The Strategic Healthcare M&A Report

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

1st Quarter 2006, April 2006

Highlights

- ***Critical Corporate Advice -- "The Promise of Clinical Diagnostics"*** *by Ken Powell, BD Diagnostic Systems.*
- ***More than 60 Deals Analyzed****. See Healthcare Transactions table attached.*
- ***New: Quarterly Snapshot -- a quick view summary of the notable 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

The Promise of Clinical Diagnostics

By Ken Powell, BD Diagnostic Systems

Overview

It is estimated that 70-80% of all clinical decisions are based on a diagnostic test result. Yet, the $31 billion global *in vitro* diagnostic industry has grown at an approximate compound annual rate of only 5% for the last ten years. Contrast this with the growth of other medtech market segments, such as cardiac rhythm management (20%), orthopedics (17%), and cardiovascular devices (16%), and the enigma is readily apparent. Although clinical diagnostic tests comprise only 5% of US hospital costs and 1.6% of Medicare costs, they are indispensable in early disease state monitoring and detection, and a major determinant of subsequent medical treatments.

Diagnostics can identify patients at risk for future medical problems, predict illness in advance, guide a course of treatment and predict outcomes based on a patient's unique genomic profile. Instead of administering expensive therapies to a broad patient population for a given disease state, diagnostics have the potential to match a specialized treatment to patient sub-populations expected to respond to that treatment. This is expected to significantly reduce overall healthcare costs, minimize unnecessary side effects in the non-responder population, and improve outcomes and patient satisfaction. This article briefly surveys the vitally important clinical diagnostics market and proposes pathways to harness its untapped power.

Growth Drivers

Even though the clinical diagnostics sector is expected to grow at a lower rate than its medical device counterparts, there are key growth drivers propelling it forward, including:

- An aging population elevating the demand for diagnostics and healthcare in general.
- Medical and scientific advances in more patient centric, targeted diagnostics.
- Technological advances in diagnostic equipment and reagents.
- New specialized bio-pharmaceuticals being developed by large pharma and biotech companies.
- Substantial cost pressures on the healthcare system that favor early detection, prevention and methods to stem the progression of disease.
- Empowering consumers via the Internet, OTC diagnostics and other means to influence their own health outcomes.
- Globalization, which is bringing today's healthcare solutions to China, India and other large developing countries.

Major Diagnostic Test Areas

Major diagnostic test areas currently include:

- Chemistry
- Hematology
- Immunology
- Infectious disease testing
- Urinalysis
- Blood banking
- Molecular diagnostics
- Genetic testing
- Diabetic glucose monitoring

Trends and Emerging Testing Areas

A trend common to virtually all diagnostics is to speed up turnaround times. The goal is to provide quicker, more reliable results so clinicians have the data to make decisions and initiate/adjust treatment, ideally while a patient is in the same location as the clinician. Advances underway to provide faster test results include:

- Enhanced Technology - Greater use of point-of-care (or near patient) testing in virtually all segments of the clinical diagnostics market.

- Advanced Informatics - More sophisticated information technology solutions including internet, wireless, telemedicine and other connectivity solutions to communicate and integrate test results.

Clinical diagnostics are making valuable contributions in exciting emerging areas:

- **Molecular diagnostics**, which capture genomic expression patterns and use the information to distinguish between normal, precancerous, and cancerous tissues at the molecular level. The enormous amount of data generated by these types of analyses is being used to create new tools for better cancer detection, diagnosis, and treatment planning. Molecular diagnostic tests include nucleic acid applications using DNA/RNA, viral detection using PCR (polymerase chain reaction --to multiply key genes for identification) and cancer detection using microarrays. Microarrays (also referred to as biochips) combine electronics and biology for research and diagnosis. One such biochip, for example, detects whether a blood sample contains the genes of a specific strain of bacteria. Rather than waiting days for traditional cultures to yield results, biochips can identify the type of bacteria within hours, permitting quicker and more accurate treatment with appropriate antibiotics.

- Using **Nanotechnology**, companies are developing microsensors to detect a single cancer cell and help guide nanoparticles that can destroy tumors from the inside out. And nano-based diagnostics promise to make available a wider variety of sophisticated point-of-care diagnostic equipment incorporating miniaturization and greater ease-of-use features.

- **Personalized diagnostics**, whereby a treatment's effect on a particular patient can be estimated prior to the initiation of therapy. For example, companies like DakoCytomation are partnering with pharmaceutical companies to develop specific companion diagnostics. Its HercepTest™ identifies the metastatic breast cancer patients who can be expected to favorably respond to Herceptin™drug therapy. New companion diagnostic tests are now under development to target Gleevec® for chronic myelogenours leukemia and gastrointestinal stromal tumors, and Avastin™ for advanced colon and lung caner. As important, diagnostics combined with data mining may open up new therapeutic indications for existing drugs.

Harnessing the Power of Diagnostics

Data demonstrates that clinical diagnostics are an indispensable and critical component of the healthcare value chain. A recent sentinel study by the RAND Corporation revealed 51% under-use of diagnostics in 30 preventative, acute and chronic conditions. Several dynamics are helping to improve the usage of clinical diagnostics:

1) Diagnostics, medical device and/or pharmaceutical companies are seeing the synergistic value in pooling resources and creating alliances to solve particular medical problems. Medical device companies have recognized the opportunity to identify and link devices with diagnostics and therapeutics in an effort to provide closed loop monitoring systems. This model can target particular disease states as newer technologies emerge and leverage the combined strengths of the alliance partners.

2) Greater recognition that today's information technologies can be better deployed to deliver, track and maintain test results and outcomes for clinicians, patients and payors. Centralized electronic medical records, for instance, are increasingly seen as a key solution to remove inefficiency and unnecessary cost from the healthcare system. Informatics will be an essential part of the future of healthcare, simply due to the shear amount of data and complexity generated by emerging diagnostic and therapeutic technologies.

3) New digital technology enables wider use of electronic communications, linking patients and providers with each other across the health spectrum. Telemedicine will enable remote diagnoses and expert consultation of anatomical pathology and other image-based diagnostic procedures. This is especially important given the projected future shortage of pathologists and specially trained medical technologists.

4) The growing importance of diagnostics should spur the development of intellectual property es-

tates to better protect new diagnostic technologies. As pharmaceutical companies increasingly rely on diagnostics to customize clinical trials and speed up the drug approval process, diagnostic companies will make greater use of IP to gain sustainable competitive advantages and capture higher value.

5) Diagnostic companies are seeking higher reimbursements in return for the increased value and reduced cost delivered by tomorrow's diagnostics. Their goal is to demonstrate through fact-based outcomes data, the qualitative and quantitative value of clinical diagnostics to both public and private payors.

Fulfilling the Promise

Leading experts agree that given the well-publicized structural and cost pressures on the healthcare industry, we simply cannot continue to do the same things the same way and expect different results. Over 70 million baby boomers in the US, together with a shrinking healthcare workforce, increased productivity demands and economic forces mandate change. One answer may lie in the convergence of new diagnostic technologies, integrated test results and IT applications that drive therapeutic decisions and deliver more efficient, higher quality healthcare.

Bringing together disparate parts of our healthcare system is one of the most exciting yet difficult challenges we face. Imagine the seamless flow of real time information between patients, clinicians, caregivers, pharmacies and payors, regardless of location. Imagine an integrated knowledge system that eliminates medical errors, illuminates best treatment options, reduces inefficiencies, leverages technology and drives down costs, all while delivering the high quality of medicine expected by consumers. Because diagnostic test results form the basis for the majority of clinical decisions, clinical diagnostics should be at the center of delivering this promising future.

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Quarterly Snapshot -- Q1'06: The notable deals
(Pending or Closed)

Biopharmaceuticals

AcqParty	TransParty	TransValue (000s)
Bayer AG	Schering AG	$19,500
Watson Pharmaceuticals, Inc. (NYSE: WPI)	Andrx Corporation (Nasdaq: ADRX)	$1,900
Dr. Reddy's Laboratories (NYSE: RDY)	Betapharm Group	$570
Ranbaxy Laboratories Limited	Terapia S.A.	$324
Johnson & Johnson (NYSE:JNJ)	ColBar LifeScience	$140
Cardinal Health, Inc (NYSE: CAH)	ParMed Pharmaceuticals, Inc.	$40
Pharmos Corporation (Nasdaq: PARS)	Vela Pharmaceutical, Inc.	$30

Data Management/Healthcare IT

AcqParty	TransParty	TransValue (000s)
GE Healthcare (GE)	IDX Systems Corporation (IDX)	$1,200
Per-Se Technologies, Inc.	The physician, hospital and retail pharmacy businesses of NDC Health Corp.	$665
Allscripts LLC	A4 Health Systems	$272
Misys Healthcare Systems	Payerpath Inc.	$49

Diagnostics

AcqParty	TransParty	TransValue (000s)
AmeriPath, Inc.	Specialty Laboratories, Inc.	$314
Fisher Scientific International Inc. (NYSE: FSH)	Athena Diagnostics, Inc.	$283
Becton, Dickinson and Company	GeneOhm Sciences Inc.	$230
Inverness Medical Innovations, Inc. (Amex: IMA)	The lateral flow immunoassay diagnostic products ACON Laboratories, Inc.	$175
Serologicals Corporation (NASDAQ: SERO)	LINCO Research Inc.	$75

Medical Devices

AcqParty	TransParty	TransValue (000s)
Angiotech Pharmaceuticals, Inc.	American Medical Instruments Holdings, Inc.	$785
Coloplast A/S	The urology business of Mentor Corporation	$463
dj Orthopedics, Inc. (DJO)	Aircast, Inc.	$290
C. R. Bard, Inc. (NYSE:BCR)	Venetec International, Inc	$166
Encore Medical Corporation (Nasdaq: ENMC)	Compex Technologies, Inc.	$109
Integra Life Sciences Holding Corporation (IART)	Tyco's Radionics Division	$80
Moog Inc.	Curlin Medical LLC	$75

Medical Services

AcqParty	TransParty	TransValue (000s)
Gentiva Health Services, Inc. (NASDAQ: GTIV)	The Healthfield Group, Inc.	$454
National Renal Institutes, Inc.	100 dialysis clinics of Fresenius Medical Care AG & Co. KGaA	$450
Matria Healthcare, Inc. (Nasdaq: MATR)	CorSolutions Medical, Inc.	$445
Nuance Communications, Inc. (NUAN)	Dictaphone Corporation	$359
Covalent Group, Inc.,(NASDAQ: CVGR)	Remedium Oy	$20

Healthcare Transactions -- 1st 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	**Bayer AG**, a global pharmaceutical, diagnostics and industrial products manufacturer, based in Germany.	**Schering AG**, a large biopharmaceutical manufacturer, contraceptives and genetic technologies.	The white-knight offer (countering German Merck KGaA's bid) grows Bayer's pharmaceutical specialty product business (its primary growth engine), adds an innovative product portfolio and a well-stocked pipeline. Deal value $19.5 billion, with prospective cost savings of more than $840m. Schering's sales and EBITDA were about $6.39b (3x) and $1.5b (13x). Subject to closing conditions.	3/23/2006
Biopharmaceuticals	**Cambrex Corporation (NYSE: CBM)**, a diversified life sciences developer of human therapeutics.	**Cutanogen Corporation**, a privately-held biotechnology company developer of products to treat severe burns.	Cutanogen's PermaDerm cultured skin complements OrCel(R), a wound healing product from Ortec International, which Cambrex expects to market upon its anticipated regulatory approval in 2006. Deal value $1.6m at closing with $4.8m in potential milestone payments.	2/2/2006
Biopharmaceuticals	**Cardinal Health, Inc (NYSE: CAH)**, a major pharmaceutical and medical device distributor.	**ParMed Pharmaceuticals, Inc.**, the generic pharmaceutical telemarketing distribution business of Alpharma Inc. (NYSE: ALO), a specialty pharmaceutical company.	Adds telemarketing resources to Cardinal and streamlines Alpharma in respect of its core competencies. Deal price $40.1m in cash.	3/8/2006
Biopharmaceuticals	**China-Biotics, Inc. (OTCBB:OTRS)**, Shanghai based manufacturer of probiotics products.	**Sinosmart Group Inc.**, a holding company that owns 100% of a Shanghai based producer of probiotic dietary supplements.	Enables China-Bioteics to further penetrate the Chinese probiotics marketplace and capitalize on the rapidly growing demand for domestically produced, bulk probiotic additives (bacteria that exist naturally in the human body believed to be necessary for intestinal tract health). Stock deal -- approx. 16m China-biotics shares issued.	3/31/2006
Biopharmaceuticals	**Dr. Reddy's Laboratories (NYSE: RDY)**, an India-based emerging pharmaceutical company	**Betapharm Group**, the fourth largest generics drug maker in Germany.	Boosts Dr. Reddy's presence in Europe and increases company revenues by $200m (2.85X). Deal price -- $570m.	3/4/2006
Biopharmaceuticals	**Dynavax Technologies (NASDAQ:DVAX)**, a developer of products to treat allergies, infectious diseases, and chronic inflammatory diseases using proprietary approaches that alter immune system responses.	**Rhein Biotech GmbH**, a German manufacturer of antigens.	Dyavax gains ownership of a European Union (EU) GMP-certified vaccine manufacturing facility and a complementary pipeline of vaccine and antiviral products. Deal value --approximately $12m cash; expected to close in 2Q06.	3/27/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	**Genzyme Corporation**, a leading biotechnology company.	**The adeno-associated virus technology of Avigen Inc. (NASDAQ: AVGN)**, a biotech developer of small molecule therapeutics for treating neurological conditions.	In this $12 million cash deal (plus royalties and milestone payments), Genzyme acquires a broad gene therapy patent estate, a Phase I/II program in Parkinson's disease and a clinical collaboration in hemophilia. Recently, Genzyme also bought Genesys Inc.'s manufacturing operation for $3.2 million to support the growth of its gene-therapy programs.	12/31/2005
Biopharmaceuticals	**Healthpoint, LTD.**, a manufacturer of branded pharmaceuticals, OTC drugs, and medical devices for tissue management, dermatology, and surgical indications.	**BioSpecifics Technologies Corp. (BSTC.PK)**, a developer of collagenase-based products for therapeutic use.	Adds to Healthpoint's topical product portfolio and permits BioSpecifics to focus on its core collagenase product development Deal terms -- $8m plus milestone payments based on sales.	3/7/2006
Biopharmaceuticals	**Johnson & Johnson (NYSE:JNJ)**, a provider of healthcare products and services to the consumer, pharmaceutical, medical devices, and diagnostics markets.	**ColBar LifeScience**, an Israeli-based based, venture-backed producer of collagen implants.	J&J accesses two promising ColBar collagen products in fast growing artificial tissue segments: one for encouraging bone growth in the jaw for dental applications and the other for treating facial wrinkles (the aesthetic market). Pipeline products address urological, orthopedic and other fields. Deal value $140m. ColBar's has several million dollars in sales, mostly in Europe. Subject to closing conditions.	3/15/2006
Biopharmaceuticals	**Pharmos Corporation (Nasdaq: PARS)**, a developer of therapeutics to treat disorders of the central and peripheral nervous systems and systemic disorders involving inflammation and autoimmune dysfunctions.	**Vela Pharmaceutical, Inc.**, a venture-capital backed, privately owned company specializing in the development of medicines related to diseases of the nervous system including disorders of the "brain-gut axis."	Creates a combined drug development company focused primarily on diseases of the nervous system and autoimmune disorders. Deal value about $29.7m -- $5.0m cash; balance Pharmos stock, plus additional stock if clinical milestones are hit.	3/17/2006
Biopharmaceuticals	**Ranbaxy Laboratories Limited**, a large India-based generic drug company.	**Terapia S.A.**, a Romania-based generic drug company.	Provides major step for expanding Ranbaxy's European operations, with a broad product portfolio and deep pipeline. Ranbaxy will provide Terapia with additional products to launch in the domestic market at very cost competitive levels, thereby lowering costs and delivering value to both consumers and the domestic healthcare budget. Deal value $324m (11.6x LTM EBITDA and 4.05x sales of $80m). Being Eastern European based, Terapia's EBITDA margins are 35%.	3/29/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Biopharmaceuticals	**Ranbaxy Laboratories Limited**, a large India-based generic drug company.	**The unbranded generic business of Italy-based Allen S.p.A, a division of GlaxoSmithKline**, a multinational pharmaceutical manufacturer.	"Fast tracks" Ranbaxy's growth plans in Italy; complementary product portfolios and pipelines. The Italian generic market is one of the fastest growing markets in Europe. As per IMS, December, 2005, its value was approximately $420m, with an annual growth rate of 49%. Ranbaxy has a presence in 21 of the 25 EU countries and is rapidly consolidating its presence in Europe. Terms not disclosed.	3/27/2006
Biopharmaceuticals	**Watson Pharmaceuticals, Inc. (NYSE: WPI)**, a leading specialty pharmaceutical company that develops and distributes branded and generic drugs.	**Andrx Corporation (Nasdaq: ADRX)**, a producer of drug delivery technologies, including difficult-to-replicate generic products.	Expands Watson's product portfolio and pipeline, while strengthening its position in high value, specialized sustained-release technology. Deal price $1.9b cash. Subject to closing conditions.	3/13/2006
Data Management/ Healthcare IT	**Allscripts LLC**, a provider of healthcare information technologies, including electronic health records, e-prescribing, document imaging solutions and connectivity products.	**A4 Health Systems**, a developer of electronic medical records and practice management systems geared to small and midsized physician practices.	Adds an established leader with a strong product offering and robust sales channel in two significant and underserved market segments - small, independent physician practices and mid-sized medical practice groups. A4's products can be integrated with Allscirpts's TouchWorks™ system. Deal price of $272m, on A4 revenues of $75m and EBITDA of $15.5m (3.6x and 17.5x, respectively).	1/20/2006
Data Management/ Healthcare IT	**Aptuit, Inc.**, a provider of drug development services and technologies.	**InfoPro Solutions Inc.**, a provider of multisite clinical information technology platforms.	Enables Aptuit to leverage InfoPro Solutions' expertise to deploy a global, multi-customer, multi-site platform to enable clients to track drug development projects anywhere in the world in real time. InfoPro Solutions' development facility in Bangalore will provide the company with a strategic base for its informatics operations. Terms not disclosed.	3/15/2006
Data Management/ Healthcare IT	**Decision Resources, Inc.**, a research/advisory firm focused on pharmaceutical and healthcare industry analysis.	**Millennium Research Group**, a provider of strategic information for the medical device, pharmaceutical and biotechnology industries.	Significantly expands Decision Resources' breadth of research services to include comprehensive coverage of medical devices. Terms not disclosed.	2/2/2006
Data Management/ Healthcare IT	**GE Healthcare (GE)**, a unit of General Electric Company providing medical imaging and information technologies.	**IDX Systems Corporation (IDX)**, a provider of software, services, and technologies for healthcare organizations.	Expands the offerings of GE Healthcare Information Technologies, creating a comprehensive suite of clinical, imaging, administration, and electronic medical records systems. Transaction value -- $1.2b. IDX's revenues are $577m, its EBITDA $72.8m, and its net income $35.8m.	1/6/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Data Management/ Healthcare IT	**Misys Healthcare Systems**, a clearinghouse of electronic health-care transactions.	**Payerpath Inc.**, a provider of internet solutions for processing health-care claims.	Synergizes with Misys' electronic transaction clearinghouse operations. Deal value $49m.	1/31/2006
Data Management/ Healthcare IT	**Per-Se Technologies, Inc.**, a provider of billing, electronic claims processing and consulting services to providers.	**The physician, hospital and retail pharmacy businesses of NDC Health Corp.**, a healthcare data management and specialized services company.	Per-Se to pay $665m for the acquired businesses, which synergize with and expand Per-Se's existing data management offerings. Separately, NDC sold Wolters Kluwer its publishing business. Acquired businesses had $225m in revenue (3x) and $32m in operating profit (20.8x).	1/6/2006
Diagnostics	**AmeriPath, Inc.**, a provider of anatomic pathology, dermatopathology and molecular diagnostic services.	**Specialty Laboratories, Inc.**, a provider of specialized clinical diagnostic testing services.	Provides complementary services while broadening AmeriPath's base and expanding its geographic presence. Deal price $314.7m.	2/1/2006
Diagnostics	**Becton, Dickinson and Company**, a major manufacturer of medical supplies and devices, laboratory equipment and diagnostic products.	**GeneOhm Sciences Inc.**, a pioneer developer of molecular diagnostic testing for the rapid detection of bacterial organisms.	Provides BD with expanded entry into the emerging healthcare-associated infections (HAI) market. A natural complement to BD's core strengths in clinical microbiology. Deal value $230m, plus $25m in possible milestone payments, on sales of $5m.	2/14/2006
Diagnostics	**Fisher Scientific International Inc. (NYSE: FSH)**, a leading provider of products and services to the scientific community.	**Athena Diagnostics, Inc.**, a venture-backed developer and provider of proprietary molecular diagnostic and immunodiagnostic tests.	Deepens Fisher's portfolio of proprietary genetic and other markers; enhances its capabilities in personalized molecular diagnostics. Purchase from Behrman Capital for $283m on 2005 net revenues of $55m (5.1x). Subject to closing conditions. Simultaneous with its acquisition of Athena, Fisher entered into an agreement to purchase 9% of Nanogen, Inc. (Nasdaq: NGEN) for $15m in cash. Nanogen is a leading provider of advanced molecular diagnostic equipment, microarrays and reagents for diagnostic applications. Fisher and Nanogen will collaborate to expand the use of Athena's proprietary markers and tests.	3/16/2006
Diagnostics	**Fisher Scientific International Inc. (NYSE: FSH)**, a leading provider of products and services to the scientific community.	**Nanogen, Inc. (Nasdaq: NGEN)**, a leading provider of advanced molecular diagnostic equipment, microarrays and reagents for diagnostic applications.	Fisher and Nanogen will collaborate to expand the use of the proprietary markers and tests of Athena Diagnostics, Inc., which Fisher announced it was purchasing together with its acquisition of 9% of Nanogen's stock for $15 million.	3/16/2006
Diagnostics	**Inverness Medical Innovations, Inc. (AMEX: IMA)**, a provider of diagnostic products for women's	**Clondiag Chip**, a German developer of highly sensitive and specific diagnostic tests for rapid point-of-	Expands Inverness' patent portfolio with nucleic acid probes and immunological test for rapid point-of-care diagnostics. Inverness acquires	3/3/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
	health and chronic disease self-management.	care applications.	67.45% of Clondiag stock for Inverness shares plus $3.1m in cash and agrees to settle obligations of $10m. Inverness will acquiring remaining shares for approximately $4.9m. Additional contingent payments based on new product development milestones.	
Diagnostics	**Inverness Medical Innovations, Inc. (Amex: IMA)**, a provider of diagnostic products for women's health and chronic disease self-management.	**The lateral flow immunoassay diagnostic products ACON Laboratories, Inc.**, a provider of diagnostic test kits for the consumer, point-of-care and laboratory markets.	The deal settles Inverness' patent infringement claims against ACON and fortifies Inverness' position in pregnancy and fertility testing consumer markets. The business to be acquired had 2005 revenues and operating income of approximately $50m (3.5x) and $17m (10.3x), respectively. Deal price of $175m (including a manufacturing plant in China providing low cost production and distribution).	2/24/2006
Diagnostics	**MedMira (NASDAQ: MMIRF)**, a Canadian-based developer of rapid diagnostic solutions.	**SensorChem International**, a developer of new diagnostic technologies.	Expands MedMira's product portfolio. Deal price -- $2.0m.	2/27/2006
Diagnostics	**Nanogen, Inc.**, a developer of advanced technologies to predict, diagnose, and treat disease (PCR agents, electronic microarray platforms, rapid diagnostic kits, etc.)	**The rapid cardiac immunoassay test business of Spectral Diagnostics, Inc.**, developer of innovative technologies for comprehensive disease management.	Accelerates Nanogen's growth strategy to become a leading advanced diagnostics company; complements Nanogen's Congestive Heart failure test. Total consideration for the transaction is CDN$9m, comprised of CDN$5.65m in cash and CDN$3.35m in Nanogen shares.	2/7/2006
Diagnostics	**OncoVista Inc.**, a biopharmaceutical company developing drugs for treatment of cancer and other diseases.	**AdnaGen**, a German-based developer of rapid detection technology focusing on tumor diagnosis.	AdnaGen's proprietary technology improves OncoVista's ability to select patients to respond to its targeted therapies in clinical trials. Majority stake acquired. Terms were not disclosed.	2/23/2006
Diagnostics	**PerkinElmer, Inc. (NYSE: PKI)**, a global technology leader in health sciences.	**The proprietary proteomics technology of Agilix Corporation**, a research and development company engaged in creating protein labeling tools for quantitative analysis.	Brings quantitative proteomics to PerkinElmer customers in drug discovery and proteomics research; enhances the utility of mass spectrometry, a preferred method for proteomic analysis. Terms not disclosed.	3/9/2006
Diagnostics	**Serologicals Corporation (NASDAQ: SERO)**, a manufacturer of diagnostic products for biological research and drug discovery.	**LINCO Research Inc.**, a manufacturer of immunoassay reagents, kits and services in the endocrinology and metabolic disease field.	Strengthens Serological's Luminex-based Multiplexing (multiple reaction product) portfolio and enables it to address the metabolic disease research market. Deal value -- $64.5m cash and $10.3m for land and buildings (deal value 3.4x times projected LINCO sales of $22.0m).	3/23/2006

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Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Diagnostics	**SunTech Medical Group Limited**, a manufacturer of motion-tolerant, non-invasive blood pressure monitoring products.	**Oakfield Instruments Limited**, UK-based manufacturer and distributor of gastrointestinal pressure, pH monitoring equipment and urology products.	Furthers SunTech's plans to grow into a focused medical diagnostics business. The financial investment and managerial support will enable Oakfield to accelerate its existing product development plans, enhance its marketing efforts and extend its current export activities. Terms not disclosed.	3/21/2006
Diagnostics	**Varian, Inc. (VARI)**, a supplier of scientific instruments, vacuum technologies and specialized contract electronics manufacturing services.	**IonSpec Corporation**, a manufacturer of Fourier Transform mass spectrometry technology to discover the function and structural characterization of proteins and other biomolecules in various biological systems.	Increases Varian's participation in faster growing life science applications, in particular in the study of proteins, nucleic acids and drug metabolites. Deal value $16m, plus milestones.	2/28/2006
Distribution	**AmerisourceBergen Corporation (NYSE:ABC)**, a large pharmaceutical services companies serving the United States, Canada and selected global markets.	**Asenda Pharmaceutical Supplies Ltd.**, a Canadian distributor of pharmaceuticals and other health-care products in British Columbia and Alberta.	Provides for a logical expansion of ABC's pharmaceutical distribution business in the Western Canadian provinces and continues its strategic focus on the pharmaceutical supply channel. Ascenda generated about US$172 million in revenue over the last twelve months. Terms not disclosed.	3/2/2006
Distribution	**McKesson Corporation (NYSE:MCK)**, a large healthcare services and information technology company.	**Sterling Medical Services, LLC**, a national provider of medical supplies and health management services to the homecare market and a subsidiary of Coloplast A/S (Denmark).	Sterling's direct-to-patient distribution to home-care patients with chronic illnesses complements McKesson's growing homecare footprint. McKesson's services include technology to monitor patients in the home, disease management programs, nurse triage services, physician-patient connectivity, online portal technology and personal emergency response systems. Terms not disclosed.	2/13/2006
Medical Devices	**Angiotech Pharmaceuticals, Inc.**, a specialty pharmaceutical company that develops treatments for complications associated with medical device implants, surgical interventions and acute injury or trauma.	**American Medical Instruments Holdings, Inc.**, a leading independent manufacturer of a single-use medical device products for vascular surgery, interventional radiology, general surgery, wound closure, and minimally-invasive cosmetic surgery.	By this definitive agreement, Angriotech, diversifies its revenue base and provides manufacturing, marketing and sales capabilities in a several therapeutic areas. AMI was formed in 2003 following the purchase of a majority interest in several medical technology companies by RoundTable Healthcare Partners from The Marmon Group. Deal value $785m, on sales $174m (4.5x).	3/23/2006
Medical Devices	**Best Vascular, Inc.**, a division of Best Medical International, created to focus on The Novoste System.	**Novoste Corporation (NASDAQ:NOVT)**, a manufacturer of The Novoste System, the only remaining vascular brachytherapy product on the market.	Best Vasular was established by Best Medical for the sole purpose of focusing on the VBT product acquired from Novoste, providing this specific therapy across a wide variety of clinical applications. Terms not disclosed.	3/9/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	**C. R. Bard, Inc. (NYSE:BCR)**, a multinational manufacturer of medical technologies for vascular, urology, oncology and surgical specialty products.	**Venetec International, Inc**, a manufacturer of the StatLock® line of catheter securement systems.	With this $166m cash acquisition agreement, Bard Medical adds a leading complementary line of catheter securement devices, used primarily in acute care facilities, to reduce complications with peripheral intravenous (IV) catheters. The StatLock line replaces tapes and sutures, which can come loose and raise the risk of infection at the catheter site. Venetec's sales estimated at about $34m.	3/1/2006
Medical Devices	**Coloplast A/S**, a Danish-based manufacture of products for ostomy, continence care, wound & skin care and breast care.	**The urology business of Mentor Corporation**, a manufacturer of products for the aesthetics, urologic specialties and clinical and consumer healthcare.	This bid significantly enlarges the scope of Coloplast's urology business and strengths its position in Europe and the US. Upon closing of the deal, the combined annualized gross sales of Coloplast's urology and continence care products is estimated at $500m. Deal value -- $463m. Mentor urology's fiscal '05 sales were $232m (2X) and operating profits were $25.5m (18X). Subject to closing conditions.	3/27/2006
Medical Devices	**Cyberkinetics Neurotechnology Systems, Inc. (CYKN)**, a developer of neural stimulation technology for severe paralysis resulting from spinal cord injuries and neurological disorders.	**Andara Life Science Inc.**, a developer of programs to repair and regenerate neural tissues which were developed at the Center for Paralysis Research @ Purdue University.	Adds a potentially profitable neurotechnology product line, which is subject to regulatory approval. Deal value $4.5m in stock.	2/15/2006
Medical Devices	**DePuy Orthopaedics, Inc.**, a major manufacturer of orthopedic products and a subsidiary of Johnson & Johnson.	**Hand Innovations LLC**, a privately held manufacturer of widely used fracture fixation products for the upper extremities	Provides DePuy with leading technology in the plating business, a fast growing and under-penetrated extremities segment. DePuy's worldwide sales force can better market the product lines. Terms not disclosed.	1/19/2006
Medical Devices	**dj Orthopedics, Inc. (DJO)**, a manufacturer of regeneration products for non-operative orthopedic and spine markets.	**Aircast, Inc.**, a manufacturer of bracing products for non-operative orthopedic, spine and vascular markets.	Fortifies dj's presence with orthopedic surgeons and other providers by adding Aircast's strong ankle and vascular brands. Expands dj's distribution internationally where Aircast derives a third of its sales. Tailwind Capital sells Aircast for $290m cash; Aircast revenue and EBITDA were $96.8m (3x) and $24.4m (12x) respectively.	2/28/2006
Medical Devices	**Encore Medical Corporation (Nasdaq: ENMC)**, a diversified orthopedic device manufacturer.	**Compex Technologies, Inc.**, a leader in designing and manufacturing transcutaneous electrical nerve stimulation and electrical muscle	Creates a stronger orthopedic products company that will combine leading electrical stimulation pain management and rehabilitation companies -- Encore's Orthopedic Rehabilitation Divi-	2/27/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
		stimulation (EMS) products used for pain management, rehabilitation and other medical settings.	sion, which includes Empi and Chattanooga Group, and Compex, formerly Rehabilicare. Transaction valued at approximately $109m. Compex's sales for fiscal 05 were $96.1m (1.13x) and its operating profit was $4.6m (22.4x).	
Medical Devices	**Integra Life Sciences Holding Corporation (IART)**, a manufacturer of neuro and plastic surgical products.	**Tyco's Radionics Division**, a manufacturer of minimally-invasive medical instruments for neurosurgery and radiation therapy.	Increases Integra's global neurosurgery offerings, adding ultrasonic aspirators and stereotactic head frames, and permits entry into the radiosurgery/therapy and image guides therapy segments. Radionics generated $62.5m in revenues and $13.4m in pretax earnings. Deal price of $80m cash -- 1.28x revenue; 6x pretax.	3/5/2006
Medical Devices	**Kyphon Inc. (Nasdaq: KYPH)**, develops and markets medical devices designed to restore spinal function using minimally invasive technologies.	**InnoSpine, Inc.**, a developer of proprietary technology for the diagnosis and potential treatment of axial low back pain due to disc degeneration.	Extends Kyphon's spinal treatment solutions by adding a novel diagnostic method known as Functional Anesthetic Discography (FAD), which involves a single-use disposable with no capital equipment requirements. Deal value of $2.5m, with $27.5m in possible milestone payments. Terms not disclosed.	1/5/2006
Medical Devices	**Moog Inc.**, a manufacturer of precision control components and systems for military and commercial aircraft, satellites and space vehicles, industry machinery, and medical equipment.	**Curlin Medical LLC**, a manufacturer of "smart" ambulatory infusion pumps for pain management and other applications.	Moog's expertise in the electronic control of fluid-flow metering devices combined with Curlin's reputation in the medical market is expected to facilitate the continued growth of Moog's medical equipment sales. Deal value $75m ($63m in cash). Curlin's 2005 sales were $16m (4.7x) and its operating profits were $5.4m (13.9x). The Walden Group was retained by Moog and initiated this transaction.	2/13/2006
Medical Devices	**Ossur hf. (ICEX: OSSR)**, a global orthopaedics company specialized in prosthetics.	**Innovation Sports, Inc.**, a US-based developer and manufacturer of ligament braces.	The acquisition of Innovation Sports follows Ossur's July 2005 acquisition of Royce Medical in U.S., and the December 2005 acquisition of IMP Holdings in the UK. These acquisitions, together with Ossur's 2003 acquisition of Generation II, enhance Ossur's presence in the braces and support market. Deal value of $38.4m, on sales of $19m(2x) and normalized EBITDA of $3.61m(10.6x).	1/19/2006
Medical Devices	**Plethora Solutions Holdings plc (AIM:PLE)**, a U.K. based specialty pharmaceutical company focused on urological disease.	**Timm Medical Technologies, Inc.**, a subsidiary of Endocare, Inc. (OTCBB:ENDO) and a manufacturer of a vacuum assist erectile dysfunction products.	Synergizes with Plethora's urologic pharmaceutical business and adds a drug free therapy. Divestiture permits Endocare to focus on tissue and tumor cryoablation. Deal value $9.5m.	1/13/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Devices	**St. Jude Medical, Inc. (NYSE:STJ**, a manufacturer of cardiovascular medical devices.	**Savacor, Inc.**, a developer of heart failure diagnostic and therapy guidance products and technologies in clinical evaluation.	Savacor's small implantable sensor, in clinical trials, measures left atrial pressure and body temperature to help physicians detect and manage symptoms associated with progressive heart failure. The deal, valued at $50m plus possible milestone payments, complements St. Jude's development efforts in managing the co-morbidities of heart failure patients.	1/3/2006
Medical Devices	**Terumo Corporation**, a leading manufacturer of single-use medical devices, such as syringes, blood bags and IV solutions.	**MicroVention, Inc.**, a developer of catheter-based technologies for the endovascular treatment of cerebral and peripheral vascular diseases.	Enables Terumo to expand into the growing worldwide market for the endovascular treatment of cerebral aneurysms. Terms not disclosed.	2/28/2006
Medical Devices	**Zimmer Holdings, Inc. (NYSE: ZMH)**, a leading orthopedic products manufacturer.	**MedTech's intellectual property for BRIGIT™ device**, a voice-actived device to aid surgeons during joint replacement procedures.	Strengthens Zimmer's ability to aid surgeons' accuracy and efficiency. Terms not disclosed.	3/22/2006
Medical Services	**BioScrip, Inc. (NASDAQ: BIOS)**, the survivor of the Chronimed-MIM merger Corporation merger -- a large provider of comprehensive pharmaceutical care solutions.	**Intravenous Therapy Services (ITS)**, a specialty infusion company.	Enhances BioScrip's ability to service infusion patients nationally. Deal price is $13m cash, plus potential earn-outs. ITS' revenue is $9m.	3/2/2006
Medical Services	**Covalent Group, Inc.,(NASDAQ: CVGR)**, a producer of design and management of complex clinical trials and patient disease registries for pharmaceutical, biotechnology and medical device industries.	**Remedium Oy**, a clinical research organization.	Upon closing, combined company will be named Encorium BioSolutions Inc. and will enable its complex clinical trials and patient registries to expand globally. Deal value -- $16m stock, $4m cash. Combined company projects annualized revenue between $21-$23m.	3/6/2006
Medical Services	**DSI Holding Company**, an acquiriror and operator of dialysis clinics, hospitals and acute care centers.	**Fresenius Medical Holdings, Inc. and Renal Care Group**, two large operators of dialysis clinics that are merging.	Funded by Centre Partners, a private equity firm, DSI is acquiring 100 dialyses clinics being divested as part of the Fresenius-Renal Care merger. Terms not disclosed.	2/16/2006
Medical Services	**Gentiva Health Services, Inc. (NASDAQ: GTIV)**, a large home health care provider.	**The Healthfield Group, Inc.**, a leading provider of home healthcare and hospice services.	Extends Gentiva's geographic reach in the southeast, with Healthfied's 130 locations. Deal value $454m.	1/5/2006
Medical Services	**Global Healthcare Exchange, LLC (GHX)**, a provider of electronic trading exchange products and services to the healthcare industry.	**Neoforma, Inc.(NEOF)**, a provider of supply chain management solutions for the healthcare industry.	The combined company will offer supply chain products and services which improve efficiencies for both providers and suppliers. Neoforma has not been profitable.	3/6/2006

Sector	Acquiring Party	Transferring Party	Comments/Rationale	Date
Medical Services	**Grifols**, a Spanish company specializing in the production of biopharmaceuticals	**PlasmaCare, Inc.**, a manager of plasma collection centers.	PlasmaCare's 15 plasma collection centers from PlasmaCare, located in the Mid-West and the South, will be added to the 50 plasma collection centers Grifols already has in North America. With this acquisition, Grifols will be the world's second largest supplier of plasma. Terms not disclosed.	3/15/2006
Medical Services	**Matria Healthcare, Inc. (Nasdaq: MATR)**, a leading provider of comprehensive health enhancement programs (for major chronic diseases and episodic conditions).	**CorSolutions Medical, Inc.**, a leading provider of disease management and related services.	Expands Matria's offerings and organization to cover disease management and related areas: wellness, productivity, behavioral health, physician connectivity, pharmacy management, women's health, and commercialized informatics. Deal price $445m cash. CorSolutions's revenue and EBITDA were $120m(3.7x) and $38m(11.7x), respectively.	1/22/2006
Medical Services	**National Renal Institutes, Inc.**, healthcare services company based in Nashville, Tennessee, that operates kidney dialysis treatment clinics, hospitals and acute care centers.	**100 dialysis clinics of Fresenius Medical Care AG & Co. KGaA**, the world's largest provider of dialysis products and services.	The divestiture is part of the antitrust requirements appurtenant to the merger of Fresenius and and Renal Care Group, Inc. Purchase price -- $450m cash.	2/15/2006
Medical Services	**Nationwide Mutual Insurance Company**, a large diversified insurance and financial services company with more than $157 billion in assets.	**FutureHealth Corporation**, a provider of disease, maternity, case and utilization management services.	Expands Nationwide's absence and disability management offerings, as well as enabling Nationwide to offer FutureHealth's wellness and other programs through its sizeable sales force. Terms not disclosed.	1/5/2006
Medical Services	**Nuance Communications, Inc. (NUAN)**, a leading provider of speech and imaging solutions.	**Dictaphone Corporation**, a leading provider of dictation and speech recognition solutions for the health care industry.	Accelerates Nuance's strategy to automate medical transcription. Expands Nuance's product portfolio and market reach (installed base of over 4,000 hospital and outpatient facilities and over 400,000 physicians). Deal value $359m in cash, subject to adjustments. Dictaphone fiscal '06 revenue about $80m (4.5x) and expected fiscal year '07 to exceed $180m.	3/31/2006
Medical Services	**Ventiv Health Inc. (VTIV)**, a provider of outsourced clinical, sales, marketing, and compliance solutions for the pharmaceutical, biotechnology and life sciences industries.	**Synergos, Inc.**, a provider of clinical trials management services.	Strengthens Ventiv's presence in the biotech, medical device and emerging pharmaceutical markets, adding clinical trial monitoring, regulatory affairs, medical writing and full service clinical trial management. Deal value -- $5.75m in cash and stock, plus earn-outs.	3/13/2006