



NEWS RELEASE

12 March 2007

SUNCORP LAUNCHES \$1.17 BILLION ENTITLEMENT OFFER

Suncorp today lodged a prospectus with the Australian Securities & Investment Commission to raise approximately \$1.17 billion through an entitlement offer to Suncorp shareholders.

Under the offer, which has been fully underwritten by Citigroup, eligible Suncorp shareholders will be entitled to acquire two new shares for every 15 shares held on the record date (7pm Brisbane time on Friday 16 March 2007) at an offer price of \$15.50 per new share.

The offer price represents a discount of 27% to the closing market price of Suncorp shares on 9 March 2007 and a 25% discount to the theoretical ex-entitlements price on that date. The retail offer opens at 9am (Brisbane time) on Monday 19 March 2007 and closes at 5pm (Brisbane time) on Thursday 5 April 2007.

Net proceeds of the capital raising will be used to partially fund the cash consideration payable by Suncorp under the proposed merger with Promina.

Suncorp chairman John Story said the entitlement offer would allow Suncorp shareholders to share in the growth opportunities available to the merged group.

"We expect the merged group to deliver enhanced value to shareholders over the medium and long term by bringing together two highly complementary businesses, established and respected brands, a comprehensive product range and an extensive distribution network across Australia and New Zealand," Mr Story said.

Any new shares not acquired by eligible retail shareholders will be offered for sale in a bookbuild to institutional investors. Details of the bookbuild process, relevant to retail shareholders who choose to take up none, or only part, of their entitlement are included in the offer details section of this announcement.

In accordance with the merger terms, Promina shareholders will receive an increase in the number of Suncorp shares provided as consideration for the merger to compensate them for the impact of the discount applying to the entitlement offer. The share component of the consideration has increased from 0.2618 Suncorp shares to an expected 0.2703 Suncorp shares for every Promina share.

The lodgement of the prospectus has occurred ahead of the Federal Court of Australia hearing to approve the merger, which is scheduled for 3pm (Brisbane time) today. The entitlement offer will not proceed if the merger is not approved by the court.

The entitlement offer prospectus will be provided to all eligible shareholders and is also available on Suncorp's website, www.suncorp.com.au.

Shareholders who have questions regarding the entitlement offer should call 1300 657 159 (if calling within Australia) or +61 2 8280 7478 (if calling from outside Australia).

ENDS

Page 1 of 3



NEWS RELEASE

For more information, analysts should contact:

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Offer details:

Summary

Entitlement ratio	2 new shares for every 15 existing shares
Record date	7:00pm (Brisbane time) on Friday 16 March 2007
Number of new shares offered	Approximately 75.4 million ¹
Offer price	\$15.50 per new share
Discount to last close (\$21.25) ²	27%
Discount to theoretical ex-entitlements share price (\$20.57) ³	25%
Lead manager and underwriter	Citigroup Global Markets Australia Pty Limited

¹The new shares being offered under the entitlement offer will not participate in the interim dividend declared for the six months ended 31 December 2006, but will otherwise rank equally with existing shares.

²As at close of trade on 9 March 2007.

³Theoretical ex-entitlements price is calculated as the theoretical increased market capitalisation of Suncorp (based on the closing price of Suncorp shares on 9 March 2007) divided by the estimated number of shares on issue after the entitlement offer (refer to section 2.10 of the prospectus for further details).

Summary Timetable

12 March 2007	Suncorp trading halt commences
12 – 13 March 2007	Institutional offer period
15 March 2007	First bookbuild
16 March 2007	Trading in Suncorp securities recommences
7:00pm (Brisbane time) on Friday 16 March 2007	Record date to determine participation in the entitlement offer
19 March – 5 April 2007	Retail offer period
13 April 2007	Second bookbuild

Retail shareholders taking up none, or only part, of their entitlement

Any new shares retail shareholders do not acquire will be offered for sale in a bookbuild to institutional investors. If the clearing price achieved in the bookbuild is higher than \$15.50 (being the offer price), retail shareholders will be paid an amount equal to the difference between the clearing price and \$15.50 multiplied by the number of new shares comprising the untaken entitlement.

However, there can be no guarantee that the clearing price achieved in the bookbuild will exceed the offer price and that retail shareholders will receive any cash return in respect of their untaken entitlement.



NEWS RELEASE

If retail shareholders do not take up their full entitlement, their proportional shareholding in Suncorp will be reduced.

Pro forma Suncorp shares on issue

Shares on issue prior to the entitlement offer	565.7 million
Shares to be issued for the purposes of the entitlement offer ⁴	75.4 million
Shares issued to Promina shareholders under the merger ⁵	280.3 million
Shares on issue post entitlement offer / merger	921.4 million

⁴Excludes any top-up shares that may be issued (refer to section 2.7 of the prospectus for further details).

⁵Based on an estimated adjusted share consideration component exchange ratio of 0.2703 Suncorp shares for each Promina share (refer to adjustment factor explanation below for calculation) and an estimated 1,037 million Promina shares on issue on the scheme record date.

Estimated adjustment factor for scheme consideration

In accordance with section 8.5 of the Scheme Booklet, the number of shares to be issued to Promina shareholders under the merger will be adjusted upwards to compensate them for the dilutionary impact of the discount applying to the entitlement offer.

Based on the estimated number of shares to be issued under the entitlement offer, the adjustment factor is expected to be 1.0326 and the exchange number of Suncorp Shares is expected to be 0.2703⁶ as set out below.

Adjustment Factor Calculation			
Estimated Adjustment Factor ⁶	=	$\frac{\text{Fair Value per Share before Exercise of Entitlements}}{\text{Theoretical Ex-entitlements Value per Share}}$	= $\frac{\$21.22}{\$20.55}$
	=	1.0326	
Estimated Exchange Number of Suncorp Shares	=	0.2618×1.0326	
	=	0.2703	

⁶Calculated in accordance with the formula set out in section 8.5 of the Scheme Booklet. The actual exchange number can only be determined following the calculation of the aggregate of individual shareholder entitlements (which is subject to rounding up or down to the nearest whole number) based upon the register as at the record date of 16 March 2007. The number is based upon the 3-day volume weighted average price of Suncorp shares to 9 March 2007, in accordance with the formula contained the Scheme Booklet.