



promina

Promina Group Limited
ABN 79 000 746 092

Group Secretariat
Level 15, 465 Victoria Avenue
Chatswood NSW 2067
Locked Bag 9000
Chatswood 2057
Telephone: 9978 9005
Fax: 9978 9807

21 October 2006

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

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington New Zealand

Dear Sir/Madam

Suncorp and Promina Enter into Merger Implementation Agreement

Please find attached an announcement that Suncorp-Metway Limited and Promina Group Limited have entered into a Merger Implementation Agreement.

Yours faithfully
For and on behalf of
Promina Group Limited

Judith Howard
Company Secretary



21 October 2006

SUNCORP AND PROMINA ENTER INTO MERGER IMPLEMENTATION AGREEMENT

Suncorp-Metway Limited (Suncorp) and Promina Group Limited (Promina) today announced they have entered into a Merger Implementation Agreement (MIA) whereby it is proposed that Suncorp will acquire all of Promina's ordinary shares for approximately A\$7.9 billion.

The Boards of both Suncorp and Promina each unanimously agreed to enter into the agreement that, when completed, will create the leading customer focussed diversified financial services provider operating in Australia and New Zealand.

Suncorp Chairman, John Story, said the signing of the MIA marked a transformational milestone for his organisation and created an exciting opportunity for all of the stakeholders of both organisations.

"The combination of these two highly successful companies has significant strategic merit and will create a vigorous and dynamic competitor in the Australian and New Zealand financial services market place," Mr Story said.

"The transaction will provide enormous benefits, particularly for customers of both companies who will have access to an even greater range of products and services specific to their individual needs, and delivered through a range of brands that are well known and respected in their individual markets."

"We are enthusiastic about the future of the combined organisation and believe our proposal is attractive to both Promina and Suncorp shareholders, as well as the customers of both businesses."

In outlining his view of the agreement, Promina Chairman Leo Tutt indicated that the combined group will continue the excellent track record of both organisations in creating sustainable value for shareholders.

"In making this decision, we are satisfied that the agreement has been struck in the best interests of shareholders of both organisations. Post the implementation of this transaction, shareholders in the combined group will continue to leverage the best aspects of these two outstanding companies," Mr Tutt said.

Details of the Agreement

The MIA specifies that the transaction is to be completed by way of a Scheme of Arrangement under which Promina shareholders will receive 0.2618 Suncorp shares plus A\$1.80 in cash for each Promina share. The exchange ratio is subject to adjustment for the dilutionary impact of any entitlements based equity raising required to fund the cash component of the transaction.

Based on Suncorp's closing price of \$22.35 on 10 October, the offer is equivalent to A\$7.65 per Promina share, representing an attractive premium for Promina shareholders.

The Scheme is subject to approval by Promina shareholders at a vote anticipated to be held at an Extraordinary General Meeting (EGM) scheduled for February 2007. If the proposed scheme is approved, existing Promina shareholders will have ownership of approximately 30 per cent of the combined group.

The Directors of Promina recommend to holders of Promina shares that the Scheme is in the interests of Promina and its shareholders, and that shareholders vote in favour of all resolutions to be proposed at the Scheme meeting. This recommendation is subject to an Independent Expert concluding that the Scheme is in the best interests of Promina shareholders. It is also subject to no superior offer being made for all Promina shares.

The Scheme is also subject to regulatory approvals, and managements of both companies are looking forward to working closely with the relevant regulators, including the ACCC and APRA in Australia and the Overseas Investment Commission in New Zealand, to ensure the conditions of the Agreement are satisfied.

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

The combined group

Combining Suncorp and Promina will create a A\$20 billion (NZ\$22.7 billion) diversified financial services company – Australia's tenth largest ASX-100 company – with an expanded reach in Australian and New Zealand insurance markets, an increased presence in wealth management and a successful banking franchise.

The combined group will boast assets of approximately A\$63 billion (NZ\$72 billion) with 16,000 staff delivering superior customer experiences to a combined base of in excess of 8 million customers, and a distribution network of over 450 offices, branches and agencies across Australia and New Zealand.

The strategy of the combined group

The guiding principles for the development of the combined group's business model reflect a customer led strategy to ensure the continued delivery of superior customer experiences and outcomes, via the end-to-end alignment of strong brands serving a diverse set of distinct client and customer segments.

These customer-facing activities will be supported by a focused corporate centre to maximise the opportunities created through the entity's scale, while also ensuring the delivery of appropriate returns for the shareholders of the combined group. The combined group will be designed to capture the best features of both companies.

John Mulcahy, Suncorp's Chief Executive Officer, said the proposal had been carefully planned and was clearly aligned with Suncorp's existing strategy and long-term vision.

"If approved this transaction will create the leading customer focussed diversified financial services provider operating in Australia and New Zealand and builds on the foundation of two successful and well-managed businesses that share a common commitment to following a customer led strategy," he said.

“We believe significant synergies can be realised by bringing Suncorp and Promina together and the enhanced product offering will create a market leading service and product mix for customers.”

“Suncorp has a track record of consistently delivering excellent shareholder returns and, by capturing the best features of both organisations, the combined group will continue to deliver exceptional customer service and enhanced returns to shareholders.”

Promina Chief Executive, Mike Wilkins, said that he is excited about the potential benefits for customers that will be created by the merger of the two companies.

“Over the three and a half years since we became a listed company, Promina has consistently delivered superior experiences for our customers, and has an enviable record in generating enhanced value for our shareholders.

“Through this Agreement, the combined group will be able to build on market leading brands across Australia and New Zealand such as AAMI, Asteron, Australian Pensioners Insurance Agency, AA Insurance, GIO, Suncorp and Vero to continue to deliver superior experiences for all of our stakeholders,” Mr Wilkins said.

Board and management structure

Under this Agreement, John Story will continue as Suncorp Chairman with four members of the current Promina Board, including Leo Tutt, being invited to join an expanded Board.

John Mulcahy will lead the combined group. Mr Mulcahy is highly experienced in leading an integrated financial services organisation that combines banking, insurance and wealth management. He has an excellent track record in organisational design, as well as in the execution of major acquisitions in this field.

Promina Chief Executive Mike Wilkins has agreed to undertake a six month consultative role with the combined group. Mr Wilkins is looking forward to adding value to the creation of this leading customer focussed trans-Tasman financial services organisation.

The retention arrangements that will be offered to key executives of both organisations have been agreed, ensuring the intellectual property and commitment that currently exists in both companies will be preserved for the benefit of all stakeholders.

Synergy benefits of the combined group

In addition to creating the second-largest general insurer in Australia and New Zealand, an expanded wealth management business, and Australia's sixth largest bank, the transaction is expected to generate net synergies (before tax) of at least A\$225 million per annum.

In calculating these benefits, Suncorp has undertaken a detailed and granular analysis of the benefits able to be realised from combining both organisations.

Based on Suncorp's excellent track record of managing the integration of general insurance businesses, it is confident the majority (approximately 75%) of these synergies will be realised within two years.

As a consequence, the merger is expected to be cash EPS accretive to shareholders in the second year following the completion of the transaction.

Financing of the transaction

The cash component of the consideration to Promina shareholders of approximately A\$1.9 billion is intended to be funded through utilisation of excess capital, with the balance expected to be funded through a non-dilutionary pro-rata equity entitlements issue to Suncorp shareholders.

The size of the expected equity raising will be minimised through detailed analysis of the combined group's post-transaction capital structure in conjunction with both APRA and the ratings agencies, to maximise the utilisation of excess capital, hybrid capacity and other capital optimisation initiatives.

The expected equity issue has been fully underwritten and is anticipated to occur immediately following the Scheme meeting. Suncorp is considering alternative equity raising arrangements to minimise the time period from the Scheme meeting to Scheme implementation.

A planned capital initiative announced by Suncorp at its 2006 full-year results is now no longer applicable given excess capital will be utilised in the acquisition funding.

Suncorp's robust capital position will remain post the acquisition and all ratios will be maintained within the Group's target ranges.

Anticipated timetable

Based on the stipulations of the Agreement, it is anticipated that Promina shareholders will receive Scheme documents and a notification of the EGM during December of this year.

The timetable anticipates that Promina shareholders will be required to vote on this scheme in February 2007, with finalisation of the scheme envisaged for April 2007.

Shareholder information

Further information on the merger proposal will be lodged with the ASX and published on the Promina and Suncorp websites.

Further information for Promina shareholders is available by contacting Promina's share registry, Computershare on the following numbers:

Australia	1800 554 554
New Zealand	0800 541 102

Further information for Suncorp shareholders is available by contacting Suncorp's share registry company, Link on the following numbers:

1300 794 935 or +61 2 828 07911

Market briefing

A joint presentation for investors, analysts and media will be held at 10.30am on Monday, 23 October 2006 at the Fort Macquarie Room in the Intercontinental Hotel, Cnr Bridge and Phillip Streets, Sydney.

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For further information contact:

Analysts and Investors:

Luke Oxenham
General Manager,
Investor Relations and Corporate Affairs

Phone: +61 (0)2 9978 2776
Mobile: +61 (0)413 871 056

Media:

Alexander Drake
Manager, External Affairs

Phone: +61 (0)2 9978 9177
Mobile: +61 (0)407 701 495

Attachment 1:

Key Terms of the Merger Implementation Agreement

About Promina Group

Promina Group is a portfolio of specialised and focused general insurance and selected financial services businesses featuring well known brands such as AAMI, Vero, Shannons, Tyndall, Asteron, AA Insurance and Australian Pensioners Insurance Agency (APIA).

Promina Group Limited is listed on the Australian and New Zealand Stock Exchanges. It employs over 7,200 people in 210 offices across Australia and New Zealand, and traces its operations back to 1833 in Australia and 1878 in New Zealand.

www.promina.com.au / www.promina.co.nz

Unless otherwise stated, all references to "\$" are to Australian dollars.

The information in this Release is for general information only. To the extent that the information may constitute forward looking statements, the information reflects Promina's current views at the date of this Release and is subject to known and unknown risks and uncertainties, many of which are beyond Promina's control, that may cause actual results to differ materially from those expressed or implied. Promina undertakes no obligation to update any forward looking statement to reflect events or circumstances after the date of this Release (subject to stock exchange disclosure requirements). The information is also not financial product advice. Investors should seek appropriate advice based on their own objectives, financial situation and needs.

Promina Group Limited ABN 79 000 746 092

KEY TERMS OF THE MERGER IMPLEMENTATION AGREEMENT

Suncorp and Promina have entered into a merger implementation agreement dated 21 October 2006 (**Agreement**) setting out the terms and the parties' respective obligations in connection with the implementation of the Scheme.

A summary of the Agreement will be contained in the explanatory booklet to be provided by Promina to its shareholders prior to the Scheme Meeting. An outline of the key terms of the Agreement is set out below.

Conditions Precedent

The Scheme will not become Effective unless each of the following conditions precedent is satisfied or waived:

- (a) Suncorp having obtained the following regulatory approvals to implement the Scheme:
 - (i) confirmation that the ACCC does not intend to oppose the acquisition of the Promina Shares by Suncorp;
 - (ii) consent being given under the Overseas Investment Act 2005 (New Zealand) to the acquisition of Promina Shares by Suncorp;
 - (iii) the approval of the Treasurer of the Commonwealth of Australia under the *Financial Sector (Shareholdings) Act 1998 (Cth)*;
 - (iv) written confirmation from the relevant authorities in both ACT and Tasmania that neither authority will revoke the current licence or approval of Vero Insurance Limited to act as a licensed or approved insurer under the relevant State workers' compensation legislation or otherwise suspend such licence or approval, or materially vary the conditions to such licence or approval;
 - (v) written confirmation from the Motor Accident Authority of New South Wales that it will not suspend or cancel the licence of Australian Associated Motor Insurers Limited under the relevant State motor accidents legislation as a result of the Scheme; and
 - (vi) written confirmation from the Motor Accident Insurance Commission of Queensland that it will not withdraw, suspend or materially vary the licence of Australian Associated Motor Insurers Limited under the relevant State motor accidents legislation as a result of the Scheme.
- (b) no court order or other legal restraint being in effect as at 8.00am on the Second Court Date which prevents the consummation of any aspect of the Scheme;
- (c) the Suncorp ordinary shares to be issued pursuant to the Scheme are approved for official quotation by ASX by 8.00am on the Second Court Date;
- (d) the Court approving the Scheme; and
- (e) Promina Shareholders approving the Scheme by the necessary majorities at the Scheme Meeting (or any adjournment or postponement of that meeting).

If a State Approval is not obtained, the approval is deemed to have been obtained unless, when combined with all other State Approvals which are not obtained, it would constitute a Promina Material Adverse Change.

Reset Preference Shares

Suncorp will, no later than two business days after the Second Court Date, do either of the following (at Suncorp's discretion):

- (a) offer to holders of Promina reset preference shares (**Promina RPS**) a "residual Tier 1 instrument" as defined by APRA issued by Suncorp or a Related Entity of Suncorp in exchange for their Promina RPS; or
- (b) make a cash offer for the Promina RPS at \$102.5641 per Promina RPS (being the Face Value, as defined in the terms and conditions of the Promina RPS, with an allowance for the 2.5% discount to the volume weighted average price that Promina RPS holders would receive if the Promina RPS were converted into ordinary shares), plus any accrued dividend.

Any holders of Promina RPS who do not accept the offer outlined above will have their Promina RPS dealt with in accordance with their terms. The approval of the Scheme will allow an Issuer (Event) Exchange Notice under clause 3.4(a)(iii) of the terms of the Promina RPS.

Subject to Suncorp making the offer above, Promina must do all things reasonably requested by Suncorp in relation to the Promina RPS and Promina must not exercise any material discretion given to it under the terms of the Promina RPS without the prior written consent of Suncorp (which must not be unreasonably withheld).

Board and management changes

Suncorp and Promina have agreed as follows in connection with the board and management of Suncorp and Promina:

- (a) After the Implementation Date, the chief executive officer of Suncorp and its Related Entities (including Promina and its Related Entities) will be the current Suncorp chief executive officer.
- (b) As soon as practicable after the Implementation Date, Promina will use its best endeavours to procure the appointment of the persons nominated in writing by Suncorp before the Implementation Date to the Promina Board and to ensure that all directors of Promina (except as notified by Suncorp in writing before the Implementation Date) resign.
- (c) Suncorp will invite two current directors of Promina to join the Suncorp Board with effect on and from the Implementation Date.
- (d) Subject to paragraph (e) below, Suncorp will invite two other current directors of Promina to join the Suncorp Board.
- (e) If the appointment of the latter two directors to the Suncorp Board would result in a breach of section 64(1)(b) of the Merger Act or clause 14.2 of the Suncorp constitution, the appointment of those directors shall be conditional upon:

- (i) amendment of section 64(1)(b) of the Merger Act by the Queensland parliament; and
 - (ii) amendment of clause 14.2 of the Suncorp constitution, (as applicable).
- (f) If required, Suncorp will approach the Queensland government and use all reasonable endeavours to procure its agreement to amend section 64(1)(b) of the Merger Act to enable the appointment of the Promina directors to the Suncorp Board and if required in order to permit the appointment of any of those directors, convene a meeting of its members to propose the amendment to its constitution as soon as possible after the later of:
- (i) the amendment of the Merger Act; and
 - (ii) the Implementation Date.

Exclusivity

- (a) During the Exclusivity Period, each of Suncorp and Promina and their respective Representatives must not, except with the prior consent of the other party:
- (i) solicit, encourage or invite any enquiries, discussions or proposals in relation to, or which may reasonably be expected to lead to, a Third Party Proposal for that party;
 - (ii) initiate any discussions or negotiations in relation to, or which may reasonably be expected to lead to, a Third Party Proposal for that party; or
 - (iii) communicate to any person an intention to do any of the things referred to in paragraphs (i) and (ii) above.
- (b) Subject to paragraph (d) below, during the Exclusivity Period, a party (the **Notifying Party**) must notify the other party immediately if it becomes aware of:
- (i) any Third Party Proposal for the Notifying Party;
 - (ii) any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with, the Notifying Party or any of its Representatives with respect to, or that could reasonably be expected to lead to, any Third Party Proposal for the Notifying Party, whether unsolicited or otherwise;
 - (iii) any request for information (or any attempt or intention on the part of any person to request information) relating to the Notifying Party or any of its Related Entities or any of their businesses or operations or any request for access to the books or records of the Notifying Party or any of its Related Entities, which the Notifying Party has reasonable grounds to suspect may relate to a current or future Third Party Proposal for the Notifying Party;
 - (iv) any breach of this paragraph (b); and
 - (v) any provision by the Notifying Party or any of its Representatives of any information relating to the Notifying Party or any of its Related Entities or any of their businesses or operations to any person in connection with or for

the purposes of a current or future Third Party Proposal for the Notifying Party.

A notice given under this paragraph (b) must be accompanied by all relevant details of the relevant event, including the identity of the person or persons taking any action referred to paragraphs (ii) or (iii), and the terms and conditions of any Third Party Proposal or any proposed Third Party Proposal (to the extent known).

- (c) If either Suncorp or Promina receives a Third Party Proposal, that party may only enter into any legally binding agreement in relation to that Third Party Proposal or publicly recommend that Third Party Proposal if that party gives the other party not less than three Business Days to consider the Third Party Proposal and:
 - (i) in the case of a Third Party Proposal affecting Promina, the Promina Board, acting in good faith, determines after consultation with its financial advisors, that the Third Party Proposal is a superior proposal to the Suncorp proposal (taking into account all aspects of the Third Party Proposal and any Suncorp proposal before it) and after receiving legal advice from its external advisers, that the Promina Board is required to respond to the Third Party Proposal in order to comply with its fiduciary or statutory obligations; or
 - (ii) in the case of a Third Party Proposal affecting Suncorp, the Suncorp Board, acting in good faith, determines after consultation with its financial advisors and external legal advisers, that (taking into account all aspects of the Third Party Proposal) the Suncorp Board is required to respond favourably to the Third Party Proposal in order to comply with its fiduciary or statutory obligations.

Reimbursement of costs

- (a) Promina must pay Suncorp \$35 million if:
 - (i) a Third Party Proposal for Promina is announced or made prior to Court approving the Scheme under section 411(4)(b) of the Corporations Act and, within 12 months after the date of this Agreement, the person announcing or making the Third Party Proposal and its Associates:
 - (A) gains a relevant interest in at least 50% of the Promina Shares;
 - (B) acquires, directly or indirectly (including by way of joint venture or dual listed company structure) an interest in material businesses or assets of Promina or any of its Related Entities, and for this purpose a the businesses or assets of Promina or any of its Related Entities will be material if:
 - (1) the relevant business or businesses contribute 5% or more of the consolidated net profit after tax of Promina; or
 - (2) the relevant asset or assets represent 5% or more of the total consolidated assets of Promina; or
 - (C) merges or amalgamates with Promina; or

- (ii) without limiting Suncorp's rights under paragraph (i), any member of the Promina Board:
 - (A) fails to recommend or withdraws their recommendation:
 - (1) that the Scheme is in the interests of Promina and Promina Shareholders; and
 - (2) that Promina Shareholders vote in favour of all resolutions to be proposed at the Scheme Meeting or approve the Scheme;
 - (B) makes a public statement that they no longer support the Scheme; or
 - (C) publicly recommends that a Third Party Proposal for Promina is in the interests of Promina or Promina Shareholders;
 - other than:
 - (D) in circumstances where Promina is entitled to terminate this Agreement for the reasons set out in paragraphs (a)(i) or (ii) under the heading "Termination" below; or
 - (E) because the Independent Expert concludes in the Independent Expert's report (including any updates to such report) that the Scheme is not in the best interests of the Promina Shareholders (except because of a Third Party Proposal in relation to Promina);
 - (iii) the Court fails to approve the terms of the Scheme for which the approval of the requisite Promina Shareholders has been obtained as a result of a material non-compliance by Promina with any of its obligations under this Agreement; or
 - (iv) Suncorp terminates this Agreement in accordance with paragraph (a)(ii) under the heading "Termination" below.
- (b) No amount shall be payable by Promina if the Scheme becomes Effective, notwithstanding the occurrence of any event in paragraph (a). To the extent that the amount has already been paid and the Scheme becomes Effective, such amounts shall be immediately refunded to Promina.
- (c) Suncorp must pay Promina \$35 million if:
- (i) the Court fails to approve the terms of the Scheme for which the approval of the requisite Promina Shareholders has been obtained as a result of a material non-compliance by Suncorp with any of its obligations under this Agreement;
 - (ii) Promina terminates this Agreement in accordance with the provisions of paragraph (a)(ii) under the heading "Termination" below; or
 - (iii) Suncorp terminates this Agreement under paragraph (b)(iii) under the heading "Termination" below or the Scheme does not proceed because Suncorp has failed to raise sufficient equity capital to the extent required to satisfy its obligations to pay the cash component of the Scheme.

- (d) Payment of the amounts referred to in paragraphs (a) and (c) is a non-exclusive remedy and will not affect any rights a party may have against the other party in the event of any breach of the Agreement by the other party.

Termination

- (a) Either party may terminate the Agreement by notice to the other party if (other than as the result of a breach by the party seeking to terminate its obligations under the Agreement):
 - (i) the date which the Scheme takes legal effect has not occurred on or before 30 June 2007 (or such later date as agreed between Suncorp and Promina);
 - (ii) the other party is in material breach of its obligations under the Agreement at any time before 8.00am on the Second Court Date;
 - (iii) at the Scheme Meeting (or any adjournment or postponement), the Scheme is not approved by the necessary majorities of the Promina Shareholders;
 - (iv) any court or regulatory authority has issued any order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and such order, decree, ruling or other action has become final and cannot be appealed; or
 - (v) any of the Conditions Precedent are not satisfied (or deemed to be satisfied) or waived before 8.00 am on the Second Court Hearing Date;
- (b) Suncorp may terminate the Agreement by notice to Promina if:
 - (i) any member of the Promina Board does any of the things set out in paragraph (a)(ii) under the heading "Reimbursement of costs" above prior to the Scheme Meeting;
 - (ii) a Promina Material Adverse Change occurs prior to 8.00 am on the Second Court Date; or
 - (iii) the Underwriter terminates the Underwriting Agreement and Suncorp:
 - (A) has used its best endeavours to raise alternative equity capital to the extent required to pay the cash component of the Scheme Consideration; and
 - (B) has been unable to raise sufficient equity capital to the extent required to satisfy its obligations to pay the cash component of the Scheme Consideration;
- (c) Promina may terminate the Agreement by notice to Suncorp if a Suncorp Material Adverse Change occurs prior to 8.00 am on the Second Court Date.

Funding arrangements

Suncorp has agreed to use its best endeavours to reduce the size of the funding required, agreed to investigate alternative funding arrangements to an entitlements

issue (the subject of the Underwriting Agreement) and to complete the funding in the shortest time possible after satisfaction of the regulatory approvals and shareholder approval.

Dividends

Until the Scheme is implemented:

- (a) Suncorp must not without the prior consent of Promina pay a dividend on its ordinary shares of more than \$0.55 per share; and
- (b) Promina must not without the prior consent of Suncorp pay a dividend on its ordinary shares of more than \$0.135 per share.

Relevant definitions

Associates in relation to each party, has the meaning given in section 9 of the Corporations Act.

Court means the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act agreed in writing by Promina and Suncorp.

Disclosure Material means:

- (a) in relation to Suncorp, the information formally disclosed to Promina prior to the date of the Agreement;
- (b) in relation to Promina, the information formally disclosed to Suncorp prior to the date of the Agreement;

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made for the purposes of section 411(4)(b) in relation to the Scheme.

Exclusivity Period means the period from and including the date of this Agreement to and including the earlier of the date this Agreement is terminated in accordance with its terms or the Implementation Date.

Implementation Date means, in relation to the Scheme, the third Business Day after the Record Date.

Independent Expert means Grant Samuel & Associates Pty Limited or such other independent expert as Suncorp and Promina agree will be responsible for preparing the independent expert's report for inclusion in the Scheme Booklet.

Merger Act means the State Financial Institutions and Metway Merger Facilitation Act 1996 Qld.

Promina Board means the board of directors of Promina.

Promina Material Adverse Change means matters, events or circumstances (including any change in law), whether occurring before or after the date of the Agreement, other than:

- (a) those required to be done or procured by Promina pursuant to the Agreement; or
- (b) a matter, event or circumstance which has been fairly disclosed by Promina to Suncorp in the Disclosure Material or fairly disclosed by Promina to ASX or New Zealand Exchange Limited pursuant to its continuous disclosure obligations, in each case prior to the date of the Agreement,

which has had or is reasonably likely to have:

- (c) either individually or when aggregated with other matters, events or circumstances of a like kind, a recurring adverse financial effect of \$50 million or more excluding effects arising from:
 - (i) changes to investment value on general or life insurance shareholder funds and technical reserves pursuant to existing mandates; or
 - (ii) any event which leads to claims made in the ordinary course of business on insurance policies issued by Promina or its Related Entities,on the net profit after tax of Promina and its Related Entities in any financial year; or
- (d) either individually or when aggregated with other matters, events or circumstances of a like kind, an adverse financial effect of \$250 million or more on the value of the net assets of Promina and its Related Entities, as compared to the net assets of Promina and its Related Entities set out in Promina's consolidated balance sheet as at 30 June 2006.

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

Promina Shareholder means each person registered in the Promina Share Register as the holder of Promina Shares.

Record Date means, in relation to the Scheme, 7.00 pm on the fifth Business Day after the date on which the Scheme takes legal effect or such other date as Suncorp and Promina agree in writing.

Related Entity means, in relation to an entity, any entity which is related to that entity within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any accounting standard in force under section 334 of the Corporations Act) that is controlled by that entity (other than managed investment schemes).

Representative means, in relation to a party:

- (a) each of the party's Related Entities; and
- (b) each of the Officers, employees and Advisers of the party or of any of its Related Entities.

Scheme means the proposed scheme of arrangement between Promina and Promina Shareholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party.

Scheme Meeting means the meeting to be ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.

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

State Approval means a regulatory approval set out in paragraphs (a)(iv) and (vi) under the heading "Conditions Precedent".

Suncorp Board means the board of directors of Suncorp.

Suncorp Material Adverse Change means matters, events or circumstances (including any change in law), whether occurring before or after the date of the Agreement, other than:

- (a) those required to be done or procured by Suncorp pursuant to the Agreement; or
- (b) a matter, event or circumstance which has been fairly disclosed by Suncorp to Promina in the Disclosure Material or fairly disclosed by Suncorp to ASX pursuant to its continuous disclosure obligations, in each case prior to the date of the Agreement,

which has had or is reasonably likely to have:

- (c) either individually or when aggregated with other matters, events or circumstances of a like kind, a recurring adverse financial effect of \$90 million or more excluding effects arising from:
 - (i) changes to investment value on general or life insurance shareholder funds and technical reserves pursuant to existing mandates; or
 - (ii) any event which leads to claims made in the ordinary course of business on insurance policies issued by Suncorp or its Related Entities,on the net profit after tax of Suncorp and its Related Entities in any financial year; or
- (d) either individually or when aggregated with other matters, events or circumstances of a like kind, an adverse financial effect of \$450 million or more on the value of the net assets of Suncorp and its Related Entities, as compared to the net assets of Suncorp and its Related Entities set out in Suncorp's audited consolidated balance sheet as at 30 June 2006.

Third Party Proposal means, in relation to a party, any expression of interest, proposal or offer in relation to a bid, scheme, joint venture, dual listed company structure, purchase of a main undertaking, share issue or other similar reorganisation by any person (other than the other party or any of its Related Entities) under which:

- (a) a person (together with the person's Associates) may acquire a relevant interest, as defined in the Corporations Act, in more than 10% of one or more class of securities of that party;
- (b) a person may acquire voting power (as defined in Chapter 6 of the Corporations Act) of more than 10% in that party;

(c) a person may acquire, directly or indirectly any interest (including legal, equitable or economic) in all or a material part of the business or assets (on a consolidated basis) of that party; or

(d) a person may otherwise merge or amalgamate with that party.

For the purposes of **paragraph (c)**, the acquisition of an interest in a part of the business or assets (on a consolidated basis) of a party will be material if:

(e) the relevant business or businesses contribute 5% or more of the consolidated net profit after tax of that party; or

(f) the assets represent 5% or more of the total consolidated assets of that party.

Underwriter means Citigroup Global Markets Australia Pty Limited.

Underwriting Agreement means the underwriting agreement in agreed form between Suncorp and the Underwriter dated on or about the date of the Agreement in relation to the issue of Suncorp shares to finance part of the cash consideration or any other underwriting agreement that Suncorp enters into in accordance with the Agreement.