

July 21, 2016

Financial Technology Partners

FT Partners Research – Transaction Profile

McKESSON

and



CHANGE
HEALTHCARE™

form new HCIT company

Courtesy of:

FINANCIAL
TECHNOLOGY
PARTNERS

*The Only Investment Bank
Focused Exclusively on Financial Technology*

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McKesson and Change Healthcare Form New HCIT Company

Transaction Overview

Financial Highlights

- The new company is expected to produce **\$3.4 bn** in pro forma combined total annual revenues for the fiscal year ended March 31, 2016
- The new Company has received funded debt commitments of **\$6.1 bn**
- **\$2.7 bn** will be used to pay off existing Change Healthcare Debt, **\$1.75 bn** will be paid to Change Healthcare and **\$1.25 bn** will be paid to McKesson

Transaction Summary⁽¹⁾

- On June 28, 2016, McKesson and Change Healthcare announced the creation of a new healthcare information technology company
 - The new entity aims to deliver a broad portfolio of solutions that will help lower healthcare costs, improve patient access and outcomes and make it simpler for payers, providers and consumers to manage the transition to value-based care
- The transaction is expected to close in the first half of CY 2017



Overview	Dedicated to refining patient safety, minimizing costs and variability of care, and optimizing revenue streams	Large provider of software and analytics, network solutions and technology-enabled services
Ownership	70%	30%
Company	Contributes four businesses: <ul style="list-style-type: none"> • McKesson Health Solutions (MHS) • Connected Care and Analytics (CCA), excluding Relay Pharmacy (RHP) • Imaging and Workflow Solutions (IWS) • Business Performance Services (BPS) 	Contributes substantially all of its business, except for pharmacy switch and prescription routing business
Employees	MHS, CCA, IWS and BPS: ~10,000 people	~7,000 people, of which ~2,000 are seasonal
Locations	Multiple locations: Alpharetta, GA; Newton, MA; Vancouver, Canada	Multiple locations: Nashville, TN; Atlanta, GA; San Francisco, CA

Transaction Commentary

"This is a bold, innovative transaction that creates a company with an enhanced ability to help customers address their increasingly complex financial and clinical challenges. The new company will establish a more efficient suite of end-to-end payment and claims solutions, as well as clinical capabilities, while unlocking the value of our MTS businesses in a tax-efficient manner. We look forward to partnering with Change Healthcare's management team and employees to create this new enterprise and to help customers reduce complexity, lower costs and ultimately provide better care."

McKESSON



John H. Hammergren
Chairman & CEO

"The combination of these two entities comes at a transformational time in U.S. healthcare. Together we will create significant value by bringing together complementary capabilities from both organizations to deliver innovative new solutions for customers, create opportunities for team members at a leading healthcare technology company, and drive advancements that address the three critical areas of cost, quality and outcomes across the healthcare sector."

CHANGE
HEALTHCARE™



Neil de Crescenzo
President & CEO

McKesson and Change Healthcare Form New HCIT Company

New Company Overview

Strategic Rationale

- New company is strategically positioned to **address emerging trends in the Healthcare industry**
- New Company will be managed by a **team comprised both McKesson and Change Healthcare leadership**
- **Significant value unlocked for customers by** consolidating full range of products from both organizations
- **Creates significant growth opportunities** from cross-selling and combined expertise
- **Expected to generate synergies in excess of \$150 mm** by the second year following the close of the transaction
- New Company places **dedicated and singular focus on healthcare technology**

Healthcare Trends support Strategic Rationale

Focus Efficiency	Increasing Complexity	Shift to Value-based Care
<ul style="list-style-type: none"> • \$360 bn spent on administrative services • Up to \$270 bn in costs potentially due to waste and abuse • Financial pressure on providers with increased patient population 	<ul style="list-style-type: none"> • Reimbursement and compliance requirements becoming more complex • 12% of every healthcare dollar consumed by claims submission and reimbursement 	<ul style="list-style-type: none"> • By 2018, 50% of free-for-service Medicare payments to be tied to quality or value through models • Shift to managed care for most medically complex and costly patients

New Company Overview¹

“Combined company will be favorably positioned to address critical and complex industry challenges”

Integrated Reimbursement Management

- Comprehensive solutions supporting revenue performance, claims management and payment accuracy
- Simplified administration and well supported financial health for both payers and providers

Reduce Cost & Complexity

Consumer/Patient Engagement

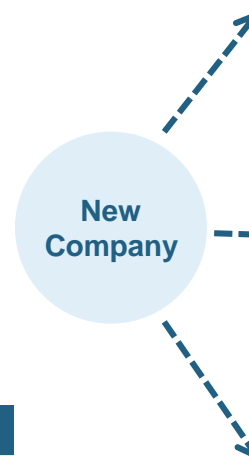
- Transparency, member engagement, patient access, care coordination and payment solutions improve consumer experience and create better outcomes

Improve Experience & Outcomes

Network-Enabled Value

- Integrated quality/risk analytics, clinical decision support and value-based payment capabilities
- Enables payers and providers to scale value-based reimbursement, and accelerate adoption of models such as bundled payments

Enables Value-Based Care



**Change Healthcare
(formerly known as Emdeon)
was acquired by The
Blackstone
Group through
a ~\$2 bn public-
to-private
leveraged
buyout in
November 2011**

McKesson and Change Healthcare Form New HCIT Company






Change Healthcare Overview

Change Healthcare Overview

Headquarters: Nashville, TN
Founded: 1995
Employees: 5,001

- Change Healthcare is a provider of healthcare software and analytics solutions
- Formerly known as Emdeon, the Company rebranded as Change Healthcare in September 2015 following a number of acquisitions that helped broadened its product offerings
- The Company designs software aimed at healthcare providers, payers, pharmacies and individual consumers

Selected M&A Transactions

Date	Size (\$ mm)	Target
07/06/15	\$910	
12/11/14	NA	
06/23/14	115	
06/12/13	8,300	
05/07/12	NA	

Product Overview

Change Healthcare's solutions integrate and automate key functions for payers, providers and pharmacy customers throughout the patient encounter, from pre-care eligibility and enrollment through payment



PAYERS



- Payer solutions help payers better engage members, optimize risk adjustment and quality, make transactions more efficient, prevent fraud waste and abuse and reduce financial costs

PHARMACIES



- The Company's pharmacy network provides a platform to automate claims and prescription processes, improving efficiency and driving revenue
- This solution works within existing workflows and systems to streamline the process and reduce costs and complexity

PROVIDERS



- Provider solutions simplify the complex process to get paid, streamline eligibility verification, optimize claims and denials processes, identify underpayments, explore coverage opportunities, and automate billing systems, and manage payments across the revenue cycle

In 2014, this division of McKesson ranked as the No. 1 health IT company in the nation, according to Healthcare Informatics (HCI) magazine, for the seventh straight year⁽¹⁾

McKesson and Change Healthcare Form New HCIT Company

McKesson Technology Solutions (MTS) Overview

MTS Overview

Headquarters:	Alpharetta, GA
Founded:	1974
Employees:	15,754

- MTS, a division of McKesson, empowers its customers to use IT solutions for better business, care and connectivity throughout the healthcare ecosystem
- MTS supports organizations as they address the need to reduce costs, coordinate care, assume more risk and manage complex payment models

Recent MTS Accomplishments ⁽²⁾

Expanded Adjusted Operating Profit Margin⁽³⁾



by 612 bps from FY13 to FY16



Generated 11%
of Total McKesson
Adjusted Operating Profit

Delivered 12%
Adjusted Operating Profit
Growth in FY16

**New 5-year, \$139 mm
DoD Contract**

- Secure messaging
- Patient engagement solutions

Innovative Partnership
with Blue Cross Blue
shield of Arizona

Product Overview

MTS encompasses a number of businesses that hold dedicated Healthcare IT solutions

Enterprise Information Solutions

Provides hospitals and health systems with comprehensive electronic health record solutions, expert consulting and world-class infrastructure and hosting services to enable them to succeed under health reform

McKesson Imaging & Workflow Solutions

Provides a range of information technology solutions for hospitals and healthcare providers of all sizes and complexity

McKesson Business Performance Services

Leading provider in physician and hospital revenue cycle management, physician electronic health record and practice management system technology and strategic consulting services

McKesson Health Solutions

Delivers industry-leading clinical evidence and expert technology to help payers and providers collaborate for better healthcare outcomes at lower costs

McKesson Connected Care & Analytics

Enables customer organizations to improve patient outcomes through better care coordination, collaboration and management – while making sustainable performance improvements that drive financial health

MTS Customers



- 52% of all health systems and 76% of health systems with more than 200 beds
- 20% of all physician practices comprising more than 125,000 physician practices with practice management or EHRs
- 100% of Top 25 plans and 92% of Blue Cross Blue Shield plans use one or more McKesson Health solutions
- About 30 million lives covered on our care management services, including disease management and triage

McKesson and Change Healthcare Form New HCIT Company

McKesson Overview

Key Statistics⁽²⁾

183 year history of serving customers

\$3.7 bn in operating cash flow

More than 13,000 owned and banner pharmacies

Delivering 1/3 of all prescription medicine in North America

>99% order accuracy






**FINANCIAL
TECHNOLOGY
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McKesson Overview

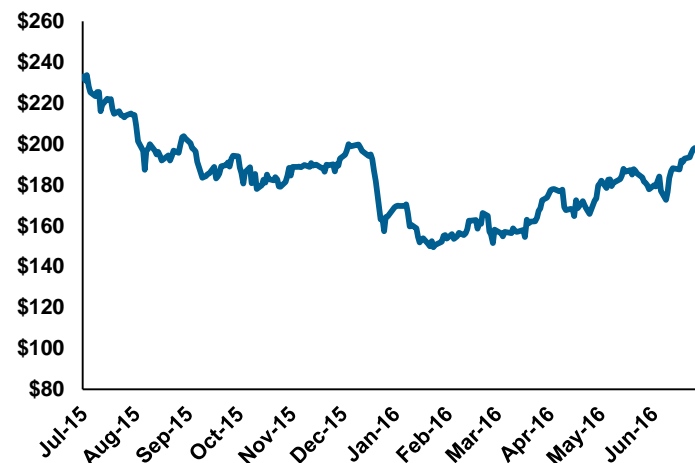
Headquarters: San Francisco, CA
Founded: 1833
Employees: 68,000
CEO: John Hammergren

- McKesson is comprised of several businesses in the healthcare industry
- The Company has two primary businesses, distribution and technology services

Selected M&A Transactions

Date	Size (\$ mm)	Target
07/12/16	NA	 HealthQx Quality across health care
10/01/12	NA	 MED3000
09/24/12	NA	 MEDVENTIVE
06/22/11	\$90	 Portico
03/03/11	141	 SYSTEM C CONNECTED CARE

McKesson (NYSE: MCK) LTM Stock Chart⁽¹⁾



Key Financial Statistics (LTM as of 03/31/16)

Total Revenue (mil.)	\$190,887.0
Growth Over Prior Year	+6.6%
Gross Profit (mil.)	\$11,442.0
Margin %	6.0%
EBITDA (mil.)	\$4,622.0
Margin %	2.4%
Net Income (mil.)	\$2,258.0
Margin %	1.2%
Diluted EPS Excl. Extra Items	\$9.84

Source: Company website, S&P Capital IQ.

(1) McKesson's fiscal year ends March 31

(2) McKesson Investor Day Presentation; June 29, 2016

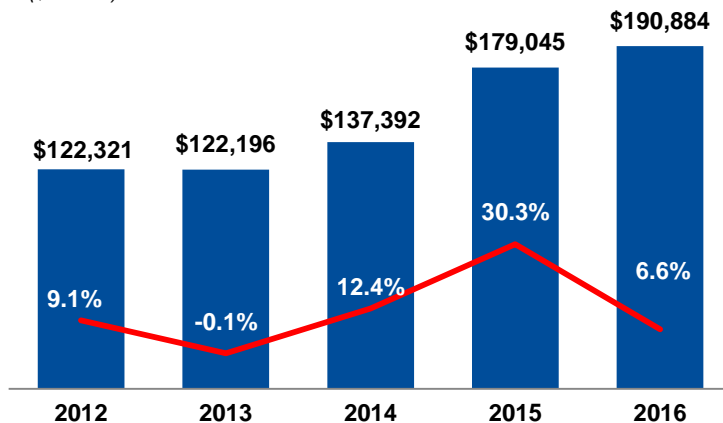
**McKesson's
fiscal year
ends March 31**

McKesson and Change Healthcare Form New HCIT Company

McKesson Financial Overview

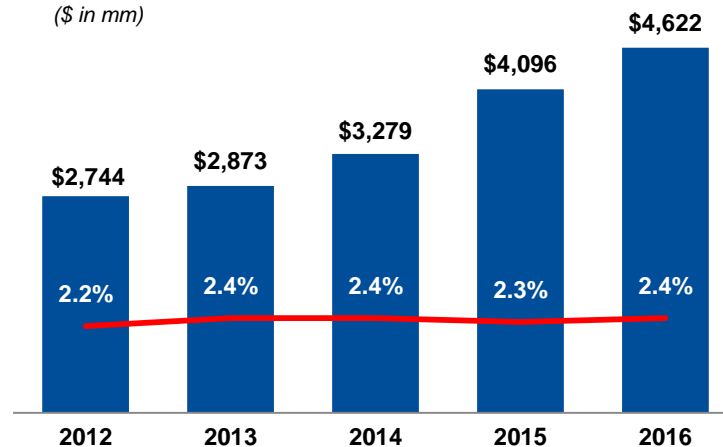
Revenue / Growth %

(\$ in mm)



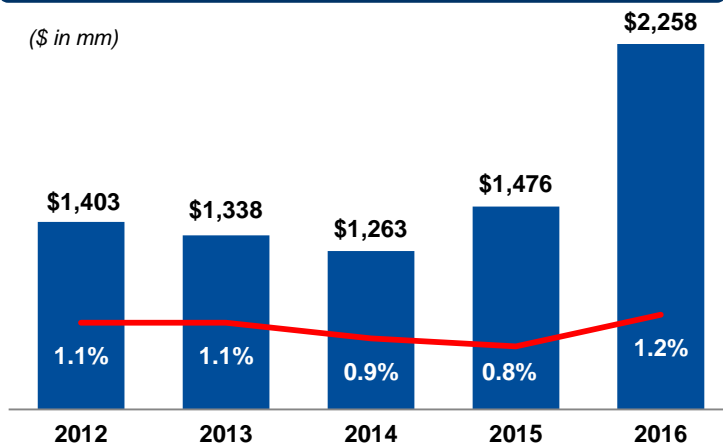
EBITDA / Margin %

(\$ in mm)

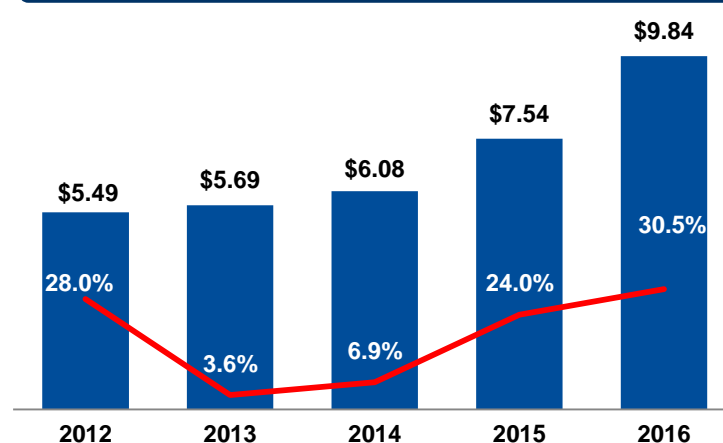


Net Income / Margin %

(\$ in mm)



Diluted EPS / Growth %



Overview of FT Partners

FT Partners is the Leader in Financial Technology Investment Banking

FT Partners has advised on some of the most prominent transactions in the Healthcare and Insurance IT sectors

<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>enaissance[®] in its sale to</p> <p>wex for a total consideration of</p> <p>\$ 80,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as Capital Markets & IPO Advisor to</p> <p>ACCRETIVE HEALTH results providers trust in its</p> <p>\$138,000,000 Initial Public Offering valuing the equity at approximately</p> <p>\$ 1,200,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as Capital Markets & IPO Advisor to</p> <p>Performant in its</p> <p>\$93,150,000 Initial Public Offering valuing the equity at approximately</p> <p>\$ 453,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>AmWINS Group, Inc. in its growth recapitalization by</p> <p>NMC NEW MOUNTAIN CAPITAL LLC valued at approximately</p> <p>\$ 1,300,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive Strategic and Financial advisor to</p> <p>ZYWAVE in its sale of Zywave Insurance Solutions to</p> <p>AURORA CAPITAL GROUP</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>insureon in its \$30mm equity capital raise led by</p> <p>OAK HC/FT</p> <p>\$ 31,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive strategic and financial advisor to</p> <p>aplifi We Simply Selling Insurance in its sale to</p> <p>iPipeline</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p>square trade protection plans in its recapitalization by</p> <p>BainCapital BainCapital Ventures of approximately</p> <p>\$ 238,000,000</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as strategic and financial advisor to</p> <p>SAFE-GUARD on its sale to an Affiliate of</p> <p>Goldman Sachs</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive strategic and financial advisor to</p> <p>insureon in its acquisition of</p> <p>IN insurance NOODLE a subsidiary of</p> <p>Willis</p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>

Overview of FT Partners

FT Partners Advises on \$80,000,000 Sale of Benaissance

Transaction Overview and Rationale

Overview of Transaction

- On October 15, 2015, Benaissance, LLC (“Benaissance” or the “Company”) announced it has entered into a definitive agreement to be acquired by WEX for \$80mm
- Headquartered in Omaha, NE, Benaissance is a leading provider of integrated Software-as-a-Service (SaaS) technologies and services for healthcare premium billing, payment and workflow management
 - Existing investors include Omaha-based, McCarthy Capital
- WEX is a leading, multi-channel provider of corporate payment solutions representing more than 9 million vehicles and serving a wide variety of business sectors
- The transaction is expected to close in the fourth quarter of 2015 and is subject to applicable regulatory approvals and other customary closing conditions

Significance of Transaction

- Represents a highly-attractive outcome for both Benaissance and WEX
- Combined resources and expertise of Benaissance and WEX position the Company extraordinarily well to further its leadership in the marketplace
- Enables WEX to provide an expanded and differentiated payments solution in order to grow its addressable market opportunity and wallet share in the healthcare market
- Benaissance will be integrated with WEX’s existing Evolution1 platform creating an opportunity for potential synergies as the businesses already share a number of mutual partners and customers

FT Partners’ Role

- FT Partners served as exclusive strategic and financial advisor to Benaissance and its Board of Directors
- Transaction highlights FT Partners’ continued success advising leading companies and generating highly successful outcomes in the Healthcare / Benefits IT and Services space

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
sole strategic and financial advisor to*



in its sale to



for a total consideration of

\$80,000,000

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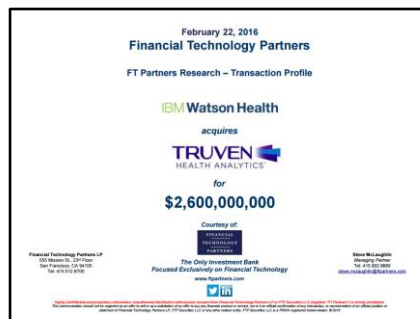
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Overview of FT Partners

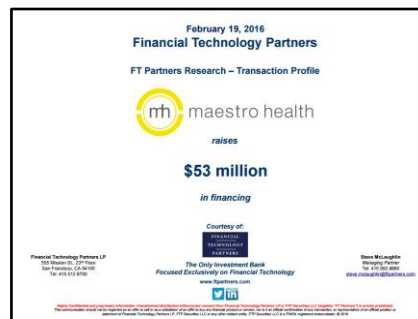
Selected FT Partners' Research (click to view)



Wipro Acquires HealthPlan Services for \$460 million



IBM Watson Health Acquires Truven Health Analytics for \$2.6 billion



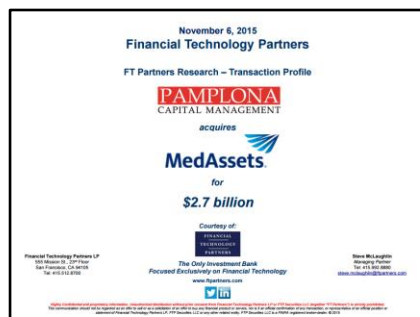
Maestro Health Raises \$53 million in Financing



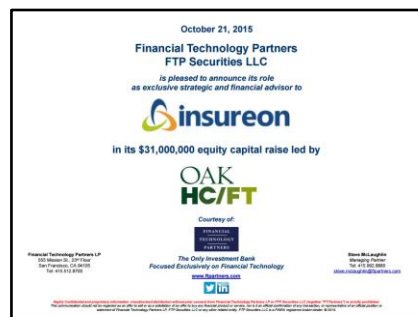
New Mountain Capital Acquires Equian for \$225 million



Bright Health Raises \$80 million in Series A Financing



Pamplona Acquires MedAssets for \$2.7 billion



Insureon Raises \$31 million in Series B Led by Oak HC/FT



Benaisance's Sale to WEX for \$80 million

FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 13 years of exclusive focus on Financial Technology. Please visit our [subscription form](#) to subscribe to our exclusive monthly newsletter and receive our research reports.

Overview of FT Partners

Award-Winning Investment Banking Franchise Focused on Superior Client Results

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition



M&A Advisor Awards

2016	<ul style="list-style-type: none"> ■ Investment Banking Firm of the Year ■ Cross Border Deal of the Year
2015	<ul style="list-style-type: none"> ■ Dealmaker of the Year ■ Technology Deal of the Year
2014	<ul style="list-style-type: none"> ■ Equity Financing Deal of the Year ■ Professional Services Deal of the Year, Above \$100mm
2012	<ul style="list-style-type: none"> ■ Dealmaker of the Year ■ Professional Services Deal of the Year, Above \$100mm
2011	<ul style="list-style-type: none"> ■ Boutique Investment Bank of the Year ■ Deal of the Decade ■ 10 Deal of the Year Nominations Across 9 Categories
2010	<ul style="list-style-type: none"> ■ Upper Middle Market Deal of the Year, Above \$500 mm ■ IT Services Deal of the Year, Below \$500mm ■ Cross-Border Deal of the Year, Below \$500mm
2007	<ul style="list-style-type: none"> ■ Dealmaker of the Year – Steve McLaughlin ■ Business to Business Services Deal of the Year ■ Computer and Information Technology Deal of the Year, Above \$100mm ■ Financial Services Deal of the Year, Above \$100mm



Institutional Investor Annual Ranking

2015	■ Steve McLaughlin ranked #4 in Institutional Investor's FinTech 35 List
2006-2008	■ Consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology



Middle Market Financing Awards

2008	<ul style="list-style-type: none"> ■ Equity Financing Dealmaker of the Year – Steve McLaughlin ■ Information Technology Deal of the Year ■ Financial Services Deal of the Year
2006	<ul style="list-style-type: none"> ■ Financing Professional of the Year – Steve McLaughlin ■ <i>Financing Deal of the Year - Equity</i> ■ <i>Financing Deal of the Year - Debt</i>

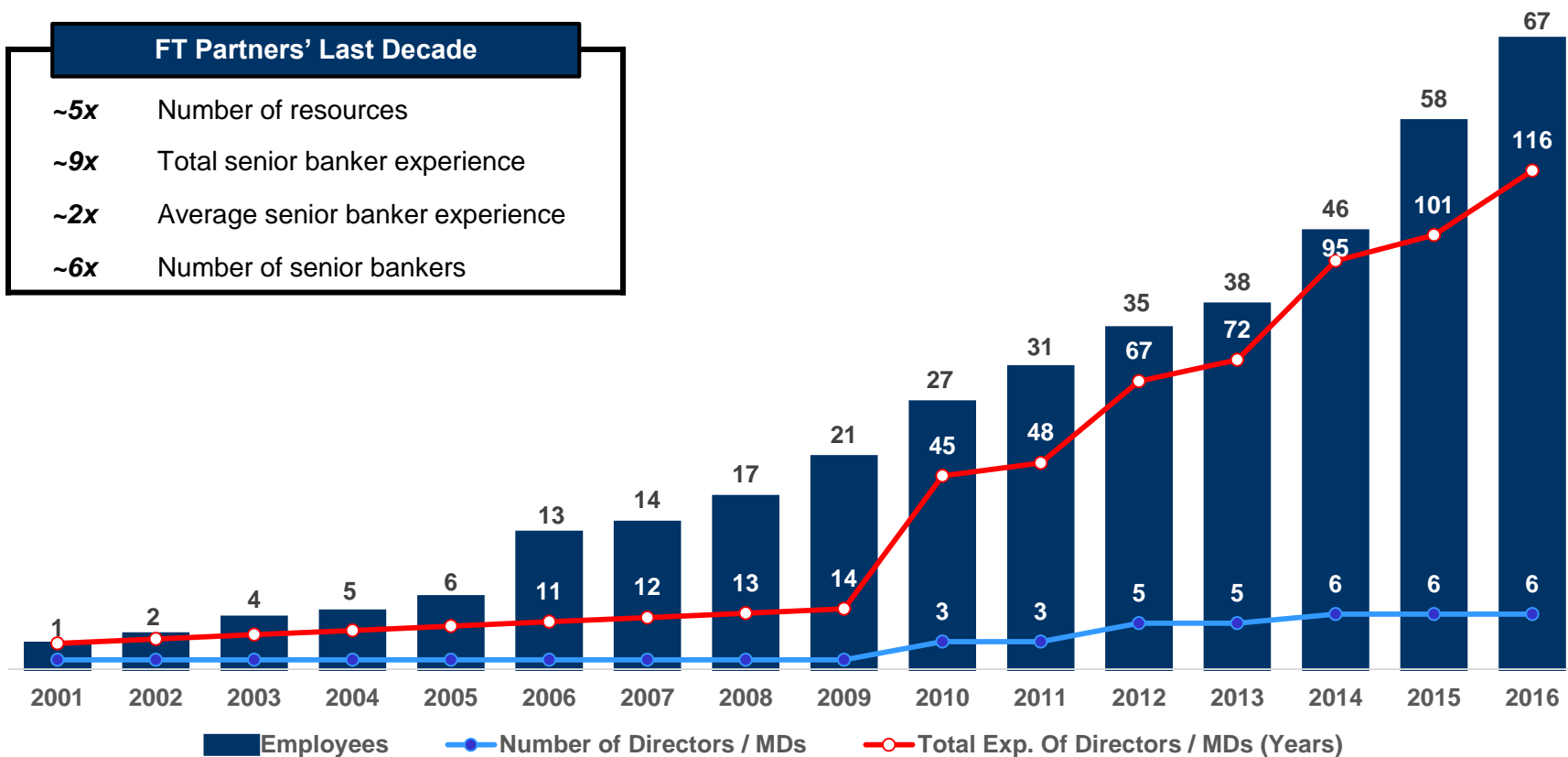
Note: **Bold** represents awards that FT Partners has won, *italics* represents nominations.

Overview of FT Partners

Platform of Choice for Clients and Bankers Alike

FT Partners' Last Decade

- ~5x Number of resources
- ~9x Total senior banker experience
- ~2x Average senior banker experience
- ~6x Number of senior bankers



Avg Years of Director / MD Experience



Overview of FT Partners

The FT Partners Senior Banking Team

Name / Position	Prior Background	Experience / Education	Years of Experience
Steve McLaughlin <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	21
Larry Furlong <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York, London and Los Angeles beginning in 1995 Wharton M.B.A. 	21
Greg Smith <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Sterne Agee Recent coverage included WU, EEFT, DST, ENV, FISV, FIS, V, MA, GPN & HPY among others 	20
Steve Stout <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with J.P. Morgan and UBS Formerly Global Head of Strategy at First Data 	18
Tim Wolfe <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. beginning in 2000 Started at FT Partners in 2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	14
Andrew McLaughlin <i>Managing Director, Research & Business Development</i>		<ul style="list-style-type: none"> Leads FT Partners' Research and Business Development Team Formerly with Deloitte Consulting 	10