



5 April 2017

Manager, Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**IAG announces buy-back of outstanding Convertible Preference Shares (CPS)
(ASX code: IAGPC)**

In its 1H17 results materials, released on 22 February 2017, IAG advised its intention to buy back the outstanding balance of CPS (amounting to approximately \$153 million) at their next call date in May 2017.

IAG now announces that it has issued a notice to buy back its CPS on 1 May 2017 in accordance with the attached Exchange Notice.

Yours faithfully

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

Peter Harmer
Managing Director &
Chief Executive Officer



5 April 2017

Convertible Preference Shares (CPS) Exchange Notice

Insurance Australia Group Limited (IAG) gives notice under clause 5.1 of the terms of issue of its CPS (CPS Terms) that all outstanding CPS will be Exchanged on the Optional Exchange Date of 1 May 2017.

The Exchange Method is Redemption in accordance with Clause 8 of the CPS Terms and IAG will conduct the Redemption by buying back the CPS. The buy-back agreement will take effect at 7pm on 11 April 2017 (which is the record date for the buy-back).

The buy-back price is \$100 per CPS, plus an additional amount of \$2.0758 per CPS determined by the Directors of IAG, in accordance with clause 8.3(a)(iii) of the terms. The additional amount of \$2.0758 per CPS is equal to the Dividend scheduled to be paid on 1 May 2017 and will be fully franked.

The aggregate buy-back price will be \$156,191,285 (comprising \$153,015,000 on account of the Issue Price of CPS and \$3,176,285 on account of the additional amount determined by the Directors).

The last date for trading of CPS will be 7 April 2017 and the buy-back price will be paid to those holding CPS at 7pm on 11 April 2017. Accordingly, subject to the CPS Terms, on 1 May 2017 IAG will pay \$102.0758 to each registered CPS Holder as at 7pm on 11 April 2017 for each CPS held. Holders will be paid by direct credit to the accounts recorded at the Registry (Computershare) at 7pm on 11 April 2017.

To complete the buy-back, IAG will execute a transfer form on behalf of the Holders for the CPS and the CPS bought back will be cancelled in accordance with the Corporations Act.

CPS Holders do not need to do anything in response to this notice. Holders may sell their CPS at any time on or before 7 April 2017. If you are not sure about what to do in respect of your CPS, IAG recommends that you contact your financial adviser.

Yours faithfully

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

Peter Harmer
Managing Director &
Chief Executive Officer