

23 February 2011

Dear Option holder

Skilled Group Limited – Notification to Option holders

Skilled Group Limited (**SKILLED Group**) today launched an accelerated pro rata non-renounceable entitlement offer of fully paid ordinary shares in SKILLED Group ("**Entitlement Offer**") to eligible shareholders, to subscribe for 1 new fully paid ordinary shares in SKILLED Group ("**New Share**") for every 6 ordinary shares in SKILLED Group ("**Shares**") held at 7.00pm (AEST) on 28 February 2011 ("**Record Date**"). New Shares will be offered at an issue price of A\$1.68 ("**Issue Price**").

The Entitlement Offer comprises an institutional component and a retail component. The institutional component is expected to raise up to A\$34.7 million, and the retail component is expected to raise up to A\$18.7 million. The Entitlement Offer is being made without a prospectus or product disclosure document in accordance with section 708AA of the Corporations Act 2001 (as modified by ASIC Class Order 08/35).

Funds raised from the Entitlement Offer will be applied to reduce debt.

Further information in relation to the capital raising has been disclosed to the ASX.

You hold an Option that has vested pursuant to either the April 2006 or the November 2006 grant of options pursuant to SKILLED Group's Executive Share Option Plan.

This letter is to inform you that your Option does not entitle you to participate in the Entitlement Offer. To participate in the Entitlement Offer in respect of your Option you would need to exercise your Option and be entered onto SKILLED Group's share register as a shareholder prior to the Record Date, being 7.00pm (AEST) on 28 February 2011.

It is noted however that the average trading price of SKILLED Group shares over the week commencing 14 February 2011 was \$1.85 and the exercise price of the Option to acquire 1 fully paid Skilled Share is:

1. under the April 2006 grant of Options, \$4.92 per Share; or
2. under the November 2006 grant of Options, \$5.81 per Share.

Should you wish to exercise your Option you will need to deliver to the Company Secretary's office at Level 15, 380 St Kilda Road, Melbourne, a copy of the relevant Option certificate and a bank cheque (or cleared funds) for the aggregate Exercise Price in respect of the Shares you wish to acquire pursuant to exercise of the Option, together with signed instructions specifying the number of Shares that you wish to acquire through exercise of the Option. Notice of exercise of your Option and payment of the exercise price must be received by Company Secretary's office on or before 4.00pm on Friday 25 February 2011, as option holders lodging notices of exercise after that date cannot be assured of the allotment of shares by the Record Date.

If you do not wish to participate in the Entitlement Offer in respect of your Option, you do not need to take any action.

This letter is only intended to inform you of your rights in relation to your Option. This letter is not an offer or an invitation to acquire shares in SKILLED Group or to participate in the Entitlement Offer.

Yours sincerely,



Tim Paine
Company Secretary

For further information please contact:

Tim Paine
Company Secretary
Skilled Group Limited
tpaine@skilled.com.au

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