



16 January 2009

Manager
Company Announcements
Australian Securities Exchange
Level 6
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

QBE INSURANCE GROUP LIMITED
ABN 28 008 485 014

Head Office
82 Pitt Street
Sydney NSW 2000
AUSTRALIA

Postal Address
GPO Box 82
Sydney NSW 2001
AUSTRALIA

Telephone: +61 (2) 9375 4444
Facsimile: +61 (2) 9231 6104
DX 10171 Sydney Stock Exchange

Dear Sir/Madam

Re: Share Purchase Plan ("SPP") – Australia/New Zealand - further update

We refer to our letter of 9 January 2009.

The issue price of \$20.50 is well below our recent market prices; a significant benefit for those shareholders who subscribed for shares. This is in addition to the 2008 final dividend which will be paid on the new shares.

We confirm we received applications for around \$226.5 million, which was about \$126.5 million higher than the \$100 million sought by the Directors.

Due to the oversubscription, we have had to scaleback the number of shares allotted. This has taken time because of the very large number of applications. The SPP terms and conditions provide QBE with the discretion to undertake the scaleback to the extent and in the manner it sees fit. We believe the scaleback needed to reflect the number of shares held and the application monies.

QBE is currently finalising the scaleback. It expects the allotment, trading and despatch dates to be Tuesday, 20 January 2009 (not today as initially proposed). QBE anticipates around 5.6 million shares will be issued, raising about \$114.8 million.

For your information, shares will be allotted based on the following criteria:

Application money	%	Shareholding balance as at 25/11/08				
		1 - 499	500 - 999	1,000 - 2,499	2,500- 4,999	5,000 or more
\$5,000	100	50	100	150	200	244
\$4,000	80	40	80	120	160	195
\$3,000	60	30	60	90	120	146
\$2,000	40	20	40	60	80	98
\$1,000	20	10	20	30	40	49
\$500	10	10	20	24	24	24
Shares allotted						

For personal use only



For example, a shareholder who held 5,000 or more shares at 25 November 2008 and who applied for \$5,000 worth of shares will be allotted 244 shares; a shareholder who held between 2,500 to 4,999 shares and subscribed for \$5,000 will be allotted 200 shares.

We used 25 November as the date for calculating participation as this was the record date for the SPP, which is consistent with the institutional share placement.

As part of the scaleback, we undertook a process to review all applications and then exclude multiple applications totalling more than \$5,000, with the intention of allowing only one application per the SPP terms and conditions (eg those who held shares in more than one capacity). In summary, we have attempted to exclude multiple applications which from the share register were obviously from the same shareholder or appeared to be so.

We acknowledge some shareholders received more than one offer. However, this was to give the shareholder the opportunity to decide under which shareholding to apply.

We note per the SPP terms and conditions, QBE may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with the SPP and QBE's decision is binding on all participants.

We expect shareholders who applied for more shares than they were allotted should receive their refunds from 20 January 2009.

QBE anticipates shareholders who wish to check their allocations should be able to do so from 20 January online at www.linkmarketservices.com.au or by contacting our share registrar by telephone on 1800 155 044 if calling from Australia or 0800 767 556 if calling from New Zealand.

Yours faithfully

Duncan Ramsay
Company Secretary

Direct: ++612 9375 4422

Fax: ++612 9231 6104

Email: duncan.ramsay@qbe.com