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Deloitte.

Life Sciences and Health Care M&A Services

A holistic approach to transaction and consulting services

Deloitte.

Health care providers, health plans, and life sciences companies are facing new and different stresses. Some are market-driven—escalating costs, pricing pressures, and growing patient populations. Others are more regulatory in nature—quality and transparency, increased scrutiny, and new financial models. As a result, health care organizations are looking to mergers and acquisitions (M&A) as a means to spur growth, improve care, cut costs, and strengthen their competitive position.

Why Deloitte?

We advise both corporate and private equity buyers on M&A transactions across the entire deal life cycle, and service the full range of providers, health plans, and life sciences sectors.

Our approach is holistic and disciplined, focusing on significant risk issues and key value drivers.

- **An integrated professional services firm.** Deloitte's M&A Services practice offers experienced accounting, tax, consulting, valuation, and investment banking professionals who have a primary focus on Life Sciences & Health Care M&A. As a result, we have the capabilities to address priorities on a real-time basis, using functional and industry professionals to supplement a client team—not replace it.
- **A dedicated M&A practice.** Deloitte's M&A Services practice serves many of the world's most admired—and demanding—companies, some of whom we've represented for more than 30 years.
- **Deeply experienced professionals.** Deloitte's global network of more than 7,000 M&A professionals maintains a high level of involvement in client transactions. With one of the largest LS&HC consulting practices in the industry, our specialists include physicians, scientists, sales representatives, and other industry trained consultants, many of whom are closely connected to the M&A practice and can be brought in to serve our clients throughout the M&A life cycle or provide advice on the operations of their businesses. This breadth of LS&HC consulting experience allows our M&A professionals to deliver high-quality service to our clients.

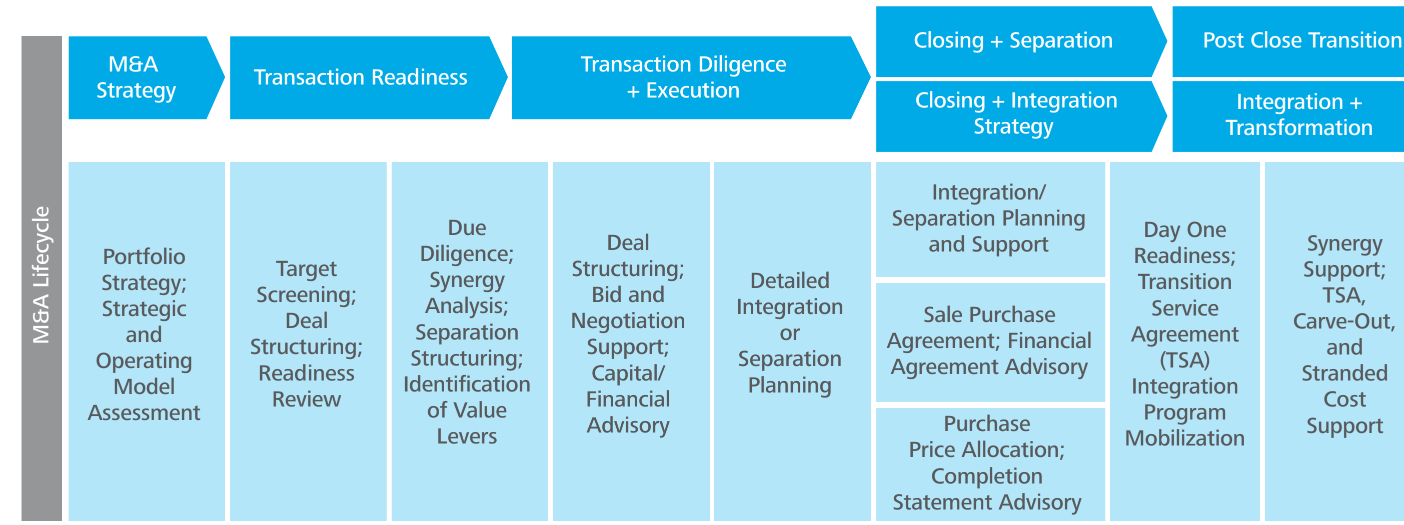
Deloitte's Life Sciences and Health Care practice works with industry leaders:

- 9 of the 10 largest health care systems (ranked by *Modern Healthcare*)
- 9 of the 10 largest for-profit health care systems (ranked by *Modern Healthcare*)
- 9 of the 10 largest secular not-for-profit health care systems (ranked by *Modern Healthcare*)
- 8 of the 10 largest Catholic health care systems (ranked by *Modern Healthcare*)
- The 10 largest non-Catholic religious health care systems (as ranked by *Modern Healthcare*)
- Nearly 85 percent of the top 25 U.S. health plans (as ranked by *AIS's Directory of Health Plans*)
- More than 75 percent of the top 25 managed care organizations (as ranked by *HealthLeaders*)
- Nearly 60 percent of the nation's Blue Cross and Blue Shield plans
- Nearly 90 percent of the 15 largest pharmaceutical manufacturers (as ranked by *Med Ad News*)
- 6 of the 10 largest biotechnology companies (as ranked by *Med Ad News*)
- 9 of the top 10 medical device manufacturers (as ranked by *Medical Product Outsourcing*)

In today's competitive M&A environment, companies aren't just looking to grow, they're looking to innovate. Deloitte offers a full suite of M&A services that can help drive value and innovation across the entire M&A lifecycle.

Deloitte's M&A Services

Whether a transaction includes buying, selling, or partnering, our broad resources and multidisciplinary, integrated approach can support client needs across the entire M&A transaction lifecycle.



M&A Strategy and Execution

Strategy

Clients need a growth strategy before they can think about acquisitions. That includes identifying business unit and organizational objectives and determining whether those can be achieved through M&A. It means understanding market opportunities, aligning acquisition and corporate strategies, and building cultures and business models that drive them. As part of a larger M&A strategy, organizations should also develop their divestiture strategies.

Transaction Readiness

It is critical that a client know as much as possible about their acquisition target or buyer. Preliminary due diligence occurs in the transaction readiness phase, which involves establishment of key evaluation criteria and facilitation of target or buyer selection.

Transaction Diligence and Execution

Performing valuations, conducting due diligence, assessing deal benefits, evaluating efficient tax structures, planning for integration/separation, and streamlining deal closing are all part of the transaction diligence and execution phase. Comprehensive financial accounting, tax, information technology, human resources, strategic, operational and transactional due diligence processes help identify efficiencies and risks and may strengthen a client's negotiating position, resulting in more effective letters of intent, sale and purchase agreements and transaction services agreements.

Closing Integration/Separation

Buy-Side

Closing and Integration Strategy—The closing and integration strategy planning phase involves defining success and measurement criteria, building a communication strategy into the integration plan, integrating and retaining key personnel, building tactical plans for the first 100 days, and transitioning into the post-merger environment.

Integration and Separation—Post-Day 1 is the start of the new organization and begins the work of implementing the combined organization structure and work processes.

Sell-Side

Closing and Separation—While divestiture activities can create a major strain on an organization's resources, the organization must maintain operational excellence between the time of the announcement and final execution of the divestiture. This task should not be underestimated. Meeting Day 1 requirements and positioning for Day 2 business processes are difficult while simultaneously operating in an environment of business as usual and separation.

Post-Close Transition—In most divestitures, the work does not end on Day 1. Day 1 is followed by a long separation process to fully transition operational and technology assets to the buyer. During this period, sellers provide services under TSAs, meeting agreed upon service levels, and they remove inefficiencies (e.g. stranded costs) from their operations.