

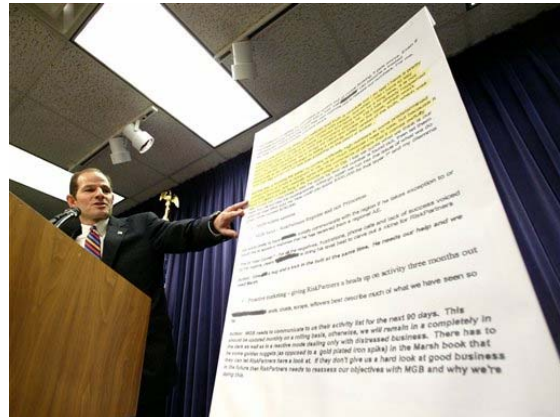
The Strategic Healthcare M&A Report

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

December 2004

Highlights

- **More than 50 Deals Profiled.** See Healthcare Transactions table attached.
- **Deal in the Spotlight--** Abbott Laboratories' acquisition of a non-fusion spinal surgery company. Non-fusion spinal surgery market analyzed.
- **Critical Corporate Advice -- E-mail management** has become a vital corporate function. In the past few weeks, damaging e-mail records at Merck & Co. revealed company concerns about Vioxx, the pain-killer recently taken off the market, and New York Attorney General Elliot Spitzer cited e-mails from insurance broker Marsh & McLennan Companies in suing the firm (see AP picture at right). While incriminating e-mails serve the public good, corporations need to adopt systematic policies in regulating e-mail traffic to avoid misinterpretations and otherwise avoidable problems. In this issue, Eric Rosenberg, President of Litigation Proofing LLC and an expert on corporate e-mail management, presents best practices corporations should adopt to protect themselves.



Next Issue: J&J's interest in Guidant -- implantable defibrillators and pacemakers and the recently approved carotid (stroke preventing) stent.

The Strategic Healthcare M&A Report is a bi-monthly publication profiling merger, acquisition and strategic transactions taking place in the healthcare industry. Each issue will spotlight one or more deals representing an important trend and offer 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.

© 2004-5 The Walden Group, Inc. No part of this newsletter may be reproduced without written permission of The Walden Group, Inc.

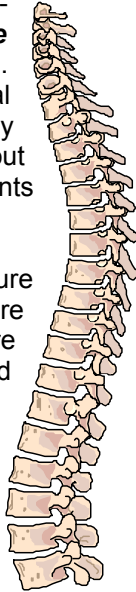
The Walden Group®, Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
www.waldenmed.com * email:office@waldenmed.com

Deal in the Spotlight -- Abbott's Acquisition of Non-Spinal Fusion Technology

In late October 2004 **Abbott Laboratories (NYSE: ABT)** acquired privately-owned and venture-backed **Spine Next, S.A.**, of Bordeaux, France. Spine Next manufactures a spinal stabilization device that treats early degenerative disc disease without fusion of the vertebrae, helping patients preserve motion.

A spinal fusion is a surgical procedure whereby one or more vertebrae are fused together. Fusions are administered to repair fractured vertebrae and deformities, to reduce pain, and to treat instability and disc herniations, among other reasons. Spinal fusion involves the placement of bone graft between the vertebrae to make a solid union between the vertebrae. Implanted plates, screws and cages may also be used.



Spinal fusion eliminates patient movement where the fusion took place because it removes the flexibility afforded by the disc -- the connective tissue linking the vertebrae. Fusion also involves a lengthy healing process to insure that the bone properly healed.

The limitations of spine fusion have engendered major efforts to develop non-fusion alternatives to spinal surgery, including artificial discs, nucleus replacement, annular repair, image guided regenerative techniques and conservative care.

In late October 2004 **Johnson & Johnson's** artificial spinal disc won U.S. approval for relieving severe low back pain. The metal-and-plastic disc, called Charite, is the first artificial disc to reach the U.S. market. The product has been sold in Europe for more than a decade.

Johnson & Johnson said the disc relieves pain while helping to maintain mobility in the lower back. Experts hope long-term studies will show the device also reduces stress on adjacent discs.

Medtronic Inc., Synthes Inc. and Spinecore, Inc. (purchased by **Stryker Corporation** in August 2004 for \$120 million and up to an additional \$240 million milestone payments) also are developing artificial discs for the lower back as well as the neck. Medtronic's Sofamor Danek division is the largest player in the spinal fusion industry. It generates nearly \$2 billion in annual sales in spinal products, such as cages used in fusion procedures and a regenerative biotech compound called BMP. Spinecore's products are still in clinical trials and not expected to be introduced for several years.

New market entrants addressing the opportunities include: Applied Spine Technologies; AxioMed Spine; Disc Dynamics, Inc.; Endius, Incorporated; Life Spine LLC; SeaSpine Inc.; and Vertebron Inc.

Experts disagree on how quickly and how widespread artificial discs will be used. Some say the technology is revolutionary and the adoption rate will be very high. It does seem clear that there will be considerable attention paid to products that preserve spinal motion and can be deployed minimally invasively.

Regarding the Abbot transaction, Jeffrey Binder, president of Spinal Concepts, a division of Abbott, said: "This acquisition enhances our spinal product line with an exciting non-fusion technology and expands the established global distribution network for our existing spinal products business". (In 2003 Abbott had acquired Spinal Concepts, a manufacturer of products used during spinal fusion surgery.)

Abbott acquired all of the equity of Spine Next for approximately \$60 million in cash plus additional milestone payments upon achievement of future targets.

Among Spine Next's products is the Wallis system, a spinal implant for treating degenerative disc disease without fusing the spine by providing additional support to the spine. The Wallis system is approved for sale throughout Europe and other parts of the world. In early 2005, Abbott expects to begin a clinical trial to collect data to support U.S. regulatory approval of the Wallis system.

Critical Corporate Advice -- Key Steps for a Smarter and Safer E-mail Policy

By Eric M. Rosenberg,
©LitigationProofing,LLC

As a trainer
to corporate
audiences
on best
practices in



electronic communications, I frequently open with a question: Why is a large drum a better way to send a message than an e-mail? The answer: Because it doesn't leave a trace. Electronic communications, on the other hand, are basically permanent. Because they are often written carelessly, informally, and speculatively, they have become the Rosetta Stones of litigation. Plaintiffs, prosecutors and defendants seek them as keys to the evidentiary kingdom. Errant and imprudent e-mails even cause problems well before litigation develops and they pervade our corporate culture. The healthcare industry is no exception to this unwelcome trend.

Some recent examples have become infamous. As New York Attorney General Eliot Spitzer recently commented, "we can only make these cases as long as people are foolish enough to keep writing this stuff down." Play investigator for a moment and try to match each of these recent e-mails with the author's unhappy employer and the problem to which it relates. (Hint: the first two come from the healthcare industry. See sidebar for answers):

- a) "The possibility of increased [cardiovascular] events is of great concern....I just can't wait to be the one to present those results to senior management!"
- b) "Do I have to look forward to spending my waning years writing checks to fat people worried about a silly lung problem?"

- c) Michael Ovitz is a "psychopath" who was "untrustworthy to everybody" and "totally incompetent"
- d) "Please e-mail me a B quote"
- e) "25 reasons why beer is better than women."
- f) "PeopleSoft is the enemy. Bury them...Now let me get back to my raw meat breakfast."
- g) "This is another AIG protection job."

Source of Emails
a) Merck, regarding Vioxx matter
b) American Home Products, Fen-Phen litigation
c) Michael Eisner, Disney
d) Marsh & McLellan Cos., cited in Eliot Spitzer's civil suit for alleged insurance bid rigging
e) Chevron, sexual harassment
f) Oracle, PeopleSoft takeover attempt
g) Ace, Ltd., alleged insurance bid rigging

Those are just the tip of the iceberg, as electronic communications have become the weapon of choice in virtually every litigation. Deletion is not the solution to this problem, since retention is required in many regulated businesses, and is also necessary under the law as soon as there is a reasonable prospect of litigation or investigation. Propagation of e-mail through forwarding, ccs and bccs, and the skills of forensic computer specialists in recovering supposedly deleted documents from hard drives make true and timely deletion impossible, even where it is permissible. So what can you do to protect your healthcare business and yourself?

Here are three steps to protect your company:

- 1. Develop Written Policies.** Establish a written policy that, at a minimum, addresses

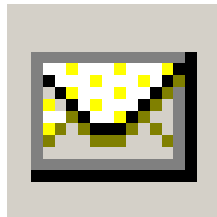
the following issues with respect to company electronic communications:

- limits or bars personal use
- declares company ownership and right to surveillance
- prohibits improper content such as pornography, gambling, chain letters
- prohibits copyright violations
- prohibits use to offend, intimidate or harass

2. Conduct Serious Supervision.

Implement serious supervision and surveillance, with real consequences for violations, including termination.

3. Train Employees Regularly. Engage in repeated employee training. Your objective should be a serious change in employee behavior. While perfection may be impossible, every prevented problem is worth the training expense.



A few comments to elaborate are in order. Limiting personal use of the company system to urgent matters or barring personal use altogether is important because it helps set a sober tone for company e-mail, treating it like correspondence or memoranda rather than written speech among friends and family. Likewise, it is important for employees to know that someone responsible to management is conducting periodic surveillance of rule compliance. There are an increasing number of technology vendors who will help you with systems that identify and block certain offending words and photos; however, those systems often are cumbersome and overbroad. They also miss many improper e-mails and are no substitute for human review on an intelligent sampling basis.

Leadership on best practices in electronic communications starts at the top. Managers who use company e-mail to make or forward jokes of any kind, make personal use of the systems, exaggerate or use sarcasm to exhort their subordinates, or use inappropriate language cannot expect better of their

employees, and they may have a difficult time enforcing punishment for rule violations.

Best practices in electronic communications encourage users to confine their e-mail to the distribution of factual information for those who have a genuine need to know and use that information, and for simple administrative purposes, such as making appointments. E-mail is a poor medium for debating proposed corporate actions, speculating about policy, or airing “concerns”, “doubts”, and “problems.” Those communications are best conducted in traditional corporate correspondence, memoranda, phone calls, and meetings.

Moreover, where legal issues may be implicated in such communications, counsel should be involved and the attorney-client privilege should be protected. While some e-mail problems stem simply from the way they are written, including flamboyant words, exaggeration, irony, sarcasm, and supposed humor, other problems are rooted in the improper underlying behavior reported in the e-mail. E-mail education should lead to less problematic writing, and it also will foster more awareness about risky business practices and how to report them promptly to counsel when they are encountered. This is consistent with the corporate governance reforms embodied in Sarbanes Oxley legislation and rules.

In addition to addressing content, good training should also address the need for care in transmission of the electronic communication. Mistakes in selection of recipients and attachments have consequences that cannot be remedied. To reduce such errors it is best to enter recipient addresses only after the body of the e-mail has been composed and double-checked. Then double check all addressees, including ccs and bccs. When forwarding draft agreements in business transactions, especially in mergers and acquisitions, it is vital to use an application to strip out all meta-data that might identify prior internal draft language. Otherwise you may inadvertently disclose the names of other targets, or confidential terms of other deals. Often in an M&A context there is a wide distribution list of recipients; not everyone on the list should get every e-mail and every document. E-mail is so easy to transmit, it can blunt our selectivity in terms of who should get what.

When an incoming communication seems out of line or raises a question of e-mail behavior, it should not be forwarded. Rather, company counsel should be notified. In addition, recent legislation, such as privacy regulations under the Health Insurance Portability and Accountability Act (HIPAA), may require special care in limiting recipients, scrutinizing e-mail attachments, and properly encrypting patient records.

In conclusion, e-mails are a seductive medium and can easily become an informal gossip network. Formal procedures should be implemented to instill a proper atmosphere and protect companies from litigation, negotiating pitfalls, and human resource problems.

Companies should also consider having a skilled professional review their practices, educate their personnel, and help select appropriate technologies to ameliorate potential problems.

Author Eric M. Rosenberg is the founder and president of LitigationProofing, LLC (Mamaroneck, NY, www.litigationproofing.com). He is a graduate of Yale College and Columbia Law School, where he was a member of the Law Review, and is the former head of capital markets litigation at Merrill Lynch. He can be contacted electronically with care at Rosenberg@litigationproofing.com.

Healthcare Transactions -- October-November 2004

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.

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Arpida Ltd. , a Swiss-based anti-infective company.	Combio A/S (Denmark) , a producer of innovative chemistry technologies.	Provides greater chemistry capabilities for antibiotic drug development.	10/15/04
Biopharmaceuticals	Cambrex France SARM (unit of Cambrex Corporation) , a provider of biopharmaceutical therapeutic products.	Genolife SA , a producer of microbial detection products.	Reduces diagnostic costs and diagnostic cycle times; leverages Cambrex's endotoxin detection sales force. Transaction value about \$6 million.	10/20/04
Biopharmaceuticals	Charles River Laboratories International, Inc. (NYSE:CRL) , a solutions provider for drug discovery and development.	Inveresk Research Group, Inc. (Nasdaq:IRGI) , a contract research organization.	Provides access to larger share of pre-clinical and clinical drug development market businesses. Transaction value of about \$1.5 billion.	10/20/04
Biopharmaceuticals	Eyetech Pharmaceuticals, Inc (Nasdaq:EYET) , a developer of novel therapeutics to treat diseases of the eye.	Transgenomic, Inc. (Nasdaq:TBIO) , a developer of innovative products for use in research, diagnostics and therapeutics.	Provides Eyetech with manufacturing capabilities for its upcoming clinical trials. Transaction value about \$3 million.	11/15/04
Biopharmaceuticals	Genzyme Corp. (Nasdaq:GENZ) , a global biotechnology company.	Wyeth Pharmaceuticals (NYSE:WYE) , a global pharmaceutical and health care products company.	Genzyme acquired the sale and marketing rights to Synvisc®, in the U.S. and five European countries. Synvisc® relieves the pain knee osteoarthritis, with 2004 estimated worldwide end-user sales of \$240 million.	11/04/04

The Walden Group® , Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
 www.waldenmed.com * email:office@waldenmed.com

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Groupe NovaSep SAS , a provider of drug discovery outsourcing services to pharmaceutical companies.	Dynamic Synthesis (sub. of Rockwood Specialties Group, Inc.) , a provider of customized synthesis manufacturing solutions.	Adds additional pharmaceutical development technology.	10/20/04
Biopharmaceuticals	Invitrogen Corporation (Nasdaq:IVGN) , a research and development products and services company.	DNA Research Innovation, Ltd. , a developer of DNA and nucleic acid purification products.	Augments Invitrogen's suite of drug development technologies. Transaction value about \$65 million.	10/28/04
Biopharmaceuticals	Pall Corporation (NYSE:PLL) , a manufacturer of filtration and purification products.	BioSpera Process Division from Ciphergen Biosystems, Inc. , a developer of chromatography sorbents.	Adds a broad range of chromatography chemistries, which compliment Pall's market position in drug discovery and protein purification.	10/28/04
Biopharmaceuticals	Perrigo Company (Nasdaq:PRGO) , a manufacturer of over-the-counter pharmaceutical and nutritional products.	Agis Industries Ltd. , a manufacturer of specialized generic pharmaceuticals and active pharmaceutical ingredients.	Provides Perrigo with synergetic product lines and additional global manufacturing capabilities. Transaction value about \$818 million.	11/15/04
Biopharmaceuticals	Pfizer Inc. , a global drug developer and manufacturer.	Meridica , a designer and developer of drug delivery technologies for the pharmaceuticals industry.	Broadens Pfizer's inhalation drug delivery technologies. Transaction value about \$125 million.	11/12/04
Biopharmaceuticals	QLT Inc. (Nasdaq:QLTI) , a biopharmaceutical company focused on ophthalmology, oncology, dermatology and urology.	Atrix Laboratories, inc. (Nasdaq:ATRX) , a specialty pharmaceutical company focused on advanced drug delivery for oncological, dermatological, and urological conditions.	Broadens the combined companies' product portfolio in core therapeutic areas.	11/19/04

The Walden Group® , Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
www.waldenmed.com * email:office@waldenmed.com

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	Safeguard Scientifics, Inc. (NYSE:SFE) , a provider of business development services for information technology and life sciences companies.	Laureate Pharma L.P. , a provider of drug and diagnostics development products.	Considered a well-positioned growth vehicle for Safeguard. Transaction amount about \$30 million.	10/21/04
Biopharmaceuticals	SFBC International, Inc (Nasdaq: SFCC) , a specialized drug development services company.	PharmaNet, Inc. , a drug development company.	The combined company will provide SFBC with global phase II and III development and technology platforms.	11/03/04
Biopharmaceuticals	Sonus Pharmaceuticals, Inc (Nasdaq:SNUS) a developer focused on the development of novel drugs for the treatment of cancer.	Synt:em , a French-based, privately held drug discovery and development company.	Will expand and diversify Sonus' drug development pipeline with a number of potential product candidates.	11/03/04
Biopharmaceuticals	Symyx Technologies, Inc. (Nasdaq:SMMX) , a developer of instrumentation and software for R&D efforts.	IntelliChem, Inc. , a provider of intelligent electronic lab notebooks for the pharmaceutical, biotechnology and chemical industries.	Augments Symyx's existing R&D software applications. Transaction value about \$28.9 million.	11/15/04
Data Management	BTC Worldwide , a provider of medical records coding, document conversion and consulting services.	Coding Connection Inc. , a provider of medical coding services.	Both companies employ medical coders working from home using. Deal enables BTC to expand within the U.S. and offer its expertise to a wider customer base.	10/27/04
Data Management	i3 Research (an Ingenix Inc. company) , a specialized contract research organization.	Statprobe, Inc. , a provider of comprehensive data services.	Adds Midwest presence and broadens product lines and services.	10/04/04
Data Management	Infocrossing, Inc. (Nasdaq:IFOX) , a provider of IT outsourcing and business processing solutions.	Verizon Information Technologies Inc. , a provider of managed care, Medicare, and Medicaid processing services.	Adds healthcare claims processing and base of commercial and government accounts.	10/04/04

The Walden Group® , Inc.

 560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
 www.waldenmed.com * email:office@waldenmed.com

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Dental	Sybron Dental Specialties, Inc. (NYSE:SYD) , a manufacturer of dental consumables and infection control products.	Innova LifeSciences Corp. , a producer of dental implant systems.	Sybron's cash tender offer completed. The deal enables Sybron to enter the rapidly growing dental implant market. Transaction value about \$60 million.	10/15/04
Diagnostics	Agilent Life Science and Chemical Analysis, (LSCA) Business (NYSE:A) , a provider of instruments, software and services to the life science and chemical analysis markets.	Silicon Genetics , a provider of software solutions for life science discovery.	Increases Agilent LSCA's technology/product portfolio.	11/01/04
Diagnostics	Chemicon International, Inc., a division of Serologicals Corporation (Nasdaq:SERO) , a manufacturer of diagnostic products providing researches with the tools and technology necessary to study gene function in animal systems.	Primogenix Inc. , an embryonic stem cells technology company.	Adds novel strains of mouse embryonic stems cells to Chemicon's stem cell product portfolio.	11/03/04
Diagnostics	GeneOhm Sciences, Inc. , a developer of electrochemical nucleic acid detection systems.	Infectio Diagnostic (Quebec) , a provider of molecular diagnostic systems for infectious diseases.	This merger brings together related molecular diagnostic capabilities, adding economies of scale, R&D capacity, and other synergies. Terms not disclosed.	10/21/04
Diagnostics	Nanogen, Inc. (Nasdaq:NGEN) , a developer of <i>in-vitro</i> diagnostics products to diagnose and treat diseases.	Epoch Biosciences, Inc. (Nasdaq:EBIO) , a developer of products for the genomics and molecular diagnostics fields.	Increases revenues to facilitate growth into genetic and proteomic diagnostic markets.	10/22/04
Distribution	Henry Schein, Inc. (Nasdaq:HSIC) , a distributor of healthcare products and services.	Barton-Cyker Dental Supply, Inc. , a regional distributor of dental products.	This acquisition augments Henry Schein's dental distribution network in the Northeast.	11/18/04

The Walden Group® , Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
 www.waldenmed.com * email:office@waldenmed.com

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Device	Advance Medical Optics, Inc. (NYSE:AVO) , a developer and manufacturer of ophthalmic surgical and eye care products.	VISX Inc. (NYSE:EYE) , a designer and developer of technologies and systems for laser vision correction.	Two complementary companies which when combined will be better positioned to serve the global vision care industry while experiencing significant cost savings and operating efficiencies. Transaction value about \$1.3 billion.	11/09/04
Medical Device	ArthroCare® Corp. (Nasdaq:ARTC) , a developer of minimally invasive surgical products.	Opus Medical, Inc. , a designer, manufacturer and marketer of soft tissue-to-bone and tissue-to-tissue repair systems.	Expands ArthroCare's sports medicine product portfolio and will increase the revenues for its rotator cuff repair procedures. Transaction value about \$130 million.	11/15/04
Medical Device	Medtronic, Inc. (NYSE:MDT) , a global medical technology company.	Wound Healing of Oklahoma, Inc. , a company focused on the discovery, development and commercialization of novel polymer technologies targeting the medical industry.	Acquired the intellectual property for the investigational Cell Plant(TM) Aqueous Stent, which will allow Medtronic to evaluate a new generation of glaucoma treatment devices.	11/11/04
Medical Device	Memry Corporation (Amex: MRY) , a manufacturer of Nitinol components for the medical device industry.	Putnam Plastic Corporation , a specialty polymer-extrusion company serving the medical industry.	Adds complementary products and services focused on the medical components and sub systems in transcatheter applications. Transaction value about \$26 million.	11/09/04
Medical Device	Meridian Bioscience, Inc., (Nasdaq:VIVO) , a manufacture of diagnostic test kits, purified reagents and related products.	O.E.M. Concepts, Inc. , a manufacturer of specialized biological products for the diagnostic, pharmaceutical and research markets.	Adds key capabilities and revenues to Meridian's life science business. Announced signing of letter of intent.	11/10/04
Medical Devices	Abbott Laboratories (NYSE:ABT) , a global developer and manufacturer of pharmaceuticals and medical products.	Spine Next, S.A. (France) , a producer of spinal fixation products.	Broadens Abbott's spinal product line, adds non-fusion spinal technology and capitalizes on its global distribution. Transaction value about \$60 million. See "Deal in the Spotlight" column.	10/25/04

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	Arizant Inc. , a manufacturer of fluid and patient warming products. Now owned by Citigroup Venture Capital Equity Group.	Actamed , a U.K. distributor of temperature warming products.	Actamed is Arizant's U.K. distributor. Purchase of 75% of the equity not already owned by Arizant.	10/04/04
Medical Devices	Aspen Surgical Products, Inc. , a manufacturer of disposable medical products for the O.R. environment	Sterion Inc. (Nasdaq:STEN) , a provider of emergency oxygen equipment and related products and services.	The sale includes the Sterion's disposable operating room support products, private label manufacturing, and the Surgidyne brand of surgical wound drainage products. The deal broadens Aspen's O.R. product offering. Transaction value about \$6.5 million.	11/08/04
Medical Devices	Cambrex Corporation , a provider of biopharmaceutical therapeutic products.	Ortec International, Inc. , a producer of skin regeneration products.	This is an exclusive marketing and distribution agreement, availing of Cambrex's dedicated sales force.	10/18/04
Medical Devices	CardioTech International, Inc (Amex: CTE) , a developer of medical devices focused on treatments for late-stage cardiovascular disease.	CarTika Medical, Inc. , a medical device contract manufacturer.	This acquisition expands CardioTech's catheter and disposables contract manufacturing capabilities.	11/23/04
Medical Devices	Carl Zeiss Meditec, Inc. , a manufacturer of ophthalmologic diagnostic products.	Laser Diagnostic Technologies, Inc. , a developer of a glaucoma diagnosis and management tool.	Adds to current glaucoma product portfolio.	10/21/04
Medical Devices	CTI Molecular Imaging, Inc. (Nasdaq:CTMI) , a provider of positron emission tomography (PET) equipment, and molecular imaging biomarkers and services.	ImTek Inc. , a provider of micro-CT systems for imaging laboratory animals used in medical research.	Augments CTI's service to the research and pharmaceutical markets.	11/08/04
Medical Devices	Endius, Inc. , a manufacturer of medical devices and implants for minimally invasive spine (MIS) surgery.	Intellectual property of Dr. Parviz Kambin , a leader in the advancement of MIS surgery.	Increases Endius's MIS technologies and capabilities.	10/26/04

The Walden Group® , Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
 www.waldenmed.com * email:office@waldenmed.com

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	IntegraLife Sciences Holding Corporation (Nasdaq: IART) , a manufacturer of neuro and plastic surgical products.	NewdealTechnologies , a French-based manufacturer of specialty implants and instruments for foot and ankle surgery.	Provides access to orthopedic markets, synergizes with Integra's wound care product line and adds to its European direct sales force. Transaction value about \$50 million.	11/14/04
Medical Devices	Invacare Corporation (NYSE:IVC) , a manufacturer of long-term care and home-care products and supplies.	Champion Manufacturing, LLC , a manufacturer of seating for hemodialysis, chemotherapy and other applications.	Expands Invacare's product line and enables its vast distribution system to propel Champion product sales.	10/16/04
Medical Devices	Medtronic, Inc. (NYSE:MDT) , a global medical technology company.	Angiolink Corporation , a manufacturer of wound closure products for vascular procedures.	Products complement Medtronic's coronary and peripheral vascular businesses.	11/04/04
Medical Devices	Merit Medical Systems, Inc. (Nasdaq:MMSI) , a manufacturer of proprietary disposable products sold primarily to radiology and cardiology call points.	MedSource Packaging Concepts , a custom packager of hospital procedure kits.	Adds disposable kits to product line. Transaction amount about \$1 million.	11/18/04
Medical Devices	St. Jude Medical Inc. (NYSE:STJ) , a manufacturer of cardiovascular medical devices.	Irvine Biomedical Inc. , a developer of electrophysiology (EP) catheter products for the diagnoses and treatment of cardiac rhythm disorders.	The acquisition broadens St. Jude's EP catheter product line. Transaction value about \$47 million.	10/07/04
Medical Devices	Sunrise Medical Inc. , a manufacturer of wheel chair and other patient mobility and rehab products.	Adaptive Equipment Systems (a product of wheel chair seating and positioning systems), RehabiliTech, Inc. (a manufacturer of custom wheelchair seating) and Whitmyer Biomechanix, Inc. (a manufacturer of custom head positioning systems).	Supplements Sunrise's wheel chair and patient positioning lines.	10/22/04

The Walden Group® , Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
 www.waldenmed.com * email:office@waldenmed.com

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	Varian, Inc. (Nasdaq:VARI) , a supplier of scientific instruments, vacuum technologies and specialized contract electronics manufacturing services.	Magnex Scientific Ltd. , a manufacturer of magnetic resonance (MR) imaging magnets.	Will help advance the company's drive into MR imaging and growth in the areas of pharmaceutical and medical research. Transaction value about \$32 million.	11/04/04
Medical Devices	W.L. Gore & Associates Inc. , a manufacturer of products for electronics, industrial, fabrics and medical markets.	ArteriA Medical Science , a manufacturer of stroke diagnosis, prevention, and treatment products.	Expands the Company's endovascular interventional product portfolio into neuro-interventional applications.	11/22/04
Medical Services	Broadlane , a provider of business services to the healthcare industry.	National Oncology Alliance Inc. , a provider of services for oncology physician practices.	Provides Broadlane with focused oncological drug sourcing capabilities and clinical experience.	11/04/04
Medical Services	Cerner Corporation (Nasdaq:CERN) , is a healthcare information technology company.	VitalWorks Inc. (Nasdaq:VWKS) , a provider of information and image management products and services to healthcare organizations.	The acquisition of VitalWorks' medical division expands Cerner's existing products and services focused on the physician practice market place. Transaction value about \$100 million.	11/16/04
Medical Services	Conventry Health Care, Inc. (NYSE: CVH) , a managed Health care company, which operates health plans, insurance companies, and provider, networks.	First Health Group Corp. , a national health benefits service company focused on the group health, workers' compensation and state public program markets.	Broadens the product portfolio and further diversifies the client base of the combined companies. Transaction value about \$1.8 billion.	10/14/04
Medical Services	Coventry Health Care Inc. (NYSE:CVH) , a managed health care company that operates health plans, insurance companies, and provider networks.	Omnicare Health Plan , a managed care provider.	Adds \$150 million in annual revenues and 63,000 Medicaid members.	10/04/04

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Services	Eclipsys Corporation (Nasdaq:ECLP) , a healthcare information technology company.	ESys Medical Systems Inc. , a radiology information systems company.	The acquisition supplements Eclipsys's software application site.	11/10/04
Medical Services	HealthTronics Surgical Services, Inc. (Nasdaq:HTRN) , a manufacturer of serological and orthopedic medical devices.	Prime Medical Services, Inc. (Nasdaq:PMSI) , a provider of healthcare services to the urology community and manufacturer of specialty vehicles.	Provides HealthTronics with complementary services to offer its existing urology network.	11/10/04
Medical Services	MCMC LLC , a provider of independent medical reviews, examinations and related services.	CareSys , a provider of customized managed care services and technology solutions for workers' compensation and disability markets; Solutions 4 , a provider of bill review services; and Calculare Technologies , a provider of technology solutions for the property and casualty insurance market.	The acquisitions will diversify MCMC's product portfolio and expand its claims management and managed care services.	11/04/04
Medical Services	Steris Corporation (NYSE:STE) , a provider of anti-infection and anti-contaminator products.	Cosmed Group, Inc. , a sterilization services provider.	Acquired five medical device sterilization locations that augment Steris' Isomedix Services sterilization network. Transaction value about \$73 million.	11/16/04

The Walden Group® , Inc.

560 White Plains Road, Tarrytown, NY 10591 * 914-332-9700 fax: 914-332-0020
 www.waldenmed.com * email:office@waldenmed.com