

3 November 2015

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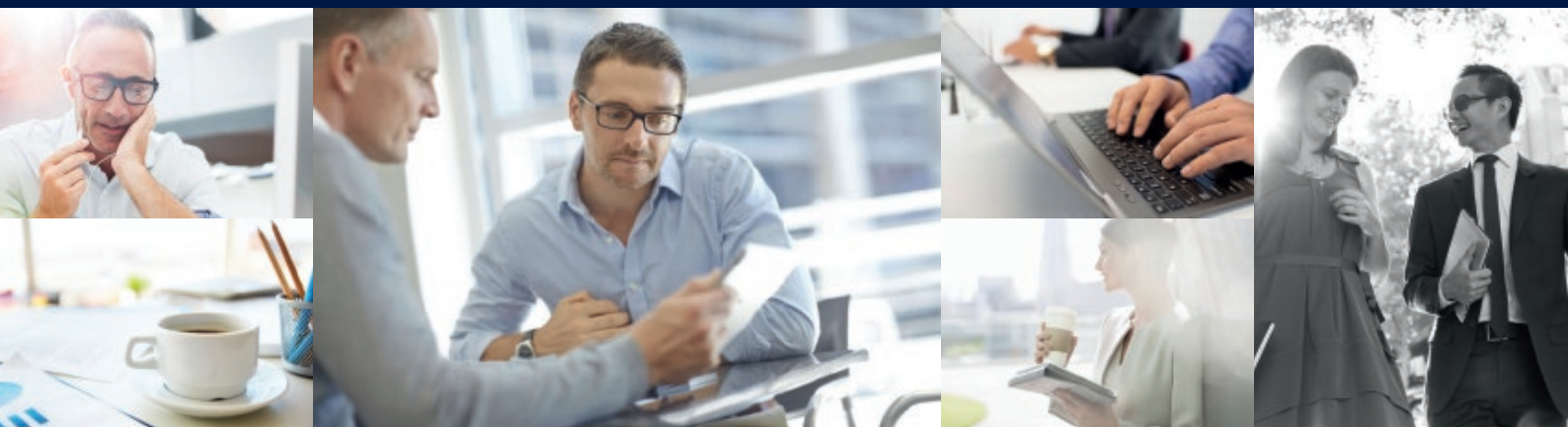
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Announcement No: 30/2015
AMP Limited (ASX/NZX: AMP)

AMP capital notes replacement prospectus

Please refer to the attached document. 

AMP capital notes



Issuer

AMP Limited
ABN 49 079 354 519

Arranger



Joint lead 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*) to raise at least A\$230 million.

This *prospectus* is a transaction-specific *prospectus* issued by AMP under section 713(1) of the *Corporations Act*. It is dated and was lodged with ASIC on 3 November 2015. This is a replacement prospectus which replaces the prospectus dated 26 October 2015 and lodged with ASIC on that date (*original prospectus*). This *prospectus* expires on 26 November 2016 and no *capital notes* will be issued on the basis of this *prospectus* after that date.

Neither ASIC nor 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 and expressions used in this *prospectus* have specific technical meanings. To make it easier for you to identify these words and expressions, they have been italicised throughout this *prospectus* and defined in the glossary which can be found on page 137. Acronyms used in this *prospectus* are also defined in the glossary.

Unless otherwise stated or implied, all references to times in this *prospectus* are to Sydney time.

AMP and capital notes

AMP is an ASX-listed company incorporated in Australia and 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* and is not a life insurer under the *Life Insurance Act*.

Capital notes are complex and may not be suitable for all investors. Capital notes are subject to investment risk, including loss of income and principal invested. Distributions on capital notes 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, either because a non-viability event (as described in clause 5.1 of the terms) 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. 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 or any particular rate of return.

Capital notes are unsecured notes to be issued by AMP under the *trust deed* and holders of *capital notes* have no direct right to claim against AMP except as provided in the *trust deed* (which includes the terms of *capital notes*).

Capital notes are not:

- deposits 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 under any compensation scheme or by any government agency or any other party
- secured over any of the AMP group's assets.

The risks associated with investing in *capital notes* 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).

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* under the *original prospectus* in the seven day period after 26 October 2015, being the date on which the *original prospectus* was lodged with ASIC, known as the exposure period. This period may be extended by ASIC by up to a further seven days. This period was to enable the *original prospectus* to be examined by market participants prior to the raising of funds.

How to obtain a prospectus and application form

This *prospectus* is available to Australian investors in electronic form at ampcapitalnotes.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 a personalised *application form* through ampcapitalnotes.com.au.

Persons in Australia may, during the *offer period*, obtain a paper copy of this *prospectus* (free of charge) by calling the *capital notes* information line on 1300 338 164 Monday to Friday – 8.30am to 5.30pm (Sydney time), or by registering online to receive a *prospectus* at ampcapitalnotes.com.au.

Applications for *capital notes* 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*.

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*. See section 8.13 of this *prospectus* 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* or the *offer* or to otherwise permit a public offering of *capital notes* outside Australia.

For further details of the selling restrictions that apply to the *capital notes*, 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 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 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* 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*.

Enquiries

If you do not understand any part of this *prospectus*, or are in any doubt as to whether to invest in *capital notes*, you should seek professional guidance from your financial planner, stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

This *prospectus* is important and, if you are considering applying for *capital notes* 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* 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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Chairman's letter

3 November 2015

Dear investor

You are invited to apply to purchase *capital notes*, which are new perpetual, convertible, subordinated and unsecured securities being issued by AMP.

Capital notes may provide *holders* with an opportunity to diversify their investment portfolio and are designed to pay discretionary, non-cumulative and quarterly floating rate *distributions*. These *distributions* are expected to be franked at the same rate as *dividends* on *AMP shares* and will be reduced by a factor reflecting the value of any *franking credits*. You can apply to buy *capital notes* with a minimum investment of A\$5,000.

Capital notes will be Australian dollar-denominated securities listed on ASX. We expect *capital notes* to begin trading on ASX on 1 December 2015.

Capital notes are being issued as part of the AMP group's ongoing funding and capital management strategy and in anticipation of the loss of transitional arrangements on the existing A\$600 million AXA *subordinated notes* as regulatory capital in March 2016. The proceeds raised by the issue will further strengthen the AMP group's capital base and meet general funding requirements including to fund *additional tier 1 capital* of one or more APRA regulated entities within the AMP group. AMP is seeking to raise at least A\$230 million through the issue of *capital notes*.

Capital notes may be *redeemed* or *resold* for cash or *converted* on 22 December 2021 (or on an earlier date in certain circumstances) subject to prior written approval from APRA. Otherwise, *capital notes* will mandatorily *convert* into *AMP shares* on 22 December 2023 (subject to certain conditions being satisfied). If the conditions to *mandatory conversion* are not met on 22 December 2023, *conversion* will be deferred to a later date when the conditions are re-tested, although it is possible these conditions may never be met, and in this case the *capital notes* will remain on issue. *Capital notes* will also be *converted* or *written-off* at any time if a *non-viability event* occurs, which could be expected to include serious impairment of AMP and AMP group's financial position and insolvency. The key features of *capital notes* are set out in section 2 of this *prospectus*.

To participate in this *offer*, please follow the instructions in section 6. If you are applying directly, we will need to receive your completed *application* by 20 November 2015. However, if you are applying through a broker you need to ask your broker what you need to do to apply. We recommend you read the key dates on page 6. Please be aware that we reserve the right to close the *offer* early and/or to scale it back. If this happens we will post information on ampcapitalnotes.com.au.

You should carefully read this *prospectus*, including section 5 which contains a summary of the key risks associated with an investment in *capital notes*, before you decide to apply. You should also consider obtaining guidance from your financial planner or other professional adviser.

Yours sincerely,



Simon McKeon
Chairman

How to apply for capital notes

1

Read this *prospectus* in full

- This *prospectus* is important and, if you are considering applying for *capital notes* under the *offer*, you should read it in its entirety.
- In considering whether to apply for *capital notes*, it is important you consider all risks and other information regarding an investment in *capital notes* in light of your particular investment objectives and circumstances.

2

Speak to your professional adviser and consider ASIC guidance for retail investors

- If you are unsure whether to apply for *capital notes*, you should seek professional guidance from your financial planner, stockbroker, solicitor, accountant or other independent and qualified professional adviser about the *offer of capital notes*. They can help you decide whether *capital notes* are the right investment for you.
- ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of *capital notes*. You can find this guidance by searching '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.

3

Complete and submit your *application form* and *application payment*

- If you decide to apply for *capital notes*, you need to apply using an *application form* (either electronic or paper) attached to or accompanying this *prospectus*.
- The *application* process varies depending on whether you participate in the *institutional offer*, *broker firm offer*, *securityholder offer* or *general offer*. See section 6 for more details on how to apply.
- If you apply under the *securityholder offer*, your personalised *application form* must be received by the *closing date* for the *securityholder offer*, which is expected to be Friday, 20 November 2015.
- If you apply under the *general offer*, your *application form* must be received by the closing date for the offer, which is expected to be Friday, 20 November 2015.
- If you apply under the *broker firm offer* your *application form* must be received by the *closing date* for the *broker firm offer*, which is expected to be Friday, 27 November 2015.
- The *offer* may close early so you are encouraged to consider submitting your *application* as soon as possible after the *opening date*.

Key dates

Key dates for the offer of capital notes	Date
<i>Record date</i> for determining <i>eligible securityholders</i> (7.00pm Sydney time)	22 October 2015
Lodgement of the <i>original prospectus</i> with ASIC	26 October 2015
<i>Bookbuild</i>	29 October 2015
Announcement of the <i>margin</i>	29 October 2015
Lodgement of this <i>prospectus</i> with ASIC	3 November 2015
<i>Opening date</i> for the <i>broker firm offer, securityholder offer and general offer</i>	3 November 2015
<i>Closing date</i> for the <i>securityholder and general offer</i> (5.00pm Sydney time)	20 November 2015
<i>Closing date</i> for the <i>broker firm offer</i> (10.00am Sydney time)	27 November 2015
<i>Issue date</i>	30 November 2015
<i>Capital notes</i> commence trading on ASX (deferred settlement basis)	1 December 2015
Holding statements for <i>capital notes</i> dispatched by	3 December 2015
<i>Capital notes</i> commence trading on ASX (normal settlement basis)	4 December 2015

Key dates for capital notes	Date
First <i>distribution date</i>	22 March 2016
<i>Optional exchange date</i>	22 December 2021
Date on which <i>mandatory conversion</i> is scheduled to occur	22 December 2023

Dates may change

These dates are indicative only and may change without notice.

AMP and the *joint lead managers* may agree to 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* are issued, at their discretion.

You are encouraged to apply as soon as possible after the *opening date* for the *offer*.

Section 1

Investment overview

This section provides a summary of the key features, benefits and risks of investing in *capital notes*. 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*. If you have any questions, you should seek advice from your financial planner or other professional adviser.

- 1.1 Key features of the offer and capital notes
- 1.2 Summary of certain events that may affect capital notes
- 1.3 Ranking of capital notes in a winding-up of AMP
- 1.4 Key benefits and risks associated with an investment in capital notes
- 1.5 Key differences between bank deposits, AMP subordinated notes 2, capital notes and AMP shares
- 1.6 Information about the offer of capital notes

1.1 Key features of the offer and capital notes

Topic	Summary	Further information
<i>Offer</i>	The <i>offer</i> is for the issue of <i>capital notes</i> to raise at least A\$230 million.	Section 6.1 – The offer of capital notes
<i>Issuer</i>	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 business strategy, see section 3.2 – Overview of the AMP group and section 3.6 – Strategy For further information about AMP's directors, see section 3.7 – Directors of AMP For further information about AMP's financial position, see section 4 – Financial information
<i>Capital notes</i>	<i>Capital notes</i> are perpetual, convertible, subordinated and unsecured notes to be issued by AMP. The <i>capital notes terms</i> 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.	For further information about <i>capital notes</i> see section 2 – About capital notes
<i>Use of proceeds</i>	<i>Capital notes</i> are being issued as part of the AMP group's ongoing funding and capital management strategy and in anticipation of the loss of transitional arrangements on the existing A\$600 million AXA <i>subordinated notes</i> as regulatory capital in March 2016. The proceeds raised by the issue will be used to meet general funding requirements including to fund <i>additional tier 1 capital</i> 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
<i>Face value</i>	<i>Face value</i> is A\$100 per <i>capital note</i> but may be reduced to zero following a <i>non-viability event</i> .	Appendix A – Terms of capital notes clauses 1.3 and 5 and definition of <i>face value</i>

Topic	Summary	Further information
Term	<p><i>Capital notes</i> are perpetual, which means they have no fixed maturity date and could remain on issue indefinitely if not <i>redeemed, converted</i> or <i>written-off</i>.</p> <p>AMP must <i>convert</i> all <i>capital notes</i> into <i>AMP shares</i> on 22 December 2023 if the <i>mandatory conversion conditions</i> for that date are satisfied.</p> <p>AMP may <i>exchange capital notes</i> earlier if certain events occur.</p>	<p>For further information about <i>mandatory conversion</i> see section 2.2 – <i>Mandatory conversion</i></p> <p>For further information about <i>optional exchange</i> see section 2.3 – <i>Exchange at AMP's option</i></p>
Distributions	<p>Subject to the <i>payment conditions</i>, <i>capital notes</i> are scheduled to pay floating rate <i>distributions</i> quarterly in arrear unless and until <i>redeemed, converted</i> or <i>written-off</i>.</p> <p>The <i>distribution rate</i> is the <i>bank bill rate</i> plus the <i>margin</i>, adjusted for franking. The <i>margin</i> is 5.10% per annum, which was determined under the <i>bookbuild</i>.</p> <p>The first <i>distribution</i> on the <i>capital notes</i> is scheduled to be paid on 22 March 2016. The first <i>distribution</i> period will be calculated on a period of 113 days. Subsequent distributions will be calculated on a period of approximately three months.</p> <p><i>Distributions</i> are payable only if AMP decides to pay them and if no <i>payment condition</i> exists (including where payment would breach a requirement of <i>APRA</i>). If a <i>payment condition</i> exists, a <i>distribution</i> will not be paid. <i>Distributions</i> that are not paid do not accumulate which means that if they are not paid, they will never be paid. Non-payment of a <i>distribution</i> on <i>capital notes</i> will not be an event of default and AMP will have no liability to <i>holders</i> in respect of any unpaid <i>distribution</i>.</p>	<p>For further information about <i>distribution</i> calculation, payment and timing see section 2.1 – <i>Distributions</i></p>
Franking	<p><i>Distributions</i> are expected to be franked at the same rate as <i>dividends</i> on <i>AMP shares</i>. The current applicable <i>franking rate</i> is 85%. The <i>franking rate</i> may vary over time and <i>distributions</i> may be partially, fully or not franked.</p> <p>The greater the rate of franking of the <i>distribution</i>, the lower the <i>distribution rate</i> and the amount of cash <i>distribution</i>, reflecting the value of the <i>franking credit</i> attached to the <i>distribution</i>.</p> <p>The ability of <i>holders</i> to use <i>franking credits</i> will depend on their individual circumstances.</p>	<p>For further information about franking see section 2.1 – <i>Distributions</i></p>
ASX quotation	<p>AMP has applied for <i>capital notes</i> to be quoted on <i>ASX</i>. It is expected that <i>capital notes</i> will be quoted under the code 'AMPPA'.</p>	<p>Section 6.6.2 – <i>Application to ASX for quotation of capital notes</i></p>

1.2 Summary of certain events that may affect capital notes

The table below summarises certain events that may affect what *holders* will receive in relation to *capital notes*. 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. This table lists certain events provided for in the *terms* of *capital notes* but it is not an exhaustive list of all the events that may affect what *holders* receive in relation to *capital notes*. For further information on the risks associated with an investment in *capital notes*, see section 1.4 and section 5 and other matters referred to in this *prospectus*.

Event	When?	Is APRA approval required? ⁽ⁱ⁾	Are there pre-conditions to the event?	What value will you receive per capital note? ⁽ⁱⁱ⁾	How will that value be provided? ⁽ⁱⁱⁱ⁾	Further information
Optional redemption or resale at AMP's discretion	22 December 2021 or if a tax event or regulatory event occurs	Yes	Yes. AMP must be adequately capitalised (in the case of a redemption) and the <i>capital notes</i> must not have been redeemed, converted or written-off earlier	A\$100	Cash	Section 2.3
Optional conversion	22 December 2021 or if a tax event, regulatory event or potential acquisition event occurs	Yes	Yes. Certain conditions as to the price and listing of <i>AMP shares</i> must be satisfied and the <i>capital notes</i> must not have been redeemed, converted or written-off earlier	Approximately A\$101	Variable number of <i>AMP shares</i>	Section 2.3
Mandatory conversion on specified dates	On 22 December 2023 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 the <i>capital notes</i> must not have been redeemed, converted or written-off earlier	Approximately A\$101	Variable number of <i>AMP shares</i>	Section 2.2

Event	When?	Is APRA approval required? ⁽ⁱ⁾	Are there pre-conditions to the event?	What value will you receive per capital note? ⁽ⁱⁱ⁾	How will that value be provided? ⁽ⁱⁱⁱ⁾	Further information
<i>Mandatory conversion upon acquisition event</i>	On the <i>acquisition conversion date</i>	No	Yes. An <i>acquisition event</i> must have occurred, certain conditions as to the price and listing of <i>AMP shares</i> must be satisfied and the <i>capital notes</i> must not have been <i>redeemed, converted</i> or <i>written-off</i> earlier	Approximately A\$101	Variable number of <i>AMP shares</i>	Section 2.5
<i>Non-viability conversion</i>	On the date a <i>non-viability event</i> occurs	No (but would only happen as a result of APRA's determination of non-viability)	Yes. <i>APRA</i> determination of non-viability. There is no guidance as to when <i>APRA</i> would make this determination, but it is expected to include serious impairment of the <i>AMP</i> group's financial position	A variable value which may be significantly less than the <i>face value</i> of the <i>capital note</i> being <i>converted</i> , depending on the value of <i>AMP shares</i> at the relevant time and the number of <i>AMP shares</i> issued	Variable number of <i>AMP shares</i> up to the <i>maximum conversion number</i>	Section 2.4
<i>Write-off following non-viability event</i>	At the end of the period of five <i>business days</i> after a <i>non-viability event</i> occurs, if within those five <i>business days, conversion of capital notes</i> required to be <i>converted</i> does not occur for any reason (including due to an <i>inability event</i>)	No (but would only happen as a result of APRA's determination of non-viability)	Yes. <i>APRA</i> determination of non-viability and <i>non-viability conversion</i> not occurring within five <i>business days</i> of the occurrence of the <i>non-viability event</i>	Zero ^(iv) , without any compensation	Not applicable	Section 2.4

(i) *Holders* should note that any approval is at *APRA's* discretion and may not be given.

(ii) In the case of *conversion*, the value stated is the value a *holder* of a *capital note* 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 A\$101 and, in the case of *conversion* on account of a *non-viability event*, substantially less than A\$101.

(iii) *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* is effected).

(iv) If a *capital note* is *written-off*, the rights of the *holder* in relation to the *capital note* are immediately and irrevocably terminated and the *holder* will lose all of the money invested in the *capital note*.

1.3 Ranking of capital notes in a winding-up of AMP

Ranking of *capital notes* in a winding-up of AMP

The table below illustrates how *capital notes* 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:

	Type	Illustrative examples ⁽ⁱ⁾	
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 <i>subordinated notes 2</i> issued in 2013)	
	<i>Perpetual subordinated instruments</i>	<i>Capital notes</i> ⁽ⁱⁱ⁾ and any preference shares or other securities expressed to rank equally with <i>capital notes</i> if issued by AMP in the future (including AMP <i>wholesale capital notes</i> issued in 2015)	← <i>Capital notes</i>
Lower ranking	AMP shares	AMP shares (including AMP shares issued to <i>holders of capital notes</i> where <i>capital notes</i> are converted)	← <i>Capital notes 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*. See section 2.6 for further information.

(i) 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*.

(ii) Ranking prior to *conversion, redemption or write-off*.

1.4 Key benefits and risks associated with an investment in capital notes

Before applying for *capital notes*, you should consider whether *capital notes* are a suitable investment for you. There are risks involved with investing in *capital notes* 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* are also described in this section 1.4.

1.4.1 Key benefits associated with an investment in capital notes

Topic	Summary	Further information
<i>Distributions</i>	<i>Capital notes</i> are scheduled to pay floating rate <i>distributions</i> . Subject to AMP's discretion and the <i>payment conditions</i> , <i>distributions</i> will be paid quarterly in arrear unless and until <i>capital notes</i> are <i>redeemed</i> , <i>converted</i> or <i>written-off</i> .	Section 2.1 – Distributions
Traded on ASX	AMP will apply for <i>capital notes</i> to be quoted on ASX. If <i>capital notes</i> are quoted on ASX, investors may buy and sell the <i>capital notes</i> on ASX.	Section 6.6.2 – Application to ASX for quotation of capital notes
Diversification	<i>Capital notes</i> may provide <i>holders</i> with an opportunity to diversify their investment portfolio.	

1.4.2 Key risks associated with an investment in capital notes

Topic	Summary	Further information
<i>Capital notes</i> are not guaranteed, nor are they bank deposits or policy liabilities of the AMP group	<i>Capital notes</i> are not guaranteed by, nor are they bank deposits, policy liabilities or protected accounts of, any member of the AMP group. Nor are capital notes investments in any superannuation or other fund managed by a member of the AMP group. They are also not guaranteed or insured by any government, government agency or compensation scheme.	Section 5.1.1 – Capital notes are not bank deposits or policy liabilities
<i>Capital notes</i> are unsecured and subordinated obligations	<i>Capital notes</i> are unsecured and subordinated obligations of AMP. AMP is a non-operating holding company and most of its assets are claims on subsidiaries ranking behind creditors of those subsidiaries. In a winding-up of AMP, there is a risk that <i>holders</i> may lose some or all of the money invested in <i>capital notes</i> .	Section 5.1.2 – Capital notes are perpetual, unsecured and subordinated obligations
<i>Capital notes</i> are perpetual securities	<i>Capital notes</i> are perpetual debt obligations, which means they have no fixed maturity date and could remain on issue indefinitely if not <i>converted</i> or <i>redeemed</i> . <i> Holders</i> have no right to require <i>conversion</i> or <i>redemption</i> of the <i>capital notes</i> and may never be repaid the principal invested or receive <i>AMP shares</i> .	Sections 5.1.2 and 5.1.11 – Capital notes are perpetual securities and may never be converted or redeemed

Topic	Summary	Further information
Distributions may not be paid	<p><i>Distributions</i> are payable only if AMP decides to pay them and are subject to the <i>payment conditions</i>.</p> <p><i>Distributions</i> that are not paid do not accumulate and will not be subsequently paid.</p>	Section 5.1.3 – Distributions may not be paid
Changes in the distribution rate	<p>The <i>distribution rate</i> will fluctuate with changes in the <i>bank bill rate</i> or the <i>franking rate</i>.</p> <p>There is a risk that the <i>distribution rate</i> 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
Distributions may or may not be franked	<p>The <i>franking rate</i> may vary over time and <i>distributions</i> may be partially, fully or not franked.</p> <p>The ability of a <i>holder</i> to use <i>franking credits</i> will depend on the individual circumstances of the <i>holder</i>.</p>	Section 5.1.6 – Distributions may or may not be franked
Capital notes may convert into AMP shares	<p><i>Capital notes</i> must be <i>converted</i> to <i>AMP shares</i> on the <i>mandatory conversion date</i>, or upon the occurrence of a <i>non-viability event</i> or an <i>acquisition event</i>. AMP may also elect to <i>convert</i> the <i>capital notes</i>.</p> <p>On <i>conversion</i>, <i>holders</i> will receive <i>AMP shares</i> which may be worth significantly less than the <i>face value</i> of <i>capital notes</i> and <i>holders</i> may suffer a loss as a consequence.</p>	Sections 5.1.7, 5.1.8, 5.1.9 and 5.1.10
AMP shares are a different type of investment to capital notes	<p>If <i>capital notes</i> are <i>converted</i>, <i>holders</i> will be issued <i>AMP shares</i>. <i>AMP shares</i> are a different type of investment to <i>capital notes</i> and <i>AMP shareholders</i> have different rights to <i>holders</i> of <i>capital notes</i>. In a winding-up of AMP, claims of <i>AMP shareholders</i> rank behind claims of holders of other securities of AMP and AMP's lenders and other creditors.</p>	<p>Sections 5.1.7, 5.1.8, 5.1.9, 5.1.10 and 5.1.14</p> <p>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	<p>If for any reason a <i>non-viability conversion</i> does not occur within five <i>business days</i> of the <i>non-viability conversion date</i>, <i>capital notes</i> required to be <i>converted</i> (and all rights in relation to those <i>capital notes</i>) will be immediately and irrevocably <i>written-off</i> and terminated. Your investment will be lost and you will not receive any compensation.</p> <p>This would occur if AMP were prevented from issuing <i>AMP shares</i> 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 <i>AMP shares</i>.</p>	Section 5.1.8 – conversion on account of a non-viability event

Topic	Summary	Further information
The value of <i>AMP shares</i> to be issued on <i>conversion</i> may be significantly less than the market price on the <i>conversion date</i>	<p>The price used to calculate the number of <i>AMP shares</i> to be issued on <i>conversion</i> may be different to the market price of <i>AMP shares</i> at the time of <i>conversion</i> because the price used is based on the <i>VWAP</i> during a number of <i>business days</i> immediately preceding the <i>conversion date</i>. Also, the <i>conversion number</i> is subject to the <i>maximum conversion number</i> which will limit the number of <i>AMP shares</i> to be issued on account of a <i>non-viability event</i>.</p> <p>The value of <i>AMP shares</i> you receive may be, and in the case of a <i>non-viability conversion</i> is likely to be, significantly less than the value of those <i>AMP shares</i> based on the <i>AMP share price</i> on the <i>conversion date</i>.</p>	Sections 5.1.7 – Capital notes may convert into <i>AMP shares</i> and 5.1.8 – Conversion on account of a non-viability event
<i>Exchange</i> is at <i>AMP's option</i>	<p>AMP may (subject to <i>APRA's</i> prior written approval and certain other conditions and restrictions) elect to <i>exchange capital notes</i> on the <i>optional exchange date</i> or at any time for tax or regulatory reasons and may (subject to certain conditions and restrictions) <i>convert</i> all <i>capital notes</i> following a <i>potential acquisition event</i>.</p> <p><i>APRA's</i> approval for an <i>exchange</i> may or may not be given.</p>	Section 5.1.9 – Exchange is at <i>AMP's option</i>
<i> Holders</i> have no rights to request <i>exchange of capital notes</i>	<i> Holders</i> do not have a right to request or require an <i>exchange of capital notes</i> in any circumstances.	Section 5.1.9 – Exchange is at <i>AMP's option</i>
It is not certain whether and when <i>capital notes</i> may be <i>exchanged</i>	<p>There are a number of scenarios in which <i>capital notes</i> may be <i>exchanged</i>. It is uncertain whether and when an <i>exchange</i> may occur. The timing of any <i>exchange</i> may not suit all <i>holders</i>.</p> <p><i>Capital notes</i> have no maturity date and may not be <i>converted</i> or <i>redeemed</i> at all.</p>	Sections 5.1.8, 5.1.9 and 5.1.10
AMP may issue further securities	AMP may raise further debt or issue securities that rank equally with or ahead of <i>capital notes</i> . This may affect a <i>holder's</i> ability to be repaid on a winding-up of AMP. An investment in <i>capital notes</i> confers no right for <i>holders</i> to participate in the issue of any further securities other than on <i>conversion</i> in accordance with the <i>terms</i> .	Section 5.1.12 – Future issues or redemptions of securities by AMP
Market price and liquidity of <i>capital notes</i>	<p>The market price of <i>capital notes</i> will fluctuate and <i>holders</i> may lose some of the money invested in <i>capital notes</i> if they are sold.</p> <p>Liquidity of <i>capital notes</i> on <i>ASX</i> may be low and <i>holders</i> may not be able to sell their <i>capital notes</i>, in which case they may not be able to realise any of their investment in <i>capital notes</i>.</p>	Section 5.1.13 – Market price and liquidity of <i>capital notes</i>
Market price and liquidity of <i>AMP shares</i>	<p>The market price of <i>AMP shares</i> may fluctuate due to various factors.</p> <p><i> Holders</i> of <i>capital notes</i> receiving <i>AMP shares</i> on <i>conversion</i> may not be able to sell those <i>AMP shares</i> at the price on which the <i>conversion</i> calculation was based, or at all.</p>	Section 5.1.14 – Market price and liquidity of <i>AMP shares</i>
Risks associated with <i>AMP group</i>	Risks associated with <i>AMP's</i> business are set out in section 5.2.	Section 5.2

1.5 Key differences between bank deposits, AMP subordinated notes 2, capital notes and AMP shares


Capital notes are different from bank deposits. *Capital notes* are issued by AMP which is the non-operating holding company of the AMP group and is not a bank.

Capital notes are also different from *AMP subordinated notes 2*, which were issued in 2013 by AMP. Claims of *holders* of *capital notes* will rank behind (ie be subordinated to) the claims of holders of *AMP subordinated notes 2*.

The key differences between general bank deposits, *AMP subordinated notes 2*, *capital notes* and *AMP shares* are summarised in the table below.

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*.

	Bank deposits	AMP subordinated notes 2	Capital notes	AMP shares
Issuer/provider	A bank, credit union or building society – AMP Bank is a provider of bank deposit products, AMP Limited is not	AMP	AMP	AMP
Legal form	Unsubordinated debt obligation	Unsecured and subordinated term debt obligation	Unsecured and perpetual subordinated debt obligation	Ordinary share
Protection under the Australian government Financial Claims Scheme⁽ⁱ⁾	Yes	No	No	No
Term	At call or between one month and five years	10 years ⁽ⁱⁱ⁾	Perpetual (no maturity date), unless <i>redeemed, converted or written-off</i>	Perpetual (no maturity date)
Issuer early redemption option	Not applicable	Yes, ⁽ⁱⁱⁱ⁾ on 18 December 2018 and on each subsequent interest payment 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 22 December 2021 and also on the occurrence of a <i>tax event</i> or a <i>regulatory event</i> , 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 <i>dividends</i> payable
Interest / distribution payment	Cumulative, unfranked	Cumulative, unfranked ^(iv)	Non-cumulative, franked ^(v)	Non-cumulative, franked

	Bank deposits	AMP subordinated notes 2	Capital notes	AMP shares
Interest / distribution payment frequency	At least per annum, typically monthly or end of term	Quarterly	Quarterly	Semi-annually
Interest / distribution payment discretionary	No	No, but all payments (including repayment of the face value) are subject to the solvency condition being satisfied and a non-viability event not having occurred	Yes	Yes
Transferable	No	Yes – quoted on ASX	Yes – to be quoted on ASX ^(vi)	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes, subject to conditions in the case of term deposits	No – may be able to be sold on ASX at prevailing market price, which may be higher or lower than the face value of the <i>AMP subordinated notes 2</i>	No – may be able to be sold on ASX at prevailing market price, which may be higher or lower than the <i>face value</i> of <i>capital notes</i>	No – may be able to be sold on ASX at prevailing market price
Ranking	Generally considered to rank ahead of instruments like the <i>capital notes</i> ^(vii)	Ahead of <i>capital notes</i>	Behind bank depositors and holders of <i>AMP subordinated notes 2</i> , and ahead of <i>AMP shareholders</i> ^(viii)	Behind <i>holders of capital notes</i>
	Highest Ranking			Lowest Ranking
	See section 1.3 – Ranking of capital notes in a winding-up of AMP			
Optional resale (obligation on holder to sell instrument to a <i>nominated purchaser</i> at AMP's option)	No	No	Yes, on 22 December 2021 and following a <i>regulatory event</i> or <i>tax event</i>	No
Conversion into <i>AMP shares</i> at AMP's option	No	No	Yes, on the <i>optional exchange date</i> and following a <i>regulatory event</i> , <i>tax event</i> or <i>potential acquisition event</i>	Not applicable

	Bank deposits	AMP subordinated notes 2	Capital notes	AMP shares
Conversion into AMP shares	No	Yes, following a non-viability event in certain circumstances (unless AMP is unable for any reason to convert some or all of <i>AMP subordinated notes 2</i> , in which case those <i>AMP subordinated notes 2</i> will be written-off)	Yes, on the <i>distribution date</i> falling on 22 December 2023 if the <i>mandatory conversion conditions</i> for that date are satisfied, or if not satisfied, on the first <i>distribution date</i> after 22 December 2023 for which the <i>mandatory conversion conditions</i> are satisfied. Following an <i>acquisition event</i> and on a <i>non-viability event</i> (unless <i>conversion</i> does not occur for any reason within five <i>business days</i> of the <i>non-viability event</i> , in which case those <i>capital notes</i> will be <i>written-off</i>)	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 <i>tier 2 capital</i> of one or more of the APRA regulated entities within the AMP group	No, used to meet general funding requirements including to fund <i>additional tier 1 capital</i> of one or more of the APRA regulated entities within the AMP group	No, used to fund <i>common equity tier 1 capital</i> of one or more entities within the AMP group or investments in other entities within the AMP group

- (i) Up to an amount of A\$250,000, per account holder per authorised deposit-taking institution.
- (ii) Subject to satisfaction of a solvency condition, possible early redemption by AMP in certain circumstances with APRA's approval and conversion or write-off on account of a non-viability event.
- (iii) Subject to satisfaction of the solvency condition and provided that *AMP subordinated notes 2* are still on issue at the time and have not been converted or written-off on account of a non-viability event.
- (iv) 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.
- (v) 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.
- (vi) AMP will apply for *capital notes* to be quoted on *ASX* and they are expected to trade under the code 'AMPPA'.
- (vii) AMP Limited is a non-operating holding company and is not a bank. AMP Limited does not provide deposit products, which are generally considered to be higher ranking investments.
- (viii) *Capital notes* would rank equally with *AMP wholesale capital notes* 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).

1.6 Information about the offer of capital notes

Topic	Summary	Further information
Offer structure comprises	<p>A <i>broker firm offer</i> made to Australian resident retail and high-net-worth clients of <i>syndicate brokers</i>.</p> <p>A <i>securityholder offer</i> made to <i>eligible securityholders</i>.</p> <p>A <i>general offer</i> made to members of the general public who are resident in Australia.</p> <p>An <i>institutional offer</i> made to certain <i>institutional investors</i> invited to bid for <i>capital notes</i> under the <i>bookbuild</i>.</p>	For further information on the different types of <i>offers</i> and how to apply see section 6.2 – Structure of the offer and section 6.4 – Applying for capital notes
Offer period	<p>The <i>offer</i> opened on 3 November 2015.</p> <p>The <i>securityholder offer</i> and <i>general offer</i> are expected to close on 20 November 2015.</p> <p>The <i>broker firm offer</i> is expected to close on 27 November 2015.</p> <p>The <i>institutional offer</i> closed on 29 October 2015.</p>	Key dates and section 6 – Applying for capital notes
Amount intended to be raised	The <i>offer</i> is for the issue of <i>capital notes</i> to raise at least A\$230 million.	
How to apply	<p>If you are an <i>applicant</i> applying under the <i>broker firm offer</i>, you should contact your <i>syndicate broker</i>.</p> <p>If you are an <i>eligible securityholder</i> applying under the <i>securityholder offer</i> or you are a member of the general public applying under the <i>general offer</i>, you should apply using an <i>application form</i> and follow the instructions in section 6 – Applying for capital notes.</p>	Section 6.4 – Applying for capital notes
Minimum application size	50 <i>capital notes</i> (A\$5,000) and after that in multiples of 10 <i>capital notes</i> (A\$1,000).	Section 6.4 – Applying for capital notes
Taxation consequences	A general description of the Australian taxation consequences of investing in <i>capital notes</i> is set out in section 7.	Section 7 – Australian Taxation Summary

Topic	Summary	Further information
Allocation of <i>capital notes</i>	<p>The allocation policy and confirmation process is different for the <i>broker firm offer</i>, <i>securityholder offer</i>, <i>general offer</i> and <i>institutional offer</i>.</p> <p>AMP will announce the basis of allocation of <i>capital notes</i> by placing advertisements in major national newspapers in Australia on or before 30 November 2015.</p> <p>If you have applied under the <i>broker firm offer</i> you should contact your <i>syndicate broker</i> to find out your allocation.</p> <p>If you have applied under the <i>securityholder offer</i> or the <i>general offer</i>, you should call the <i>capital notes</i> information line on 1300 338 164 to find out your allocation.</p>	Section 6.5 – Bookbuild and allocation policy
More information	<p>If you have any questions in relation to the <i>offer of capital notes</i>, please call the <i>capital notes</i> 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).</p> <p>If you are an <i>applicant</i> under the <i>broker firm offer</i>, you should contact your <i>syndicate broker</i>.</p>	

Section 2


About capital notes

This section is intended to provide information about the key features of *capital notes*. Where indicated, more detailed information is provided in other sections of this *prospectus* including, in particular, the *terms* of the *capital notes* in appendix A.

- 2.1 Distributions
- 2.2 Mandatory conversion
- 2.3 Exchange at AMP's option
- 2.4 Consequences of a non-viability event
- 2.5 Conversion on acquisition event
- 2.6 Ranking and regulatory treatment
- 2.7 Other important matters

2.1 Distributions

Topic	Summary	Further information
Distributions	<p><i>Distributions</i> are discretionary, non-cumulative, floating rate payments and are scheduled to be paid quarterly in arrear on each <i>distribution date</i>.</p> <p><i>Distributions</i> are subject to the <i>payment conditions</i>.</p> <p><i>Distributions</i> are non-cumulative. If a <i>distribution</i> or part of a <i>distribution</i> is not paid on a <i>distribution date</i>, holders will have no claim or entitlement in respect of non-payment and no right to receive that <i>distribution</i> at a later time. Failure to pay a <i>distribution</i> on <i>capital notes</i> when scheduled will not constitute an event of default.</p> <p><i>Distributions</i> are expected to be franked at the same rate as <i>dividends</i> on <i>AMP shares</i>. AMP expects to frank <i>dividends</i> on <i>AMP shares</i> at 85% in the period in which the first <i>distribution</i> on <i>capital notes</i> is scheduled to be paid. The <i>franking rate</i> may vary over time and <i>distributions</i> may be partially, fully or not franked.</p>	Clause 3 of <i>terms</i> attached in appendix A
Calculation of distributions	<p>The <i>distribution</i> for each <i>distribution period</i> will be calculated using the following formula:</p> $\text{distribution} = \frac{\text{distribution rate} \times \text{A\$}100 \times N}{365}$ <p>where N means the number of days in the <i>distribution period</i> calculated in accordance with the <i>terms</i>.</p> <p>The method for calculating the <i>distribution rate</i> (as well as each component of that method) is described below, followed by an illustrative example of a <i>distribution</i> payment.</p>	Clause 3.1
Distribution rate	<p>The <i>distribution rate</i> (expressed as a percentage per annum) for each <i>distribution</i> will be calculated as follows:</p> $\text{distribution rate} = (\text{bank bill rate} + \text{margin}) \times \text{franking adjustment factor}$ <p>where:</p> <ul style="list-style-type: none"> > <i>bank bill rate</i> is the average mid-rate for prime bank eligible securities having a three month tenor on the Reuters BBSW page on the first day of each <i>distribution period</i>. > <i>margin</i> is the rate (expressed as a percentage per annum) determined under the <i>bookbuild</i>, which is 5.10%, and > <i>franking adjustment factor</i> means: $\frac{(1 - T)}{1 - [T \times (1 - F)]}$ 	Clause 3.1

Topic	Summary	Further information
<p>Distribution rate (continued)</p>	<p>where:</p> <p>F means the <i>franking rate</i> (being the franking percentage applicable to AMP's franking account), and</p> <p>T means the <i>tax rate</i> (being the Australian corporate tax rate applicable to AMP at the relevant <i>distribution date</i>).</p> <p>Franking is described in further detail below.</p> <p>The <i>distribution rate</i> is a floating rate because it depends on the <i>bank bill rate</i> at the start of each <i>distribution period</i>. The <i>distribution rate</i> also changes with changes in the <i>franking adjustment factor</i>. This means that the <i>distribution rate</i> for one <i>distribution period</i> can be different to the <i>distribution rate</i> for another <i>distribution period</i>.</p> <p>The <i>bank bill rate</i> and the <i>franking adjustment factor</i> are described in further detail below.</p>	<p>Clause 3.1</p>
<p>Bank bill rate</p>	<p>The <i>bank bill rate</i> is the average mid-rate for prime bank eligible securities having a three month tenor on the Reuters BBSW page on the first day of each relevant <i>distribution period</i>.</p> <p>The <i>bank bill rate</i> is a key benchmark interest rate for the Australian money market. It is currently based on an average of rates for a three month term obtained from approved trading venues by the Australian Financial Markets Association. The <i>bank bill rate</i> changes to reflect supply and demand within the cash and currency markets.</p> <p>AMP will announce the relevant <i>bank bill rate</i> to ASX no later than the fourth <i>business day</i> of each <i>distribution period</i>.</p> <p>The graph below illustrates the movement in the <i>bank bill rate</i> over the last 10 years. The rate on 23 October 2015 was 2.1550% per annum.</p> <p>BBSW</p>  <p>The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual <i>bank bill rate</i> for the first or any subsequent <i>distribution period</i>.</p>	<p>Clause 3.1</p>

Topic	Summary	Further information
Franking adjustment factor	<p>The <i>franking adjustment factor</i> adjusts the <i>distribution rate</i> on account of the <i>franking rate</i> and accordingly, affects the amount of any <i>distribution</i> on <i>capital notes</i> and the amount of any <i>franking credit</i> attached to it.</p> <p>The <i>franking rate</i> when <i>capital notes</i> are first issued is expected to be 85%. The <i>franking rate</i> for a <i>distribution period</i> may be a lower or higher percentage depending on AMP's available <i>franking credits</i>. AMP's available <i>franking credits</i> are affected by a wide range of factors, including its business performance, the applicable Australian corporate tax rate, the assessment of relevant tax authorities and the amount of other frankable payments AMP pays on other instruments. <i>Distributions</i> are expected to be franked at the same rate as <i>AMP shares</i>.</p> <p>A lower <i>franking rate</i> will result in a larger cash <i>distribution</i> with a smaller <i>franking credit</i> attached to the <i>distribution</i>.</p> <p>A higher <i>franking rate</i> will result in a smaller cash <i>distribution</i> with a larger <i>franking credit</i> attached to the <i>distribution</i>.</p> <p>Examples of how the <i>distribution rate</i> (based on the <i>bank bill rate</i> and <i>margin</i> in the section entitled '<i>distribution rate</i>' above) varies according to the <i>franking rate</i> are illustrated in the following section entitled '<i>Illustrative example of a distribution payment</i>'.</p> <p>The ability to use <i>franking credits</i> will depend on the individual tax position of each <i>holder</i>.</p> <p>If <i>holders</i> can use <i>franking credits</i>, 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 <i>distribution</i>.</p> <p>If <i>distributions</i> 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:</p> <ul style="list-style-type: none"> > the <i>holder</i> is an Australian resident or a non-resident who derives the <i>distribution</i> in carrying on a business at or through a permanent establishment in Australia > the <i>distribution</i> is franked, or > the amount of the unfranked part of the <i>distribution</i> is declared by AMP to be conduit foreign income. <p>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 <i>distribution</i> to account for that withholding.</p> <p><i>Holders</i> should refer to the Australian taxation summary in section 7 and each <i>holder</i> should obtain professional advice in relation to its tax position.</p>	Clause 3.1 and section 7

Topic	Summary	Further information																																													
Illustrative example of a distribution payment	<p>Assuming the <i>bank bill rate</i> for a <i>distribution period</i> is 2.1500% per annum, the <i>margin</i> is 5.1000% per annum, the <i>franking rate</i> is 85% and the <i>tax rate</i> is 30%, the <i>distribution rate</i> for that <i>distribution period</i> would be calculated as follows:</p> <table border="1"> <tbody> <tr> <td><i>bank bill rate</i></td> <td>2.1500% per annum</td> </tr> <tr> <td>plus <i>margin</i></td> <td>5.1000% per annum</td> </tr> <tr> <td>Total</td> <td>7.2500% per annum</td> </tr> <tr> <td>Multiplied by <i>franking adjustment factor</i></td> <td>x 73.298429%⁽ⁱ⁾</td> </tr> <tr> <td>Illustrative <i>distribution rate</i></td> <td>= 5.3141% per annum</td> </tr> </tbody> </table> <p>If the <i>distribution rate</i> was 5.3141% per annum and the <i>distribution period</i> was 90 days, then the <i>distribution</i> payable on a <i>capital note</i> for that <i>distribution period</i> would be calculated as follows:</p> <table border="1"> <tbody> <tr> <td>Illustrative <i>distribution rate</i></td> <td>5.3141% per annum</td> </tr> <tr> <td>Multiplied by the <i>face value</i></td> <td>x A\$100.00</td> </tr> <tr> <td>Multiplied by the number of days in the <i>distribution period</i></td> <td>x 90</td> </tr> <tr> <td>Divided by 365</td> <td>÷ 365</td> </tr> <tr> <td>Illustrative <i>distribution payment per capital note for the distribution period</i></td> <td>A\$1.3103</td> </tr> </tbody> </table> <p>A <i>franking credit</i> would be attached to the <i>distribution</i> and will be included in the <i>distribution</i> statement to <i>holders</i>. The amount of the <i>franking credit</i> will also be notified to ASX shortly before a <i>distribution</i> is paid on <i>capital notes</i>. Following the above example, the amount of the <i>franking credit per capital note</i> would be A\$0.4773 (assuming the <i>distribution</i> is franked at 85%).</p> <p>Holders should note that the first <i>distribution period</i> will be 113 days and the amount of the <i>distribution</i> and any associated franking credits will be adjusted accordingly.</p> <p>Examples of how the <i>distribution rate</i> varies according to the <i>franking rate</i> are illustrated in the table below:</p> <table border="1"> <thead> <tr> <th>Franking rate</th> <th>Franking adjustment factor⁽ⁱ⁾</th> <th>Distribution rate (in cash)</th> <th>Franking credit (expressed as a percentage)</th> <th>Total (distribution rate plus franking credit)</th> </tr> </thead> <tbody> <tr> <td>0%</td> <td>1.000000</td> <td>7.2500%</td> <td>0.0000%</td> <td>7.2500%</td> </tr> <tr> <td>40%</td> <td>0.853659</td> <td>6.1890%</td> <td>1.0610%</td> <td>7.2500%</td> </tr> <tr> <td>85%</td> <td>0.732984</td> <td>5.3141%</td> <td>1.9359%</td> <td>7.2500%</td> </tr> <tr> <td>100%</td> <td>0.700000</td> <td>5.0750%</td> <td>2.1750%</td> <td>7.2500%</td> </tr> </tbody> </table> <p>(i) The <i>franking adjustment factor</i> has been expressed as a percentage and rounded to 6 decimal places in these examples for illustrative purposes. It is not rounded when calculating the <i>distribution rate</i> under the <i>terms</i>.</p>	<i>bank bill rate</i>	2.1500% per annum	plus <i>margin</i>	5.1000% per annum	Total	7.2500% per annum	Multiplied by <i>franking adjustment factor</i>	x 73.298429% ⁽ⁱ⁾	Illustrative <i>distribution rate</i>	= 5.3141% per annum	Illustrative <i>distribution rate</i>	5.3141% per annum	Multiplied by the <i>face value</i>	x A\$100.00	Multiplied by the number of days in the <i>distribution period</i>	x 90	Divided by 365	÷ 365	Illustrative <i>distribution payment per capital note for the distribution period</i>	A\$1.3103	Franking rate	Franking adjustment factor ⁽ⁱ⁾	Distribution rate (in cash)	Franking credit (expressed as a percentage)	Total (distribution rate plus franking credit)	0%	1.000000	7.2500%	0.0000%	7.2500%	40%	0.853659	6.1890%	1.0610%	7.2500%	85%	0.732984	5.3141%	1.9359%	7.2500%	100%	0.700000	5.0750%	2.1750%	7.2500%	Clause 3.1
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Topic	Summary	Further information
Illustrative example of a distribution payment (continued)	<p>The above examples assume that the <i>holder</i> is able to use the <i>franking credits</i>. It also ignores any differences that may arise because of the timing difference between the payment of the cash <i>distribution</i> and the time at which the <i>holder</i> gets the benefit of the <i>franking credits</i>.</p> <p>The examples assume a <i>tax rate</i> of 30%, are for illustrative purposes only and do not indicate, guarantee or forecast the actual <i>distribution rate</i>, <i>franking rate</i>, <i>franking credit</i> or <i>distribution</i> payment for any <i>distribution period</i> and actual amounts may be higher or lower than the above examples. A <i>distribution</i> may not be paid at all.</p>	Clause 3.1
Distribution dates	<p>The first <i>distribution date</i> will be 22 March 2016.</p> <p>The <i>distribution dates</i> will be 22 March, 22 June, 22 September and 22 December in each year until (but not including) the date on which the <i>capital note</i> is <i>redeemed</i>, <i>converted</i> or <i>resold</i> in accordance with the <i>terms</i>.</p> <p>If any of these dates is not a <i>business day</i>, then the <i>distribution date</i> will be the next <i>business day</i>.</p>	Clause 14.2 and definitions of <i>business day</i> and <i>distribution date</i> in the glossary
Distribution periods	<p>The first <i>distribution period</i> will be calculated on a period of 113 days. Subsequent <i>distribution periods</i> will be calculated on a period of approximately three months from one <i>distribution date</i> to the next <i>distribution date</i>.</p>	Definition of <i>distribution period</i> in the glossary
Payment conditions	<p><i>Distributions</i> may not always be paid. <i>Distributions</i> are payable only if AMP decides to pay them and are subject to no <i>payment condition</i> existing on the relevant <i>distribution date</i>.</p> <p>'<i>Payment condition</i>' means:</p> <ul style="list-style-type: none"> > the 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 <i>Corporations Act</i>, or > APRA objecting to the payment. 	Clause 3.2 and definition of <i>payment condition</i> in the glossary
Restrictions if a distribution is not paid	<p>If for any reason a <i>distribution</i> has not been paid on a <i>distribution date</i>, AMP must not:</p> <ul style="list-style-type: none"> > declare, determine to pay or pay a <i>dividend</i> on AMP shares, or > undertake any <i>buy back</i> or <i>capital reduction</i> <p>until and including the next <i>distribution date</i> unless the <i>distribution</i> is paid in full within 20 <i>business days</i> of the scheduled <i>distribution date</i> or the <i>holders</i> by <i>special resolution</i> approve the declaration, determination or payment of a <i>dividend</i>, a <i>buy back</i> or a <i>capital reduction</i>.</p> <p>These restrictions are subject to certain exclusions detailed in the <i>terms</i>.</p> <p>Failure to pay a <i>distribution</i> when scheduled will not constitute an event of default under the <i>capital notes</i>. <i>Distributions</i> that are not paid do not accumulate which means that if they are not paid, they will never be paid.</p>	Clauses 3.5 and 3.6

2.2 Mandatory conversion

On 22 December 2023, AMP must *convert* any *capital notes* that are outstanding into *AMP shares*, provided that the *mandatory conversion conditions* (summarised below) are satisfied.

The *mandatory conversion conditions* and the associated *conversion* calculations (as set out below) are designed to ensure that *holders* receive approximately A\$101 worth of *AMP shares* for each *capital 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	<p><i>Holders</i> will receive <i>AMP shares</i> on <i>conversion</i> of <i>capital notes</i> on the <i>distribution date</i> falling on 22 December 2023 unless the <i>mandatory conversion conditions</i> are not satisfied for that date or <i>capital notes</i> are not outstanding on that date.</p> <p>If the <i>mandatory conversion conditions</i> for the <i>distribution date</i> falling on 22 December 2023 are not satisfied, AMP must <i>convert</i> all <i>capital notes</i> into <i>AMP shares</i> on the first <i>distribution date</i> after 22 December 2023 for which the <i>mandatory conversion conditions</i> are satisfied.</p> <p>Upon <i>conversion</i> on a <i>mandatory conversion date</i>, <i>holders</i> will receive approximately A\$101 worth of <i>AMP shares</i> per <i>capital note</i> based on the VWAP during a period of 20 <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding the <i>mandatory conversion date</i>. The VWAP that is used to calculate the number of <i>AMP shares</i> that <i>holders</i> receive will most likely differ from the <i>AMP share price</i> on or after the <i>mandatory conversion date</i>. This means that the value of <i>AMP shares</i> received may be more or less than A\$101 when they are issued and at any time after that.</p>	Clauses 4 and 8
Consequences of mandatory conversion	<p>As a result of any <i>conversion</i> of <i>capital notes</i> to <i>AMP shares</i>, <i>holders</i> will cease to hold <i>capital notes</i> and will hold <i>AMP shares</i>, which will rank equally with existing <i>AMP shares</i> from the date of issue. The value of any holding of <i>AMP shares</i> is likely to fluctuate from time to time.</p> <p>The composition of AMP's capital base will alter as a consequence of any <i>conversion</i> and <i>conversion</i> will result in AMP's equity capital increasing.</p>	Clauses 4 and 8.9 and definitions of <i>conversion</i> and <i>AMP shares</i> in the glossary
Mandatory conversion date	<p>The <i>mandatory conversion date</i> will be 22 December 2023 if the <i>mandatory conversion conditions</i> are satisfied for that date.</p> <p>If any of the <i>mandatory conversion conditions</i> are not satisfied for that date, the <i>mandatory conversion date</i> will be the first <i>distribution date</i> after 22 December 2023 for which the <i>mandatory conversion conditions</i> are satisfied.</p> <p>The <i>mandatory conversion conditions</i> may never be satisfied and consequently, <i>mandatory conversion</i> may never occur. <i>Distributions</i> will continue to be paid (subject to AMP's absolute discretion and the <i>payment conditions</i>) until the <i>capital notes</i> are <i>redeemed</i>, <i>converted</i> or <i>written-off</i> (if at all).</p> <p>If the <i>mandatory conversion conditions</i> are not satisfied for a <i>mandatory conversion date</i>, AMP will give notice to the <i>holders</i> and the <i>trustee</i> that <i>mandatory conversion</i> will not (or, as the case may be, did not) occur on the relevant <i>distribution date</i>.</p>	Clauses 4.2 and 4.4

Topic	Summary	Further information
Mandatory conversion conditions	<p>The <i>mandatory conversion conditions</i> are as follows:</p> <ul style="list-style-type: none"> › <i>first mandatory conversion condition</i>: the VWAP of AMP shares on the 25th <i>business day</i> immediately preceding (but not including) the relevant <i>distribution date</i>⁽ⁱ⁾ is more than 56% of the <i>issue date</i> VWAP › <i>second mandatory conversion condition</i>: the VWAP of AMP shares during the period of 20 <i>business days</i> on which trading in AMP shares took place immediately preceding (but not including) the relevant <i>distribution date</i> is greater than 50.51% of the <i>issue date</i> VWAP, and › <i>third mandatory conversion condition</i>: no <i>delisting event</i> applies which means that AMP is listed on ASX on the <i>mandatory conversion date</i>, trading in AMP shares has not been suspended during the five preceding <i>business days</i> 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 <i>converting capital notes</i>. <p>The following diagram sets out the timeframes that are relevant for testing whether <i>conversion</i> will occur, using the <i>distribution date</i> falling on 22 December 2023. These dates are indicative only and may change.</p>	Clause 4.3 and definition of <i>delisting event</i> in the glossary
Purpose of mandatory conversion conditions	<p>The <i>first mandatory conversion condition</i> and the <i>second mandatory conversion condition</i> are intended to help protect <i>holders</i> against receiving significantly less than A\$101 worth of AMP shares per <i>capital note</i> on <i>conversion</i> (based on the VWAP during the 20 <i>business days</i> before the <i>mandatory conversion date</i>).</p> <p>The <i>third mandatory conversion condition</i> is intended to protect <i>holders</i> by making <i>conversion</i> conditional on <i>holders</i> receiving AMP shares which are capable of being sold on ASX.</p>	

Topic	Summary	Further information
Number of AMP shares holders will receive on the mandatory conversion date	<p>On the <i>mandatory conversion date</i>, a holder will receive a number of AMP shares per capital note (<i>conversion number</i>) calculated using the following formula:</p> $\text{conversion number}^{(ii)} = \frac{\text{face value}}{99\% \times \text{VWAP}}$ <p>where:</p> <p>VWAP is the volume-weighted average price of AMP shares during the <i>VWAP period</i>, and</p> <p><i>VWAP period</i> is the period of 20 <i>business days</i> on which trading in AMP shares took place immediately preceding (but not including) the <i>mandatory conversion date</i>.</p> <p>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> <p>Illustrative example of mandatory conversion</p> <p>The following example shows how satisfaction of the <i>mandatory conversion conditions</i> would be determined for the <i>distribution date</i> falling on 22 December 2023 and how the number of AMP shares to be received on <i>conversion</i> would be calculated, assuming the <i>issue date</i> VWAP was A\$6.00⁽ⁱⁱⁱ⁾:</p> <p>Step 1—satisfying the mandatory conversion conditions—worked example</p> <p>The <i>first mandatory conversion condition</i></p> <ul style="list-style-type: none"> ➤ 56% of the <i>issue date</i> VWAP would be A\$3.36 (being 56% of A\$6.00). ➤ Assume that the VWAP on 17 November 2023 (being the 25th <i>business day</i> immediately preceding, but not including, 22 December 2023) is A\$9.00. ➤ Since the VWAP on 22 December 2023 (A\$9.00 is more than 56% of the <i>issue date</i> VWAP (A\$3.36), the <i>first mandatory conversion condition</i> would be satisfied. <p>The <i>second mandatory conversion condition</i></p> <ul style="list-style-type: none"> ➤ 50.51% of the <i>issue date</i> VWAP would be A\$3.03 (being 50.51% of A\$6.00). ➤ Assume that the VWAP during the period from 24 November 2023 to 22 December 2023 (being the 20 <i>business days</i> in which trading in AMP shares took place immediately preceding 22 December 2023) is A\$9.50. ➤ Since the VWAP from 24 November 2023 to 22 December 2023 (A\$9.50) is more than 50.51% of the <i>issue date</i> VWAP (A\$3.03), the <i>second mandatory conversion condition</i> would be satisfied. <p>The <i>third mandatory conversion condition</i></p> <ul style="list-style-type: none"> ➤ This condition requires that no <i>delisting event</i> (as described above) applies on 22 December 2023. ➤ Assuming that is the case, the <i>third mandatory conversion condition</i> would be satisfied. 	Clauses 4.1 and 8.1

Topic	Summary	Further information
<p>Number of AMP shares holders will receive on the mandatory conversion date (continued)</p>	<p>Step 2—calculating the number of AMP shares to be received by holders on conversion</p> <p>On the <i>mandatory conversion date</i>, holders will be entitled to receive the <i>conversion number</i> of AMP shares for each <i>capital note</i>, determined as follows:</p> $\text{conversion number} = \frac{\text{face value}}{99\% \times \text{VWAP}}$ <p>Assume the VWAP over the period from 24 November 2023 to 22 December 2023 (being the 20 <i>business days</i> on which trading in AMP shares took place immediately preceding (but not including) the <i>mandatory conversion date</i>) is A\$9.50.</p> <p>The <i>face value</i> is A\$100.</p> <p>The number of AMP shares into which a <i>capital note</i> would convert (the <i>conversion number</i>) would be 10.6326 (being A\$100 divided by (99% x A\$9.50)).</p> <p>Assuming a holder has 100 <i>capital notes</i>, the holder would be entitled to 1,063 AMP shares (ie 100 x 10.6326).^(iv)</p> <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 <i>issue date</i> VWAP, future VWAP or other price of AMP shares.</p>	<p>Clauses 4.1 and 8.1</p>
<p>Adjustments to issue date VWAP for capital reconstruction</p>	<p>The <i>issue date</i> VWAP will be adjusted to reflect a consolidation, division or reclassification of AMP shares and pro rata bonus issues as set out in the <i>terms</i> (but not other transactions, including rights issues, which may affect the capital of AMP).</p> <p>Adjusting the <i>issue date</i> VWAP will mean that the AMP share price relevant to satisfying the <i>first mandatory conversion condition</i> and the <i>second mandatory conversion condition</i> will change.</p> <p>However, no adjustment will be made to the <i>issue date</i> VWAP where such adjustment (rounded if applicable) would be less than 1% of the <i>issue date</i> VWAP then in effect.</p>	<p>Clauses 8.2 to 8.8 and definitions of <i>buy back</i>, <i>issue date</i> VWAP and <i>reclassification</i> in the glossary</p>

- (i) 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.
- (ii) 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.
- (iii) The *issue date* VWAP may be adjusted as described below.
- (iv) If the total number of AMP shares to be issued in respect of a holder's aggregate holding of *capital notes* 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* on 22 December 2021 (*optional exchange date*) or on the occurrence of certain events. *Exchange* means a *capital note* is converted into AMP shares worth approximately A\$101, or, in certain circumstances, *redeemed* or *resold* for A\$100.

For any such *exchange* to occur, certain conditions (summarised below) need to be satisfied and APRA's prior written approval is required. *Holder*s 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	<p>AMP may choose to:</p> <ul style="list-style-type: none"> > convert, redeem or resell all or some <i>capital notes</i> on the <i>optional exchange date</i> > convert, redeem or resell all or some <i>capital notes</i> on an <i>exchange date</i> following the occurrence of a <i>tax event</i> or a <i>regulatory event</i>, or > convert all <i>capital notes</i> on an <i>exchange date</i> following the occurrence of a <i>potential acquisition event</i>. <p><i>Exchange</i> means <i>conversion</i>, <i>redemption</i> or <i>resale</i> or a combination of them.</p> <p>If AMP converts <i>capital notes</i>, they will be converted into a variable number of AMP shares with a value (based on the VWAP during a period, usually 20 <i>business days</i>⁽ⁱ⁾ immediately preceding the <i>exchange date</i>), of A\$101 per <i>capital note</i>.</p> <p>If AMP redeems <i>capital notes</i>, they will be redeemed for A\$100 per Note.</p> <p>If AMP resells <i>capital notes</i>, they will be resold for A\$100 per <i>capital note</i>.</p> <p>AMP's right to elect to <i>exchange</i> is subject to APRA's prior written approval and is restricted in the circumstances described below.</p> <p><i>Holder</i>s should not expect that APRA will give its approval for any <i>exchange</i>.</p> <p><i>Holder</i>s should be aware that AMP will choose which <i>exchange method</i> (<i>conversion</i>, <i>redemption</i> or <i>resale</i>) is to apply to an <i>exchange</i> (subject to the restrictions in the <i>terms</i>), and in certain circumstances has the right to select any one or more of those methods to apply to the <i>capital notes</i> held by a <i>holder</i>. AMP may also select a different combination of <i>conversion</i>, <i>redemption</i> and <i>resale</i> to apply to <i>capital notes</i> held by different <i>holders</i> (meaning that different <i>exchange methods</i> may apply to different <i>holders</i>).</p>	<p>Clauses 6.1, 6.3 and 6.4 and definitions of <i>conversion</i>, <i>exchange</i>, <i>optional exchange date</i>, <i>potential acquisition event</i>, <i>regulatory event</i>, <i>redemption</i>, <i>resale</i> and <i>tax event</i> in the glossary</p>

Topic	Summary	Further information
<i>Tax event</i>	<p>A <i>tax event</i> 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 <i>issue date</i> (and which was not expected by AMP on the <i>issue date</i>), there is more than an insubstantial risk (which is determined by AMP to be unacceptable) that any <i>distribution on capital notes</i> would not be a frankable <i>distribution</i> or that AMP would be exposed to an increase in its costs (which is not insignificant) in relation to <i>capital notes</i>. 	Definition of <i>tax event</i> in the glossary
<i>Regulatory event</i>	<p>A <i>regulatory event</i> 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 or amendment becomes effective after the <i>issue date</i> and which was not expected by AMP on the <i>issue date</i>, additional requirements would be imposed on AMP in relation to or in connection with <i>capital notes</i> 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 <i>capital notes</i> have ceased, or will cease to be, <i>eligible funding</i>, other than where that event is a result of the implementation of the <i>conglomerate standards</i>. 	Definition of <i>regulatory event</i> in the glossary
<i>Potential acquisition event</i>	<p>Broadly, a <i>potential acquisition event</i> will occur if:</p> <ul style="list-style-type: none"> ➤ a takeover bid is made to acquire all or some <i>AMP shares</i> and the offer is, or becomes, unconditional and either the bidder has a relevant interest in more than 50% of the <i>AMP shares</i> 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 <i>Corporations Act</i> and the scheme would result in a person having a relevant interest in more than 50% of the <i>AMP shares</i> that will be on issue after the scheme is implemented. 	Definitions of <i>AMP share</i> and <i>potential acquisition event</i> in the glossary

Topic	Summary	Further information
Restrictions on <i>conversion</i> being selected as the <i>exchange method</i>	<p>AMP may not elect <i>conversion</i> as the <i>exchange method</i> if on the second <i>business day</i> before the <i>exchange notice</i> is to be sent by AMP (or, if trading in <i>AMP shares</i> did not occur on that date, the last <i>business day</i> immediately before that date on which trading in <i>AMP shares</i> occurred):</p> <ul style="list-style-type: none"> › the <i>VWAP</i> on that date is less than or equal to 22% of the <i>issue date VWAP</i>⁽ⁱⁱ⁾, or › a <i>delisting event</i> applies on that date. <p>These are the <i>optional conversion restrictions</i>.</p> <p>Further, if AMP has elected to <i>convert capital notes</i>, AMP may not proceed to <i>convert capital notes</i> if, on the <i>exchange date</i>, certain further <i>conversion</i> restrictions apply (described below).</p>	Clauses 6.5 and 6.6
Further restrictions on <i>conversion</i> on the <i>exchange date</i>	<p>If AMP has elected that <i>conversion</i> will occur on an <i>exchange date</i> and:</p> <ul style="list-style-type: none"> › the <i>VWAP</i> during the period of 20 <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the <i>exchange date</i> is equal to or less than 20.2% of the <i>issue date VWAP</i>, or › a <i>delisting event</i> applies on the <i>exchange date</i>, <p>then the <i>exchange date</i> will be deferred until the first subsequent <i>distribution date</i> on which the <i>mandatory conversion conditions</i> (applied as if the percentage of the <i>issue date VWAP</i> were 22% for the <i>first mandatory conversion condition</i> and 20.2% for the <i>second mandatory conversion condition</i>) would be satisfied (the <i>deferred conversion date</i>). AMP must <i>convert the capital notes</i> on the <i>deferred conversion date</i> (unless the <i>capital notes</i> are <i>exchanged</i> earlier in accordance with the <i>terms</i> of the <i>capital notes</i>).</p> <p>AMP will notify <i>holders</i> and the <i>trustee</i> on or as soon as practicable after an <i>exchange date</i> that <i>conversion</i> did not occur as a result of the further restrictions described above.</p>	Clause 6.6
When <i>redemption</i> can be the <i>exchange method</i>	<p>AMP may only elect <i>redemption</i> as the <i>exchange method</i> if:</p> <ul style="list-style-type: none"> › before or concurrently with the <i>redemption</i>, the <i>capital notes</i> subject to <i>redemption</i> are replaced with <i>perpetual subordinated instruments</i> or <i>AMP shares</i> and the replacement of the <i>capital notes</i> 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 <i>capital notes</i> subject to <i>redemption</i>. <p><i>Redemption</i> may only be elected as the <i>exchange method</i> by AMP on the <i>optional exchange date</i> or following the occurrence of a <i>tax event</i> or a <i>regulatory event</i>. <i>Redemption</i> is not available as the <i>exchange method</i> following the occurrence of a <i>potential acquisition event</i>.</p>	Clause 6.4

Topic	Summary	Further information
Resale	<p><i>Resale</i> is a process by which AMP may require <i>holders</i> to sell all or some of their <i>capital notes</i> to one or more third parties (<i>nominated purchaser</i> or <i>nominated purchasers</i>) on the <i>exchange date</i> for A\$100 per <i>capital note</i> (the <i>resale price</i>).</p> <p>If AMP appoints more than one <i>nominated purchaser</i>, some or all <i>capital notes</i> may be purchased by any one or any combination of <i>nominated purchasers</i>, as determined by AMP.</p> <p><i>Resale</i> may only be elected as the <i>exchange method</i> by AMP on the <i>optional exchange date</i> or following the occurrence of a <i>tax event</i> or a <i>regulatory event</i>. <i>Resale</i> is not available as the <i>exchange method</i> following the occurrence of a <i>potential acquisition event</i>.</p>	Clauses 10.1 and 10.2
Requirements in relation to the identity of a nominated purchaser	<p>AMP may not appoint a person as a <i>nominated purchaser</i> unless that person:</p> <ul style="list-style-type: none"> › has agreed to acquire each <i>capital note</i> from each <i>holder</i> for the <i>resale price</i> on the <i>exchange date</i>. The agreement may be on such terms and subject to such conditions as AMP reasonably determines for the benefit of each <i>holder</i> › 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 <i>related entity</i>. 	Clause 10.3
Effect of failure by nominated purchaser to pay the resale price	<p>If a <i>nominated purchaser</i> does not pay the <i>resale price</i> on the <i>exchange date</i>, the <i>resale</i> to that <i>nominated purchaser</i> will not occur and <i>holders</i> will continue to hold <i>capital notes</i> until <i>capital notes</i> are otherwise <i>converted</i>, <i>redeemed</i> or <i>resold</i>.</p>	Clause 10.6
Holders cannot request exchange	<p><i>Holders</i> do not have a right to request <i>exchange</i> of <i>capital notes</i>.</p>	Clause 11.2

(i) 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).

(ii) 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* 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* 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* and *holders* may suffer a loss as a consequence. The calculations set out on pages 37, 38 and 39 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* are required to be *converted* on account of a *non-viability event* but are not *converted* for any reason, the *holder's* rights in relation to *capital notes* (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* if their *capital notes* are *written-off*.

Topic	Summary	Further information
Non-viability event	<p>A <i>non-viability event</i> occurs when APRA notifies AMP in writing that it believes that:</p> <ul style="list-style-type: none"> a) the conversion or write-off of <i>perpetual subordinated instruments</i> (which includes <i>AMP wholesale capital notes</i> issued in 2015) is necessary because, without it, AMP would become non-viable, or b) a public sector injection of capital into, or equivalent capital support is necessary, because, without it, AMP would become non-viable. <p>APRA has not given any guidance as to how it would determine non-viability.</p> <p>Non-viability could be expected to include serious impairment of the AMP group's financial position and solvency, but may not be confined to solvency measures and capital ratios and may include other matters, such as liquidity.</p> <p>AMP is under no obligation to <i>holders</i> of <i>capital notes</i> to take steps (such as issuing new <i>AMP shares</i>) to avoid the risk of a <i>non-viability event</i> occurring.</p> <p>If a <i>non-viability event</i> occurs, AMP must immediately convert to <i>AMP shares</i> or write-off all <i>perpetual subordinated instruments</i> or, where paragraph (a) above applies, an amount of <i>perpetual subordinated instruments</i> if APRA is satisfied that the conversion or write-off of an amount of <i>perpetual subordinated instruments</i> will be sufficient to ensure that AMP does not become non-viable.</p> <p>Where APRA considers AMP would become non-viable without a public sector injection of capital or equivalent capital support, all <i>perpetual subordinated instruments</i> (including all <i>capital notes</i>) must be converted or written-off.</p> <p>Where APRA does not require all <i>perpetual subordinated instruments</i> (including <i>capital notes</i>) to be converted or written-off, whether and to what extent your <i>capital notes</i> will be required to be <i>converted</i> will depend on what action AMP must take on account of the <i>non-viability event</i>, as described below.</p>	Clauses 5.1 and 5.2

Topic	Summary	Further information
Perpetual subordinated instruments	<p><i>Perpetual subordinated instruments</i> include the <i>capital notes</i> and:</p> <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 <i>AMP shares</i> or written-off where a <i>non-viability event</i> occurs, and which have been confirmed by APRA as constituting as at the date of their issue <i>eligible funding</i>, and ➤ other capital instruments constituting <i>additional tier 1 capital</i> of an APRA regulated entity which in accordance with their terms or by operation of law, are capable of being converted into <i>AMP shares</i> or written-off where a <i>non-viability event</i> occurs. <p>As at the date of this <i>prospectus</i>, AMP group has one other outstanding <i>perpetual subordinated instrument</i> on issue (<i>AMP wholesale capital notes</i>). If a <i>non-viability event</i> were to occur and AMP is required to <i>convert</i> only a proportion of the <i>capital notes</i>, the proportion of <i>capital notes</i> required to be <i>converted</i> or <i>written-off</i> (which may be all of the <i>capital notes</i>) may be higher than if a <i>non-viability event</i> occurred and members of the AMP group had other <i>perpetual subordinated instruments</i> on issue. There is no obligation on any member of the AMP group to issue any <i>perpetual subordinated instrument</i>. There is also no obligation on AMP to maintain on issue the <i>AMP wholesale capital notes</i> or any other <i>perpetual subordinated instruments</i> that it has issued or may decide to issue in the future.</p>	Definition of <i>perpetual subordinated instruments</i> in the glossary
AMP action upon the occurrence of a non-viability event	<p>If a <i>non-viability event</i> occurs, AMP must immediately determine:</p> <ul style="list-style-type: none"> ➤ the amount of <i>capital notes</i> that will be <i>converted</i> ➤ the amount of other <i>perpetual subordinated instruments</i> that will be converted into <i>AMP shares</i> or written-off to satisfy APRA that AMP will no longer be, or will not become, non-viable, as described under the topic '<i>non-viability event</i>' above, and ➤ the identity of <i>holders</i> at the time that the <i>conversion</i> is to take effect. <p><i>Non-viability conversion</i> is not subject to the <i>mandatory conversion conditions</i> or, indeed, to any conditions.</p> <p>If AMP is not required to convert or write-off all <i>perpetual subordinated instruments</i>, AMP must endeavour to treat <i>holders</i> approximately proportionately with other <i>holders</i> and holders of other <i>perpetual subordinated instruments</i>, 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.</p>	Clause 5.2

Topic	Summary	Further information
<p>Conversion of capital notes following a non-viability event</p>	<p>If AMP is required to <i>convert capital notes</i> on account of a <i>non-viability event</i>, it must do so on the <i>non-viability conversion date</i>.</p> <p>The <i>non-viability conversion date</i> is the date when a <i>non-viability event</i> occurs, whether or not that day is a <i>business day</i>.</p> <p><i>Conversion</i> will be immediate and irrevocable.</p> <p>The number of <i>AMP shares</i> that <i>holders</i> receive upon <i>conversion</i> of their <i>capital notes</i> is the <i>conversion number</i> (see below for a description of how the <i>conversion number</i> is calculated).</p> <p>From the <i>non-viability conversion date</i>, AMP will treat <i>holders</i> of <i>capital notes</i> as the holders of the <i>conversion number</i> of <i>AMP shares</i>.</p> <p>AMP expects any trades in <i>capital notes</i> on ASX that have not settled on the <i>non-viability conversion date</i> will continue to settle in accordance with the normal ASX T+3 settlement. If a <i>capital note</i> which has been traded on ASX is required to be <i>converted</i>, AMP expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the <i>conversion number</i> of <i>AMP shares</i> (if the <i>conversion</i> occurs within five <i>business days</i>) or nothing if the <i>capital note</i> is <i>written-off</i>.</p> <p>Further, AMP may make any decisions with respect to the identity of <i>holders</i> as may be necessary or desirable to ensure that the <i>conversion</i> occurs in an orderly manner, including disregarding any transfers of <i>capital notes</i> that have not been settled or registered when the <i>non-viability event</i> occurs.</p> <p>AMP must notify <i>holders</i> and the <i>trustee</i> that a <i>non-viability event</i> has occurred as soon as practicable, including details of the number of <i>capital notes converted</i>.</p>	<p>Clauses 5.1 and 5.2</p>
<p>Conversion number for non-viability conversion</p>	<p>A <i>holder</i> of a <i>capital note</i> which is subject to <i>non-viability conversion</i> will receive the <i>conversion number</i> of <i>AMP shares</i>. The <i>conversion number</i> cannot be greater than the <i>maximum conversion number</i>. That means that the <i>conversion number</i> of <i>AMP shares</i> may be worth significantly less than the <i>face value</i> of <i>capital notes</i> and a <i>holder</i> may suffer a loss as a consequence of <i>non-viability conversion</i>.</p> <p>The <i>conversion number</i> per <i>capital note</i> is calculated using the following formula, subject always to the <i>maximum conversion number</i>:</p> $\text{conversion number} = \frac{\text{face value}}{99\% \times \text{VWAP}}$ <p>where:</p> <ul style="list-style-type: none"> > <i>face value</i> is A\$100 > <i>VWAP</i> is the volume weighted average price of <i>AMP shares</i> during the period of five <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the <i>non-viability conversion date</i>. 	<p>Clauses 5 and 8.1 and definitions of <i>AMP share</i> and <i>VWAP</i> in the glossary</p>

Topic	Summary	Further information
<p>Conversion number for non-viability conversion (continued)</p>	<p>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> <p>The <i>maximum conversion number per capital note</i> 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"> > <i>face value</i> is A\$100 > <i>issue date VWAP</i> is the average of the volume weighted average price of AMP shares during the period of 20 <i>business days</i> on which trading in AMP shares took place immediately before (but not including) the <i>issue date</i> (as that price may be adjusted for certain events described below). <p>Illustrative example of conversion</p> <p>Below is an example of how the <i>conversion number</i> and <i>maximum conversion number</i> are calculated, based on an assumed <i>issue date VWAP</i> and a hypothetical AMP share price at the <i>non-viability conversion date</i>.</p> <p><i>Maximum conversion number:</i> This will be calculated as at the date of issue of <i>capital notes</i>. Assuming an <i>issue date VWAP</i> of A\$6.00, the <i>maximum conversion number</i> will be 83.3333 (being A\$100 / (0.2 x A\$6.00)). This <i>issue date VWAP</i> is indicative only. The actual <i>issue date VWAP</i> will be calculated based on the average of the daily volume weighted average price of AMP shares during the 20 <i>business days</i> on which trading in AMP shares took place immediately preceding but not including the <i>issue date</i>.⁽ⁱ⁾</p> <p><i>Conversion number:</i> The AMP share price in the period leading up to a <i>non-viability event</i> is likely to reflect significant operating and/or financial distress of the AMP group. For indicative purposes, assuming the VWAP in relation to a <i>non-viability conversion date</i> is A\$0.63, the <i>conversion number</i> is 160.3335 (being A\$100 / (0.99 x A\$0.63)).⁽ⁱⁱ⁾</p> <p><i>Number of AMP shares issued to holders:</i> In the example above, since the <i>conversion number</i> exceeds the <i>maximum conversion number</i>, <i>holders</i> would receive the <i>maximum conversion number</i> (being 83.3333 AMP shares for each <i>capital note</i>).</p>	<p>Clauses 5 and 8.1 and definitions of AMP share and VWAP in the glossary</p>

Topic	Summary		Further information
Conversion number for non-viability conversion (continued)		Conversion number	Maximum conversion number
	Formula	$\frac{\text{A\$100}}{0.99 \times \text{VWAP}}$	$\frac{\text{A\$100}}{0.20 \times \text{issue date VWAP}}$
	Assumption	VWAP of A\$0.63 per share	Issue date VWAP of A\$6.00 ⁽ⁱ⁾ per share
	Calculation	$\frac{\text{A\$100}}{0.99 \times 0.63}$	$\frac{\text{A\$100}}{0.20 \times \text{A\$6.00}}$
	Output	160.3335	83.3333
	Number of AMP shares	Holder will receive the maximum conversion number of AMP shares (83.3333) since the conversion number (160.3335) is greater than the maximum conversion number	
	Based on the above illustrative examples, the table below illustrates that a <i>holder</i> of 100 <i>capital notes</i> would suffer a loss of approximately A\$4,750 if an initial investment of A\$10,000 was made. This assumes that a <i>holder</i> is able to sell <i>AMP shares</i> at the applicable VWAP. <i>Holder</i> s may not be able to sell <i>AMP shares</i> at that price, or at all, in which case they may lose more than the amount set out in this example.		
	Initial investment	After conversion	
Type of security held	<i>capital notes</i>	<i>AMP shares</i>	
Number of securities held	100	8,333	
Security price	A\$100	A\$0.63	
Value of securities	A\$10,000	A\$5,250	
Loss to holder	–	A\$4,750 (assuming that the <i>capital notes</i> are converted – if conversion following a <i>non-viability event</i> is not effected for any reason, <i>capital notes</i> will be <i>written-off</i> and the <i>holder</i> will lose all of their investment in <i>capital notes</i>)	
	The <i>AMP share</i> price of A\$0.63 is for illustrative purposes only. The actual <i>AMP share</i> price may be less than this.		
	The loss to the <i>holder</i> does not take into account any costs, charges or taxes incurred by a <i>holder</i> on the sale of its <i>capital notes</i> or <i>AMP shares</i> (including brokerage fees, if applicable).		

Topic	Summary	Further information
Adjustments to the <i>issue date</i> VWAP	<p>The <i>issue date</i> VWAP (and, as a consequence, the <i>maximum conversion number</i>) may, subject to some exceptions, be adjusted to reflect a consolidation, division or reclassification of AMP's share capital and pro rata bonus issues of <i>AMP shares</i>, as set out in the <i>terms</i> (but not other transactions, including rights issues, which may affect the capital of AMP). The <i>terms</i> do not prohibit or limit AMP's rights to enter into transactions affecting its capital.</p> <p>No adjustment will be made to the <i>issue date</i> VWAP where such adjustment (rounded if applicable) would be less than 1% of the <i>issue date</i> VWAP then in effect.</p>	Clauses 8.2 to 8.8
Consequences if <i>non-viability conversion</i> does not occur	<p>If a <i>capital note</i> is required to be <i>converted</i> on account of a <i>non-viability event</i> and if for any reason (including an <i>inability event</i>) a <i>non-viability conversion</i> has not occurred within five <i>business days</i> of the <i>non-viability conversion date</i>, then <i>conversion</i> of that <i>capital note</i> will not occur and instead the relevant <i>holder's</i> rights (including to <i>distributions</i> and payment of <i>face value</i>, and to be issued with <i>AMP shares</i> upon <i>conversion</i> of that <i>capital note</i>) will be immediately and irrevocably <i>written-off</i> with effect on and from the <i>non-viability conversion date</i>.</p> <p>If <i>capital notes</i> are <i>written-off</i>, <i>holders</i> will cease to have any rights in respect of those <i>capital notes</i> (including to <i>distributions</i> in relation to those <i>capital notes</i>). <i>Holders</i> will lose all of their investment in <i>capital notes</i> without compensation.</p> <p>An <i>inability event</i> 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 <i>converting capital notes</i>. The laws and the grounds on which a court or government authority may make orders preventing the <i>conversion</i> of <i>capital notes</i> may change.</p> <p>AMP may seek legal advice as to whether an <i>inability event</i> has occurred and is subsisting, and an <i>inability event</i> is taken to subsist if AMP receives legal advice to that effect.</p>	Clauses 5.3 and 8.11 and definitions of <i>inability event</i> , <i>conversion</i> and <i>AMP share</i> in the glossary

Topic	Summary	Further information
 Holders may elect not to receive AMP shares	<p>A <i>holder</i> may notify AMP that it does not wish to receive <i>AMP shares</i> as a result of <i>conversion</i>. Notice may be given at any time on or after the <i>issue date</i> but not less than 15 <i>business days</i> before the <i>conversion date</i>. In the case of a <i>non-viability conversion</i>, if <i>holders</i> do not wish to receive <i>AMP shares</i>, they should advise AMP as soon as possible after the <i>issue date</i> because a <i>non-viability event</i> could occur at any time.</p> <p>If such a <i>holder's capital notes</i> are required to be <i>converted</i>, such <i>holder's</i> rights will be immediately and irrevocably terminated on the relevant <i>conversion date</i> and the <i>conversion number</i> of <i>AMP shares</i> will be issued to one or more <i>sale and transfer agents</i> who will, as soon as reasonably practicable after issue of the <i>AMP shares</i>, sell them at market value and pay the proceeds (net of brokerage, costs, taxes and charges) to the <i>holder</i>.</p>	Clause 8.10 and definitions of <i>acquisition conversion date</i> , <i>business day</i> , <i>conversion</i> , <i>exchange date</i> , <i>issue date</i> , <i>mandatory conversion date</i> and <i>AMP share</i> in the glossary
 Ineligible holders and conversion	<p>In general terms, <i>ineligible holders</i> are:</p> <ul style="list-style-type: none"> › <i>holders</i> who are prohibited under Australian law from being offered, holding or acquiring <i>AMP shares</i> (for example, under chapter 6 of the <i>Corporations Act</i> or under the <i>Foreign Acquisitions and Takeovers Act</i>), and › <i>holders</i> whose address in the <i>register</i> is a place outside Australia or who AMP otherwise believes may not be a resident of Australia. <p>If <i>capital notes</i> that are held by an <i>ineligible holder</i> are required to be <i>converted</i>, that <i>holder's</i> rights will be immediately and irrevocably terminated on the relevant <i>conversion date</i> and the <i>conversion number</i> of <i>AMP shares</i> will be issued to one or more <i>sale and transfer agents</i> who will, as soon as reasonably practicable after issue of the <i>AMP shares</i>, sell them at market value and pay the proceeds (net of brokerage, costs, taxes and charges) to the <i>holder</i>.</p>	Clause 8.10 and definition of <i>ineligible holder</i> in the glossary
 Write-off where non-viability event occurs and AMP shares not issued to sale and transfer agent	<p>If for any reason (including an <i>inability event</i>) the issue of <i>AMP shares</i> to a <i>sale and transfer agent</i> on a <i>non-viability conversion</i> does not occur within five <i>business days</i> of the <i>non-viability conversion date</i>, then the rights of <i>holders</i> of the <i>capital notes</i> required to be <i>converted</i> will be immediately and irrevocably terminated.</p> <p>AMP has no obligations or duties to <i>holders</i> for the sale of <i>AMP shares</i> by the <i>sale and transfer agent</i> and has no liability to <i>holders</i> for any losses which may arise as a result of any sale.</p>	Clauses 8.10 and 8.11

(i) The *issue date VWAP* is adjusted in certain limited circumstances only as described in 'Adjustments to the *issue date VWAP*' below.

(ii) 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 acquisition event

AMP is required to *convert capital notes* 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 A\$101 worth of *AMP shares* for each *capital note* 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* may never be *converted* on account of an *acquisition event*.

Topic	Summary	Further information
Acquisition event	<p>An <i>acquisition event</i> means:</p> <ul style="list-style-type: none"> > either: <ul style="list-style-type: none"> > a takeover bid is made to acquire all or some <i>AMP shares</i> 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 <i>AMP shares</i> 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 <i>AMP shares</i>, and > all regulatory approvals necessary for the acquisition to occur have been obtained. 	Definition of <i>acquisition event</i> in the glossary
AMP action upon the occurrence of an acquisition event	<p>If an <i>acquisition event</i> occurs, AMP must, subject to certain conditions, give an <i>acquisition conversion notice</i> to <i>holders</i> and the <i>trustee</i> and <i>convert</i> all <i>capital notes</i> into a number of <i>AMP shares</i> with a value of A\$101 (based on the VWAP during a period, usually 20 <i>business days</i>, on which trading in <i>AMP shares</i> takes place before the <i>acquisition conversion date</i>, but which may be a shorter period if the period between the <i>acquisition event</i> and the <i>acquisition conversion date</i> is less than 20 <i>business days</i>).</p> <p>If certain conditions (described below) have not been satisfied, AMP will not be required to give an <i>acquisition conversion notice</i> to <i>holders</i> and will not be required to <i>convert capital notes</i>. However, AMP must give notice that <i>conversion</i> did not occur and must <i>convert capital notes</i> on the next <i>distribution date</i> for which the conditions to <i>conversion</i> are satisfied.</p>	Clause 7
Conditions to conversion occurring following an acquisition event	The restrictions on the giving of an <i>acquisition conversion notice</i> are the same as the <i>optional conversion restrictions</i> that would apply if that notice were an <i>exchange notice</i> (that is, if <i>conversion</i> were elected as the <i>exchange method</i> – see section 2.3 above).	Clauses 6.5 and 7.4

Topic	Summary	Further information
Deferral of <i>conversion</i> on <i>acquisition event</i>	<p>If AMP is not required to give an <i>acquisition conversion notice</i> because the <i>optional conversion restrictions</i> would apply (as described above), or AMP has given an <i>acquisition conversion notice</i> but:</p> <ul style="list-style-type: none"> › the VWAP during the period of 20 <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the <i>acquisition conversion date</i> is equal to or less than 20.2% of the <i>issue date VWAP</i>, or › a <i>delisting event</i> applies on the <i>acquisition conversion date</i>, <p>then <i>acquisition conversion</i> will not occur on the <i>acquisition conversion date</i>, AMP will notify <i>holders</i> and the <i>trustee</i> that <i>conversion</i> did not occur and <i>conversion</i> will be deferred as described below.</p>	Clause 7.5
Deferred <i>conversion</i>	<p>Where <i>conversion</i> has been deferred as described above and either:</p> <ul style="list-style-type: none"> › AMP is not required to give an <i>acquisition conversion notice</i> because the <i>optional conversion restrictions</i> would apply (in the circumstances described above under ‘Conditions to <i>conversion</i> occurring following an <i>acquisition event</i>’ above), or › AMP has given an <i>acquisition conversion notice</i> but: <ul style="list-style-type: none"> › the VWAP during the period of 20 <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the <i>acquisition conversion date</i> is equal to or less than 20.2% of the <i>issue date VWAP</i>, or › a <i>delisting event</i> applies on the <i>acquisition conversion date</i>, <p>then the process described above under ‘Deferral of <i>conversion</i> on <i>acquisition event</i>’ will be reapplied in respect of each subsequent <i>distribution date</i> until a <i>conversion</i> occurs (if ever).</p>	Clause 7.6
AMP's other obligations in connection with a takeover or a scheme of arrangement	<p>On the occurrence of a takeover or scheme of arrangement which is recommended by the board of AMP and which would result in an <i>acquisition event</i>, if the board of AMP considers that:</p> <ul style="list-style-type: none"> › AMP will not be permitted to <i>convert capital notes</i> on an <i>exchange date</i> following the occurrence of a <i>potential acquisition event</i> or an <i>acquisition conversion date</i>, or › the <i>second mandatory conversion condition</i> (applied as if the percentage stated for that defined term in clause 4.3 of the <i>terms</i> were 20.2%) or <i>third mandatory conversion condition</i> will not be satisfied, <p>and it is unlikely that <i>conversion</i> will occur on any subsequent <i>distribution date</i>, the board of AMP will use all reasonable endeavours to procure that equivalent takeover offers are made to <i>holders</i> or that <i>holders</i> are entitled to participate in the scheme of arrangement.</p>	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* will rank ahead of *AMP shares*, equally with all other *perpetual subordinated instruments* (including the *AMP wholesale capital notes* issued in 2015) and behind the claims of all *senior ranking creditors*.

Capital notes 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* to fund *additional tier 1 capital* of one or more APRA regulated entities within the AMP group. The *capital notes* are being issued as part of the AMP group's ongoing funding and capital management strategy and in anticipation of the loss of transitional arrangements on the existing A\$600 million AXA *subordinated notes* as regulatory capital in March 2016. 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 APRA regulated entities within the AMP group, together with the *capital notes*, are referred to in this prospectus as *perpetual subordinated instruments*.

Topic	Summary	Further Information
Ranking for payments of <i>distributions</i> and payments in a winding-up of AMP	<p>The <i>capital notes</i> rank for payments of <i>distributions</i> and payments in a winding-up of AMP (if <i>capital notes</i> have not been <i>converted</i> or <i>written-off</i> on account of a <i>non-viability event</i>):</p> <ul style="list-style-type: none"> > ahead of <i>AMP shares</i> > equally among themselves and with all other instruments issued as <i>perpetual subordinated instruments</i> by AMP (including the <i>AMP wholesale capital notes</i> issued in 2015), and > behind <i>senior ranking creditors</i>. <p>However, <i>holders</i> should be aware that if AMP is in a winding-up, it is likely that a <i>non-viability event</i> will have occurred, in which case the position of a <i>holder</i> in respect of those <i>capital notes</i> will be as follows:</p> <ul style="list-style-type: none"> > if those <i>capital notes</i> are <i>converted</i>, the <i>holder</i> will become a holder of <i>AMP shares</i>, and the <i>holder</i> will rank for payment in a winding-up of AMP equally with other <i>AMP shareholders</i> (and the <i>holder</i> will no longer receive <i>distributions</i> and will never receive the <i>face value</i> invested) > if the <i>AMP shares</i> to which the <i>holder</i> would have been entitled upon <i>conversion</i> are issued to a <i>sale and transfer agent</i>, because the <i>holder</i> is not eligible to receive <i>AMP shares</i>, the <i>holder</i> elected not to receive <i>AMP shares</i> or withholding on account of <i>FATCA</i> is to be made from the issue of <i>AMP shares</i> to the <i>holder</i>, the <i>holder</i> will have the right to receive the cash proceeds (if any) (net of brokerage, costs, taxes and charges) of the sale of the <i>AMP shares</i> on market and will have no claim against AMP or any other member of the AMP group in respect of those <i>capital notes</i>, or 	<p>Clauses 2.1, 5, 8 and 16.2 and definitions of <i>AMP shares</i> and <i>perpetual subordinated instruments</i> in the glossary</p>

Topic	Summary	Further Information
<p>Ranking for payments of distributions and payments in a winding-up of AMP (continued)</p>	<p>› if for any reason <i>non-viability conversion</i> does not occur within five <i>business days</i> after the <i>non-viability conversion date</i>, <i>capital notes</i> required to be <i>converted</i> will be <i>written-off</i> and the <i>holder</i> will have no claim against AMP or any other member of the AMP group in respect of their <i>capital notes</i>. They will have no rights to receive payments of <i>distributions</i> or the <i>face value</i> invested and no right to receive <i>AMP shares</i>.</p> <p><i>Capital notes</i> 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.</p>	<p>Clauses 2.1, 5, 8 and 16.2 and definitions of <i>AMP shares</i> and <i>perpetual subordinated instruments</i> in the glossary</p>
<p>APRA</p>	<p>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.</p> <p>APRA’s website at apra.gov.au includes further details of its functions and prudential standards.</p>	
<p>Regulatory capital</p>	<p>Any business requires capital to support its income-generating activities in its chosen industry.</p> <p>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.</p> <p>APRA currently classifies regulatory capital of APRA regulated entities into two tiers for its supervisory purposes—referred to as <i>tier 1 capital</i> and <i>tier 2 capital</i>.</p> <p><i>Tier 1 capital</i> is generally considered from the perspective of a financial institution to be a higher quality capital and comprises:</p> <ul style="list-style-type: none"> › <i>common equity tier 1 capital</i> (including ordinary shares and retained earnings), and › <i>additional tier 1 capital</i> (such as <i>perpetual subordinated instruments</i> issued by APRA regulated entities). <p><i>Tier 2 capital</i> includes other components which fall short of some of the qualities of <i>tier 1 capital</i> but nonetheless contribute to the overall strength of the entity.</p>	

Topic	Summary	Further Information
Regulatory treatment of <i>capital notes</i>	<p>APRA has advised that:</p> <ul style="list-style-type: none"> > it does not object to AMP using the proceeds of <i>capital notes</i> to fund a subscription for <i>additional tier 1 capital</i> of one or more APRA regulated entities within the AMP group, and > <i>capital notes</i> will not constitute <i>additional tier 1 capital</i> or any other form of regulatory capital of AMP. <p>An instrument (such as <i>capital notes</i>) which:</p> <ul style="list-style-type: none"> > is capable of being converted into <i>AMP shares</i> or written-off where APRA makes a determination of non-viability, and > has been confirmed in writing by APRA to AMP as constituting <i>eligible funding</i>, <p>is referred to in this <i>prospectus</i> and the <i>terms</i> as a '<i>perpetual subordinated instrument</i>'.</p> <p><i>Capital notes</i> are <i>perpetual subordinated instruments</i> and this concept is relevant to determining what happens on the occurrence of a <i>non-viability event</i> (see section 2.4 above).</p> <p>If APRA's treatment of <i>capital notes</i> as a <i>perpetual subordinated instrument</i> changes, a <i>regulatory event</i> may occur in which case AMP would have an option to <i>exchange capital notes</i> as described above in section 2.3.</p> <p>Further detail about AMP's regulatory capital position is included in section 4. <i>Capital notes</i> are being issued as part of the AMP group's ongoing funding and capital management strategy and in anticipation of the loss of transitional arrangements on the existing A\$600 million AXA <i>subordinated notes</i> as regulatory capital in March 2016.</p>	Section 2.5 and definitions of <i>perpetual subordinated instruments</i> and <i>regulatory event</i> in the glossary

2.7 Other important matters

Topic	Summary	Further Information
Manner of payments	<p>If payable, <i>distributions</i> will be paid by AMP to <i>holders</i> in Australian dollars by direct credit into their nominated bank accounts. If a <i>holder</i> does not have an Australian dollar bank account in Australia, it will not be able to receive payments in respect of <i>capital notes</i>.</p> <p>Where a payment cannot be made by AMP because a <i>holder</i> has not provided bank account details or the payment does not complete for any reason, the payment will be held for the <i>holder</i> in a non-interest bearing bank account with a bank selected by AMP and applied in accordance with the <i>terms</i>.</p> <p>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.</p> <p>Neither AMP nor any <i>holder</i> 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 <i>capital notes</i> held by the <i>holder</i> or by the <i>holder</i> to AMP (as applicable).</p>	Clauses 14 and 16.5
Trustee and trust deed	<p>AMP has appointed a trustee as required by chapter 2L of the <i>Corporations Act</i>. The <i>trustee</i> holds certain rights in relation to <i>capital notes</i> on trust for <i>holders</i> under the <i>trust deed</i>. In certain circumstances, the <i>trustee</i> will act on behalf of <i>holders</i>.</p> <p>The <i>trustee</i> holds on trust for the <i>holders</i> the right to enforce any obligations of AMP under the <i>terms</i> and the <i>trust deed</i>. The <i>trustee</i> will be entitled to take any action against AMP to enforce any obligations of AMP, subject to the <i>terms</i> and <i>trust deed</i>.</p> <p>A <i>holder</i> is entitled to proceed directly against AMP to enforce a right or remedy in respect of <i>capital notes</i> only in limited circumstances.</p> <p>A copy of the <i>trust deed</i> can be obtained from amp.com.au.</p>	Section 8.5 and the <i>trust deed</i>
AMP may issue further securities	<p>AMP may from time to time, without the consent of the <i>holders</i>, issue securities ranking equally with <i>capital notes</i> (on the same terms or otherwise) or ranking in priority or junior to <i>capital notes</i>.</p> <p>An investment in <i>capital notes</i> confers no right for <i>holders</i> to participate in the issue of any shares or any other securities of AMP of any kind other than on <i>conversion</i> in accordance with the <i>terms</i>.</p>	Clauses 1.6 and 17.9
No voting rights for holders	<p><i>Holders</i> have no right to receive notice of or vote at any meeting of AMP <i>shareholders</i>.</p> <p><i>Holders</i> may vote at meetings of <i>holders</i> in accordance with the <i>trust deed</i>.</p>	Clauses 1.6 and 17.3

Topic	Summary	Further Information
Amendment of the <i>terms</i> and the <i>trust deed</i>	<p>Subject to complying with all applicable laws, and with APRA's prior written approval where required, AMP may, with the approval of the <i>trustee</i>, amend the <i>trust deed</i> or the <i>terms</i> without the approval of <i>holders</i> in certain circumstances. This includes amendments which AMP considers:</p> <ul style="list-style-type: none"> › is of a formal, technical or minor nature › is made to cure any ambiguity or correct any manifest error › is necessary to enable the quotation of <i>capital notes</i> on any securities exchange or to be offered for subscription or sale in a particular place › is necessary to comply with the requirements of any statute or statutory authority or requirements of a securities exchange › is made in accordance with AMP's adjustment rights under clause 8 of the <i>terms</i> › amends any date or time period in a manner necessary or desirable to facilitate a <i>mandatory conversion, non-viability conversion</i> or <i>exchange</i> › is made to alter the <i>terms</i> to align them with any <i>perpetual subordinated instruments</i> issued after the <i>issue date</i> or to alter the definition of '<i>perpetual subordinated instruments</i>' on account of the issue (after the <i>issue date</i>) of capital instruments of the AMP group › in any other case, is not materially prejudicial to the interests of the <i>holders</i> as a whole. <p>In the case of amendments made to enable the <i>capital notes</i> to be quoted on any securities exchange, offered for subscription or sale in any place or to comply with applicable laws or listing rules, or which are not materially prejudicial to <i>holders</i> as a whole, AMP must provide to the <i>trustee</i> 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 <i>holders</i> as a whole.</p> <p>AMP may also amend the <i>trust deed</i> or the <i>terms</i> with the approval of the <i>trustee</i> and the requisite majority of <i>holders</i> (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 <i>trust deed</i>.</p> <p>APRA's prior written approval to amend the <i>terms</i> and <i>trust deed</i> is required only where the amendment may cause the <i>capital notes</i> to cease to be <i>eligible funding</i>.</p>	Clause 17 and definitions of <i>holder resolution</i> and <i>special resolution</i> in the glossary

Topic	Summary	Further Information
<p>Taxation implications of investing in <i>capital notes</i></p>	<p>The taxation implications of investing in <i>capital notes</i> will depend on an investor’s individual circumstances. Prospective investors should obtain their own taxation advice.</p> <p>A general outline of the Australian taxation implications is included in the Australian taxation summary in section 7.</p>	<p>Section 7</p>
<p>Brokerage fees and stamp duty</p>	<p>No brokerage is payable by <i>holders</i> on <i>applications</i> for <i>capital notes</i>. <i>Holders</i> may have to pay brokerage on any subsequent transfer of <i>capital notes</i> on ASX after quotation.</p> <p>No stamp duty is payable by <i>holders</i> on <i>applications</i> for <i>capital notes</i> provided that no <i>holders</i> will, either alone or together with any associated persons, be entitled to a distribution of 90% or more of the property of AMP on a notional distribution of all the property of AMP.</p>	

Section 3

About AMP

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

- 3.1 Introduction
- 3.2 Overview of the AMP group
- 3.3 Simplified corporate structure
- 3.4 Products and services
- 3.5 Regulation
- 3.6 Strategy
- 3.7 Directors of AMP

3.1 Introduction

AMP is Australia and New Zealand’s leading independent wealth management company with an expanding international investment management business and a growing retail banking business in Australia. It provides financial advice, products and services primarily distributed through self-employed financial advisers and investment opportunities through AMP Capital to help people and organisations build financial security. AMP Limited is the non-operating holding company of the AMP group.

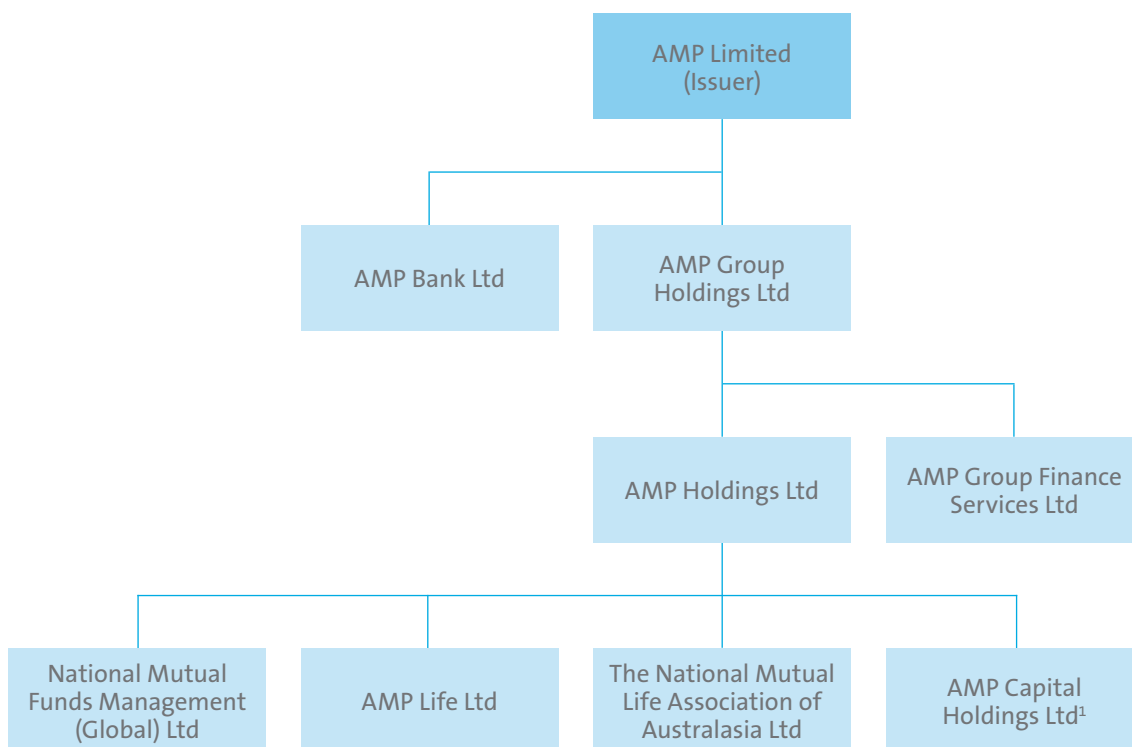
3.2 Overview of the AMP group

The AMP group provides:

- financial advice
- superannuation, retirement income and other investment products for individuals
- superannuation services for businesses
- administration, banking and investment services for self-managed super funds
- income protection, disability and life insurance
- selected banking products, and
- investments in shares, fixed interest, property, infrastructure, multi-manager and multi-asset funds.

3.3 Simplified corporate structure

A simplified structure of the AMP group is as follows:



1 AMP Capital Holdings Limited is owned 85% by AMP Holdings Ltd and 15% by Mitsubishi UFJ Trust and Banking Corporation as part of the strategic business and capital alliance between AMP Capital and Mitsubishi UFJ Trust and Banking Corporation.

A number of intermediary holding companies and other companies not relevant to *capital notes* have been excluded from the simplified structure chart.

3.4 Products and services

The products and services provided by the AMP group are summarised below.

Australian wealth management

Australian wealth management provides financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans.

AMP Capital

AMP Capital is a diversified investment manager with a growing international presence, providing investment services for domestic and international customers. AMP Capital manages investments across major asset classes including equities, fixed interest, property, infrastructure, and multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services.

On 1 March 2012, AMP Capital and Mitsubishi UFJ Trust and Banking Corporation formed a strategic business and capital alliance, with Mitsubishi UFJ Trust and Banking Corporation also acquiring a 15% ownership interest in AMP Capital.

In November 2013, AMP Capital established a funds management company in China with China Life, China's largest insurance group, institutional investor and corporate pension manager. AMP Capital is a founding shareholder in the funds management company, holding a 15% stake, with the balance held by China Life Asset Management Company, a subsidiary of China Life.

Australian wealth protection

Australian wealth protection provides individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of superannuation.

AMP Bank

AMP Bank is an Australian retail bank offering residential mortgages, deposits, transaction

banking and SMSF products. It also has a portfolio of practice finance loans. AMP Bank distributes through AMP's aligned distribution network as well as third-party brokers, and direct to retail customers via phone and online.

New Zealand financial services

New Zealand financial services provides tailored financial products and solutions to New Zealanders through a network of financial advisers. New Zealand financial services has a leading market position in both wealth protection and wealth management, in addition to being the market leader in advice and in providing support to advisers. KiwiSaver is a key growth engine for the wealth management business.

Australian mature

The Australian mature business comprises products which are largely closed to new business and are in run-off. Products within Australian mature include whole of life, endowment, investment-linked, investment account, retirement savings account, eligible rollover fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts.

AMP SMSF

AMP SMSF was formed in June 2012 and comprises Self Managed Superannuation Fund administration businesses including Cavendish, Multiport, Ascend, Justsuper and yourSMSF, as well as AMP's shareholding in a variety of SMSF focused organisations including 49% of SuperIQ and shareholdings in SuperCorp and Class. AMP SMSF forms part of Australian wealth management's reported results.

Group office

Group office comprises:

- Group office operations
- Corporate debt

On 30 October 2014, AMP announced an agreement to acquire 19.99% of China Life Pension Company (CLPC). This acquisition was completed in January 2015 and, from 1H15, AMP's 19.99% share of CLPC's net profit will be reported through underlying investment income in group office capital.

3.5 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, ATO, ACCC, 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, life insurance companies and superannuation funds 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.

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 AMP group's life insurance businesses in New Zealand are subject to prudential regulations issued by both the Reserve Bank of New Zealand and APRA. 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.

3.6 Strategy

AMP's four strategic initiatives are aligned to our purpose of helping people own tomorrow.

1. Growth.

AMP's aim is to help more customers in the strongly growing A\$2.6 trillion¹ Australian wealth management market. The Australian superannuation market is projected to double in size by 2025².

AMP continues to maintain its No 1 position in this sector, with 19.6% market share in retail superannuation and pensions³.

AMP is ranked No 1 in individual risk insurance with 17.9% market share⁴, and also holds a leading position in financial advice with 20% market share⁵.

2. Transform the Australian business.

AMP is transforming its core Australian business to be more customer centric. During the first half of 2015, the company enhanced its customer channels (such as digital), improved services and data capabilities, and developed and tested new customer offers.

Transform face-to-face advice model

AMP is aiming to make financial advice more relevant, accessible and affordable for customers and, at the same time, more efficient and profitable for AMP and its advisers. The company continues to pilot new advice approaches and early results from customers and advisers are positive.

Build omni-channel experience for customers

In the first half of 2015, AMP continued to expand its mobile payment options with the introduction of AMPwave. In the second half of 2015, the company has launched an integrated wealth and bank portal called *My AMP*.

1 ABS Managed Funds Report, Managed Funds Industry, March 2015.

2 Dynamics of the Australian Superannuation System, The Next 20 Years: 2013–2033, Deloitte, September 2013; AMP modelling.

3 QDS Retail and Wholesale, Plan for Life, 31 March 2015.

4 Detailed Risk Statistics, Plan for Life, 31 March 2015.

5 Money Management, June 2015.

Build better customer solutions

Targeted business campaigns continue to deliver strong results, including the superannuation consolidation and corporate superannuation welcome programs. New customer offers in wealth management and wealth protection are being tested in-market with consumers.

The company also improved its data capabilities to improve customer engagement. It launched a customer interaction engine, which draws on data and analytics to help customer service consultants identify the next best interaction, such as retention opportunities. The engine will also be used across digital channels.

Improve service capability and quality

AMP continued to invest in service improvements, including upskilling customer-facing staff and simplifying customer communications. In wealth protection, a new claims philosophy and process has been rolled out across all individual and group income protection business, with encouraging results.

3. Reduce costs.

AMP continues to improve its efficiency in order to invest in new customer solutions and increase profitability.

Its three year business efficiency program is on track, with many key initiatives to be completed in 2015. This includes a move to a more efficient IT platform and back office transitions.

The efficiency program aims to reduce the company's overall controllable cost growth by reducing operating costs whilst investing in areas of the business that deliver the greatest value to customers and shareholders.

It is expected to lead to A\$200m in pre-tax recurring run rate cost savings by the end of 2016 for a one-off investment of A\$320m pre-tax, with recurring cost savings estimated to be 80% controllable and 20% variable.

4. Expand offshore.

AMP continues to build its international profile, primarily through AMP Capital.

Building strong partnerships with national champions

AMP and China Life's joint venture (JV), China Life AMP Asset Management Company, of which

AMP Capital has a 15% share, delivered A\$682m in net cashflows to AMP during the first half of 2015. This follows the successful launch of nine new mutual funds. The JV is now managing more than A\$8b in AUM for Chinese retail and institutional investors.

China Life Pension Company, in which AMP owns a 19.99% stake, continued to grow strongly in the first half of 2015, maintaining its number one position in trustee services.

AMP Capital's business alliance with Japan's Mitsubishi UFJ Trust and Banking Corporation (MUTB) now offers 13 retail (up from nine at 31 December 2014) and four institutional funds with a total of A\$1.9b in AUM. As at 30 June 2015, AMP Capital managed A\$7.4b on behalf of all clients in Japan.

Expanding its global pension fund client base

AMP Capital continues to attract global interest, particularly in its infrastructure and property capabilities. As at 30 June 2015, it managed A\$14b in AUM from international investors, including more than A\$4.8b on behalf of 134 global pension fund clients (up from 119 at 31 December 2014).

AMP Capital's A\$5b property development program continues to receive strong support from international and domestic investors. External property net cashflows increased to A\$282m in the first half of 2015 from A\$109m in the first half of 2014.

3.7 Directors of AMP

The directors of AMP are:

- Simon McKeon AO (Chairman) – *BCom, LLB*
- Craig Meller, Chief Executive Officer and Managing Director – *BSc (Hons)*
- Patricia Akopiantz – *BA, MBA*
- Catherine Brenner – *BEc, LLB, MBA*
- Brian Clark – *BSc, MSc, DSc*
- Paul Fegan – *MBA*
- Trevor Matthews – *MA*
- John Palmer ONZM – *BAgrSc, Hon DCom*
- Peter Shergold AC – *BA (Hons), MA, PhD*
- Holly Kramer – *BA, MBA*

The directors of AMP may change from time to time due to the appointment or resignation

of directors; for example, Holly Kramer was appointed in October 2015.

The roles and responsibilities of the directors are set out in the AMP board charter. The board charter and further information on the directors of AMP, including their experience, qualifications and expertise can be found at amp.com.au/amp/about-amp and by following the links to 'Board & management' and 'Corporate governance'.

Section 4

Financial information

This section sets out information about the financial condition of AMP and the AMP group.

- 4.1 Introduction
- 4.2 Basis of preparation
- 4.3 Selected financial information of AMP group
- 4.4 Selected information of AMP Ltd parent entity (standalone)
- 4.5 Capital management

4.1 Introduction

This section sets out information about the financial condition of AMP and the AMP group, including:

- historical financial information for the AMP group, comprising the historical statements of comprehensive income and the historical reconciliations of segment profit after tax for the years ended 31 December 2013 and 31 December 2014 and the half-year ended 30 June 2015 and the historical statements of financial position as at 31 December 2013 and 31 December 2014 and 30 June 2015,
- historical financial information for AMP on a standalone basis, comprising the historical statements of comprehensive income for the years ended 31 December 2013 and 31 December 2014 and the half-year ended 30 June 2015 and the historical condensed statements of financial position as at 31 December 2013 and 31 December 2014 and 30 June 2015,
- pro forma historical financial information, comprising the pro forma historical statement of financial position of the AMP group and the pro forma historical condensed statement of financial position of AMP as at 30 June 2015, demonstrating the effect of the *offer of capital notes* on AMP and the AMP group respectively, and
- historical and pro forma historical capital information demonstrating the effect of the *offer of capital notes* on the AMP group.

4.2 Basis of preparation

The pro forma historical financial and capital information has been included to illustrate the financial and capital position as at 30 June 2015, assuming *capital notes* were issued on that date. The adjustments do not impact the AMP group's key performance measures, consolidated statement of comprehensive income or the AMP group's summary financial results.

The AMP and the AMP group historical financial information presented in this section has been derived from AMP group's audited consolidated 2013 and 2014 annual report and the AMP group's reviewed consolidated financial report for the half year ended 30 June 2015. These reports are available at amp.com.au.

The historical financial information for AMP and the AMP group has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards. The historical and pro forma capital information has been prepared in accordance with APRA prudential standards.

The pro forma historical financial information of AMP and the AMP group has been derived from the AMP group's reviewed consolidated financial report for the half year ended 30 June 2015, after adjusting for pro forma transactions to reflect the impact of the completion of the *offer of capital notes*.

The pro forma historical financial information for AMP and the AMP group has been prepared in a manner consistent with the recognition and measurement principles contained in Australian Accounting Standards applied to their historical financial information and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3.4 and 4.4.2, as if those events or transactions had occurred as at 30 June 2015.

The financial information is presented in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards.

The presentation currency of the historical and pro forma historical financial and capital information is Australian dollars.

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

4.3 Selected financial information of AMP group

4.3.1 AMP group financial performance summary

	FY13	FY14	1H15
Net profit attributable to AMP shareholders	A\$672m	A\$884m	A\$507m
Underlying profit ⁽ⁱ⁾	A\$849m	A\$1,045m	A\$570m
Cost-to-income ratio	49.4%	44.8%	43.1%
Total Australian wealth management net cash flows	A\$2,166m	A\$2,281m	A\$1,152m
AMP Capital external net cash flows ⁽ⁱⁱ⁾	(A\$1,039m)	A\$3,723m	A\$3,025m
Underlying return on equity	10.7%	12.7%	13.5%
Surplus capital above minimum regulatory requirements	A\$2,080m	A\$1,987m	A\$2,322m

- (i) Underlying profit is AMP's key measure of business profitability, as it normalises investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group.
- (ii) 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.

4.3.2 Historical statement of comprehensive income

	Year ended 31 Dec 2013 A\$m	Year ended 31 Dec 2014 A\$m	Half-year ended 30 Jun 2015 A\$m
Income and expenses of shareholders, policyholders, external unitholders and non-controlling interests			
Life insurance premium and related revenue	2,283	2,427	1,208
Fee revenue	2,434	2,790	1,546
Other revenue	419	126	64
Investment gains and (losses)	14,963	12,244	5,796
Share of profit or (loss) of associates accounted for using the equity method	14	13	10
Life insurance claims and related expenses	(2,084)	(2,166)	(1,063)
Operating expenses	(3,876)	(3,834)	(1,953)
Finance costs	(753)	(685)	(343)
Movement in external unitholder liabilities	(1,634)	(1,478)	(610)
Change in policyholder liabilities			
– life insurance contracts	(381)	(1,333)	(176)
– investment contracts	(9,887)	(6,290)	(3,282)
Income tax (expense) credit	(782)	(843)	(306)
Profit for the period	716	971	891
Profit attributable to AMP shareholders	672	884	507
Profit (loss) attributable to non-controlling interests	44	87	384
Profit for the period	716	971	891

	Year ended 31 Dec 2013 A\$m	Year ended 31 Dec 2014 A\$m	Half-year ended 30 Jun 2015 A\$m
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
– gains and (losses) in fair value of available-for-sale financial assets	7	2	–
	7	2	–
Cash flow hedges			
– gains and (losses) in fair value of cash flow hedges	(8)	3	(7)
– income tax (expense) credit	2	(1)	2
– transferred to profit for the period	33	29	8
– transferred to profit for the period – income tax (expense) credit	(10)	(8)	(2)
	17	23	1
Exchange difference on translation of foreign operations and revaluation of hedge of net investments			
– gains (losses)	121	39	(70)
– income tax (expense) credit	1	–	–
– transferred to profit for the period	–	6	–
	122	45	(70)
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plans			
– actuarial gains and (losses)	218	(119)	154
– income tax (expense) credit	(65)	36	(46)
	153	(83)	108
Owner-occupied property revaluation			
– gains (losses) in valuation of owner-occupied property	10	8	17
– income tax (expense) credit	–	(1)	(1)
	10	7	16
Other comprehensive income for the period	309	(6)	55
Total comprehensive income for the period	1,025	965	946
Total comprehensive income attributable to shareholders of AMP Limited	981	878	562
Total comprehensive income (loss) attributable to non-controlling interests	44	87	384
Total comprehensive income for the period	1,025	965	946

4.3.3 Historical reconciliation of segment profit after tax

	Year ended 31 Dec 2013 A\$m	Year ended 31 Dec 2014 A\$m	Half-year ended 30 Jun 2015 A\$m
Reconciliation of segment profit after tax			
Australian wealth management	330	374	207
AMP Capital	99	115	72
Australian wealth protection	64	188	99
AMP Bank	83	91	50
New Zealand financial services	97	110	61
Australian mature	178	174	80
Business unit operating earnings	851	1,052	569
Group office costs	(62)	(62)	(31)
Total operating earnings	789	990	538
Underlying investment income	135	132	60
Interest expense on corporate debt	(75)	(77)	(28)
Underlying profit	849	1,045	570
Other items	(2)	7	(2)
AMP AAPH integration costs	(57)	(20)	–
Business efficiency program costs	(39)	(100)	(33)
Amortisation of AMP AAPH acquired intangible assets	(91)	(89)	(42)
Profit before market adjustments and accounting mismatches	660	843	493
Market adjustment – investment income	2	42	2
Market adjustment – annuity fair value	27	6	12
Market adjustment – risk products	(5)	11	10
Accounting mismatches	(12)	(18)	(10)
Profit attributable to shareholders of AMP Limited	672	884	507
Profit attributable to non-controlling interests	44	87	384
Profit for the period	716	971	891

4.3.4 Historical and pro forma historical statement of financial position

	Actuals as at 31 Dec 2013 A\$m	Actuals as at 31 Dec 2014 A\$m	Actuals as at 30 Jun 2015 A\$m	Adjustments ⁽ⁱ⁾ A\$m	Pro forma As at 30 Jun 2015 A\$m
Assets					
Cash and cash equivalents	2,938	3,581	3,506	222	3,728
Receivables	2,418	2,518	2,768	–	2,768
Current tax assets	175	35	27	–	27
Inventories and other assets	216	189	170	–	170
Investments in financial assets	114,779	122,836	127,581	–	127,581
Investment properties	6,889	340	347	–	347
Investments in associates accounted for using the equity method	113	116	449	–	449
Property, plant and equipment	456	401	412	–	412
Deferred tax assets	1,062	697	588	–	588
Intangibles	4,136	4,042	3,963	–	3,963
Assets of disposal groups	42	100	–	–	–
Total assets of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests	133,224	134,855	139,811	222	140,033
Liabilities					
Payables	1,910	1,951	2,476	–	2,476
Current tax liabilities	53	247	418	–	418
Provisions	451	442	391	–	391
Other financial liabilities	2,469	2,015	1,985	–	1,985
Borrowings	14,822	15,352	15,354	–	15,354
Subordinated debt	1,421	1,150	1,432	222	1,654
Deferred tax liabilities	2,110	2,336	2,154	–	2,154
External unitholder liabilities	10,724	11,335	13,452	–	13,452
Life insurance contract liabilities	24,934	24,403	23,913	–	23,913
Investment contract liabilities	66,049	66,980	69,364	–	69,364
Defined benefit plan liabilities	73	190	33	–	33
Liabilities of disposal groups	8	69	–	–	–
Total liabilities of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests	125,024	126,470	130,972	222	131,194
Net assets of shareholders of AMP Limited and non-controlling interests	8,200	8,385	8,839	–	8,839
Equity					
Contributed equity	9,602	9,508	9,483	–	9,483
Reserves	(1,973)	(1,888)	(1,963)	–	(1,963)
Retained earnings	461	566	798	–	798
Total equity of shareholders of AMP Limited	8,090	8,186	8,318	–	8,318
Non-controlling interests	110	199	521	–	521
Total equity of shareholders of AMP Limited and non-controlling interests	8,200	8,385	8,839	–	8,839

(i) These adjustments assume a A\$230 million *offer of capital notes*, less transaction fees.

4.4 Selected information of AMP Ltd parent entity (standalone)

4.4.1 Historical statement of comprehensive income

	Year ended 31 Dec 2013 A\$m	Year ended 31 Dec 2014 A\$m	Half-year ended 30 Jun 2015 A\$m
Income and expenses			
Fee revenue	12	14	5
Investment gains and (losses)	1,677	799	456
Operating expenses	(12)	(14)	(5)
Finance costs	–	(18)	(12)
Income tax (expense) credit	10	51	13
Profit for the period	1,687	832	457
Other comprehensive income for the period	–	–	–
Total comprehensive income for the period	1,687	832	457

4.4.2 Historical and pro forma historical condensed statement of financial position

	Actuals as at 31 Dec 2013 A\$m	Actuals as at 31 Dec 2014 A\$m	Actuals as at 30 Jun 2015 A\$m	Adjustments ⁽ⁱ⁾ A\$m	Pro forma As at 30 Jun 2015 A\$m
Assets					
Cash and cash equivalents	6	1	14	–	14
Receivables	50	321	440	–	440
Investments in financial assets	2,085	1,960	2,150	–	2,150
Deferred tax assets	62	55	50	–	50
Investments in controlled entities	10,807	11,010	11,185	222	11,407
Total assets	13,010	13,347	13,839	222	14,061
Liabilities					
Payables	47	92	57	–	57
Current tax liabilities	26	190	387	–	387
Provisions	3	5	4	–	4
Subordinated debt	325	326	601	222	823
Total liabilities	401	613	1,049	222	1,271
Net assets	12,609	12,734	12,790	–	12,790
Equity					
Contributed equity	9,747	9,747	9,747	–	9,747
Reserve	18	21	20	–	20
Retained earnings	2,844	2,966	3,023	–	3,023
Total equity	12,609	12,734	12,790	–	12,790

(i) These adjustments assume a A\$230 million offer of capital notes, less transaction fees.

4.5 Capital management

4.5.1 Capital management overview

The AMP group holds capital to protect customers, creditors and *AMP shareholders* against unexpected losses. AMP's businesses and the AMP group maintain capital targets (target surplus), reflecting their material risks (including financial risk, insurance and product risk and operational risk) and AMP group's risk appetite. The target surplus is a management guide to the level of excess capital that the AMP group seeks to carry to reduce the risk of breaching minimum regulatory requirements. In addition, the participating business of the life insurance companies are 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.

The main minimum regulatory requirements for AMP group arise from:

- AMP Life and NMLA – capital adequacy requirements as specified under the APRA Life Insurance Prudential Standards
- AMP Bank – capital requirements as specified under the APRA Authorised Deposit-taking Institutions Prudential Standards
- AMP Superannuation Limited and N.M. Superannuation Pty Limited – operational risk financial requirements as specified under the APRA Superannuation prudential standards
- AMP Capital and other ASIC regulated businesses – capital requirements under the relevant Australian financial services licence requirements and for risks relating to the North product.

In August 2014, APRA released its planned final capital adequacy standards for conglomerate groups. However, implementation has been deferred to allow for any potential changes that may result from the Financial System Inquiry recommendations and the Government's response to them. APRA has committed to providing a minimum 12 months transition time before any new standards come into force.

AMP expects to be compliant with the requirements when implemented. Based on the standards in their current form, AMP expects to meet additional capital requirements from within existing capital resources.

AMP group has two tier 2 capital instruments on issue that are subject to transitional arrangements provided by APRA. These are the A\$600 million *AXA subordinated notes* and the A\$83 million subordinated bond maturing in 2022. These continue to be 100% recognised as eligible regulatory capital until the earlier of 26 March 2016, in the case of the *AXA subordinated notes* (this is the date on which AMP is entitled, subject to APRA's prior approval, to redeem the *AXA subordinated notes*) or until the implementation of the conglomerate capital standards in the case of the subordinated bond maturing in 2022 of A\$83 million. The date on which the conglomerate capital standards will be implemented is not yet known.

On 26 March 2016 shareholder regulatory capital resources above the minimum regulatory requirements will be reduced by an amount of A\$600 million. This will happen whether or not the *AXA subordinated notes* are redeemed on that date.

As at the date of this *prospectus* no decision has been made to redeem the *AXA subordinated notes* and *APRA* approval has not been sought nor given. Accordingly, the redemption is not reflected in the table below. The reduction of capital on account of the end of the transitional treatment is also not shown.

In addition to managing the level of capital resources, the AMP group also aims to optimise the mix of capital resources to minimise the cost of capital and maximise shareholder value. The AMP group's capital management plan forms part of the broader strategic planning process.

The AMP group's capital resources include ordinary equity and interest-bearing liabilities that qualify as regulatory capital under *APRA's* prudential standards. The proceeds of the issue of *capital notes* 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.

In addition, shareholder regulatory capital resources above the minimum regulatory requirements may vary due to various other factors including investment market movements, *dividend* payments and the retention of profits.

4.5.2 AMP group capital position

	Actuals as at 31 Dec 2013 A\$m	Actuals as at 31 Dec 2014 A\$m	Actuals as at 30 Jun 2015 A\$m	Adjustments A\$m	Pro forma As at 30 Jun 2015 A\$m
AMP shareholder equity ⁽ⁱ⁾	8,154	8,346	8,475	–	8,475
Less goodwill and other intangibles ⁽ⁱⁱ⁾	(3,857)	(3,844)	(3,925)	(8)	(3,933)
Less other deductions ⁽ⁱⁱⁱ⁾	(1,573)	(1,550)	(1,484)	–	(1,484)
Common equity tier 1 capital	2,724	2,952	3,066	(8)	3,058
<i>Additional tier 1 capital instruments^(iv)</i>	–	–	275	230	505
Total tier 1 capital	2,724	2,952	3,341	222	3,563
AMP subordinated notes 2 ^(iv)	325	325	325	–	325
Other tier 2 capital instruments	949	683	683	–	683
Total tier 2 capital	1,274	1,008	1,008	–	1,008
Hybrid capital not eligible at AMP Limited ^(iv)	(300)	(310)	(600)	(230)	(830)
Total regulatory capital resources	3,698	3,650	3,749	(8)	3,741
Total capital resources	10,128	9,804	10,008	230	10,238
Intangibles	(3,857)	(3,844)	(3,925)	(8)	(3,933)
Tangible capital resources	6,271	5,960	6,083	222	6,305
Senior debt	(700)	(450)	(250)	–	(250)
Hybrid capital not eligible at AMP Limited ^(iv)	(300)	(310)	(600)	(230)	(830)
Other deductions	(1,573)	(1,550)	(1,484)	–	(1,484)
Regulatory capital resources	3,698	3,650	3,749	(8)	3,741
Shareholder minimum regulatory capital requirement ^(v)	1,618	1,663	1,427	–	1,427
Shareholder regulatory capital resources above minimum regulatory capital	2,080	1,987	2,322	(8)	2,314

(i) Shown after accounting mismatches, cash flow hedge reserves, and other adjustments.

(ii) Intangibles include transaction costs.

(iii) 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.

(iv) While the additional tier 1 capital instruments and the AMP subordinated notes 2 are able to be used to fund regulatory capital in the APRA regulated entities within the AMP group, they are not eligible capital of AMP Limited.

(v) To the extent that the proceeds are on lent to the regulated entities, a reduction in shareholder minimum regulatory capital requirement would be expected.

4.6 Business update on Australian wealth protection business

On 23 October 2015, AMP Limited reported its third quarter cashflows and provided an update on its wealth protection business for the third quarter to 30 September 2015.

The third quarter result for the Australian wealth protection business was impacted by claims experience losses primarily relating to the retail income protection book. This negative experience has not given rise to any revised best estimate claims assumptions for the retail income protection book.

Claims experience outcomes for lump-sum and group risk insurance were in line with best estimate assumptions.

Lapse experience, while seasonally higher, was also in line with best estimate assumptions.

Volatility in wealth protection experience is to be expected from period to period given the size of AMP's in-force book in Australia. Further, as remediation of the Australian wealth protection business progresses, there continues to be potential for increased experience volatility.

AMP's insurance claims improvement program in Australia continues to track well against expected outcomes. Since commencing in 1Q 14 it has delivered considerable value and remains important to the long-term sustainability of the wealth protection business. Encouraging results from management actions to date include a revised claims philosophy and claims management platform.

Section 5

Investment risks

By investing in *capital notes* you will be exposed to risks associated with AMP, AMP group's business and *capital notes*.

This section of the *prospectus* will help you understand some of the risks associated with an investment in *capital notes*. Section 5.1 describes some of the risks that are specific to *capital notes* 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* and it is important that you consider whether an investment in *capital notes* is suitable for you before applying for *capital notes*.

- 5.1 Risks associated with investing in capital notes
- 5.2 Risks associated with AMP and the AMP group

5.1 Risks associated with investing in capital notes

5.1.1 Capital notes are not bank deposits or policy liabilities

Capital notes are not deposits or protected accounts of AMP Bank or any other member of the AMP group for the purposes of the *Banking Act* 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* are not guaranteed by any member of the AMP group, nor are they guaranteed or insured by any government under any compensation scheme or by any government agency or any other party. *Capital notes* are not secured over any of the AMP group's assets.

5.1.2 Capital notes are perpetual, unsecured and subordinated obligations

Capital notes 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 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*.

In a winding-up of AMP (if a *non-viability event* has not occurred), *capital notes* 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* 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 5.1.8.

Although *capital notes* 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* 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* 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*. 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*.

5.1.5 Changes in the distribution rate

The *distribution rate* is calculated for each *distribution period* by reference to the *bank bill rate*, which is influenced by a number of factors and varies over time. The *distribution rate* will fluctuate and may increase or decrease over time as a result of movements in the *bank bill rate* (see section 2.1). AMP does not control the *bank bill 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).

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*.

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*. AMP currently franks *dividends* on *AMP shares* at 85%. 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, the assessment of 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, as applicable to AMP. 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 Capital notes may convert into AMP shares

Capital notes must be converted on the *mandatory conversion date* (subject to the *mandatory conversion conditions* and unless *redeemed*, *converted* or *written-off* earlier), or upon the occurrence of a *non-viability event* or an *acquisition event*. AMP may also elect to *convert*

the *capital notes* in certain circumstances (see section 2.3 and section 5.1.9).

As described in sections 2.2 and 2.5, there are conditions to the *conversion of capital notes* into *AMP shares*. These conditions apply to *mandatory conversion*, *conversion* following an *acquisition event* and when AMP elects to *convert* the *capital notes*. 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 5.1.8.

The *conversion* conditions, where they apply, are designed to ensure *holders* receive A\$101 worth of *AMP shares* for each *capital note* 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*.

AMP shares are a different type of investment to *capital notes*. *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 holders of all other securities of AMP and AMP's lenders and other creditors.

5.1.8 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* into *AMP shares*. A *non-viability event* could occur at any time.

Non-viability event

A *non-viability event* occurs when APRA notifies AMP in writing that it believes that:

- a) the conversion or write-off of *perpetual subordinated instruments* (which includes *capital notes*) is necessary because, without it, AMP would become non-viable, or
- b) a public sector injection of capital into, or equivalent capital support is necessary because, without it, AMP would become non-viable.

Whether a *non-viability event* will occur is at the discretion of APRA. APRA has not given any 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 AMP and AMP group's financial position and insolvency, but may not be confined to solvency or capital measures and capital ratios and may include other matters, such as liquidity. 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* and other *perpetual subordinated instruments* are required to be converted on account of a *non-viability event*, AMP must determine which *capital notes* will convert and in doing so must endeavour to treat *holders* 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* are required to be converted, not all *holders* may have their *capital notes* converted.

If *capital notes* 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*, the proportion of *capital notes* required to be converted or written-off (which may be all of the *capital notes*) 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* 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* 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*) 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* 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* are subsequently written-off. AMP expects any trades in *capital notes* on ASX that have not settled on the *non-viability conversion date* will continue to settle in accordance with the normal ASX T+3 settlement, although if a *capital note* 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* is written-off
- alternatively, AMP may immediately request a trading halt to prevent further trading in *capital notes* on ASX, and, if ASX permits, AMP may refuse to register transfers of *capital notes* that have not settled — this may result in disruption or failures in trading or dealings in *capital notes* (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* 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*
- 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* 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* may find it difficult or impossible to sell *AMP shares* issued to them on conversion, and
- as noted in section 2.2, the *maximum conversion number* may be adjusted to reflect a consolidation, division or 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* 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* 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*) 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*. The laws and the grounds on which a court or government authority may make orders preventing the *conversion of capital notes* 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*).

5.1.9 Exchange is at AMP's option

AMP may (subject to APRA's prior written approval) elect to *exchange* some or all *capital notes* 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* after a *potential acquisition event*. *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* (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 capital notes*, *holders* will receive cash equal to A\$100 per *capital note* rather than *AMP shares* and, accordingly, *holders* whose *capital notes* 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).

AMP may be expected to seek to exercise its rights to *redeem* or *resell the capital notes* if prevailing market interest rates are lower than the prevailing *distribution rate* for the *capital notes*. If *capital notes* are *redeemed* in such circumstances, *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* 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*, APRA's prior written approval is required. *Holders* should not expect that APRA will give its approval for any *exchange*.

5.1.10 Conversion on an acquisition event

Capital notes 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.

Where this 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* in accordance with clauses 7 and 8 of the *terms*. Where this corporate activity constitutes a *potential acquisition event* (described in section 2.3 – *potential acquisition event*, AMP may, subject to the satisfaction of certain conditions, elect to *convert* all *capital notes* 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 the *holders*. This also means that the period for which *holders* will be entitled to the benefit of the rights attaching to *capital notes* (such as *distributions*) is unknown and may be indefinite.

5.1.11 Capital notes are perpetual securities and may never be converted or redeemed

Capital notes are a perpetual instrument. If not *redeemed*, *converted* or *written-off* earlier, *capital notes* are expected to *convert* into *AMP shares* on 22 December 2023, subject to the *mandatory conversion conditions* being satisfied. There is a risk that 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 17 November 2023 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 22 December 2023, *mandatory conversion* would then occur on the next *distribution date* for which all of the *mandatory conversion conditions* are satisfied (unless *capital notes* are otherwise *redeemed*, *converted* or *written-off* prior to that date). If *mandatory conversion* does not occur on 22 December 2023, the *mandatory conversion*

conditions are not satisfied for any subsequent *distribution date* and *capital notes* are not otherwise *redeemed, converted* or *written-off*, the *capital notes* 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* will remain on issue. *Distributions* may continue to be paid on *capital notes* for so long as they remain on issue, subject to AMP's discretion not to pay *distributions* and *payment conditions*. *Holder*s 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* may never *convert* into *AMP shares*, and may never be *redeemed* or *resold*.

5.1.12 Future issues or redemptions of securities by AMP

Capital notes do not in any way restrict AMP and 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*. AMP's obligations under *capital notes* rank subordinate and junior in a winding-up of AMP to AMP's obligations to *senior ranking creditors*, including holders of senior ranking securities and instruments. This means that *holders* will not receive any amounts in respect of *capital notes* 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*. Any return of capital to *holders* and the market price or liquidity of *capital notes* 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*
- have the same or different maturities as *capital notes*

- have the same or different dividend, interest or distribution rates as those for *capital notes*
- have conditions to payment and distribution restrictions or other covenants which affect *capital notes* (including by restricting the circumstances in which *distributions* can be paid on *capital notes* or the circumstances in which *capital notes* can be *redeemed*), or
- have the same or different terms and conditions as *capital notes*.

An investment in *capital notes* 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* 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* or the likelihood of AMP making payments on *capital notes*.

Similarly, *capital notes* 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* are required to be *converted* into *AMP shares*.

An investment in *capital notes* 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).

5.1.13 Market price and liquidity of capital notes

The market price of *capital notes* 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 financial performance and position of the AMP group. When you evaluate whether to

invest in *capital notes* 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* 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 any *capital notes* that remain on issue to decline.

If credit spreads on debt securities widen after the *issue date*, the *margin* payable on *capital notes* of 5.10% per annum will be less attractive to purchasers of *capital notes* than at the *issue date*. Accordingly, the market price of *capital notes* may reduce to reflect the lower price new investors are willing to pay for *capital notes* given the below-market *margin*.

The market price of *capital notes* 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* 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* and *AMP shares*.

*Holder*s who wish to sell their *capital notes* prior to *exchange* may incur loss if *capital notes* trade at a market price below the amount at which *capital notes* were acquired by those *holders*. AMP is unable to forecast or guarantee the market price of *capital notes*. Unlike *AMP shares*, *capital notes* do not provide a material exposure to growth in the AMP group's business.

Although AMP intends to have *capital notes* quoted on ASX, there is no guarantee that a liquid market will develop for *capital notes*. Any market for *capital notes* 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* is likely to fluctuate and, if *holders* wish to sell or otherwise transfer *capital notes*, 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*. *Holder*s may suffer loss as a result.

5.1.14 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 AMP group's financial performance and position. When you evaluate whether to invest in *capital notes* 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*.

If *capital notes* 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* 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.

5.1.15 Exposure to the AMP group's financial performance and position

If AMP group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in *capital notes* could decline in value even if *capital notes* have not been *converted*. Accordingly, when you evaluate whether to invest in *capital notes* you should carefully evaluate the investment risks associated with an investment in AMP and the AMP group (see section 5.2).

5.1.16 Regulatory classification and prudential supervision

APRA has advised that *capital notes* will not constitute *additional 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*. See section 5.1.9 and section 2.3 – Exchange at AMP's option.

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*) or to conduct its business in a particular way.

5.1.17 Australian tax consequences

A general outline of the tax consequences of investing in *capital notes* 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*. See section 5.1.9 and section 2.3 – Exchange at AMP's option.

5.1.18 Amendment of terms

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* on any securities exchange 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* to be quoted on any securities exchange, 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 AMP group using, or having used, the proceeds of the issue of some or all of the *capital notes* to fund *additional tier 1 capital* of an APRA regulated entity within the AMP group is subject to the prior written consent of APRA.

5.1.19 Holders may be subject to FATCA withholding and information reporting

FATCA establishes a new due diligence, reporting and withholding regime. Under FATCA, AMP may be required to withhold at the rate of 30% from payments made with respect to *capital notes* if (i) a *holder* does not provide information sufficient for AMP or the relevant financial institution to determine whether the *holder* is subject to FATCA withholding, or (ii) a 'foreign financial institution' to or through which payments on the *capital notes* are made is a 'non-participating foreign financial institution'.

The requirement to withhold, however, is not expected to apply if *capital notes* are debt for US federal income tax purposes unless the *capital notes* are 'materially modified' more than six months after final regulations defining the term

'foreign passthru payment' are filed with the US Federal Register.

On 28 April 2014, Australia and the US signed an intergovernmental agreement in respect of FATCA. The Australian Government has enacted legislation amending the Taxation Administration Act 1953 (Cth) and the Income Tax Assessment Act 1997 (Cth) to give effect to the intergovernmental agreement (FATCA amendments). Under the FATCA amendments, Australian foreign financial institutions that are 'Reporting Australian Financial Institutions' under the intergovernmental agreement must comply with specific due diligence procedures to identify their account holders (eg *holders*) and provide the ATO with information on financial accounts (eg *capital notes*) held by US persons and recalcitrant account holders and on payments made to non-participating foreign financial institutions. The ATO is required to provide that information to the US 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* are made for AMP and such other financial institutions to comply with their FATCA obligations.

Under the FATCA amendments, Australian foreign financial institutions will generally be 'deemed compliant' with FATCA. Therefore, depending on the nature of the relevant foreign financial institution, FATCA withholding may not be required from payments made with respect to *capital notes* other than in certain prescribed circumstances.

If an amount is required to be withheld from any payments made in respect of *capital notes* as a result of FATCA then *holders* and beneficial owners of *capital notes* are not entitled to receive any gross up or additional amounts to compensate them for such withholding.

The above description is based in part on US Treasury regulations published on 28 January 2013 and 6 March 2014, official guidance and the FATCA amendments, all of which are subject to change or may be implemented in a materially different form. *Holders* should obtain their own advice about how these rules may apply to their holding of *capital notes*.

5.1.20 Shareholding limits

The Financial Sector (Shareholdings) Act 1998 (Cth) restricts ownership by persons (including companies) (together with their associates) of banks and life insurers and their holding companies, which includes AMP, to a 15% stake. An *AMP shareholder* may apply to the Australian Treasurer to extend their ownership beyond 15%, but approval will not be granted unless the Treasurer is satisfied that a holding by that person of greater than 15% is in the national interest.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as AMP) are regulated by detailed and complex 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 law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

The AMP group operates in, and AMP has subsidiaries in, a number of jurisdictions outside Australia. Analogous shareholding or competition laws of those other jurisdictions may also operate to limit the quantum of the interest (including through the holding of *capital notes* or *AMP shares*) that a person may have in a company having subsidiaries in one or more of those jurisdictions.

If any applicable limit on shareholding would be exceeded by a *holder* when *AMP shares* are issued on *conversion*, the *holder* will be ineligible to receive the *AMP shares* and the *AMP shares* to which it would have been entitled may be issued to a *sale and transfer agent*, who will sell them at market value and pay the *proceeds* to the *holder*.

Holders should take care to ensure that by acquiring any *capital notes* (taking into account any *AMP shares* into which they may *convert*), *holders* do not and will not breach any applicable restrictions on ownership, and *holders* should seek professional guidance from their solicitor, accountant or other independent qualified professional advisor in relation to these restrictions.

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* as AMP's ability to fulfil its obligations under, or in respect of, *capital notes* (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* remain outstanding or are *redeemed, converted* 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 Financial risk

Investment returns

A significant proportion of the AMP group'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 the wholly-owned life companies of AMP, being AMP Life and NMLA. Investment returns 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 financial performance and position of the AMP group and may result in the need for additional capital to support the AMP group's businesses.

Some products both within and outside of the life companies 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 financial performance and position of the AMP group.

Investment performance affects the level of investment return on shareholders' funds assets and in turn the financial performance and position of the AMP group. 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 and private equity.

Changes in the value of, or income received 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 financial performance and position of the AMP group and may affect the level of capital, liquidity and funding required to support the AMP group's businesses. In periods of extreme volatility the values of these assets are subject to greater change and uncertainty.

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, particularly financial products where the investments are managed by AMP Capital, 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. 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.

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 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 which may not be available on acceptable terms or at all. 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.

These funding risks may arise due to an increased cost of funding, reduced availability of credit and capital, a decline in asset values, or reduced financial performance of these assets or funds, and a downgrade in the credit rating of any member of the AMP group. 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 owned as investments by AMP Life, NMLA and/or funds managed by AMP Capital, may breach or risk breaching their loan and other debt covenants. While these typically have no recourse to the AMP group, 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 adverse fluctuations in interest rates, and may have a material adverse impact on the financial performance and position of the AMP group.

Fluctuations in interest rates can impact:

- the rate at which certain liabilities are discounted, causing the liabilities in respect of certain products, including annuities, defined benefit obligations and other capital guaranteed and non-investment linked products to vary

- the investment returns on the AMP group's shareholders funds and the AMP Life and NMLA 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
- AMP Bank's financial condition through the bank's net interest income and the level of other interest sensitive income and operating expenses, as well as the underlying value of the bank's assets, liabilities, and off-balance-sheet instruments
- 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 of hedging, and even if available, hedging may become more expensive or be provided on unfavourable terms, 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. Although credit risk exists in most parts of the AMP group, including for derivative contracts used to protect the AMP group's capital position from investment market volatility. A default by a counterparty can impact the AMP group's financial position and performance and the level of capital supporting the AMP group's businesses and can also impact investments of AMP Life and the funds managed by AMP Capital. This may adversely impact the AMP group's reputation, management fee income and other asset values.

Credit risk is a significant risk for AMP Bank and arises primarily from AMP Bank's residential

lending activities and to a lesser extent, practice finance loans. Practice finance loans are secured against the assets of the underlying financial planning practices. 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 mitigate credit risk and minimise the capital requirements of its mortgage book. A default of an LMI provider will expose 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, 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.

The annuity portfolio is managed with fixed interest assets matched to expected annuity cash outflows. 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 pool investments within AMP Capital, earnings and balance sheet movements from non-Australian subsidiaries.

Foreign exchange losses can impact the liquidity of funds when rolling hedge contracts, as well as the investments of the AMP group, including AMP Life, NMLA and funds managed by AMP Capital, which in turn may adversely impact the AMP group's reputation, management fee income and other asset values. This may have a material adverse impact on the financial performance and position of the AMP group.

Defined benefit fund

While all of AMP's defined benefit superannuation 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.

Accounting mismatches

Investment performance may have a material adverse effect on the level of accounting mismatches and the financial performance and position of the AMP group. 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 and sale of financial advisory books of business

Under arrangements currently in place, certain AMP group Australian financial services licensees can be required to buy a financial advisory business or register of clients from financial planners within the licensees' network based on a pre-agreed formula, typically when the owner of the financial planning business leaves the industry and is unable to complete a trade sale on better terms to another buyer. The value of these businesses or registers could be affected by, amongst other things, changes to regulation, product commissions and business operating models. These changes, and any others that may occur in future, could result in the AMP group licensees being required to buy a larger volume of businesses or registers than anticipated. There is also a risk that the relevant AMP group licensee will not be able to on-sell a business or register for the amount paid by it, resulting in a loss. There is also a risk of potential impairment to the carrying value of the businesses or registers whilst held by an AMP group licensee.

The AMP group is also exposed to the resale value of these businesses and registers through AMP Bank which provides practice 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 group licensee. There is a risk that a loss may arise to the AMP group if AMP Bank, on enforcing its security, is not able to sell the business or register for an amount sufficient to fully repay the debt owing to it. There is also a risk of loss if AMP Bank

exercises the financial planner's right to sell the business or register to the relevant AMP group licensee and the licensee, in turn, is unable to on-sell the business or register for the amount paid by it.

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

5.2.2 Regulatory risk

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 AMP's business model and the performance of its business 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 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.

Under the *FOFA* legislation, regulatory changes have been implemented by the government covering financial advisers, fund managers and product issuers. The *FOFA* regulatory changes include a ban on certain commissions and

volume based payments to financial advisers and a statutory best interests duty on financial advisers. There are also bans on fund managers paying platform operators volume-based shelf-space fees. Legislation to implement the *FOFA* regulatory changes began to take effect for voluntary compliance on 1 July 2012 and mandatory compliance began on 1 July 2013 for all obligations. A number of less significant *FOFA* related regulatory changes take effect in 2015 following the passage of a regulatory disallowance motion in November 2014.

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. AMP group has training, supervision and compliance processes in place to ensure its businesses, including its advice network, operate within the legal and regulatory framework. Despite the resources allocated to compliance, there is a risk that advisers or AMP group entities may not comply with the law when providing products or services to 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 were 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*. In *ASIC's* Strategic Outlook announced in October 2014 it announced its intention to 'target the six largest financial advice institutions to test how they comply with high-risk areas of the law'. The AMP group is one of those organisations. Additionally, in its Corporate Plan 2015–16 to 2018–19 *ASIC* announced that it would continue to undertake surveillance to detect possible wrongdoing, including proactive risk-based surveillance in high-risk areas that it believes will have the greater impact on markets. Various parliamentary inquiries and government reviews are also focussing on the financial planning industry as further described below.

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, including *FOFA*, 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 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 Financial Advisers Act, the Financial Service Providers (Registration and Dispute Resolution) Act, the Reserve Bank Amendment Act, the Anti-Money Laundering and Countering Financing of Terrorism Act, the Insurance (Prudential Supervision) Act and the Financial Markets Conduct Act have been enacted in New Zealand. The Financial Markets Conduct Act became effective in April 2014 with transitional implementation continuing until December 2016. In the meantime the Securities Act 1978 will continue to apply. In addition the Financial Advisers Act and the Financial Service Providers (Registration and Dispute Resolution) Act are both under review, with any changes not known at this time. Prudential supervision of insurance providers became effective in March 2012 in New Zealand when the Reserve Bank of New Zealand began to issue licenses to insurers which include capital and statutory fund requirements. In addition, the Financial Markets Authority, the financial markets conduct regulator established in 2011, is actively monitoring and overseeing the offer of securities to the public and the provision of financial advice. The significant changes in the financial services regulatory reform has 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 such as the United Kingdom Bribery Act, *FATCA*, the OECD Common Reporting Standard (CRS) for Automatic Exchange of Financial Account Information, Dodd-Frank and other reforms. The federal government has also signalled its intention to implement the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information reforms in Australia with effect from January 2017. The standard is a single global standard for financial institutions' collection of financial account information on accountholders who are residents in another jurisdiction, the reporting of it to the financial institutions' tax authority and the exchange of it automatically with other jurisdictions' tax authorities on an annual basis. Following a consultation process in 2014, the government released draft legislation to implement the CRS in Australia on 18 September 2015. Submissions on the draft legislation have closed and the government is expected to introduce final legislation this year.

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 business. 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.

Certain entities within the AMP group are required to meet the capital and liquidity standards prescribed by *APRA* and other

regulators. A number of regulatory capital reviews have recently been implemented and some are underway or still to be implemented which impact the businesses of those entities.

The banking activities of AMP Bank are subject to prudential regulations and supervision by *APRA*.

APRA's implementation of the Basel III framework in Australia has resulted in the release of new prudential standards for Australian authorised deposit-taking institutions. The Basel III liquidity reforms have applied to AMP Bank since 1 January 2015, while the capital reforms were implemented on 1 January 2013.

The regulated entities within the AMP group are from time to time subject to direction or guidance from regulators. In this context, AMP Bank has implemented a number of measures designed to comply with regulatory requirements to reinforce sound mortgage lending practices, including increased supervision of risk profiles, investment lending and serviceability of residential mortgages. These measures include changes to credit policies relating to, and the availability and pricing of, AMP Bank investment lending products.

The impact of the investment lending restriction on the AMP group, the broader industry and the residential housing market is not yet known. The impact of the restriction on investor lending is expected to slow the growth of AMP Bank's investment loans in the second half of 2015 and 2016.

In August 2014, *APRA* released its planned final capital adequacy standards for conglomerate groups. However, implementation has been deferred to allow for any potential changes that may result from the Financial System Inquiry (FSI) recommendations and the Government's response to them. *APRA* has committed to providing a minimum 12 months transition time before any new standards come into force.

It is possible that the new supervision framework for conglomerate groups will impact the level and nature of the regulatory capital resources attributed to the AMP group and the level of capital required. Increased regulation in this area, including the introduction of internal capital adequacy assessment process requirements, may also increase the cost of compliance and the risk of non-compliance for the AMP group.

Any significant change, whether or not related to the prudential framework for conglomerate groups, in the standards prescribed by regulators may have a significant impact on the financial performance and position of 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, including *dividends* paid by AMP.

The results of any of the regulatory changes described in this section 5.2.2 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 established a Financial System Inquiry to examine how the financial system in Australia could be positioned to best meet Australia's evolving needs and support Australia's economic growth. The inquiry released its final report in December 2014. It has made recommendations which are relevant to AMP including in relation to those relating to vertically integrated structures such as that of AMP, the longevity risk with the retirement phase of superannuation, and the introduction of legislation to allow for more retirement product innovation.

The Federal government's response to the Financial System Inquiry was released on 20 October 2015. The government has accepted the majority of the inquiry's recommendations with the proposed changes to be implemented in stages over the coming years.

The government has released Terms of Reference for, and established a taskforce to develop, a white paper on the 'Reform of the Federation', with key objectives including the reduction of duplication across different levels of government and simplifying interactions with government. A series of issues papers were released in late 2014 and a further paper 'COAG and Federal Financial

Relations' was released on 4 February 2015. The white paper is expected to be completed by the end of 2015.

The government is also expected to publish a comprehensive white paper on potential tax reform during 2016. The government released a discussion paper in March 2015 setting out possible topics for broad tax reform, including in relation to company tax, indirect taxes, personal income taxes and superannuation tax. The paper is very broad and is designed to stimulate debate before the government releases a green paper later this year with the white paper expected to follow with proposals for reform.

The results of the government's response to the Financial System Inquiry and tax white paper may require the AMP group to revise and/or change its range of products and/or services, change its premiums, fees and/or charges, redesign its technology or other systems, which may result in the AMP group incurring significant expense and having to retrain its staff and planners, pay additional tax, hold more capital and perhaps incur other costs. The AMP group has worked through, and will continue to work through, these reforms and will assess the potential impact of any further developments as they occur. However these reforms, and any further developments, may still have a material adverse impact on the financial performance and position of the AMP group.

Tax laws

Australian tax law is frequently being changed, both prospectively and retrospectively. Of particular relevance to the AMP group are expected future changes to tax law affecting the superannuation and financial services industries, following a number of recent Australian government reviews (including the Financial System Inquiry, and the white paper on the reform of Australia's tax system). Significant recent 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, 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.

Changes to the taxation of life insurance businesses in New Zealand will impact the AMP group's financial services business in New Zealand from 1 July 2015. This will result in a reduction in operating earnings of approximately A\$9m in the second half of 2015. To offset the future impact on operating earnings, New Zealand Financial Services continues to grow its revenue base across the business, closely manage its costs and is evolving its distribution channels to reduce the capital impacts of distributing life insurance.

Senate inquiry into ASIC

In June 2014 the Federal Senate Economics References Committee released its final report into the performance of the Australian corporate regulator, ASIC. The report includes 61 recommendations aimed at increasing the scope and power of ASIC's enforcement activities and demanding stronger scrutiny by the regulator.

Parliamentary Joint Committee Inquiry into financial adviser standards

On 19 December 2014, the Parliamentary Joint Committee on Corporation's and Financial Services released a report into lifting the professional, ethical and educational standards in the financial services industry covering issues such as the registration of financial advisers and minimum educational standards for financial advisers.

The committee recommended a significant lift in the professional, ethical and educational standards in the financial services sector. The report's recommendations include a registration exam for all financial advisers, mandatory reference checking, requiring all financial advisers and planners to be members of a regulator-prescribed professional association and strengthening the banning provisions under the licensing regime. It also recommended that ASIC undertake intensive surveillance of other financial advice businesses.

The government has already implemented measures to establish a register of financial

advisers and ASIC has increased its surveillance of the financial services sector. The AMP group has worked through the impacts of these changes and will work through the impact of any other relevant changes as they occur. Any significant regulatory changes resulting from the report may increase the compliance burden for the AMP group and may increase the cost of compliance and the risk of non-compliance.

A number of key providers in the Australian financial planning industry have already moved to lift the educational standards in the industry. The AMP group has implemented, or intends to implement, a series of measures across its advice licensee groups that aim to lift the educational and other requirements for its advisers. Those measures are:

- all existing and new advisers must hold a Certified Financial Planner®, a Fellow Chartered Financial Practitioner, or Masters in Financial Planning qualification. New advisers must complete this qualification within five years of joining an AMP group licensee while existing advisers have up to 31 December 2019 to do so
- a broad-ranging ethics and responsible decision-making program for advisers developed in conjunction with The Ethics Centre with industry input. The program was released in July 2015 and is available to any financial adviser in the industry, and
- an Advice Review panel has been established to review any customer complaint about the quality of personal advice provided by an AMP licensed adviser when the customer is not satisfied with the response through normal channels. If the panel finds the personal advice was not appropriate when it was given, the customer will be restored to the position they would have been in if the appropriate advice had been given. The panel, which has an independent chair, has the power to refund advice fees and compensate for losses.

The government released a discussion paper calling for submissions on the recommendations. AMP will work through the government's response to each of these recommendations and notes its position above regarding increasing the professional standards of its advisers.

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 is holding 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 is required to report back to the Senate by 1 February 2016 and its final report is expected to include recommendations in relation to a compensation scheme of last resort and additional regulatory requirements for financial advisers. In the event that these recommendations were adopted by the government, it would have an impact on AMP's financial planning business.

Life Insurance Products and fees (Trowbridge report)

In October 2014, ASIC released a report (REP 413 Review of retail life insurance advice) which was critical of the life insurance industry's remuneration practices in relation to the sale of life insurance and the impact on the quality of personal advice by financial advisers. The report made it clear that ASIC expected the industry to reform and included recommendations including in relation to the quality of advice, distribution incentives and remuneration structures.

In response, two industry associations commissioned a working group review chaired by an independent chairman, John Trowbridge, to develop a set of independent recommendations in response to ASIC's concerns. The result of that review was the Trowbridge report published in March 2015 which included a number of recommendations for industry reform.

In June 2015, the industry (represented by the Financial Services Council, Association of Financial Advisers and Financial Planning Association of Australia) presented a reform proposal to government. In its recent response to the Financial System Inquiry, the government stated that it

supports the industry's proposed reforms and that it will consider the extent to which legislation and/or action by ASIC may be necessary to implement the industry agreement. The government also stated that it will conduct a review in 2018 to consider whether the new industry arrangements have better aligned the interests of financial firms and consumers. If the review suggests further reform, the government will give further consideration to the Inquiry's recommendation for a level commission structure or further extending the existing FOFA provisions on conflicted remuneration to life insurance advice.

The reform proposal, when implemented, will affect AMP's insurance business and financial advice businesses and is likely to also impact on their business models, including in relation to adviser and licensee remuneration. Under the proposal, upfront commission will be limited to 80% of first year's premiums from 1 January 2016 (reducing to 60% by 1 July 2018) and commission will be clawed back over the first three years from policy inception. Volume based payments are proposed to be banned by 1 July 2016, subject to grandfathering, and the industry also proposes to develop a Code of Practice.

AMP previously announced its own reform proposal in advance of the industry's proposal, to apply from 1 July 2015. However, implementation was put on hold whilst the government responded to the industry reform proposals.

The commercial impacts on insurance sales, policy lapses and income generated from advice fees are not yet known and are currently being assessed.

Fair Work Commission review of superannuation funds for Modern awards

Modern awards by the Fair Work Commission contain minimum terms and conditions of employment in addition to any legislated minimum terms. Modern awards cover a whole industry or occupation and contain minimum pay rates and employment conditions. They also include a clause requiring an employer to make superannuation contributions to a default superannuation fund specified in the Modern award unless the employee has chosen another fund for the contributions. The AMP group has superannuation funds included in a number of Modern awards.

The Fair Work Commission commenced its four year review of Modern awards in 2013. As part of that review an expert panel was constituted to review the terms of the default superannuation funds that may be included in the Modern awards. The expert panel began its review process in January 2014. In June 2014, the Federal Court determined that the expert panel was not properly constituted and, as a result, the Fair Work Commission has formally halted the process of its review and selection of default superannuation funds in Modern awards. This situation has not changed since June 2014.

Members of the AMP group are currently listed as a default superannuation provider on 15 of the 122 Modern awards. The review of default superannuation providers to Modern awards by the Fair Work Commission has the potential to impact AMP's business in two ways. First, AMP's new business flows may increase or decrease depending on the number of Modern awards on which AMP group members are listed as a default superannuation provider. Secondly, the grandfathering provisions that protect the AMP group's in-force arrangements, which existed prior to September 2008, may cease from the date the changes arising from the completion of the default superannuation review take effect and may result in a loss of existing business where AMP group members are no longer listed as a default provider.

Competitive pressures including those related to Modern awards may require AMP group to respond through repricing, which has the potential to impact product margins.

Although the government released for public consultation a discussion paper canvassing the issues of governance, transparency and default superannuation in Modern awards to which submissions were to be made by 14 February 2014, no formal response specific to the discussion paper has to date been released. Nevertheless, the government has recently stated in its response to the Financial System Inquiry that it will immediately task the Productivity Commission to develop and release criteria to assess the efficiency and competitiveness of the superannuation system and develop alternative models for a formal competitive process for allocating default fund members to products. It is not yet clear whether or how those measures will affect default superannuation in Modern awards.

The AMP group will continue to monitor developments and work with any review process as it occurs in respect of this issue.

Stronger Super

Stronger Super came into effect from 1 January 2014 and includes a requirement for simpler, lower fee, MySuper default products. Any eligible existing funds must be transferred to these products no later than 30 June 2017. As a consequence of these legislative changes and funds now being transitioned, it is likely that margins will compress between January 2015 and June 2017 as customers migrate to lower fee products. The amount of margin compression may fluctuate between periods. It is expected that margin compression will normalise post the MySuper transition period.

Further information on the risk to AMP group's product margins is below in section 5.2.3.

As noted above, the government stated that it will immediately task the Productivity Commission to develop and release criteria to assess the efficiency and competitiveness of the superannuation system and develop alternative models for a formal competitive process for allocating default fund members to products. The government also stated that subsequent to the development of those criteria and following the full implementation of the MySuper reforms, it will task the Productivity Commission to review the efficiency and competitiveness of the superannuation system and will also explore additional measures to improve the efficiency and competitiveness of the current system.

5.2.3 Product risk

Demand for the AMP group's financial products and services is affected by changes in economic conditions, investment markets, investor sentiment, customer preferences, adviser recommendations, regulation, tax law and legislation.

Adverse impact on product margins

Product margins across the AMP group may be adversely impacted by a number of factors, including:

- the introduction of lower-priced products in response to competitive dynamics leading to margin compression as customers transfer to lower margin products

- the requirement for advisers to comply with the statutory ‘best interests duty’ when providing advice to customers, may lead to advisers recommending alternative products
- an increase in funding costs, particularly within the AMP Bank business
- changes to product offering and the mix of assets under management, particularly within the AMP Capital business where greater demand for passive relative to active management, greater allocation to cash and fixed income assets and greater use of external fund managers may lead to margin compression
- changes to the distribution of products, including greater use of external distribution channels such as brokers and the failure to achieve product pull through
- increased lapse experience
- regulatory change
- changing consumer behaviour, and
- higher rates of inflation.

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

Claims and persistency experience risk

AMP Life and NMLA issue insurance policies covering mortality, morbidity and longevity risk under which they are 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) deterioration in persistency or claims, impacts of pandemics, natural disasters or worsening in general economic conditions. AMP may reinsure against these risks, however, reinsurance is subject to availability and appropriate commercial terms.

The AMP group maintains liabilities for future policy 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 the AMP group 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.

As a result of the inherent uncertainties in assessing claims experience and policy liabilities, there can be no certainty that the ultimate costs will not materially exceed those supported by the AMP group’s calculated liabilities.

Deferred acquisition costs represent the upfront cost associated with acquiring new risk insurance business (including planner payments, 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. This could have a material adverse impact on the financial performance and position of the AMP group.

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.

External factors driving persistency and claims risks include cost of living pressures and unemployment levels as well as customers changing policies more frequently, impacting traditional remuneration structures.

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

Estimation of claims provisions

Claims costs in excess of provisions for insurance liabilities could have a material adverse impact on the AMP group’s business, financial performance, liquidity, capital resources and financial condition. Provisions for insurance liabilities include, but are not limited to, provisions for claims on total and permanent disability products and income protection products.

The AMP group’s provisions for insurance liabilities may prove to be inadequate to cover its ultimate liability for policies written by its life insurance businesses. Within its life insurance subsidiaries, the AMP group maintains provisions for future claims, maintenance expenses and adviser remuneration. The estimation of provisions does

not represent an exact calculation of liability, but rather a best estimate. These estimates are based on actuarial and statistical methodologies on the basis of facts and circumstances known at a given time and estimates of trends into the future. Actual future events and conditions may result in the current estimates of claims costs being inadequate. Moreover, additional costs of claims, including claims inflation and costs arising from changes in the legal environment, the type or magnitude of which management cannot foresee, may emerge in the future.

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. Any deterioration in the future 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). 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 financial performance and position of the AMP group and may require additional capital.

Wealth protection experience

In recent years AMP, in common with the rest of the industry, has been experiencing elevated insurance claims and lapse rates, which has been reflected in policy liabilities. There are many factors that have impacted claims and lapse experience including slower economic activity, the impact of FOFA reforms, changes in society's attitudes to claiming benefits, changes in state-based injury compensation schemes as well as changes in AMP's business mix over time. To date, AMP is seeing some improvements in claims and lapse outcomes, however, the environment continues to be volatile.

Redemption and rebalancing 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 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.

Non investment-linked products

*Holder*s of certain policies within the AMP group may surrender their policy in return for a lump sum payment. The AMP group 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, the AMP group 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 financial performance and position and level of capital of the AMP group. The extent of this adverse impact may be greater if, in order to meet redemption requests, the AMP group 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, the AMP group, 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 example, high yield debt, property and mortgage funds).

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 (for example, high yield debt, property and mortgage funds), 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. Such outcomes could have a material adverse impact on the investment returns of the relevant policyholders or investors. This, in turn, may have a material

adverse impact on the financial position and performance of the AMP group.

To the extent that the AMP group 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. From 2008, the AMP group has taken action to defer redemptions for certain high yield debt, property and mortgage funds.

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

5.2.4 Economic risk

Global markets and economic environment

The financial performance of the AMP group is significantly affected by changes in investment markets, market volatility and economic conditions both globally and in its primary markets, Australia and New Zealand. These changes may materially influence:

- the operating margins of the AMP group’s businesses and the demand for its financial products and services
- the performance of the various investment funds operated or managed within those businesses
- the value of derivative instruments used by the AMP group to hedge its debt and capital position, and protect investments. The AMP group is required to recognise certain movements in the market value of derivative instruments, which can give rise to accounting gains or losses. In the case of derivative instruments used to hedge debt and capital positions or to protect investments, those accounting gains or losses should in the ordinary course of events reverse over time
- the value of investments supporting shareholders’ funds and investments held on behalf of clients
- the level of new business and withdrawals
- the availability and cost of credit and the debt funding requirements of the AMP group, its businesses and the various funds operated by its businesses

- the level of capital required within the AMP group, and
- the joint ventures with Mitsubishi UFJ Trust and Banking Corporation and China Life increases AMP Capital’s reliance on funds sourced from offshore investors, exposing the AMP group to a risk of an outflow of these funds in times of economic uncertainty.

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 continuing market volatility and global economic conditions. Given recent conditions around the potential for sovereign debt defaults and the slowdown of the Chinese economy (including extreme volatility in the Chinese equity market), there can be no certainty that market disruptions, will not spread, nor can there be any assurance that future assistance packages or government intervention, will be available, or sufficiently robust to address any further market contagion.

Any such market disruptions could adversely impact financial institutions such as the AMP group because consumer and business spending may decrease, unemployment may rise and demand for the services the AMP group provides may decline, thereby reducing its earnings. These events could also affect the ability of the AMP group’s counterparties to meet their obligations, causing AMP to incur credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity and impairing AMP group’s access to funding and impairing AMP group’s customers and counterparties and their businesses. To the extent that these risks eventuate, this could have a material adverse impact on the overall financial performance and position of the AMP group.

Contagion risk

Contagion risk is the risk that concerns about, or default by, one or more financial institution 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 the AMP group) and is heightened in times of significant volatility in the finance sector and capital markets. Contagion risk may have a material adverse impact on the financial performance and position of the AMP group.

5.2.5 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, 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.

Failure to adequately anticipate and respond to regulatory change

Failure to adequately anticipate and respond to regulatory change due to complexity, volume and lack of clarity 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.

Brand and reputation

The AMP brand is highly recognised in Australia and New Zealand and has achieved leading brand awareness in its primary markets. 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 the largest financial advice network in Australia and New Zealand. In addition to support services provided by the AMP group to its planners and planning practices, the AMP group provides practice loans to certain planners and planning practices and also invests in planning practices. Failure to attract or retain

planners, could 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, the development of 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 needs

Customer preferences continue to change rapidly 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, within a rapidly changing environment, may impact new business and retention of existing business, resulting in lower than anticipated revenues and profits. 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 has disposed of a number of businesses and portfolios to third parties. The sale agreements for these disposals typically provide for warranties and indemnification for specified periods in relation to certain matters concerning the businesses and portfolios disposed. While the AMP group has no knowledge that it has any liability under these warranty and indemnity arrangements which is not appropriately provided for, the possibility of liability may arise and any such liability may be material and require the AMP group to hold more capital. This may have a material adverse impact on the financial performance and position of the AMP group.

5.2.6 Operational, legal and compliance risks

Operational risk

‘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 internal policies and industry standards.

Operational exposures relevant to the industry in which the AMP group operates relate to information technology, human resources, internal and external fraud, project management, outsourcing, business continuity, 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.

Failure of risk management strategies

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

Disruption to business operations

AMP has embarked on a program to increase the scale and pace of change in its Australian business to better respond to changing customer demands and ongoing pricing pressures. The introduction of this program may cause some disruption within the business over the short term. Failure to manage this business disruption could have a material adverse impact on the financial performance and position of the AMP group.

Legal proceedings and other contingent liabilities

In the course of its operations, the AMP group is involved in disputes and litigation. Any material or costly dispute or litigation 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 structured, managed and controlled in such a manner that its market reputation, service to customers, financial performance and obligations to regulators are enhanced or preserved, 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. The AMP group's ability to compete effectively in the future will, in part, be driven by the AMP group'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 the AMP group uses or is dependent upon, might fail.

Most of the AMP group's daily operations are computer-based and information technology systems are essential to maintaining effective communications with customers. The exposure to 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.

To manage these risks, AMP has a dedicated technology team. There is an overarching IT operating model that describes the organisational structure, key services, and governance model. Focus areas are IT security, IT risk management, disaster recovery, service management, change management, IT architecture & strategy and IT delivery teams. However, any failure of these systems could result in business interruption, loss of customers, financial compensation, damage to reputation and/or a weakening of the AMP group's competitive position, which could adversely impact its business and have a material adverse effect on the AMP group's financial condition and operations. In addition, the AMP group must update and implement new information technology systems, in part to assist it to

satisfy regulatory demands, ensure information security, enhance computer-based services for its customers and integrate the various segments of its business. There is also a risk that competitors introduce new technologies which challenge, or render redundant, the technology used by the AMP group. 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. Together with these factors, a failure to respond to new technologies may result in an actual, or comparative decrease in the AMP group's ability to service its customers.

Cyber-risk

The ongoing evolution of technologies has led to a rapidly changing threat landscape that cyber-criminal networks seek to exploit. There is an increase in cyber-criminal activity on a global level. Successful cyber-attacks on AMP systems by exploiting system vulnerabilities can result in unavailability of critical systems or loss of, and third parties obtaining, customer and corporate data. These events may result in reputational damage.

AMP's network and assets are protected through the use of detective, preventative and responsive controls. A Cyber-risk Response Taskforce has been established by AMP to review cyber-crime activity, measure the effectiveness of AMP's mitigation activities and take appropriate action.

Failure of any of these controls and governance processes could have a material adverse impact on the financial performance and position of the AMP group.

Loss of personnel

The AMP group has a large base of qualified and experienced personnel. The AMP group's future success will depend on its continued ability to attract and retain highly skilled and qualified personnel. There can be no assurance that key personnel will continue to be employed by, or contracted to, the AMP group or that the AMP group will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse impact on the financial performance and position of the AMP group.

Section 6

Applying for capital notes

This section provides information about the *offer of capital notes*, including how to apply. The key dates in relation to the *offer* are outlined on page 6.

- 6.1 The offer of capital notes
- 6.2 Structure of the offer
- 6.3 Obtaining a prospectus and application form
- 6.4 Applying for capital notes
- 6.5 Bookbuild and allocation policy
- 6.6 Other information
- 6.7 Enquiries

6.1 The offer of capital notes

The *offer* is for the issue of *capital notes* with a *face value* of A\$100 per *capital note* to raise at least A\$230 million.

All *capital notes* 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*
- a *general offer* to members of the general public who are resident in Australia, and
- an *institutional offer* to certain *institutional investors* invited to bid for *capital notes* under the *bookbuild*.

6.3 Obtaining a prospectus and application form

During the seven day exposure period after the date of lodgement of the *original prospectus* with ASIC, an electronic version of this *prospectus* (without an *application form*) was available to eligible investors at ampcapitalnotes.com.au. The *application forms* were not made available until after the exposure period.

During the *offer period*, an electronic version of this *prospectus* with an *application form* is available at ampcapitalnotes.com.au and may 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* 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).

Eligible securityholders will also have access to download an electronic version of this *prospectus* and a personalised *application form* through ampcapitalnotes.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* (where required).

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*
- 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

Securityholder offer

Who may apply	<i>Eligible securityholders</i> , being an <i>AMP shareholder</i> or holder of <i>AMP subordinated notes 2</i> who is shown on the register of <i>AMP shares</i> or <i>AMP subordinated notes 2</i> (as applicable) at 7.00pm (Sydney time) on 22 October 2015 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 <i>offer</i> or the <i>capital notes</i> under the laws of any jurisdiction as determined by AMP.
When to apply	Completed <i>application forms</i> and <i>application payments</i> must be received by the <i>registrar</i> by the <i>closing date</i> for the <i>securityholder offer</i> , which is expected to be 5.00pm (Sydney time) on 20 November 2015.
How to apply using a paper application form	<p>Follow the instructions set out in the paper <i>AMP securityholder application form</i> which will be mailed to you with a copy of this <i>prospectus</i>.</p> <p>You can also request an additional paper copy of this <i>prospectus</i> and your personalised <i>application form</i> by calling the <i>capital notes</i> 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 <i>offer period</i>.</p> <p><i>Application payments</i> for <i>applications</i> using a paper <i>application form</i> can only be made by cheque(s), bank draft(s) and/or money order(s) in Australian dollars drawn on an Australian branch of a financial institution. It should be made payable to ‘AMP capital notes offer’ and if you are making a payment by cheque, it must be crossed ‘Not negotiable’.</p> <p>If you wish to make your payment by BPAY®, you need to apply online.</p>
How to apply online	<p>Complete your personalised <i>application form</i> online by visiting ampcapitalnotes.com.au and following the instructions. You will need your SRN (issuer sponsored security reference number) or HIN (<i>CHESS</i> holder identification number).</p> <p>You must make your <i>application payment</i> by BPAY®.</p>
Minimum application amount	<i>Applications</i> must be for a minimum of 50 <i>capital notes</i> (\$5,000) and after that in multiples of 10 <i>capital notes</i> (\$1,000).

Broker firm Offer

Who may apply	Australian resident retail or high-net-worth clients of <i>syndicate brokers</i> .
When to apply	<p>Completed <i>broker firm offer</i> and <i>general offer application forms</i> and, where applicable, <i>application payments</i>, must be received by your <i>syndicate broker</i> in time for them to process your <i>application</i> on your behalf by the <i>closing date</i> for the <i>broker firm offer</i>, which is expected to be 10.00am (Sydney time) on 27 November 2015.</p> <p>You must contact your <i>syndicate broker</i> directly for instructions on how to participate in the <i>broker firm offer</i>.</p>
How to apply	Contact your <i>syndicate broker</i> for instructions on how to apply under the <i>broker firm offer</i> .
Minimum application amount	<i>Applications</i> must be for a minimum of 50 <i>capital notes</i> (\$5,000) and after that in multiples of 10 <i>capital notes</i> (\$1,000).

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General offer

Who may apply	Members of the general public who are resident in Australia.
When to apply	Completed <i>broker firm offer</i> and <i>general offer application forms</i> and <i>application payments</i> must be received by the <i>registrar</i> by the <i>closing date</i> for the <i>general offer</i> , which is expected to be 5.00pm (Sydney time) on 20 November 2015.
How to apply using a paper application form	<p>Follow the instructions set out in the paper <i>broker firm offer</i> and <i>general offer application form</i> at the back of this <i>prospectus</i>.</p> <p>You can also request an additional paper copy of this <i>prospectus</i> and <i>broker firm offer</i> and <i>general offer application form</i> by calling the <i>capital notes</i> 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 <i>offer period</i>.</p> <p><i>Application payments</i> can only be made by cheque(s), bank draft(s) and/or money order(s) in Australian dollars drawn on an Australian branch of a financial institution. It should be made payable to ‘AMP capital notes offer’ and if you are making a payment by cheque, it must be crossed ‘Not negotiable’.</p> <p>If you wish to make your payment by BPAY®, you need to apply online.</p>
How to apply online	<p>Complete an <i>application form</i> online by visiting ampcapitalnotes.com.au and following the instructions.</p> <p>You must make your <i>application payment</i> by BPAY®.</p>
Minimum application amount	<i>Applications</i> must be for a minimum of 50 <i>capital notes</i> (\$5,000) and after that in multiples of 10 <i>capital notes</i> (\$1,000).

6.4.1 Applying under the institutional offer

The *institutional offer* was available to *institutional investors* (provided such investors were not in the United States, US persons or acting for the account or benefit of any US person) who were invited by the *joint lead managers* to bid for *capital notes* in the *bookbuild* conducted on 29 October 2015.

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 and application payment (if you are not applying online or under the broker firm offer)

Unless you are applying under the *broker firm offer* or you are applying online, you should return your completed *application form* and *application payment* (if any) in the reply paid envelope supplied or to the address below so that they are received by the *registrar* before the *closing date* for the *securityholder offer* and

general offer, which are expected to be 5.00pm (Sydney time) on 20 November 2015.

Securityholder offer:

Capital Notes Offer – securityholder offer
c/- Computershare Investor Services
GPO Box 505
MELBOURNE VIC 3001

General offer:

Capital Notes Offer – general offer
c/- Computershare Investor Services
GPO Box 2115
MELBOURNE VIC 3001

Please note that *application forms* and *application payments* will not be accepted at any other address (including AMP’s registered office or any other AMP office).

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, commission or stamp duty should be payable on your *application for capital notes*. You may have to pay brokerage, but will not have to pay any stamp duty, on any later sale of your *capital notes* on ASX after *capital notes* have been quoted on ASX.

6.4.4 Application payments held on trust

All *application payments* received before *capital notes* 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* 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*, or are allotted fewer *capital notes* 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* 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* was a process conducted by the *joint lead managers* before the *opening date*. In that process, the *bookbuild* participants were invited to lodge bids for *capital notes*. On the basis of those bids, the *joint lead managers* and AMP agreed the *margin* and the firm allocations to *bookbuild* participants, being *syndicate brokers* and certain *institutional investors*.

AMP increased the size of the *offer* following the close of the *bookbuild* from A\$200 million to at least A\$230 million.

6.5.2 What is the allocation policy?

Institutional offer	Allocations to <i>institutional investors</i> were agreed by the <i>joint lead managers</i> and AMP following completion of the <i>bookbuild</i> .
Broker firm offer	Allocations to <i>syndicate brokers</i> were agreed by the <i>joint lead managers</i> and AMP following completion of the <i>bookbuild</i> . Allocations to <i>applicants</i> under the <i>broker firm offer</i> (including <i>applicants</i> who apply to participate in the <i>broker firm offer</i>) by a <i>syndicate broker</i> are at the discretion of that <i>syndicate broker</i> .

Securityholder offer and general offer	<p>Allocations for the <i>securityholder offer</i> and the <i>general offer</i> will be determined by AMP in consultation with the <i>joint lead managers</i> after the <i>closing date</i>.</p> <p>If there is excess demand for <i>capital notes</i> after allocations to <i>bookbuild</i> participants, <i>AMP securityholder applicants</i> will be given priority over <i>applicants</i> under the <i>general offer</i>.</p> <p>AMP has absolute discretion to determine the method and extent of the priority allocation to <i>AMP securityholder applicants</i>.</p> <p>AMP reserves the right to scale back <i>applications</i> from <i>AMP securityholder applicants</i> and <i>applicants</i> under the <i>general offer</i>. Any scale back will be announced on <i>ASX</i> on the day <i>capital notes</i> are issued, which is expected to be 30 November 2015.</p> <p>AMP (at its discretion and in consultation with the <i>joint lead managers</i>) reserves the right to:</p> <ul style="list-style-type: none"> ➢ allocate to any <i>AMP securityholder applicant</i> or <i>applicant</i> under the <i>general offer</i> all <i>capital notes</i> for which they have applied ➢ reject any <i>application</i> by an <i>AMP securityholder applicant</i> or <i>applicant</i> under the <i>general offer</i>, or ➢ allocate to any <i>AMP securityholder applicant</i> or <i>applicant</i> under the <i>general offer</i> a lower number of <i>capital notes</i> than that applied for, including less than the minimum <i>application</i> of <i>capital notes</i>, or none at all. <p>No assurance is given that any <i>AMP securityholder applicant</i> or <i>applicant</i> under the <i>general offer</i> who applies for <i>capital notes</i> will receive an allocation, although allocations for the <i>securityholder offer</i> will be allocated in priority to the <i>general offer</i>.</p>
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6.5.3 How will the final allocation policy be announced?

Institutional offer	<p>Allocations to <i>institutional investors</i> were advised to those investors under the <i>bookbuild</i>.</p>
Broker firm offer	<p>Allocations to <i>syndicate brokers</i> were advised to those brokers under the <i>bookbuild</i>.</p> <p><i>Applicants</i> under the <i>broker firm offer</i> will also be able to confirm their allocation through the <i>syndicate broker</i> from whom they received their allocation.</p> <p>However, if you sell <i>capital notes</i> before receiving a <i>holding statement</i>, you do so at your own risk, even if you confirmed your allocation through a <i>syndicate broker</i>.</p>
Securityholder offer and general offer	<p><i>Applicants</i> in the <i>securityholder offer</i> or <i>general offer</i> will be able to call the <i>capital notes</i> 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. It is expected that this information will be advertised in <i>The Australian</i> and <i>The Australian Financial Review</i> on or about 30 November 2015.</p> <p>However, if you sell <i>capital notes</i> before receiving a <i>holding statement</i>, you do so at your own risk, even if you obtained details of your holding by calling the <i>capital notes</i> 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).</p> <p><i>Securityholders</i> can view their allocation by accessing Investor Centre, Computershare's online system. You will need your holder number (HIN or SRN) to register at amp.com.au/shares and follow the prompts to manage your shareholding online.</p>

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*, the *offer of capital notes* or otherwise to permit a public offering of *capital notes* 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* 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* 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* 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* in the United States by a dealer (whether or not participating in the *offer of capital notes*) 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* in compliance with those restrictions.

6.6.2 Application to ASX for quotation of capital notes

AMP has applied to ASX for *capital notes* to be quoted on ASX. If ASX does not grant permission for *capital notes* to be quoted within three months after the date of the *original prospectus*, *capital notes* 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 has applied apply for *capital notes* to participate in CHESS. No certificates will be issued for *capital notes*. AMP expects that *holding statements* for issuer-sponsored-holders and confirmations for CHESS-holders will be despatched to successful *applicants* by 3 December 2015.

6.6.4 Deferred settlement trading and selling on market

It is expected that *capital notes* will begin trading on ASX on a deferred settlement basis on 1 December 2015 under ASX code 'AMPPA'. Trading is expected to continue on that basis until 4 December 2015, when it is anticipated that trading of *capital notes* will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before *holding statements* are despatched to successful *applicants*.

You are responsible for confirming your holding before trading in *capital notes*. If you are a successful *applicant* and sell your *capital notes* before receiving your *holding statement*, you do so at your own risk.

You may call the *capital notes* 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* 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*, then you may be contacted in relation to quoting your *TFN*, *ABN* or both.

The collection and quotation of *TFNs* and *ABNs* are 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*. See section 5.1.19 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* 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* 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*. This means that, in most circumstances, *applicants* may not withdraw their *applications* for *capital notes* 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* 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*
- require assistance to complete your *application form*
- require additional copies of this *prospectus* and *application forms*
- have any other questions about the *offer*.

If you are unclear in relation to any matter relating to the *offer* or are uncertain whether *capital notes* are a suitable investment for you, you should consult your financial planner, stockbroker, solicitor, accountant or other independent and qualified professional adviser.

6.7.2 Applicants under the broker firm offer

If you have further questions about the *offer* of *capital notes* or your *application* under the *broker firm offer*, call your *syndicate broker*.

Section 7

Australian taxation summary

This section includes a summary of the Australian tax consequences of investing in *capital notes*.

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

- 7.1 Distributions on capital notes
- 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
- 7.6 Goods and services tax
- 7.7 Stamp duty

The following is a summary of the Australian income tax, *CGT* and *GST* consequences for Australian tax resident *holders of capital notes (resident holders)* and *holders who are not tax residents of Australia (non-resident holders)* who hold the *capital notes* 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* (including, dealers in securities, custodians or other third parties who hold *capital notes* on behalf of any *holder*). Prospective *holders of capital notes* 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* 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. The ATO class ruling is expected to be available before the close of the Offer and found at law.ato.gov.au by following the links to class rulings.

7.1 Distributions on capital notes

The *capital notes* 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* are frankable distributions and may carry *franking credits*. *Distributions* are expected to be franked at the same rate as AMP *shares*. 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*. *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.

Resident holders

The amount of *distributions* 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 credits*.

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* '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.

Non-resident holders

Non-resident holders who do not hold the *capital notes* at or through a permanent establishment in Australia 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 *TFN*, *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 current rate of 49%. This rate will apply temporarily in respect of *distributions* made from 1 July 2014 until 30 June 2017 to take into account the Temporary Budget Repair Levy. A withholding rate of 47% is expected to then apply from 1 July 2017.

Holders may be able to claim a tax credit or rebate in respect of any tax withheld on the *distributions* in their income tax returns.

7.3 CGT consequences of ordinary disposal

Gains and losses made on the disposal of *capital notes* should be taxed under the *CGT* provisions. This is on the basis that the *capital notes* should not be treated as 'traditional securities' for income tax purposes.

The cost base of each *capital note* acquired by a *holder* should include the *face value* of the *capital note* which the *holder* pays on subscription. The cost base of each *capital note* should also include any certain incidental costs (eg legal costs, broker fees) associated with the purchase and disposal of the *capital note*.

A *holder* who acquires *capital notes* pursuant to the offering under this *prospectus* should be taken to acquire the *capital notes* on the *issue date*.

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.

Resident holders

A *resident holder* should make a capital gain on the sale of *capital notes* if the sale proceeds exceed their cost base in the *capital notes*. 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* if they have held the *capital notes* 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.

Non-resident holders

Any capital gain or capital loss made in respect of the *capital notes* by a non-resident *holder* who does not hold the *capital notes* 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

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* 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.

Redemption

A *redemption* of the *capital notes* should constitute a disposal of *capital notes* for CGT purposes. *Holder*s should refer to the consequences set out above at section 7.3 in relation to the CGT consequences on a disposal of *capital notes*.

Resale

A *resale* of the *capital notes* should constitute a disposal of *capital notes* for CGT purposes. *Holder*s should refer to the consequences set out above at section 7.3 in relation to the CGT consequences on a disposal of *capital notes*.

Write-off

The *capital notes* will only be *written-off* in limited circumstances if a *non-viability event* occurs and the *capital notes* are unable to be converted into AMP shares. A *write-off* of *capital notes* 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*. 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

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* unless the *holder* has made certain elections under the TOFA regime.

*Holder*s 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*.

7.6 Goods and services tax

*Holder*s should not be liable for GST in respect of their investment in *capital notes* or the disposal or *conversion* of *capital notes*.

Additionally, input tax credits will not be available for any GST paid by *holder* in respect of costs (eg legal fees) incurred in relation to the acquisition of *capital notes*, even if the *holder* is registered for GST.

7.7 Stamp duty

Neither the issue to nor the receipt by a *holder* of the *capital notes* should give rise to a stamp duty liability in any Australian State or Territory provided that following the issue or receipt of *capital notes*, no *holder* will, either alone or together with any associated persons, be entitled to a distribution of 90% 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* in accordance with the 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* in accordance with the terms, provided that no *holder* will either alone or together with any associated person or related person hold an interest in AMP of 90% or more.

Section 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
- 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 confirmations and waivers
- 8.12 Acknowledgements
- 8.13 Privacy
- 8.14 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 ASX may be obtained free of charge from AMP at amp.com.au/shares and ASX at asx.com.au. These documents may also be obtained from ASIC for a fee. AMP has an obligation under *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 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, from ASX at asx.com.au or by written request to AMP (addressed to 'AMP Investor Relations') at the address set out in the corporate directory at the end of this *prospectus*. These documents may also be obtained from ASIC for a fee:

- the AMP 2014 annual report for the year ended 31 December 2014 and the half-year financial report for the half-year ended 30 June 2015
- 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 2014 and before lodgement of this *prospectus*, and
- the constitution of AMP.

8.3 Rights and liabilities attaching to capital notes

The rights and liabilities attaching to *capital notes* 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.

Rights and liabilities attaching to *capital notes* 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

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 ASX listing rules, AMP may refuse to register a transfer of AMP shares without giving any reasons. However, 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* and itself in accordance with the *trust deed*:

- the right to enforce AMP's duty to repay under *capital notes*
- 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 A\$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*, to pay the amounts due and payable in respect of each *capital note* 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 *winding-up event* has occurred and is subsisting, a controller 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 a number of covenants with the *trustee* for the benefit of holders including to comply with its obligations under the *terms* and chapter 2L and section 318 of the *Corporations Act*.

8.5.3 Enforcement

Subject to the *trust deed* and 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 15% or more of the *face value* of all *capital notes* then outstanding or by a *holder 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 or officers 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* 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

Under the *terms of capital notes*, if a *holder* has elected not to receive *AMP shares* on conversion of *capital notes*, 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* 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, 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*. 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 amendments 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*. 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 amendments to the *trust deed* which are required to be approved by *special resolution*.

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* 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 *face value* outstanding of the *capital notes*.

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* 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, financial position or status of AMP including taking steps to ascertain whether a *mandatory conversion condition* has been satisfied or there has occurred or is likely to occur any *non-viability event*, *inability event* or *write-off*. 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* when it becomes due, and
 - AMP has breached the *terms of capital notes*, 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*, 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* 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 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 26 October 2015. Under the *offer management agreement*, AMP appointed ANZ Securities Limited, Morgans Financial Limited, National Australia Bank Limited and UBS AG, Australia Branch as *joint lead managers* of the *offer of capital notes*. 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*, 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* 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* 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* 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* on ASX
- AMP withdraws this *prospectus* or the *offer of capital notes*, 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* 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 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 AG, Australia Branch
Joint lead managers	ANZ Securities Limited, Morgans Financial Limited, National Australia Bank Limited and UBS AG, Australia Branch
Australian legal and tax adviser	King & Wood Mallesons
Registrar	Computershare Investor Services Pty Limited
Trustee	The Trust Company (Australia) Limited
Auditor	Ernst & Young

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.

The Trust Company (Australia) Limited is acting as trustee for *holders* under the *trust deed*.

The Trust Company (Australia) Limited, and its directors, employees, officers, affiliates, agents, advisors, 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*, the payment of *distributions* or *exchange* of *capital notes*, 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 structuring adviser for the *offer of capital notes*, and each of ANZ Securities Limited, Morgans Financial Limited, National Australia Bank Limited and UBS AG, Australia Branch 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 approximately A\$5 million (exclusive of *GST*), making certain assumptions as to the allocations of *capital notes* between the *broker firm offer*, *institutional offer*, *securityholder offer* and *general offer*. The aggregate fees include a structuring fee payable to UBS and a *joint lead manager* fee split amongst the *joint lead managers* proportionally based on allocations to each *joint lead manager* and its affiliated brokers (1.00% of the allocation). The *joint lead managers* will also share equally an institutional selling fee from AMP of 0.50% of the institutional allocation. AMP will also pay (through UBS as settlement agent) a broker allocation selling fee of 1.00% of the relevant allocation for each broker not affiliated to a *joint lead manager*.

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* 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 1.00% of the amount which is equal to the number of *capital notes* which are allocated to the relevant broker multiplied by A\$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 1.00% of the *face value* of the *capital notes* 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*. 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* and has prepared the Australian taxation summary in section 7. In respect of this work, King & Wood Mallesons will be paid approximately A\$510,000 (excluding disbursements and *GST*) for work performed by it

until the date of the *original 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 A\$135,800 (excluding disbursements and *GST*) for work performed by it up until the date of the *original 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 *offer of capital notes*, or
- any property acquired or proposed to be acquired by AMP in connection with the *offer of capital notes*, nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with 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 *offer*. The *offer* does not relate to the formation or promotion of AMP.

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 A\$230 million, then the net proceeds of the *offer* are expected to be A\$222 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 A\$8 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 the *original prospectus* with ASIC, or has held in the two years before lodgement of the *original prospectus* with ASIC, an interest in:

- the *offer of capital notes*, or
- any property acquired or proposed to be acquired by AMP in connection with 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 *offer*.

The *offer* does not relate to the formation or promotion of AMP.

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.

AMP's constitution contains provisions about the remuneration of the directors of AMP. For their services as directors, the non-executive directors are paid an amount of remuneration determined by the board of AMP, subject to a maximum annual aggregate amount determined by shareholders in general meeting. The maximum annual aggregate amount has been set at A\$4,620,000. All directors are entitled to reimbursement of reasonable out-of-pocket expenses.

Paul Fegan and Trevor Matthews will be paid A\$25,000 plus superannuation and A\$20,000 plus superannuation respectively for the additional services performed as members of the due diligence committee for the *offer of capital notes*.

The remuneration of the managing director and AMP chief executive officer is fixed by the board of AMP. The remuneration may consist of salary, bonuses or any other elements but

must not be a commission on or percentage of operating revenue.

8.11 ASX confirmations and waivers

ASX has classified *capital notes* as equity securities for the purposes of *ASX listing rules* and has confirmed, in relation to the *offer of capital notes*, that:

- *ASX listing rule* 3.20.2 and Appendix 3A will not apply to the *conversion* of the *capital notes* following a *non-viability event*
- *capital notes* are appropriate and equitable for the purposes of *ASX listing rule* 6.1
- *capital notes* will not be treated as preference securities for the purposes of *ASX listing rules* 6.4 to 6.7 or regarded as options for the purposes of *ASX listing rules* 6.14 to 6.23
- *ASX listing rule* 6.12 does not apply to the *terms* of issue of the *capital notes*
- for the purposes of *ASX listing rule* 7.1 and under *ASX listing rule* 7.1B.1(c) ASX does not object to AMP, for the purposes of calculating the number of *capital notes* that may be issued without prior *AMP shareholder* approval, notionally *converting capital notes* into *AMP shares* based on the market price of the *AMP shares* prior to the date of the initial *prospectus*
- *ASX listing rule* 7.2 exception 4 and *ASX listing rule* 10.12 exception 7 apply to *AMP shares* issued upon *exchange* or *conversion* of *capital notes*
- *ASX listing rule* 10.11 has been waived to the extent necessary to permit directors of AMP and certain related persons (being the spouses, parents, children and associates of directors of AMP) to participate in the *offer* and to be issued *capital notes* without *AMP shareholder* approval on the following conditions:
 - that the number of *capital notes* which may be issued to directors and their associates collectively is no more than 0.2% of the total number of *capital notes* issued under the *offer*
 - the participation of the directors and their associates in the *offer* is on the same terms as the other subscribers for *capital notes*

- AMP releases the terms of the waiver to the market when it announces the *offer*, and
- when the *capital notes* are issued, AMP announces to the market the total number of *capital notes* issued to directors and their associates in aggregate, and
- the timetable for the *offer* is acceptable.

ASX has also provided in principle approval of the quotation of *capital notes* and has agreed to allow *capital notes* to trade on a deferred settlement basis for a short time following the *issue* of *capital notes* (subject to certain conditions).

8.12 Acknowledgements

Each person who applies to participate in the *offer* of *capital notes*, 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* with their professional advisers
- agreed to be bound by the *terms* and the terms and conditions of the *offer* of *capital notes* and on *conversion* of *capital notes*, 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 8.13, 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*
- applied for the number of *capital notes* at the Australian dollar amount shown on the *application form*
- agreed to being allocated the number of *capital notes* applied for (or a lower number allocated in a way described in this *prospectus*), or no *capital notes* 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* 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 the information contained in this *prospectus* (or any supplementary or replacement document) is not investment advice or a recommendation that *capital notes* 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* can be made, and *capital notes* issued, in accordance with section 6.5
- acknowledged that *capital notes* 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* in the United States or to, or for the account or benefit of, any US person
- acknowledged that *capital notes* 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*.

8.13 Privacy

Your privacy is important to AMP and the AMP group. The *registrar* has been engaged to maintain the *register* on behalf of AMP and the AMP group. If you apply for *capital notes*, you will be asked to provide personal information to AMP or its agents, including the *registrar*. 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 *registrar*. It is important that you contact AMP or the *registrar* 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 *registrar* collect is necessary for the proper and effective management of your holding of *capital notes*. 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 *registrar* 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.

8.14 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

The following reproduces the *terms* of the *capital notes* as contained in schedule 2 to the *trust deed* other than clause 18.2 and defined terms. Defined terms are italicised and their definitions are contained in the glossary (appendix B). Investors should refer to schedule 2 to the *trust deed* for the exact *terms* of the *capital notes*.

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*.

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:

$$\text{distribution} = \frac{\text{distribution rate} \times \text{A\$100} \times \text{N}}{365}$$

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

$$\text{distribution rate} = (\text{bank bill rate} + \text{margin}) \times \text{franking adjustment factor}$$

where:

bank bill rate (expressed as a percentage per annum) means, for the *distribution period* ending with the relevant *distribution date*, the rate for prime bank eligible securities having a three month tenor which is designated as 'AVG MID' on the Reuters BBSW page at approximately 10:10am on the first day of the *distribution period*. However, if such rate does not appear on the Reuters BBSW page by 10:30am on that day, or if it does appear but AMP determines that there is an obvious error in that rate, '*bank bill rate*' means the rate for that day will be the rate determined by AMP having regard to comparable indices then available,

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) Payments are non-cumulative. If all or any part of a *distribution* is not paid because of clause 3.2 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 *bank bill 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 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 22 December 2023 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.
- 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 22 December 2023 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 when APRA notifies AMP in writing that it believes that:
 - i) the conversion or write-off of *perpetual subordinated instruments* is necessary because, without it, AMP would become non-viable, or
 - ii) a public sector injection of capital, or equivalent capital support is necessary, because, without it, AMP would become non-viable.
- b) If a *non-viability event* occurs, AMP must on the *non-viability conversion date* immediately convert to AMP shares or write-off:
 - i) all *perpetual subordinated instruments*, or
 - ii) where clause 5.1(a)(i) 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 that AMP does not become non-viable, that amount of *perpetual subordinated instruments*.

5.2 Consequences of a non-viability event

- a) When a *non-viability event* occurs, regardless of whether or not it occurs on a *business day* (*non-viability conversion date*), AMP must immediately determine in accordance with clause 5.1(b):
 - i) the amount of *capital notes* that will be converted into AMP shares
 - ii) the amount of other *perpetual subordinated instruments* which will be converted into AMP shares or written-off, and
 - iii) the identity of the *holders* whose *capital notes* will convert. In making that determination AMP may make any decisions with respect to the identity of the *holders* 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 when the *non-viability event* occurs.

- b) 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.
- c) AMP must notify *holders* and the *trustee* that a *non-viability event* has occurred as soon as practicable. The 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.
- d) If AMP is required to convert or write-off some (but not all) *perpetual subordinated instruments* in accordance with clause 5.1(b)(ii), 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.
- e) The following shall not prevent, impede or delay a *non-viability conversion*:
 - i) any failure or delay in the conversion of any other *perpetual subordinated instruments*
 - ii) any failure or delay in giving a notice of a *non-viability event*
 - 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, or
 - v) any requirement to treat *holders* and holders of other *perpetual subordinated instruments* in approximate proportion to their holdings.
- f) From the *non-viability conversion date*, subject to clause 8.11 and clause 17.3(b), AMP will treat the *holder* of a *capital note* the subject of *non-viability conversion* as the *holder* of the *conversion number* of AMP shares and will update any registers and take any other steps 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 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 22 December 2023 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) before or concurrently with the *redemption*, the *capital notes* subject to *redemption* are replaced with *perpetual subordinated instruments* or *AMP shares* and the replacement of the *capital notes* is done under conditions that are sustainable for AMP's income capacity, or
- b) having regard to the projected capital position of the AMP group, 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 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 CHES 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:

$$V = V_0 \times \frac{RD}{RD + RN}$$

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 and AMP will issue 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.

- 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 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 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*) 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 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 clause 8.11 but failure to give that notice shall not affect the operation of clause 8.11.
- d) Clause 8.11 applies notwithstanding any other provisions of these *terms*.

9 Redemption mechanics

9.1 Redemption mechanics to apply to redemption

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*, is 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*
 - 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 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 clause 13.6, transfer any *capital notes*:

- a) by a proper transfer according to the *ASTC settlement 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 *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 prohibited 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 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 *ASTC settlement rules* 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*, the meanings in the glossary (appendix B) apply unless the contrary intention appears.

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). This glossary contains words and expressions that are used throughout this *prospectus* in *italicised* text and acronyms that refer to members of the AMP group (which appear in this *prospectus* in normal text). In the case of words and expressions used in appendix A (*terms of capital notes*), 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*.

Term	Means
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
acquisition conversion date	The date on which <i>capital notes</i> will <i>convert</i> as a result of an <i>acquisition event</i> as described in clause 7.3 of the <i>terms</i> . See also section 2.5 of this <i>prospectus</i>
acquisition conversion notice	A notice AMP must give if an <i>acquisition event</i> occurs as described in clause 7.2 of the <i>terms</i> . See also section 2.5 of this <i>prospectus</i>
acquisition event	<p>a) either:</p> <ul style="list-style-type: none"> i) a takeover bid is made to acquire all or some <i>AMP shares</i> 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 <i>AMP shares</i> 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 <i>AMP shares</i>, and <p>b) all regulatory approvals necessary for the acquisition to occur have been obtained.</p> <p>See also section 2.5 of this <i>prospectus</i></p>
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 <i>issue date VWAP</i> as described in clause 8.8 of the <i>terms</i>
AMP	AMP Limited (ABN 49 079 354 519)
AMP AAPH	AMP AAPH Limited (ABN 78 069 123 011) (formerly known as AXA Asia Pacific Holdings Limited)
AMP Bank	AMP Bank Limited (ABN 15 081 596 009)
AMP group	AMP and its <i>controlled entities</i>
AMP Life	AMP Life Limited (ABN 84 079 300 379)
AMP securityholder applicant	An <i>eligible securityholder</i> who applies for <i>capital notes</i> under the <i>securityholder offer</i>
AMP securityholder application form	The personalised <i>application form</i> provided to <i>eligible securityholders</i> for <i>applications</i> under the <i>securityholder offer</i>
AMP share	A fully paid ordinary share in the capital of AMP
AMP shareholder	A registered holder of one or more <i>AMP shares</i>
AMP subordinated notes 2	A\$325 million unsecured and subordinated notes issued by AMP on 18 December 2013
AMP wholesale capital notes	A\$275 million perpetual subordinated notes issued by AMP on 27 March 2015
applicable regulation	Such provisions of the <i>ASX listing rules</i> , the <i>ASTC settlement rules</i> , the <i>Corporations Act</i> 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 <i>application</i>

Term	Means
<i>application</i>	A valid <i>application</i> for a specified number of <i>capital notes</i> made pursuant to either: <ul style="list-style-type: none"> > the applicable <i>application form</i>, or > in respect of the <i>institutional offer</i>, a duly completed confirmation letter or by such other procedure advised by the <i>joint lead managers</i>
<i>application form</i>	Each of the <i>application forms</i> attached to, or accompanying, this <i>prospectus</i> upon which an <i>application</i> may be made, being: <ul style="list-style-type: none"> > the <i>AMP securityholder application form</i> > the <i>broker firm offer</i> and <i>general offer application form</i> > the electronic <i>application form</i> provided for online <i>applications</i> under the <i>securityholder offer</i>
<i>application payment</i>	The monies payable on each <i>application</i> , calculated as the number of <i>capital notes</i> applied for multiplied by the <i>face value</i>
APRA	The Australian Prudential Regulation Authority or any successor body responsible for the prudential regulation of AMP
ASIC	Australian Securities and Investments Commission
<i>ASTC settlement rules</i>	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
<i>ASX listing rules</i>	The listing rules of ASX as amended, varied or waived (whether in respect of AMP or generally) from time to time
ATO	Australian Tax Office
<i>attorney</i>	AMP, its officers and any <i>external administrator</i> appointed as attorney of each <i>holder</i> as described in clause 11.1 of the <i>terms</i>
AUSTRAC	Australian Transaction Report and Analysis Centre
<i>AXA subordinated notes</i>	A\$600 million subordinated exchangeable notes which were issued in 2011 to partially fund the merger with AXA Asia Pacific Holding's Australian and New Zealand businesses
<i>bank bill rate</i>	The rate for bills of a term of three months described in clause 3.1 of the <i>terms</i> . See also section 2.1 of this <i>prospectus</i>
<i>Banking Act</i>	Banking Act 1959 (Cth)
<i>bookbuild</i>	The process conducted prior to the opening of the <i>offer of capital notes</i> where <i>institutional investors</i> and brokers lodged bids for <i>capital notes</i> and, on the basis of those bids, AMP determined the <i>margin</i> prior to the opening of the <i>offer</i> . See also section 6.5 of this <i>prospectus</i>
<i>broker firm offer and general offer application form</i>	The <i>application form</i> at the back of this <i>prospectus</i> to be used by <i>applicants</i> under the <i>broker firm offer</i> and the <i>general offer</i>
<i>broker firm offer</i>	The invitation made to Australian resident retail or high net worth clients of <i>syndicate brokers</i> to acquire <i>capital notes</i> under this <i>prospectus</i>
<i>business day</i>	A day which is a business day within the meaning of the <i>ASX listing rules</i> , and for the purposes of calculation or payment of <i>distributions</i> or any other amount, a day on which banks are open for business in Sydney, New South Wales

Term	Means
<i>buy back</i>	A transaction involving the acquisition by AMP of <i>AMP shares</i> pursuant to an offer made at AMP's discretion in any way permitted by the provisions of part 2J of the <i>Corporations Act</i>
<i>capital note</i>	A perpetual, convertible, subordinated and unsecured debt obligation in the form of an unsecured note of AMP constituted by, and owing under, the <i>trust deed</i>
<i>capital reduction</i>	A reduction in capital initiated by AMP in its discretion in respect of <i>AMP shares</i> in any way permitted by the provisions of part 2J of the <i>Corporations Act</i>
<i>CGT</i>	Capital Gains Tax
<i>CHESS</i>	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 <i>capital notes</i> are lodged and traded
<i>closing date</i>	The last date by which <i>applications</i> must be lodged for the offer of <i>capital notes</i> . In respect of the <i>securityholder offer</i> and the <i>general offer</i> the <i>closing date</i> is expected to be 5.00pm (Sydney time) on 20 November 2015, and in respect of the <i>broker firm offer</i> the closing date is expected to be 10.00am (Sydney time) on 27 November 2015 (unless varied)
<i>common equity tier 1 capital</i>	Common Equity Tier 1 capital as defined by APRA in accordance with APRA's prudential standards from time to time
<i>conglomerate standards</i>	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 <i>prospectus</i>
<i>controlled entity</i>	In respect of AMP, an entity AMP controls (within the meaning given in the <i>Corporations Act</i>)
<i>conversion</i>	In relation to a <i>capital note</i> , the <i>conversion</i> of the <i>capital note</i> into <i>AMP shares</i> in accordance with and subject to clause 8 of the <i>terms</i> as it may be amended. 'Convert', 'converting' and 'converted' have corresponding meanings
<i>conversion date</i>	<i>Conversion date</i> means a <i>mandatory conversion date</i> , the <i>non-viability conversion date</i> , the <i>exchange date</i> , the <i>acquisition conversion date</i> or the <i>deferred conversion date</i> , as the context requires
<i>conversion number</i>	The number of <i>AMP shares</i> into which a <i>capital note</i> will be converted as described in clause 8.1 of the <i>terms</i>
<i>Corporations Act</i>	Corporations Act 2001 (Cth)
<i>costs</i>	<i>costs</i> includes costs, charges and expenses
<i>cum value</i>	The amount by which the VWAP will be reduced in the circumstances described in clause 8.2(a) of the <i>terms</i>
<i>defaulting nominated purchaser</i>	A <i>nominated purchaser</i> that does not pay the <i>resale price</i> as described in clause 10.6 of the <i>terms</i>
<i>deferred acquisition conversion notice</i>	A notice of deferral of <i>conversion</i> as a result of an <i>acquisition event</i> as described in clause 7.5 of the <i>terms</i>
<i>deferred conversion date</i>	The <i>deferred conversion date</i> described in clause 6.6 of the <i>terms</i>

Term	Means
<i>delisting event</i>	In respect of a date, that: <ul style="list-style-type: none"> a) AMP has ceased to be listed or <i>AMP shares</i> have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, AMP or the <i>AMP shares</i> continue not to be listed or quoted (as applicable) on that date) b) trading of <i>AMP shares</i> on ASX is suspended for a period of consecutive days which includes: <ul style="list-style-type: none"> i) at least five consecutive <i>business days</i> prior to that date, and ii) that date, or c) an <i>inability event</i> subsists
<i>distribution</i>	Interest payable on <i>capital notes</i> as described in clause 3.1 of the <i>terms</i>
<i>distribution date</i>	<ul style="list-style-type: none"> a) each 22 March, 22 June, 22 September and 22 December commencing on 22 March 2016 until (but not including) the date on which the <i>capital note</i> is <i>redeemed, converted or resold</i> in accordance with the <i>terms</i>, and b) each date on which a <i>conversion, redemption or resale</i> of the <i>capital note</i> occurs, in each case, in accordance with the <i>terms</i>. <p>If a <i>distribution date</i> is a day which is not a <i>business day</i>, then the <i>distribution date</i> becomes the next day which is a <i>business day</i>.</p> <p>See also section 2.1 of this <i>prospectus</i></p>
<i>distribution period</i>	For: <ul style="list-style-type: none"> a) the first <i>distribution period</i>, the period from (and including) the <i>issue date</i> until (but not including) the first <i>distribution date</i> after the <i>issue date</i>, and b) each subsequent <i>distribution period</i>, the period from (and including) the preceding <i>distribution date</i> until (but not including) the next <i>distribution date</i>
<i>distribution rate</i>	The rate determined in accordance with the formula set out in clause 3.1 of the <i>terms</i> . See also section 2.1 of this <i>prospectus</i>
<i>dividend</i>	Any interim, final or special dividend payable in accordance with the <i>Corporations Act</i> and AMP's constitution in relation to <i>AMP shares</i>
<i>eligible funding</i>	An instrument, the proceeds of the issue of which APRA does not object to the AMP group using to fund <i>additional tier 1 capital</i> of an APRA regulated entity within the AMP group
<i>eligible securityholders</i>	An <i>AMP shareholder</i> or holder of <i>AMP subordinated notes 2</i> who is shown on the register of <i>AMP shares</i> or <i>AMP subordinated notes 2</i> (as applicable) at 7.00pm (Sydney time) on 22 October 2015 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 <i>offer</i> or the <i>capital notes</i> under the laws of any jurisdiction as determined by AMP
<i>encumbrance</i>	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

Term	Means
<i>exchange</i>	<p>a) <i>conversion</i> in accordance with and subject to clause 8 of the <i>terms</i></p> <p>b) <i>redemption</i> in accordance with and subject to clause 9 of the <i>terms</i></p> <p>c) <i>resale</i> in accordance with clause 10 of the <i>terms</i>, or</p> <p>d) a combination of two or more of <i>conversion</i>, <i>redemption</i> or <i>resale</i> in accordance with clause 6.3 of the <i>terms</i></p> <p>and 'exchanged' has a corresponding meaning</p>
<i>exchange date</i>	The date on which <i>exchange</i> is to occur as specified in accordance with clause 6 of the <i>terms</i>
<i>exchange method</i>	<i>Conversion</i> in accordance with clause 8, <i>redemption</i> in accordance with clause 9 or <i>resale</i> in accordance with clause 10 of the <i>terms</i>
<i>exchange notice</i>	The notice AMP must give in order to elect to <i>exchange capital notes</i> as described in clause 6.1 of the <i>terms</i>
<i>external administrator</i>	<p>In respect of a person:</p> <p>a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person, or</p> <p>b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,</p> <p>or in either case any similar official</p>
<i>face value</i>	The principal amount of a <i>capital note</i> , being A\$100
FATCA	The Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions)
<i>first mandatory conversion condition</i>	The condition to <i>mandatory conversion</i> described in clause 4.3(a) of the <i>terms</i>
FOFA	Future of Financial Advice legislation
<i>franking adjustment factor</i>	The factor by which the <i>distribution rate</i> is adjusted for franking as described in clause 3.1 of the <i>terms</i> . See also section 2.1 of this <i>prospectus</i>
<i>franking credits</i>	Tax credits attached to eligible <i>dividends</i> and other distributions arising from the payment of corporate tax by a company
<i>franking rate</i>	The franking percentage (within the meaning of part 3-6 of the <i>tax legislation</i> or any provisions that revise or replace that part) applicable to the franking account of AMP at the relevant <i>distribution date</i> (expressed as a decimal)
<i>general offer</i>	The invitation to apply for <i>capital notes</i> to members of the general public who are Australian residents and are not in the United States, not acting as a nominee for a person in the United States or otherwise prevented from receiving the <i>offer</i> or the <i>capital notes</i> under the laws of any jurisdiction as determined by AMP
GST	Has the meaning given by section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999 (Cth)
<i>holder</i>	In respect of a <i>capital note</i> , the person whose name is entered on the <i>register</i> as the holder of that <i>capital note</i>

Term	Means
<i>holder resolution</i>	A resolution passed: <ul style="list-style-type: none"> a) at a meeting of <i>holders</i> of the <i>capital notes</i>, duly called and held under the <i>meeting provisions</i>: <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 <i>meeting provisions</i> by <i>holders</i> representing (in aggregate) at least 50% of the aggregate <i>face value</i> of the outstanding <i>capital notes</i>
<i>holding statement</i>	A statement issued to <i>holders</i> by the <i>registrar</i> which sets out details of <i>capital notes</i> allotted to them under the <i>offer of capital notes</i>
<i>inability event</i>	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 <i>converting the capital notes</i>
<i>ineligible holder</i>	<ul style="list-style-type: none"> a) a <i>holder</i> who is prohibited or restricted by any applicable law or regulation in force in Australia (including to chapter 6 of the <i>Corporations Act</i>, 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 <i>AMP shares</i> (provided that if the relevant prohibition or restriction only applies to the <i>holder</i> in respect of some of its <i>capital notes</i>, it shall only be treated as an <i>ineligible holder</i> in respect of those <i>capital notes</i> and not in respect of the balance of its <i>capital notes</i>). AMP shall be entitled to treat a <i>holder</i> as not being an <i>ineligible holder</i> unless the <i>holder</i> has otherwise notified it after the <i>issue date</i> and prior to the <i>mandatory conversion date</i>, <i>exchange date</i>, <i>acquisition conversion date</i> or <i>non-viability conversion date</i> (as applicable), or b) a <i>holder</i> whose address in the <i>register</i> is a place outside Australia or who AMP otherwise believes may not be a resident of Australia
<i>institutional investor</i>	An investor to whom <i>offers</i> of or invitations in respect of <i>capital notes</i> can be made without the need for a <i>prospectus</i> (or other formality, other than a formality which AMP is willing to comply with), including in Australia to persons to whom <i>offers</i> of or invitations in respect of securities can be made without the need for a <i>prospectus</i> under chapter 6D of the <i>Corporations Act</i> and who was invited by the <i>joint lead managers</i> to bid for <i>capital notes</i> in the <i>bookbuild</i> , provided that such investor was not in the United States or acting as a nominee for a person in the United States or otherwise prevented from receiving the <i>institutional offer</i> or <i>capital notes</i> under the laws of any jurisdiction, as determined by AMP
<i>institutional offer</i>	The invitation by the <i>joint lead managers</i> to <i>institutional investors</i> to bid for <i>capital notes</i> in the <i>bookbuild</i>
<i>issue date</i>	The date on which the issue of <i>capital notes</i> to successful <i>applicants</i> is completed, in accordance with the <i>terms</i> , expected to be 30 November 2015
<i>issue date VWAP</i>	The VWAP during the period of 20 <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the <i>issue date</i> , as adjusted in accordance with clauses 8.4 to 8.7 (inclusive) of the <i>terms</i>

Term	Means
<i>joint lead managers</i>	ANZ Securities Limited, Morgans Financial Limited, National Australia Bank Limited and UBS AG, Australia Branch
<i>Life Insurance Act</i>	Life Insurance Act 1995 (Cth)
<i>mandatory conversion</i>	The <i>mandatory conversion</i> of <i>capital notes</i> to <i>AMP shares</i> on the <i>mandatory conversion date</i> in accordance with clause 4 of the <i>terms</i>
<i>mandatory conversion conditions</i>	The <i>first mandatory conversion condition</i> , the <i>second mandatory conversion condition</i> and the <i>third mandatory conversion condition</i> . See also section 2.2 of this <i>prospectus</i>
<i>mandatory conversion date</i>	The date on which <i>capital notes</i> are to <i>convert</i> in accordance with clause 4.2 of the <i>terms</i>
<i>margin</i>	The <i>margin</i> for the <i>capital notes</i> , which is 5.10% per annum and was determined under the <i>bookbuild</i>
<i>maximum conversion number</i>	The maximum number of <i>AMP shares</i> that AMP will issue if required to <i>convert</i> the <i>capital notes</i> as described in clause 8.1 of the <i>terms</i>
<i>meeting provisions</i>	The provisions for meetings of the <i>holders</i> set out in schedule 3 to the <i>trust deed</i>
NMLA	The National Mutual Life Association of Australasia Limited (ABN 72 004 020 437)
<i>nominated purchaser</i>	Subject to clause 10.3 of the <i>terms</i> , a third party selected by AMP in its absolute discretion
<i>non-conversion notice</i>	A notice AMP must give in accordance with clause 4.4 of the <i>terms</i> if the <i>mandatory conversion conditions</i> are not satisfied
<i>non-resident holders</i>	Has the meaning given in section 7.1 of this <i>prospectus</i>
<i>non-viability conversion</i>	The <i>conversion</i> of <i>capital notes</i> to <i>AMP shares</i> on the <i>non-viability conversion date</i> in accordance with clause 5 of the <i>terms</i> . See also section 5.1.8 of this <i>prospectus</i>
<i>non-viability conversion date</i>	The date on which a <i>non-viability conversion</i> must occur as described in clause 5.2 of the <i>terms</i> . See also section 5.1.8 of this <i>prospectus</i>
<i>non-viability event</i>	A determination of non-viability made by APRA as described in clause 5.1 of the <i>terms</i>
<i>offer</i>	The invitation under this <i>prospectus</i> made by AMP for persons to subscribe for <i>capital notes</i> and incorporates the <i>general offer</i> , <i>securityholder offer</i> , <i>institutional offer</i> and <i>broker firm offer</i>
<i>offer management agreement</i>	The offer management agreement entered into between AMP and the <i>joint lead managers</i> , as described in section 8.6
<i>offer period</i>	The period from the <i>opening date</i> to the <i>closing date</i>
<i>opening date</i>	The day the <i>offer</i> opened, being 3 November 2015
<i>optional conversion</i>	Has the meaning given in clause 6 of the <i>terms</i> . See also section 2.3 of this <i>prospectus</i>
<i>optional conversion restrictions</i>	The restrictions on AMP electing to <i>convert</i> the <i>capital notes</i> as described in clause 6.5 of the <i>terms</i>
<i>optional exchange date</i>	22 December 2021. See also section 2.3 of this <i>prospectus</i>
<i>original prospectus</i>	The <i>prospectus</i> dated 26 October 2015 and lodged with ASIC on that date, which this <i>prospectus</i> replaces.

Term	Means
<i>payment condition</i>	<p>With respect to the payment of a <i>distribution</i> on the <i>capital notes</i> on a <i>distribution date</i>:</p> <ul style="list-style-type: none"> a) payment of the <i>distribution</i> 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 <i>Corporations Act</i>, or c) APRA objecting to the payment <p>See also section 2.1 of this <i>prospectus</i></p>
<i>perpetual subordinated instrument</i>	<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 <i>AMP shares</i> or written-off where a <i>non-viability event</i> occurs, and ii) has been confirmed in writing by APRA to AMP as constituting as at the date of its issue <i>eligible funding</i>, <p>and includes the <i>capital notes</i> and the <i>AMP wholesale capital notes</i>, and</p> b) an instrument constituting <i>additional tier 1 capital</i> 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 <i>AMP shares</i> or written-off where a <i>non-viability event</i> occurs <p>See also section 2.6 of this <i>prospectus</i></p>
<i>potential acquisition event</i>	<ul style="list-style-type: none"> a) an event within paragraph (a) of the definition of <i>acquisition event</i> 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 <i>Corporations Act</i> and the scheme would result in a person having a relevant interest in more than 50% of the <i>AMP shares</i> that will be on issue after the scheme is implemented <p>See also section 2.3 of this <i>prospectus</i></p>
<i>preference share</i>	<p>A notional preference share in the capital of AMP conferring a claim in the winding-up of AMP equal to the <i>redemption price</i> and ranking in respect of return of capital in the winding-up ahead only of <i>AMP shares</i> and equally with <i>perpetual subordinated instruments</i></p>
<i>proceeds</i>	<p>The net proceeds of a sale of <i>AMP shares</i> attributable to the <i>holder</i> actually received by the <i>sale and transfer agent</i> calculated after deduction of any applicable brokerage, <i>taxes</i>, including the <i>sale and transfer agent's</i> reasonable out of pocket <i>costs</i> properly incurred by it or on its behalf in connection with such sale from the sale price of the <i>AMP shares</i>.</p>
<i>prospectus</i>	<p>This prospectus (including its electronic form) and any supplementary or replacement prospectus</p>
<i>reclassification</i>	<p>A reconstruction, consolidation, division or reclassification of <i>AMP shares</i> as described in clause 8.3 of the <i>terms</i></p>

Term	Means
<i>record date</i>	For payment of a <i>distribution on capital notes</i> : a) subject to paragraph (b) below, the date which is eight calendar days before the applicable <i>distribution date</i> b) such other date as is determined by AMP in its absolute discretion and communicated to ASX and the <i>trustee</i> not less than eight calendar days before the <i>record date</i> which would have been determined under paragraph (a) above, or c) such other date as may be required by, or agreed with, ASX
<i>redemption</i>	The redemption of a <i>capital note</i> in accordance with clause 9 of the <i>terms</i> and the words 'redeem' and 'redeemed' have corresponding meanings
<i>redemption price</i>	The amount AMP will pay a <i>holder</i> to <i>redeem</i> a <i>capital note</i> as described in clause 9.2 of the <i>terms</i> , being A\$100
<i>register</i>	The register of <i>holders</i> (established and maintained under clause 13 of the <i>trust deed</i>) and, where appropriate, the term <i>register</i> includes: a) a sub-register maintained by or for AMP under the <i>Corporations Act</i> , the <i>ASX listing rules</i> or <i>ASTC settlement rules</i> , and b) any branch register
<i>registrar</i>	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by AMP to maintain the <i>register</i> and perform any payment and other duties as specified in that agreement
<i>regulatory event</i>	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 <i>issue date</i> and which was not expected by AMP on the <i>issue date</i> , additional requirements would be imposed on AMP in relation to or in connection with <i>capital notes</i> which AMP determines, in its absolute discretion, to be unacceptable, or b) following a notification from, or announcement or determination by, APRA, AMP determines in its absolute discretion that the <i>capital notes</i> have ceased, or will cease to be, <i>eligible funding</i> , other than where that event is a result of the implementation of the <i>conglomerate standards</i>
<i>related entity</i>	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
<i>resale</i>	The sale of a <i>capital note</i> to a <i>nominated purchaser</i> in accordance with clause 10 of the <i>terms</i> , and 'resold' and 'resell' have corresponding meanings
<i>resale price</i>	For a <i>capital note</i> , a cash amount equal to its <i>face value</i> , being A\$100
<i>resident holders</i>	Has the meaning given in section 7.1 of this <i>prospectus</i>
<i>restricted security</i>	Has the meaning in the <i>ASX listing rules</i> and extends to <i>capital notes</i> which are subject to voluntary restrictions by agreement between AMP and one or more <i>holders of capital notes</i> .
<i>restriction agreement</i>	An agreement which is required to be concluded under chapter 9 of the <i>ASX listing rules</i> or is voluntarily concluded between AMP and one or more <i>holders</i>

Term	Means
<i>sale and transfer agent</i>	Each nominee (who cannot be a member of the AMP group or a <i>related entity</i>) appointed by AMP under a facility established for the sale or transfer of AMP shares issued on <i>conversion</i> on behalf of: <ul style="list-style-type: none"> a) <i>holders</i> who do not wish to receive AMP shares on <i>conversion</i>, or b) <i>holders</i> who are <i>ineligible holders</i> in accordance with clause 8.10 of the <i>terms</i> . For the avoidance of doubt AMP may appoint more than one <i>sale and transfer agent</i> in respect of the <i>conversion</i> of <i>capital notes</i>
<i>second mandatory conversion condition</i>	The condition to <i>mandatory conversion</i> described in clause 4.3(b) of the <i>terms</i>
<i>securityholder offer</i>	The invitation to <i>eligible securityholders</i> to apply for <i>capital notes</i> under this <i>prospectus</i>
<i>senior ranking creditors</i>	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 <i>perpetual subordinated instrument</i> and includes investors in AMPs <i>subordinated notes 2</i> issued on 18 December 2013
<i>SMSF</i>	Self managed superannuation funds
<i>special resolution</i>	A resolution passed: <ul style="list-style-type: none"> a) at a meeting of the <i>holders</i> of the <i>capital notes</i>, duly called and held under the <i>meeting provisions</i>: <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 <i>meeting provisions</i> by <i>holders</i> representing (in aggregate) at least 75% of the aggregate <i>face value</i> of the outstanding <i>capital notes</i>
<i>syndicate brokers</i>	Any of the <i>joint lead managers</i> and any senior co-manager, co-managers and brokers appointed by the <i>joint lead managers</i> with the approval of AMP
<i>tax event</i>	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 <i>issue date</i> and which was not expected by AMP on the <i>issue date</i> , there is more than an insubstantial risk which AMP determines at 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 <i>tax legislation</i>, or b) AMP would be exposed to a more than insignificant increase in its <i>costs</i> (including without limitation through the imposition of any <i>taxes</i> or <i>assessments</i>) in relation to <i>capital notes</i>

Term	Means
<i>tax legislation</i>	<p>a) the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act (Cth) or the Taxation Administration Act 1953 (Cth) (and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment 1997)</p> <p>b) any other law setting the rate of income tax payable, and</p> <p>c) any regulation made under such laws</p>
<i>tax rate</i>	The Australian corporate tax rate applicable to AMP at the relevant <i>distribution date</i> (expressed as a decimal)
<i>taxes</i>	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
<i>terms</i>	The terms and conditions of <i>capital notes</i> as set out in appendix A
<i>TFN</i>	Tax File Number
<i>third mandatory conversion condition</i>	The condition to <i>mandatory conversion</i> described in clause 4.3(c) of the terms
<i>tier 1 capital</i>	Tier 1 Capital as defined by APRA in accordance with APRA's prudential standards from time to time
<i>tier 2 capital</i>	Tier 2 Capital as defined by APRA in accordance with APRA's prudential standards from time to time
<i>trust deed</i>	The deed entitled 'AMP Capital Notes Trust Deed' between AMP and the <i>trustee</i> , dated on or about 26 October 2015
<i>trustee</i>	The Trust Company (Australia) Limited (ABN 21 000 000 993)
<i>UBS</i>	UBS AG, Australia Branch (ABN 47 088 129 613, Australian Financial Services Licence No. 231087)
<i>US Securities Act</i>	The United States Securities Act of 1933
<i>VWAP</i>	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 <i>terms</i> and such average being rounded to the nearest full cent) of AMP <i>shares</i> 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 and as such daily prices may be adjusted under clause 8 of the <i>terms</i> .

Term	Means
<i>VWAP period</i>	<p>a) in the case of a <i>conversion</i> resulting from a <i>potential acquisition event</i> or an <i>acquisition event</i>, the lesser of:</p> <ul style="list-style-type: none"> i) 20 <i>business days</i> on which trading in <i>AMP shares</i> takes place, and ii) the number of <i>business days</i> on which trading in <i>AMP shares</i> takes place that the <i>AMP shares</i> are quoted for trading on <i>ASX</i> after <ul style="list-style-type: none"> A) in the case of a <i>potential acquisition event</i>, AMP has given an <i>exchange notice</i> in respect of that <i>potential acquisition event</i>, or B) in the case of an <i>acquisition event</i>, AMP has given an <i>acquisition conversion notice</i> <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 <i>non-viability conversion</i>, the period of five <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the <i>non-viability conversion date</i></p> <p>c) in the case of any other <i>conversion</i>, the period of 20 <i>business days</i> on which trading in <i>AMP shares</i> took place immediately preceding (but not including) the date on which <i>conversion</i> is to occur in accordance with the <i>terms</i>, or</p> <p>d) otherwise, the period for which <i>VWAP</i> is to be calculated in accordance with the <i>terms</i>.</p>
<i>winding-up event</i>	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 <i>terms</i>
<i>written-off</i>	A <i>holder's</i> rights under a <i>capital note</i> are immediately and irrevocably <i>written-off</i> and terminated as described in clause 8.11 of the <i>terms</i> and ' <i>write-off</i> ' has a corresponding meaning

Application form

AMP capital notes

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AMP Limited
ABN 49 079 354 519

Return your form to your broker:

- M** Broker Firm offer applicants must contact their broker for information on how to submit this Application Form and application payment.

Return your General form:

- M** AMP capital notes offer
c/- Computershare Investor Services
GPO Box 2115
Melbourne VIC 3001

For all enquiries:

- T** Australia 1300 338 164
Other countries +61 3 9415 4018
Monday to Friday 8.30am to 5.30pm
(Sydney time)
- W** ampcapitalnotes.com.au

Broker firm offer and general offer application form

General offer closes 5.00 pm (Sydney time) on Friday, 20 November 2015

Broker firm offer closes 10.00 am (Sydney time) on Friday, 27 November 2015

Broker firm offer applicants must contact their broker for information on how to submit this *broker firm application form* and *application payment*.

This *broker firm offer* and *general offer application form* relates to the *broker firm offer* and *general offer* by AMP of *capital notes* made under the *prospectus* lodged with ASIC on 26 October 2015 (and any replacement or supplementary *prospectus*).

This *application form* is important. If you are in doubt as to how to deal with it, please contact your financial adviser or other independent and qualified professional adviser. You should read the entire *prospectus* carefully before completing this *application form*. To meet the requirements of the *Corporations Act*, this *application form* must not be distributed unless included in, or accompanied by, the *prospectus*. Italicised terms have the meaning given to them in the *prospectus*.

Your *application* may not be accepted in full and AMP reserves the right to scale back your *application*.

The *prospectus* will expire 13 months after the date of the *prospectus*. While the *prospectus* is current, AMP will send paper copies of the *prospectus*, any supplementary or replacement document and the *application form*, free of charge, upon request.

By applying under the *broker firm offer* or *general offer*, you make the acknowledgments, declarations, representations and warranties set out in section 8.12 of the *prospectus*.

Step 1: Capital notes applied for

Enter the number of *capital notes* you wish to apply for. The *application* must be for a minimum of 50 *capital notes* (A\$5,000.00). *Applications* for greater than 50 *capital notes* must be in multiples of 10 *capital notes* (A\$1,000.00). Enter the amount of the *application payment*. To calculate this amount, multiply the number of *capital notes* applied for by the issue price which is A\$100.00.

Step 2: Applicant name(s) and postal address

Enter the full name(s) you wish to appear on the register. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). *Applications* using the wrong form of names may be rejected. *CHESSE* participants should complete their name identically to that presently registered in *CHESSE*. Enter your postal address for all correspondence. All communications to you from the *registry* will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to AMP's privacy statement. This is not compulsory but will assist us if we need to contact you.

Step 3: CHESSE holdings only

AMP will apply to *ASX* for *capital notes* to participate in *CHESSE*, operated by *ASX Settlement Pty Limited*, a wholly owned subsidiary of *ASX*. In *CHESSE*, AMP will operate an electronic *CHESSE* subregister of holdings and an electronic issuer sponsored subregister of holdings.

Together, the two subregisters will make up AMP's principal register of *capital notes*. AMP will not be issuing certificates to applicants in respect of *capital notes* allotted.

If you are a *CHESSE* participant (or are sponsored by a *CHESSE* participant) and you wish to hold *capital notes* allotted to you under this application on the *CHESSE* subregister, enter your *CHESSE* holder identification number (HIN).

Otherwise, leave the section blank and on allotment you will be sponsored by AMP and a securityholder reference number (SRN) will be allocated to you. Please note that if you supply a *CHESSE* HIN but the name and address details on your *application form* do not correspond exactly with the registration details held at *CHESSE*, your *application* will be deemed to be made without the *CHESSE* HIN, and any *capital notes* issued will be held on the issuer sponsored subregister.

Step 4: Application payment and lodgement instructions

General offer applicants

Applicants under the *general offer* must return this *application form* and *application payment* to Computershare Investor Services Pty Limited (Computershare).

The *general offer* is expected to close at 5.00pm (Sydney time) on Friday, 20 November 2015. You can lodge your *application* online and pay by *BPAY* or return the *application form*. You should allow sufficient time for postage. Return the *application form* with cheque(s) attached to: Computershare, GPO Box 2115, Melbourne VIC 3001. Neither Computershare nor AMP accepts any responsibility if you lodge the *application form* at any other address or by any other means.

Broker firm offer applicants

Applicants under the *broker firm offer* must lodge their *application form* and *application payment* together with the relevant broker in accordance with the relevant broker's directions in order to receive their firm allocation. *Applicants* under the *broker firm offer* must not return this *application form* or *application payment* to Computershare.

The *broker firm offer* is expected to close at 10.00am (Sydney time) on Friday, 27 November 2015. AMP and the *joint lead managers* may elect to extend the *offer* or any part of it, or accept late *applications* either generally or in particular cases. The *offer*, or any part of it, may be closed at any earlier date and time, without prior notice. Your broker may also impose an earlier *closing date*. *Applicants* are therefore encouraged to submit their *applications* as early as possible. Please contact your broker for instructions.

Turn over to complete the application form →

Corporate directory

Issuer

AMP Limited

33 Alfred Street
Sydney NSW 2000

Arranger

UBS AG, Australia Branch

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Australian legal and tax adviser

King & Wood Mallesons

Level 50, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Joint lead managers

ANZ Securities Limited

ANZ Centre Melbourne
Level 9, 833 Collins Street
Docklands VIC 3008

Morgans Financial Limited

Level 29, 123 Eagle Street
Brisbane QLD 4000

National Australia Bank Limited

Level 25, 255 George Street
Sydney NSW 2000

UBS AG, Australia Branch

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Registrar

Computershare Investor Services

Level 4
60 Carrington Street
Sydney NSW 2000

Trustee

The Trust Company (Australia) Limited

Level 12
123 Pitt Street
Sydney NSW 2000

How to contact us

Capital notes information line:

1300 338 164 (within Australia)
+61 3 9415 4018 (outside Australia)
Monday to Friday, 8.30am to 5.30pm (Sydney time)

Website

ampcapitalnotes.com.au

Capital notes information line

phone 1300 338 164 (within Australia)
+61 3 9415 4018 (outside Australia)

hours Monday to Friday
8.30am to 5.30pm (Sydney time)

web ampcapitalnotes.com.au