

RAMSAY HEALTH CARE LIMITED

Year 2000 Compliance Programme. Progress Report to the Australian Stock Exchange

We advise that the company's overall exposure to the Year 2000 problem has not changed materially since our last report to the ASX in March 1999.

The Company has not initiated any material action beyond the programme previously outlined.

Progress

The year 2000 compliance programme is progressing well and the company is on track to achieve its target completion dates. The compliance status of all major equipment and core systems is now substantially complete.

As advised in previous reports to the stock exchange the Company's principle business activity of a private hospital operator has been divided into five critical resource groups:

- Information Technology (IT) – networked across Australia.
- Biomedical and Operational Process Equipment – more critical to the medical/surgical and veteran hospitals within the group.
- Building Services and Environmental – covering all buildings across the business, air conditioning, lifts, power supply and security.
- Communication Systems; and
- Third party suppliers.

The Company's progress in relation to relation to year 2000 compliance in each one of these resource groups is summarised as follows:

Information Technology

The Company's rectification work in respect of its information technology is well advanced:

- a) Core Hardware systems are compliant following upgrades in 1998.
- b) Both core and site specific software systems are substantially complete with some minor "patches" currently being installed on core software. Installation of outstanding site-specific software will be completed by mid November 1999.
- c) The upgrade of personal computers has now been finalised.
- d) Data Communication equipment. We have sought advice from Telstra regarding the continued operation of communications for the Company's national network and no negative impact on functionality is anticipated.

Bio-medical Technology

Compliance testing and rectification of bio-medical equipment across the Company's hospital sites is now 84% complete. Equipment has been cataloged and categorised in accordance with the relative risk impact upon business continuity with only a small percentage (less than 3%) known to be problematic with non-serious ramification for the Company.

Building and Environmental Services

External consultants were used to assess of the Companies building resource group. This was completed in May 1999 with no major problems noted.

Communications

Compliance testing of communication resources, including nurse call systems, PABX, telephone and facsimile equipment across the Company has revealed no major problems which would impact the company's business.

Third Parties and Service Providers

Follow up of suppliers and third parties who have been identified as crucial to business continuity, and who have not responded to earlier requests for information on their year 2000 compliance is currently under way. In an effort to ensure the continuity of supply, interviews will be undertaken with each individual supplier during the month of October.

The Company has actively participated in a National Supply Chain Reference Group. This group, which comprises industry representatives from public and private hospital groups, pharmaceutical companies, as well as Federal, State, and Territory Governments, has been established to guard against the possibility of supply shortages arising from stock piling of essential supplies. In accordance with the National Reference group's recommendation, Ramsay Health Care has adopted a policy of "business as usual" as regards the purchase of essential supplies.

Contingency Planning

The Company is conscious of the fact that its business is dependent upon the continued supply of essential services such as utilities, telecommunications and medical supplies. To ensure business continuity detailed contingency plans have been developed and documented for each hospital site within the Company. The operational procedures to be followed in the event of any disaster arising from the failure of essential services as detailed within each contingency plan are currently being refined through a series of workshops being held at each hospital site.

Education for Staff, Doctors and Patients

Year 2000 awareness, education programmes designed to brief staff, admitting doctors and patients on the Company's progress to achieve year 2000 compliance have been conducted throughout the group. These programmes will continue

throughout the remainder of the year with the intention of updating knowledge with regard to contingency plans against business interruption.

Summary

The Company has to the best of its abilities undertaken an extensive programme, which is on track to address the year 2000 issue. It should be noted that the programme has concentrated on those aspects of the business, which have been assessed to have either a severe or significant impact on the Company's business. Those less critical areas, which are rated as inconvenient and manageable in an adverse event, will be addressed following the rectification and contingency planning activities for all severe and significant resources.

The completion date for the overall Year 2000 Compliance Project is June 2000.

Year 2000 activities are seen by the Company as a catalyst for developing a more sophisticated business process infrastructure and risk management strategies to mitigate the impact of an adverse events which have the potential to cause business interruption.