

ENFORCEABLE UNDERTAKING**AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT****SECTION 93AA**

The commitments in this Enforceable Undertaking are offered to the Australian Securities and Investments Commission ("ASIC") by:-

**Keycorp Limited ACN 002 519 986
Level 9, 67 Albert Avenue
CHATSWOOD NSW 2067**

and

**Gilbert Maxwell Rintoul
c/o Level 9, 67 Albert Avenue
CHATSWOOD NSW 2067**

and

**Richard Lawrence Hargrave
c/o Level 9, 67 Albert Avenue
CHATSWOOD NSW 2067**

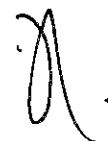
(Collectively referred to as "the Parties")

1. Background

- 1.1 On 15 September 1998 the Board of Directors of Keycorp resolved to offer the next Chairman a remuneration package which included a once only payment of approximately \$120,000 to be used to purchase 135,000 Keycorp shares through the Keycorp Employee Share Ownership Plan ("*ESOP*").
- 1.2 On 2 October 1998 TAB Limited ("*TAB*") sent a letter of intent to Keycorp (the "*TAB Letter of Intent*") which advised that, subject to approval at the TAB board meeting on 15 October 1998 it intended to negotiate a contract (the "*TAB Contract*") with Keycorp for the supply of a control device using smartcard technology.
- 1.3 The TAB Letter of Intent required Keycorp to treat the letter and its contents as confidential.
- 1.4 By letter dated 8 October 1998, Keycorp made an offer of employment to its present Chairman. The letter proposed as part of the Chairman's remuneration package that, subject to Keycorp's shareholders' approval, 135,000 Keycorp shares would be purchased by way of remuneration sacrifice by RPC Employee Equity Benefit Plan (No.2) Limited ("*RPC*") and held on the Chairman's account in accordance with the terms of the ESOP. The Chairman accepted this offer on 9 October 1998.



- 1.5 On 16 October 1998 Keycorp wrote to Australian Stock Exchange Limited ("ASX") seeking a waiver from Listing Rule 10.14. This listing rule provides that a director should not acquire securities under an employee incentive scheme without shareholder approval.
- 1.6 On 20 October 1998 Keycorp received ASX's response which advised that the purchase of shares by a director by way of remuneration sacrifice through an ESOP did not require shareholder approval pursuant to Listing Rule 10.14.
- 1.7 Between 23 and 27 October 1998 inclusive (the "*Period*"), 89,591 Keycorp shares were purchased on market for \$89,395 (the "*Shares*") by RPC on behalf of the Chairman.
- 1.8 On 26 October 1998 ASX sent by facsimile a price query to Keycorp and Keycorp sent a response to ASX the following day.
- 1.9 Keycorp notes that it became aware of a market rumour on 28 October 1998 to the effect that it would shortly enter into a contract with TAB but, at that time, Keycorp was involved in incomplete and confidential negotiations with TAB in relation to the TAB Contract.
- 1.10 On 28 October 1998, Keycorp approached TAB to obtain its concurrence to release to the market information concerning the negotiations and drafted and signed a non-binding Heads of Agreement with TAB in relation to the TAB Letter of Intent. The Heads of Agreement permitted an announcement to be made to ASX only in terms to be agreed between the parties.
- 1.11 On 29 October 1998 Keycorp publicly announced that it had entered into the Heads of Agreement with TAB in relation to the supply of control devices using smartcard technology.
- 1.12 Keycorp notes that negotiations in respect of the TAB Contract itself continued until 24 December 1998 when the TAB Contract was executed.
- 1.13 In the period from 15 September 1998 to 29 October 1998 inclusive Mr Rintoul was the Deputy Managing Director of Keycorp and Mr Hargrave was the Company Secretary of Keycorp.
- 1.14 Since 4 March 1999 ASIC has been conducting an investigation into the matters set out in clauses 1.1 to 1.13 following a referral from ASX.
- 1.15 The investigation was commenced as a result of concerns that:-
 - (a) The Parties had not disclosed the confidential TAB Letter of Intent to ASX which may have amounted to a contravention of sections 1001A or 1309 of the *Corporations Law*;

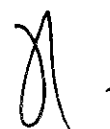


- (b) The Parties may have procured the acquisition of securities of Keycorp during the Period at a time when the Parties possessed confidential information in relation to the TAB Letter of Intent;
 - (c) that information may have been price sensitive if the information had been publicly available; and
 - (d) Keycorp shareholders who sold the Shares to RPC on market during the Period and who were not aware of the TAB Letter of Intent may have been disadvantaged by not knowing of the information.
- 1.16. ASIC has identified the parties who may have been affected by the conduct of the Parties set out in clauses 1.1 to 1.13 (the "**Affected Parties**").
- 1.17 Pursuant to section 50 of the Australian Securities and Investments Commission Act (the "**ASIC Act**") ASIC may, inter alia, initiate and carry on proceedings in the Affected Parties' names for the recovery of damages or property that may be recoverable under the *Corporations Law* including but not limited to section 1005.
- 1.18 The Parties acknowledge the concerns of ASIC and have raised with ASIC a number of matters in respect of those concerns. The Parties note that it is not asserted by ASIC that any of Keycorp's officers or employees may have gained any personal benefit from the matters giving rise to ASIC's concerns. The Parties do not wish any of the Affected Parties to be disadvantaged, or to believe that they have been disadvantaged, and for these reasons give the undertakings referred to in section 2.
- 1.19 ASIC has agreed to accept the commitments in this Enforceable Undertaking as an alternative to the exercise of the power referred to in paragraph 1.17 above.

2. UNDERTAKINGS

The Parties give the following undertakings to ASIC pursuant to section 93AA of the ASIC Act.

- 2.1 Keycorp will pay to ASIC the sum of \$42,751.68 (the "**Fund**") for the purpose of distribution by ASIC of the Fund among the Affected Parties.
- 2.2 Keycorp will, as soon as practicable after execution of this Enforceable Undertaking, lodge a copy of this Enforceable Undertaking with ASX.
- 2.3 Keycorp undertakes that:-
- (a) by 15 November 1999 it will establish and operate for a period of not less than 2 years a mandatory and continuing education program (the "**Compliance Program**") for officers of Keycorp who are or who may become in their capacity as officers of Keycorp:-



- (i) involved in dealings in shares in Keycorp; and/or
- (ii) responsible for disclosing information relating to Keycorp to the ASX

as to their obligations under the Corporations Law.

- (b) all persons appointed to positions referred to in (a) after 15 November 1999, will be required to participate in the Compliance Program within 3 months of their date of appointment.
- (c) it will ensure that each person who completes the Compliance Program, signs an acknowledgment (the "*Acknowledgment*") which states:-
 - (i) he or she has attended the Compliance Program; and
 - (ii) he or she understands his/her obligations under the *Corporations Law* and in particular the conduct that is prohibited by sections 1001A, 1002G and 1309 of the *Corporations Law*;
- (d) it will retain the signed Acknowledgments and make them available to ASIC for inspection, upon request.

2.4 Mr Rintoul and Mr Hargrave undertake that, so long as they remain part of the management of Keycorp:-

- (a) they will be jointly and severally responsible for the establishment and operation of the Compliance Program;
- (b) they will jointly and severally monitor the performance of the Compliance Program to ensure it complies with Keycorp's obligations under this Enforceable Undertaking; and
- (c) they will be jointly and severally responsible for the provision of a written report to the New South Wales Regional Commissioner of ASIC every 6 months for a period of 2 years as to Keycorp's compliance with its obligations under the Enforceable Undertaking.

3. ACKNOWLEDGMENTS

3.1 The Parties acknowledge that they have obtained legal advice in relation to the content and effect of this Enforceable Undertaking.

3.2 The Parties acknowledge that ASIC:-

- (a) may issue a media release referring to the terms of this Enforceable Undertaking and the concerns of ASIC which led to its execution;



(b) may from time to time publicly refer to this Enforceable Undertaking;
and

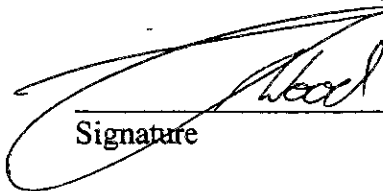
(c) will make this Enforceable Undertaking available for public inspection.

3.3 The Parties acknowledge that this Enforceable Undertaking in no way derogates from the rights and remedies available to ASIC or any other person or entity arising from any conduct described in this Enforceable Undertaking.

3.4 The Parties acknowledge that ASIC's acceptance of an Enforceable Undertaking does not affect ASIC's power to investigate a contravention arising from future conduct, or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil order in respect thereof.

3.5 The Parties acknowledge that this Enforceable Undertaking has no operative force until accepted by ASIC.

THE COMMON SEAL of)
KEYCORP LIMITED)
was duly affixed in the presence of:)



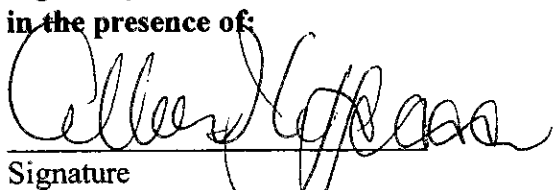
Signature

JOHN W. WOOD

Print name

DIRECTOR

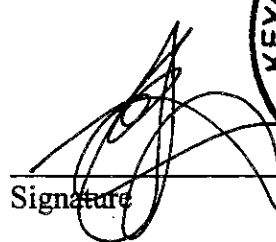
Office held

Signed by Gilbert Maxwell Rintoul)
in the presence of:)


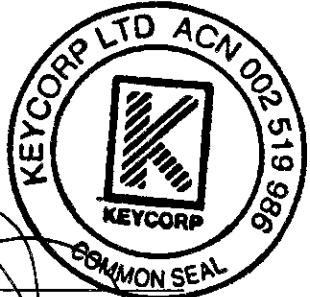
Signature

Colleen Heffernon

Name (printed)



Signature

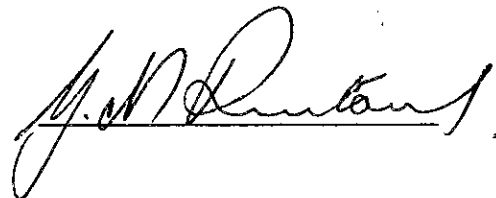


RICHARD L. HARGRAVE
~~BRIAN T. CLAYTON~~

Print name

~~DIRECTOR~~ SECRETARY

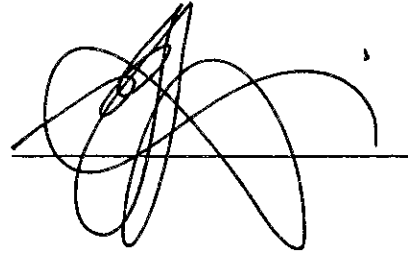
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Signature

C/- Level 9, 67 Albert Avenue
Address Chatswood NSW 2067

Signed by Richard Lawrence Hargrave)
in the presence of:)

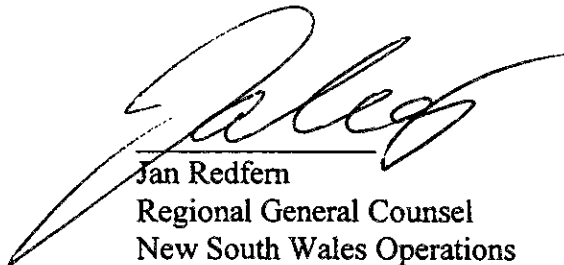


Ni Delg
Signature

Natalie Del-Grande
Name (printed)

64 Pound Avenue, Frenchs Forest 2086
Address

ACCEPTED BY THE AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION PURSUANT TO SECTION 93AA OF THE AUSTRALIAN
SECURITIES AND INVESTMENTS COMMISSION ACT BY ITS DULY
AUTHORISED DELEGATE:



Jan Redfern
Regional General Counsel
New South Wales Operations

This 13th day of October 1999.

