
IAG settles its Capital Notes offer.

Insurance Australia Group Limited (IAG or the Group) today announced that the offer of IAG Capital Notes (Capital Notes) has been successfully completed and that IAG has issued 4,041,265 Capital Notes at \$100 each raising \$404.1 million of Additional Tier 1 Capital.

IAG Chief Financial Officer Nick Hawkins said the Capital Notes offer formed an important part of the Group's ongoing capital management strategy. "We're very pleased with the response to the offer from both existing IAG Convertible Preference Share (CPS) Holders who are reinvesting in Capital Notes, as well as from new investors," Mr Hawkins said.

Holding Statements confirming the Capital Notes issued to Applicants will be despatched by Thursday, 29 December 2016.

Capital Notes will commence trading on the ASX under code IAGPD on a deferred settlement basis tomorrow, Friday, 23 December 2016 and on a normal T+2 settlement basis on Friday, 30 December 2016.

Applicants are responsible for confirming their holding before trading in Capital Notes. Applicants who sell their Capital Notes before receiving their Holding Statement do so at their own risk.

First Distribution

The first Distribution will be \$1.0339 per Capital Note and is calculated as follows:

3 month Bank Bill Rate as at 22 December 2016	1.7950% p.a.
plus Margin	4.7000% p.a.
Equivalent unfranked distribution rate	6.4950% p.a.
Multiplied by (1-Tax Rate)	x 0.70
Fully franked Distribution Rate	4.5465% p.a.
Multiplied by the Issue Price	x \$100
Multiplied by the number of days from (and including) 22 December 2016 to (but not including) 15 March 2017 (being the first Distribution Period)	x 83
Divided by 365	÷ 365
First Distribution payable on each Capital Note	\$1.0339
First Distribution Payment Date	15 March 2017

Other information

- All valid Applications received from Eligible CPS Holders under the Reinvestment Offer have been accepted in full. CPS Holder Applicants can obtain information about their allocation of Capital Notes by calling the IAG Capital Notes information line on 1300 647 382 (within Australia) or +61 3 9415 4123 (Monday to Friday, 8:30am to 5:00pm Sydney time). Allocations to Syndicate Brokers were determined pursuant to the Bookbuild which was completed on 24 November 2016. Broker Firm Applicants should confirm their allocation of Capital Notes with their Syndicate Broker. Successful Institutional Investors were allocated Capital Notes under the Institutional Offer.
- For the purposes of the Conversion calculations, the Issue Date VWAP is \$5.75 and the initial Maximum Conversion Number is 34.7826 Ordinary Shares per Capital Note in relation to Conversion occurring on a Mandatory Conversion Date and 86.9565 Ordinary Shares per Capital Note in relation to Conversion occurring at any other time.
- IAG has today completed the buy-back and cancellation of 2,243,578 Reinvested CPS meaning 1,530,150 CPS remain on issue and quoted on the ASX.
- IAG has today published an advertisement in *The Australian Financial Review* and *The Australian* regarding the basis of allocation of the Capital Notes. A copy of the advertisement is attached to this announcement.
- Also attached to this announcement is a list of the twenty largest holders of Capital Notes and a distribution schedule of the number of holders of Capital Notes.
- 5,109 Capital Notes were purchased by directors and their associates.
- Unless otherwise specified, capitalised terms in this announcement have the meaning given to them in the IAG Capital Notes Prospectus dated 29 November 2016.

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia. The Group's businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AML and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). The Group also has interests in general insurance joint ventures in Malaysia and India. For further information please visit www.iag.com.au.

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Top 20 Holders of Capital Notes



INSURANCE AUSTRALIA GROUP LIMITED

Capital Notes as of 22 Dec 2016

Top 20 Holders

Capital Notes

Rank	Name	Units	% of Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	475,159	11.76
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	262,781	6.50
3	BNP PARIBAS NOMS PTY LTD <DRP>	100,303	2.48
4	NATIONAL NOMINEES LIMITED	96,495	2.39
5	IOOF INVESTMENT MANAGEMENT LIMITED <IPS SUPER A/C>	81,843	2.03
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	63,796	1.58
7	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	52,477	1.30
8	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	44,708	1.11
9	NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	37,806	0.94
10	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	30,535	0.76
11	NATIONAL NOMINEES LIMITED <N A/C>	25,007	0.62
12	SANDHURST TRUSTEES LTD <DMP ASSET MANAGEMENT A/C>	20,411	0.51
13	THE WALTER AND ELIZA HALL INSTITUTE OF MEDICAL RESEARCH	20,000	0.49
14	BT PORTFOLIO SERVICES LIMITED <THE AL'N'ALL A/C>	19,650	0.49
15	CITICORP NOMINEES PTY LIMITED	18,600	0.46
16	XINGDONG INVESTMENT GROUP PTY LTD <LIANG FAMILY A/C>	16,900	0.42
17	THE WYATT BENEVOLENT INSTITUTION INC	15,517	0.38
18	AVANTEOS INVESTMENTS LIMITED <1259738 PARSONS A/C>	15,000	0.37
19	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	13,962	0.35
20	P A W PTY LTD <WEIR&HARRIS SUPER FUND A/C>	13,500	0.33
Sub-total: Top 20 holders		1,424,450	35.25
Sub-total: Remaining Holders Balance		2,616,815	64.75
Total Capital Notes on Issue		4,041,265	100.00

Distribution Schedule of Capital Note Holders



INSURANCE AUSTRALIA GROUP LIMITED

Capital Notes as of 22 Dec 2016

Distribution Schedule

Capital Notes

Range	Total holders	Units	% of Issued Capital
1 - 50	296	11,621	0.29%
51 - 100	449	41,065	1.02%
101 - 250	1,228	234,177	5.79%
251 - 500	1,299	529,920	13.11%
501 - 1,000	679	542,047	13.41%
1,001 - 10,000	466	1,151,907	28.50%
10,001 - 9,999,999,999	29	1,530,528	37.87%
Total	4,446	4,041,265	100.00%



IMPORTANT NOTICE TO ALL APPLICANTS UNDER THE IAG CAPITAL NOTES OFFER.

22 December 2016

Insurance Australia Group Limited (ABN 60 090 739 923) ("IAG") is pleased to announce that its offer of Capital Notes ("Offer") has successfully closed, raising approximately \$404 million. This includes approximately \$224 million raised under the Reinvestment Offer. 4.04 million Capital Notes will be issued today at \$100 each.

Allocation Policy

- Reinvestment Offer: all valid applications under the Reinvestment Offer (including those received through a Syndicate Broker) have been accepted in full.
- Broker Firm Offer and Institutional Offer: a scale back was applied to Applicants under the Broker Firm Offer (other than for Broker Firm Applicants under the Reinvestment Offer, who were accepted in full) and the Institutional Offer.

CPS Holder Applicants can confirm their allocation by calling the IAG Capital Notes Offer information line on 1300 647 382 (within Australia) or +61 3 9415 4123 (Monday to Friday – 8:30am to 5:00pm Sydney time).

Broker Firm Applicants can confirm their allocation through their Syndicate Broker.

ASX Trading

The Capital Notes are expected to commence trading on ASX on a deferred settlement basis tomorrow at approximately 12:00pm (Sydney time) under ASX code "IAGPD". Trading on a normal settlement basis is expected to commence on 30 December 2016.

Applicants are responsible for confirming the number of Capital Notes allocated to them prior to selling any Capital Notes. Applicants who sell Capital Notes before receiving their Holding Statement do so at their own risk.

Holding Statements and Refund Cheques

Holding Statements which set out the number of Capital Notes issued to each successful Applicant, and any refunds, are expected to be despatched by 29 December 2016.

Further Information

If you have any questions in relation to the Offer, please call the IAG Capital Notes Offer information line. The IAG Capital Notes Offer information line is open from Monday to Friday 8:30am to 5:00pm (Sydney time).

Unless otherwise defined, capitalised terms in this advertisement have the same meaning given to them in the Prospectus dated 29 November 2016. This advertisement contains general information only and does not take into account your particular investment objectives and circumstances. If you have any questions, IAG strongly recommends that you seek professional advice from a licensed adviser. The Capital Notes have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States.

