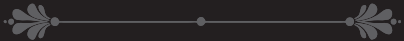




HEALTHCARE
G R O U P



INDUSTRY
U P D A T E

Medical Coding,
Transcription,
and Billing

INDUSTRY FOCUS	1
SECTOR SPOTLIGHT	2
COMPARABLE COMPANIES	4
SELECTED TRANSACTIONS	4

McCOLL | PARTNERS
INVESTMENT BANKERS

CHARLOTTE

DALLAS

ATLANTA

INDUSTRY FOCUS

Healthcare Group

BUSINESS SERVICES	CONSUMER	FINANCIAL SERVICES	FINANCIAL SPONSORS	HEALTHCARE	INDUSTRIALS & BUILDING PRODUCTS
-------------------	----------	--------------------	--------------------	------------	---------------------------------

McColl Partners has served as an advisor to a diverse collection of companies operating in the healthcare space. Representative clients include nuclear pharmacy operators, medical device manufacturers, laboratory product manufacturers, medical transcription training companies, contract research organizations, and managed care organizations.

McColl Partners' Healthcare Group provides an unparalleled service offering to its clients by lending meaningful expertise to mergers and acquisitions, private capital raises, and financial advisory services. Led by Managing Director Dave Vorhoff, McColl Partners' senior investment banking professionals have an intimate understanding of the healthcare industry and maintain strong, long-term relationships with many of the key players within the industry. Through this wealth of experience, McColl Partners has consistently proven its ability to create shareholder value for clients in the healthcare market.

McColl Partners continually monitors trends and factors that influence the healthcare industry and related sectors.

- Demographic trends
- Economic developments
- Domestic and international market dynamics
- Performance of publicly traded comparable companies
- Notable mergers, acquisitions, and joint ventures

SUBSECTORS

BIOTECHNOLOGY AND PHARMACEUTICALS	HEALTHCARE INFORMATION TECHNOLOGY	HEALTHCARE SERVICES	LIFE SCIENCES
LONG TERM CARE AND ACUTE CARE FACILITIES	MEDICAL PRODUCTS AND DEVICES	MEDICAL SUPPLIES AND DISTRIBUTION	

MCCOLL PARTNERS SECTOR SPOTLIGHT

Medical Coding, Transcription, and Billing Services Prosper in Volatile Market

The healthcare documentation sector depends heavily on the overall healthcare industry. The healthcare industry continues to perform well relative to the broader market as the healthcare industry is generally viewed as recession-resistant. With baby boomers coming of age and new technologies driving change and innovation, the healthcare industry will remain vibrant.

National healthcare expenditures are projected to reach \$3.3 trillion in 2012 and grow at a compound annual growth rate (“CAGR”) of 7.0% from 2007 to 2012. National healthcare expenditures per person are projected to reach \$10,110 by 2012, growing at a CAGR of 6.2% from 2007 to 2012.

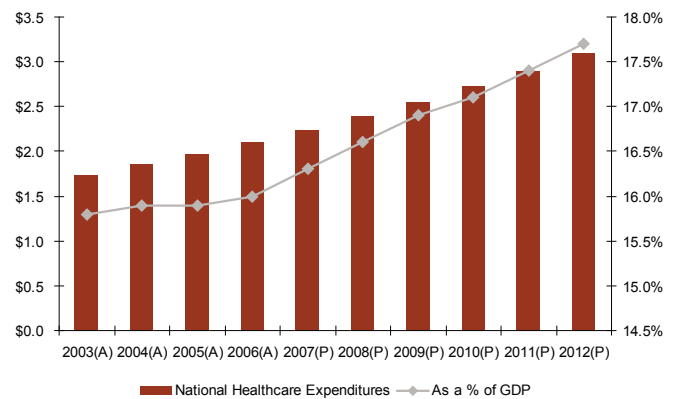
Despite a 12.6% drop in all U.S. merger and acquisition deal volume as of the latest twelve-month (“LTM”) period ended September 30, 2008, U.S. healthcare deal volume remained strong at 866 transactions—down only 8.2%—compared to 943 transactions as of the LTM period ended September 30, 2007. Furthermore, recent healthcare transaction multiples are consistent with historical trends, averaging higher multiples than the broader market. Through July 2008, median healthcare transaction multiples in North American mergers and acquisitions were 14.9x for deals less than \$500 million and 17.8x for deals greater than \$500 million.¹ These healthcare transaction multiples exceeded the broader middle-market median transaction multiple of 11.5x as of June 2008.

As testament to the industry’s strong performance, the mergers, acquisitions, and recapitalization environment for the healthcare documentation sector has been particularly robust. Representative transactions include:

On August 6, 2008, healthcare business process outsourcing (“BPO”) firm Cbay Systems Holdings Ltd. closed on its acquisition of a majority stake in the leading medical transcription company, MedQuist, Inc., from Koninklijke Philips Electronics N.V. for \$287 million. This transaction will establish Cbay Systems Holdings, Ltd. as the largest company in the industry.

On October 15, 2008, Atlanta-based medical documentation services provider Webmedx announced that it had acquired Medical Transcription Education Center, Inc. (M-TEC), a leading provider of distance learning and education programs for the medical transcription market.

Figure 1: National Healthcare Expenditures (\$ in Trillions)



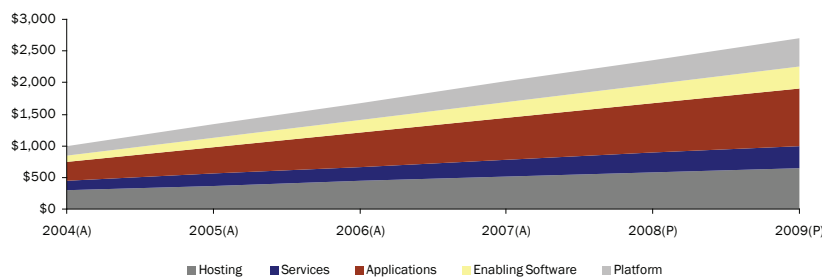
Source: Centers for Medicare & Medicaid Services, Office of the Actuary.

(1) Multiples represent a comparison of enterprise value to earnings before interest, taxes, depreciation, and amortization (“EBITDA”).

Demographic and healthcare-related growth trends will likely continue to drive attractive market forces for the healthcare documentation sector, including demand for healthcare documentation professionals. Employment in the domestic healthcare documentation sector is expected to increase by 16.4% from 268,000 professionals in 2006 to 312,000 professionals in 2016.² Employment in this sector is expected to grow 6.2% faster than the national average. Within the healthcare documentation market, two primary forces are expected to change the landscape of the industry in the coming years: (i) technology and (ii) outsourcing.

Spending on information technology in healthcare is expected to be roughly \$21.5 billion and \$23.1 billion in 2008 and 2009, respectively. The projected growth in the healthcare information technology sector reflects a CAGR of 7.7% since 2004. Factors driving this growth include (i) greater focus on patient-safety initiatives, (ii) lower network infrastructure costs, (iii) improved offerings from industry participants, and (iv) better understanding of hospital workflow issues.

Figure 2: Market Size of Speech Recognition Solutions and Services (\$ in Millions)



Source: Data Monitor.

In the medical coding sector, several companies are developing technology to both speed the process as well as improve accuracy. Technological advances include computer-assisted coding (“CAC”) and other forms of algorithm-based software that can take and edit either the digitized data from a transcriptionist or edit straight from a recorded “voice.” Other companies are successfully introducing business intelligence (“BI”) software that analyzes significant amounts of data to improve all areas of the revenue cycle for healthcare providers. These technology changes will become even more important when the proposed new coding system (“ICD-10”) is implemented. In this new system the number of codes expands nearly 10x to 155,000 codes. This added complexity could have dramatic impact on both providers and payers.

Over the next several years, the speech recognition market is expected to experience dramatic growth facilitated by increased penetration into the transcription market. Currently, analysts estimate that speech-based transcription has penetrated only 5% to 10% of the healthcare industry. Speech-based transcription technology is estimated to reduce transcription costs by up to 50% and consequently represents a \$2.0 billion market opportunity. The overall speech recognition market is expected to grow to \$2.7 billion by 2009, representing a CAGR of 18.0% from the market’s \$1.0 billion size in 2004.

(2) The domestic healthcare documentation industry employment figures are comprised of medical records and health information technicians and medical transcriptionists.

COMPARABLE HEALTHCARE SERVICES COMPANIES⁽¹⁾

(\$ in Millions)

	% of 52 Week High	LTM Revenue	LTM EBITDA	EBITDA Margin	Equity Market Value	Enterprise Value ("EV") ⁽²⁾	EV/ Revenue	EV/ EBITDA
Medical Transcription								
Cbay Systems Holdings, Ltd.	77.8 %	\$67.8	\$7.3	10.7 %	\$160.7	\$168.5	2.5 x	23.1 x
Nuance Communications, Inc.	36.4	794.9	103.2	13.0	1,861.4	2,498.1	3.1	24.2
Transcend Services, Inc.	60.4	46.7	9.3	19.8	90.8	81.5	1.7	8.8
Median	60.4 %	\$67.8	\$9.3	13.0 %	\$160.7	\$168.5	2.5 x	23.1 x
Mean	58.2 %	\$303.2	\$39.9	14.5 %	\$704.3	\$916.0	2.5 x	18.7 x
Revenue Cycle Management								
Athenahealth, Inc.	57.5 %	\$126.3	\$15.4	12.2 %	\$896.9	\$826.8	6.5 x	53.6 x
Cerner Corporation	65.7	1,604.8	401.6	25.0	3,205.2	3,081.7	1.9	7.7
Computer Programs & Systems, Inc.	85.8	115.7	24.0	20.7	289.6	265.6	2.3	11.1
Eclipsys Corporation	53.7	513.4	56.7	11.0	772.8	734.3	1.4	13.0
McKesson Corporation	52.9	106,003.0	1,933.0	1.8	9,908.1	10,580.1	0.1	5.5
MedAssets, Inc.	55.5	223.2	55.3	24.8	724.2	994.4	4.5	18.0
MedcoHealth Solutions, Inc.	76.2	49,675.0	2,347.9	4.7	20,742.6	24,818.9	0.5	10.6
Median	57.5 %	\$513.4	\$56.7	12.2 %	\$896.9	\$994.4	1.9 x	11.1 x
Mean	63.9 %	\$22,608.8	\$690.6	14.3 %	\$5,219.9	\$5,900.3	2.5 x	17.0 x

SELECTED HEALTHCARE SERVICES TRANSACTIONS

(\$ in Millions)

Target / Acquiror	Close Date	LTM Revenue	LTM EBITDA	EBITDA Margin	Enterprise Value ⁽³⁾	EV/ Revenue	EV/ EBITDA
Medical Transcription							
PeopleSupport, Inc. Aegis BPO Services Ltd.	Oct-08	\$144.8	\$13.4	9.3 %	\$159.5	1.1 x	11.9 x
MedQuist, Inc. Cbay Systems Holdings Ltd.	Aug-08	335.0	6.5	1.9	260.3	0.8	39.9
eScription, Inc. Nuance Communications, Inc.	May-08	66.0	NA	NA	363.0	5.5	NA
Median		\$144.8	\$10.0	5.6 %	\$260.3	1.1 x	25.9 x
Revenue Cycle Management							
TriZetto Group, Inc. Apax Partners Worldwide, LLP BlueCross BlueShield of Tennessee, Inc. The Regence Group, Inc.	Aug-08	\$445.1	\$80.8	18.1 %	\$948.2	2.1 x	11.7 x
MedAssist, Inc. FirstSource Solutions Ltd.	Sep-07	99.0	NA	NA	330.0	3.3	NA
AMSplus, Inc. Cbay Systems Holdings Ltd.	Aug-07	13.8	0.9	6.7	12.5	0.9	13.4
Per-Se Technologies, Inc. McKesson Corporation	Jan-07	541.2	106.7	19.7	1,643.7	3.0	15.4
Wellspring Partners, Ltd. Huron Consulting Group, Inc.	Jan-07	34.4	0.1	0.2	63.2	1.8	NM
A4 Health Systems, Inc. Allscripts Healthcare Solutions, Inc.	Mar-06	120.6	15.8	13.1	272.5	2.3	17.3
NDCHealth Corporation Per-Se Technologies, Inc.	Jan-06	387.6	88.3	22.8	959.1	2.5	10.9
Median		\$109.8	\$15.8	13.1 %	\$301.3	2.4 x	14.4 x
Mean		\$199.4	\$42.4	12.5 %	\$546.8	2.3 x	14.3 x

(1) As of November 14, 2008.

(2) Enterprise value equals market value of equity plus net debt.

(3) Enterprise value equals market value of equity plus net debt assumed.

INDEPENDENT
UNBIASED ADVICE
GLOBAL ACCESS
CLIENT-FOCUSED RESULTS

McColl Partners provides investment banking services to owners and management of middle-market businesses and financial sponsors by combining experienced, dedicated professionals, unparalleled access to decision makers, and focused industry expertise.

McCOLL | PARTNERS
INVESTMENT BANKERS

WWW.MCCOLLPARTNERS.COM

BURLE
has been acquired by
PHOTONIS-DEP
image intensifiers
a portfolio company of
AXA
PRIVATE EQUITY
McColl Partners acted as
financial advisor to
BURLE INDUSTRIES, INC.

SP
has been acquired by
RIVERLAKE PARTNERS
McColl Partners acted as
financial advisor to
SP Industries, Inc.

ZYMED LABORATORIES INC.
Advancing Science & Medicine Through Immunotherapy
has been acquired by
Invitrogen
life technologies
McColl Partners acted as
financial advisor to
Zymed Laboratories Inc.

FlexBen Corporation
has been acquired by
WageWorks
Life Just Got Easier
McColl Partners acted as
financial advisor to
FlexBen Corporation.

McColl Partners' Healthcare Group combines robust knowledge of diverse and dynamic capital markets with innovative approaches to traditional investment banking. From mergers and acquisitions to private capital solutions, McColl Partners' professionals work with each client to develop tailored strategies.

For more information on how McColl Partners can assist your company, please contact:

David C. Vorhoff, Managing Director
Healthcare Group
704.333.0519
dvorhoff@mccollpartners.com

Brian L. Davis, Managing Director
Financial Sponsors Group
704.333.0136
bdavis@mccollpartners.com

100 NORTH TRYON STREET, 54TH FLOOR
2100 MCKINNEY AVENUE, SUITE 1410
3340 PEACHTREE ROAD N.E., SUITE 1828

CHARLOTTE, NORTH CAROLINA 28202
DALLAS, TEXAS 75201
ATLANTA, GEORGIA 30326

PHONE: 704.333.0525 / FAX: 704.333.0118
PHONE: 214.451.5200 / FAX: 214.451.5238
PHONE: 404.812.5327 / FAX: 404.812.5328