
IAG announces Margin on Capital Notes and increases transaction amount following completion of the Bookbuild

Insurance Australia Group Limited (IAG) today announced that it has successfully completed the Bookbuild for the offer of IAG Capital Notes (Offer) announced on 21 November 2016.

IAG has allocated \$350 million of Capital Notes under the Broker Firm and Institutional Offers and the Margin has been set at 4.70% per annum, the bottom of the Margin range of 4.70% - 4.90% per annum indicated at the Offer launch. Due to strong demand, the amount was increased from the \$300 million IAG announced at the Offer launch on 21 November 2016.

IAG's Chief Financial Officer, Nick Hawkins, said: "We are pleased with the strong response to our Capital Notes offer, which is an important part of our active debt and hybrid refinancing program."

The Offer opens on 29 November 2016. The final size of the Offer will depend on the volume of Applications received and accepted under the Reinvestment Offer (for Eligible CPS Holders). IAG reserves the right to scale back Applications received from CPS Holder Applicants. There is no general offer for Capital Notes.

A replacement prospectus containing the Margin and an Application Form is expected to be lodged with ASIC and the ASX on 29 November 2016. The replacement prospectus will be available online at the offer website (<https://www.iagcapitalnotes2016.com.au/offer>) or by calling the IAG Capital Notes information line on 1300 647 382 (within Australia) or +61 3 9415 4123 (Monday to Friday—8:30am to 5:00pm Sydney time).

The Reinvestment Offer is expected to close on 16 December 2016.

Applications may only be made online at the offer website or using the Application Form attached to, or accompanying, the replacement prospectus. Investors should read the replacement prospectus and the Capital Notes Terms in full before deciding to invest. Eligible CPS Holders will be sent a copy of the replacement prospectus and a personalised Application Form. Mailing is expected to commence on 2 December 2016.

IAG strongly recommends that investors seek professional advice which takes into account their particular investment objectives and circumstances from a licensed adviser before deciding whether to participate in the Offer. Unless otherwise specified, capitalised terms in this announcement have the meaning given to them in the Prospectus lodged with ASIC and the ASX on 21 November 2016.

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, employing more than 15,000 people. The Group's businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AML and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IAG also has interests in general insurance joint ventures in Malaysia and India. For further information please visit www.iag.com.au.

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