notice of annual general meeting

ramsay health care limited

ABN 57 001 288 768

2001

RAMSAY
HEALTH CARE

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Ramsay Health Care Limited will be held on Tuesday 20 November 2001 at 2.30 p.m. at Quay West Sydney, Gloucester Room, 98 Gloucester Street The Rocks Sydney NSW 2000

Business:

1. Financial Report

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 2001.

2. Directors

To elect Directors

a) Peter John Evans retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

b) Bruce Roger Soden retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

c) Anthony James Clark retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

d) Marjorie Lysle Brislee is a candidate for election as a director of the Company, who has turned 72. Mrs Brislee is 77 years of age. In accordance with Corporations Act, unless Mrs Brislee is re-appointed her office as a director of the Company will become vacant at the conclusion of the Annual General Meeting. The meeting will consider, and if thought fit, pass the following resolution as a special resolution:

That Marjorie Lysle Brislee, who is 77 years of age, be re-appointed as a director of the Company to hold office until the conclusion of the Company's next Annual General Meeting.

Special Business:

1. Issue of options under Executive Share Option Scheme

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

That approval be and is hereby given for the issue of options from time to time under and in accordance with the Company's Executive Share Option Scheme (as amended) as an exception to Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited.

Note: A voting exclusion statement applies to this resolution (see Note 6 below).

2. Ratification of March 2001 share placement

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

That the issue of 15,000,000 ordinary shares by the Company on 23 March 2001 by way of a placement to domestic and international institutions be ratified.

Note: A voting exclusion statement applies to this resolution (see Note 7 below).

3. Directors' Fees

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

That the maximum amount of the remuneration payable to all non-executive directors, in total, for their services as directors be increased by $100,000 per annum, from $500,000 to $600,000 per annum.

Note: A voting exclusion statement applies to this resolution (see Note 8 below).

4. Updating the constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

That the constitution of the Company be modified as set out in Annexure B to the Explanatory Notes accompanying the Notice convening this meeting.

5. Amendments to Director Access and Indemnity Deeds

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

That approval be and is hereby given for:

a) the entry into amending deeds between the Company and the current directors of the Company, other than Mr A J Clark, to amend their existing Indemnity and Access Deeds in the manner described in the Explanatory Notes accompanying the Notice convening this meeting; and

b) the entry into an Indemnity and Access Deed with Mr A J Clark and each future director of the Company, in or substantially in the form of the amended Deeds referred to in paragraph (a) of this resolution.

By Order of the Board

L R Ransley
Company Secretary

St Leonards, 22 October 2001

Notes:

1. A member entitled to attend and vote 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.
2. A proxy need not be a member of the Company.
3. A proxy form (and the power of attorney (if any) under which it is signed or satisfactory proof of that power) must be received at the registered office or at the office of the Company's share registry, Computershare Investor Services Pty Limited, not less than 48 hours before the time for holding the meeting:
   - By hand: at Level 3, 60 Carrington Street Sydney NSW 2000;
   - By mail: GPO Box 7045 Sydney 1115;
   - By facsimile: (02) 8234 5050.
4. Corporate members must either:
   - Appoint a proxy, as set out above;
   - Appoint a representative; or
   - Appoint an attorney.

The instrument of appointment of a representative or attorney must be produced at the meeting.

5. All shareholdings recorded in the Company's share register at 2.30 p.m. (Sydney time) on Monday, 19 November 2001 will be taken, for purposes of the Meeting, to be held by the persons who were registered as members at that time.
6. Subject to note 9 below, the Company will disregard any votes cast on special business resolution 1 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of such a director.
7. Subject to note 9 below, the Company will disregard any votes cast on special business resolution 2 by any person who participated in the share issue made on 23 March 2001, or any associate of such a person.
8. Subject to note 9 below, the Company will disregard any votes cast on special business resolution 3 by any director of the Company or any associate of a director of the Company.
9. The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY NOTES
TO THE NOTICE OF THE 2001 ANNUAL GENERAL MEETING OF RAMSAY HEALTH CARE LIMITED

Special Business Resolution 1

If special business Resolution 1 is passed, the issue of options under the Company's Executive Share Option Scheme will not reduce the number of equity securities that can be issued by the Company without shareholder approval under Listing Rule 7.1.

Listing Rule 7.1 limits the number of equity securities that a listed entity may issue or agree to issue in any period of 12 months without the approval of its shareholders. In broad terms, the limit is 15% of "A" (where "A" is the number of ordinary securities on issue 12 months ago, plus the number of fully paid ordinary shares since issued with shareholder approval or under an exception to Listing Rule 7.1), less the number of equity securities already issued in the last 12 months without shareholder approval or under an exception to Listing Rule 7.1.

The exceptions to the restriction in Listing Rule 7.1 include an exception for an issue of equity securities under an employee incentive scheme, if the entity's shareholders have approved the issue of securities under the scheme as an exception to Listing Rule 7.1, within 3 years before the date of the issue of the securities.

The Company's Executive Share Option Scheme was established in 1997. A summary of the terms of the Scheme is set out in Annexure A to these Explanatory Notes. 4,165,000 options have been issued under the Scheme since it was established. As at 15 October 2001, 1,561,950 of these options have been exercised, 575,500 have lapsed without being exercised and 2,027,550 remain capable of being exercised.

Special Business Resolution 2

If special business Resolution 2 is passed, the issue of 15,000,000 ordinary shares by the Company on 23 March 2001 will not reduce the number of equity securities that can be issued by the Company without shareholder approval under Listing Rule 7.1.

The following information is provided in relation to special business Resolution 2 in accordance with Listing Rule 7.5:

(a) Number of securities allotted:	15,000,000 ordinary shares
(b) Price at which the securities were issued:	$2.10 per share
(c) Terms of the securities:	Ordinary shares ranking equally with existing ordinary shares in the Company
(d) Names of the allottees or the basis on which allottees were determined:	Domestic and international investors determined by the underwriter and manager, Salomon Smith Barney
(e) The use of funds raised:	To reduce debt and for general corporate purposes

Special Business Resolution 3

In accordance with Listing Rule 10.17 and the Constitution of the Company, any proposed increase in the maximum aggregate amount of remuneration payable to the non-executive directors of the Company must be approved by ordinary resolution of the Company in general meeting.

The purpose of the proposed $100,000 increase in the maximum aggregate amount is to allow for the appointment of an additional director if the Board considers such an appointment to be desirable.

The current maximum aggregate amount of the remuneration payable to non-executive directors (including superannuation guarantee contributions made by the Company in relation to the non-executive directors) is $500,000 per annum. The Chairman is paid $75,000 per annum in director's fees (plus superannuation guarantee contributions) and each of the other six non-executive directors are paid $60,000 per annum in director's fees (plus superannuation

guarantee contributions). It is proposed that the Chairman's fees for 2001/2002 be increased to $120,000 per annum (plus superannuation guarantee contributions). There is no intention to increase the fees paid to the other non-executive directors for 2001/2002.

Special Business Resolution 4

It is proposed to amend the constitution of the Company to reflect changes to the Corporations Law (now the Corporations Act 2001) and the ASX Listing Rules since the constitution was last amended in 1998. The proposed changes are summarised as follows:

- clause 12 is being amended to reflect changes to the ASX Listing Rules which limit the circumstances in which a listed entity may apply, or ask ASX Settlement and Transfer Corporation Pty Limited (the Securities Clearing House or "SCH") to apply, a holding lock to prevent a proper SCH transfer of shares, or refuse to register a paper-based transfer of shares;
- clauses 39 & 40 are being amended to facilitate the electronic transmission of proxy forms to the Company if the Company specifies an electronic address for this purpose in notices of meeting, and to reflect changes to the Corporations Act which allow standing appointments of proxies and save proxy appointments from invalidity where 2 proxies are appointed by a member and the appointment does not specify the proportion or number of votes each proxy may exercise;
- clause 55 is being amended to permit greater flexibility in the passage of directors' written resolutions, by allowing electronic transmission of a document containing the resolution;
- clause 61 is being amended to reflect changes to the provisions of the Corporations Act which require a director who has a material personal interest in a matter that relates to the affairs of the Company, to give the other directors notice of that interest, and to be absent while the matter is being considered at a directors' meeting, subject to the exceptions in sections 191 and 195 of the Corporations Act;
- clause 81 is being amended to facilitate electronic service of notices on members by the Company, where a member specifies an electronic address for service of notices; and
- clause 82 is being amended to reflect changed provisions of the Corporations Act with respect to directors' and officers' indemnities and insurance.

The text of the proposed amendments is set out in Annexure B to these Explanatory Notes. The existing constitution may be inspected at the Company's registered office and at the Annual General Meeting.

Special Business Resolution 5

The Company entered into Indemnity and Access Deeds with its directors in 1997. It is proposed to amend those Deeds to reflect changes to the Corporations Act with respect to directors' and officers' indemnities and insurance. The proposed changes are summarised as follows:

- the indemnity given to directors against liability incurred as a director or employee of the Company or a wholly-owned subsidiary of the Company (including liability for legal costs incurred in defending an action for such liability) will be limited as required by section 199A of the Corporations Act, instead of the existing limitation which is in the terms of the repealed former section 241 of the Corporations Law;
- the director will be required to repay any amount paid by the Company under the Deed if moneys are paid out under an insurance contract;
- the director must seek to preserve the confidentiality of, and any legal professional privilege that attaches to, information of the Company to which the director is granted access; and
- the Company must give the director an opportunity to pay any part of the premium for a contract of insurance attributable to the director, to the extent that the premium may not at law be paid by the Company.

It is proposed that an Indemnity and Access Deed be entered into with Mr A J Clark, a director of the Company, and with each future director of the Company, in or substantially in the form of the amended Deed between the Company and each other current director.

The proposed amended Deed may be inspected at the Company's registered office and at the Annual General Meeting.

ANNEXURE A - Summary of terms of Executive Share Option Scheme

Issue limitation

The total number of ordinary shares, the subject of options that are exercisable under the Scheme, cannot at any time exceed 5% of the number of issued shares in the Company.

Offers of options

Offers of options are to be made by the Board, which has absolute discretion to determine when offers are made, which eligible executives receive offers, and the number of options offered. Eligible executives are persons who are concerned, or take part in, the management of the Company (which may include non-executive directors). As the Company has been admitted to the official list of ASX, an offer of options to a director or his or her nominee must be subject to the approval of shareholders.

Issue price

The issue price of options shall be nil unless the Board otherwise determines.

Exercise price

The exercise price of each option shall be determined by the Board at the date of offer of the option and shall be not less than the current market price of ordinary shares in the Company at the offer date, determined as the weighted average selling price of ordinary shares sold on the ASX during the 5 trading days immediately prior to the offer date.

Exercise of options

The options have a term up to five years from the date of issue. Options can be exercised during the times specified in the offer of the options (or where no time is specified at any time after the date of issue and before expiry of the option) and within a period specified by the Board in its absolute discretion if a takeover offer or announcement is made. If an eligible executive ceases employment with the Company, options held by that former eligible executive may not be exercised after the employment ceases unless the Board, in its absolute discretion, consents. Options may, with the approval of the Board, be issued or assigned to a close relative or family company of an eligible executive.

An option does not give any right to participate in dividends until a share is allotted pursuant to the exercise of the option. The number of shares issued pursuant to the exercise of options will be adjusted for bonus issues made prior to the exercise of the options.

An option holder will be given an opportunity to exercise the option prior to the record date for determining entitlements to a rights issue. If the option holder does not exercise his option prior to the record date for the rights issue, the terms of the option will be adjusted to take into account the rights issue.

If the Company, after having granted any option, subdivides or consolidates it shares, the shares issued to the option holder upon exercise of an option shall be subdivided or consolidated as the case may be in the same ratio and the exercise price shall be amended in inverse proportion to that ratio.

Ordinary shares issued upon the exercise of options will rank equally with the then existing issued ordinary shares in the Company and the Company will apply for quotation of the shares by ASX.

Lapse of options

An unexercised option shall immediately lapse on the earlier of the expiry of the option exercise period, as specified in the letter of offer of the option, and 12 months after the day on which the relevant executive cases to be an employee of the Company for any reason. All options shall lapse on the liquidation of the Company.

ANNEXURE B - Proposed amendments to the Company's constitution

1. Insert "of quoted securities" at the end of clause 12.1.

2. In clause 12.2:

   a) insert "may apply, or" immediately before the words "ask SCH to apply a holding lock";

   b) delete paragraph (d);

   c) delete "and" at the end of paragraph (e) and replace the full-stop at the end of paragraph (f) with a semi-colon; and

   d) insert the following paragraphs after paragraph (f):

      "(g) the transfer does not comply with the terms of an employee incentive scheme; or

      (h) if the transfer is paper-based, registration of the transfer will create a new holding which at the time the transfer is lodged is less than a marketable parcel.".

3. In clause 12.3, insert "applies, or" immediately before "asks SCH to apply a holding lock".

4. In clause 39.1, delete paragraph (c).

5. Replace clause 40.5 with the following new clause 40.5:

   "An appointment of a proxy may be a standing appointment."

6. In clause 40.7, delete "Every instrument of proxy must be in the form determined by the Directors from time to time and" and insert in place of those words "A proxy appointment instrument is valid if it is in accordance with the Corporations Law or in any form (including electronic) which the Board may prescribe or accept. The Board shall issue with the notice of a General Meeting a proxy appointment instrument in blank as to the first proxy but which".

7. Insert the following new clause as clause 40.8:

   "For the purposes of clauses 40.2 and 40.4, a proxy instrument received at an electronic address specified in the notice of the relevant Meeting for receipt of proxy instruments will be taken to have been signed if the appointment of the proxy includes or is accompanied by a personal identification code allocated by the Company to the Member making the appointment, or has been authorised by the Member in another manner approved by the Directors and specified in or with the notice of the Meeting."

8. Insert the following new clause as clause 55.3:

   "For the purposes of clauses 55.1 and 55.2, a statement sent electronically by a director to an agreed electronic address that he or she is in favour of a specified resolution shall be taken to be a document containing that statement and duly signed by the director at the time when the statement is received at the agreed electronic address.".

9. In clause 61.1, delete "by" in paragraph (b) and insert at the end of that paragraph after "otherwise" the words "(and no contract with the Company in which a Director is in any way interested will be avoided for that reason)".

10. Replace clauses 61.2 and 61.3 with the following new clauses:

    "61.2 A Director who has a material personal interest in a matter that is being considered at a Director's meeting must not be present while the matter is being considered at the meeting or vote on the matter, except in the following circumstances:

    a) if the material personal interest is a matter that is not required to be disclosed under clause 61.3 or under the Corporations Law; or

b) if Directors who do not have a material personal interest in the matter have passed a resolution that:

(i) identifies the Director, the nature and extent of the Director's interest in the matter and its relation to the affairs of the Company; and

(ii) states that those Directors are satisfied that the interest should not dis qualify the Director from voting or being present; or

c) as otherwise permitted under the Corporations Law.

61.3 a) Subject to sub-clause 61.3(b) and the Corporations Law, a Director who has a material personal interest in a matter that relates to the affairs of the Company must give the other Directors notice of the interest.

b) A Director with a material personal interest in a matter that relates to the affairs of the Company is not required to give notice in the following circumstances:

(i) if all the following conditions are met:

(A) the Director has already given notice of the nature and extent of the interests and its relation to the affairs of the Company;

(B) if a person who was not a Director at the time the notice was given is appointed as a Director, the notice is given to that person; and

(C) the nature or extent of the interest has not materially increased above that disclosed in the notice; or

(ii) if the Director has given a standing notice of the nature and extent of the interest in accordance with the Corporations Law and that standing notice is still effective in relation to the interest; or

(iii) as otherwise provided in the Corporations Law.

c) Notices of material personal interest given by Directors must:

(i) give details of the nature and extent of the Director's interest and the relation of the interest to the affairs of the Company;

(ii) be given at a Directors' meeting as soon as practicable after the Director becomes aware of his or her interest in the matter; and

(iii) be recorded in the minutes of the Directors' meeting at which the notice is given.".

11. Delete clause 61.5.

12. In clause 81.1, insert ", or electronically to the electronic address (if any) nominated by the Member," immediately before the words "or in any other way".

13. Replace clause 81.9 with the following new clause 81.9:

"If a notice given by the Company is signed, the signature may be original or printed."

14. Replace clause 82 with the following new clause 82:

"(a) The Company is to indemnify each officer of the Company out of the assets of the Company to the relevant extent against liability incurred by the officer in or arising out of the conduct of the business of the Company or a subsidiary of the Company, or in or arising out of the discharge of the duties of the officer.

(b) Where the Board considers it appropriate, the Company may execute a documentary indemnity in any form in favour of any officer of the Company.

(c) Where the Board considers it appropriate, and to the extent to which the Company is not precluded by law from doing so, the Company may:

(i) make payments of amounts by way of premium in respect of any contract effecting insurance on behalf or in respect of an officer of the Company against any liability incurred by the officer in or arising out of the conduct of the business of the Company or a subsidiary of the Company, or in or arising out of the discharge of the duties of the officer; and

(ii) bind itself in any contract or deed with any officer of the Company to make the payments.

(d) Where the Board considers it appropriate, the Company may:

(i) give a Director or former Director access to certain papers, including documents provided or available to the Board and other papers referred to in those documents; and

(ii) bind itself in any contract or deed with a Director or former Director to give the access.

(e) In this clause 82:

(i) "officer" means a director, secretary or executive officer of the Company or a person who formerly held one of those positions;

(ii) "duties of the officer" includes, in any particular case where the Board considers it appropriate, duties arising by reason of the appointment, nomination or secondment in any capacity of an officer by the Company or, where applicable, a subsidiary of the Company to any other corporation;

(iii) "to the relevant extent" means:

(A) to the extent the Company is not precluded by law from doing so; and

(B) to the extent and for the amount that the officer is not otherwise indemnified; and

(iv) "liability" means all costs, charges, losses, damages, expenses, penalties and liabilities of any kind including, in particular, legal costs incurred in defending any proceedings (whether civil, criminal, administrative or judicial) or appearing before any court, tribunal, government authority or otherwise.

(f) The benefit of any indemnity previously given to any person in respect of liabilities incurred prior to the adoption of this clause 82 (including in this Constitution) is not affected by this clause 82.

(g) The benefit of each indemnity given in this clause 82 continues, even after its terms or the terms of this clause 82 are modified or deleted, in respect of a liability arising out of acts or omissions occurring prior to the modification or deletion."

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