

**Date**            **Wednesday 8 December 2010**

**Subject**        **nib withdraws \$180 million merger proposal**

nib holdings limited (nib) announced today that it had withdrawn its proposal for GMHBA after failing to win support for its revised \$180 million proposal from the Board of the Geelong-based mutual health fund.

nib Managing Director Mark Fitzgibbon said that nib believed strongly that a merger with GMHBA was in the interests of both nib and GMHBA and would help to reduce pressure on premium increases.

“We are extremely disappointed that GMHBA’s Board has seen fit to reject our proposal without putting the cash offer to a vote of its members and without advising them what they regard as fair value for their business,” Mr Fitzgibbon said.

“nib twice raised its offer for GMHBA and offered a significant number of guarantees about services, including maintaining branches and call centre operations as well as no change to GMHBA products,” he added.

“nib’s offer represented an extremely attractive but now lost opportunity for the GMHBA Board to distribute a cash payment averaging approximately \$2,000 to each and every member while at the same time improving services.

“With our industry facing intense competition and ongoing consolidation, we will watch with interest over the course of the next 12 months as GMHBA’s Board carries out its promise to seek the views of members about the future structure of GMHBA and its governance policies.

“The decision by GMHBA’s Board to reject our offer will not stop the pace of industry consolidation and nib is determined to play a significant and ongoing role in the private health insurance sector.

“While nib will continue to actively explore value enhancing M&A opportunities, in the absence of any clear strategic investment opportunities, the nib Board will reassess nib’s surplus capital position early in the 2011 calendar year and consider more significant capital management initiatives.”

## **MEDIA AND INVESTOR RELATIONS**

Matthew Neat  
Tel: 02 4914 1777  
Mob: 0411 700 006  
Email: m.neat@nib.com.au

Ian Pemberton or Iain McDonald  
Tel: 02 9231 5411  
Mob: 0402 256 576 / 0488 390 151  
Email: ian.pemberton@plcorporate.com.au