

Date: 21 March 2007

Subject: **NIB to demutualise and list on the Australian Securities Exchange**

NIB Health Funds Limited (NIB) has announced its intention to become the first private health insurer in Australia to demutualise and list on the Australian Securities Exchange (ASX).

Following an extensive examination of various strategic options, initiated almost two years ago, the Board of NIB believes demutualisation and a listing on the ASX will put the company firmly on the path to achieving its strategic ambitions.

The demutualisation will also allow NIB's approximately 320,000 members and contributors to realise their share of the value which is currently trapped in the business and which will continue to grow over time.

If the demutualisation is approved, members and contributors will receive shares in NIB or cash when the company lists on the ASX later in the year.

NIB Chairman, Keith Lynch, said: "We believe the decision to demutualise is in the best interest of all stakeholders. People who were NIB members or contributors as of yesterday (20 March) will benefit as we go through the process of unlocking value which is not possible under the current business structure.

"NIB has reached a point where a mutual structure limits our potential to build an even greater national business and brand. We have ambitions to be more dominant in the health insurance sector. We need a corporate and capital structure which gives us the ability to raise funds from investors, distribute our profits and better manage our capital."

Mr Lynch said the Board had been considering its options for almost two years and the case for a listing on the ASX was compelling.

Mark Fitzgibbon, NIB's Chief Executive Officer for the past four years, said: "I believe a demutualisation and subsequent listing of NIB is the best option for the company to achieve its goals and also the best outcome for members and contributors.

"Under the current structure we can't reward our members and contributors for their faith in the company. Under this proposal we will immediately unlock significant value, with no impact on policies or benefits."

Mr Fitzgibbon said the proposed sale of Medibank Private figured prominently in NIB's strategic thinking.

"We anticipate more aggressive competition from a privatised Medibank Private and for other funds to follow our lead in demutualising. Health insurance is also likely to be integrated with other financial and insurance services in the future."

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health benefits organisation

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The timetable, allocation of value to members and contributors, terms of demutualisation and listing process will be set out in an Explanatory Statement and Notice of Meeting expected to be released in June.

Broadly, however, the method for allocating NIB shares will be determined by, among other things, the length and nature of relationship with NIB.

While the timings of key events have not been finalised, the following dates are indicative:

- Expected despatch of Explanatory Statement and Notice of Meeting to Members and Contributors June
- Scheme Meeting to approve demutualisation July
- Court hearing to approve Scheme July
- Listing on ASX Late 2007

As part of the demutualisation and listing on the ASX, NIB plans to establish a new not-for-profit charitable organisation. Further details of the NIB Foundation will be released in the coming months, however funds from the NIB Foundation will be distributed between a number of charitable organisations throughout the Hunter region and other parts of the country to support the health and wellbeing of the Australian community.

"As the company embarks on this new phase in its development, the Board and management team believe this is an appropriate juncture to show NIB's commitment to improving the health and wellbeing of Australians," Mr Lynch said.

NIB has established a hotline - 131 nib (13 16 42) - and further information can be found on NIB's website at nib.com.au.

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About NIB:

NIB is a not-for-profit organisation and has been a registered health fund since 1952. The health fund started operations at BHP's Newcastle Steelworks as Newcastle Industrial Benefits and is now Australia's sixth largest health insurance provider. Today, NIB has approximately 320,000 members and contributors across Australia and in 2006 posted a pre-tax profit of almost \$64 million.

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