

2008

NAB SHARE PURCHASE PLAN OFFER

OFFER OPENS
24 NOVEMBER 2008

OFFER CLOSES
12 DECEMBER 2008

The Share Purchase Plan offer does not take into account the individual investment objectives, financial situation or particular needs of each eligible shareholder. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the offer (particularly given the current volatility in financial markets).

20 November 2008

Group Company Secretary500 Bourke Street
Melbourne Victoria 3000
Australia

Dear Shareholder

Share Purchase Plan Offer

Following the successful completion on 10 November 2008 of a A\$3.0 billion institutional placement of shares at an issue price of A\$20.00 per share, the Board of Directors are pleased to give eligible shareholders an opportunity to subscribe for new shares in National Australia Bank Limited (NAB) under the Share Purchase Plan (SPP).

Participation in the SPP is optional and is open to eligible shareholders who, at 7.00pm (AEDT) on Thursday, 13 November 2008 (the relevant record date), were holders of fully paid ordinary shares in NAB and whose registered address is in Australia or New Zealand.

NAB has absolute discretion as to the amount raised through the SPP, including reserving the right to scale back if applications in excess of \$A250 million are received.

Full details of the SPP Offer are set out in the attached SPP Terms and Conditions.

Purpose of the SPP Offer

The placement and SPP will further strengthen NAB's capital position and enable it to take advantage of organic growth opportunities.

Having considered a wide range of capital management options, the Board believes the chosen capital strategy involving the institutional share placement and the SPP achieves an appropriate capital structure and allows both NAB's institutional and retail shareholders to participate in the equity raising.

Key elements of the SPP include

- the offer price being the lesser of:
 - A\$20.00; and
 - the volume-weighted average price of NAB shares traded on ASX during the 5 trading days up to, and including, the day on which the SPP offer is scheduled to close (Friday, 12 December 2008), rounded down to the nearest cent;
- no brokerage or participation costs payable by participants;
- a minimum subscription of A\$500; and
- a maximum subscription of A\$10,000.

When to apply

The SPP will open at 9.00am (AEDT) on Monday, 24 November 2008 and will remain open until 5.00pm (AEDT) on Friday, 12 December 2008. As soon as practicable after the close of the offer, NAB will make an ASX announcement as to the outcome of the SPP and the number of shares to be issued.

How to apply

To participate in the offer, please:

(a) return your Application Form, together with your cheque, bank draft or money order drawn on an Australian bank in Australian dollars; or

(b) pay directly via BPAY® on the internet or by telephone (for Australian shareholders only),

by no later than **5.00pm (AEDT) on Friday, 12 December 2008**.

I encourage you to carefully read the attached SPP Terms and Conditions. Should you require further assistance, please do not hesitate to contact the Shareholder Information Line on 1800 124 019 (within Australia) or +61 3 9946 4425 (outside Australia), or visit the company website at **www.nabgroup.com**.

The SPP offer does not take into account the individual investment objectives, financial situation or particular needs of each eligible shareholder. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the offer.

Yours sincerely



Michaela Healey
Group Company Secretary

Terms and Conditions

NAB Share Purchase Plan

National Australia Bank Limited (NAB) is pleased to provide eligible NAB shareholders with the opportunity to participate in the NAB Share Purchase Plan (SPP) by subscribing for up to A\$10,000 of new fully paid ordinary shares in NAB (NAB Shares) without incurring brokerage or other transaction costs. Details of this offer and how to participate are set out below.

Background

On 10 November 2008, NAB announced that A\$3.0 billion of NAB Shares were placed with institutional, sophisticated and professional investors at an issue price of A\$20.00 per share. NAB also announced the institutional placement would be accompanied by an SPP under which eligible shareholders will be entitled to apply for up to A\$10,000 of NAB Shares.

The objective of the capital raising is to further strengthen NAB's capital position and to enable it to take advantage of organic growth opportunities. Following completion of the institutional placement, NAB's Tier 1 capital ratio is above 8% under APRA guidelines.

SPP Key Dates

Event	Date
Record Date	Thursday, 13 November 2008
Offer opens	Monday, 24 November 2008
Offer closes	Friday, 12 December 2008
Allotment Date	Friday, 19 December 2008
Dispatch of Holding Statements/ Confirmation Advice	Monday, 29 December 2008

Eligibility to participate in the SPP

You are eligible to participate in the SPP if you were a registered holder of NAB Shares at 7.00 pm (AEDT) on Thursday, 13 November 2008 (the Record Date) with a registered address in Australia or New Zealand. NAB has determined that it is not practical for holders of NAB Shares with registered addresses in other jurisdictions to participate in the SPP.

- **Single holders** – If you are the only registered holder of a holding of NAB Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for one maximum parcel of NAB Shares.

- **Joint holders** – If you are recorded with one or more other persons as the joint holder of a holding of NAB Shares, that joint holding is considered to be a single registered holding for the purpose of the SPP, and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple identical holdings, the joint holders may only apply for one maximum parcel of NAB Shares.

- **Trustees and nominees** – If you are expressly noted on NAB's share register as a trustee or nominee for a named beneficiary, each such beneficiary (or you as the trustee/nominee for the beneficiary) may apply for one maximum parcel of NAB Shares. If the NAB share register does not record a named beneficiary in respect of your trustee or nominee holding, the rules for multiple single holdings apply.

To the extent that you hold shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any acceptance complies with all applicable foreign laws.

The NAB Shares to be issued under this SPP have not been and will not 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.

In order to comply with relevant securities laws, the NAB Shares to be issued under this SPP may not be offered to shareholders located in the "United States" or to shareholders who are, or who are acting for the account or benefit of, "U.S. persons". As used herein, the terms "United States" and "U.S. persons" are as defined in Regulation S under the Securities Act.

Because of these legal restrictions, you must not send copies of the SPP Terms and Conditions or any other material relating to the SPP to any person resident in the United States or who are, or are acting for the account or benefit of, "U.S. persons".

Consistent with the warranties contained in these SPP Terms and Conditions and SPP Application Form (the Application Form) included with these SPP Terms and Conditions, you may not submit any completed Application Forms for any person resident in the United States or who are, or are acting for the account or benefit of, "U.S. persons". Failure to comply with these restrictions may result in violations of applicable securities laws.

Participation is optional

Participation in the SPP is entirely optional (subject to the eligibility criteria set out above). The offer to acquire NAB Shares is not a recommendation. If you are in any doubt about this offer, whether you should participate in the SPP or how such participation will affect you (particularly given the current volatility in financial markets), you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer. NAB also recommends that you monitor the NAB Share price, which can be found on NAB's website at www.nabgroup.com or in the financial pages of major Australian metropolitan newspapers, or on the Australian Securities Exchange (ASX) website at www.asx.com.au (ASX code: NAB).

Applications may be scaled back

NAB has absolute discretion as to the amount raised through the SPP, including reserving the right to scale back if applications in excess of \$A250 million are received. If applications are scaled back each applicant will be treated equally and scaled back on a pro rata basis, based on the size of your application. The difference in purchase price will be refunded by NAB, without interest, following allotment.

Offer price

The offer price for each NAB Share under the SPP is the lesser of:

- A\$20.00, being the price at which NAB Shares were issued to institutional investors under the placement; and
- the volume-weighted average price of NAB Shares traded in the ordinary course on ASX during the 5 trading days up to, and including, the day on which the SPP offer is scheduled to close (Friday, 12 December 2008), rounded down to the nearest cent.

Therefore, the maximum price that shareholders eligible to participate in the SPP will pay is A\$20.00 per NAB Share.

You should note that the NAB Share price may rise or fall between the date of this offer and the date when NAB Shares are allotted and issued to you under the SPP. This means that the price you pay per NAB Share pursuant to this offer may be either higher or lower than the NAB Share price at the time of the offer or at the time the NAB Shares are issued and allotted to you under the SPP.

How much can you invest?

The offer under the SPP needs to comply with the relief issued by the Australian Securities and Investments Commission (ASIC). Under that relief, eligible shareholders may only acquire a maximum of A\$10,000 of NAB Shares under a share purchase plan in any 12-month period. NAB has not conducted a share purchase plan in the preceding 12 months.

Under the SPP, you may apply for a parcel of NAB Shares valued at A\$500, A\$1,000, A\$5,000 or A\$10,000. This limitation applies even if you receive more than one Application Form or if you hold shares in NAB in more

than one capacity, e.g. if you are both a sole and joint holder of shares in NAB – see 'Eligibility to participate in the SPP' above.

By submitting the Application Form (together with a cheque, bank draft or money order) or making a BPAY payment, you certify that the aggregate of the application price paid by you for:

- (a) the NAB Shares the subject of such Application Form or BPAY payment; and
- (b) any other NAB Shares applied for by you under the SPP or any similar arrangement operated by NAB in the 12 months prior to the date of submission of the Application Form or BPAY payment,

does not exceed A\$10,000.

The A\$10,000 limit applies irrespective of the number of NAB Shares you hold on the Record Date. NAB reserves the right to reject any application for NAB Shares under the SPP to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

Calculation of the number of NAB Shares to be issued to you

In the absence of scale back, the number of NAB Shares to be issued to you will be calculated by dividing the value of NAB Shares that you apply for by the offer price, then rounding up to the nearest whole number of NAB Shares.

For example, in the absence of scale back, if you apply for A\$10,000 of NAB Shares and the offer price is A\$20.00 per NAB Share, you will be allotted 500 NAB Shares

If NAB exercises its right to scale back applications, the amount of your application as scaled back may not be equal to a whole number of NAB Shares. In that event, the number of NAB Shares allotted to you will be rounded up to the nearest whole number of NAB Shares.

Non-renounceable offer

The offer to purchase NAB Shares under the SPP is non-renounceable. This means that you cannot transfer your right to purchase NAB Shares under the offer to anyone else.

No other participation costs

No brokerage, commission or other participation costs are payable by you in respect of the acquisition of NAB Shares under the SPP.

Ranking of NAB Shares and right to receive final dividend

All NAB Shares issued under the SPP will rank equally with existing NAB Shares from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing NAB Shares. NAB Shares issued under the SPP will not participate in NAB's final dividend for FY08, payable on 17 December 2008.

Class Order [02/831] compliance

This offer of securities under the SPP is made in accordance with an instrument of relief granted to NAB which is based on ASIC Class Order [02/831]. That instrument grants relief from the requirement to prepare a prospectus for the offer of shares under the SPP.

Binding terms

By accepting the offer to purchase NAB Shares under the SPP, you agree to be bound by these terms and conditions and NAB's constitution.

How to apply for NAB Shares under the SPP

If you would like to apply for NAB Shares under the SPP, you can either:

- complete the enclosed Application Form and return it together with your cheque, bank draft or money order made payable to 'NAB Share Purchase Plan Account' drawn on an Australian bank and in Australian dollars for the correct amount, in the enclosed reply-paid envelope (New Zealand holders will need to affix the appropriate postage stamp); or
- make a BPAY payment by using the personalised reference number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY you do not need to return your Application Form. New Zealand holders will not be able to make a payment using BPAY.

Do not forward cash. Receipts for payment will not be issued. Applications will not be accepted at NAB branches.

Applications may only be made for parcels of NAB Shares in the amounts designated on the application. If the amount of the cheque tendered with your Application Form or your BPAY payment is:

- less than A\$500 – NAB will not allot any NAB Shares to you and will refund your application money to you;
- greater than A\$10,000 – subject to scale back, NAB will allot the maximum number of NAB Shares to you and will refund the excess application money to you; or
- for an amount between A\$500 and A\$10,000 that is not one of the designated amounts – subject to scale back, NAB will allot to you the number of NAB Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your cheque or BPAY payment, and will refund the excess application money to you.

Applications must be received by **5.00 pm (AEDT) on Friday, 12 December 2008**.

Applications received after that time will not be accepted.

Applications and payments under the SPP may not be withdrawn once they have been received by NAB. Application money will not bear interest as against NAB under any circumstances.

Please read the enclosed SPP Application Form for further details of how to apply for NAB Shares under the SPP.

Allotment and quotation dates

NAB Shares are expected to be allotted under the SPP on Friday, 19 December 2008 and NAB will apply for those NAB Shares to be listed for quotation on ASX.

NAB expects to dispatch a holding statement or confirmation advice in respect of the NAB Shares allotted to you under the SPP on Monday, 29 December 2008. You should confirm your holding before trading in any NAB Shares you believe have been allotted to you under the SPP.

Privacy

For details regarding NAB's privacy policy and how your personal information is managed, please visit www.nabgroup.com and click on the Privacy Policy link.

Withdrawal, suspension, termination, anomalies and disputes

NAB reserves the right to waive strict compliance with any provision of these terms and conditions, to amend or vary these terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where NAB does not notify you of that event. NAB may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. Any determinations by NAB will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates. NAB's rights may be exercised by the Board or any delegate of the Board.

If you have any questions in respect of the SPP, please contact our Share Registry, Computershare Investor Services Pty Limited on:

Telephone: 1800 124 019 (within Australia)

Telephone: +61 3 9946 4425 (outside Australia)

Governing law

This offer is governed by the law in force in Victoria. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of Victoria.

