

KNOWLEDGE. VISION. RESULTS.

QUARTERLY VALUE TRACKER

VALUATION ANALYSIS FOR TECHNOLOGY, HEALTHCARE, AND BUSINESS SERVICES

QUARTER **1**
2008

HEALTHCARE

TripleTree divides its healthcare sector into three major categories - Healthcare IT & Outsourcing, Healthcare Services, and Population Health Management.

HEALTHCARE IT & OUTSOURCING

The Healthcare Provider Solutions index had a tough first quarter, posting a 22.7% loss and lagging the S&P 500 Index by over 14%. Of the 16 companies in the Provider index, only one company, **Quadramed Corp. (AMEX: QD)**, posted a positive gain - a modest 2% for the quarter. The biggest losers included **Allscripts Healthcare Solutions Inc. (Nasdaq: MDRX)**, **athenahealth, Inc. (Nasdaq: ATHN)**, **Cerner Corp. (Nasdaq: CERN)**, **MedAssets, Inc. (Nasdaq: MDAS)**, and **Merge Healthcare Inc. (Nasdaq: MRGE)** - each of which conceded 34% or more of their market capitalization during the period. Merge Technologies Inc. has continued to struggle - conceding another 53% of its share price - with large operating losses and delayed regulatory filings through the first quarter, but has been making some progress in narrowing the losses. The company announced in February that it would be trimming 30% of its workforce and has also considered spinning off some of its overseas operations as a means to focus more heavily on its core business and new teleradiology initiative.

The Payer & Claims Solutions index fared much better than the Provider Solutions sector this quarter - but "better" is a relative term. While the index marginally outperformed the S&P 500, it still conceded approximately 8% of its value through the period. A number of small cap stocks - such as **Healthaxis Inc. (Nasdaq: HAXS)**, **MEDecision, Inc. (Nasdaq: MEDE)**, and **MedAvant Healthcare Solutions (Nasdaq: PILL)** - contributed heavily to the downturn in the index. MEDecision, despite announcing that it made the leap to profitability in the fourth quarter,

closed at \$1.52 per share on March 31st, down over 47%. Meanwhile, MedAvant Healthcare Solutions, in an effort to shore up cash and focus more heavily on its core offering, sold off its National Preferred Provider Network business unit to Coalition America for total consideration of \$23.5 million. The company also announced the appointment of Peter Fleming as Interim CEO and promoted Lonnie Hardin to President and COO - the appointments follow the resignation of John Lettko as CEO. Despite these moves the company's stock has continued to plummet. As of March 31st, the company's stock is trading at \$1.20 per share.

Despite the broader economic downturn and fallout from the credit crisis in late-07 / early-08, M&A activity in the Healthcare IT & Outsourcing sector remained high through the first quarter. Twenty-four deals were announced, only two less than Q4-07, with an average TEV/revenue multiple of 2.3x and average TEV/EBITDA multiple of 14.2x. One of the more notable deals this quarter was General Atlantic and Hellman & Friedman's purchase of the remaining 48% stake in Emdeon Business Services for approximately \$1.2 billion. The transaction follows GA's initial investment in Emdeon Business Services back in September 2006. The other big deal of the quarter was the announcement that Allscripts will merge with Misys Healthcare, LLC, a wholly-owned subsidiary of Misys Plc (FTSE: MSY.L). Under the terms of the agreement Allscripts will acquire a 45.5% stake in Misys Healthcare Systems.

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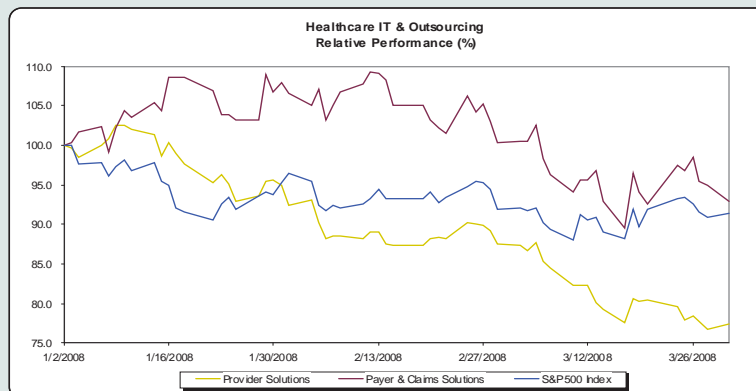
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Ticker	Company name	Market Price 31-Mar-08	Market Cap.	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Net Income	EV/ Revenue	EV/ EBITDA	Price/ Earnings	
PAYOR & CLAIMS SOLUTIONS											
HAXS	Healthaxis Inc.	\$0.79	7	6	16	0	(1)	0.3x	23.2x	NA	
HMSY	HMS Holdings Corp.	\$28.55	710	713	147	39	15	4.9x	18.4x	47.5x	
MEDE	MEDecision, Inc.	\$1.52	25	20	45	(2)	(6)	0.5x	NA	NA	
PILL	ProxyMed Inc.	\$1.20	17	49	57	(0)	(33)	0.9x	NA	NA	
TZIX	TriZetto Group Inc.	\$16.69	716	911	452	85	28	2.0x	10.7x	25.4x	
								Average	1.7x	17.4x	36.4x
								Median	0.9x	18.4x	36.4x
PROVIDER SOLUTIONS											
MDRX	Allscripts Healthcare Solutions Inc.	\$10.32	587	673	282	50	21	2.4x	13.6x	28.6x	
AMCS	AMICAS Inc.	\$2.27	98	22	50	(1)	(1)	0.4x	NA	NA	
ATHN	Athenahealth, Inc.	\$23.67	766	695	101	10	(4)	6.9x	69.3x	NA	
CERN	Cerner Corp.	\$37.28	2,999	2,847	1,483	357	127	1.9x	8.0x	23.6x	
CPSI	Computer Programs & Systems Inc.	\$20.90	226	203	110	21	13	1.8x	9.7x	17.5x	
ECLP	Eclipsys Corp.	\$19.61	1,059	867	478	54	41	1.8x	16.0x	25.7x	
HLTH	HLTH Corporation	\$9.54	1,749	1,703	527	62	20	3.2x	27.5x	88.0x	
MCK	McKesson Corp.	\$52.37	15,123	15,636	99,637	1,743	940	0.2x	9.0x	16.1x	
MDAS	MedAssets, Inc.	\$14.82	659	730	189	53	6	3.9x	13.7x	NM	
MEDW	Mediware Information Systems Inc.	\$5.73	47	26	41	8	1	0.6x	3.3x	33.8x	
OTCPK	MEDQ MedQuist Inc.	\$9.45	355	192	340	3	(15)	0.6x	55.2x	NA	
MRGE	Merge Technologies Inc.	\$0.56	19	(3)	57	(28)	(193)	NA	0.1x	NA	
OMCL	Omicell Inc.	\$20.10	703	533	213	23	43	2.5x	23.1x	16.2x	
AMEX:QD	Quadramed Corp.	\$1.91	87	167	137	12	63	1.2x	13.4x	1.4x	
QSII	Quality Systems Inc.	\$29.87	818	740	180	62	37	4.1x	12.0x	21.9x	
ZIXI	Zix Corp.	\$3.87	243	231	24	(9)	(8)	9.6x	NA	NA	
								Average	2.7x	19.6x	27.3x
								Median	1.9x	13.5x	22.8x

Source: CapitalIQ

HEALTHCARE



Healthcare IT & Outsourcing

M&A Activity (01/01/08 - 03/31/08)

Total # of Transactions	24
# Reporting P/R Multiples	8
Average P/R	2.3x
Median P/R	1.9x

* TripleTree's Healthcare IT & Outsourcing research covers the following segments: Payer & Claims Solutions and Provider Solutions.

** For additional information on how this data might apply to your business, please contact Kevin Green or Scott Tudor at 952.253.5300.