

26 September 2014

The Manager
Company Announcements
ASX Limited
Level 4, Bridge Street
Sydney NSW 2000

2014 Notice of Annual General Meeting – nib holdings limited

Please find attached nib's 2014 Notice of Annual General Meeting, Proxy Form and Chairman's letter which was distributed to nib shareholders today.

The Notice of Annual General Meeting, Proxy Form and Chairman's letter can also be viewed online at nib.com.au/shareholders.

Yours sincerely,



Michelle McPherson
Chief Financial Officer & Company Secretary

nib

NOTICE OF
ANNUAL GENERAL
MEETING 2014

Notice is given that the 2014 Annual General Meeting (“AGM”) of nib holdings limited (ACN 125 633 856) (“nib” or “Company”) will be held:

Date: 29 October 2014

Time: 11.00am (AEDT)

Venue: The Westin, Heritage Ballroom, No. 1 Martin Place, Sydney NSW 2000

Items of Business

ORDINARY BUSINESS

1. Consideration of Reports

To receive and consider the Financial Report, the Directors’ Report and the Independent Auditor’s Report of nib and the entities it controlled (hereafter known as the Group) for the financial year ended 30 June 2014.

Shareholders will be able to ask questions about, or comment on the reports, management and audit of the Group.

There is no vote on this item.

2. Remuneration Report

To consider and, if thought appropriate, pass the following as an advisory ordinary resolution:

“That the Remuneration Report of the Company for the financial year ended 30 June 2014 (set out in the Directors’ Report) is adopted.”

Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

3. Election of Ms Lee Ausburn

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That Ms Lee Ausburn be elected as an Independent Non-Executive Director of the Company.”

4. Re-election of Mr Harold Bentley

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That Mr Harold Bentley be re-elected as a Non-Executive Director of the Company.”

5. Re-election of Ms Christine McLoughlin

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That Ms Christine McLoughlin be re-elected as a Non-Executive Director of the Company.”

SPECIAL BUSINESS

6. Approval of participation in Long-Term Incentive Plan

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes the following is approved:

- participation in the nib Long-Term Incentive Plan (LTIP) by Mr Mark Fitzgibbon, Managing Director / Chief Executive Officer;
- acquisition accordingly by Mr Fitzgibbon of Performance Rights and in consequence of the vesting of those Performance Rights, of ordinary shares of the Company; and
- the provision of benefits to Mr Fitzgibbon under the LTIP, for the year commencing 1 July 2014 in accordance with the terms of the LTIP (as approved by the Board, and amended from time to time by the Board) and on the basis as described in the Explanatory Notes to this Notice of Meeting.”

VOTING EXCLUSION STATEMENTS

Item 2

For the purposes of sections 250R(2) and 250BD(1) of the *Corporations Act 2001 (Cth)*:

1. subject to paragraph 2, a vote must not be cast (in any capacity) on the resolution in Item 2 by or on behalf of a member of the Company's key management personnel (including the Directors) (KMP), details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a shareholder or as a proxy except that a vote may be cast on the resolution in Item 2 by a KMP, or a closely related party of a KMP if:
 - the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the resolution in Item 2; and
 - the vote is not cast on behalf of a KMP or a closely related party of a KMP.
2. if you appoint the Chairman of the AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 2 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy even if the resolution in Item 2 is connected directly or indirectly with the remuneration of a KMP of the Group, which includes the Chairman of the AGM.

The Chairman of the AGM intends to vote undirected proxies in favour of the resolution in Item 2.

Item 6

For the purposes of section 250BD(1) of the *Corporations Act 2001 (Cth)*:

1. a vote must not be cast on the resolution in Item 6 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on the resolution in Item 6. However, this voting exclusion does not apply if the KMP is the Chairman of the AGM acting as proxy and their appointment expressly authorises the Chairman of the AGM to exercise the proxy even if that Item is connected directly or indirectly with the remuneration of a member of the KMP of the Group; and

2. if you appoint the Chairman of the AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 6 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy even if the resolution in Item 6 is connected directly or indirectly with the remuneration of a member of the KMP of the Group, which includes the Chairman of the AGM.

The Chairman of the AGM intends to vote undirected proxies in favour of the resolution in Item 6.

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Item 6 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 that 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 AGM 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: 16 September 2014

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 shareholder's 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 shareholder's 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 11.00am (AEDT) on Monday, 27 October 2014) 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 Meeting.
7. Additional proxy forms will be supplied by the nib share registry on request.
8. An electronic proxy facility is also available to shareholders via the nib shareholder website – nib.com.au/shareholders
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 or lodged with the share registry prior to the AGM.
10. In accordance with Regulation 7.11.37 of the Corporations Regulations (Cth) and ASX Settlement Operating 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 (AEDT) on 27 October 2014. 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 included with this Notice of Meeting.
12. Either the original or facsimile transmission of the question form must be received at least five business days prior to the AGM (by no later than 5.00pm on 22 October 2014 or any adjournment). This is to allow time to collate questions and to prepare answers.
13. If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:
 - the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
 - if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - if the proxy is not the Chairman of the AGM, the proxy need not vote on a poll but if the proxy does so, the proxy vote must vote as directed (subject to any applicable voting restrictions); and
 - if the proxy is the Chairman of the AGM, the proxy must vote on a poll and must vote as directed.
14. There are now some circumstances where the Chairman of the AGM will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the AGM as their proxy. This will be the case where:
 - the appointment of the proxy specifies the way the proxy is to vote on a particular resolution;
 - the Chairman of the AGM is not named as the proxy;
 - a poll has been called on the resolution; and
 - either of the following applies:

- the proxy is not recorded as attending the AGM; or
- the proxy attends the AGM but does not vote on the resolution.

As such, in summary, the Chairman will vote as your proxy if you specified how your proxy was to vote but your proxy either does not attend the AGM or does attend the AGM but does not vote when a poll is called on a particular resolution.

Shareholders should consider directing their proxy how to vote on each resolution by crossing either a “For”, “Against”, or “Abstain” box when lodging their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

ORDINARY BUSINESS

1. Consideration of Reports

Section 317(1) of the *Corporations Act 2001 (Cth)* (“Corporations Act”) requires a public company to lay before its annual general meeting the Financial Report, the Directors’ Report and the Auditor’s Report for the Company for the financial year that ended before the annual general meeting.

Shareholders will be able to consider, comment on and ask questions of the Directors and the Auditor of the Company about the management of the Company, the conduct of the audit, and the preparation and contents of the financial statements and reports for the financial year ended 30 June 2014.

2. Remuneration Report

The Corporations Act requires listed companies to put a remuneration report relating to Director and Executive remuneration for each financial year to a resolution of members at their annual general meeting. The Remuneration Report for the Group for the financial year ended 30 June 2014 is set out on pages 19–41 of the Company’s Annual Report and is also available on the Company’s website nib.com.au/shareholders.

Under section 250R (3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders will be able 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. Election of Ms Lee Ausburn

Ms Lee Ausburn was appointed by the Board as an Independent Non-Executive Director of nib in November 2013 pursuant to Article 10.7 of the Constitution, which allows the Board to appoint any person to be a Director as an addition to the existing Directors.

Lee Ausburn retires in accordance with Article 10.3(b) of the Constitution and, being eligible, offers herself for election as an Independent Non-Executive Director.

Lee was appointed as an additional Director to the Board of nib holdings limited in November 2013. She is also a Director of nib health funds limited and IMAN Australian Health Plans Pty Limited.

With more than 30 years’ experience in pharmaceuticals, Lee is an experienced Non-Executive Director with a wealth of knowledge in the global health industry. She is currently a Director of Australian Pharmaceutical Industries Ltd, a pharmaceutical wholesaling and retail business and SomnoMed Ltd, a medical device company.

Lee is also Vice President of the Pharmacy Foundation at the University of Sydney.

Lee is a member of the People and Remuneration Committee and the Risk and Reputation Committee.

The Board (with Ms Ausburn abstaining and not voting) supports the election of Ms Ausburn and recommends that you vote in favour of this ordinary resolution.

4. Re-election of Mr Harold Bentley

In accordance with the ASX Listing Rules and Article 10.3(a) of the Constitution, Mr Harold Bentley retires from office at the AGM and, being eligible for re-election, offers himself for re-election as a Non-Executive Director.

Harold has been a Director of nib holdings limited since November 2007. He is also a Director of nib health funds limited and IMAN Australia Health Plans Pty Limited.

Harold has more than 20 years’ experience in the insurance and financial services industry with particular expertise in the transition of private companies to a listed environment.

He was formerly the Chief Financial Officer of Promina Group and an Audit Manager of PricewaterhouseCoopers, specialising in finance and insurance companies.

Harold is the Chairman of the Audit Committee and a member of the Risk and Reputation and Investment Committees. He also serves on the Board and Committees of nib's New Zealand subsidiaries.

The Board (with Mr Harold Bentley abstaining and not voting) supports the re-election of Mr Bentley and recommends that you vote in favour of this performance resolution.

5. Re-election of Ms Christine McLoughlin

In accordance with the ASX Listing Rules and Article 10.3(a) of the Constitution, Ms Christine McLoughlin retires from office at the AGM and, being eligible for re-election, offers herself for re-election as a Non-Executive Director.

Christine was appointed to the Board of nib holdings limited in March 2011.

She is also a Director of nib health funds limited and IMAN Australian Health Plans Pty Limited.

Christine is also Director of Whitehaven Coal Limited and Chairman of the Australian Payments Council. Christine's term as a Director of Westpac's insurance businesses will end in September 2014.

Christine has more than 25 years of experience in leading Australian businesses with a background in strategy, communications, commercial law, government and regulatory affairs, and human resources.

In the charitable sector Christine contributes as a Director of The St James Ethics Centre, Deputy Chairman of The Smith Family, and was formerly a Director of the AMP Foundation. Christine is a member of the Minter Ellison Advisory Board.

Christine is Chairman of the People and Remuneration Committee and a member of the Risk and Reputation Committee.

The Board (with Ms McLoughlin abstaining and not voting) supports the re-election of Ms McLoughlin and recommends that you vote in favour of this ordinary resolution.

SPECIAL BUSINESS

6. Approval of participation in Long-Term Incentive Plan

Approval Sought

nib seeks shareholder approval for Mr Mark Fitzgibbon, Managing Director & CEO, to participate in the LTIP for grants of Performance Rights in 2014 (with a four-year performance period).

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 and contribute to the future performance of nib.

Under the LTIP, eligible persons participating in the LTIP may be granted Performance Rights on terms and conditions determined by the Board from time to time. A Performance Right is a right to be allotted a share in nib, subject to the satisfaction of applicable vesting conditions including the achievement of Board-determined Performance Hurdles.

A summary of the LTIP Rules, which apply to Performance Rights granted to Mr Fitzgibbon and other KMPs from July 2013, is set out in the Schedule to these Explanatory Notes.

Overview of awards to Mr Mark Fitzgibbon

Performance Rights are awarded to Mr Mark Fitzgibbon (Managing Director & CEO) on an annual basis at the discretion of the Board. The Performance Rights for each annual award are granted in two tranches of equal value.

The Performance Rights to be issued during the financial year ended 30 June 2014 will have a four-year performance period (from 1 July 2014 to 30 June 2018) (Performance Period).

Vesting conditions

The Performance Rights will vest in accordance with the achievement of the following vesting conditions:

Vesting Condition 1	Vesting Condition 2
50% of the Performance Rights ("Tranche 1")	50% of the Performance Rights ("Tranche 2")
Total Shareholder Return targets ("TSR Hurdle") for the relevant Performance Period are met	Earnings per Share growth targets ("EPS Hurdle") for the relevant Performance Period are met

The TSR Hurdle and the EPS Hurdle have been chosen by the Board to focus management attention on four-year strategic and financial objectives, as well as shareholder alignment.

TSR Hurdle

The TSR Hurdle measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the Tranche 1 Performance Rights to vest, the TSR of nib is compared to companies in the S&P/ASX 200 as at the commencement of the relevant Performance Period. For the purpose of calculating the TSR measurement, the security prices (plus cash distributions notionally reinvested in securities) of each comparator company in the S&P/ASX 200 and of nib will be averaged over the 20 consecutive ASX trading days preceding the start date and end date of the relevant Performance Period.

The percentage of Tranche 1 Performance Rights that vest will be as follows:

nib's TSR performance compared to the relevant peer group	Percentage of Tranche 1 Performance Rights to vest
<50th percentile	No vesting
≥50th percentile to 74th percentile	Pro-rata straight line vesting between 50% and 100%
≥75th percentile	100% vesting

EPS Hurdle

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 4.0% to 9.0%, which in turn determines the percentage of Tranche 2 Performance Rights that will vest on 1 September following the end of the relevant performance period, depending on the compound annual growth rate in EPS achieved. The EPS targets have been determined with reference to the macro-economic environment, relevant benchmarks and nib's strategy over the measurement period.

No Performance Rights will vest if the compound annual growth rate is below 4.0%.

The EPS Hurdle base for the Performance Period is 15.9 cents per share, being nib's 2014 financial year normalised earnings per share, which is calculated based on net profit after tax of \$69.8 million.

The EPS Hurdle for the Performance Period will be determined in accordance with the principles set out in the table below (with the Board setting the EPS hurdles annually):

Percentage of Performance Rights vesting	EPS Hurdle
100%	Compound annual growth rate of 9.0% (equates to EPS of \$0.224 in the financial year ending 30 June 2018)
75%	Compound annual growth rate of 7.0% (equates to EPS of \$0.208 in the financial year ending 30 June 2018)
50%	Compound annual growth rate of 5.5% (equates to EPS of \$0.197 in the financial year ending 30 June 2018)
25%	Compound annual growth rate of 4.0% (equates to EPS of \$0.186 in the financial year ending 30 June 2018)
0%	Nil

Notes:

- For the purpose of calculation, 25% and 50% will be discrete thresholds (e.g. performance will be assessed at 25% for EPS greater than or equal to \$0.186 but less than \$0.197), with performance above the 50% entitlement calculated on a pro rata basis to a maximum entitlement of 100%.

The EPS Hurdle will be tested as at 30 June 2018 and the percentage of Performance Rights that will vest on 1 September 2018 will be calculated in accordance with this criteria.

Number of Performance Rights

The number of Performance Rights to be granted to the Managing Director & CEO in the year ended 30 June 2015 (for the financial year commencing 1 July 2014) is calculated as follows:

$$\frac{100\% \times \text{TFR}}{\text{Strike Price}}$$

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

Strike Price = Volume weighted average price (“VWAP”) for nib shares for the first 10 trading days following the announcement of the full year financial results for the financial year ended 30 June 2014, which is \$3.4084.

If approved by shareholders, the number of Performance Rights to be granted to Mr Fitzgibbon for the financial year commencing 1 July 2014 is calculated as follows:

$$\frac{100\% \times \$800,000}{\$3.4084} = 234,714 \text{ Performance Rights}$$

Delivery of Shares on Vesting of Performance Rights

Mr Fitzgibbon will receive one share for every vested Performance Right, 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 Mr Fitzgibbon after the testing of the particular performance hurdles.

A two-year non-disposal period applies to 50% of the shares allocated to Mr Fitzgibbon on vesting of the Performance Rights.

Participation in the LTIP by Mr Fitzgibbon

nib seeks shareholder approval for Mr Fitzgibbon, Managing Director & CEO, to participate in the LTIP for 2014 (for the financial year from 1 July 2014 to 30 June 2015), with the number of Performance Rights to be awarded to Mr Fitzgibbon to be calculated in accordance with the formula set out in this Notice of Meeting.

It is proposed that the performance hurdles for Mr Fitzgibbon will be applied to any other offer of Performance Rights to nib’s KMP. The performance hurdles will be set in the same manner as outlined in relation to Mr Fitzgibbon.

Further Information

Listing Rule 10.14 provides that a listed company may only permit a director to acquire shares or rights to shares under an employee incentive scheme where that director’s participation has been approved by an ordinary resolution of shareholders.

The Board’s current intention is that if the Performance Rights vest, shares will be acquired on-market for the purposes of the LTIP. The Board wishes to seek approval for the acquisition of Performance Rights and shares by the Managing Director & CEO under the LTIP as discussed in these Explanatory Notes.

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

1. the maximum number of Performance Rights for which approval is sought will be calculated as described above and will be provided to shareholders in nib’s relevant annual report;
2. the Performance Rights will be granted at no cost to Mr Fitzgibbon and the Board has determined that no amount is payable by Mr Fitzgibbon on the vesting of each Performance Right granted under the LTIP;
3. upon satisfaction of the performance hurdles set by the Board, the Performance Rights will vest and Mr Fitzgibbon will 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 Mr Fitzgibbon under the LTIP;
5. Mr Fitzgibbon is the only person referred to in Listing Rule 10.14 entitled to receive an award of Performance Rights under the LTIP;
6. Mr Fitzgibbon is the only person referred to in Listing Rule 10.14 who has received Performance Rights and securities under the LTIP since the last approval. Mr Fitzgibbon received 273,786 Performance Rights since the last approval with an acquisition price of nil; and
7. no Performance Rights will be granted under this approval later than 12 months after the date of the AGM.

Recommendation

The Board (with Mr Fitzgibbon abstaining and not voting) recommends that shareholders vote in favour of the resolution in Item 6 on the basis that the overall remuneration of Mr Fitzgibbon, which includes his participation in the LTIP, is reasonable having regard to the Company’s circumstances 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; and

- 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.

ENCLOSURES

Enclosed with the Notice of Meeting are:

- 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 shareholders website – nib.com.au/shareholders;
- 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
- 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 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 performance rights to participants in the LTIP.

Eligibility and Participation

The Board may determine which persons are 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 performance rights on terms and conditions, including tenure conditions and performance hurdles, determined by the Board. A performance right has a nil exercise price and is exercised automatically on vesting unless determined otherwise by the Board.

Consideration for Grant

The Board may determine the amount (if any) payable for the grant of a performance right from time to time.

Vesting

Following the satisfaction of the performance hurdles applying to a performance right, the performance right vests on a date predetermined by the Board ("Vesting Date").

Accelerated Vesting at Board's Discretion

The Board may, in its discretion, decide to accelerate the vesting of all or part of the performance rights held by an Executive if there is a winding up of the Company, a delisting of the Company, a change of control, reconstruction or amalgamation of the Company, death of a participant or a cessation of employment as a result of total disablement, redundancy or retirement.

Lapse

An unvested performance right will lapse on the earliest of:

- the expiry date applicable to that performance right;
- the Board determining that the vesting conditions in respect of the performance right are not satisfied and not capable of being satisfied on the relevant testing date and that the performance right has lapsed;
- the Board making a determination in accordance with the terms and conditions of grant of the performance rights that the performance right has lapsed;
- the date the Executive ceases to be employed by nib or a company in the Group due to being a "bad leaver" (being an Executive who ceases employment with nib or a company in the Group by reason of summary dismissal, resignation (other than a mutually agreed separation) and any other reason the Board determines creates a "bad leaver" (other than a reason specified in e below)), unless the Board determines otherwise;

- e) the date the Executive ceases to be employed by nib or a company in the Group due to:
- i. death;
 - ii. total and permanent disablement;
 - iii. retirement;
 - iv. redundancy; or
 - v. mutually agreed separation,
- in which case a pro rata number of each tranche of that Executive's unvested performance rights (calculated in accordance with the LTIP Rules) will lapse 30 days after the date the Executive ceases employment and the balance of the Executive's unvested performance rights will continue to be held by the Executive subject to the terms and condition of the grant of the performance rights and the LTIP Rules, unless the Board determines otherwise; or
- f) 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, the Executive 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, or the Executive has breached a confidentiality or non-compete obligation and that the performance right has lapsed.

Delivery of Shares on Vesting of Performance Rights

Following the Vesting Date or the accelerated vesting of a performance right, the Executive will be transferred or issued the number of shares comprised in each performance right.

The Board has the discretion to have shares issued or transferred to an Executive on vesting of performance rights. Any shares issued or allotted 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 or allotment.

Adjustment

In the event of any capital reorganisation by the Company (including any bonus issues), an Executive's performance rights, and the shares allocated to the Executive on vesting of the Executive's 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 the vesting of a performance right for any relevant period determined by the Board. 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 the vesting of performance rights may be dealt with freely.

nib.com.au

26 September 2014

Dear Shareholder,

2014 Annual General Meeting

On behalf of the Directors of nib holdings limited (**nib**), I would like to invite you to the 2014 nib Annual General Meeting (**AGM**).

Date: Wednesday 29 October 2014
Time: 11.00am (AEDT)
Venue: The Westin
1 Martin Place
Sydney NSW 2000

Enclosed is the Notice of AGM setting out the business of the AGM (**Notice of Meeting**).

If you are attending the AGM, please bring this letter with you to facilitate registration and entry.

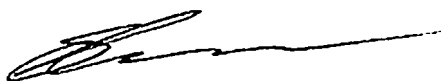
If you are unable to attend, I do encourage you to participate by completing a proxy form. This can be done online at investorvote.com.au or alternatively you can complete and return the proxy form enclosed.

Further details regarding the proposed resolutions to be considered at the AGM are included in the Notice of Meeting.

Subject to the abstentions noted, all the Directors recommend that shareholders vote in favour of each of the resolutions.

The nib Board looks forward to seeing you at the AGM. If you are unable to attend, you can watch a webcast of the AGM live from 11.00am (AEDT) Wednesday 29 October 2014 at nib.com.au/shareholders.


Yours sincerely,




Steve Crane
Chairman

If you would like to view the 2014 nib Annual Report and Shareholder Review online please visit nib.com.au/shareholders/2014annualreport

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 Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

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

Proxy Form

 <h3>Vote and view the annual report online</h3> <ul style="list-style-type: none">• Go to www.investorvote.com.au or scan the QR Code with your mobile device.• Follow the instructions on the secure website to vote.	
<h3>Your access information that you will need to vote:</h3> <p>Control Number: 137142</p> <p>SRN/HIN:</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 11.00am (AEDT) on Monday, 27 October 2014**

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 or abstain as they choose (to the extent permitted by law and subject to any applicable voting exclusion). 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 annual general meeting (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: To sign under Power of Attorney, you must lodge a Power of Attorney with the registry. 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 holding is held by a company and 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. Delete titles as applicable.

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.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for nib holdings limited, please write them on the "Questions from Shareholders" form accompanying the Notice of Meeting.

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



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.

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, and to the extent permitted by law and in accordance with any applicable voting exclusions, as the proxy sees fit) at the Annual General Meeting of nib holdings limited to be held at the Heritage Room, The Westin, 1 Martin Place, Sydney NSW 2000 on Wednesday, 29 October 2014 at 11.00am (AEDT), and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2 and 6 (except where I/we have indicated a different voting intention below) even though Items 2 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 and 6 by marking the appropriate box in step 2 below.

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.

ORDINARY BUSINESS

		For	Against	Abstain
Item 2	That the Remuneration Report of the Company for the financial year ended 30 June 2014 (set out in the Directors' Report) is adopted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Election of Ms Lee Ausburn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Re-election of Mr Harold Bentley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Re-election of Ms Christine McLoughlin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

Item 6	Approval of participation in the Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote all available proxies able to be voted in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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 / /

185637_01NEMIB

Questions from Shareholders



nib holdings limited
ABN 51 125 633 856

All correspondence to:
Computershare
GPO Box 242
Melbourne VIC 3001

Your questions regarding any matter relating to nib holdings limited (nib) or its subsidiaries that may be relevant to the 2014 nib annual general meeting (AGM) are important to us. We invite you to use this form to submit any questions you may have relating to:

- the management of nib;
- the conduct of the audit;
- the preparation and content of the Audit Report;
- the accounting policies adopted by nib in relation to the preparation of the financial statements;
- the independence of the Auditor in relation to the conduct of the audit; and/or
- any other matters before the AGM.

Please return this form in the reply paid envelope provided or fax to 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia). All questions must be received by 5.00pm on Wednesday, 22 October 2014.

We will attempt to respond to as many of the more frequently asked questions as possible in the Chairman's address at the AGM. The Chairman will also permit the Auditor to answer any written questions submitted to the Auditor. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM.

Shareholder's Name

Address

Shareholder Reference Number or Holder Identification Number

I																				or	X													
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Please tick the relevant box: My question is for the:

Chairman Auditor

Question/s

Any personal information you give us in this form will be used to verify that you are a shareholder. We may provide the personal information you include in the question to our registry provider, Computershare Investor Services Pty Ltd for that purpose. Our privacy statement is available on our website at nib.com.au.