3 March 2009

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Announcement No: 06/09

AMP announces debt securities offer

AMP today announced the launch of new listed debt securities for Australian and New Zealand investors to be known as AMP Notes.

AMP Notes are being issued by AMP Group Finance Services Limited and will be offered in two currencies - Australian dollar AMP Notes to be listed on the Australian Securities Exchange and New Zealand dollar AMP Notes to be listed on the New Zealand Debt Exchange. They are designed to pay interest quarterly at a margin, determined during a bookbuild process, above a market based rate and are backed by a guarantee from AMP Group Holdings Limited, which is on an unsecured and subordinated basis.[1]

AMP Notes are 10-year securities with a five year call option. This provides AMP with the option to redeem the Notes in May 2014 or on any following interest payment date, subject to regulatory approval. If AMP does not redeem the Notes after May 2014, the margin above the relevant market-based rate will increase.

Based on the Australian 90-day Bank Bill Swap Rate at 2 March 2009 of 3.29% and the NZ five year Swap Rate on that date of 4.15% and an indicative range for the margin on the Notes of 4.25% - 4.75%, the A$ AMP Notes are expected to pay interest at a rate of around 7.50% - 8.00% and the NZ$ AMP Notes are expected to pay interest at a rate of around 8.40% - 8.90% per annum. The AMP Notes have been provisionally rated A- by Standard & Poor's and A3 by Moody's.[2]

Investors can apply for AMP Notes with a minimum investment of A$5,000 or NZ$5,000.

AMP Chief Executive Officer Craig Dunn said: "As previously flagged, we have been evaluating options to raise Tier 2 capital to optimise the efficiency of our capital mix, meet general funding requirements and support the refinancing of subordinated debt.

AMP Limited
Level 24, 33 Alfred Street
Sydney NSW 2000 Australia
ABN 49 079 354 519

"The AMP Board's decision to offer AMP Notes reflects a prudent approach to capital preservation and a bias towards holding more capital than less to give added strength to our balance sheet through challenging markets.

"The offer gives investors the opportunity to gain regular income with the flexibility to buy and sell AMP Notes daily through the ASX and NZDX," Mr Dunn said.

AMP Notes are interest-bearing unsecured subordinated debt securities. AMP is looking to raise up to A$300 million through the offer with the option to accept more or less, depending on investor interest.

AMP is a well-capitalised company with a strong balance sheet. At 31 December 2008, the company held A$898 million of capital in excess of minimum regulatory requirements (MRR). The pro forma capital in excess of MRR assuming an AMP Notes issue size of A$300 million, less assumed issue costs, is A$1,189 million. On the same pro forma basis, gearing will remain low at 17% on a Standard & Poor's basis and underlying interest cover will be high at 9.2 times.

AMP reserves the right to close the offer early or scale back applications depending on investor demand. The total amount raised will depend on the outcome of the bookbuild process and demand from other investors, including AMP shareholders and customers, during the offer period.

The offer is being made under a prospectus lodged with the Australian Securities and Investments Commission and the New Zealand Companies Office. Investors should read the prospectus in full before deciding to invest in AMP Notes.

Anyone wishing to acquire AMP Notes will need to complete the application form included in the prospectus. Applications are expected to close on 2 April 2009 or 7 April 2009 if applying through a broker.

Interested investors can access the prospectus online at www.ampnotesoffer.com.au or www.ampnotesoffer.co.nz (in the case of New Zealand residents the prospectus is expected to be available 11 March 2009) or can request a prospectus by calling 1300 750 485 (within Australia), 0800 444 229 (within New Zealand) or +61 3 9415 4332 (from outside Australia or New Zealand).

AMP Notes are expected to begin trading on 9 April 2009, with the first interest payment likely to be made to noteholders on 17 August 2009.[3]

UBS Investment Bank and ABN AMRO are acting as Joint Structuring Advisors to the issue.

Indicative timetable

Prospectus lodged with ASIC and NZCO	on or around 3 March 2009
Bookbuild	10 March 2009
Replacement Prospectus lodged and Offer opens	11 March 2009
Shareholder and general applications close	2 April 2009
Broker applications close	7 April 2009
Trading commences	9 April 2009
First interest payment date	17 August 2009[3]

AMP Notes Information Line
1300 750 485 (within Australia)
0800 444 229 (within New Zealand)
+61 3 9415 4332 (International)
8:30am to 5:00pm (Sydney time), Monday to Friday

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Technical notes

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[1] The A$ AMP Notes will have a face value of A$100 and pay a floating interest rate that will be reset every three months, at a fixed margin above the Australian 90-day Bank Bill Swap Rate (BBSW). The movements in the interest rate for A$ Notes will reflect movements in the BBSW.

NZ$ AMP Notes will have a face value of NZ$1 and up until May 2014 will pay a fixed interest rate at a fixed margin above the NZ five year Swap Rate.

The margin that the AMP Notes will pay above these market rates will be determined during a bookbuild process and announced on 11 March 2009.

[2] An explanation of the meaning of these ratings can be found at section 3.5 of the prospectus for AMP Notes.

[3] The first scheduled interest payment date is Saturday 15 August 2009 but interest will be paid on the first business day thereafter.
