ASX Announcement

Date 10 September 2009

Subject **Return of proceeds to participating shareholders in the unmarketable parcel sale facility (UMP Sale Facility)**

nib holdings limited (nib) is pleased to announce that the proceeds from the sale of shares in the UMP Sale Facility have been sent to all participants in the UMP Sale Facility.

As per nib's announcement on 26 August 2009, shares in the UMP Sale Facility were sold at a price of $1.06 per share to relevant institutional investors, as determined pursuant to a bookbuild process managed by J.P. Morgan Australia Limited. All costs associated with the sale of shares in the UMP Sale Facility have been met by nib.

The sale of shares through the UMP Sale Facility was conducted in accordance with nib's constitution. nib considers that the unmarketable parcel divestment process was conducted in the best interests of nib and all its shareholders, and that the price achieved for the sale of shares in the UMP Sale Facility was fair considering recent market conditions. In particular, the price achieved through the bookbuild was higher than the price that would have been received if the sale had been conducted by means of a minimum holding buy-back which, in accordance with the pricing mechanism for a minimum holding buy-back sale under the Terms and Conditions of the UMP Sale Facility, would have been $1.04 per share.

Further information on the UMP Sale Facility

nib values all of its shareholders. However, the administrative cost of maintaining many small shareholder accounts was, in nib's opinion, disproportionately high. nib also recognised that small shareholders may find it difficult or expensive to dispose of their shares.

This is why nib decided to offer the UMP Sale Facility to small shareholders (in accordance with article 22 of nib's constitution). The UMP Sale Facility provided small shareholders with the opportunity to sell their shares in an easy, convenient and cost-effective manner under.

On 4 June 2009, nib wrote to shareholders who held 624 or less nib shares (ie. less than $500 worth of nib shares) as at 7pm (AEST) on 28 May 2009 (an unmarketable parcel), advising them that nib intended to sell their shares through the UMP Sale Facility and return the proceeds of the sale.

Shareholders with unmarketable parcels were advised that in order to retain their unmarketable parcel, they would need to either:

- return a duly completed Share Retention Form by 5pm (AEST) on 17 July 2009; or
- become the registered holder of 625 or more shares by 5pm (AEST) on 17 July 2009 through purchasing additional shares or, if the shareholder had multiple holdings, by merging those holdings.

nib explored in good faith possible avenues that would maximise the price received for the 21,978,234 shares in UMP Sale Facility and determined that their sale to institutional investors would maximise the price received for the UMP Sale Facility shares, having regard to existing market conditions.

In making this determination, nib consulted with its financial adviser as to whether the price received would be maximised by a sale to institutional investors, a sale to nib under a minimum holding buy-back or some other alternative. Based on the pricing mechanism under the Terms and Conditions for the facility, the maximum price nib could pay under a minimum holding buy-back would have been $1.04.

Accordingly, all shares in the facility were sold to institutional investors. The sale price of $1.06 per share payable for these shares under the facility is equal to the price per share payable by the relevant institutional investors, as determined pursuant to a bookbuild process managed by J.P. Morgan Australia Limited.

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