



M&A UPDATE

The first quarter of 2009 was strong for CRO M&A activity, boasting just under a dozen new deals being either announced or completed. However, the most intriguing news to come from the first quarter of 2009 to affect the industry was the coupling of major layoffs and cutbacks in R&D departments with the increased consolidation amongst the largest pharmaceutical companies across the world. On the heels of two of the most headline-grabbing mergers to be seen in the industry, the announcement of Pfizer/Wyeth and Merck/Schering-Plough came with news of layoffs across sales and R&D departments for all parties involved. Seen on a similar scale amongst their competitors, these 4 major companies are increasingly leaning on the CRO industry for precious research and development in order to rebuild their aging pipelines. The trend, evident also with last year's arrangements between Eli Lilly/Covance and Merck/PPD, shows that cutting costs through an increase in outsourcing is only going to continue. Being so closely tied to pharmaceutical companies, the CRO industry is poised to greatly reap the benefits moving forward. While this fuels the organic growth of some of the leading CROs, we expect M&A activity to greatly increase as these companies, along with eager-to-invest Private Equity groups, look to take advantage.

NOTEWORTHY TRANSACTIONS

Month	Acquirer	Company Acquired	Details
March 2009	JLL Partners	PharmaNet Development Group, Inc.	JLL Partners successfully completed their tender offer through their wholly-owned subsidiary, PDGI Acquisition Corp., to acquire PharmaNet Development Group. The deal valued the equity at \$100M, with the transaction being financed by a \$250M commitment from JLL, with \$144M going towards retiring outstanding convertible notes.
March 2009	Covance, Inc.	Swiss Contract Pharma	Covance, Inc. has announced its acquisition of Swiss Contract Pharma. Based in Basel, Switzerland, Swiss Contract Pharma is a 50 bed clinical research CRO and works primarily in the clinical pharmacology sector. Financial terms of the transaction were not disclosed.
March 2009	ACM Global Central Laboratory	Pivotal Laboratories	ACM Global Central Laboratory acquired its long-time partner, Pivotal Laboratories. Based in York, U.K., Pivotal provides clinical trials and central laboratory services to Europe, Israel, and South America. Financial terms of the transaction were not disclosed.
March, 2009	Atlantic Search Group, Inc.	Ockham Development Group, Inc.	Atlantic Search Group, Inc. (ASG) completed its acquisition of Ockham Development Group, Inc. Based in Cary, NC, Ockham is a privately owned CRO that is centrally located by the internationally known Research Triangle Park. Financial terms of the transaction were not disclosed.
February 2009	PPD, Inc.	AbC.R.O., Inc.	PPD, Inc. has agreed to acquire AbC.R.O., Inc. (AbCRO). American owned, yet operating in Central and Eastern Europe, AbCRO provides PPD with an upgraded European platform as well as cost-advantage synergies in clinical research. Financial terms of the transaction were not disclosed.
February 2009	ChanTest Corporation	Applied Cell Sciences	ChanTest Corporation, backed with VC funding by Ampersand Ventures, has acquired Applied Cell Sciences (ACS). Specializing in GCPRs, ACS provides ChanTest with numerous synergies to their current business mix, and the combined management team is dedicated to creating as strong a CRO as possible. Financial terms of the transaction were not disclosed.
January 2009	Clinsys Clinical Research, Inc.	TrialStat Corporation	Clinsys Clinical Research, Inc. completed its acquisition of TrialStat Corporation. Based in Ottawa, Ontario, TrialStat provides on demand clinical data solutions that accelerate the commercialization of new life science products for their customers. Financial terms of the transaction were not disclosed.
January 2009	Altarum Institute	KAI Research, Inc.	Altarum Institute announced that it has agreed to acquire KAI Research, Inc. Based in Rockville, MD, KAI provides CRO services to pharmaceutical, biotech, and academic institutions. KAI generated approximately \$10M in revenues in 2008, however further financial terms of the transaction were not disclosed.
January 2009	REM Medical Corp.	PsyPharma Global	REM Medical Corp. has acquired the Tucson, AZ facility of PsyPharma Global. The 4 bed, 2700 square foot facility will work closely with pharmaceutical companies and other CROs to evaluate drug compounds for insomnia and sleep apnea. Financial terms of the transaction were not disclosed.
January 2009	Valeant Pharmaceuticals International	Dow Pharmaceutical Sciences, Inc.	Valeant Pharmaceuticals International has completed its acquisition of Dow Pharmaceutical Sciences for \$285 million. Based in Petaluma, CA, Dow Pharmaceutical Services develops topical drug products for pharmaceutical and biotech companies. The acquisition significantly expands Valeant's product pipeline significantly, especially within dermatology.

Source: SEC Filings, Company Reports, Presentations, and Earnings Calls; Capital IQ; Yahoo! Finance; PE Week Wire; Provident Healthcare Partners' Estimates.

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