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27 April 2018

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

Dear Sir/Madam

Market Release regarding grant of Conditional Rights to the Group Chief Executive Officer

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', is written over a faint, larger version of the same signature.

Carolyn Scobie
Company Secretary

Encl.



QBE

MARKET RELEASE

27 April 2018

Market Release regarding grant of Conditional Rights to the Group Chief Executive Officer

QBE refers to resolutions 2 and 3 in the 2018 Notice of Annual General Meeting as lodged with the ASX on 29 March 2018.

Resolution 2 refers to the adoption of the 2017 Remuneration Report and Resolution 3 refers to the proposed grant of Conditional Rights under the Executive Incentive Plan to the Group Chief Executive Officer. Specifically, resolution 3 currently proposes:

“...the grant of 163,382 Conditional Rights under the Executive Incentive Plan (with an initial value of A\$1,684,469) to Mr Patrick Regan, a director of the Company, and for the acquisition of ordinary shares in the Company upon vesting of those Conditional Rights...”

Subsequent to the publication of the Notice of Meeting, QBE has had the opportunity to consider feedback from investors in relation to the operation of the Company's Executive Incentive Plan and the award of Conditional Rights to Mr Regan.

The Board believes the award to Mr Regan was fair and appropriate and reflected Mr Regan's role in running the Australian and New Zealand business. While a substantial number of shareholders indicated they concurred, a number of shareholders have also expressed reservations about the size of the award in the context of the Group's 2017 results.

In response to this feedback, Mr Regan has volunteered to reduce by 25% the number of Conditional Rights proposed to be granted to him under the Company's Executive Incentive Plan for 2017. This means that if Resolution 3 is passed by shareholders, the Company will instead grant 122,537 Conditional Rights to Mr Regan, with an initial value of A\$1,263,356.

The description of the Executive Incentive Plan in the 2017 Remuneration Report and the explanatory notes to resolution 3 in the 2018 Notice of Annual General Meeting remain unchanged.

The Chairman intends to vote open proxies in favour on these resolutions.

- ENDS -



MARKET RELEASE

27 April 2018

For further information, please contact:

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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 36 countries.

IMPORTANT DISCLAIMER

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates in excess of business plans; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel; no significant asset sales and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this market release.