



SONIC  
HEALTHCARE  
LIMITED

14 July 2006

### **AUCKLAND PATHOLOGY CONTRACT**

Sonic Healthcare Limited (ASX Code: SHL) advises that it has been informed today that its bid to continue as the sole provider of community pathology services in the Auckland region has been unsuccessful. Sonic's current contract expires on 30 June 2007.

Based on FY 2006 numbers, the revenue from the current contract is approximately A\$65 million per annum. The contract price quoted by the Healthscope consortium, which will need to cover the costs of service provision between 2008 and 2015, is significantly less than Sonic's forecast operating cost to maintain the current service levels.

After submitting a very competitive tender, Sonic is surprised with the announcement of the change of contract provider, given the substantial risks inherent in transition and the risk to the excellent service levels provided by Sonic to the Auckland community over many years. It would appear that the decision was made on price alone.

The financial impacts of the loss of this contract will depend on the outcome of the restructuring of Sonic's New Zealand operations over the remaining year of the contract.

Sonic will be reviewing the tender process and the options available in order to protect its position in the Auckland market, in which its subsidiary, Diagnostic Medlab, has provided services for over 40 years.

The New Zealand contract funding model is unique and is not replicated in other markets in which Sonic operates.

For further information regarding this announcement please contact:

Mr Paul Alexander  
Company Secretary  
Ph: 02 9855 5404