Prospectus

This Prospectus relates to the Offer by AMP Limited (ABN 49 079 354 519) (“AMP”) of perpetual, convertible, subordinated and unsecured notes (“Capital Notes 2”) to raise \$200 million with the ability to raise a higher or lower amount.

This Prospectus is a transaction-specific prospectus issued by AMP under section 713(1) of the *Corporations Act 2001* (Cth) (“Corporations Act”) as modified by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71. It was lodged with the Australian Securities and Investments Commission (“ASIC”) on 26 November 2019. This Prospectus expires 13 months after that date and no Capital Notes 2 will be issued on the basis of this Prospectus after that expiry date.

Neither ASIC nor ASX Limited (“ASX”) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Defined words and expressions

Certain words, expressions and acronyms used in this Prospectus have defined meanings which are explained in the glossary in Appendix B of this Prospectus and in the Terms of Capital Notes 2 as set out in Appendix A. If there is inconsistency between the definitions in Appendix A and Appendix B then the definitions in Appendix A will prevail.

Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

AMP and Capital Notes 2

Capital Notes 2 are issued by AMP, an ASX-listed company incorporated in Australia which is the non-operating holding company of the businesses it controls. References in this Prospectus to AMP are to the holding company on a standalone basis and references to the AMP Group are to AMP and its controlled entities.

AMP is not a bank or authorised deposit-taking institution under the *Banking Act 1959* (Cth) (“Banking Act”) and is not a life insurer under the *Life Insurance Act 1995* (Cth) (“Life Insurance Act”).

Capital Notes 2 are complex and involve different risks than a simple debt or ordinary equity security. Capital Notes 2 may not be suitable for all investors and contain features which may make the Terms difficult to understand. AMP recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision.

Capital Notes 2 are subject to investment risks, including loss of income and principal invested. Distributions on Capital Notes 2 are payable only if AMP decides to pay them and are non-cumulative. There is a risk you may lose some or all of the money you invest in Capital Notes 2, either because a Non-Viability Event occurs or on a winding-up of AMP if there are insufficient assets to satisfy payment of securities and obligations ranking ahead of Capital Notes 2. In either case, you will not be repaid any of the Face Value and will not receive any of the Distribution payments scheduled and unpaid from that time. Neither AMP nor any member of the AMP Group in any way guarantees the capital value and/or performance of Capital Notes 2 or any particular rate of return.

Capital Notes 2 are unsecured notes for the purposes of section 283BH of the Corporations Act.

Capital Notes 2 will be issued by AMP under the Trust Deed (which includes the Terms of Capital Notes 2) and Holders of Capital Notes 2 have no direct right to claim against AMP except as provided in the Trust Deed and the Terms.

Capital Notes 2 are not:

- deposits with or protected accounts of AMP Bank or any other member of the AMP Group and are not policies with any member of the AMP Group for the purposes of the Life Insurance Act;
- investments in any superannuation or other fund managed by any member of the AMP Group;
- guaranteed by any member of the AMP Group, nor are they guaranteed or insured by any government or under any compensation scheme or by any government agency or any other party; or
- secured over any of the AMP Group’s assets.

The risks associated with investing in Capital Notes 2 are detailed in Section 5 and you should read these carefully and consider these factors in light of your personal circumstances (including financial and taxation issues).

No personal investment advice

The information in this Prospectus does not take into account your investment objectives, financial situation or particular needs as an investor.

Exposure period

The Corporations Act prohibits AMP from accepting Applications to subscribe for Capital Notes 2 under this Prospectus in the seven-day period after the date of lodgement of this Prospectus with ASIC, known as the exposure period. This period may be extended by ASIC by up to a further seven days. No Application Forms will be available during the exposure period.

How to obtain a Prospectus and Application Form

This Prospectus is available to Australian investors in electronic form at ampcapitalnotes2.com.au. The Offer contained in this Prospectus in electronic form is available only to persons accessing and downloading or printing the electronic copy of this Prospectus within Australia and is not available to persons in any other jurisdiction. Each Eligible Securityholder will also have access to download an electronic version of this Prospectus and apply online at ampcapitalnotes2.com.au. By lodging an Application online, you declare that you were given access to the electronic Prospectus together with the Application Form. Persons in Australia may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge) by calling the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time), or by registering online to receive a Prospectus at ampcapitalnotes2.com.au. You must contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

Applications for Capital Notes 2 under this Prospectus may only be made during the Offer Period, using an Application Form (either electronic or paper) that is attached to or accompanying this Prospectus (including the electronic Prospectus).

No cooling-off rights

Investors should note that no cooling-off rights (whether by law or otherwise) apply to an Application for Capital Notes 2. This means that, in most circumstances, you cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

Providing personal information

You will be asked to provide personal information to the AMP Group (directly or via its agents) if you apply for Capital Notes 2. See Section 8.14 and AMP's privacy policy, which is available at amp.com.au, for information on how AMP (and its agents) collects, holds and uses this personal information.

Restrictions on selling outside Australia

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify Capital Notes 2 or the Offer of Capital Notes 2 or to otherwise permit a public offering of Capital Notes 2 outside Australia.

The distribution of this Prospectus and the offer or sale of Capital Notes 2 may be restricted by law in certain jurisdictions. Persons who receive this Prospectus outside Australia must inform themselves about and observe all such restrictions.

For further details of the selling restrictions that apply to the Capital Notes 2, see Section 6.6.1.

Financial information and forward-looking statements

Section 4 sets out the financial information referred to in this Prospectus. The basis of preparation of that information is also set out in Section 4.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest million dollars unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward-looking statements, which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words, that involve risks and uncertainties.

Any forward-looking statements are not guarantees of future performance and are subject to various risk factors that could cause actual circumstances or outcomes to differ materially from the circumstances or outcomes expressed, implied or anticipated in these statements. Forward-looking statements should be read in conjunction with the risk factors set out in Section 5, and the other information in this Prospectus.

No representations other than in this Prospectus

You should rely only on information in this Prospectus. No person is authorised to give any information or to make any representation in connection with the Offer of Capital Notes 2 which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by AMP or any other member of the AMP Group in connection with the Offer.

About the Trustee

The Trustee has not authorised or caused the issue of this Prospectus and has not been involved in the preparation of any part of this Prospectus.

The Trustee has not made any statement or purported to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than as specified in this Prospectus.

ASX Quotation

AMP will apply for Capital Notes 2 to be quoted on ASX. Capital Notes 2 are expected to trade under ASX code “AMPPB”.

Diagrams

The diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

Enquiries

If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Capital Notes 2, you should seek professional guidance from your stockbroker, solicitor, accountant or other licensed adviser before deciding whether to invest.

This Prospectus is important and, if you are considering applying for Capital Notes 2 under the Offer, you should read it in its entirety.

If you have any questions in relation to the Offer, please call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time).

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GUIDANCE FOR INVESTORS

1. Read this Prospectus in full

- If you are considering applying for Capital Notes 2 under the Offer, this Prospectus is important and should be read in its entirety.
- You should have particular regard to the:
 - “Important notices” at the front of this Prospectus;
 - “Investment overview” in Section 1 and “About Capital Notes 2” in Section 2;
 - “Investment risks” in Section 5; and
 - “Terms” in Appendix A.
- In considering whether to apply for Capital Notes 2, it is important that you consider all risks and other information regarding an investment in Capital Notes 2 in light of your particular investment objectives and circumstances.

2. Speak to your licensed adviser

- Capital Notes 2 are complex and involve different risks than a simple debt or ordinary equity security. Capital Notes 2 are not suitable for all investors and contain features which may make the Terms difficult to understand.
- AMP strongly recommends that you seek professional guidance from a licensed adviser, which takes into account your particular investment objectives and circumstances, before you make an investment decision.
- ASIC has published guidance on how to choose a licensed adviser on its MoneySmart website. You can read this guidance by searching for the term “choosing a financial adviser” at moneysmart.gov.au.

3. Consider ASIC guidance for retail investors

- ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of the Capital Notes 2. You can read this guidance by searching for the term “hybrid securities” at moneysmart.gov.au.
- The guidance includes a series of questions you should ask before you invest in hybrid securities, as well as a short quiz to check your understanding of how hybrids work, their features and risks.

4. Obtain further information about AMP and Capital Notes 2

- AMP is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. AMP must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about AMP that a reasonable person would expect to have a material effect on the price or value of its securities, including Capital Notes 2.
- Copies of documents lodged with ASIC, which are publicly available, can be obtained from, or inspected at, an ASIC office and are available on ASIC’s website asic.gov.au (a fee may apply) and AMP’s ASX announcements may be viewed at asx.com.au.

5. Enquiries

- If you have any questions in relation to the Offer of Capital Notes 2, please see ampcapitalnotes2.com.au or call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time).
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KEY DATES

Key dates for the Offer of Capital Notes 2	Date
Record Date for determining Eligible Securityholders (7.00pm Sydney time)	15 November 2019
Lodgement of this Prospectus with ASIC	26 November 2019
Bookbuild	3 December 2019
Announcement of the Margin	3 December 2019
Lodgement of the replacement Prospectus with ASIC	4 December 2019
Opening Date for the Offer	4 December 2019
Closing Date for the Securityholder Offer (5.00pm Sydney time)	18 December 2019
Closing Date for the Broker Firm Offer (10.00am Sydney time)	20 December 2019
Issue Date	23 December 2019
Capital Notes 2 commence trading on ASX (deferred settlement basis)	24 December 2019
Holding Statements for Capital Notes 2 dispatched by	30 December 2019
Capital Notes 2 commence trading on ASX (normal settlement basis)	31 December 2019
Shareholder Approval sought	8 May 2020

Key dates for Capital Notes 2	Date
First Distribution Date	16 March 2020
Optional Exchange Date	16 December 2025
Date on which Mandatory Conversion is scheduled to occur	16 December 2027

Dates may change

These dates are indicative only and may change without notice.

AMP may vary the timetable, including extending the Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before Capital Notes 2 are issued, at its discretion.

You are encouraged to apply as soon as possible after the Opening Date for the Offer.

1. INVESTMENT OVERVIEW

This section provides a summary of the key features, benefits and risks of investing in Capital Notes 2. Detailed information about each of these matters is provided in this Prospectus and it is important you read this Prospectus in full before deciding to apply for Capital Notes 2. If you have any questions, you should seek advice from your licensed adviser.

The Terms of Capital Notes 2 are different from the terms of Capital Notes 1 and other similar hybrid securities listed on ASX in that the features of the Terms which facilitate the Conversion of Capital Notes 2 will not apply, other than on account of a Non-Viability Event, unless and until Shareholder Approval has been obtained (see Section 2.7). The features that will not apply unless and until Shareholder Approval is obtained are shaded in yellow in this Prospectus.

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- 1.1 Key features of the Offer and Capital Notes 2

 - 1.2 Summary of certain events that may affect Capital Notes 2

 - 1.3 Ranking of Capital Notes 2 in a winding-up of AMP

 - 1.4 Key benefits and risks associated with an investment in Capital Notes 2

 - 1.5 Comparison between Capital Notes 2 and other types of investments

 - 1.6 Information about the Offer of Capital Notes 2

1.1 Key features of the Offer and Capital Notes 2

Topic	Summary	Further information
Offer	<ul style="list-style-type: none"> – The Offer is for the issue of Capital Notes 2 to raise \$200 million with the ability to raise a higher or lower amount. 	Section 6.1 – The Offer of Capital Notes 2
Issuer	<ul style="list-style-type: none"> – AMP Limited (ABN 49 079 354 519) (“AMP”). – AMP is the non-operating holding company of the AMP Group. 	Section 3 – About AMP For further information about AMP’s financial position, see Section 4 – Financial information
Capital Notes 2	<ul style="list-style-type: none"> – Capital Notes 2 are perpetual, convertible, subordinated and unsecured notes to be issued by AMP. – The Terms are complex and include features to comply with APRA’s requirements for instruments that fund regulatory capital of APRA-regulated entities within the AMP Group. – If a Non-Viability Event occurs, Capital Notes 2 will Convert as described in Section 2.4. Otherwise, Capital Notes 2 will only Convert in accordance with the relevant features of the Terms if Shareholder Approval is obtained, as described in Section 2.7. The Terms which will not apply unless and until Shareholder Approval is obtained are shaded in yellow in this Prospectus. 	For further information about Capital Notes 2 see Section 2 – About Capital Notes 2

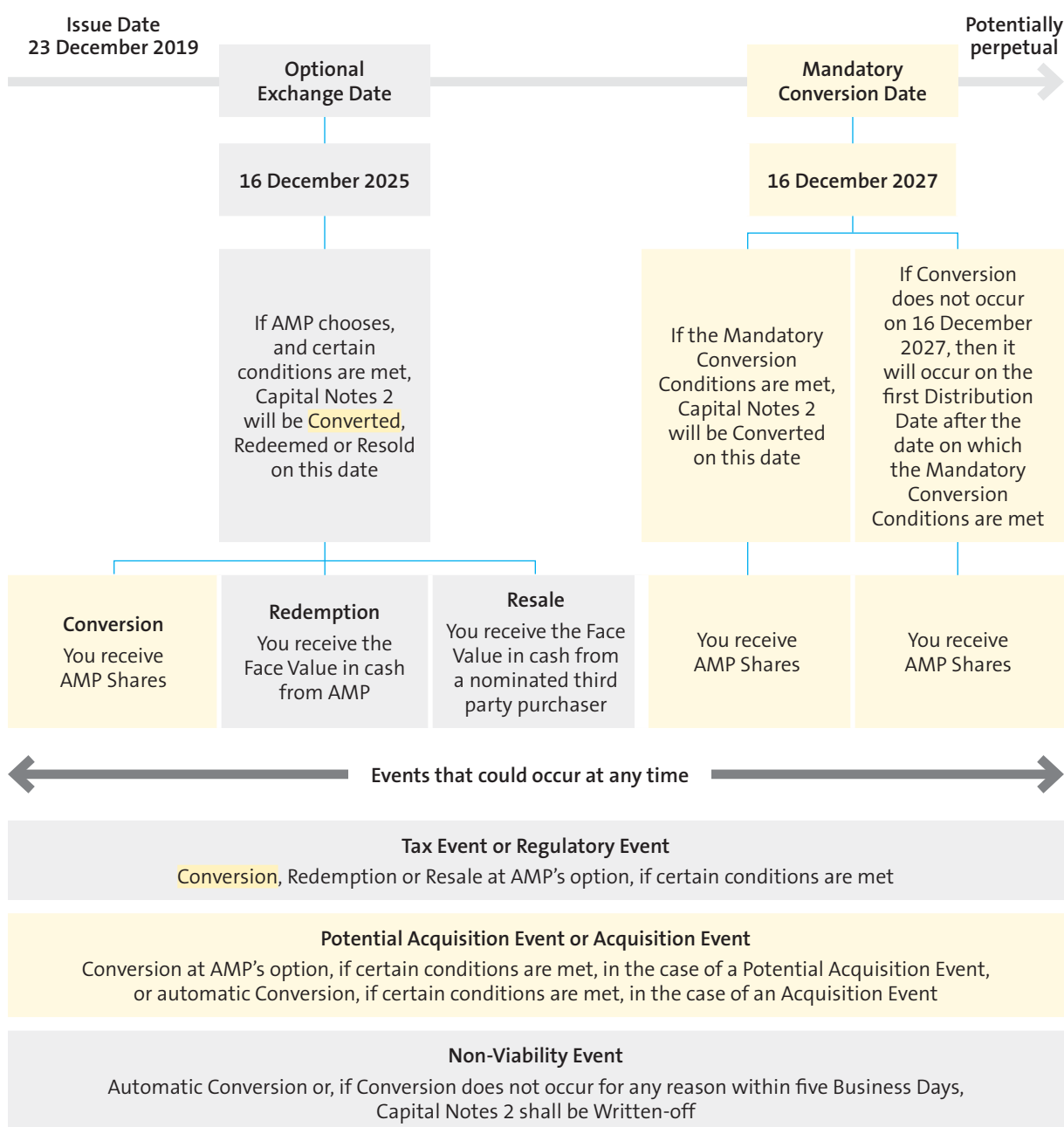
Topic	Summary	Further information
Use of proceeds	<ul style="list-style-type: none"> Capital Notes 2 are being issued as part of the AMP Group's ongoing funding and capital management strategy. The proceeds raised by the issue will be used to meet general funding requirements, including to fund Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP Group. 	For further information about the use of proceeds see Section 2.6 – Ranking and regulatory treatment
Face Value	<ul style="list-style-type: none"> Face Value is \$100 per Capital Note 2 but may be reduced to zero following a Non-Viability Event. 	Appendix A – Terms of Capital Notes 2 clauses 1.3 and 5 and definition of Face Value
Term	<ul style="list-style-type: none"> Capital Notes 2 are perpetual, which means they have no fixed maturity date and could remain on issue indefinitely if not Converted, Redeemed or Written-off. AMP must Convert all Capital Notes 2 into AMP Shares on 16 December 2027 if the Mandatory Conversion Conditions are satisfied for that date. AMP may Exchange Capital Notes 2 earlier if certain events occur. Optional Conversion features will not apply unless and until Shareholder Approval is obtained. 	<p>For further information about Mandatory Conversion see Section 2.2 – Mandatory Conversion</p> <p>For further information about the Shareholder Approval which is required before the Mandatory Conversion feature will apply, see Section 2.7 – Other important matters</p> <p>For further information about optional Exchange see Section 2.3 – Exchange at AMP's option</p> <p>For further information about the Shareholder Approval which is required before optional Conversion features will apply, see Section 2.7 – Other important matters</p>
Distributions	<ul style="list-style-type: none"> Capital Notes 2 are scheduled to pay floating rate Distributions quarterly in arrear unless and until Redeemed, Converted or Written-off. The Distribution Rate is the BBSW Rate plus the Margin, adjusted for franking. The Margin will be determined under the Bookbuild, and is expected to be in the range of 4.5000% to 4.7000%. The first Distribution on the Capital Notes 2 is scheduled to be paid on 16 March 2020. Distributions are payable only if AMP decides to pay them and if no Payment Condition exists. If a Payment Condition exists, a Distribution will not be paid. Distributions that are not paid do not accumulate which means that if they are not paid, they will never be paid. Non-payment of a Distribution on Capital Notes 2 will not be an event of default and AMP will have no liability to Holders in respect of any unpaid Distribution. 	For further information about distribution calculation, payment and timing see Section 2.1 – Distributions on Capital Notes 2

Topic	Summary	Further information
Franking	<ul style="list-style-type: none"> – Distributions are expected to be franked at the same rate as Dividends on AMP Shares. The Franking Rate applicable to the first Distribution is expected to be 100%. The Franking Rate may vary over time and Distributions may be partially, fully, or not franked. – The greater the rate of franking of the Distribution, the lower the Distribution Rate and the amount of cash Distribution, reflecting the value of the Franking Credits attached to the Distribution. – The ability of Holders to use Franking Credits will depend on their individual circumstances. 	For further information about franking see Section 2.1 – Distributions on Capital Notes 2
Shareholder Approval	<ul style="list-style-type: none"> – The Conversion features of Capital Notes 2 will not apply, other than Conversion on account of a Non-Viability Event, unless and until Shareholder Approval is obtained. – AMP is required under the Terms to use reasonable endeavours to obtain Shareholder Approval at its next scheduled annual general meeting, which is expected to take place on 8 May 2020, and if not obtained, at each succeeding annual general meeting until Shareholder Approval is obtained. However, AMP gives no assurance that Shareholder Approval will be obtained. – If Shareholder Approval is not obtained, Holders will have no remedy and will not have the benefit of the Conversion feature in the following circumstances: <ul style="list-style-type: none"> – on the Mandatory Conversion Date; or – following the occurrence of an Acquisition Event. – In addition, AMP will be unable to Convert Capital Notes 2 unless and until Shareholder Approval is obtained in the following circumstances: <ul style="list-style-type: none"> – on the Optional Exchange Date; – following the occurrence of a Potential Acquisition Event; or – following the occurrence of a Tax Event or Regulatory Event. – AMP will notify Holders by an announcement to the ASX if and when Shareholder Approval is obtained. 	See Section 2.7 – Other important matters
ASX quotation	<ul style="list-style-type: none"> – AMP will apply to ASX for quotation of Capital Notes 2 on ASX within seven days after the date of this Prospectus. It is expected that Capital Notes 2 will be quoted under the code “AMPPB”. 	See Section 6.6.2 – Application to ASX for quotation of Capital Notes 2

1.2 Summary of certain events that may affect Capital Notes 2

The diagram and table below summarises certain events that may affect what Holders will receive in relation to Capital Notes 2. The events are subject to contingencies such as the non-viability of AMP and, in some cases, election by AMP. Accordingly, these events may not occur. If none of these events occur, Capital Notes 2 could remain on issue indefinitely and the Face Value will not be repaid. The diagram and table lists certain events provided for in the Terms of Capital Notes 2 but is not an exhaustive list of all the events that may affect what Holders receive in relation to Capital Notes 2. For further information on the risks associated with an investment in Capital Notes 2, see Section 1.4 and Section 5 and other matters referred to in this Prospectus.

Terms of Capital Notes 2 which provide for their Conversion will not apply, other than features which provide for Conversion on account of a Non-Viability Event, unless and until Shareholder Approval has been obtained. The features that will not apply unless and until Shareholder Approval is obtained are shaded in yellow in the diagram and table below.



Will not apply unless and until Shareholder Approval is obtained

Event	When?	Is APRA approval required? ¹	Are there pre-conditions to the event?	What value will you receive per Capital Note 2? ²	How will that value be provided? ³	Further information
Optional Redemption or Resale at AMP's discretion	16 December 2025 or if a Tax Event or Regulatory Event occurs	Yes	Yes. AMP must be adequately capitalised and a Non-Viability Event must not have occurred	\$100	Cash	Section 2.3
Optional Conversion at AMP's discretion	16 December 2025 or if a Tax Event, Regulatory Event or Potential Acquisition Event occurs	Yes	Yes. AMP must be adequately capitalised, a Non-Viability Event must not have occurred and certain other conditions as to the price and listing of AMP Shares must be satisfied	Approximately \$101	Variable number of AMP Shares	Section 2.3
Mandatory Conversion on specified dates	On 16 December 2027 or the first Distribution Date after that date for which the Mandatory Conversion Conditions are satisfied	No	Yes. The Mandatory Conversion Conditions must be satisfied and a Non-Viability Event must not have occurred	Approximately \$101	Variable number of AMP Shares	Section 2.2
Mandatory Conversion upon Acquisition Event	On the Acquisition Conversion Date	No	Yes. An Acquisition Event must have occurred, a Non-Viability Event must not have occurred and certain other conditions as to the price and listing of AMP Shares must be satisfied	Approximately \$101	Variable number of AMP Shares	Section 2.5

Event	When?	Is APRA approval required? ¹	Are there pre-conditions to the event?	What value will you receive per Capital Note 2? ²	How will that value be provided? ³	Further information
Non-Viability Conversion	On the date a Non-Viability Event occurs	No (but would only happen as a result of APRA's determination of non-viability)	Yes. APRA determination of non-viability	A variable value which may be significantly less than the Face Value of the Capital Note 2 being Converted, depending on the value of AMP Shares at the relevant time and the number of AMP Shares issued	Variable number of AMP Shares up to the Maximum Conversion Number	Section 2.4
Write-off following Non-Viability Event	At the end of the period of five Business Days after a Non-Viability Event occurs, if within those five Business Days, Conversion of the Capital Notes 2 is not effected for any reason (including due to an Inability Event)	No (but would only happen as a result of APRA's determination of non-viability)	Yes. APRA determination of non-viability and AMP not effecting Non-Viability Conversion within five Business Days of the occurrence of the Non-Viability Event	Zero ⁴ , without any compensation	Not applicable	Section 2.4

Notes:

1. Holders should note that any approval is at APRA's discretion and may not be given.
2. In the case of Conversion, the value stated is the value a Holder of a Capital Note 2 will receive on Conversion based on the share price during a specified period prior to Conversion (not on the share price on Conversion itself) and since the Conversion Number cannot be greater than the Maximum Conversion Number the value received may be less than \$101 and, in the case of Conversion on account of a Non-Viability Event, substantially less than \$101.
3. Holders who have elected not to receive AMP Shares and certain other Holders (including Ineligible Holders) will not receive AMP Shares upon Conversion, but will instead receive the proceeds of the sale of the AMP Shares to which they would otherwise have been entitled (provided that Conversion of the Capital Notes 2 is effected).
4. If a Capital Note 2 is Written-off, the rights of the Holder in relation to the Capital Note 2 are immediately and irrevocably terminated and the Holder will lose all of the money invested in the Capital Note 2.


1.3 Ranking of Capital Notes 2 in a winding-up of AMP

Ranking of Capital Notes 2 in a winding-up of AMP

In a winding-up of AMP, Capital Notes 2 rank ahead of AMP Shares, equally among themselves and other equal ranking instruments (including Capital Notes 1 and AMP Wholesale Capital Notes).

The table below illustrates how Capital Notes 2 would rank on a winding-up of AMP if they have not been Converted or Written-off on account of a Non-Viability Event at the time.

If Conversion occurs, Holders will become holders of AMP Shares and their claims in respect of those AMP Shares rank equally with other holders of AMP Shares. These AMP Shares may be worth significantly less than the Face Value of Capital Notes 2.

	Type	Illustrative examples ¹	
 Higher ranking	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors	
	Unsubordinated and unsecured debt	Bonds and notes, trade and general creditors	
	Subordinated and unsecured debt	Certain subordinated notes, other subordinated and unsecured debt obligations (including AMP Subordinated Notes issued in 2017 and 2018)	
	Perpetual Subordinated Instruments	Capital Notes 2 ² and any preference shares or other securities expressed to rank equally with Capital Notes 2 if issued by AMP in the future (including Capital Notes 1 and AMP Wholesale Capital Notes issued in 2015)	← <i>Capital Notes 2</i>
Lower ranking	AMP Shares	AMP Shares (including AMP Shares issued to Holders of Capital Notes 2 where Capital Notes 2 are Converted)	← <i>Capital Notes 2 if Converted</i>

If AMP is experiencing financial difficulties and is at risk of being wound-up, it is likely that APRA will determine that a Non-Viability Event has occurred, in which case it is likely that Holders will lose some or all of their investment in Capital Notes 2. See Section 2.6 for further information.

Notes:

- This diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by AMP, or every potential claim against AMP in a winding-up of AMP. AMP will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or behind, Capital Notes 2.
- Ranking prior to Conversion, Redemption or Write-off.

1.4 Key benefits and risks associated with an investment in Capital Notes 2

Before applying for Capital Notes 2, you should consider whether Capital Notes 2 are a suitable investment for you. There are risks involved with investing in Capital Notes 2 and in AMP. Many of these risks are outside the control of AMP, its directors and the AMP Group. These risks include those outlined in this Section 1.4 and in Section 5 and other matters referred to in this Prospectus. Key benefits of Capital Notes 2 are also described in this Section 1.4.

Topic	Summary	Further information
1.4.1 Key benefits associated with an investment in Capital Notes 2		
Distributions	<ul style="list-style-type: none"> Capital Notes 2 are scheduled to pay floating rate Distributions. Subject to AMP's discretion and the Payment Conditions, Distributions will be paid quarterly in arrear unless and until Capital Notes 2 are Redeemed, Converted or Written-off. 	Section 2.1 – Distributions on Capital Notes 2
Traded on ASX	<ul style="list-style-type: none"> AMP will apply for Capital Notes 2 to be quoted on ASX. If Capital Notes 2 are quoted on ASX, investors may buy and sell the Capital Notes 2 on ASX. 	Section 6.6.2 – Application to ASX for quotation of Capital Notes 2
Diversification	<ul style="list-style-type: none"> Capital Notes 2 may provide Holders with an opportunity to diversify their investment portfolio. 	
1.4.2 Key risks associated with an investment in Capital Notes 2		
Capital Notes 2 are not guaranteed, nor are they bank deposits or policy liabilities of the AMP Group	<ul style="list-style-type: none"> Capital Notes 2 are not guaranteed by, nor are they bank deposits, policy liabilities or protected accounts or investments in any superannuation or other fund managed by, any member of the AMP Group. They are also not guaranteed or insured by any government, government agency or compensation scheme or any other party. 	Section 5.1.1 – Capital Notes 2 are not bank deposits or policy liabilities
Capital Notes 2 are unsecured and subordinated obligations	<ul style="list-style-type: none"> Capital Notes 2 are unsecured and subordinated obligations. In a winding-up of AMP, there is a risk that Holders may lose some or all of the money invested in Capital Notes 2. 	Section 5.1.2 – Capital Notes 2 are perpetual, unsecured and subordinated obligations
Capital Notes 2 are perpetual securities	<ul style="list-style-type: none"> Capital Notes 2 are perpetual debt obligations, which means they have no fixed maturity date and could remain on issue indefinitely if not Converted, Redeemed or Written-off. Holders have no right to require Conversion or Redemption of the Capital Notes 2 and may never be repaid the principal invested or receive AMP Shares. 	Section 5.1.2 – Capital Notes 2 are perpetual, unsecured and subordinated obligations Section 5.1.12 – Capital Notes 2 are perpetual securities and may never be Converted or Redeemed

Topic	Summary	Further information
<p>Conversion (other than on account of a Non-Viability Event) will not apply unless and until Shareholder Approval is obtained</p>	<ul style="list-style-type: none"> – If Shareholder Approval is not obtained Capital Notes 2 will not Convert into AMP Shares, unless a Non-Viability Event occurs, and the Capital Notes 2 may remain on issue indefinitely (unless they are Redeemed). – Shareholder Approval may never be obtained and Holders have no remedy if it is not. – Investors should assess Capital Notes 2 on the basis that, until Shareholder Approval is obtained, the Conversion features other than on account of a Non-Viability Event do not apply. – The absence of Conversion features (other than on account of a Non-Viability Event) may be disadvantageous to investors. For example, if there has been no Shareholder Approval: <ul style="list-style-type: none"> – if Capital Notes 2 are on issue on 16 December 2027, Holders will not receive AMP Shares and will continue to hold Capital Notes 2; – if AMP is subject to an Acquisition Event Holders will not receive AMP Shares and will continue to hold Capital Notes 2; – if there has occurred a Tax Event, Regulatory Event, Potential Acquisition Event or on the Optional Exchange Date AMP has no right to Convert the Capital Notes 2 into AMP Shares, Holders will continue to hold Capital Notes 2 (unless, in the case of a Tax Event or Regulatory Event, or on the Optional Exchange Date, AMP elects, in its discretion and with APRA's prior written approval, to Redeem Capital Notes 2). 	<p>Section 5.1.8 – No Conversion in circumstances other than on account of a Non-Viability Event unless Shareholder Approval is obtained</p>
<p>Distributions may not be paid</p>	<ul style="list-style-type: none"> – Distributions are payable only if AMP decides to pay them and are subject to the Payment Conditions. – Distributions that are not paid do not accumulate and will not be subsequently paid. 	<p>Section 5.1.3 – Distributions may not be paid</p>
<p>Changes in the Distribution Rate</p>	<ul style="list-style-type: none"> – The Distribution Rate will fluctuate with changes in the BBSW Rate or the Franking Rate. – There is a risk that the Distribution Rate may become less attractive when compared with the rates of return available on comparable securities. 	<p>Section 5.1.5 – Changes in the Distribution Rate</p>
<p>Distributions may or may not be franked</p>	<ul style="list-style-type: none"> – Distributions are expected to be franked at the same rate as Dividends on AMP Shares. The Franking Rate may vary over time and Distributions may be partially, fully, or not franked. – The ability of a Holder to use Franking Credits will depend on the individual circumstances of the Holder. 	<p>Section 5.1.6 – Distributions may or may not be franked</p>

Topic	Summary	Further information
Capital Notes 2 may Convert into AMP Shares	<ul style="list-style-type: none"> <li data-bbox="496 331 1134 389">– Capital Notes 2 must be Converted to AMP Shares upon the occurrence of a Non-Viability Event. <li data-bbox="496 443 1134 613">– Capital Notes 2 must be Converted to AMP Shares on the Mandatory Conversion Date or upon the occurrence of an Acquisition Event. AMP may also elect to Convert the Capital Notes 2. These Conversion features will not apply unless and until Shareholder Approval has been obtained. <li data-bbox="496 748 1134 860">– On Conversion, Holders will receive AMP Shares which may be worth significantly less than the Face Value of Capital Notes 2 and Holders may suffer a loss as a consequence. 	<p data-bbox="1166 331 1385 412">Sections 5.1.7, 5.1.8, 5.1.9, 5.1.10 and 5.1.11</p> <p data-bbox="1166 443 1385 725">For further information about the Shareholder Approval which is required before these Conversion features will apply, see Section 2.7 – Other important matters</p>
AMP Shares are a different type of investment to Capital Notes 2	<ul style="list-style-type: none"> <li data-bbox="496 891 1134 1084">– If Capital Notes 2 are Converted, Holders will be issued AMP Shares. AMP Shares are a different type of investment to Capital Notes 2 and AMP Shareholders have different rights to Holders of Capital Notes 2. In a winding-up of AMP, claims of AMP Shareholders rank behind claims of investors in all other securities of AMP and AMP's lenders and other creditors. 	<p data-bbox="1166 891 1385 972">Section 5.1.7, 5.1.8, 5.1.9, 5.1.10, 5.1.11, 5.1.12 and 5.1.15</p> <p data-bbox="1166 981 1385 1084">Section 8.4 briefly summarises the key rights attaching to AMP Shares</p>
A failure to Convert following a Non-Viability Event may cause Holders to lose all of their investment	<ul style="list-style-type: none"> <li data-bbox="496 1122 1134 1314">– If for any reason a Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date, the Capital Notes 2 will not Convert and instead all rights (in relation to those Capital Notes 2) will be immediately and irrevocably Written-off and terminated. Your investment will be lost and you will not receive any compensation. <li data-bbox="496 1323 1134 1458">– This would occur if AMP were prevented from issuing AMP Shares by circumstances outside its control, for example, if AMP were prevented by an applicable law or order of any court, or action of any government authority, from issuing AMP Shares. 	<p data-bbox="1166 1122 1385 1225">Section 5.1.7 – Conversion on account of a Non-Viability Event</p>
The value of AMP Shares to be issued on Conversion may be significantly less than the market price on the Conversion Date	<ul style="list-style-type: none"> <li data-bbox="496 1489 1134 1740">– The price used to calculate the number of AMP Shares to be issued on Conversion may be different to the market price of AMP Shares at the time of Conversion because the price used is based on the VWAP during a number of Business Days immediately preceding the Conversion Date. Also, the Conversion Number is subject to the Maximum Conversion Number which will limit the number of AMP Shares to be issued on account of a Non-Viability Event. <li data-bbox="496 1749 1134 1852">– The value of AMP Shares you receive may be, and in the case of a Non-Viability Conversion is likely to be, significantly less than the value of those AMP Shares based on the AMP Share price on the Conversion Date. 	<p data-bbox="1166 1489 1385 1807">Section 5.1.9 – Capital Notes 2 may Convert into AMP Shares in circumstances other than on account of a Non-Viability Event</p> <p data-bbox="1166 1695 1385 1807">Section 5.1.7 – Conversion on account of a Non-Viability Event</p>

Topic	Summary	Further information
Exchange is at AMP's option	<ul style="list-style-type: none"> – AMP may (subject to APRA's prior written approval and certain other conditions and restrictions) elect to Exchange Capital Notes 2 on the Optional Exchange Date or at any time for tax or regulatory reasons and may (subject to certain conditions and restrictions) Convert all Capital Notes 2 following a Potential Acquisition Event. – APRA's approval for an Exchange may or may not be given. – The Terms which provide for Exchange of Capital Notes 2 by Conversion will not apply unless and until Shareholder Approval is obtained. 	<p>Section 5.1.11 – Exchange is at AMP's option</p> <p>For further information about the Shareholder Approval which is required before these Conversion features will apply, see Section 2.7 – Other important matters</p>
Holders have no rights to request Exchange of Capital Notes 2	<ul style="list-style-type: none"> – Holders do not have a right to request or require an Exchange of Capital Notes 2 in any circumstances. 	<p>Section 5.1.11 – Exchange is at AMP's option</p>
It is not certain whether and when Capital Notes 2 may be Exchanged	<ul style="list-style-type: none"> – There are a number of scenarios in which Capital Notes 2 may be Exchanged. It is uncertain whether and when an Exchange may occur. The timing of any Exchange may not suit all Holders. – Capital Notes 2 have no maturity date and may not be Converted or Redeemed at all. 	<p>Sections 5.1.7, 5.1.9, 5.1.10 and 5.1.11</p>
AMP may issue further securities	<ul style="list-style-type: none"> – AMP may raise further debt or issue securities that rank equally with or ahead of Capital Notes 2. This may affect a Holder's ability to be repaid on a winding-up of AMP. An investment in Capital Notes 2 confers no right for Holders of Capital Notes 2 to participate in the issue of any further securities other than on Conversion in accordance with the Terms. 	<p>Section 5.1.13 – Future issues or redemptions of securities by AMP</p>
Market price and liquidity of Capital Notes 2	<ul style="list-style-type: none"> – The market price of Capital Notes 2 will fluctuate and Holders may lose some of the money invested in Capital Notes 2 if they are sold. – Standard & Poor's (S&P) has placed AMP on Negative Outlook reflecting downward credit ratings pressure. S&P's outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). Negative Outlook means that a rating may be lowered. A downgrade of AMP's credit rating may affect the market price of Capital Notes 2. – Liquidity of Capital Notes 2 on ASX may be low and Holders may not be able to sell their Capital Notes 2, in which case they may not be able to realise any of their investment in Capital Notes 2. 	<p>Section 5.1.14 – Market price and liquidity of Capital Notes 2</p>
Market price and liquidity of AMP Shares	<ul style="list-style-type: none"> – The market price of AMP Shares may fluctuate due to various factors. – Holders of Capital Notes 2 receiving AMP Shares on Conversion may not be able to sell those AMP Shares at the price on which the Conversion calculation was based, or at all. 	<p>Section 5.1.15 – Market price and liquidity of AMP Shares</p>

Topic	Summary	Further information
1.4.3 Risks associated with AMP and the AMP Group		
Strategic risk	<ul style="list-style-type: none"> – The risk associated with the competitive positioning of the business, and the AMP Group’s ability to respond in a timely manner to changes in its competitive landscape and protect the value of the AMP brand. 	Section 5.2.1 – Strategic risk
Regulatory risk	<ul style="list-style-type: none"> – Failure to adequately anticipate and respond to future regulatory changes could have a material adverse impact on AMP’s business model and the performance of its businesses and strategic objectives. – The ongoing impact of the Royal Commission could have further material adverse impacts on the financial performance and position of AMP including its credit ratings and potentially its ability to pay Distributions on Capital Notes 2. 	Section 5.2.2 – Legislative, regulatory and capital risks
Business and industry risk	<ul style="list-style-type: none"> – AMP faces a number of risks related to business performance, funding, liquidity and general industry factors that may impact financial performance and the achievement of strategic objectives. 	Section 5.2.3 – Business and industry risks
Financial risk	<ul style="list-style-type: none"> – The underperformance of investments could have a material adverse impact on the overall financial position and performance of AMP and may result in the need for additional capital to support AMP’s businesses. – The AMP Group’s debt facilities include a number of review events, representations, undertakings and events of default that could lead to amendments to the terms and cost of the facilities or early cancellation of the facilities, which would adversely impact on the liquidity of AMP and the AMP Group. 	Section 5.2.4 – Financial risks
Economic risk	<ul style="list-style-type: none"> – The financial performance of the AMP Group may be significantly affected by changes in investment markets, market volatility and economic conditions globally. 	Section 5.2.5 – Economic risk
Operational, legal and compliance risk	<ul style="list-style-type: none"> – Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. 	Section 5.2.6 – Operational, legal and compliance risks
Environmental risk	<ul style="list-style-type: none"> – AMP, its customers and its external suppliers may be adversely affected by the physical risks of climate change. 	Section 5.2.7 – Environmental risk

1.5 Comparison between Capital Notes 2 and other types of investments

Capital Notes 2 are different from other types of investments, such as bank deposits. Capital Notes 2 are issued by AMP which is the non-operating holding company of the AMP Group and is not a bank.

Claims of Holders of Capital Notes 2 will rank behind (i.e. be subordinated to) the claims of bank depositors and investors in the subordinated notes constituting Tier 2 Capital which were issued by AMP in 2017 and 2018.

The key differences between bank deposits, Capital Notes 1, Capital Notes 2 and AMP Shares are summarised in the table below.

The Terms of Capital Notes 2 are different from the terms of Capital Notes 1 and other similar hybrid securities listed on ASX in that the Terms which provide for the Conversion of Capital Notes 2 will not apply, other than on account of a Non-Viability Event, unless and until Shareholder Approval has been obtained (see Section 2.7). AMP will use reasonable endeavours to obtain that approval but gives no assurance it will be obtained, and investors will have no remedy if it is not obtained. Investors should assess Capital Notes 2 on the basis that those features are not operative, unless and until the Shareholder Approval is obtained. AMP will notify Holders by ASX announcement if and when Shareholder Approval is obtained.

You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to apply for Capital Notes 2.

	Bank deposits	Capital Notes 1	Capital Notes 2	AMP Shares
Issuer/provider	A bank, credit union or building society (such as AMP Bank)	AMP	AMP	AMP
Legal form	Unsubordinated debt obligation	Unsecured and perpetual subordinated debt obligation	Unsecured and perpetual subordinated debt obligation	Ordinary share
Protection under the Australian government Financial Claims Scheme ¹	Yes	No	No	No
Term	At call or between one month and five years	Perpetual (no maturity date), unless redeemed, converted or written-off	Perpetual (no maturity date), unless Redeemed, Converted or Written-off	Perpetual (no maturity date)
Issuer early redemption option	Not applicable	Yes, on optional exchange date and also on the occurrence of a tax event or a regulatory event, with the prior written approval of APRA (which is in its discretion and may not be given)	Yes, on Optional Exchange Date and also on the occurrence of a Tax Event or a Regulatory Event, with the prior written approval of APRA (which is in its discretion and may not be given)	No
Interest rate/distribution rate	May be fixed or floating	Floating	Floating	Variable Dividends payable
Interest/distribution payment	Cumulative, unfranked	Non-cumulative, franked at the same rate as AMP Shares ²	Non-cumulative, franked at the same rate as AMP Shares ²	Non-cumulative, franked
Interest/distribution payment frequency	At least per annum, typically monthly or end of term	Quarterly	Quarterly	Semi-annually

	Bank deposits	Capital Notes 1	Capital Notes 2	AMP Shares
Interest/distribution payment discretionary	No	Yes	Yes	Yes
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX ³	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes, subject to conditions in the case of term deposits	No	No	No
Ranking	Ahead of Capital Notes 2	Behind bank depositors and ahead of AMP Shareholders ⁴	Behind bank depositors and ahead of AMP Shareholders ⁴	Behind Holders of Capital Notes 2 and Capital Notes 1
Optional resale (obligation on holder to sell instrument to a Nominated Purchaser at AMP's option)	No	Yes, on optional exchange date and following a regulatory event or tax event	Yes, on Optional Exchange Date and following a Regulatory Event or Tax Event	No
Conversion into AMP Shares at AMP's option	No	Yes, on the optional exchange date and following a regulatory event, tax event or potential acquisition event	Yes, subject to Shareholder Approval being obtained , on the Optional Exchange Date and following a Regulatory Event, Tax Event or Potential Acquisition Event	Not applicable
Conversion into AMP Shares	No	Yes, on the mandatory conversion date subject to certain conditions	Yes, subject to Shareholder Approval being obtained , on the Mandatory Conversion Date subject to certain conditions	Not applicable
Voting rights as a member of AMP	No	No	No	Yes
Treated by APRA as regulatory capital	No	No, used to meet general funding requirements including to fund additional Tier 1 capital of one or more of the APRA-regulated entities within the AMP Group	No, used to meet general funding requirements including to fund additional Tier 1 Capital of one or more of the APRA-regulated entities within the AMP Group	No, used to fund Common Equity Tier 1 Capital of one or more entities within the AMP Group or investments in other entities within the AMP Group

Notes:

- Up to an amount of \$250,000, per account holder per authorised deposit-taking institution.
- The Franking Rate may vary over time and depends on AMP's available Franking Credits. Distributions may be partially, fully, or not franked. If Converted to AMP Shares, Dividends on the AMP Shares will be non-cumulative and payable at the discretion of the board of AMP. Any Dividends paid on AMP Shares may be franked.
- AMP will apply for Capital Notes 2 to be quoted on ASX and they are expected to trade under the code "AMPPB".
- Capital Notes 2 would rank equally with Capital Notes 1 and AMP Wholesale Capital Notes on a winding-up of AMP.

1.6 Information about the Offer of Capital Notes 2

Topic	Summary	Further information
Offer structure comprises	<ul style="list-style-type: none"> – A Broker Firm Offer made to Australian resident clients of Syndicate Brokers. – A Securityholder Offer made to Eligible Securityholders. – An Institutional Offer made to certain Institutional Investors. 	For further information on the different types of Offers and how to apply see Section 6.2 – Structure of the Offer of Capital Notes 2 and Section 6.4 – Applying for Capital Notes 2
Offer Period	<ul style="list-style-type: none"> – The Offer of Capital Notes 2 opens on 4 December 2019. – The Securityholder Offer is expected to close on 18 December 2019. – The Broker Firm Offer is expected to close on 20 December 2019. 	Key dates and Section 6 – Applying for Capital Notes 2
Amount intended to be raised	<ul style="list-style-type: none"> – The Offer is for the issue of Capital Notes 2 to raise \$200 million with the ability to raise a higher or lower amount. 	
How to apply	<ul style="list-style-type: none"> – If you are an Applicant applying under the Broker Firm Offer, you should contact your Syndicate Broker. – If you are an Eligible Securityholder applying under the Securityholder Offer you should apply using the Application Form and follow the instructions in Section 6 – Applying for Capital Notes 2. 	Section 6.4 – Applying for Capital Notes 2
Minimum application size	<ul style="list-style-type: none"> – 50 Capital Notes 2 (\$5,000) and thereafter in multiples of 10 Capital Notes 2 (\$1,000). 	Section 6.4 – Applying for Capital Notes 2
Taxation consequences	<ul style="list-style-type: none"> – A general description of the Australian taxation consequences of investing in Capital Notes 2 is set out in Section 7. 	Section 7 – Australian taxation summary
Allocation of Capital Notes 2	<ul style="list-style-type: none"> – The allocation policy and confirmation processes are different for the Broker Firm Offer, Securityholder Offer and Institutional Offer. – If you have applied under the Broker Firm Offer you should contact your Syndicate Broker to find out your allocation. – If you have applied under the Securityholder Offer, you should call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) to find out your allocation. 	Section 6.5 – Bookbuild and allocation policy
More information	<ul style="list-style-type: none"> – If you have any questions in relation to the Offer of Capital Notes 2, please call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time). – If you are an Applicant under the Broker Firm Offer, you should contact your Syndicate Broker. 	

2. ABOUT CAPITAL NOTES 2

This section is intended to provide information about the key features of Capital Notes 2. Where indicated, more detailed information is provided in other sections of this Prospectus.

The Terms of Capital Notes 2 are different from the terms of Capital Notes 1 and other similar hybrid securities listed on ASX in that the features of the Terms which facilitate the Conversion of Capital Notes 2 will not apply, other than on account of a Non-Viability Event, unless and until Shareholder Approval has been obtained (see Section 2.7). The features that will not apply unless and until Shareholder Approval is obtained are shaded in yellow in this Prospectus.

2.1	Distributions on Capital Notes 2
2.2	Mandatory Conversion
2.3	Exchange at AMP's option
2.4	Consequences of a Non-Viability Event
2.5	Conversion on an Acquisition Event
2.6	Ranking and regulatory treatment
2.7	Other important matters

2.1 Distributions on Capital Notes 2

Topic	Summary	Further information
Distributions	<ul style="list-style-type: none"> – Distributions are discretionary, non-cumulative, floating rate payments and are scheduled to be paid quarterly in arrear on each Distribution Date. – Distributions are subject to the Payment Conditions. – Distributions are non-cumulative. If a Distribution or part of a Distribution is not paid on a Distribution Date, Holders of Capital Notes 2 will have no claim or entitlement in respect of non-payment and no right to receive that Distribution at a later time. Failure to pay a Distribution on Capital Notes 2 when scheduled will not constitute an event of default. – Distributions are expected to be franked at the same rate as Dividends on AMP Shares. The Franking Rate applicable to the first Distribution is expected to be 100%. The Franking Rate may vary over time and Distributions may be partially, fully, or not franked. 	Clause 3 of Terms attached in Appendix A

Topic	Summary	Further information
Calculation of Distributions	<p>– The Distribution for each Distribution Period will be calculated using the following formula:</p> $\text{Distribution} = \frac{\text{Distribution Rate} \times \$100 \times N}{365}$ <p>where:</p> <p>N means the number of days in the Distribution Period calculated in accordance with the Terms.</p> <p>– The method for calculating the Distribution Rate (as well as each component of that method) is described below, followed by an illustrative example of a Distribution payment.</p>	Clause 3.1
Distribution Rate	<p>– The Distribution Rate (expressed as a percentage per annum) for each Distribution will be calculated as follows:</p> <p>Distribution Rate = (BBSW Rate + Margin) x Franking Adjustment Factor, where:</p> <ul style="list-style-type: none"> – BBSW Rate is the rate designated as “BBSW” in respect of prime bank eligible securities having a three month tenor which rate ASX Benchmarks (or its successor) publishes on the first Business Day of that Distribution Period, or such other rate set in accordance with the Terms where the BBSW Rate is not published by the relevant time on the day for publication or is affected by an obvious error, or where AMP determines that a Rate Disruption Event has occurred; – Margin is the rate (expressed as a percentage per annum) determined under the Bookbuild, expected to be in the range of 4.5000% to 4.7000%; and – Franking Adjustment Factor means: $\frac{(1 - T)}{1 - [T \times (1 - F)]}$ <p>where:</p> <p>F means the Franking Rate (being the franking percentage applicable to AMP’s franking account); and</p> <p>T means the Tax Rate (being the Australian corporate tax rate applicable to AMP at the relevant Distribution Date).</p> <p>– Franking is described in further detail below.</p> <p>– The Distribution Rate is a floating rate because it depends on the BBSW Rate at the start of each Distribution Period. The Distribution Rate also changes with changes in the Franking Adjustment Factor. This means that the Distribution Rate for one Distribution Period can be different to the Distribution Rate for another Distribution Period.</p> <p>– The BBSW Rate and the Franking Adjustment Factor are described in further detail below.</p>	Clause 3.1
BBSW Rate	<ul style="list-style-type: none"> – The BBSW Rate is the rate designated “BBSW” for prime bank eligible securities having a term of three months which is published by the ASX (or its successor) on the first Business Day of each relevant Distribution Period. Fallback procedures apply under the Terms if that rate is not published by the usual time, is affected by an error or otherwise subject to disruption. – The BBSW Rate is a benchmark interest rate for the Australian money market. It is currently based on an average of rates at which major Australian financial institutions lend to each other over a period which is equivalent to the relevant Distribution Period, as published by ASX (or its successor). The BBSW Rate changes to reflect supply and demand within the cash and currency markets. 	Clause 3.1

Topic	Summary	Further information
BBSW Rate (cont)	<ul style="list-style-type: none"> <li data-bbox="384 351 1198 421">– AMP will announce the relevant BBSW Rate to ASX no later than the fourth Business Day of each Distribution Period. <li data-bbox="384 421 1198 481">– The graph below illustrates the movement in the BBSW Rate over the last 15 years. The rate on 22 November 2019 was 0.8942% per annum. <p data-bbox="437 488 730 517">BBSW (3 month) since 2004</p>  <ul style="list-style-type: none"> <li data-bbox="384 965 1198 1301">– The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual BBSW Rate for the first or any subsequent Distribution Period. The actual BBSW Rate for the first and any subsequent Distribution Periods may be higher or lower than the rates in the above graph and there is no guarantee that the BBSW Rate will be greater than zero throughout the life of Capital Notes 2. If the BBSW Rate is negative, the Distribution Rate will be reduced by taking account of the negative value of that rate in the calculation of the Distribution Rate (but there is no obligation on Holders to pay AMP if the Distribution Rate were to become negative). For example, if the BBSW Rate is -1.0000% per annum, the Margin is 4.5000% per annum and the Australian corporate tax rate is 30%, then the Distribution Rate will be 2.4500% per annum. <li data-bbox="384 1301 1198 1841">– If AMP determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, AMP will use as the BBSW Rate such Replacement Rate as it may determine and will make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate. Holders should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards. A "Rate Disruption Event" will occur if, in AMP's opinion, the BBSW Rate has been discontinued or otherwise ceased to be calculated or administered, or is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to the Capital Notes 2. Any "Replacement Rate" would be the rate that is generally accepted in the Australian market as the successor to the BBSW Rate (or if AMP is not able to ascertain such a rate, or there is no such rate, the rate would be a reference rate which is appropriate as a replacement for the BBSW Rate for debt securities such as the Capital Notes 2 or such other rate as AMP considers appropriate as a replacement for the BBSW Rate having regard to comparable indices). 	

Topic	Summary	Further information
Franking Adjustment Factor	<ul style="list-style-type: none"> – The Franking Adjustment Factor adjusts the Distribution Rate on account of the Franking Rate and accordingly, affects the amount of any Distribution on Capital Notes 2. The Franking Adjustment Factor depends on the amount of any Franking Credit attached to a Distribution. – The Franking Rate applicable to the first Distribution is expected to be 100%. The Franking Rate for a Distribution Period may be a lower or higher percentage depending on AMP’s available Franking Credits. AMP’s available Franking Credits are affected by a wide range of factors, including its business performance, the applicable Australian corporate tax rate, assessments by relevant tax authorities and the amount of other frankable payments AMP pays on other instruments. Distributions are expected to be franked at the same rate as AMP Shares. – A lower Franking Rate will result in a larger cash Distribution with a smaller Franking Credit attached to the Distribution. – A higher Franking Rate will result in a smaller cash Distribution with a larger Franking Credit attached to the Distribution. – Examples of how the Distribution Rate (based on the BBSW Rate and Margin in the section entitled “Distribution Rate” above) varies according to the Franking Rate are illustrated in the following section entitled “Illustrative example of a Distribution payment”. – The ability to use the Franking Credits, either by offsetting a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder. – If Holders can use the Franking Credits, they may only receive the benefit of them when they lodge their tax return at the end of the income year rather than when they receive a cash Distribution. – If Distributions are partially franked, dividend withholding tax at the rate of 30% may be applied. Dividend withholding tax should generally not apply to the extent that: <ul style="list-style-type: none"> – the Holder is an Australian resident or a non-resident who derives the Distribution in carrying on a business at or through a permanent establishment in Australia; – the Distribution is franked; or – the amount of the unfranked part of the Distribution is declared by AMP to be conduit foreign income. – The dividend withholding tax rate may also be reduced under an applicable double tax treaty. If any dividend withholding tax is applicable, AMP will not increase the amount of the Distribution to account for that withholding. – Holders should refer to the Australian taxation summary in Section 7 and each Holder should obtain professional advice in relation to its tax position. 	Clause 3.1 and Section 7

Topic	Summary	Further information																																																			
Illustrative example of a Distribution payment	<ul style="list-style-type: none"> <li data-bbox="384 351 1198 472">– Assuming the BBSW Rate for a Distribution Period is 0.8900% per annum, the Margin is 4.5000% per annum, the Franking Rate is 100% and the Tax Rate is 30%, the Distribution Rate for that Distribution Period would be calculated as follows: <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">BBSW Rate</td> <td style="text-align: right;">0.8900% per annum</td> </tr> <tr> <td>plus Margin</td> <td style="text-align: right;">4.5000% per annum</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">5.3900% per annum</td> </tr> <tr> <td>Multiplied by Franking Adjustment Factor</td> <td style="text-align: right;">x 70.0000%</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Illustrative Distribution Rate =</td> <td style="text-align: right;">3.7730% per annum</td> </tr> </table> <li data-bbox="384 712 1198 1010">– If the Distribution Rate was 3.7730% per annum and the Distribution Period was 90 days, then the Distribution payable on a Capital Note for that Distribution Period would be calculated as follows: <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Illustrative Distribution Rate</td> <td style="text-align: right;">3.7730% per annum</td> </tr> <tr> <td>Multiplied by the Face Value</td> <td style="text-align: right;">x \$100.00</td> </tr> <tr> <td>Multiplied by the number of days in the Distribution Period</td> <td style="text-align: right;">x 90</td> </tr> <tr> <td>Divided by 365</td> <td style="text-align: right;">÷ 365</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Illustrative Distribution payment per Capital Note 2 for the Distribution Period</td> <td style="text-align: right;">\$0.9303</td> </tr> </table> <li data-bbox="384 1016 1198 1189">– A Franking Credit would be attached to the Distribution and will be included in the distribution statement to Holders. The amount of the Franking Credit will also be notified to ASX shortly before a Distribution is paid on Capital Notes 2. Following the above example, the amount of the Franking Credit per Capital Note 2 would be \$0.3987 (assuming the Distribution is franked at 100%). <li data-bbox="384 1196 1198 1256">– Examples of how the Distribution Rate varies according to the Franking Rate are illustrated in the table below: <table border="1" data-bbox="440 1272 1198 1630" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Franking Rate</th> <th style="text-align: center;">Franking Adjustment Factor</th> <th style="text-align: center;">Distribution Rate (in cash)</th> <th style="text-align: center;">Franking Credit (expressed as a percentage)</th> <th style="text-align: center;">Total (Distribution Rate plus Franking Credit)¹</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0%</td> <td style="text-align: center;">100.0000%</td> <td style="text-align: center;">5.3900%</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">5.3900%</td> </tr> <tr> <td style="text-align: center;">40%</td> <td style="text-align: center;">85.3659%</td> <td style="text-align: center;">4.6012%</td> <td style="text-align: center;">0.7888%</td> <td style="text-align: center;">5.3900%</td> </tr> <tr> <td style="text-align: center;">80%</td> <td style="text-align: center;">74.4681%</td> <td style="text-align: center;">4.0138%</td> <td style="text-align: center;">1.3762%</td> <td style="text-align: center;">5.3900%</td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">70.0000%</td> <td style="text-align: center;">3.7730%</td> <td style="text-align: center;">1.6170%</td> <td style="text-align: center;">5.3900%</td> </tr> </tbody> </table> <p data-bbox="440 1659 488 1682">Note:</p> <ol style="list-style-type: none"> <li data-bbox="440 1682 1198 1771">1. This assumes that the Holder is able to use the Franking Credits. It also ignores any differences that may arise because of the timing difference between the payment of the cash Distribution and the time at which the Holder gets the benefit of the Franking Credits. <ul style="list-style-type: none"> <li data-bbox="384 1778 1198 1926">– The above examples assume a Tax Rate of 30%, are for illustrative purposes only and do not indicate, guarantee or forecast the actual Distribution Rate, Franking Rate, Franking Credit or Distribution payment for any Distribution Period and actual amounts may be higher or lower than the above examples. A Distribution may not be paid at all. 	BBSW Rate	0.8900% per annum	plus Margin	4.5000% per annum	<hr/>		Total	5.3900% per annum	Multiplied by Franking Adjustment Factor	x 70.0000%	<hr/>		Illustrative Distribution Rate =	3.7730% per annum	Illustrative Distribution Rate	3.7730% per annum	Multiplied by the Face Value	x \$100.00	Multiplied by the number of days in the Distribution Period	x 90	Divided by 365	÷ 365	<hr/>		Illustrative Distribution payment per Capital Note 2 for the Distribution Period	\$0.9303	Franking Rate	Franking Adjustment Factor	Distribution Rate (in cash)	Franking Credit (expressed as a percentage)	Total (Distribution Rate plus Franking Credit) ¹	0%	100.0000%	5.3900%	0.00%	5.3900%	40%	85.3659%	4.6012%	0.7888%	5.3900%	80%	74.4681%	4.0138%	1.3762%	5.3900%	100%	70.0000%	3.7730%	1.6170%	5.3900%	Clause 3.1
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Topic	Summary	Further information
Distribution Dates	<ul style="list-style-type: none"> – The first Distribution Date will be 16 March 2020. – The Distribution Dates will be 16 June, 16 September, 16 December and 16 March in each year until (but not including) the date on which the Capital Note 2 is Converted, Redeemed or Resold in accordance with the Terms, and each date on which a Conversion, Redemption or Resale of the Capital Note 2 occurs in accordance with the Terms (other than in the case of a Non-Viability Conversion). – If any of these dates is not a Business Day, then the due date for payment will be the next Business Day. 	Clause 14.2 and definitions of Business Day and Distribution Date in the glossary
Payment Conditions	<ul style="list-style-type: none"> – Distributions may not always be paid. Distributions are payable only if AMP decides to pay them and are subject to no Payment Condition existing on the relevant Distribution Date. – “Payment Condition” means: <ul style="list-style-type: none"> – payment would result in AMP breaching APRA’s capital adequacy requirements applicable to it; – the payment would result in AMP becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or – APRA objecting to the payment. 	Clause 3.2 and definition of Payment Condition in the glossary
Restrictions if a Distribution is not paid	<ul style="list-style-type: none"> – If for any reason a Distribution has not been paid on a Distribution Date, AMP must not: <ul style="list-style-type: none"> – declare, determine to pay or pay a Dividend; or – undertake any Buy Back or Capital Reduction, until and including the next Distribution Date unless the Distribution is paid in full within 20 Business Days of the scheduled Distribution Date or the Holders by Special Resolution approve the declaration, determination or payment of a Dividend, a Buy Back or a Capital Reduction. – These restrictions are subject to certain exclusions detailed in the Terms. – Failure to pay a Distribution when scheduled will not constitute an event of default under the Capital Notes 2. Distributions that are not paid do not accumulate which means that if they are not paid, they will never be paid. 	Clauses 3.5 and 3.6

2.2 Mandatory Conversion

The Conversion feature described in this Section 2.2 will not apply unless and until Shareholder Approval is obtained (see Section 2.7).

On 16 December 2027, AMP must convert any Capital Notes 2 that are outstanding into AMP Shares, provided that Shareholder Approval has been obtained and the Mandatory Conversion Conditions (summarised below) are satisfied.

AMP undertakes to use reasonable endeavours to seek Shareholder Approval at its next scheduled annual general meeting, expected to take place on 8 May 2020, and if not obtained, at each next succeeding annual general meeting until Shareholder Approval is obtained.

The Mandatory Conversion Conditions and the associated Conversion calculations (as set out below) are designed to ensure that Holders receive approximately \$101 worth of AMP Shares for each Note they hold, and that the AMP Shares they receive following Conversion are capable of being sold on ASX.

Topic	Summary	Further information
Mandatory Conversion	<ul style="list-style-type: none"> – Holders will receive AMP Shares on Conversion of Capital Notes 2 on the Distribution Date falling on 16 December 2027 unless the Mandatory Conversion Conditions are not satisfied for that date or Capital Notes 2 are not outstanding on that date. – If the Mandatory Conversion Conditions are not satisfied for the Distribution Date falling on 16 December 2027, AMP must Convert all Capital Notes 2 into AMP Shares on the first Distribution Date after 16 December 2027 for which the Mandatory Conversion Conditions are satisfied. – Upon Conversion on a Mandatory Conversion Date, Holders will receive approximately \$101 worth of AMP Shares per Capital Note 2 based on the VWAP during a period of 20 Business Days on which trading in AMP Shares took place immediately preceding the Mandatory Conversion Date. The VWAP that is used to calculate the number of AMP Shares that Holders receive will most likely differ from the AMP Share price on or after the Mandatory Conversion Date. This means that the value of AMP Shares received may be more or less than \$101 when they are issued and at any time after that. 	Clauses 4 and 8
Consequences of Mandatory Conversion	<ul style="list-style-type: none"> – As a result of any Conversion of Capital Notes 2 to AMP Shares, Holders will cease to hold Capital Notes 2 and will hold AMP Shares, which will rank equally with existing AMP Shares from the date of issue. The value of any holding of AMP Shares is likely to fluctuate from time to time. – The composition of AMP's capital base will alter as a consequence of any Conversion and Conversion will result in AMP's equity capital increasing. 	Clauses 4 and 8.9 and definitions of Conversion and AMP Shares in the glossary
Mandatory Conversion Date	<ul style="list-style-type: none"> – The Mandatory Conversion Date will be 16 December 2027 if the Mandatory Conversion Conditions are satisfied for that date. – If any of the Mandatory Conversion Conditions are not satisfied for that date, the Mandatory Conversion Date will be the first Distribution Date after 16 December 2027 for which the Mandatory Conversion Conditions are satisfied. – The Mandatory Conversion Conditions may never be satisfied and consequently, Mandatory Conversion may never occur. Distributions will continue to be paid (subject to AMP's absolute discretion and the Payment Conditions) until the Capital Notes 2 are Converted, Redeemed, Resold or Written-off (if at all). – If the Mandatory Conversion Conditions are not satisfied for a Mandatory Conversion Date, AMP will give notice to the Holders and the Trustee that Mandatory Conversion will not (or, as the case may be, did not) occur on the relevant Distribution Date. 	Clause 4.2

Topic	Summary	Further information								
Mandatory Conversion Conditions	<p>– The Mandatory Conversion Conditions are as follows:</p> <ul style="list-style-type: none"> – First Mandatory Conversion Condition: the VWAP of AMP Shares on the 25th Business Day immediately preceding (but not including) the relevant Distribution Date¹ is more than 56% of the Issue Date VWAP; – Second Mandatory Conversion Condition: the VWAP of AMP Shares during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the relevant Distribution Date is greater than 50.51% of the Issue Date VWAP; and – Third Mandatory Conversion Condition: no Delisting Event applies which means that AMP is listed on ASX on the Mandatory Conversion Date, trading of AMP Shares on ASX has not been suspended for a period of consecutive days which includes at least five consecutive Business Days prior to the Mandatory Conversion Date and that date, and that AMP is not prevented by any applicable law or order of any court or any action of any government authority or any other reason from Converting Capital Notes 2. <p>– The following diagram sets out the timeframes that are relevant for testing whether Conversion will occur, using the Distribution Date falling on 16 December 2027. These dates are indicative only and may change.</p> <table border="1" data-bbox="384 981 1198 1352"> <thead> <tr> <th data-bbox="384 981 592 1061">11 November 2027</th> <th data-bbox="596 981 791 1061">18 November 2027</th> <th data-bbox="796 981 991 1061">15 December 2027</th> <th data-bbox="995 981 1198 1061">16 December 2027</th> </tr> </thead> <tbody> <tr> <td data-bbox="384 1068 592 1352">First Mandatory Conversion Condition: 25th Business Day before scheduled Mandatory Conversion Date</td> <td data-bbox="596 1068 791 1352">20th Business Day before scheduled Mandatory Conversion Date</td> <td data-bbox="796 1068 991 1352">Second Mandatory Conversion Condition: last Business Day of VWAP Period (Business Day before scheduled Mandatory Conversion Date)</td> <td data-bbox="995 1068 1198 1352">Scheduled Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)</td> </tr> </tbody> </table> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <p>↓</p> <p>First Mandatory Conversion Condition</p> <p>The VWAP of AMP Shares on the 25th Business Day immediately preceding (but not including) the relevant Distribution Date is more than 56% of the Issue Date VWAP</p> </div> <div style="text-align: center;"> <p>↓</p> <p>Second Mandatory Conversion Condition</p> <p>The VWAP of AMP Shares during the period of 20 Business Days on which trading in AMP shares took place immediately preceding (but not including) the relevant Distribution Date is greater than 50.51% of the Issue Date VWAP</p> </div> <div style="text-align: center;"> <p>↓</p> <p>Third Mandatory Conversion Condition</p> <p>No Delisting Event applies which means that AMP is listed on ASX on the Mandatory Conversion Date, trading in AMP Shares has not been suspended during the five preceding Business Days or on that date, and that AMP is not prevented by any applicable law or order of any court or any action of any government authority or any other reason from Converting Capital Notes 2</p> </div> </div>	11 November 2027	18 November 2027	15 December 2027	16 December 2027	First Mandatory Conversion Condition: 25th Business Day before scheduled Mandatory Conversion Date	20th Business Day before scheduled Mandatory Conversion Date	Second Mandatory Conversion Condition: last Business Day of VWAP Period (Business Day before scheduled Mandatory Conversion Date)	Scheduled Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)	Clause 4.3 and definition of Delisting Event in the glossary
11 November 2027	18 November 2027	15 December 2027	16 December 2027							
First Mandatory Conversion Condition: 25th Business Day before scheduled Mandatory Conversion Date	20th Business Day before scheduled Mandatory Conversion Date	Second Mandatory Conversion Condition: last Business Day of VWAP Period (Business Day before scheduled Mandatory Conversion Date)	Scheduled Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)							

Topic	Summary	Further information
Purpose of Mandatory Conversion Conditions	<ul style="list-style-type: none"> – The First Mandatory Conversion Condition and the Second Mandatory Conversion Condition are intended to help protect Holders against receiving significantly less than \$101 worth of AMP Shares per Capital Note 2 on Conversion (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date). – The Third Mandatory Conversion Condition is intended to protect Holders by making Conversion conditional on Holders receiving AMP Shares which are capable of being sold on ASX. 	
Number of AMP Shares Holders will receive on the Mandatory Conversion Date	<ul style="list-style-type: none"> – On the Mandatory Conversion Date, a Holder will receive a number of AMP Shares per Capital Note 2 (“Conversion Number”) calculated using the following formula: $\text{Conversion Number}^2 = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$ <p>where:</p> <ul style="list-style-type: none"> – VWAP is the average of the daily volume weighted average sale prices of AMP Shares sold on ASX during the relevant period as adjusted in accordance with the Terms; and – VWAP Period is the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Mandatory Conversion Date. – The 0.99 factor is applied to VWAP to provide a small buffer to VWAP since selling costs are likely to apply to the sale of AMP Shares. This is a feature of recent similar securities in the market. <p><i>Illustrative example of Mandatory Conversion</i></p> <p>As an example, in the case of the Distribution Date falling on 16 December 2027, assuming the Issue Date VWAP was \$1.90³, determination of whether the Mandatory Conversion Conditions are satisfied and the number of AMP Shares will be received on Conversion would be calculated as follows:</p> <p>Step 1 – satisfying the Mandatory Conversion Conditions – worked example</p> <p><i>The First Mandatory Conversion Condition</i></p> <ul style="list-style-type: none"> – 56% of the Issue Date VWAP would be \$1.06 (being 56% of \$1.90). – Assume that the VWAP on 11 November 2027 (being the 25th Business Day immediately preceding, but not including, 16 December 2027) is \$2.38. – Since the VWAP on 11 November 2027 (\$2.38) is greater than 56% of the Issue Date VWAP (\$1.06), the First Mandatory Conversion Condition would be satisfied. <p><i>The Second Mandatory Conversion Condition</i></p> <ul style="list-style-type: none"> – 50.51% of the Issue Date VWAP would be \$0.96 (being 50.51% of \$1.90). – Assume that the VWAP during the period from 18 November 2027 to 15 December 2027 (being the 20 Business Days in which trading in AMP Shares took place immediately preceding 16 December 2027) is \$2.48. – Since the VWAP from 18 November 2027 to 15 December 2027 (\$2.48) is greater than 50.51% of the Issue Date VWAP (\$0.96), the Second Mandatory Conversion Condition would be satisfied. <p><i>The Third Mandatory Conversion Condition</i></p> <ul style="list-style-type: none"> – This condition requires that no Delisting Event (as described above) applies on 16 December 2027. – Assuming that is the case, the Third Mandatory Conversion Condition would be satisfied. 	Clauses 4.1 and 8.1

Topic	Summary	Further information
Number of AMP Shares holders will receive on the Mandatory Conversion Date (cont)	<p>Step 2 – calculating the number of AMP Shares to be received by Holders on Conversion</p> <p>On the Mandatory Conversion Date, Holders will be entitled to receive the Conversion Number of AMP Shares for each Capital Note 2, determined as follows:</p> $\text{Conversion Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$ <ul style="list-style-type: none"> – Assume the VWAP over the period from 18 November 2027 to 15 December 2027 (being the 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Mandatory Conversion Date) is \$2.48. – The Face Value is \$100. – The number of AMP Shares into which a Capital Note 2 would Convert (the Conversion Number) would be 40.7299 (being \$100 divided by (99% x \$2.48)). – Assuming a Holder has 100 Capital Notes 2, the Holder would be entitled to 4,072 AMP Shares (i.e. 100 x 40.7299).⁴ <p>This example is for illustrative purposes only. The figures in it are not forward-looking statements and do not indicate, guarantee or forecast the Issue Date VWAP, future VWAP or other price of AMP Shares.</p>	
Adjustments to Issue Date VWAP for capital reconstruction	<ul style="list-style-type: none"> – The Issue Date VWAP will be adjusted to reflect a Reclassification of AMP Shares and pro rata bonus issues as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of AMP). – Adjusting the Issue Date VWAP will mean that the AMP Share price relevant to satisfying the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition will change. – However, no adjustment will be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect. 	Clauses 8.2 to 8.8 and definitions of Issue Date VWAP and Reclassification in the glossary

Notes:

1. If no trading in AMP Shares took place on that date, the VWAP is the VWAP on the first Business Day immediately preceding that date on which trading in AMP Shares took place.
2. The Conversion Number is subject to the Maximum Conversion Number but the Maximum Conversion Number will never apply in the case of a Mandatory Conversion because the Mandatory Conversion Conditions will not be satisfied if the Maximum Conversion Number is reached.
3. The Issue Date VWAP may be adjusted as described below.
4. If the total number of AMP Shares to be issued in respect of a Holder's aggregate holding of Capital Notes 2 would include a fraction of an AMP Share, that fraction will be disregarded.

2.3 Exchange at AMP's option

AMP may, subject to certain conditions and APRA's prior written approval, elect to Exchange all or some Capital Notes 2 on 16 December 2025 ("Optional Exchange Date") or on the occurrence of certain events. Exchange means a Capital Note 2 is Converted into AMP Shares worth approximately \$101 or, in certain circumstances, Redeemed or Resold for \$100.

AMP may not elect Conversion as the Exchange Method unless and until Shareholder Approval is obtained. See Section 2.7. The Conversion features that will not apply unless and until Shareholder Approval is obtained are shaded in yellow below.

For any such Exchange to occur, certain conditions (summarised below) need to be satisfied and APRA's prior written approval is required. Holders should not expect that those requirements will be satisfied or that APRA will give its approval for any Exchange.

Topic	Summary	Further information
AMP may choose to Exchange Capital Notes 2	<ul style="list-style-type: none"> – Exchange means Conversion, Redemption or Resale or a combination of them. AMP may not elect Conversion as the Exchange Method unless and until Shareholder Approval is obtained. – AMP may choose to: <ul style="list-style-type: none"> – Convert, Redeem or Resell all or some Capital Notes 2 on the Optional Exchange Date; – Convert, Redeem or Resell all or some Capital Notes 2 on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event; or – Convert all Capital Notes 2 on an Exchange Date following the occurrence of a Potential Acquisition Event. – If AMP Converts Capital Notes 2, they will be Converted into a variable number of AMP Shares with a value (based on the VWAP during a period, usually 20 Business Days immediately preceding the Exchange Date), of \$101¹ per Capital Note 2. – If AMP Redeems Capital Notes 2, they will be Redeemed for \$100 per Capital Note 2. – If AMP Resells Capital Notes 2, they will be Resold for \$100 per Capital Note 2. – AMP's right to elect to Exchange is subject to APRA's prior written approval and is restricted in the circumstances described below. – Holders should not expect that APRA will give its approval for any Exchange. – Holders should be aware that AMP will choose which Exchange Method (Conversion, Redemption or Resale) is to apply to an Exchange (subject to the restrictions in the Terms), and in certain circumstances has the right to select any one or more of those methods to apply to the Capital Notes 2 held by a Holder. AMP may also select a different combination of Conversion, Redemption and Resale to apply to Capital Notes 2 held by different Holders (meaning that different Exchange Methods may apply to different Holders). 	Clauses 6.1, 6.3 and 6.4 and definitions of Convert, Exchange, Optional Exchange Date, Potential Acquisition Event, Regulatory Event, Redemption, Resale and Tax Event in the glossary and Section 2.7 – Other important matters
Tax Event	<p>A Tax Event means, broadly:</p> <ul style="list-style-type: none"> – AMP has obtained an opinion from a reputable tax adviser in Australia that, as a result of any change in Australian taxation laws (including any change in their application or interpretation) which becomes effective on or after the Issue Date (and which is not expected by AMP on the Issue Date), there is more than an insubstantial risk (which is determined by AMP to be unacceptable) that any Distribution on Capital Notes 2 would not be a frankable Distribution or that AMP would be exposed to an increase in its costs (which is not insignificant) in relation to Capital Notes 2. 	Definition of Tax Event in the glossary

Topic	Summary	Further information
Regulatory Event	<p>A Regulatory Event means:</p> <ul style="list-style-type: none"> – as a result of a change in, or amendment to, a law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia, or any change in their application or official or judicial interpretation, in each case which change becomes effective after the Issue Date and which is not expected by AMP on the Issue Date, additional requirements would be imposed on AMP in relation to or in connection with Capital Notes 2 which AMP determines, in its absolute discretion, to be unacceptable; or – following a notification from, or announcement or determination by, APRA, AMP determines in its absolute discretion that the Capital Notes 2 have ceased, or will cease to be, Eligible Funding, other than where that event is a result of the implementation of the Conglomerate Standards. 	Definition of Regulatory Event in the glossary
Potential Acquisition Event	<p>Broadly, a Potential Acquisition Event will occur if:</p> <ul style="list-style-type: none"> – a takeover bid is made to acquire all or some AMP Shares, the offer is, or becomes, unconditional and either the bidder has a relevant interest in more than 50% of the AMP Shares on issue or the board of AMP recommends acceptance of the offer (without the need that all regulatory approvals necessary for the acquisition have been obtained); or – a court orders the holding of meetings to approve a scheme of arrangement under part 5.1 of the Corporations Act and the scheme would result in a person having a relevant interest in more than 50% of the AMP Shares that will be on issue after the scheme is implemented. 	Definitions of AMP Share and Potential Acquisition Event in the glossary
Restrictions on Conversion being selected as the Exchange Method	<ul style="list-style-type: none"> – AMP may not elect Conversion as the Exchange Method if on the second Business Day before the Exchange Notice is to be sent by AMP (or, if trading in AMP Shares did not occur on that date, the last Business Day immediately before that date on which trading in AMP Shares occurred): <ul style="list-style-type: none"> – the VWAP on that date is less than or equal to 22% of the Issue Date VWAP²; or – a Delisting Event applies on that date. <p>These are the Optional Conversion Restrictions.</p> – Further, if AMP has elected to Convert Capital Notes 2, AMP may not proceed to Convert Capital Notes 2 if, on the Exchange Date, certain further Conversion restrictions apply (described below). 	Clauses 1.7, 6.5 and 6.6 and Section 2.7 – Other important matters
Further restrictions on Conversion on the Exchange Date	<ul style="list-style-type: none"> – If AMP has elected that Conversion will occur on an Exchange Date and: <ul style="list-style-type: none"> – the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Exchange Date is equal to or less than 20.2% of the Issue Date VWAP; or – a Delisting Event applies on the Exchange Date then the Exchange Date will be deferred until the first subsequent Distribution Date on which the Mandatory Conversion Conditions (applied as if the percentage of the Issue Date VWAP were 22% for the First Mandatory Conversion Condition and 20.2% for the Second Mandatory Conversion Condition) would be satisfied (the Deferred Conversion Date). AMP must Convert the Capital Notes 2 on the Deferred Conversion Date (unless the Capital Notes 2 are Exchanged earlier in accordance with the Terms of the Capital Notes 2). – AMP will notify Holders on or as soon as practicable after an Exchange Date that Conversion did not occur as a result of the further restrictions described above. 	Clause 6.6

Topic	Summary	Further information
When Redemption can be the Exchange Method	<ul style="list-style-type: none"> – AMP may only elect Redemption as the Exchange Method if: <ul style="list-style-type: none"> – before or concurrently with the Redemption, the Capital Notes 2 subject to Redemption are replaced with Perpetual Subordinated Instruments or AMP Shares and the replacement of the Capital Notes 2 is done under conditions that are sustainable for AMP's income capacity; or – having regard to the projected capital position of the AMP Group, AMP does not have to replace the Capital Notes 2 subject to Redemption. – Redemption may only be elected as the Exchange Method by AMP on the Optional Exchange Date or following the occurrence of a Tax Event or a Regulatory Event. Redemption is not available as the Exchange Method following the occurrence of a Potential Acquisition Event. 	Clause 6.4
Resale	<ul style="list-style-type: none"> – Resale is a process by which AMP may require Holders to sell all or some of their Capital Notes 2 to one or more third parties (Nominated Purchaser or Nominated Purchasers) on the Exchange Date for \$100 per Capital Note 2 (the Resale Price). – If AMP appoints more than one Nominated Purchaser, some or all Capital Notes 2 may be purchased by any one or any combination of Nominated Purchasers, as determined by AMP. – Resale may only be elected as the Exchange Method by AMP on the Optional Exchange Date or following the occurrence of a Tax Event or a Regulatory Event. Resale is not available as the Exchange Method following the occurrence of a Potential Acquisition Event. 	Clauses 10.1 and 10.2
Requirements in relation to the identity of a Nominated Purchaser	<ul style="list-style-type: none"> – AMP may not appoint a person as a Nominated Purchaser unless that person: <ul style="list-style-type: none"> – has agreed to acquire each Capital Note 2 from each Holder for the Resale Price on the Exchange Date. The agreement may be on such terms and subject to such conditions as AMP reasonably determines for the benefit of each Holder; – has a long-term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and – is not AMP or a Related Entity. 	Clause 10.3
Effect of failure by a Nominated Purchaser to pay the Resale Price	<ul style="list-style-type: none"> – If a Nominated Purchaser does not pay the Resale Price on the Exchange Date, the Resale to that Nominated Purchaser will not occur and Holders will continue to hold Capital Notes 2 until Capital Notes 2 are otherwise Converted, Redeemed or Resold. 	Clause 10.6
Holders cannot request Exchange	<ul style="list-style-type: none"> – Holders do not have a right to request Exchange of Capital Notes 2. 	Clause 11.2

Notes:

1. If Conversion occurs as a result of an Acquisition Event or Potential Acquisition Event, the period for calculating the VWAP may be less than 20 Business Days before the Acquisition Conversion Date or the Exchange Date (as the case may be).
2. The Issue Date VWAP may be adjusted as described in Section 2.2 – Adjustments to Issue Date VWAP for capital reconstruction.

2.4 Consequences of a Non-Viability Event

AMP will be required to Convert some or all Capital Notes 2 into AMP Shares if a Non-Viability Event occurs. This feature is required to be included so that AMP may use the proceeds of the issue of Capital Notes 2 to fund Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP Group.

Conversion in these circumstances is likely to occur during a time of financial difficulty for the AMP Group. Depending on the market price of AMP Shares at the relevant time, on Conversion, Holders will receive AMP Shares which may be worth significantly less than the Face Value of Capital Notes 2 and Holders may suffer a loss as a consequence. The calculations set out in the below sections are illustrative only and designed to demonstrate the potential number and value of AMP Shares that a Holder would receive on Conversion.

If a Holder's Capital Notes 2 are required to be Converted on account of a Non-Viability Event but are not Converted for any reason within five Business Days of the Non-Viability Conversion Date, the Holder's rights in relation to those Capital Notes 2 (including the right to receive AMP Shares) will be immediately and irrevocably Written-off and terminated. Holders will lose all of their investment in Capital Notes 2 if their Capital Notes 2 are Written-off.

Topic	Summary	Further information
Non-Viability Event	<ul style="list-style-type: none"> – A Non-Viability Event occurs upon: <ul style="list-style-type: none"> (a) the issuance of a notice, in writing, by APRA to AMP that the conversion to AMP Shares or write-off of Perpetual Subordinated Instruments in accordance with their terms or by operation of law is necessary because, without it, APRA considers that AMP would become non-viable; or (b) a determination by APRA, notified in writing to AMP, that without a public sector injection of capital, or equivalent support, AMP would become non-viable. – APRA has not given extensive guidance as to how it would determine non-viability. – Non-viability could be expected to include serious impairment of the AMP Group's financial position and solvency and concerns about its capital funding or liquidity levels and/or insolvency, but may not be confined to these matters and APRA's position on these matters may change over time. – AMP is under no obligation to Holders to take steps (such as issuing new AMP Shares) to avoid the risk of a Non-Viability Event occurring. – If a Non-Viability Event occurs, AMP must immediately convert to AMP Shares or write-off all Perpetual Subordinated Instruments or, where paragraph (a) above applies, such amount of Perpetual Subordinated Instruments which is required to enable APRA to conclude that AMP is viable without further conversion or write-off. – Where APRA considers AMP would become non-viable without a public sector injection of capital or equivalent support, all Perpetual Subordinated Instruments (including all Capital Notes 2) must be converted or written-off. – Where APRA does not require all Perpetual Subordinated Instruments (including Capital Notes 2) to be converted or written-off, whether and to what extent your Capital Notes 2 will be required to be Converted will depend on what action AMP must take on account of the Non-Viability Event, as described below. 	Clauses 5.1 and 5.2

Topic	Summary	Further information
Perpetual Subordinated Instruments	<ul style="list-style-type: none"> – Perpetual Subordinated Instruments include the Capital Notes 2 and: <ul style="list-style-type: none"> – other perpetual subordinated instruments issued by AMP or a member of the AMP Group that is not regulated by APRA which, in accordance with their terms or by operation of law, are capable of being converted into AMP Shares or written-off where a Non-Viability Event occurs, and which have been confirmed by APRA as constituting as at the date of their issue Eligible Funding; and – other capital instruments constituting Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group which in accordance with their terms or by operation of law, are capable of being converted into AMP Shares or written-off where a Non-Viability Event occurs. – As at the date of this Prospectus, AMP has two other outstanding Perpetual Subordinated Instruments on issue (Capital Notes 1 and AMP Wholesale Capital Notes). Other members of the AMP Group also have Perpetual Subordinated Instruments on issue. If a Non-Viability Event were to occur and AMP is required to Convert only a proportion of the Capital Notes 2, the proportion of Capital Notes 2 required to be Converted or Written-off (which may be all of the Capital Notes 2) may be higher than if a Non-Viability Event occurred and members of the AMP Group had other Perpetual Subordinated Instruments on issue. There is no obligation on any member of the AMP Group to issue any Perpetual Subordinated Instrument. There is also no obligation on AMP under the Terms to maintain on issue the AMP Wholesale Capital Notes or any other Perpetual Subordinated Instruments that it has issued or may decide to issue in the future. 	Definition of Perpetual Subordinated Instruments
AMP action upon the occurrence of a Non-Viability Event	<ul style="list-style-type: none"> – If a Non-Viability Event occurs, AMP must immediately determine: <ul style="list-style-type: none"> – the amount of Capital Notes 2 that will be Converted, and the amount of other Perpetual Subordinated Instruments that will be converted into AMP Shares or written-off to satisfy APRA that AMP will no longer be, or will not become, non-viable, as described under the topic “Non-Viability Event” above; and – the identity of Holders of Capital Notes 2 at the time that the Conversion is to take effect. – Non-Viability Conversion is not subject to the Mandatory Conversion Conditions or, indeed, to any conditions beyond the occurrence of a Non-Viability Event as expressed in the Terms. – If AMP is not required to convert or write-off all Perpetual Subordinated Instruments, AMP must endeavour to treat Holders of Capital Notes 2 approximately proportionately with other Holders of Capital Notes 2 and holders of other Perpetual Subordinated Instruments, but may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect conversions or write-offs immediately. 	Clause 5.2

Topic	Summary	Further information
Conversion of Capital Notes 2 following a Non-Viability Event	<ul style="list-style-type: none"> – If AMP is required to Convert Capital Notes 2 on account of a Non-Viability Event, it must do so on the Non-Viability Conversion Date. – The Non-Viability Conversion Date is the date when a Non-Viability Event occurs, whether or not that day is a Business Day. – Conversion will be immediate and irrevocable. – The number of AMP Shares that Holders receive upon Conversion of their Capital Notes 2 is the Conversion Number, subject always to the Conversion Number being no greater than the Maximum Conversion Number (see below for a description of how the Conversion Number is calculated). – From the Non-Viability Conversion Date, AMP will treat Holders of Capital Notes 2 as the AMP Shareholders of the Conversion Number of AMP Shares. – AMP expects any trades in Capital Notes 2 on ASX that have not settled on the Non-Viability Conversion Date will continue to settle in accordance with the normal ASX T+2 settlement. If a Capital Note 2 which has been traded on ASX is required to be Converted, AMP expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of AMP Shares (if the Conversion occurs within five Business Days) or nothing if the Capital Note 2 is Written-off. – Further, AMP may make any decisions with respect to the identity of Holders as may be necessary or desirable to ensure that the Conversion occurs in an orderly manner, including disregarding any transfers of Capital Notes 2 that have not been settled or registered when the Non-Viability Event occurs. – AMP must notify Holders of Capital Notes 2 and the Trustee that a Non-Viability Event has occurred as soon as practicable, including details of the number of Capital Notes 2 Converted. 	Clause 5.2
Conversion Number for Non-Viability Conversion	<ul style="list-style-type: none"> – A Holder of a Capital Note 2 which is subject to Non-Viability Conversion will receive the Conversion Number of AMP Shares. The Conversion Number cannot be greater than the Maximum Conversion Number. That means that the Conversion Number of AMP Shares may be worth significantly less than the Face Value of Capital Notes 2 and a Holder may suffer a loss as a consequence of Non-Viability Conversion. – The Conversion Number per Capital Note 2 is calculated using the following formula, subject always to the Maximum Conversion Number: $\text{Conversion Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$ <p>where:</p> <ul style="list-style-type: none"> – Face Value is \$100; and – VWAP is the average of the daily volume weighted average sale prices of AMP Shares sold on ASX during the period of five Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Non-Viability Conversion Date (as adjusted in accordance with the Terms). – The 0.99 factor is applied to VWAP to provide a small buffer to VWAP since selling costs are likely to apply to the sale of AMP Shares. This is a feature of recent similar securities in the market. 	Clauses 5 and 8.1 and definitions of AMP Share and VWAP in the glossary

Topic	Summary	Further information																		
Conversion Number for Non-Viability Conversion (cont)	<p>– The Maximum Conversion Number per Capital Note 2 is calculated in accordance with the following formula:</p> $\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{Issue Date VWAP} \times 0.2}$ <p>where:</p> <ul style="list-style-type: none"> – Face Value is \$100; and – Issue Date VWAP is the average of the daily volume weighted average sale prices of AMP Shares sold on ASX during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Issue Date (as adjusted in accordance with the clauses 8.4 to 8.7 (inclusive) of the Terms). <p><i>Illustrative example of Conversion</i></p> <p>Below is an example of how the Conversion Number and Maximum Conversion Number are calculated, based on an assumed Issue Date VWAP and a hypothetical AMP Share price at the Non-Viability Conversion Date.</p> <ul style="list-style-type: none"> – Maximum Conversion Number: this will be calculated as at the date of issue of Capital Notes 2. Assuming an Issue Date VWAP of \$1.90, the Maximum Conversion Number will be 263.1579 (being \$100 / (0.2 x \$1.90)). This Issue Date VWAP is indicative only. The actual Issue Date VWAP will be calculated based on the average of the daily volume weighted average price of AMP Shares during the 20 Business Days on which trading in AMP Shares took place immediately preceding but not including the Issue Date.¹ – Conversion Number: the AMP Share price in the period leading up to a Non-Viability Event is likely to reflect significant operating and/or financial distress of the AMP Group. For indicative purposes, assuming the VWAP in relation to a Non-Viability Conversion Date is \$0.20, the Conversion Number is 505.0505 (being \$100 / (0.99 x \$0.20)).² – Number of AMP Shares issued to Holders: in the example above, since the Conversion Number exceeds the Maximum Conversion Number, Holders would receive the Maximum Conversion Number (being 263.1579 AMP Shares for each Capital Note 2). 																			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Conversion Number</th> <th style="text-align: center;">Maximum Conversion Number</th> </tr> </thead> <tbody> <tr> <td>Formula</td> <td style="text-align: center;">$\frac{\\$100}{0.99 \times \text{VWAP}}$</td> <td style="text-align: center;">$\frac{\\$100}{0.20 \times \text{Issue Date VWAP}}$</td> </tr> <tr> <td>Assumption</td> <td style="text-align: center;">VWAP at date of Non-Viability Event of \$0.20¹ per Share</td> <td style="text-align: center;">VWAP at Issue Date of \$1.90 per Share</td> </tr> <tr> <td>Calculation</td> <td style="text-align: center;">$\frac{\\$100}{0.99 \times \\$0.20}$</td> <td style="text-align: center;">$\frac{\\$100}{0.20 \times \\$1.90}$</td> </tr> <tr> <td>Output</td> <td style="text-align: center;">505.0505</td> <td style="text-align: center;">263.1579</td> </tr> <tr> <td>Number of AMP Shares</td> <td colspan="2" style="text-align: center;">Holders will receive the Maximum Conversion Number of AMP Shares (263.1579) since the Conversion Number (505.0505) is greater than the Maximum Conversion Number</td> </tr> </tbody> </table>		Conversion Number	Maximum Conversion Number	Formula	$\frac{\$100}{0.99 \times \text{VWAP}}$	$\frac{\$100}{0.20 \times \text{Issue Date VWAP}}$	Assumption	VWAP at date of Non-Viability Event of \$0.20 ¹ per Share	VWAP at Issue Date of \$1.90 per Share	Calculation	$\frac{\$100}{0.99 \times \$0.20}$	$\frac{\$100}{0.20 \times \$1.90}$	Output	505.0505	263.1579	Number of AMP Shares	Holders will receive the Maximum Conversion Number of AMP Shares (263.1579) since the Conversion Number (505.0505) is greater than the Maximum Conversion Number		
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Topic	Summary	Further information																		
Conversion Number for Non-Viability Conversion (cont)	<p data-bbox="400 362 1166 562">– Based on the above illustrative examples, the table below illustrates that a Holder of 100 Capital Notes 2 would suffer a loss of approximately \$4,737 if an initial investment of \$10,000 was made. This assumes that a Holder is able to sell AMP Shares at the Non-Viability Event VWAP. Holders may not be able to sell AMP Shares at that price, or at all, in which case they may lose more than the amount set out in this example.</p> <table border="1" data-bbox="400 577 1198 1211"> <thead> <tr> <th></th> <th data-bbox="608 589 794 618">Initial investment</th> <th data-bbox="922 589 1102 618">After Conversion</th> </tr> </thead> <tbody> <tr> <td data-bbox="437 640 576 701">Type of security held</td> <td data-bbox="619 651 783 680">Capital Notes 2</td> <td data-bbox="948 651 1075 680">AMP Shares</td> </tr> <tr> <td data-bbox="437 719 555 801">Number of securities held</td> <td data-bbox="676 745 726 775">100</td> <td data-bbox="975 745 1054 775">26,315</td> </tr> <tr> <td data-bbox="437 819 528 880">Security price</td> <td data-bbox="671 831 730 860">\$100</td> <td data-bbox="979 831 1046 860">\$0.20</td> </tr> <tr> <td data-bbox="437 898 544 958">Value of securities</td> <td data-bbox="655 909 746 938">\$10,000</td> <td data-bbox="975 909 1054 938">\$5,263</td> </tr> <tr> <td data-bbox="437 976 512 1037">Loss to Holder</td> <td data-bbox="692 976 710 1005">–</td> <td data-bbox="847 976 1177 1200">\$4,737 (assuming that the Capital Notes 2 are Converted – if AMP is unable to Convert the Capital Notes 2 following a Non-Viability Event, Capital Notes 2 will be Written-off and the Holder will lose all of their investment in Capital Notes 2)</td> </tr> </tbody> </table> <p data-bbox="400 1234 1142 1384">– The AMP Share price of \$0.20 is for illustrative purposes only. The actual AMP Share price may be less than this. – The loss to the Holder does not take into account any costs, charges or taxes incurred by a Holder on the sale of its Capital Notes 2 or AMP Shares (including brokerage fees, if applicable).</p>		Initial investment	After Conversion	Type of security held	Capital Notes 2	AMP Shares	Number of securities held	100	26,315	Security price	\$100	\$0.20	Value of securities	\$10,000	\$5,263	Loss to Holder	–	\$4,737 (assuming that the Capital Notes 2 are Converted – if AMP is unable to Convert the Capital Notes 2 following a Non-Viability Event, Capital Notes 2 will be Written-off and the Holder will lose all of their investment in Capital Notes 2)	
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Adjustments to the Issue Date VWAP	<p data-bbox="400 1413 1129 1608">– The Issue Date VWAP (and, as a consequence, the Maximum Conversion Number) may, subject to some exceptions, be adjusted to reflect a Reclassification of AMP’s share capital and pro rata bonus issues of AMP Shares, as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of AMP). The Terms do not prohibit or limit AMP’s rights to enter into transactions affecting its capital.</p> <p data-bbox="400 1615 1110 1697">– No adjustment will be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect.</p>	Clauses 8.2 to 8.8																		
Consequences if Non-Viability Conversion does not occur	<p data-bbox="400 1727 1182 1973">– If a Capital Note 2 is required to be Converted on account of a Non-Viability Event and if for any reason (including an Inability Event) a Non-Viability Conversion has not occurred within five Business Days of the Non-Viability Conversion Date, then Conversion of that Capital Note 2 will not occur and instead the relevant Holder’s rights (including to Distributions and payment of Face Value, and to be issued with AMP Shares upon Conversion of that Capital Note 2) in relation to such Capital Notes 2 will be immediately and irrevocably Written-off with effect on and from the Non-Viability Conversion Date.</p>	Clauses 5.3 and 8.11 and definitions of Inability Event, Conversion and AMP Share in the glossary																		

Topic	Summary	Further information
Consequences if Non-Viability Conversion does not occur (cont)	<ul style="list-style-type: none"> – If Capital Notes 2 are Written-off, Holders will cease to have any rights in respect of those Capital Notes 2 (including to Distributions in relation to those Capital Notes 2). Holders will lose all of their investment in Capital Notes 2 without compensation. – An Inability Event will occur where AMP is prevented by applicable law, or order of any court, or action of any government authority (including regarding insolvency, winding-up or external administration of AMP), or for any other reason, from Converting Capital Notes 2. The laws and the grounds on which a court or government authority may make orders preventing the Conversion of Capital Notes 2 may change. – AMP may (but is not required to) seek legal advice as to whether an Inability Event has occurred and is subsisting, and an Inability Event is taken to subsist if AMP receives legal advice to that effect. 	
Holders may elect not to receive AMP Shares	<ul style="list-style-type: none"> – A Holder may notify AMP that it does not wish to receive AMP Shares as a result of Conversion. Notice may be given at any time on or after the Issue Date but not less than 15 Business Days before the Conversion Date. In the case of a Non-Viability Conversion, if Holders do not wish to receive AMP Shares, they should advise AMP as soon as possible after the Issue Date because a Non-Viability Event could occur at any time. – If such a Holder's Capital Notes 2 are required to be Converted, such Holder's rights will be immediately and irrevocably terminated on the relevant Conversion Date and the Conversion Number of AMP Shares will be issued to one or more Sale and Transfer Agents who will, at the first opportunity after issue of the AMP Shares, sell them at market value and pay the proceeds (net of brokerage, costs, taxes and charges) to the Holder. 	Clause 8.10 and definitions of Acquisition Conversion Date, Business Day, Conversion, Exchange Date, Issue Date, Mandatory Conversion Date and AMP Share in the glossary
Ineligible Holders and Conversion	<ul style="list-style-type: none"> – In general terms, Ineligible Holders are: <ul style="list-style-type: none"> – Holders who are prohibited under Australian law from being offered, holding or acquiring AMP Shares (for example, under chapter 6 of the Corporations Act or under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth)); and – Holders whose address in the Register is a place outside Australia or who AMP otherwise believes may not be a resident of Australia. – If Capital Notes 2 that are held by an Ineligible Holder are required to be Converted, that Holder's rights will be immediately and irrevocably terminated on the relevant Conversion Date and the Conversion Number of AMP Shares will be issued to one or more Sale and Transfer Agents who will, at the first opportunity after issue of the AMP Shares, sell them at market value and pay the proceeds (net of brokerage, costs, taxes and charges) to the Holder. 	Clause 8.10 and definition of Ineligible Holder in the glossary
Write-off where Non-Viability Event occurs and AMP Shares not issued to Sale and Transfer Agent	<ul style="list-style-type: none"> – If for any reason (including an Inability Event) the issue of AMP Shares to a Sale and Transfer Agent on a Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date, then the rights of Holders of the relevant Capital Notes 2 required to be Converted will be immediately and irrevocably terminated. – AMP has no obligations or duties to Holders for the sale of AMP Shares by the Sale and Transfer Agent and has no liability to Holders for any losses which may arise as a result of any sale. 	Clauses 8.10 and 8.11

Notes:

1. The Issue Date VWAP is adjusted in certain limited circumstances only as described in "Adjustments to the Issue Date VWAP" above.
2. The actual VWAP in relation to a Non-Viability Conversion Date will be calculated based on the average of the daily volume weighted average price of AMP Shares sold on ASX (with some exclusions) during the period of five Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Non-Viability Conversion Date.

2.5 Conversion on an Acquisition Event

The Conversion features described in Section 2.5 that will not apply unless and until Shareholder Approval is obtained are shaded in yellow below. (See Section 2.7).

AMP is required to Convert Capital Notes 2 into AMP Shares where AMP is likely to be acquired by way of a takeover bid or scheme of arrangement which meets certain requirements (described below).

There are conditions to Conversion in these circumstances which are designed to ensure that Holders receive no less than \$101 worth of AMP Shares for each Capital Note 2 they hold, and that Holders receive AMP Shares that are capable of being sold on ASX.

These conditions may never be satisfied and accordingly Capital Notes 2 may never be Converted on account of an Acquisition Event.

Topic	Summary	Further information
Acquisition Event	<ul style="list-style-type: none"> – An Acquisition Event means: <ul style="list-style-type: none"> – either: <ul style="list-style-type: none"> – a takeover bid is made to acquire all or some AMP Shares and the offer is, or becomes, unconditional and: <ul style="list-style-type: none"> – the bidder has a relevant interest in more than 50% of the AMP Shares on issue; – the board of AMP issues a statement that at least a majority of the board of AMP who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or – a court approves a scheme of arrangement which, when implemented, will result in a person other than AMP having a relevant interest in more than 50% of AMP Shares; and – all regulatory approvals necessary for the acquisition to occur have been obtained. 	Definition of Acquisition Event in the glossary
AMP action upon the occurrence of an Acquisition Event	<ul style="list-style-type: none"> – If an Acquisition Event occurs, AMP must, subject to certain conditions, give an Acquisition Conversion Notice to Holders of Capital Notes 2 and the Trustee and Convert all Capital Notes 2 into a number of AMP Shares with a value of \$101 (based on the VWAP during a period, usually 20 Business Days, on which trading in AMP Shares takes place before the Acquisition Conversion Date, but which may be a shorter period if the period between the Acquisition Event and the Acquisition Conversion Date is less than 20 Business Days). – If certain conditions (described below) have not been satisfied, AMP will not be required to give an Acquisition Conversion Notice to Holders and will not be required to Convert Capital Notes 2. However, AMP must give notice that Conversion did not occur and must Convert Capital Notes 2 on the next Distribution Date for which the conditions to Conversion are satisfied. 	Clause 7
Conditions to Conversion occurring following an Acquisition Event	<ul style="list-style-type: none"> – The restrictions on the giving of an Acquisition Conversion Notice are the same as the Optional Conversion Restrictions that would apply if that notice were an Exchange Notice (that is, if Conversion were elected as the Exchange Method – see Section 2.3 above). 	Clauses 6.5 and 7.4

Topic	Summary	Further information
Deferral of Conversion on Acquisition Event	<ul style="list-style-type: none"> – If AMP is not required to give an Acquisition Conversion Notice because the Optional Conversion Restrictions would apply (as described above), or AMP has given an Acquisition Conversion Notice but: <ul style="list-style-type: none"> – the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Acquisition Conversion Date is equal to or less than 20.2% of the Issue Date VWAP; or – a Delisting Event applies on the Acquisition Conversion Date, then Acquisition Conversion will not occur on the Acquisition Conversion Date, AMP will notify Holders and the Trustee that Conversion did not occur and Conversion will be deferred as described below. 	Clauses 4.3 and 7.5
Deferred Conversion	<ul style="list-style-type: none"> – Where Conversion has been deferred as described above and either: <ul style="list-style-type: none"> – AMP is not required to give an Acquisition Conversion Notice because the Optional Conversion Restrictions would apply (in the circumstances described above under “Conditions to Conversion occurring following an Acquisition Event” above); or – AMP has given an Acquisition Conversion Notice but: <ul style="list-style-type: none"> – the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Acquisition Conversion Date is equal to or less than 20.2% of the Issue Date VWAP; or – a Delisting Event applies on the Acquisition Conversion Date, then the process described above under “Deferred Conversion on Acquisition Event” will be reapplied in respect of each subsequent Distribution Date until a Conversion occurs (if ever). 	Clause 7.6
AMP’s other obligations in connection with a takeover or a scheme of arrangement	<ul style="list-style-type: none"> – On the occurrence of a takeover or scheme of arrangement which is recommended by the board of AMP and which would result in an Acquisition Event, if the board of AMP considers that: <ul style="list-style-type: none"> – AMP will not be permitted to Convert Capital Notes 2 on an Exchange Date following the occurrence of a Potential Acquisition Event or an Acquisition Conversion Date; or – the Second Mandatory Conversion Condition or Third Mandatory Conversion Condition will not be satisfied, and it is unlikely that Conversion will occur on any subsequent Distribution Date, the board of AMP will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that Holders are entitled to participate in the scheme of arrangement. 	Clause 12

2.6 Ranking and regulatory treatment

In relation to payments in a winding-up of AMP and payments of Distributions, unless Redeemed, Converted or Written-off prior to the winding-up, Capital Notes 2 will rank ahead of AMP Shares, equally with all other Perpetual Subordinated Instruments (including the Capital Notes 1 and AMP Wholesale Capital Notes issued in 2015) and behind the claims of all Senior Ranking Creditors.

Capital Notes 2 will not constitute Additional Tier 1 Capital or any other form of regulatory capital of AMP. However, APRA has advised that it does not object to AMP using the proceeds of Capital Notes 2 to fund Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP Group. The Capital Notes 2 are being issued as part of the AMP Group’s ongoing funding and capital management strategy. The proceeds raised by the issue will be used to meet general funding requirements, including to fund Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP Group. These types of instruments issued by AMP (or a member of the AMP Group that is not an APRA-regulated entity), together with the Capital Notes 2, are referred to in this Prospectus as Perpetual Subordinated Instruments (which term also includes instruments constituting Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group).

Topic	Summary	Further Information
Ranking for payments of distributions and payments in a winding-up of AMP	<ul style="list-style-type: none"> – The Capital Notes 2 rank for payments of Distributions and payments in a winding-up of AMP (if Capital Notes 2 have not been Converted or Written-off on account of a Non-Viability Event): <ul style="list-style-type: none"> – ahead of AMP Shares; – equally among themselves and with all other instruments issued as Perpetual Subordinated Instruments by AMP; and – behind Senior Ranking Creditors. – However, Holders should be aware that if AMP is in a winding-up, it is likely that a Non-Viability Event will have occurred, in which case the position of a Holder in respect of those Capital Notes 2 will be as follows: <ul style="list-style-type: none"> – if those Capital Notes 2 are Converted, the Holder will become a Holder of AMP Shares, and the Holder will rank for payment in a winding-up of AMP equally with other AMP Shareholders (and the Holder will no longer receive Distributions and will never receive the Face Value invested); – if the AMP Shares to which the Holder would have been entitled upon Conversion are issued to a Sale and Transfer Agent, either because the Holder is not eligible to receive AMP Shares or the Holder elected not to receive AMP Shares, the Holder will have the right to receive the cash proceeds (if any) (net of brokerage, costs, taxes and charges) of the sale of the AMP Shares on-market and will have no claim against AMP or any other member of the AMP Group in respect of those Capital Notes 2; or – if for any reason Non-Viability Conversion does not occur within five Business Days after the Non-Viability Conversion Date, Capital Notes 2 required to be Converted will be Written-off and the Holder will have no claim against AMP or any other member of the AMP Group in respect of their Capital Notes 2. They will have no rights to receive payments of Distributions or the Face Value invested and no right to receive AMP Shares. – Capital Notes 2 are claims on AMP. AMP is a non-operating holding company. Most of its assets are its investments in other members of the AMP Group. AMP's claims in respect of those investments are likely to rank behind depositors, policyholders and other creditors in a winding-up of those other members of the AMP Group. 	Clauses 2.1, 5, 8 and 16.2 and definitions of AMP Shares, Perpetual Subordinated Instruments and Senior Ranking Creditors in the glossary
APRA	<ul style="list-style-type: none"> – APRA is the prudential regulator of the Australian financial services industry. APRA oversees life insurance companies, banks, credit unions, building societies, general insurance and reinsurance companies, friendly societies and most members of the superannuation industry, together with certain non-operating holding companies of those entities, such as AMP. – APRA's website at apra.gov.au includes further details of its functions and prudential standards. 	
Regulatory capital	<ul style="list-style-type: none"> – Any business requires capital to support its income-generating activities in its chosen industry. – APRA's prudential standards aim to ensure that banks, life insurers, general insurers, superannuation trustees and groups of those entities headed by an authorised non-operating holding company, such as the AMP Group, maintain adequate capital to support the risks associated with their activities. APRA has detailed guidelines and restrictions on the types of capital instruments that are permitted to form the capital base. The types of capital deemed eligible for inclusion in the capital base are referred to as regulatory capital. 	

Topic	Summary	Further Information
Regulatory capital (cont)	<ul style="list-style-type: none"> – APRA currently classifies regulatory capital of APRA-regulated entities into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital. – Tier 1 Capital is generally considered from the perspective of a financial institution to be a higher quality capital and comprises: <ul style="list-style-type: none"> – Common Equity Tier 1 Capital (including ordinary shares and retained earnings); and – Additional Tier 1 Capital (such as Perpetual Subordinated Instruments issued by APRA-regulated entities). – Tier 2 Capital includes other components which fall short of some of the qualities of Tier 1 Capital but nonetheless contribute to the overall strength of the entity. 	
Regulatory treatment of Capital Notes 2	<ul style="list-style-type: none"> – APRA has advised that: <ul style="list-style-type: none"> – it does not object to AMP using the proceeds of Capital Notes 2 to fund a subscription for Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP Group; and – Capital Notes 2 will not constitute Additional Tier 1 Capital or any other form of regulatory capital of AMP. – An instrument (such as Capital Notes 2) which: <ul style="list-style-type: none"> – is capable of being converted into AMP Shares or written-off where APRA makes a determination of non-viability; and – has been confirmed in writing by APRA to AMP as constituting Eligible Funding, <p>is referred to in this Prospectus and the terms as a “Perpetual Subordinated Instrument”.</p> – Capital Notes 2 are Perpetual Subordinated Instruments and this concept is relevant to determining what happens on the occurrence of a Non-Viability Event (see Section 2.4 above). – If APRA’s treatment of Capital Notes 2 as a Perpetual Subordinated Instrument changes, a Regulatory Event may occur in which case AMP would have an option to Exchange Capital Notes 2 as described above in Section 2.3. 	Section 2.6 and definitions of Perpetual Subordinated Instruments and Regulatory Event in the glossary

2.7 Other important matters

Topic	Summary	Further Information
Shareholder Approval	<ul style="list-style-type: none"> – The Conversion features of Capital Notes 2 will not apply, other than Conversion on account of a Non-Viability Event, unless and until Shareholder Approval is obtained. – Shareholder Approval is required because as a result of the placement and share purchase plan that AMP completed during August – September 2019, AMP does not currently have sufficient placement capacity under ASX Listing Rule 7.1 to issue convertible equity securities without Shareholder Approval. 	Clause 1.7

Topic	Summary	Further Information
Shareholder Approval (cont)	<ul style="list-style-type: none"> – As a result, in order to enable Capital Notes 2 to be issued without restriction under ASX Listing Rule 7.1, Conversion, other than Conversion on account of a Non-Viability Event, will not apply until Shareholder Approval is received. AMP is required under the Terms to use reasonable endeavours to seek Shareholder Approval at its next scheduled annual general meeting, expected to take place on 8 May 2020, and if not obtained, at each next succeeding annual general meeting until Shareholder Approval is obtained. – AMP gives no assurance that Shareholder Approval will be obtained and investors will have no remedy if it is not obtained. – Investors should assess Capital Notes 2 on the basis that those Conversion features are not included, unless and until Shareholder Approval is obtained. – AMP will notify Holders by an announcement to the ASX if and when Shareholder Approval is obtained. 	
Manner of interest payments	<ul style="list-style-type: none"> – If payable, Distributions will be paid by AMP to Holders in Australian dollars by direct credit into their nominated bank accounts. If a Holder does not have an Australian dollar bank account in Australia, they will not be able to receive payments in respect of Capital Notes 2. – Where a payment cannot be made by AMP because a Holder has not provided bank account details or the payment does not complete for any reason, the payment will be held for the Holder in a non-interest bearing bank account with a bank selected by AMP and applied in accordance with the Terms. If a payment is to be made to a bank account in a place where banks are not open on that day, that payment will be made on the next day on which the bank is open in that place without additional payment in respect of the delay. – Neither AMP nor any Holder has a right to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce any amount payable by AMP in respect of Capital Notes 2 held by the Holder or by the Holder to AMP (as applicable). 	Clauses 14 and 16.5
Trustee and Trust Deed	<ul style="list-style-type: none"> – AMP has appointed a trustee as required by chapter 2L of the Corporations Act. The Trustee holds certain rights in relation to Capital Notes 2 on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders. – The Trustee holds on trust for the Holders the right to enforce any obligations of AMP under the Terms and the Trust Deed. The Trustee will be entitled to take any action against AMP to enforce any obligations of AMP, subject to the Terms and the Trust Deed. – A Holder is entitled to proceed directly against AMP to enforce a right or remedy in respect of Capital Notes 2 only in limited circumstances. – A copy of the Trust Deed can be obtained from amp.com.au. 	Section 8.5 and the Trust Deed
AMP may issue further securities	<ul style="list-style-type: none"> – AMP may from time to time, without the consent of the Holders, issue securities ranking equally with Capital Notes 2 (on the same terms or otherwise) or ranking in priority or junior to Capital Notes 2. – An investment in Capital Notes 2 confers no right for Holders to participate in the issue of any shares or any other securities of AMP of any kind other than on Conversion in accordance with the Terms. 	Clause 17.9
No voting rights for Holders	<ul style="list-style-type: none"> – Capital Notes 2 confer no rights on a Holder to attend or vote at any general meeting of the shareholders of AMP. – Holders may vote at meetings for Holders in accordance with the Trust Deed. 	Clauses 1.6 and 17.3

Topic	Summary	Further Information
Amendment of the terms and the Trust Deed	<ul style="list-style-type: none"> – Subject to complying with all applicable laws, and with APRA’s prior written approval where required, AMP may, with the approval of the Trustee, amend the Trust Deed or the Terms without the approval of Holders in certain circumstances. This includes amendments which AMP considers: <ul style="list-style-type: none"> – are of a formal, technical or minor nature; – are made to cure any ambiguity or correct any manifest error; – are necessary to enable the quotation of Capital Notes 2 on any securities exchange or to be offered for subscription or sale in a particular place; – are necessary to comply with the requirements of any statute or statutory authority or requirements of a securities exchange; – are made in accordance with AMP’s adjustment rights under clause 8 of the Terms; – amend any date or time period in a manner necessary or desirable to facilitate the Mandatory Conversion, Non-Viability Conversion or Exchange; – are made to alter the Terms to align them with any Perpetual Subordinated Instruments issued after the Issue Date or to alter the definition of “Perpetual Subordinated Instruments” on account of the issue (after the Issue Date) of capital instruments of the AMP Group; and – in any other case, are not materially prejudicial to the interests of the Holders as a whole. – In the case of amendments made to enable the Capital Notes 2 to be quoted on ASX, offered for subscription or sale in any place or to comply with applicable laws or listing rules, or which are not materially prejudicial to Holders as a whole, AMP must provide to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales that the amendment is otherwise not materially prejudicial to the interests of the Holders as a whole. – AMP may also amend the Trust Deed or the Terms with the approval of the Trustee and the requisite majority of Holders (and APRA where required). The majority may be 50% or 75%, depending on the circumstances and in each case as determined in accordance with the Trust Deed. – APRA’s prior written approval to amend the Terms and Trust Deed is required only where the amendment may affect the eligibility of Capital Notes 2 as Perpetual Subordinated Instruments. 	Clauses 17.4 and 17.5
Taxation implications of investing in Capital Notes 2	<ul style="list-style-type: none"> – The taxation implications of investing in Capital Notes 2 will depend on an investor’s individual circumstances. Prospective investors should obtain their own taxation advice. – A general outline of the Australian taxation implications is included in the Australian taxation summary in Section 7. 	Section 7
Brokerage fees and stamp duty	<ul style="list-style-type: none"> – No brokerage is payable by Holders on Applications for Capital Notes 2. Holders may have to pay brokerage on any subsequent transfer of Capital Notes 2 on ASX after quotation. No stamp duty is payable by Holders on Applications for Capital Notes 2 provided that no Holders will, either alone or together with any associated persons, acquire or hold a 50% or more interest in AMP. 	

3. ABOUT AMP

This section sets out information about the activities, financial performance and financial position of AMP and its controlled entities – together the AMP Group.

3.1	Introduction
3.2	Overview of the AMP Group
3.3	The AMP Group's businesses
3.4	Regulation
3.5	Strategy
3.6	Sale of wealth protection and mature businesses
3.7	Directors of AMP

3.1 Introduction

AMP is a wealth management company with an expanding international investment management business and a growing retail banking business. It provides retail customers with financial advice and superannuation, retirement income, banking, investment products and life insurance. These products and services are distributed directly and through a network of aligned and employed financial advisers and extensive relationships with independent financial advisers. AMP also provides corporate superannuation products and services for workplace superannuation and self-managed superannuation funds.

AMP Capital manages investments across major asset classes including equities, fixed income, infrastructure, real estate, diversified, multi-manager and multi-asset funds for domestic and international customers. AMP Capital also provides commercial, industrial and retail real estate management services.

AMP Limited is the non-operating holding company of the AMP Group.

3.2 Overview of the AMP Group

The AMP Group's business is divided into four areas:

- AMP Australia;
- New Zealand wealth management;
- AMP Capital; and
- Australia and New Zealand wealth protection and mature.

3.3 The AMP Group's businesses

The AMP Group's business is divided into four areas as summarised below.

3.3.1 AMP Australia

AMP Australia aims to help Australians to manage and grow their wealth throughout their lives.

AMP seeks to provide whole-of-wealth services to Australians, taking a holistic view of a client's needs at every stage of their life, and providing financial solutions.

AMP's financial solutions seek to address the "big five" financial requirements affecting most Australians – managing cash flows, managing debts, growing assets, enjoying retirement and protecting their family's future.

In November 2019, AMP brought together its Australian wealth management and AMP Bank divisions under one leadership team. The businesses will continue to serve their clients in line with their obligations, as well as seeking opportunities to integrate.

As at 30 June 2019, AMP managed \$116 billion in retirement savings and during the year to 31 December 2018, paid out \$2.4 billion in retirement payments, helped around 110,000 Australians with their banking needs and provided over 6,000 new home loans.

During a period of fundamental change in the financial advice industry, AMP remains committed to providing quality advice and financial solutions that are affordable and accessible for more Australians.

3.3.2 New Zealand wealth management

The New Zealand wealth management business encompasses the wealth management, financial advice and distribution business in New Zealand. It provides customers with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments and a wrap investment management program.

3.3.3 AMP Capital

AMP Capital is a diversified investment manager across major asset classes including equities, fixed interest, infrastructure, real estate, diversified and multi-manager and multi-asset funds.

In Asia, AMP Capital has partnerships with two leading financial services groups:

- Mitsubishi UFJ Trust and Banking Corporation (“**MUTB**”), which holds a 15% minority interest in AMP Capital; and
- China Life.

3.3.4 Australia and New Zealand wealth protection and mature

Australia and New Zealand wealth protection and mature comprises:

- Australia wealth protection;
- Australia mature; and
- New Zealand wealth protection and mature.

The Australian wealth protection business includes individual and group term, disability and income protection insurance products. Products can be held within a superannuation product or held independently of superannuation. The Australian mature business comprises products which are largely closed to new business and are in runoff. The New Zealand wealth protection and mature business includes a risk insurance and mature book (traditional participating business), which is also largely closed to new business and in runoff.

AMP has announced the sale of AMP Life (comprising the Australian and New Zealand wealth protection and mature businesses). For further details, refer to Section 3.6.

3.4 Regulation

As a provider of advice, products and services relating to financial planning, life insurance, superannuation, investments and retail banking, the AMP Group is subject to ongoing oversight by financial services regulators in the markets in which it operates.

The principal regulators that supervise and regulate the activities of the AMP Group and the activities of the businesses and funds that members of the AMP Group manage are APRA, the Reserve Bank of Australia, the Reserve Bank of New Zealand, ASIC, ASX, the Australian Taxation Office, the Australian Competition and Consumer Commission, AUSTRAC, the Office of the Australian Information Commissioner, the New Zealand Privacy Commissioner’s Office and the New Zealand Financial Markets Authority.

Australia

APRA regulates companies operating in the Australian financial services industry. APRA has established prudential standards for all general insurers, banks and life insurance companies and, as at the date of this Prospectus, has developed final prudential standards for conglomerate groups which will apply to the AMP Group when implemented.

ASIC is principally responsible for the enforcement of the Corporations Act which regulates the conduct and disclosure obligations of financial services providers (including superannuation trustees that hold an Australian Financial Services Licence (AFSL)).

The AMP Group is required to comply with the Basel III capital framework (for Australian authorised deposit-taking institutions) and APRA’s life insurance capital standards (for regulated life insurers).

New Zealand

The Financial Markets Authority regulates conduct in New Zealand’s financial markets and oversees securities, financial reporting, and company laws as they apply to financial markets participants.

3.5 Strategy

On 8 August 2019, AMP announced its three-year strategic plan to transform the business into a simpler, client-focused business that is higher growth and higher return. AMP will seek to achieve this through transformation to a client-focused culture, improving execution and simplifying the business model.

Under the strategy, AMP intends to:

- Divest AMP Life to help fund the new strategy, simplify AMP and shift capital toward higher-growth businesses;
- Further localise New Zealand wealth management, exploring options to divest the New Zealand wealth management business;
- Reinvent wealth management in Australia, helping clients realise their ambitions;

- grow contemporary solutions in Australian wealth management including shifting focus to direct-to-client channels and digital solutions;
- further integrate AMP Bank solutions with Australian wealth management, continuing strong growth and targeting double-digit earnings growth over the medium term; and
- fix legacy issues in Australian wealth management including reshaping aligned advice (buy back changes; fewer, more productive advisers), simplifying super.
- Grow AMP Capital through differentiated capabilities such as in real assets and public markets, pursue international growth opportunities;
 - continue to expand global footprint in real assets, growing customised solutions;
 - build on relationships in China, Japan, US; explore opportunities to expand real asset and global equity capabilities into international markets; and
 - target double-digit earnings growth over the medium term.
- Reinvigorate AMP's culture to be client led, entrepreneurial, and accountable, with effective management of financial and non-financial risk.

As part of AMP's strategy, it will continue to consider sources and allocation of capital and therefore will continue to evaluate opportunities to leverage its capabilities, capitalise on synergies, streamline its business and respond to market dynamics and changes in competitor landscape and regulation. This includes looking for, and pursuing opportunities for, future acquisitions or disposals, joint ventures or other partnership or risk sharing arrangements, modifying its cost base or undertaking capital management initiatives. The AMP board and management will continue to evaluate future potential opportunities for the business.

3.6 Sale of wealth protection and mature businesses

On 8 August 2019, AMP announced a revised agreement with Resolution Life, with updated terms, for the sale of AMP Life (comprising the Australian and New Zealand wealth protection and mature businesses).

The sale is still conditional on several regulatory approvals and restructuring activities, however is expected to be completed in the first half of 2020 and is expected to deliver consideration of \$3.0 billion comprising:

- \$2.5 billion cash; and
- a \$500 million equity interest (expected to be around 20%) in Resolution Life Australia, a new Australian-domiciled, Resolution Life-controlled holding company that will become the owner of AMP Life.

Resolution Life will be on risk for all experience and lapse losses from 1 July 2018 until completion and is entitled to all AMP Life net earnings during that period.

AMP will continue to report the results of AMP Life through to completion of the transaction.

Resolution Life Australia represents a platform for continued growth and consolidation in the Australian and New Zealand in-force life insurance market. From completion of the sale, AMP's 20% interest in Resolution Life Australia will provide an ongoing entitlement to an equivalent share of the new company's earnings and distributions (including franking credits as appropriate). AMP has the right, but not the obligation, to subscribe for additional capital in future to maintain its 20% interest in Resolution Life Australia.

In addition, AMP anticipates that the excess above target surplus will first be used to fund delivery of the new strategy. Beyond this, AMP will assess all capital management options with the intent of returning the excess above target surplus to shareholders, subject to unforeseen circumstances.

3.7 Directors of AMP

The directors of AMP are:

- David Murray AO (Chairman) – *BBus, MBA*
- Francesco De Ferrari, Chief Executive Officer – *MBA, BS (Econ) (IntBus)*
- John Fraser – *BEC (Hons)*
- Andrew Harnos – *BCom, LLB (Hons)*
- Debra Hazelton – *BA (Hons), MCom*
- Trevor Matthews – *MA*
- John O'Sullivan – *BA, LLB, LLM*
- Andrea Slattery – *B Acc, MCom*
- Peter Varghese AO – *BA (Hons)*
- Mike Wilkins AO – *BCom, MBA*

The roles and responsibilities of the board are set out in the AMP Board charter. A description of the board charter and further information on the directors of AMP can be found at <https://corporate.amp.com.au/about-amp/board-and-management/amp-limited-board>.

Further details of the experience, qualifications and expertise of the directors of AMP are set out in the AMP 2018 annual report for the year ended 31 December 2018 which can be found at amp.com.au/shares.

4. FINANCIAL INFORMATION

This section sets out the financial information of AMP and the AMP Group.

4.1 Introduction

4.2 Basis of preparation

4.3 Selected financial information of the AMP Group

4.4 Selected financial information of AMP Limited parent entity (standalone)

4.5 Capital management

4.1 Introduction

This section sets out the following financial information of AMP and the AMP Group for the financial years ended 31 December 2017 (FY17) and 31 December 2018 (FY18) and/or the six months ended 30 June 2019 (1H19).

In respect of the AMP Group, the information includes:

- Financial performance summary for FY17, FY18 and 1H19 (Section 4.3.1)
- Historical statement of comprehensive income for FY17, FY18 and 1H19 (Section 4.3.2)
- Historical reconciliation of segment profit after tax for FY17, FY18 and 1H19 (Section 4.3.3)
- Historical statements of financial position as at 31 December 2017, 31 December 2018 and 30 June 2019 (Section 4.3.4)

(together, the AMP Group Historical Financial Information).

- Pro forma historical statement of financial position as at 30 June 2019 (Section 4.3.4)

(referred as the AMP Group Pro Forma Historical Financial Information).

The AMP Group Historical Financial Information and the AMP Group Pro Forma Historical Financial Information together form the AMP Group Financial Information.

In respect of AMP, the information includes:

- Unaudited Historical statement of comprehensive income for FY17, FY18 and 1H19 (Section 4.4.1)
- Unaudited Historical condensed statements of financial position as at 31 December 2017, 31 December 2018 and 30 June 2019 (Section 4.4.2)

(together, the AMP Historical Financial Information).

- Unaudited Pro forma condensed statement of financial position as at 30 June 2019 (Section 4.4.2)

(together, the AMP Historical Financial Information and the AMP Financial Information).

- Summary capital information for the AMP Group (Section 4.5).

4.2 Basis of preparation

The AMP Group Historical Financial Information presented in this section has been derived from the AMP Group's audited consolidated financial reports for FY17 and FY18, which were audited by Ernst & Young in accordance with Australian Auditing Standards (AAS). Ernst & Young issued an unqualified audit opinion on these financial reports. These financial reports are available at amp.com.au. The Historical Financial Information of the AMP Group as at and for 1H19 has been derived from its interim financial statements, which were reviewed by Ernst & Young and on which an unqualified limited assurance conclusion was issued. The AMP Historical Financial Information as at and for 1H19 has been derived from unaudited management information.

The AMP Group's consolidated financial reports have been prepared in accordance with the requirements of the Corporations Act, AAS including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The interim financial statements are prepared in accordance with the Corporations Act and AASB 134 Interim Financial Reporting.

The AMP Group Pro Forma Historical Financial Information and AMP pro forma condensed statement of financial position as at 30 June 2019 have been derived from the historical consolidated statement of financial position of the AMP Group and AMP as at 30 June 2019, and adjusted for the effects of pro forma adjustments relating to the proposed Capital Notes 2 raising less transaction costs as if they had occurred as at 30 June 2019.

The AMP Group Pro Forma Historical Financial Information and AMP pro forma condensed statement of financial position as at 30 June 2019 do not include the impact of the \$784 million in equity capital raised after 30 June 2019, as part of AMP's \$650 million institutional placement completed in August 2019 and the \$134 million share purchase plan completed in September 2019.

The Pro forma adjustments have not been applied to the AMP Group's key performance measures, consolidated statement of comprehensive income or the AMP Group's summary financial results.

The AMP Group Pro forma Historical Financial Information and the AMP pro forma condensed statement of financial position have been prepared in accordance with the recognition and measurement principles contained in AAS, other than that they include adjustments that have been prepared in a manner consistent with AAS that reflect the impact of the Offer as if it occurred as at 30 June 2019.

The AMP Group Financial Information and AMP Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, presentation, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act. The presentation currency is Australian dollars.

Investors should note that past performance is not a reliable indicator of future performance.

4.3 Selected financial information of the AMP Group

4.3.1 AMP Group financial performance summary

The following table sets out non-IFRS financial measures that AMP considers relevant in assessing the financial performance and position of its business.

Financial performance measures such as underlying profit, cost-to-income, net cash flows and return on equity may assist you in assessing AMP's ability to pay distributions on Capital Notes 2.

Surplus capital above minimum regulatory requirements may assist you to assess the company's financial capacity to meet its obligations under Capital Notes 2.

	FY17	FY18	1H19
Net (loss) profit attributable to AMP Shareholders	\$848m	\$28m	(\$2,292m)
Underlying profit ¹	\$1,040m	\$680m	\$309m
Cost-to-income ratio ²	46.2%	55.8%	60.2%
Total Australian wealth management net cash flows ³	\$931m	(\$3,968m)	(\$3,096m)
AMP Capital external net cash flows ⁴	\$5,477m	\$4,219m	\$818m
Underlying return on equity ⁵	14.3%	9.6%	9.5%
Surplus capital above minimum regulatory requirements ⁶	\$2,338m	\$1,651m	\$1,694m

Notes:

- Underlying profit is profit after tax normalised for investment market volatility stemming from shareholder assets invested in investment markets, net of one-off and non-recurring revenues and costs. Refer to Section 4.3.3 for a reconciliation of underlying profit to (loss) profit attributable to shareholders of AMP.
- Cost-to-income ratio is calculated as controllable costs divided by gross margin. Gross margin is calculated as total operating earnings and underlying investment income before tax expense plus controllable costs. Controllable costs include operational and project costs and exclude variable costs, provisions for bad and doubtful debts and interest on corporate debt.
- Australian wealth management cash flows reflect amounts paid and received into AMP platforms, external platforms and corporate superannuation.
- AMP Capital cash flows reflect amounts paid to or received from customers into AMP Capital products. AMP Capital cash flows are shown net of fees and taxes.
- Underlying return on equity is calculated as annualised underlying profit divided by the average of the monthly average shareholder equity for the period.
- For more information, refer to Section 4.5.

4.3.2 Historical statement of comprehensive income

	Year ended 31 Dec 2017 \$m	Year ended 31 Dec 2018 \$m	Half-year ended 30 Jun 2019 \$m
Income and expenses of AMP shareholders, policyholders, external unitholders and non-controlling interests			
Life insurance contract related revenue	2,997	2,653	1,169
Life insurance claims recovered from reinsurers	234	487	247
Fee revenue	3,115	3,083	1,491
Other revenue	176	167	78
Interest income, dividends and distributions and net gains or losses on financial assets and liabilities at fair value through profit or loss	11,069	955	12,422
Interest income earned using the effective interest method	819	899	449
Share of profit or loss of associates accounted for using the equity method	29	42	39
Life insurance contract claims expense	(2,046)	(2,254)	(1,068)
Life insurance contract premium ceded to reinsurers	(635)	(989)	(533)
Fees and commission expenses	(1,697)	(1,701)	(789)
Staff and related expenses	(1,078)	(1,136)	(633)
Impairment of goodwill and other intangibles	–	–	(2,306)
Other operating expenses	(1,054)	(1,887)	(836)
Finance costs	(585)	(611)	(326)
Movement in external unitholder liabilities	(1,481)	(208)	(1,556)
Change in policyholder liabilities			
– life insurance contracts	(1,069)	79	(1,409)
– investment contracts	(7,158)	55	(7,900)
Income tax credit (expense)	(763)	417	(812)
(Loss) profit for the period	873	51	(2,273)
(Loss) profit attributable to AMP shareholders	848	28	(2,292)
Profit attributable to non-controlling interests	25	23	19
(Loss) profit for the period	873	51	(2,273)

	Year ended 31 Dec 2017 \$m	Year ended 31 Dec 2018 \$m	Half-year ended 30 Jun 2019 \$m
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value reserve			
– net gain (loss) on fair value asset reserve	(1)	22	73
– tax effect on fair value asset reserve gain or loss	–	(7)	(22)
– transferred to profit for the period	–	–	(4)
– tax effect on amount transferred to profit for the period	–	–	1
	(1)	15	48
Cash flow hedges			
– net (loss) gain on cash flow hedges	4	(37)	(60)
– tax effect on cash flow hedge gain or loss	(1)	11	18
– transferred to profit for the period	10	11	4
– tax effect on amount transferred to profit for the period	(3)	(3)	(1)
	10	(18)	(39)
Translation of foreign operations and revaluation of hedge of net investments			
	(54)	78	6
	(54)	78	6
Items that will not be reclassified subsequently to profit or loss			
Fair value reserve – equity instruments held by AMP Foundation			
	–	(4)	8
	–	(4)	8
Defined benefit plans			
– actuarial (losses) gains	7	(43)	(40)
– tax effect on actuarial gains or losses	(2)	12	12
	5	(31)	(28)
Other comprehensive income (loss) for the period	(40)	40	(5)
Total comprehensive (loss) income for the period	833	91	(2,278)
Total comprehensive (loss) income attributable to shareholders of AMP Limited	808	68	(2,297)
Total comprehensive income attributable to non-controlling interests	25	23	19
Total comprehensive (loss) income for the period	833	91	(2,278)

4.3.3 Historical reconciliation of segment profit after tax

	Year ended 31 Dec 2017 \$m	Year ended 31 Dec 2018 \$m	Half-year ended 30 Jun 2019 \$m
Reconciliation of segment profit after tax			
Australian wealth management	391	363	103
New Zealand wealth management	54	53	22
AMP Capital ¹	156	167	120
AMP Bank	140	148	71
Australia and New Zealand wealth protection and mature	331	(3)	31
Segment profit after income tax	1,072	728	347
Group office costs	(74)	(76)	(59)
Total operating earnings	998	652	288
Underlying investment income ²	95	96	55
Interest expense on corporate debt	(53)	(68)	(34)
Underlying profit	1,040	680	309
Royal Commission	–	(32)	–
Client remediation and related costs	–	(469)	(41)
Portfolio review and related costs	(24)	(48)	–
Separation costs	–	–	(89)
Risk management, governance and controls	–	(8)	(17)
Other items ³	(21)	(74)	(5)
Impairments	–	–	(2,352)
Amortisation of acquired intangible assets ⁴	(80)	(79)	(45)
(Loss) profit before market adjustments and accounting mismatches	915	(30)	(2,240)
Market adjustment – investment income ²	(39)	(28)	(16)
Market adjustment – annuity fair value ⁵	4	12	(5)
Market adjustment – risk products ⁶	(18)	24	(26)
Accounting mismatches ⁷	(14)	50	(5)
(Loss) profit attributable to shareholders of AMP Limited	848	28	(2,292)
Profit attributable to non-controlling interests	25	23	19
(Loss) profit for the period	873	51	(2,273)

Notes:

- AMP Capital segment revenue is reported net of external investment manager fees. Segment profit after income tax is reported net of 15% minority interest attributable to MUTB.
- Underlying investment income consists of investment income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) normalised in order to bring greater clarity to the results by eliminating the impact of short-term market volatility on underlying performance. Underlying returns are set based on long-term expected returns for each asset class, except for a short-term return, equivalent to a one-year government bond, set annually for the implicit deferred acquisition costs component of shareholder assets. Market adjustment – investment income is the excess (shortfall) between the underlying investment income and the actual return on shareholder assets invested in income producing investment assets.
- Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.
- Amortisation of acquired intangibles includes amortisation of intangibles acquired through business combinations, notional intangibles included within the carrying value of equity accounted associates and acquired client registers.
- Market adjustment – annuity fair value relates to the net impact of investment markets on AMP's annuity portfolio.
- Market adjustment – risk products relates to the net impact of changes in market economic assumptions (bond yields and CPI) on the valuation of risk insurance liabilities.
- Under Australian Accounting Standards, some assets held on behalf of the policyholders (and related tax balances) are recognised in the financial statements at different values to the values used in the calculation of the liability to policyholders in respect of the same assets. Therefore, movements in these policyholder assets result in accounting mismatches which impact profit attributable to shareholders. These differences have no impact on the operating earnings of the AMP Group.

4.3.4 Historical and pro-forma statement of financial position

	Actuals as at 31 Dec 2017 \$m	Actuals as at 31 Dec 2018 \$m	Actuals as at 30 Jun 2019 \$m	Adjustments ¹ \$m	Pro forma as at 30 Jun 19 \$m
Assets					
Cash and cash equivalents	3,602	3,932	3,544	194	3,738
Receivables	2,151	2,608	3,746	–	3,746
Current tax assets	7	213	23	–	23
Planner registers held for sale and prepayments	138	101	86	–	86
Investments in financial assets	136,675	132,103	135,469	–	135,469
Investment properties	134	145	147	–	147
Investments in associates accounted for using the equity method	749	924	881	–	881
Property, plant and equipment	75	95	110	–	110
Right of use assets	–	–	238	–	238
Deferred tax assets	686	966	1,309	–	1,309
Reinsurance asset – ceded life insurance contracts	804	1,073	1,146	–	1,146
Intangibles	3,218	3,208	910	–	910
Total assets of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests	148,239	145,368	147,609	194	147,803
Liabilities					
Payables	1,752	2,032	3,526	–	3,526
Current tax liabilities	71	73	419	–	419
Employee benefits	325	316	280	–	280
Other financial liabilities	591	1,389	987	–	987
Provisions	153	807	939	–	939
Interest-bearing liabilities	21,009	21,650	22,041	194	22,235
Lease liabilities	–	–	251	–	251
Deferred tax liabilities	2,190	1,723	2,170	–	2,170
External unitholder liabilities	14,468	17,059	13,761	–	13,761
Life insurance contract liabilities	23,683	23,257	24,252	–	24,252
Investment contract liabilities	75,235	68,742	72,956	–	72,956
Reinsurance liability – ceded life insurance contracts	1,450	1,452	1,514	–	1,514
Defined benefit plan liabilities	29	77	118	–	118
Total liabilities of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests	140,956	138,577	143,214	194	143,408
Net assets of shareholders of AMP Limited and non-controlling interests	7,283	6,791	4,395	–	4,395

	Actuals as at 31 Dec 2017 \$m	Actuals as at 31 Dec 2018 \$m	Actuals as at 30 Jun 2019 \$m	Adjustments ¹ \$m	Pro forma as at 30 Jun 19 \$m
Equity					
Contributed equity	9,376	9,502	9,535	–	9,535
Reserves	(2,010)	(1,931)	(1,923)	–	(1,923)
Retained earnings	(164)	(886)	(3,335)	–	(3,335)
Total equity of shareholders of AMP Limited	7,202	6,685	4,277	–	4,277
Non-controlling interests	81	106	118	–	118
Total equity of shareholders of AMP Limited and non-controlling interests	7,283	6,791	4,395	–	4,395

Note:

1. These adjustments assume a \$200 million Offer of Capital Notes 2, less transaction fees.

4.4 Selected financial information of AMP Limited parent entity (standalone)

4.4.1 Unaudited historical statement of comprehensive income

	Year ended 31 Dec 2017 \$m	Year ended 31 Dec 2018 \$m	Half-year ended 30 Jun 2019 \$m
Income and expenses			
Dividends and interest from controlled entities	890	545	102
Interest revenue – other entities	–	–	–
Service fee revenue	8	4	9
Other income	–	1	–
Operating expenses	(8)	(3)	(9)
Impairment ¹	–	(2,489)	(3,173)
Finance costs	(45)	(55)	(23)
Income tax credit ²	49	17	17
Profit (loss) for the period	894	(1,980)	(3,077)
Total comprehensive (loss) income for the period	894	(1,980)	(3,077)

Note:

1. The impairment to the carrying value of investments in controlled entities relating to a write-down of goodwill and capitalised costs, reduction in the carrying values of advice registers held by AMP, recognition of expected future impairments to servicing rights and client registers where practices have submitted their BOLR notices and expected credit losses in relation to loans advanced to practices in the AMP Advice network.
2. Dividend income from controlled entities \$514 million (2017: \$866 million) is not assessable for tax purposes. Income tax credit includes \$8 million (2017: \$53 million) utilisation of previously unrecognised tax losses.

4.4.2 Unaudited historical and pro forma condensed statement of financial position

	Actuals as at 31 Dec 2017 \$m	Actuals as at 31 Dec 2018 \$m	Actuals as at 30 Jun 2019 \$m	Adjustments ¹ \$m	Pro forma as at 30 Jun 2019 \$m
Assets					
Cash and cash equivalents	3	8	8	194	202
Receivables and prepayments	99	57	353	–	353
Current tax assets	–	130	–	–	–
Loans and advances to subsidiaries	1,191	1,007	1,065	–	1,065
Investments in controlled entities ²	12,400	9,911	6,738	–	6,738
Deferred tax assets	91	47	56	–	56
Total assets	13,784	11,160	8,220	194	8,414
Liabilities					
Payables	106	239	143	–	143
Current tax liabilities	47	–	329	–	329
Provisions	5	1	2	–	2
Subordinated debt	1,116	1,043	1,043	194	1,237
Total liabilities	1,274	1,283	1,517	194	1,711
Net assets	12,510	9,877	6,703	–	6,703
Equity					
Contributed equity	9,547	9,610	9,631	–	9,631
Reserves	22	21	20	–	20
Retained earnings	2,941	246	(2,948)	–	(2,948)
Total equity	12,510	9,877	6,703	–	6,703

Notes:

1. These adjustments assume a \$200 million Offer of Capital Notes 2, less transaction fees.
2. The impairment to the carrying value of investments in controlled entities relating to a write-down of goodwill and capitalised costs, reduction in the carrying values of advice registers held by AMP, recognition of expected future impairments to servicing rights and client registers where practices have submitted their BOLR notices and expected credit losses in relation to loans advanced to practices in the AMP Advice network.

4.5 Capital management

A number of the operating entities within the AMP Group of companies are regulated. These include an authorised deposit-taking institution (ADI), life insurance companies, superannuation entities and a number of companies that hold Australian Financial Services Licences (AFSLs). These companies are regulated by APRA, the Reserve Bank of New Zealand, Financial Markets Authority New Zealand (FMA) and/or ASIC and are required to hold minimum levels of regulatory capital, as set by the relevant regulator.

The main minimum regulatory capital requirements for AMP's regulated businesses are determined as follows:

- AMP Life – capital adequacy requirements as specified under the APRA Life Insurance Prudential Standards;
- AMP Bank – capital requirements as specified under the APRA ADI Prudential Standards;
- AMP Superannuation Limited and N.M. Superannuation Proprietary Limited – Operational Risk Financial Requirements in accordance with APRA Superannuation Prudential Standards; and
- AMP Capital – capital requirements under AFSL requirements and overseas equivalents.

AMP holds capital to protect clients, creditors and shareholders against unexpected losses. There are a number of ways AMP assesses the adequacy of its capital position. Primarily, AMP aims to:

- maintain a sufficient surplus above minimum regulatory capital requirements (“MRR”) to reduce the risk of breaching MRR; and
- hold sufficient liquidity to ensure that AMP has sufficient access to liquid funds, even under stress situations, and maintain the AMP Group's credit rating.

These factors are considered together with AMP's appetite for material risks (including financial risk, product and insurance risk and operational risk), when setting a target surplus above MRR which seeks to reduce the risk of breaching MRR.

AMP, AMP Life and AMP Bank have Board approved minimum capital levels above APRA requirements, with additional capital targets held above these amounts. Within AMP Life, the capital targets above Board minimums have been set to a less than 10% probability of capital resources falling below the Board minimum over a 12 month period. Capital targets are also set for AMP Capital to cover risk associated with seed and sponsor capital investments, operational risk and strategic risk. Other components of the AMP Group's capital targets include amounts relating to Group Office investments, defined benefit funds and other operational risks.

In addition, the participating business of AMP Life is managed to target a very high level of confidence that the business is self-supporting and that there are sufficient assets to support policyholder liabilities.

Level 3 Eligible Capital above MRR for regulated entities and the AMP Group may vary throughout the year due to a range of factors including profits, dividend payments, capital for business growth and other one-off items, including market movements.

The AMP Group's capital resources include ordinary equity and interest-bearing liabilities. The AMP Group excludes the interest-bearing liabilities of its banking subsidiary, AMP Bank, and controlled investment subsidiaries and trusts from the AMP Group capital resources.

In determining the capital resources the AMP Group needs to make adjustments to the statutory shareholder equity. Under Australian Accounting Standards, some assets held on behalf of the policyholders (and related tax balances) are recognised in the financial report at different values to the values used in the calculation of the liability to policyholders in respect of the same assets. Therefore, movements in these policyholder assets result in accounting mismatches which impact the statutory equity attributable to shareholders of AMP. Mismatches arise on the following items:

- treasury shares (AMP Shares held by the statutory funds on behalf of policyholders);
- AMP Life statutory funds' investments in controlled entities; and
- AMP Life statutory funds' superannuation products invested in AMP Bank assets.

Adjustments are also made relating to cash flow hedge reserves and to exclude the net assets of the AMP Foundation.

The table below shows AMP Group's capital resources at reporting date adjusted for the Offer excluding the \$784 million in equity capital raised via the issuance of AMP Shares after 30 June 2019:

	Actuals as at 31 Dec 2017 \$m	Actuals as at 31 Dec 2018 \$m	Actuals as at 30 Jun 2019 \$m	Adjustments ³ \$m	Pro forma as at 30 Jun 2019 \$m
AMP statutory equity attributable to shareholders of AMP Limited	7,202	6,685	4,277	–	4,277
Accounting mismatches, cash flow hedge resources and other adjustments	74	(2)	30	–	30
AMP shareholder equity	7,276	6,683	4,307	–	4,307
Subordinated debt	951	876	876	194	1,070
Senior debt	730	973	1,033	–	1,033
Total AMP capital resources	8,957	8,532	6,216	194	6,410
Shareholder equity	7,276	6,683	4,307	–	4,307
Goodwill and other intangibles ¹	(3,475)	(3,560)	(1,252)	–	(1,252)
Other regulatory adjustments ²	(173)	(129)	(98)	–	(98)
Subordinated bonds eligible as Level 3 capital	83	83	83	–	83
Level 3 Eligible Capital	3,711	3,077	3,040	–	3,040
Minimum regulatory requirements (MRR)	1,373	1,426	1,346	–	1,346
Level 3 Eligible Capital above MRR	2,338	1,651	1,694	–	1,694

Notes:

1. Represents acquired goodwill, acquired identifiable intangibles on merging with AXA, acquired asset management mandates, capitalised costs and associate equity investments in financial institutions.
2. For life insurers, other deductions include policy liability adjustments, deferred tax assets and regulatory requirements for AMP's superannuation trustees, which are subsidiaries of the life insurers. For AMP Bank, other deductions relate to securitisation, deferred tax assets and other provisions.
3. These adjustments assume a \$200 million Offer of Capital Notes 2, less transaction fees.

5. INVESTMENT RISKS

By investing in Capital Notes 2 you will be exposed to risks associated with AMP, the AMP Group's business and Capital Notes 2.

This section of the Prospectus will help you understand some of the risks associated with an investment in Capital Notes 2. Section 5.1 describes some of the risks that are specific to Capital Notes 2 and Section 5.2 describes some of the risks that relate to an investment in AMP and the AMP Group. Many of these risks are outside the control of AMP and its directors.

This section does not describe all of the risks associated with investing in Capital Notes 2 and it is important that you consider whether an investment in Capital Notes 2 is suitable for you before applying for Capital Notes 2.

5.1 Risks associated with investing in Capital Notes 2

5.2 Risks associated with AMP and the AMP Group

5.1 Risks associated with investing in Capital Notes 2

5.1.1 Capital Notes 2 are not bank deposits or policy liabilities

Capital Notes 2 are not deposits with or protected accounts of AMP Bank or any other member of the AMP Group and are not policies with any member of the AMP Group for the purposes of the Life Insurance Act. They are also not investments in any superannuation or other fund managed by any member of the AMP Group. Capital Notes 2 are not guaranteed by any member of the AMP Group, nor are they guaranteed or insured by any government or under any compensation scheme or by any government agency or any other party. Capital Notes 2 are not secured over any of the AMP Group's assets.

5.1.2 Capital Notes 2 are perpetual, unsecured and subordinated obligations

Capital Notes 2 are unsecured and subordinated notes issued by AMP. They are perpetual securities, meaning that they have no maturity date, so investors may never be repaid the principal invested or receive AMP Shares.

Capital Notes 2 are claims on AMP. AMP is a non-operating holding company. Most of its assets are its investments in other members of the AMP Group. AMP's claims in respect of those investments are likely to rank behind depositors, policyholders and other creditors in a winding-up of those other members of the AMP Group. Holders have no claim on any other members of the AMP Group for payment of any amount in respect of Capital Notes 2.

In a winding-up of AMP (if a Non-Viability Event has not occurred), Capital Notes 2 are subordinated and Holders rank for payment of the Face Value behind Senior Ranking Creditors. They rank senior only to claims in respect of AMP Shares. Distributions are not payable, no claim may be brought in respect of any unpaid Distributions and Holders will lose their investment in Capital Notes 2 if there are insufficient assets to satisfy Senior Ranking Creditors in a winding-up of AMP.

If a Non-Viability Event occurs, that is likely to affect your claim in the winding-up. See Section 2.6 – Ranking for payments of distributions and payments in a winding-up of AMP and Section 5.1.7.

Although Capital Notes 2 may pay a higher rate of Distribution than securities and instruments which are not subordinated, there is a significant risk that Holders will lose all or some of their investment should AMP become insolvent.

5.1.3 Distributions may not be paid

There is a risk that Distributions will not be paid. Distributions are only payable if AMP decides to pay them in its absolute discretion.

Also, if on a Distribution Date:

- payment of the Distribution would result in AMP breaching APRA's capital adequacy requirements applicable to it;
- the payment would result in AMP becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- APRA objects to the payment,

then that Distribution will not be paid and this will not constitute an event of default.

AMP may also be prevented from paying Distributions by the terms of other securities issued or which may be issued in the future by members of the AMP Group if a dividend or other payment has not been paid on those securities.

The terms of securities issued by a member of the AMP Group may also restrict that member from paying dividends or making other payments to AMP if a payment on the relevant security is not paid.

If AMP or a member of the AMP Group is subject to such a constraint, AMP may not be able to pay Distributions without the approval of the holders of those other securities.

Changes in regulations applicable to AMP, including changes in accounting standards, may affect AMP's ability to pay a Distribution or a dividend or other payment on other securities.

Failure to pay a Distribution when scheduled will not constitute an event of default or entitle the Holder to require AMP to Redeem Capital Notes 2 early. Further, if AMP does not or may become unable to pay a Distribution when scheduled, a Holder:

- has no right to apply for AMP to be wound up or placed in administration, or to cause a receiver or a receiver and manager to be appointed in respect of AMP; and
- has no right of set-off and no offsetting rights or claims on AMP under the Terms.

Distributions are non-cumulative (that is, if not paid, they do not accrue), so if a Distribution is not paid for any reason, Holders will have no right to receive that Distribution or any interest on any unpaid amount of a Distribution in the future.

However, if AMP does not pay a scheduled Distribution in full, a limited restriction applies to the payment of Dividends on AMP Shares – see Section 5.1.4 below.

5.1.4 A Dividend restriction applies but only in limited circumstances

If a Distribution is not paid in full within 20 Business Days of the scheduled Distribution Date, subject to certain exclusions set out in clause 3.6 of the Terms, AMP will be restricted from declaring, determining to pay or paying a Dividend, and from undertaking Buy Backs and Capital Reductions, in each case in respect of AMP Shares only. No restrictions will apply to making payments on, or conducting buy backs or capital reductions in respect of securities ranking equally with Capital Notes 2 or any other class of security (if on issue). These restrictions will only apply until and including the next Distribution Date. The dates for the declaration, determination or payment of Dividends on AMP Shares and on which AMP may undertake a Buy Back or Capital Reduction are determined by AMP in its discretion and are not related to the Distribution Dates for Capital Notes 2. As soon as the next scheduled Distribution is paid, the restriction ceases to apply and AMP will not be restricted from declaring, determining to pay or paying a Dividend or undertaking any Buy Back or Capital Reduction.

The AMP Board has resolved not to declare a first half 2019 dividend. The board of AMP will maintain a consistent approach to capital management until the completion of the sale of AMP Life.

5.1.5 Changes in the Distribution Rate

There is a risk that the rate of return in respect of Capital Notes 2 may become less attractive when compared to rates of return available on comparable securities issued by AMP or other entities.

The Distribution Rate is calculated for each Distribution Period by reference to the BBSW Rate, which is influenced by a number of factors and varies over time. The methodology used to calculate the BBSW Rate may also change. The Distribution Rate will fluctuate and may increase or decrease over time as a result of movements in the BBSW Rate (see Section 2.1). AMP does not control the BBSW Rate nor the means by which it is determined, which may change. The Distribution Rate will also fluctuate (both increase and decrease) with changes in the Franking Rate and changes in the Australian corporate tax rate applicable to AMP (see Section 5.1.6 below).

If AMP determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, AMP will use as the BBSW Rate such Replacement Rate as it may determine and will make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate (see further detail in Section 2.1).

As the Distribution Rate fluctuates, there is a risk that it may become less attractive when compared to the rates of return available on comparable securities issued by AMP, other members of the AMP Group or other entities.

AMP does not guarantee any particular rate of return on Capital Notes 2.

5.1.6 Distributions may or may not be franked

Distributions, if paid, are expected to be franked at the same rate as AMP Shares. The Franking Rate applicable to the first Distribution is expected to be 100%. The Franking Rate for a Distribution Period may be lower or higher depending on AMP's available Franking Credits, or Distributions may not be franked at all. AMP's available Franking Credits may be affected by a wide range of factors, including its business performance, the applicable Australian corporate tax rate, assessments by relevant tax authorities and the amount of other frankable payments. The Distribution Rate will be adjusted depending on the Franking Rate and the Australian corporate tax rate, in each case as applicable to AMP and its franking account. If any Distribution payment is not fully franked, then the cash amount of the Distribution will increase to compensate for the reduction in Franking Credits.

The value and availability of Franking Credits to a Holder will differ depending on that Holder's particular tax circumstances. Holders should be aware that the potential value of any Franking Credits does not accrue at the same time as the receipt of any cash Distribution and that the ability to use any Franking Credits, either by offsetting a tax liability or by claiming a refund after the end of the income year, will depend on that Holder's individual tax position. Each Holder should refer to the taxation summary in Section 7 and obtain professional advice in relation to its tax position.

5.1.7 Conversion on account of a Non-Viability Event

If a Non-Viability Event occurs, AMP will be required to Convert some or all Capital Notes 2 into AMP Shares. A Non-Viability Event could occur at any time.

Non-Viability Event

A Non-Viability Event occurs when:

- (a) APRA issues a notice in writing to AMP that the conversion or write-off of Perpetual Subordinated Instruments (which includes Capital Notes 2) is necessary because, without it, APRA considers that AMP would become non-viable; or
- (b) a determination is made by APRA and notified in writing to AMP that without a public sector injection of capital, or equivalent support, AMP would become non-viable.

Whether a Non-Viability Event will occur is at the discretion of APRA. APRA has not given extensive guidance as to how it would determine non-viability. APRA may publish guidance on the parameters used to determine non-viability; however, it is possible that APRA will not provide such guidance, and AMP has no control over whether it will do so. Non-viability could be expected to include serious impairment of the AMP Group's financial position and solvency and concerns about its capital funding or liquidity levels and/or insolvency, but may not be confined to these matters and APRA's position on these matters may change over time. As the occurrence of a Non-Viability Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to a Non-Viability Event, or the time at which a Non-Viability Event may occur.

AMP's viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of members of the AMP Group. For instance, systemic and non-systemic macro-economic, environmental and operational factors, globally and in Australia and New Zealand, may affect the viability of AMP.

AMP is under no obligation to Holders under the Terms to take steps (such as issuing new AMP Shares) to avoid the risk of a Non-Viability Event.

If only some Capital Notes 2 and other Perpetual Subordinated Instruments are required to be converted on account of a Non-Viability Event, AMP must determine which Capital Notes 2 will Convert and in doing so must endeavour to treat Holders of Capital Notes 2 approximately proportionately with other Holders and holders of other Perpetual Subordinated Instruments, but AMP may discriminate to take account of the effect on marketable parcels, other logistical considerations and the need to effect conversions or write-offs immediately. Accordingly, should a Non-Viability Event occur and some (but not all) Capital Notes 2 are required to be Converted, it is possible that some but not all Holders will have their Capital Notes 2 Converted.

If Capital Notes 2 are the only Perpetual Subordinated Instruments on issue when a Non-Viability Event occurs and AMP is required to Convert only a proportion of the Capital Notes 2, the proportion of Capital Notes 2 required to be Converted or Written-off (which may be all of the Capital Notes 2) may be higher than if other Perpetual Subordinated Instruments had been on issue.

Effect of a Non-Viability Event

If a Non-Viability Event occurs:

- AMP must on the Non-Viability Conversion Date immediately convert to AMP Shares or write-off all Perpetual Subordinated Instruments or, where paragraph (a) under the heading "Non-Viability Event" above applies and APRA is satisfied that the conversion to AMP Shares or write-off of an amount of the Perpetual Subordinated Instruments will be sufficient to ensure AMP does not become non-viable, that amount of Perpetual Subordinated Instruments;

- if a Capital Note 2 is required to be Converted on account of a Non-Viability Event and if for any reason (including an Inability Event) Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date, then Conversion of that Capital Note 2 will not occur and instead the relevant Holder's rights (including to Distributions and payment of Face Value, and to be issued with AMP Shares upon Conversion of that Capital Note 2) will be immediately and irrevocably Written-off and terminated with effect on and from the Non-Viability Conversion Date;
- from the Non-Viability Conversion Date, AMP will treat Holders whose Capital Notes 2 are required to be Converted on account of a Non-Viability Conversion as having been issued the Conversion Number of AMP Shares, unless those Capital Notes 2 are subsequently Written-off. AMP expects any trades in Capital Notes 2 on ASX that have not settled on the Non-Viability Conversion Date will continue to settle in accordance with the normal ASX T+2 settlement, although if a Capital Note 2 which has been traded on ASX is required to be Converted, AMP expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of AMP Shares (if the Conversion occurs within five Business Days) or nothing if the Capital Note 2 is Written-off;
- alternatively, AMP may immediately request a trading halt to prevent further trading in Capital Notes 2 on ASX, and, if ASX permits, AMP may refuse to register transfers of Capital Notes 2 that have not settled – this may result in disruption or failures in trading or dealings in Capital Notes 2 (which may cause a Holder to suffer loss);
- AMP may make such decisions with respect to the identity of Holders as at the Non-Viability Conversion Date as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Capital Notes 2 that have not been settled or registered at that time;
- Holders will not receive prior notice of Non-Viability Conversion or have any rights to vote in respect of any Non-Viability Conversion; and
- the AMP Shares issued following a Non-Viability Conversion may not be quoted at the time of issue, or at all.

Conversion following a Non-Viability Event

The number of AMP Shares a Holder will receive on Conversion following a Non-Viability Event is calculated in accordance with the Conversion Number formula, which provides for a calculation based on a discounted five Business Day VWAP but cannot be more than the Maximum Conversion Number.

A Non-Viability Conversion is likely to result in a Holder receiving AMP Shares worth significantly less than the Face Value of Capital Notes 2 and the Holder suffering loss as a result. This is because:

- the number of AMP Shares a Holder may receive on Conversion is limited to the Maximum Conversion Number and this number of AMP Shares may have a value of less than the Face Value;
- the Conversion Number of AMP Shares is calculated by reference to the VWAP of AMP Shares in the five Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Non-Viability Conversion Date. This may differ from the AMP Share price on or after that date. This means that the AMP Shares may not be able to be sold at prices representing their value based on the VWAP;
- the AMP Shares issued on Conversion may not be listed on ASX. If this occurs there may be no market for AMP Shares and Holders of Capital Notes 2 may find it difficult or impossible to sell AMP Shares issued to them on Conversion; and
- as noted in Section 2.4, the Issue Date VWAP (and as a consequence, the Maximum Conversion Number) may, subject to some exceptions, be adjusted to reflect a Reclassification, or pro rata bonus issue, of AMP Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of AMP Shares, including for example rights issues, certain returns of capital, certain buy backs or special Dividends. The Terms do not limit the transactions that AMP may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so may adversely affect the position of Holders.

Failure to Convert

If a Capital Note 2 is required to be Converted on account of a Non-Viability Event and if for any reason (including an Inability Event) a Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date, then Conversion of that Capital Note 2 will not occur and instead the relevant Holder's rights (including to Distributions and payment of Face Value, and to be issued with AMP Shares upon Conversion of that Capital Note 2) will be immediately and irrevocably Written-off and terminated and Holders will suffer loss as a result.

An Inability Event will occur where AMP is prevented by applicable law, or order of any court, or action of any government authority (including regarding insolvency, winding-up or external administration of AMP), or for any other reason, from Converting Capital Notes 2. The laws and the grounds on which a court or government authority may make orders preventing the Conversion of Capital Notes 2 may change. There may be other reasons why Conversion does not occur, including, but not limited to, operational impediments, loss of records, disruption in the markets and force majeure.

AMP may, but is not required to, seek advice from reputable legal counsel as to whether an Inability Event has occurred and is subsisting. An Inability Event is taken to have occurred and be subsisting if AMP receives advice to that effect from reputable legal counsel (but the obtaining of advice must not delay or impede Write-off).

5.1.8 No Conversion in circumstances other than on account of a Non-Viability Event unless Shareholder Approval obtained

The terms provide for Conversion into AMP Shares in the following cases other than a Non-Viability Event: mandatory Conversion (on a Mandatory Conversion Date or on the occurrence of an Acquisition Event) and optional Conversion at AMP's election (on an Optional Exchange Date or on the occurrence of a Tax Event, a Regulatory Event or a Potential Acquisition Event). However, these provisions will not apply unless and until Shareholder Approval is obtained.

While AMP undertakes to use reasonable endeavours to seek Shareholder Approval at its next annual general meeting (and if not then obtained, at each subsequent annual general meeting until it is obtained), it gives no assurance that Shareholder Approval will be obtained at any annual general meeting. If Shareholder Approval is never obtained, Capital Notes 2 will never Convert, unless a Non-Viability Event occurs, and the Capital Notes 2 may remain on issue indefinitely. The failure to obtain Shareholder Approval may adversely affect the market price or liquidity, or both, of Capital Notes 2. Holders will have no remedy if Shareholder Approval is not obtained.

Investors should assess Capital Notes 2 on the basis that unless and until Shareholder Approval is obtained, the Conversion features (other than Conversion on account of a Non-Viability Event) do not apply. The absence of Conversion features (other than on account of a Non-Viability Event) may be disadvantageous to investors. For example, if there has been no Shareholder Approval:

- if Capital Notes 2 are on issue on 16 December 2027, Holders will not receive AMP Shares and will continue to hold Capital Notes 2;
- if AMP is subject to an Acquisition Event Holders will not receive AMP Shares and will continue to hold Capital Notes 2;
- if there has occurred a Tax Event, Regulatory Event, Potential Acquisition Event or on the Optional Exchange Date AMP has no right to Convert the Capital Notes 2 into AMP Shares, Holders will continue to hold Capital Notes 2 (unless, in the case of a Tax Event or Regulatory Event, or on the Optional Exchange Date, AMP elects, in its discretion and with APRA's prior written approval, to Redeem Capital Notes 2).

The risks of Conversion described in Sections 5.1.9 and 5.1.10 apply where the Shareholder Approval has been obtained.

5.1.9 Capital Notes 2 may Convert into AMP Shares in circumstances other than on account of a Non-Viability Event

Subject to Shareholder Approval having been obtained (and satisfaction of the other conditions set out in the Terms), Capital Notes 2 must Convert into AMP Shares on the Mandatory Conversion Date or upon the occurrence of an Acquisition Event and may Convert into AMP Shares at AMP's election (and with APRA's prior written approval) on the Optional Exchange Date or on the occurrence of a Tax Event, a Regulatory Event, or a Potential Acquisition Event.

As described in Sections 2.2 and 2.5, there are conditions to the Conversion of Capital Notes 2 into AMP Shares. These conditions apply to Mandatory Conversion, Conversion following an Acquisition Event and when AMP elects to Convert the Capital Notes 2. If one or more of these conditions is not satisfied, in the case of Mandatory Conversion or Conversion following an Acquisition Event, Conversion will be deferred to the next Distribution Date on which the conditions would be satisfied. There are no conditions applicable to a Non-Viability Conversion (except that a Non-Viability Event must have occurred), as outlined in Section 5.1.7.

The Conversion Conditions, where they apply, are designed to ensure Holders receive \$101 worth of AMP Shares for each Capital Note 2 they hold, and that the AMP Shares they receive following Conversion are capable of being sold on ASX. However, other events and conditions may affect the ability of Holders to trade or dispose of the AMP Shares issued on Conversion and the value which Holders are able to realise for those AMP Shares. For example, Holders may not be able to sell AMP Shares due to the willingness or ability of ASX to accept AMP Shares issued on Conversion for quotation or any practical issues which affect that quotation. Holders may also be affected by any suspension of trading of AMP Shares, any disruption to the market for AMP Shares or to capital markets generally, the availability of purchasers for AMP Shares and any costs or practicalities associated with trading or disposing of AMP Shares at that time. A number of these and other factors may also affect the price at which AMP Shares may be sold (if they can be sold at all), and Holders issued with AMP Shares on Conversion may lose some or all of their investment in Capital Notes 2.

AMP Shares are a different type of investment to Capital Notes 2. Dividends are payable at the absolute discretion of AMP and the amount of each Dividend is discretionary. In a winding-up of AMP, claims of AMP Shareholders rank behind claims of investors in all other securities of AMP and AMP's lenders and other creditors.

5.1.10 Acquisitions and Conversion

Capital Notes 2 are issued by AMP, which, as an ASX-listed company, may be affected by corporate activity, including the possibility of being acquired by, or merged with, another company or group of companies, potentially resulting in a change of control.

If Shareholder Approval is not obtained, AMP will not be required to Convert Capital Notes 2 and Holders will therefore have no rights to have their Capital Notes 2 Converted into AMP Shares in the event AMP is acquired by, or merged with, another company or group of companies resulting in a change of control. Nor will AMP have any right to Convert the Capital Notes 2 to AMP Shares where there is potential for an acquisition or merger occurring. Holders have no right to receive notice of or vote at any meeting of AMP Shareholders and will have no right to vote in relation to the acquisition of AMP Shares or the change of control or to prevent the acquisition or merger occurring. Holders will continue to hold Capital Notes 2 until they are Exchanged. Exchange may never occur.

If some or all Capital Notes 2 are not acquired by the person who obtains control of AMP and remain on issue, any retained investment in Capital Notes 2 following the change of control will be fundamentally different from the investment in Capital Notes 2 prior to that date, and will not involve the various protections available to Holders while AMP is an ASX-listed company. If AMP is acquired by a non ASX-listed company, Holders would hold securities in a subsidiary of the acquirer, and the acquirer would be subject to a different regulatory regime compared to AMP which means that Holders may receive less information about AMP and its businesses than they currently receive. In addition, the Franking Rate may be adversely affected, or Distributions may not be franked at all, and the Dividend restriction described in Section 5.1.4 would not restrict the acquirer from paying dividends or undertaking buy backs or capital reductions in respect of its securities as the Dividend restriction applies only in respect of AMP Shares.

If Shareholder Approval has been obtained and the corporate activity constitutes an Acquisition Event, as defined in the Terms, AMP is required, subject to satisfaction of certain conditions, to Convert all Capital Notes 2 in accordance with clauses 7 and 8 of the Terms. Where this corporate activity constitutes a Potential Acquisition Event (described in Section 2.3 – Tax Event, Regulatory Event and Potential Acquisition Event), AMP may, subject to the satisfaction of certain conditions, elect to Convert all Capital Notes 2 in accordance with clauses 6 and 8 of the Terms. An Acquisition Event or Potential Acquisition Event may occur at any time. Conversion may occur on dates not previously contemplated by Holders, or may not occur at all, each of which may be disadvantageous in light of market conditions or the individual circumstances of Holders and the timing may not suit Holders. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 2 (such as Distributions) is unknown and may be indefinite.

5.1.11 Exchange is at AMP's option

AMP may (subject to APRA's prior written approval) elect to Exchange some or all Capital Notes 2 on the Optional Exchange Date or on the occurrence of a Tax Event or a Regulatory Event. AMP may also elect to Exchange by way of Conversion all (but not some) Capital Notes 2 after a Potential Acquisition Event. Any such Exchange by way of Conversion is subject to obtaining Shareholder Approval (see Section 2.7). Holders have no right to request or require an Exchange in any circumstances.

The circumstances in which a Tax Event, Regulatory Event or Potential Acquisition Event will occur are described in Section 2.3 – Tax Event, Regulatory Event and Potential Acquisition Event.

Any Exchange at AMP's option may occur on dates not previously contemplated by Holders, or may not occur at all. This may disadvantage a Holder in light of market conditions or the individual circumstances of the Holder and the timing may not suit the Holders. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes 2 (such as Distributions) is unknown and may be indefinite.

Subject to certain restrictions, AMP also has the discretion to elect which Exchange Method will apply to an Exchange (and a combination of Exchange Methods may be chosen). The method of Exchange chosen by AMP may be disadvantageous to Holders and may not coincide with the individual preferences of Holders in terms of whether Holders receive AMP Shares or cash on the Exchange Date.

For example, if AMP (with APRA's approval) elects to Redeem or Resell Notes, Holders will receive cash equal to \$100 per Capital Note 2 rather than AMP Shares and, accordingly, Holders whose Capital Notes 2 have been Redeemed or Resold will not benefit from any subsequent increases in the AMP Share price after the Exchange occurs (which they might have benefited from if they had been issued AMP Shares if Conversion had occurred).

If Capital Notes 2 are Redeemed, Holders may not be able to reinvest the Redemption or Resale proceeds in a comparable security with an effective interest rate equal to or higher than that applicable to the Capital Notes 2 being Redeemed.

Exchange is subject to certain events occurring, described in Section 2.3 – Restrictions on Conversion being selected as the Exchange Method, Further restrictions on Conversion on the Exchange Date and When Redemption can be the Exchange Method.

If AMP elects to Exchange Capital Notes 2, APRA's prior written approval is required. Holders should not expect that APRA will give its approval for any Exchange.

5.1.12 Capital Notes 2 are perpetual securities and may never be Converted or Redeemed

Capital Notes 2 are a perpetual instrument. If not Redeemed, Converted or Written-off earlier, Capital Notes 2 are expected to Convert into AMP Shares on 16 December 2027, subject to Shareholder Approval having been obtained and the Mandatory Conversion Conditions being satisfied. There is a risk that Shareholder Approval is not obtained at the next scheduled annual general meeting or at any subsequent annual general meeting. There is also a risk that even if Shareholder Approval has been obtained, the Mandatory Conversion Conditions will not be satisfied. This might occur, for example, due to a significant reduction in the AMP Share price at around 16 December 2027 relative to the Issue Date VWAP with the result that the First Mandatory Conversion Condition or the Second Mandatory Conversion Condition may not be satisfied, or where a Delisting Event applies.

The AMP Share price may be affected by transactions impacting the share capital of AMP, such as rights issues, placements, returns of capital, certain buy backs and other corporate actions. The Issue Date VWAP is adjusted only for transactions by way of pro rata bonus issues of AMP Shares and a reorganisation of share capital as described in clauses 8.4, 8.5 and 8.6 of the Terms and not for other transactions, including rights issues, placements, certain returns of capital, certain buy backs or special Distributions on AMP Shares. The Terms do not limit the transactions which AMP may undertake with respect to its share capital and any such action may affect whether Conversion will occur and the Conversion Number of AMP Shares to be issued on Conversion, and may adversely affect the position of Holders.

If Mandatory Conversion does not occur on 16 December 2027, Mandatory Conversion would then occur on the next Distribution Date for which all of the Mandatory Conversion Conditions are satisfied (unless Capital Notes 2 are otherwise Redeemed, Converted or Written-off prior to that date). If Mandatory Conversion does not occur on 16 December 2027, the Mandatory Conversion Conditions are not satisfied for any subsequent Distribution Date and Capital Notes 2 are not otherwise Converted, Redeemed or Written-off, the Capital Notes 2 will remain on issue. Similarly, if following an Acquisition Event the conditions to Conversion are not satisfied on the Acquisition Conversion Date or any subsequent Distribution Date, the Capital Notes 2 will remain on issue. Distributions may continue to be paid on Capital Notes 2 for so long as they remain on issue, subject to AMP's discretion not to pay Distributions and Payment Conditions. Holders will receive no compensation on account of the Conversion not occurring and will have no right to require an Exchange. If the AMP Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions or the conditions to Conversion following an Acquisition Event will never be satisfied and, if this occurs, the Capital Notes 2 may never Convert into AMP Shares, and may never be Redeemed or Resold.

If Shareholder Approval is never obtained Capital Notes 2 may never Convert into AMP Shares, and may never be Redeemed or Resold.

5.1.13 Future issues or redemptions of securities by AMP

Capital Notes 2 do not in any way restrict AMP or other members of the AMP Group from issuing further securities or from incurring further indebtedness at any time, including obligations which rank senior to the Capital Notes 2. AMP's obligations under Capital Notes 2 rank subordinate and junior in a winding-up of AMP to AMP's obligations to Senior Ranking Creditors, including investors in senior ranking securities and instruments. This means that Holders will not receive any amounts in respect of Capital Notes 2 until the claims of all Senior Ranking Creditors have been satisfied. If AMP is wound-up, it is possible that there may be insufficient assets to satisfy the claims of Senior Ranking Creditors, in which case Holders will not receive any amounts and will lose all of their investment in Capital Notes 2. Any return of capital to Holders and the market price or liquidity of Capital Notes 2 may be affected by an increase in senior or equal ranking creditors.

AMP and other members of the AMP Group may in the future issue securities that:

- rank for payments of principal or interest (including on the winding-up of AMP) equally with, behind or ahead of Capital Notes 2;
- have the same or different maturities as Capital Notes 2;
- have the same or different dividend, interest or distribution rates as those for Capital Notes 2;
- have conditions to payment and distribution restrictions or other covenants which affect Capital Notes 2 (including by restricting the circumstances in which Distributions can be paid on Capital Notes 2 or the circumstances in which Capital Notes 2 can be Redeemed); or
- have the same or different terms as Capital Notes 2.

An investment in Capital Notes 2 confers no right to participate in any future issue of securities (whether equity, subordinated or senior debt or otherwise) by AMP other than to be issued AMP Shares on Conversion in accordance with the Terms. Capital Notes 2 do not restrict any member of the AMP Group from redeeming, buying back or undertaking a reduction of capital or otherwise repaying its other securities (whether existing securities or those that may be issued in the future). No prediction can be made as to the effect, if any, that any future redemption, buy back, capital reduction or repayment of other securities by AMP may have on the market price or liquidity of Capital Notes 2 or the likelihood of AMP making payments on Capital Notes 2.

Similarly, Capital Notes 2 do not restrict the AMP Group from issuing, or entering into agreements for the issue of, AMP Shares at any price. Any such issues may affect the market price of AMP Shares which in turn may affect the amount of any loss incurred by Holders if Capital Notes 2 are required to be Converted into AMP Shares.

An investment in Capital Notes 2 carries no right to be redeemed or otherwise repaid at the same time as AMP redeems, or otherwise repays, Holders of other securities (whether equity, subordinated or senior debt or otherwise).

5.1.14 Market price and liquidity of Capital Notes 2

The market price of Capital Notes 2 may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, changes in interest rates, credit margins, foreign exchange rates, credit ratings and capital markets, changes in accounting standards and other factors that may affect the AMP Group's financial performance and capital position. When you evaluate whether to invest in Capital Notes 2 or not, you should carefully evaluate the investment risks associated with an investment in AMP and the AMP Group (see Section 5.2). There is a risk that one or more of these or other factors will cause the market value of Capital Notes 2 to decline and trade at a market price below the Face Value. The occurrence of a Non-Viability Event is also likely to cause the market price of the Capital Notes 2 to decline.

If credit spreads on debt securities widen after the Issue Date, the Margin payable on Capital Notes 2 (as determined in the Bookbuild) will be less attractive to purchasers of Capital Notes 2 than at the Issue Date. Accordingly, the market price of Capital Notes 2 may reduce to reflect the lower price new investors are willing to pay for Capital Notes 2 given the below-market margin.

Standard & Poor's (S&P) has placed AMP on Negative Outlook reflecting downward credit ratings pressure. S&P's outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). Negative means that a rating may be lowered. A downgrade of AMP's credit rating may affect the market price of Capital Notes 2.

The market price of Capital Notes 2 may be more sensitive to changes in interest rates and credit spreads than the price of AMP Shares or comparable securities issued by members of the AMP Group or other entities.

Where Capital Notes 2 are to be Exchanged for any reason, the announcement of these events may have a significant impact on the market price and liquidity of Capital Notes 2 and AMP Shares.

Holders who wish to sell their Capital Notes 2 prior to Exchange may incur loss if Capital Notes 2 trade at a market price below the amount at which Capital Notes 2 were acquired by those Holders. AMP is unable to forecast or guarantee the market price of Capital Notes 2. Unlike AMP Shares, Capital Notes 2 do not provide a material exposure to growth in the AMP Group's business.

Although AMP intends to have Capital Notes 2 quoted on ASX, there is no guarantee that a liquid market will develop for Capital Notes 2. Any market for Capital Notes 2 may be less liquid than the market for AMP Shares or comparable securities issued by members of the AMP Group or other entities and may be volatile. The market price of Capital Notes 2 is likely to fluctuate and, if Holders wish to sell or otherwise transfer Capital Notes 2, they may be unable to do so at a price acceptable to them, or at all, if insufficient liquidity exists in the market for Capital Notes 2. Holders may suffer loss as a result.

The AMP Group's liquidity and capital forecasts assume the completion of sale of AMP Life in the first half of 2020. If the Life Sale is deferred or does not proceed, it will have a material impact on the forecast liquidity and capital position of the AMP Group and may require AMP to take business and financial mitigating actions.

The liquidity of the market for Capital Notes 2 may also be negatively impacted if ASIC exercises its product intervention powers (as outlined in Section 5.2.2) in relation to Capital Notes 2 or comparable securities issued by AMP or other entities.

5.1.15 Market price and liquidity of AMP Shares

Any AMP Shares issued on Conversion will rank equally with existing and future AMP Shares. Accordingly, the ongoing value of AMP Shares received will depend on the market price of AMP Shares after a Conversion.

The market price of AMP Shares may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, credit ratings and the AMP Group's financial performance and position. When you evaluate whether to invest in Capital Notes 2 you should carefully evaluate the investment risks associated with an investment in AMP and the AMP Group (see Section 5.2). There is a risk that one or more of these or other factors will affect the performance and position of AMP and the AMP Group, which may also be affected by the actual or prospective Conversion of Capital Notes 2.

If Capital Notes 2 are Converted into AMP Shares, there may be no liquid market for AMP Shares at the time of Conversion, or the market at the time of Conversion may be less liquid than that for comparable securities issued by other entities. As a result, Holders of Capital Notes 2 who wish to sell AMP Shares on Conversion may be unable to do so at a price acceptable to them, or at all, if the market for AMP Shares is illiquid or depressed. There is also no guarantee that AMP Shares will remain continuously quoted on ASX, or that AMP Shares issued on Conversion will be quoted on ASX at all. Trading in ASX-listed securities may be suspended in certain circumstances, or may cease altogether.

5.1.16 Exposure to the AMP Group's financial performance and position

If the AMP Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Capital Notes 2 could decline in value even if Capital Notes 2 have not been Converted. Accordingly, when you evaluate whether to invest in Capital Notes 2 you should carefully evaluate the investment risks associated with an investment in AMP and the AMP Group (see Section 5.2).

5.1.17 Regulatory classification and prudential supervision

APRA has advised that Capital Notes 2 will not constitute Tier 1 Capital of the AMP Group, but that it does not object to the AMP Group using the proceeds of their issue to fund Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP Group. AMP expects to use a substantial part of the proceeds of issue for that purpose.

APRA's views may change and that may give rise to a Regulatory Event entitling AMP with APRA's approval to Exchange the Capital Notes 2. See Section 5.1.11 and Section 2.3.

As prudentially regulated entities, AMP and certain other members of the AMP Group are subject to the requirements of, among other things, the Banking Act and the Life Insurance Act and APRA's prudential standards. The Banking Act and the Life Insurance Act include certain powers which APRA may exercise in a manner that may be adverse to Holders, including powers to direct members of the AMP Group not to pay or transfer any amount to any person (including amounts which might otherwise be payable to Holders of Capital Notes 2) or to conduct its business in a particular way.

5.1.18 Australian tax consequences

A general outline of the tax consequences of investing in Capital Notes 2 for certain potential investors is set out in the Australian taxation summary in Section 7. That discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor.

Accordingly, potential investors should seek independent advice concerning their own individual tax position.

Changes in tax law may give rise to a Tax Event entitling AMP with APRA's approval to Exchange the Capital Notes 2. See Section 5.1.11 and Section 2.3.

5.1.19 Amendment of Terms and Trust Deed

Subject to complying with all applicable laws, and with APRA's prior written approval where required, AMP may, with the approval of the Trustee, amend the Trust Deed or the Terms without the approval of Holders in certain circumstances. The circumstances include where the amendment is of a formal or technical or minor nature, made to cure any ambiguity or correct any manifest error, necessary to comply with applicable laws or to maintain quotation of Capital Notes 2 on ASX or otherwise not materially prejudicial to the interests of the Holders as a whole. In the case of amendments made to enable the Capital Notes 2 to be quoted on ASX, offered for subscription or sale in any place or to comply with applicable laws or listing rules, or which amendments are not materially prejudicial to Holders as a whole, AMP must provide to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales confirming that the amendment is otherwise not materially prejudicial to the interests of the Holders as a whole. AMP may also amend the Terms with the approval of the Trustee (and APRA where required) and the requisite majority of Holders. The majority may be 50% or 75%, depending on the circumstances and in each case as determined in accordance with the Trust Deed.

Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment. Any amendment which may cause APRA to object to the AMP Group using, or having used, the proceeds of the issue of some or all of the Capital Notes 2 to fund Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group is subject to the prior written consent of APRA.

5.1.20 Shareholding limits

There is a risk that a Holder may, by acquiring any Capital Notes 2 (taking into account any AMP Shares into which they may Convert), breach applicable restrictions on ownership.

Laws, including the *Financial Sector (Shareholdings) Act 1998* (Cth), restrict ownership by people (together with their associates) of an authorised deposit-taking institution, such as AMP Bank, or life insurer holding companies, such as AMP, to a 20% stake. A shareholder may apply to the Australian Treasurer to extend their ownership beyond 20% but approval will not be granted unless the Treasurer is satisfied that a holding by that person of greater than 20% is in the national interest.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as AMP) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX. These provisions include restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian competition law regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

Holders should take care to ensure that, by acquiring any Capital Notes 2 (taking into account any AMP Shares into which they may Convert), Holders do not breach any applicable restrictions on ownership and Holders should seek professional guidance from their solicitor, accountant or other licensed adviser in relation to their obligations.

5.2 Risks associated with AMP and the AMP Group

Set out in this Section 5.2 are specific risks associated with AMP and the AMP Group. AMP's business is subject to risks that can adversely impact its business, results of operations, financial condition and future performance. These risks are relevant to an investment in Capital Notes 2 as AMP's ability to fulfil its obligations under, or in respect of, Capital Notes 2 (including AMP's ability to pay Face Value and Distributions) and the value of your investment, will depend on the results of operations, financial condition and future performance of AMP and the AMP Group regardless of whether Capital Notes 2 remain outstanding or are Converted, Redeemed or Written-off. The risks and uncertainties described below are not the only ones AMP may face. Additional risks and uncertainties that AMP is not aware of, or that AMP currently deems to be immaterial, may also become important factors that affect AMP. Set out below are risks associated with the AMP Group and the wealth management and banking industry.

5.2.1 Strategic risk

Strategic risk

"Strategic risk" is the risk associated with the competitive positioning of the business, and the AMP Group's ability to respond in a timely manner to changes in its competitive landscape and protect the value of the AMP brand. Examples of strategic risks include competitor disruption, customer and business partner retention, changing customer preferences, and changing political and regulatory environments. The board of AMP sets the overall strategic direction of AMP as part of the strategic planning process, and execution risks are explicitly considered. The AMP board also sets the risk appetite and establishes an appropriate risk culture to ensure strategic decisions and actions are appropriately governed, controlled and executed.

There is a risk that inadequate resourcing results in failure to execute AMP's strategy. Failure to ensure adequate resources could have a material adverse impact on the overall financial position and performance of AMP.

Brand and reputation

The AMP brand is highly recognised in Australia and New Zealand. Although difficult to measure, a diminution in corporate reputation can contribute to lower new business sales, reduced inflows of investment funds, greater outflows and, ultimately, reduced financial performance and position.

Loss of financial advisers

The AMP Group has a large financial advice network across Australia and New Zealand. Failure to attract or retain professional, client-focused and compliant planners could potentially have a material adverse impact on the financial performance and position of the AMP Group.

Inability of the business to adapt to competitor-driven change

The financial services industry in which the AMP Group operates is becoming increasingly competitive. Factors contributing to this include the entry of new participants, advances in technology, the development of new business models and alternative distribution methods and broader, better integrated product offerings by major competitors. Responses to increased competition may include product development, lower prices, increased marketing and retention activity, more aggressive risk taking (such as higher benefit levels in risk products) or a combination of these, which may have a material adverse impact on the financial performance and position of the AMP Group.

Inability of the business model to adjust to changing customer preferences

Customer preferences continue to evolve in the current financial services environment, driven in particular by advances in technology and competitive dynamics. The failure of the AMP Group to adapt its capabilities and operating model in order to remain relevant to customers may impact new business and retention of existing business. This could have a material adverse impact on the financial performance and position of the AMP Group.

Corporate transactions

The AMP Group at times evaluates and may undertake a range of corporate transactions, including acquisitions, divestments, mergers, joint ventures and strategic alliances. These transactions can be complex and costly and may require AMP to comply with additional local or foreign regulatory requirements which may carry additional risks. These decisions may, for a variety of reasons, not deliver the anticipated positive business results impacting AMP's business, prospects and engagement with regulators. This could have a material adverse impact on the financial performance or position of the AMP Group.

Contingent liability for disposed businesses

The AMP Group may provide for warranties and indemnification for specified periods in relation to the disposal of businesses and portfolios to third parties. While the AMP Group has no knowledge that it has any liability under these warranty and indemnity arrangements which is not appropriately provided for, a liability may arise in future. This may have a material adverse impact on the financial performance and position of the AMP Group.

AMP Life, wealth protection and mature businesses

On 25 October 2018, AMP announced the proposed sale of its wealth protection and mature business (AMP Life) to Resolution Life Australia Pty Ltd (a wholly owned subsidiary of Resolution Life Group Holdings LP) ("**Resolution Life**" and "**Life Sale**").

On 8 August 2019, AMP announced a revised agreement with Resolution Life for the sale of AMP Life (the Australian and New Zealand wealth protection and mature businesses). Should the transaction complete, as part consideration, AMP will receive a \$500 million equity interest (expected to be around 20%) in Resolution Life Australia – a new Australian domiciled Resolution Life holding company which will acquire 100% of AMP Life. AMP and Resolution Life are engaging constructively with regulators in New Zealand and Australia and are continuing to work productively with the Reserve Bank of New Zealand to address their requirements for change in control.

Given the strategic importance of AMP's partnership with China Life, AMP is seeking to transfer its holding in the China Life Pension Company from AMP Life to AMP. AMP will continue to work with China Life to achieve the necessary regulatory approvals for this transfer within the timeframes required by the sale agreement. This work is ongoing and is not without risk.

There is no guarantee that the Life Sale will proceed on the agreed terms. There are a number of complex restructuring transactions and regulatory approvals required to complete the Life Sale that remain outstanding. This includes the successor fund transfer required to separate AMP's retained superannuation business from AMP Life, which requires APRA approval.

If the Life Sale does not proceed, this will have a significant impact on AMP's strategy, financial position, performance and capital. AMP may consider implementing mitigating strategies if the Life Sale does not occur. AMP's financial position and performance will be exposed to the risks of AMP Life's run-off profile and earnings and dividend volatility arising from the underlying risks of the business such as insurance, product, market, credit, expense, customer behaviour (e.g. lapse and persistency) risks. This includes the impact of actual experiences in the reporting period as well as the risks that best estimate assumptions may need to be strengthened, which may reduce future planned profit margins and/or loss recognition or have other one-off or ongoing adverse impacts.

AMP's financial position and performance will be exposed to changes in the life insurance accounting standards (IFRS17) which are expected to be amended to be effective for the reporting period commencing 1 January 2022 and any consequential impacts on life insurance taxation and prudential capital requirements, the impacts of which are uncertain. AMP will also be exposed to the risk that dividends may not be payable from AMP Life or that capital injections may be required into AMP Life to meet guaranteed policyholder liabilities and policyholder reasonable benefit expectations, or regulatory capital requirements and for its future sustainability. Should no dividends be payable and/or capital injections required, there is no guarantee that future capital injections will not be required. AMP may also be subject to a claim under the terms of the sale agreement for the Life Sale. There may also be increased instances of staff turnover and AMP's ability to retain key staff may be challenged.

If the Life Sale does proceed, the risks of the retained businesses (e.g. risks associated with seed and sponsor capital of AMP Capital) will form a larger relative proportion of the AMP Group's risks than if the Life Business was retained. If the Life Sale does proceed, the AMP Group will continue to hold around 20% in AMP Life. In that capacity it will be a minority investor and control will rest with the acquirer. It will have limited power and rights and while it expects to receive a share of earnings and distributions (including franking credits as appropriate) commensurate with its level of ownership in AMP Life, there can be no assurance that the business will perform consistent with expectations.

AMP Capital has an investment management agreement with AMP Life. AMP Life can terminate this agreement and can move funds to another manager at any time. There is a risk to AMP Capital that AMP Life may withdraw some or all funds under management, either under the current agreement, or under any revised agreement that might be agreed and there is a risk to AMP Capital that a new agreement may have less favourable terms.

An investment management agreement has been executed between AMP Capital and AMP's superannuation trustees in preparation for the proposed sale of AMP Life. There is a risk that the superannuation trustees may withdraw some or all funds under management from AMP Capital and this could impact the financial performance or position of AMP.

MUTB and AMP Capital strategic business alliance

As announced in December 2011, AMP is party to a strategic business alliance with MUTB under which MUTB:

- distributes certain AMP Capital products to Japanese retail and institutional investors; and
- acquired a 15% stake in AMP Capital Holdings Limited (the holding company of the AMP Capital group).

As previously disclosed, both MUTB and AMP have the option to dissolve their strategic business alliance and require MUTB to sell/AMP to buy MUTB's shares in AMP Capital Holdings Limited in certain circumstances. The consideration for any sale is the issuance of AMP Shares. AMP may also choose to settle in cash if agreed by both parties.

Under the current terms of the agreement, either party may shortly become entitled to exercise the option to dissolve the strategic business alliance, upon the exercise of which any expected settlement would be in the second half of 2020. The number of AMP Shares to be issued to MUTB cannot be determined until closer to the date for the sale. If this was to be settled as at the date of this Prospectus, AMP estimates that it would issue MUTB with AMP Shares reflecting approximately 7 to 8% of AMP's issued share capital.

Implementation of new strategy

AMP announced its new strategy to ASX on 8 August 2019. There is a risk that the strategy may not be implemented in accordance with AMP's current intentions or that the proposed timetable for implementation may be delayed. If the business units do not perform as anticipated or if there are changes in the business, economic, legislative or regulatory environment, or customer behaviour changes, this may also affect the effectiveness of the strategy. These could lead to AMP underperforming market expectations regarding growth and profit, which may have an impact on AMP's financial position, performance and capital. If internal or external stakeholders do not support the strategy, then this may have an impact on AMP's financial position, performance and capital. If costs and capital are not managed as planned, then this may impact on the ability to successfully implement the strategy.

A material proportion of AMP Capital's assets under management is provided from AMP Group related entities. Changes to the size or terms of these assets under management may impact on the financial performance and position of AMP Capital or the AMP Group.

5.2.2 Legislative, regulatory and capital risks

Changes in government policy, legislation or regulation

The financial services industry both globally and in Australia and New Zealand continues to undergo a significant level of regulatory change. The AMP Group continues to respond and adjust its business model for these changes. However, failure to adequately anticipate and respond to future regulatory changes could have a material adverse impact on AMP's business model and the performance of its businesses and strategic objectives.

The AMP Group provides advice, products and services relating to financial planning, life insurance, superannuation, investments and retail banking, amongst other things. Providers and distributors of such advice, products and services in Australia are subject to various legislative and prudential requirements, including the Corporations Act, the Life Insurance Act, the Banking Act, the *Superannuation Industry (Supervision) Act 1993* (Cth), the *National Consumer Credit Protection Act 2009* (Cth), the *Competition and Consumer Act 2010* (Cth), the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), the *Financial Transaction Reports Act 1988* (Cth) and the *Privacy Act 1988* (Cth) and related regulations. This regulatory regime is complex and is presently undergoing significant change. Any failure to comply with regulatory and legislative requirements may result in breaches, fines, regulatory action or reputational impacts, which could have a material adverse impact on the financial performance and position of the AMP Group.

The AMP Group has the largest financial advice network in Australia and the AMP Group offers its financial products and services to retail investors in Australia and New Zealand, and to institutional investors throughout the world. The AMP Group has training, supervision and compliance processes in place to ensure its businesses, including its advice network, operate within the evolving legal and regulatory framework. Despite the resources allocated to compliance, there is a risk that advisers and/or AMP Group entities may not comply with the law or regulations when providing products or services to, or receiving fees from, clients or investors. In the event that clients or investors suffer losses as a consequence of any non-compliance with laws, compensation may be required. This could have a material adverse impact on the financial performance and position of the AMP Group if such payments are not covered by the professional indemnity insurance which the AMP Group has in place.

There is also a greater focus on the financial planning industry by ASIC. ASIC has underway a number of reviews and enforcement investigations of the industry and major providers of financial advice, including AMP. If any of these reviews lead to legislative or other regulatory change, this could have an impact on the operating model and/or profitability of AMP's financial planning business. In addition, enforcement action may result in fines, other regulatory action or reputational impacts, which could have a material adverse impact on the financial performance and position of the AMP Group.

As the AMP Group has the largest financial planning network in Australia, any further significant changes in or application of government policy or legislation in relation to advice on and dealing in life insurance, superannuation, managed investments and bank deposits and mortgages may materially impact the AMP Group's strategy and operating performance.

In addition, the potential impact of regulatory change may include a reduction in adviser productivity, a greater loss of advisers due to retirements from the industry, increased numbers of books of financial advisory businesses sold to, or for sale by, AMP, higher operating costs, declining new business volumes, higher cash outflows and greater capital requirements.

Providers and distributors of wealth management and wealth protection products are also subject to varying legislative and regulatory requirements in New Zealand. The New Zealand financial services industry has undergone significant legislative and regulatory reform, with some of this ongoing. The significant changes in financial services regulatory reform have increased the compliance burden for the AMP Group companies operating in New Zealand.

The AMP Group also operates in a number of other jurisdictions in addition to Australia and New Zealand. Its businesses are affected by changes to the regulatory framework in those jurisdictions, as well as the cost of complying with regulations that have extra-territorial application.

The AMP Group is subject to oversight by regulators regarding its compliance with legislative and regulatory requirements. The regulators include, among others, APRA, the Reserve Bank of Australia, the Reserve Bank of New Zealand, ASIC, ASX, ATO, ACCC, AUSTRAC, the Office of the Australian Information Commissioner, the New Zealand Privacy Commissioner's Office and the New Zealand Financial Markets Authority. If the AMP Group does not meet the requirements of regulators, it may be required to take remedial actions and also suffer penalties, such as fines or obligations to pay compensation, the cancellation or suspension of its authority to conduct business, or a requirement to hold a greater level of capital to support its businesses. Non-compliance with regulations may also give rise to adverse publicity for the AMP Group. The AMP Group cannot predict the impact of future legislation and regulatory change on its business. However, as the amount and complexity of regulation increases, so may the cost of compliance and the risk of non-compliance.

The AMP Group is also a member of industry bodies that have self-regulatory codes and standards, including the Financial Services Council. If the AMP Group does not meet the requirements of the self-regulatory codes and standards, it may be required to take remedial actions.

Any significant change in the standards prescribed by regulators may have a significant impact on the financial performance and position of the AMP Group, and the level of capital required to support the AMP Group's business units. In certain circumstances, APRA or other regulators may require AMP and other entities of the AMP Group to hold a greater level of capital to support its business and/or require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them.

The results of any of the regulatory changes described in this section may require the AMP Group to revise or withdraw its range of products and services, change its premiums, fees and/or charges, redesign its technology or other systems incurring significant expense, retrain its staff and planners, pay additional tax, hold more capital or incur other costs. They may also have a material adverse impact on the financial performance and position of the AMP Group.

Federal government reform initiatives

The federal government has asked the Productivity Commission to conduct two significant reviews.

The first examined the efficiency and effectiveness of the superannuation system and the final report was released on 10 January 2019. The Report included measures that should be adopted to avoid unintended multiple superannuation accounts and for allocating default superannuation fund members. The Government is yet to fully respond to the Report although the Government has indicated it supports measures relating to ensuring default superannuation members only have one superannuation account. The recommendations, if legislated, could have a significant impact on AMP's superannuation businesses.

The second Productivity Commission report examined competition in the banking and financial services sector, and the final report was released on 3 August 2018. Its recommendations, if implemented, could impact on AMP's structure and businesses.

Tax laws

Tax law is frequently being changed, both prospectively and retrospectively. Of particular relevance to the AMP Group are changes to tax law affecting the superannuation and financial services industries. Significant recent Australian tax law changes and current proposals for further reforms give rise to risks, as the status and precise scope of many new and proposed tax laws is not yet known.

There are risks that any changes to the tax law, including the current rate of company income tax and further changes to tax concessions such as research and development expenditure, may both impact on demand for financial products and services and also impact on shareholder returns and the level of dividend franking.

The ATO, as part of its ordinary processes in reviewing large business taxpayers, takes into account their size and complexity. The AMP Group, as a large and complex group, can be expected to be subject to a high level of review by the ATO in respect of ongoing taxation compliance. The Inland Revenue takes a similar approach in New Zealand.

Senate Economics References Committee Inquiry into Financial Advice

On 4 September 2014, the Senate referred an Inquiry into the Scrutiny of Financial Advice to the Senate Economics References Committee. Submissions have been lodged and the committee held public hearings.

The Terms of Reference include an investigation into the current consumer protections and whether existing compensation arrangements are appropriate in the event of misleading financial advice or misconduct. AMP, the four major banks and other institutions appeared before the Committee.

The Committee reported on 30 June 2017. In its report it flagged that the Committee had completed its work, but expected that the work would continue as part of the Senate Economics References Committee's Inquiry in relation to consumer protection in the banking, insurance and financial sector. This Inquiry released its final report on 15 November 2018. The following recommendations were made in the report:

1. The Commonwealth Government give the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry ("**Royal Commission**") an extension of time to report. This did not take place;
2. The Commonwealth Government provide a response to the Parliamentary Joint Committee on Corporations and Financial Services' inquiry into the impairment of customer loans. The government has not formally responded to this recommendation; and

3. The Commonwealth Government consider increased funding for community legal and financial counselling services dealing with victims of financial misconduct. Following the outcome of the Royal Commission, there is to be a review of the coordination and funding for financial counselling services across Australia which was announced on 3 October 2019.

Industry and regulatory compliance investigations

AMP is subject to regulatory investigations, reviews and other compliance queries from regulators from time to time. These matters are not disclosed unless a material and adverse conclusion is reached. There are presently a number of these matters which are the subject of current consideration by regulators in which no conclusion has been reached, and AMP has also made breach reports of certain matters to which there is yet to be a regulatory response. AMP is also investigating possible breaches which AMP will report if it concludes that there has been a significant breach or is otherwise reportable. If the regulators take an adverse view on significant breaches, there may be reputational consequences, and depending on the outcome of compliance queries, there may be the imposition of civil and criminal penalties, variations or restrictions, suspension or cancellation of licences, the compensation of customers, enforceable undertakings, infringement notices, fines or recommendations and directions for AMP to enhance its control framework, governance and systems. Further, AMP's ability to charge fees and/or provide certain client offerings in particular circumstances may be materially and adversely affected.

ASIC and APRA have currently underway a number of reviews and enforcement investigations of the financial services industry, including in relation to superannuation, life insurance, investment platforms and financial advice including in relation to AMP. This may include reviews by independent experts appointed or directed by regulators. APRA and ASIC also undertake reviews and enforcement investigations of the entities that they regulate, including AMP. These reviews and investigations may be linked to (but not limited to) breach reports lodged by AMP with regulators or matters examined in the Royal Commission including in relation to delinked members and smokers rates, fees and premiums charged to deceased accounts, the provision of insurance to MySuper members, compliance with the Fee Disclosure Statement regime, charging fees without the provision of services, the provision of incomplete or inaccurate information to ASIC, failure to monitor advisers, conflicted remuneration, failure to disclose direct or indirect costs in relation to products and managing conflicts of interest. If any of these reviews or any other review that AMP is not currently aware of leads to legislative or other regulatory change, this could have an impact on the operating model and/or profitability of AMP's wealth business or other businesses. In addition, enforcement action may result in fines, other regulatory action or reputational impacts, which could have a material adverse impact on the overall financial position and performance of AMP.

On 14 March 2019, ASIC imposed additional conditions on the Australian Financial Services Licence of AMP Financial Planning Pty Limited ("AMPFP") relating to the provision of managed discretionary ("MDA") services. AMPFP has now decided to withdraw from the MDA business and will be looking to terminate the provision of MDA services by 10 December 2019 under the conditions of its Australian Financial Services Licence. Failure to meet the conditions may have a material adverse impact on the overall financial position and performance of AMP, and in particular the ability for its licensees to provide managed discretionary accounts.

On 14 June 2019, APRA announced that it had imposed a number of directions and additional licence conditions on the Registrable Superannuation Licences of AMP's two superannuation trustees (AMP Superannuation Limited and N.M. Superannuation Proprietary Limited). APRA may expand on existing or issue further directions and/or additional licence conditions. Failure to meet these directions and conditions may have a material adverse impact on the overall financial position and performance of AMP.

AMP is also undertaking reviews concurrently with ASIC's and APRA's regulatory investigations to determine, amongst other things, where customers may have been disadvantaged. In some instances, compensation has been paid. Where the results of AMP's reviews have reached the point that customer compensation is likely, and can be reliably estimated, then a provision has been raised (see "Customer remediation" risk).

General legislative and regulatory changes

AMP, as a financial services organisation, is subject to various legislative, regulatory and prudential requirements. AMP is also a member of industry bodies that have self-regulatory codes and standards, including the Financial Services Councils of Australia and New Zealand and the Australian Banking Association.

Any failure to comply with these may result in reputational consequences, and there may be the imposition of civil and criminal penalties, variations or restrictions, suspension or cancellation of licences, the compensation of customers, enforceable undertakings, or recommendations and directions for AMP to enhance its control framework, governance and systems. Further, AMP's ability to charge fees in particular circumstances may be affected.

Regulatory action may also be taken if AMP is believed to be accepting an unacceptably high level of risk in its business operations.

The financial services industry is undergoing a significant level of changes through legislative and regulatory reform. AMP continues to respond and adjust its business model for these changes. However, failure to have adjusted its governance appropriately or adequately and respond to future changes could have a material adverse impact on AMP's business model and the performance of its businesses and strategic objectives. AMP cannot accurately predict the impact of future legislation and regulatory change on its business. However, as the amount and complexity of reforms increases, so may the cost of compliance and the risk of non-compliance.

On 2 August 2019, the Treasurer announced that the federal government had asked the House of Representatives Standing Committee on Economics (the “**Committee**”) to inquire into progress made by relevant financial institutions in implementing the recommendations of the Royal Commission. In this announcement, it was also confirmed that the inquiry’s remit had also been expanded beyond the four major banks to include other major relevant financial institutions and leading financial services associations. AMP appeared before the Committee on 22 November 2019 at a public hearing in relation to the superannuation sector. AMP will likely reappear before the Committee in 2020.

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

On 14 December 2017, the government established the Royal Commission to investigate conduct, practices, behaviour or business activities by financial services entities, including AMP, that may amount to misconduct or that may have fallen below community standards and expectations. The final report of the Royal Commission was issued on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change to financial advice, superannuation, banking, insurance and regulators’ enforcement activity and powers; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including AMP.

The recommendations, if legislated, could affect many of AMP’s businesses and future strategy (see also “Superannuation reform” risk).

On 19 August 2019, the Treasurer released a Royal Commission implementation road map setting out how the government will deliver on its comprehensive response to the Royal Commission recommendations. The road map notes that in addition to the Commission’s 76 recommendations, the government has announced a further 18 commitments to address the issues raised in the final report.

The government and regulators have accepted the majority of the Royal Commission’s recommendations and are in the process of implementation. In some cases, implementation has already occurred.

Any deviation away from the government’s proposed program as detailed in the road map may adversely impact AMP.

The impact of the Royal Commission on AMP

The Royal Commission identified significant breaches or potential breaches of the law, misconduct or potential misconduct and poor customer outcomes as a result of the AMP Group’s actions, and has had a material adverse impact on the reputation, financial performance and position of the AMP Group. It has also had a negative impact on AMP’s ability to attract and retain business, including an adverse impact on net cash flows.

AMP has undergone a significant process of board and management renewal including the appointments of David Murray as Chairman in June 2018 and Francesco De Ferrari as Chief Executive Officer in December 2018.

As a result of the matters examined during the hearings of the Royal Commission, AMP is exposed to litigation, class actions, fines, civil or criminal penalties, revocation, suspension or variation of its licence conditions or other regulatory enforcement action which may further impact AMP (see “Litigation risk” for details of current litigation).

AMP has considered the various matters raised in the final report of the Royal Commission and is taking action in response. For example, AMP is committed to continue to compensate clients that financially have been treated unfairly (see “Customer remediation” risk). It is also making changes to its financial adviser network which has had a material financial impact on AMP (see “Purchase of financial advisory books of business/BOLR arrangements” risk).

In addition, the Royal Commission recommended that APRA should require APRA-regulated institutions to design remuneration systems to encourage the sound management of non-financial risks. ASIC has also urged companies to improve corporate governance practices and give greater focus to the oversight and management of non-financial risk. A failure to apply appropriate governance practices or to monitor and manage non-financial risk may have an adverse impact on the AMP Group.

The ongoing impact of the Royal Commission could have further material adverse impacts on the financial performance and position of AMP including its credit ratings and potentially its ability to pay Distributions on Capital Notes 2.

Financial advice reforms

AMP has the largest financial planning network in Australia. AMP has training, supervision and compliance processes in place designed to support its advice network operating within the legal and regulatory framework. There remains a risk that advisers and/or AMP subsidiaries may not comply with the law or regulations when providing advice, products or services to, or receiving fees from, clients or investors or that its compliance processes may fail. In the event that clients or investors suffer losses as a consequence of any non-compliance with laws, compensation may be required to be paid and those matters could be the subject of litigation or regulatory action including fines. This could have a material adverse impact on the overall financial position, performance and capital of AMP, if these are not covered by the professional indemnity insurance AMP has in place or not covered by AMP’s remediation provisions to date and could have an adverse impact on AMP’s reputation.

The final report of the Royal Commission recommended that the grandfathering arrangements for conflicted remuneration in relation to financial advice provided to retail clients should be removed. In its response to the Royal Commission, the government announced that it would end grandfathering of conflicted remuneration to financial advisers effective from 1 January 2021. Consequently, the government has passed the legislation, Treasury Laws Amendment (Ending Grandfathered Conflicted Remuneration) Bill 2019, which will ban conflicted remuneration paid to financial advisers from 1 January 2021. These changes will have a significant impact on AMP's financial advice businesses and may have a material adverse impact on the overall financial position and performance of AMP. AMP already has impaired assets and has an onerous contract provision for exempt services.

The final report of the Royal Commission also made other recommendations in relation to financial advice, including annual renewal and payment of ongoing service fees, review of measures to improve the quality of advice including the safe harbour provision for the Best Interest Duty by 2022, review of Life Risk Insurance commissions by 2021 and limitations on personal advice fees paid from superannuation. If legislated, or if AMP takes steps in relation to these matters before they are legislated, there may be an impact on AMP's financial advice businesses.

FASEA, the Financial Adviser Standards and Ethics Authority, has implemented a new professional standards framework for the financial planning profession which will also have a significant impact on financial advisers and AMP's financial advice businesses. This may impact AMP's financial position and performance.

Legislative and regulatory change and an increased compliance burden may also reduce adviser productivity, cause a greater loss of advisers due to retirements from the industry and increase the number of "Buyer of Last Resort" ("BOLR") applications (see "Purchase of financial advisory books of business/BOLR arrangements risk") as well as lead to higher operating costs, declining new business volumes, higher cash outflows and greater capital requirements. There is also a risk that proposed changes or past changes to BOLR structures or buy back arrangements (or other policy positions of AMP's adviser licensees) could result in legal action. It may also cause AMP to revise or withdraw its range of products and services, change its premiums, fees and/or charges, redesign its technology or other systems incurring significant expense, retrain its staff and advisers, pay additional tax, hold more capital or incur other costs. This may also have a material adverse impact on the overall financial position and performance of AMP. Further changes in the financial planning industry may continue to adversely affect the value of registers of clients.

Relevant provisions of the Life Insurance Act (or Banking Act), powers of a statutory manager and APRA secrecy rules

In certain circumstances APRA may appoint a statutory manager to take control of the business of an authorised non-operating holding company ("NOHC") of a life insurer or authorised deposit-taking institution ("ADI"). AMP is currently a NOHC of a life insurer (AMP Life Limited). As AMP intends to divest AMP Life Limited (see Sections 3.4 and 3.6 above), it will cease to be a registered NOHC but will apply to APRA to become an authorised NOHC of an ADI (AMP Bank Limited). If AMP becomes a NOHC of an ADI, the Banking Act contains provisions which mirror those in the Life Insurance Act which are described in this section.

The circumstances in which APRA may appoint a statutory manager to take control of an authorised NOHC such as AMP are defined in the Life Insurance Act (and, in the case of an ADI NOHC, the Banking Act). They include, among other things, where a statutory manager has taken control of a life insurer (or ADI) which is a subsidiary of the NOHC (or APRA intends that this occur) and APRA either:

- considers the NOHC provides services or conducts business essential to the capacity of the life insurer (or ADI) to maintain its operations; or
- considers that this is necessary to facilitate the resolution of the life insurer (or ADI) or one or more of its related bodies corporate.

The grounds on which APRA may appoint a statutory manager to a life insurer (or ADI) include:

- where a statutory manager has taken control of a body related to the life insurer (including any related ADI under the Banking Act);
- where the life insurer's financial position is deteriorating rapidly, or is likely to deteriorate rapidly, and failure to respond quickly to the deterioration would be likely to prejudice the interests of policyholders of the life insurer;
- where it is likely that the life insurer will be unable to carry on life insurance business in Australia consistently with the stability of the financial system in Australia; and/or
- where an external administrator has been appointed to a holding company of the life insurer and the appointment poses a significant threat to the operation or soundness of the life insurer, the interests of its policy holders or the stability of the financial system in Australia.

The powers of a statutory manager under the Life Insurance Act and the Banking Act include the power to alter a NOHC's constitution, to issue, cancel or sell shares (or rights to acquire shares) in the NOHC and to vary or cancel rights or restrictions attached to shares in a class of shares in the NOHC. A Life Insurance Act statutory manager is authorised to do so despite the Corporations Act, the NOHC's constitution, any contract or arrangement to which the NOHC is party or the ASX Listing Rules. A statutory manager may also dispose of the whole or part of a NOHC's business.

If a statutory manager is appointed to AMP in the future, the broad powers described in this section may be exercised in a way which adversely affects the rights attaching to Capital Notes 2 and the position of Holders.

APRA may also, in certain circumstances, require AMP to transfer all or part of its business to another entity under the *Financial Sector (Transfer and Restructure) Act 1999* (Cth) (“**FSTR Act**”).

In addition, Holders should be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Life Insurance Act or the Banking Act) may not be publicly disclosed.

In 2018, APRA conducted a phased thematic review of the individual Disability Income Insurance (“**DII**”) market. AMP Life Limited was part of phase two of this thematic review, which included an onsite review of eight primary writers of individual DII.

In May 2019, APRA highlighted the four themes identified during the targeted onsite reviews, APRA’s expectations of life companies in relation to those themes and the consequences of failing to meet APRA’s expectations. The four themes related to strategy and risk governance, pricing and product design, data and resourcing.

Action plans to address the above themes were provided by the required completion dates (31 August and 30 September 2019) to APRA and progress is being made against the action plans. APRA is expected to provide a further updated on its expectations to industry in December 2019 and there is a risk that this may require further actions and may have an adverse impact on the financial performance and position of AMP.

New Zealand

Providers and distributors of wealth management and life insurance products are subject to rigorous legislative and regulatory requirements in New Zealand. The wealth management and life insurance sectors have undergone significant legislative and regulatory reform in New Zealand. Regulator expectations have been strongly articulated in the Bank and Life Insurer Conduct and Culture reviews’ reports released by the Financial Markets Authority of New Zealand and the Reserve Bank of New Zealand and there are increasing expectations, which for insurers are also likely to materialise as conduct licensing in 2020. Demands for ring-fencing of assets and increased capital requirements in New Zealand are further examples of this.

The significant changes in the financial services legislative and regulatory reform have increased the compliance burden for AMP companies operating in New Zealand. These and future developments have potential to impact business models. These include: universal entity-based licensing for financial advice providers (commencing in June 2020); insurance contract law reform; and a financial institutions conduct regime in the form of conduct licensing, which will apply to banks, insurers and non-bank deposit-takers.

Litigation

In the course of its operations, AMP is involved in disputes and litigation from time to time. Other than the claims set out below, AMP is not currently party to any proceedings which are material to AMP as a whole:

- on 23 May 2019, the Supreme Court of New South Wales ruled that the Maurice Blackburn and Slater & Gordon-led class action, alleging breaches by AMP of its continuous disclosure obligations, could continue and that three other class actions be permanently stayed; and
- during May and June 2019, certain subsidiaries of AMP were served with two class actions. In August 2019, the Federal Court ordered that the two class actions be consolidated into one proceeding. The proceedings relate to the fees charged to members of certain AMP superannuation funds, and interest rates received and fees charged on cash-only fund options. The proceedings are on behalf of certain superannuation customers and their beneficiaries.

The claims are yet to be quantified and participation has not been determined. AMP intends to defend each claim vigorously. It is difficult to predict the timing and ultimate impact of these claims, if any, on AMP.

In addition, AMPFP is the subject of civil penalty proceedings brought by ASIC in June 2018. The proceedings allege contravention of the Corporations Act by AMPFP relating to the alleged conduct of six of its authorised financial advisers in providing advice to customers in relation to the replacement of life insurance policies. AMPFP has made admissions in respect of the conduct of these advisers. ASIC’s primary argument is that there have been 120 contraventions by AMPFP or, failing the Court accepting this, six contraventions. AMP’s primary submission is that there were two contraventions. The civil penalty will ultimately be determined based principally on what the Court determines is the number of contraventions by AMPFP and a contingent liability exists in relation to this matter. As at 24 October 2019, the Federal Court’s judgement is reserved.

From time to time, the AMP Group may incur obligations arising from litigation or various types of contracts entered into in the normal course of business, including guarantees issued by the parent for performance obligations to controlled entities in the AMP Group. Legal proceedings threatened against AMP may also, if filed, result in AMP incurring obligations. A contingent liability exists in relation to actual and likely potential legal proceedings.

Customer remediation

AMP has developed a Customer Remediation Program which on current estimates is expected to finish by mid-2021. AMP remains on track to complete this program within the timeframes and costs previously disclosed to market. Any changes to the methodology adopted (including as a result of ongoing regulatory engagement or program assurance) may affect the projected remediation costs. As part of the program, AMP continues to engage with ASIC on progress and design (to the extent design aspects are not already agreed). If agreement is not reached between AMP and ASIC on outstanding aspects of the program's methodology, there is a risk of legal action and/or additional costs.

Inappropriate advice

AMP continues to progress with the identification and compensation of customers who have suffered loss or detriment as a result of receiving inappropriate advice from their adviser. The scope of the review includes the period from 1 January 2009 to 30 June 2015 specified by ASIC in Report 515 Financial advice: Review of how large institutions oversee their advisers, which has been extended to 30 June 2017. The scope includes any instances of inappropriate advice identified through ongoing supervision and monitoring activities.

Compensation has been and continues to be paid and a provision exists for further compensation payable as the review progresses and client reviews are completed. AMP has adjusted its provision estimate for future compensation based on the actual experience of remediating clients and the expected future costs of operating the program. The provision includes a component for advisers for whom a remediation review has not yet commenced and the determination of compensation for any given client is not known with certainty until immediately prior to payment.

Advice service fee (fees for no service)

AMP has established a program to focus on the identification and compensation of customers of advisers who have been charged an ongoing service fee without the provision of service (or where there is insufficient evidence of the provision of service). This involves a large-scale review of fee arrangements from 1 July 2008 as specified by ASIC in Report 499 Financial advice: Fees for no service. Sampling of customer files has been conducted across AMP licensees and has identified instances in the review period where customers have paid fees and there is insufficient evidence to support that the associated service had been performed.

A provision for advice service fee customer compensation and the future costs of executing the program exists. This provision is judgemental and has been estimated using multiple assumptions derived from the sampling conducted to date. Assumptions used include evidence failure rates, average fees to be refunded and compensation for lost earnings.

The actual compensation to customers could vary from the amounts provided. Assumptions used for estimating the provision will be updated to reflect the actual experience of compensating customers when it is determined to be a reliable indicator of future compensation experience, this could result in a material adverse impact on the provision liability.

Other matters

In addition to the above items, other reviews in relation to fees charged to customers have been performed, including corporate plan service fees, fees charged to customers without an active adviser and deceased estates. Provisions have been raised for the estimated compensation due to customers, including lost earnings to 30 June 2019. The provisions are judgemental and the actual compensation to customers could vary significantly from the amounts provided.

Protecting your Super and putting members' interests first

Changes made under the *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019* (Cth) and *Treasury Laws Amendment (Protecting Your Superannuation Package) Regulations 2019* (Cth) came into effect on 1 July 2019. This legislation introduces a number of significant reforms including opt-in insurance only for inactive accounts, a prohibition on exit fees, a 3% fee cap for low balance accounts and compulsory transfer of inactive low balance accounts to the ATO. These changes will affect AMP's superannuation and life insurance business going forward by reducing fees payable from account holders to AMP and reducing the number of duplicate/multiple superannuation accounts across the industry.

The Government re-introduced into Parliament a bill to progress insurance reforms that were removed from its "Protecting Your Superannuation" ("PYS") package earlier in 2019. The *Treasury Laws Amendment (Putting Members' Interests First) Bill 2019* ("PMIF") seeks to implement provisions making insurance opt-in for members age 25 and under for low-balance accounts. In all circumstances, the member may opt-in to insurance by making a direction to the trustee. The bill has passed through Parliament and has received Royal Assent. The Act commences on 1 April 2020.

Design and distribution obligations

The *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* (Cth) (the “**DDOPIP Legislation**”) was passed in April 2019. The DDOPIP Legislation imposes new design and distribution obligations on product issuers and product distributors in respect of certain financial products. These new obligations come into effect in April 2021, so they do not apply to the Offer. The design and distribution obligations are also limited to an initial offering of securities, which means that even if the obligations become effective while Capital Notes 2 are on issue, they will not apply to secondary market trading of Capital Notes 2. The legislation also introduces a product intervention power for ASIC to proactively regulate or ban potentially harmful financial and credit products to prevent the risk of or respond to significant consumer detriment. This power came into effect on 6 April 2019. It is uncertain whether ASIC would perceive significant consumer detriment in relation to Capital Notes 2 or similar securities. The DDOPIP Legislation requires ASIC to undertake a consultation process before it makes a product intervention order. Implementation of the DDOPIP Legislation will affect AMP’s business, and its regulatory and compliance obligations, going forward. These changes may also affect the liquidity of funding instruments (including hybrids such as Capital Notes 2), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

Superannuation reforms

The Productivity Commission’s Inquiry report into superannuation was publicly released on 10 January 2019 and assesses the efficiency and competitiveness of Australia’s superannuation system and whether better ways to allocate default superannuation funds are needed. The report outlined the Productivity Commission’s view that the superannuation system requires reform to better meet the needs of a growing pool of retirees and a modern workforce. The report included analysis of structural flaws (e.g. unintended multiple accounts and underperforming superannuation funds). It also included a recommendation that members should only ever be allocated to a default product once, upon entering the workforce, and they should also be empowered to choose their own super product by being provided a “best in show” shortlist (up to 10 funds), set by a competitive and independent process. While the government has not formally responded to the Productivity Commission’s recommendations in relation to super, it has implemented some of them through legislative change under the Protecting Your Superannuation Package and responded to some of them as part of its response to the Royal Commission recommendations. The government’s response to the report’s recommendations may affect AMP’s superannuation business and future strategy.

The government has also indicated that it intends to conduct a Retirement Incomes Review as recommended by the Productivity Commission. The Productivity Commission also recommended that such a review take place before the first legislated increase in Superannuation Guarantee (“**SG**”) contributions which will occur with an increase from 9.5% to 10% on 1 July 2021. On 27 September 2019, the government released Terms of Reference for the Inquiry. A consultation Paper was released on 22 November 2019 and a report will be provided to government by June 2020. The outcome of this review could impact AMP’s business. AMP will participate in the consultation process once this review commences. The outcomes of any such review will also impact AMP’s superannuation and AMP Capital businesses as well as the life insurance business and AMP’s future strategy.

The final report of the Royal Commission made a number of recommendations in respect of proposed changes to the superannuation industry. These recommendations include extending the Banking Executive Accountability Regime to all APRA-regulated financial institutions (including superannuation funds), making trustees who fail their best interests’ duties be subject to civil penalties enforced by the regulators, only allowing workers to be defaulted into super once and making recommendations in relation to advice fees. In its response to the Royal Commission, the government stated that it agrees with these recommendations. These recommendations, if legislated, may have an impact on AMP’s superannuation businesses and therefore AMP’s financial position and performance.

The *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Act 2019* (Cth) was passed in April 2019. This legislation, and APRA’s guidance in relation to strengthening member outcomes in superannuation, introduce an annual member outcomes assessment for all MySuper and Choice products in superannuation. Such annual assessments are likely to place additional scrutiny from APRA on fees and investment performance. These assessments commence from 1 January 2020. Also included in this legislation was the requirement for superannuation trustees to hold annual member meetings for each superannuation fund, the prohibition of incentives for employers choosing a default fund (recommendation 3.6 of the Royal Commission), the introduction of civil and criminal penalties for trustees (recommendation 3.7 of the Royal Commission) and improved APRA directions powers. The implementation of these legislative and regulatory changes will impact on AMP’s superannuation and AMP Capital businesses and AMP’s future strategy and could have a material adverse impact on AMP’s financial position and performance.

Life insurance reforms

Recent legislative and regulatory scrutiny of life risk insurance products will affect AMP’s insurance and financial advice business and is likely to impact its business models, particularly those relating to adviser and licensee revenue and life insurance revenue.

The final report of the Royal Commission recommended that when ASIC conducts its review of conflicted remuneration relating to life risk insurance products and the operation of the ASIC Corporations (Life Insurance Commissions) Instrument 2017/510, ASIC should consider further reducing the cap on commissions in respect of life risk insurance products and that without clear justification for retaining those commissions, the cap should ultimately be reduced to zero. Once this review is completed, the outcomes may have an impact on AMP's insurance and financial advice business.

The final report of the Royal Commission also made other recommendations in relation to life insurance, including application of unfair contract terms, removal of claims handling exemption, enforceable code provisions and a universal terms review. If implemented through legislative and regulatory reforms, the outcome of these changes may also have an impact on AMP's insurance business.

In addition to the foregoing, the life insurance industry in Australia is receiving increased regulator and media scrutiny which may have a reputational and adverse financial impact for AMP and can lead to further and ongoing reform.

Banking reforms

The final report of the Royal Commission made a number of recommendations in respect of proposed changes to the banking industry. These recommendations include a Best Interest Duty for Mortgage Brokers, changes to Mortgage Broker remuneration and product responsibilities under the Banking Executive Accountability regime. In its response to the Royal Commission, the Government stated that it agrees with the majority of the Royal Commission recommendations. These recommendations, if legislated and implemented, could have a significant impact on AMP Bank including its sources of new business, ability to compete and future strategy.

The Treasury Laws Amendment (Consumer Data Right) Bill 2019 was passed on 1 August 2019. This legislation will allow customers at their request to share their personal information with accredited institutions including other banks, to allow them to find a better deal on their banking products; and it aims to increase competition. The legislation is proposed to take effect for non-major banks including AMP Bank in July 2020.

The Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2019 was passed on 3 April 2019. This legislation has introduced new intervention powers for ASIC and introduces new design and distribution obligations in relation to financial products in April 2021.

Other legislative, regulatory and capital risks

Other foreign jurisdictions

AMP Capital also operates in a number of other overseas jurisdictions. Its businesses are affected by changes to the regulatory and business framework in those jurisdictions, as well as the cost of complying with regulations that have extra-territorial application.

Regulatory capital

APRA, the Reserve Bank of New Zealand or other regulators may change their standards and require AMP (including specific subsidiaries) to hold a greater level of capital to support its business and/or require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them. If this were to occur, this would have a significant impact on the overall financial position and performance of AMP.

If AMP's capital were to fall below APRA's minimum requirements and market conditions meant that AMP was not able to raise further capital from investors, the ability of AMP to conduct its business would be seriously compromised. A decrease in capital could result from poor business performance, adverse litigation outcomes, excessive investment in the business, regulatory sanctions, adverse changes to the regulatory or commercial environment relating to advice business acquisitions or impairments of intangible assets or other adverse outcomes.

Failure to adequately anticipate and respond to regulatory change

Failure to adequately anticipate and respond to regulatory change may result in higher costs, sub-optimal processes and an inefficient business response. This in turn could have a material adverse impact on the financial position, performance and reputation of the AMP Group.

5.2.3 Business and industry risks

Investment management performance

If AMP Capital or other investment managers contracted by the AMP Group underperform peer investment managers and/or the market more generally for a prolonged period, the demand for the AMP Group's financial products and services may reduce materially. To the extent that this risk materialises, it may have a material adverse impact on the financial performance and position of the AMP Group.

Fee income on the investment-linked business and investment-management business of the AMP Group is primarily based on the level of assets under management and investment performance. The potential future loss of mandates, including corporate super mandates, would adversely impact on the level of assets under management by AMP. A deterioration in investment performance or a decline in assets under management may have a material adverse impact on the financial performance and position of the AMP Group.

On 24 October 2019, AMP announced Australian wealth management net cash outflows of \$5 billion for the nine month period to 30 September 2019. Net cash outflows may continue if AMPs' products are uncompetitive, if there is customer or adviser dissatisfaction or if there is further reputational damage. If net outflows continue over a long period, it will have a material adverse impact on the overall financial position and performance of AMP.

Funding and liquidity risk

"Funding risk" relates to the risk of one or more of the AMP Group's sources of funding being reduced or eliminated or a significant increase in the cost of funding through either a systemic (including, for example, if a change in customer behaviour driven by low, zero or negative interest rates leads to an outflow of deposits) or company-specific event. "Liquidity risk" is the risk that the AMP Group fails to meet its payment obligations, which may arise as a result of a mismatch between those payment obligations and the AMP Group's access to liquid assets, adequate funding on acceptable terms, or cash flows generated by its businesses.

If the AMP Group's current sources of funding prove insufficient, it may be forced to seek alternative funding. The availability of such funding, and the terms on which it may be made available, will depend on a number of factors, including market conditions, the availability of credit, the AMP Group's credit ratings and credit market capacity.

An inability to manage the funding risks for the AMP Group may result in forced asset sales or default, which could adversely impact the AMP Group's reputation, brand, and banking and capital market relationships.

Business entities within the AMP Group including investments by AMP Life and/or funds managed by AMP Capital may breach or risk breaching their loan and other debt covenants. Some of these facilities may have recourse to the AMP Group and in the event of a breach the financiers have the ability to demand immediate repayment of the debt and enforce other rights, which may give rise to the funding risks described above. To the extent the above circumstances arise, this may have a material adverse impact on the financial performance and position of the AMP Group.

Interest rate risk

"Interest rate risk" is the risk of financial loss arising from unanticipated interest rate settings and/or adverse fluctuations in interest rates and may have a material adverse impact on the financial performance and position of the AMP Group.

There is a risk of an extended period of low interest rates (including potential for zero or negative interest rates) and other monetary stimulus measures such as quantitative easing in Australia. These monetary policy settings are unprecedented in Australia and may have a material adverse impact on the financial performance and position of the AMP Group.

The level of interest rates can impact:

- the valuation of assets and liabilities;
- the effectiveness of hedging of assets and liabilities in certain products and portfolios including annuities, defined benefit obligations, capital guaranteed and non-investment-linked products;
- the investment returns on the AMP Shareholders' funds and the AMP Life investment portfolios;
- the fair value of investment guarantees the AMP Group has issued in respect of its products, as well as the asset and financial instrument values backing these products;
- the attractiveness of AMP's products relative to alternatives;
- AMP Bank's financial condition through the bank's net interest income and the level of other interest-sensitive income and operating expenses;
- the carrying value of implicit deferred acquisition costs; and
- the AMP Group's funding costs.

Low interest rates may result in lower investment returns for the AMP Group. To the extent the benefits payable to investors in non-investment-linked products are greater than the return that the AMP Group receives from the relevant underlying investments, the AMP Group is exposed to loss and the need for increased capital requirements.

The AMP Group currently manages interest rate risk through hedging arrangements. Disruptions in financial markets may affect the availability, cost and terms of hedging, which may have a material adverse impact on the financial performance and position of the AMP Group.

Credit risk

"Credit risk" is the risk that default by a counterparty will result in a financial loss to the AMP Group. Credit risk exists in most parts of the AMP Group, including reinsurance and derivative contracts used to protect the AMP Group's financial and capital position from investment market volatility. It is also a significant risk for AMP Bank and arises from AMP Bank's lending and investment activities. The risk arises from the likelihood that some customers and counterparties will be unable to honour their obligations to AMP Bank, including the repayment of loans and interest.

AMP Bank utilises Lenders' Mortgage Insurance ("LMI") to partially mitigate credit risk and minimise the capital requirements of its mortgage book. A default of an LMI provider will expose AMP Bank and the AMP Group to loss and increased capital requirements.

Credit risk is a significant risk in relation to the AMP Group's extensive banking and trading relationships. Credit risk also arises in relation to exposures from deposits and debt securities, futures and options broker clearers, over-the-counter derivative counterparties, widening credit spreads and loans to non-wholly owned subsidiaries including AMP Capital and loans to joint ventures. While the AMP Group utilises mechanisms to mitigate a number of those exposures, including collateral and netting agreements, there can be no assurance that these arrangements fully limit those exposures.

A number of activities (consisting but not limited to the annuity portfolio, defined benefit fund and AMP Bank's balance sheet) are managed with fixed interest assets. The AMP Group is exposed to credit risk, including the risk of widening credit spreads on the portfolio of fixed income assets.

To the extent that any of the above risks arise, this may have a material adverse impact on the financial performance and position of the AMP Group.

Foreign exchange risk

"Foreign exchange risk" is the risk of the AMP Group sustaining loss through adverse movements in exchange rates. Such losses can affect the AMP Group's financial position and performance, and the level of capital supporting the AMP Group's businesses. From an operational perspective, the AMP Group faces exposure to foreign exchange risks through direct foreign income and expenses, the settlement of foreign currency denominated assets and liabilities, seed and sponsor investments within AMP Capital, and earnings and balance sheet movements from non-Australian subsidiaries. This may have a material adverse impact on the financial performance and position of the AMP Group.

Benchmark reform

LIBOR, the Euro Interbank Offered Rate and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 ("FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions of existing transactions, or result in other consequences, in respect of financial instruments linked to such benchmark (including but not limited to floating rate instruments whose interest rates are linked to LIBOR). Any such consequence may have a material adverse impact on the financial performance and position of the AMP Group.

Accounting mismatches

Accounting mismatches arise because the recognition and measurement rules for certain policyholder assets differ from the recognition and measurement rules for the liability to policyholders in respect of the same assets. These mismatches result in policyholder asset movements, affecting the net profit after accounting mismatches and increased volatility of the reported profit that may reverse over time.

Accounting policies

The accounting policies and methods that the AMP Group applies are fundamental to how it records and reports its financial position and the results of its operations. Management must exercise judgement in selecting and applying many of these accounting policies and methods so that they not only comply with generally accepted accounting policies and methods, but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. However, these accounting policies may be applied inaccurately, resulting in a misstatement of financial position and results of operations.

In some cases, management must select an accounting policy or method from two or more alternatives, any of which might comply with generally accepted accounting principles and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under another alternative.

The AMP Group's accounting policies and methods may change from time to time with changes in accounting standards and regulation. Accounting policy changes that result in a reclassification of assets between tangible and intangible assets could have a material adverse impact on the AMP Group's capital position.

Purchase of financial advisory books of business/BOLR arrangements

Under arrangements currently in place, certain Australian financial services licensees within the AMP Group can be required to purchase a financial advisory business or the servicing rights to client registers from financial advisory businesses authorised by the licensee based on a pre-agreed formula, typically when the owner of the financial advisory business, register of clients or servicing rights in relation to client registers leaves the industry in certain circumstances. These arrangements are typically known as BOLR. Advice businesses wishing to exercise their BOLR rights under these arrangements must give six to 18 months' notice depending on terms of the relevant arrangement. As a result of changing economic conditions, legislation and regulatory guidance, including the cessation of grandfathered commissions legislation passed by Parliament on 14 August 2019, the revenue earned by advice businesses may decrease, resulting in a higher number of practices exercising their BOLR rights.

Where a BOLR transaction takes place at a valuation that doesn't reflect the market value of the client registers, there is the risk of potential impairment to the carrying value of the businesses or registers acquired by AMP. AMP announced on 8 August 2019 that it is reducing BOLR valuations under some of the buy back arrangements to reflect economic changes in the value of client registers. After the amendments take effect, if financial advisory businesses exercise their BOLR rights, AMP will be able to purchase those advice businesses or client registers at rates closer to market value, reducing AMP's risk.

Where a notice of intention to invoke BOLR had been received as at 30 June 2019 and AMP has concluded that the purchase price of the register exceeds the value of the client register to AMP, a provision has been raised for the difference. The provision is judgemental and the actual loss incurred upon settlement of the arrangement may vary from the provision.

Provisions are not raised in relation to buy-back arrangements where a notice of intention could occur in future periods and a contingent liability exists in relation to this. Notices of intention to invoke BOLR received subsequent to 30 June 2019 will be included in the assessment of the provision at 31 December 2019 and could result in a material adverse impact on the provision liability.

It is currently expected that the cost of the BOLR arrangements, including acquisitions, retention and support spend and equity investments into practices to mitigate BOLR submissions, remains approximately \$550 million over the 24 months from 30 June 2019. This could be more or less depending on the number of participating financial planning businesses.

There is a risk that amendments to BOLR valuations may be disputed by advisers and litigation or negative reputational impact may ensue and may result in a material adverse impact on the overall financial position and performance of AMP and may require AMP to hold more capital. AMP is aware that some advisers have instructed legal representatives but is not aware of any proceedings having been commenced.

AMP Bank provides practice finance loans to some AMP financial planners secured, typically, against their business or register of clients and any right that they may have to sell these to an AMP licensee. As at 30 June 2019, the practice finance loan balance was approximately \$500 million. As a result of the amendments to BOLR valuations, AMP Bank, on enforcing its security against practices that have exercised their BOLR rights, may not be able to sell the business or register for an amount sufficient to fully repay the debt owing to it. AMP Bank has provisioned against expected losses arising from the changes to BOLR valuations and the cessation of grandfathered commissions. AMP Bank has been indemnified by AMP Group Holdings Limited for (amongst others) credit losses arising from actions taken by AMP to adjust grandfathered commissions or BOLR valuations.

AMP is considering moving its licensees to annual advice fee contracts which may increase the likelihood of advice businesses moving to exercise their BOLR rights and this may result in a material adverse impact on the overall financial position and performance of AMP and the AMP Group.

If any of these risks eventuate, this may have a material adverse impact on the overall financial position and performance of AMP.

Credit risk in mortgage lending

AMP Bank has a lending book of Australian mortgage-secured loans, consisting of owner-occupied, investor lending and practice finance loans to some AMP Financial Planners. In current economic circumstances, the mortgage market is experiencing heightened risk of credit loss, owing to declines in security values, and sluggish income growth affecting serviceability, elevated levels of negative equity and rising levels of hardship applications. AMP Bank's arrears and loss experience have risen over 2018 and 2019 but remain below average relative to those for the banking industry in general.

Claims and persistency experience risk and policy liabilities

AMP Life provides risk insurance policies covering mortality, morbidity and longevity risk under which it is exposed to the risk of insurance claims by policyholders (claims risk) and the risk of policyholders cancelling or allowing their policies to lapse (persistency risk).

Actual experience on claims and persistency may differ from the experience assumed when issuing policies. This may be due to (but not limited to) general deterioration in persistency or claims, anti-selective lapsation, impacts of pandemics, natural disasters, worsening in general economic conditions, worsening in insured customers' health, advances in medical science, changes in society's attitudes to the value of insurance and to claiming benefits and changes in State-based injury compensation schemes and other insurance arrangements, and the impacts of changes in financial services regulation. AMP Life is transitioning to run-off. There is a risk that the transition to run-off may exacerbate these risks in both the short and long term.

Income protection and total and permanent disability claims typically increase in periods of higher unemployment and/or when small to medium enterprises are under stress. There has also been an increase in mental health-related claims over recent years. External factors driving persistency and claims risks include cost of living pressures and unemployment levels, as well as customers changing policies more frequently.

Deferred acquisition costs represent the upfront cost associated with acquiring new risk insurance business (including adviser commissions, controllable costs and stamp duty). If lapse rates on policies associated with deferred acquisition costs were to increase, the deferred acquisition costs may be written down.

To the extent that any of the above risks arise, this may result in a material adverse impact on the overall financial position and performance of AMP and may require AMP to hold more capital.

To partly mitigate these risks, AMP Life has entered into various reinsurance arrangements. This includes three significant tranches of reinsurance – two on the Australian retail insurance portfolio effective November 2016 and November 2017 and a third on the New Zealand retail insurance portfolio effective January 2019.

AMP Life maintains policy liabilities for future policy holder benefits and unpaid claims in its life insurance business. The calculation of policy liabilities depends on estimates of expected future revenue, expenses and claims. These estimates use assumptions of future mortality, morbidity, persistency, investment returns, expenses and inflation rates. The assumptions are based on actuarial and statistical information and consideration of the facts and circumstances known at a given point in time. Although AMP Life maintains assets in excess of policy liabilities based on best-estimate assumptions, actual results and conditions may be different from those assumed and may vary from period to period. Further, these estimates are subject to change from time to time, and as a result of any variation of that type, AMP Life may be required to hold more capital in respect of its previous estimate of policy liabilities.

In addition, insurance liabilities include an explicit allowance for the value of future profits which will be released gradually over the lifetime of the insurance business. In recent years, AMP Life has experienced elevated insurance claims and lapse rates due to a range of factors, such as those mentioned above.

Any deterioration in the outlook for future profits will be reflected in updated best estimate assumptions and will lead to a reduction in the future profit margins (and hence reduced future reported profits) and may require additional capital. If the future profit margins are insufficient then the change in best estimate assumptions will lead to future losses being recognised immediately which will negatively impact the overall financial position and performance of AMP and may require additional capital. Some of AMP Life's products have no future profit margins and due to best estimate assumption strengthening, reinsurance and regulatory changes (notably Protecting Your Superannuation Package) the level of future profit margins has reduced and the risk of future profit margins being insufficient has increased.

There is a risk that continued adverse wealth protection experience, after allowing for reinsurance, may have a materially adverse impact on the overall financial position and performance of AMP. This risk is exacerbated by a book that is in run-off, in particular through anti-selective lapsation resulting in worsening claims experience, and the run-off of the book being faster than expectations resulting in cost over-runs.

Defined benefits fund

While all of AMP's defined benefit funds are fully funded, some are presently reported in a deficit position in AMP's financial reports, as required by the relevant accounting standards. This deficit and the potential future funding requirements may be adversely impacted by investment returns, adverse movements in interest rates, or adverse member experience, including that related to longevity.

Adverse impact on product margins

Product margins across AMP are likely to be adversely impacted by a number of factors including legislative and regulatory changes, competitive pressures, margin squeeze, changing consumer and distribution channel behaviour, portfolio experience, funding cost increases, economic outlook, product offering and sales mix changes and strategic distribution channel changes.

These factors may have a material adverse impact on the overall financial position and performance of AMP.

Given the trend in legislation and regulation (e.g. Protecting Your Superannuation reforms and other changes), it is likely that future legislative and regulatory changes will put more downward pressure on product margins.

Redemption risks

"Redemption risks" are the risks associated with the AMP Group's ability to meet customer requests for redemption from investments, retail deposits, superannuation or pension funds or from the claim, payment or surrender of life insurance policies. The impact of these risks varies depending upon the nature and governing terms of the relevant investment, the arrangements with the customer and the assets in which the fund is invested or which back the policy liability.

The AMP Group is expected to exit its Australian and New Zealand Wealth Protection and mature businesses via a sale to Resolution Life. The transaction is subject to regulatory approvals and other conditions precedent and is expected to complete by the end of Q2 2020.

Non-investment-linked products

Holders of certain life insurance policies issued by AMP Life may surrender their policy in return for a lump sum payment. AMP holds assets to meet the policy liabilities as they are expected to fall due. To surrender a policy, generally the policyholder is required to have held that policy for a specified minimum period of time and may have to accept a lower value than the maturity value. In some instances, AMP has the right to amend surrender values, subject to meeting minimum statutory requirements.

For certain investments, capital guarantees will apply, and surrender values may at times exceed the value of the assets backing these investments, which could result in a material adverse impact on the overall financial position and performance and level of capital of AMP. The extent of this adverse impact may be greater if, in order to meet redemption requests, AMP is forced to dispose of assets, particularly illiquid assets, in a short timeframe, resulting in assets being sold below their fair value under normal market conditions.

Investment-linked products

Policyholders or investors in investment-linked products may seek to redeem some or all of their investments. In order to satisfy these redemptions, AMP, as the manager of the investments, may be required to sell assets underlying the policyholder's or investor's investment.

During certain periods, as was the case in the global financial crisis, some asset classes may be subject to a higher level of redemptions than historically had been the case. For funds and assets in highly liquid markets, the redemption requests can usually be met through asset sales. For funds and assets in illiquid markets, asset sales can be more difficult to achieve, particularly at short notice, and may result in the asset being sold below its fair value under normal market conditions. In extreme circumstances, it may not be possible to sell certain assets at short notice. Those outcomes could have a material adverse impact on the investment returns of those policyholders or investors. This, in turn, may have a material adverse impact on AMP's overall financial position and performance.

To the extent that AMP believes it cannot meet redemption requests through asset sales, it will usually suspend or defer redemptions (where it has the right to do so) to allow sufficient time to complete the asset sales necessary to meet the requests.

The suspension or deferral of redemptions and subsequent sale of assets, especially below their fair value, may have a material adverse impact on the overall financial position and performance of AMP.

In addition, customer choice regarding investment preferences may materially impact on the financial performance and position of the Group (for example, the tendency to move from active to passive investments).

5.2.4 Financial risks

Investment returns

A proportion of AMP's profits are derived from investment returns (both income and net realised and unrealised capital gains or losses) in the non-investment-linked statutory funds of AMP Life.

Investment returns in AMP Life are shared between shareholders and policyholders in accordance with the Life Insurance Act and other legislation regarding the allocation and distribution of profits of statutory funds, as well as the terms and conditions of the life insurance policies. The underperformance of investments could have a material adverse impact on the overall financial position and performance of AMP and may result in the need for additional capital to support AMP's businesses.

Some products both within and outside of AMP Life have investment guarantees and whilst these are monitored and managed, significant market movements (including those related to interest rates), and on-going periods of high volatility, could have a material adverse impact on the overall financial position and performance of AMP.

AMP holds capital to mitigate these and other risks. As at 30 June 2019, AMP had Level 3 Eligible Capital above minimum regulatory capital requirements of \$1,694 million including \$821 million related to the life insurance participating business. This will vary over time depending on the risk exposures and strategies used in managing the participating business and is consistent with the target of providing a very high level of confidence that the business is self-supporting and that there are sufficient assets to support policyholder liabilities.

Investment performance affects the level of investment return on shareholders' funds assets, including seed and sponsor capital. Funds, including shareholders' funds, are invested in a variety of asset classes, including, but not limited to, cash, Australian and international equities, fixed interest, property, infrastructure, infrastructure debt and private equity. The investment performance of these assets may have a material impact on the overall financial position and performance of AMP.

Changes in the value of, or returns from, these investments, including as a result of changes in valuations or the valuation methodology of unlisted assets, may have a material adverse impact on the overall financial position and performance of AMP and may affect the level of capital, liquidity and funding required to support AMP's businesses. In periods of extreme volatility the values of these assets are subject to greater change and uncertainty.

Funding, liquidity and credit rating risk

AMP Group currently has \$750 million of undrawn bilateral debt facilities which support the Group's liquidity position and are due to mature on 31 December 2020. Some of the Lead Managers are lenders of these bilateral facilities. Furthermore, whilst the debt facilities do not contain financial covenants they do include a number of review events, representations, undertakings and events of default that could lead to amendments to the terms and cost of the facilities or early cancellation of the facilities, which would adversely impact on the liquidity position of the AMP Group.

AMP's forecast capital and liquidity positions are best estimates at a point in time; therefore they are not guaranteed and may not be accurate. AMP's liquidity would be affected if for any reason it was unable to transfer liquidity between its subsidiaries. There is also a risk that intra-group guarantees between members of the AMP Group could cause various subsidiaries to go into financial stress.

As at 30 June 2019, AMP Bank has \$5.3 billion intra-group deposits from the platform and superannuation businesses. These deposits are in the form of at-call cash accounts and term deposit accounts and as such AMP Bank has ongoing obligations as well as exposure to the daily fund movements. Failure to adhere to these obligations, including managing conflicts, can result in termination of the contract, withdrawal of deposits and a material impact on the financial position and performance of AMP. Furthermore, these deposits may be subject to repricing or restructuring based on review by the superannuation trustees or other responsible entities. This could impact the financial position and performance of AMP Bank.

If AMP's or its subsidiaries' credit ratings are downgraded by Standard and Poor's or Moody's or its reputation is damaged resulting in a loss of public confidence, it may result in customers and clients withdrawing their funds or bank deposits or letting their policies lapse, as well as potentially affecting AMP Group's ability to access debt capital markets, which would adversely affect the liquidity, capital, financial position and performance of AMP.

A downgrade to AMP's or its subsidiaries' credit ratings may also have an adverse impact on the terms of AMP Group's bilateral debt facilities.

Dividends

The AMP board has resolved not to declare a first half 2019 dividend. The AMP board will maintain a consistent approach to capital management until completion of the sale of AMP Life.

No assurances can be given in relation to the payment of future dividends. Any future determination as to the payment of dividends by AMP will be at the discretion of the Directors and will depend on the financial condition of AMP, future capital requirements and general business and other factors considered relevant by the Directors. No assurances can be given in relation to the level of franking of future dividends. Furthermore, no assurance can be given in relation to AMP receiving dividends from its relevant subsidiaries.

Franking capacity will depend on the amount of Australian tax paid in the future, the existing balance of franking credits and other factors.

5.2.5 Economic risk

Global markets and economic environment

The financial performance of the AMP Group is significantly affected by changes in investment markets, market volatility, economic conditions and the level of interest rates. These changes may materially influence aspects of the AMP Group including the demand for its products, product margins, investment performance, consumer demand, liquidity, capital resources, reduced cash flows, the value of investments supporting shareholders' funds and investments held on behalf of clients, the availability and the cost of credit and the debt funding requirements of the AMP Group and the level of capital required within the AMP Group. These risks may have a material adverse impact on the overall financial performance and position of the AMP Group.

Systemic shocks in relation to Australian, New Zealand or other financial systems

A major systemic shock could occur which causes an adverse impact on the Australian, New Zealand or other financial systems. The financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and global economic conditions. Given this, there can be no certainty that any specific market disruptions will not spread; nor can there be any assurance that any future assistance packages or government intervention will be available, or sufficiently robust to address market contagion.

Any such market disruptions could have a material adverse impact on the overall financial performance and position of the AMP Group.

Contagion Risk

Contagion risk is the risk of default by one or more financial institutions which could lead to market-wide liquidity problems, losses or defaults by other institutions. This risk arises in part because of the inter-relationships between many financial institutions (including AMP) and is heightened in times of significant volatility in the finance sector and financial markets more broadly. Contagion risk may have a material adverse impact on the overall financial position and performance of AMP.

5.2.6 Operational, legal and compliance risks

"Operational risk" is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal and compliance risk, including adherence to regulatory requirements, internal best practice policies and procedures as well as industry standards.

Operational exposures relevant to the industry in which the AMP Group operates relate to information technology, human resources, internal and external fraud, anti-money laundering and counter-terrorism financing, anti-bribery and corruption, project management, outsourcing, business resilience and security risk including business continuity and travel safety documentation and record keeping, product administration, unit pricing, business processes, and the introduction of new products. The AMP Group operational risk profile reflects these exposures, as well as including exposures related to the quality of financial planning advice and the management of change. Further detail on outsourcing risk, technology risk, cyber-security and loss of personnel are provided separately below.

The financial statements of the AMP Group contain provisions for some of these risks and generally disclose certain contingent liabilities in accordance with applicable accounting standards. Given the inherent uncertainty in predicting the outcome of events that may occur in the future, there can be no assurance that such provisions or disclosure adequately address all outcomes that may arise in the future.

Structural subordination

AMP is a non-operating holding company whose assets consist primarily of ownership interests in subsidiaries. AMP is reliant on the financial performance of, and the continued receipt of dividends or other funding from, its subsidiaries. There is a risk that these subsidiaries may not be in a position to make funds available to AMP to enable it to meet its obligations.

Changes to business operations

AMP has embarked on a portfolio review of the “manage for value” business to enable it to respond to changing customer and competitor demands and pressures. The program may result in some changes to the business over the short term. These changes could have a material impact on the financial performance and position of the AMP Group.

Managing conflicts of interest

As part of being an Australian financial services licensee, AMP has obligations to manage conflicts of interest. This includes managing conflicts of interest in relation to AMP’s Superannuation trustees and the AMP Group as well as AMP’s or AMP Capital’s responsible entities or clients and the AMP Group or AMP Life and the AMP Group. Conflicts of interest may arise between AMP Bank and other members of the AMP Group due to its product offerings, such as deposit accounts, and need to be appropriately managed. AMP has conflicts of interest policies and information barrier arrangements in place to manage this. If these policies and arrangements are not followed or prove inadequate and the conflicts of interest are not appropriately disclosed or managed, this could result in breaches of law, regulatory investigations, amendments to licensing conditions, fines, penalties and litigation, all of which could have an adverse impact on AMP’s reputation and may lead to loss of customers, resulting in an adverse impact on AMP’s financial position and performance.

Operational risk

Operational risk exposures relevant to AMP’s business operations relate to a wide range of issues including the use of information technology, employee behaviour and performance, internal and external fraud, anti-money laundering and counter-terrorism financing, anti-bribery and corruption, failed project management, reliance on outsourced service providers, cost-cutting, legacy risk, business resilience and security risk, product administration, unit pricing and manual business processes. Further detail on staff retention and key person risk, failure of risk management strategies, technology risk and cyber-risk are provided separately below.

AMP’s operational risk profile reflects these exposures, as well as including exposures related to the quality of financial planning advice and the management of change.

The financial statements of AMP contain provisions and disclose contingent liabilities in accordance with applicable accounting standards. Given the uncertainty surrounding future events and the requirements of the accounting standards, there can be no assurance that those provisions or disclosures address all outcomes that may arise in the future.

AMP maintains a number of insurances to mitigate against the financial impacts of operational and other risks. The current market for insurance in Australia, particularly for financial institutions, has in the past year become extremely challenging, with reduced capacity. There is a risk that AMP may not be able to renew these policies on similar terms and conditions, particularly as to limits and deductibles. This may increase AMP’s exposure to the financial impacts of events or incidents otherwise claimable. Further, any renewal may be at a materially increased cost via higher premiums, which may adversely affect AMP’s financial performance.

Staff retention and key person risk

AMP’s future success will depend on its continued ability to engage, attract and retain highly skilled and qualified personnel. The impacts of the Royal Commission and ongoing changes to AMP’s business model have placed increased pressure on resourcing. As a result, there can be no assurance that key personnel will continue to be employed by, or contracted to, AMP. Failure to retain or attract key personnel could have a material adverse impact on the overall financial position and performance of AMP.

The loss of multiple financial advice practices could negatively impact AMP’s assets under management and its ability to generate revenues. Failure to attract or retain competent and compliant advisers could potentially have a material adverse impact on the overall financial position and performance of AMP.

Failure of risk management strategies and internal controls

AMP has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate risks. These risks include, but are not limited to, strategic, liquidity, market, credit, counterparty, compliance, market conduct, insurance and operational risk which are all important to AMP’s reputation. However, there are inherent limitations with any risk management framework and internal control framework as there may exist, or emerge in the future, risks that AMP has not anticipated or identified. If any of AMP’s processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, this could have a material adverse impact on the overall financial position and performance of AMP.

The 31 December 2018 Risk Management Declaration was qualified and noted the initiatives underway to strengthen the compliance obligation framework, systems, and controls for compliance with legislative and prudential requirements. The Risk Management Declaration qualifications were made after taking into account the findings of reviews in relation to CPS220 and SPS220, the APRA Self Assessment and other relevant matters.

Legal and regulatory proceedings

In the course of its operations, the AMP Group is involved in disputes and litigation from time to time. Entities within the AMP Group are currently the subject of various investigations by regulators as a result of their ongoing activities and referrals from the Royal Commission. If adverse findings are made arising out of these investigations and any subsequent litigation, this may expose the AMP Group to fines, other statutory or regulatory sanctions and/or a requirement to pay compensation.

Any material or costly dispute, litigation, investigation or compensation program involving the AMP Group could have a material adverse impact on the financial performance and position of the AMP Group.

Outsourcing risk

“Outsourcing” involves an organisation entering into an agreement with another party (including a related company) to perform, on a continuing basis, a business activity that currently is, or could be, undertaken within that organisation. “Offshoring” is the practice of outsourcing business activities to a service provider located in another country or where material elements of the service are provided from another country.

While AMP requires that all material outsourcing arrangements are appropriately established and managed so that AMP maintains its reputation and financial performance, and continues to meet its obligations to regulators, customers and other stakeholders, there remains a risk that these arrangements might fail.

Technology risk

Technology plays an increasingly important role in the delivery of financial services to customers in a cost-effective manner. AMP’s ability to compete effectively in the future will, in part, be driven by AMP’s ability to maintain an appropriate technology platform (including execution of new developments), for the efficient delivery of its products and services. Consequently, there is a risk that these, or the services AMP uses or is dependent on, might fail.

Most of AMP’s daily operations rely on information technology (“IT”) systems that are essential to maintaining business systems including effective communications with customers. The exposure to IT systems risks includes the complete or partial failure of information technology systems or data centre infrastructure; the inadequacy of internal and third-party information technology systems due to, among other things, failure to keep pace with industry developments; and the capacity of the existing systems to effectively accommodate growth and integrate existing and future acquisitions and alliances.

AMP updates and builds new IT systems to assist it to satisfy regulatory demands, ensure information security, enhance services for its customers and integrate the various segments of its business. Failure of these IT systems could result in regulatory intervention, business interruption, loss of customers, financial compensation, loss of reputation and/or a weakening of AMP’s competitive position. A failure to implement IT projects effectively or execute them efficiently could lead to increased project costs, delays in the ability to comply with regulatory requirements or failure of information security controls.

There is also a risk that competitors introduce new technologies which challenge, or render redundant, the technology used by AMP. Together with these factors, a failure to respond to new technologies may result in an actual or comparative decrease in AMP’s ability to service its customers.

Failure to spend adequately on IT systems leads to increased risk of system performance degradation, cyber-risk and cost of change.

Cyber-risk

The ongoing evolution of technologies has led to a rapidly changing threat landscape that cybercriminal networks seek to exploit. There is an increase in cybercriminal activity on a global level. By exploiting system vulnerabilities, successful cyberattacks on AMP systems can result in unavailability or loss of critical systems or third parties obtaining customer and corporate data.

AMP’s network and assets are protected through the use of detective, preventative and responsive controls. A dedicated onshore Cyber Security function exists for AMP to reduce the impacts of cybercrime activity, measure the effectiveness of AMP’s mitigation activities and take appropriate action to maintain defences.

5.2.7 Environmental risk

AMP, its customers and its external suppliers may be adversely affected by the risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact AMP and its customers through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures).

Initiatives to mitigate or respond to adverse impacts of climate change may in turn impact market and asset prices, economic activity and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect AMP’s business, prospects, reputation, financial performance or financial condition.

6. APPLYING FOR CAPITAL NOTES 2

This section provides information about the Offer of Capital Notes 2, including how to apply. The key dates in relation to the Offer are outlined on page 4.

6.1 The Offer of Capital Notes 2

6.2 Structure of the Offer

6.3 Obtaining a Prospectus and Application Form

6.4 Applying for Capital Notes 2

6.5 Bookbuild and allocation policy

6.6 Other information

6.7 Enquiries

6.1 The Offer of Capital Notes 2

The Offer is for the issue of Capital Notes 2 with a Face Value of \$100 per Capital Note 2 to raise approximately \$200 million with the ability to raise a higher or lower amount.

All Capital Notes 2 issued will be issued under and subject to the disclosure in this Prospectus.

6.2 Structure of the Offer

The Offer comprises:

- a Securityholder Offer to Eligible Securityholders;
- a Broker Firm Offer to Australian resident retail and high-net-worth clients of Syndicate Brokers; and
- an Institutional Offer to certain Institutional Investors invited to bid for Capital Notes 2 under the Bookbuild.

6.3 Obtaining a Prospectus and Application Form

During the seven-day exposure period after the date of lodgement of this Prospectus with ASIC, an electronic version of this Prospectus (without an Application Form) will be available to eligible investors at ampcapitalnotes2.com.au. The Application Forms will not be made available until after the exposure period.

During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at ampcapitalnotes2.com.au and may also be available through your Syndicate Broker. You can also request a free paper copy of this Prospectus and an Application Form by calling the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time) or by registering online to receive a Prospectus at ampcapitalnotes2.com.au prior to the Offer opening.

Eligible Securityholders will also have access to download an electronic version of this Prospectus and a personalised Application Form through ampcapitalnotes2.com.au.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications will only be considered where Applicants have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have provided an Application Payment.

6.3.1 Electronic access to this Prospectus

The following additional conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus; and
- this Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of this Prospectus in Australia.

6.4 Applying for Capital Notes 2

Securityholder Offer	
Who may apply	<ul style="list-style-type: none"> – Eligible Securityholders, being an AMP Shareholder or holder of Capital Notes 1 who is shown on the register of AMP Shares or Capital Notes 1 (as applicable) at 7.00pm (Sydney time) on 15 November 2019 as having an address in Australia and who is not in the United States, not acting as a nominee for a person in the United States or otherwise prevented from receiving the Offer or the Capital Notes 2 under the laws of any jurisdiction as determined by AMP.
When to apply	<ul style="list-style-type: none"> – Completed Application Forms and Application Payments must be received by the Registry by the Closing Date for the Securityholder Offer, which is expected to be 5.00pm (Sydney time) on 18 December 2019.
How to apply using a paper Application Form	<ul style="list-style-type: none"> – Follow the instructions set out in the paper AMP Securityholder Application Form which will be mailed to you with a copy of this Prospectus upon request. – You can also request an additional paper copy of this Prospectus and your personalised Application Form by calling the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time) during the Offer Period. – Application Payments can only be made by BPAY® in Australian dollars drawn on an Australian branch of a financial institution, following the instructions set out in the Application Form. – Cash payments and payments made by cheque will not be accepted for this Offer.
How to apply online	<ul style="list-style-type: none"> – Complete your personalised Application Form online by visiting ampcapitalnotes2.com.au and following the instructions. You will need your SRN (securityholder reference number) or HIN (CHESS holder identification number). – You must make your Application Payment by BPAY®.
Minimum application amount	<ul style="list-style-type: none"> – Applications must be for a minimum of 50 Capital Notes 2 (\$5,000) and after that in multiples of 10 Capital Notes 2 (\$1,000).
Broker Firm Offer	
Who may apply	<ul style="list-style-type: none"> – Australian resident retail or high-net-worth clients of Syndicate Brokers.
When to apply	<ul style="list-style-type: none"> – Completed Broker Firm Application Forms and, where applicable, Application Payments, must be received by your Syndicate Broker in time for them to process your Application on your behalf by the Closing Date for the Broker Firm Offer, which is expected to be 10.00am (Sydney time) on 20 December 2019. – You must contact your Syndicate Broker directly for instructions on how to participate in the Broker Firm Offer.
How to apply	<ul style="list-style-type: none"> – Contact your Syndicate Broker for instructions on how to apply under the Broker Firm Offer.
Minimum application amount	<ul style="list-style-type: none"> – Applications must be for a minimum of 50 Capital Notes 2 (\$5,000) and after that in multiples of 10 Capital Notes 2 (\$1,000).

6.4.1 Applying under the Institutional Offer

The Institutional Offer is to Institutional Investors who are invited by the Joint Lead Managers to bid for Capital Notes 2 in the Bookbuild to be conducted on 3 December 2019.

Application and settlement procedures for Institutional Investors will be advised by the Joint Lead Managers.

6.4.2 Where to send your completed Application Forms (if you are not applying online or under the Broker Firm Offer)

If you have received a personalised paper Application Form for the Securityholder Offer and you make a payment by BPAY®, you do not need to return the paper Application Form. Unless you are applying under the Broker Firm Offer or you are applying online, you should follow the instructions set out on your Application Form and make your Application Payment by BPAY® so that it is received by the Closing Date for the Securityholder Offer, which is expected to be 5.00pm (Sydney time) on 18 December 2019.

If you are applying under the Broker Firm Offer, you should contact your Syndicate Broker about where to lodge your Application.

6.4.3 Brokerage, commission and stamp duty

No brokerage or commission should be payable on your Application for Capital Notes 2. No stamp duty should be payable on your Application for Capital Notes 2 provided that no Holders will, either alone or together with any associated persons, acquire or hold a 50% or more interest in AMP. You may have to pay brokerage, but will not have to pay any stamp duty, on any later sale of your Capital Notes 2 on ASX after Capital Notes 2 have been quoted on ASX.

6.4.4 Application payments held on trust

All Application Payments received before Capital Notes 2 are issued will be held by AMP on trust in an account established solely for the purposes of depositing Application Payments received. After Capital Notes 2 are issued to successful Applicants, the Application Payments held on trust will be payable to AMP.

6.4.5 Refunds

If you are not allotted any Capital Notes 2, or are allotted fewer Capital Notes 2 than the number you applied for as a result of a scale back, all or some of your Application Payment (as applicable) will be refunded (without interest) as soon as practicable after the Issue Date.

If you have applied for Capital Notes 2 and the Offer does not proceed for any reason, you will have your Application Payment refunded (without interest) as soon as practicable. Refunds will be made via direct credit if AMP holds instructions on file, or by cheque.

6.5 Bookbuild and allocation policy

6.5.1 Bookbuild

The Bookbuild is a process that will be conducted by the Joint Lead Managers before the Opening Date. In this process, the Bookbuild participants are invited to lodge bids for Capital Notes 2. On the basis of those bids, the Joint Lead Managers and AMP will agree the Margin and the firm allocations to Bookbuild participants, being Syndicate Brokers and certain Institutional Investors.

AMP may change the size of the Offer following the close of the Bookbuild.

6.5.2 What is the allocation policy?

Institutional Offer	<ul style="list-style-type: none"> – Allocations to Institutional Investors will be agreed by the Joint Lead Managers and AMP following completion of the Bookbuild.
Broker Firm Offer	<ul style="list-style-type: none"> – Allocations to Syndicate Brokers will be agreed by the Joint Lead Managers and AMP following completion of the Bookbuild. – Allocations to Applicants under the Broker Firm Offer (including Applicants who apply to participate in the Broker Firm Offer) by a Syndicate Broker are at the discretion of that Syndicate Broker.
Securityholder Offer	<ul style="list-style-type: none"> – Allocations for the Securityholder Offer will be determined by AMP in consultation with the Joint Lead Managers after the Closing Date. – AMP has absolute discretion to determine the method and extent of the priority allocation to AMP Securityholder Applicants. – AMP reserves the right to scale back Applications from AMP Securityholder Applicants. Any scale back will be announced on ASX on the Issue Date, which is expected to be 23 December 2019. – AMP (at its discretion and in consultation with the Joint Lead Managers) reserves the right to: <ul style="list-style-type: none"> – allocate to any AMP Securityholder Applicant all Capital Notes 2 for which they have applied; – reject any Application by an AMP Securityholder Applicant; or – allocate to any AMP Securityholder Applicant a lower number of Capital Notes 2 than that applied for, including less than the minimum Application of Capital Notes 2, or none at all. – No assurance is given that any AMP Securityholder Applicant who applies for Capital Notes 2 will receive an allocation.

6.5.3 How will the final allocation policy be announced?

Institutional Offer	<ul style="list-style-type: none"> – Allocations to Institutional Investors will be advised to those investors under the Bookbuild.
Broker Firm Offer	<ul style="list-style-type: none"> – Allocations to Syndicate Brokers will be advised to those brokers under the Bookbuild. – Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate Broker from whom they received their allocation. – However, if you sell Capital Notes 2 before receiving a Holding Statement, you do so at your own risk, even if you confirmed your allocation through a Syndicate Broker.
Securityholder Offer	<ul style="list-style-type: none"> – Applicants in the Securityholder Offer will be able to call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time) to confirm their allocations. However, if you sell Capital Notes 2 before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding by calling the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time).

6.6 Other information

6.6.1 Restrictions on distribution of this Prospectus

No action has been taken to register or qualify this Prospectus, Capital Notes 2, the Offer of Capital Notes 2 or otherwise to permit a public offering of Capital Notes 2 in any jurisdiction outside Australia.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus outside Australia then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus and the Offer of Capital Notes 2 do not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. Neither Capital Notes 2 nor the AMP Shares have been or will be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and they may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. Capital Notes 2 are being offered solely outside the United States pursuant to Regulation S under the US Securities Act.

Any offer, sale or resale of Capital Notes 2 in the United States by a dealer (whether or not participating in the Offer of Capital Notes 2) may violate the registration requirements of the US Securities Act.

Each person submitting an Application Form will be deemed to have acknowledged that they are aware of the restrictions referred to in this Section 6.6.1 and to have represented and warranted that they are able to apply for and acquire Capital Notes 2 in compliance with those restrictions.

6.6.2 Application to ASX for quotation of Capital Notes 2

AMP will apply to ASX for Capital Notes 2 to be quoted on ASX within seven days after the date of this Prospectus. If ASX does not grant permission for Capital Notes 2 to be quoted within three months after the date of this Prospectus, Capital Notes 2 will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

6.6.3 CHESS and issuer-sponsored holdings

AMP will apply for Capital Notes 2 to participate in CHESS. No certificates will be issued for Capital Notes 2. AMP expects that Holding Statements for issuer-sponsored Holders and confirmations for CHESS Holders will be dispatched to successful Applicants by 30 December 2019.

6.6.4 Deferred settlement trading and selling on-market

It is expected that Capital Notes 2 will begin trading on ASX on a deferred settlement basis on 24 December 2019 under ASX code "AMPPB". Trading is expected to continue on that basis until 31 December 2019, when it is anticipated that trading of Capital Notes 2 will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before Holding Statements are dispatched to successful Applicants.

You are responsible for confirming your holding before trading in Capital Notes 2. If you are a successful Applicant and sell your Capital Notes 2 before receiving your Holding Statement, you do so at your own risk.

You may call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time) or your Syndicate Broker, after the Issue Date, to enquire about your allocation.

6.6.5 Provision of bank account details for Distributions

All Holders of Capital Notes 2 will be paid Distributions by direct credit into a nominated Australian financial institution account. AMP is a mandatory direct credit company, as outlined in AMP's constitution.

6.6.6 Provision of TFN or ABN for Australian tax residents

If you are an Applicant who has not already quoted your TFN or ABN to AMP and are issued any Capital Notes 2, then you may be contacted in relation to quoting your TFN, ABN or both.

The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure is strictly regulated, by tax laws and the *Privacy Act 1988* (Cth). It is not an offence not to quote your TFN or ABN; however not doing so may result in tax being withheld from Distributions. Please refer to ABN/TFN withholding tax in Section 7 for additional information.

Successful Applicants who do not have a registered address in Australia, or who direct the payment of any Distribution to an address outside of Australia, may have an amount deducted for Australian withholding tax from any Distribution paid, to the extent that the Distribution is not fully franked or declared to be conduit foreign income.

AMP may also be required to request information from successful Applicants to comply with its obligations under FATCA and CRS. See Section 8.12 for further information.

6.6.7 Discretion regarding the Offer

AMP reserves the right not to proceed with, and may withdraw, the Offer at any time before the issue of Capital Notes 2 to successful Applicants.

If the Offer does not proceed, Application Payments will be refunded without interest as soon as practicable.

AMP and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Capital Notes 2 than applied or bid for. This is at AMP's discretion, and AMP is under no obligation to exercise that discretion in any particular case.

Investors should also note that no cooling-off rights (whether by law or otherwise) apply to an Application for Capital Notes 2. This means that, in most circumstances, Applicants may not withdraw their Applications for Capital Notes 2 once an Application is submitted, except as permitted under the Corporations Act.

6.7 Enquiries

6.7.1 General enquiries

You can call the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time) if you:

- have further questions on how to apply for Capital Notes 2;
- require assistance to complete your Application Form;
- require additional copies of this Prospectus and Application Forms;
- have any other questions about the Offer; or
- if you are unclear in relation to any matter relating to the Offer or are uncertain whether Capital Notes 2 are a suitable investment for you, you should consult your stockbroker, solicitor, accountant or other licensed adviser.

6.7.2 Applicants under the Broker Firm Offer

If you have further questions about the Offer of Capital Notes 2 or your Application under the Broker Firm Offer, call your Syndicate Broker.

7. AUSTRALIAN TAXATION SUMMARY

This section includes a summary of the Australian tax consequences of investing in Capital Notes 2.

If you are considering applying for Capital Notes 2, it is important that you understand the taxation consequences of investing in Capital Notes 2. You should read the Australian taxation summary in this section, and discuss the taxation consequences with your tax adviser, licensed adviser or other professional adviser before deciding whether to invest.

7.1	Distributions on Capital Notes 2
7.2	ABN/TFN withholding tax
7.3	CGT consequences of ordinary disposal
7.4	CGT consequences of Conversion, Redemption, Resale and Write-off
7.5	Taxation of Financial Arrangements (TOFA)
7.6	Goods and services tax
7.7	Stamp duty

The following is a summary of the Australian income tax, capital gains tax (“CGT”), goods and services tax (“GST”) and stamp duty consequences for Australian tax resident Holders of Capital Notes 2 (“Resident Holders”) and Holders who are not tax residents of Australia (“Non-Resident Holders”) who hold the Capital Notes 2 on capital account for tax purposes.

The following is general in nature and should be treated with appropriate caution. It is not exhaustive and, in particular, does not deal with the position of certain classes of Holders of Capital Notes 2 (including, dealers in securities, custodians or other third parties who hold Capital Notes 2 on behalf of any Holder). Prospective Holders of Capital Notes 2 who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Capital Notes 2 for their particular circumstances. This summary should not be read as constituting advice to any particular Holder.

AMP has applied for a public class ruling from the ATO on a number of Australian taxation implications for Resident Holders. The information provided below is consistent with that application. Resident Holders should refer to the ATO’s class ruling once it is published.

7.1 Distributions on Capital Notes 2

The Capital Notes 2 should be characterised as non-share equity interests for Australian income tax purposes. Distributions should be treated as non-share dividends and not as interest income for income tax purposes.

Distributions on the Capital Notes 2 are frankable distributions and may carry Franking Credits. Distributions are expected to be franked at the same rate as AMP Shares. The Franking Rate applicable to the first Distribution is expected to be 100%. The rate of franking depends on AMP’s available Franking Credits.

AMP will provide distribution statements to Holders in respect of each Distribution on the Capital Notes 2. Holders may refer to the distribution statement to ascertain:

- the amount of the Distribution;
- the amount of Franking Credits attached to the Distribution; and
- the amount of the unfranked part of the Distribution that is declared by AMP to be conduit foreign income.

7.1.1 Resident Holders

The amount of a Distribution will be included in the assessable income of a Resident Holder.

Provided the Resident Holder is a “qualified person” (see discussion below) in relation to a Distribution, the Franking Credit should also be included in the assessable income of the Resident Holder and the Resident Holder should be entitled to a tax offset equal to the amount of the Franking Credit.

For some Resident Holders, if the tax offset exceeds their income tax liability for an income year, the excess tax offset may be refunded.

A Resident Holder will be a “qualified person” in relation to a Distribution if the Resident Holder has held the Capital Notes 2 “at risk” for a continuous period of at least 90 days during the relevant qualification period.

The length of the qualification period will depend on whether the Resident Holder has made a “related payment” in relation to the Distribution. Generally, this occurs where the Resident Holder makes a payment which passes the benefit of the Distribution to another person.

The Commissioner of Taxation may also apply anti-avoidance rules to deny the benefit of Franking Credits to Holders in limited circumstances.

These issues are being addressed in the ATO class ruling requested by AMP. Resident Holders should refer to the ATO class ruling once it is published.

7.1.2 Non-Resident Holders

Non-Resident Holders may be subject to Australian dividend withholding tax on the Distributions. Dividend withholding tax should generally not apply to Non-Resident Holders to the extent that:

- the Non-Resident Holder derives the Distribution in carrying on a business at or through a permanent establishment in Australia;
- the Distribution is franked; or
- the amount of the unfranked part of the Distribution is declared by AMP to be conduit foreign income.

Australian dividend withholding tax is imposed at a general rate of 30% but the rate may be reduced under a double tax treaty between Australia and the jurisdiction where the Holder is resident.

If any dividend withholding tax is applicable, AMP will not increase the amount of the Distribution to account for that withholding.

7.2 ABN/TFN withholding tax

Holders may choose to notify AMP of their Australian Tax File Number (“TFN”), Australian Business Number (“ABN”) or a relevant exemption from ABN/TFN withholding tax with respect to Distributions. If AMP does not receive such notification, withholding tax may be deducted at the rate of (currently) 47%.

Holders may be able to claim a tax credit or rebate in respect of any such tax withheld from Distributions in their income tax returns.

7.3 CGT consequences of ordinary disposal

Gains and losses made on the disposal of Capital Notes 2 should be taxed under the CGT provisions. This is on the basis that the Capital Notes 2 should not be treated as “traditional securities” for income tax purposes.

The cost base of each Capital Note 2 acquired by a Holder should include the Face Value of the Capital Note 2 which the Holder pays on subscription. The cost base of each Capital Note 2 should also include any certain incidental costs (e.g. legal costs, broker fees) associated with the purchase and disposal of the Capital Note 2.

Again, these issues are being addressed in the ATO class ruling requested by AMP. Resident Holders should refer to the ATO class ruling once it is published.

7.3.1 Resident Holders

A Resident Holder should make a capital gain on the sale of Capital Notes 2 if the sale proceeds exceed their cost base in the Capital Notes 2. If the sale proceeds are less than their reduced cost base, the Resident Holder should make a capital loss. Capital losses may only be offset against capital gains (and not other income) in the same or later years of income.

A Resident Holder may be entitled to the CGT discount in respect of a capital gain made on the sale of Capital Notes 2 if they have held the Capital Notes 2 for at least 12 months. A Resident Holder who is an individual or trust is entitled to a discount percentage of 50% and complying superannuation entities are entitled to a discount percentage of 33%. Companies are not entitled to the CGT discount.

7.3.2 Non-Resident Holders

Any capital gain or capital loss made in respect of the Capital Notes 2 by a Non-Resident Holder who does not hold the Capital Notes 2 at or through a permanent establishment in Australia should be disregarded for Australian tax purposes.

7.4 CGT consequences of Conversion, Redemption, Resale and Write-off

7.4.1 Conversion

Any capital gain or loss made by a Resident Holder on Conversion should be disregarded for Australian tax purposes. Instead, the Resident Holder's cost base in the AMP Shares acquired on Conversion will be determined by reference to their cost base in the Capital Notes 2 which were Converted.

The Resident Holder will be taken to acquire the AMP Shares at the time of Conversion. In order to be eligible for the CGT discount on the sale of the AMP Shares, the Resident Holder will need to hold the AMP Shares for at least 12 months from the time of Conversion.

Again, these issues are being addressed in the ATO class ruling requested by AMP. Resident Holders should refer to the ATO class ruling once it is published.

7.4.2 Redemption

A Redemption of the Capital Notes 2 should constitute a disposal of Capital Notes 2 for CGT purposes. Holders should refer to the consequences set out above at Section 7.3 in relation to the CGT consequences on a disposal of Capital Notes 2.

7.4.3 Resale

A Resale of the Capital Notes 2 should constitute a disposal of Capital Notes 2 for CGT purposes. Holders should refer to the consequences set out about at Section 7.3 in relation to the CGT consequences on a disposal of Capital Notes 2.

7.4.4 Write-off

The Capital Notes 2 will only be Written-off in limited circumstances if a Non-Viability Event occurs and the Capital Notes 2 are unable to be Converted into AMP Shares. A Write-off of Capital Notes 2 may cause Resident Holders to make a capital loss. This is on the basis that no capital proceeds will be provided to Resident Holders on a Write-off of their Capital Notes 2. As discussed above, capital losses may only be offset against capital gains (and not other income) of the same or later years of income.

7.5 Taxation of Financial Arrangements (TOFA)

The TOFA regime contains tax timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements". The TOFA regime does not generally apply to an investment in Capital Notes 2 unless the Holder has made certain elections under the TOFA regime.

Holders who have made one of the elections should obtain specific tax advice relating to their individual circumstances regarding the application of the TOFA regime to their investment in the Capital Notes 2.

7.6 Goods and services tax

Holders should not be liable for GST in respect of their investment in Capital Notes 2 or the disposal or Conversion of Capital Notes 2.

7.7 Stamp duty

Neither the issue to nor the receipt by a Holder of the Capital Notes 2 should give rise to a stamp duty liability in any Australian State or Territory provided that following the issue or receipt of Capital Notes 2, no Holder will, either alone or together with any associated persons, be entitled to a distribution of 50% or more of the property of AMP on a notional distribution of all the property of AMP.

The Redemption, Conversion or Write-off of the Capital Notes 2 in accordance with their terms should also not give rise to any stamp duty liability in any Australian State or Territory following the Redemption, Conversion or Write-off of the Capital Notes 2 in accordance with their terms, provided that no Holder will either alone or together with any associated person or related person hold an interest in AMP of 50% or more.

8. ADDITIONAL INFORMATION

This section provides information about a number of other matters including those not covered elsewhere in this Prospectus.

8.1	Reporting and disclosure obligations
8.2	Availability of documents
8.3	Rights and liabilities attaching to Capital Notes 2
8.4	Rights and liabilities attaching to AMP Shares
8.5	Summary of the Trust Deed
8.6	Summary of the Offer Management Agreement
8.7	Consents
8.8	Interests and benefits of advisers
8.9	Expenses of the Offer
8.10	Interests of directors
8.11	ASX confirmation
8.12	United States Foreign Account Tax Compliance Act and OECD Common Reporting Standard
8.13	Acknowledgements
8.14	Privacy
8.15	Consent of directors of AMP

8.1 Reporting and disclosure obligations

AMP is admitted to the official list of ASX and is a disclosing entity for the purposes of the Corporations Act. As a disclosing entity, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These include the preparation of yearly and half-yearly financial statements, a report on the operations of the AMP Group during the relevant period and an audit or review report by its auditor.

Copies of these and other documents lodged with the ASX may be obtained free of charge from AMP at amp.com.au/shares and the ASX at asx.com.au. Copies of documents lodged with ASIC, which are publicly available, can be obtained from, or inspected at, an ASIC office and are available on ASIC's website asic.gov.au (a fee may apply).

AMP has an obligation under the Corporations Act and the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

8.2 Availability of documents

During the Offer Period, you can obtain a copy of the documents listed below free of charge from AMP at amp.com.au/shares, the ASX at asx.com.au or by phoning the Capital Notes 2 information line on 1300 338 164 (within Australia) or +61 3 9415 4018 (outside Australia) Monday to Friday – 8.30am to 5.30pm (Sydney time).

- the AMP 2018 annual report for the year ended 31 December 2018 and the half-year financial report for the half-year ended 30 June 2019;
- any continuous disclosure notices given by AMP in the period after the lodgement of the financial report of AMP for the year ended 31 December 2018 and before lodgement of this Prospectus; and
- the constitution of AMP.

8.3 Rights and liabilities attaching to Capital Notes 2

The rights and liabilities attaching to Capital Notes 2 are contained in the Trust Deed (which incorporates the Terms). The Terms are set out in full in Appendix A of this Prospectus and the Trust Deed is summarised in Section 8.5. AMP must provide a copy of the Trust Deed to a Holder on request. A copy of the Trust Deed can also be obtained from ampcapitalnotes2.com.au.

Rights and liabilities attaching to Capital Notes 2 may also arise under the Corporations Act, ASX Listing Rules, the constitution of AMP and other laws.

8.4 Rights and liabilities attaching to AMP Shares

Subject to the exceptions set out in the Terms, Holders will receive AMP Shares on Conversion. The rights and liabilities attaching to the AMP Shares are set out in the constitution of AMP and are also regulated by the Corporations Act, ASX Listing Rules and the general law.

This Section 8.4 briefly summarises the key rights attaching to the AMP Shares. It is not intended to be an exhaustive summary of the rights and obligations of AMP Shareholders. Investors who wish to inspect AMP's constitution may do so by requesting a copy as provided under Section 8.2.

8.4.1 Dividends

Holders of AMP Shares are entitled to receive such Dividends on AMP Shares as may be determined by the board of AMP in its discretion. Dividends are payable to AMP Shareholders in proportion to the amount paid on the AMP Shares that they hold.

Dividends must only be paid in accordance with applicable laws and AMP's constitution. Under the Corporations Act, as at the date of this Prospectus, AMP is restricted from paying Dividends unless:

- AMP's assets exceed its liabilities immediately before the Dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the Dividend is fair and reasonable to AMP's Shareholders as a whole; and
- the payment of the Dividend does not materially prejudice AMP's ability to pay its creditors.

AMP may also be restricted from paying Dividends on AMP Shares by prudential standards of APRA, or potentially in particular circumstances by the terms of certain of its regulatory capital instruments.

8.4.2 Meetings and voting rights

Holders of AMP Shares are entitled to receive notice of, attend and vote at general meetings of AMP. Each AMP Shareholder present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or one vote for each AMP Share held (or a fraction of a vote in proportion to the amount paid up on that AMP Share) on a poll.

8.4.3 Winding-up of AMP

Subject to the preferential entitlement (if any) of holders of preference shares, on a winding-up of AMP, AMP Shareholders are entitled to participate equally in the distribution of assets of AMP (both capital and surplus), subject to any amounts unpaid on the AMP Share.

8.4.4 Transfers

Transfers of AMP Shares are not effective until registered. Subject to the ASX Listing Rules, AMP may refuse to register a transfer of AMP Shares without giving any reasons. However, the ASX Listing Rules substantially restrict when AMP may refuse to register a transfer.

Unless otherwise required by law, AMP is not required to recognise any interest in AMP Shares other than the interest of AMP Shareholders.

8.4.5 Issue of further AMP Shares

The directors of AMP control the issue of AMP Shares. Subject to the Corporations Act, the directors of AMP may issue further AMP Shares, redeemable preference shares and bonus shares for no consideration, and grant options over AMP Shares, on terms as they think fit.

8.5 Summary of the Trust Deed

AMP has entered into a Trust Deed dated on or about the date of this Prospectus with the Trustee. The following is a summary only of the principal provisions of the Trust Deed.

8.5.1 Appointment of Trustee

The Trustee has been appointed under the Trust Deed and holds the following on trust for the Holders of Capital Notes 2 and itself in accordance with the Trust Deed:

- the right to enforce AMP's duty to repay under Capital Notes 2;
- the right to enforce AMP's obligation to pay all other amounts payable under Capital Notes 2;
- the right to enforce any other duties or obligations that AMP has under the Terms, under the Trust Deed, to Holders under the Trust Deed or under chapter 2L of the Corporations Act;
- the amount of \$10; and
- any other property held by the Trustee on the trust established under the Trust Deed (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Trust Deed).

8.5.2 Undertakings and covenants of AMP

AMP has undertaken to the Trustee, subject to any obligation of AMP to Convert or Write-off Capital Notes 2, to pay the amounts due and payable in respect of each Capital Note 2 under and in accordance with the Trust Deed. The Trustee directs AMP to pay such amounts directly to Holders, except that payments must be made to the Trustee if a receiver or manager has been appointed to AMP, AMP is directed by the Trustee to do so or AMP advises the Trustee that it is not likely to meet its obligations under the Trust Deed.

AMP makes covenants with the Trustee for the benefit of Holders to comply with its obligations under the terms and chapter 2L and section 318 of the Corporations Act.

8.5.3 Enforcement

Subject to section 283DA(h) of the Corporations Act, the Trustee may at any time in its discretion take action to enforce the Trust Deed in accordance with its terms (which includes the Terms), but is not required to take any such action unless:

- it is requested to take action by Holders who hold in aggregate 25% or more of the Face Value of all Capital Notes 2 then outstanding or by a Special Resolution;
- it is indemnified to its reasonable satisfaction against all actions, proceedings, claims and demands to which the Trustee may be liable by taking such action, all costs which the Trustee may incur in taking action and all management time spent by employees of the Trustee in relation to such action (the Trustee is not entitled to be indemnified by any Holder personally); and
- the action is permitted under the Trust Deed.

No Holder is entitled to proceed directly against AMP to enforce any right or remedy under or in respect of any Capital Note 2 or the Trust Deed unless the Trustee, having become bound so to proceed, fails to do so within 14 days and the failure is continuing, in which case any Holder may institute proceedings against AMP for the relevant remedy to the same extent that the Trustee would have been entitled to do so.

8.5.4 Sale of AMP Shares on Conversion of Capital Notes 2

Under the Terms of Capital Notes 2, if a Holder has elected not to receive AMP Shares on Conversion of Capital Notes 2, a Holder is not eligible to receive AMP Shares or withholding on account of FATCA is to be made from the issue of AMP Shares to the Holder, the AMP Shares to be issued to such Holder on Conversion of Capital Notes 2 will be issued to a Sale and Transfer Agent, who will sell them at market value and pay the proceeds (less costs) to the Holder. The Trustee is not liable to any Holder for the acts of any Sale and Transfer Agent appointed to sell the AMP Shares and has no duties in connection with any such sale and no responsibility for any costs, losses, liabilities, expenses, demands or claims which arise as a result of such sale.

8.5.5 Liability

Except to the extent arising as a result of the Trustee's fraud, gross negligence or wilful default or breach of section 283DA(a), (b) or (c) of the Corporations Act, the Trustee is not liable to AMP or any other person in any capacity other than as Trustee of the Trust and the Trustee's liability is further limited to the assets of the Trust available to indemnify the Trustee for the liability.

8.5.6 Fees and expenses

AMP will pay the Trustee fees as agreed between AMP and the Trustee. AMP will also pay, on demand, the Trustee's reasonable expenses incurred in connection with execution of the Trust Deed and related expenses, losses and expenses incurred in connection with exercising, enforcing or preserving rights under the Trust Deed (or attempting to do so), losses and expenses incurred or which arise out of or in the course of acting as Trustee (except where these expenses are incurred by the Trustee as a direct result of a the Trustee's fraud, gross negligence or wilful default or breach of section 283DA(a), (b) or (c) of the Corporations Act) and expenses properly incurred by the Trustee as the result of a Winding-up Event.

8.5.7 Retirement and removal

The Trustee may retire at any time by giving notice to AMP at least 60 days before the date it wants to retire or any other period which is agreed by AMP and the Trustee.

AMP may remove the Trustee at any time by giving at least 60 days' notice to the Trustee (or such other period as AMP and the Trustee may agree) in certain circumstances, including where the Trustee is in material breach of its obligations under the Trust Deed and has not rectified the breach within seven Business Days of receiving notice from AMP requesting the breach be remedied, and the Trustee's fraud, gross negligence or wilful default or breach of section 283DA(a), (b) or (c) of the Corporations Act has occurred and is continuing, the Trustee ceases or has ceased or has expressed an intention to cease to carry on business, the Trustee ceases to be a person which can be appointed as a trustee under the Corporations Act, the Trustee is placed in liquidation or is wound-up or dissolved or a receiver, liquidator, administrator or similar person is appointed to the Trustee or the Trustee has breached section 283DA(a), (b) or (c) of the Corporations Act. AMP may also remove the Trustee if authorised or requested to do so by a meeting of Holders.

The removal or retirement of the Trustee does not take effect until the appointment of a new trustee is effective. AMP has the power to appoint a new trustee.

8.5.8 Meetings

By a Holder Resolution, Holders have the power to approve certain alterations to the Trust Deed and to give directions to the Trustee as to the performance of its duties under the Trust Deed and the Terms of Capital Notes 2. By a Special Resolution, Holders may approve the release of the Trustee from liability for something done or omitted to be done, approve any act taken by the Trustee or approve certain alterations to the Trust Deed which are required to be approved by Holder Resolutions and Special Resolutions. Holder Resolutions and Special Resolutions may be passed either in meetings of Holders or by postal ballot or written resolution. Resolutions proposed in meetings of Holders must be passed by the requisite majority of the persons voting on a show of hands or, if a poll is demanded, then by a majority consisting of at least the requisite majority of the votes cast. On a show of hands, every Holder who is present has one vote, and on a poll every Holder who is present has one vote for every Capital Note 2 with respect to which it is the registered Holder. If the meeting is by postal ballot or written resolution then the resolution must be passed by Holders representing (in aggregate) at least the requisite majority of the principal amount outstanding of the Capital Notes 2.

A meeting of Holders may be convened at any time by either the Trustee or AMP. AMP must call a meeting of Holders (or the relevant Holders) on request in writing of Holders who together hold 10% or more of the aggregate Face Value of all Capital Notes 2 to consider the financial statements that were laid before the last annual general meeting of AMP or to give the Trustee directions in relation to the exercise of its powers under the Trust Deed. The Trustee must call a meeting of Holders as soon as is reasonably practicable after becoming aware of a Winding-up Event occurring.

8.5.9 No monitoring obligations

The Trustee is not responsible for monitoring compliance by AMP with its covenants and obligations under the Trust Deed or any other activities or status of AMP including taking steps to ascertain whether there has occurred or is likely to occur any Non-Viability Event or Inability Event. This is subject to certain statutory duties imposed on the Trustee under chapter 2L of the Corporations Act, including that it must exercise reasonable diligence to ascertain whether:

- the property of AMP that is or should be available will be sufficient to repay the amounts lent by Holders in respect of Capital Notes 2 when they become due; and
- AMP has breached the Terms of Capital Notes 2, the Trust Deed or the provisions of chapter 2L of the Corporations Act; and

do everything in its power to ensure that AMP remedies any breach known to the Trustee of the Terms of Capital Notes 2, the Trust Deed or the provisions of chapter 2L of the Corporations Act, unless the Trustee is satisfied that the breach will not materially prejudice Holders' interests.

8.5.10 Receipt of moneys

All moneys that are received by the Trustee under the Trust Deed will be applied first in payment of any amounts owing to the Trustee in connection with the Trust Deed and secondly, in or towards payment of all amounts due but unpaid under Capital Notes 2 to the relevant Holders. The balance (if any) of the money remaining after those payments will be returned to AMP.

8.5.11 Notices

The Trust Deed contains provisions for the giving of notices, including in the case of the giving of notices to Holders by AMP, by publication in a national newspaper, or on the ASX and on AMP's website.

8.6 Summary of the Offer Management Agreement**8.6.1 Overview**

AMP and the Joint Lead Managers signed the Offer Management Agreement on or around 26 November 2019. Under the Offer Management Agreement, AMP appointed Commonwealth Bank of Australia, Morgans, National Australia Bank and UBS as Joint Lead Managers of the Offer of Capital Notes 2. The following is a summary of the principal provisions of the Offer Management Agreement.

Under the Offer Management Agreement, the Joint Lead Managers have agreed to manage the Offer of Capital Notes 2, including the Bookbuild and related allocation process for the Offer and to provide settlement support for the settlement obligations of successful Applicants under the Bookbuild.

8.6.2 Fees

The estimated aggregate fees payable by AMP to the Joint Lead Managers under the Offer Management Agreement are set out in Section 8.8. The actual amount payable will not be known until the allocation of Capital Notes 2 under the Offer. In addition, AMP must reimburse each Joint Lead Manager for reasonable expenses, including reasonable legal and travel costs, incurred by the Joint Lead Managers in relation to the Offer.

8.6.3 Representations and warranties

Customary and usual representations and warranties are given by the parties in relation to matters such as the power to enter into the Offer Management Agreement and corporate authority. AMP gives a number of further representations and warranties, including that this Prospectus and the related public documents are not misleading or deceptive or likely to mislead or deceive and do not contain any untrue, inaccurate, misleading or deceptive statements or omissions.

8.6.4 Indemnity

Subject to certain exclusions relating to, amongst other things, fraud, negligence, material breach of law (not caused or contributed to by AMP) or wilful default of an indemnified party (or the Joint Lead Manager with which the indemnified party is associated or any other associated indemnified party), AMP indemnifies the Joint Lead Managers and certain affiliated parties against losses incurred or suffered directly or indirectly in connection with the Offer of Capital Notes 2 or the Offer Management Agreement.

8.6.5 Termination

Any/each Joint Lead Manager may terminate its obligations under the Offer Management Agreement on the occurrence of a number of customary termination events, including (among others):

- a credit rating downgrade of AMP;
- a specified fall in the S&P/ASX 200 index;
- ASIC issues a stop order in relation to this Prospectus;
- ASX refuses to quote Capital Notes 2 on ASX;
- certain breaches of the Offer Management Agreement;
- AMP withdraws this Prospectus or the Offer of Capital Notes 2; and
- trading of AMP Shares is suspended for a certain period of time, or AMP Shares cease to be quoted on ASX.

Certain other termination events will only give rise to a right to terminate if it is in the reasonable opinion of the Joint Lead Manager that the event has had or is likely to have a material adverse effect on the Offer of Capital Notes 2 or give rise to a contravention of, or liability to a Joint Lead Manager under applicable laws. If termination occurs, the Joint Lead Manager who terminates (or each Joint Lead Manager) will no longer be a Joint Lead Manager and will not be obliged to conduct the Bookbuild or provide settlement support for the Bookbuild.

Under the Offer Management Agreement, if one Joint Lead Manager terminates, each other Joint Lead Manager may give notice in writing to AMP and the terminating Joint Lead Manager(s) stating whether it will also terminate or whether it will assume the rights and obligations of the terminating Joint Lead Manager(s).

8.7 Consents

Each of the parties referred to in the following table and each of their respective affiliates, officers, employees and advisers, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties referred to in the following table:

- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not (except as set out below), and its affiliates, officers and employees have not, made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based; and
- does not cause, permit or authorise the issue or lodgement, submission, dispatch or provision of this Prospectus.

Role	Consenting parties
Arranger	UBS
Joint Lead Managers	Commonwealth Bank of Australia, Morgans, National Australia Bank and UBS
Co-managers	Crestone Wealth Management, JBWere and Shaw and Partners
Australian legal and tax adviser	King & Wood Mallesons
Registrar	Computershare Investor Services Pty Limited
Trustee	Sargon CT Pty Limited
Auditor	Ernst & Young

The Joint Lead Managers have each given and have not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent for the inclusion of the statement made by each of the Joint Lead Managers (as it applies to each of them) in Section 8.7 in the form and context in which it appears in Section 8.7.

King & Wood Mallesons has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent for the inclusion of statements by it, consisting of the Australian taxation summary in Section 7 in the form and context in which it appears in Section 7.

Sargon CT Pty Limited is acting as trustee for Holders under the Trust Deed.

Sargon CT Pty Limited, and its directors, employees, officers, affiliates, agents, advisers, intermediaries and related bodies corporate (each a “related person”):

- have not authorised or caused the issue or distribution of this Prospectus and do not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- do not assume any responsibility for or make representations as to the accuracy or completeness of any information contained in this Prospectus;
- to the maximum extent permitted by law expressly disclaim all liability in respect of, make no representation or any statement regarding, and take no responsibility for, any part of this Prospectus, or any statements in, or omissions from, this Prospectus, other than in the case of the Trustee, only references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;
- in the case of the Trustee only, has given, and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and content in which it is named;
- have relied on AMP for the accuracy of the contents of this Prospectus; and
- do not make any representation or warranty as to the performance of Capital Notes 2, the payment of Distributions or Exchange of Capital Notes 2, or the value of any AMP Shares issued (or their proceeds of sale) on Conversion.

8.8 Interests and benefits of advisers

UBS has acted as the arranger for the Offer of Capital Notes 2, and each of Commonwealth Bank of Australia, Morgans, National Australia Bank and UBS have acted as Joint Lead Managers to the Offer, in respect of which they will receive fees from AMP. The estimated aggregate fees payable by AMP to the Joint Lead Managers are up to approximately \$4.4 million (exclusive of GST), making certain assumptions as to the allocations of Capital Notes 2 between the Broker Firm Offer, Institutional Offer and Securityholder Offer. The aggregate fees include an arranger fee payable to UBS and a Joint Lead Manager fee split amongst the Joint Lead Managers.

Under the Offer Management Agreement, the Joint Lead Managers may pay selling fees on behalf of AMP to Australian financial services licensees or brokers who are representatives of Australian financial services licensees in certain circumstances, including where Capital Notes 2 were allocated to a broker for allocation to another person. Under the Offer Management Agreement, the amount of the fee payable to those brokers may not exceed 1% of the amount which is equal to the number of Capital Notes 2 which are allocated to the relevant broker multiplied by \$100. Brokers may in turn rebate fees to other brokers. The amount of the fee paid to one broker by another broker may not exceed 1% of the Face Value of the Capital Notes 2 allocated to that Broker.

The Joint Lead Managers are responsible for paying, on behalf of AMP, all selling fees and other amounts payable to the Syndicate Brokers and other adviser groups under the Offer of Capital Notes 2. Brokers and adviser groups may on-pay some or all of these amounts to their individual representatives.

King & Wood Mallesons has acted as AMP's Australian legal and tax adviser in relation to the Offer of Capital Notes 2 and has prepared the Australian taxation summary in Section 7. In respect of this work, King & Wood Mallesons will be paid approximately \$310,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Further amounts may be paid to King & Wood Mallesons in accordance with its time-based charges.

Ernst & Young has provided due diligence services in relation to the Offer. In respect of this work, Ernst & Young will be paid approximately \$145,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with its time-based charges.

Except as set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- Joint Lead Manager,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of AMP;
- the Offer of Capital Notes 2; or
- any property acquired or proposed to be acquired by AMP in connection with the formation or promotion of AMP or the Offer of Capital Notes 2, nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of AMP or the Offer. Other than as set out in this Prospectus, no such person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given, to any such persons for services provided by them, in connection with the formation or promotion of AMP, or the Offer.

The Joint Lead Managers and their respective affiliates are involved in a wide range of financial services and businesses including some or all of securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading, and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt, equity or hybrid securities or senior loans or financial products of any member of the AMP Group or any third party involved in the Offer, and may finance the acquisition of those securities and/or financial products and take or enforce security over those securities and/or financial products. The Joint Lead Managers and their respective affiliates may receive fees for, or profits and other financial benefits from, those activities.

8.9 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$200 million, then the net proceeds of the Offer are expected to be \$194 million and the total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be \$6 million. All of these expenses have been, or will be, borne by AMP.

8.10 Interests of directors

Other than as described in this Prospectus, no director or proposed director of AMP holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of AMP;
- the Offer of Capital Notes 2; or
- any property acquired or proposed to be acquired by AMP in connection with the formation or promotion of AMP or the Offer.

Other than as described in this Prospectus, no amount (whether in cash, AMP Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any director or proposed director of AMP:

- to induce a person to become, or qualify as, a director; or
- for services provided by a director or proposed director in connection with the formation or promotion of AMP or the Offer.

Details of holdings of AMP Shares and other securities of AMP by directors of AMP are disclosed to, and available from, the ASX at asx.com.au. Details of the remuneration paid to the directors of AMP are set out in the AMP 2018 annual report which is available from AMP at amp.com.au/shares and the ASX at asx.com.au. With effect from 1 May 2018, the board of AMP reduced the fees for all AMP Non-Executive Directors who held office at that time by 25% for the remainder of the 2018 calendar year. This reduction was made in recognition of collective governance accountability for the issues raised in the Royal Commission and their impact on AMP's reputation. It applied to all components of the remuneration of the NEDs who held office when the reduction took effect. The fee pool from which those fees are paid has a maximum of \$4.62 million per annum.

8.11 ASX confirmation

ASX has granted the following waivers and confirmations to AMP in connection with the Offer:

- confirmation that the Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- confirmation that ASX does not consider Capital Notes 2 preference securities for the purposes of ASX Listing Rules 6.4 to 6.7;
- confirmation that ASX Listing Rule 6.12 does not apply to the Exchange, Resale, Redemption or Write-off of Capital Notes 2;
- confirmation that ASX classifies Capital Notes 2 as debt securities in circumstances where the conversion into AMP shares can only occur on the occurrence of a Non-Viability Event;
- confirmation that for the purposes of ASX Listing Rule 7.1 the issue of Capital Notes 2 would be considered to occur at the time that Shareholder Approval is obtained; and
- approval to allow Capital Notes 2 to trade on a deferred settlement basis for a short time following their issue and quotation on ASX.

8.12 United States Foreign Account Tax Compliance Act (FATCA) and OECD Common Reporting Standard

8.12.1 FATCA

Under FATCA, a 30% withholding (“**FATCA withholding**”) may be required if (i)(A) an investor does not provide information sufficient for AMP or any other non-United States financial institution (“**FFI**”) through which payments on the Capital Notes 2 are made to determine the Holder’s status under FATCA, or (B) an FFI to or through which payments on the Capital Notes 2 are made is a “non-participating FFI”; and (ii) the Capital Notes 2 are treated as debt for United States federal income tax purposes and the payment is made in respect of Capital Notes 2 issued or modified after the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the United States Federal Register, or the Capital Notes 2 are treated as equity for United States federal income tax purposes, whenever issued.

FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term “foreign passthru payment” are filed with the United States Federal Register.

Reporting Australian Financial Institutions (“**RAFIs**”) under the Australia-United States FATCA Intergovernmental Agreement dated 28 April 2014 (“**Australian IGA**”) must comply with specific due diligence procedures. In general, these procedures seek to identify account holders and provide the Australian Taxation Office (“**ATO**”) with information on financial accounts held by United States persons and recalcitrant account holders. The ATO is required to provide such information to the United States Internal Revenue Service. Consequently, Holders may be requested to provide certain information and certifications to AMP and to any other financial institutions through which payments on the Capital Notes 2 are made. A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA withholding on amounts it receives, and will not be required to deduct FATCA withholding from payments it makes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Capital Notes 2 as a result of FATCA, pursuant to the terms and conditions of the Capital Notes 2, no additional amounts will be paid by AMP as a result of the deduction or withholding.

8.12.2 CRS

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“CRS”) requires certain financial institutions to report information regarding certain accounts (which may include the Capital Notes 2) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the *Taxation Administration Act 1953* (Cth) to give effect to the CRS.

8.13 Acknowledgements

Each person who applies to participate in the Offer of Capital Notes 2, or submits an Application Form and/or Application Payment, will be deemed to have:

- acknowledged having personally received a paper or electronic copy of this Prospectus (and any supplementary or replacement document) accompanying the Application Form and having read them all in full;
- acknowledged that the Applicant(s) understand the Terms and have had an opportunity to consider the suitability of an investment in Capital Notes 2 with their licensed advisers;
- agreed to be bound by the Terms and the terms and conditions of the Offer of Capital Notes 2 and on Conversion of Capital Notes 2, agrees to become a member of AMP and to be bound by the terms of AMP’s constitution;
- declared that all details and statements in their Application Form are complete and accurate;
- consented to the use and disclosure of the Applicant’s(s’) personal information as described in Section 8.14, and understood and agreed that the use and disclosure of the Applicant’s(s’) personal information applies to any personal information collected by AMP and any entity in the AMP Group in the course of the Applicant’s(s’) relationship with AMP and any entity in the AMP Group;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that once AMP or the Registrar receives an Application Form it may not be withdrawn, except as allowed by law;
- acknowledged that, in some circumstances, AMP may not pay Distributions or any other amount payable on Capital Notes 2;
- applied for the number of Capital Notes 2 at the Australian dollar amount shown on the Application Form;
- agreed to being allocated the number of Capital Notes 2 applied for (or a lower number allocated in a way described in this Prospectus), or no Capital Notes 2 at all;
- authorised AMP and the Joint Lead Managers and their respective officers or agents to do anything on the Applicant’s(s’) behalf necessary for Capital Notes 2 to be allocated to the Applicant(s), including to act on instructions received by the Registrar upon using the contact details in the Application Form;
- acknowledged that if the amount of any payment is insufficient to pay for the number of Capital Notes 2 that the Applicant has applied for, then AMP may, in consultation with the Joint Lead Managers, determine that the Applicant has applied for such lower amount of Capital Notes 2 as the cleared Application Payment will pay for;
- acknowledged that any Application may be rejected without giving any reason, including where the Application Form is not properly completed;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Capital Notes 2 are suitable for the Applicant(s), given the Applicant’s(s’) investment objectives, financial situation or particular needs;
- declared that the Applicant(s) is an Australian resident or otherwise a person to whom the Offer of Capital Notes 2 can be made, and Capital Notes 2 issued, in accordance with all applicable foreign securities laws and Section 6.6.1;
- acknowledged that Capital Notes 2 have not been, and will not be, registered under the US Securities Act or pursuant to the securities laws of any other jurisdiction outside Australia;
- represented and warranted that the Applicant(s) is not in the United States or any other place outside Australia and is not a US person (or acting for the account or benefit of a US person), and the Applicant(s) will not offer, sell, pledge or transfer any Capital Notes 2 in the United States or to, or for the account or benefit of, any US person; and
- acknowledged that Capital Notes 2 are not protected accounts, bank deposit liabilities or policy liabilities of AMP or any member of the AMP Group and are not protected accounts under the Banking Act or policies with any member of the AMP Group under the Life Insurance Act and that investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested and that AMP does not in any way guarantee or stand behind the capital value or performance of Capital Notes 2.

8.14 Privacy

Your privacy is important to AMP and the AMP Group. The Registry has been engaged to maintain the Register on behalf of AMP and the AMP Group. If you apply for Capital Notes 2, you will be asked to provide personal information to AMP or its agents, including the Registry. The primary purpose of collecting personal information about you is to enable your Application to be assessed and processed and to register you as a Holder. This information will also be used to communicate with you and service your needs as a Holder, to provide facilities and services that you request and to carry out appropriate administration of your investment. To do that, AMP may disclose your personal information to its agents, contractors or third party service providers to whom AMP outsources services such as mailing, printing and registry functions in connection with the administration of the Register and AMP activities applicable to you as a Holder.

AMP may also disclose your personal information to related companies within the AMP Group or to their agents, contractors or third party service providers. Your personal information may also be disclosed to ASX and anyone you authorise. However, all of these parties are bound by the same privacy policy as AMP. Personal information is collected in accordance with the *Privacy Act 1988* (Cth) and AMP's privacy policy.

Your personal information may be used by the AMP Group for related purposes, such as keeping you informed about the AMP Group's business activities, progress and development, other members of the AMP Group and their businesses and bring to your attention a range of products and services offered by AMP or other members of the AMP Group. These may include investment, retirement, financial planning, banking, credit, life and general insurance products and enhanced customer services that may be made available through the AMP Group. If you do not consent to AMP using or disclosing your personal information in your capacity as Holder, please let us know by contacting the Registry. It is important that you contact AMP or the Registry because, by investing in AMP, you will be taken to have consented to these uses and disclosures.

Company and tax law requires some personal information to be collected. The personal information that AMP and the Registry collect is necessary for the proper and effective management of your holding of Capital Notes 2. If you do not provide complete and accurate information when requested, your Application may not be able to be processed efficiently, if at all.

The Corporations Act provides that any person may inspect a register of securityholders and obtain copies of the register of securityholders. Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by or on behalf of AMP. You can request access to your personal information or obtain further information about the management of your personal information by contacting the Registry or AMP. When seeking access to your personal information an identity verification process is undertaken. AMP's privacy policy sets out the AMP Group's policies on management of personal information. AMP's privacy policy is available at amp.com.au.

If you think AMP's records of your personal information are incorrect or out of date, it is important that you contact AMP so that your records can be corrected. You may (subject to permitted exceptions) access the personal information AMP holds on you at any time by contacting AMP in writing. AMP may charge a fee for such access.

You may choose not to give your personal information or to limit the information you provide to AMP. Depending on the type of information you withhold, AMP may not be able to process your Application efficiently (if at all), or make payments to you.

8.15 Consent of directors of AMP

Each director of AMP has given, and not withdrawn, their consent to lodgement of this Prospectus with ASIC.

APPENDIX A: TERMS OF CAPITAL NOTES 2

1 Form of Capital Notes

1.1 Constitution under Trust Deed

AMP capital notes (**Capital Notes**) are perpetual, convertible, subordinated debt obligations in the form of unsecured notes of AMP constituted by, and owing under, the Trust Deed.

1.2 Form

The Capital Notes are in registered form and are issued by entry in the Register.

1.3 Face Value

The Capital Notes have a denomination and Face Value of A\$100 and are issued fully paid.

1.4 CHESS

The Capital Notes will be entered into and dealt with in CHESS. For so long as the Capital Notes remain in CHESS, the rights of a person holding an interest in the Capital Notes are subject to the rules and regulations of CHESS but this shall not affect any term which would cause the Capital Notes to cease to be Eligible Funding.

1.5 ASX quotation

AMP must use all reasonable endeavours to ensure the Capital Notes are, and until Redeemed, Converted or Written-Off remain, quoted on ASX.

1.6 No other rights

The Capital Notes confer no rights on a Holder:

- (a) to vote at any meeting of AMP Shareholders;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of AMP; or
- (c) to otherwise participate in the profits or property of AMP, except as expressly set out in these Terms or the Trust Deed.

1.7 Shareholder Approval for Conversion other than on account of a Non-Viability Event

- (a) Clause 4 and clause 7 of these Terms shall not apply, and AMP has no right to elect to Convert Capital Notes in accordance with clause 6 of these Terms, unless and until Shareholder Approval has been obtained.
- (b) “**Shareholder Approval**” means approval by an ordinary resolution of the AMP Shareholders, duly passed at a general meeting of AMP, that Capital Notes have been issued on terms that they may Convert as provided in clause 4, clause 6 and clause 7 of these Terms.
- (c) AMP agrees to use reasonable endeavours to seek the Shareholder Approval at its next scheduled annual general meeting (and if the Shareholder Approval is not obtained at such meeting, at each next succeeding annual general meeting until such time as the Shareholder Approval is obtained).
- (d) If for any reason the Shareholder Approval has not been obtained by the Mandatory Conversion Date, but the Shareholder Approval is obtained after that date, clause 4 shall be read as applying as if the Mandatory Conversion Date was the first Distribution Date falling after the date the Shareholder Approval is obtained.
- (e) Each Holder by its purchase or holding of a Capital Note shall be taken to have irrevocably acknowledged and agreed that:
 - (i) the Shareholder Approval will not have been obtained at the date of issue of Capital Notes;
 - (ii) AMP has no obligation to seek the Shareholder Approval at an extraordinary general meeting of AMP;
 - (iii) AMP has no obligation to ensure that the Shareholder Approval is obtained and has no liability to the Holder, and the Holder has no remedy, if the Shareholder Approval is not obtained; and
 - (iv) nothing in this clause 1.7, the requirement to seek Shareholder Approval or any failure to obtain Shareholder Approval has any effect on the obligations of AMP to Convert Capital Notes on account of a Non-Viability Event in accordance with clause 5 and clause 8 (or to Write-Off Capital Notes in accordance with Clause 8.11).

2 Status and ranking

2.1 Status and ranking

The Capital Notes constitute direct and unsecured subordinated obligations of AMP, ranking for payment of Distributions and for payment of the Redemption Price in a winding-up of AMP:

- (a) ahead of AMP Shares;
- (b) equally among themselves and with all other instruments issued as Perpetual Subordinated Instruments by AMP; and
- (c) behind the claims of Senior Ranking Creditors.

2.2 Not liabilities of AMP Bank Limited; not policies under Life Insurance Act

The Capital Notes are not:

- (a) deposits with, deposit liabilities or protected accounts of AMP Bank Limited (ABN 15 079 804 676) or any other member of the AMP Group for the purposes of the Banking Act;
- (b) policies with any member of the AMP Group for the purposes of the Life Insurance Act;
- (c) guaranteed or insured by any government or under any compensation scheme or by any government agency or any other party; nor
- (d) investments in any superannuation or other fund managed by a member of the AMP Group.

2.3 Unsecured notes

The Capital Notes are unsecured notes for the purposes of section 283BH of the Corporations Act.

3 Distributions

3.1 Distributions

Subject to these Terms, AMP will pay interest on each Capital Note in arrear on each Distribution Date (a **Distribution**). The amount of a Distribution will be calculated according to the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \$100 \times N}{365}$$

In this formula, **Distribution Rate** (expressed as a percentage per annum) is calculated according to the following formula:

Distribution Rate = (BBSW Rate + Margin) x Franking Adjustment Factor

where:

BBSW Rate (expressed as a percentage per annum) means:

- (A) subject to paragraph (B):
 - (aa) for the Distribution Period ending with the relevant Distribution Date, the rate designated as "BBSW" in respect of prime bank eligible securities having a three month tenor which rate ASX Benchmarks (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am (or such other time at which such rate is customarily published) on the first Business Day of that Distribution Period; or
 - (ab) if AMP determines that such rate as is described in paragraph (aa) above:
 - (AA) is not published by midday (or such other time that AMP considers appropriate) on that day; or
 - (AB) is published, but is affected by an obvious error, such other rate that AMP determines having regard to comparable indices then available; and
- (B) if AMP determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, AMP:
 - (aa) shall use as the BBSW Rate such Replacement Rate as it may determine;
 - (ab) shall make such adjustments to these Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate; and
 - (ac) in making the determinations under paragraphs (aa) and (ab) above:
 - (AA) shall act in good faith and in a commercially reasonable manner;
 - (AB) may consult with such sources of market practice as it considers appropriate; and
 - (AC) may otherwise make such determination in its discretion.

Holders should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards;

Franking Adjustment Factor means:

$$\frac{(1 - T)}{1 - [T \times (1 - F)]}$$

where:

F means the Franking Rate; and

T means the Tax Rate;

Margin means the rate (expressed as a percentage per annum) determined under the Bookbuild; and

N means:

- (a) for the first Distribution Date, the number of days from (and including) the Issue Date until (but not including) the first Distribution Date; and
- (b) for each subsequent Distribution Date, the number of days from (and including) the preceding Distribution Date until (but not including) the relevant Distribution Date.

3.2 Distributions are conditional

- (a) Payments of Distributions are within the absolute discretion of AMP and are subject to no Payment Condition existing on the relevant Distribution Date.
- (b) Distributions are non-cumulative. If all or any part of a Distribution is not paid because of clause 3.2(a) or because of any other reason:
 - (i) AMP has no liability to pay the unpaid amount of the Distribution;
 - (ii) Holders have no claim or rights in respect of such non-payment (including on a winding-up of AMP); and
 - (iii) non-payment does not constitute an event of default.
- (c) No interest accrues on any unpaid Distributions and Holders have no entitlement to interest on any unpaid Distributions.

3.3 Record Dates

The person entitled to be paid a Distribution on a Distribution Date is the person who is the Holder of the Capital Note on the Record Date for that Distribution.

3.4 Notification of Distribution, Distribution Rate and other items

For each Distribution Period, AMP must notify the Trustee, the Registrar and ASX of:

- (a) the sum of the BBSW Rate and the Margin as soon as practicable but no later than the fourth Business Day of the Distribution Period; and
- (b) the Distribution Rate and the expected Distribution payable no later than five Business Days prior to the Record Date for the relevant Distribution Date.

3.5 Restrictions in the case of non-payment

Subject to the exclusions in clause 3.6, if for any reason a Distribution has not been paid in full on a Distribution Date, AMP must not:

- (a) declare, determine to pay or pay a Dividend; or
 - (b) undertake any Buy Back or Capital Reduction,
- until and including the next Distribution Date unless the Distribution is paid in full within 20 Business Days of the scheduled Distribution Date.

3.6 Exclusions from restrictions in case of non-payment

The restrictions in clause 3.5 do not apply:

- (a) where Holders by Special Resolution approve the declaration, determination or payment of a Dividend on AMP Shares, a Buy Back or a Capital Reduction;
- (b) to a Buy Back or Capital Reduction in connection with any employment contract, benefit plan or other similar arrangement; and
- (c) to the payment of a Dividend or completion of a Buy Back or Capital Reduction which AMP had become legally obliged to pay or complete at the time the relevant Distribution was not paid on the relevant Distribution Date.

Nothing in these Terms prohibits AMP or a Controlled Entity from purchasing or arranging for the purchase of AMP Shares or any other shares in the capital of AMP (or an interest therein) in connection with a transaction for the account of a customer of either AMP or a Controlled Entity or in connection with the distribution or trading of AMP Shares or any other shares in the capital of AMP in the ordinary course of business.

This includes:

- (x) where a Controlled Entity takes security over AMP Shares in the ordinary course of business;
- (y) where AMP or a Controlled Entity acquires AMP Shares acting as trustee for another person and neither AMP nor any Controlled Entity has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business); and
- (z) where a Controlled Entity which is a life insurance company acquires AMP Shares for a statutory fund which are allocated to policyholder liabilities in accordance with the Life Insurance Act and other applicable law.

4 [Mandatory Conversion](#)

4.1 **Mandatory Conversion**

Subject to clauses 1.7, 5, 6 and 7, on the Mandatory Conversion Date AMP must Convert all (but not some) of the Capital Notes on issue at that date into AMP Shares in accordance with clause 8 and clause 4.

4.2 **Mandatory Conversion Date**

- (a) The Mandatory Conversion Date will be the Distribution Date falling on 16 December 2027 if the Mandatory Conversion Conditions are satisfied for that date.
- (b) If the Mandatory Conversion Conditions are not satisfied for that date, the Mandatory Conversion Date shall be the first Distribution Date after that date for which the Mandatory Conversion Conditions are satisfied.

4.3 **Mandatory Conversion Conditions**

The Mandatory Conversion Conditions are:

- (a) **(First Mandatory Conversion Condition)** the VWAP on the 25th Business Day immediately preceding (but not including) the relevant Distribution Date is more than 56% of the Issue Date VWAP. If no trading in AMP Shares took place on that date, the date will be the first Business Day immediately preceding that date on which trading in AMP Shares took place;
- (b) **(Second Mandatory Conversion Condition)** the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the relevant Distribution Date is more than 50.51% of the Issue Date VWAP; and
- (c) **(Third Mandatory Conversion Condition)** no Delisting Event applies on the relevant Distribution Date.

4.4 **Non-Conversion Notices**

AMP will give notice (a **Non-Conversion Notice**) to Holders and the Trustee if any of the Mandatory Conversion Conditions are not satisfied in relation to the Distribution Date falling on 16 December 2027 and any subsequent Distribution Date. The following requirements apply to the giving of a Non-Conversion Notice:

- (a) if the First Mandatory Conversion Condition is not satisfied, a Non-Conversion Notice will be given no later than the 21st Business Day before the relevant Distribution Date; and
- (b) if the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied, a Non-Conversion Notice will be given on or as soon as practicable after the relevant Distribution Date.

The Non-Conversion Notice will specify that Mandatory Conversion will not (or, as the case may be, did not) occur on the relevant Distribution Date. If Mandatory Conversion does not occur, all rights attaching to the Capital Notes will continue until the Capital Notes are Converted or Redeemed.

5 [Conversion on a Non-Viability Event](#)

5.1 **Non-Viability Event**

- (a) A Non-Viability Event occurs upon:
 - (i) the issuance of a notice, in writing, by APRA to AMP that the conversion to AMP Shares or Write-Off of Perpetual Subordinated Instruments in accordance with their terms or by operation of law is necessary because, without it, APRA considers that AMP would become non-viable; or
 - (ii) a determination by APRA, notified in writing to AMP, that without a public sector injection of capital, or equivalent support, AMP would become non-viable.

- (b) If a Non-Viability Event occurs, AMP must convert or write-off:
 - (i) unless paragraph (ii) applies, all Perpetual Subordinated Instruments; or
 - (ii) where clause 5.1(a)(i) applies, such amount of Perpetual Subordinated Instruments which is required to enable APRA to conclude that AMP is viable without further conversion or write-off.

5.2 Consequences of a Non-Viability Event

- (a) If a Non-Viability Event occurs:
 - (i) on that date, whether or not that day is a Business Day (the **Non-Viability Conversion Date**), AMP must immediately determine in accordance with APRA's determination under clause 5.1:
 - (A) the amount of Capital Notes that will be Converted and the amount of other Perpetual Subordinated Instruments which will be converted or written-off; and
 - (B) the identity of the Holders at the time that the Conversion is to take effect on that date (and in making that determination, AMP may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time); and
 - (ii) subject only to clause 8.11 and despite any other provision in these Terms, on the Non-Viability Conversion Date the relevant amount of Capital Notes will be Converted, and the relevant amount of other Perpetual Subordinated Instruments will be converted or written-off, in each case immediately and irrevocably.
- (b) AMP must notify Holders and the Trustee that a Non-Viability Event has occurred as soon as practicable. The notice (a **Non-Viability Event Notice**) must state:
 - (i) that Conversion has occurred;
 - (ii) the Non-Viability Conversion Date;
 - (iii) the amount of Capital Notes Converted; and
 - (iv) the amount of Perpetual Subordinated Instruments converted or written-off.
- (c) If in accordance with clause 5.1(b)(ii) AMP is required to convert or write-off only an amount of Perpetual Subordinated Instruments, AMP must endeavour to treat Holders approximately proportionately with other Holders and holders of other Perpetual Subordinated Instruments but may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect the conversions or write-offs immediately.
- (d) None of the following shall prevent, impede or delay a Non-Viability Conversion as required by this clause 5.2:
 - (i) any failure or delay in the conversion or write-off of any other Perpetual Subordinated Instruments;
 - (ii) any failure or delay in giving a Non-Viability Event Notice;
 - (iii) any failure or delay in quotation of the AMP Shares to be issued on Conversion;
 - (iv) any decision as to the identity of Holders whose Capital Notes are to be Converted in accordance with clause 5.2(a)(i)(B); or
 - (v) any requirement to select or adjust the amount of Capital Notes to be Converted in accordance with clause 5.2(a).
- (e) From the Non-Viability Conversion Date, but subject to clause 8.11 and clause 17.3(b), AMP shall treat the Holder in respect of the Capital Notes as the holder of the Conversion Number of AMP Shares and will take all such steps, including updating any of its registers, required to record the Conversion.

5.3 Priority of conversion obligations

- (a) Non-Viability Conversion is not subject to the Mandatory Conversion Conditions.
- (b) Non-Viability Conversion takes place on the date, and in the manner, required by clause 5.2 notwithstanding anything in clauses 4.1, 6, 7 or 16.
- (c) If for any reason (including an Inability Event), a Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date, the Capital Notes will not Convert and instead will be Written-Off in accordance with clause 8.11.

6 Exchange at AMP's option

6.1 AMP may elect to exchange Capital Notes

AMP may, subject to the restrictions in clause 1.7 and this clause 6, and with APRA's prior written approval, elect to:

- (a) Convert, Redeem or Resell all or some Capital Notes on the Optional Exchange Date;
- (b) Convert, Redeem or Resell all or some Capital Notes on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event; or
- (c) Convert all (but not some only) Capital Notes on an Exchange Date following the occurrence of a Potential Acquisition Event.

In order for AMP to elect to Convert, Redeem or Resell Capital Notes, it must give notice to Holders and the Trustee (an Exchange Notice). Holders should not expect APRA's approval will be given for any exchange of Capital Notes under these Terms.

6.2 Delivery of Exchange Notice by AMP

- (a) An Exchange Notice cannot be given in the period of 20 Business Days preceding (and not including) the Distribution Date falling on 16 December 2027 or a Distribution Date occurring after that date if the First Mandatory Conversion Condition has been met in respect of that date.
- (b) An Exchange Notice must specify:
 - (i) where clause 6.1(b) or clause 6.1(c) applies, the details of the Tax Event, Regulatory Event or Potential Acquisition Event to which the Exchange Notice relates;
 - (ii) the date on which Exchange is to occur (**Exchange Date**);
 - (iii) the Exchange Method which applies to the Capital Notes the subject of the Exchange Notice;
 - (iv) if less than all Capital Notes are subject to Exchange, the proportion of the Capital Notes that are to be Exchanged;
 - (v) if the Exchange Notice specifies that any Capital Notes are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
 - (vi) whether any Distribution will be paid in respect of the Capital Notes to be Exchanged on the Exchange Date.
- (c) The Exchange Date must be:
 - (i) where clause 6.1(a) or clause 6.1(b) applies, a Business Day falling between:
 - (A) 25 and 45 Business Days (where the Exchange Method elected is Conversion); or
 - (B) 15 and 45 Business Days (where the Exchange Method elected is Redemption or Resale),in each case, after the date on which the Exchange Notice is given; or
 - (ii) where clause 6.1(c) applies, the Business Day prior to the date determined by AMP as the last date on which AMP Shareholders can participate in the bid or scheme concerned or an earlier date as AMP may reasonably determine having regard to the timing for implementation of the bid or scheme concerned or such later date as APRA may require.
- (d) Once an Exchange Notice is given it is irrevocable.

6.3 Exchange Method

In determining which Exchange Method should apply to a particular Capital Note:

- (a) AMP must comply with the restrictions in clauses 6.4 and 6.5; and
- (b) AMP may select:
 - (i) any one or more of Conversion, Redemption or Resale to apply to the Capital Notes held by a Holder; and
 - (ii) a different combination of Conversion, Redemption and Resale to apply to Capital Notes held by different Holders,

but otherwise, AMP must endeavour to treat Holders, in the case of an Exchange of only some Capital Notes, on an approximately proportionate basis (although it may discriminate to take account of the effect on marketable parcels and other logistical considerations).

6.4 Election by AMP of Redemption as Exchange Method

AMP may only elect Redemption as the Exchange Method if:

- (a) prior to or concurrently with the Redemption, AMP replaces the Capital Notes with Perpetual Subordinated Instruments or AMP Shares and the replacement is done under conditions that are sustainable for AMP's income capacity; or
- (b) AMP obtains confirmation from APRA that APRA is satisfied, having regard to the projected capital position of the AMP Group, that AMP does not have to replace the Capital Notes subject to Redemption.

6.5 Restrictions on election by AMP of Conversion as Exchange Method

AMP may not elect Conversion as the Exchange Method if on the second Business Day before the Exchange Notice is to be sent by AMP (or, if trading in AMP Shares did not occur on that date, the Business Day immediately before that date on which trading in AMP Shares occurred):

- (a) the VWAP on that date is less than or equal to 22% of the Issue Date VWAP; or
- (b) a Delisting Event applies on that date.

These are the Optional Conversion Restrictions.

6.6 Conditions to Conversion occurring once elected by AMP

If AMP has elected that Conversion will occur on an Exchange Date and:

- (a) the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Exchange Date is equal to or less than 20.2% of the Issue Date VWAP; or
- (b) a Delisting Event applies on the Exchange Date,

then, notwithstanding any other provision of these Terms:

- (i) the Exchange Date will be deferred until the first subsequent Distribution Date on which the Mandatory Conversion Conditions (applied as if the percentage of the Issue Date VWAP were 22% for the First Mandatory Conversion Condition and 20.2% for the Second Mandatory Conversion Condition) would be satisfied (the Deferred Conversion Date);
- (ii) AMP must Convert the Capital Notes on the Deferred Conversion Date (unless the Capital Notes are Exchanged earlier in accordance with these Terms); and
- (iii) until the Deferred Conversion Date, all rights attaching to the Capital Notes will continue as if the Exchange Notice had not been given.

AMP will notify Holders and the Trustee on or as soon as practicable after an Exchange Date in respect of which clause 6.6 applies that Conversion did not occur on that Exchange Date.

7 Conversion on Acquisition Event**7.1 Notice of Acquisition Event**

AMP must notify Holders and the Trustee of the occurrence of an Acquisition Event as soon as practicable after becoming aware of that event.

7.2 Conversion on occurrence of Acquisition Event

If an Acquisition Event occurs, subject to clause 1.7, clause 7.4 and clause 7.5, AMP must give notice to Holders and the Trustee (an **Acquisition Conversion Notice**) and Convert all (but not some only) Capital Notes on the Acquisition Conversion Date in accordance with clauses 7 and 8.

7.3 Contents of Acquisition Conversion Notice; Acquisition Conversion Date

- (a) An Acquisition Conversion Notice must specify:
 - (i) the details of the Acquisition Event to which the Acquisition Conversion Notice relates; and
 - (ii) the date on which Conversion is to occur (**Acquisition Conversion Date**), and whether any Distribution will be paid on Capital Notes on the Acquisition Conversion Date.
- (b) The Acquisition Conversion Date for an Acquisition Event must be:
 - (i) the Business Day prior to the date determined by AMP to be:
 - (A) the last date on which AMP Shareholders can participate in the bid or scheme concerned; or
 - (B) such other earlier date as AMP may determine to be required to ensure that Holders have an opportunity to participate in such bid or scheme having regard to the timing for implementation of the bid or scheme concerned;
 - (ii) where the timing of the bid or scheme does not permit AMP so to determine, such other date not later than 25 Business Days following the date the Acquisition Conversion Notice is given; or
 - (iii) any later date which APRA requires.

7.4 Where Acquisition Conversion Notice not required

Notwithstanding any provision of clauses 7.2 or 7.3, AMP is not required to give an Acquisition Conversion Notice if either or both of the Optional Conversion Restrictions would apply if the Acquisition Conversion Notice were an Exchange Notice under clause 6. If the Optional Conversion Restrictions would apply, the provisions of clause 7.5 will apply.

7.5 Deferred conversion on Acquisition Event

If:

- (a) AMP is not required to give an Acquisition Conversion Notice because clause 7.4 applies; or
- (b) AMP has given an Acquisition Conversion Notice but:
 - (i) the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Acquisition Conversion Date is equal to or less than 20.2% of the Issue Date VWAP; or
 - (ii) a Delisting Event applies on the Acquisition Conversion Date,

then, notwithstanding any other provision of these Terms (but without limitation to the operation of clause 5.3):

- (A) the Acquisition Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Acquisition Conversion Date;
- (B) AMP will notify Holders and the Trustee as soon as practicable after the Acquisition Conversion Date that Conversion did not occur (**Deferred Acquisition Conversion Notice**); and
- (C) AMP must, unless clause 7.4 then applies, give an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) at least 25 Business Days prior to the immediately succeeding Distribution Date which is at least 25 Business Days after the date on which the Deferred Acquisition Conversion Notice was given.

The Deferred Acquisition Conversion Notice must comply with the requirements in clause 7.3.

7.6 Subsequent deferred Conversion

Where a Conversion has been deferred in accordance with clause 7.5 and either:

- (a) AMP is not required to give an Acquisition Conversion Notice because clause 7.4 applies; or
- (b) AMP has given an Acquisition Conversion Notice but:
 - (i) the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Acquisition Conversion Date is equal to or less than 20.2% of the Issue Date VWAP; or
 - (ii) a Delisting Event applies on the Acquisition Conversion Date,

then clause 7.5 will be reapplied in respect of each subsequent Distribution Date until a Conversion occurs.

8 Conversion mechanics

8.1 Conversion

If AMP elects to Convert Capital Notes (with APRA's prior written approval) or must Convert Capital Notes, the following provisions shall apply:

- (a) Each Capital Note that is being Converted will Convert into AMP Shares. The number of AMP Shares into which a Capital Note will Convert (the **Conversion Number**) will be calculated by AMP in accordance with the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$$

subject always to the Conversion Number being no greater than the Maximum Conversion Number, where:

VWAP means the VWAP during the VWAP Period;

Maximum Conversion Number is calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$$

where Relevant Fraction means:

- (i) in the case of Mandatory Conversion, 0.5; and
 - (ii) in the case of any other Conversion, 0.2.
- (b) Each Holder's rights in relation to each Capital Note that is being Converted will be immediately and irrevocably terminated in full for an amount equal to the Face Value and AMP will apply the Face Value of each Capital Note by way of payment for the subscription for the AMP Shares to be issued to the Holder under clause 8.1(a). Each Holder is taken to have irrevocably directed AMP to apply any amount payable under clause 8.1 in this way and Holders do not have any right to payment in any other way. Termination of a Holder's rights in relation to a Capital Note will not limit AMP's discretion to pay a Distribution on that Capital Note on the Conversion Date in accordance with and subject to clause 3 (except in the case of Non-Viability Conversion, when no Distribution will be paid).
- (c) If the total number of AMP Shares to be issued in respect of a Holder's aggregate holding of Capital Notes upon Conversion includes a fraction of an AMP Share, that fraction of an AMP Share will be disregarded.
- (d) Subject to clause 8.10, on Conversion, AMP will issue the AMP Shares to the Holder on the basis that a Holder's name, address and security account details in CHESS held by the Registrar are:
- (i) the name and address for entry into any register of title and receipt of any certificate or holding statement relating to any AMP Shares issued on Conversion; and
 - (ii) the account to which the AMP Shares issued on Conversion are to be credited,
- unless, on or after the Issue Date and no less than 15 days prior to the Conversion Date, a Holder has notified AMP of a different name, address or account details, together with any other information reasonably requested by AMP.

8.2 Adjustments to VWAP generally

For the purposes of calculating the VWAP in these Terms:

- (a) where AMP Shares have been quoted on ASX cum Dividend, other distribution or entitlement on some or all of the Business Days in the relevant VWAP Period, and Capital Notes will Convert into AMP Shares after the date those AMP Shares no longer carry that Dividend, other distribution or entitlement, the VWAP on the Business Days on which those AMP Shares have been quoted cum Dividend, other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:
- (i) in the case of a Dividend or other distribution, the amount of that Dividend or other distribution including, if the Dividend or other distribution is franked, the amount referable to the franking credit that would be included in the assessable income of a recipient of the dividend or other Distribution who is a natural person resident in Australia under the Tax Legislation;
 - (ii) in the case of any entitlement that is not a Dividend or other distribution for which adjustment is made under clause 8.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
 - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by AMP; and
- (b) where AMP Shares have been quoted on ASX ex Dividend, other distribution or entitlement on some or all of the Business Days in the relevant VWAP Period, and Capital Notes will Convert into AMP Shares in respect of which the relevant Dividend, other distribution or entitlement would be payable, the VWAP on the Business Days on which those AMP Shares have been quoted ex Dividend, other distribution or entitlement shall be increased by the Cum Value.

8.3 Adjustments to VWAP for capital reconstruction

Where there is a change in the number of AMP Shares on issue during the relevant VWAP Period because the AMP Shares are reconstructed, consolidated, divided or reclassified (without any cash payment to or by AMP Shareholders) (**Reclassification**), the daily VWAP for each day in the VWAP Period which falls before the date on which trading in AMP Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

- A** means the aggregate number of AMP Shares immediately before the Reclassification; and
- B** means the aggregate number of AMP Shares immediately after the Reclassification.

8.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP, adjustments to the VWAP will be made in accordance with clauses 8.2 and 8.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by AMP in accordance with clauses 8.5, 8.6 and 8.7; and
- (b) will correspondingly:
 - (i) affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
 - (ii) cause an adjustment to the Maximum Conversion Number.

8.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 8.5(b) and 8.5(c), if AMP makes a pro rata bonus issue of AMP Shares to AMP Shareholders generally (without involving any cash payment to or by AMP Shareholders), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \frac{RD}{RD + RN}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V₀ means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of AMP Shares on issue immediately prior to the allotment of new AMP Shares pursuant to the bonus issue; and

RN means the number of AMP Shares issued pursuant to the bonus issue.

- (b) For the avoidance of doubt, clause 8.5(a) does not apply to AMP Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a Dividend reinvestment plan.
- (c) For the purposes of clause 8.5(a), an issue will be regarded as a pro rata bonus issue notwithstanding that AMP does not make offers to some or all AMP Shareholders with registered addresses outside Australia, provided that in so doing AMP is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under clause 8.5 for any offer of AMP Shares not covered by clause 8.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of AMP Shares except as covered by clause 8.5(a) shall not in any way restrict AMP from issuing AMP Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of the Holders.

8.6 Adjustment to Issue Date VWAP for capital reconstruction

- (a) If at any time after the Issue Date there is a change in the number of AMP Shares on issue as a result of a Reclassification (without involving any cash payment to or by AMP Shareholders), the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of AMP Shares immediately before the Reclassification; and

B means the aggregate number of AMP Shares immediately after the Reclassification.

- (b) Each Holder acknowledges that AMP may consolidate, divide or reclassify securities so that there is a different number of AMP Shares and that AMP may do this at any time in its absolute discretion without the action constituting a modification or variation of rights or privileges of Holders or requiring any consent or concurrence.

8.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 8.5 and 8.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect.

8.8 General provisions relating to adjustments

- (a) AMP will notify Holders and the Trustee (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under clause 8 within 10 Business Days of AMP determining the adjustment. That adjustment will be final and binding.
- (b) Any adjustment to the VWAP or the Issue Date VWAP made by AMP in accordance with clause 8 will be effective, final and binding on Holders under these Terms and these Terms will be construed accordingly.

8.9 AMP Shares

- (a) Each AMP Share issued upon Conversion will rank equally with all other fully paid AMP Shares provided that the rights attaching to the AMP Shares issued on Conversion do not take effect until 5.00pm on the Mandatory Conversion Date, Exchange Date or in the case of the Non-Viability Conversion Date, the time at which such conversion occurs on that date.
- (b) AMP shall use all reasonable endeavours to list the AMP Shares issued upon Conversion of Capital Notes on ASX.

8.10 Conversion where the Holder does not wish to receive AMP Shares or is an Ineligible Holder

- (a) If a Capital Note is required to be Converted and:
 - (i) the Holder has notified AMP no less than 15 Business Days before the Conversion Date that it does not wish to receive AMP Shares as a result of the Conversion;
 - (ii) the Holder is an Ineligible Holder; or
 - (iii) withholding on account of FATCA is to be made from the issue of AMP Shares to the Holder,then, on the Conversion Date, the Holder's rights in relation to each Capital Note being Converted are immediately and irrevocably terminated in full for an amount equal to the Face Value and AMP will apply the Face Value of the Capital Note by way of payment for the subscription for the issue by AMP of the Conversion Number of AMP Shares to one or more Sale and Transfer Agents (but otherwise in accordance with clause 8.1) and on terms that at the first opportunity the Sale and Transfer Agent will sell the AMP Shares at market value and pay the Proceeds to the relevant Holder or, where paragraph (iii) applies, as required by FATCA. Each Holder is taken to have irrevocably directed AMP to apply any amount payable in accordance with this clause 8.10(a) in this way and Holders do not have any right to payment in any other way.
- (b) The issue of AMP Shares to one or more Sale and Transfer Agents under clause 8.10(a) satisfies the obligation of AMP to issue AMP Shares in connection with Conversion and, subject to clause 8.10(c), on and from the issue of those AMP Shares, the rights of a Holder the subject of clause 8.10 in respect of those AMP Shares are limited to its rights in respect of the Proceeds as provided in clause 8.10(a).
- (c) If for any reason (including an Inability Event) the issue of AMP Shares to a Sale and Transfer Agent on a Non-Viability Conversion does not occur within five Business Days of the Conversion Date, then Holders' rights will be immediately and irrevocably terminated in accordance with clause 8.11.
- (d) AMP has no liability to a Holder for the acts of any Sale and Transfer Agent appointed to sell the AMP Shares when Capital Notes are required to be Converted and has no, nor owes any, duties in connection with any such sale and has no responsibility for any Costs, losses, liabilities, demands or claims which arise as a result of such sale.

8.11 Write-Off

- (a) If a Capital Note is required to be Converted on account of a Non-Viability Event and if for any reason (including, without limitation, an Inability Event) a Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date, then Conversion of that Capital Note will not occur, the Capital Notes will not be Converted, Redeemed or Resold under these Terms on any subsequent date, and instead the relevant Holder's rights (including to Distributions, to payment of Face Value, and to issuance of AMP Shares upon Conversion of that Capital Note) in relation to such Capital Notes are immediately and irrevocably written-off and terminated (**Written-Off**) with effect on and from the Non-Viability Conversion Date.
- (b) AMP may, but is not required to, seek advice from reputable legal counsel as to whether an Inability Event has occurred and is subsisting. An Inability Event is taken to have occurred and subsist if AMP receives advice to that effect from such counsel. The seeking of advice by AMP under this clause 8.11(b) shall not delay or impede the Write-Off of the Capital Notes when required under clause 8.11(a).
- (c) AMP must give notice to Holders and the Trustee if Conversion has not occurred by operation of this clause 8.11 but failure to give that notice shall not affect the operation of this clause 8.11.
- (d) This clause 8.11 applies notwithstanding any other provisions of these Terms.

9 Redemption mechanics

9.1 Redemption mechanics

If, subject to APRA's prior written approval and compliance with the conditions in clause 6.4, AMP elects to Redeem Capital Notes in accordance with these Terms, the provisions of clause 9 apply to that Redemption. Holders should not expect APRA's approval will be given for any Redemption of Capital Notes under these Terms.

9.2 Redemption

- (a) A Capital Note will be Redeemed by payment on the Exchange Date of the Face Value to the relevant Holder (**Redemption Price**).
- (b) Redemption may occur even if AMP, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

9.3 Effect of Redemption on Holders

On the Exchange Date the only right Holders will have in relation to Capital Notes will be to obtain the Redemption Price payable in accordance with these Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by Capital Notes will no longer have effect.

10 Resale mechanics

10.1 Resale mechanics

If AMP elects to Resell Capital Notes in accordance with these Terms, the provisions of clause 10 apply to that Resale.

10.2 Appointment of Nominated Purchaser

AMP must appoint one or more Nominated Purchasers for the Resale on terms agreed between AMP and the Nominated Purchasers. If AMP appoints more than one Nominated Purchaser for a Resale, all or any of the Capital Notes held by a Holder which are being Resold may be purchased by one or a combination of the Nominated Purchasers, as determined by AMP, for the Resale Price.

The obligation of a Nominated Purchaser to pay the Resale Price on the Exchange Date may be subject to such conditions as AMP may reasonably determine.

Any terms of the appointment or of the Resale which may cause the Capital Notes to cease to be Eligible Funding are subject to the prior written consent of APRA.

10.3 Identity of Nominated Purchasers

AMP may not appoint a person as a Nominated Purchaser unless that person:

- (a) has agreed to acquire each Capital Note from each Holder for the Resale Price on the Exchange Date. The agreement may be on such terms and subject to such conditions as AMP reasonably determines for the benefit of each Holder;
- (b) has a long-term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and
- (c) is not AMP or a Related Entity.

10.4 Irrevocable offer to sell Capital Notes

Each Holder on the Exchange Date is taken irrevocably to offer to sell Capital Notes the subject of a Resale to the Nominated Purchaser or Nominated Purchasers on the Exchange Date for the Resale Price.

10.5 Effect of Resale

On the Exchange Date subject to payment by the Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in such Capital Notes (excluding the right to any Distribution payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

10.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Exchange Date (a **Defaulting Nominated Purchaser**) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Exchange Notice as it relates to the Defaulting Nominated Purchaser will be void;
- (b) Capital Notes will not be transferred to the Defaulting Nominated Purchaser on the Exchange Date; and
- (c) Holders will continue to hold the Capital Notes referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these Terms.

10.7 Payment of Resale Price

Clause 14 applies to payment of the Resale Price as if a reference in that clause to the Redemption Price includes a reference to the Resale Price.

11 General rights

11.1 Power of attorney

- (a) Each Holder appoints each of AMP, its officers and any External Administrator of AMP (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as the Attorney considers necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including effecting any Conversion, Redemption or Resale or making any entry in the Register or the register of any AMP Shares.
- (b) The power of attorney given in clause 11.1 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

11.2 Consent to receive AMP Shares and other acknowledgements

Each Holder by its purchase or holding of a Capital Note shall be taken to have irrevocably:

- (a) agreed to become a member of AMP, and to be bound by the constitution of AMP, when AMP Shares are to be issued on Conversion;
- (b) acknowledged and agreed that unless it has given notice under clause 8.10(a)(i) that it does not wish to receive AMP Shares, it is obliged to accept AMP Shares on Conversion notwithstanding anything that might otherwise affect a Conversion of Capital Notes including:
 - (i) any change in the financial position of AMP or any member of the AMP Group since the Issue Date;
 - (ii) any disruption to the market or potential market for AMP Shares or capital markets generally; or
 - (iii) in the case of a Non-Viability Conversion, any breach by AMP of any obligation in connection with the Capital Notes;
- (c) acknowledged and agreed that:
 - (i) where clause 5.2 applies:
 - (A) there are no other conditions to a Non-Viability Conversion occurring as and when provided in clauses 5.1 to 5.3 (inclusive);
 - (B) Conversion must occur immediately on the Non-Viability Conversion Date and that Conversion or Write-Off may result in disruption or failures in trading or dealings in Capital Notes;
 - (C) it will not have any rights to vote in respect of any Non-Viability Conversion; and
 - (D) the AMP Shares issued on Non-Viability Conversion may not be quoted at the time of issue, or at all;
 - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions and the obtaining of Shareholder Approval in accordance with clause 1.7;
 - (iii) the only conditions to a Conversion on account of an Exchange under clause 6 or a Conversion under clause 7 are the conditions expressly applicable to such Conversion as provided in clauses 1.7, 6 and 7 of these Terms and no other conditions or events will affect Conversion; and
 - (iv) clause 8.11 is a fundamental term and where clause 8.11 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any Write-Off;
- (d) agreed to provide to AMP any information necessary to give effect to a Conversion; and
- (e) acknowledged and agreed that:
 - (i) a Holder has no right to request a Conversion, Redemption or Resale of any Capital Note or to determine the Exchange Method;
 - (ii) a Holder has no right to apply for AMP to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of AMP merely on the grounds that AMP does not or is or may become unable to pay a Distribution when scheduled in respect of Capital Notes;
 - (iii) these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Distribution on a scheduled Distribution Date will not constitute an event of default; and
 - (iv) it has no remedy on account of a failure by AMP to issue AMP Shares to a Holder or a Sale and Transfer Agent in accordance with these Terms other than (and subject always to clause 8.11) to seek specific performance of the obligation to issue AMP Shares.

12 Takeovers and schemes of arrangement

If:

- (a) a takeover bid is made for AMP Shares, acceptance of which is recommended by the board of AMP; or
- (b) the board of AMP recommends a scheme of arrangement in respect of the AMP Shares of AMP which will result in a person other than AMP having a relevant interest in more than 50% of the AMP Shares, in each case which would result in an Acquisition Event then, if the board of AMP considers that:
- (c) AMP will not be permitted to Convert the Capital Notes in accordance with clause 6 or clause 7; or
- (d) the Second Mandatory Conversion Condition (applied as if the percentage stated for that defined term in clause 4.3 were 20.2%) or the Third Mandatory Conversion Condition will not be satisfied in respect of the Acquisition Conversion Date in accordance with clause 7,

and that it is unlikely that Conversion will occur on any subsequent Distribution Date in accordance with clause 7.5, the board of AMP will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement.

13 Title and transfer of Capital Notes

13.1 Title

Title to Capital Notes passes when details of the transfer are entered in the Register.

13.2 Effect of entries in Register

Each entry in the Register in respect of a Capital Note constitutes:

- (a) a separate and independent acknowledgment to the relevant Holder of the obligations of AMP to the relevant Holder; and
- (b) conclusive evidence that the person so entered is the absolute owner of the Capital Note subject to correction for fraud or error.

13.3 Non-recognition of interests

- (a) Except as required by law, AMP, the Trustee and the Registrar must treat the person whose name is entered in the Register as the Holder of a Capital Note as the absolute owner of that Capital Note. Clause 13.3 applies whether or not payment has not been made as scheduled in respect of a Capital Note and despite any notice of ownership, trust or interest in the Capital Note.
- (b) No notice of any trust, Encumbrance or other interest in, or claim to any Capital Note will be entered in the Register.

13.4 Joint Holders

Where two or more persons are entered in the Register as the joint Holders of a Capital Note then they are taken to hold the Capital Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than three persons as joint Holders of any Capital Note.

13.5 Transfers in whole

Capital Notes may be transferred in whole but not in part.

13.6 Transfer

A Holder may, subject to this clause 13.6, transfer any Capital Notes:

- (a) while the Capital Note is lodged in CHESS, in accordance with the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which Capital Notes are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

AMP must not charge any fee on the transfer of a Capital Note.

13.7 Market obligations

AMP must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Capital Note.

13.8 AMP may request a holding lock or refuse to register a transfer

If Capital Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, AMP may:

- (a) request the operator of CHESS or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Capital Notes approved by and registered on the operator's electronic sub-register or Capital Notes registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Capital Notes.

13.9 AMP must request a holding lock or refuse to register a transfer

- (a) AMP must request the operator of CHESS or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Capital Notes approved by and registered on the operator's electronic sub-register or Capital Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require AMP to do so.
- (b) AMP must refuse to register any transfer of Capital Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require AMP to do so, and may only refuse to register a transfer if such transfer would contravene or is forbidden by an Applicable Regulation or the terms.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Holder of the Restricted Securities is not entitled to any interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

13.10 Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 13.8 and 13.9, AMP requests the application of a holding lock to prevent a transfer of Capital Notes or refuses to register a transfer of Capital Notes, it must, within five Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of AMP.

13.11 Delivery of instrument and evidence

If an instrument is used to transfer Capital Notes, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Capital Notes.

13.12 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Trust Deed and these Terms in respect of the transferred Capital Notes and the transferee becomes so entitled.

13.13 Estates

A person becoming entitled to a Capital Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing evidence the Registrar considers sufficient, transfer the Capital Note or, if so entitled, become registered as the Holder of the Capital Note.

13.14 Transfer of unidentified Capital Notes

Where the transferor executes a transfer of less than all Capital Notes registered in its name, and the specific Capital Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Capital Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Capital Notes registered as having been transferred equals the aggregate of the Face Value of all the Capital Notes expressed to be transferred in the transfer.

14 Payments

14.1 Payments subject to law

All payments are subject to applicable law.

14.2 Payments on Business Days

If a payment in respect of a Capital Note:

- (a) is due on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which the Holder's bank is not open for general banking business in the place in which the account is located, then payment to that Holder will be made on the next day on which the Holder's bank is open for general banking business in that place and the Holder is not entitled to any additional payment in respect of that delay.

Nothing in this clause applies to any payment referred to in clause 8.1(b), which occurs on the Conversion Date as provided in clause 8.1.

14.3 Payment of Redemption Price

Payments of the Redemption Price will be made to each person registered as the Holder of a Capital Note as at a time determined by AMP and notified to ASX or as required by ASX.

14.4 Payment of Distribution

Payments of Distributions will be made to each person registered at the close of business on the Record Date as the Holder of that Capital Note.

14.5 Payments to accounts

Payments in respect of a Capital Note will be made by any method of direct crediting determined by AMP to an Australian dollar bank account maintained by the Holder in Australia with a financial institution specified by the Holder to the Registrar by the close of business, in the case of a Distribution, on the Record Date for that payment and in the case of the payment of the Redemption Price, by the time determined by AMP in accordance with clause 14.3.

14.6 Uncompleted payments

Subject to Applicable Regulation, if:

- (a) a Holder has not notified the Registrar by the time required in accordance with clause 14.5 of an Australian dollar bank account maintained in Australia with a financial institution to which payments in respect of the Capital Note may be credited; or
- (b) the transfer of any amount for payment to the credit of the nominated bank account does not complete for any reason,

AMP will send a notice to the address most recently notified by the Holder advising of the uncompleted payment. In that case, the amount of the uncompleted payment will be held by AMP for the Holder in a non-interest bearing bank account maintained with a bank selected by AMP until the first to occur of the following:

- (i) the Holder or its legal personal representative notifies AMP of a suitable Australian dollar bank account maintained in Australia with a financial institution to which the payment may be credited;
- (ii) claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of AMP; or
- (iii) AMP becomes entitled or obliged to deal with the amount according to the legislation relating to unclaimed moneys.

No interest is payable in respect of any delay in payment.

14.7 Payment to joint Holders

A payment to any one of joint Holders will discharge AMP's liability in respect of the payment.

14.8 Time limit for claims

A claim against AMP for a payment under a Capital Note is void unless made within 10 years (in the case of the Redemption Price) or five years (in the case of Distributions and other amounts) from the date on which payment first became due.

15 Taxation**15.1 No set-off, counterclaim or deductions**

All payments in respect of the Capital Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless required by law.

15.2 Withholding tax

- (a) If a law requires AMP to withhold or deduct an amount in respect of Taxes from a payment in respect of the Capital Notes such that the Holder would not actually receive on the due date the full amount provided for under the Capital Notes, then AMP agrees to deduct the amount for the Taxes.
- (b) If any amount is required to be deducted, AMP must pay that amount to the relevant revenue authority within the time allowed for such payment without incurring a penalty under the applicable law.
- (c) If:
 - (i) a deduction is made;
 - (ii) the amount of the deduction is accounted for by AMP to the relevant revenue authority; and
 - (iii) the balance of the amount payable has been paid to the Holder,
 then AMP's obligation to make the payment to the Holder is taken to have been satisfied in full by AMP.

15.3 Foreign Account Tax Compliance Act

AMP may withhold or make deductions from payments or from the issue of AMP Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Capital Notes may be subject to FATCA, and may deal with such payment, and any AMP Shares, in accordance with FATCA.

If any withholding or deduction arises under or in connection with FATCA, AMP will not be required to pay any further amounts, issue any further AMP Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Capital Notes for or in respect of any such withholding or deduction. A dealing with such payment and any AMP Shares in accordance with FATCA satisfies AMP's obligations to that Holder to the extent of the amount of that payment or issue of AMP Shares.

16 Winding-up and subordination

16.1 Winding-up

If an order of a court of competent jurisdiction is made (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding-up of AMP in Australia (a **Winding-Up Event**), AMP is liable to Redeem each Capital Note for its Redemption Price in accordance with, and subject to, clause 16.

16.2 Subordination

In a winding-up of AMP:

- (a) a Holder (and the Trustee) shall be entitled to prove for the Redemption Price in respect of a Capital Note only subject to, and contingent upon, the prior payment in full of, the Senior Ranking Creditors; and
- (b) the Holder's (and the Trustee's) claim for payment of the Redemption Price ranks equally with, and shall be paid in proportion to, the claims of Holders of other instruments issued as Perpetual Subordinated Instruments,

so that the Holder receives, for the Capital Note, an amount equal to the amount it would have received if, in the winding-up of AMP, it had held an issued and fully paid Preference Share.

16.3 Agreements of Holders and Trustee as to subordination

Each Holder (and the Trustee, in its capacity as trustee for the Holders) irrevocably agrees:

- (a) that clause 16.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a Holder of a Preference Share would not be entitled to such interest;
- (c) that it shall not have, and is taken to have waived, to the fullest extent permitted by law, any right to prove in a winding-up of AMP as a creditor in respect of the Capital Notes so as to diminish any Distribution of property or assets, dividend or payment that any Senior Ranking Creditor would otherwise receive;
- (d) not to exercise any voting rights as a creditor in the winding-up or administration of AMP in a manner to defeat the subordination provided for by clause 2 and clause 16.2;
- (e) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in the winding-up or administration of AMP in respect of the Capital Notes in excess of its entitlement under clause 2 and clause 16.2;
- (f) that it must pay in full all liabilities it owes AMP before it may receive any amount or asset on account of its claim in the winding-up or administration in respect of a Capital Note;
- (g) that the debt subordination effected by clause 2 and clause 16.2 is not affected by any act or omission of any person which might otherwise affect it at law or in equity; and
- (h) that it has no remedy for the recovery of the Redemption Price other than to prove in the winding-up in accordance with clause 16.

16.4 No further rights

A Capital Note does not confer on the Holders any further right to participate in the winding-up of AMP beyond payment of the Redemption Price.

16.5 No set-off

Neither AMP nor any Holder shall be entitled to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce any amount payable by AMP in respect of the Capital Notes held by the Holder or by the Holder to AMP (as applicable).

16.6 No consent of Senior Ranking Creditors

Nothing in clause 2 or clause 16 shall be taken:

- (a) to require the consent of any Senior Ranking Creditor to any amendment of these Terms; or
- (b) to create a charge or security interest over any right of a Holder or the Trustee.

17 General**17.1 Enforcement by Trustee**

Subject to clause 17.2, only the Trustee may enforce the provisions of the Trust Deed or these Terms. The Trustee shall not be bound to take any action under these Terms or the Trust Deed to enforce the obligations of AMP in respect of the Capital Notes or any other proceedings or action pursuant to or in connection with the Trust Deed or the Capital Notes unless:

- (a) it shall have been so directed by a Holder Resolution or so requested in writing by the Holders of at least 15% of the aggregate Face Value of all Capital Notes outstanding; and
- (b) it shall have been indemnified in accordance with clause 1.3 of the Trust Deed.

17.2 Holder's right to take action

No Holder shall be entitled to proceed directly against AMP to enforce any right or remedy under or in respect of any Capital Note or the Trust Deed (including by way of proving for the Redemption Price in a winding-up of AMP) unless the Trustee, having become bound to proceed, fails to do so within 14 days and the failure is continuing, in which case any Holder may itself institute proceedings against AMP for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

17.3 Voting

- (a) The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests including certain variations of these Terms which require the consent of the Holders.
- (b) A Holder has no right to attend or vote at any general meeting of the shareholders of AMP.

17.4 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, AMP may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), but without the consent of the Holders, amend these Terms if AMP is of the opinion that such amendment:

- (a) is of a formal, technical or minor nature;
- (b) is made to cure any ambiguity or correct any manifest error;
- (c) is necessary or expedient for the purposes of enabling the Capital Notes to be:
 - (i) listed for quotation, or to retain quotation, on any securities exchange; or
 - (ii) offered for subscription or for sale under the laws for the time being in force in any place;
- (d) is necessary to comply with:
 - (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which AMP may propose to seek a listing or quotation of the Capital Notes;
- (e) is made in accordance with AMP's adjustment rights in clause 8;
- (f) amends any date or time period stated, required or permitted in connection with any Mandatory Conversion, Non-Viability Conversion or Exchange in a manner necessary or desirable to facilitate the Mandatory Conversion, Non-Viability Conversion or Exchange (including without limitation where in connection with a Redemption the Proceeds of Redemption are to be reinvested in a new security to be issued by AMP or a Related Entity);
- (g) is made to:
 - (i) alter the terms of any Capital Notes to align them with any Perpetual Subordinated Instruments issued after the date of such Capital Notes; or
 - (ii) alter the definition of "Perpetual Subordinated Instruments" on account of the issue (after the date of any Capital Notes) of capital instruments of the AMP Group; or
- (h) in any other case, is not materially prejudicial to the interests of the Holders as a whole, provided that, in the case of an amendment pursuant to paragraph (c), (d), or (h), AMP has provided to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales that such amendment is otherwise not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether an amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to a Holder (or any class of Holders) and other special consequences or circumstances which are personal to a Holder (or any class of Holders) do not need to be taken into account by AMP or its legal advisers.

17.5 Amendments with consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, AMP may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), amend these Terms:

- (a) except as otherwise provided in paragraphs (b), (c) and (d) below, if such amendment is authorised by a Holder Resolution;
- (b) in the case of an amendment to clause 17.5 or any clause of the Trust Deed providing for Holders to give a direction to the Trustee by a Special Resolution, if a Special Resolution is passed in favour of such amendment;
- (c) in the case of an amendment to the Meeting Provisions and to which clause 17.5 does not apply, if a Special Resolution is passed in favour of such amendment; and
- (d) otherwise in accordance with the Trust Deed.

17.6 Consents

Prior to any amendment under clause 17, AMP must obtain any consent needed to the amendment and, in particular, any amendment which may cause the Capital Notes to cease to be Eligible Funding is subject to the prior written consent of APRA.

17.7 Interpretation

In clause 17, “amend” includes modify, cancel, alter, waive or add to, and “amendment” has a corresponding meaning.

17.8 Notices

The Trust Deed contains provisions for the giving of notices.

17.9 Further issues

AMP may from time to time, without the consent of any Holder, issue any securities ranking equally with the Capital Notes (on the same terms or otherwise) or ranking in priority or junior to the Capital Notes, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

17.10 Purchase by agreement

Subject to APRA's prior written approval, AMP or any member of the AMP Group may purchase Capital Notes from Holders at any time and at any price. Any Capital Note purchased by or on behalf of AMP shall be cancelled.

17.11 Governing law

These Terms and the Capital Notes are governed by the laws in force in New South Wales.

17.12 Rounding

For the purposes of completing any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures resulting from the calculations must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable to a Holder in respect of the Holder's aggregate holding of Capital Notes must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

18 Interpretation and definitions

18.1 Interpretation

In these Terms, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document includes all schedules or annexes to it;
- (d) a reference to a clause or paragraph is to a clause or paragraph of these Terms;
- (e) a reference to a document or instrument includes the document or instrument as novated, amended, supplemented or replaced from time to time;
- (f) a reference to Australia includes any political sub-division or territory in the Commonwealth of Australia;

- (g) a reference to Australian dollars, A\$ or Australian cent is a reference to the lawful currency of Australia;
- (h) a reference to time is to Sydney, Australia time;
- (i) other than:
 - (i) in relation to a Non-Viability Event and a Conversion or Write-Off, in each case on account of a Non-Viability Event; and
 - (ii) where a contrary intention is expressed, if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (j) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;
- (k) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (l) a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (m) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;
- (n) any agreement, representation or warranty by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms;
- (p) if the principal securities exchange on which AMP Shares are listed becomes other than ASX, unless the context otherwise requires, a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, the ASX Settlement Operating Rules, the market operating rules of ASX or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be);
- (q) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to AMP only if AMP is an entity subject to regulation and supervision by APRA at the relevant time;
- (r) a reference to Additional Tier 1 Capital or Related Entity shall, if either term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term;
- (s) any provisions which require APRA's consent or approval (written or otherwise) will apply unless APRA has notified AMP in writing that it no longer requires that such consent or approval be given at the relevant time; and
- (t) any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by AMP do not imply that APRA has given its consent or approval to the particular action as of the Issue Date or that it will at any time give its consent or approval to the particular action.

18.2 Definitions

In these Terms, these meanings apply unless the contrary intention appears.

Acquisition Conversion Date means the date on which Capital Notes will Convert as a result of an Acquisition Event as described in clause 7.3.

Acquisition Conversion Notice means a notice AMP must give if an Acquisition Event occurs as described in clause 7.2.

Acquisition Event means:

- (a) either:
 - (i) a takeover bid is made to acquire all or some AMP Shares and the offer is, or becomes, unconditional and:
 - (A) the bidder has a relevant interest in more than 50% of the AMP Shares on issue; or
 - (B) the board of AMP issues a statement that at least a majority of the board of AMP eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or
 - (ii) a court approves a scheme of arrangement which, when implemented, will result in a person other than AMP having a relevant interest in more than 50% of AMP Shares; and
- (b) all regulatory approvals necessary for the acquisition to occur have been obtained.

Additional Tier 1 Capital means Additional Tier 1 Capital as defined by APRA in accordance with APRA's prudential standards from time to time.

Adjustment Notice means a notice AMP must give if there is an adjustment to the Issue Date VWAP as described in clause 8.8.

AMP means AMP Limited (ABN 49 079 354 519).

AMP Group means AMP and its Controlled Entities.

AMP Share means a fully paid ordinary share in the capital of AMP.

AMP Shareholder means a registered holder of one or more AMP Shares.

AMP Wholesale Capital Notes means the perpetual subordinated notes issued by AMP on 27 March 2015.

Applicable Regulation means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the market operating rules of ASX, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer.

APRA means the Australian Prudential Regulation Authority or any successor body responsible for the prudential regulation of AMP.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Benchmarks means ASX Benchmarks Pty Limited (ABN 38 616 075 417) and its related bodies corporate.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of AMP or generally) from time to time.

ASX Settlement Operating Rules means the settlement operating rules of ASX from time to time with any applicable modifications or waivers granted by ASX.

Attorney means AMP, its officers and any External Administrator appointed as attorney of each Holder as described in clause 11.1.

Banking Act means the *Banking Act 1959* (Cth).

BBSW Rate has the meaning specified in clause 3.1.

Bookbuild means the process conducted prior to the opening of the offer of Capital Notes whereby investors and brokers lodge bids for Capital Notes and, on the basis of those bids, AMP determines the Margin and announces its determination of the Margin prior to the opening of the offer.

Business Day means:

- (a) a day which is a Business Day within the meaning of the ASX Listing Rules; and
- (b) for the purposes of calculation or payment of Distributions or any other amount, a day on which banks are open for business in Sydney, New South Wales.

Buy Back means a transaction involving the acquisition by AMP of AMP Shares pursuant to an offer made at AMP's discretion in any way permitted by the provisions of Part 2J of the Corporations Act.

Capital Note is a perpetual, convertible, subordinated and unsecured debt obligation in the form of an unsecured note of AMP constituted by, and owing under, the Trust Deed.

Capital Reduction means a reduction in capital initiated by AMP in its discretion in respect of AMP Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any other applicable securities trading and/or clearing system on which Capital Notes are lodged and traded.

Controlled Entity means, in respect of AMP, an entity AMP controls (within the meaning given in the Corporations Act).

Conversion means, in relation to a Capital Note, the conversion of the Capital Note into AMP Shares in accordance with and subject to clause 8 as it may be amended. "Convert", "Converting" and "Converted" have corresponding meanings.

Conversion Date means a Mandatory Conversion Date, the Non-Viability Conversion Date, the Exchange Date, the Acquisition Conversion Date or the Deferred Conversion Date, as the context requires.

Conversion Number means the number of AMP Shares into which a Capital Note will be Converted as described in clause 8.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Costs includes costs, charges and expenses.

Cum Value means the amount by which the VWAP will be reduced in the circumstances described in clause 8.2(a).

Defaulting Nominated Purchaser means a Nominated Purchaser that does not pay the Resale Price as described in clause 10.6.

Deferred Acquisition Conversion Notice means a notice of deferral of Conversion as a result of an Acquisition Event as described in clause 7.5.

Deferred Conversion Date means the Deferred Conversion Date described in clause 6.6.

Delisting Event means, in respect of a date, that:

- (a) AMP has ceased to be listed or AMP Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, AMP or the AMP Shares continue not to be listed or quoted (as applicable) on that date);
- (b) trading of AMP Shares on ASX is suspended for a period of consecutive days which includes:
 - (i) at least five consecutive Business Days prior to that date; and
 - (ii) that date; or
- (c) an Inability Event subsists.

Distribution means interest payable on Capital Notes as described in clause 3.1.

Distribution Date means:

- (a) each 16 March, 16 June, 16 September and 16 December commencing on 16 March 2020 until (but not including) the date on which the capital note is converted, redeemed or resold in accordance with these terms; and
- (b) each date on which a conversion, redemption or resale of the capital note occurs, in each case, in accordance with these terms.

If a Distribution Date is a day which is not a Business Day, then the Distribution Date becomes the next day which is a Business Day.

Distribution Period means in respect of:

- (a) the first Distribution Period, the period from (and including) the Issue Date until (but not including) the first Distribution Date after the Issue Date; and
- (b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Date until (but not including) the next Distribution Date.

Distribution Rate means the rate determined in accordance with the formula set out in clause 3.1.

Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and AMP constitution in relation to AMP Shares.

Eligible Funding means an instrument, the proceeds of the issue of which APRA does not object to the AMP Group using to fund Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the *Personal Property Securities Act 2009* (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Exchange means:

- (a) Conversion in accordance with and subject to clause 8;
- (b) Redemption in accordance with and subject to clause 9;
- (c) Resale in accordance with clause 10; or
- (d) a combination of two or more of Conversion, Redemption or Resale in accordance with clause 6.3, and “Exchanged” has a corresponding meaning.

Exchange Date means the date on which Exchange is to occur as specified in accordance with clause 6.

Exchange Method means Conversion in accordance with clause 8, Redemption in accordance with clause 9 or Resale in accordance with clause 10.

Exchange Notice means the notice AMP must give in order to elect to Exchange Capital Notes as described in clause 6.1.

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official.

Face Value means the principal amount of a Capital Note, being A\$100.

FATCA means:

- (a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

First Mandatory Conversion Condition means the condition to Mandatory Conversion described in clause 4.3(a).

Franking Adjustment Factor means the factor by which the Distribution Rate is adjusted for franking as described in clause 3.1.

Franking Rate means the franking percentage (within the meaning of Part 3-6 of the Tax Legislation or any provisions that revise or replace that Part) applicable to the franking account of AMP at the relevant Distribution Date (expressed as a decimal).

Holder means, in respect of a Capital Note, the person whose name is entered on the Register as the holder of that Capital Note.

Holder Resolution means a resolution passed:

- (a) at a meeting of Holders of the Capital Notes, duly called and held under the Meeting Provisions:
 - (i) by at least 50% of the persons voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, by a majority consisting of at least 50% of the votes cast; or
- (b) by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 50% of the aggregate Face Value of the outstanding Capital Notes.

Inability Event means AMP is prevented by applicable law, or order of any court, or action of any government authority (including regarding the insolvency, winding-up or other external administration of AMP), or for any other reason, from Converting the Capital Notes.

Ineligible Holder means:

- (a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including by chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth), part IV of the Competition and Consumer Act 2010 (Cth) and the Insurance Acquisitions and Takeovers Act 1991 (Cth)) from being offered, holding or acquiring AMP Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Capital Notes, it shall only be treated as an Ineligible Holder in respect of those Capital Notes and not in respect of the balance of its Capital Notes). AMP shall be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Mandatory Conversion Date, Exchange Date, Acquisition Conversion Date or Non-Viability Conversion Date (as applicable); or
- (b) a Holder whose address in the Register is a place outside Australia or who AMP otherwise believes may not be a resident of Australia.

Initial Capital Notes means the perpetual subordinated notes issued by AMP on 30 November 2015.

Issue Date means the date on which the issue of Capital Notes to successful applicants is completed, in accordance with these Terms.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7 (inclusive).

Life Insurance Act means the *Life Insurance Act 1995* (Cth).

Mandatory Conversion means the mandatory conversion of Capital Notes to AMP Shares on the Mandatory Conversion Date in accordance with clause 4.

Mandatory Conversion Conditions means the First Mandatory Conversion Condition, the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition.

Mandatory Conversion Date is the date on which Capital Notes are to Convert in accordance with clause 4.2.

Margin is specified in clause 3.1.

Maximum Conversion Number means the maximum number of AMP Shares that AMP will issue if required to Convert the Capital Notes as described in clause 8.1.

Meeting Provisions means the provisions for meetings of the Holders set out in Schedule 3 to the Trust Deed.

Nominated Purchaser means, subject to clause 10.3, a third party selected by AMP in its absolute discretion.

Non-Conversion Notice means a notice AMP must give in accordance with clause 4.4 if the Mandatory Conversion Conditions are not satisfied.

Non-Viability Conversion means the Conversion of Capital Notes to AMP Shares on the Non-Viability Conversion Date in accordance with clause 5.

Non-Viability Conversion Date means the date on which a Non-Viability Conversion must occur as described in clause 5.2(a)(i).

Non-Viability Event has the meaning specified in clause 5.1(a).

Non-Viability Event Notice has the meaning given in clause 5.2(b).

Optional Conversion Restrictions means the restrictions on AMP electing to Convert the Capital Notes as described in clause 6.5.

Optional Exchange Date means 16 December 2025.

Payment Condition means, with respect to the payment of a Distribution on the Capital Notes on a Distribution Date:

- (a) payment of the Distribution would result in AMP breaching APRA's capital adequacy requirements applicable to it;
- (b) the payment would result in AMP becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objecting to the payment.

Perpetual Subordinated Instrument means:

- (a) a Perpetual Subordinated Instrument (whether in the form of a note, Preference Share or other security or obligation) issued by AMP or a member of the AMP Group that is not an APRA-regulated entity which:
 - (i) in accordance with its terms or by operation of law, is capable of being Converted into AMP Shares or Written-Off where a Non-Viability Event occurs; and
 - (ii) has been confirmed in writing by APRA to AMP as constituting as at the date of its issue Eligible Funding, and includes the Capital Notes, the Initial Capital Notes and the AMP Wholesale Capital Notes; and
- (b) an instrument constituting Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group which in accordance with its terms or by operation of law, is capable of being Converted into AMP Shares or Written-off where a Non-Viability Event occurs.

Potential Acquisition Event means:

- (a) an event within paragraph (a) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act and the scheme would result in a person having a relevant interest in more than 50% of the AMP Shares that will be on issue after the scheme is implemented.

Preference Share means a notional preference share in the capital of AMP conferring a claim in the winding-up of the issuer equal to the Redemption Price and ranking in respect of return of capital in the winding-up ahead only of AMP Shares and equally with Perpetual Subordinated Instruments.

Proceeds means the net proceeds of a sale of AMP Shares attributable to the Holder actually received by the Sale and Transfer Agent calculated after deduction of any applicable brokerage and Taxes, including the Sale and Transfer Agent's reasonable out-of-pocket Costs properly incurred by it or on its behalf in connection with such sale from the sale price of the AMP Shares.

Prospectus means the prospectus relating to the offer of AMP Capital Notes dated on or about 26 November 2019 published by AMP and any supplementary or replacement prospectus.

Rate Disruption Event means that, in AMP's opinion, the rate described in paragraph (A) of the definition of "BBSW Rate":

- (a) has been discontinued or otherwise ceased to be calculated or administered; or
- (b) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to the capital notes.

Reclassification means a reconstruction, consolidation, division or reclassification of AMP Shares as described in clause 8.3.

Record Date means, for payment of a Distribution on Capital Notes:

- (a) subject to paragraph (b) below, the date which is eight calendar days before the applicable Distribution Date;
- (b) such other date as is determined by AMP in its absolute discretion and communicated to ASX and the Trustee not less than eight calendar days before the Record Date which would have been determined under paragraph (a) above; or
- (c) such other date as may be required by, or agreed with, ASX.

Redemption means the redemption of a Capital Note in accordance with clause 9 and the words “Redeem” and “Redeemed” have corresponding meanings.

Redemption Price means the amount AMP will pay a Holder to Redeem a Capital Note as described in clause 9.2.

Register means the register of Holders (established and maintained under clause 13 of the Trust Deed) and, where appropriate, the term Register includes:

- (a) a sub-register maintained by or for AMP under the Corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register.

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by AMP to maintain the Register and perform any payment and other duties as specified in that agreement.

Regulatory Event means:

- (a) as a result of a change in, or amendment to, a law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia, or any change in their application or official or judicial interpretation, in each case which change or amendment becomes effective after the Issue Date and which was not expected by AMP on the Issue Date, additional requirements would be imposed on AMP in relation to or in connection with Capital Notes which AMP determines, in its absolute discretion, would have a not insignificant adverse impact on it; or
- (b) following a notification from, or announcement or determination by, APRA, AMP determines in its absolute discretion that the Capital Notes have ceased, or will cease, to be Eligible Funding.

Related Entity means any parent entity of AMP or any entity over which AMP or any parent entity of AMP exercises control or significant influence, as determined by APRA from time to time.

Replacement Rate means a rate other than the rate described in paragraph (A) of the definition of “BBSW Rate” (expressed as a percentage per annum) that is generally accepted in the Australian market as the successor to the BBSW Rate, or if AMP is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:

- (a) a reference rate (expressed as a percentage per annum) that is, in AMP’s opinion, appropriate as a replacement for the BBSW Rate in respect of floating rate debt securities of a tenor and interest period most comparable to those of the Capital Notes; or
- (b) such other reference rate (expressed as a percentage per annum) as AMP considers appropriate as a replacement for the BBSW Rate having regard to comparable indices.

Resale means the sale of a Capital Note to a Nominated Purchaser in accordance with clause 10, and “Resold” and “Resell” have corresponding meanings.

Resale Price means, for a Capital Note, a cash amount equal to its Face Value.

Restriction Agreement means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or is voluntarily concluded between AMP and one or more Holders.

Restricted Securities has the same meaning as in the ASX Listing Rules and extends to Capital Notes which are subject to voluntary restrictions by agreement between AMP and one or more Holders.

Sale and Transfer Agent means each nominee (who cannot be a member of the AMP Group or a Related Entity) appointed by AMP under a facility established for the sale or transfer of AMP Shares issued on Conversion on behalf of:

- (a) Holders who do not wish to receive AMP Shares on Conversion; or
- (b) Holders who are Ineligible Holders,

in accordance with clause 8.10. For the avoidance of doubt AMP may appoint more than one Sale and Transfer Agent in respect of the Conversion of Capital Notes.

Second Mandatory Conversion Condition means the condition to Mandatory Conversion described in clause 4.3(b).

Senior Ranking Creditors means all creditors of AMP (present and future), including all investors in AMP’s senior or subordinated debt whose claims:

- (a) are admitted in a winding-up of AMP; and
- (b) are not in respect of a Perpetual Subordinated Instrument,

and includes investors in AMP’s subordinated notes issued on 15 November 2018 and 1 September 2017.

Shareholder Approval has the meaning given in clause 1.7(b).

Special Resolution means a resolution passed:

- (a) at a meeting of the Holders of the Capital Notes, duly called and held under the Meeting Provisions:
 - (i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 75% of the aggregate Face Value of the outstanding Capital Notes.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means the receipt by AMP of an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters to the effect that, as a result of any change in, or amendment to, the laws in force in Australia affecting taxation (or any change in their application or official or judicial interpretation) which change or amendment becomes effective on or after the Issue Date and which was not expected by AMP on the Issue Date, there is more than an insubstantial risk which AMP determines at its absolute discretion to be unacceptable that:

- (a) any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Legislation; or
- (b) AMP would be exposed to a more than insignificant increase in its Costs (including without limitation through the imposition of any Taxes or assessments) in relation to Capital Notes.

Tax Legislation means:

- (a) the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) or the *Taxation Administration Act 1953* (Cth) (and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997* (Cth));
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

Tax Rate means the Australian corporate tax rate applicable to AMP at the relevant Distribution Date (expressed as a decimal).

Terms means these terms and conditions.

Third Mandatory Conversion Condition means the condition to Mandatory Conversion described in clause 4.3(c).

Trustee means Sargon CT Pty Ltd (ABN 12 106 424 088).

Trust Deed means the AMP Capital Notes 2 Trust Deed dated on or about 26 November 2019.

VWAP means the average of the daily volume weighted average sale prices (expressed in dollars and cents and as such daily prices may be adjusted under clause 8 and such average being rounded to the nearest full cent) of AMP Shares sold on ASX during the relevant period or on the relevant day or days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the market operating rules of ASX as amended, varied or waived (whether in respect of AMP or generally) from time to time, or any overseas trades or trades pursuant to the exercise of options over AMP Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:
 - (i) 20 Business Days on which trading in AMP Shares takes place; and
 - (ii) the number of Business Days on which trading in AMP Shares takes place that the AMP Shares are quoted for trading on ASX after (A) in the case of a Potential Acquisition Event, AMP has given an Exchange Notice in respect of that Potential Acquisition Event or (B) in the case of an Acquisition Event, AMP has given an Acquisition Conversion Notice,
 in each case immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event (as the case may be);
- (b) in the case of a Non-Viability Conversion, the period of five Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Non-Viability Conversion Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Terms.

Winding-Up Event means the making of a court order or passing of an effective resolution for the winding-up of AMP as described in clause 16.1.

Written-Off means a Holder's rights under a Capital Note are immediately and irrevocably written-off and terminated as described in clause 8.11 and "Write-Off" has a corresponding meaning.

APPENDIX B: GLOSSARY

This Appendix provides a glossary of words, expressions and acronyms used throughout this Prospectus and the attached, or accompanying, Application Forms (unless the contrary intention appears). In the case of words and expressions used in Appendix A (Terms of Capital Notes 2), the definitions are substantively, but not exactly, the same as the definitions contained in the Trust Deed. Investors should refer to Schedule 2 to the Trust Deed for the exact definitions used in the Terms of the Capital Notes 2.

Term	Meaning
ABN	Australian business number.
ACCC	Australian Competition and Consumer Commission.
Acquisition Conversion Date	The date on which Capital Notes 2 will Convert as a result of an Acquisition Event as described in clause 7.3 of the Terms. See also Section 2.5 of this Prospectus.
Acquisition Conversion Notice	A notice AMP must give if an Acquisition Event occurs as described in clause 7.2 of the Terms. See also Section 2.5 of this Prospectus.
Acquisition Event	(a) either: <ul style="list-style-type: none"> (i) a takeover bid is made to acquire all or some AMP Shares and the offer is, or becomes, unconditional and: <ul style="list-style-type: none"> (A) the bidder has a relevant interest in more than 50% of the AMP Shares on issue; or (B) the board of AMP issues a statement that at least a majority of the board of AMP eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or (ii) a court approves a scheme of arrangement which, when implemented, will result in a person other than AMP having a relevant interest in more than 50% of AMP Shares; and (b) all regulatory approvals necessary for the acquisition to occur have been obtained. See also Section 2.5 of this Prospectus.
Additional Tier 1 Capital	Additional Tier 1 Capital as defined by APRA in accordance with APRA's prudential standards from time to time.
Adjustment Notice	A notice AMP must give if there is an adjustment to the Issue Date VWAP as described in clause 8.8 of the Terms.
AMP	AMP Limited (ABN 49 079 354 519).
AMP Bank	AMP Bank Limited (ABN 15 081 596 009).
AMP Capital	AMP Capital Investors Limited (ABN 59 001 777 591).
AMPFP	AMP Financial Planning Pty Limited (ABN 89 051 208 327).
AMP Group	AMP and its Controlled Entities.
AMP Life	AMP Life Limited (ABN 84 079 300 379).

Term	Meaning
AMP Securityholder Applicant	An Eligible Securityholder who applies for Capital Notes 2 under the Securityholder Offer.
AMP Securityholder Application Form	The personalised Application Form provided to Eligible Securityholders for Applications under the Securityholder Offer.
AMP Share	A fully paid ordinary share in the capital of AMP.
AMP Shareholder	A registered holder of one or more AMP Shares.
AMP Subordinated Notes	Unsecured and subordinated notes issued by AMP on 1 September 2017 and 15 November 2018.
AMP Wholesale Capital Notes	Perpetual subordinated notes issued by AMP on 27 March 2015.
Applicable Regulations	Such provisions of the ASX Listing Rules, the ASTC Settlement Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer.
Applicant	A person who submits an Application.
Application	A valid Application for a specified number of Capital Notes 2 made pursuant to either: <ul style="list-style-type: none"> – the applicable Application Form; or – in respect of the Institutional Offer, a duly completed confirmation letter or by such other procedure advised by the Joint Lead Managers.
Application Form	Each of the Application Forms attached to, or accompanying, this Prospectus upon which an Application may be made, being: <ul style="list-style-type: none"> – the AMP Securityholder Application Form; – the Broker Firm Application Form; and – the electronic Application Form provided for online Applications under the Securityholder Offer.
Application Payment	The monies payable on each Application, calculated as the number of Capital Notes 2 applied for multiplied by the Face Value.
APRA	The Australian Prudential Regulation Authority or any successor body responsible for the prudential regulation of AMP.
ASIC	Australian Securities and Investments Commission.
ASTC Settlement Rules	The operating rules of ASX Settlement Pty Limited (ABN 49 008 504 532) as amended, varied or waived (whether in respect of AMP or generally) from time to time.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.
ASX Listing Rules	The listing rules of ASX as amended, varied or waived (whether in respect of AMP or generally) from time to time.
ATO	Australian Taxation Office.
Attorney	AMP, its officers and any External Administrator appointed as attorney of each Holder as described in clause 11.1 of the Terms.
AUSTRAC	Australian Transactions Report and Analysis Centre.
Banking Act	<i>Banking Act 1959</i> (Cth).
BBSW Rate	The rate for bills of a term of 90 days described in clause 3.1 of the Terms. See also Section 2.1 of this Prospectus.

Term	Meaning
BOLR	Has the meaning given in Section 5.2.2 of this Prospectus.
Bookbuild	The process conducted prior to the opening of the Offer of Capital Notes 2 whereby Institutional Investors and brokers lodge bids for Capital Notes 2 and, on the basis of those bids, AMP determines the Margin prior to the opening of the Offer. See also Section 6.5 of this Prospectus.
Broker Firm Application Form	The Application Form at the back of this Prospectus to be used by Applicants under the Broker Firm Offer.
Broker Firm Offer	The invitation made to clients of Syndicate Brokers to acquire Capital Notes 2 under this Prospectus.
Business Day	(a) a day which is a business day within the meaning of the ASX Listing Rules; and (b) for the purposes of calculation or payment of distributions or any other amount, a day on which banks are open for business in Sydney, New South Wales.
Buy Back	A transaction involving the acquisition by AMP of AMP Shares pursuant to an offer made at AMP's discretion in any way permitted by the previous versions of part 2J of the Corporations Act.
Capital Notes 1	The perpetual, convertible, subordinated and unsecured debt obligations in the form of unsecured notes which were issued by AMP on 30 November 2015 under a prospectus dated 3 November 2015 and constituted by the trust deed between AMP and The Trust Company (Australia) Limited (ABN 21 000 000 993) dated on or about 26 October 2015.
Capital Notes 2	The perpetual, convertible, subordinated and unsecured debt obligation in the form of unsecured notes of AMP constituted by, and owing under, the Trust Deed.
Capital Reduction	A reduction in capital initiated by AMP in its discretion in respect of AMP Shares in any way permitted by the provisions of part 2J of the Corporations Act.
CGT	Capital Gains Tax.
CHESS	The Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited or any other applicable securities trading and/or clearing system on which Capital Notes 2 are lodged and traded.
Closing Date	The last date by which Applications must be lodged for the Offer of Capital Notes 2, expected to be, as applicable: <ul style="list-style-type: none"> – 5.00pm (Sydney time) on 18 December 2019 for the Securityholder Offer (unless varied); and – 10.00am (Sydney time) on 20 December 2019 for the Broker Firm Offer (unless varied).
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital as defined by APRA in accordance with APRA's prudential standards from time to time.
Commonwealth Bank of Australia	Commonwealth Bank of Australia (ABN 48 123 123 124).
Conglomerate Standards	The definition of eligible capital held by a conglomerate group contained in the prudential standards applicable to conglomerate groups (including the AMP Group) issued by APRA on 15 August 2014. See also Section 2.3 of this Prospectus.
Controlled Entity	In respect of AMP, an entity AMP controls (within the meaning given in the Corporations Act).
Conversion	In relation to a Capital Note, the conversion of the Capital Note into AMP Shares in accordance with and subject to clause 8 of the Terms as it may be amended. "Convert", "Converting" and "Converted" have corresponding meanings.

Term	Meaning
Conversion Date	Conversion Date means a Mandatory Conversion Date, the Non-Viability Conversion Date, the Exchange Date, the Acquisition Conversion Date or the Deferred Conversion Date, as the context requires.
Conversion Number	The number of AMP Shares into which a Capital Note will be Converted as described in clause 8.1 of the Terms.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Costs	Costs includes costs, charges and expenses.
Crestone Wealth Management	Crestone Wealth Management Limited (ABN 50 005 311 937).
Cum Value	The amount by which the VWAP will be reduced in the circumstances described in clause 8.2(a) of the Terms.
Defaulting Nominated Purchaser	A Nominated Purchaser that does not pay the Resale Price as described in clause 10.6 of the Terms.
Deferred Acquisition Conversion Notice	A notice of deferral of Conversion as a result of an Acquisition Event as described in clause 7.5 of the Terms.
Deferred Conversion Date	The Deferred Conversion Date described in clause 6.6 of the Terms.
Delisting Event	In respect of a date, that: <ul style="list-style-type: none"> (a) AMP has ceased to be listed or AMP Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, AMP or the AMP Shares continue not to be listed or quoted (as applicable) on that date); (b) trading of AMP Shares on ASX is suspended for a period of consecutive days which includes: <ul style="list-style-type: none"> (i) at least five consecutive Business Days prior to that date; and (ii) that date; or an Inability Event subsists.
Distribution	Interest payable on Capital Notes 2 as described in clause 3.1 of the Terms.
Distribution Date	(a) each 16 March, 16 June, 16 September and 16 December commencing on 16 March 2020 until (but not including) the date on which the Capital Note is Converted, Redeemed or Resold in accordance with the Terms; and (b) each date on which a Conversion, Redemption or Resale of the Capital Note occurs, in each case, in accordance with the Terms. If a Distribution Date is a day which is not a Business Day, then the Distribution Date becomes the next day which is a Business Day. See also Section 2.1 of this Prospectus.
Distribution Period	For: <ul style="list-style-type: none"> (a) the first Distribution Period, the period from (and including) the Issue Date until (but not including) the first Distribution Date after the Issue Date; and (b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Date until (but not including) the next Distribution Date.
Distribution Rate	The rate determined in accordance with the formula set out in clause 3.1 of the Terms. See also Section 2.1 of this Prospectus.
Dividend	Any interim, final or special Dividend payable in accordance with the Corporations Act and AMP's constitution in relation to AMP Shares.

Term	Meaning
Eligible Funding	An instrument, the proceeds of the issue of which APRA does not object to the AMP Group using to fund Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group.
Eligible Securityholders	An AMP Shareholder or holder of Capital Notes 1 who is shown on the register of AMP Shares or Capital Notes 1 (as applicable) at 7.00pm (Sydney time) on 15 November 2019 as having an address in Australia and who is not in the United States, not acting as a nominee for a person in the United States or otherwise prevented from receiving the Offer or the Capital Notes 2 under the laws of any jurisdiction as determined by AMP.
Encumbrance	Any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the <i>Personal Property Securities Act 2009</i> (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.
Exchange	(a) Subject to Shareholder Approval being obtained, Conversion in accordance with and subject to clause 8 of the Terms; (b) Redemption in accordance with and subject to clause 9 of the Terms; (c) Resale in accordance with clause 10 of the Terms; or (d) a combination of two or more of Conversion (subject to Shareholder Approval being obtained), Redemption or Resale in accordance with clause 6.3 of the Terms, and “Exchanged” has a corresponding meaning.
Exchange Date	The date on which Exchange is to occur as specified in accordance with clause 6 of the Terms.
Exchange Method	Conversion in accordance with clause 8, Redemption in accordance with clause 9 or Resale in accordance with clause 10 of the Terms.
Exchange Notice	The notice AMP must give in order to elect to Exchange Capital Notes 2 as described in clause 6.1 of the Terms.
External Administrator	In respect of a person: (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person, or in either case any similar official.
Face Value	The principal amount of a Capital Note, being \$100.
FATCA	(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations; (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.
First Mandatory Conversion Condition	The condition to Mandatory Conversion described in clause 4.3(a) of the Terms.
Franking Adjustment Factor	The factor by which the Distribution Rate is adjusted for franking as described in clause 3.1 of the Terms. See also Section 2.1 of this Prospectus.
Franking Credits	Tax credits attached to eligible Dividends and other distributions arising from the payment of corporate tax by a company.

Term	Meaning
Franking Rate	The franking percentage (within the meaning of part 3-6 of the Tax Legislation or any provisions that revise or replace that part) applicable to the franking account of AMP at the relevant Distribution Date (expressed as a decimal).
GST	Has the meaning given by section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Holder	In respect of a Capital Note 2, the person whose name is entered on the Register as the holder of that Capital Note 2.
Holder Resolution	A resolution passed: <ul style="list-style-type: none"> (a) at a meeting of Holders of the Capital Notes 2, duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 50% of the persons voting on a show of hands (unless paragraph (b) below applies); or (ii) if a poll is duly demanded, by a majority consisting of at least 50% of the votes cast; or (b) by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 50% of the aggregate Face Value of the outstanding Capital Notes 2.
Holding Statement	A statement issued to Holders by the Registrar which sets out details of Capital Notes 2 allotted to them under the Offer of Capital Notes 2.
Inability Event	AMP is prevented by applicable law, or order of any court, or action of any government authority (including regarding the insolvency, winding-up or other external administration of AMP), or for any other reason, from Converting the Capital Notes 2.
Ineligible Holder	<ul style="list-style-type: none"> (a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including to chapter 6 of the Corporations Act, the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth), the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth), part IV of the <i>Competition and Consumer Act 2010</i> (Cth) and the <i>Insurance Acquisitions and Takeovers Act 1991</i> (Cth)) from being offered, holding or acquiring AMP Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Capital Notes 2, it shall only be treated as an Ineligible Holder in respect of those Capital Notes 2 and not in respect of the balance of its Capital Notes 2). AMP shall be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Mandatory Conversion Date, Exchange Date, Acquisition Conversion Date or Non-Viability Conversion Date (as applicable); or (b) a Holder whose address in the Register is a place outside Australia or who AMP otherwise believes may not be a resident of Australia.
Institutional Investor	An investor to whom offers of or invitations in respect of Capital Notes 2 can be made without the need for a prospectus, registration, or other formality (other than a formality which AMP is willing to comply with), including in Australia to persons to whom offers of or invitations in respect of securities can be made without the need for a prospectus under Chapter 6D of the Corporations Act and who is invited by the Joint Lead Managers to bid for Capital Notes 2 in the Bookbuild, provided that such investor is not in the United States or acting as a nominee for a person in the United States and is not otherwise prevented from receiving the Institutional Offer or Capital Notes 2 under the laws of any jurisdiction, as determined by AMP.
Institutional Offer	The invitation by the Joint Lead Managers to Institutional Investors to bid for Capital Notes 2 in the Bookbuild.
Issue Date	The date on which the issue of Capital Notes 2 to successful Applicants is completed, in accordance with the Terms.
Issue Date VWAP	The VWAP during the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7 (inclusive) of the Terms.

Term	Meaning
JBWere	JBWere Limited (ABN 68 137 978 360).
Joint Lead Managers	Commonwealth Bank of Australia, Morgans, National Australia Bank and UBS.
Level 3 Eligible Capital	Comprises the highest quality components of capital for AMP as the head of a Level 3 group. Level 3 eligible capital has similar characteristics to Common Equity Tier 1 capital for insurers and ADIs.
Life Insurance Act	<i>Life Insurance Act 1995</i> (Cth).
Life Sale	The proposed sale of AMP's wealth protection and mature business (AMP Life) to Resolution Life Australia Pty Ltd on 25 October 2018. AMP announced a revised agreement with Resolution Life for the sale of AMP Life on 8 August 2019. Should the transaction complete, as part consideration, AMP will receive a \$500 million equity interest (expected to be around 20%) in Resolution Life Australia – a new Australian domiciled Resolution Life holding company which will acquire 100% of AMP Life.
Mandatory Conversion	The mandatory conversion of Capital Notes 2 to AMP Shares on the Mandatory Conversion Date in accordance with clause 4 of the Terms.
Mandatory Conversion Conditions	The First Mandatory Conversion Condition, the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition. See also Section 2.2 of this Prospectus.
Mandatory Conversion Date	The date on which Capital Notes 2 are to Convert in accordance with clause 4.2 of the Terms.
Margin	Expected to be in the range of 4.5000% to 4.7000%.
Maximum Conversion Number	The maximum number of AMP Shares that AMP will issue if required to Convert the Capital Notes 2 as described in clause 8.1 of the Terms.
Meeting Provisions	The provisions for meetings of the Holders set out in schedule 3 to the Trust Deed.
Morgans	Morgans Financial Limited (ABN 49 010 669 726).
MRR	Minimum regulatory capital requirements.
MUTB	Mitsubishi UFJ Trust and Banking Corporation.
National Australia Bank	National Australia Bank Limited (ABN 12 004 044 937).
NMLA	The National Mutual Life Association of Australasia Limited (ABN 72 004 020 437).
Nominated Purchaser	Subject to clause 10.3 of the Terms, a third party selected by AMP in its absolute discretion.
Non-Conversion Notice	A notice AMP must give in accordance with clause 4.4 of the Terms if the Mandatory Conversion Conditions are not satisfied.
Non-Resident Holders	Has the meaning given in Section 7.1 of this Prospectus.
Non-Viability Conversion	The Conversion of Capital Notes 2 to AMP Shares on the Non-Viability Conversion Date in accordance with clause 5 of the Terms. See also Section 5.1.7 of this Prospectus.
Non-Viability Conversion Date	The date on which a Non-Viability Conversion must occur as described in clause 5.2 of the Terms. See also Section 5.1.7 of this Prospectus.
Non-Viability Event	A determination of non-viability made by APRA as described in clause 5.1 of the Terms.
North	Wrap platform for superannuation and investments which includes guaranteed and non-guaranteed options.

Term	Meaning
Offer	The invitation under this Prospectus made by AMP for persons to subscribe for Capital Notes 2 and incorporates the Securityholder Offer, Institutional Offer and Broker Firm Offer.
Offer Management Agreement	The offer management agreement entered into between AMP and the Joint Lead Managers, as described in Section 8.6.
Offer Period	The period from the Opening Date to the Closing Date.
Opening Date	The day the Offer opens, being 4 December 2019.
Optional Conversion Restrictions	The restrictions on AMP electing to Convert the Capital Notes 2 as described in clause 6.5 of the Terms.
Optional Exchange Date	16 December 2025. See also Section 2.3 of this Prospectus.
Payment Condition	<p>With respect to the payment of a Distribution on the Capital Notes 2 on a Distribution Date:</p> <ul style="list-style-type: none"> (a) payment of the Distribution would result in AMP breaching APRA's capital adequacy requirements applicable to it; (b) the payment would result in AMP becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or (c) APRA objecting to the payment. <p>See also Section 2.1 of this Prospectus.</p>
Perpetual Subordinated Instrument	<ul style="list-style-type: none"> (a) a perpetual subordinated instrument (whether in the form of a note, Preference Share or other security or obligation) issued by AMP or a member of the AMP Group that is not an APRA-regulated entity which: <ul style="list-style-type: none"> (i) in accordance with its terms or by operation of law, is capable of being Converted into AMP Shares or Written-off where a Non-Viability Event occurs; and (ii) has been confirmed in writing by APRA to AMP as constituting as at the date of its issue Eligible Funding, and includes the Capital Notes 2, Capital Notes 1 and the AMP Wholesale Capital Notes; and (b) an instrument constituting Additional Tier 1 Capital of an APRA-regulated entity within the AMP Group which, in accordance with its terms or by operation of law, is capable of being converted into AMP Shares or Written-off where a Non-Viability Event occurs. <p>See also Section 2.6 of this Prospectus.</p>
Potential Acquisition Event	<ul style="list-style-type: none"> (a) an event within paragraph (a) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or (b) a court orders the holding of meetings to approve a scheme of arrangement under part 5.1 of the Corporations Act and the scheme would result in a person having a relevant interest in more than 50% of the AMP Shares that will be on issue after the scheme is implemented. <p>See also Section 2.3 of this Prospectus.</p>
Preference Share	A notional preference share in the capital of AMP conferring a claim in the winding-up of AMP equal to the Redemption Price and ranking in respect of return of capital in the winding-up ahead only of AMP Shares and equally with Perpetual Subordinated Instruments.
Prospectus	This prospectus (including its electronic form) and any supplementary or replacement prospectus.
Reclassification	A reconstruction, consolidation, division or reclassification of AMP Shares as described in clause 8.3 of the Terms.

Term	Meaning
Record Date	For payment of a Distribution on Capital Notes 2: (a) subject to paragraph (b) below, the date which is eight calendar days before the applicable Distribution Date; (b) such other date as is determined by AMP in its absolute discretion and communicated to ASX and the Trustee not less than eight calendar days before the Record Date which would have been determined under paragraph (a) above; or (c) such other date as may be required by, or agreed with, ASX.
Redemption	The redemption of a Capital Note in accordance with clause 9 of the Terms and the words “Redeem” and “Redeemed” have corresponding meanings.
Redemption Price	The amount AMP will pay a Holder to Redeem a Capital Note as described in clause 9.2 of the Terms.
Register	The register of Holders (established and maintained under clause 13 of the Trust Deed) and, where appropriate, the term “Register” includes: (a) a sub-register maintained by or for AMP under the Corporations Act, the ASX Listing Rules or ASTC Settlement Rules; and (b) any branch register.
Registrar	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by AMP to maintain the Register and perform any payment and other duties as specified in that agreement.
Regulatory Event	(a) as a result of a change in, or amendment to, a law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia, or any change in their application or official or judicial interpretation, in each case which change or amendment becomes effective after the Issue Date and which was not expected by AMP on the Issue Date, additional requirements would be imposed on AMP in relation to or in connection with Capital Notes 2 which AMP determines, in its absolute discretion, would have a not insignificant adverse impact on it; or (b) following a notification from, or announcement or determination by, APRA, AMP determines in its absolute discretion that the Capital Notes 2 have ceased, or will cease, to be Eligible Funding.
Related Entity	Any parent entity of AMP or any entity over which AMP or any parent entity of AMP exercises control or significant influence, as determined by APRA from time to time.
Replacement Rate	Has the meaning given in the Terms.
Resale	The sale of a Capital Note to a Nominated Purchaser in accordance with clause 10 of the Terms, and “Resold” and “Resell” have corresponding meanings.
Resale Price	For a Capital Note, a cash amount equal to its Face Value.
Resident Holders	Has the meaning given in Section 7 of this Prospectus.
Restriction Agreement	An agreement which is required to be concluded under chapter 9 of the ASX Listing Rules or is voluntarily concluded between AMP and one or more Holders.
Sale and Transfer Agent	Each nominee (who cannot be a member of the AMP Group or a Related Entity) appointed by AMP under a facility established for the sale or transfer of AMP Shares issued on Conversion on behalf of: (a) Holders who do not wish to receive AMP Shares on Conversion; or (b) Holders who are Ineligible Holders, in accordance with clause 8.10 of the Terms. For the avoidance of doubt AMP may appoint more than one Sale and Transfer Agent in respect of the Conversion of Capital Notes 2.
Second Mandatory Conversion Condition	The condition to Mandatory Conversion described in clause 4.3(b) of the Terms.

Term	Meaning
Securityholder Offer	The invitation to Eligible Securityholders to apply for Capital Notes 2 under this Prospectus.
Senior Ranking Creditors	All creditors of AMP (present and future), including all investors in AMP's senior or subordinated debt whose claims: <ul style="list-style-type: none"> (a) are admitted in a winding-up of AMP; and (b) are not in respect of a Perpetual Subordinated Instrument, and includes investors in AMP's subordinated notes issued on 15 November 2018 and 1 September 2017.
Shareholder Approval	The approval by an ordinary resolution of the AMP Shareholders that Capital Notes 2 have been issued on terms that they may Convert as further described in clause 1.7 of the Terms.
Shaw and Partners	Shaw and Partners Limited (ABN 24 003 221 583).
Special Resolution	A resolution passed: <ul style="list-style-type: none"> (a) at a meeting of the Holders of the Capital Notes 2, duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or (b) by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 75% of the aggregate Face Value of the outstanding Capital Notes 2.
Syndicate Brokers	Any of the Joint Lead Managers and any senior co-manager, co-managers and brokers appointed by the Joint Lead Managers with the approval of AMP.
Tax Event	The receipt by AMP of an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters to the effect that, as a result of any change in, or amendment to, the laws in force in Australia affecting taxation (or any change in their application or official or judicial interpretation) which change or amendment becomes effective on or after the Issue Date and which was not expected by AMP on the Issue Date, there is more than an insubstantial risk which AMP determines in its absolute discretion to be unacceptable that: <ul style="list-style-type: none"> (a) any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Legislation; or (b) AMP would be exposed to a more than insignificant increase in its Costs (including without limitation through the imposition of any Taxes or assessments) in relation to Capital Notes 2.
Tax Legislation	<ul style="list-style-type: none"> (a) the <i>Income Tax Assessment Act 1936</i> (Cth), the <i>Income Tax Assessment Act</i> (Cth) or the <i>Taxation Administration Act 1953</i> (Cth) (and a reference to any section of the <i>Income Tax Assessment Act 1936</i> (Cth) includes a reference to that section as rewritten in the <i>Income Tax Assessment Act 1997</i> (Cth)); (b) any other law setting the rate of income tax payable; and (c) any regulation made under such laws.
Tax Rate	The Australian corporate tax rate applicable to AMP at the relevant Distribution Date (expressed as a decimal).
Taxes	Taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the holder.
Terms	The terms and conditions of Capital Notes 2 as set out in Appendix A.

Term	Meaning
TFN	Tax File Number.
Third Mandatory Conversion Condition	The condition to Mandatory Conversion described in clause 4.3(c) of the Terms.
Tier 1 Capital	Tier 1 capital as defined by APRA in accordance with APRA's prudential standards from time to time.
Tier 2 Capital	Tier 2 capital as defined by APRA in accordance with APRA's prudential standards from time to time.
Trust Deed	The deed entitled "Capital Notes 2 Trust Deed" between AMP and the Trustee, dated on or about 26 November 2019.
Trustee	Sargon CT Pty Limited.
UBS	UBS AG, Australia Branch (ABN 47 088 129 613, Australian Financial Services Licence No. 231087).
US person	US person has the meaning given in Rule 902(k) of Regulation S under the US Securities Act.
US Securities Act	The United States Securities Act of 1933.
VWAP	The average of the daily volume weighted average sale prices (expressed in dollars and cents and as such daily prices may be adjusted under clause 8 of the Terms and such average being rounded to the nearest full cent) of AMP Shares sold on ASX during the relevant period or on the relevant day or days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the market operating rules of ASX as amended, varied or waived (whether in respect of AMP or generally) from time to time, or any overseas trades or trades pursuant to the exercise of options over AMP Shares.
VWAP Period	<p>(a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:</p> <ul style="list-style-type: none"> (i) 20 Business Days on which trading in AMP Shares takes place; and (ii) the number of Business Days on which trading in AMP Shares takes place that the AMP Shares are quoted for trading on ASX after: <ul style="list-style-type: none"> (A) in the case of a Potential Acquisition Event, AMP has given an Exchange Notice in respect of that Potential Acquisition Event; or (B) in the case of an Acquisition Event, AMP has given an Acquisition Conversion Notice, <p>in each case immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event (as the case may be);</p> <p>(b) in the case of a Non-Viability Conversion, the period of five Business Days on which trading in AMP Shares took place immediately preceding (but not including) the Non-Viability Conversion Date;</p> <p>(c) in the case of any other Conversion, the period of 20 Business Days on which trading in AMP Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with the Terms; or</p> <p>(d) otherwise, the period for which VWAP is to be calculated in accordance with the Terms.</p>
Winding-up Event	The making of a court order or passing of an effective resolution for the winding-up of AMP as described in clause 16.1 of the Terms.
Written-off	A Holder's rights under a Capital Note are immediately and irrevocably written-off and terminated as described in clause 8.11 of the Terms and "Write-off" has a corresponding meaning.

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CORPORATE DIRECTORY

Issuer

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Arranger

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2 Chifley Square
Sydney NSW 2000

**Australian legal
and tax adviser**

King & Wood Mallesons
Level 50
Bourke Place
600 Bourke Street
Melbourne VIC 3000

Registrar

**Computershare
Investor Services**
Level 3
60 Carrington Street
Sydney NSW 2000

Trustee

Sargon CT Pty Limited
Level 19
60 Castlereagh Street
Sydney NSW 2000

Joint Lead Managers

**Commonwealth
Bank of Australia**
Ground Floor, Tower 1
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Sydney NSW 2000

**Morgans Financial
Limited**
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**National Australia
Bank Limited**
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Sydney NSW 2000

UBS AG, Australia Branch
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Co-managers

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Management Limited**
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JBWere Limited
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**Shaw and Partners
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How to contact us

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