

6 November 2013

Manager  
ASX Market Announcements  
Australian Securities Exchange  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Manager  
Market Information Services Section  
New Zealand Stock Exchange  
Level 24, NZX Centre, 11 Cable Street  
Wellington, New Zealand

Announcement No: 37/2013  
AMP Limited (ASX/NZX/SGX: AMP)  
(also for release to AMP Group Finance Services Limited (ASX: AQNHA / NZX: AQN010 / SGX: ))

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## AMP Subordinated Notes 2 Prospectus

Please refer to the attached documents. 



# AMP Subordinated Notes 2

Prospectus for the issue of subordinated notes



**Issuer**

AMP Limited  
(ABN 49 079 354 519)

**Structuring adviser**



**Joint lead managers**



J.P.Morgan



**Co-managers**

**BELL POTTER**

**ORD MINNETT**

# Important notices

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## About this prospectus

This prospectus relates to the offer by AMP Limited (ABN 49 079 354 519) (**AMP**) of AMP Subordinated Notes 2 (**AMP Notes 2**) to raise \$200 million with the ability to raise a higher or lower amount (**Offer**).

This prospectus is dated and was lodged with the Australian Securities and Investments Commission (ASIC) on 6 November 2013 pursuant to section 713(1) of the Corporations Act. This prospectus expires on the date which is 13 months after 6 November 2013 (**Expiry date**) and no AMP Notes 2 will be issued on the basis of this prospectus after the Expiry date.

Neither ASIC nor the Australian Securities Exchange (**ASX**) takes any responsibility for the contents of this prospectus or the merits of the investment to which this prospectus relates.

This prospectus also contains information on an offer (**Reinvestment Offer**) by AMP for Eligible AMP Notes holders to apply to sell to AMP some or all of the Australian dollar tranche of subordinated notes (**A\$ AMP Notes**) issued in 2009 by AMP Group Finance Services Limited (**AMPGFS**). Neither AMP nor AMPGFS is providing any investment advice or making any recommendation to Eligible AMP Notes holders in relation to the Reinvestment Offer.

## Defined words and expressions

Certain capitalised words and expressions used in this prospectus have defined meanings which are explained in the Glossary in appendix B of this prospectus and in the terms and conditions of AMP Notes 2 as set out in appendix A. If there is any inconsistency in definitions between appendix A and appendix B or other definitions in this prospectus, the definitions in appendix A prevail.

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

## AMP

AMP Notes 2 are to be issued by AMP, an ASX-listed company incorporated in Australia. AMP is the non-operating holding company of Australia and New Zealand's leading independent wealth management business. 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.

## AMP Notes 2 are unsecured and subordinated and may be either Converted into AMP Ordinary Shares or Written-off if a Non-Viability Trigger Event occurs

AMP Notes 2 are subject to investment risk, including possible delays in payment (if the Solvency Condition is not satisfied) and loss of income and principal invested. There is a risk that you may lose some or all of the money you invested in AMP Notes 2, either because a Non-Viability Trigger Event occurs or on a winding-up of AMP if there are insufficient assets to satisfy securities and obligations ranking ahead of AMP Notes 2. In either case you will not be repaid any or all of the Face Value and will not receive any or all of the Interest payments due and unpaid at that time. Neither AMP nor any member of the AMP group in any way guarantees the capital value and/or performance of AMP Notes 2 or any particular rate of return.

AMP Notes 2 are unsecured notes for the purposes of section 283BH of the Corporations Act. AMP Notes 2 are issued by AMP under the Trust Deed and Holders have no direct right to claim against AMP except as provided in the Trust Deed (which includes the terms of AMP Notes 2).

## AMP Notes 2 are not deposit or policy liabilities of the AMP group and are not protected accounts or policies and are not government guaranteed

AMP Notes 2 are **not**:

- deposits or policy liabilities of AMP, AMP Bank Limited (**AMP Bank**), AMP Life Limited (**AMP Life**), The National Mutual Life Association of Australasia Limited (**NMLA**) or any other member of the AMP group
- protected accounts for the purposes of the depositor protection provisions of the Banking Act or of the financial claims scheme established under the Banking Act

- guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction, or
- investments in any superannuation or other fund managed by a member of the AMP group.

## Exposure Period

The Corporations Act prohibits AMP from accepting applications to subscribe for AMP Notes 2 under this prospectus in the seven day period after the date of lodgement of this prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. This period is to enable this prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain defects in this prospectus in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on applications received during the Exposure Period.

## How to obtain a prospectus and Application Form

During the Offer Period:

- Eligible AMP Notes holders will be sent a paper copy of this prospectus with a personalised Application Form
- Eligible Securityholders may obtain a paper copy of this prospectus with a personalised Application Form (free of charge) by:
  - calling the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time), or
  - registering online to receive a prospectus at [ampnotes2.com.au](http://ampnotes2.com.au) prior to the Opening Date.
- Applicants under the Broker Firm Offer may obtain a paper copy of this prospectus, including a Broker Firm/General Offer Application Form, from their Syndicate broker or may view the prospectus online at [ampnotes2.com.au](http://ampnotes2.com.au), and

- General Applicants may obtain a paper copy of this prospectus, with a Broker Firm/General Offer Application Form (free of charge) by:
  - calling the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time), or
  - registering online to receive a prospectus at [ampnotes2.com.au](http://ampnotes2.com.au) prior to the Offer opening.

Applications for AMP Notes 2 under this prospectus may only be made during the Offer Period, on an Application Form (either electronic or paper) that is attached to or accompanying this prospectus. Eligible AMP Notes holders may also apply online during the Offer Period at [ampnotes2.com.au](http://ampnotes2.com.au).

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

## Electronic access to prospectus

This prospectus is available in electronic form to Australian investors at [ampnotes2.com.au](http://ampnotes2.com.au) during the Offer Period. The following conditions apply if this prospectus is accessed electronically:

- you must download the prospectus in its entirety from [ampnotes2.com.au](http://ampnotes2.com.au)
- the prospectus is only available in electronic form to people accessing and downloading or printing the electronic copy of the prospectus in Australia and is not available to persons in any other jurisdictions (including the United States) without the prior approval of AMP, and
- if you access an electronic copy of the prospectus, you should ensure that you download and read the entire prospectus before submitting an application for AMP Notes 2.

## No withdrawal of applications

You cannot withdraw your application for AMP Notes 2 once it has been lodged, except as permitted under the Corporations Act.

# Important notices continued

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## Refunds

If you are not allocated any AMP Notes 2, or you are allocated fewer AMP Notes 2 than the number of AMP Notes 2 that you applied for, all or some of your application payment (as applicable) will be returned to you (without interest) as soon as possible after the Issue Date. If the Offer does not proceed for any reason, any application payment you have made will be refunded to you (without interest) as soon as possible. No interest will be payable on application payments. Refunds will be made via direct credit (if AMP holds payment instructions on file) or by cheque.

## Providing personal information

You will be asked to provide personal information to the AMP group (directly or via its agents) if you apply for AMP Notes 2. See section 10.11 and AMP's privacy policy which is available at [amp.com.au](http://amp.com.au) for information on how AMP (and its agents) collects, holds and uses this personal information.

## Restrictions on distribution

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 AMP Notes 2 or the Offer or to otherwise permit a public offering of AMP Notes 2 outside Australia.

This prospectus may not be released or distributed in the United States. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any US Person. Any securities described in this document have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, 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.

See section 7.5.1 for further information.

## 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 as set out in section 5, and 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 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.

Except as required by law, and only to the extent so required, none of AMP, any member of the AMP group, or any other person warrants or guarantees the future performance of AMP Notes 2, AMP, or any return on any investment made under this prospectus.

Unless otherwise indicated, all information in this prospectus, while subject to change from time to time, is current as at the date of this prospectus.

## About the Trustee

The Trust Company (Australia) Limited (**Trustee**), 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, it 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 AMP Notes 2, the payment of Interest or redemption of AMP Notes 2, or the value of any AMP Ordinary Shares issued (or their proceeds of sale) on Conversion.

## Website

AMP group maintains a website at [amp.com.au](http://amp.com.au). Information contained in or otherwise accessible through this or a related website is not a part of this prospectus.

## This prospectus does not provide personal financial product or investment advice – you should seek your own professional investment advice

The information in this prospectus does not take into account your investment objectives, financial situation or particular needs as an investor. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues). See in particular the risks set out in section 5.

If you do not understand any part of this prospectus, or are in any doubt as to whether to invest in AMP Notes 2 or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

## Enquiries

If you are considering applying for AMP Notes 2 under the Offer, this prospectus is important and should be read in its entirety.

If you have any questions in relation to the Offer, please call the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time).

# Table of contents

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Important notices	page 1
Chairman's letter	page 6
How to apply for AMP Subordinated Notes 2	page 7
Key dates	page 8
<b>Section 1</b> Investment overview	page 9
<b>Section 2</b> About AMP Subordinated Notes 2	page 28
<b>Section 3</b> About AMP and the AMP group	page 46
<b>Section 4</b> Financial information	page 53
<b>Section 5</b> Investment risks	page 61
<b>Section 6</b> About the Reinvestment Offer	page 85
<b>Section 7</b> How to apply	page 94
<b>Section 8</b> Australian taxation summary	page 106
<b>Section 9</b> Key people, interests and benefits	page 112
<b>Section 10</b> Additional information	page 121
<b>Appendix A</b> Terms	page 131
<b>Appendix B</b> Glossary	page 154
Corporate directory	page 162

# Chairman's letter

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6 November 2013

Dear investor,

You are invited to apply to purchase AMP Subordinated Notes 2, which are new, subordinated and unsecured debt securities being issued by AMP.

AMP Notes 2 are being issued as part of the AMP group's ongoing funding and capital management strategy. The funds raised by the issue will further strengthen the AMP group capital base, meet general funding requirements and support the refinancing of subordinated debt of the AMP group, including the AMP subordinated notes issued in 2009 (AMP Notes). AMP is looking to raise A\$200m through the issue of AMP Notes 2 with the ability to raise a higher or lower amount.

AMP Notes 2 will be Australian dollar securities listed on the Australian Securities Exchange. We expect AMP Notes 2 to begin trading on 19 December 2013.

You can apply to buy AMP Notes 2 with a minimum investment of A\$5,000. They are designed to pay quarterly, cumulative interest calculated on a floating rate basis. The interest rate will be equal to the Market Rate plus a margin, which is expected to be in the range of 2.65 per cent to 2.85 per cent. Interest will be paid quarterly, provided AMP is solvent and APRA has not determined that AMP is, or may become, non-viable (in which case AMP Notes 2 may be converted into ordinary shares in AMP or written-off).

If you hold A\$ AMP Notes you may be eligible to participate in the Reinvestment Offer. Under this offer you have the opportunity to sell some or all of your holding of A\$ AMP Notes to AMP to fund your subscription for AMP Notes 2. This offer is outlined in section 6 of this prospectus.

To participate in this offer, please follow the instructions in section 7. If you are applying directly we will need to receive your completed application by 9 December 2013. 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 8. 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 [ampnotes2.com.au](http://ampnotes2.com.au).

You should carefully read this prospectus, including section 5, which contains a summary of the key risks associated with an investment in AMP Notes 2, before you decide to apply.

Yours sincerely,



Peter Mason  
Chairman



# How to apply for AMP Subordinated Notes 2

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## 1

### Read this prospectus in full

- If you are considering applying for AMP Notes 2 under the Offer, this prospectus is important and should be read in its entirety.
- In considering whether to apply for AMP Notes 2, it is important that you consider all risks and other information regarding an investment in AMP Notes 2 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 AMP Notes 2, you should seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser about the Offer.
- ASIC has published guidance which may be relevant to your consideration of AMP Notes 2; namely, information for retail investors who are considering investing in hybrid securities called 'Hybrid securities and notes' (under the heading 'Complex investments' at [moneysmart.gov.au/investing](http://moneysmart.gov.au/investing)). Free copies of the ASIC guidance can be obtained from ASIC's website at [moneysmart.gov.au/investing](http://moneysmart.gov.au/investing) or by calling ASIC on 1300 300 630 (from Australia) or + 61 3 5177 3988 (from outside Australia).

## 3

### Complete and submit your Application Form and application payment

- If you decide to apply for AMP Notes 2, 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, Reinvestment Offer, Securityholder Offer or General Offer. See section 7 for more details on how to apply.
- If you apply under the Reinvestment Offer or Securityholder Offer, your personalised Application Form must be received by the Closing Date for the Offer, which is expected to be 9 December 2013.
- If you apply under the Broker Firm Offer or General Offer, your application must be received by the Closing Date for the Offer, which is expected to be 9 December 2013.
- The Offer may close early so you are encouraged to consider submitting your application as soon as possible after the Opening Date.

# Key dates

## 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 AMP Notes 2 are issued, at their discretion.

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

Key dates for the Offer	Date
Record date for determining Eligible Securityholders (7.00pm Sydney time)	4 November 2013
Lodgement of this prospectus with ASIC	6 November 2013
Bookbuild	13 November 2013
Announcement of the Margin	13 November 2013
Lodgement of the replacement prospectus with ASIC	14 November 2013
Opening Date for the Offer	14 November 2013
Closing Date for the Offer (5.00pm Sydney time)	9 December 2013
Issue Date	18 December 2013
AMP Notes 2 commence trading on ASX (deferred settlement basis)	19 December 2013
Holding statements for AMP Notes 2 dispatched by	24 December 2013
AMP Notes 2 commence trading on ASX (normal settlement basis)	27 December 2013

Key dates for AMP Notes 2	Date
Record Date for first Interest payment	10 March 2014
First Interest Payment Date <sup>1</sup>	18 March 2014
First date on which AMP may redeem the AMP Notes 2 (at its discretion) <sup>2</sup>	18 December 2018
Maturity Date <sup>3</sup>	18 December 2023

Key dates for Eligible AMP Notes holders	Date
Reinvestment Record Date for determining Eligible AMP Notes holders for Reinvestment Offer (7.00pm Sydney time)	4 November 2013
Opening Date for the Reinvestment Offer	14 November 2013
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	9 December 2013
Reinvestment Date and payment date for Accrued Interest Amount	18 December 2013
Step-Up date (AMP Notes)	15 May 2014
Maturity date (AMP Notes)	1 April 2019

1 Interest is payable quarterly in arrear, subject to satisfaction of the Solvency Condition and provided that AMP Notes 2 are still on issue at the time and have not been redeemed earlier or, on account of a Non-Viability Trigger Event, Converted or Written-off.

2 APRA must provide its prior written approval for any such redemption. There can be no certainty that APRA will provide its approval.

3 The Face Value is repayable subject to satisfaction of the Solvency Condition and provided that AMP Notes 2 are still on issue at the time and have not been redeemed earlier or, on account of a Non-Viability Trigger Event, Converted or Written-off.

# Section 1

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## Investment overview

This section provides a summary of the key information that may help you assess whether to invest in AMP Subordinated Notes 2. You should read this prospectus in full before deciding to apply for AMP Subordinated Notes 2.

- 1.1 Key features of the Offer
- 1.2 Key features of AMP Subordinated Notes 2
- 1.3 Summary of certain events that may affect what Holders receive and when they receive it
- 1.4 Key benefits and risks associated with an investment in AMP Subordinated Notes 2
- 1.5 Key differences between term deposits and AMP Subordinated Notes 2
- 1.6 Information for holders of A\$ AMP Notes
- 1.7 Information about the Offer

## 1.1 Key features of the Offer

Topic	Summary	Further information
What is the Offer?	<p>The Offer is for the issue of AMP Notes 2 to raise \$200 million with the ability to raise a higher or lower amount.</p> <p>The Offer includes the Reinvestment Offer, under which Eligible AMP Notes holders may fund their subscription for AMP Notes 2 by selling to AMP some or all of their A\$ AMP Notes.</p>	Section 7.1
Who is the Issuer?	AMP Limited ABN 49 079 354 519.	Section 3
What are AMP Notes 2?	<p>AMP Notes 2 are unsecured and subordinated debt obligations of AMP which have the following features:</p> <ul style="list-style-type: none"> <li>› <b>Fully paid</b> – an Issue Price of \$100 per AMP Note that must be paid in full to AMP before AMP Notes 2 are issued.</li> <li>› <b>Interest</b> – pay Interest quarterly in arrear at the Interest Rate so long as the Solvency Condition is satisfied and AMP Notes 2 are still on issue and have not been redeemed earlier or, on account of a Non-Viability Trigger Event, Converted or Written-off.</li> <li>› <b>Redemption on maturity</b> – must be redeemed by AMP on the Maturity Date (18 December 2023) (so long as the Solvency Condition is satisfied and AMP Notes 2 are still on issue and have not been redeemed earlier or, on account of a Non-Viability Trigger Event, Converted or Written-off).</li> <li>› <b>Early redemption</b> – may be redeemed prior to the Maturity Date at AMP’s option on 18 December 2018 (or any subsequent Interest Payment Date) or if a Tax Event or Regulatory Event occurs, in each case subject to the prior written approval of APRA. Any approval is at APRA’s discretion and may not be given.</li> <li>› <b>Not guaranteed</b> – are not guaranteed by, nor are they deposit liabilities, protected accounts or policy liabilities of, or investments in any superannuation or other fund managed by, any member of the AMP group. They are also not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.</li> <li>› <b>Unsecured</b> – are not secured over any of AMP group’s assets.</li> <li>› <b>Subordinated</b> – are subordinated in a winding-up of AMP to claims of Senior Creditors. This includes all liabilities preferred by law (for example, employee entitlements and secured creditors), bonds, notes and trade and general creditors.</li> <li>› <b>May Convert</b> – if a Non-Viability Trigger Event occurs, AMP may be required to immediately and irrevocably Convert some or all of AMP Notes 2 into AMP Ordinary Shares (the number of AMP Ordinary Shares into which AMP Notes 2 Convert will be subject to the Maximum Conversion Number). If AMP is unable for any reason to Convert AMP Notes 2 which are required to be Converted, those AMP Notes 2 will be immediately and irrevocably Written-off and rights attaching to those AMP Notes 2 (including to payments of Interest and repayment of the Face Value) will be terminated.</li> </ul>	Section 2

Topic	Summary	Further information
Why is AMP issuing AMP Notes 2?	<p>AMP is issuing AMP Notes 2 to raise term subordinated debt, a substantial part of the proceeds of which it expects to use to fund Tier 2 Capital of one or more Regulated Entities within the AMP group.</p> <p>AMP Notes 2 and any regulatory capital of AMP helps to protect AMP group's depositors, policyholders and other senior creditors by providing a loss-absorbing capital buffer which supports losses that may be incurred by the AMP group.</p> <p>A substantial part of the proceeds of the issue of AMP Notes 2 is expected to be used to fund Tier 2 Capital of one or more Regulated Entities within the AMP group. The remaining proceeds will be used for general corporate, funding and capital management purposes, including refinancing AMP Notes issued by AMPGFS.</p> <p>It is AMPGFS's current intention that both A\$ AMP Notes not sold to AMP under the Reinvestment Offer and NZ\$ AMP Notes will, subject to APRA's approval (which is in its discretion and may not be given), be redeemed for cash on the Step-Up Date, and AMP Notes holders will receive the applicable face value plus any accrued and unpaid interest to that date per AMP Note held.</p>	Section 2.5

## 1.2 Key features of AMP Subordinated Notes 2

Topic	Summary	Further information
What are the key features of AMP Notes 2?	<p>The key features of AMP Notes 2 are summarised in this section 1.2 and explained in more detail in section 2.</p> <p>The Terms of AMP Notes 2 (set out in appendix A) are complex and are designed to satisfy APRA's detailed capital requirements which apply to these types of instruments.</p> <p>There are two important concepts which Holders should be aware of which affect whether Holders will receive payments on AMP Notes 2. These are as follows:</p> <ul style="list-style-type: none"> <li>➤ <b>Solvency Condition</b> – Prior to a winding-up of AMP, AMP's obligations to make payments in respect of AMP Notes 2 (including to pay Interest and to repay the Face Value on early redemption or maturity) are conditional on AMP being Solvent at the time of making the payment and immediately after making the payment. 'Solvent' means that AMP is able to pay its debts as they fall due and its assets exceed its liabilities.</li> <li>➤ <b>Non-Viability Trigger Event</b> – If APRA determines that AMP is or would become non-viable, AMP may be required to Convert some or all of AMP Notes 2 into AMP Ordinary Shares (or where AMP is unable for any reason to Convert any AMP Notes 2, those AMP Notes 2 will be Written-off and the rights attaching to those AMP Notes 2 will be terminated). If Conversion occurs, Holders will receive AMP Ordinary Shares in respect of some or all AMP Notes 2 that may be worth significantly less than the Face Value of each AMP Note 2 held. If AMP Notes 2 are Written-off, your investment will be lost and you will not receive any compensation.</li> </ul>	Section 2


Topic	Summary	Further information
<b>What Interest is payable?</b>	<p>AMP Notes 2 bear Interest at a floating rate. Interest is payable by AMP quarterly in arrear beginning on 18 March 2014 until the Maturity Date or an earlier date on which AMP Notes 2 are redeemed, Converted or Written-off. Payments of Interest are subject to satisfaction of the Solvency Condition.</p> <p>The Interest Rate is determined quarterly as the sum of the Market Rate plus the Margin (expressed as a percentage) per annum.</p> <p>The Margin is expected to be in the range of 2.65 per cent to 2.85 per cent per annum and will be determined under the Bookbuild. The Margin may be outside that range.</p> <p>The dates on which Interest is paid are referred to as 'Interest Payment Dates'.</p> <p>Interest payments will be made wholly in cash and will not have any franking credits attached to them.</p>	Section 2.2
<b>Will Interest always be paid?</b>	<p>Payments of Interest will be made only if the Solvency Condition is satisfied and AMP Notes 2 have not been redeemed early or have not been Converted or Written-off on account of a Non-Viability Trigger Event.</p> <p>If the Solvency Condition is not satisfied on a particular Interest Payment Date, Interest will not be paid on that date.</p> <p>A failure to pay Interest because of the Solvency Condition is not an Event of Default. However, any unpaid Interest amount will accrue interest until it is paid and will be payable on the first Interest Payment Date on which AMP may pay the amount in compliance with the Solvency Condition.</p> <p>If a Non-Viability Trigger Event occurs, some or all AMP Notes 2 may be Converted or Written-off. If AMP Notes 2 are Converted or Written-off, AMP's obligation to pay Interest on those AMP Notes 2 will cease.</p>	Section 2.2
<b>Will I get my capital back?</b>	<p>There is no guarantee that Holders will get their capital back.</p> <p>If the Solvency Condition is satisfied, AMP will redeem any outstanding AMP Notes 2 on the Maturity Date, being 18 December 2023.</p> <p>On the Maturity Date, for each AMP Note 2 held by them, Holders will receive:</p> <ul style="list-style-type: none"> <li>&gt; the Face Value plus</li> <li>&gt; any accrued and unpaid Interest to the Maturity Date.</li> </ul> <p>If the Solvency Condition is not satisfied on the Maturity Date, AMP Notes 2 will not be redeemed on that date but will remain outstanding until payment can be made in compliance with the Solvency Condition.<sup>4</sup></p> <p>If AMP Notes 2 have been Converted or Written-off on account of a Non-Viability Trigger Event, AMP's obligation to repay the Face Value as well as to pay Interest on those AMP Notes 2 will cease.</p>	Section 2.3

<sup>4</sup> Unless AMP Notes 2 have been Converted or Written-off on account of a Non-Viability Trigger Event.

Topic	Summary	Further information
<p><b>Can AMP redeem AMP Notes 2 early?</b></p>	<p>Subject to APRA's prior written approval, AMP may redeem:</p> <ul style="list-style-type: none"> <li>› some or all of AMP Notes 2 on 18 December 2018 and on each subsequent Interest Payment Date</li> <li>› all, but not some, of AMP Notes 2 on the occurrence of a Tax Event or a Regulatory Event.</li> </ul> <p>If AMP redeems AMP Notes 2 early Holders will be repaid the Face Value, together with accrued and unpaid Interest, and AMP Notes 2 will be cancelled.</p> <p>AMP's ability to redeem AMP Notes 2 at any time prior to the Maturity Date is subject to receiving APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval to any redemption.</p> <p>APRA may require AMP to replace AMP Notes 2 with regulatory capital of the same or better quality. This is intended to protect the AMP group's policyholders, depositors and other creditors.</p> <p>Holders have no right to request AMP to redeem AMP Notes 2 before the Maturity Date.</p> <p>AMP has no obligation to redeem AMP Notes 2 prior to the Maturity Date.</p>	<p>Section 2.3</p>
<p><b>In what circumstances may AMP Notes 2 Convert into AMP Ordinary Shares?</b></p>	<p>AMP Notes 2 may Convert into AMP Ordinary Shares if a Non-Viability Trigger Event occurs. There are no other circumstances in which AMP Notes 2 may Convert.</p> <p>A Non-Viability Trigger Event broadly occurs where APRA determines that the conversion or write-off of some or all Relevant Subordinated Instruments is necessary because without that conversion or write-off or a public sector injection of capital, APRA considers that AMP would become non-viable.</p> <p>AMP Notes 2 are Relevant Subordinated Instruments and may be required to be Converted where a Non-Viability Trigger Event occurs.</p> <p>AMP is under no obligation to Holders under the Terms to take steps (such as issuing new AMP Ordinary Shares) to avoid the risk of a Non-Viability Trigger Event.</p>	<p>Section 2.4</p>
<p><b>What are the consequences of Conversion, or a failure by AMP to effect Conversion?</b></p>	<p>If Conversion of AMP Notes 2 does occur, Holders will receive AMP Ordinary Shares in respect of some or all of AMP Notes 2 that may be worth significantly less than the Face Value for each AMP Note 2 held and Holders will not receive accrued but unpaid Interest.</p> <p>In cases where AMP is prevented for any reason from Converting AMP Notes 2 into AMP Ordinary Shares within five Business Days after the Conversion Date, the rights of Holders in respect of those AMP Notes 2 (including to payments of accrued but unpaid Interest and repayment of Face Value) will be immediately and irrevocably Written-off and terminated. Your investment will be lost and you will not receive any compensation.</p>	<p>Section 2.4</p>

Topic	Summary	Further information
<p><b>If a Non-Viability Trigger Event occurs and Conversion of AMP Notes 2 is required, must I receive AMP Ordinary Shares?</b></p>	<p>A Holder may, up to 15 Business Days before the Conversion Date, notify AMP that it does not wish to receive AMP Ordinary Shares on Conversion. In some cases a Holder may be ineligible to receive AMP Ordinary Shares. In these circumstances the relevant AMP Ordinary Shares will be issued to a Sale and Transfer Agent on behalf of the Holder who will sell the AMP Ordinary Shares at market value and pay the Holder the proceeds of the sale net of costs, taxes and charges.</p> <p>Holders who do not wish to receive AMP Ordinary Shares should notify AMP of this as soon as possible after the Issue Date, because once a Non-Viability Trigger Event occurs, Holders may not have an opportunity to do so.</p>	<p>Section 2.4</p>
<p><b>How would AMP Notes 2 rank in a winding-up of AMP?</b></p>	<p>In a winding-up of AMP, if AMP Notes 2 have not been Converted or Written-off on account of a Non-Viability Trigger Event, AMP Notes 2 will rank for payment:</p> <ul style="list-style-type: none"> <li>➢ ahead of the claims of all holders of Relevant Perpetual Subordinated Instruments issued by AMP and holders of AMP Ordinary Shares</li> <li>➢ equally among themselves and with the claims of all holders of Relevant Term Subordinated Instruments issued by AMP, and</li> <li>➢ behind all other creditors of AMP, including depositors and policyholders of the AMP group.</li> </ul> <p>The table below illustrates how AMP Notes 2 would rank on a winding-up of AMP if they have not been Converted or Written-off on account of a Non-Viability Trigger Event at the time:</p>	<p>Section 2.5</p>

	Type	Illustrative examples <sup>5</sup>
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
	Relevant Term Subordinated Instruments	<b>AMP Notes 2 (where not Converted or Written-off on account of a Non-Viability Trigger Event)</b> and other term subordinated debt ranking equally with AMP Notes 2
	Relevant Perpetual Subordinated Instruments	Preference shares if issued by AMP in the future and other instruments ranking equally with preference shares that may be issued
Lower ranking	Ordinary Shares	AMP Ordinary Shares <b>(including holders of AMP Notes 2 where AMP Notes 2 are Converted on account of Non-Viability Trigger Event)</b>

<sup>5</sup> 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, AMP Notes 2.



Topic	Summary	Further information
	<p>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 Trigger Event has occurred, in which case it is likely that Holders will lose some or all of their investment in AMP Notes 2.</p> <p>If AMP Notes 2 are required to be Converted on account of a Non-Viability Trigger Event, a Holder will either become a holder of AMP Ordinary Shares (because their AMP Notes 2 are Converted) or, if AMP is unable for any reason to Convert AMP Notes 2, have no claim against AMP or any other member of the AMP group in respect of their AMP Notes 2 (because their AMP Notes 2 are Written-off).</p> <p>AMP will have the right to incur further debt that ranks in priority or equally with AMP Notes 2 without requiring the consent of Holders.</p> <p>AMP Notes 2 are claims on AMP. AMP is a non-operating holding company. A substantial majority of its assets are its investments in other members of the AMP group. Its claims in respect of those investments rank behind depositors, policyholders and other creditors in a winding-up of those companies.</p>	
<b>Will AMP Notes 2 be quoted on ASX?</b>	<p>AMP will apply for AMP Notes 2 to be quoted on ASX. If ASX does not grant permission for AMP Notes 2 to be quoted, AMP Notes 2 will not be issued and all application payments will be refunded (without interest) as soon as possible. They are expected to be quoted on ASX under the code 'AMPHA'.</p> <p>If quoted, they may be bought and sold on ASX.</p> <p>AMP Notes 2 are not ordinary shares. There may or may not be a liquid market for AMP Notes 2, which in turn may affect the market price of AMP Notes 2.</p>	Section 2.1

### 1.3 Summary of certain events that may affect what Holders receive and when they receive it

The table below summarises certain events that may affect what Holders receive in relation to AMP Notes 2. The events are subject to contingencies such as the solvency and/or non-viability of AMP and, in some cases, election by AMP and accordingly, these events may not occur. This table lists certain events provided for in the Terms of AMP Notes 2 but it is not an exhaustive list of all the events that may affect what Holders receive in relation to AMP Notes 2. For further information on the risks associated with an investment in AMP Notes 2, see section 1.4 and section 5 and other matters referred to in this prospectus.

<b>Event</b>	<b>When?</b>	<b>Are there pre-conditions to the event?</b>	<b>What value will a Holder receive per AMP Note 2?</b>	<b>In what form will that value be provided to Holders?</b>	<b>Where to find further information?</b>
Optional redemption at AMP's discretion	18 December 2018 or any subsequent Interest Payment Date	Yes. APRA's approval <sup>(i)</sup> , AMP group being adequately capitalised, AMP being Solvent and a Non-Viability Trigger Event not having occurred	\$100 plus the value of any accrued and unpaid Interest	Cash	Section 2.3
Redemption on the Maturity Date	18 December 2023	Yes. AMP being Solvent and a Non-Viability Trigger Event not having occurred	\$100 plus the value of any accrued and unpaid Interest	Cash	Section 2.3
Redemption in other circumstances at AMP's discretion	If a Tax Event or Regulatory Event occurs	Yes. APRA's approval <sup>(i)</sup> , AMP group being adequately capitalised, AMP being Solvent and a Non-Viability Trigger Event not having occurred	\$100 plus the value of any accrued and unpaid Interest	Cash	Section 2.3
Conversion upon Non-Viability Trigger Event	On the date a Non-Viability Trigger Event occurs	Yes. APRA determination of non-viability and AMP being able to Convert	A variable value, depending on the value of the AMP Ordinary Shares at the relevant time which may be significantly less than the Face Value of AMP Notes 2. Holders will not receive accrued but unpaid Interest	Variable number of AMP Ordinary Shares up to a maximum number <sup>(ii)</sup>	Section 2.4
Write-off upon Non-Viability Trigger Event	At the end of the period of five Business Days after a Non-Viability Trigger Event occurs, if within those five Business Days, AMP is unable for any reason to Convert the Notes (an Inability Event)	Yes. APRA determination of non-viability and AMP not being able to Convert	Zero <sup>(iii)</sup> , 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) The value a Holder will receive will depend on the market price of AMP Ordinary Shares and the number of AMP Ordinary Shares issued to that Holder on Conversion. Holders who have elected not to receive AMP Ordinary Shares and Ineligible Holders will not receive AMP Ordinary Shares upon Conversion, but will instead receive the proceeds of the sale of the AMP Ordinary Shares to which they would otherwise have been entitled (provided that AMP is able to Convert AMP Notes 2).

(iii) If an AMP Note 2 is Written-off, the rights of the Holder (including to the payment of Interest and Face Value) in relation to the AMP Note 2 are immediately and irrevocably Written-off and the Holder will lose all of the money invested in the AMP Note 2.

## 1.4 Key benefits and risks associated with an investment in AMP Subordinated Notes 2

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

### 1.4.1 Key benefits associated with an investment in AMP Subordinated Notes 2

Topic	Summary	Further information
Key benefits of AMP Notes 2	<p>Floating rate Interest, being the sum of the Market Rate plus the Margin (expressed as a percentage) per annum.</p> <p>The Margin is expected to be in the range of 2.65 per cent to 2.85 per cent per annum. The Margin may be outside that range.</p> <p>Interest is payable in cash.</p> <p>Interest will be paid quarterly in arrear and is cumulative.</p> <p>Interest payments are not deferrable or discretionary. However, Interest is not payable (but accumulates) if the Solvency Condition is not satisfied and is not payable at all if AMP Notes 2 have been Converted or Written-off on account of a Non-Viability Trigger Event.</p> <p>Fixed maturity date of 18 December 2023 (provided the Solvency Condition is satisfied on that date and AMP Notes 2 have not been redeemed earlier, or Converted or Written-off on account of a Non-Viability Trigger Event).</p> <p>AMP Notes 2 may be bought or sold on ASX (subject to AMP Notes 2 being quoted on ASX and to the liquidity of that market).</p> <p>May provide Holders with an opportunity to diversify their investment portfolio.</p>	Sections 2.1 and 2.2

## 1.4.2 Key risks associated with an investment in AMP Subordinated Notes 2

Topic	Summary	Further information
<p><b>AMP Notes 2 are unsecured and subordinated, and are not guaranteed</b></p>	<p>AMP Notes 2 are unsecured and subordinated notes to be issued by AMP.</p> <p>On a winding-up of AMP, Holders will lose the money invested in AMP Notes 2, and any Interest due and unpaid at that time, if there are insufficient assets to satisfy Senior Creditors.</p> <p>If a Non-Viability Trigger Event occurs and AMP Notes 2 are Converted into AMP Ordinary Shares, Holders will rank equally with other holders of AMP Ordinary Shares.</p> <p>Holders will have no claim against AMP if AMP Notes 2 are transferred to a Sale and Transfer Agent (except a right to receive the proceeds of the sale of their AMP Notes 2).</p> <p>If AMP is unable for any reason to Convert AMP Notes 2, those AMP Notes 2 will be immediately and irrevocably Written-off and the rights of Holders under those AMP Notes 2 will be terminated.</p> <p>AMP Notes 2 are not guaranteed by, nor are they deposit liabilities, protected accounts or policy liabilities of, or investments in any superannuation or other fund managed by, any member of the AMP group. They are also not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.</p>	<p>Section 5.1.1</p>
<p><b>All payments are subject to the Solvency Condition being satisfied and a Non-Viability Trigger Event not having occurred</b></p>	<p>AMP is not required to make any payment in respect of AMP Notes 2 if it would not be Solvent both at the time that payment is due and immediately after making the payment.</p> <p>Unpaid amounts will accrue interest until paid and will be payable on the first date on which AMP meets the Solvency Condition. In the case of unpaid Interest amounts, payment will be made on the first Interest Payment Date on which AMP meets the Solvency Condition.</p> <p>However, if AMP Notes 2 have been Converted or Written-off on account of a Non-Viability Trigger Event, AMP's accrued and future obligations to make payments in respect of those AMP Notes 2 will cease and Holders will have no rights to recover any unpaid amounts.</p>	<p>Section 5.1.2</p>

<b>Topic</b>	<b>Summary</b>	<b>Further information</b>
<b>Market price of AMP Notes 2 may fluctuate</b>	<p>The price at which Holders are able to sell AMP Notes 2 on ASX is uncertain and it is possible that AMP Notes 2 may trade at a discount to their Face Value.</p> <p>The market price of AMP Notes 2 may decline 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, and other factors that may affect the AMP group's financial and capital position. The occurrence of a Non-Viability Trigger Event is also likely to cause the market price of AMP Notes 2 to decline.</p> <p>If credit markets deteriorate causing credit spreads on debt securities to widen, the Margin payable on AMP Notes 2 (as determined in the Bookbuild) will be less attractive to purchasers of AMP Notes 2 than at the Issue Date. Accordingly the market price of AMP Notes 2 may reduce to reflect the lower price new investors are willing to pay for AMP Notes 2.</p> <p>Unlike AMP Ordinary Shares, AMP Notes 2 do not allow Holders to participate in the growth of the AMP group's business.</p>	Section 5.1.3
<b>Liquidity</b>	<p>The market for AMP Notes 2 may be volatile and less liquid than the market for AMP Ordinary Shares.</p> <p> Holders who wish to sell their AMP Notes 2 may be unable to do so at a price acceptable to them, or at all, and may suffer loss as a result.</p>	Section 5.1.4
<b>Changes in the Interest Rate</b>	<p>The Interest Rate will increase and/or decrease over time with movements in the Market Rate.</p> <p>There is a risk that the Interest Rate may become less attractive when compared with the rates of return available on comparable securities.</p>	Section 5.1.5
<b>It is not certain whether or when AMP Notes 2 will be redeemed, Converted or Written-off</b>	<p>Redemption, or, on account of a Non-Viability Trigger Event, Conversion or Write-off, may occur prior to the Maturity Date which may be disadvantageous in light of market conditions or the individual circumstances of Holders.</p>	Sections 5.1.6 and 5.1.7
<b>Conversion following a Non-Viability Trigger Event</b>	<p>If Conversion occurs on account of a Non-Viability Trigger Event, Holders will receive AMP Ordinary Shares that may be worth significantly less than the Face Value of AMP Notes 2.</p> <p>If, for any reason, AMP is unable to Convert AMP Notes 2 required to be Converted on account of a Non-Viability Trigger Event (for example, due to AMP then being wound-up or in liquidation or due to any applicable law, an order of a court or action of any government authority), AMP Notes 2 (including the right to payments of accrued but unpaid Interest and repayment of Face Value) will be immediately and irrevocably Written-off and terminated. Your investment will be lost and you will not receive any compensation.</p>	Sections 5.1.6 and 5.1.7

<b>Topic</b>	<b>Summary</b>	<b>Further information</b>
<b>AMP may redeem AMP Notes 2 early in certain circumstances</b>	<p>Subject to APRA's prior written approval (which is in its discretion and may not be given) and to satisfaction of the Solvency Condition, AMP may redeem AMP Notes 2 early on 18 December 2018 or any subsequent Interest Payment Date, or on the occurrence of a Tax Event or a Regulatory Event.</p> <p>The amount received on redemption may be less than the market value of AMP Notes 2 at that time.</p> <p>The timing of redemption of AMP Notes 2 may not suit your financial circumstances or tax position.</p>	Section 5.1.7
<b> Holders have no right to request early redemption or to accelerate repayment</b>	<p>Holders have no right to request or require redemption or accelerate repayment of their AMP Notes 2 prior to the Maturity Date.</p> <p>Prior to the Maturity Date, unless AMP elects to redeem AMP Notes 2 (subject to APRA's prior written approval), Holders can only realise their investment in AMP Notes 2 by a sale on ASX. There is a risk that the prevailing market price on ASX will be less than the Face Value of AMP Notes 2 and/or that the market for AMP Notes 2 may not be liquid. Brokerage fees may also be payable by Holders if AMP Notes 2 are sold through a broker.</p>	Section 5.1.8
<b>The price used to calculate the number of AMP Ordinary Shares to be issued on Conversion may not be the market price</b>	<p>The price used to calculate the number of AMP Ordinary Shares to be issued on Conversion may be different to the market price of AMP Ordinary Shares at the time of Conversion because the price used is based on the VWAP during the five Business Days immediately preceding the Conversion Date. Also, the Conversion Number is subject to the Maximum Conversion Number.</p> <p>The value of AMP Ordinary Shares you receive may therefore be significantly less than the value of those AMP Ordinary Shares based on the Ordinary Share price on the Conversion Date.</p>	Section 5.1.6
<b>AMP may issue further securities</b>	AMP may raise further debt or issue securities that rank equally with or ahead of AMP Notes 2. This may affect a Holder's ability to be repaid on a winding-up of AMP.	Section 5.1.11
<b>Risks associated with AMP group generally</b>	Risks associated with AMP's business are set out in section 5.2.	Section 5.2

## 1.5 Key differences between term deposits and AMP Subordinated Notes 2

AMP Notes 2 are different from term deposits offered by banks. In particular, AMP Notes 2 are issued by AMP which is the non-operating holding company of the AMP group. The AMP group includes wealth management and wealth protection businesses, a retail banking business, and an international investment management business. No member of the AMP group guarantees AMP's obligations in respect of, or the investment performance of, AMP Notes 2.

AMP Notes 2 are also different from AMP Notes, which were issued in 2009 by AMP Group Finance Services Limited. For a summary of the key differences between AMP Notes 2 and AMP Notes, refer to section 6.3.

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 AMP Notes 2.

The key differences between term deposits and AMP Notes 2 are summarised in the table below.

	<b>Term deposits</b>	<b>AMP Notes 2</b>
<b>Issuer</b>	A bank, credit union or building society (eg AMP Bank)	AMP
<b>Legal form</b>	Term deposit	Unsecured and subordinated debt obligation
<b>Protection under the Australian Government Financial Claims Scheme<sup>6</sup></b>	Yes	No
<b>Term</b>	At call or between one month and five years	10 years <sup>7</sup>
<b>Issuer early redemption option</b>	No	Yes <sup>8</sup> , 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)
<b>Interest rate</b>	May be fixed or floating	Floating
<b>Interest payment</b>	Cumulative, unfranked	Cumulative, unfranked <sup>9</sup>
<b>Interest payment frequency</b>	Typically end of term or per annum	Quarterly
<b>Interest deferrable</b>	No	No, but all payments (including repayment of the Face Value) are subject to the Solvency Condition being satisfied and a Non-Viability Trigger Event not having occurred
<b>Transferable</b>	No	Yes – to be quoted on ASX
<b>Investor's ability to withdraw or redeem</b>	Yes, subject to conditions	No – can be sold on ASX at prevailing market price, which may be higher or lower than the face value of the Notes
<b>Ranking</b>	Senior to AMP Notes 2 and AMP Notes	<ul style="list-style-type: none"> <li>➢ Senior to AMP Ordinary Shares and Relevant Perpetual Subordinated Instruments</li> <li>➢ AMP Notes 2 are claims on AMP. AMP is a non-operating holding company. A substantial majority of its assets are its investments in other members of the AMP group. Its claims in respect of its investment in a member of the AMP group rank behind depositors, policyholders and other creditors in a winding-up of that member and AMP will receive no return in a winding up of the member until those creditors have first been paid.</li> </ul>
<b>Conversion into ordinary shares</b>	No	Yes, following a Non-Viability Trigger Event (unless AMP is unable for any reason to Convert some or all of AMP Notes 2, in which case those AMP Notes 2 will be Written-off)

6 Up to an amount of \$250,000, per account holder per ADI.

7 Subject to satisfaction of the 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 Trigger Event.

8 Subject to satisfaction of the Solvency Condition and provided that AMP Notes 2 are still on issue at the time and have not been Converted or Written-off on account of a Non-Viability Trigger Event.

9 If Converted to Ordinary Shares, dividends on the Ordinary Shares will be non-cumulative and payable at the discretion of the AMP board. Any dividends paid on Ordinary Shares may be franked.

## 1.6 Information for holders of A\$ AMP Notes

This section 1.6 sets out information for current holders of A\$ AMP Notes, who may be eligible to apply under the Reinvestment Offer to sell their A\$ AMP Notes to AMP and to have the proceeds (other than the Accrued Interest Amount) reinvested in AMP Notes 2.

Holders of the NZ\$ AMP Notes are not eligible to apply under the Reinvestment Offer.

Topic	Summary	Further information
<b>What are AMP Notes?</b>	<p>AMP Notes are unsecured and subordinated debt securities which were issued by AMP Group Finance Services Limited (<b>AMPGFS</b>) in 2009.</p> <p>A\$ AMP Notes trade on ASX under the code 'AQNHHA' and the NZ\$ AMP Notes trade on the NZX under the code 'AQN010'.</p> <p>NZ\$ AMP Notes are not eligible for sale to AMP under the Reinvestment Offer.</p>	Section 6.1.1
<b>Will AMP Notes be redeemed on their step-up date?</b>	<p>It is AMPGFS's current intention that both A\$ AMP Notes not sold to AMP under the Reinvestment Offer and NZ\$ AMP Notes will, subject to APRA's prior written approval (which is in its discretion and may not be given), be redeemed for cash on the Step-Up Date, and AMP Notes holders will receive the applicable face value plus any accrued and unpaid Interest to that date per AMP Note held.</p>	Section 6.1.1
<b>What is the Reinvestment Offer?</b>	<p>The Reinvestment Offer is an opportunity for Eligible AMP Notes holders to apply for AMP Notes 2 and to fund their subscription for AMP Notes 2 by selling to AMP some or all of their A\$ AMP Notes. Only A\$ AMP Notes may be sold to AMP under the Reinvestment Offer. Holders of A\$ AMP Notes are not required to participate in the Reinvestment Offer.</p> <p>The Reinvestment Offer is not a simple rollover into a similar investment. AMP Notes and AMP Notes 2, while having a number of similar features, have different benefits and risks, which must be evaluated independently. The key differences include the following:</p> <ul style="list-style-type: none"> <li>➢ AMP Notes 2 are issued by AMP (which is the parent entity of the AMP group), not AMPGFS (which is the primary finance subsidiary of the AMP group)</li> <li>➢ AMP Notes 2 may be Converted to AMP Ordinary Shares (or be Written-off) if a Non-Viability Trigger Event occurs. AMP Notes do not contain similar conversion features</li> <li>➢ the current margin on AMP Notes is 4.75 per cent. That margin will increase to 7.125 per cent on the Step-Up Date if the AMP Notes are not redeemed at that time. It is AMPGFS's current intention to redeem AMP Notes still outstanding on the Step-Up Date (subject to APRA's prior written approval, which may not be given). As a consequence of the change in market conditions since 2009 when the AMP Notes were issued, the expected Margin for AMP Notes 2 is less than the margin on the AMP Notes</li> <li>➢ the Margin for AMP Notes 2 will not increase (ie, there will be no 'step-up' in the Margin). It will be fixed for the life of AMP Notes 2 (unlike AMP Notes, which have a margin step-up on the Step-Up Date if the AMP Notes are not redeemed) and</li> <li>➢ the maturity date for AMP Notes is 1 April 2019. The Maturity Date for AMP Notes 2 is 18 December 2023.</li> </ul> <p>NZ\$ AMP Notes are not eligible for sale to AMP under the Reinvestment Offer.</p>	Sections 6.1.2



Topic	Summary	Further information
<b>What are the terms of the Reinvestment Offer?</b>	<p>Eligible AMP Notes holders who decide to participate in the Reinvestment Offer will sell their A\$ AMP Notes to AMP for \$100 plus the Accrued Interest Amount per A\$ AMP Note sold to AMP (see ‘If I elect to participate in the Reinvestment Offer, what price will I receive for my A\$ AMP Notes?’, below).</p> <p>If the Offer proceeds, Eligible AMP Notes holders who participate in the Reinvestment Offer will receive an allocation in priority over Securityholder Applicants and General Applicants for each A\$ AMP Note sold to AMP.</p>	Section 6.1.2
<b>Who may participate in the Reinvestment Offer?</b>	<p>To be eligible to participate in the Reinvestment Offer, you must:</p> <ul style="list-style-type: none"> <li>➢ be a registered holder of A\$ AMP Notes trading on ASX on the Reinvestment Record Date, being 7.00pm (Sydney time) on 4 November 2013</li> <li>➢ be shown on the register as having an address in Australia (or another jurisdiction to which AMP determined to extend the Reinvestment Offer), and</li> <li>➢ not be in the United States, a US Person, acting as a nominee for, or for the account or benefit of, a US Person, or otherwise prevented from receiving the Reinvestment Offer or AMP Notes 2 under the laws of any jurisdiction, as determined by AMP (<b>Eligible AMP Notes holder</b>).</li> </ul> <p>NZ\$ AMP Notes are not eligible for sale to AMP under the Reinvestment Offer.</p>	Section 6.1.3
<b>What are the options available to Eligible AMP Notes holders?</b>	<p>If you are an Eligible AMP Notes holder, you have a number of options available to you. You may:</p> <ol style="list-style-type: none"> <li>1. apply under the Reinvestment Offer to sell all of your A\$ AMP Notes to fund your subscription for AMP Notes 2</li> <li>2. apply under the Reinvestment Offer to sell only some of your A\$ AMP Notes to AMP to fund all or part (as applicable) of your subscription for AMP Notes 2</li> <li>3. apply under the Reinvestment Offer to sell all your A\$ AMP Notes to fund your subscription for AMP Notes 2 and apply for additional AMP Notes 2</li> <li>4. sell your A\$ AMP Notes on market and use the proceeds as you determine (which may include buying AMP Notes 2 but with no allocation of AMP Notes 2 in priority over Securityholder Applicants and General Applicants)</li> <li>5. apply under the Securityholder Offer and fund your subscription in cash (with no allocation of AMP Notes 2 in priority over Securityholder Applicants and General Applicants), or</li> <li>6. take no action.</li> </ol> <p>If you are not an Eligible AMP Notes holder, you are limited to the last three options set out above.</p>	Section 6.2 See the table in section 6.2 which details these options

Topic	Summary	Further information
<p><b>If I elect to participate in the Reinvestment Offer, what price will I receive for my A\$ AMP Notes?</b></p>	<p>If you participate in the Reinvestment Offer you will sell your A\$ AMP Notes to AMP for \$100 plus the Accrued Interest Amount per A\$ AMP Note sold.</p> <p>The Accrued Interest Amount will be paid to you in compensation for the interest you would have received for the 33 day period from (and including) 15 November 2013 to (but excluding) the Issue Date. It will be calculated for that 33 day period on the same basis as other interest payments in respect of the AMP Notes. The interest rate will be the market rate applicable to the AMP Notes on 15 November 2013 plus a margin of 4.75 per cent. Assuming a market rate on 15 November 2013 of 2.58 per cent per annum, the Accrued Interest Amount would be \$0.6626 per A\$ AMP Note.</p> <p>If you are a holder of A\$ AMP Notes on 7 November 2013, regardless of whether you participate in the Reinvestment Offer, you will still receive interest for the interest period commencing on (and including) 15 August 2013 and ending on (but excluding) 15 November 2013 in an amount of \$1.8572 per A\$ AMP Note.</p>	<p>Section 6.1.4</p>
<p><b>Will Eligible AMP Notes holders receive a priority allocation of AMP Notes 2?</b></p>	<p>If you are an Eligible AMP Notes holder and you participate in the Reinvestment Offer you will receive an allocation in priority over Securityholder Applicants and General Applicants for each A\$ AMP Note sold to AMP under the Reinvestment Offer if the Offer proceeds.</p> <p>Eligible AMP Notes holders who participate in the Reinvestment Offer and apply for additional AMP Notes 2 will be treated as Securityholder Applicants in respect of their application for additional AMP Notes 2 which means that broadly, they will have priority in allocation over General Applicants and equal priority with Securityholder Applicants.</p>	<p>Section 6.1.4</p>

Topic	Summary	Further information
<p><b>What are the risks associated with participating in the Reinvestment Offer?</b></p>	<p>The risks of participating in the Reinvestment Offer include the risks related to investing in AMP Notes 2.</p> <p><b>It is important to note that participation in the Reinvestment Offer may not be appropriate or economically advantageous for Eligible AMP Notes holders.</b></p> <p>The price paid to an Eligible AMP Notes holder per A\$ AMP Note (being \$100 plus the Accrued Interest Amount) may be less than the market value of an A\$ AMP Note. An Eligible AMP Notes holder might be economically better off selling their A\$ AMP Notes on market and subscribing for AMP Notes 2 in cash. However, if this option is selected, the Eligible AMP Notes holder would not have an allocation in priority over Securityholder Applicants and General Applicants, which is available to Eligible AMP Notes holders who participate in the Reinvestment Offer provided that the Offer proceeds.</p> <p>In electing to participate in the Reinvestment Offer, an Eligible AMP Notes holder will give up the higher margin it would have enjoyed if its A\$ AMP Notes remained outstanding and will not be compensated for giving up that higher margin. The margin on AMP Notes is much higher than the margin expected on AMP Notes 2 and will increase on the Step-Up Date if AMP Notes are not redeemed on that date. It is AMPGFS's current intention to redeem all outstanding AMP Notes on the Step-Up Date (see below).</p> <p>If AMP Notes are not redeemed on the Step-Up Date, the margin will step up and that may result in the AMP Notes trading at a higher value. In electing to participate in the Reinvestment Offer, Eligible AMP Notes holders will not have the opportunity to sell at that possible higher value.</p>	<p>Sections 5 and 6.4</p>
<p><b>What happens to A\$ AMP Notes not sold to AMP under the Reinvestment Offer and NZ\$ AMP Notes?</b></p>	<p>The A\$ AMP Notes not sold to AMP under the Reinvestment Offer will remain outstanding until redeemed by AMPGFS. AMPGFS currently intends to redeem all outstanding AMP Notes (including A\$ AMP Notes not sold to AMP under the Reinvestment Offer and NZ\$ AMP Notes), on the Step-Up Date. Any such redemption is subject to the terms of AMP Notes, including that the prior written approval of APRA has been obtained and that AMPGFS remains solvent. APRA approval has not yet been sought or obtained and AMP Notes holders should not assume that APRA's approval will be given.</p> <p>If AMP Notes are redeemed on the Step-Up Date, AMPGFS will redeem AMP Notes for the applicable face value plus any accrued interest as at that date per AMP Note held and you will not receive any interest on AMP Notes after the Step-Up Date.</p> <p>If for any reason redemption of AMP Notes does not occur on the Step-Up Date (including for failure to obtain the requisite APRA approval), AMP Notes will remain on issue following the Step-Up Date and holders will be entitled to a step-up margin of 150 per cent of the initial margin (ie, the margin will increase from 4.75 per cent to 7.125 per cent).</p>	<p>Section 6.1.4</p>

Topic	Summary	Further information
What are the taxation consequences of participating in the Reinvestment Offer?	<p>A summary of the Australian taxation consequences for Eligible AMP Notes holders of participating in the Reinvestment Offer is set out in section 8.</p> <p>You should obtain your own tax advice regarding the implications of participating in the Reinvestment Offer because actual tax consequences of participation may differ depending on your individual circumstances.</p>	Section 8

## 1.7 Information about the Offer

Topic	Summary	Further information
How is the Offer structured and who can apply?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>&gt; a <b>Reinvestment Offer</b> made to Eligible AMP Notes holders</li> <li>&gt; a <b>Broker Firm Offer</b> made to Australian resident retail and high-net-worth clients of Syndicate brokers</li> <li>&gt; a <b>Securityholder Offer</b> made to Eligible Securityholders</li> <li>&gt; a <b>General Offer</b> made to members of the public, and</li> <li>&gt; an <b>Institutional Offer</b> made to certain Institutional Investors.</li> </ul>	Section 7
When is the Offer Period?	The Offer opens on 14 November 2013 and is expected to close on 9 December 2013.	Key dates Sections 6 and 7
Is there a minimum amount to be raised?	No. The Offer is for the issue of AMP Notes 2 to raise \$200 million with the ability to raise a higher or lower amount.	
Is the Offer underwritten?	No.	Section 10.6
Is there a minimum application size?	<p>Yes. Your application must be for a minimum of 50 AMP Notes 2 (\$5,000).</p> <p>If your application is for more than 50 AMP Notes 2, then you must apply in multiples of 10 AMP Notes 2 (\$1,000) after that.</p> <p>These requirements do not apply to Eligible AMP Notes holders, who may apply for a smaller number of AMP Notes 2 in certain circumstances. See section 6.2 for further details.</p>	Section 7.3
Is brokerage or stamp duty payable?	No brokerage or stamp duty is payable by you on your application for AMP Notes 2. You may be required to pay brokerage if you sell your AMP Notes 2 on ASX after AMP Notes 2 have been quoted on ASX.	Section 7.3.3
What are the taxation consequences of participating in the Offer and Reinvestment Offer?	<p>A general description of the Australian taxation consequences of investing in AMP Notes 2 and of the Reinvestment Offer is set out in section 8.</p> <p>The taxation consequences of investing in AMP Notes 2 and of participating in the Reinvestment Offer will depend on your individual circumstances. You should obtain your own taxation advice before you invest in, hold or dispose of AMP Notes 2.</p>	Section 8

<b>Topic</b>	<b>Summary</b>	<b>Further information</b>
<p><b>How will I receive confirmation of my allocation of AMP Notes 2 prior to receiving my holding statement?</b></p>	<p>AMP will announce the basis of allocation of AMP Notes 2 by placing advertisements in major national and metropolitan newspapers in Australia on or before 18 December 2013.</p> <p>If you have applied under the Reinvestment Offer, the Securityholder Offer or the General Offer, you should call the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) to find out your allocation.</p> <p>If you have applied under the Broker Firm Offer (which includes Eligible AMP Notes holders participating in the Reinvestment Offer through a Syndicate broker) you should contact your Syndicate broker to find out your allocation.</p>	<p>Section 7.4</p>
<p><b>Where can I find more information about this prospectus and the Offer?</b></p>	<p>If you have any questions in relation to the Offer, please call the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time).</p> <p>If you are an applicant under the Broker Firm Offer, you should contact your Syndicate broker.</p>	<p>Section 7</p>

## Section 2

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### About AMP Subordinated Notes 2

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

- 2.1 Key features of AMP Subordinated Notes 2
- 2.2 Interest
- 2.3 Repayment of Face Value
- 2.4 Consequences of a Non-Viability Trigger Event
- 2.5 Ranking, Events of Default and regulatory treatment
- 2.6 Other important matters

## 2.1 Key features of AMP Subordinated Notes 2

AMP Notes 2 are subordinated and unsecured notes to be issued by AMP which are scheduled to mature on 18 December 2023.<sup>10</sup> AMP Notes 2 entitle Holders to receive floating rate Interest, payable quarterly in arrear for the term of AMP Notes 2.<sup>11</sup>

Topic	Summary	Further information <sup>12</sup>
<b>AMP Notes 2</b>	AMP Notes 2 are subordinated and unsecured notes issued by AMP.	Clause 1.1
<b>Face Value</b>	The Face Value of each AMP Note 2 is \$100.	Clause 1.3
<b>Offer size</b>	\$200 million with the ability to raise a higher or lower amount.	
<b>Term</b>	AMP will redeem AMP Notes 2 on the Maturity Date, being 18 December 2023. <sup>13</sup>	Clause 5.1
<b>ASX quotation</b>	AMP will apply for AMP Notes 2 to be quoted on ASX and they are expected to trade under ASX code 'AMPHA'.	Section 7.5.4 Clause 1.7

## 2.2 Interest

AMP Notes 2 entitle Holders to receive floating rate, cumulative Interest, payable quarterly in arrear, until the Maturity Date. AMP's obligation to pay Interest is subject to the Solvency Condition and will terminate if AMP Notes 2 have been redeemed earlier or, on account of a Non-Viability Trigger Event, Converted or Written-off.

Topic	Summary	Further information
<b>When Interest will be paid</b>	The Interest Payment Dates are 18 March, 18 June, 18 September and 18 December in each year, commencing on 18 March 2014 to and including the Maturity Date (or such earlier date on which AMP Notes 2 are redeemed). If any of these dates is not a Business Day, then the Interest Payment Date will be the next Business Day (provided that the final Interest Payment Date falls on a redemption date or the Maturity Date).	Clauses 3.1 and 13.2

<sup>10</sup> Subject to satisfaction of the Solvency Condition (described in Section 2.2) and provided that AMP Notes 2 are still on issue at the time and have not been redeemed earlier or, on account of a Non-Viability Trigger Event (described in Section 2.4), Converted or Written-off.

<sup>11</sup> See footnote 10.

<sup>12</sup> Clauses can be found in the Terms at appendix A.

<sup>13</sup> See footnote 10.

Topic	Summary	Further information						
Interest Rate	<p>The Interest Rate will be calculated as follows:</p> <p style="text-align: center;">Interest Rate = Market Rate + Margin, where:</p> <p><b>Market Rate</b> is the average mid-rate for bank bills having a tenor of 90 days displayed on Reuters page 'BBSW' (or any page which replaces that page) on the first Business Day of the relevant Interest Period and</p> <p><b>Margin</b> is the margin determined under the Bookbuild, expected to be in the range of 2.65 per cent to 2.85 per cent.</p> <p>As an example, assuming the Market Rate for the first Interest Period is 2.58 per cent per annum and the Margin is 2.65 per cent per annum, then the Interest Rate for that Interest Period would be calculated as follows:</p> <table border="1" data-bbox="563 846 1098 974"> <tr> <td>Market Rate</td> <td>2.58% per annum</td> </tr> <tr> <td>plus Margin</td> <td>2.65% per annum</td> </tr> <tr> <td>Illustrative Interest Rate =</td> <td>5.23% per annum</td> </tr> </table> <p>The Interest Rate is a floating rate because it depends on the Market Rate for each Interest Period. This means that the Interest Rate for one period can be different to the Interest Rate for another period.</p>	Market Rate	2.58% per annum	plus Margin	2.65% per annum	Illustrative Interest Rate =	5.23% per annum	Clause 3.2
Market Rate	2.58% per annum							
plus Margin	2.65% per annum							
Illustrative Interest Rate =	5.23% per annum							
Market Rate	<p>The Market Rate is a key benchmark interest rate for the Australian money market. It is currently based on an average of rates obtained from approved trading venues by the Australian Financial Markets Association as the rates at which certain banks are prepared to lend short-term cash to each other by buying bank bills having a tenor of 90 days. This rate changes to reflect supply and demand within the cash and currency markets.</p> <p>The Market Rate is displayed on Reuters page 'BBSW' (or any page which replaces that page) on the first Business Day of each relevant Interest Period.</p> <p>The graph below illustrates the movement in the Market Rate over the last 10 years. The rate on 1 November 2013 was 2.58 per cent per annum.<sup>14</sup></p>  <p>The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Market Rate for the first or subsequent Interest Periods, which may be higher or lower.</p>	Clause 3.2						

<sup>14</sup> Before 27 September 2013, the rates used in the calculation of the Market Rate were obtained not from approved trading venues but from certain banks elected to the BBSW panel maintained by the Australian Financial Markets Association.



Topic	Summary	Further information										
Calculation of Interest	<p>Interest for each Interest Period will be calculated using the following formula:</p> $\text{Interest} = \frac{\text{Interest Rate} \times \$100 \times N}{365}$ <p>where:</p> <p><b>Interest Rate</b> is the Market Rate + Margin (expressed as a percentage per annum) and <b>N</b> means the number of days in the Interest Period calculated in accordance with the Terms.</p> <p>Following the formula above, if the Interest Rate was 5.23 per cent per annum and the first Interest Period was 90 days, then the Interest on an AMP Note 2 for the first Interest Period would be calculated as follows:</p> <table border="1" data-bbox="555 869 1107 1151"> <tbody> <tr> <td>Illustrative Interest Rate</td> <td>5.23% per annum</td> </tr> <tr> <td>Multiplied by the Face Value</td> <td>x \$100.00</td> </tr> <tr> <td>Multiplied by the number of days in the Interest Period</td> <td>x 90</td> </tr> <tr> <td>Divided by 365</td> <td>÷ 365</td> </tr> <tr> <td>Illustrative Interest for the first Interest Period per AMP Note 2</td> <td>\$1.29</td> </tr> </tbody> </table> <p>The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Interest for the first or any subsequent Interest Period. Actual Interest may be higher or lower than this example. The Interest Rate for the first Interest Period will be set on the Issue Date.</p>	Illustrative Interest Rate	5.23% per annum	Multiplied by the Face Value	x \$100.00	Multiplied by the number of days in the Interest Period	x 90	Divided by 365	÷ 365	Illustrative Interest for the first Interest Period per AMP Note 2	\$1.29	Clause 4.1
Illustrative Interest Rate	5.23% per annum											
Multiplied by the Face Value	x \$100.00											
Multiplied by the number of days in the Interest Period	x 90											
Divided by 365	÷ 365											
Illustrative Interest for the first Interest Period per AMP Note 2	\$1.29											
Solvency Condition	<p>AMP's obligations to make payments (including payments of Interest and repayment of the Face Value) in respect of AMP Notes 2 are conditional on the Solvency Condition. The Solvency Condition is that:</p> <ul style="list-style-type: none"> <li>&gt; AMP is able to pay its debts when they fall due, and</li> <li>&gt; AMP's assets exceed its liabilities,</li> </ul> <p>at the time of the payment and immediately after making the payment.</p> <p>Accordingly, if the Solvency Condition is not satisfied on a particular Interest Payment Date, Interest will not be paid.</p> <p>If AMP does not make a payment because the Solvency Condition is not satisfied, such non-payment does not constitute an Event of Default. However, any unpaid amounts of Interest will accrue interest until the date of payment and will be payable on the first Interest Payment Date on which AMP satisfies the Solvency Condition.</p> <p>Interest will cease to be payable if AMP Notes 2 have been Converted or Written-off on account of a Non-Viability Trigger Event. This includes any Interest that has not been paid because of the Solvency Condition.</p>	Clause 2.2										
No franking credits	Interest payments will be made wholly in cash and will not have any franking credits attached to them.	Clause 10.6										

## 2.3 Repayment of Face Value

On the Maturity Date (scheduled to be 18 December 2023) AMP must repay to Holders the Face Value plus any accrued and unpaid Interest for the period up to and including the Maturity Date for each AMP Note 2 they hold. At AMP's option in certain circumstances AMP may repay Holders early. AMP's obligation to repay is subject to the Solvency Condition and will terminate if AMP Notes 2 are, on account of a Non-Viability Trigger Event, Converted or Written-off.

Topic	Summary	Further information
<b>Maturity Date</b>	<p>The Maturity Date is scheduled to be 18 December 2023.</p> <p>On the Maturity Date AMP must redeem each AMP Note 2 for:</p> <ul style="list-style-type: none"> <li>&gt; the Face Value, plus</li> <li>&gt; any accrued and unpaid Interest on the AMP Note 2 up to and including the Maturity Date.<sup>15</sup></li> </ul>	Clause 5.1
<b>Early redemption</b>	<p>Subject to APRA's prior written approval (which is in its discretion and may not be given), AMP may elect to redeem:</p> <ul style="list-style-type: none"> <li>&gt; some or all of AMP Notes 2 on 18 December 2018 or any subsequent Interest Payment Date, or</li> <li>&gt; all (but not some) of AMP Notes 2 following a Tax Event or a Regulatory Event.</li> </ul> <p>If AMP elects to redeem AMP Notes 2 in the above circumstances, Holders will receive for each AMP Note 2:</p> <ul style="list-style-type: none"> <li>&gt; the Face Value plus</li> <li>&gt; any accrued but unpaid Interest on the AMP Note 2 up to and including the early redemption date,</li> </ul> <p>provided the Solvency Condition is satisfied.</p> <p>A <b>Tax Event</b> will occur if, as a result of any change in, or amendment to, the laws in force in Australia, or any change in their application or official or judicial interpretation, which becomes effective after the Issue Date:</p> <ul style="list-style-type: none"> <li>&gt; payment of Interest on AMP Notes 2 is not, or may not be, allowed as a deduction for AMP's Australian income tax liability calculation, or</li> <li>&gt; there is a risk that AMP would be exposed to other adverse tax consequences in relation to AMP Notes 2.</li> </ul> <p>A <b>Regulatory Event</b> means broadly that:</p> <ul style="list-style-type: none"> <li>&gt; as a result of a change in, or amendment to, applicable law, or any change in their application or official or judicial interpretation (together, a <b>Change</b>), which Change becomes effective after the Issue Date, additional requirements would be imposed on the Issuer in respect of the AMP Notes 2 which the directors of AMP determine in their absolute discretion to be unacceptable</li> <li>&gt; following a notification from, or announcement or determination by, APRA, the directors of AMP determine in their absolute discretion that APRA objects, or will object, to AMP group using or having used, the proceeds of the issue of some or all of the AMP Notes 2 to fund Tier 2 Capital of a Regulated Entity within the AMP group, other than where that event is a result of the implementation of the changes to the supervision of conglomerate groups, in the form proposed by APRA as at the Issue Date.</li> </ul>	Clauses 5.2, 5.3, 5.5, 13.2

<sup>15</sup> Subject to satisfaction of the Solvency Condition (described in Section 2.2) and provided that AMP Notes 2 are still on issue at the time and have not been redeemed earlier or, on account of a Non-Viability Trigger Event (described in Section 2.4), Converted or Written-off.

<b>Topic</b>	<b>Summary</b>	<b>Further information</b>
<b>Early redemption (continued)</b>	<p>AMP may only elect to redeem AMP Notes 2 on account of a Tax Event or Regulatory Event if it did not expect on the Issue Date that the event would occur. Certain changes to the supervision of conglomerate groups are currently proposed, as described in section 2.5 below. The implementation of these changes in the form proposed by APRA as at the Issue Date will not give rise to a Regulatory Event. However, in certain circumstances, if following a notification from, or announcement or determination by APRA, the directors of AMP subsequently determine that APRA objects, or will object, to AMP group using, or having used, the proceeds of the issue of some or all of the AMP Notes 2 to fund Tier 2 Capital of a Regulated Entity within the AMP group (other than where that event is a result of the implementation of the changes to the supervision of conglomerate groups in the form proposed by APRA as at the Issue Date), AMP may decide that a Regulatory Event has occurred.</p> <p>AMP may only elect to redeem AMP Notes 2 if APRA has given prior written approval and if either:</p> <ul style="list-style-type: none"> <li>➤ prior to or concurrently with redemption, AMP replaces AMP Notes 2 with Relevant Term Subordinated Instruments or AMP Ordinary Shares and the replacement is done under conditions that are sustainable for the income capacity of the AMP group, or</li> <li>➤ AMP obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the AMP group, that AMP does not have to replace AMP Notes 2.</li> </ul> <p>Holders should not expect that APRA's approval will be given for any early redemption of AMP Notes 2. Any approval is in APRA's discretion and may not be given.</p> <p>AMP Notes 2 will not be redeemed if on the redemption date the Solvency Condition is not satisfied or if on or before that date AMP Notes 2 have been Converted or Written-off on account of a Non-Viability Trigger Event.</p>	Clauses 5.2, 5.3, 5.5
<b>No early redemption</b>	Holders cannot request that AMP Notes 2 be redeemed prior to the Maturity Date.	Clause 5.7
<b>AMP may purchase AMP Notes 2 on ASX</b>	Subject to APRA's prior written approval, AMP or any of its Related Entities may purchase AMP Notes 2 in the open market at any time and at any price. Holders should not expect that APRA's approval will be given for any purchase of AMP Notes 2.	Clause 5.9

## 2.4 Consequences of a Non-Viability Trigger Event

AMP may be required to Convert AMP Notes 2 into AMP Ordinary Shares if a Non-Viability Trigger Event occurs. This feature is required to be included so that AMP may use the proceeds of the issue of AMP Notes 2 to fund Tier 2 Capital of one or more Regulated Entities within the AMP group. The occurrence of a 'Non-Viability Trigger Event' may require the Conversion of some or all of AMP Notes 2 into AMP Ordinary Shares.

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 Ordinary Shares at the relevant time, on Conversion, Holders will receive AMP Ordinary Shares which may be worth significantly less than the Face Value of

AMP Notes 2 and Holders may suffer a loss as a consequence. The calculations set out on pages 37–38 are illustrative only and designed to demonstrate the potential number and value of AMP Ordinary Shares that a Holder would receive on Conversion.

If a Holder's AMP Notes 2 cannot be Converted for any reason, the Holder's rights (including to the payment of Interest and the repayment of Face Value) in relation to AMP Notes 2 will be immediately and irrevocably Written-off and terminated. Holders will lose all of their money invested in AMP Notes 2 if AMP Notes 2 are Written-off.

Topic	Summary	Further information
<b>Non-Viability Trigger Event</b>	<p>A Non-Viability Trigger Event occurs when APRA provides a written determination (a 'Non-Viability Determination') to AMP that the conversion or write-off of some or all Relevant Subordinated Instruments (which includes AMP Notes 2) is necessary because:</p> <ul style="list-style-type: none"> <li>&gt; without the conversion or write-off, or</li> <li>&gt; without a public sector injection of capital into, or equivalent capital support with respect to, AMP</li> </ul> <p>APRA considers that AMP would become non-viable.</p> <p>AMP is under no obligation to Holders under the Terms to take steps (such as issuing new AMP Ordinary Shares) to avoid the risk of a Non-Viability Trigger Event occurring.</p> <p>If a Non-Viability Trigger Event occurs, AMP must convert or write-off:</p> <ul style="list-style-type: none"> <li>&gt; all Relevant Subordinated Instruments (including AMP Notes 2), or</li> <li>&gt; an amount of the Relevant Subordinated Instruments if APRA is satisfied that conversion or write-off of that amount will be sufficient to ensure that AMP does not become non-viable.</li> </ul> <p>Where APRA does not require all Relevant Subordinated Instruments (including AMP Notes 2) to be converted or written-off, whether and to what extent AMP Notes 2 must be Converted will depend on what action AMP must take on account of the Non-Viability Trigger Event, as described below.</p>	Clause 6.1
<b>What are Relevant Subordinated Instruments?</b>	<p>Relevant Subordinated Instruments include AMP Notes 2 and other capital instruments of the AMP group (to which AMP is a party) for which AMP has received confirmation from APRA that APRA does not object to the AMP group using the proceeds of the issue of the instrument to fund Tier 1 Capital or Tier 2 Capital of a Regulated Entity within the AMP group that, in accordance with their terms or by operation of law, are capable of being converted or written-off where APRA determines that a Non-Viability Trigger Event has occurred.</p> <p>As at the date of this prospectus, no member of the AMP group has outstanding Relevant Subordinated Instruments, and when AMP Notes 2 are issued they will be the only Relevant Subordinated Instruments of AMP on issue. There is no obligation on any member of the AMP group to issue any Relevant Subordinated Instrument or to maintain on issue any Relevant Subordinated Instruments that it may decide to issue in the future.</p>	Definition of 'Relevant Subordinated Instruments' in Clause 13.2

Topic	Summary	Further information
<b>Definition of 'non-viability'</b>	<p>Whether a Non-Viability Trigger Event will occur is at the discretion of APRA.</p> <p>APRA has not given any guidance as to how it would determine non-viability and has indicated that it will not publish further guidance on the parameters used to determine non-viability. As at the date of this prospectus, APRA has not made a determination of non-viability. The requirement to include non-viability trigger events in capital instruments was introduced only on 1 January 2013.</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>	Clause 6.1
<b>What action must AMP take upon the occurrence of a Non-Viability Trigger Event?</b>	<p>If a Non-Viability Trigger Event occurs, AMP must immediately determine:</p> <ul style="list-style-type: none"> <li>› the amount of AMP Notes 2 that will be Converted and the amount of other Relevant Subordinated Instruments that will be converted into AMP Ordinary Shares or written-off to satisfy APRA that AMP will no longer be, or will not become, non-viable, and</li> <li>› the identity of Holders at the time that the Conversion is to take effect.</li> </ul> <p>If APRA requires all Relevant Subordinated Instruments (including AMP Notes 2) to be converted or written-off on account of the Non-Viability Trigger Event, all AMP Notes 2 are required to be Converted.</p> <p>If only an amount of Relevant Subordinated Instruments is required to be converted, AMP will first convert or write-off all Relevant Perpetual Subordinated Instruments before Converting the AMP Notes 2, and if conversion or write-off of Relevant Perpetual Subordinated Instruments is not sufficient to satisfy APRA that AMP would not become non-viable and provided that APRA has not withdrawn the Non-Viability Determination as a result of the conversion or write-off of the Relevant Perpetual Subordinated Instruments, AMP will convert some or all of AMP Notes 2 and will convert or write-off other Relevant Term Subordinated Instruments in an amount which, when added to the amount of Relevant Perpetual Subordinated Instruments converted or written-off, will satisfy APRA that AMP would not become non-viable. So long as AMP has no Relevant Perpetual Subordinated Instruments on issue, if a Non-Viability Trigger Event occurs, some or all of AMP Notes 2 would be required to be Converted and some or all of other Relevant Term Subordinated Instruments (if any are on issue at the time) would be converted or written-off.</p> <p>In Converting AMP Notes 2 or converting or writing-off other Relevant Term Subordinated Instruments, AMP will endeavour to treat Holders of AMP Notes 2 and holders of other Relevant Term Subordinated Instruments on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels of AMP Notes 2 and other logistical considerations and the need to effect Conversion immediately.</p>	Clause 6.2

Topic	Summary	Further information
<p><b>When will AMP Notes 2 Convert to AMP Ordinary Shares following a Non-Viability Trigger Event?</b></p>	<p>If AMP is required to Convert AMP Notes 2, it will do so on the Conversion Date.</p> <ul style="list-style-type: none"> <li>➢ The Conversion Date is the date of the Non-Viability Trigger Event. This is the date on which APRA provides a Non-Viability Determination.</li> <li>➢ Conversion will be immediate and irrevocable.</li> <li>➢ The number of AMP Ordinary Shares that Holders receive upon Conversion of their AMP Notes 2 is the Conversion Number (see below for calculation).</li> </ul> <p>From the Conversion Date, AMP will treat Holders in respect of AMP Notes 2 required to be Converted as having been issued the Conversion Number of AMP Ordinary Shares. AMP expects any ASX trades in AMP Notes 2 that have not settled on the date a Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+3 settlement, although AMP expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of AMP Ordinary Shares into which AMP Notes 2 have been Converted as a result of the occurrence of the Non-Viability Trigger Event.</p> <p>Further, AMP may make such decisions with respect to the identity of Holders as at the Conversion Date as may be necessary or desirable to ensure that the Conversion occurs in an orderly manner, including disregarding any transfers of AMP Notes 2 that have not been settled or registered at that time.</p> <p>AMP must give Holders notice as soon as practicable after a Non-Viability Trigger Event has occurred, including details of the number of AMP Notes 2 Converted.</p>	<p>Clause 6.2</p>
<p><b>Conversion Number</b></p>	<p>On Conversion, Holders will receive the Conversion Number of AMP Ordinary Shares. The Conversion Number of AMP Ordinary Shares may be worth significantly less than the Face Value of AMP Notes 2 and a Holder may suffer a loss as a consequence of Conversion.</p> <p>The Conversion Number is calculated based on a discounted five Business Day VWAP, subject to the Conversion Number being no greater than the Maximum Conversion Number. The formula for this calculation is as follows:</p> $\text{Conversion Number} = \frac{\$100}{0.99 \times \text{VWAP}}$ <p>where:</p> <ul style="list-style-type: none"> <li>➢ <b>VWAP</b> is the volume weighted average price of AMP Ordinary Shares during the period of five Business Days on which trading in AMP Ordinary Shares took place immediately before (but not including) the Conversion Date.</li> <li>➢ The 0.99 factor is applied to VWAP to provide a small buffer to VWAP since AMP Ordinary Shares may not be able to be sold at VWAP. This is a feature of recent similar securities in the market.</li> </ul>	<p>Clause 7.1</p>

Topic	Summary	Further information
Conversion Number (continued)	<p>The Maximum Conversion Number<sup>16</sup> is calculated in accordance with the following formula:</p> $\text{Maximum Conversion Number} = \frac{\$100}{\text{Issue Date VWAP} \times 0.20}$ <p>where:</p> <ul style="list-style-type: none"> <li>› <b>Issue Date VWAP</b> is the average of the volume weighted average price of AMP Ordinary Shares during the period of 20 Business Days on which trading in AMP Ordinary Shares took place immediately before (but not including) the Issue Date.</li> </ul> <p><i>Illustrative example of Conversion</i></p> <p>Below is an example of how the Conversion Number (and Maximum Conversion Number) is calculated, based on an assumed Issue Date VWAP and a hypothetical AMP Ordinary Share price at the date of a Non-Viability Trigger Event.</p> <ul style="list-style-type: none"> <li>› <b>Maximum Conversion Number:</b> This will be calculated as at the date of issue of AMP Notes 2. Assuming an Issue Date VWAP of \$4.50, the Maximum Conversion Number will be 111.11 (being \$100 / (0.2 x \$4.50)). This Issue Date VWAP is indicative only. The actual Issue Date VWAP will be calculated based on the average of the daily volume weighted average price of AMP Ordinary Shares during the 20 Business Days on which trading in AMP Ordinary Shares took place immediately preceding but not including the Issue Date.</li> <li>› <b>Conversion Number:</b> The AMP Ordinary Share price at the time of a Non-Viability Trigger Event is likely to reflect significant operating and/or financial distress of the AMP group. For indicative purposes, assuming the VWAP at the date of the Non-Viability Trigger Event is \$0.40, the Conversion Number is 252.53 (being \$100 / (0.99 x \$0.40)). The actual VWAP on the date of a Non-Viability Trigger Event will be calculated based on the average of the daily volume weighted average price of AMP Ordinary Shares during the five Business Days prior to the date of the Non-Viability Trigger Event.</li> <li>› <b>Number of AMP Ordinary Shares issued to Holders:</b> Since the Conversion Number exceeds the Maximum Conversion Number in the example, Holders would receive the Maximum Conversion Number (being 111.11 AMP Ordinary Shares for each AMP Note 2).</li> </ul>	Clause 7.1

16 The inclusion of the Maximum Conversion Number in the Terms is a requirement of APRA's prudential standards in relation to Tier 2 Capital and is included in order for the AMP Notes 2 to be Relevant Term Subordinated Instruments. It must be (and is) set so as not to exceed the price of AMP Notes 2 at the Issue Date divided by 20 per cent of the Ordinary Share price as at the Issue Date.

Topic	Summary	Further information																		
Conversion Number (continued)	<table border="1"> <thead> <tr> <th></th> <th>Conversion Number</th> <th>Maximum Conversion Number</th> </tr> </thead> <tbody> <tr> <td>Formula</td> <td><math>\frac{\\$100}{0.99 \times \text{VWAP}}</math></td> <td><math>\frac{\\$100}{0.20 \times \text{Issue Date VWAP}}</math></td> </tr> <tr> <td>Assumption</td> <td>VWAP at date of Non-Viability Trigger Event of \$0.40<sup>(i)</sup> per share</td> <td>VWAP at Issue Date of \$4.50 per share</td> </tr> <tr> <td>Calculation</td> <td><math>\frac{\\$100}{0.99 \times 0.40}</math></td> <td><math>\frac{\\$100}{0.20 \times \\$4.50}</math></td> </tr> <tr> <td>Output</td> <td>252.53</td> <td>111.11</td> </tr> <tr> <td><b>Number of AMP Ordinary Shares</b></td> <td colspan="2"><b>Holders will receive the Maximum Conversion Number of AMP Ordinary Shares (111.11) since the Conversion Number (252.53) is greater than the Maximum Conversion Number</b></td> </tr> </tbody> </table>		Conversion Number	Maximum Conversion Number	Formula	$\frac{\$100}{0.99 \times \text{VWAP}}$	$\frac{\$100}{0.20 \times \text{Issue Date VWAP}}$	Assumption	VWAP at date of Non-Viability Trigger Event of \$0.40 <sup>(i)</sup> per share	VWAP at Issue Date of \$4.50 per share	Calculation	$\frac{\$100}{0.99 \times 0.40}$	$\frac{\$100}{0.20 \times \$4.50}$	Output	252.53	111.11	<b>Number of AMP Ordinary Shares</b>	<b>Holders will receive the Maximum Conversion Number of AMP Ordinary Shares (111.11) since the Conversion Number (252.53) is greater than the Maximum Conversion Number</b>		Clause 7
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<p>Based on the above illustrative examples, the table below illustrates that a Holder of 100 AMP Notes 2 would suffer a loss of \$5,556 if they made an initial \$10,000 investment.</p>																				
<table border="1"> <thead> <tr> <th></th> <th>Initial investment</th> <th>After Conversion</th> </tr> </thead> <tbody> <tr> <td>Type of security held</td> <td>AMP Notes 2</td> <td>AMP Ordinary Shares</td> </tr> <tr> <td>Number of securities held</td> <td>100</td> <td>11,111</td> </tr> <tr> <td>Security price<sup>(i)</sup></td> <td>\$100</td> <td>\$0.40</td> </tr> <tr> <td>Value of securities</td> <td>\$10,000</td> <td>\$4,444</td> </tr> <tr> <td>Loss to Holder<sup>(ii)</sup></td> <td>\$0 (assuming that the Holder sells AMP Notes 2 on market at their Face Value)</td> <td>\$5,556 (assuming that the Notes are Converted – if AMP is unable to Convert the AMP Notes 2 following a Non-Viability Trigger Event, AMP Notes 2 will be Written-off and the Holder will lose all of its investment)</td> </tr> </tbody> </table>				Initial investment	After Conversion	Type of security held	AMP Notes 2	AMP Ordinary Shares	Number of securities held	100	11,111	Security price <sup>(i)</sup>	\$100	\$0.40	Value of securities	\$10,000	\$4,444	Loss to Holder <sup>(ii)</sup>	\$0 (assuming that the Holder sells AMP Notes 2 on market at their Face Value)	\$5,556 (assuming that the Notes are Converted – if AMP is unable to Convert the AMP Notes 2 following a Non-Viability Trigger Event, AMP Notes 2 will be Written-off and the Holder will lose all of its investment)
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<p>(i) AMP Ordinary Share price of \$0.40 is for illustrative purposes only. The actual AMP Ordinary Share price may be less than this.</p>																				
<p>(ii) This does not take into account any costs, charges or taxes incurred by a Holder on the sale of its AMP Notes 2 or AMP Ordinary Shares (including brokerage fees, if applicable).</p>																				



Topic	Summary	Further information
<b>Adjustments to the Issue Date VWAP</b>	<p>The Issue Date VWAP (and, as a consequence, the Maximum Conversion Number), will be adjusted to reflect a consolidation, division or reclassification of AMP's share capital and pro rata bonus issues of AMP Ordinary Shares, as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of AMP). The Terms do not prohibit or limit AMP's rights to enter into transactions affecting its capital.</p> <p>However, no adjustment will be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1 per cent of the Issue Date VWAP then in effect.</p>	Clauses 7.4, 7.5, 7.6, 7.7
<b>Will you suffer loss if AMP Notes 2 are Converted into AMP Ordinary Shares?</b>	<p>Yes, it is likely that you will suffer loss if your AMP Notes 2 are Converted. The AMP Ordinary Shares you receive may be worth significantly less than your initial investment, and you will no longer receive Interest payments.</p> <p>The amount of your loss will depend on the price and Conversion Number of AMP Ordinary Shares you receive, and that Conversion Number is subject to the Maximum Conversion Number, which depends on the AMP Ordinary Share price as at the Issue Date of AMP Notes 2.</p> <p>You will not be compensated for any loss you suffer as a result of some or all of your AMP Notes 2 being Converted.</p>	Clause 7
<b>What happens if AMP is unable to Convert AMP Notes 2 (ie, an Inability Event occurs)?</b>	<p>If AMP Notes 2 are required to be Converted following a Non-Viability Trigger Event, but 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 any other reason from Converting AMP Notes 2 (an Inability Event), and the Inability Event subsists for five Business Days after the Conversion Date, AMP Notes 2 will be Written-off. An Inability Event is taken to subsist if the Issuer receives legal advice to that effect from a reputable legal counsel (but the obtaining of advice must not delay or impede Write-off).</p> <p>This means that Holders' rights (including to the payment of Interest and Face Value) in relation to AMP Notes 2 will be immediately and irrevocably Written-off and terminated.</p> <p>Those laws and the grounds on which a court or government authority may make orders preventing the Conversion of AMP Notes 2 may change. There may be other reasons why AMP is prevented from Converting the AMP Notes 2 into AMP Ordinary Shares, including, but not limited to, operational impediments, loss of records and force majeure.</p>	Clause 6.3

Topic	Summary	Further information
<b>Can Holders elect not to receive AMP Ordinary Shares?</b>	<p>A Holder may notify AMP that it does not wish to receive AMP Ordinary Shares as a result of Conversion. Notice may be given at any time on or after the Issue Date but not less than 15 Business Days prior to the Conversion Date.</p> <p>If the Holder's AMP Notes 2 are required to be Converted, such Holder's rights will be immediately and irrevocably terminated on the Conversion Date and the Conversion Number of AMP Ordinary Shares will be issued to a Sale and Transfer Agent who will at the first opportunity sell the AMP Ordinary Shares at market value and pay the proceeds (net of brokerage, costs, taxes and charges) to the Holder.</p> <p>Holder's who do not wish to receive AMP Ordinary Shares should notify AMP of this as soon as possible after the Issue Date, because once a Non-Viability Trigger Event occurs, Holders may not have an opportunity to do so.</p>	Clause 7.10
<b>Ineligible Holders</b>	<p>Ineligible Holders are in general terms:</p> <ul style="list-style-type: none"> <li>➢ Holders who are prohibited under Australian law from being offered, holding or acquiring AMP Ordinary Shares (for example, under chapter 6 of the Corporations Act or under the Foreign Acquisitions and Takeovers Act), and</li> <li>➢ Foreign Holders.</li> </ul> <p>Foreign Holders are Holders whose address in the Register is a place outside Australia or who AMP otherwise believes may not be a resident of Australia where AMP is not satisfied that the laws of the Holder's country of residence would permit the offer to, or the holding or acquisition of AMP Ordinary Shares by, the Holder.</p> <p>If AMP Notes 2 that are held by an Ineligible Holder are required to be Converted, such Holder's rights will be immediately and irrevocably terminated on the Conversion Date and the Conversion Number of AMP Ordinary Shares will be issued to a Sale and Transfer Agent who will at the first opportunity sell the AMP Ordinary Shares at market value and pay the proceeds (net of brokerage, costs, taxes and charges) to the Holder.</p>	Clause 7.10
<b>What happens when shares are issued to a Sale and Transfer Agent?</b>	<p>If AMP is unable for any reason to issue AMP Ordinary Shares to a Sale and Transfer Agent within five Business Days after the Conversion Date, then the rights of Holders of the relevant AMP Notes 2 will be immediately and irrevocably terminated.</p> <p>AMP has no liability to relevant Holders for the acts of any Sale and Transfer Agent appointed to sell AMP Ordinary Shares upon the occurrence of a Non-Viability Trigger Event and has no, nor owes any, duties in connection with any such sale and has no responsibility for any costs, losses, liabilities, expenses, demands or claims which arise as a result of such sale.</p>	Clause 7.10

## 2.5 Ranking, Events of Default and regulatory treatment

AMP Notes 2 are subordinated, unsecured obligations of AMP, a non-operating holding company. They are not guaranteed by any member of the AMP group and have very limited events of default. They are term subordinated debt instruments, a substantial part of the proceeds of which the AMP group expects to use to fund Tier 2 Capital of one or more Regulated Entities within the AMP group.

Topic	Summary	Further information
AMP Notes 2 are unsecured	<p>AMP Notes 2 are not secured over the assets of any member of the AMP group.</p> <p>AMP Notes 2 are not guaranteed and are not deposit liabilities of AMP Bank or any other member of the AMP group and are not policies with or policy liabilities of 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 a member of the AMP group.</p>	<p>Clauses 1.1, 2.4</p> <p>Section 5.1.1</p>
Ranking in a winding-up of AMP	<p>In a winding-up of AMP (if AMP Notes 2 have not been Converted or Written-off on account of a Non-Viability Trigger Event), AMP Notes 2 rank for payment:</p> <ul style="list-style-type: none"> <li>&gt; ahead of the claims of all holders of Relevant Perpetual Subordinated Instruments issued by AMP and ahead of the claims of holders of AMP Ordinary Shares</li> <li>&gt; equally among themselves</li> <li>&gt; equally with the claims of all holders of Relevant Term Subordinated Instruments issued by AMP, and</li> <li>&gt; behind all other creditors of AMP, including depositors and policyholders of the AMP group.</li> </ul> <p>If AMP Notes 2 are required to be Converted or Written-off on account of a Non-Viability Trigger Event the position of a Holder in respect of those AMP Notes 2 will be as follows:</p> <ul style="list-style-type: none"> <li>&gt; if those AMP Notes 2 are Converted, the Holder will become a holder of AMP Ordinary Shares, in which case the AMP Ordinary Shares received may be worth significantly less than the Face Value of AMP Notes 2 held, and the Holder will rank for payment on a winding-up of AMP equally with other holders of AMP Ordinary Shares,</li> <li>&gt; if the AMP Ordinary Shares to which it would have been entitled upon Conversion are issued to a Sale and Transfer Agent, either because the Holder is an Ineligible Holder or the Holder elected not to receive AMP Ordinary Shares, the Holder will have the right to receive the cash proceeds (net of brokerage, costs, taxes and charges) of the sale of the AMP Ordinary Shares on market and will have no claim against AMP or any other member of the AMP group in respect of those AMP Notes 2, or</li> <li>&gt; if AMP is unable for any reason to Convert those AMP Notes 2 within five Business Days after the Conversion Date, AMP Notes 2 will be Written-off and the Holder will have no claim against AMP or any other member of the AMP group in respect of their AMP Notes 2.</li> </ul>	<p>Clause 2.1</p>

Topic	Summary	Further information
Ranking in a winding-up of AMP (continued)	<p>Refer to the table on page 14, 'How would AMP Notes 2 rank in a winding-up of AMP?' for an illustration of how the claims of Holders of AMP Notes 2 would rank upon a winding-up of AMP.</p> <p>AMP Notes 2 are claims on AMP. AMP is a non-operating holding company. A substantial majority of its assets are its investments in other members of the AMP group. Its claims in respect of those investments rank behind depositors, policyholders and other creditors in a winding-up of those companies.</p>	
Events of Default	<p>An Event of Default will occur if either:</p> <ul style="list-style-type: none"> <li>➢ AMP fails to pay any amount of principal or Interest within 14 days of the due date for payment, or</li> <li>➢ a court order is made, or effective resolution is passed, for the winding-up of AMP (unless in relation to a corporate restructure approved by a Special Resolution of the Holders or in which the surviving entity assumes AMP's obligations in respect of AMP Notes 2).</li> </ul> <p>Non-payment because the Solvency Condition has not been satisfied does not constitute an Event of Default and the Trustee may not institute proceedings for payment of an amount that is unpaid due to the Solvency Condition.</p> <p>In the case of an Event of Default relating to unpaid Interest or principal, the Trustee may, at its discretion and without further notice, bring proceedings to:</p> <ul style="list-style-type: none"> <li>➢ recover any due and payable but unpaid amount on AMP Notes 2 (subject to the Solvency Condition),</li> <li>➢ obtain a court order for specific performance of any other obligation in respect of AMP Notes 2, or</li> <li>➢ institute proceedings for the winding-up of AMP.</li> </ul> <p>In the case of an Event of Default where a court order is made or effective resolution is passed for the winding-up of AMP, the Trustee may, at its discretion, declare by notice to AMP that the Face Value of each AMP Note 2 (together with accrued and unpaid Interest) is payable but payment is subject to the claims of all Senior Creditors being first paid in full.</p> <p>The Trustee is not bound to take any action under the Trust Deed unless directed to do so by a Holder Resolution or so requested in writing by Holders of at least 15 per cent of the aggregate Face Value of all AMP Notes 2 outstanding and it is indemnified and secured for its costs to its reasonable satisfaction.</p> <p>Holders are not entitled to directly proceed against AMP to enforce any right or remedy except in limited circumstances.</p> <p>The Trustee may not exercise any other remedies as a consequence of an Event of Default other than as specified.</p> <p>The Trustee may not institute proceedings for payment of Interest that is unpaid due to the Solvency Condition.</p>	Clause 8

Topic	Summary	Further information
Regulatory capital	<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, superannuation trustees and groups of banks, life insurers and superannuation trustees 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 into two tiers for its supervisory purposes—referred to as Tier 1 Capital and Tier 2 Capital.</p> <p>Tier 1 Capital is generally considered from the perspective of a financial institution to be a higher quality capital and is comprised of:</p> <ul style="list-style-type: none"> <li>➢ Common Equity Tier 1 Capital, and</li> <li>➢ Additional Tier 1 Capital.</li> </ul> <p>Tier 2 Capital represents other elements which fall short of some of the characteristics of Tier 1 Capital but which contribute to the overall strength of the regulated company as a going concern.</p> <p>In May 2013, APRA released its draft capital adequacy prudential standards which will apply to AMP as a conglomerate group (to be known as a 'Level 3 group'). It is expected that the capital standards will be based on a Common Equity Tier 1 Capital regime, which means that eligible capital for the purposes of those standards will be required to be in the form of common equity only, subject to transitional arrangements confirmed by APRA (the transitional arrangements which will apply to AMP are described below under "Regulatory treatment of AMP Notes 2"). Implementation of the new capital standards is expected on 1 January 2015.</p>	
Regulatory treatment of AMP Notes 2	<p>APRA has advised that, given the proposed changes to the supervision of conglomerate groups, AMP Notes 2 will not constitute Tier 2 Capital of the AMP group but APRA does not object to the AMP group using the proceeds of their issue to fund Tier 2 Capital of one or more Regulated Entities within the AMP group. AMP expects to use a substantial part of the proceeds of issue for that purpose and the remaining proceeds will be used for general corporate, funding and capital management purposes, including refinancing AMP Notes.</p> <p>To the extent that AMP Notes 2 are not used to fund Tier 2 Capital of Regulated Entities within the AMP group, but to refinance the existing AMP Notes issued by AMPGFS, this amount will be subject to the transition arrangements approved by APRA on the existing AMP Notes, being:</p> <ul style="list-style-type: none"> <li>➢ 100% recognition as eligible regulatory capital of the AMP group up to 30 April 2014; and</li> <li>➢ 50% recognition as eligible regulatory capital of the AMP group up to 30 April 2015, with zero recognition after this date.</li> </ul> <p>AMP does not expect the implementation of the changes to the supervision of conglomerate groups in the form proposed by APRA as at the Issue Date will mean that the AMP group will not be able to use the proceeds of the issue of AMP Notes 2 to fund one or more Regulated Entities within the AMP group.</p>	

## 2.6 Other important matters

Topic	Summary	Further information
<b>Manner of payments</b>	<p>Interest is payable by AMP to Holders in Australian dollars and will be paid in Australian dollars by direct credit into their nominated bank accounts or by such other manner that AMP decides.</p> <p>Holders must notify bank account details to the Registry no later than the Record Date.</p> <p>Where a payment cannot be made by AMP, for example, because a Holder has not provided bank account details, the amount of the incomplete payment will be held in a non-interest bearing deposit account with a bank selected by AMP and applied in accordance with the Terms. Payments made to a bank account in a place where banks are not open on that day will be paid on the first following day on which the banks are open in that place, without additional payment in respect of the delay.</p> <p>Neither AMP nor any Holder has a right to set off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce any amount payable by the Issuer in respect of AMP Notes 2 held by the Holder or by the Holder to AMP.</p> <p>Interest may also be paid, at AMP's option, by cheque and sent by prepaid post to the address of the Holder in the Register.</p>	Clauses 2.1(e), 10
<b>Trustee and Trust Deed</b>	<p>AMP has appointed a Trustee as required by chapter 2L of the Corporations Act. The Trustee holds certain rights in relation to AMP Notes 2 on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders.</p> <p>The Trustee holds on trust for the Holders the right to enforce any obligations of AMP under the Terms and the Trust Deed. The Trustee will be entitled to take any action against AMP to enforce any obligations of AMP, subject to the Terms and Trust Deed.</p> <p>A copy of the Trust Deed can be obtained from <a href="http://amp.com.au">amp.com.au</a>.</p>	Section 10.5 and the Trust Deed
<b>AMP may issue further securities</b>	<p>AMP may from time to time, without the consent of the Holders, issue securities ranking equally with AMP Notes 2 (on the same terms or otherwise) or ranking in priority or junior to AMP Notes 2.</p> <p>A Holder has no right to participate in the issue of any shares or any other securities of any kind of AMP other than on Conversion in accordance with the Terms.</p>	Clause 12.8
<b>No voting rights for Holders</b>	<p>Holders have no right to receive notice of or vote at any meeting of members of AMP.</p>	Clause 1.8(a)

Topic	Summary	Further information
<b>Alteration of the Terms and the Trust Deed</b>	<p>AMP may, with the approval of the Trustee, but without the consent of Holders, alter the Trust Deed or the Terms if the Issuer is of the opinion that such alteration is of a formal or technical or minor nature, made to cure any ambiguity or correct any obvious error, necessary to comply with applicable laws or to maintain quotation of the AMP Notes 2 on ASX or otherwise not materially prejudicial to the interests of the Holders as a whole. In the case of alterations made to comply with applicable laws or to maintain quotation of AMP Notes 2 on ASX and alterations not otherwise materially prejudicial to the interests of Holders as a whole, AMP must provide to the Trustee an opinion of legal advisers of recognised standing in New South Wales confirming that the alteration is not materially prejudicial to the interests of the Holders as a whole.</p> <p>AMP can also alter the Trust Deed or the Terms with the approval of the Trustee and the requisite majority of Holders. The majority may be 50 per cent or 75 per cent, depending on the circumstances and in each case as determined in accordance with the Trust Deed.</p> <p>APRA's prior written approval to alter the Trust Deed and the Terms is required where the amendment may cause APRA to object to AMP group using, or having used, the proceeds of the issue of some or all of the AMP Notes 2 to fund Tier 2 Capital of a Regulated Entity within the AMP group.</p>	Clauses 12.3, 12.4, 12.5
<b>Taxation implications of investing in AMP Notes 2</b>	<p>The taxation implications of investing in AMP Notes 2 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 8.</p> <p>Non-Australian Holders should not be subject to Australian income tax in respect of Interest payments received on their AMP Notes 2. This is on the basis that AMP intends to satisfy the requirements of section 128F of the Australian Tax Act in respect of Interest paid on AMP Notes 2 (see Section 8).</p>	Section 8
<b>Brokerage fees and stamp duty</b>	<p>No brokerage or stamp duty is payable by Holders on applications for AMP Notes 2. Holders may have to pay brokerage on any subsequent transfer of AMP Notes 2 on ASX after quotation.</p>	

## Section 3

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### About AMP and the AMP group

This section sets out information about the activities, and financial performance and position of AMP (the Issuer of AMP Subordinated Notes 2) and its controlled entities, together the AMP group.

- 3.1 Introduction
- 3.2 Overview of the AMP group
- 3.3 Financial summary for the half-year ended 30 June 2013
- 3.4 Simplified corporate structure
- 3.5 The AMP group operational structure
- 3.6 Business lines
- 3.7 Strategy
- 3.8 Regulation



## 3.1 Introduction

AMP Limited is a non-operating holding company. As such a substantial majority of its assets are investments in its subsidiaries.

AMP Limited and its controlled entities together form the AMP group, the leading independent wealth management group in Australia and New Zealand.

AMP Limited is listed on ASX under ASX code 'AMP' and the New Zealand Stock Exchange under the NZX code 'AMP'. It has a market capitalisation of \$14.0 billion as at 1 November 2013, ranking it among the 20 largest ASX-listed companies.

On 15 August 2013, AMP announced the appointment of Craig Meller to the role of Chief Executive Officer and Managing Director, effective 1 January 2014. Craig Meller replaces Craig Dunn who will retire from AMP following six years as Chief Executive Officer and Managing Director and 13 years with the company. Craig Meller joined AMP in 2001 and has since held a number of senior roles including Managing Director, AMP Financial Services.

More information about the AMP group can be found at [amp.com.au](http://amp.com.au).

## 3.2 Overview of the AMP group

The AMP group provides:

- financial advice
- superannuation, retirement income and investments products for individuals
- superannuation services for businesses
- administration, banking and investment services for self-managed super funds
- income protection, disability and life insurance
- selected retail banking products, and

- investments including shares and, fixed income.

It serves over five million retail customers in Australia and New Zealand and its investment management business, AMP Capital, also serves clients in Asia, Europe, the Middle East and North America. At 30 June 2013, the AMP group had around 5,700 employees, 4,300 aligned and employed advisers and planners, and assets under management (**AUM**) of A\$179 billion.

As at the date of this prospectus, AMP group is:

- the leading provider of financial advice, superannuation, and personal insurance in Australia<sup>17</sup>, and
- the leading provider of corporate super and retail managed funds in New Zealand and one of the largest KiwiSaver Scheme and life insurance providers in that market.<sup>18</sup>

## 3.3 Financial summary for the half-year ended 30 June 2013

The following summarises the AMP group's results for the half-year ended 30 June 2013:

- 1H13 net profit attributable to shareholders of AMP of A\$393 million and underlying profit<sup>19</sup> of A\$440 million
- Australian wealth management net cash flows<sup>20</sup> of A\$1.4 billion
- Well capitalised, to support business growth and regulatory change:
  - A\$1.7 billion surplus capital above minimum regulatory requirements, up A\$331 million on 1 January 2013 post-LAGIC capital position
- Interim dividend of 11.5 cents per share, franked to 70 per cent (payout ratio of 77 per cent of underlying profit)
- AFS value of risk new business down A\$43 million on 1H12 to A\$69 million.

17 'Financial advice' – Money Management (July 2013), 'superannuation' and 'personal insurance' – Plan for Life (June 2013)

18 'Corporate Super' – Eriksens Master Trust Survey June 2013; 'retail managed funds' and 'KiwiSaver Scheme' – FundSource Trends & Market Composition Report June 2013; 'life insurance' – Financial Services Council Market Share Reporting June 2013

19 Underlying profit is AMP's key measure of business profitability, as it smooths 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.

20 AFS cashflows reflect amounts paid to or received from customers, their employers or super funds into AMP's wealth management, wealth protection or mature products. AFS cashflows are shown gross of fees and taxes.

Key performance measures	1H 13	FY 12
Net profit attributable to shareholders of AMP	A\$393m	A\$689m
Underlying profit <sup>21</sup>	A\$440m	A\$950m
Cost-to-income ratio	48.6%	47.6%
Australian Financial Services net cash flows	A\$862m	A\$308m
Total retail net cash flows on AMP platforms	A\$1,296m	A\$952m
Total Australian wealth management net cash flows	A\$1,383m	A\$821m
AMP Capital external net cash flows <sup>22</sup>	(A\$2,070m)	(A\$1,784m)
AFS value of risk new business	A\$69m	A\$203m
Statutory return on equity	10.0%	9.2%
Underlying return on equity	11.2%	12.7%

21 Underlying profit is AMP's key measure of business profitability, as it smooths 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.

22 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.

### 3.4 Business update

On 25 October 2013, AMP Limited reported its third quarter cashflows and provided an update on its Wealth Protection business for the third quarter to 30 September 2013. AMP reported experience losses for Q3 13 of \$24 million compared with Q3 12 experience losses of \$37 million.

AMP has brought forward its year-end review of experience for those product areas that have the potential to impact the FY 13 operating results. While this review is yet to be completed, AMP expects to revise its incurred but not reported reserves for the group insurance business and its best estimate lapse assumptions for the NMLA income protection book, which are expected to have a negative impact on both the Q4 and the FY 13 operating results.

The trend in lapse experience in the NMLA income protection book has continued to worsen

in Q3 13 and as a result AMP will strengthen its lapse assumptions as part of its year-end review.

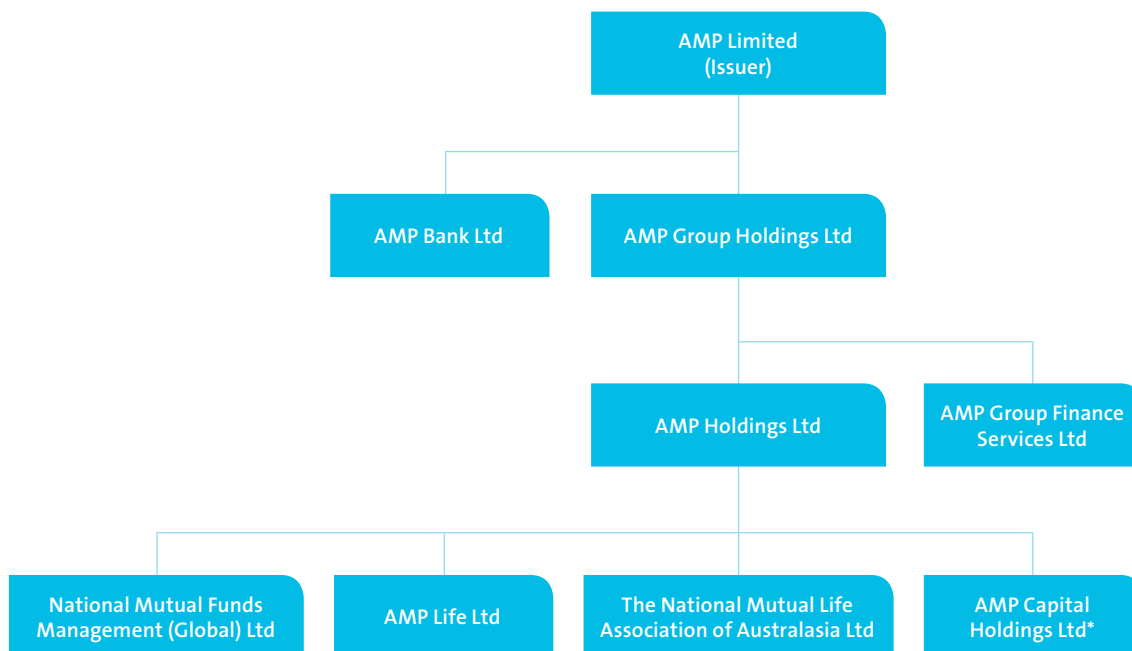
In total, these two adjustments are expected to result in \$55 to \$65 million reduction in AMP's operating results for Q4 13, in addition to any further experience outcomes in the fourth quarter.

Further changes in assumptions across the life insurance portfolio are likely at 31 December 2013 which could lead to adjustments to the embedded value of the business but are not expected to impact the FY 13 operating results.

AMP regards improving the performance of the Wealth Protection business as one of its highest priorities and continues to implement short and medium term actions to improve claims and lapse experience.

### 3.5 Simplified corporate structure

A simplified structure of the AMP group is as follows:



\* AMP Capital Holdings Limited is owned 85 per cent by AMP Holdings Ltd and 15 per cent by Mitsubishi UFJ Trust and Banking Corporation (MUTB) as part of the strategic business and capital alliance between AMP Capital and MUTB.

A number of intermediary holding companies and other companies not relevant to AMP Notes 2 have been excluded from the simplified structure chart.

### 3.6 The AMP group operational structure

AMP group has significant operations in investment management, financial advice, wealth protection and wealth management including a small banking operation. AMP group currently has two primary business units:

- AMP Financial Services (AFS) provides a range of products and services including financial advice, retail banking, insurance, superannuation and funds administration in Australia and New Zealand, primarily distributed through the AMP group’s aligned self-employed financial advisers, and
- AMP Capital is a diversified investment manager, managing investments across major asset classes including equities, fixed interest, property, infrastructure, multi-manager and multi-asset funds. On 30 June 2013 AMP Capital had assets under management of A\$131 billion.

With effect from 1 January 2014, AFS will cease to be a business unit in its own right. After this time the business lines making up AFS (Wealth Management, Wealth Protection, Mature and New Zealand) will continue to be reported separately. In addition, AMP Bank will be split out of Wealth Management.

The business units have access to the AMP group’s shared support functions and the structure is overseen by group management.

### 3.7 Business lines

#### 3.7.1 AMP Financial Services

AFS provides customers in Australia and New Zealand with financial planning and advice, superannuation, retirement income and other investment products for individuals, superannuation services for businesses, income protection, disability and life insurance and selected banking products. These products and services are primarily provided through

a network of around 4,300 self-employed financial advisers, as well as through extensive relationships with independent financial advisers.

AFS has four divisions:

- Australian Wealth Management (**WM**)
- Australian Wealth Protection (**WP**)
- Mature (**Mature**), and
- New Zealand (**AFS NZ**).

### Australian Wealth Management

WM provides customers with financial planning services (through aligned and owned advice businesses), platform (including self-managed super fund (**SMSF**)) administration, unit-linked superannuation, retirement income and managed investment products. Superannuation products include personal and employer sponsored plans.

The primary AFS distribution channels include AMP Financial Planning (**AMPFP**), Hillross and Charter Financial Planning, with a number of other distribution channels including ipac group advisers, Tynan Mackenzie and Genesys group advisers.

WM currently includes AMP Bank, which is a direct Australian bank providing retail banking services with a core focus on high quality residential lending. AMP Bank had approximately 100,000 customers, a mortgage book of A\$12.8 billion and a deposit book of A\$8.1 billion at 30 June 2013.

AMP Bank distributes its retail banking services to the Australian market, via direct and third party channels and seeks to leverage the AMP group's substantial network of financial advisers. AMP Bank's current product range includes fixed and variable rate mortgage loans, lines of credit, practice loans to financial advisers, term and at-call savings and investment accounts, cash management, and transaction accounts.

AMP Group Holdings Limited has provided an unconditional and irrevocable guarantee in favour of the creditors of AMP Bank pursuant to a Guarantee Deed Poll dated 10 April 2008.

### Australian Wealth Protection

WP comprises personal and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of superannuation.

### Mature

The Mature business is the largest closed life insurance business in Australia. Mature AUM supports capital guaranteed products (75 per cent) and market linked products (25 per cent). Mature products include whole-of-life, endowment, investment linked, investment account, retirement savings account, eligible rollover fund (ERF), annuities, insurance bonds, personal superannuation and guaranteed savings accounts. All products in Mature are closed to new business with the exception of the AMP branded ERF.

### New Zealand

AFS NZ provides tailored financial products and solutions to New Zealanders through the largest network of accredited financial advisers in New Zealand. AFS NZ comprises a risk insurance business (both contemporary and mature) and a growing wealth management business driven by KiwiSaver. AFS NZ's risk business is the second largest by market share and is complemented by the industry's largest wealth management business.

### 3.7.2 AMP Capital

AMP Capital is one of Asia Pacific's largest diversified investment managers, managing \$131 billion in assets for domestic and international investors. Through a team of in-house investment professionals and a carefully selected global network of investment partners, AMP Capital invests in equities, fixed interest, property, infrastructure, multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services. AMP Capital has established operations in Australia and New Zealand and a growing international presence with offices in Bahrain, China, Hong Kong, India, Japan, Luxembourg, the United Kingdom and the United States, allowing it to source competitive offshore opportunities.

In March 2012, AMP Capital formed a strategic business and capital alliance with a leading Japanese bank, Mitsubishi UFJ Trust and Banking Corporation. The alliance has enhanced AMP Capital's growth opportunities in Asia and significantly expanded its distribution capabilities in Japan. MUTB holds a 15 per cent minority interest in AMP Capital Holdings Limited, the parent company of the AMP Capital group of companies.

## 3.8 Strategy

The AMP group is capitalising on its strengthened competitive position following the merger with the Australian and New Zealand business of AMP AAPH (formerly known as AXA Asia Pacific Holdings) to help it better deliver on its promise: helping people own tomorrow.

The AMP group continues to investigate and assess a range of corporate initiatives consistent with its strategic priorities both domestically and internationally as they arise, including acquisitions, divestments, mergers, joint ventures and strategic alliances (which, if completed, could have a material impact on the AMP group). The AMP group also continues to explore opportunities for further organic growth in existing and related businesses as an avenue of growth and diversification.

The AMP group's strategic priorities are to continue investment in:

### > **Reshaping the Australian business**

With the integration of AXA largely complete, the AMP group is now increasing the scale and pace of change in its Australian business to better respond to changing consumer behaviour and on-going margin pressures. In 1H13, the AMP group created the new role of Chief Customer Officer, reporting to the CEO to lead this work.

In addition, the AMP group is putting in place a new three-year business efficiency program to redirect investment to where customers value it most, as well as reduce the AMP group's overall cost base. Savings are expected to come from:

- rationalising product duplication and construction to better utilise scale
- increased use of cloud computing
- automation, including increased self-service opportunities for customers
- improving back office efficiency, and
- greater office space efficiency.

One-off costs for the program will be funded through a combination of future retained earnings, capital surplus and the dividend reinvestment program.

### > **New domestic growth opportunities, such as AMP SMSF, the Horizons Academy and the North platform**

The AMP group continues to invest in areas where it sees profitable growth, such as SMSF. After a year in operation, its AMP SMSF business is one of the leaders in the Australian SMSF administration market.

The AMP Horizons Academy continues to successfully recruit, train and educate new advisers. More than 600 financial advisers have graduated from the program since it began in 2007. In 1H13, the Academy welcomed two new intakes to the program.

The AMP group continued to upgrade its popular North platform during 1H13, with its cash flows almost tripling over 1H12 to \$1.9 billion.

### > **Targeted international expansion through AMP Capital**

AMP Capital's key priorities are to generate revenue growth through:

- delivering outstanding investment outcomes to clients
- building a differentiated client experience by driving strong client engagement
- partnering effectively with AFS to deliver investment solutions for retail, SMSF and corporate super customers
- expanding the global pension fund client base, and
- building preferential distribution partnerships in select Asian markets, particularly Japan and China.

At 1H13, 7 per cent of AMP Capital's AUM was sourced from international investors. This includes A\$5.6 billion it manages for clients in Japan. AMP Capital's business alliance with MUTB has helped expand its distribution reach in Japan.

AMP continues to explore opportunities internationally through acquisitions and alliances (which, if completed, could have a material impact on the AMP group). In addition to its business alliance in Japan with MUTB, AMP has a particular focus on opportunities to partner in investment

management and pensions in China, where AMP has had a presence since 1997 and has a continuing strategic relationship with China Life. In September 2013, AMP Capital announced a China funds management joint venture with China Life. The joint venture company, China Life AMP Asset Management Company Limited, will offer retail and institutional investors in China access to leading investment solutions, initially in domestic listed equities and fixed income.

## 3.9 Regulation

As a provider of banking, life insurance and superannuation products, 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, RBA, ASIC, ASX, ACCC and AUSTRAC.

### 3.9.1 Australia

#### APRA

APRA regulates companies operating in the Australian financial services industry. APRA has established prudential standards for all general insurers, banks and life insurance companies and, as at the date of this prospectus, is in the process of developing standards for conglomerate groups (due for implementation in January 2015).

From 1 January 2013, the AMP group was required to comply with the Basel III framework (for Australian authorised deposit-taking institutions) and APRA's revised capital standards for regulated general insurers and life insurers, known as 'LAGIC'.

The Basel III reforms included stricter eligibility criteria for capital instruments, introduction of capital conservation and counter-cyclical buffers. The LAGIC reforms are aimed at improving the risk sensitivity of capital standards.

Under the revised capital standards, APRA classifies regulatory capital into two tiers. Tier 1 Capital represents 'going-concern capital' and comprises the highest quality capital

elements. It is divided into Common Equity Tier 1 Capital and Additional Tier 1 Capital. Common Equity Tier 1 Capital is recognised from the perspective of a financial institution as the highest quality component of capital. Common Equity Tier 1 Capital comprises paid-up ordinary shares, retained earnings, other disclosed reserves permitted for inclusion by APRA and certain other items permitted by APRA less regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital. The components of Tier 1 Capital that are not common equity and which do not satisfy all of the criteria for inclusion in Common Equity Tier 1 Capital are referred to as Additional Tier 1 Capital. Tier 2 Capital represents other elements which fall short of some of the characteristics of Tier 1 Capital but which contribute to the overall strength of the regulated company as a going concern.

The capital standards being developed for conglomerate groups are expected to be implemented on 1 January 2015. Draft standards have been released covering capital management, group governance, risk management and risk exposures. It is expected that the capital standards will be based on a Common Equity Tier 1 Capital regime, which means that eligible capital for the purposes of those standards will be required to be in the form of common equity only, subject to transitional arrangements confirmed by APRA (which are described in section 2.5).

### 3.9.2 New Zealand

#### Reserve Bank of New Zealand

The Reserve Bank of New Zealand regulates the AMP group's life insurance businesses in New Zealand. Regulations in relation to these businesses have been significantly revised in recent years, including new licensing requirements, required capital methodologies and reinsurance purchase requirements (up to a 1-in-1,000 year event).

The new regulations are expected to have limited impact on the AMP group's New Zealand business as existing governance frameworks have been adopted for consistency with the new regulatory requirements in effect.

## Section 4

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### 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 Summary and 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. The information provided to you includes:

- summary financial and capital information for the AMP group
- pro forma financial information demonstrating the effect of the Offer on the AMP group
- summary financial information for AMP on a standalone basis, and
- pro forma capital information demonstrating the effect of the Offer on the AMP group.

## 4.2 Basis of preparation

This section provides summary actual historical financial and capital information and summary pro forma financial and capital information for AMP and the AMP group. The pro forma financial and capital information has been included to illustrate the financial and capital position as at 30 June 2013, assuming AMP Notes 2 were issued on that date, together with a reinvestment of 20 per cent<sup>23</sup> of A\$ AMP Notes.

The AMP group summary actual financial information presented in this section has been extracted from the AMP group's reviewed consolidated half-yearly financial report for the half-year ended 30 June 2013 and the audited annual financial report for the year ended 31 December 2012 including the comparatives for the year ended 31 December 2011. Where required, prior periods have been restated to be consistent with current accounting policies. These reports are available at [amp.com.au](http://amp.com.au).

The pro forma financial information of AMP has been derived from the AMP group's consolidated statement of financial position presented in its financial report for the half-year ended 30 June 2013 under AMP accounting policies, after adjusting for pro forma transactions to reflect the impact of the completion of the Offer.

The financial and capital information has been prepared in accordance with the measurement and recognition principles, but not all of the presentation and disclosure requirements, of the Australian Accounting Standards, the Company's accounting policies and APRA's prudential standards. The presentation currency of the summary financial and capital information is Australian dollars.

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

<sup>23</sup> This assumption is AMP's best estimate of participation in the Reinvestment Offer, having regard to AMP's understanding of the results of similar reinvestment offers for Australian retail regulatory capital securities in light of the features and circumstances of the Reinvestment Offer.



## 4.3 Summary and selected financial information of AMP group

### 4.3.1 Historical statement of comprehensive income

	Restated <sup>(i)</sup> 12 months to 31 Dec 2011 \$m	Restated <sup>(i)</sup> 12 months to 31 Dec 2012 \$m	6 months to 30 Jun 2013 \$m
<b>Income and expenses of shareholders, policyholders, external unitholders and non-controlling interests</b>			
Life insurance premium and related revenue	1,877	2,218	1,103
Fee revenue	1,962	2,252	1,166
Other revenue	378	696	317
Investment gains and (losses)	1,548	12,258	6,488
Share of profit or (loss) of associates accounted for using the equity method	4	5	7
Life insurance claims and related expenses	(1,790)	(2,048)	(1,006)
Operating expenses	(3,437)	(4,202)	(1,957)
Finance costs	(917)	(889)	(392)
Movement in external unitholder liabilities	225	(969)	(733)
Change in policyholder liabilities			
– life insurance contracts	25	(934)	16
– investment contracts	868	(7,000)	(4,236)
Income tax (expense) credit	4	(688)	(328)
<b>Profit for the period</b>	<b>747</b>	<b>699</b>	<b>445</b>
<b>Profit attributable to shareholders of AMP Limited</b>	<b>759</b>	<b>689</b>	<b>393</b>
Profit (loss) attributable to non-controlling interests	(12)	10	52
<b>Profit for the period</b>	<b>747</b>	<b>699</b>	<b>445</b>

- (i) Prior periods have been restated retrospectively for changes in Accounting Standards adopted in 2013:
- As a result of adopting AASB 10 Consolidated Financial Statements, several entities previously not consolidated are now assessed to be controlled by the AMP group and have been consolidated into the results of the AMP group from 1 January 2013, with retrospective adjustments for 2012 and 2011. In accordance with the transition requirements of AASB 10, a number of entities have been treated as acquired on 31 December 2011, which resulted in a gain on acquisition of \$81m after tax.
  - AASB 119 Employee Benefits requires investment income of defined benefit plans to be allocated between Profit or loss and Other comprehensive income. From 1 January 2013, with retrospective adjustments for 2012 and 2011, the revised AASB119 has changed the method in which investment income is allocated between Profit or loss and Other comprehensive income but does not change Total comprehensive income.

	Restated 12 months to 31 Dec 2011	Restated 12 months to 31 Dec 2012	6 months to 30 Jun 2013
<b>Other comprehensive income</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Available-for-sale financial assets			
– gains and (losses) in fair value of available-for-sale financial assets	–	5	2
	<b>–</b>	<b>5</b>	<b>2</b>
Cash flow hedges			
– gains and (losses) in fair value of cash flow hedges	(34)	(44)	(5)
– income tax (expense) credit	11	13	2
– transferred to profit for the period	16	20	13
– transferred to profit for the period – income tax (expense) credit	(5)	(6)	(5)
	<b>(12)</b>	<b>(17)</b>	<b>5</b>
Exchange difference on translation of foreign operations			
– exchange gains (losses)	3	30	45
– transferred to profit for the period	2	3	–
– transferred to profit for the period – income tax (expense) credit	–	(1)	–
	<b>5</b>	<b>32</b>	<b>45</b>
Revaluation of hedge of net investments			
– gains and (losses) in fair value of hedge of net investments	3	(1)	(2)
– transferred to profit for the period – gross	–	(3)	–
– transferred to profit for the period – income tax (expense) credit	–	1	–
	<b>3</b>	<b>(3)</b>	<b>(2)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Defined benefit plans			
– actuarial gains and (losses)	(163)	73	109
– income tax (expense) credit	49	(22)	(33)
	<b>(114)</b>	<b>51</b>	<b>76</b>
Owner-occupied property revaluation			
– gains (losses) in valuation of owner-occupied property	9	12	10
– income tax (expense) credit	(1)	(1)	(1)
	<b>8</b>	<b>11</b>	<b>9</b>
<b>Other comprehensive income for the period</b>	<b>(110)</b>	<b>79</b>	<b>135</b>
<b>Total comprehensive income for the period</b>	<b>637</b>	<b>778</b>	<b>580</b>
<b>Total comprehensive income attributable to shareholders of AMP Limited</b>	<b>649</b>	<b>768</b>	<b>528</b>
Total comprehensive income (loss) attributable to non-controlling interests	(12)	10	52
<b>Total comprehensive income for the period</b>	<b>637</b>	<b>778</b>	<b>580</b>

## 4.3.2 Historical and pro-forma statement of financial position

	Restated <sup>(i)</sup> As at 31 Dec 2011 \$m	Restated <sup>(i)</sup> As at 31 Dec 2012 \$m	As at 30 Jun 2013 \$m	Adjustments <sup>(ii)</sup> \$m	Pro-forma As at 30 Jun 2013 \$m
<b>Assets</b>					
Cash and cash equivalents	4,816	4,388	5,111	154	5,265
Receivables	2,316	2,077	2,485	–	2,485
Current tax assets	248	22	68	–	68
Inventories and other assets	294	210	215	–	215
Investments in financial assets	90,682	101,132	103,241	–	103,241
Investment properties	7,424	6,508	6,678	–	6,678
Investments in associates accounted for using the equity method	115	81	89	–	89
Property, plant and equipment	1,016	1,040	1,026	–	1,026
Deferred tax assets	1,125	1,217	1,161	–	1,161
Intangibles	4,677	4,502	4,427	–	4,427
Assets of disposal groups	–	187	37	–	37
<b>Total assets of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests</b>	<b>112,713</b>	<b>121,364</b>	<b>124,538</b>	<b>154</b>	<b>124,692</b>
<b>Liabilities</b>					
Payables	2,332	2,288	2,109	–	2,109
Current tax liabilities	86	82	229	–	229
Provisions	584	614	537	–	537
Other financial liabilities	2,607	2,337	2,637	–	2,637
Borrowings	12,373	12,362	13,182	–	13,182
Subordinated debt	949	1,111	1,120	154	1,274
Deferred tax liabilities	961	1,425	1,538	–	1,538
External unitholder liabilities	8,126	9,702	8,763	–	8,763
Life insurance contract liabilities	24,399	25,055	24,796	–	24,796
Investment contract liabilities	52,940	58,385	61,472	–	61,472
Defined benefit plan liabilities	370	286	171	–	171
Liabilities of disposal groups	–	74	5	–	5
<b>Total liabilities of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests</b>	<b>105,727</b>	<b>113,721</b>	<b>116,559</b>	<b>154</b>	<b>116,713</b>
<b>Net assets of shareholders of AMP Limited and non-controlling interests</b>	<b>6,986</b>	<b>7,643</b>	<b>7,979</b>	<b>–</b>	<b>7,979</b>
<b>Equity</b>					
Contributed equity	9,074	9,333	9,486	–	9,486
Reserves	(2,540)	(2,157)	(2,087)	–	(2,087)
Retained earnings	364	332	448	–	448
<b>Total equity of shareholders of AMP Limited</b>	<b>6,898</b>	<b>7,508</b>	<b>7,847</b>	<b>–</b>	<b>7,847</b>
Non-controlling interests	88	135	132	–	132
<b>Total equity of shareholders of AMP Limited and non-controlling interests</b>	<b>6,986</b>	<b>7,643</b>	<b>7,979</b>	<b>–</b>	<b>7,979</b>

(i) Prior periods have been restated retrospectively for changes in Accounting Standards adopted in 2013. As a result of adopting AASB 10 Consolidated Financial Statements, several entities previously not consolidated are now assessed to be controlled by the AMP group and have been consolidated into the results of the AMP group from 1 January 2013, with retrospective adjustments for 2012 and 2011.

(ii) These adjustments assume a \$200m Offer and that holders of 20% in aggregate of the face value of the A\$ AMP Notes will participate in the Reinvestment Offer, less transaction fees. The actual rate of participation may be higher or lower than this assumption. Assuming a \$200m Offer, if the participation rate is higher than 20% the adjustment will be lower, and if it is lower than 20% the adjustment will be higher.

### 4.3.3 Historical reconciliation of segment profit after tax

	Restated <sup>(i)</sup> 12 months to 31 Dec 2011 \$m	Restated <sup>(i)</sup> 12 months to 31 Dec 2012 \$m	6 months to 30 Jun 2013 \$m
<b>Reconciliation of segment profit after tax</b>			
Australian Wealth Management	322	347	196
Australian Wealth Protection	215	190	64
Australian Mature	153	167	85
AMP Financial Services New Zealand	76	73	46
AMP Financial Services	766	777	391
AMP Capital	83	99	51
<b>Business unit operating earnings</b>	<b>849</b>	<b>876</b>	<b>442</b>
Group office costs	(59)	(66)	(32)
<b>Total operating earnings</b>	<b>790</b>	<b>810</b>	<b>410</b>
Underlying investment income	183	226	66
Interest expense on corporate debt	(82)	(86)	(36)
AMP Limited tax loss recognition	16	–	–
<b>Underlying Profit</b>	<b>907</b>	<b>950</b>	<b>440</b>
Other items	16	21	(5)
AMP AAPH integration costs	(105)	(128)	(31)
Amortisation of AMP AAPH acquired intangible assets	(75)	(99)	(47)
<b>Profit before market adjustments and accounting mismatches</b>	<b>743</b>	<b>744</b>	<b>357</b>
Market adjustment – investment income	(50)	(12)	3
Market adjustment – annuity fair value	13	(9)	10
Market adjustment – risk products	53	(4)	5
Accounting mismatches	–	(30)	18
<b>Profit attributable to shareholders of AMP Limited</b>	<b>759</b>	<b>689</b>	<b>393</b>

(i) Prior periods have been restated retrospectively for changes in Accounting Standards adopted in 2013. Refer to footnote to Statement of comprehensive income for further details.

## 4.4 Selected information of AMP Ltd parent entity (standalone)

### 4.4.1 Historical statement of comprehensive income

	12 months to 31 Dec 2011 \$m	12 months to 31 Dec 2012 \$m	6 months to 30 Jun 2013 \$m
<b>Income and expenses</b>			
Service fee revenue from subsidiaries	16	12	6
Dividends from subsidiaries	280	295	1,244
Interest revenue	3	2	1
Operating expenses	(16)	(13)	(7)
Income tax (expense) credit	69	5	2
<b>Profit for the period</b>	<b>352</b>	<b>301</b>	<b>1,246</b>
<b>Other comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>352</b>	<b>301</b>	<b>1,246</b>

## 4.4.2 Historical and pro forma condensed statement of financial position

	As at 31 Dec 2011 \$m	As at 31 Dec 2012 \$m	As at 30 Jun 2013 \$m	Adjustments <sup>(i)</sup> \$m	Pro-forma As at 30 Jun 2013 \$m
<b>Assets</b>					
Advances to subsidiaries	767	620	1,604	–	1,604
Other current assets	4	60	6	200	206
Investment in subsidiaries	10,807	10,807	10,807	–	10,807
Other non-current assets	333	65	62	–	62
<b>Total assets</b>	<b>11,911</b>	<b>11,552</b>	<b>12,479</b>	<b>200</b>	<b>12,679</b>
<b>Liabilities</b>					
Current liabilities	279	63	34	–	34
Non-current liabilities	2	2	2	200	202
<b>Total liabilities</b>	<b>281</b>	<b>65</b>	<b>36</b>	<b>200</b>	<b>236</b>
<b>Net assets</b>	<b>11,630</b>	<b>11,487</b>	<b>12,443</b>	<b>–</b>	<b>12,443</b>
<b>Equity</b>					
Contributed equity	9,297	9,610	9,685	–	9,685
Reserve	10	15	16	–	16
Retained earnings	2,323	1,862	2,742	–	2,742
<b>Total equity</b>	<b>11,630</b>	<b>11,487</b>	<b>12,443</b>	<b>–</b>	<b>12,443</b>

(i) Transaction costs are paid by AMP Finance Services. Therefore, the subordinated debt is recognised gross (ie \$200m) by AMP Ltd Parent entity (standalone).

## 4.5 Capital management

The AMP group holds capital to protect customers, creditors and 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 (MRR). 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 MRR 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 ADI Prudential Standards
- AMP Capital and other ASIC regulated businesses – capital requirements under AFSL.

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. The AMP group excludes the interest bearing liabilities of its banking subsidiary, AMP Bank, life insurance subsidiaries (AMP Life and NMLA) and controlled investment subsidiaries and trusts from the AMP group capital resources. Included within interest-bearing liabilities are subordinated debt instruments that qualify as regulatory capital under APRA's prudential standards.

As at 30 June 2013 the shareholder regulatory capital resources above MRR were \$1,703 million (pro forma LAGIC 31 December 2012: \$1,372 million). Shareholder regulatory capital resources above MRR will vary throughout the year due to various factors including investment market movements, dividend payments and the retention of profits.

AMP Notes 2 will not be recognised as regulatory capital of AMP for APRA purposes, subject to the transitional arrangements described in section 2.5. This is consistent with the draft prudential standards issued in May 2013 relating to the supervision of conglomerate groups. The issue of AMP Notes 2 and the Reinvestment Offer illustrated in the table below will, net of transaction costs, reduce AMP group's regulatory capital.

AMP expects that a substantial part of the proceeds of the issue of AMP Notes 2 will be used to fund Tier 2 Capital of one or more Regulated Entities within the AMP group. This will reduce MRR and increase shareholder regulatory capital resources above MRR.

	Pro forma LAGIC <sup>(i)</sup>			Pro-forma
	As at 31 Dec 2012 \$m	As at 30 Jun 2013 \$m	Adjustment \$m	As at 30 Jun 2013 \$m
AMP Shareholder equity <sup>(ii)</sup>	7,744	7,955	–	7,955
Allowable hybrid Tier 1 instruments	–	–	–	–
Less goodwill and other intangibles <sup>(iii)</sup>	(3,808)	(3,807)	(6)	(3,813)
Less other deductions <sup>(iv)</sup>	(1,867)	(1,858)	–	(1,858)
<b>Common Equity Tier 1 Capital</b>	<b>2,069</b>	<b>2,290</b>	<b>(6)</b>	<b>2,284</b>
AMP Notes <sup>(v)</sup>	296	296	(40)	256
AMP Notes 2	–	–	200	200
Other subordinated debt	583	683	–	683
<b>Term subordinated debt</b>	<b>879</b>	<b>979</b>	<b>160</b>	<b>1,139</b>
AMP Notes 2 (not eligible as regulatory capital at AMP group) <sup>(vi)</sup>	–	–	(160)	(160)
<b>Total regulatory capital</b>	<b>2,948</b>	<b>3,269</b>	<b>(6)</b>	<b>3,263</b>
Total capital resources	9,323	9,634	160	9,794
Intangibles	(3,808)	(3,807)	(6)	(3,813)
Tangible capital resources	5,515	5,827	154	5,981
Senior debt	(700)	(700)	–	(700)
AMP Notes 2 (not eligible as regulatory capital at AMP group)	–	–	(160)	(160)
Other deductions <sup>(iii)</sup>	(1,867)	(1,858)	–	(1,858)
Regulatory capital resources	2,948	3,269	(6)	3,263
Shareholder minimum regulatory capital requirements (MRR)	1,576	1,566	–	1,566
<b>Shareholder regulatory capital resources above MRR</b>	<b>1,372</b>	<b>1,703</b>	<b>(6)</b>	<b>1,697</b>

(i) 31 December 2012 capital position shown after allowing for the impact of LAGIC, for illustrative purposes, which applied from 1 January 2013 and reduced surplus capital by \$272 million.

(ii) Shown after accounting mismatches, cash flow hedges reserves, and other adjustments.

(iii) Intangibles include transaction costs.

(iv) Other deductions include LAGIC regulatory adjustments and AMP Bank securitisation deductions.

(v) Participation in the Reinvestment Offer is estimated at \$40m, being 20% of the face value of the A\$ AMP Notes. The actual rate of participation may be higher or lower than this assumption. Assuming a \$200m Offer, if the participation rate is higher than 20% the adjustment will be lower, and if it is lower than 20% the adjustment will be higher.

(vi) To the extent AMP Notes 2 are not used to fund the refinancing of the AMP Notes, they will not count towards AMP group's regulatory capital base.

## Section 5

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### Investment risks

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

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

It is important that you consider whether an investment in AMP Subordinated Notes 2 is suitable for you before applying for AMP Subordinated Notes 2.

- 5.1 Risks associated with investing in AMP Subordinated Notes 2
- 5.2 Risks associated with AMP and the AMP group
- 5.3 Risks relating to the merger of AMP with AMP AAPH's Australian businesses

## 5.1 Risks associated with investing in AMP Subordinated Notes 2

### 5.1.1 AMP Subordinated Notes 2 are unsecured and subordinated obligations

AMP Notes 2 are unsecured and subordinated notes to be issued by AMP.

AMP Notes 2 are not secured over any of the AMP group's assets. They are not deposit liabilities of AMP Bank or any other member of the AMP group and are not policies with any member of the AMP group for the purposes of the Life Insurance Act. They are also not investments in any superannuation or other fund managed by a member of the AMP group.

AMP Notes 2 are claims on AMP. AMP is a non-operating holding company. A substantial majority of its assets are its investments in other members of the AMP group. Its claims in respect of those investments rank behind depositors, policyholders and other creditors in a winding-up of those companies. Holders have no claim on any other members of the AMP group for payment of any amount in respect of AMP Notes 2.

On a winding-up of AMP (if a Non-Viability Trigger Event has not occurred), AMP Notes 2 rank for payment behind Senior Creditors. Holders will lose the money invested in AMP Notes 2, and any Interest due and unpaid at that time, if there are insufficient assets to satisfy Senior Creditors in a winding-up of AMP.

If a Non-Viability Trigger Event occurs and AMP Notes 2 are Converted, Holders will rank equally with other holders of AMP Ordinary Shares for the return of any surplus assets in a winding-up of AMP after payment of all creditors and holders of any preference shares. If the AMP Ordinary Shares to which certain Holders would have been entitled upon Conversion are issued to a Sale and Transfer Agent, because the Holders are either Ineligible Holders or they elected not to receive AMP Ordinary Shares, such Holders will have the right to receive the cash proceeds of the sale of the AMP Ordinary Shares on market, and will have no claim against AMP or any other member of the AMP group in respect of their AMP Notes

2. If AMP Notes 2 are unable to be Converted for any reason, they will be immediately and irrevocably Written-off and the rights of Holders under AMP Notes 2 will be terminated and Holders will have no claim on the assets of AMP or any other member of the AMP group.

### 5.1.2 All payments on AMP Subordinated Notes 2 are subject to satisfaction of the Solvency Condition

All of AMP's obligations to make payments in respect of AMP Notes 2 are subject to the Solvency Condition being satisfied.

If the Solvency Condition is not satisfied, that is, if AMP is not able to pay its debts as they become due and payable and AMP's assets do not exceed its liabilities both at the time of making the payment and immediately after making the payment, no payment will be made. AMP's failure to pay will not be an Event of Default and any unpaid amount will accrue interest until it is paid and will be payable on the first Interest Payment Date (in the case of Interest) or the first date (in the case of any other amount) on which AMP may pay the amount in compliance with the Solvency Condition. However, if a Non-Viability Trigger Event occurs and AMP is required to Convert or Write-off AMP Notes 2, AMP's accrued and future obligations to make payments in respect of the AMP Notes 2 which are required to be Converted or Written-off will cease, in which case, Holders will have no rights to recover any unpaid amounts.

### 5.1.3 Market price of AMP Subordinated Notes 2

The market price of AMP Notes 2 may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, changes in interest rates, credit margins, foreign exchange rates, credit ratings and capital markets, and other factors that may affect the AMP group's financial performance and capital position. There is a risk that one or more of these factors will cause the market value of AMP Notes 2 to decline and trade at a market price below the Face Value. The occurrence of a Non-Viability Trigger Event is also likely to cause the market price of AMP Notes 2 to decline.

If credit spreads on debt securities widen, the Margin payable on AMP Notes 2 (as determined



in the Bookbuild) will be less attractive to purchasers of AMP Notes 2 than at the Issue Date. Accordingly, the market price of AMP Notes 2 may reduce to reflect the lower price new investors are willing to pay for AMP Notes 2 given the below-market margin.

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

As a result, Holders who wish to sell their AMP Notes 2 before the Maturity Date may incur loss if AMP Notes 2 trade at a market price below the amount at which AMP Notes 2 were acquired. AMP is unable to forecast or guarantee the market price of AMP Notes 2. Unlike AMP Ordinary Shares, AMP Notes 2 do not provide a material exposure to growth in the AMP group's business.

#### **5.1.4 Liquidity**

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

#### **5.1.5 Changes in the Interest Rate**

The Interest Rate is calculated for each Interest Period by reference to the Market Rate (being the average of rates obtained from approved trading venues by the Australian Financial Markets Association as the rates at which certain banks are prepared to lend short-term cash to each other), which is influenced by a number of factors and varies over time. The Interest Rate will fluctuate and may increase or decrease over time as a result of movements in the Market Rate (see section 2.2). AMP does not control the Market Rate nor the means by which it is determined, which may change.

As the Interest 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.

#### **5.1.6 Conversion on account of a Non-Viability Trigger Event**

If a Non-Viability Trigger Event occurs, AMP may be required to immediately and irrevocably Convert some or all AMP Notes 2 into AMP Ordinary Shares in accordance with a Non-Viability Determination. This could be at any time. Accordingly, any such Conversion on account of a Non-Viability Trigger Event may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing.

#### **Non-Viability Trigger Event**

A Non-Viability Trigger Event occurs when APRA provides a written determination to AMP that the conversion or write-off of Relevant Subordinated Instruments (which may include some or all of AMP Notes 2) in accordance with their terms or by operation of law is necessary because either:

- without the conversion or write-off, or
- without a public sector injection of capital into, or equivalent capital support with respect to, AMP,

APRA considers that AMP would become non-viable.

Whether a Non-Viability Trigger Event will occur is at the discretion of APRA. APRA has not given any guidance as to how it would determine non-viability and has indicated that it will not publish further guidance on the parameters used to determine non-viability. As at the date of this prospectus, APRA has not made a determination of non-viability. The requirements to include non-viability trigger events in capital instruments were introduced only on 1 January 2013. 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 Trigger 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 Trigger Event.

Non-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 Ordinary Shares) to avoid the risk of a Non-Viability Trigger Event.

If only an amount of Relevant Subordinated Instruments is required to be converted, AMP will determine the amount of AMP Notes 2 which will be Converted and other Relevant Subordinated Instruments which will be converted or written-off as follows:

- first, AMP will convert or write-off all Relevant Perpetual Subordinated Instruments before Converting the AMP Notes 2; and
- second, if conversion or write-off of Relevant Perpetual Subordinated Instruments is less than the amount sufficient to satisfy APRA that AMP would not become non-viable (and provided that APRA has not withdrawn the Non-Viability Determination as a result of the conversion or write-off of the Relevant Perpetual Subordinated Instruments), AMP will Convert some or all of AMP Notes 2 and will convert or write-off other Relevant Term Subordinated Instruments in an amount which, when added to the amount of Relevant Perpetual Subordinated Instruments converted or written-off, will satisfy APRA.

AMP currently has no Relevant Perpetual Subordinated Instruments on issue and has no obligation to issue any. If AMP does issue any Relevant Perpetual Subordinated Instruments, it has no obligation to keep them on issue while AMP Notes 2 are outstanding. This means that, if a Non-Viability Trigger Event occurs, some or all of the AMP Notes 2 would be required to be Converted and some or all of the other Relevant

Term Subordinated Instruments (if any are on issue at the time) would be required to be converted or written-off.

In Converting AMP Notes 2 or converting or writing-off other Relevant Term Subordinated Instruments, AMP will endeavour to treat Holders and holders of other Relevant Term Subordinated Instruments on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels of AMP Notes 2 and other logistical considerations and the need to effect Conversion immediately. The exercise of this power to discriminate may adversely affect Holders.

### Effect of a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs:

- AMP must immediately Convert the relevant amount of AMP Notes 2 on issue (if required to Convert any AMP Notes 2) into the Conversion Number of AMP Ordinary Shares. If AMP is unable to Convert AMP Notes 2 within five Business Days after the date on which the Non-Viability Trigger Event occurs, the AMP Notes 2 will be Written-off
- from the date the Non-Viability Trigger Event occurs, AMP will treat Holders as having been issued the Conversion Number of AMP Ordinary Shares. AMP expects any ASX trades in AMP Notes 2 that have not settled on the date a Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+3 settlement, although AMP expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of AMP Ordinary Shares into which AMP Notes 2 have been Converted as a result of the occurrence of the Non-Viability Trigger Event
- alternatively, AMP may immediately seek a trading halt to prevent further trading in AMP Notes 2 on ASX, and if ASX permits, may refuse to register transfers of AMP Notes 2 that have not settled—this may result in disruption or failures in trading or dealings in AMP Notes 2 (which may cause a Holder to suffer loss)
- AMP may make such decisions with respect to the identity of Holders as at the Conversion Date as may be necessary or desirable to

ensure Conversion occurs in an orderly manner, including disregarding any transfers of AMP Notes 2 that have not been settled or registered at that time

- Holders will not receive prior notice of the Conversion or have any rights to vote in respect of any Conversion
- the AMP Ordinary Shares issued on Conversion following a Non-Viability Trigger Event may not be quoted at the time of issue, or at all.

#### **Conversion following a Non-Viability Trigger Event**

The number of AMP Ordinary Shares that a Holder will receive on Conversion following a Non-Viability Trigger 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.

So, this will result in a Holder receiving AMP Ordinary Shares that may be worth significantly less than the Face Value of AMP Notes 2 and the Holder suffering loss as a result. This is because:

- the number of AMP Ordinary Shares a Holder may receive on Conversion is limited to the Maximum Conversion Number and this number of AMP Ordinary Shares may have a value of less than the Face Value
- the number of AMP Ordinary Shares is calculated by reference to the price of AMP Ordinary Shares in the five Business Days on which trading in AMP Ordinary Shares took place immediately preceding (but not including) the Conversion Date which may differ from the AMP Ordinary Share price on or after that date
- the AMP Ordinary Shares may not be listed. The AMP Ordinary Shares may not be able to be sold at prices representing their value based on the VWAP. In particular, VWAP prices will be based wholly or partly on trading days which occurred before the Non-Viability Trigger Event
- as noted in section 2.4, the Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification, or pro rata bonus issues,

of AMP Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of AMP Ordinary Shares, including for example rights issues, returns of capital, 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.

#### **Inability Event**

Following a Non-Viability Trigger Event, if AMP is required to Convert AMP Notes 2 but is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding-up of AMP or other external administration of AMP) or any other reason from Converting AMP Notes 2 (an Inability Event), and the Inability Event is subsisting and Conversion has not been effected within five Business Days of the Conversion Date, AMP Notes 2 will not be Converted. Instead, the rights of the Holder, including to any accrued or future payment of Interest and repayment of Face Value, in relation to such AMP Notes 2 will be immediately and irrevocably Written-off and terminated and Holders will suffer loss as a result. Holders will not be compensated for any loss suffered.

Those laws and the grounds on which a court or government authority may make orders preventing the Conversion of AMP Notes 2 may change and the change may be adverse to the interests of Holders. There may be other reasons why AMP is prevented from Converting the Notes into AMP Ordinary Shares, including, but not limited to, operational impediments, loss of records, disruption in the markets and force majeure.

An Inability Event is taken to have occurred and be subsisting if the Issuer receives advice to that effect from reputable legal counsel (but the obtaining of advice must not delay or impede Write-off).

#### **Consequences of holding AMP Ordinary Shares**

AMP Ordinary Shares are a different type of investment to AMP Notes 2. Dividends are payable at the absolute discretion of AMP and

the amount of each dividend is discretionary (ie, not subject to a formula). In a winding-up of AMP, claims of holders of AMP Ordinary Shares rank behind claims of holders of all other securities and debts of AMP. The market price of AMP Ordinary Shares may be more sensitive than that of AMP Notes 2 to changes in AMP's performance, operational issues and other business issues.

#### **5.1.7 AMP may redeem AMP Subordinated Notes 2 early in certain circumstances**

AMP may (subject to APRA's prior written approval, which is in its discretion and may not be given) elect to redeem:

- some or all of AMP Notes 2 on 18 December 2018 or any subsequent Interest Payment Date, or
- all (but not some) of AMP Notes 2 upon the occurrence of a Tax Event or a Regulatory Event (if AMP did not expect on the Issue Date that the event would occur).

AMP Notes 2 will be redeemed at their Face Value of \$100 per AMP Note 2 (plus any accrued and unpaid Interest). There is a risk that the amount received on redemption may be less than the then current market value of AMP Notes 2. The timing of any redemption may not accord with a Holder's individual financial circumstances or tax position.

#### **5.1.8 No rights for Holders to request or require redemption or acceleration of repayment**

Holders have no right to request or require redemption or to accelerate repayment of their AMP Notes 2 prior to the Maturity Date (except where an order has been made or an effective resolution passed for the winding-up of AMP). Therefore, prior to the Maturity Date, unless AMP elects to redeem AMP Notes 2 (subject to APRA's prior written approval, which is in its discretion and may not be given), Holders can only realise their investment in AMP Notes 2 by selling them at the prevailing market price on ASX. There is a risk that the prevailing market price will be less than the Face Value of AMP Notes 2 and/or that the market for AMP Notes 2 may not be liquid. AMP does not guarantee that you will be able to sell your AMP Notes 2 on ASX at an

acceptable price, or at all. You may also have to pay brokerage fees if your AMP Notes 2 are sold through a broker. You may suffer a loss as a result.

#### **5.1.9 Restriction on Holders' enforcement rights**

Enforcement of Holders' rights requires the taking of action by the Trustee. The Trustee is not bound to take any action under the Trust Deed unless it is directed to do so in writing by Holders of at least 15 per cent of the aggregate Face Value of all AMP Notes 2 outstanding or by a Holder Resolution and it is indemnified and secured for its costs to its reasonable satisfaction. A Holder has no direct right of claim against AMP in respect of AMP Notes 2 unless the Trustee fails to take action within 14 days of becoming bound to do so, and that failure is continuing.

#### **5.1.10 AMP may fail to pay Face Value, Interest or other amounts**

There is a risk that AMP may not pay when scheduled or default on payment of some or all of the Face Value, Interest or other amounts payable on AMP Notes 2. If AMP does not pay the amount owing, Holders may lose some or all of the money invested in AMP Notes 2.

The remedies of the Holders in the event of non-payment are limited. Failure to pay because the Solvency Condition is not satisfied is not an Event of Default.

If an amount is not paid when the Solvency Condition is satisfied, that is an Event of Default and the Trustee may institute proceedings:

- for the recovery of the amount then due and payable but unpaid
- to obtain a court order for specific performance, or
- to institute proceedings for the winding-up of AMP.

The Trustee and Holders are not entitled to accelerate payment on account of such non-payment or other breach by AMP of its obligations.

There is a risk that the entire amount owed may not be recovered even if the Trustee institutes proceedings against AMP. Further, although the

Terms may specify certain remedies (for example, seeking an order for the winding-up of AMP), the grant of those remedies may be in the discretion of the court, and as such may not be granted.

#### **5.1.11 Future issues or redemptions of securities by AMP**

AMP Notes 2 do not in any way restrict AMP and other AMP group entities from issuing further securities or from incurring further indebtedness at any time. AMP's obligations under AMP Notes 2 rank subordinate and junior in a winding-up of AMP to AMP's obligations to Senior Creditors, including holders of senior ranking securities and instruments. Any return of capital to Holders and the market price or liquidity of AMP Notes 2 may be affected by an increase in senior or equal ranking creditors.

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

- rank for payments of principal or interest (including on the winding-up of AMP) equal with, behind or ahead of AMP Notes 2
- have the same or different maturities as AMP Notes 2
- have the same or different dividend, interest or distribution rates as those for AMP Notes 2, and
- have the same or different terms and conditions as AMP Notes 2.

An investment in AMP Notes 2 carries 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 Ordinary Shares on Conversion in accordance with the Terms.

No prediction can be made as to the effect, if any, that any future issue of securities by AMP may have on the market price or liquidity of AMP Notes 2 or the likelihood of AMP making payments on AMP Notes 2.

AMP Notes 2 do not restrict any member of the AMP group from redeeming, buying back or undertaking a reduction of capital or otherwise repaying its other securities (whether existing securities or those that may be issued in the future). AMP may redeem AMP Notes 2 on the occurrence of a Tax Event or a Regulatory Event or on 18 December 2018 or any subsequent Interest Payment Date. Any redemption is subject

to the prior written approval of APRA. Approval is in the discretion of APRA and may not be given.

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

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

#### **5.1.12 Exposure to the AMP group's financial performance and position**

If the AMP group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in AMP Notes 2 could decline in value. Accordingly, when you evaluate whether to invest in AMP Notes 2 you should carefully evaluate the investment risks associated with an investment in AMP and the AMP group (see section 5.2).

#### **5.1.13 Changes to credit ratings**

AMP and AMP group's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by their credit ratings (including any long-term credit ratings or the ratings assigned to any class of AMP's securities). Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Such changes could adversely affect the market price, liquidity and performance of AMP Notes 2.

#### **5.1.14 Regulatory classification and prudential supervision**

APRA has advised that, given the proposed changes to the supervision of conglomerate groups, AMP Notes 2 will not constitute Tier 2 Capital of the AMP group but that it does not object to the AMP group using the proceeds of their issue to fund Tier 2 Capital of one or more Regulated Entities within the AMP group. AMP expects to use a substantial part of the proceeds of issue for that purpose.

However, in certain circumstances, if following a notification from, or announcement or determination by APRA, the directors of AMP subsequently determine that APRA objects, or will object, to AMP group using, or having used, the proceeds of the issue of some or all of the AMP Notes 2 to fund Tier 2 Capital of a Regulated Entity within the AMP group (other than where that event is a result of the implementation of the changes to the supervision of conglomerate groups in the form proposed by APRA as at the Issue Date), AMP may decide that a Regulatory Event has occurred. A Regulatory Event may also occur if additional requirements which the directors determine to be unacceptable are imposed on AMP in respect of AMP Notes 2. AMP may then elect, at its option, to redeem all (but not some) AMP Notes 2 on issue (subject to APRA's prior written approval and so long as AMP did not expect on the Issue Date that the event would occur). Certain changes to the supervision of conglomerate groups are currently proposed as described in section 2.5 above. The implementation of these changes in the form proposed by APRA as at the Issue Date will not give rise to a Regulatory Event.

Any such redemption is at AMP's option and may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to AMP Notes 2 (such as Interest) is unknown.

The fact that a Regulatory Event occurs does not affect the Terms and in particular, does not affect the circumstances where the AMP Notes 2 are required to be Converted or Written-off if a Non-Viability Trigger Event occurs.

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

### **5.1.15 Australian tax consequences**

A general outline of the tax consequences of investing in AMP Notes 2 for certain potential investors who are Australian residents for tax purposes is set out in the Australian taxation summary in section 8. This 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.

If, as a result of any change in, or amendment to, the laws in force in Australia, or any change in their application or judicial interpretation, which becomes effective after the Issue Date:

- payment of Interest on AMP Notes 2 is not, or may not be, allowed as a deduction for AMP's Australian income tax liability calculation, or
- there is a risk that AMP would be exposed to other adverse tax consequences (other than the payment of Additional Amounts) in relation to AMP Notes 2.

AMP may elect to redeem all (but not some) of AMP Notes 2 (subject to APRA's prior written approval and so long as AMP did not expect on the Issue Date that the event would occur) – see section 2.3.

### **5.1.16 Alteration of Terms**

Subject to the Terms and complying with the Corporations Act and all other applicable laws, AMP may, with the approval of the Trustee, alter the Terms without the approval of Holders in certain circumstances. The circumstances include where the alteration is of a formal or technical or minor nature, made to cure any ambiguity or correct any obvious error, necessary to comply with applicable laws or to maintain quotation of AMP Notes 2 on ASX or otherwise not materially prejudicial to the interests of the Holders as a whole. In the case of alterations made to comply with applicable laws or to maintain quotation of AMP Notes 2 on ASX and alterations not otherwise materially prejudicial to the interests of the 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 such alteration is not materially prejudicial to the interests of Holders as a whole.

AMP may also alter the Terms with the approval of the Trustee and the requisite majority of Holders. The majority may be 50 per cent or 75 per cent, depending on the circumstances and in each case as determined in accordance with the Trust Deed. Alterations under these powers are binding on all Holders despite the fact that a Holder may not agree with the alteration.

Any alteration which may cause APRA to object to AMP group using, or having used, the proceeds of the issue of some or all of the AMP Notes 2 to fund Tier 2 Capital of a Regulated Entity within the AMP group, is subject to the prior written consent of APRA.

#### **5.1.17 Holders may be subject to FATCA withholding and information reporting**

It is possible that, in order to comply with FATCA, AMP (or if AMP Notes 2 are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the United States Internal Revenue Service (**IRS**) or under applicable law) to request certain information from Holders or beneficial owners of AMP Notes 2, which information may be provided to the IRS, and to withhold US tax on some portion of payments made after 31 December 2016 with respect to AMP Notes 2 if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). If AMP or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of AMP Notes 2, Holders and beneficial owners of AMP Notes 2 will not be entitled to receive any gross up or additional amounts to compensate them for that withholding. This description is based on guidance issued to date by the IRS, including recently finalised regulations. Future guidance may affect the application of FATCA to AMP Notes 2, including but not limited to, the proposed Intergovernmental Agreement (**IGA**) between Australia and the United States. The requirements of FATCA may not impact on all Holders in the same way. Holders should

obtain their own advice about the requirements of FATCA.

#### **5.1.18 Shareholding limits**

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

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

If any applicable limit on shareholding would be exceeded by a Holder when AMP Notes 2 are issued on Conversion, the Holder will be ineligible to receive the AMP Ordinary Shares and the AMP Ordinary Shares to which it would have been entitled 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.

Holders should take care to ensure that by acquiring any AMP Notes 2 (taking into account any AMP Ordinary Shares into which they may Convert), Holders do not breach any applicable restrictions on ownership.

#### **5.1.19 No rights if control of AMP is acquired**

If a person or persons acquire control of AMP the Terms do not provide any right or remedy for the Holders on account of that acquisition occurring. Further, the acquisition of AMP may result in AMP Ordinary Shares no longer being

quoted on ASX. If after that has occurred a Non-Viability Trigger Event occurs, the number of AMP Ordinary Shares issued on Conversion will reflect the VWAP for the period of five Business Days on which the AMP Ordinary Shares were last traded on ASX. This may be well before the Non-Viability Trigger Event and accordingly the value of the Conversion Number of AMP Ordinary Shares when issued may be very different to the value based on that VWAP. This may adversely affect the position of Holders.

## 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 AMP Notes 2 as AMP's ability to fulfil its obligation under, or in respect of, AMP Notes 2 (including AMP's ability to pay principal and Interest) 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 AMP Notes 2 remain in force, are 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 including 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. 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 the interest rates and on-going periods of high volatility, could have a material impact on the financial performance and position of the AMP group.

Investment performance also affects the level of investment return on shareholders' funds and seed pool assets and in turn the financial performance and position of the AMP group and the level of capital available to support the AMP group's businesses. Funds, including shareholders' funds, are invested in a variety of investments which are linked to the performance of a variety of asset classes, including, but not limited to, cash, Australian and international equities, fixed interest, property, infrastructure and private equity. Funds, including shareholders' funds, may also be invested in unlisted assets (including seed pool assets acquired to 'seed' or test new funds or opportunities) for which valuations may not be readily available. Determining the valuations of unlisted assets may be subjective in nature and is difficult in times of volatility and reduced liquidity.

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 materially 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 performance

Demand for the AMP group's financial products and services is affected by the investment performance of a number of entities within the AMP group, including AMP Capital, relative to the investment performance of its peers or market



returns more generally. 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 may lead to a decline in assets under management and a decline in fee income including performance and transaction fees, which may have an 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/or a downgrade in the credit rating of any member of the AMP group (in particular, AMP, AMP Life, NMLA and AMP Bank). 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 debt market relationships.

A deterioration of financial market conditions may also have a material adverse impact on the financial performance and position of the AMP group, and its ability to perform its obligations in respect of AMP Notes 2, including the payment of Interest and principal.

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. In the event of breach the financiers have the ability to demand immediate repayment of the debt and enforce their other rights, which may give rise to the funding risks described above. To the extent those 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 and

- 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 holders of 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, the risk before hedging is inherently likely to be greatest in AMP Bank and the AMP Life and NMLA investment portfolios. 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 funds managed by AMP Capital, which may have a material adverse impact on the AMP group's reputation, management fee income, other asset values, financial performance and position.

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.

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, OTC derivative counterparties, and loans to non-wholly owned subsidiaries including AMP Capital and loans to joint ventures including Super IQ Pty Limited. 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, and earnings from non-Australian subsidiaries.

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

#### **Defined benefit fund**

The AMP group's defined benefit superannuation funds are required to pay certain benefits even if those benefits exceed the returns from the relevant investments, exposing the AMP group to loss, and reducing the level of capital available to support its business units. Defined benefit liabilities are discounted using a blend between Australian Government bonds and

State Government bonds. A reduction in the rate at which defined benefit liabilities are discounted may have a material adverse impact on the AMP group's financial performance and position, including the capital position.

The defined benefit superannuation funds are presently in deficit, as defined under 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.

#### **Derivative instruments**

Interest rate, currency and equity market fluctuations could have a material adverse effect on the values of derivative instruments used by the AMP group to hedge its debt and capital position, protect investments and create exposure to specific asset classes. The AMP group is required to recognise certain movements in the market value 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.

#### **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**

Certain Australian financial services licensees within the AMP group may be required to buy a financial advisory business or register of clients from authorised representatives within the licensees' network based on a pre-agreed formula, typically when the owner of the financial advisory business permanently leaves the industry. Following the introduction of the Future of Financial Advice (FOFA) regulatory changes, registers with trailing commission entitlements on certain products may not be able to be on-sold in certain circumstances. The new Federal Government is aware of industry concerns about this issue and is considering its position as part of a general examination of the FOFA regulations. In addition, the regulatory changes could result in businesses having lower values over time. These businesses or books of business may not be able to be on-sold or on-sold at the same or higher value, which may have a material adverse impact on the financial performance and position of the AMP group. The FOFA and Stronger Super regulatory changes may also accelerate the decision of some financial advisors to leave the industry and therefore

increases the risk of larger numbers of financial advisors selling their businesses or books of business back to the AMP licensees.

### 5.2.2 Regulatory risk

#### Changes in government policy, legislation or regulation

The AMP group provides life insurance, investment and superannuation products, and financial planning, banking products and services. Providers and distributors of these 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 and the National Consumer Credit Protection Act. This regulatory regime is complex and is presently undergoing change, including the FOFA regulatory changes, the Stronger Super regulatory changes, the new APRA prudential standard for superannuation funds, and FATCA.

Under the FOFA regulatory changes, 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 new statutory best interest 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 on 1 July 2012, until mandatory compliance began on 1 July 2013 for all obligations. 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.

The Stronger Super regulatory changes seek to implement the outcomes of the Government's review into the governance, efficiency, structure and operation of Australia's superannuation system, including a proposed replacement product for default superannuation (known as MySuper), enhanced duties for trustees of

superannuation funds, and new processes in relation to the administration and consolidation of superannuation accounts. Significant parts of the Stronger Super regulatory changes were passed into law by Parliament in December 2012 and have been progressively implemented from 1 July 2013. Further draft legislation on the administration and consolidation of superannuation accounts is expected to be released in the future, though the timing is presently unknown.

As reported in our half-year results:

- the one off cost to the AMP group of implementing the FOFA, Stronger Super and other present regulatory changes is expected to be A\$75 million after tax, of which A\$59 million was provisioned in 2012. However, the final costs may vary from this depending on the final legislation, regulatory guidance, market practice and the future competitive landscape
- it is anticipated that the FOFA and Stronger Super legislation will adversely impact the profit margins of AMP group's wealth management business.

In addition, the potential impact of FOFA and Stronger Super 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 is undergoing significant legislative and regulatory reform at present. 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. 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 new securities markets regulator, the Financial Markets Authority, 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 regulation that has extra-territorial applications such as the United Kingdom Bribery Act, FATCA, Dodd-Frank and other reforms.

The AMP group is subject to oversight by regulators regarding its compliance with legislative and regulatory requirements. The regulators include, among others, APRA, RBA, ASX, ASIC, ATO and AUSTRAC. If the AMP group does not meet the requirements of regulators, it may 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. There are a number of regulatory capital reviews implemented and some are underway which impact the businesses of those entities.

The increased capital requirements within the life insurance companies are primarily driven by greater requirements relating to asset stresses, more onerous requirements for operational risk, revised treatment of excess policyholder capital and more onerous treatment of deferred tax assets. These effects are partially offset by a reduction in insurance risk capital. LAGIC also

introduced Common Equity Tier 1, Tier 1 and Tier 2 definitions to life insurers.

The Reserve Bank of New Zealand is due to issue revised solvency standards in the first quarter of 2014 for the country's life insurance companies. The AMP group is exempt from the solvency requirements on the basis of its requirement to comply with APRA solvency standards.

APRA has finalised thirteen prudential standards for superannuation funds which will commence on 1 July 2013. All trustees of superannuation funds will be required to comply with the standards, which cover a range of obligations including director's duties and personal liability, the new default superannuation product, MySuper, insurance and operational risk financial requirements.

Effective 1 November 2012, ASIC implemented new capital requirements for Responsible Entities (REs) of registered schemes. The new requirements introduced uncapped revenue based capital requirements for REs which could increase the capital requirements up to 10% of the RE's gross revenue.

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

APRA has announced that it supports the Basel Committee on Banking Supervision's Basel III framework and as a result has released new prudential standards for Australian authorised deposit-taking institutions. The new standards, as they relate to capital, came into effect on 1 January 2013, subject to various transitional arrangements. On 6 May 2013, APRA released its second consultation package on Basel III liquidity reforms, which are expected to be in place by 1 January 2015.

AMP Bank has agreed transition arrangements with APRA in line with Basel III requirements on its subordinated debt instruments outstanding at 31 December 2012.

AMP Bank's business and earnings are affected by the fiscal or other policies adopted by various regulatory authorities of the Australian government. The requirement to maintain certain levels of Tier 1 and Tier 2 eligible capital affects the level of lending activity, or alternatively, requires the issue of additional equity capital or subordinated debt, which

would also serve as additional sources of funds for AMP Bank. Any change in regulation, or in its interpretation, including changes that increase the requirements of regulatory capital or impact the regulatory capital resources, could have a material adverse impact on AMP Bank's financial performance and position.

APRA is developing a supervision framework for conglomerate groups. These standards are expected to be implemented on 1 January 2015. Draft standards have been released covering capital management, group governance, risk management and risk exposures. It is expected that the capital standards will be based on a Common Equity Tier 1 Capital regime, which means that eligible capital for the purposes of those standards will be required to be in the form of common equity only, subject to transitional arrangements confirmed by APRA. Under those transitional arrangements, AMP Notes and other term subordinated debt currently held at the AMP group level will continue to be 100 per cent recognised as eligible capital under the revised standards, until the earlier of the relevant instrument's first call date or March 2016. It is possible that the new supervision framework for conglomerate groups will impact the level and nature of regulatory capital resources attributed to the AMP group's capital, particularly its subordinated debt (as detailed earlier), and the level of capital requirements. 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. It is possible that global events could result in further changes to requirements prescribed by regulators. In certain circumstances, APRA or other regulators may require AMP and Regulated 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 or restrict the amount of dividends that can be paid, by them, including dividends paid by AMP. The results of the above regulatory

changes may require the AMP group to revise and/or withdraw its range of products and/or 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. The AMP group continues to work through the impacts of these changes as they occur, however these changes may still have a material adverse impact on the financial performance and position of the AMP group.

### **Change of Federal Government, September 2013**

It is expected that the new Coalition Government during its first term will seek to implement a financial system inquiry and also publish a comprehensive white paper on potential tax reform. The findings and recommendations of the financial system inquiry and the tax white paper may have an impact on the activities and operations of the AMP group. The results of the financial system inquiry and tax white paper may require the AMP group to revise and/or withdraw 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 will work through the impacts of any relevant changes as they occur, however these changes 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 Henry Review). 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, which will impact AFS NZ from 1 July 2015, are expected to result in a material increase in the amount of corporate tax paid by AFS NZ. These changes apply to all life insurance companies in New Zealand and are not specific to AFS NZ. If the change had applied for the half-year ended 30 June 2013, the additional tax payable by the AMP group would have been NZ\$10.8m.

### 5.2.3 Product risk

#### Demand for financial products and services

Demand for the AMP group's financial products and services is affected by changes in economic conditions, investment markets, investor sentiment, customer preferences, regulation, tax law and legislation. The global financial crisis saw a deterioration in market values across most asset classes as well as a slowdown in the growth of the global economy. Although the Australian investment market has generally improved since then, local economic conditions and investment markets remain susceptible to global economic and market uncertainty. Any deterioration in investment markets, investor sentiment or economic conditions in the AMP group's core markets may lead to reductions in new business sales, and therefore reduced cash flows, which may have an adverse impact on the overall financial performance and position of the AMP group.

#### 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

- 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
- increased lapse experience
- regulatory change, including FOFA and Stronger Super
- changing consumer behaviour
- higher rates of inflation.

These factors may have a material impact on the overall 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.

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. Any differences may result in a material adverse impact on the financial performance and position and level of capital of the AMP group.

Deferred Acquisition Costs (DAC) represents the upfront cost associated with acquiring new risk insurance business (including planner payments, controllable costs and stamp duty). As at 30 June 2013, DAC represented \$2.23 billion of total capital resources. If lapse rates on policies associated with DAC were to increase, DAC 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 (TPD) claims typically increase in periods of higher unemployment and/or when small to medium enterprises are under stress. The AMP group, and the broader industry, has recently observed an increase in the frequency and cost of claims in income protection and TPD due to these factors.

As of 30 June 2013, experience losses in Australia were A\$33 million in 1H13 compared with an experience gain of A\$6 million in 1H12. In New Zealand, the experience gain for 1H13 was A\$1 million, unchanged from 1H12. Performance reflected challenging external cyclical and structural factors. 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.

AMP recently reported its third quarter cashflows for 2013 and provided an update on its Wealth Protection business which included an expected \$55 to \$65 million reduction in AMP's operating results for Q4 2013. See section 3.4 for further information.

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.

### **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, for which the AMP group experienced increased claims during 1H13.

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 of 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.

### **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*

Holders 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). Furthermore, to the extent that AMP group passes on the costs associated with Stronger Super to customers, this may increase the risk of redemptions.

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 impact the AMP group's reputation, reduce management fee income and other asset values and have a material adverse impact on the financial performance and position of the AMP group.

### **5.2.4 Economic risk**

#### **Global market 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 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 venture with MUTB increases the 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 an 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. There is an increased focus on the potential for sovereign debt defaults and/or significant bank failures, which has exacerbated these conditions. There can be no certainty that market disruptions, including the increased cost of funding for certain governments, will not spread, nor can there be any assurance that future assistance packages, will be available, or sufficiently robust to address any further market contagion, which could negatively impact the AMP group.

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 institutions 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 an adverse impact on the overall 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 includes competitor disruption, changing customer preferences, and changing political and regulatory environments. The AMP board sets the overall strategic direction of AMP and the AMP group as part of the strategic planning process.

##### **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 recognisable in Australia and New Zealand and has achieved leading brand awareness in both countries over many years. 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.

The introduction of FOFA and Stronger Super has heightened the risk of retaining AMP group's financial advisers. Furthermore, the retention arrangements put in place with certain AXA financial advisers following the AMP-AXA merger are due to expire in 2014.

### **Inability of the business to adapt to competitor-driven change**

The wealth management industry in which the AMP group operates in Australia and New Zealand, and the banking industry in which AMP Bank operates, is becoming increasingly competitive. Factors contributing to this include entry of new participants, development of alternative distribution methods and increased diversification of product mix by major competitors. Responses to increased competition may include lower prices, increased costs (such as marketing), reduced persistency, higher redemptions, 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 initiatives, including acquisitions, divestments, mergers, joint ventures and strategic alliances. These strategic initiatives 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 and could have a material adverse impact on the business, prospects, engagement with regulators, 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 may have a material adverse impact on the financial performance and position and level of capital 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, but excludes reputational risk.

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 liquidity risk, credit risk, market risk, compliance risk, conduct risk 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.

#### **Failure to comply with regulatory and legislative requirements**

The financial services industry both globally and in Australia and New Zealand continues to undergo a significant level of regulatory change, to which the AMP group continues to respond and adjust its business model. Any failure to comply with regulatory and legislative requirements due to the volume and complexity of regulatory change, may result in breaches, fines, regulatory action or reputational impacts, which could in turn, have a material impact on the financial performance, position and reputation of the AMP group.

The AMP group has the largest financial advice network in Australia and AMP Capital 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 across all of its businesses, including its advice network and AMP Capital. Despite the resources allocated to compliance within AMP, 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. Those clients and investors may sue AMP for losses suffered by them as a consequence of any such non-compliance with law. The risk of non-compliance is heightened when new law or regulations are introduced, such as the recent FOFA regulatory changes. If compensation of clients or investors was required in these circumstances, there may be a material impact on the overall 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.

#### **Failure to deliver change effectively**

The AMP group is currently undergoing a material level of business, operational, and regulatory change, including embarking upon a three year efficiency program to drive earnings growth and improved returns. While the AMP group has progressed its detailed planning, there remains a risk that unforeseen issues may arise, resulting in lower efficiency and/or growth returns. In addition, failure to deliver change effectively may result in the failure of the AMP group to achieve its future growth and strategic objectives, which in turn could have a material impact on the future 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 (including the litigation described below) could have a material adverse impact on the financial performance and position of the AMP group.

In 2002 litigation regarding a product known as 'prosperity bonds' was brought by a group of investors against NMLA (an entity which became part of the AMP group when the transactions to allow the merger between AMP

and the Australian and New Zealand businesses of AMP AAPH Limited (formerly known as AXA Asia Pacific Holdings Limited) were completed). One of the original plaintiff's claims remains outstanding. NMLA believes that either the remaining plaintiff's claims will fail or, if it has any exposure to the plaintiff, this will be for a non-material amount. However, should its view be incorrect and a final determination is eventually made in favour of the plaintiff for a material amount, this 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 outsource 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 our 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, the AMP group has disaster recovery and information technology governance in place. 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. A failure to implement these projects effectively or execute them efficiently, could lead to increased project costs, delays in the ability to comply with regulatory requirements, failure of information security controls or a decrease in the AMP group's ability to service its customers.

#### **Cyber-security**

The AMP group's systems are at increasing risk from cyber-attacks. Cyber attackers include organised crime syndicates, hacker activists and state-based cyber espionage, all of which use techniques including hacking, malicious software, phishing and other forms of social engineering. Failure to effectively mitigate the risk from cyber-attacks could have a material adverse impact on the AMP group's financial performance and position.

#### **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 AMP group's business, reputation, financial performance and position.

#### **5.2.7 Additional risks relating to the Issuer**

AMP is a holding company. A substantial majority of its assets are investments in the subsidiaries of the AMP group. The ability of those members of the AMP group to pay dividends and/or repay inter-company loans from AMP may be limited by various regulatory, contractual, legal and tax constraints or the AMP group's existing contractual agreements. If as a result of these restrictions, AMP is unable to receive the continued transfer of income or funding to it from the relevant members of the AMP group or the repayment of loans, this may materially and adversely impair AMP's ability to pay dividends, and to service and repay its debt obligations, including in respect of AMP Notes 2.

### **5.3 Risks relating to the merger of AMP with AMP AAPH's Australian businesses**

From 30 March 2011 to 1 April 2011, AMP, AMP AAPH (formerly known as AXA Asia-Pacific Holdings) and AXA SA (a French global investment, retirement and insurance group) completed a number of transactions to allow the merger of AMP and AMP AAPH's Australian and New Zealand businesses and the sale of AMP AAPH's Asian business to AXA.

#### **5.3.1 Contingent liabilities under merger transaction documents**

The AMP group is required to comply with a number of obligations under the transaction documents relating to the merger and, while it intends to comply with those obligations, to the extent that it may breach those obligations, including because of matters outside the control of the AMP group, the possibility of liability for that breach may arise. The transaction documents relating to the merger also contain limited warranties and indemnities given by AMP to AXA SA and AMP AAPH in relation to certain matters. While AMP has no knowledge that it has

any liability under these warranty and indemnity provisions (which is not appropriately provided for), the possibility of liability may arise. Any such liability under the transaction documents relating to the merger may be material and may have a material adverse impact on the financial performance and position of the AMP group.

#### **5.3.2 Exposure to AXA SA counterparty risk**

The AMP group's acquisition of AMP AAPH's Australian and New Zealand businesses exposes the AMP group to AXA SA Group counterparty risk. In particular, under the transaction documents relating to the merger, the AMP group is relying on the AXA SA Group to perform various obligations including, but not limited to, providing various warranties and indemnities to AMP. Failure by the AXA SA Group to perform its obligations may subsequently have a material adverse impact on the financial performance and position of the AMP group.

## Section 6

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### About the Reinvestment Offer

This section provides information on the Reinvestment Offer, which is an opportunity for Eligible AMP Notes holders to apply for AMP Subordinated Notes 2 and to fund their subscription for AMP Subordinated Notes 2 by selling to AMP some or all of their A\$ AMP Notes.

- 6.1 Overview
- 6.2 What are the options available to Eligible AMP Notes holders?
- 6.3 What are the key differences between AMP Notes and AMP Subordinated Notes 2?
- 6.4 What are the risks associated with participating in the Reinvestment Offer?
- 6.5 What are the risks associated with not participating in the Reinvestment Offer?
- 6.6 What will happen if the Reinvestment Offer does not proceed?
- 6.7 Is brokerage or stamp duty payable?

## 6.1 Overview

### 6.1.1 What are AMP Notes?

AMP Notes are unsecured and subordinated debt securities which were issued by AMPGFS in 2009. The Australian dollar tranche of AMP Notes (A\$ AMP Notes) trades on ASX under the code 'AQNHA' and the New Zealand dollar tranche of AMP Notes (NZ\$ AMP Notes) trades on the NZX under the code 'AQN010'. The NZ\$ AMP Notes are not eligible for sale to AMP under the Reinvestment Offer.

It is AMPGFS's current intention that the A\$ AMP Notes not sold to AMP under the Reinvestment Offer and the NZ\$ AMP Notes, will, subject to APRA's approval (which is in its discretion and may not be given), be redeemed for cash on 15 May 2014 (being the Step-Up Date), and AMP Notes holders will receive the applicable face value plus any accrued and unpaid interest to that date per AMP Note held.

### 6.1.2 What is the Reinvestment Offer?

The Reinvestment Offer is an option available to Eligible AMP Notes holders to apply for AMP Notes 2 and to fund their subscription for AMP Notes 2 by selling to AMP some or all of their A\$ AMP Notes. Only A\$ AMP Notes may be sold to AMP under the Reinvestment Offer.

The Reinvestment Offer is not a simple rollover into a similar investment. AMP Notes and AMP Notes 2, while having a number of similar features, have different benefits and risks, which must be evaluated independently. The key differences include:

- AMP Notes 2 are issued by AMP (which is the parent entity of the AMP group), not AMPGFS (which is the primary finance subsidiary of the AMP group)
- AMP Notes 2 may be Converted to AMP Ordinary Shares (or be Written-off) if a Non-Viability Trigger Event occurs
- the current margin on AMP Notes is 4.75 per cent. That margin will increase to 7.125 per cent on the Step-Up Date if the AMP Notes are not redeemed at that time (although it is AMP's current intention to redeem AMP Notes still outstanding on the Step-Up Date, subject to APRA's prior written approval).

As a consequence of the change in market conditions since 2009 when the AMP Notes were issued, the expected Margin for AMP Notes 2 is less than the margins on the AMP Notes

- the Margin for AMP Notes 2 will not increase (ie, there will be no 'step-up' in the Margin). It will be fixed for the life of AMP Notes 2, and
- the maturity date for AMP Notes is 1 April 2019. The Maturity Date for AMP Notes 2 is 18 December 2023.

Under the Reinvestment Offer, Eligible AMP Notes holders who wish to apply for AMP Notes 2 may fund their subscription for AMP Notes 2 by selling to AMP some or all of their A\$ AMP Notes. Eligible AMP Notes holders who elect to participate in the Reinvestment Offer will sell their A\$ AMP Notes to AMP for \$100 plus the Accrued Interest Amount per A\$ AMP Note sold. \$100 of the proceeds of the sale will be applied to fund the subscription for an AMP Note 2 and the participating Eligible AMP Notes holder will receive an amount per A\$ AMP Note sold equal to the Accrued Interest Amount in compensation for the interest they would have received for the 33 day period from (and including) 15 November 2013 to (but excluding) the Issue Date. Eligible AMP Notes holders who participate in the Reinvestment Offer will receive an allocation in priority over Securityholder Applicants and General Applicants for each A\$ AMP Note sold to AMP if the Offer proceeds.

Eligible AMP Notes holders who participate in the Reinvestment Offer and apply for additional AMP Notes 2 will be treated as Securityholder Applicants in respect of their application for additional AMP Notes 2, which means that, broadly, they will have priority in allocation of additional AMP Notes 2 over General Applicants and equal priority with Securityholder Applicants.

### 6.1.3 Am I eligible to participate in the Reinvestment Offer?

To be eligible to participate in the Reinvestment Offer, you must:

- be a registered holder of A\$ AMP Notes trading on ASX on the Reinvestment Record Date (being 7.00pm (Sydney time) on 4 November 2013)



- be shown on the register as having an address in Australia (or another jurisdiction to which AMP determines to extend the Reinvestment Offer), and
- must not be in the United States, a US Person, acting as a nominee for, or for the account or benefit of, a US Person, or otherwise prevented from receiving the Reinvestment Offer or AMP Notes 2 under the laws of any jurisdiction as determined by AMP.

**NZ\$ AMP Notes are not eligible for sale to AMP under the Reinvestment Offer.**

#### **6.1.4 What is the purpose of the Reinvestment Offer, and what are its terms?**

The purpose of the Reinvestment Offer is to allow Eligible AMP Notes holders to sell their A\$ AMP Notes to AMP to fund their subscription for AMP Notes 2.

**Participation in the Reinvestment Offer may not be appropriate or economically advantageous for Eligible AMP Notes holders**

Eligible AMP Notes holders who decide to participate in the Reinvestment Offer will sell some or all of their A\$ AMP Notes to AMP for \$100 plus the Accrued Interest Amount per A\$ AMP Note. \$100 of the proceeds of the sale will be applied to fund the subscription for an AMP Note 2. The Accrued Interest Amount will be paid to you in compensation for the interest you would have received for the 33 day period from (and including) 15 November 2013 to (but excluding) the Issue Date. It will be calculated for that 33 day period on the same basis as other interest payments in respect of the AMP Notes. The interest rate will be the market rate applicable to the AMP Notes on 15 November 2013 plus a margin of 4.75 per cent. The Accrued Interest Amount will be paid in cash into the bank accounts of Eligible AMP Notes holders who elect to participate in the Reinvestment Offer. Assuming a market rate on 15 November 2013 of 2.58 per cent per annum, the Accrued Interest Amount would be \$0.6626 per A\$ AMP Note. Regardless of whether Eligible AMP Notes holders participate in the Reinvestment Offer, if they hold an A\$ AMP Note on 7 November 2013, they will still receive interest for the interest period commencing on (and including) 15 August

2013 and ending on (but excluding) 15 November 2013 in an amount of \$1.8572 per A\$ AMP Note.

As at the close of trading on 1 November 2013 (being the trading day immediately prior to the date of this prospectus), the market price per A\$ AMP Note was \$102.10. The market price of AMP Notes is affected by a number of factors, including the accrual of interest on AMP Notes, the liquidity of the market, and market perception of the margin paid on the security and the term for which it is likely to be paid, compared to comparable alternative investments. Since the margin on AMP Notes (4.75 per cent) is much higher than the expected Margin on AMP Notes 2 (expected to be in the range of 2.65 per cent to 2.85 per cent), the market price of A\$ AMP Notes may be greater than the price offered to Eligible AMP Notes holders under the Reinvestment Offer, and as a consequence Eligible AMP Notes holders who wish to use their A\$ AMP Notes to fund a subscription for AMP Notes 2 may be better off selling their A\$ AMP Notes on market rather than participating in the Reinvestment Offer. If you sell your A\$ AMP Notes on market and use the proceeds to apply for AMP Notes 2, you will not have the same allocation in priority over Securityholder Applicants and General Applicants as if you participated in the Reinvestment Offer (see below under Option 5 in section 6.2). Also, if you sell your AMP Notes on market you may have to pay brokerage (see section 6.7 below) and your ability to sell and the price at which you sell your AMP Notes depends on the liquidity of the market and the trading price at that time.

The key differences between AMP Notes and AMP Notes 2 are set out in section 6.3. It is AMPGFS's current intention that A\$ AMP Notes not sold to AMP under the Reinvestment Offer and NZ\$ AMP Notes will, subject to APRA's prior written approval, be redeemed for cash on the Step-Up Date, and AMP Notes holders will receive the applicable face value plus any accrued and unpaid interest to that date per AMP Note held. As at the date of this prospectus, neither AMP nor AMPGFS has sought APRA's approval for the redemption of AMP Notes which are not acquired in the Reinvestment Offer. Any approval is in APRA's discretion and may not be given.

If for any reason redemption of AMP Notes does

not occur on the Step-Up Date (including for failure to obtain the requisite APRA approval), AMP Notes will remain on issue immediately following the Step-Up Date and entitle holders to a step-up margin of 150 per cent of the initial margin (ie, from 4.75 per cent to 7.125 per cent). In electing to participate in the Reinvestment Offer, Eligible AMP Notes holders will give up

the higher margin they would have enjoyed if AMP Notes are not redeemed on the Step-Up Date and remain outstanding. In addition, the step up in the margin would result in the AMP Notes trading at a higher value. In electing to participate in the Reinvestment Offer, Eligible AMP Notes holders will not have the opportunity to sell at that possible higher value.

## 6.2 What are the options available to Eligible AMP Notes holders?

Topic	What action should Eligible AMP Notes holders take to implement their preferred option?
<p><b>Option 1</b> – Apply under the Reinvestment Offer to sell all of your A\$ AMP Notes to fund your subscription for AMP Notes 2</p>	<p>If you are an Eligible AMP Notes holder, you may sell all of the A\$ AMP Notes you held on the Reinvestment Record Date to AMP to fund your subscription for AMP Notes 2.</p> <p>To choose this option, you must select ‘Option A – Full Reinvestment’ on your personalised paper or online Reinvestment Form.</p> <p>If you hold a greater or lesser number of A\$ AMP Notes than shown on the personalised Reinvestment Form, and you select the full reinvestment option, you will be taken to have applied for the sale to AMP of the lower of the number of A\$ AMP Notes specified on your personalised Reinvestment Form and the number of A\$ AMP Notes registered in your name on the Closing Date of the Offer, expected to be 9 December 2013.</p>
<p><b>Option 2</b> – Apply under the Reinvestment Offer to sell only some of your A\$ AMP Notes to fund your subscription for AMP Notes 2</p>	<p>If you are an Eligible AMP Notes holder, you may choose to sell only some of the A\$ AMP Notes you held on the Reinvestment Record Date to AMP to fund your subscription for AMP Notes 2.</p> <p>To choose this option, you must select ‘Option B – Partial Reinvestment’ and specify the number of A\$ AMP Notes to be sold to AMP on your personalised paper or online Reinvestment Form.</p> <p>If you own 50 A\$ AMP Notes or fewer, you must apply to sell all of your A\$ AMP Notes to AMP to participate in the Reinvestment Offer. If you own more than 50 A\$ AMP Notes, you must apply to sell a minimum of 50 A\$ AMP Notes to AMP to participate in the Reinvestment Offer.</p> <p>If you hold a lesser number of A\$ AMP Notes than you elect to sell to AMP on your personalised Reinvestment Form, you will be taken to have applied for the sale of the lower of the number of A\$ AMP Notes you held on the Reinvestment Record Date and the number of A\$ AMP Notes registered in your name on the Closing Date of the Offer, expected to be 9 December 2013.</p>

Topic	What action should Eligible AMP Notes holders take to implement their preferred option?
<p><b>Option 3</b> – Apply under the Reinvestment Offer to sell all of your A\$ AMP Notes to fund your subscription for AMP Notes 2 and apply for additional AMP Notes 2</p>	<p>See Option 1 in relation to applying under the Reinvestment Offer to sell all of your A\$ AMP Notes to fund your subscription for AMP Notes 2.</p> <p>You may also apply for more AMP Notes 2 than the number of A\$ AMP Notes you held on the Reinvestment Record Date.</p> <p>To choose this option, you must specify the number of additional AMP Notes 2 you wish to apply for on the personalised paper or online Reinvestment Form. Applications for additional AMP Notes 2 must be for a minimum of 50 AMP Notes 2 (\$5,000) and after that in multiples of 10 AMP Notes 2 (\$1,000).</p> <p>You are required to enclose an application payment for the additional AMP Notes 2 applied for. Application payments must be made by cheque, bank draft, money order or BPAY® (see section 7.3 for further details).</p> <p>If you apply for additional AMP Notes 2 you will be treated as a Securityholder Applicant in respect of your application for additional AMP Notes 2. This means broadly in respect of additional AMP Notes 2 you will have priority in allocation over General Applicants and equal priority with Securityholder Applicants. If there is excess demand for AMP Notes 2, your application for additional AMP Notes 2 may be scaled back (see section 7.4.2 for further details).</p>
<p><b>Option 4</b> – Sell your A\$ AMP Notes on market</p>	<p>You may choose to sell or dispose of your A\$ AMP Notes on market (in which case, you may have to pay brokerage) at the prevailing market price, which may be higher or lower than \$100 (being the price you would receive if you were to sell all your A\$ AMP Notes to AMP through the Reinvestment Offer) and use the proceeds as you determine, which may include buying AMP Notes 2. To choose this option, you should contact your broker.</p> <p>If you sell your A\$ AMP Notes on market and use the proceeds to apply for AMP Notes 2, you will not have the same priority allocation as if you participated in the Reinvestment Offer (ie, Eligible AMP Notes holders who participate in the Reinvestment Offer have allocation in priority over Securityholder Applicants and General Applicants for each A\$ AMP Note sold to AMP if the Offer proceeds). The market price of AMP Notes is subject to change from time to time. As at the close of trading on 1 November 2013, the market price per A\$ AMP Note was \$102.10. Up-to-date information about the market price of A\$ AMP Notes can be obtained from <a href="http://asx.com.au">asx.com.au</a> (ASX code 'AQNHA').</p> <p>If you sell your AMP Notes on market you may have to pay brokerage and your ability to sell and the price at which you sell your AMP Notes depends on the liquidity of the market and the trading price at that time.</p>

Topic	What action should Eligible AMP Notes holders take to implement their preferred option?
<p><b>Option 5</b> – Apply under the Securityholder Offer and fund your subscription in cash (with priority in allocation over General Applicants)</p>	<p>You may choose to apply for AMP Notes 2 under the Securityholder Offer and pay for them in cash rather than selling any of your A\$ AMP Notes to AMP to fund your subscription for AMP Notes 2.</p> <p>To choose this option, you must specify the number of AMP Notes 2 you wish to apply for in step 3 of your personalised paper or online Reinvestment Form.</p> <p>If you do this, you will not have the same priority allocation as if you participated in the Reinvestment Offer (ie, Eligible AMP Notes holders who participate in the Reinvestment Offer will receive an allocation in priority over Securityholder Applicants and General Applicants for each A\$ AMP Note sold to AMP if the Offer proceeds). However, if you apply under the Securityholder Offer, you will have priority over General Applicants only.</p>
<p><b>Option 6</b> – Take no action</p>	<p>You are not required to participate in the Reinvestment Offer, Securityholder Offer or to sell your A\$ AMP Notes on market and as such, you are not required to take any action.</p> <p>See section 6.1.4 for an explanation of AMPGFS' intentions in relation to A\$ AMP Notes which are not sold to AMP under the Reinvestment Offer.</p> <p>If AMPGFS redeems your A\$ AMP Notes on the Step-Up Date (which is subject to APRA's approval, which may not be given), you will receive \$100 plus accrued interest as at that date, so long as the solvency condition under the terms of the AMP Notes is satisfied.</p>

### 6.2.1 I am an Eligible AMP Notes holder and a client of a Syndicate broker. What should I do?

If you are an Eligible AMP Notes holder and an Australian resident retail or high-net-worth client of a Syndicate broker, you may apply for AMP Notes 2 through the Reinvestment Offer under the Broker Firm Offer. You should contact your Syndicate broker for instructions on how to apply under the Broker Firm Offer.

### 6.2.2 I am an ineligible holder of the A\$ AMP Notes. What are my options?

If you are a holder of the A\$ AMP Notes with a registered address outside Australia on the Reinvestment Record Date (or you otherwise do not fulfil the requirements set out in section 6.1.3), then you are ineligible to participate in the Reinvestment Offer. In these circumstances, you are limited to Options 4 or 6 in the table in section 6.2.

## 6.3 What are the key differences between AMP Notes and AMP Subordinated Notes 2?

There are a number of key differences between AMP Notes and AMP Notes 2. Participation in the Reinvestment Offer may not be appropriate or economically advantageous for Eligible AMP Notes holders (see section 6.1.4). If AMP Notes are not redeemed on the Step-Up Date, the margin will step up and that may result in the AMP Notes trading at a higher value. In electing to participate in the Reinvestment Offer, the Eligible AMP Notes holders will not have the opportunity to sell at that possible higher value.

A comparison of the key features of AMP Notes and AMP Notes 2 is set out in summary form below. These comparisons are not intended to be exhaustive.

	<b>A\$ AMP Notes</b>	<b>AMP Notes 2</b>
<b>Issuer</b>	AMP Group Finance Services Limited	AMP
<b>Guarantor</b>	AMP Group Holdings Limited	None
<b>Legal form</b>	Unsecured and subordinated debt obligation	Unsecured and subordinated debt obligation
<b>Protection under the Australian Government Financial Claims Scheme</b>	No	No
<b>Issue Price</b>	\$100 per AMP Note	\$100 per AMP Note 2
<b>Term</b>	10 years, maturing 1 April 2019	10 years, maturing 18 December 2023
<b>Issuer early redemption option</b>	Yes, with the prior written approval of APRA (which is in its discretion and may not be given), on 15 May 2014 (Step-Up Date) or any subsequent interest payment date, on interest payment dates if a tax event, regulatory event or change of control occurs	Yes, with the prior approval of APRA (which is in its discretion and may not be given), on 18 December 2018 and on each subsequent Interest Payment Date, and also on the occurrence of a Tax Event or a Regulatory Event
<b>Margin</b>	4.75%	Expected to be in the range of 2.65% to 2.85%
<b>Interest rate / dividend rate</b>	Floating	Floating
<b>Step up margin</b>	To 150% of initial margin on 15 May 2014 (ie, from 4.75% to 7.125%)	None
<b>Interest / dividend payment</b>	Cumulative, unfranked	Cumulative, unfranked
<b>Interest / dividend payment dates</b>	Quarterly	Quarterly
<b>Payment deferral</b>	No, subject to the solvency condition	No, subject to the Solvency Condition and Non-Viability Trigger Event
<b>Transferable</b>	Yes – quoted on ASX	Yes – to be quoted on ASX
<b>Investor's ability to withdraw or redeem</b>	No	No
<b>Ranking</b>	Subordinated to senior creditors	Subordinated to Senior Creditors
<b>Loss absorption on a Non-Viability Trigger Event</b>	No	Yes. Following a Non-Viability Trigger Event, AMP may be required to Convert AMP Notes 2 into AMP Ordinary Shares and if it is unable for any reason to Convert the Notes they will be Written-off

## 6.4 What are the risks associated with participating in the Reinvestment Offer?

If you are an Eligible AMP Notes holder and you participate in the Reinvestment Offer, you will receive an allocation of AMP Notes 2 in priority over Securityholder Applicants and General Applicants if the Offer proceeds. As such, you will be subject to the risks associated with an investment in AMP Notes 2 and in AMP, many of which are outside the control of AMP and other members of the AMP group. These risks are outlined in section 5 and should be considered before you apply to participate in the Reinvestment Offer.

**It is important to note that participation in the Reinvestment Offer may not be appropriate or economically advantageous for Eligible AMP Notes holders. See section 6.1.4 for further details.**

In electing to participate in the Reinvestment Offer, if the Offer proceeds, Eligible AMP Notes holders will give up the higher margin they would have enjoyed if the AMP Notes are not redeemed. That margin (4.75 per cent) is much higher than the expected Margin on AMP Notes 2. Further, if for any reason AMP Notes are not redeemed on the Step-Up Date (including for failure to obtain the requisite APRA approval as described in section 6.1.4), that margin would increase from 4.75 per cent to 7.125 per cent.

Once you apply to participate in the Reinvestment Offer, you will not be able to sell your A\$ AMP Notes on market. If you apply to participate in the Reinvestment Offer, it is your responsibility to ensure that you do not sell or dispose of any of those A\$ AMP Notes in respect of which you have applied to participate, other than as part of the Reinvestment Offer.

If you apply to participate in the Reinvestment Offer you are taken to agree to a holding lock being placed on the A\$ AMP Notes you have elected to sell, pending completion of the Reinvestment Offer—but it is your obligation to ensure that you do not transfer those A\$ AMP Notes. If you do, the number of AMP Notes 2

you may be allocated will be reduced to the extent the required number of A\$ AMP Notes is not available on the Closing Date of the Reinvestment Offer.

Once you have submitted an Application Form under the Reinvestment Offer, you will not be able to successfully deal with those A\$ AMP Notes unless the holding lock which will be placed on those A\$ AMP Notes is released (which will only occur if the Offer does not proceed).

## 6.5 What are the risks associated with not participating in the Reinvestment Offer?

There is a risk that, if you do not elect to participate in the Reinvestment Offer and you continue to hold your A\$ AMP Notes, the market for AMP Notes that remains outstanding will be less liquid as a result of the purchase by AMP of other A\$ AMP Notes under the Reinvestment Offer.

If you do not elect to participate in the Reinvestment Offer but apply for AMP Notes 2 under the Securityholder Offer, you will not have the same priority allocation as if you participated in the Reinvestment Offer. However, you will be treated as a Securityholder Applicant in respect of your application for additional AMP Notes 2 and receive an allocation in priority over the General Applicants only if the Offer proceeds.

A\$ AMP Notes not sold to AMP under the Reinvestment Offer will remain outstanding until redeemed by AMPGFS. Redemption of AMP Notes before their stated maturity is subject to the terms of AMP Notes, including that the prior written approval of APRA has been obtained and that AMPGFS remains solvent. Please see section 6.1.4 above.

## 6.6 What will happen if the Reinvestment Offer does not proceed?

If you elect to participate in the Reinvestment Offer but the Offer (including the Reinvestment Offer) does not proceed, those A\$ AMP Notes that you elected to sell to AMP to fund a subscription for AMP Notes 2 will be released from the holding lock as soon as practicable. Once released, you can sell your A\$ AMP Notes on ASX at the prevailing market price subject to the liquidity of that market. Any application payment in respect of additional AMP Notes 2 will be refunded to you. No interest will be payable by AMP on any application payment received from AMP Notes holders.

A\$ AMP Notes not sold to AMP under the Reinvestment Offer (and not sold on the ASX) will remain outstanding until redeemed by AMPGFS.

The risks of not participating (which are explained in section 6.5) also apply in circumstances where the Reinvestment Offer does not proceed.

## 6.7 Is brokerage or stamp duty payable?

No brokerage or stamp duty is payable on the sale of your A\$ AMP Notes to AMP under the Reinvestment Offer or your application for AMP Notes 2.

AMP Notes holders who choose to sell their AMP Notes on market may be required to pay any applicable brokerage.

## Section 7

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### How to apply

This section provides information about the Offer, including how to apply. The key dates in relation to the Offer are outlined on page 8.

- 7.1 The Offer
- 7.2 Obtaining a prospectus and Application Form
- 7.3 Applying for AMP Subordinated Notes 2
- 7.4 Bookbuild and allocation policy
- 7.5 Other information
- 7.6 Enquiries



## 7.1 The Offer

The Offer comprises:

- a Reinvestment Offer to Eligible AMP Notes holders
- 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 AMP Notes 2 under the Bookbuild.

## 7.2 Obtaining a prospectus and Application Form

During the Exposure Period, an electronic version of this prospectus (without an Application Form) will be available to eligible investors at [ampnotes2.com.au](http://ampnotes2.com.au). Application Forms will not be made available until after the Exposure Period.

During the Offer Period, an electronic version of this prospectus with an Application Form will

be available at [ampnotes2.com.au](http://ampnotes2.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 AMP Notes 2 Offer information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) or by registering online to receive a prospectus at [ampnotes2.com.au](http://ampnotes2.com.au) prior to the Offer opening.

Eligible AMP Notes holders and Eligible Securityholders will also have access to download an electronic version of this prospectus and a personalised Application Form through [ampnotes2.com.au](http://ampnotes2.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).

## 7.3 Applying for AMP Subordinated Notes 2

### Reinvestment Offer

<b>Who may apply</b>	Eligible AMP Notes holders
<b>When to apply</b>	Completed Reinvestment Forms, and if you are applying for more AMP Notes 2 than the number of AMP Notes that you hold, application payments, must be received by the Registry by the Closing Date for the Offer, which is expected to be 5.00pm (Sydney time) on 9 December 2013.  If you are a client of a Syndicate broker, you should contact your Syndicate broker for information about participating in the Reinvestment Offer.

**Reinvestment Offer (continued)**

<b>How to apply using a paper Application Form</b>	<p>Follow the instructions set out in the paper Reinvestment Form which will be mailed to you with a copy of this prospectus.</p> <p>You can also request an additional paper copy of the prospectus and your personalised Reinvestment Form by calling the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) during the Offer Period.</p> <p>A separate application payment is only required if you choose to apply for more AMP Notes 2 than the number of A\$ AMP Notes registered in your name on the Reinvestment Record Date. In this instance, your completed Reinvestment Form must be accompanied by an application payment.</p> <p>Application payments for applications using a paper Reinvestment Form 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 Notes 2 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>
<b>How to apply online</b>	<p>Complete your personalised Reinvestment Form online by visiting <a href="http://ampnotes2.com.au">ampnotes2.com.au</a> and following the instructions. You will need your SRN or HIN.</p> <p>If you are applying for additional AMP Notes 2, you must make your application payment by BPAY®. Otherwise, no application payment is necessary as the proceeds of the sale of your A\$ AMP Notes (except the Accrued Interest Amount) will be reinvested directly in AMP Notes 2.</p> <p>If you are a client of a Syndicate broker, you should seek instructions from your Syndicate broker or controlling participant as to how to apply.</p>
<b>Minimum application amount</b>	<p>There is no minimum number of A\$ AMP Notes that you must hold to be able to participate in the Reinvestment Offer.</p> <p>You may apply in respect of some or all of your A\$ AMP Notes, except that if you wish to participate in the Reinvestment Offer and:</p> <ul style="list-style-type: none"> <li>&gt; you hold 50 A\$ AMP Notes or fewer, you must apply to reinvest all your AMP Notes in AMP Notes 2, and</li> <li>&gt; you hold more than 50 A\$ AMP Notes, you must apply for a minimum number of 50 AMP Notes 2 (\$5,000).</li> </ul> <p>If you apply to participate in the Reinvestment Offer and apply to sell all of your A\$ AMP Notes and you wish to apply for additional AMP Notes 2, you must apply for a minimum of 50 additional AMP Notes 2 (\$5,000) and after that in multiples of 10 AMP Notes 2 (\$1,000).</p>

**Securityholder Offer**

<b>Who may apply</b>	Eligible Securityholders, being broadly registered holders of AMP Ordinary Shares or Eligible AMP Notes holders.
<b>When to apply</b>	Completed Application Forms and application payments must be received by the Registry by the Closing Date for the Offer, which is expected to be 5.00pm (Sydney time) on 9 December 2013.
<b>How to apply using a paper Application Form</b>	<p>Follow the instructions set out in the paper Securityholder Application Form which will be mailed to you with a copy of this prospectus.</p> <p>Eligible AMP Notes holders can apply under the Securityholder Offer using their Reinvestment Form.</p> <p>You can also request an additional paper copy of the prospectus and your personalised Application Form by calling the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) during the Offer Period.</p> <p>Application payments for applications using a paper Application Form 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 Notes 2 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>
<b>How to apply online</b>	<p>Complete your personalised Application Form online by visiting <a href="http://ampnotes2.com.au">ampnotes2.com.au</a> and following the instructions. You will need your SRN or HIN (holder number).</p> <p>You must make your application payment by BPAY®.</p>
<b>Minimum application amount</b>	Applications must be for a minimum of 50 AMP Notes 2 (\$5,000) and after that in multiples of 10 AMP Notes 2 (\$1,000).

**Broker Firm Offer**

<b>Who may apply</b>	Australian resident retail or high-net-worth clients of Syndicate brokers.
<b>When to apply</b>	<p>Completed Broker Firm/General Offer Application Forms and, where applicable, application payments, must be received by your Syndicate broker in time for them to process your application on your behalf by the Closing Date for the Offer, which is expected to be 5.00pm (Sydney time) on 9 December 2013.</p> <p>You must contact your Syndicate broker directly for instructions on how to participate in the Broker Firm Offer.</p>
<b>How to apply</b>	Contact your Syndicate broker for instructions on how to apply under the Broker Firm Offer.
<b>Minimum application amount</b>	<p>Applications must be for a minimum of 50 AMP Notes 2 (\$5,000) and after that in multiples of 10 AMP Notes 2 (\$1,000).</p> <p>If you are an Eligible AMP Notes holder who is also a client of a Syndicate broker, the minimum application amount requirements applicable to the Reinvestment Offer apply (see above).</p>

**General Offer**

<b>Who may apply</b>	Members of the general public who are resident in Australia.
<b>When to apply</b>	Completed Broker Firm/General Offer Application Forms and application payments must be received by the Registry by the Closing Date for the Offer, which is expected to be 5.00pm (Sydney time) on 9 December 2013.
<b>How to apply using a paper Application Form</b>	<p>Follow the instructions set out in the paper Broker Firm/General Offer Application Form at the back of this prospectus.</p> <p>You can also request an additional paper copy of the prospectus and a Broker Firm/General Offer Application Form by calling the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) during the Offer Period.</p> <p>Application payments 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 Notes 2 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>
<b>How to apply online</b>	<p>Complete an Application Form online by visiting <a href="http://ampnotes2.com.au">ampnotes2.com.au</a> and following the instructions.</p> <p>You must make your application payment by BPAY®.</p>
<b>Minimum application amount</b>	Applications must be for a minimum of 50 AMP Notes 2 (\$5,000) and after that in multiples of 10 AMP Notes 2 (\$1,000).

**7.3.1 Applying under the Institutional Offer**

The Institutional Offer is available to Institutional Investors (provided that such investors may not be in the United States, US Persons or acting for the account or benefit of any US Person) who are invited by the Joint lead managers to bid for AMP Notes 2 in the Bookbuild to be conducted on 13 November 2013.

Application and settlement procedures for Institutional Investors will be advised by the Joint lead managers.

**7.3.2 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 Registry before the Closing Date for the Offer, which is expected to be 5.00pm (Sydney time) on 9 December 2013.

**AMP Notes 2 Offer – Reinvestment Offer**

c/- Computershare Investor Services  
GPO Box 2115  
Melbourne VIC 3001

**AMP Notes 2 Offer – Securityholder Offer**

c/- Computershare Investor Services  
GPO Box 505  
Melbourne VIC 3001

**AMP Notes 2 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.

### 7.3.3 Brokerage and stamp duty

No brokerage or stamp duty is payable on your application for AMP Notes 2. You may have to pay brokerage, but will not have to pay any stamp duty, on any later sale of your AMP Notes 2 on ASX after AMP Notes 2 have been quoted on ASX.

### 7.3.4 Application payments held on trust

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

### 7.3.5 Refunds

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

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

## 7.4 Bookbuild and allocation policy

### 7.4.1 Bookbuild

The Bookbuild is a process that will be conducted by the Joint lead managers before the Opening Date. In this process, the Bookbuild participants are invited to lodge bids for a number of AMP Notes 2. On the basis of those bids, the Joint lead managers and AMP will, by mutual agreement, determine the Margin and the firm allocations to Bookbuild participants, being Syndicate brokers and certain Institutional Investors.

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

### 7.4.2 What is the allocation policy?

<b>Institutional Offer</b>	Allocations to Institutional Investors will be agreed by the Joint lead managers and AMP following completion of the Bookbuild.
<b>Broker Firm Offer</b>	<p>Allocations to Syndicate brokers will be agreed by the Joint lead managers and AMP following completion of the Bookbuild.</p> <p>Allocations to applicants under the Broker Firm Offer (including applicants who apply to participate in the Reinvestment Offer through the Broker Firm Offer) by a Syndicate broker are at the discretion of that Syndicate broker.</p>

<b>Reinvestment Offer</b>	<p>Allocations under the Reinvestment Offer (other than through the Broker Firm Offer) will be determined by AMP in consultation with the Joint lead managers after the Closing Date.</p> <p>If there is excess demand for AMP Notes 2 after allocations to Bookbuild participants, applicants under the Reinvestment Offer (other than through the Broker Firm Offer) will receive an allocation in priority over Securityholder Applicants and General Applicants for each A\$ AMP Note sold to AMP if the Offer proceeds.</p> <p>Eligible AMP Notes holders who apply for additional AMP Notes 2 will be treated as Securityholder Applicants in respect of their application for additional AMP Notes 2. This means broadly that in respect of the additional AMP Notes 2 they will have priority in allocation over General Applicants and equal priority with Securityholder Applicants. For full details of the allocation policy in relation to Securityholder Applicants, see below.</p> <p>Eligible AMP Notes holders are taken to agree to a holding lock being placed on those AMP Notes applied to be sold to AMP under the Reinvestment Offer, pending completion of the Reinvestment Offer. If you transfer any such AMP Notes, the number of AMP Notes 2 you will be allocated will be reduced to the extent the required number of AMP Notes are not held by you on the Closing Date.</p> <p>No assurance is given that any applicant under the Reinvestment Offer who applies for AMP Notes 2 will receive an allocation, although allocations under the Reinvestment Offer will be made in priority over the Securityholder Offer and the General Offer.</p>
<b>Securityholder Offer and General Offer</b>	<p>Allocations for the Securityholder Offer and the General Offer will be determined by AMP in consultation with the Joint lead managers after the Closing Date.</p> <p>If there is excess demand for AMP Notes 2 after allocations to Bookbuild participants and under the Reinvestment Offer, Securityholder Applicants will be given priority over General Applicants.</p> <p>AMP has absolute discretion to determine the method and extent of the priority allocation to Securityholder Applicants.</p> <p>AMP reserves the right to scale back applications from Securityholder Applicants and General Applicants. Any scale back will be announced on ASX on the day AMP Notes 2 commence trading on a deferred settlement basis, which is expected to be 19 December 2013.</p> <p>AMP (at its discretion and in consultation with the Joint lead managers) reserves the right to:</p> <ul style="list-style-type: none"> <li>&gt; allocate to any Securityholder Applicant or General Applicant all AMP Notes 2 for which they have applied</li> <li>&gt; reject any application by a Securityholder Applicant or General Applicant, or</li> <li>&gt; allocate to any Securityholder Applicant or General Applicant a lesser number of AMP Notes 2 than that applied for, including less than the minimum application of AMP Notes 2, or none at all.</li> </ul> <p>No assurance is given that any Securityholder Applicant or General Applicant who applies for AMP Notes 2 will receive an allocation, although allocations for the Securityholder Offer will be allocated in priority to the General Offer.</p>

**7.4.3 How will the final allocation policy be announced?**

<b>Institutional Offer</b>	Allocations to Institutional Investors will be advised to those investors under the Bookbuild.
<b>Broker Firm Offer</b>	<p>Allocations to Syndicate brokers will be advised to those brokers under the Bookbuild.</p> <p>Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate broker from whom they received their allocation.</p> <p>However, if you sell AMP Notes 2 before receiving a holding statement, you do so at your own risk, even if you confirmed your allocation through a Syndicate broker.</p>
<b>Reinvestment Offer, Securityholder Offer and General Offer</b>	<p>Applicants in the Reinvestment Offer, Securityholder Offer or General Offer will be able to call the AMP Notes 2 Offer information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) to confirm their allocations. It is expected that this information will be advertised in The Sydney Morning Herald, The Age, The Australian and The Australian Financial Review on or about 18 December 2013.</p> <p>However, if you sell AMP Notes 2 before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding by calling the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time).</p>

**7.5 Other information****7.5.1 Restrictions on distribution**

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

The distribution of this prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this prospectus outside Australia then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This prospectus, the Offer and the Reinvestment Offer 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 AMP Notes 2 nor the AMP Ordinary 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. AMP Notes 2 are being offered in the Offer and Reinvestment Offer solely outside the United States pursuant to Regulation S under the US Securities Act.

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

Subject to AMP's approval, AMP Notes 2 may be offered in certain permitted jurisdictions outside Australia under the Institutional Offer where such offer is made, and accepted, in accordance with the laws of such jurisdictions.

Each person submitting an Application Form will be deemed to have acknowledged that they are aware of the restrictions referred to in this section 7.5.1 and to have represented and warranted that they are able to apply for and acquire AMP Notes 2 in compliance with those restrictions.

**Hong Kong**

This prospectus may only be distributed to, accessed and read by persons in Hong Kong who are ‘professional investors’ as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or otherwise.

No AMP Notes 2 can be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in this document being a ‘prospectus’ as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

There will be no issue, whether in Hong Kong or elsewhere, of any advertisement, invitation or document relating to the AMP Notes 2, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to AMP Notes 2 which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

**New Zealand**

The offer of AMP Notes 2 under the Institutional Offer is made only to New Zealand-resident investors whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money within the meaning of section 3(2) (a)(ii) of the Securities Act (New Zealand).

The Reinvestment Offer, the Securityholder Offer, the General Offer and the Broker Firm Offer are not available in New Zealand. This prospectus and the information contained in or accompanying this prospectus are not, and are under no circumstances to be construed as, an offer of securities to any person who is a member of the public in New Zealand for subscription in terms of the Securities Act (New Zealand).

**Singapore**

This prospectus and any other materials relating to the AMP Notes 2 have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the SFA). Accordingly, this prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of AMP Notes 2, may not be issued, circulated or distributed, nor may AMP Notes 2 be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except (a) to an ‘institutional investor’ (as defined in section 4A of the SFA) pursuant to section 274 of the SFA; (b) to a ‘relevant person’ (as defined in section 275(2) of the SFA) pursuant to section 275(1) of the SFA, or any person pursuant to an offer referred to in section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This prospectus has been given to you on the basis that you are: (1) an ‘institutional investor’ (as defined in section 4A of the SFA) or (2) a ‘relevant person’ (as defined in section 275(2) of the SFA); or (3) a person subject to an offer referred to in section 275(1A) of the SFA. In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this prospectus to any other person in Singapore.

Where the AMP Notes 2 are acquired by persons who are relevant persons specified in section 276 of the SFA, namely:

- a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,



the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the AMP Notes 2 pursuant to an offer made under section 275 of the SFA except:

- to an “institutional investor” (under section 274 of the SFA) or to a “relevant person” as defined in section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in section 275(1A) of the SFA
- where no consideration is or will be given for the transfer
- where the transfer is by operation of law
- as specified in section 276(7) of the SFA, or
- as specified in regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

#### **Switzerland**

AMP Notes 2 do not constitute a Collective Investment Schemes Unit within the meaning of the Swiss Federal Act on Collective Investment Schemes (**CISA**). Accordingly, holders of AMP Notes 2 do not benefit from the investor protection under the CISA or the approval or supervision by the Swiss Financial Market Supervisory Authority (**FINMA**).

This document does not constitute an issue prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus pursuant to article 5 of the CISA. Accordingly, AMP Notes 2 may not be offered to the public in or from Switzerland, but only to institutional investors as defined in article 10, paragraph 3 of the CISA, who do not subscribe for AMP Notes 2 with a view to distribution.

The investors will be individually approached by the Joint lead managers from time to time. This prospectus is personal to each offeree and does not constitute an offer to any person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the Offer and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Joint lead managers. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland.

#### **United States of America**

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any US Person. AMP Notes 2 have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, 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 law. AMP Notes 2 are being offered and sold solely outside the United States pursuant to Regulation S under the US Securities Act.

Each applicant, and any persons for whose benefit such applicant is applying, and each person to whom the Institutional Offer is made under this prospectus, by accepting delivery of this prospectus or AMP Notes 2, will have represented, agreed and acknowledged that:

- AMP Notes 2 have not been, and will not be, registered under the US Securities Act or with any securities authority in any state or other jurisdiction of the United States
- any AMP Notes 2 it acquires in the Offer or the Reinvestment Offer will be acquired in an offshore transaction outside the United States in compliance with the requirements of Regulation S
- it is not in the United States, it is not a US Person, and it is not acting for the account or benefit of any US Person

- it will not offer, sell, pledge or transfer any AMP Notes 2 in the United States or to, or for the account or benefit of, any US Person, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable laws US state securities laws
- it has not and will not send the prospectus and any Application Form, or any other material relating to the Offer to any person in the United States or to, or for the account or benefit of, any US Person
- AMP, the Joint lead managers and others will rely upon the truth and accuracy of these representations, agreements and acknowledgements, and
- if any of the foregoing representations, agreements and acknowledgements are no longer accurate, it will promptly notify AMP, and if it is acquiring any AMP Notes 2 as fiduciary or agent for one or more accounts, it has full power to make these representations, agreements and acknowledgements on behalf of each such account.

### **7.5.2 Application to ASX for quotation of AMP Subordinated Notes 2**

AMP will apply to ASX for AMP Notes 2 to be quoted on ASX within seven days after the date of this prospectus. If ASX does not grant permission for AMP Notes 2 to be quoted within three months after the date of this prospectus, AMP Notes 2 will not be issued and all application payments will be refunded (without interest) to applicants as soon as practicable. AMP Notes holders who have applied to participate in the Reinvestment Offer will not receive AMP Notes 2 and will retain their AMP Notes.

### **7.5.3 CHESSE and issuer sponsored holdings**

AMP will apply for AMP Notes 2 to participate in CHESSE. No certificates will be issued for AMP Notes 2. AMP expects that Holding statements for issuer sponsored holders and confirmations for CHESSE holders are expected to be despatched to successful applicants by 24 December 2013.

### **7.5.4 Deferred settlement trading and selling on market**

It is expected that AMP Notes 2 will begin trading on ASX on a deferred settlement basis on 19 December 2013 under ASX code 'AMPHA'. Trading is expected to continue on that basis until 27 December 2013, when it is anticipated that trading of AMP Notes 2 will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before Holding statements are despatched to successful applicants.

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

You may call the AMP Notes 2 information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) or your Syndicate broker, after the Issue Date to enquire about your allocation.

### **7.5.5 Provision of bank account details for Interest**

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

### **7.5.6 Provision of TFN or ABN for Australian tax residents**

An applicant is not required to quote a TFN (or in certain circumstances an ABN) or proof of exemption; however, if an applicant does not quote a TFN, ABN or proof of exemption, AMP will be required to withhold Australian taxation at the maximum marginal tax rate including the Medicare Levy (currently 46.5 per cent) from any Interest payable on AMP Notes 2 and remit the amount withheld to the ATO. A withholding rate of 47 per cent will apply to payments of Interest made on or after 1 July 2014. This takes into account the increase in the Medicare Levy as a result of the introduction of DisabilityCare. A general outline of the Australian taxation implications of investing in AMP Notes 2 is included in the Australian taxation summary in section 8.

### **7.5.7 Discretion regarding the Offer**

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

If the Offer does not proceed, application payments will be refunded without interest. Eligible AMP Notes holders who have applied to participate in the Reinvestment Offer will not receive AMP Notes 2 and will retain their A\$ AMP Notes.

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 AMP Notes 2 than applied or bid for. This is at AMP's discretion, and AMP is under no obligation to exercise that discretion in any particular case.

Investors should also note that no cooling-off rights (whether by law or otherwise) apply to an application for AMP Notes 2. This means that, in most circumstances, applicants may not withdraw their applications once submitted.

## **7.6 Enquiries**

### **7.6.1 General enquiries**

You can call the AMP Notes 2 Offer information line on 1300 338 164 (within Australia), 0800 444 152 (within New Zealand) or +61 3 9415 4018 (outside Australia and New Zealand) Monday to Friday – 8.30am to 5.30pm (Sydney time) if you:

- have further questions on how to apply for AMP Notes 2
- require assistance to complete your Application Form
- require additional copies of this prospectus and Application Forms
- are a NZ\$ AMP Notes holder and therefore are ineligible to participate in the Reinvestment Offer and/or apply under the Offer, or
- have any other questions about the Offer.

If you are unclear in relation to any matter relating to the Offer or are uncertain whether AMP Notes 2 are a suitable investment for you, you should consult your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

### **7.6.2 Applicants under the Broker Firm Offer**

If you have further questions about the Offer or your application under the Broker Firm Offer, call your Syndicate broker.

## Section 8

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### Australian taxation summary

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

If you are considering applying for AMP Subordinated Notes 2, it is important that you understand the taxation consequences of investing in AMP Subordinated Notes 2. 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

- 8.1 Introduction
- 8.2 Australian Income Tax
- 8.3 Australian Interest Withholding Tax
- 8.4 Eligible AMP Notes holders participating in the Reinvestment Offer
- 8.5 Other Australian Tax Matters

## 8.1 Introduction

This summary of the Australian tax consequences is based on the Income Tax Assessment Acts of 1936 and 1997 (together, **Australian Tax Act**), the Taxation Administration Act 1953, the A New Tax System (Goods and Services Tax) Act 1999 (**GST Act**) and any relevant regulations, rulings or judicial or administrative pronouncements, at the date of this prospectus.

This summary applies to Holders that are:

- residents of Australia for tax purposes that do not hold their AMP Notes 2 in the course of carrying on a business outside of Australia, and non-residents of Australia for tax purposes that hold their AMP Notes 2 in the course of carrying on a business at or through a permanent establishment in Australia (**Australian Holders**), and
- non-residents of Australia for tax purposes that do not acquire their AMP Notes 2 in the course of carrying on a business at or through a permanent establishment in Australia, and Australian tax residents that acquire their AMP Notes 2 in the course of carrying on a business outside of Australia (**Non-Australian Holders**).

This summary also addresses the Australian tax consequences for Eligible AMP Notes holders who participate in the Reinvestment Offer.

This summary is not exhaustive and, in particular, does not deal with the position of certain classes of Holders (including, without limitation, dealers in securities, custodians or other third parties who hold AMP Notes 2 on behalf of any person) or persons holding interests in AMP Notes 2 through such persons.

This summary is not intended to be, nor should it be construed as legal or tax advice to any particular holder of AMP Notes 2. Each Holder should seek professional tax advice in relation to their particular circumstances.

## 8.2 Australian Income Tax

### 8.2.1 Interest payments

Australian Holders will be required to include any Interest in respect of their AMP Notes 2 in their Australian assessable income.

Whether the Interest should be recognised as assessable income on a realisation or accruals basis will depend on the individual circumstances of the Australian Holder (see also the '*taxation of financial arrangements*' summary below).

Non-Australian Holders should not be subject to Australian income tax in respect of Interest payments received on their AMP Notes 2. This is on the basis that AMP intends to satisfy the requirements of section 128F of the Australian Tax Act in respect of Interest paid on AMP Notes 2 (see summary below).

### 8.2.2 Gain on disposal or redemption of AMP Subordinated Notes 2

Australian Holders will be required to include any gain or loss on disposal or redemption of AMP Notes 2 in their assessable income. Depending on the circumstances of the Australian Holder, either the rules relating to 'traditional securities' (in sections 26BB and 70B of the Australian Tax Act) or 'taxation of financial arrangements' (see summary below) should apply.

For the purpose of calculating an Australian Holder's gain or loss on disposal or redemption of AMP Notes 2:

- the cost of an AMP Note 2 should generally be its Issue Price for Holders who acquire AMP Notes 2 under this prospectus
- the proceeds from a disposal will generally be the gross amount received by the Holder in respect of the disposal of AMP Notes 2, and
- if the AMP Notes 2 are redeemed by AMP, the proceeds from the redemption may be taken to exclude any parts of the redemption amount paid to Holders that are referable to any accrued and unpaid Interest on AMP Notes 2. Those Interest amounts may be treated in the same manner as Interest payments received during the term of AMP Notes 2. Again, Holders should seek their own taxation advice in relation to the application of the Australian Tax Act to their particular circumstances.

Non-Australian Holders should not be subject to Australian income tax on gains made on the disposal or redemption of AMP Notes 2, provided:

- if the Non-Australian Holder is not a resident of a country with which Australia has entered into a comprehensive double tax treaty – such gains do not have an Australian source, or
- if the Non-Australian Holder is a resident of a country with which Australia has entered into a comprehensive double tax treaty – the Non-Australian Holder is fully entitled to the benefits of the double tax treaty.

A gain arising on the sale of AMP Notes 2 by a Non-Australian Holder to another Non-Australian Holder where AMP Notes 2 are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source.

If a gain realised by a Non-Australian Holder is subject to Australian income tax then, it should be taxed as ordinary income and not as a capital gain. Again, depending on the circumstances of the Non-Australian Holder, either the rules relating to ‘traditional securities’ or ‘taxation of financial arrangements’ should apply.

### 8.2.3 No gain on Conversion of AMP Subordinated Notes 2

Holders (whether an Australian Holder or a Non-Australian Holder) should not make any taxable gain or loss if AMP Notes 2 are Converted into AMP Ordinary Shares. This is because any gain or loss on the Conversion should be disregarded under the Australian Tax Act.

AMP Ordinary Shares acquired as a consequence of the Conversion should generally be treated as having a cost base and reduced cost base for Australian capital gains tax (CGT) purposes equal to the cost base of AMP Notes 2 at the time of Conversion. For Australian CGT purposes, the acquisition date of the AMP Ordinary Shares should generally be the time of Conversion. This will be relevant in the event that the Holder subsequently disposes of the AMP Ordinary Shares. In the case of a Holder who is not a resident of Australia for tax purposes, any capital gain or loss made by that Holder from any subsequent disposal of AMP Ordinary Shares

is likely to be disregarded for Australian CGT purposes. This is because the AMP Ordinary Shares are not likely to be ‘taxable Australian property’ (as defined under the Australian Tax Act) at the time of disposal.

## 8.3 Australian Interest Withholding Tax

### 8.3.1 Interest Withholding Tax

For Australian interest withholding tax (IWT) purposes, ‘interest’ is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts. The Interest paid on AMP Notes 2 should be ‘interest’ as defined in the Australian Tax Act.

Australian Holders should not be subject to Australian IWT in respect of Interest payments on AMP Notes 2.

Non-Australian Holders may be subject to Australian IWT at a rate of 10 per cent of the gross amount of Interest paid by AMP to the Non-Australian Holder unless an exemption is available.

### 8.3.2 Section 128F exemption from IWT

An exemption from IWT is available in respect of Interest paid on AMP Notes 2 if the requirements of section 128F of the Australian Tax Act are satisfied.

AMP intends to issue AMP Notes 2 in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

In broad terms, the requirements are as follows:

1. AMP is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues AMP Notes 2 and when interest is paid, and
2. AMP Notes 2 are issued in a manner which satisfies the ‘public offer’ test in section 128F of the Australian Tax Act.

In relation to AMP Notes 2, there are five principal methods of satisfying the public offer test. In summary, the five methods are:

- offers to 10 or more unrelated financiers, or securities dealers or entities that carry on the business of investing in securities

- offers to 100 or more investors of a certain type
  - offers of listed AMP Notes 2
  - offers via publicly available information sources, or
  - offers to a dealer, manager or underwriter who offers to sell AMP Notes 2 within 30 days by one of the preceding methods.
3. AMP does not know, or have reasonable grounds to suspect, at the time of issue, that AMP Notes 2 (or interests in those AMP Notes 2) were being, or would later be, acquired, directly or indirectly, by an ‘associate’ of AMP, except as permitted by section 128F(5) of the Australian Tax Act (see below), and
4. at the time of the payment of Interest, AMP does not know, or have reasonable grounds to suspect, that the payee is an ‘associate’ of AMP, except as permitted by section 128F(6) of the Australian Tax Act (see below).

An ‘associate’ of AMP for the purposes of section 128F of the Australian Tax Act includes, when AMP is not a trustee:

- a person or entity which holds more than 50 per cent of the voting shares of, or otherwise controls, AMP
- an entity in which more than 50 per cent of the voting shares are held by, or which is otherwise controlled by, AMP
- a trustee of a trust where AMP is capable of benefiting (whether directly or indirectly) under that trust, and
- a person or entity who is an ‘associate’ of another person or company which is an ‘associate’ of AMP under any of the foregoing.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (iii) and (iv) above) an ‘associate’ of AMP does not include a Non-Australian Holder that is acting in the capacity of:

- in the case of section 128F(5) only, a dealer, manager or underwriter in relation to the placement of the relevant AMP Notes 2, or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme (for the purposes of the Corporations Act), or

- in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager, responsible entity of a registered managed investment scheme (for the purposes of the Corporations Act).

### **8.3.3 Exemptions under certain double tax conventions**

Exemptions from IWT are also available for certain non-residents of Australia under double tax conventions.

The Australian government has signed new or amended double tax conventions (**New Treaties**) with a number of countries (each a **Specified Country**).

Broadly, the New Treaties effectively prevent IWT applying to interest derived by:

- the governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country, and
- a ‘financial institution’ resident in a Specified Country which is unrelated to and dealing wholly independently with AMP. The term ‘financial institution’ refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation. This listing is available to the public at the Federal Treasury’s Department website.

### **8.3.4 Payment of additional amounts**

As set out in more detail in clause 11 of the Terms, if AMP is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Australian Government in respect of AMP Notes 2, AMP must, subject to certain exemptions contained in clause 11.3 of the Terms, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the Holders of those AMP Notes 2 after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required.

## 8.4 Eligible AMP Notes holders participating in the Reinvestment Offer

Eligible AMP Notes holders have the option to participate in the Reinvestment Offer. This will be undertaken by AMP acquiring AMP Notes from Eligible AMP Notes holders with the proceeds of sale being applied to acquire AMP Notes 2.

The following income tax consequences will generally apply for Eligible AMP Notes holders who participate in the Reinvestment Offer. This summary applies to Eligible AMP Notes holders that are:

- residents of Australia for tax purposes that do not hold their AMP Notes in the course of carrying on a business outside of Australia, and non-residents of Australia for tax purposes that hold their AMP Notes in the course of carrying on a business at or through a permanent establishment in Australia (**Australian Eligible AMP Notes holders**), and
- non-residents of Australia for tax purposes that do not acquire their AMP Notes in the course of carrying on a business at or through a permanent establishment in Australia, and Australian tax residents that acquire their AMP Notes in the course of carrying on a business outside of Australia (**Non-Australian Eligible AMP Notes holders**).

This summary does not deal with Eligible AMP Notes holders who are in the business of dealing or trading in securities.

### 8.4.1 Australian income tax

Australian Eligible AMP Notes holders who participate in the Reinvestment Offer will be required to include any gain or loss on the disposal of their AMP Notes in their assessable income. The Accrued Interest Amount received in respect of their AMP Notes should be taken into account in determining the amount of the gain or loss. Depending on the circumstances of the Australian Eligible AMP Notes holders, either the rules relating to ‘traditional securities’ or ‘taxation of financial arrangements’ should apply.

Non-Australian Eligible AMP Notes holders should not be subject to Australian income tax on gains made on the disposal of their AMP Notes, provided:

- if the Non-Australian Eligible AMP Notes holder is not a resident of a country with which Australia has entered into a comprehensive double tax treaty – such gains do not have an Australian source. Non-Australian Eligible AMP Notes holders should seek their own taxation advice in relation to the application of the Australian source rules to their particular circumstances, or
- if the Non-Australian Holder is a resident of a country with which Australia has entered into a comprehensive double tax treaty – the Non-Australian Holder is fully entitled to the benefits of the double tax treaty.

If a gain realised by a Non-Australian Eligible AMP Notes holder is subject to Australian income tax, it should be taxed as ordinary income and not as a capital gain. Again, depending on the circumstances of the Non-Australian Eligible AMP Notes holder, either the rules relating to ‘traditional securities’ or ‘taxation of financial arrangements’ should apply.

The Accrued Interest Amount may be regarded as an amount in substitution for interest. In that case, Non-Australian Eligible AMP Notes holders should not generally be subject to Australian income tax on the Accrued Interest Amount received in respect of their AMP Notes. This assumes that Australian residents acting through a foreign permanent establishment will be able to take advantage of a branch profits exemption from Australian income tax after taking into account their personal circumstances.

The proceeds from the sale of AMP Notes that are applied to acquire AMP Notes 2 will be included in the cost of AMP Notes 2 for the purposes of determining any future gain or loss on their disposal, redemption or Conversion (see above).

### 8.4.2 Australian IWT

Australia IWT should not be payable in relation to the Accrued Interest Amount paid in respect of the AMP Notes. This is on the basis that the issue of the AMP Notes satisfies the requirements of the public offer exemption in section 128F.



## 8.5 Other Australian Tax Matters

Under Australian laws as presently in effect:

- **taxation of financial arrangements** – Division 230 of the Australian Tax Act contains tax timing rules for certain taxpayers to bring to account gains and losses from ‘financial arrangements’. The rules do not alter the rules relating to the imposition of IWT nor override the IWT exemption available under section 128F of the Australian Tax Act.

A number of elective tax timing methods are available under Division 230. If none of the tax timing elections are made, the default accruals/realisation methods should apply to the taxpayer. Under the default methods, if the gains or losses from a financial arrangement are sufficiently certain, they should be brought to account for tax on an accruals basis. Otherwise, they should be brought to account for tax when they are realised.

Division 230 does not apply to certain taxpayers or in respect of certain short term ‘financial arrangements’. Division 230 should not, for example, generally apply to Holders of AMP Notes 2 which are individuals and certain other entities (eg certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their ‘financial arrangements’. Potential Holders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

- **death duties** – no AMP Notes 2 will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death
- **stamp duty and other taxes** – no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of any AMP Notes 2. The same position applies to transactions concerning AMP Notes under the Reinvestment Offer
- **TFN/ABN withholding** – withholding tax is presently imposed at the rate of 46.5 per cent on the payment of interest on certain registered securities unless the relevant payee

has quoted an Australian tax file number (TFN), (in certain circumstances) an Australian Business Number (ABN) or proof of some other exception (as appropriate). A withholding rate of 47 per cent will apply to payments of interest made on or after 1 July 2014

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to AMP Notes 2, then withholding will not apply to payments to a Non-Australian Holder. Payments to Australian Holders in respect of AMP Notes 2 may be subject to a withholding where the Australian Holder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate)

- **additional withholdings from certain payments to non-residents** – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of AMP Notes 2 will need to be monitored by Holders
- **garnishee directions by the Commissioner of Taxation** – the Commissioner may give a direction requiring AMP to deduct from any payment to a Holder any amount in respect of Australian tax payable by the Holder. If AMP is served with such a direction, then AMP will comply with that direction and will make any deduction required by that direction
- **supply withholding tax** – payments in respect of AMP Notes 2 can be made free and clear of any ‘supply withholding tax’, and
- **goods and services tax** – neither the issue nor receipt of AMP Notes 2 will give rise to a liability for GST in Australia on the basis that the supply of AMP Notes 2 will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of Face Value or Interest by AMP, nor the disposal of AMP Notes 2, would give rise to any GST liability in Australia.

## Section 9


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### Key people, interests and benefits

This section provides information about the AMP board, the interests of people involved in the Offer and any benefits they may receive.

- 9.1 AMP board
- 9.2 Interests and benefits
- 9.3 Expenses of the Offer

## 9.1 AMP board

Director/position	Experience, qualifications and expertise
 <p><b>Peter Mason AM</b>  <i>Non-Executive Chairman</i>                      BCom (Hons), MBA,                      Hon.DBus (UNSW), FAICD.</p>	<p>Peter was appointed to the AMP board in October 2003 and assumed the role of Chairman in September 2005. He is a member of the People and Remuneration Committee and the Nomination Committee.</p> <p>Peter has 40 years experience in investment banking and is currently a Senior Advisor to UBS Investment Bank. He was Chairman of J.P. Morgan Chase Bank in Australia from 2000–2005.</p> <p>Prior to this he was Chairman and Chief Executive of Schroders Australia Limited and Group Managing Director of Schroders’ investment banking businesses in the Asia Pacific region. He was a member of the Council of the University of New South Wales for 13 years, a Director of the Children’s Hospital in Sydney for 12 years and Chairman of the Children’s Hospital Fund for eight years. In 1995, Peter was appointed a member of the Order of Australia for his contribution to the Children’s Hospital.</p> <p><b>Listed directorships</b></p> <ul style="list-style-type: none"> <li>&gt; Chairman of David Jones Limited (appointed as a Director from November 2007 and Chairman from January 2013)</li> <li>&gt; Director of Singapore Telecommunications Limited (appointed September 2010)</li> </ul> <p><b>Other directorships/appointments</b></p> <ul style="list-style-type: none"> <li>&gt; Director of the University of New South Wales Foundation</li> <li>&gt; Chairman of the UBS Australia Foundation Pty Limited</li> <li>&gt; Director of Taylors Wines Pty Limited</li> <li>&gt; Chairman of the Centre for International Finance and Regulation</li> <li>&gt; Trustee of the Sydney Opera House Trust</li> </ul>

Director/position	Experience, qualifications and expertise
 <p><b>Craig Dunn</b> <i>Chief Executive Officer and Managing Director</i> (will be retiring on 31 December 2013) BCom, FCA.</p>	<p>Craig was appointed Chief Executive Officer (CEO) and Managing Director in January 2008. He has been a Director of AMP Life Limited since April 2002, a Director of AMP Capital Holdings Limited since January 2008 and was appointed to The National Mutual Life Association of Australasia Limited (NMLA) Board in March 2011.</p> <p>Prior to becoming CEO, Craig was Managing Director, AMP Financial Services from 2002–2007. He joined AMP in January 2000 and has held a number of senior roles, including Managing Director of AMP Bank Limited and Director, Office of the CEO.</p> <p>Before joining AMP, Craig was CEO of a Malaysia-based insurance company, a joint venture of Colonial Limited. He worked for KPMG throughout Europe and in Indonesia before joining Colonial.</p> <p><b>Listed directorships</b></p> <ul style="list-style-type: none"> <li>› Within the three years immediately before the end of the last financial year, Craig served as a director of AMP Capital Investors Limited (responsible entity of AMP Capital China Growth Fund, a managed investment scheme listed on ASX) (2008–December 2011).</li> </ul> <p><b>Other directorships/appointments</b></p> <ul style="list-style-type: none"> <li>› Advisory Board Member with the Australian Government’s Financial Literacy Foundation</li> <li>› Member of the Australian Government’s Financial Services Advisory Committee</li> <li>› Leaders Forum Member of the Australian Institute for Population Ageing Research</li> <li>› Panel Member of the Australian Financial Centre Taskforce</li> <li>› Executive Member of the Australia Japan Business Co-operation Committee</li> </ul>
 <p><b>Craig Meller</b> <i>(Incoming Chief Executive Officer and Managing Director from 1 January 2014)</i> BSc(Hons), ARCS</p>	<p>Craig was appointed Managing Director of AMP’s largest business, AMP Financial Services, on 15 October 2007. He will join the AMP board as an Executive Director from 1 January 2014, when he takes over the role of AMP group Chief Executive Officer and Managing Director from Craig Dunn.</p> <p>Craig started with AMP group’s United Kingdom business in 2001 before coming to Australia in 2002 to take up the role of Managing Director, AMP Banking. He moved to the role of Director of Product Manufacturing in 2003 prior to moving to his current role.</p> <p>Craig started his career at Lloyds TSB in the UK where he spent more than 14 years working across the business in a number of management roles. From 1998 he worked at Virgin Direct where he was Managing Director from 1999–2001.</p> <p><b>Other directorships/appointments</b></p> <ul style="list-style-type: none"> <li>› Deputy Chairman of the Financial Services Council</li> <li>› Chairman of the Financial Services Council Advice Committee</li> </ul>

**Director/position**

**Patricia (Patty) Akopiantz**  
Non-Executive Director

BA, MBA

**Experience, qualifications and expertise**

Patty was appointed to the AMP board and the People and Remuneration Committee in March 2011. She was appointed a Director of AMP Bank Limited in November 2011, a member of its Audit Committee in June 2012 and as Chairman of that Audit Committee in February 2013.

Patty has over 25 years' senior management and consultancy experience, primarily in the retail and consumer industries both in Australia and overseas. Over the last 13 years, she has served on numerous boards including AXA Asia Pacific Holdings Limited and Coles Group Limited. In 2003, she was awarded a Centenary Medal for services to Australian society in business leadership. She has an MBA from Harvard Business School.

**Listed directorships**

- > Within the three years immediately before the end of the last financial year, Patty served as a Director of AXA Asia Pacific Holdings Limited (April 2006–March 2011) and Wattyl Limited (September 2005–September 2010).

**Other directorships/appointments**

- > Director of the NSW State Library Foundation
- > Member of Chief Executive Women



**Richard (Rick) Allert AO**  
Non-Executive Director

FCA.

Rick was appointed to the AMP board and the Audit Committee in March 2011. He was appointed a Director of AMP Bank Limited and a member of its Audit Committee in August 2013.

Rick has over 40 years of senior business appointments including, Chairman of AXA Asia Pacific Holdings Limited, Chairman of Tourism Australia, Chairman of Coles Group Limited, Chairman of Southcorp Limited, Chairman of Voyages Hotels and Resorts and President of the National Heart Foundation. In 1997, Rick was appointed a member of the Order of Australia for his service to business and the community, particularly through his work with the National Heart Foundation. In 2003, Rick was awarded a Centenary Medal for service to Australian society through rail transport, business and taxation. In 2007, he was appointed an Officer of the Order of Australia for service to the business sector through leadership and promotion of corporate social responsibility, and to the community through involvement with and support for a range of artistic, charitable and educational organisations.

**Listed directorships**

- > Chairman of Western Desert Resources Limited (appointed January 2011)
- > Director of Genesee & Wyoming Inc. (appointed July 2011)

Within the three years immediately before the end of the last financial year, Rick served as a Director of AXA Asia Pacific Holdings Limited (September 1995–March 2011, Chairman from April 2000) and as Deputy Chairman of Gerard Lighting Group Limited (March 2010–October 2012).

**Other directorships/appointments**

- > Chairman of the Aboriginal Foundation of South Australia Inc
- > Deputy Chairman of Cavill Power Products Pty Limited
- > Director of Genesee & Wyoming Australia Pty Limited
- > Director of RG & RT Trott Pty Limited
- > Chairman of Ikara Wilpena Enterprises Pty Ltd and Wilpena Pound Aerodrome Services Pty Ltd

**Director/position**

**Catherine Brenner**  
*Non-Executive Director*  
 BEc, LLB, MBA

**Experience, qualifications and expertise**

Catherine was appointed to the AMP board in June 2010. She was appointed to the AMP Life Board in May 2009 and became Chairman in May 2011. Catherine is a member (and former Chairman) of the AMP Life Limited Audit Committee. She was appointed Chairman of The National Mutual Life Association of Australasia Limited (NMLA) Board and a member of the NMLA Audit Committee in March 2011.

Catherine is a former Managing Director, Investment Banking at ABN AMRO where she held various senior roles. Prior to this she was a corporate lawyer.

**Listed directorships**

- > Director of Boral Limited (appointed September 2010)
- > Director of Coca-Cola Amatil Limited (appointed April 2008)

Within the three years immediately before the end of the last financial year, Catherine served as a Director of Centennial Coal Company Limited (2005–September 2010).

**Other directorships/appointments**

- > Trustee of the Sydney Opera House Trust
- > Council Member of Chief Executive Women



**Brian Clark**  
*Non-Executive Director*  
 DSc.

Brian was appointed to the AMP board in January 2008. He is a member of the Nomination Committee and the People and Remuneration Committee. Brian is Chairman of the AMP Capital Holdings Limited Board and a member of its Audit Committee.

Brian spent 10 years in a variety of senior executive roles at Vodafone internationally, most recently in the United Kingdom as Group Human Resources Director. He was Chief Executive Officer (CEO) of Vodafone's Australian business as well as CEO of the Asia Pacific region, based in Tokyo. Before joining Vodafone, Brian spent three years as CEO of Telkom SA Ltd, in South Africa. Brian has degrees in physics and mathematics from the University of Pretoria, and has completed the Advanced Management Program at the Harvard Business School.

**Listed directorships**

- > Director of Boral Limited (appointed May 2007)

Within the three years immediately before the end of the last financial year, Brian served as Chairman of AMP Capital Investors Limited (responsible entity of AMP Capital China Growth Fund, a managed investment scheme listed on ASX) (2008–December 2011).

**Director/position**

**Paul Fegan**  
*Non-Executive Director*  
 MBA.

**Experience, qualifications and expertise**

Paul was appointed to the AMP board in August 2009. He was appointed to the Audit Committee in November 2009 and became Chairman of that Committee in December 2010. Paul was Chairman of AMP Bank Limited from May 2012–February 2013 and served as a Director on that board from April 2010–February 2013.

Paul has over 30 years' experience in the financial services industry. He was appointed Chief Financial Officer of Genworth Australia in January 2013. Paul was Group Managing Director, Strategy and Corporate Services with Telstra from February 2011–January 2012 and was the Chief Executive Officer (CEO) of St.George Bank from November 2007 and CEO and Managing Director from February 2008 until its merger with Westpac Banking Corporation in December 2008. He was also a Director of St.George's funds administration subsidiary, Asgard Wealth Solutions. Prior to joining St.George, Paul was based in the UK as Chief Operating Officer of Yorkshire Bank. He held director positions in both Yorkshire Bank and Clydesdale Bank and a series of senior appointments with National Australia Bank in Australia, the US, Hong Kong, the UK and Ireland.



**Simon McKeon AO**  
*Non-Executive Director*  
 BCom, LLB, FAICD.

Simon was appointed to the AMP board in March 2013. He was appointed to the Audit Committee in May 2013. Simon was appointed a Director of AMP Capital Holdings Limited and a member of its Audit Committee in May 2013.

Simon is Executive Chairman of the Macquarie Group's Melbourne office, and has been a mergers and acquisitions specialist. He was the Chairman of MYOB Limited from 2006–2009 and has held a wide range of public sector and not-for-profit directorships. In 2011, Simon was named Australian of the Year and in 2012, he was appointed an Officer of the Order of Australia for distinguished service to business and commerce through leadership and advisory roles, and to the community as a supporter of national and international charitable, educational and sporting organisations.

**Other directorships/appointments**

- > Chairman of CSIRO
- > Director of Global Poverty Project Inc.
- > Chairman of Global Poverty Project Australia
- > Director of Red Dust Role Models
- > Chairman of Business for Millennium Development
- > Chairman of In2Science
- > Member of the Big Issue advisory board



**John Palmer ONZM**  
*Non-Executive Director*  
 BAgrSc, Hon DCom,  
 FNZID.

John was appointed to the AMP board in July 2007. He is Chairman of the People and Remuneration Committee. John has been a Director of the AMP Life Board since May 2004. He was appointed to The National Mutual Life Association of Australasia Limited Board in March 2011.

John has extensive experience as a director and chairman of companies in the agricultural and finance sectors. He has a track record of successfully leading change and reconstruction of diverse corporates in marketing, agribusiness and aviation.

In 1998 John received the Bledisloe Cup for outstanding contribution to the New Zealand fruit industry. In 1999 he was awarded with an Officer of the New Zealand Order of Merit (ONZM) for service to the New Zealand kiwifruit industry.

**Listed directorships**

- > Director of Air New Zealand Limited (appointed November 2001)

**Other directorships/appointments**

- > Chairman of Rabobank New Zealand Limited
- > Director of Rabobank Australia Limited

Director/position	Experience, qualifications and expertise
 <p data-bbox="240 640 480 775"><b>Peter Shergold AC</b> <i>Non-Executive Director</i> BA (Hons), MA, PhD, FAICD.</p>	<p data-bbox="560 371 1326 524">Peter was appointed to the AMP board in May 2008. He was appointed to the Audit Committee and has been a Director of the AMP Life Board since August 2008. Peter is also a member of the AMP Life Audit Committee. He was appointed to The National Mutual Life Association of Australasia Limited Board in March 2011 and is a member of its Audit Committee.</p> <p data-bbox="560 539 1350 853">Peter is Chancellor and Chair of the board of trustees of the University of Western Sydney. He serves on a wide range of private sector, government and not-for-profit boards. Previously, Peter served as Secretary of the Department of the Prime Minister and Cabinet for five years, Chief Executive Officer (CEO) of the Aboriginal and Torres Strait Islander Commission, Public Service Commissioner, Secretary of the Department of Employment, Workplace Relations and Small Business, and Secretary of the Department of Education, Science and Training. He was appointed a Member of the Order of Australia in 1996, awarded a Centenary Medal in 2003 and made a Companion of the Order of Australia in 2007 for public service.</p> <p data-bbox="560 882 962 913"><b>Other directorships/appointments</b></p> <ul data-bbox="560 927 1270 1243" style="list-style-type: none"> <li>&gt; Director of Corrs Chambers Westgarth</li> <li>&gt; Chairman of Quintessence Labs Pty Limited</li> <li>&gt; Chairman of the National Centre for Vocational Education Research</li> <li>&gt; Director of the General Sir John Monash Foundation</li> <li>&gt; Director of Veda Advantage Limited</li> <li>&gt; Chairman of the NSW Public Service Commission Advisory Board</li> <li>&gt; Deputy Chair of the Sydney Writers' Festival</li> <li>&gt; Chairman of the Aged Care Reform Implementation Council</li> <li>&gt; Director of the Queensland Public Sector Renewal Board</li> </ul>

## 9.2 Interests and benefits

### 9.2.1 Directors

The directors as at the date of this prospectus had the following relevant interests in issued securities of AMP:

Directors	Number of AMP Ordinary Shares	Number of options/rights over AMP Ordinary Shares	Number of AMP Notes
Peter Mason	595,242	Nil	Nil
Craig Dunn	558,497	3,040,206	1,000
Patricia Akopiantz	28,746	Nil	Nil
Richard Allert	92,330	Nil	Nil
Catherine Brenner	58,610	Nil	Nil
Brian Clark	68,940	Nil	980
Paul Fegan	41,387	Nil	Nil
John Palmer	88,399	Nil	Nil
Simon McKeon	56,067	Nil	Nil
Peter Shergold	55,495	Nil	Nil
Craig Meller	96,207	1,575,341	Nil



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

- the formation or promotion of AMP
- the Offer, or
- any property acquired or proposed to be acquired by AMP in connection with the formation or promotion of AMP or the Offer.

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

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

#### Directors' fees

AMP's constitution contains provisions about the remuneration of the directors of AMP.

As remuneration for their services as directors, the non-executive directors are paid an amount of remuneration determined by the AMP Board, subject to a maximum annual aggregate amount determined by shareholders in general meeting. The maximum annual aggregate amount has been set at \$3,850,000. All directors are entitled to reimbursement of reasonable out-of-pocket expenses. Paul Fegan and Simon McKeon will be paid \$20,000 plus superannuation each for the additional services performed as members of the due diligence committee for the Offer.

The remuneration of the managing director and AMP chief executive officer is fixed by the AMP board. The remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of operating revenue. As announced by AMP to ASX on 15 August 2013, in connection with Craig Meller's appointment as AMP managing director and chief executive officer (effective 1 January 2014), the components of Craig Meller's remuneration will be as follows:

- fixed remuneration (comprising regular cash payments, any salary sacrifice items and superannuation) of \$1,600,000 per annum, which is to be reviewed annually
- Craig Meller will be eligible for discretionary annual short term incentives. The initial annual short term incentive opportunity is between 0 per cent and 200 per cent of Craig Meller's fixed remuneration. Sixty per cent (60 per cent) of any short term incentive awarded will be paid in cash following the end of the performance year, with payment of the other forty per cent (40 per cent) deferred for two years into rights to AMP Ordinary Shares, and
- Craig Meller will be eligible for an annual long term incentive award in accordance with the AMP Limited Equity Incentive Plan (which is described in AMP's 2012 Annual Report). The amount and terms of grants will be determined by the AMP board in its discretion and will be subject to any necessary regulatory approvals and any necessary or appropriate shareholder approvals. If shareholder approval is sought but not obtained for a long term incentive award, Craig Meller may be paid a cash equivalent.

#### 9.2.2 Interests and benefits of advisers

UBS has acted as the structuring adviser for the Offer, and each of Commonwealth Bank, J.P. Morgan and UBS, have acted as Joint lead managers to the Offer, in respect of which they will receive fees from AMP. The estimated aggregate fees payable by AMP to the Joint lead managers are approximately \$5 million (exclusive of GST), making certain assumptions as to the allocations of AMP Notes 2 between the Broker Firm Offer, Institutional Offer, Reinvestment 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 0.5% 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 representatives of Australian financial services licensees (**Brokers**) in certain circumstances, including where AMP Notes 2 were allocated to a Broker for allocation to another person. Under the Offer Management Agreement, the amount of the fee payable to those Brokers may not exceed 1.00% of the amount which is equal to the number of AMP Notes 2 which are allocated to the relevant Broker multiplied by \$100. Brokers may in turn rebate fees to other Brokers. The amount of the fee paid to such other Broker by the first Broker may not exceed 1.00% of the amount which is equal to the number of Notes which are allocated to such other Broker multiplied by \$100. AMP will pay a stamping fee of 1.00% of the value of applications accepted under the Securityholder Offer and General Offer up to a maximum of \$500 per application. This fee is inclusive of any applicable GST and will only be paid to brokers and advisers who include their stamp or adviser code on the accepted application. AMP reserves the right to aggregate applications that appear to be multiple applications from the same applicant.

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. 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 and has prepared the Australian taxation summary in section 8. In respect of this work, King & Wood Mallesons will be paid approximately \$635,000 (excluding disbursements and GST) for work performed by it until the date of this prospectus. Further amounts may be paid to King & Wood Mallesons in accordance with its time-based charges.

Ernst & Young has provided due diligence services in relation to the Offer. In respect of this work, Ernst & Young will be paid approximately \$135,000 (excluding disbursements and GST)

for work performed by it up until the date of this prospectus. Further amounts may be paid to Ernst & Young in accordance with its time-based charges.

Except as set out in this prospectus, no:

- person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus, or
- Joint lead manager,

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

- the formation or promotion of AMP
- the Offer, or

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

### 9.3 Expenses of the Offer

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

## Section 10

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### Additional information

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

- 10.1 Reporting and disclosure obligations
- 10.2 Availability of documents
- 10.3 Rights and liabilities attaching to AMP Subordinated Notes 2
- 10.4 Rights and liabilities attaching to AMP Ordinary Shares
- 10.5 Summary of the Trust Deed
- 10.6 Summary of the Offer Management Agreement
- 10.7 Consents
- 10.8 ASX confirmation
- 10.9 ASIC modification
- 10.10 Acknowledgements
- 10.11 Privacy
- 10.12 Statement of directors

## 10.1 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 ASIC may be obtained from or inspected at an ASIC office.

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 quoted securities.

## 10.2 Availability of documents

AMP will provide a copy of any of the following documents free of charge to any person upon their request during the Offer Period:

- the annual financial report for the year ended 31 December 2012 and the half-year financial report for the half-year ended 30 June 2013 lodged with ASIC by AMP
- 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 2012 and before lodgement of this prospectus with ASIC, and
- the constitution of AMP.

During the Offer Period, you can obtain a copy of the above documents free of charge at [amp.com.au/shareholdercentre](http://amp.com.au/shareholdercentre) or by written request to AMP (addressed to 'AMP group investor relations') at the address set out in the corporate directory at the end of this prospectus.

## 10.3 Rights and liabilities attaching to AMP Subordinated Notes 2

The rights and liabilities attaching to AMP Notes 2 are contained in the Trust Deed (which incorporates the Terms). The Terms are set out in full in appendix A of this prospectus and the Trust Deed is summarised in section 10.5. AMP must provide a copy of the Trust Deed to a Holder on request.

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

## 10.4 Rights and liabilities attaching to AMP Ordinary Shares

Holders will receive AMP Ordinary Shares if Conversion occurs following a Non-Viability Trigger Event, unless an Inability Event subsists. The rights and liabilities attaching to the AMP Ordinary 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 10.4 briefly summarises the key rights attaching to the AMP Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of AMP Ordinary Shares. Investors who wish to inspect AMP's constitution may do so requesting a copy as provided under section 10.2.

### 10.4.1 Dividends

Holders of AMP Ordinary Shares are entitled to receive such dividends on AMP Ordinary Shares as may be determined by the directors of AMP in their discretion. Dividends are payable to holders of AMP Ordinary Shares in proportion to the amount paid on the AMP Ordinary 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 Ordinary Shares by prudential standards of APRA, or potentially in particular circumstances by the terms of certain of its regulatory capital instruments.

#### **10.4.2 Meetings and voting rights**

Holders of AMP Ordinary Shares are entitled to receive notice of, attend and vote at general meetings of AMP. Each holder of an Ordinary Share 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 Ordinary Share held (or a fraction of a vote in proportion to the amount paid up on that Ordinary Share) on a poll.

#### **10.4.3 Winding-up of AMP**

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

#### **10.4.4 Transfers**

Transfers of AMP Ordinary Shares are not effective until registered. Subject to ASX Listing Rules, AMP may refuse to register a transfer of AMP Ordinary 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 Ordinary Shares other than the interest of registered holders of AMP Ordinary Shares.

#### **10.4.5 Issue of further AMP Ordinary Shares**

The directors control the issue of AMP Ordinary Shares. Subject to the Corporations Act, the

directors of AMP may issue further AMP Ordinary Shares, redeemable preference shares and bonus shares for no consideration, and grant options over AMP Ordinary Shares, on terms as they think fit.

## **10.5 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.

### **10.5.1 Appointment of Trustee**

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

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

### **10.5.2 Undertakings and covenants of AMP**

AMP has undertaken to the Trustee, subject to any obligation of AMP to Convert or Write-off AMP Notes 2, to pay the amounts due and payable in respect of each AMP Note 2 under and in accordance with the Trust Deed. The Trustee directs AMP to pay such amounts directly to Holders, except that payments must be made to the Trustee if an Event of Default under AMP Notes 2 has occurred and is subsisting, a receiver or manager has been appointed to AMP, AMP is directed by the Trustee to do so or AMP

advises the Trustee that it is not likely to meet its obligations under the Trust Deed.

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

### 10.5.3 Enforcement

The Trustee must take action following an Event or Default or to enforce the terms of the Trust Deed (which includes the Terms of AMP Notes 2) if the following conditions are met:

- the Trustee is requested to take action by Holders who hold in aggregate 15 per cent or more of the Face Value of all AMP Notes 2 then outstanding or by a Holder Resolution
- the Trustee is indemnified to its reasonable satisfaction against all actions, proceedings, claims and demands to which the Trustee may be liable by taking such action, all costs which the Trustee may incur in taking action and all management time spent by employees of the Trustee in relation to such action (the Trustee is not entitled to be indemnified by any Holder personally), and
- the action is permitted under the Trust Deed.

No Holder is entitled to proceed directly against AMP to enforce any right or remedy under or in respect of any AMP Note 2 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.

### 10.5.4 Sale of AMP Ordinary Shares on Conversion of AMP Subordinated Notes 2

Under the Terms of AMP Notes 2, if a Holder has elected not to receive AMP Ordinary Shares on Conversion of AMP Notes 2, or a Holder is an Ineligible Holder (including a Foreign Holder), the AMP Ordinary Shares to be issued to such Holder on Conversion of AMP Notes 2 will be issued to a Sale and Transfer Agent, who will sell them at market value and pay the proceeds (less costs) to the Holder. The Trustee is not liable to any Holder for the acts of any Sale and Transfer Agent appointed to sell the AMP Ordinary 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.

### 10.5.5 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 (**Trustee Default**), 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.

### 10.5.6 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 and reasonable expenses incurred as the result of the occurrence of an Event of Default.

### 10.5.7 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, a Trustee Default (as defined in section 10.5.5 above) has occurred and is continuing, the Trustee ceases or has ceased to carry on business or the Trustee is placed in liquidation or is wound-up or dissolved. AMP may also remove the Trustee if authorised or requested to do so by a meeting of the 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.

**10.5.8 Meetings**

By a Holder Resolution, Holders have the power to approve certain alterations to the Trust Deed and to give directions to the Trustee as to the performance of its duties under the Trust Deed and the Terms of AMP Notes 2. By a Special Resolution, Holders may approve the release of the Trustee from liability for something done or omitted to be done, approve any act taken by the Trustee or approve certain alterations to the Trust Deed which are required to be approved by 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 AMP Note 2 with respect to which it is the registered holder. If the meeting is by postal ballot or written resolution then the resolution must be passed by Holders representing (in aggregate) at least the requisite majority of the principal amount outstanding of the AMP Notes 2.

A meeting of Holders may be convened at any time by either the Trustee or AMP. AMP must call a meeting of Holders (or the relevant Holders) on request in writing of Holders who together hold 10 per cent or more of the aggregate Face Value of all AMP Notes 2 to consider the financial statements that were laid before the last annual general meeting of AMP or to give the Trustee directions. The Trustee must call a meeting of Holders as soon as is reasonably practicable after becoming aware that an Event of Default.

**10.5.9 No monitoring obligations**

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

- exercise reasonable diligence to ascertain whether:
  - the property of AMP that is or should be available will be sufficient to repay the amounts lent by Holders in respect of AMP Notes 2 when it becomes due, and
  - AMP has breached the Terms of AMP Notes 2, the Trust Deed or the provisions of Chapter 2L of the Corporations Act, and
- do everything in its power to ensure that AMP remedies any breach known to the Trustee of the Terms of AMP Notes 2, the Trust Deed or the provisions of Chapter 2L of the Corporations Act, unless the Trustee is satisfied that the breach will not materially prejudice Holders' interests.

**10.5.10 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 AMP Notes 2 to the relevant Holders. The balance (if any) of the money remaining after those payments will be returned to AMP.

**10.5.11 Notices**

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

**10.6 Summary of the Offer Management Agreement****10.6.1 Overview**

AMP and the Joint lead managers signed the Offer Management Agreement on or around 5 November 2013. Under the Offer Management Agreement, AMP appointed UBS, Commonwealth Bank and J.P. Morgan as Joint lead managers of the Offer. 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, 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.

### 10.6.2 Fees

The estimated aggregate fees payable by AMP to the Joint lead managers under the Offer Management Agreement are set out in section 9.2.2. The actual amount payable will not be known until the allocation of AMP Notes 2 under the Offer. In addition, AMP must reimburse each Joint lead manager for reasonable expenses, including reasonable legal and travel costs, incurred by the Joint lead managers in relation to the Offer.

### 10.6.3 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 will not contain any untrue, inaccurate, misleading or deceptive statements or omissions.

### 10.6.4 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 or the Offer Management Agreement.

### 10.6.5 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 AMP Notes 2 on ASX
- certain breaches of the Offer Management Agreement
- AMP withdraws this prospectus or the Offer, and
- trading of Ordinary Shares is suspended for a certain period of time, or Ordinary 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 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).

## 10.7 Consents

Except as set out 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 made any statement in this prospectus or any statement on which a statement made in this prospectus is based, and
- does not cause or authorise the issue of the prospectus, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this prospectus.



Role	Consenting parties
Structuring adviser	UBS AG, Australia Branch
Joint lead managers	Commonwealth Bank of Australia J.P. Morgan Australia Limited UBS AG, Australia Branch
Co-managers	Bell Potter Securities Limited Ord Minnett Limited
Australian legal and tax adviser	King & Wood Mallesons
Registry	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 based on statements made by it, consisting of the Australian taxation summary in section 8 in the form and context in which it appears in section 8.

The Trust Company (Australia) Limited is acting as trustee for Holders under the Trust Deed.

## 10.8 ASX confirmation

ASX has classified AMP Notes 2 as 'debt securities' for the purposes of ASX Listing Rules and has confirmed, in relation to the Offer, that:

- ASX Listing Rule 7.1 has been waived to permit AMP to issue AMP Ordinary Shares following a Non-Viability Trigger Event in accordance with the Terms without shareholder approval
- 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 acquire AMP Ordinary Shares following a Non-Viability Trigger Event without shareholder approval
- ASX Listing Rule 3.20.2 will not apply to the Conversion of AMP Notes 2 following a Non-Viability Trigger Event, and
- the timetable for the Offer is acceptable.

ASX has also provided in principle approval of the quotation of AMP Notes 2 and has agreed to allow AMP Notes 2 to trade on a deferred settlement basis for a short time following the issue of AMP Notes 2 (subject to certain conditions).

ASX has also confirmed, in relation to the Reinvestment Offer, that the timetable for the Reinvestment Offer is acceptable.

## 10.9 ASIC modification

ASIC has granted relief from the provisions of Division 5A of Part 7.9 of the Corporations Act relating to unsolicited offers for AMP to conduct the Reinvestment Offer (subject to certain conditions).

## 10.10 Acknowledgements

Each person who applies to participate in the Offer or submits an Application Form and/or application payment will be deemed to have:

- acknowledged having personally received a paper or electronic copy of the 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 AMP Notes 2 with their professional advisers
- agreed to be bound by the Terms and the terms and conditions of the Offer (and the Reinvestment Offer, in the case of Eligible AMP Notes holders) and on Conversion of AMP Notes 2, agrees to become a member of AMP and to be bound by the terms of AMP's constitution
- declared that all details and statements in their Application Form are complete and accurate
- consented to the use and disclosure of the applicant's(s') personal information as described in section 10.11, 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 Registry receives an Application Form it may not be withdrawn, except as allowed by law
  - acknowledged that, in some circumstances, AMP may not pay Interest or any other amount payable on AMP Notes 2
  - applied for the number of AMP Notes 2 at the Australian dollar amount shown on the Application Form
  - agreed to being allocated the number of AMP Notes 2 applied for (or a lower number allocated in a way described in this prospectus), or no AMP Notes 2 at all
  - authorised AMP and the Joint lead managers and their respective officers or agents, to do anything on the applicant's(s') behalf necessary for AMP Notes 2 to be allocated to the applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form, and in the case of Eligible AMP Notes holders applying to participate in the Reinvestment Offer, to take any action necessary to effect the sale of the AMP Notes under the Reinvestment Offer to AMP, the application of the sale proceeds of A\$ AMP Notes in AMP Notes 2 and the allotment of AMP Notes 2
  - in the case of Eligible AMP Notes holders applying under the Reinvestment Offer, agreed that all binding instructions between Eligible AMP Notes holders and AMPGFS will from the Issue Date, be deemed (except to the extent determined by AMP in its sole discretion) to be a similarly binding instruction to, and accepted by, AMP in respect of the AMP Notes 2 issued to that Eligible AMP Notes holder under the Offer until that instruction is revoked or amended, and only to the extent those instructions are not inconsistent with any other current instructions notified to AMP
  - acknowledged that if the amount of any cheque, bank draft or money order is insufficient to pay for the number of AMP Notes 2 that the applicant(s) has applied for, or, if there are insufficient funds held in a relevant account to cover a cheque that the applicant(s) have drawn, then AMP may, in consultation with the Joint lead managers determine that you have applied for such lower number of AMP Notes 2 as the applicant's(s') cleared application payment will pay for (in multiples of 10 AMP Notes 2) and the applicant's(s') will be deemed to have specified that number in the applicant's(s') Application Form. If the applicant(s) provide a cheque, bank draft or money order for an amount that is not in multiples of 10 AMP Notes 2, AMP will round down the dollar amount of AMP Notes 2 that the applicant(s) are applying for to the next lowest multiple of 10 AMP Notes 2
  - acknowledged that the information contained in this prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that AMP Notes 2 are suitable for the applicant(s), given the applicant's(s') investment objectives, financial situation or particular needs
  - declared that the applicant(s) is an Australian resident or otherwise a person to whom the Offer can be made, and AMP Notes 2 issued, in accordance with section 7.5
  - acknowledged that AMP Notes 2 have not been, and will not be, registered under the US Securities Act or pursuant to the securities laws of any other jurisdiction outside Australia
  - represented and warranted that the applicant(s) is not in the United States or any other place outside Australia and is not a US Person (or acting for the account or benefit of a US Person), and the applicant(s) will not offer, sell, pledge or transfer any AMP Notes 2 in the United States or to, or for the account or benefit of, any US Person
  - represented and warranted that if the applicants (or any person for whom the applicants is acquiring AMP Notes 2) is in Singapore, the applicants (and any such person) is an 'institutional investor' or a 'relevant person' (as such terms are defined in the Securities and Futures Act of Singapore (SFA)) and will acquire AMP Notes 2 in accordance with applicable provisions of

the SFA and acknowledged that the offer of AMP Notes 2 is subject to the restrictions (including selling restrictions) set out in section 276 of the SFA

- represented and warranted that the laws of any other place, including the restrictions set out in section 7.5 of this prospectus, do not prohibit the applicant(s) from being given the prospectus (or any supplementary or replacement prospectus) or making an application or being issued with AMP Notes 2, and
- acknowledged that AMP Notes 2 are not protected accounts or 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 AMP Notes 2.

## 10.11 Privacy

Your privacy is important to AMP and the AMP group. The Registry has been engaged to maintain the Register on behalf of AMP and the AMP group. If you apply for AMP Notes 2, you will be asked to provide personal information to AMP or its agents, including the Registry. The primary purpose of collecting personal information about you is to enable your application to be assessed and processed and to register you as a Holder, 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 and AMP's privacy policy.

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

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

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

## 10.12 Statement of directors

This prospectus is authorised by each director who consents, and who has not withdrawn their consent, to its lodgement with ASIC and its issue.



## Appendix A

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### Terms

If there is any inconsistency between the Terms and any other statement in this prospectus, the Terms prevail.

## 1 Form of Notes

### 1.1 Constitution under Trust Deed

AMP Notes 2 (the **Notes**) are unsecured, subordinated debt obligations of the Issuer constituted by, and owing under, the Trust Deed.

### 1.2 Form

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

### 1.3 Face Value

The Notes have a Face Value of A\$100.00 and are issued fully paid.

### 1.4 Currency

The Notes are denominated in Australian dollars.

### 1.5 Clearing system

The Notes will be entered into and dealt with in CHESS. For so long as the Notes remain in CHESS, the rights of a person holding an interest in the Notes are subject to the rules and regulations of CHESS but without affecting any Term which may cause APRA to object to AMP group using, or having used, the proceeds of the issue of some or all of the Notes to fund Tier 2 Capital of a Regulated Entity within the AMP group.

### 1.6 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

### 1.7 ASX quotation

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed, Converted or Written-off remain, quoted on ASX.

### 1.8 No other rights

The Notes confer no rights on a Holder:

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

## 2 Status and subordination

### 2.1 Subordination

- a) The Notes constitute direct and unsecured subordinated obligations of the Issuer, ranking:
  - i) ahead of the claims of all Junior Subordinated Creditors;
  - ii) equally without any preference among themselves;
  - iii) equally with the claims of all Pari Passu Subordinated Creditors; and
  - iv) behind the claims of Senior Creditors.
- b) The claims of Holders against the Issuer in respect of Notes will, in a winding-up of the Issuer, be subordinated in right of payment to the claims of all Senior Creditors.
- c) Each Holder must not, and is taken to have waived, to the fullest extent permitted by law, any right to, prove in a winding-up of the Issuer as a creditor in respect of the Notes so as to diminish any distribution, dividend or payment that any Senior Creditor would otherwise receive.
- d) No Holder may exercise its voting rights (as a creditor in respect of the Notes) in a winding-up of the Issuer so as to defeat the subordination in this clause 2.
- e) Neither the Issuer 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 the Issuer in respect of the Notes held by the Holder or by the Holder to the Issuer (as applicable).
- f) For the avoidance of doubt, all amounts payable under these Terms are subject to clause 2.2.

### 2.2 Solvency test

When the Issuer is not in a winding-up:

- a) no amount is due and payable by the Issuer in respect of the Notes unless, at the time of, and immediately after, the payment, the Issuer is Solvent (**Solvency Condition**). A certificate signed by two directors or a director and a secretary of the Issuer is sufficient evidence as to whether or not the Issuer is Solvent unless it is proved to be incorrect; and

- b) if all or any part of an amount that otherwise would be due and payable under these Terms is not due and payable because at the time of, and immediately after, the payment the Issuer would not be Solvent then, subject to clause 3.3, Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an Event of Default.

### 2.3 No consent of Senior Creditors

Nothing in this clause 2 shall be taken to require the consent of any Senior Creditor to any amendment of these Terms.

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

The Notes are not:

- a) deposits with, nor deposit liabilities 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) protected accounts for the purposes of the depositor protection provisions of the Banking Act or the financial claims scheme established under the Banking Act;
- c) policies with any member of the AMP group for the purposes of the Life Insurance Act;
- d) guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party; nor
- e) investments in any superannuation or other fund managed by a member of the AMP Group.

### 2.5 Unsecured Notes

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

## 3 Interest

### 3.1 Interest

Each Note bears interest (**Interest**) on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date or any Redemption Date at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

### 3.2 Interest Rate determination

The Interest Rate payable in respect of a Note must be calculated by the Issuer in accordance with these Terms.

The Interest Rate applicable to a Note for each Interest Period is calculated according to the following formula:

**Interest Rate = Market Rate + Margin**

and expressed as a percentage per annum, where:

**Market Rate** means, for the Interest Period, the average mid-rate for Bills having a tenor of 90 days as displayed on the “BBSW” page of the Reuters Monitor System (or its successor or replacement page) on the first Business Day of the Interest Period. However, if the average mid-rate is not displayed by 10:16 am on that day, or if it is displayed but the Issuer determines that there is an obvious error in that rate, **Market Rate** means the rate determined by the Issuer in good faith at approximately 10:30 am on that day, having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the “BBSY” or “BBSW” page of the Reuters Monitor System);

**Bill** has the meaning given in the Bills of Exchange Act 1909 (Cth) of Australia and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act; and

**Margin** means the rate (expressed as a percentage per annum) determined under the Bookbuild.

### 3.3 Cumulative Interest

Provided that a Note has not been Redeemed, Converted or Written-off:

- a) Interest shall accrue at the Interest Rate in the manner provided in this clause 3 on:
  - i) any amount of principal which is not paid by virtue of clause 2.2(a); and
  - ii) any amount of principal, the payment of which is improperly withheld or refused when due and payable;

- b) any amount of Interest which is not paid by virtue of clause 2.2(a), or payment of which is improperly withheld or refused when due and payable, accumulates and accrues Interest at the Interest Rate (as if it were an amount of Face Value) as provided in this clause 3; and
- c) any amounts not paid by virtue of clause 2.2(a) and any amount accumulating under this clause 3.3 remains a debt owing and is due and payable:
  - i) in the case of Interest, on the first Interest Payment Date; and
  - ii) in the case of any other amount, on the first date,

on which amounts may be paid in compliance with the Solvency Condition.

## 4 General provisions applicable to Interest

### 4.1 Calculation of Interest amount

The Issuer must, as soon as practicable after calculating the Interest Rate in relation to each Interest Period for each Note, calculate the amount of Interest payable for the Interest Period in respect of the Face Value of each Note.

The amount of Interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest payable} = \frac{\text{Interest Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

**N** means, in respect of:

- a) the first Interest Payment Date in respect of a Note, the number of days from, and including, its Issue Date to, but excluding, that first Interest Payment Date; and
- b) each subsequent Interest Payment Date, the number of days from, and including, the preceding Interest Payment Date to, but excluding, that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or Redemption Date.

### 4.2 Notification of Interest Rate, Interest payable and other items

- a) In relation to each Interest Period, the Issuer must notify the Trustee, the Registrar and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the Interest Rate and the amount of Interest payable on each Note.
- b) The Issuer must give notice under this clause 4.2 as soon as practicable after it makes its calculations and, in any event, by no later than the fourth day of the relevant Interest Period.
- c) The Issuer may amend its calculation of any amount (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of an Interest Period without prior notice, but must notify the Trustee, the Registrar, ASX and any other stock exchange or other relevant authority on which the Notes are quoted promptly after so doing.

### 4.3 Determination final

The determination by the Issuer of all amounts and rates to be calculated or determined by it under these Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee, the Registrar and each Holder.

### 4.4 Calculations

For the purposes of 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 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 must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).



## 5 Redemption and purchase

### 5.1 Scheduled Redemption

The Issuer shall Redeem each Note on the Maturity Date by payment of its Face Value (together with, pursuant to clause 4, any Interest accrued to (but excluding) the Maturity Date) unless:

- a) the Note has been previously Redeemed;
- b) the Note has been purchased by the Issuer and cancelled; or
- c) it has been Converted or Written-off.

### 5.2 Early Redemption: Tax Event or Regulatory Event

If a Tax Event or Regulatory Event occurs, the Issuer may, subject to clause 5.5, Redeem all (but not some) Notes by payment of their Face Value (together with, pursuant to clause 4, any Interest accrued to (but excluding) the Redemption Date).

### 5.3 Early Redemption of a Note at the option of the Issuer

Subject to clause 5.5, the Issuer may Redeem all or some of the Notes on 18 December 2018 or on an Interest Payment Date occurring after that date by payment of their Face Value (together with, pursuant to clause 4, any Interest accrued on those Notes to (but excluding) the Redemption Date).

### 5.4 Partial Redemptions

If only some of the Notes are to be Redeemed under clause 5.3, the Notes to be Redeemed will be specified in the notice given under clause 5.5 (a) and selected:

- a) in a manner that is, in the opinion of the Issuer, fair and reasonable; and
- b) in compliance with any applicable law, directive or requirement of ASX (and any other stock exchange or other relevant authority on which the Notes are quoted).

### 5.5 Notice of early Redemption; supporting opinions; consent of APRA

- a) The Issuer must give at least 15 Business Days (and no more than 45 Business Days) notice to the Trustee, the Registrar, the Holders and ASX (and any other stock exchange or other

relevant authority on which the Notes are quoted) of any early Redemption of Notes in accordance with this clause 5. Such notice must be given in accordance with the Trust Deed and specify the Redemption Date, which must be a Business Day.

- b) Before the Issuer gives the notice under clause 5.5(a), it must have received:
  - i) in the case of a Tax Event, a supporting opinion of reputable legal counsel or other tax adviser in Australia experienced in such matters, in relation to such Tax Event; and
  - ii) in the case of a Regulatory Event, a supporting opinion of reputable legal counsel in Australia experienced in such matters, or confirmation from APRA, in relation to such Regulatory Event.
- c) The Issuer may only Redeem Notes under clause 5.2 if the Issuer did not expect the Tax Event or Regulatory Event to occur as at the Issue Date.
- d) The Issuer may only Redeem Notes under clause 5.2 or 5.3 if:
  - i) either:
    - A) prior to or concurrently with Redemption, the Issuer replaces the Notes with Relevant Subordinated Instruments or Ordinary Shares and the replacement is done under conditions that are sustainable for the income capacity of the AMP Group; or
    - B) the Issuer obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the AMP group, that the Issuer does not have to replace the Notes; and
  - ii) APRA has given its prior written approval of the Redemption.

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

- e) Any Redemption under this clause 5 is subject to clause 2.2.

### 5.6 Effect of notice of Redemption

Any notice of Redemption given under this clause 5 is irrevocable.

### 5.7 No Holder option for early Redemption

A Holder cannot require the Issuer or any other person to Redeem (or otherwise purchase) a Note prior to the Maturity Date.

### 5.8 Late payment

If an amount is not paid under this clause 5 when due, then Interest continues to accrue on the unpaid amount (both before and after any demand or judgment) in accordance with clause 3.3.

### 5.9 Purchase

- a) The Issuer or any of its Related Entities may, subject to prior written approval having been obtained from APRA, at any time purchase Notes in the open market or otherwise and at any price.
- b) Notes purchased under this clause 5.9 may be held or resold at the discretion of the purchaser, and, if the purchaser is the Issuer, cancelled, subject to compliance with any applicable law or requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted) and provided that APRA has given its prior written approval of the purchase and cancellation.

## 6 Conversion on Non-Viability Trigger Event

### 6.1 Non-Viability Trigger Event

- a) A **Non-Viability Trigger Event** occurs when APRA provides a written determination to the Issuer that the conversion or write-off of Relevant Subordinated Instruments in accordance with their terms or by operation of law is necessary because:
  - i) without the conversion or write-off, APRA considers that the Issuer would become non-viable; or
  - ii) without a public sector injection of capital into, or equivalent capital support with respect to, the Issuer, APRA considers that the Issuer would become non-viable.

A determination by APRA under this clause 6.1(a) is a **Non-Viability Determination**.

- b) If a Non-Viability Trigger Event occurs, the Issuer must convert or write-off:
  - i) all Relevant Subordinated Instruments; or
  - ii) an amount of the Relevant Subordinated Instruments if APRA is satisfied that conversion or write-off of that amount will be sufficient to ensure that the Issuer does not become non-viable.

### 6.2 Consequences of a Non-Viability Trigger Event

- a) If a Non-Viability Trigger Event occurs:
  - i) on that date, whether or not that day is a Business Day (the **Conversion Date**), the Issuer must immediately determine in accordance with APRA's determination under clause 6.1:
    - A) the amount of Notes that will be Converted and the amount of other Relevant Subordinated Instruments which will be converted or written-off; and
    - B) the identity of the Holders at the time that the Conversion is to take effect on that date (and in making that determination, the Issuer may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time);
  - ii) subject only to clause 6.3 and despite any other provision in these Terms, on the Conversion Date the relevant amount of Notes will be Converted, and the relevant amount of other Relevant Subordinated Instruments will be converted or written-off, in each case immediately and irrevocably; and
  - iii) the Issuer must give notice of the Non-Viability Trigger Event (a **Non-Viability Trigger Event Notice**) to Holders and the Trustee as soon as practicable that Conversion has occurred which notice must state the Conversion Date, the amount of Notes Converted and the relevant amount of Relevant Subordinated Instruments converted or written-off.

- b) If in accordance with clause 6.1 the Issuer is required to convert only an amount of Relevant Subordinated Instruments, the Issuer will determine the amount of Notes which will be Converted and other Relevant Subordinated Instruments which will be converted or written-off as follows:
- i) first, the Issuer will convert or write-off all Relevant Perpetual Subordinated Instruments before Converting the Notes;
  - ii) second, if conversion or write-off of Relevant Perpetual Subordinated Instruments is less than the amount sufficient to satisfy APRA that the Issuer would not become non-viable (and provided that APRA has not withdrawn the Non-Viability Determination as a result of the conversion or write-off of the Relevant Perpetual Subordinated Instruments), the Issuer will Convert some or all of the Notes and the Issuer will convert or write-off other Relevant Term Subordinated Instruments in an aggregate amount which when added to the amount of Relevant Perpetual Subordinated Instruments converted or written-off will satisfy APRA that the Issuer would not become non-viable; and
  - iii) in Converting the relevant Notes or converting or writing-off other Relevant Term Subordinated Instruments the Issuer will endeavour to treat Holders and holders of other Relevant Term Subordinated Instruments on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect the Conversion immediately.
- c) None of the following shall prevent, impede or delay the Conversion of Notes as required by this clause 6.2:
- i) any failure or delay in the conversion or write-off of any other Relevant Subordinated Instruments;
  - ii) any failure or delay in giving a Non-Viability Trigger Event Notice;
  - iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion;
  - iv) any decision as to the identity of Holders whose Notes are to be Converted in accordance with clause 6.2(a)(i)(B); or
  - v) any requirement to select or adjust the amount of Notes to be Converted in accordance with clause 6.2(b)(iii).
- d) From the Conversion Date, but subject to clause 6.3 and clause 12.2(b), the Issuer shall treat the Holder in respect of the Notes as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any of its registers, required to record the Conversion.

### **6.3 Write-off on inability of the Issuer to Convert**

- a) Notwithstanding any other provisions of these Terms, if an Inability Event has occurred and is subsisting and Conversion of any Notes has not been effected within 5 Business Days of the Conversion Date, then to the extent the Inability Event prevents the Conversion of any Notes, Conversion of those Notes will not occur but instead the relevant Holder's rights (including to payment of Interest and Face Value) in relation to such Notes, and to be issued with Ordinary Shares, are immediately and irrevocably written-off and terminated ("**Written-off**").
- b) The Issuer 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 the Issuer receives advice to that effect from such counsel. The seeking of advice by the Issuer under this clause 6.3(b) shall not delay or impede the Write-off of the Notes when required under clause 6.3(a).
- c) The Issuer must give notice to Holders if Conversion has not occurred by operation of this clause 6.3 but failure to give that notice shall not affect the operation of this clause 6.3.

### **6.4 Consent to receive Ordinary Shares and other acknowledgements**

Subject to clause 6.3, each Holder irrevocably:

- a) upon receipt of the Conversion Number of Ordinary Shares following Conversion of

- Notes in accordance with this clause 6 and clause 7, consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer, in each case in respect of Ordinary Shares issued on Conversion;
- b) acknowledges and agrees that, unless it has given notice in accordance with clause 7.10 that it does not wish to receive Ordinary Shares as a result of Conversion, it is obliged to accept Ordinary Shares on Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:
- i) any change in the financial position of the Issuer or the AMP group since the Issue Date;
  - ii) it being impossible or impracticable to list the Ordinary Shares on the ASX;
  - iii) it being impossible or impracticable to sell or otherwise dispose of the Ordinary Shares;
  - iv) any disruption to the market or potential market for Ordinary Shares or capital markets generally;
  - v) any breach by the Issuer of any obligation in connection with the Notes; or
  - vi) the occurrence of a Regulatory Event;
- c) acknowledges and agrees that:
- i) Conversion is not subject to any conditions other than those expressly provided for in this clause 6 and clause 7;
  - ii) Conversion must occur immediately on the Conversion Date and that may result in disruption or failures in trading or dealings in the Notes;
  - iii) it will not have any rights to vote in respect of any Conversion; and
  - iv) notwithstanding clause 7.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- d) acknowledges and agrees that where clause 6.3 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 termination under that clause;
- e) acknowledges and agrees that it has no right to determine whether Notes are Converted; and

- f) acknowledges and agrees that it has no remedies on account of the failure of the Issuer to issue Ordinary Shares in accordance with this clause 6 other than, subject to clause 6.3, to seek specific performance of the Issuer's obligation to issue Ordinary Shares.

## 6.5 No Conversion at the option of Holders

Holders do not have a right to request Conversion of their Notes at any time.

# 7 Conversion Mechanics

## 7.1 Conversion

- a) On the Conversion Date, subject to clauses 6.3 and 7.10, the following shall occur:

The Issuer shall allot and issue the Conversion Number of Ordinary Shares to the Holders for each such Note held by the Holder.

The Conversion Number will be calculated by the Issuer in accordance with the following formula:

$$\text{Conversion Number for each Note} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

subject to the Conversion Number being no greater than the Maximum Conversion Number.

where:

**VWAP** (expressed in dollars and cents) means the VWAP during the VWAP Period; and

**Maximum Conversion Number** means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{0.20 \times \text{Issue Date VWAP}}$$

- b) Each Holder's rights in relation to each Note that is being Converted as determined in accordance with clauses 6.2(a) and 6.2(b) will be immediately and irrevocably terminated for an amount equal to the Face Value and the Issuer will apply the Face Value of each Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1 is to be applied as provided for in this clause 7.1 and Holders do not have any right to payment in any other way.

- c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.
- d) Subject to clause 7.10, where Notes are Converted, the Issuer will allot and issue the Ordinary Shares to the Holder on the basis that a Holder's name, address and security account details in CHESS set out in the Register (or, if not set out in the Register, otherwise 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 in respect of any Ordinary Shares issued on Conversion; and
  - ii) the account to which the Ordinary Shares issued on Conversion are to be credited, unless a Holder has notified the Issuer of a different name, address or account details, together with such other information as is reasonably requested by the Issuer, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date.
- ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under clause 7.2(a) (i) which is traded on ASX on any of those Business Days, the volume weighted average 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 other entitlements for which adjustment is not made under clause 7.2(a)(i) or clause 7.2(a)(ii), the value of the entitlement as reasonably determined by the Issuer; and

- b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Notes will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

## 7.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 7.1:

- a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Notes will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will 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 distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Legislation;

## 7.3 Adjustments to VWAP for capital reconstruction

- a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment to or by holders of Ordinary Shares) (**Reclassification**) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary 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 Ordinary Shares immediately before the Reclassification; and

**B** means the aggregate number of Ordinary Shares immediately after the Reclassification.

- b) Any adjustment made by the Issuer in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

#### 7.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 7.1, adjustments will be made in accordance with clauses 7.2 and 7.3 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 the Issuer in accordance with clauses 7.5, 7.6 and 7.7; and  
 b) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

#### 7.5 Adjustments to Issue Date VWAP for bonus issues

- a) Subject to clauses 7.5(b) and 7.5(c), if the Issuer makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times RD / (RD + RN)$$

where:

**V** means the Issue Date VWAP applying immediately after the application of this formula;

**V<sub>o</sub>** means the Issue Date VWAP applying immediately prior to the application of this formula;

**RD** means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

**RN** means the number of Ordinary Shares issued pursuant to the bonus issue.

- b) Clause 7.5(a) does not apply to Ordinary 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 this clause 7.5, an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, where the issue on such terms is in compliance with the ASX Listing Rules.
- d) No adjustments to the Issue Date VWAP will be made under this clause 7.5 for any offer of Ordinary Shares not covered by clause 7.5(a), including a rights issue or other essentially pro rata issue. The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 7.5(a) shall not in any way restrict the Issuer from issuing Ordinary 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.

#### 7.6 Adjustments to Issue Date VWAP for capital reconstruction

- a) If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment to or by holders of Ordinary Shares) into a lesser or greater number, 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 Ordinary Shares on issue immediately before the Reclassification; and

**B** means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

- b) Each Holder acknowledges that the Issuer may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

### **7.7 No adjustment to Issue Date VWAP in certain circumstances**

Despite the provisions of clauses 7.5 and 7.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.

### **7.8 Announcement of adjustments to Issue Date VWAP**

The Issuer may determine an adjustment to the Issue Date VWAP under clauses 7.5 and 7.6. Such an adjustment will be notified to ASX and the Holders (an “**Adjustment Notice**”) within 10 Business Days of the Issuer determining the adjustment. The adjustment set out in the Adjustment Notice will be final and binding.

### **7.9 Status and listing of Ordinary Shares**

- a) The Issuer agrees that Ordinary Shares issued on Conversion will rank equally with all other fully paid Ordinary Shares.
- b) The Issuer agrees to use all reasonable endeavours to list the Ordinary Shares issued on Conversion on ASX.

### **7.10 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder**

- a) If Notes are required to be Converted and:
  - i) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date; or
  - ii) the Holder is an Ineligible Holder, then, on the Conversion Date, the Holder’s rights (including to payments of Interest or Additional Amounts, or the repayment of principal) in relation to each such Note being Converted are immediately and irrevocably terminated and the Issuer will issue the Conversion Number of Ordinary Shares to one or more Sale and Transfer Agents for no additional consideration and on terms that at the first opportunity the Sale and Transfer Agent will sell the Ordinary Shares at market value and pay the Proceeds to the relevant Holder.

- b) If an Inability Event has occurred and is subsisting and the Conversion of Notes to which this clause 7.10 applies fails to take effect within five Business Days, then Holders’ rights will be immediately and irrevocably terminated in accordance with clause 6.3.
- c) The Issuer has no liability to a Holder for the acts of any Sale and Transfer Agent appointed to sell the Ordinary Shares upon the occurrence of a Non-Viability Trigger Event and has no, nor owes any, duties in connection with any such sale and has no responsibility for any costs, losses, liabilities, expenses, demands or claims which arise as a result of such sale.

### **7.11 No right of Holders to require Conversion**

No Notes can, or will, be Converted at the option of a Holder.

### **7.12 Conversion if amounts not paid**

For the avoidance of doubt, Conversion may occur even if an amount is not paid to a Holder as a consequence of clause 2.2.

### **7.13 Conversion after winding-up commences**

If a Non-Viability Trigger Event occurs, then Conversion shall occur (subject to clause 6.3) in accordance with clauses 6 and 7 notwithstanding that an order is made by a court, or an effective resolution is passed, for the winding-up of the Issuer.

## **8 Events of Default**

### **8.1 Events of Default**

An **Event of Default** occurs in relation to the Notes if:

- a) subject to clause 2.2, the Issuer fails to pay any amount of principal or Interest within 14 days of the due date for payment; or
- b) an:
  - i) order is made by a court and the order is not successfully appealed or permanently stayed within 60 days of the making of the order, or

ii) an effective resolution is passed, for the winding-up of the Issuer, in each case other than for the purposes of a consolidation, amalgamation, merger or reconstruction which has been approved by a Special Resolution of the Holders or in which the surviving entity has assumed or will assume expressly or by law all obligations of the Issuer in respect of the Notes.

(or prove in any such winding-up) when Interest is not paid by virtue of the circumstances set out in clause 2.2.

The Trustee may not exercise any other remedies (including any right to sue for damages which has the same economic effect as acceleration) as a consequence of an Event of Default or other default other than as specified in this clause 8.3.

## 8.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it, notify the Trustee and the Registrar of the occurrence of that Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Holders and ASX (and other any stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of that Event of Default.

## 8.3 Enforcement

- a) At any time after an Event of Default occurs and continues unremedied, the Trustee may, at its discretion:
- i) in the case of an Event of Default under clause 8.1(a), without further notice, bring proceedings:
    - A) to recover any amount then due and payable but unpaid on the Notes (subject to clause 2.2);
    - B) to obtain a court order for specific performance of any other obligation in respect of the Notes; or
    - C) institute proceedings for the winding-up of the Issuer; or
  - ii) in the case of an Event of Default under clause 8.1(b), declare by notice to the Issuer that the Face Value of each Note (together with all Interest accrued but unpaid to the date for payment) is payable on a date specified in the notice and, subject to clause 2.1, may prove in the winding-up of the Issuer for that amount, but may take no further action to enforce the obligations of the Issuer for payment of any principal or Interest in respect of the Notes. For the avoidance of doubt, the Trustee may not make such a declaration

- b) Without prejudice to clause 8.3(a)(i), if the Issuer breaches any of its obligations under the Trust Deed (other than any obligation for the payment of any principal or Interest in respect of the Notes), the Trustee may, at its discretion and without further notice, bring such proceedings as it may think fit to enforce such obligations. The Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sums representing or measured by reference to principal or Interest on the Notes sooner than the same would otherwise have been payable by it.
- c) The Trustee shall not be bound to take any of the actions referred to in paragraphs (a) (i) or (a)(ii) above to enforce the obligations of the Issuer in respect of the Notes or any other proceedings or action pursuant to or in connection with the Trust Deed or the Notes unless:
  - i) 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 Notes outstanding; and
  - ii) it shall have been indemnified and/or secured for all Costs it may incur including legal Costs on a solicitor and own client basis (by way of advance payment or otherwise) to its satisfaction.
- d) No Holder shall be entitled to proceed directly against the Issuer to enforce any right or remedy under or in respect of any Note 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 the Issuer for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.



## 9 Title and transfer of Notes

### 9.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

### 9.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, interest and any other amount subject to, and in accordance with, these Terms; and
- b) an entitlement to the other benefits given to Holders under these Terms and the Trust Deed in respect of the Note.

### 9.3 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

### 9.4 Non-recognition of interests

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

### 9.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

### 9.6 Transfers in whole

Notes may be transferred in whole but not in part.

### 9.7 Transfer

A Holder may, subject to this clause 9.7, transfer any Notes:

- a) by a proper ASTC 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 Notes are quoted; or
- d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of a Note.

### 9.8 Market obligations

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

### 9.9 Issuer may request holding lock or refuse to register transfer

If Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or
- b) refuse to register a transfer of Notes.

### 9.10 Issuer must request holding lock or refuse to register transfer

- a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or 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 the Issuer to do so.
- b) The Issuer must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.

- 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.

### **9.11 Notice of holding locks and refusal to register transfer**

If, in the exercise of its rights under clauses 9.9 and 9.10, the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within 5 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 the Issuer.

### **9.12 Delivery of instrument**

If an instrument is used to transfer Notes according to clause 9.7, 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 Notes.

### **9.13 Refusal to register**

The Issuer may only refuse to register a transfer of any Notes if such registration would contravene or is forbidden by Applicable Regulation or the Terms.

If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

### **9.14 Transferor to remain Holder until registration**

A transferor of a Note remains the Holder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

### **9.15 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under Trust Deed in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 9.2.

### **9.16 Estates**

A person becoming entitled to a 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 such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

### **9.17 Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

## **10 Payments**

### **10.1 Summary of payment provisions**

Payments in respect of Notes will be made in accordance with this clause 10.

### **10.2 Payments subject to law**

All payments are subject to applicable law, but without prejudice to the provisions of clause 11.

### **10.3 Payments on Business Days**

If a payment:

- a) is due on a Note 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 banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, 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 7.1(b), which occurs on the Conversion Date as provided in clause 7.1.

#### **10.4 Payment of principal**

Payments of principal will be made to each person registered at 10:00 am on the payment date as the holder of a Note.

#### **10.5 Payment of Interest**

Payments of Interest in respect of a Note will be made to each person registered at the close of business on the Record Date as the holder of that Note.

#### **10.6 Payments to accounts**

Monies payable by the Issuer to a Holder may be paid in any manner in which cash may be paid as the Issuer decides, including by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them.

#### **10.7 Payments by cheque**

The Issuer may decide that payments in respect of the Note will be made by cheque sent by prepaid post on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Holder not receiving payment on the due date.

#### **10.8 Unsuccessful attempts to pay**

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- c) has made reasonable efforts to locate a Holder but is unable to do so; or
- d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque,

then, in each case, the amount is to be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

#### **10.9 Payment to joint Holders**

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

## **11 Taxation**

#### **11.1 No set-off, counterclaim or deductions**

All payments in respect of the 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.

#### **11.2 Withholding tax**

Subject to clause 11.3, if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not actually receive on the due date the full amount provided for under the Notes, then:

- a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- b) if the amount deducted or withheld is in respect of Taxes imposed within Australia, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this clause 11.2, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

#### **11.3 Withholding tax exemptions**

No Additional Amounts are payable under clause 11.2(b) in respect of any Note:

- a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of the person having some connection with Australia other than

the mere holding of such Note or receipt of payment in respect of the Note provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Tax Legislation where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Tax Legislation;

- b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;
- c) to, or to a third party on behalf of, a Holder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act; or
- d) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, an Australian business number or other exemption details.

#### 11.4 FATCA

The Issuer may withhold or make deductions from payments or from the issue of Ordinary 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 Notes may be subject to FATCA, and may deal with such payment, and any Ordinary Shares in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any further amounts and the Issuer will not be required to issue any further Ordinary 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 Notes for or

in respect of any such withholding or deduction. A dealing with such payment and any Ordinary Shares in accordance with FATCA satisfies the Issuer's obligations to that Holder to the extent of the amount of that payment or issue of Ordinary Shares.

## 12 General

### 12.1 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of Interest and other amounts) from the date on which payment first became due.

### 12.2 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 the Issuer.

### 12.3 Alterations without consent

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), but without the consent of the Holders, alter these Terms if the Issuer is of the opinion that such alteration is:

- a) of a formal or technical or minor nature;
- b) made to cure any ambiguity or correct any manifest error;
- c) necessary or expedient for the purpose of enabling the 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) 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 the Issuer may propose to seek a listing or quotation of the Notes; or
- e) in any other case, not materially prejudicial to the interests of the Holders as a whole, provided that, in the case of an alteration pursuant to paragraph (c), (d) or (e), the Issuer has provided to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales that such alteration is otherwise not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether an alteration 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 the Issuer or its legal advisers.

#### **12.4 Alteration with consent**

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), alter these Terms:

- a) except as otherwise provided in paragraphs (b), (c) and (d) below, if such alteration is authorised by a Holder Resolution;
- b) in the case of an alteration to this clause 12.4 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 alteration;
- c) in the case of an alteration to the Meeting Provisions and to which this clause 12.4 does not apply, if a Special Resolution is passed in favour of such alteration; and
- d) otherwise in accordance with the Trust Deed.

#### **12.5 Consents**

Prior to any alteration under this clause 12, the Issuer must obtain any consent needed to the alteration and, in particular, any alteration which

may cause APRA to object to AMP group using, or having used, the proceeds of the issue of some or all of the AMP Notes 2 to fund Tier 2 Capital of a Regulated Entity within the AMP group, is subject to the prior written consent of APRA.

#### **12.6 Interpretation**

In this clause 12, “alter” includes modify, cancel, amend, waive or add to, and “alteration” has a corresponding meaning.

#### **12.7 Notices**

The Trust Deed contains provisions for the giving of notices.

#### **12.8 Further issues**

The Issuer may from time to time, without the consent of any Holder, issue any securities ranking equally with the Notes (on the same terms or otherwise) or ranking in priority or junior to the Notes, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

#### **12.9 Governing law**

These Terms and the Notes are governed by the laws in force in New South Wales.

## **13 Interpretation and definitions**

#### **13.1 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, altered, 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 in relation to a Non-Viability Trigger Event and a Conversion on a Conversion Date and as provided in the definition of Maturity Date, if these Terms require an event to occur on a Business Day, and the date specified by these Terms for the occurrence of that event is not a Business Day, then that event is taken to occur on the next Business Day following that date;
- 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) an Event of Default is subsisting if it has not been remedied or waived in writing;
- p) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms;
- q) if the principal securities exchange on which Ordinary 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, ASX 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);
- r) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity subject to regulation and supervision by APRA at the relevant time;
- s) any provisions which require APRA’s consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time;
- t) any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by the Issuer 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; and
- u) a reference to the ‘conversion’ of a Relevant Capital Instrument includes an exchange or other method by which holders come to be issued with Ordinary Shares in place of the Relevant Capital Instrument .

### 13.2 Definitions

In these Terms, these meanings apply unless the contrary intention appears:

**Additional Amount** means an additional amount payable by the Issuer under clause 11.2(b);

**AMP group** means AMP Limited and its controlled entities;

**Applicable Regulations** means such provisions of the ASX Listing Rules, the ASTC Settlement Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer;

**APRA** means the Australian Prudential Regulation Authority;

**ASTC** means the ASX Settlement Pty Limited (ABN 49 008 504 532);

**ASTC Settlement Rules** means the operating rules of ASTC;

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires;

**ASX Listing Rules** means the listing rules of ASX;

**Banking Act** means the Banking Act 1959 of Australia;

**Bill** has the meaning given in clause 3.2;

**Bookbuild** means the process conducted prior to the opening of the Offer whereby certain investors and brokers lodge bids for Notes and, on the basis of those bids, the Issuer determines the Margin and announces its determination of the Margin prior to the opening of the Offer;

**Business Day** means:

- a) a day which is a business day within the meaning of the ASX Listing Rules; and
- b) for the purposes of calculation or payment of Interest or any other amount, a day on which banks are open for business in Sydney, New South Wales;

**CHES** means the Clearing House Electronic Sub-register System operated by ASTC or any other applicable securities trading and/or clearance system on which the Notes are lodged and traded;

**Conglomerates Proposal** means the proposal for the definition of eligible capital held by a conglomerate group contained in the discussion paper issued by APRA dated 9 May 2013 (as supplemented by any further publications by APRA as at the Issue Date) and any prudential standards applicable to the AMP group implementing that proposal (including any made after the Issue Date to the extent that they reflect the proposal as at the Issue Date);

**Conversion** means the conversion of all or some Notes into the Conversion Number of Ordinary Shares in accordance with and subject to clauses 6 and 7. “**Convert**”, “**Converting**” and “**Converted**” bear the corresponding meanings;

**Conversion Date** has the meaning specified in clause 6.2(a)(i);

**Conversion Number** has the meaning specified in clause 7.1(a);

**Corporations Act** means the Corporations Act 2001 of Australia;

**Costs** includes costs, charges and expenses;

**CS Facility** has the same meaning as “prescribed CS Facility” in the Corporations Act;

**CS Facility Operator** means the operator of a CS Facility;

**Cum Value** has the meaning specified in clause 7.2(a);

**Directors** means some of all of the directors of the Issuer acting as a board;

**Event of Default** means the happening of any event set out in clause 8.1;

**Face Value** means the principal amount of each Note, being A\$100.00;

**FATCA** means 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);

**Foreign Holder** means a Holder:

- a) whose address in the Register is a place outside Australia; or
- b) who the Issuer otherwise believes may not be a resident of Australia and the Issuer is not satisfied that the laws of the Holder’s country of residence would permit the offer to, or the holding or acquisition of Ordinary Shares by, the Holder (but the Issuer will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous;

**Holder** means, in respect of a Note, the person whose name is entered on the Register as the holder of that Note;

**Holder Resolution** means:

- a) a resolution passed at a meeting of Holders of the Notes, duly called and held under the Meeting Provisions:
  - i) by at least 50% of the persons voting on a show of hands (unless paragraph (b) below applies);
  - ii) if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast; or
- b) if the meeting is by postal ballot or written resolution under the Meeting Provisions, then by Holders representing (in aggregate) at least 50% of the principal amount outstanding of all of the Notes;

**Inability Event** means the Issuer 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 the Issuer) or any other reason from Converting the Notes;

**Ineligible Holder** means:

- a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia, Part IV of the Competition and Consumer Act 2010 of Australia and the Insurance Acquisitions and Takeovers Act 1991 of Australia) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Notes, it shall only be treated as an Ineligible Holder in respect of those Notes and not in respect of the balance of its Notes). The Issuer shall be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Conversion Date; or
- b) a Foreign Holder;

**Insurance Act** means the Insurance Act 1973 of Australia;

**Interest** has the meaning given in clause 3.1;

**Interest Payment Date** means, in respect of a Note, 18 March, 18 June, 18 September and 18 December in each year and the Maturity Date or a Redemption Date with the first Interest Payment Date being 18 March 2014. If any of these dates is not a Business Day, the Interest Payment Date is the following Business Day, provided that the final Interest Payment Date falls on the Redemption Date or the Maturity Date (as adjusted if that day is not a Business Day) (as the case may be);

**Interest Period** means, for a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- a) the first Interest Period commences on (and includes) the Issue Date; and

- b) the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date;

**Interest Rate** means, in respect of an Interest Period, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note calculated or determined in accordance with clause 3.2;

**Issue Date** means, in respect of a Note, the date on which that Note is issued;

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clause 7;

**Issuer** means AMP Limited (ABN 49 079 354 519);

**Junior Subordinated Creditors** means in respect of the Notes, creditors of the Issuer whose claims against the Issuer arise under instruments issued by the Issuer as Relevant Perpetual Subordinated Instruments or whose claims are in respect of a shareholding including the claims described in section 563AA and in section 563A of the Corporations Act;

**Life Insurance Act** means the Life Insurance Act 1995 of Australia;

**Margin** means the margin determined in accordance with clause 3.2;

**Market Rate** has the meaning given in clause 3.2;

**Maturity Date** means 18 December 2023 or if that day is not a Business Day, the preceding Business Day;

**Maximum Conversion Number** has the meaning given in clause 7.1(a);

**Meeting Provisions** means the provisions for meetings of the Holders set out in schedule 4 to the Trust Deed;

**Non-Viability Determination** has the meaning given in clause 6.1(a);

**Non-Viability Trigger Event** has the meaning specified in clause 6.1(a);

**Non-Viability Trigger Event Notice** has the meaning specified in clause 6.2(a)(iii);

**Note** has the meaning given in clause 1.1;

**Offer** means the invitation under the Prospectus made by the Issuer for persons to subscribe for Notes;



**Offshore Associate** means an associate (as defined in section 128F of the Tax Legislation) of the Issuer that is either:

- a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
- b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia;

**Ordinary Share** means a fully paid ordinary share in the capital of the Issuer;

**Pari Passu Subordinated Creditors** means creditors of the Issuer (other than Holders) whose claims against the Issuer arise under instruments issued by the Issuer as Relevant Term Subordinated Instruments;

**Proceeds** means the net proceeds of a sale of Ordinary Shares actually received by the Sale and Transfer Agent calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the Sale and Transfer Agent's reasonable out of pocket Costs properly incurred by or on its behalf in connection with such sale from the sale price of the Ordinary Shares;

**Prospectus** means the prospectus relating to the offer of AMP Subordinated Notes 2 dated on or about 6 November 2013 published by the Issuer and any supplementary or replacement prospectus;

**Prudential Standards** means the prudential standards and guidelines of APRA applicable to the AMP group and to entities within the AMP group from time to time;

**Reclassification** has the meaning given in clause 7.3(a);

**Record Date** means, for payment of Interest:

- a) subject to paragraph (b) below, the date which is eight calendar days before the applicable Interest Payment Date; or
- b) such other date as is determined by the Issuer in its absolute discretion and communicated to ASX not less than eight calendar days before the Record Date which would have been determined under paragraph (a) above; or

- c) such other date as may be required by, or agreed with, ASX;

**Redemption** means the redemption of a Note in accordance with clause 5 and the words

**Redeem, Redeemable** and **Redeemed** bear their corresponding meanings;

**Redemption Date** means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed in whole;

**Register** means the register of Holders (established and maintained under clause 13 of the Trust Deed) and, where appropriate, the term Register includes:

- a) a sub-register maintained by or for the Issuer under the Corporations Act, the ASX Listing Rules or ASTC Settlement Rules; and
- b) any branch register;

**Registrar** means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties as specified in that agreement;

**Regulated Entity** means an authorised deposit-taking institution under the Banking Act, a registered life insurance company under the Life Insurance Act or other prudentially regulated entity;

**Regulatory Event** means:

- a) as a result of a change in, or amendment to, applicable law, or any change in their application or official or judicial interpretation (together, a **Change**), which Change becomes effective after the Issue Date, additional requirements would be imposed on the Issuer in respect of the Notes which the Directors determine in their absolute discretion to be unacceptable; or
- b) following a notification from, or announcement or determination by, APRA, the Directors determine in their absolute discretion that APRA objects, or will object, to AMP group using or having used, the proceeds of the issue of some or all of the Notes to fund Tier 2 Capital of a Regulated Entity within the AMP group, other than where that event is a result of the implementation of the Conglomerates Proposal;

**Related Entity** means in respect of the Issuer, any parent entity of the Issuer or any entity over which the Issuer or any parent entity of the Issuer exercises control or significant influence, as determined by APRA from time to time;

**Relevant Perpetual Subordinated Instrument** means a perpetual subordinated instrument:

- a) to which the Issuer is a party;
- b) for which the Issuer has received confirmation in writing from APRA that, as at the date of its issue, APRA does not object to the AMP group using the proceeds of the issue of the instrument to fund Tier 1 Capital of a Regulated Entity within the AMP group; and
- c) which, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off where APRA makes a determination as referred to in clause 6.1(a);

**Relevant Subordinated Instruments** means Relevant Perpetual Subordinated Instruments and Relevant Term Subordinated Instruments;

**Relevant Term Subordinated Instrument** means a term subordinated instrument:

- a) to which the Issuer is a party;
- b) for which the Issuer has received confirmation in writing from APRA that, as at the date of its issue, APRA does not object to the AMP group using the proceeds of the issue of the instrument to fund Tier 2 Capital of a Regulated Entity within the AMP group; and
- c) which, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off where APRA makes a determination as referred to in clause 6.1(a),

and includes AMP Notes 2;

**Restriction Agreement** means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or is voluntarily concluded between the Issuer and one or more Holders;

**Restricted Securities** has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Issuer and one or more Holders;

**Sale and Transfer Agent** means each nominee (who cannot be a member of the AMP group or a Related Entity of the Issuer) appointed by the Issuer under a facility established for the sale or transfer of Ordinary Shares issued on Conversion on behalf of:

- a) Holders who do not wish to receive Ordinary Shares on Conversion; or
- b) Holders who are Ineligible Holders, in accordance with clause 7.10. For the avoidance of doubt the Issuer may appoint more than one Sale and Transfer Agent in respect of the Conversion of Notes;

**Senior Creditors** means all creditors of the Issuer other than:

- a) Holders;
- b) Pari Passu Subordinated Creditors; and
- c) Junior Subordinated Creditors;

**Solvency Condition** has the meaning given in clause 2.2;

a person is **Solvent** if:

- a) it is able to pay its debts when they fall due; and
  - b) its assets exceed its liabilities,
- in each case, determined on an unconsolidated stand-alone basis;

**Special Resolution** means:

- a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:
  - i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or
  - ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- b) a resolution passed by postal ballot or written resolution under the Meeting Provisions, then by Holders representing (in aggregate) at least 75% of the principal amount outstanding of all of the Notes;

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder;

**Tax Event** means that, as a result of any change in, or amendment to, the laws in force in Australia, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date:

- a) payment of Interest on the Notes is not, or may not, be allowed as a deduction for the purposes of the Issuer's Australian income tax liability calculation; or
- b) there is a risk that the Issuer would be exposed to other adverse tax consequences (other than the Issuer being required to pay an Additional Amount) in relation to the Notes;

**Tax Legislation** means:

- a) the Income Tax Assessment Act 1936 of Australia, the Income Tax Assessment Act 1997 of Australia or the Taxation Administration Act 1953 of Australia (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);
- b) any other law setting the rate of income tax payable; and
- c) any regulation made under such laws,

**Terms** means these terms and conditions;

**Tier 1 Capital** means Tier 1 capital as defined by APRA in accordance with the Prudential Standards from time to time;

**Tier 2 Capital** means Tier 2 capital as defined by APRA in accordance with the Prudential Standards from time to time;

**Trustee** means The Trust Company (Australia) Limited (ABN 21 000 000 993);

**Trust Deed** means the deed entitled "AMP Notes 2 Trust Deed" between the Issuer and the Trustee and dated on or about 6 November 2013;

**VWAP** means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under clause 7 (such average being rounded to the nearest full cent) 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 ASX Settlement Operating Rules, or any overseas trades pursuant to the exercise of options over Ordinary Shares;

**VWAP Period** means:

- a) in the case of the Issue Date VWAP, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date; or
- b) otherwise, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; and

**Written-off** has the meaning given in clause 6.3.

## Appendix B

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### Glossary

This appendix provides a glossary of key terms and abbreviations used throughout this prospectus and the attached, or accompanying, Application Forms. Defined terms used in the terms and conditions of AMP Subordinated Notes 2 (**Terms**) are set out in clause 13.2 of the Terms, which are included in Appendix A of this prospectus.

<b>Term</b>	<b>Means</b>
<b>A\$ AMP Notes</b>	The Australian dollar tranche of the AMP Notes
<b>ABN</b>	Australian business number
<b>ACCC</b>	The Australian Competition and Consumer Commission
<b>Accrued Interest Amount</b>	The amount payable to an Eligible AMP Notes holder who participates in the Reinvestment Offer, which will be calculated on the basis of the market rate applicable to the A\$ AMP Notes on 15 November 2013 plus a margin of 4.75 per cent for the 33 days from and including 15 November 2013 to, but excluding, the Issue Date
<b>Additional Amount</b>	An additional amount payable by AMP under clause 11.2(b) of the Terms
<b>Additional Tier 1 Capital</b>	Additional Tier 1 Capital as defined by APRA in accordance with APRA's prudential standards from time to time
<b>AFS</b>	AMP Financial Services, one of the two primary business units of AMP group
<b>AFS NZ</b>	AFS New Zealand, one of four divisions of AFS
<b>AFSL</b>	Australian Financial Services Licence
<b>AMP</b>	AMP Limited (ABN 49 079 354 519)
<b>AMP AAPH</b>	AMP AAPH Limited (ABN 78 069 123 011) (formerly known as AXA Asia Pacific Holdings Limited)
<b>AMP Bank</b>	AMP Bank Limited (ABN 15 081 596 009)
<b>AMP board</b>	AMP Limited board of directors
<b>AMP group</b>	AMP and its controlled entities
<b>AMP Life</b>	AMP Life Limited (ABN 84 079 300 379)
<b>AMP Notes</b>	The Australian dollar and New Zealand dollar tranches of the subordinated notes issued by AMPGFS in 2009 and guaranteed by AMP Group Holdings Limited (ABN 88 079 804 676)
<b>AMP Notes 2 or AMP Subordinated Notes</b>	The fully paid, redeemable, subordinated, unsecured and registered debt obligations to be issued by AMP under this prospectus
<b>AMP Ordinary Share</b>	A fully paid ordinary share in the capital of AMP
<b>AMPFP</b>	AMP Financial Planning is a primary AFS distribution channel
<b>AMPGFS</b>	AMP Group Finance Services Limited (ABN 95 084 247 914)
<b>Application Form</b>	Each of the application forms attached to, or accompanying, this prospectus upon which an application may be made, being: <ul style="list-style-type: none"> <li>A. the Reinvestment Form</li> <li>B. the Securityholder Application Form</li> <li>C. the Broker Firm/General Offer Application Form</li> <li>D. the electronic application form provided for online applications under the Reinvestment Offer, Securityholder Offer and General Offer</li> </ul>
<b>APRA</b>	Australian Prudential Regulation Authority
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires
<b>ASX Listing Rules</b>	The listing rules of ASX
<b>ATO</b>	Australian Tax Office
<b>AUM</b>	Assets under management
<b>AUSTRAC</b>	Australian Transactions Report and Analysis Centre

Term	Means
Australian Tax Act	Income Tax Assessment Acts of 1936 and 1997
AXA SA	AXA, a <i>Soci�t� Anonyme</i> organised under the laws of France, being the head entity of the AXA SA Group
AXA SA Group	The global AXA SA Group
Banking Act	Banking Act 1959 of Australia
Bell Potter Securities	Bell Potter Securities Limited (ABN 25 006 390 772, AFSL 243480)
Bookbuild	The process described in section 7.4.1 to determine the Margin
Broker Firm/General Offer Application Form	The application form so named to be used by applicants under the Broker Firm Offer or the General Offer
Broker Firm Offer	The invitation made to clients of Syndicate brokers to acquire AMP Notes 2 under this prospectus
Business Day	<p>A. a day which is a business day within the meaning of the ASX Listing Rules, and</p> <p>B. for the purposes of calculation or payment of Interest or any other amount, a day on which banks are open for business in Sydney, New South Wales</p>
CHESS	The Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 505 532) or any other applicable securities trading and/or clearance system on which the AMP Notes 2 are lodged and traded
CISA	Swiss Federal Act on Collective Investment Schemes
Closing Date	The last date by which applications must be lodged for the Offer, expected to be 5.00pm (Sydney time) on 9 December 2013 (unless varied)
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital as defined by APRA in accordance with APRA's prudential standards from time to time
Commonwealth Bank	Commonwealth Bank of Australia (ABN 48 123 123 124, AFSL 234945)
Conversion	The conversion of all or some AMP Notes 2 into AMP Ordinary Shares in accordance with the Terms. <b>Convert</b> and <b>Converted</b> shall have corresponding meanings
Conversion Date	The date on which a Non-Viability Trigger Event occurs, whether or not that day is a Business Day
Conversion Number	The meaning given in clause 7.1(a) of the Terms
Corporations Act	Corporations Act 2001 of Australia
Eligible AMP Notes holder	<p>A holder of AMP Notes who is:</p> <p>A. a registered holder of A\$ AMP Notes trading on ASX on the Reinvestment Record Date, being 7.00pm (Sydney time) on 4 November 2013</p> <p>B. shown on the register of AMP Notes as having an address in Australia (or another jurisdiction to which AMP determined to extend the Reinvestment Offer), and</p> <p>C. not in the United States or acting as a nominee for a person in the United States or otherwise prevented from receiving the Reinvestment Offer or AMP Notes 2 under the laws of any jurisdiction, as determined by AMP</p>

Term	Means
Eligible Securityholder	A. A holder of AMP Ordinary Shares at 7.00pm (Sydney time) on 4 November 2013, who is shown on the register of AMP Ordinary Shares as having an address in Australia and not in the United States, acting as a nominee for a person in the United States, or B. an Eligible AMP Notes holder
Event of Default	The meaning given in clause 8.1 of the Terms
Expiry date	The date 13 months after the date of the date the prospectus is lodged, being 6 December 2014
Exposure Period	The seven-day period after the date this prospectus is lodged with ASIC during which the Corporations Act prohibits the processing of applications
Face Value	The principal amount of each Note, being A\$100.00
FATCA	The Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code, as more fully defined in clause 13.2 of the Terms
FINMA	Swiss Financial Market Supervisory Authority
FOFA	Refers to the amendments to the Corporations Act and Corporations Regulations collectively referred to as the 'Future of Financial Advice Reforms' which were announced in April 2010 and which generally took effect on 1 July 2013 (subject to transitional arrangements)
Foreign Holder	The meaning given to it in clause 13.2 of the Terms
General Applicant	An applicant under the General Offer
General Offer	The invitation to members of the general public who are resident in Australia to apply for AMP Notes 2 under this prospectus
GST	Goods and services tax
HIN	Holder identification number
Holder	In respect of an AMP Note 2, the person whose name is entered on the Register as the holder of that AMP Note 2
Holder Resolution	The meaning given in clause 13.2 of the Terms
Holding statement	A statement issued to Holders by the Registrar which sets out details of Notes allotted to them under the Offer
IGA	A proposed Intergovernmental Agreement (IGA) between Australia and the United States regarding taxation.
Inability Event	The Issuer 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 the Issuer) or any other reason from Converting the AMP Notes 2
Ineligible Holder	The meaning given in clause 13.2 of the Terms
Institutional Investor	An investor to whom offers of or invitations in respect of AMP Notes 2 can be made without the need for a prospectus (or other formality, other than a formality which AMP is willing to comply with), including in Australia to persons to whom offers of or invitations in respect of securities can be made without the need for a prospectus under Chapter 6D of the Corporations Act and who has been invited by the Joint lead managers to bid for AMP Notes 2 in the Bookbuild, provided that such investor may not be in the United States or acting as a nominee for a person in the United States or otherwise prevented from receiving the Institutional Offer or AMP Notes 2 under the laws of any jurisdiction, as determined by AMP

<b>Term</b>	<b>Means</b>
<b>Institutional Offer</b>	The invitation by the Joint lead managers to Institutional Investors to bid for AMP Notes 2 in the Bookbuild
<b>Interest</b>	Interest payable on each AMP Note 2 as set out in clause 3.1 of the Terms
<b>Interest Payment Dates</b>	In respect of an AMP Note 2, 18 March, 18 June, 18 September and 18 December in each year and the Maturity Date or any earlier redemption date, with the first Interest Payment Date being 18 March 2014
<b>Interest Period</b>	For an AMP Note 2, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However: <ul style="list-style-type: none"> <li>A. the first Interest Period commences on (and includes) the Issue Date, and</li> <li>B. the final Interest Period ends on (but excludes) the Maturity Date or earlier redemption date</li> </ul>
<b>Interest Rate</b>	The sum of the Market Rate on the first Business Day of the relevant Interest Period, plus the Margin, expressed as a percentage per annum
<b>IRS</b>	United States Internal Revenue Service
<b>IWT</b>	Interest withholding tax
<b>Issue Date</b>	The date on which AMP Notes 2 are issued, expected to be 18 December 2013
<b>Issue Date VWAP</b>	The VWAP during the period of 20 Business Days on which trading in AMP Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with the Terms
<b>Issue Price</b>	The initial Face Value of an AMP Note 2, being A\$100
<b>Issuer</b>	AMP
<b>Joint lead managers</b>	Each of Commonwealth Bank, J.P. Morgan and UBS
<b>J.P. Morgan</b>	J.P. Morgan Australia Limited (ABN 52 002 888 011, AFSL 238188)
<b>LAGIC</b>	APRA's revised capital standards for regulated general insurers and life insurers is known as LAGIC
<b>Life Insurance Act</b>	The Life Insurance Act 1995 (Cth)
<b>MRR</b>	Minimum regulatory requirement
<b>Margin</b>	The margin on AMP Notes 2 to be determined in the Bookbuild
<b>Market Rate</b>	The meaning given in clause 3.2 of the Terms
<b>Mature</b>	Mature, one of the four divisions of AFS
<b>Maturity Date</b>	18 December 2023
<b>Maturity Date (AMP Note)</b>	The maturity date of AMP Notes issued in 2009 being 1 April 2019
<b>Maximum Conversion Number</b>	The meaning given in clause 7.1(a) of the Terms
<b>MUTB</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>New Treaties</b>	Signed new or amended double tax conventions entered into by the Australian Government
<b>NMLA</b>	The National Mutual Life Association of Australasia Limited ABN 72 004 020 437
<b>Non-Viability Determination</b>	When APRA provides a written determination to AMP that the conversion or write-off of some or all Relevant Subordinated Instruments (which includes AMP Notes 2) is necessary because without the conversion or write-off, or without a public sector injection of capital into, or equivalent capital support with respect to, AMP, APRA considers that AMP would become non-viable



Term	Means
Non-Viability Trigger Event	The meaning given in clause 6.1 of the Terms
NZX	New Zealand Stock Exchange
NZ\$ AMP Notes	The New Zealand dollar tranche of the AMP Notes
Offer	The invitation under this prospectus made by AMP to persons to subscribe for AMP Notes 2 and incorporates the Reinvestment Offer, Securityholder Offer, Institutional Offer, Broker Firm Offer and General Offer
Offer Management Agreement	The offer management agreement entered into between AMP and the joint lead managers, as described in section 10.6
Offer Period	The period from the Opening Date to the Closing Date <sup>24</sup>
Opening Date	The day the Offer opens, expected to be 14 November 2013
Ord Minnett	Ord Minnett Limited (ABN 86 002 733 048, AFSL No. 237121)
prospectus	This document (including the electronic form of this prospectus), and any supplementary or replacement prospectus in relation to the Offer
RBA	The Reserve Bank of Australia
Record Date	For payment of Interest: <ul style="list-style-type: none"> <li>A. subject to paragraph (B) below, the date which is eight calendar days before the applicable Interest Payment Date</li> <li>B. such other date as is determined by the Issuer in its absolute discretion and communicated to ASX not less than eight calendar days before the Record Date which would have been determined under paragraph (A) above, or</li> <li>C. such other date as may be required by, or agreed with, ASX</li> </ul>
Register	The register of AMP Notes 2, including any sub-register or branch register, of holders of AMP Notes 2 established and maintained by, or on behalf of AMP
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by AMP to maintain the Register
Regulated Entity	The meaning given in clause 13.2 of the Terms
Regulatory Event	The meaning given in clause 13.2 of the Terms
Reinvestment Date	The date on which: <ul style="list-style-type: none"> <li>A. the A\$ AMP Notes of those Eligible AMP Notes holders who have elected to participate in the Reinvestment Offer will be purchased by AMP, and</li> <li>B. AMP Notes 2 will be issued to such Eligible AMP Notes holders</li> </ul>
Reinvestment Form	The personalised application form provided to Eligible AMP Notes holders for applications under the Reinvestment Offer and the Securityholder Offer
Reinvestment Offer	The offer to Eligible AMP Notes holders to apply for AMP Notes 2 and to fund their subscription for AMP Notes 2 by selling to AMP some or all of their A\$ AMP Notes
Reinvestment Record Date	7.00pm (Sydney time) on 4 November 2013
Relevant Perpetual Subordinated Instrument	The meaning given in clause 13.2 of the Terms
Relevant Subordinated Instruments	Relevant Perpetual Subordinated Instruments and Relevant Term Subordinated Instruments

<sup>24</sup> AMP and the Joint lead managers may, in their absolute discretion, close the offer early or extend the Offer Period without notice. AMP may also withdraw the Offer at any time before AMP Notes 2 are issued.

<b>Term</b>	<b>Means</b>
<b>Relevant Term Subordinated Instrument</b>	The meaning given in clause 13.2 of the Terms
<b>REs</b>	Responsible entities
<b>Sale and Transfer Agent</b>	The meaning given in clause 13.2 of the Terms
<b>Securityholder Applicant</b>	An Eligible Securityholder who applies for AMP Notes 2 under the Securityholder Offer
<b>Securityholder Application Form</b>	The personalised application form provided to Eligible Securityholders (other than Eligible AMP Notes holders) for applications under the Securityholder Offer
<b>Securityholder Offer</b>	The invitation to Eligible Securityholders to apply for AMP Notes 2 under this prospectus
<b>Senior Creditors</b>	All creditors of AMP other than: <ul style="list-style-type: none"> <li>A. Holders</li> <li>B. creditors of AMP whose claims arise under instruments issued as Relevant Term Subordinated Instruments, and</li> <li>C. creditors of AMP whose claims against AMP arise under instruments issued by AMP as Relevant Perpetual Subordinated Instruments or whose claims are in respect of a shareholding including the claims described in section 563AA and in section 563A of the Corporations Act</li> </ul>
<b>SMSF</b>	Self managed super funds
<b>Solvency Condition</b>	The meaning given in clause 2.2 of the Terms
<b>Solvent</b>	That a person is: <ul style="list-style-type: none"> <li>A. able to pay its debts when they fall due, and</li> <li>B. its assets exceed its liabilities,</li> </ul> in each case, determined on an unconsolidated stand-alone basis
<b>Special Resolution</b>	The meaning given in clause 13.2 of the Terms
<b>Specified Countries</b>	Countries to which New Treaties apply
<b>SRN</b>	Securityholder reference number
<b>Step-Up Date</b>	The date on which the margin to be used in calculating the interest payable on AMP Notes will increase, being 15 May 2014
<b>Syndicate broker</b>	Any of the Joint lead managers and any senior co-manager, co-managers and brokers appointed by the Joint lead managers with the approval of AMP
<b>Tax Event</b>	The meaning given in clause 13.2 of the Terms
<b>Terms</b>	The terms and conditions of AMP Notes 2 as set out in appendix B
<b>TFN</b>	Tax file number
<b>Tier 1 Capital</b>	Tier 1 capital as defined by APRA in accordance with APRA's prudential standards from time to time
<b>Tier 2 Capital</b>	Tier 2 capital as defined by APRA in accordance with APRA's prudential standards from time to time
<b>Trust Deed</b>	The deed entitled 'AMP Notes Trust Deed' between the Issuer and the Trustee, dated on or about 6 November 2013
<b>Trustee</b>	The Trust Company (Australia) Limited (ABN 21 000 000 993)
<b>Trustee Default</b>	The Trustee's fraud, gross negligence or wilful default or breach of section 283DA(a), (b) or (c) of the Corporations Act
<b>UBS</b>	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087)

<b>Term</b>	<b>Means</b>
<b>US Person</b>	The same meaning as in Regulation S under the US Securities Act
<b>US Securities Act</b>	The United States Securities Act of 1933
<b>VWAP</b>	Broadly, the average of the daily volume weighted average prices of AMP Ordinary Shares traded on ASX during the relevant VWAP Period. For the full definition, refer to clause 13.2 of the Terms
<b>VWAP Period</b>	<p>A. In the case of the Issue Date VWAP, the period of 20 Business Days on which trading in AMP Ordinary Shares took place immediately preceding (but not including) the Issue Date, or</p> <p>B. otherwise, the period of five Business Days on which trading in AMP Ordinary Shares took place immediately preceding (but not including) the Conversion Date</p>
<b>Website</b>	ampnotes2.com.au
<b>WM</b>	Australian Wealth Management, one of the four divisions of AFS
<b>WP</b>	Australian Wealth Protection, one of the four divisions of AFS
<b>Written-off</b>	The meaning given in clause 6.3 of the Terms

# Corporate directory

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## Issuer

### **AMP Limited**

Level 24  
33 Alfred Street  
Sydney NSW 2000

## Structuring adviser

### **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

### **Commonwealth Bank of Australia**

Ground Floor, Tower 1  
201 Sussex Street  
Sydney NSW 2000

### **J.P. Morgan Australia Limited**

Level 18, J.P. Morgan House  
85 Castlereagh Street  
Sydney NSW 2000

### **UBS AG, Australia Branch**

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

## Co-managers

### **Bell Potter Securities Limited**

Level 38, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

### **Ord Minnett Limited**

Level 8  
255 George Street  
Sydney NSW 2000

## Registry

### **Computershare Investor Services**

Level 4  
60 Carrington Street  
Sydney NSW 2000

## Trustee

### **The Trust Company (Australia) Limited**

Level 15  
20 Bond Street  
Sydney NSW 2000

## How to contact us

AMP Notes 2 information line:  
1300 338 164 (within Australia)  
0800 444 152 (within New Zealand)  
+61 3 9415 4018 (outside Australia and New Zealand)  
Monday to Friday, 8.30am to 5.30pm (Sydney time)

## Website

[ampnotes2.com.au](http://ampnotes2.com.au)

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