

Healthcare Sector Update

October 2013

Summary – Healthcare Services

- The S&P Healthcare Services Index has risen 10.0% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - > The best-performing sectors were Care Management / TPA (up 24.8%) and Government Managed Care (up 21.9%).
 - > The worst-performing sectors were Assisted Living (down 11.5%) and Dialysis Services (down 8.7%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.4x and 10.0x, respectively.
- The sectors with the highest valuation multiples include:
 - > Provider Based HCIT (3.4x LTM Revenue, 22.0x LTM EBITDA)
 - > Specialty HCIT (3.3x LTM Revenue, 39.3x LTM EBITDA)

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 7.8% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - > The best-performing sectors were Lab Equipment (up 27.3%) and Infection Prevention Devices (up 19.5%).
 - > The worst-performing sectors were Surgical Devices (up 0.5%) and Conglomerates (up 1.2%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.5x and 12.4x, respectively.
- The sectors with the highest valuation multiples include:
 - > Biotechnology (8.4x LTM Revenue, 17.0x LTM EBITDA)
 - > Pharmaceuticals (3.9x LTM Revenue, 12.2x LTM EBITDA)

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MARKET SECTOR	No. of Co's	Ag. Eqty Mkt. Value	Median% Change		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	Rev	EBITDA	LTM	2013E	
			Acute Care Hospitals	7	\$40,366	(4.5%)	52.6%	1.19x	
Assisted Living	7	5,790	(11.5%)	1.2%	1.28x	14.9x	14.1x	17.1x	1.0x
Care Management / TPA	7	8,405	24.8%	58.1%	1.71x	13.3x	29.4x	13.0x	1.2x
Clinical Laboratories	6	26,229	2.9%	8.5%	2.17x	10.6x	18.2x	17.0x	1.3x
Contract Research Orgs	7	18,754	12.7%	65.6%	1.87x	14.3x	30.5x	23.8x	1.8x
Diagnostic Imaging	3	396	16.9%	(13.3%)	1.86x	5.9x	1.7x	13.2x	NM
Dialysis Services	2	32,174	(8.7%)	(3.0%)	2.05x	10.2x	19.9x	16.8x	1.5x
Distribution / Supply	7	77,030	9.4%	33.8%	0.25x	10.1x	21.8x	18.2x	1.5x
Emergency Services	2	1,683	5.8%	(10.2%)	1.88x	7.7x	26.8x	22.4x	1.4x
HCIT - Provider Based	10	32,035	15.5%	19.0%	3.40x	22.0x	38.3x	23.1x	1.9x
HCIT - Specialty	8	8,681	16.4%	53.4%	3.26x	39.3x	39.5x	35.2x	1.8x
Healthcare Staffing	5	6,089	(0.7%)	36.8%	1.31x	13.3x	29.4x	22.2x	1.5x
Home Care / Hospice	6	3,177	20.3%	15.5%	0.68x	7.4x	16.1x	16.8x	1.3x
Long Term Care	4	2,325	9.3%	8.5%	0.62x	9.6x	13.5x	13.2x	1.1x
Managed Care - Commercial	7	161,134	2.2%	40.8%	0.59x	6.9x	13.4x	11.5x	1.0x
Managed Care - Government	3	8,158	21.9%	41.6%	0.26x	8.2x	24.5x	22.0x	1.1x
Other Services	4	11,830	4.8%	14.7%	1.51x	18.5x	35.0x	31.3x	1.9x
Pharmacy Management	5	66,493	(4.3%)	(1.3%)	0.77x	10.2x	27.6x	15.4x	0.9x
Physician Practice Mgmt	2	4,958	7.2%	23.2%	1.60x	9.9x	32.1x	18.4x	1.4x
Psychiatric Hospitals	3	3,985	6.9%	65.5%	0.40x	7.6x	23.3x	18.4x	1.1x
Specialty Managed Care	2	4,576	(4.0%)	16.5%	0.38x	5.4x	9.4x	9.3x	0.9x
Surgicenters / Rehabilitation	6	7,031	12.8%	15.4%	1.62x	9.0x	19.3x	18.1x	1.2x
Total / Median (\$MM)	113	\$531,300	7.1%	17.8%	1.41x	10.0x	22.6x	17.6x	1.3x

Source: Capital IQ

CAPITALIZATION PROFILE

	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	22	\$410,422	19.5%	77.2%	5.5%	47.9%	30.3%	27.8%
\$1 billion - \$5 billion	39	98,873	34.5%	18.6%	10.4%	74.6%	37.4%	36.2%
\$250 million - \$1 billion	34	20,169	30.1%	3.8%	13.8%	104.3%	63.6%	62.5%
\$100 million - \$250 million	6	1,181	5.3%	0.2%	(5.3%)	9.5%	(7.3%)	(6.0%)
< \$100 million	12	654	10.6%	0.1%	9.0%	28.9%	(6.7%)	(6.3%)
Total / Median (\$MM)	113	\$531,300	100.0%	100.0%	7.1%	47.9%	17.8%	27.8%

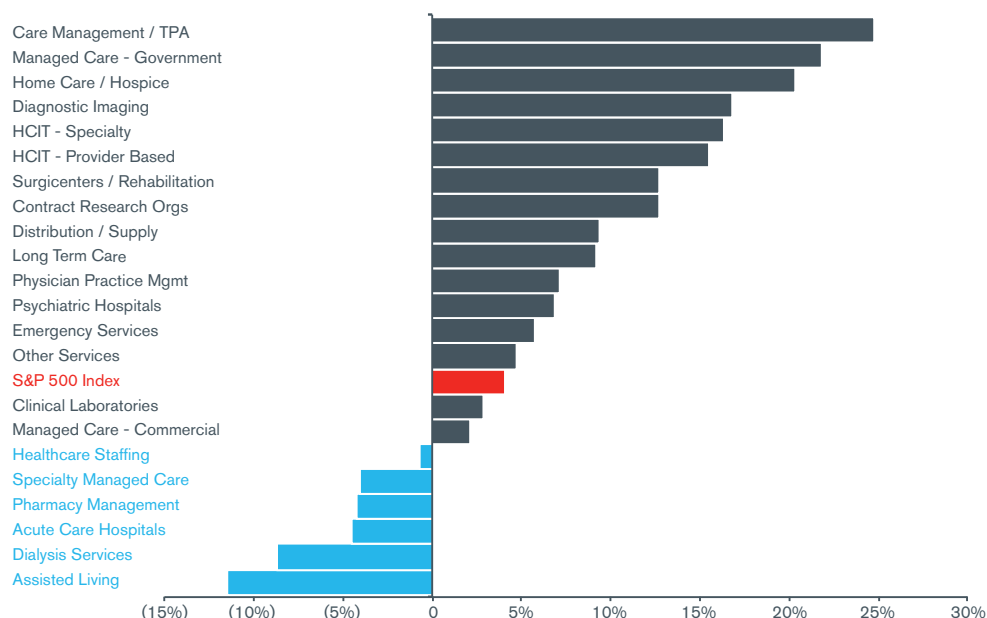
Source: Capital IQ

MARKET INDICES

	Value at 9/30/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$15,129.7	1.0%	15.5%	11.9%	39.7%
S&P 500 Index	1,681.5	4.1%	17.9%	16.4%	46.7%
NASDAQ Composite Index	3,771.5	9.8%	24.9%	21.1%	59.1%
Russell 2000 Index	1,073.8	8.5%	26.4%	27.8%	58.1%
AMEX Sector Index - Healthcare	101.5	14.8%	24.3%	16.4%	14.2%
S&P Healthcare Facilities (Sub Ind) Index	280.9	(3.8%)	39.7%	44.9%	54.9%
S&P Healthcare Providers & Services (Industry) Index	421.8	3.7%	35.9%	36.6%	78.8%
S&P Managed Healthcare (Sub Ind) Index	246.0	11.6%	37.2%	32.2%	92.5%
S&P Healthcare Services	341.3	10.0%	17.5%	13.6%	70.6%

Source: Capital IQ

Median% Change — 3 months



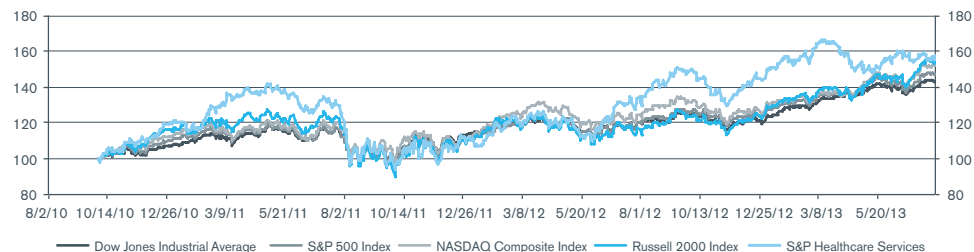
Source: Capital IQ

INTEREST RATES

	Value at 9/30/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.37%	0.55%
U.S. Treasury - 2 year	0.33%	0.38%	0.35%	0.23%
U.S. Treasury - 5 years	1.34%	1.57%	1.36%	0.61%
U.S. Treasury - 10 years	2.62%	2.75%	2.48%	1.64%
U.S. Treasury - 30 years	3.69%	3.68%	3.50%	3.50%
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 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Acute Care Hospitals																	
Chindex International Inc.	CHDX	\$17.04	5.1%	65.0%	\$19.21	\$9.56	\$284	\$296	\$164.5	\$19.0	\$0.24	NM	1.80x	15.5x	NM	NM	NM
Community Health Systems, Inc.	CYH	41.50	(11.5%)	42.4%	51.29	26.33	3,868	13,679	13,037.1	1,708.1	2.96	2.97	1.05x	8.0x	18.0x	14.0x	0.96x
HCA Holdings, Inc.	HCA	42.75	18.6%	28.6%	43.11	27.92	19,118	48,453	33,386.0	6,361.0	3.49	3.22	1.45x	7.6x	14.3x	13.3x	1.12x
Health Management Associates Inc.	HMA	12.80	(18.6%)	52.6%	17.28	6.97	3,331	6,987	5,868.3	882.1	0.67	0.56	1.19x	7.9x	26.9x	22.9x	2.02x
LifePoint Hospitals Inc.	LPNT	46.63	(4.5%)	9.0%	53.29	34.37	2,217	3,848	3,539.5	472.9	3.14	2.78	1.09x	8.1x	19.7x	16.7x	1.52x
Tenet Healthcare Corp.	THC	41.19	(10.7%)	64.2%	49.48	22.86	4,185	9,896	9,361.0	1,207.0	1.70	2.25	1.06x	8.2x	NM	18.3x	2.12x
Universal Health Services Inc.	UHS	74.99	12.0%	64.0%	75.35	40.46	7,364	11,214	7,111.9	1,347.7	4.53	4.50	1.58x	8.3x	15.5x	16.7x	1.43x
Median			(4.5%)	52.6%									1.19x	8.1x	18.0x	16.7x	1.48x
Assisted Living																	
AdCare Health Systems Inc.	ADK	\$4.05	(15.6%)	(12.3%)	\$6.26	\$3.66	\$60	\$222	\$225.4	\$7.2	(\$1.01)	(\$0.92)	0.99x	31.1x	NM	NM	NM
Algoma Central Corp.	ALC	14.71	12.3%	26.7%	15.48	11.09	572	670	524.4	114.1	0.98	NM	1.28x	5.9x	14.1x	NM	NM
Brookdale Senior Living Inc.	BKD	26.30	(0.5%)	13.3%	30.65	21.28	3,263	5,858	2,492.2	391.9	(0.54)	(0.01)	2.35x	14.9x	NM	NM	NM
Capital Senior Living Corp.	CSU	21.15	(11.5%)	46.2%	27.90	14.50	590	999	328.3	55.0	(0.11)	0.26	3.04x	18.2x	NM	NM	NM
Emeritus Corp.	ESC	18.53	(20.1%)	(11.5%)	30.95	18.15	884	4,817	1,673.2	306.1	(1.73)	(2.36)	2.88x	15.7x	NM	NM	NM
Five Star Quality Care Inc.	FVE	5.17	(7.8%)	1.2%	6.87	4.44	250	281	1,231.4	45.5	0.28	0.22	0.23x	6.2x	19.4x	23.5x	NM
Skilled Healthcare Group, Inc.	SKH	4.36	(34.7%)	(32.2%)	8.01	4.10	171	615	868.4	81.7	0.57	0.41	0.71x	7.5x	10.0x	10.7x	0.98x
Median			(11.5%)	1.2%									1.28x	14.9x	14.1x	17.1x	0.98x
Care Management / TPA																	
Alere Inc.	ALR	\$30.57	24.8%	56.8%	\$35.38	\$17.20	\$2,499	\$6,665	\$2,950.4	\$616.6	(\$1.23)	\$2.35	2.26x	10.8x	NM	13.0x	0.98x
CorVel Corporation	CRVL	36.97	26.3%	65.2%	37.29	20.16	783	758	442.8	62.4	1.06	NM	1.71x	12.2x	29.4x	NM	NM
Crawford & Company	CRD.B	9.70	72.6%	93.6%	9.90	4.55	460	595	1,200.3	134.6	0.89	0.91	0.50x	4.4x	9.2x	10.6x	1.18x
ExamWorks Group, Inc.	EXAM	25.99	22.4%	74.2%	26.43	11.27	921	1,270	574.6	74.3	(0.44)	(0.28)	2.21x	17.1x	NM	NM	NM
Healthways Inc.	HWAY	18.51	6.5%	58.1%	22.20	8.58	637	902	669.2	45.7	0.24	0.22	1.35x	19.8x	NM	NM	NM
Hooper Holmes Inc.	HH	0.47	30.6%	(26.5%)	0.64	0.31	33	31	138.5	(6.1)	(0.25)	NM	0.22x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	45.04	20.9%	50.8%	45.35	27.20	3,071	2,885	1,247.7	201.1	1.15	1.64	2.31x	14.3x	30.9x	27.5x	1.37x
Median			24.8%	58.1%									1.71x	13.3x	29.4x	13.0x	1.18x

Source: Capital IQ as of September 30, 2013; For definitions, see page 10

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Clinical Laboratories																	
Bio-Reference Laboratories Inc.	BRLI	\$29.88	3.9%	4.5%	\$32.86	\$23.36	\$827	\$833	\$734.0	\$103.5	\$1.56	\$1.83	1.13x	8.0x	17.2x	16.1x	0.95x
CML Healthcare Inc.	TSX:CLC	10.39	1.7%	20.7%	10.40	5.25	934	1,197	340.0	90.9	0.43	0.53	3.52x	13.2x	39.8x	19.5x	NM
Laboratory Corp. of America Holdings	LH	99.14	(1.0%)	7.2%	101.92	82.15	8,933	11,352	5,733.8	1,285.0	5.99	7.05	1.98x	8.8x	16.6x	14.1x	1.20x
Psychemedics Corp.	PMD	13.25	23.4%	9.8%	13.40	10.55	70	68	25.4	5.4	0.57	0.66	2.66x	12.4x	22.7x	19.8x	NM
Quest Diagnostics Inc.	DGX	61.79	1.9%	(2.6%)	64.87	55.16	9,385	12,790	7,197.9	1,541.8	3.92	4.34	1.78x	8.3x	17.4x	14.2x	1.33x
Sonic Healthcare Limited	ASX:SHL	15.19	9.3%	19.5%	15.31	11.73	6,081	7,737	3,269.1	593.0	0.77	0.85	2.37x	13.0x	19.1x	17.8x	1.78x
Median			2.9%	8.5%									2.17x	10.6x	18.2x	17.0x	1.26x
Contract Research Orgs																	
Albany Molecular Research Inc.	AMRI	\$12.89	8.6%	271.5%	\$13.90	\$3.36	\$407	\$377	\$241.7	\$39.1	(\$0.12)	\$0.64	1.56x	9.6x	NM	20.1x	NM
GlaxoSmithKline S.A.E.	BIOC	1.74	19.5%	0.0%	1.83	1.23	145	131	141.5	14.3	0.13	NM	0.93x	9.2x	15.8x	NM	NM
Charles River Laboratories International, Inc.	CRL	46.26	12.7%	16.8%	48.73	35.54	2,270	2,799	1,143.0	249.9	2.10	2.83	2.45x	11.2x	22.9x	16.3x	1.80x
Covance Inc.	CVD	86.46	13.6%	85.2%	86.99	46.51	4,833	4,713	2,279.5	329.9	1.68	3.16	2.07x	14.3x	30.1x	27.3x	1.91x
ICON Public Limited Company	ICLR	40.93	15.5%	68.0%	41.29	23.05	2,491	2,309	1,236.7	147.8	0.92	1.62	1.87x	15.6x	31.4x	25.2x	1.50x
PAREXEL International Corporation	PRXL	50.20	9.2%	63.2%	53.55	28.45	2,822	2,989	1,734.4	209.3	1.28	1.76	1.72x	14.3x	31.3x	28.6x	1.56x
Quintiles Transnational Holdings Inc.	Q	44.88	5.5%	NM	47.50	41.50	5,786	7,274	3,731.0	498.8	1.51	2.01	1.95x	14.6x	30.8x	22.3x	1.85x
Median			12.7%	65.6%									1.87x	14.3x	30.5x	23.8x	1.80x
Diagnostic Imaging																	
Alliance Healthcare Services, Inc.	AIQ	\$27.69	77.0%	292.8%	\$27.74	\$5.71	\$288	\$848	\$455.6	\$143.7	(\$1.12)	NM	1.86x	5.9x	NM	NM	NM
American Shared Hospital Services	AMS	2.56	16.9%	(14.4%)	3.46	1.52	12	49	17.6	9.1	0.01	NM	2.79x	5.4x	NM	NM	NM
RadNet, Inc.	RDNT	2.41	(9.1%)	(13.3%)	3.35	2.13	97	682	669.2	99.9	1.64	0.18	1.02x	6.8x	1.7x	13.2x	NM
Median			16.9%	(13.3%)									1.86x	5.9x	1.7x	13.2x	NM
Dialysis Services																	
DaVita HealthCare Partners Inc.	DVA	\$56.90	(5.8%)	9.8%	\$65.67	\$51.43	\$12,097	\$20,720	\$10,120.7	\$2,100.6	\$2.74	\$3.78	2.05x	9.9x	20.9x	15.1x	1.22x
Fresenius Medical Care AG & Co. KGAA	DB:FME	65.16	(11.7%)	(15.9%)	80.54	63.04	20,077	29,003	14,194.4	2,759.8	3.87	3.51	2.04x	10.5x	18.9x	18.6x	1.86x
Median			(8.7%)	(3.0%)									2.05x	10.2x	19.9x	16.8x	1.54x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Distribution / Supply																	
Aceto Corp.	ACET	\$15.62	12.1%	65.3%	\$17.29	\$8.95	\$439	\$435	\$499.7	\$44.6	\$0.68	\$1.02	0.87x	9.8x	19.6x	15.4x	NM
AmerisourceBergen Corporation	ABC	61.10	9.4%	57.8%	62.44	38.69	14,114	13,943	83,963.4	1,273.7	2.89	3.13	0.17x	10.9x	25.6x	19.5x	0.08x
Cardinal Health, Inc.	CAH	52.15	10.5%	33.8%	53.92	38.76	17,750	19,714	101,093.0	2,443.0	3.29	3.57	0.20x	8.1x	NM	14.6x	1.39x
Henry Schein, Inc.	HSIC	103.77	8.4%	31.0%	107.75	73.35	8,975	9,832	9,324.8	788.8	4.32	4.89	1.05x	12.5x	22.8x	21.2x	1.97x
McKesson Corporation	MCK	128.30	12.1%	49.1%	133.33	85.57	29,332	31,301	123,964.0	3,094.0	6.60	7.31	0.25x	10.1x	22.6x	17.6x	1.25x
Owens & Minor Inc.	OMI	34.59	2.2%	15.8%	36.40	26.97	2,189	2,197	9,047.2	239.1	1.72	1.90	0.24x	9.2x	21.0x	18.2x	2.03x
Patterson Companies, Inc.	PDCO	40.19	6.9%	17.4%	42.69	31.36	4,231	4,489	3,628.1	398.6	2.00	2.13	1.24x	11.3x	19.9x	18.8x	1.66x
Median			9.4%	33.8%									0.25x	10.1x	21.8x	18.2x	1.53x
Emergency Services																	
Air Methods Corp.	AIRM	\$42.56	25.7%	7.0%	\$50.61	\$32.24	\$1,655	\$2,294	\$843.0	\$213.5	\$2.39	\$1.81	2.72x	10.7x	26.8x	23.5x	1.40x
InfuSystem Holdings, Inc.	INFU	1.28	(14.1%)	(27.3%)	1.89	1.27	28	56	53.7	12.1	(0.07)	0.06	1.05x	4.7x	NM	21.3x	NM
Median			5.8%	(10.2%)									1.88x	7.7x	26.8x	22.4x	1.40x
HCIT - Provider Based																	
Accretive Health, Inc.	AH	\$9.12	(15.6%)	(18.3%)	\$13.54	\$8.55	\$887	\$691	\$973.6	\$28.7	\$0.25	\$0.47	0.71x	24.1x	53.5x	19.3x	0.64x
The Advisory Board Company	ABCO	59.48	8.8%	24.4%	60.43	42.72	2,132	2,092	469.9	63.0	0.61	1.17	4.45x	33.2x	NM	48.4x	2.81x
Allscripts Healthcare Solutions, Inc.	MDRX	14.87	14.9%	19.7%	16.43	8.85	2,625	3,098	1,403.6	77.9	(0.01)	0.33	2.21x	39.8x	NM	44.7x	4.96x
athenahealth, Inc.	ATHN	108.58	28.2%	18.3%	117.72	56.33	4,001	4,214	494.1	42.7	0.50	1.02	8.53x	98.8x	NM	NM	NM
Cerner Corporation	CERN	52.55	9.4%	35.8%	55.07	33.82	18,030	17,243	2,711.7	782.2	1.13	1.41	6.36x	22.0x	43.9x	37.3x	2.17x
Computer Programs & Systems Inc.	CPSI	58.50	19.0%	5.3%	59.53	46.08	648	636	195.9	48.8	2.71	2.84	3.25x	13.0x	20.8x	20.6x	1.62x
Greenway Medical Technologies, Inc.	GWAY	20.65	67.3%	20.8%	20.70	10.30	616	605	134.8	(3.0)	(0.87)	(0.14)	4.48x	NM	NM	NM	NM
MedAssets, Inc.	MDAS	25.42	43.3%	42.8%	25.72	15.40	1,556	2,386	670.8	212.2	(0.12)	1.31	3.56x	11.2x	NM	19.3x	1.38x
Merge Healthcare Incorporated	MRGE	2.61	(27.5%)	(31.7%)	4.71	2.27	244	480	245.9	27.0	(0.31)	0.11	1.95x	17.7x	NM	23.7x	1.58x
Quality Systems Inc.	QSII	21.73	16.1%	17.3%	23.58	16.02	1,295	1,165	451.5	97.4	1.03	0.97	2.58x	12.0x	32.8x	22.5x	2.34x
Median			15.5%	19.0%									3.40x	22.0x	38.3x	23.1x	1.89x

Source: Capital IQ as of September 30, 2013; For definitions, see page 10

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
HCIT - Specialty																	
Accelrys Inc.	ACCL	\$9.84	17.1%	13.6%	\$10.00	\$7.75	\$546	\$415	\$165.9	\$9.6	(\$0.19)	\$0.32	2.50x	43.3x	85.9x	31.0x	1.55x
BioTelemetry, Inc.	BEAT	9.91	68.0%	293.3%	10.90	2.00	253	234	111.0	6.2	(0.49)	(0.19)	2.11x	37.8x	NM	NM	NM
Healthstream Inc.	HSTM	37.88	49.6%	33.1%	38.34	19.50	1,016	914	115.8	22.4	0.28	0.31	7.90x	40.9x	NM	NM	NM
HMS Holdings Corp.	HMSY	21.49	(7.8%)	(35.6%)	33.64	18.50	1,887	2,058	488.7	141.2	0.57	0.55	4.21x	14.6x	39.5x	39.4x	1.97x
Medidata Solutions, Inc.	MDSO	98.93	27.7%	138.4%	102.99	31.30	2,639	2,499	245.8	39.5	0.71	1.37	10.17x	63.2x	NM	72.0x	3.31x
Omnicell Inc.	OMCL	23.68	15.2%	70.4%	25.22	12.61	825	738	355.3	50.8	0.47	1.05	2.08x	14.5x	38.8x	22.5x	1.45x
Streamline Health Solutions, Inc.	STRM	7.60	15.7%	36.4%	8.00	4.75	99	115	28.5	1.3	(0.48)	(0.30)	4.02x	88.4x	NM	NM	NM
WebMD Health Corp.	WBMD	28.55	(2.8%)	103.5%	35.28	13.13	1,416	1,189	488.3	53.4	(0.45)	0.23	2.44x	22.3x	NM	NM	NM
Median			16.4%	53.4%									3.26x	39.3x	39.5x	35.2x	1.76x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$13.76	(3.9%)	36.8%	\$16.20	\$9.49	\$632	\$775	\$997.8	\$71.0	\$0.35	\$0.65	0.78x	10.9x	22.2x	21.2x	1.57x
Cross Country Healthcare, Inc.	CCRN	6.04	17.1%	27.7%	6.23	3.80	188	162	445.1	5.3	(0.67)	(0.04)	0.36x	NM	NM	NM	NM
IPC The Hospitalist Company, Inc.	IPCM	51.01	(0.7%)	11.6%	55.49	33.10	859	856	564.1	61.3	1.92	2.19	1.52x	14.0x	22.7x	23.2x	1.33x
On Assignment Inc.	ASGN	33.00	23.5%	65.7%	33.74	18.00	1,769	2,124	1,624.2	166.7	0.89	1.18	1.31x	12.7x	36.0x	28.1x	1.87x
Team Health Holdings, Inc.	TMH	37.94	(7.6%)	39.8%	42.42	24.09	2,641	3,057	2,239.7	221.9	0.93	1.80	1.37x	13.8x	37.8x	21.1x	1.41x
Median			(0.7%)	36.8%									1.31x	13.3x	29.4x	22.2x	1.49x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$28.97	46.8%	441.5%	\$29.94	\$5.00	\$316	\$277	\$253.7	\$19.2	\$0.86	\$0.94	1.09x	14.4x	28.9x	31.0x	2.07x
Almost Family Inc.	AFAM	19.43	1.8%	(8.7%)	21.98	17.66	183	152	348.0	25.8	1.85	1.20	0.44x	5.9x	13.1x	16.2x	1.35x
Amedisys Inc.	AMED	17.21	48.3%	24.5%	18.70	8.81	554	600	1,388.1	74.2	(2.75)	0.56	0.43x	8.1x	NM	30.8x	2.47x
Chemed Corp.	CHE	71.50	(1.3%)	3.2%	82.00	56.51	1,334	1,400	1,446.8	188.7	4.62	5.67	0.97x	7.4x	16.3x	12.6x	0.84x
Gentiva Health Services Inc.	GTIV	12.04	20.9%	6.4%	13.85	8.47	378	1,105	1,679.5	170.4	0.87	0.93	0.66x	6.5x	NM	12.9x	1.29x
LHC Group, Inc.	LHCG	23.46	19.8%	27.0%	26.90	16.18	413	446	635.4	61.0	1.53	1.34	0.70x	7.3x	15.8x	17.5x	1.30x
Median			20.3%	15.5%									0.68x	7.4x	16.1x	16.8x	1.32x

Source: Capital IQ as of September 30, 2013; For definitions, see page 10

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E		
Long Term Care																		
Diversicare Healthcare Services Inc.	DVCR	\$5.23	16.2%	(11.1%)	\$6.11	\$4.45	\$31	\$86	\$318.5	\$6.5	(\$0.63)	NM	0.27x	13.2x	NM	NM	NM	
Kindred Healthcare Inc.	KND	13.43	2.3%	18.0%	16.63	9.68	727	2,304	6,186.4	426.9	(0.65)	1.21	0.37x	5.4x	NM	11.1x	1.11x	
National Healthcare Corp.	NHC	47.27	(1.1%)	(1.0%)	50.82	43.39	664	656	748.1	98.7	3.49	NM	0.88x	6.6x	13.5x	NM	NM	
The Ensign Group, Inc.	ENSG	41.11	16.7%	34.3%	42.26	24.97	902	1,088	857.0	87.3	1.85	2.69	1.27x	12.5x	NM	15.3x	1.02x	
Median			9.3%	8.5%									0.62x	9.6x	13.5x	13.2x	1.07x	
Managed Care - Commercial																		
Aetna Inc.	AET	\$64.02	0.8%	61.7%	\$69.20	\$39.50	\$23,822	\$30,912	\$39,919.3	\$3,818.6	\$4.81	\$5.89	0.77x	8.1x	12.9x	10.9x	0.94x	
Cigna Corp.	CI	76.86	6.0%	62.9%	84.68	47.29	21,739	23,818	31,106.0	3,718.0	5.61	6.66	0.77x	6.4x	15.8x	11.5x	1.06x	
Health Net, Inc.	HNT	31.70	(0.4%)	40.8%	33.90	21.09	2,517	2,762	11,152.8	266.3	0.31	2.26	0.25x	10.4x	23.7x	14.1x	0.92x	
Humana Inc.	HUM	93.33	10.6%	33.0%	99.85	63.93	14,603	15,936	40,015.0	2,848.0	7.47	8.77	0.40x	5.6x	10.2x	10.6x	1.04x	
UnitedHealth Group Incorporated	UNH	71.61	9.4%	29.2%	75.88	51.09	72,806	82,638	116,819.0	10,202.0	5.28	5.50	0.71x	8.1x	13.8x	13.0x	1.48x	
Universal American Corp.	UAM	7.62	(14.3%)	(17.5%)	11.13	7.26	652	744	2,200.9	108.1	0.61	0.38	0.34x	6.9x	NM	19.8x	1.32x	
WellPoint Inc.	WLP	83.61	2.2%	44.1%	90.00	53.69	24,996	39,160	66,372.0	5,677.7	8.18	8.25	0.59x	6.9x	9.4x	10.1x	0.88x	
Median			2.2%	40.8%									0.59x	6.9x	13.4x	11.5x	1.04x	
Managed Care - Government																		
Centene Corp.	CNC	\$63.96	21.9%	71.0%	\$65.04	\$34.73	\$3,494	\$3,361	\$10,251.9	\$182.3	\$0.03	\$2.80	0.33x	18.4x	48.3x	22.9x	1.06x	
Molina Healthcare, Inc.	MOH	35.60	(4.2%)	41.6%	40.90	21.74	1,626	1,645	6,428.9	209.1	0.21	1.62	0.26x	7.9x	24.5x	22.0x	1.07x	
WellCare Health Plans, Inc.	WCG	69.74	25.5%	23.3%	71.34	44.75	3,037	2,188	8,395.3	267.9	4.22	4.90	0.26x	8.2x	20.3x	14.2x	1.14x	
Median			21.9%	41.6%									0.26x	8.2x	24.5x	22.0x	1.07x	

Source: Capital IQ as of September 30, 2013; For definitions, see page 10

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Other Services																	
Healthcare Services Group Inc.	HCSG	\$25.76	5.1%	12.7%	\$26.54	\$21.47	\$1,798	\$1,712	\$1,097.2	\$79.7	\$0.65	\$0.82	1.56x	21.5x	34.5x	31.5x	1.75x
PDI, Inc.	PDII	4.82	2.6%	(39.5%)	8.25	3.82	73	20	147.6	2.5	(1.75)	(0.14)	0.13x	7.8x	NM	NM	NM
Sharps Compliance Corp.	SMED	3.07	17.2%	16.7%	3.64	2.01	47	32	21.5	(1.4)	(0.29)	(0.10)	1.47x	NM	NM	NM	NM
Stericycle, Inc.	SRCL	115.40	4.5%	27.5%	119.59	88.76	9,912	11,229	2,024.5	607.4	3.08	3.71	5.55x	18.5x	35.6x	31.1x	2.03x
Median			4.8%	14.7%									1.51x	18.5x	35.0x	31.3x	1.89x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$8.78	(46.8%)	(3.6%)	\$17.62	\$8.29	\$595	\$739	\$740.9	\$34.5	(\$0.15)	\$0.20	1.00x	21.4x	NM	44.6x	2.79x
Catamaran Corporation	TSX:CCT	45.79	(7.6%)	(1.8%)	58.96	44.02	9,443	10,114	13,157.5	613.4	0.70	1.88	0.77x	16.5x	53.1x	24.5x	0.78x
Express Scripts Holding Company	ESRX	61.80	0.1%	(1.3%)	67.66	49.79	50,317	63,266	106,708.9	6,472.2	1.79	4.31	0.59x	9.8x	28.1x	14.3x	0.90x
Omnicare Inc.	OCR	55.50	16.3%	63.4%	56.39	32.53	5,742	7,242	6,126.2	711.3	1.73	3.61	1.18x	10.2x	27.1x	15.4x	1.03x
PharMerica Corporation	PMC	13.27	(4.3%)	4.8%	16.45	11.75	395	640	1,745.8	117.9	0.77	1.59	0.37x	5.4x	13.3x	8.4x	0.84x
Median			(4.3%)	(1.3%)									0.77x	10.2x	27.6x	15.4x	0.90x
Physician Practice Management																	
Birmer Dental Management Services Inc.	BDMS	\$18.75	4.8%	11.5%	\$23.03	\$16.21	\$35	\$40	\$63.4	\$4.7	\$0.44	NM	0.64x	8.6x	44.4x	NM	NM
MEDNAX, Inc.	MD	100.40	9.6%	34.9%	102.97	67.86	4,923	5,057	1,976.4	450.3	4.85	5.46	2.56x	11.2x	19.8x	18.4x	1.38x
Median			7.2%	23.2%									1.60x	9.9x	32.1x	18.4x	1.38x
Psychiatric Hospitals																	
Acadia Healthcare Company, Inc.	ACHC	\$39.43	19.2%	65.5%	\$41.30	\$18.53	\$1,992	\$2,554	\$556.1	\$109.5	\$0.53	\$1.03	NM	23.3x	67.0x	38.2x	1.15x
Magellan Health Services Inc.	MGLN	59.96	6.9%	16.2%	60.61	46.00	1,610	1,355	3,293.2	244.1	5.42	4.03	0.41x	5.6x	10.4x	14.9x	1.06x
Providence Service Corp.	PRSC	28.69	(1.4%)	120.9%	31.31	9.70	384	440	1,135.9	58.2	0.64	1.56	0.39x	7.6x	23.3x	18.4x	2.46x
Median			6.9%	65.5%									0.40x	7.6x	23.3x	18.4x	1.15x

Source: Capital IQ as of September 30, 2013; For definitions, see page 10

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Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Specialty Managed Care																	
Assurant Inc.	AIZ	\$54.10	6.3%	45.0%	\$56.42	\$33.62	\$4,056	\$4,528	\$8,694.4	\$849.3	\$5.67	\$5.65	0.52x	5.3x	10.9x	9.6x	1.06x
Triple-S Management Corporation	GTS	18.39	(14.3%)	(12.0%)	23.70	16.05	520	593	2,401.0	109.4	1.90	2.05	0.25x	5.4x	7.8x	9.0x	0.80x
Median			(4.0%)	16.5%									0.38x	5.4x	9.4x	9.3x	0.93x
Surgicenters / Rehabilitation																	
AmSurg Corp.	AMSG	\$39.70	13.1%	39.9%	\$41.00	\$25.00	\$1,283	\$2,359	\$998.7	\$336.7	\$1.98	\$2.20	2.36x	7.0x	19.3x	18.1x	1.25x
Hanger, Inc.	HGR	33.76	6.7%	18.3%	37.39	22.38	1,166	1,665	1,023.0	169.1	1.83	2.09	1.63x	9.8x	19.6x	16.2x	1.20x
HEALTHSOUTH Corp.	HLS	34.48	19.7%	43.3%	36.52	19.85	3,010	4,735	2,198.4	524.8	1.65	1.81	2.15x	9.0x	11.7x	19.1x	1.30x
LCA-Vision Inc.	LCAV	3.60	19.2%	(10.9%)	4.32	2.67	69	41	91.1	(3.4)	(0.45)	(0.12)	0.45x	NM	NM	NM	NM
Select Medical Holdings Corporation	SEM	8.07	(1.6%)	(28.1%)	8.29	7.91	1,127	2,711	2,924.6	385.9	1.05	0.93	0.93x	7.0x	9.2x	8.7x	0.70x
US Physical Therapy Inc.	USPH	31.08	12.4%	12.5%	32.15	22.69	376	406	251.1	41.7	1.51	1.51	1.61x	9.7x	22.0x	20.6x	1.65x
Median			12.8%	15.4%									1.62x	9.0x	19.3x	18.1x	1.25x

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

MARKET SECTOR	No. of Co's	Ag. Eqty Mkt. Value	Median% Change		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	Rev	EBITDA	LTM	2013E	
Biotechnology	34	\$409,452	14.8%	33.6%	8.39x	17.0x	31.7x	30.1x	1.6x
Cardiology Devices	16	98,834	5.5%	16.0%	3.22x	12.6x	30.2x	21.7x	1.9x
Conglomerates	6	427,407	1.2%	26.7%	2.61x	10.2x	19.0x	17.1x	2.0x
Dental Devices	8	16,453	3.9%	15.4%	2.49x	14.4x	26.0x	19.8x	1.5x
Diagnostic Imaging Devices	5	7,347	7.7%	22.3%	1.66x	13.1x	33.0x	20.2x	1.3x
Diversified Medical Devices	17	87,707	5.8%	13.5%	2.52x	12.1x	25.5x	19.4x	1.6x
Infection Prevention Devices	2	3,758	19.5%	47.4%	2.52x	13.7x	23.9x	26.0x	1.8x
Lab Equipment	2	7,237	27.3%	45.7%	1.82x	10.7x	18.1x	22.8x	1.7x
Lab Instrumentation & Devices	3	12,736	10.6%	27.8%	1.94x	15.0x	31.1x	25.2x	2.0x
Large-Cap Pharmaceuticals	6	559,643	3.0%	6.1%	3.77x	9.9x	21.1x	13.9x	2.4x
Life Science Conglomerates	4	60,871	8.5%	55.2%	3.48x	15.3x	45.8x	18.2x	1.8x
Life Science Consumables	5	7,971	4.5%	11.0%	1.77x	15.2x	24.3x	27.5x	1.4x
Mobility Devices	3	2,694	5.9%	21.3%	0.85x	10.0x	25.5x	15.9x	1.3x
Neural Implant Devices	3	4,146	3.5%	(3.2%)	3.64x	11.0x	30.1x	21.5x	1.4x
Ophthalmology Devices	3	6,635	9.2%	37.6%	1.37x	14.6x	20.9x	21.0x	1.3x
Orthopedics Devices	7	43,758	1.8%	18.0%	2.36x	9.1x	21.5x	18.1x	1.8x
Pharmaceuticals	26	93,813	18.1%	46.1%	3.88x	12.2x	23.1x	19.5x	2.2x
Surgical Devices	6	16,815	0.5%	14.2%	1.73x	9.5x	23.6x	23.3x	1.8x
Total / Median (\$MM)	156	\$1,867,274	5.9%	21.8%	2.51x	12.4x	24.9x	20.6x	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	46	\$1,750,380	29.5%	93.7%	9.3%	67.4%	32.8%	30.5%
\$1 billion - \$5 billion	41	92,044	26.3%	4.9%	15.8%	55.2%	28.7%	26.9%
\$250 million - \$1 billion	37	21,215	23.7%	1.1%	17.4%	81.9%	54.9%	53.8%
\$100 million - \$250 million	17	2,885	10.9%	0.2%	18.6%	113.8%	30.9%	36.4%
< \$100 million	15	750	9.6%	0.0%	16.3%	68.0%	26.3%	25.9%
Total / Median (\$MM)	156	\$1,867,274	100.0%	100.0%	5.9%	68.0%	21.8%	30.5%

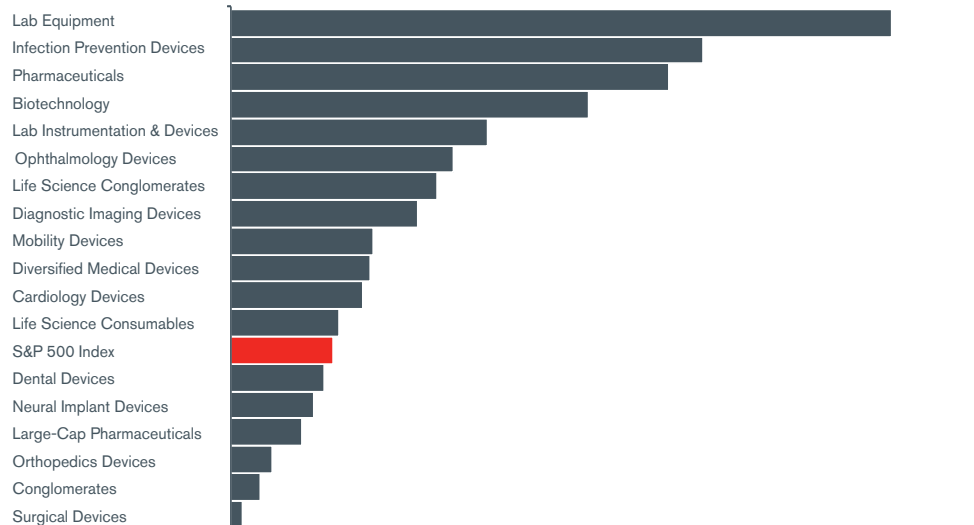
Source: Capital IQ

INTEREST RATES

	Value at 9/30/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.37%	0.00%	0.37%	0.55%
U.S. Treasury - 2 year	0.33%	0.38%	0.35%	0.23%
U.S. Treasury - 5 years	1.35%	1.57%	1.36%	0.61%
U.S. Treasury - 10 years	2.62%	2.75%	2.48%	1.64%
U.S. Treasury - 30 years	3.68%	3.68%	3.50%	3.50%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median% Change — 3 months



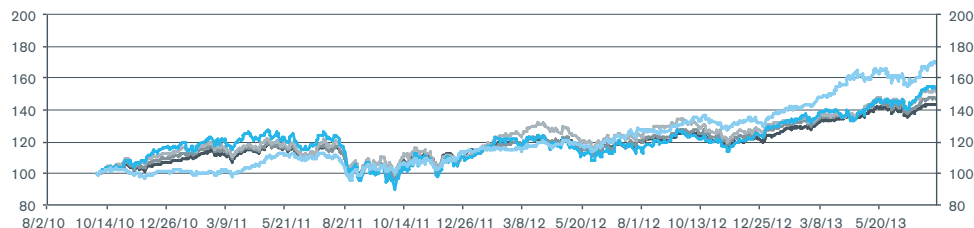
Source: Capital IQ

MARKET INDICES

	Value at 9/30/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$15,155.1	1.2%	15.7%	12.1%	39.9%
S&P 500 Index	1,683.8	4.3%	18.1%	16.6%	46.9%
NASDAQ Composite Index	3,775.2	9.9%	25.0%	21.3%	59.2%
Russell 2000 Index	1,074.2	8.5%	26.5%	27.8%	58.1%
S&P Life Science Tools & Services (Industry) Index	246.5	8.9%	37.2%	44.5%	71.1%
S&P 500 Pharmaceuticals (Industry) Index	450.1	3.2%	20.6%	18.1%	49.9%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	507.6	7.5%	30.8%	28.1%	73.9%
S&P 500 Biotechnology (Industry) Index	2,571.5	21.1%	60.0%	60.9%	174.8%
Dow Jones U.S. Medical Equipment Index	689.4	4.1%	24.0%	22.5%	55.1%
S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	573.1	7.8%	30.0%	28.5%	70.7%

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 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Biotechnology																	
Acorda Therapeutics, Inc.	ACOR	\$34.20	3.7%	33.5%	\$40.87	\$22.37	\$1,414	\$1,115	\$317.8	\$25.2	\$3.84	\$0.27	3.51x	44.2x	9.8x	NM	NM
Alexion Pharmaceuticals, Inc.	ALXN	115.83	25.6%	1.3%	125.65	81.82	22,767	21,791	1,323.7	505.1	1.28	2.99	16.46x	43.1x	66.4x	39.0x	1.54x
Alkermes plc	ALKS	33.45	16.6%	61.2%	35.72	18.00	4,565	4,704	561.9	158.3	(0.32)	1.12	8.37x	29.7x	NM	30.1x	1.39x
Amarin Corporation plc	AMRN	6.35	9.5%	(49.5%)	12.96	5.12	1,131	1,218	7.8	(178.3)	(1.24)	(1.36)	NM	NM	NM	NM	NM
Amgen Inc.	AMGN	112.89	14.4%	33.9%	117.91	81.56	85,272	87,169	17,657.0	7,065.0	5.52	7.26	4.94x	12.3x	19.1x	15.6x	1.74x
Astex Pharmaceuticals, Inc.	ASTX	8.49	106.4%	175.5%	9.39	2.14	805	671	80.0	(0.4)	0.08	(0.28)	8.39x	NM	NM	NM	NM
Athersys, Inc.	ATHX	1.64	(1.4%)	17.7%	2.42	0.95	97	78	4.2	(20.9)	(0.45)	(0.48)	18.62x	NM	NM	NM	NM
Biogen Idec Inc.	BIIB	242.92	12.9%	62.8%	248.95	134.00	58,187	58,249	5,942.1	2,514.1	5.76	8.59	9.80x	23.2x	36.3x	28.5x	1.63x
BioSpecifics Technologies Corp.	BSTC	19.62	25.8%	1.0%	20.15	12.52	122	110	13.2	6.5	0.43	0.60	8.33x	16.9x	33.8x	32.2x	1.46x
Cangene Corp.	TSX:CJN	2.16	3.3%	33.7%	3.19	1.36	149	111	131.1	10.5	(0.28)	0.06	0.85x	10.6x	NM	39.7x	NM
Celgene Corporation	CELG	154.75	32.3%	102.6%	154.99	71.23	63,587	63,172	5,930.2	2,500.8	3.30	5.97	10.65x	25.3x	43.2x	25.9x	1.19x
Cepheid	CPHD	39.12	13.7%	13.4%	40.31	28.12	2,635	2,551	360.9	16.5	(0.30)	(0.26)	7.07x	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	63.51	31.5%	33.2%	68.00	38.53	4,289	3,777	972.8	221.2	2.10	1.03	3.88x	17.1x	44.8x	62.9x	2.48x
Curis, Inc.	CRIS	4.41	38.2%	6.5%	4.63	2.66	351	325	8.5	(14.3)	(0.21)	(0.16)	NM	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.71	2.4%	(1.7%)	2.25	0.90	50	51	14.8	0.4	0.04	NM	3.45x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	18.90	31.1%	33.0%	19.53	12.50	692	596	286.7	53.2	0.65	0.77	2.08x	11.2x	27.3x	24.8x	2.48x
Exelixis, Inc.	EXEL	5.86	29.1%	21.5%	5.88	4.29	1,064	1,048	42.7	(139.1)	(0.92)	(1.32)	24.58x	NM	NM	NM	NM
Genomic Health Inc.	GHDX	30.59	(3.5%)	(11.8%)	38.99	25.25	944	837	245.9	7.8	0.26	(0.12)	3.40x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	63.38	23.6%	91.1%	64.74	32.07	97,256	102,558	10,313.9	4,449.8	1.64	1.97	9.94x	23.0x	35.5x	32.3x	1.28x
Immunomedics Inc.	IMMU	6.08	11.8%	73.2%	6.91	2.11	514	472	5.0	(30.5)	(0.36)	(0.38)	NM	NM	NM	NM	NM
Ligand Pharmaceuticals Incorporated	LGND	43.09	15.2%	151.3%	50.85	14.75	870	879	41.2	11.8	(0.13)	0.50	21.32x	NM	NM	85.1x	2.84x
Momenta Pharmaceuticals Inc.	MNTA	14.22	(5.6%)	(2.4%)	18.08	10.05	751	451	29.8	(89.7)	(1.16)	(2.03)	15.13x	NM	NM	NM	NM
Myriad Genetics Inc.	MYGN	25.92	(3.5%)	(3.8%)	38.27	24.08	2,085	1,713	613.2	238.4	1.46	1.92	2.79x	7.2x	14.6x	13.5x	0.85x
Neurocrine Biosciences Inc.	NBIX	11.33	(15.3%)	42.0%	16.74	6.72	768	614	32.8	(19.7)	0.08	(0.78)	18.75x	NM	NM	NM	NM
Osiris Therapeutics, Inc.	OSIR	16.62	65.0%	50.4%	27.40	6.55	547	520	15.2	(11.4)	(0.34)	(0.35)	NM	NM	NM	NM	NM
PDL BioPharma, Inc.	PDLI	8.03	4.0%	4.3%	8.48	6.50	1,153	1,210	406.7	379.9	1.45	1.73	2.97x	3.2x	5.1x	4.8x	NM
ProMetic Life Sciences Inc.	TSX:PLI	0.72	127.7%	516.6%	0.77	0.11	358	356	24.9	1.2	0.00	(0.00)	14.29x	NM	NM	NM	NM
Regeneron Pharmaceuticals, Inc.	REGN	314.32	39.8%	105.9%	311.00	136.13	29,734	29,670	1,739.6	697.4	6.75	3.50	17.06x	42.5x	40.4x	87.5x	3.77x
Spectrum Pharmaceuticals, Inc.	SPPI	8.38	12.3%	(28.4%)	13.15	6.92	516	442	211.0	41.1	1.46	(0.30)	2.09x	10.8x	29.7x	NM	NM
Targacept, Inc.	TRGT	5.33	24.8%	9.0%	5.84	3.85	177	79	4.9	(42.1)	(0.21)	(1.36)	16.07x	NM	NM	NM	NM

Source: Capital IQ as of September 30, 2013; For definitions, see page 19

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Biotechnology (cont.)																	
Theravance Inc.	THRX	\$41.00	6.4%	58.2%	\$42.96	\$19.61	\$4,570	\$4,587	\$9.9	(\$130.9)	(\$0.20)	(\$1.94)	NM	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	78.41	19.1%	40.3%	79.95	44.51	3,930	3,514	1,010.0	453.7	5.71	5.99	3.48x	7.7x	13.6x	13.1x	1.64x
Vanda Pharmaceuticals, Inc.	VNDA	11.05	36.8%	174.2%	13.47	2.92	386	282	32.6	(17.2)	(0.98)	(0.81)	8.65x	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	76.37	(4.6%)	36.6%	89.96	38.44	17,717	16,910	1,309.1	(117.0)	(0.51)	(2.44)	12.92x	NM	NM	NM	NM
Median			14.8%	33.6%									8.39x	17.0x	31.7x	30.1x	1.63x
Cardiology Devices																	
ABIOMED, Inc.	ABMD	\$19.02	(11.8%)	(9.4%)	\$25.25	\$11.80	\$710	\$642	\$162.0	\$14.2	\$0.33	\$0.18	3.96x	45.2x	73.3x	NM	NM
AngioDynamics Inc.	ANGO	13.18	16.8%	8.0%	13.85	9.52	460	580	340.4	51.5	(0.25)	0.22	1.70x	11.3x	NM	60.6x	4.04x
Boston Scientific Corporation	BSX	11.74	26.6%	104.5%	12.16	5.04	15,470	19,192	7,125.0	1,630.0	(2.89)	0.44	2.69x	11.8x	NM	26.4x	2.50x
Cardiovascular Systems Inc.	CSII	19.99	(5.7%)	72.9%	22.84	10.38	500	445	103.9	(21.4)	(1.01)	(1.27)	4.28x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	69.38	3.2%	(35.4%)	110.79	62.34	7,723	7,376	1,972.3	519.7	2.48	3.07	3.74x	14.2x	20.1x	22.4x	1.52x
Greatbatch, Inc.	GB	33.73	2.9%	38.6%	38.36	21.08	811	1,038	640.1	117.3	(0.20)	2.06	1.62x	8.8x	NM	16.3x	1.36x
Heartware International Inc.	HTWR	73.19	(23.0%)	(22.5%)	99.68	72.95	1,204	1,086	155.6	(52.7)	(6.15)	(3.19)	6.98x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	6.66	1.8%	3.7%	7.19	5.69	104	89	59.5	6.6	0.16	0.21	1.49x	13.5x	35.7x	32.3x	1.62x
Medtronic, Inc.	MDT	53.43	3.8%	23.9%	55.98	40.28	52,866	52,657	16,665.0	5,636.0	3.28	3.74	3.16x	9.3x	15.3x	14.2x	2.20x
Neovasc Inc.	NVC	2.43	(15.3%)	79.9%	3.88	1.26	117	112	9.0	(5.3)	(0.01)	NM	12.44x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.56	7.1%	(11.8%)	0.64	0.36	186	153	0.0	(24.4)	(0.07)	(0.07)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	53.58	17.4%	27.2%	54.36	30.25	15,046	17,642	5,439.0	1,735.0	2.39	3.72	3.24x	10.2x	24.7x	14.1x	1.46x
Stereotaxis Inc.	STXS	3.34	115.5%	133.6%	10.85	1.01	27	52	41.9	(5.7)	(1.33)	NM	1.23x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	11.56	115.3%	38.6%	13.80	4.85	194	172	0.0	(17.0)	(1.98)	NM	NA	NM	NM	NM	NM
Thoratec Corp.	THOR	37.20	18.8%	7.5%	39.86	29.91	2,124	1,863	494.4	133.7	0.94	1.75	3.77x	13.9x	42.6x	21.0x	2.64x
Volcano Corporation	VOLC	23.75	31.0%	(16.9%)	30.15	16.37	1,293	1,248	389.3	37.6	0.15	0.05	3.20x	33.2x	NM	NM	NM
Median			5.5%	16.0%									3.22x	12.6x	30.2x	21.7x	1.91x

Source: Capital IQ as of September 30, 2013; For definitions, see page 19

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Conglomerates																	
3M Company	MMM	\$119.71	9.5%	29.5%	\$122.27	\$86.74	\$82,167	\$84,304	\$30,270.0	\$7,794.0	\$6.32	\$6.70	2.79x	10.8x	18.8x	17.9x	1.68x
Agilent Technologies Inc.	A	51.44	20.3%	33.8%	53.47	35.38	17,079	17,453	6,831.0	1,382.0	3.13	2.78	2.55x	12.6x	19.2x	18.6x	2.29x
Becton, Dickinson and Company	BDX	100.16	1.3%	27.5%	104.98	74.18	19,400	21,071	7,920.4	2,090.0	5.52	5.72	2.66x	10.1x	18.0x	17.5x	1.86x
Covidien plc	COV	60.85	(3.2%)	2.4%	68.83	53.36	28,041	30,998	12,145.0	3,332.0	3.93	3.83	2.55x	9.3x	15.2x	15.9x	1.83x
Johnson & Johnson	JNJ	86.81	1.1%	26.0%	94.42	67.80	244,412	234,265	69,992.0	22,744.0	3.86	5.46	3.35x	10.3x	19.3x	15.9x	2.54x
Kimberly-Clark Corporation	KMB	94.21	(3.0%)	9.8%	106.54	82.15	36,308	42,673	21,138.0	4,273.0	4.42	5.69	2.02x	10.0x	20.2x	16.7x	2.14x
Median			1.2%	26.7%									2.61x	10.2x	19.0x	17.1x	2.00x
Dental Devices																	
COLTENE Holding AG	SWX:CLTN	\$50.81	2.0%	59.8%	\$55.06	\$29.19	\$214	\$245	\$177.1	\$24.9	\$2.52	\$3.46	1.38x	9.8x	16.7x	14.7x	1.44x
DENTSPLY International Inc.	XRAY	43.33	5.8%	13.6%	45.37	35.83	6,174	7,795	2,942.1	551.0	2.18	2.35	2.65x	14.1x	18.5x	18.5x	1.54x
Nobel Biocare Holding AG	SWX:NOBN	14.98	17.8%	43.7%	16.36	7.84	1,840	1,765	775.9	120.9	0.50	0.52	2.28x	14.6x	34.4x	28.7x	2.05x
Orthofix International N.V.	OFIX	20.95	(22.1%)	(53.2%)	45.62	21.44	419	406	446.5	89.7	2.78	1.61	0.91x	4.5x	9.0x	13.4x	1.07x
Osstem Implant Co., Ltd.	KOSE:A048260	27.43	1.7%	7.5%	36.26	21.99	390	437	187.3	20.4	0.41	1.08	2.34x	21.5x	70.3x	25.4x	NM
Sirona Dental Systems Inc.	SIRO	66.80	1.4%	17.3%	75.81	53.26	3,692	3,563	1,070.3	269.8	2.37	3.39	3.33x	13.2x	26.0x	19.8x	1.54x
Straumann Holding AG	SWX:STMN	181.67	15.9%	31.3%	201.24	108.25	2,805	2,667	751.1	133.2	2.61	7.89	3.55x	20.0x	55.7x	23.0x	1.71x
Tornier N.V.	TRNX	19.08	9.0%	0.7%	20.49	14.53	919	928	297.9	25.8	(0.54)	(0.40)	3.12x	36.0x	NM	NM	NM
Median			3.9%	15.4%									2.49x	14.4x	26.0x	19.8x	1.54x
Orthopedics Devices																	
Exactech Inc.	EXAC	\$20.10	1.8%	12.7%	\$22.12	\$15.01	\$271	\$310	\$230.4	\$40.3	\$0.96	\$1.08	1.35x	7.7x	19.3x	18.5x	NM
MAKO Surgical Corp.	MAKO	29.54	145.1%	69.7%	29.59	10.00	1,386	1,327	112.4	(26.3)	(0.76)	(0.81)	11.80x	NM	NM	NM	NM
NuVasive, Inc.	NUVA	24.16	(2.5%)	5.5%	27.20	12.35	1,068	1,244	639.3	97.2	0.07	1.01	1.95x	12.8x	NM	23.8x	2.08x
Stryker Corporation	SYK	67.74	4.7%	21.7%	71.94	51.60	25,581	23,700	8,792.0	1,932.0	3.39	4.23	2.70x	12.3x	22.7x	16.0x	1.96x
Symmetry Medical, Inc.	SMA	8.18	(2.9%)	(17.3%)	12.83	7.44	305	498	407.7	55.0	0.25	0.45	1.22x	9.1x	41.0x	18.1x	1.51x
Wright Medical Group Inc.	WMGI	26.10	(0.4%)	18.0%	28.41	18.89	1,194	1,169	495.8	13.8	0.14	(0.56)	2.36x	NM	NM	NM	NM
Zimmer Holdings, Inc.	ZMH	82.45	10.0%	21.9%	85.08	61.97	13,954	14,410	4,514.4	1,676.9	4.29	5.74	3.19x	8.6x	20.3x	14.3x	1.56x
Median			1.8%	18.0%									2.36x	9.1x	21.5x	18.1x	1.76x
Diagnostic Imaging Devices																	
Analogic Corporation	ALOG	\$82.47	13.2%	5.7%	\$84.71	\$66.05	\$1,001	\$888	\$535.2	\$61.5	\$2.67	\$4.05	1.66x	14.4x	33.0x	20.2x	1.35x
Digirad Corporation	DRAD	2.53	3.7%	22.3%	2.84	1.80	47	25	49.3	(1.2)	(0.26)	NM	0.50x	NM	NM	NM	NM
Fonar Corp.	FONR	5.79	(11.7%)	54.4%	7.94	4.03	36	68	41.8	9.0	0.87	NM	1.64x	7.6x	7.1x	NM	NM

Source: Capital IQ as of September 30, 2013; For definitions, see page 19

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Diagnostic Imaging Devices (cont.)																	
Given Imaging Ltd.	GIVN	\$19.39	38.4%	33.1%	\$19.48	\$13.01	\$608	\$505	\$180.5	\$23.0	\$0.45	\$0.60	2.80x	22.0x	37.8x	32.0x	NM
Hologic Inc.	HOLX	20.79	7.7%	2.8%	23.96	18.46	5,655	9,701	2,446.8	821.0	(0.35)	1.48	3.96x	11.8x	NM	14.1x	1.26x
Median			7.7%	22.3%									1.66x	13.1x	33.0x	20.2x	1.30x
Mobility Devices																	
Hill-Rom Holdings, Inc.	HRC	\$35.68	5.9%	22.8%	\$38.84	\$26.29	\$2,099	\$2,332	\$1,709.9	\$276.1	\$1.80	\$2.10	1.36x	8.4x	20.0x	17.0x	1.26x
Invacare Corporation	IVC	17.15	19.4%	21.3%	18.27	10.26	554	648	1,417.1	30.1	(0.26)	(1.21)	0.46x	21.5x	NM	NM	NM
Prism Medical Ltd.	PM	4.86	2.7%	(21.3%)	6.32	4.37	41	60	70.4	6.0	0.26	0.33	0.85x	10.0x	30.9x	14.7x	NM
Median			5.9%	21.3%									0.85x	10.0x	25.5x	15.9x	1.26x
Infection Prevention Devices																	
Cantel Medical Corp.	CMN	\$31.47	39.4%	74.3%	\$31.00	\$16.11	\$1,236	\$1,297	\$408.6	\$72.8	\$0.92	\$0.91	3.17x	17.8x	32.2x	33.6x	NM
Steris Corp.	STE	42.75	(0.3%)	20.5%	46.59	32.23	2,522	2,872	1,532.6	297.7	2.78	2.32	1.87x	9.6x	15.6x	18.4x	1.84x
Median			19.5%	47.4%									2.52x	13.7x	23.9x	26.0x	1.84x
Neural Implant Devices																	
Cyberonics Inc.	CYBX	\$50.74	(2.3%)	(3.2%)	\$56.73	\$42.31	\$1,381	\$1,250	\$262.9	\$87.0	\$1.62	\$1.91	4.75x	14.4x	30.1x	26.5x	1.58x
Integra LifeSciences Holdings Corporation	IART	40.13	9.6%	(2.4%)	44.53	30.87	1,121	1,569	826.7	148.1	1.44	2.53	1.90x	10.6x	44.3x	15.8x	1.43x
Globus Medical, Inc.	GMED	17.45	3.5%	(3.2%)	19.93	10.26	1,643	1,482	407.3	134.8	0.80	0.82	3.64x	11.0x	25.7x	21.5x	1.43x
Median			3.5%	(3.2%)									3.64x	11.0x	30.1x	21.5x	1.43x
Ophthalmology Devices																	
IRIDEX Corporation	IRIX	\$5.85	(1.0%)	58.1%	\$6.58	\$3.54	\$59	\$46	\$35.3	\$1.1	(\$0.02)	\$0.22	1.30x	40.7x	54.1x	27.6x	NM
The Cooper Companies Inc.	COO	130.01	9.2%	37.6%	135.41	88.80	6,389	6,629	1,572.2	452.8	5.43	6.55	4.22x	14.6x	20.9x	19.9x	1.29x
Optos plc	OPTS	2.58	39.1%	(19.2%)	3.73	1.73	186	246	179.2	31.1	0.22	0.12	1.37x	7.9x	12.2x	21.0x	NM
Median			9.2%	37.6%									1.37x	14.6x	20.9x	21.0x	1.29x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$1.98	(3.4%)	20.0%	\$2.41	\$1.41	\$188	\$240	\$201.0	\$16.7	(\$0.17)	(\$0.10)	1.20x	14.3x	NM	NM	NM
ArthroCare Corporation	ARTC	35.72	3.4%	10.2%	37.49	29.33	1,006	838	368.3	87.8	1.25	1.44	2.27x	9.5x	56.4x	24.7x	1.83x
Bovie Medical Corp.	AMEX:BVX	2.88	(2.4%)	(20.0%)	4.79	2.10	50	50	25.2	(0.0)	0.03	NM	2.00x	NM	NM	NM	NM
CONMED Corporation	CNMD	33.65	7.7%	18.1%	34.86	25.39	915	1,111	760.2	127.7	1.41	1.82	1.46x	8.7x	23.6x	18.3x	NM
Intuitive Surgical, Inc.	ISRG	372.00	(26.5%)	(24.9%)	585.67	357.02	14,592	13,302	2,337.0	992.4	15.98	15.80	5.69x	13.4x	21.4x	23.3x	1.76x
Theragenics Corp.	TGX	2.19	5.8%	28.8%	2.20	1.32	64	49	78.8	9.2	0.07	NM	0.62x	5.3x	NM	NM	NM
Median			0.5%	14.2%									1.73x	9.5x	23.6x	23.3x	1.80x

Source: Capital IQ as of September 30, 2013; For definitions, see page 19

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Diversified Medical Devices																	
Abaxis, Inc.	ABAX	\$41.64	(12.4%)	15.9%	\$51.84	\$33.28	\$926	\$841	\$187.2	\$31.3	\$1.14	\$0.96	4.49x	26.8x	33.5x	43.3x	2.89x
AtriCure, Inc.	ATRC	10.88	14.5%	46.2%	11.25	5.90	230	202	74.1	(4.4)	(0.47)	(0.46)	2.73x	NM	NM	NM	NM
Baxter International Inc.	BAX	65.96	(4.8%)	9.4%	74.60	59.83	36,030	39,109	14,347.0	4,100.0	4.18	4.67	2.73x	9.5x	16.6x	14.2x	1.61x
CareFusion Corporation	CFN	36.98	0.4%	30.3%	39.38	26.00	7,898	7,546	3,550.0	821.0	1.74	2.06	2.13x	9.2x	21.2x	17.9x	1.68x
CR Bard Inc.	BCR	115.00	5.8%	9.9%	121.16	93.79	9,161	9,785	2,985.7	887.3	6.16	5.97	3.28x	11.0x	52.3x	19.4x	1.93x
CryoLife Inc.	CRY	6.89	10.1%	2.5%	7.80	5.52	191	179	134.8	19.8	0.28	0.26	1.33x	9.0x	25.5x	26.5x	NM
Hospira Inc.	HSP	39.07	2.0%	19.0%	42.60	28.62	6,444	7,522	4,003.1	253.1	0.27	2.06	1.88x	29.7x	NM	18.9x	2.38x
IDEXX Laboratories, Inc.	IDXX	99.49	10.9%	0.1%	100.81	81.57	5,179	5,298	1,319.7	320.4	3.17	3.46	4.01x	16.5x	29.5x	28.5x	1.99x
Masimo Corporation	MASI	26.65	25.7%	10.2%	27.17	19.03	1,499	1,421	521.3	97.3	1.07	1.15	2.73x	14.6x	24.6x	23.0x	1.53x
Misonix Inc.	MSON	4.40	(13.7%)	2.4%	9.13	2.98	32	26	14.8	(4.5)	(0.10)	(0.03)	1.79x	NM	NM	NM	NM
Natus Medical Inc.	BABY	13.94	2.1%	6.7%	15.18	9.65	427	448	339.9	41.8	0.13	0.79	1.32x	10.7x	39.6x	17.5x	1.10x
PhotoMedex, Inc.	PHMD	15.96	0.1%	13.5%	17.05	9.85	333	271	226.8	40.8	1.08	1.30	1.19x	6.6x	12.3x	12.4x	0.62x
ResMed Inc.	RMD	52.94	17.3%	30.8%	54.39	38.08	7,486	6,911	1,514.5	457.9	1.98	2.38	4.56x	15.1x	25.1x	22.1x	1.35x
Solta Medical, Inc.	SLTM	2.09	(8.3%)	(33.4%)	3.21	1.44	169	184	152.5	6.5	(0.59)	0.03	1.21x	28.4x	NM	75.7x	NM
SurModics, Inc.	SRDX	23.91	19.5%	18.2%	27.98	17.36	345	317	55.7	20.8	0.73	0.91	5.69x	15.2x	27.1x	26.6x	1.77x
Teleflex Incorporated	TFX	82.07	5.9%	19.2%	87.46	65.07	3,372	4,068	1,613.3	335.0	(4.47)	4.85	2.52x	12.1x	27.4x	16.9x	1.40x
Varian Medical Systems, Inc.	VAR	74.85	11.0%	24.1%	76.69	57.00	7,986	7,335	2,929.1	691.6	3.83	4.11	2.50x	10.6x	18.7x	18.0x	1.53x
Median			5.8%	13.5%									2.52x	12.1x	25.5x	19.4x	1.61x
Life Science Conglomerates																	
Illumina Inc.	ILMN	\$80.66	7.8%	67.4%	\$85.81	\$44.78	\$10,136	\$9,858	\$1,272.2	\$347.1	\$1.13	\$1.72	7.75x	28.4x	95.3x	47.0x	2.74x
Life Technologies Corporation	LIFE	74.89	1.2%	53.3%	75.08	45.67	12,934	14,874	3,818.4	1,191.3	2.40	4.18	3.90x	12.5x	31.0x	17.9x	1.81x
PerkinElmer Inc.	PKI	37.82	16.4%	28.3%	39.05	27.76	4,269	5,161	2,131.2	322.7	0.60	2.07	2.42x	16.0x	60.6x	18.4x	1.66x
Thermo Fisher Scientific, Inc.	TMO	92.46	9.3%	57.2%	94.74	57.21	33,532	39,222	12,776.6	2,683.4	3.43	5.35	3.07x	14.6x	25.9x	17.4x	1.85x
Median			8.5%	55.2%									3.48x	15.3x	45.8x	18.2x	1.83x

Source: Capital IQ as of September 30, 2013; For definitions, see page 19

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Lab Instrumentation & Devices																	
Bruker Corporation	BRKR	\$20.61	27.6%	57.4%	\$21.11	\$11.58	\$3,433	\$3,523	\$1,813.4	\$245.8	\$0.46	\$0.81	1.94x	14.3x	42.8x	25.2x	2.02x
Harvard Bioscience Inc.	HBIO	5.20	10.6%	22.9%	6.15	3.70	160	150	106.5	4.7	0.05	0.06	1.41x	32.3x	NM	87.0x	NM
Waters Corporation	WAT	106.52	6.5%	27.8%	108.89	78.33	9,142	8,760	1,853.2	583.6	5.19	5.05	4.73x	15.0x	19.3x	21.3x	2.08x
Median			10.6%	27.8%									1.94x	15.0x	31.1x	25.2x	2.05x
Lab Equipment																	
Kewaunee Scientific Corp.	KEQU	\$17.09	35.1%	50.6%	\$17.80	\$11.00	\$44	\$50	\$122.4	\$9.2	\$1.19	NM	0.41x	5.5x	11.2x	NM	NM
Mettler-Toledo International Inc.	MTD	240.42	19.5%	40.8%	243.57	160.86	7,193	7,540	2,338.9	474.0	9.14	10.54	3.22x	15.9x	25.1x	22.8x	1.68x
Median			27.3%	45.7%									1.82x	10.7x	18.1x	22.8x	1.68x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$6.21	39.9%	43.1%	\$6.51	\$2.96	\$439	\$568	\$321.4	\$22.3	(\$0.15)	\$0.09	1.77x	25.5x	NM	72.2x	3.80x
Bio-Rad Laboratories, Inc.	BIO	117.22	4.5%	9.8%	127.17	99.00	3,350	3,250	2,097.5	341.9	5.72	4.25	1.55x	9.5x	24.3x	27.5x	NM
Cambrex Corporation	CBM	13.06	(6.5%)	11.3%	15.66	8.81	395	463	267.1	51.1	2.09	0.96	1.73x	9.1x	6.6x	13.6x	0.60x
Luminex Corporation	LMNX	19.87	(3.6%)	2.2%	24.10	15.39	833	792	213.1	34.4	0.30	0.43	3.71x	23.0x	NM	47.3x	0.85x
Techne Corp.	TECH	79.87	15.6%	11.0%	83.83	62.55	2,953	2,621	310.6	172.9	2.98	3.29	8.44x	15.2x	26.3x	24.3x	1.95x
Median			4.5%	11.0%									1.77x	15.2x	24.3x	27.5x	1.40x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$44.44	7.5%	NM	\$48.42	\$32.51	\$70,282	\$76,682	\$18,735.0	\$7,775.0	\$3.34	\$3.13	4.09x	9.9x	13.6x	14.2x	1.01x
Allergan Inc.	AGN	90.52	7.5%	(1.2%)	116.45	81.33	27,026	26,538	6,065.4	1,909.4	3.58	4.76	4.38x	13.9x	23.1x	19.1x	1.49x
Bristol-Myers Squibb Company	BMJ	46.22	3.4%	36.9%	49.57	30.64	76,060	80,487	15,806.0	4,089.0	1.16	1.74	5.09x	19.7x	56.4x	26.6x	3.24x
Eli Lilly and Company	LLY	50.33	2.5%	6.1%	58.41	44.88	55,229	55,829	22,932.4	6,877.8	3.66	4.14	2.43x	8.1x	11.3x	12.2x	(3.33x)
Merck & Co. Inc.	MRK	47.50	2.3%	5.3%	50.16	40.02	139,852	152,500	44,907.0	15,287.0	2.00	3.48	3.40x	10.0x	28.6x	13.7x	5.02x
Pfizer Inc.	PFE	28.72	2.5%	15.6%	31.15	23.55	191,194	194,817	56,556.0	24,605.0	1.26	2.16	3.44x	7.9x	19.1x	13.4x	4.42x
Median			3.0%	6.1%									3.77x	9.9x	21.1x	13.9x	2.37x

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Healthcare Sector Update

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$19.59	44.9%	48.2%	\$19.47	\$11.73	\$1,826	\$1,874	\$292.0	\$96.0	\$0.32	\$0.56	6.42x	19.5x	46.3x	34.2x	1.39x
BioDelivery Sciences International, Inc.	BDSI	5.35	31.8%	(15.3%)	6.89	3.52	205	168	26.1	(34.7)	0.05	(1.12)	6.43x	NM	NM	NM	NM
BioSynt Inc.	TSXV:RX	2.24	70.4%	134.7%	2.81	0.81	32	29	6.1	1.8	0.11	NM	4.85x	16.7x	20.2x	NM	NM
Cadence Pharmaceuticals Inc.	CADX	6.28	(7.9%)	60.2%	8.26	2.88	547	519	79.4	(42.6)	(0.95)	(0.29)	6.54x	NM	NM	NM	NM
Cipher Pharmaceuticals Inc.	TSX:DND	6.19	34.1%	298.1%	9.32	1.44	157	140	13.5	7.5	0.10	0.38	10.38x	18.7x	24.1x	17.1x	NM
Cornerstone Therapeutics Inc.	CRTX	9.38	17.3%	82.8%	10.37	4.56	252	286	150.8	22.9	(0.46)	0.83	1.90x	12.5x	NM	11.3x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.59	(10.2%)	(28.9%)	6.52	4.03	85	22	43.6	8.2	0.30	0.06	0.50x	2.6x	22.8x	77.7x	2.59x
DURECT Corporation	DRRX	1.29	22.9%	(10.4%)	1.85	0.61	136	115	15.2	(19.4)	0.18	(0.22)	7.56x	NM	NM	NM	NM
Endo Health Solutions Inc.	ENDP	45.65	24.1%	43.9%	46.09	25.01	5,209	7,828	3,026.6	1,191.7	(6.40)	4.56	2.59x	6.6x	NM	10.0x	4.07x
Forest Laboratories Inc.	FRX	42.73	4.2%	20.0%	44.96	31.71	11,588	9,934	3,108.1	72.4	0.43	0.56	3.20x	NM	NM	76.7x	2.89x
Heska Corporation	HSKA	6.08	(11.8%)	(32.6%)	9.70	5.16	35	46	72.6	(1.1)	0.22	(0.54)	0.63x	NM	NM	NM	NM
Hi-Tech Pharmacal Co., Inc.	HITK	43.09	29.8%	30.1%	44.33	28.70	588	481	230.8	47.6	2.25	2.21	2.08x	10.1x	39.8x	19.5x	9.52x
Impax Laboratories Inc.	IPXL	20.47	2.7%	(21.1%)	27.25	14.41	1,359	907	564.8	142.8	0.82	0.35	1.61x	6.4x	10.3x	58.5x	3.76x
Lannett Company, Inc.	AMEX:LCI	21.73	82.5%	349.9%	21.47	3.93	650	606	151.1	25.0	0.31	0.28	4.01x	24.3x	46.5x	75.4x	3.63x
Mylan, Inc.	MYL	38.13	22.9%	56.5%	39.41	23.25	14,631	20,508	6,857.8	1,914.6	1.52	2.87	2.99x	10.7x	23.5x	13.3x	1.47x
Merus Labs International Inc.	TSX:MSL	1.28	61.0%	(3.6%)	1.51	0.47	50	90	24.4	15.4	(0.68)	(0.04)	3.68x	5.8x	NM	NM	NM
Paladin Labs Inc.	TSX:PLB	60.01	15.1%	36.2%	61.20	37.92	1,223	1,077	263.1	84.9	2.78	2.37	4.09x	12.7x	20.6x	24.9x	NM
Patheon Inc.	TSX:PTI	5.93	4.3%	91.2%	6.61	2.76	834	1,404	943.1	117.9	(1.06)	0.25	1.49x	11.9x	NM	23.9x	NM
Questcor Pharmaceuticals, Inc.	QCOR	58.03	27.7%	214.2%	74.76	17.60	3,286	3,211	620.6	346.5	3.14	4.83	5.17x	9.3x	15.3x	11.8x	0.45x
Salix Pharmaceuticals Ltd.	SLXP	66.64	0.7%	57.4%	75.87	37.52	4,125	4,183	821.3	257.6	1.01	3.15	5.09x	16.2x	54.8x	21.2x	1.01x
Santarus, Inc.	SNTS	22.56	7.2%	154.0%	28.10	8.47	1,518	1,385	293.7	60.7	0.27	1.53	4.72x	22.8x	15.9x	14.9x	1.49x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Pharmaceuticals (cont.)																	
SciClone Pharmaceuticals, Inc.	SCLN	\$5.12	3.2%	(7.7%)	\$6.30	\$3.68	\$282	\$209	\$132.9	\$19.0	\$0.16	\$0.35	1.57x	11.0x	NM	14.9x	NM
The Medicines Company	MDCO	33.82	9.9%	31.0%	37.40	20.04	1,814	1,744	624.9	78.0	0.93	0.70	2.79x	22.4x	52.7x	48.4x	1.86x
Valeant Pharmaceuticals International, Inc.	VRX	104.85	18.9%	98.8%	106.86	50.83	35,007	43,464	4,034.6	2,089.8	(0.38)	6.13	10.77x	20.8x	NM	17.1x	0.88x
ViroPharma Inc.	VPHM	39.26	37.0%	30.0%	40.89	22.12	2,566	2,475	408.4	43.6	0.08	(0.78)	6.06x	NM	NM	NM	NM
Warner Chilcott plc	WCRX	22.81	14.6%	69.0%	23.29	10.85	5,805	9,071	2,424.0	1,285.0	1.61	3.40	3.74x	7.1x	12.6x	6.8x	4.94x
Median			18.1%	46.1%									3.88x	12.2x	23.1x	19.5x	2.23x

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 September 30, 2013

Contacts

Jim Hesburgh

Managing Director

T: +1 212 871 5970

Duff & Phelps Securities, LLC
55 East 52nd Street
Floor 31
New York, NY 10055

jim.hesburgh@duffandphelps.com

Brooks Dexter

Managing Director

T: +1 424 249 1646

Duff & Phelps Securities, LLC
10100 Santa Monica Boulevard
Floor 11
Los Angeles, CA 90067

brooks.dexter@duffandphelps.com

John Pollock

Managing Director

T: +1 212 871 6670

Duff & Phelps Securities, LLC
55 East 52nd Street
Floor 31
New York, NY 10055

john.pollock@duffandphelps.com

John Grimes

Managing Director

T: +1 214 220 7262

Duff & Phelps Securities, LLC
1700 Pacific Avenue
Suite 1600
Dallas, TX 75201

john.grimes@duffandphelps.com

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