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M&A activity was busy in the pharmaceutical & biotechnology sector with five transactions announced or closed during the past week. There were three transactions in the Healthcare Supplies, Equipment and Services sector; and one transaction in the healthcare technology sector. In addition several private and public offerings were announced during the week. Below are news highlights, key developments, and transaction overviews with additional industry information and market commentary provided.

NEWS

Blackstone Completes \$3 Billion Acquisition of Emdeon

Emdeon, a provider of healthcare payment services, announced last week that a fund managed by Blackstone completed its acquisition of the company in a transaction valued at approximately \$3.0 billion. Emdeon's revenue last year was \$1 billion, with about half coming from providers and another 43% from payers. [More Information](#)

AmerisourceBergen Acquires TheraCom from CVS for \$250 Million

AmerisourceBergen Corporation announced last week that it completed the previously announced acquisition of TheraCom, LLC, a subsidiary of CVS Caremark Corporation. TheraCom provides a wide range of services to drug manufacturers including reimbursement and patient support programs. TheraCom's annualized revenues are approximately \$700 million, the majority of which come from the specialized distribution component of its reimbursement support services for certain unique prescription products. [More Information](#)

Verastem Files for \$50 Million IPO

Verastem, an oncology biopharmaceutical company founded in 2010, filed for a \$50 million IPO. Verastem is focused on discovering and developing small molecule drugs targeting cancer stem cells in breast and other cancers. The offering's proceeds won't be sufficient to complete development; therefore the company is likely to require dilutive funding in the future. [More Information](#)

Celgene Invests \$45 Million into Quantice

Celgene announced last week that it has formed an exclusive, strategic collaboration with Quantice and its primary investor, Versant Ventures. Celgene has agreed to invest \$45 million over three and a half years to support discovery of novel cancer drugs at Quantice, with an exclusive option to acquire Quantice at a later date. [More Information](#)



WEEKLY RECAP

KEY DEVELOPMENTS

- Dynavax Technologies Corporation, a clinical-stage biopharmaceutical company with a lead hepatitis B vaccine candidate, announces completion of \$60 million public offering
- Clovis Oncology prices IPO at \$13 to \$15 per share for estimated \$120 million raise
- Human Genome Sciences closes \$430 million public offering
- Morgenthaler Ventures, Advanced Technology Ventures to merge, form new life sciences fund
- Optimer Pharmaceuticals, a biopharmaceutical company that develops hospital specialty products that treat gastrointestinal infections and related diseases, announces \$200 million shelf registration
- Acadia Healthcare completes merger with Pioneer Behavioral Health to become a leading publicly-traded pure-play inpatient behavioral health care company
- Cigna returned to the debt markets with a three-part \$2.1 billion deal to help fund its \$3.8 billion acquisition of HealthSpring Inc; and medical devices maker Becton, Dickinson & Co issued \$1.5 billion in five- and 10-year senior notes
- Obama orders new FDA action on drug shortages that will require the FDA to expand reporting on potential drug shortages, accelerate review of new applications to manufacture scarce meds, and share more information with the Justice Department to help fight price gouging

M&A TRANSACTION ACTIVITY

Pharmaceutical and Biotechnology M&A Transactions (Last 7 Days)

Date	Target	Buyer/Investors	Size (\$mm)
10/31/2011	Unitech Pharma AB	RecipharmCobra Biologics	Not disclosed
10/31/2011	Veropharm Co. Ltd. (MICEX:VFRM)	East Capital Explorer AB (OM:ECEX)	Not disclosed
11/01/2011	SurModics Pharmaceuticals, Inc.	Evonik Industries AG	30.0
11/1/2011	TheraCom	AmerisourceBergen	250.0
11/02/2011	Domesco Medical Import Export Joint Stock Company (HOSE:DMC)	CFR Pharmaceuticals S.A. (SNSE:CFR)	14.4



WEEKLY RECAP

Healthcare Supplies, Equipment, and Services M&A Transactions (Last 7 Days)

Date	Target	Buyer/Investors	Size (\$mm)
10/31/2011	Angiologix, Inc.	Everist Genomics	Not disclosed
11/01/2011	ATOS Wellness Ltd. (ASX:ATW)	Fitgenes Pty Ltd	Not disclosed
11/04/2011	Platinum Medical Imaging LLC	Oxford Instruments plc (LSE:OXIG)	74.0

Healthcare Technology M&A Transactions (Last 7 Days)

Date	Target	Buyer/Investors	Size (\$mm)
11/04/2011	MobileMD, Inc.	Siemens Healthcare	Not Disclosed

Healthcare Facilities and Distributors M&A Transactions (Last 7 Days)

Date	Target	Buyer/Investors	Size (\$mm)
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No Deals Announced or Closed



WEEKLY RECAP

\$ in millions, except for per-share amounts

Diversified Pharmaceuticals

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			
							Sales	EBITDA	EBIT	EPS	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT
Pfizer Inc.	NYSE:PFE	\$19.66	7,802.1	\$153,389.8	\$16,161.0	\$169,550.8	\$68,785.0	\$27,235.0	\$19,113.0	\$1.35	77.7%	39.6%	27.8%	2.5 x	6.2 x	8.9 x
GlaxoSmithKline plc	LSE:GSK	21.98	4,965.7	108,973.9	14,849.5	123,823.4	43,164.7	18,203.4	16,081.8	1.65	73.8%	42.2%	37.3%	2.9 x	6.8 x	7.7 x
Johnson & Johnson	NYSE:JNJ	64.12	2,740.4	175,111.5	(10,956.0)	164,155.5	64,419.0	19,478.0	16,378.0	3.63	69.0%	30.2%	25.4%	2.6 x	8.5 x	NM
Merck & Co. Inc.	NYSE:MRK	34.02	3,080.8	104,808.7	4,319.0	109,127.7	47,847.0	18,893.1	12,380.0	1.81	69.4%	39.5%	25.9%	2.3 x	5.8 x	8.8 x
Novartis AG	SWX:NOVN	55.98	2,418.7	135,394.9	18,322.0	153,716.9	58,843.0	17,614.0	13,441.0	3.55	69.4%	29.9%	22.8%	2.6 x	8.7 x	11.4 x
AstraZeneca PLC	LSE:AZN	47.23	1,317.3	62,218.3	(1,335.0)	60,883.3	33,552.0	15,785.0	13,775.0	5.89	82.1%	49.0%	41.1%	1.8 x	3.9 x	4.4 x
Median		\$40.6	\$2,910.6	\$122,184.4	\$9,584.3	\$138,770.1	\$53,345.0	\$18,548.3	\$14,928.3	\$2.68	73.6%	38.1%	30.0%	2.5 x	6.5 x	8.8 x
Increase from Week Prior		(\$1.4)	(\$0.0)	(\$4,325.3)	(\$0.0)	(\$5,714.8)	(\$939.0)	(\$0.0)	(\$741.3)	(\$0.0)	0.0%	0.0%	0.0%	-1.1 x	-4.1 x	-3.3 x
Increase from Year to Date		(\$0.3)	(\$3.0)	(\$663.5)	(\$176.0)	(\$5,823.3)	(\$4,571.0)	(\$2,105.6)	(\$739.4)	(\$0.0)	0.2%	0.0%	0.0%	-1.1 x	-5.1 x	-1.4 x
Increase from Year over Year		(\$2.3)	(\$3.4)	(\$172.7)	(\$1,082.2)	(\$2,074.6)	(\$5,235.6)	(\$3,551.0)	(\$2,499.8)	(\$0.1)	-0.8%	0.0%	0.0%	-1.1 x	-1.4 x	-1.1 x

Specialty Pharmaceuticals

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			
							Sales	EBITDA	EBIT	EPS	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT
Pfizer Inc.	NYSE:PFE	\$19.66	7,802.1	\$153,389.8	\$16,161.0	\$169,550.8	\$68,785.0	\$27,235.0	\$19,113.0	\$1.35	77.7%	39.6%	27.8%	2.5 x	6.2 x	8.9 x
Forest Laboratories Inc.	NYSE:FLX	30.49	274.6	8,371.2	(2,344.8)	6,026.4	4,560.9	1,534.1	1,439.5	2.87	78.0%	33.6%	31.6%	1.3 x	3.9 x	4.2 x
Shire plc	LSE:SHP	31.89	546.8	17,437.3	823.6	18,260.9	4,052.4	1,334.8	1,081.9	0.98	86.9%	82.9%	26.7%	4.5 x	13.7 x	NM
Meda AB	OM:MEDA A	9.32	302.2	2,818.3	2,416.2	5,234.5	1,814.1	567.8	275.5	0.48	63.7%	31.3%	15.2%	2.9 x	9.2 x	19.0 x
Warner Chilcott plc	NASDAQGS:WCRX	17.01	254.1	4,321.8	3,575.1	7,896.9	2,776.7	1,528.5	871.7	1.12	90.6%	55.0%	31.4%	2.8 x	5.2 x	9.1 x
Valiant Pharmaceuticals International, Inc.	TSX:VRX	44.22	298.1	13,180.5	4,304.9	17,485.4	2,289.6	1,083.6	584.9	0.56	71.5%	47.3%	25.5%	7.6 x	16.1 x	29.9 x
Median		\$31.2	\$266.3	\$6,346.5	\$1,619.9	\$8,961.6	\$2,533.1	\$1,209.2	\$728.3	\$1.05	77.4%	41.0%	26.7%	3.6 x	9.3 x	14.4 x
Increase from Week Prior		(\$0.4)	(\$0.0)	(\$261.3)	(\$105.9)	(\$379.3)	(\$172.3)	(\$112.7)	(\$157.7)	(\$0.0)	0.5%	0.0%	0.0%	-1.1 x	-2.1 x	-6.2 x
Increase from Year to Date		\$4.9	(\$5.5)	(\$766.0)	\$391.2	(\$724.4)	\$184.9	\$361.7	\$204.5	\$0.0	0.8%	0.0%	0.0%	-1.1 x	1.3 x	8.2 x
Increase from Year over Year		\$5.4	(\$4.1)	(\$599.3)	\$402.2	(\$1,081.7)	\$178.8	\$324.6	\$98.1	\$0.3	0.5%	0.0%	0.0%	-2.1 x	1.7 x	2.5 x

Generic Pharmaceuticals

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			
							Sales	EBITDA	EBIT	EPS	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT
Teva Pharmaceutical Industries	NASDAQGS:TEVA	\$40.93	885.1	\$36,228.8	\$7,056.0	\$43,284.8	\$17,054.0	\$5,075.0	\$4,088.0	\$3.90	54.0%	29.8%	24.0%	2.5 x	8.5 x	10.6 x
Wyly, Inc.	NASDAQGS:WYLY	18.51	426.5	7,894.7	4,774.6	12,669.3	6,033.1	1,521.7	1,022.3	1.04	41.7%	25.2%	16.9%	2.1 x	8.3 x	12.4 x
Watson Pharmaceuticals Inc.	NYSE:WPI	64.72	127.2	8,229.7	981.1	9,210.8	3,992.5	815.8	464.9	1.51	46.5%	20.4%	11.6%	2.3 x	11.3 x	NM
Hikma Pharmaceuticals plc	LSE:HIK	10.22	194.6	1,989.4	325.2	2,314.6	768.0	163.6	122.1	0.38	44.1%	21.3%	15.9%	3.0 x	14.2 x	19.0 x
Par Pharmaceutical Companies Inc.	NYSE:PRX	27.99	36.5	1,021.6	(256.8)	764.7	899.5	185.2	158.9	2.43	43.3%	20.6%	17.7%	0.9 x	4.1 x	4.8 x
Perrigo Co.	NASDAQGS:PRGO	88.84	93.2	8,279.2	1,097.2	9,376.4	2,839.0	625.6	511.4	3.06	34.7%	22.0%	18.0%	3.3 x	15.0 x	18.3 x
Median		\$34.5	\$160.9	\$8,062.2	\$1,039.2	\$9,293.6	\$3,415.8	\$720.7	\$488.2	\$1.97	44.0%	23.2%	17.4%	2.4 x	9.9 x	12.4 x
Increase from Week Prior		(\$1.8)	(\$3.5)	(\$378.4)	(\$29.7)	(\$493.8)	\$99.6	\$33.7	\$22.5	\$0.0	-0.4%	0.0%	0.0%	-1.1 x	-1.2 x	-8.2 x
Increase from Year to Date		(\$10.6)	(\$1.8)	(\$1,719.4)	\$300.0	(\$2,211.6)	\$373.8	\$128.1	\$82.6	\$0.0	0.6%	0.0%	0.0%	-2.1 x	-1.3 x	-2.8 x
Increase from Year over Year		(\$9.5)	\$1.8	(\$1,995.9)	\$149.6	(\$2,246.3)	\$525.2	\$100.5	\$36.5	(\$0.3)	1.1%	0.0%	0.0%	-1.1 x	-2.1 x	-1.1 x

Biotechnology

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			
							Sales	EBITDA	EBIT	EPS	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT
Amgen Inc.	NASDAQGS:AMGN	\$55.17	876.5	\$48,358.9	(\$3,411.0)	\$44,947.9	\$15,450.0	\$6,309.0	\$5,249.0	\$3.54	85.2%	40.8%	34.0%	2.9 x	7.1 x	8.6 x
Genentech Inc.	NASDAQGS:GILD	40.72	751.1	\$30,586.4	\$1,634.6	\$32,221.0	\$8,183.7	\$4,233.1	\$3,926.7	2.98	75.1%	51.7%	48.0%	3.9 x	7.6 x	8.2 x
Novartis AG	NASDAQGS:BBB	113.49	242.9	27,568.7	(455.5)	27,113.2	4,930.0	2,130.1	1,765.9	3.87	91.5%	43.2%	35.8%	5.5 x	12.7 x	NM
CSL Ltd.	ASX:CSL	30.86	525.0	16,204.6	(87.1)	16,117.5	4,492.8	1,439.9	1,270.6	1.49	49.2%	32.0%	28.3%	3.6 x	11.2 x	12.7 x
Celgene Corporation	NASDAQGS:CELG	63.73	443.9	28,291.7	(1,032.6)	27,259.1	4,629.9	1,784.7	1,527.3	1.61	93.6%	38.5%	33.0%	5.9 x	15.3 x	17.8 x
Eli Lilly and Company	NYSE:LLN	11.91	589.1	7,015.6	262.0	7,277.6	1,283.9	196.2	151.4	(0.08)	49.4%	15.3%	11.8%	5.7 x	37.1 x	48.1 x
Median		\$47.9	\$557.0	\$27,930.2	(\$271.3)	\$27,188.1	\$4,779.9	\$1,957.4	\$1,646.6	\$2.30	74.0%	36.9%	31.8%	4.7 x	12.1 x	12.7 x
Increase from Week Prior		(\$1.6)	(\$0.0)	(\$1,409.6)	\$606.4	(\$1,161.2)	(\$5.5)	(\$12.3)	(\$2.0)	\$0.0	0.2%	0.0%	0.0%	-1.1 x	-3.3 x	-1.1 x
Increase from Year to Date		\$1.9	(\$6.5)	\$3,949.4	(\$94.6)	\$4,046.5	\$244.4	\$301.4	\$246.2	\$0.0	-0.3%	0.0%	0.0%	1.1 x	-7.1 x	-3.5 x
Increase from Year over Year		\$0.8	(\$8.3)	\$4,043.9	(\$234.7)	\$5,229.3	\$370.3	\$331.9	\$270.6	\$0.4	0.1%	0.0%	0.0%	1.9 x	1.1 x	-2.5 x

Medical Devices

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			
							Sales	EBITDA	EBIT	EPS	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT
Boston Scientific Corporation	NYSE:BSX	\$5.77	1,530.7	\$8,832.0	\$3,987.0	\$12,819.0	\$7,776.0	\$1,810.0	\$1,095.0	\$0.27	64.0%	23.3%	14.1%	1.6 x	7.1 x	11.7 x
Medtronic Inc.	NYSE:MDT	34.38	1,056.0	\$36,304.6	\$7,531.0	\$43,835.6	\$16,209.0	\$5,442.0	\$4,614.0	2.49	75.2%	33.6%	28.5%	2.7 x	8.1 x	9.5 x
St. Jude Medical Inc.	NYSE:STJ	38.59	329.5	12,715.5	2,042.5	14,758.0	5,555.2	1,690.4	1,393.3	2.43	73.9%	40.4%	25.1%	2.7 x	8.7 x	NM
Synthes Inc.	SWX:SYT	167.42	118.8	19,881.8	(2,086.1)	17,795.7	3,858.1	1,648.4	1,312.7	6.66	80.6%	32.7%	34.0%	4.6 x	10.8 x	13.6 x
Edwards Lifesciences Corp.	NYSE:EW	76.44	115.0	8,787.2	(276.1)	8,511.1	1,640.8	354.0	294.2	1.57	70.5%	21.6%	17.9%	5.2 x	24.0 x	28.9 x
Smith & Nephew plc	LSE:SN	8.65	892.3	7,714.2	198.0	7,912.2	4,231.0	1,201.0	921.0	0.64	73.3%	28.4%	21.8%	1.9 x	6.6 x	8.6 x
Median		\$36.5	\$610.9	\$10,773.7	\$1,120.3	\$13,788.5	\$4,893.1	\$1,669.4	\$1,203.9	\$2.00	72.9%	30.0%	23.6%	2.7 x	8.4 x	11.7 x
Increase from Week Prior		(\$0.4)	(\$0.3)	(\$183.1)	(\$74.5)	(\$183.1)	\$45.5	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%	-1.1 x	-1.1 x	-1.1 x
Increase from Year to Date		(\$3.4)	(\$5.2)	(\$2,301.5)	(\$119.5)	(\$1,603.2)	\$329.7	\$82.2	\$39.2	\$0.0	-0.5%	0.0%	0.0%	-4.1 x	-6.1 x	-7.1 x
Increase from Year over Year		(\$0.3)	\$1.8	(\$850.2)	\$251.9	\$431.7	\$403.7	\$87.7	\$39.3	\$0.3	-0.5%	0.0%	0.0%	-1.1 x	-1.1 x	1.4 x

Healthcare Services

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			
							Sales	EBITDA	EBIT	EPS	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT
Covance Inc.	NYSE:CVO	\$48.07	60.8	\$2,920.7	(\$309.7)	\$2,611.0	\$2,173.5	\$319.2	\$216.9	\$1.93	28.2%	14.7%	10.0%	1.2 x	8.2 x	12.0 x
Charles River Laboratories International, Inc.	NYSE:CRL	28.99	49.4	1,433.3	652.9	2,086.2	1,133.3	272.6	184.7	1.15	35.8%	24.1%	16.3%	1.8 x	7.7 x	11.3 x
Medco Health Solutions, Inc.	NYSE:MHS	55.06	387.1	21,311.5	4,871.8	26,183.3	68,005.2	3,084.7	2,581.4	3.29	6.7%	4.5%	3.8%	0.4 x	8.5 x	NM
Express Scripts Inc.	NASDAQGS:ESRX	45.21	486.5	21,995.0	2,926.6	24,921.6	45,321.1	2,580.3	2,352.2	2.36	7.0%	5.7%	5.2%	0.5 x	9.7 x	10.6 x
Sunovion Inc.	LSE:SNR	13.12	55.3	726.2	180.6	906.7	461.9	130.1								