UBS

UBS AG
Hong Kong Branch
52/F Two International Finance Centre
8 Finance Street
Central
Hong Kong
Tel. +852-2971-8888

Compliance
Legal & Compliance

25 November 2010

to Company Announcements Platform
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

pages 33 (including this page)

subject **Replacement of QR National Limited Form 603 Notice of initial substantial holder**

Please note this is the replacement notice for Form 603 lodged on 25 November 2010 at 9:38am in QR National Limited. Please disregard the previous notice.

Yours sincerely,

UBS AG

Edith Wong
Legal & Compliance

Fiona Cheng
Legal & Compliance

Form 603

Corporations Law
Section 671B

Notice of initial substantial holder

To: Company Name/Scheme **QR National Limited**

ACN/ARSN **146 335 622**

1. Details of substantial holder (1)

Name: **UBS AG and its related bodies corporate**

ACN/ARSN (if applicable)

The holder became a substantial holder on: **22 November 2010**

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares	**264,885,765**	**264,885,765**	**10.86%**

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities	
UBS AG, Australia Branch	Relevant interest arising pursuant to section 608 (1) of the Corporations Act being the same relevant interest held by the other joint lead managers to the QR National initial public offering (as identified in the over-allocation option and share lending deed attached as Annexure "A" to this notice) in respect of shares owned by the State of Queensland which are the subject of the unexercised over-allocation option contained in that deed	146,400,000	fully paid ordinary shares
UBS AG, Australia Branch	Relevant interest arising pursuant to section 608 (1) of the Corporations Act being the same relevant interest held by the other joint lead managers to the QR National initial public offering (as identified in the over-allocation option and share lending deed attached as Annexure "A" to this notice) in respect of shares owned by the State of Queensland which are the subject of clause 7 (Buffer stock) of that deed	8,163,265	fully paid ordinary shares
UBS Securities Australia Ltd	Beneficial owner	322,500	fully paid ordinary shares
UBS AG, London Branch	Beneficial owner	110,000,000	fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities	
UBS AG, Australia Branch	The State of Queensland	The State of Queensland	146,400,000	fully paid ordinary shares
UBS AG, Australia Branch	The State of Queensland	UBS AG, Australia Branch or its nominee as nominee for unassociated third parties or to the extent not applicable, the State of Queensland	8,163,265	fully paid ordinary shares
UBS Securities Australia Ltd	Brispot Nominees Pty Ltd	UBS Securities Australia Ltd	322,500	fully paid ordinary shares
UBS AG, London Branch	Various custodians	UBS AG, London Branch	110,000,000	fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
UBS AG, Australia Branch	22 November 2010	Nil	The mutual obligations set out in the over-allocation option and share lending deed(attached as Annexure "A" to this notice)	146,400,000 fully paid ordinary shares
UBS AG, Australia Branch	22 November 2010	Nil	Nil	8,163,265 fully paid ordinary shares
UBS Securities Australia Ltd	22 November 2010	273,050	N/A	107,500 fully paid ordinary shares
UBS Securities Australia Ltd	22 November 2010	273,459	N/A	107,500 fully paid ordinary shares
UBS Securities Australia Ltd	22 November 2010	273,459	N/A	107,500 fully paid ordinary shares
UBS AG, London Branch	22 November 2010	278,916,000	N/A	110,000,000 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ ARSN (if applicable)	Nature of association
UBS AG, Australia Branch	Related body corporate
UBS Securities Australia Ltd	Related body corporate
UBS AG, London Branch	Related body corporate
Brispot Nominees Pty Ltd	Related body corporate

7. Addresses

The addresses of persons named in this form are as follows:

Name	Addresses
Details of all UBS offices can be found through the following link: http://apps.ubs.com/locationfinder	

SIGNATURE

Print Name: Fiona Cheng Capacity: Authorised signatory

Sign Here: Date: 25 November 2010

Print Name: Edith Wong Capacity: Authorised signatory

Sign Here: Date: 25 November 2010

Contact details for this notice:

Tiffany Leung
Legal & Compliance
(T) +852 2971 8042
(F) +852 2971 7895

This is the Annexure "A" of 29 pages referred to in Form 603 "Notice of initial substantial holder"

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Fiona Cheng – Authorised Signatory, UBS AG

Date: 25 November 2010

....

Edith Wong – Authorised Signatory, UBS AG

Date: 25 November 2010

Annexure A

CLAYTON UTZ

Over-allocation option and share lending deed

The State of Queensland through Queensland Treasury
The State

Credit Suisse (Australia) Limited
Credit Suisse

Goldman Sachs & Partners Australia Pty Ltd
Goldman Sachs

Merrill Lynch International (Australia) Ltd
Merrill Lynch

RBS Equity Capital Markets (Australia) Limited
RBS

UBS AG, Australia Branch
UBS

Clayton Utz
Lawyers
Levels 19-35 No. 1 O'Connell Street Sydney NSW 2000 Australia
PO Box H3 Australia Square Sydney NSW 1215
T +61 2 9353 4000 F +61 2 8220 6700

www.claytonutz.com

Our reference 722/80106144

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Contents

Over-allocation option and share lending deed

Parties	Details	
The State	Name	The State of Queensland through Queensland Treasury
	Address	GPO Box 611, Brisbane QLD 4001
	Fax	(07) 3225 1271
	Attention	Tim Spencer, Project Director, Commercial Transactions Team
Credit Suisse	Name	Credit Suisse (Australia) Limited
	ABN	94 007 016 300
	Address	Level 41, 101 Collins Street, MELBOURNE VIC 3000
	Telephone	+61 3 9280 1634
	Fax	+61 3 9280 1650
	Attention	Rob Stewart, Managing Director and Co-Head of Investment Banking, Australia
	Copy to	Head of Legal (fax +61 2 8205 4368)
Goldman Sachs	Name	Goldman Sachs & Partners Australia Pty Ltd
	ABN	21 006 797 897
	Address	Level 17, 101 Collins Street, MELBOURNE VIC 3000
	Telephone	+61 3 9679 1456
	Fax	+61 3 9679 1112
	Attention	Graham Goldsmith, Vice Chairman
	Copy to	General Counsel (fax +61 3 9679 1686)
Merrill Lynch	Name	Merrill Lynch International (Australia) Ltd
	ABN	31 002 892 846
	Address	Level 38, Governor Phillip Tower, 1 Farrer Place, SYDNEY NSW 2000
	Telephone	+61 2 9225 6500
	Fax	+61 2 9226 5330
	Attention	Craig Drummond, Chief Executive Officer, Australia

	Copy to	General Counsel (fax +61 2 9225 6953)
RBS	Name	RBS Equity Capital Markets (Australia) Limited
	ABN	17 000 757 111
	Address	Level 22, RBS Tower, 88 Phillip Street, SYDNEY NSW 2000
	Telephone	+61 2 8259 5312
	Fax	+61 2 8259 5428
	Attention	Simon Perrott, Chairman, Investment Banking RBS Australia
	Copy to	General Counsel (fax +61 2 8259 5466)
UBS	Name	UBS AG, Australia Branch
	ABN	47 088 129 613
	Address	Level 16, Chifley Tower, 2 Chifley Square, SYDNEY NSW 2000
	Telephone	+61 2 9324 2493
	Fax	+61 2 9324 2424
	Attention	Nick Hughes, Managing Director
	Copy to	General Counsel (fax +61 2 9324 2558)

Background

A. The State proposes to undertake the Offer, in which the State will offer the Offer Shares to investors for purchase and the Company proposes to apply to be admitted to the official list of ASX and for quotation of its shares on the ASX.

B. The State and the Joint Lead Managers entered into the JLMAA which appointed the Joint Lead Managers to provide the Services set out in that agreement and, along with the Company, an Offer Management Deed to manage the Offer, including the Bookbuild for the Offer, and to provide settlement support for the settlement obligations of applicants under the Institutional Offer who are allocated Offer Shares.

C. Under the Offer Management Deed, the State, after consultation with the Joint Lead Managers, may over-allocate, in the Institutional Offer, Shares equal to up to 6% of the number of Shares on issue, or such lesser number as they determine.

D. The State has agreed to lend Shares, and grant an option to purchase Shares, on the terms and conditions set out in this document to enable the over-allocation of Shares under the Offer.

E. It is contemplated by the arrangements referred to in this document that the Joint Lead Managers may satisfy the obligation to redeliver Shares lent by the State by exercising an Over-allocation Option, or through purchases of Shares on the ASX, or a combination of both activities, pursuant to ASIC's No Action Letter and the ASX Stabilisation Agreement.

Operative provisions

1. Interpretation

1.1 Definitions in Offer Management Deed

Capitalised terms used in this document and not defined have the meaning assigned in the Offer Management Deed.

1.2 Definitions

The following words have these meanings in this document unless the contrary intention appears.

Acquisition has the meaning given in clause 4.1.

ASX Stabilisation Agreement means the letter agreement between ASX and the Joint Lead Managers dated on or about 7 October 2010 in the form set out in Attachment A to this document or as otherwise agreed by the parties.

Borrowed Shares means Shares lent by the State to the Joint Lead Managers pursuant to clause 3.1.

Collateral Account means a cash collateral account (expected to be with the Commonwealth Bank of Australia) in the name of the State to be nominated to the Stabilisation Manager by the State prior to the Institutional Offer Closing Date.

Collateral Value in respect of Shares is the amount determined by multiplying the number of those Shares by the Institutional Offer Price.

Final Redelivery Date means the third Business Day occurring after the end of the Stabilisation Period.

Joint Lead Manager means each of Credit Suisse, Goldman Sachs, Merrill Lynch, RBS and UBS.

No Action Letter means the letter from ASIC to Allens Arthur Robinson dated on or about 6 October 2010 in the form set out in Attachment B to this document or as otherwise agreed by the parties.

Offer Management Deed means the deed of that name entered into on or about the date of this document between the parties and the Company.

Over-allocation Option means the option granted by the State to the Joint Lead Managers under clause 2.1.

Over-allocation Option Shares has the meaning given in clause 5.1.

Stabilisation Manager has the meaning given in the No Action Letter.

Stabilisation Period has the meaning given in clause 2.2.

1.3 Incorporation of certain other terms in the Offer Management Deed

The following clauses from the Offer Management Deed are incorporated into this document as if set out in full in this document (ignoring any references in any of those clauses to the Company which would imply the Company as a party to this document):

(a) **(JLMAA takes precedence over this agreement)** 1.2;

(b) **(Timetable)** 1.3;

(c) **(References to certain general terms)** 1.4;

(d) **(Headings)** 1.5;

(e) **(No underwriting)** 1.7;

(f) **(GST)** 13;

(g) **(Notices)** 14; and

(h) **(General)** 15.

1.4 Compliance with regulatory directives

(a) In performing an obligation or exercising a right under this document, each party will comply with applicable provisions of the No Action Letter and ASX Stabilisation Agreement.

(b) The parties acknowledge that activities ascribed to the Stabilisation Manager in this document may be performed by an Affiliated stabilisation broker appointed by it to perform those activities.

(c) If the Stabilisation Manager (or stabilisation broker) is not a party to this document, the Joint Lead Manager Affiliated with that entity will ensure that it performs the activities ascribed to it in this document in accordance with applicable provisions of this document, the No Action Letter and the ASX Stabilisation Agreement.

(d) To the extent that this document is in conflict with those regulatory directives in the No Action Letter or ASX Stabilisation Agreement, those regulatory directives prevail.

2. Over-allocation Option

2.1 Grant

The State hereby grants an option (**"Over-allocation Option"**) to the Joint Lead Managers for the Joint Lead Managers to purchase from the State a number of Shares up to the number of Over-allocation Shares at the Institutional Offer Price per Share in the manner described in this document.

2.2 Stabilisation purchases

The State may, in consultation with the Joint Lead Managers, at any time during the 30 days commencing on the first day of trading of Shares on the ASX (**"Stabilisation Period"**) authorise the Stabilisation Manager to bid for and purchase Shares up to the number of Over-allocation Shares on the ASX in accordance with the requirements of the No Action Letter and ASX Stabilisation Agreement. For the avoidance of doubt, once the State has authorised the

Stabilisation Manager to make such bids and purchases, subject to compliance with the requirements of the No Action Letter and ASX Stabilisation Agreement, the number and value of such bids shall be at the discretion of the Stabilisation Manager.

2.3 Exercise of Over-allocation Option

The Joint Lead Managers may exercise the Over-allocation Option in whole or in part on or before the Final Redelivery Date (but only in the manner described in clause 5).

3. Share Borrowing

3.1 Loan of Shares by Joint Lead Managers

(a) In order to allow settlement of any over allocation of Offer Shares under the Institutional Offer, the State agrees to lend to the Joint Lead Managers, on the Settlement Date, Shares (**"Borrowed Shares"**) equal to the number of Over-allocation Shares.

(b) The number of Borrowed Shares shall be as set out in a written notice given to the State by the Joint Lead Managers by not later than 10.00am on the day prior to the first day of the Stabilisation Period.

(c) The Borrowed Shares shall be allocated in accordance with the procedures set out in clause 4.3 of the Offer Management Deed.

(d) The parties acknowledge that Borrowed Shares shall be Offer Shares for the purposes of the Offer Management Deed and that the loan and delivery of Borrowed Shares will constitute an offer, sale, grant or transfer by the State of Queensland of Shares or an interest in Shares to another person under or pursuant to the terms of the Share Offer Document or the Institutional Offering Memorandum.

3.2 Delivery of Borrowed Shares to Joint Lead Managers

The State shall deliver or cause to be delivered the Borrowed Shares to the Joint Lead Managers, or, at the request of the Joint Lead Managers, directly to or for the account of the persons to whom they have allocated Offer Shares, together with such documents of transfer of title, instruments and other documents, in accordance with clause 5 of the Offer Management Deed or as may be required by the CHESS Rules to facilitate delivery and settlement of the Borrowed Shares.

3.3 Provision of Collateral Value for Borrowed Shares by Joint Lead Managers

(a) The Joint Lead Managers will transfer, or procure the transfer of, a deposit equal in value to the Collateral Value for the Borrowed Shares into the Collateral Account as security for the redelivery to the State of the Borrowed Shares by the Joint Lead Managers.

(b) The State acknowledges that no amount may be withdrawn from the Collateral Account except in accordance with this agreement or otherwise by agreement from the parties.

(c) All interest earned on funds deposited in the Collateral Account and held therein in accordance with the terms of this document shall belong solely to the State.

3.4 No recall of Shares

The State does not have the right to recall Borrowed Shares at any time prior to their redelivery by the Joint Lead Managers pursuant to this document.

4. Treatment of Shares acquired through stabilisation purchases

4.1 Redelivery or placement in nominee account

Where the Stabilisation Manager acquires Shares on the ASX in the circumstances referred to in clause 2.2 (in each case, an "**Acquisition**"), the Joint Lead Managers may elect to:

(a) redeliver those Shares to the State or its order; or

(b) place those Shares in a nominee account over which the State will have a floating charge on terms acceptable to the State to secure the return of an equal number of Borrowed Shares subject to and pending possible resale, as referred to in clause 4.2,

and require the State to release to the Joint Lead Managers or as they direct the purchase price payable in respect of the Acquisition from the Collateral Account in sufficient time to enable the funds so released to be used by the Stabilisation Manager to meet its settlement obligations in respect of the Acquisition.

4.2 Sale of acquired Shares

The Stabilisation Manager may, from time to time during the Stabilisation Period, sell Shares placed in the nominee account on the ASX provided that, unless the State otherwise agrees:

(a) the sale price shall not be less than the Institutional Offer Price per Share; and

(b) the proceeds of each such sale must be deposited into the Collateral Account by 5.00pm upon the relevant day of settlement.

4.3 Reporting obligations

Each day during the Stabilisation Period before trading commences, the Stabilisation Manager must notify the State of:

(a) the number of Shares purchased by the Stabilisation Manager on the previous trading day in the circumstances referred to in clause 2.2;

(b) the total number of all Shares purchased in the circumstances referred to in clause 2.2;

(c) the number of Shares sold by the Stabilisation Manager on the previous trading day in the circumstances referred to in clause 4.2; and

(d) the total number of all Shares purchased in the circumstances referred to in clause 4.2,

in each case, with a breakdown showing the price paid per Share in respect of each purchase or sale.

4.4 Redelivery of Shares remaining in the nominee account

Any Shares remaining in the nominee account at 5.00pm on the Final Redelivery Date (after any sales referred to in clause 4.2 or redeliveries referred to in clause 4.1) must be redelivered to the State by transfer out of that account to or at the direction of the State.

5. Redelivery of outstanding Borrowed Shares and exercise of the Over-allocation Option

5.1 Deemed redelivery and exercise

If following 5.00pm on the Final Redelivery Date, the number of Shares redelivered to or at the order of the State by or on behalf of the Joint Lead Managers (including under clauses 4.1(a) or 4.4) is less than the number of Borrowed Shares then:

(a) the Over-allocation Option shall be deemed exercised by the Joint Lead Managers with respect to the number of Shares not yet redelivered (such Shares being **Over-allocation Option Shares**);

(b) the Over-allocation Option Shares shall then be deemed redelivered by the Joint Lead Managers to the State;

(c) any obligation to redeliver Borrowed Shares (or equivalent shares to Borrowed Shares) shall be discharged; and

(d) the restrictions on the Collateral Account with respect to the redelivery of Borrowed Shares shall cease and the State shall have all rights to all moneys remaining in the Collateral Account.

5.2 Acknowledgements

The parties acknowledge that:

(a) purchases by the Joint Lead Managers of Over-allocation Option Shares may only take place in the manner described in clause 5.1; and

(b) while all warranties, comfort letters, opinions, due diligence and other provisions with respect to Offer Shares in the Offer Management Deed will relate to Over-allocation Shares, no additional warranties, comfort letters, opinions or due diligence in respect of Over-allocation Option Shares not provided for in the Offer Management Deed or this document will be required by the Joint Lead Managers.

6. Further acts

The parties shall execute and deliver or cause to be delivered all necessary documents and give all necessary instructions in accordance with the CHESS Rules to ensure that title to the Shares referred to in this document shall pass from one party to the other on delivery or redelivery, as the case may be, in accordance with the terms of this document, free from all liens, charges and encumbrances.

7. Buffer stock

7.1 Delivery of Buffer Shares

The State also agrees, to facilitate resolution of disputes arising from the Retail Offer, to deliver to the Joint Lead Managers or their nominee, a number of Shares to be determined by the State, after consultation with the Joint Lead Managers, on or before the Allocation Date (such Shares being **Buffer Shares**). Delivery of the Buffer Shares shall take place on the Settlement Date (or such other date as the parties may agree) in such manner as the State may determine after consultation with the Joint Lead Managers, and without any requirement for payment at that time.

7.2 Use of Buffer Shares

(a) The Buffer Shares may only be dealt with to resolve disputes arising from the Retail Offer, by the Joint Lead Managers selling them or procuring the sale of them, at the Retail Offer Price, to aggrieved Retail Investors (as defined in the Offer Management Deed) who are able to establish, in accordance with guidelines to be determined by the State after consultation with the Joint Lead Managers before the Settlement Date, that they have been unfairly treated under the Offer. When the Joint Lead Managers sell or procure the sale of a Buffer Share to an aggrieved investor they must procure the simultaneous payment of the relevant purchase monies to the State, which will be accepted in full payment.

(b) For the purposes of this clause 7, and for the avoidance of doubt, the parties agree that no fees will be payable to the Joint Lead Managers in relation to Buffer Shares. If Buffer Shares are allocated to Retail Investors and the State has been paid the relevant purchase monies then the ASX broker (if any) that submitted the relevant Application (as defined in the Offer Document) may be eligible to receive a fee paid by the State pursuant to the Broker Procedures Manual to be issued on or about 11 October 2010.

7.3 Redelivery of Buffer Shares

If the Joint Lead Managers still hold Buffer Shares at the end of a three (3) month period commencing on the first day of the Stabilisation Period (or any other day the parties agree), they must redeliver them to the State or as it directs.

7.4 No economic benefit

(a) It is the intention of the parties that the Joint Lead Managers should receive no economic benefit, and suffer no economic detriment, from their holding of Buffer Shares or otherwise from the arrangements set out in this clause 7. To this end, the State will reimburse any costs of the Joint Lead Managers reasonably incurred in connection with the Buffer Share arrangements.

(b) The Joint Lead Managers assign all their right, title and interest to any dividends or other benefits resulting from their holding of Buffer Shares to the State for so long as they hold the relevant Buffer Shares. The Joint Lead Managers will direct the Company to pay or transfer any such dividends or benefits directly to the State.

(c) If the Joint Lead Managers or their nominee receive any dividends or other benefits as a result of their holding of Buffer Shares, they will hold those dividends or benefits on bare trust for the State.

(d) For the avoidance of doubt the Joint Lead Managers will not claim or be entitled to any franking credits in respect of such dividends that they are unable to pass or transfer to the State (and will not be in breach of their obligations under this clause 7 as a result of such failure to pass or transfer franking credits).

7.5 Further acts

The parties shall execute and deliver or cause to be delivered all necessary documents and give all necessary instructions in accordance with the rules and procedures of CHESS or otherwise to ensure that title to the Buffer Shares shall pass from one party to the other on delivery or redelivery, as the case may be, of Buffer Shares in accordance with the terms of this deed, free from all liens, charges and encumbrances.

8. Indemnity

(a) The State will indemnify and hold harmless the Joint Lead Managers and the Stabilisation Manager against any Australian documentary, stamp, transaction, registration or similar tax (but not including income tax or capital gains tax), including any interest and penalties, that may be payable or determined to be payable by them in relation to the:

(i) borrowing, creation, issuance, transfer and sale of Shares as provided for in this document;

(ii) execution, delivery, performance or enforcement of this document or any payment or receipt or any other transaction contemplated by this letter,

except to the extent that such payment obligation arose through the fraud, wilful misconduct or gross negligence of the Stabilisation Manager.

(b) All payments to be made by the State hereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the State is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the State shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made provided, however, that any such payment of additional amounts by the State will not relieve the Joint Lead Managers of the ultimate obligation to pay Australian income tax, if any.

9. Representations and warranties

9.1 Representations and warranties of the State

The State represents and warrants to each Joint Lead Manager that:

(a) **(power)** it has power to enter into and comply with all of the terms and conditions of this document;

(b) **(authorisations)** all approvals and authorisations that are necessary or customary to:

(i) permit it to enter into this document and to perform this document in accordance with its terms; and

(ii) ensure that this document is legal, valid, binding and admissible in evidence,

have been obtained and remain valid and subsisting, and it is complying with any conditions to which any of these approvals or authorisations are subject; and

(c) **(validity of obligations)** this document is a valid and binding obligation on it.

9.2 Representations and warranties of the Joint Lead Managers

Each Joint Lead Manager severally represents and warrants to the State that:

(a) **(power)** it has power to enter into and comply with all of the terms and conditions of this document;

(b) **(authorisations)** all approvals and authorisations that are necessary or desirable to:

(i) permit it to enter into this document and to perform this document in accordance with its terms; and

(ii) ensure that this document is legal, valid and binding on it,

have been obtained and remain valid and subsisting, and it is complying with any conditions to which any of these approvals or authorisations are subject; and

(c) **(validity of obligations)** this document is a valid and binding obligation on it.

9.3 True and correct

(a) The State further warrants that each of the warranties set out in clause 9.1 is true and correct in every respect as at the date of this agreement and will be so at all times before and at the Final Redelivery Date.

(b) Each Joint Lead Manager further warrants that each of its warranties set out in clause 9.2 is true and correct in every respect as at the date of this agreement and will be so at all times before and at the Final Redelivery Date.

10. Fees and expenses

(a) Subject to paragraph (b), the State must pay or reimburse, all bona fide third party costs and expenses directly incurred by the Joint Lead Managers or the Stabilisation Manager (or stabilisation broker) in connection with the activities discussed in this document including but not limited to any trading, clearing or settlement fees incurred by the Joint Lead Managers or the Stabilisation Manager (or stabilisation broker) in connection with the acquisition of shares as well as any costs of ASX in relation to the establishment of the market stabilisation facilities (including any additional terminals or other equipment that may be required and normal trading and settlement fees).

(b) The Joint Lead Managers and the Stabilisation Manager (or stabilisation broker):

(i) must obtain the prior approval of the State for the incurring of any expenses referred to in paragraph (a);

(ii) must arrange for invoices from any third parties referred to in paragraph (a) and must perform such checking and verification of those invoices and supporting documentation as is appropriate including ensuring that there is an effective audit trail; and

(iii) must provide to the State, where it so requires, the originals of any such invoices and/or supporting documentation.

The State acknowledges that the requirements of 10(b)(i) are satisfied in respect of ASX's costs (including GST) paid or to be paid by the Stabalisation Manager in relation to the establishment of the market stabilisation facility as set out in the ASX Stabilisation Agreement.

Executed as a deed:

Execution by THE STATE:
EXECUTED)
for and on behalf of the STATE)
OF QUEENSLAND by)
)

Gerard Bradley) G Bradley

[insert name of person signing on the Party's behalf]) (signature of Government Party representative)

in the presence of:)

)

Cecelia Christensen) C Christensen

[insert name of witness]) (signature of witness)

)

this 7th day of October 2010.

Execution by CREDIT SUISSE:

EXECUTED **for and on behalf of CREDIT SUISSE (AUSTRALIA) LIMITED (ACN 007 016 300)** **under power of attorney** **dated 30 September 2010**	)	
ADAM DARBY	)	....
[insert name of person signing on the Party's behalf]	)	(signature of attorney)
in the presence of:	)	
NATALIE KRAHE	)	....
[insert name of witness]	)	(signature of witness)

this 7th day of October 2010.

Execution by GOLDMAN SACHS:

EXECUTED **for and on behalf of GOLDMAN SACHS & PARTNERS AUSTRALIA PTY LTD** **(ACN 006 797 897)** **under power of attorney dated 7 November 2005** **and sub power of attorney dated 19 January 2010**	)	
....	)	....
[insert name of person signing on the Party's behalf]	)	(signature of attorney)
....	)	....
[insert name of person signing on the Party's behalf]	)	(signature of attorney)
in the presence of:	)	
....	)	....
[insert name of witness]	)	(signature of witness)

this ________ day of ________________ 2010.

Execution by CREDIT SUISSE:

EXECUTED for and on behalf of CREDIT SUISSE (AUSTRALIA) LIMITED (ACN 007 016 300) under power of attorney dated 30 September 2010	)	
....	)	....
[insert name of person signing on the Party's behalf]	)	(signature of attorney)
in the presence of:	)	
....	)	....
[insert name of witness]	)	(signature of witness)

this _______ day of _______________ 2010.

Execution by GOLDMAN SACHS:

EXECUTED for and on behalf of GOLDMAN SACHS & PARTNERS AUSTRALIA PTY LTD (ACN 006 797 897) under power of attorney dated 7 November 2005 and sub power of attorney dated 19 January 2010	)	
NICK FORSTER	)	[signature]
[insert name of person signing on the Party's behalf]	)	(signature of attorney)
GRAHAM GOLDSMITH	)	[signature]
[insert name of person signing on the Party's behalf]	)	(signature of attorney)
in the presence of:	)	
LISA GALEA	)	[signature]
[insert name of witness]	)	(signature of witness)

this 7 day of October 2010.

Execution by MERRILL LYNCH:

EXECUTED)
for and on behalf of)
MERRILL LYNCH INTERNATIONAL)
(AUSTRALIA) LIMITED)
(ACN 002 892 846))
)
under power of attorney dated)
6 October 2010)

BRENDAN O'BRIEN) ....

[insert name of person signing on the Party's behalf]) (signature of attorney)

in the presence of:)

)

Julian Donnan) ....

[insert name of witness]) (signature of witness)

)

this 7th day of October 2010.

Execution by RBS:

EXECUTED)
for and on behalf of)
RBS EQUITY CAPITAL MARKETS)
(AUSTRALIA) LIMITED (ABN 17 000 757 111))
by its duly authorised signatories)
)

....) ....

[insert name of person signing on the Party's behalf]) (signature of Authorised Signatory)

)

....) ....

[insert name of person signing on the Party's behalf]) (signature of Authorised Signatory)

this _______ day of _________________ 2010.

Execution by MERRILL LYNCH:

EXECUTED)
for and on behalf of)
MERRILL LYNCH INTERNATIONAL)
(AUSTRALIA) LIMITED)
(ACN 002 892 846))
)
under power of attorney dated)
6 October 2010)

....) ....

[insert name of person signing on the Party's behalf]) (signature of attorney)

in the presence of:)

)

....) ....

[insert name of witness]) (signature of witness)

)

this ________ day of __________________ 2010.

Execution by RBS:

EXECUTED)
for and on behalf of)
RBS EQUITY CAPITAL MARKETS)
(AUSTRALIA) LIMITED (ABN 17 000 757 111))
by its duly authorised signatories)
Natasha Davidson)
Director
....) ....

[insert name of person signing on the Party's behalf]) (signature of Authorised Signatory)

)
Jason Valmadre
..........Managing Director) ....

[insert name of person signing on the Party's behalf]) (signature of Authorised Signatory)

this 7th day of October 2010.

Execution by UBS:

EXECUTED **for and on behalf of** **UBS AG, AUSTRALIA BRANCH** **by its duly authorised signatories**	)))))	
JAMES ADAMSON	)	
[insert name of person signing on the Party's behalf]	)	(signature of Authorised Signatory)
ANNA SCHIBROWSKI	))	
[insert name of person signing on the Party's behalf]	)	(signature of Authorised Signatory)
in the presence of:	)	
TIFFANY WARD	))	
[insert name of witness]	)	(signature of witness)

this 7 day of October 2010.

Attachment A - ASX Stabilisation Agreement

Mr Rob Penney
Managing Director
Goldman Sachs & Partners Australia Pty Ltd
Level 42, Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Mr Penney,

Re: Proposed sale of shares in QR National Limited – aftermarket stabilisation arrangements

I am writing to confirm the terms on which stabilisation privilege on the ASX automated trading system will be issued to Goldman Sachs & Partners Australia Pty Ltd as the participating agent for Credit Suisse (Australia) Limited, Goldman Sachs & Partners Australia Pty Ltd, Merrill Lynch International (Australia) Ltd, RBS Equity Capital Markets (Australia) Limited and UBS AG, Australia Branch (collectively the "Joint Lead Managers" or the "JLMs") in the conduct of market stabilisation arrangements in relation to the offering of QR National Shares as described in the offer documents dated, or to be dated, on or around 8 October 2010. Goldman Sachs & Partners Australia Pty Ltd is referred to as the "Stabilisation Manager" when acting in this capacity.

1. Trading

1.1. The only basis on which the Stabilisation Manager will be permitted to operate under the market stabilisation arrangements is as follows:

- the Stabilisation Manager may only enter stabilisation bids for the QR National Shares and not stabilisation offers to sell QR National Shares. Subject to the preceding sentence and for the avoidance of doubt, the Stabilisation Manager may sell QR National Shares it has purchased, pursuant to the stabilisation arrangements;
- the stabilising bids must identify the price and quantity (that is, no hidden quantities including undisclosed orders and iceberg orders);
- any stabilising bids must be entered into the trading system with an order type of Price Stabilisation. This will be displayed in the order depth of the workstation and on all signals with the order type of "PST";
- all trades executed against a stabilisation bid will be identified in the trading system with a condition code of "PST" and on all signals with a condition code of "ST";
- when entering stabilisation bids on the trading system, entered bids must be the lower of the highest current independent bid on ASX's automated trading system and the lowest price payable for securities by institutions under the offer ("Final Price"). In practical terms, this means that stabilising bids must not be entered into the trading system so that they have priority on the bid side or are executed directly against sell orders. This also means that stabilising bids at priority may not be amended to increase quantity if there are no other independent bids at that price;

- if, after the opening of trading of QR National shares on the first day of quotation, there have been no trades executed and there are no current independent bids on the trading system, a stabilising bid may be placed on the trading system at a price no higher than the Final Price provided it does not execute directly against a sell order;

- if, at any time after trades in QR National shares have been executed, and there are no current independent bids on the trading system, a stabilising bid may be placed on the trading system at a price no higher than the lower of the last automatically executed trade in QR National shares and the Final Price provided that it does not execute directly against a sell order;

- the Stabilisation Manager may only enter stabilisation bids during the Open Session State and Pre-CSPA (Pre Closing Single Price Auction). These bids must be cancelled prior to the end of the trading day;

- the Stabilisation Manager will be permitted to make multiple stabilisation bids only as permitted under the ASIC No-Action Letter (as defined below); and

- the Stabilisation Manager will be permitted to trade their other orders against stabilisation bids, as long as the stabilisation bids comply with the price constraints outlined in the ASIC No-Action Letter.

1.2. The Stabilisation Manager must also comply with all the conditions set out in the QR National No-Action Letter from ASIC dated on or around 6 October 2010 together with any amendments to that letter (the "No-Action Letter").

1.3. The Stabilisation Manager will be permitted to operate for a 30 day period from the date of commencement of trading in QR National shares. If trading commences on 22 November 2010, stabilisation may occur until 21 December 2010.

2. Disclosure

2.1. The Stabilisation Manager will disclose to ASX (and ASIC) all information which the Stabilisation Manager would need to disclose to a stock exchange under Regulation M of the Securities Exchange Act 2934 of the United States of America (to the extent that Regulation M can be applied to the market stabilisation arrangements). The information must be disclosed at the times that Regulation M would require the information to be provided, making it clear at the time of disclosure whether the information has been provided to ASX (and ASIC) for regulatory reporting purposes or for public disclosure purposes.

2.2. The Stabilisation Manager will establish and maintain all records which section 242.104(i) or Regulation M (to the extent that it can be applied) would require to be maintained and provide such records to ASX (and ASIC) upon request.

2.3. The Stabilisation Manager will make available to ASX (and ASIC), all information reasonably required concerning the activities of the Stabilisation Manager in relation to all trades executed in Australia and the aggregate short positions and the net over-allocation of QR National shares.

This information should be faxed to ASX on (02) 9235 1857 and marked to the attention of the Manager.

2.4. The Stabilisation Manager will notify to ASX (and ASIC) each trading day for public disclosure:

(a) the number of QR National Shares purchased on the previous trading day; and

(b) the total of all QR National Shares purchased to date; and

(c) under the market stabilisation arrangements.

This information should be faxed, to ASX Company announcements on 1300 135 638 and to ASIC marked for attention: Elliot Giakalis, Market & Participant Supervision on 02 9911 2369, each trading day before 9.30 am AEST.

3. Costs

3.1. The Stabilisation Manager will pay ASX's costs of $11,000 (including GST) in relation to the establishment of the market stabilisation facility. Should the Stabilisation Manager require additional terminals or other equipment, ASX's usual rates will apply. Normal trading and settlement fees will apply.

4. Responsibility and Liability of the Stabilisation Manager

4.1. The JLMs and the Stabilisation Manager are responsible for administering the market stabilisation arrangements and for complying with these terms and the terms in the No-Action Letter.

The stabilisation privilege is conditional upon compliance with all of the terms outlined in this letter.

Please confirm the JLMs and Stabilisation Manager accept the above terms by signing the duplicate of this letter and returning it to me.

Yours sincerely,

Robert Coaldrake
General Manager - Trading Operations and Markets

Cc: Bill Woods
Compliance Adviser - ASX Compliance

The JLM and Stabilisation Manager accept the above terms.

[***execution section to be inserted here***]

Attachment B - No Action Letter

Dear Ms Brown and Mr Donnan

Proposed float of QR National Limited—Market stabilisation

We refer to your letter dated 7 July 2010 applying for a no-action letter on behalf of QR National Limited (ACN 146 335 622) (**QR National**) and Goldman Sachs & Partners Australia Pty Ltd (the **Stabilisation Manager**) as a participant on the financial market conducted by ASX Limited (**ASX**) (collectively, the applicants).

In your letter, you asked the Australian Securities and Investments Commission (**ASIC**) to issue a no-action letter about the application of certain sections of Part 7.10 of the *Corporations Act 2001* (Act) to a proposed market stabilisation.

Note: The relevant sections of Part 7.10 are s1041H (misleading and deceptive conduct, 1041A (market manipulation), 1041B–1041C (market rigging) and 1043A (insider trading).

According to your letter, the market stabilisation would involve:

(a) a proposed public offering of securities in QR National (the offer) and the listing of QR National on a financial market conducted by ASX;

(b) an over-allocation by the State of Queensland (the **State**) in connection with the offer; and

(c) the purchasing of QR National securities on a financial market conducted by ASX for the purpose of absorbing price volatility.

As you are aware, it is not part of ASIC's function to provide legal advice on the interpretation and application of the laws it administers. However, because regulatory consequences may attach to the proposed market stabilisation, in this case, ASIC is prepared to state how it will administer the Act in relation to this conduct.

ASIC will not take any action on arguable breaches of s1041A–1041C, 1041H and 1043A of the Act:

(a) which occur solely as a result of the Stabilisation Manager participating in the proposed market stabilisation;

(b) if the market stabilisation is conducted in the way summarised in your letter; and

(c) the applicants comply with the conditions in Attachment A of this letter on:

(i) disclosure of stabilisation;

(ii) price of bids;

(iii) mechanics of bidding;

(iv) preventing insider trading;

(v) reporting and record-keeping;

(vi) period of stabilisation; and

(vii) limitations on refreshing the over-allotment option.

ASIC is providing this letter on the basis that ASIC and ASX believe that the combination of disclosure to them and to the market required by the conditions will (when combined with ASX's existing systems and rules) provide adequate and appropriate mechanisms to:

(a) minimise the risk of a false, misleading or uninformed market developing in QR National securities on a financial market conducted by ASX;

(b) enable ASIC to monitor trading in QR National securities on a financial market of ASX so as to identify at an early stage situations that may lead to a false, misleading or uninformed market in QR National securities on a financial market conducted by ASX; and

(c) allow ASIC or ASX (as appropriate) to take appropriate action in such situations.

This letter conveys a policy decision, not a legal opinion. It does not preclude third parties (including the Director of Public Prosecutions) from taking legal action in relation to conduct relating to the proposed market stabilisation or other conduct of that kind, nor will it necessarily impede a Court from holding that such conduct infringes the Act. ASIC does not represent that such conduct will not be held to contravene the Act, nor does it undertake to intervene in an action brought by third parties in respect of such conduct.

This letter is specific to the facts and circumstances of this particular case.

This letter is only a statement of ASIC's present intentions on the information available to it at this time. ASIC reserves its right to take action in the future; in particular, if there has been incomplete disclosure when the application for the no-action letter was submitted.

Please provide written confirmation that the applicants agree to the attached conditions.

Yours sincerely

[*insert name of ASIC officer*]

Attachment A

Disclosure of stabilisation

1. The State must disclose the nature and anticipated effect of the market stabilisation in the disclosure document for the offer.

2. All bids to purchase QR National securities by the Stabilisation Manager in connection with the market stabilisation (stabilisation bids) must be identifiable as such on the automated trading system of ASX.

3. Each day before trading commences, the Stabilisation Manager must notify QR National, ASIC and ASX of:

   (a) the number of securities purchased by the Stabilisation Manager on the previous trading day under the market stabilisation; and

   (b) the total number of all QR National securities purchased under the market stabilisation.

Price of bids

4. Stabilisation bids must be the lower of:

   (a) the highest current independent bid on ASX's automated trading system; and

   (b) the lowest price payable for securities by institutions under the offer (the final price).

5. If, after the opening of trading on ASX on the first day of quotation of the QR National securities, there have been no trades executed and there are no independent bids on ASX's automated trading system, stabilisation bids must be no higher in price than the final price.

6. If, at any time after trades in QR National securities have been executed, there are no independent bids on ASX's automated trading system, stabilisation bids may be placed on ASX's automated trading system at a price no higher than the lower of the price of the last automatically executed trade in QR National securities and the final price.

7. The Stabilisation Manager must not, directly or indirectly, effect any stabilising purchase at a price that the person stabilising knows or suspects, or has reason to know or suspect, is a result of activity that is fraudulent or deceptive.

Mechanics of bidding

8. The Stabilisation Manager may only enter stabilisation bids on ASX's automated trading system.

9. One of the State or the Stabilisation Manager must apply for (and each must comply with) a stabilisation agreement letter from ASX setting out the terms upon which ASX will issue the automated trading system stabilisation privilege to the Stabilisation Manager.

10. Stabilisation bids may only be made for the security being stabilised. That is, market stabilisation may not be pursued through offers to purchase securities that are derivatives of, or convertible into, the security being stabilised.

11. The Stabilisation Manager must identify the price and quantity of stabilisation bids and no undisclosed bids may be made.

12. Multiple bids are only permitted on the following conditions:

    (a) there may be no more than two stabilisation bids in the market at one time;

    (b) the Stabilisation Manager may only use two bids if the market conditions are such that two bids are required; and

    (c) multiple bids must not be used in a way which causes, or may cause, a false, misled or uninformed market developing in the relevant securities.

13. The Stabilisation Manager may trade other orders against stabilisation bids, provided the stabilisation bids comply with the price constraints in paragraphs 4–7 inclusive.

14. The Stabilisation Manager may only make stabilisation bids or purchase QR National securities during normal trading and the closing phase on ASX's automated trading system.

Preventing insider trading

15. The Stabilisation Manager must satisfy ASIC that it has adequate information barriers (also known as 'Chinese walls') and other procedures to prevent information on the market stabilisation or the relevant securities passing:

    (a) between the stabilisation broker and any other broker; or

    (b) between the designated trading representatives nominated by the Stabilisation Manager for the stabilisation bids and any other brokers, dealers or other employees of the Stabilisation Manager who are engaged in its securities dealing business.

Reporting and record-keeping

16. The Stabilisation Manager must notify ASX in advance of its intention to engage in market stabilisation and must submit to ASX information at such times and in such form as ASX requests, making it clear at the time whether the information has been provided to ASX for regulatory reporting or public disclosure purposes.

17. The Stabilisation Manager must make available to ASX in its regulatory capacity all information reasonably required by ASX about the activities of the Stabilisation Manager and the aggregate short positions and the net over-allocation of QR National securities under the market stabilisation.

18. The Stabilisation Manager must establish and maintain the following records which it must provide to ASX and ASIC upon request:

(a) the name of the entity whose securities were subject to market stabilisation and the class of any security stabilised;

(b) the price, date and time at which each stabilising purchase was effected;

(c) the size of each stabilising purchase;

(d) information on independent trades for the purpose of determining a maximum price for stabilisation;

(e) details of counterparties;

(f) the names and addresses of the Stabilisation Manager; and

(g) all agreements relating to the market stabilisation.

19. ASIC may ask the State or the Stabilisation Manager to appoint an independent market analyst to prepare a report at the State's cost on:

(a) the effect of the market stabilisation on the market for the relevant securities; and

(b) the effectiveness of the conditions imposed by ASIC on the market stabilisation.

ASIC may also ask that the report cover additional specific issues. The report must be provided to ASIC within 30 days of the end of the stabilisation period, for the purpose of conducting a review of the process.

Period of stabilisation

20. The Stabilisation Manager may purchase securities under the market stabilisation for a maximum of 30 calendar days commencing on the first day of trading of QR National securities on a financial market conducted by ASX.

Refreshing the over-allotment option

21. The Stabilisation Manager may sell QR National securities that have been previously purchased under the market stabilisation. However, this does not increase the net number of securities that the Stabilisation Manager can acquire under the market stabilisation. The Stabilisation Manager can only acquire securities under the market stabilisation up to the size of the overallotment. If the Stabilisation Manager sells shares purchased under the market stabilisation, the Stabilisation Manager may need to exercise its over-allotment option to cover the shortfall.