



ASX Announcement

15 November 2010

Despatch of Non-Operating Holding Company (NOHC) Substitution Notice to Convertible Preference Shareholders

On 28 October 2010 Suncorp-Metway Limited (Suncorp) announced a proposed transition to a NOHC company structure. The transition is to be considered at shareholder meetings to be held on 15 December 2010.

Suncorp announced the commencement of despatch of the Explanatory Memorandum and associated documents to shareholders on 10 November 2010.

As outlined in the Explanatory Memorandum, if the NOHC restructure occurs, the terms of issue of the Convertible Preference Shares (CPS Terms) will be amended so that, amongst other things, the new NOHC, Suncorp Group Limited (SGL), will be substituted as the issuer of ordinary shares upon conversion of the CPS and to effect certain other minor and related amendments.

Accordingly, CPS Holders will receive a copy of the attached NOHC Substitution Notice with their copy of the Explanatory Memorandum.

Also attached are:

1. A copy of the CPS Terms as they will be amended; and
2. A copy of the CPS Deed Poll, under which SGL has undertaken on and from the date the CPS Terms are amended to perform and observe all obligations which the amended CPS Terms contemplate SGL must observe or perform.

Copies of these documents are available on the Suncorp website, but are not being sent to CPS Holders.

C R Chuter
Corporate Secretary



Dear CPS Holder

28 October 2010

NOHC Substitution Notice

According to our records you are the holder of mandatory convertible preference shares in Suncorp-Metway Limited ("**SML**") called "**CPS**".

This notice is a "**NOHC Substitution Notice**" and is being given to you as required by clause 12 of the terms of issue of the CPS (the "**CPS Terms**").

The SML board of directors has initiated a process to restructure the SML group so that the ultimate listed holding company of the group will be a non-operating holding company (a "**NOHC**"), Suncorp Group Limited ("**SGL**"). As a result of the restructure, ordinary shares in SGL will be listed on the Australian Securities Exchange ("**ASX**"). SML will become a subsidiary of SGL and will continue to operate the group's banking business. SML's ordinary shares will cease to be listed on the ASX. The restructure will result in a "**NOHC Event**" under the CPS Terms. Details of the proposed restructure are contained in the Explanatory Memorandum which accompanies this notice.

If the restructure occurs, the CPS Terms are to be amended as specified in the schedule to this notice. These amendments include, among other things, substituting SGL as the issuer of ordinary shares upon conversion of the CPS. SML will remain the issuer of the CPS and the CPS will continue to be quoted on ASX.

The CPS Terms as so amended will have effect on the first day on which both of the following conditions are satisfied:

- the scheme described in the Explanatory Memorandum is approved by the court and is effective; and
- ordinary shares in SGL ("**SGL Ordinary Shares**") are listed on ASX.

The CPS Terms will not be amended unless both these conditions are satisfied.

A copy of the CPS Terms as they will be amended is available on the Suncorp website: www.suncorpgroup.com.au or on request from SML by calling the Suncorp CPS Infoline on 1300 882 012. A copy has also been lodged with ASX.

SGL has undertaken on and from the date the CPS Terms are amended to perform and observe all obligations which the amended CPS Terms contemplate that SGL must observe or perform. A copy of the deed poll containing this undertaking is also available on the same website or by calling the Suncorp CPS Infoline. A copy has also been lodged with ASX.

This notice is provided for information only. The changes do not require your approval and you do not need to take any action to respond to this notice.

If you are in doubt as to what this notice or the changes to the CPS Terms mean for you or for your investment in CPS please ask your financial advisor for advice.

Yours faithfully

C R Chuter
Corporate Secretary

Schedule

NOHC Substitution Terms

The CPS Terms will be amended as specified below.

Unless otherwise defined in this notice, words defined in the CPS Terms have the same meanings when used in this notice.

Amendments	Amended CPS Terms
<p>1 Changes to what happens on Conversion of CPS</p> <p>If the CPS are Converted, each CPS being Converted will be automatically transferred to SGL (or a member of the SGL Group nominated by SGL) on the Conversion Date and each CPS Holder will receive ordinary shares in SGL equal to the Conversion Number (subject to the number being no more than the Maximum Conversion Number) calculated according to the following formula:</p> $\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$ <p>VWAP is determined by reference to the trading price in a certain period of SGL Ordinary Shares.</p>	Clause 6.1 and definitions of VWAP and VWAP Period in clause 18.2
<p>2 Conditions to Conversion</p> <p>The Mandatory Conversion Conditions and Optional Conversion Conditions will be tested by reference to the price of SGL Ordinary Shares.</p>	Clauses 3.3 and 4.4
<p>3 Adjustments to Conversion Number</p> <p>The mechanics for adjusting the Conversion Number will be amended by substituting references to corporate actions affecting the SGL Ordinary Shares and substituting or including references to SGL Directors.</p>	Clauses 6.2-6.10
<p>4 Other ancillary changes</p> <p>Ancillary provisions which SML considers necessary and appropriate will be included to deal with the consequences of a failure to transfer the CPS or to issue the SGL Ordinary Shares.</p>	Clauses 6.1(f)-(g)
<p>5 Quotation on ASX</p> <p>SGL must use all reasonable endeavours to procure quotation on ASX of SGL Ordinary Shares issued on Conversion.</p>	Clause 6.1(e)
<p>6 Consequential amendments related to Conversion</p> <p>References to SGL (and SGL Ordinary Shares and SGL Directors) will replace or supplement references to SML in certain clauses as a consequence of the CPS being convertible into SGL Ordinary Shares.</p>	Clauses 3.1, 4.3(a), 4.4(a), 6.12, 6.13, 8.6(c), 9.8(a), 9.9(a), 9.9(d), 9.9(f), 9.10, 9.11, 10.1, 13.4, 13.5 and definitions of ASX Listing Rules, Delisting Event, Exchange Date, Mandatory Conversion, Mandatory Conversion Date, Redemption Date, SGL, SGL Directors, SGL Group, SGL Ordinary Share, SGL Ordinary Shareholder, Special Dividend, VWAP and VWAP Period in clause 18.2
<p>7 New restrictions on SGL in event Dividends on CPS are not paid</p> <p>If, for any reason, a scheduled Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date then, in addition to the existing restrictions upon SML, SGL will be prevented from declaring or paying a dividend on SGL Ordinary Shares or redeeming, buying back or reducing capital on any SGL Ordinary Shares.</p>	Clause 2.8

Amendments	Amended CPS Terms
<p>8 Consequences of SGL being a NOHC</p> <p>Certain references to SML will be changed to or supplemented by references to SGL or SGL Group on account of SGL being the NOHC for the SGL Group.</p>	<p>Clauses 2.9(c)-(d), 11 and definitions of Acquisition Event, SGL Group (i.e. previously "Suncorp Group"), Regulatory Event and Tax Event in clause 18.2</p>
<p>9 Changes to tax related terms</p> <p>As SGL will be the head entity of a consolidated tax group which will include SML following the restructure, the definitions of Tax Rate and Franking Rate will be amended to refer to SGL and the definition of Tax Event will be amended to include a reference to the SGL Group.</p>	<p>Clause 2.1 and definitions of Franking Rate and Tax Event in clause 18.2</p>
<p>10 Consequences of NOHC Event having occurred</p> <p>Certain terms that enabled the CPS Terms to be amended to enable the substitution of a NOHC as issuer of ordinary shares on Conversion of the CPS, or which contemplated that substitution, will be removed or amended on account of SGL having been substituted as the NOHC for the SGL Group.</p>	<p>Clauses 9.9(b)-(c), 12, 16.1(a)(iv), 18.1(f) and definitions of Acquisition Event, APRA, Conversion, NOHC, NOHC Event, NOHC Ordinary Share, NOHC Substitution Notice, NOHC Substitution Terms and Required NOHC Substitution Terms in clause 18.2</p>
<p>In addition, two further amendments will be made to the CPS Terms by SML each of which is considered by SML not to be materially prejudicial to the interests of Holders of CPS as a whole. These amendments are as follows:</p>	
<p>11 Change to condition for payment of a Dividend</p> <p>The requirement that Dividend payments are subject to SML having profits available for the payment of the Dividend will be replaced by a requirement that any Dividend payments must be in compliance with all applicable laws. This change reflects the recent amendment to section 254T of the Corporations Act and corresponding amendments to SML's constitution as part of the restructure.</p>	<p>Clause 2.3(b)</p>
<p>12 Removal of references to NPS</p> <p>The NPS have been redeemed and, accordingly, all references to the NPS will be removed.</p>	<p>Clauses 2.9, 9.1 and 18.2</p>
<p>13 Change to references to ASX Market Rules</p> <p>As a result of the commencement of Schedule 1 to the <i>Corporations Amendment (Financial Market Supervision) Act 2010</i> (Cwlth), a number of ASX rules have changed names and, accordingly, certain defined terms have been updated to reflect these recent amendments.</p>	<p>Definitions of ASX Operating Rules (i.e. previously "ASX Market Rules") and Register in clause 18.2</p>

If you are in doubt as to what these amendments mean to you or your investment in the CPS, please ask your financial advisor for advice.



CPS Terms (as amended)



One Company. Many Brands



Amended CPS Terms

The following copy of the amended CPS Terms is marked to show changes from the original terms of the CPS as set out in Appendix A to the Suncorp CPS Prospectus dated 14 May 2008.

Provisions which will be removed by the amendments to the CPS Terms are shown with a line stuck through the middle of the text. Provisions which will be inserted by the amendments to the CPS Terms are shown as underlined. All other text is unchanged by the amendments.

For example, in clause 6.1(a) of the CPS Terms the words "each CPS that is being Converted will ~~be automatically transferred free from Encumbrances to SGL or to a member of the SGL Group nominated by SGL Convert into one Ordinary Share~~ on the Mandatory Conversion Date or the Exchange Date (as the case may be)" now show that under the amended CPS Terms, amended CPS that are being Converted will be automatically transferred free from Encumbrances to SGL or to a member of the SGL Group nominated by SGL on the Mandatory Conversion Date or the Exchange Date (as the case may be).

CPS Terms (as amended)

The following are the amended CPS Terms which apply to all CPS from and including the 24 December 2010.

CPS Terms

1 CPS

- (a) CPS are fully paid mandatorily convertible preference shares in the capital of Suncorp (CPS). They are issued, and may be Redeemed, Converted, or Resold, according to these Terms.
- (b) The issue price of each CPS (**Issue Price**) is \$100.

2 Dividends

2.1 Dividends

Subject to these Terms, each CPS entitles the Holder on a Record Date to receive on the relevant Dividend Payment Date a dividend (**Dividend**) calculated according to the following formula:

$$\text{Dividend} = \frac{\text{Issue Price} \times \text{Dividend Rate} \times N}{365}$$

where:

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

$$\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for a Dividend Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) on that date, the rate specified in good faith by Suncorp at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or
- (b) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

Margin (expressed as a percentage per annum) means the margin determined under the Bookbuild; and

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of [SGL Suncorp](#) at the relevant Dividend Payment Date; and

N means in respect of:

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

2.2 Franking adjustments

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be calculated according to the following formula:

$$\text{Dividend} = \frac{\mathbf{D}}{1 - [\text{Tax Rate} \times (1 - \mathbf{F})]}$$

where:

D means the Dividend calculated under clause 2.1;

Tax Rate has the meaning given in clause 2.1; and

F means the applicable Franking Rate.

2.3 Payment of a Dividend

Each Dividend (including an Optional Dividend) is subject to:

- (a) the Directors, at their absolute discretion, determining the Dividend to be payable;
- (b) ~~Suncorp having profits available for the~~ payment of the Dividend [being in compliance with all applicable laws](#);
- (c) unless APRA otherwise agrees, payment of the Dividend not resulting in the Prudential Capital Ratio or the Tier 1 Capital Ratio of Suncorp (on a Level 1 basis) or of the Suncorp Banking Group not complying with APRA's then current capital adequacy guidelines as they are applied to Suncorp or the Suncorp Banking Group (as the case may be) at the time;
- (d) unless APRA otherwise agrees, the amount of the Dividend not exceeding Distributable Profits;
- (e) payment of the Dividend not resulting in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act;
- (f) APRA not otherwise objecting to the payment of the Dividend; and
- (g) The Directors, at their absolute discretion but with the prior written approval of APRA, may determine an Optional Dividend to be payable on any date, subject to this clause 2.3.

2.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend (including an Optional Dividend) is not paid because of clause 2.3 or because of any applicable law, Suncorp has no liability to pay the unpaid amount of the Dividend and, notwithstanding the Directors' discretion to pay an Optional Dividend under clause 2.3, Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default. No interest accrues on any unpaid Dividends or Optional Dividends and the Holders have no claim or entitlement in respect of interest on any unpaid Dividends or Optional Dividends.

2.5 Dividend Payment Dates

Subject to this clause 2, Dividends (other than Optional Dividends) will be payable in arrears on the following dates (each a **Dividend Payment Date**):

- (a) each 14 March, 14 June, 14 September and 14 December commencing on 14 September 2008 until (but not including) the date on which a Redemption, Conversion or Resale occurs in accordance with these Terms; and
- (b) subject to clause 7.3(a)(iii), the date on which a Redemption, Conversion or Resale occurs in accordance with these Terms.

If a Dividend Payment Date is a day which is not a Business Day, then the Dividend Payment Date will be the next day which is a Business Day.

2.6 Record Dates

- (a) A Dividend is only payable on a Dividend Payment Date to those persons registered as Holders on the Record Date for that Dividend.
- (b) An Optional Dividend is only payable on the date of payment determined by the Directors to those persons registered as Holders on the Record Date for that Optional Dividend.

2.7 Deductions

- (a) Suncorp may deduct from any Dividend payable the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Suncorp to the relevant revenue authority and the balance of the Dividend payable has been paid to the relevant Holder, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Suncorp.
- (b) Suncorp shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by Suncorp.

2.8 Restrictions in the case of non-payment

If for any reason a Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date, Suncorp [and SGL](#) must not, without approval of a Special Resolution:

- (a) [in the case of Suncorp](#):

- (i) declare or pay a dividend or make any distribution on any capital instruments of Suncorp which rank equally with or junior to CPS for distributions; or
 - (ii) redeem, buy back or reduce capital on any capital instruments of Suncorp which rank equally with or junior to CPS for a return of capital in a winding up,
- (b) in the case of SGL:
- (i) declare or pay a dividend or make any distribution on SGL Ordinary Shares; or
 - (ii) redeem, buy back or reduce capital on any of SGL Ordinary Shares.
- in each case, unless:
- (A) four consecutive Dividends scheduled to be payable on CPS after the Dividend Payment Date of the Dividend that has not been paid have been paid in full;
 - (B) with the prior written approval of APRA, an optional dividend (**Optional Dividend**) has been paid to Holders equal to the aggregate unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
 - (C) all CPS have been Redeemed or Converted.

2.9 Exclusions from restrictions in case of non-payment

The restrictions in clause 2.8 do not apply to:

- (a) *pro rata* payments on CPS and the other capital instruments of Suncorp which rank for distributions or return of capital in a winding up (as the case may be) equal with CPS;
- (b) a redemption, buy-back or reduction of capital in connection with an employment contract, benefit plan or other similar arrangement;
- (c) prevent an exchange or a conversion of a capital instrument of Suncorp occurring in accordance with its terms where the exchange or conversion is into another share or capital instrument of Suncorp (or any member of the SGL Suncorp Group) which ranks (or effectively ranks) equally with or junior to the capital instrument being exchanged or converted (including without limitation any exchange or conversion of the RPS ~~or the NPS~~); or
- (d) prevent a capital raising by way of a rights or entitlement issue made to holders of one or more capital instruments of Suncorp or SGL.

3 Mandatory Conversion

3.1 Mandatory Conversion

Subject to clauses 3.5 and 3.7, on the Mandatory Conversion Date Suncorp must Convert all (but not some) CPS on issue at that date into SGL Ordinary Shares in accordance with clause 6 and this clause 3.

3.2 Mandatory Conversion Date

Subject to clause 3.7(b), the **Mandatory Conversion Date** will be the earlier of:

- (a) 14 June 2013 (the **Initial Mandatory Conversion Date**); and
- (b) the first Dividend Payment Date after the Initial Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**),

(each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied.

3.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day on which trading in [SGL](#) Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **First Test Date**) is greater than 55.55% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in [SGL](#) Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than 50.51% 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**).

3.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will notify 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, Suncorp will notify Holders on or as soon as practicable after the Relevant Date unless it has given a Resale Notice or a Redemption Notice,

in either case notifying Holders that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date (a **Non-Conversion Notice**).

3.5 Redemption where Mandatory Conversion Conditions are not satisfied

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp may, subject to APRA's prior written approval, elect to Redeem all (but not some) CPS on the Relevant Date in accordance with clause 7 by giving a notice (a **Redemption Notice**) no later than 10 Business Days prior to 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, Suncorp

may, subject to APRA's prior written approval, elect to Redeem all (but not some) CPS on a date no later than 30 Business Days after the Relevant Date (the **Deferred Redemption Date**) by giving a Redemption Notice at least 10 Business Days prior to the Deferred Redemption Date.

A Redemption Notice once given is irrevocable.

3.6 Contents of Redemption Notice

A Redemption Notice must specify:

- (a) the details of the Mandatory Conversion Condition to which the Redemption Notice relates;
- (b) the date on which Redemption is to occur (the **Redemption Date**), which must be the Relevant Date in the case of a Redemption under clause 3.5(a) and the Deferred Redemption Date in the case of a Redemption under clause 3.5(b);
- (c) whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (d) whether any Dividend or any amount under clause 7.3(a)(iii) will be paid on the Redemption Date.

3.7 Resale on the Relevant Date

- (a) Whether or not the Mandatory Conversion Conditions are satisfied in relation to a Relevant Date, Suncorp may elect to Resell all (but not some) CPS on the Relevant Date in accordance with clause 8 by giving a notice (a **Resale Notice**) no later than 21 Business Days prior to the Relevant Date. A Resale Notice once given is irrevocable.
- (b) If CPS are Resold on a Relevant Date in accordance with an election under clause 3.7(a), the Mandatory Conversion Date for the purposes of clause 3.2 will, subject to the Mandatory Conversion Conditions being satisfied in respect of that date, be the date that is 6 months after the Relevant Date or such other date as agreed between Suncorp and the Holders after that Resale.

3.8 Contents of Resale Notice

A Resale Notice must specify the identity of the Nominated Purchaser or Nominated Purchasers for that Resale.

3.9 Election between Resale and Redemption

Suncorp may only give a Resale Notice or a Redemption Notice in respect of a Relevant Date where permitted to do so by clause 3.5 or clause 3.7 (as the case may be) and may not give both a Resale Notice and a Redemption Notice in respect of a Relevant Date.

If, notwithstanding this clause 3.9, more than one notice is given, the Resale Notice will be deemed never to have been given and the Redemption Notice will prevail.

4 Optional Exchange by Suncorp

4.1 Optional Exchange by Suncorp

Suncorp may by notice to Holders (an **Exchange Notice**) elect to Exchange all (but not some only) CPS on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event. An Exchange Notice may not be given later than six months after the occurrence of the Tax Event or Regulatory Event (as the case may be) and once given is irrevocable.

4.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) the details of the Tax Event or Regulatory Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which will be the last Business Day of the month following the month in which the Exchange Notice was given by Suncorp unless Suncorp determines an earlier Exchange Date having regard to the best interests of Holders as a whole and the relevant event;
- (c) the Exchange Method;
- (d) if the Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods);
- (e) if the Exchange Notice provides that CPS are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (f) whether any Dividend or any amount under clause 7.3(a)(iii) will be paid on the Exchange Date.

4.3 Exchange Method

If Suncorp elects to Exchange CPS in accordance with this clause 4, it must, subject to clause 4.4, elect which of the following (or which combination of the following) it intends to do in respect of CPS (the **Exchange Method**):

- (a) subject to APRA's prior written approval, Convert CPS into [SGL](#) Ordinary Shares in accordance with clause 6;
- (b) subject to APRA's prior written approval, Redeem CPS in accordance with clause 7; or
- (c) Resell CPS in accordance with clause 8.

4.4 Conditions to election by Suncorp of Conversion as Exchange Method

Suncorp may not elect Conversion as the Exchange Method in respect of an Exchange if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by Suncorp (or, if trading in [SGL](#) Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in [SGL](#) Ordinary Shares occurred) (the **Optional Conversion Test Date**) the VWAP

on that date is less than or equal to 55.55% of the Issue Date VWAP (the **First Optional Conversion Condition**); or

- (b) a Delisting Event applies in respect of the Optional Conversion Test Date (the **Second Optional Conversion Condition** and, together with the First Optional Conversion Condition, the **Optional Conversion Conditions**).

4.5 Conditions to Conversion occurring once elected by Suncorp

If Suncorp 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 3, 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 Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 3 (the **Deferred Conversion Date**);
- (b) Suncorp must Convert the CPS on the Deferred Conversion Date; and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS will continue as if the Exchange Notice had not been given.

Suncorp will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 4.5 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

5 Exchange on Acquisition Event

5.1 Notice of Acquisition Event

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

5.2 Exchange on occurrence of Acquisition Event

If an Acquisition Event occurs, Suncorp must, subject to obtaining the prior written approval of APRA, Exchange all (but not some only) CPS on the Acquisition Exchange Date by notice to Holders (an **Acquisition Exchange Notice**) in accordance with this clause 5 and clause 6 or clause 7 (as the case may be).

5.3 Contents of Acquisition Exchange Notice

An Acquisition Exchange Notice must specify:

- (a) the details of the Acquisition Event to which the Acquisition Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Acquisition Exchange Date**), which must be:
 - (i) no later than 35 Business Days after the date on which the Acquisition Event occurred (or such later date as APRA may require); and

CPS Terms (continued)

- (ii) where Conversion is the Exchange Method, no earlier than the 25th Business Day after the date on which the Acquisition Event Notice is given;
- (c) the Exchange Method, which, subject to clause 4.4, must be either Conversion in accordance with clause 6 or Redemption in accordance with clause 7 as elected by Suncorp;
- (d) if the Acquisition Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (e) whether any Dividend or any amount under clause 7.3(a)(iii) will be paid on the Acquisition Exchange Date.

5.4 Where Acquisition Exchange Notice not required

Notwithstanding any other provision of clause 5.2 or clause 5.3, if APRA does not approve Redemption as the Exchange Method and Suncorp is prevented from electing Conversion as the Exchange Method by clause 4.4, Suncorp is not required to give an Acquisition Exchange Notice and the provisions of clause 5.5 will apply.

5.5 Deferred Exchange on Acquisition Event

If clause 5.4 applies or Suncorp has given an Acquisition Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Acquisition Exchange Date were a Relevant Date for the purposes of clause 3, 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 Acquisition Exchange Notice, if given, is taken to be revoked and Exchange will not occur on the Acquisition Exchange Date specified in the Acquisition Event Notice;
- (b) Suncorp will notify Holders as soon as practicable that Exchange will not (or, as the case may be, did not) occur (a **Deferred Acquisition Exchange Notice**); and
- (c) Suncorp must, unless clause 5.4 then applies, give an Acquisition Exchange Notice (or, as the case may be, a new Acquisition Exchange Notice) on or before the 25th Business Day prior to the Dividend Payment Date immediately succeeding the date on which the Deferred Acquisition Exchange Notice was given.

The Acquisition Exchange Notice given in accordance with paragraph (c) above must:

- (a) specify the Exchange Method, which, subject to clause 4.4, must be either Conversion in accordance with clause 6 or Redemption in accordance with clause 7 as elected by Suncorp; and
- (b) otherwise comply with clause 5.3.

If this clause 5.5 applies but:

- (a) clause 5.4 applies in respect of the Dividend Payment Date such that no Acquisition Exchange Notice (or, as the case may be, no new Acquisition Exchange Notice) is given under this clause 5.5; or
- (b) an Acquisition Exchange Notice (or, as the case may be, a new Acquisition Exchange Notice) is given under this clause 5.5 but, if the Acquisition Exchange Date specified in the Acquisition Exchange Notice were a Relevant Date for the purpose of clause 3, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 5.5 will be reapplied in respect of each subsequent Dividend Payment Date until an Exchange occurs.

6 Conversion mechanics

6.1 Conversion

If Suncorp elects to Convert CPS or must Convert CPS in accordance with these Terms, then, ~~subject to clause 12,~~ the following provisions apply:

- (a) each CPS that is being Converted will ~~be automatically transferred free from Encumbrances to SGL or to a member of the SGL Group nominated by SGL~~ Convert into one Ordinary Share on the Mandatory Conversion Date or the Exchange Date (as the case may be);
- (b) each Holder will be ~~allotted, for no consideration, an additional issued~~ a number of SGL Ordinary Shares for each CPS that is being Converted on the Mandatory Conversion Date or the Exchange Date (as the case may be) equal to ~~one less than~~ the Conversion Number, where the Conversion Number (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$$

where:

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

- (c) if the total number of ~~additional SGL~~ Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of CPS upon Conversion includes a fraction of an SGL Ordinary Share, that fraction of an SGL Ordinary Share will be disregarded;
- (d) ~~a CPS, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not~~ subject to SGL issuing the Conversion Number of SGL Ordinary Shares to the relevant Holders on the Mandatory Conversion Date or the Exchange Date (as the case may be) in accordance with the requirements of this clause 6, the transfer of the CPS will be taken to take effect ~~at~~ until 5.00pm (Sydney time) on the Mandatory Conversion Date or the Exchange Date (as the case may be) ~~and~~ At that time:
 - (i) at that time all other rights conferred or restrictions imposed on that CPS under these Terms will no longer have effect for the

CPS Terms (continued)

transferring Holder (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date or the Exchange Date (as the case may be) which will continue); and

- (ii) the Ordinary Share resulting from a Conversion will rank equally with all other Ordinary Shares from that time, the CPS will remain held by SGL or a member of the SGL Group, with the terms on which they are liable to be converted into SGL Ordinary Shares, to be redeemed or bought back or cancelled by Suncorp being as agreed (with the prior written approval of APRA) between Suncorp and the holders of the CPS;

(e) Suncorp and SGL must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure at its expense quotation of any SGL Ordinary Shares into which CPS may be Converted;

(f) each Holder irrevocably directs Suncorp to make such entries in the Register as Suncorp considers necessary or desirable to record the transfer of the CPS in accordance with this clause 6.1. However, if, for any reason, the transfer of any CPS is not completed in accordance with clause 6.1(a) on the Mandatory Conversion Date or the Exchange Date (as the case may be), then SGL shall issue the Conversion Number of SGL Ordinary Shares to the relevant Holders on the Mandatory Conversion Date or the Exchange Date (as the case may be) in accordance with the requirements of this clause 6 and, on and from that issue and despite any other provision of these Terms, the Holder;

(i) is taken to hold the CPS on trust for SGL;

(ii) is taken irrevocably to have directed Suncorp to pay all amounts payable in respect of those CPS to SGL as and when they fall due in accordance with these Terms; and

the CPS shall be taken to have been Converted accordingly;

(g) if, in respect of a Mandatory Conversion Date or the Exchange Date, the SGL Ordinary Shares are not issued or delivered in respect of a CPS, that CPS remains on issue (and, subject to clause 2.3, Dividends will continue to accrue) until the SGL Ordinary Shares are issued to the Holder (which date shall be the Mandatory Conversion Date or the Exchange Date (as the case may be) in respect of that CPS) or the CPS is Redeemed (which date shall be the Redemption Date in respect of that CPS).

This clause 6.1(g) does not affect the obligation of SGL to issue or deliver the SGL Ordinary Shares when required in accordance with these Terms.

Conversion does not constitute a redemption, buy back, cancellation or termination of CPS or an issue, allotment or creation of a new Ordinary Share (other than the additional Ordinary Shares allotted under clause 6.1(b)).

6.2 Adjustments to VWAP

For the purposes of calculating VWAP in clause 6.1:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, SGL Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and CPS will Convert into SGL Ordinary Shares after the date those SGL Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those SGL Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:
- (i) (in 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 that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
 - (ii) (in the case of any other entitlement that is not a dividend or other distribution under clause 6.2(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; 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 SGL Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, SGL Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and CPS will Convert into SGL Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Business Days on which those SGL Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

6.3 Adjustments to VWAP for capital reconstruction

Where the SGL Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, rights issue or other essentially *pro rata* issue) into a lesser or greater number of securities during the period in which the VWAP is calculated under clause 6.1, the VWAP shall be adjusted by Suncorp as it considers appropriate to ensure that the Holders are in an economic position in relation to their CPS that is as similar as reasonably practicable to the economic position prior to the occurrence of the event that gave rise to the need for the adjustment. Any adjustment made by Suncorp 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.

6.4 Adjustments to Issue Date VWAP

Adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 6.5, 6.6, 6.7, 6.8, 6.9 or 6.10; and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions and the Optional Conversion Conditions, and cause an adjustment to the Maximum Conversion Number.

6.5 Adjustments to Issue Date VWAP for bonus and rights issues

- (a) Subject to clauses 6.5(b) and 6.5(c) below, if ~~Suncorp-SGL~~ makes a *pro rata* bonus issue or a rights issue or other essentially *pro rata* issue (including an issue of the kind known as a “jumbo” or “RAPIDS” issue, where offers to certain institutional holders (or beneficial holders) are made in advance of offers to other holders) of SGL Ordinary Shares to holders of SGL Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times \frac{1}{P} \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

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;

P means the VWAP during the period from (and including) the first Business Day after the announcement of the bonus, rights or other relevant issue to the ASX up to (and including) the last Business Day of trading cum rights, bonus or other relevant issue (or if there is no period of cum rights, bonus or other relevant issue trading, an amount reasonably determined by the SGL Directors as representing the value of ~~a~~ SGL Ordinary Shares cum the rights, bonus or other relevant issue);

A means the subscription or unit price per SGL Ordinary Share for a rights issue and is zero in the case of a bonus issue;

RN means the number of SGL Ordinary Shares issued pursuant to the rights, bonus or other relevant issue; and

RD means the number of SGL Ordinary Shares on issue immediately prior to the allotment of new SGL Ordinary Shares pursuant to the rights, bonus or other relevant issue.

- (b) No adjustment to the Issue Date VWAP will occur if A exceeds P.
- (c) Clause 6.5(a) does not apply to SGL 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.
- (d) For the purpose of clause 6.5(a), an issue will be regarded as a *pro rata* issue notwithstanding that ~~Suncorp-SGL~~ does not make offers to some or all holders of SGL Ordinary Shares with registered addresses outside Australia, provided that in so doing ~~Suncorp-SGL~~ is not in contravention of the ASX Listing Rules.

6.6 Adjustments to Issue Date VWAP for off market buy-back

- (a) Subject to clause 6.6(b), if ~~Suncorp-SGL~~ undertakes an off market buy-back under a scheme which but for restrictions on transfer would be generally

available to holders of [SGL](#) Ordinary Shares, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

where:

V means the Issue Date VWAP respectively applying immediately after the application of this formula;

V_o means the Issue Date VWAP respectively applying immediately prior to the application of this formula;

P means the VWAP during the 20 Business Days prior to the announcement to the ASX of the buy-back;

A means the buy-back price per [SGL](#) Ordinary Share;

BN means the number of [SGL](#) Ordinary Shares bought back; and

BD means the number of [SGL](#) Ordinary Shares on issue immediately prior to the buy-back.

(b) No adjustment to the Issue Date VWAP will occur if P exceeds A.

6.7 Adjustments ~~to~~ of Issue Date VWAP for return of capital

If ~~Suncorp~~ [SGL](#) makes a pro rata return of capital to holders of [SGL](#) Ordinary Shares, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_o \times \frac{(P - C)}{(P)}$$

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;

P means the VWAP during the period from (and including) the first Business Day after the announcement of the return of capital to ASX up to and including the last Business Day of trading *cum* the return of capital (or if there is no period of *cum* return of capital trading, an amount reasonably determined by the [SGL](#) Directors as representing the value of [SGL](#) Ordinary Shares *cum* the return of capital); and

C means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the [SGL](#) Directors) of any other property distributed to holders of [SGL](#) Ordinary Shares per [SGL](#) Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

6.8 Adjustments to Issue Date VWAP for capital reconstruction

If at any time the SGL Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Directors ([having consulted with the SGL Directors](#)) may if they consider it appropriate reconstruct the Issue Date VWAP in the same way as the exercise price of options over SGL Ordinary Shares would be reconstructed in the same context, in accordance with the ASX Listing Rules (as they apply to ~~Suncorp~~SGL). Each Holder acknowledges that ~~Suncorp~~SGL may reconstruct, consolidate, divide or reclassify into a lesser or greater number of securities the SGL Ordinary Shares at any time in its absolute discretion without any such action constituting a variation of rights of Holders or otherwise requiring any consent or concurrence.

6.9 Adjustments to Issue Date VWAP for Special Dividend

If at any time a Special Dividend is paid on SGL Ordinary Shares and, in the reasonable opinion of the Directors ([having consulted with the SGL Directors](#)), payment of that Special Dividend would have a dilutive or concentrative effect on the value of SGL Ordinary Shares, then (subject to APRA's prior written approval), the Directors shall make such alterations to the Issue Date VWAP as they reasonably consider appropriate or necessary to compensate for that effect.

6.10 Directors' sole discretion regarding adjustments to Issue Date VWAP

Despite the provisions of clauses 6.5 to 6.9, where:

- (a) the effect of any of the adjustment provisions set out in clauses 6.5 to 6.9 is not, in the reasonable opinion of the Directors ([having consulted with the SGL Directors](#)), appropriate in any particular circumstances (including because more than one adjustment provision applies); or
- (b) any other event occurs in relation to ~~Suncorp~~SGL that may have a dilutive or concentrative effect on the value of the SGL Ordinary Shares, and, in the reasonable opinion of the Directors ([having consulted with the SGL Directors](#)), such occurrence would have a dilutive or concentrative effect on the value of SGL Ordinary Shares,

the Directors may (subject to APRA's prior written approval):

- (i) make such alterations to the Issue Date VWAP as they reasonably consider appropriate or necessary to compensate for that effect; or
- (ii) extend an entitlement to the Holders to participate in such event based on the number of SGL Ordinary Shares to which those Holders would have been entitled if their CPS had been Converted on a date nominated by the Directors to compensate for that effect.

6.11 Announcement of adjustments to Issue Date VWAP

Suncorp will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 6 within 10 Business Days of Suncorp determining the adjustment and the adjustment set out in the announcement will be final and binding.

6.12 SGL Ordinary Shares

Each SGL Ordinary Share issued or arising upon Conversion ranks *pari passu* with all other fully paid SGL Ordinary Shares.

6.13 Foreign CPS Holders

Where CPS held by a Foreign CPS Holder are to be Converted, unless Suncorp and SGL is satisfied that the laws of the Foreign CPS Holder's country of residence permit the issue of SGL Ordinary Shares to the Foreign CPS Holder (but as to which neither Suncorp nor SGL is ~~not~~ bound to enquire), either unconditionally or after compliance with conditions which Suncorp and SGL in ~~its~~their absolute discretion regards as acceptable and not unduly onerous, the SGL Ordinary Shares which the Foreign CPS Holder is obliged to accept will be issued to a nominee who will sell those SGL Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Foreign CPS Holder accordingly.

7 Redemption mechanics

7.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval, Suncorp elects to Redeem CPS or must Redeem CPS in accordance with these Terms, the provisions of this clause 7 apply to that Redemption.

7.2 Redemption

CPS will be Redeemed by payment on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be) of the Issue Price plus any amount payable under clause 7.3(a)(iii) (together, the **Redemption Price**) by way of redemption, buy-back, reduction of capital or any combination thereof to the Holder.

7.3 Effect of Redemption on Holders

On the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be) the only right Holders will have in respect of CPS 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 CPS will no longer have effect.

For the purposes of this clause 7:

- (a) where the Redemption involves a buy-back of CPS:
 - (i) the Redemption Notice, the Exchange Notice or the Acquisition Exchange Notice (as the case may be) constitutes a buy-back offer for the Redemption Price payable on the relevant Redemption Date, Exchange Date or Acquisition Exchange Date (as the case may be);
 - (ii) the Holder must accept the buy-back offer for their CPS and will be deemed to have accepted that buy-back offer for CPS held by that Holder to which the Redemption Notice, Exchange Notice or Acquisition Exchange Notice (as the case may be) relates on the date the Redemption Notice, Exchange Notice or Acquisition Exchange Notice (as the case may be) is given and will be deemed to have sold those CPS to Suncorp free of all Encumbrances on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be);
 - (iii) no Dividend is payable on CPS on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be), but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS that is bought back will

include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 2 for the Dividend Period ending on (but not including) the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be);

- (iv) the buy-back agreement will be taken to include Suncorp's undertaking in clause 2.8; and
 - (v) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and
- (b) if the Redemption involves either or both a reduction of capital with respect to CPS and a cancellation of CPS and under applicable law Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each Holder agrees to vote in favour of that or those resolutions.

8 Resale mechanics

8.1 Resale mechanics to apply to Resale

If Suncorp elects to Resell CPS or must Resell CPS in accordance with these Terms, the provisions of this clause 8 apply to that Resale.

8.2 Appointment of Nominated Purchaser

Suncorp must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between Suncorp and the Nominated Purchaser.

The obligation of a Nominated Purchaser to pay the aggregate purchase price on the Relevant Date or the Exchange Date (as the case may be) may be subject to conditions.

Suncorp will reasonably endeavour, in light of the circumstances then existing, to minimise the conditionality of a Nominated Purchaser's obligation to pay the aggregate purchase price but gives no assurance as to the details of any such conditions.

8.3 Identity on Nominated Purchaser

Suncorp may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as Suncorp reasonably determines for the benefit of each Holder to acquire each CPS from the Holder for the Issue Price on the Relevant Date or the Exchange Date (as the case may be);
- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than the rating assigned to CPS at that time by that rating agency; and
- (c) is not a Controlled Entity of Suncorp (unless otherwise approved by APRA).

8.4 Irrevocable offer to sell CPS

Each Holder is taken irrevocably to offer to sell CPS the subject of that Resale to the Nominated Purchaser on the Relevant Date or the Exchange Date (as the case may be) for a cash amount equal to the Issue Price.

8.5 Effect of Resale

On the Relevant Date or the Exchange Date (as the case may be), subject to payment by the Nominated Purchaser of the Issue Price to the Holders, all right, title and interest in such CPS will be transferred to the Nominated Purchaser on the Relevant Date or the Exchange Date (as the case may be).

8.6 Effect of failure by the Nominated Purchaser to pay

If the Nominated Purchaser does not pay the Issue Price to the Holders on the Relevant Date or the Exchange Date (as the case may be) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Resale Notice or the Exchange Notice (as the case may be) will be void;
- (b) CPS will not be transferred to the Nominated Purchaser;
- (c) in the case of a Resale Notice, CPS will not Convert into [SGL Ordinary Shares](#) on that Relevant Date and the Mandatory Conversion Date:
 - (i) will be deemed not to have occurred on that Relevant Date; and
 - (ii) will occur on the next Relevant Date on which it is otherwise determined to occur in accordance with clause 3.2;
- (d) the Holder will continue to hold CPS until otherwise Redeemed, Converted or Resold in accordance with these Terms; and
- (e) Suncorp may, subject to APRA's prior written approval and without prejudice to any other rights of Suncorp under these terms to elect an Exchange, elect to Exchange all (but not some) CPS on a date no later than 45 Business Days after the Relevant Date or the Exchange Date (as the case may be) (the **Deferred Exchange Date**) by giving another Exchange Notice in accordance with clause 4.1 at least 25 Business Days prior to the Deferred Exchange Date. In these circumstances, the date on which the Exchange is to occur for the purposes of clause 4.2(b) will be the Deferred Exchange Date.

9 CPS general rights**9.1 Ranking**

- (a) CPS rank equally among themselves and with the RPS in all respects.
- (b) In a winding up, CPS rank:
 - (i) in priority to Ordinary Shares; and
 - (ii) subordinate to ~~the NPS and to~~ any depositors and creditors of Suncorp.
- (c) Suncorp reserves the right to issue further CPS, preference shares or other instruments, or permit the conversion of shares to preference shares or other

instruments, which rank equally with or behind existing CPS, whether in respect of dividends, return of capital on a winding-up or otherwise. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing CPS and such shares or instruments will rank as against CPS in the manner specified in their terms.

- (d) CPS do not represent a deposit liability of Suncorp.
- (e) CPS are unsecured.

9.2 Preferential dividend

CPS rank in priority to Ordinary Shares for the payment of dividends.

9.3 Calculations of payments

Unless otherwise specified in these Terms, all calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Holder's aggregate holding of CPS, any fraction of a cent will be disregarded.

9.4 No set-off or offsetting rights

A Holder:

- (a) may not exercise any right of set-off against Suncorp in respect of any claim by Suncorp against that Holder; and
- (b) will have no offsetting rights or claims on Suncorp if Suncorp does not pay a Dividend when scheduled under CPS.

9.5 Return of capital

If there is a return of capital on a winding-up of Suncorp, Holders will be entitled to receive out of the assets of Suncorp available for distribution to Holders after payment of all depositors and creditors, in respect of each CPS held, an amount of cash (**Liquidation Sum**) equal to the sum of:

- (a) the amount of any Dividend (including any Optional Dividend) determined to be paid but unpaid; and
- (b) the Issue Price,

before any return of capital is made to Ordinary Shareholders or any other class of shares ranking behind CPS.

9.6 Shortfall on winding-up

If, upon a return of capital on a winding-up of Suncorp, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other instruments in Suncorp ranking equally with CPS on a winding-up of Suncorp, Holders and the holders of any such other instruments will share in any distribution of assets of Suncorp in proportion to the amounts to which they are entitled respectively.

9.7 No participation in surplus assets

CPS do not confer on their Holders any further right to participate in the surplus assets of Suncorp on a winding-up beyond payment of the Liquidation Sum.

9.8 Power of attorney

- (a) Each Holder appoints each of Suncorp, ~~its SGL, their respective~~ officers and any liquidator or administrator of Suncorp ~~or SGL~~ (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, accepting any buy-back offer, effecting any transfers of CPS, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale ~~or in respect of a NOHC Event~~.
- (b) The power of attorney given in this clause 9.8 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

9.9 Holder Acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of a CPS in accordance with clause 6, consents to becoming a member of ~~Suncorp SGL~~ and agrees to be bound by ~~its constitution~~ the Constitution (or, where a NOHC Substitution Notice has been given, consents to becoming a member of that NOHC and agrees to be bound by its constitution);
- (b) ~~[deleted]acknowledges and agrees that a NOHC may be substituted for Suncorp as issuer of ordinary shares on Conversion and that if such a substitution is effected, the Holder is obliged to accept ordinary shares in that NOHC on a Conversion, and will not receive Ordinary Shares;~~
- (c) ~~[deleted]acknowledges and agrees that any amendment made in accordance with clause 16.1(a)(iv) to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion will not constitute a variation of any class rights attaching to CPS;~~
- (d) acknowledges and agrees that it is obliged to accept ~~SGL~~ ~~Ordinary~~ ~~s~~Shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS including:
 - (i) any change in the financial position of Suncorp or ~~SGL~~ ~~any NOHC~~ since the Issue Date;
 - (ii) any disruption to the market or potential market for the ~~SGL~~ ~~Ordinary~~ ~~s~~Shares] or to capital markets generally; or
 - (iii) any breach by Suncorp or ~~any NOHC~~ ~~SGL~~ of any obligation in connection with CPS;
- (e) acknowledges and agrees that the only conditions to Conversion are the Mandatory Conversion Conditions or the Optional Conversion Conditions (as the case may be) and that no other conditions or events will affect Conversion except as expressly provided by these Terms;
- (f) agrees to provide to Suncorp ~~and SGL~~ any information necessary to give effect to a Conversion and, if applicable, to surrender any CPS certificate on the occurrence of the Conversion; and

- (g) acknowledges and agrees that a Holder has no right to request an Exchange.

9.10 On-market buy-backs

Subject to APRA's prior written approval, Suncorp or SGL may buy-back CPS at any time and at any price by an on-market buy-back.

9.11 No other rights

- (a) CPS do not confer on Holders any right to participate in profits or property of Suncorp or SGL except as set out in these Terms.
- (b) CPS do not confer on Holders any right to subscribe for new securities in Suncorp or SGL or to participate in any bonus issues of shares in Suncorp's or SGL's capital.

10 Voting and other rights

10.1 Voting rights

Holders will not be entitled to vote or speak at any general meeting of Suncorp or SGL except, in the case of Suncorp, in the following circumstances:

- (a) on a proposal:
- (i) to reduce the share capital of Suncorp (other than a reduction of capital in accordance with these Terms);
 - (ii) that affects rights attached to CPS;
 - (iii) to wind up Suncorp; or
 - (iv) for the disposal of the whole of the property, business and undertaking of Suncorp;
- (b) on a resolution to approve the terms of a buy-back agreement (other than a buy-back in accordance with these Terms);
- (c) in a period during which a Dividend in respect of CPS remains unpaid; or
- (d) during the winding up of Suncorp.

Each Holder who has a right to vote on a resolution is entitled to the number of votes specified in article 13.1 of the Constitution (or any provision or provisions that revise or replace that article).

10.2 Not a "voting share"

Each Holder acknowledges and agrees that a CPS will not constitute a "voting share" for the purposes of the Corporations Act.

10.3 No right to apply for the winding-up of Suncorp

Each Holder acknowledges and agrees that a Holder has no right to apply for Suncorp to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of Suncorp merely on the grounds that Suncorp does not pay a Dividend when scheduled in respect of CPS.

10.4 No event of default

Each Holder acknowledges and agrees that these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on the scheduled Dividend Payment Date will not constitute an event of default.

11 Takeovers and schemes of arrangement

If:

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

in each case which would result in an Acquisition Event then, if the Directors consider that APRA will not approve Exchange of CPS in accordance with clause 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 or a similar transaction.

12 NOHC Events

~~[deleted]~~

~~12.1 Suncorp may give NOHC Substitution Notice~~

~~If:~~

- ~~(a) a NOHC Event occurs;~~
- ~~(b) NOHC Ordinary Shares are listed on ASX; and~~
- ~~(c) the NOHC agrees for the benefit of Holders:~~
 - ~~(i) to deliver NOHC Ordinary Shares under all circumstances when Suncorp would have otherwise been obliged to deliver Ordinary Shares on a Mandatory Conversion Date or an Exchange Date (as the case may be), subject to the same terms and conditions as set out in these Terms as amended by this clause 12;~~
 - ~~(ii) to comply with the restrictions in clause 2.8 (with all necessary modifications) of these Terms; and~~
 - ~~(iii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all NOHC Ordinary Shares issued under these Terms (with all necessary modifications) on the securities exchanges on which the other NOHC Ordinary Shares are quoted at the time of a Conversion,~~

~~Suncorp must use all reasonable endeavours to give a notice (a NOHC Substitution Notice) to Holders as soon as practicable before the NOHC Event and in any event no later than 10 Business Days before the NOHC Event occurs~~

~~specifying the amendments to these Terms which will be made in accordance with clause 16.1(a)(iv) to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion (the **NOHC Substitution Terms**).~~

~~A NOHC Substitution Notice, once given, is irrevocable.~~

12.2 — Required NOHC Substitution Terms

~~Without limiting Suncorp's rights under clause 16.1(a)(iv), Suncorp must use all reasonable endeavours to include in a NOHC Substitution Notice amendments to these Terms and to furnish all such documents, information and undertakings as may be reasonably necessary to give effect to the agreements of the NOHC made in accordance with clause 12.1(e) (the **Required NOHC Substitution Terms**).~~

12.3 — Consequences of NOHC Substitution Notices

~~If Suncorp gives a NOHC Substitution Notice to Holders in accordance with clause 12.1, the NOHC Substitution Terms will have effect on and from the date specified in the NOHC Substitution Notice.~~

13 Notices

13.1 Notices to Holders

Except where otherwise provided in these Terms, a notice may be given by Suncorp to a Holder in any manner prescribed by the Constitution for giving notices to members of Suncorp and the relevant provisions apply with all necessary modifications to notices to Holders.

13.2 Delivery of certain notices

A Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Acquisition Exchange Notice, an Exchange Notice, a Redemption Notice, a Resale Notice, an Acquisition Event Notice, an Acquisition Exchange Notice, an Adjustment Notice and a Suncorp Details Notice may each be given to Holders by Suncorp publishing the notice on its website and announcing the publication of the notice to ASX.

13.3 Non-receipt of notices by Holders

The non-receipt of a notice by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

13.4 Notices to Suncorp

All notices or other communications to Suncorp or SGL in respect of the Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention:	Company Secretary Suncorp-Metway Limited/ <u>SGL</u>
Address:	Level 18 Suncorp Centre 36 Wickham Terrace Brisbane 4000

Fax No: Australia
+61 7 3836 1190,

or to such other address or fax number as Suncorp notifies to Holders as its address or fax number (as the case may be) for notices or other communications in respect of these Terms from time to time (a **Suncorp Details Notice**);

- (c) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of Suncorp in accordance with clause 13.4(b).

A notice to Suncorp or SGL will be taken to be received:

- (i) if sent by fax, when actually received in its entirety in legible form, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day; and
- (ii) in any other case, on delivery at the address of Suncorp and SGL as provided in clause 13.4, unless that delivery is not made on a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day.

13.5 Notices and reports

Each Holder is entitled to receive:

- (a) ~~notice of any general meeting of Suncorp SGL and a copy of every circular and like document sent out by Suncorp SGL to Ordinary Shareholders and to attend general meetings of Suncorp SGL; and~~
- ~~(a)(b) notice of any general meeting of Suncorp and a copy of every circular and like document sent out by Suncorp to Ordinary Shareholders and to attend general meetings of Suncorp, in each case to the extent such general meetings, circulars or documents relate to a matter on which the Holder is entitled to vote or speak at a general meeting of Suncorp.~~

14 Payments

The Constitution contains provisions relating to payments in respect of shares and the relevant provisions apply with all necessary modifications to payments in respect of CPS.

15 Quotation on ASX

Suncorp must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of CPS on ASX.

16 Amendment of these Terms

16.1 Amendment without consent

Subject to complying with all applicable laws and with APRA's prior written approval, Suncorp may amend these Terms:

- (a) if Suncorp is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling CPS to be listed or to remain listed on a securities exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place and it is otherwise not considered by Suncorp to be materially prejudicial to the interests of the Holders as a whole;
 - (iv) ~~[deleted] necessary and appropriate to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion in the manner contemplated by these Terms, including without limitation amendments and additions to:~~
 - (A) ~~the definition of "Conversion" and the mechanics to effect that Conversion in clause 6;~~
 - (B) ~~the definition of "Conversion Number" in clause 6, the inputs into that Conversion Number and the mechanics for adjusting that Conversion Number; and~~
 - (C) ~~the definition of "Suncorp Group", "Acquisition Event", "Regulatory Event" and "Tax Event",~~

~~which are otherwise not considered by Suncorp to be materially prejudicial to the interests of the Holders as a whole. For the avoidance of doubt, the fact NOHC Ordinary Shares will be delivered to Holders in circumstances where Suncorp would have otherwise been obliged to deliver Ordinary Shares under these Terms will not be considered to be materially prejudicial to the interests of Holders;~~
 - (v) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
- (b) according to Suncorp's adjustment rights in clause 6; or
- (c) generally, in any case where such amendment is considered by Suncorp not to be materially prejudicial to the interests of Holders as a whole.

16.2 Amendment with consent

Without limiting clause 16.1, Suncorp may, with APRA's prior written approval, amend these Terms if the amendment has been approved by a Special Resolution.

16.3 Meanings

In this clause **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

17 Governing law

The CPS and these Terms are governed by and shall be construed in accordance with the laws of the State of Queensland, Australia.

18 Interpretation and definitions

18.1 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (b) Unless otherwise specified, the Directors may exercise all powers of Suncorp under these Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by Suncorp in general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Subject to clause 18.1(a), definitions and interpretation under the Constitution will also apply to these Terms unless the contrary intention is expressed.
- (f) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Suncorp only if Suncorp is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of a [“non-operating holding company” within the meaning of the Banking Act 1959 \(Cth\)](#)NOHC, subject to regulation and supervision by APRA at the relevant time.
- (g) Any provisions which require APRA’s consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- (h) Any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by Suncorp do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.
- (i) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these Terms have the meaning given in the Corporations Act.
- (j) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (k) The singular includes the plural and vice versa.
- (l) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

CPS Terms (continued)

- (m) 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.
- (n) A reference to dollars, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (o) Calculations, elections and determinations made by Suncorp under these Terms are binding on Holders in the absence of manifest error.

18.2 Definitions

Acquisition Event means:

- (a) a takeover bid is made to acquire all or some SGL Ordinary Shares and the offer is, or becomes, unconditional and as a result of the bid the bidder has a relevant interest in more than 50% of the SGL Ordinary Shares on issue; or
- (b) a court approves a scheme of arrangement which, when implemented, will result in a person other than ~~Suncorp~~SGL having a relevant interest in more than 50% of the SGL Ordinary Shares;

~~in each case other than where:~~

- ~~(i) such event is a NOHC Event;~~
- ~~(ii) the requirements of clause 12.1(e) have been satisfied; and~~
- ~~(iii) a NOHC Substitution Notice was given by Suncorp in respect of that NOHC Event which included the Required NOHC Substitution Terms.~~

Acquisition Event Notice has the meaning given in clause 5.1.

Acquisition Exchange Date has the meaning given in clause 5.3.

Acquisition Exchange Notice has the meaning given in clause 5.2.

Adjustment Notice has the meaning given in clause 6.11.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Suncorp, the Suncorp Banking Group or SGL~~any NOHC~~.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of Suncorp, SGL or generally) from time to time.

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

Attorney has the meaning given in clause 9.8.

Bank Bill Rate has the meaning given in clause 2.1.

Bookbuild means the process conducted by Suncorp or its agents before the opening of the Offer whereby certain institutional investors and brokers lodge bids for CPS and, on the basis of those bids, Suncorp determines the Margin and announces its determination prior to the opening of the Offer.

Business Day means a business day as defined in the ASX Listing Rules.

Constitution means the constitution of Suncorp as amended from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of Suncorp, an entity Suncorp Controls.

Conversion means, ~~subject to amendment in accordance with clause 16.1(a)(iv)~~, the taking effect of the [actions and](#) rights specified in clause 6 and **Convert** and **Converted** have corresponding meanings.

Conversion Number has the meaning given in clause 6.1.

Corporations Act means the Corporations Act 2001 (Cth).

CPS has the meaning given in clause 1(a).

Cum Value has the meaning given in clause 6.2.

Deferred Acquisition Exchange Notice has the meaning given in clause 5.5.

Deferred Conversion Date has the meaning given in clause 4.5.

Deferred Conversion Notice has the meaning given in clause 4.5.

Deferred Exchange Date has the meaning given in clause 8.6.

Deferred Redemption Date has the meaning given in clause 3.5.

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

- (a) [SGL](#) Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, [SGL](#) Ordinary Shares continue not to be listed or admitted to trading on that date); or
- (b) trading of [SGL](#) 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.

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

Distributable Profits means the lesser of Level 2 Distributable Profits and Level 1 Distributable Profits.

Dividend has the meaning given in clause 2.1.

Dividend Payment Date has the meaning given in clause 2.5 whether or not a Dividend is, or is able to be, paid on that date.

Dividend Period means in respect of:

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

Dividend Rate has the meaning given in clause 2.1.

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 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 Conversion in accordance with and subject to clause 6, Redemption in accordance with and subject to clause 7 or Resale in accordance with and subject to clause 8, and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clause 4.2(b) ([and, where relevant, clause 6.1\(g\)](#)).

Exchange Method has the meaning given in clause 4.3.

Exchange Notice has the meaning given in clause 4.1.

First Mandatory Conversion Condition has the meaning given in clause 3.3.

First Optional Conversion Condition has the meaning given in clause 4.4.

First Test Date has the meaning given in clause 3.3.

Fitch means Fitch Australia Pty Ltd (ACN 081 339 184) or any successor.

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

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

Holder means a person whose name is registered in the Register as the holder of a CPS.

Initial Mandatory Conversion Date has the meaning given in clause 3.2.

Issue Date means the date on which CPS are issued under the Offer.

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 first date on which any CPS were issued, as adjusted in accordance with clauses 6.5 to 6.10.

Issue Price has the meaning given in clause 1(b).

Level 1 and Level 2 means those terms as defined by APRA from time to time.

Level 1 Distributable Profits means:

- (a) the net profits after tax of Suncorp (on a Level 1 basis) (determined before any interest, dividends or other distributions paid or payable by Suncorp on its Upper Tier 2 Capital and Tier 1 Capital (on a Level 1 basis)) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Suncorp (or any other amount as determined by APRA in its discretion to be applicable for the purpose of Suncorp's Upper Tier 2 Capital and Tier 1 Capital instruments (on a Level 1 basis)); less
- (b) the aggregate amount of any interest, dividends or other distributions paid or payable by Suncorp on its Upper Tier 2 Capital and Tier 1 Capital (on a Level 1 basis) (but not including any interest, dividends or other distributions paid or payable between entities comprising Suncorp on a Level 1 basis) in the 12 month period up to and including the Dividend Payment Date (but excluding any Dividend payable on CPS on that Dividend Payment Date).

Level 2 Distributable Profits means:

- (a) the consolidated net profits after tax of the Suncorp Banking Group (determined before any interest, dividends or other distributions paid or payable by a member of the Suncorp Banking Group on its Upper Tier 2 Capital and Tier 1 Capital) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Suncorp (or any other amount as determined by APRA in its discretion to be applicable for the purpose of the Suncorp Banking Group's Upper Tier 2 Capital and Tier 1 Capital instruments); less
- (b) the aggregate amount of any interest, dividends or other distributions paid or payable by a member of the Suncorp Banking Group on its Upper Tier 2 Capital and Tier 1 Capital (but not including any interest, dividends or other distributions paid or payable to a member of the Suncorp Banking Group by another member of the Suncorp Banking Group) in the 12 month period up to and including the Dividend Payment Date (but excluding any Dividend payable on CPS on that Dividend Payment Date).

Liquidation Sum has the meaning given in clause 9.5.

Mandatory Conversion means the mandatory conversion under clause 3 of CPS to [SGL](#) Ordinary Shares on the Mandatory Conversion Date.

Mandatory Conversion Conditions has the meaning given in clause 3.3.

Mandatory Conversion Date has the meaning given in clause 3.2 ([and, where relevant, clause 6.1\(g\)](#)).

CPS Terms (continued)

Margin has the meaning given in clause 2.1.

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

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{Issue Date VWAP} \times 0.5}$$

Moody's means Moody's Investors Service Pty Limited (ACN 003 399 657) or any successor.

~~**NOHC** means the ultimate holding company of Suncorp after a NOHC Event which must be a "non operating holding company" within the meaning of the *Banking Act 1959* (Cwlth).~~

~~**NOHC Event** means an event which:~~

- ~~(a) — is initiated by the Directors, acting as a board;~~
- ~~(a) — is determined by the Directors to be fairly characterised as a restructure of the Suncorp Group; and~~
- ~~(b) — would otherwise be an Acquisition Event;~~

~~but the result of which would be that the person who would be the ultimate holding company of Suncorp would be a NOHC.~~

~~**NOHC Ordinary Share** means a fully paid ordinary share in the capital of the NOHC.~~

~~**NOHC Substitution Notice** has the meaning given in clause 12.1.~~

~~**NOHC Substitution Terms** has the meaning given in clause 12.1.~~

Nominated Purchaser means, subject to clause 8.3, with respect to a Resale, one or more third parties selected by Suncorp in its absolute discretion.

Non-Conversion Notice has the meaning given in clause 3.4.

Non-Innovative Residual Tier 1 Capital has the meaning given by APRA from time to time.

~~**NPS** means the Non-Participating Shares issued by Suncorp according to the terms of issue set out in article 2.3 of the Constitution.~~

Offer means the invitation made under the Prospectus issued by Suncorp for persons to subscribe for CPS.

Optional Conversion Conditions has the meaning given in clause 4.4.

Optional Conversion Test Date has the meaning given in clause 4.4.

Optional Dividend has the meaning given in clause 2.8.

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

Ordinary Shareholder means a person whose name is registered as the holder of an Ordinary Share.

Prospectus means the prospectus for the Offer including these Terms.

Prudential Capital Ratio means that ratio as defined by APRA from time to time.

Record Date means for payment of:

- (a) a Dividend:
 - (i) the date which is seven Business Days before the Dividend Payment Date for that Dividend; or
 - (ii) such other date as is determined by the Directors in their absolute discretion and communicated to ASX not less than seven Business Days before the specified Record Date; and
- (b) an Optional Dividend, the date prior to the payment of the Optional Dividend that is determined by the Directors,

or in either case such other date as may be required by ASX.

Redeem means redeem, buy-back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with CPS in accordance with clause 7, and **Redeemed**, **Redeemable** and **Redemption** have the corresponding meanings.

Redemption Date has the meaning given in clause 3.6 [\(and, where relevant, clause 6.1\(g\)\)](#).

Redemption Notice has the meaning given in clause 3.5(a).

Redemption Price has the meaning given in clause 7.2.

Register means the register of CPS maintained by Suncorp or its agent and includes any subregister established and maintained under the Clearing House Electronic Subregister System operated by ASX Settlement ~~and Transfer Corporation~~ Pty Limited (ABN 49 008 504 532).

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 prospective change) in, any law or regulation affecting securities laws of Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on Suncorp [or SGL](#) in relation to or in connection with CPS which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine at their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that Suncorp is not or will not be entitled to treat all CPS as Non-Innovative

CPS Terms (continued)

Residual Tier 1 Capital, except where the reason Suncorp is not entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital is because:

- (i) Suncorp has exceeded a limit on Non-Innovative Residual Tier 1 Capital which was in effect on the date of the Prospectus; or
- (ii) Suncorp has taken an action or actions in respect of CPS which directly has the effect that they are not treated as Non-Innovative Residual Tier 1 Capital.

Relevant Date has the meaning in clause 3.2.

~~**Required NOHC Substitution Terms** has the meaning given in clause 12.2.~~

Resale means, in relation to a CPS, the sale of CPS in accordance with clause 8 and **Resell** and **Resold** have corresponding.

Resale Notice has the meaning in clause 3.7(a).

RPS means the reset preference shares issued by Suncorp according to the terms of issue set out in the information memorandum dated 16 August 2001 and in the placement offer [dated](#) letter 3 September 2001.

Second Mandatory Conversion Condition has the meaning given in clause 3.3.

Second Optional Conversion Condition has the meaning given in clause 4.4.

Second Test Period has the meaning given in clause 3.3.

[SGL means Suncorp Group Limited \(ABN 66 145 290 124\).](#)

[SGL Directors means some or all of the directors of SGL acting as a board.](#)

[SGL Group means SGL and each entity it Controls.](#)

[SGL Ordinary Share means a fully paid ordinary share in the capital of SGL.](#)

[SGL Ordinary Shareholder means a person whose name is registered as the holder of a SGL Ordinary Share.](#)

Special Dividend means a dividend in respect of [SGL](#) Ordinary Shares which, in the absolute discretion of the [SGL](#) Directors, is identified to be a special dividend.

Special Resolution means a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.

Standard & Poor's means Standard & Poor's (Australia) Pty Limited (ACN 007 324 852) or any successor.

Subsequent Mandatory Conversion Date has the meaning given in clause 3.2.

Suncorp means Suncorp-Metway Limited (ABN 66 010 831 722).

Suncorp Details Notice has the meaning given in clause 13.4(b).

~~[Suncorp Group means Suncorp and each entity it Controls.](#)~~

Suncorp Banking Group means Suncorp and its controlled entities undertaking banking business (on a Level 2 basis).

Tax Act means:

- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); and
- (b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

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 announced prospective change), 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) (**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 such pronouncement or decision is announced, on or after 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) Suncorp or the SGL Group would be exposed to more than a *de minimis* increase in its costs in relation to CPS; or
- (ii) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act or Australian tax resident Holders generally would not be entitled to franking credits in respect of the Dividends.

Tax Rate has the meaning given in clause 2.1.

Terms means these terms of issue of CPS.

Third Mandatory Conversion Condition has the meaning given in clause 3.3.

Tier 1 Capital means the tier 1 capital of Suncorp (on a Level 1 basis) or the Suncorp Banking Group as defined by APRA from time to time.

Tier 1 Capital Ratio means that ratio as defined by APRA from time to time.

CPS Terms (continued)

Upper Tier 2 Capital means the upper tier 2 capital of Suncorp (on a Level 1 basis) or the Suncorp Banking Group as defined by APRA from time to time.

VWAP means, subject to any adjustments under clause 6, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of [SGL](#) Ordinary Shares sold on ASX during the relevant period or on the relevant 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 Market](#) Rules, or any overseas trades or trades pursuant to the exercise of options over [SGL](#) Ordinary Shares.

VWAP Period means the period of 20 Business Days on which trading in [SGL](#) Ordinary Shares took place immediately preceding the relevant Exchange Date.



www.suncorpgroup.com.au



Suncorp CPS - NOHC Amendments Deed Poll

Dated 12 NOVEMBER 2010

Suncorp Group Limited (ABN 66 145 290 124) ("**SGL**")

Contents

1	Rights of CPS Holders	3
1.1	Benefit and entitlement	3
1.2	Rights independent	3
2	Undertaking by SGL	3
2.1	Undertaking by SGL	3
2.2	No further obligations	3
3	Termination	3
3.1	Grounds for Termination	3
3.2	Effect of Termination	3
4	Amendment	3
4.1	Amendment without consent	3
4.2	Amendment with consent	4
4.3	Meetings	4
4.4	Meanings	4
5	Notices	4
5.1	Notices to CPS Holders	4
5.2	Non-receipt of notices by CPS Holders	4
5.3	Notices to SGL	4
6	Governing law and submission to jurisdiction	5
7	Definitions and interpretation	5
7.1	Definitions	5
7.2	Interpretation	6

Suncorp CPS - NOHC Amendments Deed Poll

Details

Interpretation – definitions are at the end of the General terms

Parties	SGL	
SGL	Name	Suncorp Group Limited
	ABN	66 145 290 124.
	Address	Level 18 Suncorp Centre 36 Wickham Terrace Brisbane QLD 4000 Australia
	Fax	+61 7 3836 1190
	Attention	Company Secretary
In favour of	Each person who is from time to time a CPS Holder.	
Recitals	A	Suncorp issued CPS on the Issue Date.
	B	The CPS were issued on the basis that if a NOHC Event occurs, SGL Ordinary Shares are listed on ASX and NOHC makes certain agreements as set out in clause 12.1(c) of the Original CPS Terms, Suncorp must use all reasonable endeavours to give a notice specifying amendments to the Original CPS Terms to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion.
	C	Suncorp's board of directors has initiated a restructure of the Suncorp Group which is intended to result in a NOHC Event.
	D	As part of the NOHC Event, it is contemplated that on the NOHC Scheme Implementation Date SGL will become the ultimate holding company of Suncorp and that on or about that date SGL Ordinary Shares will be listed on ASX.
	E	Suncorp will give to CPS Holders a NOHC Substitution Notice in accordance with the Original CPS Terms to effect amendments to the Original CPS Terms and to substitute SGL as the issuer of ordinary shares on Conversion. The Original CPS Terms are to be amended with effect from the Effective Date.
	F	SGL will have certain obligations under the Amended CPS Terms.

- G** In order to be bound by the Amended CPS Terms, SGL will therefore execute this deed poll for the benefit of CPS Holders.
- H** SGL does not guarantee the performance of SML's obligations in respect of the CPS nor does it provide any credit support for SML under this deed (including by way of guarantee) or the Amended CPS Terms.

Governing law Queensland

Date of deed See Signing page

Suncorp CPS - NOHC Amendments Deed Poll

General terms

1 Rights of CPS Holders

1.1 Benefit and entitlement

This deed is executed as a deed poll. Accordingly, subject to clause 1.2, each CPS Holder has the benefit of, and is entitled to enforce, this deed (subject to its terms) even though it is not a party to, or is not in existence at the time of execution and delivery of, this deed.

1.2 Rights independent

Each CPS Holder may enforce its rights under this deed independently from each other CPS Holder.

2 Undertaking by SGL

2.1 Undertaking by SGL

SGL undertakes with the CPS Holders that on and from the Effective Date it will perform and observe each of the obligations which the Amended CPS Terms contemplate that it is required to perform or observe.

2.2 No further obligations

Nothing in this deed:

- (a) obliges SGL to do, or refrain from doing, anything which it is not required to do, or refrain from doing, in accordance with the Amended CPS Terms; or
 - (b) renders SGL liable to a CPS Holder, or entitles a CPS Holder to bring any claim, or seek any remedy, against SGL in connection with the CPS or this deed, to the extent such liability, claim or remedy is inconsistent with the Amended CPS Terms.
-

3 Termination

3.1 Grounds for Termination

This deed will terminate:

- (a) if the Effective Date has not occurred by the Termination Date; and
- (b) if all CPS have been Redeemed or Converted.

3.2 Effect of Termination

Upon termination of this deed no rights or liabilities will exist in respect of this deed.

4 Amendment

4.1 Amendment without consent

Subject to complying with all applicable laws and with APRA's prior written approval, SGL may amend this deed:

- (a) if SGL is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling CPS to be listed or to remain listed on a securities exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place and it is otherwise not considered by SGL to be materially prejudicial to the interests of the CPS Holders as a whole;
 - (iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
- (b) generally, in any case where such amendment is considered by SGL not to be materially prejudicial to the interests of CPS Holders as a whole.

4.2 Amendment with consent

Without limiting clause 4.1, SGL may, with APRA's prior written approval, amend this deed if the amendment has been approved by a Special Resolution.

4.3 Meetings

For the purposes of considering and, if thought fit, passing a Special Resolution, a meeting of CPS Holders may be held and a resolution passed in the same manner and on the same basis as a meeting of CPS Holders in respect of CPS in accordance with the Amended CPS Terms.

4.4 Meanings

In this clause 4.4 "amend" includes modify, cancel, alter or add to and "amendment" has a corresponding meaning.

5 Notices

5.1 Notices to CPS Holders

A notice in connection with this deed may be given by SGL to a CPS Holder in any manner prescribed by the Constitution for giving notices to members of Suncorp and the relevant provisions apply with all necessary modifications to notices by SGL to CPS Holders.

5.2 Non-receipt of notices by CPS Holders

The non-receipt of a notice by a CPS Holder or an accidental omission to give notice to a CPS Holder will not invalidate the giving of that notice either in respect of that CPS Holder or generally.

5.3 Notices to SGL

All notices or other communications to SGL in respect of this deed must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention: Company Secretary
Suncorp Group Limited
Address: Level 18
Suncorp Centre
36 Wickham Terrace
Brisbane 4000
Australia
Fax No: +61 7 3836 1190,

or to such other address or fax number as SGL notifies to CPS Holders as its address or fax number (as the case may be) for notices or other communications in respect of this deed from time to time;

- (c) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of SGL in accordance with clause 5.3(b).

A notice to SGL will be taken to be received:

- (i) if sent by fax, when actually received in its entirety in legible form, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day; and
- (ii) in any other case, on delivery at the address of SGL as provided in clause 5.3, unless that delivery is not made on a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day.

6 Governing law and submission to jurisdiction

This deed is governed by the law in force in Queensland, Australia and SGL submits to the non-exclusive jurisdiction of the courts in that place.

7 Definitions and interpretation

7.1 Definitions

Capitalised terms and expressions defined in the Amended CPS Terms and not defined in this clause 7.1 (“Definitions”) have the same meanings when used elsewhere in this deed. In addition, in this deed, unless the contrary intention appears:

Amended CPS Terms means the terms of the CPS (as they are to be amended pursuant to the NOHC Substitution Notice with effect from the Effective Date) substantially as set out in schedule 1 of this deed.

CPS has the meaning given to that term in the Amended CPS Terms.

CPS Holder has the meaning given to the term “Holder” in the Amended CPS Terms.

Details means the section of this deed headed “Details”.

Effective Date means the first date on which both of the following have occurred:

- (a) the NOHC Scheme Implementation Date; and
- (b) the date on which SGL Ordinary Shares are listed on ASX.

Issue Date has the meaning given to that term in the Original CPS Terms.

NOHC has the meaning given to that term in the Original CPS Terms.

NOHC Event has the meaning given to that term in the Original CPS Terms.

NOHC Scheme Implementation Date means the date on which the scheme for the restructure of the Suncorp Group described in the booklet dated on or about 28 October 2010 is approved by the court and is effective.

NOHC Substitution Notice has the meaning given to that term in the Original CPS Terms. The form of NOHC Substitution Notice will be substantially as set out in schedule 2 to this deed.

Original CPS Terms means the original terms of the CPS as set out in Appendix A to the Suncorp CPS Prospectus dated 14 May 2008.

SGL has the meaning given to that term in the Details.

SGL Ordinary Share has the meaning given to that term in the Amended CPS Terms.

Suncorp means Suncorp-Metway Limited (ABN 66 010 831 722).

Suncorp Group has the meaning given to that term in the Original CPS Terms.

Termination Date means 31 March 2011.

7.2 Interpretation

- (a) Unless otherwise specified, a reference to a clause or paragraph is a reference to a clause or paragraph of this deed.
- (b) Headings and boldings are for convenience only and do not affect the interpretation of this deed.
- (c) The singular includes the plural and vice versa.
- (d) A reference to a party to an agreement or deed includes a reference to a replacement or substitute of the party according to that agreement or deed.
- (e) Unless otherwise specified, a reference to an agreement or deed includes a reference to that agreement or deed as amended, added to or restated from time to time.
- (f) Unless otherwise specified, a reference to the Amended CPS Terms includes a reference to the Amended CPS Terms as amended, added to or restated from time to time.

EXECUTED as a deed poll

Suncorp CPS - NOHC Amendments Deed Poll

Schedule 1 - Amended CPS Terms

CPS Terms

1 CPS

- (a) CPS are fully paid mandatorily convertible preference shares in the capital of Suncorp (CPS). They are issued, and may be Redeemed, Converted, or Resold, according to these Terms.
- (b) The issue price of each CPS (**Issue Price**) is \$100.

2 Dividends

2.1 Dividends

Subject to these Terms, each CPS entitles the Holder on a Record Date to receive on the relevant Dividend Payment Date a dividend (**Dividend**) calculated according to the following formula:

$$\text{Dividend} = \frac{\text{Issue Price} \times \text{Dividend Rate} \times N}{365}$$

where:

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

$$\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for a Dividend Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) on that date, the rate specified in good faith by Suncorp at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or
- (b) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

Margin (expressed as a percentage per annum) means the margin determined under the Bookbuild; and

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of SGL at the relevant Dividend Payment Date; and

N means in respect of:

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

2.2 Franking adjustments

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be calculated according to the following formula:

$$\text{Dividend} = \frac{\mathbf{D}}{1 - [\text{Tax Rate} \times (1 - \mathbf{F})]}$$

where:

D means the Dividend calculated under clause 2.1;

Tax Rate has the meaning given in clause 2.1; and

F means the applicable Franking Rate.

2.3 Payment of a Dividend

Each Dividend (including an Optional Dividend) is subject to:

- (a) the Directors, at their absolute discretion, determining the Dividend to be payable;
- (b) payment of the Dividend being in compliance with all applicable laws;
- (c) unless APRA otherwise agrees, payment of the Dividend not resulting in the Prudential Capital Ratio or the Tier 1 Capital Ratio of Suncorp (on a Level 1 basis) or of the Suncorp Banking Group not complying with APRA's then current capital adequacy guidelines as they are applied to Suncorp or the Suncorp Banking Group (as the case may be) at the time;
- (d) unless APRA otherwise agrees, the amount of the Dividend not exceeding Distributable Profits;
- (e) payment of the Dividend not resulting in Suncorp becoming, or being likely to become, insolvent for the purposes of the Corporations Act;
- (f) APRA not otherwise objecting to the payment of the Dividend; and

- (g) The Directors, at their absolute discretion but with the prior written approval of APRA, may determine an Optional Dividend to be payable on any date, subject to this clause 2.3.

2.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend (including an Optional Dividend) is not paid because of clause 2.3 or because of any applicable law, Suncorp has no liability to pay the unpaid amount of the Dividend and, notwithstanding the Directors' discretion to pay an Optional Dividend under clause 2.3, Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default. No interest accrues on any unpaid Dividends or Optional Dividends and the Holders have no claim or entitlement in respect of interest on any unpaid Dividends or Optional Dividends.

2.5 Dividend Payment Dates

Subject to this clause 2, Dividends (other than Optional Dividends) will be payable in arrears on the following dates (each a **Dividend Payment Date**):

- (a) each 14 March, 14 June, 14 September and 14 December commencing on 14 September 2008 until (but not including) the date on which a Redemption, Conversion or Resale occurs in accordance with these Terms; and
- (b) subject to clause 7.3(a)(iii), the date on which a Redemption, Conversion or Resale occurs in accordance with these Terms.

If a Dividend Payment Date is a day which is not a Business Day, then the Dividend Payment Date will be the next day which is a Business Day.

2.6 Record Dates

- (a) A Dividend is only payable on a Dividend Payment Date to those persons registered as Holders on the Record Date for that Dividend.
- (b) An Optional Dividend is only payable on the date of payment determined by the Directors to those persons registered as Holders on the Record Date for that Optional Dividend.

2.7 Deductions

- (a) Suncorp may deduct from any Dividend payable the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Suncorp to the relevant revenue authority and the balance of the Dividend payable has been paid to the relevant Holder, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Suncorp.
- (b) Suncorp shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by Suncorp.

2.8 Restrictions in the case of non-payment

If for any reason a Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date, Suncorp and SGL must not, without approval of a Special Resolution:

- (a) in the case of Suncorp:
 - (i) declare or pay a dividend or make any distribution on any capital instruments of Suncorp which rank equally with or junior to CPS for distributions; or
 - (ii) redeem, buy back or reduce capital on any capital instruments of Suncorp which rank equally with or junior to CPS for a return of capital in a winding up,
- (b) in the case of SGL:
 - (i) declare or pay a dividend or make any distribution on SGL Ordinary Shares; or
 - (ii) redeem, buy back or reduce capital on any of SGL Ordinary Shares,

in each case, unless:

- (A) four consecutive Dividends scheduled to be payable on CPS after the Dividend Payment Date of the Dividend that has not been paid have been paid in full;
- (B) with the prior written approval of APRA, an optional dividend (**Optional Dividend**) has been paid to Holders equal to the aggregate unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
- (C) all CPS have been Redeemed or Converted.

2.9 Exclusions from restrictions in case of non-payment

The restrictions in clause 2.8 do not apply to:

- (a) *pro rata* payments on CPS and the other capital instruments of Suncorp which rank for distributions or return of capital in a winding up (as the case may be) equal with CPS;
- (b) a redemption, buy-back or reduction of capital in connection with an employment contract, benefit plan or other similar arrangement;
- (c) prevent an exchange or a conversion of a capital instrument of Suncorp occurring in accordance with its terms where the exchange or conversion is into another share or capital instrument of Suncorp (or any member of the SGL Group) which ranks (or effectively ranks) equally with or junior to the capital instrument being exchanged or converted (including without limitation any exchange or conversion of the RPS); or

- (d) prevent a capital raising by way of a rights or entitlement issue made to holders of one or more capital instruments of Suncorp or SGL.

3 Mandatory Conversion

3.1 Mandatory Conversion

Subject to clauses 3.5 and 3.7, on the Mandatory Conversion Date Suncorp must Convert all (but not some) CPS on issue at that date into SGL Ordinary Shares in accordance with clause 6 and this clause 3.

3.2 Mandatory Conversion Date

Subject to clause 3.7(b), the **Mandatory Conversion Date** will be the earlier of:

- (a) 14 June 2013 (the **Initial Mandatory Conversion Date**); and
- (b) the first Dividend Payment Date after the Initial Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**),

(each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied.

3.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day on which trading in SGL Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **First Test Date**) is greater than 55.55% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in SGL Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than 50.51% 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**).

3.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will notify 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, Suncorp will notify Holders on or as soon as practicable after the Relevant Date unless it has given a Resale Notice or a Redemption Notice,

in either case notifying Holders that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date (a **Non-Conversion Notice**).

3.5 Redemption where Mandatory Conversion Conditions are not satisfied

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp may, subject to APRA's prior written approval, elect to Redeem all (but not some) CPS on the Relevant Date in accordance with clause 7 by giving a notice (a **Redemption Notice**) no later than 10 Business Days prior to 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, Suncorp may, subject to APRA's prior written approval, elect to Redeem all (but not some) CPS on a date no later than 30 Business Days after the Relevant Date (the **Deferred Redemption Date**) by giving a Redemption Notice at least 10 Business Days prior to the Deferred Redemption Date.

A Redemption Notice once given is irrevocable.

3.6 Contents of Redemption Notice

A Redemption Notice must specify:

- (a) the details of the Mandatory Conversion Condition to which the Redemption Notice relates;
- (b) the date on which Redemption is to occur (the **Redemption Date**), which must be the Relevant Date in the case of a Redemption under clause 3.5(a) and the Deferred Redemption Date in the case of a Redemption under clause 3.5(b);
- (c) whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (d) whether any Dividend or any amount under clause 7.3(a)(iii) will be paid on the Redemption Date.

3.7 Resale on the Relevant Date

- (a) Whether or not the Mandatory Conversion Conditions are satisfied in relation to a Relevant Date, Suncorp may elect to Resell all (but not some) CPS on the Relevant Date in accordance with clause 8 by giving a notice (a **Resale Notice**) no later than 21 Business Days prior to the Relevant Date. A Resale Notice once given is irrevocable.
- (b) If CPS are Resold on a Relevant Date in accordance with an election under clause 3.7(a), the Mandatory Conversion Date for the purposes of clause 3.2 will, subject to the Mandatory Conversion Conditions being satisfied in respect of that date, be the date that is 6 months after the Relevant Date or such other date as agreed between Suncorp and the Holders after that Resale.

3.8 Contents of Resale Notice

A Resale Notice must specify the identity of the Nominated Purchaser or Nominated Purchasers for that Resale.

3.9 Election between Resale and Redemption

Suncorp may only give a Resale Notice or a Redemption Notice in respect of a Relevant Date where permitted to do so by clause 3.5 or clause 3.7 (as the case may be) and may not give both a Resale Notice and a Redemption Notice in respect of a Relevant Date.

If, notwithstanding this clause 3.9, more than one notice is given, the Resale Notice will be deemed never to have been given and the Redemption Notice will prevail.

4 Optional Exchange by Suncorp

4.1 Optional Exchange by Suncorp

Suncorp may by notice to Holders (an **Exchange Notice**) elect to Exchange all (but not some only) CPS on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event. An Exchange Notice may not be given later than six months after the occurrence of the Tax Event or Regulatory Event (as the case may be) and once given is irrevocable.

4.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) the details of the Tax Event or Regulatory Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which will be the last Business Day of the month following the month in which the Exchange Notice was given by Suncorp unless Suncorp determines an earlier Exchange Date having regard to the best interests of Holders as a whole and the relevant event;
- (c) the Exchange Method;
- (d) if the Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods);
- (e) if the Exchange Notice provides that CPS are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (f) whether any Dividend or any amount under clause 7.3(a)(iii) will be paid on the Exchange Date.

4.3 Exchange Method

If Suncorp elects to Exchange CPS in accordance with this clause 4, it must, subject to clause 4.4, elect which of the following (or which combination of the following) it intends to do in respect of CPS (the **Exchange Method**):

- (a) subject to APRA's prior written approval, Convert CPS into SGL Ordinary Shares in accordance with clause 6;
- (b) subject to APRA's prior written approval, Redeem CPS in accordance with clause 7; or
- (c) Resell CPS in accordance with clause 8.

4.4 Conditions to election by Suncorp of Conversion as Exchange Method

Suncorp may not elect Conversion as the Exchange Method in respect of an Exchange if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by Suncorp (or, if trading in SGL Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in SGL Ordinary Shares occurred) (the **Optional Conversion Test Date**) the VWAP on that date is less than or equal to 55.55% of the Issue Date VWAP (the **First Optional Conversion Condition**); or
- (b) a Delisting Event applies in respect of the Optional Conversion Test Date (the **Second Optional Conversion Condition** and, together with the First Optional Conversion Condition, the **Optional Conversion Conditions**).

4.5 Conditions to Conversion occurring once elected by Suncorp

If Suncorp 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 3, 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 Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 3 (the **Deferred Conversion Date**);
- (b) Suncorp must Convert the CPS on the Deferred Conversion Date; and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS will continue as if the Exchange Notice had not been given.

Suncorp will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 4.5 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

5 Exchange on Acquisition Event

5.1 Notice of Acquisition Event

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

5.2 Exchange on occurrence of Acquisition Event

If an Acquisition Event occurs, Suncorp must, subject to obtaining the prior written approval of APRA, Exchange all (but not some only) CPS on the Acquisition Exchange Date by notice to Holders (an **Acquisition Exchange Notice**) in accordance with this clause 5 and clause 6 or clause 7 (as the case may be).

5.3 Contents of Acquisition Exchange Notice

An Acquisition Exchange Notice must specify:

- (a) the details of the Acquisition Event to which the Acquisition Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Acquisition Exchange Date**), which must be:
 - (i) no later than 35 Business Days after the date on which the Acquisition Event occurred (or such later date as APRA may require); and
 - (ii) where Conversion is the Exchange Method, no earlier than the 25th Business Day after the date on which the Acquisition Event Notice is given;
- (c) the Exchange Method, which, subject to clause 4.4, must be either Conversion in accordance with clause 6 or Redemption in accordance with clause 7 as elected by Suncorp;
- (d) if the Acquisition Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (e) whether any Dividend or any amount under clause 7.3(a)(iii) will be paid on the Acquisition Exchange Date.

5.4 Where Acquisition Exchange Notice not required

Notwithstanding any other provision of clause 5.2 or clause 5.3, if APRA does not approve Redemption as the Exchange Method and Suncorp is prevented from electing Conversion as the Exchange Method by clause 4.4, Suncorp is not required to give an Acquisition Exchange Notice and the provisions of clause 5.5 will apply.

5.5 Deferred Exchange on Acquisition Event

If clause 5.4 applies or Suncorp has given an Acquisition Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Acquisition Exchange Date were a Relevant Date for the purposes of clause 3, 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 Acquisition Exchange Notice, if given, is taken to be revoked and Exchange will not occur on the Acquisition Exchange Date specified in the Acquisition Event Notice;

- (b) Suncorp will notify Holders as soon as practicable that Exchange will not (or, as the case may be, did not) occur (a **Deferred Acquisition Exchange Notice**); and
- (c) Suncorp must, unless clause 5.4 then applies, give an Acquisition Exchange Notice (or, as the case may be, a new Acquisition Exchange Notice) on or before the 25th Business Day prior to the Dividend Payment Date immediately succeeding the date on which the Deferred Acquisition Exchange Notice was given.

The Acquisition Exchange Notice given in accordance with paragraph (c) above must:

- (a) specify the Exchange Method, which, subject to clause 4.4, must be either Conversion in accordance with clause 6 or Redemption in accordance with clause 7 as elected by Suncorp; and
- (b) otherwise comply with clause 5.3.

If this clause 5.5 applies but:

- (a) clause 5.4 applies in respect of the Dividend Payment Date such that no Acquisition Exchange Notice (or, as the case may be, no new Acquisition Exchange Notice) is given under this clause 5.5; or
- (b) an Acquisition Exchange Notice (or, as the case may be, a new Acquisition Exchange Notice) is given under this clause 5.5 but, if the Acquisition Exchange Date specified in the Acquisition Exchange Notice were a Relevant Date for the purpose of clause 3, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 5.5 will be reapplied in respect of each subsequent Dividend Payment Date until an Exchange occurs.

6 Conversion mechanics

6.1 Conversion

If Suncorp elects to Convert CPS or must Convert CPS in accordance with these Terms, then, the following provisions apply:

- (a) each CPS that is being Converted will be automatically transferred free from Encumbrances to SGL or to a member of the SGL Group nominated by SGL on the Mandatory Conversion Date or the Exchange Date (as the case may be);
- (b) each Holder will be issued a number of SGL Ordinary Shares for each CPS that is being Converted on the Mandatory Conversion Date or the Exchange Date (as the case may be) equal to the Conversion Number, where the Conversion Number (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$$

where:

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

- (c) if the total number of SGL Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of CPS upon Conversion includes a fraction of a SGL Ordinary Share, that fraction of a SGL Ordinary Share will be disregarded;
- (d) subject to SGL issuing the Conversion Number of SGL Ordinary Shares to the relevant Holders on the Mandatory Conversion Date or the Exchange Date (as the case may be) in accordance with the requirements of this clause 6, the transfer of the CPS will be taken to take effect at 5.00pm (Sydney time) on the Mandatory Conversion Date or the Exchange Date (as the case may be) and:
 - (i) at that time all other rights conferred or restrictions imposed on that CPS under these Terms will no longer have effect for the transferring Holder (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date or the Exchange Date (as the case may be) which will continue); and
 - (ii) from that time, the CPS will remain held by SGL or a member of the SGL Group, with the terms on which they are liable to be converted into SGL Ordinary Shares, to be redeemed or bought back or cancelled by Suncorp being as agreed (with the prior written approval of APRA) between Suncorp and the holders of the CPS;
- (e) Suncorp and SGL must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure at its expense quotation of any SGL Ordinary Shares into which CPS may be Converted;
- (f) each Holder irrevocably directs Suncorp to make such entries in the Register as Suncorp considers necessary or desirable to record the transfer of the CPS in accordance with this clause 6.1. However, if, for any reason, the transfer of any CPS is not completed in accordance with clause 6.1(a) on the Mandatory Conversion Date or the Exchange Date (as the case may be), then SGL shall issue the Conversion Number of SGL Ordinary Shares to the relevant Holders on the Mandatory Conversion Date or the Exchange Date (as the case may be) in accordance with the requirements of this clause 6 and, on and from that issue and despite any other provision of these Terms, the Holder:
 - (i) is taken to hold the CPS on trust for SGL;
 - (ii) is taken irrevocably to have directed Suncorp to pay all amounts payable in respect of those CPS to SGL as and when they fall due in accordance with these Terms; andthe CPS shall be taken to have been Converted accordingly;
- (g) if, in respect of a Mandatory Conversion Date or the Exchange Date, the SGL Ordinary Shares are not issued or delivered in respect of a CPS, that CPS remains on issue (and, subject to clause 2.3, Dividends will continue to

accrue) until the SGL Ordinary Shares are issued to the Holder (which date shall be the Mandatory Conversion Date or the Exchange Date (as the case may be) in respect of that CPS) or the CPS is Redeemed (which date shall be the Redemption Date in respect of that CPS).

This clause 6.1(g) does not affect the obligation of SGL to issue or deliver the SGL Ordinary Shares when required in accordance with these Terms.

6.2 Adjustments to VWAP

For the purposes of calculating VWAP in clause 6.1:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, SGL Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and CPS will Convert into SGL Ordinary Shares after the date those SGL Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those SGL Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:
 - (i) (in 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 that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
 - (ii) (in the case of any other entitlement that is not a dividend or other distribution under clause 6.2(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; 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 SGL Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, SGL Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and CPS will Convert into SGL Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Business Days on which those SGL Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

6.3 Adjustments to VWAP for capital reconstruction

Where the SGL Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, rights issue or other essentially *pro rata* issue) into a lesser or greater number of securities during the period in which the VWAP is calculated under clause 6.1, the VWAP shall be adjusted by Suncorp as it considers appropriate to ensure that the Holders are in an economic position in relation to their CPS that is as similar as reasonably practicable to the economic position prior to the occurrence of the event that gave rise to the need for the adjustment. Any adjustment made by Suncorp 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.

6.4 Adjustments to Issue Date VWAP

Adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 6.5, 6.6, 6.7, 6.8, 6.9 or 6.10; and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions and the Optional Conversion Conditions, and cause an adjustment to the Maximum Conversion Number.

6.5 Adjustments to Issue Date VWAP for bonus and rights issues

- (a) Subject to clauses 6.5(b) and 6.5(c) below, if SGL makes a *pro rata* bonus issue or a rights issue or other essentially *pro rata* issue (including an issue of the kind known as a “jumbo” or “RAPIDS” issue, where offers to certain institutional holders (or beneficial holders) are made in advance of offers to other holders) of SGL Ordinary Shares to holders of SGL Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times \frac{1}{P} \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V₀ means the Issue Date VWAP applying immediately prior to the application of this formula;

P means the VWAP during the period from (and including) the first Business Day after the announcement of the bonus, rights or other relevant issue to the ASX up to (and including) the last Business Day of trading cum rights, bonus or other relevant issue (or if there is no period of cum rights, bonus or other relevant issue trading, an amount reasonably determined by the SGL Directors as representing the value of a SGL Ordinary Share cum the rights, bonus or other relevant issue);

A means the subscription or unit price per SGL Ordinary Share for a rights issue and is zero in the case of a bonus issue;

RN means the number of SGL Ordinary Shares issued pursuant to the rights, bonus or other relevant issue; and

RD means the number of SGL Ordinary Shares on issue immediately prior to the allotment of new SGL Ordinary Shares pursuant to the rights, bonus or other relevant issue.

- (b) No adjustment to the Issue Date VWAP will occur if A exceeds P.

- (c) Clause 6.5(a) does not apply to SGL 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.
- (d) For the purpose of clause 6.5(a), an issue will be regarded as a *pro rata* issue notwithstanding that SGL does not make offers to some or all holders of SGL Ordinary Shares with registered addresses outside Australia, provided that in so doing SGL is not in contravention of the ASX Listing Rules.

6.6 Adjustments to Issue Date VWAP for off market buy-back

- (a) Subject to clause 6.6(b), if SGL undertakes an off market buy-back under a scheme which but for restrictions on transfer would be generally available to holders of SGL Ordinary Shares, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

where:

V means the Issue Date VWAP respectively applying immediately after the application of this formula;

V_o means the Issue Date VWAP respectively applying immediately prior to the application of this formula;

P means the VWAP during the 20 Business Days prior to the announcement to the ASX of the buy-back;

A means the buy-back price per SGL Ordinary Share;

BN means the number of SGL Ordinary Shares bought back; and

BD means the number of SGL Ordinary Shares on issue immediately prior to the buy-back.

- (b) No adjustment to the Issue Date VWAP will occur if P exceeds A.

6.7 Adjustments to Issue Date VWAP for return of capital

If SGL makes a pro rata return of capital to holders of SGL Ordinary Shares, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_o \times \frac{(P - C)}{(P)}$$

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;

P means the VWAP during the period from (and including) the first Business Day after the announcement of the return of capital to ASX up to and including the last Business Day of trading *cum* the return of capital (or if there is no period of *cum* return of capital trading, an amount reasonably determined by the SGL Directors as representing the value of SGL Ordinary Shares *cum* the return of capital); and

C means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the SGL Directors) of any other property distributed to holders of SGL Ordinary Shares per SGL Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

6.8 Adjustments to Issue Date VWAP for capital reconstruction

If at any time the SGL Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Directors (having consulted with the SGL Directors) may if they consider it appropriate reconstruct the Issue Date VWAP in the same way as the exercise price of options over SGL Ordinary Shares would be reconstructed in the same context, in accordance with the ASX Listing Rules (as they apply to SGL). Each Holder acknowledges that SGL may reconstruct, consolidate, divide or reclassify into a lesser or greater number of securities the SGL Ordinary Shares at any time in its absolute discretion without any such action constituting a variation of rights of Holders or otherwise requiring any consent or concurrence.

6.9 Adjustments to Issue Date VWAP for Special Dividend

If at any time a Special Dividend is paid on SGL Ordinary Shares and, in the reasonable opinion of the Directors (having consulted with the SGL Directors), payment of that Special Dividend would have a dilutive or concentrative effect on the value of SGL Ordinary Shares, then (subject to APRA's prior written approval), the Directors shall make such alterations to the Issue Date VWAP as they reasonably consider appropriate or necessary to compensate for that effect.

6.10 Directors' sole discretion regarding adjustments to Issue Date VWAP

Despite the provisions of clauses 6.5 to 6.9, where:

- (a) the effect of any of the adjustment provisions set out in clauses 6.5 to 6.9 is not, in the reasonable opinion of the Directors (having consulted with the SGL Directors), appropriate in any particular circumstances (including because more than one adjustment provision applies); or
- (b) any other event occurs in relation to SGL that may have a dilutive or concentrative effect on the value of the SGL Ordinary Shares, and, in the reasonable opinion of the Directors (having consulted with the SGL Directors), such occurrence would have a dilutive or concentrative effect on the value of SGL Ordinary Shares,

the Directors may (subject to APRA's prior written approval):

- (i) make such alterations to the Issue Date VWAP as they reasonably consider appropriate or necessary to compensate for that effect; or
- (ii) extend an entitlement to the Holders to participate in such event based on the number of SGL Ordinary Shares to which those Holders would have been entitled if their CPS had been Converted on a date nominated by the Directors to compensate for that effect.

6.11 Announcement of adjustments to Issue Date VWAP

Suncorp will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 6 within 10 Business Days of Suncorp determining the adjustment and the adjustment set out in the announcement will be final and binding.

6.12 SGL Ordinary Shares

Each SGL Ordinary Share issued or arising upon Conversion ranks *pari passu* with all other fully paid SGL Ordinary Shares.

6.13 Foreign CPS Holders

Where CPS held by a Foreign CPS Holder are to be Converted, unless Suncorp and SGL is satisfied that the laws of the Foreign CPS Holder's country of residence permit the issue of SGL Ordinary Shares to the Foreign CPS Holder (but as to which neither Suncorp nor SGL is bound to enquire), either unconditionally or after compliance with conditions which Suncorp and SGL in their absolute discretion regard as acceptable and not unduly onerous, the SGL Ordinary Shares which the Foreign CPS Holder is obliged to accept will be issued to a nominee who will sell those SGL Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Foreign CPS Holder accordingly.

7 Redemption mechanics

7.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval, Suncorp elects to Redeem CPS or must Redeem CPS in accordance with these Terms, the provisions of this clause 7 apply to that Redemption.

7.2 Redemption

CPS will be Redeemed by payment on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be) of the Issue Price plus any amount payable under clause 7.3(a)(iii) (together, the **Redemption Price**) by way of redemption, buy-back, reduction of capital or any combination thereof to the Holder.

7.3 Effect of Redemption on Holders

On the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be) the only right Holders will have in respect of CPS 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 CPS will no longer have effect.

For the purposes of this clause 7:

- (a) where the Redemption involves a buy-back of CPS:
 - (i) the Redemption Notice, the Exchange Notice or the Acquisition Exchange Notice (as the case may be) constitutes a buy-back offer for the Redemption Price payable on the relevant Redemption Date, Exchange Date or Acquisition Exchange Date (as the case may be);

- (ii) the Holder must accept the buy-back offer for their CPS and will be deemed to have accepted that buy-back offer for CPS held by that Holder to which the Redemption Notice, Exchange Notice or Acquisition Exchange Notice (as the case may be) relates on the date the Redemption Notice, Exchange Notice or Acquisition Exchange Notice (as the case may be) is given and will be deemed to have sold those CPS to Suncorp free of all Encumbrances on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be);
 - (iii) no Dividend is payable on CPS on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be), but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 2 for the Dividend Period ending on (but not including) the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be);
 - (iv) the buy-back agreement will be taken to include Suncorp's undertaking in clause 2.8; and
 - (v) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and
- (b) if the Redemption involves either or both a reduction of capital with respect to CPS and a cancellation of CPS and under applicable law Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each Holder agrees to vote in favour of that or those resolutions.

8 Resale mechanics

8.1 Resale mechanics to apply to Resale

If Suncorp elects to Resell CPS or must Resell CPS in accordance with these Terms, the provisions of this clause 8 apply to that Resale.

8.2 Appointment of Nominated Purchaser

Suncorp must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between Suncorp and the Nominated Purchaser.

The obligation of a Nominated Purchaser to pay the aggregate purchase price on the Relevant Date or the Exchange Date (as the case may be) may be subject to conditions.

Suncorp will reasonably endeavour, in light of the circumstances then existing, to minimise the conditionality of a Nominated Purchaser's obligation to pay the aggregate purchase price but gives no assurance as to the details of any such conditions.

8.3 Identity on Nominated Purchaser

Suncorp may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as Suncorp reasonably determines for the benefit of each Holder to acquire each CPS from the Holder for the Issue Price on the Relevant Date or the Exchange Date (as the case may be);
- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than the rating assigned to CPS at that time by that rating agency; and
- (c) is not a Controlled Entity of Suncorp (unless otherwise approved by APRA).

8.4 Irrevocable offer to sell CPS

Each Holder is taken irrevocably to offer to sell CPS the subject of that Resale to the Nominated Purchaser on the Relevant Date or the Exchange Date (as the case may be) for a cash amount equal to the Issue Price.

8.5 Effect of Resale

On the Relevant Date or the Exchange Date (as the case may be), subject to payment by the Nominated Purchaser of the Issue Price to the Holders, all right, title and interest in such CPS will be transferred to the Nominated Purchaser on the Relevant Date or the Exchange Date (as the case may be).

8.6 Effect of failure by the Nominated Purchaser to pay

If the Nominated Purchaser does not pay the Issue Price to the Holders on the Relevant Date or the Exchange Date (as the case may be) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Resale Notice or the Exchange Notice (as the case may be) will be void;
- (b) CPS will not be transferred to the Nominated Purchaser;
- (c) in the case of a Resale Notice, CPS will not Convert into SGL Ordinary Shares on that Relevant Date and the Mandatory Conversion Date:
 - (i) will be deemed not to have occurred on that Relevant Date; and
 - (ii) will occur on the next Relevant Date on which it is otherwise determined to occur in accordance with clause 3.2;
- (d) the Holder will continue to hold CPS until otherwise Redeemed, Converted or Resold in accordance with these Terms; and
- (e) Suncorp may, subject to APRA's prior written approval and without prejudice to any other rights of Suncorp under these terms to elect an Exchange, elect to Exchange all (but not some) CPS on a date no later than 45 Business Days after the Relevant Date or the Exchange Date (as the case may be) (the **Deferred Exchange Date**) by giving another Exchange Notice in accordance with clause 4.1 at least 25 Business Days prior to the Deferred Exchange Date. In these circumstances, the date on which the Exchange is

to occur for the purposes of clause 4.2(b) will be the Deferred Exchange Date.

9 CPS general rights

9.1 Ranking

- (a) CPS rank equally among themselves and with the RPS in all respects.
- (b) In a winding up, CPS rank:
 - (i) in priority to Ordinary Shares; and
 - (ii) subordinate to any depositors and creditors of Suncorp.
- (c) Suncorp reserves the right to issue further CPS, preference shares or other instruments, or permit the conversion of shares to preference shares or other instruments, which rank equally with or behind existing CPS, whether in respect of dividends, return of capital on a winding-up or otherwise. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing CPS and such shares or instruments will rank as against CPS in the manner specified in their terms.
- (d) CPS do not represent a deposit liability of Suncorp.
- (e) CPS are unsecured.

9.2 Preferential dividend

CPS rank in priority to Ordinary Shares for the payment of dividends.

9.3 Calculations of payments

Unless otherwise specified in these Terms, all calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Holder's aggregate holding of CPS, any fraction of a cent will be disregarded.

9.4 No set-off or offsetting rights

A Holder:

- (a) may not exercise any right of set-off against Suncorp in respect of any claim by Suncorp against that Holder; and
- (b) will have no offsetting rights or claims on Suncorp if Suncorp does not pay a Dividend when scheduled under CPS.

9.5 Return of capital

If there is a return of capital on a winding-up of Suncorp, Holders will be entitled to receive out of the assets of Suncorp available for distribution to Holders after payment of all depositors and creditors, in respect of each CPS held, an amount of cash (**Liquidation Sum**) equal to the sum of:

- (a) the amount of any Dividend (including any Optional Dividend) determined to be paid but unpaid; and

- (b) the Issue Price,

before any return of capital is made to Ordinary Shareholders or any other class of shares ranking behind CPS.

9.6 Shortfall on winding-up

If, upon a return of capital on a winding-up of Suncorp, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other instruments in Suncorp ranking equally with CPS on a winding-up of Suncorp, Holders and the holders of any such other instruments will share in any distribution of assets of Suncorp in proportion to the amounts to which they are entitled respectively.

9.7 No participation in surplus assets

CPS do not confer on their Holders any further right to participate in the surplus assets of Suncorp on a winding-up beyond payment of the Liquidation Sum.

9.8 Power of attorney

- (a) Each Holder appoints each of Suncorp, SGL, their respective officers and any liquidator or administrator of Suncorp or SGL (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, accepting any buy-back offer, effecting any transfers of CPS, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale.
- (b) The power of attorney given in this clause 9.8 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

9.9 Holder Acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of a CPS in accordance with clause 6, consents to becoming a member of SGL and agrees to be bound by its constitution;
- (b) [deleted]
- (c) [deleted]
- (d) acknowledges and agrees that it is obliged to accept SGL Ordinary Shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS including:
 - (i) any change in the financial position of Suncorp or SGL since the Issue Date;
 - (ii) any disruption to the market or potential market for the SGL Ordinary Shares] or to capital markets generally; or

- (iii) any breach by Suncorp or SGL of any obligation in connection with CPS;
- (e) acknowledges and agrees that the only conditions to Conversion are the Mandatory Conversion Conditions or the Optional Conversion Conditions (as the case may be) and that no other conditions or events will affect Conversion except as expressly provided by these Terms;
- (f) agrees to provide to Suncorp and SGL any information necessary to give effect to a Conversion and, if applicable, to surrender any CPS certificate on the occurrence of the Conversion; and
- (g) acknowledges and agrees that a Holder has no right to request an Exchange.

9.10 On-market buy-backs

Subject to APRA's prior written approval, Suncorp or SGL may buy-back CPS at any time and at any price by an on-market buy-back.

9.11 No other rights

- (a) CPS do not confer on Holders any right to participate in profits or property of Suncorp or SGL except as set out in these Terms.
- (b) CPS do not confer on Holders any right to subscribe for new securities in Suncorp or SGL or to participate in any bonus issues of shares in Suncorp's or SGL's capital.

10 Voting and other rights

10.1 Voting rights

Holders will not be entitled to vote or speak at any general meeting of Suncorp or SGL except, in the case of Suncorp, in the following circumstances:

- (a) on a proposal:
 - (i) to reduce the share capital of Suncorp (other than a reduction of capital in accordance with these Terms);
 - (ii) that affects rights attached to CPS;
 - (iii) to wind up Suncorp; or
 - (iv) for the disposal of the whole of the property, business and undertaking of Suncorp;
- (b) on a resolution to approve the terms of a buy-back agreement (other than a buy-back in accordance with these Terms);
- (c) in a period during which a Dividend in respect of CPS remains unpaid; or
- (d) during the winding up of Suncorp.

Each Holder who has a right to vote on a resolution is entitled to the number of votes specified in article 13.1 of the Constitution (or any provision or provisions that revise or replace that article).

10.2 Not a “voting share”

Each Holder acknowledges and agrees that a CPS will not constitute a “voting share” for the purposes of the Corporations Act.

10.3 No right to apply for the winding-up of Suncorp

Each Holder acknowledges and agrees that a Holder has no right to apply for Suncorp to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of Suncorp merely on the grounds that Suncorp does not pay a Dividend when scheduled in respect of CPS.

10.4 No event of default

Each Holder acknowledges and agrees that these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on the scheduled Dividend Payment Date will not constitute an event of default.

11 Takeovers and schemes of arrangement

If:

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

in each case which would result in an Acquisition Event then, if the Directors consider that APRA will not approve Exchange of CPS in accordance with clause 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 or a similar transaction.

12 NOHC Events

[deleted]

13 Notices

13.1 Notices to Holders

Except where otherwise provided in these Terms, a notice may be given by Suncorp to a Holder in any manner prescribed by the Constitution for giving notices to members of Suncorp and the relevant provisions apply with all necessary modifications to notices to Holders.

13.2 Delivery of certain notices

A Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Acquisition Exchange Notice, an Exchange Notice, a Redemption Notice, a Resale Notice, an Acquisition Event Notice, an Acquisition Exchange Notice, an Adjustment Notice and a Suncorp Details Notice may each be given to Holders by Suncorp publishing the notice on its website and announcing the publication of the notice to ASX.

13.3 Non-receipt of notices by Holders

The non-receipt of a notice by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

13.4 Notices to Suncorp

All notices or other communications to Suncorp or SGL in respect of the Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention:	Company Secretary Suncorp-Metway Limited/SGL
Address:	Level 18 Suncorp Centre 36 Wickham Terrace Brisbane 4000 Australia
Fax No:	+61 7 3836 1190,

or to such other address or fax number as Suncorp notifies to Holders as its address or fax number (as the case may be) for notices or other communications in respect of these Terms from time to time (a **Suncorp Details Notice**);

- (c) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of Suncorp in accordance with clause 13.4(b).

A notice to Suncorp or SGL will be taken to be received:

- (i) if sent by fax, when actually received in its entirety in legible form, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day; and
- (ii) in any other case, on delivery at the address of Suncorp and SGL as provided in clause 13.4, unless that delivery is not made on a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day.

13.5 Notices and reports

Each Holder is entitled to receive:

- (a) notice of any general meeting of SGL and a copy of every circular and like document sent out by SGL to Ordinary Shareholders and to attend general meetings of SGL; and
- (b) notice of any general meeting of Suncorp and a copy of every circular and like document sent out by Suncorp to Ordinary Shareholders and to attend general meetings of Suncorp, in each case to the extent such general meetings, circulars or documents relate to a matter on which the Holder is entitled to vote or speak at a general meeting of Suncorp.

14 Payments

The Constitution contains provisions relating to payments in respect of shares and the relevant provisions apply with all necessary modifications to payments in respect of CPS.

15 Quotation on ASX

Suncorp must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of CPS on ASX.

16 Amendment of these Terms

16.1 Amendment without consent

Subject to complying with all applicable laws and with APRA's prior written approval, Suncorp may amend these Terms:

- (a) if Suncorp is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling CPS to be listed or to remain listed on a securities exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place and it is otherwise not considered by Suncorp to be materially prejudicial to the interests of the Holders as a whole;
 - (iv) [deleted]
 - (v) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
- (b) according to Suncorp's adjustment rights in clause 6; or

- (c) generally, in any case where such amendment is considered by Suncorp not to be materially prejudicial to the interests of Holders as a whole.

16.2 Amendment with consent

Without limiting clause 16.1, Suncorp may, with APRA's prior written approval, amend these Terms if the amendment has been approved by a Special Resolution.

16.3 Meanings

In this clause **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

17 Governing law

The CPS and these Terms are governed by and shall be construed in accordance with the laws of the State of Queensland, Australia.

18 Interpretation and definitions

18.1 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (b) Unless otherwise specified, the Directors may exercise all powers of Suncorp under these Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by Suncorp in general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Subject to clause 18.1(a), definitions and interpretation under the Constitution will also apply to these Terms unless the contrary intention is expressed.
- (f) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Suncorp only if Suncorp is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of a "non-operating holding company" within the meaning of the Banking Act 1959 (Cth), subject to regulation and supervision by APRA at the relevant time.
- (g) Any provisions which require APRA's consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- (h) Any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by Suncorp do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

- (i) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these Terms have the meaning given in the Corporations Act.
- (j) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (k) The singular includes the plural and vice versa.
- (l) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (m) 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.
- (n) A reference to dollars, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (o) Calculations, elections and determinations made by Suncorp under these Terms are binding on Holders in the absence of manifest error.

18.2 Definitions

Acquisition Event means:

- (a) a takeover bid is made to acquire all or some SGL Ordinary Shares and the offer is, or becomes, unconditional and as a result of the bid the bidder has a relevant interest in more than 50% of the SGL Ordinary Shares on issue; or
- (b) a court approves a scheme of arrangement which, when implemented, will result in a person other than SGL having a relevant interest in more than 50% of the SGL Ordinary Shares.

Acquisition Event Notice has the meaning given in clause 5.1.

Acquisition Exchange Date has the meaning given in clause 5.3.

Acquisition Exchange Notice has the meaning given in clause 5.2.

Adjustment Notice has the meaning given in clause 6.11.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Suncorp, the Suncorp Banking Group or SGL.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of Suncorp, SGL or generally) from time to time.

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

Attorney has the meaning given in clause 9.8.

Bank Bill Rate has the meaning given in clause 2.1.

Bookbuild means the process conducted by Suncorp or its agents before the opening of the Offer whereby certain institutional investors and brokers lodge bids for CPS and, on the basis of those bids, Suncorp determines the Margin and announces its determination prior to the opening of the Offer.

Business Day means a business day as defined in the ASX Listing Rules.

Constitution means the constitution of Suncorp as amended from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of Suncorp, an entity Suncorp Controls.

Conversion means the taking effect of the actions and rights specified in clause 6 and **Convert** and **Converted** have corresponding meanings.

Conversion Number has the meaning given in clause 6.1.

Corporations Act means the Corporations Act 2001 (Cth).

CPS has the meaning given in clause 1(a).

Cum Value has the meaning given in clause 6.2.

Deferred Acquisition Exchange Notice has the meaning given in clause 5.5.

Deferred Conversion Date has the meaning given in clause 4.5.

Deferred Conversion Notice has the meaning given in clause 4.5.

Deferred Exchange Date has the meaning given in clause 8.6.

Deferred Redemption Date has the meaning given in clause 3.5.

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

- (a) SGL Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, SGL Ordinary Shares continue not to be listed or admitted to trading on that date); or
- (b) trading of SGL 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.

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

Distributable Profits means the lesser of Level 2 Distributable Profits and Level 1 Distributable Profits.

Dividend has the meaning given in clause 2.1.

Dividend Payment Date has the meaning given in clause 2.5 whether or not a Dividend is, or is able to be, paid on that date.

Dividend Period means in respect of:

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

Dividend Rate has the meaning given in clause 2.1.

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 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 Conversion in accordance with and subject to clause 6, Redemption in accordance with and subject to clause 7 or Resale in accordance with and subject to clause 8, and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clause 4.2(b) (and, where relevant, clause 6.1(g)).

Exchange Method has the meaning given in clause 4.3.

Exchange Notice has the meaning given in clause 4.1.

First Mandatory Conversion Condition has the meaning given in clause 3.3.

First Optional Conversion Condition has the meaning given in clause 4.4.

First Test Date has the meaning given in clause 3.3.

Fitch means Fitch Australia Pty Ltd (ACN 081 339 184) or any successor.

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

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

Holder means a person whose name is registered in the Register as the holder of a CPS.

Initial Mandatory Conversion Date has the meaning given in clause 3.2.

Issue Date means the date on which CPS are issued under the Offer.

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 first date on which any CPS were issued, as adjusted in accordance with clauses 6.5 to 6.10.

Issue Price has the meaning given in clause 1(b).

Level 1 and **Level 2** means those terms as defined by APRA from time to time.

Level 1 Distributable Profits means:

- (a) the net profits after tax of Suncorp (on a Level 1 basis) (determined before any interest, dividends or other distributions paid or payable by Suncorp on its Upper Tier 2 Capital and Tier 1 Capital (on a Level 1 basis)) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Suncorp (or any other amount as determined by APRA in its discretion to be applicable for the purpose of Suncorp's Upper Tier 2 Capital and Tier 1 Capital instruments (on a Level 1 basis)); less
- (b) the aggregate amount of any interest, dividends or other distributions paid or payable by Suncorp on its Upper Tier 2 Capital and Tier 1 Capital (on a Level 1 basis) (but not including any interest, dividends or other distributions paid or payable between entities comprising Suncorp on a Level 1 basis) in the 12 month period up to and including the Dividend Payment Date (but excluding any Dividend payable on CPS on that Dividend Payment Date).

Level 2 Distributable Profits means:

- (a) the consolidated net profits after tax of the Suncorp Banking Group (determined before any interest, dividends or other distributions paid or payable by a member of the Suncorp Banking Group on its Upper Tier 2 Capital and Tier 1 Capital) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Suncorp (or any other amount as determined by APRA in its discretion to be applicable for the purpose of the Suncorp Banking Group's Upper Tier 2 Capital and Tier 1 Capital instruments); less
- (b) the aggregate amount of any interest, dividends or other distributions paid or payable by a member of the Suncorp Banking Group on its Upper Tier 2 Capital and Tier 1 Capital (but not including any interest, dividends or other distributions paid or payable to a member of the Suncorp Banking Group by another member of the Suncorp Banking Group) in the 12 month period up to and including the Dividend Payment Date (but excluding any Dividend payable on CPS on that Dividend Payment Date).

Liquidation Sum has the meaning given in clause 9.5.

Mandatory Conversion means the mandatory conversion under clause 3 of CPS to SGL Ordinary Shares on the Mandatory Conversion Date.

Mandatory Conversion Conditions has the meaning given in clause 3.3.

Mandatory Conversion Date has the meaning given in clause 3.2 (and, where relevant, clause 6.1(g)).

Margin has the meaning given in clause 2.1.

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

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{Issue Date VWAP} \times 0.5}$$

Moody's means Moody's Investors Service Pty Limited (ACN 003 399 657) or any successor.

Nominated Purchaser means, subject to clause 8.3, with respect to a Resale, one or more third parties selected by Suncorp in its absolute discretion.

Non-Conversion Notice has the meaning given in clause 3.4.

Non-Innovative Residual Tier 1 Capital has the meaning given by APRA from time to time.

Offer means the invitation made under the Prospectus issued by Suncorp for persons to subscribe for CPS.

Optional Conversion Conditions has the meaning given in clause 4.4.

Optional Conversion Test Date has the meaning given in clause 4.4.

Optional Dividend has the meaning given in clause 2.8.

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

Ordinary Shareholder means a person whose name is registered as the holder of an Ordinary Share.

Prospectus means the prospectus for the Offer including these Terms.

Prudential Capital Ratio means that ratio as defined by APRA from time to time.

Record Date means for payment of:

- (a) a Dividend:
 - (i) the date which is seven Business Days before the Dividend Payment Date for that Dividend; or
 - (ii) such other date as is determined by the Directors in their absolute discretion and communicated to ASX not less than seven Business Days before the specified Record Date; and
- (b) an Optional Dividend, the date prior to the payment of the Optional Dividend that is determined by the Directors,

or in either case such other date as may be required by ASX.

Redeem means redeem, buy-back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with CPS in accordance with clause 7, and **Redeemed**, **Redeemable** and **Redemption** have the corresponding meanings.

Redemption Date has the meaning given in clause 3.6 (and, where relevant, clause 6.1(g)).

Redemption Notice has the meaning given in clause 3.5(a).

Redemption Price has the meaning given in clause 7.2.

Register means the register of CPS maintained by Suncorp or its agent and includes any subregister established and maintained under the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

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 prospective change) in, any law or regulation affecting securities laws of Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on Suncorp or SGL in relation to or in connection with CPS which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine at their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that Suncorp is not or will not be entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital, except where the reason Suncorp is not entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital is because:
 - (i) Suncorp has exceeded a limit on Non-Innovative Residual Tier 1 Capital which was in effect on the date of the Prospectus; or
 - (ii) Suncorp has taken an action or actions in respect of CPS which directly has the effect that they are not treated as Non-Innovative Residual Tier 1 Capital.

Relevant Date has the meaning in clause 3.2.

Resale means, in relation to a CPS, the sale of CPS in accordance with clause 8 and **Resell** and **Resold** have corresponding.

Resale Notice has the meaning in clause 3.7(a).

RPS means the reset preference shares issued by Suncorp according to the terms of issue set out in the information memorandum dated 16 August 2001 and in the placement offer dated letter 3 September 2001.

Second Mandatory Conversion Condition has the meaning given in clause 3.3.

Second Optional Conversion Condition has the meaning given in clause 4.4.

Second Test Period has the meaning given in clause 3.3.

SGL means Suncorp Group Limited (ABN 66 145 290 124).

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

SGL Group means SGL and each entity it Controls.

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

SGL Ordinary Shareholder means a person whose name is registered as the holder of a SGL Ordinary Share.

Special Dividend means a dividend in respect of SGL Ordinary Shares which, in the absolute discretion of the SGL Directors, is identified to be a special dividend.

Special Resolution means a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.

Standard & Poor's means Standard & Poor's (Australia) Pty Limited (ACN 007 324 852) or any successor.

Subsequent Mandatory Conversion Date has the meaning given in clause 3.2.

Suncorp means Suncorp-Metway Limited (ABN 66 010 831 722).

Suncorp Details Notice has the meaning given in clause 13.4(b).

Suncorp Banking Group means Suncorp and its controlled entities undertaking banking business (on a Level 2 basis).

Tax Act means:

- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); and
- (b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

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 announced prospective change), 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) (**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 such pronouncement or decision is announced, on or after 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) Suncorp or the SGL Group would be exposed to more than a *de minimis* increase in its costs in relation to CPS; or
- (ii) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act or Australian tax resident Holders generally would not be entitled to franking credits in respect of the Dividends.

Tax Rate has the meaning given in clause 2.1.

Terms means these terms of issue of CPS.

Third Mandatory Conversion Condition has the meaning given in clause 3.3.

Tier 1 Capital means the tier 1 capital of Suncorp (on a Level 1 basis) or the Suncorp Banking Group as defined by APRA from time to time.

Tier 1 Capital Ratio means that ratio as defined by APRA from time to time.

Upper Tier 2 Capital means the upper tier 2 capital of Suncorp (on a Level 1 basis) or the Suncorp Banking Group as defined by APRA from time to time.

VWAP means, subject to any adjustments under clause 6, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of SGL Ordinary Shares sold on ASX during the relevant period or on the relevant 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 SGL Ordinary Shares.

VWAP Period means the period of 20 Business Days on which trading in SGL Ordinary Shares took place immediately preceding the relevant Exchange Date.

Suncorp CPS - NOHC Amendments Deed Poll

Schedule 2 - NOHC Substitution Notice



Dear CPS Holder

28 October 2010

NOHC Substitution Notice

According to our records you are the holder of mandatory convertible preference shares in Suncorp-Metway Limited ("**SML**") called "**CPS**".

This notice is a "**NOHC Substitution Notice**" and is being given to you as required by clause 12 of the terms of issue of the CPS (the "**CPS Terms**").

The SML board of directors has initiated a process to restructure the SML group so that the ultimate listed holding company of the group will be a non-operating holding company (a "**NOHC**"), Suncorp Group Limited ("**SGL**"). As a result of the restructure, ordinary shares in SGL will be listed on the Australian Securities Exchange ("**ASX**"). SML will become a subsidiary of SGL and will continue to operate the group's banking business. SML's ordinary shares will cease to be listed on the ASX. The restructure will result in a "**NOHC Event**" under the CPS Terms. Details of the proposed restructure are contained in the Explanatory Memorandum which accompanies this notice.

If the restructure occurs, the CPS Terms are to be amended as specified in the schedule to this notice. These amendments include, among other things, substituting SGL as the issuer of ordinary shares upon conversion of the CPS. SML will remain the issuer of the CPS and the CPS will continue to be quoted on ASX.

The CPS Terms as so amended will have effect on the first day on which both of the following conditions are satisfied:

- the scheme described in the Explanatory Memorandum is approved by the court and is effective; and
- ordinary shares in SGL ("**SGL Ordinary Shares**") are listed on ASX.

The CPS Terms will not be amended unless both these conditions are satisfied.

A copy of the CPS Terms as they will be amended is available on the Suncorp website: www.suncorpgroup.com.au or on request from SML by calling the Suncorp CPS Infoline on 1300 882 012. A copy has also been lodged with ASX.

SGL has undertaken on and from the date the CPS Terms are amended to perform and observe all obligations which the amended CPS Terms contemplate that SGL must observe or perform. A copy of the deed poll containing this undertaking is also available on the same website or by calling the Suncorp CPS Infoline. A copy has also been lodged with ASX.

This notice is provided for information only. The changes do not require your approval and you do not need to take any action to respond to this notice.

If you are in doubt as to what this notice or the changes to the CPS Terms mean for you or for your investment in CPS please ask your financial advisor for advice.

Yours faithfully

C R Chuter
Corporate Secretary

Schedule

NOHC Substitution Terms

The CPS Terms will be amended as specified below.

Unless otherwise defined in this notice, words defined in the CPS Terms have the same meanings when used in this notice.

Amendments	Amended CPS Terms
<p>1 Changes to what happens on Conversion of CPS</p> <p>If the CPS are Converted, each CPS being Converted will be automatically transferred to SGL (or a member of the SGL Group nominated by SGL) on the Conversion Date and each CPS Holder will receive ordinary shares in SGL equal to the Conversion Number (subject to the number being no more than the Maximum Conversion Number) calculated according to the following formula:</p> $\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$ <p>VWAP is determined by reference to the trading price in a certain period of SGL Ordinary Shares.</p>	<p>Clause 6.1 and definitions of VWAP and VWAP Period in clause 18.2</p>
<p>2 Conditions to Conversion</p> <p>The Mandatory Conversion Conditions and Optional Conversion Conditions will be tested by reference to the price of SGL Ordinary Shares.</p>	<p>Clauses 3.3 and 4.4</p>
<p>3 Adjustments to Conversion Number</p> <p>The mechanics for adjusting the Conversion Number will be amended by substituting references to corporate actions affecting the SGL Ordinary Shares and substituting or including references to SGL Directors.</p>	<p>Clauses 6.2-6.10</p>
<p>4 Other ancillary changes</p> <p>Ancillary provisions which SML considers necessary and appropriate will be included to deal with the consequences of a failure to transfer the CPS or to issue the SGL Ordinary Shares.</p>	<p>Clauses 6.1(f)-(g)</p>
<p>5 Quotation on ASX</p> <p>SGL must use all reasonable endeavours to procure quotation on ASX of SGL Ordinary Shares issued on Conversion.</p>	<p>Clause 6.1(e)</p>
<p>6 Consequential amendments related to Conversion</p> <p>References to SGL (and SGL Ordinary Shares and SGL Directors) will replace or supplement references to SML in certain clauses as a consequence of the CPS being convertible into SGL Ordinary Shares.</p>	<p>Clauses 3.1, 4.3(a), 4.4(a), 6.12, 6.13, 8.6(c), 9.8(a), 9.9(a), 9.9(d), 9.9(f), 9.10, 9.11, 10.1, 13.4, 13.5 and definitions of ASX Listing Rules, Delisting Event, Exchange Date, Mandatory Conversion, Mandatory Conversion Date, Redemption Date, SGL, SGL Directors, SGL Group, SGL Ordinary Share, SGL Ordinary Shareholder, Special Dividend, VWAP and VWAP Period in clause 18.2</p>
<p>7 New restrictions on SGL in event Dividends on CPS are not paid</p> <p>If, for any reason, a scheduled Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date then, in addition to the existing restrictions upon SML, SGL will be prevented from declaring or paying a dividend on SGL Ordinary Shares or redeeming, buying back or reducing capital on any SGL Ordinary Shares.</p>	<p>Clause 2.8</p>

Amendments	Amended CPS Terms
<p>8 Consequences of SGL being a NOHC</p> <p>Certain references to SML will be changed to or supplemented by references to SGL or SGL Group on account of SGL being the NOHC for the SGL Group.</p>	<p>Clauses 2.9(c)-(d), 11 and definitions of Acquisition Event, SGL Group (i.e. previously "Suncorp Group"), Regulatory Event and Tax Event in clause 18.2</p>
<p>9 Changes to tax related terms</p> <p>As SGL will be the head entity of a consolidated tax group which will include SML following the restructure, the definitions of Tax Rate and Franking Rate will be amended to refer to SGL and the definition of Tax Event will be amended to include a reference to the SGL Group.</p>	<p>Clause 2.1 and definitions of Franking Rate and Tax Event in clause 18.2</p>
<p>10 Consequences of NOHC Event having occurred</p> <p>Certain terms that enabled the CPS Terms to be amended to enable the substitution of a NOHC as issuer of ordinary shares on Conversion of the CPS, or which contemplated that substitution, will be removed or amended on account of SGL having been substituted as the NOHC for the SGL Group.</p>	<p>Clauses 9.9(b)-(c), 12, 16.1(a)(iv), 18.1(f) and definitions of Acquisition Event, APRA, Conversion, NOHC, NOHC Event, NOHC Ordinary Share, NOHC Substitution Notice, NOHC Substitution Terms and Required NOHC Substitution Terms in clause 18.2</p>
<p>In addition, two further amendments will be made to the CPS Terms by SML each of which is considered by SML not to be materially prejudicial to the interests of Holders of CPS as a whole. These amendments are as follows:</p>	
<p>11 Change to condition for payment of a Dividend</p> <p>The requirement that Dividend payments are subject to SML having profits available for the payment of the Dividend will be replaced by a requirement that any Dividend payments must be in compliance with all applicable laws. This change reflects the recent amendment to section 254T of the Corporations Act and corresponding amendments to SML's constitution as part of the restructure.</p>	<p>Clause 2.3(b)</p>
<p>12 Removal of references to NPS</p> <p>The NPS have been redeemed and, accordingly, all references to the NPS will be removed.</p>	<p>Clauses 2.9, 9.1 and 18.2</p>
<p>13 Change to references to ASX Market Rules</p> <p>As a result of the commencement of Schedule 1 to the <i>Corporations Amendment (Financial Market Supervision) Act 2010</i> (Cwlth), a number of ASX rules have changed names and, accordingly, certain defined terms have been updated to reflect these recent amendments.</p>	<p>Definitions of ASX Operating Rules (i.e. previously "ASX Market Rules") and Register in clause 18.2</p>

If you are in doubt as to what these amendments mean to you or your investment in the CPS, please ask your financial advisor for advice.

Suncorp CPS - NOHC Amendments Deed Poll

Signing page

DATE: 12 NOVEMBER 2010

SGL

**SIGNED, SEALED AND
DELIVERED** by **SUNCORP
GROUP LIMITED (ABN 66 145 290
124)** in accordance with section 127(1)
of the Corporations Act 2001 (Cwlth)
by authority of its directors:



Clayton Herbert
Signature of director

CLAYTON HERBERT
Name of director (block letters)

[Signature]
Signature of ~~director~~/company
secretary*

*delete whichever is not applicable

CLIFFORD R. CHUTER
Name of ~~director~~/company secretary*
(block letters)

*delete whichever is not applicable