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**RAMSAY HEALTH CARE ACQUIRES MARKET-LEADING UK HOSPITAL
OPERATOR CAPIO UK**

Ramsay Health Care Limited today announced it has agreed to acquire Capio AB's market-leading United Kingdom operations ("Capio UK") for £193 million¹ (\$474 million), providing a solid platform for expansion in the UK and Europe.

The acquisition of Capio UK is a landmark transaction for Ramsay providing the following key benefits:

- Entry into a market with significant growth upside due to a shift towards outsourcing National Health Service ("NHS") services to the private sector;
- Underpinned by a stable, private health insurance sector; and
- Great potential for efficiency gains by utilising Ramsay's strong management expertise in running highly efficient hospital portfolios.

Capio UK is the fourth-largest operator of private hospitals in the UK, operating 22 hospitals throughout England together with 9 Independent Sector Treatment Centres ("ISTCs") which service contracted NHS patients.

Ramsay Managing Director Pat Grier said Capio UK is a quality business which provides Ramsay with a strong foundation to begin realising its offshore expansion plans.

"We have spent significant time investigating the right offshore acquisition for Ramsay. We believe Capio UK is a sound strategic acquisition that will allow us to export our hospital expertise to a market with similar dynamics to Australia.

"The UK hospital market is going through a period of fundamental change and now allows public patients to choose whether they want to go to a private or public hospital. This acquisition allows us to achieve critical mass throughout the UK in a market offering good growth prospects."

Mr Grier said Ramsay would retain Capio UK's strong and established management team which would help maximise its earnings potential.

¹ Plus provisions of £7 million (\$17 million) as at 30 June, 2007

“Acquiring a management team with proven success in winning and operating the largest NHS outsourced contract, positions Ramsay to materially benefit from the UK Government’s focus on increasing the level of private sector participation in patient care.

“Recent success in winning contracts for NHS outsourced services will provide Capio UK with strong revenue and earnings growth over the near-term and a solid foundation for capturing a larger market share of NHS outsourced services in the medium-to-longer term.”

The acquisition will be funded by debt. ANZ and NAB have underwritten a fully committed debt package of around \$2 billion which will be used to refinance existing facilities and fund brownfields capital expenditure, while retaining significant flexibility for further acquisitions and brownfields expansions.

The acquisition is expected to be positive to Core EPS in the second full year after the acquisition (FY2010) as the benefits of the shift towards outsourcing NHS to the private sector flow through.

The acquisition is expected to close in the second quarter of fiscal 2008, subject to closing conditions, including regulatory and government approvals and consents.

Merrill Lynch acted as exclusive financial advisor to Ramsay on the acquisition and Lovells acted as legal advisor.

About Capio UK

The Capio UK portfolio comprises a mix of private hospitals and ISTCs including:

- 22 private hospitals across England (with a total of 854 beds) which provide a wide range of services from orthopaedics and general surgery to cardiac surgery and oncology;
 - The hospitals have a 30-year lease holding which expires in 2037 with an option to extend for an additional 30 years;
- 9 ISTCs with contracted volumes of around 108,000 inpatient episodes and 127,000 outpatient episodes over 5 years;
- 2 neurological rehabilitation centres which provide long-term stays for treatment of complex neurological conditions;
- Diagnostic services and diagnostic imaging;
- An eye clinic offering a range of treatments for ophthalmic patients, especially those requiring cataract surgery; and
- A 22-apartment retirement village.

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