

ANNUAL GENERAL MEETING



nib holdings

Newcastle Town Hall
2pm, 28 October 2008

KEITH LYNCH CHAIRMAN

INTRODUCTION

DIRECTORS & EXECUTIVES

- Mark Fitzgibbon, Managing Director & Chief Executive Officer
- Harold Bentley, Non-Executive Director
- Dr Annette Carruthers, Non-Executive Director
- Philip Gardner, Non-Executive Director
- Brian Keane, Non-Executive Director
- Michelle McPherson, Chief Financial Officer & Company Secretary

MEETING SCHEDULE

- Chairman's Address
- CEO's Address

Notice of Meeting

- Item 1: Consideration of Reports

Resolutions and Voting

- Item 2: Remuneration Report
- Item 3: Re-election of Directors – Harold Bentley and Brian Keane
- Item 4: Appointment of Auditor – PricewaterhouseCoopers
- Item 5: Approval of participation in Long Term Incentive Plan

Close of Meeting

YEAR IN REVIEW

- Demutualisation and ASX Listing
 - Overwhelming support from policyholders (95%) to demutualise and list on ASX
 - nib successfully listed on the ASX on 5 November 2007
 - Policyholders crystallized their value in the company in the form of cash or shares
- nib Board is very satisfied with nib's FY2008 performance
 - Exceeded Prospectus forecast in respect of underwriting margin and policyholder growth
 - Despite challenging economic conditions and Medicare Levy Surcharge (MLS)

YEAR IN REVIEW (cont)

- nib Board declared a fully franked dividend of 2.1 cents per share in respect of the FY2008 results
 - Distributed to shareholders on 10 October 2008
 - Equates to a payout ratio of 40.7% of normalised profits
- Established nib foundation

nib foundation ESTABLISHED

- nib donated \$25 million to establish nib foundation in June 2008 as part of demutualisation
- Prime Minister, Kevin Rudd announced the first nib foundation beneficiary on 19 October 2008
 - \$100,000 donated to The Black Dog Institute to aid mood disorder research and programs in the Hunter region
- nib foundation will call for funding submissions in November 2008
- It is anticipated that the foundation will allocate around \$2 million annually to support health and wellbeing programs, with a particular emphasis on the Hunter region

FOCUS FOR THE BUSINESS GOING FORWARD

- Creating shareholder value by
 - Business growth and development
 - Accountability and risk management
 - Capital management
 - Good corporate citizenship

UNSOLICITED BID FOR nib

- Confidential, unsolicited, non-binding and incomplete proposal for a third party to acquire a controlling stake in nib and establish a strategic alliance
- A\$1.15 – A\$1.20 per nib share subject to due diligence
- Board believes the proposal undervalues nib, given our robust growth prospects and having regard for comparable recent industry transactions
- As a result, the Board rejected the proposal

MARK FITZGIBBON

MANAGING DIRECTOR & CEO

OUR MISSION

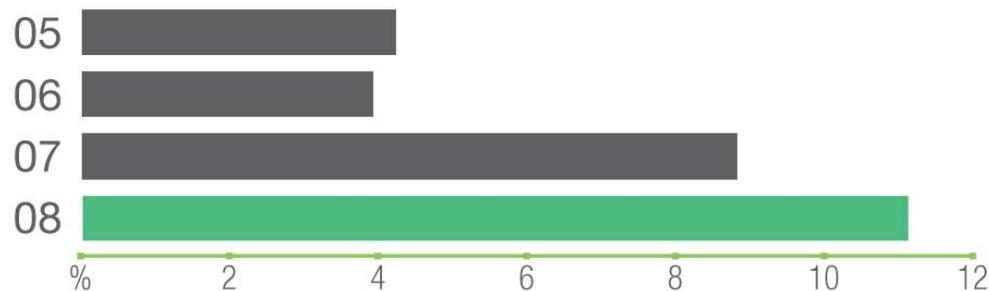
nib's mission is to shape the future of private healthcare funding in a way that increases participation, enhances health outcomes and creates enterprise value.

OUR BUSINESS STRATEGY

- Grow the market and nib market share
- Target < 40's market
- Build national brand presence
- Align brand, products, price and distribution
- Pursue M&A
- Develop new products and business opportunities
- Business modernisation

PERFORMANCE HIGHLIGHTS

policyholder growth



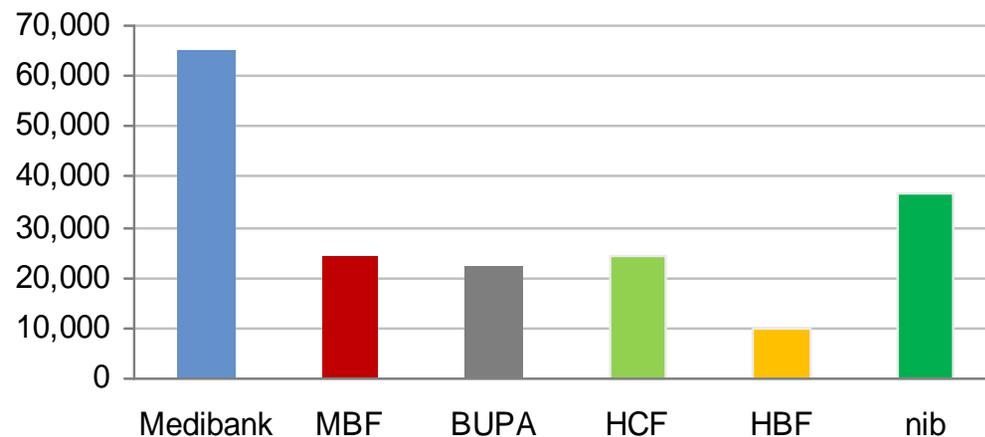
11.1% UP FROM 8.8%

- Strong policyholder growth due to continued success of organic growth strategy:

- Net policyholder growth of 11.1% for FY2008 vs estimated 4.2% for industry
- 36,605 net new policyholders – 114.7% of FY2008 Prospectus Forecast, and consistent with revised forecast of “in excess of 35,000”
- 15,169 net new policies in NSW for the 12 months to 30 June 2008

PERFORMANCE HIGHLIGHTS

policyholder growth



(1) Figures for FY08 have been estimated by nib

- With estimated market share of 7%¹, nib accounted for an estimated 17.3% of national growth in FY2008
- With estimated market share of 9.5%¹ in 20-39 age group, nib accounted for estimated 20.1% of national growth

PERFORMANCE HIGHLIGHTS

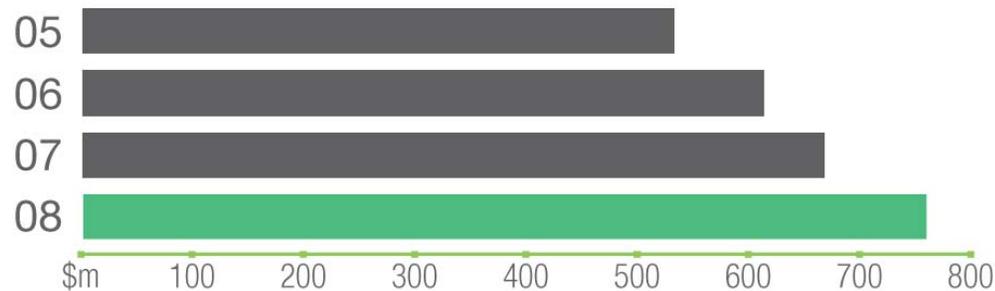
THE RIGHT KIND OF GROWTH

	FY05	FY06	FY07	FY08	FY08 Prospectus Forecast
Annualised growth in net membership	4.2%	3.9%	8.8%	11.1%	9.7%
% of new sales new to category	68.7%	70.8%	74.4%	73.2%	n/a
% of new sales "under 40"	71.7%	73.6%	78.5%	78.8%	n/a
% of new sales online	4.2%	13.6%	32.5%	35.1%	35.8%
% of new sales outside NSW/ACT	19.1%	23.4%	32.3%	37.5%	41.1%

- Since the launch of our new product portfolio in June 2006, we have added 63,090 net new policyholders, accounting for an estimated 15.3% of industry growth

PERFORMANCE HIGHLIGHTS

premium revenue

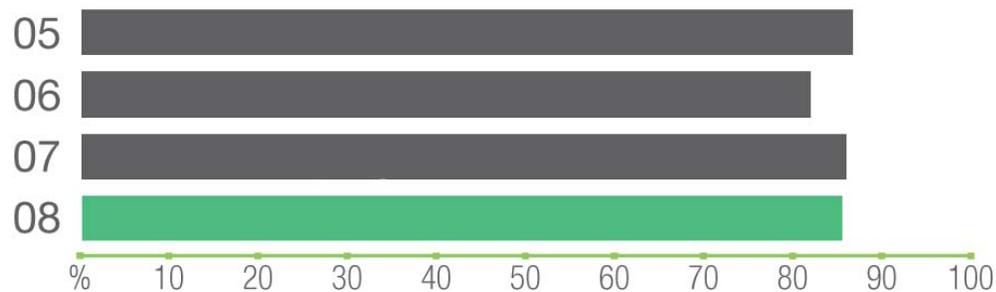


\$758.2M UP 13.8%

- Premium revenue continues to grow strongly through organic growth
- April 2008 price increases (4.99%) were in line with market increases

PERFORMANCE HIGHLIGHTS

normalised claims ratio
(includes HBRTF/RETF levy and state levies)

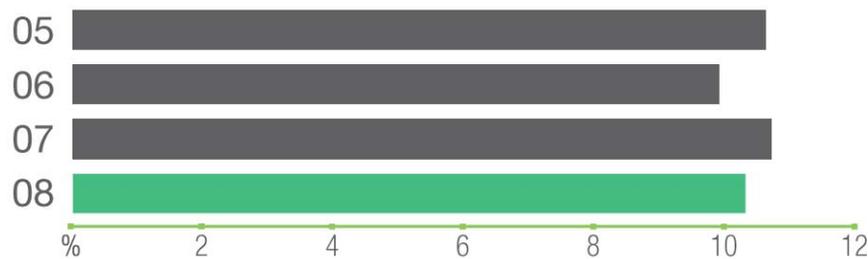


85.3% DOWN FROM 85.7%

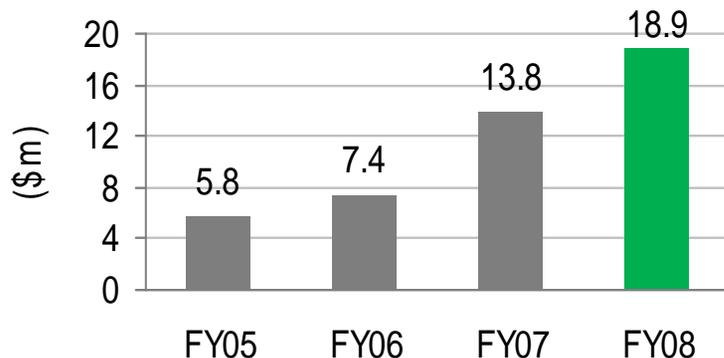
- Total claims expense for FY2008 of \$647 million, up \$75.9 million (or 13.3%) on previous year
- Total drawing rate of inflation (ex risk equalisation) has stabilised
- Risk equalisation continues to reduce the benefit of our successful acquisition of younger, better risk policyholders

PERFORMANCE HIGHLIGHTS

normalised management expense ratio



10.3% DOWN FROM 10.7%

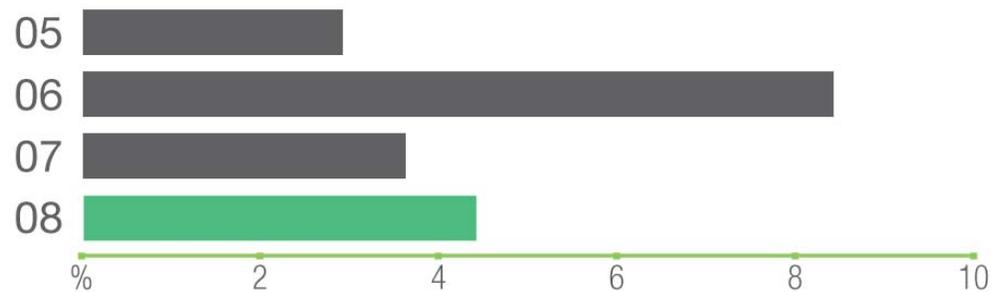


- Management expenses \$78.2 million for FY2008 largely reflects significant investment (\$18.9 million) in growth (advertising and sponsorship)
- MER, including increased investment in growth was down on FY2007 and below FY2008 Prospectus Forecast of 11.1% due to the following factors:

- Increased automation of claims and administration
- Outsourcing of some administration processes
- Rationalising distribution service channels
- Increased staff productivity

PERFORMANCE HIGHLIGHTS

normalised net underwriting margin



4.4% UP FROM 3.6%

- Our strong operating performance is reflected in our normalised net underwriting margin of 4.4%.
- Normalised net underwriting result of \$33.0 million, up \$9.3 million or 39.2% on FY2007.
- We continue to target a net underwriting margin of 5% and expect to reach this target in the near term
- Some risks associated with Government premium control

PERFORMANCE HIGHLIGHTS

investment return (p.a.)

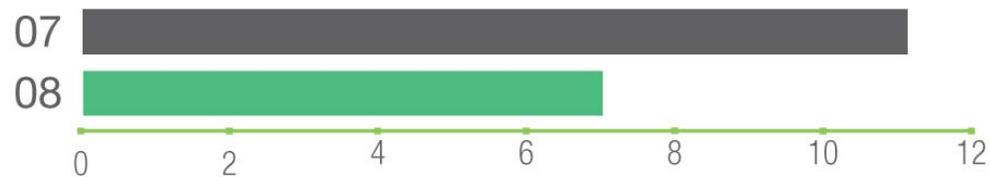


1.6% DOWN FROM 8.8%

- Volatile investment markets have resulted in low net investment earnings for the full year of \$7.5 million, down from \$31.3 million FY2007.
- We are carefully moving our target investment asset allocation to reduce investment earnings volatility
- Return on investment assets for the first three months of FY2009 was a loss of 1.1%.

PERFORMANCE HIGHLIGHTS

normalised return on equity (ROE)



7.0% DOWN FROM 11.1%

Prior years not shown due to no income tax being paid.

- Normalised ROE of just 7% for the year driven by a combination of lower profitability as a result of volatile investment returns and a sub-optimal balance sheet
- Capital management continues to be a significant priority
- We continue to target a ROE of at least 15% and expect to reach this target in the near term

CAPITAL MANAGEMENT & INVESTMENT

- Investment assets of \$440.9 million at 30 September 2008 with a 74% defensive / 26% growth mix
- We have a strong capital position:
 - Approximately \$112 million in excess capital at 30 September 2008 above our internal target (1.5x), after allowing for \$10.9 million dividend paid in October 2008.
 - Ungearred balance sheet
- Strong balance sheet and capital position enables us to pursue attractive acquisition opportunities as they arise and/or undertake capital management initiatives
- In the absence of an acquisition, we envisage a return of capital in the near term
- Given recent corporate activity, we are currently reviewing our Group capital management plan with a view to determining the most optimal capital structure
- On-market share buy-back of up to 10% of issued shares
- Dividend of 2.1cps (40.7% payout ratio)

INNOVATION PRODUCT DEVELOPMENT

- During FY2008 we introduced a number of new product initiatives
 - Products for single parent families
 - Introduction of ancillary-only product – *Just Extras*
- New products in pipeline are expected to be introduced during FY2009.
- Launched a life insurance pilot in partnership with TOWER Australia targeting around 20,000 customers nationwide
- Travel insurance continues to be an important product offer. Considerable opportunities to gain greater market share
- Examining opportunities around Business to Government (B2G)
- nib was awarded a CANNEX 5-Star rating Australia-wide in the package product category during FY2008

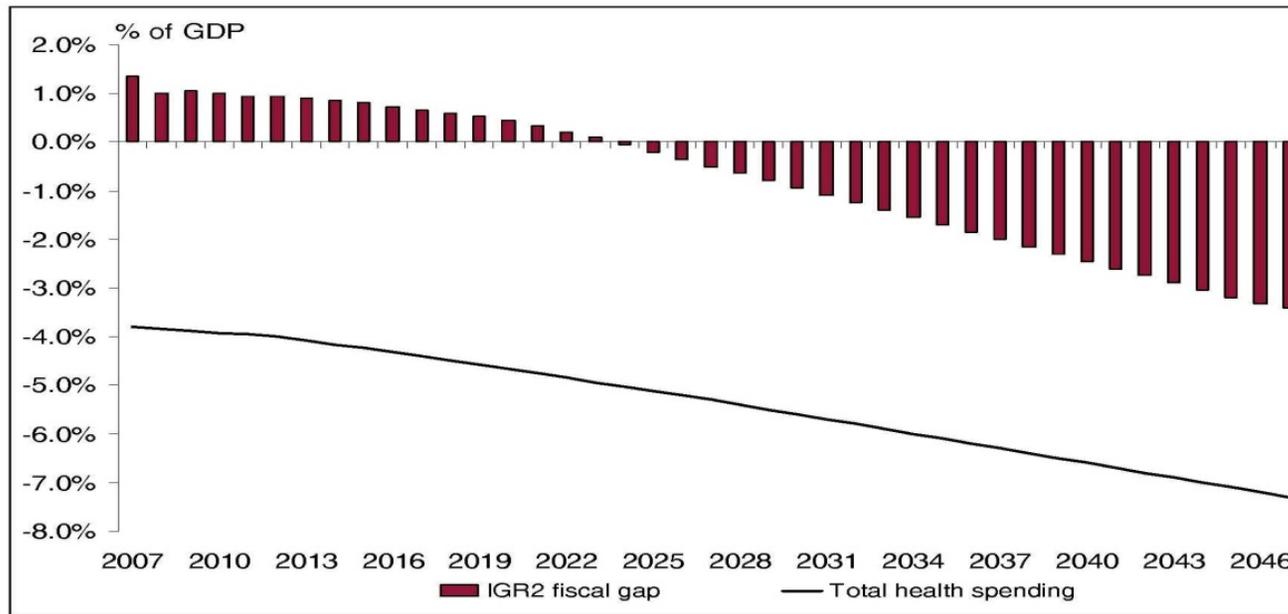
MARKET OUTLOOK

MARKET FUNDAMENTALS ARE SOUND

- Government will remain supportive of PHI given increasing dependency ratio
- Claims inflation will be between 5%-10% (subject to MLS impact)
- More rationale and certain premium setting policy likely to emerge
- Industry growth post MLS could initially slow to 1%-3% given economic conditions, but supported by marketing and low confidence in public system
- Further industry consolidation inevitable
- Potential to increase share of healthcare spending wallet with product innovation – interest will build in next generation private healthcare funding products

MARKET OUTLOOK

Why the government must allow the private sector to play a greater role in healthcare funding...

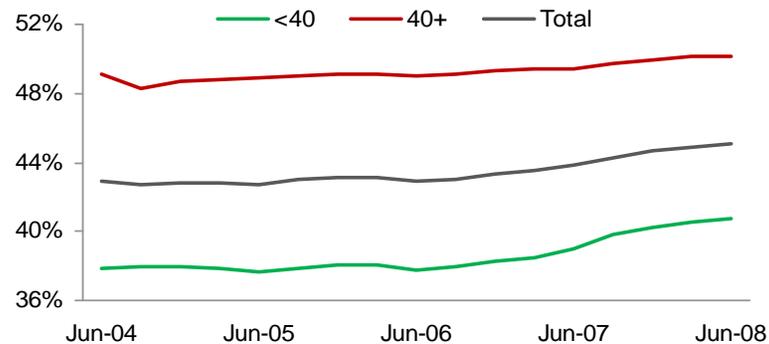


Source: Australian Government (2007)

MARKET OUTLOOK

GROWTH POTENTIAL STILL SIGNIFICANT

Penetration¹ has been increasing



Penetration¹ by State is also increasing

	Penetration		Growth
	Jun 07	Jun 08	FY08
NSW / ACT	45.0%	45.9%	3.2%
Victoria	42.4%	43.4%	3.9%
Queensland	40.9%	42.3%	6.1%
WA	47.9%	49.9%	6.8%
SA	43.9%	44.6%	2.6%
Tas	42.5%	42.9%	2.1%
NT	32.4%	33.5%	6.6%

- Even after the Government's changes to MLS, the potential for PHI growth is still significant:
 - considerable latent demand
 - inevitable decline in Government financing because of increasing dependency ratio
 - low confidence in public hospitals
 - ongoing Government support
 - competition between insurers

WE HAVE A CLEAR VIEW OF WHAT WILL DRIVE EARNINGS

We continue to target a net underwriting margin of 5% and ROE of at least 15% and expect to reach these targets in the near term

Earnings and ROE

- Continue to target 5% net underwriting margin
- Increase market penetration and volume
- Improve policy “buy up” through life stages
- Create new revenue streams leveraging brand, customer base and distribution
- Capital management (capital structure, dividend policy, surplus capital)

FY2009 GUIDANCE

- nib revised its FY2009 guidance on 17 October 2008 following Senate's passing and subsequent legislation of the Medicare Levy Surcharge (MLS) Threshold Bill
- nib's updated guidance is based on income threshold limits being \$70k for singles, \$140k for couples/families
 - Net policyholder growth could be 4%
 - Normalised net underwriting margin in the order of 4%

nib's SHARE PRICE PERFORMANCE

- We believe that the current share price does not reflect the true value of the organisation. P/E 9.9x – NTA 1.02¹.
- Share price has been affected by macro economic factors and MLS issue. Priority within the business is to grow the share price to fair value through focus upon business performance, risk management and capital management

