

Date 2 November 2012

Subject nib to acquire TOWER Medical Insurance in New Zealand

nib holdings limited (ASX: NHF) today announced that it had agreed to acquire TOWER Medical Insurance Limited (TOWER Medical) in New Zealand for approximately NZ\$102 million (A\$80 million). The purchase price represents a multiple of 0.85x embedded value as at 31 March 2012. The acquisition is subject to New Zealand regulatory approvals and the purchase price may be adjusted based on the completed accounts.

TOWER Medical, a wholly-owned subsidiary of TOWER Limited (ASX: TWR, NZX: TWR), is New Zealand's second-largest health insurer, providing cover to approximately 169,000 people and has annual premium revenue of approximately NZ\$140 million. TOWER Medical has net assets of approximately NZ\$64 million, embedded value was NZ\$119.4 million as at 31 March 2012. TOWER Medical made NZ\$6.8 million NPAT for 1H12 and has approximately NZ\$10 million in surplus capital.

nib's Managing Director, Mark Fitzgibbon, said the acquisition is in line with nib's strategy of growing international earnings.

"nib has been investigating opportunities in New Zealand for some time. TOWER Medical meets nib's strict investment criteria in terms of strategic rationale and return on investment," Mr Fitzgibbon said.

"With a market share of approximately 13%, TOWER Medical provides an opportunity to emulate the success nib has achieved in Australia since its listing in 2007 through brand building, product design, distribution and outstanding customer service," he said.

"In addition to leveraging our own core capabilities, TOWER Medical has had success working with financial advisers and we look forward to working with them to further develop this important distribution channel and grow market share," Mr Fitzgibbon said.

"New Zealand is a market with similarities to the Australian health insurance landscape early last decade. There's one dominant player, no obvious competitive tension and the Government knows budget constraints mean there must be more future private funding of healthcare," he added.

The purchase price will result in substantial, immediate accretion to earnings per share and return on equity.

nib and TOWER Limited have entered into an exclusive 10 year white label distribution agreement supporting the sale of bundled life and health products.

TOWER Group Managing Director Rob Flannagan said TOWER looked forward to working with nib and building a long-term relationship that would deliver benefits to TOWER customers through the insights, expertise and strong track record in medical insurance that nib will bring to the New Zealand market.

"nib's customer service expertise and strong track record in medical insurance will bring obvious benefits to our customers and the broader New Zealand market," Mr Flanagan said.

"In addition, nib provides the financial advisers who distribute TOWER products and services with access to a provider with scale and international expertise, as well as the capability to deliver innovative products and services," he said.

nib will fund the transaction through surplus capital and a NZ\$70 million senior debt facility. Post transaction gearing (debt/debt + equity) of 16% is consistent with the range of 20% to 30% contained within nib's Capital Management Plan.

nib has appointed Jayne Drinkwater (former nib Chief Operating Officer and Chief Marketing Officer from 2003 - 2008) as interim CEO New Zealand, and Glenn Treadwell (current nib Group Financial Controller) as interim CFO New Zealand. Both will be based in Auckland, where TOWER Medical has its head office.

nib was advised by J.P. Morgan and Simpson Grierson.

MEDIA AND INVESTOR RELATIONS

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