

MEDIBANK PRIVATE LIMITED STATEMENT OF CORPORATE INTENT

Our Purpose

To ensure our customers are clearly better off with Medibank.

Our Purpose drives the corporate strategy and is the key influencer of workplace culture with our customers at the centre of everything we do. We have also identified values that guide the way we work together to both implement solutions to achieve our objectives and engage with our customers. They are: 'Get Connected'; 'Build Trust'; 'Think Fresh'; 'Be Courageous'; and 'Inspire Performance'.

Our commitment to our Purpose and values will lead us in:

- Creating valued and enduring customer relationships
- Delivering superior health outcomes for customers
- Being a constant high performing business, sharing outcomes with customers
- Becoming the trusted guide for customers in managing their health and wellbeing
- Advocating for a stronger and sustainable Private Health Insurance Industry

Our Vision

Being recognised by our customers as being clearly better off because Medibank is Australia's leading provider of private health insurance and health solutions.

About Medibank

Medibank is Australia's largest private health services and insurance group.

Under our brands of Medibank Private and ahm we cover almost 3.4 million people, with significant membership in every state and territory. Medibank Private offers health insurance to all Australians, as well as catering for overseas students and visitors, and our Members' Choice Network of health care providers extends across the country.

We also offer a range of personal insurances, including travel insurance for both domestic and international travel, life insurance, and pet insurance.

Medibank is a leader in corporate health cover products and offers a suite of health and wellbeing programs. More broadly, we have increased our health management capability significantly over the past 12 months - through our mergers with HSA Group and ahm, and are now a leading provider of programs which improve the health status of our customers.

Our Health for Industry and Work Solutions businesses deliver workplace health services such as health assessments, vaccinations, injury prevention and management, and rehabilitation services to governments and corporate Australia.

Our Travel Doctor business offers specialised travel health services, vaccinations and advice to government, corporate and private clients via clinics located across Australia.

Medibank services are provided through an Australia-wide distribution network, which consists of over 110 retail outlets, 50 clinics, a national network of customer care call centres and our various business websites - www.medibank.com.au, www.ahm.com.au, www.hsagroup.com.au, www.traveldoctor.com.au, www.worksolutions.com.au, www.hfi.com.au

Medibank's history

Medibank Private was established in 1976, operating as the commercial arm of the then Health Insurance Commission (HIC). In 1998, Medibank Private separated from the HIC and became an independent Australian Government-owned Government Business Enterprise (GBE), and is independent of Government funding.

Medibank's shareholder is the Minister for Finance and Deregulation. Medibank Private's principal activity is to operate as a private health insurer in accordance with the Private Health Insurance Act 2007.

On 1 April 2009, following the completion of two acquisitions, Medibank restructured into two business Divisions supported by the corporate office. The two business entities acquired were:

- Australian Health Management Group Pty Ltd (ahm) on the 15 January 2009
- Health Services Australia Ltd (HSA) on the 1 April 2009

Consequently, Medibank has an expanded role in private health insurance and health management services.

The Australian Government recently announced an intention to convert Medibank to a for-profit and tax-paying organisation, to take effect by October 2009.

Medibank's Board comprises a Chairman and up to seven other directors, one of whom is an executive, the Managing Director. The Board is responsible for the overall governance, and with the support of the company's senior management, approves the values, objectives and Corporate Plan of the Company.

Key Strategies for Financial Years 2010 - 2012

The overarching focus for Medibank's business strategy will be the integration of new capability and industry leadership in both private health insurance and preventative health and wellbeing.

A more targeted approach to managing the health needs of customers will provide a differentiated service that promotes healthier behaviours, ensures existing customers are covered by products that best suit their needs and that we target our investment to deliver the best value for customers.

A range of initiatives across all areas of the business are designed to reduce pressure on premiums and alleviate the impact of rising health costs, increased utilisation and the ageing population.

Customer First Project – Private Health Insurance Business Process Redesign

With healthcare costs and utilisation driving high benefit claims inflation, Medibank will continue to build a future business model that focuses on customer service and unlocking management expense savings. It will position the organisation to strengthen the core private health insurance business and actively invest to improve the health of our private health insurance customers. We believe we can play an active role in helping customers practise better health behaviours and to navigate the health system to achieve better health outcomes. Active health management will, in time, lower the growth rate in healthcare utilisation resulting in a healthier customer base.

Private Health Insurance - putting our customers at the centre of our business

In line with our commitment to address and meet the service needs of our ahm and Medibank customers, Medibank is implementing a number of key initiatives over the next three years which seek to make claiming easier, simplify products and choices, and facilitate easier online self-servicing.

Improving online member services

Our website will see additional functionality and investment in our IT architecture to improve the online purchasing/joining process for new customers.

Enhancing our retail channel

Medibank Private's retail network, which is the largest in the industry with 189 retail points across Australia, is at the centre of our Customer First project.

While we continuously look at the location of our retail centres to ensure they are positioned in the most convenient sites for our customers, we are also making other significant changes to

address issues that our customers consistently raise. Of utmost importance in this process ensuring we enhance our service while reducing pressure on private health insurance premiums.

We have recently removed cash from our retail centres, reducing the costs involved with delivering retail centre services (taking pressure of premiums) and improving safety for staff and customers using retail centres by removing the threat of crime.

Medibank is moving to a more flexible workforce model in our retail channel to better align staffing levels to member demand. This includes additional staff being deployed in retail centres at peak demand times.

Medibank will also be providing electronic claiming facilities through ancillary health providers. This investment will alleviate the need for customers to visit Medibank retail stores just to make an ancillary claim.

Hospital Treatment

Medibank procures hospital services and manages benefit outlays and provider relationships on behalf of customers. Medibank has relationships with nearly 450 hospitals and contracts with 23 Hospital Groups and 249 independent hospitals and day surgery facilities. We will continue to engage hospitals in a process to achieve the best health outcomes for customers through promoting hospital efficiency and clinical effectiveness.

Health Services

The Health Services Division delivers niche services in a continually evolving market. A key differentiator for the Division is the breadth of professional health services and product offering available to employers, government and private health insurers.

Medibank is well placed to continue to build health management expertise to develop innovative and effective health management solutions relevant to the Australian environment that will differentiate Medibank from our competitors.

Over the next three years the Health Services Division will seek to grow the number of clients and services, building greater internal health capability and developing new products to take to market. We intend to expand the health management business, with a particular focus on corporate health and population health services. The Total Health health management organisation which was a part of ahm has been transferred into the Health Services Division to leverage the development of these capabilities.

Workplace Health

The workplace health strategy looks to build on existing workplace occupational health and wellbeing services and to develop integrated products that can be taken to an expanded corporate market. This comprehensive product and service offer will bring together all the health, work and wellbeing elements - from providing support and advice on occupational health, safety and return to work issues to working with employers to develop healthy workplaces and employees that can lead to a more productive workforce, reduced stress and better job satisfaction. The strategy will also include encouraging the development of more rigorous research and evaluation on issues relating to workplace health and publication of results to add to the Australian body of knowledge.

Improving our business processes

The corporate functions of Medibank Private, the HSA Group, and ahm were consolidated in 2008/09 to provide economies of scale from merging the companies. A strong focus is the development of a future IT capability model that will service the needs of a changing Medibank organisation over the next three years. Of key importance is the need to support common business processes with common systems across the group and to recognise the individual nature of the specific Private Health Insurance and Health Services lines of business.

The IT systems upgrade centres on reducing risk, improving systems reliability, reducing operational cost and simplifying the systems map. This includes completing the journey to retire the legacy mainframe and related systems. This extensive programme of work is well progressed with the new automated hospital claims system now performing well with a greatly reduced staffing requirement.

Engaging Our Workforce

One of our most important objectives is to enable our people to perform at their best to achieve our organisational goals by sharing our vision and Purpose. The way we attract, retain and develop our employees is also essential to achieve these goals. Our senior management team has clearly defined a cascading leadership structure charged with defining, aligning, communicating and inspiring our people to achieve our Purpose, and create a desirable team-based corporate culture.

Medibank Private's Board and management are committed to ensuring we have quality engagement with all areas of the business as we continue to work to build Medibank's human resource capability. We endeavour to have the right people and the right service culture to deliver excellent customer experiences within a positive corporate work environment.

Medibank Community

Medibank Private is a significant player in the Australian healthcare system and believes it is important to represent our customers through our advocacy programs. Medibank will continue to promote the benefits in engaging in regular physical activity to all Australians. Through our research we will also highlight the social, physical, and financial costs caused by inactivity both in the workplace and in the broader social context.

We have also reviewed our marketing and sponsorship activities which have recently seen Medibank partnering with The Wiggles to instil healthy living behaviours in young Australian families.

Through our Medibank Community program we are committed to charities and organisations that contribute to the health and wellbeing of Australians. Medibank Private proudly supports four major charity partners with whom our employees volunteer and donate to on a regular basis. These organisations include Ronald McDonald House, Juvenile Diabetes Research Foundation, Whitelion and The Salvation Army.

During the Victorian Bushfire devastation in February 2009, Medibank worked closely with The Salvation Army by donating funds to their Bushfire Appeal, providing volunteers to sort through public goods donations and through sponsorship of a bushfire concert to thank the CFA and SES volunteers for their efforts.

The Medibank Community program continues to provide opportunities for employees through community leave, gift matching and corporate funding to not-for-profit groups.

Medibank Private Limited ABN 47 080 890 259 is a registered private health insurer.

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