



Bendigo Bank

9 August 2007

The Manager
The Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Adelaide Bank and Bendigo Bank Enter into Merger Implementation Agreement

Please find attached an announcement that Adelaide Bank and Bendigo Bank have entered into a Merger Implementation Agreement.

Yours faithfully,
For and on behalf of
Bendigo Bank Limited

David Oatway
Company Secretary

For personal use only



9 August 2007

ASX Release

ADELAIDE BANK AND BENDIGO BANK ANNOUNCE INTENTION TO MERGE

The Boards of Adelaide Bank and Bendigo Bank have announced their intention to merge and create a unique customer and partner focused financial services organisation.

The merger combines two successful companies that both announced record annual profits this morning.

The merger will be implemented by a Scheme of Arrangement of Adelaide Bank which will require approval by Adelaide Bank shareholders at a meeting expected to be held in November 2007. Adelaide Bank shareholders will receive 1.075 Bendigo Bank shares per Adelaide Bank share.

The Directors of Bendigo Bank and Adelaide Bank unanimously support the merger¹.

Following the merger, a proposal to change the name of the merged group to "Bendigo and Adelaide Bank Limited" will be submitted to shareholders of the merged group. The change of name will not impact on branding.

The Chairman of Adelaide Bank, Dr Adele Lloyd, said the two companies had each developed innovative, distinctive and complementary strategies and were leaders in their fields. Adelaide Bank excels in partnering with a range of distribution partners as a specialist wholesale finance provider, while Bendigo Bank is Australia's pre-eminent service-focused retail bank, renowned for partnering with communities.

"Both banks are committed to high levels of stakeholder engagement, understanding that it is the success and prosperity of their partners and customers which drive their own success," Dr Lloyd said.

"Both businesses are recognised for their leadership positions within the markets they target. Our fundamental strengths in assisting customers and partners to achieve their aims will remain central for the merged group."

Bendigo Bank Chairman, Robert Johanson, said the strengths of the two businesses could be seen in their profits for the 2007 financial year, which were also released today. Each has reported record profits from strongly growing businesses.

¹ The recommendation of the Directors of Adelaide Bank is subject to the absence of a superior proposal and the opinion of an Independent Expert that the merger is in the best interests of Adelaide Bank shareholders

Adelaide Bank

169 Pirie Street
Hindmarsh Square
Adelaide, SA 5000
Australia
1800 211 826

Customer Relations
Adelaide Bank
Reply Paid 1048
Adelaide SA 5001

Bendigo Bank

Level 2,
Fountain Court
Bendigo, Vic 3550
Australia
1300 361 911

PO Box 480
Bendigo
Victoria 3552
Australia

For personal use only



9 August 2007

ASX Release

“The merger will bring together specialist skills in wholesale and retail banking that have been separately developed. The merged group will retain and continue to grow both brands,” Mr Johanson said.

“This merger creates a business with complementary products and services that can be delivered more cost effectively to customers and partners. We are committed to ensuring the merged group continues the excellent track-record of both organisations in creating sustainable value for shareholders,” he said.

The merger brings Adelaide Bank’s core competencies in wholesale mortgages, margin lending and portfolio funding together with Bendigo Bank’s unique community focused retail banking business. This merger provides real and tangible benefits for all stakeholders.

- **Customers** will have access to more products, more branches and more ATM’s through more than 380 company and community-owned branches across Australia. Both the Adelaide Bank and Bendigo Bank brands will be retained and grown. The Community Bank[®] model will continue to grow and prosper under the merged group, and the merged group will have greater capacity to invest further in the South Australian branch network.
- **Partners** of both banks, including wholesale distributors of mortgages and other financial services products, will see a continued commitment to the partnership model. These partners will have access to a greater variety of products, backed by the greater scale and processing capability of the merged group.
- **Shareholders** will own a unique company with an enhanced financial profile, and with a market capitalisation of about \$4 billion². This will mean the merged group will sit well within the S&P/ASX100. It is expected the merger will deliver significant value and cash EPS accretion³ for both sets of shareholders in the first full financial year. It is anticipated the merger will ultimately provide pre-tax cost synergies of \$60m to \$65m. Cost synergies will be in areas such as reducing functional overlap, IT savings and the consolidation of corporate costs. In addition, there is also the potential for substantial revenue synergies including through an increased product offering of the merged group to both customer sets.

² Based on market capitalisations as at 8 August 2007

³ Excluding one-off and merger integration costs

Adelaide Bank

169 Pirie Street
Hindmarsh Square
Adelaide, SA 5000
Australia
1800 211 826

Customer Relations
Adelaide Bank
Reply Paid 1048
Adelaide SA 5001

Bendigo Bank

Level 2,
Fountain Court
Bendigo, Vic 3550
Australia
1300 361 911

PO Box 480
Bendigo
Victoria 3552
Australia

For personal use only



9 August 2007

ASX Release

- **Staff** will be provided with greater career opportunities through a larger and more diversified company. Head office functions will be split between existing sites. The combined group will have more than 4,000 staff, across every state and territory of Australia.

With increased financial strength, scale efficiency and funding flexibility, the merged group is better positioned to pursue expansion opportunities and invest in growth and continued innovation.

The Merged Group

The merged group will be a stronger more diversified business with substantial scale.

- It will have loans under management of more than \$43 billion and an enlarged presence in the fast growing wealth management sector, with approximately \$7 billion of funds under management and advice
- It will have a market capitalisation of about \$4 billion⁴ placing it well within the S&P/ASX100 index
- It will have approximately 82,000 shareholders, predominantly retail
- It will have an expanded national footprint of more than 380 branches covering all States and Territories. It is planned to open a further 25 branches in 2007/08
- The respective businesses currently serve more than 1.3 million customers

The key businesses of the merged group will include Retail Banking (including Community Bank[®]), Wealth Management (including Leveraged Equities, Adelaide Managed Funds and Sandhurst Trustees), Wholesale Mortgages, and Business Partners (including Portfolio Funding, Adelaide Bank's Specialised Lending and Bendigo Bank's SME offerings, including Oxford Funding). It will retain Bendigo Bank's current joint venture businesses Elders Rural Bank, Tasmanian Banking Services, Community Sector Banking and Homesafe.

Board, Governance and Management

The Boards of both Bendigo Bank and Adelaide Bank will each be reduced by two directors when the companies are merged. This will result in a Board of twelve, including two executive directors.

⁴ Based on market capitalisations as at 8 August 2007

Adelaide Bank

169 Pirie Street
Hindmarsh Square
Adelaide, SA 5000
Australia
1800 211 826

Customer Relations
Adelaide Bank
Reply Paid 1048
Adelaide SA 5001

Bendigo Bank

Level 2,
Fountain Court
Bendigo, Vic 3550
Australia
1300 361 911

PO Box 480
Bendigo
Victoria 3552
Australia

For personal use only



9 August 2007

ASX Release

Robert Johanson, Chairman of Bendigo Bank, will be the Chairman of the merged group. Kevin G Osborn, Non-Executive Director of Adelaide Bank will become the Deputy Chairman.

Mr Rob Hunt, Group Managing Director of Bendigo Bank, will continue to lead the organisation as Group Managing Director of the merged group until 1 July 2009. In addition to leading the organisation, Mr Hunt will concentrate on the continued performance improvement and the effective integration of the two already successful businesses. His other primary focus will be on securing the ongoing innovation demonstrated by both organisations, and a methodology to ensure the level of customer and partner advocacy required to secure the significant point of difference developed by both organisations to date.

Adelaide Bank's Managing Director, Jamie McPhee, will be appointed to the Board of the merged group as Executive Director and be responsible for its Wholesale Banking services. With Mr Hunt's retirement in July 2009, this will place Mr McPhee in an excellent position to succeed Mr Hunt.

Bendigo Bank's Chief Operating Officer, Mike Hirst, will be responsible for the Retail Banking businesses. Both will concentrate on the continued development and expansion of the merged group and will ensure continuation of the customer commitment demonstrated through the customer-selected distribution channels.

Details of the Merger

Adelaide Bank shareholders will receive 1.075 Bendigo Bank shares per Adelaide Bank share. The merger will be implemented by a Scheme of Arrangement of Adelaide Bank and is subject to the approval by Adelaide Bank shareholders at a vote anticipated to be held in November 2007 and Court approval. It is expected that scrip-for-scrip capital gains tax rollover relief will be available to Adelaide Bank shareholders.

The merger is also subject to regulatory approvals and the opinion of an independent expert that it is in the best interests of Adelaide Bank shareholders.

The proposal for dealing with the Adelaide Bank Reset Preference Shares is to be determined. The Step-Up Preference Shares will be subject to a separate Scheme, the terms of which are to be determined.

A proposal to change its name to "Bendigo and Adelaide Bank Limited" will be submitted to the shareholders of the merged group when the merger is complete.

Adelaide Bank

169 Pirie Street
Hindmarsh Square
Adelaide, SA 5000
Australia
1800 211 826

Customer Relations
Adelaide Bank
Reply Paid 1048
Adelaide SA 5001

Bendigo Bank

Level 2,
Fountain Court
Bendigo, Vic 3550
Australia
1300 361 911

PO Box 480
Bendigo
Victoria 3552
Australia

For personal use only



9 August 2007

ASX Release

Each Adelaide Bank Director intends to vote in favour of the merger proposal, in the absence of a superior proposal and subject to the opinion of the independent expert.

Further details of the key terms of the Merger Implementation Agreement are set out in an attachment to this announcement.

Timing and Logistics

It is currently expected that the scheme documentation will be sent to Adelaide Bank shareholders in October 2007, with a Scheme Meeting and final court hearing in November 2007.

Shareholder Information

Further information on the merger proposal will be lodged with the ASX and published on the Adelaide Bank and Bendigo Bank websites.

Further information for Adelaide Bank shareholders is available on the following number: 1800 211 826 (free call) or +612 8986 9354 (overseas callers).

Further information for Bendigo Bank shareholders is available on the following number: 1300 361 911.

Adelaide Bank's financial adviser is ABN AMRO and legal adviser is Johnson Winter & Slattery.

Bendigo Bank's financial advisers are Grant Samuel and Goldman Sachs JBWere and legal adviser is Allens Arthur Robinson.

For further information contact:

Will Rayner
Head of Investor Relations
(08) 8220 7764
0437 794 366

Owen Davies
General Manager Corporate Affairs
(03) 5485 7108
0418 521 817

Adelaide Bank

169 Pirie Street
Hindmarsh Square
Adelaide, SA 5000
Australia
1800 211 826

Customer Relations
Adelaide Bank
Reply Paid 1048
Adelaide SA 5001

Bendigo Bank

Level 2,
Fountain Court
Bendigo, Vic 3550
Australia
1300 361 911

PO Box 480
Bendigo
Victoria 3552
Australia

For personal use only

ATTACHMENT

KEY TERMS OF THE MERGER IMPLEMENTATION AGREEMENT

Bendigo Bank Limited (ABN 11 068 049 178) (**Bendigo**) and Adelaide Bank Limited (ABN 54 061 461 550) (**Adelaide**) have entered into a Merger Implementation Agreement (**MIA**) dated 9 August 2007 setting out the terms and conditions and each party's obligations in connection with the implementation of the Scheme of Arrangement in Adelaide (**Scheme**).

An outline of the key terms and conditions of the MIA is set out below. Relevant defined terms are set out at the end of this summary.

Conditions Precedent

The Scheme will not become effective unless each of the following conditions precedent has been satisfied or waived in accordance with the terms of the MIA.

- The Treasurer of the Commonwealth of Australia provides before 8.00am on the Second Court Date:
 - approval to Bendigo under the *Financial Sector (Shareholdings) Act 1998* (Cth) for Bendigo to hold a 100% stake in Adelaide; and
 - written consent to Adelaide under the *Banking Act 1959* (Cth) in relation to the Scheme.
- The Australian Competition and Consumer Commission (**ACCC**) indicates that it does not intend to oppose the proposed acquisition of Adelaide Shares by Bendigo.
- All other approvals, consents, modifications or waivers of a Governmental Agency which Bendigo and Adelaide agree are reasonably necessary to implement the Scheme are obtained.
- The Australian Securities Exchange (**ASX**) provides approval for the official quotation of the New Bendigo Shares, before 8.00 am on the Second Court Date.
- The Scheme resolution is approved by the requisite majorities of Adelaide Shareholders, before 8.00 am on the Second Court Date.
- No order issued by any court or other legal restraint preventing any aspect of the Scheme is in effect as at 8.00 am on the Second Court Date.
- The Independent Expert gives a report to Adelaide that in its opinion the Scheme is in the best interests of Adelaide Shareholders, before the date on which the Scheme Booklet is lodged with the Australian Securities and Investments Commission (ASIC).
- No Bendigo Regulated Event or Adelaide Regulated Event occurs between the date of the MIA and 8.00 am on the Second Court Date.

For personal use only

- For personal use only
- No Bendigo Material Adverse Change or Adelaide Material Adverse Change occurs, or is discovered, announced, disclosed or otherwise becomes known to Adelaide or Bendigo (as applicable) between the date of the MIA and 8.00 am on the Second Court Date.
 - The representations and warranties of Bendigo and Adelaide included in the MIA are true and correct in all material respects as at the date of the MIA and as at 8.00 am on the Second Court Date and the undertakings have been complied with.

Each party must use their best endeavours to satisfy the conditions precedent.

Board and Management Changes

As soon as practicable after the Second Court Date and after the Scheme Consideration has been provided, Bendigo has agreed to reconstitute the Bendigo Board.

The Bendigo Board will appoint Kevin Osborn as Deputy Chairman of the Bendigo Board and Robert Johanson will remain as Chairman. Subject to receiving shareholder approval to amend its Constitution to increase the size of the Board, the Bendigo Board will consist of six non-executive directors from the Bendigo Board (nominated by Bendigo), four non-executive directors from the Adelaide Board (nominated by Adelaide), Rob Hunt as Managing Director and Chief Executive Officer and Jamie McPhee as Executive Director.

Future AGMs will be shared between Victoria and South Australia, as will the head office functions.

Due Diligence

The parties have each acknowledged and agreed that both prior to and after entry into the MIA, the parties or their representatives have undertaken, and will undertake their own due diligence investigations in relation to the other party.

During the 21 day period commencing on the date of the MIA, each party has agreed to provide the other party or its representatives, such further access to the management personnel and documents, records and other information as may reasonably be required for the purpose of the other party completing its due diligence inquiries in relation to that party.

By the end of the 31 day period commencing on the date of the MIA, each party will make an announcement to the ASX indicating either that its due diligence inquiries have been concluded satisfactorily or that it intends to exercise its right to terminate the MIA in respect of a matter discovered during the 21 day period.

Other Adelaide Securities

The MIA provides for the treatment of the Step-Up Preference Shares and Reset Preference Shares.

Step Up Preference Shares

An additional scheme of arrangement, the Step Up Preference Share Scheme, will be proposed by Adelaide in respect of the Step Up Preference Shares. Under the Step Up Preference Share

Scheme, all of the Step Up Preference Shares will be transferred to Bendigo and the Scheme Participants will be entitled to receive a new Bendigo Step Up Preference Share in exchange for each existing Step Up Preference Share. The terms of the Bendigo Step Up Preference Shares are to be determined.

The Step Up Preference Scheme will be conditional on the Scheme being implemented, but not vice versa.

Reset Preference Shares

By 20 August 2007, Adelaide will issue a notice to holders of Reset Preference Shares that Adelaide intends to reset the terms of those shares in such manner as Adelaide determines and specifies in the notice.

If any holder of the Reset Preference Shares issues a notice to Adelaide requesting an exchange of their Reset Preference Shares on the reset date, Adelaide has agreed to consult in good faith with Bendigo regarding the action that will be taken by Adelaide in response to the notice.

Termination

Either party may terminate the MIA at any time prior to the commencement of the Court hearing on the Second Court Date for any of the following reasons.

- The other party is in material breach of any clause of the MIA, taken in the context of the Scheme as a whole, the non-defaulting party has given notice to the other party and the material breach has continued to exist for 5 business days from the time the notice is given.
- Any Adelaide director has changed or withdrawn their recommendation of the Scheme.
- The Independent Expert, having given a report to Adelaide that in its opinion the Scheme is in the best interests of Adelaide shareholders, changes that opinion for any reason.
- If the Court refuses to make any order convening the Scheme meeting and the party obtains an opinion from Queen's Counsel or Senior Counsel that an appeal against that decision would have no reasonable prospect of success.
- If a Court or other Governmental Agency has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme.
- If the conditions precedent are not met.
- If the Scheme has not become effective on or before the End Date.
- If the Bendigo Board recommends a Competing Proposal for Bendigo.

In addition, the MIA will terminate automatically, without the action of any party, if the Scheme Resolution is not approved by the requisite majorities of Adelaide Shareholders.

Exclusivity

The MIA contains the following no-shop, no-talk and no due diligence restrictions.

Under the no-shop restrictions in the MIA, during the Exclusivity Period, each party must ensure that neither it, nor any of its representatives, directly or indirectly solicits, invites, facilitates or encourages, or communicates any intention to do any of these things, with a view to obtaining any offer or proposal from any person in relation to a Competing Proposal.

Under the no-talk restrictions in the MIA, during the Exclusivity Period, each party must ensure that neither it, nor any of its representatives, negotiates or enters into, continues or participates in negotiations or discussions with any other person regarding a Competing Proposal, even if:

- that person's Competing Proposal was not directly or indirectly solicited, initiated, facilitated or encouraged by it or any of its representatives; or
- that person has publicly announced their Competing Proposal.

The parties have also agreed to a no due diligence restriction, whereby during the Exclusivity Period, a party must not, without the other party's prior written consent:

- solicit, invite, facilitate or encourage any party to undertake due diligence investigations on it or any of its related entities; or
- make available to any person or permit any such person to receive any non-public information relating to it or any of its related entities in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal for it.

In addition, during the Exclusivity Period, a party must immediately notify the other party if it is approached by any person to engage in activity that would breach the no-talk or no due diligence restrictions.

However, the no-talk and no due diligence restrictions and the notification obligation do not apply to the extent that they restrict the party, the party's Board or the party's representatives from taking any action in respect of a bona fide Competing Proposal which was not encouraged, solicited or initiated by the party, or to the extent they require a party to notify the other party of any approach, provided that the party's Board has determined, in good faith and acting reasonably, that:

- the Competing Proposal is a Superior Proposal; or
- failing to respond in any way to that Competing Proposal or the consequences of providing notification to the other party would likely cause the party's directors to breach their fiduciary duty or other legal duties, after receiving written advice to that effect from their external lawyers.

The party relying on the exception must immediately send the other party notice to that effect.

Break Fees

Under the MIA, Adelaide and Bendigo acknowledge that, if the Scheme is not implemented, both parties will incur significant costs. In these circumstances, the parties have agreed that provision be made for the following payments.

- (a) Bendigo agrees to pay Adelaide \$15 million (exclusive of GST) if:
- (i) there is a material breach by Bendigo of its obligations under the MIA;
 - (ii) a Bendigo Regulated Event occurs between the date of the MIA and 8.00 am on the Second Court Date;
 - (iii) a Bendigo Material Adverse Change occurs or otherwise becomes known to Adelaide between the date of the MIA and 8.00 am on the Second Court Date (provided that no amount is payable if the risk or possibility of the Bendigo Material Adverse Change was fairly disclosed to Adelaide prior to the date of the MIA and the Bendigo Material Adverse Change occurring on or after the date of the MIA was beyond the control of Bendigo); or
 - (iv) the Bendigo Board recommends a Mutually Exclusive Competing Proposal for Bendigo,

and the MIA is terminated in accordance with its terms prior to the Implementation Date.

A "Mutually Exclusive Competing Proposal for Bendigo" is a Competing Proposal for Bendigo which is conditional on the Scheme not becoming effective or which requires Bendigo to abandon the merger with Adelaide.

- (b) Adelaide agrees to pay Bendigo \$15 million (exclusive of GST), if:
- (i) there is a material breach by Adelaide of its obligations under the MIA;
 - (ii) a Adelaide Regulated Event occurs between the date of the MIA and 8.00 am on the Second Court Date;
 - (iii) a Adelaide Material Adverse Change occurs or otherwise becomes known to Bendigo between the date of the MIA and 8.00 am on the Second Court Date, (provided that no amount is payable if the risk or possibility of the Adelaide Material Adverse Change was fairly disclosed to Bendigo prior to the date of the MIA and the Adelaide Material Adverse Change occurring on or after the date of the MIA was beyond the control of Adelaide);
 - (iv) the Independent Expert:
 - A. gives a report to Adelaide that in its opinion the Scheme is not in the best interests of Adelaide Shareholders; or
 - B. having given a report to Adelaide that in its opinion the Scheme is in the best interests of Adelaide shareholders, changes that opinion for any reason;

- For personal use only
- (v) at any time before the end of the Scheme meeting, any Adelaide director makes a public statement changing or withdrawing their support or recommendation of the Scheme; or
 - (vi) at any time before the end of the Scheme meeting, any Adelaide director recommends a Competing Proposal for Adelaide,

and the MIA is terminated in accordance with its terms prior to the Implementation Date.

However, no amount is payable by Adelaide to Bendigo:

- under paragraphs (b)(iv) and (b)(v) above, if no Competing Proposal for Adelaide has been made, announced or proposed and the Independent Expert gives an opinion that the Scheme is not in the best interests of the Adelaide Shareholders or having given an opinion that it is in the best interests, changes that opinion; or
- only because the holders of Adelaide Shares fail to pass, by the requisite majorities, the resolution to approve the Scheme at the Scheme meeting, in circumstances where no Adelaide director has made a public statement changing or withdrawing their support or recommendation of the Scheme or has recommended a Competing Proposal for Adelaide.

In addition, no amount is payable to either Bendigo or Adelaide in respect of a Material Adverse Change discovered in the 21 day period of extra due diligence, unless the existence of that event, or the risk or possibility of that event, was deliberately or knowingly misrepresented or not disclosed to the other party.

Key Definitions

APRA means the Australian Prudential Regulatory Authority.

Adelaide Board means the board of directors of Adelaide.

Adelaide Material Adverse Change means an event, occurrence or matter other than:

- that required to be done or procured by Adelaide pursuant to the MIA or the Scheme;
- as fairly disclosed in an announcement to the ASX prior to the date of the MIA or as fairly disclosed by Adelaide to Bendigo in writing prior to the date of the MIA (provided that disclosure of the risk or possibility of an event, occurrence or matter happening shall not be a disclosure of an actual event, occurrence or matter happening);
- an actual event, occurrence or matter which is known to Bendigo prior to the date of the MIA (which does not include knowledge of the risk or possibility of an event, occurrence or matter happening);
- the payment by Adelaide of a final dividend in respect of the financial year ended 30 June 2007 of no more than \$0.36 per Adelaide Share; or
- any other event, occurrence or matter which the parties agree in writing shall be excluded from this definition,

which individually will, or is reasonably likely to, or when aggregated with all such events, occurrences or matters will, or is reasonably likely to:

- diminish the value of the consolidated net assets of the Adelaide Group by \$37 million or more;
- diminish the consolidated net profit after tax of the Adelaide Group in any financial year by \$10 million or more, excluding any costs and expenses incurred in connection with the Scheme; or
- have a material adverse effect on the ability of Adelaide to perform its obligations under the MIA.

Adelaide Regulated Event includes the occurrence of any of the following:

- Adelaide converts all or any of its shares into a larger or smaller number of shares;
- Adelaide resolves to reduce its share capital in any way or reclassifies, redeems or repurchases directly or indirectly any of its shares;
- Adelaide declares, pays or distributes any dividend, bonus or other share of its profits or assets, or returns or announces an intention to return or agree to return any capital to its members, other than any declaration, payment or distribution of either an interim or final dividend consistent with past practice as regards to dividend payout ratios;
- Adelaide or any Related Body Corporate of Adelaide:
 - issues or agrees to issue shares or instruments convertible into shares (each a Adelaide Security) to a person outside of the Adelaide Group; or
 - grants or agrees to grant an option (including any performance right or right to have shares transferred) over or in respect of Adelaide Securities to a person outside of the Adelaide Group,

other than the issue of shares under the Adelaide dividend reinvestment plan that is in effect as at the date of the MIA in respect of the final dividend contemplated in the definition of Adelaide Material Adverse Change (provided that such issue is not underwritten, except following consultation with Bendigo to the extent such underwriting is required by APRA and, in any case, that the shares are on issue and on the Register prior to the Record Date);

- Adelaide or any Related Body Corporate of Adelaide enters into or commits or agrees to enter into any significant transaction or conducts its business otherwise than in the ordinary course;
- Adelaide makes a material change or amendment to its constitution,

provided that a Adelaide Regulated Event will not include:

- a matter:
 - required to be done or procured by Adelaide pursuant to the MIA or the Scheme;

For personal use only

- which a party is permitted to do, or not to do, whilst the Exclusivity Period continues, or which a party is permitted to do, or not to do, in connection with any Competing Proposal once the Exclusivity Period ends;
- in relation to which Bendigo has expressly consented in writing; or
- fairly disclosed by Adelaide to Bendigo in writing prior to the date of the MIA; or
- any of the following matters:
 - the payment by Adelaide of a final dividend in respect of the financial year ended 30 June 2007 of no more than \$0.36 per Adelaide Share;
 - any securitisation transaction undertaken by any member of the Adelaide Group in the ordinary course of business;
 - the taking of any action in relation to the Reset Preference Shares by any member of the Adelaide Group; and
 - any member of the Adelaide Group undertaking any action as may be required by APRA in connection with the Reset Preference Shares.

Adelaide Shareholder means a person who is recorded in the Register as the holder of Adelaide Shares.

Bendigo Board means the board of directors of Bendigo.

Bendigo Material Adverse Change means an event, occurrence or matter other than:

- that required to be done or procured by Bendigo pursuant to the MIA or the Scheme;
- as fairly disclosed in an announcement to the ASX prior to the date of the MIA or as fairly disclosed by Bendigo to Adelaide in writing prior to the date of the MIA (provided that disclosure of the risk or possibility of an event, occurrence or matter happening shall not be a disclosure of an actual event, occurrence or matter happening);
- an actual event, occurrence or matter which is known to Adelaide prior to the date of the MIA (which does not include knowledge of the risk or possibility of an event, occurrence or matter happening);
- the payment by Bendigo of a final dividend in respect of the financial year ended 30 June 2007 of no more than \$0.34 per Bendigo Share; or
- any other event, occurrence or matter which the parties agree in writing shall be excluded from this definition,

which individually will, or is reasonably likely to, or when aggregated with all such events, occurrences or matters will, or is reasonably likely to:

- diminish the value of the consolidated net assets of the Bendigo Group by \$45 million or more;

- diminish the consolidated net profit after tax of the Bendigo Group by \$12 million or more, excluding any costs and expenses incurred in connection with the Scheme; or
- have a material adverse effect on the ability of Bendigo to perform its obligations under the MIA.

Bendigo Regulated Event includes the occurrence of any of the following:

- Bendigo converts all or any of its shares into a larger or smaller number of shares;
- Bendigo resolves to reduce its share capital in any way or reclassifies, redeems or repurchases directly or indirectly any of its shares;
- Bendigo declares, pays or distributes any dividend, bonus or other share of its profits or assets, or returns or announces an intention to return or agree to return any capital to its members, other than any declaration, payment or distribution of either an interim or final dividend consistent with past practice as regards to dividend payout ratios;
- Bendigo or any Related Body Corporate of Bendigo:
 - issues or agrees to issue shares or instruments convertible into shares (each a Bendigo Security) to a person outside of the Bendigo Group; or
 - grants or agrees to grant an option over or in respect of Bendigo Securities to a person outside of the Bendigo Group,other than pursuant to an employee share or incentive scheme or dividend reinvestment plan that is in effect as at the date of the MIA in respect of the final dividend contemplated in the definition of Bendigo Material Adverse Change (provided that such issue is not underwritten);
- Bendigo or any Related Body Corporate of Bendigo enters into or commits or agrees to enter into any significant transaction or conducts its business otherwise than in the ordinary course;
- Bendigo makes a material change or amendment to its constitution,

provided that a Bendigo Regulated Event will not include:

- a matter:
 - required to be done or procured by Bendigo pursuant to the MIA or the Scheme;
 - which a party is permitted to do, or not to do, whilst the Exclusivity Period continues, or which a party is permitted to do, or not to do, in connection with any Competing Proposal once the Exclusivity Period ends ;
 - in relation to which Adelaide has expressly consented in writing;
 - fairly disclosed by Bendigo to Adelaide in writing prior to the date of the MIA; or
 - the payment by Bendigo of a final dividend in respect of the financial year ended 30 June 2007 of no more than \$0.34 per Bendigo Share.

Competing Proposal for Adelaide means any proposed or possible transaction or arrangement pursuant to which, if ultimately completed, a person (other than Bendigo or a Related Body Corporate of Bendigo) would:

- directly or indirectly, acquire an interest, a relevant interest in or become the holder of:
 - more than 50% of the Adelaide Shares; or
 - the whole or a substantial part or a material part of the business or property of Adelaide or the Adelaide Group;
- acquire control of Adelaide, within the meaning of section 50AA of the Corporations Act; or
- otherwise acquire or merge with Adelaide (including by a reverse takeover bid, reverse scheme of arrangement or dual listed companies structure).

Competing Proposal for Bendigo means any proposed or possible transaction or arrangement pursuant to which, if ultimately completed, a person would:

- directly or indirectly, acquire an interest, a relevant interest in or become the holder of:
 - more than 50% of the Bendigo Shares; or
 - the whole or a substantial part or a material part of the business or property of Bendigo or the Bendigo Group;
- acquire control of Bendigo, within the meaning of section 50AA of the Corporations Act; or
- otherwise acquire or merge with Bendigo (including by a reverse takeover bid, reverse scheme of arrangement or dual listed companies structure).

End Date means 29 February 2008, or such later date as Bendigo and Adelaide may agree in writing.

Exclusivity Period means the period commencing on the date of the MIA and ending on the earlier of:

- the termination of the MIA in accordance with its terms;
- the Implementation Date; and
- the End Date.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity. It includes ASIC and ASX (and any other stock exchange).

Implementation Date means the third Business Day following the Record Date.

Record Date means 7.00pm (Sydney time) on the fifth Business Day following the date on which the Scheme becomes effective, or such earlier date as the parties may agree in writing.

For personal use only

Reset Preference Shares means the reset preference shares issued by Adelaide pursuant to a prospectus dated 25 October 2002.

Scheme Consideration means 1.075 Bendigo Shares for each Adelaide Share held by a Adelaide Shareholder as at the Record Date.

Second Court Date means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Bendigo Share means a fully paid ordinary share issued in the capital of Bendigo.

Step Up Preference Shares means the step up preference shares issued by Adelaide pursuant to a prospectus dated 26 August 2004.

Step Up Preference Share Scheme Consideration means one Bendigo Step Up Preference Share (the terms of which are to be agreed by Bendigo and Adelaide) for each Step Up Preference Share.

Superior Proposal in relation to a party means a bona fide Competing Proposal for the party which the board of directors of the party determines, acting in good faith, and after having taken advice from its financial and legal advisers is:

- capable of being valued and completed, taking into account all aspects of the Competing Proposal for the party; and
 - in the case of Adelaide - more favourable to the Adelaide Shareholders than the Scheme, taking into account all the terms and conditions of the Competing Proposal for Adelaide;
 - in the case of Bendigo – of greater benefit to the shareholders of Bendigo than implementing the Scheme, taking into account all the terms and conditions of the Competing Proposal for Bendigo.