

Hedges Derek
Form 4
February 24, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Hedges Derek

(Last) (First) (Middle)
311 ARSENAL STREET
(Street)

WATERTOWN, MA 02472

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ATHENAHEALTH INC [ATHN]

3. Date of Earliest Transaction
(Month/Day/Year)
02/23/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
SVP Business Development

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount or Price | | |
| Common Stock | 02/23/2011 | | M | | 3,750 A \$ 7.39 | 11,833 | D |
| Common Stock | 02/23/2011 | | M | | 2,500 A \$ 32.72 | 14,333 | D |
| Common Stock | 02/23/2011 | | M | | 5,000 A \$ 25.67 | 19,333 | D |
| Common Stock | 02/23/2011 | | S | | 12,199 D \$ 45.72 | 7,134 | D |
| Common Stock | 02/23/2011 | | S | | 100 D \$ 46.06 | 7,034 | D |

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Common Stock 02/23/2011 S 100 D \$ 46.12 6,934 D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (Right to Buy) | \$ 7.39 | 02/23/2011 | | M | 3,750 | 01/01/2008 03/15/2017 | Common Stock | 3,750 |
| Stock Option (Right to Buy) | \$ 32.72 | 02/23/2011 | | M | 2,500 | 01/07/2009 03/03/2018 | Common Stock | 2,500 |
| Stock Option (Right to Buy) | \$ 25.67 | 02/23/2011 | | M | 5,000 | 01/05/2010 03/02/2019 | Common Stock | 5,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships |
|---|---|
| Hedges Derek 311 ARSENAL STREET WATERTOWN, MA 02472 | Director 10% Owner Officer Other SVP Business Development |

Signatures

/s/ Daniel H. Orenstein
Attorney-in-Fact

02/24/2011

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

This price represents the weighted average of sales ranging from \$45.05 to \$46.04. Upon request by the Commission staff, the Issuer, or a (1) security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.