

Healthcare Sector Update



February 2014

Summary – Healthcare Services

- The S&P Healthcare Services Index has risen 10.7% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - The best performing sectors were Emergency Services (up 58.2%) and Pharmacy Management (up 19.5%).
 - The worst performing sectors were Clinical Laboratories (down 11.0%) and Physician Practice Management (down 3.5%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.58x and 9.9x, respectively.
- The sectors with the highest valuation multiples include:
 - Specialty HCIT (4.18x LTM Revenue, 29.9x LTM EBITDA)
 - Provider Based HCIT (2.85x LTM Revenue, 23.1x LTM EBITDA)

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 5.5% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - The best performing sectors were Pharmaceuticals (up 27.8%) and Ophthalmology Devices (up 26.7%).
 - The worst performing sectors were Mobility Devices (down 6.0%) and Infection Prevention Devices (down 4.1%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.67x and 14.2x, respectively.
- The sectors with the highest valuation multiples include:
 - Biotechnology (9.51x LTM Revenue, 26.5x LTM EBITDA)
 - Pharmaceuticals (4.97x LTM Revenue, 15.0x LTM EBITDA)

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MARKET SECTOR	No. of Co's	Ag. Eqty Mkt. Value	Median% Change		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	Rev	EBITDA	LTM	2014E	
Acute Care Hospitals	6	\$41,221	(0.2%)	27.4%	1.32x	8.5x	17.9x	15.7x	1.2x
Assisted Living	6	5,599	5.1%	(9.1%)	1.68x	14.7x	20.3x	28.3x	2.1x
Care Management / TPA	7	9,088	12.4%	45.5%	2.04x	13.0x	25.2x	21.8x	1.1x
Clinical Laboratories	5	22,124	(11.0%)	0.4%	1.79x	8.1x	16.3x	14.0x	1.2x
Contract Research Orgs	6	19,845	6.4%	43.3%	1.93x	13.2x	29.9x	20.9x	1.5x
Diagnostic Imaging	3	388	13.8%	28.4%	1.87x	6.0x	1.4x	19.8x	NM
Dialysis Services	2	35,526	10.9%	6.2%	2.02x	10.4x	22.8x	17.6x	2.2x
Distribution / Supply	7	95,798	2.9%	48.2%	0.33x	11.5x	22.4x	17.5x	1.4x
Emergency Services	2	2,074	58.2%	54.4%	2.35x	9.4x	28.6x	19.5x	1.2x
HCIT - Provider Based	9	34,532	1.5%	16.7%	2.85x	23.1x	33.9x	22.0x	1.8x
HCIT - Specialty	8	10,266	10.4%	48.5%	4.18x	29.9x	41.5x	46.3x	2.5x
Healthcare Staffing	5	6,548	(0.6%)	25.2%	1.14x	13.1x	26.0x	19.7x	1.3x
Home Care / Hospice	6	3,241	5.4%	25.2%	0.71x	8.8x	20.5x	16.4x	1.5x
Long Term Care	4	2,711	7.4%	27.4%	0.66x	7.9x	13.9x	14.8x	1.9x
Managed Care - Commercial	7	165,531	5.9%	30.9%	0.55x	7.1x	13.8x	12.3x	1.1x
Managed Care - Government	3	7,992	7.9%	28.4%	0.24x	6.6x	22.1x	16.7x	0.8x
Other Services	4	12,085	10.7%	18.2%	1.93x	22.2x	34.0x	28.9x	1.8x
Pharmacy Management	5	78,013	19.5%	39.8%	0.78x	11.1x	39.9x	16.4x	1.1x
Physician Practice Mgmt	2	5,489	(3.5%)	14.7%	1.58x	10.5x	20.0x	17.8x	1.3x
Psychiatric Hospitals	3	4,554	1.9%	42.4%	0.37x	6.0x	15.2x	23.3x	1.3x
Specialty Managed Care	2	5,257	6.0%	34.8%	0.40x	5.3x	9.8x	9.5x	1.1x
Surgicenters / Rehabilitation	7	8,439	(1.3%)	28.4%	1.59x	8.8x	18.2x	16.2x	1.2x
Total / Median (\$MM)	109	576,323	5.9%	28.4%	1.58x	9.9x	21.3x	17.7x	1.3x

Source: Capital IQ

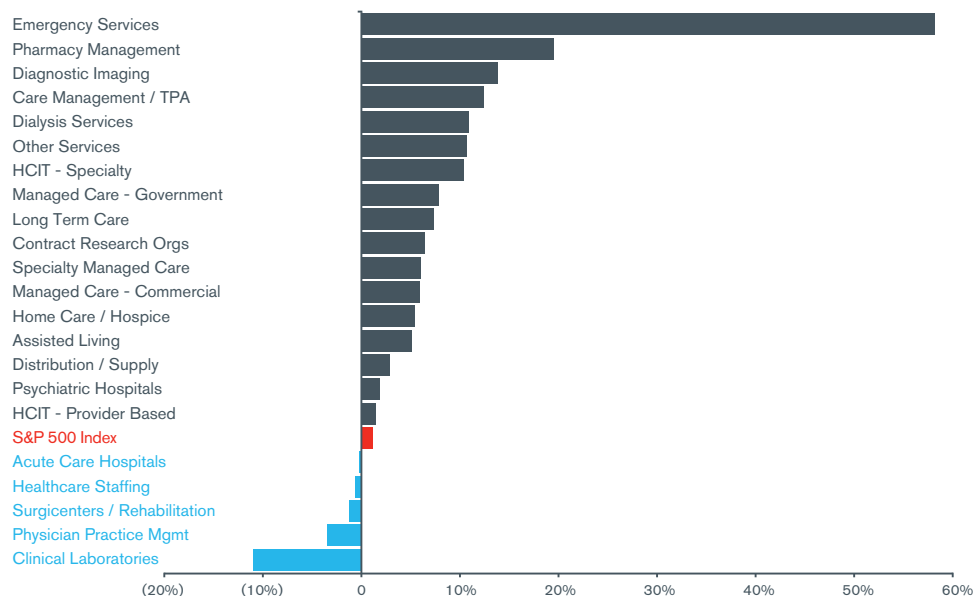
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	25	\$466,626	22.9%	81.0%	6.1%	70.3%	33.2%	44.3%
\$1 billion - \$5 billion	38	90,658	34.9%	15.7%	6.1%	87.9%	37.1%	47.8%
\$250 million - \$1 billion	31	17,724	28.4%	3.1%	11.3%	101.7%	46.1%	61.2%
\$100 million - \$250 million	4	674	3.7%	0.1%	(13.6%)	96.8%	50.3%	30.6%
< \$100 million	11	641	10.1%	0.1%	14.6%	17.7%	16.4%	7.6%
Total / Median (\$MM)	109	\$576,323	100.0%	100.0%	5.9%	87.9%	28.4%	44.3%

Source: Capital IQ

MARKET INDICES	Value at 1/31/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$15,698.9	0.5%	(5.3%)	12.1%	30.4%
S&P 500 Index	1,782.6	1.2%	(3.6%)	17.8%	36.3%
NASDAQ Composite Index	4,103.9	4.6%	(1.7%)	29.1%	49.2%
Russell 2000 Index	1,130.9	3.2%	(2.8%)	24.1%	41.6%
AMEX Sector Index - Healthcare	131.2	21.5%	9.1%	50.8%	22.3%
S&P Healthcare Facilities (Sub Ind) Index	303.3	2.8%	2.1%	30.1%	49.8%
S&P Healthcare Providers & Services (Industry) Index	454.8	3.8%	1.7%	31.5%	71.1%
S&P Managed Healthcare (Sub Ind) Index	241.3	6.6%	0.4%	21.4%	74.3%
S&P Healthcare Services	364.9	10.7%	(3.7%)	17.7%	54.9%

Source: Capital IQ

Median% Change — 3 months

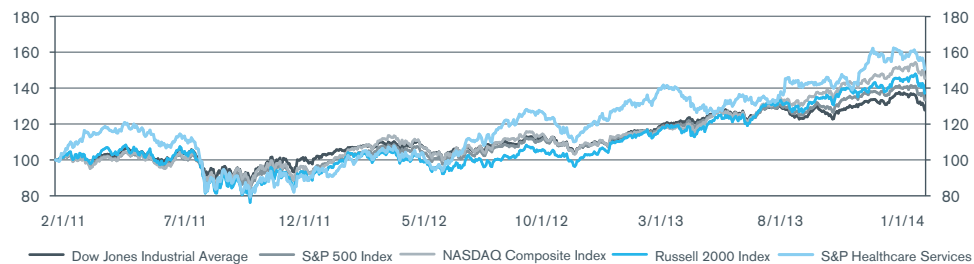


Source: Capital IQ

INTEREST RATES	Value at 1/31/14	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.00%	0.41%
U.S. Treasury - 2 years	0.34%	0.38%	0.31%	0.27%
U.S. Treasury - 5 years	1.51%	1.74%	1.32%	0.88%
U.S. Treasury - 10 years	2.67%	3.01%	2.54%	1.99%
U.S. Treasury - 30 years	3.62%	3.94%	3.63%	3.63%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Acute Care Hospitals																	
Chindex International Inc.	CHDX	\$16.46	(2.2%)	49.1%	\$19.21	\$10.65	\$275	\$287	\$170.0	\$15.8	NM	NM	1.69x	18.2x	NM	NM	NM
Community Health Systems, Inc.	CYH	41.41	(5.1%)	8.0%	51.29	36.52	3,864	13,806	13,043.3	1,627.8	2.61	3.56	1.06x	8.5x	21.9x	11.6x	0.83x
HCA Holdings, Inc.	HCA	50.27	6.6%	33.5%	51.76	34.90	21,964	51,449	34,182.0	6,545.0	3.33	3.78	1.51x	7.9x	16.1x	13.3x	1.19x
Lifepoint Hospitals Inc.	LPNT	53.01	2.7%	21.3%	56.77	42.09	2,492	4,115	3,619.0	485.1	2.82	3.19	1.14x	8.5x	19.7x	16.6x	1.98x
Tenet Healthcare Corp.	THC	46.01	(2.5%)	18.5%	49.48	36.29	4,565	10,484	9,548.0	1,226.0	1.81	2.73	1.10x	8.6x	NM	16.9x	1.17x
Universal Health Services Inc.	UHS	82.02	1.8%	44.8%	86.08	55.30	8,060	11,846	7,247.9	1,382.8	4.61	5.21	1.63x	8.6x	15.6x	15.7x	1.41x
Median			(0.2%)	27.4%									1.32x	8.5x	17.9x	15.7x	1.19x
Assisted Living																	
AdCare Health Systems Inc.	ADK	\$4.07	3.0%	(18.1%)	\$6.26	\$3.62	\$65	\$227	\$228.0	\$9.2	(\$0.81)	(\$0.34)	0.99x	24.6x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	27.46	1.4%	1.7%	30.65	24.42	3,413	5,977	2,518.0	408.0	0.03	0.61	2.37x	14.7x	NM	44.7x	4.33x
Capital Senior Living Corp.	CSU	22.47	1.3%	5.8%	27.90	19.87	627	1,050	338.1	56.2	0.41	0.63	3.11x	18.7x	NM	35.6x	2.09x
Emeritus Corp.	ESC	22.05	15.1%	(18.6%)	30.95	18.15	1,053	4,976	1,828.5	336.0	(2.56)	(1.69)	2.72x	14.8x	NM	NM	NM
Five Star Quality Care Inc.	FVE	5.43	7.1%	(4.1%)	6.87	4.41	262	293	1,231.4	45.5	0.19	0.26	0.24x	6.4x	20.3x	21.0x	NM
Skilled Healthcare Group, Inc.	SKH	4.57	7.3%	(14.1%)	7.51	4.10	179	611	864.2	77.0	0.35	0.39	0.71x	7.9x	NM	11.8x	0.99x
Median			5.1%	(9.1%)									1.68x	14.7x	20.3x	28.3x	2.09x
Care Management / TPA																	
Alere Inc.	ALR	\$37.90	12.4%	78.3%	\$39.90	\$20.96	\$3,103	\$7,219	\$3,012.9	\$629.6	\$2.35	\$2.68	2.40x	11.5x	NM	14.1x	1.06x
CorVel Corporation	CRVL	47.36	13.8%	106.8%	51.50	22.34	991	959	470.5	71.9	1.57	1.87	2.04x	13.3x	30.1x	25.3x	NM
Crawford & Company	CRD.B	8.09	(26.4%)	11.3%	11.30	5.62	418	560	1,191.5	128.6	0.91	0.88	0.47x	4.4x	8.2x	9.2x	1.02x
ExamWorks Group, Inc.	EXAM	30.79	19.1%	112.8%	32.48	13.79	1,121	1,461	596.8	77.4	(0.31)	0.14	2.45x	18.9x	NM	NM	NM
Healthways Inc.	HWAY	15.31	59.1%	45.5%	22.20	9.59	537	795	669.2	39.7	(0.06)	0.33	1.19x	20.0x	NM	46.4x	1.86x
Hooper Holmes Inc.	HH	0.51	(14.5%)	6.9%	0.74	0.31	36	32	144.7	(8.8)	NM	NM	0.22x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	42.37	(12.5%)	23.6%	50.55	33.84	2,881	2,757	1,331.3	219.4	1.70	1.95	2.07x	12.6x	25.2x	21.8x	1.07x
Median			12.4%	45.5%									2.04x	13.0x	25.2x	21.8x	1.07x

Source: Capital IQ as of January 31, 2014; For definitions, see page 9

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Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Clinical Laboratories																	
Bio-Reference Laboratories Inc.	BRLI	\$26.89	(17.0%)	(3.1%)	\$37.97	\$23.36	\$745	\$773	\$715.4	\$101.7	\$1.55	\$1.92	1.08x	7.6x	16.3x	14.0x	0.84x
Laboratory Corp. of America Holdings	LH	89.83	(11.0%)	0.4%	108.00	87.01	7,851	10,361	5,776.6	1,273.8	6.98	6.65	1.79x	8.1x	14.8x	13.5x	1.21x
Psychemedics Corp.	PMD	15.31	9.4%	28.3%	15.90	10.55	81	79	26.0	5.8	0.67	0.75	3.01x	13.5x	25.3x	20.4x	1.70x
Quest Diagnostics Inc.	DGX	52.50	(12.4%)	(9.4%)	64.10	51.80	7,635	10,805	7,146.0	1,439.0	5.31	4.04	1.51x	7.5x	9.9x	13.0x	1.22x
Sonic Healthcare Limited	SHL	14.50	2.3%	20.8%	15.17	10.98	5,812	7,363	3,060.6	555.2	0.80	0.91	2.41x	13.3x	19.6x	16.0x	1.93x
Median			(11.0%)	0.4%									1.79x	8.1x	16.3x	14.0x	1.22x
Contract Research Orgs																	
Albany Molecular Research Inc.	AMRI	\$10.70	(18.3%)	79.2%	\$14.37	\$5.62	\$338	\$306	\$246.7	\$44.5	\$0.65	\$0.69	1.24x	6.9x	32.6x	15.5x	NM
Charles River Laboratories International, Inc.	CRL	56.53	14.9%	36.8%	59.57	39.25	2,720	3,237	1,156.4	265.7	2.88	3.09	2.80x	12.2x	25.5x	18.3x	2.00x
Covance Inc.	CVD	94.56	5.9%	41.7%	97.48	65.40	5,311	4,984	2,341.4	351.0	3.20	3.80	2.13x	14.2x	31.8x	24.9x	1.54x
ICON Public Limited Company	ICLR	42.01	3.8%	43.3%	44.23	26.70	2,571	2,355	1,291.0	161.0	1.69	1.99	1.82x	14.6x	28.6x	21.1x	1.20x
PAREXEL International Corporation	PRXL	48.81	6.8%	44.2%	55.02	33.17	2,763	2,832	1,854.0	243.7	1.97	2.24	1.53x	11.6x	24.8x	21.8x	1.01x
Quintiles Transnational Holdings Inc.	Q	47.63	13.4%	NM	52.00	40.10	6,141	7,604	3,750.2	524.1	2.06	2.31	2.03x	14.5x	31.2x	20.6x	1.72x
Median			6.4%	43.3%									1.93x	13.2x	29.9x	20.9x	1.54x
Diagnostic Imaging																	
Alliance Healthcare Services, Inc.	AIQ	\$28.70	13.8%	341.5%	\$32.85	\$6.38	\$299	\$845	\$453.0	\$140.6	NM	NM	1.87x	6.0x	NM	NM	NM
American Shared Hospital Services	AMS	2.89	18.2%	28.4%	3.46	1.52	13	48	17.8	9.2	NM	NM	2.71x	5.3x	NM	NM	NM
RadNet, Inc.	RDNT	1.89	(22.9%)	(36.1%)	3.35	1.50	76	662	684.0	96.1	0.06	0.10	0.97x	6.9x	1.4x	19.8x	NM
Median			13.8%	28.4%									1.87x	6.0x	1.4x	19.8x	NM
Dialysis Services																	
DaVita HealthCare Partners Inc.	DVA	\$64.93	15.5%	12.5%	\$66.76	\$52.75	\$13,811	\$22,079	\$11,174.3	\$2,277.6	\$3.85	\$3.77	1.98x	9.7x	24.5x	17.2x	1.56x
Fresenius Medical Care AG & Co. KGAA	FME	70.33	6.3%	(0.1%)	76.39	63.04	21,716	30,430	14,727.0	2,760.9	3.62	3.91	2.07x	11.0x	21.1x	17.9x	2.80x
Median			10.9%	6.2%									2.02x	10.4x	22.8x	17.6x	2.18x

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Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Distribution / Supply																	
Aceto Corp.	ACET	\$21.32	33.7%	104.2%	\$25.25	\$9.60	\$600	\$589	\$517.2	\$54.5	\$1.18	\$1.22	1.14x	10.8x	20.6x	17.5x	0.97x
AmerisourceBergen Corporation	ABC	67.22	2.9%	48.2%	71.92	45.40	15,567	17,039	96,075.7	1,130.9	1.57	3.80	0.18x	15.1x	42.9x	17.7x	1.41x
Cardinal Health, Inc.	CAH	68.02	16.0%	55.3%	69.51	41.42	23,227	24,420	96,735.0	2,569.0	1.08	3.93	0.25x	9.5x	NM	17.3x	1.42x
Henry Schein, Inc.	HSIC	114.89	2.2%	33.1%	118.52	85.88	9,864	10,679	9,442.7	800.9	4.92	5.42	1.13x	13.3x	24.2x	21.2x	1.94x
McKesson Corporation	MCK	174.41	11.6%	65.7%	177.50	101.46	40,136	42,579	130,370.0	3,327.0	5.33	9.92	0.33x	12.8x	29.4x	17.6x	1.19x
Owens & Minor Inc.	OMI	34.64	(7.4%)	13.2%	38.55	29.41	2,187	2,248	9,171.9	239.3	1.89	2.01	0.25x	9.4x	20.3x	17.3x	1.92x
Patterson Companies, Inc.	PDCO	39.96	(6.0%)	10.6%	44.39	35.01	4,217	4,562	3,759.8	397.6	2.12	2.34	1.21x	11.5x	19.9x	17.1x	1.67x
Median			2.9%	48.2%									0.33x	11.5x	22.4x	17.5x	1.42x
Emergency Services																	
Air Methods Corp.	AIRM	\$51.45	17.7%	17.7%	\$59.07	\$32.24	\$2,009	\$2,617	\$874.0	\$223.1	\$1.73	\$2.89	2.99x	11.7x	28.6x	17.8x	1.02x
InfuSystem Holdings, Inc.	INFU	2.98	98.7%	91.0%	3.00	1.27	66	93	54.4	12.9	0.07	0.14	1.70x	7.1x	NM	21.3x	1.42x
Median			58.2%	54.4%									2.35x	9.4x	28.6x	19.5x	1.22x
HCIT - Provider Based																	
Accretive Health, Inc.	AH	\$9.21	11.5%	(28.7%)	\$13.17	\$7.98	\$896	\$699	\$973.6	\$28.7	\$0.40	\$0.52	0.72x	24.4x	NM	17.8x	0.67x
The Advisory Board Company	ABCO	63.31	(7.7%)	16.7%	70.55	44.20	2,282	2,204	487.5	62.7	1.23	1.34	4.52x	35.2x	NM	47.4x	2.73x
Allscripts Healthcare Solutions, Inc.	MDRX	16.56	19.7%	49.5%	17.58	10.43	2,923	3,408	1,373.0	28.5	0.27	0.45	2.48x	NM	NM	37.1x	2.32x
athenahealth, Inc.	ATHN	147.43	10.4%	70.5%	148.55	82.01	5,483	5,663	539.7	47.9	1.03	1.04	NM	NM	NM	NM	NM
Cerner Corporation	CERN	56.89	1.5%	37.8%	59.42	41.19	19,528	18,789	2,760.6	811.7	1.41	1.66	6.81x	23.1x	44.5x	34.3x	1.91x
Computer Programs & Systems Inc.	CPSI	66.82	17.1%	27.0%	69.50	46.08	746	723	200.9	53.7	2.95	3.21	3.60x	13.5x	23.3x	20.8x	1.76x
MedAssets, Inc.	MDAS	22.04	(4.3%)	12.7%	26.58	16.31	1,364	2,166	673.7	207.6	1.30	1.41	3.22x	10.4x	NM	15.7x	1.20x
Merge Healthcare Incorporated	MRGE	2.15	(15.4%)	(20.1%)	4.71	1.99	202	429	242.7	16.4	0.06	0.20	1.77x	26.2x	NM	10.9x	0.73x
Quality Systems Inc.	QSII	18.41	(19.3%)	0.9%	24.15	17.01	1,108	1,014	440.8	72.8	0.10	0.79	2.30x	13.9x	NM	23.2x	1.96x
Median			1.5%	16.7%									2.85x	23.1x	33.9x	22.0x	1.83x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
HCIT - Specialty																	
Accelrys Inc.	ACCL	\$12.58	34.5%	33.5%	\$12.58	\$7.75	\$700	\$597	\$166.2	\$11.0	\$0.32	\$0.39	3.59x	54.1x	NM	32.4x	1.80x
BioTelemetry, Inc.	BEAT	7.29	(20.2%)	224.0%	11.88	2.26	188	167	117.6	10.3	(0.32)	0.02	1.42x	16.2x	NM	NM	NM
Healthstream Inc.	HSTM	29.02	(18.8%)	17.1%	39.77	19.50	791	686	123.1	23.0	0.34	0.44	5.58x	29.9x	NM	66.2x	3.26x
HMS Holdings Corp.	HMSY	23.03	8.9%	(15.5%)	31.93	17.39	2,033	2,170	503.3	146.1	0.80	0.87	4.31x	14.9x	42.7x	26.5x	1.44x
Medidata Solutions, Inc.	MDSO	63.10	14.4%	169.7%	66.01	23.08	3,377	3,245	260.9	42.5	0.73	0.84	12.44x	76.4x	NM	74.8x	3.29x
Omnicell, Inc.	OMCL	25.82	11.9%	63.4%	26.31	16.43	920	803	365.0	50.8	1.07	1.17	2.20x	15.8x	40.3x	22.1x	1.41x
Streamline Health Solutions, Inc.	STRM	6.04	(25.9%)	11.2%	8.50	5.12	105	121	28.7	0.6	(0.44)	(0.12)	4.21x	NM	NM	NM	NM
WebMD Health Corp.	WBMD	47.90	36.0%	189.8%	50.56	16.11	2,153	2,077	501.8	61.4	0.71	0.80	4.14x	33.8x	NM	60.3x	6.03x
Median			10.4%	48.5%									4.18x	29.9x	41.5x	46.3x	2.53x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$15.11	21.9%	24.4%	\$16.20	\$10.34	\$695	\$812	\$1,011.0	\$73.9	\$0.67	\$0.75	0.80x	11.0x	22.9x	20.0x	1.25x
Cross Country Healthcare, Inc.	CCRN	10.80	81.8%	91.2%	11.54	4.59	336	304	440.9	6.1	0.01	0.14	0.69x	NM	NM	NM	NM
IPC The Hospitalist Company, Inc.	IPCM	53.38	(2.6%)	25.2%	63.70	39.06	904	926	585.5	64.2	2.20	2.53	1.58x	14.4x	22.7x	21.1x	1.27x
On Assignment Inc.	ASGN	29.68	(12.2%)	21.4%	35.71	20.41	1,598	1,911	1,681.9	161.9	1.53	1.82	1.14x	11.8x	29.0x	16.3x	1.09x
Team Health Holdings, Inc.	TMH	43.16	(0.6%)	27.4%	48.83	32.24	3,015	3,390	2,306.6	230.0	1.78	2.23	1.47x	14.7x	37.8x	19.4x	1.29x
Median			(0.6%)	25.2%									1.14x	13.1x	26.0x	19.7x	1.26x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$23.64	(8.5%)	185.5%	\$32.40	\$7.12	\$258	\$229	\$259.8	\$19.5	\$0.97	\$1.13	0.88x	11.7x	22.5x	20.8x	1.69x
Almost Family Inc.	AFAM	30.41	58.1%	51.9%	33.97	17.66	286	259	353.0	22.7	1.16	1.40	0.73x	11.4x	23.6x	21.8x	1.98x
Amedisys Inc.	AMED	15.09	(7.3%)	35.7%	18.70	8.81	490	518	1,326.0	52.8	0.24	0.06	0.39x	9.8x	NM	NM	NM
Chemed Corp.	CHE	78.92	16.4%	4.5%	82.00	61.68	1,392	1,490	1,433.3	190.9	5.63	5.71	1.04x	7.8x	18.4x	13.8x	0.92x
Gentiva Health Services Inc.	GTIV	11.36	(0.5%)	14.6%	13.85	8.47	412	1,142	1,665.5	159.7	0.90	1.15	0.69x	7.2x	NM	9.9x	1.18x
LHC Group, Inc.	LHCG	22.94	11.4%	7.4%	26.90	19.06	404	443	641.5	60.1	1.33	1.40	0.69x	7.4x	15.8x	16.4x	1.49x
Median			5.4%	25.2%									0.71x	8.8x	20.5x	16.4x	1.49x

Source: Capital IQ as of January 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Long Term Care																	
Diversicare Healthcare Services Inc.	DVCR	\$5.23	7.3%	3.0%	\$5.91	\$4.45	\$32	\$87	\$325.8	\$6.4	NM	NM	0.27x	13.5x	NM	NM	NM
Kindred Healthcare Inc.	KND	18.94	36.5%	75.7%	21.40	9.75	1,026	2,317	6,161.6	391.0	0.95	1.13	0.38x	5.9x	NM	16.7x	2.67x
National Healthcare Corp.	NHC	52.00	7.5%	8.0%	56.69	44.68	731	715	757.5	104.8	3.37	3.83	0.94x	6.8x	13.9x	13.6x	NM
The Ensign Group, Inc.	ENSG	41.92	(1.6%)	46.8%	46.39	28.30	922	1,088	879.6	121.4	2.57	2.83	1.24x	9.0x	NM	14.8x	1.08x
Median			7.4%	27.4%									0.66x	7.9x	13.9x	14.8x	1.88x
Managed Care - Commercial																	
Aetna Inc.	AET	\$68.33	9.0%	41.7%	\$72.16	\$46.05	\$25,111	\$31,897	\$44,037.6	\$3,921.3	\$5.97	\$6.29	0.72x	8.1x	13.8x	10.9x	0.95x
Cigna Corp.	CI	86.31	12.1%	47.9%	90.63	55.97	23,857	26,141	31,849.0	3,732.0	6.89	7.32	0.82x	7.0x	16.3x	11.8x	1.05x
Health Net, Inc.	HNT	32.89	8.2%	20.9%	34.76	25.13	2,615	2,428	11,148.3	343.4	2.26	2.33	0.22x	7.1x	16.8x	14.1x	0.84x
Humana Inc.	HUM	97.30	5.6%	30.8%	105.80	65.88	15,170	16,791	40,683.0	2,645.0	8.74	7.93	0.41x	6.3x	10.7x	12.3x	1.28x
UnitedHealth Group Incorporated	UNH	72.28	5.9%	30.9%	77.33	52.51	72,768	83,527	122,489.0	10,998.0	5.50	5.59	0.68x	7.6x	13.1x	12.9x	1.30x
Universal American Corp	UAM	7.05	(5.0%)	(24.8%)	11.13	6.85	603	670	2,171.6	72.6	0.03	0.25	0.31x	9.2x	NM	28.0x	1.87x
WellPoint Inc.	WLP	86.00	1.4%	32.7%	94.36	60.41	25,406	39,285	71,023.5	5,497.0	8.52	8.39	0.55x	7.1x	NM	10.2x	1.04x
Median			5.9%	30.9%									0.55x	7.1x	13.8x	12.3x	1.05x
Managed Care - Government																	
Centene Corp.	CNC	\$60.60	7.9%	40.4%	\$67.84	\$41.64	\$3,499	\$3,285	\$10,863.3	\$344.8	\$2.83	\$3.63	0.30x	9.5x	28.7x	16.7x	0.77x
Molina Healthcare, Inc.	MOH	36.00	13.8%	25.4%	40.90	28.21	1,647	1,561	6,575.8	234.9	1.13	2.05	0.24x	6.6x	22.1x	17.5x	0.62x
WellCare Health Plans, Inc.	WCG	65.11	(2.4%)	28.4%	75.31	50.41	2,846	1,792	9,077.3	325.3	4.69	5.03	0.20x	5.5x	15.8x	12.9x	1.26x
Median			7.9%	28.4%									0.24x	6.6x	22.1x	16.7x	0.77x

Source: Capital IQ as of January 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Other Services																	
Healthcare Services Group Inc.	HCSG	\$27.13	(0.9%)	12.3%	\$29.53	\$21.60	\$1,894	\$1,832	\$1,123.1	\$82.6	\$0.80	\$0.92	1.63x	22.2x	34.3x	29.6x	1.81x
PDI, Inc.	PDII	5.79	21.4%	(25.3%)	7.88	3.82	88	37	150.1	1.5	(0.13)	(0.20)	0.24x	24.4x	NM	NM	NM
Sharps Compliance Corp.	SMED	4.61	20.7%	74.0%	5.90	2.38	70	55	24.6	0.0	(0.09)	0.02	2.24x	NM	NM	NM	NM
Stericycle, Inc.	SRCL	117.06	0.7%	24.1%	121.61	94.03	10,033	11,390	2,078.5	628.4	3.73	4.13	5.48x	18.1x	33.7x	28.3x	1.77x
Median			10.7%	18.2%									1.93x	22.2x	34.0x	28.9x	1.79x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$8.51	21.4%	(24.2%)	\$17.62	\$5.61	\$580	\$995	\$779.4	\$36.5	\$0.07	\$0.22	1.28x	27.3x	NM	38.7x	1.80x
Catamaran Corporation	CCT	48.96	10.8%	4.7%	55.05	41.43	10,100	10,646	13,580.8	689.7	1.97	2.40	0.78x	15.4x	47.1x	20.2x	0.73x
Express Scripts Holding Company	ESRX	74.69	19.5%	39.8%	75.28	53.27	60,185	72,593	105,826.3	6,552.5	4.35	4.93	0.69x	11.1x	32.7x	15.1x	0.94x
Omnicare Inc.	OCR	62.46	13.3%	60.4%	64.15	36.31	6,432	7,901	6,205.8	718.3	3.61	3.95	1.27x	11.0x	NM	15.8x	1.05x
PharMerica Corporation	PMC	24.34	64.9%	68.1%	26.00	11.84	716	898	1,740.6	120.3	1.77	1.48	0.52x	7.5x	39.9x	16.4x	1.71x
Median			19.5%	39.8%									0.78x	11.1x	39.9x	16.4x	1.05x
Physician Practice Management																	
Birner Dental Management Services Inc.	BDMS	\$17.50	(9.0%)	(0.7%)	\$23.03	\$17.00	\$32	\$40	\$63.8	\$4.0	NM	NM	0.62x	9.9x	NM	NM	NM
MEDNAX, Inc.	MD	55.64	2.1%	30.1%	56.45	41.83	5,457	5,447	2,154.0	491.4	2.78	3.12	2.53x	11.1x	20.0x	17.8x	1.28x
Median			(3.5%)	14.7%									1.58x	10.5x	20.0x	17.8x	1.28x
Psychiatric Hospitals																	
Acadia Healthcare Company, Inc.	ACHC	\$51.04	17.6%	99.6%	\$53.87	\$24.93	\$2,579	\$3,160	\$637.7	\$126.1	\$1.06	\$1.44	NM	NM	NM	35.5x	1.53x
Magellan Health Services Inc.	MGLN	59.83	1.9%	16.6%	62.00	46.00	1,619	1,291	3,368.4	242.6	4.43	2.57	0.38x	5.3x	11.5x	23.3x	NM
Providence Service Corp.	PRSC	26.39	(11.7%)	42.4%	31.31	16.14	356	396	1,132.4	58.4	1.52	1.67	0.35x	6.8x	18.9x	15.8x	1.05x
Median			1.9%	42.4%									0.37x	6.0x	15.2x	23.3x	1.29x

Source: Capital IQ as of January 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Specialty Managed Care																	
Assurant Inc.	AIZ	\$65.35	11.7%	70.9%	\$68.95	\$37.94	\$4,752	\$5,200	\$8,821.4	\$852.4	\$6.02	\$6.17	0.59x	6.1x	12.8x	10.6x	1.41x
Triple-S Management Corporation	GTS	17.84	0.2%	(1.3%)	23.70	16.88	505	526	2,391.5	116.8	1.90	2.15	0.22x	4.5x	6.8x	8.3x	0.83x
Median			6.0%	34.8%									0.40x	5.3x	9.8x	9.5x	1.12x
Surgicenters / Rehabilitation																	
AmSurg Corp.	AMSG	\$41.75	(2.7%)	33.8%	\$48.71	\$29.02	\$1,345	\$2,448	\$1,042.1	\$351.0	\$2.21	\$2.51	2.35x	7.0x	19.3x	16.7x	1.34x
Surgical Care Affiliates, Inc.	SCAI	32.09	22.2%	NM	37.69	25.50	1,224	2,145	769.7	185.0	(0.17)	1.12	2.79x	11.6x	NM	28.8x	NM
Hanger, Inc.	HGR	33.81	(7.9%)	17.7%	40.71	27.91	1,168	1,632	1,049.0	174.2	1.96	2.17	1.56x	9.4x	18.2x	15.6x	1.15x
HEALTHSOUTH Corp.	HLS	31.12	(11.4%)	30.4%	37.01	22.38	2,732	4,464	2,224.4	537.2	1.88	1.98	2.01x	8.3x	9.8x	15.7x	1.21x
LCA-Vision Inc.	LCAV	4.22	28.3%	28.7%	4.93	2.78	81	54	91.8	(2.4)	(0.08)	0.02	0.59x	NM	NM	NM	NM
Select Medical Holdings Corporation	SEM	10.80	27.4%	10.9%	11.89	7.21	1,507	3,037	2,935.7	378.1	0.89	0.92	1.03x	8.0x	12.1x	11.7x	1.20x
US Physical Therapy Inc.	USPH	31.51	(1.3%)	28.1%	37.25	22.80	381	407	255.7	42.7	1.45	1.63	1.59x	9.5x	21.4x	19.3x	1.22x
Median			(1.3%)	28.4%									1.59x	8.8x	18.2x	16.2x	1.21x

Definitions

PEG Ratio: Price Earnings to Growth

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

EPS: Earnings Per Share

Enterprise Value: Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

LTM: Last Twelve Months

Source: Capital IQ as of January 31, 2014

MARKET SECTOR	No. of Co's	Ag. Eqty Mkt. Value	Median% Change		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	Rev	EBITDA	LTM	2014E	
Biotechnology	33	\$468,284	15.9%	57.2%	9.51x	26.5x	27.0x	25.3x	1.2x
Cardiology Devices	16	108,493	4.4%	39.8%	3.36x	13.8x	32.1x	21.2x	1.8x
Conglomerates	6	447,286	2.4%	24.8%	2.84x	11.1x	20.2x	17.0x	1.8x
Dental Devices	8	17,406	(1.0%)	9.4%	2.55x	14.6x	27.6x	19.1x	1.6x
Diagnostic Imaging Devices	5	8,204	5.1%	82.1%	2.33x	14.9x	52.0x	17.0x	1.3x
Diversified Medical Devices	16	92,139	7.7%	22.4%	2.80x	13.1x	25.4x	20.5x	1.7x
Infection Prevention Devices	2	3,993	(4.1%)	36.5%	2.49x	13.2x	25.0x	21.7x	1.5x
Lab Equipment	2	7,355	(2.6%)	24.8%	1.80x	10.0x	18.0x	21.3x	1.6x
Lab Instrumentation & Devices	3	12,764	(0.5%)	18.2%	1.92x	15.1x	40.3x	23.1x	1.9x
Large-Cap Pharmaceuticals	6	605,377	5.0%	17.0%	4.17x	11.5x	23.2x	17.4x	3.7x
Life Science Conglomerates	3	65,720	17.8%	59.6%	3.53x	15.6x	31.4x	17.8x	1.5x
Life Science Consummables	5	9,005	4.0%	26.8%	2.40x	17.9x	29.4x	25.9x	2.1x
Mobility Devices	3	2,771	(6.0%)	9.3%	0.85x	8.6x	20.4x	15.1x	1.9x
Neural Implant Devices	2	3,270	8.6%	32.1%	4.25x	16.2x	39.3x	22.3x	1.7x
Ophthalmology Devices	3	6,282	26.7%	22.6%	1.87x	18.2x	37.3x	17.7x	1.1x
Orthopedics Devices	6	49,226	9.7%	24.9%	2.81x	10.7x	21.2x	18.3x	1.6x
Pharmaceuticals	22	111,610	27.8%	87.2%	4.97x	15.0x	40.7x	16.5x	0.8x
Surgical Devices	5	18,218	15.7%	24.6%	2.04x	13.6x	32.5x	26.9x	2.9x
Total / Median (\$MM)	146	2,037,403	5.1%	24.9%	2.67x	14.2x	28.5x	19.8x	1.6x

Source: Capital IQ

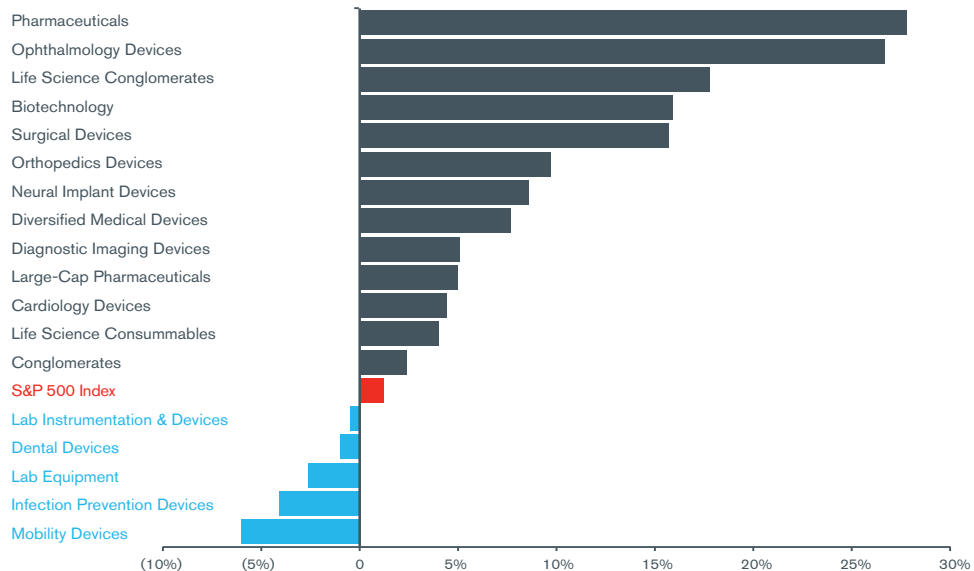
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	48	\$1,932,575	32.9%	94.9%	11.4%	93.7%	43.8%	52.5%
\$1 billion - \$5 billion	39	83,119	26.7%	4.1%	15.5%	105.5%	61.8%	68.4%
\$250 million - \$1 billion	31	18,127	21.2%	0.9%	23.4%	116.5%	56.4%	79.1%
\$100 million - \$250 million	16	2,892	11.0%	0.1%	8.5%	166.3%	49.7%	65.7%
< \$100 million	12	689	8.2%	0.0%	9.7%	99.9%	49.2%	60.1%
Total / Median (\$MM)	146	\$2,037,403	100.0%	100.0%	5.1%	105.5%	24.9%	65.7%

Source: Capital IQ

INTEREST RATES	Value at 1/31/14	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.00%	0.41%
U.S. Treasury - 2 years	0.34%	0.38%	0.31%	0.27%
U.S. Treasury - 5 years	1.51%	1.74%	1.32%	0.88%
U.S. Treasury - 10 years	2.67%	3.01%	2.54%	1.99%
U.S. Treasury - 30 years	3.62%	3.94%	3.63%	3.63%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median% Change — 3 months



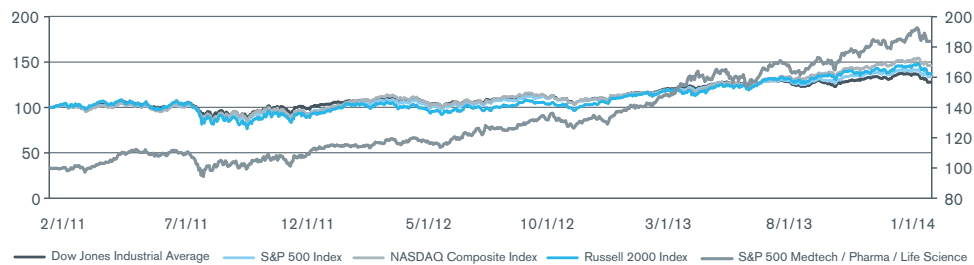
Source: Capital IQ

MARKET INDICES

MARKET INDICES	Value at 1/31/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$15,698.9	0.5%	(5.3%)	12.1%	30.4%
S&P 500 Index	1,782.6	1.2%	(3.6%)	17.8%	36.3%
NASDAQ Composite Index	4,103.9	4.6%	(1.7%)	29.1%	49.2%
Russell 2000 Index	1,130.9	3.2%	(2.8%)	24.1%	41.6%
S&P Life Science Tools & Services (Industry) Index	282.3	12.9%	3.3%	35.7%	63.7%
S&P 500 Pharmaceuticals (Industry) Index	487.8	2.6%	(0.3%)	21.4%	63.8%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	566.1	6.8%	2.3%	35.0%	92.8%
S&P 500 Biotechnology (Industry) Index	2,942.3	11.0%	5.0%	67.9%	209.6%
Dow Jones U.S. Medical Equipment Index	756.3	4.1%	0.1%	20.3%	49.1%
S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	632.5	5.5%	1.3%	32.4%	87.2%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E		
Biotechnology																		
Acorda Therapeutics, Inc.	ACOR	\$29.35	(4.1%)	1.6%	\$40.87	\$27.51	\$1,211	\$923	\$325.3	\$26.8	\$1.00	\$1.11	2.84x	34.4x	8.5x	26.5x	0.98x	
Alexion Pharmaceuticals, Inc.	ALXN	158.73	29.1%	68.9%	169.98	81.82	31,123	29,721	1,551.3	602.7	1.27	3.87	19.16x	49.3x	NM	41.0x	1.16x	
Alkermes plc	ALKS	48.68	38.3%	111.1%	50.97	19.77	7,003	7,030	577.8	153.9	1.07	0.91	12.17x	45.7x	NM	53.5x	3.03x	
Amarin Corporation plc	AMRN	1.83	10.9%	(78.5%)	8.98	1.36	316	330	16.2	(184.3)	(1.22)	(0.68)	20.31x	NM	NM	NM	NM	
Amgen Inc.	AMGN	118.95	2.4%	39.2%	124.46	82.92	89,703	102,430	18,676.0	7,185.7	6.64	8.14	5.48x	14.3x	17.9x	14.6x	1.80x	
Athersys, Inc.	ATHX	3.85	125.1%	139.1%	4.33	1.40	294	276	3.8	(22.3)	(0.47)	(0.31)	NM	NM	NM	NM	NM	
Biogen Idec Inc.	BIIB	312.64	28.0%	100.3%	321.25	155.10	73,850	73,223	6,932.2	2,984.4	7.81	11.35	10.56x	24.5x	40.0x	27.5x	1.32x	
BioSpecifics Technologies Corp.	BSTC	22.75	21.7%	49.2%	26.15	15.01	144	133	13.9	7.5	0.70	0.78	9.56x	17.8x	34.0x	29.2x	0.83x	
Cangene Corp.	CNJ	3.25	44.0%	57.2%	3.26	1.85	217	181	115.4	6.5	0.11	NM	1.57x	28.0x	NM	NM	NM	
Celgene Corporation	CELG	151.93	2.3%	53.5%	174.66	96.78	62,606	61,437	6,493.9	2,349.1	3.37	7.28	9.46x	26.2x	45.1x	20.9x	0.83x	
Cepheid	CPHD	52.86	29.8%	45.9%	54.45	30.95	3,586	3,513	401.3	9.8	(0.27)	0.24	8.75x	NM	NM	NM	NM	
Cubist Pharmaceuticals Inc.	CBST	73.09	17.9%	69.8%	76.75	40.44	5,413	5,691	1,054.4	157.9	(0.27)	1.74	5.40x	36.0x	NM	42.0x	1.88x	
Curis, Inc.	CRIS	2.83	(29.1%)	(11.0%)	4.74	2.44	243	210	15.2	(9.2)	(0.17)	(0.24)	13.86x	NM	NM	NM	NM	
Dyadic International, Inc.	DYAI	1.45	(14.7%)	(29.3%)	2.20	0.90	45	45	15.7	(0.1)	NM	NM	2.84x	NM	NM	NM	NM	
Emergent BioSolutions, Inc.	EBS	23.93	22.5%	49.1%	26.71	13.02	870	757	309.2	63.4	0.79	1.03	2.45x	11.9x	27.0x	23.3x	0.66x	
Exelixis, Inc.	EXEL	6.88	39.6%	47.6%	8.41	4.32	1,336	1,398	34.8	(170.8)	(1.32)	(1.39)	NM	NM	NM	NM	NM	
Genomic Health Inc.	GHDX	30.12	0.7%	7.4%	38.99	26.25	926	812	261.6	(5.5)	(0.14)	0.17	3.10x	NM	NM	NM	NM	
Gilead Sciences Inc.	GILD	80.65	13.3%	104.4%	84.40	39.48	123,665	129,196	11,201.7	4,813.0	2.00	3.36	11.53x	26.8x	44.4x	24.0x	0.70x	
Immunomedics Inc.	IMMU	4.85	28.0%	67.8%	7.35	2.11	403	368	9.4	(27.4)	(0.34)	(0.33)	NM	NM	NM	NM	NM	
Ligand Pharmaceuticals Incorporated	LGND	61.94	19.7%	208.2%	65.82	19.80	1,264	1,273	47.9	16.4	0.66	1.16	26.60x	NM	NM	53.6x	1.79x	
Momenta Pharmaceuticals Inc.	MNTA	17.90	9.2%	42.0%	19.90	11.22	936	660	35.4	(90.0)	(1.98)	0.83	18.63x	NM	NM	21.4x	NM	
Myriad Genetics Inc.	MYGN	27.63	13.3%	2.1%	38.27	20.02	2,065	1,708	737.1	300.4	2.13	1.72	2.32x	5.7x	13.2x	16.1x	1.20x	
Neurocrine Biosciences Inc.	NBIX	17.09	81.2%	88.6%	20.29	8.57	1,151	994	2.9	(49.0)	(0.70)	(0.38)	NM	NM	NM	NM	NM	
Osiris Therapeutics, Inc.	OSIR	15.61	17.3%	98.3%	27.40	6.55	528	500	23.1	(8.5)	(0.19)	0.05	21.64x	NM	NM	NM	NM	
PDL BioPharma, Inc.	PDLI	9.10	12.5%	32.3%	10.21	6.74	1,274	1,266	418.8	390.0	1.70	2.15	3.02x	3.2x	5.4x	4.2x	NM	
ProMetic Life Sciences Inc.	PLI	1.14	38.5%	260.0%	1.31	0.24	596	596	23.2	(3.7)	(0.02)	0.01	25.67x	NM	NM	NM	NM	
Regeneron Pharmaceuticals, Inc.	REGN	288.59	0.3%	65.9%	319.83	154.16	28,691	28,728	1,908.9	733.3	7.98	9.97	15.05x	39.2x	41.1x	28.9x	1.22x	
Spectrum Pharmaceuticals, Inc.	SPPI	8.41	(2.2%)	(33.3%)	12.63	6.92	532	482	184.4	12.8	(0.43)	(0.14)	2.61x	37.8x	NM	NM	NM	
Targacept, Inc.	TRGT	4.41	(7.2%)	(1.8%)	6.11	3.75	148	53	4.1	(48.3)	(1.30)	(1.32)	12.86x	NM	NM	NM	NM	

Source: Capital IQ as of January 31, 2014; For definitions, see page 17

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(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Biotechnology (cont.)																	
Theravance Inc.	THR	\$36.82	0.5%	65.5%	\$42.96	\$19.71	\$4,071	\$3,852	\$4.8	\$(161.3)	\$(1.56)	\$(0.58)	NM	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	102.62	15.9%	90.4%	116.65	52.98	5,154	4,721	1,069.8	478.4	5.37	7.56	4.41x	9.9x	18.6x	13.6x	0.88x
Vanda Pharmaceuticals, Inc.	VNDA	13.23	84.8%	229.1%	15.65	3.57	439	297	33.0	(17.2)	(0.56)	(0.81)	8.99x	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	79.04	10.8%	76.5%	89.96	43.69	18,479	17,455	1,212.0	(158.4)	(1.98)	(1.93)	14.40x	NM	NM	NM	NM
Median			15.9%	57.2%									9.51x	26.5x	27.0x	25.3x	1.18x
Cardiology Devices																	
ABIOMED, Inc.	ABMD	\$27.49	14.5%	97.1%	\$30.77	\$12.41	\$1,093	\$1,014	\$176.9	\$11.5	\$0.19	\$0.78	5.73x	NM	NM	35.2x	1.81x
AngioDynamics Inc.	ANGO	15.91	1.2%	30.4%	19.00	9.52	560	683	340.2	46.5	(0.07)	0.69	2.01x	14.7x	NM	23.1x	1.76x
Boston Scientific Corporation	BSX	13.53	15.7%	81.1%	14.08	7.07	18,066	21,744	7,143.0	1,579.0	0.45	0.52	3.04x	13.8x	NM	26.1x	2.70x
Cardiovascular Systems Inc.	CSII	33.92	11.9%	115.5%	35.43	15.25	944	802	117.4	(25.3)	(1.19)	(1.04)	6.83x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	65.12	(0.1%)	(27.6%)	93.98	60.62	7,125	6,899	2,045.5	521.0	3.04	3.07	3.37x	13.2x	18.5x	21.2x	1.64x
Greatbatch, Inc.	GB	42.51	11.5%	60.2%	45.63	25.02	1,026	1,231	646.5	117.2	2.12	2.31	1.90x	10.5x	49.2x	18.4x	1.67x
Heartware International Inc.	HTWR	99.21	36.7%	9.8%	105.84	69.31	1,675	1,556	187.5	(39.5)	(3.14)	(2.25)	8.30x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	7.97	(0.9%)	25.5%	8.96	5.90	123	109	61.0	5.7	0.21	0.25	1.79x	19.3x	39.8x	31.7x	1.59x
Medtronic, Inc.	MDT	56.56	(1.5%)	21.4%	60.93	43.51	56,467	56,171	16,764.0	5,646.0	3.80	4.03	3.35x	9.9x	15.1x	14.0x	2.05x
Neovasc Inc.	NVC	3.11	3.0%	56.4%	4.11	1.96	150	146	10.6	(5.4)	NM	(0.10)	13.81x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.40	(15.9%)	(2.2%)	0.58	0.37	135	109	0.0	(25.7)	(0.25)	(0.06)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	60.73	5.8%	49.2%	68.39	39.79	17,722	19,929	5,501.0	1,715.3	2.49	3.97	3.62x	11.6x	24.4x	15.3x	1.63x
Stereotaxis Inc.	STXS	5.13	17.4%	139.7%	10.85	1.21	99	111	41.2	(6.0)	NM	NM	2.71x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	9.94	(5.7%)	69.9%	13.80	4.85	167	108	0.1	(19.8)	(1.70)	(1.64)	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	34.94	(19.1%)	(4.4%)	43.58	29.91	1,991	1,712	502.8	122.7	1.82	1.85	3.40x	13.9x	44.6x	18.9x	2.02x
Volcano Corporation	VOLC	20.99	9.5%	(16.2%)	26.23	16.37	1,152	1,149	390.8	31.9	(0.26)	0.03	2.94x	36.0x	NM	NM	NM
Median			4.4%	39.8%									3.36x	13.8x	32.1x	21.2x	1.76x

Source: Capital IQ as of January 31, 2014; For definitions, see page 17

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E		
Conglomerates																		
3M Company	MMM	\$128.19	1.9%	27.5%	\$140.43	\$100.58	\$85,028	\$87,700	\$30,871.0	\$8,018.0	\$6.72	\$7.42	2.84x	10.9x	19.1x	17.3x	1.56x	
Agilent Technologies Inc.	A	58.15	14.6%	29.9%	61.22	40.19	19,295	19,322	6,782.0	1,391.0	2.92	3.31	2.85x	13.9x	27.7x	17.6x	1.79x	
Becton, Dickinson and Company	BDX	108.12	2.8%	28.7%	112.71	84.46	20,973	22,335	8,129.0	2,113.2	5.77	6.43	2.75x	10.6x	23.2x	16.8x	1.80x	
Covidien plc	COV	68.24	6.4%	9.5%	70.42	56.79	30,730	33,891	10,261.0	2,866.5	3.31	4.12	3.30x	11.8x	20.6x	16.6x	1.70x	
Johnson & Johnson	JNJ	88.47	(4.5%)	19.7%	95.99	73.56	249,613	239,492	71,312.0	22,959.7	4.81	5.83	3.36x	10.4x	18.4x	15.2x	2.33x	
Kimberly-Clark Corporation	KMB	109.37	1.3%	22.2%	111.68	89.22	41,648	47,217	21,152.0	4,188.0	5.53	6.15	2.23x	11.3x	19.8x	17.8x	2.49x	
Median			2.4%	24.8%									2.84x	11.1x	20.2x	17.0x	1.79x	
Dental Devices																		
COLTENE Holding AG	CLTN	\$51.32	(1.6%)	32.6%	\$55.38	\$37.81	\$216	\$247	\$169.2	\$23.8	\$3.46	\$3.96	1.46x	10.4x	16.7x	13.0x	0.56x	
DENTSPLY International Inc.	XRAY	46.14	(2.0%)	10.5%	50.99	39.90	6,582	8,119	2,950.4	562.5	2.37	2.61	2.75x	14.4x	18.3x	17.7x	1.66x	
Nobel Biocare Holding AG	NOBN	15.40	(7.7%)	45.2%	17.29	9.73	1,892	1,806	771.8	122.3	0.49	0.61	2.34x	14.8x	33.5x	25.1x	1.81x	
Orthofix International N.V.	OFIX	20.55	0.3%	(46.1%)	39.58	19.35	400	386	446.5	89.7	1.57	2.15	0.86x	4.3x	8.6x	9.5x	2.85x	
Osstem Implant Co., Ltd.	A048260	25.40	0.9%	(20.7%)	36.22	19.50	361	407	196.5	19.2	1.14	1.43	2.07x	21.2x	56.2x	23.6x	NM	
Sirona Dental Systems Inc.	SIRO	71.94	(0.4%)	8.2%	77.31	62.48	3,968	3,804	1,101.5	273.7	3.40	3.76	3.45x	13.9x	27.6x	19.1x	1.57x	
Straumann Holding AG	STMN	201.18	0.2%	47.6%	213.30	126.11	3,106	2,968	717.8	127.3	7.89	8.90	4.13x	23.3x	61.3x	22.6x	1.17x	
Tornier N.V.	TRNX	18.19	(15.4%)	5.5%	21.87	15.17	882	887	306.6	26.2	(0.55)	(0.35)	2.89x	33.8x	NM	NM	NM	
Median			(1.0%)	9.4%									2.55x	14.6x	27.6x	19.1x	1.62x	
Orthopedics Devices																		
Exactech Inc.	EXAC	\$22.28	(1.9%)	16.1%	\$25.14	\$17.68	\$301	\$341	\$234.8	\$40.8	\$1.10	\$1.22	1.45x	8.4x	20.6x	18.3x	1.59x	
NuVasive, Inc.	NUVA	37.44	17.8%	117.3%	38.79	16.77	1,671	1,813	660.1	95.1	1.17	1.27	2.75x	19.1x	NM	29.4x	2.40x	
Stryker Corporation	SYK	77.60	5.1%	23.9%	79.24	61.53	29,365	28,124	9,021.0	1,724.0	2.63	4.82	3.12x	16.3x	29.5x	16.1x	1.81x	
Symmetry Medical, Inc.	SMA	9.72	20.0%	(9.2%)	12.83	7.44	362	541	404.6	50.5	0.31	0.53	1.34x	10.7x	NM	18.3x	1.30x	
Wright Medical Group Inc.	WMGI	30.41	11.9%	43.9%	32.52	21.10	1,460	1,445	502.6	14.6	(0.57)	(0.57)	2.88x	NM	NM	NM	NM	
Zimmer Holdings, Inc.	ZMH	93.97	7.4%	26.0%	97.86	72.24	16,067	15,932	4,623.4	1,610.8	4.43	6.20	3.45x	9.9x	21.2x	15.2x	1.56x	
Median			9.7%	24.9%									2.81x	10.7x	21.2x	18.3x	1.59x	
Diagnostic Imaging Devices																		
Analogic Corporation	ALOG	\$95.65	3.7%	25.5%	\$98.00	\$68.86	\$1,189	\$1,084	\$540.6	\$59.4	\$3.58	\$5.62	2.01x	18.3x	52.0x	17.0x	1.03x	
Digirad Corporation	DRAD	3.50	5.1%	89.2%	4.85	1.80	64	39	49.9	0.8	NM	NM	0.77x	NM	NM	NM	NM	
Fonar Corp.	FONR	18.45	69.4%	233.6%	27.95	5.10	113	142	61.1	12.3	NM	NM	2.33x	11.5x	12.4x	NM	NM	

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Diagnostic Imaging Devices (cont.)																	
Given Imaging Ltd.	GIVN	\$29.95	48.1%	82.1%	\$30.18	\$13.01	\$988	\$868	\$188.9	\$24.9	\$0.71	\$0.91	4.60x	34.9x	57.7x	32.8x	1.31x
Hologic Inc.	HOLX	21.36	(4.5%)	(10.4%)	23.74	18.46	5,850	9,867	2,457.7	870.2	1.43	1.40	4.01x	11.3x	NM	15.2x	1.87x
Median			5.1%	82.1%									2.33x	14.9x	52.0x	17.0x	1.31x
Mobility Devices																	
Hill-Rom Holdings, Inc.	HRC	\$36.27	(12.2%)	9.3%	\$44.64	\$32.11	\$2,084	\$2,278	\$1,681.2	\$246.9	\$1.57	\$2.40	1.36x	9.2x	23.1x	15.1x	1.59x
Invacare Corporation	IVC	20.18	(6.0%)	28.3%	25.96	10.26	646	669	1,352.4	13.3	(1.08)	0.72	0.49x	NM	NM	28.0x	2.24x
Prism Medical Ltd.	PM	4.84	1.9%	(8.2%)	5.32	4.07	41	59	69.8	7.4	0.42	0.54	0.85x	8.0x	17.8x	9.0x	NM
Median			(6.0%)	9.3%									0.85x	8.6x	20.4x	15.1x	1.92x
Infection Prevention Devices																	
Cantel Medical Corp.	CMN	\$31.70	(9.7%)	51.4%	\$38.04	\$19.11	\$1,291	\$1,345	\$440.6	\$84.7	\$1.00	\$1.17	3.05x	15.9x	32.0x	27.1x	1.51x
Steris Corp.	STE	45.89	1.5%	21.6%	49.92	37.19	2,702	3,048	1,585.2	292.4	2.38	2.80	1.92x	10.4x	18.0x	16.4x	1.40x
Median			(4.1%)	36.5%									2.49x	13.2x	25.0x	21.7x	1.45x
Neural Implant Devices																	
Cyberonics Inc.	CYBX	\$66.80	15.7%	54.1%	\$71.93	\$42.49	\$1,802	\$1,680	\$270.0	\$88.9	\$1.93	\$2.25	6.22x	18.9x	39.3x	29.7x	1.63x
Integra LifeSciences Holdings Corporation	IART	46.46	1.5%	10.2%	49.90	30.87	1,468	1,897	829.9	140.3	2.53	3.13	2.29x	13.5x	NM	14.8x	1.80x
Median			8.6%	32.1%									4.25x	16.2x	39.3x	22.3x	1.71x
Ophthalmology Devices																	
IRIDEX Corporation	IRIX	\$8.47	41.9%	101.7%	\$11.00	\$3.92	\$83	\$69	\$36.9	\$1.7	\$0.17	\$0.32	1.87x	40.8x	39.7x	26.5x	1.06x
The Cooper Companies Inc.	COO	124.28	(3.8%)	22.6%	135.41	100.24	5,966	6,252	1,587.7	453.0	6.17	7.04	3.94x	13.8x	20.9x	17.7x	1.13x
Optos plc	OPTS	3.23	26.7%	1.0%	3.61	1.74	234	273	158.2	15.0	0.12	0.19	1.73x	18.2x	37.3x	17.3x	NM
Median			26.7%	22.6%									1.87x	18.2x	37.3x	17.7x	1.10x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$2.17	19.2%	25.4%	\$2.41	\$1.55	\$208	\$262	\$204.4	\$14.9	(\$0.09)	(\$0.01)	1.28x	17.6x	NM	NM	NM
ArthroCare Corporation	ARTC	45.38	21.2%	24.6%	49.95	31.56	1,288	1,163	373.2	86.9	1.41	1.49	3.12x	13.4x	71.7x	30.4x	2.85x
Bovie Medical Corporation	BVX	2.78	5.3%	1.1%	4.79	1.94	50	50	24.4	(0.8)	NM	NM	2.04x	NM	NM	NM	NM
CONMED Corporation	CNMD	41.95	15.7%	42.8%	45.57	29.10	1,158	1,334	756.1	125.8	1.76	1.92	1.76x	10.6x	32.5x	21.8x	2.07x
Intuitive Surgical, Inc.	ISRG	407.58	9.7%	(29.0%)	585.67	351.14	15,514	12,760	2,265.1	919.8	16.73	15.17	5.63x	13.9x	24.4x	26.9x	2.86x
Median			15.7%	24.6%									2.04x	13.6x	32.5x	26.9x	2.85x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E		
Diversified Medical Devices																		
Abaxis, Inc.	ABAX	\$38.17	6.8%	(1.4%)	\$51.84	\$32.11	\$850	\$749	\$179.8	\$31.3	\$0.76	\$0.84	4.17x	23.9x	50.2x	45.3x	2.47x	
AtriCure, Inc.	ATRC	20.50	48.0%	154.3%	23.00	7.48	431	408	78.0	(4.5)	(0.46)	(0.47)	5.23x	NM	NM	NM	NM	
Baxter International Inc.	BAX	68.30	3.7%	0.7%	74.60	62.80	37,066	43,753	15,259.0	4,134.0	3.66	5.02	2.87x	10.6x	18.7x	13.6x	1.70x	
CareFusion Corporation	CFN	40.77	5.2%	31.3%	41.98	30.75	8,616	8,294	3,556.0	796.0	2.12	2.55	2.33x	10.4x	23.8x	16.0x	1.41x	
CR Bard Inc.	BCR	129.59	(4.9%)	27.0%	141.02	97.14	10,094	10,816	3,049.5	825.3	8.39	7.57	3.55x	13.1x	15.4x	17.1x	1.48x	
Cryolife Inc.	CRY	10.79	20.0%	68.1%	12.14	5.52	298	280	137.3	21.4	0.61	0.38	2.04x	13.1x	32.9x	28.1x	1.13x	
Hospira Inc.	HSP	44.01	8.6%	29.0%	45.24	28.71	7,300	8,490	4,017.3	307.1	2.07	2.15	2.11x	27.6x	NM	20.5x	2.30x	
IDEXX Laboratories, Inc.	IDXX	114.26	5.9%	20.0%	115.00	81.57	5,929	6,063	1,377.1	321.6	3.47	3.84	4.40x	18.9x	33.3x	29.8x	2.08x	
Masimo Corporation	MASI	29.25	14.2%	44.1%	32.20	19.03	1,654	1,562	532.1	100.5	1.16	1.17	2.94x	15.6x	26.4x	25.1x	1.72x	
Misonix Inc.	MSON	5.13	22.7%	(33.3%)	7.90	2.98	37	32	14.0	(5.3)	(0.44)	0.09	2.31x	NM	NM	57.0x	1.90x	
Natus Medical Inc.	BABY	25.89	31.2%	110.1%	26.98	11.40	802	784	344.1	51.1	0.74	1.19	2.28x	15.3x	35.0x	21.7x	1.36x	
PhotoMedex, Inc.	PHMD	13.91	10.0%	(1.8%)	17.05	10.51	276	228	216.0	29.8	0.97	1.17	1.05x	7.7x	14.0x	11.8x	0.77x	
ResMed Inc.	RMD	43.61	(15.7%)	(0.4%)	57.34	41.98	6,178	5,641	1,540.2	485.7	2.23	2.67	3.66x	11.6x	19.6x	16.3x	1.25x	
SurModics, Inc.	SRDX	24.38	3.4%	1.1%	27.98	19.24	335	312	56.2	20.6	0.96	0.93	5.55x	15.1x	25.4x	26.2x	1.75x	
Teleflex Incorporated	TFX	93.64	1.6%	24.9%	99.13	73.83	3,853	4,514	1,656.4	356.5	4.92	5.49	2.73x	12.7x	27.2x	17.1x	1.53x	
Varian Medical Systems, Inc.	VAR	81.31	12.0%	15.1%	84.24	63.10	8,420	7,856	2,976.0	678.0	4.03	4.45	2.64x	11.6x	20.2x	18.3x	1.68x	
Median			7.7%	22.4%									2.80x	13.1x	25.4x	20.5x	1.68x	
Life Science Conglomerates																		
Illumina Inc.	ILMN	\$152.00	62.5%	200.2%	\$154.99	\$48.00	\$19,212	\$18,915	\$1,421.2	\$331.7	\$0.90	\$2.06	13.31x	NM	NM	73.7x	4.09x	
PerkinElmer Inc.	PKI	43.60	14.6%	23.7%	45.86	29.50	4,900	5,662	2,166.2	386.9	1.46	2.45	2.61x	14.6x	29.9x	17.8x	1.47x	
Thermo Fisher Scientific, Inc.	TMO	115.14	17.8%	59.6%	117.68	71.60	41,608	46,265	13,090.3	2,789.3	3.50	6.75	3.53x	16.6x	32.9x	17.1x	1.32x	
Median			17.8%	59.6%									3.53x	15.6x	31.4x	17.8x	1.47x	
Lab Instrumentation & Devices																		
Bruker Corporation	BRKR	\$20.35	(0.5%)	20.6%	\$21.41	\$15.41	\$3,410	\$3,462	\$1,804.6	\$229.1	\$0.74	\$0.88	1.92x	15.1x	59.8x	23.1x	1.62x	
Harvard Bioscience Inc.	HBIO	4.42	(24.4%)	(11.1%)	6.15	4.04	137	124	105.6	2.9	(0.02)	0.14	1.17x	42.7x	NM	30.7x	3.07x	
Waters Corporation	WAT	108.27	7.3%	18.2%	111.00	87.85	9,217	8,737	1,904.2	604.5	5.20	5.47	4.59x	14.5x	20.8x	19.8x	1.92x	
Median			(0.5%)	18.2%									1.92x	15.1x	40.3x	23.1x	1.92x	

Source: Capital IQ as of January 31, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Lab Equipment																	
Kewaunee Scientific Corp.	KEQU	\$16.54	(4.7%)	33.7%	\$18.40	\$11.08	\$43	\$46	\$117.4	\$9.1	NM	NM	0.39x	5.0x	10.6x	NM	NM
Mettler-Toledo International Inc.	MTD	246.30	(0.5%)	15.9%	256.98	196.00	7,312	7,626	2,379.0	507.7	10.50	11.54	3.21x	15.0x	25.4x	21.3x	1.59x
Median			(2.6%)	24.8%									1.80x	10.0x	18.0x	21.3x	1.59x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$9.39	32.8%	147.0%	\$9.80	\$3.22	\$675	\$794	\$330.4	\$26.1	\$0.14	\$0.16	2.40x	30.4x	NM	57.1x	11.42x
Bio-Rad Laboratories, Inc.	BIO	127.12	2.9%	11.7%	133.00	110.02	3,647	3,523	2,103.9	316.5	4.88	5.52	1.67x	11.1x	41.0x	23.0x	2.30x
Cambrex Corporation.	CBM	18.77	11.6%	59.7%	19.74	11.20	568	644	285.3	58.5	0.83	1.11	2.26x	11.0x	8.9x	16.9x	1.22x
Luminex Corporation	LMNX	18.27	(6.3%)	(0.6%)	24.10	15.39	765	704	213.4	23.1	0.32	0.53	3.30x	30.5x	NM	34.4x	1.09x
Techne Corp.	TECH	90.87	4.0%	26.8%	96.96	62.55	3,350	3,165	330.2	177.2	3.33	3.50	9.59x	17.9x	29.4x	25.9x	2.07x
Median			4.0%	26.8%									2.40x	17.9x	29.4x	25.9x	2.07x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$49.23	1.6%	34.2%	\$54.78	\$35.01	\$78,177	\$83,739	\$18,790.0	\$7,244.3	\$2.56	\$3.15	4.46x	11.6x	19.2x	15.6x	2.97x
Allergan Inc.	AGN	114.60	26.5%	9.1%	123.83	81.33	34,055	33,010	6,300.4	2,015.4	4.76	5.49	5.24x	16.4x	27.1x	20.9x	1.67x
Bristol-Myers Squibb Company	BMJ	49.97	(4.9%)	38.3%	56.83	36.03	82,278	86,741	16,385.0	4,195.7	1.54	1.77	5.29x	20.7x	32.4x	28.3x	3.33x
Eli Lilly and Company	LLY	54.01	8.4%	0.6%	58.41	47.53	59,068	58,973	23,113.1	7,007.3	4.32	2.82	2.55x	8.4x	12.5x	19.2x	16.68x
Merck & Co. Inc.	MRK	52.97	17.5%	22.5%	54.10	40.83	154,775	165,838	44,033.0	14,377.0	3.50	3.49	3.77x	11.5x	35.6x	15.2x	6.45x
Pfizer Inc.	PFE	30.40	(0.9%)	11.4%	32.50	26.79	197,025	200,481	51,584.0	23,114.7	1.65	2.27	3.89x	8.7x	18.4x	13.4x	4.00x
Median			5.0%	17.0%									4.17x	11.5x	23.2x	17.4x	3.67x
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$22.70	11.1%	73.4%	\$26.16	\$12.50	\$2,187	\$2,219	\$304.3	\$96.8	\$0.44	\$0.70	7.29x	22.9x	56.7x	32.7x	1.42x
BioDelivery Sciences International, Inc.	BDSI	7.85	49.5%	80.0%	9.49	3.52	299	279	27.2	(37.9)	(1.49)	(0.60)	10.26x	NM	NM	NM	NM
BioSynt Inc.	RX	3.06	0.0%	234.7%	4.45	0.90	42	39	6.8	2.1	NM	NM	5.71x	18.3x	26.0x	NM	NM
Cadence Pharmaceuticals Inc.	CADX	10.98	122.7%	132.1%	12.69	4.45	945	920	94.4	(35.1)	(0.33)	0.11	9.75x	NM	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	7.04	(1.4%)	188.5%	8.67	2.21	176	158	16.9	10.0	0.49	0.68	9.34x	15.8x	20.9x	10.3x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.70	(3.9%)	11.9%	5.85	4.10	85	25	37.6	3.8	NM	NM	0.66x	6.5x	72.7x	NM	NM
DURECT Corporation	DRRX	2.09	39.3%	91.7%	2.29	0.76	230	213	14.3	(20.7)	(0.22)	(0.20)	14.92x	NM	NM	NM	NM
Endo Health Solutions Inc.	ENDP	65.88	50.7%	108.1%	72.66	27.70	7,566	10,088	2,991.0	1,069.2	4.76	4.00	3.37x	9.4x	NM	16.5x	3.69x

Source: Capital IQ as of January 31, 2014; For definitions, see page 17

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 1/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Pharmaceuticals (cont.)																	
Forest Laboratories Inc.	FRX	\$66.30	41.0%	82.6%	\$72.40	\$35.22	\$17,862	\$16,184	\$3,371.4	\$371.7	\$0.58	\$2.60	4.80x	43.5x	NM	25.5x	0.39x
Heska Corporation	HSKA	8.74	44.0%	4.0%	9.37	5.16	51	63	73.3	(0.5)	(0.28)	0.23	0.86x	NM	NM	38.6x	2.20x
Hi-Tech Pharmacal Co., Inc.	HITK	43.26	0.4%	18.2%	44.33	29.24	599	490	231.9	45.9	2.24	2.66	2.11x	10.7x	85.0x	16.3x	NM
Impax Laboratories Inc.	IPXL	23.14	14.2%	14.8%	25.50	14.41	1,553	1,117	551.8	131.9	0.88	0.63	2.02x	8.5x	13.7x	36.4x	1.15x
Lannett Company, Inc.	LCI	35.32	49.6%	490.6%	38.16	6.09	1,231	1,192	192.4	31.4	0.83	1.91	6.20x	38.0x	NM	18.5x	0.39x
Mylan, Inc.	MYL	45.41	19.9%	60.6%	46.73	27.66	17,386	23,263	6,823.5	1,864.5	2.87	3.44	3.41x	12.5x	29.9x	13.2x	1.16x
Merus Labs International Inc.	MSL	1.28	1.4%	44.9%	1.51	0.43	49	76	27.6	17.9	(0.09)	0.10	2.76x	4.3x	NM	13.5x	NM
Paladin Labs Inc.	PLB	112.10	94.5%	180.3%	118.42	39.15	2,327	2,160	267.1	86.3	2.26	2.62	8.09x	25.0x	51.5x	42.8x	0.84x
Patheon Inc.	PTI	9.28	81.4%	179.1%	9.36	2.71	1,308	1,825	1,023.1	128.0	0.33	0.33	1.78x	14.3x	NM	28.0x	NM
Questcor Pharmaceuticals, Inc.	QCOR	67.01	9.2%	163.0%	74.76	25.50	3,870	3,681	716.6	406.3	4.88	6.56	5.14x	9.1x	15.4x	10.2x	0.38x
Salix Pharmaceuticals Ltd.	SLXP	97.34	35.7%	103.2%	101.82	47.07	6,122	6,177	874.4	283.4	3.30	6.09	7.06x	21.8x	57.8x	16.0x	0.71x
SciClone Pharmaceuticals, Inc.	SCLN	4.70	(0.6%)	(10.1%)	6.30	4.25	250	161	127.5	13.5	0.35	0.52	1.26x	11.9x	20.5x	9.0x	NM
The Medicines Company	MDCO	34.76	2.5%	16.3%	41.28	28.63	1,854	1,625	662.4	89.9	1.73	1.88	2.45x	18.1x	57.9x	18.5x	0.65x
Valeant Pharmaceuticals International, Inc.	VRX	136.62	37.2%	128.5%	141.07	58.82	45,616	61,352	4,692.1	2,367.5	6.14	8.61	13.08x	25.9x	NM	15.8x	0.62x
Median			27.8%	87.2%									4.97x	15.0x	40.7x	16.5x	0.78x

Definitions**PEG Ratio:** Price Earnings to Growth**EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization**EPS:** Earnings Per Share**Enterprise Value:** Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments**LTM:** Last Twelve Months

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