

ASX Announcement



24 August 2011

CEO CONTRACT EXTENSION

Suncorp Group Limited today announced chief executive Patrick Snowball would move from a fixed term employment contract to a rolling contract.

Mr Snowball's employment was previously for a fixed term ending on 31 August 2013. As part of the transition to a rolling contract, Mr Snowball has stated his intention to remain with Suncorp until at least 2015.

Chairman John Story said the Board was pleased to be able to secure a global executive of Mr Snowball's calibre for an extended period.

"Patrick and his executive team have achieved much in the last two years. Suncorp is now a far stronger organisation with a significantly de-risked business model and a clear strategic direction," Mr Story said.

"Under Patrick's direction, the Group is proving its ability to realise the benefits of the building blocks program and is on track to deliver its improvement in underlying general insurance margins."

Mr Snowball said he was enjoying the challenge of his role as chief executive.

"Suncorp is clearly progressing as an organisation and is poised to deliver the benefits of our new strategy. I am enjoying the role and appreciate the opportunity to extend my time at Suncorp to oversee the Group's continued progress," he said.

Under the terms of his amended contract, Mr Snowball's fixed remuneration will be \$2,550,000 per annum from 1 September 2011 while his target short term incentive entitlement will be 125% of fixed remuneration through to a maximum of 150% of fixed remuneration should relevant performance targets be met.

If Mr Snowball continues to be employed by Suncorp on 1 September 2012, he will be awarded rights to shares in Suncorp equivalent in value to \$4,000,000, subject to required or appropriate shareholder approvals. Vesting of these rights will be subject to the performance hurdles determined in accordance with the Group's LTI plan, which will be tested three years after the date of the award.

For financial years commencing on or after 1 July 2013, the terms of Mr Snowball's participation in the LTI plan will be determined by the Board.

The other key terms of Mr Snowball's employment contract remain substantively unchanged. A summary of the substantive changes to Mr Snowball's contract, which is effective from 1 September 2011, is attached.

Ends

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Summary of substantive changes to the employment agreement

1. Term

Mr Snowball's employment was previously for a fixed term (ending on 31 August 2013). Under the new arrangements, the agreement will continue indefinitely until it is terminated in accordance with its terms. While Mr Snowball continues to be entitled to terminate the agreement by providing six months written notice, the agreement includes an acknowledgment of his intention to remain with Suncorp until at least 2015.

2. Total Employment Cost (TEC)

Mr Snowball's TEC will increase from \$2,200,000 to \$2,550,000 with effect from 1 September 2011.

3. Short term incentive (STI)

The target STI amount which Mr Snowball will be eligible to receive has increased from 100% of TEC to 125% of TEC. The maximum STI opportunity remains at 150% of TEC.

As with the previous arrangements, 50% of any STI awarded to Mr Snowball will be deferred for two years and is subject to a reduction or forfeiture in certain circumstances where there has been a failure to follow risk management policies and practices.

The agreement continues to provide for the release of the deferred STI and a pro rata of current year STI, having regard to applicable performance measures, where a change of control occurs.

Unless the agreement is terminated for cause by Suncorp, the Board will be required to determine any STI award for the then current financial year having regard to applicable performance measures. The standard STI provisions in the agreement will apply to any STI awarded on termination – that is, 50% will be paid to Mr Snowball on the termination date but the balance will be deferred for a period of two years (at which point it will be paid to Mr Snowball subject to a reduction or forfeiture in certain circumstances where there has been a failure to follow risk management policies and practices).

4. Long term incentive (LTI)

The agreement continues to provide for the forfeiture or lapse of any unvested or unexercised LTI awards held by Mr Snowball if he terminates the agreement on six months' notice but only if he does this before 31 August 2014.

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If Mr Snowball continues to be employed by Suncorp on 1 September 2012, he will be entitled to be awarded rights to shares in Suncorp equivalent in value to \$4,000,000 in respect of the 2012 financial year. Vesting of these rights will be subject to the performance hurdles determined in accordance with the Group's LTI plan.

For financial years commencing on or after 1 July 2013, the terms of Mr Snowball's participation in the LTI plan will be determined by the Board.

5. Repatriation allowance

As per his original employment agreement, Mr Snowball is entitled to an allowance of \$125,000 to cover the costs of repatriating him and his family back to the United Kingdom. However, this will not be payable if he terminates the agreement anytime before 31 August 2013 or if he remains in Australia at the conclusion of his employment (other than for a temporary period of no more than six months or where he commences employment with another company within the Suncorp Group).

6. Visas and other approvals

Suncorp continues to have the right to terminate Mr Snowball's employment if he does not hold the required approvals to work in Australia. However, this termination right is subject to Suncorp taking reasonable steps, as an employer, to enable Mr Snowball to renew or extend his current approvals.