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Suncorp Group Limited
ABN 66 145 290 124

Notice of Annual General Meeting 2013

One Company
Many Brands



Notice of 2013 Annual General Meeting and Explanatory Memorandum

If you are an ordinary shareholder attending this meeting please bring this notice and the enclosed shareholder voting form with you.



Chairman's letter

Dear Shareholder

I am pleased to invite you to the Suncorp Group Limited 2013 Annual General Meeting (**AGM**) to be held in the Ballroom Le Grand of the Sofitel Hotel, 249 Turbot Street, Brisbane, on Thursday 24 October 2013 at 2.30pm (Brisbane time). Shareholder registration will begin at 1.30pm.

The meeting will be webcast live on **suncorpgroup.com.au**.

This shareholder pack includes the Notice of Meeting and Explanatory Memorandum, which explains the formal business of the AGM, and a shareholder voting form for use by ordinary shareholders. Preference shareholders are welcome to attend and ask questions at the meeting; however, only ordinary shareholders are entitled to vote on the business of the meeting.

If you are an ordinary shareholder and plan to attend the AGM, please bring the shareholder voting form with you as it contains a barcode to make your registration easier. Shareholders may also use this form to vote online or to appoint a proxy if they are unable to attend (please see the Notice of Meeting and shareholder voting form for more details).

We also enclose the Suncorp Group 2012/13 Shareholder Review, and the Company's 2012/13 Directors' Report and Financial Statements if you elected to receive this full report. These reports, together with the online Corporate Responsibility Review, form the 2012/13 annual reporting suite and are available at **suncorpgroup.com.au** and on request.

At the AGM, Managing Director and Group Chief Executive Officer Patrick Snowball and I will address shareholders and comment on the Suncorp Group's performance for the financial year ended 30 June 2013. If you have specific questions for the Board's consideration, please email these to investor.relations@suncorp.com.au (or post to GPO Box 1453, Brisbane, Qld 4001).

At the conclusion of the AGM, I invite you to join the Board and our Senior Leadership Team for afternoon tea.

Yours faithfully



Dr Ziggy Switkowski

Chairman, 9 September 2013

Suncorp Group Limited
Suncorp Centre
Level 18, 36 Wickham Terrace, Brisbane Qld 4000
Ph 07 3362 1222
suncorpgroup.com.au

Notice of 2013 Annual General Meeting

Thursday 24 October 2013

THE AGM OF SUNCORP GROUP LIMITED
(THE COMPANY) WILL BE HELD AT 2.30PM
(BRISBANE TIME) ON THURSDAY 24 OCTOBER
2013 IN THE BALLROOM LE GRAND, SOFITEL
HOTEL, 249 TURBOT STREET, BRISBANE.

Business

FINANCIAL AND OTHER REPORTS

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2013.

Note: There is no requirement for shareholders to approve these reports.

RESOLUTION 1 – REMUNERATION REPORT

To adopt the Remuneration Report for the financial year ended 30 June 2013.

VOTING RESTRICTIONS

No votes may be cast on this resolution by, or on behalf of, a director (other than the Chairman) or other member of the key management personnel (**KMP**) of the Company whose details are set out in the Remuneration Report, or their closely related parties, or as a proxy for a person who is entitled to vote on this resolution unless the shareholder voting form directs how the proxy is to vote on the resolution.

The Chairman of the AGM (**Chairman**), as a proxy for a person who is entitled to vote on this resolution, may vote on the resolution, whether or not the shareholder voting form directs how the proxy is to vote, provided the shareholder voting form expressly authorises the Chairman to exercise the proxy.

Note: This resolution is advisory only and does not bind the Company or directors.

RESOLUTION 2 – GRANT OF PERFORMANCE RIGHTS TO THE COMPANY'S MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

That approval is given to the grant of 324,396 performance rights under the Suncorp Group Equity Incentive Plan to the Managing Director and Group Chief Executive Officer, Mr Patrick Snowball, in the manner set out in the Explanatory Memorandum.

VOTING RESTRICTIONS

No votes may be cast on this resolution by:

- Mr Patrick Snowball and any of his associates as a shareholder of the Company
- Mr Patrick Snowball and any of his associates as a proxy for a person who is entitled to vote on this resolution, unless the shareholder voting form directs how the proxy is to vote on the resolution
- directors of the Company
- proxy holders for any of the persons listed above, or
- a director (other than the Chairman) or other member of the KMP of the Company or their closely related parties as a proxy for a person who is entitled to vote on this resolution, unless the shareholder voting form directs how the proxy is to vote on the resolution.

The Chairman, as a proxy for a person who is entitled to vote on this resolution, may vote on this resolution, whether or not the shareholder voting form directs how the proxy is to vote, provided the shareholder voting form expressly authorises the Chairman to exercise the proxy.

Note: No directors, other than Mr Snowball, are eligible to participate in the Suncorp Group Equity Incentive Plan (**Plan**).

RESOLUTION 3 – RE-ELECTION OF DIRECTORS

To consider and, if thought fit, pass the following resolutions as separate **ordinary** resolutions:

- (a) That Ms I R Atlas, being a non-executive director who retires in accordance with the Company's Constitution, be re-elected as a director of the Company.
- (b) That Mr G T Ricketts, being a non-executive director who retires in accordance with the Company's Constitution, be re-elected as a director of the Company.

RESOLUTION 4 – AMENDMENT OF CONSTITUTION

To consider and, if thought fit, pass the following resolution as a **special** resolution:

That the Constitution of the Company be amended in the manner set out in the Explanatory Memorandum (excluding the insertion of proportional takeover provisions as new rule 41).

RESOLUTION 5 – AMENDMENT OF CONSTITUTION TO INCLUDE PROPORTIONAL TAKEOVER PROVISIONS

To consider and, if thought fit, pass the following resolution as a **special** resolution:

That the Constitution of the Company be amended to include proportional takeover provisions as new rule 41 as set out in the Explanatory Memorandum.

By Order of the Board



A C Lenahan

Group Executive
Group General Counsel and Company Secretary
9 September 2013

Notice of 2013 Annual General Meeting

Thursday 24 October 2013 (continued)

Entitlement to attend and vote

Shareholders will be eligible to vote at the AGM if they are registered holders of ordinary shares in the Company as at 7.00pm (Sydney time) on Tuesday 22 October 2013. Voting shareholders should read the voting instructions on the enclosed shareholder voting form.

Voting shareholders can vote in one of three ways:

- by attending the meeting and voting, either in person (or by attorney), or in the case of corporate shareholders, by corporate representative
- by lodging a direct vote, or
- by appointing a proxy to attend the meeting and vote on their behalf.

Direct voting and voting by proxy

If voting shareholders wish to vote directly or appoint a proxy to vote on their behalf at the meeting, they can do so by:

- (a) completing a shareholder voting form online at linkmarketservices.com.au. To do this shareholders need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which is shown on the enclosed shareholder voting form; or
- (b) completing the shareholder voting form that accompanies this Notice of Meeting and returning it either:
 - by mail to Suncorp Group Limited, c/- the Company's share registry, Link Market Services Limited (**Link**), using the reply paid envelope provided
 - by email to Link at suncorp@linkmarketservices.com.au
 - by fax to Link on (02) 9287 0309, or
 - by hand delivery to Link, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

Only those shareholder voting forms received by Link by 2.30pm (Brisbane time) on Tuesday 22 October 2013 (being 48 hours before the commencement of the AGM) will be considered valid. For further instructions on voting, please refer to the shareholder voting form.

If the shareholder voting form is signed by the shareholder's attorney, the original or an original certified copy of the authority under which the attorney was appointed, must accompany the shareholder voting form.

The person appointed as proxy does not need to be a member of the Company, and a shareholder can appoint an individual or a body corporate as a proxy.

A body corporate appointed as a proxy must also lodge a *Certificate of Appointment of a Corporate Representative*. A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder who has lodged a direct vote or appointed a proxy to vote on their behalf attends the AGM, the direct vote or proxy appointment is cancelled or suspended.

UNDIRECTED PROXIES

- Any undirected proxy given to a director (other than the Chairman) or other member of the KMP of the Company or their closely related parties, for **Resolutions 1 and 2 will not be voted** on unless shareholders specify how the proxy should vote by ticking 'For' or 'Against' opposite that resolution on the shareholder voting form.
- Any undirected proxy given to the Chairman on **Resolutions 1 and 2** by a shareholder entitled to vote on those resolutions **will be voted in favour** of those resolutions and the shareholder will be taken to have expressly authorised the Chairman to exercise the proxy as he sees fit.
- Any undirected proxy given to the Chairman **on any other resolution** will also be voted in favour of the resolution.

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Shareholders should read these documents in full.

The AGM will also be webcast live on suncorpgroup.com.au.

Explanatory Memorandum

THIS EXPLANATORY MEMORANDUM ACCOMPANIES THE NOTICE OF MEETING FOR THE COMPANY'S AGM TO BE HELD ON THURSDAY 24 OCTOBER 2013 AT 2.30PM (BRISBANE TIME). INFORMATION RELEVANT TO THE BUSINESS TO BE CONSIDERED AT THE AGM IS PROVIDED IN THIS EXPLANATORY MEMORANDUM AND SHAREHOLDERS SHOULD READ THIS DOCUMENT IN FULL.

Business

FINANCIAL AND OTHER REPORTS

This item provides shareholders with an opportunity to ask questions concerning the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2013, and the Company's performance generally. There is no requirement for shareholders to approve these reports.

The Auditor will be present to answer questions from shareholders relevant to:

- the conduct of the audit
- the preparation and content of the Auditor's Report
- the accounting policies adopted by the Company in relation to the preparation of the financial statements, and
- the independence of the Auditor in relation to the conduct of the audit.

The Auditor will also respond to any written questions provided these are submitted to the Company no later than five business days prior to the AGM.

RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report, as contained in the Company's 2012/13 Directors' Report and Financial Statements, has been submitted to shareholders for consideration and adoption and shareholders will be given an opportunity at the meeting to ask questions about, or comment on, the Remuneration Report.

For those shareholders who did not elect to receive a printed copy, the 2012/13 Directors' Report and Financial Statements are published on the Suncorp Group website at suncorpgroup.com.au or a copy can be posted (free of charge) by contacting Link on 1300 882 012 (+61 2 8767 1219 from outside Australia).

Explanatory Memorandum (continued)

The Remuneration Report provides information on the following matters:

- the principles adopted by the Board for determining the nature and amount of remuneration of directors and Senior Executives (as defined in the Remuneration Report)
- the performance conditions that apply to the different components of the remuneration structure, why those performance conditions were chosen and how performance is measured against them, and
- remuneration details for directors and Senior Executives.

The Board believes the Company's remuneration policy, structures and frameworks, as outlined in the Remuneration Report, are appropriate relative to the size of the Company, its business objectives and current and emerging market practices.

Shareholders should note that the vote will be advisory only and does not bind the Company or directors.

However the Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the AGM when reviewing the Company's remuneration policies.

Under the *Corporations Act 2001*, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and Group Chief Executive Officer) must be re-elected.

VOTING RESTRICTIONS

No votes may be cast on this resolution by, or on behalf of, a director (other than the Chairman) or other member of the KMP of the Company, or their closely related parties, as a proxy for a person who is entitled to vote on this resolution unless the shareholder voting form directs how the proxy is to vote on the resolution.

The Chairman, as a proxy for a person who is entitled to vote on this resolution, may vote on the resolution, whether or not the shareholder voting form directs how the proxy is to vote, provided the shareholder voting form expressly authorises the Chairman to exercise the proxy.

RESOLUTION 2 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

The Board is seeking the approval of shareholders to the grant of 324,396 performance rights under the Plan to the Managing Director and Group Chief Executive Officer (**Group CEO**), Mr Patrick Snowball. Under the Plan, a performance right entitles a participant to one fully paid ordinary share in the Company (or under limited circumstances, a cash payment in lieu of an allocation of ordinary shares) at no cost, and arises at a set future point in time, provided specific performance hurdles are met (**performance right**). If a performance right vests and shares are allocated, a payment equal to the dividends earned on those allocated shares during the performance period is paid (less applicable taxes that have been paid by the Plan trustee with respect to the dividends).

While there is no requirement to seek shareholder approval in relation to the grant of these performance rights, the Board is seeking shareholder approval of this grant in recognition of the importance of shareholder engagement on key remuneration issues, such as the remuneration of the Group CEO.

FACE VALUE OF PERFORMANCE RIGHTS

On 25 July 2013, the Board approved an award of performance rights with a face value of \$4,000,000 (**Group CEO's performance rights**) as Mr Snowball's long-term incentive (**LTI**) remuneration for the 2014 financial year. The purpose of LTI remuneration is to focus Senior Executives on the Company's long-term business strategy, align their interests with those of shareholders and support the creation of long-term shareholder value.

The face value of the Group CEO's performance rights was determined with the input of independent advisers, and takes into account the appropriate level of total remuneration based on a number of factors, including the extent to which the total remuneration is market competitive. The proposed award of the Group CEO's performance rights has been endorsed by the Board on the recommendation of the Remuneration Committee.

Subject to shareholder approval, the Group CEO's performance rights will be granted to Mr Snowball as soon as practicable following the AGM. The grant of performance rights under the Plan will, subject to the terms and conditions described below, allow Mr Snowball to obtain ordinary shares in the Company. Any shares acquired under the Plan are acquired on market.

TERMS AND CONDITIONS

NUMBER OF PERFORMANCE RIGHTS

The number of performance rights that Mr Snowball will receive is calculated by dividing the face value of the Group CEO's performance rights by the value of a performance right. The value of a performance right for the purpose of this grant is \$12.3306, representing the volume weighted average price of the Company's ordinary shares on the Australian Securities Exchange over the five trading days up to 1 September 2013. Therefore the resulting number of performance rights, rounded down to the nearest whole number, to be granted to Mr Snowball will be 324,396 and represents the maximum number of shares that would be allocated if all vesting conditions are met.

PERFORMANCE PERIOD

The performance period will begin on 1 October 2013 and will end on 30 September 2016. This aligns with all other Plan offers made to Senior Executives for the 2014 financial year.

PERFORMANCE MEASURES

The Board has determined that the performance rights to be granted to Mr Snowball (if approval is received) will be subject to the performance measures outlined below. These performance measures will be assessed over the performance period.

Performance is measured by ranking the Company's total shareholder return (**TSR**) against its peer comparator group (**Comparator Group**). The Comparator Group comprises the 50 largest companies ranked by market capitalisation listed on the Australian Securities Exchange (S&P/ASX 100 Index) at the beginning of the performance period, excluding listed property trusts and mining companies. The Remuneration Committee believes the Comparator Group is appropriate in the absence of a suitable peer group of direct comparators.

TSR measures the percentage change in the Company's share price, together with the value of dividends received during the performance period (assuming that all of those dividends are reinvested into new shares) and capital returns. TSR will vary over time but reflects the market perception of the Company's overall performance relative to the Comparator Group.

Explanatory Memorandum (continued)

The relative TSR performance measure is chosen on the basis that it:

- offers a relative measure of changes in shareholder value by comparing the Company's return to shareholders against the returns of companies of similar size and investment profile
- provides alignment between shareholder returns and reward outcomes for Senior Executives over the long term, and
- minimises the impact market cycles may have when measuring shareholder returns.

The ranking of the Company's TSR at the end of the performance period determines the extent to which performance rights vest, in accordance with the LTI vesting schedule represented in the table opposite:

RELATIVE TSR PERFORMANCE OUTCOME	PERCENTAGE OF PERFORMANCE RIGHTS THAT WILL VEST
Below the 50 th percentile (below median performance)	0%
At the 50 th percentile (median performance)	50%
Between the 50 th and 75 th percentiles	50% plus 2% for each full 1% increase in the Company's ranking against the Comparator Group
At or above the 75 th percentile	100%

There will be no retesting of TSR performance at the end of the performance period for the grant made under this resolution. Where performance conditions are not met, the performance rights will lapse.

TREATMENT OF GROUP CEO'S PERFORMANCE RIGHTS ON CESSATION OF EMPLOYMENT

Unvested performance rights will lapse if Mr Snowball's employment is terminated for cause. If Mr Snowball's employment is terminated for any other reason prior to 31 August 2014, all unvested performance rights will be forfeited. If Mr Snowball's employment is terminated for any other reason after 31 August 2014, a pro-rata number of performance rights (calculated based on the number of months Mr Snowball did not work during the performance period as a proportion of the number of months making up the performance period) will be forfeited and the balance will continue beyond cessation of employment and will vest or lapse depending on whether the performance conditions are achieved, subject to the Board's discretion to determine otherwise.

TRADING OF SHARES ONCE VESTED

Shares allocated upon the vesting of performance rights under the Plan are subject to the Suncorp Group Securities Trading Policy.

HEDGING PROHIBITION

Executives and employees who receive equity or equity-linked deferred remuneration are prohibited from hedging their economic exposures before the equity or equity-linked remuneration is fully vested. In the event of a breach, the individual's entitlement to performance rights or securities is forfeited with immediate effect.

OTHER INFORMATION

In relation to the Plan:

- Mr Snowball is the only director entitled to participate in the Plan
- there is no loan scheme in relation to the performance rights
- 900,000 performance rights (**Initial Grant**) were granted to Mr Snowball on 1 October 2009 following his commencement of employment with the Suncorp Group, representing his full LTI entitlement for the 2010, 2011 and 2012 financial years
 - the 900,000 performance rights vest in three equal tranches of 300,000 ordinary shares per tranche subject to the performance measures outlined above, tested over a three to five-year period
 - Mr Snowball accepted the initial vesting of Tranche 1 at 96% on 30 September 2012, resulting in 288,000 shares vesting
 - the potential vesting dates for the remaining performance rights under the Initial Grant are 30 September 2013 and 30 September 2014
- 446,752 performance rights were granted to Mr Snowball for the 2013 financial year on 25 October 2012 following shareholder approval. This grant has a potential vesting date of 30 September 2015. There will be no option to extend the performance period beyond this date.

VOTING RESTRICTIONS

No votes may be cast on Resolution 2 by:

- Mr Patrick Snowball and any of his associates as a shareholder of the Company
- Mr Patrick Snowball and any of his associates as a proxy for a person who is entitled to vote on this resolution, unless the shareholder voting form directs how the proxy is to vote on the resolution
- directors of the Company
- proxy holders for any of the persons listed above
- a director (other than the Chairman) or other member of the KMP of the Company or their closely related parties as a proxy for a person who is entitled to vote on this resolution, unless the shareholder voting form directs how the proxy is to vote on the resolution, or
- the Chairman, as a proxy for a person who is entitled to vote on this resolution, unless the shareholder voting form expressly authorises the Chairman to exercise the proxy, whether or not the shareholder voting form directs how the proxy is to vote on the resolution.

BOARD RECOMMENDATION

The Board, other than Mr Snowball, recommends that shareholders vote in favour of the resolution to grant 324,396 performance rights under the Plan to the Group CEO.

RESOLUTION 3 – RE-ELECTION OF DIRECTORS

In accordance with the Company's Constitution, at every AGM, one third of the rotation directors (being directors other than the Managing Director) must retire from office and are eligible for re-election.

Ms Ilana Atlas and Mr Geoffrey Ricketts will retire by rotation at the 2013 AGM and, being eligible, have offered themselves for re-election.

Profiles for Ms Atlas and Mr Ricketts are overleaf.

BOARD RECOMMENDATION

The Board recommends that shareholders vote in favour of the re-election of the directors offering themselves for re-election.

Explanatory Memorandum (continued)

DIRECTORS' PROFILES



MS ILANA R ATLAS

Ms Atlas has been a director of the Company (and of Suncorp-Metway Limited) since January 2011. She is Chairman of the Remuneration Committee and a member of the Risk Committee

and the Nomination Committee.

Ms Atlas is a director of Coca-Cola Amatil Limited, Westfield Holdings Limited and the Human Rights Law Centre. She is Chairman of Bell Shakespeare and Pro-Chancellor of the Australian National University.

Ms Atlas is an experienced financial services and legal executive and has most recently held senior management positions at Westpac Banking Corporation (**Westpac**) ranging from Group Secretary and General Counsel to her most recent position as Group Executive People.

Prior to joining Westpac, Ms Atlas was a partner at Mallesons Stephen Jaques, practising as a corporate lawyer, holding a number of managerial roles in the firm including Managing Partner and Executive Partner, People and Information.

Ms Atlas is 58 and holds a Bachelor of Jurisprudence (Honours), a Bachelor of Laws (Honours) and a Master of Laws.



MR GEOFFREY T RICKETTS

Mr Ricketts has been a director of the Company since December 2010 (and a director of Suncorp-Metway Limited since March 2007). He is a member of the Audit Committee

and the Nomination Committee and Chairman of the Group's major operating entities in New Zealand – Vero Insurance New Zealand Limited and Asteron Life Limited (New Zealand).

Mr Ricketts is Chairman of Todd Corporation Limited (NZ) and a director of Shopping Centres Australasia Property Group Trustee NZ Limited, Heartland New Zealand Limited, Heartland Bank Limited (NZ) and the Centre for Independent Studies Limited.

Mr Ricketts is a lawyer and a consultant for Russell McVeagh, Solicitors (NZ) and was a partner in that firm from 1973 until 2000. He was a director of Promina Group Limited at the date of merger with the Suncorp Group and was formerly Chairman of Royal & Sun Alliance's New Zealand (**R&SA NZ**) operations having been a non-executive director of R&SA NZ for over 10 years.

Mr Ricketts is 67 and holds a Bachelor of Laws (Honours).

RESOLUTION 4 – AMENDMENT OF CONSTITUTION

WHY DOES THE CONSTITUTION REQUIRE AMENDMENT?

The Company's Constitution (**Constitution**) was last amended at the 2012 AGM to include rules to ensure that preference shares issued by the Company for the purpose of regulatory capital would achieve an optimal regulatory capital outcome for the Company.

The Company now proposes to update its Constitution to ensure that it reflects current corporate governance standards and facilitates administration of the Company. The proposed amendments are summarised below.

SUMMARY

A) FEE FOR PROCESSING PAPER DOCUMENTS

Following a change to the ASX Listing Rules, and in line with other publicly listed companies, an amendment is proposed to rule 11.3(c) of the Constitution. The purpose of the amendment is to align the Constitution with the ASX Listing Rules to allow the Company to charge a reasonable fee for processing off-market paper-based transfers and other similar paper-based documents.

B) PROXIES

Where a Member has lodged an incomplete or unclear proxy form, or the power of attorney under which the proxy form is executed has not been correctly executed, the proposed amendment to rule 19.3 and proposed new rule 19.8 will enable the Company to:

1. seek clarification from the Member about the instructions on the proxy form and to amend the form to reflect any clarification provided by the Member
2. return a defectively executed proxy form or power of attorney to the Member so that it can be properly executed before the meeting, and
3. shorten the period in which the correctly executed proxy form or power of attorney needs to be returned to the Company.

C) NUMBER OF DIRECTORS

The Company's current Constitution provides for a Board size of between seven and 13, with the number of directors set from time to time by the Board. The proposed amendment to rule 24.1 would reduce the minimum Board size to five and the maximum to 10.

The proposed amendment ensures that the Board can still operate effectively if a number of directors leave the Board at the same time, sets a maximum number for the Board which more closely reflects the optimum Board size for the Company, and takes account of recent Corporations Act amendments which limit the right of directors of a publicly listed company to reduce the Board size to a number lower than is provided for in the company's constitution.

D) ELECTION OF DIRECTORS

The Company's current Constitution provides that one-third of the directors (other than the Managing Director) are subject to retirement at each Company AGM. The proposed amendment to rule 24.6 alters this requirement and provides for directors to have a maximum term of three years. The existing requirement for an election of directors to be held every year is maintained.

The proposed amendment is in line with the requirements of the ASX Listing Rules.

E) WRITTEN RESOLUTIONS OF DIRECTORS

The Company's current Constitution permits the Board to pass a resolution without a meeting being held if all the directors sign a circular resolution.

The proposed amendment to rule 30.10 will provide for a circular resolution to be effective if 75% of the directors sign the resolution, provided the chair (or in the chair's absence, the deputy chair) signs. The purpose of the proposed amendment is to ensure that, on a practical level, the Board can act quickly where necessary.

The proposed amendment is in line with the requirements for circular board resolutions applying to other publicly listed companies.

F) PAYMENT OF DIVIDENDS

Amendments to rule 36.7 will provide flexibility for the Company to pay dividends into a bank account where a shareholder has not provided details of a valid electronic account or where a shareholder's address is unknown. Further the Company will have the discretion to use unclaimed money to acquire further shares in the Company on behalf of the shareholder when no claim has been made within 11 months of the dividend being paid.

Explanatory Memorandum (continued)

G) INDEMNITY AND INSURANCE

It is proposed to update the provisions of rule 39 of the Constitution which address the Company's indemnity of, and provision of insurance for, current and past directors, the Company Secretary and other officers of the Company and any Group Company. The proposed changes are in line with similar provisions in the constitutions of other publicly listed companies.

A copy of the Company's existing Constitution and a version of the Constitution with the proposed amendments marked up are available on the Company's website at suncorpgroup.com.au or copies can be obtained from Link on 1300 882 012. A copy of the Constitution will also be available at the AGM.

BOARD RECOMMENDATION

The Board recommends that shareholders vote in favour of the proposed amendments to the Constitution as set out above.

RESOLUTION 5 – AMENDMENT OF CONSTITUTION TO INCLUDE PROPORTIONAL TAKEOVER PROVISIONS

WHY SHOULD THE COMPANY ADOPT PROPORTIONAL TAKEOVER PROVISIONS?

An additional amendment proposed to the Constitution is the introduction of proportional takeover provisions as new rule 41.

Where a company proposes to insert proportional takeover provisions in its constitution, the Corporations Act mandates the form of the relevant provisions to be inserted in the Constitution. The Corporations Act also requires that the Company provides shareholders with sufficient information to make an informed decision on whether to support or oppose the resolution.

A) WHY DO WE NEED THE PROPORTIONAL TAKEOVER APPROVAL PROVISIONS?

In a proportional takeover bid, the bidder offers to buy a proportion only of each shareholder's shares in the target company.

This means that control of the company may pass without shareholders having the chance to sell all their shares to the bidder. The bidder may take control of the company without paying an adequate amount for gaining control.

To deal with this possibility, a company may provide in its constitution that if a proportional

takeover bid is made for shares in the company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all the shareholders.

The benefit of the provision is that shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

B) WHAT IS THE EFFECT OF THE PROPORTIONAL TAKEOVER APPROVAL PROVISIONS?

If a proportional takeover bid is made the directors must ensure that shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority.

Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Constitution.

The directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the resolution is not voted on, the bid will be taken to have been approved. The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of amendment of the Constitution to include the proportional takeover approval provisions. The provisions may be renewed, but only by a special resolution.

C) NO PERSON TO ACQUIRE OR INCREASE ITS SUBSTANTIAL INTEREST

At the date this statement was prepared, no director is aware of a proposal by a person to acquire, or to increase, a substantial interest in the Company.

D) POTENTIAL ADVANTAGES AND DISADVANTAGES

The directors consider that the proportional takeover approval provisions have no potential advantages or disadvantages for them. They remain free to make a recommendation to the shareholders of the Company on whether an offer under a proportional takeover bid should be accepted.

The potential **advantages** of the proportional takeover approval provisions for shareholders of the Company are:

- shareholders will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed
- the provisions may help shareholders avoid being locked in as a minority
- increase in the bargaining power of shareholders which may ensure that any partial offer is adequately priced, and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.

The potential **disadvantages** for shareholders of the Company include:

- proportional takeover bids for shares in the Company may be discouraged
- shareholders may lose an opportunity of selling some of their shares at a premium, and
- the chance of a proportional takeover bid being successful may be reduced.

There have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the potential advantages or disadvantages of the provisions for the directors and the shareholders, respectively. The Board of Directors considers that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

A copy of the Company's existing Constitution and a version of the Constitution with the proposed amendments marked up are available on the Company's website at suncorpgroup.com.au or copies can be obtained from Link on 1300 882 012.

A copy of the Constitution will also be available at the AGM.

BOARD RECOMMENDATION

The Board recommends that shareholders vote in favour of the proposed amendment to the Constitution to include proportional takeover provisions as new rule 41.



The Suncorp Group 2012/13 annual reporting suite

See publications at suncorpgroup.com.au
or get a copy by calling 1300 882 012

Contact details

Suncorp Group Limited

ABN 66 145 290 124

Registered office

Suncorp Centre
Level 18, 36 Wickham Terrace
Brisbane, Qld 4000
Ph 07 3362 1222

Share registry

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+61 2 8767 1219 (outside Australia)
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Shareholder enquiries – administration

Suncorp@linkmarketservices.com.au

Shareholder enquiries – company performance

Investor.relations@suncorp.com.au

Media enquiries

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