

THIS DOCUMENT IS IMPORTANT

If you do not understand it or are in any doubt about how to act, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.



SONIC HEALTHCARE LIMITED

ACN 004 196 909

NOTICE OF ANNUAL GENERAL MEETING 2010

AND

EXPLANATORY MEMORANDUM

The Annual General Meeting of shareholders will be held in Ballroom 2, Four Seasons Hotel at 199 George Street, Sydney NSW on 18 November 2010, commencing at 10.00am (Sydney time).

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. Proxies must be appointed in accordance with the instructions set out in the proxy form enclosed with this booklet. Proxy appointments and any authority documents must be received by no later than 10.00am (Sydney time) on 16 November 2010.

A copy of Sonic's concise annual report for the financial year ended 30 June 2010 is accessible on Sonic's website at the following address: www.sonichealthcare.com/annualreports.aspx. As permitted by the *Corporations Act 2001* (Cth), a physical copy of the concise annual report has been sent only to shareholders who have elected to receive a physical copy.

Notice of Annual General Meeting 2010

Notice is given that the 2010 Annual General Meeting of Sonic Healthcare Limited ("Sonic" or "the Company") will be held in Ballroom 2, Four Seasons Hotel, 199 George Street, Sydney NSW on Thursday, 18 November 2010, commencing at 10.00am (Sydney time).

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider:

- (a) the financial report of the Company;
- (b) the directors' report; and
- (c) the auditor's report

for the financial year ended 30 June 2010.

Re-election of Directors

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

1. **THAT** *Dr Philip Dubois, who retires in accordance with Article 71 of the Company's Constitution and, being eligible, offers himself for re-election, is re-elected as a director of the Company.*
2. **THAT** *Ms Kate Spargo, who was appointed as a director during the year and who retires in accordance with Article 69 of the Company's Constitution and, being eligible, offers herself for election, is elected as a director of the Company.*
3. **THAT** *Dr Jane Wilson, who was appointed as a director during the year and who retires in accordance with Article 69 of the Company's Constitution and, being eligible, offers herself for election, is elected as a director of the Company.*

VOTING NOTE:

All members are entitled to vote on Resolutions 1, 2 and 3.

Remuneration Report

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

4. **THAT** *the remuneration report for the financial year ended 30 June 2010 is adopted.*

VOTING NOTE:

All members are entitled to vote on Resolution 4. The vote on this resolution is advisory only and does not bind the Company or its directors.

SPECIAL BUSINESS

Increase in Available Pool for Non-Executive Directors' Fees

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

5. **THAT**, for the purposes of listing rule 10.17 of the Listing Rules of ASX Limited and Article 72 of the Company's Constitution, the maximum total annual amount of fees available for the Company to pay non-executive directors as a whole be increased by \$200,000 to give the Company flexibility to pay total non-executive directors' fees of up to \$1,000,000.

VOTING NOTE:

The Company will disregard any vote cast on Resolution 5 by any director of the Company and an associate of a director of the Company.

However, the Company will not disregard a vote cast on Resolution 5 if:

- (a) 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
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

ADDITIONAL INFORMATION:

This Notice is accompanied by an Explanatory Memorandum which provides an explanation of the business of the meeting, including the proposed resolutions.

Voting Entitlements

1. For the purposes of the 2010 Annual General Meeting, the shares of the Company that are on issue as at 7.00pm on 16 November 2010 will be taken to be held by the persons who held them at that time. Accordingly, you will be entitled to vote at the meeting if, and only if, you are a registered member of the Company at 7.00pm (Sydney time) on 16 November 2010. Transfers registered after that time will be disregarded in determining members entitled to attend and vote at the meeting.

Custodian Voting

2. For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Proxies

- 3. A member has a right to appoint a proxy, who need not be a member of the Company.
- 4. If a member is entitled to cast two or more votes, the member may appoint two proxies. If a member appoints two proxies, neither proxy is entitled to vote on a show of hands.
- 5. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's voting rights (disregarding fractions).

6. You may return your proxy form to Sonic's share registry by faxing, posting or delivering it to the relevant address below, or to the registered office of Sonic.
- By Fax: 1800 783 447
By Mail: Sonic Healthcare Limited
C/o Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia
7. To be effective for the scheduled meeting, your proxy form must be received no later than 48 hours before commencement of the Annual General Meeting (i.e. by 10.00am (Sydney time) on 16 November 2010). A proxy form accompanies this Notice.
8. Alternatively, you may appoint a proxy using an electronic facility available at the website www.investorvote.com.au. At the website, members will be able to view an electronic version of the proxy form, which will accept proxy appointments and register them accordingly. A member who wishes to use this facility must register their proxy appointment by no later than 10.00am (Sydney time) on 16 November 2010.
9. A proxy may decide whether or not to vote on any motion, unless the proxy is required by law or the Company's constitution to vote. Unless a member specifically directs the proxy how to vote on a proposed resolution, the proxy may vote as he or she thinks fit on that resolution. If the member specifically directs the proxy how to vote on a proposed resolution, the proxy may only vote on that item in the way the member directed.
10. If a member appoints the Chairman of the meeting as proxy and does not direct the Chairman how to vote on any of the proposed resolutions set out in this Notice, then the Chairman intends to vote in favour of the resolution if a poll is called on the resolution.

By ORDER of the Board of Directors



Paul Alexander
Company Secretary

Dated: 19 October 2010

EXPLANATORY MEMORANDUM

ORDINARY BUSINESS

Financial Statements and Reports

The financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2010 will be laid before the Annual General Meeting, as required by the *Corporations Act 2001 (Cth)* (**Corporations Act**). Shareholders can access a copy of the reports (which form part of Sonic's 2010 Annual Report) and a copy of the concise annual report on the Company's website at www.sonichealthcare.com. As permitted by the Corporations Act, a physical copy of the concise annual report has been sent only to shareholders who have elected to receive a physical copy.

During this item of business, shareholders will be provided with a reasonable opportunity to ask questions about, and make comments on, the reports and the management, business and performance of the Company.

Shareholders will also be given a reasonable opportunity to ask a representative of the Company's auditor, PricewaterhouseCoopers, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit. Shareholders may also submit a written question to PricewaterhouseCoopers if the question is relevant to the content of the auditor's report for the financial year ended 30 June 2010 or the conduct of the audit of the financial report for that year. Questions for the auditor must be received by the Company by no later than Thursday, 11 November 2010. At the meeting, PricewaterhouseCoopers will be given the opportunity to answer, or table written answers to, relevant questions.

Resolutions 1, 2 and 3 – Re-election of Directors

Under Article 71 of the Constitution of the Company and in accordance with the Listing Rules of ASX Limited, no director, other than the Managing Director, may hold office for a continuous period in excess of 3 years or past the third Annual General Meeting following the director's appointment, whichever is the longer, without submitting for re-election. Dr Philip Dubois is required to retire as a director at the end of the 2010 Annual General Meeting but, being eligible, offers himself for re-election.

Under Article 69 of the Constitution of the Company and in accordance with the Listing Rules of ASX Limited, the Directors may appoint any person as a director. That person shall hold office until the end of the next following Annual General Meeting and shall be eligible for election at that meeting without needing to give any prior notice. Kate Spargo and Dr Jane Wilson who were appointed during the year are required to retire as directors at the end of the 2010 Annual General Meeting but, being eligible, offer themselves for election.

Brief biographical details of Dr Philip Dubois, Kate Spargo and Dr Jane Wilson are set out below:

Dr Philip Dubois

*M.B., B.S., F.R.C.R., F.R.A.N.Z.C.R., F.A.I.C.D.
Executive director, appointed July 2001*

Dr Dubois is Chairman of the Sonic Imaging Executive Committee and is Chairman and CEO of Queensland X-Ray. A neuroradiologist and nuclear imaging specialist, he is currently an Associate Professor of Radiology at University of Queensland Medical School. He has served on numerous government and craft group bodies. He is currently a Vice-President of the Australian Diagnostic Imaging Association (ADIA). Dr Dubois is a member of Sonic's Risk Management Committee. He is a non-executive director of Magnetica Limited (since December 2004).

Kate Spargo

*L.L.B. (Hons), B.A., F.A.I.C.D.
Non-executive, independent director, appointed July 2010*

Ms Spargo has gained broad business experience as both an advisor, having worked in private practice and government, and as a director. Ms Spargo has been a director of both listed and unlisted companies over the last ten years and her current directorships include Australian Unity Limited, a healthcare finance and insurance mutual, SMEC Limited, an engineering company with operations in around 40 countries, Investec Bank (Australia) Limited, Transfield Services Infrastructure Limited, Australian Energy Market Operator Ltd and Pacific Hydro Pty Ltd. She is Chair of the Accounting Professional and Ethical Standards Board Ltd. Ms Spargo is a member of the Audit Committee.

Dr Jane Wilson

*M.B.B.S., M.B.A., F.A.I.C.D.
Non-executive, independent director, appointed July 2010*

Dr Wilson is a professional company director with a background in medicine, finance, banking and consulting and has extensive experience in business strategy and corporate governance, serving as Queensland President and National Board Director of the Australian Institute of Company Directors ("AICD") and currently on the AICD Advisory Panel. Dr Wilson is the current Chairman of IMBcom (the University of Queensland's commercialisation company for the Institute for Molecular Bioscience) and a Director of CathRx Ltd, UQ Holdings Ltd, Universal Biosensors Inc. and Union College. Dr Wilson is Finance Director of the Winston Churchill Memorial Trust and the Managing Director of Barambah Wines. She is a member of the University of Queensland Senate and of the UQ Faculty of Health Sciences Board. Dr Wilson is a member of the Remuneration and Nominations Committees.

Resolution 4 – Remuneration Report

Sonic's 2010 Annual Report contains a remuneration report (which forms part of the directors' report), which sets out the board's remuneration policy and reports the remuneration arrangements in place for directors and specified executives for the financial year ended 30 June 2010.

A resolution for adoption of the remuneration report will be put to the vote at the Annual General Meeting, as required by section 250R of the Corporations Act. In accordance with the Corporations Act, the vote on Resolution 4 will be advisory only and will not bind the directors or the Company.

Shareholders will be provided with a reasonable opportunity to ask questions about and make comments on the remuneration report at the Annual General Meeting.

SPECIAL BUSINESS

Resolution 5 – Increase in Available Pool for Non-Executive Directors' Fees

Under listing rule 10.17 of the Listing Rules of ASX Limited and Article 72 of the Company's Constitution, the maximum combined annual amount of remuneration payable to all non-executive Directors is fixed by shareholders in general meeting. At present, that amount is set at \$800,000. From that amount, the current (from 1 May 2009) remuneration paid to each director is \$125,000 per annum and a committee fee of \$10,000 per annum for each board committee upon which the director serves. Individual non-executive Director's fees will not increase as a direct consequence of this resolution, should it be passed. Rather, the passage of this resolution will provide the Board with the flexibility to appoint further non-executive Directors to the Board or to increase individual non-executive Director's fees in the future, should either of these be considered appropriate. Options are not issued and bonuses are not payable to non-executive Directors.

The amount of time required of directors and the demands being placed upon them to conscientiously and adequately perform their duties on behalf of shareholders is significantly increasing with the complexity of both regulatory requirements and the diagnostic services business itself, as well as Sonic's continued international growth.

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