

Hedges Derek
Form 4
October 25, 2010

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)
10/22/2010

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 (A) or (D) Price			
Common Stock	10/22/2010		M	500 A \$ 5.72	10,613 ⁽¹⁾	D	
Common Stock	10/22/2010		M	3,750 A \$ 7.39	14,363	D	
Common Stock	10/22/2010		S	4,250 ⁽²⁾ D \$ 35.1	10,113	D	

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

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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)	\$ 5.72	10/22/2010		M	500	01/09/2007 05/04/2016	Common Stock	500
Stock Option (Right to Buy)	\$ 7.39	10/22/2010		M	3,750	01/01/2008 03/15/2017	Common Stock	3,750

Reporting Owners

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

Signatures

/s/ Daniel H. Orenstein
Attorney-in-Fact
Date: 10/25/2010

**Signature of Reporting Person

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).
- (1) Includes 445 shares purchased pursuant to the Issuer's 2007 Employee Stock Purchase Plan since the Reporting Person's last report, which transaction is considered exempt pursuant to Rule 16b-3(c) promulgated under the Securities Exchange Act of 1934.
- (2) The sale reported on this Form 4 was made pursuant to a written trading plan adopted by the Reporting Person on May 19, 2010, in accordance with Rule 10b5-1.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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