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**HEALTH CARE M&A DOLLARS SPENT IN 2006 SHATTERS PREVIOUS RECORD
ACCORDING TO NEW REPORT FROM IRVING LEVIN ASSOCIATES, INC.**

NORWALK, CT – January 11, 2007 – During 2006, a total of 991 mergers and acquisitions were announced in 13 sectors of the health care industry, a 2% increase over the 970 transactions announced in 2005. Based on prices revealed to date, a combined total of \$260.7 billion was committed to finance the year’s 991 deals. This is a 61% increase over the \$162.3 billion in 2005 and a 59% increase over the \$164.3 billion in 2004, the previous record-breaking year in terms of dollars spent.

M&A DEAL AND DOLLAR VOLUME FOR 2006 AND 2005

Sector	DEAL VOLUME			DOLLAR VOLUME		% Change
	2006	2005	% Change	2006	2005	
Behavioral Health	24	26	-8%	\$ 1,770,000,000	\$ 1,200,000,000	48%
Home Health	53	73	-27%	810,100,000	498,000,000	63%
Hospitals	53	50	6%	34,900,000,000	2,880,000,000	1112%
Laboratories, MRI, Dialysis	43	39	10%	2,300,000,000	6,500,000,000	-65%
Long-Term Care	143	129	11%	22,500,000,000	6,900,000,000	226%
Managed Care	27	30	-10%	1,200,000,000	19,100,000,000	-94%
Physician Medical Groups	32	35	-9%	201,000,000	1,100,000,000	-82%
Rehabilitation	9	10	-10%	153,000,000	95,700,000	60%
Other	<u>136</u>	<u>135</u>	<u>1%</u>	<u>25,100,000,000</u>	<u>8,000,000,000</u>	<u>214%</u>
Services Subtotal	520	527	-1%	\$ 88,934,100,000	\$ 46,273,700,000	92%
Biotechnology	115	113	2%	\$ 36,400,000,000	\$ 23,100,000,000	58%
E-Health	69	61	13%	4,800,000,000	4,100,000,000	17%
Medical Devices	150	141	6%	53,500,000,000	42,200,000,000	27%
Pharmaceuticals	<u>137</u>	<u>128</u>	<u>7%</u>	<u>77,100,000,000</u>	<u>46,600,000,000</u>	<u>65%</u>
Technology Subtotal	471	443	6%	\$ 171,800,000,000	\$ 116,000,000,000	48%
Grand Total	991	970	2%	\$ 260,734,100,000	\$ 162,273,700,000	61%

“Health care M&A activity surged in 2006 with a market that was flush with capital looking for investments,” stated Stephen M. Monroe, managing editor at Irving Levin Associates, Inc., which publishes *The Health Care Acquisition Report*. “The year saw a total of 35 billion-dollar deals, worth a combined total of over \$200.0 billion, hitting the market at the astonishing rate of one every 10 days.”

The four sectors of the health care technology segment, including Biotechnology, e-Health, Medical Devices and Pharmaceuticals, posted 471 deals, or 48% of the year's deal volume. A combined total of \$171.8 billion, or 66% of all health care dollars spent in 2006, was committed to the technology sector. "Just three sectors, Pharmaceuticals, Medical Devices and Biotechnology combined, garnered 64% of all health care dollars committed in 2006," observed Sanford Steever, Ph.D., editor of the Report. "Investors' favorable attitude toward the industry can be gauged by the fact that health care deals commanded acquisition premiums that were 50% more than the average for M&A across all industries."

In the service segment, facility-based sectors, particularly Hospitals and Long-Term Care, attracted the greatest number of investors' dollars in 2006. "Traditional real estate investors continued targeting the senior housing market, helping drive valuations up to their current high levels," Mr. Monroe indicated. "The \$33.0 billion acquisition and privatization of hospital giant HCA proved emblematic of private equity's buying power and interest in asset-based acquisition targets."

The fourth quarter of 2006 witnessed 226 mergers and acquisitions worth \$75.8 billion. With 12 billion-dollar deals announced during the period, Q4:06 maintained the heady pace set earlier during the year. "While we recognize that not every year can be a record-breaker, our current indications are that the trends established in the 2006 M&A market will continue robustly in 2007," Mr. Steever concluded.

For more information on *The Health Care Acquisition Report*, *The Health Care M&A Information Service* or for a subscription to any Irving Levin publication, call 800-248-1668. Irving Levin Associates, Inc., established in 1948, has headquarters in Norwalk, CT and is online at www.levinassociates.com. This privately held



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