
IAG completes off-market share buy-back.

Insurance Australia Group Limited (IAG) today advises it has successfully completed the off-market ordinary share buy-back (Buy-Back) originally announced on 19 August 2016. Following strong demand, IAG will buy back its Shares to the value of around \$314 million.

This amounts to approximately 64 million Shares, or about 2.6% of IAG's ordinary issued capital. It will be conducted at a Buy-Back Price of \$4.91 after application of a Buy-Back Discount of 11%.

"We are pleased with the strong response to the Buy-Back from our shareholders," said IAG's Chief Financial Officer, Nick Hawkins. "Completion of this capital management initiative is in line with IAG's objective of maximising total shareholder returns by returning surplus capital through an effective means, while maintaining a strong balance sheet and regulatory capital position."

The detailed outcomes of the Buy-Back are summarised below:

Size of Buy-Back	\$313,554,127
VWAP Market Price ¹	\$5.5127
Buy-Back Discount	11.0%
Buy-Back Price	\$4.91
Capital Component of the Buy-Back Price	\$2.99
Dividend Component (fully franked)	\$1.92
Tax Market Value ²	\$5.81
Number of shares bought back	63,860,311
Percentage of issued capital bought back	2.6% ³

¹ VWAP Market Price means the volume weighted average price of IAG ordinary shares on ASX over the five trading days up to and including Friday, 7 October 2016 (the Closing Date), excluding certain trades, calculated to four decimal places.

² The Tax Market Value was calculated in accordance with the ATO's Tax Determination TD 2004/22. The Tax Market Value broadly represents the 5 day VWAP of IAG shares prior to announcement of the Buy-Back on 19 August 2016 adjusted by movements in the S&P/ASX200 in the period up to the Closing Date.

³ Approximate percentage.

Shares tendered at a Tender Discount greater than or equal to 11% or as a Final Price Tender have been bought back in full. Shares tendered at discounts less than or equal to 10% and Tenders conditional upon a Minimum Price above the Buy-Back Price were not bought back. Shares that were tendered but not bought back are expected to be released into shareholders' holdings by the close of business today.

IAG has requested a Class Ruling from the Australian Taxation Office in relation to the tax implications of the Buy-Back. This ruling is expected to confirm that \$1.92 per share of the Buy-Back Price will be treated as a fully franked dividend and that for Australian capital gains tax purposes, the deemed capital proceeds will be \$3.89, being the \$2.99 Capital Component, plus \$0.90 representing the excess of the Tax Market Value over the Buy-Back Price.

Payment via direct credit for Shares bought back is expected to occur on Monday, 17 October 2016.

Unless otherwise specified, capitalised terms in this announcement have the same meaning as contained within the Buy-Back booklet, which was made available on 26 August 2016.

For enquiries, please refer to IAG's website at www.iag.com.au/shareholder-centre/public-offers-and-proposals or contact the IAG Buy-Back Information Line on 1300 640 412 from within Australia or on +61 3 9415 4067 from outside Australia.

About IAG

IAG is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, employing more than 15,000 people. Its businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IAG also has interests in general insurance joint ventures in Malaysia and India. For further information please visit www.iag.com.au.

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