



Overall M&A activity within the Healthcare Providers and Services sector decreased 13% over the last twelve months (LTM) ending September 30, 2005 with 207 deals reported compared with 238 deals for the same period last year and with median valuation multiples at 1.4 x Revenue, 9.7 x EBITDA, 12.3 x EBIT and 2.5 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Healthcare Facilities	73	47%	63	51%	66	50%	109	46%	99	48%
Nursing, Birthing & Home Services	23	15%	18	15%	18	14%	31	13%	30	14%
Medical Doctor Specialist Services	13	8%	11	9%	15	11%	36	15%	24	12%
Managed Healthcare	5	3%	3	2%	7	5%	17	7%	20	10%
Medical Lab Services	25	16%	19	15%	18	14%	27	11%	19	9%
Healthcare Distributors	17	11%	9	7%	9	7%	18	8%	15	7%
Total	156	100%	123	100%	133	100%	238	100%	207	100%

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

Large national and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 184 portfolio companies and also are fueling demand. Buyers objectives include:

- Close gaps in provider service offerings
- Reduce cost of services in light of shrinking healthcare reimbursements
- Gain scale and market share in specific states and regions
- Obtain operating efficiencies via technology and resource infrastructure leverage

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

Healthcare Facilities, including:

- ▣ Surgical and Emergency Centers
- ▣ Psychiatric Hospital Services
- ▣ Substance Abuse Hospitals/Facilities
- ▣ Urgent Care Centers
- ▣ Mobile Healthcare Centers/Services
- ▣ Specialty & Children's Hospitals
- ▣ HMO Medical Centers
- ▣ Intermediate Care & Hospice Facilities
- ▣ Kidney Dialysis Centers
- ▣ Rehab Hospitals & Nursing Homes
- ▣ Retirement Communities
- ▣ Funeral Homes & Services
- ▣ Cemeteries & Crematories

Other Healthcare Facilities, including:

- ▣ Outpatient Mental Health Facilities
- ▣ Optometry, Chiropractic & Dental
- ▣ Physical & Occupational Therapy
- ▣ Speech & Language Therapy

Medical Lab Services, including:

- ▣ Blood Chemistry/Lab Analysis
- ▣ Diagnostic Imaging Centers
- ▣ X-ray Laboratory Services
- ▣ Blood & Organ Banks
- ▣ Fertility Clinics
- ▣ Drug & Alcohol Screening
- ▣ Dental/Medical Laboratory Services

Managed Healthcare, including:

- ▣ Medical Practice & Physician Practice Mgmt
- ▣ Primary Care Practitioner Services

Medical Doctor Specialist Services, including:

- ▣ Gynecologic, Obstetric & Pediatric Services
- ▣ Cardiology, Psychiatry & Psychology Services
- ▣ Chiropractic & Ophthalmology Services
- ▣ Radiology Services & Oncology Services

Healthcare Distributors, including:

- ▣ Pharmaceutical Product Distributors
- ▣ Healthcare Equipment Distributors

Nursing, Birthing & Home Services, including:

- ▣ Midwifery, Child Birth, Nursing & Home Services

SALES & DIVESTITURES • MERGERS & ACQUISITIONS • VALUATIONS • FINANCING

For more information contact Gordon Gregory, David Cohn, David Herman, Charles Troe, Stan Deakin, Jeff Shippy, Robert Smith, or Shawn Thompson