

26 October 2015

AMP announces launch of AMP capital notes offer

AMP Limited (AMP) has today announced the launch of the offer of new additional tier 1 capital securities, AMP capital notes (capital notes).

AMP is seeking to raise A\$200 million through the issue of capital notes, with the ability to raise a higher or lower amount.

The offer is expected to open on 26 October 2015 and will be made to eligible securityholders, institutional investors, clients of syndicate brokers and members of the public who satisfy the requirements set out in the prospectus.

Capital notes are expected to be listed on the ASX under the code 'AMPPA'. Capital notes are expected to begin trading, initially on a deferred settlement basis, on the ASX on 1 December 2015. Capital notes have a face value of A\$100. The minimum investment is 50 capital notes (A\$5,000), and in multiples of 10 capital notes (A\$1,000) thereafter.

"The capital notes issue is part of the AMP group's ongoing funding and capital management strategy," said AMP Chief Financial Officer, Gordon Lefevre.

"The proceeds will further strengthen the group's capital base and meet general funding requirements, including to fund additional tier 1 capital of one or more APRA regulated entities within the group," Mr Lefevre said.

The issuance, along with the AMP Wholesale Capital Notes issued earlier in the year, are in anticipation of the loss of transitional arrangements on the existing A\$600m AXA Subordinated Notes as regulatory capital in March 2016.

The key features of capital notes include:

- Capital notes are new perpetual, convertible, subordinated and unsecured securities being issued by AMP.
- Capital notes are designed to pay discretionary, non-cumulative and quarterly floating rate distributions.
- Distributions are expected to be franked at the same rate as dividends on AMP shares (currently 85%) and the cash distribution will be reduced by a factor reflecting the value of any franking credits.
- The distribution rate will be the sum of the bank bill rate plus the margin.
- The margin will be determined under the bookbuild, and is expected to be in the range of 5.10 per cent to 5.30 per cent per annum.
- Capital notes may be exchanged (via conversion into AMP shares or via redemption or resale for cash) at AMP's option on 22 December 2021 or following the occurrence of a tax

event or regulatory event, in each case subject to the prior written approval of APRA (which is at APRA's discretion and may not be given).

- Capital notes will mandatorily convert into AMP shares on 22 December 2023 (subject to certain conditions being satisfied). If the conditions to mandatory conversion are not met on 22 December 2023, AMP must convert all capital notes on the first distribution date after 22 December 2023 on which the conditions to mandatory conversion are satisfied. It is possible these conditions may never be met, and in this case the capital notes will remain on issue.
- Capital notes will also be converted into AMP shares or written-off if a non-viability event occurs. A non-viability event could be expected to include serious impairment of AMP and AMP group's financial position and insolvency.


The offer is being made under a prospectus lodged with ASIC. There are risks associated with an investment in capital notes and investors should read the prospectus in full before deciding to invest. Potential investors should also consider obtaining guidance from a financial adviser or other professional adviser before deciding whether to invest.

Capital notes are unsecured and subordinated. They are not deposits or policy liabilities of, or guaranteed by, any member of the AMP group and are not guaranteed by the government or any other entity.

Interested investors can access the prospectus online at ampcapitalnotes.com.au or by requesting a prospectus by calling the numbers set out below.

A replacement prospectus, containing the margin and application forms, is expected to be available on 3 November 2015, when the offer opens.

Anyone wishing to acquire capital notes will need to complete and submit an application form included in, or accompanying, the replacement prospectus. The securityholder and general offers are expected to close on 20 November 2015 and the broker firm offer is expected to close on 27 November 2015.

UBS AG, Australia Branch has been appointed as arranger and joint lead manager. ANZ Securities Limited, Morgans Financial Limited and National Australia Bank Limited have been appointed joint lead managers. 

For more information contact:

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1300 338 164 (within Australia)
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More information about the offer

The offer comprises:

- a securityholder offer to eligible securityholders
- a broker firm offer to Australian resident clients of syndicate brokers
- a general offer to members of the general public who are resident in Australia, and
- an institutional offer to certain institutional investors invited to bid for capital notes under the bookbuild.

Key dates for the offer	Date
Record date for determining eligible securityholders (7.00pm Sydney time)	22 October 2015
Lodgement of the original prospectus with ASIC	26 October 2015
Bookbuild	30 October 2015
Announcement of the margin	30 October 2015
Lodgement of the replacement prospectus with ASIC	3 November 2015
Opening date for the offer	3 November 2015
Closing date for the securityholder and general offers (5.00pm Sydney time)	20 November 2015
Closing date for the broker firm offer (10.00am Sydney time)	27 November 2015
Issue date	30 November 2015
Capital notes commence trading on ASX (deferred settlement basis)	1 December 2015
Holding statements for capital notes dispatched by	3 December 2015
Capital notes commence trading on ASX (normal settlement basis)	4 December 2015
Key dates for AMP capital notes	Date
First distribution date ¹	22 March 2016
Optional exchange date	22 December 2021
Date on which mandatory conversion is expected to occur	22 December 2023

Dates are subject to change

These dates are indicative only and may change without notice.

AMP and the joint lead managers may agree to vary the timetable, including extending any closing date, closing the offer early without notice or accepting late applications, whether generally or in particular cases, or withdrawing the offer at any time before capital notes are issued, at their discretion.

¹ Distributions are scheduled to be paid quarterly in arrears unless and until capital notes are redeemed, converted or written-off in accordance with their terms. Distributions are payable only if AMP decides to pay them and if no payment condition exists.

Disclaimer

This announcement does not constitute an offer of any securities (including capital notes) for sale or issue. No action has been taken to register or qualify capital notes or the offer or to otherwise permit a public offering of capital notes outside Australia. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any US Person (as defined in Regulation S of the US Securities Act). Any securities described in this announcement have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws