



Dear CPS Holder

28 October 2010

## NOHC Substitution Notice

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

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

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

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

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

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

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

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

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

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

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

Yours faithfully

C R Chuter  
Corporate Secretary

# Schedule

## NOHC Substitution Terms

The CPS Terms will be amended as specified below.

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

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

Amendments	Amended CPS Terms
<p>8 <b>Consequences of SGL being a NOHC</b></p> <p>Certain references to SML will be changed to or supplemented by references to SGL or SGL Group on account of SGL being the NOHC for the SGL Group.</p>	<p>Clauses 2.9(c)-(d), 11 and definitions of Acquisition Event, SGL Group (i.e. previously "Suncorp Group"), Regulatory Event and Tax Event in clause 18.2</p>
<p>9 <b>Changes to tax related terms</b></p> <p>As SGL will be the head entity of a consolidated tax group which will include SML following the restructure, the definitions of Tax Rate and Franking Rate will be amended to refer to SGL and the definition of Tax Event will be amended to include a reference to the SGL Group.</p>	<p>Clause 2.1 and definitions of Franking Rate and Tax Event in clause 18.2</p>
<p>10 <b>Consequences of NOHC Event having occurred</b></p> <p>Certain terms that enabled the CPS Terms to be amended to enable the substitution of a NOHC as issuer of ordinary shares on Conversion of the CPS, or which contemplated that substitution, will be removed or amended on account of SGL having been substituted as the NOHC for the SGL Group.</p>	<p>Clauses 9.9(b)-(c), 12, 16.1(a)(iv), 18.1(f) and definitions of Acquisition Event, APRA, Conversion, NOHC, NOHC Event, NOHC Ordinary Share, NOHC Substitution Notice, NOHC Substitution Terms and Required NOHC Substitution Terms in clause 18.2</p>

In addition, two further amendments will be made to the CPS Terms by SML each of which is considered by SML not to be materially prejudicial to the interests of Holders of CPS as a whole. These amendments are as follows:

<p>11 <b>Change to condition for payment of a Dividend</b></p> <p>The requirement that Dividend payments are subject to SML having profits available for the payment of the Dividend will be replaced by a requirement that any Dividend payments must be in compliance with all applicable laws. This change reflects the recent amendment to section 254T of the Corporations Act and corresponding amendments to SML's constitution as part of the restructure.</p>	<p>Clause 2.3(b)</p>
<p>12 <b>Removal of references to NPS</b></p> <p>The NPS have been redeemed and, accordingly, all references to the NPS will be removed.</p>	<p>Clauses 2.9, 9.1 and 18.2</p>
<p>13 <b>Change to references to ASX Market Rules</b></p> <p>As a result of the commencement of Schedule 1 to the <i>Corporations Amendment (Financial Market Supervision) Act 2010</i> (Cwlth), a number of ASX rules have changed names and, accordingly, certain defined terms have been updated to reflect these recent amendments.</p>	<p>Definitions of ASX Operating Rules (i.e. previously "ASX Market Rules") and Register in clause 18.2</p>

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

