

Healthcare Sector Update



March 2014

Summary – Healthcare Services

- The S&P Healthcare Services Index has fallen 2.4% over the last three months, underperforming the S&P 500.
- Over the past three months:
 - The best performing sectors were Contract Research Organizations (up 24.3%) and Emergency Services (up 18.0%).
 - The worst performing sectors were Clinical Laboratories (down 8.5%) and Specialty Managed Care (down 8.0%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.71x and 10.4x, respectively.
- The sectors with the highest valuation multiples include:
 - Specialty HCIT (3.96x LTM Revenue, 22.1x LTM EBITDA)
 - Provider Based HCIT (3.04x LTM Revenue, 14.1x LTM EBITDA)

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 8.9% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - The best performing sectors were Life Science Conglomerates (up 23.3%) and Surgical Devices (up 17.7%).
 - The worst performing sectors were Mobility Devices (down 9.1%) and Infection Prevention Devices (down 7.4%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.74x and 13.9x, respectively.
- The sectors with the highest valuation multiples include:
 - Biotechnology (9.91x LTM Revenue, 27.2x LTM EBITDA)
 - Pharmaceuticals (5.35x LTM Revenue, 15.2x 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	\$42,355	4.5%	30.5%	1.45x	8.8x	17.9x	15.7x	1.6x
Assisted Living	6	6,975	16.7%	4.4%	1.83x	15.8x	21.7x	19.1x	1.1x
Care Management / TPA	7	9,559	5.3%	31.3%	1.98x	13.0x	25.8x	14.1x	1.1x
Clinical Laboratories	5	22,643	(8.5%)	5.6%	1.82x	8.8x	15.3x	14.0x	1.4x
Contract Research Orgs	6	22,124	24.3%	54.4%	2.09x	13.9x	29.5x	22.0x	1.8x
Diagnostic Imaging	3	409	5.3%	45.2%	1.91x	6.1x	1.5x	38.8x	NM
Dialysis Services	2	35,309	7.0%	7.0%	1.96x	9.9x	21.3x	18.2x	1.9x
Distribution / Supply	7	98,046	(0.5%)	43.8%	0.33x	11.6x	22.1x	17.6x	1.7x
Emergency Services	2	2,167	18.0%	41.8%	2.36x	10.2x	35.1x	18.9x	1.1x
HCIT - Provider Based	9	38,307	6.5%	31.2%	3.04x	14.1x	36.0x	34.2x	2.1x
HCIT - Specialty	9	10,472	7.1%	47.3%	3.96x	22.1x	44.2x	58.3x	4.6x
Healthcare Staffing	6	12,947	0.7%	34.4%	1.44x	14.5x	27.9x	20.9x	1.3x
Home Care / Hospice	6	3,422	0.2%	24.6%	0.68x	10.5x	20.8x	16.5x	1.6x
Long Term Care	4	2,808	0.1%	18.7%	0.74x	8.9x	23.7x	16.7x	5.3x
Managed Care - Commercial	7	170,839	3.9%	44.6%	0.56x	8.3x	14.3x	13.8x	1.3x
Managed Care - Government	3	8,107	6.6%	18.1%	0.25x	7.5x	22.2x	17.7x	0.8x
Other Services	4	11,741	(6.0%)	15.3%	1.97x	21.8x	36.1x	28.4x	1.7x
Pharmacy Management	5	74,796	3.0%	32.3%	0.69x	11.1x	37.0x	16.2x	1.2x
Physician Practice Mgmt	2	6,189	4.4%	24.0%	1.75x	11.4x	21.9x	19.3x	1.6x
Psychiatric Hospitals	3	4,514	0.5%	55.7%	0.36x	6.8x	15.4x	23.8x	2.1x
Specialty Managed Care	2	5,163	(8.0%)	24.8%	0.36x	4.9x	9.5x	10.8x	1.1x
Surgicenters / Rehabilitation	7	8,798	(3.3%)	35.1%	1.67x	9.2x	19.3x	17.4x	1.5x
Total / Median (\$MM)	111	597,688	4.2%	31.3%	1.71x	10.4x	22.0x	18.0x	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	25	\$476,832	22.9%	80.7%	5.9%	76.7%	36.9%	49.3%
\$1 billion - \$5 billion	39	95,929	35.8%	16.2%	6.7%	97.5%	38.7%	56.2%
\$250 million - \$1 billion	31	17,074	28.4%	2.9%	1.9%	121.0%	54.6%	76.3%
\$100 million - \$250 million	4	641	3.7%	0.1%	11.8%	73.1%	21.5%	(2.2%)
< \$100 million	10	565	9.2%	0.1%	9.4%	17.5%	16.8%	9.9%
Total / Median (\$MM)	109	\$591,041	100.0%	100.0%	4.2%	76.7%	31.3%	49.3%

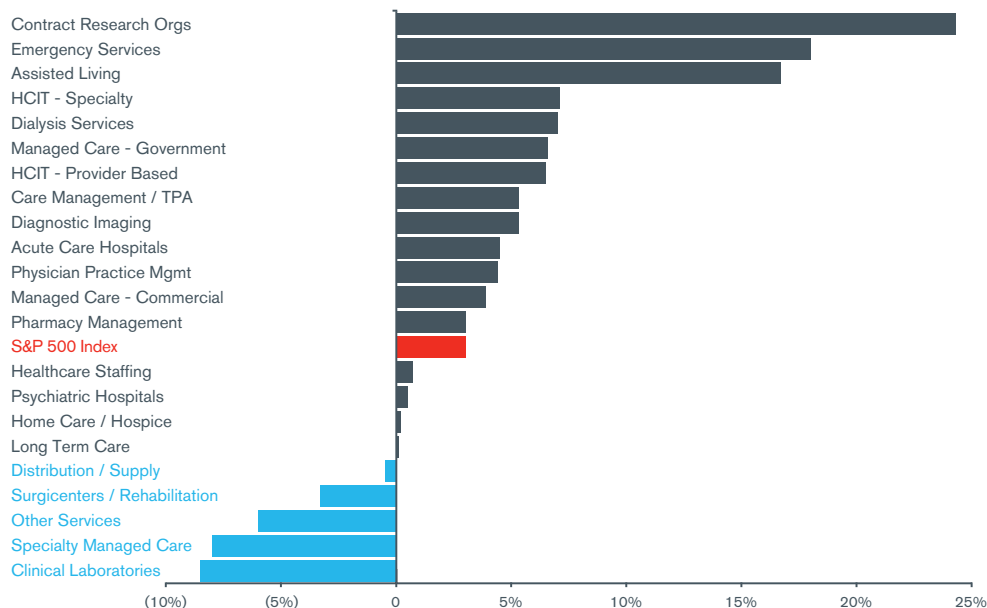
Source: Capital IQ

MARKET INDICES

	Value at 2/28/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$16,321.7	1.5%	(1.5%)	15.8%	35.4%
S&P 500 Index	1,859.4	3.0%	0.6%	22.5%	42.3%
NASDAQ Composite Index	4,308.1	6.1%	3.1%	35.9%	57.4%
Russell 2000 Index	1,183.0	3.5%	1.7%	29.3%	46.6%
AMEX Sector Index - Healthcare	135.2	16.4%	12.5%	57.1%	27.9%
S&P Healthcare Facilities (Sub Ind) Index	300.3	0.7%	1.1%	24.0%	33.0%
S&P Healthcare Providers & Services (Industry) Index	457.7	1.7%	2.3%	30.6%	60.9%
S&P Managed Healthcare (Sub Ind) Index	239.0	(4.7%)	(0.5%)	19.8%	62.3%
S&P Healthcare Services	367.8	(2.4%)	(2.9%)	14.3%	43.5%

Source: Capital IQ

Median% Change — 3 months



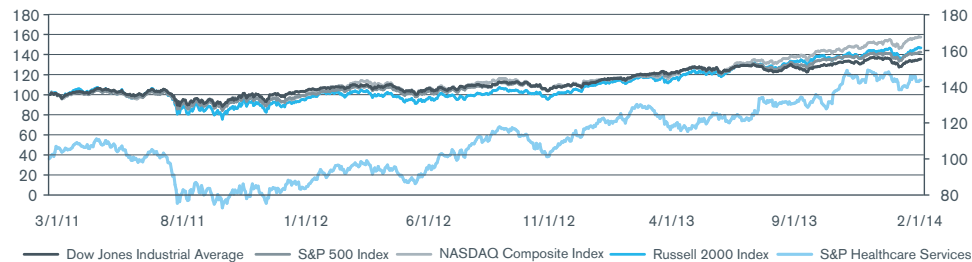
Source: Capital IQ

INTEREST RATES

	Value at 2/28/14	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.00%	0.40%
U.S. Treasury - 2 years	0.33%	0.35%	0.27%	0.25%
U.S. Treasury - 5 years	1.51%	1.55%	1.33%	0.77%
U.S. Treasury - 10 years	2.66%	2.75%	2.74%	1.89%
U.S. Treasury - 30 years	3.59%	3.67%	3.81%	3.81%
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 2/28/14	% 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	\$19.25	12.1%	75.8%	\$19.75	\$10.66	\$340	\$352	\$170.0	\$15.8	NM	NM	2.07x	22.3x	NM	NM	NM
Community Health Systems, Inc.	CYH	41.51	1.2%	(1.8%)	51.29	36.52	4,706	14,296	12,997.7	1,663.9	1.51	3.11	1.10x	8.6x	27.5x	13.3x	0.81x
HCA Holdings, Inc.	HCA	51.20	10.1%	38.0%	52.23	35.20	22,554	52,091	34,182.0	6,532.0	3.37	3.68	1.52x	8.0x	15.2x	13.9x	1.22x
Lifepoint Hospitals Inc.	LPNT	54.25	5.9%	23.0%	56.77	43.13	2,559	4,380	3,678.3	490.1	2.68	2.70	1.19x	8.9x	20.2x	20.1x	2.15x
Tenet Healthcare Corp.	THC	44.12	3.0%	12.2%	49.48	36.87	4,279	15,375	11,102.0	1,342.0	(1.21)	1.62	1.38x	11.5x	NM	27.2x	1.58x
Universal Health Services Inc.	UHS	80.28	(2.3%)	38.7%	86.08	56.07	7,916	11,482	7,283.8	1,352.8	5.14	5.10	1.58x	8.5x	15.6x	15.7x	1.59x
Median			4.5%	30.5%									1.45x	8.8x	17.9x	15.7x	1.58x
Assisted Living																	
AdCare Health Systems Inc.	ADK	\$4.34	10.7%	(1.8%)	\$6.26	\$3.62	\$70	\$231	\$228.0	\$9.2	(\$0.81)	(\$0.33)	1.01x	25.0x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	33.54	17.3%	21.2%	33.69	24.42	4,171	6,749	2,546.2	427.4	(0.03)	0.29	2.65x	15.8x	NM	NM	NM
Capital Senior Living Corp.	CSU	25.42	16.1%	10.5%	27.90	19.87	732	1,240	343.8	54.5	(0.59)	0.28	3.61x	22.8x	NM	NM	NM
Emeritus Corp.	ESC	31.53	41.9%	10.7%	31.93	18.15	1,532	5,464	1,929.7	344.9	(3.04)	(1.83)	2.83x	15.8x	NM	NM	NM
Five Star Quality Care Inc.	FVE	5.79	18.4%	(8.7%)	6.87	4.41	279	311	1,231.4	45.5	0.17	0.26	0.25x	6.8x	21.7x	22.4x	1.57x
Skilled Healthcare Group, Inc.	SKH	4.81	(5.7%)	(17.4%)	7.51	4.08	191	606	842.3	65.8	(0.16)	0.31	0.72x	9.2x	NM	15.7x	0.62x
Median			16.7%	4.4%									1.83x	15.8x	21.7x	19.1x	1.10x
Care Management / TPA																	
Alere Inc.	ALR	\$36.74	11.9%	61.4%	\$39.90	\$21.99	\$3,008	\$6,489	\$3,029.4	\$629.2	(\$1.13)	\$2.60	2.14x	10.3x	NM	14.1x	1.13x
CorVel Corporation	CRVL	46.01	1.1%	91.5%	51.50	22.58	963	930	470.5	71.8	1.57	NM	1.98x	13.0x	29.3x	NM	NM
Crawford & Company	CRD.B	8.47	(15.8%)	2.5%	11.30	5.62	438	507	1,163.4	107.3	0.92	0.91	0.44x	4.7x	9.2x	9.3x	0.93x
ExamWorks Group, Inc.	EXAM	36.38	25.9%	156.9%	37.40	13.82	1,343	1,664	616.0	76.8	(0.29)	0.14	2.70x	21.7x	NM	NM	NM
Healthways Inc.	HWAY	14.96	8.5%	16.4%	22.20	9.59	525	775	663.3	54.7	(0.25)	0.11	1.17x	14.2x	NM	NM	NM
Hooper Holmes Inc.	HH	0.55	2.2%	9.6%	0.74	0.31	39	34	144.7	(8.8)	NM	NM	0.24x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	47.79	5.3%	31.3%	50.55	34.65	3,243	3,124	1,451.6	240.4	1.85	2.25	2.15x	13.0x	25.8x	21.2x	1.25x
Median			5.3%	31.3%									1.98x	13.0x	25.8x	14.1x	1.13x

Source: Capital IQ as of February 28, 2014; For definitions, see page 9

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Company Name	Ticker	Price 2/28/14	% 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	\$25.26	(14.5%)	(4.6%)	\$37.97	\$23.36	\$700	\$728	\$735.4	\$92.3	\$1.46	\$1.91	0.99x	7.9x	15.3x	13.2x	0.88x
Laboratory Corp. of America Holdings	LH	93.54	(8.5%)	5.6%	108.00	87.01	7,979	10,595	5,808.3	1,203.5	6.25	6.66	1.82x	8.8x	15.0x	14.0x	1.46x
Psychemedics Corp.	PMD	17.81	30.0%	48.0%	18.76	10.55	95	91	26.9	6.6	0.72	0.78	3.38x	13.8x	24.8x	22.8x	NM
Quest Diagnostics Inc.	DGX	53.00	(13.7%)	(5.6%)	64.10	50.46	7,648	10,852	7,146.0	1,439.0	5.31	4.03	1.52x	7.5x	10.0x	13.2x	1.34x
Sonic Healthcare Limited	SHL	15.52	2.8%	12.9%	15.97	11.37	6,221	7,968	3,296.0	600.5	0.81	0.92	2.42x	13.3x	19.2x	16.8x	1.60x
Median			(8.5%)	5.6%									1.82x	8.8x	15.3x	14.0x	1.40x
Contract Research Orgs																	
Albany Molecular Research Inc.	AMRI	\$15.60	30.9%	93.1%	\$16.38	\$7.76	\$493	\$440	\$246.6	\$45.1	\$0.40	\$0.77	1.79x	9.7x	39.0x	20.3x	NM
Charles River Laboratories International, Inc.	CRL	59.41	14.2%	45.8%	60.72	40.00	2,831	3,352	1,165.5	257.2	2.15	3.08	2.88x	13.0x	27.6x	19.3x	2.05x
Covance Inc.	CVD	103.56	22.3%	55.5%	105.00	65.59	5,865	5,386	2,402.3	363.3	3.15	3.85	2.24x	14.8x	32.9x	26.9x	1.81x
ICON Public Limited Company	ICLR	46.84	22.6%	50.3%	50.00	29.07	2,867	2,650	1,336.1	176.3	1.65	2.17	1.98x	15.0x	28.4x	21.6x	1.18x
PAREXEL International Corporation	PRXL	53.57	29.6%	54.4%	55.26	34.01	3,032	3,101	1,854.0	243.7	1.97	2.26	1.67x	12.7x	27.2x	23.7x	1.16x
Quintiles Transnational Holdings Inc.	Q	54.15	26.0%	NM	55.00	40.10	7,035	8,328	3,808.3	557.0	1.77	2.42	2.19x	15.0x	30.6x	22.4x	1.80x
Median			24.3%	54.4%									2.09x	13.9x	29.5x	22.0x	1.80x
Diagnostic Imaging																	
Alliance Healthcare Services, Inc.	AIQ	\$30.14	5.3%	328.1%	\$32.85	\$6.68	\$317	\$863	\$453.0	\$140.6	NM	NM	1.91x	6.1x	NM	NM	NM
American Shared Hospital Services	AMS	3.05	13.0%	45.2%	3.46	1.52	14	49	17.8	9.2	NM	NM	2.75x	5.3x	NM	NM	NM
RadNet, Inc.	RDNT	1.94	(1.0%)	(31.4%)	3.35	1.50	78	664	703.0	104.3	0.01	0.05	0.94x	6.4x	1.5x	38.8x	NM
Median			5.3%	45.2%									1.91x	6.1x	1.5x	38.8x	NM
Dialysis Services																	
DaVita HealthCare Partners Inc.	DVA	\$68.73	14.8%	14.9%	\$70.00	\$52.75	\$14,653	\$22,999	\$11,759.2	\$2,383.7	\$2.89	\$3.73	1.96x	9.6x	23.8x	18.4x	1.47x
Fresenius Medical Care AG & Co. KGAA	FME	68.51	(0.8%)	(0.9%)	77.94	64.32	20,655	29,296	14,894.4	2,868.9	3.65	3.80	1.97x	10.2x	18.7x	18.0x	2.29x
Median			7.0%	7.0%									1.96x	9.9x	21.3x	18.2x	1.88x

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Company Name	Ticker	Price 2/28/14	% 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	\$18.29	(14.9%)	75.7%	\$25.25	\$9.84	\$519	\$500	\$519.8	\$58.6	\$1.11	\$1.22	0.96x	8.5x	16.5x	15.0x	NM
AmerisourceBergen Corporation	ABC	67.85	(3.8%)	43.8%	71.92	46.89	15,551	17,024	96,075.7	1,129.8	1.57	3.85	0.18x	15.1x	43.3x	17.6x	1.27x
Cardinal Health, Inc.	CAH	71.53	11.0%	54.8%	72.57	41.42	24,527	25,720	96,735.0	2,566.0	1.08	3.93	0.27x	10.0x	NM	18.2x	2.05x
Henry Schein, Inc.	HSIC	119.04	4.0%	33.4%	120.30	87.90	10,171	10,968	9,560.6	805.1	4.93	5.37	1.15x	13.6x	24.1x	22.2x	2.02x
McKesson Corporation	MCK	177.05	7.0%	66.8%	179.40	102.68	40,744	43,187	130,370.0	3,327.0	5.33	10.04	0.33x	13.0x	33.2x	17.6x	0.88x
Owens & Minor Inc.	OMI	34.72	(9.2%)	14.0%	38.55	29.90	2,191	2,304	9,071.5	246.9	1.76	2.00	0.25x	9.3x	19.7x	17.3x	1.93x
Patterson Companies, Inc.	PDCO	41.16	(0.5%)	13.3%	44.39	35.91	4,344	4,739	3,926.6	407.0	2.04	2.33	1.21x	11.6x	20.2x	17.7x	1.56x
Median			(0.5%)	43.8%									0.33x	11.6x	22.1x	17.6x	1.74x
Emergency Services																	
Air Methods Corp.	AIRM	\$54.02	(3.0%)	20.6%	\$59.07	\$32.24	\$2,109	\$2,787	\$881.6	\$200.4	\$1.54	\$2.85	3.16x	13.9x	35.1x	19.0x	1.13x
InfuSystem Holdings, Inc.	INFU	2.64	38.9%	63.0%	3.05	1.27	58	85	54.4	12.9	0.07	0.14	1.56x	6.6x	NM	18.9x	NM
Median			18.0%	41.8%									2.36x	10.2x	35.1x	18.9x	1.13x
HCIT - Provider Based																	
Accretive Health, Inc.	AH	\$8.28	(0.2%)	(13.6%)	\$11.58	\$7.98	\$805	\$609	\$973.6	\$28.7	\$0.15	\$0.27	0.63x	21.2x	48.8x	31.2x	1.04x
The Advisory Board Company	ABCO	64.08	(0.8%)	26.1%	70.55	44.20	2,316	2,262	502.3	60.7	0.59	1.28	4.50x	37.2x	NM	50.1x	3.29x
Allscripts Healthcare Solutions, Inc.	MDRX	18.57	24.4%	46.1%	18.87	12.30	3,278	3,777	1,373.1	30.8	(0.59)	0.40	2.75x	NM	NM	46.0x	2.20x
athenahealth, Inc.	ATHN	193.87	49.1%	106.7%	206.70	82.01	7,247	7,406	595.0	54.8	0.07	1.10	NM	NM	NM	NM	NM
Cerner Corporation	CERN	61.37	6.5%	40.3%	63.07	43.52	21,108	20,394	2,840.6	744.9	1.13	1.66	7.18x	27.4x	NM	37.1x	2.09x
Computer Programs & Systems Inc.	CPSI	68.43	12.0%	31.2%	71.52	47.23	764	741	200.9	53.7	2.95	3.31	3.69x	13.8x	23.2x	20.7x	1.93x
MedAssets, Inc.	MDAS	24.29	11.9%	31.5%	26.58	16.31	1,501	2,272	680.4	206.5	0.45	1.39	3.34x	11.0x	NM	17.5x	1.40x
Merge Healthcare Incorporated	MRGE	2.51	6.4%	2.4%	4.71	1.99	236	454	231.7	32.1	(0.42)	0.03	1.96x	14.1x	NM	76.1x	5.07x
Quality Systems Inc.	QSII	17.46	(24.9%)	(5.7%)	24.15	17.01	1,051	957	440.8	72.8	0.10	0.75	2.17x	13.2x	NM	23.4x	3.47x
Median			6.5%	31.2%									3.04x	14.1x	36.0x	34.2x	2.14x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
HCIT - Specialty																	
Accelrys Inc.	ACCL	\$12.48	29.2%	31.9%	\$12.58	\$7.75	\$695	\$628	\$168.5	\$4.5	\$0.10	\$0.43	3.73x	NM	NM	29.0x	NM
BioTelemetry, Inc.	BEAT	11.24	6.4%	351.4%	11.88	2.30	293	272	129.5	5.8	(0.29)	(0.06)	2.10x	47.3x	NM	NM	NM
Care.com, Inc.	CRCM	18.51	NM	NM	29.25	17.74	551	673	81.5	(20.9)	(9.45)	(1.05)	8.26x	NM	NM	NM	NM
Healthstream Inc.	HSTM	28.82	(13.2%)	34.7%	39.77	19.50	786	677	132.3	22.5	0.30	0.34	5.12x	30.1x	NM	84.3x	5.11x
HMS Holdings Corp.	HMSY	20.46	(11.3%)	(29.6%)	31.93	17.39	1,806	1,946	491.8	103.5	0.45	NM	3.96x	18.8x	45.5x	NM	NM
Medidata Solutions, Inc.	MDSO	64.10	7.8%	146.0%	66.92	25.57	3,472	3,461	276.8	31.9	0.31	0.79	12.50x	NM	NM	81.7x	4.02x
Omnicell, Inc.	OMCL	28.78	19.6%	59.9%	29.05	17.01	1,025	920	380.6	53.6	0.67	1.22	2.42x	17.2x	43.0x	23.7x	1.31x
Streamline Health Solutions, Inc.	STRM	6.27	2.8%	12.6%	8.50	5.41	109	125	28.7	0.6	(0.89)	(0.13)	4.35x	NM	NM	NM	NM
WebMD Health Corp.	WBMD	44.41	16.3%	101.0%	51.41	21.78	1,736	1,864	515.3	84.3	0.31	0.76	3.62x	22.1x	NM	58.3x	5.83x
Median			7.1%	47.3%									3.96x	22.1x	44.2x	58.3x	4.56x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$13.93	0.2%	(1.2%)	\$16.20	\$11.30	\$646	\$790	\$1,011.8	\$79.4	\$0.69	\$0.73	0.78x	9.9x	20.2x	19.0x	1.19x
Cross Country Healthcare, Inc.	CCRN	10.40	41.3%	82.8%	11.54	4.59	323	291	440.9	6.1	0.03	0.14	0.66x	NM	NM	NM	NM
Envision Healthcare Holdings, Inc.	EVHC	33.66	12.2%	NM	35.55	24.50	6,097	7,765	3,615.4	431.2	0.48	0.87	2.15x	18.0x	NM	38.6x	1.87x
IPC The Hospitalist Company, Inc.	IPCM	51.33	(17.3%)	23.1%	63.70	39.06	876	941	609.5	66.6	2.39	2.48	1.54x	14.1x	21.5x	20.7x	1.27x
On Assignment Inc.	ASGN	34.40	1.1%	57.4%	35.71	21.54	1,852	2,215	1,632.0	152.8	1.00	1.46	1.36x	14.5x	34.4x	23.5x	1.68x
Team Health Holdings, Inc.	TMH	45.02	(3.3%)	34.4%	48.83	32.89	3,153	3,624	2,383.6	236.6	1.24	2.16	1.52x	15.3x	36.3x	20.9x	1.22x
Median			0.7%	34.4%									1.44x	14.5x	27.9x	20.9x	1.27x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$28.76	(2.1%)	226.4%	\$32.40	\$8.11	\$310	\$281	\$259.8	\$19.5	\$0.95	\$1.12	1.08x	14.4x	27.4x	25.7x	NM
Almost Family Inc.	AFAM	27.42	(3.4%)	33.2%	33.97	17.66	258	231	353.0	22.7	1.18	1.49	0.65x	10.2x	21.3x	18.4x	NM
Amedisys Inc.	AMED	16.96	2.8%	50.1%	18.70	8.81	551	579	1,326.0	52.8	0.30	0.07	0.44x	11.0x	NM	NM	NM
Chemed Corp.	CHE	84.60	8.9%	9.6%	86.24	61.68	1,500	1,599	1,413.3	185.0	4.16	5.89	1.13x	8.6x	20.3x	14.4x	1.64x
Gentiva Health Services Inc.	GTIV	10.71	(14.4%)	1.8%	13.85	8.47	388	1,118	1,726.6	102.9	0.90	1.11	0.65x	10.9x	NM	9.7x	1.25x
LHC Group, Inc.	LHCG	23.56	2.4%	15.9%	26.90	19.06	415	454	641.5	60.1	1.33	1.43	0.71x	7.6x	16.2x	16.5x	2.09x
Median			0.2%	24.6%									0.68x	10.5x	20.8x	16.5x	1.64x

Source: Capital IQ as of February 28, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 2/28/14	% 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	\$5.49	7.2%	(0.4%)	\$5.75	\$4.45	\$33	\$89	\$325.8	\$6.4	NM	NM	0.27x	13.8x	NM	NM	NM
Kindred Healthcare Inc.	KND	21.66	26.0%	92.2%	22.12	9.75	1,172	2,666	4,900.5	286.8	(0.93)	1.14	0.54x	9.3x	NM	19.1x	9.53x
National Healthcare Corp.	NHC	51.50	(7.0%)	11.1%	56.69	44.68	724	718	769.8	106.2	3.87	NM	0.93x	6.8x	13.3x	NM	NM
The Ensign Group, Inc.	ENSG	39.60	(11.9%)	26.4%	46.39	30.85	878	1,069	904.6	126.4	1.16	2.77	1.18x	8.5x	34.1x	14.3x	1.05x
Median			0.1%	18.7%									0.74x	8.9x	23.7x	16.7x	5.29x
Managed Care - Commercial																	
Aetna Inc.	AET	\$72.71	5.6%	54.1%	\$73.86	\$46.53	\$26,372	\$34,058	\$47,289.9	\$4,153.2	\$5.33	\$6.37	0.72x	8.2x	13.6x	11.4x	1.28x
Cigna Corp.	CI	79.59	(9.6%)	36.1%	90.63	57.53	21,773	24,337	32,380.0	2,894.0	5.18	7.17	0.75x	8.4x	15.4x	11.1x	1.45x
Health Net, Inc.	HNT	34.05	12.8%	32.3%	34.76	25.13	2,707	2,773	11,053.7	341.2	2.12	2.26	0.25x	8.1x	16.1x	15.1x	0.65x
Humana Inc.	HUM	112.46	8.4%	64.8%	114.76	65.88	17,323	19,188	41,313.0	2,315.0	7.73	7.76	0.46x	8.3x	14.5x	14.5x	1.57x
UnitedHealth Group Incorporated	UNH	77.27	3.9%	44.6%	77.71	52.88	76,435	87,357	122,489.0	10,587.0	5.50	5.59	0.71x	8.3x	14.0x	13.8x	1.69x
Universal American Corp	UAM	7.49	(2.7%)	(10.2%)	11.13	6.60	641	708	2,171.6	72.6	0.09	0.26	0.33x	9.7x	NM	29.4x	(1.11x)
WellPoint Inc.	WLP	90.59	(3.2%)	45.7%	94.36	61.52	25,588	39,467	71,023.5	5,154.1	8.67	8.37	0.56x	7.7x	10.4x	10.8x	1.20x
Median			3.9%	44.6%									0.56x	8.3x	14.3x	13.8x	1.28x
Managed Care - Government																	
Centene Corp.	CNC	\$63.68	6.6%	41.4%	\$67.84	\$42.14	\$3,669	\$3,373	\$10,544.5	\$363.3	\$2.87	\$3.59	0.32x	9.3x	22.2x	17.7x	0.73x
Molina Healthcare, Inc.	MOH	37.68	12.6%	18.1%	40.90	30.26	1,732	1,581	6,416.9	212.2	0.96	1.99	0.25x	7.5x	39.3x	19.0x	0.82x
WellCare Health Plans, Inc.	WCG	61.82	(17.1%)	8.1%	75.31	50.41	2,706	1,824	9,527.9	326.6	3.98	4.02	0.19x	5.6x	15.5x	15.4x	1.98x
Median			6.6%	18.1%									0.25x	7.5x	22.2x	17.7x	0.82x

Source: Capital IQ as of February 28, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 2/28/14	% 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	\$26.93	(8.3%)	11.7%	\$29.53	\$21.60	\$1,888	\$1,812	\$1,149.9	\$69.0	\$0.67	\$0.92	1.58x	26.3x	40.2x	29.3x	1.77x
PDI, Inc.	PDII	4.75	(8.5%)	(34.9%)	7.88	3.82	72	26	150.8	(3.0)	(0.31)	(0.33)	0.17x	NM	NM	NM	NM
Sharps Compliance Corp.	SMED	4.80	2.1%	64.9%	5.90	2.49	73	58	24.6	0.0	(0.09)	0.01	2.35x	NM	NM	NM	NM
Stericycle, Inc.	SRCL	114.00	(3.7%)	18.8%	121.61	95.32	9,708	11,094	2,142.8	642.5	3.56	4.16	5.18x	17.3x	32.0x	27.4x	1.71x
Median			(6.0%)	15.3%									1.97x	21.8x	36.1x	28.4x	1.74x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$7.13	3.0%	(34.9%)	\$17.62	\$5.61	\$486	\$920	\$842.2	\$31.4	(\$0.83)	\$0.12	1.09x	29.3x	NM	NM	NM
Catamaran Corporation	CCT	44.99	(1.5%)	(16.8%)	54.98	41.38	9,281	10,126	14,780.1	689.2	1.27	2.35	0.69x	14.7x	37.0x	19.1x	0.72x
Express Scripts Holding Company	ESRX	75.31	11.6%	32.3%	78.17	54.57	58,443	70,406	104,098.8	6,518.9	2.31	4.95	0.68x	10.8x	32.6x	15.2x	1.06x
Omnicare Inc.	OCR	58.90	2.4%	58.1%	64.87	36.79	5,877	7,773	6,013.4	698.1	0.78	3.69	1.29x	11.1x	NM	16.0x	1.31x
PharMerica Corporation	PMC	24.10	10.8%	68.2%	26.99	11.84	709	916	1,757.9	121.2	0.63	1.46	0.52x	7.6x	38.3x	16.5x	1.61x
Median			3.0%	32.3%									0.69x	11.1x	37.0x	16.2x	1.18x
Physician Practice Management																	
Birner Dental Management Services Inc.	BDMS	\$18.25	(1.1%)	5.9%	\$23.03	\$17.00	\$34	\$41	\$63.8	\$4.0	NM	NM	0.64x	10.2x	NM	NM	NM
MEDNAX, Inc.	MD	60.82	10.0%	42.1%	61.65	41.83	6,155	6,145	2,154.0	492.1	2.78	3.14	2.85x	12.5x	21.9x	19.3x	1.56x
Median			4.4%	24.0%									1.75x	11.4x	21.9x	19.3x	1.56x
Psychiatric Hospitals																	
Acadia Healthcare Company, Inc.	ACHC	\$49.44	5.1%	81.6%	\$53.87	\$26.41	\$2,500	\$3,112	\$713.4	\$140.1	\$0.86	\$1.32	NM	22.2x	NM	37.5x	2.09x
Magellan Health Services Inc.	MGLN	61.14	0.5%	18.6%	62.00	46.00	1,655	1,327	3,546.3	238.2	4.70	2.57	0.37x	5.6x	11.8x	23.8x	(6.19x)
Providence Service Corp.	PRSC	26.59	(3.6%)	55.7%	31.31	16.14	359	398	1,132.4	58.4	1.53	1.67	0.35x	6.8x	19.1x	15.9x	2.12x
Median			0.5%	55.7%									0.36x	6.8x	15.4x	23.8x	2.09x

Source: Capital IQ as of February 28, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 2/28/14	% 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	\$65.63	1.3%	56.3%	\$68.95	\$41.29	\$4,702	\$4,718	\$9,047.7	\$992.3	\$6.30	\$6.15	0.52x	4.8x	10.4x	10.7x	1.12x	
Triple-S Management Corporation	GTS	16.75	(17.3%)	(6.7%)	23.70	15.02	461	475	2,376.2	92.6	1.95	1.53	0.20x	5.1x	8.6x	10.9x	1.16x	
Median			(8.0%)	24.8%									0.36x	4.9x	9.5x	10.8x	1.14x	
Surgicenters / Rehabilitation																		
AmSurg Corp.	AMSG	\$43.86	(8.1%)	45.2%	\$48.71	\$29.03	\$1,425	\$2,504	\$1,079.3	\$366.0	\$2.27	\$2.47	2.32x	6.8x	19.3x	17.8x	1.42x	
Surgical Care Affiliates, Inc.	SCAI	30.42	1.3%	NM	37.69	25.50	1,160	2,081	769.7	185.0	(0.82)	0.93	2.70x	11.2x	NM	32.8x	NM	
Hanger, Inc.	HGR	35.45	(8.7%)	19.5%	40.71	28.38	1,258	1,721	1,046.4	171.2	1.80	2.16	1.65x	10.1x	19.7x	16.4x	1.49x	
HEALTHSOUTH Corp.	HLS	32.68	(8.4%)	35.5%	37.01	23.91	2,876	4,560	2,247.2	556.8	2.59	1.91	2.03x	8.2x	12.6x	17.1x	1.88x	
LCA-Vision Inc.	LCAV	5.44	43.9%	88.2%	5.69	2.83	105	78	92.2	(0.3)	(0.07)	NM	0.85x	NM	NM	NM	NM	
Select Medical Holdings Corporation	SEM	11.21	30.8%	21.3%	11.89	7.21	1,573	3,070	2,938.2	365.8	0.82	0.91	1.04x	8.4x	13.7x	12.3x	1.12x	
US Physical Therapy Inc.	USPH	33.18	(3.3%)	34.8%	37.25	22.80	402	427	255.7	42.7	1.45	1.63	1.67x	10.0x	22.5x	20.4x	1.63x	
Median			(3.3%)	35.1%									1.67x	9.2x	19.3x	17.4x	1.49x	

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 February 28, 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	\$495,959	10.9%	59.7%	9.91x	27.2x	35.4x	26.0x	1.6x
Cardiology Devices	16	112,438	2.8%	38.2%	3.45x	13.5x	28.3x	23.2x	2.0x
Conglomerates	6	465,397	3.6%	25.3%	2.96x	11.3x	20.9x	17.9x	1.9x
Dental Devices	8	17,356	2.9%	10.0%	2.42x	13.9x	25.9x	19.6x	1.5x
Diagnostic Imaging Devices	4	7,352	(3.4%)	39.9%	2.16x	14.3x	32.7x	16.3x	2.2x
Diversified Medical Devices	16	94,709	4.3%	25.7%	2.95x	13.9x	24.1x	20.3x	1.5x
Infection Prevention Devices	2	4,056	(7.4%)	37.1%	2.54x	13.4x	26.7x	22.2x	1.4x
Lab Equipment	2	7,265	(5.0%)	21.3%	1.77x	10.2x	17.5x	21.2x	1.7x
Lab Instrumentation & Devices	3	13,451	11.5%	20.1%	2.03x	17.1x	34.4x	26.0x	2.1x
Large-Cap Pharmaceuticals	6	643,643	9.9%	25.3%	4.30x	11.6x	25.1x	18.9x	4.5x
Life Science Conglomerates	3	75,893	23.3%	68.8%	4.08x	17.1x	33.1x	18.5x	1.8x
Life Science Consummables	5	8,953	3.4%	30.7%	2.10x	17.4x	28.8x	26.2x	1.7x
Mobility Devices	3	2,851	(9.1%)	15.4%	0.89x	9.6x	21.5x	12.7x	NM
Neural Implant Devices	2	3,362	0.6%	32.6%	4.20x	15.9x	39.4x	22.7x	2.0x
Ophthalmology Devices	3	6,476	(2.7%)	20.9%	2.06x	19.3x	38.6x	18.3x	1.2x
Orthopedics Devices	6	50,114	7.0%	26.1%	2.96x	11.5x	21.2x	19.3x	1.7x
Pharmaceuticals	22	129,314	17.2%	99.3%	5.35x	15.2x	43.0x	24.9x	1.0x
Surgical Devices	5	19,819	17.7%	17.5%	2.31x	13.7x	36.4x	29.7x	2.5x
Total / Median (\$MM)	145	2,158,410	3.5%	25.9%	2.74x	13.9x	28.5x	20.8x	1.7x

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	49	\$2,055,457	33.8%	95.2%	13.5%	107.6%	52.5%	62.4%
\$1 billion - \$5 billion	40	83,977	27.6%	3.9%	8.3%	121.1%	66.2%	84.7%
\$250 million - \$1 billion	30	15,816	20.7%	0.7%	10.1%	123.2%	55.5%	78.0%
\$100 million - \$250 million	14	2,399	9.7%	0.1%	(0.7%)	190.4%	48.8%	63.7%
< \$100 million	12	761	8.3%	0.0%	13.6%	134.2%	55.6%	74.9%
Total / Median (\$MM)	145	\$2,158,410	100.0%	100.0%	3.5%	123.2%	25.9%	74.9%

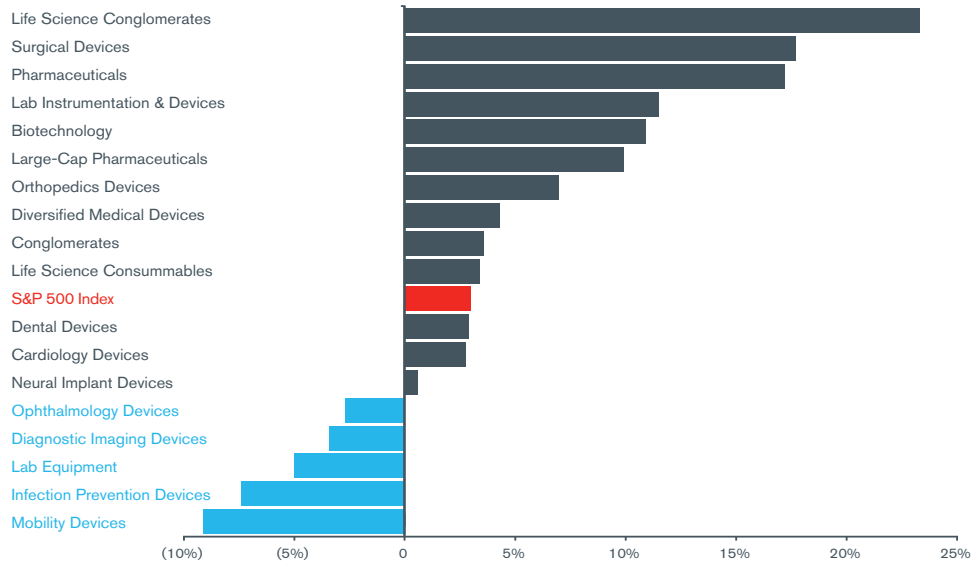
Source: Capital IQ

INTEREST RATES

	Value at 2/28/14	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.00%	0.40%
U.S. Treasury - 2 years	0.33%	0.35%	0.27%	0.25%
U.S. Treasury - 5 years	1.51%	1.55%	1.33%	0.77%
U.S. Treasury - 10 years	2.66%	2.75%	2.74%	1.89%
U.S. Treasury - 30 years	3.59%	3.67%	3.81%	3.81%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median% Change — 3 months



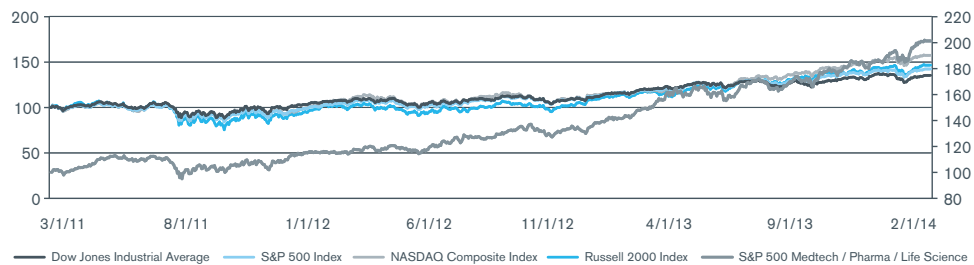
Source: Capital IQ

MARKET INDICES

	Value at 2/28/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$16,321.7	1.5%	(1.5%)	15.8%	35.4%
S&P 500 Index	1,859.4	3.0%	0.6%	22.5%	42.3%
NASDAQ Composite Index	4,308.1	6.1%	3.1%	35.9%	57.4%
Russell 2000 Index	1,183.0	3.5%	1.7%	29.3%	46.6%
S&P Life Science Tools & Services (Industry) Index	295.2	15.3%	8.0%	46.3%	75.0%
S&P 500 Pharmaceuticals (Industry) Index	523.1	7.2%	6.9%	28.6%	76.4%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	604.4	9.7%	9.2%	41.5%	106.7%
S&P 500 Biotechnology (Industry) Index	3,115.0	11.8%	11.1%	69.2%	231.8%
Dow Jones U.S. Medical Equipment Index	795.4	7.6%	5.3%	27.4%	51.3%
S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	675.0	8.9%	8.1%	38.7%	101.1%

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 2/28/14	% 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	\$36.64	4.9%	23.2%	\$40.87	\$27.51	\$1,512	\$1,146	\$336.4	\$36.5	\$0.39	\$0.53	3.41x	31.4x	93.9x	69.8x	1.77x
Alexion Pharmaceuticals, Inc.	ALXN	176.80	45.8%	103.8%	185.43	86.09	34,976	33,607	1,551.3	598.6	1.27	3.89	21.66x	NM	NM	45.5x	1.61x
Alkermes plc	ALKS	48.67	22.3%	124.1%	54.25	21.31	7,017	6,932	577.8	153.9	0.16	0.71	12.00x	45.1x	NM	68.3x	3.53x
Amarin Corporation plc	AMRN	1.74	(3.3%)	(78.5%)	8.77	1.36	300	357	26.4	(181.2)	(1.28)	(0.64)	13.55x	NM	NM	NM	NM
Amgen Inc.	AMGN	124.02	9.0%	35.5%	126.95	90.35	93,636	106,363	18,676.0	7,349.0	6.64	8.14	5.70x	14.5x	18.7x	15.2x	2.12x
Athersys, Inc.	ATHX	3.78	86.2%	147.1%	4.33	1.45	288	271	3.8	(22.3)	(0.45)	(0.30)	NM	NM	NM	NM	NM
Biogen Idec Inc.	BIIB	340.68	15.9%	104.8%	353.47	164.45	80,535	79,909	6,932.2	3,015.6	7.81	11.34	11.53x	26.5x	43.6x	30.0x	1.92x
BioSpecifics Technologies Corp.	BSTC	23.73	9.0%	51.1%	26.15	15.05	150	139	13.9	7.5	0.68	0.79	10.00x	18.6x	35.4x	30.2x	1.37x
Cangene Corp.	CNJ	3.25	40.4%	15.2%	3.26	1.85	217	180	115.4	6.5	0.05	0.04	1.56x	27.9x	NM	79.1x	NM
Celgene Corporation	CELG	160.75	(0.5%)	55.7%	174.66	102.50	65,268	64,336	6,493.9	2,354.1	3.37	7.32	9.91x	27.3x	47.7x	22.0x	0.91x
Cepheid	CPHD	53.66	16.6%	47.3%	55.48	30.95	3,725	3,652	401.3	8.5	(0.27)	(0.24)	9.10x	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	79.52	16.6%	87.4%	82.12	41.80	5,948	6,187	1,054.4	154.2	(0.27)	0.52	5.87x	40.1x	NM	NM	NM
Curis, Inc.	CRIS	3.05	(9.0%)	13.4%	4.74	2.44	262	224	15.0	(9.3)	(0.15)	(0.22)	14.91x	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.79	6.5%	0.6%	2.20	0.90	56	55	15.7	(0.1)	NM	NM	3.51x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	24.74	10.0%	59.7%	26.71	13.02	900	786	309.2	63.4	0.80	1.17	2.54x	12.4x	27.9x	21.2x	NM
Exelixis, Inc.	EXEL	7.06	25.4%	54.8%	8.41	4.33	1,374	1,479	31.3	(196.4)	(1.33)	(1.51)	NM	NM	NM	NM	NM
Genomic Health Inc.	GHDX	26.41	(23.8%)	(7.8%)	38.99	25.50	812	706	261.6	(5.5)	(0.42)	(0.82)	2.70x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	82.79	10.9%	93.8%	84.88	42.38	127,352	132,232	11,201.7	4,868.7	1.81	3.79	11.80x	27.2x	45.7x	21.9x	0.61x
Immunomedics Inc.	IMMU	4.74	11.0%	106.1%	7.35	2.27	395	368	9.8	(29.9)	(0.17)	(0.32)	NM	NM	NM	NM	NM
Ligand Pharmaceuticals Incorporated	LGND	69.75	22.4%	239.6%	80.42	20.33	1,438	1,431	49.0	18.6	0.43	1.46	29.22x	NM	NM	47.8x	1.59x
Momenta Pharmaceuticals Inc.	MNTA	14.80	(17.4%)	16.2%	19.90	11.22	758	512	35.5	(101.4)	(2.13)	0.85	14.45x	NM	NM	17.4x	NM
Myriad Genetics Inc.	MYGN	36.21	18.1%	42.4%	39.15	20.02	2,642	2,289	737.1	300.5	2.32	1.79	3.11x	7.6x	15.6x	20.3x	1.41x
Neurocrine Biosciences Inc.	NBIX	17.63	82.5%	66.6%	20.29	8.57	1,328	1,183	2.9	(49.0)	(0.69)	(0.86)	NM	NM	NM	NM	NM
Osiris Therapeutics, Inc.	OSIR	15.27	(9.9%)	132.1%	27.40	6.55	517	489	24.3	(2.2)	(0.23)	0.05	20.11x	NM	NM	NM	NM
PDL BioPharma, Inc.	PDLI	8.57	(11.3%)	20.0%	10.21	6.82	1,200	1,192	442.9	412.8	1.77	2.02	2.69x	2.9x	5.1x	4.2x	NM
ProMetic Life Sciences Inc.	PLI	1.39	54.9%	210.6%	1.48	0.24	730	731	23.2	(3.7)	(0.02)	0.00	NM	NM	NM	NM	NM
Regeneron Pharmaceuticals, Inc.	REGN	332.50	13.5%	99.1%	348.25	165.25	33,146	32,958	2,104.7	801.2	3.81	4.37	15.66x	41.1x	87.3x	76.0x	3.26x
Spectrum Pharmaceuticals, Inc.	SPPI	8.35	(12.9%)	(26.8%)	12.47	6.92	529	478	184.4	12.8	(0.45)	(0.15)	2.59x	37.5x	NM	NM	NM
Targacept, Inc.	TRGT	4.93	(12.0%)	13.9%	6.11	3.75	166	22	3.6	(45.6)	(1.39)	(1.28)	6.19x	NM	NM	NM	NM

Source: Capital IQ as of February 28, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 2/28/14	% 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	\$37.00	(1.1%)	82.4%	\$42.96	\$19.71	\$4,091	\$3,858	\$4.8	\$(150.3)	\$(1.67)	\$(1.22)	NM	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	101.42	10.8%	69.6%	116.65	56.85	5,119	4,717	1,117.0	323.8	3.28	7.18	4.22x	14.6x	30.9x	14.1x	1.88x
Vanda Pharmaceuticals, Inc.	VNDA	15.13	33.1%	302.4%	16.55	3.57	507	377	33.9	(18.5)	(0.67)	(1.36)	11.11x	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	80.86	18.4%	72.7%	89.96	45.52	19,065	18,106	1,212.0	(151.6)	(1.98)	(2.29)	14.94x	NM	NM	NM	NM
Median			10.9%	59.7%									9.91x	27.2x	35.4x	26.0x	1.69x
Cardiology Devices																	
ABIOMED, Inc.	ABMD	\$28.19	(1.3%)	75.7%	\$30.77	\$15.72	\$1,112	\$1,033	\$176.9	\$11.3	\$0.19	\$0.40	5.84x	NM	NM	71.4x	3.57x
AngioDynamics Inc.	ANGO	15.40	(0.4%)	24.3%	19.00	9.52	542	665	340.2	46.5	(0.07)	0.29	1.96x	14.3x	NM	52.6x	3.50x
Boston Scientific Corporation	BSX	13.10	11.9%	77.3%	14.08	7.07	17,347	21,377	7,143.0	1,596.0	(0.09)	0.50	2.99x	13.4x	NM	26.0x	1.96x
Cardiovascular Systems Inc.	CSII	35.00	2.9%	121.4%	37.73	15.28	1,050	908	117.4	(25.3)	(1.19)	(1.12)	7.74x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	69.76	6.8%	(18.8%)	90.31	60.62	7,481	7,141	2,045.5	523.2	3.44	3.01	3.49x	13.6x	20.3x	23.2x	1.90x
Greatbatch, Inc.	GB	43.33	5.8%	60.1%	45.63	26.76	1,046	1,208	663.9	113.1	1.43	2.32	1.82x	10.7x	30.3x	18.7x	1.55x
Heartware International Inc.	HTWR	96.03	2.7%	12.4%	105.84	69.31	1,621	1,528	207.9	(40.6)	(3.69)	(2.58)	7.35x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	8.19	(1.0%)	34.3%	8.96	5.90	126	112	63.9	7.2	0.20	0.23	1.75x	15.6x	41.0x	35.6x	1.78x
Medtronic, Inc.	MDT	59.26	3.2%	31.8%	60.93	44.51	59,162	57,714	16,900.0	5,672.0	3.52	4.04	3.42x	10.2x	16.8x	14.7x	2.30x
Neovasc Inc.	NVC	5.86	44.5%	146.2%	6.54	1.96	283	279	10.6	(5.4)	(0.10)	(0.08)	26.35x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.31	(33.5%)	(48.5%)	0.58	0.29	103	82	0.0	(27.1)	(0.08)	(0.05)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	67.32	14.0%	64.2%	68.39	39.79	19,106	21,451	5,501.0	1,698.0	2.49	3.98	3.90x	12.6x	27.0x	16.9x	1.54x
Stereotaxis Inc.	STXS	4.96	42.5%	127.5%	10.85	1.21	96	101	38.0	(7.6)	(5.95)	NM	2.64x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	8.31	(5.6%)	42.1%	13.80	4.85	140	80	0.1	(19.8)	NM	NM	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	37.14	(11.8%)	5.5%	43.58	29.91	2,109	1,803	502.8	126.2	1.26	1.78	3.59x	14.3x	29.5x	20.9x	2.06x
Volcano Corporation	VOLC	21.46	(4.9%)	(0.8%)	24.57	16.37	1,114	1,178	390.9	20.8	(0.63)	NM	3.01x	NM	NM	NM	NM
Median			2.8%	38.2%									3.45x	13.5x	28.3x	23.2x	1.96x

Source: Capital IQ as of February 28, 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	\$134.73	0.9%	29.5%	\$140.43	\$102.59	\$89,284	\$92,460	\$30,871.0	\$8,037.0	\$6.72	\$7.46	3.00x	11.5x	20.0x	18.1x	1.61x
Agilent Technologies Inc.	A	56.93	5.8%	37.2%	61.22	40.32	18,976	18,932	6,781.0	1,394.0	2.17	3.21	2.79x	13.6x	26.2x	17.7x	1.92x
Becton, Dickinson and Company	BDX	115.22	5.8%	30.8%	116.36	87.54	22,240	23,696	8,129.0	2,128.0	4.69	6.39	2.91x	11.1x	24.6x	18.0x	1.96x
Covidien plc	COV	71.95	5.2%	13.2%	72.47	56.79	32,431	35,872	10,261.0	2,839.0	3.31	4.12	3.50x	12.6x	21.8x	17.5x	1.83x
Johnson & Johnson	JNJ	92.12	(3.0%)	21.0%	95.99	75.73	260,598	249,572	71,312.0	23,061.0	4.81	5.83	3.50x	10.8x	19.2x	15.8x	2.67x
Kimberly-Clark Corporation	KMB	110.35	2.0%	17.0%	111.68	91.44	41,867	47,436	21,152.0	4,274.0	5.53	6.12	2.24x	11.1x	20.0x	18.0x	2.49x
Median			3.6%	25.3%									2.96x	11.3x	20.9x	17.9x	1.94x
Dental Devices																	
COLTENE Holding AG	CLTN	\$56.18	11.2%	43.3%	\$56.52	\$40.97	\$237	\$269	\$169.2	\$23.8	\$3.58	\$4.27	1.59x	11.3x	17.9x	13.2x	1.29x
DENTSPLY International Inc.	XRAY	45.38	(4.8%)	9.6%	50.99	39.90	6,436	7,939	2,950.8	560.5	2.16	2.52	2.69x	14.2x	21.0x	18.0x	1.50x
Nobel Biocare Holding AG	NOBN	14.64	(1.0%)	50.1%	17.65	9.93	1,795	1,679	780.5	128.1	0.48	0.59	2.15x	13.1x	30.3x	24.8x	1.51x
Orthofix International N.V.	OFIX	22.22	2.7%	(40.4%)	39.11	19.35	432	419	446.5	89.7	NM	NM	0.94x	4.7x	9.3x	NM	NM
Osstem Implant Co., Ltd.	A048260	20.44	(8.4%)	(36.0%)	36.49	19.32	290	337	196.5	19.5	0.69	1.00	1.71x	17.3x	44.8x	20.4x	NM
Sirona Dental Systems Inc.	SIRO	70.46	3.1%	(0.8%)	77.31	62.48	3,895	3,763	1,127.8	276.4	2.72	3.74	3.34x	13.6x	25.9x	18.8x	1.52x
Straumann Holding AG	STMN	214.96	15.4%	54.8%	221.89	128.71	3,339	3,127	763.5	158.5	7.30	8.87	4.10x	19.7x	29.1x	24.2x	2.01x
Tornier N.V.	TRNX	19.20	7.7%	10.5%	21.87	15.17	932	944	311.0	22.1	(0.79)	(0.53)	3.04x	42.6x	NM	NM	NM
Median			2.9%	10.0%									2.42x	13.9x	25.9x	19.6x	1.51x
Orthopedics Devices																	
Exactech Inc.	EXAC	\$23.30	(5.1%)	26.6%	\$25.14	\$17.74	\$315	\$346	\$237.1	\$41.3	\$1.12	\$1.21	1.46x	8.4x	20.8x	19.3x	1.07x
NuVasive, Inc.	NUVA	36.75	9.6%	97.9%	38.79	18.31	1,640	1,782	685.2	96.2	1.17	NM	2.60x	18.5x	NM	NM	NM
Stryker Corporation	SYK	80.24	7.6%	25.6%	83.86	63.18	30,320	29,104	9,021.0	1,717.0	2.63	4.82	3.23x	17.0x	30.5x	16.6x	1.88x
Symmetry Medical, Inc.	SMA	10.58	8.0%	1.4%	12.83	7.44	394	562	400.0	48.9	(0.99)	0.51	1.40x	11.5x	NM	20.6x	1.72x
Wright Medical Group Inc.	WMGI	31.82	6.4%	36.9%	33.80	22.34	1,556	1,656	239.7	(44.5)	(6.19)	(1.37)	6.91x	NM	NM	NM	NM
Zimmer Holdings, Inc.	ZMH	93.84	3.6%	25.2%	97.86	72.24	15,889	15,757	4,623.4	1,659.8	4.43	6.21	3.41x	9.5x	21.2x	15.1x	1.57x
Median			7.0%	26.1%									2.91x	11.5x	21.2x	18.0x	1.64x
Diagnostic Imaging Devices																	
Analogic Corporation	ALOG	\$94.26	(2.9%)	27.1%	\$99.97	\$68.86	\$1,172	\$1,067	\$540.6	\$59.4	\$4.10	\$5.62	1.97x	18.0x	51.3x	16.8x	NM
Digirad Corporation	DRAD	3.50	(9.3%)	52.8%	4.85	2.16	64	38	49.4	2.3	0.01	NM	0.77x	16.8x	NM	NM	NM
Fonar Corp.	FONR	22.66	15.4%	320.4%	27.95	5.12	139	167	71.3	14.4	1.60	NM	2.34x	11.5x	14.1x	NM	NM
Hologic Inc.	HOLX	21.78	(3.9%)	(0.2%)	23.24	18.46	5,976	9,835	2,457.7	839.2	(4.37)	1.38	4.00x	11.7x	NM	15.8x	2.18x
Median			(3.4%)	39.9%									2.16x	14.3x	32.7x	16.3x	2.18x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Mobility Devices																	
Hill-Rom Holdings, Inc.	HRC	\$37.83	(9.1%)	15.4%	\$44.64	\$32.15	\$2,174	\$2,368	\$1,681.2	\$246.9	\$1.57	\$2.40	1.41x	9.6x	24.0x	15.7x	NM
Invacare Corporation	IVC	19.82	(10.6%)	36.6%	25.96	10.26	635	650	1,352.4	12.4	(1.60)	(0.18)	0.48x	NM	NM	NM	NM
Prism Medical Ltd.	PM	5.14	4.8%	(5.6%)	5.22	4.06	43	62	69.8	7.4	0.43	0.54	0.89x	8.3x	19.0x	9.6x	NM
Median			(9.1%)	15.4%									0.89x	9.0x	21.5x	12.7x	NM
Infection Prevention Devices																	
Cantel Medical Corp.	CMN	\$32.35	(14.2%)	55.9%	\$38.04	\$19.11	\$1,336	\$1,390	\$440.6	\$84.7	\$1.00	\$1.17	3.15x	16.4x	32.7x	27.6x	NM
Steris Corp.	STE	46.15	(0.6%)	18.3%	49.92	38.19	2,720	3,039	1,585.2	294.7	2.22	2.77	1.92x	10.3x	20.8x	16.7x	1.45x
Median			(7.4%)	37.1%									2.54x	13.4x	26.7x	22.2x	1.45x
Neural Implant Devices																	
Cyberonics Inc.	CYBX	\$68.47	(0.9%)	49.7%	\$73.52	\$42.49	\$1,837	\$1,721	\$275.5	\$89.8	\$1.74	\$2.27	6.25x	19.2x	39.4x	30.2x	1.72x
Integra LifeSciences Holdings Corporation	IART	47.04	2.0%	15.6%	49.90	30.87	1,525	1,799	836.2	142.5	(0.60)	3.09	2.15x	12.6x	NM	15.2x	1.61x
Median			0.6%	32.6%									4.20x	15.9x	39.4x	22.7x	1.66x
Ophthalmology Devices																	
IRIDEX Corporation	IRIX	\$9.40	(7.2%)	101.7%	\$11.00	\$4.01	\$92	\$79	\$38.3	\$2.6	\$0.22	\$0.32	2.06x	29.8x	42.7x	29.4x	NM
The Cooper Companies Inc.	COO	128.21	(2.7%)	20.9%	135.41	102.72	6,135	6,422	1,587.7	453.0	6.36	7.02	4.04x	14.2x	21.5x	18.3x	1.18x
Optos plc	OPTS	3.43	25.1%	11.7%	3.59	1.79	248	289	158.2	15.0	0.12	0.20	1.83x	19.3x	38.6x	17.4x	NM
Median			(2.7%)	20.9%									2.06x	19.3x	38.6x	18.3x	1.18x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$1.41	(28.8%)	(13.5%)	\$2.53	\$1.34	\$137	\$191	\$204.4	\$14.9	(\$0.34)	(\$0.02)	0.93x	12.8x	NM	NM	NM
ArthroCare Corporation	ARTC	48.25	28.0%	38.2%	49.95	31.56	1,378	1,248	378.0	85.0	0.64	1.50	3.30x	14.7x	75.4x	32.1x	NM
Bovie Medical Corporation	BVX	3.15	44.5%	17.5%	4.79	1.94	56	56	24.4	(0.8)	NM	NM	2.31x	NM	NM	NM	NM
CONMED Corporation	CNMD	46.62	14.7%	49.9%	49.10	29.95	1,268	1,429	756.8	125.0	1.28	1.95	1.89x	11.4x	36.4x	23.9x	1.84x
Intuitive Surgical, Inc.	ISRG	444.83	17.7%	(12.8%)	558.00	351.14	16,980	15,576	2,265.1	919.8	16.73	14.97	6.88x	16.9x	26.6x	29.7x	3.09x
Median			17.7%	17.5%									2.31x	13.7x	36.4x	29.7x	2.46x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Diversified Medical Devices																	
Abaxis, Inc.	ABAX	\$37.95	4.7%	(10.5%)	\$51.84	\$32.11	\$844	\$743	\$179.8	\$31.3	\$0.76	\$0.84	4.13x	23.7x	49.9x	45.0x	2.57x
AtriCure, Inc.	ATRC	20.79	29.5%	134.1%	23.00	7.48	500	480	81.9	(9.1)	(0.56)	(0.72)	5.86x	NM	NM	NM	NM
Baxter International Inc.	BAX	69.50	1.9%	2.8%	74.60	62.80	37,752	44,208	15,259.0	3,979.0	3.66	5.13	2.90x	11.1x	19.0x	13.5x	1.82x
CareFusion Corporation	CFN	40.53	1.7%	23.8%	41.98	32.46	8,446	8,592	3,556.0	793.0	1.68	2.57	2.42x	10.8x	24.1x	15.8x	1.45x
CR Bard Inc.	BCR	144.16	3.5%	45.8%	145.62	97.61	11,184	11,523	3,020.1	789.7	8.39	8.20	3.82x	14.6x	17.2x	17.6x	1.51x
CryoLife Inc.	CRY	9.96	(8.5%)	62.5%	12.14	5.52	278	240	139.8	19.7	0.57	0.26	1.72x	12.2x	17.4x	38.8x	NM
Hospira Inc.	HSP	43.28	9.8%	47.1%	45.24	29.07	7,204	8,247	4,002.8	296.5	(0.05)	2.13	2.06x	27.8x	NM	20.3x	2.09x
IDEXX Laboratories, Inc.	IDXX	125.90	20.5%	36.7%	126.99	81.57	6,496	6,648	1,377.1	321.4	3.48	3.83	4.83x	20.7x	36.2x	32.9x	2.29x
Masimo Corporation	MASI	25.55	(11.4%)	28.7%	32.20	19.03	1,449	1,354	540.9	98.9	1.02	1.15	2.50x	13.7x	25.0x	22.2x	1.52x
Misonix Inc.	MSON	6.70	19.6%	17.5%	7.17	3.86	48	43	14.0	(5.3)	(0.37)	0.10	3.11x	NM	NM	67.0x	NM
Natus Medical Inc.	BABY	25.10	11.4%	97.6%	26.98	11.73	759	741	344.1	51.1	0.74	1.19	2.15x	14.5x	33.9x	21.1x	1.32x
PhotoMedex, Inc.	PHMD	14.64	21.9%	(0.7%)	17.05	10.51	291	242	216.0	29.8	0.98	1.16	1.12x	8.1x	14.8x	12.6x	0.97x
ResMed Inc.	RMD	44.02	(9.6%)	(1.1%)	57.34	41.52	6,236	5,699	1,540.2	485.7	2.23	2.63	3.70x	11.7x	19.7x	16.7x	1.09x
SurModics, Inc.	SRDX	24.90	3.8%	(1.8%)	27.98	19.24	337	314	56.2	20.6	0.96	0.90	5.58x	15.2x	26.0x	27.6x	1.84x
Teleflex Incorporated	TFX	101.99	3.4%	27.6%	103.51	73.83	4,204	5,061	1,684.8	356.2	3.46	5.50	3.00x	14.2x	29.5x	18.5x	1.56x
Varian Medical Systems, Inc.	VAR	83.83	9.3%	18.7%	84.71	63.10	8,681	8,117	2,976.0	678.0	4.03	4.46	2.73x	12.0x	20.8x	18.8x	1.34x
Median			4.3%	25.7%									2.95x	13.9x	24.1x	20.3x	1.52x
Life Science Conglomerates																	
Illumina Inc.	ILMN	\$171.49	72.6%	242.1%	\$181.60	\$50.30	\$21,985	\$21,688	\$1,421.2	\$377.2	\$0.90	\$2.06	15.26x	NM	NM	83.3x	4.54x
PerkinElmer Inc.	PKI	45.32	18.7%	32.6%	45.86	29.50	5,114	5,876	2,166.2	388.3	1.48	2.45	2.71x	15.1x	30.6x	18.5x	1.75x
Thermo Fisher Scientific, Inc.	TMO	124.54	23.3%	68.8%	125.82	72.87	48,794	53,456	13,090.3	2,789.3	3.50	6.80	4.08x	19.2x	35.6x	18.3x	1.41x
Median			23.3%	68.8%									4.08x	17.1x	33.1x	18.5x	1.75x
Lab Instrumentation & Devices																	
Bruker Corporation	BRKR	\$22.74	17.6%	29.6%	\$23.71	\$15.41	\$3,811	\$3,731	\$1,839.4	\$240.6	\$0.48	\$0.88	2.03x	15.5x	47.4x	26.0x	2.00x
Harvard Bioscience Inc.	HBIO	4.88	8.4%	(15.1%)	6.15	4.04	151	150	105.2	8.3	0.02	0.15	1.43x	18.1x	NM	32.5x	NM
Waters Corporation	WAT	111.40	11.5%	20.1%	115.06	87.85	9,489	9,008	1,904.2	597.0	5.20	5.47	4.73x	15.1x	21.4x	20.4x	2.28x
Median			11.5%	20.1%									2.03x	15.5x	34.4x	26.0x	2.14x

Source: Capital IQ as of February 28, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 2/28/14	% 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	\$16.26	(9.6%)	27.0%	\$18.40	\$11.08	\$43	\$45	\$115.9	\$9.0	NM	NM	0.39x	5.0x	10.4x	NM	NM
Mettler-Toledo International Inc.	MTD	245.76	(0.5%)	15.5%	258.31	196.00	7,223	7,529	2,379.0	489.1	9.96	11.60	3.16x	15.4x	24.7x	21.2x	1.75x
Median			(5.0%)	21.3%									1.78x	10.2x	17.5x	21.2x	1.75x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$7.72	(9.9%)	90.1%	\$9.80	\$3.22	\$555	\$643	\$330.4	\$35.7	(\$0.23)	\$0.11	1.94x	18.0x	NM	73.5x	14.70x
Bio-Rad Laboratories, Inc.	BIO	129.72	5.3%	5.3%	134.13	110.02	3,732	3,560	2,132.7	316.6	2.69	4.99	1.67x	11.2x	48.2x	26.0x	NM
Cambrex Corporation.	CBM	20.07	3.9%	74.4%	22.34	11.43	612	668	318.3	67.6	0.98	1.06	2.10x	9.9x	20.5x	19.0x	0.83x
Luminex Corporation	LMNX	18.48	(5.5%)	9.5%	24.10	15.39	776	705	213.4	25.7	0.17	0.54	3.30x	27.5x	NM	34.4x	1.27x
Techne Corp.	TECH	88.84	3.4%	30.7%	96.96	62.55	3,278	3,091	330.2	177.2	3.09	3.39	9.36x	17.4x	28.8x	26.2x	2.10x
Median			3.4%	30.7%									2.10x	17.4x	28.8x	26.2x	1.68x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$50.91	5.5%	37.9%	\$54.78	\$36.55	\$80,871	\$85,699	\$18,790.0	\$7,181.0	\$2.56	\$3.11	4.56x	11.9x	19.9x	16.4x	1.22x
Allergan Inc.	AGN	127.00	30.6%	17.1%	129.48	81.33	37,905	36,417	6,291.8	2,129.8	4.20	5.47	5.79x	17.1x	30.2x	23.2x	1.81x
Bristol-Myers Squibb Company	BMJ	53.77	4.1%	45.4%	56.83	36.43	88,733	92,657	16,385.0	4,216.0	1.54	1.78	5.65x	22.0x	34.9x	30.3x	2.24x
Eli Lilly and Company	LLY	59.61	18.4%	9.1%	60.12	47.53	63,592	63,397	23,113.1	6,993.7	4.32	2.82	2.74x	9.1x	13.8x	21.2x	16.28x
Merck & Co. Inc.	MRK	56.99	14.4%	33.4%	57.46	42.33	167,586	177,746	44,033.0	15,668.0	1.47	3.44	4.04x	11.3x	38.8x	16.6x	9.38x
Pfizer Inc.	PFE	32.11	0.7%	17.3%	32.50	27.12	204,956	209,594	51,584.0	23,123.0	1.64	2.27	4.06x	9.1x	19.5x	14.2x	6.74x
Median			9.9%	25.3%									4.31x	11.6x	25.1x	18.9x	4.49x
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$25.82	0.8%	87.0%	\$28.00	\$12.86	\$2,488	\$2,520	\$317.7	\$103.7	\$0.55	\$0.85	7.93x	24.3x	64.5x	30.5x	1.40x
BioDelivery Sciences International, Inc.	BDSI	9.37	95.6%	148.5%	9.92	3.52	443	424	27.2	(37.9)	(1.39)	(0.57)	15.56x	NM	NM	NM	NM
BioSynt Inc.	RX	4.28	19.5%	240.9%	4.44	0.95	58	55	6.8	2.1	NM	NM	8.16x	26.1x	36.5x	NM	NM
Cadence Pharmaceuticals Inc.	CADX	13.99	56.7%	185.5%	14.24	4.74	1,248	1,220	112.6	(26.5)	(0.28)	0.11	10.84x	NM	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	7.31	(11.6%)	206.8%	8.65	2.27	183	161	25.4	18.2	0.91	0.64	6.32x	8.9x	8.4x	11.4x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.63	(6.8%)	5.7%	5.85	4.10	84	23	32.0	(2.5)	0.06	0.05	0.73x	NM	71.6x	92.6x	3.09x
DURECT Corporation	DRRX	1.39	(20.1%)	24.1%	2.69	0.76	154	133	15.3	(20.7)	(0.21)	(0.19)	8.68x	NM	NM	NM	NM
Endo Health Solutions Inc.	ENDP	79.82	18.7%	157.5%	81.65	29.90	9,218	12,497	2,616.9	841.2	4.76	NM	4.78x	14.9x	NM	NM	NM

Source: Capital IQ as of February 28, 2014; For definitions, see page 17

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 2/28/14	% 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	\$97.57	91.2%	165.1%	\$100.88	\$35.22	\$26,442	\$24,618	\$3,371.4	\$418.3	\$0.58	\$3.08	7.30x	NM	NM	31.7x	0.49x
Heska Corporation	HSKA	9.71	24.0%	20.0%	9.82	5.16	57	68	73.3	(0.5)	(0.37)	0.18	0.93x	NM	NM	53.9x	3.60x
Hi-Tech Pharmacal Co., Inc.	HITK	43.36	(0.2%)	17.2%	44.33	29.24	601	492	231.9	45.9	2.22	2.68	2.12x	10.7x	85.1x	16.2x	(17.99x)
Impax Laboratories Inc.	IPXL	25.77	8.7%	29.9%	27.91	14.41	1,797	1,384	511.5	65.0	1.47	0.68	2.71x	21.3x	17.5x	37.9x	NM
Lannett Company, Inc.	LCI	42.89	41.6%	419.2%	46.17	7.89	1,503	1,399	192.4	31.4	0.57	1.97	7.27x	44.6x	74.9x	21.8x	0.96x
Mylan, Inc.	MYL	55.57	25.9%	87.7%	57.07	27.66	20,667	28,319	6,909.1	1,866.4	1.58	3.44	4.10x	15.2x	35.2x	16.1x	1.50x
Merus Labs International Inc.	MSL	1.65	34.5%	61.7%	1.77	0.43	63	88	26.7	15.7	(0.10)	0.05	3.28x	5.6x	NM	32.1x	NM
Paladin Labs Inc.	PLB	128.18	15.8%	169.0%	136.99	41.11	2,662	2,495	267.1	86.3	2.32	2.56	9.34x	28.9x	58.9x	50.1x	NM
Patheon Inc.	PTI	9.24	0.5%	192.3%	9.34	2.90	1,302	1,817	1,023.1	128.0	0.25	0.33	1.78x	14.2x	NM	28.0x	NM
Questcor Pharmaceuticals, Inc.	QCOR	60.75	5.2%	86.3%	80.25	26.80	3,680	3,451	798.9	460.8	4.76	7.08	4.32x	7.5x	12.8x	8.6x	0.31x
Salix Pharmaceuticals Ltd.	SLXP	107.92	26.7%	120.9%	120.00	47.07	6,835	7,309	933.8	316.3	2.18	6.46	7.83x	23.1x	49.5x	16.7x	0.66x
SciClone Pharmaceuticals, Inc.	SCLN	4.65	(6.6%)	(2.3%)	6.30	4.25	247	158	127.5	13.5	0.35	0.52	1.24x	11.7x	20.3x	8.9x	NM
The Medicines Company	MDCO	30.55	(16.6%)	(4.0%)	41.28	28.00	1,825	1,596	687.9	85.9	0.25	(0.06)	2.32x	18.6x	NM	NM	NM
Valeant Pharmaceuticals International, Inc.	VRX	142.61	30.3%	110.9%	153.79	61.54	47,757	63,951	5,765.4	3,500.4	(2.70)	8.70	11.09x	18.3x	NM	16.4x	1.01x
Median			17.2%	99.3%									5.55x	16.7x	43.0x	24.9x	0.99x

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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