



NIB HOLDINGS LIMITED
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Retail Centres around Australia



24 September 2007

Dear Eligible Policyholder,

On 19 July 2007, NIB Company Members and Eligible Policyholders overwhelmingly approved the proposal to Demutualise. You are now eligible to receive Shares in NIB. NIB intends to List on the Australian Securities Exchange (ASX) in early November 2007.

It is my pleasure to inform you that NIB is offering you the opportunity, should you wish, to sell your Shares prior to NIB Listing on the ASX without incurring any brokerage costs.

Please find enclosed the Sale Facility booklet and your Sale Facility Election Form. I encourage you to read the Sale Facility booklet carefully so that you can make an informed decision about whether you wish to sell or hold your Shares prior to Listing.

It is important to understand that you must have Verified your details to be able to either sell or hold your Shares. Your current verification status is indicated on your Sale Facility Election Form. Section 2.3 of the Sale Facility booklet outlines how you can Verify your details if you have not already done so. For example, you can Verify by returning your Sale Facility Election Form in the reply paid envelope provided.

If you choose to sell your Shares in the Sale Facility, you will receive the Facility Price for each of your Shares. It is currently expected that the Facility Price is likely to be between \$0.70 and \$0.90 per Share, but this range is indicative only. The Facility Price may be greater than or less than this indicative range.

If you do elect to sell your Shares in the Sale Facility, you must return your Sale Facility Election Form so it is received by 5.00pm EST on Friday, 19 October 2007.

Any decision you make to either sell or hold your Shares will have important financial and tax implications. The NIB Board recommends you seek independent financial advice before making your decision. The Board makes no recommendation as to whether you should sell or hold your Shares.

I can assure you that NIB will continue to provide innovative, value for money health cover. If you elect to hold your Shares, I look forward to welcoming you as a Shareholder of an ASX-listed NIB.

If you have any questions, or need help completing your Sale Facility Election Form, please call the NIB Information Hotline on 131 NIB (131 642).

Yours sincerely,

Keith Lynch
Chairman, NIB Holdings Limited

