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17 November 2016

The Manager
Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street,
SYDNEY NSW 2000

Dear Sir/Madam

QBE ANNOUNCES THE FINAL RESULTS OF EXCHANGE OFFER

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Carolyn Scobie".

Carolyn Scobie
Company Secretary

Attachment.



MARKET RELEASE

17 November 2016

QBE ANNOUNCES THE FINAL RESULTS OF EXCHANGE OFFER

QBE Insurance Group Limited ("**QBE**") today announced the expiration and final results of its previously announced exchange offer (the "**Exchange Offer**"), pursuant to which Eligible Holders (as defined in QBE's October 19, 2016 press release announcing the Exchange Offer) of the outstanding U.S.\$538,608,000 7.25% Fixed Rate Reset Guaranteed Exchangeable Subordinated Callable Notes due 2041 issued by QBE Capital Funding III Limited and guaranteed by QBE (CUSIP: G7306BAA2 and 74734PAA0; ISIN: US74734PAA03 and USG7306BAA29) (the "**Existing Notes**") were invited to exchange their Existing Notes for new U.S.\$-denominated Fixed Rate Subordinated Notes due 2043 ("**New Notes**") to be issued by QBE.

According to D.F. King & Co., Inc. (the "**Information and Exchange Agent**"), as of 11:59 p.m., New York City time, on November 16, 2016 (the "**Expiration Time**"), Eligible Holders validly tendered approximately U.S.\$371,954,000 in aggregate principal amount of Existing Notes—equal to approximately 69.06% of the aggregate principal amount of the Existing Notes outstanding prior to commencement of the Exchange Offer. The settlement of the Exchange Offer is expected to occur on November 21, 2016 (the "**Settlement Date**").

The Exchange Offer, and QBE's acceptance of Existing Notes tendered pursuant thereto, was made upon and is subject to the terms and conditions set forth in the confidential offering memorandum dated October 19, 2016, as amended and supplemented by a supplement dated October 27, 2016 (as amended, the "**Exchange Offer Memorandum**"). QBE intends to accept all of the Existing Notes tendered in the Exchange Offer and confirms that all conditions to the Exchange Offer in the Exchange Offer Memorandum have been satisfied or waived by QBE. Consequently, on the Settlement Date, QBE expects to issue U.S.\$371,954,000 in aggregate principal amount of New Notes in exchange for an equivalent amount of Existing Notes and to pay in cash the applicable unpaid interest in respect of the tendered Existing Notes accrued to (but excluding) the Settlement Date. QBE also expects to issue on the Settlement Date a further U.S.\$28,000,000 in aggregate principal amount of New Notes for additional capital. The New Notes issued in the Exchange Offer and the New Notes issued for additional capital will have the same terms and will constitute a single series of securities.

After completion of the Exchange Offer, a total of approximately U.S.\$166,654,000 in aggregate principal amount of the Existing Notes is expected to remain outstanding. As described in the Exchange Offer Memorandum, in the future QBE may seek, directly or indirectly, to acquire the remaining Existing Notes through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, subject (where required) to the prior authorization of the Australian Prudential Regulation Authority. Such prices may be more or less than the prices to be paid to those who participated in the Exchange Offer and could be for cash or other consideration or otherwise on terms more or less favorable than those of the Exchange Offer.

In addition, a total of £33,975,000 in aggregate principal amount remains outstanding of the Fixed Rate Reset Guaranteed Exchangeable Subordinated Callable Notes due 2041 issued by QBE Capital Funding IV Limited and guaranteed by QBE (the "**Existing GBP Notes**"). As described in the exchange offer memorandum dated 4 May 2016 in relation to the prior exchange offer for the Existing GBP Notes (the "**GBP Exchange Offer**"), in the future QBE may seek, directly or indirectly, to acquire the remaining Existing GBP Notes through open market purchases, privately negotiated transactions,

tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine. Such prices may be more or less than the prices to be paid to those who participated in the exchange offer and could be for cash or other consideration or otherwise on terms more or less favorable than those of the GBP Exchange Offer.

*QBE has not registered, and will not register, the New Notes under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), any state securities laws or the securities laws of any other jurisdiction. This announcement does not constitute an offer to purchase, nor a solicitation of an offer to sell, the Existing Notes or an offer to sell, nor a solicitation of an offer to buy, any New Notes, nor shall any such offer, solicitation or sale occur in any state or jurisdiction in which such offer, solicitation or sale would be unlawful. The Existing Notes were originally issued outside Australia to wholesale investors.*

*The communication of this announcement and any other document or materials relating to the transactions and securities discussed herein is not being, and will not be, made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is directed only at those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”)), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, participation in any transaction referred to in this announcement or such documents or materials is only available to, and any investment or investment activity to which this announcement relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this announcement or any of its contents.*

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