



Healthscope

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Dear Shareholder

We are pleased to announce the establishment of a Dividend Reinvestment Plan (DRP).

The DRP will enable you to reinvest either all or part of your dividend payments into additional fully paid Healthscope shares in an easy and cost-effective way. No brokerage, commission or other transaction costs will be payable by you on shares acquired under the DRP.

For any shares issued under the DRP, the Board will determine for each dividend, the issue price and whether or not a discount will be applied to the issue price, in accordance with the DRP Rules.

Key features of the DRP

- The DRP is a convenient way to increase your holding of Healthscope shares.
- Participation in the DRP is optional and available to shareholders with registered addresses in Australia or New Zealand.
- Shares acquired by shareholders under the DRP are free of brokerage, commission or other transaction costs.
- You may apply the DRP to part or all of your total shareholding and, subject to any limits imposed at the time a dividend is announced, there is no minimum or maximum limit on the number of your shares that may participate.
- You may join, vary your participation in, or withdraw from, the DRP at any time, subject to adequate notice being given.
- DRP participation does not affect your eligibility for franking credits.
- Shares allocated to you under the DRP rank equally with existing shares.
- Once you elect to participate, the DRP will continue to apply for future dividend payments, unless you advise otherwise or unless the DRP is suspended or terminated by the Board in its absolute discretion.

For further information on the DRP including the Rules of the DRP, please visit the Investor Centre on our website **www.healthscope.com.au**. Answers to some frequently asked questions are also provided in the accompanying information booklet and on the website.

Healthscope recommends you seek financial advice and read the full terms and conditions set out in the DRP Rules before deciding whether to participate.

In order to participate in the DRP for any financial year 2017 interim dividend, you will need to ensure your DRP participation notice is received, or your online election is made, by no later than 5pm (AEDT) on the first business day following the FY17 interim dividend record date.

You can make your election online by visiting **www.computershare.com.au/easyupdate/hso**.

For more information please contact the Company's share registry, Computershare, by phone on 1300 850 505 (Australia) or +61 3 9415 4000 (New Zealand).

Yours sincerely,

Paula J. Dwyer
Chairman

Dividend Reinvestment Plan

What is the DRP?

The DRP enables you, as a shareholder in Healthscope, to reinvest all or part of any dividend paid on your shares in additional Healthscope shares instead of receiving that dividend in cash.

Your participation in the DRP is entirely optional.

If you elect to reinvest your dividends, additional shares will be allocated to you immediately following the date for payment of that dividend. You will receive a dividend notice setting out the number of shares allocated to you, the price per share and other information relevant to the dividend.

Who can participate?

All shareholders of fully paid Healthscope ordinary shares who are resident in, and whose address on the register of shareholders at the relevant dividend record date is in, Australia or New Zealand may participate in the DRP, subject to certain limits set out in the DRP Rules.

How do I participate in the DRP?

If you wish to participate in the DRP, we encourage you to make your election online at www.computershare.com.au/easyupdate/hso

Alternatively, please complete and sign the DRP participation notice and return it to the Company's share registry at the address below. If a DRP participation notice does not accompany this booklet, please contact the Company's share registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
GPO Box 2975
Melbourne Victoria 3001
Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)
Email: webqueries@computershare.com.au

DRP participation notices must be received, or online elections made, by 5:00pm (Melbourne time) on the first business day following the record date for a dividend.

Can I participate in the DRP for some of my shares?

Yes, you can nominate all of your shares or a specific number of your shares to participate in the DRP.

- **Full participation:** If you elect full participation, dividends on all of your shares will be reinvested in acquiring new shares. Dividends on any shares you may acquire in the future will also be reinvested in this way.
- **Partial Participation:** If you elect partial participation, you nominate a number of your shares which participate in the DRP. Only the dividends paid on those shares that you nominate will be reinvested. For shares not participating in the DRP, dividends will be paid in the usual way.

If your DRP participation notice or online election does not clearly indicate the level of participation in the DRP, it will be deemed to be an application for full participation.

Is there a minimum or maximum participation level?

Healthscope has the discretion under the DRP Rules to introduce a minimum or maximum participation level.

When will my participation begin?

Your participation in the DRP will begin with the first dividend payment after receipt of your online election or participation notice. Your election must be received by 5.00pm (Melbourne time) on the first business day following the relevant record date to be effective for that dividend. You can find the Healthscope DRP election dates for forthcoming dividends at the Investor Centre on www.healthscope.com.au.

For elections received after the DRP election date for a particular dividend, your participation will begin from the first dividend record date after receipt of your online election or participation notice.

What happens if I have more than one shareholding?

You must make a separate election for each shareholding registered under different names or holding numbers by either making an online election or submitting a separate participation notice for each shareholding.

Can I change my participation at any time?

Yes. Simply notify the share registry online or submit a new participation notice. The change will be effective from the next dividend payment, provided that the election is received by 5.00pm (Melbourne time) on the business day following the relevant dividend record date for that dividend. If your change is received after that date, the change will not be effective until the next dividend.

Healthscope will announce the relevant dividend record date and DRP election date cut-off for each dividend to the ASX and on the Healthscope website at the time it announces the dividend.

Can I withdraw from the DRP?

Yes. Simply notify the share registry online or submit a termination notice. The termination will be effective from the next dividend payment, provided that the notice is received by 5.00pm (Melbourne time) on the business day following the relevant dividend record date for that dividend. If your termination notice is received after that date, the change will not be effective until the next dividend.

At what price will the shares be allocated?

Shares will be allocated at an average of the daily market price over a period of at least 10 trading days ('Allocation Price'), in accordance with the DRP Rules. The Allocation Price may be reduced by a discount, which the Board may determine from time to time and announce to the ASX.

How will my DRP shares be treated for subsequent dividend payments?

- **Full participation:** If you elect all of your shares to participate in the DRP, all shares held by you at each dividend record date will be treated as participating in the DRP, including any shares previously acquired under the DRP or other shares.
- **Partial participation:** If you elect only some of your shares to participate in the DRP, only the number of shares you have specified will be treated as participating in the DRP. The number of shares that will be treated as participating in the DRP may be limited if Healthscope elects to introduce a minimum or maximum participation limit. If you hold less shares than the number of shares you have specified in the participation notice/election, then the dividends on the shares that you actually hold will be reinvested.

What will it cost me to participate?

Nothing. No brokerage fees, commission or other transaction costs will be payable for any shares allocated under the DRP.

Can I sell my shares when I choose?

Yes. You can sell any or all of your shares at any time. However, if you sell all of your shares, your participation in the DRP will cease with effect from the date Healthscope registers a transfer or instrument of disposal of your holding.

If you elect for full participation and then sell some of your shares, the dividends on your remaining shares will continue to be reinvested under the DRP. If you elect for partial participation and then sell some of your shares, the number of shares sold will be deemed to the full extent possible to be non-participating shares and the balance, if any, will be deemed to be participating shares under the DRP.

What are the tax implications of participating?

- **Australian shareholders:** The Australian Taxation Office currently treats dividends reinvested under the DRP in the same way as cash dividends received on shares which are not participating in the DRP. For Australian capital gains tax purposes, the cost base of your shares will include the amount of the dividend applied to acquire the shares under the DRP. These comments are general in nature only. You should seek professional taxation advice in relation to your individual circumstances
- **New Zealand shareholders:** The New Zealand Inland Revenue currently treats dividends reinvested under the DRP in the same way as cash dividends received on shares. Healthscope takes no responsibility for the taxation consequences of shareholders participating in the DRP, and recommends you obtain professional taxation advice. These comments apply to shareholders who are New Zealand residents for tax purposes and who are not transitional residents. They are general in nature only. You should seek professional taxation advice in relation to your individual circumstances.

Will I receive a dividend statement?

After each allocation of shares under the DRP, a dividend statement will be provided to you in accordance with the manner you ordinarily receive notices from Healthscope showing full details of shares allocated to you under the DRP. This statement should be kept for your taxation purposes.

Can the DRP be modified, suspended or cancelled?

Healthscope may vary the terms and conditions, alter, suspend or terminate the DRP at any time by notifying the ASX. Healthscope also intends to update its website when there are changes to the DRP.

What happens to any residual value after each dividend?

The application of the dividend reinvestment formula normally results in a residual amount. This is because your dividend amount will be used to acquire a whole number of shares, usually leaving a residual amount which is less than the price of one Healthscope share.

For each dividend, if there is a residual amount, then the residual amount on each dividend will be carried forward, without interest, and added to your next dividend.

What happens if I leave the DRP?

If you cease to participate in the DRP for any reason, or the DRP is suspended or terminated by Healthscope, any positive residual balance in your DRP account will be paid to you.

How do I find out about Healthscope's historic dividend amounts?

Historic information about Healthscope's declared dividends and DRP prices are available on the dividend section of the Investor Centre on Healthscope's website at www.healthscope.com.au.



Information for New Zealand Eligible Shareholders

The new Shares being offered under the DRP are being offered to Eligible Shareholders in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (NZ).

This document is not a product disclosure statement under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority, or under or in accordance with the Financial Markets Conduct Act 2013, or any other relevant law in New Zealand.

In accordance with the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (NZ), a person with a New Zealand address is only eligible to participate in the DRP if at the Dividend Record Date that person holds Shares in the Company.

Need more information?

If you have further questions (other than on taxation) about how the DRP operates and how you can participate, please contact Computershare on 1300 850 505 (Australia) or +61 3 9415 4000 (New Zealand).