

Healthcare & Life Sciences



Market Monitor

Contract Research Organizations



Harris Williams & Co.’s Healthcare & Life Sciences Group directs its efforts among three focus sectors.

Ancillary Services and Outsourcing	Market Size (mm)	Growth Rate ¹
<i>Producer Services:</i>		
• Pharmaceutical Services	\$14,300	12.1%
- Pre-clinical Development	3,700	11.0%
- Clinical Development	10,600	12.5%
• Contract Manufacturing	18,600	11.0%
• Contract Sales	2,900	14.9%
<i>Provider Technology & Services:</i>		
• IT-based Outsourcing	27,000	7.7%
• Disease Management	20,000	18.0%
• Clinical Laboratories	40,000	4.5%
• Healthcare Staffing	10,600	7.5%
• Automation	10,000	12.0%
• Rx Distribution	252,000	4.0%
Total	\$395,400	6.0%

Medical and Life Science Products	Market Size (mm)	Growth Rate ¹
• Medical/Surgical Supplies	\$21,300	9.2%
• Medical Devices	80,200	11.0%
• Dental Supplies	5,000	7.5%
• DME	27,300	4.0%
• Life Science Tools	26,700	5.4%
Total	\$160,500	8.6%

Facilities and Alternate Site Care	Market Size (mm)	Growth Rate ¹
• Home Health	\$41,500	8.1%
• Hospice	9,800	11.0%
• Behavioral/Mental Health	25,000	5.5%
• Rehabilitation	9,400	6.0%
• Diagnostic Imaging	70,000	6.0%
• ASCs	8,000	7.5%
• Long-Term Care	111,700	4.5%
• Surgical Hospitals	150,000	4.0%
• Dialysis	10,000	10.0%
• Dental Care	94,000	7.0%
Total	\$529,400	5.6%

Sources: The Centers for Medicare and Medicaid Services, Office of the Actuary, and industry reports.

(1) One-year weighted average growth rate.

- Companies in these segments operate in markets with certain common characteristics.
 - Positive demographic outlook
 - Low degree of technical risk
 - Generate positive cash flow
 - Operate in highly fragmented markets with substantial M&A activity
- In the following pages we outline our high-level thoughts regarding Contract Research Organizations.
- For more information on the Healthcare & Life Sciences Group or the Contract Research Organization industry, please contact any of the individuals below.

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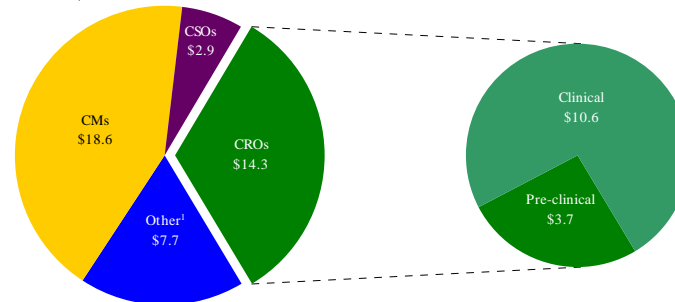
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Industry Focus: Contract Research Organizations

Broadly defined, the \$43.5 billion outsourced pharmaceutical services industry is growing at an 8.9% compound annual growth rate (CAGR), supported by favorable industry and regulatory trends.

- The sectors that comprise the outsourced pharmaceutical services industry include contract research organizations (“CROs”), contract manufacturers (“CMs”), and contract sales organizations (“CSOs”).
 - The value proposition of these service providers is to provide expertise in a specific function enabling the client to focus on its core competency.

Market for Outsourced Pharmaceutical Services¹
(\$ in billions)



(1) Comprised of external development spend not directed to CROs

- CROs offer a wide range of products and services to support drug development across all stages.
 - Pre-clinical studies and toxicology
 - Clinical trials (early and late stage)
 - Pharmaceutical chemistry
 - Bioanalytical services
 - Pathology studies
 - Drug metabolism studies
 - Research model services
 - Product analysis and manufacturing
- Key competitive differentiators:
 - Firm reputation
 - Quality and availability of experienced staff
 - Quality and timeliness of reporting data from studies
 - Prior experience in the relevant therapeutic class
 - Quality and availability of physical space and equipment
 - Breadth of services
 - Customer service
 - Global/broad geographic presence

Industry Focus: Contract Research Organizations

The CRO market can be segmented as pre-clinical (pre-trials) and clinical (trials), or as “early-stage”, which includes early development and Phase I trials, and “late-stage”, which includes Phase II-IV clinical trials.

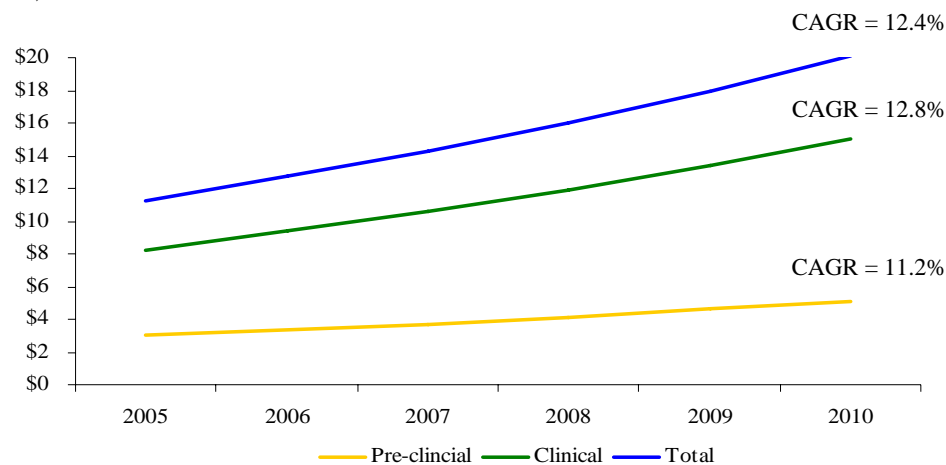
- The pre-clinical market is the gateway to the drug development process, through which all potential compounds must pass. Activities within this market include:
 - Toxicology studies
 - Bioanalytical chemistry
 - Drug metabolism / pharmacology
 - Product analysis and manufacturing
- A significant differentiator between the early and late-stage development sectors is the required investment in capacity among early-stage research organizations.
 - Pre-clinical service providers require controlled laboratory and/or animal facilities, as well as highly trained, specialized personnel.
 - Requirements serve as both a barrier to entry as well as a significant investment that can constrain growth for poorly capitalized companies.
 - In a growing market, pre-clinical service providers generate higher EBITDA margins through operating leverage; however, in a slow growth or contracting market, margins can be compressed as fixed costs must be covered.
- Late-stage development companies require significant investment in human capital for trials and trial management.
 - Reliance on headcount can cause margin contraction for clinical CROs due to tightened skilled labor supply and increased difficulty sourcing trial participants.
 - Innovative companies are adapting technology to drive better utilization of trial participants and improve profitability.

Industry Focus: Contract Research Organizations

The market for outsourced pre-clinical research is expected to grow at an 11% CAGR to \$5.1 billion by 2010.

- Shift towards greater operational efficiency and reduction in overhead among large pharmaceutical companies.
 - CROs enable pharmaceutical companies to lower fixed costs and eliminate underutilized internal capacity.
 - CRO expertise increases the speed and flexibility of the drug development process, resulting in saved patent life and reduced development costs.
 - Outsourced research spend is estimated to be 25% of the total development expenditure for large pharmaceutical companies and is expected to increase to 40-50% within the next five years.
- Based on Q3 2008 earnings calls, development spending for large pharmaceutical companies may decline due to the current economic climate and potential legislative changes impacting R&D funding, but the long-term value proposition of outsourced service providers remains sound.

Annual Growth of Outsourced Development Spending
(\$ in millions)



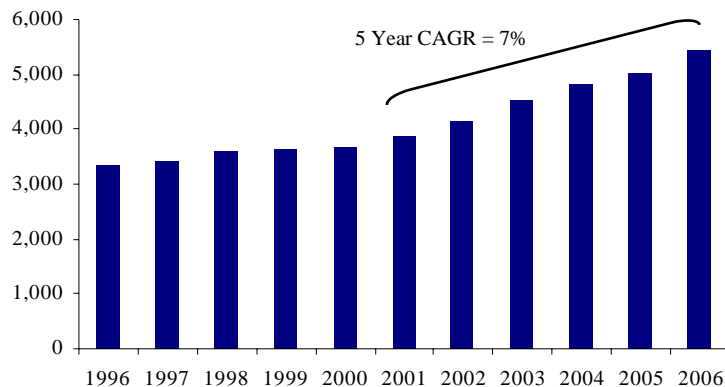
Source: Wall Street Research

Industry Focus: Contract Research Organizations

Increases in the number of compounds under investigation, as well as additional FDA testing requirements, will continue to drive demand for CRO services.

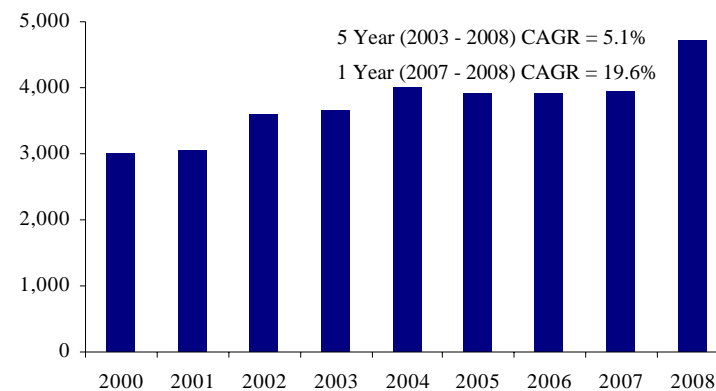
- FDA reports that the number of active commercial Investigational New Drugs (“INDs”) increased at a 7% CAGR from 2001 to 2006.
 - Increased molecule discovery technology and the evolution of biotech has driven a record number of potential drug candidates.
 - CROs offering pre-clinical and early stage services should benefit disproportionately from increased demand for pharmaceutical outsourcing services.
- Recent shift at FDA towards more cautious drug approvals and additional testing requirements.
 - Drug development is increasingly challenging and requires more pre-clinical and clinical testing in order to gain FDA approval.
 - Longer, more complex pre-clinical testing and clinical trials will require more patients and will be more costly.
 - CROs with scale will be well-positioned to increase potential market share.

Annual Growth of Active Commercial INDs



Source: Wall Street Research

Annual Growth of Pre-clinical Compounds



Source: Pharmaprojects, April 2008

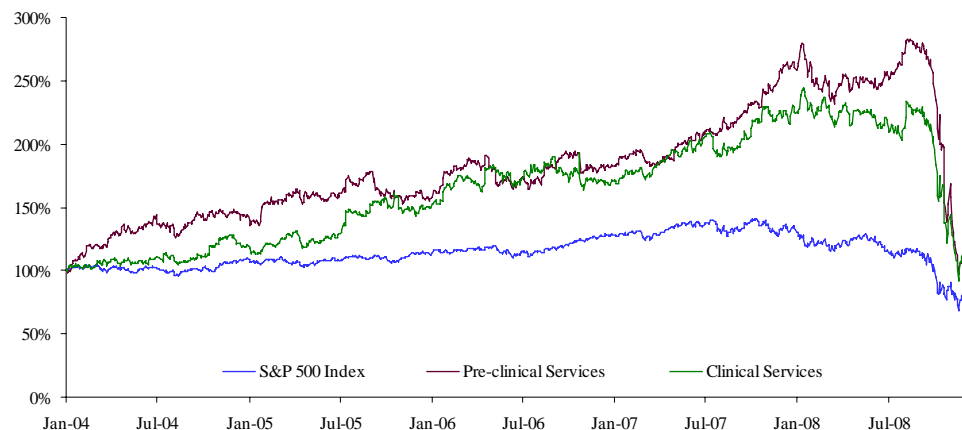
Industry Focus: Contract Research Organizations

Market valuations for pre-clinical and clinical research organizations have declined as a result of concerns for a sustained recession.

- The fundamental value proposition offered by CROs has not changed; however, investors have indicated concern for the number of projects expected to be cancelled or delayed while financing is difficult to obtain.
 - Covance discussed cancellations and delays of research projects in its October 23rd earnings release, resulting in broad-based exits from the CRO sector. Covance also lowered 2009 guidance citing reduced demand for early development services due to a combination of a lower level of new project initiations and increased project delays.
 - PharmaNet indicated that contract cancellations and postponements had negatively impacted Q3 earnings in their Oct. 30th earnings release.
- Long-term investors may recognize and take advantage of an opportunity to purchase leading CROs that provide high value-add services within the drug development value chain.

Public Market Performance

For the period from January 1, 2004 to December 31, 2008



Pre-clinical services index components: Covance Inc., Charles River Laboratories International Inc, Life Sciences Research Inc, and SNBL, Ltd.

Clinical services index components: PPD Inc., MDS Inc., Parexel International Corp., ICON Plc, Kendle International Inc., and PharmaNet Development Group Inc.

Industry Focus: Contract Research Organizations

Higher valuations for pre-clinical and clinical CROs relative to other outsourced pharmaceutical service companies reflect stronger EBITDA margins and revenue growth.

Public Trading Multiples of Select Companies¹

(\$ in millions)

Company	3 Year Revenue Growth	Gross Margin	LTMEBITDA Margin	EV	EV/LTM		EV/2009E ²		
					Revenue	EBITDA	Revenue	EBITDA	
Contract Research Organizations									
Pre-clinical									
Covance Inc.	14.2%	32.2%	18.4%	\$2,727	1.5x	8.3x	1.5x	7.7x	
Charles River Laboratories International Inc.	11.3%	38.2%	25.7%	2,103	1.6x	6.1x	1.5x	5.8x	
Life Sciences Research Inc.	17.3%	31.6%	19.1%	164	0.6x	3.4x	0.6x	NM	
Shin Nippon Biomedical Laboratories, Ltd.	29.5%	36.2%	16.3%	353	1.7x	10.5x	NM	NM	
Median	15.8%	34.2%	18.8%	\$1,228	1.5x	7.2x	1.5x	6.8x	
Clinical									
Pharmaceutical Product Development Inc.	16.8%	46.6%	20.8%	2,910	1.8x	8.9x	1.8x	7.7x	
MDS, Inc.	11.4%	34.5%	8.1%	901	0.7x	8.4x	0.7x	4.9x	
Parexel International Corp.	23.7%	28.8%	10.8%	767	0.6x	5.8x	0.6x	4.5x	
ICON plc	35.0%	43.8%	14.4%	1,097	1.3x	9.2x	1.1x	7.3x	
Kendle International Inc.	50.6%	34.1%	11.3%	566	0.8x	7.4x	1.1x	6.8x	
Median	23.7%	34.5%	11.3%	\$901	0.8x	8.4x	1.1x	6.8x	
Other Pharmaceutical Outsourcing Services									
Contract Sales Organizations									
inVentiv Health, Inc.	30.4%	31.1%	12.9%	635	0.6x	4.4x	0.5x	4.4x	
PDI Inc.	(27.5%)	18.7%	(13.1%)	(42)	NM	NM	-0.3x	NM	
Median	1.4%	24.9%	(0.1%)	\$296	0.6x	4.4x	0.1x	4.4x	
Contract Manufacturers									
Integrated Biopharma Inc.	5.1%	16.0%	(30.5%)	14	0.3x	NM	NM	NM	
Patheon, Inc.	0.9%	21.6%	11.3%	498	0.7x	6.4x	0.6x	4.3x	
Akorn Inc.	20.6%	26.5%	(7.5%)	212	2.6x	NM	1.1x	7.9x	
Median	5.1%	21.6%	(7.5%)	\$212	0.7x	6.4x	0.9x	6.1x	
Overall Median	17.1%	31.9%	12.1%	\$601	0.8x	7.4x	0.9x	6.3x	

(1) As of December 31, 2008

(2) Based on estimates from Reuters Estimates.

Industry Focus: Contract Research Organizations

Clearly defined, attractive industry growth drivers will continue to draw strategic interest in consolidation and offer opportunities to financial sponsors with platform investments.

Strategic Buyer Rationale

- Increase scale and drive efficiency
- Expand breadth of offerings
- Expand geography
- Acquire technical expertise and/or capacity

Representative Transactions (Acquirer/Target)

- - May 2006: Covance Inc. / Radiant Research, Inc.
- - August 2006: Kendle Intl Inc. / CRL Phase II-IV Clinical Services Business
- - Nov. 2008: ICON / Prevalere Life Sciences | June 2007: Parexel Intl Corp. / APEX Intl
- - Sept. 2008: Charles River Laboratories Inc. / Molecular Therapeutics Inc.

Financial Buyer Rationale

- Strong industry growth prospects
- Acquire a platform in attractive segment
- Consolidation opportunities in fragmented market
- Loyal customers and increased backlog provide revenue visibility

- - July 2007: American Capital, Ltd. / WIL Research Laboratories
- - June 2008: ECI Partners, LLP / Premier Research Group plc
- - July 2005: WIL Research Laboratories / NOTOX B.V

Representative M&A Transactions¹











(\$ in millions)

	Date	Buyer	Target	Target Description	Revenue	EBITDA
Pre-clinical	Sep-2008	Charles River Laboratories International Inc.	Molecular Therapeutics, Inc.	Provides pre-clinical oncological research services	NA	NA
	Sep-2008	Charles River Laboratories International Inc.	MIR Preclinical Services, Inc.	Provides pre-clinical research services	NA	NA
	Jul-2007	American Capital, Ltd.	WIL Research Laboratories, LLC	Provides pre-clinical contract research services	3.2x	12.6x
	May-2006	Covance Inc.	Signet Laboratories, Inc.	Provides early development and discovery services	NA	NA
	Aug-2005	Fisher Scientific International Inc.	Lancaster Laboratories, Inc.	Commercial lab providing analytical and research services	2.4x	10.8x
	Oct-2004	Charles River Laboratories International Inc.	Inveresk Research Group Inc.	Provides pre-clinical research and clinical trials services	5.0x	22.6x
	Oct-2002	Charles River Laboratories International Inc.	Springbom Laboratories Inc.	Provides pre-clinical toxicology studies and related services	1.8x	NA
	Median				2.8x	12.6x
Clinical	Dec-2008	Quintiles Transnational Corp.	Targeted Molecular Diagnostics LLC	Provides pre-clinical and clinical trials services	NA	NA
	Nov-2008	ICON plc	Prevalere Life Sciences, Inc.	Provides early stage clinical research services	NA	NA
	Oct-2008	Pharmaceutical Product Development Inc.	InnoPharm Ltd.	Offers phase II-IV clinical trials support to Eastern Europe	N/A	N/A
	Jun-2008	ECI Partners, LLP	Premier Research Group plc	Provides clinical research and trials management services	1.4x	11.2x
	Jan-2008	Bain Capital LLC, 3i Group Plc and TPG	Quintiles Transnational Corp.	Provides phase I-IV drug development and clinical trials services	NA	NA
	Dec-2007	Genstar Capital, LLC	PRA International, Inc.	Provides phase I-IV drug development and clinical trials services	2.0x	16.8x
	Sep-2007	Parexel International Corp.	APEX International Clinical Research Co. Ltd.	Provides contract pharmaceutical services in the Asia-Pacific	4.3x	17.4x
	Jul-2007	Premier Research Group plc	ARS, Inc.	Provides clinical trials management services	2.4x	10.5x
	Aug-2006	CRL, Phase II-IV Clinical Services Business	Kendle International Inc.	Provides phase II-IV drug development and clinical trials services	NA	NA
	Aug-2006	Cross Country Healthcare Inc.	Metropolitan Research Associates, LLC	Offers clinical trials management services	1.4x	9.6x
	May-2006	Covance Inc.	Radiant Research, Inc.	Provides phase I/IIa clinical trials research services	2.6x	NA
Sep-2005	Aptuit, Inc.	Quintiles Pharma Sciences, Preclin. Svcs and Clin. Trial ¹	Provides pre-clinical and clinical trials services	NA	NA	
	Median				2.2x	11.2x
	Overall Median				2.4x	11.9x

(1) Subsidiaries of Quintiles Transnational Corp.





















Industry Focus: Contract Research Organizations

While the largest CROs represent approximately 50% of the sector, there is still significant opportunity for additional market consolidation.

Pre-clinical and Clinical ¹											
											
	Covance Inc.	Pharmaceutical Product Development Inc.	Charles River Laboratories International Inc.	MDS, Inc.	Life Sciences Research Inc.	Albany Molecular Research Inc.	Shin Nippon Biomedical Laboratories, Ltd.	Harlan Sprague Dawley, Inc.	MPI Research, Inc.	WIL Research Laboratories, LLC	
Business Segments											
Drug Development											
Pre-clinical	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phase I	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phase II	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phase III	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phase IV	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non-Pharmaceutical Testing											
Agrochemical	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Industrial Chemical	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Vetinary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Food Products	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Services											
Toxicology Studies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pharmaceutical Chemistry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bioanalytical Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pathology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Drug Metabolism	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Research Models	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other											
Acquisitive	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Ability to Pay	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Geographic Footprint											
North America	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Central & South America	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Middle East / Africa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Europe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asia / Pacific Rim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financials (\$ in thousands)¹											
Revenue	\$1,798,934	\$1,576,777	\$1,350,074	\$1,315,000	\$254,555	\$220,093	\$187,806	-	-	-	-
EBITDA	330,500	327,774	347,525	107,000	48,711	40,252	30,451	-	-	-	-
Market Cap	2,554,183	3,064,247	1,794,900	702,381	114,434	285,442	203,702	-	-	-	-
Avail Cash	209,094	462,489	212,851	120,000	30,158	60,014	59,226	-	-	-	-
EV / EBITDA	7.1x	7.8x	6.1x	5.7x	3.3x	5.2x	8.8x	-	-	-	-
Total Debt / EBITDA	0.1x	0.0x	1.6x	2.6x	1.5x	0.3x	5.0x	-	-	-	-
Ownership											
	Public	Public	Public	Public	Public	Public	Public	Private	Private	Private	Private

(1) As of December 31, 2008

Industry Focus: Contract Research Organizations

Clinical or Late Stage CROs ¹							
							
	Parexel International Corp.	ICON plc	Kendle International Inc.	PharmaNet Development Group, Inc.	PRA International, Inc.	Quintiles Transnational Corp.	
Business Segments							
Drug Development							
Pre-clinical							
Phase I	✓	✓	✓	✓	✓	✓	✓
Phase II	✓	✓	✓	✓	✓	✓	✓
Phase III	✓	✓	✓	✓	✓	✓	✓
Phase IV	✓	✓	✓	✓	✓	✓	✓
Non-Pharmaceutical Testing							
Agrochemical							
Industrial Chemical							
Veterinary							
Food Products							
Services							
Toxicology Studies	✓	✓	✓	✓			✓
Pharmaceutical Chemistry	✓	✓	✓	✓	✓		✓
Bioanalytical Services	✓	✓	✓	✓	✓		✓
Pathology	✓	✓	✓	✓	✓		✓
Drug Metabolism	✓	✓	✓	✓	✓		✓
Research Models							
Other							
Acquisitive							
Ability to Pay							
Geographic Footprint							
North America	✓	✓	✓	✓	✓	✓	✓
Central & South America	✓	✓	✓	✓	✓	✓	✓
Middle East / Africa	✓	✓	✓	✓	✓	✓	✓
Europe	✓	✓	✓	✓	✓	✓	✓
Asia / Pacific Rim	✓	✓	✓	✓	✓	✓	✓
Financials (\$ in thousands)¹							
Revenue	\$1,230,490	\$825,825	\$671,930	\$465,721	\$399,695	-	-
EBITDA	132,526	118,883	76,170	27,432	44,210	-	-
Market Cap	463,808	1,273,937	263,226	24,010	0	-	-
Avail Cash	48,153	92,428	17,569	63,296	38,401	-	-
EV / EBITDA	5.3x	10.3x	5.9x	4.2x	0.0x	-	-
Total Debt / EBITDA	2.1x	0.7x	2.7x	5.5x	0.0x	-	-
Ownership	Public	Public	Public	Public	Private	Private	

(1) As of December 31, 2008

Representative HW&Co. Healthcare & Life Sciences Transactions

<p>Ancillary Services and Outsourcing</p>	<p>Gateway EDI</p> <p>has received a minority investment from</p> <p>ABRY PARTNERS</p>	<p>Dolphin Imaging & Management Solutions</p> <p>has been acquired by</p> <p>PATTERSON COMPANIES, INC.</p>	<p>Resources On Call Healthcare Staffing</p> <p>has been acquired by</p> <p>Nursefinders. The Professional Choice.</p>	<p>MHA Exceptional Service. Extraordinary People.</p> <p>a portfolio company of</p> <p>GTCR Advent International</p> <p>has been acquired by</p> <p>DIAMOND CASTLE</p>	<p>Heartland INFORMATION SERVICES</p> <p>a subsidiary of</p> <p>HCR ManorCare</p> <p>has been acquired by</p> <p>spryance Multi-lingual Staffing</p> <p>a portfolio company of</p> <p>BECKEN PETTY O'NEILL & COMPANY</p>
<p>Medical and Life Science Products</p>	<p>medDISPENSE</p> <p>a portfolio company of</p> <p>CMS Small-Cap Private Equity Fund</p> <p>has been acquired by</p> <p>EMERSON</p>	<p>COEUR</p> <p>a portfolio company of</p> <p>HKW HARMON KORNBERG WALKER</p> <p>has been acquired by</p> <p>Riverside</p>	<p>CORPAK medsystems</p> <p>a division of</p> <p>CardinalHealth</p> <p>has been acquired by</p> <p>LINDEN</p>	<p>TECOMET Extreme performance in orthopedics</p> <p>a division of</p> <p>CardinalHealth</p> <p>has been acquired by</p> <p>Charlesbank CAPITAL PARTNERS LLC</p>	<p>(IPA) INNOVATION + PASSION + AUTOMATION</p> <p>Healthcare Automation Technology</p> <p>has been acquired by</p> <p>RiversidePartners</p>
<p>Facilities and Alternate Site Care</p>	<p>Consolident, Inc.</p> <p>a portfolio company of</p> <p>RFE DEW CAPITAL PARTNERS</p> <p>has been acquired by</p> <p>Great Expressions</p>	<p>Tender Loving Care HOME HEALTH CARE</p> <p>a portfolio company of</p> <p>ARCAPITA</p> <p>has been acquired by</p> <p>Amedisys Home Health Services</p> <p>HW & Co. acted as an advisor to Arcapita</p>	<p>encompass HOME HEALTH</p> <p>a portfolio company of</p> <p>Apax PARTNERS</p> <p>has been acquired by</p> <p>THOMA CRESSEY BRAVO</p>	<p>REMYDA RESOURCES FOR SERVICE PROVIDERS</p> <p>a portfolio company of</p> <p>Prospect Partners, LLC A private equity firm focused on the Senior Middle Market</p> <p>has been acquired by</p> <p>Thoma Cressey Equity Partners</p>	<p>Senior Home Care, Inc.</p> <p>a portfolio company of</p> <p>SUMMIT PARTNERS</p> <p>has been acquired by</p> <p>MTS Multi-Capital Partners</p> <p>OAKTREE CAPITAL MANAGEMENT, LLC</p>

For additional information regarding our Healthcare & Life Sciences Group or Harris Williams & Co., please visit our website at: www.harriswilliams.com.

Market Monitor Data

The following pages include recently available public data for the constituent companies of our focus sectors.

Ancillary Services
and Outsourcing

Medical & Life
Science Products

Facilities and Alternate
Site Care

Market Monitor: Medical and Life Science Products

(\$ in millions, except per share data)		Price at 12/31/08	Market Cap	Debt ⁽¹⁾	Cash & Equivalents	Enterprise Value (EV)	LTM Date	Last Twelve Months (LTM)		LTM Margins		EV / LTM		EV / 2009E ⁽²⁾		Estimate Date
Ticker								Revenue	EBITDA	Gross	EBITDA	Revenue	EBITDA	Revenue	EBITDA	
Medical/Surgical Supplies & Distribution																
Abbott Laboratories	ABT	\$53.37	\$82,808	\$10,564	\$3,766	\$89,606	9/30/2008	\$28,799	\$7,573	56.6%	26.3%	3.1x	11.8x	2.8x	9.5x	12/31/2009
Americussourcebergen Corp.	ABC	35.66	5,563	1,189	878	5,874	9/30/2008	70,190	919	2.9%	1.3%	0.1x	6.4x	0.1x	5.9x	9/30/2010
Becton Dickinson & Co.	BDX	68.39	16,481	1,155	1,030	16,605	9/30/2008	7,156	2,029	51.2%	28.4%	2.3x	8.2x	2.1x	7.1x	9/30/2010
Cardinal Health Inc.	CAH	34.47	12,396	3,764	672	15,487	9/30/2008	93,465	2,577	6.1%	2.8%	0.2x	6.0x	0.2x	5.8x	6/30/2010
CR Bard Inc.	BCR	84.26	8,359	150	536	7,973	9/30/2008	2,401	711	61.2%	29.6%	3.3x	11.2x	3.0x	9.7x	12/31/2009
Henry Schein Inc.	HSIC	36.69	3,278	429	288	3,419	9/27/2008	6,539	519	29.1%	7.9%	0.5x	6.6x	0.5x	6.1x	12/31/2009
McKesson Corp.	MCK	38.73	10,592	1,795	1,123	11,264	9/30/2008	106,003	1,933	4.9%	1.8%	0.1x	5.8x	0.1x	4.8x	3/31/2010
Owens & Minor Inc.	OMI	37.65	1,558	209	26	1,741	9/30/2008	7,107	190	10.6%	2.7%	0.2x	9.2x	0.2x	7.5x	12/31/2009
PSS World Medical Inc.	PSSI	18.82	1,139	433	226	1,346	9/26/2008	1,923	121	29.5%	6.3%	0.7x	11.2x	0.6x	9.1x	3/31/2010
SRI Surgical Express Inc.	STRC	3.75	12	16	2	26	9/30/2008	97	6	21.6%	5.8%	0.3x	4.6x	NA	NA	NA
Mean																
Median																
Medical Devices & Products																
American Medical Systems Holdings Inc.	AMMD	\$8.99	\$659	\$592	\$36	\$1,215	9/27/2008	\$498	\$130	77.8%	26.2%	2.4x	9.3x	2.3x	8.0x	12/31/2009
Angion Corp.	ANGV	3.15	13	0	9	4	10/31/2008	30	0	51.5%	1.5%	0.1x	8.8x	NA	NA	NA
Anthracene Corp.	ARTC	4.77	127	60	33	154	3/31/2008	337	78	73.4%	23.3%	0.5x	2.0x	0.4x	1.4x	12/31/2009
Baxter International Inc.	BAX	53.59	33,235	3,420	2,191	34,464	9/30/2008	12,226	3,144	49.3%	25.7%	2.8x	11.0x	2.7x	9.5x	12/31/2009
Boston Scientific Corp.	BSX	7.74	11,622	6,774	1,734	16,662	9/30/2008	8,201	2,265	67.2%	27.6%	2.0x	7.4x	2.0x	7.0x	12/31/2009
CR Bard Inc.	BCR	84.26	8,359	150	536	7,973	9/30/2008	2,401	711	61.2%	29.6%	3.3x	11.2x	3.0x	9.7x	12/31/2009
Hospira Inc.	HSP	26.82	4,280	2,161	287	6,154	9/30/2008	3,662	808	37.8%	22.1%	1.7x	7.6x	1.6x	6.8x	12/31/2009
Inveness Medical Innovations Inc.	IMA	18.91	1,477	1,526	156	2,847	9/30/2008	1,500	318	51.6%	21.2%	1.9x	9.0x	1.5x	5.5x	12/31/2009
Johnson & Johnson	JNJ	59.83	166,002	14,640	14,799	165,843	9/28/2008	64,522	19,298	70.7%	29.9%	2.6x	8.6x	2.6x	8.4x	12/31/2009
Medtronic Inc.	MDT	31.42	35,135	6,541	1,042	40,634	10/24/2008	14,541	5,328	75.8%	36.6%	2.8x	7.6x	2.6x	7.1x	4/30/2010
Smith & Nephew plc	LSESN	6.39	5,642	1,546	149	7,039	9/27/2008	3,808	1,051	72.9%	27.6%	1.8x	6.7x	1.7x	6.4x	12/31/2009
St. Jude Medical Inc.	STJ	32.96	11,344	1,402	601	12,145	9/27/2008	4,249	1,291	74.3%	30.4%	2.9x	9.4x	2.6x	8.3x	12/31/2009
Stryker Corp.	SYK	39.95	16,129	21	2,208	13,943	9/30/2008	6,658	1,902	68.5%	28.6%	2.1x	7.3x	2.0x	6.7x	12/31/2009
Thermo Fisher Scientific, Inc.	TMO	34.07	14,317	2,182	1,250	15,249	9/27/2008	10,473	2,022	39.9%	19.3%	1.5x	7.5x	1.5x	7.1x	12/31/2009
Zimmer Holdings Inc.	ZMH	40.42	9,077	331	542	8,866	9/30/2008	4,164	1,502	75.8%	36.1%	2.1x	5.9x	2.0x	5.3x	12/31/2009
Mean																
Median																
Dental Products																
3M Co.	MMM	\$57.54	\$39,873	\$7,036	\$2,967	\$43,942	9/30/2008	\$25,966	\$6,969	48.0%	26.8%	1.7x	6.3x	1.9x	7.6x	12/31/2009
Danaher Corp.	DHR	56.61	18,093	2,708	287	20,514	9/26/2008	12,662	2,357	47.3%	18.6%	1.6x	8.7x	1.7x	9.7x	12/31/2009
DENTSPLY International Inc.	XRAY	28.24	4,206	405	245	4,366	9/30/2008	2,227	470	51.8%	21.1%	2.0x	9.3x	1.9x	8.9x	12/31/2009
Henry Schein Inc.	HSIC	36.69	3,278	429	288	3,419	9/27/2008	6,539	519	29.1%	7.9%	0.5x	6.6x	0.5x	6.1x	12/31/2009
Patterson Companies Inc.	PDCO	18.75	2,279	655	257	2,678	10/25/2008	3,059	388	34.3%	12.7%	0.9x	6.9x	0.8x	6.7x	4/30/2010
Sirona Dental Systems Inc.	SIRO	10.50	576	553	150	980	9/30/2008	757	170	45.7%	22.4%	1.3x	5.8x	1.3x	5.7x	9/30/2010
Young Innovations Inc.	YDNT	15.03	118	35	1	152	9/30/2008	100	24	52.8%	24.0%	1.5x	6.3x	1.4x	NA	12/31/2009
Mean																
Median																
Durable Medical Equipment																
Allied Healthcare Products Inc.	AHPI	\$3.13	\$25	\$0	\$4	\$21	9/30/2008	\$57	\$3	24.1%	4.8%	0.4x	7.5x	NA	NA	NA
Hill-Rom Holdings, Inc.	HRC	16.46	1,029	223	222	1,030	9/30/2008	1,508	191	44.4%	12.7%	0.7x	5.4x	0.6x	3.7x	9/30/2010
Invacare Corp.	IVC	15.52	499	508	38	970	9/30/2008	1,752	137	28.1%	7.8%	0.6x	7.1x	0.5x	7.1x	12/31/2009
Kinetic Concepts Inc.	KCI	19.18	1,377	1,740	245	2,872	9/30/2008	1,819	540	50.1%	29.7%	1.6x	5.3x	1.4x	4.5x	12/31/2009
ResMed Inc.	RMD	37.48	2,837	145	302	2,680	9/30/2008	868	212	59.0%	24.5%	3.1x	12.6x	2.4x	8.6x	6/30/2010
Stenis Corp.	STE	23.89	1,407	251	160	1,497	9/30/2008	1,324	232	41.6%	17.5%	1.1x	6.5x	1.1x	NA	3/31/2010
Mean																
Median																
Life Science Tools																
Agilent Technologies Inc.	A	\$15.63	\$5,501	\$2,125	\$1,429	\$6,197	10/31/2008	\$5,774	\$992	55.4%	17.2%	1.1x	6.2x	1.1x	6.2x	10/31/2010
Beckman Coulter Inc.	BEC	43.94	2,754	999	71	3,681	9/30/2008	3,077	577	46.3%	18.8%	1.2x	6.4x	1.1x	5.6x	12/31/2009
Becton Dickinson & Co.	BDX	68.39	16,481	1,155	1,030	16,605	9/30/2008	7,156	2,029	51.2%	28.4%	2.3x	8.2x	2.1x	7.1x	9/30/2010
Life Technologies Corporation	LIFE	23.31	4,041	1,151	673	4,519	9/30/2008	1,416	385	65.4%	27.2%	3.2x	11.7x	1.4x	4.5x	12/31/2009
Mean																
Median																
Medical & Life Science Products																
Mean																
Median																

(1) Includes preferred stock and capitalized leases.
(2) Based on estimates from Reuters Estimates.

Market Monitor: Facilities and Alternate Site Care

(\$ in millions, except per share data)	Ticker	Price at 12/31/08	Market Cap	Debt ⁽¹⁾	Cash & Equivalents	Enterprise Value (EV)	LTM Date	Last Twelve Months (LTM)		LTM Margins		EV / LTM		EV / 2009E ⁽²⁾		Estimate Date
								Revenue	EBITDA	Gross	EBITDA	Revenue	EBITDA	Revenue	EBITDA	
Home Health																
Almost Family Inc.	AFAM	\$44.98	\$366	\$35	\$1	\$400	9/30/2008	\$182	\$24	52.9%	13.2%	2.2x	16.6x	1.6x	10.4x	12/31/2009
Amedisys Inc.	AMED	41.34	1,116	360	6	1,470	9/30/2008	1,041	158	54.5%	15.2%	1.4x	9.3x	1.0x	6.3x	12/31/2009
Gentiva Health Services Inc.	GTIV	29.26	843	263	62	1,045	9/28/2008	1,331	112	43.0%	8.4%	0.8x	9.3x	0.9x	8.8x	12/31/2009
LHC Group, Inc.	LHCG	36.00	656	5	11	650	9/30/2008	353	50	49.8%	14.2%	1.8x	12.9x	1.4x	9.2x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Hospice																
Chemed Corp.	CHE	\$39.77	\$890	\$217	\$7	\$1,100	9/30/2008	\$1,142	\$154	29.4%	13.5%	1.0x	7.1x	0.9x	6.5x	12/31/2009
Odyssey Healthcare Inc.	ODSY	9.25	303	127	54	376	9/30/2008	558	46	40.9%	8.3%	0.7x	8.1x	0.6x	7.1x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Respiratory Therapy																
Lincare Holdings Inc.	LNCR	\$26.93	\$2,003	\$623	\$33	\$2,593	9/30/2008	\$1,662	\$522	55.9%	31.4%	1.6x	5.0x	1.6x	6.7x	12/31/2009
ResMed Inc.	RMD	37.48	2,837	145	302	2,680	9/30/2008	868	212	59.0%	24.5%	3.1x	12.6x	2.4x	8.6x	6/30/2010
<i>Mean</i>																
<i>Median</i>																
Behavioral/Mental Health																
Magellan Health Services Inc.	MGLN	\$39.16	\$1,584	\$1	\$429	\$1,156	9/30/2008	\$2,622	\$197	7.5%	7.5%	0.4x	5.9x	0.5x	4.6x	12/31/2009
PHC Inc.	PHC	1.35	27	3	2	28	9/30/2008	51	2	42.5%	4.9%	0.5x	11.3x	NA	NA	6/30/2010
Providence Service Corp.	PRSC	1.45	18	239	37	220	9/30/2008	612	44	13.9%	7.2%	0.4x	5.0x	0.3x	5.3x	12/31/2009
Psychiatric Solutions, Inc.	PSYS	27.85	1,558	1,318	45	2,831	9/30/2008	1,740	292	39.3%	16.8%	1.6x	9.7x	1.4x	8.1x	12/31/2009
Res-Care Inc.	RSCR	15.02	442	234	14	662	9/30/2008	1,516	92	8.9%	6.1%	0.4x	7.2x	0.4x	5.3x	12/31/2009
Universal Health Services Inc.	UHS	37.57	1,903	944	8	2,839	9/30/2008	5,030	603	43.4%	12.0%	0.6x	4.7x	0.5x	4.5x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Rehabilitation																
HEALTHSOUTH Corp.	HLS	\$10.96	\$965	\$1,877	\$26	\$2,816	9/30/2008	\$1,828	\$327	43.6%	17.9%	1.5x	8.6x	1.5x	7.9x	12/31/2009
Rehabcare Group Inc.	RHB	15.16	274	52	12	314	9/30/2008	728	46	18.6%	6.4%	0.4x	6.8x	0.4x	5.6x	12/31/2009
The Ensign Group, Inc.	ENSG	16.74	344	61	56	348	9/30/2008	454	54	16.0%	11.9%	0.8x	6.5x	0.7x	5.0x	12/31/2009
US Physical Therapy Inc.	USPH	13.33	159	11	9	161	9/30/2008	184	30	43.1%	16.2%	0.9x	5.4x	0.8x	5.3x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Diagnostic Imaging																
Alliance Imaging Inc.	AIQ	\$7.97	\$408	\$655	\$121	\$942	9/30/2008	\$484	\$167	47.1%	34.5%	1.9x	5.6x	1.7x	4.9x	12/31/2009
RadNet, Inc.	RDNT	3.35	120	480	-	600	9/30/2008	476	78	30.8%	16.4%	1.3x	7.7x	1.1x	5.4x	12/31/2009
Varian Medical Systems Inc.	VAR	35.04	4,355	40	397	3,999	9/26/2008	2,070	456	42.4%	22.0%	1.9x	8.8x	1.6x	7.0x	9/30/2010
<i>Mean</i>																
<i>Median</i>																
Amb. Surg. Centers																
AmSurg Corp.	AMSG	\$23.34	\$734	\$195	\$26	\$903	9/30/2008	\$602	\$235	59.4%	39.0%	1.5x	3.8x	1.3x	3.4x	12/31/2009
NovaMed Inc.	NOVA	3.46	82	101	3	180	9/30/2008	138	39	46.5%	28.5%	1.3x	4.6x	1.1x	3.7x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Long-Term Care																
Advocat Inc.	AVCA	\$2.99	\$17	\$33	\$10	\$40	9/30/2008	\$286	\$18	20.5%	6.4%	0.1x	2.2x	0.1x	3.4x	12/31/2009
Brookdale Senior Living Inc.	BKD	5.58	566	2,467	56	2,977	9/30/2008	1,911	283	34.9%	14.8%	1.6x	10.5x	1.5x	11.1x	12/31/2009
Capital Senior Living Corp.	CSU	2.98	80	191	28	243	9/30/2008	193	29	36.6%	15.1%	1.3x	8.3x	1.2x	7.2x	12/31/2009
Emeritus Corp.	ESC	10.03	392	1,489	46	1,836	9/30/2008	760	133	35.7%	17.6%	2.4x	13.8x	2.2x	12.7x	12/31/2009
Extendicare REIT	EXELUN	4.77	355	1,149	127	1,377	9/30/2008	1,871	185	14.1%	9.9%	0.7x	7.4x	NA	7.5x	12/31/2009
Kindred Healthcare Inc.	KND	13.02	507	329	213	623	9/30/2008	4,138	199	25.7%	4.8%	0.2x	3.1x	0.1x	2.7x	12/31/2009
National Healthcare Corp.	NHC	50.64	658	31	131	558	9/30/2008	621	58	44.6%	9.3%	0.9x	9.7x	0.8x	6.9x	12/31/2009
Skilled Healthcare Group Inc.	SKH	8.44	313	478	4	787	9/30/2008	721	109	24.0%	15.1%	1.1x	7.2x	1.0x	6.3x	12/31/2009
Sun Healthcare Group Inc.	SUNH	8.85	385	728	80	1,033	9/30/2008	1,829	161	40.6%	8.8%	0.6x	6.4x	0.5x	5.8x	12/31/2009
Sunrise Senior Living Inc.	SRZ	1.68	86	637	53	670	9/30/2008	1,722	(98)	11.5%	(5.7%)	0.4x	-6.9x	0.4x	29.3x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Acute Care Hospitals																
Lifepoint Hospitals Inc.	LPNT	\$22.84	\$1,220	\$1,513	\$52	\$2,682	9/30/2008	\$2,731	\$451	44.5%	16.5%	1.0x	5.9x	1.0x	5.9x	12/31/2009
Tenet Healthcare Corp.	THC	1.15	549	4,779	500	4,768	9/30/2008	9,230	738	37.6%	8.0%	0.5x	6.5x	0.5x	6.2x	12/31/2009
Triumph International AG	TRI	29.01	23,996	8,288	983	31,301	9/30/2008	15,474	2,813	22.8%	18.2%	2.0x	11.1x	2.4x	9.4x	12/31/2009
Universal Health Services Inc.	UHS	37.57	1,903	944	8	2,839	9/30/2008	5,030	603	43.4%	12.0%	0.6x	4.7x	0.5x	4.5x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Dental Care																
American Dental Partners Inc.	ADPI	\$6.94	\$90	\$136	\$6	\$219	9/30/2008	\$306	\$53	41.8%	17.5%	0.7x	4.1x	0.8x	4.9x	12/31/2009
Bimer Dental Management Services Inc.	BDMS	20.10	21	7	1	27	9/30/2008	40	6	37.7%	15.4%	0.7x	4.4x	NA	NA	NA
<i>Mean</i>																
<i>Median</i>																
Dialysis																
DaVita Inc.	DVA	\$49.57	\$5,145	\$3,708	\$440	\$8,413	9/30/2008	\$5,554	\$1,063	30.9%	19.1%	1.5x	7.9x	1.4x	7.7x	12/31/2009
Dialysis Corp. of America	DCAI	7.00	67	7	5	70	9/30/2008	83	8	39.4%	10.0%	0.8x	8.4x	0.7x	6.4x	12/31/2009
Fresenius Medical Care AG & Co. KGAA	DBFME	0.00	13,985	5,748	180	19,554	9/30/2008	10,460	2,078	34.3%	19.9%	1.9x	9.4x	1.7x	8.6x	12/31/2009
<i>Mean</i>																
<i>Median</i>																
Alternate Site Care																
<i>Mean</i>																
<i>Median</i>																

(1) Includes preferred stock and capitalized leases.
(2) Based on estimates from Reuters Estimates.

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