



ASX Announcement

5 September 2005

**RAMSAY ENTERS INTO AGREEMENT TO SELL 14 HOSPITALS TO HEALTHSCOPE FOR \$490 MLN**

Ramsay Health Care Limited today announced it has entered an agreement with Healthscope Limited under which Healthscope will acquire 14 Affinity hospitals for total proceeds of \$490 million, conditional on the approval of the Australian Competition and Consumer Commission (ACCC).

Ramsay had previously given an undertaking to the ACCC to sell 14 hospitals to partially address competition issues associated with the \$1.4 billion acquisition of Affinity in April 2005.

The total purchase price includes a \$13.5 million payment for Transitional Services. In addition, Healthscope will reimburse Ramsay for development capital expenditure paid by Ramsay since the hospitals were purchased in April.

As part of the agreement, Healthscope has paid Ramsay a deposit of \$20 million which is only refundable in limited circumstances.

In addition to the agreement over the 14 hospitals, Ramsay has entered into a two week exclusivity arrangement with Healthscope, during which time the parties will enter into negotiations in relation to the possible acquisition by Healthscope of the five additional hospitals that the ACCC requires Ramsay to divest. Any sale will also be subject to ACCC consent.

Ramsay Managing Director Pat Grier said Ramsay was very pleased with the higher price it has realised for the 14 hospitals.

“We have been negotiating the sale of these 14 hospitals since April but our discussions with Healthscope only began very recently.

“We have had a number of expressions of interest and we are extremely pleased to have achieved such a significantly higher price for these hospitals, and to provide more certainty regarding their ownership.

“This outcome underscores the increased valuations for private hospitals since we acquired Affinity in April,” Mr Grier said.

Ernst & Young Mergers and Acquisitions and Blake Dawson Waldron advised Ramsay in its negotiations with Healthscope.

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