

Healthcare Sector Update



January 2014

Summary – Healthcare Services

- The S&P Healthcare Services Index has risen 9.0% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - The best-performing sectors were Emergency Services (up 43.2%) and Healthcare Staffing (up 19.7%).
 - The worst-performing sectors were Clinical Laboratories (down 9.6%) and Specialty HCIT (down 3.3%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.64x and 9.9x, respectively.
- The sectors with the highest valuation multiples include:
 - Specialty HCIT (3.70x LTM Revenue, 26.9x LTM EBITDA)
 - Provider Based HCIT (3.02x LTM Revenue, 22.2x LTM EBITDA)

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 6.0% over the last three months, underperforming the S&P 500.
- Over the past three months:
 - The best-performing sectors were Diagnostic Imaging Devices (up 38.5%) and Ophthalmology Devices (up 25.6%).
 - The worst-performing sectors were Lab Equipment (down 6.8%) and Lab Instrumentation & Devices (down 4.9%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.62x and 14.2x, respectively.
- The sectors with the highest valuation multiples include:
 - Biotechnology (9.56x LTM Revenue, 25.5x LTM EBITDA)
 - Pharmaceuticals (4.29x LTM Revenue, 15.6x 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	\$41,962	1.3%	40.0%	1.23x	8.3x	17.0x	17.6x	1.6x
Assisted Living	6	5,553	8.0%	3.8%	1.69x	14.6x	20.1x	22.9x	1.1x
Care Management / TPA	7	9,034	8.4%	42.0%	2.10x	13.7x	26.1x	15.2x	1.0x
Clinical Laboratories	5	22,239	(9.6%)	3.0%	1.80x	8.1x	15.4x	14.8x	1.4x
Contract Research Orgs	6	18,443	1.3%	42.5%	1.81x	12.4x	27.9x	21.8x	1.8x
Diagnostic Imaging	3	337	1.5%	19.1%	1.78x	5.7x	1.2x	45.7x	NM
Dialysis Services	2	34,926	7.3%	6.1%	2.00x	10.2x	22.2x	17.9x	1.8x
Distribution / Supply	7	92,748	13.3%	57.3%	0.31x	11.6x	22.7x	19.5x	1.6x
Emergency Services	2	2,268	43.2%	52.2%	2.30x	9.2x	38.5x	29.8x	1.8x
HCIT - Provider Based	9	32,893	(0.7%)	19.6%	3.02x	22.2x	35.4x	25.2x	2.2x
HCIT - Specialty	8	9,566	(3.3%)	49.3%	3.70x	26.9x	40.1x	27.4x	2.3x
Healthcare Staffing	5	7,011	19.7%	58.1%	1.28x	14.4x	29.3x	25.4x	1.6x
Home Care / Hospice	6	3,233	2.5%	13.6%	0.77x	8.6x	20.0x	17.6x	1.7x
Long Term Care	4	2,844	11.3%	37.3%	0.69x	8.4x	14.8x	18.1x	1.4x
Managed Care - Commercial	7	167,243	3.9%	42.5%	0.58x	7.3x	13.7x	12.0x	1.1x
Managed Care - Government	3	7,559	(2.4%)	35.1%	0.21x	6.0x	20.1x	19.9x	0.9x
Other Services	4	11,867	6.2%	21.7%	2.20x	17.7x	34.3x	32.3x	1.9x
Pharmacy Management	5	72,681	9.6%	26.2%	0.77x	10.6x	34.4x	16.1x	1.1x
Physician Practice Mgmt	2	5,213	0.2%	16.6%	1.60x	10.6x	19.9x	9.5x	0.7x
Psychiatric Hospitals	3	4,313	(0.2%)	64.1%	0.36x	6.8x	15.0x	16.9x	2.3x
Specialty Managed Care	2	5,333	11.8%	43.2%	0.42x	5.5x	10.1x	10.3x	1.1x
Surgicenters / Rehabilitation	7	9,090	15.8%	34.7%	1.75x	9.6x	21.0x	18.1x	1.3x
Total / Median (\$MM)	110	566,356	5.1%	36.2%	1.64x	9.9x	20.6x	18.1x	1.6x

Source: Capital IQ

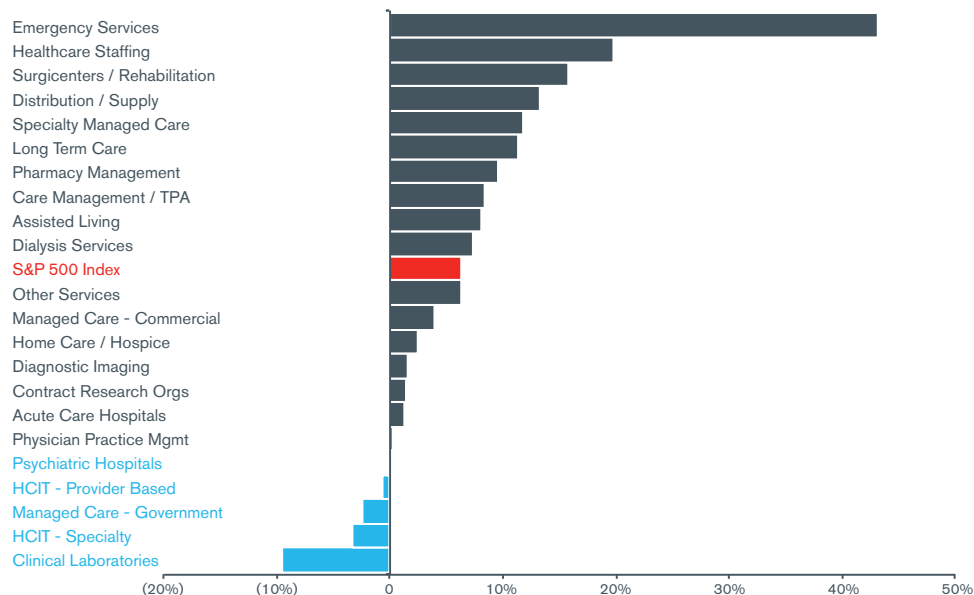
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	23	\$445,751	20.9%	78.7%	5.9%	57.6%	33.7%	37.1%
\$1 billion - \$5 billion	41	101,626	37.3%	17.9%	8.0%	86.5%	47.3%	46.2%
\$250 million - \$1 billion	31	17,672	28.2%	3.1%	6.7%	99.1%	47.5%	58.1%
\$100 million - \$250 million	4	722	3.6%	0.1%	(8.1%)	115.5%	60.4%	40.0%
< \$100 million	11	585	10.0%	0.1%	10.5%	7.6%	16.1%	(0.5%)
Total / Median (\$MM)	110	\$566,356	100.0%	100.0%	5.1%	86.5%	36.2%	40.0%

Source: Capital IQ

MARKET INDICES	Value at 12/20/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$16,221.1	5.0%	23.8%	23.0%	40.6%
S&P 500 Index	1,818.3	6.3%	27.5%	27.1%	44.9%
NASDAQ Composite Index	4,104.7	8.7%	35.9%	35.9%	53.9%
Russell 2000 Index	1,125.5	4.9%	32.5%	32.7%	42.4%
AMEX Sector Index - Healthcare	110.0	8.2%	34.7%	33.1%	1.9%
S&P Healthcare Facilities (Sub Ind) Index	286.7	3.6%	42.6%	42.9%	36.9%
S&P Healthcare Providers & Services (Industry) Index	434.5	3.8%	40.0%	39.5%	66.3%
S&P Managed Healthcare (Sub Ind) Index	227.3	(5.1%)	26.7%	24.1%	80.3%
S&P Healthcare Services	364.6	9.0%	25.5%	26.0%	52.9%

Source: Capital IQ

Median% Change — 3 months

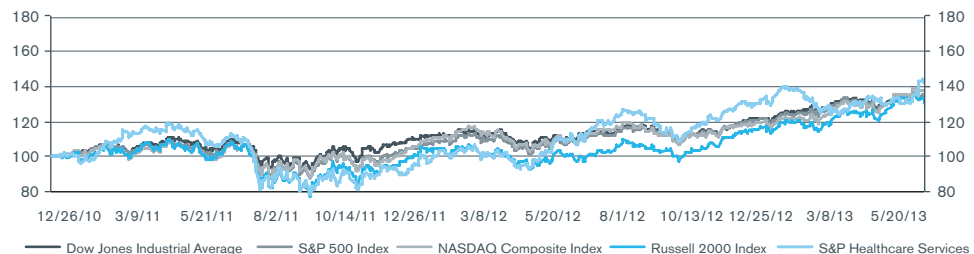


Source: Capital IQ

INTEREST RATES	Value at 12/20/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.37%	0.00%	0.00%	0.44%
U.S. Treasury - 2 years	0.35%	0.28%	0.34%	0.27%
U.S. Treasury - 5 years	1.61%	1.36%	1.46%	0.75%
U.S. Treasury - 10 years	2.93%	2.79%	2.73%	1.80%
U.S. Treasury - 30 years	3.90%	3.91%	3.76%	3.76%
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 12/20/13	% 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	\$16.56	(5.3%)	57.7%	\$19.21	\$10.30	\$277	\$289	\$170.0	\$15.8	\$0.24	NM	1.70x	18.3x	NM	NM	NM
Community Health Systems, Inc.	CYH	38.29	(4.1%)	20.9%	51.29	29.73	3,573	13,515	13,043.3	1,627.8	2.96	2.90	1.04x	8.3x	20.2x	12.8x	0.93x
HCA Holdings, Inc.	HCA	46.89	11.2%	50.4%	49.52	29.86	20,487	49,972	33,780.0	6,433.0	3.49	3.31	1.48x	7.8x	15.0x	13.8x	1.20x
Health Management Associates Inc.	HMA	12.98	1.3%	40.0%	17.28	8.76	3,433	7,159	5,842.7	762.6	0.61	0.48	1.23x	9.4x	NM	27.0x	2.84x
LifePoint Hospitals Inc.	LPNT	50.81	9.4%	30.5%	53.87	36.78	2,389	4,011	3,619.0	485.1	3.14	2.80	1.11x	8.3x	18.9x	18.0x	1.88x
Tenet Healthcare Corp.	THC	40.31	(4.1%)	20.3%	49.48	31.23	4,000	9,919	9,548.0	1,226.0	1.70	1.80	1.04x	8.1x	NM	22.2x	1.78x
Universal Health Services Inc.	UHS	79.40	8.2%	60.8%	83.83	47.21	7,803	11,588	7,247.9	1,382.8	4.53	4.57	1.60x	8.4x	15.1x	17.3x	1.48x
Median			1.3%	40.0%									1.23x	8.3x	17.0x	17.6x	1.63x
Assisted Living																	
AdCare Health Systems Inc.	ADK	\$4.43	9.7%	0.5%	\$6.26	\$3.62	\$70	\$232	\$228.0	\$9.2	(\$1.01)	(\$0.81)	1.02x	25.1x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	27.20	3.1%	7.1%	30.65	24.21	3,381	5,945	2,518.0	408.0	(0.54)	0.00	2.36x	14.6x	NM	NM	NM
Capital Senior Living Corp.	CSU	23.72	10.2%	30.4%	27.90	17.75	662	1,085	338.1	56.2	(0.11)	0.18	3.21x	19.3x	NM	NM	NM
Emeritus Corp.	ESC	20.79	6.4%	(12.4%)	30.95	18.15	992	4,915	1,828.5	336.0	(1.73)	(2.70)	2.69x	14.6x	NM	NM	NM
Five Star Quality Care Inc.	FVE	5.38	2.9%	7.2%	6.87	4.41	260	291	1,231.4	45.5	0.28	0.17	0.24x	6.4x	20.1x	32.2x	NM
Skilled Healthcare Group, Inc.	SKH	4.81	10.3%	(28.0%)	7.51	4.10	189	621	864.2	77.0	0.57	0.35	0.72x	8.1x	NM	13.5x	1.12x
Median			8.0%	3.8%									1.69x	14.6x	20.1x	22.9x	1.12x
Care Management / TPA																	
Alere Inc.	ALR	\$36.15	15.1%	88.7%	\$36.70	\$18.08	\$2,960	\$7,076	\$3,012.9	\$629.6	(\$1.23)	\$2.37	2.35x	11.2x	NM	15.2x	1.01x
CorVel Corporation	CRVL	46.91	31.0%	114.4%	49.49	20.82	982	960	456.7	67.1	1.06	NM	2.10x	14.3x	33.3x	NM	NM
Crawford & Company	CRD.B	9.52	0.4%	35.2%	11.30	5.62	463	604	1,191.5	128.6	0.89	0.91	0.51x	4.7x	9.7x	10.5x	1.05x
ExamWorks Group, Inc.	EXAM	29.26	15.4%	122.0%	29.99	12.99	1,065	1,405	596.8	77.4	(0.44)	(0.31)	2.35x	18.2x	NM	NM	NM
Healthways Inc.	HWAY	15.04	(17.0%)	42.0%	22.20	9.59	527	786	669.2	39.7	0.24	(0.07)	1.17x	19.8x	NM	NM	NM
Hooper Holmes Inc.	HH	0.52	8.4%	21.0%	0.74	0.31	36	32	144.7	(8.8)	(0.25)	NM	0.22x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	43.78	2.4%	39.3%	50.55	30.70	3,001	2,876	1,331.3	219.4	1.15	1.69	2.16x	13.1x	26.1x	25.4x	1.49x
Median			8.4%	42.0%									2.10x	13.7x	26.1x	15.2x	1.05x

Source: Capital IQ as of December 20, 2013; For definitions, see page 9

Healthcare Sector Update

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Company Name	Ticker	Price 12/20/13	% 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	\$25.38	(12.0%)	(14.7%)	\$37.97	\$23.36	\$702	\$735	\$734.0	\$103.5	\$1.56	\$1.70	1.00x	7.1x	15.4x	14.8x	0.87x
Laboratory Corp. of America Holdings	LH	90.00	(9.6%)	3.0%	108.00	84.91	7,866	10,376	5,776.6	1,273.8	5.99	6.99	1.80x	8.1x	14.8x	12.8x	1.34x
Psychemedics Corp.	PMD	14.20	9.5%	28.9%	14.82	10.55	75	73	26.0	5.8	0.57	0.67	2.79x	12.4x	23.4x	21.2x	NM
Quest Diagnostics Inc.	DGX	53.52	(13.7%)	(10.9%)	64.10	52.50	7,783	11,048	7,163.3	1,424.9	3.92	3.90	1.54x	7.8x	10.3x	13.5x	1.56x
Sonic Healthcare Limited	SHL	14.51	(3.1%)	4.7%	15.39	11.16	5,812	7,387	3,189.5	578.6	0.85	0.81	2.32x	12.8x	19.3x	17.9x	1.75x
Median			(9.6%)	3.0%									1.80x	8.1x	15.4x	14.8x	1.45x
Contract Research Orgs																	
Albany Molecular Research Inc.	AMRI	\$9.88	(21.0%)	79.6%	\$14.37	\$4.80	\$312	\$280	\$246.7	\$44.5	(\$0.12)	\$0.65	1.14x	6.3x	30.1x	15.6x	NM
Charles River Laboratories International, Inc.	CRL	52.75	14.4%	39.5%	53.81	36.50	2,538	3,055	1,156.4	265.7	2.10	2.88	2.64x	11.5x	23.8x	18.2x	2.13x
Covance Inc.	CVD	86.87	1.9%	47.2%	91.99	56.65	4,879	4,552	2,341.4	351.0	1.68	3.20	1.94x	13.0x	29.3x	26.6x	1.78x
ICON Public Limited Company	ICLR	38.93	1.1%	36.9%	44.23	26.70	2,383	2,166	1,291.0	161.0	0.92	1.68	1.68x	13.5x	26.5x	22.7x	1.28x
PAREXEL International Corporation	PRXL	43.79	(11.9%)	42.5%	55.02	28.45	2,474	2,671	1,788.9	225.6	1.28	1.94	1.49x	11.8x	24.1x	21.8x	1.06x
Quintiles Transnational Holdings Inc.	Q	45.42	1.6%	NM	47.50	40.10	5,856	7,320	3,750.2	524.1	1.51	2.06	1.95x	14.0x	29.8x	21.9x	1.77x
Median			1.3%	42.5%									1.81x	12.4x	27.9x	21.8x	1.77x
Diagnostic Imaging																	
Alliance HealthCare Services, Inc.	AIQ	\$25.03	1.5%	294.2%	\$32.85	\$6.05	\$261	\$807	\$453.0	\$140.6	(\$1.12)	NM	1.78x	5.7x	NM	NM	NM
American Shared Hospital Services	AMS	2.80	5.7%	19.1%	3.46	1.52	13	48	17.8	9.2	0.01	NM	2.69x	5.2x	NM	NM	NM
RadNet, Inc.	RDNT	1.57	(36.2%)	(37.7%)	3.35	1.56	63	649	684.0	96.1	1.52	0.04	0.95x	6.8x	1.2x	45.7x	NM
Median			1.5%	19.1%									1.78x	5.7x	1.2x	45.7x	NM
Dialysis Services																	
DaVita HealthCare Partners Inc.	DVA	\$62.64	7.1%	11.2%	\$65.67	\$52.75	\$13,324	\$21,592	\$11,174.3	\$2,277.6	\$2.74	\$3.80	1.93x	9.5x	23.7x	16.2x	1.28x
Fresenius Medical Care AG & Co. KGaA	FME	69.96	7.4%	1.0%	77.23	63.73	21,603	30,412	14,727.0	2,760.9	3.87	3.59	2.07x	11.0x	20.8x	19.5x	2.31x
Median			7.3%	6.1%									2.00x	10.2x	22.2x	17.9x	1.80x

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Company Name	Ticker	Price 12/20/13	% 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	
Distribution / Supply																	
Aceto Corp.	ACET	\$22.40	50.9%	128.6%	\$23.10	\$9.60	\$630	\$619	\$517.2	\$54.5	\$0.68	\$1.18	1.20x	11.4x	21.7x	19.3x	NM
AmerisourceBergen Corporation	ABC	69.82	13.3%	59.4%	71.38	42.63	16,061	16,226	87,959.2	1,155.6	2.89	3.15	0.18x	14.0x	33.2x	22.1x	1.62x
Cardinal Health, Inc.	CAH	66.56	24.6%	57.3%	67.75	40.49	22,729	23,859	99,727.0	2,514.0	3.29	3.42	0.24x	9.5x	NM	19.5x	2.20x
Henry Schein, Inc.	HSIC	112.86	7.5%	37.6%	116.07	79.51	9,689	10,505	9,442.7	800.9	4.32	4.90	1.11x	13.1x	23.7x	22.9x	2.08x
McKesson Corporation	MCK	161.50	23.0%	63.0%	166.57	95.47	37,098	39,012	127,163.0	3,216.0	6.59	7.91	0.31x	12.1x	27.2x	20.3x	1.06x
Owens & Minor Inc.	OMI	35.91	3.2%	24.7%	38.55	27.83	2,267	2,328	9,171.9	239.3	1.72	1.89	0.25x	9.7x	21.1x	18.9x	1.45x
Patterson Companies, Inc.	PDCO	40.50	(0.7%)	18.5%	44.39	33.60	4,274	4,619	3,759.8	397.6	2.00	2.15	1.23x	11.6x	20.2x	18.9x	1.67x
Median			13.3%	57.3%									0.31x	11.6x	22.7x	19.5x	1.64x
Emergency Services																	
Air Methods Corp.	AIRM	\$56.90	35.3%	50.0%	\$57.37	\$32.24	\$2,221	\$2,829	\$874.0	\$223.1	\$2.39	\$1.88	3.24x	12.7x	31.6x	29.4x	1.76x
InfuSystem Holdings, Inc.	INFU	2.13	51.1%	54.3%	2.30	1.27	47	74	54.4	12.9	(0.07)	0.07	1.36x	5.7x	45.3x	30.1x	NM
Median			43.2%	52.2%									2.30x	9.2x	38.5x	29.8x	1.76x
HCIT - Provider Based																	
Accretive Health, Inc.	AH	\$9.25	(3.5%)	(23.9%)	\$13.54	\$7.98	\$900	\$703	\$973.6	\$28.7	\$0.24	\$0.42	0.72x	24.5x	NM	21.1x	0.70x
The Advisory Board Company	ABCO	62.89	5.0%	27.4%	70.55	44.20	2,267	2,189	487.5	62.7	0.60	1.16	4.49x	34.9x	NM	53.0x	3.23x
Allscripts Healthcare Solutions, Inc.	MDRX	15.02	(0.7%)	64.3%	16.43	8.99	2,652	3,136	1,373.0	28.5	(0.01)	0.39	2.28x	NM	NM	38.1x	2.93x
athenahealth, Inc.	ATHN	132.53	16.8%	72.1%	144.42	71.50	4,929	5,109	539.7	47.9	0.50	1.03	9.47x	NM	NM	NM	NM
Cerner Corporation	CERN	54.67	9.7%	36.4%	59.42	37.63	18,766	18,027	2,760.6	811.7	1.13	1.41	6.53x	22.2x	42.7x	38.8x	2.17x
Computer Programs & Systems Inc.	CPSI	61.92	5.1%	19.6%	62.87	46.08	691	677	197.5	50.0	2.71	2.88	3.43x	13.5x	21.5x	21.2x	1.63x
MedAssets, Inc.	MDAS	19.96	(19.7%)	15.2%	26.58	16.28	1,235	2,037	673.7	207.6	(0.12)	1.30	3.02x	9.8x	NM	15.2x	1.16x
Merge Healthcare Incorporated	MRGE	2.30	(17.9%)	(12.5%)	4.71	2.13	216	443	242.7	16.4	(0.31)	(0.41)	1.83x	27.1x	NM	NM	NM
Quality Systems Inc.	QSII	20.58	(2.0%)	11.2%	24.15	16.62	1,237	1,153	446.4	89.0	1.04	0.82	2.58x	12.9x	35.4x	25.2x	2.94x
Median			(0.7%)	19.6%									3.02x	22.2x	35.4x	25.2x	2.17x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
HCIT - Specialty																	
Accelrys Inc.	ACCL	\$9.61	(2.5%)	1.1%	\$10.00	\$7.75	\$535	\$432	\$166.2	\$11.0	(\$0.19)	\$0.34	2.60x	39.1x	NM	27.4x	NM
BioTelemetry, Inc.	BEAT	7.63	(20.7%)	253.2%	11.88	2.10	197	176	117.6	10.3	(0.49)	(0.22)	1.50x	17.0x	NM	NM	NM
HealthStream Inc.	HSTM	31.80	(11.7%)	37.9%	39.77	19.50	867	762	123.1	23.0	0.28	0.32	6.19x	33.2x	NM	95.7x	5.32x
HMS Holdings Corp.	HMSY	21.84	(6.8%)	(16.4%)	31.93	17.39	1,928	2,065	503.3	146.1	0.57	0.80	4.10x	14.1x	40.5x	26.4x	1.59x
Medidata Solutions, Inc.	MDSO	61.44	21.9%	206.4%	63.88	18.84	3,288	3,156	260.9	42.5	0.36	0.72	12.10x	74.3x	NM	83.0x	3.09x
Omnicell Inc.	OMCL	25.36	2.0%	60.6%	25.46	14.68	903	787	365.0	50.8	0.47	1.06	2.16x	15.5x	39.6x	23.5x	1.52x
Streamline Health Solutions, Inc.	STRM	6.95	(4.0%)	28.7%	8.50	5.02	121	137	28.7	0.6	(0.48)	(0.54)	4.77x	NM	NM	NM	NM
WebMD Health Corp.	WBMD	38.45	26.8%	137.8%	40.86	14.17	1,728	1,652	501.8	61.4	(0.45)	0.26	3.29x	26.9x	NM	NM	NM
Median			(3.3%)	49.3%									3.70x	26.9x	40.1x	27.4x	2.34x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$14.49	3.6%	23.7%	\$16.20	\$10.34	\$667	\$784	\$1,011.0	\$73.9	\$0.35	\$0.67	0.78x	10.6x	22.0x	20.3x	1.51x
Cross Country Healthcare, Inc.	CCRN	10.02	69.5%	102.4%	9.60	4.32	311	279	440.9	6.1	(0.67)	0.03	0.63x	NM	NM	NM	NM
IPC The Hospitalist Company, Inc.	IPCM	59.24	19.7%	49.5%	63.70	38.17	1,003	1,025	585.5	64.2	1.92	2.20	1.75x	16.0x	25.2x	26.0x	1.59x
On Assignment Inc.	ASGN	34.16	2.5%	72.7%	35.07	19.25	1,839	2,152	1,681.9	161.9	0.89	1.21	1.28x	13.3x	33.4x	26.4x	1.93x
Team Health Holdings, Inc.	TMH	45.68	20.1%	58.1%	48.83	28.42	3,191	3,566	2,306.6	230.0	0.93	1.80	1.55x	15.5x	40.0x	24.7x	1.65x
Median			19.7%	58.1%									1.28x	14.4x	29.3x	25.4x	1.62x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$23.65	(15.5%)	231.2%	\$32.40	\$6.74	\$258	\$229	\$259.8	\$19.5	\$0.86	\$0.95	0.88x	11.7x	22.6x	24.1x	NM
Almost Family Inc.	AFAM	33.10	72.4%	62.4%	32.89	17.66	311	284	353.0	22.7	1.85	1.18	0.81x	12.5x	25.7x	26.9x	NM
Amedisys Inc.	AMED	14.40	(17.2%)	16.7%	18.70	8.81	467	495	1,326.0	52.8	(2.75)	0.27	0.37x	9.4x	NM	NM	NM
Chemed Corp.	CHE	75.00	11.2%	7.8%	82.00	61.68	1,323	1,421	1,433.3	190.9	4.62	5.63	0.99x	7.4x	17.5x	13.3x	1.52x
Gentiva Health Services Inc.	GTIV	12.28	(2.3%)	10.5%	13.85	8.47	445	1,175	1,665.5	159.7	0.87	0.90	0.71x	7.4x	NM	13.4x	1.68x
LHC Group, Inc.	LHCG	24.30	7.3%	9.9%	26.90	19.06	428	467	641.5	60.1	1.53	1.33	0.73x	7.8x	16.7x	17.6x	1.87x
Median			2.5%	13.6%									0.77x	8.6x	20.0x	17.6x	1.68x

Source: Capital IQ as of December 20, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	\$4.59	(11.6%)	(11.2%)	\$5.91	\$4.45	\$28	\$83	\$325.8	\$6.4	(\$0.63)	NM	0.25x	12.9x	NM	NM	NM
Kindred Healthcare Inc.	KND	19.39	44.7%	68.3%	20.35	9.75	1,051	2,341	6,161.6	391.0	(0.65)	1.00	0.38x	6.0x	NM	19.0x	1.58x
National Healthcare Corp.	NHC	55.56	14.6%	14.1%	56.69	44.68	781	765	757.5	104.8	3.49	NM	1.01x	7.3x	14.8x	NM	NM
The Ensign Group, Inc.	ENSG	44.75	8.0%	60.6%	46.39	25.95	985	1,151	879.6	121.4	1.85	2.57	1.31x	9.5x	NM	17.1x	1.14x
Median			11.3%	37.3%									0.69x	8.4x	14.8x	18.1x	1.36x
Managed Care - Commercial																	
Aetna Inc.	AET	\$66.98	3.5%	42.5%	\$69.47	\$44.38	\$24,615	\$31,401	\$44,037.6	\$3,921.3	\$4.81	\$5.87	0.71x	8.0x	13.5x	11.4x	1.07x
Cigna Corp.	CI	85.25	8.5%	57.4%	88.57	52.53	23,564	25,848	31,849.0	3,732.0	5.61	6.87	0.81x	6.9x	16.1x	12.4x	1.13x
Health Net, Inc.	HNT	28.28	(10.0%)	11.4%	33.90	23.60	2,249	2,062	11,148.3	343.4	0.31	2.26	0.18x	6.0x	14.4x	12.3x	0.50x
Humana Inc.	HUM	101.89	6.7%	49.3%	105.80	65.88	15,886	17,507	40,683.0	2,645.0	7.47	8.75	0.43x	6.6x	11.2x	11.6x	1.16x
UnitedHealth Group Incorporated	UNH	73.35	3.9%	32.3%	75.88	51.36	73,846	83,552	120,141.0	10,255.0	5.28	5.49	0.70x	8.1x	13.9x	13.2x	1.77x
Universal American Corp.	UAM	7.21	(9.9%)	(16.5%)	11.13	6.85	617	684	2,171.6	72.6	0.61	0.12	0.31x	9.4x	NM	NM	NM
WellPoint Inc.	WLP	89.59	8.8%	45.7%	94.36	58.75	26,466	39,983	68,988.7	5,499.3	8.18	8.51	0.58x	7.3x	9.7x	10.4x	1.27x
Median			3.9%	42.5%									0.58x	7.3x	13.7x	12.0x	1.15x
Managed Care - Government																	
Centene Corp.	CNC	\$57.13	(2.4%)	38.9%	\$67.84	\$39.14	\$3,129	\$2,914	\$10,589.2	\$274.6	\$0.03	\$2.83	0.28x	10.6x	27.0x	19.9x	0.92x
Molina Healthcare, Inc.	MOH	32.76	(10.6%)	19.1%	40.90	25.70	1,499	1,413	6,575.8	234.9	0.21	1.15	0.21x	6.0x	20.1x	27.9x	0.50x
WellCare Health Plans, Inc.	WCG	67.07	0.4%	35.1%	75.31	44.75	2,931	1,877	9,077.3	325.3	4.22	4.74	0.21x	5.8x	16.3x	14.2x	1.34x
Median			(2.4%)	35.1%									0.21x	6.0x	20.1x	19.9x	0.92x

Source: Capital IQ as of December 20, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	\$28.24	8.7%	20.7%	\$29.53	\$21.60	\$1,971	\$1,909	\$1,123.1	\$82.6	\$0.65	\$0.81	1.70x	23.1x	35.8x	33.9x	1.88x
PDI, Inc.	PDII	4.98	3.8%	(35.5%)	8.25	3.82	75	24	150.1	1.5	(1.75)	(0.17)	0.16x	16.2x	NM	NM	NM
Sharps Compliance Corp.	SMED	4.98	81.1%	120.4%	5.24	2.01	76	61	22.7	(0.6)	(0.29)	(0.08)	2.69x	NM	NM	NM	NM
Stericycle, Inc.	SRCL	113.69	(2.3%)	22.7%	121.61	90.82	9,744	11,101	2,078.5	628.4	3.08	3.73	5.34x	17.7x	32.8x	30.7x	1.92x
Median			6.2%	21.7%									2.20x	17.7x	34.3x	32.3x	1.90x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$7.19	(35.0%)	(32.2%)	\$17.62	\$5.61	\$490	\$905	\$779.4	\$36.5	(\$0.15)	\$0.02	1.16x	24.8x	NM	NM	NM
Catamaran Corporation	CCT	47.69	(5.1%)	(3.0%)	57.09	42.84	9,838	10,405	13,580.8	689.7	0.70	1.92	0.77x	15.1x	44.2x	24.3x	0.91x
Express Scripts Holding Company	ESRX	68.96	11.1%	26.2%	68.52	52.50	55,568	67,976	105,826.3	6,552.5	1.79	4.32	0.64x	10.4x	30.2x	15.7x	1.00x
Omnicare Inc.	OCR	59.88	9.6%	63.7%	59.83	35.36	6,166	7,636	6,205.8	718.3	1.73	3.61	1.23x	10.6x	NM	16.5x	1.10x
PharMerica Corporation	PMC	21.01	60.3%	43.2%	22.85	11.84	618	800	1,740.6	120.3	0.77	1.79	0.46x	6.7x	34.4x	11.3x	1.13x
Median			9.6%	26.2%									0.77x	10.6x	34.4x	16.1x	1.05x
Physician Practice Management																	
Birmer Dental Management Services Inc.	BDMS	\$17.57	(4.0%)	3.4%	\$23.03	\$16.21	\$33	\$40	\$63.8	\$4.0	\$0.44	NM	0.62x	9.9x	NM	NM	NM
MEDNAX, Inc.	MD	52.82	4.5%	29.9%	56.45	39.30	5,180	5,283	2,058.0	468.8	2.43	5.49	2.57x	11.3x	19.9x	9.5x	0.74x
Median			0.2%	16.6%									1.60x	10.6x	19.9x	9.5x	0.74x
Psychiatric Hospitals																	
Acadia Healthcare Company, Inc.	ACHC	\$47.16	20.1%	105.8%	\$49.14	\$21.92	\$2,383	\$2,964	\$637.7	\$126.1	\$0.53	\$1.07	NM	23.5x	NM	43.6x	1.35x
Magellan Health Services Inc.	MGLN	58.18	(0.2%)	8.7%	62.00	46.00	1,575	1,247	3,368.4	242.6	5.42	4.70	0.37x	5.1x	11.2x	12.2x	2.41x
Providence Service Corp.	PRSC	26.30	(3.9%)	64.1%	31.31	15.72	355	395	1,132.4	58.4	0.64	1.53	0.35x	6.8x	18.9x	16.9x	2.26x
Median			(0.2%)	64.1%									0.36x	6.8x	15.0x	16.9x	2.26x

Source: Capital IQ as of December 20, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	\$65.74	22.2%	86.6%	\$66.24	\$34.12	\$4,780	\$5,228	\$8,821.4	\$852.4	\$5.67	\$6.02	0.59x	6.1x	12.9x	10.8x	1.14x
Triple-S Management Corporation	GTS	19.55	1.5%	(0.3%)	23.70	16.88	553	574	2,391.5	116.8	1.90	1.96	0.24x	4.9x	7.4x	9.8x	1.03x
Median			11.8%	43.2%									0.42x	5.5x	10.1x	10.3x	1.09x
Surgicenters / Rehabilitation																	
AmSurg Corp.	AMSG	\$45.85	15.9%	52.2%	\$48.71	\$29.02	\$1,477	\$2,580	\$1,042.1	\$351.0	\$1.98	\$2.20	2.48x	7.3x	21.2x	20.7x	1.42x
Surgical Care Affiliates, Inc.	SCAI	33.81	NM	NM	35.36	25.50	1,290	2,210	769.7	185.0	(0.06)	(0.79)	2.87x	11.9x	NM	NM	NM
Hanger, Inc.	HGR	38.99	20.2%	43.2%	39.75	26.58	1,347	1,811	1,049.0	174.2	1.83	2.10	1.73x	10.4x	21.0x	18.1x	1.34x
HEALTHSOUTH Corp.	HLS	33.75	(1.3%)	54.0%	37.01	20.43	2,951	4,683	2,224.4	537.2	1.65	1.89	2.11x	8.7x	10.7x	18.0x	1.32x
LCA-Vision Inc.	LCAV	3.52	(2.2%)	13.9%	4.26	2.67	68	41	91.8	(2.4)	(0.45)	(0.08)	0.44x	NM	NM	NM	NM
Select Medical Holdings Corporation	SEM	11.01	35.4%	14.9%	10.53	7.21	1,536	3,066	2,935.7	378.1	1.05	0.90	1.04x	8.1x	12.4x	11.6x	0.78x
US Physical Therapy Inc.	USPH	34.76	15.7%	26.3%	35.01	22.80	421	446	255.7	42.7	1.51	1.45	1.75x	10.4x	23.6x	23.8x	NM
Median			15.8%	34.7%									1.75x	9.6x	21.0x	18.1x	1.33x

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 December 20, 2013

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	33	\$440,981	3.2%	47.8%	9.56x	25.5x	29.5x	31.3x	1.6x
Cardiology Devices	16	106,781	17.0%	38.4%	3.39x	13.0x	32.6x	20.5x	2.2x
Conglomerates	6	461,172	8.0%	33.9%	2.93x	11.3x	21.4x	18.8x	2.1x
Dental Devices	8	17,108	(3.2%)	14.4%	2.57x	14.7x	26.3x	21.1x	1.7x
Diagnostic Imaging Devices	5	8,393	38.5%	68.9%	2.26x	14.6x	49.4x	21.5x	1.8x
Diversified Medical Devices	17	91,192	8.3%	19.4%	2.72x	12.8x	25.9x	19.7x	1.7x
Infection Prevention Devices	2	4,213	14.4%	57.2%	2.67x	14.1x	26.8x	27.0x	1.7x
Lab Equipment	2	7,196	(6.8%)	23.9%	1.77x	10.1x	17.3x	22.9x	1.7x
Lab Instrumentation & Devices	3	11,952	(4.9%)	26.8%	1.87x	14.7x	38.0x	23.0x	2.1x
Large-Cap Pharmaceuticals	6	598,465	7.2%	18.0%	4.13x	10.7x	22.8x	15.4x	2.2x
Life Science Conglomerates	4	70,137	11.2%	57.0%	3.65x	16.2x	29.9x	19.9x	2.2x
Life Science Consumables	5	8,891	13.8%	32.5%	2.32x	18.3x	29.9x	29.4x	2.2x
Mobility Devices	3	3,106	13.5%	39.5%	0.87x	9.5x	20.4x	15.4x	1.6x
Neural Implant Devices	2	3,182	21.1%	21.3%	4.08x	15.7x	37.3x	25.4x	2.2x
Ophthalmology Devices	3	6,533	25.6%	36.9%	1.99x	14.4x	36.6x	26.7x	1.2x
Orthopedics Devices	6	47,644	13.0%	37.3%	2.57x	10.4x	23.5x	21.6x	2.2x
Pharmaceuticals	25	104,024	24.6%	87.2%	4.29x	15.6x	32.7x	26.5x	1.8x
Surgical Devices	5	16,363	(2.8%)	14.6%	1.74x	12.3x	32.0x	23.1x	1.9x
Total / Median (\$MM)	151	2,007,334	12.1%	35.4%	2.62x	14.2x	29.7x	22.3x	1.9x

Source: Capital IQ

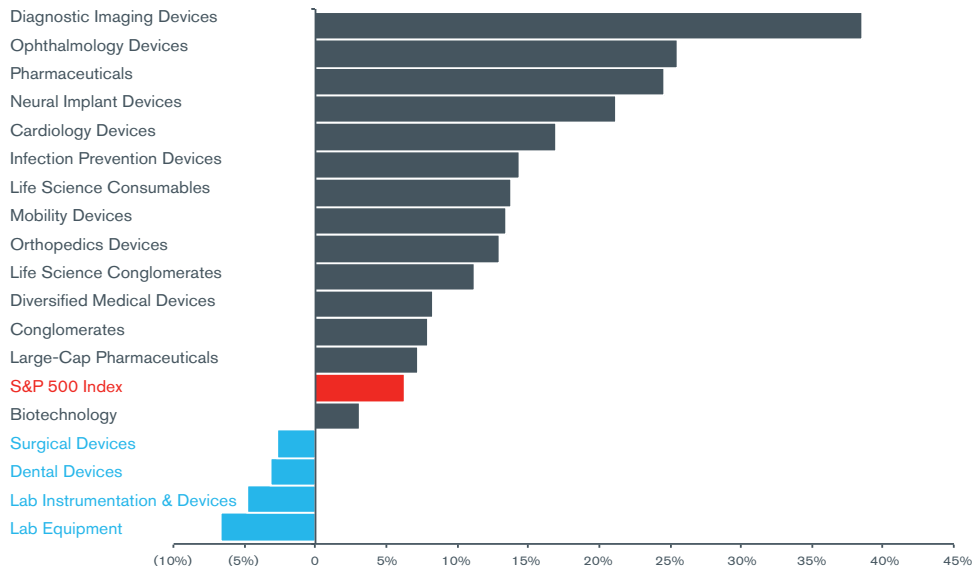
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	47	\$1,891,927	31.1%	94.3%	7.6%	81.3%	43.8%	43.0%
\$1 billion - \$5 billion	42	93,470	27.8%	4.7%	16.0%	112.9%	66.7%	62.7%
\$250 million - \$1 billion	31	17,806	20.5%	0.9%	13.4%	72.5%	55.8%	58.5%
\$100 million - \$250 million	19	3,440	12.6%	0.2%	18.2%	175.8%	58.1%	55.1%
< \$100 million	12	692	7.9%	0.0%	18.1%	124.2%	55.5%	60.6%
Total / Median (\$MM)	151	\$2,007,334	100.0%	100.0%	12.1%	112.9%	35.4%	58.5%

Source: Capital IQ

INTEREST RATES	Value at 12/20/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.37%	0.00%	0.00%	0.44%
U.S. Treasury - 2 years	0.35%	0.28%	0.34%	0.27%
U.S. Treasury - 5 years	1.61%	1.36%	1.46%	0.75%
U.S. Treasury - 10 years	2.93%	2.79%	2.73%	1.80%
U.S. Treasury - 30 years	3.90%	3.91%	3.76%	3.76%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median% Change — 3 months



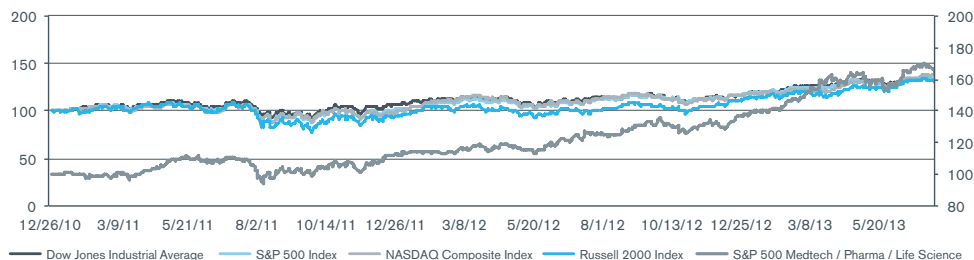
Source: Capital IQ

MARKET INDICES

	Value at 12/20/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$16,221.1	5.0%	23.8%	23.0%	40.6%
S&P 500 Index	1,818.3	6.3%	27.5%	27.1%	44.9%
NASDAQ Composite Index	4,104.7	8.7%	35.9%	35.9%	53.9%
Russell 2000 Index	1,125.5	4.9%	32.5%	32.7%	42.4%
S&P Life Science Tools & Services (Industry) Index	269.1	8.7%	49.8%	48.8%	58.8%
S&P 500 Pharmaceuticals (Industry) Index	486.2	5.6%	30.3%	29.6%	63.0%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	546.3	5.9%	40.8%	39.9%	85.3%
S&P 500 Biotechnology (Industry) Index	2,745.2	6.4%	70.8%	69.7%	181.7%
Dow Jones U.S. Medical Equipment Index	743.0	5.9%	33.7%	32.4%	51.5%
S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	617.4	6.0%	40.0%	39.3%	81.9%

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 12/20/13	% 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	\$29.83	(14.8%)	20.4%	\$40.87	\$23.90	\$1,231	\$943	\$325.3	\$26.8	\$3.84	\$0.42	2.90x	35.1x	8.6x	68.7x	2.02x
Alexion Pharmaceuticals, Inc.	ALXN	130.64	14.9%	36.3%	131.11	81.82	25,615	24,450	1,430.0	536.6	1.28	3.04	17.10x	45.6x	73.9x	43.0x	1.71x
Alkermes plc	ALKS	40.15	14.4%	107.8%	41.47	18.21	5,497	5,524	577.8	153.9	(0.32)	1.12	9.56x	35.9x	NM	35.1x	1.55x
Amarin Corporation plc	AMRN	2.00	(68.9%)	(75.8%)	9.24	1.36	344	358	16.2	(184.3)	(1.24)	(1.21)	22.06x	NM	NM	NM	NM
Amgen Inc.	AMGN	114.03	(2.4%)	29.0%	119.70	81.56	85,993	90,624	18,086.0	7,271.0	5.52	7.45	5.01x	12.5x	18.1x	15.1x	1.62x
Athersys, Inc.	ATHX	2.17	20.6%	114.9%	2.42	0.99	153	135	3.8	(22.3)	(0.45)	(0.47)	NM	NM	NM	NM	NM
Biogen Idec Inc.	BIIB	283.34	14.2%	87.4%	298.82	139.72	66,929	66,959	6,384.3	2,731.0	5.76	8.87	10.49x	24.5x	39.8x	31.3x	1.81x
BioSpecifics Technologies Corp.	BSTC	21.79	14.5%	40.8%	23.80	13.55	138	127	13.9	7.5	0.43	0.69	9.12x	16.9x	32.5x	30.8x	1.40x
Cangene Corp.	CNJ	3.20	44.6%	108.4%	3.22	1.41	214	176	115.4	6.5	(0.26)	0.07	1.53x	27.2x	NM	48.7x	NM
Celgene Corporation	CELG	167.48	11.8%	109.3%	173.80	77.22	69,013	67,845	6,185.4	2,460.2	3.30	6.00	10.97x	27.6x	48.2x	27.4x	1.19x
Cepheid	CPHD	45.71	16.6%	36.8%	46.85	30.95	3,101	3,028	380.5	22.3	(0.30)	(0.22)	7.96x	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	66.97	6.1%	55.2%	72.64	40.44	4,960	4,852	1,000.6	194.5	2.10	(0.11)	4.85x	24.9x	NM	NM	NM
Curis, Inc.	CRIS	2.82	(34.3%)	(21.2%)	4.74	2.44	242	209	15.2	(9.2)	(0.21)	(0.18)	13.80x	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.53	(7.3%)	(19.0%)	2.25	0.90	47	47	15.7	(0.1)	0.04	NM	3.00x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	23.44	22.4%	47.8%	23.38	13.02	852	739	309.2	63.4	0.65	0.80	2.39x	11.7x	26.4x	28.7x	NM
Exelixis, Inc.	EXEL	5.86	3.2%	24.9%	6.03	4.32	1,079	1,142	34.8	(170.8)	(0.92)	(1.32)	NM	NM	NM	NM	NM
Genomic Health Inc.	GHDX	29.89	(7.9%)	10.2%	38.99	26.25	919	805	253.2	4.9	0.26	(0.08)	3.18x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	74.66	16.9%	102.7%	76.11	35.68	114,480	120,012	10,670.1	4,599.4	1.64	2.00	11.25x	26.1x	41.1x	36.7x	1.05x
Immunomedics Inc.	IMMU	4.28	(26.6%)	40.8%	7.35	2.11	356	321	9.4	(27.4)	(0.36)	(0.35)	NM	NM	NM	NM	NM
Ligand Pharmaceuticals Incorporated	LGND	55.26	21.1%	157.0%	58.48	19.03	1,128	1,137	47.9	16.4	(0.13)	0.54	23.75x	NM	NM	98.3x	3.28x
Momenta Pharmaceuticals Inc.	MNTA	17.40	12.2%	49.6%	18.15	11.22	910	634	35.4	(90.0)	(1.16)	(1.99)	17.89x	NM	NM	NM	NM
Myriad Genetics Inc.	MYGN	24.00	(4.3%)	(12.8%)	38.27	22.20	1,794	1,437	682.2	272.9	1.46	2.13	2.11x	5.3x	11.5x	11.5x	0.87x
Neurocrine Biosciences Inc.	NBIX	9.67	(12.6%)	24.8%	16.74	7.33	651	494	24.1	(27.9)	0.08	(0.70)	20.48x	NM	NM	NM	NM
Osiris Therapeutics, Inc.	OSIR	16.75	(0.9%)	78.0%	27.40	6.55	567	539	23.1	(8.5)	(0.34)	(0.23)	23.31x	NM	NM	NM	NM
PDL BioPharma, Inc.	PDLI	8.31	3.3%	11.2%	10.21	6.50	1,164	1,155	418.8	390.0	1.45	1.77	2.76x	3.0x	4.9x	4.7x	NM
ProMetic Life Sciences Inc.	PLI	0.85	25.3%	283.1%	1.07	0.21	445	445	23.2	(3.7)	0.00	(0.01)	19.16x	NM	NM	NM	NM
Regeneron Pharmaceuticals, Inc.	REGN	278.69	(7.4%)	61.2%	319.83	154.16	27,103	27,140	1,908.9	733.3	6.75	3.83	14.22x	37.0x	39.7x	70.7x	2.21x
Spectrum Pharmaceuticals, Inc.	SPPI	8.42	(0.5%)	(25.5%)	13.15	6.92	533	483	184.4	12.8	1.46	(0.37)	2.62x	37.8x	NM	NM	NM
Targacept, Inc.	TRGT	4.10	(25.0%)	(13.3%)	6.11	3.75	138	43	4.1	(48.3)	(0.21)	(1.30)	10.33x	NM	NM	NM	NM

Source: Capital IQ as of December 20, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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.	THR	\$34.50	(18.1%)	55.5%	\$42.96	\$19.71	\$3,814	\$3,596	\$8.9	(\$136.6)	(\$0.20)	(\$1.59)	NM	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	87.84	12.8%	67.5%	95.23	50.88	4,412	3,978	1,069.8	478.4	5.71	5.45	3.72x	8.3x	16.0x	15.9x	1.59x
Vanda Pharmaceuticals, Inc.	VNDA	11.07	(14.6%)	183.0%	15.65	3.50	367	225	33.0	(17.2)	(0.98)	(0.62)	6.82x	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	71.83	(5.7%)	65.7%	89.96	40.34	16,791	16,036	1,194.8	(237.7)	(0.51)	(2.72)	13.42x	NM	NM	NM	NM
Median			3.2%	47.8%									9.56x	25.5x	29.5x	31.3x	1.60x
Cardiology Devices																	
ABIOMED, Inc.	ABMD	\$27.02	26.3%	98.4%	\$29.24	\$11.96	\$1,034	\$963	\$168.9	\$13.9	\$0.33	\$0.16	5.70x	NM	NM	NM	NM
AngioDynamics Inc.	ANGO	16.47	29.3%	47.1%	17.24	9.52	578	697	339.6	48.6	(0.25)	0.26	2.05x	14.3x	NM	61.7x	4.11x
Boston Scientific Corporation	BST	11.84	1.8%	103.8%	12.48	5.53	15,809	19,487	7,126.0	1,618.0	(2.89)	0.45	2.73x	12.0x	NM	25.9x	2.36x
Cardiovascular Systems Inc.	CSII	33.71	70.3%	165.9%	34.59	12.16	938	886	110.4	(23.0)	(1.01)	(1.22)	8.02x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	65.19	(6.9%)	(29.4%)	94.98	60.62	7,132	6,907	2,020.0	530.5	2.48	3.05	3.42x	13.0x	18.5x	21.0x	1.72x
Greatbatch, Inc.	GB	42.65	22.7%	86.2%	41.24	22.55	1,029	1,234	646.5	117.2	(0.20)	2.08	1.91x	10.5x	49.4x	19.7x	1.64x
Heartware International Inc.	HTWR	91.42	18.6%	11.6%	99.68	69.31	1,526	1,408	187.5	(39.5)	(6.15)	(3.11)	7.51x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	8.00	23.1%	29.9%	8.96	5.69	123	110	61.0	5.7	0.16	0.21	1.80x	19.4x	40.0x	37.3x	NM
Medtronic, Inc.	MDT	56.89	5.9%	33.3%	58.85	40.28	56,796	56,500	16,764.0	5,646.0	3.28	3.73	3.37x	10.0x	15.2x	15.3x	2.33x
Neovasc Inc.	NVC	3.70	52.3%	121.7%	4.26	1.50	178	175	10.6	(5.4)	(0.01)	NM	16.49x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.39	(30.9%)	(29.2%)	0.58	0.35	131	105	0.0	(25.7)	(0.07)	(0.07)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	61.89	15.3%	69.3%	61.12	35.32	18,060	20,436	5,451.0	1,725.0	2.39	3.74	3.75x	11.8x	25.3x	16.3x	1.64x
Stereotaxis Inc.	STXS	3.98	19.2%	36.8%	10.85	1.21	77	89	41.2	(6.0)	(1.33)	NM	2.17x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	9.08	(13.5%)	40.1%	13.80	4.85	153	93	0.1	(19.8)	(1.98)	NM	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	35.94	(3.6%)	(5.4%)	43.58	29.91	2,048	1,769	503.1	130.9	0.94	1.82	3.52x	13.5x	45.9x	20.1x	2.16x
Volcano Corporation	VOLC	21.28	(8.7%)	(9.9%)	26.23	16.37	1,168	1,165	390.8	31.9	0.15	(0.24)	2.98x	36.5x	NM	NM	NM
Median			17.0%	38.4%									3.39x	13.0x	32.6x	20.5x	2.16x

Source: Capital IQ as of December 20, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	\$136.72	13.9%	45.2%	\$136.52	\$91.40	\$90,952	\$93,874	\$30,689.0	\$7,876.0	\$6.32	\$6.72	3.06x	11.9x	21.0x	20.3x	1.94x
Agilent Technologies Inc.	A	56.96	9.2%	37.7%	57.94	39.64	18,900	18,927	6,831.0	1,382.0	3.13	2.71	2.77x	13.7x	27.1x	21.2x	2.19x
Becton, Dickinson and Company	BDX	108.88	6.7%	37.6%	110.13	76.76	21,133	22,495	8,014.0	2,129.0	5.52	5.59	2.81x	10.6x	23.3x	19.3x	2.11x
Covidien plc	COV	66.80	5.9%	15.2%	68.88	56.01	30,221	33,382	10,189.0	2,876.0	3.93	3.83	3.28x	11.6x	19.6x	17.6x	1.90x
Johnson & Johnson	JNJ	92.09	2.7%	30.2%	95.99	69.18	259,826	249,705	70,515.0	22,686.0	3.86	5.48	3.54x	11.0x	20.5x	16.8x	2.63x
Kimberly-Clark Corporation	KMB	105.18	9.3%	23.8%	111.68	82.71	40,141	46,295	21,154.0	4,244.0	4.42	5.72	2.19x	10.9x	21.9x	18.2x	2.32x
Median			8.0%	33.9%									2.93x	11.3x	21.4x	18.8x	2.15x
Dental Devices																	
COLTENE Holding AG	CLTN	\$49.50	(4.6%)	49.0%	\$55.65	\$32.96	\$208	\$240	\$169.2	\$23.8	\$2.49	\$3.53	1.42x	10.1x	16.1x	14.0x	1.38x
DENTSPLY International Inc.	XRAY	48.43	9.9%	19.9%	50.99	38.76	6,909	8,446	2,950.4	562.5	2.18	2.35	2.86x	15.0x	19.2x	20.5x	1.71x
Nobel Biocare Holding AG	NOBN	15.03	1.8%	75.1%	17.38	8.58	1,846	1,760	771.8	122.3	0.49	0.53	2.28x	14.4x	32.6x	28.2x	2.11x
Orthofix International N.V.	OFIX	20.95	(5.6%)	(47.0%)	40.99	19.35	408	394	446.5	89.7	2.78	NM	0.88x	4.4x	8.8x	NM	NM
Osstem Implant Co., Ltd.	A048260	20.45	(22.7%)	(16.8%)	36.74	19.79	290	337	189.4	20.6	0.41	0.95	1.78x	16.4x	44.6x	21.6x	NM
Sirona Dental Systems Inc.	SIRO	68.77	3.8%	9.0%	75.81	62.06	3,783	3,619	1,101.5	273.7	2.37	3.39	3.29x	13.2x	26.3x	20.5x	1.59x
Straumann Holding AG	STMN	181.02	(1.9%)	45.8%	204.04	122.47	2,795	2,656	717.8	127.3	2.57	7.81	3.70x	20.9x	54.9x	23.2x	1.72x
Tornier N.V.	TRNX	17.93	(7.5%)	8.7%	21.87	15.17	869	874	306.6	26.2	(0.54)	(0.57)	2.85x	33.3x	NM	NM	NM
Median			(3.2%)	14.4%									2.57x	14.7x	26.3x	21.1x	1.71x
Orthopedics Devices																	
Exactech Inc.	EXAC	\$24.68	23.6%	45.2%	\$24.95	\$16.29	\$334	\$373	\$234.8	\$40.8	\$0.96	\$1.10	1.59x	9.2x	22.9x	21.6x	NM
NuVasive, Inc.	NUVA	32.61	34.4%	111.9%	33.91	15.00	1,455	1,597	660.1	95.1	0.07	1.14	2.42x	16.8x	NM	28.0x	2.27x
Stryker Corporation	SYK	74.72	4.8%	32.1%	75.50	54.07	28,275	25,911	8,891.0	1,648.0	3.39	4.23	2.91x	15.7x	32.1x	17.5x	2.14x
Symmetry Medical, Inc.	SMA	9.27	10.4%	(12.0%)	12.83	7.44	345	524	404.6	50.5	0.25	0.31	1.30x	10.4x	NM	29.2x	2.43x
Wright Medical Group Inc.	WMGI	29.54	14.3%	39.8%	30.65	20.13	1,377	1,363	502.6	14.6	0.14	(0.57)	2.71x	NM	NM	NM	NM
Zimmer Holdings, Inc.	ZMH	92.74	11.6%	34.8%	93.63	65.15	15,857	16,042	4,563.2	1,701.2	4.29	5.71	3.52x	9.4x	23.5x	16.2x	1.71x
Median			13.0%	37.3%									2.57x	10.4x	23.5x	21.6x	2.21x
Diagnostic Imaging Devices																	
Analogic Corporation	ALOG	\$90.75	10.5%	23.7%	\$98.00	\$68.86	\$1,128	\$1,023	\$540.6	\$59.4	\$2.67	\$4.10	1.89x	17.2x	49.4x	21.5x	NM
Digirad Corporation	DRAD	3.81	38.5%	92.4%	4.85	1.80	70	44	49.9	0.8	(0.26)	NM	0.89x	NM	NM	NM	NM
Fonar Corp.	FONR	17.77	229.7%	278.9%	22.34	4.32	109	138	61.1	12.3	0.87	NM	2.26x	11.2x	12.0x	NM	NM

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Diagnostic Imaging Devices (cont.)																	
Given Imaging Ltd.	GIVN	\$29.97	62.5%	68.9%	\$30.18	\$13.01	\$964	\$844	\$180.5	\$23.0	\$0.45	\$0.57	4.68x	36.8x	57.7x	52.6x	NM
Hologic Inc.	HOLX	22.42	11.2%	9.8%	23.96	18.46	6,122	10,139	2,476.6	842.5	(0.35)	1.43	4.09x	12.0x	NM	15.6x	1.80x
Median			38.5%	68.9%									2.26x	14.6x	49.4x	21.5x	1.80x
Mobility Devices																	
Hill-Rom Holdings, Inc.	HRC	\$40.46	13.5%	40.4%	\$42.56	\$27.87	\$2,362	\$2,541	\$1,716.2	\$268.4	\$1.80	\$2.11	1.48x	9.5x	23.3x	19.1x	1.57x
Invacare Corporation	IVC	21.96	30.1%	39.5%	22.85	10.26	703	726	1,395.1	21.4	(0.26)	(1.08)	0.52x	34.0x	NM	NM	NM
Prism Medical Ltd.	PM	4.92	3.3%	(6.3%)	5.52	4.22	41	61	69.8	7.4	0.27	0.43	0.87x	8.2x	17.5x	11.7x	NM
Median			13.5%	39.5%									0.87x	9.5x	20.4x	15.4x	1.57x
Infection Prevention Devices																	
Cantel Medical Corp.	CMN	\$34.53	20.2%	76.3%	\$38.04	\$19.11	\$1,407	\$1,460	\$440.6	\$84.7	\$0.92	\$1.00	3.31x	17.2x	34.9x	33.9x	NM
Steris Corp.	STE	47.66	8.6%	38.1%	47.34	33.34	2,806	3,153	1,560.0	287.7	2.78	2.32	2.02x	11.0x	18.6x	20.1x	1.74x
Median			14.4%	57.2%									2.67x	14.1x	26.8x	27.0x	1.74x
Neural Implant Devices																	
Cyberonics Inc.	CYBX	\$63.36	24.1%	20.8%	\$71.93	\$42.31	\$1,709	\$1,587	\$270.0	\$88.9	\$1.62	\$1.93	5.88x	17.9x	37.3x	32.7x	2.04x
Integra LifeSciences Holdings Corporation	IART	46.61	18.1%	21.8%	47.37	30.87	1,473	1,902	829.9	140.3	1.44	2.53	2.29x	13.6x	NM	18.0x	2.41x
Median			21.1%	21.3%									4.08x	15.7x	37.3x	25.4x	2.23x
Ophthalmology Devices																	
IRIDEX Corporation	IRIX	\$8.92	49.4%	132.9%	\$10.74	\$3.72	\$87	\$73	\$36.9	\$1.7	(\$0.02)	\$0.19	1.99x	43.4x	41.8x	45.2x	NM
The Cooper Companies Inc.	COO	127.00	(3.3%)	36.9%	135.41	90.75	6,216	6,503	1,572.2	452.8	5.43	6.35	4.14x	14.4x	21.3x	19.3x	1.24x
Optos plc	OPTS	3.18	25.6%	11.8%	3.61	1.75	229	269	179.2	30.3	0.22	0.12	1.50x	8.9x	36.6x	26.7x	NM
Median			25.6%	36.9%									1.99x	14.4x	36.6x	26.7x	1.24x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$2.04	(6.4%)	14.6%	\$2.41	\$1.55	\$195	\$249	\$204.4	\$14.9	(\$0.17)	(\$0.24)	1.22x	16.7x	NM	NM	NM
ArthroCare Corporation	ARTC	39.40	12.2%	17.7%	40.19	31.56	1,118	993	373.2	86.9	1.25	1.44	2.66x	11.4x	62.2x	27.6x	2.04x
Bovie Medical Corp.	BVX	2.16	(28.0%)	(16.9%)	4.79	1.94	39	39	24.4	(0.8)	0.03	NM	1.58x	NM	NM	NM	NM
CONMED Corporation	CNMD	41.38	23.2%	48.1%	41.38	27.05	1,143	1,318	756.1	125.8	1.41	1.76	1.74x	10.5x	32.0x	23.1x	NM
Intuitive Surgical, Inc.	ISRG	364.35	(2.8%)	(25.4%)	585.67	351.14	13,869	12,656	2,298.2	956.6	15.98	16.25	5.51x	13.2x	21.8x	22.1x	1.82x
Median			(2.8%)	14.6%									1.74x	12.3x	32.0x	23.1x	1.93x

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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	
Diversified Medical Devices																	
Abaxis, Inc.	ABAX	\$37.99	(9.5%)	0.5%	\$51.84	\$32.11	\$846	\$761	\$188.8	\$34.0	\$1.14	\$0.90	4.03x	22.4x	45.2x	41.4x	4.14x
AtriCure, Inc.	ATRC	18.03	65.7%	165.1%	16.67	6.58	379	356	78.0	(4.5)	(0.47)	(0.46)	4.57x	NM	NM	NM	NM
Baxter International Inc.	BAX	68.39	(4.5%)	0.9%	74.60	62.80	37,115	43,802	14,644.0	4,071.0	4.18	4.66	2.99x	10.8x	17.3x	14.4x	1.85x
CareFusion Corporation	CFN	39.40	3.4%	35.6%	40.29	28.00	8,327	8,005	3,543.0	804.0	1.74	2.02	2.26x	10.0x	23.0x	19.6x	1.70x
CR Bard Inc.	BCR	132.15	11.6%	34.1%	141.02	95.39	10,293	11,015	2,998.7	831.3	6.16	5.76	3.67x	13.3x	72.9x	22.9x	2.20x
CryoLife Inc.	CRY	10.66	53.4%	68.9%	11.11	5.52	294	277	137.3	21.4	0.28	0.60	2.01x	13.0x	32.5x	17.1x	NM
Hospira Inc.	HSP	41.27	0.2%	27.8%	42.60	28.71	6,846	8,035	4,017.3	307.1	0.27	2.08	2.00x	26.2x	NM	19.8x	2.16x
IDEXX Laboratories, Inc.	IDXX	105.21	6.9%	9.3%	113.11	81.57	5,460	5,594	1,342.5	323.9	3.17	3.47	4.17x	17.3x	30.7x	29.9x	2.09x
Masimo Corporation	MASI	28.73	8.3%	37.9%	29.68	19.03	1,624	1,533	532.1	100.5	1.07	1.16	2.88x	15.3x	25.9x	25.1x	1.72x
Misonix Inc.	MSON	5.68	18.3%	(25.5%)	8.55	2.98	41	36	13.3	(6.1)	(0.10)	(0.03)	2.72x	NM	NM	NM	NM
Natus Medical Inc.	BABY	22.04	56.4%	103.5%	23.38	10.34	682	686	344.3	55.4	0.13	0.97	1.99x	12.4x	36.4x	22.1x	1.38x
PhotoMedex, Inc.	PHMD	12.32	(23.8%)	(16.5%)	17.05	10.51	245	196	216.0	29.8	1.08	0.96	0.91x	6.6x	12.4x	12.5x	1.13x
ResMed Inc.	RMD	46.09	(12.5%)	9.1%	57.34	40.70	6,549	5,933	1,532.4	473.5	1.98	2.42	3.87x	12.5x	21.2x	18.9x	1.17x
Solta Medical, Inc.	SLTM	2.96	37.0%	13.0%	2.95	1.44	239	258	151.1	2.5	(0.59)	(0.03)	1.71x	NM	NM	NM	NM
SurModics, Inc.	SRDX	25.10	11.8%	19.4%	27.98	19.24	345	319	56.1	21.2	0.73	0.93	5.68x	15.1x	25.4x	26.0x	1.74x
Teleflex Incorporated	TFX	93.54	14.9%	31.3%	99.13	69.99	3,849	4,510	1,656.4	356.5	(4.47)	4.92	2.72x	12.7x	27.2x	19.0x	1.69x
Varian Medical Systems, Inc.	VAR	76.07	(0.0%)	6.0%	80.66	63.10	8,059	7,384	2,942.9	678.4	3.83	4.05	2.51x	10.9x	19.1x	18.9x	1.61x
Median			8.3%	19.4%									2.72x	12.8x	25.9x	19.7x	1.72x
Life Science Conglomerates																	
Illumina Inc.	ILMN	\$104.92	29.6%	86.6%	\$105.51	\$48.00	\$13,261	\$13,093	\$1,343.1	\$379.2	\$1.13	\$1.77	9.75x	34.5x	NM	58.3x	3.32x
Life Technologies Corporation	LIFE	75.65	1.0%	47.4%	75.76	48.00	13,074	14,792	3,842.3	1,199.9	2.40	4.20	3.85x	12.3x	27.9x	18.0x	2.24x
PerkinElmer Inc.	PKI	40.64	6.3%	26.8%	40.61	29.50	4,568	5,371	2,145.9	332.9	0.60	2.06	2.50x	16.1x	55.2x	19.7x	1.99x
Thermo Fisher Scientific, Inc.	TMO	108.57	16.1%	66.6%	108.28	62.30	39,234	44,487	12,882.7	2,732.3	3.43	5.36	3.45x	16.3x	29.9x	20.2x	2.18x
Median			11.2%	57.0%									3.65x	16.2x	29.9x	19.9x	2.21x

Source: Capital IQ as of December 20, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	\$19.80	(3.0%)	27.4%	\$21.33	\$14.98	\$3,317	\$3,370	\$1,804.6	\$229.1	\$0.46	\$0.74	1.87x	14.7x	58.2x	26.0x	2.08x
Harvard Bioscience Inc.	HBIO	5.07	(4.9%)	26.8%	6.15	3.92	157	144	105.6	2.9	0.05	(0.06)	1.36x	49.7x	NM	NM	NM
Waters Corporation	WAT	99.58	(6.5%)	11.5%	108.89	85.01	8,477	8,072	1,860.5	580.9	5.19	4.95	4.34x	13.9x	17.8x	20.0x	2.20x
Median			(4.9%)	26.8%									1.87x	14.7x	38.0x	23.0x	2.14x
Lab Equipment																	
Kewaunee Scientific Corp.	KEQU	\$15.12	(14.6%)	24.3%	\$18.40	\$11.08	\$40	\$42	\$117.4	\$9.1	\$1.19	NM	0.36x	4.6x	9.7x	NM	NM
Mettler-Toledo International Inc.	MTD	241.07	1.1%	23.6%	255.00	187.55	7,156	7,471	2,352.0	479.5	9.14	10.50	3.18x	15.6x	24.8x	22.9x	1.74x
Median			(6.8%)	23.9%									1.77x	10.1x	17.3x	22.9x	1.74x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$8.73	43.3%	164.5%	\$8.60	\$3.05	\$628	\$746	\$322.1	\$27.0	(\$0.15)	\$0.12	2.32x	27.7x	NM	72.8x	14.57x
Bio-Rad Laboratories, Inc.	BIO	122.85	6.7%	15.2%	127.17	103.20	3,526	3,402	2,103.9	316.5	5.72	3.95	1.62x	10.7x	39.7x	31.1x	NM
Cambrex Corporation	CBM	17.93	35.8%	53.6%	19.74	10.92	542	619	285.3	58.5	2.09	0.83	2.17x	10.6x	8.5x	20.5x	0.90x
Luminex Corporation	LMNX	18.72	(7.4%)	13.6%	24.10	15.39	784	723	213.8	31.5	0.30	0.14	3.38x	22.9x	NM	NM	NM
Techne Corp.	TECH	92.52	13.8%	32.5%	92.78	62.55	3,411	3,226	321.2	176.5	2.98	3.33	10.04x	18.3x	29.9x	27.6x	2.21x
Median			13.8%	32.5%									2.32x	18.3x	29.9x	29.4x	2.21x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$52.59	9.9%	53.2%	\$54.78	\$33.20	\$83,513	\$89,075	\$18,885.0	\$7,928.0	\$3.34	\$3.14	4.72x	11.2x	18.5x	16.8x	1.25x
Allergan Inc.	AGN	107.73	16.3%	15.7%	116.45	81.33	32,013	30,968	6,247.6	2,060.7	3.58	4.76	4.96x	15.0x	25.5x	21.8x	1.74x
Bristol-Myers Squibb Company	BMJ	53.37	14.1%	63.9%	54.49	31.85	87,876	92,339	16,135.0	4,403.0	1.16	1.74	5.72x	21.0x	32.0x	30.9x	2.65x
Eli Lilly and Company	LLY	50.20	(6.9%)	1.9%	58.41	47.53	54,901	54,806	23,261.7	7,262.3	3.66	4.14	2.36x	7.5x	11.5x	12.1x	(5.16x)
Merck & Co. Inc.	MRK	49.32	2.7%	17.0%	50.42	40.02	144,110	155,173	44,450.0	15,360.0	2.00	3.50	3.49x	10.1x	33.1x	14.0x	6.00x
Pfizer Inc.	PFE	30.25	4.4%	19.0%	32.50	24.63	196,052	199,508	56,246.0	24,624.0	1.26	2.18	3.55x	8.1x	20.1x	14.1x	4.80x
Median			7.2%	18.0%									4.13x	10.7x	22.8x	15.4x	2.19x

Source: Capital IQ as of December 20, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$24.90	33.9%	87.2%	\$26.16	\$12.44	\$2,399	\$2,431	\$304.3	\$96.8	\$0.32	\$0.55	7.99x	25.1x	62.2x	44.9x	2.06x
BioDelivery Sciences International, Inc.	BDSI	5.72	4.4%	39.5%	5.92	3.52	218	198	27.2	(37.9)	0.05	(1.43)	7.28x	NM	NM	NM	NM
BioSynt Inc.	RX	4.54	95.6%	416.3%	4.28	0.79	62	59	6.8	2.1	0.11	NM	8.68x	27.8x	37.4x	NM	NM
Cadence Pharmaceuticals Inc.	CADX	9.31	45.9%	88.1%	10.09	4.45	801	776	94.4	(35.1)	(0.95)	(0.32)	8.22x	NM	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	7.31	(0.4%)	203.5%	8.99	2.12	180	161	16.9	10.0	0.10	0.44	9.53x	16.1x	20.9x	16.6x	NM
Cornerstone Therapeutics Inc.	CRTX	9.50	1.3%	99.1%	10.37	4.67	256	276	167.0	38.1	(0.46)	0.83	1.65x	7.2x	24.4x	11.5x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	5.13	10.3%	15.8%	5.85	4.03	93	32	37.6	3.8	0.30	0.06	0.86x	8.6x	79.3x	86.0x	2.87x
DURECT Corporation	DRRX	1.73	38.4%	92.2%	1.85	0.76	189	172	14.3	(20.7)	0.18	(0.20)	12.01x	NM	NM	NM	NM
Endo Health Solutions Inc.	ENDP	65.54	44.4%	150.4%	67.62	25.01	7,527	10,049	2,991.0	1,069.2	(6.40)	4.77	3.36x	9.4x	NM	13.8x	2.73x
Forest Laboratories Inc.	FRX	57.32	29.5%	60.9%	58.32	34.51	15,442	13,765	3,209.3	148.8	0.43	0.44	4.29x	NM	NM	NM	NM
Heska Corporation	HSKA	8.35	24.6%	(2.6%)	9.37	5.16	49	60	73.3	(0.5)	0.22	(0.37)	0.82x	NM	NM	NM	NM
Hi-Tech Pharmacal Co., Inc.	HITK	43.40	0.9%	22.0%	44.33	29.24	601	492	231.9	45.9	2.25	1.06	2.12x	10.7x	85.2x	40.7x	(45.24x)
Impax Laboratories Inc.	IPXL	25.02	22.8%	23.2%	24.35	14.41	1,679	1,243	551.8	131.9	0.82	0.86	2.25x	9.4x	14.8x	28.0x	7.78x
Lannett Company, Inc.	LCI	33.18	83.4%	577.1%	33.10	4.75	1,157	1,117	161.6	30.8	0.31	0.87	6.91x	36.3x	NM	35.6x	1.57x
Mylan, Inc.	MYL	42.51	10.0%	53.1%	44.73	26.91	16,275	22,153	6,823.5	1,864.5	1.52	2.87	3.25x	11.9x	28.0x	14.8x	1.28x
Merus Labs International Inc.	MSL	1.19	8.3%	17.6%	1.56	0.45	46	84	23.9	15.1	(0.71)	(0.03)	3.53x	5.6x	NM	NM	NM
Paladin Labs Inc.	PLB	107.97	93.3%	159.4%	111.02	37.79	2,236	2,063	267.1	86.3	2.87	2.33	7.72x	23.9x	47.8x	46.5x	NM
Patheon Inc.	PTI	9.13	41.5%	180.5%	9.24	2.81	1,287	1,837	943.1	117.9	(1.06)	0.25	1.95x	15.6x	NM	36.5x	NM
Questcor Pharmaceuticals, Inc.	QCOR	53.26	(3.7%)	78.5%	74.76	24.75	3,076	2,887	716.6	406.3	3.14	5.47	4.03x	7.1x	12.2x	9.6x	0.31x
Salix Pharmaceuticals Ltd.	SLXP	87.61	29.6%	108.1%	90.73	39.36	5,510	5,565	874.4	283.4	1.01	3.22	6.36x	19.6x	52.1x	26.5x	1.12x
Santarus, Inc.	SNTS	31.93	45.1%	183.1%	32.25	10.56	2,144	1,975	337.8	81.5	0.27	1.38	5.85x	24.2x	19.1x	23.1x	2.31x

Source: Capital IQ as of December 20, 2013; For definitions, see page 18

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 12/20/13	% 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	
Pharmaceuticals (cont.)																	
SciClone Pharmaceuticals, Inc.	SCLN	\$5.13	1.0%	14.8%	\$6.30	\$4.13	\$273	\$183	\$127.5	\$13.5	\$0.16	\$0.35	1.44x	13.6x	22.4x	14.3x	NM
The Medicines Company	MDCO	37.92	16.5%	59.9%	39.40	23.05	2,023	1,794	662.4	89.9	0.93	0.39	2.71x	20.0x	63.2x	94.4x	3.21x
Valeant Pharmaceuticals International, Inc.	VRX	111.47	7.0%	82.7%	112.90	54.49	37,217	53,526	4,692.1	2,367.5	(0.38)	6.12	11.41x	22.6x	NM	18.3x	1.05x
ViroPharma Inc.	VPHM	49.79	26.8%	114.9%	49.86	22.12	3,284	3,182	430.4	57.2	0.08	(0.76)	7.39x	NM	NM	NM	NM
Median			24.6%	87.2%									4.29x	15.6x	32.7x	26.5x	1.81x

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 December 20, 2013

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