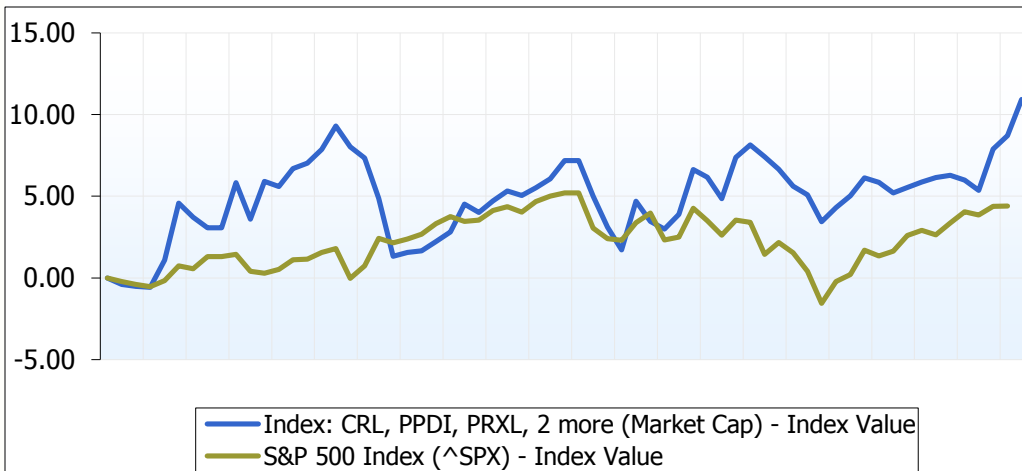




## Q1-2011 CRO INDUSTRY UPDATE

### M&A UPDATE

The first quarter of 2011 saw a bit of a surprising stall in M&A activity, despite many of the demographics and greater industry trends supporting the longevity and growth prospective of the CRO sector. With the overall market exceeding \$150 billion in annual total research and development spending, there remains an enormous amount of market share to be captured by CRO's not only amongst one another through competition but also through increased penetration into biopharmaceutical spending as well as ancillary R&D markets. With the publicly traded players having re-established themselves in the market and commanding trading multiples of 8-12x TTM EBITDA, as well as the surge in private equity investment over the last 6-9 months, the buyer pool from both sides of the table remains strong and acquisitive. In examining some of the most recent transactions, there seems to be a trend amongst strategic acquirers looking to add on to existing business lines in order to both strengthen their core services lines, but also to diversify revenue streams. Years ago during the large boom of M&A activity in the CRO sector, vertically and horizontally motivated acquisitions took a back seat to transactions that bolstered market share within similar business lines. Today we see more interest lie in acquirers looking to provide synergies amongst multiple business lines and, while walking a fine line to not stray from their core competencies, create a larger, multi-functioning platform.



Ticker	Price	52wk High	EV/Rev	EV/EBITDA
CRL	38.38	41.65	2.37x	10.96x
CVD	54.72	63.53	1.50x	10.29x
ICLR	21.59	30.31	1.16x	8.31x
KNDL	10.71	19.67	0.61x	10.31x
PPDI	27.70	30.36	1.80x	10.42x
PRXL	24.90	25.64	1.19x	9.30x

### NOTEWORTHY TRANSACTIONS

Month	Acquirer	Target Acquired	Details
February 2011	Ampersand Ventures	Blue Sky Biotech, Inc.	Ampersand Ventures completed its recapitalization of Blue Sky Biotech (BSB), a leading provider of pre-clinical services to most of the top global pharmaceutical companies. The new entity will focus on expanding within its services division while also looking to expand further into its BioProducts line. No financial terms of the transaction were disclosed. <i>Provident Healthcare Partners acted as exclusive financial advisor to BSB in the transaction.</i>
February 2011	Forest Laboratories, Inc.	Clinical Data, Inc.	Forest Laboratories, Inc. announced its acquisition of Clinical Data, Inc. for \$1.2 billion. Based in Newton, MA, Clinical Data, Inc. engages in the development and commercialization of therapeutic products. The acquisition is expected to dilute Forest's EPS for the next three years, however is not expected to affect their 2011 financial forecast.
January 2011	inVentiv Health, Inc.	I3, a division of Ingenix	inVentiv Health, Inc. has signed an agreement to acquire the i3 clinical development businesses of Ingenix. I3 is a pharmaceutical services company that provides integrated strategies and solutions throughout the product lifecycle. Financial terms of the deal were not disclosed, however it is reported that i3 will provide an additional \$400 million in annual revenues.



has completed a recapitalization with



The undersigned initiated and structured this transaction, conducted the negotiations, and acted as exclusive financial advisor to Blue Sky Biotech.



Provident  
Healthcare Partners, LLC

Boston, Massachusetts

February 2011

To read more about our recent transactions go to our website:  
[www.providenthp.com](http://www.providenthp.com)