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Wednesday 24 May 2006

The Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington New Zealand

Dear Sir/Madam,

Promina announces proposed capital reduction to proceed

Please find attached an announcement relating to the above.

Yours faithfully,
For and on behalf of
Promina Group Limited

Judith Howard
Company Secretary

Wednesday 24 May 2006

ASX / NZX Release

PROMINA CAPITAL REDUCTION TO PROCEED

Promina Group Limited (Promina) today announced that its proposed capital return to shareholders has received all necessary approvals, with payments to shareholders being made on 16 June 2006.

Approved by shareholders at Promina's Annual General Meeting in Sydney on Friday 28 April, the return of \$0.15 cents per ordinary share equates to approximately \$156 million.

Promina today received a favourable and final Class Ruling from the Australian Taxation Office (ATO) on the taxation treatment of the proposed return, having obtained approval from the Australian Prudential Regulatory Authority (APRA) on 13 April 2006.

Shareholders should refer to Promina's Notice of Annual General Meeting, issued on 17 March 2006, for further information in relation to the taxation treatment.

The final timetable for the reduction of capital is set out below.

Event	Date
Promina ordinary shares trade on ASX* on an "ex" return of capital basis.	Friday 26 May 2006
Record Date for determining entitlements to participate in the capital reduction.	Thursday 1 June 2006
Despatch date for payment of the capital reduction.	Friday 16 June 2006

[* Ordinary shares will trade "ex" on NZX on Friday 2 June 2006]

...ends...

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About Promina Group

Promina Group is a portfolio of specialised and focused general insurance and selected financial services businesses featuring well-known brands such as AAMI, Vero, Shannons, Tyndall, Asteron, AA Insurance and Australian Pensioners Insurance Agency (APIA).

Promina Group Limited is listed on the Australian and New Zealand Stock Exchanges. It employs over 7,200 people in 210 offices across Australia and New Zealand, and traces its operations back to 1833 in Australia and 1878 in New Zealand.

www.promina.com.au / www.promina.co.nz

Unless otherwise stated, all references to "\$" are to Australian dollars.

The information in this Release is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Promina's current views at the date of this Release and is subject to known and unknown risks and uncertainties, many of which are beyond Promina's control, that may cause actual results to differ materially from those expressed or implied. Promina undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Release (subject to stock exchange disclosure requirements). The information is also not financial product advice. Investors should seek appropriate advice based on their own objectives, financial situation and needs.

Promina Group Limited ABN 79 000 746 092