

7 September 2015

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

Dear Sir/Madam,

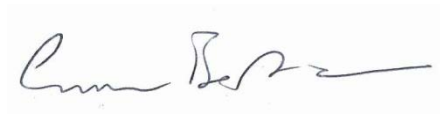
**INSURANCE AUSTRALIA GROUP LIMITED ("IAG")**

**Notice of Annual General Meeting 2015**

Please find attached IAG's 2015 Notice of Annual General Meeting and Voting Form.

Mailing of the above documents to shareholders commenced today. Copies of these documents will be available at IAG's website [www.iag.com.au/shareholder-centre/annual-meetings](http://www.iag.com.au/shareholder-centre/annual-meetings)

Yours sincerely



Chris Bertuch  
**Group General Counsel & Company Secretary**

Insurance Australia  
Group Limited  
ABN 60 090 739 923

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Australia

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[www.iag.com.au](http://www.iag.com.au)

# THE MEETING



## DETAILS OF THE MEETING

# WHERE WE WILL BE

IAG's 2015 annual general meeting (AGM or meeting) will be held on Wednesday, 21 October 2015 from 10.00am at the City Recital Hall, Angel Place, Sydney NSW 2000. It will be webcast at [www.iag.com.au/shareholder/agm](http://www.iag.com.au/shareholder/agm).

### Getting there

Please note that work on the Sydney Light Rail project may be underway in George Street. If you are planning to attend the annual general meeting please allow some additional time for possible travel disruptions.

#### Train

The closest train stations are Wynyard and Martin Place. Visit Transport for NSW at [transportnsw.info](http://transportnsw.info) or call 131 500.

#### Parking

Wilson Parking operates a 180-space car park next door to City Recital Hall at 123 Pitt Street, Sydney. Accessible parking spaces are available in the car park beside the venue elevators. Patrons can access the Hall directly using the car park lift.

Secure Parking operates No.1 Martin Place car park (The Westin), a short walking distance from the venue.

#### Information about IAG

You can read about IAG's performance for the 2015 financial year in its summary Annual Review and detailed Annual Report, which are available by contacting our share registry or by visiting [www.iag.com.au](http://www.iag.com.au).

#### Further information

If you would like any further information regarding the AGM, please contact the Company's share registry on 1300 360 688 if calling from within Australia or +61 (0)3 9415 4210 from outside Australia, or visit the IAG website at [www.iag.com.au/shareholder/agm](http://www.iag.com.au/shareholder/agm).



## LETTER FROM THE CHAIRMAN

# DEAR SHAREHOLDER

The AGM will be held at the City Recital Hall, Angel Place, Sydney on Wednesday, 21 October 2015, commencing at 10.00am. A map with directions to the venue appears on the inside front cover of this booklet.

The following pages contain details on the items of business for the meeting, as well as explanatory notes and voting procedures.

At this year's AGM you will have the opportunity to vote on:

- the adoption of the Remuneration Report as set out on pages 16 to 35 of the 2015 Annual Report;
- the allocation of share rights in the form of Deferred Award Rights and Executive Performance Rights to Michael Wilkins, Managing Director and Chief Executive Officer;
- the re-election of Directors, Alison Deans and Raymond Lim. These Directors are retiring by rotation in accordance with the Company's Constitution (**Constitution**) and are offering themselves for re-election;
- the election of three new Directors, Elizabeth Bryan, Thomas Pockett and Jonathan Nicholson, who have been appointed to the Board of Directors of IAG (**Board**) since the last AGM and offer themselves for election; and
- Resolutions to refresh IAG's capacity to issue new securities following the issue of securities in June 2015.

If you are unable to attend the AGM in person you may vote directly or appoint a proxy to act on your behalf. You may register voting instructions electronically at [www.investorvote.com.au](http://www.investorvote.com.au) or complete and return the enclosed voting form using the pre-addressed envelope provided.

The AGM will be webcast live and may be viewed at [www.iag.com.au/shareholder-centre/annual-meetings](http://www.iag.com.au/shareholder-centre/annual-meetings). An archive of the webcast will be available on the site shortly after the AGM concludes.

A shareholder who is entitled to vote at the AGM may also submit written questions for the Company or the Company's external auditor in advance of the AGM. Questions should be about the business of the Company or the content of the 2015 Annual Report. A shareholder question form is enclosed for your convenience and this form can be returned with your voting form in the pre-addressed envelope provided. You can also submit questions online at [www.investorvote.com.au](http://www.investorvote.com.au).

Alternatively you may lodge both your voting form and shareholder question form by fax to +61 (0)3 9473 2555 or hand deliver both forms to our share registry in Sydney at the address shown on page 3.

I look forward to seeing you at the AGM.

Yours sincerely,



**BRIAN SCHWARTZ AM**  
CHAIRMAN

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I am pleased to invite  
you to attend the  
2015 AGM of Insurance  
Australia Group Limited

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# ITEMS OF BUSINESS

## Receipt of Financial Statements and Reports

To receive and consider the Company's financial statements and reports for the financial year ended 30 June 2015.

## Adoption of Remuneration Report

### Resolution 1

To consider and, if thought fit, pass the following ordinary Resolution:

"That the Company's Remuneration Report for the financial year ended 30 June 2015 be adopted."

## Allocation of share rights to Michael Wilkins, Managing Director and Chief Executive Officer (CEO)

### Resolution 2

To consider, and if thought fit, pass the following ordinary Resolution:

"That approval is given to allocate to the CEO, Michael Wilkins, Deferred Award Rights (DARs) and Executive Performance Rights (EPRs) in accordance with the DAR and EPR Plan terms and as described in the Explanatory Notes accompanying the 2015 Notice of Meeting."

## Election of Directors

### Resolution 3

To consider, and if thought fit, pass the following ordinary Resolution:

"To re-elect as a Non-Executive Director Alison Deans who retires by rotation in accordance with the Company's Constitution and, being eligible, offers herself for re-election."

### Resolution 4

To consider, and if thought fit, pass the following ordinary Resolution:

"To re-elect as a Non-Executive Director Raymond Lim who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election."

### Resolution 5

To consider, and if thought fit, pass the following ordinary Resolution:

"To elect as a Non-Executive Director Elizabeth Bryan who has been appointed to the Board since the last AGM and offers herself for election."

### Resolution 6

To consider, and if thought fit, pass the following ordinary Resolution:

"To elect as a Non-Executive Director Thomas Pockett who has been appointed to the Board since the last AGM and offers himself for election."

### Resolution 7

To consider, and if thought fit, pass the following ordinary Resolution:

"To elect as a Non-Executive Director Jonathan Nicholson who has been appointed to the Board since the last AGM and offers himself for election."

## Refresh capacity to issue new securities

### Resolution 8

To consider and, if thought fit, pass the following ordinary Resolution:

"For the purposes of Australian Securities Exchange (ASX) Listing Rule 7.4 and all other purposes, approval is given for the issue of 89,766,607 ordinary shares by way of a placement to National Indemnity Company, an affiliate of Berkshire Hathaway Inc., as described in the Explanatory Notes accompanying the 2015 Notice of Meeting."

### Resolution 9

To consider and, if thought fit, pass the following ordinary Resolution:

"For the purposes of Australian Securities Exchange (ASX) Listing Rule 7.4 and all other purposes, approval is given for the potential issue of up to 121,569,233 ordinary shares pursuant to the exercise of a put option granted to the Company by National Indemnity Company, an affiliate of Berkshire Hathaway Inc., on 16 June 2015 as described in the Explanatory Notes accompanying the 2015 Notice of Meeting."

## ABOUT VOTING

# HOW TO VOTE

### A. Voting Options

#### In Person

Shareholders may vote by attending the AGM and casting their votes in person.

#### Direct

A direct vote allows shareholders to vote on Resolutions considered at the AGM by lodging their votes with the Company before the AGM, without the need to attend the AGM or appoint a proxy.

You must mark either “For”, “Against” or “Abstain” for each item of business on the voting form for a valid direct vote to be recorded on that item.

Please note that a shareholder who has cast a direct vote may attend the AGM; however, attendance and registration cancel the direct vote unless the shareholder instructs the Company or the share registry otherwise.

#### Proxy

A shareholder who is entitled to attend and cast a vote at the AGM has a right to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder of the Company and may be a corporation (and any corporation so appointed may then nominate an individual to exercise its powers at the meeting). A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise.

If the proxy appointments do not specify the proportion or number of the shareholder's votes that each proxy may exercise, each proxy may exercise up to half of the shareholder's votes.

Shareholders can direct their proxy how to vote by following the instructions on the voting form and are encouraged to do so. Shareholders appointing a proxy should also take note of the instructions under “Voting Exclusions” set out below.

If a shareholder appoints the Chairman of the meeting or another Director as proxy and does not direct the Chairman of the meeting or Director on how to vote, they will vote all available proxies in favour of each Resolution.

#### Voting Exclusions

Certain voting exclusions apply to Resolutions 1, 2, 8 and 9; details are set out in the Explanatory Notes for the relevant Resolutions within this 2015 Notice of Meeting.

The key management personnel of the Company and their closely related parties (as defined under the Corporations Act 2001 which includes their spouses, dependants and companies that they control) (**Closely Related Parties**) will not be able to vote your proxy on Resolutions 1 or 2 unless you direct them how to vote on the voting form.

If you appoint the Chairman of the meeting as your proxy or if the Chairman of the meeting is appointed as your proxy by default, and you do not mark any of the voting boxes on the voting form for Resolutions 1 and 2, by signing and returning the voting form, you will be giving the Chairman of the meeting your express authority to vote your undirected proxy as he sees fit.

If you appoint as your proxy any other member of the Company's key management personnel (including the other Directors of the Company) or any of their Closely Related Parties, you are encouraged to direct that person how to vote on Resolutions 1 and 2. If you do not direct that person how to vote on these Resolutions, that person will not be entitled to vote, and will not vote, your proxy on those Resolutions.

#### Default to the Chairman of the Meeting

Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote those proxies as directed.

#### How to Vote Directly or by Proxy

To be valid, voting forms, proxies or electronic voting instructions must be received by the Company's share registry, **Computershare Investor Services Pty Limited, (Computershare) in Sydney before 10.00am (Sydney time) on Monday 19 October 2015 (Voting Deadline)**.

Voting forms, proxies or electronic voting instructions may be submitted:

- online at [www.investorvote.com.au](http://www.investorvote.com.au). You will need information shown on your voting form to register your vote online;
- by post in the pre-addressed envelope provided. Please allow sufficient time for the form to reach Computershare, Sydney, by the Voting Deadline;
- by facsimile to Computershare on +61 (0)3 9473 2555; or
- by hand delivery to Computershare, Level 4, 60 Carrington Street, Sydney NSW 2000.

- Intermediaries with access to Intermediary Online through Computershare should lodge their votes through [www.intermediaryonline.com](http://www.intermediaryonline.com).

### B. Corporate Representatives

A corporate shareholder wishing to appoint a person to act as its representative at the AGM may do so by providing that person with:

- a letter, certificate or form authorising him or her as the corporate shareholder's representative, executed in accordance with the corporate shareholder's Constitution; or
- a copy of the Resolution appointing the representative, certified by a secretary or Director of the corporate shareholder.

A form may be obtained from the Computershare website at [www.investorcentre.com](http://www.investorcentre.com) under the information tab “Downloadable Forms”.

### C. Power of Attorney

If a shareholder has appointed an attorney to attend and vote at the AGM, or if the voting form is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by Computershare by the Voting Deadline, unless this document has been previously lodged with the Company's share registry for notation.

Powers of attorney may be submitted by post or by hand delivery to Computershare at the addresses shown.

### D. Shareholders Eligible to Vote

As determined by the Board, only shareholders who hold ordinary shares in the Company as at 7.00pm (Sydney time) on Monday, 19 October 2015 will be eligible to vote at the AGM.

Dated in Sydney on 21 August 2015.

By order of the Board



**CHRIS BERTUCH**  
GROUP GENERAL COUNSEL  
& COMPANY SECRETARY

## EXPLANATORY NOTES

# MORE INFORMATION

The following Explanatory Notes explain the items of business to be considered at IAG's 2015 AGM and form part of the Notice of Meeting. The Explanatory Notes are set out in the order of the items in the Notice of Meeting and should be read with the Notice.

### Receipt of Financial Statements and Reports

The financial results for the year ended 30 June 2015 are set out in the Company's 2015 Annual Report sent to those shareholders who elected to receive it by post or email. The Annual Report is available online at [www.iag.com.au/results-and-reports](http://www.iag.com.au/results-and-reports).

### Why are the financial reports being presented to shareholders?

It is a requirement under the Corporations Act 2001 to present at the AGM the financial report, Directors' report, and auditor's report of the Company and the consolidated entity.

Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on the financial report and other reports and on the business operations and management of the Company.

### Questions for the auditor

During discussion of this item, the Company's auditor will answer relevant questions.

If you would like to submit a written question to the Company's auditor, please write your question on the shareholder question form provided and submit it using one of the methods set out on page 3. Questions may also be lodged as part of the online voting process.

Questions for the auditor (either written or at the meeting) must relate to:

- the preparation and content of the auditor's report or the conduct of the audit (including the independence of the auditor); or
- the accounting policies adopted by the Company in relation to the preparation of its financial statements.

A list of qualifying written questions received will be made available at the AGM. Please note that all written questions to the auditor must be received **no later than 5.00pm Wednesday, 14 October 2015**.

### Resolution 1

#### Adoption of the Remuneration Report

This Resolution is advisory only and does not bind the Company or the Directors. However, the Directors will actively consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

#### Remuneration Overview

The Board presents the Remuneration Report to shareholders for consideration and adoption. The Remuneration Report contains information about IAG's remuneration policy and practices. It also sets out the remuneration arrangements for key management personnel, including the Non-Executive Directors, the Managing Director and CEO and Group Executives.

The Remuneration Report, which is part of the 2015 Annual Report, can be found on the Company's website at [www.iag.com.au/results-and-reports](http://www.iag.com.au/results-and-reports).

IAG's remuneration practices have been designed to:

- align remuneration with the interests of IAG's shareholders by focusing on short to long term goals;
- motivate employees to achieve superior and sustainable performance and discourage underperformance;
- remain market competitive to attract and retain high quality people;
- be clearly understood and valued; and
- encourage constructive behaviours and prudent risk taking that support sound long term financial performance.

The Board is confident that IAG's remuneration policies are in line with governance requirements and continue to support the Group's financial and strategic goals, which ultimately benefit shareholders, customers, employees and the community.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report at the AGM.

### Voting Exclusion

The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the key management personnel whose remuneration is disclosed in the Remuneration Report or any Closely Related Parties of those persons; or
- as a proxy by a member of the key management personnel or any of their Closely Related Parties,

unless the vote is cast by a person as a proxy entitled to vote on Resolution 1:

- in accordance with a direction as to how to vote on the voting form; or
- by the Chairman of the meeting following express authorisation on the voting form, to vote as he sees fit.

If you choose to appoint as your proxy a member of the key management personnel (other than the Chairman of the meeting) or one of their Closely Related Parties, you are encouraged to direct your proxy on how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the voting form.

### What do the Directors recommend?

The Directors recommend that you vote "For" the Resolution. The Chairman intends to vote available proxies given to him "For" the adoption of the Remuneration Report.

### Resolution 2

#### Allocation of share rights to Mr Michael Wilkins, CEO

Shareholder approval is being sought to grant the following to Mr Michael Wilkins, the CEO of the Company:

- Deferred Award Rights (DARs) – under IAG's short term incentive (STI) plan, to reward achievement against a mix of financial and non-financial targets. DARs are the deferred portion of the STI awarded for the financial year ended 30 June 2015; and
- Executive Performance Rights (EPRs) – under IAG's long term incentive (LTI) plan, subject to performance hurdles designed to drive performance over three and four years and to strengthen the alignment between the interests of executives and shareholders. EPRs constitute Mr Wilkins' proposed LTI grant for the financial year ending 30 June 2016.

## EXPLANATORY NOTES

### Why is Shareholder Approval being sought?

The Company is not required to seek this approval as shares allocated under the Company's DARs and EPRs Plans to satisfy vested grants of DARs and EPRs will continue to be bought on-market.

In the interests of transparency, shareholder engagement and good governance, the Company is seeking shareholder approval for equity-based allocations to the CEO.

### Background

Under Mr Wilkins' employment agreement with the Company, his remuneration includes:

- Fixed Pay (base salary plus superannuation);
- STI entitlement payable in cash;
- deferred STI entitlement in the form of DARs which vest in tranches over a period of two years; and
- an LTI entitlement provided in the form of EPRs.

The cash STI, deferred STI (DARs) and LTI (EPRs) entitlements are "at risk". DARs are only awarded if Mr Wilkins meets the targets necessary to earn an STI. Similarly, EPRs only vest if they satisfy performance hurdles. Both DARs and EPRs are designed to align Mr Wilkins' interests with those of shareholders.

As a senior executive, Mr Wilkins has participated in the DAR and EPR Plans since joining the Company in 2007 and, in his capacity as CEO, he continues to be eligible to participate. Shareholders last approved the issue of securities under incentive plans to Mr Wilkins at the 2014 AGM.

No loan has been or is intended to be given by the Company to Mr Wilkins in relation to proposed grants of the DARs or EPRs described in this Resolution.

Mr Wilkins is the only Executive Director of the Company and therefore is the only Director eligible to participate in the incentive plans.

An overview of these plans is provided below and full details can be found at [www.iag.com.au/shareholder/aggm](http://www.iag.com.au/shareholder/aggm).

Details of any securities issued to the CEO under the incentive plans are published in the Annual Report.

### Proposed Deferred STI Arrangements – DARs

Consistent with current STI arrangements, the Board has set a maximum annual STI entitlement for Mr Wilkins at 150% of his Fixed Pay. The actual STI payment made, if any, is determined by the Board based on achievement of a mix of financial and non-financial targets and an overall assessment of performance by the Board.

The Board has currently determined that two thirds (2/3) of any STI that is awarded will be paid as cash and the remaining one third (1/3) will be deferred for up to two years. The deferred amount is provided as a grant of DARs. Deferring a portion of STI into DARs is designed to provide a retention incentive and align Mr Wilkins' interests with those of shareholders.

Each DAR is an option to acquire an ordinary IAG share. DARs are granted for nil consideration and a nominal exercise price of \$1 is payable for the exercise of each allocation of DARs.

### How many DARs will be granted to Mr Wilkins?

The number of DARs will be determined based on the value of STI awarded for the previous financial year. The formula used to calculate the number of DARs is as follows:

$$D = (STI \times Z) / S$$

Where:

D = the number of DARs to be offered rounded up to the nearest 100.

STI = the dollar amount of the STI determined by the Board for the financial year ended 30 June 2015.

Z = the proportion of the STI that the Board has determined will be deferred and offered as an award of DARs (currently 1/3).

S = the closing price of IAG shares on the last trading day of the financial year ended 30 June 2015, being \$5.58.

Subject to shareholder approval, the Board has determined that the DARs to be granted to Mr Wilkins under this approval will be a maximum of 117,800.

If Resolution 2 is approved, the allocation of DARs will be granted to Mr Wilkins within two months of the meeting. The Board has determined that the DARs to be granted to Mr Wilkins will vest as follows:

- 50% on 1 September 2016
- 50% on 1 September 2017

### Summary of the DARs Plan

Under the terms of the DARs, if Mr Wilkins ceases employment due to retirement redundancy, death or total and permanent disablement, or with the approval of the Board, the Board may determine that:

- DARs continue to become exercisable on their scheduled vesting date; and/or
- DARs become exercisable at an earlier date; and/or
- some DARs should lapse.

Where employment is terminated by the Company giving notice, the early exercise of DARs is permitted unless the Board determines, for whatever reason, that some or all of the DARs should lapse.

If Mr Wilkins ceases employment due to resignation, any DARs that have not vested and become exercisable for shares lapse on the date employment ceases.

The early exercise of DARs may be permitted by the Board in other circumstances, such as a takeover or scheme of arrangement of IAG.

Mr Wilkins' entitlement to shares through the exercise of DARs may be adjusted to take account of capital reconstructions and bonus issues.

The Board retains the discretion to adjust any unvested DARs downwards if it decides it is prudent to do so.

### Proposed LTI Arrangements – EPRs

An LTI is provided in the form of EPRs. The performance hurdles that must be met before EPRs become exercisable for shares create a direct link between the remuneration paid to executives and IAG's strategic financial objectives. In the Board's view this supports IAG's economic sustainability and is in the long term interests of shareholders.

Each EPR is an option to acquire an ordinary IAG share (or cash, as determined by the Board). The proposed grant of EPRs to the CEO will be granted at no cost to Mr Wilkins and may be exercised at no cost if performance hurdles are met.

Performance hurdles are measured over a three to four year period.

The performance hurdles relevant to the grant will be:

- Total Shareholder Return (TSR) of IAG relative to a peer group of companies. This hurdle will apply to 50% of the grant of EPRs; and
- Cash Return on Equity (ROE) measured relative to IAG's weighted average cost of capital (WACC). This hurdle will apply to 50% of the grant of EPRs.



## EXPLANATORY NOTES

# MORE INFORMATION

Further details of these performance hurdles are provided below.

### How many EPRs will be granted to Mr Wilkins?

Subject to shareholder approval being obtained, the number of EPRs to be awarded to Mr Wilkins in the financial year ending 30 June 2016 will be a maximum of 569,700.

The number of EPRs the Board will award has been calculated using the following formula:

$$E = (1.5 \times F) / S$$

Where:

E = the number of EPRs to be offered rounded up to the nearest 100.

F = the dollar value of Mr Wilkins' Fixed Pay at the time of grant.

S = the closing price of IAG shares on the last trading day of the financial year ended 30 June 2015, being \$5.58.

If Resolution 2 is approved, the EPRs will be granted to Mr Wilkins within two months of the meeting. The Board retains the discretion to adjust any unvested EPR downwards if it decides it is prudent to do so.

### Performance hurdles

Each allocation of EPRs granted to Mr Wilkins will vest and become exercisable for shares in the future subject to performance hurdles being achieved. The total allocation of EPRs is separated into two equal portions, with each portion having a separate performance hurdle.

#### TSR performance hurdle (50% of total allocation)

The test date for the TSR performance hurdle is 30 September 2019, being the fourth anniversary of the grant date of 30 September 2015. The Board may also determine other test dates.

The starting share price for measuring TSR is the three month volume weighted average price (up to and including the grant date) of IAG shares and of the shares of other companies within the peer group.

The peer group of companies is the top 50 industrial companies in the S&P/ASX 100 index at the grant date, with such inclusions and exclusions as the Board may determine.

If, on the test date, IAG's TSR is at or above the 75th percentile of the peer group, all EPRs in the TSR allocation vest. If IAG's TSR is at the 50th percentile of the peer group 50% of EPRs in the TSR allocation vest. A sliding scale applies such that 50% plus an additional 2% of EPRs in the TSR allocation vest for each percentile ranking above the 50th percentile of the peer group. No EPRs vest if IAG's TSR is below the 50th percentile of the peer group.

If the TSR performance hurdle is not met or is only partially met when measured after four years, any of the TSR allocation of EPRs that do not vest and become exercisable for shares will lapse.

#### ROE performance hurdle (50% of total allocation)

The ROE performance hurdle is measured over a period of three financial years from 1 July 2015 to 30 June 2018.

The ROE performance hurdle compares IAG's Cash ROE performance with IAG's WACC. ROE is measured for each six month period and compared to WACC for that period.

The Board approves the method used to measure ROE and WACC. The average of the six half yearly measurements over the three financial years must show that ROE is at least 1.2 times WACC for any of the ROE portion of the EPRs to vest and become exercisable for shares.

The vesting scale for EPRs in the ROE allocation is outlined below:

Cash ROE vs WACC	Vesting scale
ROE $\geq$ 1.6 x WACC	100% vest
ROE = 1.5 x WACC	80% vest
ROE = 1.4 x WACC	60% vest
ROE = 1.3 x WACC	40% vest
ROE = 1.2 x WACC	20% vest
ROE < 1.2 x WACC	0% vest

If the ROE performance hurdle is not met or is only partially met when measured after three financial years, any of the ROE allocation of EPRs that do not vest and become exercisable for shares will lapse.

### Cessation of Employment

Under the EPRs terms, EPRs may be retained if Mr Wilkins ceases employment due to retirement, redundancy, death or total and permanent disablement or with the approval of the Board. In these circumstances, EPRs may vest and become exercisable for shares if the performance hurdles are achieved in the ordinary course.

Where Mr Wilkins resigns or his employment is terminated by the Company giving notice, unvested EPRs lapse on the date employment ceases, unless the Board exercises its discretion and allows Mr Wilkins to retain EPRs that have been granted to him. In these circumstances, EPRs may vest and become exercisable for shares only if the performance hurdles are achieved in the ordinary course.

### Early vesting of EPRs

The early vesting (and exercise) of Mr Wilkins' EPRs for shares may be permitted by the Board in circumstances such as a takeover, scheme of arrangement or winding up of IAG.

### Reconstruction and Bonus Issues

Mr Wilkins' entitlement to shares through the exercise of EPRs may be adjusted to take account of capital reconstructions and bonus issues.

### Voting Exclusion Statement

As this resolution is connected with the remuneration of a member of the key management personnel of the Company, within the meaning of the Corporations Act 2001, the Company will disregard any votes cast on Resolution 2:

- by Mr Wilkins or any of his associates; or
- as a proxy by a member of the key management personnel or any of their Closely Related Parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 2:

- in accordance with the directions on the voting form; or
- by the Chairman of the meeting following express authorisation on the voting form to vote as he sees fit.

### What do the Directors Recommend?

The Directors (other than Michael Wilkins) recommend that you vote "For" the Resolution. The Chairman intends to vote available proxies given to him "For" the Resolution.

## EXPLANATORY NOTES

# ELECTION OF DIRECTORS

ASX Listing Rule 14.5 requires that the Company holds an election of Directors each year. The Constitution requires one third of eligible Directors to retire from office at each AGM.

### Who is standing for re-election?

Alison Deans and Raymond Lim retire by rotation in accordance with the Company's Constitution and offer themselves for re-election.

#### Resolution 3



**Alison Deans**

BA, MBA, GAICD

Alison was appointed as a Director of IAG in February 2013. She is a member of IAG's Audit Committee and Risk Committee.

#### Other business and market experience

Alison was formerly CEO of netus, a technology-based investment company focused on building consumer web businesses in Australia and acquired by Fairfax in 2012. She has over 20 years' experience in general management and strategy consulting roles focused on e-business and media/entertainment in Australia.

She was appointed as a director of Westpac Banking Corporation Limited in April 2014, of Kikki-K in October 2014 and of Cochlear Limited in January 2015.

Alison has also held Chief Executive roles at eBay Australia and New Zealand, eCorp and Hoyts Cinemas.

She is a recipient of the Centenary Medal for services to the business community.

Directorships of other listed companies held in the past three years:

- Westpac Banking Corporation Limited, since 1 April 2014.
- Cochlear Limited, since January 2015.

#### What do the Directors Recommend?

The Directors (other than Alison Deans) recommend that you vote "For" the Resolution.

#### Resolution 4



**Raymond Lim**

BEcon, BA, LLM

Raymond was appointed as a Director of IAG in February 2013. He is a member of IAG's People and Remuneration Committee.

#### Other business and market experience

Raymond is chairman of APS Asset Management and senior advisor to the Swire Group. He also serves on several boards including the GIC Pte Ltd, Hong Leong Finance and Raffles Medical Group. He is an adjunct professor at the Lee Kuan School of Public Policy, National University of Singapore and the Nanyang Centre for Public Administration, Nanyang Technological University, Singapore.

Raymond is a former Cabinet minister in the Singapore Government (2001 – 2011). Prior to that he held various senior positions in the financial industry including as a managing director of Temasek Holdings, chief executive officer of DBS Vickers Securities and chief economist of ABN AMRO Asia Securities.

He is a Rhodes Scholar and has degrees in economics and law from the universities of Adelaide, Oxford and Cambridge.

Directorships of other listed companies held in the past three years:

- Dart Energy Limited, (2012 to 2013).

#### What do the Directors Recommend?

The Directors (other than Raymond Lim) recommend that you vote "For" the Resolution.

ASX Listing Rule 14.4 and the Constitution require Directors appointed since the last AGM to stand for election at the following AGM.

### Who is standing for election?

#### Resolution 5



**Elizabeth Bryan**

BA (Econ), MA (Econ)

Elizabeth Bryan was appointed as a Director of IAG in December 2014 and as Deputy Chairman in June 2015.

#### Other business and market experience

Elizabeth is Chairman of Caltex Australia Limited; Chairman of Virgin Australia Limited; a director of Westpac Banking Corporation Limited and President of YWCA NSW.

She was previously the Chairman of UniSuper Limited, where she served as a director from January 2002 to June 2011.

Elizabeth has extensive experience in the financial services industry, and on the boards of companies and statutory organisations. Her executive career has included senior roles with a variety of financial institutions, including eight years as the Chief Executive of Deutsche Asset Management and its predecessor organisation, NSW State Superannuation Investment and Management Corporation.

Directorships of other listed companies held in the past three years:

- Virgin Australia Holdings Limited, since 2015.
- Westpac Banking Corporation Limited, since 2006.
- Caltex Australia Limited, since 2002.

#### What do the Directors Recommend?

The Directors (other than Elizabeth Bryan) recommend that you vote "For" the Resolution.

## EXPLANATORY NOTES

### Resolution 6



**Thomas Pockett**

CA, BCom

Tom Pockett was appointed as a Director of IAG effective 1 January 2015.

#### Other business and market experience

Tom is a non-executive director of Stockland Corporation Limited, a director of Sunnyfield Independence Association and of O'Connell St Associates. He previously spent over 11 years as Chief Financial Officer and over seven years as Finance Director with Woolworths Limited, and retired from those roles in February 2014 and July 2014 respectively. He remains a director of ALH Group Pty Ltd, Hydrox Holdings Pty Ltd and The Quantum Group Holdings Pty Limited. Tom has also held senior finance roles at the Commonwealth Bank, Lend Lease Corporation and Deloitte.

Directorships of other listed companies in the last three years:

- Stockland Corporation Limited, since 1 September 2014.
- Woolworths Limited (2006 to 2014).

#### What do the Directors Recommend?

The Directors (other than Thomas Pockett) recommend that you vote "For" the Resolution.

### Resolution 7



**Jonathan (Jon) Nicholson**

BA

Jon Nicholson was appointed as a Director of IAG effective 1 September 2015.

#### Other business and market experience

Jon is non-executive chairman of Westpac Foundation, a trustee of Westpac Bicentennial Foundation, Senior Advisor of Boston Consulting Group, and a non-executive director of Cape York Partnerships and QuintessenceLabs.

He previously spent eight years with Westpac Banking Corporation, first as Chief Strategy Officer and later as Enterprise Executive. He retired from Westpac in 2014.

Jon's executive career has included senior roles with a variety of financial and corporate institutions, including the Boston Consulting Group. He also held various roles with the Australian government, including Senior Private Secretary to the Prime Minister of Australia (Bob Hawke) and senior positions in the Department of the Prime Minister and Cabinet.

#### What do the Directors Recommend?

The Directors (other than Jon Nicholson) recommend that you vote "For" the Resolution.

### Resolutions 8 and 9

#### Refresh capacity to issue new securities

On 19 June 2015, IAG issued 89,766,607 Fully Paid Ordinary Shares by way of a share placement (Placement Shares) pursuant to the Subscription Agreement entered into between the Company and National Indemnity Company (NICO), an affiliate of Berkshire Hathaway Inc., on 16 June 2015. Pursuant to that Subscription Agreement, the Company has also been granted a put option to require NICO to subscribe for up to 121,569,233 Fully Paid Ordinary Shares (Option Shares) exercisable by the Company within 24 months after 16 June 2015 (Put Option).

#### Why shareholder approval is being sought

Generally, under ASX Listing Rule 7.1, a company may, in any 12 month period, issue or agree to issue without the prior approval of shareholders, new equity securities of up to 15% of the number of shares on issue 12 months before the date of the issue of the new equity securities.

ASX Listing Rule 7.4 provides that an issue by a company of securities without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with approval if the issue did not breach ASX Listing Rule 7.1 when it was made and the company's shareholders subsequently approve it.

The issue of the Placement Shares did not breach ASX Listing Rule 7.1 and has not previously been approved by shareholders. The Company now seeks shareholder approval for the issue of the Placement Shares pursuant to ASX Listing Rule 7.4.

In relation to the Option Shares, the issue of the Option Shares (up to the maximum limit) would not breach ASX Listing Rule 7.1 and ASX has confirmed that the terms of the Put Option would be considered by ASX to be an agreement to issue equity securities such that the maximum number of ordinary shares that may be issued pursuant to exercise of the Put Option must be calculated for ASX Listing Rule 7.1 purposes at the time of execution of the Subscription Agreement (being 16 June 2015), rather than the date of exercise of the Put Option. Accordingly, the Company also seeks shareholder approval for the potential issue of Option Shares (up to the maximum limit) that may be issued pursuant to exercise of the Put Option in the AGM.

The effect of passing either or both of Resolutions 8 and 9 will be to refresh the Company's 15% capacity under ASX Listing Rule 7.1 so that its capacity would be the same as if the Placement Shares had not been issued and the Option Shares would not be issued. Resolution 8 relates only to the Placement Shares, whereas Resolution 9 relates only to the Option Shares. The resolutions, if passed, will increase the Company's financial flexibility in the future. Shareholders should however note that these two resolutions are separate resolutions and each approval will refresh the Company's capacity to issue new securities to the extent its capacity was reduced by the issue of those securities.

The Board does not currently intend to undertake any further issue of securities in the event that approvals are received from shareholders in respect of Resolutions 8 and 9 (other than pursuant to exercise of the Put Option). The Board will only decide to issue further securities if it considers it is in the best interests of the Company to do so.

If Resolutions 8 and 9 are not passed by shareholders, the Company would need to deduct the Placement Shares and the maximum number of Option Shares that may be issued pursuant to exercise of the Put Option in calculating the number of securities the Company may issue without shareholder approval.

The following additional information is provided in connection with the approval sought under Resolution 8:

**(a) The number of securities issued**

The total number of securities issued was 89,766,607 Fully Paid Ordinary Shares.

**(b) The price at which the securities were issued**

The Placement Shares were issued at \$5.57 per share.

**(c) The terms of the securities**

The Placement Shares rank equally in all respects from the issue date with the existing ordinary shares on issue.

**(d) The names of the allottees or the basis on which the allottees were determined**

The Placement Shares were issued to NICO.

**(e) The use of the funds raised**

The proceeds from the issue of the Placement Shares will be used to fund growth opportunities (including those in Asia) as well as other capital management options.

The following additional information is provided in connection with the approval sought under Resolution 9:

**(a) The number of securities issued**

The maximum number of securities that may be issued pursuant to exercise of the Put Option by the Company is 121,569,233 Ordinary Shares.

**(b) The price at which the securities were issued**

The Option Shares would be issued at the average daily volume weighted average price over the five trading days preceding due exercise of the Put Option, capped at \$6.50 per Option Share.

**(c) The terms of the securities**

If issued, the Option Shares would rank equally in all respects from the issue date with the existing ordinary shares on issue.

**(d) The names of the allottees or the basis on which the allottees were determined**

If the Put Option is exercised, the Option Shares would be issued to NICO.

**(e) The use of the funds raised**

If the Put Option is exercised it is currently expected that the proceeds from the issue of the Option Shares will be used to fund growth opportunities (including those in Asia) as well as other capital management options. Any additional purposes (if applicable) will be disclosed at the time the Put Option is exercised and the Option Shares are issued.

**Voting exclusion**

The Company will disregard any votes cast on Resolutions 8 and 9 by or on behalf of:

- NICO, who participated in the issue of the Placement Shares and will be participating in the issue of the Option Shares if the Put Option is exercised; and
  - any associates of NICO;
- unless the vote is cast by:
- a person as a proxy for a person entitled to vote in accordance with the directions on the voting form; or
  - the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

**What do the Directors recommend?**

The Directors recommend that you vote "For" Resolutions 8 and 9.

**Further Information**

If you would like any further information regarding the AGM, please contact the Company's share registry on 1300 360 688 if calling from within Australia; +61 (0) 3 9415 4210 from outside Australia; or visit the IAG website at [www.iag.com.au/results/aggm](http://www.iag.com.au/results/aggm).



Australia



<sup>1</sup>



<sup>2</sup>

New Zealand



Asia



<sup>3</sup>



<sup>3</sup>



<sup>4</sup>



<sup>4</sup>



<sup>5</sup>



<sup>6</sup>



<sup>7</sup>



<sup>8</sup>

**100% owned unless indicated**

1 IAG's short tail personal insurance products are distributed in Victoria under the RACV brand, via a distribution relationship and underwriting joint venture with RACV. These products are distributed by RACV and manufactured by Insurance Manufacturers of Australia Pty Limited (IMA), which is 70% owned by IAG and 30% by RACV.

2 IAG owns 100% of WFI Insurance Ltd (WFI), the underwriter of general insurance products under the Coles Insurance brand. These products are distributed by Coles under an Authorised Representative Agreement with WFI.

3 IAG holds a 98.6% beneficial interest in Safety Insurance, based in Thailand, which trades under the Safety and NZI brands.

4 IAG owns 49% of the general insurance arm of Malaysian-based AmBank Group, AmGeneral Holdings Berhad (AmGeneral), which trades under the AmAssurance and Kurnia brands.

5 IAG owns 26% of SBI General Insurance Company, a joint venture with State Bank of India.

6 IAG owns 20% of Bohai Property Insurance Company Ltd, based in China.


7 IAG owns 63.17% of AAA Assurance Corporation, based in Vietnam.


8 IAG owns 80% of PT Asuransi Parolamas, based in Indonesia.


All ownership percentages are as at 30 June 2015.

MR JOHN SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## NEED ASSISTANCE?

 **Phone:**  
1300 360 688 (inside Australia)  
+61 (0) 3 9415 4210 (outside Australia)

 **Questions:**  
Questions can be lodged on the form enclosed or online at [www.investorvote.com.au](http://www.investorvote.com.au)

 **Mail:**  
Share Registry  
Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Vic 3001 Australia

 **YOUR VOTE IS IMPORTANT**  
**For your vote to be valid, your voting instruction must be received by 10.00am (Sydney time) on Monday, 19 October 2015**

## VOTING FORM

### HOW TO VOTE ON ITEMS OF BUSINESS

#### Voting 100% of your holding:

You are able to vote directly or instruct your proxy how to vote by marking one of the boxes opposite each item of business. Your proxy may vote or abstain, to the extent permitted by law, as they choose if you do not mark a box on an item of business.

If you mark more than one box on an item of business your vote will be invalid on that item.

#### Voting a portion of your holding:

You are able to indicate a portion of your voting rights directly, or instruct your proxy how to vote, by inserting a percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast by you on each resolution must not exceed your voting entitlement or 100%.

#### Appointing a second proxy:

You are entitled to appoint up to two proxies to attend a meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each overleaf.

**A proxy may be an individual or a body corporate, and need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** The Voting Form must be signed by the securityholder or the securityholder's duly authorised attorney.

**Joint Holding:** The Voting Form must be signed by each of the joint securityholders personally or by their duly authorised attorneys.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### ATTENDING THE MEETING

**Bring a copy of this form to assist registration.** If a representative of a corporate securityholder or corporate proxy is to attend the meeting you will need to provide a "Certificate of Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms" at the top of the page.

### VIEWING THE MEETING ON THE INTERNET

The Annual General Meeting will be webcast at [www.iag.com.au/shareholder-centre/annual-meetings](http://www.iag.com.au/shareholder-centre/annual-meetings) on 21 October 2015 from 10.00am (Sydney time). An archive of the meeting will be available shortly after the meeting.

#### Documents may be lodged:

##### VIA THE INTERNET

Use your computer or smartphone to vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access  
**Control Number: 123456**  
**SRN/HIN: I1234567890**  
**Postcode: 1234**  
For Intermediary Online subscribers (custodians) use [www.intermediaryonline.com](http://www.intermediaryonline.com)

##### BY FAX

Please fax your completed form to (03) 9473 2555 within Australia or +61 (0) 3 9473 2555 if you are outside Australia.

##### BY MAIL

Share Registry  
Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Vic 3001  
Australia

##### IN PERSON

Share Registry  
Computershare Investor Services Pty Ltd  
Level 4, 60 Carrington Street  
Sydney NSW 2000  
Australia

 **PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential**

# VOTING FORM

MR JOHN SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030



I 1234567890 I N D

Please mark  to indicate your directions

## STEP 1

### INDICATE HOW YOUR VOTE WILL BE CAST – Select one of the two options only

XX

At the Annual General Meeting of Insurance Australia Group Limited (“the Company”) to be held at the City Recital Hall, Angel Place Sydney on Wednesday, 21 October 2015, at 10.00am (Sydney Time) and at any adjournment of that meeting I/we being members of the Company and entitled to vote direct the following:

#### 1. VOTE DIRECTLY

Record my/our votes strictly in accordance with the directions below.

For a valid Direct Vote to be recorded you must mark either FOR, AGAINST or ABSTAIN on each item.

OR

#### 2. APPOINT A PROXY TO VOTE ON YOUR BEHALF:

**The Chairman of the Meeting** OR

The name of the person or body corporate you are appointing if this person is someone other than the Chairman of the Meeting.

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, and to vote in accordance with the following directions (or, if no directions have been given, to the extent permitted by law, as the proxy sees fit).

**Chairman of the Meeting authorised to exercise proxies on remuneration related resolutions (Resolutions 1 and 2):** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default) then by submitting this form, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy on Resolutions 1 and 2 (except where I/we have indicated a different voting intention by marking the boxes in Step 2 below), even though Resolutions 1 and 2 are connected with the remuneration of the key management personnel of the Company (which includes the Chairman of the Meeting).

## STEP 2

### ITEMS OF BUSINESS

Please mark “X” within the box to indicate your directions. If you mark the abstain box for a particular item, you are directing that your vote will not be counted on a poll and will not be included in the required majority.

**The Chairman of the Meeting intends to vote all available undirected proxies, FOR each resolution below.** In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

	FOR	AGAINST	ABSTAIN
(1) To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Allocation of share rights to Michael Wilkins, Managing Director and Chief Executive Officer (CEO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Re-election of Alison Deans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Re-election of Raymond Lim	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) Election of Elizabeth Bryan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(6) Election of Thomas Pockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(7) Election of Jonathan Nicholson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(8) Refresh capacity to issue new securities - Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(9) Refresh capacity to issue new securities - Option Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SIGN

### SIGNATURE OF SECURITYHOLDER(S) This section must be completed.

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Contact

Name \_\_\_\_\_

Securityholder 2

Director

Daytime

Telephone \_\_\_\_\_

Securityholder 3

Director/Company Secretary

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

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