



## Q4-2009 PHARMACY SERVICES INDUSTRY UPDATE

### MARKET UPDATE

The final quarter of 2009 presented a more healthy merger and acquisition marketplace than what was prevalent earlier in the year. As the economy and credit markets continued to improve, both the number and size of transactions within the pharmacy services sector increased. During this past quarter there were deals completed by public companies, private equity (PE) groups, and PE-backed companies. For example, H.I.G. Capital announced a transaction to take Allion private, Express Scripts and Walgreens completed strategic transactions, and several private companies with PE funding completed transactions to both increase market share and expand service offerings. Based on our broad relationships within the buyer and investor community, as well as the continued economic improvement both domestically and abroad, Provident expects this momentum to carry into 2010.

### PUBLIC COMPANY PERFORMANCE

Data as of Jan. 4, 2010 (in millions)			Operating Statistics		Valuation Statistics	
Company	Ticker	EV	LTM Rev.	LTM EBITDA	EV/ Rev.	EV/ EBITDA
Catalyst Health Solutions	CHSI	1,500	2,830	108.45	0.53x	13.87x
CVS Caremark	CVS	56,560	97,050	7,680	0.58x	7.35x
Express Scripts Inc.	ESRX	22,610	22,050	1,550	1.02x	14.58x
Omnicare Inc.	OCR	4,710	6,310	703.41	0.75x	6.70x
PharMerica Corp.	PMC	652.33	1,870	101.50	0.35x	6.43x
Walgreens Co.	WAG	35,520	64,750	4,630	0.55x	7.68x

### NOTEWORTHY TRANSACTIONS

Month	Acquirer	Company Acquired	Details
December 2009	CarePoint Partners, LLC	Praxair Home Infusion of Pennsylvania	CarePoint Partners, a portfolio company of Waud Capital Partners, has acquired the assets of Praxair Home Infusion of Pennsylvania, a company owned by Praxair Healthcare Services, Inc. This represents CarePoint's fifth acquisition in the past 12 months. The acquired center is located in the Philadelphia metropolitan area and provides home infusion, specialty infusion, and injectable medications to its patients.
December 2009	Triad Isotopes, Inc.	Covidien's Radiopharmacies	Triad Isotopes, a Parthenon Capital portfolio company based in Orlando, Florida, has signed a definitive agreement to acquire the radiopharmacy operations of Covidien. The 37 Mallinckrodt radiopharmacies being sold had net sales of approximately \$180 million in fiscal year 2009. This divestiture is consistent with Covidien's strategy to streamline its portfolio and reallocate resources to its faster growing, higher margin business lines. The transaction is expected to close in the second quarter of 2010.
December 2009	Express Scripts, Inc.	WellPoint's NextRx subsidiaries	Express Scripts has completed its previously announced acquisition of WellPoint's NextRx subsidiaries for \$4.675 billion. The transaction also includes a 10 year agreement whereby Express Scripts will provide PBM services to members of the affiliated health plans of WellPoint. This transaction will likely move Express Scripts from the third-largest pharmacy benefits manager to the second, over CVS Caremark, based on prescriptions managed.
November 2009	Univita Health	Atenda Healthcare Solutions, Inc.	Genstar Capital-backed Univita Health announced the acquisition of Atenda Healthcare Solutions, Inc. and its affiliated companies, including Florida Home Medical Equipment, Inc. The transaction was announced in November 2009 and closed on January 4 <sup>th</sup> , 2010. Atenda is one of the largest home health benefit management companies, providing care and exclusively managing over 1.3 million lives. Services are provided through Atenda Specialty Infusion Pharmacy, Atenda Nursing Management, and Atenda Home Medical Equipment. Terms of the transaction were not disclosed.
October 2009	Walgreen Co.	12 Eaton Apothecary Pharmacies	Walgreens has announced a definitive agreement to acquire the assets of 12 Eaton Apothecary pharmacies in the Boston area from D.A.W., Inc., a subsidiary of Nyer Medical Group, Inc. The transaction is valued at approximately \$19 million, however other terms of the deal have not been announced.
October 2009	H.I.G. Capital, LLC	Allion Healthcare, Inc.	H.I.G. Capital, a leading private equity investment firm, has entered into a definitive agreement to acquire Allion Healthcare (NASDAQ: ALLI) in a deal valued at approximately \$278 million, including the assumption or repayment of approximately \$79 million of debt. Under the terms of the agreement, stockholders would receive \$6.60 per share in cash, a premium of 30.2% over the average share price for the five trading days prior to the announcement of the transaction. It is expected to close in the first quarter of 2010.