

9 December 2009

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

Dear Sir/Madam

**IAG FINANCE (NEW ZEALAND) LIMITED (“IAN”)**

**RESET EXCHANGEABLE SECURITIES (RES) HOLDER MEETING**

The RES Holder Meeting was held today and the meeting approved the proposal to amend the RES Trust Deed.

At the RES Holder Meeting a poll was held on the item of business as set out in the Notice of Meeting dated 23 October 2009. The Returning Officer has advised that the result of the poll is as follows:

**Resolution** To consider and if thought fit to pass as a Special Resolution

“That the trust deed executed by IAG Finance (New Zealand) Limited, Insurance Australia Group Limited, IAG Portfolio Limited and Trust Company Fiduciary Services Limited (formerly known as Permanent Trustee Company Limited) on 20 November 2004 (as amended) (“**Trust Deed**”) be amended and restated on and from 15 December 2009 in the manner described in the Explanatory Statement accompanying this Notice of Meeting, including:

(a) the amendment of the terms of the existing Reset Exchangeable Securities issued under that Trust Deed which are set out in Schedule 1 to the Trust Deed by the deletion of the words marked as struck out and the addition of the words marked in underline as set out in Appendix B of the Explanatory Statement; and

(b) the amendment of the terms of the Existing Preference Shares which are set out in Schedule 2 to the Trust Deed by the deletion of the words marked as struck out and the addition of the words marked in underline as set out in Appendix C of the Explanatory Statement,

and that the Trustee be directed to make amendments to the Trust Deed in accordance with the terms of that resolution and to execute such documents as may be necessary or desirable to give effect to Resolution.”

IAG Finance  
(New Zealand) Limited  
ABN 97 111 268 243  
Incorporated in Australia

New Zealand Branch  
Level 1, NZI Centre  
1 Fanshawe Street  
Auckland, New Zealand

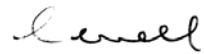
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[www.iag.com.au](http://www.iag.com.au)

The resolution was carried as a Special Resolution

The result of the proxy voting on the poll carried out in respect of the Special Resolution is set out on Schedule A attached.

A media release is also attached in regard to the outcome of the RES Holder Meeting.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Glenn Revell".

Glenn Revell  
**Company Secretary**

IAG FINANCE (NEW ZEALAND) LIMITED

SCHEDULE A

ABN 60 090 739 923

RES Holder Meeting  
9-Dec-09

DISCLOSURE OF PROXY VOTES

RESOLUTION	NUMBER OF PROXY VOTES WHICH THE APPOINTMENTS SPECIFIED AS:				TOTAL NO. OF PROXY VOTES EXERCISABLE	POLL RESULTS			PASSED/ DEFEATED
	FOR	AGAINST	ABSTAIN	AT PROXY'S DISCRETION		TOTAL VOTES IN FAVOUR	TOTAL VOTES AGAINST	TOTAL VOTES ABSTAIN	
RESOLUTION 1	1,811,491	10,609	1,637	74,154	1,896,254	2,152,756	10,609	1,637	Passed
PERCENTAGE	95.53%	0.56%		3.91%		99.51%	0.49%		

## Reset Exchangeable Securities to be amended

**IAG Finance (New Zealand) Limited (Issuer), a subsidiary of Insurance Australia Group Limited (IAG), today announced that holders of its Reset Exchangeable Securities (RES) had approved a proposal to amend the RES into an on-balance sheet Tier 1 eligible instrument. The proposal is outlined in the Explanatory Statement dated 23 October 2009.**

IAG's Chief Financial Officer, Mr Nicholas Hawkins, said he was pleased the amendments were approved as the outcome strikes the right balance between the interests of RES holders and the Group.

"The amendments to the RES will strengthen the Group's capital position and provide additional financial flexibility which we see as prudent given the ongoing uncertainty in financial markets. RES holders will also benefit from an enhanced income stream and have an opportunity for redemption or conversion on the new reset date in December 2019," Mr Hawkins said.

The amendments will take effect from 15 December 2009. The RES will continue to trade as 'IANG' on the ASX.

IAG's regulatory capital position will strengthen, with its minimum capital requirement (MCR) multiple increasing from 1.79 at 30 June 2009 to 2.03 on a pro forma basis.

As previously advised, the amendments will result in the reversal of the \$96 million exchange right previously recognised by IAG within investment income on shareholders' funds. This will be reported in the Group's 1H10 result. Other effects of the amendments are described in the Explanatory Statement.

Details of the outcome of the RES holder meeting are attached.

– ends –

### 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 around \$7.8 billion of premium per annum. It sells insurance under many leading brands including NRMA Insurance, CGU, SGIO, SGIC Swann and The Buzz (Australia); NZI and State (NZ); Equity Red Star (UK); and NZI and Safety (Thailand). For further information please visit [www.iag.com.au](http://www.iag.com.au)

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