

27 March 2015

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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
PO Box 2959
Wellington, New Zealand

Announcement No: 09/2015
AMP Limited (ASX/NZX: AMP)

AMP Limited (“AMP”) – issue of perpetual, subordinated, unsecured notes (“Wholesale Capital Notes”) to raise A\$275,000,000

Notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth) (“Act”) (as notionally inserted by Class Order [CO 10/322])

1. AMP will today issue the Wholesale Capital Notes. Offers of the Wholesale Capital Notes do not require disclosure to investors under Part 6D.2 of the Act.
2. The terms and conditions of the Wholesale Capital Notes (“**Terms**”) are set out on pages 37 to 76 of the Schedule to this notice.
3. AMP intends to use the proceeds of the Wholesale Capital Notes to fund Additional Tier 1 Capital (as described in prudential standards issued by APRA) of one or more APRA Regulated Entities within the AMP Group.
4. Wholesale Capital Notes may Convert into Ordinary Shares of AMP in the circumstances described in the Schedule (which includes Conversion on the occurrence of a Non-Viability Trigger Event).
5. In order to enable Ordinary Shares issued on Conversion to be sold without disclosure under Chapter 6D.2 of the Act, AMP has elected to give this notice (including the Schedule) under section 708A(12C)(e) of the Act (as notionally inserted by ASIC Class Order [CO 10/322]). The Schedule forms part of this notice.
6. AMP confirms that:
 - (a) Wholesale Capital Notes will be issued without disclosure to investors under Part 6D.2 of the Act;

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- (b) the information (including the Schedule) in this notice remains current as at today's date; and
 - (c) this notice (including the Schedule) complies with section 708A of the Act, as notionally modified by ASIC Class Orders [CO 08/35] and [CO 10/322].
7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Schedule.

This notice (including the Schedule) is not a prospectus under the Act. Wholesale Capital Notes are only intended for wholesale investors.



Information Memorandum

**for the issue of Wholesale Capital Notes to raise
A\$275,000,000 (with the ability to raise a higher or lower
amount)**

Issuer

AMP Limited

(ABN 49 079 354 519)

Joint Lead Managers

J.P. Morgan Australia Limited

National Australia Bank Limited

UBS AG, Australia Branch

13 March 2015

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Important Notice

Introduction

This Information Memorandum relates to the offer by AMP Limited (ABN 49 079 354 519) (“**AMP**”) of perpetual, subordinated, unsecured notes (“**Capital Notes**”) described in this Information Memorandum, to raise A\$275,000,000 (with the ability to raise a higher or lower amount). AMP intends to use all or a substantial portion of the proceeds of the Capital Notes issued under this Information Memorandum to fund Additional Tier 1 Capital (as described in the prudential standards issued by the Australian Prudential Regulation Authority (“**APRA**”)) of one or more Regulated Entities within the AMP group.

Capitalised expressions which are not otherwise defined in this Information Memorandum have the meanings given in clause 18.2 of the terms of the Capital Notes (“**Terms**”) which are set out in the section entitled “Terms of the Capital Notes” below.

The Terms are complex and include features to comply with APRA’s requirements for instruments that fund regulatory capital of Regulated Entities within the AMP group. They may not be suitable for all investors and any potential investor should consider the suitability of the investment in its own circumstances.

Capital Notes 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.

AMP’s responsibility

This Information Memorandum has been prepared by, and issued with the authority of, AMP. AMP accepts responsibility for the information contained in this Information Memorandum, other than the information provided by the Joint Lead Managers and the Registrar (each as described in the section entitled “Summary” below) in relation to their respective contact details (if applicable) set out in the section entitled “Directory” below.

Terms

This Information Memorandum summarises information regarding the issue of Capital Notes in uncertificated registered form in the wholesale debt capital markets in Australia. The Terms are included in this Information Memorandum in the section entitled “Terms of the Capital Notes” below.

The liabilities which are preferred by law to the claim of a holder in respect of a Capital Note may be substantial and the Terms do not limit the amount of such liabilities which may be incurred or assumed by AMP from time to time.

Documents incorporated by reference and ASX announcements

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information**”

Memorandum” are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- all amendments to this Information Memorandum prepared and issued by AMP from time to time;
- the published financial report of AMP for the period ended 31 December 2014, filed with the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (“**ASX**”) on 19 February 2015;
- the full year 2014 Investor Report filed with the ASX on 19 February 2015 and available for downloading from www.amp.com.au/shareholdercentre under the “Financial and Annual Reports” section of “Reports & News”; and
- the full year 2014 Investor Presentation filed with the ASX on 19 February 2015 and available for downloading from www.amp.com.au/shareholdercentre under the “2014 full year results” section of “Reports & News”.

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum, shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Except as provided above, no other information, including information on www.amp.com.au or in any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum may be obtained from AMP and the Registrar (each as defined in the section entitled “Summary” below) on request, including from their respective offices at the addresses set out in the section entitled “Directory” below.

When deciding whether or not to subscribe for, purchase or otherwise deal in any Capital Notes or any rights in respect of any Capital Notes, investors should:

- review, amongst other things, the documents which are incorporated by reference in this Information Memorandum; and
- have regard to the information lodged by AMP with ASX including in compliance with its continuous and periodic disclosure obligations (made available at www.asx.com.au), including announcements which may be made by AMP after release of this Information Memorandum.

No independent verification

The only role of the Joint Lead Managers in the preparation of this Information Memorandum has been to confirm to AMP that their respective details in the sections entitled “Summary” and “Directory” below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Registrar or the Joint Lead Managers, nor their respective related bodies corporate, has independently verified the information contained in this Information Memorandum.

Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them as to the accuracy, completeness or currency of this Information Memorandum (except for confirming their respective contact details in the section entitled “Directory” below) or any further information supplied by AMP in connection with the Capital Notes. Each of them expressly disclaims any duty to potential investors in respect of such matters.

The Joint Lead Managers, and their respective related bodies corporate, expressly do not undertake to review the financial condition or affairs of AMP or any of its affiliates at any time or to advise any holder of a Capital Note of any information coming to their attention with respect to AMP. Neither the Joint Lead Managers, nor any of their related bodies corporate, make any representation as to the performance of AMP, its maintenance of capital or any particular rate of return on the Capital Notes, nor do the Joint Lead Managers or any of their related bodies corporate guarantee the repayment of capital invested in the Capital Notes.

No offer

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of AMP or the Joint Lead Managers to any person to subscribe for, purchase or otherwise deal in any Capital Notes. Nor is this Information Memorandum intended to be used for the purpose of offers or invitations to subscribe for, purchase or otherwise deal in any Capital Notes.

Restricted to professional and sophisticated investors

Capital Notes may only be subscribed for, purchased by or otherwise dealt in by professional or sophisticated investors (see "Subscription and Sale" below). This Information Memorandum is not intended for and should not be distributed to any person other than such professional or sophisticated investors. Its contents may not be reproduced or used in whole or in part for any purpose other than in connection with the issue or sale of the Capital Notes in accordance with this Information Memorandum, nor furnished to any other person without the express written permission of AMP.

Selling restrictions and no disclosure

Neither this Information Memorandum nor any other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Corporations Act**")) in relation to the Capital Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other government agency. The Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act. No action has been taken which would permit an offering of the Capital Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act. The distribution and use of this Information Memorandum, including any advertisement or other offering material, and the offer or sale of Capital Notes, may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about those laws and observe any such restrictions.

Persons into whose possession this Information Memorandum or any Capital Notes come must inform themselves about, and observe, any such restrictions, including those set forth in the section captioned "Subscription and Sale".

This Information Memorandum does not constitute an offer of Capital Notes in any jurisdiction in which it would be unlawful. This Information Memorandum and any other offering materials may not be distributed to any person, and the Capital Notes may not be offered or sold, in any jurisdiction except to the extent contemplated in the section captioned "Subscription and Sale". In particular, no action has been taken by AMP or the Joint Lead Managers which would permit a public offering of any Capital Notes in any jurisdiction where action for that purpose is required.

A person may not (directly or indirectly) offer for subscription or purchase, or issue an invitation to subscribe for or buy Capital Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Capital Notes, except if the offer or invitation, or distribution or publication, complies with all applicable laws, regulations and directives.

No registration in the United States

Neither the Capital Notes nor the Ordinary Shares have been, nor will they be, registered under the United States Securities Act of 1933 ("**U.S. Securities Act**"). The Capital Notes may not be offered, sold, delivered or transferred, at any time, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act

("Regulation S")) except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

Intending purchasers to make independent investment decision and obtain tax advice

This Information Memorandum contains only summary information concerning AMP and the Capital Notes. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of AMP or any Capital Notes and should not be considered or relied upon as a recommendation or a statement of opinion, or a report of either of those things, by any of AMP or the Joint Lead Managers, or their respective related bodies corporate, that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Capital Notes or any rights in respect of any Capital Notes. Furthermore, this Information Memorandum contains only general information and does not take into account the objectives, financial situation or needs of any potential investor.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Capital Notes or any rights in respect of any Capital Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the terms and conditions of the Capital Notes and the rights and obligations attaching to the Capital Notes and Ordinary Shares and of the financial condition and affairs, and its own appraisal of the creditworthiness, of AMP;
- determine for itself the relevance of the information contained in this Information Memorandum;
- consult its own tax advisers concerning the application of any tax laws applicable to its particular situation and consult other appropriate advisers in respect of any other matters upon which it requires advice; and
- base its investment decision solely upon its own independent assessment and such investigation and consultation with advisers and such other investigations as it considers appropriate or necessary.

No advice is given in respect of the legal or taxation treatment of investors or purchasers or any other matter in connection with an investment in any Capital Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with AMP or the issue or sale of the Capital Notes and, if given or made, such information or representation must not be relied upon as having been authorised by AMP or the Joint Lead Managers.

Distribution arrangements

AMP has agreed to pay each Joint Lead Manager a fee in respect of the Capital Notes subscribed by it, and to reimburse and/or indemnify the Joint Lead Managers for certain expenses incurred in connection with the offer and sale of Capital Notes and will reimburse and/or indemnify the Joint Lead Managers against certain losses and liabilities in connection with the offer and sale of Capital Notes.

AMP and the Joint Lead Managers, and their respective related bodies corporate, directors and employees may have pecuniary or other interests in the Capital Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealings in the Capital Notes.

The distribution of this Information Memorandum and documents which are deemed to be incorporated by reference in this Information Memorandum and the offer or sale of Capital Notes may be restricted by law in certain jurisdictions. None of AMP or the Joint Lead Managers, nor their

respective related bodies corporate, represents that this Information Memorandum or any such document may be lawfully distributed, or that any Capital Notes may be offered, in compliance with the laws of any applicable jurisdiction or other requirements in any such jurisdiction, or under an exemption available in that jurisdiction, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by AMP or the Joint Lead Managers nor their respective related bodies corporate, which would permit a public offering of any Capital Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

Currencies

In this Information Memorandum references to “**A\$**” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct at any time subsequent to the Preparation Date or that any other information supplied in connection with the issue of the Capital Notes is correct as of any time subsequent to the Preparation Date or that there has been no change (adverse or otherwise) in the financial condition, affairs or creditworthiness of AMP at any time subsequent to the Preparation Date.

In this Information Memorandum, “**Preparation Date**” means:

- in relation to this Information Memorandum, the date indicated on its face or, if the Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to financial reports incorporated by reference in this Information Memorandum, the date up to or as at the date on which such accounts relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

References to website addresses

Any website addresses provided in this Information Memorandum are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum (unless as expressly provided in this Information Memorandum).

Summary

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to the Capital Notes, in conjunction with the Deed Poll (as defined below) and the Terms. A term used below but not otherwise defined has the meaning given to it in clause 18.2 of the Terms.

Issuer:	AMP Limited (ABN 49 079 354 519)
Joint Lead Managers:	J.P. Morgan Australia Limited (ABN 52 002 888 011) National Australia Bank Limited (ABN 12 004 044 937) UBS AG, Australia Branch (ABN 47 088 129 613)
Registrar:	Austraclear Services Limited (ABN 28 003 284 419) and any other persons appointed by the Issuer to maintain the Register from time to time.
Form of Capital Notes:	Capital Notes will take the form of entries in a register. No certificate or other evidence of title will be issued unless AMP determines that certificates should be available or it is required to do so pursuant to applicable law or directives.
Deed Poll:	Holders of Capital Notes will have the benefit of a deed poll executed by AMP and dated 13 March 2015 (“ Deed Poll ”) in relation to the Capital Notes held by them.
Title:	Entry of the name of a person in the Register in respect of any Note constitutes the obtaining or passing of title and is conclusive evidence that the person whose name is so entered is the registered owner of such Note.
Term of Capital Notes:	Capital Notes are perpetual (ie, they have no fixed maturity date, subject to Conversion into Ordinary Shares or Redemption or Resale – see “Conversion” and “Redemption / Resale” below).
Status and Ranking of the Capital Notes:	<p>Capital Notes are non-cumulative and fully paid and are issued by AMP on a subordinated basis. They are not guaranteed or secured.</p> <p>In a winding-up of AMP, if Capital Notes have not been Converted or Written-Off on account of a Non-Viability Trigger Event, Capital Notes will rank for payment:</p> <ul style="list-style-type: none">(a) ahead of Ordinary Shares;(b) equally among themselves and with all other Relevant Perpetual Subordinated Instruments; and(c) behind all Senior Ranking Creditors of AMP (which includes holders of the subordinated notes issued by AMP on 18 December 2013). <p>However, Holders should be aware that if AMP is in a winding-up, it is likely that a Non-Viability Trigger Event will have occurred, following which Holders’ Capital Notes will have been either:</p> <ul style="list-style-type: none">(a) Converted into Ordinary Shares (which Ordinary Shares will rank, on a winding-up of AMP, equally with all other Ordinary Shares on issue and behind all creditors of AMP); or(b) if Conversion is not effected for any reason within 5 Business Days of the Non-Viability Conversion Date, Written-Off (which means that all rights of Holders will be terminated). <p>As at the date of this Information Memorandum, there are no Relevant Perpetual Subordinated Instruments on issue.</p>

Holders should refer to clauses 2 and 16 of the Terms which provide for the ranking and subordination of the Capital Notes.

Distributions:

Capital Notes are scheduled to pay half-yearly, floating rate Distributions in arrear on 27 March and 27 September commencing on 27 September 2015 unless Converted, Redeemed or Written-Off. The Distribution for each Distribution Period will be calculated as follows:

Distribution = Distribution Rate x A\$10,000 x N / 365 (where "N" means the number of days in the Distribution Period).

The Distribution Rate (expressed as a percentage per annum) is to be calculated according to the following formula:

Distribution Rate = (Bank Bill Rate + Margin) x Franking Adjustment Factor

The Margin is 4%.

Payment of Distributions is in the absolute discretion of AMP and subject to no Payment Condition existing as at the Distribution Payment Date. The Payment Conditions are:

- (a) payment of the Distribution would result in the Issuer breaching APRA's capital adequacy requirements applicable to it;
- (b) the payment would result in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objecting to the payment.

If a Distribution is not paid in full on a Distribution Payment Date, AMP must not without the approval of Holders by a Special Resolution declare, determine to pay or pay a dividend on its Ordinary Shares, or buy-back or reduce capital on any of its Ordinary Shares, until and including the next Distribution Payment Date (unless the relevant Distribution is paid in full within 20 Business Days of the relevant Distribution Payment Date). There are certain exclusions from this restriction which are set out in clause 3.8 of the Terms. Holders have no other rights on account of the non-payment.

Distributions are non-cumulative, which means that if a Distribution is not paid on a particular Distribution Payment Date, AMP has no obligation to pay it on a future Distribution Payment Date.

AMP will notify Holders of the Distribution Rate during the Distribution Period once it has determined what the Franking Rate will be. Such notice will be given no later than the Record Date for the relevant Distribution.

Franking:

Distributions are expected to be franked at the same rate as AMP's Ordinary Shares. The rate of franking depends on AMP's level of available franking credits. AMP's 2014 final dividend on Ordinary Shares was franked at 80%. The level of franking may vary over time and Distributions may be partially, fully or not franked. The Franking Adjustment Factor adjusts the Distribution Rate on account of the Franking Rate.

The higher the Franking Rate, the lower the Distribution Rate and the amount of cash Distribution, reflecting the value of the franking credit attached to the Distribution.

If Distributions are franked, the value of any cash Distribution does not accrue at the same time as the receipt of any cash Distribution and the ability of Holders to use the franking credits will depend on their individual circumstances.

If Distributions are partially franked dividend withholding tax at the rate of 30% may be applied. Dividend withholding tax should generally not apply to the

extent that:

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

The dividend withholding tax rate may also be reduced under an applicable double tax treaty.

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

For further information, see the section entitled “Australian Taxation” below.

Conversion to Ordinary Shares of AMP:

Capital Notes must Convert to Ordinary Shares in the following circumstances:

- (a) on a Mandatory Conversion Date (subject to the Mandatory Conversion Conditions being satisfied);
- (b) on the occurrence of a Non-Viability Trigger Event; and
- (c) on the occurrence of an Acquisition Event (unless the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition (see “Mandatory Conversion Conditions” below) would not be satisfied on the Acquisition Conversion Date if the Acquisition Conversion Date were a Mandatory Conversion Date¹).

A Mandatory Conversion Date will be the Scheduled Mandatory Conversion Date (27 March 2022) or if the Mandatory Conversion Conditions are not satisfied on that date, the first subsequent Distribution Payment Date for which the Mandatory Conversion Conditions are satisfied.

AMP may also choose to Convert Capital Notes to Ordinary Shares on 27 March 2020 or if a Tax Event, Regulatory Event or Potential Acquisition Event occurs (see “Tax, Regulatory and Potential Acquisition Events” below). Any such Conversion will be subject to APRA’s prior written approval. Further, AMP may not elect to Convert in these circumstances if:

- (a) *First Optional Conversion Restriction*: the VWAP on the Non-Conversion Test Date is less than or equal to 22% of the Issue Date VWAP; or
- (b) *Second Optional Conversion Restriction*: a Delisting Event applies on the Non-Conversion Test Date.

If AMP has elected to Convert Capital Notes, AMP may not proceed to Convert them if, on the Exchange Date, the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition (see “Mandatory Conversion Conditions” below) would not be satisfied.

A Holder of a Capital Note which is subject to Conversion will receive the Conversion Number of Ordinary Shares calculated using the formula set out in clause 8.1 of the Terms. The Conversion Number is a variable number determined in respect of the Face Value of each Capital Note, being \$10,000, and cannot be greater than the Maximum Conversion Number (which means that the Conversion Number of Ordinary Shares may be worth significantly less than the Face Value of Capital Notes).

The Maximum Conversion Number may be adjusted to reflect a reorganisation

¹ The First Optional Conversion Restriction and the Second Optional Conversion Restriction also apply to the giving of an Acquisition Conversion Notice.

of share capital or pro rata bonus issue of Ordinary Shares. In addition, the Terms do not limit the transactions that AMP may undertake with respect to its share capital and any such actions may increase the risk that Holders receive only the Maximum Conversion Number of Ordinary Shares.

Where Conversion is other than on account of a Non-Viability Event, the actual value of Ordinary Shares received per Capital Note (calculated on a VWAP basis) would be approximately \$10,100. The effect of the conditions to such Conversions is that the Conversion will not occur on the contemplated date if the Maximum Conversion Number would be reached. In the case of a Conversion on account of a Mandatory Conversion or Acquisition Event, the Conversion would be deferred to the first Distribution Payment Date on which the conditions may be satisfied.

In the case of Conversion on account of a Non-Viability Trigger Event, there are no conditions to Conversion and the number of Ordinary Shares received may be limited to the Maximum Conversion Number.

Holders may suffer loss as a consequence of Conversion. The Conversion conditions and events are described further below.

Mandatory Conversion Conditions:

The following conditions must be satisfied for Mandatory Conversion to occur on the Mandatory Conversion Date:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the First Test Date is greater than 22% of the Issue Date VWAP (this is the “First Mandatory Conversion Condition”);
- (b) the VWAP during the Second Test Period is greater than 20.2% of the Issue Date VWAP (this is the “Second Mandatory Conversion Condition”); and
- (c) no Delisting Event applies in respect of the Mandatory Conversion Date (this is the “Third Mandatory Conversion Condition”).

Non-Viability Trigger Event:

Capital Notes must be Converted or Written-Off if a Non-Viability Trigger Event occurs. A Non-Viability Trigger Event occurs upon:

- (a) the issuance of a notice by APRA to AMP that the conversion or write-off of Relevant Perpetual Subordinated Instruments is necessary because without that conversion or write-off APRA considers that AMP would become non-viable; or
- (b) a determination by APRA notified to AMP that without a public sector injection of capital into (or equivalent capital support with respect to) AMP, AMP would become non-viable.

As Capital Notes are Relevant Perpetual Subordinated Instruments, if a Non-Viability Trigger Event occurs, AMP must immediately Convert some or all of the Capital Notes into Ordinary Shares. If Conversion does not occur for any reason (including an Inability Event) within five Business Days of the Non-Viability Conversion Date, the Capital Notes will be Written-Off, which means that all rights of Holders are immediately and irrevocably terminated on and from the Non-Viability Conversion Date.

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. The requirement to include non-viability trigger events in capital instruments was introduced only on 1 January 2013. As at the date of this Information Memorandum, APRA has not made a determination of non-viability. Non-viability could be expected to include serious impairment of AMP’s financial position and solvency, but may not be confined to solvency measures and capital ratios and may include other matters, such as liquidity.

See clause 5.1 of the Terms for further details.

Acquisition Event: **Acquisition Event** means:

(a) either:

- (i) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and:
 - (A) the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (B) the Directors issue a statement that at least a majority of the Issuer's directors who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or
- (ii) a court approves a scheme of arrangement which, when implemented, will result in a person other than the Issuer having a relevant interest in more than 50% of Ordinary Shares; and

(b) all regulatory approvals necessary for the acquisition to occur have been obtained.

Issue of Ordinary Shares to a Nominee:

Ordinary Shares to be issued on Conversion of Capital Notes will be issued to a Nominee where the Holder has notified AMP that it does not wish to receive Ordinary Shares on Conversion, is a Foreign Holder or has not supplied AMP with the details AMP needs to issue it the Ordinary Shares. The Nominee will sell the Ordinary Shares and pay the net proceeds to Holders. Neither AMP nor the Nominee has any obligations or duties to Holders in relation to the price for which, or the terms on which, Ordinary Shares are sold.

Redemption or Resale of Capital Notes:

AMP has the right (but not an obligation) to Redeem or Resell the Capital Notes on 27 March 2020.

AMP may also elect to Redeem or Resell Capital Notes (instead of Converting them) in the case of a Tax Event or Regulatory Event. The Capital Notes may not be Redeemed or Resold on the occurrence of a Non-Viability Trigger Event, an Acquisition Event or a Potential Acquisition Event.

AMP may only elect to Redeem the Capital Notes if APRA is satisfied that either:

- (a) the Capital Notes will be replaced concurrently or beforehand with a Relevant Perpetual Subordinated Instrument of the same or better quality or Ordinary Shares, and the replacement must be done under conditions that are sustainable for AMP's income capacity; or
- (b) having regard to the projected capital position of the AMP group, AMP does not have to replace the Capital Notes.

Where AMP elects to Resell the Capital Notes, they will be acquired by another party nominated by AMP.

The amount paid on Redemption or Resale is \$10,000 per Capital Note.

Holders have no right to request Exchange:

Holders of Capital Notes do not have a right to request Exchange of Capital Notes.

Regulatory treatment of Capital Notes:

The Capital Notes do not constitute regulatory capital of AMP but the terms of the Capital Notes are such that APRA does not object to AMP using the proceeds of issue to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group. These types of instruments are referred to in the Terms as Relevant Perpetual Subordinated Instruments.

AMP may elect to Convert, Redeem or Resell the Capital Notes if a Regulatory Event occurs. See “Tax, Regulatory and Potential Acquisition Events” below.

Tax, Regulatory and Potential Acquisition Events:

Tax Event means broadly that the Directors receive advice that, as a result of a change in law or regulation in Australia on or after the Issue Date (which AMP did not expect on the Issue Date) affecting taxation, there is more than an insubstantial risk which the Directors determine to be unacceptable that any Distribution would not be frankable or that AMP would be exposed to an increase in its costs (which is not insignificant) in relation to the Capital Notes.

Regulatory Event means broadly that:

- (a) the Directors receive legal advice that, as a result of a change in Australian law or regulation or any requirement of APRA on or after the Issue Date, additional requirements would be imposed on AMP in relation to Capital Notes, which the Directors determine to be unacceptable; or
- (b) the Directors determine that APRA objects, or will object, to the AMP group using, or having used, the proceeds of the issue of some or all of the Capital Notes to fund Additional Tier 1 Capital of a Regulated Entity within the AMP group, other than where that event is a result of the implementation of the Conglomerate Standards.

A **Potential Acquisition Event** will broadly occur if:

- (a) a takeover bid is made to acquire AMP’s Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue or a majority of Directors recommend acceptance of the offer (without the need that all regulatory approvals necessary for the acquisition have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement with respect to AMP, which would result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue after the scheme is implemented.

No set-off in relation to Capital Notes:

AMP is not entitled to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce any amount payable by AMP in respect of the Capital Notes held by a Holder. Holders are also not entitled to set-off amounts owing to the Issuer in respect of the Capital Notes.

Alterations to the Terms:

AMP may alter the Terms or the Deed Poll without the consent of Holders if the alteration is:

- (a) of a formal, technical or minor nature;
- (b) made to correct any manifest error;
- (c) made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of AMP, is not materially prejudicial to the interests of the Holders;
- (d) necessary to comply with the provisions of any statute; or
- (e) in any other case, not materially prejudicial to the interests of the Holders as a whole.

In the case of an alteration pursuant to paragraph (c), (d) or (e), AMP must

have received 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.

Any other alterations require the approval of Holders by Special Resolution in accordance with the Meetings Provisions, and the Meetings Provisions also provide for the taking of certain other actions binding on all Holders by Special Resolution. Actions not requiring a Special Resolution (except those mentioned in paragraphs (a) to (e) above) may be approved by Holder Resolution.

The quorum requirement for a meeting is two Holders or proxies present only if they hold (or represent Holders who hold) Capital Notes which represent at least 25% of the aggregate Face Value of the Capital Notes outstanding when the meeting begins. A Special Resolution is one passed by at least 75% of persons voting on a show of hands or, if a poll is demanded, by a majority consisting of at least 75% of the votes cast. A resolution may be passed by postal ballot or written resolution by holders representing at least 75% of the aggregate Face Value of the outstanding Capital Notes. The same provisions as the foregoing apply to a Holder Resolution, except that the required proportion is 50%.

At least 10 Business Days' notice (or 15 Business Days' notice in the case of a Special Resolution) of a meeting must be given to Holders.

An action pursuant to the above provisions which may cause APRA to object to AMP group using, or having used, the proceeds of the issue of some or all of the Capital Notes to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group is subject to the prior written consent of APRA.

Holders of Capital Notes have no right to receive notice of or vote at any meeting of shareholders of AMP.

Holders should refer to Schedule 2 to the Deed Poll.

Austraclear:

Capital Notes may be transacted through the Austraclear System. Capital Notes which are held in the Austraclear System will be registered in the name of Austraclear Limited. Payments through the Austraclear System may only be made in Australian dollars.

Interests in Capital Notes traded in the Austraclear System may be held in Euroclear and/or Clearstream. In these circumstances, entitlements in respect of holdings of interests in Capital Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited), while entitlements in respect of holdings of interests in Capital Notes in Clearstream would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream.

Where Capital Notes are held in Austraclear, for the purposes of determining the person entitled to be issued Ordinary Shares, or the person to whom the Nominee referred to above under "Issue of Ordinary Shares to a Nominee", AMP will treat the relevant Austraclear Participant as the holder of the Capital Notes. Any investor who is not an Austraclear Participant will have to maintain arrangements with an Austraclear Participant in order to hold an interest in Capital Notes or to receive any Ordinary Shares issued on Conversion. AMP has no responsibility for these arrangements or for the performance by any Austraclear Participant of its obligations.

Governing law: The Capital Notes and all related documentation will be governed by the laws of New South Wales, Australia.

Use of proceeds: AMP expects to use all or a substantial portion of the net proceeds of the issue of the Capital Notes to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group.

Selling Restrictions: The offering, sale and delivery of Capital Notes are subject to the rules, restrictions and operating procedures which may apply in connection with the offering and sale of the Capital Notes. See also “Subscription and Sale” below.

It is AMP’s expectation that any Ordinary Shares issued on Conversion of Capital Notes will be freely tradeable.

Transfer: Capital Notes may only be transferred in whole but not in part.

Where Capital Notes are not lodged in the Austraclear System, subject to the transfer restriction described below, all applications to transfer Capital Notes must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by AMP and the Registrar signed by both the transferor and the transferee. Transfer and acceptance forms are available from any Registry Office.

Capital Notes which are lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

Capital Notes may only be transferred:

- (a) within, to or from Australia, if:
 - (i) the aggregate consideration payable at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the Capital Notes are otherwise transferred in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and
 - (ii) the transfer does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; or
- (b) between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Capital Notes otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

Capital Notes will not be transferable on the Register so long as Austraclear Services Limited is the Registrar and Capital Notes are lodged in the Austraclear System, except:

- for the purposes of any Conversion, Write-Off, Redemption, Resale, repurchase or cancellation of a Note, a transfer of that Note from Austraclear to the Issuer may be entered in the Register; and
- if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or the Terms, to require a Note to be transferred on the Register to a member of the Austraclear System, that Note may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the Note will cease to be held in the Austraclear

System.

- Taxes:** A general description of the Australian taxation consequences of investing in the Capital Notes is set out in the section entitled “Australian Taxation” below. However, investors should obtain their own taxation advice regarding the taxation status of investing in Capital Notes.
- Stamp duty:** Any stamp duty incurred at the time of issue of the Capital Notes will be for the account of AMP. Any stamp duty incurred on a transfer of Capital Notes will be for the account of the relevant investors. As at the date of this Information Memorandum, no Australian stamp duty should be payable on the issue of the Capital Notes or any transfer of Capital Notes provided that no person, alone or with associates, obtains an interest of 90% in the Issuer.
- Withholding tax:** If a law requires AMP to withhold or deduct an amount in respect of Taxes from a payment in respect of the Capital Notes, AMP will deduct the amount for the Taxes. AMP is not required to pay any additional amounts to Holders in these circumstances. See the section entitled “Australian Taxation” below.
- Listing:** The Capital Notes will not be listed on any stock exchange. AMP will use all reasonable endeavours to list Ordinary Shares issued upon Conversion on the ASX.

Description of AMP

1 Introduction

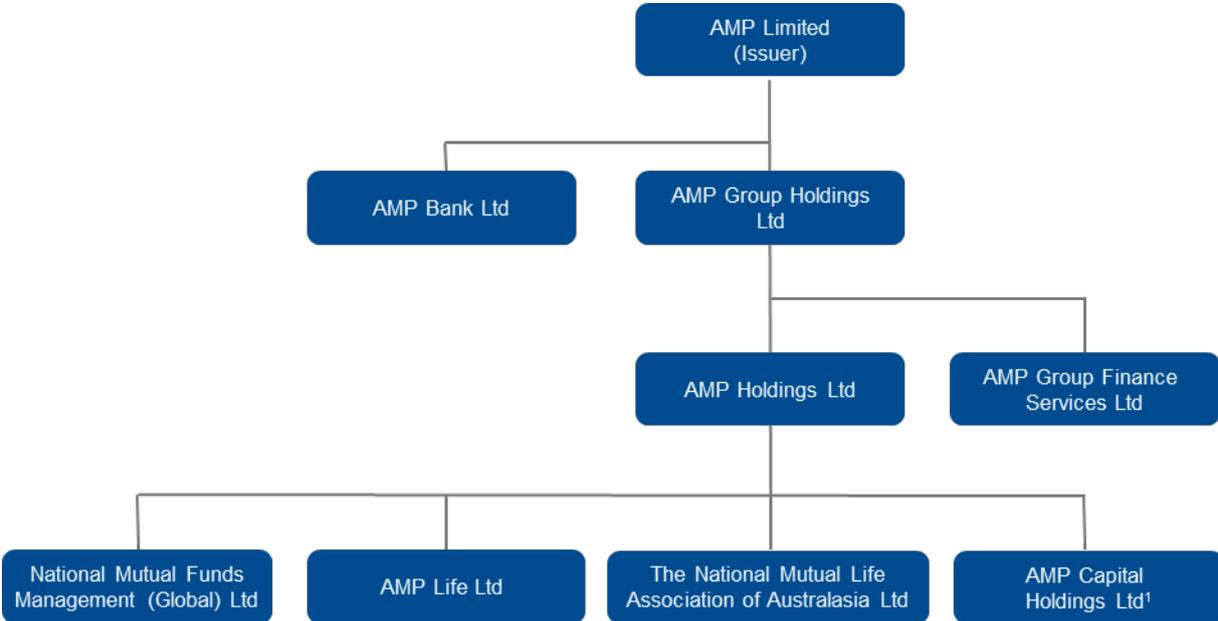
AMP is Australia and New Zealand’s leading independent wealth management company with an expanding international investment management business and a growing retail banking business in Australia. It provides financial advice, products and services primarily distributed through self-employed financial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

2 Overview of the AMP group

The AMP group provides:

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

3 Simplified corporate structure



1 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.

4 Products and services

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

(a) Australian wealth management (WM)

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

(b) AMP Bank

AMP Bank is an Australian retail bank offering residential mortgages, deposits, transaction banking and SMSF products. It also has a portfolio of practice finance loans. AMP Bank increasingly distributes through AMP's aligned distribution network as well as third-party brokers, and direct to retail customers via phone and internet banking.

(c) Australian wealth protection (WP)

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

(d) Australian mature (AM)

AM is a business comprising products which are mainly in run-off. Products within AM include whole of life, endowment, investment-linked, investment account, Retirement Savings Account, Eligible Rollover Fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts.

(e) New Zealand financial services

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

(f) AMP Capital

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

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

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

(g) AMP SMSF

AMP SMSF was formed in June 2012 and comprises Self Managed Superannuation Fund administration businesses including Cavendish, Multiport, Ascend and YourSMSF, as well as AMP's shareholding in a variety of SMSF focused organisations including 49% of SuperIQ and shareholdings in SuperCorp and Class.

AMP SMSF forms part of WM's reported results.

5 Regulation

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

The principal regulators that supervise and regulate the activities of the AMP group and the activities of the businesses and funds that members of the AMP group manage are APRA, the Reserve Bank of Australia, the Reserve Bank of New Zealand ("**RBNZ**"), ASIC, ASX, the Australian Taxation Office, the Australian Competition and Consumer Commission, AUSTRAC, the Office of the Australian Information Commissioner ("**OAIC**"), the New Zealand Privacy Commissioner's Office and the New Zealand Financial Markets Authority ("**FMA**").

(a) Australia

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

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

(b) New Zealand

The AMP group's life insurance businesses in New Zealand is subject to regulations issued by both RBNZ and APRA. FMA regulates New Zealand's financial markets and oversees securities, financial reporting, and company laws as they apply to financial services and markets.

Risks

Investors must take or obtain their own advice with respect to investment and other risks.

This Information Memorandum describes only some of the risks of investing in the Capital Notes. It does not describe all the risks of an investment in the Capital Notes. If prospective investors are in any doubt about the risks associated with an investment in the Capital Notes, they should consult their own professional, financial, legal and tax advisers about such risks and the suitability of investing in the Capital Notes in light of their particular circumstances.

Risks associated with AMP and the AMP group

Financial risk

Investment returns

A significant proportion of the AMP group's profits are derived from investment returns (both income and net realised and unrealised capital gains or losses) in the non investment-linked statutory funds of the wholly-owned life companies of AMP, being AMP Life Limited (**AMP Life**) and The National Mutual Life Association of Australasia Limited (**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 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 affects the level of investment return on shareholders' funds assets and in turn the financial performance and position of the AMP group. Funds, including shareholders' funds, are invested in a variety of asset classes, including, but not limited to, cash, Australian and international equities, fixed interest, property, infrastructure and private equity.

Changes in the value of, or income received from, these investments, including as a result of changes in valuations or the valuation methodology of unlisted assets, may have a 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 management performance

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

Fee income on the investment-linked business and investment-management business of the AMP group is primarily based on the level of assets under management and investment performance. A deterioration in investment performance or a decline in assets under management may have 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. 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.

Business entities owned as investments by AMP Life, NMLA and/or funds managed by AMP Capital, may breach or risk breaching their loan and other debt covenants. While these typically have no recourse to the AMP group, in the event of a breach the financiers have the ability to demand immediate repayment of the debt and enforce other rights, which may give rise to the funding risks described above. To the extent 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;
- 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. A default by a counterparty can impact the AMP group's financial position and performance and the level of capital supporting the AMP group's businesses and can also impact investments of AMP Life and the funds managed by AMP Capital, 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. While the AMP group utilises mechanisms to mitigate a number of those exposures, including collateral and netting agreements, there can be no assurance that these arrangements fully limit those exposures.

The annuity portfolio is managed with fixed interest assets matched to expected annuity cash outflows. The AMP group is exposed to credit risk, including the risk of widening credit spreads on the portfolio of fixed income assets.

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

Foreign exchange risk

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

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

Defined benefit fund

Some of AMP's 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.

Accounting mismatches

Investment performance may have a material adverse effect on the level of accounting mismatches and the financial performance and position of the AMP group. Accounting mismatches arise because the recognition and measurement rules for certain policyholder assets differ from the recognition and measurement rules for the liability to policyholders in respect of the same assets. These mismatches result in policyholder asset movements, affecting the net profit after accounting mismatches and increased volatility of the reported profit that may reverse over time.

Accounting policies

The accounting policies and methods that the AMP group applies are fundamental to how it records and reports its financial position and the results of its operations. Management must exercise judgement in selecting and applying many of these accounting policies and methods so that they not only comply with generally accepted accounting policies and methods, but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. However, these accounting policies may be applied inaccurately, resulting in a misstatement of financial position and results of operations. In some cases, management must select an accounting policy or method from two or more alternatives, any of which might comply with generally accepted accounting principles and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under another alternative.

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

Purchase and sale of financial advisory books of business

Under arrangements currently in place, certain 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. 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.

Regulatory risk

Changes in government policy, legislation or regulation

The financial services industry both globally and in Australia and New Zealand continues to undergo a significant level of regulatory change. The AMP group continues to respond and adjust its business model for these changes, however, failure to adequately anticipate and respond to future regulatory changes, could adversely impact AMP's business model and the performance of its business and or strategic objectives.

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

Under the Future of Financial Advice (**FOFA**) legislation, regulatory changes have been implemented by the Government covering financial advisers, fund managers and product issuers. The FOFA regulatory changes include a ban on certain commissions and volume based payments to financial advisers and a statutory best interests duty on financial advisers. There are also bans on fund managers paying platform operators volume-based shelf-space fees. Legislation to implement the FOFA regulatory changes began to take effect for voluntary compliance on 1 July 2012 and mandatory compliance began on 1 July 2013 for all obligations. Some of the complexity of the requirements that previously applied to the AMP group have been removed with effect from December 2014. These include provisions relating to passing on trailing commissions when an adviser changes licensees. No further changes are expected to be made to the FOFA regime.

The AMP group has the largest financial advice network in Australia and the AMP group offers its financial products and services to retail investors in Australia and New Zealand, and to institutional investors throughout the world. AMP group has training, supervision and compliance processes in place to ensure its business, including its advice network operate within the legal and regulatory framework. Despite the resources allocated to compliance, there is a risk that advisers or AMP group entities may not comply with the law when providing products or services to clients or investors. In the event that clients or investors suffer losses as a consequence of any non-compliance with laws, compensation may be required. This could have an adverse 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.

There is also a greater focus on the financial planning industry by ASIC. In ASIC's Strategic Outlook announced in October 2014 they announced their intention to "target the six largest financial advice institutions to test how they comply with high-risk areas of the law". The AMP group is one of those organisations.

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

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

Providers and distributors of wealth management and wealth protection products are also subject to varying legislative and regulatory requirements in New Zealand. The New Zealand financial services industry 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 (**FMCA**) 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 FMCA became effective in April 2014 with transitional implementation continuing until December 2016. 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, the US Foreign Account Tax Compliance Act (**FATCA**), the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**), Dodd-Frank and other reforms. The Federal Government has also signalled its intention to implement the CRS reforms in Australia with effect from January 2017. CRS is a single global standard for financial institutions' collection of financial account information on account holders who are residents in another jurisdiction, the reporting of it to the financial institutions' tax authority and the exchange of it automatically with other jurisdictions' tax authorities on an annual basis. The Government released a discussion paper on CRS in June 2014 seeking industry comment and received 15 submissions in response. The Government is yet to announce any response to those submissions.

The AMP group is subject to oversight by regulators regarding its compliance with legislative and regulatory requirements. The regulators include, among others, APRA, RBA, ASIC, ASX, ATO, AUSTRAC and OAIC. 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. A number of regulatory capital reviews have recently been implemented and some are underway or still to be implemented which impact the businesses of those entities.

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

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

In recent months the RBA has raised concerns about increased investor activity in the housing market. This commentary coincides with the Senate's Economics References Committee's Inquiry into Affordable Housing. The use of macro-prudential policies has been suggested as a policy to prevent additional speculative demand for housing and the associated lending. Any introduction of macro-prudential policies in Australia could reduce demand for AMP Bank's mortgage products.

In August 2014 APRA released its framework and planned final prudential standards for the supervision of conglomerate groups covering capital management, group governance, risk management and risk exposures which will apply to the AMP. However, the final implementation has been deferred until the recommendations of the Financial System Inquiry, and the Government's response to them, have been announced.

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

Any significant change, whether or not related to the prudential framework for conglomerate groups, in

the standards prescribed by regulators may have a significant impact on the financial performance and position of AMP group, and the level of capital required to support the AMP group's business units. In certain circumstances, APRA or other regulators may require AMP and 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.

Federal Government reform initiatives

The Federal Government has established a financial system inquiry to examine how the financial system in Australia could be positioned to best meet Australia's evolving needs and support Australia's economic growth. The inquiry will report on the consequences of developments in the Australian financial system since the previous inquiry in 1997 and the global financial crisis. It has been asked to make recommendations that will foster an efficient, competitive and flexible financial system, consistent with financial stability, prudence, public confidence and capacity to meet the needs for users. The inquiry released its final report in December 2014 with a number of observations relevant to AMP including in relation to those relating to vertically integrated structures such as that of AMP, the longevity risk with the retirement phase of superannuation, and the introduction of legislation to allow for more retirement product innovation. AMP lodged a submission to the Financial System Inquiry in response to the interim report on 26 August 2014. The government is expected to respond to the Report's recommendations in 2015.

The Government has released Terms of Reference for, and established a Taskforce to develop, a White Paper on the 'Reform of the Federation', with key objectives including the reduction of duplication across different levels of government and simplifying interactions with government. A series of issues papers were released in late 2014 and a further paper "COAG and Federal Financial Relations" was released on 4 February 2015. The White Paper is expected to be completed by the end of 2015.

The Government is also expected to publish a comprehensive white paper on potential tax reform during 2016.

The 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, the Financial System Inquiry, and the expected release of a White Paper on the Reform of Australia's Tax System) Significant recent tax law changes and current proposals for further reforms give rise to risks, as the status and precise scope of many new and proposed tax laws is not yet known.

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

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

Changes to the taxation of life insurance businesses in New Zealand, 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 changes had applied for the year ended 31 December 2014, the additional tax payable by

the AMP group would have been NZ\$20.8m.

Senate inquiry into ASIC

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

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

Following the release of the report, the government has already implemented measures to establish a register of financial advisers and ASIC has increased its surveillance of the financial services sector. The AMP group will work through the impacts of these and any other relevant changes as they occur. Any significant regulatory changes resulting from the report may increase the compliance burden for the AMP group and may increase the cost of compliance and the risk of non-compliance.

A number of key players in the Australian financial planning industry have already moved to lift the educational standards in the industry. The AMP group has announced it will implement a series of measures across its advice licensee groups that aim to lift the educational and other requirements for its advisers. The measures to be implemented by the AMP group are:

- (a) all existing and new advisers must hold a Certified Financial Planner® (CFP), a Fellow Chartered Financial Practitioner (FChFP), or Masters in Financial Planning (MoFP) qualification. New advisers must complete this qualification within five years of joining an AMP group licensee while existing advisers have up to 31 December 2019 to do so;
- (b) a broad-ranging ethics and responsible decision-making program for advisers will be developed in conjunction with the St James Ethics Centre with industry input. The program, which will be available to any financial adviser in the industry, will be in place by mid-2015; and
- (c) a Customer Advice Review panel will be established by the end of 2014 to review any customer complaint about the quality of personal advice when the customer is not satisfied with the response through normal channels. If the panel finds the personal advice was not appropriate when it was given, the customer will be restored to the position they would have been in if the appropriate advice had been given. The panel, which will have an independent chair, will have the power to refund advice fees and compensate for losses.

Parliamentary Joint Committee Inquiry into financial adviser standards

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

The government has yet to respond to these recommendations. AMP will work through the government's response to each of these recommendations.

Senate Economics References Committee Inquiry into Financial Advice

On 4 September 2014, the Senator referred an Inquiry into the Scrutiny of Financial Advice to the Senate Economics References Committee. Submissions have been lodged and the Committee is expected to conduct public hearings. The Committee is yet to report, some of its recommendations may have implications for AMP.

Fair Work Commission review of superannuation funds for Modern Awards

Modern Awards by the Fair Work Commission (FWC) contain minimum terms and conditions of employment in addition to any legislated minimum terms. Modern Awards cover a whole industry or occupation and contain minimum pay rates and employment conditions. They also include a clause

requiring an employer to make sufficient superannuation contributions to a default superannuation fund specified in the Modern Award unless the employee has chosen another fund for the contributions. The AMP group has superannuation funds included in a number of Modern Awards.

The FWC commenced its 4 yearly review of Modern Awards in 2013. As part of that review an Expert Panel was constituted to review the terms of the default superannuation funds that may be included in the Modern Awards. The Expert Panel began its review process in January 2014. In June 2014 the Federal Court determined that the Expert Panel was not properly constituted and, as a result, the FWC has formally halted the process of its review and selection of default superannuation funds in Modern Awards.

It is currently not known what will occur with respect to the process for selecting default superannuation funds in Modern Awards. The Government has released for public consultation a discussion paper canvassing the issues of governance, transparency and default superannuation in Modern Awards. It is possible that the Government will remove superannuation as an allowable matter within Modern Awards and instead allow Modern Award employees to select any APRA approved superannuation fund. The AMP group will continue to monitor developments and work with any review process as it occurs. If the AMP group is unable to include its superannuation funds in Modern Awards, this may have an adverse impact on the financial performance and position of the AMP group. AMP also needs to consider any impacts of the Government removing Superannuation as an Allowable Matter opening up default superannuation for award employees to competition.

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

Margins in wealth management are at risk from increased competition. Competitive pressures, including MySuper, are reducing revenue margins in AMP's wealth management business. Margin compression is expected to average around 4.5% per annum through to June 2017. The extent of the compression may be volatile from period to period as MySuper transitions take place. Any further pressure from Modern Awards and the need to respond through repricing has the potential to impact margins further.

Product risk

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

Adverse impact on product margins

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

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

- changing consumer behaviour; and
- 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). If lapse rates on policies associated with DAC were to increase, the 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.

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

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

Estimation of claims provisions

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

The AMP group's provisions for insurance liabilities may prove to be inadequate to cover its ultimate liability for policies written by its life insurance businesses. Within its life insurance subsidiaries, the AMP group maintains provisions for future claims, maintenance expenses and adviser remuneration. The estimation of provisions does not represent an exact calculation of liability, but rather a best estimate. These estimates are based on actuarial and statistical methodologies on the basis of facts and circumstances known at a given time and estimates of trends into the future. Actual future events and conditions may result in the current estimates of claims costs being inadequate. Moreover, additional costs of claims, including claims inflation and costs arising from changes in the legal environment, the type or magnitude of which management cannot foresee, may emerge in the future.

In addition, insurance liabilities include an explicit allowance for the value of future profits which will be released gradually over the lifetime of the insurance business. Any deterioration in the future outlook for future profits will be reflected in updated best estimate assumptions and will lead to a reduction in the future profit margins (and hence reduced future reported profits). If the future profit margins are insufficient then the change in best estimate assumptions will lead to future losses being recognised

immediately which will negatively impact the financial performance and position of the AMP group and may require additional capital.

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).

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.

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 derivative instruments used by the AMP group to hedge its debt and capital position, and protect investments. The AMP group is required to recognise certain movements in the market value derivative instruments, which can give rise to accounting gains or losses. In the case of derivative instruments used to hedge debt and capital positions or to protect investments, those accounting gains or losses should in the ordinary course of events reverse over time.
- the value of investments supporting shareholders' funds and investments held on behalf of clients; and
- 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. Given recent conditions around the potential for sovereign debt defaults and/or significant bank failures, 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 institution could lead to market-wide liquidity problems, losses or defaults by other institutions. This risk arises in part because of the inter-relationships between many financial institutions (including the AMP group) and is heightened in times of significant volatility in the finance sector and capital markets. Contagion risk may have an adverse impact on the overall financial performance and position of the AMP group.

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 as part of the strategic planning process, and execution risks are explicitly considered.

Failure to adequately anticipate and respond to regulatory change

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

Brand and reputation

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

Loss of financial advisers

The AMP group has the largest financial advice network in Australia and New Zealand. In addition to support services provided by the AMP group to its planners and planning practices, the AMP group provides practice loans to certain planners and planning practices and also invests in planning practices. Failure to attract or retain planners, could have a material adverse impact on the financial performance and position of the AMP group.

Inability of the business to adapt to competitor-driven change

The 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 the entry of new participants, the development of alternative distribution methods and broader, better integrated product offerings by major competitors. Responses to increased competition may include product development, lower prices, increased marketing and retention activity, more aggressive risk taking (such as higher benefit levels in risk products) or a combination of these, which may have a material adverse impact on the financial performance and position of the AMP group.

Inability of the business model to adjust to changing customer needs

Customer preferences continue to change rapidly in the current financial services environment, driven in particular by advances in technology and competitive dynamics. The failure of the AMP group to adapt its capabilities and operating model in order to remain relevant to customers, within a rapidly changing environment, may impact new business and retention of existing business, resulting in lower than anticipated revenues and profits. This could have a material adverse impact on the financial performance and position of the AMP group.

Corporate transactions

The AMP group at times, evaluates and may undertake a range of corporate transactions, including acquisitions, divestments, mergers, joint ventures and strategic alliances. These transactions can be complex and costly and may require AMP to comply with additional local or foreign regulatory requirements which may carry additional risks. These decisions may, for a variety of reasons, not deliver the anticipated positive business results 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.

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

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 and cost efficiencies, 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 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, AMP has a dedicated technology team. There is an overarching IT operating model that describes the organisational structure, key services, and governance model. Focus areas are IT security, IT risk management, disaster recovery, service management, change management, IT architecture & strategy and IT delivery teams. However, any failure of these systems could result in business interruption, loss of customers, financial compensation, damage to reputation and/or a weakening of the AMP group's competitive position, which could adversely impact its business and have a material adverse effect on the AMP group's financial condition and operations. In addition, the AMP group must update and implement new information technology systems, in part to assist it to satisfy regulatory demands, ensure information security, enhance computer-based services for its customers and integrate the various segments of its business. 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 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. AMP data and information assets are protected from cyber-attacks through multiple processes and technology controls including identity management, firewalls, intrusion detection and prevention systems, and virus protection. However, failure of any of these processes and controls 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.

Risks associated with the Capital Notes

Market price and liquidity of Capital Notes

The market price of Capital Notes may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, changes in interest rates, credit margins, foreign exchange rates, credit ratings and capital markets, changes in accounting standards and other factors that may affect the AMP group's financial performance and capital position. Investors should carefully evaluate the investment risks associated with an investment in AMP and the AMP group (see "Risks associated with AMP and the AMP group" below).

Capital Notes will not be quoted on ASX or any other stock exchange. There is unlikely to be any liquid market for Capital Notes. Holders who wish to sell their Capital Notes may be unable to do so at a price acceptable to them, or at all.

Capital Notes are perpetual, unsecured and subordinated

Capital Notes are perpetual, unsecured and subordinated notes issued by AMP and are not deposits, protected accounts or policy liabilities issued by any member of the AMP group. Most of AMP's assets are claims on AMP group members ranking behind the claims of creditors of those AMP group members.

In a winding-up of AMP, if Capital Notes have not been Redeemed, Converted or Written-Off, Capital Notes will rank equally with all other Relevant Perpetual Subordinated Instruments, but behind all Senior Ranking Creditors of AMP (including the subordinated notes issued by AMP in December 2013 and any other term subordinated debt which AMP may issue in future). If there is a shortfall of funds on a winding-up of AMP to pay all amounts ranking higher or equally with the Capital Notes, Holders will lose some or all of their investment. If a Non-Viability Trigger Event occurs, that is likely to affect

Holders' claims in the winding-up (because Capital Notes will be Converted to Ordinary Shares or Written-Off).

Distributions and franking

Distributions are discretionary and will fluctuate as a result of movements in the Bank Bill Rate and are payable only subject to the Payment Conditions. See "Summary – Distributions" above. Distributions are non-cumulative, that is, if not paid, they do not accrue. Holders have no remedies for failure to pay a Distribution when scheduled except for a limited restriction on discretionary payment of dividends, buy-backs or returns of capital on Ordinary Shares – see "Summary – Distributions" above.

Distributions, if paid, are expected to be franked at the same rate as Ordinary Shares. AMP currently franks dividends on Ordinary Shares at 80%. The Franking Rate for a Distribution Period may be a lower or higher percentage depending on AMP's level of available franking credits, or Distributions may not be franked at all. See "Summary – Franking" above.

It is not certain whether or when Capital Notes may be Exchanged

There are a number of scenarios in which Capital Notes may be Exchanged. See "Summary – Conversion of Ordinary Shares of AMP, Mandatory Conversion Conditions, Non-Viability Trigger Event, Acquisition Event, Redemption or Resale of Capital Notes and Tax, Regulatory and Potential Acquisition Events" above. It is uncertain whether and when an Exchange may occur. The timing of any Exchange may not suit Holders and may be unfavourable in light of then prevailing market conditions or Holders' individual circumstances. Capital Notes may not be Exchanged at all, in which case, Capital Notes have no maturity date. There are conditions to Conversion (except for a Non-Viability Conversion). See "Conversion to Ordinary Shares of AMP" above.

Conversion may not result in the issue of Ordinary Shares with a market value equivalent to the principal amount of Capital Notes

Where Capital Notes are required to be Converted, Holders will receive a number of Ordinary Shares based on a volume-weighted average price calculation over a period of days,² subject to a Maximum Conversion Number (see "Summary – Conversion Formula" above). The Ordinary Shares issued on Conversion may not be able to be sold at the same price as the VWAP basis on which the Conversion Number has been calculated, or at all. Further, in the case of Conversion on account of a Non-Viability Trigger Event, there are no conditions to Conversion and the number of Ordinary Shares received may be limited to the Maximum Conversion Number, the market value of which may be much less than the amount of the Holder's investment – see "Conversion or Write-Off following a Non-Viability Trigger Event" below.

Conversion or Write-Off following a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs, AMP will be required to Convert some or all Capital Notes into Ordinary Shares. Holders should be aware that a Non-Viability Trigger Event could occur at any time. It could occur on dates not previously contemplated by them or which may be unfavourable in light of then prevailing market conditions or Holders' individual circumstances. Whether or not a Non-Viability Trigger Event will occur is at the discretion of APRA and AMP has no obligation to take steps to avoid non-viability.

The number of Ordinary Shares a Holder will receive is limited to the Maximum Conversion Number. The Maximum Conversion Number is the number of Ordinary Shares into which the Capital Note would Convert assuming a price for Ordinary Shares which is the VWAP over a period of approximately 20 ASX trading days before the Issue Date multiplied by 0.2. If the market price of Ordinary Shares is less than that amount at the point of Conversion, the number of Ordinary Shares issued will be only the Maximum Conversion Number. The number of Ordinary Shares is likely to have a market value less than the principal amount of a Capital Note, and Holders will suffer loss as a result. The Maximum Conversion Number may be adjusted (see "Summary – Conversion Formula" above).

Ordinary Shares issued on account of a Non-Viability Trigger Event may not be quoted on ASX.

If for any reason Conversion does not occur within 5 Business Days of the Non-Viability Conversion Date, they will be Written-Off and all rights of Holders in respect of Capital Notes are immediately and irrevocably terminated on and from the Non-Viability Conversion Date. Holders will suffer loss as a

² The number of days in the VWAP Period varies according to the grounds for Conversion.

result. The circumstances where AMP fails to Convert Capital Notes would include where AMP is prevented by applicable law (e.g. insolvency laws) from issuing Ordinary Shares but are not limited to those circumstances.

See “Summary – Non-Viability Trigger Event” above.

Relevant Perpetual Subordinated Instruments will be Converted or Written-Off first

It is important that investors understand that if a Non-Viability Trigger Event occurs and APRA does not require all capital instruments of AMP to be converted or written-off, Holders will be subject to Conversion or Write-Off ahead of the subordinated notes issued by AMP in December 2013 and any other term subordinated debt instruments which AMP may issue in future. Further, AMP has no other Relevant Perpetual Subordinated Instruments on issue which might be converted or written-off proportionately with Capital Notes, and may never issue such instruments.

Ordinary Shares issued on Conversion may be issued to a nominee

In certain circumstances, the Ordinary Shares that an investor would receive on Conversion will be issued to a competent authorised entity (“Nominee”) to sell the shares issued in respect of that investor and pay the cash amount of the net proceeds of sale to the investor. The Nominee will have no duty in relation to the price or terms of such a sale.

Risks with acquiring Ordinary Shares on Conversion

There are provisions of Australian law that are relevant to the ability of any person to acquire interests in AMP beyond the limits prescribed by those laws. The sale of Ordinary Shares in AMP may be restricted by such provisions and as a result investors may suffer loss. Holders of Capital Notes should take care to ensure that by acquiring any Capital Notes which may be Converted to Ordinary Shares, they do not breach any applicable restrictions on the ownership of interests in AMP. If the acquisition or Conversion of such Capital Notes by the Holder or a nominee would breach those restrictions then, in addition to other sanctions for these breaches under applicable law, AMP may be prevented from Converting such Capital Notes and where Conversion is required such Capital Notes may be required to be Written-Off.

For a summary of the rights attached to Ordinary Shares, see below under “Additional Information – Rights and liabilities attaching to the Ordinary Shares”.

Market price and liquidity of Ordinary Shares

Any Ordinary Shares issued on Conversion will rank equally with existing and future Ordinary Shares, so the ongoing value of Ordinary Shares received will depend on the market price of Ordinary Shares after a Conversion. The market price of Ordinary Shares may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, credit ratings and AMP group’s financial performance and position. Investors should carefully evaluate the investment risks associated with an investment in AMP and the AMP group (see “Risks associated with AMP and the AMP group” below).

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

No restriction on issue of further securities

Capital Notes do not in any way restrict AMP and other members of the AMP group from issuing further securities, or incurring further indebtedness, including indebtedness ranking ahead of or equally with the Capital Notes; or from buying back or redeeming other securities whether issued now or in the future, or from reducing its capital (except in limited circumstances in relation to Ordinary Shares where the distribution restriction applies – see “Summary – Distributions”).

Regulatory classification and prudential supervision

APRA’s current treatment of the Capital Notes may change and that may give rise to a Regulatory Event entitling AMP, with APRA’s approval, to Exchange the Capital Notes.

APRA has power under applicable law to direct AMP or members of the AMP group which it may exercise in a manner adverse to Holders. The power includes power to direct AMP not to make payments to Holders.

Australian taxation

The summary of the taxation treatment for certain Holders may not apply in the circumstances of particular Holders, and the tax laws on which it is based may change. Changes in tax law may be unfavourable for Holders. In particular, they may affect the taxation of Distributions, the return of the amount invested or Ordinary Shares issued on Conversion. They may affect AMP so as to give rise to a Tax Event, entitling AMP, with APRA's approval, to Exchange the Capital Notes.

Alterations to the Terms

The Terms may be altered as described in "Summary – Alterations to Terms" above. Holders are bound by alterations made in accordance with the Terms even if the Holder does not agree to the changes.

Terms of the Capital Notes

The following are the Terms of the Capital Notes. Each Holder, and any person claiming through or under a Holder, is deemed to have notice of and is bound by these Terms, the Deed Poll (as defined in these Terms) and this Information Memorandum. Copies of each of these documents are available for inspection by the holder of any Note at the offices of AMP and the Registrar at each of their respective addresses set out in the section entitled "Directory" below.

1 Form of Capital Notes

1.1 Constitution under Deed Poll

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

1.2 Form

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

1.3 Face Value and restriction on issue

- (a) The Capital Notes have a Face Value of A\$10,000 and are issued fully paid.
- (b) No person shall subscribe for the Capital Notes in Australia unless:
 - (i) the aggregate consideration payable to the Issuer by the subscriber is at least A\$500,000 (disregarding moneys lent by the Issuer or its associates) or the Capital Notes are otherwise issued in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and
 - (ii) the offer or invitation from which the issue results does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act.

1.4 Currency

The Capital Notes are denominated in Australian dollars.

1.5 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.

1.6 No other rights

The Capital 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 expressly set out in these Terms and the Deed Poll.

2 Status and ranking

2.1 Status and ranking

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

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

2.2 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.

3 Distributions

3.1 Distributions

Subject to these Terms, each Capital Note entitles the Holder on a Record Date to receive, on the relevant Distribution Payment Date, interest (“**Distribution**”) on its Face Value calculated according to the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{A\$10,000} \times \text{N}}{365}$$

where:

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

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times \text{Franking Adjustment Factor}$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for the Distribution Period ending with the relevant Distribution Payment Date, the average mid-rate for bills of a term of 180 days which average mid-rate is displayed on Reuters page BBSW (or any page which replaces that page) on

the first Business Day of the Distribution Period or, if there is a manifest error in the calculation of that average mid-rate or that average mid-rate is not displayed by 10:16am (Sydney time) on that date, the rate specified in good faith by the Issuer at or around 10:30am (Sydney time) on that date having regard, to the extent possible, to:

- (A) the rates otherwise bid and offered for bills of a term of 180 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at or around that time on that date; or
- (B) if bid and offer rates for bills of a term of 180 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;

Franking Adjustment Factor means:

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

where:

F means the Franking Rate; and

T means the Tax Rate;

Margin (expressed as a percentage per annum) means 4.00%; and

N means in respect of:

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

3.2 Payment of a Distribution

The payment of any Distribution on a Distribution Payment Date is subject to:

- (a) the absolute discretion of the Issuer and the Issuer may elect to pay some or none of a Distribution; and
- (b) no Payment Condition existing in respect of the relevant Distribution Payment Date.

The Issuer will notify the Registrar and the Holders as soon as practicable after it determines not to pay a Distribution.

3.3 Distributions are discretionary and non-cumulative

- (a) Payments of Distributions are within the absolute discretion of the Issuer and are non-cumulative. If all or any part of a Distribution is not paid because of clause 3.2 or this clause 3.3 or because of any other reason:
 - (i) the Issuer has no liability to pay the unpaid amount of the Distribution;

- (ii) Holders have no claim or entitlement in respect of such non-payment (including, without limitation, on a winding-up of the Issuer); and
 - (iii) such non-payment does not constitute an event of default.
- (b) No interest accrues on any unpaid Distributions and Holders have no claim or entitlement in respect of interest on any unpaid Distributions.

3.4 Distribution Payment Dates

Subject to this clause 3, Distributions will be payable in arrear in respect of a Capital Note on the following dates (each a **Distribution Payment Date**):

- (a) each 27 March and 27 September commencing on 27 September 2015 until (but not including) the date on which the Capital Note is Converted, Redeemed or Resold in accordance with these Terms; and
- (b) each date on which a Conversion, Redemption or Resale of the Capital Note occurs, in each case, in accordance with these Terms.

If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date becomes the next day which is a Business Day.

3.5 Record Dates

A Distribution is only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution.

3.6 Notification of Distribution, Distribution Rate and other items

For each Distribution Period, the Issuer must procure that the Calculation Agent notifies the Registrar (where the Calculation Agent is not the Registrar) and the Holders of:

- (a) the sum of the Bank Bill Rate and the Margin as soon as practicable but in any event no later than the fourth Business Day of the Distribution Period; and
- (b) the Distribution Rate and the expected Distribution payable no later than the Record Date for that Distribution Period.

3.7 Restrictions in the case of non-payment of a Distribution

Subject to clause 3.8, if for any reason a Distribution has not been paid in full on a Distribution Payment Date (the **Relevant Distribution Payment Date**), the Issuer must not, without the approval of a Special Resolution, until and including the next Distribution Payment Date:

- (a) declare, determine to pay or pay a Dividend; or
- (b) undertake any Buy Back or Capital Reduction,

unless the Distribution is paid in full within 20 Business Days of the Relevant Distribution Payment Date.

3.8 Exclusions from restrictions in case of non-payment

The restrictions in clause 3.7 do not apply:

- (a) to a Buy Back or Capital Reduction in connection with any employment contract, benefit plan or other similar arrangement; and
- (b) to the payment of a Dividend or completion of a Buy Back or Capital Reduction which the Issuer had become legally obliged to pay or complete at the time the relevant Distribution was not paid on the relevant Distribution Payment Date.

Nothing in these Terms prohibits the Issuer or a Controlled Entity of the Issuer from purchasing (or arranging for the purchase of) AMP Shares (or an interest therein) in connection with a transaction for the account of a customer of the Issuer or a customer of a Controlled Entity of the Issuer or in connection with any employment contract or employee benefit plan or the distribution or trading of AMP Shares in the ordinary course of business. This includes:

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

4 Mandatory Conversion

4.1 Mandatory Conversion

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

4.2 Mandatory Conversion Date

The **Mandatory Conversion Date** will be the first to occur of the following dates (each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied:

- (a) 27 March 2022 (the **Scheduled Mandatory Conversion Date**); and
- (b) a Distribution Payment Date after the Scheduled Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**).

4.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place) is greater than 22% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than 20.2% of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and
- (c) no Delisting Event applies in respect of the Relevant Date (the **Third Mandatory Conversion Condition** and together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

4.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, the Issuer will give notice to Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, the Issuer will give notice to Holders on or as soon as practicable after the Relevant Date,

that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date (each such notice a **Non-Conversion Notice**) and all rights attaching to the Capital Notes will continue until the Capital Notes are Converted or Redeemed.

5 Conversion on Non-Viability Trigger Event

5.1 Non-Viability Trigger Event

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

A notice given or determination made by APRA under this clause 5.1(a) is a **Non-Viability Determination**.

- (b) If a Non-Viability Trigger Event occurs, the Issuer must convert to Ordinary Shares or write-off:
 - (i) unless paragraph (ii) applies, all Relevant Perpetual Subordinated Instruments; or
 - (ii) where clause 5.1(a)(i) applies, an amount of the Relevant Perpetual Subordinated Instruments if APRA is satisfied that conversion to Ordinary Shares or write-off of that amount will be sufficient to ensure that the Issuer does not become non-viable.

5.2 Consequences of a Non-Viability Trigger Event

- (a) If a Non-Viability Trigger Event occurs:
 - (i) on the date of such occurrence, whether or not that day is a Business Day (the **Non-Viability Conversion Date**), the Issuer must immediately determine in accordance with clause 5.1(b):
 - (A) the amount of Capital Notes that will be Converted into Ordinary Shares and the amount of other Relevant Perpetual Subordinated Instruments which will be converted into Ordinary Shares or written-off; and
 - (B) the identity of the Holders whose Capital Notes will Convert at the time that the Conversion is to take effect 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 Capital Notes that have not been registered at that time;

- (ii) subject only to clause 8.13 and despite any other provision in these Terms, on the Non-Viability Conversion Date the relevant amount of Capital Notes will be Converted, and the relevant amount of other Relevant Perpetual 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 as soon as practicable that Conversion has occurred which notice must state the Non-Viability Conversion Date, the amount of Capital Notes Converted and the relevant amount of Relevant Perpetual Subordinated Instruments converted or written-off.
- (b) If in accordance with clause 5.1(b)(ii) the Issuer is required to convert or write-off some (but not all) Relevant Perpetual Subordinated Instruments, the Issuer must endeavour to treat Holders (as between themselves and as between holders of other Relevant Perpetual Subordinated Instruments) and holders of other Relevant Perpetual 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 conversions or write-offs immediately.
- (c) None of the following shall prevent, impede or delay the Conversion of Capital Notes as required by this clause 5.2:
- (i) any failure or delay in the conversion of any other Relevant Perpetual 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 Capital Notes are to be Converted in accordance with clause 5.2(a)(i)(B); or
 - (v) any requirement to treat Holders and holders of other Relevant Perpetual Subordinated Instruments as required by clause 5.2(b).
- (d) From the Non-Viability Conversion Date, subject to clause 8.13 and clause 17.1(b), the Issuer shall treat the Holder in respect of the Capital 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.

5.3 Priority of Conversion obligations

- (a) Conversion on account of the occurrence of a Non-Viability Trigger Event is not subject to the Mandatory Conversion Conditions.
- (b) A Conversion required on account of a Non-Viability Trigger Event takes place on the date, and in the manner, required by clause 5.2 notwithstanding anything in clauses 4.1, 6, 7 or 16.

- (c) If for any reason (including, without limitation, an Inability Event), a Non-Viability Conversion does not occur within five Business Days of the Non-Viability Conversion Date:
 - (i) Conversion on account of the Non-Viability Trigger Event will not occur; and
 - (ii) clause 8.13 shall apply.

6 Optional Exchange by the Issuer

6.1 Optional Exchange by the Issuer

The Issuer may with APRA's prior written approval by notice to Holders (an **Exchange Notice**) elect to Exchange:

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

An Exchange Notice under this clause 6:

- (i) cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Date; and
- (ii) once given is irrevocable.

6.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) where clause 6.1(a) or clause 6.1(b) applies, the details of the Tax Event, Regulatory Event or Potential Acquisition Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
 - (i) in the case of an Exchange in connection with a Potential Acquisition Event, is the Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as the Issuer may reasonably determine having regard to the timing for implementation of the bid or scheme concerned or such later date as APRA may require;
 - (ii) in the case of a Tax Event, a Regulatory Event or clause 6.1(c), is a Business Day or, in the case of clause 6.1(c), the Optional Exchange Date, which must fall:
 - (A) no earlier than:
 - (aa) 25 Business Days, where the Exchange Method elected is Conversion; or
 - (ab) 15 Business Days, where the Exchange Method elected is Redemption or Resale; and
 - (B) in any case no later than 45 Business Days,

after the date on which the Exchange Notice is given; and

- (iii) in the case of a Tax Event or a Regulatory Event, is a Business Day which must fall no earlier than 60 Business Days prior to the Issuer being exposed to the requirements, effects or costs contemplated in the definition of Tax Event or Regulatory Event (as applicable);
- (c) the Exchange Method in accordance with clause 6.3;
- (d) if less than all Capital Notes are subject to Exchange, the proportion of the Capital Notes that are to be Exchanged;
- (e) if the Exchange Notice provides that any Capital Notes are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (f) whether any Distribution will be paid in respect of the Capital Notes to be Exchanged on the Exchange Date.

6.3 Exchange Method

- (a) If the Issuer wishes to elect to Exchange Capital Notes in accordance with clause 6.1, it must, subject to clauses 6.3(b), 6.4 and 6.5 and subject to APRA's prior written approval, elect in the Exchange Notice which of the following it intends to do in respect of Capital Notes (the **Exchange Method**):
 - (i) Convert Capital Notes into Ordinary Shares in accordance with clause 8;
 - (ii) Redeem Capital Notes in accordance with clause 9; or
 - (iii) Resell Capital Notes in accordance with clause 10.

Holders should not expect that APRA's approval will be given for any Exchange of Capital Notes under these Terms.

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

6.4 Restrictions on election by the Issuer of Redemption or Resale as Exchange Method

The Issuer may elect to Exchange Capital Notes with Redemption or Resale specified in the Exchange Notice as the Exchange Method in respect of an Exchange under this clause 6:

- (a) on the Optional Exchange Date; and
- (b) in the case of a Tax Event or Regulatory Event,

but not in any other case of Exchange and provided in all cases where the Issuer elects Redemption that APRA is satisfied that either:

- (i) Capital Notes the subject of the Redemption are replaced concurrently or beforehand with Relevant Perpetual Subordinated Instruments or Ordinary Shares and the replacement of the instrument is done under conditions that are sustainable for the Issuer's income capacity; or
- (ii) having regard to the projected capital position of the AMP group, that the Issuer does not have to replace the Capital Notes the subject of the Redemption.

6.5 Restrictions on election by the Issuer of Conversion as Exchange Method

The Issuer may not elect to Exchange Capital Notes with Conversion specified as the Exchange Method under this clause 6 if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by the Issuer (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the **Non-Conversion Test Date**) the VWAP on that date is less than or equal to 22% of the Issue Date VWAP (the **First Optional Conversion Restriction**); or
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date (the **Second Optional Conversion Restriction** and together with the **First Optional Conversion Restriction**, the **Optional Conversion Restrictions**).

6.6 Conditions to Conversion occurring once elected by the Issuer

If the Issuer has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

- (a) the Exchange Date will be deferred until the first Distribution Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Distribution Payment Date were a Relevant Date for the purposes of clause 4 (the **Deferred Conversion Date**);
- (b) the Issuer must Convert the Capital Notes on the Deferred Conversion Date (unless the Capital Notes are Exchanged earlier in accordance with these Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the Capital Notes will continue as if the Exchange Notice had not been given.

The Issuer will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 6.6 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

7 Conversion on Acquisition Event

7.1 Notice of Acquisition Event

The Issuer must notify Holders of the occurrence of an Acquisition Event as soon as practicable after becoming aware of that event (an **Acquisition Event Notice**).

7.2 Conversion on occurrence of Acquisition Event

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

7.3 Contents of Acquisition Conversion Notice

An Acquisition Conversion Notice must specify:

- (a) the details of the Acquisition Event to which the Acquisition Conversion Notice relates;
- (b) the date on which Conversion is to occur (the **Acquisition Conversion Date**), which must be:

- (i) the Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as the Issuer may reasonably determine to be required to ensure that Holders have an opportunity to participate in such bid or scheme having regard to the timing for implementation of the bid or scheme concerned or where the timing of the bid or scheme does not permit the Issuer so to determine, such other date not later than 25 Business Days following the date the Acquisition Conversion Notice is given; or
- (ii) such later date as APRA may require; and
- (c) whether any Distribution will be paid in respect of the Capital Notes on the Acquisition Conversion Date.

7.4 Where Acquisition Conversion Notice not required

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

7.5 Deferred Conversion on Acquisition Event

If clause 7.4 applies or the Issuer has given an Acquisition Conversion Notice but, if the Acquisition Conversion Date were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Terms (but without limitation to the operation of clause 5.3):

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

The Acquisition Conversion Notice given in accordance with paragraph (c) above must comply with the requirements in clause 7.3.

If this clause 7.5 applies but:

- (i) clause 7.4 applies in respect of the Distribution Payment Date referred to in paragraph (c) such that no Acquisition Conversion Notice (or, as the case may be, no new Acquisition Conversion Notice) is given under this clause 7.5; or
- (ii) an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) is given under this clause 7.5 but, if the Acquisition Conversion Date specified in the Acquisition Conversion Notice were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 7.5 will be reapplied in respect of each subsequent Distribution Payment Date

until a Conversion occurs.

8 Conversion mechanics

8.1 Conversion

If the Issuer elects to Convert Capital Notes (with APRA's prior written approval) or must Convert Capital Notes in accordance with these Terms, then, subject to this clause 8, the following provisions shall apply:

- (a) each Capital Note that is being Converted will Convert into the Conversion Number of Ordinary Shares. The Conversion Number will be calculated by the Issuer in accordance with the following formula:

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

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

where:

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

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

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{Issue Date VWAP} \times 0.2}$$

- (b) each Holder's rights in relation to each Capital Note that is being Converted will be immediately and irrevocably terminated (but without limiting the Issuer's discretion to pay Distributions on the Mandatory Conversion Date, the Exchange Date or the Acquisition Conversion Date (as the case may be), in accordance with and subject to clause 3) for an amount equal to the Face Value and the Issuer will apply the Face Value of each Capital Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 8.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 8.1 is to be applied as provided for in this clause 8.1 and Holders do not have any right to payment in any other way; and
- (c) if the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Capital Notes upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

8.2 Adjustments to VWAP generally

For the purposes of calculating the VWAP in these Terms:

- (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 Capital Notes will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any 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 shall be reduced by an amount (the **Cum Value**) equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount referable to the franking credit that would be included in the assessable income of a recipient of the dividend or other distribution who is a natural person resident in Australia under the Tax Legislation;
 - (ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under clause 8.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
 - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Issuer; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Capital Notes will Convert into Ordinary Shares in respect of which the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

8.3 Adjustments to VWAP for capital reconstruction

- (a) Where during the relevant VWAP Period there is a change in 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) An adjustment in accordance with clause 8.3(a) will be determined by the Calculation Agent and will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

8.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP, adjustments to the VWAP will be made by the Calculation Agent in accordance with clauses 8.2 and 8.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by the Calculation Agent in accordance with clauses 8.5 to 8.7 (inclusive); and
- (b) if so made, will correspondingly:
 - (i) affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
 - (ii) cause an adjustment to the Maximum Conversion Number.

8.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 8.5(b) and 8.5(c), if at any time after the Issue Date 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:

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

where:

- V** means the Issue Date VWAP applying immediately after the application of this formula;
 - V_o** 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) For the avoidance of doubt, clause 8.5(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 clause 8.5(a), an issue will be regarded as a pro rata bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.
 - (d) No adjustments to the Issue Date VWAP will be made under this clause 8.5 for any offer of Ordinary Shares not covered by clause 8.5(a), including a rights issue or other essentially pro rata issue.
 - (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 8.5(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.

8.6 Adjustment to Issue Date VWAP for capital reconstruction

- (a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result 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 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 8.6(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- (c) 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.

8.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 8.5 and 8.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

8.8 Announcement of adjustments to Issue Date VWAP

The Issuer will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 8 within 10 Business Days of the Issuer determining the adjustment. The adjustment set out in the Adjustment Notice will be final and binding.

8.9 Ordinary Shares

- (a) Each Ordinary Share issued upon Conversion will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued on Conversion do not take effect until 5.00pm Sydney time on the Mandatory Conversion Date, Exchange Date or in the case of the Non-Viability Conversion Date, the time at which such Conversion occurs on that date.
- (b) The Issuer shall use all reasonable endeavours to list the Ordinary Shares issued upon Conversion of Capital Notes on ASX.

8.10 Information for Conversion

Where a Capital Note is required to be Converted under these Terms, a Holder wishing to receive Ordinary Shares must in a Holder Details Notice to be given:

- (a) in the case of a Conversion on account of a Non-Viability Trigger Event, no later than the Non-Viability Conversion Date; and
- (b) in any other case, no later than 15 Business Days before the Mandatory Conversion Date, Exchange Date or Acquisition Conversion Date (as the case may be),

have provided to the Issuer:

- (i) its name and address (or the name and address of any person in whose name it directs the Ordinary Shares to be issued) for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares;
- (ii) the security account details in CHESS or such other account to which the Ordinary Shares may be credited; and
- (iii) such other information as is reasonably requested by the Issuer for the purposes of enabling it to issue the Conversion Number of Ordinary Shares to such Holder.

The Issuer has no duty to seek or obtain such information.

8.11 Issue to Nominee

If a Capital Note is required to be Converted and:

- (a) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of the Conversion (whether entirely or to the extent specified in the notice), which notice may be given at any time no less than 15 Business Days before the Mandatory Conversion Date, Exchange Date, Acquisition Conversion Date or Non-Viability Conversion Date;
- (b) the Holder is a person who:
 - (i) has an address shown on the Register, or, where Capital Notes are lodged in the Austraclear System, in the records of the Austraclear System as outside Australia;
 - (ii) the Issuer otherwise believes may not be a resident of Australia; or
 - (iii) is in the United States or is a U.S. person or is acting for the account or benefit of a U.S. person,
 (a **“Foreign Holder”**); or
- (c) for any reason (whether or not due to the fault of the Holder) the Issuer has not received the information required by clause 8.10 by the time specified in that clause,

then, on the Mandatory Conversion Date, Exchange Date, Acquisition Conversion Date or Non-Viability Conversion Date (as the case may be):

- (d) where clause 8.11(a) or clause 8.11(b) applies, the Issuer shall issue the Ordinary Shares to the Holder only to the extent (if at all) that:
 - (i) where clause 8.11(a) applies, the Holder Details Notice has specified that the Holder wishes to receive them;
 - (ii) where clause 8.11(b) applies, the Issuer is satisfied that the laws of both the Commonwealth of Australia and the Foreign Holder’s country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer in its absolute discretion regards as acceptable and not unduly onerous,

and, to the extent the Issuer is not obliged to issue Ordinary Shares to the Holder, the Issuer will issue the balance of the Ordinary Shares to a competent duly authorised entity (which may not be a Related Entity of the Issuer) (the **“Nominee”**) to deal with the Ordinary Shares, and, where applicable their Proceeds in accordance with clause

8.11(e); and

- (e) otherwise, subject to applicable law, the Issuer will issue the balance of Ordinary Shares in respect of the Capital Notes of the relevant Holder to the Nominee and will promptly notify such Holder of the name of and contact information for the Nominee and the number of Ordinary Shares issued to the Nominee in respect of its holding of Capital Notes and, subject to applicable law:
 - (i) the Nominee, subject to clause 8.3(e)(ii), will as soon as reasonably possible after issue of the Ordinary Shares sell those Ordinary Shares and pay a cash amount equal to the Proceeds to the Holder; and
 - (ii) where clause 8.11(c) applies, the Nominee will hold such Ordinary Shares and will transfer Ordinary Shares to such Holder promptly after such Holder provides the Nominee with the information required to be provided by such Holder under clause 8.10 (as if a reference in clause 8.10(iii) to the Issuer is a reference to the Nominee and a reference to the issue of Ordinary Shares is a reference to the transfer of Ordinary Shares) but only where such information is provided to the Nominee within 30 days of the date on which Ordinary Shares are issued to the Nominee upon Conversion of such Capital Note and failing which the Nominee will sell the Ordinary Shares as soon as reasonably possible after the end of that period and pay an amount equal to the Proceeds to such Holder in accordance with clause 8.11(e)(i); and
- (f) nothing in this clause 8.11 shall affect the Conversion of the Capital Notes of a Holder who is not a person to which any of 8.11(a) to (c) (inclusive) applies.

8.12 No duty on sale

For the purposes of clauses 8.10 and 8.11 and:

- (a) the issue of Ordinary Shares to the Nominee satisfies the obligation of the Issuer to issue Ordinary Shares in connection with the Conversion and on and from the issue of those Ordinary Shares, the rights of a Holder the subject of, as applicable, clause 8.10 or 8.11 in respect of those Ordinary Shares are limited to its rights in respect of the Proceeds as provided in, as applicable, clause 8.10 or 8.11; and
- (b) neither the Issuer nor the Nominee owes any obligations or duties to the Holders in relation to the price for which, or other terms on which, Ordinary Shares are sold and has no liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares made in accordance with the Nominee's obligations as contemplated by clause 8.11.

8.13 Write-Off

- (a) Notwithstanding any other provisions of these Terms, if for any reason (including, without limitation, an Inability Event) a Non-Viability Conversion with respect to a Note does not occur within five Business Days of the Non-Viability Conversion Date, then the relevant Holder's rights (including to Distributions and payment of Face Value and to be issued with the Conversion Number of Ordinary Shares) in relation to that Capital Note are immediately and irrevocably written-off and terminated (**Written-Off**) with effect on and from the Non-Viability Conversion Date.
- (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 8.13(b) shall not delay or impede the Write-Off of the Capital Notes when required under clause 8.13(a).

- (c) The Issuer must give notice to Holders if Conversion has not occurred by operation of this clause 8.13 but failure to give that notice shall not affect the operation of this clause 8.13.

9 Redemption mechanics

9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 6.3(a)(ii), the Issuer elects to Redeem Capital Notes in accordance with these Terms, the provisions of this clause 9 apply to that Redemption.

Holders should not expect that APRA's approval will be given for any Redemption of Capital Notes under these Terms.

9.2 Redemption

- (a) A Capital Note will be Redeemed by payment on the Exchange Date of the Face Value to the relevant Holder (**Redemption Price**).
- (b) Redemption may occur even if the Issuer, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

9.3 Effect of Redemption on Holders

On the Exchange Date the only right Holders will have in respect of Capital Notes will be to obtain the Redemption Price payable in accordance with these Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by Capital Notes will no longer have effect.

10 Resale mechanics

10.1 Resale mechanics

If the Issuer elects to Resell Capital Notes in accordance with these Terms, the provisions of this clause 10 apply to that Resale.

10.2 Appointment of Nominated Purchaser

The Issuer must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between the Issuer and the Nominated Purchasers. If the Issuer appoints more than one Nominated Purchaser in respect of a Resale, all or any of the Capital Notes held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by the Issuer for the Resale Price.

The obligation of a Nominated Purchaser to pay the Resale Price on the Exchange Date may be subject to such conditions as the Issuer may reasonably determine.

Any terms of the appointment or of the Resale which may cause APRA to object to AMP group using, or having used, the proceeds of the issue of some or all of the Capital Notes to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group, is subject to the prior written consent of APRA.

10.3 Identity of Nominated Purchasers

The Issuer may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as the Issuer reasonably determines for the benefit of each Holder to acquire each Capital Note from each Holder for the Resale Price on the Exchange Date;

- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and
- (c) is not the Issuer or a Related Entity of the Issuer.

10.4 Irrevocable offer to sell Capital Notes

Each Holder on the Exchange Date is taken irrevocably to offer to sell Capital Notes the subject of a Resale to the Nominated Purchaser or Nominated Purchasers on the Exchange Date for the Resale Price.

10.5 Effect of Resale

On the Exchange Date subject to payment by the Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in such Capital Notes (excluding the right to any Distribution payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

10.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Exchange Date (a **Defaulting Nominated Purchaser**) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Exchange Notice as it relates to the Defaulting Nominated Purchaser will be void;
- (b) Capital Notes will not be transferred to the Defaulting Nominated Purchaser on the Exchange Date; and
- (c) Holders will continue to hold the Capital Notes referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these Terms.

10.7 Payment of Resale Price

Clause 14 applies to payment of the Resale Price as if a reference in that clause to the Redemption Price includes a reference to the Resale Price.

11 General rights

11.1 Power of attorney

- (a) Each Holder appoints each of the Issuer, its officers and any External Administrator of the Issuer (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including, but not limited to, effecting any Conversion, Redemption or Resale or making any entry in the Register or the register of any Ordinary Shares.
- (b) The power of attorney given in this clause 11.1 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

11.2 Consent to receive Ordinary Shares and other acknowledgements

Each Holder irrevocably:

- (a) upon receipt of the Conversion Number of Ordinary Shares following Conversion of Capital Notes, 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 under clause 8.11(a) that it does not wish to receive Ordinary Shares, it is obliged to accept Ordinary Shares on Conversion notwithstanding anything that might otherwise affect a Conversion of Capital Notes including:
 - (i) any change in the financial position of the Issuer or any member of the AMP group since the Issue Date;
 - (ii) any disruption to the market or potential market for Ordinary Shares or capital markets generally; or
 - (iii) in the case of a Non-Viability Conversion, any breach by the Issuer of any obligation in connection with the Capital Notes;
- (c) acknowledges and agrees that:
 - (i) where clause 5.2 applies:
 - (A) there are no other conditions to a Non-Viability Conversion occurring as and when provided in clauses 5.1 to 5.3 (inclusive);
 - (B) Conversion must occur immediately on the Non-Viability Conversion Date and that Conversion or Write-Off may result in disruption or failures in trading or dealings in Capital Notes;
 - (C) it will not have any rights to vote in respect of any Non-Viability Conversion; and
 - (D) the Ordinary Shares issued on Non-Viability Conversion may not be quoted at the time of issue, or at all;
 - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
 - (iii) the only conditions to a Conversion on account of an Exchange under clause 6 or a Conversion under clause 7 are the conditions expressly applicable to such Conversion as provided in clauses 6 and 7 of these Terms and no other conditions or events will affect Conversion; and
 - (iv) clause 8.13 is a fundamental term and where clause 8.13 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any Write-Off;
- (d) agrees to provide to the Issuer any information necessary to give effect to a Conversion; and
- (e) acknowledges and agrees that:
 - (i) a Holder has no right to request a Conversion, Redemption or Resale of any Capital Note or to determine the Exchange Method;
 - (ii) a Holder has no right to apply for the Issuer to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of the Issuer merely on the grounds that the Issuer does not or is or may become unable to pay a Distribution when scheduled in respect of Capital Notes;
 - (iii) these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Distribution on a scheduled Distribution Payment Date will not constitute an event of default; and

- (iv) it has no remedy on account of a failure by the Issuer to issue Ordinary Shares to a Holder or a nominee in accordance with these Terms other than (and subject always to clause 8.13) to seek specific performance of the obligation to issue Ordinary Shares.

12 Takeovers and schemes of arrangement

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
- (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of the Issuer which will result in a person other than the Issuer having a relevant interest in more than 50% of the Ordinary Shares,

in each case which would result in an Acquisition Event then, if the Directors consider that:

- (c) the Issuer will not be permitted to Convert the Capital Notes in accordance with clause 6 or clause 7; or
- (d) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Acquisition Conversion Date in accordance with clause 7,

and that it is unlikely that Conversion will occur on any subsequent Distribution Payment Date in accordance with clause 7.5, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement.

13 Title and transfer of Capital Notes

13.1 Title

Title to Capital Notes passes when details of the transfer are entered in the Register.

13.2 Effect of entries in Register

Each entry in the Register in respect of a Capital Note constitutes a separate and independent acknowledgment to the relevant Holder of the obligations of the Issuer to the relevant Holder.

13.3 Register conclusive as to ownership

Entries in the Register in relation to a Capital Note constitute conclusive evidence that the person so entered is the absolute owner of the Capital Note subject to correction for fraud or error.

13.4 Non-recognition of interests

- (a) Except as required by law, the Issuer and the Registrar must treat the person whose name is entered in the Register as the holder of a Capital Note as the absolute owner of that Capital Note. This clause 13.4 applies whether or not payment has not been made as scheduled in respect of a Capital Note and despite any notice of ownership, trust or interest in the Capital Note.
- (b) No notice of any trust, Encumbrance or other interest in, or claim to any Note will be entered in the Register.

13.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Capital Note

then they are taken to hold the Capital Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Capital Note.

13.6 Austraclear

- (a) If Capital Notes are lodged in the Austraclear System, the Registrar will enter Austraclear in the Register as the Holder of those Capital Notes. While those Capital Notes remain in the Austraclear System, all dealings (including transfers and payments) in relation to those Capital Notes within the Austraclear System will be governed by the regulations for the Austraclear System (but without affecting any Term which may cause APRA to object to the AMP group using or having used the proceeds of the Capital Notes to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group).
- (b) Where Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Capital Note is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:
 - (i) the Registrar's decision to act as the Registrar of the Capital Note does not constitute a recommendation or endorsement by the Registrar or Austraclear in relation to the Capital Note but only indicates that such Capital Note is considered by the Registrar to be compatible with the performance by it of its obligations as Registrar under its agreement with the Issuer to act as Registrar of the Capital Note; and
 - (ii) the Holder does not rely on any fact, matter or circumstance contrary to clause 13.6(b)(i).

13.7 Transfers in whole

Capital Notes may be transferred in whole but not in part.

13.8 Transfer

- (a) Where Capital Notes are not lodged in the Austraclear System, subject to Condition 13.9, all applications to transfer Capital Notes must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by the Issuer and the Registrar signed by both the transferor and the transferee. Transfer and acceptance forms are available from any Registry Office.
- (b) Capital Notes lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

13.9 Limit on Transfer

- (a) The Capital Notes may only be transferred pursuant to offers received in Australia if:
 - (i) the aggregate consideration payable at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the Capital Notes are otherwise transferred in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and
 - (ii) the transfer does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act.
- (b) Capital Notes may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Capital Notes otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

13.10 Austraclear Services Limited as Registrar

If Austraclear Services Limited is the Registrar and Capital Notes are lodged in the Austraclear System, despite any other provision of these Terms, those Capital Notes are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of those Capital Notes issued by it and no member of the Austraclear System has the right to request any registration of any transfer of the relevant Capital Notes, except:

- (a) for the purposes of any Conversion, Write-Off, Redemption, Resale, repurchase or cancellation of the relevant Capital Note, a transfer of the relevant Capital Note from Austraclear to the Issuer may be entered in the Register; and
- (b) if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or these Terms, to require the relevant Capital Note to be transferred on the Register to a member of the Austraclear System, the relevant Capital Note may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the relevant Capital Note will cease to be held in the Austraclear System.

13.11 Delivery of instrument and evidence

If an instrument is used to transfer Capital Notes according to clause 13.8(a), it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Capital Notes.

13.12 Refusal to register

The Issuer may only refuse to register a transfer of any Capital Notes if such registration would contravene or is forbidden by Austraclear Regulations 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.

13.13 Transferor to remain Holder until registration

A transferor of a Capital Note remains the Holder in respect of that Capital Note until the transfer is registered and the name of the transferee is entered in the Register.

13.14 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Deed Poll and these Terms in respect of the transferred Capital Notes and the transferee becomes so entitled.

13.15 Estates

A person becoming entitled to a Capital Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Capital Note or, if so entitled, become registered as the holder of the Capital Note.

13.16 Transfer of unidentified Capital Notes

Where the transferor executes a transfer of less than all Capital Notes registered in its name, and the specific Capital Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Capital Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Capital Notes registered as having been transferred equals the aggregate of the Face Value of all the

Capital Notes expressed to be transferred in the transfer.

14 Payments

14.1 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 15.

14.2 Payments on Business Days

If a payment in respect of a Capital Note:

- (a) is due on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment to that Holder will be the first following day on which banks are open for general banking business in that place and the Holder is not entitled to any additional payment in respect of that delay.

Nothing in this clause applies to any payment referred to in clause 8.1(b), which occurs on the Conversion Date as provided in clause 8.1.

14.3 Payment of Redemption Price

Payments of the Redemption Price will be made to each person registered at 10:00 am on the payment date as the holder of a Capital Note.

14.4 Payment of Distribution

Payments of Distributions will be made to each person registered at the close of business on the Record Date as the holder of that Capital Note.

14.5 Payments to accounts

Monies payable by the Issuer to a Holder in respect of a Capital Note 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.

14.6 Payments by cheque

The Issuer may decide that payments in respect of a Capital 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 Capital 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 Capital Notes as a result of the Holder not receiving payment on the due date.

14.7 Unsuccessful attempts to pay

Subject to applicable law, 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.

14.8 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

14.9 Time limit for claims

A claim against the Issuer for a payment under a Capital Note is void unless made within 10 years (in the case of the Redemption Price) or five years (in the case of Distributions and other amounts) from the date on which payment first became due.

15 Taxation

15.1 No set-off, counterclaim or deductions

All payments in respect of the Capital Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

15.2 Withholding tax

- (a) If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Capital Notes such that the Holder would not actually receive on the due date the full amount provided for under the Capital Notes, then the Issuer agrees to deduct the amount for the Taxes.
- (b) If any deduction is required, the Issuer must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring a penalty under the applicable law.
- (c) If:
 - (i) a deduction is made;
 - (ii) the amount of the deduction is accounted for by the Issuer to the relevant revenue authority; and
 - (iii) the balance of the amount payable has been paid to the Holder,

then the Issuer's obligation to make the payment to the Holder is taken to have been satisfied in full by the Issuer.

15.3 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, 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 Capital 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.

16 Winding-up and Subordination

16.1 Winding-up

If an order of a court of competent jurisdiction is made (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding-up of the Issuer in Australia (a **Winding-up Event**), the Issuer is liable to Redeem each Capital Note for its Redemption Price in accordance with, and subject to, this clause 16.

16.2 Subordination

In a winding-up of the Issuer:

- (a) a Holder shall be entitled to prove for the Redemption Price in respect of a Capital Note only subject to, and contingent upon, the prior payment in full of, the Senior Ranking Creditors; and
- (b) the Holder's claim for payment of the Redemption Price ranks equally with, and shall be paid in proportion to, the claims of holders of other instruments issued as Relevant Perpetual Subordinated Instruments,

so that the Holder receives, for the Capital Note, an amount equal to the amount it would have received if, in the winding up of the Issuer, it had held an issued and fully paid Preference Share.

16.3 Agreements of Holders as to subordination

Each Holder irrevocably agrees:

- (a) that clause 16.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a Relevant Perpetual Subordinated Instrument which is a preference share is in issue and would not be entitled to such interest;
- (c) that it shall not have, and is taken to have waived, to the fullest extent permitted by law, any right to prove in a winding-up of the Issuer as a creditor in respect of the Capital Notes so as to diminish any distribution, dividend or payment that any Senior Ranking Creditor would otherwise receive;
- (d) not to exercise any voting rights as a creditor in the winding-up or administration of the Issuer in a manner to defeat the subordination provided for by this clause;
- (e) that it must pay or deliver to the liquidator or administrator any amount or asset received on account of its claim in the winding-up or administration of the Issuer in respect of the Capital Notes in excess of its entitlement under clause 2 and clause 16.2;
- (f) that it must pay in full all liabilities it owes the Issuer before it may receive any amount or asset on account of its claim in the winding-up or administration in respect of a Capital Note;
- (g) that the debt subordination effected by clause 2 and clause 16.2 is not affected by any act or omission of any person which might otherwise affect it at law or in equity; and

- (h) that it has no remedy for the recovery of the Redemption Price other than to prove in the winding up in accordance with this clause 16.

16.4 No further rights

A Capital Note does not confer on the Holders any further right to participate in the winding-up of the Issuer beyond payment of the Redemption Price.

16.5 No set-off

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 Capital Notes held by the Holder or by the Holder to the Issuer (as applicable).

16.6 No consent of Senior Ranking Creditors

Nothing in clause 2 or this clause 16 shall be taken:

- (a) to require the consent of any Senior Ranking Creditor to any amendment of these Terms; or
- (b) to create a charge or security interest over any right of a Holder.

17 General

17.1 Voting

- (a) The Deed Poll 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.

17.2 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, without the consent of the Holders, alter these Terms or the Deed Poll if such alteration is:

- (a) of a formal, technical or minor nature;
- (b) made to correct any manifest error;
- (c) made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, is not materially prejudicial to the interests of the Holders;
- (d) necessary to comply with the provisions of any statute; 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 received 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.

17.3 Alterations with consent

Unless clause 17.2 (“Alterations without consent”) applies, the Issuer may alter these Terms with the approval of the Holders by Special Resolution in accordance with the Meetings Provisions.

17.4 Consents

Prior to any alteration under this clause 17, 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 Capital Notes to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group, is subject to the prior written consent of APRA.

17.5 Interpretation

In this clause 17, “alter” includes modify, cancel, amend, waive or add to, and “alteration” has a corresponding meaning.

17.6 Notices

(a) Notices to Holders

All notices and other communications by the Issuer to a Holder must be in writing and sent by fax or prepaid post (airmail if appropriate) to or left at the address of the Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication) or sent by email or electronic message to the electronic address (if any) nominated by that person and may also be given:

- (i) by an advertisement published in The Australian Financial Review, The Australian or any other newspaper of national circulation in Australia;
- (ii) where Capital Notes are lodged in the Austraclear System, by delivery to the Austraclear System for communication by the Austraclear System to the persons shown in its records as having interests therein.

(b) Delivery of certain notices

Notwithstanding clause 17.6(a), a notice under clause 3.6 of the Terms, a Non-Conversion Notice, a Non-Viability Trigger Event Notice, an Exchange Notice, a Deferred Conversion Notice, an Acquisition Event Notice, an Acquisition Conversion Notice, a Deferred Acquisition Conversion Notice, a notice under clause 8.3 of the Terms, an Adjustment Notice, a notice under clause 8.13(c) of the Terms, and a notice of change of Specified Office may each be given to Holders and the Registrar by the Issuer publishing the notice on the AMP group's website and announcing the publication of the notice on the ASX.

(c) Notices

All notices and other communications to the Issuer, the Registrar or any other person (other than Holders) must be in writing and may be sent by fax or electronic messages to the electronic address (if any) of the addressee or by prepaid post (airmail if appropriate) to or may be left at the Specified Office of the Issuer, the Registrar or such other person.

(d) **When effective**

Notices and other communications the subject of this clause 17.6 take effect from the time they are taken to be received unless a later time is specified in them. Nothing in this clause 17.6 affects the operation of clause 8.13.

(e) **Receipt – publication in newspaper or via Austraclear System**

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers or, where Capital Notes are lodged in the Austraclear System, on the fourth Business Day after delivery to the Austraclear System.

(f) **Deemed receipt – postal, fax or email**

(i) If sent by post, notices or other communications the subject of this clause 17.6 are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

(ii) If sent by fax, notices or other communications the subject of this clause 17.6 are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

(iii) If sent by email, notices or other communications the subject of this clause 17.6 are taken to be received when:

(A) the sender receives an automated message confirming delivery; or

(B) four hours after the time sent (as recorded on the device from which the sender sent the email), provided that the sender does not receive an automated message within those four hours that the email has not been delivered.

(g) **Deemed receipt - general**

Despite clause 17.6(f), if notices or other communications the subject of this clause 17.6 are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day in the place of receipt.

(h) **Copies of notices**

If this deed requires a notice or other communication to be copied to another person, a failure to so deliver the copy will not invalidate the notice or other communication.

17.7 Further issues

The Issuer may from time to time, without the consent of any Holder, issue any securities ranking equally with the Capital Notes (on the same terms or otherwise) or ranking in priority or junior to the Capital Notes, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

17.8 Purchase by agreement

Subject to APRA's prior written approval, the Issuer or any member of the AMP group may purchase Capital Notes at any time and at any price. Any Capital Note purchased by or on behalf of the Issuer shall be cancelled.

17.9 Governing law

These Terms and the Capital Notes are governed by the laws in force in New South Wales.

17.10 Rounding

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).

18 Interpretation and definitions

18.1 Interpretation

In these Terms, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document includes all schedules or annexes to it;
- (d) a reference to a clause or paragraph is to a clause or paragraph of these Terms;
- (e) a reference to a document or instrument includes the document or instrument as novated, 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:
 - (i) in relation to a Non-Viability Trigger Event and a Conversion or Write-Off, in each case on account of a Non-Viability Trigger Event; and
 - (ii) where a contrary intention is expressed,
if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (j) a reference to a person includes a reference to the person’s executors, administrators, successors and permitted assigns and substitutes;
- (k) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (l) a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

- (m) the meaning of general words is not limited by specific examples introduced by “including”, “for example” or similar expressions;
- (n) any agreement, representation or warranty by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms;
- (p) if the principal securities exchange on which 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, the operating rules of ASTC or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be);
- (q) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity subject to regulation and supervision by APRA at the relevant time;
- (r) a reference to “Additional Tier 1 Capital” or “Related Entity” shall, if either term is replaced or superseded in any of APRA’s applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term;
- (s) any provisions which require APRA’s consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and
- (t) any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by 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.

18.2 Definitions

In these Terms, these meanings apply unless the contrary intention appears:

Acquisition Conversion Date has the meaning given in clause 7.3.

Acquisition Conversion Notice has the meaning given in clause 7.2.

Acquisition Event means:

- (a) either:
 - (i) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and:
 - (A) the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (B) the Directors issue a statement that at least a majority of the Issuer’s directors who are eligible to do so recommend acceptance of the offer (which may be stated to be in the absence of a higher offer); or
 - (ii) a court approves a scheme of arrangement which, when implemented, will result in a person other than the Issuer having a relevant interest in more than 50% of Ordinary Shares; and

(b) all regulatory approvals necessary for the acquisition to occur have been obtained.

Acquisition Event Notice has the meaning given in clause 7.1.

Additional Tier 1 Capital means additional tier 1 capital as defined by APRA from time to time.

Adjustment Notice has the meaning given in clause 8.8.

AMP group means the Issuer and its Controlled Entities.

AMP Shares means Ordinary Shares or any other shares in the capital of the Issuer.

APRA means the Australian Prudential Regulation Authority.

ASTC means the ASX Settlement Pty Limited (ABN 49 008 504 532).

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.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time.

Attorney has the meaning given in clause 11.1.

Austraclear means Austraclear Limited (ABN 94 002 060 773).

Austraclear Participant means a Participant as defined in the Austraclear Regulations.

Austraclear Regulations means the regulations known as the 'Regulations and Operating Manual' established by Austraclear (as amended from time to time) to govern the use of the Austraclear System.

Austraclear Services Limited means Austraclear Services Limited (ABN 28 003 284 419).

Austraclear System means the system operated by Austraclear for holding Capital Notes and the electronic recording and settling of transactions in those Capital Notes between members of that system.

Banking Act means the Banking Act 1959 (Cth).

Business Day means:

- (a) a day which is a business day within the meaning of the ASX Listing Rules; and
- (b) for the purposes of calculation or payment of Distributions or any other amount, a day on which banks are open for business in Sydney, New South Wales.

Buy Back means a transaction involving the acquisition by the Issuer of Ordinary Shares pursuant to an offer made at the Issuer's discretion in any way permitted by the provisions of Part 2J of the Corporations Act.

Calculation Agent means:

- (a) for the purposes of clause 3, Austraclear Services Limited; and
- (b) for the purposes of clause 8, the Issuer,

or, in each case, such other person as the Issuer may appoint to act as calculation for the purposes of a provision of these Terms.

Capital Reduction means a reduction in capital initiated by the Issuer in its discretion in respect of Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

CHESS means the Clearing House Electronic Sub-register System operated by ASTC or any other applicable securities trading and/or clearing system on which Capital Notes are lodged and traded.

Conglomerate Standards means the definition of eligible capital held by a conglomerate group contained in the prudential standards applicable to conglomerate groups (including the AMP group) issued by APRA on 15 August 2014.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of the Issuer, an entity the Issuer Controls.

Conversion means, in relation to a Capital Note, the conversion of the Capital Note into an Ordinary Share in accordance with and subject to clause 8 as it may be amended. “**Convert**”, “**Converting**” and “**Converted**” have corresponding meanings.

Conversion Number has the meaning given in clause 8.1.

Corporations Act means the Corporations Act 2001 of Australia.

Cum Value has the meaning given in clause 8.2(a).

Deed Poll means the AMP Capital Notes Deed Poll dated 13 March 2015.

Defaulting Nominated Purchaser has the meaning given in clause 10.6.

Deferred Acquisition Conversion Notice has the meaning given in clause 7.5.

Deferred Conversion Date has the meaning given in clause 6.6.

Deferred Conversion Notice has the meaning given in clause 6.6.

Delisting Event means, in respect of a date, that:

- (a) the Issuer has ceased to be listed or Ordinary Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, the Issuer or the Ordinary Shares continue not to be listed or quoted (as applicable) on that date);
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
 - (i) at least five consecutive Business Days prior to that date; and
 - (ii) that date; or
- (c) an Inability Event subsists.

Directors means some of all of the directors of the Issuer acting as a board.

Distribution has the meaning given in clause 3.1.

Distribution Payment Date has the meaning given in clause 3.4.

Distribution Period means in respect of:

- (a) the first Distribution Period, the period from (and including) the Issue Date until (but not including) the first Distribution Payment Date after the Issue Date; and
- (b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Payment Date until (but not including) the next Distribution Payment Date.

Distribution Rate has the meaning given in clause 3.1.

Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and the Issuer's constitution in relation to Ordinary Shares.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 of Australia) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Exchange means:

- (a) Conversion in accordance with and subject to clause 8;
- (b) Redemption in accordance with and subject to clause 9;
- (c) Resale in accordance with clause 10; or
- (d) a combination of two or more of Conversion, Redemption or Resale in accordance with clause 6.3(b),

and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clause 6.2(b).

Exchange Method has the meaning given in clause 6.3.

Exchange Notice has the meaning given in clause 6.1.

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official.

Face Value means the principal amount of a Capital Note, being A\$10,000.

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).

First Mandatory Conversion Condition has the meaning given in clause 4.3.

First Optional Conversion Restriction has the meaning given in clause 6.5.

First Test Date has the meaning given in clause 4.3.

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who the Issuer otherwise believes may not be a resident of Australia.

Franking Adjustment Factor has the meaning given in clause 3.1.

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Legislation or any provisions that revise or replace that Part) applicable to the franking account of the Issuer at the relevant Distribution Payment Date.

Holder means, in respect of a Capital Note:

- (a) for the purposes of determining the person entitled to be treated as the holder of Ordinary Shares or to be allotted and issued Ordinary Shares under these Terms and purposes incidental thereto (including, without limitation, for the purposes of clauses 5.2(d), 8.1, 8.10, 8.11 and 11.2), or where Ordinary Shares are to be issued to the Nominee, the Proceeds of sale of Ordinary Shares and the amount of their entitlements, for so long as a Capital Note is held in the Austraclear System and Ordinary Shares are not able to be lodged in the Austraclear System, a person who is the relevant Austraclear Participant; and
- (b) for all other purposes, the person whose name is entered on the Register as the holder of that Capital Note.

Holder Details Notice means a notice in the form available from the Registrar.

Holder Resolution means a resolution passed:

- (a) at a meeting of Holders of the Capital Notes, duly called and held under the Meeting Provisions:
 - (i) by at least 50% of the persons voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, by a majority consisting of at least 50% of the votes cast; or
- (b) by postal ballot or written resolution under the Meeting Provisions by Holders representing (in aggregate) at least 50% of the aggregate Face Value of the outstanding Capital Notes.

Inability Event means 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 for any other reason, from Converting the Capital Notes.

Information Memorandum means the Information Memorandum dated 13 March 2015 relating to the offering and issuance of the Capital Notes.

Issue Date means the date on which the issue of Capital Notes to successful applicants is completed, in accordance with these Terms.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7 (inclusive).

Issuer means AMP Limited (ABN 49 079 354 519).

Life Insurance Act means the Life Insurance Act 1995 (Cth).

Mandatory Conversion means the mandatory conversion of Capital Notes to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 4.

Mandatory Conversion Conditions has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 8.1.

Meeting Provisions means the provisions for meetings of the Holders set out in schedule 2 to the Deed Poll.

Nominated Purchasers means, subject to clause 10.3, one or more third parties selected by the Issuer in its absolute discretion.

Nominee has the meaning given in clause 8.11(d).

Non-Conversion Notice has the meaning given in clause 4.4.

Non-Conversion Test Date has the meaning given in clause 6.5.

Non-Viability Conversion means the Conversion of Capital Notes to Ordinary Shares on the Non-Viability Conversion Date in accordance with clause 5.

Non-Viability Conversion Date has the meaning given in clause 5.2.

Non-Viability Trigger Event has the meaning given in clause 5.1.

Non-Viability Trigger Event Notice has the meaning given in clause 5.2.

Optional Conversion Restrictions has the meaning given in clause 6.5.

Optional Exchange Date means 27 March 2020.

Ordinary Share means a fully paid ordinary share in the capital of the Issuer.

Payment Condition means, with respect to the payment of a Distribution on the Capital Notes on a Distribution Payment Date:

- (a) payment of the Distribution would result in the Issuer breaching APRA's capital adequacy requirements applicable to it;
- (b) the payment would result in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objecting to the payment.

Potential Acquisition Event means:

- (a) an event within paragraph (a) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act and the scheme would result in a person having a

relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented.

Preference Share means a notional preference share in the capital of the issuer conferring a claim in the winding up of the issuer equal to the Redemption Price and ranking in respect of return of capital in the winding up ahead only of Ordinary Shares and equally with Relevant Perpetual Subordinated Instruments.

Proceeds means the net proceeds of a sale of Ordinary Shares attributable to the Holder actually received by the nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares.

Reclassification has the meaning given in clause 8.3(a).

Record Date means, for payment of a Distribution, the date which is eight calendar days before the Distribution Payment Date for that Distribution.

Redemption means the redemption of a Capital Note in accordance with clause 9 and the words **Redeem** and **Redeemed** have corresponding meanings.

Redemption Price has the meaning given in clause 9.2.

Register means the register, including any branch register, of Holders established and maintained by or on behalf of the Issuer under the Registry Agreement.

Registrar means Austraclear Services Limited or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties as specified in that agreement.

Registry Agreement means the agreement entitled "ASX Austraclear Registry and IPA Services Agreement" dated 12 March 2015 between AMP Limited and Austraclear Services Limited (ABN 28 003 284 419).

Registry Office means the office of the Registrar as specified in the Registry Agreement or such other office which is notified by the Issuer to Holders from time to time.

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) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in any law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia or any directive, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law), which applies to the Issuer (a "**Regulation**") or any official administrative pronouncement or action or judicial decision interpreting or applying such Regulation which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date (and which the Issuer does not expect, as at the Issue Date, may come into effect) (a **Change in Law**), additional requirements would be imposed on the Issuer in relation to or in connection with Capital 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

the AMP group using, or having used, the proceeds of issue of some or all of the Notes to fund Additional Tier 1 Capital of a Regulated Entity within the AMP group, other than where that event is a result of the implementation of the Conglomerate Standards.

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 Date has the meaning given in clause 4.2.

Relevant Distribution Payment Date has the meaning given in clause 3.7.

Relevant Perpetual Subordinated Instrument means:

- (a) a perpetual subordinated instrument (whether in the form of a note, preference share or other security or obligation) issued by the Issuer or another member of the AMP group not being a Regulated Entity which:
 - (i) 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 5.1(a); and
 - (ii) has been confirmed in writing by APRA to the Issuer as constituting as at the date of its issue an instrument the proceeds of which APRA does not object to the AMP group using to fund Additional Tier 1 Capital of a Regulated Entity within the AMP group,and includes the Capital Notes; and
- (b) an instrument constituting Additional Tier 1 Capital of a Regulated Entity 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 5.1(a).

Resale means the sale of a Capital Note to a Nominated Purchaser in accordance with clause 10, and **Resold** and **Resell** have corresponding meanings.

Resale Price means, for a Capital Note, a cash amount equal to its Face Value.

Scheduled Mandatory Conversion Date has the meaning given in clause 4.2.

Second Mandatory Conversion Condition has the meaning given in clause 4.3.

Second Optional Conversion Restriction has the meaning given in clause 6.5.

Second Test Period has the meaning given in clause 4.3.

Senior Ranking Creditors means all creditors of the Issuer (present and future), including all holders of the Issuer's senior or subordinated debt whose claims:

- (a) are admitted in a winding-up of the Issuer; and
- (b) are not in respect of a Relevant Perpetual Subordinated Instrument,

and includes holders of the Issuer's subordinated notes issued on 18 December 2013.

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 by Holders representing (in aggregate) at least 75% of the aggregate Face Value of the outstanding Capital Notes.

Specified Office means the office specified in the Information Memorandum as the address of the relevant party or person or any other address notified to Holders from time to time.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that will be introduced), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) affecting taxation (**Administrative Action**); or
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which is not expected by the Issuer on the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

- (i) any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Legislation; or
- (ii) the Issuer would be exposed to more than a de minimis increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to Capital 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.

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of the Issuer at the relevant Distribution Payment Date.

Terms means these terms and conditions.

Third Mandatory Conversion Condition has the meaning given in clause 4.3.

VWAP means the average of the daily volume weighted average sale prices (as such daily prices may be adjusted under clause 8 and such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant day or days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:
 - (i) 20 Business Days on which trading in Ordinary Shares takes place; and
 - (ii) the number of Business Days on which trading in Ordinary Shares takes place that the Ordinary Shares are quoted for trading on ASX after (A) in the case of a Potential Acquisition Event, the Issuer has given an Exchange Notice in respect of that Potential Acquisition Event or (B) in the case of an Acquisition Event, the Issuer has given an Acquisition Conversion Notice, in each case immediately preceding (but not including) the Business Day before the Exchange Date or Acquisition Conversion Date in respect of that event (as the case may be);
- (b) in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Conversion Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Terms.

Winding-up Event has the meaning given in clause 16.1.

Written-Off has the meaning given in clause 8.13 and **Write-Off** has a corresponding meaning.

Subscription and Sale

Pursuant to the Subscription Agreement dated 11 March 2015 (“**Subscription Agreement**”), Capital Notes will be offered by AMP through the Joint Lead Managers. AMP will have the sole right to accept any such offers to purchase Capital Notes and may reject any such offer in whole or (subject to the terms of such offer) in part. A Joint Lead Manager will have the right, in its discretion reasonably exercised, to reject any offer to purchase Capital Notes made to it in whole or (subject to the terms of such offer) in part.

Each Joint Lead Manager has acknowledged that no action has been or will be taken in any country or jurisdiction by AMP or the Joint Lead Manager that would permit a public offering of Capital Notes, or possession or distribution of any offering material in a public offering of Capital Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.

By its purchase and acceptance of Capital Notes issued under the Subscription Agreement, each Joint Lead Manager will be required to agree that it will observe all applicable laws, regulations and directives in any jurisdiction in which it may offer, sell, or deliver Capital Notes and that it will not directly or indirectly offer, sell, resell, re-offer or deliver Capital Notes in any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and directives.

1 General

No action has been taken in any jurisdiction that would permit a public offering of any of the Capital Notes, or possession or distribution of the Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by AMP and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Capital Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Capital Notes under the applicable law, directive or regulation in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither AMP nor any Joint Lead Manager has responsibility for such matters. In accordance with the above, any Capital Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in AMP or any Joint Lead Manager being obliged to register any further prospectus or corresponding document relating to the Capital Notes in such jurisdiction.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Capital Notes in Australia, the United Kingdom, the United States of America, the European Economic Area, Hong Kong, Singapore, Japan and New Zealand as set out below.

2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the issue and sale of Capital Notes has been, or will be, lodged with ASIC. Each Joint Lead Manager has represented and agreed that it:

- (a) has not made or invited, and will not make or invite, an offer of the Capital Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published and will not distribute or publish, the Information

Memorandum or any other offering material or advertisement relating to the Capital Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is a minimum of A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act ;
- (ii) the offer or invitation does not constitute an offer to a “**retail client**” as defined for the purposes of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws and directives (including, without limitation, the licensing requirements of Chapter 7 of the Corporations Act); and
- (iv) such action does not require any document to be lodged with ASIC.

3 The United States of America

Regulation S; Category 2

Neither the Capital Notes nor the Ordinary Shares have been, nor will they be, registered under the U.S. Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction and the Capital Notes may not be offered, sold, pledged, delivered, transferred or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. Terms used in the preceding sentence and the following two paragraphs, have the meaning given to them by Regulation S under the U.S. Securities Act.

Each Joint Lead Manager has represented and agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Capital Notes, except with its affiliates or with the prior consent of the Issuer.

Each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver any Capital Notes, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date of the Capital Notes (“**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons. Each Joint Lead Manager has agreed that it will send to each further joint lead manager to which it sells any Capital Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, during the Distribution Compliance Period, an offer or sale of any Capital Notes within the United States by a joint lead manager that is not participating in the offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance upon an applicable exemption from the registration requirements under the U.S. Securities Act.

4 Hong Kong

WARNING: This Information Memorandum has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of

the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this Information Memorandum or to permit the distribution of this Information Memorandum or any documents issued in connection with it. Accordingly, the Capital Notes have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Capital Notes has been or will be issued in Hong Kong or elsewhere that 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 Capital Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Capital Notes may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Information Memorandum have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Information Memorandum, you should obtain independent professional advice.

5 Singapore

This Information Memorandum and any other materials relating to the Capital Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Capital Notes, may not be issued, circulated or distributed, nor may the Capital Notes 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 pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Information Memorandum has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Information Memorandum immediately. You may not forward or circulate this Information Memorandum to any other person in Singapore.

Any offer is not made to you with a view to the Capital Notes being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Capital Notes. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

6 Japan

The Capital Notes have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Capital Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Capital Notes may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Capital Notes is conditional upon the execution of an agreement to that effect.

7 New Zealand

Capital Notes may not be offered in contravention of the Financial Markets Conduct Act 2013 of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for, that Act) ("**NZ FMCA**").

AMP does not intend that Capital Notes be offered for issue or sale in circumstances requiring disclosure under Part 3 of the NZ FMCA.

Accordingly, no disclosure document has been or will be lodged or provided under the NZ FMCA.

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered, delivered or sold, and will not offer, deliver or sell, directly or indirectly, any Capital Notes; and
- (b) it has not distributed and will not distribute, directly or indirectly, the Information Memorandum or any information or other material that may constitute an advertisement (as defined in the NZ FMCA, as applicable) in relation to any offer of the Capital Notes,

in each case in New Zealand other than:

- (a) to a person who is an investment business within the meaning of clause 37 of Schedule 1 of the NZ FMCA; or
- (b) to a person who is large within the meaning of clause 39 of Schedule 1 of the NZ FMCA; or
- (c) to a person who is a government agency within the meaning of clause 40 of Schedule 1 of the NZ FMCA; or
- (d) to a person whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act 1978 ("**NZ Securities Act**"); or
- (e) to a person who is required to pay a minimum subscription price of at least NZ\$500,000 for the Capital Notes before the allotment of those Capital Notes (disregarding any amounts payable, or paid, out of money lent by AMP or any associated person of AMP) for the purposes of the NZ Securities Act; or
- (f) to a person who in all the circumstances can properly be regarded as having been selected otherwise than as a member of the public for the purposes of the NZ Securities Act; or
- (g) in other circumstances where there is no contravention of the NZ FMCA, provided that Capital Notes may not be offered or transferred to any "eligible investors" (as defined in the NZ FMCA) or any person in reliance on such person satisfying the investment activity criteria specified in clause 38 of Schedule 1 to the NZ FMCA.

Australian Taxation

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

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

1. Distributions on Capital Notes

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

Distributions on the Capital Notes are frankable distributions and may carry franking credits. Distributions are expected to be franked at the same rate as AMP's Ordinary Shares. The rate of franking depends on AMP's level of available franking credits. The government has previously proposed to reduce the corporate tax rate from 30% to 28.5%. This may impact AMP's ability to frank Distributions. Holders should monitor developments in this regard.

Resident Holders

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

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

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

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

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

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

Non-Resident Holders

Non-resident Holders who do not hold the Capital Notes at or through a permanent establishment in Australia may be subject to Australian dividend withholding tax on the Distributions. Dividend withholding tax should generally not apply to non-resident Holders to the extent that:

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

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

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

2. ABN/TFN withholding tax

Holders may choose to notify AMP of their tax file number (**TFN**), Australian Business Number (**ABN**), or a relevant exemption from ABN/TFN withholding tax with respect to Distributions.

If AMP does not receive such notification, withholding tax may be deducted at the current rate of 49%. This rate will apply temporarily in respect of Distributions made from 1 July 2014 until 30 June 2017 to take into account the Temporary Budget Repair Levy. A withholding rate of 47% is expected to then apply from 1 July 2017.

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

3. CGT consequences of ordinary disposal

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

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

A Holder who acquires Capital Notes pursuant to the offering under this Information Memorandum should be taken to acquire the Capital Notes on the Issue Date.

Resident Holders

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

A Resident Holder may be entitled to the CGT discount in respect of a capital gain made on the sale of Capital Notes if they have held the Capital Notes for at least 12 months. A Resident Holder who is an individual or trust is entitled to a discount percentage of 50% and complying superannuation entities are entitled to a discount percentage of 33 $\frac{1}{3}$ %. Companies are not entitled to the CGT discount.

Non-resident Holders

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

4. CGT consequences of Conversion, Redemption, Resale and Write-Off

4.1 Conversion

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

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

4.2 Redemption

A Redemption of the Capital Notes should constitute a disposal of Capital Notes for CGT purposes. Holders should refer to the consequences set out above at section 3 in relation to the CGT consequences on a disposal of Capital Notes.

4.3 Resale

A Resale of the Capital Notes should constitute a disposal of Capital Notes for CGT purposes. Holders should refer to the consequences set out about at section 3 in relation to the CGT consequences on a disposal of Capital Notes.

4.4 Write-Off

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

5 Taxation of Financial Arrangements

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

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

6 Goods and services tax

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

Additionally, input tax credits are unlikely to be available for any GST paid by Holder in respect of costs (eg legal fees) incurred in relation to the acquisition of Capital Notes.

Additional Information

Effect on AMP of the offer of the Capital Notes: All or a substantial portion of the proceeds of the issuance of the Capital Notes will be used to fund Additional Tier 1 Capital of one or more Regulated Entities within the AMP group. This will satisfy the regulatory capital requirements of such Regulated Entities and maintain the diversity of their sources and types of capital funding.

The proceeds, less the costs of the issue, will be classified as debt in the financial reports of AMP. The issue of the Capital Notes will not have a material impact on AMP's financial position, affairs or creditworthiness.

Rights and liabilities attaching to the Capital Notes: See "Terms of Capital Notes" from pages 37 to 76 of this Information Memorandum.

Effect on AMP of the issue of the Ordinary Shares when the Capital Notes are Converted: The issuance of Ordinary Shares on Conversion of the Capital Notes will result in an increase in AMP's shareholders' equity. The number of Ordinary Shares issued on Conversion is limited to the Maximum Conversion Number. The Maximum Conversion Number is 7599 Ordinary Shares per Note, based on an Issue Date VWAP of \$6.5795.

Rights and liabilities attaching to the Ordinary Shares: Holders will receive Ordinary Shares on Conversion of the Capital Notes, unless an Inability Event subsists. The rights and liabilities attaching to the 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 summarises the key rights attaching to the Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of Ordinary Shares. Investors who wish to inspect AMP's constitution may do so in accordance with the instructions set out below.

Dividends

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

Meetings and voting rights

Holders of 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.

Winding-up of AMP

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

Transfers

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

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

Issue of further Ordinary Shares

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

Other information:

AMP is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. AMP must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about AMP that a reasonable person would expect to have a material effect on the price or value of its listed securities, including the Ordinary Shares.

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and AMP's ASX announcements may be viewed on www.asx.com.au.

Copies of the following documents are available at www.amp.com.au/shareholdercentre and/or www.asx.com.au and AMP will provide a copy of any of the following documents free of charge to any person who requests a copy:

- AMP's half-yearly and annual financial reports;
- any continuous disclosure notices given by AMP after the lodgement of the AMP group's 2013 Annual Report, but before the date of this notice; and
- AMP's constitution,

in person from, or by request made in writing to, AMP at:

Address: 33 Alfred Street, Sydney NSW 2000

Attention: Investor Relations

E-mail: amp_investor_relations@amp.com.au

ASX confirmation

ASX has confirmed that AMP may calculate the number of Ordinary Shares into which Capital Notes can be converted for the purposes of ASX Listing Rules 7.1 and 7.1B.1, by notionally Converting Capital Notes at the market price of Ordinary Shares on the trading day prior to the date of this Information Memorandum. For this purpose, the market price is to be determined on the basis of the average VWAP for the 20 ASX Business Days prior to the date of this Information Memorandum on which trading in Ordinary Shares took place.

ISSUER

AMP Limited

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Telephone: + 61 2 8048 9997
Email: treasury_dealers@amp.com.au
Attention: Head of Markets, Group Treasury

JOINT LEAD MANAGERS

J.P. Morgan Australia Limited

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Australia

Telephone: +61 2 9003 7935
Attention: Head of A\$ Fixed Income Syndicate

National Australia Bank Limited

Level 26
255 George Street
Sydney NSW 2000
Australia

Telephone: +61 2 9237 1550
Email: nab.syndicate@nab.com.au
Attention: Head of Debt Syndicate

UBS AG, Australia Branch

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Attention: Head of A\$ Fixed Income Syndicate

REGISTRAR

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Attention: Manager, Clearing and Settlement Operations