



# Healthscope Notes Offering

Roadshow Presentation

November 2010



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All dollar values are in Australian dollars (A\$) and the pro forma financial information is presented as at 30 June 2010 unless otherwise stated. The pro forma financial information provided in this presentation is for illustrative purposes only and does not represent a forecast or expectation by Healthscope Notes Limited as to its future financial condition and/or performance.

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# 1. Transaction Overview



# Transaction Background

Healthscope Notes Limited is seeking to raise approximately \$170 million plus up to \$45 million in over-subscriptions

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Transaction Overview

Healthscope Group and the Industry

Offer Structure, Timetable & Contacts

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Appendix B – Comparison of Issues

- Healthscope Notes Limited (the ‘Issuer’) is a funding vehicle within the Healthscope Group
- The Healthscope Group is one of Australia’s leading private healthcare services providers
  - Operates 44 private hospitals, over 520 pathology collection centres and 73 medical centres and skin clinics
  - Leading pathology market positions in New Zealand, Malaysia and Singapore
  - Revenues of \$1,906 million<sup>1</sup> and EBITDA of \$278 million<sup>2</sup> for the 12 months ended 30 September 2010
- On 12 October 2010, Carlyle and TPG acquired Healthscope Limited in a transaction valued at over \$2.9 billion
- Carlyle and TPG are leading global private equity investment firms which collectively manage approximately US\$140 billion in equity capital and have significant experience investing in healthcare businesses
- The acquisition was funded by:
  - \$1,200 million drawn Senior Facilities
  - \$200 million Subordinated Bridge Facility
  - \$1,500 million in capital invested by funds advised and managed by Carlyle and TPG
- The net proceeds of the Offer of Healthscope Notes will be applied toward repayment of the Subordinated Bridge Facility

Notes:

1. Includes prosthetics revenue of \$204 million
2. EBITDA before non-recurring items. Refer to Section 7 of the Healthscope Notes Prospectus for further information on Healthscope Group’s financial performance

# Healthscope Group Highlights

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- 1** Leading private healthcare services provider with strong market positions
- 2** Stable, defensive earnings with consistent track record of growth
- 3** Strong cash flow generation and cash conversion from operations
- 4** Attractive health sector fundamentals
- 5** Opportunities for future earnings growth
- 6** Experienced management team
- 7** Shareholders with industry experience and significant capital commitment

# Key Features of Healthscope Notes

5 ½ year tenor with minimum Interest Rate of at least 11.00% per annum

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- **Minimum Interest Rate of at least 11.00% per annum, fixed until the Healthscope Notes are redeemed or exchanged**
  - The Interest Rate will be between 11.00% and 11.25% per annum<sup>1</sup>
- **Subordinated security over the majority of the assets and entities of the Healthscope Group**
  - Healthscope Notes will be secured over the majority of the assets and entities of the Healthscope Group
  - The security will:
    - be the same security as the security which secures the Senior Debt; but
    - be subordinated and ranking second to approximately \$1.2 billion of currently drawn Senior Debt<sup>2</sup>; and
    - rank ahead of the \$1.5 billion in capital invested by funds advised and managed by Carlyle and TPG into the Healthscope Group<sup>3</sup>
- **Ability to participate in an IPO**
  - Holders will have the right to exchange their Healthscope Notes for Listed Securities in the event of an IPO at a 2.5% discount to the retail issue price
- **Quoted on ASX**
  - The Issuer will apply to have the Healthscope Notes quoted on ASX
- **Healthscope Shareholder Priority Offer**
  - Former shareholders of Healthscope Limited, who are Australian and New Zealand residents, who received consideration under the Scheme of Arrangement in October 2010, are eligible to subscribe for Healthscope Notes in the Healthscope Shareholder Priority Offer

Notes:

1. The Interest Rate will be fixed at 11.00%, 11.125% or 11.25% per annum, as determined under the Bookbuild
2. Includes amounts drawn on Acquisition Date under the Senior Facilities only. The Senior Facilities were not fully drawn as at the Acquisition Date and have total capacity of approximately \$1.55 billion. Excludes securities receivables, which are off-balance sheet. Refer to Section 8 of the Healthscope Notes Prospectus for further details on Healthscope Group's Senior Debt and Section 11.5 for further details on Healthscope Group's receivables securitisation arrangements
3. Approximate capital invested by funds advised and managed by Carlyle and TPG on the Acquisition Date. Capital was invested in the form of ordinary equity and shareholder loans which are subordinated, including to the Healthscope Notes. Refer to Section 8 of the Healthscope Notes Prospectus for a description of the terms of the shareholder loans

# Ranking and Subordination

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- Healthscope Notes are subordinated to the Senior Debt. Holders will have the benefit of the same security as that which secures the Senior Debt, but will rank second in respect of that security behind the Senior Creditors

		Healthscope Group's key debt obligations and equity <sup>1</sup>	Pro forma amount drawn as at the Acquisition Date (\$ million) <sup>2,3</sup>
Higher ranking	<b>Senior secured debt</b>	Senior Facilities	1,214 <sup>4</sup>
	<b>Subordinated secured debt</b>	Healthscope Notes	215
	<b>Subordinated unsecured debt</b>	Shareholder loans	1,516
Lower ranking	<b>Ordinary equity</b>	Ordinary shares	

**Notes:**

1. The above table summarises the ranking of key debt financing and equity only, and is not intended to provide a comprehensive summary of all of the Healthscope Group's indebtedness and liabilities. Refer to Section 7 of the Healthscope Notes Prospectus for a pro forma balance sheet for the Healthscope Group and Section 8 for a description of the Healthscope Group's indebtedness
2. Acquisition Date refers to the date Asia Pacific Healthcare Group Pty Ltd acquired Healthscope Limited, being 12 October 2010
3. Reflects the funding structure at the Acquisition Date, adjusted for completion of the Offer (based on an issue of \$215 million of Healthscope Notes)
4. Includes amounts drawn on the Acquisition Date under the Senior Facilities only. The Senior Facilities were not fully drawn as at the Acquisition Date and have total capacity of approximately \$1.55 billion. Excludes securitised receivables, which are off-balance sheet. Refer to Section 8 of the Healthscope Notes Prospectus for further details on Healthscope Group's senior secured debt and to Section 11.5 for further details on Healthscope Group's receivables securitisation arrangements

# Pro Forma Financial Metrics

## Pro forma financial metrics

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\$ million, unless otherwise noted	LTM to 30-Sep-10	Senior Covenants <sup>1</sup>	Healthscope Notes	
			Restriction on Finance Debt <sup>2</sup>	Suspension of Interest condition <sup>3</sup>
<b>Adjusted EBITDA</b>	<b>293</b>			
<b>Pro forma external Net Interest expense</b>				
Senior Debt and other <sup>4</sup>	137			
Healthscope Notes <sup>5</sup>	24			
	<b>161</b>			
Senior Leverage Ratio (times) <sup>6</sup>	4.17x	5.15x		
Total Leverage Ratio (times) <sup>7</sup>	4.91x		5.00x	
Total Interest Cover Ratio (times) <sup>8</sup>	1.82x	1.45x		
DSCR (times) <sup>9</sup>	1.31x	1.05x		1.10x

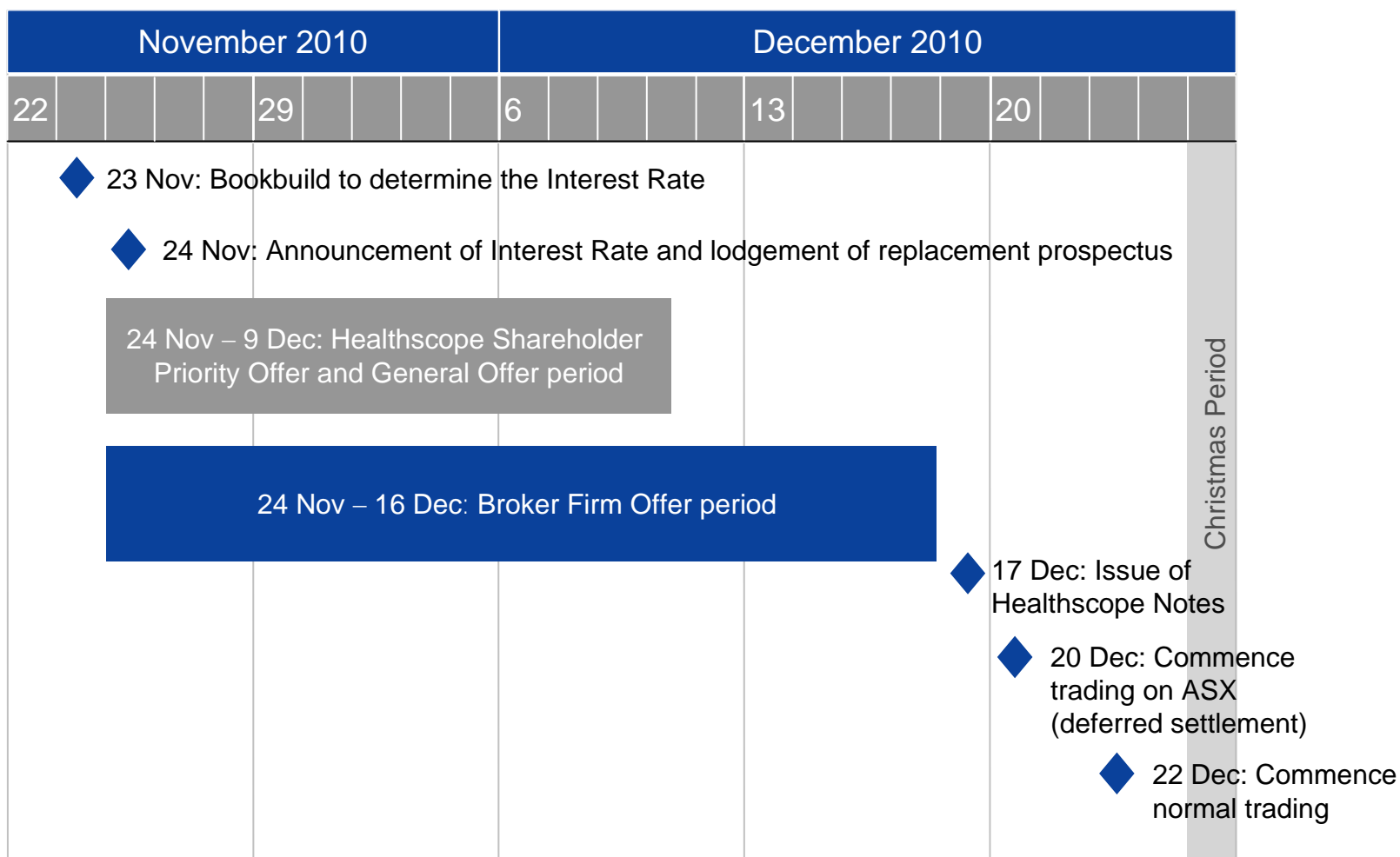
Notes:

1. Covenants under Senior Facilities as at first Calculation Date (30 June 2011). Refer to Section 8 of the Healthscope Notes Prospectus for further information
2. The Total Leverage Ratio is required to be below 5.00x (prior to a Material Disposal) or 4.25x (on or after a Material Disposal) before additional debt facilities can be obtained by the Issuer or other member of the Security Group. Investors should note, however, that further debt can be drawn under the Senior Facilities and other Permitted Finance Debt may be incurred without needing to satisfy the Total Leverage Ratio. Refer to Section 8 and the Terms of Issue in Appendix A of the Healthscope Notes Prospectus
3. Interest payments under the Healthscope Notes will be suspended on the occurrence of any of the Suspension Conditions set out in the Terms of Issue, including the Interest Suspension Financial Covenant which requires a Debt Service Cover Ratio of greater than 1.10:1 at all times
4. Interest expense is calculated on drawn facilities at an effective interest rate of 9.52%, plus commitment fees on undrawn facilities at 2.7%
5. Interest expense is calculated at an effective interest rate of 11.25% on \$215 million of Healthscope Notes
6. Senior Leverage Ratio is the ratio of the aggregate amount outstanding under the Senior Facilities, the transactional banking facilities and the leasing and additional capital expenditure facilities permitted under the Senior Facility Agreement (excluding any contingent indebtedness and exposure under hedging agreements), less cash and cash equivalents, to the Adjusted EBITDA and is required to be below 5.15x
7. Total Leverage Ratio is the ratio of the aggregate amount outstanding under all Finance Debt on a consolidated basis (excluding any contingent indebtedness, exposure under hedging agreements, shareholder debt and intra-group liabilities or indebtedness), less cash and cash equivalent, to Adjusted EBITDA
8. The Total Interest Cover Ratio is the ratio of Adjusted EBITDA to Net Interest Expense (excluding capitalised or suspended interest) and is required to be at or above 1.45x
9. Debt Service Cover Ratio is the ratio of the Adjusted EBITDA (less relevant capital expenditure paid in cash, less certain net taxes paid in cash and less any increase (or plus any decrease) in working capital) for the 12 month period ending on a Calculation Date to the aggregate of Net Interest Expense, scheduled repayments under the Senior Debt Facilities and certain payments on finance leases and hire purchase agreements for that same period

# Transaction Timetable

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## Key dates of the Offer



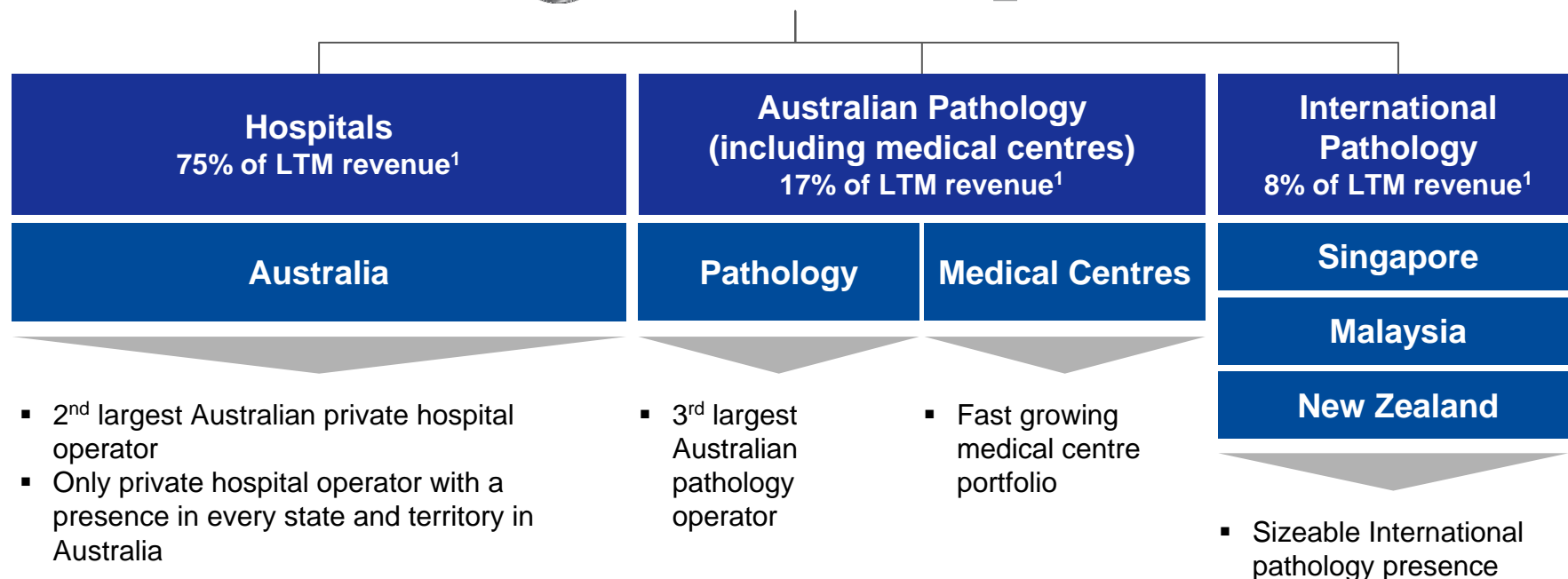
## 2. Healthscope Group and the Industry



# Overview of the Healthscope Group

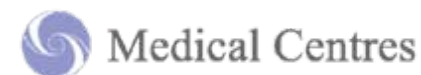
A leading private healthcare services provider with strong market positions

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Note:

1. Revenue for last 12 months ending 30 September 2010. Includes prosthetics revenue of \$204m



# Hospitals

The Healthscope Group is Australia's second largest private hospital operator

## About the Healthscope Group

- Portfolio of 44 private hospitals nationwide<sup>1</sup>, comprising 30 owned hospitals, 11 leased hospitals and 3 hospitals operated on behalf of ACHA
- Opportunities for further earnings growth in the Hospitals division include:
  - increasing occupancy and utilisation across the hospital portfolio
  - capacity expansion through brownfield projects at existing hospitals
  - building new greenfield hospitals in areas of high demand

## About the industry

- Ramsay Health Care and the Healthscope Group are the two leading private hospital operators in Australia
- Nearly three quarters of private hospital funding is related, directly or indirectly, to private health insurance

Note:

1. Includes three hospitals operated on behalf of the Adelaide Community Healthcare Alliance ("ACHA"), under a Management Agreement entered into in April 2003. The initial term for this agreement is 10 years (ending April 2013), and the agreement contains provision for up to two 10-year extensions

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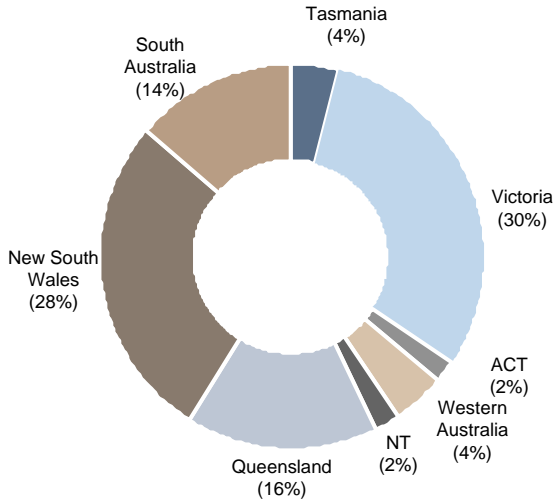
Healthscope Group and the Industry

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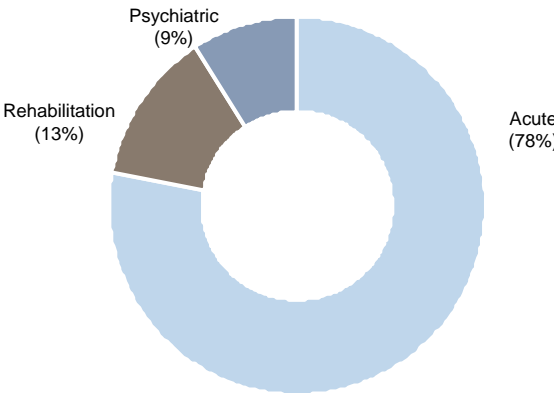
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### Beds by state



Source: Healthscope Group

### Beds by hospital type



Source: Healthscope Group

# Australian Pathology and Medical Centres

The Healthscope Group is Australia's third largest pathology operator

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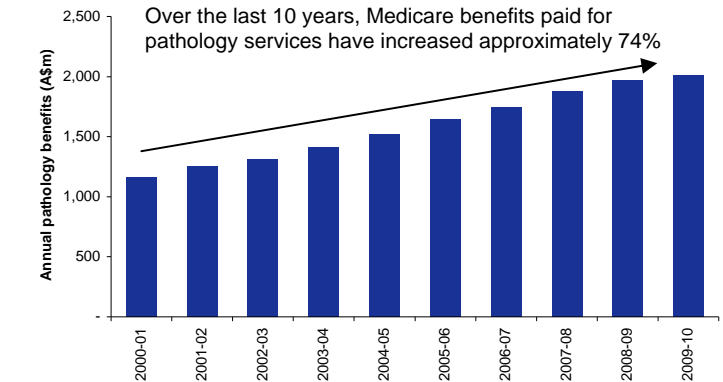
## About the Healthscope Group

- The Healthscope Group has a network comprising over
  - over 520 collection centres
  - 55 strategically located laboratories
  - 51 medical centres and
  - 22 specialist skin cancer clinics

## About the industry

- The majority of funding for human pathology services in Australia is provided by Medicare, either partially through Medicare rebates or fully through bulk billing
  - Federal Government is currently undertaking a broader review of pathology funding arrangements in the context of its review of the Medicare Benefits Schedule

## Medicare benefits paid for pathology

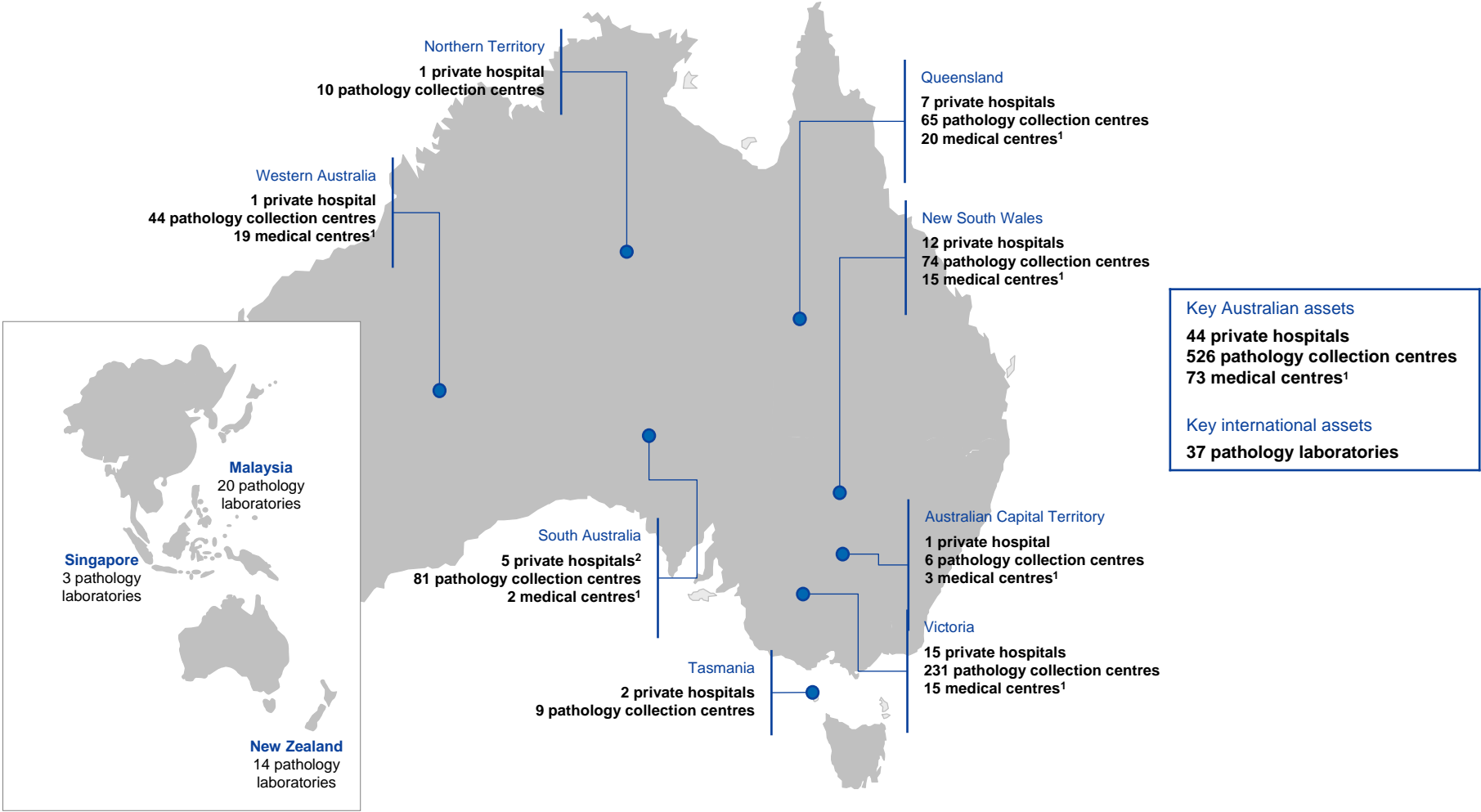


Source: Medicare Australia

# Leading Private Healthcare Services Provider

The Healthscope Group has operations in all states and territories as well as internationally

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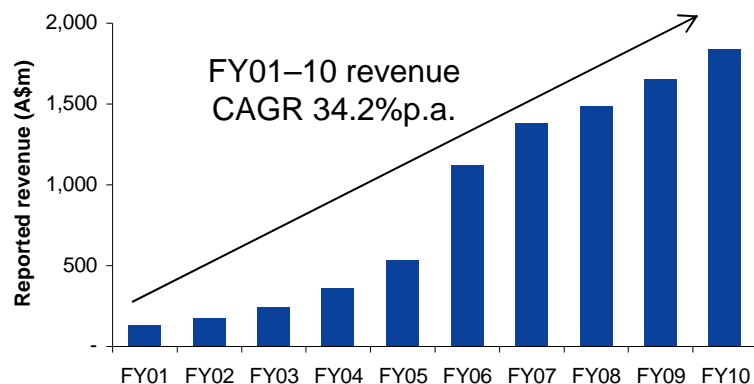
Notes:  
 1. Medical centres include skin care clinics  
 2. Includes 3 hospitals operated on behalf of the Adelaide Community Healthcare Alliance ("ACHA")

# Stable Earnings with Track Record of Growth

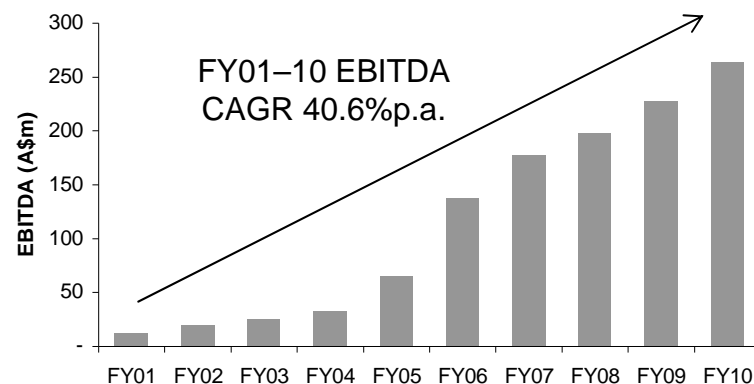
Successful, long term track record of growth through the economic cycle

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## Healthscope Group revenue



## Healthscope Group EBITDA



- Over the last 10 years, the Healthscope Group has:
  - expanded its hospital portfolio from 11 to 44 hospitals<sup>1</sup> to become a market leading private hospital operator in Australia
  - established a market leading pathology services business both in Australia and overseas following the acquisition of the Gribbles Pathology Group in 2004
  - established a profitable medical centres business to complement its pathology operations and provide further avenues for growth

Note:

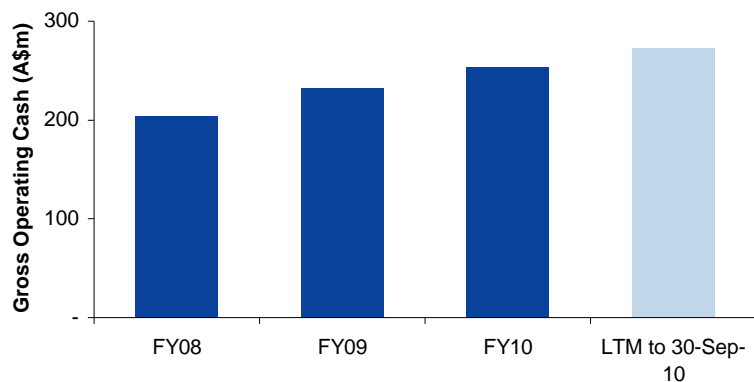
1. The Healthscope Group operated a portfolio of 11 hospitals in November 2000 and currently operates 44 hospitals (including three hospitals managed on behalf of the Adelaide Community Healthcare Alliance)

# Strong Cash Flow Generation and Conversion

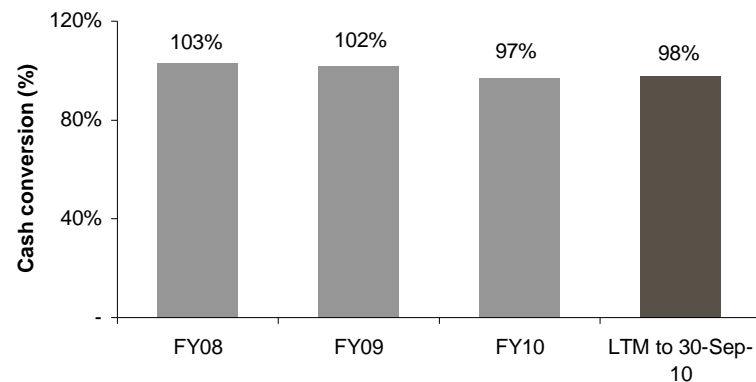
The Healthscope Group has consistently been a strong generator of cashflow

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**Healthscope Group Gross Operating Cashflow<sup>1</sup>**



**Healthscope Group Cash Conversion<sup>2</sup>**



- As a result of exposure to the healthcare sector, including essential medical procedures, the Healthscope Group's operations have stable properties which support strong and reliable cashflow generation
- As a result of these attributes, the Healthscope Group has consistently been a strong generator of cashflow

Notes:

1. Gross Operating Cashflow is equal to Cashflow from Operating Activities excluding interest paid, income tax paid and non-recurring cash items. Refer to Section 7.10 of the Healthscope Notes Prospectus for further information
2. Cash conversion equals the ratio of Gross Operating Cashflow to Adjusted EBITDA

# Pro Forma Historical Financial Information

## Pro forma historical financial information

\$ million	FY08	FY09	FY10	LTM to 30-Sep-10	Change FY08 – LTM Sept 10 (%)
<b>Revenue<sup>1</sup></b>	<b>1,487</b>	<b>1,654</b>	<b>1,843</b>	<b>1,906</b>	<b>28</b>
<b>EBITDA</b>	<b>180</b>	<b>208</b>	<b>253</b>	<b>235</b>	<b>31</b>
Non-recurring Items	18	20	11	43	
<b>EBITDA before Non-recurring Items</b>	<b>198</b>	<b>228</b>	<b>264</b>	<b>278</b>	<b>40</b>
Pro forma adjustments				15 <sup>2</sup>	
<b>Adjusted EBITDA</b>				<b>293</b>	
Maintenance capital expenditure	56	82	81	84	
Expansionary capital expenditure	27	83	236	199	

Notes:

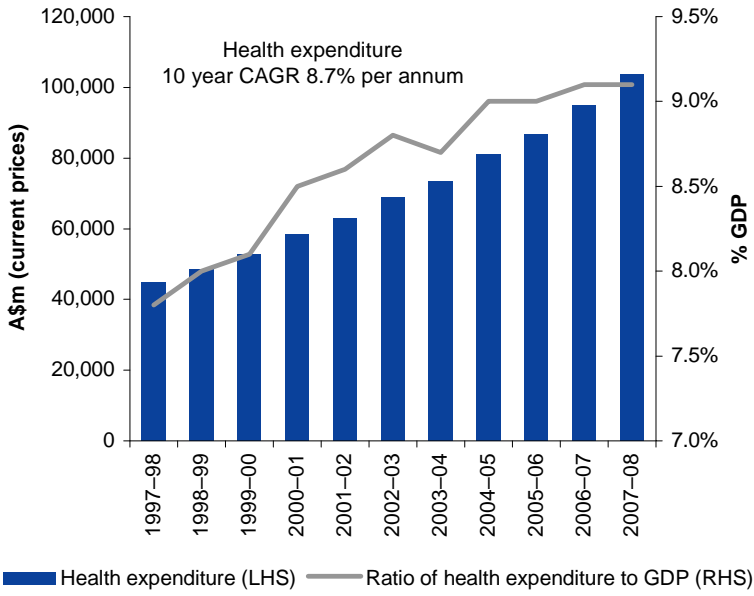
1. Includes prosthetics revenue of \$170 million for FY08, \$197 million for FY09, \$198 million for FY10 and \$204 million for LTM to September 2010
2. Further information regarding the pro forma adjustments are included in Section 7.6 of the Healthscope Notes Prospectus

# Attractive Health Sector Fundamentals

Total public and private expenditure on health goods and services has grown significantly

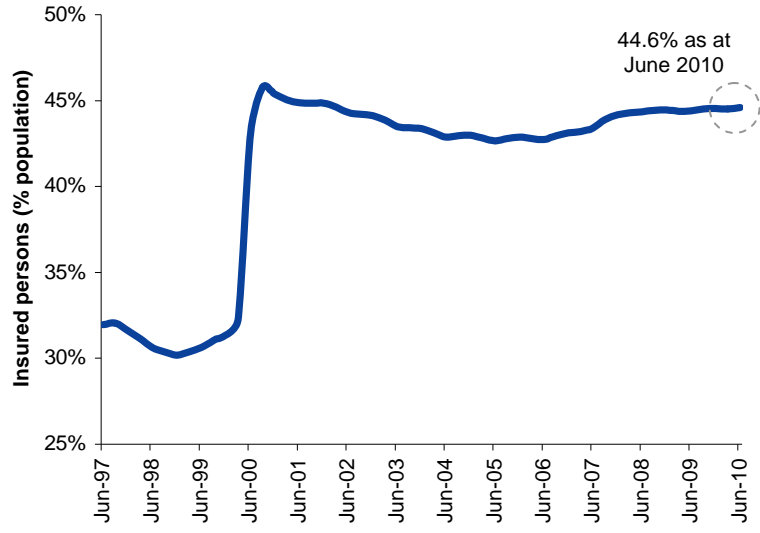
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## Total expenditure on health goods and services



Source: AIHW, ABS

## Private health insurance coverage<sup>1</sup>



Source: PHIAC

- Government, private health insurance funds and individuals contribute the majority of Australian health expenditure
- Australia has historically had stable levels of private health insurance coverage. For the 10 years ended 30 June 2010, the average proportion of the Australian population with private health insurance was 43.9%

Note:  
1. Hospital treatment insurance coverage

# Attractive Health Sector Fundamentals

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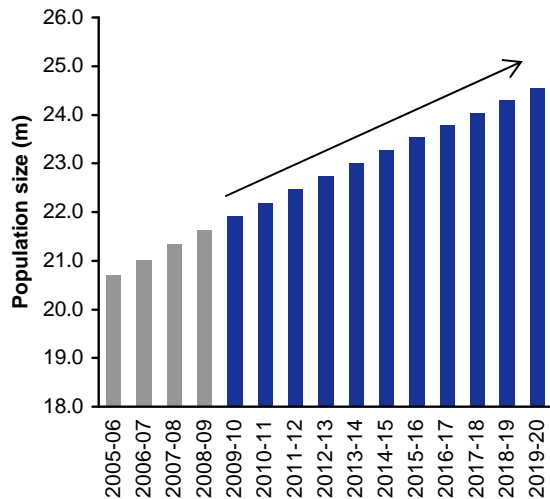
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The Australian population is estimated to increase ...

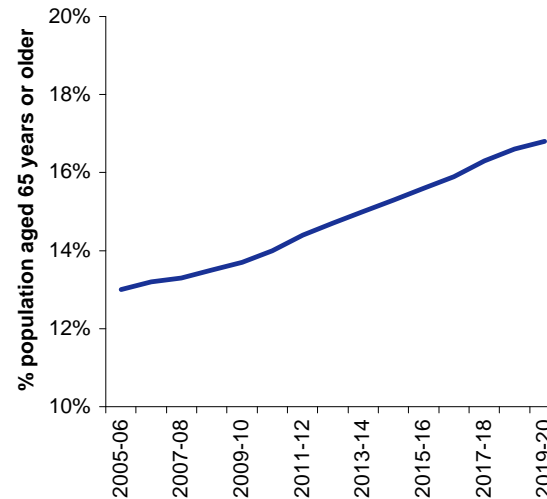
Australian population projections<sup>2</sup>



Source: ABS

... as is the proportion of Australians aged 65 years or older

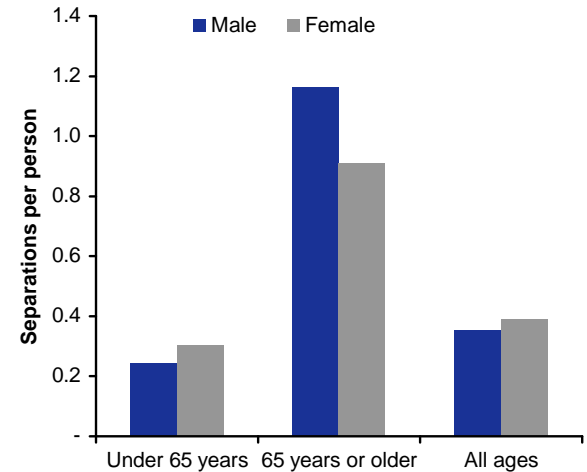
Birth and death rate



Source: ABS

Individuals aged 65 years and over have, on average, a greater number of separations<sup>1</sup>

Average separations per person



Source: AIHW, ABS (2008-09)

- Population growth and an increasing average population age are key drivers of demand for healthcare services

Notes:

- A separation refers to the incidence of a patient leaving a healthcare facility
- Australian Bureau of Statistics population projections for 2006-2101 (released September 2008), Scenario B ("medium" level assumptions)

# Opportunities for Future Earnings Growth

Management are implementing strategies and continue to identify opportunities for growth

- The Healthscope Group's growth strategy is focused on delivering strong organic growth through superior clinical and operational outcomes, supplemented by the expansion of existing sites and value enhancing acquisitions
- A key focus of the growth strategy is the Healthscope Group's hospital expansion program, including brownfield and greenfield developments
  - In the LTM to 30-Sep-10, the Healthscope Group invested \$130 million in brownfield and greenfield projects

\$ million	FY08	FY09	FY10	LTM to 30-Sep-10
<b>Maintenance capital expenditure</b>	56	82	81	84
<b>Expansionary capital expenditure</b>	27	83	236	199

\$ million	FY08	FY09	FY10	LTM to 30-Sep-10
<b>Technology</b>	8	11	20	20
<b>New equipment</b>	5	9	46	49
<b>Brownfields</b>	-	45	80	123 <sup>1</sup>
<b>Greenfields</b>	14	18	90	7
<b>Total</b>	<b>27</b>	<b>83</b>	<b>236</b>	<b>199</b>

Note:

1. Includes the purchase of land and buildings for the Newcastle site

# Experienced Management Team

Robert and John together have over 45 years experience in the healthcare industry

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## Robert Cooke—Executive Chairman and Managing Director

- 30 year career in the health industry, and has worked in management and corporate leadership positions in the public and private health sectors
- Experience spans executive leadership of publicly listed and private health care companies, the management of private and public hospitals in Australia, and involvement in a number of due diligence teams for both Australian and international acquisitions
- Proven track record in setting strategy, successful interaction with the financial community, and above all understanding the many dynamics of the health care industry
- Currently a Director of Healthbridge Enterprises and Chairman of Spire Healthcare in the UK, a group of 36 private hospitals
- Previously the Managing Director and CEO of Symbion Health and Managing Director at Affinity Health
- Joined the Healthscope Group as Executive Chairman and Managing Director in November 2010



## John Hickey—Chief Financial Officer

- Approximately 15 years experience in the health care industry, holding numerous senior executive and financial management roles in various sectors within the health care industry
- Experience as a senior executive in publicly listed and private health care companies
- Currently a Director of the Melbourne Orthopaedic Group and Healthbridge Enterprises
- Previously the CFO and Group General Manager (Business Development and Strategy) of Symbion Health and CFO of Affinity Health
- Joined the Healthscope Group as CFO in November 2010

# Experienced Management Team

Robert and John are supported by a high quality management team, who have together approximately 28 years of experience within the Healthscope Group

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## **Sue Williams—Chief Operating Officer—Hospitals**

- Joined the Healthscope Group in 2001 having previously held executive roles within both the private and public health sectors
- Appointed as Chief Operating Officer—Hospitals Division in 2008



## **Paul Waterson—Chief Operating Officer—Pathology & Medical Centres**

- COO Pathology since 2008, recently became responsible for Medical Centres and international operations
- Joined the Healthscope Group in 2001 and has since held a number of roles including General Manager of a number of the Healthscope Group hospitals



## **Dr. Michael Coglin—Chief Medical Officer**

- Joined the Healthscope Group in 1999 and currently has executive responsibility for clinical risk management, patient safety, quality and compliance, claims and litigation, medical affairs and public affairs / media relations
- Represents the Healthscope Group on a number of bodies including the Private Hospital Sector Committee of the Australian Commission on Safety and Quality in Health Care

# Experienced Shareholders

Shareholders with healthcare industry experience and significant capital commitment

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## THE CARLYLE GROUP

- More than US\$90.5 billion of assets and 66 active investment funds
- Investment funds advised and managed by Carlyle have invested in a number of healthcare businesses

### Selected healthcare investments



- Approximately US\$47 billion of capital under management across a family of funds
- Investment funds managed by TPG have invested in a number of healthcare businesses

### Selected healthcare investments



# Key Risks (see Section 9 of the Healthscope Notes Prospectus for more information)

## Agenda

Some of the key risks associated with an investment in Healthscope Notes are outlined briefly below, and in more detail in Section 1.7 and Section 9 of the Healthscope Notes Prospectus.

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- The Healthscope Group has a substantial amount of debt
- The Healthscope Notes are subordinated to the Senior Debt
- The Interest Rate on the Healthscope Notes is fixed. If interest rates rise, this may make the Healthscope Notes relatively less attractive
- Various factors may impact the financial and operational performance of the Healthscope Group:
  - healthcare regulations and licensing requirements may change;
  - relationships with doctors and health funds may deteriorate;
  - key labour costs may increase; and
  - medical indemnity claims and costs may rise
- If the performance of the Healthscope Group deteriorates, the Healthscope Group may not generate sufficient cashflow to make required interest and principal payments on Senior Debt or Healthscope Notes
- If the Healthscope Group breaches certain covenants in the Senior Facility Agreement, Interest payments to Holders will be suspended
- In any winding up of the Healthscope Group, Holders will rank behind the Senior Creditors

### 3. Offer Structure, Timetable & Contacts

# Healthscope Notes — Offer Structure

Agenda

Institutional Offer

- For Institutional Investors who have been invited by the Joint Lead Managers to bid for Healthscope Notes in the Bookbuild

Transaction Overview

Healthscope Group and the Industry

Broker Firm Offer

- For Broker Firm Applicants – an Australian resident a retail client of a Participating Broker invited to participate through the Broker Firm Offer

Offer Structure, Timetable & Contacts

Appendix A – Security Terms

Healthscope Shareholder Priority Offer

- For Eligible Healthscope Shareholders – any former shareholder of Healthscope Limited, who is an Australian or New Zealand resident, who received consideration under the Scheme of Arrangement in October 2010, may apply for Healthscope Notes through the Healthscope Shareholder Priority Offer

Appendix B – Comparison of Issues

General Offer

- For General Applicants – members of the general public who are an Australian or New Zealand resident may apply for Healthscope Notes through the General Offer

# Transaction Timetable

## Key Dates for the Offer

Agenda	Lodgement of Prospectus with ASIC	Monday, 15-Nov-2010
	Bookbuild to determine the Interest Rate	Tuesday, 23-Nov-10
Transaction Overview	Announcement of Interest Rate and lodgement of replacement prospectus with ASIC	Wednesday, 24-Nov-10
	Offer opens	Wednesday, 24-Nov-10
Healthscope Group and the Industry	Closing Date for Healthscope Shareholder Priority Offer and General Offer	Thursday, 9-Dec-10
	Closing Date for Broker Firm Offer	Thursday, 16-Dec-10
Offer Structure, Timetable & Contacts	Issue of Healthscope Notes	Friday, 17-Dec-10
	Healthscope Notes expected to commence trading on ASX on a deferred settlement basis	Monday, 20-Dec-10
Appendix A – Security Terms	Holding Statements dispatched	Tuesday, 21-Dec-10
	Healthscope Notes expected to commence trading on ASX on a normal basis	Wednesday, 22-Dec-10
Appendix B – Comparison of Issues		

## Key Dates for Healthscope Notes

First Interest Payment Date	25-Mar-11
Subsequent Interest Payment Dates	Each 25-Mar, 25-Jun, 25-Sep and 25-Dec thereafter
Maturity Date	17-Jun-16

# Syndicate Contacts

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## Joint Lead Managers and Joint Bookrunners

	Adam Vise	<a href="mailto:adam.vise@anz.com">adam.vise@anz.com</a>	+61 3 9273 3880
	Tariq Holdich	<a href="mailto:tariq.holdich@anz.com">tariq.holdich@anz.com</a>	+61 2 9226 6946
	Campbell Lobb	<a href="mailto:campbell.lobb@credit-suisse.com">campbell.lobb@credit-suisse.com</a>	+61 2 8205 4523
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## Healthscope Notes

Information line 1300 038 928

Website [www.healthscopenotesoffer.com.au](http://www.healthscopenotesoffer.com.au)

# Appendix A — Security Terms

# Summary Terms

Fixed quarterly Interest rate of at least 11.00% p.a.

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<b>Issuer:</b>	Healthscope Notes Limited (ACN 147 250 780)
<b>Healthscope Notes:</b>	Redeemable, exchangeable and secured but subordinated to Senior Debt
<b>Offer Size:</b>	\$170 million, plus up to \$45 million in over-subscriptions
<b>Maturity Date:</b>	5½ years from the Issue Date, expected to be 17 June 2016
<b>Interest Rate:</b>	Fixed quarterly Interest Rate of 11.00–11.25% per annum, as determined under the Bookbuild
<b>Security &amp; Ranking:</b>	Security, subordinated to the Senior Debt, over the majority of the assets and entities of the Healthscope Group
<b>Suspension Interest:</b>	Interest suspended if payment would cause the Debt Service Cover Ratio to be 1.10x or less; on event of default or potential event of default under the Senior Facilities, or on certain other conditions
<b>Issuer Early Redemption:</b>	<p><b>General:</b> Non-call in 1<sup>st</sup> year. Thereafter, Redemption Amount (% of Issue Price) will be:</p> <ul style="list-style-type: none"> <li>• During year 2 – at 105%; during year 3 – at 104%; during year 4 – at 103%; after year 4 – at 100%</li> </ul> <p><b>Refinancing:</b> on a refinancing of Senior Debt up to 12 months from Issue Date – at 105%</p> <p><b>IPO:</b> Within 2 years from Issue Date – at 105%; after two years – at 102.5%</p> <p><b>Other:</b> Tax Event – at 100%, or where less than \$50 million of Healthscope Notes on issue – Redemption Amount as per general</p>
<b>Holder Exchange:</b>	May be exchanged into listed securities pursuant to an IPO at 97.5% of issue price payable by retail investors
<b>Holder Redemption:</b>	On Delisting Event – at 100% of Issue Price
<b>Issuer Restrictions:</b>	<p>Incurrence of debt ranking in priority to or pari passu with Healthscope Notes (other than Permitted Finance Debt), if Total Leverage Ratio &gt;5.00x (or &gt;4.25x after Material Disposal)</p> <p>Dividend / capital return stopper if Interest and/or principal on Healthscope Notes is unpaid or suspended; Total Leverage Ratio would be &gt;4.50x, or any Event of Default or Potential Event of Default is subsisting</p>
<b>Quotation:</b>	Application will be made for quotation of Healthscope Notes on ASX

# Appendix B — Comparison of Issues

# Comparison of Retail Issues

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	Healthscope	Ramsay Health Care	Primary Health Care
Issuer	Healthscope Notes Limited	Ramsay Health Care Limited	Primary Health Care Limited
<b>Issue size</b>	A\$170 million <sup>1</sup>	A\$260 million	A\$152.3 million
<b>Issue date</b>	17 December 2010 <sup>2</sup>	24 May 2005	28 September 2010
<b>Instrument</b>	Listed Subordinated Notes	Step-up Preference Share	Bond
<b>Term</b>	5½ years	Perpetual, post step-up	5 years
<b>Franked/gross cash pay</b>	Gross cash pay	Franked	Gross cash pay
<b>Debt/LTM EBITDA—at issue date</b>	4.9x <sup>3</sup>	4.1x <sup>4</sup>	3.0x <sup>5</sup>
<b>Debt/LTM EBITDA—current</b>	4.9x <sup>3</sup>	2.4x <sup>6</sup>	3.0x <sup>5</sup>
<b>Secured</b>	Yes— 2 <sup>nd</sup> ranking	No	No
<b>Ranking</b>	Subordinated	Preferred equity	Senior unsecured (in substance subordinated to senior secured debt)
<b>Fixed/Floating</b>	Fixed	Floating	Floating
<b>Current margin<sup>7</sup></b>	519 to 544 bps <sup>8</sup>	495 bps <sup>7</sup>	433 bps <sup>7</sup>
<b>Discount on exchange into IPO</b>	2.5%	N/A	N/A

Notes:

1. Healthscope Notes Limited reserves the right to accept over-subscriptions of up to \$45 million
2. Expected Issue Date of Healthscope Notes
3. Ratio of the aggregate amount outstanding under all Finance Debt on a consolidated basis (excluding any contingent indebtedness, exposure under hedging agreements, shareholder debt and intra-group liabilities or indebtedness), less cash and cash equivalent, to Adjusted EBITDA (based on an issue of \$215 million of Healthscope Notes)
4. Calculation of pro forma Net Debt/LTM EBITDA as at 31 December 2004
5. Calculation of Net Debt/LTM EBITDA as at 30 June 2010 (pro forma for Primary Bonds Series A issue)
6. Calculation of Net Debt/LTM EBITDA as at 30 June 2010
7. Current trading margin as at 15 November 2010
8. Based on indicative fixed interest rate range of 11.00–11.25% per annum and 5½ year interpolated mid-swap rate of 5.81% per annum as at 15 November 2010