

3M to Acquire M*Modal's Technology Business

Acquisition Expands 3M's Health Information Systems' Capabilities

ST. PAUL, Minn. & FRANKLIN, Tenn.--([BUSINESS WIRE](#))--3M today announced that it has entered into a definitive agreement to acquire the technology business of M*Modal, for a total enterprise value of \$1.0 billion. M*Modal is a leading healthcare technology provider of cloud-based, conversational Artificial Intelligence (AI)-powered systems that help physicians efficiently capture and improve the patient narrative so they can spend more time with their patients and provide higher quality of care.

"This acquisition builds on our strategic commitment to invest in our Health Information Systems business and expands the capabilities of our revenue cycle management and population health priority growth platform," said Mike Vale, executive vice president, 3M Health Care Business Group. "Together, we will enable doctors to improve the patient experience, while enhancing documentation accuracy and operational efficiency for both providers and payers."

"We are excited that we can further accelerate our mission of creating time to care for more clients with the resources and global reach of 3M," said Michael Finke, president of M*Modal. "By combining capabilities, we can more quickly deliver on our mission of bringing conversational AI and ambient intelligence directly into clinical workflows. This is a great outcome for our clients, partners and team."

3M will maintain a strategic business relationship with M*Modal's remaining transcription, scribing and coding services business, which is not part of this transaction, to help ensure continuity and strong customer support. Annual revenue of M*Modal's technology business is estimated to be approximately \$200 million.

3M Health Information Systems (HIS) business works with more than 8,000 healthcare organizations worldwide, both providers and payers, to deliver software and services across the continuum of care. 3M HIS offerings – which include the 3M™ 360 Encompass™ software platform – combine clinical documentation systems and risk assessment methodologies to help accurately capture, analyze and advance patient information.

On a GAAP reported basis, 3M estimates the acquisition to be \$0.10 dilutive to earnings in the first 12 months following completion of the transaction. Excluding purchase accounting adjustments and anticipated one-time expenses related to the transaction and integration, 3M estimates the acquisition to be neutral to earnings over the same period.

The effective enterprise value multiple is approximately 10 times estimated annual adjusted EBITDA for the first 12 months following completion of the transaction, including expected run rate synergies.

The transaction is expected to close in the first half of 2019, subject to customary closing conditions and regulatory approvals.

Approximately 750 employees supporting the technology business of M*Modal are expected to join 3M upon completion of the transaction. The business is based in Pittsburgh, Penn.

Goldman Sachs & Co. LLC acted as the financial advisor to 3M and Cleary Gottlieb Steen & Hamilton LLP acted as legal counsel to 3M. TripleTree LLC acted as the financial advisor to M*Modal and Latham & Watkins LLP acted as legal counsel to M*Modal.

Forward-Looking Statements

This news release contains forward-looking information about 3M's financial results and estimates and business prospects that involve substantial risks and uncertainties. You can identify these statements by the use of words such as "anticipate," "estimate," "expect," "aim," "project," "intend," "plan," "believe," "will," "should," "could," "target," "forecast" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance or business plans or prospects. Among the factors that could cause actual results to differ materially are the following: (1) worldwide economic, political, and capital markets conditions and other factors beyond the Company's control, including natural and other disasters or climate change affecting the operations of the Company or its customers and suppliers; (2) the Company's credit ratings and its cost of capital; (3) competitive conditions and customer preferences; (4) foreign currency exchange rates and fluctuations in those rates; (5) the timing and market acceptance of new product offerings; (6) the availability and cost of purchased components, compounds, raw materials and energy (including oil and natural gas and their derivatives) due to shortages, increased demand or supply interruptions (including those caused by natural and other disasters and other events); (7) the impact of acquisitions, strategic alliances, divestitures, and other unusual events resulting from portfolio management actions and other evolving business strategies, and possible organizational restructuring; (8) generating fewer productivity improvements than estimated; (9) unanticipated problems or delays with the phased implementation of a global enterprise resource planning (ERP) system, or security breaches and other disruptions to the Company's information technology infrastructure; (10) financial market risks that may affect the Company's funding obligations under defined benefit pension and postretirement plans; and (11) legal proceedings, including significant developments that could occur in the legal and regulatory proceedings described in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2017, and any subsequent quarterly reports on Form 10-Q (the "Reports"). Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Reports under "Cautionary Note Concerning Factors That May Affect Future Results" and "Risk Factors" in Part I, Items 1 and 1A (Annual Report) and in Part I, Item 2 and Part II, Item 1A (Quarterly Reports). The information contained in this news release is as of the date indicated. The Company assumes no obligation to update any forward-looking statements contained in this news release as a result of new information or future events or developments.

About M*Modal

M*Modal is a leading healthcare technology provider of advanced clinical documentation solutions, enabling hospitals and physicians to enrich the content of patient electronic health records (EHR) for improved healthcare and comprehensive billing integrity. As one of the largest clinical transcription service providers in the U.S., with a global network of medical editors, M*Modal also provides advanced cloud-based Speech Understanding™ technology and data analytics that enable physicians and clinicians to include the context of their patient narratives into electronic health records in a single step, further enhancing their productivity and the cost-saving efficiency and quality of patient care at the point of care. For more information, please visit www.mmodal.com, [Twitter](#), [Facebook](#) and [YouTube](#).

About 3M

At 3M, we apply science in collaborative ways to improve lives daily. With \$32 billion in sales, our 91,000 employees connect with customers all around the world. Learn more about 3M's creative solutions to the world's problems at www.3M.com or on Twitter @3M or @3MNews.

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