

Date **Wednesday 28 July 2010**

Subject **Proposed cancellation of nib shares**

nib holdings limited (**nib**) wishes to update the market on its intention concerning the approximate 6.1% shares held in the nib Overseas Policyholders and Unverified Policyholders Trust (**Trust**).

In 2007, nib health funds limited demutualised and became a wholly owned subsidiary of nib. Under the terms of the demutualisation, shares in nib were issued to the Trust to be held on behalf of the relevant overseas policyholders and unverified policyholders. Since the demutualisation, nib has attempted to contact unverified policyholders on numerous occasions to remind them to verify their details. In addition, during August 2010, nib will place notices in major Australian newspapers as another way of contacting unverified policyholders.

As at 19 July 2010, the trustee of the Trust, Australian Executor Trustees Limited (**Trustee**), held 30,272,440 shares in nib, which represents approximately 6.1% of nib's issued share capital. Under the terms of the Trust Deed, as soon as reasonably practicable after the third anniversary of the Demutualisation Date, which was 1 October 2007, the Trustee must dispose of all of the trust property (which includes the shares held by the Trustee, the dividends paid by nib on the shares held by the Trustee and the interest income) in such manner as directed by the Board of nib.

The Board of nib has been considering its options as to the treatment of the shares held by the Trustee. The current intention of the Board is to recommend the cancellation of the shares held by the Trustee for nil consideration. The Board intends to seek shareholder approval of such a selective capital reduction at nib's 2010 annual general meeting to be held on 26 October 2010. Further details will be provided to shareholders in the notice of meeting. The Board intends to direct the Trustee to pay any other remaining trust property, less any expenses incurred by the Trustee in relation to the Trust, to nib.

Are you an unverified policyholder?

To be allocated your nib shares and receive any unclaimed dividends payable to you by nib, **you must verify your details**. This can be done online by visiting www.nib.com.au/shareholders and following the "verify your details" link, or by telephoning 1300 664 316. To verify your details please reference your nib policyholder number.

If you do not verify your details before October 2010 you will no longer be eligible to receive your nib shares.

MEDIA AND INVESTOR RELATIONS

Matthew Neat

Tel: 02 4914 1777

Mob: 0411 700 006

Email: m.neat@nib.com.au