

Date 24 November 2010

Subject nib responds to GMHBA media release and calls on GMHBA to put revised offer to members

nib holdings limited (nib) today called on the Board of Directors of GMHBA Limited (GMHBA) to put nib's revised \$180 million merger offer to members of the Geelong-based mutual health fund.

nib's Managing Director, Mr Mark Fitzgibbon, said nib is keeping its options open after its revised offer was rejected by the Board of GMHBA without allowing the true owners of the business, its members, the opportunity to vote on the proposal.

"We are extremely disappointed that the Board of GMHBA have rejected our revised proposal and encourage them to let their members have their say on the proposal," Mr Fitzgibbon said.

In October this year, nib made an offer to merge with GMHBA for \$140 million. After the Board of GMHBA rejected this proposal, nib was able to review GMHBA's FY10 financial accounts and increased the offer to \$161 million and then to \$180 million following discussions with GMHBA.

"Very importantly, we have guaranteed no change to GMHBA products and customer experience, including maintaining GMHBA's branches and call centre operations," Mr Fitzgibbon said.

"We believe GMHBA members would only benefit as a result of the merger, as a stronger health insurer means improved services and less pressure on future premium increases," he said.

nib believes that its offer is generous and well within the upper range of health insurer valuations assessed by independent experts during recent industry consolidation.

"Based upon a number of previous health fund demutualisations we are certain the offer would be supported by GMHBA members and estimate some GMHBA members could receive as much as \$7,000 in cash, tax free. nib believes the average payment per GMHBA member would average approximately \$2,000, tax free," Mr Fitzgibbon said.

"And contrary to what GMHBA have stated today, we are very confident our offer compares favourably with previous sales and that an independent expert valuation of GMHBA would support this view," he said.

"As we have said throughout this process, GMHBA's board should let its members decide," Mr Fitzgibbon added.

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