



Q2 2009 Healthcare IT Transaction Summary

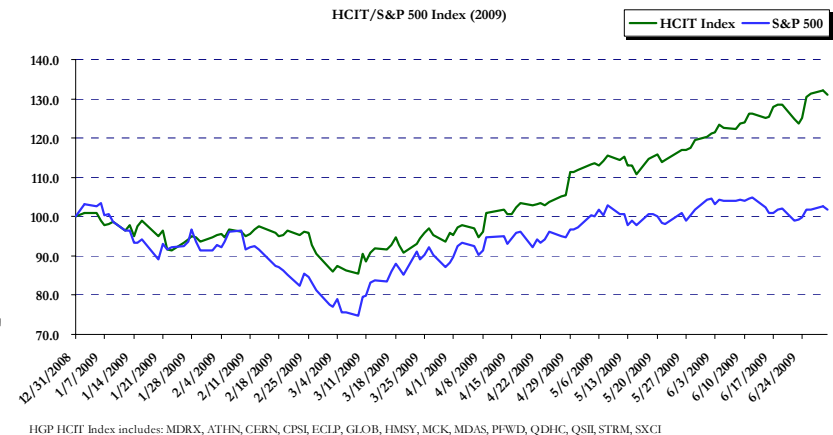
July 2009

Q2 2009 Overview

- ★ The second quarter marked a period of healing
 - The Dow gained 29% since the 12-year low on March 9, but remains down 40% from the all-time high set on October 8, 2007
 - Many parts of the credit markets, the epicenter of the crisis, showed signs of improvement
 - Emerging markets and commodities were big winners – oil prices posted their biggest quarterly gain (41%) since 1990
 - US M&A fell 57% to \$144.7 billion from \$334.9 billion a year earlier – the lowest second quarter reading since 2003
 - The IPO market showed signs of life, down from Q2 '08 but up significantly from Q1 '09

- ★ HCIT stocks have consistently outperformed broader markets in 2009
 - Through Q2, the HGP HCIT Index gained 30% whereas the S&P 500 gained 2%
 - The NASDAQ gained 16% YTD, signaling strength in technology stocks
 - Driven in-part by the ARRA stimulus, HCIT public equities are reaching all-time highs

- ★ HCIT M&A is dominated by smaller transactions (<\$50mm)
 - 48 transactions announced in Q2'09 (56 transactions in Q2'08, 42 transactions in Q1'09)
 - Dollar deal volume was down significantly – due in part to limited access to the credit that fuels larger deals



Q2 2009 Capital Markets Overview

◆ After hitting bottom, the market rallied sharply to post gains for 2009

- In Q2 2009, S&P 500 gained 15%, Nasdaq 20%, DJIA 11%
- Corporate bonds and asset-backed securities recovered to levels not seen since before September 2008
- The dollar rally fizzled – losing 5.5% in Q2 against a broad basket of currencies

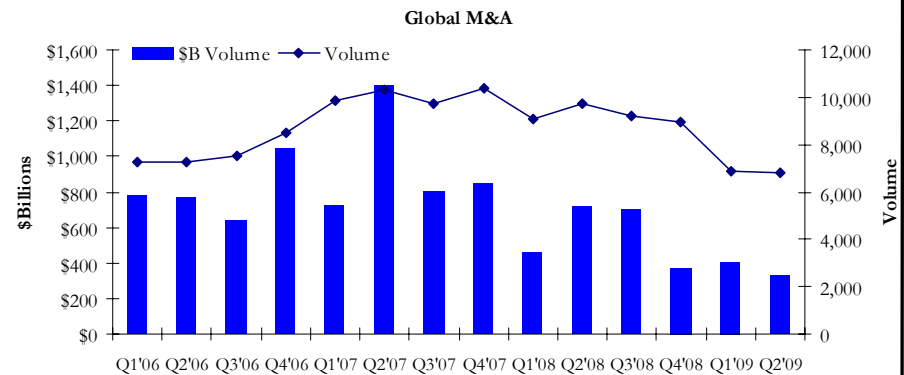
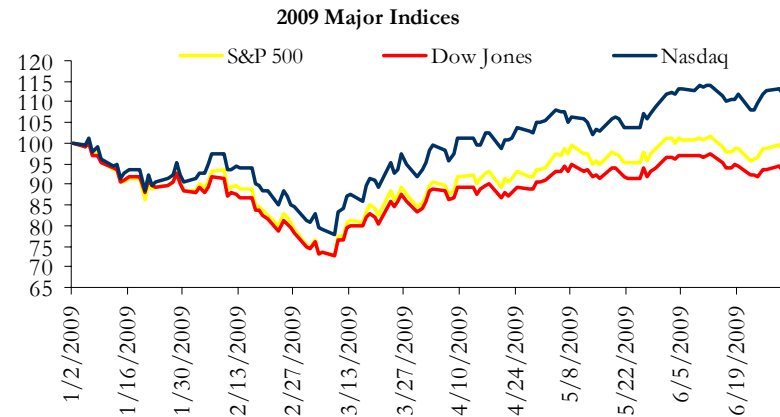
◆ US M&A volume dropped 22% in deal volume, global M&A down 24%

- Dollar volume was off even more (57%), supporting the trend toward small deals

◆ Equity markets thaw, but remain challenged

- After 1 US IPO in Q1 '09, the US saw 10 IPOs in Q2 '09
- Worldwide IPOs totaled \$10.6 billion – down from \$88.2 billion in Q2 '07
- Global private equity volume was on par with

1997 levels



2009 Select HCIT Public Equities

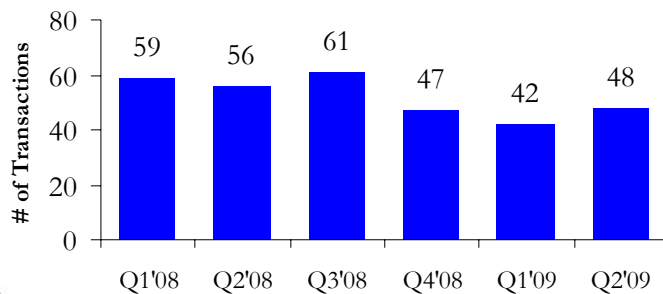
Company	Stock Price End of 2008	Stock Price End of Q2 '09	EV/Revenue End of 2008	EV/Revenue End of Q2 '09	EV/EBITDA End of 2008	EV/EBITDA End of Q2 '09
HCIT						
Allscripts-Misys	\$9.92	\$15.86	3.8X	4.7X	nmf	nmf
athenahealth	\$37.62	\$37.01	9.3X	7.6X	nmf	nmf
Cerner	\$38.45	\$62.29	1.9X	2.9X	8.6X	11.9X
CPSI	\$26.80	\$38.31	2.3X	3.3X	11.2X	15.0X
Eclipsys	\$14.19	\$17.78	1.4X	1.9X	17.7X	23.4X
HMS	\$31.52	\$40.72	4.5X	5.2X	17.2X	19.0X
McKesson	\$38.73	\$44.00	0.1X	0.1X	5.8X	5.8X
MedAssets	\$14.60	\$19.45	4.2X	4.4X	16.4X	16.0X
QuadraMed	\$4.90	\$6.97	0.8X	0.9X	7.0X	7.1X
Quality Systems	\$43.62	\$56.96	5.5X	6.3X	15.6X	20.4X
Median			3.1X	3.8X	13.4X	15.5X
HCIT-Services						
ACS	\$45.95	\$44.42	1.0X	1.0X	5.9X	6.0X
CSC	\$35.14	\$44.30	0.5X	0.5X	3.3X	3.5X
Huron	\$57.27	\$46.23	2.4X	1.9X	13.2X	10.2X
Navigant	\$15.87	\$12.92	1.3X	1.1X	8.1X	7.6X
Perot	\$13.67	\$14.33	0.6X	0.6X	4.7X	5.9X
Median			1.0X	1.0X	5.9X	6.0X

Q2 2009 HCIT M&A Summary

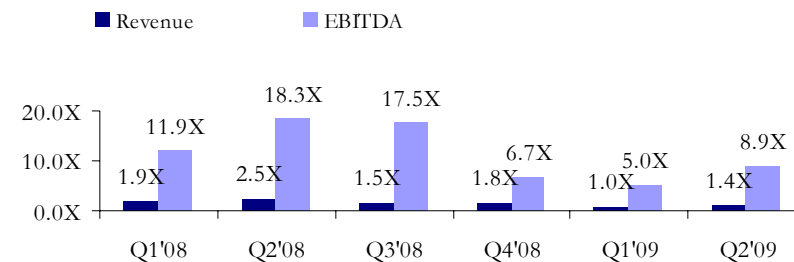
- ★ HCIT M&A markets continued to be active, albeit with smaller transactions
 - 48 deals were announced in Q2 '09, down from 56 deals in Q2 '08 but up from 42 deals in Q1 '09
 - Reported deal values totaled \$205mm in Q2 '09, down from \$3,738mm in Q2 '08 and up from \$180mm in Q1 '09
 - The scarcity of large transactions reflects continuing difficulty in accessing credit

- ★ A mix of premium and distressed deals continues, but valuations should normalize as the year progresses
 - The median revenue multiple through Q2 '09 was 1.1x (15 disclosed deals) compared with 2.1x for CY 2008 (36 disclosed deals)
 - The median EBITDA multiple through Q2 '09 was 7.1x (3 disclosed deals) compared to 17.2x for CY 2008 (12 disclosed deals)

HCIT Announced M&A



Median M&A Valuation Multiples



Q2 2009 HCIT M&A Summary

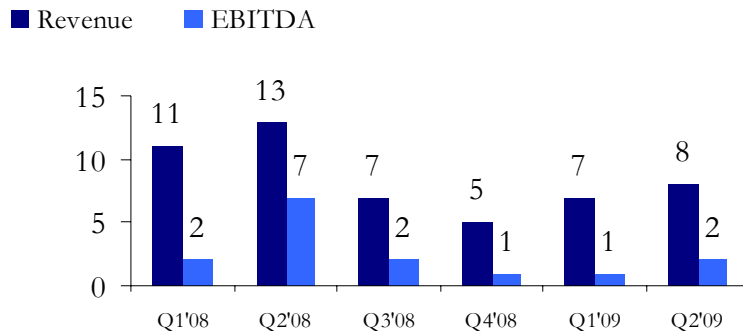
★ Strategic deal highlights include:

- MEDdecision/HxTechnologies (*undisclosed*)
- TeleTracking/Navicare (*undisclosed*)
- Merge/eko (*undisclosed*)
- Phase Forward/Waban (\$14mm)
- Emdeon/Sentinal Group (*undisclosed*)
- Mediware/SciHealth (\$2mm)
- Merge/eTrials (\$14mm)
- Ingenix/AIM (*undisclosed*)
- Premier/Phase 2 Consulting (*undisclosed*)
- Microsoft/Merck Software (*undisclosed*)
- Oracle/Conformia (*undisclosed*)
- WebMD/HLTH (\$1.4B – *related party transaction*)
- Varian/IKOEmed (\$2mm)
- Concerro/PortBlue Commandware (*undisclosed*)

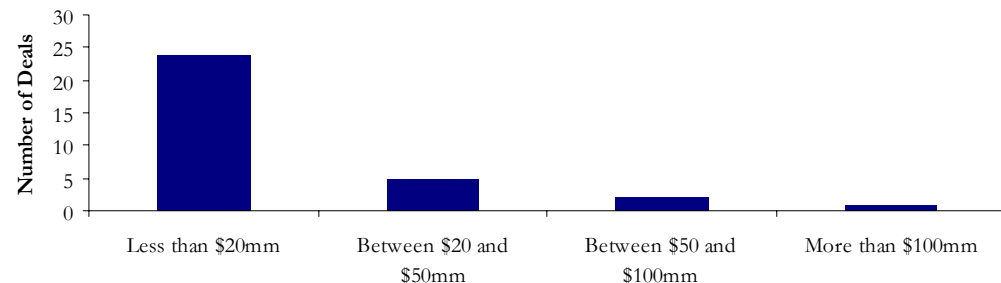
★ Financial sponsor buyout deal highlights include:

- LLR Partners/i-Many (\$58mm)

M&A Deals with Reported Multiples



M&A Valuation Distribution (YTD 2009)



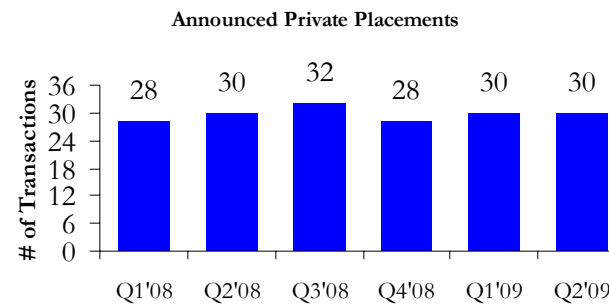
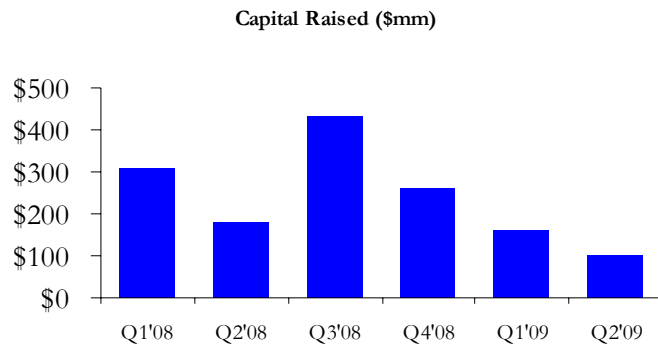
Q2 2009 HCIT Private Placement/PIPE Summary

★ 30 private placement and PIPE deals were announced in Q2 '09 compared to 30 announced deals in both Q2 '08 and Q1 '09

★ Over \$100mm was raised by HCIT and HCIT-services companies in Q2 '09 compared to \$179mm and \$163mm in Q2 '08 and Q1 '09, respectively

★ Q2 2009 capital raise highlights include:

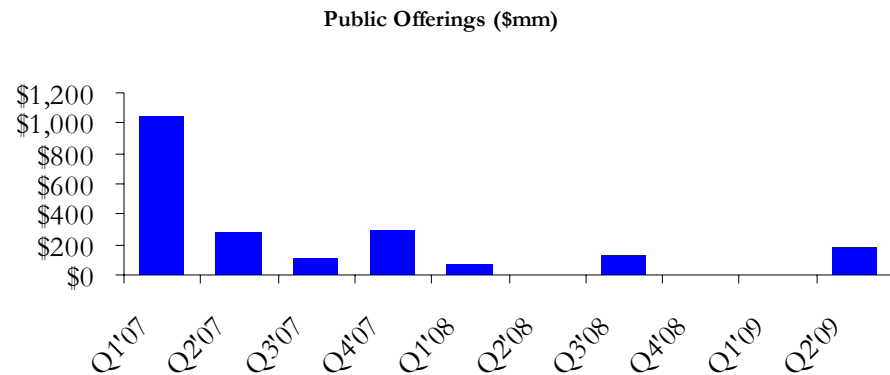
- WellPoint/Availity (*undisclosed*)
- Chrysalis & HEP/Foundation Radiology (\$10mm)
- Edison/Health Market Science (\$6mm)
- Undisclosed/23andMe (\$24mm)
- Undisclosed/Prematics (\$11mm)
- Consortium/Sanovia (\$8mm)
- SV & BPOC/Stratacare (*undisclosed*)
- Sante/Hospitalist Now (\$4mm)
- Health Evolution/Optimal Reading (*undisclosed*)
- Ziegler/Certify Data (*undisclosed*)
- Crescent & Clarendon/Axis Three (\$3mm)
- Existing Investors/AeroScout (\$7mm)



Q2 2009 HCIT Public Offering Summary

- ★ Public offerings are beginning to show signs of life
 - Ending a two quarter drought, two offerings were completed in Q2
 - Medidata completed an \$88mm IPO
 - IBA Health completed a \$90mm secondary offering
 - Emdeon \$460mm IPO filed in September 2008 is still pending

Public Offerings		
Period	Number of Offerings	Capital Raised (\$mm)
Q1 '08	2	\$75
Q2 '08	0	\$0
Q3 '08	1	\$133
Q4 '08	0	\$0
Q1 '09	0	\$0
Q2 '09	2	\$178




About Healthcare Growth Partners

- ◆ Healthcare Growth Partners provides merger and acquisition, financial, and strategic advisory services to a focused client base of healthcare technology and technology-related services companies.
- ◆ Our clients are primarily small and mid-size, fast growing businesses.
- ◆ We have compiled a broad and deep network of strategic relationships with healthcare information technology and services companies and financial sponsors.
- ◆ Our network and our execution capabilities result in efficient and high value processes for our clients.
- ◆ Our services and our engagements are designed in concert with our clients to meet their unique needs.
- ◆ Our resources are focused on value realization for our clients through the projects we deliver.

Select HGP M&A Clients

<p>Not Disclosed</p>  <p>Has been acquired by Varian Medical June 2009</p>	<p>Not Disclosed</p>  <p>Has acquired Jascorp June 2009</p>	<p>Not Disclosed</p>  <p>Has acquired the NaviCare Product Line of Hill-Rom May 2009</p>	<p>Not Disclosed</p>  <p>Has been acquired by Merge Healthcare April 2009</p>	<p>Not Disclosed</p>  <p>Has acquired Zynchros 2008</p>
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<p>Not Disclosed</p>  <p>Has been acquired by Inverness Medical 2008</p>	<p>Not Disclosed</p>  <p>Has been acquired by DocuSys 2008</p>	<p>Not Disclosed</p>  <p>Has been acquired by McKesson 2008</p>	<p>Financial Advisor</p>  <p>Has been acquired by Bottomline Technologies April 2008</p>	<p>\$135,000,000</p>  <p>Has acquired National Medical Health Card 2008</p>	<p>Not Disclosed</p>  <p>Has been acquired by Compuware 2008</p>
<p>Not Disclosed</p>  <p>Has been acquired by Management 2008</p>	<p>Not Disclosed</p>  <p>Has been acquired by Ophthalmic Imaging 2008</p>	<p>Not Disclosed</p>  <p>Has been acquired by Parametric Technology 2007</p>	<p>\$8,500,000</p>  <p>Has sold its Cardiology Division to Shimadzu Corp. 2007</p>	<p>\$12,200,000 Fairness Opinion</p>  <p>In its Sale to Nightingale Informatix 2007</p>	<p>Not Disclosed</p>  <p>Has been acquired by VFA, Inc. 2006</p>

HGP Leadership

Jon Phillips, Managing Director (jp@healthcaregrowth.com)

- ✦ Founder of Healthcare Growth Partners in 2005
- ✦ Healthcare investment banking at William Blair
- ✦ Healthcare strategic and operational consulting at Deloitte Consulting
- ✦ Board of directors of Streamline Health (Nasdaq: STRM) and Ophthalmic Imaging Systems (OTCBB: OISI)
- ✦ MBA, Kellogg School of Management | BA Economics, DePauw University

Jason Baker, Managing Director (jb@healthcaregrowth.com)

- ✦ Head of corporate development for Cerner Corporation
- ✦ Healthcare investment banking at George K. Baum & Company
- ✦ Systems consulting at Anderson Consulting
- ✦ MBA, University of Chicago | BS Finance, University of Missouri

Christopher McCord, CFA, Principal (cm@healthcaregrowth.com)

- ✦ Consultant for DFJ Mercury Venture Capital
- ✦ CFO of Marval Biosciences
- ✦ Healthcare strategy consulting and financial advisory at VMG Health
- ✦ Technology corporate finance at KPMG
- ✦ MBA, Kellogg School of Management | BS Engineering, Vanderbilt University

Contact Information

For more information about Healthcare Growth Partners, questions regarding specific transactions, or to request the full copy of our transaction report, which includes a detailed summary of all reported deals, please contact:

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Sources: Company filings, press releases, CapitalIQ.