



34

# THE STATE OF QUEENSLAND

## Public Offer

8% Exchanging Instalment Notes

Exchanging into SUNCORP-METWAY Shares



## SHARE IN THE OPPORTUNITY

### OFFER DOCUMENT

JOINT LEAD MANAGERS

J B Were & Son

Morgan Stockbroking Limited

Wilson HTM Ltd

# TABLE OF CONTENTS

TIMETABLE OF KEY DATES	2	PART 2 INFORMATION ON THE STATE OF QUEENSLAND	17
INSTRUCTIONS TO INVESTORS	2	PART 3 INFORMATION ON SUNCORP-METWAY	18
INVESTMENT SUMMARY	4	PART 4 IMPORTANT CONSIDERATIONS FOR INVESTORS	21
PART 1 PARTICULARS OF THE OFFER	10	PART 5 TAX ISSUES	22
1.1 State's Interest in SUNCORP-METWAY	10	PART 6 KEY DOCUMENTS SUMMARY	24
1.2 Notes on Offer	10	PART 7 ADDITIONAL INFORMATION	34
1.3 Structure of Instalment Sale	10	GLOSSARY	36
1.4 Underwriting	10	APPLICATION SECTION	38
1.5 Offer Withdrawal or Modification	11	APPLICATION FORMS	41
1.6 Basis for Price Determination	11	DIRECTORY	45
1.7 Applying for Notes	11		
1.8 Electronic Offer Document	12		
1.9 ASX Listing and Quotation	12		
1.10 CHESS	13		
1.11 Features of Notes	13		
1.12 Rights Attaching to Notes	15		

## Important Notice

*This document is important. It should be read carefully. If you have any doubts as to the course you should follow, consult your professional investment adviser immediately. The information in this document is based on the information contained in the attached prospectus.*

## Disclaimer Notice

This Offer Document is not a prospectus and is not required to be lodged with or registered by the ASC. It has been provided to the ASC for information purposes. The ASC takes no responsibility for the contents of this Offer Document. It is intended that Notes issued under this Offer Document will be quoted on ASX. However, ASX takes no responsibility for the contents of this Offer Document and the fact that ASX may quote Notes is not to be taken in any way as an indication of the merits of the Notes.

As the State of Queensland ("*the State*") is not bound by the prospectus provisions of the Corporations Law, the securities provisions comprising Chapter 7 of the Corporations Law (including prospectus liability provisions of Part 7.11 and the prospectus requirements of Part 7.12 of Chapter 7) do not apply to the State with respect to this Offer Document. The State is bound by the provisions of the Fair Trading Act (Qld) which prohibit the State from engaging in conduct that is misleading or deceptive or likely to mislead or deceive in relation to this Offer Document. This Offer Document contains all the information which investors would reasonably require to inform them of the risks of holding an investment in SUNCORP-METWAY in the form of Notes rather than shares.

This Offer Document does not provide, nor does it purport to provide, the information which a prospectus would be required to provide concerning SUNCORP-METWAY Ltd (ACN 010 831 722) ("*SUNCORP-METWAY*"). Neither the State nor any person named in the directory accepts any responsibility for any information made available publicly by SUNCORP-METWAY.

SUNCORP-METWAY has not been involved in preparing this Offer Document, has not authorised or caused the issue of this Offer Document, and has not provided the State with any non-publicly available information for the purpose of the Offer in relation to the effect of the Offer on SUNCORP-METWAY and the rights attaching to the Subordinated Dividend Ordinary Shares. SUNCORP-METWAY accepts no responsibility or liability arising out of or in connection with the preparation or distribution of this Offer Document or the acquisition by any person of Notes.

Neither Queensland Treasury Holdings Pty Ltd (ACN 011 027 295), the Underwriters, the Joint Lead Managers nor the Note Registrar have authorised or caused the issue of this Offer Document and each disclaims all liability relating to any part of this Offer Document. This Offer Document contains no offer to any person or in any place outside Australia where it would not be lawful to make such an offer.

*Capitalised terms in this Offer Document are defined in the Glossary.  
This Offer Document is issued on 12 September 1997.*



QUEENSLAND GOVERNMENT

## DEPUTY PREMIER, TREASURER AND MINISTER FOR THE ARTS

12 September 1997

*Dear Investor*

On behalf of the State of Queensland, I am pleased to offer you the opportunity to acquire a direct ownership interest in SUNCORP-METWAY Ltd, now established as Queensland's largest financial services group and one of the State's largest companies.

You are invited to invest in the issue by the State of 100 million 8% Exchanging Instalment Notes which exchange for SUNCORP-METWAY Shares as detailed in this Offer Document.

This Offer is consistent with the Queensland Government's commitment to give priority to customers and shareholders of SUNCORP, Metway and QIDC, and Queenslanders generally, in acquiring an interest in this major new Queensland enterprise.

The State of Queensland currently holds approximately 57 million fully participating ordinary shares, 100 million subordinated dividend ordinary shares and 155 million capital notes (which are convertible into ordinary shares over time). Upon completion of this Offer, the Queensland Government's effective interest in SUNCORP-METWAY Ltd will be reduced to around 45%.

This Offer in no way constitutes a guarantee of the investment performance of the SUNCORP-METWAY Shares to be received. Before deciding to invest in these Notes, you should carefully consider whether they are a suitable investment for you and, if you consider it necessary, obtain appropriate financial advice.

The proceeds from this offering will be used by the Queensland Government in the provision of much needed infrastructure for the social and economic development of the State.

I invite you to consider taking the opportunity to become a shareholder in Queensland's premier financial institution.

Yours sincerely

Joan Sheldon  
Deputy Premier, Treasurer and Minister for The Arts

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Office: Executive Building 100 George Street Brisbane Queensland

# TIMETABLE OF KEY DATES

Offer Opens	15 September 1997
Expected Offer Closing Date *	3 October 1997
Expected Date for Allotment of Notes	14 October 1997
Expected Date for Dispatch of holding statements for Notes	17 October 1997
Expected Date for Commencement of Trading of the Notes on ASX	21 October 1997
Final Instalment Payment Date	30 September 1998
Mandatory Exchange Date	1 November 1999

\* The State reserves the right, in its absolute discretion and after consulting the Joint Lead Managers, to close the Offer early or to extend the Offer beyond the stated Closing Date.

## INSTRUCTIONS TO INVESTORS

### *When to Apply*

The Offer will open at 12:00 noon (Brisbane time) on 15 September 1997 and is expected to remain open until 5:00 p.m. (Brisbane time) on 3 October 1997. The State reserves the right, in its absolute discretion and after consulting with the Joint Lead Managers, to close the Offer early or to extend the Offer beyond the stated Closing Date.

### *How to Apply*

An Application for Notes can only be made by completing, signing and lodging an Application Form attached to this Offer Document. The Application Form must be completed, signed and lodged in accordance with the instructions set out in Part 1 of this Offer Document. Applications must be for a minimum of 500 Notes and thereafter in multiples of 100 Notes. Application Forms must be accompanied by a cheque, drawn on an Australian bank in Australian currency for an amount of \$3.00 per Note. Cheques should be made payable to "Qld. Treasury - EIN Account" and crossed "Not Negotiable". All stamp duty payable in respect of the creation and issue of each Note will be paid by the State.

By signing and returning an Application Form, the applicant acknowledges having received and read this Offer Document.

### ***SUNCORP, Metway and QIDC Customer and SUNCORP-METWAY Shareholder Preference***

SUNCORP, Metway and QIDC Customers and SUNCORP-METWAY Shareholders will receive a preference in allotment of Notes offered. A panel of financial advisers, which includes the Joint Lead Managers and chaired by accounting firm Arthur Andersen will, on behalf of the State, have the absolute discretion to determine the method and extent of that preference.

In the event that demand is substantially larger than anticipated, Applications may be subject to scaling back. This may include scaling back to below the stated minimum Application of 500 Notes.

When completing the Application Form, Customers should provide a current policy number or account number and Shareholders their shareholder number in the designated space on the Application Form. Only one such number is required, even if an applicant has more than one

account or policy. If the number is not written in the appropriate box on the Application Form, the Application will not be treated as being from a SUNCORP, Metway or QIDC Customer or SUNCORP-METWAY Shareholder.

With respect to Applications from non-Customers and non-Shareholders, preference will be given to Queensland residents. Again, the State's panel of financial advisers will, on behalf of the State, have absolute discretion to determine the method and extent of that preference. Part of the Offer has been reserved for institutional investors, and for clients of the Joint Lead Managers and Co-Managers. The Joint Lead Managers will be responsible for determining and implementing allocation policies for this part of the Offer.

The information supplied by applicants in the Application Form will be treated confidentially by the State and will only be used by the State for the purposes of allocating Notes pursuant to this Offer and will not be revealed to any person or body, other than for purposes relating to the issue of the Notes or otherwise arising out of this Offer Document.

### ***Where to Send Your Application Form***

Completed Application Forms and cheque(s) may be lodged with or mailed to:

- any office of the Joint Lead Managers or Co-Managers;
- any other member of ASX; or
- the Note Registrar, Douglas Heck & Burrell at:-

#### ***If mailed (no stamp required):***

Reply Paid 938  
Qld. Treasury-EIN  
c/- Douglas Heck & Burrell  
Locked Bag 1259  
BRISBANE QLD 4001

#### ***If lodged personally:***

Douglas Heck & Burrell  
Level 5  
MMI Building  
370 Queen Street  
BRISBANE QLD 4000

### ***When Application Forms must be received***

Application Forms must be received by the Note Registrar by 5:00 pm (Brisbane time) on 3 October 1997 (or any other Closing Date as the State may nominate in its absolute discretion). Applications received by this time at any office of the Joint Lead Managers will be treated as having been received by the Note Registrar.

Any enquiries with respect to the Offer or the Application Form can be directed to the Joint Lead Managers;

***J B Were & Son***  
***1800 637 456***

***Morgan Stockbroking Limited***  
***1800 777 946***

***Wilson HTM Ltd***  
***1800 814 296***

*A full list of the offices and telephone numbers of the Joint Lead Managers appears in the Directory.*

# INVESTMENT SUMMARY

## ***Investment Highlights***

- 8% per annum nominal yield on Face Value (\$6.10) payable for each Note (equivalent to 16.3% yield on First Instalment).
- Face Value (\$6.10) payable in two instalments - \$3.00 on Application and \$3.10 by 30 September 1998.
- Interest accrues on Notes from the Closing Date to 30 September 1999 and is payable semi-annually (in arrears) on 31 March and 30 September each year (See Part 1.11.3 and Part 6.1 for details).
- Mandatory exchange of each Note for a SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on 1 November 1999. (See Part 1.11.2 and Part 6 for details).
- Voting rights generally attaching to the underlying SUNCORP-METWAY Shares exercisable by Note Holder conveying voting directions to the Trustee (See Part 1.12.3 and Part 6.1 for details).
- Opportunity to participate in the future growth of SUNCORP-METWAY, a major participant in Queensland's insurance, banking and superannuation/funds management sectors.
- Exposure to the Queensland economy, one of the fastest growing States of Australia.

## **Description of Offer**

The State currently beneficially owns approximately 57 million Ordinary Shares and 155 million Capital Notes (convertible into Ordinary Shares) in SUNCORP-METWAY. In addition, it beneficially owns 100 million Subordinated Dividend Ordinary Shares in SUNCORP-METWAY.

In total, these holdings represent approximately 67% of the issued capital of SUNCORP-METWAY, on a fully diluted basis. (See Part 1.1 for details).

The State is offering for subscription 100 million Notes corresponding to the 100 million Subordinated Dividend Ordinary Shares beneficially owned by it.

Payment for a Note is by way of two instalments as follows:

- First Instalment of \$3.00 per Note payable on Application;
- Final Instalment of \$3.10 per Note payable by 30 September 1998.

Upon completion of this Offer, the State's voting interest in SUNCORP-METWAY will be reduced to approximately 45%, on a fully diluted basis.

The Offer is fully underwritten. (See Part 1.4 and Part 6.4 for details). The State, by agreement with the Joint Lead Managers, reserves the right to withdraw or modify the Offer at any time before Acceptance of Applications.

Customers of SUNCORP, Metway or QIDC and SUNCORP-METWAY Shareholders will receive a preference in the allocation process. A panel of financial advisers, which includes the Joint Lead Managers and chaired by accounting firm Arthur Andersen will, on behalf of the State, have absolute discretion to determine the method and extent of that preference. The panel, on behalf of the State, also retains the right to reject any Application.

## **Notes**

Successful applicants will be registered as holding a security called an Exchanging Instalment Note (a "Note"). A Note Holder will acquire a right to receive a SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on Mandatory Exchange of the Note on 1 November 1999. (See Part 1.11 and Part 6.1 for details).

Queensland Treasury Holdings Pty Ltd (the "Trustee") will be the registered holder of each Subordinated Dividend Ordinary Share to which each Note corresponds as trustee for the State as to the beneficial interest in those shares and for each Note Holder to the extent of their rights to acquire them as set out in this Offer Document.

## **What are Subordinated Dividend Ordinary Shares?**

Subordinated Dividend Ordinary Shares have all rights attaching to Ordinary Shares except that dividend rights on the Subordinated Dividend Ordinary Shares are accorded a lower priority until either the day immediately after declaration of the first dividend on any share in SUNCORP-METWAY following 30 June 1999 (expected to be before 31 October 1999), or 1 July 2000, whichever is the earlier. When Dividend Subordination ceases, each Subordinated Dividend Ordinary Share becomes an Ordinary Share (without any further subordination over dividend entitlements). The full terms attaching to Subordinated Dividend Ordinary Shares are set out in Part 6.5.



# MAJOR FEATURES OF NOTES

## ***Relationship with SUNCORP-METWAY Shares***

Each Note will mandatorily exchange for a SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on 1 November 1999.

## ***Instalment Payments***

First Instalment of \$3.00 per Note payable on Application. Final Instalment of \$3.10 per Note payable by 30 September 1998. The registered holder of a Note on the sixth Business Day prior to 30 September 1998 has the obligation to pay the Final Instalment. A reminder notice will be sent to each Note Holder approximately 6 weeks prior to the Final Instalment Payment Date.

The Final Instalment may not be paid early, except in the case of a takeover offer or in other limited circumstances (where certain divestiture events occur, and where the Trustee requires recoupment of certain duties and taxes payable by Note Holders). (See Part 6.1 for details).

Failure to pay the Final Instalment in cleared funds within the time limits set out in the reminder notice will result in the Note Holder's Noteholding being cancelled and the Note Holder being liable for payment of the Final Instalment together with default interest and other specified unpaid amounts to the extent that the State is unable to recover those amounts by selling Notes issued in replacement of the defaulted Notes. (See Part 6.1 for details).

## ***Interest***

Entitled to receive semi-annual interest payments (in arrears) at the rate of 8% per annum calculated on the Face Value of \$6.10 per Note, payable as follows:-

<i>Interest Payment Date</i>	<i>Amount (per Note)</i>
31 March 1998	23.9¢ *
30 September 1998	24.5¢
31 March 1999	24.3¢
30 September 1999	24.5¢

\* The interest payment for 31 March 1998 assumes a Closing Date of 3 October 1997. If the Closing Date is varied the amount of this payment will be adjusted accordingly. If the Closing Date is brought forward, the amount will be increased on a pro rata basis. If the Closing Date is extended beyond 3 October 1997, the amount will be decreased on a pro rata basis.

## ***Exchange***

Each Note will mandatorily be exchanged for one SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on 1 November 1999.

(See Part 1.11 and Part 6 for details).

## ***Entitlements Offers***

Entitlements offered by SUNCORP-METWAY while Notes are outstanding will, so far as is possible, be made available to Note Holders on the same basis as for SUNCORP-METWAY Shareholders. (See Part 6.1 for details).



### ***State's One for Two Offer - Not Available***

The State advised SUNCORP-METWAY in November 1996 of its intention to offer Ordinary Shareholders registered on 1 December 1998 the opportunity to purchase one additional share for every two shares held on that date, at a price of \$5.00 per share - Subordinated Dividend Ordinary Shareholders and Note Holders will not be entitled to participate.

### ***Voting***

Voting rights on SUNCORP-METWAY Ordinary Shareholder resolutions are exercisable only by voting direction conveyed to the Trustee by each Note Holder (except in relation to dividend rights). (See Part 6.1 for details).

### ***Meetings***

Each Note Holder will be permitted to attend SUNCORP-METWAY's Ordinary Shareholders' meetings held after the 1997 annual general meeting, but will not have the right to speak at those meetings.

### ***Annual Reports and Notices***

Each Note Holder will receive the annual report and all notices sent to SUNCORP-METWAY Ordinary Shareholders. However, Note Holders will not receive the annual report for the financial year ended 30 June 1997 or the notices of meeting for the 1997 SUNCORP-METWAY annual general meeting.

### ***Takeovers***

Where a takeover bid is made for Subordinated Dividend Ordinary Shares, the Trustee will not accept that bid and has no obligation to notify Note Holders of that bid. However, upon becoming aware of that bid, a Note Holder may prepay any Final Instalment outstanding on any Notes which are not in default, and require the transfer of the shares corresponding to those Notes to the Note Holder on fulfilling certain conditions specified in the Trust Deed.

Where a takeover bid is made for Notes, the Trustee must do all things which it is able to do to relieve itself from being bound by the takeover provisions of the Corporations Law, and may not be under any obligation to give advice or information to Note Holders about such a bid.

### ***Sale and Transfers***

Notes will be traded on ASX. For on-market sales, ASX settlement procedures will apply. Off-market transfers may, and transmissions will, require written acknowledgment from the transferee of the obligation to pay the Final Instalment.

### ***Restrictions Affecting Lenders***

A Note Holder cannot create any encumbrance (such as a mortgage) over a Subordinated Dividend Ordinary Share to which the Note corresponds, or create any encumbrance in respect of a Note, or otherwise, before the Final Instalment is paid which may take priority over or interfere with any of the State's rights in relation to that Note or that SUNCORP-METWAY Share.

*Other details about Notes and relevant documentation are in Part 6.*

## ***Trading of the Notes***

Trading of Notes on ASX is expected to commence on 21 October 1997.

Note holding statements are expected to be sent to successful applicants approximately 10 Business Days after the closing of the Offer.

## ***Factors Relating to Investing in Notes***

The Face Value (\$6.10) of the Notes has been determined with reference to the recent average market price for Ordinary Shares after adjusting for the investment risks and benefits associated with the Notes.

However, a direct comparison should not be made between the Face Value and the market price of Ordinary Shares, as the market price of Ordinary Shares includes the value attributable to the State's one for two entitlement offer in which Note Holders will not participate and the priority to dividends currently enjoyed by Ordinary Shareholders as a result of the current restriction on dividend payments on the State's 100 million Subordinated Dividend Ordinary Shares. (See Part 1.11 and Part 1.12 for details).

These factors have been taken into account when determining the Face Value of the Notes.

The value of a Note will be influenced by a number of factors, including:

- the price of SUNCORP-METWAY shares;
- interest rates; and
- the time remaining to the last day for payment of the Final Instalment.

Many factors can influence movements in the price of SUNCORP-METWAY shares. These include company specific factors such as the level of SUNCORP-METWAY's profit and dividend payments, and external factors such as movements in the general level of prices on the local and international share markets and developments within the banking and insurance industries generally. Variations in Reserve Bank of Australia and government policy and regulation can also influence the price of SUNCORP-METWAY shares. Consequently, investors should recognise that prices of shares and the price of the Notes can fall as well as rise.

It is important to note that, for any given percentage movement in the market price of SUNCORP-METWAY shares, and while only partial payment of the Face Value has been made, the percentage movement in the price of Notes is likely to be greater.

The Face Value (\$6.10) of a Note, payable in two instalments, is fixed by this Offer Document. Investors should be aware that at the time of the payment of the Final Instalment, the market price of Notes and SUNCORP-METWAY shares may be less than the total of the First and Final Instalments.

*If investors have any doubt about a decision to invest, they should seek professional advice from one of the Joint Lead Managers, Co-Managers, a stockbroker, financial adviser, accountant or other suitably qualified adviser.*

## **SUNCORP-METWAY Recent Performance**

### **Financial Results**

The profit results for the year ended 30 June 1997 were announced by SUNCORP-METWAY on 10 September 1997. A summary of those results is expected to be advertised in The Courier-Mail and The Australian newspapers before the opening of this Offer on 15 September 1997.

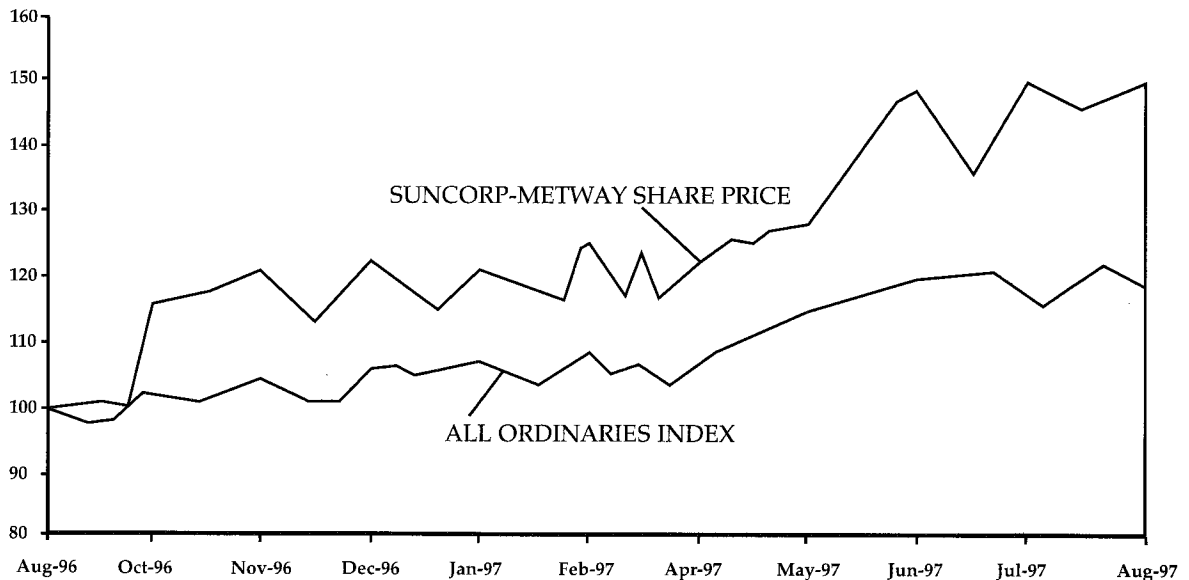
A copy of a summary of those results, including an abridged profit and loss statement and abridged balance sheet, is available free of charge from:

- any office of the Joint Lead Managers or Co-Managers;
- any branch of SUNCORP, Metway or QIDC; or
- the Note Registrar, Douglas Heck & Burrell.

*Investors considering applying for Notes under this Offer should consider whether they wish to review those results before lodging their Application.*

### **Comparative Investment Performance**

The following chart compares the performance of the All Ordinaries Index with the performance of SUNCORP-METWAY's share price over the 12 month period ended 29 August 1997.



Since the merger of SUNCORP, Metway and QIDC on 1 December 1996 through to 29 August 1997, the trading range of Ordinary Shares has been \$5.30 to \$7.05. The last reported price of SUNCORP-METWAY Ordinary Shares reflects, among other things, the value of the one for two entitlement described under the heading "State's One for Two Offer - Not Available" in Part 1.12.2. It also reflects the priority to dividends currently enjoyed by Ordinary Shareholders as a result of the restriction on dividend payments currently payable on the State's 100 million Subordinated Dividend Ordinary Shares, as detailed in Part 1.11.2 and Part 6.5. As also noted above, the one for two entitlement does not attach to either Notes or Subordinated Dividend Ordinary Shares.

*This is a summary of some of the features of this Offer only. Intending Investors should read this summary in conjunction with the entire Offer Document.*

## Part 1 PARTICULARS OF THE OFFER

### 1.1 **State's Interest in SUNCORP-METWAY**

The State currently beneficially owns approximately 57 million Ordinary Shares, 100 million Subordinated Dividend Ordinary Shares and 155 million Capital Notes (convertible into Ordinary Shares) in SUNCORP-METWAY, representing approximately 67% of the total issued capital of SUNCORP-METWAY, on a fully diluted basis.

The State's Ordinary Shares and Subordinated Dividend Ordinary Shares are currently held by Queensland Treasury Holdings Pty Ltd (ACN 011 027 295) ("*QTH*"), a State controlled entity as trustee of The Treasury Special Purpose Trust No. 1, of which the State is the sole beneficiary.

Upon Acceptance of an Application for Notes, the Subordinated Dividend Ordinary Shares corresponding to the Notes will be held by QTH under the terms of the EIN Trust Deed.

The Capital Notes are held by QTH.

The balance of SUNCORP-METWAY's issued share capital is held by the public and by institutional investors in Australia and overseas.

Upon completion of this Offer, the State's voting interest in SUNCORP-METWAY will be reduced to approximately 45%, on a fully diluted basis.

### 1.2 **Notes on Offer**

The State is offering investors the opportunity to purchase 100 million Notes corresponding to the 100 million Subordinated Dividend Ordinary Shares beneficially owned by the State.

### 1.3 **Structure of Instalment Sale**

Each Note being offered is payable by way of instalments as follows:

- First Instalment of \$3.00 per Note payable upon Application;
- Final Instalment of \$3.10 per Note payable by 30 September 1998.

The State, by agreement with the Joint Lead Managers, reserves the right to withdraw or modify the Offer at any time before the Acceptance of Applications. If the Offer is withdrawn or does not proceed, the State will return all Application monies in full. No interest will be paid in respect of Application monies which are returned.

There is no right for successful applicants to prepay the Final Instalment, except in the case of a takeover offer or in other limited circumstances. (See Part 6.1 for details).

A Note Holder may not defer payment of the Final Instalment.

### 1.4 **Underwriting**

The Offer is fully underwritten by Were Stockbroking Limited (ACN 006 797 897) (trading as J.B. Were & Son), Morgan Corporate Limited (ACN 010 539 607) and Wilson HTM Corporate Services Limited (ACN 057 547 323).

The main provisions of the Underwriting Agreement (including the commissions and other payments due to the Underwriters and their associated entities) and the circumstances in which the Underwriters may terminate their obligations are set out in Part 6.4.

## 1.5 ***Offer Withdrawal or Modification***

The State, by agreement with the Joint Lead Managers, reserves the right to withdraw or modify the Offer at any time before the Acceptance of Applications. The State reserves the right, in its absolute discretion and after consulting the Joint Lead Managers, to close the Offer early or to extend the Offer beyond the stated Closing Date.

## 1.6 ***Basis for Price Determination***

The Face Value of the Notes has been determined with reference to the recent average share price of Ordinary Shares after adjusting for the State's one for two entitlement offer in which Note Holders will not participate and the differential between the expected dividends on the Ordinary Shares and the interest (estimated after tax) on the Notes and the time value of the Final Instalment.

These factors have been taken into account when determining the Face Value of the Notes.

## 1.7 ***Applying for Notes***

An Application for Notes can only be made by completing, signing and lodging an Application Form attached to or accompanying this Offer Document. All applicants must apply for a minimum of 500 Notes and thereafter in multiples of 100 Notes.

SUNCORP, Metway and QIDC Customers and SUNCORP-METWAY Shareholders will receive a preference in allotment of Notes offered. A panel of financial advisers, which includes the Joint Lead Managers and chaired by accounting firm Arthur Andersen will, on behalf of the State, have absolute discretion to determine the method and extent of that preference. In the event that demand is substantially larger than anticipated, Applications may be subject to scaling back. This may include scaling back to below the stated minimum application of 500 Notes.

When completing the Application Form, Customers should provide a current policy number or account number and Shareholders their shareholder number in the designated space on the Application Form.

Only one such number is required, even if an applicant has more than one account or policy. If the number is not written in the appropriate box on the Application Form, the Application will not be treated as being from a SUNCORP, Metway or QIDC Customer or SUNCORP-METWAY Shareholder.

With respect to Applications from non-Customers and non-Shareholders, preference will be given to Queensland residents. Again, the State's panel of financial advisers will, on behalf of the State, have absolute discretion to determine the method and extent of that preference.

Part of the Offer has been reserved for institutional investors, and for clients of the Joint Lead Managers and Co-Managers. The Joint Lead Managers will be responsible for determining and implementing allocation policies for this part of the Offer.

Detailed instructions on how to complete the Application Forms are set out in the Application Section of this document.

Application Forms must be accompanied by a cheque, drawn on an Australian bank in Australian currency, for an amount of \$3.00 per Note. Cheques should be made payable to "Qld. Treasury-EIN Account" and crossed "Not Negotiable". All stamp duty which is payable in respect of the creation and issue of each Note and the Mandatory Exchange for SUNCORP-METWAY Shares will be paid by the State.

Completed Application Forms and cheque(s) may be lodged with or mailed to:

- any office of the Joint Lead Managers or Co-Managers;
- any other member of ASX; or
- the Note Registrar, Douglas Heck & Burrell at:-

***If mailed (no stamp required):***

Reply Paid 938  
Qld. Treasury-EIN  
c/- Douglas Heck & Burrell  
Locked Bag 1259  
BRISBANE QLD 4001

***If lodged personally:***

Douglas Heck & Burrell  
Level 5  
MMI Building  
370 Queen Street  
BRISBANE QLD 4000

Application Forms must be received by the Note Registrar no later than 5:00 pm (Brisbane time) on 3 October 1997 (or any other Closing Date as the State may nominate in its absolute discretion).

Applications received by this time at any office of the Joint Lead Managers will be treated as having been received by the Note Registrar. No interest will be payable on Application monies returned in respect of unsuccessful Applications.

**1.8 *Electronic Offer Document***

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In the event that this Offer Document is made available in an electronic format, it will be issued in accordance with ASC Class Order 96/1578. The Offer Document is 48 pages including both sides of the front and back covers and any pages deliberately left blank. If you are currently accessing this document in electronic form, you should confirm that this Offer Document is complete.

You will be sent a paper copy of the Offer Document free of charge if you contact any one of the Joint Lead Managers during the period of the Offer specified in this Offer Document.

**1.9 *ASX Listing and Quotation***

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Application for quotation of the Notes on ASX will be made within 3 days after the date of this Offer Document. If permission for quotation of the Notes is not granted within 12 weeks of the date of this Offer Document, Application monies will be refunded in full.

A holding statement which sets out the number of Notes allocated to each successful applicant under this Offer is expected to be dispatched on 17 October 1997. It is anticipated that trading of the Notes on ASX will commence on 21 October 1997.

SUNCORP-METWAY has agreed with the State to apply to ASX for the Subordinated Dividend Ordinary Shares to be quoted on ASX before the allotment of the Notes as contemplated by this Offer Document. However, Subordinated Dividend Ordinary Shares will not commence trading on ASX until Mandatory Exchange of Notes into SUNCORP-METWAY Shares on 1 November 1999.

An on-market transfer of a Note will be liable to stamp duty of 0.3% of the sale price, payable as to 0.15% by the vendor and 0.15% by the purchaser of the Notes. Off-market transfers will be liable to stamp duty at the rate of 0.3%, payable in Queensland by the purchaser of the Notes.





## 1.10 **CHES**

The Trustee on behalf of the State will apply to participate in the Clearing House Electronic Subregister System ("**CHES**"). The Trustee will not issue Note certificates to applicants who are issued Notes. The Trustee will provide to each Note Holder an uncertificated securities holding statement which will set out the number of Notes issued to the Note Holder. If applicable, the holding statement will inform each Note Holder of their Holder Identification Number ("**HIN**") and Security Reference Number ("**SRN**"). If a Note holding changes during a month, Note Holders will receive a statement at the end of the month. Note Holders may also request statements at any other time, although the Trustee may charge an administration fee.

## 1.11 **Features of Notes**

### 1.11.1 **What rights will you receive on Acquiring Notes?**

An investment in a Note offered by the State offers an attractive yielding interest-bearing security which will be mandatorily exchanged for a SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on 1 November 1999. (See below for further details).

### 1.11.2 **Cessation of Dividend Subordination**

Dividend Subordination of Subordinated Dividend Ordinary Shares ceases on and from the day immediately after declaration of the first dividend on any share in SUNCORP-METWAY following 30 June 1999 or 1 July 2000, whichever is the earlier. After that time, Subordinated Dividend Ordinary Shares will have reverted to being Ordinary Shares with the same rights as any other Ordinary Share (without any further subordination over dividend entitlements).

If SUNCORP-METWAY declares a dividend after 30 June 1999 it is expected that it would be declared in or about October 1999, and Dividend Subordination will cease on the day immediately after that declaration. If SUNCORP-METWAY does not declare a dividend in or about October 1999, but declares an interim dividend in or about April 2000 (in accordance with the time at which it has historically declared interim dividends), Dividend Subordination will cease on the day immediately after declaration of that interim dividend, as outlined above.

If no dividend is declared after 30 June 1999 in that year and no interim dividend is declared in the first half of the year 2000, Dividend Subordination will cease on 1 July 2000.

Accordingly, as Mandatory Exchange will occur on 1 November 1999, it cannot be stated with certainty, at this stage, whether Dividend Subordination will have ceased as at that date. Therefore reference is made in this Offer Document to Mandatory Exchange into a SUNCORP-METWAY Share (which contemplates either a Subordinated Dividend Ordinary Share or an Ordinary Share, depending upon whether or not SUNCORP-METWAY declares a dividend after 30 June 1999 and before 1 November 1999).

It is anticipated that any such dividend would be declared before Mandatory Exchange on 1 November 1999 and that the Notes will exchange for SUNCORP-METWAY Ordinary Shares.

The full terms attaching to Subordinated Dividend Ordinary Shares are set out in Part 6.5.

### 1.11.3 **Interest Payments**

The State is obliged to pay 8% per annum interest (in arrears) on each Note calculated on the Face Value of \$6.10 semi-annually, as follows:

<i>Interest Payment Date</i>	<i>Amount (per Note)</i>
31 March 1998	23.9¢ *
30 September 1998	24.5¢
31 March 1999	24.3¢
30 September 1999	24.5¢

\* The interest payment for 31 March 1998 assumes a Closing Date of 3 October 1997. If the Closing Date is varied the amount of this payment will be adjusted accordingly. If the Closing Date is brought forward, the amount will be increased on a pro rata basis. If the Closing Date is extended beyond 3 October 1997, the amount will be decreased on a pro rata basis.

#### **1.11.4 Relationship between Instalments, Notes and Ordinary Shares**

On Acceptance of an Application for Notes under this Offer Document, and accompanied by payment of the First Instalment for each Note applied for, Notes will be issued to the applicants. Each person registered as a Note Holder at 5.00 pm Brisbane time on the sixth Business Day prior to and inclusive of the Final Instalment Payment Date will be required to pay the Final Instalment on each Note by 30 September 1998.

Each Note will correspond to a Subordinated Dividend Ordinary Share. Each corresponding Subordinated Dividend Ordinary Share will remain subject to Dividend Subordination (as detailed in Part 1.11.2 and Part 6.5), until it reverts to being an Ordinary Share.

#### **1.11.5 Exchange for SUNCORP-METWAY Shares**

A Note Holder must pay the Final Instalment by 30 September 1998, and on making that payment, the Note will become mandatorily exchangeable for a SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on 1 November 1999. On that date each remaining Note will be cancelled and a SUNCORP-METWAY Share corresponding to each Note will be transferred to each Note Holder.

#### **1.11.6 Payments by Instalments**

A Note Holder will have paid the First Instalment of \$3.00 on lodging an Application. The Final Instalment of \$3.10 will be payable by 30 September 1998.

There will be no right to prepay the Final Instalment except in the case of a takeover offer or in other limited circumstances. (See Part 6.1 for details).

A Note Holder may not defer payment of the Final Instalment.

#### **1.11.7 Rights to Vote Subordinated Dividend Ordinary Shares**

The legal interest in the Subordinated Dividend Ordinary Shares to which each Note corresponds will be held by Queensland Treasury Holdings Pty Ltd as trustee under the EIN Trust Deed.

Each Note Holder applying for a particular number of Notes will acquire a right to receive SUNCORP-METWAY Shares (expected to be an Ordinary Share and not subject to Dividend Subordination) on Mandatory Exchange.

As a term of the EIN Trust Deed each Note Holder will be entitled to provide voting instructions to the Trustee in respect of each Subordinated Dividend Ordinary Share to which each Note of that Holder corresponds, (except in relation to dividend rights). (See Part 1.12.3 for details).

These arrangements do not apply for the forthcoming 1997 annual general meeting.

### **1.11.8 Income of the Trust**

The State will be entitled to any income of the Trust. The Trust will terminate once all Subordinated Dividend Ordinary Shares have been transferred on the exchange of Notes or on sold under default rights and accounted for as provided in the EIN Trust Deed.

### **1.11.9 State's Obligations**

Each Note constitutes a direct obligation of the State to deliver a SUNCORP- METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) on 1 November 1999 (subject to payment of the Final Instalment), and to pay interest on the Notes until 30 September 1999. (See Part 6.1 for details).

### **1.11.10 No Minimum Subscription**

100 million Notes are available for subscription pursuant to this Offer. There is no minimum number of Applications which must be received to enable the Offer to proceed.

## **1.12 Rights Attaching to Notes**

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Investor rights and obligations in respect of the Notes are subject to specific terms and conditions which are set out in a number of documents including the EIN Trust Deed, the Memorandum of Understanding, the Quotation Agreement and the Underwriting Agreement. Part 6 sets out further details of those agreements which are available for inspection by investors at Allen Allen & Hemsley, Level 32, Riverside Centre, 123 Eagle Street, Brisbane, QLD 4000 during business hours. Some of the rights relating to Subordinated Dividend Ordinary Shares and conferred on a Note Holder are summarised below.

### **1.12.1 New Issues**

In the event that SUNCORP-METWAY makes an entitlements offer (other than by way of a dividend) to shareholders to participate in a new issue of shares or other securities, the Trustee will seek advice and take lawful steps (not involving it in expense or liability) to confer the benefits of the entitlements offer upon the Note Holders through Subordinated Dividend Ordinary Shares, on the same terms as offered to Ordinary Shareholders.

The Trust Deed also contains provisions for events such as capital reconstructions, bonus issues, take-overs and buy-backs. (See Part 6.1 for details).

### **1.12.2 State's One for Two Offer - Not Available**

The State advised SUNCORP-METWAY in November 1996 of its intention to offer Ordinary Shareholders registered on 1 December 1998 the opportunity to purchase one additional share for every two shares held at that date, at a price of \$5.00 per share. Subordinated Dividend Ordinary Shareholders and Note Holders will not be entitled to participate.

### **1.12.3 Voting Arrangements and Meetings**

Note Holders will be entitled to exercise voting rights (except in relation to dividends) through the Trustee and will be permitted to attend Ordinary Shareholders' meetings.

Voting rights which Note Holders are entitled to exercise in relation to each Subordinated Dividend Ordinary Share will only be exercisable through the use of a Voting Direction Form. Voting Direction Forms will be mailed to Note Holders at the time of the mailing of notices of meeting to Ordinary Shareholders.

Completed Voting Direction Forms can then be sent to the Trustee by a specified date prior to the relevant meetings. Note Holders will have no right to speak or vote in person at such

meetings. The Trustee will vote only where it has received such a valid Voting Direction Form and then only as directed. (See Part 6.1 for details). In the event that no such instructions are received, the Trustee will not exercise the right to vote which would otherwise have attached to the Subordinated Dividend Ordinary Shares. These arrangements do not apply for the forthcoming 1997 annual general meeting.

#### **1.12.4 Annual Reports and Notices**

Except for the financial year ended 30 June 1997, Note Holders will receive the SUNCORP-METWAY annual report and will receive other Ordinary Shareholder notices at the same time and in the same manner as holders of Ordinary Shares. Where a Note Holder is also the registered holder of Ordinary Shares, only one annual report will be sent.

#### **1.12.5 Transfers**

Normal ASX settlement procedures will apply to trading in Notes. Note Holders will be issued with an uncertified holding statement. Off-market transfers may, and transmissions will, require written acknowledgment from the transferee of the obligation to be bound by the EIN Trust Deed, including any outstanding obligation to pay the Final Instalment.

#### **1.12.6 Final Instalment Arrangements**

The Final Instalment must be paid by 30 September 1998. Note Holders may not prepay the Final Instalment, except in the case of a takeover offer or in other limited circumstances. (See Part 6.1 for details). A Note Holder may not defer payment of the Final Instalment.

The Trustee will forward a reminder notice to each Note Holder approximately 6 weeks before the Final Instalment is due to be paid. Each person registered as a Note Holder at 5.00 pm Brisbane time on the sixth Business Day prior to and inclusive of the Final Instalment Payment Date will be required to pay the Final Instalment on each Note to the State.

If a Note Holder fails to pay the Final Instalment, interest will be payable and the Trustee will cancel the Note, and at the State's election, issue a replacement Note for sale on the State's behalf and apply the proceeds in reimbursement of costs of sale and other unpaid amounts, and in payment to the State in respect of the Final Instalment. The State will pay any balance remaining to the defaulting Note Holder. The defaulting Note Holder will be liable for any deficiency that may exist after the Trustee has sold those Notes.

If a Note Holder pays the Final Instalment without default powers being exercised, that Note will mandatorily be cancelled by the State and the corresponding SUNCORP-METWAY Share transferred to the Note Holder on 1 November 1999, from which time the EIN Trust Deed will no longer apply.

#### **1.12.7 Restrictions Affecting Lenders**

A Note Holder cannot create any encumbrance (such as a mortgage) over a Subordinated Dividend Ordinary Share to which the Note corresponds, or create any encumbrance in respect of a Note, which may take priority over or interfere with any of the State's rights in relation to that Note or that SUNCORP-METWAY Share.

#### **1.12.8 Australian Taxation**

Tax issues are discussed in Part 5 of this Offer Document.

*Taxpayers under any doubt as to the taxation treatment of Notes in their particular circumstances should consult a professional adviser.*

### Introduction

Queensland is a sovereign State of the Commonwealth of Australia. It is Australia's third largest State in terms of population (estimated at 3.3 million in 1996) and second largest State in terms of land area (1.727 million square kilometres).

In 1995-96, Queensland's Gross State Product ("GSP") amounted to \$78.6 billion, making it comparable in size to other regional economies such as New Zealand.

The Queensland economy has experienced strong growth for the past five years. During the period 1990-91 to 1995-96 the State's GSP grew, in real terms, at an average annual compound rate of 5.3% (nationally 3.4%). In the year to March 1997, the Queensland economy grew 3.8% compared with 3.7% for Australia as a whole for the same period. The outlook for continued growth in the Queensland economy, as reported in the 1997-98 *State Budget Paper No. 2*, remains sound with GSP forecast to grow at 4.5% in 1997-98, higher than the national forecast growth of 3.75%.

The strength of the Queensland economy and the State Government's finances are reflected in the State's AAA credit rating. Moody's Investors Service in its April 1997 report on Australian States rated Queensland as Aaa for its \$A denominated debt. Standard and Poor's has similarly assigned the Queensland Government a long term credit rating of AAA.

### Queensland Economic Summary Statistics

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Gross State Product ("GSP") (\$ billions)	59.6	64.6	69.7	75.5	78.6	83.0(e)
Increase in GSP (in 1989-90 prices) (%)	4.2	7.6	6.3	6.5	2.0	4.0 (e)
Exports of Goods Overseas (\$ billions)	10.9	11.8	12.0	12.5	13.6	13.6
Retail Turnover (\$ billions)	16.7	17.8	18.9	20.8	22.0	22.6
Private Gross Fixed Capital Expenditure (\$ billions)	10.1	11.6	14.1	15.3	14.6	16.7(e)
Employment ('000) (a)	1,316.1	1,352.8	1,396.0	1,476.6	1,517.6	1,544.6
Unemployment Rate (%) (a)	10.1	10.5	10.1	8.8	9.3	9.6
Increase in Consumer Prices (%) (a)	2.0	1.4	2.0	3.7	3.8	1.6
Average Weekly Earnings, Ordinary Full Time (\$) (a)	538.9	555.3	578.2	594.4	615.2	647.7

(a) year average level (e) estimate

Source: Queensland Treasury and Australian Bureau of Statistics

### The State Budget Aggregates

The fiscal policies of the Queensland Government have placed the State in a strong financial position.

The State's fiscal policy is based on four fundamental tenets:

- Maintaining Queensland as the low tax State;
- Fully funding all long term State liabilities (eg superannuation);
- Not borrowing for recurrent expenditure; and
- Limiting borrowing to those infrastructure projects that can service the debt.

As a result, Queensland has the lowest net debt and strongest balance sheet of any Australian State.

Further information is available from a number of sources including the Queensland Treasury and the Australian Bureau of Statistics. Information is also available from Queensland Treasury's web site located at <http://www.treasury.qld.gov.au>



## Part 3 INFORMATION ON SUNCORP-METWAY

### 3.1 **Disclaimer**

This information on SUNCORP-METWAY has been prepared by the State using publicly available information, and without access to any records of SUNCORP-METWAY.

The State does not control the operations of SUNCORP-METWAY. The State believes that the information contained in this description of SUNCORP-METWAY has correctly summarised some of the publicly available information on SUNCORP-METWAY and only accepts responsibility for it on the basis that the summary included is an accurate summary of the information it purports to summarise.

No further responsibility in terms of the accuracy of the information presented is accepted by the State. No responsibility is accepted for the completeness of any information presented.

The State has not performed any due diligence enquiries of SUNCORP-METWAY. The State makes no representation as to the truth, accuracy or completeness of the publicly available information on SUNCORP-METWAY.

While the information on SUNCORP-METWAY has been provided in this Offer Document for the convenience of potential investors, this Offer Document does not purport to provide the type of information concerning SUNCORP-METWAY that would be required to be included in a prospectus, or that would reasonably be required by investors concerning the assets and liabilities, financial position, profits and losses and prospects of SUNCORP-METWAY.

Intending investors should conduct their own investigations and make their own assessment of the assets and liabilities, financial position, profits and losses and prospects of SUNCORP-METWAY by referring to the full range of publicly available information on SUNCORP-METWAY and by seeking appropriate professional advice before deciding whether or not to invest in Notes.

### 3.2 **Disclosure Obligations of SUNCORP-METWAY**

SUNCORP-METWAY is a public company, with shares quoted on ASX and as such is required to comply with periodical and continuous reporting and disclosure obligations imposed upon it by the Corporations Law and ASX Listing Rules.

In particular, under ASX Listing Rule 3.1, SUNCORP-METWAY is under an obligation to notify ASX immediately if it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of securities of SUNCORP-METWAY.

This requirement is subject to an exception where a reasonable person would not expect the information to be disclosed, the information is confidential, and one or more conditions set out in the Listing Rules apply.

For example, disclosure is not required if it would be a breach of law to make the disclosure, the information concerns an incomplete proposal or negotiation, the information comprises matters of supposition or is insufficiently definite to warrant the disclosure, the information is generated for internal management purposes of SUNCORP-METWAY, or the information is a trade secret.

Information that would require disclosure if material under Listing Rule 3.1 includes a change in SUNCORP-METWAY's financial forecasts or expectation, a recommendation or declaration of a dividend or distribution, or a recommendation or decision that a dividend or distribution will not be declared. The Listing Rule sets out other examples of required disclosure.





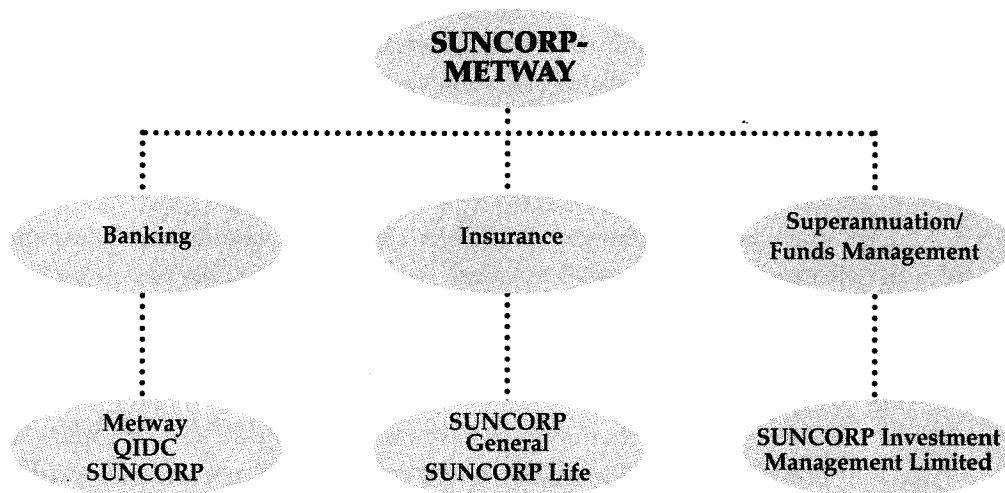
Potential investors and their professional advisers may obtain copies of information released by SUNCORP-METWAY pursuant to its periodic and continuous disclosure obligations by reviewing the public files available at the ASC and ASX.

### 3.3 **Background**

The SUNCORP and QIDC groups, previously wholly owned by the State, merged with Metway Bank Limited on 1 December 1996. The merged entity is now known as SUNCORP-METWAY Ltd ("SUNCORP-METWAY").

### 3.4 **Operations**

SUNCORP-METWAY's main activities are shown in the following simplified diagram.



### 3.5 **Directors**

The Directors of SUNCORP-METWAY are:

<b>John Lamble AO</b> ( <i>Chairman</i> )	<b>Martin Kriewaldt</b> ( <i>Deputy Chairman</i> )	<b>Steve Jones</b> ( <i>Managing Director</i> )
<b>Rodney Cormie</b>	<b>Patricia Cross</b>	<b>Jim Kennedy AO CBE</b>
<b>Frank Haly AO</b>	<b>John Story</b>	<b>Barry Thornton</b>

### 3.6 **Financial Results for year ended 30 June 1997**

The profit results for the year ended 30 June 1997 (comprising 5 months of the Metway operations and 7 months of SUNCORP-METWAY) were announced on 10 September 1997.

A summary of those results is expected to be advertised in The Courier-Mail and The Australian newspapers before the opening of this Offer on 15 September 1997.

A copy of a summary of those results, including an abridged profit and loss statement and an abridged balance sheet, is available free of charge from:

- any office of the Joint Lead Managers or Co-Managers;
- any branch of SUNCORP, Metway or QIDC;
- the Note Registrar, Douglas Heck & Burrell.

*Investors considering applying for Notes under this Offer should consider whether they wish to review those results before lodging their Applications.*

### 3.7 **Capital Structure**

<b>SUNCORP-METWAY'S Capital Structure as at 20 August 1997</b>	
<i>Type of Share</i>	<i>Number</i>
Fully Paid Ordinary Shares	192,031,057
Subordinated Dividend Ordinary Shares	100,000,000
Partly Paid Ordinary Shares	579,680
Series 2 Preference Shares	5,455,140
Non-Participating Shares	2,000
Capital Notes (convertible to Ordinary Shares)	155,000,000

*Source: Douglas Heck & Burrell, SUNCORP-METWAY Share Registrar.*

Subordinated Dividend Ordinary Shares are Ordinary Shares with all rights attaching to Ordinary Shares except that dividend rights on the Subordinated Dividend Ordinary Shares are accorded a lower priority until either the day immediately after declaration of the first dividend on any share in SUNCORP-METWAY following 30 June 1999 (expected to be before 31 October 1999) or 1 July 2000, whichever is the earlier. (See Part 1.11.2 and Part 6.5 for details).

The Capital Notes bear interest of 8.7% per annum and mature on 30 November 2006. Subject to certain conditions, the Capital Notes can be converted into fully paid Ordinary Shares, on the basis of one ordinary share for each Capital Note, at any point in time until maturity. The State has agreed to convert all outstanding Capital Notes should its shareholding of SUNCORP-METWAY's voting shares fall below 15%, or in any event, according to the following schedule:

- by 1 December 1999 - to have converted at least 20% of Capital Notes issued
- by 1 December 2000 - to have converted at least 60% of Capital Notes issued
- by 29 November 2006 - to have converted all remaining Capital Notes.

Series 2 Preference Shares were allotted at \$13.00 each in October 1995 and are mandatorily converted by dividing the issue price of \$13.00 by the lesser of: the weighted average sale price of Ordinary Shares sold on ASX during the 10 trading days immediately before and including conversion, less 7.5%; or \$7.00, and then subtracting one. Unless varied, the Series 2 Preference Shares will convert to Ordinary Shares on 17 October 2000.

### 3.8 **Ratings**

SUNCORP-METWAY has been rated by international ratings agencies. As at February 1997, IBCA assigned a long term rating of "A" and a short term rating of "A1" to SUNCORP-METWAY's banking business. SUNCORP General Insurance Limited (ACN 075 695 966) was assigned a claims payment rating of "A+" and SUNCORP Life and Superannuation Limited (ACN 073 979 530) an "A-".

On 1 November 1996, Standard and Poor's issued a long term rating on the banking business of "A-" and short term of "A2". Suncorp General Insurance Limited and Suncorp Life and Superannuation Limited were each assigned an "A-" claims payment rating.

## Part 4

The Notes offered in this Offer Document will be quoted on ASX. There are risks associated with investing in listed securities generally and risks which are specific to an investment in Notes. Until exchanged for SUNCORP-METWAY Shares (expected to be Ordinary Shares and not subject to Dividend Subordination), Notes are entitled to receive semi-annual interest payments (in arrears) at the rate of 8% per annum calculated on the Face Value from the Closing Date to 30 September 1999. The interest payable is not subject to the financial performance of SUNCORP-METWAY or the level of dividends declared by SUNCORP-METWAY in respect of each financial year.

### ***Factors Relating to Notes***

A direct comparison should not be made between the Face Value (\$6.10) of a Note and the market price of Ordinary Shares as the market price of Ordinary Shares includes the value attributable to the State's one for two entitlement offer and the priority to dividends currently enjoyed by Ordinary Shareholders as a result of the restriction on dividend payments currently payable on the State's 100 million Subordinated Dividend Ordinary Shares. Those advantages do not attach to Notes. (See Part 1.11 and Part 1.12 for details).

As each Note will exchange into one SUNCORP-METWAY Share (expected to be an Ordinary Share and not subject to Dividend Subordination) and is not redeemable for cash, the price of each Note can be affected by factors including the prospects of SUNCORP-METWAY, movements in interest rates and the outlook for the economy as a whole. An initial investment in Notes represents partly paid securities for the period to 30 September 1998 which carries a higher level of financial leverage and potential volatility than an investment in fully paid Ordinary Shares.

### ***Factors Relating to Underlying Shares***

The future financial performance of SUNCORP-METWAY will affect:

- the ability of SUNCORP-METWAY to pay dividends to shareholders;
- the level of dividends declared (especially after 30 June 1999 when all Ordinary Shares rank equally for dividends); and
- the value of Ordinary Shares and Notes on ASX.

This Offer Document does not purport to provide information permitting an assessment of the future financial performance of SUNCORP-METWAY, or on the business risks to which it may be exposed.

**Prospective investors should take their own advice on all these issues.**

# ARTHUR ANDERSEN

12 September 1997  
Honourable Joan Sheldon MLA  
Deputy Premier of Queensland  
Treasurer and Minister for The Arts  
9th Floor Executive Building  
100 George Street  
BRISBANE QLD 4000

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Dear Treasurer

### *Exchanging Instalment Note Offer - Taxation Consequences for Investors*

We have been asked to provide advice about a number of taxation issues concerning the Exchanging Instalment Note ("Note") Offer by the State of Queensland dated 12 September 1997.

The terms of the Notes are set out in the Offer Document dated 12 September 1997 that we have reviewed. We have also reviewed the EIN Trust Deed of 3 September 1997 in the course of preparing this letter.

This letter summarises the likely Australian income tax consequences for investors in Notes. Our views are based upon the Australian income tax law as it is presently enacted, or proposed to be enacted by way of draft or pending legislation or in public announcements made at this time by the Australian Government. Our advice also reflects current interpretations of the income tax law by the Courts and by the Australian Taxation Office ("ATO") in public rulings and determinations and in private rulings we have received from the ATO in relation to the Note Offer. Any change in the income tax law or in its interpretation could alter the views expressed herein.

Our advice is valid as of the date of this letter. We have not been asked, nor are we obligated, to monitor or update this advice after the Closing Date of the Offer. This advice is, of necessity, of a general nature because the tax outcome for each investor may differ depending on their particular facts and circumstances. Accordingly, Arthur Andersen disclaims any responsibility to any investor and all parties considering investing in Notes should seek their own advice about the income tax consequences of investing in Notes based on their own particular circumstances.

Unless stated, the taxation advice below applies only to residents of Australia. Non-resident investors may need to take account of other factors, such as home country taxes and tax treaties.

Our advice on the various matters that we have been asked to consider follows.

### *Tax File Number Requirements*

While it is not compulsory by law for a holder of Notes, or a holder of shares in SUNCORP-METWAY Ltd ("SUNCORP-METWAY") following exchange, to provide the State or SUNCORP-METWAY, as the case may be, with details of his or her Tax File Number ("TFN") or Exemption, failure to do so will result in tax being deducted from interest, or dividend payments that are not fully franked, as the case may be, at the highest marginal rate plus Medicare Levy. We understand that relevant forms will provide for TFNs to be quoted, if desired.

An investor claiming an exemption from quoting his or her TFN, including a non-resident, should record the exemption type (age pension, etc) on the relevant form. Should an exemption be claimed for an investor under 16 years of age, the date of birth should be inserted.

### *Taxation of Interest*

Prior to exchange, a holder of Notes who is a resident of Australia for tax purposes will generally be assessable under the income tax law on the interest paid on the Notes to him or her.

Where a holder of Notes is a non-resident for Australian tax purposes, the payment or crediting of interest on the Notes will generally be subject to 10% withholding tax which the State must deduct and remit to the Commissioner of Taxation.

### *Disposal of Notes other than Exchange*

The Notes will be "traditional securities" under income tax law. Accordingly, any gain or loss on disposal of Notes by a resident of Australia, e.g. by sale on ASX, will generally be assessable income or an allowable deduction, as the case may be, for the holder in the year in which the disposal occurs.

### *Exchange of Notes*

The exchange of Notes, expected to occur on 1 November 1999, is likely to be regarded by the ATO as a disposal of Notes and an acquisition of SUNCORP-METWAY shares. On this basis, any gain or loss on exchange of a Note by a resident of Australia will generally be either assessable income or an allowable deduction, as the case may be, for the Note holder at that time. In determining this gain or loss, the ATO is likely to take the view that the Note holder will receive as consideration for the disposal of each Note the market value of the SUNCORP-METWAY share at the time the Note is exchanged for the share.

On this view, an assessable gain will arise to the extent the market value of a SUNCORP-METWAY share at that time exceeds the cost of the Note (ie. the sum of the First and the Final Instalments, or the purchase price from a prior holder of the Note) which is exchanged. A deductible loss will be realised to the extent that the converse situation occurs.

There may be a contrary view that no gain or loss arises on exchange of a Note for a SUNCORP-METWAY share. However, the ATO is unlikely to accept this alternative view. We recommend investors in Notes should seek their own independent advice in relation to this matter.

#### *Taxation of SUNCORP-METWAY Dividends*

After exchange of a Note for a SUNCORP-METWAY share, any dividends received from SUNCORP-METWAY by an Australian resident individual shareholder will generally be taxed as ordinary income. A shareholder will also be required to include in his/her income an imputation credit to the extent the dividends are franked. A franked dividend is paid out of profits in respect of which SUNCORP-METWAY has paid corporate tax in Australia (currently the corporate tax rate is 36%) or dividends SUNCORP-METWAY has received from other companies which have paid tax on their corporate profits.

If an individual shareholder is required to include an imputation credit in his or her income, a rebate of tax equal to that amount will be available. If a shareholder's marginal tax rate is less than 36%, the excess rebate can be offset against the shareholder's tax liability on other income in that year.

Dividends paid to non-resident shareholders are not subject to Australian tax by assessment but by way of withholding tax.

Dividends paid to non-resident shareholders will not be subject to withholding tax to the extent the dividends are franked. Withholding tax of 30% (or generally 15% where the shareholder is a resident of a country with which Australia has a Double Tax Agreement) will be imposed on the unfranked component of any dividend paid to non-residents, which SUNCORP-METWAY is required to deduct from the dividend and remit to the Commissioner of Taxation.

The rules governing the taxation of dividends received by other shareholders including companies, partnerships and trusts differ from those described above for individual shareholders and specific tax advice should be obtained.

#### *Disposal of SUNCORP-METWAY Shares*

A gain or loss made on the disposal of a SUNCORP-METWAY share received following exchange of a Note may be assessable as ordinary income or deductible against other income (say, if the shareholder conducts a business of trading in shares) or under the Capital Gains Tax ("CGT") provisions of the income tax law. It should be noted that under the CGT rules a capital loss can only be deducted against a realised capital gain.

Capital gains will be adjusted for inflation if a share is held for more than twelve months from the date of acquisition of a Note. Indexation of the cost of a SUNCORP-METWAY share will commence either from the time a Note is acquired or from the time a Note is exchanged. The ATO has not finally determined its interpretation of the law on this general issue. Investors should obtain independent advice in this regard.

#### *Taxation of Financial Arrangements Regime*

The ATO has confirmed that the proposed Taxation of Financial Arrangements ("TOFA") rules which are yet to be settled and enacted will apply prospectively and, as currently proposed, will not apply to Notes or the SUNCORP-METWAY shares received following exchange of the Notes.

Holders of Notes who purchase them from other investors after the TOFA rules have been enacted may be subject to those rules and should seek independent advice about their application at that time.

#### *Reversion of Subordinated Dividend SUNCORP-METWAY Shares*

The ATO has confirmed that reversion of a subordinated dividend SUNCORP-METWAY share to an ordinary SUNCORP-METWAY share will not give rise to a shareholder being taxed on any amount purely as a result of such reversion. This issue will only be relevant to Note holders if SUNCORP-METWAY shares which are exchanged for Notes remain subject to dividend subordination at the time of exchange.

#### *Voting Rights*

The ATO has confirmed that no amount will be included in a Note holder's assessable income attributable to the right to direct the Trustee of the EIN Trust to vote a corresponding subordinated dividend SUNCORP-METWAY share of the EIN Trust as the Note holder directs.

#### *Default by Note holder*

Should default occur, a Note holder will need to obtain independent advice about the tax consequences, depending on the precise circumstances.

We have not been asked to advise on the likely tax consequences in a range of other situations e.g. in the event of a takeover bid or an entitlements offer. Holders of Notes should obtain independent advice should any of these situations occur.

Yours faithfully



**ARTHUR  
ANDERSEN**



## 6.1 Trust Deed and Instalment Arrangements

### A The Documents Concerned

Shares in SUNCORP-METWAY to be exchanged for Notes are to be held pursuant to a Trust Deed dated 3 September 1997 made between the State and the Trustee ("*the EIN Trust Deed*") as well as by the terms, provisions and statements of other documents which are incorporated into the EIN Trust Deed. Accordingly, references in the EIN Trust Deed, and in this summary, to the "*Deed*" include all the terms, provisions and statements of not only the EIN Trust Deed itself but also this Offer Document, Application Forms, forms of Transfer and Transmission Elections, Deeds of Acknowledgment (mainly concerning the obligation to pay the Final Instalment), and terms of registration in the EIN Register.

The EIN Trust Deed is a lengthy document of importance to investors when making an assessment of whether to apply for Notes. Accordingly, certain key provisions of the EIN Trust Deed are summarised below. This summary is not intended, however, to set out in detail all of the provisions of the EIN Trust Deed.

Certain capitalised terms used in this summary have defined meanings in the Deed not always repeated or paraphrased in this summary or in the Glossary.

### B Monetary Obligations of EIN Holders

An "*EIN Holder*" is a person for the time being entered in the EIN Register as the holder of an Exchanging Instalment Note, or "*EIN*". Each EIN Holder is bound by the terms and obligations of the Deed.

The key monetary obligations of EIN Holders are:

- To pay to the State by 5:00 pm (Brisbane time) on the Final Instalment Payment Date, the Final Instalment in respect of each Sale Share to which each EIN corresponds (see paragraphs C.1 and C.7 below).
- To pay or reimburse the Trustee for "*Duties and Taxes*" (see paragraph Q below).
- To pay other "*Unpaid Amounts*" (see paragraph F.1 and other paragraphs below).
- To pay to the State any "*Early Sale Deficiencies*" (see paragraph X below).
- To pay to the State "*Default Interest*" in certain circumstances (see paragraph F.2 and other paragraphs below).

The monetary obligations imposed on an EIN Holder are absolute, free of any right to counterclaim or set off, and may only be satisfied by a Cleared Payment, without deduction of any kind.

### C Fundamental Aspects of the Deed

The Deed reflects a number of fundamental aspects:

1. Each person registered as an EIN Holder at 5.00 pm (Brisbane time) on the 6th Business Day prior to and inclusive of the Final Instalment Payment Date ("*Obligor Determination Time*") is obliged to pay to the State by 5.00 pm (Brisbane time) on the Final Instalment Payment Date the Final Instalment in respect of each Sale Share to which its EIN Holding relates as at the Obligor Determination Time.
2. EINs will be quoted on ASX. EINs can be transferred on-market or off-market. In the case of those transferees not covered by an ASC modification to the Corporations Law (having the consequence that certain transferees are bound to pay the Final Instalment), a paperbased off-market transfer is only permitted if the transferee executes and delivers to the EIN Registrar together with the transfer document, a duly stamped Deed of Acknowledgment in a prescribed form. The primary purpose of that Deed of Acknowledgment is for the transferee to covenant to be bound personally by the Deed, including (if that transfer occurs before the Final Instalment Payment Date) the obligations of an EIN Holder to pay the Final Instalment by the Final Instalment Payment Date and to pay Default Interest and recovery costs if there is default.
3. No pledge, mortgage, charge or other encumbrance may be created or arise over an EIN or the Sale Share to which an EIN corresponds which may take priority over or interfere with any of the State's rights in relation to that EIN or that Sale Share. (See paragraph E below)
4. By making an Application under this Offer Document a person is offering to purchase from the State a specified number of EINs.

If and to the extent that an Application is accepted by the State in respect of a particular number of EINs, at the moment of Acceptance (defined in the Deed) the Successful Applicant becomes an EIN Holder, acquires a contractual interest ("*Purchaser's Interest*") in the corresponding Sale Shares as a purchaser by instalments, being an interest constituted and governed by the Deed. The Purchaser's Interest includes the right to direct the Trustee how to vote with respect to the corresponding Sale Shares (other than with respect to the forthcoming 1997 annual general meeting and resolutions affecting dividend entitlements and payments in respect of Sale Shares) and the right to require the Trustee to transfer the legal title to the Sale Shares to the EIN Holder in certain circumstances. (See paragraphs C.6 and O below). It does not include the right to receive dividends or any other entitlements in the nature of dividends, pending transfer of Sale Shares to the EIN Holder.

The Holding of the EIN entitles the EIN Holder (as at 11 Business Days before the payment of interest on the EINs) to receive interest calculated on the Face Value of each EIN at the rate of 8% p.a. on 31 March 1998, 30 September 1998, 31 March 1999 and 30 September 1999 ("*Interest Payment Dates*") provided that the EIN has not become a Defaulted EIN or been exchanged for a Sale Share since the last Interest Payment Date.

The Trustee holds legal title to the Sale Shares. All interests in the Sale Shares which are not included in the Purchaser's Interest are held on behalf of the State ("*State's Interest*").



At the time of Acceptance of a Successful Application, a number of trusts will come into existence, one separate trust ("*Separate Trust*") for each such Sale Share. During the term of a Separate Trust the Trustee will hold the Sale Share concerned as trustee for the State in respect of the State's Interest and otherwise for the Successful Applicant concerned (and its subsequent successors and assignees) in respect of the Purchaser's Interest. The State's Interest in each Sale Share will terminate on the transfer of each Sale Share from the Trustee and the cancellation of the corresponding EIN.

At the time a Separate Trust in respect of a Sale Share is constituted, the Successful Applicant will be registered as the initial holder (ie "*EIN Holder*") of the EIN corresponding to that Sale Share, and an uncertificated Holding Statement will be sent to the Successful Applicant. The total number of EINs to be registered in the name of a Successful Applicant will be equal to the total number of Sale Shares held in the name of the Trustee on Separate Trusts pursuant to the Application of that Successful Applicant.

Accordingly, an EIN Holder will be entitled to the Purchaser's Interest in each Sale Share corresponding to the EINs registered in the name of that Holder. Each EIN will correspond to an individual Sale Share registered in the name of the Trustee.

5. The rights and obligations evidenced by an EIN may be transferred in combination but not separately. As and from the date the name of a Transferee (or Transmitttee) is entered on the EIN Register that Transferee (or Transmitttee) will be treated as having assumed the rights and obligations of a Successful Applicant as though it had been the initial Successful Applicant in respect of the Sale Shares to which its EINs related.

6. Provided the Final Instalment is duly paid by or on behalf of the person who is the EIN Holder in respect of the EIN concerned at the Obligor Determination Time, on 1 November, 1999 ("*the EIN Exchange Date*") the State's Interest will be released, the EIN will be cancelled and the Trustee will transfer the corresponding Sale Share to the EIN Holder.

At the time of that transfer, dividend rights on those shares may or may not be subordinated, depending on whether the Subordination Cessation Date has occurred before that transfer. Otherwise, EIN Holders will acquire the same rights as any holder of ordinary shares in SUNCORP-METWAY Ltd. It is intended that those Sale Shares will be Quoted and may be transferred freely on ASX.

Note that, where the Final Instalment on EINs is not received as Cleared Payment within the requisite time limits, certain default procedures may be implemented by the Trustee. Those default procedures are set out in paragraph F.

7. If the Final Instalment is not duly paid, the Trustee may cancel the relevant EINs and resell replacements by way of enforcement of the State's Interest and may, depending upon the outcome of the sale, have further powers described in the Deed to recover any balance of the Final Instalment, together with Default Interest and certain outgoings.

8. The Deed creates a mechanism for EIN Holders to control the exercise of voting powers (other than voting powers affecting dividend entitlements and payments) attached to the Sale Shares to which their EINs correspond. (See paragraph K below).

9. The Trustee has no powers, rights or discretions in respect of Sale Shares (such as to vote or dispose of them) except as set out in the Deed.

In many circumstances set out in the Deed the Trustee's only obligations are to take what are called "*Reasonable Steps*", being actions which are lawful, practicable, do not necessitate any expense by the Trustee (unless expressly authorised and borne by the State) and do not expose the Trustee to any actual or contingent liability to any person.

Except as provided in the Deed, the Trustee has no right to be indemnified against any Sale Share the subject of a Separate Trust but instead its sole right of recoupment, recourse and indemnity lies against the State as part of an undertaking by the State to provide to the Trustee operating expenses and pay or reimburse the Trustee for outgoings and provide the Trustee with certain indemnities.

#### ***D Duty of Impartiality and Exemptions***

In the performance of its duties and functions under the Deed the Trustee will have due regard (in accordance with the principles of trust law) to both the State's Interest and the Purchaser's Interest in each Separate Trust and will not unfairly favour one such interest ahead of the other.

This will not apply, however, in relation to any action which the Trustee may take to recover Unpaid Amounts (See paragraph F and other paragraphs below) or Early Sale Deficiencies (See paragraph X below) or Default Interest or to enforce the State's Interest. In those circumstances, the Trustee will be acting as agent for the State and will pay regard, to the full extent the law permits, solely to the interest of the State.

This will also not apply to a sale by the Trustee of Sale Shares in accordance with the powers described in paragraph X below. In those circumstances the Trustee's sole obligation will be to comply as quickly and fully as possible with the law or order which caused the relevant Divestiture Event to arise.

#### ***E Encumbrances Limitation***

It is a fundamental term of each Separate Trust that prior to payment of the Final Instalment in cleared funds:

1. No pledge, mortgage, charge or other encumbrance (as defined in the Deed as Encumbrances) may be created, or arise or continue to exist over an EIN or a Sale Share.
2. No Encumbrance may be created or arise or continue to exist which could have the effect that any person acquires any right to or in respect of an EIN or a Sale Share.
3. No person may acquire any right or standing before a court which could affect or make conditional the State's Interest or manner of exercise of or other dealings in relation to that State's Interest.

in any manner which may take priority over or interfere with any of the State's rights in relation to an EIN or a Sale Share.

## F Default Provisions

### 1. Under the Deed:

**"Defaulted EINs"** means those of the EINs to which an EIN Holder's Holding relates, together with the corresponding Sale Shares, in respect of which there has been a default in respect of payment of the Final Instalment in cleared funds, and includes Accretions received after the Final Instalment Payment Date (including dividends declared after that time in respect of those shares) (whether to be paid in cash or otherwise).

An **"Unpaid Amount"** essentially means:

- (a) prior to the sale of replacements for Defaulted EINs, the Final Instalment in respect of them;
- (b) after sale of replacements for Defaulted EINs, that part, if any, of the Final Instalment which remains owing to the State after the proceeds of that sale have been applied in accordance with the Priority Order (as defined in the Deed);
- (c) any costs or expenses properly incurred by the Trustee in the recovery or attempted recovery of any of the monies referred to elsewhere in this definition including, without limitation, expenses associated with the giving of a Non-Payment Notice (as defined in the Deed);
- (d) any fees, costs or expenses (including Duties and Taxes) incurred in or about the sale or forced disposal of replacements for Defaulted EINs, a Scheme Outcome (as defined in the Deed), or a form of consideration for a compulsory acquisition (as referred to in the Deed), to the extent to which those fees, costs or expenses have not been deducted from the gross sale price; and
- (e) any Duties and Taxes (as defined in the Deed) owed or which become, or are likely to become, owing by the relevant EIN Holder.

2. A Defaulting Payer (as defined in the Deed to include EIN Holders who default in paying the Final Instalment in cleared funds by the date 5 Business Days after the Final Instalment Payment Date) must pay to the State Default Interest on any Unpaid Amount from the date it fell due for payment until the date it is received by the State through a Cleared Payment. Any Unpaid Amount of the type described in paragraphs (c), (d) or (e) of the definition of that expression above will be taken to have fallen due on the date the sum in question is paid by the Trustee.

Default Interest in respect of an unpaid Final Instalment will accrue from and including the day which immediately follows the Final Instalment Payment Date.

Default Interest will be calculated at the **"Default Interest Rate"** which will mean the Call Rate plus 200 basis points (or such lesser rate as the State determines) expressed as a rate per annum calculated on daily balances while an amount remains owing. **"Call Rate"** means the Official Call average 11.00 am interest rate published by the Reserve Bank of Australia or, if that rate is not published, such other rate that the Trustee considers a reasonable substitute cash interest rate.

If, however, after a default sale there remains an Unpaid Amount, then Default Interest will be payable by the Defaulting Payer on that Unpaid Amount from the date of completion of the sale until that Unpaid Amount is received by the State in the form of a Cleared Payment.

3. If more than one person is registered as the Holder of EINs, each such person is jointly and severally liable for the payment of the Final Instalment due in respect of those EINs for any Default Interest or other Unpaid Amounts if that Holding becomes a Holding in respect of Defaulted EINs.

4. Defaulting Payers will be sent a non-payment notice requiring them to pay the Final Instalment in respect of the Notes concerned and drawing their attention to the liability to pay Default Interest and the expenses referred to in paragraphs (c), (d) and (e) of the definition of **"Unpaid Amount"** above.

That notice will state that if Cleared Payment is not made at the place appointed, by a specified date (being not earlier than 10 Business Days after the date the notice is taken to have been served), all of the Defaulted EINs will be cancelled and replacement EINs sold.

5. If the requirements of the non-payment notice are not complied with by the date specified in the notice the Trustee will cancel the EIN Holder's EINs (**"Defaulted EINs"**) and may issue replacement EINs for sale on the State's behalf. Omission or neglect to give or non-receipt of a non-payment notice will not invalidate in any way the Trustee's powers and duties.

6. In selling EINs issued in replacement of Defaulted EINs, the Trustee will prescribe the time and mode and broker (if any) for the sale, including the right to direct a postponement of the sale for so long as the Trustee in its discretion thinks fit and to effect any sale or realisation over a period of time and in lots or parcels as it considers advisable and to fix and vary reserve prices below which the replacement EINs may not be sold.

The Trustee will not on any account be under any liability to the holders of a Purchaser's Interest or to the State as the holder of the State's Interest in those replacement EINs or corresponding Sale Shares by reason of the Trustee not having realised any specific price or reserve in respect of any replacement EINs sold.

The State may at any time prior to the sale of replacement EINs direct the Trustee to defer their sale. The relevant Defaulting EIN Holder will not be entitled to make any claim or bring any action against the Trustee in relation to such deferral.

7. The proceeds of a default sale will be applied in accordance with the following priority order:

- first, in payment or reimbursement of all costs and expenses of the type referred to in paragraph (c) of the definition **"Unpaid Amount"** above relating to the Defaulted EINs concerned;
- second, in payment or reimbursement of all fees and expenses of the type referred to in paragraph (d) of the definition of **"Unpaid Amount"** above relating to the Defaulted EINs concerned;

- third, in payment or reimbursement of all Duties and Taxes referred to in paragraph (e) of the definition of "Unpaid Amount" above relating to the Defaulted EINs concerned;
- fourth, in payment to the State of Default Interest on the Final Instalment in respect of the Defaulted EINs from the date of default;
- fifth, in payment to the State of the Final Instalment in respect of the Defaulted EINs concerned; and
- sixth, if there remains any balance of the proceeds, payment of the same to the Defaulting Holder (as defined in the Deed).

8. Notwithstanding cancellation of a Defaulting Holder's EINs and the sale or attempted sale of the EINs issued by the State in replacement of the Defaulted EINs, the Defaulting Payer is nevertheless liable to pay and will immediately pay to the State, the Final Instalment less, if a sale has occurred, so much of the proceeds of that sale as are available, after application of the Priority Order (See paragraph F7 above) to those proceeds, to be applied in reduction of the Final Instalment, as relevant.

This liability will be in addition to any liability the Defaulting Payer may have in relation to any other Unpaid Amounts or in relation to Default Interest. The Trustee will, upon exercising its default sale powers, take all necessary and appropriate action to enforce the payment of the liabilities so described, unless the State instructs it to cease such action. The State may also take this action itself, or appoint another person to do so in the place of the Trustee.

9. To secure payment of the Final Instalment the State has a first and paramount lien upon all of the EINs and the corresponding Sale Shares and first and paramount right to receive any Unpaid Amount and Default Interest from the net proceeds of sale of EINs where that sale has arisen out of Defaulted EINs and the Trustee exercising its default powers.

Each EIN Holder irrevocably directs the Trustee that, if it defaults, the Trustee must pay to or vest in the State all monies and other Accretions which may accrue in relation to Defaulted EINs and Sale Shares which correspond to that EIN Holder's Defaulted EINs and which (whenever they become due) are received after the Final Instalment Payment Date, as relevant, until the entire Unpaid Amount has been received together with all Default Interest owed by that EIN Holder, in relation to all its Defaulted EINs. The State will then pay any balance to that EIN Holder.

### **G Prepayment of Final Instalment**

Except in the circumstances of a Takeover Bid as defined in the Deed, there is no right for EIN Holders to prepay the Final Instalment in respect of any or all of the EINs. In the circumstances of certain Vesting Events and liability of EIN Holders for Duties and Taxes (as defined in the Deed), the Final Instalment Payment Date may become due earlier than 30 September 1998.

### **H Transmission of EINs**

The Deed contains provisions under which a Legal Representative (as defined in the Deed) becoming entitled to EINs in consequence of death, bankruptcy or incapacity of any EIN Holder or an EIN Holder becoming an Insolvent Body Corporate or an EIN Holder being subject to a Vesting Event (as defined in the Deed), may be registered as the EIN Holder in respect of the EINs or may, as such Legal Representative, Transfer the EINs to a third party.

Nothing in the Deed will be taken to release the estate of a deceased EIN Holder from the liability to pay the Final Instalment, Default Interest, any other Unpaid Amounts and any Early Sale Deficiencies.

### **I Dividends**

EINs do not confer any rights to Dividends (as defined in the Deed). The State will be entitled to all Dividends payable on Sale Shares to the registered holder prior to 1 November 1999. Dividends payable on Sale Shares are subordinated to Ordinary Shares as to the first 44 cents payable on those shares in any calendar year until the Subordination Cessation Date. That dividend subordination is not cumulative from year to year.

As discussed in paragraph C.6 above, transferees of Sale Shares before the Subordination Cessation Date will acquire those shares subject to dividend subordination. After the Subordination Cessation Date, holders of Sale Shares will have all the rights of holders of Ordinary Shares, because the Sale Shares will have reverted to being fully participating ordinary shares. EIN Holders will have no rights arising from an EIN Holding to participate in any SUNCORP-METWAY Dividend Reinvestment Plan.

### **J Accretions**

Upon becoming aware of an Accretion (as defined in the Deed) not otherwise specifically provided for in the Deed in respect of a Sale Share, the Trustee must determine whether the Accretion is:

- in the nature of a Dividend, in which case the Trustee is to hold that Accretion on trust for the State absolutely and will pay, transfer or otherwise deliver up that Accretion to the State on demand; or
- in the nature of an incident to the Purchaser's Interest, in which case the Trustee will take Reasonable Steps to transfer the Accretion to the Holder of the EINs corresponding to the Sale Shares, and to the extent that this is not possible prior to the transfer of the Sale Shares to the EIN Holder following the EIN Exchange Date (being the date on which the Sale Shares are transferred), the Trustee will hold such Accretion on trust for the EIN Holder on the same terms and conditions as it holds the corresponding Sale Shares until it transfers those Sale Shares together with those Accretions to the EIN Holder.

### **K Voting at SUNCORP-METWAY Meetings**

1. At the same time and in the same manner as the SUNCORP-METWAY Registrar gives notice to registered holders of SUNCORP-METWAY ordinary shares as to the convening of a meeting of the members of SUNCORP-METWAY, the SUNCORP-METWAY Registrar will also despatch to each EIN Holder:

- notice of that meeting; and
- a blank form of Voting Direction and Poll Direction which may be completed by an Eligible EIN Holder so as to direct the Trustee as to the manner in which the Trustee should exercise, on behalf of the Eligible EIN Holder (being an EIN Holder on the EIN Register at the relevant record time), the right to vote attached to the Sale Shares to which its EINs correspond, in relation to all or any of the resolutions specified in the notice.

The accidental omission to give notice of any meeting or send a form of Voting Direction or Poll Direction or the non-receipt of that notice and form by any Eligible EIN Holder will not invalidate the provisions of the clause of the Deed concerning voting.

- Neither the Holding of an EIN nor the determination that a person is an Eligible EIN Holder will entitle the person to speak at any meeting of members (or class of members) of SUNCORP-METWAY, though, under and subject to the terms and conditions of any agreement entered into between the State and SUNCORP-METWAY, that person is entitled to attend meetings of members holding Ordinary Shares. An EIN Holder does not have any right to compel the Trustee to speak on the EIN Holder's behalf at any meeting of members (or class of members) of SUNCORP-METWAY.
  - To be valid, a Voting Direction or Poll Direction must be in writing and appropriately signed.
  - A Voting Direction or Poll Direction will be rejected if the exercise of a vote or the demand for a poll by the EIN Holder in question is contrary to law, to the Listing Rules or to the order of a court.
  - To be effective, a Voting Direction or Poll Direction must be deposited at the EIN Registry 48 hours before the time fixed by SUNCORP-METWAY as the last time for Ordinary Shareholders to lodge proxies.
  - The Trustee will only cast a vote on any resolution in respect of Sale Shares for which a valid Voting Direction has been received, except that if any resolution in respect of which the Trustee may vote affects, or may affect, Dividend entitlements or amounts payable in respect of Dividends on Sale Shares at any time prior to the EIN Exchange Date ("*Dividend Resolution*") no Voting Direction will apply with respect to that resolution, and the Trustee will exercise any voting rights in respect of that resolution as instructed by the State in writing.
- The Trustee may appoint one or more persons as its proxy or proxies or as its Representative to attend and vote instead of the Trustee.
- Except with respect to Dividend Resolutions, the Trustee will demand a poll or join in demanding a poll at any meeting of members (or class of members) of SUNCORP-METWAY in respect of any resolution on which the Trustee may vote:
    - which has been carried on a show of hands and in respect of which the Trustee has been given more Voting Directions (by number of EINs) to vote against the resolution than it has been given Voting Directions (by number of EINs) to vote in favour of the resolution;
    - which has been lost on a show of hands and in respect of which the Trustee has been given more Voting Directions (by number of EINs) to vote in favour of the resolution than the Trustee has been given Voting Directions (by number of EINs) to vote against the resolution; or
    - in relation to which the Trustee has received one or more Poll Directions by EIN Holders individually or collectively holding EINs corresponding to at least 10% of all SUNCORP-METWAY shares on issue at the relevant Direction Record Time.
  - Except with respect to Dividend Resolutions, in the case of a resolution which is to be decided by a show of hands, the Trustee will compare (by number of EINs) the Voting Directions it has received to vote in favour of the resolution against those which it has received to vote against the resolution and will vote for the proposition for which the Trustee has the greater number of Voting Directions (by number of EINs).
  - Except with respect to Dividend Resolutions, in the case of a resolution which is to be decided by a poll, the Trustee will cast such number of votes for the resolution and such number of votes against the resolution as is determined by the tabulation. The Trustee will cast those votes separately and the Trustee will not net off Voting Directions it has received to vote in favour of the resolution against those which it has received to vote against the resolution.
  - None of the above arrangements applies to the 1997 annual general meeting of SUNCORP-METWAY.

### ***L No EIN Certificates***

The Trustee may determine to issue EINs in certificated or uncertificated form. However it is intended that EINs will be issued only in uncertificated form.

### ***M EIN Register***

The EIN Registrar will maintain an EIN Register which will be the only and conclusive evidence of the holding of an EIN and of the Purchaser's Interest evidenced by an EIN.

EIN Holders will be entitled to inspect and request copies of the EIN Register subject to payment of prescribed fees and providing undertakings concerning the use of information so obtained. EIN Holders must notify any change of name or change in the address of the EIN Holder entered on the EIN Register.

No notice of any trust (express, implied or constructive) or equity will be entered upon the EIN Register or recognised by the Trustee or the EIN Registrar.

Other than with respect to the State's Interest and the Purchaser's Interest, the Trustee and the EIN Registrar are not required to recognise or give effect to any mortgage, charge, pledge or other encumbrance (as defined in the Deed) of an EIN or a Sale Share.



## ***N Consequences of Divestiture Events***

The Deed contains provisions concerning the consequences of "*Divestiture Events*", being events where as a result of application of any law or court order the Trustee is obliged to dispose of any Sale Shares.

After such a disposal the proceeds of sale are applied in accordance with a Priority Order set out in the Deed and the relevant EINs (of the EIN Holder to which the Sale Shares concerned correspond) are cancelled. If an Early Sale Deficiency (as defined in the Deed) arises, the EIN Holder affected will remain liable to pay that deficiency (ie the remaining part of the Final Instalment) within 14 days of being requested to do so, failing which the Trustee has powers to seek recovery of the Early Sale Deficiency as well as interest and recovery costs.

If due to any Divestiture Event or an action taken by SUNCORP-METWAY or the operation of any law or court order any rights (eg voting) attached to Sale Shares are cancelled or suspended then the Trustee has power to impose similar action on the corresponding EINs.

If certain Vesting Events (as defined in the Deed) occur, the Final Instalment (to the extent outstanding at the time) in respect of each EIN corresponding to the Sale Share in relation to which the Vesting Event relates will become immediately due and payable to the State by the EIN Holder registered as at the time the finding made by the court comes into effect. The Final Instalment will bear interest (at the Default Interest Rate) from the date it falls due until received in full by a Cleared Payment.

## ***O Events Concerning SUNCORP-METWAY***

The Deed contains detailed provisions catering for the possibilities and the Trustee's obligations in the event that:

- a Takeover Bid is made for Sales Shares (the Trustee will not accept any such bid, will not be obliged to communicate any information or document it may receive to any EIN Holder and will have no other obligations concerning such a bid). However, upon becoming aware of a Takeover Bid, an EIN Holder may prepay the Final Instalment (if outstanding) on any EINs which are not Defaulted EINs and require the transfer of Sale Shares corresponding to the EINs in respect of which the notice is given to it on fulfilling certain conditions;
- a Takeover Bid is made for EINs;
- an Entitlements Offer being made by SUNCORP-METWAY to its Shareholders (the Trustee will have no obligation to respond to it nor, if it is renounceable, to dispose of it but the Trustee will seek advice and take any Reasonable Steps (see paragraph C.9) to enable EIN Holders who elect to do so to take up the benefit of the Entitlements Offer in respect of Sale Shares corresponding to the EIN Holder's Holding). Entitlement Offers do not include rights constituting, or in the nature of, Dividends (as defined in the Deed);
- a subdivision, consolidation or reconstruction of SUNCORP-METWAY Shares occurs;
- SUNCORP-METWAY reduces its capital (in certain circumstances the Trustee need take no action and in others involving return of capital the Final Instalment will be reduced accordingly);
- SUNCORP-METWAY makes a buy-back offer for its shares (an EIN Holder may require the Trustee to accept on its behalf buy-back offers capable of acceptance by the Trustee, offered prior to the Final Instalment Payment Date, where the buy-back price exceeds the Face Value; if the buy-back offer is made after the Final Instalment Payment Date, any non-Defaulting Holder will have the same rights and recourse as it does with respect to a Takeover Bid for Sale Shares);
- a Bonus Issue by SUNCORP-METWAY or a Scheme of Arrangement (if it is a Dividend or in the nature of a Dividend the State will be entitled to it; generally, in other cases the Trustee will take Reasonable Steps (see paragraph C10) to transfer it to the EIN Holder; otherwise it will be held and transferred to the EIN Holder upon transfer of Sale Shares to that holder). The State will be entitled to any income earned in the meantime.

Certain of these events could lead to an Early Sale (as defined in the Deed) of Sale Shares by the Trustee. In such event the proceeds of sale will be applied in accordance with a Priority Order set out in the Deed and the relevant EINs will be cancelled. If an Early Sale Deficiency arises then it is payable within 14 days after the date of a notice requesting its payment, failing which the Trustee has powers to seek recovery of the Early Sale Deficiency, as well as interest and recovery costs.

## ***P Powers and Duties of Trustee and Limits on Liability***

Except as set out in the Deed, the Trustee has no powers, rights or discretions in respect of EINs or corresponding Sale Shares.

Except for any liability which the Trustee may have as a result of its gross negligence or fraud, the Trustee will not be liable to any EIN Holder to any greater extent than the value of the interest of the EIN Holder under the Separate Trusts of the Sale Shares to which its EINs correspond.

The Deed sets out in detail limitations on the Trustee's liability to other persons.

## ***Q Duties and Taxes***

If the Trustee receives a demand or an assessment relating or referable to an EIN Holder, an EIN Holding or any corresponding Sale Share from a revenue or other authority, for any Duties and Taxes (as defined in the Deed), including income tax but excluding Excepted Duties for which the State is responsible (see below), then if the Trustee is advised that it is bound to pay the same, such part of the sum to be paid as is referable to an EIN or to the corresponding Sale Share will be payable by the EIN Holder registered in the EIN Register in respect of that EIN to the Trustee upon demand.

Unless payment is received by the Trustee in the manner and within the period prescribed by a notice given to the EIN Holder under the Deed then, upon expiry of that period, the Trustee will be entitled to take all necessary and appropriate action to recover as a debt due from the EIN Holder the amount of any such sum and the Trustee may sell all or any of the EINs to which

the EIN Holding in question relates and the proceeds of sale will be applied in accordance with a Priority Order set out in the Deed and the EINs concerned will be cancelled.

### **R Funding of Trustee**

Except for those specific provisions of the Deed which authorise the Trustee to recoup, from the trust fund of a Separate Trust, Unpaid Amounts outlaid by the Trustee in relation to that Trust, the Trustee's sole right of recoupment, indemnity or recourse lies against the State as part of the State Commitment (as defined in the Deed).

The Trustee will be entitled to the indemnities from the State alone (as described in the Deed).

The Trustee will be entitled to require payment on behalf of the Trustee, in accordance with the Deed, by the State alone, of all disbursements, expenses and outgoings reasonably and properly incurred by the Trustee or on its behalf in performing the Trustee's functions under the Deed, including the particular examples set out in the Deed.

The State will be responsible for all Excepted Duties assessed in respect of the Separate Trusts, the EINs or the Sale Shares to which the EINs comprised in the Holding of that EIN Holder correspond.

"*Excepted Duties*" means stamp duties on the establishment of any Separate Trust under the Deed, on the transfer of the Sale Shares from the Trustee to an EIN Holder after the Final Instalment Payment Date, or after prepayment of the Final Instalment (arising out of a Takeover Bid), or on execution of the Deed.

### **S Amendments to Deed**

The State and the Trustee may, by supplemental deed, amend, modify, add to or delete from ("*modify*") any of the provisions of the Deed (whether affecting all or only some of the Separate Trusts) in a broad range of circumstances specified in the Deed.

However, no modification of the Deed may impair the rights of any EIN Holder to receive a transfer of the Sale Shares to which its EINs relate, to receive interest payable by the State, and otherwise to enjoy the Purchaser's Interest in respect of those EINs.

### **T Governing Law and Jurisdiction**

The Deed (and all Transfers, Deeds of Acknowledgment and Transmission Elections) is governed by the law of the State of Queensland. The courts of the State of Queensland will have non-exclusive jurisdiction to settle any Subject Proceeding (as defined in the Deed) and each EIN Holder submits to the non-exclusive jurisdiction of those courts.

Each of the State, the Trustee and each EIN Holder irrevocably waives any immunity in respect of obligations under the terms of the Deed that it may now have or may at any future time acquire from the jurisdiction of any court or any legal or arbitration process for any reason.

Nothing in the Deed, however, limits the right of the State, the Trustee or a Replacement Entity to take Subject Proceedings against an EIN Holder in any other manner permitted by law or in any other court of competent jurisdiction nor will the taking of Subject Proceedings in one or more jurisdictions preclude the taking of Subject Proceedings in any other jurisdiction, whether concurrently or not.

### **U Obligation of EIN Holders to Provide Information**

An EIN Holder will provide such information as the Trustee may request as required by law, and, on request by the EIN Registrar, provide the EIN Registrar with details of any direct holding it has of SUNCORP-METWAY shares.

### **V Replacement of Trustee and Replacement Entities**

The State may replace the Trustee with another wholly-owned State entity. The State may also appoint Replacement Entities to perform recovery functions.

### **W Acknowledgments by EIN Holders**

Each EIN Holder acknowledges and accepts that its EIN Holding may be aggregated with any holding it may have, or come to have, of SUNCORP-METWAY shares for the purpose of a determination or determinations by SUNCORP-METWAY, the SUNCORP-METWAY Registrar, the Trustee or the EIN Registrar as to:

- whether or not a Divestiture Event has occurred;
- whether an EIN Holder has a substantial shareholding in SUNCORP-METWAY within the meaning of section 708 of the Corporations Law;
- whether an EIN Holder has a "*relevant interest*" within the meaning of section 9 of the Corporations Law or an "*entitlement*" within the meaning of section 609 of the Corporations Law, in respect of EINs and SUNCORP-METWAY shares; and
- the application of the Banks (Shareholdings) Act 1972.

### **X Early Sale Deficiencies**

In certain circumstances (where EIN Holders are liable for duties and taxes demanded or assessed by a governmental or regulatory authority, where EIN Holders wish to accept a Takeover Bid, and on the occurrence of certain Divestiture Events) the Final Instalment may become payable earlier than the date set as the Final Instalment Payment Date, and EINs or Sale Shares may be exchanged or disposed of at that time ("*Early Sale*"). If as a result of that Early Sale, after applying the proceeds of that sale in accordance with the Priority Order, any amount of the Final Instalment in respect of those EINs remains outstanding, the EIN Holder (or where more than one Holder is registered in respect of those EINs, all Holders of those EINs) will remain liable for payment of that amount and interest will accrue while it remains outstanding.



## 6.2 Memorandum of Understanding

The State, the Trustee and SUNCORP-METWAY have agreed to certain arrangements set out in a letter dated 3 September 1997 (the "*Memorandum of Understanding*"). These arrangements ensure that the State meets its obligations to Note Holders described in this Offer Document by procuring the co-operation of SUNCORP-METWAY in relation to certain matters including the following:

- sending the financial statements, reports and notices that are sent to Ordinary Shareholders to Note Holders at the same time (other than those which relate to the financial year ended 30 June 1997 and the annual general meeting to be held in 1997);
- permitting Note Holders to attend all SUNCORP-METWAY Ordinary Shareholder meetings (but Note Holders shall not be entitled to speak or vote at such meetings);
- distributing this Offer Document through SUNCORP-METWAY branches;
- co-operating in establishing the Note Registry, and issuing statements to Note Holders;
- publishing a summary of the 1996/97 financial statements in *The Courier-Mail* and *The Australian*;
- declaring the final dividend for the 1998/99 financial year no later than 31 October 1999 and ensuring that the date for determining entitlement to participate in that dividend occurs before then;
- co-operating with the State in making application to ASX to obtain quotation of the Notes and itself applying for quotation of the corresponding Subordinated Dividend Ordinary Shares prior to the issue of the Notes;
- disclosing the terms of the Subordinated Dividend Ordinary Shares in any annual report issued by SUNCORP-METWAY until Dividend Subordination ceases together with certain information relating to Notes required by the Listing Rules (broadly, relating to substantial Note Holders, the number and distribution of Note Holders and identifying the 20 largest Note Holders);
- registering transfers of Subordinated Dividend Ordinary Shares to the corresponding Note Holders following Mandatory Exchange;
- giving notices of meetings of Ordinary Shareholders to Note Holders, at the same time and in the same manner, together with a blank form of voting direction and poll direction; and
- co-operating with the State and the Trustee in providing the Note Holders all the rights and benefits as described in this Offer Document.

The State has agreed to reimburse SUNCORP-METWAY for its costs in performing its obligations under the Memorandum of Understanding within 30 days after receiving notice of those costs (together with any supporting documentation reasonably requested).

The State has agreed that it will at all times keep SUNCORP-METWAY, its directors and officers indemnified against all claims, liabilities, losses and damages (whether actual or contingent) which any of them may suffer, incur or sustain in connection with or arising out of the Memorandum of Understanding, the Offer, the preparation and circulation of this Offer Document and associated documentation, quotation of the Notes on ASX, or the marketing of the Offer, provided that those persons have acted in good faith.

In particular, the State is to ensure that none of those persons is exposed to liability arising out of section 205 of the Corporations Law (financial assistance provisions) or the related parties provisions of the Corporations Law.

## 6.3 Quotation Agreement

The State, QTH and ASX propose to enter into a Quotation Agreement.

The purpose of the Quotation Agreement is to enable quotation of the Notes without the need to have the issuer of the Notes listed on ASX. Pursuant to the Quotation Agreement, the State and QTH will agree to abide by a number of Listing Rules as though they were entities listed on ASX.

The Quotation Agreement requires the State and the Trustee to provide certain information about the Trustee, the Notes, this Offer Document and other information that is likely materially to affect the price or value of the Notes.

The Quotation Agreement will also provide for other matters including the following:

- the State and Trustee are to comply with the continuous disclosure obligations of Listing Rule 3.1 in relation to the Notes;
- the State and Trustee are to provide ASX with certain information and documents relating to the Notes, for example the number of Notes on issue, and the spread of Note Holders (SUNCORP-METWAY has agreed that such information will be published in SUNCORP-METWAY's annual reports);
- the State and Trustee must satisfy the SCH technical and performance requirements and meet any other requirements SCH imposes in connection with CHES approval of the Notes;
- neither the EIN Trust Deed nor the Memorandum of Understanding are to be varied without prior written consent of ASX;
- the State and Trustee are to indemnify ASX in respect of any actions arising from the breach of warranties in the Quotation Agreement; and
- compliance with other relevant requirements of the Listing Rules.

## 6.4 Underwriting Agreement

By an agreement dated 3 September 1997, Were Stockbroking Limited, Morgan Corporate Limited and Wilson HTM Corporate Services Limited have fully underwritten the issue of 100 million Notes under this Offer Document. The State must pay to the Underwriters an underwriting commission of 0.75%, calculated on the Face Value of the Notes.

The State must also pay the Underwriters' reasonable out-of-pocket expenses in relation to the Offer Document, the issue of Notes and the Underwriting Agreement.

The Underwriters may terminate the Underwriting Agreement if any of the following events occur prior to the date the Underwriters must comply with their obligations:

- ASX does not, or states that it will not, permit official quotation of the Notes to commence;
- the timetable set out in this Offer Document is delayed for more than five (5) business days;
- the All Ordinaries Index of ASX falls to more than 10% below the level as at close of business of ASX on the business day immediately before the date of the Underwriting Agreement and remains below that level for at least 3 consecutive business days;
- SUNCORP-METWAY Ordinary Shares are traded, between the time of public release of the annual results of SUNCORP-METWAY for the year ended 30 June 1997 and 12 noon on the second business day after their release, in more than nominal volume at a price which is more than 7.5% below the weighted average traded price of such shares on ASX either for the five (5) business days immediately before the date of the public release of those results, or for the business day immediately before the date of the Underwriting Agreement;
- if the State materially defaults under any provision of the Underwriting Agreement including any representation, warranty or undertaking;
- any of the following events occurs where, in the opinion of the Underwriters acting reasonably, it has or could reasonably be expected to have, a material adverse effect on the willingness of persons to apply for Notes at the issue price, or on the number of securities the Underwriters may be called upon to take up or could reasonably be expected to give rise to a liability of the Underwriters under any applicable laws:
  - (i) there is any material adverse change, or any act, omission or thing which could reasonably be expected to result in a material adverse change, in the financial position (including profitability) of SUNCORP-METWAY;
  - (ii) there is introduced into the parliament of the Commonwealth or of a State or Territory, a law intended to come into effect within twelve (12) months, or the Reserve Bank of Australia adopts the policy, or there is an official announcement on behalf of the government of the Commonwealth, or of a State or Territory, or of the Reserve Bank of Australia or any Commonwealth financial authority, that a law will be introduced or a policy adopted with effect from the date of the announcement or within three (3) months after the announcement, which alters adversely or could reasonably be expected to alter adversely, any condition or circumstance relating to the issue of Notes or the Offer Document or the income tax position of SUNCORP-METWAY, including without limitation, the distributable profit of SUNCORP-METWAY or the tax position of shareholders in SUNCORP-METWAY, except to the extent that any such law, policy or announcement implements, or is directed toward implementing, a recommendation made by the Wallis Report;
  - (iii) the ASC gives notice of an intention to prosecute SUNCORP-METWAY or any director or senior manager of SUNCORP-METWAY;
  - (iv) the State issues a supplementary or replacement Offer Document;
  - (v) the ASC gives notice of intention to hold a hearing or investigation into SUNCORP-METWAY; or
  - (vi) any director or senior manager of SUNCORP-METWAY is prosecuted for a criminal offence.

The State indemnifies each of the Underwriters and their directors, employees and agents against any action, demand, claim, suit or proceeding, judgment, damage, loss, expense or liability incurred or suffered by or brought or made or recovered against any of the indemnified parties in connection with:

- (a) any false or misleading statement in or any omission from the Offer Document;
- (b) any false or misleading statement in or any omission from any information, announcement, advertisement or publicity in relation to the Offer Document or the issue of Notes:
  - (i) made or distributed by the State; or
  - (ii) made or distributed by the Underwriters with the consent or knowledge of the State;
- (c) any non-compliance by the State with the Listing Rules or any other legal obligation in relation to the issue of Notes or the Offer Document; or
- (d) any breach by the State of its representations, warranties and undertakings in the Underwriting Agreement.

This indemnity does not extend to any action, demand, claim, suit or proceeding, judgment, damage, loss, expense or liability resulting from:

- (a) any criminal penalty or fine for any contravention of any law to which the indemnified parties become liable by reason of their act or omission;
- (b) any fraud, grossly negligent act or omission or wilful misconduct of any indemnified party; or
- (c) any breach of the Underwriting Agreement by the relevant indemnified party.

## 6.5 Rights Attaching to Subordinated Dividend Ordinary Shares

Set out below are the rights attaching to Subordinated Dividend Ordinary Shares:

1. In the case of the first dividend declared by SUNCORP-METWAY after 30 June 1997 but before 1 July 1998, of the total amount of the dividend declared, Ordinary Shares will rank in priority to Subordinated Dividend Ordinary Shares up to an amount equal to the difference between 40 cents per share and the amount of the dividend per share payable on Ordinary Shares in respect of the first dividend declared by SUNCORP-METWAY after the Metway Amalgamation Day, thereafter Subordinated Dividend Ordinary Shares will rank in priority to Ordinary Shares up to an amount equal to 40 cents per share and thereafter Ordinary Shares and Subordinated Dividend Ordinary Shares will rank *pari passu*.
2. In the case of the second dividend (if any) declared by SUNCORP-METWAY after 30 June 1997 but before 1 July 1998, of the total amount of the dividend declared, Ordinary Shares will rank in priority to Subordinated Dividend Ordinary Shares up to the sum of 44 cents per share, thereafter Subordinated Dividend Ordinary Shares will rank in priority to Ordinary Shares up to the sum of 44 cents per share and thereafter Ordinary Shares and Subordinated Dividend Ordinary Shares will rank *pari passu*.
3. In the case of the first dividend declared by SUNCORP-METWAY after 30 June 1998 but before 1 July, 1999 of the total amount of the dividend declared, Ordinary Shares will rank in priority to Subordinated Dividend Ordinary Shares up to an amount equal to the difference between 44 cents per share and the amount of the dividend per share payable on Ordinary Shares in respect of the dividend referred to in paragraph 2 and thereafter Subordinated Dividend Ordinary Shares will rank in priority to Ordinary Shares up to an amount equal to the difference between 44 cents per share and the amount of the dividend per share payable on Subordinated Dividend Ordinary Shares in respect of the dividend referred to in paragraph 2 and thereafter Ordinary Shares and Subordinated Dividend Ordinary Shares will rank *pari passu*.
4. In the case of the second dividend (if any) declared by SUNCORP-METWAY after 30 June 1998 but before 1 July 1999, of the total amount of the dividend declared, Ordinary Shares will rank in priority to Subordinated Dividend Ordinary Shares up to the sum of 44 cents per share, thereafter Subordinated Dividend Ordinary Shares will rank in priority to Ordinary Shares up to the sum of 44 cents per share and thereafter Ordinary Shares and Subordinated Dividend Ordinary Shares will rank *pari passu*.
5. In the case of the first dividend declared by SUNCORP-METWAY after 30 June 1999 but before 1 July 2000, of the total amount of the dividend declared, Ordinary Shares will rank in priority to Subordinated Dividend Ordinary Shares up to an amount equal to the difference between 44 cents per share and the amount of the dividend per share payable on Ordinary Shares in respect of the dividend referred to in paragraph 4, thereafter Subordinated Dividend Ordinary Shares will rank in priority to Ordinary Shares up to an amount equal to the difference between 44 cents per share and the amount of the dividend per share payable on Subordinated Dividend Ordinary Shares in respect of the dividend referred to in paragraph 4 and thereafter Ordinary Shares and Subordinated Dividend Ordinary Shares will rank *pari passu*.
6. Except as set out above, Ordinary Shares and Subordinated Dividend Ordinary Shares will carry the same rights and entitlements.
7. On and from the earlier of the day immediately after declaration of the first dividend declared by SUNCORP-METWAY after 30 June 1999 and 1 July 2000, there shall be no difference in rights between Ordinary Shares and Subordinated Dividend Ordinary Shares, and Subordinated Dividend Ordinary Shares shall be recognised, designated and treated for all purposes thereafter as Ordinary Shares.
8. For the above purposes, "*dividend*" means and is limited to a cash dividend payable out of the profits of SUNCORP-METWAY.
9. In the event that SUNCORP-METWAY allots either:
  - (a) bonus shares to its shareholders (not being bonus shares allotted following an election by shareholders to take those shares in lieu of a dividend declared upon its shares, being an election pursuant to a provision in SUNCORP-METWAY's articles of association) credited as fully paid up; or
  - (b) shares issued consequent upon a pro-rata offer to all of its shareholders to subscribe for further shares or other securities of SUNCORP-METWAY,

then the priority amounts referred to in paragraphs 1-5 above will be adjusted by the formula:

$$A = B \times \frac{C}{D} \text{ where:}$$

- A = the adjusted amount per share referred to in the relevant paragraph;
- B = the priority amount per share referred to in the relevant paragraph;
- C = the number of Ordinary Shares issued at 1 December 1996; and
- D = the sum of the number of Ordinary Shares on issue at 1 December 1996 plus the number of Ordinary Shares subsequently issued as described in paragraphs (a) or (b) above.

10. In the case of partly paid Ordinary Shares, the priority amounts referred to in paragraphs 1-5 (as adjusted under paragraph 9 above) shall be adjusted so as to be proportionate to the amount paid up on any such shares.



## Part 7 ADDITIONAL INFORMATION

### 7.1 Legislation

#### 7.1.1 The Banks (Shareholdings) Act 1972

The most significant feature of this Act is that it limits the proportion of voting shares that an individual or associated person can hold in a bank. Generally, the maximum percentage of all voting shares of a bank that may be held by a person is 10%. However, if an application is made to the Commonwealth Treasurer, unless the application would not be in the national interest, then a person can hold 15% of the voting shares of a bank.

In special circumstances, the Governor General can grant an exemption to increase the shareholding limit above 15% so long as it is in the national interest to do so. The State has obtained an exemption to enable it to hold its current interest in SUNCORP-METWAY.

A person is deemed to have an interest in shares held by associates of that person. The person is held to be an associate of another if:

- (a) the first person is a corporation and the other person is an officer of the corporation;
- (b) the first person is a partner of the other person;
- (c) the first person is a corporation and the other person, whether or not a corporation, is in a position to control that corporation;
- (d) both persons are corporations and a person, whether a corporation or not, is in a position to control each of the corporations;
- (e) each person is a member of a voting trust and the trust relates to shares in the banks; or
- (f) they are an associate of an associate of that person.

SUNCORP-METWAY is subject to the same limitations as other authorised banks. In addition, other banks are not precluded from owning shares in SUNCORP-METWAY.

*Persons applying for, or holding, Notes should take their own professional advice about the application of the Banks (Shareholdings) Act to Notes.*

#### 7.1.2 Foreign Acquisitions and Takeovers Act 1975

The Commonwealth Treasurer must be notified of the acquisition of 15% or more of the shares in a bank by a foreign person as defined in the Foreign Acquisitions and Takeovers Act 1975. There are other acquisition restrictions under this Act that will apply to SUNCORP-METWAY.

*Persons applying for, or holding, Notes should take their own professional advice about the application of the Foreign Acquisitions and Takeovers Act to Notes.*

### 7.2 ASC Exemptions and Modifications

To facilitate this Offer certain modifications to, and exemptions from, the Corporations Law have been obtained. The key features of the modifications and exemptions are as follows:

#### 7.2.1 Share Hawking

The ASC has granted an exemption from section 1078 of the Corporations Law to certain persons who:

1. communicate with others in relation to the Offer;
2. publish notices which call attention to the Offer; or
3. publish reports which are reasonably likely to induce Applications, to allow the:
4. making of the Offer in certain documents or by certain advertisements published in publications which are sent by post, courier, delivery or otherwise made available for collection in newsagencies or branches of SUNCORP-METWAY or offices of licensed dealers and investment advisers;
5. making of the Offer by certain documents made available on the Internet or on a floppy disc or CD Rom;
6. broadcasting advertisements of the Offer by radio or television;
7. sending of invitations to, and the making of the Offer at, the function launching the Offer and certain roadshows; and
8. making the Offer in specified circumstances in response to enquiries at the Telephone Information Centre.

#### 7.2.2 Transfers

The ASC has pursuant to section 1113(6) of the Corporations Law modified the application of Divisions 2 and 3 of Part 7.13 of the Corporations Law by:

- (a) defining the State as the issuing body of Notes;
- (b) deeming transferees of Notes to have agreed to have accepted Notes subject to the terms and conditions of the Trust Deed; and
- (c) defining "marketable securities" as Notes.

#### 7.2.3 Takeovers

The ASC has pursuant to section 728(1) of the Corporations Law exempted the Trustee from compliance with Chapter 6 of the Corporations Law in relation to any and all acquisitions of Notes or shares in SUNCORP-METWAY, or relevant interests in Notes or shares in SUNCORP-METWAY:

- (a) resulting from, or in the performance of, the Trust Deed; or
- (b) where the Notes or shares concerned are held by, disposed of, or otherwise dealt with by or on behalf of the Trustee in accordance with the Trust Deed.

Holders of Notes and the Subordinated Dividend Ordinary Shares to which they correspond, remain subject to the provisions of Chapter 6 of the Corporations Law.

### 7.3 Offering Restrictions

This Offer Document does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. The distribution of this Offer Document and the attached or accompanying Application Forms in jurisdictions outside Australia and to persons who are citizens or residents of jurisdictions outside Australia may be restricted by law. As a consequence, persons into whose possession this document comes are required to inform themselves of and observe any such restrictions that are applicable to them. Any failure to comply with these restrictions may constitute a violation of securities laws.

### 7.4 Fees and Commissions

The Joint Lead Managers will be paid a total management fee of \$1 million from which the Co-Managers will receive a fee. The State will pay a brokerage fee of 0.75% in respect of successful institutional applications and 1.25% in respect of successful non-institutional applications, to the Joint Lead Managers. In the case of broker firm allocations, a further brokerage fee of 0.50% will be paid to the Joint Lead Managers in respect of Successful Applications lodged by Customers and SUNCORP-METWAY Shareholders. The Joint Lead Managers will pay a fee of 1.25% to member organisations of ASX on Successful Applications bearing their stamp. No fee or stamp duty is payable by the Applicants. The Commission payments set out above will be calculated by applying the percentage commission to the Face Value of each Note. In addition, the Underwriters will be paid an underwriting fee as set out in Part 6.4.

### 7.5 Costs of the Offer

The State will bear the costs of the Offer.

### 7.6 Responsibility for Offer Document and Consents

The State is responsible for this Offer Document except as disclosed below:

Allen Allen & Hemsley, legal advisers to the State in relation to this Offer, take no responsibility for the contents of this document except in relation to Part 6. Arthur Andersen, taxation and financial advisers to the State in relation to this Offer, take no responsibility for the contents of this document except in relation to Part 5. In that regard, Arthur Andersen has given, and has not withdrawn, its consent to the issue of this Offer Document with the inclusion of Part 5 in the form and context in which it appears.

SUNCORP-METWAY has not been involved in the preparation of the Offer Document, has not authorised or caused the issue of the Offer Document, has not provided any material that is not publicly available to be used in relation to this Offer Document and accepts no responsibility or liability arising out of or in connection with the preparation or distribution of this Offer Document or the acquisition by any person of Notes.

Each of the following persons has, or firms have, consented to be named in this Offer Document as performing in the capacity specified and has not withdrawn that consent but otherwise take no responsibility for the contents of this document:

- Allen Allen & Hemsley Legal advisers to the State
- Arthur Andersen, Taxation and Financial advisers to the State  
(including Arthur Andersen  
Corporate Finance Pty Ltd)
- Douglas Heck & Burrell Note Registrar
- Queensland Treasury Holdings Pty Ltd Trustee
- Morgan Stockbroking Limited Joint Lead Manager
- Morgan Corporate Limited Underwriter
- JB Were & Son Joint Lead Manager
- Were Stockbroking Limited Underwriter
- Wilson HTM Ltd Joint Lead Manager
- Wilson HTM Corporate Services Limited Underwriter

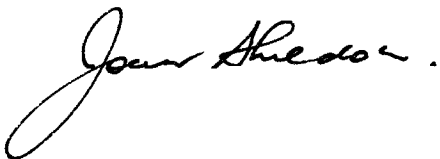
Neither the Underwriters, the Joint Lead Managers, the Trustee nor the Note Registrar have authorised the issue of this Offer Document and each disclaims all liability relating to any part of this Offer Document. Their names and details appear in this Offer Document for information purposes only.

### 7.7 Documents Available for Inspection

Verified copies of the publicly available documents referred to in this Offer Document can be inspected free of charge during business hours at Allen, Allen & Hemsley, Level 32, Riverside Centre, 123 Eagle Street, Brisbane, Queensland, 4000 for a period of 12 months after 12 September 1997.

### 7.8 Authorisation

The State has authorised the issue of this Offer Document and it is signed for and on behalf of the State by:



JOAN SHELDON  
Deputy Premier, Treasurer and Minister for The Arts

# GLOSSARY

<i>Acceptance</i>	acceptance by the State of an offer contained in an Application Form.
<i>All Ordinaries Index</i>	an index which is designed to reflect general trends in the stock market on a continuous basis. It is calculated by combining the movements on approximately 250 stocks which comprise about 90% of the value of the total market. Similar indices are calculated for various components of the market such as the All Industries Index, the Resources Index and separate indices for each of the 20 odd market sectors such as Gold, Retail, Property Trusts, Transport etc.
<i>Application</i>	a valid offer made on the conditions set out in this Offer Document by using an Application Form to subscribe for a specified number of Notes.
<i>Application Form</i>	each form included in this Offer Document, titled "Application Form", upon which an offer to subscribe for Notes must be made.
<i>Application Monies</i>	the monies payable on Application, being the product of multiplying the number of Notes applied for by the amount of \$3.00, which is the First Instalment payable on each Note.
<i>ASC</i>	Australian Securities Commission.
<i>ASX</i>	Australian Stock Exchange Limited (ACN 008 624 691).
<i>Board</i>	the Board of Directors of SUNCORP-METWAY from time to time.
<i>Business Day</i>	any day from Monday to Friday, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
<i>Capital Note</i>	A capital note issued to the State maturing on 30 November 2006, convertible into a fully paid ordinary share beforehand on certain conditions.
<i>CHESS</i>	Clearing House Electronic Subregister System.
<i>Closing Day</i>	the last day on which Applications will be Accepted.
<i>Co-Managers</i>	the syndicate of brokers to be appointed by the Joint Lead Managers.
<i>Customers</i>	any person who at the date of making an Application for Notes maintains a banking account, a loan account or an insurance policy with SUNCORP, Metway or QIDC, either personally, or through related entities.
<i>Defaulted Note</i>	any Note (and any attaching benefits) in respect of which a Note Holder has defaulted in payment of the Final Instalment.
<i>Dividend Reversion Date</i>	the earlier of: (a) the day after the first declaration by the Board of a final dividend on any share in SUNCORP-METWAY after 30 June 1999 (expected to be declared in or about October 1999); (b) the day after the first declaration by the Board of an interim dividend on any share in SUNCORP-METWAY after 31 December 1999; and (c) 1 July 2000. On which day the subordination of dividends payable on Subordinated Dividend Ordinary Shares will cease and those shares will revert to being Ordinary Shares with all rights attaching to Ordinary Shares at that time and from then on.
<i>Dividend Subordination</i>	the dividend rights on each SUNCORP-METWAY Share are restricted until the Dividend Reversion Date with the effect that dividends payable on SUNCORP-METWAY Shares in the financial years ending 30 June 1998 and 30 June 1999 will be payable only when dividends payable on Ordinary Shares in each of those financial years reach 44 cents a share.
<i>EIN Trust Deed</i>	the deed entitled "Exchanging Instalment Note Trust Deed" between the State and the Trustee, dated 3 September 1997.
<i>Exchange</i>	Mandatory Exchange.
<i>Exchanging Instalment Note or EIN</i>	Note.
<i>Face Value</i>	the purchase price for each Note, being \$6.10, the sum of the First Instalment and the Final Instalment.
<i>Final Price</i>	Face Value.
<i>Final Instalment</i>	\$3.10, being the outstanding balance of the purchase price for each Note which is due to be paid by 30 September 1998.

<i>Final Instalment Payment Date</i>	30 September 1998.
<i>First Instalment</i>	\$3.00, being the initial instalment payable on Application for purchase of each Note.
<i>JB Were &amp; Son</i>	Were Stockbroking Limited (ACN 006 797 897) trading as JB Were & Son.
<i>Joint Lead Managers</i>	JB Were & Son, Morgan Stockbroking Limited (ACN 010 669 726) and Wilson HTM Ltd, (ACN 101 529 665) details of which are set out in the Directory.
<i>Listing Rules</i>	the Listing Rules of ASX.
<i>Mandatory Exchange</i>	in respect of any Note, on 1 November 1999, the SUNCORP-METWAY Share transferred to the Note Holder.
<i>Memorandum of Understanding</i>	the letter agreement between the State, the Trustee and SUNCORP-METWAY dated 3 September 1997.
<i>MOU</i>	the Memorandum of Understanding.
<i>Note</i>	an irredeemable exchanging instalment note, corresponding to one Subordinated Dividend Ordinary Share, issued by the State on the terms and conditions contained in this Offer Document, including the right and obligation to exchange that Note for a SUNCORP-METWAY Share on Mandatory Exchange.
<i>Note Holder</i>	the person registered in the Note Register as the holder of a Note.
<i>Note Register</i>	the register of Note Holders maintained by the Note Registrar.
<i>Note Registrar</i>	Douglas Heck & Burrell, details of which are set out in the Directory.
<i>Offer</i>	the offer made by this Offer Document for members of the public to purchase Notes.
<i>Offer Document</i>	this offer document setting out the terms and conditions on which the Notes are offered.
<i>Ordinary Shares</i>	a fully participating ordinary share in the capital of SUNCORP-METWAY.
<i>Purchaser's Interest</i>	the interest which a Successful Applicant acquires in a SUNCORP-METWAY Share by acquiring a Note, as set out in the EIN Trust Deed.
<i>QTH or QLD Treasury Holdings</i>	Queensland Treasury Holdings Pty Ltd (ACN 011 027 295) (also acting as the Trustee).
<i>Quotation Agreement</i>	the agreement between ASX, the State and the Trustee under which the Notes become quoted on ASX.
<i>Sale Share</i>	a SUNCORP-METWAY Share.
<i>Shareholder</i>	a holder of any share issued in SUNCORP-METWAY.
<i>State</i>	the State of Queensland.
<i>State's Interest</i>	the interest which the State has in each Subordinated Dividend Ordinary Share until the Final Instalment is received for it and it is transferred to a Note Holder in exchange for the corresponding Note, including rights to dividends and all interest in the shares other than legal title and the Purchaser's Interest.
<i>Subordinated Dividend Ordinary Share</i>	an Ordinary Share which is subject to Dividend Subordination.
<i>Successful Applicant</i>	an Applicant whose Application is accepted by the State, whether in part or in full.
<i>SUNCORP-METWAY</i>	SUNCORP-METWAY Ltd (ACN 010 831 722).
<i>SUNCORP-METWAY Share</i>	one of the 100,000,000 ordinary shares of \$0.50 each in the capital of SUNCORP-METWAY, held by the Trustee on behalf of the State, in respect of which the dividend rights are subordinated until the Dividend Reversion Date.
<i>SUNCORP-METWAY Shareholder</i>	a person registered as a shareholder of SUNCORP-METWAY on the date of making an application for Notes.
<i>Trustee</i>	Queensland Treasury Holdings Pty Ltd (ACN 011 027 295).
<i>Underwriters</i>	Were Stockbroking Limited (ACN 006 797 897) (trading as JB Were & Son), Morgan Corporate Limited (ACN 010 539 607) and Wilson HTM Corporate Services Limited (ACN 057 547 323).
<i>Voting Direction Form</i>	a direction in the form prescribed by the EIN Trust Deed directing the Trustee how to vote at a meeting at which a person holding Subordinated Dividend Ordinary Shares corresponding to Notes would be entitled to vote.

# APPLICATION SECTION

## **Instructions for completion of the Application Form:**

### **Where to send your forms:**

Your completed Application Form, together with your cheque(s), should be lodged with or mailed to:

- any office of the Joint Lead Managers or Co-Managers;
- any other member of ASX; or
- the Note Registrar, Douglas Heck & Burrell

*The Address of the Note Registrar is:*

#### **If mailed (no stamp required):**

Reply Paid 938  
Qld. Treasury-EIN  
c/- Douglas Heck & Burrell  
Locked Bag 1259  
BRISBANE QLD 4001

#### **If lodged personally:**

Douglas Heck & Burrell  
Level 5  
MMI Building  
370 Queen Street  
BRISBANE QLD 4000

If you need further information on how to apply for Notes please call the Joint Lead Managers: J.B. Were & Son on 1800 637 456; Morgan Stockbroking Limited on 1800 777 946; or Wilson HTM Ltd on 1800 814 296.

**Application Forms must be received by the Note Registrar by no later than 5:00 pm Brisbane time on 3 October 1997 (or any other Closing Date as the State may nominate in its absolute discretion). Applications received by this time at any office of the Joint Lead Managers will be treated as having been received by the Note Registrar.**

## **Ready Reckoner**

**THIS READY RECKONER WILL HELP YOU CALCULATE THE MONEY YOU NEED TO PAY THE FIRST INSTALMENT OF \$3.00 PER NOTE.**

Notes	Amount	Notes	Amount	Notes	Amount	Notes	Amount	Notes	Amount
500	\$1,500	700	\$2,100	900	\$2,700	2000	\$6,000	10000	\$30,000
600	\$1,800	800	\$2,400	1000	\$3,000	5000	\$15,000	20000	\$60,000

## **Treatment of Applications**

If your Application is not completed correctly, or if the accompanying payment is for the wrong amount, or if your cheque is not signed correctly or is post-dated, it may be rejected. The decision of the State's panel of financial advisers as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final. You will not, however, be treated as having offered to purchase more Notes than is indicated by the amount of your cheque. The Acceptance of Applications and the allocation of Notes is at the absolute discretion of a panel of financial advisers acting on behalf of the State.

If the bank account/policy or Shareholder number is not written in the appropriate box on the Application Form, the Application will not be treated as being from a SUNCORP, Metway or QIDC Customer or SUNCORP-METWAY Shareholder. These numbers may be subject to verification.

The State's panel of financial advisers reserves the right to aggregate or reject Applications. In the event that demand is substantially larger than anticipated, Applications will be subject to scaling back. This may include scaling back to below the stated minimum application of 500 Notes.

Application Monies will be held in a separate bank account on behalf of the Applicants until the Acceptance of Applications. If the Offer does not proceed, all Application Monies will be refunded. Interest will not be paid on Application Monies refunded. If the value of Notes allotted is less than the Application Monies tendered, surplus Application Monies will be refunded following the closing of the Offer.

For more information, refer to the Offer Document. **Multiple applications in the same name (including one or more joint applicants) or at the same street address will be taken into account in the allocation process.**





## Electronic Offer Document

If you are accessing this Offer Document in electronic form, the Corporations Law prohibits any person from passing on to another person this Application Form unless it is attached to or accompanied by the complete and unaltered Electronic Offer Document.

You will be sent a paper copy of the Offer Document free of charge if you contact any one of the Joint Lead Managers during the period of the Offer specified in this Offer Document.

## Confidentiality

The information supplied by applicants in the Application Form will be treated confidentially by the State and will only be used for the purposes of allocating Notes pursuant to this Offer and will not be revealed to any person or body, other than for purposes relating to the issue of the Notes or otherwise arising out of this Offer Document.

## Correct Forms of Registrable Names

Note that ONLY legal entities are allowed to hold Notes. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the State.

At least one name given in full and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names that follow.

TYPE OF INVESTOR	CORRECT FORM	INCORRECT FORM
<b>Individual</b> <i>Use given names in full, not initials</i>	Mr John Joseph Smith	J.J. Smith
<b>Company</b> <i>Use company title, not abbreviations</i>	XYZ Pty Ltd	XYZ P/L XYZ Co.
<b>Minor</b> (a person under the age of 18) <i>Do not use the name of the minor, use the name of the responsible adult</i>	Mr John Joseph Smith < John Smith Jnr >	John Smith Jnr
<b>Trusts</b> <i>Do not use the name of trust, use trustee(s) names</i>	Ms Sue Smith < Sue Smith Family A/C > or ABC Pty Ltd < ABC Family A/C >	Sue Smith Family Trust
<b>Deceased Estates</b> <i>Do not use the name of deceased, use executor(s) personal names</i>	Mr Michael Smith < Est John Smith A/C >	Estate of the Late John Smith
<b>Partnerships</b> <i>Do not use the name of partnership, use partners' personal names</i>	Mr John Smith & Michael Smith < John Smith & Son A/C >	John Smith & Son
<b>Clubs/Unincorporated Bodies</b> <i>Do not use name of clubs etc, use office bearer(s) personal name(s)</i>	Ms Sue Smith < XYZ Golf Association A/C >	XYZ Golf Association
<b>Superannuation Funds</b> <i>Do not use name of fund, use name of trustee</i>	Mr John Smith Pty Ltd < Super Fund A/C >	John Smith Pty Ltd Superannuation Fund

Put the name of joint applicant #2 in Box C and/or account designation using < > as indicated above in designated space(s) at Box D on the Application Form. **Joint applications must be signed by each applicant.**

## Signing the Application Form

It is important that the Application Form is signed correctly. Refer below for the instructions for signing.

CATEGORY OF PARTY SIGNING	SIGNING INSTRUCTIONS
1. Individual	Single signature - nothing more.
2. Joint holding	Signatures of EACH holder - nothing more.
3. By attorney under power of attorney	Signature of attorney - print name of attorney and state that form signed under power of attorney (eg John Smith as attorney of Greg McDonald under power of attorney.)
4. Company/Incorporated Association	<ul style="list-style-type: none"> <li>• Company/corporation seal to be affixed.</li> <li>• Signature and printed name and title (eg director or secretary) for each person witnessing seal.</li> <li>• If company/corporation has only one director state "sole director" (and company/corporation seal affixed). ACN/ARBN must be clear.</li> </ul>
5. Partnership	<p>If individual partner authorised to sign on behalf of partnership - single signature</p> <p>If more than one partner signing - signatures of each partner</p>
6. Executor	Signature and state that form is signed as executor of named estate
7. Trustee	<p>If individual trustee - see 1</p> <p>If company - see 4</p>
8. Super Fund	See 7

## Instruction for Completion of this Application Form

Please complete all relevant sections of the Application Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form.

- A Insert the number of Notes you wish to apply for in box A. The application must be for a minimum of 500 Notes and thereafter in multiples of 100 Notes.
- B Write the dollar amount payable as the First Instalment in box B on your Application. This is calculated as the number of Notes applied for multiplied by the First Instalment amount per Note shown on the Application Form. Be sure that your cheque(s) details total this amount (see L below).
- C Print the full name you wish to appear on your registered holding. This must be either your own name or the name of a company. You should refer to the Application Section for the current form of registrable name. Applications using the wrong form of name may be rejected.
- D Account designations are optional except for CHESS participants who may have an account designation included in their existing registration details.
- E Enter your postal address for all correspondence. All communications to you from the Note Registrar will be mailed to the person(s)/company at the address as shown. For joint applicants, only one address can be entered.
- F Write the Tax File Number (TFN) of each Applicant or the exemption category. Collection of TFNs is authorised by the taxation laws. Quotation of TFNs is NOT compulsory and will not affect your application. If signing as a company officer only write the company's TFN, not your personal TFN. Please note that tax at the highest marginal tax rate will be deducted from Interest Payments on your Notes if your TFN/s is/are not supplied.
- G Write your contact details here: your daytime phone number and contact name. These details will assist in any queries with regard to your Application.
- H If you are already a CHESS participant, or sponsored by a CHESS participant (eg. broker), write your HIN here. If not, leave this section BLANK. Do not provide details of any other company issuer sponsorship number.
- I If you are a SUNCORP, Metway or QIDC Customer, please provide any ONE of your BANK ACCOUNT NUMBERS or POLICY NUMBERS. (You can only apply in respect of one account/policy number held in your name or that of a related entity).
- J If you are a SUNCORP-METWAY Shareholder, please tick the yes box and provide your current SHAREHOLDER NUMBER.
- K Sign and date the Application Form. It must be signed by the Applicant(s) personally or, for a company, under company seal or, in either case, by an attorney. If your Application is signed by an attorney, the power is not required to be lodged. Joint Applicants must each sign the Application. Guidance on the form of signing is provided in the Application Section of the Offer Document.
- L Write the details of the cheque(s) you are attaching (one cheque is preferred). Please be sure that the total of your cheque(s) equals the amount of your Application in B above. Make your "Not Negotiable" cheque(s) payable to "Qld. Treasury-EIN Account", payable in Australian currency drawn on an Australian Bank. **Sufficient cleared funds should be held in your account as cheque(s) returned unpaid are likely to result in your Application being rejected.** Pin (do not staple) your cheque(s) to the bottom section of the Application Form.

# APPLICATION FORM

## Exchanging Instalment Notes

Issued by the State of Queensland

The Exchanging Instalment Notes issued will correspond to Subordinated Dividend Ordinary Shares in SUNCORP~METWAY. The purchase price for each Note is payable in two instalments. The Notes will be exchanged for shares in SUNCORP~METWAY as set out in the Offer Document.

FOR REGISTRY USE ONLY  
Application Number

FOR BROKERS USE ONLY

ASX code

Adviser code

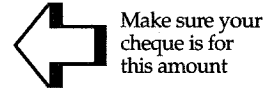
### USE BLOCK LETTERS

INSTRUCTIONS ON HOW TO COMPLETE SECTIONS A-L ARE SET OUT IN THE OFFER DOCUMENT.

**A** I/We apply for  Notes x A\$3.00 =

(minimum of 500 and then multiples of 100)

**B** Application Money A\$  .00



### COMPLETE FULL NAME AND ADDRESS DETAILS

**C** INSERT CORRECT TITLE (MR/MRS/MISS/MS) GIVEN NAME(S) (IN FULL) SURNAME OR COMPANY NAME

**F** Enter your Tax File Number(s) (or exemption category)

INSERT CORRECT TITLE (MR/MRS/MISS/MS) GIVEN NAME(S) (IN FULL) SURNAME OR COMPANY NAME

Enter your Tax File Number(s) (or exemption category)

**D** ACCOUNT DESIGNATION (IF APPLICABLE)

<  A / C >

**E** NUMBER/STREET NAME OR PO BOX NO.

**G** Contact Number (daytime)

SUBURB OR TOWN STATE POST CODE

**H** HIN - Existing CHES Participants only

By applying for the above Notes you will be paying only the First Instalment of A\$3.00 per Note now. The Final Instalment of A\$3.10 must be paid by 30 September 1998 (see Offer Document).

**I** Provide SUNCORP, Metway or QIDC Bank account/policy number (if applicable)

**J** I/We am/are a SUNCORP~METWAY Shareholder  YES  NO (tick) Shareholder Number

I/We apply for the Exchanging Instalment Notes on the terms and conditions set out in the Offer Document. In doing so I/we make the declarations set out on the reverse of the form.

Pin your cheque(s) here

**K**  Applicant 1/Sole Director/Director (cross out two of the above)

Joint Applicant 2/Director/Secretary (cross out two of the above)

**DATED**

..... / ..... / 1997

**COMPANY SEAL**

SIGN HERE

**Warning:** If this form is not signed in accordance with the instructions in the Application Section of the Offer Document, your Application may be rejected.

**L** CHEQUE DETAILS

DRAWER	BANK	BRANCH	AMOUNT OF CHEQUE
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>

PLEASE MAKE CHEQUE PAYABLE TO

**Qld. Treasury-EIN ACCOUNT**

## Where to send your application form

Your completed Application Form, together with your cheque(s), should be lodged with or mailed to:

- any office of the Joint Lead Managers or Co-Managers;
- any other member of ASX; or
- the Note Registrar, Douglas Heck & Burrell

*The Address of the Note Registrar is:*

***If mailed (no stamp required):***

Reply Paid 938  
Qld. Treasury-EIN  
c/- Douglas Heck & Burrell  
Locked Bag 1259  
BRISBANE QLD 4001

***If lodged personally:***

Douglas Heck & Burrell  
Level 5  
MMI Building  
370 Queen Street  
BRISBANE QLD 4000

If you need further information on how to apply for Notes please call the Joint Lead Managers: J.B. Were & Son on 1800 637 456; Morgan Stockbroking Limited on 1800 777 946; or Wilson HTM Ltd on 1800 814 296.

**Application Forms must be received by the Note Registrar by no later than 5:00 pm Brisbane time on 3 October 1997 (or any other Closing Date as the State may nominate in its absolute discretion). Applications received by this time at any office of the Joint Lead Managers will be treated as having been received by the Note Registrar.**

### DECLARATIONS:

1. I/We accept and agree to be bound by all the terms and conditions of the Notes set out in the Offer Document and the terms and conditions of the Trust Deed, including without limitation:
  - (a) the obligation to pay the Final Instalment of \$3.10 by 30 September 1998;
  - (b) the liability to pay Default Interest and recovery costs if the Final Instalment is not paid by its due date; and
  - (c) the requirement that no Encumbrance (such as a mortgage) may be created or arise over a Note or corresponding Share or which gives any person any right to a Note or corresponding Share unless and until the Final Instalment is duly paid.
2. By signing/sealing the Application Form I/we declare that:
  - (a) if signed by an applicant corporation, it has been signed under the corporation's common seal (if the law of its place of incorporation requires such a seal) and the common seal has been affixed in accordance with the corporation's Articles of Association/constitution and applicable laws;
  - (b) if signed by an attorney, the power of attorney authorises the signing of this Application Form and no notice of revocation has been received;
  - (c) I am not a minor nor do I suffer from any other legal disability preventing me from buying Notes;
  - (d) if signed in a capacity other than a personal capacity, in addition to being bound in such a capacity, I/we agree to also be bound in my/our personal capacity;
  - (e) the details set out in the Application Form, including bank account/policy/shareholder numbers, are true and correct;
  - (f) if the Application is Accepted in whole or in part by the State, I/we direct that title to each Sale Share the subject of the Successful Application be held by the Trustee on trust for me/us and registered Transferees and Transmittes in accordance with the Offer Document; and
  - (g) if the Offer Document has been accessed in electronic format, I/we have received personally the complete and unaltered Offer Document in electronic form, or a printout of it, accompanied by or attached to the Application Form before applying for the Notes. I/We am/are aware that the Offer Document including both sides of the front and back covers and any pages deliberately left blank is 48 pages.
3. The information supplied by applicants will be treated confidentially by the State and will only be used by the State for the purposes of allocating Notes pursuant to this Offer and will not be revealed to any person or body, other than for purposes relating to the issue of the Notes or otherwise arising out of this Offer Document. Expressions on this form which have defined meanings commence with capital letters. See the Glossary Section of the Offer Document.



# APPLICATION FORM

## Exchanging Instalment Notes

Issued by the State of Queensland

The Exchanging Instalment Notes issued will correspond to Subordinated Dividend Ordinary Shares in SUNCORP~METWAY. The purchase price for each Note is payable in two instalments. The Notes will be exchanged for shares in SUNCORP~METWAY as set out in the Offer Document.

FOR REGISTRY USE ONLY Application Number

FOR BROKERS USE ONLY	
ASX code	Adviser code

### USE BLOCK LETTERS

INSTRUCTIONS ON HOW TO COMPLETE SECTIONS A-L ARE SET OUT IN THE OFFER DOCUMENT.

**A** I/We apply for  Notes  x A\$3.00 =

(minimum of 500 and then multiples of 100)

**B** Application Money  A\$  .00

← Make sure your cheque is for this amount

### COMPLETE FULL NAME AND ADDRESS DETAILS

**C** INSERT CORRECT TITLE (MR/MRS/MISS/MS) GIVEN NAME(S) (IN FULL) SURNAME OR COMPANY NAME

**F** Enter your Tax File Number(s) (or exemption category)

INSERT CORRECT TITLE (MR/MRS/MISS/MS) GIVEN NAME(S) (IN FULL) SURNAME OR COMPANY NAME

Enter your Tax File Number(s) (or exemption category)

**D** ACCOUNT DESIGNATION (IF APPLICABLE)

<  A / C >

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**G** (.....).....  
Contact Number (daytime)

SUBURB OR TOWN STATE POST CODE

**H** HIN - Existing CHES Participants only

By applying for the above Notes you will be paying only the First Instalment of A\$3.00 per Note now. The Final Instalment of A\$3.10 must be paid by 30 September 1998 (see Offer Document).

**I** Provide SUNCORP, Metway or QIDC Bank account/policy number (if applicable)

**J** I/We am/are a SUNCORP~METWAY Shareholder  YES  NO (tick) Shareholder Number

I/We apply for the Exchanging Instalment Notes on the terms and conditions set out in the Offer Document. In doing so I/we make the declarations set out on the reverse of the form.

Pin your cheque(s) here

**K**  Applicant 1/Sole Director/Director (cross out two of the above)

Joint Applicant 2/Director/Secretary (cross out two of the above)

DATED

..... / ..... / 1997

COMPANY SEAL

→ SIGN HERE

**Warning:** If this form is not signed in accordance with the instructions in the Application Section of the Offer Document, your Application may be rejected.

**L** CHEQUE DETAILS

DRAWER	BANK	BRANCH	AMOUNT OF CHEQUE
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>

PLEASE MAKE CHEQUE PAYABLE TO

**Qld. Treasury-EIN ACCOUNT**

## Where to send your application form

Your completed Application Form, together with your cheque(s), should be lodged with or mailed to:

- any office of the Joint Lead Managers or Co-Managers;
- any other member of ASX; or
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BRISBANE QLD 4001

***If lodged personally:***

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MMI Building  
370 Queen Street  
BRISBANE QLD 4000

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**Application Forms must be received by the Note Registrar by no later than 5:00 pm Brisbane time on 3 October 1997 (or any other Closing Date as the State may nominate in its absolute discretion). Applications received by this time at any office of the Joint Lead Managers will be treated as having been received by the Note Registrar.**

## DECLARATIONS:

1. I/We accept and agree to be bound by all the terms and conditions of the Notes set out in the Offer Document and the terms and conditions of the Trust Deed, including without limitation:
  - (a) the obligation to pay the Final Instalment of \$3.10 by 30 September 1998;
  - (b) the liability to pay Default Interest and recovery costs if the Final Instalment is not paid by its due date; and
  - (c) the requirement that no Encumbrance (such as a mortgage) may be created or arise over a Note or corresponding Share or which gives any person any right to a Note or corresponding Share unless and until the Final Instalment is duly paid.
2. By signing/sealing the Application Form I/we declare that:
  - (a) if signed by an applicant corporation, it has been signed under the corporation's common seal (if the law of its place of incorporation requires such a seal) and the common seal has been affixed in accordance with the corporation's Articles of Association/constitution and applicable laws;
  - (b) if signed by an attorney, the power of attorney authorises the signing of this Application Form and no notice of revocation has been received;
  - (c) I am not a minor nor do I suffer from any other legal disability preventing me from buying Notes;
  - (d) if signed in a capacity other than a personal capacity, in addition to being bound in such a capacity, I/we agree to also be bound in my/our personal capacity;
  - (e) the details set out in the Application Form, including bank account/policy/shareholder numbers, are true and correct;
  - (f) if the Application is Accepted in whole or in part by the State, I/we direct that title to each Sale Share the subject of the Successful Application be held by the Trustee on trust for me/us and registered Transferees and Transmittes in accordance with the Offer Document; and
  - (g) if the Offer Document has been accessed in electronic format, I/we have received personally the complete and unaltered Offer Document in electronic form, or a printout of it, accompanied by or attached to the Application Form before applying for the Notes. I/We am/are aware that the Offer Document including both sides of the front and back covers and any pages deliberately left blank is 48 pages.
3. The information supplied by applicants will be treated confidentially by the State and will only be used by the State for the purposes of allocating Notes pursuant to this Offer and will not be revealed to any person or body, other than for purposes relating to the issue of the Notes or otherwise arising out of this Offer Document. Expressions on this form which have defined meanings commence with capital letters. See the Glossary Section of the Offer Document.

# DIRECTORY

## *The State of Queensland*

The Under-Treasurer, Level 9, The Executive Building, 100 George Street, Brisbane, Qld 4000

## *Trustee*

Queensland Treasury Holdings Pty. Ltd.  
Level 9, The Executive Building, 100 George Street, Brisbane, Qld 4000

## *Note Registrar*

Douglas Heck & Burrell, Level 5, MMI Building,  
370 Queen Street, Brisbane, Qld 4000

## *Legal Advisers to the State*

Allen Allen & Hemsley, Level 32, Riverside Centre,  
123 Eagle Street, Brisbane, Qld 4000

## *Taxation and Financial Advisers to the State*

Arthur Andersen, including Arthur Andersen Corporate Finance Pty Ltd  
Level 32, 12 Creek Street, Brisbane, Qld 4000  
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