

RAMSAY HEALTH CARE LIMITED  
A.B.N 57 001 288 768

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of members of Ramsay Health Care Limited (**Company**) will be held on **Thursday, 13 November 2014 at 10.30am (Sydney time)**, in the Grand Ballroom 1, Shangri-La Hotel Sydney, 176 Cumberland Street, The Rocks, New South Wales, Australia.

**BUSINESS**

**1. Consideration of Reports**

To receive and consider the Financial Report of the Company and its controlled entities and the reports of the Directors and Auditors for the financial year ended 30 June 2014.

**2. Adoption of the Remuneration Report**

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

**“That** the Remuneration Report, which forms part of the Directors’ Report for the year ended 30 June 2014, be adopted.”

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution (see Item 2 of the Explanatory Notes).

**3. Re-election of Directors**

**3.1 Mr Roderick Hamilton McGeoch AO**

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

**“That** Roderick Hamilton McGeoch AO, a Non-Executive Director of the Company retiring in accordance with clause 44 of the Constitution, being eligible, is re-elected as a Non-Executive Director of the Company.”

Note: Information about Mr McGeoch appears in Item 3.1 of the Explanatory Notes to this Notice of Meeting.

### **3.2 Mr Kerry Chisholm Dart Roxburgh**

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

**"That** Kerry Chisholm Dart Roxburgh, a Non-Executive Director of the Company retiring in accordance with clause 44 of the Constitution, being eligible, is re-elected as a Non-Executive Director of the Company."

Note: Information about Mr Roxburgh appears in Item 3.2 of the Explanatory Notes to this Notice of Meeting.

### **3.3 Mr Ian Patrick Stewart Grier AM**

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

**"That** Ian Patrick Stewart Grier AM, a Non-Executive Director of the Company retiring in accordance with clause 44 of the Constitution, being eligible, is re-elected as a Non-Executive Director of the Company."

Note: Information about Mr Grier appears in Item 3.3 of the Explanatory Notes to this Notice of Meeting.

## **4. Grant of Performance Rights to Executive Directors**

### **4.1 Mr Christopher Paul Rex**

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

**"That** approval is given for the issue of 220,000 performance rights to the Managing Director, Christopher Paul Rex, under the Ramsay Executive Performance Rights Plan on the terms and conditions described in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this resolution (see Item 4 of the Explanatory Notes).

### **4.2 Mr Bruce Roger Soden**

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

**"That** approval is given for the issue of 95,000 performance rights to the Group Finance Director, Bruce Roger Soden, under the Ramsay Executive Performance Rights Plan on the terms and conditions described in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this resolution (see Item 4 of the Explanatory Notes).

By Order of the Board



**John D C O'Grady**  
General Counsel & Company Secretary  
St Leonards, New South Wales, Friday, 10 October 2014

## NOTES

### 1. Proxies

- a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on the member's behalf. A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half the member's votes.
- b) A proxy need not be a member of the Company. A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Annual General Meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.
- c) If:
- a poll is duly demanded at the Annual General Meeting in relation to a proposed resolution; and
  - a member has appointed a proxy (other than the Chairman of the meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
  - that member's proxy is either not recorded as attending the meeting or does not vote on the resolution,
- the Chairman of the meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the member for the purposes of voting on that resolution and must vote in accordance with the written direction of that member.
- d) Where the Chairman of the meeting is appointed, or is taken to be appointed, as a member's proxy and that member has not specified the way in which he is to vote for Items 2, 4.1 or 4.2, then by signing and returning the proxy form, or by submitting it online, the member is expressly authorising the Chairman of the meeting to exercise the proxy as he decides notwithstanding that the Item is connected with the remuneration of the Company's key management personnel.
- e) The Chairman of the meeting will also vote available proxies on Items 3.1, 3.2 and 3.3.
- f) The Chairman of the meeting intends to cast all available proxies in favour of each item of business.
- g) For an appointment of a proxy for the meeting to be effective, the proxy's appointment and the power of attorney (if any) under which it is signed (or satisfactory proof of that power or a certified copy of it), must be received by the Company at the registered office or at the office of the Company's share registry, Boardroom Pty Limited not later than **10.30 am (Sydney time), Tuesday 11 November 2014:**

<b>By hand:</b>	Share Registry:	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Australia
<b>By mail:</b>	Share Registry:	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
<b>By facsimile:</b>	Share Registry:	Within Australia: 1300 653 459 From outside Australia: +61 2 9290 9655
<b>Online Voting:</b>	Share Registry:	<a href="http://www.votingonline.com.au/ramsayagm2014">www.votingonline.com.au/ramsayagm2014</a>

**2. Corporate representatives**

*Corporate members should either: appoint a proxy, as set out above, appoint a corporate representative, or appoint an attorney.*

*The instrument of appointment of a corporate representative or attorney must be produced at the meeting, unless it has previously been provided to the Company.*

**3. Entitlement to vote**

*For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) on Tuesday 11 November 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.*

**4. Questions and comments on management of the Company**

*In accordance with the Corporations Act 2001 (Cth), a reasonable opportunity will be given to shareholders, as a whole, to ask questions about or make comments on the management of the Company at the meeting.*

**5. Questions for the Auditor**

*Shareholders may submit written questions to the Company's Auditor, Ernst & Young, if the question is relevant to the content of Ernst & Young's audit report for the year ended 30 June 2014 or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2014.*

*Relevant written questions for the Auditor must be received by the Company by no later than **5:00 pm (Sydney time), Thursday 6 November 2014**. Please send any written questions:*

<b>By hand:</b>	Share Registry:	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Australia
<b>By mail:</b>	Share Registry:	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
<b>By facsimile:</b>	Share Registry:	Within Australia: 1300 653 459 From outside Australia: +61 2 9290 9655

*A list of written questions will be made available to shareholders attending the meeting. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.*

## EXPLANATORY NOTES

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These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the forthcoming Annual General Meeting. They relate to the resolutions set out in the Notice of Meeting and form part of the Notice of Meeting.

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### ITEM 1 – CONSIDERATION OF REPORTS

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The Financial Report of the Company for the year ended 30 June 2014 and the reports of the Directors and Auditor for the same period will be presented for consideration.

As part of this item of business, the Chairman of the meeting will give shareholders a reasonable opportunity to ask questions about or make comments on the management of the Company. The Chairman of the meeting will also give shareholders a reasonable opportunity to ask the Company's Auditor, Ernst & Young, questions relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Auditor's report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the Auditor in relation to the conduct of the audit.

The Auditor will be given a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the audit report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the meeting and any written answers tabled by the Auditor at the meeting will be made available to shareholders as soon as practicable after the meeting.

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### ITEM 2 – ADOPTION OF THE REMUNERATION REPORT

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The Remuneration Report is contained in the Directors' Report for the year ended 30 June 2014, on pages 42 to 71 of the 2014 Annual Report.

Broadly, the Remuneration Report:

- a) explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- b) sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- c) makes clear that the basis for remunerating Non-executive Directors is distinct from the basis for remunerating executives, including Executive Directors.

Following consideration of the Remuneration Report, the Chairman of the meeting will give shareholders a reasonable opportunity to ask questions about, or comment on, the Report. A resolution that the Remuneration Report be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board does take the outcome of the vote and discussion at the Annual General Meeting into account in setting remuneration policy for future years.

## Directors' recommendation

The Directors recommend that you vote in favour of this advisory resolution.

## Voting exclusion statement

The Company will disregard any votes cast on Item 2:

- by or on behalf of a member of the key management personnel<sup>1</sup> (**KMP**) details of whose remuneration are included in the Remuneration Report; and
- by or on behalf of a closely related party<sup>2</sup> (such as close family members and any controlled companies) of a member of KMP referred to above; and
- as a proxy by a member of KMP as at the date of the AGM, or a KMP's closely related party,

unless the vote is cast as proxy for a person entitled to vote on Item 2 in accordance with a direction on the proxy form, or by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as he decides.

## ITEM 3 – RE-ELECTION OF DIRECTORS

The Board is cognisant of the need to renew its own membership, especially given the length of tenure of each of its current directors.

To address this the Chairman Mr Michael Siddle recently began, with the full support of the Board, the process of renewal by engaging an international search firm to consider board candidates for appointment.

The Board is seeking a candidate to address some of the gaps in its experience and diversity, taking into account its current composition and the Company's continued expansion overseas.

The Board expects to make an appointment in coming months and will consider making further appointments in the medium term.

In the meantime, the following directors are submitting themselves for election at the 2014 annual general meeting.

The Board has undertaken a review of the performance of each Director standing for re-election and has considered the contribution they have made to the Board and to Board Committees and the skills and expertise they bring to the Board.

Profiles of the Directors standing for re-election are set out below.

### 3.1 Mr Roderick Hamilton McGeoch AO

Non-executive Director – Appointed 03/07/97

Mr Rod McGeoch is a past Chairman of Corrs Chambers Westgarth, a leading Australian law firm and has been a solicitor for 40 years. He was Chief Executive of Sydney's successful bid for the 2000 Olympic Games and served on the Sydney Organising Committee for the Olympic Games until November 1998. Mr McGeoch is also a past Chairman of Sky City Entertainment Group Limited.

<sup>1</sup> 'key management personnel' has the meaning as defined in Section 9 of the *Corporations Act 2001*.

<sup>2</sup> 'closely related party' has the meaning as defined in Section 9 of the *Corporations Act 2001*.

Currently Mr McGeoch is Chairman of Vantage Private Equity Group Limited and Mediaworks Limited in New Zealand, and is also Deputy Chairman of the Sydney Cricket & Sports Ground Trust. Mr McGeoch also holds a number of honorary positions. In 1990 he was awarded Membership of the Order of Australia for services to Law and the Community and in 2013, also awarded an Officer of the Order of Australia for distinguished service to the Community through contributions to a range of organisations and to sport, particularly through leadership in securing the Sydney Olympic Games. Mr McGeoch is Co-Chairman of the Australian New Zealand Leadership Forum and is also a director of Destination NSW. In January 2013, Mr McGeoch was appointed Consul General of Luxembourg in Australia.

During the last three years Mr McGeoch has also served as a director of the following listed companies:

- Sky City Entertainment Group Limited (Appointed September 2002)
- BGP Holdings Plc Malta and BGP Investment S.a.r.l Luxembourg (Appointed November 2009) (Currently Chairman)

The Board considers Mr Rod McGeoch to be independent.

### **Directors' recommendation**

The Directors (with Mr McGeoch abstaining) unanimously recommend that you vote in favour of this resolution.

### **3.2 Mr Kerry Chisholm Dart Roxburgh**

Non-executive Director – Appointed 03/07/97

Mr Kerry Roxburgh is a Stockbrokers Association of Australia Practitioner Member.

He is currently the Lead Independent non-executive Director of Ramsay Health Care Limited, and a non-executive director of the Medical Indemnity Protection Society and of MIPS Insurance Ltd.

He is Chairman of Charter Hall Limited, of Tyro Payments Limited and of Tasman Cargo Airlines Pty Limited. He is Deputy Chairman of Marshall Investments Pty. Limited.

He is also a member of the Advisory Board of AON Insurance.

In 2000 he completed a 3 year term as CEO of E\*TRADE Australia (a business that he co-founded in 1997), becoming its non-executive Chairman until June 2007, when it was acquired by the ANZ Bank. Prior to this appointment he was an Executive Director of Hong Kong Bank of Australia Group (now HSBC Australia Limited) where for 10 years from 1986, he held various positions including Head of Corporate Finance and Executive Chairman of the group's stockbroker, James Capel Australia. Until 1986 Mr Roxburgh was in practice for more than 20 years as a Chartered Accountant.

In addition to Ramsay Health Care Limited, during the last three years Mr Roxburgh has also served as a director of the following listed company:

- Charter Hall Limited (Appointed April 2005) (Currently Chairman)

The Board considers Mr Kerry Roxburgh to be independent.

### **Directors' recommendation**

The Directors (with Mr Roxburgh abstaining) unanimously recommend that you vote in favour of this resolution.

### **3.3 Mr Ian Patrick Stewart Grier AM**

Non-executive Director – Appointed 01/07/08

Mr Pat Grier has been employed as an executive in the private health care industry for more than 20 years. In June 2008, he retired as Chief Executive Officer of Ramsay Health Care Limited after joining the Company in 1988 and serving at the helm since 1994. During this time, he oversaw the successful float of Ramsay Health Care Limited on the Australian Stock Exchange in 1997 and growth in annual revenues from approximately \$200 million to more than \$3 billion (2008 financial year). He oversaw a series of successful transforming acquisitions which saw Ramsay Health Care Limited grow to become one of Australia's most respected and largest private hospital operators.

Prior to joining Ramsay, he was with Hospital Corporation Australia.

He has served as both President and Chairman of the Australian Private Hospitals Association for over 10 years and sits on a number of industry committees. He has been one of the main architects of the balanced health care system in Australia and for his contribution to the health care sector was awarded the Order of Australia. Mr Grier served as an Executive Director on the Ramsay Health Care Board for 12 years and from 1 July 2008 continues as a non-executive Director of the Ramsay Health Care Board.

Mr Grier is Chairman of Estia Health Pty Ltd and is also a member of the Skin Cancer Network Advisory Board. He was previously Chairman of the Domain Principal Group.

During the last three years Mr Grier has also served as a director of the following listed company:

- Prime Media Group Limited (Appointed June 2008)

### **Directors' recommendation**

The Directors (with Mr Grier abstaining) unanimously recommend that you vote in favour of this resolution.

## **ITEM 4 – GRANT OF PERFORMANCE RIGHTS TO EXECUTIVE DIRECTORS**

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a director under an employee incentive scheme. The Company is seeking shareholder approval for the proposed grant of Performance Rights (**PRs**) to the Managing Director, Mr Christopher Paul Rex, and to the Group Finance Director, Mr Bruce Roger Soden, under the Ramsay Executive Performance Rights Plan (the **Plan**). The Board, consistent with past practice, will source the shares through on-market purchases which are excluded from the operation of Listing Rule 10.14. Despite the fact that no new shares will be issued in respect of the PRs, the Board is nonetheless seeking this shareholder approval in the interests of transparency and good corporate governance.

Under the Company's Long Term Incentive (**LTI**) programme, only those executives who are able to significantly contribute to the generation and retention of shareholder wealth can be offered LTI grants under the Plan in the form of PRs. Each PR is an entitlement to receive a fully-paid ordinary



share in the Company on terms determined by the Board, including vesting conditions linked to service and performance over a minimum 3 year period. If the vesting conditions are satisfied, the PRs vest and shares (or, in limited instances, an equivalent cash payment) will be delivered to the executives.

The Board, on the recommendation of the Remuneration Committee, proposes to grant PRs to Mr Rex and Mr Soden in accordance with the terms of the Plan. The proposed grants of PRs to Mr Rex and Mr Soden are in accordance with the Company's LTI strategy of aligning the LTI element of executive remuneration with the creation of shareholder wealth by linking reward with the strategic goals and performance of the Company. The terms of grants for PRs being offered are summarised below.

Director	Grant	Minimum Performance Period
Mr Christopher Rex	220,000 PRs	3 years, commencing 1 July 2014
Mr Bruce Soden	95,000 PRs	3 years, commencing 1 July 2014

#### Performance Conditions:

The PRs proposed to be granted to Mr Rex and Mr Soden will be divided into two equal tranches that are to be tested independently from each other:

- The first tranche will be subject to a relative total shareholder return (**TSR**) performance hurdle (**Parcel A**).
- The second tranche will be subject to an earnings per share (**EPS**) performance hurdle (**Parcel B**).

#### a) **TSR Performance Hurdle:**

The relative TSR hurdle will be determined by measuring and ranking the Company's TSR relative to a comparator group comprising the S&P/ASX 200 index at the end of the 3 year performance period. This comparator group is adjusted to exclude companies in sectors having different drivers of operating performance, being those in the real estate, financial and resources industries. Further, companies which have undergone mergers, takeovers or insolvency during the performance period will also be excluded. This broad comparator group is used as there are too few Australian healthcare companies of similar size to Ramsay for benchmarking purposes.

The following table sets out the percentage of Parcel A that may vest based on the Company's TSR ranking:

Company's TSR ranking in the Comparator Group	Percentage of 'Parcel A' PRs available to vest
TSR below 50 <sup>th</sup> percentile	Nil
TSR at 50 <sup>th</sup> percentile	50%
TSR between 50 <sup>th</sup> and 75 <sup>th</sup> percentile	Between 50% and 100%, increasing on a straight line basis
TSR above 75 <sup>th</sup> percentile	100%

The first test date for Parcel A of the PRs proposed to be granted to Mr Rex and Mr Soden will be on 30 June 2017. Any unvested PRs will be retested twice at six monthly intervals. Any PRs from Parcel A that remain unvested following the third and final re-test will lapse.

**b) EPS Performance Hurdle:**

The EPS performance hurdle is measured by comparing the Company's aggregate EPS over 3 years against the aggregate maximum EPS target and aggregate threshold EPS target. 'EPS' is defined as core earnings per share from continuing operations, calculated before specific items, amortisation of intangibles and divested operations. Maximum and threshold EPS targets are set by the Board each year and communicated to the relevant executives after the announcement of the prior full year financial results. The increased EPS threshold of 95% will apply again for these PRs (as they did for those granted last year).

Due to their commercial sensitivity, the annual EPS targets and the extent to which the targets have been achieved are disclosed retrospectively in the Remuneration Report for each year. The percentage of Parcel B of the PRs that will vest will be determined after the actual EPS achieved in FY2017 is reported, based on the audited accounts for that year and the two years prior to that.

The following table sets out the percentage of Parcel B that will vest in relation to the Company's aggregate EPS performance over the 3 year performance period:

<b>Company's Aggregate EPS performance</b>	<b>Percentage of 'Parcel B' PRs available to vest</b>
Less than the aggregate threshold EPS target.	Nil
Equal to the aggregate threshold EPS target.	50%
Greater than the aggregate threshold EPS target, up to the aggregate maximum EPS target.	Between 50% and 100%, increasing on a straight line basis
Greater than the aggregate maximum EPS target.	100%

PRs from Parcel B that remain unvested following testing at the end of the 3 year performance period will automatically lapse and will not be eligible for re-testing.

**Hedging of Performance Rights**

The Company prohibits the hedging of PRs by senior executives.

**Rights attaching to Performance Rights**

PRs do not carry voting or dividend rights, however, shares allocated upon vesting and exercise of PRs carry the same rights as other ordinary shares in the Company.

In the event that, prior to exercise of the PRs, there is:

- a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the number of PRs and shares to which the Executive Director is entitled will be reconstructed in accordance with the ASX Listing Rules;
- a bonus issue of shares in the Company, then, subject to the ASX Listing Rules, the number of shares received upon exercise of the PRs will be increased by the number of shares the Executive Director would have received if the PRs had been exercised before the record date for the bonus issue.

## **Treatment of PRs on termination of employment**

Where Mr Rex's or Mr Soden's employment ceases before their PRs have vested, the treatment of their unvested PRs depends on a number of factors, including the circumstances in which they have ceased employment.

Where the Executive Director's employment is terminated:

- for serious misconduct, their unvested PRs will lapse; or
- in other circumstances, their unvested PRs will remain on foot and will be tested in the ordinary course subject to the performance hurdles outlined above.

The Board retains a discretion to vest or lapse unvested PRs with effect from the termination date in appropriate circumstances. It is intended that the discretion to accelerate vesting would only be exercised in the event of death or total and permanent disablement.

## **Additional Information:**

The Company provides the following additional information.

- a) As the PRs form part of Mr Rex's and Mr Soden's remuneration package, the acquisition price for a PR is nil and no money is payable by the holder for a share on exercise of a PR.
- b) As a guide, the average indicative value of the PRs as at 10 September 2014, based upon a valuation prepared by PricewaterhouseCoopers (calculated using the Black-Scholes and Monte Carlo valuation models which take into account the "at risk" characteristics of the PRs) was \$42.865 per PR. The market price of the Company's shares as at that date was \$51.89.
- c) Mr Rex and Mr Soden are the only Directors entitled to participate in the Plan. Non-Executive Directors are ineligible to participate in any employee incentive scheme in relation to the Company.
- d) No loans will be made in relation to the acquisition of PRs or shares under the Plan.
- e) Since approval was obtained for grants to be made to Mr Rex and Mr Soden at last year's AGM, no other Directors have received securities under the Plan. The numbers of PRs granted to Mr Rex and Mr Soden after shareholders' approval last year are as follows:
  - Mr Rex – 220,000; and
  - Mr Soden – 95,000.
 The PRs were issued for nil monetary consideration as they formed part of the Executive Directors' remuneration package.
- f) As noted above, it is intended that shares acquired on exercise of PRs under the Plan are bought over time on-market at the prevailing market price rather than newly issued shares.
- g) If shareholders approve the resolutions, then PRs will be granted to Mr Rex and Mr Soden as soon as practicable after the date of the meeting and in any event no more than 12 months after the date of the meeting.

## **Directors' recommendation**

The Non-Executive Directors recommend that you vote in favour of resolutions 4.1 and 4.2.

## **Voting Exclusion Statement**

The Company will disregard any votes cast on Items 4.1 and 4.2:

- by or on behalf of Mr Christopher Paul Rex and Mr Bruce Roger Soden (being the only Directors entitled to participate in an employee incentive scheme of the Company) and any of their associates; and
- as a proxy by a member of KMP as at the date of the AGM, or a KMP's closely related party,

unless the vote is cast as proxy for a person entitled to vote on Items 4.1 and 4.2 in accordance with a direction on the proxy form, or by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as he decides.