

Date 27 October 2008
Subject nib rejects proposal

On 26 September 2008, nib holdings limited (ASX:NHF) (“nib”) responded to media speculation suggesting nib may be the subject of a takeover proposal. At the time, nib confirmed that:

- from time to time it has discussions with domestic and international industry participants on a range of matters; and
- it had nothing to disclose in relation to the matter the subject of the media speculation.

nib wishes to confirm that it has been approached by a third party with a confidential, unsolicited, non-binding and incomplete proposal for the third party to acquire a controlling stake in nib and establish a strategic alliance. As a result of the confidentiality arrangements, nib will not disclose the identity of the third party. The third party required due diligence before any final binding proposal could be made.

The nib Board has carefully considered the proposal and its strategic fit with nib’s objectives and concluded that the terms, specifically the price to acquire the controlling stake, were inadequate.

The third party’s valuation of A\$1.15 - A\$1.20 per nib share undervalues nib, given nib’s robust growth prospects and unique value proposition in Australian private health insurance. As a result, the Board rejected the proposal and decided not to agree to permit the third party to undertake due diligence.

The nib Board is of the view that the principle benchmarks for any nib change of control event are nib’s own internal valuation and the transactions recently completed or announced in the Australian private health insurance industry. The nib Board believes that the proposal received from the third party did not reflect these benchmarks.

Further to the above, on 29 August 2008, nib announced that it intended, as part of its capital management plan, to undertake an on-market share buy-back of up to 10% of its issued shares. nib acknowledges that it has a strong capital position above its internal target and an ungeared balance sheet. Accordingly, nib remains focused on its capital management plan and intends to commence the buy-back when it is able to do so in accordance with the Corporations Act and the ASX Listing Rules.

nib remains confident in guidance previously provided to the market in relation to its financial results.

nib confirms that it is in compliance with the ASX Listing Rules, in particular, Listing Rule 3.1.

J. P. Morgan is acting as financial adviser to nib. Mallesons Stephen Jaques is acting as legal adviser to nib.

FOR FURTHER INFORMATION:

MEDIA & INVESTOR RELATIONS

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