

**PHARMA AND HEALTHCARE INFORMATION AND TECHNOLOGY**

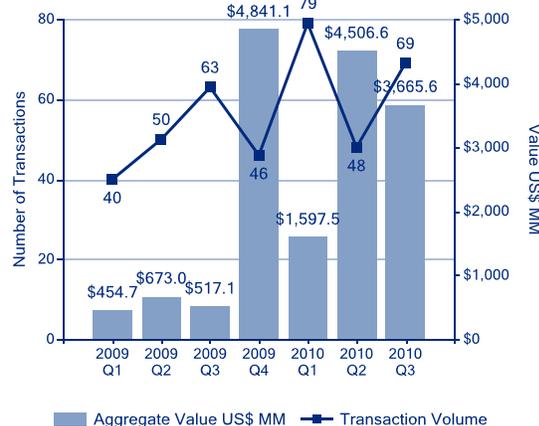
**Q3 Key Highlights**

- The most active acquirer through Q3 2010 was Ingenix, Inc., a subsidiary of UnitedHealth Group, with 5 purchases: A-Life Medical, Inc., Axolotl Corporation, Executive Health Resources, Inc., Picis, Inc. and QualityMetric, Inc.
- The largest reported transaction in Q3 2010 was Vestar Capital Partners' acquisition of Health Grades, Inc. for \$250 million.
- Strategic buyers have been the dominant acquirers in Q3 2010, representing 52 of the total 69 transactions.

**Q3 Key Trends**

- Total transaction volume in Q3 2010 increased by 43 percent over Q2 2010, from 48 to 69 transactions.
- Total transaction value in Q3 2010 decreased by 17 percent from Q2 2010, from \$4.5 billion to \$3.7 billion. This decline is exaggerated a number of large transaction occurring within Q2, as shown in Fig. 3.

**M&A Market Dynamics By Quarter**



**Figure 1.** 2009 - 2010 value and volume comparison by quarter.

**Median Enterprise Value Multiples**



**Figure 2.** 2007 - 2010 median: Value, Revenue, EBITDA comparison by 1st Three Quarters.

**Multiples & Value Trends**

- Median multiples have shown marked growth from 2009 to the first nine months of 2010. Median EBITDA multiples rose from 8.1 to 11.5, a 41 percent increase, while median revenue multiples rose from 1.2 to 1.9, a 58 percent increase.
- Ebix, Inc.'s purchase of A.D.A.M., Inc. for \$60 million represents a 2.3 revenue multiple, while Vestar Capital Partners' acquisition of Health Grades, Inc. for \$250 million represents a 4.4 revenue multiple.

**Top Ten Deals Through Q3 2010**

- The top ten deals by value have shifted since our last report, with four acquisitions entering the list in Q3 2010: Vestar Capital Partners acquisition of Health Grades, Inc. and Emdeon, Inc.'s acquisition of Chamberlin Edmonds & Associates, Inc., and Ingenix's acquisition of Picis, Inc. and Executive Health Resources, Inc.
- No financial terms have been released by Ingenix on their purchase of Picis, Inc. and Executive Health Resources, Inc., but the transaction value that has been reported merits these deals' inclusion within the Top 10.

**Top Ten Notable Transactions - 1st 3 Quarters 2010**

Deal Date	Target Name	Buyer	Value MM US\$
06/09/10	Eclipsys Corporation	Allscripts-Misys Healthcare Solutions, Inc.	\$1,273
05/06/10	inVentiv Health, Inc.	Thomas H. Lee Partners, L.P.	\$911
04/16/10	Phase Forward	Oracle Corporation	\$699
06/09/10	Healthcare Solutions Holding	Cardinal Health, Inc.	\$517
05/17/10	Virtual Radiologic Corporation	Providence Equity Partners	\$282
07/28/10	Health Grades, Inc.	Vestar Capital Partners	\$250
09/07/10	Chamberlin Edmonds & Associates, Inc.	Emdeon, Inc.	\$242
05/27/10	Logibec Groupe Informatique, Ltd.	OMERS Private Equity	\$225
07/22/10	Picis, Inc.	Ingenix, Inc.	N/A
08/04/10	Executive Health Resources, Inc.	Ingenix, Inc.	N/A
2010 Aggregate Transaction Value			\$10,869
Top 8 Aggregate Transaction Value			\$4,399
<b>Top 8 Aggregate Value as a Percentage of All Transactions</b>			<b>40 %</b>

**Figure 3.** Lists the top ten announced transactions in the 1st nine months of 2010 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

**Note:** Transactions data based on announcement date. N/A: If the transaction is listed as N/A, the value was not calculated into the 2010 aggregate transaction value.

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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.

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