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ASX release

MEDIBANK APPOINTS CRAIG DRUMMOND AS MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Board of Medibank Private Limited (ASX: MPL) today announced that Craig Drummond had been appointed the company's Managing Director and Chief Executive Officer, effective 4 July 2016. The appointment follows an extensive global search that considered a field of internal and external candidates.

David Koczkar, Medibank's Chief Operating Officer, will serve as acting Chief Executive Officer (CEO) from 1 April, when current Managing Director and CEO George Savvides retires. Mr Savvides announced in October 2015 that he would retire as Managing Director and CEO this year after 14 years leading Medibank.

Medibank's Chairman, Elizabeth Alexander AM, said: "The Board is delighted an executive of Craig's calibre has agreed to lead Medibank. Craig has an outstanding reputation for his leadership capabilities, strategic thinking and business acumen. He brings with him deep experience in regulated service industries requiring a strong customer focus.

Craig's leadership qualities and track record of integrity, customer focus, employee empowerment and profitable growth are core elements of Medibank's strategy. The Board believes Craig's focus on these areas will further strengthen Medibank's performance. The Board and I look forward to Craig bringing his own leadership vision to the continued improvement of Medibank for our members, our people and our shareholders."

Mr Drummond said: "I am very excited to lead this great Australian company. Medibank has a long history of delivering quality, affordable health outcomes to its members, as well as sound financial returns to its owners. My goal is to continue that record of strong performance for members and shareholders, and to play our part in transforming the health system."

Mr Drummond, 55, was most recently Group Executive, Finance and Strategy of National Australia Bank (NAB), a role in which he oversaw the transformation of the bank's balance sheet through multiple asset sales and the execution of Australia's largest ever equity capital raising. He also led a repositioning of the bank's strategy and a refocus on performance management. Before joining NAB, he was CEO of Bank of America Merrill Lynch in Australia. He joined leading financial services firm JB Were as an analyst in 1986 and was instrumental in the merger of the business with Goldman Sachs in 2003. He was in various roles over this period rising to be CEO of Goldman Sachs in Australia from 2007 to 2009.

Ms Alexander also paid tribute to the achievements of retiring Managing Director and CEO George Savvides, who led the company for 14 years and guided it through the successful transition from government ownership to its listing on the Australian Securities Exchange in December 2014.

“As I said last October when George announced his retirement, it is a credit to his leadership that he leaves the company with a strong balance sheet, a focused leadership team and good momentum in the business” Ms Alexander said.

Mr Drummond’s biographical details and the key terms of his appointment are attached to this announcement.

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CRAIG DRUMMOND BIOGRAPHY

Craig Drummond most recently joined National Australia Bank Ltd (NAB) in November 2013 as Group Executive, Finance and Strategy. His focus was on a strategic realignment and repositioning of the bank, its balance sheet and performance management systems.

Prior to the NAB, Craig's role from October 2009 was Chief Executive Officer and Country Head of Bank of America Merrill Lynch. He presided over a rebuild of the franchise (including establishing a fixed interest and currencies business) and a return to profitability of the company in Australia.

Craig had joined Goldman Sachs JBWere in 1986 in equity research and was in various roles from 2003 of Chief Operating Officer, Chief Executive Officer and Executive Chairman until May 2009. Craig was instrumental in the merger of JBWere with Goldman Sachs in Australia and New Zealand in 2003.

Craig graduated with a Bachelor of Commerce degree from The University of Melbourne in 1981. He completed the Advanced Management Program at Wharton University in 2001. Craig is a Senior Fellow of FINSIA and a Chartered Accountant.

Craig is a Board member of the Geelong Football Club Limited, the Florey Institute of Neuroscience & Mental Health and a member of the Finance committee of the Ian Potter Foundation Limited.

CRAIG DRUMMOND - KEY TERMS OF EMPLOYMENT AGREEMENT

The key terms of Mr Drummond's employment arrangements are summarised below. They have been developed with the benefit of input from external consultants and information on Australian peer company benchmarks.

The remuneration package is designed to ensure alignment of reward with the creation of value for shareholders and with the achievement of corporate objectives as determined by the Board.

Remuneration Package

Mr Drummond will be provided with the following elements of remuneration (on an annualised basis):

- **Total Fixed Remuneration:** Mr Drummond's total fixed remuneration is \$1,500,000 per annum and will be reviewed annually. Fixed remuneration includes cash salary, salary packaged benefits, fringe benefits tax and compulsory superannuation contributions.
- **Short Term Incentive:** Mr Drummond will be eligible to receive a target Short Term Incentive of 100%, with an opportunity to achieve up to 150% for outstanding performance, of his annual total fixed remuneration, subject to the rules of Medibank's Short Term Incentive Plan and the satisfaction of performance conditions (financial and non- financial) as determined by the Board.
- **Long Term Incentive:** Mr Drummond will be eligible to receive an LTI grant (in the form of performance rights) equivalent to up to 150% of his annual total fixed remuneration, subject to the rules of Medibank's Executive Long Term Incentive Plan (refer to the 2015 Annual Report).

Termination provisions

Mr Drummond may end his employment at any time by giving six months' written notice to Medibank.

Medibank may end Mr Drummond's employment at any time by giving twelve months' written notice to Mr Drummond.