

23 September 2014

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

Dear Sir/Madam,

Share Purchase Plan (“SPP”)

QBE is pleased to confirm that the issue price for the SPP will be A\$10.10 per share which is the same as that paid by institutions in QBE's recent institutional share placement.

Over 50,000 QBE shareholders have applied for shares under the SPP and total subscriptions are substantially greater than the A\$160million that QBE had sought to raise through the SPP. In consideration of this strong demand the Board has decided to increase the size of the SPP from A\$160 million to A\$200 million.

Despite the increase in size the SPP remains heavily oversubscribed and scaleback is required. The scaleback will be undertaken on the basis of valid applications receiving allotments that are the smaller of:

- the parcel validly applied for; and
- approximately 17% of the number of shares held by the applicant on the SPP Record Date (18 August 2014).

Further details and worked examples of the scaleback are set out in Annexure A.

QBE estimates that this scaleback approach will result in at least 98% of valid applicants receiving the equivalent of a pro rata allocation or better from the combined total of shares issued under both the institutional share placement and the SPP.

As QBE will be refunding amounts to investors due to the scaleback it will also be paying to those investors the interest that has been received on the scaleback refunds for the period from after the close of the SPP (13 September 2014) to the day prior to allotment (30 September 2014).

Despite the oversubscription and the scaleback QBE expects that the timetable for completion of the SPP to remain as follows:

1 October 2014	SPP Allotment Date
1 October 2014	Refunds Commence
2 October 2014	New Shares issued under the SPP to Commence Trading
3 October 2014	Dispatch of Allotment and Refund Advice

QBE shareholders participating in the SPP who wish to check their allocations should be able to do so from 1 October 2014 either by:

- looking online at www.linkmarketservices.com.au; or
- contacting our share registrar, Link Market Services by telephone on 1800 187 991 if calling from Australia or 0800 767 556 if calling from New Zealand.

Yours faithfully

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a smaller, more complex mark that appears to be 'H' or a similar flourish.

Peter Horton
Group General Counsel & Company Secretary

Annexure A

The scaleback of the SPP will be undertaken on the basis of valid applications receiving allotments that are the smaller of:

- the parcel validly applied for; and
- approximately 17% of the number of shares held by the applicant on the SPP Record Date (18 August 2014). The exact percentage will be finally determined once final decisions have been made on the acceptance or rejection of all applications.

The scaleback is also subject to:

- no shares being issued to applicants with two shares or less at the SPP Record Date (as 17% of two shares is less than half a share and in accordance with the other SPP rules this is to be rounded down to nil and a full refund paid); and
- ASIC Class Order 09/425 which stipulates that the total application price for shares issued to an applicant under one or more SPPs in any 12 month period is not to exceed A\$15,000. This cap means that those applicants with record date shareholdings greater than approximately 8,735 shares (the final number will depend on the final percentage used in the scaleback) will receive an allocation that is less than 17% of their record date holding.

Examples of the application of the proposed scaleback methodology are as follows.

Record Date Balance (shares)	Application Amount	Allotment Amount (shares)	Reason
50,000	A\$15,000	1,485	Maximum permitted to be issued
10,000	A\$5,000	495	Amount applied for
1,000	A\$5,000	170	Capped at 17% of Record Date Balance
50	A\$15,000	9	Capped at 17% of Record Date Balance
2	A\$15,000	Nil	17% of Record Date Balance results in less than half a share which is rounded down to nil. No share allotted and applicant to receive full refund

In addition, QBE is reviewing applications to consolidate multiple applications by the same applicant. Where such consolidated applications exceed the maximum allocation the application will be excluded to the extent of the excess.