



PHARMA AND HEALTHCARE INFORMATION AND TECHNOLOGY INDUSTRY

Full Year 2011 :: Mergers and Acquisitions Trend Report

2011 KEY HIGHLIGHTS

- Blackstone Group LP's acquisition of Emdeon, Inc., was the largest transaction for 2011, with an acquisition price of \$3.03 billion.
- Thomas H. Lee Partners, L.P. was the most active acquirer with five transactions: Haas & Healthcare Partner Public Relations, SanCom Creative Communication Solutions, Comprehensive Medical Billing Solutions, Inc., FleetEyes, LLC. and i3 Clinical Development Businesses from Ingenix, Inc.
- There were 63 financially sponsored transactions with an aggregate value of \$4.65 billion, representing 22 percent of the total volume and 45 percent of the total value, respectively.

2011 KEY TRENDS

- Total transaction volume in 2011 increased by 15 percent over 2010, from 255 in 2010 to 292 this year.
- Total transaction value in 2011 decreased by 9 percent over 2010, from \$11.42 billion in 2010 to \$10.38 billion this year.
- The median revenue multiple declined from 2.0x in 2010 to 1.6x in 2011, while the median EBITDA multiple decreased from 11.6x to 9.0x.
- The segment with the largest increase in volume in 2011 over 2010 was Medical Information with a 31 percent increase from 16 transactions in 2010 to 21 transactions in 2011.

M&A MARKET OVERVIEW

Berkery Noyes tracked 789 transactions between 2009 and 2011, of which 273 disclosed financial terms, and calculated the aggregate transaction value to be \$29.15 billion. Based on known transaction values, we project values of 516 undisclosed transactions to be \$3.75 billion, totaling \$32.90 billion worth of transactions tracked over the past three years.

The most active acquirer by volume between 2009 and 2011 was UnitedHealth Group with 11 transactions.

Based on value, the most active market segment that Berkery Noyes tracked between 2009 and 2011 was Healthcare IT with \$10.25 billion worth of transactions.

M&A Market Dynamics

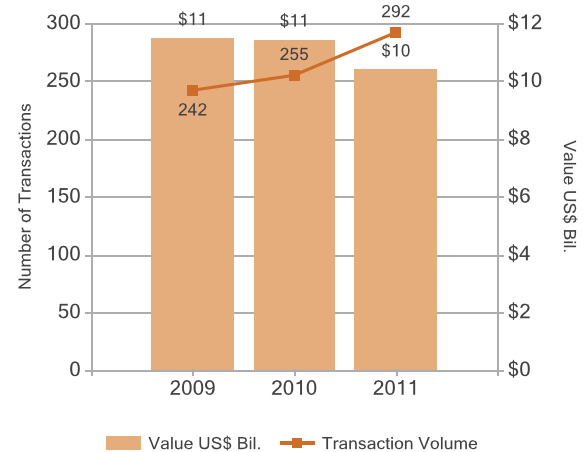


Figure 1. 2009 - 2011 value and volume comparison.

Median Enterprise Value Multiples

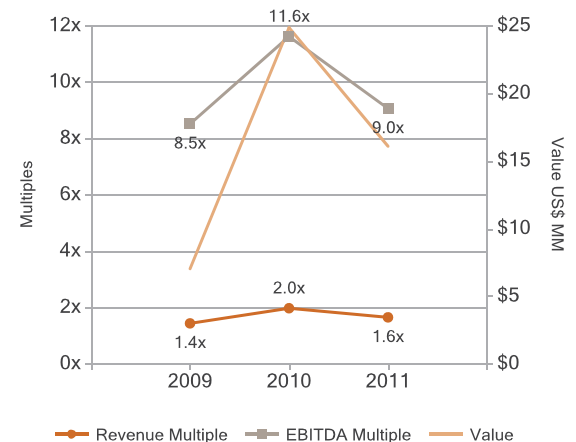


Figure 2. 2009 - 2011 median: revenue and EBITDA comparison.

Transaction Analysis :: January 1, 2011 – December 31, 2011

Bell Curve - Histogram

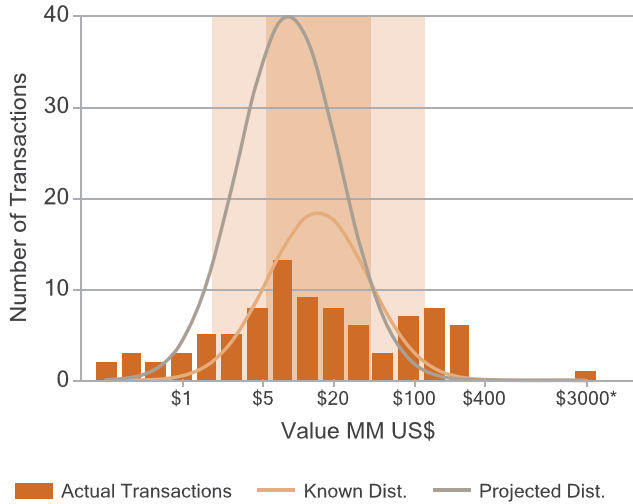


Figure 3. Shows distribution of transactions among the Pharma and Healthcare Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one third of companies purchased had transaction values of \$7.4 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done from Jan. 1 to Dec. 31, 2011 at \$10.4 billion.

* Indicates largest transaction in the industry from Jan. 1 through Dec. 31, 2011.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	2 %	2 %
\$0.4	3	0	3	3 %	5 %
\$0.6	2	1	3	2 %	8 %
\$1.0	3	4	7	3 %	11 %
\$1.6	5	11	15	5 %	16 %
\$2.7	5	21	26	5 %	22 %
\$4.5	8	33	40	9 %	30 %
\$7.4	13	40	52	14 %	45 %
\$12.2	9	37	46	10 %	54 %
\$20.1	8	27	35	9 %	63 %
\$33.1	6	15	21	7 %	70 %
\$54.6	3	7	9	3 %	73 %
\$90.0	7	2	9	8 %	80 %
\$148.4	8	1	8	9 %	89 %
\$244.7	6	0	6	7 %	96 %
\$403.4	0	0	0	0 %	96 %
\$665.1	0	0	0	0 %	96 %
\$1,096.6	0	0	0	0 %	96 %
\$1,808.0	0	0	0	0 %	96 %
\$2,981.0	1	0	1	1 %	97 %
Total #	92	200	292		
Total \$ Value	\$8,713	\$1,671	\$10,384		

■ Middle 3rd of Industry ■ Middle 2/3rds of Industry

Figure 4. Presents the data depicted in the bell curve-histogram.

Note: The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

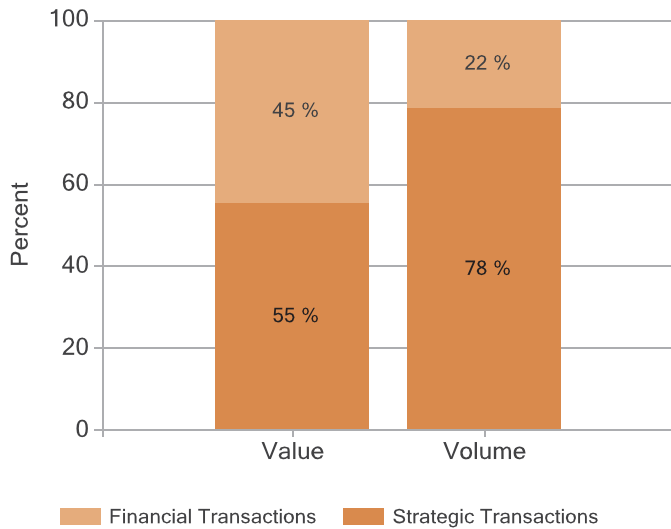


Figure 5. 2011 value and volume comparison by transaction type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type

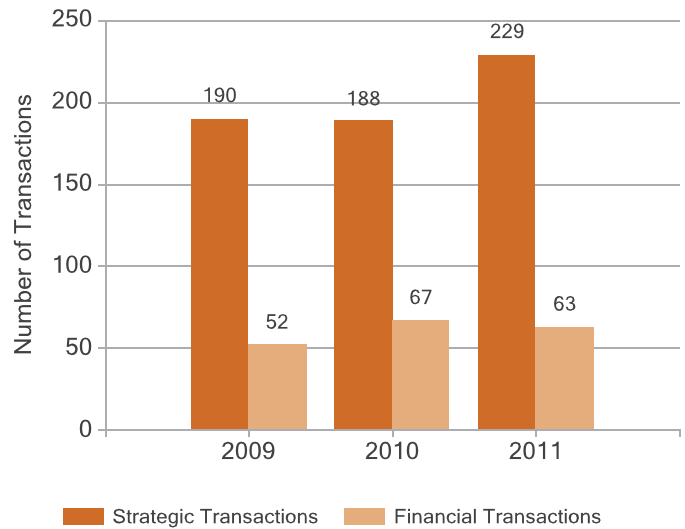


Figure 6. 2009-2011 transaction type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2011

Deal Date	Target Name	Buyer	Value MM US\$
08/04/11	Emdeon, Inc.	Blackstone Group LP	\$3,034
04/01/11	iSoft Group Limited	Computer Sciences Corporation	\$403
11/07/11	HealthDataInsights Inc.	HMS	\$400
03/24/11	drugstore.com, inc.	Walgreen Co.	\$384
08/03/11	Connexions	OptumHealth Inc.	\$325
09/22/11	Sage Healthcare	Vista Equity Partners	\$315
03/24/11	CambridgeSoft Corporation	PerkinElmer, Inc.	\$227
11/17/11	HealthTrans, LLC	SXC Health Solutions Inc.	\$219
07/20/11	Vitalize Consulting Solutions	SAIC	\$198
01/14/11	SDI Health LLC	IMS Health Incorporated	N/A
2011 Aggregate Transaction Value			\$10,384
Top 9 Aggregate Transaction Value			\$5,504
Top 9 Aggregate Value as a Percentage of All Transactions			53 %

Figure 7. Lists the top ten transactions for 2011 and calculates their aggregate transaction value as a percentage of the 2011 total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on announced date.

N/A: If the price is listed as N/A, berkery Noyes did not calculate that value into the aggregate.

Median EV/Revenue Multiples By Size

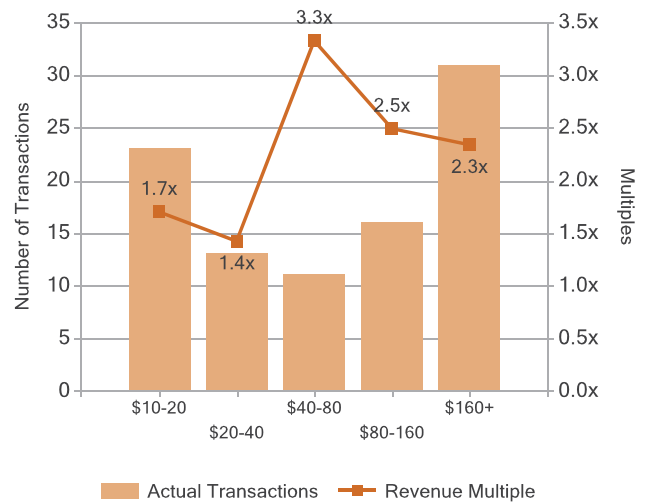


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Pharma and Healthcare Information and Technology Industry from 2009 to 2011 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2009 – December 31, 2011

Transactions By Market Segment

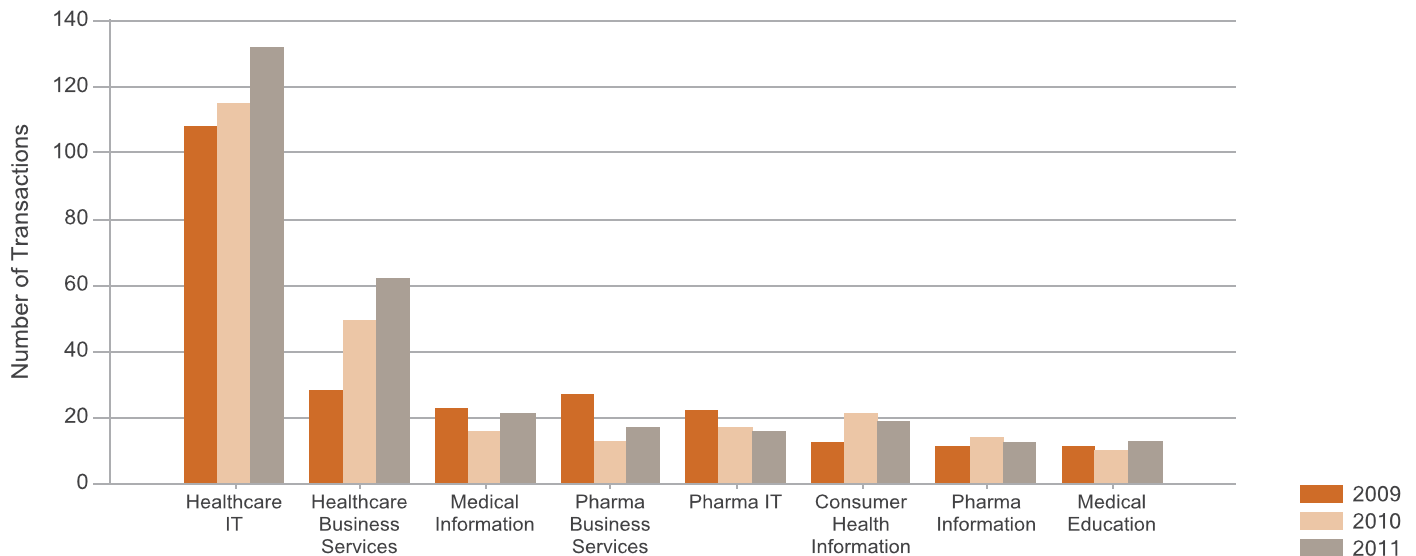


Figure 9. Presents the transaction volume by target segment within the Pharma and Healthcare Information and Technology Industry from 2009-2011.

BERKERY NOYES

INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 475 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

Berkery Noyes is unique among investment banking firms in that we combine independent strategic research and actionable intelligence with senior banking expertise. Berkery Noyes employs over 40 individuals with deep industry knowledge and experience who strive to exceed our clients' expectations.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at www.mandasoft.com

RECENT HEALTHCARE TRANSACTIONS

Healthx

A PORTFOLIO COMPANY OF

LIBERTY PARTNERS

HAS BEEN ACQUIRED
IN A MAJORITY
RECAPITALIZATION BY

FrontierCapital

V S S Veronis Suhler Stevenson

HAS ACQUIRED

**Strata Decision
Technology**



 HMP COMMUNICATIONS

HAS ACQUIRED
Consultant and
Consultant for Pediatricians

FROM



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HAS ACQUIRED

OR Manager

MedPage Holdings, Inc.



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