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19 August 2014

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

Dear Sir/Madam,

QBE results presentation for the half year ended 30 June 2014

Further to the Company's release to the market today on its results for the half year ended 30 June 2014, please find attached a copy of the presentation to be delivered to the market this morning.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Peter Smiles".

Peter Smiles
Deputy Company Secretary

Encl.

QBE Insurance Group

2014 half year results announcement

John Neal • Group Chief Executive Officer

Pat Regan • Group Chief Financial Officer

Tuesday 19 August 2014

All figures in US\$ unless otherwise stated

Not for distribution or release in the United States



Half year in review

John Neal
Group Chief Executive Officer

Our value creation model drives our strategy



Progress to date

Leadership in the core business

- Focus on underwriting excellence, evidenced by reducing attritional claims ratio
- Sacrificed top-line to improve margin
- Strong performances in Australia & New Zealand (COR 86.9%), Equator Re (COR 89.9%), Asia Pacific (COR 91.7%) and Europe (COR 95.6%)
- North America returned to profitability (excluding quota shares to Equator Re)
- Latin America poor, impacted by \$169M of prior accident year development

Operational excellence

- Established GSSC in Manila to create scalable and flexible cost base
- On track to deliver \$250M expense savings and \$90M procurement savings
- Expense ratio impacted by lower net earned premium
- Reinsurance program to deliver \$200M of risk-adjusted savings in 2014

Financial strength and flexibility

- Debt to equity improved through 1H14
- PCA multiple broadly stable
- Key financial strength ratings unchanged following 29 July market update
- Comprehensive capital plan announced

Profitable growth and diversification

- Unique global franchise enables selective organic growth
- Asia Pacific growth strategy on track to double business in 5 years
- Deepening distribution footprint: global brokers, bancassurance and multinationals

Leadership

- Group executive leadership reset complete: CFO, CRO, General Counsel, Operations
- Divisional executive and underwriting talent strengthened
- Leadership academy development initiatives on track

1H14 financial results summary

For the half year ended 30 June		2014	2013	% change
GWP	\$M	8,491	9,446	(10)
NEP	\$M	6,947	7,333	(5)
Underwriting profit	\$M	244	530	(54)
COR	%	96.5	92.8	-
Insurance profit	\$M	530	790	(33)
Insurance profit to NEP	%	7.6	10.8	-
Investment income	\$M	427	394	8
Amortisation and impairment, pre-tax	\$M	35	171	(80)
Net profit before tax	\$M	487	585	(17)
Net profit after income tax	\$M	392	477	(18)
Amortisation and impairment, net of tax	\$M	24	113	(79)
Cash profit	\$M	416	590	(29)
EPS diluted	US cents	30.5	35.8	(15)
Basic cash EPS	US cents	33.2	49.3	(33)
Dividend per share	AU cents	15.0	20.0	(25)

1H14 result highlights and underwriting performance

Premium income

- GWP down 10% to \$8,491M (down 7% constant currency)
- Premium rate increases around 1% overall
- NEP reduced 5% to \$6,947M (down 2% constant currency)

Underlying insurance business

- Adjusted⁽¹⁾ 1H14 combined operating ratio around 93%
- Attritional claims ratio 46.6%⁽²⁾ (1H13 47.9%⁽²⁾)
- Large individual risk and catastrophe claims 9.9%
- Commission and expense ratio 33.4%

Insurance profit

- Insurance profit \$530M (1H13 \$790M)
- Insurance profit margin 7.6% (1H13 10.8%)
- Investment margin contribution 4.1% (1H13 3.6%)
- Adjusted⁽¹⁾ insurance profit margin around 10%

Capital position

- NTA up 14% to \$6,752M
- PCA multiple 1.56x (FY13 1.59x)
- Debt to equity 38.4% (FY13 44.1%)

Dividend

- Interim dividend 15.0 Australian cents per share, fully franked
- Cash payout ratio of 42%

(1) Adjusted for major non-recurring items – refer slides 7 and 29 for details

(2) Attritional claims ratio excludes crop, lender placed and Argentina – refer slide 17 for details

1H14 insurance profit margin analysis



(1) Adverse prior accident year development \$131M (P&L impact)

(2) Net risk margin release \$56M

(3) Adverse discount rate impact of \$118M (excludes Argentina where changes in discount rates are now explicitly offset by a change in the claims inflation assumptions)

(4) Large individual risk & catastrophe claims 9.9% vs 8.5% seasonal allowance

(5) OTP – operational transformation implementation costs of \$43M

(6) Other - \$91M

(7) Investment contribution 4.1% versus guidance 3.0%

Comprehensive capital plan

Non-core asset sales planned for 2H14

- Partial sale of Australian agencies
- Sale of North American agencies
- Complete sales of CEE businesses
- North American middle market business retained

Partial IPO of LMI

- IPO of a minority stake
- Targeted for completion in 2015
- Tangible book value around \$1.2Bn

Capital raising to repurchase and cancel convertible

- \$600M (A\$650M) institutional placement plus \$150M (A\$160M) SPP
- Proceeds used primarily to repurchase and cancel remaining \$500M convertible
- Debt to equity substantially reduced
- Enhanced capital management transparency
- DRP discount removed

Debt restructure planned for 2H14

- \$700M qualifying Tier 2 subordinated debt issue to retire \$400M senior debt
- Regulatory and rating agency capital metrics improved

Medical malpractice reinsured

- Successful reinsurance of Italian/Spanish medical malpractice claims reserves
- Transfer completed at approximately the book value of reserves
- One-off impact reduces 2014 NEP by \$390M; expected to be P&L neutral
- Beneficial impact on PoA

Capital plan and performance

Pat Regan
Group Chief Financial Officer

Capital plan objectives

Capital objectives

- Capital plan significantly improves regulatory and rating agency capital metrics
- Agency sales convert intangibles into tangible capital thereby contributing to a substantial reduction in tangible gearing
- Capital plan assumes an increased capital charge associated with the broadening of the investment portfolio

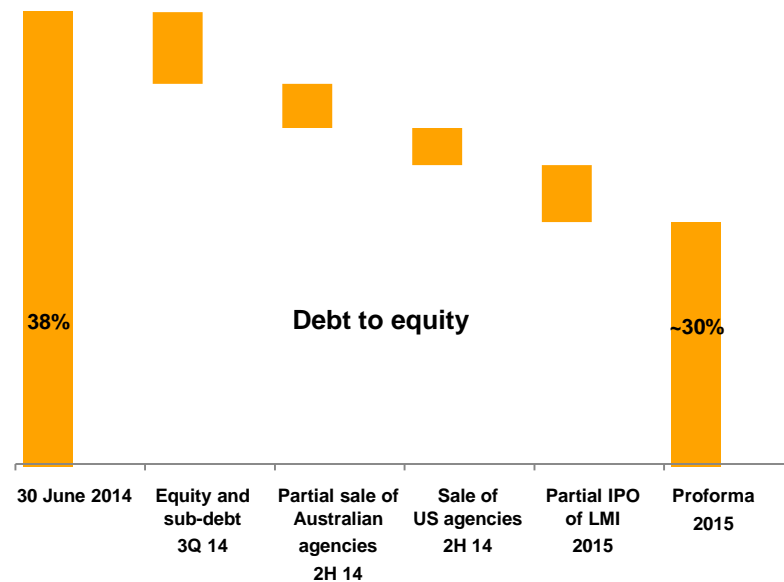
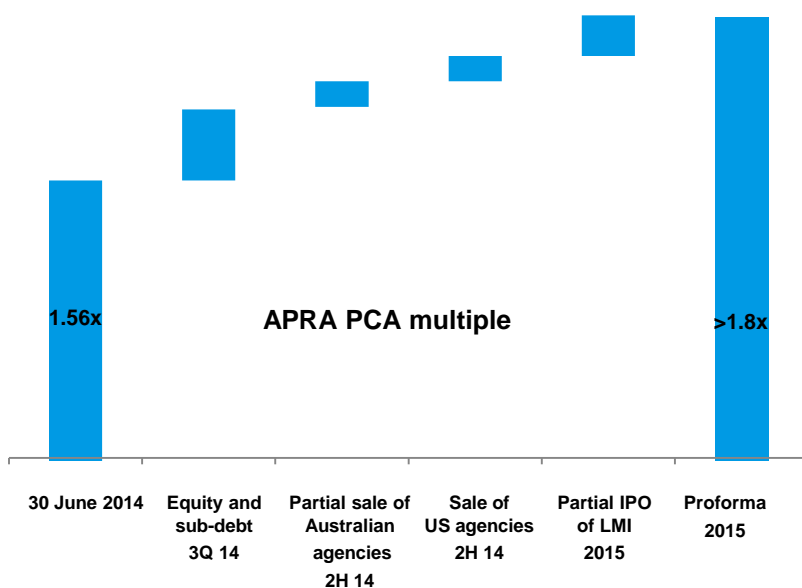
Capital targets

- Target PCA multiple of 1.7x-1.9x
- Target debt to equity of 25%-35%

Free cash flow

- Free cash flow defined as cash remittances to Group Head Office
- Funds growth ambitions and shareholder dividends
- Look to grow free cash flow over medium term

Capital plan



Other balance sheet objectives

Reserving

- PoA will be held at around 90%
- Targeting predictable and consistent reserve development
- Medical malpractice reinsured – other portfolios under consideration

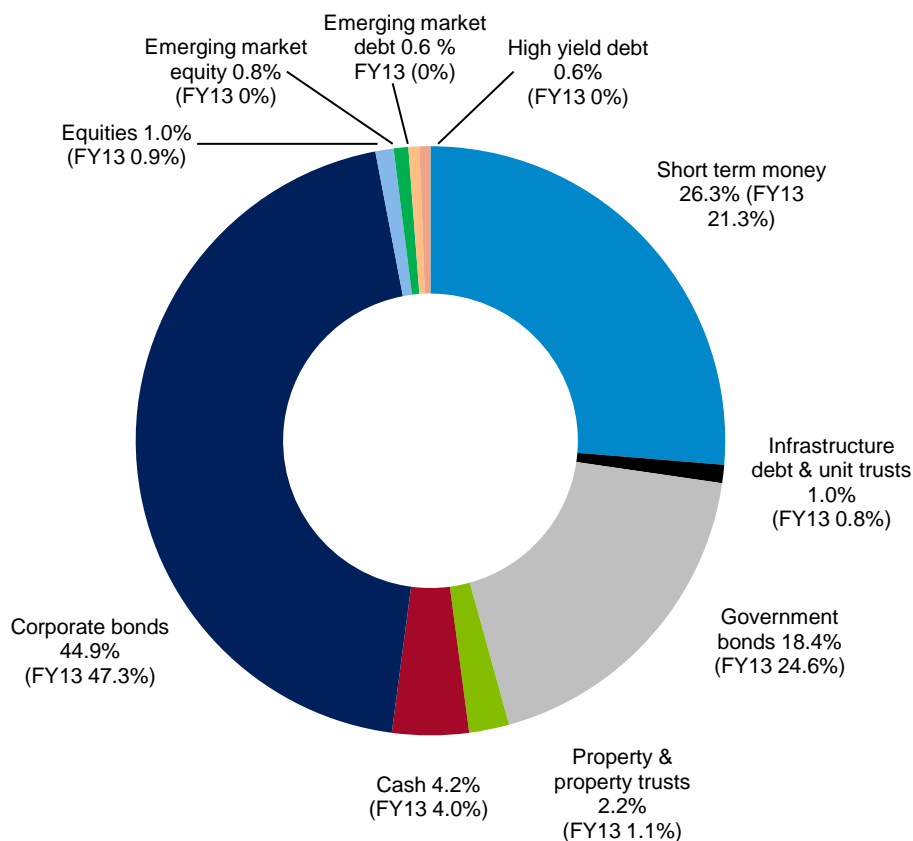
Goodwill and intangibles

- No change to carrying value of goodwill at half year
- Capital plans look to convert goodwill into tangible capital
- Limited headroom in North American goodwill recoverability

Investment strategy

- Solid returns on current investment portfolio
- Portfolio conservatively positioned compared with global peers
- Part of additional capital will be applied to portfolio diversification

Investments and cash at 30 June: \$31.4Bn



Current portfolio

- 94% in cash, money markets and bonds
- 63% of fixed income invested in AAA or AA

Future portfolio

- Diversify fixed income
 - › maintain general risk aversion; but
 - › greater spread of assets across credit spectrum
- Implementing strategic asset allocation up to 15%
 - › diversify assets away from fixed income
 - › additional capital charges factored in to capital plan
- Lengthen duration on fixed income portfolio when markets permit
 - › current asset duration (6 months)
 - › move closer to average duration of liabilities (circa 3.0 years):
 - › yield pick-up
 - › reduce asset liability mismatch risk

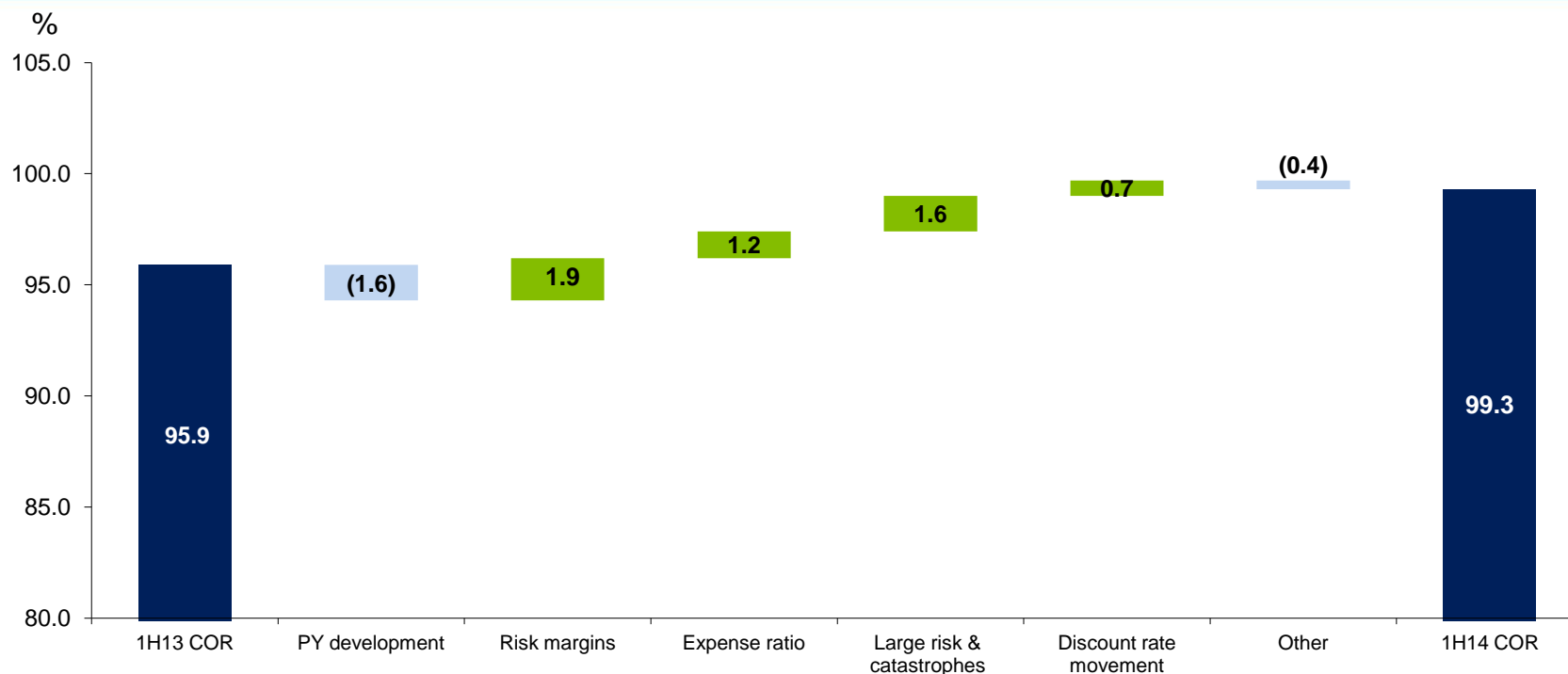
Overview of 1H14 divisional statutory results

1H14	Group	North America	Europe	Australia & New Zealand	Latin America	Asia Pacific	Equator Re
GWP (\$M)	8,491	2,415	2,694	2,263	716	403	1,686
GEP (\$M)	7,819	2,213	2,451	2,184	624	347	1,476
NEP (\$M)	6,947	1,159	1,738	1,875	553	278	1,344
Claims ratio (%)	63.1	62.7	61.4	58.7	97.7	49.6	59.9
Commission ratio (%)	17.1	8.0	18.3	13.3	22.1	21.2	26.0
Expense ratio (%)	16.3	32.3	15.9	14.9	16.5	20.9	4.0
COR (%)	96.5	103.0	95.6	86.9	136.3	91.7	89.9
Insurance profit margin (%)	7.6	(0.6)	6.4	18.6	(24.6)	9.4	14.0

Overview of 1H14 divisional results excluding QS

1H14	Group	North America	Europe	Australia & New Zealand	Latin America	Asia Pacific	Equator Re
GWP (\$M)	8,491	2,415	2,694	2,263	716	403	600
GEP (\$M)	7,819	2,213	2,451	2,184	624	347	400
NEP (\$M)	6,947	1,867	2,020	1,908	580	297	274
Claims ratio (%)	63.1	60.0	59.6	59.1	97.1	52.2	75.6
Commission ratio (%)	17.1	19.3	18.4	13.4	22.2	20.1	5.6
Expense ratio (%)	16.3	20.0	16.2	14.7	15.7	19.5	1.0
COR (%)	96.5	99.3	94.2	87.2	135.0	91.9	82.2
1H13 COR (%)	92.8	95.9	94.7	89.7	94.9	91.4	75.0

North America 1H14 COR versus 1H13 COR ex QS



- Renegotiation of quota share with Equator Re adversely impacted the statutory underwriting result
- Although significantly improved, North America experienced further albeit relatively minor adverse prior accident year claims development, largely related to late crop claims notifications
- Despite material expense reduction initiatives, adverse expense ratio trend reflects 10% decline in net earned premium largely due to LPI

1H14 attritional claims ratio analysis

	1H14		1H13		2H13	
	NEP	Attritional	NEP	Attritional	NEP	Attritional
	\$M	%	\$M	%	\$M	%
Rest of World	6,217	46.6	6,359	47.9	6,362	47.0
Crop ⁽¹⁾	145	67.0	139	67.0	1,002	67.0
Lender placed ⁽²⁾	269	46.9	455	45.9	342	40.3
Argentina ⁽³⁾	316	106.4	380	71.5	357	59.7
Group	6,947	49.8	7,333	49.4	8,063	49.8

(1) Crop does not lend itself to attritional versus catastrophe analysis so attritional claims ratio is assumed constant at 67%

(2) Previous disclosure excluded FPS business in its entirety which comprised lender placed and voluntary consumer business. It is more appropriate to exclude lender placed in isolation since it is this component of FPS that has historically distorted the Group's attritional claims ratio analysis.

(3) Argentina's attritional claims ratio is distorted by the heightened level of claims inflation. In an insurance margin context, increased yields on peso denominated assets backing peso denominated insurance reserves helps counter the impact of increased inflation.

Outlook

John Neal
Group Chief Executive Officer

Revised outlook 2014

Premium targets

- GWP in the range of \$16.6Bn - \$17.0Bn
- NEP in the range of \$13.9Bn - \$14.2Bn
- Includes \$390M one-off impact of medical malpractice reinsurance on NEP (nil P&L impact)

Combined ratio

- Net claims ratio of 62.0% - 63.0%
- 2H14 large individual risk and catastrophe allowance of 13.2%⁽¹⁾
- Commission and expense ratio of around 33%⁽²⁾
- Combined operating ratio of 95.0% - 96.0%

Insurance profit margin

- Net investment yield of 2.4% - 2.7%
- Net investment contribution of 3.5% - 4.0%
- Insurance profit margin of 8.0% - 9.0%

Dividend policy

- Dividend payout of up to 50% of annual cash profit
- Dividend seasonality targets 40:60 interim:final payout ratio

(1) Around 12.5% based on 2H14 NEP before \$390M medical malpractice reinsurance charge

(2) Slightly in excess of 32% based on FY14 NEP before \$390M medical malpractice reinsurance charge

Closing remarks

Stabilising performance

- Australia & New Zealand, Europe, Asia Pacific and Equator Re performing in line with expectations
- North America transformation on track
- Latin America disappointing but decisive reserving action taken
- Emerging markets division established to leverage successful Asia Pacific operating model

Improving financial strength

- Capital plan significantly enhances financial flexibility
- Enables enhancement of investment returns over time

Our strategy

- Core business focus defined
- Underwriting excellence our priority
- Global footprint supports growth when market conditions permit
- Operational transformation allows for flexible cost base and further cost initiatives

Questions

Important disclaimer

The information in this presentation provides an overview of the results for the half year ended 30 June 2014.

This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange ("ASX"). Copies of those lodgements are available from either the ASX website www.asx.com.au or QBE's website www.qbe.com.

Prior to making a decision in relation to QBE's securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances.

This presentation contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, performance, and our pro forma capital plan are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those expressed or implied in such statements including the key risks identified on pages 48 and 49. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and QBE assumes no obligation to update such information.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel; and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this presentation.

Certain financial data included in this report are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. Although QBE believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, readers are cautioned not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.

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Appendices

Appendices

1. Accident year analysis
2. Discount rates
3. COR analysis
4. Divisional results summary
5. APRA PCA calculation
6. Borrowings
7. Investments
8. Divisional premium outlook
9. Capital raising

1H14 accident year central estimate claims ratio

		2013			
		1H14	1H	2H	FY
NEP	\$M	6,947	7,333	8,063	15,396
Attritional ⁽¹⁾	%	49.8	49.4	49.7	49.6
Large individual risk and catastrophes	%	9.9	8.3	11.0	9.7
Claims settlement costs	%	2.5	2.2	2.9	2.6
Discount	%	(4.6)	(3.2)	(2.1)	(2.7)
Accident year claims ratio	%	57.6	56.7	61.5	59.2
PY central estimate development	%	1.9	2.4	4.6	3.6
Other (including unwind of prior year discount and movement in risk margins)	%	3.6	0.3	2.9	1.7
Financial year claims ratio	%	63.1	59.4	69.0	64.5

⁽¹⁾ Assumes attritional claims ratio of 67% for US crop. Refer slide 17 for further analysis of attritional claims ratio.

1H14 accident year results

		1H14	1H13	1H12
Net central estimate claims ratio (pre risk margins)	%	57.6	56.7	56.3
Commissions	%	17.1	17.8	16.8
Expenses	%	16.3	15.6	14.6
Central estimate COR	%	91.0	90.1	87.7
Accident year underwriting profit	\$M	625	733	904
Accident year underwriting profit margin	%	9.0	9.9	12.3

1H14 insurance profit

	1H14		1H13		1H12	
	\$M	Ins. profit margin %	\$M	Ins. profit margin %	\$M	Ins. profit margin %
Central est. accident year underwriting profit	625	9.0	733	9.9	904	12.3
PY central estimate development	(131)	(1.9)	(178)	(2.4)	(117)	(1.6)
Other (including unwind of prior year discount and movement in risk margins)	(250)	(3.6)	(25)	(0.3)	(265)	(3.6)
Reported underwriting profit	244	3.5	530	7.2	522	7.1
Investment income on policyholders' funds	286	4.1	260	3.6	436	5.9
Reported insurance profit	530	7.6	790	10.8	958	13.0

1H14 movement in weighted average discount rates

Weighted average risk-free discount rates on outstanding claims %

Currency	30 June 2014	31 Dec 2013	30 June 2013
Australian dollar	3.12	3.52	3.27
US dollar	1.42	1.53	1.30
Sterling	2.02	2.06	1.66
Euro	1.19	1.74	1.67
Argentine peso	27.00 ⁽¹⁾	19.06	19.56
Group weighted average	3.37⁽¹⁾	2.77	2.67
Estimated impact of discount rate movement⁽²⁾	\$M (118)	260	150

(1) Depreciation of the Argentine peso reduced the weighted contribution of the high Argentine risk-free rates to the overall weighted average discount rate

(2) Excludes movement in Argentine peso risk-free rate as the impact was explicitly offset by higher projected claims inflation

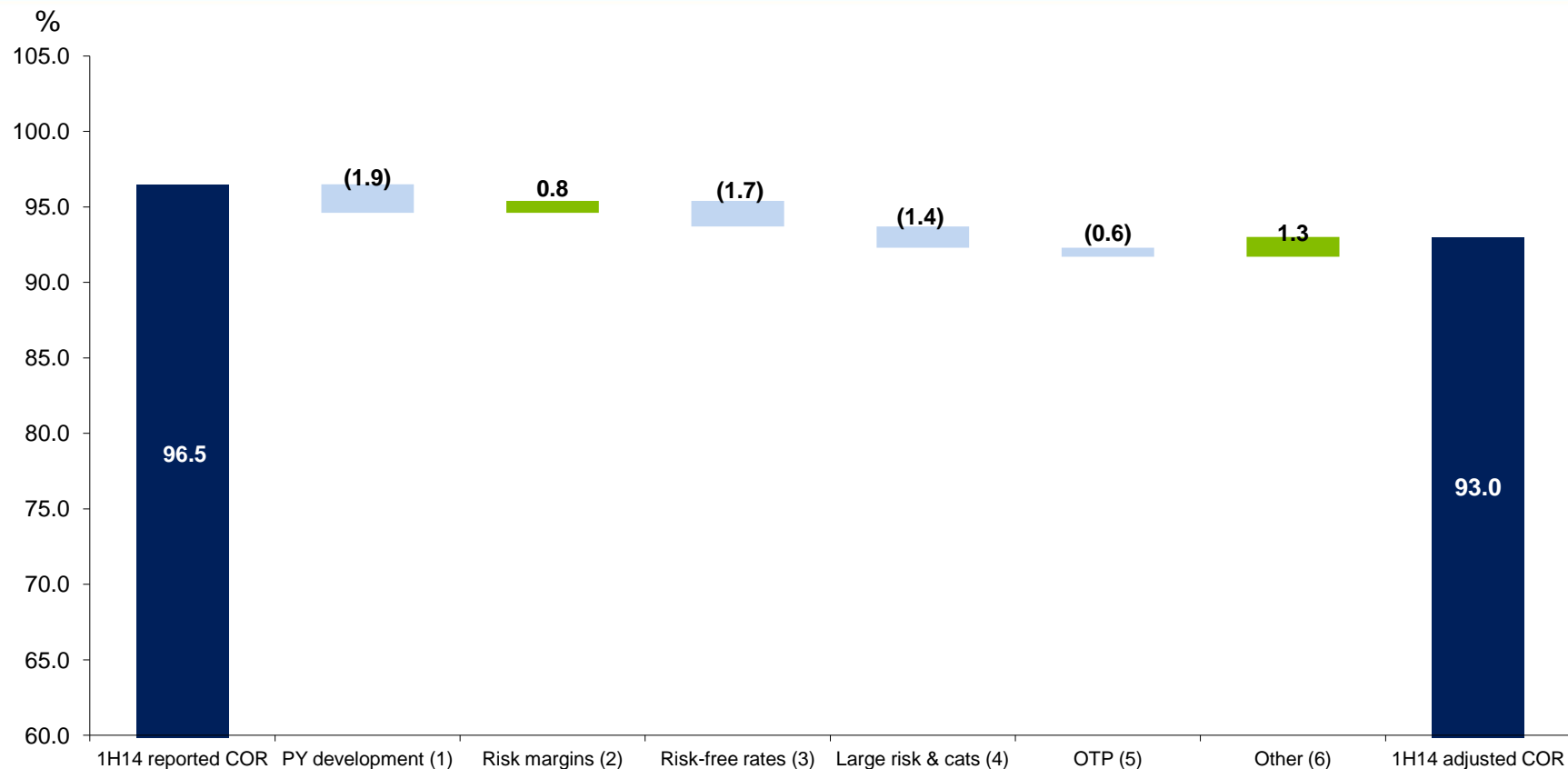
1H14 major COR impacts by division

				Australia & New Zealand	Latin America	Asia Pacific	Equator Re
	1H14	Group	North America	Europe			
NEP (\$M)		6,947	1,159	1,738	1,875	553	1,344
COR (%)		96.5	103.0	95.6	86.9	136.3	89.9
Ins. profit margin (%)		7.6	(0.6)	6.4	18.6	(24.6)	14.0
Normalisation adj.							
⁽¹⁾ Discount rate (\$M)		(118)	(10)	(68)	(23)	1	(17)
PY development (\$M)		(131)	(39)	38	24	(158)	(1)
Net risk margins (\$M)		56	20	47	-	(16)	9
⁽²⁾ OTP (\$M)		(43)	(22)	(5)	(16)	-	-
Other (\$M)		91	-	31	-	46	14
Large risk and cats (\$M)		(100)	(11)	(13)	36	(29)	(88)
Total adjustment (\$M)		(245)	(62)	30	21	(156)	(83)
Adjusted COR %		93.0	97.7	97.3	88.0	108.1	83.8

(1) Excludes \$46M discount rate benefit pertaining to Argentina where changes in discount rates are now explicitly offset by a change in the claims inflation assumption

(2) Operational transformation program

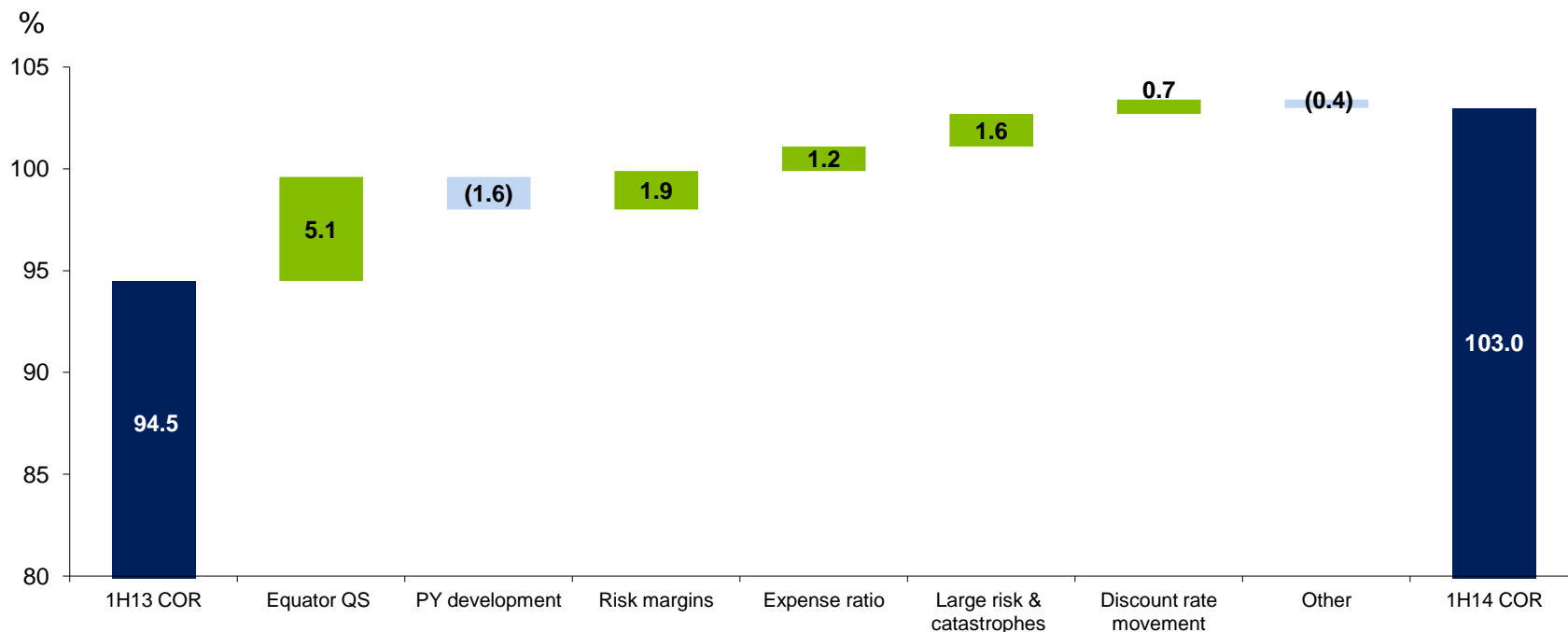
1H14 COR analysis



- (1) Adverse prior accident year development \$131M (P&L impact)
- (2) Net risk margin release \$56M
- (3) Adverse discount rate impact \$118M, excluding the benefit of higher discount rates in Argentina now explicitly offset by a higher claims inflation assumption

- (4) Large individual risk & catastrophe claims 9.9% vs 8.5% seasonal allowance
- (5) OTP – operational transformation implementation costs of \$43M
- (6) Other - \$91M

North America 1H14 COR versus 1H13 COR



- Renegotiation of quota share with Equator Re adversely impacted the statutory underwriting result
- Although significantly improved, North America experienced further albeit relatively minor adverse prior accident year claims development, largely related to late crop claims notifications
- Despite material expense reduction initiatives, adverse expense ratio trend reflects 10% decline in net earned premium largely due to LPI

North America

		1H14	1H13
Gross written premium	\$M	2,415	2,703
Gross earned premium	\$M	2,213	2,536
Net earned premium	\$M	1,159	1,286
Claims ratio	%	62.7	57.5
Commission ratio	%	8.0	6.6
Expense ratio	%	32.3	30.4
Combined operating ratio	%	103.0	94.5
Insurance profit margin	%	(0.6)	6.9
Return on allocated capital ⁽¹⁾	%	6.6	6.2

⁽¹⁾ ROAC based on the management result before internal reinsurance to Equator Re using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance to Equator Re.

- Rate increases averaged 0.7%, reflecting increased competition in some P&C and specialty lines
- GWP down 11% due to further contraction in LPI and reduced program premium following termination of poorly performing program relationships
- Middle markets GWP stabilised with significant improvement in commercial line retention
- COR of 103.0% impacted by:
 - 3.7% adverse impact of renegotiation of Equator Re quota share compared with 1.4% benefit in 1H13
 - \$39M of prior year development including \$19M due to late crop notifications affecting the whole industry
 - 1.9% increase in expense ratio due to lower NEP, especially lower lender placed income
- COR excluding quota share was 99.3% (1H13 95.9%)
- Higher claims ratio of 62.7% impacted by \$39M prior year development, \$10M adverse discount rate impact and \$11M large risk and catastrophe claims above budget partially offset by \$20M risk margin release
- 2014 GWP forecast of \$5.3Bn and NEP forecast \$2.6Bn

Europe

		1H14	1H13
Gross written premium	\$M	2,694	3,103
Gross earned premium	\$M	2,451	2,480
Net earned premium	\$M	1,738	1,731
Claims ratio	%	61.4	63.0
Commission ratio	%	18.3	18.7
Expense ratio	%	15.9	13.9
Combined operating ratio	%	95.6	95.6
Insurance profit margin	%	6.4	6.2
Return on allocated capital ⁽¹⁾	%	12.1	13.2

(1) ROAC based on the management result before internal reinsurance to Equator Re using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance to Equator Re.

(2) Net of \$390M one-off impact associated with the reinsurance of Italian/Spanish medical malpractice reserves

- GWP fell by 13% (18% on a local currency basis) due to exiting of non-core and poorly performing businesses and heightened competition
- Overall premium rate reductions of 0.6% reflecting competitive market conditions, especially in reinsurance and international markets
- COR stable at 95.6% with improved claims ratio offset by higher expense ratio
- Claims ratio fell to 61.4% with a \$68M adverse discount rate impact more than offset by the benefits of portfolio remediation, \$38M of positive prior year development, \$47M of risk margin releases and a \$31M foreign exchange benefit
- Higher catastrophe claims due to the UK flood loss was largely offset by lower large risk claims frequency
- Commission ratio improved slightly due to mix
- Expense ratio rose 2% due to a revised approach to acquisition cost deferral between halves (no full year impact anticipated), the impact of a stronger GBP on a predominantly GBP cost base and costs associated with operational transformation

• 2014 forecast GWP \$4.6Bn and NEP \$3.0Bn⁽²⁾

Australia & New Zealand

		1H14	1H13
Gross written premium	\$M	2,263	2,507
Gross earned premium	\$M	2,184	2,392
Net earned premium	\$M	1,875	2,077
Claims ratio	%	58.7	59.3
Commission ratio	%	13.3	15.1
Expense ratio	%	14.9	15.5
Combined operating ratio	%	86.9	89.9
Insurance profit margin	%	18.6	17.3
Return on allocated capital ⁽¹⁾	%	20.5	21.4

⁽¹⁾ ROAC based on the management result before internal reinsurance to Equator Re using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance to Equator Re.

- GWP stable in AUD, albeit down 10% in USD
- Despite more competitive market dynamics, rate increases averaged slightly less than 2% and retention remains strong at ~82%
- COR of 86.9% and insurance margin of 18.6%, a strong result comparable to local market peers
- Attritional claims ratio improved notwithstanding significantly increased CTP exposure
- Claims ratio improved to 58.7% due to improved attritional claims ratio and benign catastrophe activity, partly offset by adverse risk loss experience
- Favourable prior year development of \$24M offset by \$23M adverse discount rate impact
- Expense ratio improved to 14.9% primarily as a result of operational transformation initiatives implemented in 2013
- Small acquisitions completed in 1H14 included the remaining 10% of Elders and purchase of JUA's Trucking Solutions portfolio
- 2014 outlook GWP \$4.7Bn and NEP \$3.8Bn

Latin America

		1H14	1H13
Gross written premium	\$M	716	733
Gross earned premium	\$M	624	694
Net earned premium	\$M	553	622
Claims ratio	%	97.7	59.1
Commission ratio	%	22.1	21.4
Expense ratio	%	16.5	14.5
Combined operating ratio	%	136.3	95.0
Insurance profit margin	%	(24.6)	10.6
Return on allocated capital ⁽¹⁾	%	(32.0)	16.2

⁽¹⁾ ROAC based on the management result before internal reinsurance to Equator Re using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance to Equator Re.

- GWP down 2% including \$175M adverse impact from the substantial devaluation of the Argentine peso partially offset by a \$99M one-off workers' compensation premium adjustment
- Underlying GWP growth was 8%
- Substantially higher claims ratio impacted by:
 - \$138M of adverse prior accident year development in Argentina, mainly in workers' compensation
 - \$20M adjustment to Colombian SOAT reserves
 - adverse large individual risk claim experience
- Interest rates will assist in offsetting structurally higher combined ratio due to inflation
- Combined commission and expense ratio was 38.6%, up 2.7% from 1H13 due to:
 - higher commissions in Brazil, Colombia, Ecuador and Mexico
 - increased expense ratios in Argentina, Colombia, Ecuador and Puerto Rico, partially offset by cost efficiencies in Brazil, Mexico and Chile
- 2014 GWP and NEP forecasts of \$1.3Bn and \$1.1Bn respectively (subject to stable 2H14 economy and exchange rate)

Asia Pacific

		1H14	1H13
Gross written premium	\$M	403	400
Gross earned premium	\$M	347	311
Net earned premium	\$M	278	244
Claims ratio	%	49.6	44.6
Commission ratio	%	21.2	21.3
Expense ratio	%	20.9	20.1
Combined operating ratio	%	91.7	86.0
Insurance profit margin	%	9.4	15.2
Return on allocated capital ⁽¹⁾	%	14.1	11.8

⁽¹⁾ ROAC based on the management result before internal reinsurance to Equator Re using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance to Equator Re.

- Excluding \$66M of premium associated with the multi-year MTR contract written in 2013, underlying GWP growth was 21% including:
 - 25% in Asia
 - 5% in the Pacific
- Strengthened market positions in our priority markets of Hong Kong, Singapore and Malaysia
- Net earned premium growth of 14%
- Premium rates remain competitive
- Higher claims ratio impacted by:
 - an increase in attritional claims ratio due to relative growth in Hong Kong worker's compensation
 - abnormal spike in large individual risk claims in some Singapore portfolios
- Expense ratio increased slightly due to continued investment in the growth strategy including regional management and underwriting technical expertise
- New electronic business platform launch scheduled for September should support further growth
- 2014 GWP and NEP forecasts of \$840M and \$600M respectively

Equator Re

		1H14	1H13
Gross written premium	\$M	1,686	1,889
Gross earned premium	\$M	1,476	1,533
Net earned premium	\$M	1,344	1,373
Claims ratio	%	59.9	59.8
Commission ratio	%	26.0	28.8
Expense ratio	%	4.0	3.6
Combined operating ratio	%	89.9	92.2
Insurance profit margin	%	14.0	9.5

- GWP down 11% due to increased divisional retentions, the introduction of aggregate deductibles on certain per risk covers and a modest reduction in premium rates consistent with the external market
- NEP fell only 2% due to business mix with less non-proportional risks being underwritten in 2014, coupled with reduced reinsurance costs in a softer market
- Claims ratio stable at 59.9% despite a \$17M adverse discount rate adjustment
- Benign catastrophe activity in the first half was offset by a higher frequency and severity of large individual risk claims and a number of other property, liability and aviation claims
- Adverse prior accident year development with respect to Argentina and North America quota shares offset by favourable development elsewhere in the portfolio
- Commission ratio decreased to 26.0% primarily due to a change in business mix and renegotiation of the North American quota share treaty
- Expense ratio increased to 4.0% due to expanded underwriting, claims and risk management capabilities in head office in Bermuda
- 2014 outlook GWP \$3.0Bn and NEP \$2.9Bn

APRA PCA calculation

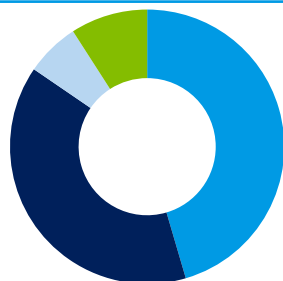
	\$M	HY14	FY13
Tier 1			
Ordinary share capital and reserves		11,277	10,403
Net surplus relating to insurance liabilities		1,421	1,352
Deductions		(5,303)	(5,330)
Capital securities		254	286
		7,649	6,711
Tier 2			
Subordinated debt and hybrid securities		2,041	2,244
Total capital base		9,690	8,955
Insurance risk charge		3,557	3,374
Insurance concentration risk charge		1,396	1,171
Asset risk charge		1,775	1,384
Operational risk charge		628	606
Less: Aggregation benefit		(1,129)	(911)
APRA's Prescribed Capital Amount (PCA)		6,227	5,624
PCA multiple		1.56	1.59
CET1⁽¹⁾ ratio (APRA requirement >60%)		119%	114%

⁽¹⁾ Common Equity Tier 1

Borrowings

Borrowings profile

- Subordinated debt
- Senior debt
- Bank loans
- Capital securities



%

1H14

FY13

• Capital initiatives

- Conversion of \$250M of Tier 2 convertible sub-debt resulted in the issuance of 23.7M ordinary shares at A\$11.32 per share
- Reinvestment of 43% or A\$65M of the 2013 final dividend

• Borrowings

- Reduced by \$265M mainly due to hybrid conversion with repayment of \$478M of maturing senior debt partially funded by \$410M of short-term bank debt
- Weighted average annualised cost of borrowings at 30 June 2014 was 5.8% (FY13: 6.5%)

• Debt to equity ratio

- 38.4% compared with 44.1% previously
- Above revised target range of 25%-35%

Repayment profile

Less than 1 year

1 – 5 years

More than 5 years

Debt to equity ratio

%

1H14

FY13

10

10

54

51

36

39

38.4

44.1

Investments in corporate bonds: fixed and floating rate

COUNTRY	30 Jun 14 US\$M	%	31 Dec 13 US\$M	%
Australia	5,764	40.1	6,214	42.6
USA	1,811	12.6	1,859	12.7
UK	748	5.2	931	6.3
Japan	1,118	7.8	1,044	7.1
Canada	842	5.9	772	5.3
ROW other	2,982	20.7	2,741	18.6
Germany	174	1.2	199	1.4
France	160	1.1	130	0.9
Netherlands	688	4.8	729	5.0
GIIPS	13	0.1	17	0.1
Eurozone other	74	0.5	-	-
TOTAL⁽¹⁾	14,374	100.0	14,686	100.0

⁽¹⁾ Includes accrued interest of \$72M (FY13 \$79M) and infrastructure debt of \$224M (FY13 \$160M)

Data includes treasury and SBD (Lloyd's Deposits) and excludes Group Eliminations (QBE securities)

Country exposures are based on Country of Ultimate Counter-party (UCP)

GIIPS exposure consisted of UCP located in Spain (held by Latin American Operations)

EuroZone exposure consisted of UCP in Belgium, Finland & Luxembourg

Investments in sovereign / supra-national bonds

COUNTRY	30 Jun 14 US\$M	%	31 Dec 13 US\$M	%
Australia	411	6.1	519	6.1
USA	2,348	34.5	3,667	43.1
UK	1,027	15.1	914	10.7
Canada	344	5.1	405	4.8
ROW other	1,439	21.2	1,711	20.1
Germany	427	6.3	462	5.4
France	505	7.4	380	4.5
Netherlands	229	3.4	243	2.9
Eurozone other	58	0.9	205	2.4
TOTAL ⁽¹⁾	6,788	100.0	8,506	100.0

⁽¹⁾ Includes accrued interest of \$26M (FY13 \$16M) and treasury bills classified as short term money in the financial statements of \$996M (FY13 \$946M)

Data includes treasury and SBD (Lloyd's Deposits) and excludes Group Eliminations (QBE securities)

Country exposures are based on Country of Ultimate Counter-party (UCP)

GIIPS exposure consisted of UCP located in Spain (held by Latin American Operations)

EuroZone exposure consisted of UCP in Belgium, Finland & Luxembourg

Argentina investment portfolio

	30 Jun 14 US\$M		31 Dec 13 US\$M	
		%		%
Cash & money market	229	34.8	252	37.9
Sovereign ⁽¹⁾	133	20.2	163	24.5
Central bank	118	18.0	65	9.8
Corporate	105	16.0	117	17.6
Fixed income unit trust	72	11.0	68	10.2
TOTAL⁽²⁾	657	100.0	665	100.0

(1) Argentine sovereign bonds issued under local law **not** foreign law

(2) Includes accrued interest

2014 premium outlook

Full year 2014	GWP in local currency Bn	GWP guidance \$USBn ⁽¹⁾	NEP in local currency Bn	NEP guidance \$USBn ⁽¹⁾
North America	5.3	5.3	2.6	2.6
Europe	2.8	4.6	1.8	3.0⁽²⁾
Australia & New Zealand	5.2	4.7	4.2	3.8
Latin America	1.3	1.3	1.1	1.1
Asia Pacific	0.8	0.8	0.6	0.6
Equator Re	3.0	3.0	2.9	2.9
Equator Re	(3.0)	(3.0)	-	-
Group total		16.6-17.0		13.9-14.2⁽²⁾

(1) Based on June 2014 cumulative exchange rates of A\$/US\$0.91, £/US\$1.67 and projected monthly rate for US\$/ARS8.3

(2) Net of \$390M one-off impact associated with the reinsurance of Italian/Spanish medical malpractice reserves

Capital raising

Equity Raising: Offer Summary

Offer size and structure

- Placement and SPP to raise up to \$750 million (approximately A\$810 million)
 - › institutional Placement to raise \$600 million (approximately A\$650 million)
 - › Share Purchase Plan (SPP) to raise \$150 million (approximately A\$160 million)
- Institutional placement is fully underwritten

SPP offer price

- SPP priced at the lower of
 - › the placement price
 - › a 2% discount to the 5 day VWAP up to and including the SPP closing date
- Record date of 7pm, 18 August 2014

Ranking and dividend eligibility

- Placement and SPP shares will not be entitled to QBE's fully franked interim dividend of 15 cents per share⁽¹⁾
- New shares will rank equally in all other respects with existing ordinary shares

⁽¹⁾ Interim dividend 15.0 Australian cents per share, fully franked

Equity raising: Offer Timetable

Key dates ¹	(AEDT)
Trading halt for QBE shares	Tuesday, 19 August 2014
QBE shares resume trading	Wednesday, 20 August 2014
Allotment of new shares	Wednesday, 27 August 2014
Ex dividend date	Wednesday, 27 August 2014

¹ Expected dates, subject to change.

Key Risks

General

The following “Key Risks” slides summarise some of the key risks that may affect the future performance of an investment in QBE Insurance Group Limited (**QBE**). You should be aware that the risk factors identified are not exhaustive, and some of these risk factors are beyond QBE’s control. If any of the following risks materialise, QBE’s business, financial position and operating results are likely to be adversely impacted. Additional risks that are not presently known to QBE or, if presently known, not considered to be material may also have an adverse impact.

In deciding whether to participate in the Placement, investors should read this presentation (and QBE’s other ASX announcements released today and earlier) in their entirety and carefully consider the risks outlined. Investors should also consult their professional advisers to ensure they understand fully the terms of the Placement and the inherent risks.

Risks related to market conditions

- **Investment performance:** A substantial proportion of QBE’s profits is generated from QBE’s investment portfolio. Any declines in equity markets, which are typically more volatile than fixed income instruments, declines in the value of fixed income instruments, or changes in interest or foreign exchange rates could materially adversely affect QBE’s investment income and overall profitability.
- **Global credit markets and economic environment :** QBE’s businesses, results of operations, financial condition and profitability may be adversely affected by a disruption in the global credit markets, such as that which occurred during the global financial crisis and, more recently, in Europe. In addition, QBE’s businesses, results of operations, financial condition and profitability is significantly affected by changes in investment markets and economic conditions generally, both globally and in Australia. These changes may influence the performance both of those businesses and/or the value of QBE’s investment portfolio.

QBE Business Risk Factors

- **Catastrophes:** QBE is subject to the risk of large scale claims arising out of catastrophes which are inherently unpredictable. The severity and frequency of catastrophes or other events are inherently unpredictable and may lead to an increased frequency or severity of claims and have a significant impact on QBE’s results of operations, financial condition and profitability. QBE has experienced, and can expect in the future expect to experience, losses from catastrophes that may have a material adverse impact on QBE’s results of operations, financial condition and profitability.
- **Adequate underwriting and reserving:** QBE’s earnings depend significantly upon the extent to which its actual claims experience is consistent with the assumptions it uses in setting the prices for its products and establishing the reserves for its obligations to pay claims. Establishing reserves is an imprecise science and is particularly difficult with the diversity of policy types and geographical locations and legacy reserving systems and methodologies in QBE’s business.. Due to the high degree of uncertainty associated with the determination of claims reserves, QBE cannot determine precisely the amounts that it will ultimately pay to settle these claims. Such amounts may vary significantly from the estimated amounts. QBE evaluates its reserves periodically, revising its methodologies and factoring in any changes in the assumptions used to establish the reserves, as well as its claims experience. If the reserves QBE originally establishes prove inadequate , QBE would have to increase its reserves, which could have a material adverse effect on its results of operations, financial condition and profitability. There can be no assurance that ultimate losses will not materially exceed QBE’s provisions and will not have a material adverse effect on its results of operations, financial condition and profitability.

Key Risks (Cont'd)

- **Foreign exchange:** QBE's financial results are significantly affected by changes in exchange rates in the countries in which QBE operates including countries in the Asia Pacific, North America, Europe and Latin America. Material unfavorable movements of exchange rates could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Counterparty risk:** Although QBE carefully manages counterparty risk, it is possible that one or more counterparties will be unable to honor their contractual obligations to QBE (for example, in relation to swap or other derivative contracts that require counterparty payment from time to time or at closing, currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries). Failures by one or more significant counterparties could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Competition:** There is substantial competition among general insurance and reinsurance companies in Australia, the United Kingdom, the United States and the other jurisdictions in which QBE does business, and QBE faces competitive pressures on its ability to achieve strong and sustainable insurance margins. Competitors, existing and new, developing superior business models or underwriting capabilities could result in increased pressure on QBE's ability to maintain its share of GWP and/or insurance margins which could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Reinsurance:** QBE enters into reinsurance arrangements which allow it to limit its risk from particular lines of business or from specific events and to increase capacity to write new business. There can be no assurance that QBE's current reinsurance coverage is adequate, that it matches the underlying risks assumed, that reinsurance will be available at adequate rates or levels in the future or that increases in reinsurance costs will be recovered through premium rates. Despite reinsurance, QBE is primarily liable to policyholders, and so a failure by a reinsurer to make payment could have a material adverse effect on QBE's results of operations, financial condition and profitability. QBE carefully manages counterparty credit exposure to mitigate this risk.
- **Inward reinsurance business:** In addition to purchasing reinsurance coverage, QBE provides reinsurance coverage for third party insurance company cedants. Due to various factors, including reliance on ceding company information concerning the underlying risks, reporting delays and the cyclical nature of reinsurance rates, QBE's inward reinsurance business may be more volatile and present greater risks than its primary insurance business.
- **Significant legal proceedings and litigation may adversely affect QBE's business, financial condition and results of operations:** QBE, like all entities in the insurance or finance sectors, is exposed to the risk of litigation and/or regulatory proceedings brought by or on behalf of policyholders, reinsurers, shareholders, securityholders, government agencies or other potential claimants, any of which could have a material adverse effect on QBE's results of operations, financial condition and profitability. In April 2014 a law firm announced that it was investigating a possible class action against QBE in relation to the disclosure of its 2013 annual results and whether QBE misled the market at its 2013 half year presentation. Although the law firm is inviting people to join the class action to date no action has been commenced.
- **Ratings change:** QBE's insurer financial strength ratings are critical to establishing and maintaining our competitive position. QBE's credit ratings affect the cost and availability of its funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating its products and services. A downgrade in our ratings may materially increase the number of policy cancellations and non-renewals, adversely affect relationships with the distributors of QBE products and services, negatively impact the level of QBE's premiums and adversely affect its ability to obtain reinsurance at reasonable prices or at all – any of which could have a material adverse effect on QBE's results of operations, financial condition and profitability.

Key Risks (Cont'd)

- **Regulatory change:** QBE is subject to extensive regulation and supervision in the jurisdictions in which it does business. Such regulation and supervision is primarily for the benefit and protection of policyholders and not for the benefit of investors or shareholders. As the amount and complexity of these regulations increase, so does the cost of compliance and the risk of non-compliance. If QBE does not meet regulatory or other requirements, it may suffer penalties including fines, suspension or cancellation of its insurance licenses which could adversely affect QBE's ability to do business and have a material adverse effect on QBE's results of operations, financial condition and profitability. QBE continues to experience a number of changes in regulation in certain markets in which it does business including in the Australian, UK and US markets (including the Solvency II regime in Europe which is expected to come into effect in the near term). It is not possible to determine what changes in government policy, regulation or legislation will be adopted in any jurisdiction and, if so, what form they will take or in what jurisdictions they may occur. Insurance laws or regulations that are adopted or amended may be more restrictive than current requirements, may result in higher costs or limit our growth or otherwise adversely affect QBE's operations. Any such changes in government policy, regulation or legislation could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Reliance on insurance agents and brokers:** QBE primarily distributes its products through third party-owned insurance agents and brokers. Even though QBE is not reliant on any individual distribution outlet, the failure, inability or unwillingness of third party-owned insurance agents and brokers to successfully market its insurance products could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Personnel risk:** QBE's success is dependent on the efforts and abilities of its senior executive team. If QBE was to lose the services of one or more of its senior executive team, such losses could have a material adverse effect on its business. In addition, QBE's financial success and development are also dependent upon its ability to hire additional personnel as necessary to meet its management, underwriting, investment, administration and other needs. Although QBE believes that, to date, it has been successful in attracting and obtaining the highly qualified professionals it requires, there can be no assurance that it will continue to be successful in this regard.
- **Systems:** QBE relies to a significant degree on its computer systems in its daily operations as well as in calculating underwriting risks. Failure of such systems could result in business interruption, the loss of customers, weakening of competitive position, damage to QBE's reputation and significant remediation costs, any of which could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Risk management policies:** While QBE has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future, those policies and procedures may not be fully effective. As a result, it is possible that QBE's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks which could have a material adverse effect on QBE's results of operations, financial condition and profitability.
- **Asset divestment risk:** Part of QBE's plans for the second half of calendar 2014 involve the proposed divestment of certain assets – including, a partial stake in two of our Australian agency businesses, the sale of 100% of its US agencies and the sale of its Central and Eastern Europe business. QBE has also announced that it is considering the partial sale of its LMI business in 2015. There is no guarantee that those sales will proceed, or will deliver sale proceeds that QBE expects to receive. If those sales do not proceed, or do not raise anticipated proceeds, that could have a material adverse impact on QBE's financial condition and capital position.
- **Intangibles:** QBE monitors goodwill and other intangibles for indicators of impairment at each reporting date. At December 2013, the carrying amount of the North American Operations cash generating unit was greater than its recoverable amount (based on a value in use calculation) and a \$600 million impairment of goodwill was recognised. At June 2014, QBE again reviewed the carrying value of the cash generating unit. Although the recent impairment test indicated that the recoverable amount exceeded the carrying value, there remains limited headroom and the impairment calculation is sensitive to changes in the discount rate and the terminal value assumptions with respect to future expected COR and investment yield. Details of the sensitivities associated with this valuation are included in note 2 to the financial statements.
- **General risks:** As with any investment in shares, the price of QBE's Shares quoted on ASX may rise or fall, and the Shares may trade below or above the issuer price under the Placement due to a number of factors – including (i) general economic conditions, including interest rates, exchange rates, inflation rates and commodity prices, (ii) fluctuations in the local and global market for listed stocks, (iii) changes to government policy, legislation or regulation, (iv) inclusion in or removal from market indices, (v) the nature of markets in which QBE operates, (vi) general and operational business risks, and (vii) global hostilities, tensions and acts of terrorism.

International Selling Restrictions

General

This document does not constitute an offer of new ordinary shares (**New Shares**) of QBE Insurance Group Limited (**QBE** or **the Company**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission: Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

International Selling Restrictions (Cont'd)

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations: Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada: Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

European Economic Area - Austria, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area (each, a **Relevant Member State**), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

International Selling Restrictions (Cont'd)

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (**AMF**). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

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Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

International Selling Restrictions (Cont'd)

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The New Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of New Shares other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

International Selling Restrictions (Cont'd)

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

International Selling Restrictions (Cont'd)

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any New Shares in the United States. The New Shares referenced herein have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the Securities

Act and any other applicable securities laws.