

PRIMARY

HEALTH CARE LIMITED

PRIMARY HEALTH CARE LIMITED
(ACN 064 530 516)

Notice of Annual General Meeting

NOTICE is hereby given of the Annual General Meeting of members of Primary Health Care Limited ("**the Company**") ("**Meeting**") to be held:

Date:	Friday 26 November 2010
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Time:	11:00 am (Sydney time)
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Venue:	Level 3 156 Gloucester Street Sydney NSW 2000
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NOTICE OF ANNUAL GENERAL MEETING

ITEMS OF BUSINESS

1. Receipt of Annual Financial Report

Receipt of the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2010.

2. Adoption of Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2010 be adopted."

Note: This is an advisory resolution and does not bind the Directors of the Company ("**Directors**") or the Company.

3. To re-elect Mr Terence Smith as a director

Mr Terence Smith, retires by rotation in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.

4. To elect Dr Errol Katz as a director

Dr Errol Katz, having been recommended by the Directors for election in accordance with the Constitution of the Company, and being eligible, offers himself for election.

5. Approval of the Primary Senior Executive Performance Rights Plan

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

That approval is given for all purposes under the Corporations Act and the ASX Listing Rules for:

- (a) the establishment of an equity-based executive plan, to be called the Primary Senior Executive Performance Rights Plan ("**PPRP**") for the provision of long-term incentives to executives of the Company or any related body corporate of the Company whom the Board determines to be eligible to participate in the PPRP ("**Participants**"); and
- (b) the grant of performance rights to Participants ("**Performance Rights**"), and the subsequent issue or transfer of shares in the Company ("**Shares**") to, or in relation to, Participants under the PPRP.

For further information, please refer to the Explanatory Statement which forms part of this Notice of Meeting.

6. Renewal of proportional takeover approval provisions

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

"That the proportional takeover approval provisions contained in Schedule 2 of the Company's Constitution are renewed for a period of 3 years."

For further information, please refer to the Explanatory Statement which forms part of this Notice of Meeting.

For this resolution to be passed, at least 75% of the votes cast by members entitled to vote on the resolution must be in favour.

7. Amend Constitution

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

"That the Constitution of the Company be amended by:

- inserting in Clause 27.1 the words "or declare a dividend" after the words "determine that a dividend is payable";
- deleting Clause 27.2;
- deleting from Clause 27.4 the words "out of the profits of the Company" on the first and second lines;
- deleting from Clause 27.4 the words "profits of the Company" on the third line and replacing them with the word "sums";
- inserting in Clause 27.4 the words "that are not included in the sums set aside" after the words "carry forward any profits" on the seventh line;
- deleting from Clauses 3.1(a), 3.1(b), 3.1(c) and 3.1(d)(ii) in Schedule 1 (Preference Shares) the words "profits available for dividends" and replacing them with the words "sums available for distribution to members"; and
- deleting from Clauses 4(d) and 5(b) in Schedule 1 (Preference Shares) the words "distributable profits" and replacing them with the words "sums available for distribution to members".

For further information, please refer to the Explanatory Statement which forms part of this Notice of Meeting.

For this resolution to be passed, at least 75% of the votes cast by members entitled to vote on the resolution must be in favour.

8. Retirement of Mr Stephen Higgs as a director

Mr Stephen Higgs retires by rotation in accordance with the Constitution of the Company, and does not offer himself for re-election.

Note: No resolution is required in relation to the retirement of Mr Stephen Higgs as a director.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolutions in Item 5 by any employees of the Company (or any related body corporate of the Company) who are eligible to participate in the PPRP.

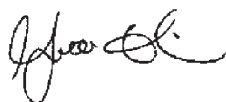
However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In any event, other than votes cast as proxy in the above manner, the Company has determined that it will also disregard any votes cast on Item 5 by Dr Edmund Bateman.

For further information, please refer to the Explanatory Statement which forms part of this Notice of Meeting.

By order of the Board



Yvette Cachia
Company Secretary

Dated: 25 October 2010

VOTING BY PROXY

- (a) (right to appoint): Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this Meeting.
- (b) (two proxies): To enable a shareholder to divide their voting rights, a shareholder may appoint 2 proxies. Where 2 proxies are appointed:
 - (i) a separate Proxy Form should be used to appoint each proxy;
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so each proxy may exercise half of the votes of the shareholder.
- (c) (who may be a proxy): A shareholder may appoint any other person to be their proxy. A proxy may be an individual or a body corporate and need not be a shareholder of the Company. The proxy appointed may be described in the Proxy Form by an office held, for example, "the Chair of the Meeting".
- (d) (signature(s) of individuals): In the case of shareholders who are individuals, the Proxy Form must be signed:
 - (i) if the shares are held by one individual, by that shareholder;
 - (ii) if the shares are held in joint names, by any one of them.

Alternative to so signing, the Proxy Form may be authenticated in a manner prescribed by the Corporations Regulations.

- (e) (signatures on behalf of Australian companies): In the case of shareholders which are companies registered under the Corporations Act, the Proxy Form must be signed:
 - (i) if it has a sole director who is also sole company secretary, by that director (and stating that fact next to, or under, the signature on the Proxy Form);
 - (ii) in the case of any other company, by either 2 Directors or a director and company secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.

Alternative to so signing, the Proxy Form may be authenticated in a manner prescribed by the Corporations Regulations.

- (f) (execution on behalf of foreign companies): In the case of shareholders which are either foreign companies or other bodies corporate not incorporated under the Corporations Act, the Proxy Form must be executed in accordance with the laws governing execution of documents by such foreign companies or other bodies corporate.
- (g) (other authorised persons): If the person signing, or otherwise authenticating in a manner prescribed by the Corporations Regulations, the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (e) and (f) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in (h) below.
- (h) (lodgement place and deadline): A Proxy Form accompanies this Notice. To be effective, Proxy Forms (duly completed and signed) must be received:
 - (i) IN PERSON – at Computershare Investor Services Pty Ltd, 452 Johnston Street, Abbotsford, VIC 3067, Australia; or
 - (ii) BY MAIL – at Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, Australia; or
 - (iii) BY FAX – (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555

by not later than 48 hours before the Meeting (11.00am (Sydney time) on Wednesday 24 November 2010), failing which the Proxy Form will be disregarded for the purposes of the Meeting.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

For the purposes of this Meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that a person's entitlement to vote at the Meeting will be the entitlement of that person as set out in the register of members of the Company as at 7.00 pm (Sydney time) on Wednesday 24 November 2010.

EXPLANATORY STATEMENT

Item 1: Receipt of Annual Financial Report

- 1.1 As required by the Corporations Act, the Financial Report, the Directors' Report, and the Auditor's Report for the most recent financial year ending 30 June 2010 will be laid before the Meeting. There is no requirement for a formal resolution on this item. However, the chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, these reports.
- 1.2 Shareholders should refer to **paragraphs 9.2 to 9.7** below in relation to asking questions directed to the auditor.

Item 2: Adoption of Remuneration Report

- 2.1 The Remuneration Report is set out, under the heading "Remuneration Report", on pages 12 to 15 of the Company's Annual Report for the year ended 30 June 2010. The Remuneration Report:
 - (a) provides discussion of the Board's policy on remuneration of Directors and senior managers, and the relationship between such policy and the Company's performance; and
 - (b) sets out prescribed information in relation to the Directors and senior managers, including their fixed remuneration and any performance related remuneration.
- 2.2 The chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, the Remuneration Report.
- 2.3 In accordance with section 250R(2) of the Corporations Act, a resolution is being put to shareholders to adopt the Remuneration Report. Under section 250R(3) of the Corporations Act, the vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the Directors or the Company.

Recommendation on Item 2

Your Directors unanimously recommend that you vote in favour of the resolution in Item 2.

Item 3: Re-election of Mr Terence Smith as a director

- 3.1 Mr Terence Smith was appointed by your Directors as an additional director of the Company on 30 May 2008. Mr Smith retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election by shareholders.
- 3.2 Information in relation to Mr Terence Smith, AM, MBE, RFD, ED includes:
 - (a) *Relationship with the Company:* Mr Smith, aged 67, is a non-executive director of the Company. He has a nil relevant interest (no direct or indirect ownership) of shares in the Company, and holds no options over shares in the Company. Mr Smith is a member of the Remuneration Committee.
 - (b) *Background and experience:* Mr Smith was the Managing Director and Chief Executive Officer of the Hospital Contribution Fund of Australia Ltd group of companies (from February 1990 until 9 July 2010). He is also a Vice President of the International Federation of Health Funds and past President of the Australian Health Insurance Association Limited (from November 2001 to November 2008). He is also a trustee for the HCF Health and Medical Research Foundation which he helped establish in 2001 and a Trustee for the Royal New South Wales Regiment Trust. Mr Smith has particular experience in the delivery and quality of private hospital, medical and ancillary services.
 - (c) *Other current Directorships:* Mr Smith is a Director of HCF Life Insurance Pty Ltd and the Managing Director of Manchester Unity Friendly Society Ltd (since December 2008).

Recommendation on Item 3

Your Directors unanimously recommend that you vote in favour of the election of Mr Terence Smith.

Item 4: Election of Dr Errol Katz as a director

- 4.1 Dr Errol Katz is recommended by your Directors as an additional director of the Company in accordance with the Company's Constitution and, being eligible, offers himself for election by shareholders.

- 4.2 Information in relation to Dr Errol Katz, MB, BS (Hons), LLB (Hons) (Monash), MPP (Harvard) includes:
- (a) *Background and experience:* Dr Katz, aged 40, has degrees in Medicine and Law from Monash University, and a Master in Public Policy from Harvard University, where he was a Menzies Scholar. He has worked as a doctor at The Alfred hospital, as a strategy consultant at The Boston Consulting Group, and at Visy Industries, where he held strategy, M&A and operational roles. Dr Katz has previously held board roles at Dental Health Services Victoria and at a number of private companies. He currently works in private equity and investments. Dr Katz has roles with Co-Investor Capital Partners, the Pratt Group, and other private investors.
 - (b) *Other current Directorships:* Dr Katz is currently a director of Southern Health, the largest public hospital network in Victoria where he chairs the Quality Committee, and is a member of the Remuneration Committee and Population Health Committee.

Recommendation on Item 4

Your Directors unanimously recommend that you vote in favour of the election of Dr Errol Katz.

Item 5: Approval of the Primary Senior Executive Performance Rights Plan

- 5.1 Item 5 seeks shareholder approval for:
- (a) the establishment of the PPRP for the provision of long-term incentives to eligible Participants; and
 - (b) the grant of Performance Rights to Participants, and the subsequent issue or transfer of Shares to, or in relation to, Participants under the PPRP.
- 5.2 The Company's remuneration structure aims to align long-term incentives for senior executives with the delivery of sustainable value to shareholders. This alignment of interests is important in ensuring that senior executives are focused on delivering sustainable returns to shareholders, whilst allowing the Company to attract and retain senior executives with the appropriate skills, qualifications and experience. The PPRP aims to link the long-term remuneration of senior executives with the economic benefit derived by shareholders over a three year period and, subject the shareholder approval, will form part of the Company's remuneration strategy for senior executives.
- 5.3 The Board will be responsible for administering the PPRP in accordance with the PPRP Rules, which set out the general terms of the PPRP. A grant of Performance Rights under the PPRP is subject to both the PPRP Rules and the terms of the specific grant to each Participant.
- 5.4 The PPRP Rules provide the Board with flexibility in the design of the annual offer.
- 5.5 The Board may alter the PPRP Rules or their application in accordance with the ASX Listing Rules and otherwise in accordance with the terms of the PPRP Rules. Amendments may have retrospective effect, and may be made to conform to taxation or accounting requirements. In certain cases the consent of Participants may be required before an amendment can be made.

Summary of the PPRP Rules

Eligibility

- 5.6 Participation in the PPRP is restricted to "Employees" who the Board determines in its discretion are eligible and should be invited to participate in the PPRP. An "Employee" is defined in the PPRP Rules as a person who is in the full or part time employment of the Company or a related body corporate. Participation in the PPRP is not open to any director of the Company.

Securities offered under the PPRP

- 5.7 The PPRP will allow the grant of Performance Rights to Participants. A Performance Right is a conditional right to acquire a Share, subject to specified service and performance hurdles (described as vesting conditions).
- 5.8 On the vesting date, if the vesting conditions are satisfied in respect of a Performance Right (or are waived by the Board), the Performance Right immediately vests and the Company must procure the issue or transfer of a Share either directly to the Participant or their nominee. In either case, the Shares may be subject to disposal conditions if, in the relevant terms of any offer, it is specified that such conditions will apply.
- 5.9 Performance Rights are not quoted on ASX or on any other financial market and will be issued subject to restrictions on transfer and hedging. Shares delivered on the vesting of Performance Rights will rank equally with those traded on the ASX at the time of issue.

- 5.10 Participants will not be required to pay any amount on the grant or vesting of their Performance Rights. No loans will be provided to any Participant under the PPRP to acquire Performance Rights or to acquire Shares on the vesting of those Performance Rights.
- 5.11 Performance Rights will not entitle the holder to receive any dividends from the Company or exercise any voting rights in respect of the Company.

Offers of Performance Rights

- 5.12 From time to time the Company may invite eligible Employees to apply for Performance Rights. It is proposed that offers of Performance Rights will be made annually, following announcement of the Company's full-year results.
- 5.13 Each invitation may set out, among other things:
- the number of Performance Rights the Employee may apply for;
 - any performance hurdles (see below) attaching to the Performance Rights and the applicable vesting date or vesting dates ("**Vesting Date**");
 - the circumstances in which accelerated vesting or lapsing of Performance Rights will occur;
 - the date on which Performance Rights will lapse ("**Expiry Date**"); and
 - the restriction period (if any) in which the Participant may not transfer or dispose of a Share received on the vesting of a Performance Right.
- 5.14 At its discretion, the Board may impose additional terms and conditions on any offer.

Performance hurdles

- 5.15 The Performance Rights will only vest, and the holders of Performance Rights will only be entitled to receive Shares, when the performance conditions attaching to those Performance Rights have been satisfied or waived by the Board.
- 5.16 The Board will determine the applicable performance hurdles prior to Performance Rights being granted. The hurdles may reflect the Company's business plans, targets, budgets and performance objectives.

Early vesting of Performance Rights

- 5.17 Performance Rights may vest or lapse earlier than the Vesting Date in certain circumstances. Where a Participant ceases employment with the Company prior to the Expiry Date, the Performance Rights will normally lapse.
- 5.18 The Board has the discretion to vest all or a part of a Participant's Performance Rights, including where an event occurs in respect of the Company such as a change of control, a court ordering the holding of a meeting in relation to a compromise or arrangement, a voluntary or compulsory winding up, or shares in the capital of the Company ceasing to be quoted on any exchange.

Early lapse of Performance Rights

- 5.19 Unvested Performance Rights lapse on the earlier of:
- the Expiry Date specified in the invitation for the Performance Rights;
 - the Board determining that a Participant's Performance Rights should lapse where it is of the opinion that the Participant has committed an act of fraud, dishonesty or wilful misconduct or is convicted of a criminal offence which may injure the Company's reputation;
 - the Participant becoming bankrupt; and
 - 30 days after the Participant ceasing to be an employee of the Company or a related body corporate and the Board not making a determination that the Performance Rights vest.

Dealing with Performance Rights and Shares

- 5.20 Participants are not entitled to assign, transfer, sell or otherwise deal with, or grant a security interest over, a Performance Right. Performance Rights lapse immediately on any purported sale, assignment, transfer, dealing or grant of security interest unless the Board in its absolute discretion approves the dealing or transfer, or transmission is effected by force of law on death or permanent incapacity to the Participant's legal representative. Participants are prohibited from entering into any arrangement to hedge or otherwise affect their economic exposure to their performance rights.

- 5.21 In addition, the Board may determine that Participants will not be able to dispose of or otherwise deal with Shares that they or their nominees receive on the vesting of Performance Rights until a set disposal restriction ends. The terms of any disposal restrictions are to be set by the Board and specified in a Participant's invitation.

New issues and reorganisations of capital

- 5.22 In the event of any capital reorganisation by the Company (including bonus issues), the Participant's Performance Rights, and the Shares allocated to the Participant on vesting of the Performance Rights will be treated or adjusted, as set out in the PPRP Rules. In general, it is intended that the Participant will not receive any advantage or disadvantage from such an adjustment not received by shareholders. A Participant cannot participate in new issues without exercising their Performance Rights. The rights of a Participant may be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Vesting of Performance Rights

- 5.23 The Company will establish a trust for the sole purpose of subscribing for or purchasing, delivering and allocating Shares under the PPRP. Accordingly, the Shares will be held by the trustee on trust for the Participant in accordance with the terms of the Trust Deed and PPRP Rules. On the vesting of Performance Rights, the Company will arrange for Shares to be either issued or transferred (from the PPRP trust) directly to the Participant or the Participant's nominee.
- 5.24 Each Performance Right will convey a right to one Share subject to adjustment in accordance with the PPRP Rules (eg following a bonus issue).

Reasons for seeking approval

- 5.25 Shareholder approval of the PPRP is sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the following purposes:
- For the purposes of ASX Listing Rule 7.2 (exception 9), so that any Shares issued under the PPRP will be excluded from the calculation of the maximum number of new shares that can be issued by the Company in any 12 month period (currently 15% of shares previously on issue) for a period of 3 years from the date of approval.
 - The Company may be providing financial assistance to the trustee of the PPRP trust to acquire Shares. Under section 260C(4) of the Corporations Act, the Company may provide such financial assistance under an employee share scheme approved by the Company's shareholders in general meeting.
- 5.26 Under the Plan Rules, the Board has the discretion either to:
- issue new shares; or
 - transfer existing shares,
- to a Participant on the vesting of their Performance Rights.
- 5.27 It is anticipated that the Board's practice will be to transfer to Participants existing shares on the vesting of their Performance Rights, which will be acquired by and held in the PPRP trust until the date of transfer. However, the Board retains the flexibility to issue shares on the vesting of Performance Rights should it wish to do so in the future. ASX Listing Rule 7.1 does not apply in the event existing shares are transferred to Participants (rather than new shares issued) on the vesting of Performance Rights.
- 5.28 A copy of the PPRP Rules and the Trust Deed may be obtained from the Company Secretary on (02) 9561 3300 or may be viewed at www.primaryhealthcare.com.au, following the Annual General Meeting, subject to shareholder approval.
- 5.29 This is the first meeting at which Shareholder approval for a grant of Performance Rights under the PPRP and the subsequent acquisition of Shares is sought. No shares have previously been issued under the PPRP.

Recommendation on Item 5

Your Directors, the Managing Director abstaining, unanimously recommend that you vote in favour of the resolution in Item 5.

Item 6: Renewal of proportional takeover approval provisions

- 6.1 The purpose of the special resolution is to renew, for 3 years, the proportional takeover approval provisions ("**the PTA provisions**") contained in Schedule 2 of the Company's Constitution. That Constitution, containing the PTA provisions, was adopted by special resolution of shareholders at a general meeting of the Company held on 30 May 2008.
- 6.2 Unlike all of the other provisions of the Company's Constitution, the PTA provisions have a sunset clause. The PTA provisions will cease to have effect 3 years after they are first adopted by shareholders, that is, the PTA provisions are due to cease to have effect on 30 May 2011. However, the PTA provisions can be renewed from time to time (for up to 3 years each time) by special resolution of shareholders.
- 6.3 Under the Corporations Act takeover bids for shares in a company can be made either as:
- (a) a full bid, that is, an offer for all shares (whether off-market or on-market); or
 - (b) a proportional bid, that is, an offer to buy only a specified proportion of each target shareholder's shares.
- 6.4 The PTA provisions are discussed in this Explanatory Statement in terms of the proportional bid being for "shares" in the Company and the vote, to approve the proportional bid, being by "shareholders" in the Company. Under the Corporations Act the proportional bid may be for some other class of "securities" on issue in the Company, in which event those entitled to vote, to approve the proportional bid, are only the holders of that class of securities (but always excluding the bidder and its associates).
- 6.5 Proportional bids are, for a number of reasons, less common in Australia than full bids. The Corporations Act addresses one feature of any proportional bid that can disadvantage target shareholders, as compared to a full bid. A successful proportional bidder can secure control of the target and leave the target shareholders, including those who accepted for the specified proportion of their holding, locked into a minority position. To address this potential disadvantage to target shareholders the Corporations Act permits a company to insert provisions in the constitution of the company to require target shareholder approval before a proportional bid can, in effect, proceed.
- 6.6 The key elements of the PTA provisions are:
- (a) If a proportional bid were made for shares in the Company then the Directors of the Company must either convene a meeting of shareholders, or hold a postal ballot, to vote on a resolution to approve the proportional takeover bid, so that the vote is held before the statutory deadline which is the day that is 2 weeks before the last day of the bid period.
 - (b) The bidder and its associates are precluded from voting on the resolution as to whether to approve the proportional bid.
 - (c) It is approved if more than 50% of the votes cast on the resolution are in favour.
 - (d) If the shareholders have voted on the matter by the required deadline and did not pass the resolution then the practical effect is that the proportional bid cannot proceed and acceptances of the bid must be returned to the target shareholders.
- 6.7 The PTA provisions enable the Directors of the Company to ascertain the views of the Company's shareholders on a proportional takeover bid at the time that the bid is made. Apart from this, there is no specific advantage or disadvantage for Directors, as Directors, in renewing the PTA provisions in the Company's Constitution.
- 6.8 The PTA provisions also ensure that all shareholders will have an opportunity to study a proportional takeover bid proposal at the time it is made and vote on whether it should be permitted to proceed. This should ensure that the terms of any future proportional bids are structured to be attractive to a majority of independent shareholders, that is, shareholders other than the bidder and its associates.
- 6.9 As at the date of this Explanatory Statement, none of the Directors of the Company is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.
- 6.10 It may be argued that the PTA provisions make a proportional takeover more difficult to achieve and therefore proportional bids will be discouraged. This in turn may reduce opportunities which the shareholders may have to sell some of their shares at an attractive price to persons securing control of the Company, and it may reduce an element of proportional takeover speculation from the Company's share price. It may also be argued that the PTA provisions constitute an additional restriction on the ability of the shareholders to deal freely with their shares.

- 6.11 During the time when the PTA provisions have been in effect, that is since 30 May 2008, there have been no takeover bids for shares in the Company, either full or proportional, and therefore the PTA provisions have not been activated. Nor are the Directors aware of any takeover bid which was discouraged by the Company's PTA provisions. Consequently, in the period from 30 May 2008 to the present, the advantages, and disadvantages, for Directors and shareholders have been theoretical for that past period.
- 6.12 For the future, the advantages, and potential disadvantages, of the PTA provisions remain those discussed in the 11 preceding paragraphs. The renewed provisions will expire after three years, unless again renewed by the Company's shareholders by a special resolution.

Recommendation on Item 6

Your Directors consider that, on balance, renewal of the PTA provisions is in the best interests of shareholders and, accordingly, recommend that you vote in favour of the special resolution to renew the proportional takeover approval provisions in the Company's Constitution.

Item 7: Amend Constitution

- 7.1 The purpose of the special resolution in Item 7 is to:
- amend various provisions in the Company's Constitution which only allow the Company to pay dividends out of "profits";
 - allow the Directors to "declare" a dividend (in addition to the power to "determine that a dividend is payable"); and
 - make a number of other consequential amendments to the Constitution as set out in the resolution.
- 7.2 The changes are intended to allow the Directors to pay dividends in circumstances consistent with changes to the law concerning payment of dividends which came into effect on 28 June 2010 (see the Corporations Amendment (Corporate Reporting Reform) Act 2010).
- 7.3 Prior to 28 June 2010, section 254T (**"the old section 254T"**) of the Corporations Act 2001 (Cth) (**"the Act"**) provided:
- "A dividend may only be paid out of profits of the company."
- 7.4 On 28 June 2010 the Act was amended. One change effected was that section 254T was replaced with a new section 254T (**"the new section 254T"**) which is as follows:
- "254T Circumstances in which a dividend may be paid"**
- (1) A company must not pay a dividend unless:
- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
 - (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
 - (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.
- Note 1: As an example, the payment of a dividend would materially prejudice the company's ability to pay its creditors if the company would become insolvent as a result of the payment.
- Note 2: For a director's duty to prevent insolvent trading on payment of dividends, see section 588G.
- (2) Assets and liabilities are to be calculated for the purposes of this section in accordance with accounting standards in force at the relevant time (even if the standard does not otherwise apply to the financial year of some or all of the companies concerned)."
- 7.5 The "profits test" or capital maintenance rule under which a company could only pay dividends out of profits, in the old section 254T, has been replaced with the three-tiered test based on balance sheet solvency in the new section 254T.
- 7.6 Accordingly, your Directors consider that any provision of the Company's Constitution that restricts or qualifies the declaration or payment of a dividend by reference to "the profits of the Company" should be removed (along with various other consequential changes) so that such declaration and payment are governed by the new requirements of the new section 254T.

Recommendation on Item 7

Your Directors recommend that you vote in favour of the special resolution to amend the Company's Constitution as set out in Item 7.

Item 8: Retirement of Stephen Francis Higgs as a director

Mr Stephen Higgs, aged 62, is a non-executive director who was first appointed to the Board in 1999. Mr Higgs holds a relevant interest in 606,278 shares in the Company. Mr Higgs retires by rotation in accordance with the Constitution, but does not offer himself for re-election. No resolution is required in relation to the retirement of Mr Higgs as a director.

Your Directors thank Mr Higgs for his outstanding contribution to the Company over many years.

With the retirement of Mr Higgs from the Board your Directors have unanimously resolved to recommend Dr Errol Katz as a director of the Company in accordance with the Company's Constitution. Dr Katz offers himself for election in accordance with Item 4 in this Notice of Meeting.

9. General: Questions and comments on management of the Company

- 9.1 The chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, the management of the Company.

General: Questions to the auditor

- 9.2 Any shareholder may submit to the Company a written question directed to the Company's auditor, Deloitte Touche Tohmatsu ("**Auditor**"), if the question is relevant to:
- (a) the content of the Auditor's Report to be considered at the Meeting; or
 - (b) the conduct of the audit of the Annual Financial Report to be considered at the Meeting.
- 9.3 Any relevant written question under **paragraph 9.2** above must be received by the Company no later than 5.00pm (Sydney time) on Friday 19 November 2010.
- 9.4 The Company will pass the questions on to the Auditor. The Auditor will then prepare, and give to the Company, a list of the relevant questions. The Company will, at or before the start of the Meeting, make copies of the questions list reasonably available to the shareholders attending the Meeting.
- 9.5 If the Auditor prepares a written answer to a written question submitted under **paragraphs 9.2 and 9.3** above, the chair of the Meeting may permit the Auditor or their representative to table the written answer to the written question. The Company will make the tabled written answer reasonably available to shareholders as soon as practicable after the Meeting.
- 9.6 The chair of the Meeting will allow a reasonable opportunity for the Auditor or their representative to answer relevant written questions submitted under **paragraphs 9.2 and 9.3** above.
- 9.7 The chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask the Auditor or the auditor's representative questions relevant to:
- (a) the conduct of the audit; and
 - (b) the preparation and content of the Auditor's Report; and
 - (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (d) the independence of the Auditor in relation to the conduct of the audit.

General: undirected proxies

- 9.8 The chair of the Meeting intends to vote undirected proxies in favour of each of the resolutions in Items 1 to 7.

PRIMARY
HEALTH CARE LIMITED

Primary Health Care Limited

ABN 24 064 530 516

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11.00am (Sydney time) Wednesday 24 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. If you wish to appoint two proxies, please use a separate proxy form to appoint each proxy. The percentage of votes or number of securities to be exercised by each proxy should be specified next to each proxy's name in their proxy form in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, any one of the securityholders may sign.

Power of Attorney: Please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Primary Health Care Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Primary Health Care Limited to be held at Level 3, 156 Gloucester Street, Sydney NSW 2000 on Friday 26 November 2010 at 11.00am (Sydney time) and at any adjournment of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
2 Adoption of Remuneration Report	☐	☐	☐
3 Re-elect Mr Terence Smith as a Director	☐	☐	☐
4 Elect Dr Errol Katz as a Director	☐	☐	☐
5 Approval of the Primary Senior Executive Performance Rights Plan ("PPRP")	☐	☐	☐
6 Renewal of Proportional Takeover Approval Provisions	☐	☐	☐
7 Amend Constitution	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____