



18 May 2011

The Manager
Company Announcements
ASX Limited
Level 6
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QBE to issue US\$ subordinated debt

Please find attached an announcement for release to the market.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'D Ramsay', is shown on a light-colored background.

Duncan Ramsay
Company Secretary

Encl.

QBE Insurance Group Limited
ABN 28 008 485 014

Head Office
82 Pitt Street
SYDNEY NSW 2000
Australia

Postal Address
Box 82 GPO SYDNEY 2001
Telephone: +61 (2) 9375 4444
Facsimile: +61 (2) 9231 6104
DX 10171, Sydney Stock Exchange



MARKET RELEASE

QBE TO ISSUE US\$ SUBORDINATED DEBT

18 May 2011

QBE announced today the successful private placement of a US \$1 billion dollar tranche of subordinated debt notes with institutional investors. Completion of the issue of the securities is expected to take place on 24 May 2011.

The main features of the securities include:

1. lower tier 2 capital treatment by the Australian Prudential Regulation Authority (APRA);
2. fixed rate of 7.25% per annum until 24 May 2021, when it is reset to a ten year mid market swap rate plus a spread of 4.05%. The rate will be reset again, on the same basis, on 24 May 2031;
3. 30 year maturity but redeemable at the option of QBE with the prior written approval of APRA on 24 May 2021, 24 May 2031 or 24 May 2041. The securities are also redeemable with the prior written approval of APRA upon the occurrence of (a) at any time, certain tax and US investment company registration events and (b) at any time after 24 May 2016, certain regulatory and rating agency equity credit events;
4. exchangeable into similar debt notes issued directly by QBE upon the occurrence of (a) certain designated events such as QBE insolvency or (b) at QBE's election;
5. treated as debt under the Australian Accounting Standards; and
6. ratings of BBB+ by Standard & Poor's and Baa1 by Moody's.

Frank O'Halloran, QBE's Chief Executive Officer, said "This tranche of US\$1 billion of debt securities will provide cost effective long-term funding to support our growing operations".

The securities will not be offered for sale in Australia.

For further information, please contact:

Investor Relations
Tel: +61 2 9375 4636
Investor.relations@qbe.com

QBE Insurance Group Limited
ABN 28 008 485 014
82 Pitt Street
SYDNEY NSW 2000
Australia

QBE Insurance Group Limited is listed on the Australian Securities Exchange, is recognised as one of the top 25 global insurance and reinsurance companies as measured by net earned premium and has operations in 49 countries.

The offering has been made in the US to qualified institutional buyers in accordance with Rule 144A under the US Securities Act of 1933 and outside the US in compliance with Regulation S under the US Securities Act of 1933. Neither the securities nor any securities issuable upon exchange have been registered under the Securities Act of 1933, and may not be offered or sold in the United States or to US persons absent registration or an applicable exemption from registration. This market release does not constitute an offer to sell or the solicitation to buy the securities or any securities issuable upon exchange of the securities.