



ASX ANNOUNCEMENT

25 February 2008

**TERMS OF CONTRACT FOR NEW MANAGING DIRECTOR AND CEO,
MR CHRIS REX**

As announced by Ramsay Health Care Limited today, Mr Chris Rex has been appointed as the new Managing Director and CEO, effective 1 July 2008.

In accordance with its continuing disclosure obligations, Ramsay Health Care releases a summary of the terms and conditions of the executive service agreement with Mr Rex.

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Summary of terms of executive service agreement for Mr Chris Rex



This document provides a summary only of the key provisions of the executive service agreement between Mr Chris Rex and Ramsay Health Care (the '**Company**').

1 Appointment

- (a) Appointed as the Managing Director of Ramsay Health Care Limited ('**RHC**') and as a director of RHC commencing on 1 July 2008.

2 Term

- (a) Five (5) year maximum term (the '**Term**'), with the following arrangements:
- (1) the Company may give twelve (12) months notice at any time;
 - (2) Mr Rex may give twelve (12) months notice at any time; and
 - (3) at least three (3) months prior to the end of the Term, the Board must notify whether it intends to renew the provisions of this agreement beyond the expiration of the Term. If no notice is given, Mr Rex's employment will continue on the terms of the agreement, subject to the termination provisions in the agreement.

3 Remuneration

- (a) The initial Fixed Annual Remuneration is \$1,250,000 per annum, which is reviewed each year. In addition, the following amounts will be paid:
- (1) statutory superannuation contributions;
 - (2) motor vehicle operating expenses in accordance with Company policies;
 - (3) comprehensive family health benefits in accordance with Company policies; and
 - (4) reimbursement of reasonable out of pocket expenses, including telephone expenses.
- (b) Short Term Incentive ('**STI**'):
- (1) discretionary short term cash incentive up to one hundred percent (100%) of Fixed Annual Remuneration in each year;
 - (2) if key performance indicators are achieved (as determined by the Board), sixty percent (60%) of STI paid;
 - (3) if Mr Rex significantly outperforms the targets set (as determined by the Board) or 'stretch targets' are set by the Board and achieved, maximum STI may be awarded (that is, one hundred percent (100%) of Fixed Annual Remuneration); and
 - (4) fifty percent (50%) of the STI payment will be applied towards the on-market purchase of ordinary shares in RHC for Mr Rex at the then market price, with such shares not to be sold, transferred, dealt with or otherwise disposed of

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until the earlier of three (3) years after purchase or the date Mr Rex ceases to be employed by the Company (the '**Termination Date**').

(c) Retention Benefit:

- (1) six hundred thousand (600,000) ordinary shares in RHC held on trust (the '**retention benefit shares**');
- (2) Mr Rex will receive the retention benefit shares if he remains in employment as at 1 July 2013 (that is, at the end of the Term);
- (3) if Mr Rex's employment ceases prior to that date:
 - if he resigns or his employment is terminated for serious misconduct, no retention benefit shares to be allotted to him;
 - if the Company gives notice, all the retention benefit shares to be allotted to him;
 - if his employment ceases due to death, all the retention benefit shares to be allotted to his estate; and
 - if his employment ceases due to illness, all the retention benefit shares to be allotted to him after the Board is satisfied that this is the case on the basis of its own medical evidence; and
- (4) Mr Rex entitled to any dividends paid on the retention benefit shares, and may elect to apply the dividends to the purchase of additional ordinary shares in RHC in accordance with the Ramsay Dividend Reinvestment Plan.

4 Termination

(a) The agreement contains provisions for the termination of Mr Rex's employment as follows:

- (1) resignation by Mr Rex on twelve (12) months' notice in writing to the Board (the Company has the option to cease his employment either at the expiry of the Term or on a later date not exceeding twelve (12) months after Mr Rex gives notice) – further entitlements to STI will cease, all unvested retention benefit shares and unvested shares in the Ramsay Performance Rights Plan are forfeited;
- (2) termination by the Company on twelve (12) months' notice in writing – entitled to pro-rata STI, full allocation of the retention benefit shares, and vested shares in the Ramsay Performance Rights Plan (with unvested shares in the Ramsay Performance Rights Plan forfeited);
- (3) termination for serious misconduct is without notice – no entitlement to STI, unvested shares in the Ramsay Performance Rights Plan forfeited and, if the termination is prior to 1 July 2013, the retention benefit shares are forfeited;
- (4) termination because of Mr Rex's illness on six (6) months' notice in writing – entitled to pro-rata STI, vested shares in the Ramsay Performance Rights Plan, and full allocation of the retention benefit shares (subject to satisfactory evidence from an independent medical officer); and

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- (5) termination as a result of the death of Mr Rex – his estate is entitled to pro-rata STI, vested and unvested shares in the Ramsay Performance Rights Plan (subject to satisfaction of performance conditions in due course), and full allocation of the retention benefit shares.
- (b) The agreement also provides that the Company may elect to make a payment in lieu of notice.

5 Miscellaneous

- (a) The agreement contains the usual provisions:
- (1) imposing restrictions on Mr Rex's ability to compete with any member of the Ramsay Group after the termination of his employment;
 - (2) imposing obligations on Mr Rex to keep information on the Ramsay Group confidential and not to disclose it to third parties; and
 - (3) with respect to intellectual property (e.g. patents, trademarks, copyright) created during the course of Mr Rex's employment, including the obligation to assign such property to the Company.
- (b) The agreement also contains machinery and facilitative clauses in relation to the operation of the employment agreement, including:
- the manner of giving notice under the agreement;
 - the governing law and jurisdiction; and
 - prohibition, enforceability and severance.
- (c) The agreement also contains a provision dealing with the Corporations Act limit on termination payments to be made to Mr Rex.