

15 December 2009

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

Dear Sir/Madam

**IAG FINANCE (NEW ZEALAND) LIMITED (IAN)
QUARTERLY INTEREST PAYMENT**

IAG Finance (New Zealand) Limited today confirmed that the amendments to the RES approved at the meeting of RES holders on 9 December 2009, have taken effect.

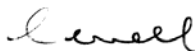
Accordingly, the company announced the amended Interest Rate in respect of the RES for the quarter ending 14 March 2010, calculated as follows:

| | |
|---|--------------------|
| Bank Bill Rate (90 Day Bank Bill Rate as at 15 December 2009) | 4.2500 % pa |
| Plus RES Margin | 4.0000 % pa |
| | <u>8.2500 % pa</u> |
| Multiplied by 1 – Tax Rate | 0.70 |
| Interest Rate | 5.7750% pa |
| Interest Payment per RES | \$1.4240 |

The Interest Payment of \$1.4240 is expected to be fully franked and will be paid in respect of each RES on 15 March 2010 with a Record Date of 5 March 2010, subject to the satisfaction of the interest payment tests set out in clause 3.3 of the RES Terms.

Under the RES Terms all calculations of interest payments will be rounded to four decimal places. For the purposes of making any payment in respect of a RES Holder's aggregate holding of RES, fractions of cents will be disregarded.

Yours sincerely



Glenn Revell
Company Secretary