

Date: 19 July 2007

Subject: **NIB wins support for Demutualisation**

NIB Health Funds Limited (NIB) is on track to become the first private health insurer in Australia to list on the Australian Securities Exchange (ASX) after its Eligible Policyholders and Company Members voted overwhelmingly in favour of demutualisation at a series of meetings held in Newcastle today.

While the final vote is subject to a number of checks and final verification, the interim results suggest 94.73% of Eligible Policyholders and the required majority of Company Members supported the Proposal. It is anticipated the final result will be known by Friday 20 July 2007. The full details of the three votes are outlined below.

NIB Chairman, Keith Lynch, thanked Eligible Policyholders and Company Members for their strong support of the Board's recommendation.

"This is a significant milestone in the [54 year] history of NIB," Mr Lynch said. "With the private health insurance industry facing structural change, the Board believes that the demutualisation and proposed listing on the ASX will ensure NIB's ongoing sustainability and growth, and the interests of our policyholders will continue to be served as we maintain our track record of offering innovative products at affordable prices."

"The Board believes that the demutualisation and proposed listing on the ASX will unlock value in the business while protecting the interests of all policyholders."

NIB Chief Executive, Mark Fitzgibbon, said: "This historic vote in favour of changing the corporate structure of NIB puts us in a strong position to achieve our goal of becoming a truly national business and brand. We believe it enhances our strategic and capital flexibility and improves the prospects of NIB participating in mergers, takeovers and other corporate transactions."

The Proposal is still subject to certain approvals from the Federal Court of Australia (hearing scheduled for 23 July 2007). If approved, NIB intends to apply for a listing on the ASX within the next six months. Details of Eligible Policyholders' allocation of shares were included in the Explanatory Statement pack sent to each Eligible Policyholder in June.

On listing, NIB intends to establish a not-for-profit charitable foundation, NIB Foundation, to support the health and wellbeing of the Australian community and in particular the Hunter region. The NIB Foundation will be initially funded by \$25 million raised through the issue of new shares at the time of listing on the ASX.

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Retail centres around Australia

A not for profit registered
health benefits organisation

Results of the three separate votes are:

1. Results from the Eligible Policyholders' Scheme Meeting:

Votes for	% Votes for	Votes Against	% Votes Against
100,851	94.73	5,606	5.27

2. Results from the Company Members' Scheme Meeting:

Votes for	% Votes for	Votes Against	% Votes Against
39	84.78	7	15.22

3. Results from Company Members' General Meeting:

Resolution	Votes for	% Votes For	Votes Against	% Votes Against
Conversion	43	86	7	14
New Constitution	43	87.76	6	12.24

Verification

Eligible Policyholders who are eligible to receive shares in NIB Holdings must verify their details to ensure they receive the share allocation as outlined on their Share Allocation Form that was contained in the Explanatory Statement pack. This can be done by returning the Verification of Details Form in the reply paid envelope, by dropping the Verification of Details Form into any NIB retail centre, ringing the NIB Information Hotline on 131 NIB (131 642) or by visiting the website (nib.com.au).

JPMorgan Australia Limited is NIB's financial adviser in relation to the demutualisation and listing proposal

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About NIB:

NIB has been a registered health fund since 1953. The health fund started operations at BHP's Newcastle Steelworks as Newcastle Industrial Benefits Hospital Fund and is now Australia's sixth largest health insurance provider. Today, NIB has approximately 320,000 Policyholders across Australia and in 2006 posted a pre-tax profit of almost \$64 million.

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