

NEWS RELEASE

12 October 2006

SUNCORP CONFIRMS PROPOSAL TO ACQUIRE PROMINA

Suncorp confirms it has made a conditional proposal to the Board of Promina pursuant to which Suncorp would acquire all the ordinary shares in Promina through a scheme of arrangement.

The proposal comprises 0.2618 Suncorp shares and A\$1.80 cash per Promina share.

The Board of Promina has indicated to the Board of Suncorp that it is favourably disposed to the proposal and proposes to progress to negotiation of transaction documentation and due diligence.

Suncorp believes bringing together Suncorp and Promina is a logical combination of two complementary businesses and will provide significant benefits for both Suncorp and Promina shareholders, as well as their employees and customers.

Importantly for Suncorp, the proposal is in line with its strategy to pursue value accretive acquisitions which meet its investment criteria, create value for shareholders and enhance earnings per share.

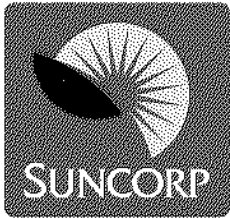
Specifically, benefits to the combined Group include:

- An expanded national presence and improved geographic diversity;
- A national general insurance business with enhanced scale advantages;
- Significantly increased presence in wealth management, in particular the life insurance market;
- Providing a broader platform for enhanced growth in key attractive customer segments;
- Enhancing existing business models through an expanded product range and greater distribution avenues;
- Increased ability to leverage the bank branch based distribution; and
- Significant cost savings and efficiency gains.

It is expected that the combination would be EPS accretive to Suncorp shareholders in the second year following the completion of the proposed transaction.

A scheme of arrangement for the combination of the two companies would be subject to necessary regulatory approvals in both Australia and New Zealand, including the ACCC.

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It is intended that the cash component of the consideration would be financed by a combination of excess capital in the combined entity, and, to the extent any additional equity finance is necessary, an entitlements offer to Suncorp shareholders.

Suncorp intends to progress negotiation of the formal documentation as quickly as possible and will keep the market informed of substantive developments.

Suncorp has retained Carnegie Wylie & Company and Citigroup Global Markets Australia Pty Limited as financial advisers and Corrs Chambers Westgarth as legal adviser.

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