

4 June 2009

The Manager
Company Announcements
Australia Securities Exchange Limited
Level 4, Bridge Street
SYDNEY NSW 2000

Subject: Share Sale Facility for Unmarketable Parcels

As foreshadowed in our 2009 half year results presentation, nib's directors have decided in accordance with article 22 of nib's constitution, to offer an unmarketable parcel sale facility (**facility**) to shareholders who were the registered holders of less than a marketable parcel of nib shares (ie, less than \$500 worth of shares) as at 7pm (AEST) on 28 May 2009 (**Record Date**).

At the Record Date, nib's share price was \$0.80, making shareholders with less than 625 nib shares at the Record Date eligible to participate in the facility. There were 74,280 eligible shareholders at the Record Date, equating to 26,695,521 nib shares.

nib values all of its shareholders, however, the administrative costs (such as share registry and shareholder communication expenses) of maintaining many small shareholder accounts is disproportionately high. In addition, nib recognises that small shareholders may find it difficult or expensive to dispose of their shares. The facility will provide small shareholders with an easy, convenient and cost-effective way to sell their shares.

Attached is the Divestment Notice, Share Retention Form and Terms and Conditions being sent today to eligible shareholders.

Yours sincerely



Michelle McPherson
Company Secretary/Chief Financial Officer

4 June 2009



000001* 000 NHF
MR AB SAMPLE
123 SAMPLE STREET
SAMPLE TOWN 1234

Dear Shareholder

Divestment notice - Sale of your nib shares

I am writing to offer a sale facility (**Facility**) to all shareholders with a holding of nib holdings limited (**nib**) shares (**Shares**) valued at less than \$500 as at 7pm (AEST) on 28 May 2009 (the **record date**) (called an **unmarketable parcel**). Based on the closing price on the Australian Securities Exchange (**ASX**) on the record date of \$0.80 per Share, an unmarketable parcel is any holding of 624 Shares or less. Our records indicate that as at the record date you held an unmarketable parcel. Accordingly, nib would like to offer you the opportunity to sell your Shares through the Facility without paying for brokerage, handling and associated costs. If you wish to continue to hold your Shares you will need to return the enclosed Retention Form.

Why is nib offering the Facility?

nib values all of its shareholders, however, the administrative costs (such as share registry and shareholder communication expenses) of maintaining many small shareholder accounts is disproportionately high.

In addition, nib recognises that as a small shareholder you may find it difficult or expensive to dispose of your Shares. The Facility provides you with an easy, convenient and cost-effective way for you to sell your Shares.

The Facility is offered pursuant to article 22 of nib's constitution.

What do I have to do?

- **if you wish to sell your Shares** under the Facility, you do not need to take any action. If you do not take any action, nib intends to sell your Shares within six weeks from 17 July 2009. Sale proceeds will be paid to you in Australian dollars by cheque and the cheque will be mailed to you.
- **if you do not wish to sell your Shares, you need to:**
 - **complete and return the enclosed 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 you hold your Shares in multiple holdings, by merging those holdings.

You are free to sell your Shares at any time on or before 5pm (AEST) on 17 July 2009.

How will my Shares be sold?

nib will explore possible avenues for the sale of your Shares with a view to maximising the price received, having regard to market conditions at that time. In particular, nib will consult 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 alternative.

If nib sells your Shares under a minimum holding buy-back, the price per Share you receive will be equal to the higher of:

- the volume weighted average price (**VWAP**) for all Shares traded on ASX over the 10 trading day period prior to, and including, 17 July 2009; and
- the VWAP for all Shares traded on ASX over the 10 trading day period prior to, and including, the date on which your Shares are sold.

If nib decides to proceed with the sale of your Shares under a minimum holding buy-back, your Shares will be transferred to nib, and will then be immediately cancelled in accordance with the Corporations Act 2001.

nib reserves the right to vary, delay or terminate the process of sale for your Shares, including if market or other conditions are such that nib considers that adhering to the process above may have a material impact on the price at which Shares are traded on ASX or if nib's directors consider that a more favourable price can be achieved for your Shares by a different sale process.

Important information

nib makes no recommendation as to whether you should participate in the Facility and is not giving, and is not obliged to give, any advice to you. It is important that you read, and understand, the enclosed Terms and Conditions. You should seek independent financial advice (including tax advice) specific to your circumstances when determining whether or not to participate in the Facility.

Further information

Please refer to the enclosed Terms and Conditions for further information.

If you have any questions concerning the contents of this letter, please visit "Frequently Asked Questions" on the nib shareholder website (www.nib.com.au/shareholders) or contact Computershare Investor Services Pty Limited on 1300 664 316 (within Australia) or +61 3 9415 4651 (outside Australia).

Yours sincerely,



Keith Lynch
Chairman
nib holdings limited

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2115 Melbourne
Victoria 8060 Australia
Enquiries (within Australia) 1300 664 316
(outside Australia) 61 3 9415 4651
Facsimile 61 3 9473 2500
web.queries@computershare.com.au
www.computershare.com



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000001* 000 NHF
MR AB SAMPLE
123 SAMPLE STREET
SAMPLE TOWN 1234

Securityholder Reference Number (SRN)



I 9999999999 I ND

Use a **black** pen.
Print in **CAPITAL** letters
inside the grey areas.

A B C

1 2 3

Where a choice is required,
mark the box with an 'X'

X

For your security keep your SRN/HIN confidential.

Retention Form

IMPORTANT:

This is an important document and requires your immediate attention. If you wish to retain your ordinary shares ("Shares") in nib, you must complete this form and return it so that it is received by no later than 5:00 PM (AEST) on 17 July 2009. You should also refer to the letter from nib and the Terms and Conditions that accompanied this form. If you are in any doubt as to how to deal with this form, please consult a professional advisor.

B **Number of Shares as at Record Date**
The number of Shares that you held at 7:00 PM (AEST) 28 May 2009. 300

C **Retention of Shares**
 I/we refer to the notice from nib dated 4 June 2009 and record my/our wish to retain my/our Shares.

D **Contact details**
Please provide your contact details in case we need to speak to you about this form.

Name of contact person Contact person's daytime telephone number

()

E **Sign here - this section must be signed before we can process this form.**
By signing and returning this form, I/we confirm that I/we understand that my/our Shares will not be sold under the Unmarketable Parcel Sale Facility.

Individual or Securityholder 1 Securityholder 2 Securityholder 3

Sole Director and Sole Company Secretary Director Director/Company Secretary

Day Month Year

/ /

TO BE A VALID INSTRUCTION, THIS FORM MUST BE RECEIVED BY NO LATER THAN 5.00 PM (AEST) on 17 July 2009



How to complete this form

Securityholders who wish to retain their Shares must lodge a Retention Form.

A Registration Name(s) Your name and address as it appears on the register of nib holdings limited ("nib").	D Contact details Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.
B Number of Shares as at Record Date This is the total number of Shares you held at 7:00 PM (AEST) 28 May 2009.	E Signature(s) You must sign and date the form as follows in the space provided: Joint holding: where the holding is in more than one name all of the securityholders must sign. Companies: this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.
C Retention of Shares If you would like to retain your Shares, please mark the box on the front of the form and return it in accordance with the lodgement instructions below. If this form is not received by that time, and you have not otherwise validly notified nib that you wish to retain your Shares by that time, nib will be entitled to have your Shares sold for you. If you wish to sell your Shares under the Unmarketable Parcel Sale Facility, you should not complete this form.	

Consolidation of shareholdings

If you have more than one holding on the nib holdings limited register and you do not wish to sell your Shares under the Unmarketable Parcel Sale Facility, you should consider consolidating them. For further advice in this regard, please contact Computershare Investor Services Pty Limited ('CIS') on 1300 664 316 (within Australia) or 61 3 9415 4651 (outside Australia).

Lodgement of Form

If you wish to retain your Shares, this Retention Form must be completed and received by CIS at the address below by no later than 5.00 PM (AEST) on 17 July 2009.

It is your responsibility to allow sufficient time for this form to be received by CIS.

Your Retention Form must be sent to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 8060

Neither CIS nor the Company accepts any responsibility if you lodge the Retention Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for the Company, for the purpose of effecting your instructions in relation to the Unmarketable Parcel Sale Facility, maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to the Company and its professional advisers, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the Company in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

This form may not be used to notify your change of address. For information please contact CIS on 1300 664 316 or visit the share registry at www.computershare.com



nib holdings limited (ABN 51 125 633 856)
Share Sale Facility for Unmarketable Parcels
Terms and Conditions

1 What is the nib Share Sale Facility for Unmarketable Parcels?

nib holdings limited (ABN 51 125 633 856) (**nib**) is offering the nib Share Sale Facility for Unmarketable Parcels of shares (**Facility**) (under article 22 of nib's constitution). The Facility provides you with a convenient way to sell all of your fully paid ordinary shares in nib (**Shares**).

This document, in conjunction with the attached letter from the Chairman (**Divestment Notice**) and the Retention Form, satisfies the notice requirements set out in the nib constitution.

If you are the holder of an Unmarketable Parcel (see section 2 below) and you do not wish to sell your Shares you must return your Retention Form or purchase additional Shares by 5pm Australian Eastern Standard Time (AEST) on 17 July 2009 (see section 6 below).

The nib Board makes no recommendation as to whether you should use the Facility. The Facility is not the only way to sell your Shares. You can also sell your Shares through the Australian Securities Exchange (**ASX**) by contacting a broker or sell your Shares off-market if you can find a buyer.

nib will pay the brokerage and handling fees (if any) in relation to the sale of Shares under the Facility.

You should seek independent financial advice (including tax advice) specific to your circumstances when determining whether or not to participate in the Facility or otherwise sell your Shares.

2 What is an Unmarketable Parcel?

The ASX Listing Rules provide that a marketable parcel is a parcel of shares with a value of at least \$500 (determined by reference to the closing price on ASX) at the relevant date. For the purposes of the Facility, an Unmarketable Parcel is a holding of Shares which is less than a marketable parcel (ie, worth less than \$500) as at 7pm (AEST) on 28 May 2009 (**Record Date**). Based on the closing price of \$0.80 per Share on the ASX on the Record Date, an Unmarketable Parcel is any holding of 624 Shares or less.

3 Why is nib offering the Facility?

nib values all of its shareholders, however, nib incurs significant administrative costs in maintaining many small shareholders (for example, the costs of processing dividends, preparing and mailing shareholder statements, annual reports and all forms of shareholder communications). The cost of maintaining small shareholder accounts can be disproportionately high.

In addition, nib recognises that small shareholders may find it difficult or expensive to either dispose of their Shares or increase their shareholding to a marketable parcel. The Facility is an easy, convenient and cost-effective way to sell all of your Shares.

4 Who can use the Facility?

Any nib shareholder who is the registered holder of an Unmarketable Parcel as at 7pm (AEST) on 28 May 2009 is eligible to participate in the Facility. Eligible shareholders will be sent a Divestment Notice advising them of their eligibility, a copy of these Terms and Conditions and a Retention Form.

5 What do I have to do to use the Facility?

If you wish to **sell** your Shares under the Facility you do not need to take any action or respond to this correspondence.

6 What do I have to do to retain my Shares?

If you wish to **retain** your Shares you must do one of the following:

- complete and return the enclosed Retention Form before 5pm (AEST) on 17 July 2009; or
- purchase additional Shares so that you are the registered holder of 625 or more Shares as at 5pm (AEST) on 17 July 2009. For your additional purchase of Shares to be an effective notice to nib that you wish to retain your Shares, the additional Shares purchased must be held in the same holding as your current Shares (in particular, under the same name and address as shown on the Retention Form) and must be registered by 5pm (AEST) on 17 July 2009. If you have a number of holdings which you wish to consolidate, please contact nib's share registry, Computershare Investor Services Pty Limited on 1300 664 316 (within Australia) or +61 3 9415 4651 (outside Australia).

7 What happens if I do not return my Retention Form or purchase additional Shares by 5pm (AEST) on 17 July 2009?

nib will be entitled to sell your Shares under the Facility.

8 Can I withdraw my Retention Form?

Yes. If you would like to withdraw your Retention Form, please send a written request which:

- details your name, address and shareholder reference number (SRN) or holder identification number (HIN);
- states that you would like to withdraw your Retention Form; and
- is signed by all holders,

to Computershare Investor Services Pty Limited, GPO Box 2115, Melbourne VIC 8060, Australia. Your written request must be received before 5pm (AEST) on 17 July 2009 in order to be effective.

9 What costs will I incur?

nib will bear the costs of sale of the Shares under the Facility. The costs of sale of the Shares include all stamp duty, brokerage and government taxes and charges (except for tax on income or capital gains).

10 Can I sell some but not all of my Shares in the Facility?

No. You cannot sell part of your shareholding in the Facility.

11 When and how will my Shares be sold?

The sale of Shares is expected to take place as soon as practicable after 17 July 2009. You cannot specify the date on which your Shares will be sold.

If your Shares are not sold within six weeks of 17 July 2009, nib's right to sell your Shares lapses. nib will inform you if this occurs.

nib will explore in good faith possible avenues that would maximise the price received for your Shares having regard to market conditions at that time. In particular, nib will consult 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.

If nib decides to proceed with the sale of your Shares under a minimum holding buy-back, nib (in its capacity as your attorney) will accept on your behalf a minimum holding buy-back offer from nib. nib will then sell and transfer your Shares to nib, which will then be immediately cancelled in accordance with the Corporations Act 2001.

nib reserves the right to vary, delay or terminate the above process, including if market or other conditions are such that nib considers that adhering to the process described above may have a material impact on the price at which Shares trade on ASX or if nib's directors believe that a more favourable price can be achieved for your Shares by a different sale process.

nib has appointed Computershare Investor Services Pty Limited as its agent to carry out some of its obligations under these Terms and Conditions. nib and Computershare Investor Services Pty Limited are not giving, and are not obliged to give, any advice to you. These Terms and Conditions do not constitute advice or a recommendation to sell or hold your Shares, nor that the Facility is the best way to sell your Shares.

nib is irrevocably authorised, without further notice, by each participating shareholder in the Facility to do all things (including to accept an offer to sell your Shares to nib as part of a minimum holding buy-back, or engage any third party (including brokers) and execute all documents, including to effect any holding adjustment, securities transformation, securities transfer or other transmission or transaction in relation to an eligible shareholder's Unmarketable Parcel, such as converting a CHESS holding to an issuer sponsored holding) to facilitate the sale of the Shares under the Facility.

12 What price will I receive?

If nib decides to sell your Shares by way of a minimum holding buy-back rather than any other alternative (see discussion in section 11 above), the price that you will receive for each of your Shares sold through the Facility (**Sale Price**) will be equal to the higher of:

- the volume weighted average price (**VWAP**) for all Shares traded on ASX over the 10 trading day period prior to, and including, 17 July 2009; and

- the VWAP for all Shares traded on ASX over the 10 trading day period prior to, and including, the date on which your Shares are sold.

If nib decides to sell your Shares to institutional investors, the Sale Price will be the fixed price paid per Share by the relevant institutions.

If you use the Facility, you cannot specify the process by which, or price at which, your Shares will be sold. **It is important to note that the market price of the Shares will change from time to time.** The Sale Price may be more or less than the actual market price at the time of sale and may not be the best price obtainable on the day on which your Shares are sold or over the period in which nib may sell your Shares. Neither nib nor Computershare Investor Services Pty Limited provide any assurance as to what the price of the Shares on ASX will be or what price you will receive for your Shares if you use the Facility. Information on the price of Shares can be obtained from the daily press or through the ASX website (www.asx.com.au) by looking up nib's code which is "NHF."

The Sale Price of the Shares will be calculated by nib or a third party appointed by nib and may not be challenged in the absence of manifest error.

Computershare Investor Services Pty Limited will send you a transaction confirmation statement notifying you of the number of your Shares sold through the Facility, the Sale Price and the total sale proceeds you have received. You will not receive any interest on any sale proceeds.

13 How and when will I receive the proceeds from the sale of my Shares?

Sale proceeds will be sent to you within 60 days after the settlement of the sale of your Shares under the Facility.

Sale proceeds will be paid to you in Australian dollars by cheque and the cheque will be mailed to the address set out on the accompanying letter (which is your address as shown on nib's share register). An Issuer Sponsored Holder or CHESS statement will be sent to you at the end of the month in which your Shares are sold.

14 What happens to the Facility if there is a takeover bid for nib?

In accordance with the nib constitution, the Facility will become unavailable following the announcement of a takeover bid for nib, however the Facility may be recommenced after the close of the offers made under any takeover.

15 Treatment of New Small Holders

Under article 22 of nib's constitution, New Small Holders (shareholders with a holding of Shares created after 5 November 2007 by the transfer of less than a marketable parcel as at the time of the transfer) do not have the same entitlements in relation to the divestment process as Small Holders (shareholders who have held less than a marketable parcel of Shares since 5 November 2007). nib's directors have resolved that, for the purposes of this Divestment Notice only, New Small Holders will be treated as Small Holders.