

# NOTICE OF MEETING

The nib logo consists of the lowercase letters 'nib' in a bold, white, sans-serif font, centered within a solid black rectangular box.

nib holdings limited  
abn 51 125 633 856



Notice is given that the first Annual General Meeting (AGM) of nib holdings limited (Company or nib) will be held:

Date: 28 October 2008

Time: 2.00pm

Venue: Newcastle City Hall  
Level 1 Concert Hall  
290 King Street, Newcastle 2300

## CONTENTS

Business	2
Explanatory Notes	3
Schedule	6
Questions from Shareholders	8

# NOTICE OF MEETING

## BUSINESS

### 1. Consideration of Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2008.

Shareholders will be given a reasonable opportunity to ask questions about, or comment on, the management and audit of the Company.

### 2. Remuneration Report

To consider and, if thought appropriate, pass the following Advisory Resolution:

"That, the Remuneration Report for the financial year ended 30 June 2008 (set out in the Directors' Report) is adopted."

*Please note that this resolution is advisory only and does not bind the Directors or the Company.*

### 3. Re-election of Directors

#### 3.1 To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That, Harold Bentley, an Independent Non-Executive Director retiring in accordance with Article 10.3(b) of the Constitution, being eligible, is re-elected as an Independent Non Executive Director of nib Holdings Limited."

#### 3.2 To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That, Brian Keane, an Independent Non-Executive Director retiring in accordance with Article 10.3(b) of the Constitution, being eligible, is re-elected as an Independent Non Executive Director of nib Holdings Limited."

### 4. Appointment of Auditor

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That, PricewaterhouseCoopers be appointed as the auditors of the Company in accordance with section 327B(1) of the Corporations Act."

### 5. Approval of participation in the nib Long Term Incentive Plan

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That, the following be approved:

- participation in the nib holdings limited Long Term Incentive Plan (**LTIP**) by Mark Fitzgibbon, Managing Director;
- acquisition accordingly by Mr Fitzgibbon of Performance Rights and in consequence of the exercise of those Performance Rights, of ordinary shares of the Company; and
- the provision of benefits to Mr Fitzgibbon under the LTIP, all in accordance with the terms of the LTIP and on the basis as described in the Explanatory Notes to this Notice of Annual General Meeting."

#### Voting exclusion statement

The Company will disregard any votes cast on this resolution by:

- a director of nib (except one who is ineligible to participate in any employee incentive scheme in relation to nib); and
- an associate of a director of nib (except one who is ineligible to participate in any employee incentive scheme in relation to nib).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated: 19 September 2008

By Order of the Board



**Michelle McPherson**

Company Secretary

## Notes:

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Shareholders can appoint a body corporate as well as an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of nib or in the capacity of a shareholders proxy at general meetings of nib. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution.
2. A shareholder who appoints two proxies may state on the Proxy Form what proportion or number of the shareholder's votes each proxy is being appointed to exercise. If a shareholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half the shareholders votes.
3. If a shareholder has appointed two proxies, when a resolution is decided on a show of hands, only the first person named on the Proxy Form may vote. If two Proxy forms have been completed, the person whose name is earlier in alphabetical sequence may vote.
4. A proxy need not be a shareholder of nib.
5. Either the original, facsimile or electronic transmission of the Proxy form(s) and any Power of Attorney or authority under which they are signed must be received at least 48 hours prior to the AGM (i.e. by no later than 2.00pm on Sunday 26 October 2008) or any adjournment. Any Proxy Form received after this deadline, including at the AGM, will be invalid.

6. A Proxy Form accompanies this Notice of AGM.
7. Additional Proxy Forms will be supplied by the nib Share Registry on request.
8. An electronic proxy facility is also available to nib shareholders at [www.investorvote.com.au](http://www.investorvote.com.au).
9. If a corporate representative is to attend the AGM on behalf of a corporation, a formal Notice of Appointment must be brought to the AGM.
10. In accordance with Regulation 7.11.37 of the Corporations Regulations and ASTC Settlement Rule 5.6.1, the Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the register of shareholders as at 7.00pm (Newcastle time) on 26 October 2008. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM.
11. If you wish a question to be put to the Chairman or Auditor and you are not able to attend the AGM, please complete the Question Form which is attached to this Notice of AGM.
12. Either the original or facsimile transmission of the Question Form must be received at least five business days prior to the AGM (i.e. by no later than 5.00pm on 21 October 2008 or any adjournment). This is to allow time to collate questions and to prepare answers.

## EXPLANATORY NOTES

### on the business to be transacted at the nib holdings limited 2008 Annual General Meeting

## ORDINARY BUSINESS

### 1. Consideration of Reports

Section 317(1) of the Corporations Act 2001 (Cwth) (**Corporations Act**) requires a public company to lay before its AGM the Financial Report, the Directors' Report and the Auditor's Report for the financial year that ended before the AGM.

Following the consideration of Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of nib.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Auditor's Report;
- c. the accounting policies adopted by nib in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answers tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

### 2. Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2008 is put to shareholders for adoption. The Remuneration Report is set out on pages 7–17 of nib's 2008 Annual Report – Financial Report.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders will be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report at the AGM.

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

### 3. Re-election of Directors

#### 3.1 Harold Gordon Bentley

Harold Bentley was appointed by the Directors as an Independent Non-Executive Director of nib in November 2007 pursuant to Article 10.7 of the Constitution, which allows the Board to appoint a Director to fill a casual vacancy.

Harold Bentley retires in accordance with Article 10.3(b) of the Constitution and, being eligible, offers himself for re-election as an Independent Non Executive Director.

Mr Bentley is a Member of the nib Audit Committee and nib Nomination and Remuneration Committee.

Mr Bentley has over 20 years experience in the insurance sector. He was previously the Chief Financial Officer of Promina Group Ltd and an Audit Manager of PricewaterhouseCoopers specialising in finance and insurance companies.

Mr Bentley holds a MA (Hons) degree and is also a Chartered Accountant and a Chartered Company Secretary.

The Directors (with Harold Bentley abstaining) recommend that you vote in favour of this Ordinary Resolution.

#### 3.2 Brian Frances Keane

Brian Keane was appointed by the Directors as an Independent Non-Executive Director of nib in November 2007 pursuant to Article 10.7 of the Constitution, which allows the Board to appoint a Director to fill a casual vacancy.

Brian Keane retires in accordance with Article 10.3(b) of the Constitution and, being eligible, offers himself for re-election as an Independent Non Executive Director.

Mr Keane is a member of the Australian Competition Tribunal, Chairman of MTA Insurance Agency Pty Ltd, and a director of Lawcover Pty Ltd, Aurora Energy Pty Ltd and The Holland Insurance Company Pty Ltd.

Mr Keane was previously a director of Medibank Private Ltd, CSIRO, Royal and Sun Alliance Ltd, TAB Ltd, AAI Ltd (Australian Pensioners Insurance), IEC Ltd, Motor Accidents Authority of NSW, and RAC Insurance Ltd, Director and President of the Insurance Council of Australia and Chief Executive Officer of AAMI Ltd.

The Directors (with Brian Keane abstaining) recommend that you vote in favour of this Ordinary Resolution.

### 4. Appointment of Auditor

Approval is sought for the appointment of PricewaterhouseCoopers (**PwC**) as the Company's auditors in accordance with section 327B(1) of the Corporations Act.

PwC was appointed by the Directors as the Company's auditor in October 2007. In accordance with section 327A of the Corporations Act, PwC's initial appointment as auditor continues until nib's first AGM. It is then for the shareholders to appoint nib's auditor.

PwC has consented, and as at the date of the Notice of AGM, has not withdrawn their consent to act as the Company's auditor.

The Directors recommend that you vote in favour of this Ordinary Resolution.

# NOTICE OF MEETING CONTINUED

## 5. Approval of Participation in the nib Long Term Incentive Plan

### Approval Sought

nib seeks shareholder approval for Mr Mark Fitzgibbon, Managing Director, to participate in the LTIP for three financial years from 1 July 2007. The LTIP was adopted by nib in December 2007.

Approval is also sought from shareholders for the purposes of an exception to Listing Rule 7.1, which restricts (in certain circumstances) nib from issuing more than 15 per cent of its issued capital in any 12 month period. The applicable exception is contained in Listing Rule 7.2 Exception 9. The effect of shareholder approval under that exception is that any issues of securities under the LTIP to Mr Fitzgibbon are treated as having been made with the approval of shareholders for the purposes of Listing Rule 7.1. Approval under the exception lasts for three years.

A summary of the LTIP rules (**LTIP Rules**) is set out in the Schedule to these Explanatory Notes.

Details of the nib executive remuneration principles can be found from page 7–17 of the 2008 Annual Report – Financial Report.

### Background

The LTIP forms part of nib's remuneration strategy. The LTIP is designed to align the interests of executives and shareholders and to assist nib in the attraction, motivation and retention of executives. In particular, the LTIP provides executives with an incentive for future performance, thereby encouraging those executives to remain with nib and contribute to the future performance of nib.

Under the LTIP, eligible persons participating in the LTIP may be granted Options and/or Performance Rights on terms and conditions determined by the Board from time to time. An Option and a Performance Right are both rights to acquire a share in nib, subject to the satisfaction of applicable vesting and/or exercise conditions including the achievement of Board determined Performance Hurdles.

### Performance Hurdles

The Performance Hurdle for the vesting of Performance Rights is Earnings per Share growth targets (**EPS Hurdle**) over a 3 year period as determined by the Board.

The EPS Hurdle has been chosen by the Board to focus management attention on 3 year strategic and financial objectives as well as shareholder alignment.

The principle used in setting the EPS Hurdle is to use the prior financial year's normalised EPS as a base and apply a range of compound annual growth rates in EPS from 10% to 25%, which in turn determines the percentage of Performance Rights that will vest on 1 September following the end of the relevant 3 year period, depending on the compound annual growth rate in EPS achieved. No Performance Rights will vest if the compound annual growth rate is below 10%.

The EPS Hurdle base for the financial year commencing 1 July 2007 is 7.19 cents per share, being the Company's 2007 financial year normalised earnings per share which is calculated

based on the normalised profit of \$37.234 million, as set out in the nib 2008 Financial Forecasts dated 24 September 2007.

The EPS Hurdle for the financial year commencing 1 July 2007 is set out in the table below and will be tested as at 30 June 2010 and the percentage of Performance Rights that will vest on 1 September 2010 will be calculated in accordance with the EPS Hurdles shown below:

Percentage of Performance Rights vesting	EPS Hurdle
100%	Compound annual growth rate of 25% (equates to EPS of \$0.140 in the financial year ending 30 June 2010)
75%	Compound annual growth rate of 20% (equates to EPS of \$0.124 in the financial year ending 30 June 2010)
50%	Compound annual growth rate of 15% (equates to EPS of \$0.109 in the financial year ending 30 June 2010)
25%	Compound annual growth rate of 10% (equates to EPS of \$0.096 in the financial year ending 30 June 2010)
0%	Nil

### Notes:

1. For the purpose of calculation, 25% to 50% will be discrete thresholds (eg performance will be assessed at 25% for EPS greater than \$0.096 but less than \$0.109), with performance above the 50% entitlement calculated on a pro rata basis to a maximum entitlement of 100%.

The EPS Hurdle for the financial year commencing 1 July 2008 is to be 5.17 cents per share, being the 2008 financial year normalised earnings per share which is calculated based on the normalised profit of \$26.750 million, as set out in the nib 2008 Annual Report.

The EPS Hurdles for the financial year commencing 1 July 2008 will be tested on or after the date of announcement of nib's annual financial results for the financial year ending 30 June 2011.

### Number of Performance Rights

The number of Performance Rights to be granted to the Managing Director for each financial year in the 3 year period commencing 1 July 2007 is calculated as follows:

$$\frac{55\% \times \text{TFR}}{\text{Strike Price}}$$

**TFR** = the Managing Director's total fixed remuneration for the relevant financial year (being base salary plus superannuation).

### Strike Price =

- in respect of the financial year commencing 1 July 2007, the volume weighted average price for the nib shares for the first 10 trading days following the announcement of the half year financial results for the half year ended 31 December 2007 as lodged with the Australian Securities Exchange (**ASX**); and
- in respect of the financial years commencing 1 July 2008 and 1 July 2009, the volume weighted average price for the nib shares for the first 10 trading days following the announcement of the full year financial results for the relevant financial year (**VWAP**) as lodged with the ASX.

If approved, the number of Performance Rights to be granted to the Managing Director for the financial year commencing 1 July 2007 is calculated as follows:

$$\frac{55\% \times \$500,000}{\$1.016854} = 270,442 \text{ Performance Rights}$$

The number of Performance Rights to be granted for each of the financial years commencing 1 July 2008 and 1 July 2009 is to be calculated using the relevant TFR and the relevant Strike Price for that financial year.

### Exercise of vested Performance Rights

A participant may exercise their vested Performance Rights during the applicable exercise period (**Exercise Period**). The Exercise Period is the period during which a participant may exercise their vested Performance Rights under the LTIP Rules and is determined by the Board in its absolute discretion and set out in the invitation to the participant to apply for Performance Rights.

The Exercise Period for the exercise of vested Performance Rights:

- a. in relation to the financial year commencing 1 July 2007 is from 1 September 2010 until 31 December 2012;
- b. in relation to the financial year commencing 1 July 2008 is from 1 September 2011 until 31 December 2013; and
- c. in relation to the financial year commencing 1 July 2009 is from 1 September 2012 until 31 December 2014.

On exercise, the participant will receive one share for every Performance Right that is exercised, subject to the LTIP Rules, and the Company may elect whether to allocate shares for the purpose of the LTIP by way of an issue of shares or by procuring the on-market purchase and transfer of shares. The Company currently proposes that it will satisfy its obligations to allocate shares for the purpose of the LTIP by arranging for the on-market purchase and transfer of shares to participants after the participants have satisfied the particular Performance Hurdles.

### Participation in the LTIP by Mr Fitzgibbon

nib seeks shareholder approval for Mr Mark Fitzgibbon, Managing Director, to participate in the LTIP for three financial years from 1 July 2007, with the number of Performance Rights to be awarded to Mr Fitzgibbon to be calculated in accordance with the formula set out above.

It is proposed that the Performance Hurdles will be the same as that applied to any other offer of Performance Rights to nib Executives. Details relating to the Performance Hurdles are described above.

### Further Information

Under Listing Rule 10.14, a Director cannot acquire securities under an employee incentive scheme unless the acquisition has been approved by an ordinary resolution of shareholders, provided that this restriction does not apply in respect of securities purchased on-market. Although it is the Board's current intention that shares will be acquired on-market for the purposes of the LTIP, the Board nevertheless wishes to seek approval for the acquisition of Performance Rights and shares by the Managing Director under the LTIP as discussed in these Explanatory Notes.

In accordance with the Listing Rules, the following information is provided for shareholders:

1. shareholders are requested to approve the award to the Managing Director, Mark Fitzgibbon, under the LTIP, of 270,442 Performance Rights in respect of the financial year commencing 1 July 2007, and additional Performance Rights in respect of the financial years commencing 1 July 2008 and 1 July 2009, to be calculated as 55% of the relevant TFR for financial year divided by the relevant Strike Price;
2. the Performance Rights will be granted at no cost to Mr Fitzgibbon and the Board has determined that an exercise price of \$Nil per share is payable by Mr Fitzgibbon on the exercise of each vested Performance Right granted under the LTIP;
3. upon satisfaction of the Performance Hurdles set by the Board, the Performance Rights will vest and Mark Fitzgibbon will be entitled to exercise each vested Performance Right and will then be allocated or issued shares on a one-for-one basis;
4. no loan will be made by nib in connection with the acquisition of Performance Rights or shares by Mark Fitzgibbon under the LTIP;
5. Mark Fitzgibbon is the only person referred to in Listing Rule 10.14 entitled to receive an award of Performance Rights under the LTIP;
6. details of any Performance Rights or shares issued or granted under the LTIP to Mark Fitzgibbon will be published in each Annual Report relating to the period in which the securities have been issued or granted and that approval for the issue or grant of securities was obtained under Listing Rule 10.14;
7. any additional persons (for whom shareholder approval is required) who become entitled to participate in the LTIP after the Ordinary Resolution 5 is approved and who are not named in the Notice of AGM, will not participate in the LTIP until approval is obtained under Listing Rule 10.14;
8. no Performance Rights will be granted under this approval later than three years after the date of the 2008 AGM; and
9. since the introduction of the LTIP, 318,817 Performance Rights have been awarded to executives of nib. None of these Performance Rights have vested yet and accordingly, no ordinary shares have been awarded as a consequence of the exercise of a vested Performance Right. This is the Company's first AGM as a listed entity and accordingly, shareholder approval has not previously been sought in relation to the LTIP.

Part 2D.2 of the Corporations Act provides that a company may generally only give a person a benefit in connection with their ceasing to hold a board or managerial office in a company or a related body corporate if:

- the benefit is a cash payment for past services which, together with other benefits, is valued at less than the limit prescribed in the Corporations Act; or
- the benefit is approved by shareholders.

# NOTICE OF MEETING CONTINUED

Accordingly, approval is also sought for any benefit which Mr Fitzgibbon may receive under the LTIP on ceasing employment within the nib Group. Such benefits may arguably be provided to Mr Fitzgibbon under the LTIP if the Board exercises its discretion to vary or waive some or all of the conditions relating to Mr Fitzgibbon's participation in the LTIP in the event of, for example, Mr Fitzgibbon's death, total and permanent disablement, retirement or Mr Fitzgibbon's employer ceasing to be a member of the nib Group. The value of any such benefit cannot be ascertained as at the date of the Notice of AGM. However, the calculation of the value of the benefit would be affected by the number of Performance Rights which become exercisable in accordance with the LTIP Rules or on the exercise of the discretion by the Board, and the market value of the shares at the relevant time.

## Recommendation

The Directors (with Mr Fitzgibbon abstaining) recommend that shareholders vote in favour of the resolution in Item 5 on the basis that the overall remuneration of Mr Fitzgibbon, which includes his participation in the LTIP, is reasonable having regard to the circumstances of the Company and Mr Fitzgibbon and that the grant of Performance Rights to Mr Fitzgibbon under the LTIP and on the terms described in these Explanatory Notes:

- is in the best interests of the Company as a whole;
- is consistent with the Company's remuneration policy, in particular the Company's policy of linking remuneration to achievement, and the objective of attracting and retaining highly skilled executives and directors; and
- will, therefore, have a positive impact on the Company's prospects.

## Enclosures

Enclosed with the Notice of AGM are:

- i. a Proxy Form to be completed if you would like to be represented at the AGM by proxy. An electronic proxy facility is also available to shareholders via the nib website ([www.nib.com.au](http://www.nib.com.au));
- ii. an AGM Question Form to be completed if you would like a specific question to be addressed by the Chairman or Auditor at the AGM; and
- iii. a reply paid envelope for you to return either or both the Proxy Form and AGM Question Form.

## SCHEDULE

### Summary of the LTIP Rules

A grant of Options and/or Performance Rights is subject to both the LTIP Rules and the terms of the specific grant as determined by the Board. The Board is responsible for administering the LTIP in accordance with the LTIP Rules and the terms and conditions of specific grants of Options and/or Performance Rights to participants in the LTIP.

### Eligibility and Participation

The Board may determine which persons will be eligible to participate in the LTIP from time to time. Eligible persons may be invited to apply to participate in the LTIP. The Board may, in its discretion, accept such applications.

### Options and Performance Rights

A person participating in the LTIP (**Executive**) may be granted Options and/or Performance Rights on terms and conditions, including tenure conditions and performance hurdles, determined by the Board. The Board will determine the exercise price payable on exercise of a vested Option and may determine the exercise price (if any) payable on exercise of a vested Performance Rights. The main difference between an Option and a Performance Right is that an exercise price as determined by the Board is required to be paid to exercise a vested Option, whereas a Performance Right has a nil exercise price unless determined otherwise by the Board. The Board may also determine the exercise period of an Option or a Performance Right.

### Consideration for Grant

The Board may determine the amount (if any) payable for the grant of an Option or a Performance Right from time to time.

### Vesting

Following the satisfaction of the performance hurdles applying to an Option or a Performance Right, the Option or Performance Right vests on, and becomes exercisable on or after, a date predetermined by the Board (**Vesting Date**), provided that the Executive remains employed by nib as at that date.

### Accelerated Vesting

Unless the Board determines otherwise, early vesting (prior to the relevant Vesting Date) of an Option or a Performance Right will automatically occur if there is a winding up, delisting of the Company, change of control or reconstruction or amalgamation of the Company for the purposes of the LTIP Rules.

The Board may, in its discretion, decide to accelerate the vesting of all or part of the Options or Performance Rights held by an Executive in specified circumstances including the Executive's death or cessation of employment for other reasons (including total and permanent disablement, retirement, or redundancy of that Executive).

### Lapse

An unvested Option or Performance Right will lapse on the earliest of:

- a. the expiry of the exercise period applicable to that Option or Performance Right;
- b. the Board determining that the performance hurdles in respect of the Option or Performance Right are not satisfied and not capable of being satisfied on the relevant testing date or retesting date (as the case may be) and that the Option or Performance Right has lapsed;
- c. 30 days after the Executive's death or total and permanent disablement, if death or total and permanent disablement occurs;

- d. 30 days after the Executive ceases to be employed by the Company unless the Board makes a determination that the Option or Performance Right has vested; or
- e. the Board determining that the Executive has committed (or it is evident that the Executive intends to commit) any act (whether by omission or commission) of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Executive's duties, or is convicted of a criminal offence (other than minor/trivial offences) or is guilty of wilful or recklessly indifferent conduct which may injure the reputation or business of a nib entity, and that the Option or Performance Right has lapsed.

A vested Option or Performance Right will lapse on the earliest of:

- a. 12 months after the Executive's death or total and permanent disablement;
- b. 6 months after the Executive ceases to be employed by the Company by reason of retirement or redundancy and 3 months for any other reason (other than termination with cause);
- c. the date (excluding any notice period) on which the Executive's employment with the Company is terminated with cause; or
- d. 30 days after the Board determining that the Executive has committed (or it is evident that the Executive intends to commit) any act (whether by omission or commission) of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Executive's duties, or is convicted of a criminal offence (other than minor/trivial offences) or is guilty of wilful or recklessly indifferent conduct which may injure the reputation or business of a nib entity, and that the Option or Performance Right has lapsed.

Subject to the Listing Rules, the Board may, in its discretion, extend a period during which an Executive may exercise an Option or a Performance Right, provided that the Board may not extend the Exercise Period. If the Board exercises its discretion to extend the period during which an Executive may exercise an Option or a Performance Right, the Board will give written notice of such extension to the Executive as soon as reasonably practicable.

### Exercise

Following the Vesting Date or the accelerated vesting of an Option or a Performance Right, the vested Option or Performance Right may be exercised by the Executive subject to any exercise conditions and the payment of the exercise price (if any), and the Executive will then be allocated or issued the number of shares comprised in each Option or Performance Right.

### Delivery of Shares on Exercise of Vested Options of Performance Rights

The Board has the discretion to have shares issued or transferred to an Executive on the exercise of vested Options or Performance Rights. Any shares issued under the LTIP will rank equally with those shares of the same class for the time being on issue except for any rights attaching to those shares by reference to a record date prior to the date of issue.

### Adjustment

In the event of any capital re organisation by the Company (including any bonus issues and rights issues), an Executive's Options or Performance Rights, and the shares allocated to the Executive on exercise of the Executive's Options or Performance Rights, will be adjusted as set out in the LTIP Rules and otherwise in accordance with the Listing Rules. In general, it is intended that the Executive will not receive any advantage or disadvantage from such adjustment.

### Restrictions on Disposal of Shares

An Executive may not dispose of, deal in, or grant a security interest over any interest in, a share allocated to the Executive on exercise of a vested Option or Performance Right for any relevant period determined by the Board. This disposal restriction may be imposed by the Board at the time of grant or at any time after the date of grant prior to the exercise of the Option or Performance Right (subject to the Executive's agreement). The Board may implement such arrangements (including a holding lock) as it determines are necessary to enforce this restriction.

Once the restriction is removed, and subject to the Company's Trading Policy, shares acquired on exercise of vested Option or Performance Rights may be dealt with freely.



000001 000 NHF  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

**For all enquiries call:**  
(within Australia) 1300 664 316  
(outside Australia) +61 3 9415 4651

**Proxy Form**

 Vote online or view the annual report, 24 hours a day, 7 days a week: <b>www.investorvote.com.au</b>	
<input checked="" type="checkbox"/> <b>Cast your proxy vote</b>  <input checked="" type="checkbox"/> <b>Access the annual report</b>  <input checked="" type="checkbox"/> <b>Review and update your securityholding</b>	<b>Your secure access information is:</b> <b>Control Number: 999999</b>  <b>SRN/HIN: I9999999999      PIN: 99999</b>   <b>PLEASE NOTE:</b> For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 2:00pm (AEDST) Sunday 26 October 2008**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of nib holdings limited hereby appoint

the Chairman of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of nib holdings limited to be held at Newcastle City Hall, Level 1 Concert Hall, 290 King Street, Newcastle NSW 2300 on Tuesday, 28 October 2008 at 2.00pm and at any adjournment of that meeting.

**Important for Item 5:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 5 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
2	That, the Remuneration Report for the financial year ended 30 June 2008 (set out in the Directors' Report) is adopted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1	To re-elect Harold Bentley as an independent non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2	To re-elect Brian Keane as an independent non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	That, PricewaterhouseCoopers be appointed as the auditors of the Company in accordance with section 327B(1) of the Corporations Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	That, Mark Fitzgibbon be permitted to participate in the Long Term Incentive Plan as described in the Explanatory Notes to the Notice of Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_

Date

\_\_\_\_/\_\_\_\_/\_\_\_\_