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**HEALTH CARE MERGERS & ACQUISITIONS REACH HIGHEST LEVEL IN TWO YEARS
ACCORDING TO IRVING LEVIN ASSOCIATES, INC.**

NEW CANAAN, CT – April 15, 2005 – According to a new report from Irving Levin Associates, merger and acquisition activity in the health care industry reached its highest level in two years during the first quarter of 2005, posting a total of 248 deals. This figure represents a 15% increase over the previous quarter and 19% over the year-ago quarter, Q1:04. The last time volume was higher was Q4:02 which had 286 deals. The contribution of each sector to Q1:05's deal volume appears below, where each sector is assigned to the health care services or health care technology segment.

THE HEALTH CARE M&A MARKET Q1:05 – DEAL VOLUME BY SECTOR

<u>Sector</u>	<u>Q1:05 Deals*</u>	<u>Q4:04 Deals</u>	<u>% Change</u>	<u>Q1:04 Deals</u>	<u>% Change</u>
<i>Services Segment:</i>					
Long-Term Care	26	25	+4%	13	+100%
Home Health	14	8	+75%	6	+133%
Physician Medical Groups	11	10	+10%	10	+10%
Laboratories, MRI, Dialysis	10	10	0%	6	+67%
Hospitals	9	17	-47%	9	0%
Managed Care	7	10	-30%	8	-13%
Behavioral Health	5	1	+400%	4	+25%
Rehabilitation	2	1	+100%	6	-67%
Other	<u>29</u>	<u>29</u>	<u>0%</u>	<u>27</u>	<u>+7%</u>
Services Subtotal	113	111	+2%	89	+27%
<i>Technology Segment:</i>					
Medical Devices	43	33	+30%	37	+16%
Biotechnology	39	22	+77%	29	+34%
Pharmaceuticals	31	37	-16%	39	-21%
e-Health	<u>22</u>	<u>13</u>	<u>+69%</u>	<u>15</u>	<u>+47%</u>
Technology Subtotal	135	105	+29%	120	+13%
Grand Total	248	216	+15%	209	+19%

**Preliminary figures*

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Based on revealed prices, a total of \$34.8 billion was committed to finance Q1:05's 248 transactions. While health care technology accounted for 54% of the deal volume, it accounted for 87% of the funds spent on health care M&A. "Investor interest in health care technology grew during the first quarter, as can be seen from the remarkable increases in the Biotechnology, e-Health and Medical Device sectors," observed Sanford Steever, Ph.D., editor of the report. "And even though deal volume in Pharmaceuticals actually dropped, this sector still attracted the greatest amount of capital for M&A deals, \$20.2 billion, or 58% of the quarter's total for all of health care."

In the services segment, Long-Term Care continued to lead the pack, while Hospitals plunged in the rankings. "The appetite for buying hospitals appears to be moderating as the market digests the facilities Tenet Healthcare has sold off over the past two years," stated Stephen M. Monroe, managing editor at Irving Levin Associates, Inc. "Dealmaking in the Long-Term Care sector remains robust as buyers, though somewhat wary of reimbursement risk for skilled nursing facilities, seek out high-quality properties or acquisitions with potential revenue upside in the assisted and independent living sectors."

Six billion-dollar deals were announced in Q1:05, totaling \$24.6 billion and accounting for 71% of the quarter's total committed funds. "Even though the median price paid per deal in the first quarter, \$16,250,000, fell from the 2004 median price of \$17,320,000, increased deal volume indicates that the number of participants involved in the M&A market has actually grown," observed Mr. Monroe. "While big, splashy deals often capture the headlines, our research shows that interest in health care M&A among companies and investors is keen, broad-based and growing," added Mr. Steever.

For more information on *The Health Care M&A Report*, or for a subscription to any Irving Levin publication, call 800-248-1668. Irving Levin Associates, Inc., established in 1948, has headquarters in New



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