

QBE Insurance Group Limited ABN 28 008 485 014
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23 December 2013

The Manager
Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QBE confirms issue of Subordinated Convertible Debt Securities

Please find attached an announcement for release to the market.

Yours faithfully

A handwritten signature in grey ink that reads "D Ramsay".

Duncan Ramsay
Company Secretary

Encl.



QBE

MARKET RELEASE

23 December 2013

QBE confirms issue of Subordinated Convertible Debt Securities

Further to its release on 9 December 2013, QBE confirms today the issue of US\$500 million of tier 2 subordinated convertible debt securities ("the Securities").

The main features of the Securities include:

- floating interest rate of 4.5% over 3 month US\$ LIBOR, payable quarterly in arrears;
- after 12 months and otherwise in certain circumstances, the Securities may convert into QBE ordinary shares at a holder's option;
- maturity in December 2038;
- after 5 years, subject to regulatory approval, QBE can redeem the Securities for cash; and
- the number of shares to be issued on conversion will be the lesser of the maximum conversion number and a number determined using a volume weighted average share price calculated over a period before the time of conversion, a discount of 1% and an A\$/US\$ exchange rate (in each case calculated according to the formula in the terms of the Securities).

The Securities will qualify for regulatory tier 2 capital and receive Standard & Poor's Intermediate equity credit.

As required under Australian accounting standards, the calculation of diluted earnings per share will include the number of shares expected to be issued if the Securities are converted.

For further information, please contact:

Investor Relations

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QBE Insurance Group Limited is listed on the Australian Securities Exchange, is one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 46 countries.