



2 September 2003

The Manager
Company Announcements
Australian Stock Exchange Limited
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Exchange Centre
20 Bridge Street
SYDNEY NSW 2000



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Dear Sir

Dividend – related share issues

QBE advises that for those shareholders participating in the Dividend Election Plan and Dividend Reinvestment Plan for the 2003 interim dividend payable on 25 September 2003, they will be reinvested at the volume weighted average share price of \$9.60 per share. QBE expects that of the total dividend payment of \$133 million, about 53% of this dividend will be reinvested under these Plans, resulting in the issue of approximately 7.3 million shares.

As well, a special issue of 1.3 million shares (approximately) was made today for no cash consideration in relation to the QBE LYONs securities. These "bonus shares" are to compensate the QBE LYONs holders for the effect of the higher 2003 interim dividend which was not known by the holders prior to the announcement of QBE's half year results on 19 August 2003.

Total capital following the above issues is expected to be around 671.4 million shares.

For the purpose of ASX Listing Rule 3.10.3 in relation to the 1.3 million shares, we note:

- the ordinary shares will rank equally with all existing issued ordinary shares; and
- QBE is not required to seek shareholder approval for this issue of ordinary shares.

In addition, for the purpose of complying with paragraph 5 of Category 1 of Schedule C to Australian Securities and Investments Commission Class Order 02/1180, we confirm that in relation to the issue of the 1.3 million shares, all information that would be required to be disclosed under subsection 713(5) of the Corporations Act 2001 has been disclosed.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D Ramsay'.

Duncan Ramsay
Company Secretary