IOOF

since 1846

IOOF Deferred Share Purchase Plan

Information Booklet

November 2003

Contents

This Information Booklet has been written to provide Australian employees of IOOF and its Associated Companies ("IOOF") with information on the IOOF Deferred Share Purchase Plan (the "Plan")and is not intended to summarise the full rules of the Plan, a copy of which will be provided to you by IOOF. In the event of any inconsistency the Plan Rules will prevail.

The information contained in this booklet is of a general nature only, and does not constitute advice. The information contained in this booklet reflects the rules of the Plan and the law applicable as at the date the booklet is issued. IOOF cannot guarantee that the Plan Rules or the law will not be changed between the date of this booklet and the date the shares are acquired by employees. You should consult your tax or financial adviser before making any decisions about employee shares.

IOOF since 1846

The Plan at a glance – At Listing

THE OFFER

Employees will have entered a prospective salary sacrifice arrangement by completing a pre-nomination form to receive awards under the LTIP & STIP plans as Deferred Shares

THE TERMS

Shares will be subject to forfeiture and will be held in trust until the forfeiture condition is lifted, however, you will have full dividend and voting rights

THE FORFEITURE CONDITION

The forfeiture condition will lift ten years from the date of allocation or you may apply to the Board to have it lifted earlier

THE SHARES

When the forfeiture condition is lifted, the shares will be transferred out of the trust, and may be sold immediately or kept as an investment

YOUR BENEFITS

Purchase of shares using pre-tax dollars

Dividends

Voting rights

Opportunity to share directly in any capital growth of IOOF

The Plan at a glance – Post Listing

THE OFFER

Employees may enter into a prospective salary sacrifice arrangement to purchase shares in IOOF through the sacrifice of base salary and/or annual bonus.

THE TERMS

Shares will be held in trust, subject to a disposal restriction, however, you will have full dividend and voting rights

THE DISPOSAL RESTRICTION

The disposal restriction will lift on the earlier of two years from the date of allocation or when you cease employment

THE SHARES

When the disposal restriction lifts the shares will be transferred out of the Trust, and may be sold immediately or kept as an investment

YOUR BENEFITS

Purchase of shares using pre-tax dollars

Deferral of tax on base salary/annual bonus taken in the form of IOOF shares

Dividends

Voting rights

Opportunity to share directly in any capital growth of IOOF

An overview of the Plan

In recognition of the importance of your contribution to the ongoing success of IOOF, you are being offered the opportunity to participate in the IOOF Deferred Share Purchase Plan (the "Plan").

Conversion of awards prior to Listing under existing cash-based IOOF Executive Long-Term Incentive Plan (LTIP) and Short-Term Incentive Plan (STIP).

The Plan has been designed to enable existing awards under the cash-based LTIP and STIP to be converted into shares at the time of Listing.

Those employees who have completed a pre-nomination form (electing that awards under existing LTIP and STIP be delivered as shares) will be eligible to participate in the Plan in this manner.

The advantages of converting your awards under the existing LTIP and STIP plans are that you will be able to defer the tax on the award, you will receive dividend income if IOOF declares dividends, and the value of the shares purchased may increase over time.

The shares will be subject to forfeiture in the event a participant commits any act of fraud, defalcation or gross misconduct. The forfeiture condition is necessary in order to comply with the tax requirements which enable you to defer tax payable on the shares past the date on which they are issued to you. The forfeiture condition will automatically lift ten years from the date the shares are issued to you, however, you may apply to the Board to have the forfeiture condition lifted at any time.

Shares will be held in trust on your behalf during the period the forfeiture condition (and any other trading lock tied to a historical vesting condition) is applied. You will still be entitled to receive dividends and to vote while the shares are subject to the forfeiture condition and/ or trading lock.

You will be required to complete the Acceptance Form attached to your Offer letter to receive your shares. The shares will be allocated to you at the date of Listing. The purchase price of the shares will be the Facility price as determined by the Board just prior to the Listing.

Participation in the Plan post-Listing

Subsequent to Listing, you will be able to 'salary sacrifice' your pre-tax base salary and/or a portion of your pre-tax annual bonus to purchase IOOF shares. The advantage of a salary sacrifice arrangement is that you pay for the shares out of pre-tax income, which allows you to purchase a larger number of shares compared to buying shares with after-tax income.

Salary sacrifice is the term used to describe an exchange of pre-tax income for other benefits, in this case shares in IOOF. Under a salary sacrifice arrangement, your pre-tax income will be reduced by the value of shares that you wish to purchase. In the case of sacrificing your pre-tax salary, the arrangement operates by spreading the cost of the shares purchased over a number of pay periods in a prescribed savings period. The salary sacrifice arrangement must be entered into prospectively, i.e. before you have become entitled to receive base salary or any bonus.

The Plan has been designed to facilitate the purchase of IOOF shares post-Listing using pre-tax base salary or pre-tax annual bonus.

Other advantages of participation in an employee share scheme are that, as a shareholder, you will be entitled to vote at certain company meetings, you will be entitled to receive dividend income, if IOOF declares dividends, and the value of the shares purchased may increase over time.

In order to purchase shares out of pre-tax salary and/or your annual bonus, you must sign and return the Acceptance Form attached to your offer letter by the date specified.

Taxation aspects of the plan are included in the Taxation Summary section of this information booklet.

Questions & Answers

The following is a guide only, and is current as at October 2003. Government regulations may change in the future and you should consult your tax or financial adviser before making any decisions about your shares.

Who can participate in the Plan?

Participation in the Plan will be offered, at the Board's discretion, to eligible permanent full-time and part-time employees of IOOF. The eligibility criteria is as follows:

- 12 months service; and
- satisfactory performance appraisal under IOOF's Performance Appraisal policy.

Participation is voluntary, however, if you choose not to participate, you will not be entitled to any of the benefits of participating in the Plan.

How will the Plan work?

At Listing

Those employees who have completed a pre-nomination form (electing that awards under existing LTIP and STIP be delivered as shares) will be eligible to participate in the Plan in this manner.

All shares purchased at Listing will be subject to a forfeiture condition in the event a participant commits any act of fraud, defalcation or gross misconduct. The forfeiture condition will automatically lift ten years from the date the shares are allocated to you, however you may apply to the Board to have the forfeiture condition lifted at any time. Certain parcels of shares, if they have been acquired with historical Long Term Incentive entitlements that were themselves subject to time based vesting conditions, may also be subject to trading lock, preventing the participant from trading in these shares until such time as the vesting condition that would have otherwise applied to the cash based entitlement has been satisfied.

Shares will be held in trust on your behalf during the period the forfeiture condition and/ or trading lock is applied. You will still receive dividends and voting rights while the shares are subject to the forfeiture condition and trading lock.

Post Listing

Eligible employees will be able to purchase shares through the sacrifice of base salary and/or all, or a portion of, annual bonus. The salary sacrifice arrangement must be entered into prospectively.

The shares will be subject to a disposal restriction which means that you may not sell or transfer the shares until the earlier of:

- two years from the date the shares are allocated; or

- the time you cease to be an Australian employee of IOOF.

Shares will be held in trust on your behalf during the period the disposal restriction is applied. The disposal restriction is necessary in order to comply with the tax requirements which enable you to defer tax payable on the shares past the date on which they are allocated to you.

You will still receive dividends and voting rights whilst the shares are subject to the disposal restriction.

How does a Salary Sacrifice Arrangement work?

Salary sacrifice is the term used to describe an exchange of pre-tax income for other benefits, in this case shares in IOOF. Under the salary sacrifice arrangement, your pre-tax income will be reduced by the value of shares that you wish to purchase.

In the case of sacrificing base salary, the arrangement operates by spreading the cost of the shares purchased, eg $1,000, across the pay periods within a specified savings period. For example, if you were paid monthly and the $1,000 was spread over a six month savings period, $166 would be deducted from your pre-tax income each pay period during the savings period.

As you will purchase the shares out of your pre-tax salary, you effectively receive the shares tax-free. However, tax is payable when the disposal restriction on the shares lifts (see "Taxation Summary").

The following table provides an overview of how the salary sacrifice arrangement operates for the sacrifice of base salary.

Steps	Example
You decide the value of shares that you wish to purchase. This amount will be taken out of your pre-tax salary.	You earn $35,000 pa and elect to sacrifice $1,000 to purchase shares.
The amount taken out of your pay each period is the amount that you sacrificed, spread over the number of pay periods in the savings period.	An amount of $166 (being $1,000/6) is deducted from each pay packet.
Your pre-tax income for each pay period is reduced by this amount.	Prior to salary sacrificing, your gross pay each period would have been $2,917 ($35,000/12). After salary sacrificing, your gross pay each period is $2,751 ($2,917 - $166)
IOOF uses the amount taken from your pay to purchase IOOF shares at the end of the savings	If the share price is $4, then you will purchase 250 shares ($1000/$4)

period.	
The shares are held in trust on your behalf	You now have beneficial interest in 250 IOOF shares.

In the example above, if your annual salary is $35,000 your marginal tax rate would be 30% (excluding the 1.5% Medicare Levy). If you choose to salary sacrifice $1,000 to purchase shares, the cost of the shares to you, in after-tax dollars, will be $700, ie you will receive an additional $300 worth of shares.

When will I receive my shares?

At Listing

Shares purchased through the conversion of awards under the cash-based LTIP and STIP will be issued to the Trust on the date of Listing.

Post Listing

Shares purchased through the sacrifice of base salary will be issued to the Trust at the end of the savings period and held on your behalf. The saving periods will have a duration of six months. You may renew your participation in the Plan each six month period under a new offer.

Shares purchased through the sacrifice of annual bonus will be issued to the Trust following notification of the amount of your annual bonus.

How many shares can I purchase and how much will they cost?

At Listing

The number of shares purchased will be determined by the value of the LTIP and STIP awards that you nominated to be converted into Deferred Shares.

For shares purchased at Listing with these funds, the purchase price of the shares will be the Facility price as determined by the Board.

Post Listing

There are no restrictions on the amount of base salary or the portion of your annual bonus that may be sacrificed to purchase shares. However, if you are employed under an industrial award or an enterprise agreement, there may be a cap on the amount of base salary that you can sacrifice for shares under the Plan.

For shares purchased subsequent to Listing, the purchase price will be the volume weighted average price over the five days preceding the date the shares are issued.

What are my tax obligations?

An outline of the tax obligations that may arise is provided at the end of this Information Booklet. We recommend that you review this material with your tax adviser.

Are there any financial risks?

Shares acquired under the Plan could fall in value during the time you hold them. There is only a financial risk if the share price falls below the price that you paid for the shares. However, it is worth remembering that by salary sacrificing you have bought more shares than you would otherwise have been able to purchase with after-tax salary, i.e. you start out with more value.

In our example above, 250 shares were purchased with $1,000 worth of pre-tax salary at $4 per share. The share price could fall to $2.80 and you would be no worse off than if you had taken a cash payment of $1000 and paid 30% tax (ie $300.) You will still have 250 shares at $2.80, ie $700.

What will be the benefits to me?

Purchase of shares with pre-tax dollars

As you are sacrificing salary for the shares you pay less for the shares than you would otherwise if you paid for the shares out of after-tax income. The effect is that you are purchasing IOOF shares at a discount to the market price, although tax does have to be paid on the value of the shares at a future date.

Dividend and voting rights

The shares you acquire will carry full dividend and voting rights.

Capital growth

The movements in the market value of IOOF shares will reflect the company's performance and the impact of external factors such as general economic conditions and overall stock market sentiment. The shares, therefore, will provide you with the opportunity to share directly in the benefits of improved company performance reflected in the share price of IOOF.

What does it mean to hold a share?

Voting rights and dividends

As a shareholder in the Company, you will have the same rights (and obligations) of any ordinary shareholder. You will hold a capital asset, which may be sold for a net capital gain. You will receive dividends, if IOOF declares dividends, and you will be entitled to exercise voting rights. You will also be entitled to dividends and to vote during the period when the shares are subject to a holding lock.

Bonus issues and rights issues

In the event of a capital reconstruction, a bonus issue, or a rights issue of shares, the number of shares that you hold will be adjusted on the same basis as any other shareholder.

What happens if I want to terminate a salary sacrifice arrangement or I cease employment?

During the savings period

Where you cease to be an Australian employee of IOOF prior to the end of a savings period, or if you notify IOOF in writing that you wish to terminate the salary sacrifice arrangement, you will be reimbursed for salary (net of tax) foregone up to the date when the salary sacrifice arrangement is terminated.

Following issue of the shares

If you cease to be an Australian employee of IOOF whilst your shares are subject to disposal or forfeiture conditions, such conditions will be lifted as at the date of cessation of employment and your shares will be transferred to you from the Trust. Alternatively you may instruct the Trustee to sell the shares on your behalf and forward the proceeds to you.

You should also note that termination of employment triggers a tax liability on your shares (see "Taxation Summary").

What happens if there is a merger, sale or liquidation of IOOF?

Merger or sale

The Board has discretion to resolve that the shares acquired under the Plan and held in trust on your behalf may be disposed of (with the proceeds less any costs associated with the sale paid to you) or transferred to you. You will be notified in the case of such an event.

Liquidation

In the event of a proposed dissolution or liquidation of IOOF, the Plan administrator shall notify you prior to the effective date with instructions.

When can I sell my shares?

At Listing

Subject to the provisions of IOOF's Securities and Insider Trading Policy, you may sell the shares purchased at Listing when the Board determines that the forfeiture condition has been lifted. The forfeiture condition will automatically lift ten years from the date of issue, however, you may apply to the Board at any time to have the forfeiture condition lifted. An Application for Release Form is attached to this Information Booklet.

The shares will then be transferred to you or sold on your behalf (upon your request).

Post Listing

You may sell the shares purchased subsequent to Listing when the holding lock (disposal restriction) lifts, i.e. two years from the date the shares are issued.

Can the shares be issued in someone else's name?

No. The shares can only be issued in the name of an employee.

How will I keep track of my shares?

You will receive a regular statement with the following information:

- the number of shares issued and held in trust on your behalf
- the market value of the shares at the time of allocation
- the remaining time until the holding lock/forfeiture condition lifts
- any rights or bonus issues.

How do I apply for the shares?

If you wish to accept your offer, you will need to complete the Acceptance Form which is included as part of this information pack. Please return the Acceptance Form to Peter Wallbridge, Group Human Resources Manager, by the date noted on the Acceptance Form.

Who do I contact if I have more questions?

For further information please contact Peter Wallbridge, at 'p.wallbridge@ioof.com.au'.

Taxation Summary

Shares acquired under the Plan are eligible for concessional tax treatment referred to as the 'deferral concession'. This treatment allows you to defer the tax payable on the shares beyond the date on which the shares are acquired. However, you may elect to be taxed on your shares in the year they are acquired. The deferral concession and the tax election is discussed below.

The deferral concession

If you do not elect to be taxed up front, no tax will be payable on the shares until the earliest of the following events, referred to as the 'cessation time':

- the time the Board advises you that the shares are no longer subject to the disposal restriction or the forfeiture condition;
- the time the trustee sells the shares on your behalf;
- the time you cease employment with IOOF;
- 10 years from the acquisition date.

At the cessation time, income tax will be payable on the market value of your shares at that time. The calculation of market value depends on whether or not you sell the shares within 30 days of the cessation time.

Sale of shares within 30 days

If you sell your shares within 30 days of the cessation time, the market value is the amount that you receive for the sale of your shares. In this case, there are no capital gains tax implications.

Example 1

Assumptions:
- In year 1 you invested $1,000 to purchase 250 IOOF shares at a purchase price of $4 each.
- In year 7 the shares are transferred to you and you immediately sell your shares for $10 each.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

Net sale proceeds (250 x $10)	*$2,500*
Taxable income	*$2,500*
Tax payable @ 48.5%	*($1,213)*
Net proceeds	*$1,287*

In this case, the taxable income of $2,500 should be reported on your personal tax return.

Sale of shares after 30 days

If you sell your shares more than 30 days after the cessation time, the market value is the weighted average share price over the week up to and including the date of cessation. You will be notified of the market value of your shares.

Example 2

Assumptions:

- In year 1 you invested $1,000 to purchase 250 IOOF shares at a purchase price of $4 each.
- In year 7 the shares are transferred to you at which time the market value is $10 per share.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

Market value (250 x $10)	*$2,500*
Taxable income	*$2,500*
Tax payable @ 48.5%	*($1,213)*

In this case, the taxable income of $2,500 should be reported on your personal tax return.

When you sell the shares, capital gains tax may be payable on any increase in value since the transfer date. If the shares have fallen in value, a capital loss will arise. Provided the shares are held for at least one year, only half of the capital gain will be subject to tax.

Example 2 (continued)

Assumptions:

- You sell your shares 10 months later for $12 each.
- As you have held your shares for more than one year you will be taxed on only half of the capital gain.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

Sales proceeds (250 x $12)	*$3,000*
Less market value of shares at cessation time (250 x $10)	*$2,500*
Net gain	*$500*
Net taxable gain ($500 x 50%)	*$250*
Tax payable on capital gain @ 48.5%	*($122)*

In this case, the capital gain of $250 should be reported on your personal tax return.

Net proceeds (250 x $12)	*$3,000*
Less total tax paid ($1,213 + $122)	*$1,335*
Total proceeds after all tax	*$1,665*

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Election to be taxed at acquisition

You should note that you may elect to be taxed on the market value of the shares on the date the shares are acquired. The effect of such an election is to convert any increase in value of the shares between purchase and sale to a capital gain. When the shares are sold, capital gains tax is payable on the sale proceeds received less the amount subject to taxation on the date of acquisition.

Please note that an election to be taxed up front covers all shares acquired under all employee share plans in any one tax year. Therefore, you should carefully consider the effect of making the election on any allocations under other employee share plans in which you participate.

The election needs to be made in the year in which the shares are acquired. A "Section 139E Election" form is included at the end of this booklet. The election does not need to be lodged with the Australian Taxation Office but must be kept with your other tax records.

Example 3

Assumptions:

- In year 1 you invested $1,000 to purchase 250 shares at a purchase price of $4 each.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).
- You have elected to be taxed at grant.

Taxable market value (250 x $4)	*$1,000*
Tax payable at grant @ 48.5%	*($485)*

No further tax will be payable until you sell the shares. When you sell the shares, you may be subject to capital gains tax. In working out any capital gain, the amount on which you were subject to tax at the date of grant is taken into account.

As mentioned before, provided the shares are held for at least one year, only half of the capital gain will be subject to tax.

Example 3 (continued)

Assumptions:

- You sell the shares at a date 7 years later for $12 each.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

Sales proceeds (250 x $12)	*$3,000*
Less market value of shares at grant (250 x $4)	*$1,000*
Net gain	*$2,000*
Net taxable capital gain ($2,000 x 50%)	*$1,000*
Tax payable on capital gain @ 48.5%	*($485)*

In this case, the capital gain of $1,000 should be reported on your personal tax return.

Net proceeds (250 x $12)	*$3,000*
Less total tax paid ($485 + $485)	*$970*
Total proceeds after all tax	*$2,030*

It may be tax-effective for you to be taxed at grant, particularly if you intend to hold the shares for some time. Compare, for illustrative purposes only, examples 2 and 3 in this taxation summary. You will, however, need to consider the funding of the tax liability in the year you purchase your shares.

You should consult your taxation advisor in relation to whether you should make an election.

The tax election needs to be made at the time you lodge your income tax return for the year in which the shares are acquired. A "Section 139E Election" form is included at the end of this booklet.

Dividends

Any dividends you receive from your shares will be taxable. The gross amount of the dividends (ie including any franking/imputation credits) should be declared in your annual tax return for the year in which they are received. The franking/imputation credits may then be applied to reduce your primary income tax liability for the year.

Illustration of Salary Sacrifice

The following table illustrates the effect of salary sacrificing for shares:

	Salary Sacrifice	*Purchase Post-tax*
	$	*$*
Gross Salary	*35,000*	*35,000*
Salary sacrifice $1,000 for shares	*(1,000)*	
Taxable income	*34,000*	*35,000*
Tax payable (assumes tax resident)	*(6,372)*	*(6,672)*
After-tax salary	*27,628*	*28,328*
Shares purchased post tax		*(1,000)*
Cash in hand	*27,628*	*27,328*

As it can be seen, the effective cost of buying $1,000 worth of shares through pre-tax salary in this example is $700 after tax, a saving of $300.

The summary is general in nature and is based on Australian income tax laws as at October 2003. It is strongly recommended that you seek your own professional advice in relation to your personal circumstances. IOOF or its subsidiaries shall not be held responsible for employees who act solely on the information provided.

The summary also assumes that you are, and remain, an Australian resident for taxation purposes. There are specific rules regarding individuals whose residency status changes. These rules need to be considered on a case by case basis and you should consult your tax adviser in these circumstances.

Section 139E Election

Name of the taxpayer: ....

Tax File Number (optional): ....

This election is made under section 139E of the *Income Tax Assessment Act 1936* ("the Act") as amended.

I .... [*name of taxpayer*] elect that subsection 139B(2) of the Act is to apply to all of the qualifying shares or qualifying rights acquired by me under any employee share scheme of IOOF in terms of Division 13A of Part III of the Act in the 2002 year of income.

The provision of the following details is optional.

The details of each parcel of shares or rights acquired by me during this year of income are as follows (show separately for each parcel acquired):

Number of shares/rights acquired: ....

Date of acquisition: ....

Market value on date shares/rights acquired: ....

Amount paid/given at the time of acquisition: ....

Taxpayer's signature: ....

Date: ....

Note: The election does not need to be lodged with the Commissioner of Taxation but should be retained with your tax records.

Application for Release Form

Name of the employee: ....

I .... [*name of employee*] hereby formally apply to the Board for the Forfeiture Condition to be lifted

The details of each parcel of shares acquired by me that I would like the Forfeiture Condition to be lifted on are as follows:

Number of shares (multiples of 100 shares or total allocation):...

Date of acquisition: ....

Employee's signature: ....

Date: ....

Note: For each parcel of shares that have been acquired, a separate application form will need to be completed.