

WARNING TO IAG SHAREHOLDERS

Insurance Australia Group Limited (IAG) is today warning its shareholders that a new company may be preparing to launch another unsolicited offer for IAG ordinary shares, and such an offer may value the shares below their prevailing market value. IAG does not endorse any unsolicited offer to buy IAG shares.

IAG's warning follows a request from a company for a copy of IAG's ordinary share register which, under the Corporations Act 2001, IAG has provided. This information includes shareholders' names, addresses and the number of ordinary shares held.

The company that made the request, Share Buyback Pty Ltd, has recently been stopped by ASIC from making offers to shareholders of other companies following concerns that the terms of the offers to these shareholders were unclear. IAG understands that people associated with that company may now make offers to IAG shareholders under a new company name, Hassle Free Share Sales Pty Ltd.

IAG Head of Investor Relations, Mr Mike Woods, said that this company may make offers to purchase IAG shares below the current market price of the shares.

"If IAG shareholders receive an offer to sell their shares, they should carefully consider their options when deciding whether or not to accept it, particularly if the offer is below the price that the shares are trading on Australian Securities Exchange (ASX)," Mr Woods said.

"Rather than accepting an undervalued offer, shareholders could consider either not accepting or, if they wanted to sell their shares, sell them at the current market price, through a broker who is licensed to trade on ASX."

Mr Woods said IAG had informed ASIC, and will continue to work closely with the regulator to ensure IAG shareholders' interests are protected to the extent permitted currently under law.

Mr Woods added that under past offers for IAG shares, shareholders have foregone in excess of \$13.8 million by accepting the undervalued offers rather than selling their shares on the ASX. More than 12,000 IAG shareholders have accepted these offers, which means they have missed out on average more than \$1,100 each.

About Insurance Australia Group Limited

Insurance Australia Group Limited (IAG) is an international general insurance group, with operations in Australia, New Zealand, the United Kingdom and Asia. Its current businesses underwrite more than \$7.5 billion of premium per annum. It employs more than 16,000 people of which around 11,000 are in Australia. It sells insurance under many leading brands including NRMA Insurance, CGU, SGIO and SGIC (Australia); NZI and State (NZ); Equity Red Star and Hastings Direct (UK); and NZI and Safety (Thailand). For further information please visit www.iag.com.au

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