



Vicki Clarkson
Assistant Company Secretary

QR National Limited
ABN 14 146 335 622

T +61 7 3019 1976
F +61 7 3019 2188
E CompanySecretary@qrnational.com.au
W qrnational.com.au

Level 17, 175 Eagle Street
Brisbane QLD 4000

GPO Box 456
Brisbane QLD 4001



8 October 2012

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

QR National – Proposed Selective Share Buy-Back

Please find **attached** an announcement for immediate release to the market.

Yours faithfully
QR National

Vicki Clarkson
Assistant Company Secretary



ASX ANNOUNCEMENT
8 October 2012

QR NATIONAL ANNOUNCES PROPOSED SELECTIVE SHARE BUY-BACK

QR National Limited (“**QR National**”) today announced that it has signed an agreement with Queensland Treasury Holdings Pty Ltd (“**QTH**”) to buy back \$1,000 million of QR National shares representing approximately 11.9% of its issued share capital at a price of \$3.47 per share. This offer was made in conjunction with a \$500 million institutional placement of QR National shares by QTH to long term, strategic investors which was also announced today, resulting in a sale of more than half of the State’s stake in the Company.

The Selective Buy-back price:

- is the same price paid by institutional investors for the \$500 million placement from QTH; and
- is expected to be EPS accretive for shareholders.

QR National announced an On-market Buy-back program on 23 August 2012. Since the announcement, QR National has acquired 14,531,059 shares for a total consideration of approximately \$50 million. The On-market Buy-back will be suspended pending shareholder approval of the proposed Selective Buy-back, and if the Selective Buy-back is approved by shareholders, it will replace the On-market Buy-back. The Selective Buy-back will allow the Company to execute its capital management initiatives faster and with more certainty than what would be the case via its current On-market Buy-back program, resulting in more immediate EPS accretion for shareholders.

QR National’s Managing Director & CEO Lance Hockridge confirmed that “the Selective Buy-back is not expected to inhibit QR National’s participation in available growth opportunities in the future”.

The Selective Buy-back is subject to:

- regulatory requirements, including shareholder approval required under the Corporations Act and the ASX Listing Rules; and
- an Independent Expert’s Report concluding that the transaction is fair and reasonable to shareholders other than QTH and its associates.

QR National will postpone its AGM on 7 November to 21 November 2012 in order to allow QR National shareholders to consider and vote on the proposed Selective Buy-back at the EGM scheduled on the same date. QTH and its associates will not be eligible to vote on the transaction. Further information about the Notice of Extraordinary General Meeting, Explanatory Memorandum, Buy-back Agreement, Proxy Form and Independent Expert’s Report will be provided in due course.

The Board of Directors has endorsed these arrangements and will recommend that shareholders vote in favour at the EGM.

An Appendix 3C in respect of the Buy-back is attached to this announcement.

For more information:

Investors:

Chris Vagg
+61 409 406 128

Media:

Mark Hairsine
+61 418 877 574

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity

ABN/ARSN

QR NATIONAL LIMITED

14 146 335 622

We (the entity) give ASX the following information.

Information about buy-back

- | | | |
|---|--|--|
| 1 | Type of buy-back | Selective buy-back |
| 2 | +Class of shares/units which is the subject of the buy-back (eg, ordinary/preference) | Ordinary shares |
| 3 | Voting rights (eg, one for one) | One for one |
| 4 | Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding) | Fully paid |
| 5 | Number of shares/units in the +class on issue | 2,425,718,941 |
| 6 | Whether shareholder/unitholder approval is required for buy-back | Yes. Shareholder approval will be sought at an Extraordinary General Meeting of QR National, details of which will be released in due course |
| 7 | Reason for buy-back | See announcement provided to ASX by QR National on the date of this Appendix 3C |

+ See chapter 19 for defined terms.

- | | | |
|---|--|---|
| 8 | Any other information material to a shareholder's/unitholder's decision whether to accept the offer (eg, details of any proposed takeover bid) | <p>See announcement provided to ASX by QR National on the date of this Appendix 3C, as well as Annexure A to this Appendix 3C which contains a summary of the Buy-back Agreement.</p> <p>Further information will be provided to shareholders in the notice of general meeting and accompanying explanatory memorandum (which will include an independent expert's report on the proposed selective buy-back) – this will be released in due course</p> |
|---|--|---|

On-market buy-back

- | | | |
|----|--|----------------|
| 9 | Name of broker who will act on the company's behalf | Not applicable |
| 10 | Deleted 30/9/2001. | Not applicable |
| 11 | <p>If the company/trust intends to buy back a maximum number of shares - that number</p> <p>Note: This requires a figure to be included, not a percentage.</p> | Not applicable |
| 12 | <p>If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention</p> | Not applicable |
| 13 | <p>If the company/trust intends to buy back shares/units if conditions are met - those conditions</p> | Not applicable |

Employee share scheme buy-back

- | | | |
|----|---|----------------|
| 14 | Number of shares proposed to be bought back | Not applicable |
|----|---|----------------|

Annexure "A"

This is annexure "A" of the Appendix 3C lodged with ASX on 8 October 2012

Company name: QR National Limited

ACN: 146 335 622

Summary of Buy-back Agreement

1 Overview

QR National Limited (ABN 14 146 335 622) ("**Company**") has signed a buy-back agreement with Queensland Treasury Holdings Pty Ltd (ABN 52 011 027 295) ("**QTH**") in respect of some of QTH's stake in the Company ("**Buy-back Agreement**"). This document contains a summary of the Buy-back Agreement.

2 Number of shares to be bought back and consideration

Under the Buy-back Agreement, the Company will buy back 288,184,438 shares owned by QTH, subject to non-QTH shareholder approval ("**Selective Share Buy-back**"). If this approval is given, the shares will be bought back at a price of \$3.47 per share.

The total consideration payable to QTH will be \$1,000 million, which the Company will pay in cash upon completion of the Selective Share Buy-back.

3 Conditions precedent

Completion of the Buy-back Agreement will be subject to:

- the Selective Share Buy-back being approved by special resolution of the shareholders of the Company (other than QTH and its associates) in accordance with section 257D of the Corporations Act 2001 (Cth) ("**Corporations Act**") at a general meeting of the Company to be held on or about 21 November 2012 (or any adjournment or postponement of that meeting);
- an Independent Expert's Report concluding that the Selective Share Buy-back is fair and reasonable to shareholders other than QTH and its associates; and
- sophisticated and professional investors (each as defined in the Corporations Act) acquiring no less than \$500 million of shares in the Company from QTH for \$3.47 per share.

If the conditions precedent are satisfied or, if legally permissible, are waived, completion of the Selective Share Buy-back is expected to occur on or around 26 November 2012. Otherwise, if the conditions precedent are not satisfied or waived by 30 November 2012, the Buy-back Agreement may be terminated.

4 Key representations and warranties

Under the Buy-back Agreement, QTH will give certain representations and warranties to the Company, including that:

- QTH is the registered and beneficial owner of the shares the subject of the Buy-back Agreement which are free from all encumbrances;
- there is no restriction on the transfer of the shares which are the subject of the Buy-back Agreement; and
- it is not in possession of any "inside information" within the meaning given in Part 7.10, Division 3 of the Corporations Act.

Under the Buy-back Agreement, the Company will give certain representations and warranties to QTH, including that:

- the Buy-back Agreement and, subject to satisfaction of the conditions precedent, completion of the Selective Share Buy-back, will not conflict with, or result in, a breach of any obligation or constitute or result in any default under any provision of its Constitution or any material provision of any agreement, law, order or otherwise;
- it is in compliance with its obligations under Chapter 2M and section 674 of the Corporations Act and ASX Listing Rule 3.1 and is not relying on an exception in ASX Listing Rule 3.1A to not disclose any price sensitive information known to it;




- it is not in possession of any "inside information" within the meaning given in Part 7.10, Division 3 of the Corporations Act;
- it has the power to enter into and perform the Buy-back Agreement and has obtained all consents and authorisations necessary to enable it do so, except for shareholder approval of the Selective Share Buy-Back; and
- the Selective Share Buy-back is fully funded and it has the financial resources to meet its payment obligations to QTH.

5 Termination

The Buy-back Agreement may be terminated if a condition precedent is not satisfied, there is a breach of warranty by a party or if agreed to by the parties. If the Buy-back Agreement is terminated, the Selective Share Buy-back will not go ahead unless the parties agree otherwise.

6 Indemnity

Each party indemnifies the other party and its representatives against all loss suffered or incurred by the other party and its representatives arising directly or indirectly out of or in connection with any breach of the Buy-back Agreement by the indemnifying party or its representatives (including a breach of the warranties given under the Buy-back Agreement), except to the extent the loss is caused by the fraud, negligence or wilful misconduct of the other party or any of its representatives.

Signed by: 
LANCE E. HOCKRIDGE

Date: 08 / 10 / 2012