

ahm ALERT: Our Campaign Continues

Hello,

I would like to thank you for your support of our campaign to Save AHM. We have received a considerable number of responses from union members and the general community; all are very much appreciated by the Union and its members.

Our petition is just one step in the campaign. We would like to inform you of our next step, and request your further support.

The Union believes that the members of ahm are being ignored by the CEO and Directors of ahm. This is evident when you look at the 2007 annual report, "Board Chairman's Report" where Michael McMahon reports that when ahm undertook a consultation project in 2006, "members indicated a strong preference to remain a non for profit mutual". "65% of members were against demutualising regardless of what form it took"

Members indicated that they wanted to remain a mutual organisation because they feared that the "company would run for the benefit of shareholders rather than members", and they felt that this was "likely to affect premiums and service levels".

With this knowledge the Directors voted to continue on the path to sell ahm to Medibank Private, ignoring what members were telling them.

OUR NEXT STEP

The Union would like to arrange a meeting of members of ahm, to obtain a minimum of 100 signatures, calling for a General Meeting of the Board of Directors and members.

We propose at this meeting to gather further information from the members of ahm in order to prepare strategies for our ongoing campaign to Save ahm.

The meeting of members who support ahm remaining a mutual organisation and to gather the required 100 signatures of members will take place at;

The Builders Club
61 Church Street, Wollongong 2500
6.30 pm (start), Thursday 14th August 2008

We are aware that members of ahm are scattered across Australia, and members in areas outside of the Illawarra/Shoalhaven/Southern Sydney will have difficulties attending this meeting. To accommodate those members we attach a Performa letter, which will include you as one of the 100 members calling for the General Meeting.

Rudi Oppitz, USU Organiser
0409662460, roppitz@usu.org.au

SUMMARY

1. The CEO and Directors are ignoring ahm members.
2. 65% on members do not want to demutualise, they fear if that was to occur then service delivery would be affected and shareholders would be looked after first to the detriment of members.
3. A minimum of 100 members will need to sign a letter calling for a General Meeting of the Board of Directors and members.

A Member means a person who is registered as a member of the Company, and is the principal policy holder.

4. A meeting to be held on the 14th August 2008 6.30 pm, The Builders Club 61 Church St Wollongong
5. If you cannot attend the meeting and would like to be included in the 100 signatures please complete the attached letter and fax to Rudi Oppitz 02 42 276951

Remember!

Member means a person who is registered as a member of the Company, and is the principal policy holder.

6. If you would like to attend the meeting on the 14th August, please reply to this email

All enquires of if you would like any further information please do not hesitate to contact me on 0409662460.

Please find overleaf the letter to the CEO/Board of directors calling for a General Meeting of Members. Please print this letter and sign it, then fax it back to Rudi Oppitz on 02 42276951 as soon as possible.

The Chief Executive Officer:
The Board of Directors:
AHM
Cnr Market and Regent Streets
Wollongong NSW 2500

Dear Sir

My Name is
My Suburb and post code is.....

I am advising ahm that under the Australian Health Management Group Limited Constitution Clause 12.4, I am requesting that the Board of Directors call a General Meeting of members, in Wollongong, as soon as possible to deal with, consider and resolve the following matters I would like raised at the General Meeting.

Resolution 1

That the Board of Directors not proceed with the proposed member vote to demutualise ahm.

Resolution 2

That the Board of Directors not proceed with the proposed member vote to amend ahm's constitution to affect the demutualisation of ahm and Medibank Private Ltd's acquisition of ahm.

Resolution 3

That the Board of Directors immediately informs members of ahm what compensation, payment or other consideration, including positions on the Board or Committees of Medibank Private Ltd, the CEO and each individual Director stands to gain if Medibank Private Ltd acquires ahm.

Resolution 4

That the Board of Directors and officers of ahm, including the CEO, cease all discussions and negotiations with Medibank Private Ltd for or related to the proposed sale/acquisition of ahm and its associated entities.

Resolution 5

That the Board of Directors put to the membership at the requested General Meeting a proposal to amend the constitution to prevent the Board of Directors and officers of ahm, including the CEO, from initiating or engaging in negotiations with any entity relating to the sale/acquisition of ahm and associated entities without first having obtained the approval of 75% of eligible members in a vote in which at least 25% of the membership has voted.

Should the Board of Directors refuse to endorse all of resolutions 1 through 5 then;

Resolution 6

This General Meeting calls on the Board of Directors to immediately terminate the employment contract of the CEO.

Resolution 7

This General Meeting calls on the Chairman, Deputy Chairman and any Director who does not support ahm remaining an independent mutual health insurer, once having terminated the employment of the CEO, to immediately resign their positions as Directors of the Board of ahm.

Resolution 8

Members of ahm attending the General Meeting called by members, have the opportunity to propose any other resolution from the floor of the meeting, that will see ahm remain a mutual company owned by the members and operated for the benefit of the members.

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Signature