

ASX ANNOUNCEMENT

18 May 2009

Share Purchase Plan and Employee Share Plan

Codan Limited (ASX : CDA) (Codan) is pleased to announce a share purchase plan (SPP) to provide an opportunity for existing shareholders to increase their shareholding.

The SPP entitles eligible shareholders of Codan to purchase fully paid ordinary shares worth up to \$5,000 at a price of \$0.62 per share, free from all brokerage and commission.

The issue price is a 22% discount to the closing share price on 15 May 2009 and a 16% discount to the volume weighted average price of shares traded in the ordinary course on ASX in the five trading days up to and including 15 May 2009.

The funds raised from the SPP will be used to strengthen Codan's balance sheet. Codan remains a sound, profitable business and is conducting the SPP as part of its prudent capital management program, as foreshadowed in recent announcements.

The SPP will open on 25 May 2009 and close on 12 June 2009. Australian and New Zealand based shareholders registered at 5pm Adelaide time on 14 May 2009 will be eligible to participate in the offer.

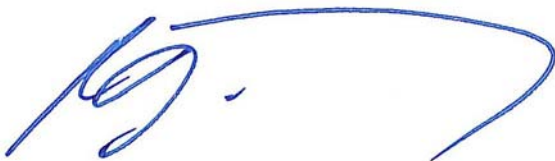
Codan is also pleased to announce that eligible employees of Codan will be invited to participate and subscribe for shares under Codan's employee share plan (ESP). The ESP entitles eligible employees to purchase fully paid ordinary shares at the same price as the SPP, being \$0.62 per share, free from all brokerage and commission. The ESP is also expected to open on 25 May 2009 and close on 12 June 2009.

Shares issued under the SPP and ESP will rank equally in all respects with all other fully paid ordinary shares in Codan on the date of issue.

It is anticipated that the SPP and ESP offer documentation will be mailed on or shortly after 25 May 2009.

In accordance with ASX Listing Rule 3.10.3, Codan provides the following details of the proposed SPP and ESP:

Requirement	SPP	ESP
Class of securities:	Fully paid ordinary shares	Fully paid ordinary shares
Number to be issued:	Up to 8,065 shares	Up to 8,065 shares
Principal terms of securities:	The shares will carry the same rights applicable to quoted fully paid ordinary shares in Codan and will, from the date of issue, rank equally with quoted fully paid ordinary shares currently on issue.	The shares will carry the same rights applicable to quoted fully paid ordinary shares in Codan and will, from the date of issue, rank equally with quoted fully paid ordinary shares currently on issue.
Issue price:	\$0.62 per share	\$0.62 per share
Purpose of issue:	Monies raised will be used to strengthen Codan's balance sheet.	Monies raised will be used to strengthen Codan's balance sheet.
Shareholder approval:	As approval for this issue is not required by the ASX Listing Rules, Codan will not seek shareholder approval prior to the issue of the SPP shares.	As approval for this issue is not required by the ASX Listing Rules, Codan will not seek shareholder approval prior to the issue of the ESP shares.



RJB Moody
Company Secretary
Codan Limited