



Friday, 15 May 2015

## **ASX Announcement**

# **Retail Entitlement Offer – Notification to Ineligible Retail Shareholders**

Attached is a copy of the letter being sent today to Ineligible Retail Shareholders in connection with NAB's Retail Entitlement Offer.

For further information:

### **Media**

Meaghan Telford

M: +61 (0) 457 551 211

Emily Ritchie

M: +61 (0) 477 389 438

### **Investor Relations**

Ross Brown

M: +61 (0) 417 483 549

Belinda Bowman

M: +61 (0) 416 752 597

Michael A Chaney AO  
Chairman

800 Bourke Street  
Docklands VIC 3008  
AUSTRALIA



15 May 2015

Dear Shareholder,

**NATIONAL AUSTRALIA BANK LIMITED \$5.5 BILLION PRO RATA RENOUNCEABLE  
ENTITLEMENT OFFER**

**NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On Thursday, 7 May 2015, National Australia Bank Limited ("NAB") announced it is seeking to raise approximately \$5.5 billion via a fully underwritten 2 for 25 pro rata renounceable entitlement offer of new NAB ordinary shares ("New Shares"), with retail entitlements trading for eligible retail shareholders ("Entitlement Offer").

The purpose of the Entitlement Offer is to put NAB in a strong capital position following anticipated new imposts arising from regulatory change, including the Financial System Inquiry, and the proposed separation of NAB's UK Banks.

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

**What is the Entitlement Offer?**

Under the Entitlement Offer, NAB is offering eligible shareholders 2 New Shares for every 25 NAB shares held at the record date at the offer price of A\$28.50 per New Share. This will result in NAB issuing up to approximately 193,688,974 New Shares. Following completion of the Entitlement Offer, total NAB ordinary shares on issue will be approximately 2,614,801,143.

The Entitlement Offer consists of an offer to eligible institutional shareholders and an offer to eligible retail shareholders (the "Retail Entitlement Offer") to participate on the same terms.

The institutional entitlement offer closed on Friday, 8 May 2015 and the take-up and bookbuild results of this were reported to the market in an Australian Securities Exchange ("ASX") announcement on Tuesday, 12 May 2015.

An offer booklet in relation to the Retail Entitlement Offer will be despatched to eligible retail shareholders on Monday, 18 May 2015.

**Why you will not be able to subscribe for New Shares under the Entitlement Offer**

NAB has determined that it would be unreasonable to make or extend offers under the Retail Entitlement Offer to shareholders whose address on the share register as at 7.00pm (Melbourne time) on Tuesday, 12 May 2015 is outside of Australia and New Zealand. In particular, shareholders that are in the United States or are acting for the account or benefit of a person in the United States (to the extent such person holds NAB ordinary shares for the account or benefit of such person in the United States) are not eligible to participate in the Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to NAB of complying with these requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing NAB ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Unfortunately, according to our records, you are ineligible to subscribe for New Shares under the Entitlement Offer. However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer, which is explained further below.

Arrangements have been made for the entitlements of ineligible retail shareholders to be given to a nominee entity and sold via a retail shortfall bookbuild on Thursday, 4 June 2015 ("Retail Shortfall Bookbuild"). You will receive any premium over the offer price of A\$28.50 per New Share that may be achieved under the Retail Shortfall Bookbuild (net of expenses and any applicable withholding tax) ("Retail Premium"). The ability to obtain a Retail Premium in connection with the Retail Shortfall Bookbuild, and the amount of any Retail Premium, is dependent on various factors, including market conditions. There is no guarantee that there will be a Retail Premium or that any particular amount of Retail Premium will be achieved.

Retail Premium amounts, if any, will be paid by direct credit to shareholders with registered addresses in Australia, New Zealand, the United Kingdom and the United States. The conversion rate for direct credit in each of the respective currencies will be set at the prevailing market rate on 10 June 2015 at 4.00pm (Melbourne time). There is no guarantee that any particular exchange rate will be obtained. For those shareholders who do not have a registered address in Australia, New Zealand, the United Kingdom or the United States, Retail Premium amounts will be received by cheque in Australian dollars. Any Retail Premium will be remitted proportionally to shareholders on or about Tuesday, 16 June 2015, net of any applicable withholding tax.


To the maximum extent permitted by law, NAB, the underwriters and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium and for any failure to achieve a Retail Premium in a particular amount.

The retail entitlements will be tradeable on ASX. The assignment, transfer and exercise of retail entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail entitlements or to exercise retail entitlements they acquire. If you buy retail entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

For further information on the Retail Entitlement Offer, or if you believe that you are an eligible retail shareholder, please contact the NAB Offer Information Line on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia) from 8.00am to 7.30pm (Melbourne time) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of NAB, I thank you for your continued support.

Yours sincerely,



**Michael Chaney AO**  
**Chairman**

### **Important Information**

Nothing contained in this letter constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to persons in the United States or persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the Securities Act, which none of NAB or the underwriters has any obligation to do or procure, or offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

This letter is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Neither this letter nor any other documents relating to the offer of entitlements or New Shares may be sent or distributed, in whole or in part, to persons in the United States or to persons that are acting for the account or benefit of persons in the United States.