

Explanatory Memorandum

21st Annual General Meeting
28 October 2009

This explanatory memorandum accompanies the notice of meeting for the Suncorp-Metway Ltd (the Company) 21st Annual General Meeting to be held on Wednesday, 28 October 2009 at 2.30pm (Brisbane time).



Information relevant to the business to be considered at the Annual General Meeting (AGM) is provided in this explanatory memorandum and shareholders should read this document in full.

Agenda item 1

Receive and consider financial reports

This item provides shareholders with an opportunity to ask questions concerning the Company's financial statements and reports for the year ended 30 June 2009 and the Company's performance generally. 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 submitted to the Company no later than five business days prior to the meeting.

Agenda item 2

Adoption of the Remuneration Report

The Company's Remuneration Report, as contained in the 2009 Suncorp Annual Report, has been submitted to shareholders for consideration and adoption. Following consideration of the Remuneration Report, shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Shareholders who elected not to receive a copy of the Annual Report can view that Report on the Suncorp website (www.suncorpgroup.com.au) or a copy can be posted to shareholders free of charge by contacting the share registry, Link Market Services Limited, on 1300 882 012.

The Remuneration Report provides information on the following issues:

- the policies adopted by the Board for determining the nature and amount of remuneration of directors, secretaries and senior managers
- the relationship between the remuneration policies and the Company's performance
- 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
- the basis of comparison used for assessing the Company's performance relative to other companies, and
- remuneration details for directors and senior executives.

The Board believes the Company's remuneration policies and structures, 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 directors or the Company.

Agenda item 3

Re-election of directors

In accordance with clause 24.7 of the Company's Constitution, Dr I D Blackburne, Ms P J Dwyer, Mr E J Kulk, Mr G T Ricketts and Mr L E Tutt will retire at the AGM. Dr Blackburne and Messrs Dwyer, Kulk and Ricketts, being eligible, have offered themselves for re-election.

Mr Tutt, who has been a director of the Company since March 2007, has advised the Board that he will not be seeking re-election and will therefore retire from office at the conclusion of the AGM.

The Board has determined that the vacancy that will arise due to Mr Tutt's retirement will not be filled.

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

Directors' profiles are overleaf.

Director profiles



Dr Blackburne

Dr Blackburne has been a director of the Company since August 2000 and is Chairman of the Risk Committee.

He is currently Chairman of CSR Limited and a director of Teekay Corporation.

Dr Blackburne is a former Managing Director of Caltex Australia Limited and former Chairman of the Australian Nuclear Science and Technology Organisation (July 2001–June 2006).

Dr Blackburne has extensive experience in general management and strategic planning, distribution sales and marketing, research and development and management of complex organisations and projects.

Dr Blackburne is 63 years of age and holds a Masters of Business Administration, a Doctorate in Philosophy and a Bachelor of Science (first class honours).



Mr Kulk

Mr Kulk has been a director of the Company since March 2007. He was a director of Promina Group Limited and joined the Suncorp Board at the date of the merger with Promina. Mr Kulk is a member of the Risk Committee.

Mr Kulk was Group Director Asia Pacific for Royal & Sun Alliance Insurance Group plc from March 1998 until his retirement in September 2003; he is a former Managing Director of the Australian General Insurance Group (1994–1998).

Mr Kulk has over 30 years' experience in the insurance industry, is a past president of the Insurance Council of Australia and is currently a member of the NSW Council of the Australian Institute of Company Directors and a syndicate Chairman/mentor at the CEO Institute.

Mr Kulk is 63 years of age and holds a Bachelor of Economics.



Ms Dwyer

Ms Dwyer has been a director of the Company since April 2007. She was a director of Promina Group Limited (where she was Chairman of the audit, risk and compliance committee) and joined the Suncorp Board at the date of the merger with Promina. Ms Dwyer is a member of the Audit Committee.

Ms Dwyer is currently a director of both TABCORP Holdings Limited (where she is Chairman of the audit committee) and Babcock & Brown Japan Property Management Limited (where she is Chairman of the audit, risk and compliance committee). She is Deputy Chairman of the Baker Heart Research Institute, a member of the Takeovers Panel and a former director of David Jones Limited and RACV Limited.

A chartered accountant by profession, Ms Dwyer has a 20-year executive career holding senior positions in the securities, investment management and investment banking sectors.

Ms Dwyer is 49 years of age and holds a Bachelor of Commerce, and is a Fellow of each of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute.



Mr Ricketts

Mr Ricketts has been a director of the Company since March 2007. He was a director of Promina Group Limited and joined the Suncorp Board at the date of the merger with Promina and is Chairman of the Group's main operating subsidiaries in New Zealand.

Mr Ricketts is currently Chairman of Lion Nathan Limited and a non-executive director of Spotless Group Limited, Taylors Group Limited (NZ), Todd Corporation Limited and Southern Cross Building Society (NZ). Mr Ricketts is also a director of the Centre for Independent Studies Limited. He is a former Chairman of Royal & Sun Alliance's New Zealand operations, having been a non-executive director there for over ten years.

A lawyer and consultant for Russell McVeagh, Solicitors (NZ), he was a partner in that firm from 1973 until 2000.

Mr Ricketts is 63 years of age and holds an LLB (Hons).

Agenda item 4

Amendment of the Constitution

The State Financial Institutions and Metway Merger Facilitation Act 1996 (Qld) (*Facilitation Act*) requires the Company's Constitution to contain a provision that a specified number of the Company's directors must be ordinarily resident in Queensland (*Residency Requirement*).

The Residency Requirement is specified under Clause 24.2 (a) and (b) of the Constitution which provides that:

- a. At least the prescribed number of directors, one of whom must be the Managing Director, must be ordinarily resident in Queensland.
- b. In paragraph (a), the prescribed number of directors means the greatest of the following:
 - five
 - 40% of the total number of directors
 - if 40% of the total number of directors is not a whole number, the next highest whole number.

It is now proposed that the Constitution be amended, subject to appropriate amendments to the *Facilitation Act* being passed by the Queensland Parliament, so that only the Managing Director of the Company will be required to be ordinarily resident in Queensland.

The Residency Requirement was introduced at the time of the Suncorp, Metway and QIDC merger in 1996. However the size and structure of the Suncorp Group and its businesses has changed significantly since that time.

At the time of the merger, the majority of Suncorp Group earnings were generated within Queensland and nearly all of our employees were Queensland based. However following the acquisition of the GIO Group in 2001 and the Promina Group in 2007, Suncorp has become a more geographically diversified organisation, with a significant amount of its earnings, assets and people now either sourced or located interstate and in New Zealand.

The Residency Requirement, as it is currently structured, also limits the Board's ability to address the issue of Board renewal in a timely and effective manner.

Accordingly, the Board recommends that shareholders vote in favour of the special resolution to amend the Company's Constitution.

For more information

Contact the share registry, Link Market Services Limited on 1300 882 012.