

18 OCTOBER 2005



PLACEMENT OF SHARES & SPP

STRICTLY PRIVATE AND CONFIDENTIAL

Summary

- On 23 August 2005 Sonic announced an agreement to acquire 80-85% of Clinical Pathology Laboratories, Inc. (CPL)
- Following satisfaction of conditions precedent including US anti-trust and CPL shareholder approval, Sonic successfully completed the CPL acquisition on 30 September 2005
- Sonic's initial shareholding percentage is 82%, a total investment of ~US\$312 million (approximately A\$410 million) assuming achievement of all earn-out targets
- The CPL acquisition was initially financed by a short-term US\$ "bridge" debt facility provided by ANZ Bank and JPMorgan
- The financial parameters of the acquisition were presented to the market on 23 August 2005. The acquisition is immediately EPS accretive for Sonic
- Sonic has today announced the intention to issue A\$200 million of ordinary shares, and a Shareholder Purchase Plan. The issue of shares is expected to have a minimal EPS impact and will be used to partly retire acquisition debt

Clinical Pathology Laboratories (CPL)

- CPL is the largest regional independent laboratory in the USA
- CPL is the one of the largest independent clinical laboratories in the United States
- CPL enjoys a leadership position in Texas, with significant growth opportunities in contiguous markets
 - CPL's main lab facilities are based in Austin, Texas
 - CPL is growing and also has operations in both Virginia and Ohio
- Annual revenue of ~US\$190m (~\$250m) per annum
- CPL has a proven, experienced and committed management team
- CPL is differentiated from major competitors in the independent sector
 - Pathologist / Medical leadership
 - Personalised service
- Diverse and loyal customer base
- 15 year history of strong growth
- CPL has a unique doctor-focused operating model
- Sonic and CPL have very similar cultures and values

Key Acquisition Terms

Key transaction terms	Commentary
<ul style="list-style-type: none"> ■ Sonic has initially acquired 82% of CPL 	<ul style="list-style-type: none"> ■ Key CPL management and existing pathologists will retain 18% ■ Sonic will acquire the minority interests progressively over a period of 3 years (2009-2012)
<ul style="list-style-type: none"> ■ Investment of ~US\$312 (approximately A\$410 million) for 82% (assuming full payment of earnout) 	<ul style="list-style-type: none"> ■ Purchase price equates to ~9.5 times prospective EBITDA ■ Consideration includes an earnout amount of up to ~US\$20MM which will be paid if EBITDA targets are met
<ul style="list-style-type: none"> ■ ANZ and JPMorgan provided a 6 month US dollar bridge debt facility 	<ul style="list-style-type: none"> ■ Sonic is raising A\$200 million (excluding oversubscriptions) through the issue of new fully paid ordinary shares ■ Sonic is also implementing a Shareholder Purchase Plan ■ Proceeds will be used to partly retire acquisition debt

Ownership Structure

Ownership structure

- Following satisfaction of conditions precedent including US anti-trust and CPL shareholder approval, Sonic completed the CPL acquisition on 30 September 2005
- Sonic acquired an initial interest in CPL of 82% on an EV/EBITDA multiple of ~9.5 times
 - Purchase price compares favourably with recent transactions:
 - Quest’s acquisition of LabOne for 12.7x (August 2005)
 - LabCorp’s acquisition of Esoterix for 12.7x (March 2005)
- The acquisition is immediately EPS accretive for Sonic
- Key management and pathologists will initially retain the balance (18%) and Sonic will progressively acquire 100% ownership of CPL over 3 years (2009-2012) using a mechanism geared to EBITDA
- The largest non-Sonic shareholders will continue to be Dr Robert Connor (Chairman and CEO) and David Schultz (President and COO)
- Dr Connor and David Schultz have retained ~50% of their current shares
- Retired pathologists, non-active shareholders, and the minority financial investor Summit Partners have exited entirely

Acquisition funding

Acquisition funding

- The acquisition required funding certainty
- ANZ Bank and JPMorgan provided a six month US\$ debt facility
- Today Sonic is raising A\$200 million through the issue of fully paid ordinary shares
 - Share placement to domestic and international institutions
 - Facility for oversubscriptions
- Shareholder Purchase Plan (SPP) for a maximum of A\$5,000 per shareholder
- The current placement and SPP will be used to partly retire acquisition debt, and is expected to have minimal EPS impact

Share placement

Share placement	
Offer structure	Institutional Placement
Issuer	Sonic Healthcare Limited (“SHL”)
Books open / close	1.00pm - 5.00pm Tues 18 Oct (Domestic) 1.00pm - 11.00pm Tues 18 Oct (International)
Total offer size	A\$200mm, with oversubscription facility
Security structure	New fully paid shares
No. of days trading	23x (based on 90 day ADTV ¹)
Placement purpose	To partly retire acquisition debt raised to fund Clinical Pathology Laboratories, Inc acquisition
Launch date	18 October 2005
Offer distribution	Domestic and international institutions
Lead Manager & Underwriter	J.P. Morgan Australia Limited
Financial Adviser	J.P. Morgan Australia Limited
Pre Market cap	A\$4,153mm
% of existing issued capital	4.8%
Last close	\$15.07
52 week high	A\$16.12
52 week low	A\$9.97

(1) : ADTV = Average Daily Trading Value

Timetable	
Book opens	1.00pm, Tues 18 Oct
Book closes (domestic)	5.00pm, Tues 18 Oct
Distribution of placement allocations	From midnight, Tues 18 Oct
Settlement	Mon 24 Oct
Allotment of placement shares	Tues 25 Oct

Capital structure

Capital structure

- Sonic's gearing prior to the share placement is approximately 52% (includes the short term CPL acquisition facility)
- Immediately following the Placement and SPP, Sonic's pro-forma gearing ratio will fall from ~52% to ~40%
- Sonic will offer its existing shareholders (Australia & New Zealand) the ability to participate in the raising through an SPP to a maximum of A\$5,000 per shareholder