

11 June 2014

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

Dear Sir/Madam

ISSUE OF SHARES ON CONVERSION OF SUBORDINATED CONVERTIBLE DEBT SECURITIES

Further to its announcement of 16 April 2014, QBE has today issued 23,719,402 ordinary shares ("Shares") on the conversion and cancellation of all outstanding subordinated convertible debt securities that it issued on 11 December 2012 ("Securities"). The number of Shares issued on the conversion of the Securities was based on the volume weighted average share price for each of the 35 trading days from and including 17 April 2014, to which a discount of 1% was applied, resulting in an effective issuance price per share of A\$11.32.

The Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act 2001 ("Act"). As at the date of this notice the Company has complied with:

- (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (ii) Section 674 of the Act.

This notice is given under paragraph 5(e) of section 708A of the Act.

The total number of QBE Shares on issue becomes 1,277,602,695.

Yours faithfully

A handwritten signature in blue ink that reads 'Peter Smiles'.

Peter Smiles
Deputy Company Secretary