

COVINGTON | ASSOCIATES

February 2008



Dear friends:

Greetings from Covington Associates. Each year we enjoy the opportunity to take stock of the milestones we've reached in the past year and to look ahead to the coming year. We look forward to hearing from you as to your recent highlights, outlooks, and predictions for 2008.

1. [Maintain our active pace.](#) Covington closed 2007 with our best year ever, completing 22 transactions representing over \$5 billion in transaction value. We closed the largest deal in our firm's history, the \$1.8 billion acquisition of Biosite by Inverness Medical Innovations, Inc. Deals for our 2007 transactions are below. For the third year in a row, we are proud to be named Boston's top local investment bank by *The Boston Business Journal*. We are already hard at work in 2008 and have announced three transactions so far this year.

2. [Build longstanding relationships with clients.](#) Whether we collaborate with our clients one time or on multiple transactions, we emphasize building longstanding partnerships. In 2007, we worked closely with repeat clients like J.J. Wild, an integrated IT healthcare delivery solutions company, Lily, a family run truck leasing and transportation business, as well as with Inverness Medical Innovations, Inc., a global developer, manufacturer and marketer of advanced, pioneering consumer and professional medical diagnostic products. In fact, since 2001, Covington Associates has been Inverness' "go to" byside investment bank advising Inverness on all of the company's significant acquisitions and various financings and has advised Inverness on more than 30 acquisitions and financings amounting to more than \$6 billion in transaction value.

3. [Continue to expand our domain expertise](#)

- In 2007, we published our first white paper on medical product outsourcing and were the authors of several articles in the field. In addition, Covington advised JPAC, a supplier of medical contract manufacturing, assembly and packaging services, on its acquisition by Riverside Partners, and TNCO, a specialty medical instrument company, on its acquisition by Symmetry Medical. We expect to see further consolidation in 2008 in the highly fragmented market. Publications on the industry by managing director, Ben Dunn, can be found on our website at http://www.covillc.com/news_articles.html and <http://www.covillc.com/research.html>.
- Covington is the leading M & A advisor to the full service truck leasing and trailer leasing industries. The principals of Covington Associates have advised more companies in the full service truck leasing sector than any other firm in the country. Already in 2008, we announced our first deal of the year, the acquisition of Lily Transportation Corporation's truck leasing division by Ryder Systems Inc.
- The business services market remains active. We have been active in IT services with Paradigm Business Solutions, a leading provider of software applications and technical solutions, on its sale to ISH, a portfolio company of Summit Partners, J.J. Wild, a leading medtech services firm, on its sale to Perot Systems, as well as The Concours Group, an integrated research, education, and consulting firm, on its sale to BSG in 2007. Healthcare services, with the sale of Medpanel, a medical market intelligence company, to Merriman Curhan Ford, and TNCO's sale to Symmetry Medical, as well as several of the Inverness Medical Innovation deals, remains a key franchise for Covington.

4. [Grow the Covington Team.](#) John Finn, who joined Covington in 2006, was recently promoted to associate. John has been a key part of our team in the transactions we completed with Inverness Medical Innovations. In 2007, we welcomed Matthew Brochu, Jon Loiacono, and Sean Thomann to the Covington team as analysts and Blair Ellin as an associate in our marketing group.

5. [Add fun to the mix.](#) We produced our first short spoof film and introduced ourselves on YouTube. You can watch our self-deprecating humor in action at <http://www.youtube.com/CovTV>.

6. [Look for more opportunities to work together.](#) As we lead into 2008, we continue with a level of cautious optimism for middle market M & A, recognizing the impact of the choppiness in both the equity and credit markets. Corporate balance sheets are flush with cash, private equity continues to be active, and strategic buyers are still looking for add-ons. We are eager to stay in touch.

All the best for 2008,
Chris Covington
Tom Cibotti



Covington Associates presents the first installment of CovTV - a fun, short movie featuring Covington Associates' own stars. Enjoy the show!

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 <p>inverness medical innovations</p> <p>HAS ACQUIRED</p>  <p>PARADIGM HEALTH.</p> <p>\$220,000,000</p> <p>DECEMBER 2007</p>	 <p>inverness medical innovations</p> <p>HAS ACQUIRED</p>  <p>Matritech</p> <p>\$38,000,000</p> <p>DECEMBER 2007</p>	 <p>inverness medical innovations</p> <p>HAS ACQUIRED</p>  <p>HemoSense</p> <p>\$192,000,000</p> <p>NOVEMBER 2007</p>	 <p>inverness medical innovations</p> <p>HAS ACQUIRED</p>  <p>ALUM</p> <p>A PORTFOLIO COMPANY OF</p>  <p>TA Associates</p> <p>\$302,000,000</p> <p>NOVEMBER 2007</p>
 <p>inverness medical innovations</p> <p>HAS ACQUIRED</p>  <p>CHOLESTECH</p> <p>\$326,000,000</p> <p>SEPTEMBER 2007</p>	 <p>Paradigm Business Solutions, LLC.</p> <p>ACQUIRED BY</p>  <p>ISH</p> <p>A PORTFOLIO COMPANY OF</p>  <p>SUMMIT PARTNERS</p> <p>AUGUST 2007</p>	 <p>JJWILD</p> <p>ACQUIRED BY</p>  <p>perotsystems</p> <p>AUGUST 2007</p>	 <p>inverness medical innovations</p> <p>HAS ENTERED INTO A JOINT VENTURE</p>  <p>P&G</p> <p>\$325,000,000</p> <p>MAY 2007</p>
 <p>inverness medical innovations</p> <p>SENIOR SECURED DEBT FINANCING FROM</p>  <p>Healthcare Financial Services</p> <p>\$1,300,000,000</p> <p>JUNE 2007</p>	 <p>inverness medical innovations</p> <p>HAS ACQUIRED</p>  <p>BIO SITE</p> <p>\$1,800,000,000</p> <p>JUNE 2007</p>	<p>THE CONCOURS GROUP</p> <p>ACQUIRED BY</p>  <p>BSG ALLIANCE</p> <p>MAY 2007</p>	 <p>TNCO</p> <p>ACQUIRED BY</p>  <p>SYMMETRY Medical.</p> <p>APRIL 2007</p>
 <p>MedPanel</p> <p>ACQUIRED BY</p>  <p>MERRIMAN CUBAN FORD</p> <p>APRIL 2007</p>	 <p>ALERE</p> <p>ACQUIRED BY</p>  <p>TA Associates</p> <p>\$175,000,000</p> <p>APRIL 2007</p>	 <p>cue SOL</p> <p>ACQUIRED BY</p>  <p>mobile-time</p> <p>MARCH 2007</p>	<p>LINEAR air</p> <p>HAS COMPLETED A ROUND OF DEBT AND EQUITY FINANCING</p> <p>FEBRUARY 2007</p>
 <p>ICT INTELLIGENT COMPRESSION TECHNOLOGIES</p> <p>ACQUIRED BY</p>  <p>ViaSat</p> <p>\$20,000,000</p> <p>FEBRUARY 2007</p>	 <p>AgaMatrix</p> <p>HAS ACQUIRED</p>  <p>MEDICAL DEVICES, INC.</p> <p>FEBRUARY 2007</p>	 <p>J-PAC, LLC</p> <p>ACQUIRED BY</p>  <p>RiversidePartners</p> <p>JANUARY 2007</p>	 <p>Ardence</p> <p>ACQUIRED BY</p>  <p>CITRIX</p> <p>JANUARY 2007</p>
 <p>Advanced Molecular Imaging</p> <p>ACQUIRED BY</p>  <p>GAMMA MEDICA-IDEA</p>			