

NOTICE OF ANNUAL GENERAL MEETING FRIDAY 30 OCTOBER 2009

Notice is hereby given that the Annual General Meeting of shareholders of the Company will be held at The Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria at 10.00 am on Friday, 30 October 2009.

AGENDA

Ordinary Business

1. To Receive the Financial Reports

To receive and consider the reports of the Directors and the Auditor and the Financial Report of the Company for the year ended 30 June 2009.

2. Adoption of the Remuneration Report

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

To adopt the Remuneration Report (which forms part of the Directors' report) for the year ended 30 June 2009.

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Election and re-election of Directors

To consider and if thought fit, to pass the following resolutions as ordinary resolutions:

- (a) *That Mr E Dodd be elected as a Director of the Company;*
- (b) *That Dr Z E Switkowski be re-elected as a Director of the Company.*

Special Business

4. Grant of Performance Rights to Mr. Bruce Dixon, Managing Director

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

That, under and for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director of the Company, Mr Bruce Dixon, of 196,409 Performance Rights, under the Healthscope Executive Performance Rights Plan on the terms set out in the Explanatory Notes to this Notice of Annual General Meeting, be approved.

Voting exclusion statement on resolution 4

The Company will disregard any votes cast on resolution 4 by Mr Bruce Dixon or his associates unless the vote is cast by :

- Mr Dixon as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

5. To Adopt Rule 6.4 of the Constitution (the Proportional Takeover Provisions) for Three Years

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

That the Constitution of Healthscope Limited is amended by inserting new rule 6.4, relating to proportional takeover bids, on identical terms to rule 6.4 which applied until 23 October 2009.

6. Ratification of Issue of Ordinary Shares under Institutional Placement

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

That, for all purposes (including for the purposes of ASX Listing Rules 7.1 and 7.4), the issue by the Company on 2 September 2009 of 32,558,140 fully paid ordinary shares at an issue price of \$4.30 per share pursuant to an institutional placement on the terms and conditions set out in the Explanatory Notes to this Notice of Annual General Meeting, be approved and ratified.

Voting exclusion statement on resolution 6

The Company will disregard any votes cast on resolution 6 by a person who was issued shares pursuant to the institutional placement or any associate of such a person, unless the vote is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

By order of the Board



Ingrid Player
Company Secretary

Melbourne, 21 September 2009

EXPLANATORY NOTES

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the Notice of Annual General Meeting.

Item 1 To Receive the Financial Reports

No resolution is required for this item, however shareholders will be given a reasonable opportunity to ask questions about or comment on the management and audit of the Company.

Item 2 Adoption of the Remuneration Report

Under the Corporations Act 2001 (Cth) (the Corporations Act), the Company is required to include in the Directors' Report a detailed Remuneration Report setting out certain prescribed information relating to Directors' and executives' remuneration, and submit this for adoption by resolution of shareholders at the Annual General Meeting.

The Directors' Report for the year ended 30 June 2009 contains such a Remuneration Report. A copy of the report is set out on pages 13 - 19 of the Company's 2009 Annual Report and can also be found on the Healthscope website at www.healthscope.com.au.

The Remuneration Report discusses matters including (but not limited to):

- the Board's policy for determining the nature and amount of remuneration of the key management personnel of the Company;
- the relationship between the Board's remuneration policy and the Company's performance;
- certain 'prescribed details' of each member of the key management personnel and each of the 5 named Company and relevant group executives who received the highest remuneration in the financial year; and
- if an element of the remuneration of a member of the key management personnel is dependent on the satisfaction of a performance condition, a summary of the performance condition and an explanation of why that performance condition was chosen.

The Remuneration Report sets out the remuneration paid to the key management personnel and the five named Company and group executives who received the highest remuneration for the financial year ended 30 June 2009.

The Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

The shareholder vote is advisory only and does not bind the Directors of the Company.

Item 3 Election and Re-election of Directors

(a) Election of Mr E Dodd

Mr Dodd has been appointed as Director of the Company since the last Annual General Meeting. In accordance with article 9.2 of the Company's Constitution, he holds office only until this Annual General Meeting and offers himself for election.

The Directors unanimously (excluding Mr Dodd) recommend that shareholders vote in favour of this resolution. A statement of the qualifications and experience of Mr Dodd is set out below.

Mr E Dodd – independent non-executive Director

Mr Dodd is a member of the Audit, Compliance and Risk Assurance Committee and of the Nominations Committee. He is a director of Credit Corp Group Limited and is the Chairman of First American Title Insurance Company of Australia Pty Limited. Mr Dodd was, for 6 years, the Chief Executive Officer and Managing Director of MBF Australia Ltd and a former Director of BUPA Australia Health Pty Ltd. He was also Chief Financial Officer of NRMA Limited and later became its Managing Director and Chief Executive Officer.

Mr Dodd has a Bachelor of Economics with statistics and accounting majors. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants, a Director of Clean Up Australia and Clean up the World and a former chairman of Odyssey House.

As a Director, he brings extensive operational experience of more than 30 years in the insurance and financial sectors and a thorough understanding of the health industry.

(b) Re-election of Dr Z E Switkowski

In accordance with the Company's Constitution and the ASX Listing Rules, Dr Switkowski retires by rotation and offers himself for re-election. The Directors (excluding Dr Switkowski) unanimously recommend that shareholders vote in favour of this resolution. A statement of the qualifications and experience of Dr Switkowski is set out below.

Dr Z.E. Switkowski – independent non-executive Director

Dr Switkowski was appointed a non-executive director of the Company in January 2006. He is the chairman of the Remuneration Committee and a member of the Audit, Compliance and Risk Assurance Committee and of the Nominations Committee. Dr Switkowski is a Director of Suncorp-Metway Limited and Tabcorp Holdings Limited. He is the Chair of the Australian Nuclear Science and Technology Organisation and of Opera Australia. He was, for 6 years, the Chief Executive Officer and Managing Director of Telstra Corporation Limited and was also the Chief Executive Officer of Optus Communications Limited. Prior to that, he was the Chairman and Managing Director of Kodak (Australasia) Pty Ltd, and is a former Director of Foxtel and the Business Council of Australia.

Dr Switkowski holds an honours degree in Science and a PhD in nuclear physics from the University of Melbourne. He is a graduate of the Harvard Business School's Advanced Management Program and is a Fellow of the Australian Institute of Company Directors.

As a Director, Dr Switkowski brings significant senior executive operating and Board experience gained from leading large Australian and international organisations.

Item 4 Grant of Performance Rights to Mr. Bruce Dixon, Managing Director

Background

Shareholder approval is being sought for the grant of 196,409 Performance Rights to the Managing Director of the Company, Mr Bruce Dixon, pursuant to the Healthscope Executive Performance Rights Plan (the Plan). The Plan was approved by shareholders at the Company's 2004 Annual General Meeting.

Shareholder approval is required for the grant of the Performance Rights under ASX Listing Rule 10.14 because Mr Dixon is a Director of the Company. The Performance Rights will form part of Mr Dixon's deferred remuneration in respect of his performance for the three financial years ending 30 June 2012.

Mr Dixon is presently the only Director of the Company entitled to participate in the Plan.

Mr Dixon's remuneration for the year ending 30 June 2010 comprises 3 components (i) base salary and superannuation of \$871,250; (ii) a maximum short term cash incentive of \$1,306,875 subject to the achievement of financial and non-financial performance hurdles and based on the Board's assessment of his and the Company's performance for the year ending 30 June 2010; and, subject to shareholder approval, (iii) a long term incentive of 196,409 Performance Rights to be issued pursuant to the Plan subject to the achievement of the performance hurdle outlined below.

As the Company continues to grow, the Directors believe that it is appropriate to continue to provide Mr Dixon with a long-term incentive element in his remuneration package on an annual basis. The grant of these Performance Rights is intended to continue to align his performance with successful financial outcomes for shareholders and provide him with an incentive to remain with the Company.

The non-executive Directors are of the view that the overall remuneration for Mr Dixon, including the proposed grant of Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of the Managing Director, the continued growth of the Company and market levels of remuneration for managing directors and chief executive officers of similar sized companies.

Terms of the Performance Rights

Time of grant

If approved by the shareholders, the Performance Rights may only be issued within 12 months after the Annual General Meeting. Subject to obtaining shareholder approval, it is currently proposed that the Performance Rights will be granted shortly after the Annual General Meeting.

Consideration for grant and exercise

There is no amount payable by Mr Dixon either on issue or exercise of the Performance Rights.

Indicative value of the Performance Rights

The fair value of each Performance Right at the grant date will not be known until the date of grant. However, as an indication, the fair value of a Performance Right as at 1 July 2009 has been estimated by an independent valuer at \$2.64. If the issue of Performance Rights is approved, the actual valuation of the Performance Rights granted to Mr Dixon will be disclosed as part of Mr Dixon's remuneration in the Company's Annual Report for the year ending 30 June 2010.

The Board's current estimate of the annual cost to the Company of the Performance Rights proposed to be granted to Mr Dixon in accordance with this resolution is approximately \$172,679. This cost is based on the fair value of the Performance Rights as at 1 July 2009 as determined by an independent valuer with reference to Australian Accounting Standard AASB 2. The Performance Rights proposed to be granted have a three year vesting period and therefore the total cost of \$518,039 will be amortised over a 3 year period in accordance with that Accounting Standard.

Vesting period

Subject to the terms of the Plan Rules and under normal circumstances, the vesting period which must elapse before the Performance Rights may be exercised and shares are issued to Mr Dixon is the three year period ending 30 June 2012.

Exercise hurdle

A relative TSR performance condition has been chosen as it is widely recognized as one of the best indicators of shareholder value creation. TSR represents the change in the market value of the Company over time, including dividends and any other distributions made to shareholders.

Vesting of the Performance Rights is determined according to the Company's Total Shareholder Return (TSR) relative to that of the companies in a comparator group. The comparator group was chosen as it represents the group with which the Company competes for shareholders' capital. The comparator group comprises a selection of companies included in the S&P/ASX200, excluding resources companies, financial companies, property trusts and companies involved in property management and development. A list of the companies included in Healthscope's comparator group is available on the company's website at www.healthscope.com.au under the Investor Centre tab.

Vesting of rights is determined according to Healthscope's TSR rank against the companies in the comparator group as follows:

Healthscope TSR rank	Performance rights vesting
Below 51st percentile	0%
Equal to 51st percentile	50%
Between 51st and 75th percentile	Between 50% and 100% on a straight line basis
At or above 75th percentile	100%

In normal circumstances the date on which performance will be measured will be 1 July 2012. If the hurdle is not then achieved, the performance rights will lapse.

Details of shares and performance rights previously issued under the Plan to Directors

Mr Dixon is presently the only Director entitled to participate in the Plan. Since the approval was last given to the issue of Performance Rights at the annual general meeting held on 17 October 2008, Mr Dixon has been granted 209,551 Performance Rights for nil consideration. There are no Directors other than Mr Dixon, nor associates of any Directors, who have previously received securities under the Plan.

Details of shares and Performance Rights issued under the Plan to Directors will be published in each annual report of the Company which relates to the period in which the securities have been issued, with a statement that approval for the issue of securities was obtained under ASX Listing Rule 10.14.

No loan scheme

There is no loan scheme in relation to the Plan.

A voting exclusion statement is set out immediately beneath the relevant resolution.

Item 5 To Adopt Rule 6.4 of the Constitution (the Proportional Takeover Provisions) for Three Years

The Company's Constitution currently contains provisions dealing with proportional takeover bids for Healthscope shares in accordance with the Corporations Act. The provisions are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, the provisions must be renewed every three years or they will cease to have effect. The current provisions will cease effect on 23 October 2009. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions.

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion of proportional takeover provisions in a Constitution.

Effect

A proportional takeover bid is one where the offer made to each shareholder is only for a proportion of that shareholder's shares.

If a proportional takeover bid is made, Directors must hold a meeting of the shareholders of the class of shares being bid for to consider whether or not to approve the bid. A resolution approving the bid must be voted on before the 14th day before the end of the bid period. The resolution will be passed if more than 50% of votes cast are cast in favour of the approval (the bidder and its associates are not allowed to vote on the resolution). If no such resolution is voted on by that deadline, a resolution approving the bid is taken to have been passed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and the Company's Constitution.

The proportional takeover provisions do not apply to full takeover bids.

Reasons

Without the proportional takeover approval provisions, a proportional takeover bid may enable control of the Company to pass without members having the opportunity to sell all their shares to the bidder. Shareholders may be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares.

The proposed proportional takeover provisions lessen this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

No knowledge of any acquisition proposals

At the date of this notice, no Director of the Company is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Review of proportional takeover provisions

While proportional takeover provisions were in effect there have been no takeover bids made for the Company, either proportional or otherwise. Accordingly, there are no actual examples against which to review the advantages or disadvantages of the existing proportional takeover provisions (that is, Rule 6.4 of the existing Constitution) for the Directors and shareholders of the Company. The Directors are not aware of any potential proportional takeover bid that was discouraged by Rule 6.4.

Potential advantages and disadvantages

The Directors of the Company consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved or accepted.

The potential advantages of the proposed proportional takeover provisions for shareholders are:

- a the provisions provide shareholders with the opportunity to decide by majority vote whether a proportional takeover bid (which may result in a change of control in the Company) should proceed;
- b they may assist shareholders in avoiding being locked in as a minority interest in the Company or feeling compelled to accept an offer, which they believe is inadequate, to avoid becoming a part of a minority interest;
- c they increase shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced;
- d knowing the view of the majority of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject the offer for a proportion of their shares.

Some potential disadvantages to shareholders of the Company are:

- a the provisions may discourage the making of proportional takeover bids in respect of the Company and this may have an adverse effect on the market value of the Company's securities;
- b the provisions may prevent an individual shareholder who wishes to accept a proportional takeover offer from accepting a particular offer;
- c it may reduce the likelihood of a proportional takeover being successful.

However, the Directors of the Company do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

The Directors unanimously recommend that shareholders vote in favour of this item of special business.

EXPLANATORY NOTES (Continued)

Item 6 Ratification of Issue of Ordinary Shares under Institutional Placement

On 2 September 2009, the Company issued 32,558,140 ordinary shares (the Placement Shares) at an issue price of \$4.30 per share pursuant to an institutional placement (the Institutional Placement). From the time of issue, the Placement Shares ranked equally with the then existing ordinary shares and the allottees were institutional investors determined by the underwriter of the Institutional Placement, Goldman Sachs JBWere Pty Ltd, in consultation with the Company.

The Institutional Placement was conducted to fund the expansion of hospitals, fund recent acquisitions of pathology and medical centres, including Analytical Reference Laboratories, and to provide flexibility to pursue future acquisition opportunities.

ASX Listing Rule 7.1 prohibits the Company, subject to certain exceptions, from issuing or agreeing to issue equity securities equivalent in number to more than 15% of the number of fully paid ordinary shares on issue in any rolling 12 month period without the prior approval of shareholders. However, issues of securities do not count towards the 15% limit if they are approved by shareholders in accordance with the ASX Listing Rules.

ASX Listing Rule 7.4 provides that an issue of securities made without shareholder approval under ASX Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of ASX Listing Rule 7.1 if shareholders subsequently approve the issue.

Accordingly, the approval of shareholders is sought in respect of the issue of the Placement Shares so that they will not count towards the 15% limit under ASX Listing Rule 7.1.

Approving the resolution will have the effect of refreshing (to the extent of the number of Placement Shares) the Company's ability to issue further equity securities during the 12 months following the Institutional Placement without the need to obtain further shareholder approval. In other words, the Placement Shares will not count towards the 15% limit, and will count towards the number of ordinary shares in the Company on issue against which the 15% limit is calculated in the future. This will afford the Company additional fundraising flexibility if it requires additional equity funding for future opportunities.

As previously announced to the ASX in connection with the Institutional Placement, the Company is currently conducting a Share Purchase Plan under which each eligible shareholder has been invited to apply for up to \$15,000 of new shares. It is expected that on 9 October 2009, the Company will allot a number of new ordinary shares to eligible Company shareholders who participated in the Share Purchase Plan. Under the ASX Listing Rules (as waived by the ASX for the purpose of the Company's Share Purchase Plan), these shares will not be included in the 15% limit on new share issues under ASX Listing Rule 7.1. Accordingly, shareholder approval is not required for the issue of shares under that Share Purchase Plan.

The Board unanimously recommends that shareholders vote in favour of the resolution.

Voting at the Meeting

The Company has determined that, for the purposes of voting at the Annual General Meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 7.00 pm (Melbourne time) on Wednesday, 28 October 2009.

Voting restrictions

Any voting restrictions are noted directly below the relevant resolution.

Voting by Proxy

1. Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting has the right to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member who is 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.

2. A form of proxy accompanies this Notice of Annual General Meeting. For the appointment of a proxy to be effective, the following documents must be received by the Company at least 48 hours before the time for holding the meeting:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed or a certified copy of the authority.

3. If you appoint a body corporate as your proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at meetings in accordance with section 250D of the Corporations Act 2001 (Cth) and provides satisfactory evidence of the appointment of its corporate representative to the Company prior to commencement of the meeting.

4. Proxy forms may be lodged at the Company's registered office or at the following addresses:

Mail

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Deliveries

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Facsimile (02) 9287 0309

Proxies can also be lodged online at the company's website (www.healthscope.com.au) by following the steps below:

Step 1 – Select Investor Centre from the top menu and click on Shareholder Information.

Step 2 – Then click on Share Registry Information.

Step 3 – Enter your Holder Identifier (which appears under the barcode on the front of your proxy form), your surname or company name, your postcode and select validate.

Step 4 – Select Proxy Voting from the right hand menu.

Step 5 – Complete the steps to lodge your proxy.

You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

5. If the Chairman of the meeting is appointed as your proxy without a direction as to how to vote, she or he will vote in support of all resolutions contemplated in this Notice of Annual General Meeting.