

24 May 2001

Dear Alpha Shareholder

RE: TAKEOVER OFFER FOR ALL OF THE SHARES OF ALPHA HEALTHCARE LIMITED

As you are aware, Ramsay Centauri Pty Limited, a wholly owned subsidiary of Ramsay Health Care Limited, has made a cash offer to acquire all of your shares in Alpha Healthcare Limited at the price of \$0.40 per share.

Proceedings in the Corporations and Securities Panel

You may also be aware that Alpha made an application to the Corporations and Securities Panel on 3 May 2001 seeking the withdrawal of Ramsay's Offer.

The Panel has declined Alpha's application and enclosed is a copy of the Panel's media release announcing its decision.

Extension of the Offer Period

Ramsay's Offer for your Alpha shares has been extended and it is now scheduled to close at 7.00 pm (Sydney time) on Friday, 8 June 2001, unless further extended.

A notice of this extension is also enclosed with this letter.

Supplementary Bidder's Statement

Enclosed is a Supplementary Bidder's Statement dated 24 May 2001. It should be read in conjunction with Ramsay's Bidder's Statement which was sent to you on 26 April 2001.

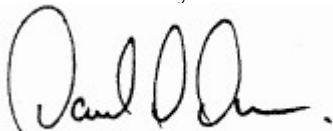
Included in the Supplementary Bidder's Statement is some additional information regarding the loans acquired by Ramsay under the Pre-bid Acquisition Agreement and Debt Assignment Agreement, each described in Ramsay's Bidder's Statement.

Ramsay's Offer

Also enclosed in the package containing this letter is a copy of Alpha's Target Statement. Ramsay has not seen that statement and we may write to you again in relation to the contents of that document.

I take this opportunity to confirm that Ramsay's Offer is presently the only offer being made for Alpha shares. Ramsay believes that its Offer represents a more than fair price for Alpha shares and I commend the Offer to you.

Yours faithfully



Paul Ramsay
Chairman - Ramsay Health Care Limited

SUPPLEMENTARY STATEMENT BY RAMSAY CENTAURI PTY LIMITED
ACN 096 070 156

This statement is a supplementary statement to the Bidder's Statement of Ramsay Centauri Pty Limited ACN 096 070 156 ("**Ramsay Centauri**") dated 12 April 2001 given in connection with a takeover bid by Ramsay Centauri for all the ordinary shares in Alpha Healthcare Limited ACN 000 727 882 ("**Alpha**") (the "**Original Statement**").

This statement must be read together with the Original Statement. The definitions and rules of interpretation in Section 3 of the Original Statement apply to this statement also.

ASIC takes no responsibility for the contents of this statement.

The Original Statement is supplemented as follows.

1. Add the following new paragraph to the end of clause 2.2 of Section 2 of the Original Statement:

"(d) Loans assigned to Ramsay Centauri

Pursuant to the Pre-Bid Acquisition Agreement Sun Healthcare has assigned to Ramsay Centauri all of its right, title and interest in the Alpha Loan Agreement (as defined in clause 7.1(a) of Section 2 of this Bidder's Statement). Under the terms of the Alpha Loan Agreement as amended under a standstill agreement dated 18 December 2000, the loan advanced under the Alpha Loan Agreement is repayable no later than 31 July 2001. As at the date of this Bidder's Statement, Ramsay Centauri has no intention regarding repayment of that loan other than requiring repayment in accordance with the terms of the Alpha Loan Agreement.

Also pursuant to the Pre-Bid Acquisition Agreement, SHG Holdings has assigned to Ramsay Centauri all of its right, title and interest in the Alpha Westmead Loan Agreement (as defined in clause 7.1(b) of Section 2 of this Bidder's Statement). Ramsay Centauri has been informed by Alpha's solicitors that under the terms of the Alpha Westmead Loan Agreement, the loan advanced under that agreement is not repayable before September 2010, except where there is an event of default under a Construction and Term Loan Facility Agreement dated 18 November 1998 between Alpha Westmead Private Hospital Pty Limited ("**Alpha Westmead**") (a wholly owned subsidiary of Alpha), Australia and New Zealand Banking Group Limited and other financiers (the "**ANZ Facility Agreement**") and all amounts owing under that Agreement are repaid early pursuant to the default terms of the ANZ Facility Agreement.

The events of default under the ANZ Facility Agreement include normal banking default covenants such as Alpha Westmead failing to pay amounts due under its other financing arrangements or such amounts becoming prematurely repayable, Alpha Westmead being in breach of a representation, warranty or undertaking under the ANZ Facility Agreement or an agreement ancillary to that Agreement, Alpha Westmead suffering an insolvency event, Alpha Westmead ceasing to be a subsidiary of Alpha, a new director being appointed to the board of Alpha Westmead or any of its subsidiaries without consent and any property mortgaged as security for the advances made under the ANZ Facility Agreement being compulsorily acquired by a governmental agency or being damaged beyond repair.

There is an obligation on Alpha Westmead to use its best endeavours to refinance the loan under the Alpha Westmead Loan Agreement after the commissioning of Alpha Westmead Private Hospital. As at the date of this Bidder's Statement, Ramsay Centauri has no intention regarding repayment of that loan other than requiring repayment in accordance with the terms of the Alpha Westmead Loan Agreement."

2. Delete sub-clause (b) of clause 3.2 of Section 2 of the Original Statement and substitute:

"(b) Ramsay Centauri will fund the cash required to pay the consideration under the Offer by borrowing A\$18,330,532 plus amounts necessary to cover transaction costs incurred in connection with the Offer from Ramsay Health Care Investments Pty Limited, who in turn has borrowed an equivalent amount from RHCA."

3. Add the following sentences to the end of the first paragraph of clause 4 of Section 2 of the Original Statement:

"Under that same agreement, Ramsay Centauri agreed to purchase certain debts of Alpha as described in Clauses 7.1 (a) and (b) below. The purchase of the 8,678,400 Alpha Shares and debts under the Pre-Bid Acquisition Agreement completed on 8 May 2001."

4. Insert a new, unnumbered paragraph after the first paragraph of clause 4 of Section 2 of the Original Statement as follows:

"If you would like a copy of the Pre-Bid Acquisition Agreement please contact Ramsay's Company Secretary, Larry Ransley, on (02) 9433-3444 or by e-mail to ransleyl@ramsayhealth.com.au and a copy of it will be provided to you free of charge."

5. Delete the second, unnumbered paragraph of clause 4 of Section 2 of the Original Statement and substitute:

"The obligations of the parties to complete the purchase of the 8,678,400 Alpha Shares and debts under the Pre-Bid Acquisition Agreement were conditional upon:"

6. Delete sub-clause (a) of clause 7.1 of Section 2 of the Original Statement and substitute:

"(a) Alpha and Sun Healthcare entered into a Loan Agreement dated 10 December 1997 (as amended on 22 January 1998 and 6 June 2000) pursuant to which Sun Healthcare agreed to advance to Alpha up to \$10 million (the "**Alpha Loan Agreement**"). Repayment of that loan is secured by charges given by Health Care Corporation Pty Limited and Alpha Pacific Hospitals Pty Limited in favour of Sun Healthcare dated 18 December 2000 (as amended on 18 January 2001). On 14 May 2001 Alpha's solicitors informed Blake Dawson Waldron, Ramsay Centauri's solicitors, that the amount owing under the Alpha Loan Agreement was approximately \$7,250,000.

Pursuant to the Pre-Bid Acquisition Agreement, on 8 May 2001 Sun Healthcare assigned to Ramsay Centauri all of its right, title and interest in the Alpha Loan Agreement and the charges securing the repayment of loans advanced under that agreement in consideration of the sum of \$5 million."

7. Delete sub-clause (b) of clause 7.1 of Section 2 of the Original Statement and substitute:

"(b) SHG Holdings and Alpha Westmead entered into a Loan Agreement dated 18 November 1998 pursuant to which SHG Holdings agreed to provide financial accommodation to Alpha Westmead in connection with the construction of the Alpha Westmead Private Hospital (the "**Alpha Westmead Loan Agreement**"). Alpha provided a guarantee and indemnity in favour of SHG Holdings in respect of repayment of that loan. On 14 May 2001 Alpha's solicitors informed Blake Dawson Waldron, Ramsay Centauri's solicitors, that the amount owing under the Alpha Westmead Loan Agreement was approximately \$18,500,000.

Pursuant to the Pre-Bid Acquisition Agreement, on 8 May 2001 SHG Holdings assigned to Ramsay Centauri all of its right, title and interest in the Alpha Westmead Loan Agreement and the guarantee and indemnity securing the repayment of loans advanced under that agreement in consideration of the sum of \$1,133,333."

8. Add the following sentences to the end of sub-clause 7.1 (c) of Section 2 of the Original Statement:

"Completion of the purchase of debt under the Debt Assignment Agreement occurred on 3 May 2001. Prior to that completion Alpha repaid the Ecanif Loan in full. On 8 May 2001 Alpha discharged the RCI Debt in full, being an amount of \$2,405,966.98."

9. Delete the unnumbered paragraph immediately following sub-clause 7.1 (c) of Section 2 of the Original Statement and substitute:

"The obligations of the parties to complete the Debt Assignment Agreement were conditional upon:"

10. Delete the heading of the last table in clause 7.2 of Section 2 of the Original Statement and substitute:

"Alpha Group"

11. Add the following heading and paragraphs immediately after the paragraph in clause 7.4 of Section 2 of the Original Statement:

"7.5 Corporations and Securities Panel Proceedings

On 3 May 2001 Alpha applied to the Corporations and Securities Panel (the "**Panel**") for a declaration of unacceptable circumstances to be made pursuant to section 657A of the Corporations Law in relation to the Offer, the affairs of Ramsay Centauri, Ramsay and Alpha, and for orders to be made under section 657D of the Corporations Law requiring Ramsay Centauri to withdraw its Offer and for Ramsay Centauri, Ramsay, Sun Healthcare and SHG Holdings to be restored to the position they were in immediately before their entry into the Pre-Bid Acquisition Agreement.

On 21 May 2001 the Panel declined all of Alpha's applications.

The Panel considered that:

- Ramsay Centauri's acquisition of the second parcel of 17% of Alpha Shares did not take place other than under the terms of the Offer;
- the Pre-Bid Acquisition Agreement did not adversely affect the market for control of Alpha; and
- Ramsay Centauri's acquisitions from SHG Holdings and Sun Healthcare under the Pre-Bid Acquisition Agreement (specifically of debts and the first 19.9% parcel of Alpha Shares) did not show any transfer of value between the debt and equity components bought by Ramsay Centauri."

12. Delete the heading of clause 7.5 of Section 2 of the Original Statement and substitute:

"7.6 Copies of Announcements"

13. Delete the heading of clause 7.6 of Section 2 of the Original Statement and substitute:

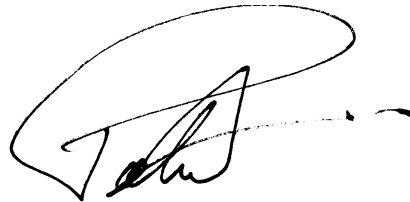
"7.7 No other material information"

14. Delete the definition of "Pre-Bid Acquisition Agreement" in clause 1 of Section 3 of the Original Document and substitute:

"Pre-Bid Acquisition Agreement " means the conditional pre-bid agreement dated 9 April 2001 between Ramsay, Ramsay Centauri, SHG Holdings and Sun Healthcare, further details of which are set out in Clause 4 of Section 2 of this Bidder's Statement".

DATED 24 May 2001, being the date on which this supplementary statement is lodged with the Australian Securities and Investments Commission.

SIGNED for and on behalf of Ramsay Centauri Pty Limited by Ian Patrick Grier who is authorised to sign by a resolution passed at a meeting of the directors of Ramsay Centauri Pty Limited.

A handwritten signature in black ink, appearing to read 'Ian Patrick Grier', with a large, sweeping flourish above the name.

Director