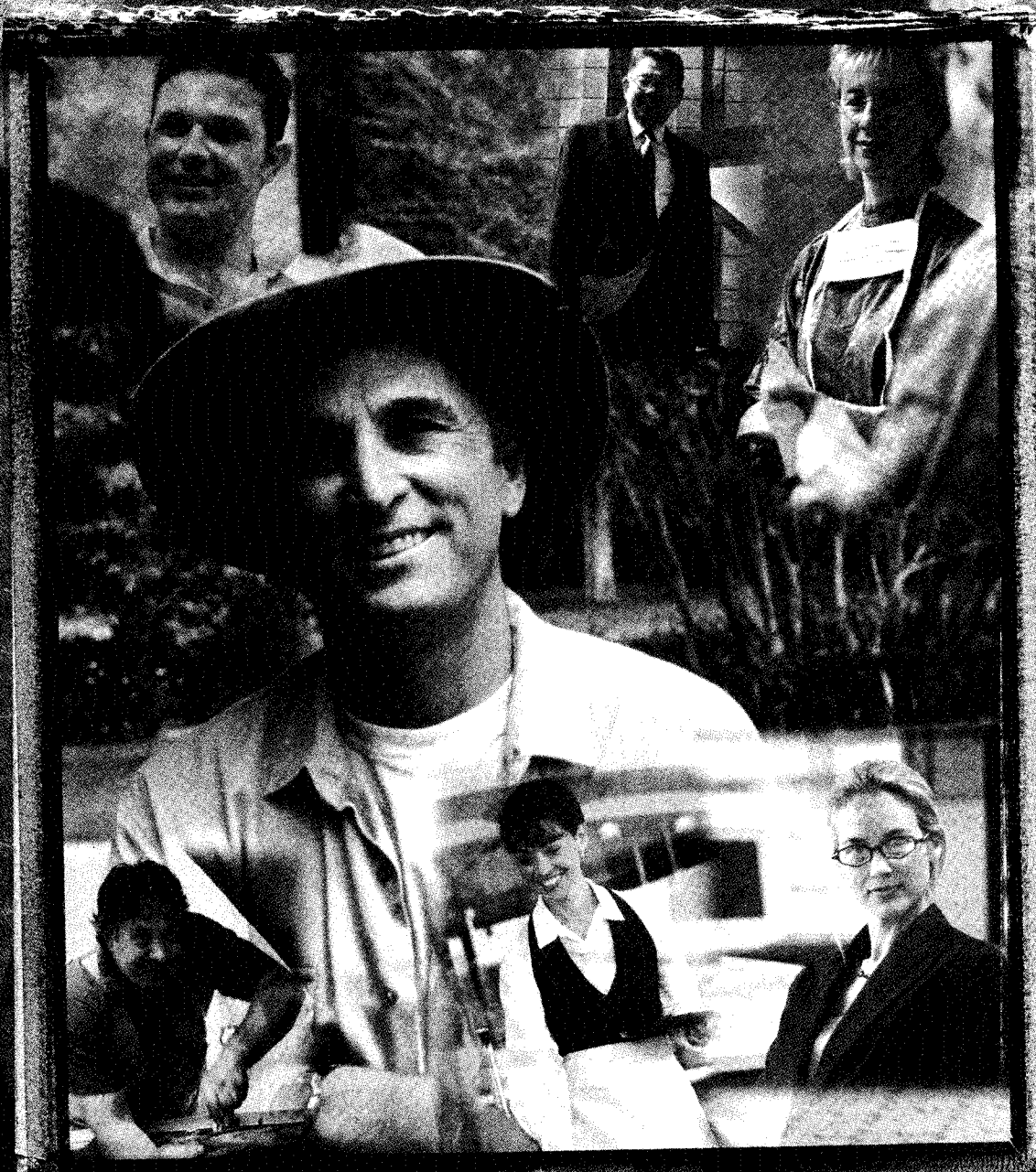




# THE STATE OF QUEENSLAND PUBLIC OFFER

8% Exchanging Instalment Notes – Series 2  
Exchanging into SUNCORP~METWAY Ordinary Shares



**SHARE IN THE FUTURE OF SUNCORP~METWAY  
OFFER DOCUMENT**

JOINT LEAD MANAGERS

Wilson HTM Ltd

J B Were & Son

Morgan Stockbroking Limited

# TABLE OF CONTENTS

TIMETABLE OF KEY DATES	2	PART 2 INFORMATION ON THE STATE OF QUEENSLAND	14
INSTRUCTIONS TO INVESTORS	2	PART 3 INFORMATION ON SUNCORP~METWAY	15
INVESTMENT SUMMARY	3	PART 4 IMPORTANT CONSIDERATIONS FOR INVESTORS	23
PART 1 PARTICULARS OF THE OFFER	8	PART 5 TAX ISSUES	25
1.1 State's Interest in SUNCORP~METWAY	8	PART 6 KEY DOCUMENTS SUMMARY	28
1.2 Notes on Offer	8	PART 7 ADDITIONAL INFORMATION APPLICATION SECTION	38
1.3 Structure of Instalment Sale	9	APPLICATION FORMS	41
1.4 Underwriting	9	GLOSSARY	45
1.5 Offer Withdrawal or Modification	9	DIRECTORY	Back Cover
1.6 Basis for Price Determination	9		
1.7 Applying for Notes	9		
1.8 Electronic Offer Document	10		
1.9 ASX Listing and Quotation	10		
1.10 Stamp Duty	10		
1.11 CHESSE	11		
1.12 Features of Notes	11		
1.13 Rights and Obligations Attaching to Notes	12		

## **Important Note:**

*This document is important. It should be read in its entirety. Before deciding to invest in the Notes, you should consider whether they are a suitable investment for you. If you are in doubt as to the course you should follow, consult your stockbroker, solicitor, accountant or other professional investment adviser immediately. Please read carefully the instructions on the back of the attached Application Form.*

## **DISCLAIMER NOTICE**

This Offer Document is not a prospectus and is not required to be lodged with or registered by the ASIC. It has been provided to the ASIC for information purposes. The ASIC 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 LTD (ACN 010 831 722) ("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. 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. 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 the Joint Lead Managers, the Underwriters 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 8 October 1998.*



QUEENSLAND GOVERNMENT

## TREASURER OF QUEENSLAND

8 October 1998

Executive Building  
100 George Street  
Brisbane Queensland

*Dear Investor*

On behalf of the State of Queensland, I am pleased to offer you the opportunity to invest in SUNCORP~METWAY LTD, Queensland's premier financial institution and a major Australian diversified banking and insurance company.

The State of Queensland currently holds a major interest in the capital of SUNCORP~METWAY LTD and, with this Offer, is substantially completing the sell down of its interest in the company.

You are invited to invest in the issue by the State of Queensland of 142.5 million 8% Exchanging Instalment Notes - Series 2 which exchange for SUNCORP~METWAY LTD Ordinary Shares as outlined in this Offer Document. Further details about this Offer are set out in this Offer Document.

Prospective investors should be aware that this Offer in no way constitutes a guarantee by the State of Queensland of the investment performance of SUNCORP~METWAY LTD Ordinary Shares to be received on exchange. Before deciding to invest, you should carefully consider whether this investment is suitable for you and, if you deem it necessary, obtain appropriate financial advice.

The proceeds from this Offer will be used by the Queensland Government as part of its job creation strategy by reinvesting the funds in major new capital projects. These infrastructure programs will provide a boost to economic growth and the development of the State.

I invite you to consider the merits of this investment.

Yours sincerely

Hon David Hamill MLA  
Treasurer of Queensland

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**Office:** Executive Building 100 George Street Brisbane Queensland

## TIMETABLE OF KEY DATES

<i>Offer Opens</i>	12 October 1998
<i>Expected Offer Closing Date</i>	16 November 1998
<i>Expected Date for Allotment of Notes</i>	16 November 1998
<i>Expected Date for Dispatch of holding statements for Notes</i>	20 November 1998
<i>Expected Date for Commencement of Trading of the Notes on ASX</i>	25 November 1998
<i>Final Instalment Payment Date</i>	6 November 2000
<i>Expected Exchange Date</i>	31 October 2001

\* 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 12 October 1998 and is expected to remain open until 5:00 pm (Brisbane time) on 6 November 1998. 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 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 400 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 \$4.00 per Note. Cheques should be made payable to "Qld. Treasury-EIN SERIES 2" 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.

### Preference to Queensland Residents

In the event that demand is substantially larger than anticipated, Queensland residents will receive a preference in allotment of Notes offered. Equitable consideration will also be given to holders of EIN-SERIES 1 Notes and to SUNCORP~METWAY Shareholders. A panel of financial advisers, which includes the Joint Lead Managers and is 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.

Applications may be subject to scaling back and some Applications may be rejected. This may include scaling back to below the stated minimum application of 400 Notes.

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 398  
Qld. Treasury-EIN SERIES 2  
c/- Douglas Heck & Burrell  
Locked Bag 248  
BRISBANE QLD 4001

**If lodged personally:**

Qld. Treasury-EIN SERIES 2  
c/- Douglas Heck & Burrell  
Note Registrar  
Ground Floor  
333 Adelaide Street  
BRISBANE QLD 4000

## When Application Forms must be received

Application Forms must be received by the Note Registrar by 5:00pm (Brisbane time) on 6 November 1998 (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.

***Wilson HTM Ltd***

1800 805 226

***J B Were & Son***

1800 067 904

***Morgan Stockbroking Limited***

1800 777 946

*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 (\$7.10) payable for each Note (equivalent to approximately 14.2% yield on First Instalment)
- Face Value (\$7.10) payable in two instalments – \$4.00 on Application and \$3.10 by 6 November 2000
- Interest accrues on Notes from the Closing Date to 30 September 2001 and is payable (in arrears) on 31 May 1999, 30 November 1999, 31 May 2000, 30 November 2000, 31 May 2001, and 30 September 2001 (See paragraph 1.12.2 and Part 6.1 for details)
- Mandatory exchange of each Note for a SUNCORP~METWAY Ordinary Share expected on 31 October 2001 (See paragraph 1.12.4 for details)
- Opportunity to participate in the future 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 is offering for subscription 142.5 million Notes.

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

- First Instalment of \$4.00 per Note payable on Application;
- Final Instalment of \$3.10 per Note payable by 6 November 2000.

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.

In the event that demand is substantially larger than anticipated, Queensland residents will receive a preference in the allocation process. Equitable consideration will also be given to holders of EIN-SERIES 1 Notes and to SUNCORP-METWAY Shareholders. A panel of financial advisers, which includes the Joint Lead Managers and is 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 or aggregate any Applications.

The Offer is fully underwritten (See Part 1.4 and Part 6.4 for details).

## Notes

Successful Applicants will be registered as holding a security called an Exchanging Instalment Note - SERIES 2 (a "Note"). A Note Holder will acquire, in relation to each Note, a right to receive a SUNCORP-METWAY Ordinary Share on exchange of the Note expected to be on 31 October 2001. (See paragraph 1.12.4 for details).

## Major Features of Notes

### Instalment Payments

First Instalment of \$4.00 per Note payable on Application.

Final Instalment of \$3.10 per Note payable by 6 November 2000. The registered holder of a Note at the end of the sixth Business Day prior to and inclusive of 6 November 2000 has the obligation to pay the Final Instalment.

A reminder notice will be sent to each Note Holder approximately six weeks prior to the Final Instalment Payment Date. The Final Instalment may not be paid early, except in the case of a takeover offer in some circumstances or in other limited circumstances (where certain divestiture events occur, and where the State 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, or subsequent default notices, 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 interest payments (in arrears) at the rate of 8% per annum calculated on the Face Value of \$7.10 per Note, payable as follows:-

Interest Payment Date	Amount (per Note)
31 May 1999	32.0c*
30 November 1999	28.5c
31 May 2000	28.4c
30 November 2000	28.4c
31 May 2001	28.3c
30 September 2001	19.0c

\* The interest payment for 31 May 1999 assumes a Closing Date of 6 November 1998. 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 it is extended beyond 6 November 1998, the amount will be decreased on a pro rata basis.

(A Note Holder must be registered on the applicable interest payment Record Dates to qualify for the respective interest payments) (See Part 6.1 for details).

## **Exchange**

Each Note is expected to become exchangeable for a SUNCORP~METWAY Ordinary Share on 31 October 2001 as outlined in paragraph 1.12.4. A Note Holder will not be entitled, in that capacity, to any dividend paid or declared on a SUNCORP~METWAY Ordinary Share in respect of any period up to and including 30 June 2001, irrespective of when such dividend is paid or the date on which SUNCORP~METWAY Ordinary Shareholders become entitled to any such dividend. To ensure that a Note Holder does not, in that capacity, receive such a dividend, the State may defer transfer of SUNCORP~METWAY Ordinary Shares to Note Holders as outlined in paragraph 1.12.4.

## **Entitlements Offers**

Entitlements offered by SUNCORP~METWAY to either QTH or the State, in the capacity as a holder of Capital Notes or SUNCORP~METWAY Ordinary Shares while Notes are outstanding will, so far as is possible, be made available to Note Holders. (See Part 6.1 for details).

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

The State intends to offer SUNCORP~METWAY Ordinary Shareholders registered on 1 December 1998 the opportunity, on a non-renounceable basis, to purchase one additional share for every two shares held on that date, at a price of \$5.00 per share. Note Holders, in that capacity, will not be entitled to participate.

## **Meetings**

Each Note Holder will be permitted to attend SUNCORP~METWAY Ordinary Shareholders' meetings held after the 1998 SUNCORP~METWAY annual general meeting, but will not have the right to vote or 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 1998 or the notices of meeting for the 1998 SUNCORP~METWAY annual general meeting.

## **Takeovers**

If a takeover bid is made for SUNCORP~METWAY Ordinary Shares, the State will not accept that bid, will not be obliged to give any information or document to Note Holders and will have no other obligations concerning such a bid. However, the State will give Note Holders an opportunity to exchange Notes for SUNCORP~METWAY Ordinary Shares if:

- (a) a takeover bid is made for any SUNCORP~METWAY Ordinary Share; or
- (b) a resolution of shareholders in SUNCORP~METWAY is proposed which, if passed, may result in a person becoming entitled to more than 30% of the voting shares in SUNCORP~METWAY or, being already entitled to that percentage, in becoming entitled to a greater percentage.

Upon receiving notice of a takeover bid or such a proposed resolution, the State will, at the time it considers appropriate, notify all Note Holders giving them an opportunity to elect within a time



specified in the notice to pre-pay any Final Instalment outstanding on any Notes which are not in default, and require the exchange of the Notes for SUNCORP~METWAY Ordinary Shares. At the same time, the State will advise the Board of SUNCORP~METWAY of the date it has specified in the notice.

The opportunity to exchange Notes for SUNCORP~METWAY Ordinary Shares is however available only if the Board of SUNCORP~METWAY has publicly recommended in favour of the acceptance of the takeover bid or in favour of the resolution of shareholders by the time specified in the notice to Note Holders referred to above.

If a takeover bid is made for EIN-SERIES 2 Notes, the State must do all things which it is able to do to relieve itself from being bound by the takeover provisions of the Corporations Law.

If a takeover bid is made for Capital Notes, the State will not accept or otherwise support that bid, will not be obliged to give any information or documents to EIN-SERIES 2 Note Holders and will have no other obligations concerning such a bid.

## **Sale and Transfers**

It is proposed that 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 may only create an encumbrance (such as a mortgage arising out of a margin lending transaction) in respect of a Note (or a SUNCORP~METWAY Ordinary Share into which it exchanges) before the Final Instalment is paid, if it cannot interfere with or take priority over any of the State's rights in relation to that Note, or that SUNCORP~METWAY Ordinary Share or any Capital Note.

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

## **Taxation Consequences of Investing in Notes**

A tax opinion from Arthur Andersen, tax advisers to the State, is set out in Part 5. Investors considering applying for Notes under this Offer should read that advice and decide whether to seek professional taxation advice on their own circumstances before lodging their Applications.

## **Trading of the Notes**

Trading of Notes on ASX is expected to commence on 25 November 1998.

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

## **Factors relating to price determination and value of Notes**

The Face Value (\$7.10) of the Notes has been determined with reference to the recent average market price for SUNCORP~METWAY Ordinary Shares after adjusting for the investment risks and benefits associated with the Notes. A direct comparison should not be made between the Face Value and the market price of SUNCORP~METWAY Ordinary Shares, as the market price of SUNCORP~METWAY Ordinary Shares includes the value attributable to the State's One for Two Offer in which Note Holders will not participate, and Notes are entitled to interest and not dividends prior to their exchange into SUNCORP~METWAY Ordinary Shares.

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 Ordinary Shares and other securities;
- the level of 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 Ordinary Shares. These include company specific factors such as the level of SUNCORP~METWAY's profit, dividend payments,



level of franking 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 Australian Prudential Regulation Authority, Reserve Bank of Australia and government policy and regulation (including, but not limited to, taxation policy) can also influence the price of SUNCORP~METWAY Ordinary Shares. Consequently, investors should recognise that the price of SUNCORP~METWAY Ordinary 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 Ordinary Shares, and while only partial payment of the Face Value of Notes has been made, the percentage movement in the price of Notes is likely to be greater.

The Face Value (\$7.10) 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 Ordinary 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 1998 were announced by SUNCORP~METWAY on 26 August 1998. Further information regarding those results is set out in Part 3.

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

### **Investment Performance**

Since the merger of SUNCORP, Metway Bank and QIDC on 1 December 1996 through to 30 September 1998, the trading range of SUNCORP~METWAY Ordinary Shares has been \$5.33 to \$9.05. The last reported price of SUNCORP~METWAY Ordinary Shares reflects, among other things, the value of the One for Two Offer described under the heading "State's One for Two Offer - Not Available" in paragraph 1.13.2. A downward adjustment to the SUNCORP~METWAY Ordinary Share price, attributable to the One for Two Offer, is expected to occur on or about 23 November 1998. SUNCORP~METWAY Ordinary Shares purchased on-market on or after that date will not be entitled to participate in the One for Two Offer. The price of SUNCORP~METWAY Ordinary Shares also reflects the priority to dividends currently enjoyed by SUNCORP~METWAY 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 3.12. As also noted above, the One for Two Offer does not attach to either Notes, EIN - SERIES 1 Notes or Subordinated Dividend Ordinary Shares.

A direct comparison should not be made between the current market price of EIN-SERIES 1 Notes and the Face Value of EIN-SERIES 2 Notes. The market price or investment performance of EIN-SERIES 1 Notes is not necessarily indicative of the market price or investment performance of the EIN-SERIES 2 Notes. (See Part 4 for details).

*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 56 million SUNCORP~METWAY Ordinary Shares, 100 million Subordinated Dividend Ordinary Shares (corresponding to the EIN - SERIES 1 Notes) and 155 million Capital Notes (convertible into SUNCORP~METWAY Ordinary Shares) representing approximately 67% of the total issued capital of SUNCORP~METWAY, on a fully diluted basis.

The following table sets out the State's ownership position in SUNCORP~METWAY, on a fully diluted basis, at the various times outlined below:

#### STATE OWNERSHIP POSITION (million)

	At Merger December 1996	October 1997	December 1998
Fully paid Ordinary Shares	57	56	Nil (4)
Subordinated Dividend Ordinary Shares	100	100 (1)	100 (1)
Capital Notes	155	155	142.5 (2), (3) & (4)
Total State Ownership	312.0	311.0	242.5
Fully diluted number of Ordinary Shares	461.1	461.1	461.1
Nominal State Ownership %	67.6%	67.4%	52.6%
State's Economic Interest (5) %	67.6%	45.8%	0%

- (1) The State beneficially owns 100 million Subordinated Dividend Ordinary Shares. Under the terms of the EIN-SERIES 1 Note issue in October 1997, the State's voting interest (except in relation to dividends) in respect of these shares was passed to EIN-SERIES 1 Note holders. The EIN-SERIES 1 Notes exchange for SUNCORP~METWAY Ordinary Shares on 1 November 1999.
- (2) It is intended that the 142.5 million Capital Notes will be utilised to enable the State to meet its obligations to EIN-SERIES 2 Note Holders on maturity.
- (3) Assuming 100% acceptance of the State's One for Two Offer in December 1998, approximately 12.5 million Capital Notes will be required to be converted into SUNCORP~METWAY Ordinary Shares to meet the State's obligations under that Offer.
- (4) Assuming 100% acceptance of the One for Two Offer in December 1998, approximately 68.5 million SUNCORP~METWAY Ordinary Shares will be sold to eligible shareholders.
- (5) Excluding dividends on Subordinated Dividend Ordinary Shares, interest on Capital Notes and dividends on any SUNCORP~METWAY Ordinary Shares acquired on conversion of Capital Notes.

The State's SUNCORP~METWAY Ordinary Shares are currently held by Queensland Treasury Holdings Pty Ltd (ACN 011 027 295) ("QTH"), a State controlled entity as a trustee of The Treasury Special Purpose Trust No. 1, of which the State is the sole beneficiary. It is expected that these shares will be sold pursuant to the One for Two Offer in December this year.

The State's Subordinated Dividend Ordinary Shares corresponding to the EIN - SERIES 1 Notes are held by QTH as trustee under the terms of the EIN - SERIES 1 Trust Deed.

The Capital Notes are held by QTH. Of these, it is expected that the State will cause conversion of approximately 12.5 million into SUNCORP~METWAY Ordinary Shares, and sell them pursuant to the State's One for Two Offer in December this year.

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

### 1.2 Notes on Offer

The State is offering investors the opportunity to purchase up to 142.5 million Notes. It is intended that the Capital Notes (convertible into SUNCORP~METWAY Ordinary Shares) which are held by QTH will be converted into the SUNCORP~METWAY Ordinary Shares required by the State to meet its exchange obligations under this Offer. The State has agreed to post a copy of this Offer Document to SUNCORP~METWAY Shareholders and to the holders of EIN-SERIES 1 Notes.

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

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

First Instalment of \$4.00 per Note payable upon Application;

Final Instalment of \$3.10 per Note payable by 6 November 2000.

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 pre-pay 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 Parts 6.4 and 7.4.

### **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 SUNCORP~METWAY Ordinary Shares after adjusting for the State's One for Two Offer in which Note Holders will not participate, the differential between the expected dividends on the SUNCORP~METWAY Ordinary Shares and the interest (estimated after tax) on the Notes and the time value of the Final Instalment.

### **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 400 Notes and thereafter in multiples of 100 Notes.

In the event that demand is substantially larger than anticipated, Queensland residents will receive a preference in allotment of Notes offered. Equitable consideration will also be given to holders of EIN-SERIES 1 Notes and SUNCORP~METWAY Shareholders. A panel of financial advisers, which includes the Joint Lead Managers and is chaired by accounting firm Arthur Andersen will, on behalf of the State, have absolute discretion to determine the method and extent of that preference. Applications may be subject to scaling back and some Applications may be rejected. This may include scaling back to below the stated minimum application of 400 Notes.

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 \$4.00 per Note. Cheques should be made payable to "Qld. Treasury-EIN SERIES 2" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account as cheques returned unpaid will result in your Application being rejected. All stamp duty which is payable in respect of the creation and issue of each Note and the exchange for SUNCORP-METWAY Ordinary 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 398  
Qld. Treasury-EIN SERIES 2  
c/- Douglas Heck & Burrell  
Locked Bag 248  
BRISBANE QLD 4001

**If lodged personally:**

Qld. Treasury-EIN SERIES 2  
c/- Douglas Heck & Burrell  
Note Registrar  
Ground Floor  
333 Adelaide Street  
BRISBANE QLD 4000

Application Forms must be received by the Note Registrar no later than 5:00pm (Brisbane time) on 6 November 1998 (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

In the event that this Offer Document is made available in an electronic format, it will be issued in accordance with ASIC 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

Application for quotation of the Notes on ASX will be made within three 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 and no interest will be payable.

A holding statement which sets out the number of Notes allocated to each Successful Applicant under this Offer is expected to be dispatched on 20 November 1998.

It is anticipated that trading of the Notes on ASX will commence on 25 November 1998.

## 1.10 Stamp Duty

The State has been advised that an on-market transfer of a Note will be exempt from stamp duty in New South Wales, Victoria, South Australia, Tasmania and the Australian Capital Territory. If you place an order with a broker carrying on business in Western Australia or in the Northern Territory to sell or purchase the Note, you will pay stamp duty at the rates of 0.3% of the sale price, payable as to 0.15% by the Vendor and 0.15% by the Purchaser of the Notes. The State has also been advised that off-market transfers of the Notes should not be liable to duty in any State or Territory except possibly in Tasmania, where the rate of duty applicable is on a sliding scale ranging from 1.5% to 4% depending on the consideration or value of the Notes transferred.

For Queensland, the position is that the Treasurer of Queensland has approved that the Stamp Act 1894 (Queensland) be administered on the basis that the transfer of the Notes both on and off-market

be exempt from Queensland stamp duty, pending the passing of appropriate amendments to the Queensland Stamp Act.

In addition, the prescribed form of a transmission (eg. on death or bankruptcy) may be liable for loan security stamp duty of 0.4% of the amount secured.

*This summary is given at the date of this Offer Document. A number of States and Territories are planning to rewrite or amend their stamp duty legislation in the near future. No guarantee can be given that the stamp duty position will remain unaltered. In addition, the stamp duty position for each investor may alter depending on their particular facts and circumstances. Accordingly, intending transferees and transferors or persons signing the prescribed form of transmission should seek their own stamp duty advice before transferring or transmitting any Notes.*

## 1.11 CHESS

The State will apply to participate in the Clearing House Electronic Subregister System (CHESS). The State will not issue Note certificates to Successful Applicants. The State will provide to each Note Holder an uncertificated securities holding statement which will set out the number of Notes issued to the Note Holder. The holding statement will inform each Note Holder of their Holder Identification Number (*HIN*) for Holders on CHESS or their Security Reference Number (*SRN*) for issuer sponsored Holders.

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 State may charge an administration fee.

## 1.12 Features of Notes

### 1.12.1 What rights will you receive on acquiring Notes?

An investment in a Note offered by the State offers an attractive interest-bearing security which is expected to become exchangeable for a SUNCORP~METWAY Ordinary Share on 31 October 2001, as outlined in paragraph 1.12.4.

### 1.12.2 Interest Payments

The State is obliged to pay 8% per annum interest (in arrears) on each Note (calculated on the Face Value of \$7.10), as follows:-

Interest Payment Date	Amount (per Note)
31 May 1999	32.0c*
30 November 1999	28.5c
31 May 2000	28.4c
30 November 2000	28.4c
31 May 2001	28.3c
30 September 2001	19.0c

*\* The interest payment for 31 May 1999 assumes a Closing Date of 6 November 1998. 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 it is extended beyond 6 November 1998, the amount will be decreased on a pro rata basis.*

(A Note Holder must be registered on the applicable interest payment Record Dates to qualify for the respective interest payments). (See Part 6.1 for details).

### 1.12.3 Relationship between Instalments and Notes

On Acceptance of an Application for Notes under this Offer Document, accompanied by payment of the First Instalment for each Note applied for, Notes will be issued to the applicants. Each registered Note Holder at the end of 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 6 November 2000.

#### **1.12.4 Exchange for SUNCORP~METWAY Ordinary Shares**

A Note Holder must pay the Final Instalment by 6 November 2000, and on making that payment, the Note will become exchangeable for a SUNCORP~METWAY Ordinary Share on 31 October 2001, as outlined in this paragraph.

Note Holders will not be entitled, in that capacity, to any dividend paid or declared on a SUNCORP~METWAY Ordinary Share in respect of any period up to and including 30 June 2001, irrespective of when such dividend is paid, or the date on which SUNCORP~METWAY Ordinary Shareholders become entitled to any such dividend. To ensure that a Note Holder does not, in that capacity, receive any such dividend, the State may defer transfer of SUNCORP~METWAY Ordinary Shares to Note Holders beyond 31 October 2001 until after the Record Date for entitlement to the final dividend payable on SUNCORP~METWAY Ordinary Shares for the financial year ended 30 June 2001, and effect transfers as soon as practicable thereafter and in any event prior to the Record Date for any interim dividend payable on SUNCORP~METWAY Ordinary Shares for the financial year beginning 1 July 2001. If for any reason the date of transfer of the SUNCORP~METWAY Ordinary Shares is delayed, and this is not anticipated, the State will use reasonable endeavours to arrange trading of those SUNCORP~METWAY Ordinary Shares on a deferred settlement basis. The beneficial ownership of SUNCORP~METWAY Ordinary Shares to be transferred to Note Holders which passes to Note Holders on 31 October 2001, shall not extend to any such dividend notwithstanding the date of its payment, or the date that registered SUNCORP~METWAY Ordinary Shareholders are entitled to receive it. (See Part 6.1 for details).

#### **1.12.5 Payments by Instalments**

A Note Holder will have paid the First Instalment of \$4.00 on lodging an Application. The Final Instalment of \$3.10 will be payable by 6 November 2000.

There will be no right to pre-pay 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.

#### **1.12.6 State's Obligations**

Each Note constitutes a direct obligation of the State to pay interest on the Notes until 30 September 2001 and (subject to payment of the Final Instalment), to deliver a SUNCORP~METWAY Ordinary Share as outlined in paragraph 1.12.4. (See Part 6.1 for details).

#### **1.12.7 No Minimum Subscription**

142.5 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, other than ASX minimum spread requirements.

### **1.13 Rights and Obligations Attaching to Notes**

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 Deed Poll, 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.

#### **1.13.1 New Issues**

In the event that SUNCORP~METWAY makes an entitlements offer (other than in the nature of Capital Note interest or a dividend) to shareholders to participate in a new issue of shares or other securities, the State 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 SUNCORP~METWAY Ordinary Shares delivered on exchange, on the same terms as offered to Ordinary Shareholders.

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

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

The State intends to offer SUNCORP~METWAY Ordinary Shareholders registered on 1 December 1998 the opportunity, on a non-renounceable basis, to purchase one additional share for every two shares held at that date, at a price of \$5.00 per share. Note Holders, in that capacity, will not be entitled to participate.

### **1.13.3 Annual Reports, Notices and Meetings**

Except for the financial year ended 30 June 1998, Note Holders will receive the SUNCORP~METWAY annual report and will receive other SUNCORP~METWAY Ordinary Shareholder notices at the same time and in the same manner as holders of SUNCORP~METWAY Ordinary Shares. Where a Note Holder is also the registered holder of SUNCORP~METWAY Ordinary Shares and/or EIN - SERIES 1 Notes, only one annual report will be sent.

Each Note Holder will be permitted to attend SUNCORP~METWAY Ordinary Shareholders' meetings held after the 1998 SUNCORP~METWAY annual general meeting, but will not have the right to vote or speak at those meetings.

### **1.13.4 Transfers**

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

### **1.13.5 Final Instalment Arrangements**

The Final Instalment must be paid by 6 November 2000.

Note Holders may not pre-pay 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 State will forward a reminder notice to each Note Holder approximately six weeks before the Final Instalment is due to be paid. Each registered Note Holder at the end of 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 accrue on late payments and the State 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 State has sold those Notes.

If a Note Holder pays the Final Instalment without default powers being exercised, that Note will be cancelled by the State and a SUNCORP~METWAY Ordinary Share transferred to the Note Holder as outlined in paragraph 1.12.4, from which time the Deed Poll will no longer apply.

### **1.13.6 Restrictions affecting Lenders**

A Note Holder may only create an encumbrance (such as a mortgage arising out of a margin lending transaction) in respect of a Note (or a SUNCORP~METWAY Ordinary Share into which it exchanges) before the Final Instalment is paid, if it cannot interfere with or take priority over any of the State's rights in relation to that Note, or that SUNCORP~METWAY Ordinary Share or any Capital Notes (See Part 6.1 for details).

### **1.13.7 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 population (estimated at 3.4 million in 1997) and second largest State in land area (1.727 million square kms). In 1996-97, Queensland's Gross State Product (GSP) amounted to \$82.8 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 1991-92 to 1996-97 the State's GSP grew, in real terms, at an average annual compound rate of 5.4% (nationally 4.1%). In 1997-98, economic growth of 4.75% is estimated to have occurred.

The outlook for continued growth in the Queensland economy, as reported in the September 1998-99 State Budget Paper No. 2, remains sound with GSP forecast to grow at 3.5% in 1998-99, higher than the national forecast growth of 2.75% (as revised in September 1998).

The strength of the Queensland economy and the State Government's finances are reflected in the State's AAA credit rating from both Moody's Investors Service (Aaa for \$A denominated debt) and Standard and Poor's (long term credit rating AAA).

## Queensland Economic Summary Statistics

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Gross State Product ("GSP") (\$B)	65.0	69.6	75.0	78.2	82.8	87.5 (e)
Increase in GSP (1989-90 prices) (%)	6.8	6.0	6.9	2.4	4.9	4.75 (e)
Exports of Goods Overseas (\$B)	11.8	12.0	12.5	13.6	13.6	16.3
Retail Turnover (\$B)	18.2	19.7	21.7	22.8	23.3	24.9
Private Gross Fixed Capital Expenditure (\$B)	11.7	14.0	15.8	15.1	16.7	17.0 (a)
Employment ('000) (b)	1,352.8	1,396.0	1,476.6	1,517.6	1,544.6	1,594.5
Unemployment rate (%) (b)	10.5	10.1	8.8	9.3	9.6	9.0
Increase in Consumer Prices (%) (b)	1.4	2.0	3.7	3.8	1.6	0.5
Average Weekly Ordinary Time Earnings, Full Time (\$) (b)	555.3	578.2	594.4	615.2	647.8	679.3

(a) The Australian Bureau of Statistics has advised that the 1998 June quarter estimate for private gross fixed capital expenditure on plant and equipment will be revised up by \$300 million in current price terms. This revision is included in the figure for 1997-98. (b) year average level (e) estimate. Source: Queensland Treasury and Australian Bureau of Statistics

## Fiscal Policy

The Government has made a firm commitment to sound financial management of the State. To give effect to this commitment, the Government has enunciated five basic principles of fiscal responsibility upon which its financial strategy is based. These five basic principles are:

- maintenance of Queensland's low tax status by ensuring that State taxes, charges and revenues remain below the average of the other States;
- full actuarial funding of all accruing employee entitlements, including public service superannuation and employee benefits, and workers' compensation;
- restricting borrowings (and financial arrangements equivalent to borrowings) to those projects or activities that can service such obligations from their own revenue stream;
- maintenance of an overall State Government surplus in Government Finance Statistics terms and a cash surplus in the Consolidated Fund; and
- a commitment to at least maintain and seek to increase total State net worth.

Queensland's financial management policies have placed it in a position of unparalleled strength among the Australian States.

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>

### 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 fairly summarised some of the publicly available information on SUNCORP~METWAY and only accepts responsibility for it on the basis that the information included is a fair 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 expectations, 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 ASIC 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".

The State Financial Institutions and Metway Merger Facilitation Act 1996 was enacted to facilitate the establishment of the merged entity. Part 6 of that legislation contains mandatory requirements regarding the constitutions of SUNCORP~METWAY group companies. Extracts of those provisions are set out in paragraph 7.1.3.

### 3.4 Principal Activities

The SUNCORP~METWAY group's principal activities are the provision of banking, insurance, superannuation and funds management products and services to the retail, corporate and commercial sectors.

### 3.5 Directors

The Directors of SUNCORP~METWAY are:

**R John Lamble AO** (Chairman)

**Martin D E Kriewaldt** (Deputy Chairman)

**W S (Steve) Jones** (Managing Director)

**Rodney F Cormie**

**Patricia A Cross**

**Frank C B Haly AO**

**James J Kennedy AO, CBE**

**John D Story**

**Barry Thornton KSJ**

### 3.6 Financial Results for year ended 30 June 1998

The consolidated financial results for SUNCORP~METWAY and controlled entities for the year ended 30 June 1998 ("the 1997/1998 Results") were announced on 26 August 1998. *Investors considering applying for Notes under this Offer should consider whether they wish to review the full 1997/1998 Results before lodging their Applications. A copy of the full 1997/1998 Results can be inspected free of charge during business hours at Allen Allen & Hemsley, Level 32, Riverside Centre, 123 Eagle Street, Brisbane, Queensland, 4000.*

The SUNCORP~METWAY News Release accompanying those results is reproduced below at Part 3.7.

### 3.7 SUNCORP~METWAY News Release - 26 August 1998

SUNCORP~METWAY Ltd Chairman, Mr John Lamble, today announced a net profit after tax and goodwill of \$233 million for the year ended June 30, 1998.

Mr Lamble said this year's profit compared favourably with the \$150 million for the year ended 30 June 1997 (which represented 12 months of the operations of Metway and only seven months trading of SUNCORP and QIDC).

"Our first full financial year as a merged entity has been a very successful one", he said. "Each business unit delivered strong performances in an increasingly difficult and competitive environment.

"The performance has enabled the Board to declare a fully franked dividend of 22 cents for ordinary shareholders, payable on 16 October 1998. Added to the interim dividend of 22 cents, this makes a total of 44 cents, fully franked, paid to ordinary shareholders for the year.

Return on shareholders equity was 16.61% on an undiluted basis, compared to 15.67% last year. (11.8% on a fully diluted basis compared to 11.6% last year.) Earnings per share were 56.66 cents (47.07 cents last year), based on the average number of ordinary shares on issue. (45.8 cents on a fully diluted basis compared with 41.2 cents last year.)"



## Strategy on Track

Managing Director, Mr Steve Jones, said the profit result was very pleasing and the company had met its three major goals for the year.

"The first goal we set for ourselves was a challenging profit target and today's result exceeded our 'stretch' goal", Mr Jones said.

"Our second aim was to launch our Transformation program in October to make the company more efficient and to improve services to customers. Our staff have set about transforming the company and so far we have implemented 400 of the 1450 ideas generated as a result of the program.

"Our third goal was to maintain the loyalty and business of our retail, rural and commercial customers. I'm pleased to report that we held our leading market positions while we went about making the changes associated with our merger and Transformation program."

Mr Jones paid tribute to staff who remained focused on customers while making significant changes to the business.

"I'm delighted to announce that all eligible staff will receive another 100 shares of company stock to add to the 100 they received last year."

He said the value of the ideas generated by the Group's Transformation program had exceeded the original target of \$115 million in pre-tax improvements by December 1999.

"We now expect to make \$180 million in improvements through a combination of cost savings, reduced claims expense and revenue growth.

"The company will spend approximately \$60 million to December 1999 to implement these improvements and we expect they will substantially improve our competitiveness and earnings potential."

Mr Jones cautioned against assuming these improvements would improve the Group's pre-tax profit by \$180 million.

"As competition drives prices down, some of the improvement is required just to offset the squeeze and maintain current profitability.

"More importantly we'll be investing some of the savings to make the company grow and it may take a year or two before some of these investments bloom."

Mr Jones said the Group's full time equivalent work force reduced to 4762 during the year.

"Natural turnover was used to make many of the reductions and during the year we also hired 648 people to fill jobs that became vacant and could not be filled internally. Although we are reducing the overall size of our work force, natural growth, reinvestment projects and natural attrition are helping us keep redundancies to a minimum," he said.

## Highlights

### Consumer Allfinanz

- Home lending receivables grew by 11% to \$8.5 billion, compared with a national market increase of 8.6%.
- Consumer loan receivables increased by 18% to \$256 million.
- Group retail deposits grew by 6.3%.
- Insurance claims performance improved, with a loss ratio of 91.3% (97.8% in 1997).
- Expense performance for general insurance improved, down to 22.3%, compared with 24.4% in 1997.
- 56% of new home loan customers now own at least one insurance product (excluding CTP).
- More than one third of customers now have three or more products.

### Business Banking

- Commercial banking wrote \$950 million in new business, pushing receivables to a new high of \$3 billion.

- Leasing receivables were up by 26% to \$1.5 billion.
- QIDC network receivables were up by 11% to \$2.1 billion.
- Property and Development Finance receivables were \$2.5 billion.

"Banking profit before tax was \$157 million. Gross loan assets grew quite satisfactorily by 8.5% to \$15.8 billion," Mr Jones said. "As expected, there was continued downward movement on margins due to strong competition and the overall margin reduced from 3.0% to 2.8%.

"General Insurance profit before tax was \$120 million. Net premiums grew by 9.8% to \$664 million, reflecting good growth in home and contents, motor and compulsory third party. Competitive pressures constrained commercial insurance growth.

"Life and Superannuation contribution to profit was \$23 million. Total sales increased by 56% from \$127.4 million to \$196.4 million for this year."

## Outlook

Mr Jones said the Group's results for the year ahead would be influenced by a number of factors.

"Australia is likely to experience slower growth due to problems in Asia. This, combined with more modest growth in the US economy, is likely to curtail growth in banking and insurance and keep prices under pressure. If this economic forecast proves true, our investment earnings may be less than last year.

"One-off expenses associated with our move to One Brand, implementing our Transformation ideas and fixing the Year 2000 bug will total some \$75 million this financial year and will combine with the economic outlook to constrain profit growth.

"In light of that, we expect next year's result to be similar to the one just reported."

He said these one-off costs were necessary to improve the Group's underlying profitability, growing the business and improving earnings.

Mr Jones restated the Group's commitment to Queensland cities and towns which were already serviced by the Group. He said the Group had already strengthened its position in some country towns - such as Roma, Warwick and Dalby - by combining SUNCORP and Metway operations under one roof.

"While the economic outlook for this financial year may not be as bright, it is going to be a terrifically exciting year for our customers and staff with new products, new services, new-look branches, and advertising.

"Our One Brand project is full steam ahead. After stress-testing the computer changes in April, we'll be launching the new brand, SUNCORP~METWAY, to customers in May.

"These opportunities have us very excited about the year ahead. The Transformation improvements will provide a major step toward our longer-term earnings targets. One Brand will clear the way to bring the benefits of Allfinanz to our 2.4 million customers. And by year end, our focus and energies will be on growing the company and achieving our aim of being Australia's top performing Allfinanz company."

## 3.8 Extracts from the 1997/1998 Results

Reproduced below at Parts 3.9, 3.10 and 3.11 are extracts from the 1997/1998 Results entitled:

- Consolidated Profit and Loss Account
- Consolidated Balance Sheet
- Group Performance Summary - Ratios and Statistics

It should be noted that the front cover of the 1997/1998 Results bears the following note:

"The merger of the former SUNCORP Insurance and Finance, Metway Bank and QIDC groups occurred on 1 December 1996. Therefore, the comparative figures in this document for the 1997 financial year reflect 12 months' trading of the former Metway Bank group and seven months' of the former SUNCORP and QIDC groups.

Where appropriate, results for the 3 most recent six-month trading periods are included throughout the document to provide a more meaningful basis for comparison."

### 3.9 Consolidated Profit and Loss Account

	Half Year Ended		30/06/98	31/12/97	Full Year Ended		
	30/06/98	31/12/97	30/06/97	30/06/98	30/06/97	30/06/98	30/06/97
	\$M	\$M	\$M	%	%	\$M	\$M*
Interest income	706	743	722	(5)	3	1,449	1,124
Interest expense	(423)	(431)	(439)	(2)	(2)	(854)	(710)
	283	312	283	(9)	10	595	414
General insurance premium revenue	347	356	332	(3)	7	703	387
Reinsurance and other recoveries revenue	44	24	41	83	(41)	68	66
Other operating income	133	130	193	2	(33)	263	247
<b>Total operating income</b>	<b>807</b>	<b>822</b>	<b>849</b>	<b>(2)</b>	<b>(3)</b>	<b>1,629</b>	<b>1,114</b>
Claims expense	(334)	(340)	(336)	(2)	1	(674)	(407)
Outwards reinsurance expense	(19)	(20)	(20)	(5)	-	(39)	(23)
Other operating expenses	(275)	(276)	(304)	-	(9)	(551)	(419)
<b>Total operating expenses</b>	<b>(628)</b>	<b>(636)</b>	<b>(660)</b>	<b>(1)</b>	<b>(4)</b>	<b>(1,264)</b>	<b>(849)</b>
<b>Operating profit before bad and doubtful debts expense, amortisation of goodwill, abnormal items and income tax</b>	<b>179</b>	<b>186</b>	<b>189</b>	<b>(4)</b>	<b>(2)</b>	<b>365</b>	<b>265</b>
Bad and doubtful debts expenses	(26)	(35)	(20)	(26)	75	(61)	(22)
<b>Operating profit before amortisation of goodwill, abnormal items and income tax</b>	<b>153</b>	<b>151</b>	<b>169</b>	<b>1</b>	<b>(11)</b>	<b>304</b>	<b>243</b>
Amortisation of goodwill	(5)	(5)	(5)	-	-	(10)	(6)
<b>Operating profit before abnormal items and income tax</b>	<b>148</b>	<b>146</b>	<b>164</b>	<b>1</b>	<b>(11)</b>	<b>294</b>	<b>237</b>
Abnormal items	-	-	(15)			-	(38)
<b>Operating profit before income tax</b>	<b>148</b>	<b>146</b>	<b>149</b>	<b>1</b>	<b>(2)</b>	<b>294</b>	<b>199</b>
Income tax (expense) benefit associated with:							
Operating profit before abnormal items	(25)	(36)	(38)			(61)	(61)
Abnormal items	-	-	5			-	12
<b>Income tax attributable to operating profit</b>	<b>(25)</b>	<b>(36)</b>	<b>(33)</b>	<b>(31)</b>	<b>9</b>	<b>(61)</b>	<b>(49)</b>
<b>Operating profit after income tax attributable to members of the Company</b>	<b>123</b>	<b>110</b>	<b>116</b>	<b>12</b>	<b>(5)</b>	<b>233</b>	<b>150</b>
Retained profits at the beginning of the period	125	90	49			90	57
<b>Total available for appropriation</b>	<b>248</b>	<b>200</b>	<b>165</b>			<b>323</b>	<b>207</b>
Dividends paid or provided	(77)	(75)	(75)			(152)	(117)
<b>Retained profits at the end of the period</b>	<b>171</b>	<b>125</b>	<b>90</b>			<b>171</b>	<b>90</b>
<b>Contributions to operating profit before amortisation of goodwill, abnormal items and income tax:</b>							
Banking	74	83	68	(11)	22	157	117
General Insurance	63	57	86	11	(34)	120	109
Life insurance	13	10	12	30	(17)	23	13
Other activities	3	1	3	200	(67)	4	4
	153	151	169			304	243

\*Comparative figures for the 1997 financial year reflect 12 months' trading of the former Metway Bank group and seven months' of the former SUNCORP and QIDC groups.

### 3.10 Consolidated Balance Sheet

As at	30-Jun-98 \$M	31-Dec-97 \$M	30-Jun-97 \$M	30/06/98 versus 31/12/97 %	30/06/98 versus 30/06/97 %
<b>ASSETS</b>					
Cash and short term liquid assets	424	119	701	256	(40)
Receivables due from other financial institutions	53	120	25	(56)	112
Trading securities	1,810	-	-	-	-
Investment securities	2,183	3,814	3,618	(43)	(40)
Loans, advances and other receivables	15,812	14,977	14,644	6	8
Statutory deposit with Reserve Bank of Australia	163	149	153	9	7
Property, plant and equipment	134	146	152	(8)	(12)
Unlisted investment in life insurance statutory funds	90	87	111	3	(19)
Intangible assets	184	189	194	(3)	(5)
Other assets	571	494	310	16	84
<b>TOTAL ASSETS</b>	<b>21,424</b>	<b>20,095</b>	<b>19,908</b>	<b>7</b>	<b>8</b>
<b>LIABILITIES</b>					
Deposits and short term borrowings	11,846	11,278	11,734	5	1
Payables due to other financial institutions	56	104	198	(46)	(72)
Accounts payable and other liabilities	449	388	431	16	4
Provisions	308	313	346	(2)	(11)
Outstanding claims and unearned premium provisions	2,038	1,962	1,902	4	7
Bonds, notes and long term borrowings	4,449	3,816	3,098	17	44
Subordinated notes	463	463	463	-	-
<b>TOTAL LIABILITIES</b>	<b>19,609</b>	<b>18,324</b>	<b>18,172</b>	<b>7</b>	<b>8</b>
<b>NET ASSETS</b>	<b>1,815</b>	<b>1,771</b>	<b>1,736</b>	<b>2</b>	<b>5</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	149	149	149	-	-
Converting capital notes	697	697	697	-	-
Reserves	791	791	791	-	-
Retained profits	171	125	90	37	90
Shareholders' equity attributable to members of the Company	1,808	1,762	1,727	3	5
Outside equity interests in controlled entities	7	9	9	(22)	(22)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,815</b>	<b>1,771</b>	<b>1,736</b>	<b>2</b>	<b>5</b>
<b>Total Assets by Segment:</b>					
Banking	18,470	17,325	16,990	7	9
General insurance	2,793	2,627	2,713	6	3
Life insurance	133	102	180	30	(26)
Other activities	28	41	25	(32)	12
	<b>21,424</b>	<b>20,095</b>	<b>19,908</b>		



### 3.11 Group Performance Summary - Ratios and Statistics

	Half Year Ended			Full Year Ended	
	30/06/98	31/12/97	30/06/97	30/06/98	30/06/97*
<b>Shareholder Value</b>					
Dividends per share (cents)					
Ordinary	22.00	22.00	22.00	44.00	40.00
Preference (Series 2)	55.25	55.25	55.25	110.50	110.50
Earnings per share (before abnormal items)**					
Basic (cents)	30.31	26.35	31.99	56.66	58.40
Diluted (cents)	24.13	21.70	25.20	45.83	49.01
Earnings per share (after abnormal items)**					
Basic (cents)	30.31	26.35	28.53	56.66	47.07
Diluted (cents)	24.13	21.70	23.01	45.83	41.23
Payout ratio**					
Before abnormal items (%)	62.60	68.18	59.52	65.24	66.48
After abnormal items (%)	62.60	68.18	64.66	65.24	78.00
Weighted average number of shares					
Basic (M)	292.45	292.27	289.14	292.36	229.46
Diluted (M)	461.12	460.14	456.48	460.63	334.44
Net tangible asset backing per share					
Basic (\$)	2.93	2.75	2.62	2.93	2.62
Diluted (\$)	3.57	3.45	3.35	3.57	3.35
Number of shares at end of period					
Basic (M)	292.47	292.43	292.34	292.47	292.34
Diluted (M)	461.11	460.86	460.66	461.11	460.66
Share price at end of period	\$8.16	\$7.60	\$6.94	\$8.16	\$6.94
<b>Group Performance Data</b>					
Return on average shareholders' equity (before abnormal items)**					
Basic (%)	17.50	15.77	20.33	16.61	19.48
Diluted (%)	12.41	11.25	13.62	11.83	13.79
Return on average shareholders' equity (after abnormal items)**					
Basic (%)	17.50	15.77	18.14	16.61	15.67
Diluted (%)	12.41	11.25	12.44	11.83	11.59
Return on average total assets**					
Before abnormal items (%)	1.18	1.10	1.31	1.13	1.30
After abnormal items (%)	1.18	1.10	1.21	1.13	1.11
Total assets (\$M)	21,424	20,095	19,908	21,424	19,908
Group efficiency ratio (%)**	41.5	40.1	46.1	40.8	48.0
Underlying profitability (\$M)	179	186	189	365	265
Full time equivalent workforce (FTEW)	4,762	5,006	5,341	4,762	5,341
Total operating income per FTEW	\$169,467	\$164,203	\$158,959	\$342,083	\$208,575

\*Comparative figures for the 1997 financial year reflect 12 months' trading of the former Metway Bank group and seven months' of the former SUNCORP and QIDC groups.

\*\*Refer to page 30 [of the 1997/1998 Results] for selected ratio definitions.

### 3.12 Share Capital and Convertible Capital Notes

SUNCORP~METWAY's capital structure as at 30 June 1998 comprised the following instruments:

Description	Number Issued	Potential Ordinary Shares
Fully paid Ordinary Shares	192,280,137	192,280,137
Partly paid Ordinary Shares	330,600	330,600
Subordinated Dividend Ordinary Shares	100,000,000	100,000,000
Options over Ordinary Shares	3,369,000	3,369,000
Converting preference shares (Series 2)	5,455,140	10,130,974
Convertible capital notes	155,000,000	155,000,000
Non-participating shares	2,000	-
		<u>461,110,711</u>

#### Partly paid ordinary shares

The partly paid Ordinary Shares were issued by Metway Bank Limited, under a pre-existing employee share acquisition scheme, prior to the merger of the SUNCORP Insurance and Finance, Metway Bank and QIDC groups on 1 December 1996.

#### Subordinated Dividend Ordinary Shares (see also Exchanging Instalment Notes-SERIES 1 below)

The Subordinated Dividend Ordinary Shares rank behind other Ordinary Shares in respect of dividends declared by the Board for the financial years ending 30 June 1998 and 1999. Any dividends declared by the Board will first be applied to Ordinary Shares to the extent of 44 cents. Any dividends declared above these levels will be applied firstly to the Subordinated Dividend Ordinary Shares, to the extent of 44 cents, and then would be distributed at the same rate to Ordinary Shares and Subordinated Dividend Ordinary Shares. After declaration of the final dividend for the 1999 financial year, the Subordinated Dividend Ordinary Shares will rank equally for dividends with all other Ordinary Shares on issue.

#### Options over Ordinary Shares

The options have been issued for the benefit of members of SUNCORP~METWAY's executive committee under an Executive Option Plan. Details of the Plan are set out on page 97 of the 1998 Annual Report - Note 50 to the financial statements.

#### Converting preference shares Series 2

Preference Shares Series 2 are convertible at the discretion of the Board to fully paid Ordinary Shares in SUNCORP~METWAY at the lesser of \$7.00 or a discount of 7.5 percent to the then market price of Ordinary Shares, at any time between 17 October 1999 and 17 October 2000.

#### Convertible capital notes

On 1 December 1996, SUNCORP~METWAY issued convertible Capital Notes to QTH. The Capital Notes carry a fixed distribution of 8.7% per annum on face value of \$4.50 and they 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 Note, at any point in time until maturity. Of the 155 million Capital Notes, it is expected that the State will cause conversion of approximately 12.5 million into SUNCORP~METWAY Ordinary Shares and sell them pursuant to the State's One for Two Offer in December this year. The State has agreed to cause conversion of all other outstanding Capital Notes should its shareholding of SUNCORP~METWAY's Ordinary Share capital fall below 15% or in any event, no later than as set out in the following schedule:

- by 30 June 1999 - 18.5 million Capital Notes
- by 30 June 2000 - 62 million Capital Notes
- by 30 June 2001 - 62 million Capital Notes

SUNCORP~METWAY Ordinary Shares allotted upon conversion of the Capital Notes do not participate in dividends which the Board declares, or announces an intention to declare, within three months of the date of conversion of such Capital Notes.

It is intended that the remaining 142.5 million Capital Notes will be utilised to enable the State to meet its obligations to EIN-SERIES 2 Note Holders on maturity. To the extent that the State is unable to cause conversion in accordance with the agreed schedule for conversion it is required, in lieu thereof, to subscribe for SUNCORP~METWAY Ordinary Shares.

#### Exchanging Instalment Notes - SERIES 1

EIN-SERIES 1 Notes, which correspond to the 100 million Subordinated Dividend Ordinary Shares held by the State, were issued by the State in October 1997 and carry the following entitlements and obligations:

- first instalment of \$3.00 per EIN-SERIES 1 Note was paid on application;
- second instalment of \$3.10 per EIN-SERIES 1 Note was payable by 30 September 1998;
- semi-annual interest payments from the State at the rate of 8% per annum calculated on the face value of \$6.10 per EIN-SERIES 1 Note;
- mandatory exchange of each EIN-SERIES 1 Note for one Ordinary Share on 1 November 1999;
- voting rights (except in relation to dividends) which attach to the underlying Subordinated Dividend Ordinary Shares;
- listing on ASX.

### 3.13 Ratings

SUNCORP~METWAY has been rated by international ratings agencies. The ratings as disclosed in the SUNCORP~METWAY 1998 Annual Report are set out in the table below.

	Short Term	Long Term	Claims Paying General Insurance	Claims Paying Life and Super
Standard & Poor's	A-2	A-	A-	A-
Moodys				
Bank Deposits	P-2	Baa 1	n/a	n/a
Senior Debt	P-2	Baa 2	n/a	n/a
Fitch IBCA	F1	A	A+	A

It is proposed that the Notes offered in this Offer Document will be quoted on ASX. (See Part 1.9 for details). 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 Ordinary Shares, Notes are entitled to receive interest payments (in arrears) at the rate of 8% per annum calculated on the Face Value from the Closing Date to 30 September 2001. 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.

A Note Holder will not be entitled, in that capacity, upon the expected exchange of a Note for a SUNCORP~METWAY Ordinary Share on 31 October 2001, to any dividend paid or declared in respect of any period up to and including 30 June 2001, irrespective of when such dividend is paid or when SUNCORP~METWAY Ordinary Shareholders are entitled to any such dividend.

#### Factors Relating to Notes

A direct comparison should not be made between the Face Value (\$7.10) of a Note and the market price of SUNCORP~METWAY Ordinary Shares. The market price of SUNCORP~METWAY Ordinary Shares includes the value attributable to the State's One for Two Offer. This advantage does not attach to Notes.

A downward adjustment to the SUNCORP~METWAY Ordinary Share price, attributable to the One for Two Offer, is expected to occur on or about 23 November 1998. SUNCORP~METWAY Ordinary Shares purchased on-market on or after that date, will not be entitled to participate in the One for Two Offer. The price of SUNCORP~METWAY Ordinary Shares also reflects a dividend priority currently enjoyed, and does not reflect the interest payable on the Notes and the time value of the Final Instalment.

A direct comparison should not be made between the current market price of EIN-SERIES 1 Notes and the Face Value (\$7.10) of EIN-SERIES 2 Notes. EIN-SERIES 1 Notes are fully paid and exchange for SUNCORP~METWAY Ordinary Shares on 1 November 1999 whilst EIN-SERIES 2 Notes will be partly paid to \$4.00 until 6 November 2000 and are not expected to exchange for SUNCORP~METWAY Ordinary Shares until 31 October 2001 as outlined in this Offer Document. The market price or investment performance of EIN-SERIES 1 Notes is not necessarily indicative of the market price or investment performance of the EIN-SERIES 2 Notes.

As each Note will exchange into one SUNCORP~METWAY Ordinary Share 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 6 November 2000 which carries a higher level of financial leverage and potential volatility than an investment in fully paid SUNCORP~METWAY Ordinary Shares.

#### **Factors Relating to SUNCORP~METWAY Ordinary 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 declaration of the final dividend for the financial year 30 June 1999 when all SUNCORP~METWAY Ordinary Shares rank equally for dividends); and
- the value of SUNCORP~METWAY Ordinary Shares, EIN-SERIES 1 Notes and EIN-SERIES 2 Notes, on ASX.

SUNCORP~METWAY profits must increase if the company is to be able to maintain payment of a 44 cents dividend per SUNCORP~METWAY Ordinary Share for the financial year ending 30 June 2002 on the potential expanded capital base of 461.1 million shares referred to below.

SUNCORP~METWAY paid ordinary dividends of 44 cents per SUNCORP~METWAY Ordinary Share in respect of the financial year ended 30 June 1998 (based on after tax earnings before preference dividends, goodwill amortisation and Capital Note interest of \$243 million). It did not pay any dividends on its Subordinated Dividend Ordinary Shares in respect of the financial year ended 30 June 1998.

If all the existing Capital Notes are converted to SUNCORP~METWAY Ordinary Shares (which is expected to occur by 31 October 2001), the total number of SUNCORP~METWAY Ordinary Shares on issue, including shares arising from conversion of preference shares and assuming no other changes to the capital structure between now and 31 October 2001, would be approximately 461.1 million shares.

Payment of a 44 cents dividend per SUNCORP~METWAY Ordinary Share on 461.1 million shares would require cash payments totalling \$203 million for the financial year ending 30 June 2002.

Assuming a 65% dividend payout ratio is maintained, SUNCORP~METWAY would have to earn profits after tax before goodwill amortisation in the region of \$312 million, in order to pay a 44 cents dividend per SUNCORP~METWAY Ordinary Share for the financial year ending 30 June 2002, disregarding retained earnings.

The State is not in a position and does not purport to express any view on the future profits of SUNCORP~METWAY, dividend payout ratios the Board of SUNCORP~METWAY chooses to adopt or the likely dividend payable by SUNCORP~METWAY for the financial year ending 30 June 2002. SUNCORP~METWAY's ability to pay dividends at any level will depend upon factors including growth in company profits and any future actions which SUNCORP~METWAY may take to manage its capital structure.

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

*Official Financial, Taxation and  
Business Consulting Advisor to  
the 2000 Olympic Games*

8 October 1998  
Honourable David Hamill MLA  
Treasurer  
9th Floor Executive Building  
100 George Street  
BRISBANE QLD 4000

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Arthur Andersen  
A Member Firm of  
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12 Creek Street Brisbane QLD 4000  
GPO Box 2461 Brisbane QLD 4001

Dear Treasurer

***Exchanging Instalment Note - SERIES 2 Offer - Taxation Consequences for Investors***

We have been asked to provide advice about a number of taxation issues concerning the Exchanging Instalment Note - SERIES 2 (Note) offer by the State of Queensland dated 8 October 1998.

The terms of the Notes are set out in the Offer Document dated 8 October 1998 that we have reviewed. We have also reviewed the Deed Poll of 7 October 1998 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.

The Federal Government announced on 13 August 1998 a range of proposed changes to Australia's tax system, including a comprehensive Goods and Services Tax. There is no certainty at this time that these proposals will be enacted in due course at all or with modification. It is therefore not possible to comment in any precise way about the possible effect of these various proposals on the SERIES 2 Note Offer.

As a broad observation, as best as can be ascertained from the Government's proposals at this time, the proposed changes are not likely to materially alter the likely tax consequences described below.

Our advice is valid as of the date of this letter. We have not been asked, nor are we obligated, to monitor and update this advice for considerations that may occur after the Closing Date that may alter this advice.

This advice is, of necessity, of a general nature because the tax outcome for each investor may differ depending on its particular facts and circumstances. Accordingly, Arthur Andersen disclaims any responsibility to any investor and all parties considering investment in Notes should seek their own advice about the income tax consequences of investing in Notes based on their own particular circumstances.

The taxation advice below is only relevant to taxpayers who are taxed as investors unless stated otherwise. The taxation consequences for taxpayers where the investment is not held on capital account, such as traders, may differ. Further, unless stated, the advice applies 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 any dividend payments that are not fully franked, as the case may be, at the highest marginal rate plus Medicare Levy. The application form provides 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.

# ARTHUR ANDERSEN

## **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" as defined under the income tax law. Accordingly, any gain or loss on disposal of Notes by a resident of Australia, for example, 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 31 October 2001, will 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 will 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 Final Instalments, \$7.10 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 will not accept this alternative view. We recommend investors in Notes should seek their own independent advice in relation to this matter.

The ATO has confirmed that the capital gains tax provisions of the income tax law should not have any practical effect on the basis that the "traditional security" rules take precedence and apply as described above.

## **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 or 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/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 is required to be remitted to the Commissioner of Taxation.

Last year, the Federal Government announced measures that are designed to prevent the streaming of fully-franked dividends to certain shareholders who are better able to take advantage of the attached franking credits than other shareholders. These measures are quite complex and include a holding period rule (including a related payments rule), a general anti-avoidance rule and a specific anti-streaming rule. The general anti-avoidance rule and the specific anti-streaming rule have been enacted. The Bill that contained the proposed legislation in relation to the holding period rule has lapsed due to the Federal Election. However, it is expected that the holding period rule will be enacted at some stage in the future.

Holders of Notes should obtain independent professional advice as to how these measures may affect them following exchange of a Note for a SUNCORP~METWAY share, expected to occur on 31 October 2001.

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 subject to 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.

# ARTHUR ANDERSEN

The amount of a capital gain that is taxable on the disposal of a SUNCORP~METWAY share acquired on exchange of a Note is calculated as the excess of the proceeds received for the sale of the share over its "cost base". The cost base of the share will be the market value of the Note that is exchanged for the SUNCORP~METWAY share together with any incidental costs incurred by the Note holder at the time of acquisition, exchange or at the time of sale, for example stamp duty, brokerage costs etc. The cost base of the share is indexed for inflation where it is held, or is deemed to be held, for more than 12 months.

The ATO will apply the CGT rules on the disposal of SUNCORP~METWAY shares by calculating CGT indexation from the time a Note is exchanged for the share (expected to occur on 31 October 2001), based on the market value of a Note at that time, where the share is held for more than 12 months from that date.

There may be another view, that a SUNCORP~METWAY share is deemed to be acquired for CGT purposes at the time of acquisition of a Note. Correspondingly, indexation of the cost base of the share may commence from the time of the acquisition of the Note (assuming it is held or is deemed to be held for more than 12 months from the date of acquisition of a Note), based on the market value of the Note at the time of the Note's acquisition. The ATO will not accept this basis of calculating the amount of a taxable gain on the sale of a SUNCORP~METWAY share in these circumstances.

The ATO has indicated it will issue a public tax determination confirming its interpretation of the CGT rules to the Notes in due course.

Investors should obtain independent advice in this regard, and on the practical implications in conjunction with the taxing of any gains or losses on the exchange of Notes, as described above.

It should be noted that the ATO's Tax Determination TD98/11 concerning the CGT consequences of investment in Instalment Receipts issued for shares in the Commonwealth Bank of Australia and Telstra Corporation does not apply to these Notes, nor to SUNCORP~METWAY shares acquired on exchange of Notes on account of the significant factual differences between the two forms of investment.

## **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. As currently proposed, the TOFA rules will not apply to Notes.

Holders of Notes who purchase them from other investors after the TOFA rules have been enacted or who acquire SUNCORP~METWAY shares following exchange for Notes may be subject to these rules and should seek independent advice about their application at that time.

## **Conversion of SUNCORP~METWAY Capital Notes**

The ATO has confirmed that conversion by Queensland Treasury Holdings Pty Ltd of any SUNCORP~METWAY Capital Notes to ordinary SUNCORP~METWAY shares will not give rise to a holder of Notes being taxed on an amount purely as a result of such conversion, even if the SUNCORP~METWAY shares resulting from conversion of the Capital Notes are used to meet the State's obligation to exchange Notes for SUNCORP~METWAY shares on or about 31 October 2001.

## **Default**

In the event of default in payment of the Final Instalment on any Notes, the State will cancel the relevant Notes and take other steps to recover the amounts due. This action will have taxation and financial consequences for the defaulting Note holder for the financial year in which such cancellation occurs.

Broadly, any gain or loss resulting from cancellation of the Notes will be assessable or deductible, as the case may be, in that income year.

A holder of Notes that is subject to the default procedures should seek independent advice about the precise tax consequences at the time.

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We have not been asked to advise on the likely tax consequences in a range of other situations, for example 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





### 6.1 Deed Poll

#### A The Documents Concerned

The terms upon which the Notes are issued are provided for in a Deed Poll dated 7 October 1998 made by the State in favour of EIN Holders (the "Deed Poll") as well as by the terms, provisions and statements of other documents which are incorporated into the Deed Poll. Accordingly, references in the Deed Poll, and in this summary, to the "Deed" include all the terms, provisions and statements of not only the Deed Poll 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 Deed Poll is a lengthy document of importance to investors when making an assessment of whether to apply for Notes. Accordingly, certain key provisions of the Deed Poll are summarised below. This summary is not intended, however, to set out in detail all of the provisions of the Deed Poll.

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 SERIES 2 Holders

An "EIN Holder" is a person for the time being entered in the EIN Register as the holder of an Exchanging Instalment Note SERIES 2, or "EIN". Each EIN Holder is bound by the terms and obligations of the Deed Poll.

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 (ie. 6 November 2000), the Final Instalment in respect of each EIN Holding (see paragraphs C.1 and C.7 below).
- to pay or reimburse the State for "Duties and Taxes" (see paragraph K below).
- to pay other "Unpaid Amounts" (see paragraph D.1 and other paragraphs below).
- to pay to the State any "Early Sale Deficiencies" (see paragraph P below).
- to pay to the State "Default Interest" in certain circumstances (see paragraph D.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 Poll

The Deed Poll reflects a number of fundamental aspects:

1. Each person registered as an EIN Holder at the End of Day 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 5.00pm Brisbane time on the Final Instalment Payment Date the Final Instalment in respect of each EIN Holding as at the Obligor Determination Time.
2. It is proposed that EINs will be quoted on ASX. EINs can be transferred on-market or off-market. In the case of those transfers not covered by an ASIC 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 Poll, including (if that transfer occurs before the Final Instalment Payment Date) the obligations of an EIN Holder to pay the Final Instalment on the Final Instalment Payment Date and to pay Default Interest and recovery costs if there is default.
3. A pledge, mortgage, charge or other encumbrance may only be created or arise over an EIN or SML Share prior to payment of the Final Instalment if in no respect can it take priority over or interfere with any of the State's rights in relation to that EIN, any Capital Note or any SML Share.
4. By making an Application under this Offer Document a person is offering to purchase from the State a specified number of EINs. The rights of an EIN Holder rest in contract only, and an EIN Holder has no legal, beneficial or equitable title or interest whatsoever in any Capital Note or in any SML Share, until SML Shares are transferred to an EIN Holder in accordance with the Deed.

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 Poll) the Successful Applicant becomes an EIN Holder and acquires, subject to the provisions of the Deed, a contractual right in relation to each EIN held to require the State to transfer to the EIN Holder an Ordinary Share, subject to paragraph C.7 below on 31 October 2001. A Successful Applicant does not acquire the right to receive dividends or any other entitlements in the nature of dividends, pending exchange for Ordinary Shares, nor any dividend paid or declared in respect of any period up to and including 30 June 2001.

An EIN Holder (registered on the EIN Register as being entitled to receive interest as at 11 Business Days before the payment of interest on the EINs) is entitled to receive interest calculated on the Face Value of each EIN at the rate of 8% p.a. on 31 May 1999, 30 November 1999, 31 May 2000, 30 November 2000, 31 May 2001 and 30 September 2001 ("Interest Payment Dates") provided that the EIN has not become a Defaulted EIN or been exchanged for an Ordinary Share since the last Interest Payment Date.

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 EINs.
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, the State will, subject to paragraph C.7 below, as soon as practicable after 31 October 2001 ("**EIN Exchange Date**") transfer to the EIN Holder one SML Share for each EIN held by that EIN Holder as at the EIN Holder Determination Time, and will effect the cancellation of the EINs.  
At the time of that transfer, EIN Holders will acquire the same rights as Ordinary Shareholders. It is intended that SML 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 State. Those default procedures are set out in paragraph D.
7. To ensure that an EIN Holder does not, in that capacity, receive Dividends paid or declared on any SML Shares in respect of any period up to and including 30 June 2001, the State may defer transfer of SML Shares to EIN Holders after the EIN Exchange Date, until after the Record Date for entitlement to the final dividend payable on Ordinary Shares for the financial year ending 30 June 2001; in the event of a deferral, the State shall effect transfer of SML Shares as soon as practicable thereafter and in any event prior to the Record Date for any interim dividend payable on Ordinary Shares for the financial year beginning 1 July 2001. The beneficial ownership of SML Shares to be transferred to any EIN Holder shall not extend to any such Dividend, irrespective of the date such Dividend is paid, or the date on which Shareholders become entitled to such Dividends. If for any reason the date of transfer of the SML Shares is delayed, the State will use reasonable endeavours to arrange trading of those SML Shares on a Deferred Settlement basis.
8. If the Final Instalment is not duly paid, the State may sell the relevant EINs and may, depending upon the outcome of the sale, have further powers described in the Deed Poll to recover any balance of the Final Instalment, together with Default Interest and certain outgoings.
9. In many circumstances set out in the Deed Poll the State's only obligations are to take what are called "**Reasonable Steps**", being actions which are lawful (and in this respect the State may take, and conclusively rely upon, the opinion of a Lawyer), practicable and do not expose the State to any actual or contingent liability to any person, provided that direction by the State to QTH to take any action, and compliance by QTH with such direction, will be taken to be lawful and practicable, and not to expose the State to any liability.

#### D Default Provisions

1. Under the Deed:

"**Defaulted EINs**" means those of the EINs to which an EIN Holder's Holding relates, in respect of which there has been a default in respect of payment of the Final Instalment in cleared funds, and includes Accretions (other than in the nature of Capital Note Interest or Dividends) received after the Final Instalment Payment Date.

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

- (a) prior to the sale of Defaulted EINs, the Final Instalment in respect of them;
  - (b) after sale of 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 State or a Replacement Entity 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 by the State or a Replacement Entity in or about the sale or forced disposal of a Defaulted EIN, a Replacement Share, 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 State.

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 Interbank Overnight 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. "**Interbank Overnight Rate**" means the weighted average Interbank Overnight Rate as published by the Reserve Bank of Australia or, if that rate is not published, such other rate that the State 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 may be cancelled and replacement EINs will be sold.

5. If the requirements of the non-payment notice are not complied with by the date specified in the notice, the State may 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 State's powers and duties.
6. In selling EINs issued in replacement of Defaulted EINs, the State will prescribe the time and mode and broker (if any) for the sale, including the right to direct a postponement for the sale for so long as the State 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 State will not on any account be under any liability to the Holders of EINs by reason of the State 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 defer their sale. The relevant Defaulting EIN Holder will not be entitled to make any claim or bring any action against the State 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 D.7 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 State or the Replacement Entity may, upon exercising its default sale powers, take all necessary and appropriate action to enforce the payment of the liabilities so described.

9. In addition, to secure payment of the Final Instalment, the State has a first and paramount lien upon all of the EINs 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 State exercising its default powers.

Each EIN Holder irrevocably directs the State that, if it defaults, there will be vested in the State all monies and other Accretions which may accrue in relation to 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.

#### **E Pre-payment of Final Instalment**

Except in the circumstances of a Takeover Bid as defined in the Deed, there is no right for EIN Holders to pre-pay 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 (defined in the Deed) the Final Instalment Payment Date may become due earlier than 6 November 2000.

#### **F Transmission of EINs**

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.



## **G Dividends**

EINs do not confer any rights to Capital Note Interest or to Dividends (as defined in the Deed). The State or QTH (as applicable) is entitled to all Capital Note Interest paid or payable on Capital Notes, and to all Dividends declared, paid or payable on SML Shares at any time up to the EIN Exchange Date, from which time the Holder becomes entitled to Dividends. To avoid doubt, an EIN Holder will not be entitled in that capacity to any dividend paid or declared in respect of any period up to and including 30 June 2001, irrespective of when such Dividend is paid, or the date on which Shareholders become entitled to any such Dividend.

EIN Holders will have no rights arising from an EIN Holding to participate in any SUNCORP~METWAY Dividend Reinvestment Plan.

## **H Accretions**

Upon becoming aware of an Accretion (as defined in the Deed) not otherwise specifically provided for in the Deed, the State must determine whether the Accretion is in the nature of Capital Note Interest or a Dividend, in which case the State or QTH (as applicable) is absolutely entitled to that Accretion. In any other case the State will take Reasonable Steps to transfer each Accretion referable to an SML Share to a Holder of an EIN and, to the extent that this is not possible prior to the transfer of an SML Share to the EIN Holder, the State will hold such Accretion and will transfer the Accretion with all income and other rights or benefits derived therefrom, to the EIN Holder at the time it transfers SML Shares to the EIN Holder.

## **I No EIN Certificates**

EINs will be issued only in uncertificated form.

## **J Events Concerning SUNCORP~METWAY**

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

if a Takeover Bid is made for any Shares or a resolution of shareholders of SML is proposed which, if passed, may result in a person becoming entitled to more than 30% of the voting shares in SML or, being already entitled to that percentage, in becoming entitled to a greater percentage (the State will not accept any Takeover Bid, will not be obliged to give any information or document it may receive to any EIN Holder and will have no other obligations concerning such a bid). Upon receiving notice of a Takeover Bid or such a proposed resolution, the State will, at the time it considers appropriate, notify all EIN Holders giving them an opportunity to elect within a time specified in the notice to exchange their EINs for shares. At the same time the State will advise the Board of SML of the date it has specified in the notice. However, the State will give EIN Holders an opportunity to exchange EINs prior to their maturity date for SML Shares. The opportunity to exchange EINs for SML Shares is however available only if the Board of SML has publicly recommended in favour of the acceptance of the Takeover Bid or in favour of the resolution of shareholders, by the time specified in the notice to EIN Holders referred to above;

if a Takeover Bid is made for EINs (the State will proceed on the basis that the State should have as few discretions, choices and responsibilities as the law will permit. Upon becoming aware of a Takeover Bid for the EINs, the State may rely upon legal advice as to what steps should be taken to bring about such an objective. The State will have no liability to any EIN Holder or any other person for any loss or damage which may be suffered as a result of any step taken or omitted in reliance upon the legal opinion);

SUNCORP~METWAY makes a Bonus Issue (the State must determine whether the Bonus Issue is, or is in the nature of, Capital Note Interest or a Dividend, in which case the State or QTH, as applicable, is absolutely entitled to that Bonus Issue. In any other case, the State will take reasonable steps to transfer each Bonus Share referable to an SML Share to a Holder of an EIN and, to the extent that this is not possible prior to the transfer of an SML Share to the EIN Holder, the State will arrange to hold such Bonus Share and will cause the transfer of the Bonus Share, with all income and other rights or benefits derived therefrom, to the EIN Holder at the time it transfers SML Shares to the EIN Holder);

• SUNCORP~METWAY reduces its capital (in certain circumstances the State 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 (the State will be under no obligation to notify any EIN Holders of any offer to buy-back any Capital Notes or SML Shares, and will be under no obligation to any EIN Holders as to whether or how or to what extent it responds to such an offer, provided that the State will not be relieved of its obligations to EIN Holders under any other provision of the Deed);

SUNCORP~METWAY makes an Entitlements Offer (as defined in the Deed Poll) (the State will take Reasonable Steps to confer the benefit of that Entitlements Offer upon EIN Holders).

Certain of these events could lead to an Early Sale (as defined in the Deed) of SML Shares by the State. 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 State has powers to seek recovery of the Early Sale Deficiency, as well as interest and recovery costs.

## **K Duties and Taxes**

If the State receives a demand or an assessment relating or referable to an EIN Holder or an EIN Holding 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 State is advised that it is bound to pay the

same, such part of the sum to be paid as is referable to an EIN will be payable by the EIN Holder registered in the EIN Register in respect of that EIN to the State upon demand.

Unless payment is received by the State 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 State 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 State 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.

#### **L Amendments to Deed**

The State may, by supplemental deed poll, amend, modify, add to or delete from ("*modify*") any of the provisions of the Deed in a broad range of circumstances specified in the Deed.

However, no modification of the Deed may impair the rights of any EIN Holder, by payment of the Final Instalment, to receive a transfer of an SML Share for each of its EINs and to receive the interest payments.

#### **M Governing Law and Jurisdiction**

The Deed (and all Transfers, Deeds of Acknowledgment and Transmission Elections) are 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.

The State 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, 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.

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

An EIN Holder will provide such information as the State 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.

#### **O 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 State 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 Financial Sector (Shareholdings) Act 1998.

#### **P 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 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 and SUNCORP~METWAY have agreed to certain arrangements set out in a letter dated 29 September 1998 ("*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 SUNCORP~METWAY Ordinary Shareholders to Note Holders at the same time (other than those which relate to the financial year ended 30 June 1998 and the annual general meeting to be held in 1998);
- 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;

co-operating with the State in making application to ASX to obtain quotation of the Notes;  
disclosing in any annual report issued by SUNCORP~METWAY 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 SUNCORP~METWAY Ordinary Shares to the Note Holders following exchange;  
giving notices of meetings of SUNCORP~METWAY Ordinary Shareholders to Note Holders, at the same time and in the same manner; and  
co-operating with the State 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 required).

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 or quotation of the Notes on ASX, 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 Part 2J.3 of the Corporations Law (financial assistance provisions) or the related parties provisions of the Corporations Law.

### 6.3 Quotation Agreement

The State 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 will agree to abide by a number of Listing Rules as though it was an entity listed on ASX. The Quotation Agreement requires the State to provide certain information about 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 is to comply with the continuous disclosure obligations of Listing Rule 3.1 in relation to the Notes;
- the State is 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 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 Deed Poll nor the Memorandum of Understanding are to be varied without the prior written consent of ASX;
- the State is 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 7 October 1998, Were Stockbroking Limited, Morgan Corporate Limited and Wilson HTM Corporate Services Limited have fully underwritten the issue of 142.5 million Notes under this Offer Document. The State must pay to the Underwriters an underwriting commission of 0.7%, 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 on or before the date the Underwriters are notified of any shortfall:

- 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 remain below that level for at least 3 consecutive Business Days;
- 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 APRA or the Reserve Bank of Australia adopts a policy, or there is an official announcement on behalf of the government of the Commonwealth, or of a State or Territory, or of APRA or 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 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 ASIC 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 ASIC 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, the Joint Lead Managers and their directors, employees and advisers 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.



## 7.1 Legislation

### 7.1.1 The Financial Sector (Shareholdings) Act 1998

This Act replaced the Banks (Shareholdings) Act 1972 on 1 July 1998. The Act provides a standardised regime for the ownership and acquisition of financial sector companies including banks.

The Act limits the shareholding that an individual or associated person can hold in a financial sector company.

The Act generally subjects financial sector companies to:

- a 15% shareholding limit by any one person (and their associates); or
- a shareholding limit of such higher percentage as the Treasurer may determine is in the public interest.

Shareholdings below 15% may be restricted by the Treasurer if it results in practical control and is against the national interest. To determine whether practical control exists, the Treasurer must be satisfied that:

- (i) the directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the person's directions or instructions; or
- (ii) the person is in a position to exercise control over the company, either alone or with associates.

A person is deemed to have an interest in shares held by "associates" of that person. The term "associates" is defined widely in the Act.

Under the Banks (Shareholdings) Act 1972 the Governor General was able to grant an exemption to increase the shareholding in banks limit above 15%, so long as it was in the national interest to do so. The State obtained an exemption pursuant to the Banks (Shareholdings) Act 1972 to enable it to hold its current interest in SUNCORP~METWAY.

The Treasurer's approval to a person holding a stake in the company will be deemed to be given under the transitional provisions of the Act where, prior to the commencement of the Act, the person had a stake of more than 15% and that stake did not involve a contravention of the Banks (Shareholdings) Act 1972.

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 Financial Sector (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.*

### 7.1.3 State Financial Institutions and Metway Merger Facilitation Act 1996

Part 6 of the State Financial Institutions and Metway Merger Facilitation Act 1996 contains mandatory requirements regarding SUNCORP~METWAY group companies' constitutions. Extracts from Part 6 are reproduced below.

#### "PART 6 - MANDATORY REQUIREMENTS REGARDING METWAY GROUP COMPANIES' ARTICLES

##### Application of pt 6

63. This part applies on and from the Metway amalgamation day (1 December 1996).

##### Metway group companies' articles to include certain provisions

64.(1) The articles of each Metway group company must, at all times, require-

- (a) the head office of the company to be located in Queensland; and
- (b) at least a majority of the directors of the company, including the managing director, to be ordinarily resident in Queensland.

(2) For subsection (1) and the articles, the head office of the company is located in Queensland only if-

- (a) the principal operational offices of the following company personnel, however described, are located in Queensland-
  - (i) chairperson;
  - (ii) chief executive officer;
  - (iii) chief financial officer;
  - (iv) chief operating officer; and
- (b) the principal operational offices for the following company services, however described, are located in



Queensland-

- (i) treasury operations;
  - (ii) information technology management;
  - (iii) marketing management;
  - (iv) credit control operations;
  - (v) human resource management;
  - (vi) account processing;
  - (vii) corporate services department;
  - (viii) purchasing department; and
- (c) the usual location for the holding of company board meetings is in Queensland.

**Inconsistent alterations to Metway group companies' articles have no effect**

- 65.(1) A special resolution of a Metway group company that would, apart from this subsection, have the effect of altering the company's articles so that the articles would not comply with section 64 has no effect.
- (2) A special resolution or resolution of the company has no effect if the resolution would-
- (a) if acted on and apart from this subsection - result in a contravention of the mandatory articles; or
  - (b) apart from this subsection - ratify an act or omission contravening the mandatory articles.

**Part 6 overrides Corporations Law**

- 69.(1) This part has effect despite the Corporations Law.
- (2) Without limiting subsection (1), if there is any conflict or inconsistency between this part and a Metway group company's memorandum or articles, this part prevails."

The following definitions, which appear in Schedule 3 of the State Financial Institutions and Metway Merger Facilitation Act 1996, are relevant to the interpretation of Part 6:

"holding company" see Corporations Law, Section 9;

"mandatory articles" means a Metway group company's articles required by Section 64(1);

"memorandum" means memorandum of association;

"Metway" means Metway Bank Limited (ACN 010 831 722)

"Metway group company" means:

- (a) Metway; or
- (b) any holding company of Metway; or
- (c) a wholly-owned subsidiary of Metway that is the principal operating, banking or insurance company in the group of companies consisting of Metway and any related body corporate of Metway.

## 7.2 ASIC 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 ASIC 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 or 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 ASIC 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 Deed Poll; and
- (c) defining "marketable securities" as Notes.

### 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 are entitled to a total management fee of \$1.6 million (comprising a fixed portion of \$1 million and a non-fixed incentive portion of \$600,000). The Co-Managers will receive a fee from the fixed portion. The State will pay a brokerage fee of 0.75% in respect of successful institutional applications, 1.50% in respect of broker firm applications and 1.10% in respect of successful general public applications, to the Joint Lead Managers. The Joint Lead Managers will pay a fee of 1.10% to member organisations of ASX on non-firm 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	• Morgan Corporate Limited	Underwriter
• Arthur Andersen, including Arthur Andersen Corporate Finance Pty Ltd	Taxation and Financial Advisers to the State	• JB Were & Son	Joint Lead Manager
• Douglas Heck & Burrell	Note Registrar	• Were Stockbroking Limited	Underwriter
• Morgan Stockbroking Limited	Joint Lead Manager	• Wilson HTM Ltd	Joint Lead Manager
		• Wilson HTM Corporate Services Limited	Underwriter

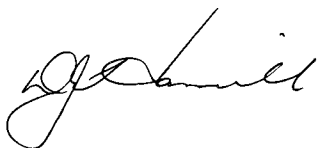
Neither the Underwriters, Joint Lead Managers nor the Note Registrar have authorised the issue of this Offer Document and each disclaims all liability relating to any part of this Offer Document. Their names and details appear in this Offer Document for information purposes only.

### 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 8 October 1998.

### 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:



Hon David Hamill MLA  
Treasurer of Queensland

## Ready Reckoner

THIS READY RECKONER WILL HELP YOU CALCULATE THE MONEY YOU NEED TO  
PAY THE FIRST INSTALMENT OF \$4.00 PER NOTE

Notes	Amount	Notes	Amount	Notes	Amount	Notes	Amount	Notes	Amount
400	\$1,600	600	\$2,400	900	\$3,600	2,000	\$8,000	10,000	\$40,000
500	\$2,000	700	\$2,800	1,000	\$4,000	5,000	\$20,000	20,000	\$80,000

## 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. Please ensure sufficient cleared funds are held in your account as cheques returned unpaid will result in your Application being 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 EIN-SERIES 1 registered holder number or SUNCORP~METWAY Shareholder number is not written in the appropriate box on the Application Form, the Application will not be treated as being from an EIN-SERIES 1 Note Holder or a 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. **Applications which appear to be multiple applications from the same person will be taken into account in the allocation process.** 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 400 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 without interest following the closing of the Offer. For more information, refer to the Offer Document.

## 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 during the period of the Offer specified in this Offer Document if you contact any one of the Joint Lead Managers: JB Were & Son on 1800 067 904; Morgan Stockbroking Limited on 1800 777 946; or Wilson HTM Ltd on 1800 805 226.

## Confidentiality

The information supplied by applicants will only be used by the State for the purposes of allocating Notes in accordance with the Allocation Policy and other purposes related to the issue of the Notes. The State will treat the information provided in the Application Form confidentially and will not reveal it to any person or body, other than for purposes arising out of this Offer Document or to facilitate the ultimate exchange of the Notes.

## 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 below.

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 the 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 & Mr 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>	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 the name of joint applicant #3 in box D. Please note that only three joint applicants will be recognised. **Joint applications must be signed by each applicant.** If you are using an account designation place <> around the account designation as indicated above, at box D on the Application Form.

## 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 (No more than three joint holders will be recognised).
3. By attorney under power of attorney	Signature of attorney - print name of attorney <b>and</b> state that form signed under power of attorney (eg John Smith as attorney of Greg McDonald under power of attorney.)
4. Company	If a company, this form must be signed, with or without a common seal, by: <ul style="list-style-type: none"> <li>• two directors of the company; or</li> <li>• a director and a company secretary of the company; or</li> <li>• for a proprietary company that has a sole director who is also the sole company secretary - that director (by stating next to their signature that they are the sole director and the sole company secretary)</li> </ul>

Continued

## CATEGORY OF PARTY SIGNING

## SIGNING INSTRUCTIONS

- |                             |  |
|-----------------------------|--|
| 5. Partnership              | Signatures of each partner whose name appears on the Application Form.                                   |
| 6. Executor                 | Signature of Executor who states next to their signature that they are the executor of the named estate. |
| 7. Trustee                  | If individual trustee - see 1.<br>If company - see 4.  |
| 8. Super Fund               | See 7.   |
| 9. Incorporated Association | Signature of Office Bearer(s) in accordance with the rules of association.                               |

## Instructions for Completion of the 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 400 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 J below).
- C Print the full name you wish to appear on your registered holding. This must be either your own name, the name of a company, or other legal entity. You should refer to the Application Section for the current form of registrable name. Applications using the wrong form of name may be rejected. If you elect to hold your Notes on the CHESSE subregister your name and address must be in EXACTLY THE SAME FORMAT as your CHESSE registration. If this is not the case, you may be placed on the issuer sponsored sub-register and issued with an issuer sponsored statement.
- D Account designations are optional except for CHESSE participants who may have an account designation included in their existing registration details. In the case of three joint holders, the third name should be written in the account designation.
- 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 your contact details here: your daytime phone number and contact name. These details will assist in any queries with regard to your Application.
- G If you are already a CHESSE participant, or sponsored by a CHESSE participant (eg. broker), write your HIN here. If not, leave this section BLANK. Do not provide details of any other company issuer sponsorship number.
- H If you are a holder of EIN-SERIES 1 Notes or a SUNCORP-METWAY Shareholder, or both, please provide either your current Registered Holder Number or your current Shareholder Number (as applicable).
- I Sign and date the Application Form. It must be signed by the Applicant(s) personally or, for a company, in accordance with the company's constitution and applicable laws 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.
- J 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 SERIES 2", payable in Australian currency drawn on an Australian Bank. **Sufficient cleared funds should be held in your account as cheque/s returned unpaid will result in your Application being rejected.** Pin (do not staple) your cheques to the bottom section of the Application Form.
- K 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 the applicant is a company or trust, write the company's or trust'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.

# APPLICATION FORM

FOR REGISTRY USE ONLY

FOR BROKERS USE ONLY

## Exchanging Instalment Notes – SERIES 2 Issued by the State of Queensland

<b>WILSON HTM LTD.,</b> BRISBANE 412-4 STOCK & SHAREBROKERS
--

The purchase price for each Note is payable in two instalments. The Notes will be exchanged for SUNCORP~METWAY Ordinary Shares as set out in the Offer Document.

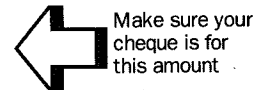
### USE BLOCK LETTERS

INSTRUCTIONS ON HOW TO COMPLETE SECTIONS A-K ARE SET OUT IN THE APPLICATION SECTION OF THE THE OFFER DOCUMENT.

Broker code	Adviser code
-------------	--------------

**A** I/We apply for \_\_\_\_\_ Notes x A\$4.00 = **B** A\$ \_\_\_\_\_ Application Money .00

(minimum of 400 and then multiples of 100)



### COMPLETE FULL NAME AND ADDRESS DETAILS

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

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

**D** JOINT APPLICANT OR ACCOUNT DESIGNATION e.g. <SUPER FUND A/C>

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

SUBURB OR TOWN

STATE

POST CODE

**F** CONTACT NUMBER (DAYTIME) ( )

**G** HIN -Existing CHES Participants only

**H** PROVIDE EITHER EIN-SERIES 1 REGISTERED HOLDER NUMBER OR SUNCORP~METWAY SHAREHOLDER NUMBER (IF APPLICABLE)

I/We apply for the 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 this form. By applying for the above Notes you will be paying only the First Instalment of \$4.00 per Note now. The Final Instalment of \$3.10 must be paid by 6 November 2000 (see Offer Document).

Pin your cheque(s) here

DATED

COMPANY SEAL

**X** \_\_\_\_\_  
 Applicant 1/Sole Director/Director  
 (cross out two of the above)

..... / ..... / 1998

**X** \_\_\_\_\_  
 Joint Applicant 2/Director/Secretary  
 (cross out two of the above)

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

**J** DRAWER BANK BRANCH AMOUNT OF CHEQUE  
 \$  
 \$

PLEASE MAKE CHEQUE  
 PAYABLE TO  
**Qld. Treasury-EIN  
 SERIES 2**

Please ensure sufficient cleared funds are held in your account as cheque/s returned unpaid will result in your Application being rejected.

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

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

**K**

## 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  
if mailed within Australia)**  
Reply-Paid 398  
Qld. Treasury - EIN SERIES 2  
c/- Douglas Heck & Burrell  
Locked Bag 248  
BRISBANE QLD 4001

**If lodged personally:**  
(during usual business hours)  
Qld. Treasury - EIN SERIES 2  
c/- Douglas Heck & Burrell  
Note Registrar  
Ground Floor  
333 Adelaide Street  
BRISBANE QLD 4000

If you need further information on how to apply for Notes please call the Joint Lead Managers: JB Were & Son on 1800 067 904; Morgan Stockbroking Ltd on 1800 777 946; or Wilson HTM Ltd on 1800 805 226.

**Application Forms must be received by the Note Registrar by no later than 5:00pm Brisbane time on 6 November 1998, (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. If posting the Application Form(s), please allow sufficient time for postal delivery.**

## 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 Deed Poll, including without limitation:
  - (a) the obligation to pay the Final Instalment of \$3.10 by 6 November 2000;
  - (b) the liability to pay Default Interest and recovery costs if the Final Instalment is not paid by its due date;
  - (c) that a Note Holder may only create an encumbrance (such as a mortgage arising out of a margin lending transaction) in respect of a Note (or a SUNCORP~METWAY Ordinary Share into which it exchanges) before the Final Instalment is paid, if it cannot interfere with or take priority over any of the State's rights in relation to that Note, any Capital Note or that SUNCORP~METWAY Ordinary Share;
  - (d) that the rights of a Note Holder rest in contract only, and that a Note Holder has no legal, beneficial or equitable title or interest whatsoever in any Capital Note or in any SUNCORP~METWAY Ordinary Share, until SUNCORP~METWAY Ordinary Shares are transferred to a Note Holder pursuant to the Deed Poll.
2. By signing/sealing the Application Form I/we declare that:
  - (a) if signed by an Applicant corporation, it has been signed in accordance with the corporation's 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 capacity, I/we agree to also be bound in my/our personal capacity;
  - (e) the details set out in the Application Form, are true and correct;
  - (f) 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 print out of it, accompanied by or attached to the Application Form before applying for the Notes.
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

FOR REGISTRY USE ONLY

FOR BROKERS USE ONLY

## Exchanging Instalment Notes – SERIES 2 Issued by the State of Queensland

**WILSON HTM LTD.,**  
BRISBANE  
412-4  
STOCK & SHAREBROKERS

The purchase price for each Note is payable in two instalments. The Notes will be exchanged for SUNCORP~METWAY Ordinary Shares as set out in the Offer Document.

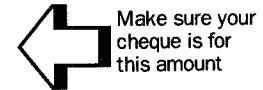
### USE BLOCK LETTERS

INSTRUCTIONS ON HOW TO COMPLETE SECTIONS A-K ARE SET OUT IN THE APPLICATION SECTION OF THE THE OFFER DOCUMENT.

Broker code

Adviser code

**A** I/We apply for \_\_\_\_\_ Notes x A\$4.00 = **B** A\$ \_\_\_\_\_ Application Money .00



(minimum of 400 and then multiples of 100)

### COMPLETE FULL NAME AND ADDRESS DETAILS

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

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

**D** JOINT APPLICANT OR ACCOUNT DESIGNATION e.g. <SUPER FUND A/C>

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

SUBURB OR TOWN

STATE

POST CODE

**F** CONTACT NUMBER (DAYTIME) ( )

**G** HIN -Existing CHESS Participants only

**H** PROVIDE EITHER EIN-SERIES 1 REGISTERED HOLDER NUMBER OR SUNCORP~METWAY SHAREHOLDER NUMBER (IF APPLICABLE)

I/We apply for the 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 this form. By applying for the above Notes you will be paying only the First Instalment of \$4.00 per Note now. The Final Instalment of \$3.10 must be paid by 6 November 2000 (see Offer Document).

Pin your cheque(s) here

DATED

COMPANY SEAL

**X** \_\_\_\_\_  
Applicant 1/Sole Director/Director  
(cross out two of the above)

..... / ..... / 1998

**X** \_\_\_\_\_  
Joint Applicant 2/Director/Secretary  
(cross out two of the above)

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

**J** DRAWER BANK BRANCH AMOUNT OF CHEQUE  
\$  
\$

PLEASE MAKE CHEQUE  
PAYABLE TO  
**Qld. Treasury-EIN  
SERIES 2**

Please ensure sufficient cleared funds are held in your account as cheque/s returned unpaid will result in your Application being rejected.

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

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

**K**

## 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  
if mailed within Australia)**  
Reply-Paid 398  
Qld. Treasury - EIN SERIES 2  
c/- Douglas Heck & Burrell  
Locked Bag 248  
BRISBANE QLD 4001

**If lodged personally:**  
(during usual business hours)  
Qld. Treasury - EIN SERIES 2  
c/- Douglas Heck & Burrell  
Note Registrar  
Ground Floor  
333 Adelaide Street  
BRISBANE QLD 4000

If you need further information on how to apply for Notes please call the Joint Lead Managers: JB Were & Son on 1800 067 904; Morgan Stockbroking Ltd on 1800 777 946; or Wilson HTM Ltd on 1800 805 226.

**Application Forms must be received by the Note Registrar by no later than 5:00pm Brisbane time on 6 November 1998, (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. If posting the Application Form(s), please allow sufficient time for postal delivery.**

## 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 Deed Poll, including without limitation:
  - (a) the obligation to pay the Final Instalment of \$3.10 by 6 November 2000;
  - (b) the liability to pay Default Interest and recovery costs if the Final Instalment is not paid by its due date;
  - (c) that a Note Holder may only create an encumbrance (such as a mortgage arising out of a margin lending transaction) in respect of a Note (or a SUNCORP~METWAY Ordinary Share into which it exchanges) before the Final Instalment is paid, if it cannot interfere with or take priority over any of the State's rights in relation to that Note, any Capital Note or that SUNCORP~METWAY Ordinary Share;
  - (d) that the rights of a Note Holder rest in contract only, and that a Note Holder has no legal, beneficial or equitable title or interest whatsoever in any Capital Note or in any SUNCORP~METWAY Ordinary Share, until SUNCORP~METWAY Ordinary Shares are transferred to a Note Holder pursuant to the Deed Poll.
2. By signing/sealing the Application Form I/we declare that:
  - (a) if signed by an Applicant corporation, it has been signed in accordance with the corporation's 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 capacity, I/we agree to also be bound in my/our personal capacity;
  - (e) the details set out in the Application Form, are true and correct;
  - (f) 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 print out of it, accompanied by or attached to the Application Form before applying for the Notes.
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*

**Acceptance** – acceptance by the State of an offer contained in an Application Form.

**All Ordinaries Index** – an index showing the gross return (that being, capital and income before tax), from share investments included in the All Ordinaries Index.

**Application** – 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.

**Application Form** – each form included in this Offer Document, entitled "Application Form", upon which an offer to subscribe for Notes must be made.

**Application Monies** – the monies payable on Application, being the product of multiplying the number of Notes applied for by the amount of \$4.00, which is the First Instalment payable on each Note.

**APRA** – Australian Prudential Regulation Authority.

**ASIC** – Australian Securities and Investments Commission.

**ASX** – Australian Stock Exchange Limited (ACN 008 624 691).

**Board** – the Board of directors of SUNCORP~METWAY from time to time.

**Business Day** – has the meaning ascribed in the Listing Rules.

**Capital Note** – a capital note issued to QTH maturing on 30 November 2006, convertible into a fully paid SUNCORP~METWAY Ordinary Share beforehand on certain conditions.

**CHESS** – Clearing House Electronic Subregister System.

**Closing Date** – the last day on which Applications will be Accepted.

**Co-Managers** – the syndicate of brokers to be appointed by the Joint Lead Managers.

**Deed Poll** – the deed poll entitled "SUNCORP~METWAY LTD Exchanging Instalment Notes - Series 2 Deed Poll" by the State dated 7 October 1998.

**Defaulted Note** – any Note (and any attaching benefits) in respect of which a Note Holder has defaulted in payment of the Final Instalment.

**EIN - SERIES 1 Notes** – the 8% Exchanging Instalment Notes, exchanging into SUNCORP~METWAY shares, issued by the State pursuant to an Offer Document issued on 12 September 1997.

**EIN - SERIES 1 Trust Deed** – the deed entitled "SUNCORP~METWAY LIMITED Exchanging Instalment Notes Trust Deed" between the State and QTH, dated 3 September 1997.

**Face Value** – the purchase price for the Notes, being \$7.10, the sum of the First Instalment and the Final Instalment.

**Final Instalment** – \$3.10, being the outstanding balance of the purchase price for the Notes which is due to be paid on or before 6 November 2000.

**Final Instalment Payment Date** – 6 November 2000.

**First Instalment** – \$4.00, being the initial instalment payable on Application for purchase of the Notes.

**JB Were & Son** – Were Stockbroking Limited (ACN 006 797 897) trading as JB Were & Son.

**Joint Lead Managers** – JB Were & Son, Morgan Stockbroking Limited (ACN 010 669 726) and Wilson HTM Ltd (ACN 010 529 665), details of which are set out in the Directory.

**Listing Rules** – the Listing Rules of ASX.

**Memorandum of Understanding** – the letter agreement between the State and SUNCORP~METWAY dated 29 September 1998.

**Note** – a non-redeemable exchanging instalment note, 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 Ordinary Share.

**Note Holder** – the person registered in the Note Register as the holder of a Note.

**Note Register** – the register of Note Holders maintained by the Note Registrar.

**Note Registrar** – Douglas Heck & Burrell, details of which are set out in the Directory.

**Offer** – the offer made by this Offer Document for members of the public to purchase Notes.

**Offer Document** – this offer document setting out the terms and conditions on which the Notes are offered.

**One for Two Offer** – means the State's intention, as confirmed to ASX on 26 August 1998, to offer SUNCORP~METWAY Ordinary Shareholders registered on 1 December 1998 the opportunity, on a non-renounceable basis, to purchase an additional SUNCORP~METWAY Ordinary Share for every two shares held on that date, at a price of \$5.00 per share.

**Ordinary Shares** – SUNCORP~METWAY Ordinary Shares.

**QTH or Queensland Treasury Holdings** – Queensland Treasury Holdings Pty Ltd (ACN 011 027 295).

**Quotation Agreement** – the agreement between ASX and the State under which the Notes become quoted on ASX.

**Record Date** – has the meaning ascribed in the Listing Rules.

**Shareholder** – a holder of any share issued in SUNCORP~METWAY.

**State** – the State of Queensland.

**Subordinated Dividend Ordinary Shares** – an ordinary share in the capital of SUNCORP~METWAY, the dividend rights on which are restricted with the effect that dividends payable on them in the financial years ending 30 June 1998 and 30 June 1999 may be payable only when dividends payable on SUNCORP~METWAY Ordinary Shares in each of those financial years reach 44 cents a share.

**Successful Applicant** – an applicant whose Application is accepted by the State, whether in part or in full.

**SUNCORP~METWAY** – SUNCORP~METWAY LTD (ACN 010 831 722).

**SUNCORP~METWAY Ordinary Shares** – an ordinary share of \$0.50 in the capital of SUNCORP~METWAY.

**Underwriters** – 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).

*The State of Queensland*

The Under-Treasurer, 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 other than for the purpose of delivering  
Applications. In that case, the address will be c/- Ground Floor, 333 Adelaide 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  
Arthur Andersen - Level 32, 12 Creek Street, Brisbane, Qld 4000  
Arthur Andersen Corporate Finance Pty Ltd - Level 17,  
360 Elizabeth Street, Melbourne, Vic 3000

*Joint Lead Managers*

Wilson HTM Ltd  
JB Were & Son  
Morgan Stockbroking Limited

Level 21, Riverside Centre, 123 Eagle Street, Brisbane, Qld 4000 Ph: 1800 805 226  
Level 37, Riverside Centre, 123 Eagle Street, Brisbane, Qld 4000 Ph: 1800 067 904  
Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Qld 4000 Ph: 1800 777 946

*Underwriters*

Were Stockbroking Limited  
Morgan Corporate Limited  
Wilson HTM Corporate  
Services Limited

Level 37, Riverside Centre, 123 Eagle Street, Brisbane, Qld 4000  
Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Qld 4000  
Level 21, Riverside Centre, 123 Eagle Street, Brisbane, Qld 4000

**JOINT LEAD MANAGERS**

**JB WERE & SON**

Level 37, Riverside Centre,  
123 Eagle Street, Brisbane, Qld 4000  
Ph: (07) 3258 1111

GOLD COAST  
SUNSHINE COAST  
MELBOURNE  
SYDNEY  
ADELAIDE  
PERTH  
CANBERRA  
HOBART  
LAUNCESTON

1800 067 904  
Ph: (07) 5582 2444  
Ph: (07) 5475 6555  
Ph: (03) 9679 1111  
Ph: (02) 9321 8777  
Ph: (08) 8407 1111  
Ph: (08) 9422 3333  
Ph: (02) 6218 2000  
Ph: (03) 6237 9888  
Ph: (03) 6332 8000

**WILSON HTM LTD**

Level 21, Riverside Centre  
123 Eagle Street, Brisbane, Qld 4000  
Ph: (07) 3212 1333

BUNDABERG  
CAIRNS  
DALBY  
EMERALD  
GOLD COAST  
HERVEY BAY  
NOOSA  
TOWNSVILLE  
MELBOURNE  
SYDNEY

1800 805 226  
Ph: (07) 4153 4499  
Ph: (07) 4031 6882  
Ph: (07) 4662 3833  
Ph: (07) 4980 7733  
Ph: (07) 5574 1125  
Ph: (07) 4128 3300  
Ph: (07) 5448 0233  
Ph: (07) 4725 5787  
Ph: (03) 9600 0555  
Ph: (02) 9247 9266

**MORGAN  
STOCKBROKING LIMITED**

Level 29, Riverside Centre,  
123 Eagle Street, Brisbane, Qld 4000  
Ph: (07) 3334 4888

BUNDABERG  
CAIRNS  
CAPALABA  
GEEBUNG  
GOLD COAST  
IPSWICH  
MACKAY  
SUNSHINE COAST  
ROCKHAMPTON  
TOOWOOMBA  
TOWNSVILLE  
ARMIDALE  
BALLINA  
BEGA  
BUNBURY  
CANBERRA  
CHATSWOOD  
COFFS HARBOUR  
DARWIN  
HURSTVILLE  
LAURIETON  
NEWCASTLE  
NORTH SYDNEY  
ORANGE  
PERTH  
PORT MACQUARIE  
TAREE  
WOOLLONGONG

1800 777 946  
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Ph: (07) 3865 3773  
Ph: (07) 5592 5777  
Ph: (07) 3202 3995  
Ph: (07) 4957 3033  
Ph: (07) 5479 2757  
Ph: (07) 4922 5855  
Ph: (07) 4639 1277  
Ph: (07) 4771 4577  
Ph: (02) 6772 1288  
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Ph: (02) 6492 3297  
Ph: (08) 9791 9188  
Ph: (02) 6232 4999  
Ph: (02) 9411 8988  
Ph: (02) 6651 5700  
Ph: (08) 8981 6650  
Ph: (02) 9570 5755  
Ph: (02) 6559 5454  
Ph: (02) 4926 4044  
Ph: (02) 9956 6244  
Ph: (02) 6361 9166  
Ph: (08) 9261 0888  
Ph: (02) 6583 1735  
Ph: (02) 6551 0511  
Ph: (02) 4227 3022