

SCHEDULE ONE: Performance Share Rights Terms

1 Entitlement

- 1.1 Subject to term 7, each Performance Share Right entitles the Holder to subscribe for and be allotted, credited as fully paid, one Share at an exercise price per Share of:

$$\frac{\$1}{\text{No of Performance Share Rights exercised}}$$

- 1.2 Subject to the Listing Rules, NIGL must allot Shares on exercise of a Performance Share Right in accordance with the Rules.
- 1.3 Shares issued on the exercise of Performance Share Rights will rank pari passu with all existing Shares from the date of issue and will be entitled in full to those dividends which have a record date for determining entitlements after the date of issue.

2 Conditions for exercise of Performance Share Rights

- 2.1 A Performance Share Right which is a Vested Right (which has not lapsed) may be exercised by a Participant at any time before the end of the Exercise Period for the Performance Share Right. The date the Exercise Period will end is described in Column 2 of the table set out below and depends on the status of the Participant at the relevant time as described in Column 1 of the table.

Status of the Participant	The Exercise Period for the Performance Share Right ends on
(i) For a continuing employee	10 years after the date of the grant of the Performance Share Right
(ii) For a person who ceases to be an employee (other than due to serious misconduct involving dishonesty): (1) before 2 years of the grant of the Performance Share Right due to: (i) Retirement; (ii) redundancy; (iii) death; (iv) Total and	- the day which is 90 days after the later of: (i) the end of the Performance Period; (ii) the date on which the person ceases to be an employee, (but not later than 10 years after the date of the grant of the Performance Share Right).

Permanent Disablement;	
or	
(2) after 2 years from the date of grant of the Performance Share Right.	

2.2 A Performance Share Right will lapse (irrespective of whether it is a Vested Right) depending on the status of the Participant (as described in Column 1 of the table below) at the time described in Column 2 of the table below.

Status of the Participant	The day on which the Performance Share Right lapses
(i) For a person who ceases to be an employee due to serious misconduct involving dishonesty.	the date of ceasing to be an employee.
(ii) For a person who ceases to be an employee within 2 years of the grant of the Performance Share Right (otherwise than due to: <ul style="list-style-type: none"> (i) Retirement; (ii) redundancy; (iii) death; (iv) Total and Permanent Disablement; (v) with the approval of the Board; or (vi) serious misconduct involving dishonesty.) 	- if the Performance Share Right is not a Vested Right on the day the person ceases to be an employee, the date of ceasing to be an employee.
(iii) in the case of any other person.	- if at the end of the Performance Period for the Performance Share Right the Performance Share Right is not a Vested Right, the end of

	<p>that Performance Period.</p> <p>- if at the end of the Exercise Period for a Vested Right the Performance Share Right is unexercised, the end of the Exercise Period.</p>
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2.2A The Performance Period for a Performance Share Right (which has not lapsed) commences on 3 years from the date of grant of the Performance Share Right and depending on the status of the Participant as described in Column 1 ends on the date described in Column 2 of the table set out below.

Status of Participant	Date on which the Performance Period Ends
(i) For a continuing employee.	5 years from the date of grant of the Performance Share Right.
(ii) For a person who ceases to be an employee (other than due to serious misconduct involving dishonesty): <ul style="list-style-type: none"> (i) before 2 years of the date of grant of the Performance Share Right due to: <ul style="list-style-type: none"> (a) Retirement; (b) redundancy; (c) death; (d) Total and Permanent Disablement; or (e) with the approval of the Board; or (ii) 2 years after the date of grant of the 	the later of: <ul style="list-style-type: none"> (1) 4 years from the date of grant of the Performance Share Right; or (2) 12 months from ceasing to be an employee (but not later than 5 years from the date of grant of the Performance Share Right).

Performance Share Right.	
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- 2.3 A Performance Share Right will become a Vested Right if the Performance Hurdle for the Performance Share Right is satisfied in the Performance Period for the Performance Share Right and NIGL gives notice to the Participant that the Performance Hurdle has been satisfied. NIGL will notify Participants within 14 days of the end of the Test Day on which the Performance Hurdle for the Performance Share Right has been satisfied.
- 2.4 The Performance Hurdle for a Performance Share Right will be satisfied if the Total Shareholder Return for a Share on the Test Day exceeds the Hurdle Growth Amount for the Share for the Test Day.
- 2.5 The Hurdle Growth Amount for a Test Day is an amount being the Initial Market Value of a Share on the date of issue of the Performance Share Right compounded (annually) at 10% per annum from the date of issue of the Performance Share Right to the Test Day.
- 2.6 The Board may determine the day or days in the Performance Period on which it will be determined if the Performance Share Right becomes a Vested Right.
- 2.7 Clauses 2.7 to 2.15 (inclusive) set out the basis to determine for a Performance Share Right the Total Shareholder Return for a Share on the relevant Test Day:
- (a) **Total Shareholder Return for a Share** in respect of a Performance Share Right on a Test Day means the sum of:
 - (i) the Market Value of a Share on the Test Day;
 - (ii) the Market Value of all Related Shares on the Test Day which have accrued in respect of the Share or a Related Share on or before the Test Day; and
 - (iii) the value of all Related Property (other than Shares) on the Test Day which has accrued in respect of the Share or Related Share on or before the Test Day,
 reduced by the amount (if any) referred to in term 2.10.
 - (b) **Related Share** means a Share, or fraction of a Share, which has accrued in respect of the Share or is deemed to have accrued in respect of the Share or the Related Share on or before the relevant day.
 - (c) **Related Property** means property described in term 2.9.
 - (d) **Market Value** means in respect of a Share the weighted average of the prices at which Shares in that class were traded on the stock market of the ASX during the 30 days immediately preceding but not including the relevant day.
- 2.8 The Shares which accrue to a shareholder in respect of a Share or a Related Share for the purposes of term 2.7 include those Shares which the Board determines it is appropriate to treat as accruing to a shareholder in respect of a Share and Related Shares and unless the Board otherwise determines includes:

- (a) all bonus issues made in respect of the Share or a Related Share;
- (b) all Shares which would be acquired by a shareholder if the shareholder exercised all Share Rights and entitlements to acquire Shares which accrue to the shareholder in respect of the Share or the Related Share;
- (c) all Shares which would be acquired by a shareholder if all dividends received in respect of the Share or Related Share, were:
 - (i) applied under a dividend reinvestment plan in acquiring further Shares; or
 - (ii) if a dividend reinvestment plan is not available in respect of the dividend, the dividend was applied in acquiring further Shares at the lowest buy price during the one week immediately following the date of payment of the dividend (without taking into account any brokerage, stamp duty or incidental costs of acquiring the Shares); and
- (d) all Shares which would be acquired by a shareholder if all distributions in cash, other than dividends, were applied in acquiring Shares at the lowest buy price during the one week immediately following the date of payment of the distribution (without taking into account any brokerage, stamp duty or incidental costs of acquiring the Shares).

2.9 Related Property (other than a Share or Share Rights or entitlements in respect of Shares or dividend or distribution in cash in respect of Shares) which accrues to a shareholder in respect of a Share or a Related Share for the purposes of this term includes that property which the Board determines it is appropriate to treat as accruing in respect of a Share and Related Shares and unless the Board otherwise determines includes:

- (a) all property (other than a Share or Share Rights or entitlements in respect of Shares) which would be acquired by a shareholder if all rights to acquire the property which would accrue in respect of the Share or a Related Share, were exercised by the shareholder; and
- (b) all amounts paid or payable to the shareholder in respect of the Related Property.

2.10 The Total Shareholder Return for a Share is reduced by the aggregate amount which the shareholder would have been required to pay to exercise Share Rights or entitlements to acquire a Share or Related Property which accrues in respect of the Share or a Related Share but does not include uncalled amounts payable after the relevant day or amounts which may become payable in respect of partly paid Shares after the relevant day.

2.11 The Board may determine an appropriate basis for valuation of Related Property (other than a Share or rights or entitlements in respect of Shares) which accrues to a shareholder in respect of the Share or Related Share.

2.12 If the shareholder may make an election in respect of a Share, a Related Share or Related Property, the Board may determine the manner in which that election is to be treated for the purposes of determining the Total Shareholder Return for a Share.

2.13 In determining the Total Shareholder Return for a Share:

- (a) no adjustment is made for liability to tax which may arise by virtue of holding a Share, Related Share or Related Property including (without limitation):
 - (i) any distributions in respect of a Share, Related Share or Related Property; or
 - (ii) any Share or Related Property which accrues to a shareholder;
 - (b) all distributions made are treated as if made without any deduction from the distributions including (without limitation) any withholding tax.
- 2.14 For the purposes of determining the Share or fractions of a Share or property which accrue in respect of a Share, a Related Share or Related Property, the Board may take into account a fractional interest even if the terms on which the Share, Share Rights, entitlements or property accrue do not provide for a fractional interest.
- 2.15 For the purpose of this term a determination by the Board of the Total Shareholder Return for a Share shall be binding and conclusive.

3 Notice to Participant

- 3.1 If before the end of the Performance Period for a Performance Share Right:
- (a) a takeover bid is made to the holders of Shares;
 - (b) a statement is lodged with the ASX to the effect that a person has become entitled to not less than 15% of the Shares ;
 - (c) pursuant to an application made to the Court, the Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with a scheme for the reconstruction of NIGL or its amalgamation with any other companies;
 - (d) NIGL passes a resolution for voluntary winding up; or
 - (e) an order is made for the compulsory winding up of NIGL,

and the Board gives a notice under this term the Performance Share Right will become a Vested Right.

4 Method of exercise of Performance Share Rights

- 4.1 A Performance Share Right is exercised by the holder lodging the notice of exercise of Performance Share Right and application for Shares, together with the exercise price for each Share to be issued on exercise and the relevant Performance Share Right certificate, with the Company Secretary of NIGL or such other person as the Board designates.
- 4.2 Performance Share Rights must be exercised in multiples of 100, unless the Holder exercises all Performance Share Rights able to be exercised at that time. The exercise of some Performance Share Rights only does not affect the Holder's right to exercise other Performance Share Rights at a later time. If the Holder exercises less than all Performance Share Rights represented by a certificate then NIGL will cancel the certificate and issue a new certificate for the balance.

5 No Transfers

Performance Share Rights may not be transferred.

6 Quotation of Performance Share Rights and Shares

Performance Share Rights will not be quoted on ASX. NIGL will make application to ASX for official quotation of Shares issued on the exercise of Performance Share Rights, if other Shares of NIGL are listed at that time, as soon as practicable after the Shares are issued.

7 Participation in future issues

Participation generally

- 7.1 A Participant may only participate in new issues of securities to holders of Shares if the Performance Share Right has been exercised, if that is permitted by its terms, and the Shares in respect of the Performance Share Right have been allotted before the record date for determining entitlements to the issue.

Bonus issues

- 7.2 If NIGL makes a bonus issue of shares or other securities pro rata to holders of Shares (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of a Performance Share Right before the record date for determining entitlements to the bonus issue then the rights attaching to that Performance Share Right will be altered as follows:

- (i) the number of Shares which the Holder is entitled to subscribe for on exercise of the Performance Share Right (S) is determined by the formula:

$$S = N + (N \times R)$$

where:

N = The number of Shares per Performance Share Right which the Participant is entitled to subscribe for on the record date to determine entitlements to the bonus issue.

R = The number of Shares (including fractions) offered under the bonus issue for each Share held.

- (ii) the exercise price per Share of a Performance Share Right will not be changed.

7.3 Share Rights issues

If NIGL makes an offer of ordinary shares pro rata to all or substantially all holders of Shares (whether or not an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) for a subscription price which is less than the market price (defined below as P) and no Shares have been allotted in respect of a Performance Share Right before the record date for determining entitlements to the issue then the exercise price per Performance Share Right will not be changed. The number of Shares which the participant is entitled to subscribe for on exercise of the Performance Share Right will not change.

Aggregation

- 7.4 If Performance Share Rights are exercised simultaneously then the Holder may aggregate the number of shares or fractions of shares or other securities to which the Holder is entitled to subscribe under those Performance Share Rights. Fractions in the aggregate number only will be disregarded in determining the total entitlement to subscribe.

Reconstruction

- 7.5 In the event of any reconstruction of the issued ordinary capital of NIGL the number of shares attaching to each Performance Share Right will be reconstructed in the manner specified below. If the manner is not specified then the Board will determine the reconstruction. In any event the reconstruction will not result in any additional benefits being conferred on Holders which are not conferred on shareholders of NIGL (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) and in all other respects the terms for the exercise of Performance Share Rights will remain unchanged.

In the event of any consolidation or sub-division of shares or reduction or cancellation of capital then the reconstruction will be determined by the following formulae:

- (a) Consolidation; and

- (b) Subdivision:

$$S = C \times \frac{B}{A};$$

- (c) Reduction of capital by return of share capital:

$$S = C$$

- (d) Reduction of capital by cancellation of ordinary shares that is either lost or not represented by available assets:

$$S = C;$$

- (e) Pro rata cancellation of fully paid ordinary shares (not within (c) or (d)):

$$S = C \times \frac{B}{A} ;$$

where:

A = The total number of Shares in issue before the capital reconstruction;

B = The total number of Shares in issue after the capital reconstruction;

C = The number of Shares which the Holder is entitled to subscribe for on exercise of a Performance Share Right before the reconstruction;

S = The number of Shares which the Holder is entitled to subscribe for on exercise of a Performance Share Right after the reconstruction;

8 Lapse

A Holder may request that some or all of the Performance Share Rights held by that Holder lapse.

9 Liability for tax

9.1 If NIGL, or any company in the Group which is the employer or former employer of a Participant (“**Employer Company**”), is obliged as a result of a Participant exercising a Performance Share Right to account to any tax authority for income tax or employment taxes under any wage withholding or other arrangements or for any other tax, levy or charge of a similar nature (“**Tax**”), then the Employer Company is entitled to be reimbursed by the Participant for the amounts paid to the tax authority.

9.2 Where term 9.1 applies, NIGL is not obliged to issue Shares to the Participant on exercise of their Performance Share Right unless NIGL is satisfied that arrangements have been made for reimbursement. The arrangements that NIGL may make include, without limitation, the sale of Shares acquired on exercise of the Participant’s Performance Share Right.

10 Advice

NIGL must give notice to each Holder of any adjustment to the number of shares which the Holder is entitled to subscribe for or be issued on exercise of a Performance Share Right or the exercise price per share in accordance with the Listing Rules.

11 Notices

Notices may be given by NIGL to the Holder in the manner prescribed by the constitution of NIGL for the giving of notices to members of NIGL and the relevant provisions of the constitution of NIGL apply with all necessary modification to notices to Holders. In addition, where the Board considers it appropriate, electronic notices may be given by NIGL to a Participant.

12 Interpretation

12.1 In these terms words and expressions which have a particular meaning under the Rules of the NRMA Insurance Group Performance Share Rights Plan have the same meaning and, in particular:

ASX means Australian Stock Exchange Limited.

Board means all or some of the Directors acting as a board.

Day 1 means the date the Performance Share Rights were granted.

Executive means a person in the employment of a body corporate in the Group whom the Board determines to be in an executive position.

Expiry Date means for a Performance Share Right, the day prior to the tenth anniversary of the date of issue of the Performance Share Right.

Former Executive means a person who was formerly an Executive.

Group means NIGL and each body corporate that is a subsidiary of NIGL under Division 6 of Part 1.2 of the Corporations Law.

Holder means the holder of a Performance Share Right.

Hurdle Growth Amount for a Test Day means the amount calculated under clause 2.5 for the Test Day.

Initial Market Price of a Share on a day means the weighted average of the prices at which Shares in that class were traded on the stock market of ASX during the one month period up to and including that day.

Listing Rules means the Listing Rules of ASX.

Market Value means, for a company (including NIGL) for a day, the average market value of a share in the company during the one month period up to and including the day based on the daily closing price of the shares.

NIGL means NRMA Insurance Group Limited.

Performance Share Right means a right issued under the Plan to subscribe for Shares.

Participant means a Holder who is an Executive or a Former Executive.

Performance Hurdle means the performance hurdle described in term 2.3.

Performance Period means the period described in term 2.1A.

Period means a period occurring during the Performance Period of such length as NIGL determines from time to time, but not exceeding three months.

Plan means the NRMA Insurance Group Limited Performance Share Rights Plan.

Retirement in relation to a Participant means retirement by the Participant from employment of any body corporate in the Group at age 55 or over.

Rules means the rules of the Plan.

Share means a fully paid ordinary share in the capital of NIGL.

Test Day means a day or days in the Performance Period determined by the Board under Clause 2.6.

Total and Permanent Disablement means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

Trading Day means a business day as defined in the Listing Rules.

Vested Right means a Performance Share Right that has become a Vested Right in accordance with term 2.4 or 3.1.

- 12.2 In these terms unless the contrary intention appears:
- (a) the singular includes the plural and vice versa;
 - (b) reference to a rule, a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and
 - (c) a reference to a person includes a reference to the person's legal personal representatives, executors, administrators and successors, a firm or a body corporate.
- 12.3 Headings are inserted for convenience and do not affect the interpretation of these terms.

**NRMA Insurance Group
Limited
Performance Share Rights
Terms**