



IOOF Executive Performance Share Plan

Information Booklet

November 2003

Contents

The Plan at a glance	3
An overview of the Plan	4
Questions & Answers	5
Who can participate in the Plan?	5
How will the Plan work?	5
What are my Performance Hurdles?	5
When will I receive my Performance Shares (or cash)?	6
What are my tax obligations?	6
Are there any financial risks?	6
What will be the benefits to me?	6
What does it mean to hold a share?	7
What happens if I leave?	7
What happens if there is a merger, sale or liquidation of IOOF?	7
When can I sell my Performance Shares?	8
Can the Performance Shares be issued in someone else's name?	8
How will I keep track of my Performance Shares?	8
How do I participate in the Plan?	8
Who do I contact if I have more questions?	8
Taxation Summary	9
The deferral concession	9
Election to be taxed at acquisition	11
Dividends	12
Section 139E Election	13
Application for Release Form	14

This Information Booklet has been written to provide Australian employees of IOOF and its Associated Companies ("IOOF") with information on the IOOF Executive Performance Share 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 granted to employees. You should consult your tax or financial adviser **before** making any decisions about employee shares.*



The Plan at a glance

THE OFFER

Offers may be made to Eligible Executives to have the opportunity to receive IOOF Performance Shares (or cash equivalent)

THE TERMS

Your Offer will be subject to satisfaction of Performance Hurdles and a Forfeiture Condition

PERFORMANCE HURDLES

Vesting will be determined by the following Performance Hurdles:

- External measure (60%)
 - IOOF Total Shareholder Return compared with a peer index
- Internal measures (40%)
 - Cash Earnings Per Share (20%)
 - Return on Capital Employed (20%)

YOUR BENEFITS

Opportunity for greater rewards based on the level of performance

Share directly in any capital growth of IOOF

Opportunity for dividends and voting rights once Performance Hurdles are satisfied

THE FORFEITURE CONDITION

The Forfeiture Condition will apply to your Offer, and will continue to apply to any Performance Shares allocated to you upon part or full vesting of the Offer

THE SHARES (OR CASH)

To the extent the Performance Hurdles are met you will receive either:

- Performance Shares; or
- Cash



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 Executive Performance Share Plan (the "Plan") which has been designed to deliver the long-term incentive component of your reward package.

Under the Plan, you will be made an Offer to receive IOOF Performance Shares (or an equivalent amount in cash, at the Board's discretion) subject to the satisfaction of external and internal Performance Hurdles. Vesting (ie satisfaction of the Performance Hurdles) will be tested at six monthly intervals over a two year period beginning three years from the time the Plan Cycle (ie Performance Period) commences. Upon satisfaction of the Performance Hurdles the Board will determine whether to deliver Performance Shares or cash.

Where Performance Shares are delivered upon vesting, the shares will be allocated in your name and held in trust on your behalf. You will be entitled to receive dividends and to vote during the period your vested and allocated Performance Shares remain in the Trust.

The Performance Shares will remain subject to a Forfeiture Condition until the end of the Plan Cycle (ie 5 years from the date the Plan Cycle commenced), however, you may apply to the Board to lift the Forfeiture Condition at any time following vesting. Once the Board has formally determined that the Forfeiture Condition has not been breached, the vested Performance Shares will be transferred to you from the Trust, or sold on your behalf (upon request).

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 November 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 discretion to the Executive Officers and any other Senior Officers determined to be key contributors to the business of IOOF. The eligibility criteria shall include (but is not limited to):

- The employee's seniority and/or strategic importance to IOOF;
- The employee's performance based on IOOF's performance appraisal system; and
- Relevant employment market conditions for the employee, or the position that they occupy or are being appointed to.

Participation is voluntary, ie it is your prerogative not to accept an offer to participate. However, if you choose not to participate, you will not be entitled to any of the benefits of participating in the Plan, nor will you be offered an alternative vehicle for the delivery of a long term incentive remuneration component.

How will the Plan work?

Eligible Executives will be given the opportunity to receive Performance Shares or a cash equivalent (if the latter option was preferred by the Board), subject to the satisfaction of certain Performance Hurdles and a Forfeiture Condition.

Once the Performance Hurdles are satisfied, the Board will determine whether to deliver Performance Shares or cash. Where Performance Shares are delivered upon vesting, the Performance Shares will be allocated in your name and held in trust on your behalf. From this time, you will be entitled to receive dividends, if IOOF declares dividends, and to vote.

Whilst in trust, the Performance Shares will be subject to forfeiture in the event a Participant commits any act of fraud, defalcation or gross misconduct. The Forfeiture Condition will automatically lift five years from the commencement of the Plan Cycle, however, you may apply to the Board to have the Forfeiture Condition lifted at any time.

What are the Performance Hurdles?

Details of the Performance Hurdles can be found in your offer letter, provided to you along with this Information Booklet.



When will I receive my Performance Shares (or cash)?

Once the Performance Hurdles have been satisfied, your Performance Shares or cash equivalent will be delivered. Where Performance Shares are delivered, the shares will be allocated in your name and held on your behalf in trust. The Performance Shares will still be subject to forfeiture as described above. Once the Forfeiture Condition has been formally lifted by the Board, the Performance Shares will be transferred to you and you will be free to deal with them as you wish.

What are my tax obligations?

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

Where cash is delivered, IOOF will withhold tax at the appropriate rate and will report the payment on your annual payment summary.

Are there any financial risks?

Performance Shares acquired under the Plan could fall in value during the time you hold them. However, as you are not required to pay for your Performance Shares, there is no financial risk.

What will be the benefits to me?

Dividend and voting rights

Once Performance Hurdles have been met, the Performance Shares you may 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 Performance Shares, therefore, will provide you with the opportunity to participate 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. Once the Performance Hurdles have been met, you will receive dividends, if IOOF declares dividends, and you will be entitled to exercise voting rights on the Performance Shares you may acquire.

Bonus issues and rights issues

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

What happens if I leave?

Details of the treatment of your Offer and vested Performance Shares at termination of employment can be found in your offer letter included in this Information Pack. However, a general summary is provided below.

Offer

Depending on the circumstances of your termination, the Board has discretion to vary the treatment of your Offer.

Vested Performance Shares

If you cease to be an Australian employee of IOOF (for reasons other than dismissal for serious misconduct) whilst your Performance Shares are subject to the Forfeiture Condition, the condition will be lifted as at the date of cessation of employment and your Performance Shares will be transferred to you from the Trust.

Where you are dismissed due to fraud, defalcation or gross misconduct in relation to the affairs of IOOF or an Associated Company your Performance Shares will be forfeited.

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

Merger or sale

The Board has discretion to resolve that the Performance Shares held in trust may be disposed 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 Performance Shares?

You may sell your Performance Shares when the Board determines that the Forfeiture Condition has been lifted. You may apply to the Board at any time to have the Forfeiture Condition lifted on any vested Performance Shares using the Application for Release Form attached to this Information Booklet. The Forfeiture Condition will automatically lift five years from the commencement of the Plan Cycle.

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

Can the Performance Shares be allocated in someone else's name?

No. The Performance Shares can only be allocated in the name of the an employee.

How will I keep track of my Performance shares?

You will receive a regular statement with the following information:

- the number of Performance Shares allocated and held in trust on your behalf;
- the market value of the Performance Shares at the time of allocation; and
- any rights or bonus issues.

How do I participate in the Plan?

If you wish to accept your offer, you will need to complete the Application Form which is included as part of this information pack. Please return the Application Form to Peter Wallbridge, IOOF 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, IOOF Group HR Manager, on (03) 8614-4710, or by email, at 'p.wallbridge@ioof.com.au'.



This Information Booklet has been written to provide you with information on the IOOF Executive Performance Share Plan. In the event of any inconsistency the Plan rules will prevail.



Taxation Summary

Performance 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 Performance Shares beyond the date on which they are acquired (ie when vesting conditions have been met and they are allocated to you and held on your behalf in trust). However, you may elect to be taxed on your Performance 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 in the year the Performance Shares are acquired, no tax will be payable on the shares until the earliest of the following events, referred to as the 'cessation time':

- the time the Trustee sells the shares on your behalf;
- the time the Board advises you that the shares are no longer subject to the Forfeiture Condition; or
- the time you cease employment with IOOF.

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

Sale of Performance Shares within 30 days

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

Example 1

Assumptions:

- In year 3 your Offer vests as the Performance Hurdles were satisfied, and IOOF allocates you 10,000 Performance Shares to be held in trust on your behalf.
- You immediately applied to have the Forfeiture Condition lifted and the Board determined that the Performance Shares may be released from this condition. At your request, the Trustee sold all the Performance Shares on your behalf. The market value at the time was \$5.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

<i>Net sale proceeds (10,000 x \$5)</i>	<u>\$50,000</u>
<i>Taxable income</i>	<u>\$50,000</u>
<i>Tax payable @ 48.5%</i>	<u>(\$24,250)</u>
<i>Net proceeds</i>	<u><u>\$25,750</u></u>



In this case, the taxable income of \$50,000 should be reported on your personal tax return.

Sale of Performance Shares after 30 days

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

Example 2

Assumptions:

- In year 3 your Offer vests as the Performance Hurdles were met, and IOOF allocated you 10,000 Performance Shares to be held in trust on your behalf. The market value of the Performance Shares at the time was \$5.
- In year 5 you applied to have the Forfeiture Condition lifted, the Board makes its determination and the Performance Shares are transferred to you. The market value at the time was \$6.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

<i>Market value (10,000 x \$6)</i>	\$60,000
<i>Taxable income</i>	\$60,000
<i>Tax payable @ 48.5%</i>	(\$29,100)

In this case, the taxable income of \$60,000 should be reported on your personal tax return.

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

Example 2 (continued)

Assumptions:

- In year 7 you sell the Performance Shares at your request for \$8 each.
- As you have held your Performance Shares for more than 12 months (from the time the Performance Shares were allocated to you and held on your behalf in the Trust) 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).

<i>Sales proceeds (10,000 x \$8)</i>	\$80,000
<i>Less market value of shares at cessation time (10,000 x \$6)</i>	\$60,000
<i>Net gain</i>	\$20,000
<i>Net taxable gain (\$20,000 x 50%)</i>	\$10,000
<i>Tax payable on capital gain @ 48.5%</i>	(\$4,850)



In this case, the capital gain of \$10,000 should be reported on your personal tax return.

<i>Net proceeds (10,000 x \$8)</i>	\$80,000
<i>Less total tax paid (\$29,100 + \$4,850)</i>	\$33,950
<i>Total proceeds after all tax</i>	<u>\$46,050</u>

Election to be taxed at acquisition

You should note that you may elect to be taxed on the market value of the Performance Shares when they are acquired (ie on the date the Performance Shares are allocated to you and held in trust on your behalf). The effect of such an election is to convert any increase in value of the Performance Shares until the time of sale to a capital gain. When the Performance Shares are sold, capital gains tax is payable on the sale proceeds received less the amount subject to taxation at acquisition.

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

The election needs to be made in the year in which the Performance 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 3 your Offer vests as the Performance Hurdles were satisfied, and IOOF allocates you 10,000 Performance Shares to be held in trust on your behalf. The market value of the Performance Shares is \$5 each.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).
- You have elected to be taxed at acquisition.

<i>Taxable market value (10,000 x \$5)</i>	\$50,000
<i>Tax payable at grant @ 48.5%</i>	<u>(\$24,250)</u>

No further tax will be payable until you sell the Performance Shares, that is, there is no taxing event at the cessation time. However, when you sell the Performance 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 acquisition is taken into account.

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

Example 3 (continued)

Assumptions:

- In year 5 you applied to have the Forfeiture Condition lifted, the Board makes its determination and the Performance Shares are transferred into your name (as you paid tax at acquisition there is no taxing event at this cessation time).



- In Year 7 you sell your Performance Shares for \$8 each.
- Brokerage and associated sale costs are nil.
- Your marginal rate of tax is 48.5% (including 1.5% Medicare Levy).

Sales proceeds (10,000 x \$8)	\$80,000
Less market value of shares at grant (10,000 x \$5)	\$50,000
Net gain	<u>\$30,000</u>
Net taxable capital gain (\$30,000 x 50%)	<u>\$15,000</u>
Tax payable on capital gain @ 48.5%	<u>(\$7,275)</u>

In this case, the capital gain of \$15,000 should be reported on your personal tax return.

Net proceeds (10,000 x \$8)	\$80,000
Less total tax paid (\$24,250 + \$7,275)	\$31,525
Total proceeds after all tax	<u>\$48,475</u>

It may be tax-effective for you to be taxed at acquisition, particularly if you intend to hold the Performance 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 your Performance Shares are allocated to you in the Trust.

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 Performance Shares are acquired. A "Section 139E Election" form is included at the end of this booklet.

Dividends

Any dividends you receive from your Performance 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.

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 on my Performance Shares held in trust on my behalf under the IOOF Executive Performance Share Plan.

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.