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**M&A ACTIVITY FOR HEALTH CARE SERVICES RISES 19% IN 2005,
ACCORDING TO IRVING LEVIN ASSOCIATES, INC.**

NORWALK, CT – March 22, 2006 - Merger and acquisition activity in the health care industry's service sectors posted increases in transaction volume and dollars spent during 2005. A total of 523 deals were announced in nine sectors of the health care services industry, up 24% from the 423 deals announced in 2004. Further, the dollar value of those deals, based on revealed prices, rose 19% from \$39 billion in 2004 to \$46.3 billion in 2005. "The M&A market for health care services has grown for two straight years after hitting rock bottom in 2003. The glut of capital seeking investment, low interest rates and a stable reimbursement environment have all combined to fuel this activity," commented Sandy Steever, editor of The Health Care Acquisition Report, Twelfth Edition. "Most of the dollar volume of activity came from eight billion-dollar transactions, totaling \$28 billion, which represents 60% of all dollars spent on health care services M&A," continued Mr. Steever.

In particular, the hospital acquisition market continued to improve after the ten-year low of 2003. Fifty domestic transactions were announced in 2005 involving 88 acute-care hospitals with a combined 11,294 beds. This represents a drop from 2004 when, due to several portfolio sales, 59 deals were announced involving 236 hospitals and 25,300 beds. Pricing, however, improved markedly with the average and median price-to-revenue multiples increasing to 1.17x and 0.79x in 2005 from their 2004 counterparts, 0.61x and 0.53x, respectively. The 2004 hospital market had sales of more facilities than the market was willing to absorb at historical prices; for



example, over an 18-month period, Tenet Healthcare Corp. divested approximately 25 hospitals, thereby depressed pricing. The 2005 market, by contrast, involved the sale of fewer, but higher quality facilities, helping to move pricing upwards.

In other highlights, the managed care sector saw 30 mergers and acquisitions in 2005 worth a combined total of \$9.2 billion, including three billion-dollar deals. The laboratory, MRI & dialysis sector also saw high dollar amounts spent, with the \$4 billion acquisition of Renal Care Group by Fresenius accounting for the lion's share spent in that sector. However, there are signs that the near-term M&A market may not continue to expand at the same pace of the two previous years. "Despite the availability of capital and a relatively stable reimbursement environment, concerns over escalating energy prices and mid-term elections may tend to divert attention from the M&A market in the remainder of 2005," commented Stephen M. Monroe, a partner at Irving Levin Associates. "Even so, we expect the level of M&A activity in 2006 to fall somewhere between the levels of 2004 and 2005."

The Health Care Acquisition Report, Twelfth Edition, contains more than 200 pages of hard-to-find information on all publicly announced hospital, managed care, laboratory services, physician medical group, behavioral health, rehabilitation and other services mergers and acquisitions in 2005. Two other services sectors, long-term care and home health, are treated separately in The Senior Care Acquisition Report, Eleventh Edition. Irving Levin Associates, Inc. is a Norwalk, Connecticut-based research and publishing firm specializing in health care investments. The firm has more than 50 years experience in the health care and seniors housing



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acquisition market. The Health Care Acquisition Report, Twelfth Edition, may be purchased for \$595 by calling 800-248-1668 or logging in at www.healthcaremanda.com.

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