



# NEWS RELEASE

14 May 2008

## **Suncorp increases CPS offer size and announces margin**

Suncorp announced today that it has successfully completed the bookbuild process for the proposed issue of Convertible Preference Shares (**CPS**). As a result of strong investor demand, Suncorp has increased the size of the CPS offer to A\$700 million from A\$400 million (**Offer**). The CPS margin has been set at 3.20% per annum.

Chris Skilton, Suncorp's Finance Director, said investor demand for the Offer proved that there was appetite in the market for this type of instrument.

"We are pleased with the response to our Offer and believe the strong level of investor support underlines the strength of the Suncorp brand," Mr Skilton said.

"The issue of these convertible preference shares responds to current market need for investment products which have an investment grade rating and an attractive yield."

"This additional Tier 1 capital will further strengthen Suncorp's balance sheet and provides us with additional flexibility in our capital management strategy," he said.

### **Offer information**

The Offer opens on 16 May 2008 and provides eligible applicants with the opportunity to invest in CPS, which are fully paid preference shares in the capital of Suncorp. Applications must be for a minimum of A\$2,000 (ie 20 CPS).

The Offer comprises:

- a Securityholder Offer, open to Australian registered holders of ordinary shares, RPS or floating rate capital notes;
- a Broker Firm Offer, open to clients of syndicate brokers;
- an Institutional Offer, open to certain institutional investors; and
- a General Offer, open to all other Australian residents.

The closing date for the Offer is expected to be 5.00pm on 4 June 2008 for the Securityholder Offer and General Offer, and 10.00am 10 June 2008 for the Broker Firm Offer.

### **CPS Dividends**

CPS pay investors, subject to their terms, floating rate, quarterly, non-cumulative, preferred dividends which are expected to be fully franked. The dividends are based on the Bank Bill Rate plus a margin of 3.20% per annum.



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Suncorp has lodged a replacement prospectus for the Offer with the Australian Securities and Investments Commission today, which includes details of the CPS margin and revised Offer size. The prospectus is available in electronic form on Suncorp's website, [www.suncorp.com.au/CPS](http://www.suncorp.com.au/CPS). Eligible applicants who have any questions regarding the Offer or wish to obtain a copy of the prospectus should call the Suncorp CPS InfoLine on 1300 665 385.

**ENDS**

**For further information, please contact:**

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**Offer details:**

- CPS are convertible preference shares directly issued by Suncorp-Metway Ltd.
- 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 3.20 % margin, together multiplied by (1 – tax rate).
- 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 third party purchaser to acquire all CPS from holders for A\$100 each.
- The mandatory conversion conditions provide protection to holders from receiving less than A\$101.01 worth of ordinary shares per CPS on conversion based on the volume weighted average price of ordinary shares during the 20 Business Days before the mandatory conversion date.
- Suncorp may, with the prior approval of APRA, elect to redeem CPS for A\$100 each if any of the mandatory conversion conditions are not satisfied.
- CPS may be exchanged 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.
- CPS will be quoted on ASX under the code 'SUNPB'
- 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.
- On a winding-up of Suncorp, CPS rank ahead of ordinary shares, equal with RPS and any other equal ranking securities, but behind all depositors, other creditors and Non-Participating Shares.



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## Offer Timetable:

Announcement of Margin and lodgement of Replacement Prospectus with ASIC	14 May 2008
Opening Date for the Offer	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
Settlement Date	11 June 2008
Issue Date	12 June 2008
CPS commence trading on ASX on a deferred settlement basis	13 June 2008
Holding Statements despatched by	18 June 2008
CPS commence trading on ASX on a normal settlement basis	19 June 2008

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.