

The Strategic Healthcare M&A Report

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

3rd Quarter 2007, October 07

Highlights

1. **Quarterly M&A Overview** – a high elevation perspective on Q3 07's deal activity.
2. **Q3 07's Top Deals** – Transactions with a value over \$100m.
3. **Quarterly M&A Deal-by-Deal Review** -- More than 75 Transactions Analyzed -- announced or closed in Q3 07.

The Strategic Healthcare M&A Report analyzes important merger, acquisition and strategic transactions taking place in the healthcare industry. Please feel free to e-mail suggestions for future content to the address listed above.

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1. **Quarterly M&A Overview – a high elevation overview of Q3 07's deal activity**

Q307 was marked by credit debacles caused by the subprime mortgage mess and over-leveraged private equity transactions. Until the Fed stepped in to lower interest rates, the credit crunch depressed prospects for M&A transactions, especially those reliant on significant financing.

The parade of private equity transactions hit a speed bump as lenders had difficulty in syndicating and securitizing their loans. Yet, Warburg Pincus' proposed financing for the \$3.67 billion of the Baush & Lomb transaction (announced in Q2) seems to be garnering institutional interest and progressing. For the most part, the credit squeeze was more background noise and a needed correction in lending standards, but is only a yellow light (not red) in terms of M&A activity in the healthcare sector.

Notable transactions include the following:

- **Siemens** \$7 billion purchase of **Dade Behring** creating one of the largest providers of clinical diagnostic products and services in the world.
- **ev3's** \$780 million acquisition of **FoxHollow Technologies**, a developer of minimally invasive devices to treat peripheral artery disease.
- **Medtronic's** \$3.9 billion purchase of **Kyphon** to fortify MDT's spinal business and add interventional radiologists and neuroradiologists as new customer segments.
- **ReAble Therapeutics'** purchase of **DJO**, integrating rehab, pain, bracing and other non-invasive orthopedic and vascular product lines. A \$1.6 billion deal by a Blackstone portfolio company.
- **Blackstone's** purchase of **Biomet** of \$11.4 billion, further building its orthopedic portfolio for musculoskeletal implants (mostly joints).
- **Teleflex's** \$2 billion transformative purchase of **Arrow International**, diversifying Teleflex into catheter-based products and other surgical disposable.
- **Carlyle Group's** \$6.3 billion purchase of **Manor Care**, manifesting the attractiveness of nursing home deals as the population ages.
- The acquisition of **Genesis HealthCare** by **Formation Capital** and **JER Partners**, two private equity firms also seeing opportunity in long-term care facilities.

3. M&A Deal-by-Deal Review -- Q3 '07

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	Allergan, Inc. (NYSE:AGN) , a specialty pharmaceutical company focused on ophthalmology, neurosciences, dermatology, aesthetics and other specialty markets.	Esprit Pharma Holding Company, Inc. , a privately-owned pharmaceutical company with expertise in the genitourinary (GU) market.	Allergan gains an overactive bladder treatment portfolio and establishes a new genitourinary division. Esprit markets an anticholinergic approved for the treatment of overactive bladder (OAB), with symptoms of urge urinary incontinence, urgency and urinary frequency. OAB affects approximately 33 million Americans, a number expected to increase significantly as the population ages. Deal value ~ \$370m.	9/19/2007
Biopharmaceuticals	Amgen (NASDAQ:AMGN) , a major biotech company.	Alantos Pharmaceuticals , a private company developing drugs for the treatment of diabetes and inflammatory diseases.	Adds phase 2A clinical stage DPP-IV inhibitors to Amgen's portfolio of therapeutics to treat metabolic diseases, specifically osteoarthritis. Deal value -- \$300m.	7/17/2007
Biopharmaceuticals	Amgen (Nasdaq:AMGN) , a major biotech company.	Ilypsa, Inc. , a developer of non absorbed, GI based drugs for renal and metabolic diseases.	Provides Amgen with a late-stage selective phosphate binder for the treatment of hyperphosphatemia in chronic kidney disease patients on hemodialysis. Deal value -- \$420m.	7/19/2007
Biopharmaceuticals	AstraZeneca (NYSE:AZN) , a major pharmaceutical company.	The pediatric asthma development programs of Verus Pharmaceuticals, Inc. , a pediatric-oriented specialty pharmaceutical company.	AstraZeneca builds its pipeline in pediatric asthma, the most common chronic childhood illness affecting almost 10% of U.S. children. The estimated annual cost of treating asthma in children under 18 is \$3.2b. Deal value -- \$30m, plus development expense reimbursements, plus an earn-out potential of \$280m.	9/24/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Biotest Pharmaceuticals Corporation , a German-based manufacturer of pharmaceutical, biotherapeutic and diagnostic products.	Biologics business unit of Nabi Biopharmaceuticals Corporation , a US-based drug developer addressing hepatitis, transplants, gram positive bacterial infections and nicotine addiction.	Complements Biotest's European plasma protein business and gives it an immediate share in the growing U.S. plasma protein market, while expanding its capacities, product range and clinical development portfolio. Deal value ~ \$185m.	9/11/2007
Biopharmaceuticals	Bristol-Myers Squibb Company (NYSE:BMJ) , a global pharmaceutical and related health care products company.	Adnexus™ Therapeutics , a developer of a new therapeutic class of biologics called Adnectins™.	Advances Bristol-Myers' biologics strategy across multiple therapeutic areas and includes a Phase I oncology biologic. Adnectins are an emerging, proprietary protein therapeutic class based on human fibronectin, an extracellular protein that is naturally abundant in human serum. The deal includes Adnexus' patented protein design engine that screens trillions of unique Adnectins for each drug discovery program, greatly accelerating drug discovery and development. Deal value ~ \$430 plus an earnout potential of \$75m.	9/24/2007
Biopharmaceuticals	Entelos, Inc. , a life sciences company that uses a predictive disease model to develop drugs and support R&D.	Iconix Biosciences, Inc. , a provider of toxicogenomics products and services.	Iconix's predictive toxicology services, teamed with Entelos's predictive safety and efficacy expertise, will assist in screening, discovering and developing drugs. Deal value ~ \$14.1m plus \$11m earnouts. Iconix had \$4.m revenue.	8/30/2007
Biopharmaceuticals	Evotec AG (Frankfurt: EVT) , a Germany-based developer of novel small molecule drugs.	Renovis, Inc. , a pharmaceutical developer of pain and inflammatory drugs.	Creates a pharmaceutical company with 3 clinical candidates and a late stage pre-clinical pipeline focused on neurological and inflammatory diseases. Combines Evotec's drug discovery and development know-how with Renovis' medicinal chemistry and target validation expertise. Deal value ~ \$152m, on \$11.4 of revenue (13.3x) and negative EBITDA.	9/19/2007

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Genstar Capital LLC , a large private equity firm.	PRA International , a contract research organization, assisting biotech companies in developing drug compounds, biologics, and drug delivery devices.	Allows Genstar to invest in PRA's strategic initiatives, after the company has been seeking to turn around its struggling mid-stage clinical testing business. Deal value - \$790.0m, on sales of \$381.9 (2.1x) and EBITDA of \$41.7 (18.9x).	7/25/2007
Biopharmaceuticals	Meda AB (STO:MEDAA) , a Swedish-based major specialty pharma company focussed on dermatology, respiratory, cardiology, pain and inflammation, and gastroenterology therapies.	MedPointe Inc. , a US-based specialty pharma focussed on allergy, respiratory and pain therapies.	Establishes Meda as a world-class specialty pharma company with full marketing coverage both in the US and Europe and with revenues approaching 1.4b. Provides Meda with an organization to market products in the US, while adding highly complementary, high growth product portfolios for distribution in Meda's core European markets. The companies had been collaborating for 5 years. Deal value -- \$520.0m on sales of \$196.0m (2.6x).	8/22/2007
Biopharmaceuticals	Merck & Co., Inc. , a global research-based pharmaceutical and vaccine manufacturer.	NovaCardia, Inc. , a pharmaceutical developer of an experimental treatment for acute congestive heart failure.	NovaCardia's lead product candidate, being studied in Phase 3 clinical trials, is believed to protect kidneys from effects of diuretics often given to patients as part of their treatment for congestive heart failure. A niche acquisition addressing an unmet medical need in an area important for Merck. Deal value -- \$366.4m.	9/11/2007
Biopharmaceuticals	Novator , a private equity firm owned by Icelandic billionaire Björgólfur.	Actavis , a large Iceland-based manufacturer of generic pharmaceuticals.	Novator will be taking a more leveraged and aggressive approach to growing the business. Deal value -- \$3.1b, on sales of \$1.83b (\$1.7x) and EBITDA of \$393.1 (7.9x).	7/18/2007
Biopharmaceuticals	Noven Pharmaceuticals Inc. (Nasdaq:NOVN) , a major developer of transdermal drug delivery technologies and prescription transdermal products.	JDS Pharmaceuticals, LLC , a pharmaceutical company with a focus on psychiatry and women's health therapies.	In this transformational, diversification acquisition, Noven acquires a leveragable marketing/sales infrastructure, with two high-margin products and substantial expertise in the psychiatry category; a psychiatry drug pipeline that includes one pending New Drug Application (NDA) and one product in Phase 3 trials; a non-	8/15/2007

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			hormonal product entering Phase 3 for vasomotor symptoms (hot flashes/night sweats) associated with menopause; improved gross margin potential; and significant sales growth opportunities. Deal value ~ \$145m.	
Data Management/ Health-care IT	Firstsource Solutions Limited , a Mumbai-based outsourcing provider of business process management services.	MedAssist Holding, Inc. , a US-based provider of outsourced revenue cycle management services to the health-care industry.	Enables Firstsource, which already services payors in the U.S., to address the hospital BPO (business processing outsourcing services) segment. MedAssist is a portfolio company of RoundTable Healthcare Partners. Following its original investment in '03, RoundTable led add-on acquisitions of Argent Healthcare Financial Services, Inc. in '04 and Twin Medical Transaction Services, Inc. and Capstone Solutions LLC in '06. Deal value ~ \$330m.	8/29/2007
Data Management/ Health-care IT	McKesson Corporation (NYSE:MCK) , a national pharmaceutical distributor and healthcare services company.	Awarix, Inc. , a developer of hospital IT systems.	McKesson furthers its hospital IT solutions with a "patient visibility" workflow system that tracks patient treatment and helps to eliminate bottlenecks. Information aggregated from clinical, ADT (admission, discharge and transfer), housekeeping and transportation systems is displayed on large electronic "whiteboards" obviating manual bed management and departmental tracking boards. Terms not disclosed.	7/16/2007
Data Management/ Health-care IT	Philips Electronics NV (NYSE:PHG) , a diversified electronics manufacturer with substantial healthcare operations.	XIMIS Inc. , a US based provider of Web-based medical information management service.	Philips obtains a Web-based radiology information management system used by radiology departments to store patient data and imagery, as well as manage patient registration, scheduling and other tasks. Terms not disclosed.	8/16/2007

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Data Management/ Health-care IT	Picis, Inc. , a provider of market-leading clinical information systems for emergency care.	LYNX Medical Systems Inc. , a provider of revenue cycle management to hospital emergency departments.	Combined companies create an integrated system for clinical information with coding and reimbursement revenue management. Strengthens Picis's relationship with a nationwide network of more than 350 health-care organizations and over 15 million annual encounters. Terms not disclosed.	7/24/2007
Data Management/ Health-care IT	Vista Equity Partners , a private equity firm focused on software solutions.	The Diagnostic Systems Business of Misys Healthcare Systems, LLC , a provider of physician practice management systems.	Enables MiSys to focus on its ambulatory space business while Vista gains another strong presence in the acute care market. The transferred business includes hospital, laboratory, and clinical financial products, as well as stand-alone systems for radiology and pharmacy departments. Terms not disclosed.	7/22/2007
Dental	Dentsply International Inc. (XRAY) (Nasdaq:XRAY) , a maker of prosthetics, ceramics, alloys and other products used in the dental market.	Sultan Healthcare, Inc. , a maker of dental materials, infection control and other preventive dental products.	Provides Dentsply with new consumable product lines, which can be sold over its large international sales and distribution network. Expected to add about \$45-50m in an annualized sales. Terms not disclosed.	7/17/2007
Diagnostics	AMETEK, Inc. (NYSE:AME) , a global manufacturer of electronic instruments and electro-mechanical devices.	CAMECA SAS , a French-based manufacturer of elemental analysis systems for laboratory research, semiconductor and nanotechnology applications.	Expands Ametek's technical capabilities in differentiated, high-end analytical instrumentation. Deal value ~ \$112m on sales of \$82.0m (1.4x). Cameca was a portfolio company of The Carlyle Group, a private equity firm.	8/13/2007
Diagnostics	Celera Group (NYSE:CRA) , a molecular diagnostics developer.	Atria Genetics, Inc. , a maker of bone marrow testing products.	Atria's human leukocyte antigen (HLA) testing products are used for identifying potential donors in the matching process for bone marrow transplantation. Gives Celera access to tissue typing in transplantation and the bone marrow registry markets; enables horizontal expansion as Cel-	9/20/2007

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			era will seek to exploit the potential for this product line in "next generation" HLA sequencing. Celera will continue to receive 60% of end-user revenue for Atria products under a current distribution agreement with Abbott Molecular, and retain a low % royalty on total end-user revenue. End-user revenue for Atria products is about \$12m. Deal value -- \$33m. Celera is part of Aplera Corp.	
Diagnostics	Celera Group , a molecular diagnostics developer.	Berkeley HeartLab, Inc. , a cardiovascular healthcare company with a broad portfolio of CLIA certified tests and disease management services for the secondary prevention market.	Provides Celera with CLIA-certified laboratory and infrastructure to commercialize its portfolio of new molecular diagnostic tests that predict risk and individualize treatment in cardiovascular disease. The personalized cardiovascular disease management market is growing at more than 10% per year. BHL's personalized cardiovascular risk management program encompasses nutrition, exercise, medication compliance, and stress reduction in concert with advanced lipid and other cardiovascular and metabolic testing services. The deal is expected to accelerate Celera's path to profitability (BHL's EBITDA margins were 17% in 06). Deal value ~ \$195m.	9/4/2007
Diagnostics	Eppendorf Group , a major German-based manufacturer of laboratory equipment and associated consumables.	New Brunswick Scientific Co., Inc. , a U.S. based manufacturer products for the growth, detection and storage of microorganisms for medical, biological and chemical applications.	Broadens Eppendorf's line and deepens its market share. NBS has a sales force and will benefit from Eppendorf's global distribution network to accelerate the long-term growth of the combined product range. Deal value ~ \$110m, on sales of \$73.5 (1.5x) and EBITDA of \$6.9m (15.9x).	7/11/2007
Diagnostics	Inverness Medical Innovations, Inc. (Amex:IMA) , a provider of rapid diagnostic products for women's health and chronic disease self-management.	HemoSense, Inc. , a manufacturer of handheld blood coagulation monitoring systems for use by patients and healthcare professionals in the management of warfarin medication.	Provides point-of-care testing and fits well with Biosite and QAS, 2 other Inverness acquisitions. Deal value ~ \$165m, on revenue of \$28.1m (5.9X) and negative EBITDA.	8/6/2007

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Diagnostics	Inverness Medical Innovations, Inc. (Amex:IMA) , a provider of rapid diagnostic products for women's health and chronic disease self-management.	Cholestech Corporation, a leading provider of diagnostic tools and information for risk assessment and therapeutic monitoring of heart disease and inflammatory disorders.	Provides Inverness with the ability to manage cardiac conditions, plus a large installed base of Cholestech systems in physicians' offices. Cross selling opportunities into each others customer bases, plus Cholestech synergizes with Inverness' new product pipeline of cardiac markers. Stock for stock deal value ~ \$326.3m, on sales of \$69.5m (4.7x) and EBITDA of \$14.3m (22.8x).	9/13/2007
Diagnostics	Inverness Medical Innovations, Inc. (AMEX:IMA) , a provider of rapid diagnostic products for women's health and chronic disease self-management, marketed to consumers and professionals.	Matritech, Inc. , a leading developer of protein-based diagnostic and point-of-care products for the early detection and testing for bladder and other cancer.	Inverness expects opportunities to develop between Matritech and its existing point-of-care organization as well as with those of other recently acquired companies. Deal value -- \$36m plus \$2m earnout. Matritech's TTM revenue is \$13.2m on negative EBITDA.	8/28/2007
Diagnostics	QIAGEN (Nasdaq:QGEN) , a provider of sample and assay technologies for research in life sciences and molecular diagnostics.	eGene, Inc. , an early-stage company that is commercializing a patented sample separation and analysis technology based on capillary electrophoresis.	The combination of patented multiplex fluorescence detection designs with solid-state light sources and micro-optical collectors said to create an advantage over conventional gel-based sample separation technologies. The eGene solutions leverage QIAGEN sample and assay technologies. Deal value -- \$34m, on expected sales of approx. \$8m (4.2x).	7/10/2007
Diagnostics	QIAGEN N.V. (Nasdaq:QGEN) , a provider of sample and assay technologies for research in life sciences and molecular diagnostics.	Digene Corp. , a leader in HPV-targeted molecular diagnostic testing products.	Creates a global leader in molecular diagnostics, outside blood screening and viral load monitoring. Combines QIAGEN's leading technology portfolio and breadth of molecular diagnostic tests with Digene's leadership in the fast-growing HPV testing segment. Combined company estimated to have over \$350m of molecular diagnostics revenues and more than \$800m in revenues overall in '08. Deal value ~ \$1.6b on Digene sales of \$191.1m (8.4x) and EBITDA of \$39.0 (41.0x).	7/30/2007

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Diagnosics	Siemens AG's (NYSE:SI) , a large diversified manufacturer with substantial healthcare interests.	Dade Behring Holdings, Inc. , a maker of clinical diagnostic instruments, reagents, and consumable supplies and services, addressing clinical laboratories worldwide.	Combined company will become one of the largest providers of clinical diagnostic products and services in the world. Dade represents one of the last large general lab diagnostic companies. Siemens has about 12% market share; Dade and rival Beckman each have about 11-12%; and Roche has about 18%. Diagnostic market is growing at 6-7% annually. After terminating its \$8.1b deal for Abbott, GE said it would continue to seek acquisitions in the diagnostic sector. Deal value -- \$7b, on sales of \$1.78b (3.9x) and EBITDA of \$407.4m (17.2x).	7/25/2007
Diagnosics	SurModics, Inc. (Nasdaq:SRDX) , a provider of drug delivery technologies.	BioFX Laboratories, Inc. , a provider of immunoreagents for biomedical research and medical diagnostic markets.	SurModics acquires so-called substrates, a critical component of diagnostic test kits used to detect and signal that a certain reaction has taken place. The product line and customer base of BioFX complement SurModics' products for customers developing diagnostic test kits. Deal value -- \$11.3m plus \$11.4m if certain revenue milestones are achieved.	8/14/2007
Diagnosics	The Gores Group , a private equity firm.	The Diagnostic Division of HealthSouth Corporation , one of the nation's largest providers of healthcare services with a focus in the inpatient rehabilitation.	The Diagnostic Division comprises a network of 54 freestanding diagnostic imaging centers in 19 states and D.C., offering MRI, CT, X-ray, ultrasound, mammography, fluoroscopy, and nuclear medicine services. Divestiture helps reposition HealthSouth as a post-acute healthcare provider, focusing on inpatient rehabilitative services. Gores gains a significant platform and geographic footprint. Deal value -- \$47.5m.	8/1/2007

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Diagnostics	The Scott Fetzer Company , a manufacturer of products for non-invasive external counterpulsation (ECP) and cardiopulmonary rehabilitation telemetry.	Rozinn Electronics, Inc. , a manufacturer of cardiovascular diagnostic equipment.	Combines with ScottCare's cardiopulmonary rehabilitation telemetry and ECP therapy products. ScottCare will accelerate worldwide development, marketing and support for Rozinn's diagnostic product suite including Holter for Windows+®, Pacemaker and Event Monitoring Products plus expand the availability of its leading cardiac rehab telemetry and ECP therapy products. Terms not disclosed.	8/31/2007
Diagnostics	Thermo Fisher Scientific Inc. (NYSE:TMO) , a global provider of analytical products and services for research, manufacturer, analysis, discovery, and diagnostics.	The instrument sale business of Davis Inotek Instruments, LLC , a leading provider of test, measurement and process control instruments.	Fits with Thermo Fisher's Cole-Parmer customer channel, a specialty catalog brand that provides technical instruments, equipment and supplies to industrial, pharmaceutical, academic and government customers. Terms not disclosed. Acquired business' sales were \$30m.	9/5/2007
Diagnostics	Ventana Medical Systems, Inc. (NASDAQ:VMSI) , a major developer of tissue-based cancer diagnostics distributed primarily to pathologists.	Spring BioScience Corporation , a developer of monoclonal antibodies and other reagents.	Ventana gains key antibody and reagent development capabilities and streamlines its supply chain by reducing its reliance on external suppliers for advanced staining antibodies. Strengthens "personalized medicine" capabilities. Deal value -- \$28.9m, plus \$11.7m for meeting certain scientific milestones.	9/5/2007
Distribution	Dynatronics Corporation (Nasdaq:DYNT) , a manufacturer of orthopedic soft goods and supplies, treatment tables and rehab equipment.	Six independent distributors	Vertical integration to gain regional sales resources. Call points are physical therapy, sports medicine, chiropractic, podiatry, plastic surgery, dermatology and aesthetic markets. Dynatronics' overall revenues are expected to increase by an estimated \$15m. Deal value -- \$8.3m.	7/2/2007
Distribution	Henry Schein Inc. (HSIC) (Nasdaq:HSIC) , a major distributor of healthcare products and services.	W & J Dunlop Ltd , a supplier of animal health products to veterinary clinics in the U.K.	Strengthens Schein's European animal health business, which will now extend to Austria, Germany, Portugal, Spain, Switzerland and the U.K., as well as the U.S. In 06 Schein bought NLS Animal Health in the U.S. and Provet in Switzerland. Terms not disclosed; Dunlop had revenue of \$300m.	8/29/2007

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Medical Devices	3M Company (NYSE:MMM) , a major provider of wound and other healthcare products.	Neoplast Co. Ltd. , a Thai-based global manufacturer of wound care products in the Asia Pacific region.	Expands 3M's global manufacturing capabilities and allows it to better address this emerging market, with complementary products. Terms not disclosed.	8/15/2007
Medical Devices	Anodyne Medical Device, Inc. , a leading manufacturer of specialty support surfaces and patient positioning devices serving acute care, home care and long-term care markets.	PrimaTech Medical Systems , a leading value supplier of electronically controlled specialty support systems (i.e., mattress replacements, overlays and seating systems) to long-term care and home care markets.	Strengthens Anodyne in long-term care and home care markets and solidifies an exclusive partnership with a key Taiwan-based supplier. PrimaTech's distribution network extends through North America, Europe and Australia. Terms not disclosed.	7/2/2007
Medical Devices	Aspen Surgical Products, Inc. , a manufacturer of OEM and branded disposable products for surgical and general applications.	Colby Manufacturing Corp. , a specialty producer of disposable infection control products used primarily in operating rooms and other critical care environments.	An add-on acquisition for Aspen, a portfolio company of RoundTable Healthcare Partners. Colby adds fluid waste control products to Aspen's OR disposable offerings. The Walden Group represented Colby as financial advisor. Terms not disclosed.	7/12/2007
Medical Devices	Cantel Medical Corp. (NYSE:CMN) , a provider of infection prevention and control products.	Verimetrix, LLC , a developer of an endoscope leak and fluid detection device.	Expands Cantel's endoscope reprocessing product line. Verimetrix's system enables customers not only to reduce scope repair costs and improve the productivity of their scope inventory, but also establish greater staff efficiencies and retain accurate performance records. Terms not disclosed but Verimetrix's revenues are ~ \$2.0m.	9/18/2007
Medical Devices	Ecolab Inc. (NYSE:ECL) , a major developer and manufacturer of cleaning, sanitizing, food safety and infection prevention products and services.	Microtek Medical Holdings, Inc. , a manufacturer of patient and surgical equipment drapes and other infection control products primarily sold into the OR.	Expands Ecolab's growing presence in healthcare cleaning and infection prevention. Combines with its hand hygiene, medical instrument, and surface and environmental cleaning and disinfection offerings. Deal value ~ \$274m on \$147.5m of sales (1.9x) and \$15.3m of EBITDA (17.9x).	8/7/2007
Medical Devices	ev3 Inc. (NASDAQ:EVVV) , a manufacturer focused on endovascular technologies for the minimally invasive treatment of vascular disorders.	FoxHollow Technologies, Inc. , a developer of minimally invasive devices for the treatment of peripheral artery disease (PAD).	Creates a global leadership position in the endovascular device market and offers significant revenue synergies and cost savings. The combined product portfolio will include an extensive line of products to	7/23/2007

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			treat vascular disease, including atherectomy and thrombectomy, PTA balloons, stents, embolic protection devices, infusion catheters/wires, embolic coils and liquid embolics. The combined sales force of 240 reps (EVVV has 80, FOXH has 160) will be one of the largest in the endovascular space at nearly twice the size of other players (JNJ, BSX, ABT, and MDT). The major call point are interventional radiologists. Deal value ~ \$780m, on sales of \$198.1m (3.9x) and EBITDA of \$24.4 (32.5x).	
Medical Devices	Flextronics (NASDAQ:FLEX) , a major global provider of electronics manufacturing services.	Avail Medical Products, Inc. , a US based manufacturer of disposable medical devices.	Together with its pending \$3.6b Solectron acquisition, buying Avail enhances Flextronics' medical design, manufacturing and logistics capabilities for disposable medical device products, hand held diagnostics, drug delivery devices and imaging, lab and life sciences equipment. Enables Flextronics to provide customers with accelerated product development and simplified supply chains. Avail's expected '07 sales are \$250m. Deal terms not disclosed. (Operating in 20 countries, Solectron is a \$10.6b contract manufacturing service company catering to providers of networking, telecommunications, computing, storage, consumer, automotive, industrial, medical, self-service automation and aerospace and defense products).	8/30/2007
Medical Devices	Hanger Orthopedic Group Inc. (NYSE:HGR) , a provider of orthotic and prosthetic patient care services.	SureFit LLC , a manufacturer of therapeutic footwear (custom insoles) for the diabetic podiatric market.	Fits with Hanger's SPS distribution arm, which can leverage sales and lower its own cost of goods for certain therapeutic footwear already being sold in Hanger patient care centers. SureFit's revenue is \$9.2m. Terms not disclosed.	7/9/2007

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Medical Devices	Hologic, Inc. (NASDAQ:HOLX) , a leading provider of diagnostic imaging systems for women's health.	The breast cushion business BioLucent, Inc. , a manufacturer radiolucent foam cushions that cover the cold, hard surfaces of mammography equipment and brachytherapy products.	BioLucent's patented MammoPad is designed to reduce the discomfort that inhibits many women from getting regular mammography screenings. The deal strengthens Hologic's capabilities and customer relationships in the growing mammography market. BioLucent retains its brachytherapy business. Deal value -- \$70m, plus earnouts not to exceed \$15m based on achieving revenue targets. '06 BioLucent sales were \$17m (4.1x), 42% increase over '05.	9/20/2007
Medical Devices	Integra LifeSciences Holdings Corp. (Nasdaq:IART) , a major manufacturer of surgical implants and medical instruments used primarily in neurosurgery, extremity reconstruction, orthopedics, and general surgery.	IsoTis Inc. , a manufacturer of bone graft substitutes and medical devices focusing on the orthobiologics market.	Enhances Integra's orthobiologics portfolio, broadens its international presence in the regenerative medicine market and increases its sales capacity in neurosurgery, spine and extremity reconstruction markets. Integra expects annual cost savings of about \$10m for 08. Deal value ~ \$51m on \$44.6m of revenue (1.2x) and negative EBITDA.	8/7/2007
Medical Devices	Medos Medizintechnik AG , a German based manufacturer of cardiac surgery, extracorporeal membrane oxygenation and ventricle assist devices.	Gish Biomedical, a subsidiary of CardioTech International, Inc. , a developer and manufacturer of advanced materials and medical devices to treat cardiovascular and other diseases.	Provides Medos with a platform to enter the U.S. market with cardiopulmonary surgery disposables (i.e., extracorporeal tubing) and to introduce its products in the U.S. under the Gish brand. Deal value -- \$7.5m	7/5/2007
Medical Devices	Medtronic, Inc. (NYSE:MDT) , a global manufacturer of medical devices worldwide.	Kyphon Inc. , a developer of diagnostic and minimally invasive technologies for the treatment of spinal conditions.	Accelerates the growth of Medtronic's spinal business by offering minimally invasive spinal treatments that are simpler and less invasive than many traditional surgical treatments. Medtronic's spinal surgery focus has been on younger patients suffering from scoliosis and degenerative disc disease in the cervical and lumbar spine; Kyphon's focus has been on older patients suffering from vertebral compression fractures and spinal stenosis. While Medtronic primarily serves orthopedic and neurologi-	7/27/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
			cal surgeons who specialize in spinal surgery, Kyphon adds new call points: interventional radiologists and interventional neuroradiologists. Deal value ~ \$3.9b, on revenue of \$444.5m (8.8X) and EBITDA of \$111.2 (4X).	
Medical Devices	Medtronic, Inc. (NYSE:MDT) , a major manufacturer of medical devices.	Biophan Technologies, Inc. , a developer of technology to make implantable devices safe for diagnostic imaging.	Medtronic acquires patents to make medical devices, like pacemakers, safe for use with an MRI. Deal value -- \$11m.	8/9/2007
Medical Devices	ReAble Therapeutics, Inc. (formerly Encore Medical) , a diversified rehabilitation and orthopedic device company and an affiliate of The Blackstone Group.	IOMED, Inc. , a leading manufacturer of pain management drug-delivery devices focused primarily on iontophoresis (drug delivery transdermally using electric current to ionize drug molecules and propel them through the skin).	This is an add-on acquisition by Blackstone, which acquired ReAble in '06. IOMED's pain management drug delivery devices complement offerings of ReAble's Empi pain management and rehab division. IOMED has a field sales force and sizeable distribution system. ReAble also distributes electrical stimulation and other orthopedic products used for pain management, orthopedic rehabilitation, physical therapy, fitness and sport performance enhancement. Deal value ~ \$22m, on sales of \$9.1m (2.4x) and negative EBTIDA.	8/9/2007
Medical Devices	ReAble Therapeutics, Inc. (formerly Encore Medical) , a diversified rehabilitation and orthopedic device company and an affiliate of The Blackstone Group.	DJO Incorporated , a global provider of knee braces and other non-invasive orthopedic, musculoskeletal and vascular products.	Another billion dollar private equity deal. DJO and ReAble provide complementary products in orthopedic rehabilitation and pain management, and there are many synergies by way of sales channels. Deal value -- \$1.6b, on sales of \$445m (3.6x) and EBITDA of \$100.8m (15.9x). Now that Blackstone is public, it needs to make fitted strategic acquisitions to add fundamental value.	7/16/2007
Medical Devices	SonoSite, Inc. (Nasdaq:SONO) , a leading producer of hand-carried ultrasound products.	LumenVu, Inc. , the developer of novel catheter guidance technology.	Strengthens SonoSite's position in the vascular access market as well as adding a recurring disposables revenue stream. LumenVu offers clinicians a way to easily track the tip of the catheter as it advances	7/30/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
			through the vessel to ensure that it is placed in the right location, potentially eliminating the need to confirm the location with x-ray or fluoroscopy. Terms not disclosed.	
Medical Devices	Specialty Blades, Inc. , a manufacturer of cutting and piercing components for industrial, medical and other markets.	Popper and Sons, Inc. , a manufacturer of specialty hypodermic needle and tubular products for medical and laboratory applications.	Complements Specialty Blade's medical device contract and OEM manufacturing strategy, creating a leading cutting and piercing component manufacturer with estimated combined sales of \$35M. Terms not disclosed.	9/17/2007
Medical Devices	Symmetry Medical Inc. (NYSE:SMA) , a major provider of implants and related instruments and cases to the orthopedic device industry.	Specialty Surgical Instruments and Ultra Containers of America , a provider of specialty surgical instruments and sterilization containers.	Extends Symmetry's product reach into surgical specialties where it has limited presence, including cardiovascular, ENT and ophthalmology. With SSI's distribution system, the deal also increases Symmetry's penetration into hospitals and offers various cross-selling opportunities to common call-points. Deal value ~ \$15.1m, plus earnout, on 06 sales of \$21m (0.7x).	9/5/2007
Medical Devices	Teleflex Incorporated (NYSE:TFX) , a diversified company with a significant surgical business.	Arrow International, Inc. , a leading global provider of catheter-based access and therapeutic products for critical and cardiac care.	A huge deal for Teleflex, which redefines it as a leading global supplier of disposable medical products used in critical care, specialty medical, and surgical applications. With Arrow, Teleflex hopes to reduce cyclical volatility and grow its medical segment to \$1.5b with 20% operating margins by fiscal 08. It expects synergies of \$70m within 3 years by reducing administrative and global infrastructure expenses, increasing operational efficiencies and creating additional revenue opportunities. Deal value -- \$2b, based on revenue of \$508m (3.9X) and EBITDA of \$128m (15.6X).	7/23/2007
Medical Devices	The Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and TPG , prominent private equity firms and financial sponsors.	Biomet, Inc. , a global manufacturer of musculoskeletal implants and medical products.	Orthopedics regarded as a substantial growth area due to the aging population and other factors and Biomet represents a major platform to propel expansion as a private company with prominent financial backers. Deal value ~ \$11.4b.	9/27/2007

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	TriMas Corporation (NYSE:TRS) , a manufacturer of engineered products for commercial, industrial, and consumer markets.	DEW Technologies, Inc. , a manufacturer of spinal and trauma implant products serving the orthopedic device industry.	TriMas diversifies and gains access to growing orthopedic market. Terms not disclosed.	8/6/2007
Medical Devices	Vital Signs, Inc. (Nasdaq:VITL) , a manufacturer of products for anesthesia, respiratory and related critical care applications.	Enginivity LLC , developer of the enFlow® fluid and blood warmer patented technology.	Expands Vital Signs' patient temperature management line and opens up a \$40-45 million domestic market, addressable by its anesthesia-related sales force. Maintaining normal body temperature during surgery is an important factor in reducing post-operative infections. Deal value ~ \$5.9m.	8/15/2007
Medical Devices	Zimmer Holdings, Inc. (NYSE:ZMH)(Swiss:ZMH.SW) , a major manufacturer of reconstructive and spinal implants, trauma and related orthopaedic surgical products.	ORTHOsoft Inc. , a developer of medical software, instruments and computerized systems for orthopaedic surgery.	ORTHOsoft's computer-aided surgical navigation system supports Zimmer's desire to strengthen its vertically integration with computer assisted surgical solutions. Transaction value -- \$47.6m, on approximately \$11m of revenue (with quarterly revenue growing 17% over the prior year).	8/23/2007
Medical Services	Amedisys, Inc. (Nasdaq:AMED) , a major home health nursing company.	The home health and hospice assets of IntegriCare, Inc. , an operator of 19 home health locations in nine states.	Affords Amedisys entry into 8 new states and expands its hospice business, a long-term growth area. Terms not disclosed. Acquired business generated \$54m in revenue, including \$12m in hospice revenue.	8/6/2007
Medical Services	AmerisourceBergen Corporation (NYSE:ABC) , a large pharmaceutical distributor and services company.	Kindred Healthcare, Inc. , an operator of long-term acute care hospitals, skilled nursing centers and a contract rehabilitation services business.	AmerisourceBergen and Kindred are combining their respective institutional pharmacy businesses as PharMerica Corp., a new, independent, publicly traded company (NYSE:PMC) which will provide pharmacy solutions to institutional customers and patients in long-term care settings. PharMerica operates more than 120 institutional pharmacies in over 40 states that serve approx. 310,000 beds for patients of long-term facilities. Terms not disclosed.	7/31/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Services	Apollo Health Street , a global provider of healthcare outsourcing solutions based in India.	Zavata Inc. , a US-based Business Process Outsourcing (BPO) and Enterprise Support (ES) solutions company.	The combined organization will be the largest healthcare-focused BPO organization in the country with a significant IT business, with more than 100 customers and over 2,500 employees spread across multiple locations in the U.S. and India. This is the fourth acquisition that AHS has made and second in the U.S. Deal value ~ \$170M.	8/30/2007
Medical Services	Carlyle Group , a major private equity group.	Manor Care Inc. , a major operator of more than 500 long-term care facilities.	Long-term care considered a safe and growing area, given the aging population, longer life spans and stabilized reimbursement rates. Manor Care offers sizeable scale and substantial real estate values (it owns most of its facilities, which are carried at cost on its balance sheet). In the past few years, there have been several buy-outs of long-term care companies: Genesis HealthCare by Formation Capital and JER Partners (\$1.9b); Beverly Enterprises by Fillmore Strategic Investors (\$2.2b); and Mariner Health Care by National Senior Care Inc. (\$1.0b). Manor Care Deal value - - \$6.3b, on \$3.7b on revenue (1.7x) and \$480m in EBITDA (13.1x).	7/2/2007
Medical Services	Concentra Health Services, Inc. , a provider of occupational health and utilization review services through 320 facilities in 40 states.	Business Health Services, Inc. , an operator of 5 occupational health care and wellness centers in Detroit and Ann Arbor markets.	Expands Concentra's geographic footprint to 23 occupational health centers in Michigan. Terms not disclosed.	8/17/2007
Medical Services	Crestview Partners, L.P. , a private equity firm.	Symbion, Inc. , an operator of 57 short-stay surgical facilities in 23 states providing non-emergency surgical procedures across many specialties.	Crestview sees high growth for the ambulatory surgical care industry, driven by greater clinical care needs and cost pressures of acute care facilities. Deal value -- \$637m.	8/23/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Services	Formation Capital, LLC and JER Partners , private equity firms.	Genesis HealthCare Corporation , one of the nation's largest long-term care providers with over 200 skilled nursing centers and assisted living residences in 13 eastern states.	Long-term care facilities are attractive private equity acquisition targets, due to the aging population, longer life spans, and predictable patient needs and appurtenant cash flows. Deal value -- \$1.9b, reflecting an increase in consideration to obtain Genesis shareholder approval.	7/17/2007
Medical Services	Goldman Sachs Urban Investment Group , a private equity firm.	Nursefinders, Inc. , a provider of nurse, allied health and physician staffing to hospitals, healthcare facilities and home care clients.	Expands the healthcare staffing holdings of Goldman Sachs by joining Nursefinders with its existing portfolio company and travel nurse staffing leader, National Healthcare Staffing. Terms not disclosed. Gryphon acquired Nursefinders in 2004 in partnership with Kaiser Permanente and expanded it into the physician staffing sector with the acquisition of Linde Healthcare/Kendall & Davis in '05 and into the allied health staffing sector with the acquisition of Club Staffing in '06.	8/9/2007
Medical Services	Humana Inc. (NYSE:HUM) , a large provider of health insurance products and related services - through traditional and consumer-choice plans - to employer groups, government-sponsored plans, and individuals.	KMG America Corporation , a group and voluntary insurance benefits and third-party administration company.	With KMG's marketing and product distribution focus on the consumer, the deal enhances Humana's ability to serve the growing demand for health insurance products geared to individuals. KMG offers life and health insurance products to approximately 1.1m group and individual members nationwide. Humana services approximately 11.3m medical members. Deal value ~ \$187.7m on revenue of \$203m (0.9x) and EBITDA of \$8.4m (22.3x).	9/7/2007
Medical Services	Medco Health Solutions, Inc. , a major pharmacy benefit manager.	PolyMedica Corporation , a major provider of blood glucose testing supplies and related services for diabetics.	Medco manages more than \$6.5b in drug spending related to its 2.8m patients under diabetes treatment. The deal brings 1m members under care and creates a one-stop shop to provide supplies needed to monitor diabetes (under the Liberty brand) and medications to control it. Under pressure to disclose and share rebates received from pharmaceutical companies, PBMs are seeking other revenue sources.	8/28/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
			Rival Caremark RX (now part of CVS Caremark) acquired Accordant Health Services, a manager of chronic diseases, and Express Scripts bought Priority Healthcare Corp, a distributor of specialized drugs for certain disease states. Deal value -- \$1.5b, on TTM revenue of \$710.2m (2.1x) and EBITDA of \$110.5m (13.5x).	
Medical Services	Sonic Healthcare Ltd. (SHL.AX) , a major pathology company located in Australia.	Sunrise Medical Laboratories Inc. , a US based full-service clinical laboratory.	Represents an important strategic step for Sonic Healthcare in its expanding U.S. laboratory operations. Sunrise operates in the New York metropolitan area and has about a 6% share of the local market. Deal value -- \$148m plus up to \$20m based on achieving certain revenue and EBITDA targets. Sunrise's sales are \$75m (2.0x).	7/6/2007
Medical Services	Vital Signs, Inc. (Nasdaq:VITL) , a manufacturer of products for anesthesia, respiratory and related critical care applications.	Southern Sleep Technologies, LLC and Southern Home Respiratory Care LLC , providers of sleep diagnostic services and CPAP equipment for sleep apnea patients, respectively.	Fortifies Vital Signs' Sleep Segment business unit and expands its geographic coverage in the Atlanta market. Adds to Vital Signs' strategy of providing a complete range of sleep services -- from diagnostic to treatment. Deal value -- \$3.0m on combined sales of \$2.1m.	7/17/2007
Medical Services	Walgreen Co. Walgreen Company (NYSE:WAG) , a major drug-store chain.	Option Care, Inc. , a national provider of specialty pharmacy and home infusion services.	Strengthens Walgreen's position as a full-service specialty pharmacy provider, especially in hemophilia, immune deficiency and oncology. The deal allows Walgreen to provide lower-cost alternatives for pharmaceutical and infusion services. Walgreen recently consolidated several pharmaceutical services companies: Take Care Health Systems, a leading operator of convenient care clinics, Medmark Specialty Pharmacy Solutions, a full-service, national specialty pharmacy company, SeniorMed Pharmacy, which provides prescription services to residents in assisted-living, specialty care and independent communities across the country and Schraft's A Specialty Pharmacy, one of the nation's leading providers	7/2/2007

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
			of advanced fertility medications and services. Deal value ~ \$850m, based on revenue of \$715.7m (1.19x) and EBITDA of \$48.1m (17.7x).	
Medical Services	WellPoint, Inc. (NYSE:WLP) , a major health benefits provider.	American Imaging Management , a radiology benefit management and technology company with health plan clients representing over 20 million consumers.	Diagnostic imaging is one of the fastest growing health care expenditures in the U.S. and AIM has a record of dramatically reducing these costs by better management of imaging services. Deal value ~ \$300m.	8/1/2007
Medical Services	XCORPOREAL, Inc. , a developer of an extra-corporeal platform technology for hospital congestive heart failure (CHF) therapy, hospital renal replacement therapy, and home renal replacement therapy.	CT Holdings Enterprises, Inc. , a provider of consulting, marketing, and strategic planning services.	Xcorporeal is developing (a) a portable device that will provide hospitalized CHF patients with a simple ultrafiltration therapy and (b) a wearable artificial kidney, within the end-stage renal disease market. This is a "blind pool" acquisition.	8/13/2007
OTC/Consumer	Bayer HealthCare's Consumer Care Division , a global marketer of over-the-counter medications and nutritional supplements.	The Citracel® line of OTC calcium supplements of Mission Pharmacal Company , a family-owned pharmaceutical company based in Texas.	Increases Bayer's OTC market presence in the U.S. and opens up international sales opportunities for extending the brand in other parts of the world. Bayer's other OTC products include Bayer(R) Aspirin, ALEVE(R), Flanax(R)/Apranax(R), Alka-Seltzer (R), Bactine(R), Phillips'(R) Milk of Magnesia, Midol(R), One-A-Day(R) vitamins, and Flintstones(TM) vitamin. Terms not disclosed; Citracel's sales are \$54m.	8/30/2007
OTC/Consumer	The Perrigo Company (Nasdaq:PRGO; TASE) , a manufacturer of over-the-counter pharmaceutical and nutritional products for the store brand market.	Qualis, Inc. , a manufacturer of store brand pediculicide (lice) products.	Perrigo acquires 5 store brand over-the-counter product formulations making it the category leader for lice products. Deal value -- \$12m.	7/11/2007