

Notice of 2016  
Annual General Meeting





# ABOUT MEDIBANK

**Purpose:** For Better Health

**Vision:** To be Australia's No.1 trusted partner in whole of life health and wellness

Medibank Private Limited is a leading private health insurer, with 40 years of experience delivering better health to Australians.

We look after the health cover needs of 3.8 million members through our Medibank and ahm brands and deliver a wide range of programs to support health and wellbeing in the community.

We also deliver a range of complementary services including health management for government and other clients, and distribute travel, life and pet insurance.

We are a strong advocate for a sustainable private health system that delivers value, transparency and affordability.

Medibank Private Limited is listed on the Australian Securities Exchange (ASX:MPL) and is headquartered in Melbourne. For more information, visit [www.medibank.com.au](http://www.medibank.com.au)



## Elizabeth

**Medibank member for 32 years**

(pictured with her Medibank Care Navigator, Matthew)

Elizabeth is 79 years old and lives with her husband Warren. With chronic asthma, fibromyalgia, heart disease and at risk of a fall, she participates in CareComplete - a range of programs created by Medibank to help people with chronic conditions live healthier lives. Matthew provides ongoing support to Elizabeth, coordinating services for her such as physiotherapy, hydrotherapy and podiatry. This means Elizabeth can continue to live independently and enjoy the things she loves, particularly singing with her choir (she is an accomplished soprano).



**Eva and Olive**  
**ahm members for 18 months**

Eva (five) and Olive (three) live with younger sister Indigo and their parents. For this family of five, ahm cover provides peace of mind. Mum Katrina first experienced the value of private health insurance with the birth of Eva, and she would not be without the value-for-money cover that ahm provides. With everyone happy and healthy, the girls love roaming around their nanna and pop's farm on the weekend.

## Dear shareholder

I am pleased to invite you to attend the annual general meeting ("AGM") of Medibank Private Limited ("Medibank") to be held on Wednesday 9 November 2016 at 10.00am (Melbourne time).

### Meeting details

The AGM will be held at the Melbourne Park Function Centre, National Tennis Centre, Batman Avenue, Melbourne. A map with directions to the venue appears on page 18 of this notice.

If you attend the meeting, you will need to register at one of the registration desks on the day. Registration will commence at 9.00am. You will find it easier to register if you bring with you a shareholder document showing your holder number (such as a holding statement or proxy form).

This notice sets out the details of the items of business of the AGM, as well as voting instructions and explanatory notes.

At the meeting our new Chief Executive Officer, Craig Drummond, and I will review the operations and performance of Medibank for the year ended 30 June 2016. There will be an opportunity for shareholders to ask questions of the Board and the external auditor. We encourage your participation at the AGM and look forward to providing an informative program.

### If you are unable to attend

If you are unable to attend the AGM in person, I encourage you to submit your voting instructions by:

- following the instructions on the front of the proxy form to lodge your proxy electronically at **www.investorvote.com.au**; or
- completing the personalised proxy form and returning it to Medibank's share registry.

The completed proxy form must be lodged electronically or be received by no later than 10.00am (Melbourne time) on Monday 7 November 2016.

The AGM will be webcast live and may be viewed at **www.medibank.com.au**. The webcast will also be available on Medibank's website shortly after the conclusion of the meeting together with the presentations and voting results.

I look forward to seeing you at the AGM, and thank you for your support as a shareholder.

Yours sincerely



**Elizabeth Alexander AM**  
Chairman

# FINANCIAL SUMMARY

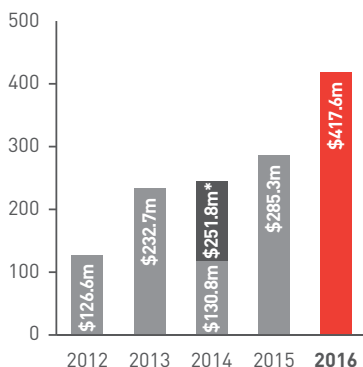
All data is presented on a statutory basis

# 11

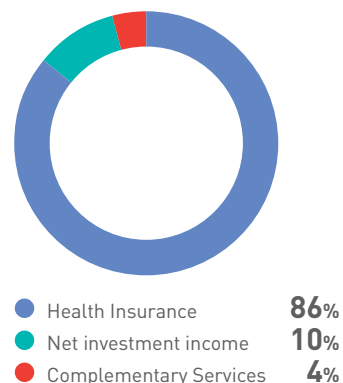
cents per share

**Total dividend for 2016  
(interim and final)  
fully franked**

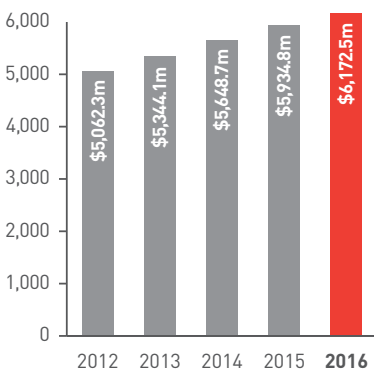
**Group net profit  
after tax (\$m)**



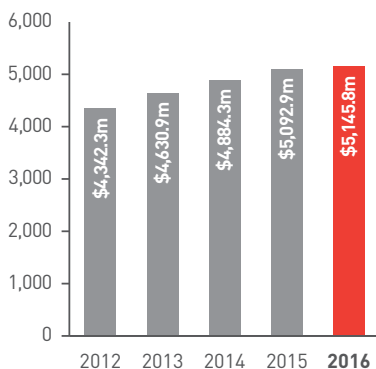
**Composition of 2016 profit  
before tax<sup>†</sup>**



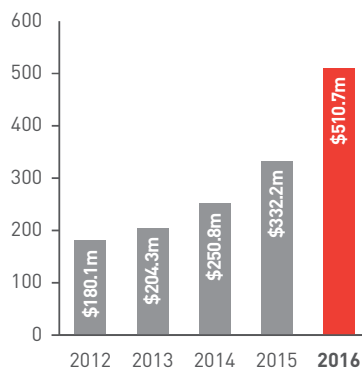
**Health Insurance  
Premium revenue (\$m)**



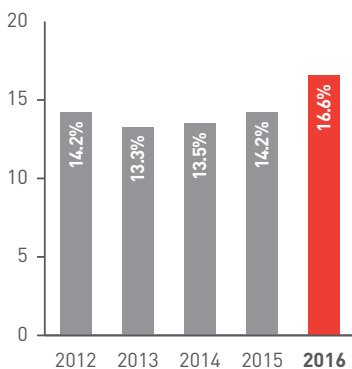
**Health Insurance  
Net claims expense  
(including risk equalisation) (\$m)**



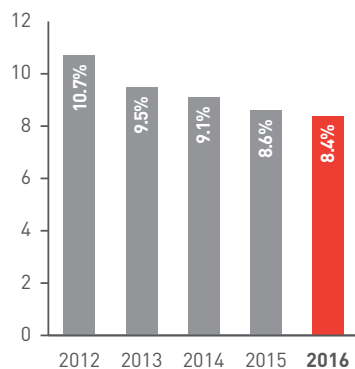
**Health Insurance  
Operating profit (\$m)**



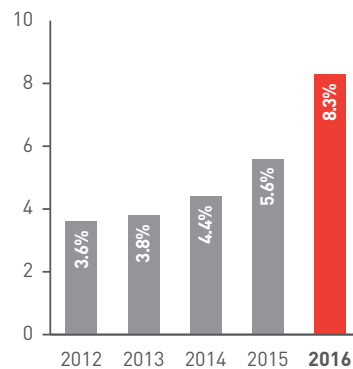
**Health Insurance  
Gross margin**



**Health Insurance  
Management expense ratio**



**Health Insurance  
Operating margin**



\* Excludes impairment and restructuring expenses in 2014 (\$134.7 million before tax; \$121.0 million after tax) in relation to the write-down of goodwill mainly associated with the Telehealth business and costs incurred in relation to the reorganisation within Complementary Services.

† Before unallocated expenses.

# BUSINESS SNAPSHOT

## Who we're here for

**3.8** million members 

**27.6%** Market share<sup>1</sup> 

## What we did

**\$5.1** billion   
Member benefits paid


**26,000,000+**  
Ancillary services such as dental, optical and physiotherapy covered 

**1,300,000+**   
Hospital admissions covered

**500,000+**   
Surgeries covered

## How we did it

**467**   
Number of hospital providers in our Members' Choice network<sup>2</sup>

**13,552**   
Number of ancillary providers in our Members' Choice network<sup>2</sup>

**2,388**   
Number of employees<sup>3</sup>

**51%** Senior leader positions held by women 

1. Calculated based on principal policyholders at 30 June 2016.

2. At 30 June 2016.

3. Full-time equivalent at 30 June 2016.

# CHAIRMAN'S MESSAGE



**Elizabeth Alexander**  
Chairman

On behalf of the Board, I am pleased to be able to report a sound financial result for the year and to declare a total dividend of 11 cents per share fully franked, comprising interim of 5 cents per share and final of 6 cents per share.

At our annual general meeting last year, I spoke about Medibank's health cost leadership strategy. The Australian healthcare system is changing, with factors such as the ageing population and increasing prevalence of chronic disease putting pressure on healthcare costs. Medibank's commitment to health cost leadership remains unchanged and is a key driver in achieving results for the Health Insurance business.

Having said that, there is still much work to be done around revenue. A stronger focus on customers will strengthen our offering and the value we provide, and positively impact our performance in this area.

We know that transparency, affordability and value are important to our customers and critical to maintaining the sustainability of Australia's world class health system. During the year we made recommendations to the Australian Government across many areas. These included support for an industry-wide approach to making health insurance easier to understand, making prostheses pricing fairer and improving information sharing between consumers and insurers. This work, as well as our partnerships

across the health sector, will help us to deliver better health outcomes for members and greater sustainability for the industry.

I am delighted to welcome Craig Drummond as Medibank's new Managing Director and Chief Executive Officer. Appointed in July 2016 following a comprehensive executive search, Craig brings strong leadership and strategic capability to the company. His strategic and operational experience, together with his unwavering focus on the customer, will provide the leadership we need to build confidence in Medibank and deliver benefits to our customers and our shareholders.

Thank you to Medibank's management team, and all of our people, for their commitment and effort in 2016. We have delivered some good results and I want to thank everyone for their contribution.

The support of our shareholders and their involvement in our company is greatly valued by the Board, and we thank you and encourage your continued participation.

Your company is in a strong financial position, and I am confident that we are well placed to meet the challenges and opportunities ahead.

# CEO'S MESSAGE



**Craig Drummond**  
Chief Executive Officer

**I am delighted to have joined Medibank as Chief Executive Officer. Medibank has a strong purpose and clear commitment to delivering better health to our 3.8 million members and all Australians.**

During the year, we paid a record \$5.1 billion in benefits to our customers, supporting them through more than 1.3 million hospital admissions and 500,000 surgeries, and covering more than 26 million ancillary services such as dental, optical and physiotherapy.

In 2016 Medibank delivered a sound financial result, with Group net profit after tax (NPAT) up 46 percent to \$417.6 million. Central to this performance was the Health Insurance business, which recorded an operating profit of \$510.7 million and an increase in gross margin to 16.6 percent. This result reflected Medibank's commitment to health cost leadership and management cost discipline, as well as a sector-wide slowing in the growth of hospital utilisation rates.

Over the past 12 months the business has continued to drive initiatives aimed at reducing waste and inefficiency in the healthcare system. While this helped Medibank to deliver its lowest average premium increase in four years, rising healthcare costs continued to put pressure on premiums and contributed to customer lapse and cover reductions across the sector. Revenue growth remained soft, partly due to industry growth

being the slowest in a decade, but also because Medibank performed below its peers in acquiring new members and retaining existing ones.

Clearly Medibank needs to be more focused on our customers. We need to get the basics right and invest in delivering a better customer experience and value. This includes cutting call waiting times, creating better and more transparent products, improving the quality of our online and digital services and, fundamentally, strengthening our customers' trust in us.

To ensure our customers are at the centre of our decision making, senior executives' short-term performance incentives will incorporate the Net Promoter Score—a key customer advocacy metric—in 2017 and beyond. This will focus the behaviours of our organisation.

I'm excited about the opportunities to substantially enhance the quality of the product and services offered to our customers and build Medibank's position in the Australian healthcare industry. What is good for customers will be good for business and good for long-term shareholder value. I look forward to working collaboratively with our stakeholders to build a more customer-focused and sustainably successful business.

# MEDIBANK PRIVATE LIMITED

## NOTICE OF 2016 ANNUAL GENERAL MEETING

The annual general meeting (AGM) of Medibank Private Limited (“Medibank” or the “Company”) will be held at the Melbourne Park Function Centre, National Tennis Centre, Batman Avenue, Melbourne, Victoria on Wednesday 9 November 2016 at 10.00am (Melbourne time).

### BUSINESS

#### 1. Financial statements and reports

To consider the financial report for the year ended 30 June 2016, together with the directors’ report and auditor’s report as set out in the annual report.

#### 2. To re-elect David Fagan as a director

#### 3. To re-elect Linda Bardo Nicholls as a director

#### 4. Adoption of the remuneration report

To adopt the remuneration report (which forms part of the directors’ report) for the year ended 30 June 2016.

#### 5. Grant of performance rights to the Managing Director

To approve the grant to Craig Drummond (being Medibank’s Managing Director and Chief Executive Officer) of 765,306 performance rights to be issued in accordance with Medibank’s 2017 long term incentive plan.

#### 6. Amendment to constitution

To resolve as a special resolution that article 11.1(b) of Medibank’s constitution be amended to increase the maximum number of directors permitted on the Board from eight to nine as set out in the explanatory notes.



**Mei Ramsay**  
Company Secretary

22 September 2016



## ATTENDANCE AND VOTING

All shareholders may attend the AGM. For the purpose of voting at the AGM, the directors have determined that shareholders will be taken to be those persons who are registered as holding shares in Medibank at 7.00pm (Melbourne time) on Monday 7 November 2016.

All resolutions at the AGM will be determined by way of a poll.

## SHAREHOLDER QUESTIONS

If you are entitled to vote at the AGM, you may submit written questions in advance relevant to the business of the meeting. Questions may also be submitted for the external auditor about the auditor's report or the conduct of the audit.

Questions may be lodged as part of the online proxy process. Alternatively you may send written questions to Medibank's share registry at the address as set out on the proxy form or email your question to [company.secretary@medibank.com.au](mailto:company.secretary@medibank.com.au). Please ensure that your written questions are received no later than 5.00pm, Wednesday 2 November 2016.

## HOW TO VOTE

### Voting in person

Shareholders may vote by attending the AGM and casting their votes in person.

### Voting by proxy

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or attorney to attend and vote on behalf of the shareholder. A proxy or attorney need not be a shareholder of Medibank and may be an individual or a body corporate (and any body corporate so appointed may then appoint an individual to exercise its powers at the meeting).

A shareholder who is entitled to cast two or more votes may appoint two proxies or attorneys and may specify the proportion or number of votes which each proxy or attorney may exercise. If no proportion or number is specified, each proxy or attorney may exercise half of the shareholder's votes. If you wish to appoint two proxies, please follow the instructions on the proxy form.

Shareholders can direct their proxy how to vote. If a shareholder appoints the Chairman of the meeting as proxy and does not direct the Chairman how to vote, then the Chairman (unless restricted from voting on the resolution) will vote in favour of each resolution.

## How to vote by proxy

Shareholders should consider directing their proxy as to how to vote on each resolution by marking either the “For”, “Against” or “Abstain” box when completing their proxy form.

Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- if the proxy is not the Chairman of the meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions); and
- if the proxy is the Chairman of the meeting, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chairman of the meeting will be taken to have been appointed as a shareholder’s proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the meeting as their proxy.

This will be the case where:

- the appointment of the proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the chair of the meeting; and
- a poll is called on the resolution; and

either of the following applies:

- the proxy is not recorded as attending the AGM; or
- the proxy attends the AGM but does not vote on the resolution.

## Lodging your proxy form

To be valid, proxy forms (including electronic proxy appointments) must be received by Medibank’s share registry, Computershare Investor Services Pty Limited (“Computershare”), at least 48 hours before the AGM by the means outlined below.

**The completed proxy form must be received by Computershare no later than 10.00am (Melbourne time) on Monday 7 November 2016 (“proxy deadline”).**

Proxy forms may be submitted:

- online at [www.investorvote.com.au](http://www.investorvote.com.au). To use this facility, please follow the link in your email inviting you to the AGM, or the instructions on your proxy form;
- by post to GPO Box 242, Melbourne Victoria 3001. Please allow sufficient time for the form to reach Computershare by the proxy deadline;
- by facsimile to Computershare on +61 (0)3 9473 2555; or
- by hand delivery to Computershare, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria.

## Corporate representatives

A corporate shareholder wishing to appoint a person to act as its representative at the AGM may do so by providing that person with:

- a properly executed letter, certificate, form, or other document, such as an “Appointment of Corporate Representative” confirming that they are authorised to act as the corporate shareholder’s representative. A form may be obtained from [www.investorcentre.com](http://www.investorcentre.com) under the tab “Need a printable form?”; or
- a copy of the resolution appointing the representative, certified by a director or secretary of the corporate shareholder. A copy of the signed document must be produced prior to admission to the AGM.

## Power of attorney

If a shareholder has appointed an attorney to attend and vote at the AGM, or if the proxy form is signed by an attorney, the power of attorney (or a certified copy) must be received by Computershare by the proxy deadline, unless the document has been previously lodged with Computershare for notation. Powers of attorney may be submitted by post or by hand delivery to the addresses shown above.

## Voting restrictions

### Resolution 4 – Remuneration report

A vote may not be cast (in any capacity) on resolution 4 by or on behalf of a member of Medibank’s key management personnel (“KMP”), whose remuneration details are included in the remuneration report, or a KMP’s closely related party. A “closely related party” includes a spouse, dependant and certain other close family members of a KMP, as well as any companies controlled by a KMP.

However, a vote may be cast on resolution 4 by a KMP, or a KMP’s closely related party as a proxy, if the vote is not cast on behalf of the KMP or the closely related party and:

- the proxy appointment is in writing and specifies how the proxy is to vote on resolution 4; or
- the proxy is the Chairman of the meeting and:
  - the appointment does not specify the way the proxy is to vote on resolution 4; and
  - the appointment expressly authorises the Chairman of the meeting to exercise the proxy even if resolution 4 is connected directly or indirectly with the remuneration of a KMP.

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on resolution 4 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy even if resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the meeting.

The Chairman of the meeting intends to vote undirected proxies FOR resolution 4.

### **Resolution 5 – Grant of Performance Rights to the Managing Director**

Medibank will disregard any votes cast on resolution 5 by and on behalf of Craig Drummond or any of his associates.

Further, a vote must not be cast on resolution 5 by a KMP, or a closely related party of a KMP acting as a proxy, if their appointment does not specify the way the proxy is to vote on the resolution.

However, Medibank will not disregard a vote on resolution 5 (and that person is not prohibited from voting) if:

- it is cast by a person identified above as a proxy for a person who is entitled to vote on the resolution and the vote is cast in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting (who is a KMP) as proxy for a person who is entitled to vote on the resolution and the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP.

The voting restriction means that if you appoint a KMP (such as a director) as your proxy, it is important that you direct them on how to vote on resolution 5 by ticking one of the “For”, “Against” or “Abstain” boxes on your proxy form. This is because, in certain circumstances, a KMP is prohibited from voting undirected proxies on resolution 5.

If the Chairman of the meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy to vote “For”, “Against” or “Abstain” on resolution 5, you expressly authorise the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the meeting intends to vote undirected proxies FOR resolution 5.



## EXPLANATORY NOTES

### 1. Financial statements and reports

Medibank's financial statements and reports for the year ended 30 June 2016 are set out in its 2016 annual report. The annual report is available at [www.medibank.com.au](http://www.medibank.com.au).

The Corporations Act requires that the financial report, directors' report, and auditor's report of the Company and the consolidated entity be placed before the AGM. There is no requirement for shareholders to vote on these reports.

Shareholders will be given a reasonable opportunity at the AGM to ask questions about and make comments on the financial statements and reports and on the management of the Company. During discussion on this item, the external auditor will be present and will answer relevant questions.

### 2. Re-election of David Fagan as a director

David Fagan retires by rotation in accordance with article 11.3(b)(iv) of the Company's constitution and, being eligible, offers himself for re-election.



**David Fagan** Independent Non-executive Director  
*LLB, LLM, GAICD*

David was appointed a director in March 2014. He is a member of the Investment and Capital Committee and the People and Remuneration Committee.

David is a highly experienced banking and major projects lawyer with more than 35 years experience. He acted for major banks and corporate clients with Clayton Utz, and was Clayton Utz's Chief Executive Partner from May 2001 to June 2010. David is a director and Chair of the Audit Committee of The Global Foundation, and a director of Hilco Merchant Australia Pty Limited, Hilco Oz Pty Limited and Grocon Funds Management Group. He is a director and Chair of the Audit and Risk Committee of UBS Grocon Real Estate Investment Management and on the advisory board of Chase Corporate Advisory.

David also chaired the Medibank Privatisation Committee which operated during 2014 in preparation for the privatisation process.

#### Recommendation

The Board (other than David Fagan) recommends that shareholders vote FOR this resolution.

### 3. Re-election of Linda Bardo Nicholls as a director

Linda Bardo Nicholls retires by rotation in accordance with article 11.3(b)(iv) of the Company's constitution and, being eligible, offers herself for re-election.



**Linda Bardo Nicholls AO** Independent Non-executive Director  
*BA, MBA (Harvard), FAICD*

Linda was appointed a director in March 2014. She is Chairman of the People and Remuneration Committee and a member of the Nomination Committee.

Linda has more than 30 years experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand and the United States.

She is Chairman of Japara Healthcare Limited and a director of Fairfax Media Limited and the Olivia Newton-John Cancer Research Institute. Linda was previously Chairman of KDR Victoria Pty Ltd (Yarra Trams), Healthscope Limited and Australia Post, and a director of Pacific Brands Limited, St George Bank, Sigma Pharmaceuticals Limited and Insurance Manufacturers of Australia. Linda was also a member of the Walter and Eliza Hall Institute of Medical Research.

#### Recommendation

The Board (other than Linda Bardo Nicholls) recommends that shareholders vote FOR this resolution.

### 4. Adoption of the remuneration report

The remuneration report for the year ended 30 June 2016 is set out on pages 30 to 54 of Medibank's annual report.

The remuneration report contains information about the remuneration policy of Medibank and the remuneration of non-executive directors, the Managing Director and Chief Executive Officer and other key management personnel for the financial year ended 30 June 2016.

At the meeting the Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the remuneration report.

The vote on this resolution is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing Medibank's future remuneration policies and practices.

#### Recommendation

The Board recommends that shareholders vote FOR this resolution. Subject to the voting restrictions set out on page 11, the Chairman of the meeting intends to vote undirected proxies FOR this resolution.

## 5. Grant of performance rights to the Managing Director

Under the ASX Listing Rules, Medibank must seek shareholder approval to grant equity securities in Medibank to the Managing Director and Chief Executive Officer, Craig Drummond, in respect of grants for the 2017 financial year.

Details of Craig Drummond's remuneration arrangements are set out in Medibank's 2016 remuneration report. Under his employment contract, he is eligible to receive awards of performance rights under Medibank's Long Term Incentive (LTI) plans. This item seeks approval for the grant of performance rights under the LTI plan for the 2017 financial year, and Medibank shares on exercise of those performance rights.

### LTI performance rights

Subject to shareholder approval, it is intended that Craig Drummond be granted 765,306 performance rights. These performance rights have a face value of \$2,250,000 (being 150% of his annual total fixed remuneration for the year commenced 1 July 2016). The number of performance rights to be granted has been determined using the volume weighted average price of Medibank shares on the ASX during the 10 trading days up to and including 30 June 2016. That average price was \$2.94.

If shareholders approve the grant of performance rights under the LTI plan, those performance rights will be granted within 12 months of the AGM at no cost to him.

### Vesting conditions

Each performance right proposed to be granted to Craig Drummond under the LTI plan will give him the right to acquire one share in Medibank subject to the performance right vesting at the end of a three year performance period beginning on 1 July 2016 and ending on 30 June 2019. Half of these performance rights proposed to be granted will be subject to a vesting condition based on Medibank's absolute earnings per share ("EPS") compound annual growth rate over the performance period ("EPS Performance Rights"), while the other half will be subject to a relative total shareholder return ("TSR") vesting condition measured over the performance period ("TSR Performance Rights").

### EPS Performance Rights

For any of the EPS Performance Rights to vest, the EPS target must be met. The percentage of EPS Performance Rights that vest will be determined over the performance period by reference to the following vesting schedule:

Medibank's EPS compound annual growth rate over the performance period	% of EPS Performance Rights that vest
Less than 5%	Nil
Equal to 5%	50%
Between 5 and 9%	Straight line pro-rata between 50% and 100%
At or above 9%	100%

### **TSR Performance Rights**

For any of the TSR Performance Rights to vest, Medibank must achieve the threshold TSR ranking over the performance period. Medibank's relative TSR will be compared with a comparator group comprising companies with a market capitalisation positioned within the ASX 11 to 100, excluding mining and energy companies. The percentage of TSR performance rights that vest will be based on Medibank's TSR ranking over the performance period, as set out in the following vesting schedule:

<b>Medibank's TSR rank in the comparator group</b>	<b>% of TSR Performance Rights that vest</b>
Less than 50th percentile	Nil
50th percentile	50%
Greater than 50th and up to 75th	Straight line pro-rata between 50% and 100%
75th percentile or greater	100%

### **What happens on vesting of performance rights?**

On vesting, each performance right will be automatically exercised and satisfied by the transfer or issue of one Medibank share to Craig Drummond. The shares may be purchased on market by Medibank or new shares may be issued, as determined by the Board.

### **Are the performance rights hurdles re-tested?**

No, performance hurdles are only tested once following the end of the performance period. Any performance rights that remain unvested following the end of the performance period will lapse immediately.

### **Cessation of employment**

If Craig Drummond ceases employment with Medibank and is a "good leaver" (meaning he ceases employment by reason of death, serious disability, permanent incapacity, retirement, redundancy or with Board approval), the performance rights held by him (and not vested) on cessation of employment will be forfeited on a pro rata basis according to a formula which takes into account the length of time that he has held the performance rights relative to the performance period for the grant. The remaining performance rights will remain unvested and will be tested at the end of the performance period against the existing vesting conditions. If his employment is terminated for other reasons (such as resignation, misconduct, fraud or unsatisfactory performance) then the performance rights held by him on cessation of employment will lapse immediately.

### **Are performance rights entitled to receive dividends?**

No, dividends are not paid on LTI performance rights.

### **When are performance rights subject to early vesting?**

The Board has discretion to allow the early vesting of the performance rights in circumstances such as on a change of control or winding up of Medibank.

### **Are the performance rights subject to clawback?**

The Board has adopted an Executive Remuneration Clawback Policy that provides the Board with discretion to reduce, cancel or recover any performance-based awards (including performance rights) made to a senior executive employee in certain circumstances. Events that could warrant such action include:

- serious misconduct or fraud by the senior executive employee;
- unsatisfactory performance by the senior executive employee to the detriment of Medibank's strategic objectives;
- error in the calculation of a performance measure related to performance-based remuneration; or
- a misstatement of Medibank's financial statements.



**What will happen if shareholders do not approve the LTI grant?**

If shareholder approval of the grant of performance rights to Craig Drummond under Medibank's LTI plan is not obtained, he will receive a cash payment in lieu of those performance rights. The cash payment would be subject to the same performance hurdles and vesting conditions outlined above.

**Other information required by the ASX Listing Rules**

Craig Drummond is the only director who is eligible to participate in Medibank's LTI plan.

No loan has been or will be made to Craig Drummond by Medibank in relation to the performance rights.

**Recommendation**

The Board (other than Craig Drummond) recommends that shareholders vote FOR this resolution. Subject to the voting restrictions set out on page 12, the Chairman of the meeting intends to vote undirected proxies FOR this resolution.

**6. Amendment to constitution**

Under the Corporations Act, a company may amend its constitution by special resolution of shareholders. To be carried, a special resolution must achieve 75% or more votes FOR the resolution.

It is proposed that article 11.1(b) be amended to increase the maximum number of directors permitted on the Board under the constitution from eight to nine by replacing the two references to the word "eight" with "nine" in the first line of article 11.1(b).

The proposed increase to the maximum number of directors permitted on the Board will enable the directors to appoint an additional non-executive director, if deemed appropriate, to ensure that the Board continues to have the right balance of skills, knowledge and experience.

**Recommendation**

The Board recommends that shareholders vote FOR this resolution.

## GETTING TO THE AGM

### Public transport

**Tram** – From Flinders Street (route 70) to the Rod Laver Arena tram stop. Entry to the Function Centre is through the gates at Garden Square. Proceed left up the ramp.

**Train** – Richmond Station is 1km east of Hisense Arena along Olympic Boulevard. Jolimont Station is through Yarra Park past the MCG.

### Parking

Take Entrance D off Olympic Boulevard and proceed to the Northern or Eastern Plaza Car Park. From the Northern Car Park, walk through the gates at Garden Square to the Function Centre and proceed left up the ramp. From Eastern Plaza Car Park, walk west along Olympic Boulevard to 'The Oval'. Continue along the designated paths up the stairs towards the entrance of Rod Laver Arena. Continue to the right.





### Sukhinder

Senior Sales  
Consultant

Sukhinder has been a member of the Medibank retail team since 2012, assisting current customers and helping new ones find the cover that suits them best. In Sukhinder's own life, better health means more balance and being active. She wants the same for her customers. To her, healthier customers equal happier customers and she loves helping them make positive choices leading to better health.



### Jacqui

Medibank member  
for six months

(pictured with  
her beagle cross  
something, Dennis)

Jacqui is 26 years old and works as a science teacher at a public secondary school. With hospital and extras cover, she makes good use of her optical and remedial massage benefits and is covered for a knee reconstruction in case she needs one in the future. These benefits are particularly important to her due to the rough and tumble of being a member of the Toxic Avengers in the Victorian Roller Derby League (VRDL).



### Mat

Medibank Advocacy  
Team Leader

Mat leads a team whose sole focus is to look after our customers. His role is to coach and support our people so they are able to effectively respond to our customers' feedback and any concerns they might have. Medibank's For Better Health purpose plays a big part in Mat's day, particularly in his conversations with customers about how Medibank can help them achieve their health goals.

**medibank**  
For Better Health

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