



National
Australia
Bank

2013 **Notice of Annual General Meeting**

9.30am (AEDT)
Thursday, 19 December 2013

Plenary 2
Melbourne Convention & Exhibition Centre
1 Convention Centre Place
South Wharf, Victoria 3006

Getting there



Melbourne Convention & Exhibition Centre (Plenary 2)

1 Convention Centre Place, South Wharf, Victoria 3006

www.mcec.com.au



Michael A Chaney AO
Chairman

800 Bourke Street
Docklands Victoria 3008
Australia

18 November 2013

Dear Shareholder

It is my pleasure to invite you to the 2013 Annual General Meeting (AGM) of National Australia Bank Limited (NAB).

Meeting details

Date: Thursday, 19 December 2013
Time: 9.30am (Australian Eastern Daylight Time)
Venue: Plenary 2
Melbourne Convention and Exhibition Centre
1 Convention Centre Place
South Wharf, Victoria 3006
Australia

Registering your attendance on the day

If you attend the meeting, you will need to register at one of the registration desks on the day. The registration desks will be open from 8.30am (Australian Eastern Daylight Time). You will find it much easier to register if you bring your proxy form with you – we will scan the barcode to record your attendance.

Voting at the meeting or by proxy

You may vote on the items of business to be considered at the meeting, either in person at the meeting or by completing and returning the proxy form enclosed with this letter. You can return your proxy form:

- online using your smartphone or at www.investorvote.com.au;
- in the enclosed reply paid envelope;
- by facsimile to 1800 783 447 within Australia or +61 3 9473 2555 outside Australia; or
- by hand to 452 Johnston Street, Abbotsford VIC 3067, Australia.

The proxy form should be returned to NAB by no later than 9.30am (Australian Eastern Daylight Time) on Tuesday, 17 December 2013.

Items of business for consideration

Of particular relevance among this year's items of business for your consideration is the election and re-election of directors. Three current non-executive directors are standing for re-election. The Board has reviewed these directors' performance and endorses their re-election.

In addition, a shareholder with one ordinary share in the Company, Mr Barrow, has nominated himself for election. The Board unanimously believes that it is not in the best interests of the Company and its shareholders that Mr Barrow be elected as a non-executive director, and the Board recommends that shareholders vote against the election of Mr Barrow.

Other items of business that shareholders are asked to consider are the Company's financial statements and reports, the approval of certain securities issued during the year, the Remuneration Report, and the grant of performance rights to the Group Chief Executive Officer under the Company's short term incentive and long term incentive plans.

Viewing the meeting on the internet

The AGM will be webcast from 9.30am (Australian Eastern Daylight Time) on Thursday, 19 December 2013 and archived at www.nabgroup.com/agm so that shareholders unable to attend can watch on the day or at any time convenient to them.

Refreshments

After the meeting, you are welcome to stay and enjoy some refreshments. The directors of NAB look forward to seeing you on the day.

Yours sincerely

MICHAEL CHANEY AO
Chairman

Notice of Annual General Meeting

The Annual General Meeting of National Australia Bank Limited (the 'Company') will be held in Plenary 2, Melbourne Convention and Exhibition Centre, 1 Convention Centre Place, South Wharf, Victoria on Thursday, 19 December 2013 at 9.30am (Australian Eastern Daylight Time).

1. Financial Statements and Reports

To consider the Company's financial statements and the reports for the year ended 30 September 2013.

2. Approval of Securities Issued

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4, the issue of securities by the Company as described in the Explanatory Notes be approved."

3. Remuneration Report

To consider and, if thought fit, to pass the following as an advisory ordinary resolution:

"That the Remuneration Report for the year ended 30 September 2013 be adopted."

4. Performance Rights – Group Chief Executive Officer

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That the grant of performance rights to the Group Chief Executive Officer, Mr Cameron Clyne, under the Company's short term incentive and long term incentive plans as described in the Explanatory Notes be approved."

5. Re-election and Election of Directors

In accordance with Article 10.3 of the Company's Constitution:

- (a) Mr Daniel Gilbert retires and offers himself for re-election;
 - (b) Ms Jillian Segal retires and offers herself for re-election;
 - (c) Mr Anthony Yuen retires and offers himself for re-election; and
- in accordance with Article 10.3 and 10.6 of the Company's Constitution:
- (d) Mr David Barrow nominates himself as a director and offers himself for election.

Items 5(a), 5(b), 5(c) and 5(d) will be voted on as separate ordinary resolutions.

By Order of the Board

LOUISE THOMSON
Company Secretary

18 November 2013

Information for shareholders

Entitlement to attend and vote at the Meeting

All shareholders may attend the Annual General Meeting. The Board has determined that for the purposes of voting at the meeting, shareholders will be taken to be those persons recorded on the Company's register of members as at 7.00pm (Australian Eastern Daylight Time) on Tuesday, 17 December 2013.

In the case of joint shareholders, all holders may attend the meeting but only one holder may vote at the meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant shares is counted. A corporate shareholder may appoint one or more persons to act as its representative(s), but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires appropriate evidence of the appointment.

Asking questions at the Meeting

The Annual General Meeting is intended to give shareholders the opportunity to hear both the Chairman and the Group Chief Executive Officer talk about the year that has just passed and also give some insight into the Company's prospects for the year ahead.

We welcome shareholders' questions at the meeting. In the interests of all present, we ask that you confine your questions to matters before the meeting that are relevant to shareholders as a whole. Our staff at the Customer Service Desk or the Shareholder Services Desk in the foyer on the day of the meeting will be happy to deal with any questions that relate to the private affairs of any individual shareholders or customers.

Proxy votes

You can appoint a proxy to attend and vote for you at the meeting in accordance with the directions on the proxy form. If no directions as to voting are given to the proxy on the form, the proxy may vote as he or she thinks fit, to the extent permitted by law.

If you are entitled to cast two or more votes, you may appoint not more than two proxies to attend and vote for you at the meeting and specify the proportion or number of votes each proxy may exercise.

If you appoint a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Annual General Meeting.

A corporate shareholder must sign the proxy form in accordance with its constitution or otherwise in accordance with the Corporations Act 2001 (Cth). Where the proxy form is signed under the hand of a duly authorised person or persons of a corporate shareholder, such authorisation must have been sighted at the Company's Share Registry.

The Company's Constitution and the Corporations Act 2001 (Cth) require that, to be effective, a proxy form together with any power of attorney under which it is executed or a certified copy of the relevant authority, must be received by the Company no later than 9.30am (Australian Eastern Daylight Time) on Tuesday, 17 December 2013, which is 48 hours before the commencement of the Annual General Meeting.

A proxy does not need to be a shareholder of the Company and may be an individual or a body corporate.

A proxy who is not the Chairman of the meeting need not vote in that capacity on a poll on any resolution. If the proxy's appointment specifies the way to vote on a resolution and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting restrictions noted below).

If the proxy's appointment specifies the way to vote on a resolution, and the proxy does not attend the meeting or does not vote on the resolution, then such directed proxies will default to the Chairman of the meeting who must vote the proxies as directed.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting restrictions noted below), except for Item 5(d), the election of Mr David Barrow to the Board. For item 5(d), the Chairman intends to exercise the relevant shareholder's votes against the election of Mr David Barrow.

Direction to Chairman for item 3 (Remuneration Report):

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman of the meeting to vote for or against, or to abstain from voting on, item 3 (Remuneration Report) by marking the appropriate box opposite item 3 on the proxy form. However, if the Chairman of the meeting is the proxy and the relevant shareholder does not mark any of the boxes opposite item 3, the relevant shareholder will be directing the Chairman to vote in favour of item 3.

Information for shareholders

Online Proxy

You may submit your proxy online by using your smartphone or by visiting www.investorvote.com.au.

To use this option, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Control Number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. To use your smartphone voting service, scan the QR code which appears on the top of your proxy form and follow the instructions provided. To scan the code you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site. A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

Custodians and other intermediaries may submit their proxy online by visiting www.intermediaryonline.com (subscribers only).

Proxy by post or facsimile

A proxy form and a reply paid envelope are enclosed. Additional information on proxies is included on the form, including how to appoint proxies, specifying the proportion of votes per proxy where two proxies are appointed, and instructions on voting by proxies.

A completed proxy form must be received by the Company via the Company's Share Registry no later than 9.30am (Australian Eastern Daylight Time) on Tuesday, 17 December 2013 by fax on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or electronically through the site noted above or at the following addresses:

By mail

Share Registry
National Australia Bank Limited
Reply Paid 2333
Melbourne Victoria 3001
AUSTRALIA

In person

Share Registry
Computershare Investor
Services Pty Limited
452 Johnston Street
Abbotsford
Melbourne Victoria 3067
AUSTRALIA

Voting restrictions

Item 2 (Approval of Securities Issued)

The following persons may not vote, and the Company will disregard any vote cast by the following persons, on item 2:

- a person (including a holder of ordinary Company shares) who participated in the issue of NAB Convertible Preference Shares (NAB CPS) referred to in item 2 or any of their associates. The Company does not need to disregard votes by such a person as proxy for another person who is entitled to vote if:
 - the vote is cast in accordance with the directions on the proxy form; or
 - the vote is cast by the Chairman of the meeting as proxy, in accordance with a direction on the proxy form to vote as the proxy decides.

Australian Securities Exchange (ASX) has granted a waiver from ASX Listing Rule 14.11.1 to the extent necessary to permit the Company to count votes cast on item 2 by a person who is acting solely in a fiduciary, nominee or custodial capacity (Nominee Holder) on behalf of a beneficiary who did not participate in the issue of NAB CPS referred to in item 2. The waiver is subject to the following conditions:

- the beneficiary providing written confirmation to the Nominee Holder that they did not participate in the issue of NAB CPS, nor are they an associate of a person who participated in the issue of NAB CPS;
- the beneficiary directing the Nominee Holder to vote for or against the resolution; and
- the Nominee Holder not exercising discretion in casting a vote on behalf of the beneficiary.

Item 3 (Remuneration Report)

Except to the extent otherwise permitted by law, any member of the Group's key management personnel whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), may not vote, and the Company will disregard the votes cast by such persons on item 3, unless the vote is not cast on behalf of a member of the Group's key management personnel whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), and:

- the person casts the vote as a proxy appointed in writing which specifies how the proxy is to vote on item 3; or

-
- the proxy is the Chairman of the meeting, and:
 - the appointment does not specify the way the proxy is to vote on the resolution; and
 - the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the key management personnel.

Item 4 (Performance Rights – Group Chief Executive Officer)

Item 4 is a resolution connected directly or indirectly with the remuneration of key management personnel.

The following persons may not vote, and the Company will disregard any vote cast by the following persons, on item 4:

- any director of the Company who is eligible to participate in any employee incentive scheme and any of their associates. The Company does not need to disregard votes by such a person as proxy for another person who is entitled to vote if:
 - the vote is cast in accordance with the directions on the proxy form; or
 - the vote is cast by the Chairman of the meeting as a proxy, in accordance with the direction on the proxy form to vote as the proxy decides; and
- any member of the key management personnel of the Company's consolidated group (the 'Group') (or a closely related party of any such member) that is appointed as proxy where the proxy appointment does not specify the way the proxy is to vote on item 4, unless:
 - the proxy is the Chairman of the meeting at which item 4 is voted on; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even though item 4 is connected directly or indirectly with the remuneration of members of the Group's key management personnel.

Annual Financial Report Information

The 2013 Annual Financial Report is being sent separately to shareholders who have elected to receive an Annual Financial Report.

A copy of our Annual Financial Report and Annual Review are available to all shareholders upon request.

You can view our reports online at www.nabgroup.com/shareholder or request a printed copy from the Share Registry either by email at nabservices@computershare.com.au or by telephone 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia).

Explanatory Notes

Item 1: Financial Statements and Reports

While shareholders are not required to vote on the financial statements and reports, shareholders will be given a reasonable opportunity at the meeting to comment and raise questions on the financial statements and reports. They will also be able to ask the Company's auditor questions.

Item 2: Approval of Securities Issued

(a) What securities have been issued?

NAB Convertible Preference Shares were issued to subscribers under a prospectus (Prospectus) dated 21 February 2013 (NAB CPS). 15,143,274 NAB CPS were issued to subscribers under the Prospectus in March 2013.

NAB CPS are fully paid preference shares issued directly by the Company and qualify as Additional Tier 1 Capital under the Australian Prudential Regulation Authority's Basel III capital adequacy framework. NAB CPS are scheduled to pay discretionary, quarterly, floating rate dividends.

Subject to certain conditions, NAB CPS may convert into ordinary shares of the Company or be redeemed for cash upon the occurrence of certain events. The funds resulting from the issue of NAB CPS, were, or will be, used for general corporate purposes (unless otherwise announced).

(b) Why are we seeking approval?

The Company's capital base is central to its ability to manage its business. The Company is funded from a variety of sources, including customer deposits, different forms of equity capital and borrowings in domestic and international debt capital markets. The unpredictable nature of global financial markets in recent times has demonstrated how important it is for the Company to have ready access to all forms of capital.

Shareholder approval for the issue of NAB CPS is being sought so that the Company can have maximum flexibility to undertake future equity raisings without the need for shareholder approval. The requirement to obtain

shareholder approval for an equity issue, at the time an equity issue is contemplated, could limit the Company's ability to take advantage of opportunities in the market that may arise to raise equity capital. It should be noted that, irrespective of whether shareholder approval is received for the proposed resolution relating to this item of business, any future equity raisings will be subject to the 15% limit under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Broadly, a company cannot issue a number of equity securities which is more than 15% of the number of ordinary shares on issue without shareholder approval. This number is not impacted by equity securities which are issued with shareholder approval. ASX Listing Rule 7.4 provides that an issue of securities made without approval under ASX Listing Rule 7.1 is nonetheless treated as having been made with approval if the issue complied with ASX Listing Rule 7.1 and the company's holders subsequently approve it. The Board has decided to seek shareholder approval under ASX Listing Rule 7.4 in respect of the Company's issue of NAB CPS. NAB CPS represent approximately 2.13% of the Company's fully paid ordinary shares on issue as at 30 September 2013 on the basis that NAB CPS are treated for the purpose of ASX Listing Rule 7.1 as 50,085,908 fully paid ordinary shares (based on the conversion calculations described in the table below).

The Company confirms that the issue of NAB CPS at the relevant time complied with the requirements of ASX Listing Rule 7.1.

(c) Details of the securities issued for which approval is being sought

Details of NAB CPS are set out in section 2(a). The complete terms of NAB CPS are contained in the Prospectus.

Further information about NAB CPS is set out below and in the Prospectus and other information lodged with ASX available at www.asx.com.au.

Issue Date	Issue Price (per NAB CPS)	Number of NAB CPS issued	Allottees
20 March 2013	\$100	15,143,274 NAB CPS (treated as convertible into 50,085,908 fully paid ordinary shares (assuming one holder of NAB CPS for rounding purposes) based on a closing price of AUD\$30.54 on 19 March 2013 (being the day prior to the NAB CPS issue date) and a conversion discount of 1%) ¹	Subscribers for NAB CPS under the Prospectus

1. ASX has confirmed that for the purposes of calculating the number of NAB CPS that could be issued without prior shareholder approval, the Company may notionally convert NAB CPS into ordinary shares based on the market price of the Company's ordinary shares immediately prior to the issue of NAB CPS.

Recommendation

The Board recommends that shareholders vote in favour of the proposed resolution.

Item 3: Remuneration Report

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Company's Remuneration Report.

The Remuneration Report is contained in the Annual Financial Report. Copies of the Annual Financial Report are available on the Company's website at www.nabgroup.com/shareholder or can be obtained from the Office of the Company Secretary by telephoning +61 3 8872 2461.

The Remuneration Report includes:

- an explanation of the Company's policy for determining the remuneration of directors and executives;
- a discussion of the relationship between that policy and the Company's performance; and
- details of the performance conditions associated with the remuneration of directors and executives.

The vote on the proposed resolution in this item 3 is advisory and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Recommendation

The Board recommends that shareholders vote in favour of the proposed resolution.

Item 4: Performance Rights – Group Chief Executive Officer

(a) Why are we seeking approval?

Under the ASX Listing Rules, the Company must seek shareholder approval to grant equity securities in the Company to the Group Chief Executive Officer, Mr Clyne. As a result of the 2013 performance year performance outcomes, Mr Clyne is eligible for an award under the Company's short term incentive (STI) and long term incentive (LTI) plans. Accordingly, we are seeking approval to enable the Company to grant securities in the Company to Mr Clyne for these awards, in the form of performance rights. If shareholders do not approve the grant of these securities at this meeting, it is intended that all of the STI award and the LTI award will be provided in cash, subject to performance, service and other conditions.

A performance right is a right to receive one ordinary share in the Company at a point in the future, subject to meeting certain performance, time and/or employment conditions (as outlined in section 4(d) below). If the applicable conditions are met, the performance rights will vest and may be exercised by the holder of the performance right in return for an ordinary share in the Company.

(b) Short term incentive and long term incentive arrangements for Mr Clyne

As with all other executives of the Company, the performance of Mr Clyne has been reviewed under the Company's Performance Management framework (as described in the Remuneration Report). That review process has led to a recommendation to seek approval from shareholders to grant securities as outlined below under the Company's STI and LTI plans.

Half of the STI awarded to Mr Clyne for the 2013 performance year will be provided in performance rights, subject to shareholder approval. The STI performance rights will be granted in two tranches (each tranche comprising approximately 25% of Mr Clyne's STI award) and will be subject to lapse conditions and restrictions on trading until at least the relevant 'Restriction End Date', being 6 November 2014 for the performance rights in tranche one, and being 6 November 2015 for the performance rights in tranche two. The lapse conditions of the STI performance rights are set out in section 4(d) below.

Mr Clyne will be provided with an award under the Company's current LTI plan, in the form of performance rights, subject to shareholder approval. The LTI performance rights will be subject to the achievement of a performance hurdle, lapse conditions and restrictions on trading until at least the 'LTI Restriction End Date' being 20 December 2017 (and potentially a second restriction end date of 20 December 2018). Details of the performance hurdle and lapse conditions are set out in section 4(d) below.

The remuneration package for Mr Clyne is based on the Company's 'Total Reward' framework. This framework seeks to provide fair and appropriate rewards and recognition to employees (balancing fixed and 'at risk' remuneration), with a view to attracting, retaining and motivating excellent people. The provision of securities under the STI and LTI arrangements is part of Mr Clyne's 'at risk' remuneration.

The non-executive directors have concluded that the remuneration package for Mr Clyne (including the proposed grants of securities under the STI and LTI plans) is reasonable and appropriate having regard to the circumstances of the Company and the duties and responsibilities of Mr Clyne.

Explanatory Notes

(c) What is the maximum number and value of securities that can be granted to Mr Clyne and at what price?

Plan	Maximum number and value of securities and price
STI Plan (performance rights granted under the National Australia Bank Performance Rights Plan)	<p>Mr Clyne – Performance rights to the maximum value of AUD\$1,081,350</p> <p>The above maximum value for Mr Clyne represents 50% of his STI award for the year ended 30 September 2013.</p> <p>The performance rights are granted in two equal tranches. The number of performance rights granted in each tranche will be determined by the relevant value of each tranche (50% of the value set out above) divided by an estimated fair value of each performance right as determined by an independent external consultant. The estimated fair value will be based on the weighted average price at which Company shares are traded on the ASX in the five trading days from 7 November 2013 to 13 November 2013 inclusive.</p> <p>No price is payable by Mr Clyne for the grant or exercise of the STI performance rights.</p> <p>Importantly, no value will be received by Mr Clyne if the performance rights lapse prior to the relevant Restriction End Date.</p>
LTI Plan (performance rights granted under the National Australia Bank Performance Rights Plan)	<p>Mr Clyne – Performance rights to the maximum value of AUD\$2,700,000</p> <p>Performance rights are granted in two tranches, each having a performance hurdle (see section 4(d) below). The number of performance rights granted in each tranche will be determined by the relevant value of each tranche (50% of the value set out above) divided by an estimated fair value of each performance right as determined by an independent external consultant. The estimated fair value will be based on the weighted average price at which Company shares are traded on the ASX in the five trading days from 2 December 2013 to 6 December 2013 inclusive.</p> <p>No price is payable by Mr Clyne for the grant or exercise of the LTI performance rights.</p> <p>Importantly, no value will be received by Mr Clyne if the performance hurdles are not met or the LTI performance rights lapse.</p>

(d) Conditions and hurdles

Lapse conditions for STI performance rights

Until the relevant Restriction End Date for each tranche of STI performance rights (as set out in section 4(b) above), any unvested STI performance rights will lapse if (i) Mr Clyne does not meet threshold measures of compliance as set out by the Company, (ii) if he resigns from the Company, or (iii) if his employment with the Company ceases for any reason and the Board exercises its discretion that the STI performance rights lapse. If Mr Clyne's employment ceases other than by way of resignation prior to the Restriction End Date and the Board does not exercise its discretion, then the STI performance rights will continue to be held until at least the Restriction End Date subject to the restrictions. The Board will retain discretion in relation to the final vesting outcome.

Each tranche of STI performance rights which have not lapsed will vest on the relevant Restriction End Date. Any vested STI performance rights that have not been exercised will lapse on the Expiry Date (being 15 May 2016) or on the Board determining that some or all of the STI performance rights lapse on cessation of employment.

Lapse conditions for LTI performance rights

The performance hurdle for the LTI performance rights (as outlined below) will be measured on or before the LTI Restriction End Date (as set out in section 4(b) above) and if it is not fully satisfied, the LTI performance rights that do not vest will be subject to further testing 12 months after the LTI Restriction End Date (ie, on or before the second restriction end date of 20 December 2018). In addition, until the relevant restriction end date for the LTI performance rights (ie, either the LTI Restriction End Date or the potential second restriction end date as set out above), any unvested LTI performance rights will lapse if (i) Mr Clyne does not meet threshold measures of compliance as set out by the Company, (ii) if he resigns from the Company, or (iii) if his employment with the Company ceases and the Board exercises its discretion that the LTI performance rights lapse. If Mr Clyne's employment ceases other than by way of resignation prior to the LTI Restriction End Date and the Board does not exercise its discretion, then a pro-rated number of LTI performance rights based on time elapsed within the performance period will continue to be held until at least the LTI Restriction End Date (and possibly the second restriction end date if applicable) subject to the performance hurdle and restrictions.

Any vested LTI performance rights that have not been exercised will lapse on the Expiry Date (being 20 June 2019) or on the Board determining that some or all of the vested LTI performance rights lapse on cessation of employment.

Performance hurdles for LTI performance rights

The performance hurdle for the LTI performance rights is an external measure based on the Company's Total Shareholder Return (TSR) performance relative to two peer groups, measured over a four year performance period from 11 November 2013 to 11 November 2017. The LTI award will be split into two equal tranches with the tranche one peer group comprising the S&P/ASX Top 50 Index as at 1 October 2013 and tranche two comprising a selection of financial services companies in the S&P/ASX 200. Vesting will be determined on a straight line scale from 50% of the LTI performance rights vesting at median (ie, 50th percentile) TSR performance, up to 100% of the LTI performance rights vesting at the 75th percentile TSR performance.

If any LTI performance rights in a tranche do not vest, there will be one re-test after 12 months with the performance hurdle measured over a five year performance period from 11 November 2013 to 11 November 2018. If there is an increase in TSR performance from the first test to the second test, then vesting will be determined on a straight line scale from 50% of the LTI performance rights vesting at the median (ie, 50th percentile) TSR performance, up to 100% of the LTI performance rights vesting at the 75th percentile TSR performance (taking into account any LTI performance rights which vested on the first test date). Any LTI performance rights that do not vest will lapse. The directors strongly support the single re-test of the LTI performance rights because, as the performance hurdle is relative TSR, re-testing reinforces management's long term focus. Importantly, given the cumulative nature of relative TSR, there will only be additional vesting of LTI performance rights on the re-test date if the Company has achieved stronger performance in the final year of the five year performance period.

The performance hurdles are tested once at the end of each performance period. The Board will retain discretion in relation to the final performance hurdle outcome.

(e) When will the securities be issued?

Subject to shareholder approval, the securities (that is, the STI performance rights and the LTI performance rights) will be issued within 12 months of the date of this Meeting.

Explanatory Notes

(f) Which directors have received securities since the last Annual General Meeting?

In accordance with approvals obtained at the December 2012 Annual General Meeting, the following directors have been granted securities since the last Annual General Meeting:

- Mr Clyne was issued 53,479 performance rights under the STI plan, and issued 271,490 performance rights under the LTI Plan; and
- Mr Joiner, Executive Director Finance, was issued 23,768 performance rights under the STI plan, and issued 102,563 performance rights under the LTI Plan.

Under the STI plan, the number of STI performance rights was based on an average estimated fair value of AUD\$23.59 for half of the STI performance rights and AUD\$21.91 for the remaining half of STI performance rights.

Under the LTI plan, the number of LTI performance rights was based on an average estimated fair value of AUD\$10.66 for half of the LTI performance rights and AUD\$9.32 for the remaining half of LTI performance rights.

Details of securities held by directors during the 2013 financial year are set out in note 47 of the Annual Financial Report.

(g) Which directors are entitled to participate?

Mr Clyne and Mr Joiner are the only directors who are eligible to participate in the STI and LTI plans. However, Mr Joiner will retire as a director in early 2014 and will not be granted equity under the STI or the LTI plans for the 2013 financial year.

Recommendation

Mr Clyne, who has a personal interest in the subject of this resolution, has abstained from making a recommendation. The other directors recommend that shareholders vote in favour of the proposed resolution.

Item 5: Re-election and Election of Directors

Each re-election and election will be conducted as a separate resolution.

The Board, with the assistance of the Nomination Committee and an independent consultant, has reviewed the performance and of the directors standing for re-election and has endorsed their nomination as candidates for re-election. The Board is satisfied that, notwithstanding the period of service of both Mr Daniel Gilbert and Ms Jillian Segal on the Board of the Company, they have each retained independence of character and judgement and continue to bring valuable expertise and experience to the Board.

The following three directors retire by rotation in accordance with Article 10.3 of the Company's Constitution and, being eligible, present themselves for re-election.



MR DANIEL GILBERT
AM, LLB

Appointed a non-executive director in 2004.

Mr Gilbert is Chairman of the Remuneration Committee and the Information Technology Committee and a member of the Nomination Committee.

Mr Gilbert has had over 35 years experience in commercial law and corporate law. He is Managing Partner of corporate law firm Gilbert + Tobin, which he co-founded in 1988.

Mr Gilbert is currently Chairman, National Museum of Australia and Chairman, University of Western Sydney Foundation.

He is also Co-Chair of National Australia Bank's Indigenous Advisory Group.

Recommendation

The Board (other than the director who is the subject of this resolution) recommends that shareholders vote in favour of Mr Gilbert's re-election.



MS JILLIAN SEGAL
AM, BA, LLB, LLM (Harvard), FAICD

Appointed a non-executive director in 2004.

Ms Segal is a member of the Risk, Audit and Nomination Committees.

Ms Segal has had over 20 years experience as a lawyer and regulator. From 1997 to 2002, she was Commissioner and then Deputy Chairman for the Australian Securities and Investments Commission (ASIC). She was Chairman of the Banking and Financial Services Ombudsman Board from 2002 to 2004. Prior to that she was an environment and corporate partner and consultant at Allen Allen & Hemsley and worked for Davis Polk & Wardell in New York.

Ms Segal is currently a director of ASX Limited and ASX Compliance Pty Limited, The Garvan Institute of Medical Research and Chairman of General Sir John Monash Foundation. She is Deputy Chancellor of the University of New South Wales Council and is a member of both the Australian Government's Remuneration Tribunal and Sydney Advisory Council of the Centre for Social Impact.

She is a member of the Company's Advisory Council on Corporate Responsibility.

Recommendation

The Board (other than the director who is the subject of this resolution) recommends that shareholders vote in favour of Ms Segal's re-election

Explanatory Notes



MR ANTHONY KWAN TAO YUEN

B.Soc.Scs & Law

Appointed a non-executive director in 2010.

Mr Yuen is a member of the Risk, Remuneration and Nomination Committees.

Mr Yuen has over 39 years experience in international banking and finance. Prior to taking on a strategic investment management role on behalf of the Royal Bank of Scotland plc with Bank of China in 2006, he held senior executive roles, having had Asia wide regional responsibility with Bank of America Corporation, National Westminster Bank plc and the Royal Bank of Scotland plc.

Mr Yuen is currently a member of the Supervisory Committee, ABF Hong Kong Bond Index Fund.

He is also a member of the Company's Australia in Asia Management Council.

Recommendation

The Board (other than the director who is the subject of this resolution) recommends that shareholders vote in favour of Mr Yuen's re-election.



MR DAVID BARROW
BCom (Hons), BA (Hons), BLitt, JD, CPA

Mr Barrow nominated himself for election as a non-executive director of the Company in accordance with Article 10.6 of the Company's Constitution.

Mr David Barrow has requested the following be included in the Notice of Meeting. The information has not been verified by the Company. The Company does not, in any way, endorse the platform on which Mr Barrow is standing.

'David Barrow has a Bachelor of Commerce honours degree in Accounting and Finance from Melbourne University and Juris Doctor degree in Law from RMIT University. He is an Australian Lawyer and a Certified Practising Accountant member of CPA Australia with over 10 years experience in accounting and auditing.

Mr Barrow is a director of Legal Redress Pty Ltd and has run successful Federal Court of Australia proceedings against NAB and other leading Australian Banks to produce simple banking fee documents.

Mr Barrow owns one (1) NAB share and is running on a single (1) issue platform that he will represent the interests of NAB shareholders to see that the company makes fair reparations to NAB customers for any overcharging of bank exception fees.'

In relation to proceedings involving Mr Barrow, the Company can confirm that on 3 August 2010 Mr Barrow commenced Federal Court of Australia proceedings against the Company and a number of other Australian banks seeking, amongst other things, Product Disclosure Statements. The Company agreed to provide Mr Barrow with certain Product Disclosure Statements and the proceedings against the Company were discontinued with no order as to costs on 23 August 2010.

Further, on 23 November 2010 Mr Barrow commenced Federal Court of Australia proceedings against the Company in relation to exception fees. The proceedings against the Company were discontinued with no order as to costs on 28 January 2011.

The Company is proud of its Fair Value agenda, through which the Company has led the industry in making banking fairer, simpler and more affordable for its customers. More information about the Company's Fair Value agenda is included in the Annual Review. Copies of the Annual Review are available on the Company's website at www.nabgroup.com/shareholder.

The Board, with the assistance of the Nomination Committee, has considered Mr Barrow's nomination. Based on the information provided to the Company, Mr Barrow appears to lack the experience necessary to perform as an effective director on the board of a complex, regulated financial services institution such as the Company. In addition, the Company understands that, as well as seeking a board position with the Company, Mr Barrow is standing for election on the boards of two of the Company's competitors at their respective 2013 annual general meetings. At the date of this notice the outcome of those elections is not known. If Mr Barrow were to be elected to the board of a competitor of the Company, this would present an unworkable conflict of interest to his nomination to the Board of the Company.

The Board considers that Mr Barrow would not add to the effectiveness of your Board and that it is not in the best interests of the Company and its shareholders that Mr Barrow be elected as a non-executive director.

Recommendation

The Board recommends that shareholders vote against the election of Mr Barrow.

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