



ASX ANNOUNCEMENT

26 February 2013

RAMSAY EXTENDS MANAGING DIRECTOR'S CONTRACT

Ramsay Health Care Limited is pleased to announce the extension of Mr Christopher Rex's contracted term as CEO and Managing Director, which expires on 30 June 2013. Mr Rex's contract has been extended by three years to 30 June 2016, after which it will continue on a rolling basis, unless terminated by either party.

Based on Mr Rex's demonstrated outstanding performance to date as Managing Director and CEO, the Board is absolutely convinced that Mr Rex is the best person to lead the Group going forward.

Announcing the extension today, Chairman Paul Ramsay AO said 'Securing Mr Rex's services for a further term will provide ongoing strength and stability to the Company's executive and management team.'

'Mr Rex has spearheaded the Company's significant success since being appointed to the role in 2008 and has proven his strong and effective leadership both at corporate and industry levels.'

'The Board fully supports Mr Rex to continue executing the Board's strategic vision.'

The Board remains committed to the Company's remuneration structure underpinning sustained growth and returns to shareholders. A substantial percentage of Mr Rex's remuneration over the next three years is at risk, aligning his interests with those of shareholders.

Mr Rex's remuneration arrangements and other employment terms remain broadly consistent with his existing contract. A summary of the key terms, which will be effective from 1 July 2013, is attached.

For further information, please contact:

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Summary of terms of executive service agreement for Mr Chris Rex

Term Additional three (3) year term (the **Term**) commencing 1 July 2013. If neither party terminates the agreement before expiry of the Term, Mr Rex's employment will continue on the terms set out below.

Fixed remuneration Fixed annual remuneration will be reviewed with effect from 1 July each year. At the date of this announcement, Mr Rex's fixed remuneration is \$2,100,000 per annum.

Short term incentive No changes have been made to the key parameters of Mr Rex's short term incentive (STI) entitlement. Mr Rex remains eligible for an annual STI up to a maximum of one hundred per cent (100%) of fixed annual remuneration, subject to satisfaction of financial and non-financial KPIs set by the Board.

To achieve the maximum STI, Mr Rex must satisfy both target KPIs (which apply to 60% of the STI) and 'stretch' KPIs (which apply to 40% of the STI).

Fifty per cent (50%) of any STI payment must 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/dealt with until three (3) years after purchase. The remaining fifty per cent (50%) will be paid in cash.

Long term incentive Subject to any required or appropriate shareholder approvals being obtained, Mr Rex is entitled to participate on an annual basis in the Company's long term incentive (LTI) arrangements from time to time and on terms determined by the Board.

Summary of terms of executive service agreement for Mr Chris Rex

Retention benefit No new retention benefits have been awarded to Mr Rex.

Termination **Resignation by Mr Rex:** Twelve (12) months' notice in writing required. The Company has the option to cease Mr Rex's employment either at the expiry of the Term or a date later than the expiry of the Term (but not more than 12 months after Mr Rex gives notice).

Where the termination date falls part way through a performance year, Mr Rex will forfeit his entitlement to any STI in respect of that performance year.

Any unvested LTIs will remain on foot and will vest or lapse in the ordinary course based on the terms on which they were granted.

Termination by the Company: Twelve (12) months' notice in writing required. Mr Rex will be eligible to receive a pro-rata STI for the year in which termination occurs.

Any unvested LTIs will remain on foot and will vest or lapse in the ordinary course based on the terms on which they were granted.

Termination for serious misconduct: Termination will occur without notice and there is no entitlement to STI referable to the year in which termination takes place. Any unvested LTIs will lapse upon termination.

Restraint The agreement contains restrictions on Mr Rex's ability to compete with any member of the Ramsay Group during or within six (6) months after the termination of his employment.
