



22 April 2013

[Name]
[Address line 1]
[Address line 2]
[Address line 3]

SUNCORP GROUP LIMITED ("SUNCORP") SUBORDINATED NOTES ("NOTES") REINVESTMENT OFFER FOR ELIGIBLE CPS HOLDERS (ASX CODE: SBKPB)

Dear Shareholder,

On behalf of the Directors, I am writing to inform you of your options regarding your Suncorp-Metway Limited ("**SML**") Convertible Preference Shares ("**CPS**").

As permitted by the CPS terms, SML currently intends to resell any CPS on issue on 14 June 2013 to Suncorp. This means that CPS Holders on 14 June 2013 are likely to receive \$100 plus a final dividend¹ of \$1.1029 per CPS.

As a holder of CPS on the Reinvestment Record Date, being 7:00pm (Sydney time) on 5 April 2013 ("**Eligible CPS Holder**²"), you have several options available to you. Please review these options carefully and, if necessary, seek professional advice before deciding what to do.

What are my options?

As an Eligible CPS Holder your options are:

1. apply to reinvest all of your CPS in Notes;
2. apply to reinvest some of your CPS in Notes;
3. apply for additional Notes;
4. sell your CPS on-market prior to the last day of trading for CPS, expected to be 30 May 2013; or
5. take no action, in which case it is likely that your CPS will be resold on 14 June 2013.

I have outlined below what these options mean.

What are Notes?

Suncorp is offering you the opportunity to apply to reinvest some or all of your CPS into a new security, the Notes. We are aiming to raise \$700 million (with the ability to raise more or less), through the issue of Notes.

¹ Subject to dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.

² You must be a registered holder of CPS on the Reinvestment Record Date, being 7:00pm (Sydney time) on 5 April 2013. You must be shown on the register as having an address in Australia (or another jurisdiction to which Suncorp determines to extend the Reinvestment Offer). You must not be in the United States or acting as a nominee for a person in the United States, or otherwise prevented from receiving the Reinvestment Offer of the Notes under the laws of any jurisdiction as determined by Suncorp.

Notes are unsecured, subordinated and cumulative notes. They will be issued by Suncorp and are intended to be quoted on the Australian Securities Exchange ("**ASX**").

Holders of Notes will be entitled to receive floating rate, cumulative interest payments, payable quarterly in arrears³. The Interest Rate will be equal to the 90 day Bank Bill Rate plus a margin of 2.85% per annum. Interest will not be franked and will be made wholly in cash.

Notes are expected to be redeemed on 23 November 2023⁴. Suncorp also has the right to redeem the Notes on certain fixed dates from 23 November 2018⁵, but doesn't have to.

The Offer will be made in, or accompanied by, a copy of the Prospectus. The Prospectus gives you further details on the offer and the key features of Notes. A copy of the Prospectus accompanies this letter and is also available at www.suncorpgroup.com.au/notes. Please read the Prospectus in full before deciding whether to apply for Notes.

What is the Reinvestment Offer?

The Reinvestment Offer is an opportunity for Eligible CPS Holders to apply to reinvest their CPS in Notes.

If you hold any of the CPS issued by SML in 2008, you may be eligible to sell some or all of them to Suncorp and reinvest the proceeds in Notes.

Eligible CPS Holders can apply to reinvest their CPS in Notes for \$100 per CPS on the Reinvestment Date (which is expected to be 22 May 2013). If there is excess demand for Notes, Eligible CPS Holders who have applied to reinvest their CPS will have priority in relation to their Reinvested CPS over those applying under the Securityholder Offer.

The proceeds from the sale of CPS will be applied to the Application Payment for Notes. This means that Eligible CPS Holders who successfully participate in the Reinvestment Offer will receive one Note for each Reinvested CPS.

Section 6 of the accompanying Prospectus provides further details on the Reinvestment Offer.

Options 1 and 2: Apply to reinvest some or all of your CPS in Notes

If you choose to apply to reinvest all or some of your CPS in Notes, please go online to www.suncorpgroup.com.au/notes and complete your personalised Reinvestment Offer Application Form (you will require your SRN or HIN). Alternatively, you can complete the enclosed paper Reinvestment Offer Application Form, which accompanies this letter and the Prospectus, and return it using the enclosed reply paid envelope. You will not be required to make a separate Application Payment. You may also be able to apply to reinvest all or some of your CPS in Notes through a participating broker to the offer. In this case, please contact your broker for more information.

If you elect to participate in the Reinvestment Offer you will receive a Pro Rata Dividend (expected to be \$0.8272 per Reinvested CPS) on the Reinvested CPS⁶.

³ Subject to Suncorp being solvent at the time of payment and immediately after making the payment.

⁴ Subject to Suncorp being solvent at the time of payment and immediately after making the payment and a Non-Viability Trigger Event (as described in Section 2.4 of the accompanying Prospectus) not having occurred.

⁵ Subject to certain conditions described in Section 2.3 of the accompanying Prospectus (including APRA's prior written approval).

⁶ Subject to dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.

Please do not sell any of the CPS that you want to reinvest in Notes. If you do sell prior to the Closing Date for the Reinvestment Offer, the number of Notes that may be allocated to you will be reduced by the number of CPS sold.

If we cannot accept your application in full, you will continue to hold your CPS until they are expected to be resold to Suncorp on 14 June 2013. Please see option 3 below, for more information.

Option 3: Apply for additional Notes

You are welcome to apply for more Notes than the number of CPS that you held on the Reinvestment Record Date. If you do apply for extra Notes, you will need to make an Application Payment by BPay®, cheque and/or money order for the additional Notes. Your application for Additional Notes may be scaled back.

Section 7 of the accompanying Prospectus provides details on how to pay.

Option 4: Sell your CPS on market prior to the last day of trading for CPS

You may choose to sell your CPS on market at the prevailing market price, which may be more or less than \$100. If you sell your CPS through a broker you may also have to pay brokerage.

Please read through the information in option 5 below. If the resale referred to in option 5 occurs, the last trading day for CPS is expected to be 30 May 2013.

Section 6.2 of the accompanying Prospectus gives you further information regarding the options available to you.

Option 5: Take no action

As permitted by the CPS terms, SML currently intends to conduct a resale to Suncorp on 14 June 2013 of any CPS not reinvested in Notes.

If a resale occurs and Suncorp has not purchased your CPS under the Reinvestment Offer, your remaining CPS will be sold to Suncorp on 14 June 2013. It is expected that you will receive \$100 plus a final dividend⁷ of \$1.1029 per CPS.

SML is required to give a formal resale notice to ASX by 14 May 2013 in order to implement the resale. The last trading day for CPS is expected to be 30 May 2013.

Changes to the terms of CPS

The terms of issue of the CPS have been varied in accordance with clause 16 of the CPS terms. The amendments permit SML to pay a Pro Rata Dividend to those holders of CPS who participate in the Reinvestment Offer.

The amended terms accompany this letter.

What should I do now?

Enclosed you will find a copy of the amended CPS terms in mark-up, the Prospectus, an Application Form and a Business Reply Paid Envelope.

When making your decision about your CPS and whether to participate in the Reinvestment Offer please read the accompanying Prospectus and Application Form carefully and consider the risk factors set out in Sections 5 and 6.4 of the accompanying Prospectus.

⁷ Subject to dividend payment tests in the CPS terms being met, including the directors of SML determining to pay the dividend.

Should you require professional guidance regarding your own personal investment and taxation situation, please contact your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

Further information about the Offer is available by contacting the Notes Offer Information Line on 1300 882 012 (within Australia) or +61 1300 882 012 (outside Australia) Monday to Friday – 8:00am to 7:30pm (Sydney time).

On behalf of the Directors, I invite you to consider this investment opportunity.

Yours faithfully,



Dr Ziggy Switkowski
Chairman

Key dates for Eligible CPS Holders	Date
Record date for determining Eligible CPS Holders for Reinvestment Offer	5 April 2013
Lodgement of the Replacement Prospectus with ASIC	18 April 2013
Opening Date for the Reinvestment Offer	18 April 2013
Closing Date for the Reinvestment Offer and the Broker Firm Offer (applications in respect of Reinvested CPS)	10 May 2013
Issue Date	22 May 2013
Reinvestment Date and payment date for Pro Rata Dividend on Reinvested CPS	22 May 2013
Notes commence trading on ASX (deferred settlement basis)	23 May 2013
Holding Statements despatched by	24 May 2013
Notes commence trading on ASX (normal settlement basis)	27 May 2013
Last day of ASX trading for remaining CPS	30 May 2013
Resale date and payment date for final dividend on remaining CPS	14 June 2013
Key dates for Notes	Date
First Interest Payment Date	22 August 2013
First Optional Redemption Date (at Suncorp's discretion)	22 November 2018
Maturity Date	22 November 2023

These dates are indicative only and may change without notice. Unless otherwise defined, capitalised words used in this letter have the meanings given to them in the accompanying Prospectus.