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May 24, 2018

The Board of Directors  
athenahealth, Inc.  
311 Arsenal Street  
Watertown, MA 02472

Dear Members of the Board:

I am writing to you again on behalf of Elliott Associates, L.P. and Elliott International, L.P. (collectively, “Elliott” or “we”).

First, we want to thank the Company for having its advisors reach out in response to our letter of May 14 and inform us that the Board is discussing our \$160 per share all-cash offer (the “Proposal”). We strongly believe that the Proposal provides compelling, premium value for shareholders, and we are eager to engage in customary private due diligence, which may allow us to substantially increase our offer.

The purpose of this note is to share with you the reactions to our offer that we’ve seen and heard, both privately and in the form of published research and commentary. As is typical when we make a public disclosure, we have received a significant volume of feedback from shareholders, and we have seen multiple reports analyzing our Proposal. As you consider the best path forward, we thought sharing some of this feedback would add value to your deliberations.

Reactions to our Proposal fall into four categories: feedback from shareholders, published research by equity research analysts, a survey of the broader investment community and comments from informed media. **Regardless of the source, the feedback has been overwhelmingly supportive of the idea that athenahealth has struggled as a public company and should immediately and fully explore a value-maximizing sale.**

We have aggregated this feedback below, and we hope you find these perspectives useful as you carefully consider our Proposal.

**Shareholders Support Exploring a Sale Process**

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Since we first filed our 13D last May, we have received feedback from athenahealth shareholders, both new and longstanding. This feedback has only intensified over the last few weeks. At this point, we have had dozens of conversations and have heard from a majority of athenahealth’s shareholder base. Feedback was varied and thoughtful, but primarily conformed

to the following thoughts, which reflect those of numerous shareholders representing a significant portion of the base:

- athenahealth should **fully explore a sale process, including Elliott's offer.**
- athenahealth should attempt to solicit the highest price possible for the Company.
- Shareholders are frustrated by historical execution and skeptical of the Company's plan and ability to execute in the future.
- Shareholders were **profoundly upset to learn of the Company's lack of engagement** with Elliott's prior efforts to start a discussion about a value-maximizing sale, and they question the Board's oversight of the Company as a result.

Many of the Company's largest shareholders have informed us that they have directly conveyed this feedback to the Board. **Last Friday, Janus Henderson, the Company's largest shareholder and an investor since athenahealth's IPO more than a decade ago, also came public in a 13D filing expressing its support for a comprehensive sale process and its concern with the Company's execution of "strategic initiatives."** We understand many other large shareholders have shared their thoughts privately with the Board.

It is also important to emphasize that athenahealth's stock price is now trading at \$154 per share, an increase of 22% from the stock price prior to the public disclosure of Elliott's offer. Investors are now expecting the Company to engage with Elliott and other interested parties. Failure to engage will likely result in athenahealth's stock returning to depressed levels.

This context is important for the Board to keep in mind when evaluating athenahealth's next steps. athenahealth's shareholders have spoken, and it is clear from their words and actions that rejecting the idea of evaluating a sale and instead offering assurances that the Company has a standalone plan for getting back on track will **not** be accepted. The feedback we've received suggests that athenahealth would find shareholder patience for such promises exceedingly low.

### **Equity Research Supports and Expects Pursuit of a Process**

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Equity research analysts have generally followed athenahealth for years and talk frequently with their clients who are athenahealth shareholders and investors in the broader Healthcare IT space. Their views are shaped by years of institutional knowledge of athenahealth and its industry, and theirs are important voices that inform current and prospective shareholders.

Elliott believes it has reviewed all of the research that has been published regarding our offer for the Company. From this review, it is apparent that equity research analysts **overwhelmingly** find that our offer represents an attractive starting proposition for shareholders and that athenahealth should fully consider it as well as other possible offers.

The below comments are illustrative and echo many of the sentiments we heard repeatedly from shareholders (emphasis added throughout):

*“We fear Athenahealth could be facing a multi-year turnaround story, as nothing happens quickly in Healthcare IT. We believe current investors could be well served by endorsing the activist’s \$160/share (or better) offer for Athenahealth shares, and we view the take-private opportunity as an attractive exit. We do not doubt that Athena is a good company with a strong product offering; however, that does not make it a good stock for public market investors.”* – RBC, May 17, 2018

*“We believe the price Elliott offered is more than fair given the challenges that ATHN is facing.”* – Cantor Fitzgerald, May 7, 2018

*“We anticipate that shareholders will be supportive of a decision to accept Elliott’s bid.”* – Deutsche Bank, May 8, 2018

*“We agree with Elliott Management that going private is in the best interest of all stakeholders. At this point in ATHN’s life cycle, there is little benefit to being a public company.”* – Hedgeye Risk Management, May 7, 2018

*“Points made in the [Elliott] letter to the board align with our investment thesis, and we believe the acquisition could be compelling value to shareholders.”* – Cowen, May 7, 2018

*“It is our view that the acquisition proposal is well thought out, credible and should be accepted.”* – Dougherty & Company LLC, May 7, 2018

*“The proposed acquisition price is a 45% premium to our fair value estimate, and we believe it represents a highly lucrative opportunity for current Athenahealth shareholders, especially considering it is an all-cash offer. We believe there is a significantly high probability that Athenahealth’s board and shareholders will approve the acquisition. Accordingly, we are increasing our fair value estimate to \$160 to reflect Elliott’s offer price and its likely approval by shareholders.”* – Morningstar, May 7, 2018

*“Elliott...has significant private equity experience, particularly in recent years in the technology sector with go-private deals including BMC Software and Gigamon. Elliott may also gain support from fellow shareholders and, more importantly, the board of directors for the criticisms raised in its proposal letter including significant recent executive turnover, the stalled nature of the search for an operational-focused president, and execution around the recent cost reduction plan.”* – William Blair, May 7, 2018

*“We believe several shareholders will agree that the pace of change has been frustrating.”* – Stifel, May 7, 2018

*“We don’t think Elliot will easily back down and suspect other shareholders would, at the very least, support the exploration of a sale process.”* – Baird, May 8, 2018

*“The findings of our fundamental analysis – acute contributions will fall short of expectations – is another indicator that valuation remains ahead of near-term fundamentals. Given this fundamental outlook and our view that ATHN’s value lies*

*beyond 2020, which is to say beyond the majority of public market investor time horizons, we believe Elliott's offer is compelling and so are optimistic that it will serve as a catalyst for athena to embrace strategic alternatives.” – Nephron Research, May 18, 2018*

*“We are using our proprietary investor survey to risk-weight our PT, which is now increased to \$165. This equates to a 25% chance of ATHN remaining standalone (our unaffected PT was \$151), a **45% chance of ATHN being acquired for cash at \$160** and a **30% chance of ATHN being acquired by a strategic** (we assume value of ~\$175 based on historical software / HIT transaction comps of 4.5-5x forward Rev, 17.5x forward EBITDA and 25x forward OCF).” – Evercore, May 8, 2018*

### **Investors Surveyed by Evercore ISI Research See a Sale**

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Evercore ISI Research customarily conducts surveys of the investment community in response to M&A announcements. In its survey following our Proposal, to which ~100 members of the investment community responded, the feedback was overwhelming: **Investors think the Company will, and should, explore a sale.** In fact, the athenahealth shareholders that responded unanimously think the outcome of our bid will end with an acquisition by Elliott or another buyer. The findings of the survey are well summarized by Evercore below:

*“We recently conducted an investor survey that in our minds produced very compelling results. Both the average investor + shareholders favored pursuing strategic action vs. the standalone option by a wide margin. **Even more interesting, not one of the shareholders who participated believe ATHN will end up a standalone company (we find this remarkable).** In our mind this is a major shift in view versus 12mo ago, as our sense when Elliott initially filed was that long-term investors wanted to give management the benefit of the doubt and allow them to pursue self-help. **Our read is that patience has worn out** and in the event there is a strategic that would approach in the range of \$170 they would be open to selling the equity. We cannot ignore such a seismic shift and neither in our mind can the BoD.” – Evercore, May 8, 2018*

The “comments for ATHN’s management” section of the survey was just as compelling as the survey results: **Nearly 90% of the comments seemingly included some variant of the message that the Company should either take the Elliott offer or explore an alternative value-maximizing transaction.**

### **Informed Media Say a Rejection of our Offer Would Anger Shareholders**

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Multiple informed media commentators also reacted positively to our Proposal, emphasizing that a rejection of the Proposal would further frustrate shareholders. These commentators agreed that, in light of athenahealth’s ongoing underperformance and execution issues, it is in the Company’s best interest to consider our offer. Some examples include:

*“Whether or not Elliott ends up being the eventual buyer, **Bush would be wise to capitalize on the opportunity and exit the public market.**” – Bloomberg Opinion, May 7, 2018*

*“Despite their loyalty, institutional investors will not stick with the company if it rejects Elliott’s advances outright.” – FT Lex, May 7, 2018*

*“[Elliott’s bid] could inspire a rival software firm, or perhaps an insurer in the rapidly consolidating U.S. healthcare industry, to jump in.” – Reuters Breakingviews, May 7, 2018*

*“The push from the company’s top investor draws a line in the sand, potentially forcing the company’s top shareholders to take a stance on the proposed acquisition.” – FierceHealthcare, May 21, 2018*

*“The company has not publicly acknowledged JHG’s [Janus] statement, but the fact it’s coming from the top shareholder could force the board to seriously consider Elliott’s proposal or others that might come its way.” – Healthcare Dive, May 23, 2018*

## Next Steps

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We believe the consistent support our Proposal has received from shareholders, equity research analysts, the broader investment community and informed media represents a consensus that the Board simply cannot ignore. We understand other shareholders and stakeholders have shared similar feedback with you.

In addition, **we are aware that other parties have expressed interest in participating in a sale process.** While we think our Proposal at \$160 per share represents premium value for shareholders, shareholders and analysts have made clear in their communications to us that they believe that the Board has a fiduciary duty to engage with all other credible, interested parties in order to maximize value for shareholders.

Based upon the feedback to date, we think the best next step would be for the **Company to authorize its advisors to immediately initiate a sale process, in which Elliott will participate as a bidder.** We would welcome the opportunity to engage in further discussions about our offer with Jonathan, Jeff and the rest of the Board. We are prepared to meet anytime, and we will make ourselves available at your convenience. Again, we strongly believe that going private gives athenahealth the best chance to thrive as a disruptor in the healthcare technology market.

Thank you for considering our offer. As always, I am happy to answer any further questions you may have.

Best regards,



Jesse Cohn  
Partner and Senior Portfolio Manager