

FREQUENTLY ASKED QUESTIONS

Key Dates for the Unmarketable Parcel Sale Facility.

Announcement of Unmarketable Parcel Sale Facility	26 February 2013
Record Date	5.00pm on 25 February 2013
Sale Facility Opens	5 March 2013
Sale Facility Closes	5.00pm on 16 April 2013
Sale Period Commences	As soon as practicable after 16 April 2013
Expected Date for Finalising of Sale Period	22 April 2013
Expected Date for Payment	30 April 2013

All references to time are references to Sydney time. *IAG has a discretion to vary these dates, but is not obliged to do so.

Questions and Answers

Q1: What is an unmarketable parcel of shares (ie a small shareholding)?

A. This is a holding of IAG ordinary shares valued below \$500.00. Based on the closing market price of IAG shares on the Record Date of 5.00pm (Sydney time) on 25 February 2013 of \$5.69 per share, as quoted on the Australian Securities Exchange (ASX), this equates to 87 shares or less.

However, this does not include IAG preference shares under the current Sale Facility.

Q2: Under what authority can IAG sell my small shareholding?

A: IAG is conducting this offer to sell your small holding of shares in accordance with article 24 of the IAG Constitution and ASX Listing Rule 15.13 which permits the sale of small shareholdings. It is also conducted under an ASIC class order for sale facilities [CO 08/10].

Participation in the Sale Facility is not compulsory. You can opt out by returning your Share Retention Form, and then your shares will not be sold.

However, if you do nothing your ordinary shares will be sold under the Sale Facility.

Q3: Why is IAG focusing on small shareholdings?

A: While IAG welcomes the support of all shareholders, those holding a small number of shares may find it difficult or costly to dispose of those shares, and may not have access to a broker. In addition, there are administrative costs, irrespective of the size of the shareholding and this cost can be disproportionately high when compared with the value of small holdings.

Q4: How is the sale price determined for the shares to be sold under the Sale Facility?

A. The sale price is an average price of all shares sold under the Sale Facility (rounded down to the nearest cent, for your parcel of shares). Please refer to clauses 9 and 10 of the Terms & Conditions attached for more details, and how your sale proceeds are calculated.

Neither IAG, the Registry nor the Sale Facility broker is giving you any assurance about what sale price you will receive, and it may be higher or lower than the market price at any particular time.

Shareholders using the Sale Facility are not able to nominate a sale price, sale date, nor a method for selling their Ordinary Shares. However, shareholders can opt out of the Sale Facility by sending in a Share Retention Form, and can choose to hold or sell their shares by other means. For instance, you can sell your shares on ASX by contacting a broker.

Q5: When is the Record Date?

A. The Record Date is 5.00pm (Sydney time) on 25 February 2013.

Q6: When does the Sale Facility open?

A. The Sale Facility opens on 5 March 2013.*

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Q7: When does the Sale Facility close?

A. The Sale Facility closes at 5.00pm (Sydney time) on 16 April 2013.*

Q8: When will my shares be sold?

A. The sale of shares is expected to occur shortly after the closing date of the Share Sale Facility on 16 April 2013*.

Q9: Who is arranging the sale of shares?

A. Goldman Sachs Australia Pty Ltd ABN 21 006 797 897 AFSL 243346] (**Broker**) has been appointed by IAG as broker to arrange sale of the shares under the Sale Facility on behalf of IAG.

The Broker is acting as an execution only broker and is only providing those services to IAG. The Broker is not providing any services to you or assuming or accepting any duty or responsibility to you.

Q10: When will I receive the payment for the sale of my shares?

A. The payment of sale proceeds is expected to be processed on or around 30 April 2013* and sale proceeds will be credited to the direct credit account registered on your shareholding at 5.00pm (Sydney time) on 16 April 2013*, the closing date of the Sale Facility.

If you do not have direct credit instructions recorded on your shareholding by the closing date, the proceeds from the sale of your Ordinary Shares will be paid to you by cheque in Australian dollars.

Cheques and direct credit notices (as applicable) are expected to be mailed to your registered address on or around 30 April 2013*.

New Zealand shareholders

New Zealand shareholders can receive your sale proceeds in New Zealand dollars by direct credit to your bank account in New Zealand.

The exchange rate that will be used to convert the sale proceeds from Australian dollars into New Zealand dollars will be a market rate on or about 23 April 2013 the date and time selected by IAG for conversion of the funds. You carry the risk of any fluctuations in exchange rates, including risks relating to the particular date and time at which funds are converted. IAG is not responsible to you for those risks.

Q11: What do I need to do if I wish for my unmarketable parcel of shares to be sold?

A. Nothing, you do not need to return your Share Retention Form.

Q12: What do I need to do if I wish to keep my shares?

A. If you wish to keep your shares you have three options:

A. Sign and return your personalised Share Retention Form to:

Computershare Investor Services Pty Limited,
GPO Box 2115
Melbourne VIC 3001

Please ensure your completed form is received by 5.00pm (Sydney time) on 16 April 2013.*
If your completed form is received by that time, your shares will not be sold.

OR

B. Increase the number of shares you hold, by purchasing further shares on market or by participation in the existing Dividend Reinvestment Plan (DRP), so that the number of shares in your shareholding on the register is 88 shares or more before market close on 16 April 2013.*

OR

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- C. If you hold more than \$500 worth of shares but your holding is split between two or more shareholding accounts, provided the shares are held in the same name, you could combine your holding into one account before 5.00pm on 16 April 2013. Contact the Registry for more information.

Q13: What happens if I don't send in my Share Retention Form?

- A: If your shareholding is still an unmarketable parcel of shares on or after 5.00pm on 16 April 2013*, all shares held under the Shareholder Reference Number (SRN) or Holder Identification Number (HIN) will be sold.

Q14: Can I lodge my Share Retention Form at any other office of Computershare?

- A. Yes. However to be valid all Share Retention Forms, must be received by Computershare's Melbourne office by no later than 5.00pm (Sydney time) on 16 April 2013. Therefore your Share Retention Form will not be valid if you lodge it at one of Computershare's other offices on the closing day 16 April 2013.

Q15: I've lost my Share Retention Form - can I get another?

- A. Yes we can replace lost Share Retention Forms – please call the 1300 378 748 to request a replacement form.

Alternatively you can download your form from www.investorcentre.com under the "My Documents" tile in the left margin. Please note you will need your SRN or HIN and postcode to access your personalised form.

Q16: Must all holders sign the Share Retention Form if they wish to retain their shareholding?

- A. No - if you are a joint holder of shares, IAG will not sell your shares if one holder returns the Share Retention Form to IAG so it is received by 5.00pm (Sydney time) on 16 April 2013. IAG will consider this to be effective notice from all shareholders that the shares are to be retained.

Q17: Can the form be signed under power of attorney?

- A. Yes, a certified copy of the Power of Attorney must be forwarded to Computershare Investor Services Pty Limited with the completed Share Retention Form, if the Power of Attorney has not previously been noted by Computershare.

Q18: Has my Share Retention Form been received?

- A. We can advise you whether or not your Share Retention Form has been processed, though we are unable to advise if your form has been received and not currently processed. An acknowledgement of your share retention instruction will be mailed to you once your form has been received and processed.

Q19: Can I withdraw my Share Retention Form after I have lodged it?

- A. Yes, you can withdraw your form - please send in a written request signed by all holders to:

Computershare Investor Services Pty Limited,
GPO Box 2115
Melbourne VIC 3001

Please ensure your request includes your SRN or HIN and is received by 5:00pm (Sydney time) on the closing date 16 April 2013.*

Q20: Are there any fees in using this offer?

- A. No, all selling costs (ie brokerage and handling fees) will be paid by IAG.

Q21: Can I transfer my small holding to another IAG shareholder who has a marketable parcel of shares?

- A: Yes, provided you do this no later than 5:00pm (Sydney time) on the closing date of 16 April 2013, by completing an Australian Standard Transfer Form and paying the required registry fee.

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Q22: I was a holder of an unmarketable parcel of shares as at the Record Date, but have since increased my holding to a marketable parcel of shares. Do I still need to return the Share Retention Form?

A: No. Only shareholdings with 87 shares or less at the closing date of 16 April 2013 will be sold under the Facility. However, you have to hold your increased parcel of shares on that date. If in doubt, and you want to keep your shares – send in your Share Retention Form.

Q23: I have more than one shareholding, can these be consolidated?

A: Yes, if they are Issuer Sponsored and registered in the same name, please contact the Information line on 1300 378 748 and request a consolidation form be sent to you. However if one holding is Broker Sponsored you will need to contact your broker to consolidate your shares.

Please note that the signed Share Retention Form must be returned by 5.00pm (Sydney time) on 16 April 2013 to avoid your unmarketable parcel of shares being sold in this share sale facility.

Q24: What are the taxation implications if my shares are sold in the Facility?

A: Sales of shares can have tax consequences. As a result – if you do nothing, and your shares are sold, you should make sure that you understand the tax consequences of that sale.

Please consult your financial adviser if you wish to know the possible tax implications of having your shares sold in the Facility.

Q25: Where do I get more information?

A. There is a lot more information in the terms and conditions – please make sure you read them carefully. For questions about the Sale Facility process or forms– you can contact the Registry on 1300 378 748

If you are not sure whether or not to permit your shares to be sold through the Sale Facility, we suggest you contact your professional financial, tax or legal adviser.