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30 October 2018

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**FOR IMMEDIATE RELEASE TO THE MARKET**

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**Insurance Australia Group Limited Instalments - Loan Amount and Capped Level Adjustments in respect of Insurance Australia Group Limited Capital Management Initiative**

UBS AG Australia Branch ("UBS") is the issuer of the below series of UBS Instalment warrants (collectively known as "IAG Instalments" in this announcement) over fully paid ordinary shares of Insurance Australia Group Limited (ASX code: "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
IAGISH	16-Feb-11	27-Mar-18
IAGISK	17-Oct-14	31-May-16
IAGISV	17-Oct-14	28-Mar-18
IAGISW	17-Oct-14	16-May-18
IAGSSA	25-Sep-14	17-Oct-14
IAGSSE	16-Oct-15	31-May-16
IAGSSK	23-May-11	29-May-18
IAGSSZ	16-Oct-15	11-Apr-16

On 15 August 2018, IAG announced a Capital Management Initiative which involves the distribution of **\$0.25** per ordinary share to shareholders (on a pre-consolidated basis) and a consolidation of every one fully paid ordinary share into **0.976** fully paid ordinary shares. The \$0.25 per share cash distribution will comprise of a capital return of \$0.195 per share and a fully franked Special Dividend of \$0.055 per share. Shareholder approval for the Capital Management Initiative was granted at the Annual General Meeting held on Friday, 26 October 2018.

The last day for trading on a pre-consolidated basis is Tuesday, 30 October 2018 with the shares trading ex-return of capital and ex-dividend (and on a deferred settlement basis under the temporary ASX code IAGDA) from Wednesday, 31 October 2018.

Below is an indicative timeline provided by IAG to assist you with the upcoming events:

Key Dates (2018)	Event
Friday, 26 October	IAG shareholders approved the Capital Management Initiative

Tuesday, 30 October	Last day for trading in pre-consolidated ordinary IAG shares
Wednesday, 31 October	IAG ordinary shares begin trading on an 'ex-return of capital' and 'ex-dividend' basis. Trading in consolidated ordinary shares begins on a deferred settlement basis. Shares will trade under a temporary ASX code 'IAGDA' instead of IAG
Thursday, 1 November	Record date for the Capital Management Initiative
Monday, 5 November	Share Consolidation Date - post-consolidation ordinary shares entered into register
Wednesday, 7 November	Last day of deferred settlement trading
Thursday, 8 December	Ordinary shares resume trading under the ASX code 'IAG' and settle on a normal (T+2) settlement basis

For further details, please refer to the announcements by IAG dated from 15 August 2018 (which can be found at [www.asx.com.au](http://www.asx.com.au)).

### Adjustments to IAG Instalments and Investment Builders

Correspondingly, the IAG Instalments will commence trading on an ex-dividend, ex-capital reduction and ex-consolidation basis on Wednesday, 31 October 2018. In line with trading in IAG shares, trading in the IAG Instalments will be on a deferred settlement basis from Wednesday, 31 October 2018 to Wednesday, 7 November 2018 (inclusive). Trading in the IAG Instalments will recommence on a normal (T+2) settlement basis on Thursday, 8 November 2018. There will be no change in code for the IAG Instalments over this period.

Pursuant to the clauses of the Instalment Deeds set out below, UBS intends to adjust the terms of the IAG Instalments as follows:

<b>Clauses 7, 19 &amp; 20.2</b>	For Instalments issued under the Instalments Deed dated 02-Oct-07
<b>Clauses 7, 17, 19 &amp; 20.3</b>	For Investment Builders issued under the Instalments Deed dated 23-Sep-14

- the value of the \$0.055 Special Dividend and \$0.195 capital return will be applied to reduce the pre-consolidated Loan Amount of the Instalments and an Interest Refund based on the reduction of the pre-consolidated 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); and
- Consolidate every 1 IAG Instalment into 0.976 IAG Instalments. As a result, the reduced Loan Amount (i.e. after application of the Special Dividend and capital return) will be increased by a factor of 1.0246 (i.e. 1/0.976). The Capped Level will be adjusted accordingly (where applicable). In addition, UBS will adjust the aggregate holding of each investor in this same ratio (i.e. every 1 IAG Instalment into 0.976 IAG Instalments). Where fractional holdings remain, these will be rounded up to the nearest whole number.



Warrant Code	Old Loan Amount / Completion Payment*	Special Dividend and capital return	Interest Refund	New Loan Amount / Completion Payment#	New Capped Level
IAGISH	\$7.5500	\$0.2500	\$0.0030	\$7.4764	\$9.0676
IAGISK	\$3.6507	\$0.2500	\$0.0044	\$3.4798	N/A
IAGISV	\$7.6000	\$0.2500	\$0.0030	\$7.5277	N/A
IAGISW	\$4.5000	\$0.2500	\$0.0044	\$4.3500	N/A
IAGSSA	\$3.1786	\$0.2500	\$0.0044	\$2.9961	N/A
IAGSSE	\$3.4810	\$0.2500	\$0.0044	\$3.3059	N/A
IAGSSK	\$8.7173	\$0.2500	\$0.0048	\$8.6706	\$10.2971
IAGSSZ	\$2.9892	\$0.2500	\$0.0044	\$2.8020	N/A

\*The Old Loan Amount and Old Completion Payment before adjustment for the 5.5 cent special dividend and 19.5 cent capital return and pre-consolidation of 1 IAG Instalment into 0.976 IAG Instalments.

# The New Loan Amount and New Completion Payment after adjustment for the 5.5 cent special dividend and 19.5 cent capital return and post-consolidation of 1 IAG Instalment into 0.976 IAG Instalments.

The adjustments to the Loan Amount and Capped Level (where applicable) will become effective from commencement of trading on Wednesday, 31 October 2018.

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**  
Andrew Lockhart  
Director

**UBS AG Australia Branch**  
Scott Hanlon  
Executive Director