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COMPANY NEWS; Ornda Healthcorp in 2d Merger in Two Weeks

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In the latest in a surge of hospital mergers as the health care industry girds for sweeping national change, Ornda Healthcorp announced its second acquisition in two weeks yesterday.

The deal will create a 46-hospital chain that measured by the number of hospitals would create the nation's third-largest investor-owned chain of community hospitals.

Ornda, based in Nashville, said it would merge with Summit Health Ltd., based in Burbank, Calif., for cash, assumed debt and Ornda stock, a deal valued at about \$369 million. Ornda shares rose \$1 yesterday, to \$13.75, in over-the-counter trading. Summit shareholders will receive \$5.50 in cash and 0.2157 share of Ornda common stock for each share of Summit they own.

On Nov. 17, Ornda (pronounced Or-EN-da) announced a cash and stock deal with American Healthcare Management of King of Prussia, Pa., which was valued at \$400 million. Both mergers are subject to shareholder and regulatory approval.

American Healthcare Management rose 75 cents yesterday, closing at \$8 on the New York Stock Exchange. Summit Health closed at \$7.875 in over-the-counter trading, down \$1.125.

In October, the Columbia Healthcare Corporation merged with the Hospital Corporation of America to form the nation's largest for-profit chain, with 190 hospitals. Healthtrust Inc. is the second largest, with 77 hospitals. Federal Trust Regulators

Although the expanded Ornda would have 13 hospitals in the Los Angeles area and four hospitals in metropolitan Miami, Charles N. Martin Jr., the chairman of Ornda, said he did not anticipate "any problem" with Federal antitrust regulators.

Mr. Martin said all three companies, which would also have a strong presence in Arizona and Iowa, had specialized in operating with low profit margins with cost-conscious managed health care plans and the Government Medicare and Medicaid programs.

"All of us have learned to operate in the environment of discounted managed care business," he said.

Analysts praised the deal. "These are the kinds of agile, low-cost companies that will flourish under health-care reform," said Nancy Moyer, a health care analyst at Unterberg Harris, a New York investment banker.

Mr. Martin, a former president of Healthtrust, will head the expanded company, which had combined pro forma revenues of \$1.6 billion in the fiscal year ending Aug. 31 1993.

He said Steve Volla, chairman of American Healthcare, would be chairman of Ornda's executive committee and Donald Amaral, president of Summit, will be Ornda's president and chief operating officer. The three will operate as the office of chief executive.

Mr. Martin, who had been a merger specialist for the Hospital Corporation of America before joining Healthtrust, took over the 11 hospitals of the former Republic Hospital Corporation in January 1992. He renamed it Ornda, which he said was an Iroquois word for well-being.

Joseph, Littlejohn & Levy Ltd., a New York investment partnership, which had paid \$55 million for 7.2 million shares of Republic in October 1991, hired Mr. Martin. At yesterday's close, the Joseph Littlejohn stake in the renamed company was worth \$99 million.

"This is a great deal for Ornda shareholders," said Jeff Villwock, an analyst at Johnson Rice & Company in New Orleans. He said he projects earnings of \$1.15 a share on a pro forma basis in the current fiscal year ending next August and an increase of at least 20 percent the following year.

Kidder, Peabody & Company is Ornda's financial adviser, Smith Barney Shearson is advising Summit, and Donaldson, Lufkin & Jenrette Securities is advising American Healthcare.