



Q3 2009 Healthcare IT Transaction Summary

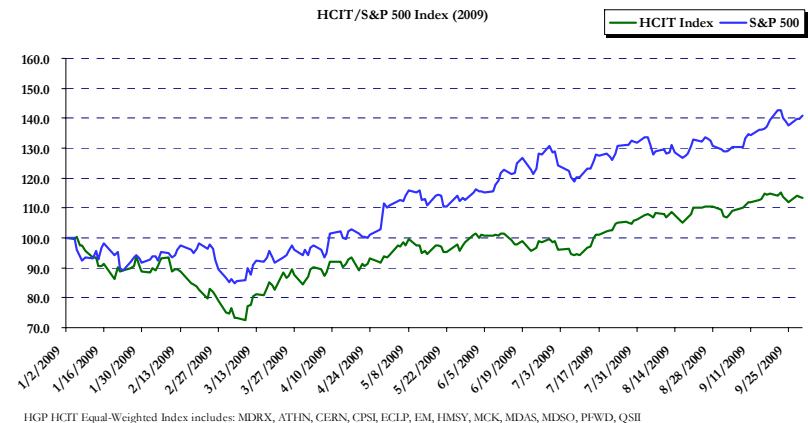
October 2009

Q3 2009 Overview

- ◆ Confounding skeptics, markets rallied to post largest gains in over a decade
 - The Dow gained 15% in the quarter, the largest quarterly gain since Q4 1998 and the best Q3 since 1939
 - The most beat up stocks, primarily financials, were the quarter's big winners
 - The S&P 500 ended the quarter up 17% for the year and up 56% from March lows
 - US M&A fell 61% to \$103.9 billion from \$270.2 billion a year earlier, marking the eighth consecutive quarter of declines and a decline of 43% from the second quarter – however healthcare was the most active sector making up 32% of deal volume
 - Rising share prices brought stock offerings back to life, with global IPO proceeds hitting levels not seen since early 2008

- ◆ HCIT stocks have consistently outperformed broader markets in 2009
 - Through Q3, the HGP HCIT Index gained over 40% whereas the S&P 500 gained 17%
 - 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

- ◆ Large deals reemerged in HCIT in Q3
 - 43 transactions announced in Q3'09 (61 transactions in Q3'08, 48 transactions in Q2'09)
 - Late September saw a reemergence of large deals (Dell-Perot & Xerox-ACS)



Q3 2009 Capital Markets Overview

◆ The spring rally picked up steam in Q3

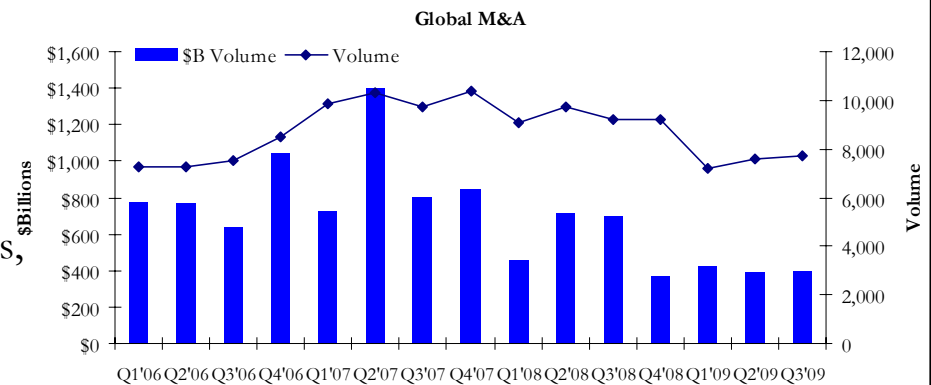
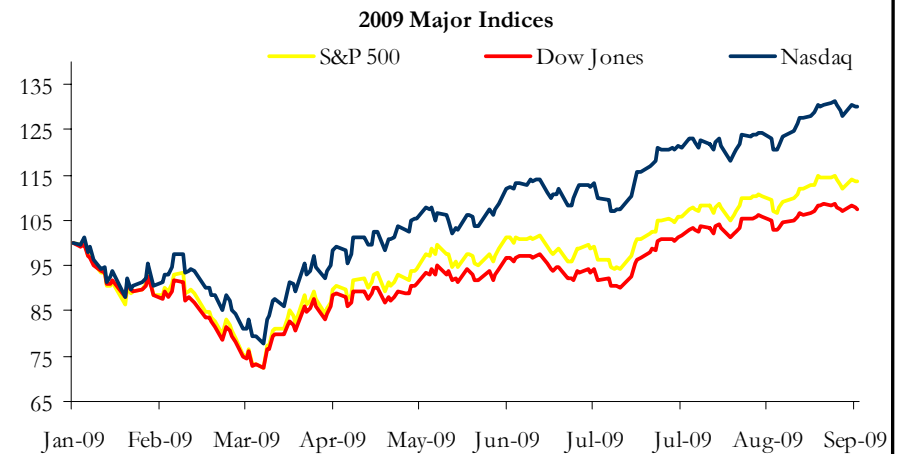
- In Q3 2009, S&P 500 gained 15%, Nasdaq 16%, DJIA 15%
- Lower credit corporate bonds outperformed higher credit counterparts
- Dollar weakness continued due to inflation concerns - down 4.1% against the euro

◆ US M&A volume dropped 30% in deal volume, global M&A down 20%

- Dollar volume was off even more (61%), supporting the trend toward small deals

◆ Underwriting returns with the market rally

- Volume of Q3 stock and bond sales (\$1.5 trillion) up 69% from Q3 '08, but down 25% from Q2 '09
- Underwriting is returning to diverse industries, not just focused on financials
- Global private equity surged in Q3 to \$38 billion, up from \$16 billion in the prior quarter



2009 Select HCIT Public Equities

Company	Stock Price End of 2008	Stock Price End of Q3 '09	EV/Revenue End of 2008	EV/Revenue End of Q3 '09	EV/EBITDA End of 2008	EV/EBITDA End of Q3 '09
HCIT – Large Cap						
Allscripts-Misys	\$9.92	\$20.27	3.8X	4.7X	nmf	nmf
athenahealth	\$37.62	\$38.37	9.3X	7.3X	nmf	nmf
Cerner	\$38.45	\$74.80	1.9X	3.5X	8.6X	13.8X
CPSI	\$26.80	\$41.41	2.3X	3.5X	11.2X	16.0X
Eclipsys	\$14.19	\$19.30	1.4X	2.1X	17.7X	25.9X
Emdeon	na	\$16.20	na	2.7X	na	11.3X
HMS	\$31.52	\$38.23	4.5X	4.7X	17.2X	17.0X
McKesson	\$38.73	\$59.55	nmf	nmf	5.8X	7.2X
MedAssets	\$14.60	\$22.57	4.2X	4.7X	16.4X	17.5X
Medidata	na	\$15.15	na	2.1X	na	26.8X
Phase Forward	\$12.52	\$14.04	2.4X	2.4X	15.3X	15.6X
Quality Systems	\$43.62	\$61.57	5.5X	6.5X	15.6X	22.2X
WebMD	\$23.59	\$32.77	2.8X	4.1X	14.8X	23.6X
Median			3.3X	3.8X	15.3X	17.0X

2009 Select HCIT Public Equities

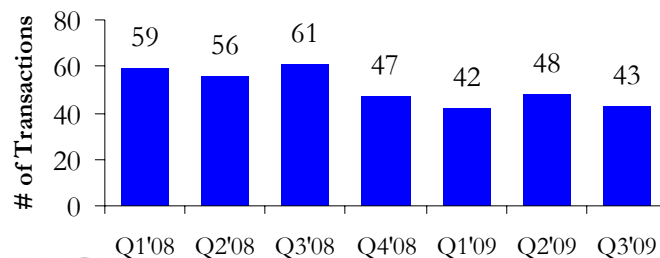
Company	Stock Price End of 2008	Stock Price End of Q3 '09	EV/Revenue End of 2008	EV/Revenue End of Q3 '09	EV/EBITDA End of 2008	EV/EBITDA End of Q3 '09
HCIT – Small Cap						
AMICAS	\$1.67	\$3.60	nmf	1.6X	nmf	nmf
Global Med	\$0.85	\$0.90	1.8X	1.2X	nmf	nmf
Mediware	\$4.80	\$7.23	0.4X	0.9X	2.1X	10.9X
Merge	\$1.28	\$4.11	1.2X	4.4X	9.0X	8.9X
QuadraMed	\$4.90	\$7.00	0.8X	0.9X	7.0X	8.6X
Streamline	\$1.98	\$2.66	1.0X	1.6X	nmf	nmf
Vital Images	\$13.91	\$12.52	0.8X	0.9X	nmf	nmf
Median			0.9X	1.2X	7.0X	8.9X
HCIT-Services						
ACS	\$45.95	\$54.17	1.0X	1.1X	5.9X	6.7X
CSC	\$35.14	\$52.71	0.5X	0.6X	3.3X	4.3X
Huron	\$57.27	\$25.83	2.4X	1.2X	13.2X	7.6X
Navigant	\$15.87	\$13.50	1.3X	1.2X	8.1X	8.6X
Perot	\$13.67	\$29.70	0.6X	1.3X	4.7X	12.4X
Median			1.0X	1.2X	5.9X	7.6X

Q3 2009 HCIT M&A Summary

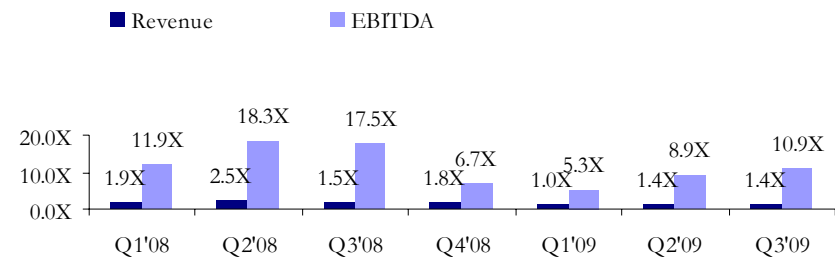
- ★ HCIT M&A markets are rebounding, albeit slower than HCIT public equities
 - 43 deals were announced in Q3 '09, down from 61 deals in Q3 '08 and 48 deals in Q2 '09
 - Reported deal values totaled \$12.2 billion in Q3 '09, up significantly from \$1.6 billion in Q2 '08 and \$205 million in Q2 '09 (excluding HLTH-WebMD)
 - The majority of deal value comprised the \$3.7 billion acquisition of Perot by Dell and the \$8.2 billion acquisition of ACS by Xerox

- ★ Although challenges remain, HCIT M&A likely bottomed out in Q2 and early Q3
 - M&A should accelerate as vendors look to augment growth to meet high Wall Street and investor expectations
 - The median revenue multiple through Q3 '09 was 1.2x (21 disclosed deals) compared with 2.1x for CY 2008 (36 disclosed deals)
 - The median EBITDA multiple through Q3 '09 was 8.2x (5 disclosed deals) compared to 17.2x for CY 2008 (12 disclosed deals)

HCIT Announced M&A



Median M&A Valuation Multiples

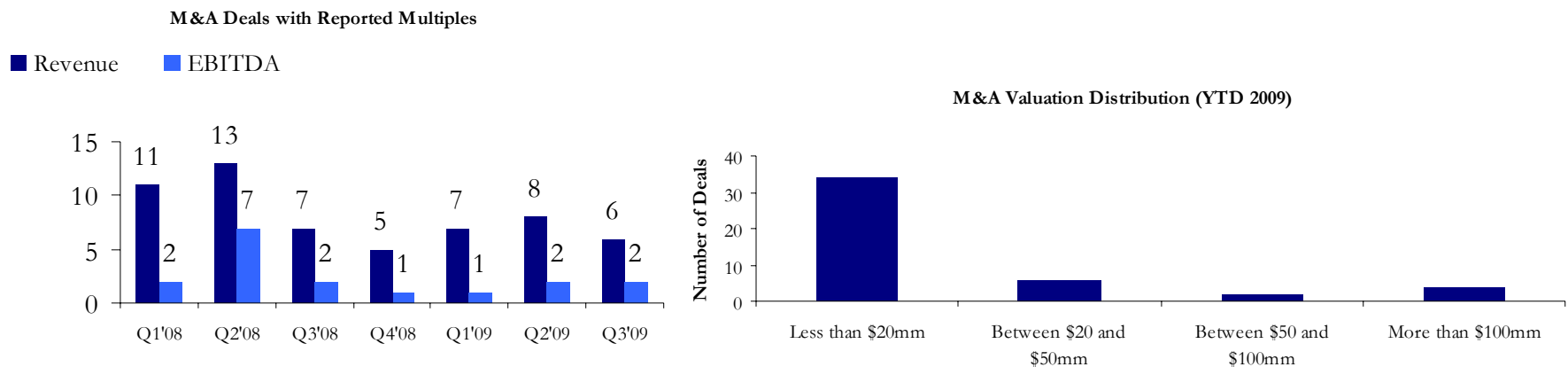


Q3 2009 HCIT M&A Summary

★ Strategic deal highlights include:

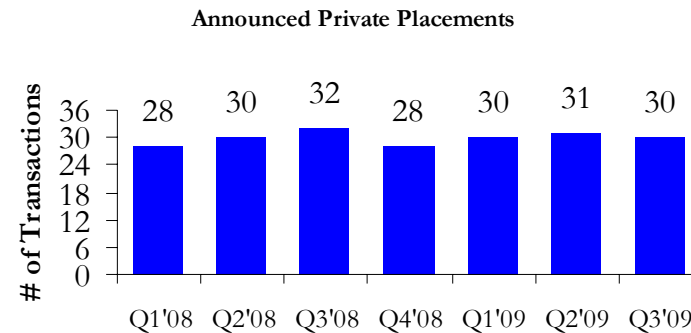
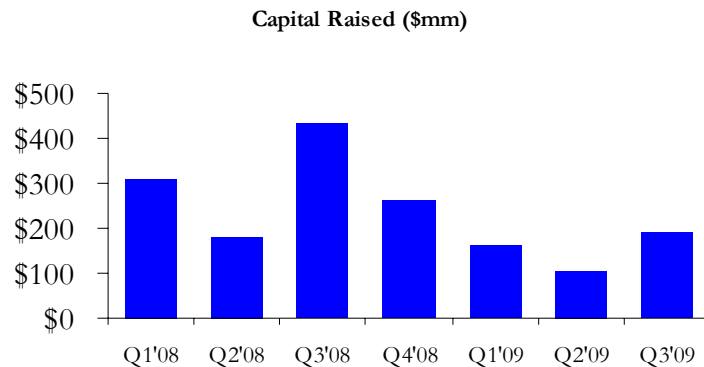
- Hyland/Valco (*undisclosed*)
- Phase Forward/Covance (\$10mm)
- Phase Forward/Maaguzi (\$11mm)
- Becton Dickinson/ICPA (*undisclosed*)
- iSOFT/BridgeForward (\$14mm)
- Dell/Perot (\$4B)
- TeleTracking/RadarFind (*undisclosed*)
- Emdeon/eRx (*undisclosed*)
- Physicians Interactive/Skyscape (*undisclosed*)
- MultiPlan/Viant (*undisclosed*)
- Merge/Confirma (\$23mm)
- Transcend/Medical Dictation (\$16mm)
- Inverness/Free & Clear (\$130mm)
- Xerox/ACS (\$8B)

★ No financial sponsor buyouts were announced during the quarter



Q3 2009 HCIT Private Placement/PIPE Summary

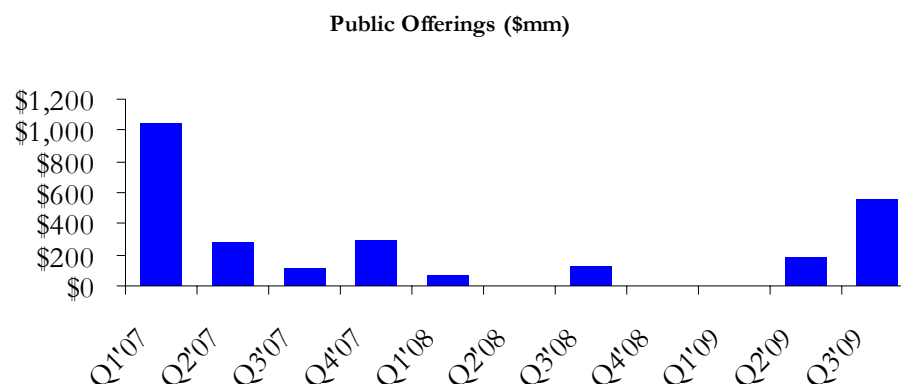
- ★ 30 private placement and PIPE deals were announced in Q3 '09 compared to 32 announced deals in Q3 '08 and 31 deals Q2 '09
- ★ Over \$190mm was raised by HCIT and HCIT-services companies in Q3 '09 compared to \$433mm and \$106mm in Q3 '08 and Q2 '09, respectively
- ★ Q3 2009 capital raise highlights include:
 - Consortium/MedVentiv (\$7mm)
 - Salesforce.com/Practice Fusion (*undisclosed*)
 - Consortium/Cadent (\$15mm)
 - Consortium/Medsphere (\$12mm)
 - Oak/Franklin & Seidelmann (\$12mm)
 - Grotech/OpenQ (\$2mm)
 - Newbury/NextBio (\$8mm)
 - Consortium/Humedica (\$30mm)
 - ResMed & Consortium/BiancaMed (\$8mm)
 - RFE/iMedX (\$13mm)
 - Undisclosed/Noteworthy (\$4mm)
 - JMI/Navicure (*undisclosed*)
 - Greylock/Health SuperHiway (\$4mm)
 - Highway 12/Alliance Health (\$3mm)
 - Undisclosed/DocuSys (\$9mm)
 - Optimus/VeriChip (\$10mm)



Q3 2009 HCIT Public Offering Summary

- ★ HCIT companies, predominantly revenue cycle vendors, are taking advantage of the rich valuations of public equities
 - Emdeon completed a \$367mm IPO
 - SXC Health completed a \$187 million follow-on
 - HealthPort and Accretive Health filed for IPOs in Q3 - \$100mm and \$200mm, respectively
 - Also in Q3, iSOFT filed for a \$21mm follow-on offering



















Completed 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
Q3 '09	2	\$554



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 Secure EDI 2009</p>	<p>Not Disclosed</p>  <p>Has been acquired by Varian Medical 2009</p>	<p>Not Disclosed</p>  <p>Has acquired Jascorp 2009</p>	<p>Not Disclosed</p>  <p>Has acquired the NaviCare Product Line of Hill-Rom 2009</p>	<p>Not Disclosed</p>  <p>Has been acquired by Merge Healthcare 2009</p>	<p>Not Disclosed</p>  <p>Has acquired Zynchros 2008</p>
<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 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:

Christopher McCord, CFA
Principal
Healthcare Growth Partners, LLC
cm@healthcaregrowth.com
(312) 276-5180

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