



FOR IMMEDIATE RELEASE

Note: If you would like to receive this
via email, please send your email address
to foss@levinassociates.com

Stephen M. Monroe, Partner
Sanford B. Steever, Editor
Phone: (800) 248-1668
Fax: (203) 846-8300

**HEALTH CARE MERGER AND ACQUISITION ACTIVITY STRONG IN THIRD QUARTER 2007,
YEAR ALREADY SECOND-LARGEST EVER IN HEALTH CARE M&A
ACCORDING TO NEW REPORT FROM IRVING LEVIN ASSOCIATES, INC.**

NORWALK, CT – OCTOBER 9, 2007 – According to a new Report from Irving Levin Associates, a total of 245 mergers and acquisitions were announced in the health care industry during the third quarter of 2007, a 1% increase over the 242 deals announced in the second quarter. Based on preliminary figures, a total of \$48.1 billion was committed to fund the third quarter’s M&A activity, representing a 21% decrease from the \$60.6 billion spent during Q2:07. But while the \$172.0 billion spent in the first nine months of 2007 represents an 8% decrease from the \$186.0 billion spent in the corresponding period of 2006, 2007 is already the second-largest year in terms of dollars committed to M&A activity.

THE HEALTH CARE M&A MARKET THIRD QUARTER 2007

DOLLAR AMOUNTS BY SECTOR*

Sector	Dollar Amount Third Quarter 2007	Percent of Quarter
Long-Term Care	\$ 8,971,875,000	19%
Managed Care	1,658,700,000	3%
Home Health	929,500,000	2%
Labs, MRI, Dialysis	716,360,000	1%
Hospitals	260,500,000	<1%
Physician Medical Groups	31,300,000	<1%
Rehabilitation	23,000,000	<1%
Behavioral Health Care	0	<1%
Other Services	3,188,200,000	7%
Services subtotal	\$ 15,779,435,000	33%
Medical Devices	\$ 16,752,800,000	35%
Pharmaceuticals	1,338,500,000	24%
Biotechnology	4,076,700,000	8%
e-Health	135,000,000	<1%
Technology subtotal	\$ 32,303,000,000	67%
Total health care	\$ 48,082,435,000	100%

**Preliminary figures*

-- more--

The health care technology segment attracted the largest amount of capital, capturing two dollars out of every three invested in health care M&A. The third quarter also posted 12 billion-dollar deals across all sectors, worth a combined total of \$31.0 billion, or 64% of all M&A dollars in Q3:07.

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 (Q2:07) and the year-ago quarter (Q3:06).

THE HEALTH CARE M&A MARKET Q3:07 – DEAL VOLUME BY SECTOR

Sector	Q3:07 Deals*	Q2:07 Deals	% Change	Q3:06 Deals	% Change
Services Segment:					
Long-Term Care	28	26	8%	42	-33%
Other	24	24	0%	38	-37%
Hospitals	19	15	27%	11	73%
Physician Groups	12	6	100%	5	140%
Home Health Care	10	14	-29%	15	-33%
Labs, MRI, Dialysis	9	11	-18%	18	-50%
Managed Care	8	9	-11%	5	60%
Rehabilitation	4	4	0%	5	-20%
Behavioral Health Care	<u>3</u>	<u>3</u>	<u>0%</u>	<u>11</u>	<u>-73%</u>
Services Subtotal	117	112	4%	150	-22%
Technology Segment:					
Pharmaceuticals	51	38	34%	27	89%
Medical Devices	41	40	3%	35	17%
Biotechnology	22	37	-41%	25	-12%
e-Health	<u>14</u>	<u>15</u>	<u>-7%</u>	<u>15</u>	<u>-7%</u>
Technology Subtotal	128	130	-2%	102	25%
Grand Total	245	242	1%	252	-3%

**Preliminary figures*

Despite the subprime mortgage market meltdown and ensuing credit crunch in the third quarter, the health care M&A market remained robust. “While financial buyers such as private equity funds captured the lion’s share of media attention, strategic buyers dominated the market and remain well motivated to pursue further health care M&A activity,” stated

-- more--

Sanford Steever, Ph.D., editor of the Health Care M&A Report. “With health care growing as a percentage of GDP,

268 ½ Main Avenue, Norwalk, CT 06851 ■ (203) 846-6800 ■ Fax: (203) 846-8300
pressreleases@levinassociates.com ■ www.levinassociates.com



increased demand for services and products from baby boomers and a highly fragmented landscape, the health care industry is poised for continuing consolidation,” added Mr. Steever.

The recent absence of large private equity deals from the market has put the brakes on escalating valuations, as may be seen in the Long-Term Care market. “With valuations in flux, buyers not wanting to pay too much and sellers not wanting to sell too low, dealmakers are taking a more cautious approach until the market corrects and stabilizes,” commented Stephen M. Monroe, managing editor at Irving Levin Associates.

“Even if M&A activity stopped dead in its tracks at the end of the third quarter, something we do not expect to happen, 2007 will still emerge as the second-largest year ever, after 2006, in terms of dollars committed to the health care merger and acquisition market,” Mr. Steever summarized.

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. This privately held corporation publishes research reports and newsletters, and maintains merger and acquisition and venture capital databases, on the health care and senior housing markets.

--- end ---