



## **Executive War College**

Review of Laboratory Sales Transactions  
During 2010-2011,  
with Insights on Lab M&A Trends  
May 5, 2011

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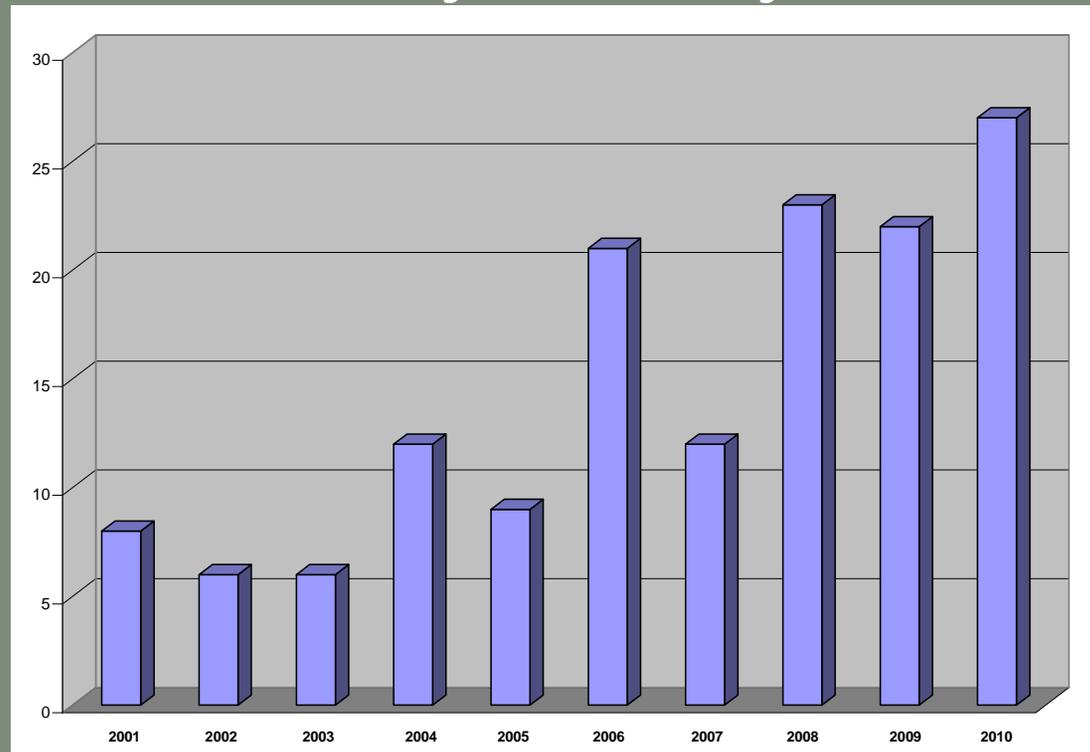
Haverford Healthcare Advisors

# Lab Industry Deal Activity Reaches All-Time High in 2010

- Propelled by the recovery in lab industry deal activity that began in the second half of last year, 2010 was the most active year for lab transactions in at least a decade.

U.S. Lab Industry Deal Activity 2001 - 2010

# of Closed Laboratory Transactions

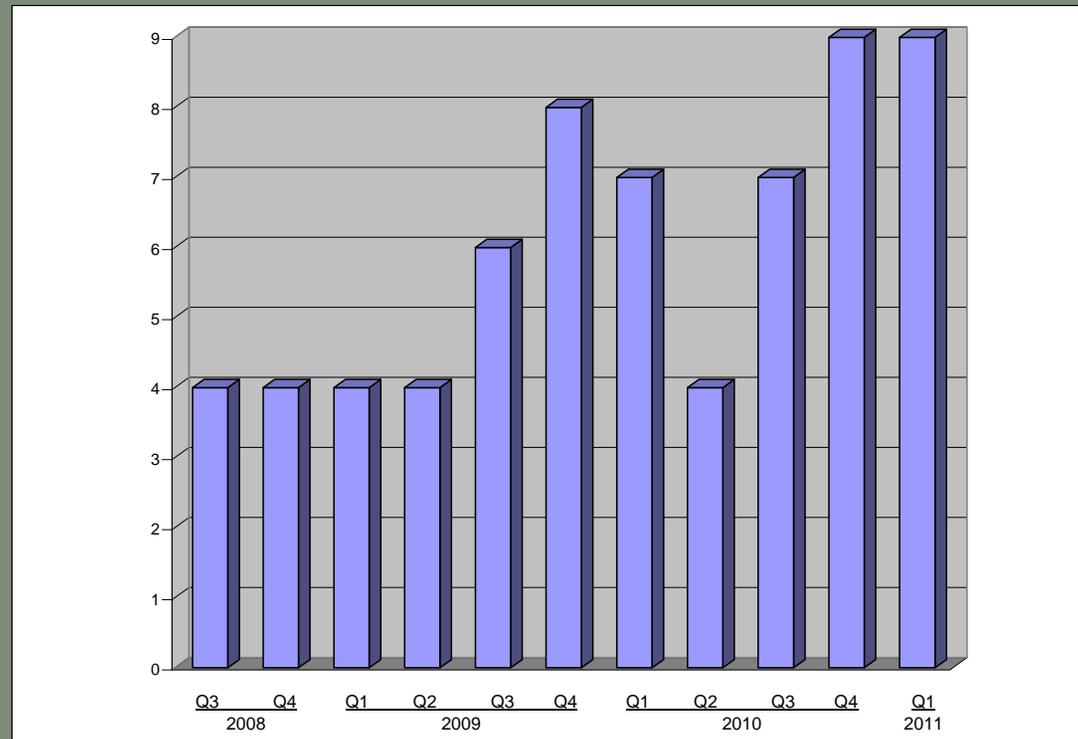


# Lab Industry Deal Activity Reaches All-Time High in 2010

- This quarterly summary further illustrates the recovery of deal activity which began in second half of 2009 and continued into Q1 2011.

U.S. Lab Industry Deal Activity Q3 2008 – Q1 2011

# of Closed Laboratory Transactions

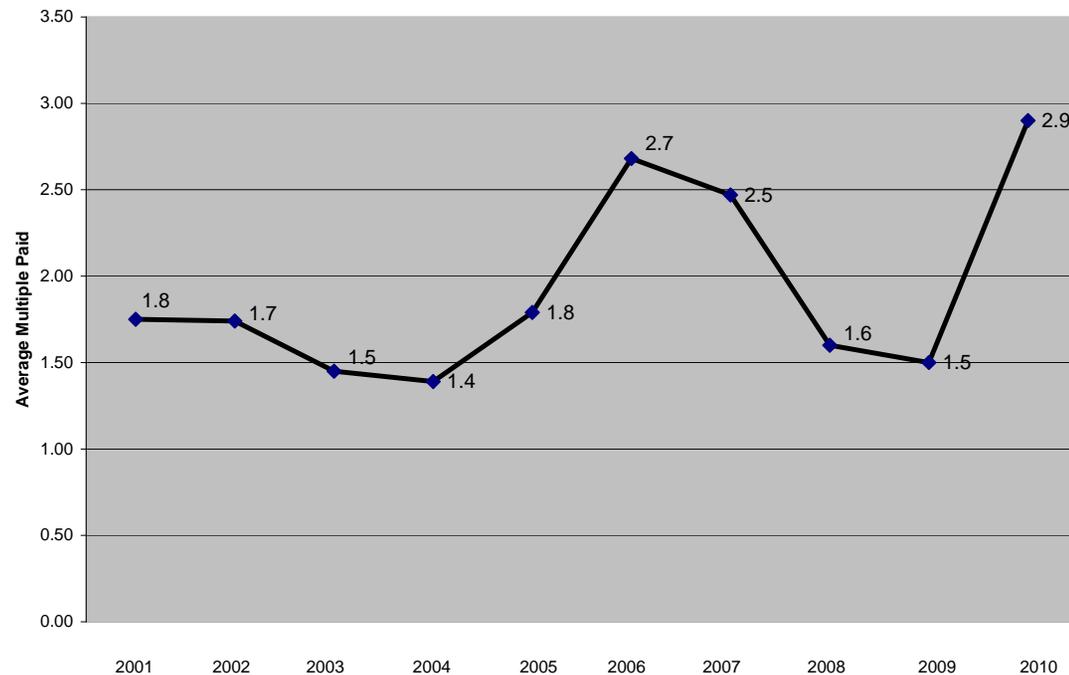


# Lab Industry Deal Activity Reaches All-Time High in 2010

- Lab valuations also reached their highest levels in at least a decade.

## U.S. Lab Industry Valuation Multiples

### Average Purchase Price to Revenue Multiples Paid



Purchase Price  
To Net Revenue  
Multiples

# Lab Industry Deal Activity Reaches All-Time High in 2010

Chief factors contributing to the record levels of lab industry M&A activity and valuations:

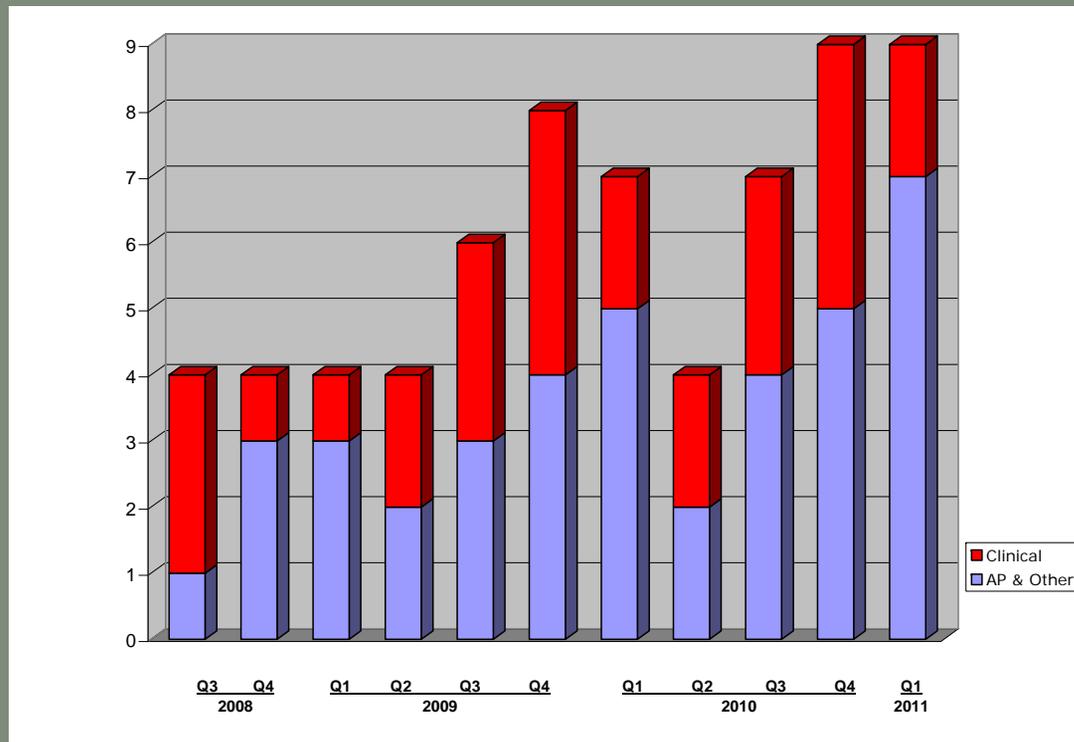
- **Aging of the Population:** In 2009 there were 39.6 million people over age 65, representing 15% of the U.S. population and 1/3 of healthcare consumption. By 2030, those over 65 years old will increase to 72 million. Longer life spans and the desire to maintain more active lifestyles will further increase the demand for healthcare.
- **Economic Recovery:** Transactions that had been delayed by the recession have created a pent-up demand for lab acquisitions by buyers and an over supply of willing sellers.
- **Healthcare Reform:** *At lease for now*, the ranks of the insured are expected to rise dramatically as the political uncertainty over healthcare reform slowly dissipates. Despite expected lower reimbursements and tighter control over lab utilization, the lab industry is hot.
- **New/Returning Entrants to the Lab Market:** Big Pharma and other large healthcare companies are entering/re-entering the lab industry by paying top dollar for lab acquisitions.
- **New Technologies are Creating New Markets:** Technological advances in molecular diagnostics, pharmacogenomics, and companion diagnostics are driving demand for specialty labs.

# Lab Industry Deal Activity Reaches All-Time High in 2010

- Anatomic Pathology and Specialty Lab deals outnumbered Routine clinical Lab deals 18 to 11 over the past four quarters ending Q1 2011.

### U.S. Lab Industry Deal Activity Q3 2008 – Q1 2011

# of Closed Laboratory Transactions



# Lab Industry Deal Activity Reaches All-Time High in 2010

Other important factors that will support continued high levels of M&A activity and high valuations for lab companies:

- Lab industry fundamentals remain very strong.
- Lab testing is a valuable service that represents only 2-3% of health care expenditures but influences 70-80% of physician decisions.
- Early detection can reduce downstream health care costs.
- Despite years of consolidation, the lab industry remains highly fragmented.

# Lab Industry Deal Activity Reaches All-Time High in 2010

Other important factors that will support continued high levels of M&A activity and high valuations for lab companies (continued):

- There is no shortage of Private Equity Groups interested in the lab industry. PEGs are attracted by the industry's strong fundamentals and the non-cyclical nature of the lab industry.
- There are more established acquisition-oriented lab industry players than have existed for many years.
- There exists a large supply of clinical lab and pathology practice sellers that are currently considering a sale of their lab business.
- Sellers will be motivated to sell prior to tax rate increases; capital gains tax rates revert from 15% back to 20% on January 1, 2013

## ■ Lab Industry Deal Activity Reaches All-Time High in 2010

- Therefore, we anticipate that lab industry deal activity and valuations will remain at their current high levels for the foreseeable future.

# Recap of U.S. Lab Transactions for 2010 and Year-to-Date 2011

Almost every transaction in the following review exemplifies one of the following industry macro trends:

- Large lab industry participant acquiring routine clinical or specialty laboratories.
- Private equity-backed consolidator acquiring anatomic pathology labs.
- Large pharmaceutical or healthcare technology company entering the lab industry via the acquisition of a specialized genetic or molecular diagnostic testing lab.
- Specialty life science company acquiring a specialty molecular or genomic testing laboratory.
- Consolidation of urine drug screen labs serving the pain medicine, addiction medicine, and behavioral health provider market.

# Recap of U.S. Lab Transactions for 2010 and Year-to-Date 2011 (cont.)

<u>Deal #</u>	<u>Date</u>	<u>Acquirer</u>	<u>Target</u>
2010-01	Jan-10	Primus Capital	PathGroup, Inc.
2010-02	Jan-10	Spectrum Laboratory Network	Carilion Labs
2010-03	Jan-10	Predictive BioScience	OncoDiagnostic Laboratory
2010-04	Feb-10	Inverness Medical Innovations	Kroll Laboratory Specialists
2010-05	Mar-10	Bio-Reference Laboratories	Lenetix Medical Screening Laboratory
2010-06	Mar-10	Aurora Diagnostics, LLC	Pathology Solutions LLC
2010-07	Mar-10	Mainsail Partners	Path Logic
2010-08	Apr-10	EndoChoice	Pathworks Anatomic Pathology Laboratory
2010-09	Apr-10	Laboratory Corporation of America	Diamond Reference Lab
2010-10	May-10	Perkin Elmer	Signature Genomic Labs
2010-11	Jun-10	Laboratory Corporation of America	Westcliff Medical Labs
2010-12	Jul-10	ExonHit Therapeutics	Redpath Integrated Pathology
2010-13	Aug-10	Laboratory Corporation of America	Medical Diagnostic Laboratory, Inc.
2010-14	Aug-10	Laboratory Corporation of America	DCL Medical Labs
2010-15	Aug-10	Iris International	Allied Path
2010-16	Sep-10	Laboratory Corporation of America	Genzyme Genetics
2010-17	Sep-10	Carillion Spectrum	Doctors Laboratory, Inc.
2010-18	Sep-10	Roche/Ventanna Medical Systems	BioImagene
2010-19	Oct-10	Aurora Diagnostics, LLC	Biopsy Dx
2010-20	Oct-10	Laboratory Corporation of America	FirstSource Laboratory Solutions
2010-21	Oct-10	Metalmark Capital	Aegis Sciences Corp.
2010-22	Oct-10	Pacific Diagnostic Labs LLC	Medical Group Pathology Laboratory
2010-23	Oct-10	Exagen Diagnostics	Cypress Biosciences Lab Operations
2010-24	Oct-10	Sonic Healthcare	CBLPath
2010-25	Dec-10	General Electric	Clariant, Inc.
2010-26	Dec-10	Riverside Partners	Dominion Diagnostics
2010-27	Dec-10	Sonic Healthcare	Physicians Automated Laboratory, Inc.

# Recap of U.S. Lab Transactions for 2010 and Year-to-Date 2011 (cont.)

<u>Deal #</u>	<u>Date</u>	<u>Acquirer</u>	<u>Target</u>
2010-01	Jan-11	Aurora Diagnostics, LLC	Austin Pathology Associates
2011-02	Jan-11	Aurora Diagnostics, LLC	Western Pathology Consultants, Ltd.
2011-03	Feb-11	Novartis	Genoptix
2011-04	Feb-11	Sonic Healthcare	Central Coast Pathology Consultants
2011-05	Mar-11	Quest Diagnostics	Athena Diagnostics
2011-06	Mar-11	Quest Diagnostics	Celera Corp.
2011-07	Mar-11	Laboratory Corporation of America	Clinical Laboratory Management
2011-08	Mar-11	American Pathology Partners	Palm Beach Pathology
2011-09	Mar-11	Pathology, Inc.	Central Coast Pathology
2011-10	Apr-11	Laboratory Corporation of America	Orchid Cellmark

# Recap of U.S. Lab Transactions for 2010 and Year-to-Date 2011 (cont.)

## About the Data ...

- We have obtained the information from sources believed to be reliable.
- Includes some estimates made by Haverford Healthcare Advisors and other organizations such as *The Dark Report*, *Laboratory Economics* and *Laboratory Industry Report*.
- In most cases, dates are intended to represent the months that transactions were actually closed, as opposed to announcement dates.
- Each transaction represents a unique set of facts and circumstances; data is most relevant when viewed in the aggregate.

## Lab and Pathology Transactions: 2010-2011

January 2010

2010-01

**Acquirer:**

Primus Capital  
Cleveland, OH

**Target:**

PathGroup, Inc.  
Brentwood, TN

**Purchase Price:** \$100 mil

**Target Revenue:** \$100 mil

**Price / Revenue Multiple:** n/a

**Comments:** Primus Capital sponsored the \$100 mil debt/equity recapitalization of PathGroup. PathGroup's pathologist-owners retained approximately 75% ownership of the equity of the company. Founded in 1983, PE firm Primus Capital invests in the healthcare, education, and technology enabled business service industries.

## Lab and Pathology Transactions: 2010-2011

January 2010

2010-02

**Acquirer:**

Spectrum Laboratory Network  
Greensboro, NC

**Target:**

Carilion Labs  
Roanoke, VA

**Purchase Price:** n/a

**Target Revenue:** \$109.9 mil

**Price / Revenue Multiple:** n/a

**Comments:** Spectrum's first major transaction following its acquisition by Welsh Carson in Dec. 2009. Carilion Clinic received a 33% stake in the merged company as its consideration. Combined entity has net revenue of approximately \$300 mil, over 100 PSCs and over 2,600 employees. Carilion's Charlotte lab will be closed.

## Lab and Pathology Transactions: 2010-2011

January 2010

2010-03

**Acquirer:**

Predictive BioScience  
Lexington, MA

**Target:**

OncoDiagnostic Laboratory  
Cleveland, OH

**Purchase Price:** n/a

**Target Revenue:** \$10 mil

**Price / Revenue Multiple:** n/a

**Comments:** OncoDiagnostic was founded in 1985 by pathologists and employs approximately 40. Predictive was launched in 2006 and is backed by venture funds ProQuest Investments, Flybridge Capital, Highland Capital, Kaiser Permanente Ventures, and New Enterprise Assoc. This deal provides Predictive with a urology-focused lab and sales force to commercialize its proprietary specialty assays that relate to prostate and bladder cancer detection.

## Lab and Pathology Transactions: 2010-2011

February 2010

2010-04

**Acquirer:**

Inverness Medical Innovations  
Waltham, MA (AMEX: IMA)

**Target:**

Kroll Laboratory Specialists  
Gretna, LA

**Purchase Price:** \$110 mil

**Target Revenue:** \$40.2

**Price / Revenue Multiple:** 2.74 x

**Comments:** Inverness is a \$1.9 bil provider of diagnostic products for women's health and chronic disease self-management. Kroll is a drugs of abuse testing company which should dovetail well with Inverness' Redwood Toxicology business acquired in January, 2008.

## Lab and Pathology Transactions: 2010-2011

March 2010

2010-05

**Acquirer:**

Bio-Reference Laboratories  
Elmwood Park, NJ (NASDAQ: BRLI)

**Target:**

Lenetix Medical Screening Lab  
Mineola, NY

**Purchase Price:** \$5.5 mil

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Lenetix specializes in prenatal genetic testing such as cystic fibrosis, Fragile X, etc. and was founded in 2001 by Dr. Leonard Kellner. Lenetix's test menu should complement the testing capability acquired by BRLI in its 2006 acquisition of GeneDx.

## Lab and Pathology Transactions: 2010-2011

March 2010

2010-06

**Acquirer:**

Aurora Diagnostics, LLC  
Palm Beach Gardens, FL

**Target:**

Pathology Solutions LLC  
Eatontown, NJ

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Pathology Solutions represents the 17<sup>th</sup> laboratory acquisition completed by Aurora since its inception in 2006 and its first acquisition in New Jersey.

## Lab and Pathology Transactions: 2010-2011

March 2010

2010-07

**Acquirer:**

Mainsail Partners  
San Francisco, CA

**Target:**

PathLogic  
Carmichael, CA

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Mainsail Partners is a private equity firm with \$150 mil under management. With 22 affiliated pathologists, PathLogic is a rapidly growing anatomic pathology laboratory which provides diagnostics services primarily in California.

## Lab and Pathology Transactions: 2010-2011

April 2010

2010-08

**Acquirer:**

EndoChoice  
Alpharetta, GA

**Target:**

Pathworks Anatomic Pathology  
Laboratory, Atlanta, GA

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Pathworks manages in-office pathology labs and provides TC/PC services to GI practices. EndoChoice provides GI endoscopy instruments and supplies to over 700 GI practices. EndoChoice also acquired PathOptions (Hollywood, FL) a TC/PC consulting firm in 2008.

## Lab and Pathology Transactions: 2010-2011

April 2010

2010-09

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

Diamond Reference Lab  
Diamond Bar, CA

**Purchase Price:** n/a

**Target Revenue:** \$10 mil (est.)

**Price / Revenue Multiple:** n/a

**Comments:** Through the acquisitions of Diamond and Westcliff, LabCorp picked up a 5% increase in its share of California's estimated \$2 billion laboratory testing market.

## Lab and Pathology Transactions: 2010-2011

May 2010

2010-10

**Acquirer:**

Perkin Elmer (NYSE: PKL)  
Waltham, MA

**Target:**

Signature Genomic Labs  
Spokane, WA

**Purchase Price:** \$90.0 mil

**Target Revenue:** \$30.0 mil

**Price / Revenue Multiple:** 3.00X

**Comments:** Signature was founded in 2003 and was the first laboratory to provide microarray-based cytogenetic diagnostics. The acquisition is expected to strengthen Perkin Elmer's existing genetic testing service business.

## Lab and Pathology Transactions: 2010-2011

June 2010

2010-11

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

Westcliff Medical Labs  
Santa Ana, CA

**Purchase Price:** \$57.5 mil

**Target Revenue:** \$97.0 mil

**Price / Revenue Multiple:** 0.59X

**Comments:** Westcliff filed for bankruptcy on May 19, 2010. This deal had been held up until last month when a California judge ruled that LabCorp would be allowed to complete its purchase of Westcliff. The Federal Trade Commission had challenged the deal arguing that the acquisition would lead to higher lab prices in California.

## Lab and Pathology Transactions: 2010-2011

June 2010

2010-12

**Acquirer:**

ExonHit Therapeutics  
Paris, France

**Target:**

Redpath Integrated Pathology  
Pittsburgh, PA

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Deal terminated October 2010. RedPath is a genomics-based cancer diagnostic company that provides comprehensive molecular diagnostic testing in the company's CLIA licensed, CAP certified laboratory.

## Lab and Pathology Transactions: 2010-2011

August 2010

2010-13

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

Medical Diagnostics Laboratory,  
Inc. (MDL), Mount Vernon, WA

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** MDL was founded in 2007 by three pathologists from Skagit Pathology. MDL is a small clinical lab located about 35 miles north of Seattle and operates a 10,000 sq. ft. lab and 12 PSCs.

## Lab and Pathology Transactions: 2010-2011

August 2010

2010-14

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

DCL Medical Labs  
Indianapolis, Indiana

**Purchase Price:** n/a

**Target Revenue:** \$45 mil (est.)

**Price / Revenue Multiple:** n/a

**Comments:** Specializing in women's health, DCL also provides diagnostic and clinical trial services. Thompson Street Capital Partners acquired the company in 2007.

## Lab and Pathology Transactions: 2010-2011

August 2010

2010-15

**Acquirer:**

Iris International  
Chatsworth, CA

**Target:**

Allied Path  
San Diego, CA

**Purchase Price:** \$6.0 mil

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Allied Path performs molecular tests for patients that have been diagnosed with lung and colon cancers. Iris will use Allied Path as a channel for marketing its new tests directly.

## Lab and Pathology Transactions: 2010-2011

September 2010

2010-16

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

Genzyme Genetics  
Westborough, MA

**Purchase Price:** \$925 mil

**Target Revenue:** \$366 mil

**Price / Revenue Multiple:** 2.53X

**Comments:** Genzyme Genetics, a business unit of drug maker Genzyme Corp., specializes in prenatal and postnatal genetic testing. Genzyme Genetics performs more than 1.5 million tests per year.

## Lab and Pathology Transactions: 2010-2011

September 2010

2010-17

**Acquirer:**

Spectrum Laboratory Network /  
Carillion  
Roanoke, VA  
Greensboro, NC

**Target:**

Doctors Laboratory, Inc.  
Valdosta, GA

**Purchase Price:** n/a

**Target Revenue:** \$50 mil

**Price / Revenue Multiple:** n/a

**Comments:** Doctors Lab manages a 37,000 sf lab. It had been one of the largest independent labs in the southeast and processes 3,000 to 4,000 requisitions per day.

## Lab and Pathology Transactions: 2010-2011

September 2010

2010-18

**Acquirer:**

Roche/Ventanna Medical Systems  
Basel, Switzerland

**Target:**

BioImagene  
Sunnyvale, CA

**Purchase Price:** \$100 mil

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** BioImagene launched a digital pathology system in 2008 and has more than 100 lab clients.

## Lab and Pathology Transactions: 2010-2011

October 2010

2010-19

**Acquirer:**

Aurora Diagnostics, LLC  
Palm Beach Gardens, FL

**Target:**

Biopsy Diagnostics, PC  
Ridgeland, SC

**Purchase Price:** \$23.2 mil

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Biopsy Diagnostics, PC represents the 18<sup>th</sup> acquisition completed by Aurora Diagnostics since its inception in 2006 and its first acquisition in South Carolina.

## Lab and Pathology Transactions: 2010-2011

October 2010

2010-20

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

FirstSource Laboratory Solutions  
Fishers, IN

**Purchase Price:** n/a

**Target Revenue:** \$10 mil (est.)

**Price / Revenue Multiple:** n/a

**Comments:** FirstSource is a routine clinical testing lab with a focus on women's health testing.

## Lab and Pathology Transactions: 2010-2011

October 2010

2010-21

**Acquirer:**

Metalmark Capital  
New York, NY

**Target:**

Aegis Sciences Corp.  
Nashville, TN

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Aegis is a provider of drug monitoring and toxicology services to pain management physicians and other entities throughout the U.S.

## Lab and Pathology Transactions: 2010-2011

October 2010

2010-22

**Acquirer:**

Pacific Diagnostic Labs, LLC  
Santa Barbara, CA

**Target:**

Medical Group Pathology Laboratory  
Santa Barbara, CA

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Medical Group Pathology Laboratory had been owned by Peter Morris, MD who is retiring. Pacific Diagnostic Labs, LLC was formed by Cottage Health System (Santa Barbara) in 2007 and provides lab testing services to inpatients at three hospitals and to outreach clients in Santa Barbara, Ventura and San Luis Obispo, California.

## Lab and Pathology Transactions: 2010-2011

October 2010

2010-23

**Acquirer:**

Exagen Diagnostics  
Albuquerque, NM

**Target:**

Cypress Biosciences Lab Operations  
San Diego, CA

**Purchase Price:** \$8.0 mil  
(includes \$6.0 mil of contingent payments)

**Target Revenue:** \$746,062 (est.)

**Price / Revenue Multiple:** 10.72X

**Comments:** Cypress markets two proprietary homebrew tests to rheumatologists and had a third test in development. In the six months ended June 30, 2010, Cypress reported a \$1.2 million operating loss on its lab operations.

## Lab and Pathology Transactions: 2010-2011

October 2010

2010-24

**Acquirer:**

Sonic Healthcare  
Australia

**Target:**

CBLPath, Inc.  
Rye Brook, NY

**Purchase Price:** 124 mil

**Target Revenue:** \$85 mil (est.)

**Price / Revenue Multiple:** 1.46X

**Comments:** CBL Path specializes in G.I. and dermatopathology.

## Lab and Pathology Transactions: 2010-2011

December 2010

2010-25

**Acquirer:**

General Electric Healthcare  
Fairfield, CT

**Target:**

Clariant, Inc. (NYSE: CLRT)  
Aliso Viejo, CA

**Purchase Price:** \$585.0 mil

**Target Revenue:** \$116.5 mil

**Price / Revenue Multiple:** 5.02X

**Comments:** Clariant is a cancer testing lab focused on breast, prostate, lung, and colon cancer.

## Lab and Pathology Transactions: 2010-2011

December 2010

2010-26

**Acquirer:**

Riverside Partners  
Boston, MA

**Target:**

Dominion Diagnostics  
N. Kingstown, RI

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Dominion provides a complete range of clinical quantitative urine drug testing, medication monitoring and support services. The Company's lab primarily serves pain medicine, addiction medicine, psychiatric and behavioral health providers.

## Lab and Pathology Transactions: 2010-2011

December 2010

2010-27

**Acquirer:**

Sonic Healthcare  
Australia

**Target:**

Physicians Automated Laboratory, Inc.  
Bakersfield, CA

**Purchase Price:** n/a

**Target Revenue:** \$20.0 mil+

**Price / Revenue Multiple:** n/a

**Comments:** Representing Sonic's first deal in California, PAL was founded in 1967 and employs about 210 staff members. The company was owned by two individuals including one who is planning to retire in connection with the sale.

## Lab and Pathology Transactions: 2010-2011

January 2011

2011-01

**Acquirer:**

Aurora Diagnostics, LLC  
Palm Beach Gardens, FL

**Target:**

Austin Pathology Associates  
Austin, TX

**Purchase Price:** \$44.8 mil

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Austin Pathology Associates represents the 19<sup>th</sup> acquisition completed by Aurora Diagnostics since its inception in 2006 and its second acquisition in Texas.

## Lab and Pathology Transactions: 2010-2011

January 2011

2011-02

**Acquirer:**

Aurora Diagnostics, LLC  
Palm Beach Gardens, FL

**Target:**

Western Pathology Consultants, Ltd.  
Reno, NV

**Purchase Price:** \$7.0 mil

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Western Pathology Consultants, Ltd. represents the 20<sup>th</sup> acquisition completed by Aurora Diagnostics since its inception in 2006 and its second acquisition in Nevada.

## Lab and Pathology Transactions: 2010-2011

February 2011

2011-03

**Acquirer:**

Novartis  
Basel, Switzerland

**Target:**

Genoptix (NASDAQ: GXDX)  
Carlsbad, CA

**Purchase Price:** \$470.0 mil

**Target Revenue:** \$196.0 mil

**Price / Revenue Multiple:** 2.40

**Comments:** Genoptix is a pathology testing company. The deal is significant because it marks the re-entry of a large pharma company into lab testing.

## Lab and Pathology Transactions: 2010-2011

February 2011

2011-04

**Acquirer:**

Sonic Healthcare  
Australia

**Target:**

Central Coast Pathology Consultants  
San Luis Obispo, CA

**Purchase Price:**

**Target Revenue:**

**Price / Revenue Multiple:**

**Comments:** Representing Sonic's second deal in California, CCPC was founded in 1983 by a group of pathologists. The Company serves the clinical lab and pathology needs of clients in the Santa Barbara, San Luis Obispo, and Ventura market of central California. Sonic acquired the laboratory portion of the business.

## Lab and Pathology Transactions: 2010-2011

March 2011

2011-05

**Acquirer:**

Quest Diagnostics (NYSE: DGX)  
Madison, NJ

**Target:**

Athena Diagnostics  
Worcester, MA

**Purchase Price:** \$740.0 mil

**Target Revenue:** \$110.0 mil

**Price / Revenue Multiple:** 6.73

**Comments:** Athena specializes in genetic testing for neurological conditions.

## Lab and Pathology Transactions: 2010-2011

March 2011

2011-06

**Acquirer:**

Quest Diagnostics (NYSE: DGX)  
Madison, NJ

**Target:**

Celera Corp.  
Alameda, CA

**Purchase Price:** \$344.0 mil

**Target Revenue:** \$128.2 mil

**Price / Revenue Multiple:** 2.68

**Comments:** Celera is a genetics company. Celera owns Berkley Heart Lab.

## Lab and Pathology Transactions: 2010-2011

March 2011

2011-07

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

Clinical Laboratory Management  
Union, NJ

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Clinical Laboratory Management is a small lab in northern New Jersey.

## Lab and Pathology Transactions: 2010-2011

March 2011

2011-08

**Acquirer:**

American Pathology Partners  
Nashville, TN

**Target:**

Palm Beach Pathology  
Palm Beach, FL

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** American Pathology Partners operates AP laboratories in the U.S. in partnership with pathologists.

## Lab and Pathology Transactions: 2010-2011

March 2011

2011-09

**Acquirer:**

Pathology, Inc.  
Torrance, CA

**Target:**

Central Coast Clinical Laboratories  
San Luis Obispo, CA

**Purchase Price:** n/a

**Target Revenue:** n/a

**Price / Revenue Multiple:** n/a

**Comments:** Pathology, Inc. is one of southern California's premier pathology laboratory providers with a 30-year presence in the lab industry.

## Lab and Pathology Transactions: 2010-2011

April 2011

2011-10

**Acquirer:**

LabCorp (NYSE: LH)  
Burlington, NC

**Target:**

Orchid Cellmark  
Dayton, OH

**Purchase Price:** \$85.4 mil

**Target Revenue:** \$59.0 mil

**Price / Revenue Multiple:** 1.45X

**Comments:** Orchid has a specialization in DNA testing.

# Haverford Healthcare Advisors

Haverford Healthcare Advisors specializes in providing valuation, merger and acquisition, and corporate finance advisory services to healthcare companies, with a specific focus on clinical laboratories and pathology practices. We represent and assist physicians and other healthcare company owners during the process of selling their laboratories, during the process of merging or partnering with other laboratories or companies, or during the process of growing through acquisition. We also provide lab valuation services, typically in connection with lab transition issues such as admitting new partners and retiring existing partners, and with the formation of joint ventures.

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