

Harris Williams & Co.
middle market

Healthcare & Life Sciences
Industry Update
December 2010

Member FINRA/SIPC



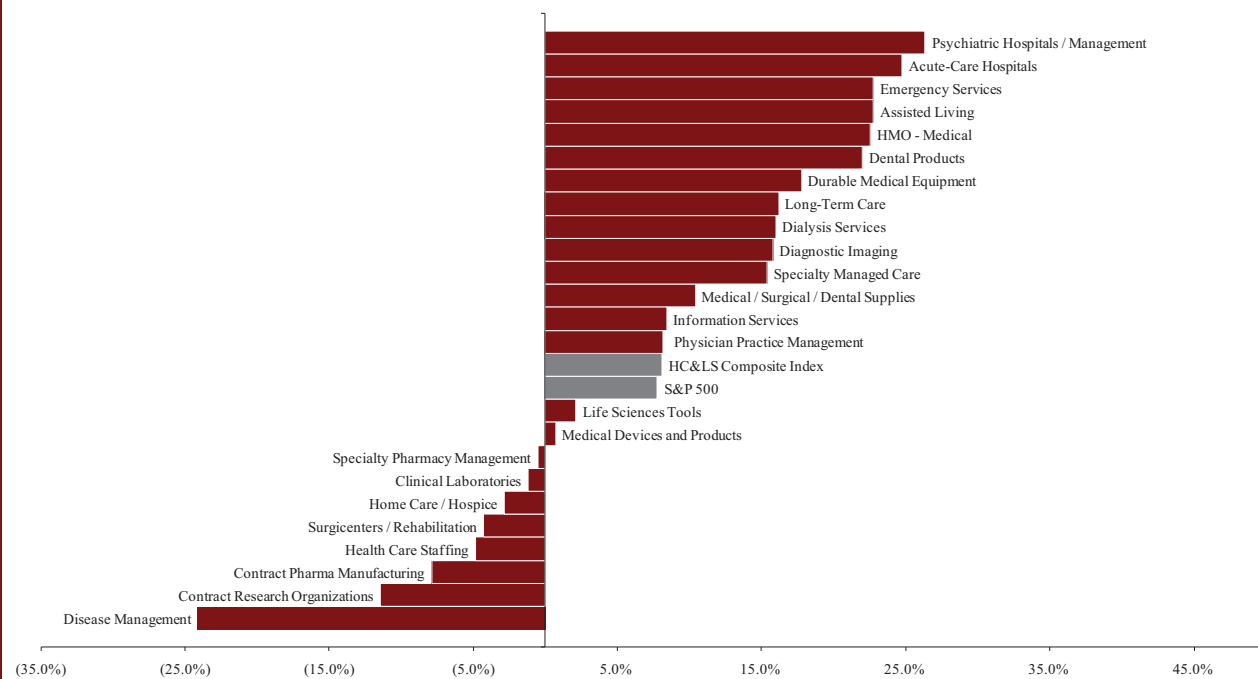
- *The Washington Post* offers an analysis of the role of healthcare reform debate on the 2010 midterm election in “What Effect Did Healthcare Reform Have on Election?” In the wake of this year’s contentious midterm, analysts disagree on how large a factor healthcare reform played on Republicans winning the House and taking back six Senate seats. While some contend that the American people delivered a referendum on healthcare reform, others cite statistics that as an isolated issue, it had little to no effect on the outcome. While the debate’s effect on the election remains uncertain, the topic of healthcare reform will continue to be a hot one as Republicans seek significant revisions, which Democrats will attempt to rebuff through Senate control and veto power over the next few years. Read the article [here](#).
- *The Wall Street Journal* provides an interesting article on the state of Medicare Advantage plans in “Private Medicare Plans Are Retrenching.” Many private insurers, including Cigna, Harvard Pilgrim Health Care, and Blue Cross Blue Shield, are choosing to not renew plans due to a 2008 law that requires investment in networks of preferred doctors. Looming cuts to federal reimbursement for Medicare Advantage plans are contributing to the mass closure. It is estimated that the current \$51 billion of revenue attributable to these plans in the current year could be reduced to \$37 billion in the next few years as a result. Read the article [here](#).
- *Healthcare Finance News* outlines the delay of a scheduled 23% reimbursement cut to physicians that would have become effective on December 1st in an article entitled “Congress Approves Temporary Medicare Pay Cut Reprieve.” While these substantial cuts have been delayed one month, Congress is tasked with enacting a permanent solution to the payment formula for doctors. This presents a serious challenge for lawmakers, who must balance a high amount of budget tension inside the beltway while ensuring that physicians are able to continue caring for elderly patients. Read the article [here](#).
- *IT Health Care* examines progress in the HCIT space in an article entitled “Healthcare IT isn’t living up to the hype.” While there have been positive advances over the past few years, data indicates that a true revolution in HCIT is still over the horizon, with only 12% of U.S. hospitals having adopted EHR as of last year. Healthcare CIOs remain optimistic, but various roadblocks to adoption continue to limit effectiveness. Read the article [here](#).

Key Trading
Statistics

(detail begins
on page 6)

	Sector	Number of Companies	Average Enterprise Value	Change in Stock Price		Median TEV/ LTM Multiples		Median TEV/ Forward Multiples		
				3 mos.	12 mos.	Revenue	EBITDA	Revenue	EBITDA	
Payer, Provider, & Pharmacy Support Services	Clinical Laboratories	4	\$5,398	8.2%	(1.2%)	1.5x	7.5x	1.4x	7.6x	
	Contract Pharma Manufacturing	6	986	9.7%	(7.9%)	1.1x	7.9x	1.4x	8.5x	
	Contract Research Organizations	7	1,428	7.2%	(11.5%)	1.1x	8.3x	1.1x	9.1x	
	Disease Management	3	2,039	(14.1%)	(24.1%)	1.1x	7.3x	1.1x	4.3x	
	Emergency Services	2	1,473	19.0%	22.7%	1.1x	8.0x	1.0x	7.2x	
	Health Care Staffing	4	592	15.9%	(4.9%)	0.7x	11.8x	0.7x	11.2x	
	HMO - Medical	12	9,754	13.6%	22.5%	0.3x	4.7x	0.3x	4.7x	
	Information Services	15	1,549	11.4%	8.4%	3.5x	19.6x	3.2x	15.8x	
	Specialty Managed Care	3	1,447	7.5%	15.4%	0.4x	4.3x	0.4x	5.1x	
	Specialty Pharmacy Management	5	7,422	18.4%	(0.5%)	0.6x	13.4x	0.5x	8.3x	
Products & Devices	Dental Products	5	19,387	14.1%	22.0%	2.3x	10.2x	2.3x	10.0x	
	Durable Medical Equipment	4	2,493	18.2%	17.8%	1.7x	10.9x	1.6x	7.8x	
	Life Sciences Tools	4	11,803	16.8%	2.1%	2.4x	8.9x	2.2x	8.2x	
	Medical Devices and Products	14	29,188	11.2%	0.7%	2.5x	8.7x	2.4x	8.2x	
	Medical / Surgical / Dental Supplies	7	6,929	10.4%	10.4%	0.2x	7.8x	0.2x	7.7x	
	Acute-Care Hospitals	5	6,392	21.3%	24.8%	1.0x	6.9x	1.0x	6.9x	
Provider-Based Services	Assisted Living	7	1,337	43.1%	22.7%	1.6x	8.4x	1.7x	8.8x	
	Diagnostic Imaging	3	2,902	23.6%	15.8%	1.6x	5.9x	1.6x	5.9x	
	Dialysis Services	2	16,549	6.6%	16.0%	1.8x	9.3x	1.7x	9.0x	
	Home Care / Hospice	7	1,098	18.1%	(2.8%)	0.9x	6.3x	0.9x	5.9x	
	Long-Term Care	4	613	26.9%	16.2%	0.6x	5.3x	0.5x	4.6x	
	Physician Practice Management	6	661	22.5%	8.2%	0.9x	6.5x	1.0x	6.0x	
	Psychiatric Hospitals / Management	4	1,863	20.3%	26.3%	0.4x	5.4x	0.4x	5.8x	
	Surgicenters / Rehabilitation	6	1,917	13.3%	(4.3%)	1.1x	6.5x	1.0x	6.8x	
	Payer, Provider, & Pharmacy Support Service		61	\$3,209	9.7%	1.9%	1.1x	9.3x	1.1x	8.2x
	Products & Devices		34	\$13,960	14.1%	10.6%	1.8x	9.3x	1.7x	8.4x
Provider-Based Services		44	\$3,703	21.7%	13.6%	1.1x	6.7x	1.1x	6.6x	
HC&LS Composite Index		139	\$5,634	15.1%	8.1%	1.3x	8.3x	1.2x	7.6x	
S&P 500				12.5%	7.8%					

Public Company
Sector
Performance
(12-month %
change in stock
price)



Healthcare and
Life Sciences
Industry Stock
Performance

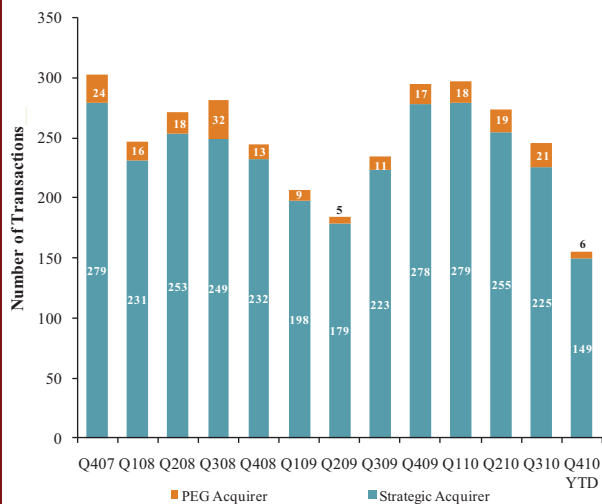


Top 30 Equity
Offerings
(by proceeds)

Close Date	Filing Date	Issuer	Ticker	Transaction Type	Gross Proceeds (\$mm)
11/11/10	08/17/06	Watson Pharmaceuticals Inc	WPI	Follow-On	524.3
11/08/10	05/12/09	Brookdale Senior Living Inc	BKD	Follow-On	246.5
11/29/10	11/29/10	Theravance Inc	THRX	Follow-On	129.4
11/09/10	06/10/10	Emeritus Corp	ESC	Follow-On	101.7
11/10/10	09/04/09	Cadence Pharmaceuticals Inc	CADX	Follow-On	92.0
11/17/10	09/02/10	Avanir Pharmaceuticals Inc	AVNR	Follow-On	88.0
11/11/10	10/16/09	Micromet Inc	MITI	Follow-On	72.3
11/03/10	09/17/10	MAKO Surgical Corp	MAKO	Follow-On	61.0
11/22/10	09/03/10	Zogenix Inc	ZGNX	IPO	56.0
11/08/10	11/08/10	Anthera Pharmaceuticals Inc	ANTH	Follow-On	36.3
11/09/10	11/04/09	Dexcom Inc	DXCM	Follow-On	30.2
11/17/10	11/17/10	World Heart Corp	WHRT	Follow-On	29.5
11/18/10	10/26/10	Obagi Medical Products Inc	OMPI	Follow-On	27.6
11/18/10	06/25/10	Somaxon Pharmaceuticals Inc	SOMX	Follow-On	25.1
11/15/10	11/15/10	Access Pharmaceuticals Inc	ACCP	Follow-On	25.0
11/10/10	11/10/10	EnteroMedics Inc	ETRM	Follow-On	24.7
11/10/10	10/30/08	Cerus Corp	CERS	Follow-On	21.0
11/08/10	11/08/10	GTC Biotherapeutics Inc	GTCB	Follow-On	18.3
11/05/10	11/05/10	Medgenics Inc	MEDG	Follow-On	17.3
11/11/10	08/06/09	Stereotaxis Inc	STXS	Follow-On	14.6
11/18/10	11/18/10	iBio Inc	IBPM	Follow-On	14.0
11/15/10	09/23/09	BSD Medical Corp	BSDM	Follow-On	10.4
11/16/10	04/19/10	NeoStem Inc	NBS	Follow-On	9.2
11/08/10	08/03/10	Neoprobe Corp	NEOP	Follow-On	6.0
11/02/10	11/02/10	International Isotopes Inc	INIS	Follow-On	5.8
11/10/10	11/10/10	Synta Pharmaceuticals Corp	SNTA	Follow-On	5.0
11/10/10	11/10/10	Adamis Pharmaceuticals Corp	ADMP	Follow-On	5.0
11/15/10	10/25/10	Stellar Biotechnologies Inc	KLH	Follow-On	3.7
11/18/10	11/18/10	Fibrocell Science Inc	FCSC	Follow-On	3.5
11/05/10	08/02/10	Marina Biotech Inc	MRNAD	Follow-On	3.3

Announced
Healthcare &
Life Sciences
M&A

Quarterly M&A Activity



Top 10 Middle Market Healthcare Deals

Announced	Target	Buyer
11/22/2010	Ardian, Inc.	Medtronic, Inc.
11/19/2010	Concentra, Inc.	Humana Inc.
11/19/2010	Sadra Medical, Inc.	Boston Scientific Corporation
11/18/2010	Implant Direct International, Inc.	Sybron Dental Specialties Inc.
11/12/2010	O.R. Solutions, Inc.	Ecolab Inc.
11/12/2010	The MED Group	Managed Healthcare Associates, Inc.
11/8/2010	CBLPath, Inc.	Sonic Healthcare Ltd.
11/8/2010	Avid Radiopharmaceuticals, Inc.	Eli Lilly & Co.
11/3/2010	Smile Brands Group Inc.	Welsh, Carson, Anderson & Stowe
11/2/2010	Springstone, Inc.	Welsh, Carson, Anderson & Stowe

LTM Deal Statistics

Aggregate Value (\$bn)	Number of Deals	Transaction Multiples	
		TEV/Rev	TEV/EBITDA
\$115.3	426	1.75x	12.53x

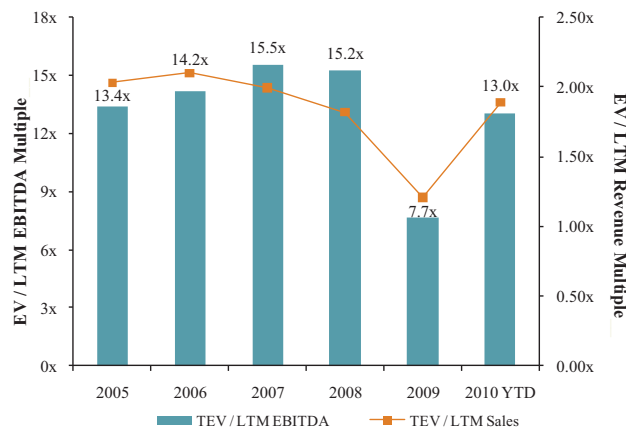
Note: Transactions based on publicly available information

Healthcare and
Life Sciences
M&A Trends

Announced Healthcare and Life Sciences Transactions



Median Healthcare and Life Sciences Transaction Multiples

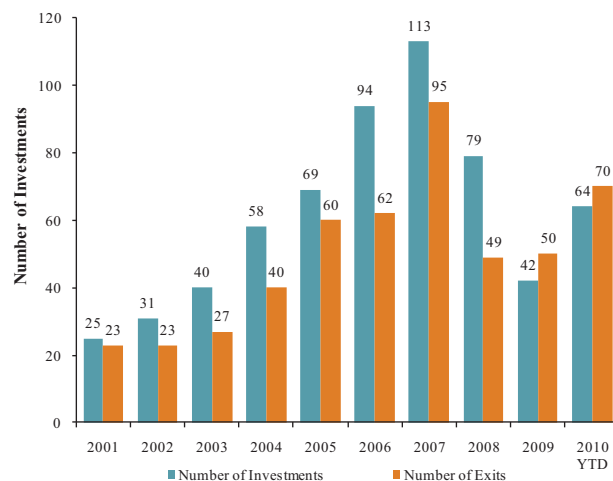


Announced
Private Equity
M&A Activity

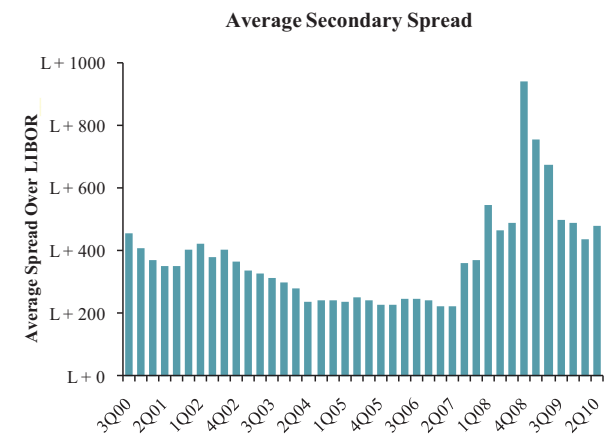
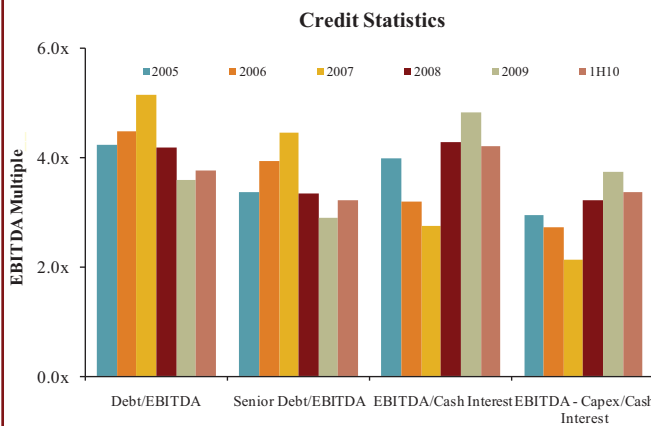
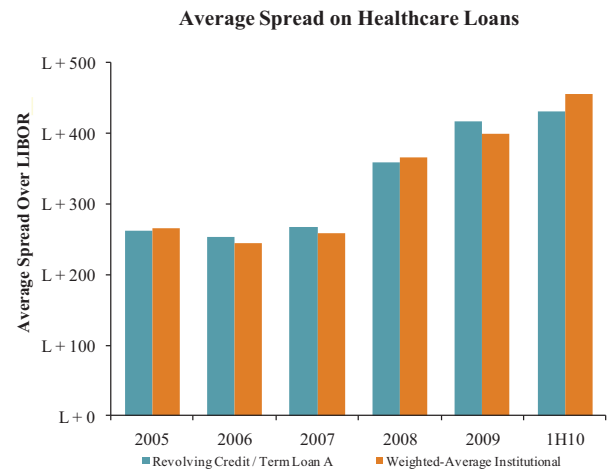
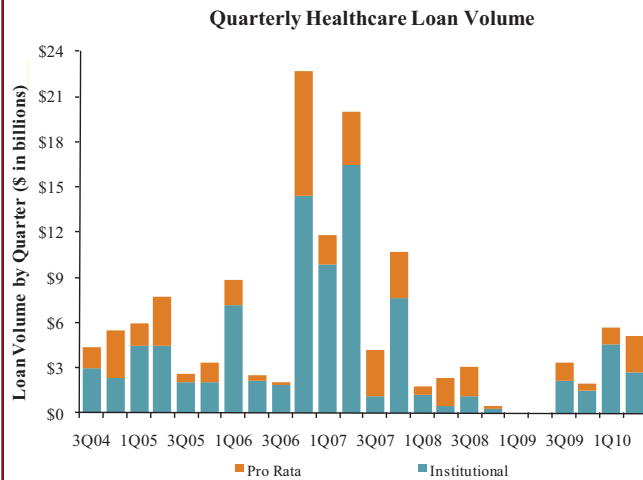
PEG Investments by Segment (Last 3 Years)

HC&LS Industry Segment	Number of Companies
Biotechnology	4
Healthcare Technology	13
Healthcare Distributors	11
Healthcare Equipment	28
Healthcare Facilities	31
Healthcare Services	58
Healthcare Supplies	11
Life Sciences Tools & Services	13
Managed Healthcare	3
Pharmaceuticals	22

PEG Investments and Exits



Key Credit
Statistics



Recent
Healthcare &
Life Sciences
Debt Offerings

Date Effective	Borrower Name	Description	Deal Amount	Type	Rating	Spread
11/30/10	Pfizer Inc	Pharmaceutical preparations	USD 5,000,000,000	Revolver/Line >= 1 Yr.	NR / NR	N/A
11/29/10	HealthCare Partners LLC	Offices & clinics of medical doctors	USD 600,000,000	Revolver/Line >= 1 Yr.	NR / NR	200
11/29/10	HealthCare Partners LLC	Offices & clinics of medical doctors	USD 600,000,000	Term Loan A	NR / NR	200
11/26/10	Sheridan Healthcare Inc	Specialty outpatient clinics	USD 780,000,000	Revolver/Line >= 1 Yr.	B / B1	250
11/26/10	Sheridan Healthcare Inc	Specialty outpatient clinics	USD 780,000,000	Term Loan B	B / B1	250
11/26/10	Sheridan Healthcare Inc	Specialty outpatient clinics	USD 780,000,000	Term Loan	CCC+ / Caa1	575
11/26/10	Sheridan Healthcare Inc	Specialty outpatient clinics	USD 780,000,000	Term Loan B	NR / NR	375
11/16/10	Legacy Health	General medical & surgical hospitals	USD 150,000,000	Standby Letter of Credit	NR / NR	N/A
11/16/10	Virtual Radiologic Corp	Medical laboratories	USD 253,000,000	Revolver/Line >= 1 Yr.	NR / NR	550
11/16/10	Virtual Radiologic Corp	Medical laboratories	USD 253,000,000	Term Loan	NR / NR	550
11/15/10	AccentCare Inc	Home health care services	USD 55,000,000	Revolver/Line >= 1 Yr.	NR / NR	550
11/15/10	AccentCare Inc	Home health care services	USD 55,000,000	Term Loan	NR / NR	550
11/10/10	Hanger Orthopedic Group Inc	Specialty outpatient clinics	USD 425,000,000	Term Loan B	BB- / NR	400
11/10/10	Hanger Orthopedic Group Inc	Specialty outpatient clinics	USD 425,000,000	Revolver/Line >= 1 Yr.	NR / NR	N/A
11/08/10	Ritedose Corp	Medical and hospital equipment	USD 70,000,000	Revolver/Line >= 1 Yr.	NR / NR	500
11/08/10	Ritedose Corp	Medical and hospital equipment	USD 70,000,000	Term Loan	B+ / B1	500
11/08/10	HCA Inc	General medical & surgical hospitals	USD 2,000,000,000	Revolver/Line >= 1 Yr.	NR / NR	250
11/05/10	Community Health Systems	General medical & surgical hospitals	USD 1,500,000,000	Term Loan B	NR / NR	350
11/03/10	Symmetry Medical	Surgical appliances and supplies	USD 200,000,000	Revolver/Line >= 1 Yr.	CCC+ / B1	225
11/03/10	Presbyterian Intercommunity Health	General medical & surgical hospitals	USD 225,000,000	Standby Letter of Credit	NR / NR	N/A

Payer, Provider, & Pharmacy Support Services

December 2010

Company Name (Ticker)	Stock Price					Equity Mkt. Value	Total Debt	Cash and Equiv.	Total Ent. Value	Lastest Twelve Months (LTM)			LTM Period ⁽⁶⁾	Lastest FYE Date ⁽⁵⁾	Forward Estimate			TEV/ LTM Multiples ⁽⁵⁾		TEV/ Fwd Multiples				
	12/1/2010	% Change		52 Week						Revenue	EBITDA	EBIT			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	Revenue	EBITDA	Revenue	EBITDA
	3 mos.	12 mos.	High	Low																				
<i>Clinical Laboratories</i>																								
Bio-Reference Laboratories Inc.	\$20.97	5.4%	27.9%	\$24.67	\$15.42	\$584	\$41	\$17	\$608	\$434	\$57	\$46	Jul-10	Oct-09	\$453	\$60	\$49	1.4x	10.6x	1.3x	10.1x			
Genoptix, Inc.	17.07	(2.4%)	(52.9%)	39.00	13.51	301	0	20	162	197	47	43	Sep-10	Dec-09	194	46	34	0.8x	3.4x	0.8x	3.5x			
Laboratory Corp. of America Holdings	82.03	10.9%	12.4%	84.00	69.49	8,342	1,351	97	9,616	4,874	1,154	988	Sep-10	Dec-09	4,939	1,198	997	2.0x	8.2x	1.9x	8.0x			
Quest Diagnostics Inc.	49.32	11.3%	(14.9%)	62.83	40.80	8,384	3,167	369	11,206	7,393	1,602	1,349	Sep-10	Dec-09	7,346	1,576	1,312	1.5x	6.9x	1.5x	7.1x			
Number of Companies	4	Median:	8.2%	(1.2%)	Total	\$17,611				\$12,897					\$12,932			1.5x	7.5x	1.4x	7.6x			
		Mean:	6.3%	(6.9%)					\$5,398									1.4x	7.3x	1.4x	7.2x			
<i>Contract Pharma Manufacturing</i>																								
Akorn Inc.	\$5.31	58.5%	227.8%	\$5.54	\$1.27	\$498	\$6	\$9	\$495	\$81	\$13	\$8	Sep-10	Dec-09	\$85	\$20	\$11	6.1x	32.9x	5.8x	24.7x			
Cambrex Corp.	4.27	6.8%	(19.3%)	6.04	2.85	126	115	43	197	221	40	19	Sep-10	Dec-09	223	NA	20	0.9x	4.9x	0.9x	NA			
Integrated Biopharma Inc.	0.09	(10.0%)	(50.0%)	0.19	0.03	2	12	1	13	37	(3)	(4)	Jun-10	Jun-10	NA	NA	NA	0.3x	NM	NA	NA			
King Pharmaceuticals Inc.	14.15	61.7%	19.6%	14.18	7.18	3,537	350	698	3,189	1,565	349	150	Sep-10	Dec-09	1,482	375	264	2.0x	9.1x	2.2x	8.5x			
Pathon Inc.	1.98	(17.5%)	(14.2%)	2.63	1.98	255	282	57	481	670	88	36	Jul-10	Oct-09	669	89	25	0.7x	5.4x	0.7x	5.4x			
West Pharmaceutical Services, Inc.	37.92	12.7%	(1.6%)	44.84	32.74	1,263	378	97	1,539	1,121	189	117	Sep-10	Dec-09	1,102	182	110	1.4x	7.9x	1.4x	8.4x			
Number of Companies	6	Median:	9.7%	(7.9%)	Total	\$5,681				\$3,695					\$3,561			1.1x	7.9x	1.4x	8.5x			
		Mean:	18.7%	27.0%					\$986									1.9x	12.0x	2.2x	11.8x			
<i>Contract Research Organizations</i>																								
Albany Molecular Research Inc.	\$5.05	(17.6%)	(39.8%)	\$9.73	\$5.00	\$153	\$13	\$23	\$124	\$193	\$14	(\$3)	Sep-10	Dec-09	\$185	\$8	(\$9)	0.6x	10.7x	0.7x	15.2x			
Charles River Laboratories International, Inc.	32.65	13.8%	1.6%	41.65	26.82	1,885	719	137	2,449	1,161	243	147	Sep-10	Dec-09	1,145	238	163	2.1x	10.1x	2.1x	10.3x			
Covance Inc.	44.91	16.4%	(15.4%)	63.53	37.44	2,912	0	389	2,523	2,026	301	202	Sep-10	Dec-09	1,917	278	175	1.2x	8.3x	1.3x	9.1x			
ICON plc	20.10	(10.5%)	(11.5%)	30.31	18.93	1,208	0	231	976	895	134	100	Sep-10	Dec-09	897	128	94	1.1x	7.3x	1.1x	7.6x			
Kendle International Inc.	9.01	12.3%	(39.8%)	21.79	7.68	134	132	16	250	471	31	15	Sep-10	Dec-09	336	31	15	0.5x	8.2x	0.7x	8.0x			
Parexel International Corp.	17.60	(16.2%)	46.5%	25.64	12.24	1,024	290	71	1,243	1,371	177	115	Sep-10	Jun-10	1,274	188	124	0.9x	7.0x	1.0x	6.6x			
Pharmaceutical Product Development Inc.	24.92	7.2%	16.2%	29.69	20.86	2,962	0	440	2,431	1,439	218	151	Sep-10	Dec-09	1,358	252	185	1.7x	11.7x	1.8x	9.7x			
Number of Companies	7	Median:	7.2%	(11.5%)	Total	\$10,277				\$7,557					\$7,113			1.1x	8.3x	1.1x	9.1x			
		Mean:	0.8%	(6.0%)					\$1,428									1.2x	9.0x	1.2x	9.5x			
<i>Disease Management</i>																								
Alere Inc.	\$31.91	13.3%	(24.1%)	\$44.87	\$25.36	\$2,707	\$2,415	\$488	\$5,395	\$2,123	\$516	\$152	Sep-10	Dec-09	\$2,127	\$534	\$472	2.5x	10.3x	2.5x	10.1x			
Celera Corporation	5.67	(14.1%)	(9.1%)	7.72	5.35	465	0	36	150	135	(19)	(35)	Sep-10	Dec-09	131	(23)	(37)	1.1x	NM	1.1x	(6.6x)			
Healthways Inc.	9.65	(23.2%)	(43.8%)	19.50	9.60	331	244	2	574	700	130	77	Sep-10	Dec-09	700	132	80	0.8x	4.4x	0.8x	4.3x			
Number of Companies	3	Median:	(14.1%)	(24.1%)	Total	\$3,504				\$2,959					\$2,958			1.1x	7.3x	1.1x	4.3x			
		Mean:	(8.0%)	(25.7%)					\$2,039									1.5x	7.3x	1.5x	2.6x			
<i>Emergency Services</i>																								
Air Methods Corp.	\$49.23	35.5%	42.8%	\$49.73	\$25.99	\$617	\$111	\$46	\$683	\$529	\$80	\$56	Sep-10	Dec-09	\$553	\$95	\$70	1.3x	8.6x	1.2x	7.2x			
Emergency Medical Services Corp.	49.54	2.5%	2.7%	61.83	42.27	2,185	424	346	2,264	2,780	303	237	Sep-10	Dec-09	2,857	317	252	0.8x	7.5x	0.8x	7.1x			
Number of Companies	2	Median:	19.0%	22.7%	Total	\$2,802				\$3,309					\$3,410			1.1x	8.0x	1.0x	7.2x			
		Mean:	19.0%	22.7%					\$1,473									1.1x	8.0x	1.0x	7.2x			
<i>Health Care Staffing</i>																								
AMN Healthcare Services Inc.	\$5.60	21.2%	(29.9%)	\$10.00	\$4.14	\$219	\$221	\$2	\$466	\$614	\$32	\$19	Sep-10	Dec-09	\$682	\$36	\$22	0.8x	14.4x	0.7x	13.0x			
Cross Country Healthcare, Inc.	7.68	5.3%	(9.8%)	11.03	6.62	239	55	9	284	479	25	13	Sep-10	Dec-09	470	24	11	0.6x	11.3x	0.6x	12.0x			
On Assignment Inc.	6.87	59.8%	8.4%	7.89	4.17	251	78	30	299	417	24	15	Sep-10	Dec-09	433	29	18	0.7x	12.3x	0.7x	10.4x			
Team Health Holdings, Inc.	13.80	10.5%	0.0%	18.46	11.55	890	452	25	1,318	2,594	155	130	Sep-10	Dec-09	1,507	158	130	0.5x	8.5x	0.9x	8.4x			
Number of Companies	4	Median:	15.9%	(4.9%)	Total	\$1,599				\$4,103					\$3,091			0.7x	11.8x	0.7x	11.2x			
		Mean:	24.2%	(7.8%)					\$592									0.6x	11.6x	0.7x	11.0x			

Payer, Provider, & Pharmacy Support Services

December 2010

Company Name (Ticker)	Stock Price					Equity Mkt. Value	Total Debt	Cash and Equiv.	Total Ent. Value	Lastest Twelve Months (LTM)			LTM Period ⁽⁶⁾	Lastest FYE Date ⁽⁵⁾	Forward Estimate			TEV/ LTM Multiples ⁽⁵⁾		TEV/ Fwd Multiples				
	12/1/2010	% Change		52 Week						Revenue	EBITDA	EBIT			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	Revenue	EBITDA	Revenue	EBITDA
		3 mos.	12 mos.	High	Low																			
HMO - Medical																								
Commercial:																								
Aetna Inc.	\$29.62	10.3%	1.8%	\$35.96	\$25.00	\$11,851	\$4,617	\$1,796	\$14,673	\$34,462	\$3,202	\$2,779	Sep-10	Dec-09	\$33,767	\$2,607	\$2,565	0.4x	4.5x	0.4x	5.6x			
CIGNA Corporation	36.81	15.4%	14.7%	39.26	29.12	9,973	2,866	1,404	11,452	20,460	2,160	1,986	Sep-10	Dec-09	21,087	2,039	1,787	0.6x	5.3x	0.5x	5.6x			
Coventry Health Care Inc.	25.32	28.1%	12.3%	27.27	16.61	3,760	1,599	1,787	3,572	12,005	1,051	933	Sep-10	Dec-09	11,550	1,061	857	0.3x	3.4x	0.3x	3.4x			
Health Net Inc.	27.00	12.4%	27.2%	29.75	12.90	2,580	499	446	2,632	14,050	405	370	Sep-10	Dec-09	13,370	440	409	0.2x	6.5x	0.2x	6.0x			
HealthSpring Inc.	26.83	31.8%	62.0%	29.80	14.66	1,536	166	238	1,464	2,932	340	310	Sep-10	Dec-09	2,998	333	309	0.5x	4.3x	0.5x	4.4x			
Humana Inc.	56.04	16.8%	35.0%	61.33	40.10	9,433	1,951	2,923	8,460	33,151	2,345	2,079	Sep-10	Dec-09	33,857	2,220	1,951	0.3x	3.6x	0.2x	3.8x			
Unitedhealth Group, Inc.	36.52	14.4%	27.4%	37.95	27.13	40,170	11,005	9,577	41,598	91,909	8,325	7,637	Sep-10	Dec-09	93,688	8,244	7,412	0.5x	5.0x	0.4x	5.0x			
WellPoint Inc.	55.74	12.4%	3.2%	70.00	46.52	21,940	9,919	2,246	29,612	59,408	5,388	4,808	Sep-10	Dec-09	58,081	4,851	4,310	0.5x	5.5x	0.5x	6.1x			
Number of Companies	8	Median:	14.9%	21.0%	Total	\$101,241			\$268,377						\$268,398			0.4x	4.7x	0.4x	5.3x			
		Mean:	17.7%	22.9%					\$14,183									0.4x	4.8x	0.4x	5.0x			
Government:																								
AMERIGROUP Corporation	\$43.03	15.6%	81.5%	\$45.25	\$22.82	\$2,133	\$243	\$491	\$1,886	\$5,661	\$400	\$384	Sep-10	Dec-09	\$5,813	\$436	\$401	0.3x	4.7x	0.3x	4.3x			
Centene Corp.	23.25	11.6%	23.5%	25.95	17.60	1,203	264	398	1,083	4,376	217	165	Sep-10	Dec-09	4,405	204	156	0.2x	5.0x	0.2x	5.3x			
Molina Healthcare Inc.	25.39	(2.9%)	21.5%	31.80	20.02	768	163	426	504	3,969	115	79	Sep-10	Dec-09	4,125	144	97	0.1x	4.4x	0.1x	3.5x			
WellCare Health Plans, Inc.	28.15	12.7%	(14.7%)	39.12	22.25	1,197	0	1,091	106	5,709	144	121	Sep-10	Dec-09	5,456	199	174	0.0x	NM	0.0x	0.5x			
Number of Companies	4	Median:	12.1%	22.5%	Total	\$5,301			\$19,715						\$19,800			0.2x	4.7x	0.2x	3.9x			
		Mean:	9.3%	28.0%					\$895									0.2x	4.7x	0.2x	3.4x			
Information Services																								
Data/Analytics:																								
Accelrys Inc.	\$8.40	38.8%	60.3%	\$8.58	\$5.21	\$468	\$0	\$143	\$325	\$92	(\$4)	(\$11)	Sep-10	Mar-10	\$124	NA	\$14	3.5x	NM	2.6x	NA			
eResearchTechnology, Inc.	5.61	(21.6%)	(4.9%)	8.95	5.34	275	21	19	276	119	32	20	Sep-10	Dec-09	139	33	24	2.3x	8.6x	2.0x	8.4x			
National Research Corp.	28.31	17.5%	32.3%	29.95	19.00	189	17	3	202	61	19	15	Sep-10	Dec-09	64	NA	NA	3.3x	10.5x	3.2x	NA			
Number of Companies	3	Median:	17.5%	32.3%	Total	\$932			\$272						\$124			3.3x	9.6x	2.6x	8.4x			
		Mean:	11.6%	29.2%					\$268									3.1x	9.6x	2.6x	8.4x			
eHealth:																								
WebMD Health Corp.	51.34	0.3%	41.4%	52.81	36.24	2,999	80	352	2,726	504	106	89	Sep-10	Dec-09	\$516	\$157	\$101	5.4x	25.8x	6.2x	25.8x			
Number of Companies	1	Median:	0.3%	41.4%	Total	\$2,999			\$504						\$516			5.4x	25.8x	6.2x	25.8x			
		Mean:	0.3%	41.4%					\$2,726									5.4x	25.8x	6.2x	25.8x			
Hospital/Physician:																								
Allscripts Healthcare Solutions, Inc.	\$17.55	2.6%	(8.6%)	\$22.55	\$15.65	\$3,284	\$2	\$143	\$3,695	\$705	\$125	\$105	May-10	May-10	\$1,314	\$233	\$228	5.2x	29.5x	2.8x	15.8x			
Athenahealth, Inc.	41.01	50.8%	(2.1%)	47.82	21.51	1,405	11	24	1,319	231	30	20	Sep-10	Dec-09	244	43	21	5.7x	44.3x	5.4x	30.7x			
Cerner Corp.	87.86	18.3%	16.7%	92.95	72.05	7,279	119	212	6,833	1,816	474	349	Oct-10	Jan-10	1,853	553	371	3.8x	14.4x	3.7x	12.4x			
Computer Programs & Systems Inc.	46.69	11.4%	1.1%	50.05	33.92	512	0	2	497	144	27	25	Sep-10	Dec-09	149	29	26	3.5x	18.7x	3.3x	17.3x			
HMS Holdings Corp.	63.01	20.3%	42.5%	64.09	43.13	1,737	0	66	1,671	282	79	64	Sep-10	Dec-09	300	88	66	5.9x	21.2x	5.6x	19.0x			
MedAssets, Inc.	18.55	(8.4%)	(20.5%)	25.08	16.54	1,077	185	0	1,262	380	108	64	Sep-10	Dec-09	406	125	31	3.3x	11.6x	3.1x	10.1x			
Merge Healthcare Incorporated.	3.86	47.6%	26.6%	4.25	1.92	321	195	39	519	113	20	7	Sep-10	Dec-09	152	39	28	4.6x	26.5x	3.4x	13.2x			
Quality Systems Inc.	64.49	13.2%	8.4%	68.89	51.30	1,867	0	107	1,761	318	86	81	Sep-10	Mar-10	348	106	93	5.5x	20.4x	5.1x	16.6x			
SXC Health Solutions, Inc.	38.24	(1.8%)	52.4%	41.63	22.62	2,327	0	379	1,946	1,865	114	98	Sep-10	Dec-09	1,945	116	99	1.0x	16.9x	1.0x	16.8x			
Transcend Services, Inc.	16.00	11.3%	(13.1%)	21.82	12.00	168	0	1	138	89	14	12	Sep-10	Dec-09	94	17	15	1.6x	9.7x	1.5x	8.0x			
Vital Images Inc.	13.42	6.4%	6.2%	16.92	12.09	188	0	83	63	59	0	(4)	Sep-10	Dec-09	60	5	(2)	1.1x	159.2x	1.1x	13.3x			
Number of Companies	11	Median:	11.4%	6.2%	Total	\$20,166			\$6,002						\$6,864			3.8x	20.4x	3.3x	15.8x			
		Mean:	15.6%	10.0%					\$1,791									3.7x	33.9x	3.3x	15.7x			

Payer, Provider, & Pharmacy Support Services

December 2010

Company Name (Ticker)	Stock Price					Equity Mkt. Value	Total Debt	Cash and Equiv.	Total Ent. Value	Lastest Twelve Months (LTM)			LTM Period ⁽⁵⁾	Lastest FYE Date ⁽⁵⁾	Forward Estimate			TEV/ LTM Multiples ⁽⁵⁾		TEV/ Fwd Multiples				
	12/1/2010	% Change		52 Week						Revenue	EBITDA	EBIT			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	Revenue	EBITDA	Revenue	EBITDA
		3 mos.	12 mos.	High	Low																			
<i>Specialty Managed Care</i>																								
America Service Group Inc.	\$14.68	7.5%	0.1%	\$19.30	\$12.84	\$136	\$0	\$15	\$121	\$652	\$28	\$25	Sep-10	Dec-09	\$640	\$24	\$20	0.2x	4.3x	0.2x	5.1x			
Assurant Inc.	35.27	(2.1%)	15.4%	41.87	28.94	3,758	1,116	1,168	3,705	8,604	1,085	955	Sep-10	Dec-09	8,556	NA	983	0.4x	3.4x	0.4x	NA			
CorVel Corporation	45.69	25.3%	52.9%	48.51	28.75	535	0	19	516	359	58	46	Sep-10	Mar-10	375	NA	NA	1.4x	8.8x	1.4x	NA			
Number of Companies	3	Median:	7.5%	15.4%	Total	\$4,429				\$9,615					\$9,572			0.4x	4.3x	0.4x	5.1x			
		Mean:	10.2%	22.8%					\$1,447									0.7x	5.5x	0.7x	5.1x			
<i>Specialty Pharmacy Management</i>																								
BioScrip Inc.	\$4.04	(19.8%)	(46.3%)	\$9.84	\$4.00	\$217	\$319	\$51	\$485	\$1,530	\$36	\$27	Sep-10	Dec-09	\$1,637	\$58	\$37	0.3x	13.4x	0.3x	8.3x			
Express Scripts Inc.	52.09	19.3%	21.4%	54.00	37.75	27,454	2,494	268	29,680	41,903	2,148	1,950	Sep-10	Dec-09	45,221	2,422	2,213	0.7x	13.5x	0.7x	12.3x			
Catalyst Health Solutions, Inc.	42.92	4.2%	26.2%	45.26	31.40	1,928	150	133	1,945	3,395	140	126	Sep-10	Dec-09	3,717	148	132	0.6x	13.9x	0.5x	13.1x			
Omnicare Inc.	23.06	18.4%	(0.5%)	30.63	19.14	2,681	2,209	351	4,539	6,127	660	506	Sep-10	Dec-09	6,146	606	487	0.7x	6.9x	0.7x	7.5x			
PharMerica Corporation	10.86	46.6%	(27.8%)	20.95	6.88	318	240	97	462	1,807	86	57	Sep-10	Dec-09	1,849	78	45	0.3x	5.4x	0.2x	5.9x			
Number of Companies	5	Median:	18.4%	(0.5%)	Total	\$32,598				\$54,762					\$58,570			0.6x	13.4x	0.5x	8.3x			
		Mean:	13.7%	(5.4%)					\$7,422									0.5x	10.6x	0.5x	9.4x			

Products & Devices

December 2010

Company Name (Ticker)	Stock Price					Equity Mkt. Value	Total Debt	Cash and Equiv.	Total Ent. Value	Lastest Twelve Months (LTM)			LTM Period ⁽³⁾	Lastest FYE Date ⁽³⁾	Forward Estimate			TEV/ LTM Multiples ⁽⁵⁾		TEV/ Fwd Multiples				
	12/1/2010	% Change		52 Week						Revenue	EBITDA	EBIT			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	Revenue	EBITDA	Revenue	EBITDA
		3 mos.	12 mos.	High	Low																			
<i>Dental Products</i>																								
3M Co.	\$83.98	5.4%	8.4%	\$91.49	\$67.98	\$60,034	\$5,758	\$4,466	\$60,268	\$26,075	\$7,094	\$5,959	Sep-10	Dec-09	\$26,531	\$7,119	\$5,982	2.3x	8.5x	2.3x	8.5x			
Danaher Corp.	43.25	19.0%	22.0%	45.00	34.90	28,284	2,862	1,635	29,510	12,726	2,503	2,122	Oct-10	Dec-09	13,073	2,628	2,225	2.3x	11.5x	2.3x	11.2x			
DENTSPLY International Inc.	30.92	9.9%	(7.2%)	38.15	27.76	4,394	771	534	4,704	2,222	460	394	Sep-10	Dec-09	2,225	460	394	2.1x	10.2x	2.1x	10.2x			
Sirona Dental Systems Inc.	37.79	21.1%	29.9%	43.45	29.55	2,090	371	252	2,211	770	195	116	Sep-10	Sep-10	832	222	167	2.9x	11.3x	2.7x	10.0x			
Young Innovations Inc.	30.22	14.1%	24.7%	32.25	21.60	240	4	0	244	102	27	23	Sep-10	Dec-09	102	28	23	2.4x	9.1x	2.4x	8.9x			
Number of Companies	5	Median:	14.1%	22.0%	Total	\$95,041			\$41,895						\$42,763			2.3x	10.2x	2.3x	10.0x			
		Mean:	13.9%	15.5%					\$19,387									2.4x	10.1x	2.3x	9.8x			
<i>Durable Medical Equipment</i>																								
Hill-Rom Holdings, Inc.	\$39.58	25.7%	78.4%	\$41.39	\$22.13	\$2,496	\$152	\$185	\$2,471	\$1,470	\$266	\$184	Sep-10	Sep-10	\$1,542	\$318	\$215	1.7x	9.3x	1.6x	7.8x			
Invacare Corporation	26.99	17.7%	8.4%	30.31	19.58	875	247	32	1,090	1,719	139	101	Sep-10	Dec-09	1,716	NA	100	0.6x	7.9x	0.6x	NA			
ResMed Inc.	31.95	5.8%	27.1%	35.33	25.04	4,831	94	540	4,384	1,127	320	257	Sep-10	Jun-10	1,258	363	295	3.9x	13.7x	3.5x	12.1x			
Steris Corp.	34.41	18.7%	6.5%	38.16	25.65	2,035	210	217	2,029	1,161	162	108	Sep-10	Mar-10	1,292	276	201	1.7x	12.5x	1.6x	7.3x			
Number of Companies	4	Median:	18.2%	17.8%	Total	\$10,236			\$5,477						\$5,808			1.7x	10.9x	1.6x	7.8x			
		Mean:	17.0%	30.1%					\$2,493									2.0x	10.8x	1.8x	9.1x			
<i>Life Sciences Tools</i>																								
Agilent Technologies Inc.	\$35.02	26.5%	21.1%	\$37.55	\$26.68	\$12,130	\$3,691	\$2,649	\$13,180	\$5,444	\$768	\$566	Oct-10	Oct-10	\$6,236	\$1,335	\$1,141	2.4x	17.2x	2.1x	9.9x			
Beckman Coulter Inc.	54.71	18.9%	(15.8%)	69.90	43.95	3,789	1,338	285	4,807	3,667	840	469	Sep-10	Dec-09	3,685	809	458	1.3x	5.7x	1.3x	5.9x			
Becton, Dickinson and Company	77.93	12.5%	4.2%	80.56	66.47	17,921	1,696	0	18,165	7,372	2,187	1,677	Sep-10	Sep-10	7,699	2,311	1,771	2.5x	8.3x	2.4x	7.9x			
Life Technologies Corporation	49.81	14.7%	0.1%	56.19	41.10	9,300	2,271	503	11,061	3,527	1,134	719	Sep-10	Dec-09	3,588	1,298	1,043	3.1x	9.6x	3.1x	8.5x			
Number of Companies	4	Median:	16.8%	2.1%	Total	\$43,139			\$20,010						\$21,207			2.4x	8.9x	2.2x	8.2x			
		Mean:	18.2%	2.4%					\$11,803									2.3x	10.2x	2.2x	8.1x			
<i>Medical Devices and Products</i>																								
Abbott Laboratories	\$46.51	(6.0%)	(14.6%)	\$56.79	\$44.59	\$71,896	\$18,717	\$3,818	\$86,842	\$33,989	\$9,657	\$7,194	Sep-10	Dec-09	\$35,068	\$10,610	\$8,094	2.6x	9.0x	2.5x	8.2x			
American Medical Systems Holdings Inc.	17.93	(6.4%)	2.0%	24.12	17.34	1,371	260	18	1,569	541	173	153	Oct-10	Jan-10	539	181	152	2.9x	9.1x	2.9x	8.7x			
ArthroCare Corporation	30.28	17.3%	38.3%	32.60	21.25	819	0	113	778	360	75	50	Sep-10	Dec-09	355	80	53	2.2x	10.5x	2.2x	9.7x			
Baxter International Inc.	48.55	12.4%	(11.0%)	61.88	40.25	28,291	4,883	2,788	30,618	12,815	3,478	2,800	Sep-10	Dec-09	13,012	3,721	3,075	2.4x	8.8x	2.4x	8.2x			
Boston Scientific Corporation	6.42	18.9%	(23.3%)	9.79	5.04	9,759	6,037	624	15,172	7,883	1,895	1,077	Sep-10	Dec-09	7,794	1,873	1,033	1.9x	8.0x	1.9x	8.1x			
CR Bard Inc.	84.85	9.9%	3.2%	90.00	75.16	7,883	366	662	7,586	2,680	860	758	Sep-10	Dec-09	2,727	873	773	2.8x	8.8x	2.8x	8.7x			
Hanger Orthopedic Group Inc.	19.18	45.0%	43.8%	19.97	13.01	623	408	96	935	796	115	98	Sep-10	Dec-09	815	119	97	1.2x	8.1x	1.1x	7.8x			
Hologic Inc.	16.40	16.3%	13.3%	19.72	13.22	4,262	1,448	516	5,195	1,680	602	306	Sep-10	Sep-10	1,747	631	538	3.1x	8.6x	3.0x	8.2x			
Hospira Inc.	56.26	9.7%	19.8%	60.49	47.08	9,400	2,243	1,150	10,494	3,980	907	690	Sep-10	Dec-09	3,991	1,082	850	2.6x	11.6x	2.6x	9.7x			
Johnson & Johnson	61.55	7.4%	(2.1%)	66.20	56.86	169,032	12,025	14,338	158,931	62,494	19,509	16,595	Oct-10	Jan-10	62,141	19,872	16,818	2.5x	8.1x	2.6x	8.0x			
Medtronic, Inc.	33.53	4.9%	(21.0%)	46.66	30.80	36,209	10,508	0	42,800	15,723	5,832	5,058	Oct-10	Apr-10	15,920	5,856	5,082	2.7x	7.3x	2.7x	7.3x			
Stryker Corp.	50.09	15.0%	(0.6%)	59.72	42.74	19,892	1,016	926	16,393	7,159	2,345	1,942	Sep-10	Dec-09	7,273	2,232	1,835	2.3x	7.0x	2.3x	7.3x			
Thermo Fisher Scientific, Inc.	50.86	20.1%	7.7%	57.40	41.74	20,216	2,165	930	21,442	10,847	2,112	1,326	Oct-10	Dec-09	10,803	2,215	1,818	2.0x	10.2x	2.0x	9.7x			
Zimmer Holdings, Inc.	49.26	3.6%	(16.7%)	64.77	46.27	9,726	1,139	919	9,883	4,193	1,490	1,152	Sep-10	Dec-09	4,197	1,561	1,226	2.4x	6.6x	2.4x	6.3x			
Number of Companies	14	Median:	11.2%	0.7%	Total	\$389,378			\$165,140						\$166,381			2.5x	8.7x	2.4x	8.2x			
		Mean:	12.0%	2.8%					\$29,188									2.4x	8.7x	2.4x	8.3x			
<i>Medical / Surgical / Dental Supplies</i>																								
AmerisourceBergen Corporation	\$30.85	11.7%	24.9%	\$33.83	\$24.14	\$8,525	\$1,344	\$1,658	\$8,211	\$77,954	\$1,168	\$1,082	Sep-10	Sep-10	\$80,324	\$1,246	\$1,148	0.1x	7.0x	0.1x	6.6x			
Cardinal Health, Inc.	35.58	17.8%	10.4%	36.79	29.69	12,416	2,140	2,712	11,844	98,160	1,679	1,422	Sep-10	Jun-10	100,300	1,775	1,502	0.1x	7.1x	0.1x	6.7x			
Henry Schein Inc.	57.38	7.9%	15.5%	62.63	49.70	5,294	610	204	6,001	7,289	624	528	Sep-10	Dec-09	7,475	621	530	0.8x	9.5x	0.8x	9.7x			
McKesson Corporation	63.90	8.2%	3.0%	71.49	57.23	16,171	2,279	3,050	15,400	109,899	2,444	2,023	Sep-10	Mar-10	111,346	2,563	2,066	0.1x	6.3x	0.1x	6.0x			
Owens & Minor Inc.	28.25	6.9%	9.2%	32.80	25.52	1,789	209	145	1,853	8,094	236	208	Sep-10	Dec-09	8,110	240	212	0.2x	7.8x	0.2x	7.7x			
Patterson Companies Inc.	29.73	17.2%	15.6%	32.84	24.13	3,686	525	329	3,882	3,340	415	373	Oct-10	Apr-10	3,426	423	386	1.2x	9.5x	1.1x	9.2x			
PSS World Medical Inc.	20.60	10.4%	6.5%	24.45	18.15	1,138	193	23	1,312	1,975	153	124	Oct-10	Apr-10	1,976	159	130	0.7x	8.6x	0.7x	8.3x			
Number of Companies	7	Median:	10.4%	10.4%	Total	\$49,020			\$306,710						\$312,956			0.2x	7.8x	0.2x	7.7x			
		Mean:	11.4%	12.2%					\$6,929									0.5x	8.0x	0.5x	7.7x			

As of December 1, 2010

Provider-Based Services

Company Name (Ticker)	Stock Price					Equity Mkt. Value	Total Debt	Cash and Equiv.	Total Ent. Value	Lastest Twelve Months (TMT)			LTM Period ⁽³⁾	Lastest FYE Date ⁽³⁾	Forward Estimate			TEV/ LTM Multiples ⁽⁵⁾		TEV/ Fwd Multiples				
	12/1/2010	% Change		52 Week						Revenue	EBITDA	EBIT			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	Revenue	EBITDA	Revenue	EBITDA
		3 mos.	12 mos.	High	Low																			
Acute-Care Hospitals																								
Community Health Systems, Inc.	\$31.86	21.3%	4.4%	\$42.30	\$25.63	\$2,949	\$9,312	\$568	\$12,141	\$12,675	\$1,714	\$1,118	Sep-10	Dec-09	\$12,950	\$1,755	\$1,135	1.0x	6.9x	0.9x	6.9x			
Health Management Associates Inc.	8.91	43.0%	45.4%	9.81	6.08	2,233	3,280	246	5,247	5,002	728	473	Sep-10	Dec-09	5,155	739	487	1.0x	7.2x	1.0x	7.1x			
Lifepoint Hospitals Inc.	36.22	17.6%	24.8%	39.61	28.48	1,909	1,576	211	3,292	3,156	512	349	Sep-10	Dec-09	3,236	501	352	1.0x	6.4x	1.0x	6.6x			
Tenet Healthcare Corp.	4.08	2.0%	(10.3%)	6.46	3.92	1,981	4,059	398	6,027	9,165	987	599	Sep-10	Dec-09	9,265	1,061	663	0.7x	6.1x	0.7x	5.7x			
Universal Health Services Inc.	41.12	32.4%	47.1%	43.80	27.59	3,998	1,017	10	5,253	5,300	730	516	Sep-10	Dec-09	5,455	723	502	1.0x	7.2x	1.0x	7.3x			
Number of Companies	5	Median:	21.3%	24.8%		Total	\$13,070			\$35,298					\$36,061			1.0x	6.9x	1.0x	6.9x			
		Mean:	23.3%	22.3%					\$6,392									0.9x	6.8x	0.9x	6.7x			
Assisted Living																								
Assisted Living Concepts Inc.	\$30.22	12.1%	29.2%	\$37.48	\$22.44	\$351	\$134	\$37	\$444	\$232	\$57	\$35	Sep-10	Dec-09	\$233	\$58	\$35	1.9x	7.8x	1.9x	7.6x			
Brookdale Senior Living Inc.	19.12	43.1%	22.7%	22.21	12.66	2,305	2,563	69	4,799	2,170	355	64	Sep-10	Dec-09	2,216	377	74	2.2x	13.5x	2.2x	12.7x			
Capital Senior Living Corp.	6.34	26.8%	38.4%	7.10	4.21	172	178	33	316	201	31	17	Sep-10	Dec-09	211	32	NA	1.6x	10.3x	1.5x	10.0x			
Emeritus Corp.	18.03	11.4%	15.3%	23.79	14.55	785	1,600	43	2,346	953	145	56	Sep-10	Dec-09	1,007	158	61	2.5x	16.2x	2.3x	14.9x			
Five Star Quality Care Inc.	6.42	54.7%	110.5%	6.56	2.72	229	49	37	232	1,245	36	20	Sep-10	Dec-09	1,252	41	42	0.2x	6.4x	0.2x	5.6x			
Skilled Healthcare Group, Inc.	6.36	157.5%	(6.3%)	8.23	1.43	240	544	3	781	792	111	87	Sep-10	Dec-09	810	117	90	1.0x	6.9x	1.0x	6.7x			
Sunrise Senior Living Inc.	3.68	63.6%	17.6%	5.99	2.18	207	267	42	437	1,456	67	28	Sep-10	Dec-09	NA	NA	NA	0.3x	8.4x	NA	NA			
Number of Companies	7	Median:	43.1%	22.7%		Total	\$4,290			\$7,049					\$5,730			1.6x	8.4x	1.7x	8.8x			
		Mean:	52.7%	32.5%					\$1,337									1.4x	9.9x	1.5x	9.6x			
Diagnostic Imaging																								
Alliance Healthcare Services, Inc.	\$3.75	(13.4%)	(36.7%)	\$6.30	\$3.32	\$198	\$656	\$104	\$763	\$481	\$150	\$44	Sep-10	Dec-09	\$480	\$157	\$44	1.6x	5.0x	1.6x	4.8x			
RadNet, Inc.	2.57	38.2%	15.8%	4.20	1.80	95	518	24	588	535	92	38	Sep-10	Dec-09	543	99	39	1.1x	5.9x	1.1x	5.9x			
Varian Medical Systems Inc.	65.83	23.6%	40.8%	66.14	35.50	7,833	43	520	7,356	2,357	582	534	Oct-10	Oct-10	2,581	650	596	3.1x	12.6x	2.9x	11.3x			
Number of Companies	3	Median:	23.6%	15.8%		Total	\$8,126			\$3,372					\$3,605			1.6x	5.9x	1.6x	5.9x			
		Mean:	16.1%	6.7%					\$2,902									1.9x	7.8x	1.8x	7.4x			
Dialysis Services																								
DaVita, Inc.	\$72.70	11.4%	22.7%	\$73.79	\$56.40	\$7,066	\$3,362	\$535	\$10,295	\$6,366	\$1,203	\$972	Sep-10	Dec-09	\$6,453	\$1,223	\$998	1.6x	8.5x	1.6x	8.4x			
Fresenius Medical Care AG & Co. KGAA	57.98	1.9%	9.2%	60.46	46.50	17,456	5,931	572	22,803	11,922	2,368	1,876	Sep-10	Dec-09	12,081	2,398	1,901	2.0x	10.0x	1.9x	9.5x			
Number of Companies	2	Median:	6.6%	16.0%		Total	\$24,522			\$18,288					\$18,534			1.8x	9.3x	1.7x	9.0x			
		Mean:	6.6%	16.0%					\$16,549									1.8x	9.3x	1.7x	9.0x			
Home Care / Hospice																								
Addus HomeCare Corp.	\$4.15	(17.2%)	(49.7%)	\$9.72	\$2.80	\$45	\$51	\$1	\$95	\$267	\$15	\$10	Sep-10	Dec-09	\$272	\$16	\$12	0.4x	6.3x	0.3x	5.9x			
Almost Family Inc.	35.44	38.7%	(1.9%)	44.12	23.50	328	3	42	289	330	55	52	Sep-10	Dec-09	339	57	54	0.9x	5.3x	0.9x	5.0x			
Amedisys Inc.	28.38	18.1%	(23.4%)	64.28	22.82	824	193	128	890	1,645	259	227	Sep-10	Dec-09	1,640	239	205	0.5x	3.5x	0.5x	3.7x			
Gentiva Health Services Inc.	22.98	8.4%	(2.8%)	30.88	18.93	687	1,076	82	1,683	1,292	169	150	Oct-10	Jan-10	1,447	187	164	1.3x	9.9x	1.2x	9.0x			
LHC Group, Inc.	26.51	31.5%	(13.8%)	37.49	19.61	495	4	7	507	608	105	97	Sep-10	Dec-09	636	103	100	0.8x	4.8x	0.8x	4.9x			
Lincare Holdings Inc.	25.75	9.4%	8.7%	33.45	22.55	2,514	496	177	2,813	1,653	339	327	Sep-10	Dec-09	1,672	450	332	1.7x	8.3x	1.7x	6.2x			
Chemed Corp.	60.94	21.6%	34.9%	62.60	45.47	1,389	157	137	1,409	1,248	162	137	Sep-10	Dec-09	1,272	184	151	1.1x	8.7x	1.1x	7.7x			
Number of Companies	7	Median:	18.1%	(2.8%)		Total	\$6,280			\$7,044					\$7,278			0.9x	6.3x	0.9x	5.9x			
		Mean:	15.8%	(6.9%)					\$1,098									1.0x	6.7x	0.9x	6.1x			
Long-Term Care																								
The Ensign Group, Inc.	\$21.51	29.0%	55.5%	\$22.00	\$13.50	\$447	\$108	\$37	\$518	\$623	\$87	\$70	Sep-10	Dec-09	\$641	\$90	\$73	0.8x	6.0x	0.8x	5.8x			
Kindred Healthcare Inc.	16.14	35.4%	8.6%	20.00	11.50	637	165	15	724	4,294	197	75	Sep-10	Dec-09	4,340	211	89	0.2x	3.7x	0.2x	3.4x			
National Healthcare Corp.	43.32	24.9%	23.7%	43.60	33.02	588	10	29	656	681	80	53	Sep-10	Dec-09	704	81	55	1.0x	7.4x	0.9x	8.1x			
Sun Healthcare Group Inc.	9.66	0.0%	0.0%	12.40	9.37	241	450	138	552	1,898	120	72	Sep-10	Dec-09	1,907	171	117	0.3x	4.6x	0.3x	3.2x			
Number of Companies	4	Median:	26.9%	16.2%		Total	\$1,913			\$7,497					\$7,593			0.6x	5.3x	0.5x	4.6x			
		Mean:	22.3%	22.0%					\$613									0.6x	5.4x	0.5x	5.1x			

Provider-Based Services

December 2010

Company Name (Ticker)	Stock Price					Equity Mkt. Value	Total Debt	Cash and Equiv.	Total Ent. Value	Lastest Twelve Months (LTM)			LTM Period ⁽³⁾	Lastest FYE Date ⁽³⁾	Forward Estimate			TEV/ LTM Multiples ⁽⁵⁾		TEV/ Fwd Multiples			
	12/1/2010	% Change		52 Week						Revenue	EBITDA	EBIT			Revenue	EBITDA	EBIT	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
	3 mos.	12 mos.	High	Low																			
Physician Practice Management																							
Multispecialty / Primary Care:																							
Continuicare Corp.	\$4.72	40.9%	51.8%	\$5.25	\$3.06	\$286	\$0	\$34	\$252	\$314	\$40	\$37	Sep-10	Jun-10	\$327	\$42	\$39	0.8x	6.3x	0.8x	6.0x		
IPC The Hospitalist Company, Inc.	32.41	39.0%	3.0%	38.50	21.17	527	0	49	478	348	39	37	Sep-10	Dec-09	362	41	38	1.4x	12.2x	1.3x	11.6x		
Number of Companies	2	Median:	40.0%	27.4%		Total	\$813			\$662		37			\$688		38	1.1x	9.2x	1.0x	8.8x		
		Mean:	40.0%	27.4%					\$365									1.1x	9.2x	1.0x	8.8x		
Specialty:																							
Integramed America Inc.	\$8.61	(11.4%)	7.5%	\$10.24	\$7.01	\$101	\$16	\$52	\$64	\$234	\$16	\$10	Sep-10	Dec-09	\$238	\$17	\$9	0.3x	3.9x	0.3x	3.7x		
MEDNAX, Inc.	61.20	30.0%	8.9%	61.98	44.83	2,919	0	61	2,843	1,366	327	307	Sep-10	Dec-09	1,414	338	316	2.1x	8.7x	2.0x	8.4x		
Number of Companies	2	Median:	9.3%	8.2%		Total	\$3,020			\$1,600		307			\$1,653		316	1.2x	6.3x	1.1x	6.1x		
		Mean:	9.3%	8.2%					\$1,454									1.2x	6.3x	1.1x	6.1x		
Dental:																							
American Dental Partners, Inc.	\$12.35	15.0%	1.2%	\$14.23	\$10.05	\$190	\$107	\$8	\$291	\$282	\$51	\$27	Sep-10	Dec-09	\$286	\$49	\$27	1.0x	5.7x	1.0x	6.0x		
Birner Dental Management Services Inc.	17.90	3.9%	15.9%	18.95	13.83	33	4	1	37	63	5	3	Sep-10	Dec-09	NA	NA	NA	0.6x	6.7x	NA	NA		
Number of Companies	2	Median:	9.5%	8.5%		Total	\$223			\$345		3			\$286		NA	0.8x	6.2x	1.0x	6.0x		
		Mean:	9.5%	8.5%					\$164									0.8x	6.2x	1.0x	6.0x		
Psychiatric Hospitals / Management																							
Magellan Health Services Inc.	\$48.70	13.1%	32.4%	\$50.08	\$34.59	\$1,634	\$1	\$285	\$1,268	\$2,939	\$290	\$235	Sep-10	Dec-09	\$2,978	\$297	\$234	0.4x	4.3x	0.4x	4.3x		
Providence Service Corp.	16.81	27.5%	20.2%	18.57	11.28	218	186	65	346	876	74	62	Sep-10	Dec-09	885	70	58	0.4x	4.7x	0.4x	4.9x		
Res-Care Inc.	13.23	6.4%	3.1%	13.85	8.59	389	159	10	584	1,577	94	68	Sep-10	Dec-09	1,596	89	80	0.4x	6.2x	0.4x	6.6x		
Universal Health Services Inc.	41.12	32.4%	47.1%	43.80	27.59	3,998	1,017	10	5,253	5,300	730	516	Sep-10	Dec-09	5,455	723	502	1.0x	7.2x	1.0x	7.3x		
Number of Companies	4	Median:	20.3%	26.3%		Total	\$6,239			\$10,692		516			\$10,914		502	0.4x	5.4x	0.4x	5.8x		
		Mean:	19.9%	25.7%					\$1,863									0.5x	5.6x	0.5x	5.8x		
Surgicenters / Rehabilitation																							
Surgery Centers:																							
AmSurg Corp.	\$18.40	8.2%	(11.2%)	\$23.33	\$16.35	\$569	\$292	\$29	\$980	\$701	\$251	\$226	Sep-10	Dec-09	\$715	\$243	\$230	1.4x	3.9x	1.4x	4.0x		
Lifepoint Hospitals Inc.	36.22	17.6%	24.8%	39.61	28.48	1,909	1,576	211	3,292	3,156	512	349	Sep-10	Dec-09	3,236	501	352	1.0x	6.4x	1.0x	6.6x		
Number of Companies	2	Median:	12.9%	6.8%		Total	\$2,478			\$3,857		349			\$3,950		352	1.2x	5.2x	1.2x	5.3x		
		Mean:	12.9%	6.8%					\$2,136									1.2x	5.2x	1.2x	5.3x		
Rehabilitation / Long Term Acute Care:																							
HEALTHSOUTH Corp.	\$18.00	8.9%	2.6%	\$22.22	\$16.20	\$1,682	\$1,686	\$191	\$3,643	\$1,965	\$401	\$327	Sep-10	Dec-09	\$1,985	\$410	\$345	1.9x	8.9x	1.8x	8.9x		
Rehabcare Group Inc.	20.23	22.6%	(28.2%)	34.88	15.88	504	413	22	916	1,259	141	113	Sep-10	Dec-09	1,348	164	133	0.7x	6.5x	0.7x	5.6x		
Select Medical Holdings Corporation	6.19	(13.4%)	(31.6%)	10.88	5.62	997	1,438	15	2,451	2,326	310	241	Sep-10	Dec-09	2,388	328	258	1.1x	7.9x	1.0x	7.5x		
US Physical Therapy Inc.	19.19	18.8%	31.3%	20.71	14.30	223	0	10	222	208	37	32	Sep-10	Dec-09	210	32	30	1.1x	6.0x	1.1x	7.0x		
Number of Companies	4	Median:	13.8%	(12.8%)		Total	\$3,407			\$5,758		327			\$5,931		30	1.1x	7.2x	1.0x	7.2x		
		Mean:	9.2%	(6.5%)					\$1,808									1.2x	7.3x	1.1x	7.2x		

Announced U.S.
Healthcare and
Life Sciences
M&A

Announced	Target	Seller	Buyer	Enterprise Value (\$mm)	Enterprise Value			Private Equity Involvement
					Sales	EBITDA	EBIT	
11/29/2010	Pharmacy OneSource, Inc.	-	Wolters Kluwer Health, Inc.	-	-	-	-	No
11/29/2010	EnzymeRx, Inc.	-	3SBio Inc. (NasdaqGS:SSRX)	\$6.3	-	-	-	No
11/24/2010	GeneGo, Inc.	-	Thomson Reuters Corporation (TSX:TRI)	-	-	-	-	No
11/24/2010	EGM International, Inc. (OTCPK:EGML)	-	GID Solutions Co., Ltd.	-	-	-	-	No
11/23/2010	GlaxoSmithKline plc, Oral Penicillin Business in US	GlaxoSmithKline plc (LSE:GSK)	Dr. Reddy's Laboratories Ltd. (BSE:500124)	-	-	-	-	No
11/22/2010	Ardian, Inc.	Advanced Technology Ventures; Morgenthaler; Split Rock Partners, LLC; Emergent Medical Partners	Medtronic, Inc. (NYSE:MDT)	\$898.9	-	-	-	Yes
11/19/2010	Concentra, Inc.	Ferrer Freeman & Company, LLC; Goldman Sachs Group, Merchant Banking Division; Welsh, Carson, Anderson & Stowe	Humana Inc. (NYSE:HUM)	\$790.0	1.0x	-	-	Yes
11/19/2010	Wichita Clinic, Pa	-	Via Christi Health Inc.	-	-	-	-	No
11/19/2010	Virginia Imaging Center, LLC	Cardinal Health, Inc. (NYSE:CAH)	Insight Health Services Holdings Corp. (OTCBB:ISGT)	-	-	-	-	No
11/19/2010	Hospitalists Of West Michigan, P.C.	-	IPC The Hospitalist Company, Inc. (NasdaqGS:IPCM)	-	-	-	-	No
11/19/2010	Sadra Medical, Inc.	Onset Ventures; FirstMark Capital, L.L.C.; Yellowstone Capital Inc.; Oakwood Medical Investors; SV Life Sciences Advisers LLP; Accutiv Medical Ventures, LLC; Finistere Ventures, LLC; Healthcor Partners; Incept LLC	Boston Scientific Corporation (NYSE:BSX)	\$417.4	-	-	-	No
11/19/2010	Edgewood Management Group, LLC, Edgewood Vista Senior Living Facility in Minot	Edgewood Management Group, LLC	Iret Properties, A North Dakota Limited Partnership	\$15.2	-	-	-	No
11/19/2010	Linear Medical Solutions Inc.	-	PSS World Medical Inc. (NasdaqGS:PSSI)	-	-	-	-	No
11/18/2010	Alamo Hospice	-	Hospice Partners of Texas, LLC	-	-	-	-	No
11/18/2010	Sanford Health & MeritCare	-	North Country Health Services	-	-	-	-	No
11/18/2010	Michigan Heart, P.C.	-	Saint Joseph Mercy Health System	-	-	-	-	No
11/18/2010	Genzyme Diagnostics	Genzyme Corp. (NasdaqGS:GENZ)	Sekisui Chemical Co. Ltd. (TSE:4204)	\$265.0	1.6x	-	-	No
11/18/2010	Implant Direct International, Inc.	-	Sybron Dental Specialties Inc.	-	-	-	-	No
11/17/2010	Kinray, Inc.	-	Cardinal Health, Inc. (NYSE:CAH)	\$1,300.0	0.4x	-	-	No
11/17/2010	HealthPort LLC	HealthPort Incorporated	CompuGROUP Holding USA, Inc.	\$18.0	0.6x	9.5x	-	No
11/17/2010	ExperiaHealth	-	Vocera Communications, Inc.	-	-	-	-	No
11/17/2010	Alvarado Hospital Medical Center, Inc.	Plymouth Health LLC	Prime Healthcare Services, Inc.	-	-	-	-	No
11/17/2010	OSDI, Inc.	Siemens Healthcare Diagnostics, Inc.	Wilex AG (XTRA:WL6)	\$0.7	-	-	-	No
11/17/2010	Newmatic Medical	-	MarketLab, Inc.	-	-	-	-	No
11/16/2010	Miller Technical Services	-	Miller Manufacturing Company, Inc.	-	-	-	-	No
11/16/2010	Medline DiaMed, LLC	-	Medline Industries, Inc.	-	-	-	-	No
11/16/2010	FlexSite Diagnostics, Inc.	-	Geonostics, Inc.	-	-	-	-	No
11/15/2010	BioSante Pharmaceuticals, Inc., Oncolytic Virus Technology	BioSante Pharmaceuticals, Inc. (NasdaqGM:BPAX)	Cold Genesys, Inc.	-	-	-	-	No
11/15/2010	Eccentron, LLC	-	BTE Technologies, Inc.	-	-	-	-	No
11/15/2010	The Sexual Recovery Institute, Inc.	-	Elements Behavioral Health, Inc.	-	-	-	-	No
11/15/2010	Northern Kentucky Heart PSC	-	St. Elizabeth Healthcare	-	-	-	-	No
11/15/2010	Cardiology Associates PSC	-	St. Elizabeth Healthcare	-	-	-	-	No
11/15/2010	Good Health Network, Inc.	-	International Merchant Advisors, Inc. (OTCPK:IMAI)	-	-	-	-	No
11/15/2010	Three Rivers Holdings, LLC	-	Tisport, LLC	-	-	-	-	No
11/12/2010	O.R. Solutions, Inc.	-	Ecolab Inc. (NYSE:ECL)	\$260.0	4.7x	-	-	No
11/12/2010	The MED Group	Beecken Petty O'Keefe & Company	Managed Healthcare Associates, Inc.	-	-	-	-	Yes
11/12/2010	Centocor Biologics, LLC	Johnson & Johnson (NYSE:JNJ)	Gallus Biopharmaceuticals, LLC	-	-	-	-	No
11/11/2010	APN Labs, Inc.	-	UAS Laboratories, Inc.	-	-	-	-	No
11/11/2010	Jewish Hospital & St. Mary's HealthCare, Inc.	Jewish Hospital Healthcare Services, Inc.	Catholic Health Initiatives	-	-	-	-	No
11/10/2010	Boston Therapeutics, Inc.	-	Boston Therapeutics, Inc.	-	-	-	-	No
11/10/2010	Caprius Inc. (OTCPK:CAPI)	Little Bear Investments LLC; AWM Investment Company Inc.; Dolphin Asset Management Corp.; Vision Capital Advisors, LLC; Dolphin Management Inc.	Vintage Capital Group, LLC	\$4.0	3.8x	-	-	No
11/8/2010	GreenLeaf Genetics, LLC	Pioneer Hi-Bred International, Inc.	Syngenta Seeds, Inc.	-	-	-	-	No
11/8/2010	CBLPath, Inc.	Galen Partners	Sonic Healthcare Ltd. (ASX:SHL)	\$123.5	1.5x	-	-	Yes
11/8/2010	Quinnian Health, Inc.	-	Blackstone Technology Group, Inc.	-	-	-	-	Yes

**Announced U.S.
Healthcare and
Life Sciences
M&A**

Announced	Target	Seller	Buyer	Enterprise Value (\$mm)	Enterprise Value			Private Equity Involvement
					Sales	EBITDA	EBIT	
11/8/2010	Avid Radiopharmaceuticals, Inc.	Alta Partners; Safeguard Scientifics, Inc. (NYSE:SFE); Osage Partners LLC; Lilly Ventures; AllianceBernstein L.P.; BioAdvance; RK Ventures Group, LLC.; Pfizer Venture Investments	Eli Lilly & Co. (NYSE:LLY)	\$800.0	-	-	-	No
11/5/2010	TestSource Inc.	-	Call24, Inc.	-	-	-	-	No
11/5/2010	Statcorp, Inc., Disposable and Reusable Blood Pressure Cuff and Rapid Infusion Cuff Business	Statcorp, Inc.	OSI Optoelectronics, Inc.	\$3.6	-	-	-	No
11/5/2010	Trinidad State Nursing Home	-	C & G Health Care Management, Inc.	\$3.9	-	-	-	No
11/5/2010	The Anspach Effort, Inc.	-	Synthes Inc. (SWX:SYST)	-	-	-	-	No
11/5/2010	TMR Business	PLC Systems Inc. (OTCBB:PLCS.F); PLC Medical Systems, Inc.; PLC Sistemas Medicos Internacionais (Deutschland) GmbH	Novadaq Corp.	\$1.7	-	-	-	No
11/5/2010	Heart Hospital Of San Antonio, LP	MedCath Corp. (NasdaqGS:MDTH)	Methodist Healthcare System Of San Antonio Ltd, LLP	\$76.3	-	-	-	No
11/5/2010	Biotel Inc. (OTCBB:BTCL)	-	CardioNet, Inc. (NasdaqGM:BEAT)	\$9.4	0.9x	-	-	No
11/4/2010	Spencer Pharmaceutical Inc. (OTCPK:SPPH)	-	Al-Dora Holdings	\$250.7	-	-	-	No
11/4/2010	Mountain Trace Nursing Center	-	AdCare Health Systems Inc. (AMEX:ADK)	\$6.1	-	-	-	No
11/4/2010	International Technidyne Corporation	Thoratec Corp. (NasdaqGS:THOR)	Nexus Dx, Inc.	\$55.0	-	-	-	No
11/4/2010	RWF, LLC	Providence Health Care; Inland Imaging, L.L.C.	Medicalis Corporation	-	-	-	-	No
11/4/2010	Renal Advantage, Inc.	Welsh, Carson, Anderson & Stowe	Liberty Dialysis, LLC	-	-	-	-	Yes
11/3/2010	Smile Brands Group Inc.	Freeman Spogli & Co.	Welsh, Carson, Anderson & Stowe	-	-	-	-	Yes
11/3/2010	Sunwest Management, Inc., River Rock Lodge	Sunwest Management, Inc.	Oxford Development Holdings, LLC	\$3.0	-	-	-	No
11/2/2010	Fayette County Memorial Hospital Foundation Inc.	-	Almost Family Inc. (NasdaqGS:AFAM)	-	-	-	-	No
11/2/2010	Springstone, Inc.	-	Welsh, Carson, Anderson & Stowe	-	-	-	-	Yes
11/2/2010	2 Skilled Nursing Properties Located in Texas	-	LTC Properties Inc. (NYSE:LTC)	\$28.5	-	-	-	No
11/2/2010	Salter Labs	-	RoundTable Healthcare Management, LLC; Bolder Capital, LLC	-	-	-	-	No
11/1/2010	US Oncology Inc.	US Oncology Holdings, Inc.	McKesson Corporation (NYSE:MCK)	-	-	-	-	No
11/1/2010	US Oncology Holdings, Inc.	Welsh, Carson, Anderson & Stowe; Morgan Stanley Strategic Investments, Inc.	McKesson Corporation (NYSE:MCK)	\$2,160.0	0.6x	9.6x	17.5x	Yes
11/1/2010	Greensboro Anesthesia Physicians, P.C.	-	American Anesthesiology, Inc.	-	-	-	-	No
11/1/2010	Livingston Hospital and Healthcare Services, Inc. And North Idaho Home Health	-	LHC Group, Inc. (NasdaqGS:LHCG)	-	-	-	-	No
11/1/2010	Freiberg Orthopaedics & Sports Medicine	-	The Christ Hospital Orthopaedic Associates	-	-	-	-	No
11/1/2010	John D. Dos Passos, II, D.M.D., P.A.	-	Great Expressions Dental Centers, P.C.	-	-	-	-	No
11/1/2010	Unity Physician Group P.C.	-	St. Francis Hospital & Health Centers	-	-	-	-	No
11/1/2010	MedAppz, LLC	-	MedLink International, Inc. (OTCBB:MLKN.A)	\$7.7	-	-	-	No
11/1/2010	Mobility Plus, Inc.	-	Cherokee Nation Businesses, LLC	-	-	-	-	No

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