



7 September 2016

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 2016 – Resolution 7

As outlined in Resolution 7 of the 2016 Notice of Annual General Meeting, IAG is seeking shareholder approval to allow for possible selective buy-backs of the Convertible Preference Shares (CPS) issued on 1 May 2012.

No decision has yet been made to buy-back any CPS and the Company will decide on a course of action at a later time. Obtaining shareholder approval will provide IAG with more flexibility around the method, price and timing of the exchange or buy-back of CPS without needing to call an extraordinary general meeting subsequent to the Annual General Meeting.

Under the Corporations Act:

- ordinary shareholders who also hold CPS are not entitled to vote in favour of resolution 7; and
- nominee or custodian shareholders (Nominees) who hold ordinary shares on behalf of beneficial holders would not be entitled to vote in favour of resolution 7 if they also hold CPS on behalf of any beneficial holders.

The Australian Securities & Investments Commission has granted an exemption which enables a Nominee who holds IAG ordinary shares on behalf of a beneficial holder to vote that beneficial holder's ordinary shares in favour of resolution 7 provided that, prior to the date the vote is cast, IAG receives from the Nominee written confirmation that the beneficial holder has:

- provided written confirmation to the Nominee that the beneficial holder is not:
 - a person whose shares are proposed to be bought back under Resolution 7; or
 - an associate of a person whose shares are proposed to be bought back under Resolution 7;

- the Beneficial Holder has directed that the Nominee to cast the vote in favour of Resolution 7; and
- the Nominee has not exercised any discretion in casting the vote on behalf of the Beneficial Holder.

The exemption does not allow CPS holders or their associates to vote in favour of resolution 7.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Bertuch", with a long horizontal flourish extending to the right.

Chris Bertuch
Group General Counsel and Company Secretary