

3 November 2016

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

Dear Sir/Madam

**QBE ANNOUNCES EARLY PARTICIPATION RESULTS OF EXCHANGE OFFER AND  
EXTENSION OF EARLY PARTICIPATION PERIOD**

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Carolyn Scobie', written in a cursive style.

Carolyn Scobie  
**Group General Counsel and Company Secretary**

Encl.



## MARKET RELEASE

3 November 2016

### QBE ANNOUNCES EARLY PARTICIPATION RESULTS OF EXCHANGE OFFER AND EXTENSION OF EARLY PARTICIPATION PERIOD

On October 19, 2016, QBE announced (the "**Commencement Press Release**") the commencement of a private invitation to certain Eligible Holders (as defined below) of the outstanding U.S.\$538,608,000 7.25% Fixed Rate Reset Guaranteed Exchangeable Subordinated Callable Notes due 2041 (CUSIP: G7306BAA2 and 74734PAA0; ISIN: US74734PAA03 and USG7306BAA29) (the "**Existing Notes**") in exchange (the "**Exchange Offer**") for new U.S.\$-denominated Fixed Rate Subordinated Notes due 2043 ("**New Notes**") to be issued by QBE. On October 27, 2016, QBE announced (the "**Amendment Press Release**") certain changes to the terms of the New Notes being offered in the Exchange Offer and extended certain dates related to the Exchange Offer. Capitalized terms used but not defined in this release have the same meaning given to such terms in the Commencement Press Release.

QBE today announced that according to D.F. King & Co., Inc.—who is acting as the Information and Exchange Agent for the Exchange Offer— as of 5:00 p.m., New York City time, on November 2, 2016 (which was the "**Initial Early Participation Time**"), QBE had received valid tenders of U.S.\$365,149,000 aggregate principal amount of the Existing Notes, representing approximately 67.79% of the Existing Notes currently outstanding.

QBE also announced that it has extended the date by which valid tenders must be received for Eligible Holders of the Existing Notes to receive the early exchange consideration (as summarized below) to 11:59 p.m., New York City time, on November 16, 2016 (which is the "**Expiration Time**") from 5:00 p.m., New York City time, on November 2, 2016. Accordingly, all Existing Notes validly tendered at or prior to the Expiration Time, including those tendered prior to the Initial Early Participation Time, and whose Existing Notes are accepted for exchange, will be eligible to receive the early exchange consideration of U.S.\$1,000 principal amount of New Notes for each U.S.\$1,000 principal amount of Existing Notes validly tendered, which amount includes an early participation premium of U.S.\$30 principal amount of New Notes for each U.S.\$1,000 principal amount of Existing Notes tendered. All other applicable terms and conditions of the Exchange Offer remain the same.

The Exchange Offer will expire at the Expiration Time of 11:59 p.m., New York City time, on November 16, 2016, unless extended or terminated by QBE in its sole discretion. The deadline for Eligible Holders to validly withdraw tenders of Existing Notes has passed. Accordingly, Existing Notes that were already tendered at the Initial Early Participation Time and any additional Existing Notes that are tendered at or prior to the Expiration Date may not be withdrawn, except for certain limited circumstances where additional withdrawal rights are required by law (as determined by QBE in its sole discretion).

Under the terms and conditions of the Exchange Offer, QBE reserves the right to amend or terminate, at any time, the Exchange Offer, in whole or in part. The complete terms of the Exchange Offer are set out in a confidential Exchange Offer Memorandum dated October 19, 2016 (as supplemented on October 27, 2016 to reflect the changes announced in the Amendment Press Release) and a related letter of transmittal.

Details of the final results of participation in the Exchange Offer will be the subject of a further announcement after the Expiration Time.

QBE has not registered, and will not register, the New Notes under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), any state securities laws or the securities laws of any other jurisdiction. The New Notes may not be offered or issued in the United States or to any U.S. persons except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The New Notes will be offered for exchange only to (1) “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in the United States and (2) persons other than “U.S. persons” (as defined in Rule 902 under the Securities Act) outside the United States in compliance on Regulation S under the Securities Act. Only holders of Existing Notes who complete and return an eligibility certification, which is available at [www.dfking.com/qbe](http://www.dfking.com/qbe) (who are referred to as “**Eligible Holders**”) are authorized to receive and review the Exchange Offer Memorandum (including the supplement describing the changes noted above) and the accompanying letter of transmittal and to participate in the Exchange Offer. No assurance can be given that the Exchange Offer will be completed.

Holders of the Existing Notes who desire a copy of the eligibility certification may contact the D.F. King & Co., Inc., the Information and Exchange Agent for the Exchange Offer, by telephone at +1 (212) 269-5550 or at +1 (800) 966-9021 or by email at [qbe@dfking.com](mailto:qbe@dfking.com).

*This announcement does not constitute an offer to purchase, nor a solicitation of an offer to sell, the Existing Notes or an offer to sell, nor a solicitation of an offer to buy, any New Notes, nor shall any such offer, solicitation or sale occur in any state or jurisdiction in which such offer, solicitation or sale would be unlawful. The Existing Notes were issued outside Australia to wholesale investors, and any person who is considering participating in the offer must obtain a copy of the Exchange Offer Memorandum relating to the offer from the Information and Exchange Agent. A resident of Australia may only participate in the Exchange Offer if it holds Existing Notes and is eligible to do so under the terms set out in the Exchange Offer Memorandum.*

*The communication of this announcement and any other document or materials relating to the Exchange Offer and the New Notes discussed herein is not being, and will not be, made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “FSMA”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”)), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, participation in the Exchange Offer is only available to, and any investment or investment activity to which this announcement relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this announcement or any of its contents.*

For further information, please contact:

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