

The Strategic Healthcare M&A Report

A Review of Merger, Acquisition and Strategic Transactions
in the Healthcare Industry

3rd Quarter 2006, October '06

Highlights

- **"How a Private Equity Firm Analyzes a Deal -- An Inside Look"** by Jonathan Stein, Senior Managing Director, Cortec Group Inc.
- **60 Deals Analyzed.** See Healthcare Transactions table attached.
- **Quarterly Deal Snapshot -- a quick view summary of the largest deals in each sector.**

The Strategic Healthcare M&A Report analyzes important merger, acquisition and strategic transactions taking place in the healthcare industry. Each issue offers advice from an expert on a critical aspect of corporate transactions or management. Please feel free to e-mail suggestions for future content to the address listed above.

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Critical Corporate Advice

How a Private Equity Firm Analyzes a Transaction -- An Inside Look

by Jonathan Stein, Senior Managing Director, Cortec Group, Inc.

Medical products and services companies have been attractive targets for private equity firms as the aging population creates increasing demand across many segments including diabetes, orthopedics, and heart disease. Most private equity firms interested in medical products companies seek well managed businesses in growing sectors and will pay a full market price for the opportunity. Other firms seek to capitalize on their proprietary, in-house capabilities to develop earlier stage companies, manage corporate transition issues or improve operations; for this additional risk, they will seek a lower purchase multiple.

Cortec pursues investments in both well-managed companies and businesses which can be improved. This inside look at how Cortec operates may provide guidance on how companies can build value – or collaborate with a private equity firm to do so.

Criteria

While we maintain general acquisition criteria, we retain flexibility and make informed judgments to assess a particular target company. We typically evaluate prospective middle market companies (usually less than \$200 million in revenues) against the following criteria.

Products or services We prefer companies which:

- Are at the forefront of their market niches, with limited substitution options
- Realize pricing which demonstrates their market leading position
- Have diversification across distribution channels/payors to reduce concentration risk
- Involve a consumable element to provide a steady income stream and ready acquisition of new accounts

Cost structure:

Low cost production and operations relative to competitors

Management:

A strong management team in place or a business attractive (and well-located) enough to attract first class talent

Entry barriers:

Defensible patents, branding, market position and scale of operations

Competition:

Avoid niches dominated by a deep pocketed competitor

Markets:

Should be growing and sustainable

Dependencies:

Limited customer or supplier concentration; Have an established reimbursement model

Regulatory:

Clean litigation, regulatory and product safety record

Customer Base:

Should be reliable and growing

Analysis / Modeling

While all private equity firms conduct diligence differently, fundamentally firms need to understand both the macro market dynamics affecting a company, as well as the unique strengths and weaknesses of the target. To address broader market trends, we seek to involve experts from a variety of disciplines. We often conduct an outside market study to validate management's projections and provide perspective. Importantly, we also devote our own senior level resources to fully understand the target's business by meeting extensively with management, talking to customers and suppliers, and assessing competitors. Refer-

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ence checks regarding key employees are also used. Only after we feel comfortable that we have conservatively projected revenues, profits and cash flows, do we finalize a capital structure. A key element of the financing is flexibility to withstand any departure from the original financial projections. We have ensured flexibility in our transactions by capitalizing the business with sufficient equity, and partnering with lenders with whom we have a long and trusting relationship.

Most private equity firms have investment committees that make financial investment decisions. Committee meetings allow differing points of view to be heard and insure all participants are on board. Unlike many other firms, Cortec does not have a committee approach. Instead, it is the obligation of the lead partner on a transaction to keep the firm's other partners up-to-date on a weekly basis of the key elements of a pending transaction. This process avoids late stage questioning or revisions to a deal from a less involved committee.

Relationship with Management

Like many firms, we become partners with management. A good relationship, with clear communication on a regular basis is essential. We take great pains to develop trust with managers so we share a common vision for the company.

We offer equity participation and other incentives to those executives in a position to drive value. In the diligence process, we discern which managers will be better motivated by annual cash bonuses rather than equity.

Adding Value, Post-Closing

There are many ways that private equity firms add value both operationally and strategically. Operationally, some ways we have worked with management to improve a company include:

- Developing new sales channels or making existing ones more productive. We focus on ensuring that the marketing strategy has been well thought out, and the right sales team (field, independent reps, telemarketers, etc) is in place;
- Putting more emphasis on product development, whether internally developed or licensed. We ensure the most viable commercial activities are prioritized;

- Improving sourcing strategies to import from lower cost suppliers, negotiating better terms from existing vendors, and assessing make/buy decisions;
- Upgrading MIS systems to understand profit drivers and report on key metrics. What is tracked can be acted upon.

Strategically, our efforts include:

- Understanding what will make the target company a stronger franchise for a strategic acquirer;
- Acting as a sounding board and resource for management;
- Attracting outside board members or advisors for their specific industry knowledge and contacts;
- Assisting in sourcing or executing add-on acquisition efforts

Case Study: Royce Medical

- California-based orthopedic soft goods company
- Private seller seeking to monetize his investment, but also retain a role with a partner to support growth
- Transaction provided significant upfront cash payment and a meaningful ongoing equity stake
- Cortec worked with Royce to:
 - Develop a field sales force, expanding on the core telemarketing sales platform
 - Recruit a new CEO to drive continued growth
 - Complete three strategically significant add-on acquisitions
- Ossur, an Icelandic orthopedics company, made an unsolicited offer to acquire the company as part of their US expansion strategy
- Cortec and management profited from the efforts to broaden the business franchise

Win-Win Exit

If each party does its job, the exit, usually in 3 to 5 years, will be a success for all participants. We seek to handsomely reward management with

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equity awards for their efforts and encourage them to remain with the company through a transition to a new owner. Moreover, we ensure fair treatment for the executives with ongoing employment arrangements.

When we initially invest in a company, we don't necessarily have a clear idea on who the next owner will be. Instead, we work with management to build the best business franchise we can, and the exit will usually take care of itself. If there is a strong strategic fit with another industry player,

then they may be the best buyer. If not, and the business demonstrates a good record of growth and an attractive ROI, private equity firms will be likely buyers.

Jonathan Stein is a Senior Managing Director of Cortec Group, Inc., (www.cortecgroup.com), a prominent private equity firm investing in healthcare and other industries. The firm is based in New York City.

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Quarterly Snapshot -- Q3 '06: Deals > \$100m (Pending or Closed)

Biopharmaceuticals		
Acquiring Party	Transferring Party	TransValue (millions)
Merck KGaA	Serono SA	\$16,006.0
UCB SA (UCBBt.BR)	Schwarz Pharma AG (SRZG.DE)	\$5,600.0
Hospira, Inc. (NYSE: HSP)	Mayne Pharma Limited (ASX: MYP)	\$2,000.0
Mylan Laboratories Inc. (NYSE: MYL)	Matrix Laboratories Ltd. (Mumbai Stock Exchange)	\$736.0
Millennium Pharmaceuticals, Inc. (Nasdaq: MLNM)	AnorMED, Inc. (Nasdaq: ANOR; TSX: AOM)	\$515.0
Genzyme Corporation (NASDAQ:GENZ)	AnorMED, Inc. (AMEX: AOM)	\$380.0
Gilead Sciences, Inc. (NASDAQ: GILD)	Corus Pharma	\$365.0

Diagnostics		
Acquiring Party	Transferring Party	TransValue (millions)
Siemens Medical Solutions (NYSE: SI)	Diagnostic Products Corporation	\$1,860.0
Becton, Dickinson and Company (NYSE: BDX)	TriPath Imaging (NASDAQ: TPTH)	\$350.0
Ventana Medical Systems, Inc. (NASDAQ: VMSI)	Vision Systems Limited (ASX: VSL)	\$346.0
Hologic, Inc. (NASDAQ: HOLX)	Suros Surgical Systems, Inc.	\$240.0
Hologic (NASDAQ:HOLX)	R2 Technology	\$220.0
Primedex Health Systems, Inc. (OTCBB:PMDX)	Radiologix, Inc. (AMEX:RGX)	\$208.0
Quest Diagnostics Incorporated (NYSE: DGX)	Focus Diagnostics, Inc.	\$185.0

Distribution		
Acquiring Party	Transferring Party	TransValue (millions)
Owens & Minor (NYSE: OMI)	McKesson's Acute-Care Medical and Surgical Supply Distribution Business (NYSE: MCK)	\$170.0

Medical Devices		
Acquiring Party	Transferring Party	TransValue (millions)
Orthofix International N.V.	Blackstone Medical, Inc.	\$333.0
U.S. Surgical, a unit of Tyco Healthcare (NYSE: TYC; BSX: TYC)	Confluent Surgical, Inc.	\$245.0
Medical Action Industries Inc. (NASDAQ:MDCI)	The Medical Products Division of Medegen Medical Products LLC	\$100.0

Medical Services		
Acquiring Party	Transferring Party	TransValue (millions)
Bain Capital, Kohlberg Kravis Roberts & Co., and Merrill Lynch Global Private Equity	HCA, Inc. (NYSE: HCA)	\$33,000.0
Vestar Capital Partners	MediMedia USA	\$1,400.0
PRA International (NASDAQ: PRAI)	Pharma Bio-Research	\$108.8

Healthcare Transactions -- 3rd Quarter 2006

The information contained in the table below was derived from publicly available and other sources. Transaction and rationale information is inferential and not intended to be relied upon as pronouncements by the transaction participants or for any other reason. Transactions are pending or closed.

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Genzyme Corporation (NASDAQ: GENZ) , a leading biotechnology company.	AnorMED, Inc. (AMEX: AOM ; TSX: AOM) , a stem cell development company.	Brings Genzyme a leading late-stage product candidate in development for hematopoietic stem cell transplantation. Deal value ~ \$380m. A hostile tender offer, which was rejected by the AnorMed board as being too low.	8/30/2006
Biopharmaceuticals	Gilead Sciences, Inc. (NASDAQ: GILD) , a major biopharmaceutical company.	Corus Pharma , a developer of specialty products for respiratory and infectious diseases.	Enables Gilead to help Corus more rapidly develop aztreonam lysine, an inhaled antibiotic to prevent lung infections in patients with cystic fibrosis. Deal value ~ \$365m.	8/2/2006
Biopharmaceuticals	Hospira, Inc. (NYSE: HSP) , a specialty pharmaceutical and medication delivery company selling primarily to hospitals.	Mayne Pharma Limited (ASX: MYP) , an Australian-based specialty generic injectable pharmaceuticals company.	Doubles Hospira's international sales and vastly upgrades its fledgling international distribution network. About 75% of Mayne's \$600m in annual sales are outside the U.S., with half its sales coming from the key Europe. Also bolsters Hospira's generic injectable drug business, which accounted for about one-third of its \$2.6b in '05 sales and is among its most profitable segments. Deal value ~ \$2.0b.	9/20/2006
Biopharmaceuticals	Inyx, Inc. (OTC Bulletin Board: IYXI) , a specialty pharmaceutical company focused on respiratory, allergy, dermatological, and cardiovascular conditions.	Pharmapac UK Ltd. , a provider of contract production and packaging services to pharmaceutical companies.	Complements Inyx's pending acquisition of a pharmaceutical production business based in Germany, which will further strengthen Inyx's pan-European positioning. Growth to be derived from cross-selling between the two companies' client bases. Deal price -- \$17m plus \$2.9m in milestone payments. In 2006, Pharmapac expects revenues and EBITDA to reach \$13.6m (1.25x) and \$2.8m (6.1x), respectively.	9/28/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Leman Cardiovascular SA , a Swiss-based biomedical device company manufacturing cardiovascular surgical devices.	Hancock Jaffe Laboratories , a developer of biological tissue solutions to treat patients with various cardiovascular disorders.	Provides technology rights to Leman for tissue processing that has proven successful in heart valve manufacture. Terms not disclosed.	7/18/2006
Biopharmaceuticals	Merck KGaA , a German-based global pharmaceutical and chemical company.	Serono SA , a Swiss-based global biotechnology company.	Creates a strategic combination with the size to better compete with the larger pharmaceutical companies. Enhances capabilities especially in neurology and oncology. Serono employs 4,750 people and operates in 44 countries. Revenue is \$2.5b. Deal value ~ \$16.6b (6.4x sales).	9/21/2006
Biopharmaceuticals	Millennium Pharmaceuticals, Inc. (Nasdaq: MLNM) , a biopharmaceutical company.	AnorMED, Inc. (Nasdaq: ANOR; TSX: AOM) , a Canadian-based biopharmaceutical company.	Strategic fit with Millennium's focus on hematology-oncology, where its product VELCADE leads the market in treating patients with relapsed multiple myeloma. Deal price ~ \$515m.	9/26/2006
Biopharmaceuticals	Mylan Laboratories Inc. (NYSE: MYL) , a leading pharmaceutical company.	Matrix Laboratories Ltd. (Mumbai Stock Exchange) , an India-based pharmaceutical company.	Provides a global platform and expansion of dosage forms and therapeutic categories, as well as deepening Mylan's vertical integration and supply chain capabilities. Matrix has a significant presence in important emerging pharmaceutical markets, including India, China, and Africa, as well as a European footprint and distribution network. Deal value ~ \$736m.	8/29/2006
Biopharmaceuticals	Nycomed Holdings , a Denmark-based pharmaceutical company owned by 3 private equity firms.	ALTANA Pharma AG (NYSE:AAA; FWB:ALT)(GER:ALT) , the German-based pharmaceutical business of ALTANA AG, with a focus on gastrointestinal and respiratory diseases.	Nycomed's product portfolio and pipeline will benefit from ALTANA Pharma's marketing strength in key European markets. The combined group will have an initial workforce of around 12,000 people across more than 40 countries, and have estimated annual sales of approx \$3.9b and EBITDA of approx. \$1.1b.	9/21/2006

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Biopharmaceuticals	Omeros Corporation , a biopharmaceutical company.	Nura, Inc. , a company developing treatments for pain and other central nervous system disorders including schizophrenia and Parkinson's disease.	Expands the research capabilities and development of future products for Omeros, which is advancing a pipeline of pharmaceuticals and delivery systems for use in orthopedics, rheumatology, urology, cardiovascular medicine, general surgery and pain management. As part of the transaction, ARCH Venture Partners, Aravis Venture and Novartis Venture Funds made a substantial investment in Omeros.	9/7/2006
Biopharmaceuticals	Receptor BioLogix, Inc. , a biopharmaceutical company focused on development of cancer drugs.	Late-Stage Cancer Drug Insegia™ from Apton Corp. (Pink Sheet: APHTQ) , a biopharmaceutical company focused on developing targeted immunotherapies for cancer.	Fits well with Receptor's product development programs; a principal mechanism of gastrin tumor promotion is likely mediated through a member of the EGF receptor family, an area of focus for Receptor. Terms not disclosed.	7/31/2006
Biopharmaceuticals	UCB SA (UCBBt.BR) , a Brussels-based pharmaceutical company.	Schwarz Pharma AG (SRZG.DE) , a Germany-based pharmaceutical company.	Broadens UCB's business and significantly enhances the commercial prospects of its late-stage development pipeline, global position in neurology and a more diversified product portfolio. Deal price ~ \$5.6b.	9/25/2006
Data Management/ Healthcare IT	Cardinal Health, Inc. (NYSE: CAH) , a major pharmaceutical and medical device distributor.	MedMined, Inc. , a leader in data mining methods to identify and prevent hospital-acquired infections.	Extends Cardinal Health's portfolio of patient safety solutions of hospital-acquired infections. Terms not disclosed.	7/12/2006
Data Management/ Healthcare IT	CareTech Solutions , an information technology and health information management services provider.	Sabre Consulting , a web-based document imaging and management solution company.	Strengthens CareTech's product range, development capabilities and further investment into web-based products software solutions. Terms not disclosed.	8/14/2006
Data Management/ Healthcare IT	Emergis Inc. (TSX: EME) , a Montreal-based IT solution provider that focuses on the health and financial services sectors.	DINMAR Consulting Inc. , an Ottawa-based provider of electronic health record technology solutions.	Provides Emergis with an EHR solution for hospitals, integrating patient data from different clinical information system. Deal price -- \$32m consisting of \$26m cash and \$6m in Emergis shares, plus earnout. Emergis said the acquisition will increase its revenues by about 10% and EBITDA by approx. \$4m over the next 12 months.	7/10/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Dental	Healthpoint Capital, LLC , a private equity firm focused on the orthopedic and musculoskeletal industries.	DTI Dental Technologies Inc. , a fabricator of crowns, bridges, dentures, cosmetic appliances and orthodontic appliances.	Together with its BioHorizons deal, provides a new high growth platform -- the dental laboratory industry attracting the public's increasing interest to pay for improved dental function and aesthetics. DTI is a large dental laboratory, with 400 employees and a network of 16 labs in Canada and the United States. Deal value -- \$24.3m; in 2005 DTI had a net loss.	8/24/2006
Diagnostics	Bayer Diabetes Care, a unit of the Bayer Group (NYSE: BAY) , a global diagnostic business.	Metrika Inc. , a manufacturer of a novel diabetes monitoring system that has single-use, disposable test cartridges.	Complements Bayer's portfolio to include a full spectrum of products for diabetes diagnosis and management. Terms not disclosed.	7/6/2006
Diagnostics	Becton, Dickinson and Company (NYSE: BDX) , a major manufacturer of medical devices, instrument systems and reagents.	TriPath Imaging (NASDAQ: TPTH) , a developer of innovative screening diagnostics and treatments for cervical cancer.	Expands BD's presence in cancer diagnostics. Synergizes with BD's flow cytometry and biomarker systems for detection of lymphoma and leukemia. TriPath is also developing molecular screening tools in the areas of breast, cervical, ovarian and prostate cancers. Deal value for the 93.5% of TriPath's shares BD doesn't already own ~ \$350m.	9/8/2006
Diagnostics	Bio-Rad Laboratories, Inc. (AMEX: BIO and BIOb) , a manufacturer of life science research and clinical diagnostics products.	The ProteinChip Systems® & rights to Surface Enhanced Laser Desorption/ Ionization of Ciphergen Biosystems, Inc. , a developer of molecular diagnostic products.	Provides Bio-Rad with access to leading protein analysis technology. Deal Price ~ \$20m.	8/14/2006
Diagnostics	Bio-Reference Laboratories, Inc. (NASDAQ: BRLI) , the largest independent regional clinical laboratory in the Northeast.	GeneDx Inc. , a gene-based testing laboratory.	GeneDx is the country's leading laboratory for the diagnosis of complex genetic disorders. Deal value with contingent payouts ~ \$17m. GeneDx revenues were about \$5m (3.4x) and EBITDA \$1.5m (11.3x).	8/30/2006
Diagnostics	Cardinal Health, Inc. (NYSE: CAH) , a global healthcare provider of products and services serving the healthcare industry.	Five PET facilities from Regional Nuclear Pharmaceuticals , a developer of radioisotopes used in PET scans.	Cardinal distributed the radiopharmaceutical used in PET diagnostic imaging, but will now control the manufacturing process. Terms not disclosed.	7/1/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Diagnostics	Genetix Group plc. (AIM: GTX) , a UK-based cell biology, proteomics and genomics health technology company.	Applied Imaging Corporation , a supplier of automated imaging and image analysis systems.	Strengthens Genetix's capabilities in cell imaging and analysis and will enable expansion in the US, Europe and Asia. Deal price ~ \$18.3m.	9/1/2006
Diagnostics	Hologic (NASDAQ:HOLX) , a provider of diagnostic imaging systems focused on women's health.	R2 Technology , a developer of systems for early detection for breast cancer.	The acquisition of R2's computer-aided detection technology follows Hologic's recent acquisition of Suros Surgical. Deal Price ~ \$220m, payable in Hologic stock. R2's sales were \$45m (4.9x).	7/13/2006
Diagnostics	Hologic, Inc. (NASDAQ: HOLX) , a provider of diagnostic imaging systems focused on women's health.	Suros Surgical Systems, Inc. , a manufacturer of devices used for minimally invasive biopsy and tissue excision.	Strengthens Hologic's capabilities in women's healthcare and offers a wide portfolio of product offerings in breast cancer detection. Deal price -- \$240m (subject to adjustment), plus earn out.	7/27/2006
Diagnostics	Invitrogen Corp. (NASDAQ:IVGN) , a provider of tools and cultures used in genetic research and drug making.	Sentigen Holding Corp. (NASDAQ:SGHL) , a developer of bioassay systems.	Invitrogen buying Sentigen primarily for its protein-receptor screening system. Deal value ~ \$25.9m; Sentigen's sales are about \$4m, with negative EBITDA.	9/1/2006
Diagnostics	PerkinElmer, Inc. (NYSE: PKI) , a global technology company in health sciences and photonics.	J.N. Macri Technologies LLC and NTD Laboratories, Inc. , a diagnostic company and reference laboratory specializing in prenatal risk assessment.	Builds a comprehensive screening and diagnostics capability in maternal health by providing a leading position in free Beta hCG measurement in the U.S. and expansion of its maternal health portfolio globally. Deal value ~ \$56.65m.	7/27/2006
Diagnostics	Primedex Health Systems, Inc. (OTCBB:PMDX) , a provider of diagnostic imaging services through a network of fully-owned and operated outpatient imaging centers.	Radiologix, Inc. (AMEX:RGX) , a national provider of diagnostic imaging services.	Expands Primedex's presence in California and provides a platform for growth outside of California. Primedex will further its strategies of geographic clustering, exclusive capitation contracting and multi-modality product offerings nationally. Creates the largest owner and operator of fixed-site diagnostic imaging centers in the US, with 132 locations. Deal price ~ \$208m.	7/7/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Diagnosics	Quest Diagnostics Incorporated (NYSE: DGX) , a major provider of diagnostic testing, information and services.	Enterix, Inc. , an Australian-based manufacturer of tests to screen for colorectal cancer and other sources of lower gastrointestinal bleeding.	The acquired tests offer several important benefits over traditional quaiac-based fecal occult blood testing. Deal value -- approximately \$43m.	9/7/2006
Diagnosics	Quest Diagnostics Incorporated (NYSE: DGX) , a major provider of diagnostic testing, information and services.	Focus Diagnostics, Inc. , a provider of infectious disease testing.	Strengthens Quest's position as a provider of infectious and immunologic disease diagnostics to hospitals and physicians by adding Focus' tests for Lyme disease, West Nile Virus, SARS and Herpes Simplex Virus. Deal price ~ \$185m cash. Focus' sale ~ \$65m (2.8x).	7/5/2006
Diagnosics	Siemens Medical Solutions (NYSE: SI) , a leading manufacturer of diagnostic imaging technologies, healthcare information systems, and support services.	Diagnostic Products Corporation , a global leader in immunodiagnostics.	Furtheres Siemens' objective to enable early in vitro diagnosis and individualized patient therapy, as a forward move complementing its imaging diagnostic platform. Combining the strengths of DPC and the pending acquisition of Bayer Diagnostics will offer a comprehensive portfolio of in-vivo and in-vitro diagnostics. Cash merger, with a deal price -- \$1.86b. DPC's trailing revenue and operating earnings were \$481m (3.9x) and \$96m (19.4x), respectively.	7/27/2006
Diagnosics	Spacelabs Healthcare, Inc. , a manufacturer of patient monitoring systems and a subsidiary of OSI Systems, Inc. (NASDAQ:OSIS).	Del Mar Reynolds Inc., the Cardiac Division of Ferraris Group plc , a manufacturer of non-invasive diagnostic cardiology monitoring solutions.	Expands Spacelab's product portfolio in the hospital market, strengthens its geographic presence in UK and German markets and doubles the geographic revenue base in clinical trial market. Deal value ~ \$25.5m cash, plus earnouts.	8/1/2006
Diagnosics	Ventana Medical Systems, Inc. (NASDAQ: VMSI) , a manufacturer of instrument/reagent systems used for diagnosis and treatment of cancer and infectious diseases.	Vision Systems Limited (ASX: VSL) , an Australian-based manufacturer of instruments and reagents for anatomical pathology and research laboratories.	Creates a leading global supplier of solutions spanning the anatomical pathology environment. Complementary sales and support infrastructure. Vision Systems' revenues ~ \$80m. Deal value ~ \$346m (4.3x).	8/13/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Diagnostics	Waters Corporation (NYSE: WAT) , a leading maker of analytical instruments.	Thermometric AB (Sweden) , a manufacturer of high-performance microcalorimeters.	Thermometric products are complementary to Water's leading position in thermal analysis, liquid chromatography and mass spectrometry. Deal price ~ \$2.5m on Thermometric annual sales of \$4m (1.6x).	8/28/2006
Distribution	AmerisourceBergen Corporation (NYSE:ABC) , a major pharmaceutical distributor serving the United States, Canada and selected global markets.	Rep-Pharm Inc. , a Canadian pharmaceutical distribution business.	Makes AmerisourceBergen's Canadian business over US\$1.4 billion in annualized sales and achieves #2 position in that market. Rep-Pharm's revenues are about \$600m. Terms not disclosed.	9/1/2006
Distribution	Owens & Minor (NYSE: OMI) , a major distributor of medical and surgical supplies.	McKesson's Acute-Care Medical and Surgical Supply Distribution Business (NYSE: MCK) , a business unit of McKesson Corporation, a healthcare services and information technology company.	Strategic fit for OMI -- acquires an expanded customer base and sales team and other acute-care employees from McKesson. Deal value ~ \$170m. McKesson unit's sales expected to be \$800 (0.2x).	9/30/2006
Medical Devices	Anodyne Medical Device, Inc. , a manufacturer of specialty support surfaces and patient positioning devices.	Anatomic Concepts, Inc. , a manufacturer of specialty support surfaces and patient positioning devices.	Extends Anodyne's foam mattress and patient positioning business. Terms not disclosed.	9/18/2006
Medical Devices	Cordis Corporation , a J&J company that develops and manufactures interventional cardiac and vascular technology.	Ensure Medical , a developer of devices for post-catheterization closure of the femoral artery.	Expands Cordis' presence on the West Coast, adds nitinol devices and bioabsorbable vascular wound closure technology. Terms not disclosed.	7/13/2006
Medical Devices	FoxHollow Technologies (NASDAQ: FOXH) , a developer of minimally invasive plaque excision devices for the treatment of peripheral artery disease.	Kerberos Proximal Solutions, Inc. , a privately-held developer of innovative medical devices for the removal of thrombus, or blood clots, from occluded arteries.	Kerberos' Thrombectomy aspiration device will expand FoxHollow's product line to combat arterial disease and will be sold via FoxHollow's 200-plus person sales and marketing team. Deal value ~ \$32m, plus earnouts.	8/29/2006
Medical Devices	HealthpointCapital, LLC , a private equity firm focused on the orthopedic and muscu-	BioHorizons Implant Systems, Inc. , a manufacturer of oral reconstructive devices in-	Together with its acquisition of DTI (large dental lab), buying BioHorizons deepens Healthpoint's position within fast growing	8/22/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
	loskeletal industries.	cluding dental implants and tissue regeneration products.	dental markets. BioHorizons is one of the largest dental implant companies in the world with 112 employees and a direct sales force in the U.S., Canada, Germany, Spain and United Kingdom. Terms not disclosed.	
Medical Devices	Medical Action Industries Inc. (NASDAQ:MDCI) , a supplier of medical and surgical disposable products	The Medical Products Division of Medegen Medical Products LLC , the leading manufacturer of plastic patient utensils consisting of wash basins, bed pans, urinals and emesis basins.	10th and biggest acquisition for MDCI. Diversifies its product offerings and adds customers (in alternate sites) outside its current channels of distribution (primarily acute care). Medegen's sales are ~ \$100m. Deal price is \$\$80m (.08x sales). The divestiture allows Medgem to focus on its infusion therapy and contract manufacturing businesses.	9/11/2006
Medical Devices	MIV Therapeutics (OTCBB:MIV; FWB:MIV) , a developer of biocompatible coatings and advanced drug delivery systems for cardiovascular stents and other implantable medical devices.	Vascore Medical (Suzhou) Co., Ltd. , a China-based manufacturer of advanced cardiovascular stents and other medical devices.	Combines MIVT's biocompatible HAp stent coatings with Vascore's field-tested stent business and manufacturing operations to create a presence in China. Deal value ~ \$1m plus \$4m in stock on milestones.	9/13/2006
Medical Devices	Moog Inc. (NYSE: MOG.A) , a major manufacturer of precision control components and systems.	McKinley Medical Corporation , a producer of disposable pumps and accessories for chemotherapy, antibiotics, and pain management.	After the Curlin acquisition, buying McKinley expands Moogs's presence in proprietary ambulatory infusion pumps. Deal price ~ \$15m on McKinley sales of \$5m (3x).	8/24/2006
Medical Devices	Natus Medical Incorporated (NASDAQ: BABY) , a provider of healthcare products used for the screening, detection and treatment of medical ailments in babies.	DELTAMED SA and its wholly owned subsidiary, IT-Med , a Paris-based manufacturer of medical devices used in the detection of neurological dysfunction, epilepsy, and sleep disorders.	Increases Natus' international growth by broadening its product offerings and leveraging its distribution organization to give it a stronger European presence. Deal value ~ \$4m.	9/6/2006
Medical Devices	Nonin Medical, Inc. , a manufacturer of physiological monitoring devices.	MedAir AB , a Sweden-based manufacturer of optical equipment for medical gas analysis.	Strengthens Nonin's market position in physiologic monitoring by adding carbon dioxide monitoring. Terms not disclosed.	8/17/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	OccuLogix, Inc. (NASDAQ:RHEO) , an opportunistic company seeking to bring evidenced-based medical therapies to market.	SOLX, Inc. , a developer of treatments for glaucoma.	Expands OccuLogix's focus to include the treatment of other age-related eye diseases like glaucoma. Deal value ~ \$7m cash, plus stock plus \$10m in deferred payments. \$5m in earnout potential.	9/1/2006
Medical Devices	Orthofix International N.V. , a global diversified orthopedic products company.	Blackstone Medical, Inc. , a rapidly growing privately-held spinal implant maker.	Establishes new platform of spinal implant products to market through Orthofix's distribution channels, together with its non-invasive spinal braces and stimulators. Deal price ~ \$333m. Blackstone's revenues grew by 25% in each of the last 3 years -- revenues ~ \$60m (5.5x).	8/7/2006
Medical Devices	RoundTable Healthcare Partners , an operating-oriented private equity firm focused on the healthcare industry,	Aspen Surgical Products, Inc. , a manufacture of disposable medical products for surgical applications.	RoundTable acquired a majority interest in Aspen -- will provide resources and expertise for Aspen to expand its portfolio of OR disposable surgical products and accessories. RoundTable facilitated new senior credit facilities and a private placement of senior subordinated notes. Terms not disclosed.	9/6/2006
Medical Devices	Smith & Nephew's Endoscopy division (NYSE: SNN ; LSE: SN) , a global medical technology company, specializing in Endoscopy, Orthopaedic Reconstruction, Orthopaedic Trauma and Advanced Wound Management products.	OsteoBiologics, Inc. , a marketer of innovative bioabsorbable bone graft substitutes.	Complements Smith & Nephew's knee repair and arthroscopy lines. Deal value ~ \$72.3m cash (22x sales of \$3.3m).	7/11/2006
Medical Devices	Solos Endoscopy, Inc. (Other OTC:SLSE.PK) , a developer of technology for screening, diagnosis and treatment of various medical conditions.	Early Cancer Detection Product Line From Lifeline Biotechnologies, Inc. , a developer of technologies for prevention, early detection, and diagnosis of a number of conditions.	Enhances Solos' position in the women's endoscopic healthcare market by adding early cancer detection product line to its growing line of endoscopic women's health care products currently in development. Deal value ~ \$4m.	8/2/2006
Medical Devices	Theragenics Corporation® (NYSE: TGX) , a provider of brachytherapy and surgical products.	Galt Medical Corporation , a developer of disposable vascular access devices for radiology and heart procedures.	Combined with the '05 acquisition of CP Medical, Theragenics continues its diversification strategy. Deal value ~ \$31.9m on estimated sales of \$10m (3.2x).	8/3/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	U.S. Surgical, a unit of Tyco Healthcare (NYSE: TYC; BSX: TYC) , a manufacturer of an extensive healthcare product line.	Confluent Surgical, Inc. , a developer of polymer-based technology used in sprayable surgical sealants and anti-adhesion products.	Expands U.S. Surgical's suture product portfolio, as well as the Autosuture division's surgical stapler franchise. Confluent's neurosurgical sealant was the first product to receive FDA approval for use in cranial dural repair. Deal price ~ \$245m.	7/18/2006
Medical Devices	Viasys Healthcare Inc. (NYSE:VAS) , a global medical technology company focused on respiratory, neurology, medical disposable and orthopedic products.	Tiara Medical Systems, Inc. , a company focused in the sleep therapeutic market.	Expands VIASYS' presence in the sleep therapy market by adding products for treatment of Obstructive Sleep Apnea (OSA) and other chronic respiratory diseases. Deal price ~ \$24.3m; Tiara sales - \$10.3 (2.1x).	7/12/2006
Medical Devices	W.L. Gore & Associates Inc. , a manufacturer of products for electronics, industrial, fabrics and medical markets.	Neural Intervention Technologies, Inc. , a medical device company developing a novel liquid embolic material for the treatment of blood vessel defects.	Expands Gore's offerings by products that address hemorrhagic strokes. Terms not disclosed.	7/7/2006
Medical Services	Bain Capital, Kohlberg Kravis Roberts & Co., and Merrill Lynch Global Private Equity , leading private equity firms.	HCA, Inc. (NYSE: HCA) , the largest hospital operator in the U.S.	A \$33 billion LBO with approximately \$32b of total debt -- a landmark deal in size and ambitiousness, requiring major streamlining and efficiencies to support and pay down debt.	7/24/2006
Medical Services	Hanger Orthopedic Group, Inc. (NYSE: HGR) , a provider of orthotic and prosthetic patient care services.	Regional Artificial Limb & Brace Company, Inc. , a supplier of prosthetics.	Strengthens Hanger's O&P market position in the Midwest. Now owns 621 patient care centers in 46 states. Terms not disclosed.	8/1/2006
Medical Services	Hanger Orthopedic Group, Inc. (NYSE: HGR) , the leading provider of orthotic and prosthetic patient care services.	Temple Medical, Inc. , a Mississippi-based provider of orthotic and prosthetic patient care services.	Further Hanger's consolidation of O&P provider market. Terms not disclosed.	7/19/2006
Medical Services	HealthSouth Corporation (OTC Pink Sheets: HLSH) , a national provider of outpatient surgery, diagnostic imaging and rehabilitative services.	Hurrle Orthopaedic Physical Therapy, P.C. , an operator of outpatient rehab centers.	Adds seven outpatient physical therapy facilities in the Indianapolis, Ind. area. Terms not disclosed.	7/24/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Services	PRA International (NASDAQ: PRAI) , a clinical research organization.	Pharma Bio-Research , a Netherlands-based early phase clinical development and bio-analytical laboratory company.	Provides early phase development platform in Europe consisting of 140 beds as well as a state-of-the-art bioanalytical lab facility. Combined with PRA's existing Phase I clinic in Lenexa, Kansas, the company has nearly 200 beds available for clinical studies. Deal value ~ 108.8m.	7/24/2006
Medical Services	Reflect Scientific, Inc. (OTCBB:RSCF) , a manufacturer of laboratory equipment and related supplies to the life sciences industry.	All Temp Engineering , a provider of engineered solutions and services to the Cryogenics industry.	Complements RSI's recent acquisition of Cryometrix by integrating ATE intellectual property and engineering capabilities to support worldwide sales, service and support of new Cryometrix freezers. The existing infrastructure of ATE will also be leveraged to attain improved manufacturing efficiencies and quality assurance. Terms not disclosed.	8/7/2006
Medical Services	Vestar Capital Partners , an international private equity firm.	MediMedia USA , a 1,400 employee healthcare communications, publishing, and patient education company.	More aggressive expansion -- organic and acquisitive -- is planned. MediMedia is the core of a broader package of 4 healthcare and business publication activities that The Carlyle Group and Apax Partners had acquired from Vivendi Universal Publishing in 2002. Total enterprise value from the four divestments was \$1.4b, more than doubling the enterprise value at acquisition in 2002.	9/28/2006