



NEWS RELEASE

24 February 2009

UPDATE ON MANAGEMENT TRANSITION

Suncorp today confirmed managing director and CEO, John Mulcahy, would leave the Group on 2 March 2009. Chief financial officer Chris Skilton will be acting CEO until a successor to Mr Mulcahy is appointed.

Mr Mulcahy and the Suncorp Board have agreed 2 March would be an appropriate time for Mr Mulcahy to step aside following successful completion of the recent institutional capital raising and finalisation of the 2009 interim accounts.

Suncorp chairman John Story said that, since announcing the CEO transition process, Mr Mulcahy and his executive team had undertaken a review of key management objectives and plans for each of the Group's businesses to address challenging market conditions.

"Suncorp now has market leading brands and franchises in general insurance, regional banking and wealth management. We firmly believe there is significant long term shareholder value in these businesses and John has made an outstanding contribution building a far more diversified and resilient business than existed when he joined six years ago," Mr Story said.

"The Board is satisfied the recent capital raising has given the Group a strong balance sheet, it is in the hands of a very competent management team, and each business is competing strongly in the market place.

"As a result, we are comfortable that John can step aside without disruption to the Group's operations or short term objectives."

Mr Mulcahy said, "Since our decision to commence the CEO transition, I have been working with the executive team to ensure the process is as seamless and smooth as possible.

"I am very proud of what we have built over the past six years and believe the Group will realise its enormous potential once conditions normalise."

Mr Skilton, who has been the Group's CFO and an executive director for the past eight years, has agreed with the Board that he will leave Suncorp after the new CEO has had the opportunity to appoint a replacement CFO.

"I'm looking forward to the challenges of leading the Group through its transition period and providing important continuity of management during this time. I also strongly believe the incoming CEO should be given every opportunity to refresh the senior team by appointing a new CFO," Mr Skilton said.

"Also, after eight years with the Group and having served under two CEOs, I'm ready for new challenges. Therefore, it is appropriate that I step down once a new CFO has taken over the reins."



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Mr Mulcahy will receive a payment of approximately \$2 million (less applicable taxation) upon ceasing his employment. This payment is equivalent to 12 months remuneration. He will also receive a payment for accrued but untaken statutory leave and will be entitled to relocation costs within Australia. These payments are in accordance with the terms of Mr Mulcahy's employment contract as announced on 7 June 2007.

Under the terms of Mr Mulcahy's employment contract (2007), it was agreed the performance hurdles waiver for John Mulcahy would be postponed until 30 September, 2009 for the Long Term Incentive (LTI) 2004 grant and 30 September, 2010 for the 2005 LTI grant.

As Mr Mulcahy will not be employed at those dates, the performance hurdle waiver will no longer apply and, as relevant hurdles have not been met, Mr Mulcahy will have no eligibility for share allocation for the 2004 and 2005 grants.

The 2006, 2007 and 2008 offered shares under the Executive Performance Share Plan (EPSP) will remain in the plan until the vesting dates. Under the plan, Mr Mulcahy is only entitled to payment of the offered shares if relevant performance hurdles are met.

For the period that Mr Skilton is acting CEO he will receive, in addition to his current total employment cost (TEC), payment of a higher duties allowance of up to \$41,666 per month.

In addition he will be eligible for an additional allowance, to a maximum of \$41,666 per month, payable at the conclusion of the acting CEO period. This payment will be at the discretion of the Board, having regard to Mr Skilton's performance as acting CEO with specific focus on agreed objectives. Performance in accordance with the Board's reasonable expectations would justify the additional allowance.

Clayton Herbert, who has been executive general manager of group finance for eight of his ten years with Suncorp, will be acting CFO.

Mr Story said the program to select a successor to Mr Mulcahy was well underway and he was confident of a strong field of internal and external candidates for the role.

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