

**UBS AG, Australia Branch**

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FOR IMMEDIATE RELEASE TO THE MARKET

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Participating Organisation of the
Australian Stock Exchange

Insurance Australia Group Limited Instalments – Loan Amount Adjustments in respect of Insurance Australia Group Limited Special Dividend

UBS AG Australia Branch ("UBS") is the issuer of the below series of instalment warrants (collectively known as "IAG Instalments" in this announcement) over fully paid ordinary shares of Insurance Australia Group Limited ("IAG"). Each IAG Instalment has been offered under the corresponding Product Disclosure Statements ("PDS") listed in the table below.

Series	Date of PDS / Master PDS	Date of SPDS / Term Sheet
IAGISA	16-Feb-11	18-Jun-15
IAGISB	16-Feb-11	25-Feb-16
IAGISI	17-Oct-14	17-Oct-14
IAGISQ	19-May-11	04-Jun-14
IAGSSA	25-Sep-14	17-Oct-14
IAGSSM	23-May-11	05-Jun-15
IAGSSN	23-May-11	04-Jun-15
IAGSSP	23-May-11	29-Apr-15
IAGSSR	02-Feb-09	02-Feb-09

IAG announced on 17 February 2016 a Special Dividend (fully franked) of 10 cents with an ex-date of 29 February 2016 and record date of 2 March 2016. Correspondingly, the IAG Instalments will commence trading on an ex-special distribution basis from 29 February 2016, and will have a record date of 2 March 2016.

IAG also announced a 100% franked final Ordinary Dividend payment of 13 cents per fully paid ordinary share with the same ex-dividend and record date as the Special Dividend outlined in this announcement. The implications of this 13 cent 100% franked final Ordinary Dividend on IAG Instalments will be in accordance with the relevant PDS and notified in a separate dividend announcement to the ASX which is expected to be released on 26 February 2016. As such, we note that the below Old Completion Payment and Loan Amounts are provided following the adjustment (if any and where applicable) for the 13 cent final Ordinary Dividend.

Details of the Special Dividend are set out in the announcement by IAG dated 17 February 2016 (which can be found at www.asx.com.au).

Pursuant to Clause 7.3 to 7.5 of the Instalment Trust Deed, UBS intends to adjust the terms of the IAG Instalments as follows:

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- the value of the Special Dividend will be applied to reduce the Loan Amount of the Instalments and an Interest Refund based on the reduction of the Loan Amount for the period until the earlier of the Maturity Date or the next Annual Interest Date (as applicable). The Capped Level will be adjusted accordingly (where applicable).

Subject to the separate Ordinary Dividend announcement made in relation to each corresponding IAG Instalment, UBS wishes to advise that the Loan Amount, Completion Payment and Capped Level (where applicable) of the IAG Instalments will be reduced as follows:

Warrant Code	Old Completion Payment *	Old Loan Amount *	Special Dividend Value	Interest Refund	New Loan Amount #	New Completion Payment #	New Capped Level
IAGISA	\$5.7000	\$5.7000	\$0.10	\$0.0003	\$5.5997	\$5.5997	\$6.75
IAGISB	\$5.3500	\$5.3500	\$0.10	\$0.0017	\$5.2483	\$5.2483	\$6.32
IAGISI	\$3.1735	\$3.1735	\$0.10	\$0.0008	\$3.0727	\$3.0727	N/A
IAGISQ	\$6.3800	\$6.3800	\$0.10	\$0.0010	\$6.2790	\$6.2790	N/A
IAGSSA	\$3.4614	\$3.4614	\$0.10	\$0.0008	\$3.3606	\$3.3606	N/A
IAGSSM	\$5.8130	\$5.8130	\$0.10	\$0.0010	\$5.7120	\$5.7120	\$7.13
IAGSSN	\$5.6830	\$5.6830	\$0.10	\$0.0010	\$5.5820	\$5.5820	\$6.79
IAGSSP	\$5.6830	\$5.6830	\$0.10	\$0.0010	\$5.5820	\$5.5820	\$6.96
IAGSSR	\$2.5199	\$2.5199	\$0.10	\$0.0010	\$2.4189	\$2.4189	N/A

* Old Completion Payment and Old Loan Amount following the adjustment (if any) for the 13 cent final Ordinary Dividend.

New Completion Payment and New Loan Amount following the adjustment for the 10 cent Special Dividend and the adjustment (if any) for the 13 cent final ordinary dividend.

The adjustment to the Loan Amounts will become effective from commencement of trading on the ex-dividend date (29 February 2016).

If you have any questions regarding this matter please contact your financial adviser or call the UBS Warrant Sales Desk on 1800 633 100.

Unless otherwise stated, all terms used in this letter have the same meaning as in the PDS.

Yours sincerely,

UBS AG, Australia Branch



UBS AG, Australia Branch
Anand Kannan
Associate Director



UBS AG, Australia Branch
Grant Schwulst
Manager - Equities Settlement