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**HEALTH CARE M&A DOLLAR VOLUME SURGES IN THE THIRD QUARTER OF 2006  
ACCORDING TO NEW REPORT FROM IRVING LEVIN ASSOCIATES, INC.**

**NORWALK, CT – October 5, 2006** – According to a new Report from Irving Levin Associates, a total of 237 mergers and acquisitions were announced in the health care industry during the third quarter of 2006, a 13% decrease from the 273 deals announced in the prior quarter, Q2:06. Based on preliminary figures, however, a total of \$74.2 billion was committed to fund the third quarter’s M&A activity, representing a 48% increase over the \$50.3 billion spent in the year-ago quarter, Q3:05.

**THE HEALTH CARE M&A MARKET THIRD QUARTER 2006**

**DOLLAR AMOUNTS BY SECTOR\***

<b>Sector</b>	<b>Dollar Amount First Quarter 2006</b>	<b>Percent of Quarter</b>
Hospitals	\$ 33,500,000,000	45%
Long-Term Care	2,600,000,000	4%
Managed Care	390,000,000	<1%
Labs, MRI, Dialysis	280,000,000	<1%
Home Health Care	162,000,000	<1%
Behavioral Health Care	0	—
Physician Medical Groups	0	—
Rehabilitation	0	—
Other Services	623,000,000	1%
Services subtotal	\$ 37,600,000,000	51%
Biotechnology	\$ 16,400,000,000	22%
Pharmaceuticals	16,100,000,000	21%
e-Health	2,100,000,000	3%
Medical Devices	2,000,000,000	3%
Technology subtotal	\$ 36,600,000,000	49%
Total health care	\$ 74,200,000,000	100%

*\*Preliminary figures*

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The health care services segment attracted the largest amount of capital, thanks in large part to the \$33 billion deal to privatize industry-leading hospital operator HCA. The quarter saw seven billion-dollar deals across all sectors, at a rate of better than one every other week, worth a combined total of \$62.4 billion.

The number of deals announced in each sector of the health care industry appears in the chart below, along with comparisons to the prior quarter (Q2:06) and the year-ago quarter (Q3:05).

**THE HEALTH CARE M&A MARKET Q3:06 – DEAL VOLUME BY SECTOR**

<b><u>Sector</u></b>	<b><u>Q3:06 Deals*</u></b>	<b><u>Q2:06 Deals</u></b>	<b><u>% Change</u></b>	<b><u>Q3:05 Deals</u></b>	<b><u>% Change</u></b>
<b><i>Services Segment:</i></b>					
Long-Term Care	38	27	41%	29	31%
Laboratories, MRI, Dialysis	15	9	67%	8	88%
Home Health	12	18	-33%	21	-43%
Hospitals	12	15	-20%	15	-20%
Behavioral Health	9	4	125%	4	125%
Managed Care	5	7	-29%	13	-62%
Physician Medical Groups	5	8	-38%	8	-38%
Rehabilitation	5	1	400%	1	400%
Other	<u>35</u>	<u>36</u>	<u>-3%</u>	<u>44</u>	<u>-20%</u>
Services Subtotal	136	125	9%	143	-5%
<b><i>Technology Segment:</i></b>					
Medical Devices	34	47	-28%	33	3%
Pharmaceuticals	27	39	-31%	41	-34%
Biotechnology	25	33	-24%	22	14%
e-Health	15	29	-48%	14	7%
Technology Subtotal	<u>101</u>	<u>148</u>	<u>-32%</u>	<u>110</u>	<u>-8%</u>
Grand Total	<b>237</b>	<b>273</b>	<b>-13%</b>	<b>253</b>	<b>-6%</b>

*\*Preliminary figures*

Two technology sectors, Biotechnology and Pharmaceuticals, rank among the strongest players in the

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health care M&A market, accounting for almost half of the dollars spent in this market and half of the billion-dollar deals announced year-to-date. “Big pharma and biotech are both acquiring companies with late-stage drug candidates to beef up their development pipelines,” stated Stephen M. Monroe, managing editor at Irving Levin Associates, Inc., which publishes *The Health Care M&A Report*. “As their mature drugs, many of them blockbusters, lose exclusivity, these companies need promising, new candidates to replace the revenues that will be lost to competition, generic and otherwise,” added Sanford Steever, Ph.D., editor of the Report.

Deal volume in the Long-Term Care sector remains high, promoted by record-low cap rates and ready capital seeking investment. “Several of the larger deals in the third quarter involved acquisitions by real estate investment trusts, or REITs, who are rebalancing their portfolios and taking advantage of quality properties coming on to the market,” commented Mr. Monroe. “While industry insiders anticipate a decline in activity down the road, investor enthusiasm in the short term continues to buoy the Long-Term Care M&A market.”

For more information on *The Health Care M&A Report*, or for a subscription to any Irving Levin publications, call 800-248-1668. Irving Levin Associates, Inc., established in 1948, has headquarters in Norwalk, CT and is online at [www.levinassociates.com](http://www.levinassociates.com). This privately held corporation publishes research reports and newsletters, and maintains merger and acquisition databases, on the health care and senior housing markets.

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