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25 November 2014

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

Dear Sir/Madam

Market Release – QBE announces successful pricing of US\$700 million of subordinated debt

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in blue ink, appearing to be "P Horton", written in a cursive style.

Peter Horton
Company Secretary

Encl.



MARKET RELEASE

25 November 2014

QBE ANNOUNCES SUCCESSFUL PRICING OF US\$700 MILLION OF SUBORDINATED DEBT

Consistent with the capital plan announced on 19 August 2014 QBE Insurance Group Limited (QBE) successfully priced last night US\$700 million 30 year non call 10 Tier 2 subordinated debt securities.

The securities will qualify as Tier 2 Capital under the Australian Prudential Regulation Authority's (APRA) capital adequacy framework and will include the following terms:

- a term of 30 years (maturing 2 December 2044);
- securities will bear 6.75% per annum interest, payable semi annually in arrears;
- interest will be reset on 2 December 2024 and 2 December 2034 to a rate calculated by reference to the then mid market swap rate plus a margin of 4.3% per annum;
- QBE has an option to defer payment of interest in certain circumstances (which will not constitute an event of default);
- QBE has an option to redeem the securities at face value on the tenth and twentieth anniversaries of the date of issue of the securities and for certain tax and regulatory events (in each case subject to APRA's prior written approval);
- if APRA determines QBE to be non-viable, all the securities (or in certain circumstances some of them) will convert into QBE ordinary shares;
- the number of QBE ordinary shares issued on conversion will be based on a volume-weighted average price (VWAP) over a certain period around the time APRA determines QBE to be non-viable, less a discount of 1%. The number of QBE ordinary shares issued on conversion will be capped at a maximum of 20% of the VWAP of the QBE ordinary shares at the issue date;

No shareholder approval is needed for the issue.

The net proceeds from the issue of the securities will be used primarily to fund the retirement of senior debt and otherwise for general corporate purposes.

Mr Pat Regan, QBE CFO said: *"The successful pricing of the US\$700 million Tier 2 subordinated debt is the completion of another important element of QBE's capital plan."*

Settlement and the issue of the securities is scheduled for 2 December 2014.

For further information, please contact:

Investor Relations

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MARKET RELEASE

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