

Supplementary Prospectus

Suncorp-Metway Limited (ABN 66 010 831 722)

Supplementary Prospectus

This supplementary prospectus (“**Supplementary Prospectus**”) relates to the prospectus (“**Prospectus**”) dated 14 May 2008 for the issue of convertible preference shares (“**CPS**”) by Suncorp-Metway Limited (“**Suncorp**”). This Supplementary Prospectus supplements, and should be read together with, the Prospectus. If there is any inconsistency between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Words and expressions used in this Supplementary Prospectus have the meanings given to them in the Prospectus.

This Supplementary Prospectus is dated 4 June 2008 and was lodged with the Australian Securities & Investments Commission (“**ASIC**”) on that date. Neither ASIC nor ASX Limited takes any responsibility for the contents of this Supplementary Prospectus.

Amendments to Prospectus

1 Supplementary Prospectus

The definition of the “Prospectus” in Appendix B on page 91 of the Prospectus should be replaced with the following:

“this replacement prospectus in relation to the Offer that was lodged with ASIC on 14 May 2008 and replaces the Original Prospectus, together with the supplementary prospectus that was lodged with ASIC on 4 June 2008.”

2 Increased Offer Size

Since the Prospectus was lodged with ASIC, Suncorp has determined to increase the Offer size to \$735 million and issue up to 7.35 million CPS.

Each reference in the Prospectus to “\$700 million” in relation to the Offer should be replaced with “\$735 million” and each reference to “7.0 million CPS” in relation to the Offer should be replaced with “7.35 million CPS” so that:

- the front cover of the Prospectus reads:

“Prospectus for the issue of Suncorp convertible preference shares (CPS) to raise up to \$735 million”;
- the first paragraph of “*About this Prospectus*” section on the inside front cover of the Prospectus reads:

“This Prospectus relates to the offer by Suncorp-Metway Limited (**Suncorp**) of Suncorp convertible preference shares (**CPS**) at an Issue Price of \$100 each to raise up to \$735 million (**Offer**).”;

- the first sentence of the second paragraph of the “*Chairman’s letter*” on page 1 of the Prospectus reads:

“Suncorp intends to issue up to 7.35 million CPS at an issue price of \$100 each to raise up to \$735 million (**Offer**).”;
- the first dot point in “*What is the size of the Offer*” sub-section of section 1.1 “*General*” on page 8 of the Prospectus reads:

“• The Offer is for the issue of up to 7.35 million CPS to raise up to \$735 million.”;
- the first paragraph of section 2.1 “*Offer*” on page 19 of the Prospectus reads:

“The Offer is for up to \$735 million of CPS.”;
- the first dot point in the third paragraph of section 3.2 “*Pro forma financial information*” on page 30 of the Prospectus reads:

“• assumes that the Offer was completed and \$735 million of CPS were on issue as at 31 December 2007, adjusted for net issue expenses;”; and
- the definition of the “*Offer*” in Appendix B on page 90 of the Prospectus reads:

“the offer by Suncorp of CPS under this Prospectus at an Issue Price of \$100 each to raise up to \$735 million”.

3 Pro forma financial information

As a result of the increased Offer size, the statements in the Prospectus relating to pro forma financial information should be amended as follows:

- section 3.2.1 “*Pro forma consolidated balance sheet as at 31 December 2007*” of the Prospectus should be replaced with the following:
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3.2.1 Pro forma consolidated balance sheet as at 31 December 2007

The pro forma historical balance sheet was derived from historical financial information which has been subject to review, after adjusting for pro forma adjustments.

(\$m)	31 December 2007 actual	Adjustments prior to 14 May 2008	Adjustments for the Offer	Pro forma	Notes
Assets					
Cash and cash equivalents	1,237	(169)	720	1,788	1,2
Receivables due from other banks	4	-	-	4	
Trading securities	7,842	-	-	7,842	
Investment securities	20,305	-	-	20,305	
Loans, advances and other receivables	51,109	-	-	51,109	
Bank acceptances of customers	759	-	-	759	
Reinsurance and other recoveries	1,329	-	-	1,329	
Deferred insurance assets	560	-	-	560	
Assets classified as held for sale	151	-	-	151	
Investments in associates and joint ventures	345	-	-	345	
Property, plant and equipment	324	-	-	324	
Investment property	145	-	-	145	
Goodwill and intangible assets	7,212	-	-	7,212	
Other assets	493	-	-	493	
Total assets	91,815	(169)	720	92,366	
Liabilities					
Deposits and short term borrowings	40,357	2,158	-	42,515	3
Payables due to other banks	43	-	-	43	
Bank acceptances	759	-	-	759	
Payables and other liabilities	1,832	-	-	1,832	
Current tax liabilities	9	-	-	9	
Employee benefit obligations	185	-	-	185	
Deferred tax liabilities	400	-	-	400	
Unearned premiums and unexpired risk liabilities	3,186	-	-	3,186	
Outstanding claims liabilities	7,404	-	-	7,404	
Gross policy liabilities	7,717	-	-	7,717	
Unvested policy owner benefits	322	-	-	322	
Outside beneficial interests	1,248	-	-	1,248	
Securitisation liabilities	7,566	-	-	7,566	
Bonds, notes and long term borrowings	5,283	(2,158)	-	3,125	3
Subordinated notes	2,926	-	-	2,926	
Other financial liabilities	49	-	-	49	
Preference shares	144	-	720	864	2
Total liabilities	79,430	-	720	80,150	
Net assets	12,385	(169)	-	12,216	

Equity						
Share capital	10,467	315	-	10,782	4	
Reserves	247	-	-	247		
Retained profits	1,668	(484)	-	1,184	5	
Total equity attributable to equity holders of the parent	12,382	(169)	-	12,213		
Minority interests	3	-	-	3		
Total equity	12,385	(169)	-	12,216		

Notes:

- 1 Decrease in cash and cash equivalents relates to \$169 million cash disbursements for Suncorp's dividend on Ordinary Shares paid on 1 April 2008.
 - 2 Assumes the issue of \$735 million of CPS with net issue expenses of \$15 million. The actual issue amount may be less than \$735 million.
 - 3 Reclassification of negotiable certificates of deposit with an original maturity of 3 years from "Bonds, notes and long term borrowings" to "Deposits and short term borrowings" to reflect the portion of these borrowings maturing 12 months from the date of this Prospectus.
 - 4 The increase in share capital relates to the issue of \$315 million of Ordinary Shares on 9 April 2008 pursuant to the dividend reinvestment plan.
 - 5 The decrease in retained profits relates to the \$484 million dividend on Ordinary Shares paid on 1 April 2008.
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- section 3.3.5 “*Pro forma consolidated capital adequacy position as at 31 December 2007*” of the Prospectus should be replaced with the following:

3.3.5 Pro forma consolidated capital adequacy position as at 31 December 2007

The pro forma consolidated capital adequacy position set out below was derived from the 31 December 2007 actual capital adequacy position reported to APRA, after adjusting for pro forma adjustments.

Consolidated banking capital (\$m)	31 December 2007 actual	Adjustments prior to 14 May 2008	Adjustments for the Offer	Pro forma	Notes
Fundamental Tier 1	11,490	55	-	11,545	1,2
Residual Tier 1	144	-	720	864	3
Tier 1 deductions	(7,882)	(992)	-	(8,874)	4
Net Tier 1	3,752	(937)	720	3,535	
Upper Tier 2	347	-	-	347	
Lower Tier 2	1,777	-	-	1,777	5
Tier 2 deductions	-	(991)	-	(991)	4
Net Tier 2	2,124	(991)	-	1,133	
Capital deductions	(1,983)	1,983	-	-	4
Capital Base	3,893	55	720	4,668	
Risk-weighted exposures	35,900	-	-	35,900	6
Capital adequacy ratio	10.84%	-	-	13.00%	
Residual Tier 1 as a percentage of net Tier 1	3.84%	-	-	24.44%	

Notes:

- 1 \$205 million of Ordinary Shares were issued on 9 April 2008 pursuant to the underwritten component of the dividend reinvestment plan on Suncorp’s dividend on Ordinary shares paid on 1 April 2008. The shares issued pursuant to the underwritten component of the dividend reinvestment plan are included from that date in fundamental Tier 1 Capital. Suncorp’s dividend on Ordinary Shares paid on 1 April 2008 and the underlying dividend reinvestment plan participation of \$110 million had been fully accrued for regulatory capital purposes in the 31 December 2007 actual capital adequacy position.
- 2 The expected intragroup dividends from the general insurance businesses to Suncorp were reduced by \$150 million due to increased claims experience following the Mackay floods as well as continuing adverse equity market conditions.
- 3 Assumes the issue of \$735 million of CPS with net issue expenses of \$15 million. The actual issue amount may be less than \$735 million.
- 4 The change to capital deductions relates to a change in the Prudential Standards from 1 January 2008 which requires 50% of capital deductions to be deducted from Tier 1 Capital and 50% of capital deductions to be deducted from Tier 2 Capital.
- 5 The inclusion of Lower Tier 2 capital in excess of 50% of Net Tier 1 capital is in accordance with transitional relief provided by APRA until June 2009.
- 6 Suncorp’s capital adequacy position at 31 December 2007 is calculated based on the Prudential Standards effective at that date. From 1 January 2008, risk-weighted exposures must be calculated using the Basel II methodology discussed in Section 3.3.2. The pro forma capital adequacy position does not include the impact of adopting Basel II on Suncorp’s risk-weighted exposures. Suncorp anticipates that the value of risk-weighted exposures will increase by less than 3% as a result of the implementation of the Basel II standardised approach.

Consent to lodgement

Each director of Suncorp has consented to the lodgment of this Supplementary Prospectus with ASIC as required by section 720 of the Corporations Act 2001 (Cwlth).



Suncorp CPS

Suncorp-Metway Limited ABN 66 010 831 722

Prospectus for the issue of Suncorp convertible preference shares (CPS) to raise up to \$700 million

Joint Lead Managers & Joint Bookrunners



Senior Co-Manager
ABN AMRO Morgans Limited

Co-Managers
Commonwealth Securities Limited
National OnLine Trading Limited
Ord Minnett Limited
Wilson HTM Limited

Important notices

About this Prospectus

This Prospectus relates to the offer by Suncorp-Metway Limited (Suncorp) of Suncorp convertible preference shares (CPS) at an Issue Price of \$100 each to raise up to \$700 million (Offer).

This Prospectus is dated 14 May 2008 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. This is a replacement prospectus which replaces the prospectus dated 6 May 2008 and lodged with ASIC on that date (Original Prospectus). It includes details of the Margin which was determined following the Bookbuild – see Section 2.6.2. ASIC and ASX Limited (ASX) take no responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after the date of the Original Prospectus (**Expiry Date**) and no CPS will be issued on the basis of this Prospectus after the Expiry Date.

CPS are not deposit liabilities of Suncorp or any other member of the Suncorp Group

CPS are not deposit liabilities of Suncorp or any other member of the Suncorp Group and are not subject to the depositor protection provisions of Australian banking legislation. CPS are issued by Suncorp under the Terms and Holders have no claim on Suncorp except as provided in those Terms. The investment performance of CPS is not guaranteed by Suncorp or any other member of the Suncorp Group. A Holder has no claim whatsoever on any other member of the Suncorp Group for payment of any amount in respect of CPS. There are risks associated in investing in CPS – see Section 4.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions.

The definitions specific to CPS are in clause 18.2 of the CPS Terms in Appendix A. If there is any inconsistency in definitions between the Prospectus and the Terms, the definitions in clause 18.2 of the Terms prevail.

A reference to time in this Prospectus is to Australian Eastern Standard Time unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated.

Exposure Period

Under the Corporations Act, Suncorp was prohibited from processing Applications in the seven day period after the date on which the Original Prospectus was lodged with ASIC.

This period is referred to as the Exposure Period. The purpose of the Exposure Period was to enable the Original Prospectus to be examined by market participants before the raising of funds. Applications received during the Exposure Period were not processed during the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

How to obtain a Prospectus and Application Form

An electronic version of this Prospectus is available online during the Offer Period at www.suncorp.com.au/CPS. If you access an electronic copy of this Prospectus, then you should read the next section.

You can also request a free paper copy of this Prospectus and Application Form either online at www.suncorp.com.au/CPS or by calling the Suncorp CPS InfoLine on 1300 665 385.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanied by a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. The Application Form will only be available electronically or in paper copy during the Offer Period.

Electronic access to Prospectus

The following conditions apply if this Prospectus is accessed electronically at www.suncorp.com.au/CPS:

- you must download the entire Prospectus;
- your application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of the Prospectus; and

- the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

Applications for CPS

Applications for CPS under this Prospectus may only be made during the Offer Period (although Suncorp reserves the right to accept late Applications), and pursuant to an Application Form attached to or accompanying this Prospectus.

For information on who is eligible to apply for CPS under the Offer and how to make an Application – see Section 2.

ASX quotation and Issue Date

Suncorp has applied for CPS to be quoted on ASX. If ASX does not grant permission for CPS to be quoted within three months after the date of the Original Prospectus, CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

If CPS are accepted for quotation on ASX, Suncorp expects to issue CPS on or about 12 June 2008.

Providing personal information

You will be asked to provide personal information to Suncorp (directly or via its agents) if you apply for CPS. See Section 6.13 for information on how Suncorp (and its agents) collect, hold and use this personal information.

Restrictions in foreign jurisdictions

For details of the foreign selling restrictions that apply to CPS in foreign jurisdictions see Section 6.12.

No representations other than in this Prospectus

You should rely only on information in this Prospectus.

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Suncorp in connection with the Offer.

The pro forma financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods.

This Prospectus does not provide financial product or investment advice – you should seek your own professional investment advice

The Offer, and the information in this Prospectus, does not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor. It is important that you read the entire Prospectus before making any decision to apply for CPS.

In particular, in considering whether to apply for CPS, it is important that you:

- consider the risk factors, including those that could affect CPS or the financial performance and position of the Suncorp Group – see Section 4;
- carefully consider these risk factors and other information in the Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and
- seek professional investment advice from your financial adviser or other professional adviser.

Diagrams

The diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date of this Prospectus.

Enquiries

If you have any questions in relation to the Offer, please call the Suncorp CPS InfoLine on 1300 665 385 (Monday to Friday – 8.30am to 5.30pm) or contact your Syndicate Broker or other professional adviser.

Chairman's letter



14 May 2008

Dear investors

On behalf of the Board of Suncorp-Metway Limited (Suncorp), I am pleased to present you with an opportunity to invest in Suncorp convertible preference shares (CPS). CPS are fully paid preference shares in the capital of Suncorp, which will mandatorily convert into a variable number of ordinary shares of Suncorp on 14 June 2013 (subject to certain conditions being satisfied).

Suncorp intends to issue up to 7.0 million CPS at an issue price of \$100 each to raise up to \$700 million (Offer). The Offer is being made as part of Suncorp's ongoing capital management strategy, with the CPS proceeds being used to repay existing debt, finance new loans and for other general corporate purposes.

CPS pay investors, subject to their terms, floating rate, quarterly, non-cumulative, preferred dividends which are expected to be fully franked. CPS have received investment grade credit ratings of 'A-' from Standard & Poor's and 'A-' from Fitch Ratings, and a provisional investment grade credit rating of 'A2' from Moody's. CPS are intended to be quoted on ASX. An overview of CPS is set out on pages 4 and 5 of this prospectus.

Suncorp is one of Australia's top 25 companies and is Queensland's biggest listed corporation with a market value of \$15 billion. The Suncorp Group's primary businesses are general insurance, banking and wealth management. As at 31 December 2007, the Suncorp Group had assets of approximately \$92 billion, funds under management of over \$27 billion and approximately 7 million customers in Australia and New Zealand.

I encourage you to read this prospectus carefully and consider in particular the risk factors set out in section 4. If, after reading this prospectus, you have any questions about the Offer or how to apply for CPS, please call the Suncorp CPS InfoLine on 1300 665 385 or contact your syndicate broker or other professional adviser.

The key dates are summarised on page 3. It is possible that the Offer will close early, so I encourage you to lodge your application as soon as possible after the opening date.

On behalf of the Board of Suncorp, I invite you to consider this investment opportunity.

Yours faithfully

A handwritten signature in black ink, appearing to read "John Story".

John Story
Chairman
Suncorp-Metway Limited

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Key dates

Key dates for the Offer	
Lodgement of the Original Prospectus with ASIC	6 May 2008
Bookbuild	13 May 2008
Announcement of the Margin and this Prospectus lodged with ASIC	14 May 2008
Opening Date	16 May 2008
Closing Date for Securityholder Offer and General Offer	5.00pm 4 June 2008
Closing Date for Broker Firm Offer	10.00am 10 June 2008
Issue Date	12 June 2008
CPS commence trading on ASX (deferred settlement basis)	13 June 2008
Holding Statements despatched by	18 June 2008
CPS commence trading on ASX (normal settlement basis)	19 June 2008
Key dates for CPS	
First quarterly Dividend Payment Date ¹	15 September 2008
Mandatory Conversion Date ²	14 June 2013

1 Dividends are scheduled to be paid at the end of each quarterly Dividend Period (on 14 March, 14 June, 14 September and 14 December each year) subject to the Payment Tests. If any of these scheduled dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day.

2 The Mandatory Conversion Date may be later than 14 June 2013, or may not occur at all, if the Mandatory Conversion Conditions are not satisfied – see Section 4.1.7.

Dates may change

The key dates for the Offer are indicative only and may change without notice.

Suncorp, in consultation with the Joint Lead Managers, may agree to accept late Applications (either generally or in particular cases), to extend any Closing Date, to close the Offer early without notice, or to withdraw the Offer at any time before CPS are issued. If the Offer is withdrawn before the issue of CPS, all Application Payments received by Suncorp will be refunded (without interest) to Applicants as soon as possible after the withdrawal. Also, ASIC may extend the Exposure Period by up to seven days in which case the Opening Date and other dates may be varied accordingly without notice.

You are encouraged to apply as soon as possible after the Opening Date.

This Prospectus contains information about the Offer by Suncorp of CPS and you should read it before deciding whether to apply for CPS.

CPS are preference shares in the capital of Suncorp, which will mandatorily Convert into Ordinary Shares (subject to certain conditions being satisfied).

CPS are being offered as part of Suncorp's capital management strategy, with the CPS proceeds being used to repay existing debt, finance new loans and for other general corporate purposes.

Key features of CPS



- Dividends on CPS are preferred, non-cumulative, based on a floating rate and expected to be fully franked. Dividends are scheduled to be paid quarterly in arrears, subject to the Payment Tests.
- The Dividend Rate will be calculated each quarter as the sum of the Bank Bill Rate plus the Margin, together multiplied by $(1 - \text{Tax Rate})$. The Margin is 3.2000% per annum.
- On 14 June 2013, CPS will Convert into a variable number of Ordinary Shares, unless the Mandatory Conversion Conditions are not satisfied or Suncorp arranges for a Nominated Purchaser to acquire all CPS from Holders for \$100 each (this latter process is called Resale).
- The Mandatory Conversion Conditions provide protection to Holders from receiving less than \$101.01 worth of Ordinary Shares per CPS on Conversion based on the volume weighted average price (VWAP) of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date.¹ Suncorp may, with the prior approval of APRA, elect to Redeem CPS if any of the Mandatory Conversion Conditions are not satisfied.
- CPS may be Exchanged at certain times before 14 June 2013 if a Tax Event or Regulatory Event occurs. CPS must, subject to APRA's prior approval, be Exchanged if an Acquisition Event occurs.
- Suncorp has applied for CPS to be quoted on ASX under ASX code 'SUNPB'.
- CPS have been assigned the following investment grade Issue Credit Ratings² – 'A-' by Standard & Poor's and 'A-' by Fitch Ratings. When issued, CPS are expected to be assigned an Issue Credit Rating of 'A2' by Moody's.
- On a winding-up of Suncorp, CPS rank ahead of Ordinary Shares, equal with RPS and any other equal ranking instruments, but behind all depositors, other creditors and Non-Participating Shares.

There are risks associated with investing in CPS and in Suncorp and the general insurance, banking and wealth management industries generally. The key risks are summarised in Section 1.7 and explained in detail in Section 4.

¹ This VWAP may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than \$101.01 when they are issued or thereafter.

² Any Issue Credit Rating of 'BBB-' or higher from Standard & Poor's and Fitch Ratings or 'Baa3' or higher from Moody's is currently considered in capital markets to be investment grade – see Section 3.4 for further information about the credit ratings associated with CPS and Section 4.1.12 for risks associated with credit ratings. None of Standard & Poor's, Moody's or Fitch Ratings has consented to the use of their credit rating references in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the Corporations Act.

What you should do

1. Read this Prospectus

Read this Prospectus in full, paying particular attention to the:

- important notices on the inside front cover;
- key features of CPS in Section 1;
- financial information in Section 3.2;
- investment risks in Section 4; and
- CPS Terms in Appendix A.

2. Consider and consult

Consider all risks and other information about CPS in light of your particular investment objectives and circumstances. Consult your financial adviser or other professional adviser if you are uncertain as to whether you should apply for CPS.

3. Complete the Application Form

If you have decided to apply for CPS, you need to apply pursuant to the Application Form attached to or accompanying this Prospectus. The Application process varies depending on whether you are a Securityholder Applicant, General Applicant or Broker Firm Applicant – see Section 2 for full details.

4. Submit your Application

If you are a Securityholder Applicant or General Applicant, your Application must be received by the Registry no later than the Closing Date for the Securityholder Offer and the General Offer, which is expected to be 5.00pm on 4 June 2008. You may submit your Application pursuant to a paper Application Form, or online by following the instructions at www.suncorp.com.au/CPS and completing a BPAY® payment.

If you are a Broker Firm Applicant, your Application must be received by your Syndicate Broker in time for them to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer, which is expected to be 10.00am on 10 June 2008. You should contact your Syndicate Broker for further instructions on how to submit your Application.

The Offer may close early, so you are encouraged to submit your Application as soon as possible after the Opening Date.

For more information on applying for CPS – see Section 2.

If you have any questions about the Offer or how to apply for CPS, call the **Suncorp CPS InfoLine on 1300 665 385** (Monday to Friday – 8.30am to 5.30pm) or contact your Syndicate Broker or other professional adviser.

1. About CPS



This Section is designed to provide information about the key features and risks of CPS. Where indicated, more detailed information is provided in other Sections of this Prospectus.

About CPS

Topic	Summary	Where to find more information
1.1 General		
Who is the issuer?	<ul style="list-style-type: none"> Suncorp-Metway Limited (ABN 66 010 831 722) (Suncorp). Suncorp is the parent entity of the Suncorp Group. The Suncorp Group includes Australia's third largest general insurance group and sixth largest listed bank (based on the size of its loan assets), with an ASX market capitalisation of \$15 billion as at 13 May 2008. The Suncorp Group's primary businesses are general insurance, banking and wealth management. 	Section 3
What are CPS?	<ul style="list-style-type: none"> CPS are fully paid preference shares in the capital of Suncorp, which will mandatorily Convert into Ordinary Shares (subject to certain conditions being satisfied). 	Clause 1(a) of the Terms
What is the Issue Price?	<ul style="list-style-type: none"> \$100 per CPS. 	Clause 1(b) of the Terms
What is the size of the Offer?	<ul style="list-style-type: none"> The Offer is for the issue of up to 7.0 million CPS to raise up to \$700 million. Applications must be for a minimum of 20 CPS (i.e. \$2,000). 	Section 2 Section 2.3
What is the purpose of the Offer?	<ul style="list-style-type: none"> CPS are being offered as part of Suncorp's ongoing capital management strategy, with the CPS proceeds being used to repay existing debt, finance new loans and for other general corporate purposes. 	
What is the term of CPS?	<ul style="list-style-type: none"> CPS do not have a fixed maturity date. However, CPS will mandatorily Convert into Ordinary Shares on the Mandatory Conversion Date which is 14 June 2013 provided that all of the Mandatory Conversion Conditions are satisfied and Resale has not occurred. 	Clause 3 of the Terms
How do CPS rank in relation to other Suncorp instruments?	<ul style="list-style-type: none"> CPS rank ahead of Ordinary Shares and rank for the payment of Dividends equal with Reset Preference Shares (RPS) and any other equal ranking instruments. On a winding-up of Suncorp, CPS rank for payment ahead of Ordinary Shares, equal with RPS and any other equal ranking instruments, but behind all depositors, other creditors and Non-Participating Shares. 	Clausles 9.1 and 9.2 of the Terms
Will CPS be quoted on ASX?	<ul style="list-style-type: none"> Suncorp has applied for CPS to be quoted on ASX under ASX code 'SUNPB'. 	Section 2.7.1
What are the Issue Credit Ratings of CPS?	<ul style="list-style-type: none"> CPS have been assigned Issue Credit Ratings of 'A-' by Standard & Poor's and 'A-' by Fitch Ratings. It is expected that CPS will be assigned an Issue Credit Rating of 'A2' by Moody's. Any Issue Credit Rating of 'BBB-' or higher from Standard & Poor's or Fitch Ratings, or 'Baa3' or higher from Moody's, is currently considered in capital markets to be investment grade. See Section 3.4 for further information about the credit ratings associated with CPS and Section 4.1.12 for risks associated with credit ratings. 	Sections 3.4 and 4.1.12

1 Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities (including CPS). Ratings may be changed, withdrawn or suspended at any time. None of Standard & Poor's, Moody's or Fitch Ratings has consented to the use of their credit rating references in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the Corporations Act.

About CPS

Topic	Summary	Where to find more information																								
1.2 Dividends	<p>What are Dividends?</p> <ul style="list-style-type: none"> Dividends on CPS are preferred, non-cumulative, based on a floating rate and expected to be fully franked. Accordingly, Holders are expected to receive a combination of cash Dividends and franking credits. The value and availability of franking credits to a Holder will differ depending on the Holder's particular tax circumstances. Each Holder will only receive the benefit of the franking credits where those credits are able to be claimed in the Holder's tax return. Dividends are scheduled to be paid quarterly in arrears on the Dividend Payment Dates, subject to the Payment Tests – see below. If any Dividend is not franked or only partially franked, Suncorp will increase the amount of the Dividend to fully compensate for the unfranked component, subject to the Payment Tests. Dividends are non-cumulative. If a Dividend or part of a Dividend is not paid on a Dividend Payment Date, Holders have no claim or entitlement in respect of non-payment nor any right to receive that Dividend at any later time (however, the Distribution Restriction may apply in this scenario – see page 12). 	Clause 2 of the Terms																								
How will the Dividend Rate be calculated?	<ul style="list-style-type: none"> The Dividend Rate for each Dividend Period will be set on the first Business Day of each Dividend Period and will be calculated using the following formula: $\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ <p>where:</p> <p>Bank Bill Rate means the Bank Bill Rate on the first Business Day of the Dividend Period – see page 11;</p> <p>Margin is 3.2000% per annum – the Margin was determined under the Bookbuild; and</p> <p>Tax Rate is the Australian corporate tax rate applicable to the franking account of Suncorp as at the relevant Dividend Payment Date. As at the date of this Prospectus, the relevant rate is 30%.</p>	Clause 2.1 of the Terms																								
How will the Dividend Rate be calculated for the first Dividend Period?	<ul style="list-style-type: none"> The Dividend Rate for the first Dividend Period will be set on the Issue Date and will include the Margin as determined under the Bookbuild. Assuming the Bank Bill Rate on the Issue Date is 7.7667% per annum (being the Bank Bill Rate on 13 May 2008) and the Margin is 3.2000% per annum, then the Dividend Rate for the first Dividend Period will be calculated as follows: <table border="0" data-bbox="473 1567 1219 1783"> <tr> <td style="width: 45%;">Bank Bill Rate</td> <td style="width: 5%;">7.7667%</td> <td style="width: 50%;">per annum</td> </tr> <tr> <td>Plus the Margin</td> <td>+ 3.2000%</td> <td>per annum</td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> </tr> <tr> <td>Equivalent unfranked dividend rate</td> <td colspan="2" style="text-align: right;">10.9667% per annum</td> </tr> <tr> <td>Multiplied by (1 - Tax Rate)</td> <td colspan="2" style="text-align: right;">$\times 0.70$</td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> </tr> <tr> <td>Indicative fully franked Dividend Rate</td> <td colspan="2" style="text-align: right;">7.6767% per annum</td> </tr> <tr> <td colspan="3"><hr/></td> </tr> </table> <ul style="list-style-type: none"> The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Dividend Rate. The actual Dividend Rate for the first and subsequent Dividend Periods may be higher or lower than this example. 	Bank Bill Rate	7.7667%	per annum	Plus the Margin	+ 3.2000%	per annum	<hr/>			Equivalent unfranked dividend rate	10.9667% per annum		Multiplied by (1 - Tax Rate)	$\times 0.70$		<hr/>			Indicative fully franked Dividend Rate	7.6767% per annum		<hr/>			Clause 2.1 of the Terms
Bank Bill Rate	7.7667%	per annum																								
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<hr/>																										
Indicative fully franked Dividend Rate	7.6767% per annum																									
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About CPS

Topic	Summary	Where to find more information										
1.2 Dividends (Cont)												
<p>What is the impact of franking credits?</p>	<ul style="list-style-type: none"> Dividends are expected to be fully franked and accordingly, Holders are expected to receive a combination of cash Dividends and franking credits. The franking credits represent the Holder's share of tax paid by Suncorp on the profits from which the cash Dividend is paid. If the potential value of the franking credits is taken into account in full, the fully franked Dividend Rate of 7.6767% in the example on page 9 would be equivalent to an unfranked dividend rate of approximately 10.9667%. However, Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend. Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the year of income, will depend on the individual tax position of each Holder. Holders should refer to the Tax Letter in Section 5 and seek professional advice in relation to their tax position. 	Section 5										
<p>How will Dividend payments be calculated?</p>	<ul style="list-style-type: none"> Dividends scheduled to be paid on each Dividend Payment Date will be calculated using the following formula: $\text{Dividend} = \frac{\text{Dividend Rate} \times \text{Issue Price} \times N}{365}$ <p>where:</p> <p>Dividend Rate means the rate (expressed as a percentage per annum) calculated as set out above;</p> <p>Issue Price means \$100 per CPS; and</p> <p>N means the number of days in the Dividend Period.</p> <ul style="list-style-type: none"> Continuing from the previous example, if the fully franked Dividend Rate was 7.6767% per annum as calculated above, then the Dividend on each CPS for the first Dividend Period would be calculated as follows: <table border="1"> <tbody> <tr> <td data-bbox="393 1403 711 1432">Indicative fully franked Dividend Rate</td> <td data-bbox="933 1403 1116 1432">7.6767% per annum</td> </tr> <tr> <td data-bbox="393 1448 639 1477">Multiplied by the Issue Price</td> <td data-bbox="1013 1448 1116 1477">× \$100.00</td> </tr> <tr> <td data-bbox="393 1493 751 1551">Multiplied by the number of days in the Dividend Period</td> <td data-bbox="1065 1493 1116 1522">× 95</td> </tr> <tr> <td data-bbox="393 1574 536 1603">Divided by 365</td> <td data-bbox="1049 1574 1116 1603">÷ 365</td> </tr> <tr> <td data-bbox="393 1619 859 1648">Indicative fully franked Dividend payment per CPS</td> <td data-bbox="1029 1619 1116 1648">\$1.9980</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Dividend payable for any Dividend Period. Actual Dividends may be higher or lower than this example. Dividends will be paid directly into an Australian dollar account of a financial institution nominated by the Holder or in any manner determined by the Directors in accordance with the Constitution. 	Indicative fully franked Dividend Rate	7.6767% per annum	Multiplied by the Issue Price	× \$100.00	Multiplied by the number of days in the Dividend Period	× 95	Divided by 365	÷ 365	Indicative fully franked Dividend payment per CPS	\$1.9980	Clauses 1(b) and 2.1 of the Terms
Indicative fully franked Dividend Rate	7.6767% per annum											
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Multiplied by the number of days in the Dividend Period	× 95											
Divided by 365	÷ 365											
Indicative fully franked Dividend payment per CPS	\$1.9980											

About CPS

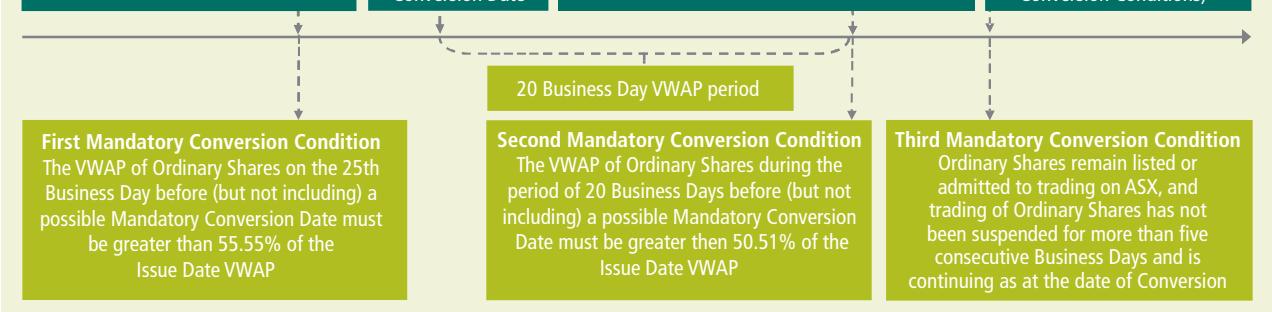
Topic	Summary	Where to find more information
1.2 Dividends (Cont)		
What is the Bank Bill Rate?	<ul style="list-style-type: none"> The Bank Bill Rate is a benchmark interest rate for the Australian money market, commonly used by major Australian financial institutions to lend short-term cash to each other over a 90 day period. This rate changes to reflect the supply and demand within the cash and currency markets. The graph below illustrates the movement in the Bank Bill Rate over the last 15 years. The Bank Bill Rate has been as low as 4.1800% and as high as 8.6400% per annum during the last 15 years. The rate applying on 13 May 2008 was 7.7667% per annum. 	Clause 2.1 of the Terms
		
When are the Dividend Payment Dates?	<ul style="list-style-type: none"> Dividends are payable quarterly in arrears on the Dividend Payment Dates. The first Dividend Payment Date is 15 September 2008. Payment of a Dividend is subject to the Payment Tests. Subsequent Dividend Payment Dates occur on 14 December, 14 March, 14 June and 14 September each year, subject to adjustments for Business Days. If any of these dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day. 	Clause 2.5 of the Terms
What are the Payment Tests?	<ul style="list-style-type: none"> Dividends may not always be paid. The payment of each Dividend is subject to the following Payment Tests: <ul style="list-style-type: none"> – the Directors, at their absolute discretion, determining the Dividend to be payable; – Suncorp having profits available for the payment of the Dividend; – unless APRA otherwise agrees, payment of the Dividend not resulting in a breach of certain of APRA's capital adequacy guidelines by Suncorp or the Suncorp Banking Group; – unless APRA otherwise agrees, the amount of the Dividend not exceeding Distributable Profits; – payment of the Dividend not resulting in Suncorp becoming, or being likely to become, insolvent; and – APRA not otherwise objecting to the payment of the Dividend. 	Clause 2.3 of the Terms

About CPS

Topic	Summary	Where to find more information
1.2 Dividends (Cont)		
What is the Distribution Restriction and when will it apply?	<ul style="list-style-type: none"> • If for any reason a scheduled Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date, then the Distribution Restriction will apply. • Subject to certain exceptions, the Distribution Restriction prevents Suncorp from: <ul style="list-style-type: none"> – declaring or paying a dividend or making any distribution on any capital instruments of Suncorp which rank equal with or junior to CPS for distributions; or – redeeming, buying back or reducing capital on any capital instruments of Suncorp which rank equal with or junior to CPS for a return of capital in a winding-up, unless: <ul style="list-style-type: none"> – Suncorp has obtained approval by a Special Resolution of Holders; – four consecutive Dividends, scheduled to be payable after the Dividend Payment Date of the Dividend that has not been paid, have been paid in full; – an Optional Dividend has been paid (with APRA's prior written approval) equal to the aggregate unpaid amount of any unpaid Dividends scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or – all CPS have been Redeemed or Converted. 	Clausles 2.8 and 2.9 of the Terms
1.3 Mandatory Conversion		
What is mandatory Conversion?	<ul style="list-style-type: none"> • Subject to satisfaction of the Mandatory Conversion Conditions and where Resale does not occur (see below), Suncorp must Convert all CPS on issue into a variable number of Ordinary Shares on the Mandatory Conversion Date. • Upon Conversion, Holders will receive \$101.01 worth of Ordinary Shares per CPS based on the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date.² 	Clausles 3 and 6 of the Terms
What is Resale?	<ul style="list-style-type: none"> • Alternatively, before a possible Mandatory Conversion Date, Suncorp may choose to arrange that all CPS on issue be acquired from Holders by a third party (Nominated Purchaser) on the possible Mandatory Conversion Date. The obligation of the Nominated Purchaser to pay the purchase price may be subject to conditions. Suncorp will reasonably endeavour to minimise these conditions but gives no assurance as to the details of any such conditions. This process is called Resale. • If Resale is chosen by Suncorp, Holders will be notified and on the possible Mandatory Conversion Date they will receive \$100 from the Nominated Purchaser for each CPS rather than a variable number of Ordinary Shares issued by Suncorp. Resale can occur whether or not the Mandatory Conversion Conditions are satisfied. • If the Nominated Purchaser does not pay the purchase price to Holders, the Resale will not occur, CPS will not Convert and Holders will continue to hold CPS until CPS are otherwise Redeemed, Converted or Resold in accordance with the Terms. If this occurs, Suncorp may also elect to Exchange CPS within the next 45 Business Days. 	Clausles 3.7 and 8 of the Terms
When is the Mandatory Conversion Date?	<ul style="list-style-type: none"> • The Mandatory Conversion Date is 14 June 2013 provided that all of the Mandatory Conversion Conditions are satisfied (see below). • If any of the Mandatory Conversion Conditions are not satisfied on 14 June 2013, then the Mandatory Conversion Date will be deferred until the next Dividend Payment Date on which all of the Mandatory Conversion Conditions are satisfied. 	Clause 3 of the Terms

² The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than \$101.01 when they are issued or thereafter.

About CPS

Topic	Summary	Where to find more information
1.3 Mandatory Conversion (Cont)		
What are the Mandatory Conversion Conditions?	<ul style="list-style-type: none"> The Mandatory Conversion Conditions are: 	Clause 3.3 of the Terms
	<ul style="list-style-type: none"> First Mandatory Conversion Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a possible Mandatory Conversion Date is greater than 55.55% of the Issue Date VWAP. This takes the 1% discount for Conversion into account. <p>The Issue Date VWAP means the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, subject to certain adjustments.</p> <ul style="list-style-type: none"> Second Mandatory Conversion Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a possible Mandatory Conversion Date is greater than 50.51% of the Issue Date VWAP. This also takes the 1% discount for Conversion into account. This condition partly satisfies one of the criteria that enables CPS to qualify as Non-innovative Residual Tier 1 Capital under APRA's capital adequacy guidelines because the number of Ordinary Shares per CPS that Holders may receive upon mandatory Conversion is capped at a number equal to: 	Claus 18.2 and 6.4 to 6.10 of the Terms
	$\frac{\text{Issue Price}}{\text{Issue Date VWAP} \times 0.5}$	
	This number is known as the Maximum Conversion Number.	
	The First and Second Mandatory Conversion Conditions are intended to provide protection to Holders from receiving less than \$101.01 worth of Ordinary Shares per CPS on Conversion (based on the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date). ³	
	<ul style="list-style-type: none"> Third Mandatory Conversion Condition: Ordinary Shares remain listed or admitted to trading on ASX, and trading of Ordinary Shares has not been suspended for more than five consecutive Business Days and is continuing at the date of Conversion. 	
	The Third Mandatory Conversion Condition is intended to provide protection to Holders to enable them to sell the Ordinary Shares they receive on ASX if they wish to do so. See Section 4.1.1 regarding the risk of liquidity as it relates to Ordinary Shares.	
<ul style="list-style-type: none"> The following diagram sets out the timeframes that are relevant for testing whether Conversion will occur, using 14 June 2013 as a possible Mandatory Conversion Date. These dates are indicative only and may change. 		
10 May 2013 First Mandatory Conversion Condition 25th Business Day before a possible Mandatory Conversion Date	17 May 2013 20th Business Day before possible Mandatory Conversion Date	13 June 2013 Second Mandatory Conversion Condition Last Business Day of VWAP period (Business Day before possible Mandatory Conversion Date)
14 June 2013 Possible Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)		
What adjustments are made to account for changes to Suncorp's capital?	<ul style="list-style-type: none"> The Issue Date VWAP, and consequently the Maximum Conversion Number, may be adjusted to reflect transactions affecting the capital of Suncorp (including capital reconstructions, buy-backs, returns of capital and bonus and rights issues) as set out in the Terms. 	Claus 6.4 to 6.10 of the Terms

³ The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than \$101.01 when they are issued or thereafter.

About CPS

Topic	Summary	Where to find more information
1.3 Mandatory Conversion (Cont)		
How many Ordinary Shares will be received on Conversion?	<ul style="list-style-type: none"> If CPS are Converted, you will receive a number of Ordinary Shares per CPS that is equivalent to the number calculated using the following formula: 	Clause 6 of the Terms
	$\frac{\text{Issue Price}}{99\% \times \text{VWAP}}$	
What can happen if the Mandatory Conversion Conditions are not satisfied?	<ul style="list-style-type: none"> This takes the 1% discount for Conversion into account. If any of the Mandatory Conversion Conditions are not satisfied, Suncorp may (subject to APRA giving its prior written approval) Redeem all CPS for \$100 each. Otherwise Conversion is deferred until the next Dividend Payment Date on which all the Mandatory Conversion Conditions are satisfied. 	Clauses 3.5 and 7 of the Terms
1.4 Optional Exchange		
What is optional Exchange?	<ul style="list-style-type: none"> Suncorp may choose to Exchange all CPS on issue after the occurrence of a Tax Event or Regulatory Event. Exchange means: <ul style="list-style-type: none"> subject to APRA's prior written approval, CPS may be Converted into a variable number of Ordinary Shares with a value of \$101.01 per CPS (based on the VWAP during the 20 Business Days before the Exchange Date)⁴ provided certain conditions are satisfied (see below); subject to APRA's prior written approval, CPS may be Redeemed for \$100 per CPS; CPS may be Resold for \$100 per CPS; or a combination of the above. 	Clause 4 of the Terms
What are the requirements for Conversion to be elected as the Exchange Method?	<ul style="list-style-type: none"> Suncorp may not choose to Convert CPS under optional Exchange unless, on the second Business Day before the date on which Suncorp sends a notice advising Holders that it wishes to Convert CPS (Optional Conversion Test Date), both the Optional Conversion Conditions are satisfied (see below). Further, if Suncorp has chosen to Convert CPS, Suncorp may not proceed to Convert CPS unless, on the Exchange Date, certain further conditions are satisfied (see below). 	Clauses 4.4 and 4.5 of the Terms
What are the Optional Conversion Conditions?	<ul style="list-style-type: none"> The Optional Conversion Conditions are: <ul style="list-style-type: none"> First Optional Conversion Condition: the VWAP of Ordinary Shares on the Optional Conversion Test Date is greater than 55.55% of the Issue Date VWAP. This takes the 1% discount for Conversion into account; and Second Optional Conversion Condition: Ordinary Shares remain listed or admitted to trading on ASX, and trading of Ordinary Shares has not been suspended for more than five consecutive Business Days and is continuing at the Optional Conversion Test Date. 	Clause 4.4 of the Terms
What are the Conversion conditions on the Exchange Date?	<ul style="list-style-type: none"> The Conversion conditions on the Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition must both be satisfied in respect of the Exchange Date as if the Exchange Date were a possible Mandatory Conversion Date. If the Conversion conditions on the Exchange Date are not satisfied, Suncorp will notify Holders and the Conversion will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a possible Mandatory Conversion Date. 	Clause 4.5 of the Terms
Can Holders request Exchange?	<ul style="list-style-type: none"> Holders do not have a right to request Exchange. 	Clause 9.9(g) of the Terms

⁴ The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than \$101.01 when they are issued or thereafter.

Topic	Summary	Where to find more information
1.5 Exchange on Acquisition Event		
What must Suncorp do on an Acquisition Event?	<ul style="list-style-type: none"> Subject to APRA's prior written approval, Suncorp must Exchange all CPS on issue if an Acquisition Event occurs. If the Directors consider that APRA will not approve Exchange of CPS on occurrence of a recommended takeover or scheme of arrangement which would result in an Acquisition Event, the Directors will use all reasonable endeavours to procure equivalent takeover offers for Holders or that Holders are entitled to participate in the scheme of arrangement or similar transaction. 	Clause 5 of the Terms Clause 11 of the Terms
What Exchange Method can be elected by Suncorp on an Acquisition Event?	<ul style="list-style-type: none"> If an Acquisition Event occurs, Suncorp must elect to do one of the following in relation to CPS, subject to APRA's prior written approval: <ul style="list-style-type: none"> Convert each CPS into a variable number of Ordinary Shares with a value of \$101.01 (based on the VWAP during the 20 Business Days before the Exchange Date), provided certain conditions are satisfied (see below); or Redeem each CPS for \$100. Suncorp will not be required to make this election and, accordingly, will not be required to Exchange CPS if APRA does not approve Redemption and the conditions to electing Conversion are not satisfied. 	Clauses 5.3(c) and 5.4 of the Terms
What are the requirements for Conversion as the Exchange Method?	<ul style="list-style-type: none"> If Suncorp has elected to Convert CPS as the Exchange Method on occurrence of an Acquisition Event, Suncorp may not proceed to Convert CPS unless, on the date on which Exchange is to occur (Acquisition Exchange Date), certain further conditions are satisfied. The Conversion conditions on the Acquisition Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition must both be satisfied in respect of the Acquisition Exchange Date as if the Acquisition Exchange Date were a possible Mandatory Conversion Date. 	Clause 5.5 of the Terms
What happens if Exchange does not occur?	<ul style="list-style-type: none"> If Suncorp is not required to give an Acquisition Exchange Notice or the conditions prevent Conversion, Suncorp will, subject as noted above, give a new notice of Exchange which, subject to APRA's prior written approval, will specify either Redemption or Conversion (as elected by Suncorp) as the Exchange Method for Exchange on the next Dividend Payment Date. This will be repeated until an Exchange occurs. 	Clause 5.5 of the Terms
1.6 Other		
Can Suncorp issue further CPS, preference shares or other instruments?	<ul style="list-style-type: none"> Suncorp reserves the right to issue further CPS, preference shares or other instruments, or permit the conversion of shares to preference shares or other instruments, which rank equal with or behind CPS, whether in respect of dividends, return of capital on a winding-up of Suncorp or otherwise. CPS do not confer on Holders any right to subscribe for new securities in Suncorp or to participate in any bonus issues of shares in Suncorp's capital. 	Clause 9.1(c) of the Terms Clause 9.11 of the Terms
What voting rights do CPS carry?	<ul style="list-style-type: none"> Holders generally do not have voting rights, except in the limited circumstances described in the Terms. 	Clause 10.1 of the Terms
How can Suncorp amend the Terms?	<ul style="list-style-type: none"> Subject to complying with all applicable laws, and with APRA's prior written approval, Suncorp may amend the Terms without the consent of Holders in certain circumstances. Suncorp may also, with APRA's prior written approval, amend the Terms if the amendment has been approved by a Special Resolution. 	Clause 16 of the Terms

About CPS

Topic	Summary	Where to find more information
1.6 Other (Cont)		
What is a NOHC Event?	<ul style="list-style-type: none"> A NOHC Event is an event where the ultimate holding company of Suncorp becomes a “non-operating holding company” within the meaning of the Banking Act. Such an event would be initiated by the Directors and would need to be fairly characterised by the Directors as a restructure of the Suncorp Group. If a NOHC Event occurs, the Terms may be amended to enable the substitution of the NOHC as the issuer of ordinary shares on Conversion (including on mandatory Conversion). These ordinary shares would be quoted on ASX. Any consideration by Suncorp to establish a NOHC has only been preliminary and no formal decision has been made to pursue the establishment of a NOHC. The occurrence of a NOHC Event does not allow Suncorp to immediately Exchange CPS nor allow Holders to request Exchange. 	Clause 12 of the Terms
1.7 Potential investment risks		
<p>Before deciding whether to apply for CPS, you should consider whether CPS are a suitable investment for you. There are risks associated with investing in CPS and in Suncorp and in the general insurance, banking and wealth management industries generally. Many of those risks are outside the control of Suncorp and its Directors.</p> <p>A summary of the key risks which are detailed in Section 4 follows.</p>		
Financial market conditions and liquidity	<ul style="list-style-type: none"> The market price of CPS may change due to various factors that affect financial market conditions. It is possible that CPS may trade at a market price below their Issue Price of \$100. There may be no liquidity or an illiquid market for CPS. The market for CPS may be less liquid than the market for Ordinary Shares or comparable securities issued by Suncorp or other entities. Holders who wish to sell their CPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for CPS. 	Sections 4.1.1 and 4.1.2
Dividends may not be paid	<ul style="list-style-type: none"> There is a risk that Dividends will not be paid. If for any reason a scheduled Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date, then the Distribution Restriction will apply. The Terms contain no events of default and, accordingly, a failure to pay a scheduled Dividend on CPS will not constitute an event of default. Further, in the event that Suncorp does not pay a scheduled Dividend on CPS, a Holder has no right to apply for Suncorp to be wound up and will have no right of set-off or offsetting rights or claim on Suncorp. 	Section 4.1.3
Dividends may not be fully franked	<ul style="list-style-type: none"> Suncorp expects Dividends to be fully franked. However, there is no guarantee that Suncorp will have sufficient franking credits in the future to fully frank Dividends. If a Dividend is unfranked or partially franked, the Dividend will be increased to fully compensate for the unfranked component, subject to the Payment Tests. The value and availability of franking credits to a Holder will differ depending on the Holder's particular tax circumstances. 	Section 4.1.4
Changes in Dividend Rate	<ul style="list-style-type: none"> The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate. There is a risk that this rate may become less attractive when compared to the rates of return available on comparable securities. 	Section 4.1.5

About CPS

Topic	Summary	Where to find more information
1.7 Potential investment risks (Cont)		
Mandatory Conversion may not occur	<ul style="list-style-type: none"> CPS are expected to Convert into Ordinary Shares on the Mandatory Conversion Date. However, there is a risk that Conversion will not occur because the Mandatory Conversion Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or if Ordinary Shares cease to be quoted on ASX. Mandatory Conversion may therefore not occur when scheduled or at all. 	Section 4.1.7
Ranking	<ul style="list-style-type: none"> CPS are not deposit liabilities of Suncorp or of any other member of the Suncorp Group and do not have the benefit of the depositor protection provisions of the Banking Act. CPS are issued by Suncorp on the Terms and Holders have no claim on Suncorp in respect of CPS except as provided in those Terms. No other member of the Suncorp Group guarantees, supports or otherwise stands behind CPS and a Holder has no claim whatsoever on any other member of the Suncorp Group for payment of any amount in respect of CPS. CPS are not secured. If Suncorp is wound up, Holders rank for payment behind all depositors, creditors and Non-Participating Shares and rank equal with RPS and other equal ranking securities. On a winding-up there is a risk that Holders will not receive a return of capital or payment of any Dividend which has been declared but not paid. 	Section 4.1.11
Suncorp's financial performance and position	<ul style="list-style-type: none"> The market price of CPS (and the Ordinary Shares into which they are expected to Convert) may be affected by Suncorp's financial performance and position. For specific risks associated with an investment in Suncorp and the general insurance, banking and wealth management industries generally, see Section 4.2. Suncorp's financial performance and position may also affect the credit ratings associated with CPS, which may impact the market price and liquidity of CPS. 	Section 4.2

Where can I get more information?

If you have any questions about the Offer or how to apply for CPS, call the **Suncorp CPS InfoLine on 1300 665 385** (Monday to Friday – 8.30am to 5.30pm) or contact your Syndicate Broker or other professional adviser.

2. About the Offer



This Section sets out:

- who the Offer is made to;
- what you must do if you wish to apply for CPS;
- details of ASX quotation and trading; and
- other information relevant to the Offer and your Application.

About the Offer

2.1 Offer

The Offer is for up to \$700 million of CPS.

There is no minimum amount to be raised by the Offer and Suncorp may accept any Applications.

The Offer of CPS comprises:

- a **Securityholder Offer** made to Securityholder Applicants;
- a **General Offer** made to General Applicants;
- a **Broker Firm Offer** made to Broker Firm Applicants; and
- an **Institutional Offer** made to certain Institutional Investors.

As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia. CPS may be offered in a jurisdiction outside Australia under the Institutional Offer or Broker Firm Offer where such offer is made in accordance with the laws of that jurisdiction – see Section 6.12.

For details of how to apply for CPS under the Offer if you are a Securityholder Applicant, a General Applicant, a Broker Firm Applicant or an Institutional Investor – see Section 2.3.1.

2.2 Obtaining a Prospectus and Application Form

An electronic copy of this Prospectus will be available to persons in Australia online at www.suncorp.com.au/CPS during the Offer Period. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

During the Offer Period, you may also request a free paper copy of this Prospectus either online by following the instructions at www.suncorp.com.au/CPS or by contacting the Suncorp CPS InfoLine on 1300 655 385.

Application Forms (both electronic and paper) will only be available with the Prospectus during the Offer Period. Your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to or accompanied by a copy of this Prospectus, and have made your Application Payment.

About the Offer

2.3 Applying for CPS

2.3.1 Overview

Who can apply for CPS?	How many CPS can you apply for?	When to apply ¹
Securityholder Applicant – that is, a holder of Ordinary Shares, RPS or Floating Rate Capital Notes shown on the Register with an address in Australia – through the Securityholder Offer.	<ul style="list-style-type: none"> Your Application must be for a minimum of 20 CPS (\$2,000). If your Application is for more than 20 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of at least \$1,000. Suncorp, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to allocate any Securityholder Applicant a lesser number of CPS than applied for. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which will open on 16 May 2008. The Closing Date² for the Securityholder Offer is expected to be 5.00pm on 4 June 2008. Your completed Application Form (either electronic or paper) and Application Payment must be received by the Registry by this time.
General Applicant – that is, an Australian resident who is neither a Securityholder Applicant, Broker Firm Applicant nor Institutional Investor – through the General Offer.	<ul style="list-style-type: none"> Your Application must be for a minimum of 20 CPS (\$2,000). If your Application is for more than 20 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of at least \$1,000. Suncorp, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to allocate any General Applicant a lesser number of CPS than applied for. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which will open on 16 May 2008. The Closing Date² for the General Offer is expected to be 5.00pm on 4 June 2008. Your completed Application Form (either electronic or paper) and Application Payment must be received by the Registry by this time.
Broker Firm Applicant – that is, a client of a Syndicate Broker (whether an Australian resident or not) – through the Broker Firm Offer. ³	<ul style="list-style-type: none"> Your Application must be for a minimum of 20 CPS (\$2,000). If your Application is for more than 20 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of at least \$1,000. Your Syndicate Broker will inform you of your Allocation. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which will open on 16 May 2008. The Closing Date² for the Broker Firm Offer is expected to be 10.00am on 10 June 2008. Your completed grey Application Form and Application Payment must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.
Institutional Investor – that is, an investor (whether an Australian resident or not) who was invited by the Joint Lead Managers to bid for CPS in the Bookbuild and who is not a Broker Firm Applicant – through the Institutional Offer. ³	<ul style="list-style-type: none"> Applications by Institutional Investors are subject to the terms and conditions of the Bookbuild and this Prospectus. 	<ul style="list-style-type: none"> The Bookbuild date was 13 May 2008.

1 The key dates for the Offer are indicative only and may change without notice. Suncorp, in consultation with the Joint Lead Managers, may agree to accept late Applications (either generally or in particular cases), to extend any Closing Date, to close the Offer early without notice, or to withdraw the Offer at any time before CPS are issued.

2 The Securityholder Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the Securityholder Offer and General Offer.

3 CPS may be offered in a jurisdiction outside Australia under the Institutional Offer or Broker Firm Offer where such offer is made in accordance with the laws of that jurisdiction – see Section 6.12.

About the Offer

How do I apply online?

- You can apply online at www.suncorp.com.au/CPS
- Instructions on how to complete your Application are provided online.
- You will be asked to provide your SRN or HIN which can be found on your holding statement or payment advice.
- You will be required to pay for CPS using BPAY®
 - see Section 2.4.1.

How do I apply using a paper Application Form?

- You can request a paper copy of the Prospectus and your personalised white Securityholder Application Form either:
 - online by following the instructions at www.suncorp.com.au/CPS; or
 - by calling the Suncorp CPS InfoLine on 1300 665 385.
- Instructions on how to complete your personalised white Securityholder Application Form are set out on the reverse side of that form.
- You will be required to pay for CPS by cheque(s) and/or money order(s) – see Section 2.4.1.
- If paying by cheque(s) and/or money order(s), you will be required to mail or hand deliver your completed personalised Securityholder Application Form to the Registry. If paying by BPAY®, you do not need to complete or return your personalised white Securityholder Application Form
 - see Section 2.3.2.

- You can apply online at www.suncorp.com.au/CPS
- Instructions on how to complete your Application are provided online.
- You will be required to pay for CPS using BPAY®
 - see Section 2.4.1.

- There are grey Application Forms contained in the back of this Prospectus that should be used by General Applicants. You can request a paper copy of the Prospectus and Application Form either:
 - online by following the instructions at www.suncorp.com.au/CPS; or
 - by calling the Suncorp CPS InfoLine on 1300 665 385.
- Instructions on how to complete the grey Application Form are set out on the reverse side of that form.
- You will be required to pay for CPS using cheque(s) and/or money order(s) – see Section 2.4.1. BPAY® is not available for General Applicants using a paper grey Application Form.
- You will be required to mail or hand deliver your completed grey Application Form to the Registry – see Section 2.3.2.

- There are grey Application Forms in the back of this Prospectus that should be used by Broker Firm Applicants.
- Instructions on how to complete the grey Application Form are set out on the reverse side of that form.
- You should contact your Syndicate Broker for information on how to submit the grey Application Form and your Application Payment to your Syndicate Broker.
- You must NOT return your grey Application Form to the Registry.
- Your Syndicate Broker:
 - may provide a facility for you to apply for CPS online;
 - must have received your completed grey Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – expected to be 10.00am on 10 June 2008; and
 - will act as your agent in processing your Application Form and providing your Application details and Application Payment to Suncorp.

- Applications by Institutional Investors are subject to the terms and conditions of the Bookbuild and this Prospectus.

About the Offer

2.3.2 Delivering paper Application Forms—Securityholder Offer and General Offer

If you are a Securityholder Applicant and paying by cheque and/or money order, or you are a General Applicant, you should return your completed paper Application Form and Application Payment to one of the addresses below so that they are received by the Registry before the Closing Date, which is expected to be 5:00pm on 4 June 2008:

by mail to the Registry:

Suncorp CPS Offer
Link Market Services Limited
Reply Paid 3560
SYDNEY NSW 2001

by hand delivery to the Registry:

Suncorp CPS Offer
Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

or
Suncorp CPS Offer
Link Market Services Limited
Level 12, 300 Queen Street
BRISBANE QLD 4000

Paper Application Forms and Application Payments will not be accepted at any other address (including Suncorp's registered office or any other Suncorp office or branch).

2.4 How to pay

2.4.1 Overview

	Online	Paper Application Form
Securityholder Offer	<ul style="list-style-type: none">• If you apply using an online Application Form at www.suncorp.com.au/CPS, you must complete your Application by making a BPAY® payment.• Once you have completed your online Application Form, you will be given a BPAY® biller code and customer reference number. Follow the BPAY® instructions below to complete your Application. If you do not make a BPAY® payment your Application will be incomplete and will not be accepted by Suncorp.• Using the provided BPAY® details, you need to:<ul style="list-style-type: none">• access your participating BPAY® financial institution either through telephone banking or internet banking;• select BPAY® and follow the prompts:<ul style="list-style-type: none">– enter the biller code supplied;– enter the customer reference number supplied;– enter the amount to be paid which corresponds to the number of CPS you wish to apply for (that is, a minimum of \$2,000 – 20 CPS and incremental multiples of \$1,000 – 10 CPS);– select the account you wish your payment to be made from;– schedule your payment for the same day processing since Applications without payment cannot be accepted; and• record your BPAY® receipt number and date paid. Retain these details for your records.	<ul style="list-style-type: none">• If you apply under the Securityholder Offer using a paper personalised Securityholder Application Form, you can complete your Application by:<ul style="list-style-type: none">• making a BPAY® payment; or• making payment by cheque(s) and/or money order(s).• If you are making a BPAY® payment, you do not need to complete or return the personalised Securityholder Application Form. Simply use the biller code and customer reference number provided on your personalised Securityholder Application Form and follow the BPAY® instructions on the left. By completing a BPAY® payment, you acknowledge you are applying pursuant to the personalised Securityholder Application Form.• An Application Payment in the form of cheque(s) and/or money order(s) must be made in Australian dollars drawn on an Australian branch of a financial institution and made payable to 'Suncorp-Metway Limited – CPS Offer'.• Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.
General Offer	<ul style="list-style-type: none">• If you apply using an online Application Form at www.suncorp.com.au/CPS, you must complete your Application by making a BPAY® payment.• Once you have completed your online Application Form, you will be given a BPAY® biller code and customer reference number. Follow the BPAY® instructions above to complete your Application. If you do not make a BPAY® payment your Application will be incomplete and will not be accepted by Suncorp.	<ul style="list-style-type: none">• If you apply under the General Offer using a paper Application Form, your completed Application Form must be accompanied by an Application Payment in the form of cheque(s) and/or money order(s) in Australian dollars drawn on an Australian branch of a financial institution and made payable to 'Suncorp-Metway Limited – CPS Offer'.• Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.• You cannot pay by BPAY® if you apply under the General Offer using a paper Application Form. If you wish to pay by BPAY®, you need to make an online Application – see left.
Broker Firm Offer	<ul style="list-style-type: none">• You should contact your Syndicate Broker for information on how to submit the grey Application Form and your Application Payment to your Syndicate Broker.	

About the Offer

2.4.2 Brokerage and stamp duty

No brokerage or stamp duty is payable on your Application. However, you may have to pay brokerage on any later sale of your CPS on ASX after CPS have been quoted on ASX.

2.4.3 Application Payments held on trust

All Application Payments received before CPS are issued will be held by Suncorp on trust in an account established solely for the purpose of depositing Application Payments received. Any interest that accrues in that account will be retained by Suncorp. After CPS are issued to successful Applicants, the Application Payments held on trust will be payable to Suncorp.

2.4.4 Refunds

If you are a Securityholder Applicant or General Applicant and you are not allotted any CPS or you are allotted fewer CPS than the number that you applied for as a result of a scale back, all or some of your Application Payment (as applicable) will be refunded (without interest) as soon as possible after the Issue Date.

In addition, if the Offer does not proceed for any reason, all Applicants will have their Application Payments refunded (without interest) as soon as possible.

2.5 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if the Application is successful, to administer your CPS. For information about the acknowledgements and privacy statement in relation to personal information that you provide Suncorp by completing an Application Form – see Section 6.13.

2.6 Allocation policy

2.6.1 Overview

The Allocation policy for Syndicate Brokers and Institutional Investors has been determined under the Bookbuild – see Section 2.6.2. The Joint Lead Managers, in consultation with Suncorp, had the right to nominate the persons to whom CPS were Allocated in the Bookbuild.

Allocations for the Securityholder Offer and the General Offer will be determined by Suncorp and the Joint Lead Managers after the Closing Date – see Section 2.6.4. There is no specified proportion of the Offer that may be allocated to the Securityholder Offer and the General Offer. Suncorp and the Joint Lead Managers reserve the right to scale back Applications from Securityholder Applicants and General Applicants and to treat Applications in excess of \$250,000 as part of the Institutional Offer. Any scale back will be announced on ASX on the day CPS commence trading on a deferred settlement basis – expected to be 13 June 2008. As a result of any scale back, Applicants under the Broker Firm Offer and Institutional Offer will be given priority and as such, Applicants under the Securityholder Offer and General Offer may not be allocated any CPS.

About the Offer

2.6.2 Bookbuild

The Bookbuild is a process that was conducted by the Joint Lead Managers in consultation with Suncorp before the Opening Date to determine the Margin and firm Allocations of CPS to Syndicate Brokers and Institutional Investors. In this process, the Syndicate Brokers (including the Joint Lead Managers, the Senior Co-Manager and Co-Managers) and Institutional Investors were invited to lodge bids for a number of CPS. On the basis of those bids, the Joint Lead Managers and Suncorp have by mutual agreement determined the Margin to be 3.2000% per annum as well as determining firm Allocations to Syndicate Brokers and Institutional Investors. The Bookbuild was conducted in the manner contemplated in this Prospectus and otherwise on the terms and conditions agreed by Suncorp and the Joint Lead Managers in the Offer Management Agreement – see Section 6.6.

2.6.3 Settlement support

The Joint Lead Managers have agreed with Suncorp to provide settlement support for the number of CPS that are Allocated to Syndicate Brokers and Institutional Investors under the Bookbuild. This means that if any of the Syndicate Brokers or Institutional Investors fail to deliver Applications including Application Payments to Suncorp by the Settlement Date (which is one Business Day before the Issue Date), the Joint Lead Managers will be issued with and pay for those CPS.

Under the Offer Management Agreement, as part of this settlement support, the Joint Lead Managers will pay to Suncorp, or procure payment to Suncorp of, the aggregate proceeds raised from Syndicate Brokers and Institutional Investors under the Bookbuild by the Settlement Date.

The Offer Management Agreement may be terminated by the Joint Lead Managers in certain circumstances – see Section 6.6. If the Offer Management Agreement is terminated, Syndicate Brokers and Institutional Investors who participated in the Bookbuild can withdraw their firm Allocations. For details of the fees payable under the Offer Management Agreement – see Section 6.8.

2.6.4 Allocations

Institutional Offer	Allocations to Institutional Investors have been determined by the Joint Lead Managers in consultation with Suncorp.
Broker Firm Offer	Allocations to Syndicate Brokers have been determined by the Joint Lead Managers in consultation with Suncorp. Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.
Securityholder Offer and General Offer	<p>Securityholder Applicants and General Applicants who submit a valid Application Form and Application Payment may receive an Allocation, subject to the right of Suncorp and the Joint Lead Managers to determine the Allocations, when the Offer closes.</p> <p>If there is excess demand for CPS after Allocations to Institutional Investors and Syndicate Brokers, Applicants under the Securityholder Offer will be given priority over General Applicants. Suncorp and the Joint Lead Managers have absolute discretion to determine the method and extent of the priority Allocation to Securityholder Applicants.</p> <p>In particular, Suncorp and the Joint Lead Managers reserve the right (at their discretion) to:</p> <ul style="list-style-type: none">• allocate to any Securityholder Applicant or General Applicant all CPS for which they have applied;• reject any Application by a Securityholder Applicant or General Applicant; or• allocate to any Securityholder Applicant or General Applicant a lesser number of CPS than that applied for, including less than the minimum Application of CPS or none at all. <p>No assurance is given that any Securityholder Applicant or General Applicant will receive an Allocation.</p>

About the Offer

2.7 ASX quotation, Holding Statements and other information

2.7.1 ASX quotation

Suncorp has applied to ASX for CPS to be quoted on ASX. If ASX does not grant permission for CPS to be quoted within three months after the date of the Original Prospectus, CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

It is expected that CPS will begin trading on ASX on a deferred settlement basis on 13 June 2008 under ASX code 'SUNPB'. Trading is expected to continue on that basis until 19 June 2008, when it is anticipated that trading of CPS will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before entries are made by the Registry in respect of your holdings of CPS and before Holding Statements are despatched to successful Applicants.

You are responsible for confirming your holding before trading in CPS. If you are a successful Applicant and you sell your CPS before you receive your Holding Statement, you do so at your own risk.

You may call the Suncorp CPS InfoLine on 1300 665 385 (Monday to Friday – 8.30am to 5.30pm) or your Syndicate Broker after the Issue Date to enquire about your Allocation.

2.7.2 Holding Statements

Suncorp will apply for CPS to participate in CHESS. No certificates will be issued for CPS. Suncorp expects that Holding Statements will be despatched to successful Applicants by 18 June 2008.

2.7.3 Provision of bank account details for Dividends

Suncorp will pay your Dividends directly into an Australian dollar account of a financial institution nominated by you.

If you are allotted any CPS, when you are sent your Holding Statement you will receive a form on which you can provide your Australian dollar financial institution account details.

About the Offer

2.7.4 Provision of Tax File Number or Australian Business Number

If you are issued any CPS, then the Registry will provide you with a form (when your Holding Statement is despatched to you) that will request that you provide your Tax File Number (TFN), Australian Business Number (ABN) or both.

The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act.

You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, Suncorp may be required to withhold Australian tax at the maximum marginal tax rate (currently 46.5% including the Medicare levy) on the amount of any Dividend unless you provide one of the following:

- TFN;
- TFN exemption number (if applicable); or
- ABN (if CPS are held in the course of an enterprise carried on by you).

Successful Applicants who do not have a registered address in Australia with the Registry may be subject to Australian withholding tax on the amount of any Dividend paid.

2.8 Enquiries

2.8.1 Securityholder Applicants and General Applicants

You can call the Suncorp CPS InfoLine on 1300 665 385 (Monday to Friday – 8.30am to 5.30pm) if you:

- have further questions on how to apply for CPS;
- require assistance to complete your Application Form;
- require additional copies of this Prospectus and Application Forms; or
- have any other questions about the Offer.

2.8.2 Broker Firm Applicants

If you have further questions about the Offer or your Application, you should contact your Syndicate Broker or other professional adviser.

If you are unclear in relation to any matter relating to the Offer or are uncertain if CPS are a suitable investment for you, you should consult your financial adviser or other professional adviser. If you are a Broker Firm Applicant you should immediately contact your Syndicate Broker or other professional adviser.

3. About Suncorp



This Section sets out:

- a description of Suncorp's business including summary financial information;
- pro forma financial information demonstrating the effect of the Offer on Suncorp;
- a description of Suncorp's capital management initiatives and capital ratios; and
- information on the credit ratings relevant to the Offer.

About Suncorp

3.1 Overview of Suncorp

3.1.1 Introduction

Suncorp is the parent entity of the Suncorp Group. The Suncorp Group includes Australia's third largest general insurance group and sixth largest listed bank (based on the size of its loan assets), with an ASX market capitalisation of \$15 billion as at 13 May 2008.

The Suncorp Group's primary businesses are general insurance, banking and wealth management. The banking business is carried out by Suncorp while the general insurance and wealth management businesses are carried out by wholly owned subsidiaries.

As at 31 December 2007, the Suncorp Group had assets of approximately \$92 billion, funds under management of over \$27 billion and approximately 7 million customers in Australia and New Zealand.

Suncorp's headquarters are in Brisbane, Queensland. The Suncorp Group has 177 retail outlets and 60 business banking outlets, predominantly in Queensland. As at 31 December 2007, the Suncorp Group employed approximately 16,450 full time equivalent employees.

The three main business divisions of the Suncorp Group are detailed as follows:

General insurance

The Suncorp Group's general insurance business provides personal insurance products such as home and contents, motor and compulsory third party personal insurances, a range of commercial insurance products for small to medium sized businesses and workers compensation insurance. These insurance products are provided to approximately 6 million customers across Australia and New Zealand. Premium revenue for the half year ended 31 December 2007 was over \$3.1 billion.

Some of the Suncorp Group's general insurance brands



About Suncorp

Banking

Suncorp is Australia's sixth largest ASX listed bank (based on the size of its loan assets), with \$69 billion in assets as at 31 December 2007.

Suncorp's retail banking provides home and personal loans, transaction savings and investment accounts, margin lending, credit cards and foreign exchange services to more than 800,000 customers nationally through 177 retail outlets, call centres, internet banking and ATMs.

Suncorp's business banking focuses on commercial banking, corporate banking, property investment, development finance, equipment finance and agribusiness.

Wealth management

Following the Promina merger (see Section 3.1.3), the Suncorp Group now owns a trans-Tasman financial services business, which includes Suncorp Wealth Management and Financial Planning, and brands such as Asteron (Australia and New Zealand), Tyndall (Australia and New Zealand), Standard Pacific, Guardian Financial Planning, Guardian Trust (New Zealand) and Cameron Walshe.

The wealth management business provides superannuation (personal and employer sponsored), managed investments (unit trusts and wrap services), life insurance (death, trauma and disability) and financial planning advice to approximately 600,000 individual and small business customers.

Total funds under management for the wealth management business was over \$27 billion as at 31 December 2007.

Some of the Suncorp Group's wealth management brands



About Suncorp

3.1.2 Suncorp's financial results for the half year ended 31 December 2007

Suncorp reported a net profit after tax of \$382 million for the half year ended 31 December 2007, down 28.9% from the previous half year, primarily as a result of the impact of a number of significant weather events and volatility in global credit and equity markets. Profit before tax and items relating to the Promina merger was down 19.9% to \$616 million from the prior corresponding period.

General insurance half year profit before tax and Promina merger items was \$172 million with an insurance trading ratio for the half year of 5.1%, reflecting a number of external events occurring during the half.

Banking half year profit before tax was up 9.6% to \$307 million from the prior period, reflecting above system lending growth in all segments, despite substantially increased funding costs.

Wealth management's half year profit before tax and Promina merger items was \$125 million, down 4.6% on the prior half primarily as a result of volatility in global credit and equity markets.

Suncorp declared an interim fully franked dividend of 52 cents per Ordinary Share, with the dividend reinvestment plan underwritten to 65%.

As previously advised to the market, the second half results have been impacted by the costs associated with the February 2008 flooding in Mackay and North Queensland, which Suncorp anticipates will cost \$100 million net of reinsurance recoveries. The second half results may also be impacted by the continued volatility in financial markets through deterioration in credit spreads and equities markets and other weather events outside normal provisions.

For a summary of Suncorp's financial information – see Section 3.2.

3.1.3 Summary of Suncorp's merger with Promina

On 20 March 2007, the Suncorp Group completed its merger with Promina. The assessed merger consideration was \$7,908 million, represented by \$1,896 million in cash and the issue of 280 million Ordinary Shares in Suncorp to Promina shareholders. The merger with Promina significantly expanded the Suncorp Group's product offering in general insurance and wealth management across Australia and New Zealand.

The Suncorp Group is currently integrating Promina.

The integration program consists of three phases, which are:

- **Phase 1:** Settling in phase – understanding the brands and business that now form part of the larger Suncorp Group;
- **Phase 2:** Design phase – developing a portfolio integration initiatives which would realise the benefits of bringing the two businesses together; and
- **Phase 3:** Implementation phase – implementing the agreed integration initiatives and ensuring benefits are delivered.

During the half year to 31 December 2007, the Suncorp Group completed Phase 2 of its integration with Promina.

3.2 Pro forma financial information

The financial information in this Section 3.2 is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual or interim report prepared in accordance with Australian Accounting Standards.

The actual historical financial information has been extracted from interim financial statements which have been subject to review and lodged with ASX. You may obtain a free copy of this financial report from Suncorp during the Offer Period – see Section 6.2.

The following consolidated pro forma balance sheet as at 31 December 2007 sets out the expected effect of the Offer on the consolidated balance sheet of Suncorp as at 31 December 2007 and:

- assumes that the Offer was completed and \$700 million of CPS were on issue as at 31 December 2007, adjusted for net issue expenses;
- assumes that the 2008 interim dividend payable on Ordinary Shares of \$484 million was paid prior to 31 December 2007;
- assumes that a dividend reinvestment plan for the 2008 interim dividend payable on Ordinary Shares is underwritten to \$315 million and takes place prior to 31 December 2007; and
- assumes that all long term borrowings maturing within 12 months from the date of the Prospectus are classified as short term borrowings as at 31 December 2007.

About Suncorp

3.2.1 Pro forma consolidated balance sheet as at 31 December 2007

The pro forma historical balance sheet was derived from historical financial information which has been subject to review, after adjusting for pro forma adjustments.

(\$m)	31 December 2007 actual	Adjustments prior to the Offer	Adjustments for the Offer	Pro forma	Notes
Assets					
Cash and cash equivalents	1,237	(169)	685	1,753	1,2
Receivables due from other banks	4	-	-	4	
Trading securities	7,842	-	-	7,842	
Investment securities	20,305	-	-	20,305	
Loans, advances and other receivables	51,109	-	-	51,109	
Bank acceptances of customers	759	-	-	759	
Reinsurance and other recoveries	1,329	-	-	1,329	
Deferred insurance assets	560	-	-	560	
Assets classified as held for sale	151	-	-	151	
Investments in associates and joint ventures	345	-	-	345	
Property, plant and equipment	324	-	-	324	
Investment property	145	-	-	145	
Goodwill and intangible assets	7,212	-	-	7,212	
Other assets	493	-	-	493	
Total assets	91,815	(169)	685	92,331	
Liabilities					
Deposits and short term borrowings	40,357	2,158	-	42,515	3
Payables due to other banks	43	-	-	43	
Bank acceptances	759	-	-	759	
Payables and other liabilities	1,832	-	-	1,832	
Current tax liabilities	9	-	-	9	
Employee benefit obligations	185	-	-	185	
Deferred tax liabilities	400	-	-	400	
Unearned premiums and unexpired risk liabilities	3,186	-	-	3,186	
Outstanding claims liabilities	7,404	-	-	7,404	
Gross policy liabilities	7,717	-	-	7,717	
Unvested policy owner benefits	322	-	-	322	
Outside beneficial interests	1,248	-	-	1,248	
Securitisation liabilities	7,566	-	-	7,566	
Bonds, notes and long term borrowings	5,283	(2,158)	-	3,125	3
Subordinated notes	2,926		-	2,926	
Other financial liabilities	49	-	-	49	
Preference shares	144	-	685	829	2
Total liabilities	79,430	-	685	80,115	
Net assets	12,385	(169)	-	12,216	

About Suncorp

(\$m)	31 December 2007 actual	Adjustments prior to the Offer	Adjustments for the Offer	Pro forma	Notes
Equity					
Share capital	10,467	315	-	10,782	4
Reserves	247	-	-	247	
Retained profits	1,668	(484)	-	1,184	5
Total equity attributable to equity holders of the parent	12,382	(169)	-	12,213	
Minority interests	3	-	-	3	
Total equity	12,385	(169)	-	12,216	

Notes:

- 1 Decrease in cash and cash equivalents relates to \$169 million cash disbursements for Suncorp's dividend on Ordinary Shares paid on 1 April 2008.
- 2 Assumes the issue of \$700 million of CPS with net issue expenses of \$15 million. The actual issue amount may be less than \$700 million.
- 3 Reclassification of negotiable certificates of deposit with an original maturity of 3 years from "Bonds, notes and long term borrowings" to "Deposits and short term borrowings" to reflect the portion of these borrowings maturing 12 months from the date of this Prospectus.
- 4 The increase in share capital relates to the issue of \$315 million of Ordinary Shares on 9 April 2008 pursuant to the dividend reinvestment plan.
- 5 The decrease in retained profits relates to the \$484 million dividend on Ordinary Shares paid on 1 April 2008.

3.3 Capital management initiatives and capital adequacy ratios

3.3.1 APRA and capital adequacy ratios

The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies, and most members of the superannuation industry. APRA's website at www.apra.gov.au includes further details of its functions and Prudential Standards.

Suncorp is regulated by APRA because of its status as an authorised deposit-taking institution (ADI). Members of the Suncorp Group are also regulated by APRA as insurers. APRA's Prudential Standards aim to ensure that ADIs (including Suncorp) maintain adequate capital to support the risks associated with their activities on both a stand-alone and group basis. The capital adequacy ratio is the ratio of regulatory capital to risk-weighted assets (as defined by APRA). The minimum capital adequacy ratio prescribed by APRA for the Suncorp Banking Group is 9.5%. Suncorp's internal target range for its capital adequacy ratio is 10.00% - 10.50%. As at 31 December 2007, Suncorp's capital adequacy ratio was 10.84%, which exceeds APRA's requirements.

The effect of the Offer on Suncorp's capital adequacy ratio is set out in Section 3.3.5.

3.3.2 Basel II

Basel II is the common name for a framework issued by Bank of International Settlements' Basel Committee on Banking Supervision for the calculation of capital adequacy for banks. The objective of the Basel II framework is to develop capital adequacy guidelines that are more accurately aligned with the individual risk profile of banks. The Basel II framework is based on three 'pillars':

- Pillar one covers the capital requirements for banks;
- Pillar two covers the supervisory review process; and
- Pillar three relates to market disclosure.

Suncorp is now reporting for regulatory capital purposes under the Basel II standardised approach in accordance with APRA's requirements.

Improved measurement and the management of risk is now being driven through the implementation of the Basel II capital requirements across the Suncorp Banking Group.

3.3.3 Tier 1 Capital

APRA classifies an ADI's regulatory capital into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital. APRA requires at least half of regulatory capital to be in the form of Tier 1 Capital, with the remainder being in the form of Tier 2 Capital.

Tier 1 Capital consists of paid up ordinary shares, general reserves, retained earnings, non-cumulative preference shares and other hybrid capital securities not redeemable at the

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holder's option (as approved by APRA) together with minority interests, but excludes retained earnings and reserves of subsidiaries and associates that are not consolidated for capital adequacy purposes. APRA designates certain components of Tier 1 Capital as fundamental Tier 1 Capital, and the remainder as Residual Tier 1 Capital. Residual Tier 1 Capital (which may constitute up to 25% of net Tier 1 Capital) is separated into:

- Non-innovative Residual Tier 1 Capital; and
- Innovative Tier 1 Capital (which may constitute up to 15% of net Tier 1 Capital).

APRA has provided confirmation that CPS will, once issued, qualify for Non-innovative Residual Tier 1 Capital treatment under current Prudential Standards at the date of this Prospectus.

3.3.5 Pro forma consolidated capital adequacy position as at 31 December 2007

The pro forma consolidated capital adequacy position set out below was derived from the 31 December 2007 actual capital adequacy position reported to APRA, after adjusting for pro forma adjustments.

Consolidated banking capital (\$m)	31 December 2007 actual	Adjustments prior to the Offer	Adjustments for the Offer	Pro forma	Notes
Fundamental Tier 1	11,490	55		11,545	1,2
Residual Tier 1	144		685	829	3
Tier 1 deductions	(7,882)	(992)		(8,874)	4
Net Tier 1	3,752	(937)	685	3,500	
Upper Tier 2	347			347	
Lower Tier 2	1,777			1,777	5
Tier 2 deductions	-	(991)		(991)	4
Net Tier 2	2,124	(991)	-	1,133	
Capital deductions	(1,983)	1,983		-	4
Capital base	3,893	55	685	4,633	
Risk-weighted exposures	35,900			35,900	6
Capital adequacy ratio	10.84%			12.91%	
Residual Tier 1 as a percentage of net Tier 1	3.84%			23.69%	

Notes:

- 1 \$205 million of Ordinary Shares were issued on 9 April 2008 pursuant to the underwritten component of the dividend reinvestment plan on Suncorp's dividend on Ordinary shares paid on 1 April 2008. The shares issued pursuant to the underwritten component of the dividend reinvestment plan are included from that date in fundamental Tier 1 Capital. Suncorp's dividend on Ordinary Shares paid on 1 April 2008 and the underlying dividend reinvestment plan participation of \$110 million had been fully accrued for regulatory capital purposes in the 31 December 2007 actual capital adequacy position.
- 2 The expected intragroup dividends from the general insurance businesses to Suncorp were reduced by \$150 million due to increased claims experience following the Mackay floods as well as continuing adverse equity market conditions.
- 3 Assumes the issue of \$700 million of CPS with net issue expenses of \$15 million. The actual issue amount may be less than \$700 million.
- 4 The change to capital deductions relates to a change in the Prudential Standards from 1 January 2008 which requires 50% of capital deductions to be deducted from Tier 1 Capital and 50% of capital deductions to be deducted from Tier 2 Capital.
- 5 The inclusion of Lower Tier 2 capital in excess of 50% of Net Tier 1 capital is in accordance with transitional relief provided by APRA until June 2009.
- 6 Suncorp's capital adequacy position at 31 December 2007 is calculated based on the Prudential Standards effective at that date. From 1 January 2008, risk-weighted exposures must be calculated using the Basel II methodology discussed in Section 3.3.2. The pro forma capital adequacy position does not include the impact of adopting Basel II on Suncorp's risk-weighted exposures. Suncorp anticipates that the value of risk-weighted exposures will increase by less than 3% as a result of the implementation of the Basel II standardised approach.

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3.4 Credit ratings

Suncorp and its subsidiaries have been rated by Standard & Poor's, Moody's and Fitch Ratings. Those ratings that are current at the date of this Prospectus and are relevant to the Offer are as follows:

Credit rating type	Standard & Poor's	Moody's	Fitch Ratings
CPS – Provisional Issue Credit Ratings	'A-'	'A2'	'A-'
Suncorp – Long-term credit ratings	'A+'	'Aa3'	'A+'

CPS Issue Credit Ratings were issued by Standard & Poor's and Fitch Ratings on 29 April 2008.

A provisional CPS Issue Credit Rating was issued by Moody's on 29 April 2008. This rating is provisional and Moody's has indicated that it will be assigned to CPS upon their issue subject to no material changes occurring to the Offer structure or documentation.

Suncorp's long-term credit ratings were affirmed by Standard & Poor's on 19 March 2008, by Moody's on 4 May 2007 and by Fitch Ratings on 20 March 2007.

These credit rating references are current but may be revised, withdrawn or suspended by the relevant credit rating agency at any time. These credit rating references are not a recommendation by the relevant credit rating agency to apply for CPS offered under this Prospectus. None of Standard & Poor's, Moody's or Fitch Ratings has consented to the use of their credit rating references in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the Corporations Act.

For a description of what each of these ratings mean, see Sections 3.4.1 and 3.4.2 below.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities (including CPS). Ratings may be changed, withdrawn or suspended at any time. In Australia, credit ratings are assigned by Standard & Poor's, Moody's and Fitch Ratings, none of which hold an AFSL under the Corporations Act.

As at the date of this Prospectus, Suncorp has not approached any other rating agency for a rating of CPS.

3.4.1 CPS – Issue Credit Ratings

An Issue Credit Rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program.

Standard & Poor's

Issues rated 'BBB-' or higher by Standard & Poor's are generally considered in capital markets to be investment grade. CPS have been assigned an Issue Credit Rating of 'A-' by Standard & Poor's and will therefore be investment grade once issued. An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

Standard & Poor's ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's

Issues rated 'Baa3' or higher by Moody's are generally considered in capital markets to be investment grade. CPS have been assigned a provisional Issue Credit Rating of 'A2' by Moody's and are therefore expected to be investment grade once issued. Obligations rated 'A' are considered upper-medium grade and are subject to low credit risk.

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from 'Aa' through 'Caa'. The modifier 1 indicates that the obligation ranks in the higher end of its generic category; the modifier 2 indicates mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic category.

Fitch Ratings

Issues rated 'BBB-' or higher by Fitch Ratings are generally considered in capital markets to be investment grade. CPS have been assigned an Issue Credit Rating of 'A-' by Fitch Ratings and will therefore be investment grade once issued. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

Fitch Ratings ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

3.4.2 Suncorp long-term credit ratings

A long-term credit rating is a current opinion of an obligor's overall financial capacity to pay its financial obligations (that is, its creditworthiness).

Standard & Poor's

The Standard & Poor's long-term credit rating for Suncorp is 'A+'. An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

The outlook applied to Suncorp's long-term credit rating above is 'Outlook Positive' which indicates that the rating may be raised.

Moody's

The Moody's long-term credit rating for Suncorp is 'Aa3'. Obligations rated 'Aa' are judged to be of high quality and are subject to very low credit risk.

The outlook applied to Suncorp's long-term credit rating above is 'Outlook Stable' which indicates that the rating is not likely to change.

Fitch Ratings

The Fitch Ratings long-term credit rating for Suncorp is 'A+'. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

The outlook applied to Suncorp's long-term credit rating above is 'Outlook Stable' which indicates that the rating is not likely to change.

4. Investment risks



This Section describes some of the potential risks associated with an investment in CPS and in Suncorp and the general insurance, banking and wealth management industries more generally.

Before applying for CPS, you should consider whether CPS are a suitable investment for you. There are risks associated with an investment in CPS, many of which are outside the control of Suncorp and its Directors. These risks include those in this Section and other matters referred to in this Prospectus.

4.1 Risks associated with investing in CPS

4.1.1 Liquidity

There may be no liquidity or a liquid market for CPS. The market for CPS may be less liquid than the market for Ordinary Shares or comparable securities issued by Suncorp or other entities. Holders who wish to sell their CPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for CPS.

CPS will Convert into Ordinary Shares on 14 June 2013 (subject to certain conditions being satisfied). There may be no liquidity or a liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion.

4.1.2 Financial market conditions

The market price of CPS may fluctuate due to various factors, including investor perceptions, worldwide economic conditions, interest rates, movements in the market price of Ordinary Shares, senior or subordinated debt, and factors that may affect Suncorp's financial performance and position. CPS may trade at a market price below the Issue Price.

The market price of CPS may be more sensitive than that of Ordinary Shares to changes in interest rates. Increases in relevant interest rates may adversely affect the market price of CPS.

The Ordinary Shares held as a result of any Conversion of CPS will, following Conversion, rank equal with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon Conversion will depend upon the market price of Ordinary Shares after the Mandatory Conversion Date or Exchange Date.

4.1.3 Dividends may not be paid

There is a risk that Dividends will not be paid. CPS are not debt securities and accordingly do not oblige Suncorp to pay interest.

The payment of Dividends is subject to the Payment Tests – see Section 1.2. The Payment Tests require, among other things, that the Directors, at their absolute discretion, determine a Dividend to be paid and that Suncorp has sufficient profits available to pay the Dividend. There is a risk that one or more elements of the Payment Tests will not be satisfied, and there is therefore a risk that a Dividend may not be paid in full or at all.

The Terms contain no events of default and, accordingly, failure to pay a Dividend on CPS when scheduled will not constitute an event of default. Further, in the event that Suncorp does not pay a Dividend when scheduled on CPS a Holder:

- has no right to apply for Suncorp to be wound up, or placed in administration, or cause a receiver or a receiver and manager to be appointed in respect of Suncorp merely on the grounds that Suncorp does not pay a Dividend when scheduled under CPS; and
- will have no right of set-off or offsetting rights or claims on Suncorp.

Dividends are non-cumulative, and therefore if a Dividend is not paid Holders will have no recourse whatsoever to payment from Suncorp and will not receive payment of those Dividends unless the Directors, at their absolute discretion and with the prior written approval of APRA, determine to pay an Optional Dividend at a later time.

However, if Suncorp does not declare a Dividend or pay a declared Dividend in full within 20 Business Days of a Dividend Payment Date, then the Dividend Restriction applies to Suncorp – see Section 1.2 for more details.

Suncorp may also be prevented from paying Dividends by the terms of other securities (such as Tier 1 Capital and Upper Tier 2 Capital securities) if a dividend or other distribution has not been paid on those securities. If such a constraint applies, Suncorp may not be able to pay Dividends on CPS without the approval of the holders of those other securities – see Section 4.1.6.

4.1.4 Dividends may not be fully franked

Suncorp expects Dividends to be fully franked. However, there is no guarantee that Suncorp will have sufficient franking credits in the future to fully frank Dividends.

If a Dividend is unfranked or partially franked, any Dividend paid will be increased to fully compensate for the unfranked component, subject to the Payment Tests – see Section 1.2.

The value and availability of franking credits to a Holder will differ depending on the Holder's particular tax circumstances. Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend. Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the year of income, will depend on the individual tax position of each Holder. Holders should also refer to the Tax Letter in Section 5 and seek professional advice in relation to their tax position.

Investment risks

4.1.5 Changes in Dividend Rate

The Dividend Rate is calculated for each Dividend Period by reference to the Bank Bill Rate, which is influenced by a number of factors and varies over time. The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate – see Section 1.2.

As the Dividend Rate fluctuates, there is a risk that it may become less attractive when compared to the rates of return available on comparable securities issued by Suncorp or other entities.

4.1.6 Distributions on CPS may be restricted by the terms of other similar securities

The terms of some of Suncorp's outstanding securities could limit Suncorp's ability to make payments on CPS. If Suncorp does not make payments on CPS, payments may not be permitted to be made in respect of other similar capital securities (such as certain other Tier 1 Capital and Upper Tier 2 Capital securities). Similarly, if Suncorp does not make payments on other similar securities, payments may not be permitted to be made in respect of CPS.

If these restrictions apply to payments on CPS, Suncorp may not be able to pay Dividends when scheduled to do so under the Terms and may not be able to Redeem CPS. Suncorp is not restricted from issuing other securities of this kind or from agreeing in such other securities to further distribution restrictions.

4.1.7 Mandatory Conversion may not occur on the initial Mandatory Conversion Date or at all

CPS will Convert into Ordinary Shares on 14 June 2013 (subject to certain conditions being satisfied). However there is a risk that Conversion will not occur because the Mandatory Conversion Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or if Ordinary Shares cease to be quoted on ASX. Mandatory Conversion would then occur on the next Dividend Payment Date on which all of the Mandatory Conversion Conditions are satisfied.

Suncorp may choose to arrange for a Resale to occur from Holders to the Nominated Purchaser on a possible Mandatory Conversion Date, which would mean Holders would receive \$100 for each CPS that was Resold rather than a variable number of Ordinary Shares upon Conversion. Resale is not subject to the Mandatory Conversion Conditions.

The choice to arrange for the Resale of CPS from Holders to the Nominated Purchaser may not coincide with a Holder's individual preference in terms of timing or whether the Holder

receives Ordinary Shares or cash on the possible Mandatory Conversion Date. This may be disadvantageous to the Holder in light of market conditions or individual circumstances at the time.

In the case of mandatory Conversion not occurring on a possible Mandatory Conversion Date, Dividends will continue to be paid on CPS, subject to the Payment Tests.

4.1.8 Resale may not complete

If Suncorp chooses to Resell CPS, Suncorp will appoint one or more Nominated Purchasers to acquire all CPS for cash equal to \$100 per CPS based on the terms and conditions agreed between Suncorp and the Nominated Purchaser. It will be the Nominated Purchaser's obligation to pay the consideration to Holders for CPS that are to be Resold. The obligation of a Nominated Purchaser to pay the aggregate purchase price to Holders may be subject to conditions. Although Suncorp will reasonably endeavour to minimise these conditions, Suncorp can give no assurance as to the details of any such conditions. Suncorp will have no obligation to pay this amount if it is not paid by the Nominated Purchaser (whether because a condition is not satisfied or otherwise). Accordingly, there is a risk that despite Suncorp appointing the Nominated Purchaser, they may not deliver cash equal to \$100 for each CPS to be Resold.

If the Nominated Purchaser does not pay cash equal to \$100 for each CPS to be Resold, or the Resale otherwise does not complete, if CPS would otherwise Convert on that date they will not Convert on that date and Holders will continue to hold CPS until CPS are otherwise Redeemed, Converted or Resold in accordance with the Terms.

In addition, Suncorp may, subject to APRA's prior written approval, choose to Exchange CPS at a later date by giving a new Exchange Notice. The new timing and Exchange Method chosen by Suncorp may be disadvantageous to the Holder in light of market conditions or individual circumstances at the time of Exchange.

4.1.9 Fluctuation in Ordinary Share price

Upon Conversion, Holders will receive \$101.01 worth of Ordinary Shares per CPS (based on the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date).¹ The market price of Ordinary Shares will fluctuate due to various factors, including investor perceptions, domestic and worldwide economics and Suncorp's financial performance and position – see Section 4.1.2. As a result, the value of Ordinary Shares received upon Conversion may be greater than or less than \$101.01 per CPS going forward.

¹ The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than \$101.01 when they are issued or thereafter.



4.1.10 Conversion

The only conditions to Conversion are the Mandatory Conversion Conditions and Optional Conversion Conditions. No other conditions will affect the Conversion except as expressly provided by the Terms – see clause 9.9 of the Terms.

Although one condition to Conversion is that a Delisting Event has not occurred, other events and conditions may affect the ability of Holders to trade or dispose of the Ordinary Shares issued on Conversion, for example, the willingness or ability of ASX to accept the Ordinary Shares issued on Conversion for listing or any practical issues which affect that listing, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

4.1.11 Restrictions on rights and ranking in a winding-up

CPS are not deposit liabilities of Suncorp and the payment of Dividends and payment on Resale or Redemption is not guaranteed by Suncorp, or any other members of the Suncorp Group. CPS are not subject to the deposit protection provisions of the Banking Act. CPS are issued by Suncorp under the Terms. A Holder has no claim on Suncorp in respect of CPS except as provided in the Terms. Holders have no claim whatsoever on any other member of the Suncorp Group for payment of any amount in respect of CPS. CPS are unsecured.

In the event of a winding-up of Suncorp, and assuming CPS have not been Exchanged, Holders will be entitled to be paid the Liquidation Sum for each CPS. This is an amount for each CPS up to \$100 in respect of its Issue Price and any Dividend determined to be paid but unpaid at the commencement of the winding-up of Suncorp. The claim for the Liquidation Sum ranks ahead of Ordinary Shares and equal with RPS and any other capital in Suncorp ranking equal with CPS, but behind all depositors, other creditors and Non-Participating Shares. Claims in respect of CPS are subordinated, in and notwithstanding a winding-up of Suncorp, so as to rank as preference shares.

If there is a shortfall of funds on a winding-up to pay the amounts above, there is a risk that Holders will not receive a full (or any part of the) Liquidation Sum in a winding-up of Suncorp.

4.1.12 Credit ratings

Suncorp has been assigned a long-term credit rating of 'A+' by Standard and Poor's, 'Aa3' by Moody's and 'A+' by Fitch Ratings. CPS have been provisionally assigned an Issue Credit Rating of 'A-' by Standard and Poor's, 'A2' by Moody's and 'A-' by Fitch Ratings – see Section 3.4.

There is a risk that:

- any of the long-term credit ratings assigned to Suncorp could be withdrawn, reviewed or downgraded; or
- any of the provisional Issue Credit Ratings assigned to CPS could be withdrawn, reviewed or downgraded,

either of which may impact the market price and liquidity of CPS.

Credit ratings are not 'market' ratings, nor are they a recommendation to buy, hold or sell securities and are subject to revision or withdrawal at any time.

The credit ratings may not reflect the potential impact of all risks related to the structure under which CPS are issued, market and additional factors discussed in this Section 4, and other factors that may affect the value of CPS or Suncorp's financial performance or position.

Investment risks

4.1.13 Regulatory classification

APRA has provided confirmation that CPS will, once issued, qualify for Non-innovative Residual Tier 1 Capital treatment under current Prudential Standards at the date of this Prospectus. However, if APRA subsequently determines that CPS are not or will not qualify for Non-innovative Residual Tier 1 Capital treatment, Suncorp may decide that a Regulatory Event has occurred. This will allow Exchange of all CPS on issue at the option of Suncorp (subject to APRA's written approval). For the risks attaching to Suncorp's discretion of Exchange in certain specified circumstances – see Section 4.1.15.

4.1.14 Australian tax consequences

A general outline of the tax consequences of investing in CPS for certain potential investors who are Australian residents for tax purposes is set out in the Tax Letter in Section 5. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor. Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If a change is made to the Australian tax system and that change leads to a more than insubstantial risk of:

- a significant increase in Suncorp's costs in relation to CPS being on issue;
- a dividend on CPS not being frankable; or
- franking credits not being available to Holders,

Suncorp is entitled to Exchange CPS – see Section 4.1.15.

Suncorp has applied for a class ruling from the Australian Taxation Office for confirmation of certain tax consequences for Holders as discussed in the Tax Letter in Section 5. The date of issue of any class ruling is not currently known.

4.1.15 Exchange by Suncorp is subject to certain events occurring

Suncorp may choose to Exchange CPS after a Tax Event or Regulatory Event. A Holder has no right to require an Exchange of CPS.

The Exchange Method chosen by Suncorp for Exchange and in some cases the act of Exchange itself is subject in all cases to APRA giving its prior written approval to that choice. The choice of Conversion as the Exchange Method is also subject to the level of the Ordinary Share price on the second Business Day before the date on which an Exchange Notice is to be sent by Suncorp. If the VWAP on that date is less than 55.55% (this takes the 1% discount for Conversion into account) of the Issue Date VWAP, Suncorp must not choose Conversion as the Exchange Method. Also if a Delisting Event has occurred before that date and is continuing, Suncorp may not choose Conversion as the Exchange Method.

The conditions to Conversion on the Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition must both be satisfied in respect of the Exchange Date as if the Exchange Date were a possible Mandatory Conversion Date.

If the conditions to Conversion on the Exchange Date are not satisfied, Suncorp will notify Holders and the Conversion will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a possible Mandatory Conversion Date.

The Exchange Method that is chosen by Suncorp (and whether APRA gives its approval) may not coincide with a Holder's individual preference in terms of timing or whether the Holder receives Ordinary Shares or cash on Exchange. This may be disadvantageous to the Holder in light of market conditions or individual circumstances at the time of Exchange.

4.1.16 Exchange on Acquisition Event

If an Acquisition Event occurs, Suncorp is required to Exchange CPS in accordance with the Terms (see clause 5 of the Terms). However, the obligation of Suncorp to Exchange CPS is subject to obtaining APRA's prior written approval. APRA is not obliged to give this consent and, depending on the facts and circumstances existing at the time of any Acquisition Event, may not do so. If the Directors consider that APRA will not approve the Exchange, the Directors are required to use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction (see clause 11 of the Terms). However, any acquirer of Suncorp may not agree to do so.

In addition, the ability of Suncorp to Exchange CPS may be subject to restrictions in other similar capital securities (see Section 4.1.6) and to the satisfaction of requirements under the Corporations Act (which, depending on the method used to effect the Exchange, may include a requirement to obtain the approval of Suncorp's shareholders or for Suncorp to have sufficient profits or proceeds of a new issue of shares to fund that Exchange). If APRA does not give its approval, or if other restrictions apply or other requirements are not satisfied, Suncorp will not be able to Exchange CPS.

4.1.17 Future issue of securities by Suncorp

Suncorp and other members of the Suncorp Group may in the future issue securities that:

- rank for dividends or payments of capital (including on the winding-up of Suncorp or another member of the Suncorp Group) equal with, behind or ahead of;
- have the same or different dividend, interest or dividend rates as;
- have payment restrictions or other covenants which affect; or
- have the same or different terms and conditions as, CPS.

An investment in CPS carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Suncorp Group.

No prediction can be made to the effect, if any, such future issue of securities by an entity in the Suncorp Group may have on the market price or liquidity of CPS.

4.1.18 NOHC Event

Certain events which would otherwise constitute Acquisition Events are categorised under the Terms as NOHC Events. Where a NOHC Event occurs and certain other conditions are satisfied, the NOHC Event will not trigger an Exchange of CPS but will instead require Suncorp to make amendments to substitute the NOHC as the issuer of the ordinary shares issued on Conversion and will permit Suncorp to make certain other amendments to the Terms. Accordingly, potential investors should be aware that, if a NOHC is implemented and a substitution of the issuer of the ordinary shares on Conversion is effected under the Terms, Holders will be obliged to accept the NOHC ordinary shares and will not receive Ordinary Shares in Suncorp on Conversion.

Potential investors should also be aware that Holders may not get a right to vote on any proposal to approve, implement or give effect to a NOHC Event.

Any consideration by Suncorp to establish a NOHC has only been preliminary and no formal decision has been made to pursue the establishment of a NOHC.

Under a NOHC, the Suncorp Group would continue to be regulated by APRA. However, depending on the structure of any NOHC (if implemented) and the capital framework which APRA determines to apply to it, implementing a NOHC structure may affect the composition of the Suncorp Group's three capital measurement levels, which in turn may affect the likelihood of Suncorp or the Suncorp Banking Group having Distributable Profits in an amount sufficient to enable Dividends to be paid on CPS. It may also affect the net assets of Suncorp and, accordingly, the likelihood Holders will receive their claims in full if Suncorp is wound up.

4.1.19 Shareholding limits

The Financial Sector (Shareholdings) Act 1998 (Cth) restricts ownership by people (together with their associates) of an Australian bank, such as Suncorp, to a 15% stake. A shareholder may apply to the Australian Treasurer to extend their ownership beyond 15%, but approval will not be granted unless the Treasurer is satisfied that a holding by that person greater than 15% is in the national interest.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as Suncorp) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX. These provisions include restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market in Australia, in a state or in a territory of Australia.

Holders should take care to ensure that by acquiring any CPS (taking into account any Ordinary Shares into which they may Convert) Holders do not breach any applicable restrictions on ownership.

Investment risks

4.2 Risks associated with the Suncorp Group and the general insurance, banking and wealth management industries

4.2.1 Dependence on the domestic economy

As the Suncorp Group conducts all of its business in Australia and New Zealand, its performance is influenced by the level and cyclical nature of business activity in Australia and New Zealand and, in particular, the State of Queensland, where its business is concentrated. The Suncorp Group's business activity is also influenced by both domestic and international economic and political events. There can be no assurance that a weakening in either/both of the Australian and New Zealand economies, and the Queensland economy in particular, will not have a material adverse effect on the Suncorp Group's financial condition and results of operations.

4.2.2 Competition

The Suncorp Group faces intense competition in all aspects of its business. The Suncorp Group's banking business competes vigorously, with both traditional banking groups and non-bank financial institutions. The Suncorp Group's general insurance and wealth management businesses also compete with a number of insurance companies and asset managers in Australia. The level of competition continues to increase as the trend toward consolidation in the global financial services industry is creating competitors with broader ranges of products and services, increased access to capital, greater efficiency and enhanced pricing power. As a number of the Suncorp Group's competitors are significantly larger and have greater resources, the Suncorp Group could lose market share or be forced to reduce prices in order to compete effectively, if industry participants engage in aggressive growth strategies or severe price discounting.

4.2.3 Promina merger

As discussed in Section 3.1.3, Suncorp finalised its merger with Promina on 20 March 2007. The integration of the Promina businesses into Suncorp is ongoing and involves assimilation of new operations, new information technology and new personnel and may cause dissipation of the Suncorp Group's management resources.

Suncorp have estimated ongoing synergies from the merger and a total integration cost. The synergies actually achieved may be more or less than these estimates, which may have a beneficial or adverse effect on Suncorp.

4.2.4 Mergers and acquisitions

The Suncorp Group may in the future seek to grow its business by merging with or acquiring other companies in the financial services industry. This strategy may cause the Suncorp Group to face operational and financial risks that could adversely affect its business and results of operation.

It is likely that the Suncorp Group would raise additional debt or raise equity to finance any major merger or acquisition and this would cause Suncorp to face the financial risks associated with additional debt or meeting the cost of additional equity.

Mergers or acquisitions may require assimilation of new operations, new personnel and may cause dissipation of the Suncorp Group's management resources. Changes in ownership and management may result in impairment of relationships with employees and customers of the acquired businesses. Depending on the type of transaction, it could take a substantial period of time for the Suncorp Group to realise the financial benefits of the transaction, if any. During the period immediately following this type of transaction, the Suncorp Group's operating results may be adversely affected.

As a target in any future merger or acquisition activity the issues identified above may also be relevant. For a discussion of the consequences of an Acquisition Event under CPS – see Section 4.1.16.

The Suncorp Group's failure to adequately manage the risks associated with any mergers or acquisitions could have a material adverse effect on its financial condition and results of operations.

4.2.5 Estimation of claims provisions

The Suncorp Group's provisions for insurance liabilities may prove to be inadequate to cover its ultimate liability under policies written by its insurance subsidiaries. Within its general insurance subsidiaries the Suncorp Group maintains provisions for outstanding claims and unearned premiums to cover the estimated ultimate liability for claims including claim handling expenses, and within its life insurance subsidiary provisions for future policy benefits and maintenance expenses. Although the Suncorp Group seeks to maintain outstanding claims provisions in its general insurance subsidiaries at a probability of adequacy of approximately 90% (as at 31 December 2007 this was approximately 94%), the estimation of claims provisions does not represent an exact calculation of liability, but rather an estimate. These estimates are based on actuarial and statistical methodologies made on the basis of facts and circumstances known at a given time and estimates of trends into the future. Actual future events and conditions may result in the current estimates of claims costs being inadequate. Moreover, additional costs of claims, including costs arising from changes in the legal environment, the type or magnitude of which management cannot foresee, may emerge in the future. Insufficient provisions for insurance liabilities could have a material adverse effect on the Suncorp Group's financial condition, results of operations and cash flows.

Investment risks

4.2.6 Credit risk

Credit risk is the risk that a borrower or counterparty will not meet its obligations in accordance with agreed terms. The Suncorp Group is exposed to credit risk as a consequence of its lending activities and it maintains provisions to cover bad and doubtful debts. If these provisions prove inadequate because of either events that are beyond the Suncorp Group's control, for example, an economic downturn, or a significant breakdown in the Suncorp Group's credit disciplines, then this could have a material adverse effect on the Suncorp Group's business, financial condition and results of operations. See also Section 4.2.11 in connection with credit risk in respect of Suncorp Group's reinsurance arrangements.

4.2.7 Funding and liquidity risk

Banks and other financial institutions (including the Suncorp Group) are currently subject to highly volatile credit market conditions influenced by factors such as the deterioration in the sub-prime mortgage market in the US. This volatility may result in (amongst other things):

- a reduction in the availability of markets from which to raise funds;
- an increase in the cost of funding and more onerous lending conditions; and
- an increase in potential counterparty default.

The Suncorp Group accesses credit markets for a variety of funding sources as part of its operations. The complete impact of current credit market conditions is unknown and the effect of a further deterioration in credit markets may adversely impact the financial performance and position of the Suncorp Group.

4.2.8 Market risk

The Suncorp Group is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its overall financial position. In the financial markets trading businesses, the Suncorp Group is exposed to losses arising from adverse movements in levels and volatility of interest rates and foreign exchange rates. The Suncorp Group's management of the relationship between changes in the market interest rates and changes in net interest income also affects its results of operations. The composition of the Suncorp Group's banking assets and liabilities, and any gap position resulting from that composition, causes the Suncorp Group's net interest income

to vary with changes in interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period could have a material effect on the Suncorp Group's financial condition and results of operations.

4.2.9 Investment income

The Suncorp Group has a significant investment portfolio that supports liabilities arising from its general insurance and life insurance businesses. The investment portfolio generated a portion of the Suncorp Group's profits in the 2006 and 2007 financial years. Consequently, investment performance affects the Suncorp Group's financial condition and results of operations.

The Suncorp Group's investment portfolio consists of assets which back:

- shareholder funds; and
- technical reserves, which represent assets to support outstanding claims and unearned premium liabilities.

The investment portfolio is managed in accordance with the Suncorp Group's investment policy. The Suncorp Group's investment policy for shareholder funds is to invest in a range of assets including international and Australian equities and fixed income portfolios. The Suncorp Group's investment policy for technical reserves is to invest in high quality fixed income portfolios that have minimal default risk. There is a risk however that adverse market volatility may affect investment performance.

4.2.10 Catastrophes

Through its general insurance businesses, the Suncorp Group is subject to claims arising from catastrophes caused by various events, including cyclones, earthquakes, tsunami, wind, hail, fires, floods, volcanic activity and bushfires, in addition to man-made disasters. These events are inherently unpredictable in terms of their incidence and severity. The extent of insured losses from catastrophes is determined by the total amount of insured exposure in the area affected by the event and the severity of the event. Natural disasters have the potential to affect extensive geographical areas while the impact of man-made disasters is generally more localised. While the Suncorp Group manages its exposure to catastrophes through the purchase of catastrophe reinsurance, the Suncorp Group cannot be assured that such coverage will be adequate or will continue to be available at acceptable levels or at all.

Investment risks

4.2.11 Reinsurance

The Suncorp Group enters into a number of reinsurance arrangements. These arrangements allow the Suncorp Group to limit its risk from particular lines of business or from specific events and to increase its capacity to write new policies. Under these arrangements, other insurers and reinsurers assume a portion of the Suncorp Group's exposure to reported and unreported losses in exchange for a premium. The availability, amount and cost of reinsurance depend on prevailing market conditions, in terms of price and available capacity, and may vary significantly. From time to time, market conditions have limited, and in some cases prevented, insurers from obtaining the types and amounts of reinsurance that they consider adequate for their business needs. Accordingly, the Suncorp Group may not be able to obtain desired amounts of reinsurance at prices acceptable to it or at all. In addition, even if the Suncorp Group is able to obtain such reinsurance, it may not be able to negotiate terms that it deems appropriate or acceptable or obtain such reinsurance from entities with satisfactory creditworthiness. Such reinsurers could become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

There are risks associated with the determination of proper levels of outwards reinsurance protection, the cost of such reinsurance and the financial security of reinsurers. There can be no assurance that the Suncorp Group's current reinsurance coverage is adequate, that it matches the underlying risks assumed or that increases in reinsurance costs will be recovered through premium rates.

The Suncorp Group is also exposed to the risk that its reinsurers default on their obligation to pay valid claims. In addition, the Suncorp Group may take a considerable period to collect on reinsurance receivables, and reinsurers may dispute its claims, even if valid. Despite reinsurance, the Suncorp Group is primarily liable to insureds, and so a failure by a reinsurer to make payment, for whatever reason, could have a material adverse effect on the Suncorp Group's financial condition and results of operations.

4.2.12 Information technology

The Suncorp Group relies to a significant degree on information technology systems. Most of the Suncorp Group's daily operations are computer based and its information technology systems are essential to maintaining effective communication with customers. The Suncorp Group generally manages its information technology systems internally rather than outsource that function to a third party. The Suncorp Group is exposed to a number of systems risks, including:

- complete or partial failure of the information technology systems;
- inadequacy of internal or third party information technology systems due to, among other things, failure to keep pace with industry developments;
- capacity of the existing systems to effectively accommodate the Suncorp Group's planned growth and integrate existing and future acquisitions and alliances; and
- systems integration programs not being completed within the timetable or budget.

To mitigate some of these risks, the Suncorp Group has disaster recovery and system development plans in place. However, any failure in the Suncorp Group's systems could result in business interruption, the loss of customers, damaged reputation and weakening of its competitive position and could adversely affect the Suncorp Group's business.

Investment risks

4.2.13 Regulatory and legal environment

The Suncorp Group's business is subject to substantial regulatory and legal oversight. In particular the Suncorp Group is subject to prudential supervision by APRA, which requires the Suncorp Group, amongst other things, to meet minimum capital requirements within its operations. Any significant regulatory developments, including changes to prudential regulatory requirements, accounting standards and tax laws, could have an adverse effect on how the Suncorp Group conducts its business and on the Suncorp Group's financial condition and results of operations. The Suncorp Group's business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the Australian government. The nature and impact of future changes in such policies are not predictable and are beyond the Suncorp Group's control. The general insurance, banking or wealth management industries could be subjected to changes or additions to existing governmental regulations that may impair the Suncorp Group's financial performance. In addition, if the Suncorp Group does not meet regulatory requirements, it may be subject to penalties, including fines or the suspension or cancellation of authority to conduct business. Non-compliance may also give rise to adverse publicity and damage to the Suncorp Group's reputation.

4.2.14 Operational risk

As a financial services organisation, the Suncorp Group is exposed to a variety of other risks, including those arising from process error, fraud, systems failure, security and physical protection, customer services, staff skills and performance, and product development and maintenance. Failure to adequately manage these risks could have a material adverse effect on the Suncorp Group's financial condition and results of operations.

4.2.15 Suncorp Group structure

Suncorp's assets include the shares in its wholly owned subsidiaries – see Section 3.1.1. The ability of Suncorp's subsidiaries to pay dividends or make other payments to Suncorp may be restricted by various regulatory, contractual and legal constraints. If as a result of these restrictions or otherwise Suncorp is unable to ensure the continued receipt of dividends or other payments, then this may impair Suncorp's ability to pay dividends on, or make other payments in respect of, CPS.

The risks identified in this Section 4 are not exhaustive and you should read this Prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in CPS.

5. Tax Letter



This Section contains a summary of the Australian tax consequences for persons who may become Holders of CPS and is based on Australian income tax law as at the date of the Prospectus. This Section addresses the taxation consequences for Australian tax resident individuals, companies and complying superannuation funds, where those taxpayers are not traders or dealers in securities, or otherwise hold CPS on revenue account.

As the taxation profile and attributes of each taxpayer may differ, potential investors should seek independent taxation advice on the Australian taxation consequences of investing in, holding and disposing of CPS.

Greenwoods & Freehills

The Directors
Suncorp-Metway Limited
Level 18
36 Wickham Terrace
Brisbane QLD 4000

14 May 2008

Dear Directors

Australian tax consequences of investing in Suncorp-Metway Limited convertible preference shares (CPS)

We have been instructed by Suncorp-Metway Limited (**Suncorp**) to prepare a tax summary for inclusion in the Prospectus dated 14 May 2008 in relation to the issue of CPS.

Accordingly, this letter provides a summary of the Australian income tax and capital gains tax (**CGT**) consequences for Australian tax resident investors who subscribe for CPS and hold them on capital account for tax purposes (**Resident Investors**). Tax considerations which may arise for Holders who are in the business of share trading, dealing in securities or otherwise hold CPS on revenue account, or Holders who are non-residents for Australian tax purposes, have not been considered in this summary.

This summary is based on the income tax law and administrative practice currently in force as at the date of the Prospectus. It is necessarily general in nature and is not intended to be definitive tax advice to Resident Investors. Accordingly, each Resident Investor should seek their own tax advice that is specific to their particular circumstances.

Suncorp has applied for a class ruling from the Australian Taxation Office for confirmation of certain tax consequences for Resident Investors as discussed in this summary. The date of issue of any class ruling is not currently known.

Unless the context indicates otherwise, all capitalised terms in this letter bear the same meaning as those contained in the Prospectus and the CPS Terms.

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Greenwoods & Freehills Pty Limited ABN 60 003 146 852

Tax Letter

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1 Summary

We have set out below a brief outline of the tax consequences for Resident Investors. Please note that this outline is not intended to be comprehensive and should be read subject to our more detailed comments in this letter.

- (a) Provided a Resident Investor is a “qualified person” in relation to their CPS:
 - (1) the amount of any Dividends together with any attached franking credits should be included in the Resident Investor’s assessable income;
 - (2) the Resident Investor should be entitled to a tax offset equal to the amount of the franking credits attached to the Dividends; and
 - (3) Resident Investors that are individuals or complying superannuation entities may be entitled to a refund of excess franking offsets.
- (b) A sale of CPS on ASX or to a Nominated Purchaser will give rise to a capital gain if the sale proceeds exceed the cost base of the CPS. Conversely, a capital loss will result if the reduced cost base of the CPS exceeds the sale proceeds. The cost base (or reduced cost base) of the CPS will include the amount paid by the Resident Investor to acquire the CPS.
- (c) The Conversion of each CPS into one fully paid Ordinary Share should not result in a full or partial disposal of the CPS for CGT purposes. Furthermore, the additional Ordinary Shares allotted on Conversion should not be treated as a dividend or assessable income.

2 Tax on Dividends

Each CPS should be properly classified for tax purposes as an equity interest in Suncorp rather than a debt interest.

It is expected that Suncorp will pay fully franked Dividends on CPS. Accordingly, all Resident Investors should include in their assessable income the amount of the Dividends together with the franking credits, unless a Resident Investor is not a “qualified person” (refer section 3).

Resident Investors may qualify for the tax offset (equal to the amount of the franking credits) against their income tax liability for the relevant income year provided they are “qualified persons”.

To the extent that the tax offset attributable to the franking credits on a Dividend exceeds the income tax liability for an income year of a Resident Investor who is an individual or complying superannuation entity, the excess tax offset may be refunded to the Resident Investor. Excess franking credits cannot be carried forward to a later income year.

Resident Investors which are companies or non-complying superannuation entities are not entitled to refunds of tax offsets. Resident Investors which are companies will be entitled to a credit in their franking account equal to the amount of franking credits on Dividends.

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3 Qualification for franking credits

A Resident Investor is not required to include the amount of the franking credits in their assessable income and is not entitled to the tax offset unless the Resident Investor is a “qualified person” in relation to the Dividend.

A Resident Investor is a “qualified person” if the “holding period” and “related payments” rules are satisfied in respect of a Dividend.

In terms of the holding period rule, a Resident Investor must have held CPS “at risk” for a continuous period of at least 90 days (excluding the days of acquisition and disposal) within a period beginning on the day after the date on which the Resident Investor acquired CPS and ending on the 90th day after the date on which CPS became ex Dividend.

A Resident Investor would be “at risk” in relation to CPS provided that the Resident Investor does not enter into any arrangements which could result in materially reduced risks of loss or opportunities for gain in relation to CPS. In calculating the holding period, any days where the Resident Investor has materially diminished their risk of loss or opportunity for gain in relation to CPS are excluded. A Resident Investor is taken to have materially diminished risk if the Resident Investor’s net position in relation to CPS is such that the Resident Investor has less than 30% of the risks and opportunities associated with CPS.

Under the related payments rule, a Resident Investor who is obliged to make a “related payment” (essentially a payment passing the benefit of the Dividend to another person) in respect of a Dividend must hold CPS “at risk” for at least 90 days (excluding the days of acquisition and disposal) within a period beginning 90 days before and ending 90 days after the date on which CPS became ex Dividend.

Alternatively, a Resident Investor is automatically taken to be a qualified person in relation to Dividends if the total amount of the tax offsets in respect of all franked distributions to which the Resident Investor would be entitled in an income year is \$5,000 or less. This is referred to as the small shareholder rule. However, a Resident Investor will not be a “qualified person” by virtue of the small shareholder rule if related payments have been made, or will be made, in respect of a Dividend.

4 CGT consequences on disposal of CPS

4.1 Sale of CPS on ASX or Resale to a Nominated Purchaser

A sale of CPS on ASX, or a Resale of CPS to a Nominated Purchaser pursuant to a Resale Notice issued by Suncorp, will constitute a disposal for CGT purposes.

To the extent that the sale proceeds received by a Resident Investor on the sale of CPS exceed the cost base, the excess would constitute a capital gain in the hands of the Resident Investor. Conversely, a capital loss would arise on a sale of CPS equal to the amount by which the sale proceeds are less than the reduced cost base.

The cost base or reduced cost base of CPS respectively should include the amount paid to acquire CPS (when issued by Suncorp) as well as any incidental costs (e.g. broker fees) associated with the acquisition and disposal of CPS.

Tax Letter

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If CPS have been owned for at least 12 months prior to the sale (excluding the days of acquisition and disposal), a Resident Investor (other than a company) may be entitled to receive CGT discount treatment in respect of any gain arising on disposal of CPS, such that a percentage of the gain is not included in assessable income. The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The discount percentages are 50%, 50% and 33½% for Resident Investors who are individuals, trusts and complying superannuation entities respectively.

Resident Investors who dispose of CPS within 12 months of acquiring them, or who dispose of CPS under an agreement entered into within 12 months of acquiring them, will not receive CGT discount treatment.

Companies are not entitled to obtain CGT discount treatment in respect of any gain arising on disposal of CPS.

4.2

Redemption of CPS

Suncorp may elect to Redeem CPS in certain circumstances. For each CPS that is being Redeemed, an amount equal to the Issue Price will be paid by Suncorp in cash.

The Redemption proceeds should not be treated as a dividend to the extent to which they are debited against an amount standing to the credit of Suncorp's share capital account, provided that Suncorp gives the Resident Investor a notice specifying the amount paid up on each CPS to be Redeemed.

However, to the extent to which the Redemption proceeds paid by Suncorp are funded out of an account other than its share capital account, that amount will be an assessable dividend in the hands of a Resident Investor.

Redemption of CPS will constitute a disposal of CPS for CGT purposes. Accordingly, a Resident Investor may also derive a capital gain or a capital loss on such disposal to the extent to which the Redemption proceeds are greater than the cost base or are less than the reduced cost base of CPS respectively.

The cost base (or reduced cost base) of CPS for these purposes would include the amount paid by a Resident Investor to acquire CPS plus the incidental costs associated with the acquisition and Redemption of CPS.

The amount of the capital gain resulting from a Redemption of CPS would be reduced (but not below nil) to the extent that the whole or part of the proceeds is treated as a dividend (refer comments above). A Resident Investor (other than a company) may be entitled to CGT discount treatment in respect of any remaining capital gain, after reduction by any part of the proceeds which is treated as a dividend, in the same manner as discussed above in section 4.1.

4.3

Buy back of CPS

Suncorp may choose to Redeem CPS by way of a buy back in certain circumstances.

For tax purposes, such an event would give rise to income tax and CGT consequences for Resident Investors similar to those described in relation to Redemption. However, depending on the particulars of the buy back at that time

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and how much of the proceeds are debited to Suncorp's share capital account, the calculation of the capital gain or capital loss arising may be different.

4.4

Conversion of CPS

On the Mandatory Conversion Date, or if Suncorp issues an Exchange Notice or Acquisition Exchange Notice and elects Conversion as the Exchange Method, each CPS will Convert into one fully paid Ordinary Share subject to any conditions contained in the CPS Terms. The Conversion of CPS is expressed to not constitute a redemption of CPS, or an issue, allotment or creation of a new share (other than the additional Ordinary Shares issued). Instead, Conversion involves changing the rights attached to CPS.

In Taxation Ruling TR 94/30, the Commissioner of Taxation has expressed a view that the variation of rights attaching to a share does not result in either a full or partial disposal of an asset for CGT purposes unless there is a redemption or cancellation of the share.

Accordingly, the Conversion of CPS to Ordinary Shares should not result in either a full or partial disposal of CPS by Resident Investors for CGT purposes.

5

Additional Ordinary Shares

Following the Conversion of CPS into Ordinary Shares, either by mandatory Conversion or if Suncorp issues an Exchange Notice or Acquisition Exchange Notice and elects Conversion as the Exchange Method, each Holder will be allotted an additional number of Ordinary Shares determined in accordance with clause 6.1 of the CPS Terms.

It is considered that the additional Ordinary Shares allotted should not be treated as a dividend or ordinary income assessable in the hands of the Resident Investors.

The additional Ordinary Shares will be CGT assets for CGT purposes. The cost base (or reduced cost base) of an additional Ordinary Share will be determined by spreading the cost base (or reduced cost base) of the original CPS across all of the Ordinary Shares (being the additional Ordinary Shares and the CPS that has been converted into one Ordinary Share).

Further, for CGT purposes, the additional Ordinary Shares should be taken to have been acquired by a Resident Investor at the time the original CPS to which the additional Ordinary Shares relate were acquired by the Resident Investor.

A subsequent sale of the Ordinary Shares (being the additional Ordinary Shares and the CPS that has been converted into one Ordinary Share) may give rise to a capital gain or capital loss to a Resident Investor. The amount of the capital gain would equal the excess of the sale proceeds over the cost base of the Ordinary Shares determined in the manner discussed above. Conversely, a capital loss will arise on a sale of the Ordinary Shares equal to the amount by which the sale proceeds are less than the reduced cost base of the Ordinary Shares.

The availability of CGT discount treatment to Resident Investors discussed in section 4.1 in the context of a sale of CPS, applies equally here.

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Greenwoods & Freehills

6 Pay-as-you-go withholding tax

Resident Investors may, if they choose, notify Suncorp of their tax file number (TFN), Australian Business Number (ABN), or a relevant exemption.

In the event that Suncorp is not so notified, tax will be automatically deducted at the highest marginal tax rate (including Medicare Levy) from the cash amount of the unfranked part (if any) of the Dividends. The rate of withholding is currently 46.5%.

Suncorp is required to withhold such tax until such time as the relevant TFN, ABN or exemption notification is given to it. Resident Investors will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the Dividends in their income tax returns.

7 Disclaimer

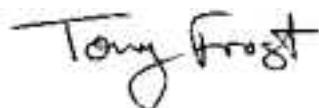
This tax summary does not purport to give advice to any specific Resident Investor, as each Resident Investor's tax position will depend on their own particular circumstances. Resident Investors should seek their own professional tax advice regarding their individual circumstances.

The representatives of Greenwoods & Freehills Pty Limited involved in preparing this tax summary are not licensed to provide financial product advice in relation to dealing in securities. Accordingly, Greenwoods & Freehills Pty Limited does not seek to recommend, promote or otherwise encourage any party to participate in the issue of CPS. Potential investors should consider seeking advice from a suitably qualified Australian Financial Services licence holder before making any investment decision. Potential investors should also note that taxation is only one of the matters that may need to be considered.

Yours faithfully

GREENWOODS & FREEHILLS PTY LIMITED

per:



Tony Frost
Director
Greenwoods & Freehills

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tony.frost@gf.com.au

6. Additional information



This Section sets out a number of other matters that may not have been addressed in detail elsewhere in this Prospectus. These include rights attaching to Ordinary Shares that may be issued on Conversion, a summary of the Offer Management Agreement, the disclosure of interests of the Directors and advisers and the relief that regulators have granted to Suncorp in respect of the Offer.

Additional information

6.1 Reporting and disclosure obligations

Suncorp is admitted to the official list of ASX and is a disclosing entity for the purposes of the Corporations Act. As a disclosing entity, it is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Broadly these obligations require that Suncorp prepare both yearly and half yearly financial statements, a report on the operations of Suncorp during the relevant accounting period together with an audit or review report by its auditor.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on Suncorp's website at www.suncorp.com.au.

Suncorp must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the Australian securities market.

Suncorp has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

6.2 Availability of documents

Suncorp will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period:

- the consolidated annual financial statements of Suncorp for the year ended 30 June 2007 (being the most recent audited annual financial statements lodged with ASIC before lodgement of this Prospectus with ASIC);
- the consolidated half yearly financial statements of Suncorp for the half year ended 31 December 2007 (being the most recent half yearly financial report lodged with ASIC before lodgement of this Prospectus with ASIC);
- any continuous disclosure notices given by Suncorp in the period after the lodgement of the consolidated annual financial statements of Suncorp for the year ended 30 June 2007 and before lodgement of this Prospectus with ASIC; and
- the Constitution.

All requests for copies of the above documents should be addressed to:

The Company Secretary
Suncorp-Metway Limited
Level 18
36 Wickham Terrace
Brisbane QLD 4000

6.3 Rights and liabilities attaching to CPS

The rights and liabilities attaching to CPS are contained in the Terms set out in Appendix A. Rights and liabilities attaching to CPS may also arise under the Corporations Act, Listing Rules, Suncorp's Constitution and other laws.

6.4 Rights and liabilities attaching to Ordinary Shares

Holders may receive Ordinary Shares on Conversion. The rights and liabilities attaching to the Ordinary Shares are set out in the Constitution and are also regulated by the Corporations Act, Listing Rules and the general law.

This Section 6.4 briefly summarises the key rights attaching to the Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of shareholders. Investors who wish to inspect the Constitution may do so at the registered office of Suncorp during normal office hours or may obtain a copy as provided under Section 6.2.

The key rights attaching to Ordinary Shares are as follows:

- the right to vote at general meetings of Suncorp on the basis of one vote per fully paid Ordinary Share (or a fraction of a vote in proportion to the capital paid up on that Ordinary Share) on a poll;
- the right to receive dividends declared from time to time in proportion to the capital paid up on the Ordinary Shares held by each shareholder (subject to the rights of holders of shares carrying preferred rights including CPS);
- the right to receive information required to be distributed under the Corporations Act and the Listing Rules; and
- the right to participate in a surplus of assets on a winding-up of Suncorp in proportion to the capital paid up on the Ordinary Shares at the commencement of the winding-up (subject to the rights of holders of shares carrying preferred rights on winding-up including CPS).

6.5 Rights and liabilities attaching to NOHC ordinary shares

If a NOHC Event occurs and the Terms are amended to enable substitution of the NOHC as the issuer of ordinary shares on Conversion (including mandatory Conversion), the rights and liabilities of the NOHC ordinary shares will not be materially different to the rights and liabilities of Ordinary Shares in Suncorp. It is a condition to substitution that the NOHC ordinary shares be quoted on ASX – see clause 12 of the Terms.

6.6 Summary of the Offer Management Agreement

Suncorp has entered into an Offer Management Agreement (OMA) with Citi, JPMorgan, Macquarie and UBS (together, the Joint Lead Managers). Under the OMA, the Joint Lead Managers have agreed to manage the Offer, including the Bookbuild and Allocation process in relation to the Offer, and to provide settlement support for the settlement obligations of Syndicate Brokers and Institutional Investors under the Bookbuild.

The following is the summary of the principal provisions of the OMA.

Additional information

Fees

The fees payable to the Joint Lead Managers are set out in Section 6.8.

Obligations in relation to the conduct of the Offer

Under the OMA, Suncorp has agreed to conduct the Offer in accordance with this Prospectus, the OMA and all applicable laws.

Representations, warranties and undertakings

Under the OMA, Suncorp makes various representations and warranties in relation to this Prospectus, compliance with the Constitution, Corporations Act, Listing Rules and other applicable laws. Suncorp also warrants that it has the power (including under the Constitution) to enter into and perform transactions in connection with the Offer and the OMA.

Suncorp has undertaken not (and to ensure that its related bodies corporate do not), for the period of 90 days after the allotment date (which is expected to be 12 June 2008), without the prior written consent of the Joint Lead Managers, to offer, issue or create or agree or indicate an intention to issue, offer or create any securities that are or are expected to be treated by APRA as Residual Tier 1 Capital of Suncorp, or any option or other rights to acquire any of those securities. This undertaking does not apply to the issue by Suncorp of CPS, securities pursuant to a dividend plan (including an underwritten dividend reinvestment plan) or distribution or employee incentive scheme, the conversion of CPS or any convertible securities which are on issue as of the date of the OMA, an issue of equity securities by a wholly owned subsidiary of Suncorp to another wholly owned subsidiary of Suncorp, an issue of Ordinary Shares in consideration given by Suncorp for the acquisition of shares in a company or the assets of a business subject to a threshold or any issue or offer or the granting of any option or right in respect of any securities to the extent that in any such case it relates to an offer of securities outside Australia.

Termination Events

Each Joint Lead Manager may terminate the OMA after the occurrence of any one or more of the following events (non-exhaustive list):

- ASIC issues a stop order or similar proceeding in relation to the Prospectus;
- ASX does not grant its approval or indicates that the approval will not be granted, for official quotation of CPS, or the approval is, or ASX indicates it is likely to be, subsequently withdrawn, qualified (other than in respect of the customary pre-listing conditions) or withheld;
- ASX ceases admission of Suncorp to the official list of ASX or the Ordinary Shares, RPS or Floating Rate Capital Notes cease to be quoted on ASX;
- Suncorp withdraws the Prospectus or the Offer;
- any person whose consent to the issue of the Prospectus is required by the Corporations Act who has previously consented to the issue of, or was otherwise named in, the Prospectus with their consent (other than the Joint Lead Managers) withdraws such consent;
- the S&P ASX 200 closes at a level that is 10% or more below the level as at the close of trading on the date of the OMA on three consecutive Business Days, or for consecutive days, excluding the allotment date, in the period of three Business Days before the allotment date, or at any time falls to a level that is 15% or more below that level;
- at any time following successful completion of the Bookbuild, the UBS Composite Bond Index (All Maturities) is at any time at a level which is 2% or more below its closing level on the last market close on the day immediately before the day of successful completion of the Bookbuild;

- the price of the Ordinary Shares closes at a level that is 10% or more below the level as at the close of trading on the date of the OMA on three consecutive Business Days, or for consecutive days, excluding the allotment date, in the period of three Business Days before the allotment date, or at any time falls 15% or more below that level; or
- there is a material adverse change or effect or any development that has or is likely to have a material adverse change or effect in or affecting, the general affairs, business, operations, prospects, management, financial position, earnings position, shareholder's equity or results of operations of the Suncorp Group (taken as a whole).

In addition, each Joint Lead Manager may terminate the OMA after the occurrence of any one or more of the following events (non-exhaustive list), where the Joint Lead Manager has reasonable grounds to believe that this event has had or is likely to have a material adverse effect on the success of the Offer or that there is a reasonable possibility that the Joint Lead Manager will contravene or incur a liability under the Corporations Act or other applicable law:

- this Prospectus is or becomes misleading or deceptive or is likely to mislead or deceive, or there is an omission from the Prospectus of material required to be included by the Corporations Act or any other applicable law, or the Prospectus fails to comply with applicable laws;
- any statement or estimate in this Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of a Joint Lead Manager, unlikely to be met in the projected timeframe;
- a representation or warranty given or made by Suncorp is misleading, false or incorrect on the day it is given or would be misleading, deceptive, false or incorrect if that representation or warranty had also been given by Suncorp on each and every day between (but excluding) the date of the OMA and allotment of the CPS;
- Suncorp is in default of any of the terms and conditions of the OMA;
- Suncorp fails to comply with a provision of the Constitution, any applicable law or a requirement, order or request, made by or on behalf of ASIC, ASX, APRA or any other governmental authority;
- there is an alteration in the composition of any of the board of Directors (including its chief executive officer and chief financial officer), its share capital (other than in a manner expressly contemplated in the Prospectus and the OMA) or the Constitution (except as disclosed to the Joint Lead Managers prior to the date of the OMA);
- a change in law is or may be introduced which does or is likely to prohibit or regulate the Offer, capital issues or stock markets or materially adversely affect the tax treatment of CPS;
- hostilities commence in certain countries or a major terrorist attack occurs in one of those countries, or a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States is declared;
- trading of securities quoted on ASX, London Stock Exchange or the New York Stock Exchange is suspended, or there is a material limitation in trading, for more than one Business Day on which that exchange is open for trading; or
- there is a suspension or trading halt in respect of Ordinary Shares, RPS or Floating Rate Capital Notes on ASX.

Additional information

Indemnity

Suncorp indemnifies the Joint Lead Managers and their representatives against liabilities arising out of or in connection with their appointment under the OMA except to the extent that those liabilities arise from fraud, gross negligence or wilful misconduct of those parties, or their breach of the OMA.

6.7 Consents

Each Director has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to the lodgement of this Prospectus with ASIC.

Each of the parties (referred to as **Consenting Parties**) who are named below:

1. has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified in paragraph 4 below;
2. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or statement or report included in this Prospectus with the consent of that Consenting Party;
3. has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
4. in the case of Greenwoods & Freehills, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the Tax Letter in the form and context in which it appears in Section 5.

Role	Consenting Parties
Joint Lead Managers & Joint Bookrunners	Citi JPMorgan Macquarie UBS
JLM Brokers	Bell Potter Securities Limited Citi Smith Barney Pty Limited Macquarie Private Wealth, a division of Macquarie Equities Limited UBS Wealth Management Australia Limited
Senior Co-Manager	ABN AMRO Morgans Limited
Co-Managers	Commonwealth Securities Limited National OnLine Trading Limited ¹ Ord Minnett Limited Wilson HTM Limited
Auditor	KPMG
Legal adviser	Mallesons Stephen Jaques
Tax adviser	Greenwoods & Freehills
Registry	Link Market Services Limited

Note

¹ National OnLine Trading Limited is a wholly owned subsidiary of National Australia Bank Limited, but National Australia Bank Limited does not guarantee the obligations or performance of its subsidiary or the services it offers.

6.8 Interests of advisers

Citi, JPMorgan, Macquarie and UBS have acted as Joint Lead Managers to the Offer, in respect of which they will receive the following fees from Suncorp:

- a management fee of 0.75% of the gross Offer proceeds to be split as to one quarter each;
- a selling fee of the Joint Lead Managers respectively of 1.00% of that portion of the gross Offer proceeds attributable to the selling efforts of that Joint Lead Manager (including its related retail distribution entities) for distribution to its retail clients (**JLM Firm Selling Fee**);
- a selling fee to each of the Joint Lead Managers of one quarter of 1.00% of the Offer proceeds allocated to retail investors in respect of which there is no eligibility to receive the JLM Firm Selling Fee excluding any proceeds of the Offer derived from Direct Securityholder Applicants. "Direct Securityholder Applicants" are Securityholder Applicants other than those who have made an application pursuant to an Application Form with the stamp of a broker endorsed on it; and
- a selling fee of 0.75% of the gross proceeds of CPS issued under the Institutional Offer to be split as to one quarter each.

A discretionary fee of up to 0.25% of the gross Offer proceeds may also payable by Suncorp to the Joint Lead Managers based on performance criteria agreed between Suncorp and the Joint Lead Managers.

Bell Potter Securities Limited, Citi Smith Barney Pty Limited, Macquarie Private Wealth, a division of Macquarie Equities Limited and UBS Wealth Management Australia Limited are acting as JLM Brokers to the Offer. The Joint Lead Managers will be responsible for the fees payable to the JLM Brokers.

ABN AMRO Morgans Limited is acting as Senior Co-Manager to the Offer. The Joint Lead Managers will be responsible for the fees payable to the Senior Co-Manager.

Commonwealth Securities Limited, National OnLine Trading Limited, Ord Minnett Limited and Wilson HTM Limited are acting as Co-Managers to the Offer. The Joint Lead Managers will be responsible for the fees payable to each Co-Manager.

KPMG Transaction Services has performed due diligence required on accounting matters, the content of this Prospectus relating to accounting matters and the proposed accounting treatment of CPS from the perspective of Suncorp. In respect of this work, Suncorp estimates that it will pay approximately \$90,000 (excluding disbursements and GST) to KPMG Transaction Services for work up to the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services under its normal time-based charges.

Mallesons Stephen Jaques have acted as legal adviser to Suncorp in relation to the Offer and have performed work in relation to drafting the CPS Terms, preparing the due diligence and verification program and performing due diligence required on legal matters. In respect of this work, Suncorp estimates that it will pay approximately \$700,000 (excluding disbursements and GST) to Mallesons Stephen Jaques for work up to the date of this Prospectus. Further amounts may be paid to Mallesons Stephen Jaques under their normal time-based charges.

Greenwoods & Freehills has acted as tax adviser to Suncorp in relation to the Offer and has performed due diligence required on tax matters and has prepared the Tax Letter contained in

Additional information

Section 5. In respect of this work, Suncorp estimates that it will pay approximately \$95,000 (excluding disbursements and GST) to Greenwoods & Freehills for work up to the date of this Prospectus. Further amounts may be paid to Greenwoods & Freehills under its normal time-based charges.

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, a promoter of Suncorp or broker to the Offer:

- holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
 - the formation or promotion of Suncorp;
 - the Offer;
 - any property acquired or proposed to be acquired by Suncorp in connection with the formation or promotion of Suncorp or the Offer; or
- has paid or agreed to pay any amount, and no one has given or agreed to give any benefit for services provided by that person in connection with the formation or promotion of Suncorp or the Offer.

6.9 Interests of Directors

The Directors' interests in Suncorp as at the date of this Prospectus are detailed in the following table:

Director	Ordinary Shares
JD Story	99,817
W Bartlett	16,640
ID Blackburne	30,534
PJ Dwyer	15,000
C Hirst	13,628
MDE Kriewaldt	56,939
E Kulk	6,812
JF Mulcahy	979,142
GT Ricketts	16,684
C Skilton	278,405
ZE Switkowski	51,333
LE Tutt	46,739

The Directors (and their related parties) may acquire CPS offered under this Prospectus subject to the Listing Rules (including any waivers as described in Section 6.10).

Other than as set out in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Suncorp;
- the Offer; or
- any property acquired or proposed to be acquired by Suncorp in connection with the formation or promotion of Suncorp or the Offer.

Other than as set out in this Prospectus, at the time of lodgement of this Prospectus with ASIC no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce that person to become, or qualify as, a Director; or
- for services provided by that person in connection with the formation or promotion of Suncorp or the Offer.

6.10 ASX relief

ASX has classified CPS as "equity securities" for the purposes of the Listing Rules and has confirmed that:

- the Terms are appropriate and equitable for the purpose of Listing Rule 6.1;
- Listing Rule 6.3 has been waived to the extent necessary to permit CPS to carry the voting rights as set out in the Terms;
- the Dividend rights attaching to CPS comply with Listing Rule 6.5;
- the terms of the APRA constraints on the payment on Dividends do not amount to a removal of a right to a dividend for the purposes of Listing Rule 6.10;
- Conversion, Redemption or Resale by Suncorp as provided in the Terms do not constitute a divestment for the purposes of Listing Rule 6.12;
- for the purposes of Listing Rule 7.1, the maximum number of Ordinary Shares into which CPS can be Converted in accordance with Listing Rule 7.1 and 7.1.4 will be calculated by notionally converting CPS at the market price of Ordinary Shares at the Issue Date; and
- Listing Rule 10.11 has been waived to permit Directors (and their related parties) to participate in the Offer, without shareholder approval, on the following conditions:
 - the Directors (and their related parties) are collectively restricted to applying for no more than 0.2% of the total number of CPS issued under the Offer;
 - Suncorp releases the terms of the waiver to the market; and
 - when CPS are issued, Suncorp announces to the market the total number of CPS issued to the Directors (and their related parties) in aggregate.

ASX has also agreed to allow CPS to trade on a deferred settlement basis for a short time following the issue of CPS.

Additional information

6.11 ASIC relief

ASIC relief has been obtained in respect of:

- the operation of section 716(2) of the Corporations Act so that Class Order [CO 07/428] was modified to apply to Suncorp in respect of the Offer to permit the inclusion in this Prospectus of any short-term and long-term credit rating of Suncorp and any rating of CPS announced by Standard & Poor's, Moody's and Fitch Ratings without the consent of those rating agencies;
- the operation of section 710 of the Corporations Act to allow Suncorp to issue a "transaction-specific" prospectus in relation to the Offer of CPS converting into Ordinary Shares (being continuously quoted) or ordinary shares issued by the NOHC in certain circumstances.

6.12 Foreign selling restrictions

As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus outside Australia, then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In particular, CPS have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person.

Any offer, sale or resale of CPS in the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act.

CPS may be offered in a jurisdiction outside Australia under the Institutional Offer or Broker Firm Offer where such offer is made in accordance with the laws of that jurisdiction.

Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this Section 6.12 and to have represented and warranted that it is able to apply for and acquire CPS in compliance with those restrictions.

6.13 Privacy statement

If you apply for CPS, you will be asked to provide personal information to Suncorp or its agents. Suncorp and its agents will collect, hold and use that personal information in accordance with the Privacy Act and Suncorp's privacy policy, to assess and process your Application, to service your needs as a Holder, to provide facilities and services that you request and to carry out appropriate administration of your investment.

To do that, Suncorp may disclose your personal information to its agents, contractors or third party service providers to whom Suncorp outsource services such as mailing and registry functions. Suncorp may also disclose your personal information to related companies within the Suncorp Group or to their agents, contractors or third party service providers. However, all of these parties are bound by the same privacy policy as Suncorp.

Suncorp may also use your personal information to keep you informed about the Suncorp Group's business activities, progress and development and bring to your attention a range of products and services offered by Suncorp or other members of the Suncorp Group. You can contact Suncorp or the Registry on 1300 139 843 if you do not consent to Suncorp using or disclosing your personal information in this way. It is important that you contact Suncorp or the Registry because, by investing in Suncorp, you will be taken to have consented to these uses and disclosures.

Company and tax law requires some personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the Privacy Act, you may request access to your personal information held by or on behalf of Suncorp. You can request access to your personal information or obtain further information about Suncorp's management of your personal information by contacting the Registry or Suncorp. You can also obtain a copy of Suncorp's privacy policy at www.suncorp.com.au.

Suncorp aims to ensure that the personal information retained about you is accurate, complete and up-to-date. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact Suncorp or the Registry so that your records can be corrected. To assist Suncorp with this, please contact Suncorp or the Registry if any of the details you have provided have changed. If you have any concerns about the completeness or accuracy of the information Suncorp has about you, Suncorp will take steps to correct it.

A. CPS Terms

1 CPS

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

2 Dividends

2.1 Dividends

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

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

where:

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

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

where:

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

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

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

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

N means in respect of:

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

2.2 Franking adjustments

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

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

where:

D means the Dividend calculated under clause 2.1;

Tax Rate has the meaning given in clause 2.1; and

F means the applicable Franking Rate.

A. CPS Terms

2.3 Payment of a Dividend

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

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

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

2.4 Dividends are non-cumulative

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

2.5 Dividend Payment Dates

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

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

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

2.6 Record Dates

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

2.7 Deductions

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

A. CPS Terms

2.8 Restrictions in the case of non-payment

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

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

unless:

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

2.9 Exclusions from restrictions in case of non-payment

The restrictions in clause 2.8 do not apply to:

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

3 Mandatory Conversion

3.1 Mandatory Conversion

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

3.2 Mandatory Conversion Date

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

- (a) 14 June 2013 (the **Initial Mandatory Conversion Date**); and
- (b) the first Dividend Payment Date after the Initial Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**), (each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied.

A. CPS Terms

3.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **First Test Date**) is greater than 55.55% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than 50.51% of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and
- (c) no Delisting Event applies in respect of the Relevant Date (the **Third Mandatory Conversion Condition** and, together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

3.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will notify Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, Suncorp will notify Holders on or as soon as practicable after the Relevant Date unless it has given a Resale Notice or a Redemption Notice,

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

3.5 Redemption where Mandatory Conversion Conditions are not satisfied

If:

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

A Redemption Notice once given is irrevocable.

3.6 Contents of Redemption Notice

A Redemption Notice must specify:

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

A. CPS Terms

3.7 Resale on the Relevant Date

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

3.8 Contents of Resale Notice

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

3.9 Election between Resale and Redemption

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

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

4 Optional Exchange by Suncorp

4.1 Optional Exchange by Suncorp

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

4.2 Contents of Exchange Notice

An Exchange Notice must specify:

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

4.3 Exchange Method

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

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

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4.4 Conditions to election by Suncorp of Conversion as Exchange Method

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

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

4.5 Conditions to Conversion occurring once elected by Suncorp

If Suncorp has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 3, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

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

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

5 Exchange on Acquisition Event

5.1 Notice of Acquisition Event

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

5.2 Exchange on occurrence of Acquisition Event

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

5.3 Contents of Acquisition Exchange Notice

An Acquisition Exchange Notice must specify:

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

A. CPS Terms

5.4 Where Acquisition Exchange Notice not required

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

5.5 Deferred Exchange on Acquisition Event

If clause 5.4 applies or Suncorp has given an Acquisition Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Acquisition Exchange Date were a Relevant Date for the purposes of clause 3, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Terms:

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

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

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

If this clause 5.5 applies but:

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

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

6 Conversion mechanics

6.1 Conversion

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

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

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

where:

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

- (c) if the total number of additional Ordinary Shares to be allotted to a Holder in respect of their aggregate holding of CPS upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded;

A. CPS Terms

- (d) a CPS, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm (Sydney time) on the Mandatory Conversion Date or the Exchange Date (as the case may be). At that time:
- (i) all other rights conferred or restrictions imposed on that CPS under these Terms will no longer have effect (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date or the Exchange Date (as the case may be) which will continue); and
 - (ii) the Ordinary Share resulting from a Conversion will rank equally with all other Ordinary Shares;
- (e) Suncorp must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure at its expense quotation of any Ordinary Shares into which CPS may be Converted. Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS or an issue, allotment or creation of a new Ordinary Share (other than the additional Ordinary Shares allotted under clause 6.1(b)).

6.2 Adjustments to VWAP

For the purposes of calculating VWAP in clause 6.1:

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

6.3 Adjustments to VWAP for capital reconstruction

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

6.4 Adjustments to Issue Date VWAP

Adjustments to the Issue Date VWAP:

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

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6.5 Adjustments to Issue Date VWAP for bonus and rights issues

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

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

where:

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

V_0 means the Issue Date VWAP applying immediately prior to the application of this formula;

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

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

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

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

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

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

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

$$V = V_0 \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

where:

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

V_0 means the Issue Date VWAP respectively applying immediately prior to the application of this formula;

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

A means the buy-back price per Ordinary Share;

BN means the number of Ordinary Shares bought back; and

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

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

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6.7 Adjustment to Issue Date VWAP for return of capital

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

$$V = V_0 \times \frac{(P - C)}{(P)}$$

where:

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

V_0 means the Issue Date VWAP applying immediately prior to the application of this formula;

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

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

6.8 Adjustment to Issue Date VWAP for capital reconstruction

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

6.9 Adjustment to Issue Date VWAP for Special Dividend

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

6.10 Directors' sole discretion regarding adjustments to Issue Date VWAP

Despite the provisions of clauses 6.5 to 6.9, where:

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

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

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

A. CPS Terms

6.11 Announcement of adjustment to Issue Date VWAP

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

6.12 Ordinary Shares

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

6.13 Foreign CPS Holders

Where CPS held by a Foreign CPS Holder are to be Converted, unless Suncorp is satisfied that the laws of the Foreign CPS Holder's country of residence permit the issue of Ordinary Shares to the Foreign CPS Holder (but as to which Suncorp is not bound to enquire), either unconditionally or after compliance with conditions which Suncorp in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign CPS Holder is obliged to accept will be issued to a nominee who will sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Foreign CPS Holder accordingly.

7 Redemption mechanics

7.1 Redemption mechanics to apply to Redemption

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

7.2 Redemption

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

7.3 Effect of Redemption on Holders

On the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be) the only right Holders will have in respect of CPS will be to obtain the Redemption Price payable in accordance with these Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by CPS will no longer have effect.

For the purposes of this clause 7:

(a) where the Redemption involves a buy-back of CPS:

- (i) the Redemption Notice, the Exchange Notice or the Acquisition Exchange Notice (as the case may be) constitutes a buy-back offer for the Redemption Price payable on the relevant Redemption Date, Exchange Date or Acquisition Exchange Date (as the case may be);
- (ii) the Holder must accept the buy-back offer for their CPS and will be deemed to have accepted that buy-back offer for CPS held by that Holder to which the Redemption Notice, Exchange Notice or Acquisition Exchange Notice (as the case may be) relates on the date the Redemption Notice, Exchange Notice or Acquisition Exchange Notice (as the case may be) is given and will be deemed to have sold those CPS to Suncorp free of all Encumbrances on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be);
- (iii) no Dividend is payable on CPS on the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be), but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 2 for the Dividend Period ending on (but not including) the Redemption Date, the Exchange Date or the Acquisition Exchange Date (as the case may be);

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

8 Resale mechanics

8.1 Resale mechanics to apply to Resale

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

8.2 Appointment of Nominated Purchaser

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

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

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

8.3 Identity of Nominated Purchaser

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

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

8.4 Irrevocable offer to sell CPS

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

8.5 Effect of Resale

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

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8.6 Effect of failure by the Nominated Purchaser to pay

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

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

9 CPS general rights

9.1 Ranking

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

9.2 Preferential dividend

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

9.3 Calculations of payments

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

9.4 No set-off or offsetting rights

A Holder:

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

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9.5 Return of capital

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

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

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

9.6 Shortfall on winding-up

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

9.7 No participation in surplus assets

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

9.8 Power of attorney

- (a) Each Holder appoints each of Suncorp, its officers and any liquidator or administrator of Suncorp (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including, but not limited to, accepting any buy-back offer, effecting any transfers of CPS, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale or in respect of a NOHC Event.
- (b) The power of attorney given in this clause 9.8 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

9.9 Holder Acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of a CPS in accordance with clause 6, consents to becoming a member of Suncorp and agrees to be bound by the Constitution (or, where a NOHC Substitution Notice has been given, consents to becoming a member of that NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that a NOHC may be substituted for Suncorp as issuer of ordinary shares on Conversion and that if such a substitution is effected, the Holder is obliged to accept ordinary shares in that NOHC on a Conversion, and will not receive Ordinary Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 16.1(a)(iv) to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion will not constitute a variation of any class rights attaching to CPS;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS including:
 - (i) any change in the financial position of Suncorp or any NOHC since the Issue Date;
 - (ii) any disruption to the market or potential market for the ordinary shares or to capital markets generally; or
 - (iii) any breach by Suncorp or any NOHC of any obligation in connection with CPS;

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

9.10 On-market buy-backs

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

9.11 No other rights

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

10 Voting and other rights

10.1 Voting rights

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

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

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

10.2 Not a "voting share"

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

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

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

10.4 No events of default

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

11 Takeovers and schemes of arrangement

If:

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

in each case which would result in an Acquisition Event then, if the Directors consider that APRA will not approve Exchange of CPS in accordance with clause 5, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

12 NOHC Events

12.1 Suncorp may give NOHC Substitution Notice

If:

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

Suncorp must use all reasonable endeavours to give a notice (a NOHC Substitution Notice) to Holders as soon as practicable before the NOHC Event and in any event no later than 10 Business Days before the NOHC Event occurs specifying the amendments to these Terms which will be made in accordance with clause 16.1(a)(iv) to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion (the NOHC Substitution Terms).

A NOHC Substitution Notice, once given, is irrevocable.

12.2 Required NOHC Substitution Terms

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

12.3 Consequences of NOHC Substitution Notice

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

A. CPS Terms

13 Notices

13.1 Notices to Holders

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

13.2 Delivery of certain notices

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

13.3 Non-receipt of notices by Holders

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

13.4 Notices to Suncorp

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

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

Attention: Company Secretary
Suncorp-Metway Limited
Address: Level 18
Suncorp Centre
36 Wickham Terrace
Brisbane 4000
Australia

Fax No: +61 7 3836 1190,

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

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

A notice to Suncorp will be taken to be received:

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

13.5 Notices and reports

Each Holder is entitled to receive notice of any general meeting of Suncorp and a copy of every circular and like document sent out by Suncorp to Ordinary Shareholders and to attend general meetings of Suncorp.

14 Payments

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

15 Quotation on ASX

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

16 Amendment of these Terms

16.1 Amendment without consent

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

- (a) if Suncorp is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling CPS to be listed or to remain listed on a securities exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place and it is otherwise not considered by Suncorp to be materially prejudicial to the interests of the Holders as a whole;
 - (iv) necessary and appropriate to effect the substitution of a NOHC as the issuer of ordinary shares on Conversion in the manner contemplated by these Terms, including without limitation amendments and additions to:
 - (A) the definition of "Conversion" and the mechanics to effect that Conversion in clause 6;
 - (B) the definition of "Conversion Number" in clause 6, the inputs into that Conversion Number and the mechanics for adjusting that Conversion Number; and
 - (C) the definition of "Suncorp Group", "Acquisition Event", "Regulatory Event" and "Tax Event", which are otherwise not considered by Suncorp to be materially prejudicial to the interests of the Holders as a whole. For the avoidance of doubt, the fact NOHC Ordinary Shares will be delivered to Holders in circumstances where Suncorp would have otherwise been obliged to deliver Ordinary Shares under these Terms will not be considered to be materially prejudicial to the interests of Holders;
 - (v) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
- (b) according to Suncorp's adjustment rights in clause 6; or
- (c) generally, in any case where such amendment is considered by Suncorp not to be materially prejudicial to the interests of Holders as a whole.

16.2 Amendment with consent

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

16.3 Meanings

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

17 Governing law

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

A. CPS Terms

18 Interpretation and definitions

18.1 Interpretation

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

18.2 Definitions

Acquisition Event means:

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

in each case other than where:

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

A. CPS Terms

Acquisition Event Notice has the meaning given in clause 5.1.

Acquisition Exchange Date has the meaning given in clause 5.3.

Acquisition Exchange Notice has the meaning given in clause 5.2.

Adjustment Notice has the meaning given in clause 6.11.

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

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

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

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

Attorney has the meaning given in clause 9.8.

Bank Bill Rate has the meaning given in clause 2.1.

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

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

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

Control has the meaning given in the Corporations Act.

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

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

Conversion Number has the meaning given in clause 6.1.

Corporations Act means the *Corporations Act 2001* (Cth).

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

Cum Value has the meaning given in clause 6.2.

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

Deferred Conversion Date has the meaning given in clause 4.5.

Deferred Conversion Notice has the meaning given in clause 4.5.

Deferred Exchange Date has the meaning given in clause 8.6.

Deferred Redemption Date has the meaning given in clause 3.5.

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

- (a) Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, Ordinary Shares continue not to be listed or admitted to trading on that date); or
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
 - (i) at least five consecutive Business Days prior to that date; and
 - (ii) that date.

A. CPS Terms

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

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

Dividend has the meaning given in clause 2.1.

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

Dividend Period means in respect of:

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

Dividend Rate has the meaning given in clause 2.1.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

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

Exchange Date has the meaning given in clause 4.2(b).

Exchange Method has the meaning given in clause 4.3.

Exchange Notice has the meaning given in clause 4.1.

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

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

First Test Date has the meaning given in clause 3.3.

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

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

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

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

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

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

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which any CPS were issued, as adjusted in accordance with clauses 6.5 to 6.10.

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

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

Level 1 Distributable Profits means:

- (a) the net profits after tax of Suncorp (on a Level 1 basis) (determined before any interest, dividends or other distributions paid or payable by Suncorp on its Upper Tier 2 Capital and Tier 1 Capital (on a Level 1 basis)) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Suncorp (or any other amount as determined by APRA in its discretion to be applicable for the purpose of Suncorp's Upper Tier 2 Capital and Tier 1 Capital instruments (on a Level 1 basis)); less

A. CPS Terms

- (b) the aggregate amount of any interest, dividends or other distributions paid or payable by Suncorp on its Upper Tier 2 Capital and Tier 1 Capital (on a Level 1 basis) (but not including any interest, dividends or other distributions paid or payable between entities comprising Suncorp on a Level 1 basis) in the 12 month period up to and including the Dividend Payment Date (but excluding any Dividend payable on CPS on that Dividend Payment Date).

Level 2 Distributable Profits means:

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

Liquidation Sum has the meaning given in clause 9.5.

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

Mandatory Conversion Conditions has the meaning given in clause 3.3.

Mandatory Conversion Date has the meaning given in clause 3.2.

Margin has the meaning given in clause 2.1.

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

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

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

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

NOHC Event means an event which:

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

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

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

NOHC Substitution Notice has the meaning given in clause 12.1.

NOHC Substitution Terms has the meaning given in clause 12.1.

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

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

A. CPS Terms

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

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

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

Optional Conversion Conditions has the meaning given in clause 4.4.

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

Optional Dividend has the meaning given in clause 2.8.

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

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

Prospectus means the prospectus for the Offer including these Terms.

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

Record Date means for payment of:

(a) a Dividend:

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

(b) an Optional Dividend, the date prior to the payment of the Optional Dividend that is determined by the Directors,

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

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

Redemption Date has the meaning given in clause 3.6.

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

Redemption Price has the meaning given in clause 7.2.

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

Regulatory Event means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a prospective change) in, any law or regulation affecting securities laws of Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on Suncorp in relation to or in connection with CPS which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine at their absolute discretion, to be unacceptable; or

A. CPS Terms

- (b) the determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that Suncorp is not or will not be entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital, except where the reason Suncorp is not entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital is because:
- (i) Suncorp has exceeded a limit on Non-Innovative Residual Tier 1 Capital which was in effect on the date of the Prospectus; or
 - (ii) Suncorp has taken an action or actions in respect of CPS which directly has the effect that they are not treated as Non-Innovative Residual Tier 1 Capital.

Relevant Date has the meaning in clause 3.2.

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

Resale means, in relation to a CPS, the sale of CPS in accordance with clause 8 and **Resell** and **Resold** have corresponding **Resale Notice** has the meaning in clause 3.7(a).

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

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

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

Second Test Period has the meaning given in clause 3.3.

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

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

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

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

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

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

Suncorp Group means Suncorp and each entity it Controls.

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

Tax Act means:

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

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;

A. CPS Terms

(b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (**Administrative Action**); or

(c) any amendment to, clarification of, or change in, an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or such pronouncement or decision is announced, on or after the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

(i) Suncorp would be exposed to more than a *de minimis* increase in its costs in relation to CPS; or

(ii) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act or Australian tax resident Holders generally would not be entitled to franking credits in respect of the Dividends.

Tax Rate has the meaning given in clause 2.1.

Terms means these terms of issue of CPS.

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

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

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

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

VWAP means, subject to any adjustments under clause 6, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the ASX Market Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

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

B. Glossary

Term	Meaning
ABN	Australian Business Number
Acquisition Event	<p>means:</p> <ul style="list-style-type: none"> • a takeover bid is made for all or some Ordinary Shares which is or becomes unconditional and as a result of the bid the bidder has a relevant interest in more than 50% of the Ordinary Shares; or • a court approves a scheme of arrangement which would result in a person other than Suncorp having a relevant interest in more than 50% of the Ordinary Shares, subject to certain conditions <p><i>For the full definition – see clause 18.2 of the Terms</i></p>
Acquisition Exchange Date	<p>the date on which Exchange as a result of an Acquisition Event is to occur, as discussed in Section 1.5</p> <p><i>For the full definition – see clause 5 of the Terms</i></p>
ADI	authorised deposit-taking institution, as defined in the Banking Act
AFSL	Australian Financial Services Licence
Allocation	<p>the number of CPS allocated under this Prospectus to:</p> <ul style="list-style-type: none"> • Securityholder Applicants and General Applicants at the end of the Offer Period; and • Syndicate Brokers and Institutional Investors under the Bookbuild
Applicant	a person who submits an Application
Application	a valid application made under this Prospectus pursuant to the applicable Application Form to apply for a specified number of CPS
Application Form	<p>each of the application forms attached to, or accompanying, this Prospectus upon which an Application may be made, being:</p> <ul style="list-style-type: none"> • the white personalised Securityholder Application Form supplied by Suncorp upon request to Securityholder Applicants; • the electronic Application Form provided for online Applications under the Securityholder Offer and General Offer; and • the grey Application Form in the back of this Prospectus to be used by Broker Firm Applicants and General Applicants
Application Payment	the monies payable on each Application, calculated as the number of CPS applied for multiplied by the Issue Price
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Suncorp, the Suncorp Banking Group or any NOHC
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires
Australian Accounting Standards	the accounting standards as developed and issued by the Australian Accounting Standards Board
Bank Bill Rate	means, for a Dividend Period, the average mid-rate for bills of a term of 90 days (expressed as a percentage per annum) which average rate is displayed on Reuters page BBSW (or any page that replaces that page) on the first Business Day of the Dividend Period
	<i>For the full definition – see clause 2.1 of the Terms</i>
Banking Act	Banking Act 1959 (Cth)
Bookbuild	the process described in Section 2.6.2 to determine the Margin
Broker Firm Applicant	a client of a Syndicate Broker (whether an Australian resident or not)
Broker Firm Offer	the invitation made to Broker Firm Applicants to apply for an allocation of CPS from the relevant Syndicate Broker under this Prospectus

B. Glossary

Term	Meaning
Business Day	a business day as defined in the Listing Rules
CGT	capital gains tax
CHESS	Clearing House Electronic Subregister System operated by an associate of ASX
Citi	Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832, AFSL No. 240992)
Closing Date	the last day on which Applications will be accepted, expected to be: <ul style="list-style-type: none">• 5.00pm on 4 June 2008 for the Securityholder Offer and the General Offer; and• 10.00am on 10 June 2008 for the Broker Firm Offer
Co-Managers	Commonwealth Securities Limited (ABN 60 067 254 399, AFSL No. 238814) National OnLine Trading Limited (ABN 83 089 718 249, AFSL No. 230704) Ord Minnett Limited (ABN 86 002 733 048, AFSL No. 237121) Wilson HTM Limited (ABN 68 010 529 665, AFSL No. 238375)
Consenting Party	each of the consenting parties named in Section 6.7
Constitution	the constitution of Suncorp, as amended from time to time
Conversion	the conversion of CPS into a variable number of Ordinary Shares, or ordinary shares of a NOHC following a NOHC Event, under the Terms Convert and Converted have corresponding meanings <i>For the full definition of the conversion mechanics – see clause 6 of the Terms</i>
Corporations Act	Corporations Act 2001 (Cth)
CPS	Suncorp convertible preference shares, being fully paid preference shares in the capital of Suncorp which will mandatorily Convert into Ordinary Shares of Suncorp (subject to certain conditions being satisfied), that are to be issued under this Prospectus
Delisting Event	means, in respect of a date, that: <ul style="list-style-type: none">• Ordinary Shares have ceased to be listed or admitted to trading on ASX on or before that date; or• trading of Ordinary Shares has been suspended for more than five consecutive Business Days, and is continuing as of that date <i>For the full definition – see clause 18.2 of the Terms</i>
Directors	some or all of the directors of Suncorp acting as a board
Distributable Profits	the lesser of Level 2 Distributable Profits and Level 1 Distributable Profits, as respectively defined in clause 18.2 of the Terms
Distribution Restriction	the restrictions discussed in Section 1.2 <i>For more information – see clauses 2.8 and 2.9 of the Terms</i>
Dividend	a dividend on CPS <i>For the full definition – see clause 2.1 of the Terms</i>
Dividend Payment Date	15 September 2008, and after that each 14 December, 14 March, 14 June and 14 September until the date CPS are Redeemed, Converted or Resold, which date (subject to limited exceptions) will also constitute a Dividend Payment Date, whether or not a Dividend is, or is able to be, paid on that date <i>For the full definition – see clause 2.5 of the Terms</i>
Dividend Period	a period from (and including) either the Issue Date or a subsequent Dividend Payment Date until (but not including) the following Dividend Payment Date.
Dividend Rate	the dividend rate on CPS calculated using the formula described in Section 1.2 <i>For the full definition – see clause 2.1 of the Terms</i>

B. Glossary

Term	Meaning
Exchange	<p>means any of the following:</p> <ul style="list-style-type: none"> • Conversion in accordance with and subject to clause 6 of the Terms; • Redemption in accordance with and subject to clause 7 of the Terms; or • Resale in accordance with and subject to clause 8 of the Terms <p>Exchanged has the corresponding meaning</p> <p><i>For the full definition – see clause 18.2 of the Terms</i></p>
Exchange Date	<p>the date on which Exchange is to occur</p> <p><i>For the full definition – see clause 4.2(b) of the Terms</i></p>
Exchange Method	<p>the means by which Exchange is effected</p> <p><i>For the full definition – see clause 4.3 of the Terms</i></p>
Exchange Notice	a notice issued by Suncorp to a Holder under clause 4.1 of the Terms
Expiry Date	the date which is 13 months after the date of the Original Prospectus
Exposure Period	the seven day period after the date the Original Prospectus was lodged with ASIC during which the Corporations Act prohibited the acceptance of Applications
Fitch Ratings	Fitch Australia Pty Ltd (ABN 93 081 339 184)
Floating Rate Capital Notes	unsecured perpetual floating rate subordinated notes in the capital of Suncorp, issued in December 1998
General Applicant	an Australian resident who is neither a Securityholder Applicant, Broker Firm Applicant nor Institutional Investor
General Offer	the invitation to General Applicants to apply for CPS under this Prospectus
Greenwoods & Freehills	Greenwoods & Freehills Pty Limited (ABN 60 003 146 852)
GST	goods and services tax
HIN	Holder Identification Number for Ordinary Shares, RPS, Floating Rate Capital Notes or CPS (when issued) held on the CHESS subregister
Holder	a person registered in the Register as a holder of CPS
Holding Statement	a statement issued to Holders by the Registry which sets out details of CPS allotted to them under the Offer
Innovative Tier 1 Capital	innovative tier 1 capital of ADIs (including Suncorp or the Suncorp Banking Group) as described by APRA in the Prudential Standards
Institutional Investor	an investor (whether an Australian resident or not) to whom CPS are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which Suncorp is willing to comply with) including, in Australia, persons to whom offers of securities can be made without the need for a lodged prospectus, who have been invited by the Joint Lead Managers to bid for CPS in the Bookbuild and who is not a Broker Firm Applicant
Institutional Offer	the invitation to certain Institutional Investors to bid for CPS in the Bookbuild
Issue Credit Rating	a current opinion by Standard & Poor's, Moody's and/or Fitch Ratings of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program
Issue Date	the date CPS are issued to Holders under this Prospectus, expected to be 12 June 2008
Issue Date VWAP	the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, subject to certain adjustments
	<i>For the full definition – see clause 18.2 of the Terms</i>

B. Glossary

Term	Meaning
Issue Price	the issue price for CPS, being \$100 per CPS
Joint Lead Managers or Joint Lead Managers & Joint Bookrunners	Citi, JPMorgan, Macquarie and UBS
JLM Brokers	Bell Potter Securities Limited (ABN 25 006 390 772, AFSL No. 243480) Citi Smith Barney Pty Limited (ABN 19 009 145 555, AFSL No. 240813) Macquarie Private Wealth, a division of Macquarie Equities Limited (ABN 41 002 574 923, AFSL No. 237504) UBS Wealth Management Australia Limited (ABN 50 005 311 937, AFSL No. 231127)
JPMorgan	J.P. Morgan Australia Limited (ABN 52 002 888 011, AFSL No. 238188)
KPMG Transaction Services	KPMG Transaction Services (Australia) Pty Limited (ABN 65 003 891 718)
Level 1 and Level 2	those terms as described by APRA in the Prudential Standards
Liquidation Sum	<p>in respect of each CPS held the sum of:</p> <ul style="list-style-type: none"> • the amount of any Dividend (including any Optional Dividend) determined to be paid but unpaid; and • the Issue Price, <p>which is payable to Holders out of the assets of Suncorp available for distribution to Holders after payment of all depositors and creditors, if there is a return of capital on a winding-up of Suncorp</p> <p><i>For the full definition – see clause 9.5 of the Terms</i></p>
Listing Rules	the listing rules of ASX, with any modification or waivers which ASX may grant to Suncorp from time to time
Macquarie	Macquarie Capital Advisers Limited (ABN 79 123 199 548, AFSL No. 314416)
Mandatory Conversion Conditions	<p>means:</p> <ul style="list-style-type: none"> • First Mandatory Conversion Condition: the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the date of Conversion is greater than 55.55% of the Issue Date VWAP; • Second Mandatory Conversion Condition: the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date of Conversion is greater than 50.51% of the Issue Date VWAP; and • Third Mandatory Conversion Condition: no Delisting Event applies in respect of the date of Conversion <p><i>For the full definition – see clause 3.3 of the Terms</i></p>
Mandatory Conversion Date	the earlier of 14 June 2013 and the first Dividend Payment Date after 14 June 2013 on which the Mandatory Conversion Conditions are satisfied
	<i>For the full definition – see clause 3.2 of the Terms</i>
Margin	the margin which was determined under the Bookbuild and is 3.2000% per annum
Moody's	Moody's Investors Service Pty Limited (ABN 61 003 399 657)
NOHC	the ultimate holding company of Suncorp after a NOHC Event which must be a "non-operating holding company" within the meaning of the Banking Act

B. Glossary

Term	Meaning
NOHC Event	<p>means an event which:</p> <ul style="list-style-type: none"> • is initiated by the Directors, acting as a board; • is determined by the Directors to be fairly characterised as a restructure of the Suncorp Group; and • would otherwise be an Acquisition Event, <p>but the result of which would be that the person who would be the ultimate holding company of Suncorp would be a NOHC</p> <p><i>For the full definition – see clause 18.2 of the Terms</i></p>
Nominated Purchaser	<p>with respect to a Resale, one or more third parties selected by Suncorp in its absolute discretion, subject to certain conditions</p> <p><i>For the full definition – see clause 18.2 of the Terms</i></p>
Non-innovative Residual Tier 1 Capital	non-innovative residual tier 1 capital of ADIs (including Suncorp or the Suncorp Banking Group) as described by APRA in the Prudential Standards
Non-Participating Shares	2,000 shares held by the Trustee of Metropolitan Permanent & Building Society Trust which have limited rights as described under the Constitution
Offer	the offer by Suncorp of CPS under this Prospectus at an Issue Price of \$100 each to raise up to \$700 million
Offer Management Agreement or OMA	the offer management agreement entered into between Suncorp and the Joint Lead Managers as summarised in Section 6.6
Offer Period	the period from the Opening Date to the Closing Date
Opening Date	the day the Offer opens, which is 16 May 2008
Optional Conversion Conditions	<p>means:</p> <ul style="list-style-type: none"> • First Optional Conversion Condition: the VWAP of Ordinary Shares on the Optional Conversion Test Date is greater than 55.55% of the Issue Date VWAP; and • Second Optional Conversion Condition: Ordinary Shares have not ceased to be listed or admitted to trading on ASX, and trading of Ordinary Shares has not been suspended for more than five consecutive Business Days and is continuing in respect of the Optional Conversion Test Date <p><i>For the full definition – see clause 4.4 of the Terms</i></p>
Optional Conversion Test Date	<p>the second Business Day before the date on which an Exchange Notice is to be sent by Suncorp (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred)</p> <p><i>For the full definition – see clause 4.4 of the Terms</i></p>
Optional Dividend	<p>an optional dividend on CPS</p> <p><i>For the full definition – see clause 2.8 of the Terms</i></p>
Ordinary Share	a fully paid ordinary share in the capital of Suncorp
Original Prospectus	the prospectus relating to the Offer which was lodged with ASIC on 6 May 2008 and which this Prospectus replaces
Participating Broker	any participating organisation of ASX selected by the Joint Lead Managers to participate in the Bookbuild

B. Glossary

Term	Meaning
Payment Tests	<p>tests to which the payment of a Dividend or Optional Dividend is subject, summarised as follows:</p> <ul style="list-style-type: none"> • the Directors, at their absolute discretion, determining the Dividend to be payable; • Suncorp having profits available for the payment of the Dividend; • unless APRA otherwise agrees, payment of the Dividend not resulting in a breach of certain of APRA's capital adequacy guidelines by Suncorp or the Suncorp Banking Group; • unless APRA otherwise agrees, the amount of the Dividend not exceeding Distributable Profits; • payment of the Dividend not resulting in Suncorp becoming, or being likely to become, insolvent; and • APRA not otherwise objecting to the payment of the Dividend <p><i>For the full description of the tests – see clause 2.3 of the Terms</i></p>
Privacy Act	Privacy Act 1988 (Cth)
Promina	Promina Group Limited (ABN 79 000 746 092)
Prospectus	this replacement prospectus in relation to the Offer that was lodged with ASIC on 14 May 2008 and replaces the Original Prospectus
Prudential Standards	the ADI prudential standards issued by APRA, which define and document APRA's framework for assessing, among other things, the capital adequacy of an ADI
Redeem	to redeem, buy-back (other than by an on-market buy-back) or reduce capital, or any combination of such activities, in connection with CPS in accordance with clause 7 of the Terms Redeemed, Redeemable and Redemption have corresponding meanings
Register	the official register of Ordinary Shares, RPS, Floating Rate Capital Notes and/or CPS (if issued) as the context requires, each being maintained by the Registry on Suncorp's behalf and including any subregister established and maintained under CHESS
Registry	Link Market Services Limited (ABN 54 083 214 537) or any other registry that Suncorp appoints to maintain the Register
Regulatory Event	broadly, occurs when Suncorp receives legal advice that, as a result of a change of law or regulation on or after the Issue Date, additional requirements would be imposed on Suncorp in relation to CPS which the Directors determine as unacceptable, or the Directors determine that Suncorp will not be entitled to treat all CPS as eligible Non-innovative Residual Tier 1 Capital <i>For the full definition – see clause 18.2 of the Terms</i>
Resale	the resale of CPS in accordance with clause 8 of the Terms Resell and Resold have corresponding meanings
Residual Tier 1 Capital	residual tier 1 capital of ADIs (including Suncorp or the Suncorp Banking Group) as described by APRA in the Prudential Standards
RPS	the fully paid reset preference shares in the capital of Suncorp issued by Suncorp on or about 30 August 2001 according to the terms of issue set out in the information memorandum dated 16 August 2001 and in the placement offer letter dated 3 September 2001
Securityholder	a holder of an Ordinary Share, RPS or Floating Rate Capital Note, as the context requires
Securityholder Applicant	a Securityholder shown on the Register with an address in Australia
Securityholder Application Form	the white personalised application form made available to Securityholder Applicants upon request
Securityholder Offer	the invitation to Securityholder Applicants to apply for CPS under this Prospectus
Senior Co-Manager	ABN AMRO Morgans Limited (ABN 49 010 669 726, AFSL No. 235410)
Settlement Date	one Business Day before the Issue Date, expected to be 11 June 2008

B. Glossary

Term	Meaning
Special Resolution	a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution
SRN	Security Reference Number for Ordinary Shares, RPS, Floating Rate Capital Notes, or CPS (when issued) held on the issuer sponsored subregister
Standard & Poor's	Standard & Poor's (Australia) Pty Limited (ABN 62 007 324 852)
Suncorp	Suncorp-Metway Limited (ABN 66 010 831 722, AFSL No. 229882)
Suncorp Banking Group	means Suncorp and its banking business entities (on a Level 2 basis)
Suncorp Group	Suncorp and its controlled entities
Syndicate Broker	any of the Joint Lead Managers, JLM Brokers, Senior Co-Managers, Co-Managers or Participating Brokers
Tax Event	broadly, occurs when Suncorp receives professional advice that, as a result of a change in Australian tax law, or an administrative pronouncement or ruling, on or after the Issue Date, there is a more than insubstantial risk that Suncorp would be exposed to more than an insignificant increase in its costs in relation to CPS being on issue or any Dividend would not be a frankable dividend or distribution for tax purposes or franking credits may not be available to Holders <i>For the full definition – see clause 18.2 of the Terms</i>
Tax Letter	the tax letter prepared by Greenwoods & Freehills contained in Section 5
Tax Rate	the Australian corporate tax rate applicable to the franking account of Suncorp as at the relevant Dividend Payment Date. As at the date of this Prospectus, the relevant rate is 30%
Terms or CPS Terms	the full terms of issue of CPS, as set out in Appendix A
TFN	Tax File Number
Tier 1 Capital	tier 1 capital of ADIs (including Suncorp or the Suncorp Banking Group) as described by APRA in the Prudential Standards
Tier 2 Capital	tier 2 capital of ADIs (including Suncorp or the Suncorp Banking Group) as described by APRA in the Prudential Standards
UBS	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087)
Upper Tier 2 Capital	the upper tier 2 capital of ADIs (including Suncorp or the Suncorp Banking Group) as described by APRA in the Prudential Standards
US Person	has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the relevant period or on the relevant days, as defined in clause 18.2 of the Terms and subject to any adjustments under clause 6 of the Terms

Your guide to this Application Form

The CPS to which this Application Form relates are Suncorp CPS. Further details about Suncorp CPS are contained in the Prospectus dated 14 May 2008 issued by Suncorp. The Prospectus will expire on 6 June 2009. While the Prospectus is current, Suncorp will send to you paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

ACCEPTANCE OF THE OFFER

- By returning this Application Form with your Application Payment to the Registry by 5:00pm on 4 June 2008 or to your Syndicate Broker in accordance with their instructions:
- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
 - you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
 - you declare that all details and statements made are complete and accurate;
 - declare that each Applicant, if a natural person, is at least 18 years old;
 - you declare that you are not a US Person, nor acting for the account or benefit of any US Person;
 - you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement Prospectus or making an Application on this Application Form;

Please complete all relevant white sections of this Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

HOW TO APPLY FOR CPS

- A** Insert the number of CPS you wish to apply for. You must apply for a minimum of 20 CPS (\$2,000) and thereafter in multiples of 10 CPS (\$1,000). You may be issued all of the CPS applied for, a lesser number or none at all.
- B** Insert the total Application Payment. To calculate the total amount, multiply the number of CPS applied for by the Issue Price (\$100.00). Amounts should be in Australian dollars. Please make sure the amount of your cheque or money order equals this amount. If the amount of any cheque or money order is insufficient to pay for the number of CPS that you have applied for, or, if there are insufficient funds held in a relevant account to cover a cheque that you have drawn, then Suncorp may, in consultation with the Joint Lead Managers, determine that you have applied for such lower number of CPS as your cleared application monies will pay for and you will be deemed to have specified that number in this Application Form.
- C** Write the full name you wish to appear on the register of CPS. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Please enter your postal address for all correspondence. All communications to you from Suncorp and the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are already a CHESS holder or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. You can find this number on your CHESS holding statement. If you do not know your HIN, contact your sponsoring broker. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your CPS will be issued to Suncorp's issuer sponsored subregister.
- F** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- G** If you are a General Applicant please complete the details of your cheque or money order in this section. The total amount of your cheque or money order should agree with the amount shown in section B.
- GENERAL OFFER:** Make your cheque or money order payable to "Suncorp-Metway Limited – CPS Offer" in Australian currency and cross it "Not Negotiable". Your cheque or money order must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or money order to the Application Form where indicated.
- BROKER FIRM OFFER:** Broker Firm Applicants should contact their Syndicate Broker for instructions on how to submit their Application Form and Application Payment.

LODGEMENT INSTRUCTIONS

General Offer: This Application Form and your cheque or money order must be mailed or delivered so that it is received before 5:00pm on 4 June 2008 at:

Postal delivery: Suncorp CPS Offer, Link Market Services Limited, Reply Paid 3560, Sydney NSW 2001;

Sydney Hand Delivery: Suncorp CPS Offer, Link Market Services Limited, Level 12, 680 George Street, Sydney NSW; **or**

Brisbane Hand Delivery: Suncorp CPS Offer, Link Market Services Limited, Level 12, 300 Queen Street, Brisbane QLD

Broker Firm Offer: You must return this Application Form and Application Payment directly to the Syndicate Broker who offered you a broker firm allocation in accordance with their instructions. You should ensure your Syndicate Broker receives your Application with sufficient time to allow processing by the Closing Date.

If you require further information on how to complete this Application Form, please contact the Suncorp CPS InfoLine on 1300 665 385 (Monday to Friday, 8:30am to 5:30pm, AEST).

PRIVACY STATEMENT

By submitting this Application Form, you agree that Suncorp and the Registry may use the information provided by you on this Application Form to administer your CPS holding, provide facilities and services that you request and provide you with marketing materials, and may disclose your personal information for those purposes to the Joint Lead Managers (or your Syndicate Broker), the Registry, Suncorp's related entities, agents, contractors and third party service providers (including mail houses and professional advisers), ASX, other regulatory authorities and in any case, where disclosure is required or allowed by law or where you have consented. Once you become a Holder, Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a security holder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. You can obtain access to or update your personal information by contacting the Registry: Link Market Services Limited, Level 12, 300 Queen Street, Brisbane QLD 4000. The Registry's privacy policy is available at www.linkmarketservices.com.au/public/help/privacy.html. Suncorp's privacy policy is available at http://www.suncorp.com.au/suncorp/legal/privacy_policy.aspx.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY natural persons and legal entities are allowed to hold CPS. Applications must be in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act 2001 (Cth). At least one full given name 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 below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Limited	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Limited <Super Fund A/C>	XZ Pty Limited Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated spaces at section C on the Application Form.

Your guide to this Application Form

The CPS to which this Application Form relates are Suncorp CPS. Further details about Suncorp CPS are contained in the Prospectus dated 14 May 2008 issued by Suncorp. The Prospectus will expire on 6 June 2009. While the Prospectus is current, Suncorp will send to you paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

ACCEPTANCE OF THE OFFER

- By returning this Application Form with your Application Payment to the Registry by 5:00pm on 4 June 2008 or to your Syndicate Broker in accordance with their instructions:
- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
 - you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
 - you declare that all details and statements made are complete and accurate;
 - declare that each Applicant, if a natural person, is at least 18 years old;
 - you declare that you are not a US Person, nor acting for the account or benefit of any US Person;
 - you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement Prospectus or making an Application on this Application Form;

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- B** Insert the total Application Payment. To calculate the total amount, multiply the number of CPS applied for by the Issue Price (\$100.00). Amounts should be in Australian dollars. Please make sure the amount of your cheque or money order equals this amount. If the amount of any cheque or money order is insufficient to pay for the number of CPS that you have applied for, or, if there are insufficient funds held in a relevant account to cover a cheque that you have drawn, then Suncorp may, in consultation with the Joint Lead Managers, determine that you have applied for such lower number of CPS as your cleared application monies will pay for and you will be deemed to have specified that number in this Application Form.
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- D** Please enter your postal address for all correspondence. All communications to you from Suncorp and the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are already a CHESS holder or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. You can find this number on your CHESS holding statement. If you do not know your HIN, contact your sponsoring broker. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your CPS will be issued to Suncorp's issuer sponsored subregister.
- F** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- G** If you are a General Applicant please complete the details of your cheque or money order in this section. The total amount of your cheque or money order should agree with the amount shown in section B.
- GENERAL OFFER:** Make your cheque or money order payable to "Suncorp-Metway Limited – CPS Offer" in Australian currency and cross it "Not Negotiable". Your cheque or money order must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or money order to the Application Form where indicated.
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If you require further information on how to complete this Application Form, please contact the Suncorp CPS InfoLine on 1300 665 385 (Monday to Friday, 8:30am to 5:30pm, AEST).

PRIVACY STATEMENT

By submitting this Application Form, you agree that Suncorp and the Registry may use the information provided by you on this Application Form to administer your CPS holding, provide facilities and services that you request and provide you with marketing materials, and may disclose your personal information for those purposes to the Joint Lead Managers (or your Syndicate Broker), the Registry, Suncorp's related entities, agents, contractors and third party service providers (including mail houses and professional advisers), ASX, other regulatory authorities and in any case, where disclosure is required or allowed by law or where you have consented. Once you become a Holder, Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a security holder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. You can obtain access to or update your personal information by contacting the Registry: Link Market Services Limited, Level 12, 300 Queen Street, Brisbane QLD 4000. The Registry's privacy policy is available at www.linkmarketservices.com.au/public/help/privacy.html. Suncorp's privacy policy is available at http://www.suncorp.com.au/suncorp/legal/privacy_policy.aspx.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY natural persons and legal entities are allowed to hold CPS. Applications must be in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act 2001 (Cth). At least one full given name 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 below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Limited	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Limited <Super Fund A/C>	XZ Pty Limited Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated spaces at section C on the Application Form.

Corporate directory

Issuer

Suncorp-Metway Limited

Level 18
36 Wickham Terrace
Brisbane QLD 4000

Auditor

KPMG

Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

Legal adviser

Mallesons Stephen Jaques

Level 30
Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Tax adviser

Greenwoods & Freehills Pty Limited

MLC Centre
19-29 Martin Place
Sydney NSW 2000

Registry

Link Market Services Limited

Level 12
300 Queen Street
Brisbane QLD 4000

Enquiries

Suncorp CPS InfoLine on 1300 665

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(Monday to Friday – 8.30am to 5.30pm)

Website

www.suncorp.com.au/CPS

Joint Lead Managers & Joint Bookrunners

Citigroup Global Markets Australia Pty Limited

Citigroup Centre
2 Park Street
Sydney NSW 2000

J.P. Morgan Australia Limited

Level 32
Grosvenor Place
225 George Street
Sydney NSW 2000

Macquarie Capital Advisers Limited

Level 9
1 Martin Place
Sydney NSW 2000

UBS AG, Australia Branch

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

JLM Brokers

Bell Potter Securities Limited

Level 33, Grosvenor Place
225 George Street
Sydney NSW 2000

Citi Smith Barney Pty Limited

Level 20
2 Park Street
Sydney NSW 2000

Macquarie Private Wealth, a division of Macquarie Equities Limited

20 Bond Street
Sydney NSW 2000

UBS Wealth Management Australia Limited

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Senior Co-Manager

ABN AMRO Morgans Limited

Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Co-Managers

Commonwealth Securities Limited

Level 18
363 George Street
Sydney NSW 2000

National OnLine Trading Limited

A National Australia Bank Company
Level 26
255 George Street
Sydney NSW 2000

Ord Minnett Limited

Level 8, NAB House
255 George Street
Sydney NSW 2000

Wilson HTM Limited

Level 38, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000



SUNCORP

How to contact us

- Call us on 1300 665 385
- Find us on the web at www.suncorp.com.au/CPS