

# Healthcare Sector Update



October 2014

## Summary – Healthcare Services

- The S&P Healthcare Services Index has increased by 4.6% over the last three months, outperforming the S&P 500.
- Over the past three months:
  - The best performing sectors were Acute Care Hospitals (up 20.8%), Contract Research Organizations (up 10.7%) and Home Care / Hospice (up 10.6%).
  - The worst performing sectors were Care Management / TPA (down 18.2%), Diagnostic Imaging (down 15.4%) and Consumer Directed Health & Wellness (down 11.1%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.51x and 10.9x, respectively.
- The sectors with the highest valuation multiples include:
  - Consumer Directed Health & Wellness (4.11x LTM Revenue, 25.3x LTM EBITDA)
  - Other Services (1.79x LTM Revenue, 21.3x LTM EBITDA)
  - HCIT (3.35x LTM Revenue, 19.1x LTM EBITDA)

## Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 – Pharmaceuticals, Biotechnology & Life Sciences Index has risen 5.1% over the last three months, outperforming the S&P 500.
- Over the past three months:
  - The best performing sectors were Pharmaceuticals (up 9.1%) and Surgical Devices (up 7.1%).
  - The worst performing sectors were Cardiology Devices (down 10.6%) and Lab Instrumentation & Devices (down 10.1%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.74x and 13.3x, respectively.
- The sectors with the highest valuation multiples include:
  - Biotechnology (7.69x LTM Revenue, 21.2x LTM EBITDA)
  - Ophthalmology Devices (1.53x LTM Revenue, 18.5x LTM EBITDA)
  - Life Science Conglomerates (4.27x LTM Revenue, 16.4x LTM EBITDA)

## Inside

**2 Public Trading Data**  
Healthcare Services Companies

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Pharmaceutical / Medical Devices / Life Sciences Companies

**18 Contacts**

MARKET SECTOR	No. of Cos.	Ag. Eqty Mkt. Value	Median % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	Rev	EBITDA	LTM	2014E	
Acute Care Hospitals	5	\$56,122	20.8%	44.2%	1.53x	9.9x	20.0x	18.1x	1.9x
Assisted Living	5	6,723	(3.4%)	17.0%	1.04x	18.1x	NM	20.0x	NM
Care Management / TPA	7	8,645	(18.2%)	9.1%	1.49x	9.3x	19.3x	18.4x	1.0x
Clinical Laboratories	5	24,411	(0.6%)	1.4%	1.91x	9.9x	18.4x	15.1x	1.5x
Consumer Directed Health and Wellness	8	16,751	(11.1%)	(26.3%)	4.11x	25.3x	NM	31.9x	2.1x
Contract Research Orgs	6	22,049	10.7%	27.4%	2.27x	13.1x	27.0x	21.4x	1.5x
Diagnostic Imaging	3	533	(15.4%)	(14.1%)	1.73x	5.8x	NM	27.2x	NM
Dialysis Services	2	36,701	2.3%	17.5%	1.95x	10.2x	22.3x	20.0x	2.3x
Distribution / Supply	7	104,364	4.9%	23.7%	0.36x	11.6x	21.4x	19.0x	1.9x
Emergency Services	3	2,489	7.6%	87.9%	2.66x	8.7x	24.2x	18.7x	1.0x
HCIT	14	38,565	(5.1%)	(10.5%)	3.35x	19.1x	44.1x	35.0x	1.9x
Healthcare Staffing	6	13,695	8.7%	23.7%	1.15x	11.9x	22.0x	22.6x	1.6x
Home Care / Hospice	6	3,952	10.6%	28.3%	0.72x	11.2x	20.8x	17.6x	1.5x
Long Term Care	4	2,889	5.3%	30.9%	0.66x	8.6x	17.4x	16.7x	1.3x
Managed Care – Commercial	7	193,484	2.0%	26.5%	0.66x	9.2x	15.3x	14.6x	1.3x
Managed Care – Government	3	9,461	(5.2%)	18.8%	0.23x	10.6x	22.7x	22.5x	1.2x
Other Services	4	12,001	(2.2%)	6.0%	1.79x	21.3x	37.1x	30.2x	1.9x
Pharmacy Management	6	69,684	(5.6%)	13.2%	0.78x	11.7x	32.5x	16.9x	1.2x
Physician Practice Mgmt	2	5,480	(5.4%)	(0.1%)	1.54x	11.3x	18.5x	17.4x	1.2x
Psychiatric Hospitals	3	5,183	6.6%	23.0%	0.52x	13.0x	35.4x	24.3x	1.4x
Specialty Managed Care	2	5,132	4.5%	13.5%	0.35x	5.1x	9.8x	10.5x	1.4x
Surgicenters / Rehabilitation	7	9,950	(2.6%)	13.9%	1.78x	9.4x	22.3x	18.4x	1.3x
<b>Total / Median (\$MM)</b>	<b>115</b>	<b>648,265</b>	<b>0.7%</b>	<b>17.3%</b>	<b>1.51x</b>	<b>10.9x</b>	<b>22.0x</b>	<b>18.8x</b>	<b>1.5x</b>

Source: Capital IQ

**CAPITALIZATION PROFILE**

	No. of Cos.	Ag. Eqty Mkt. Value	% Total No. of Cos.	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	28	\$530,783	24.3%	81.9%	4.2%	91.4%	23.0%	61.0%
\$1 billion – \$5 billion	37	95,813	32.2%	14.8%	(0.6%)	101.1%	15.6%	58.8%
\$250 million – \$1 billion	34	19,968	29.6%	3.1%	(1.9%)	98.3%	15.2%	62.0%
\$100 million – \$250 million	5	1,090	4.3%	0.2%	(11.8%)	169.7%	(23.4%)	103.7%
< \$100 million	11	611	9.6%	0.1%	(1.8%)	37.3%	23.4%	13.5%
<b>Total / Median (\$MM)</b>	<b>115</b>	<b>\$648,265</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.7%</b>	<b>98.3%</b>	<b>17.3%</b>	<b>61.0%</b>

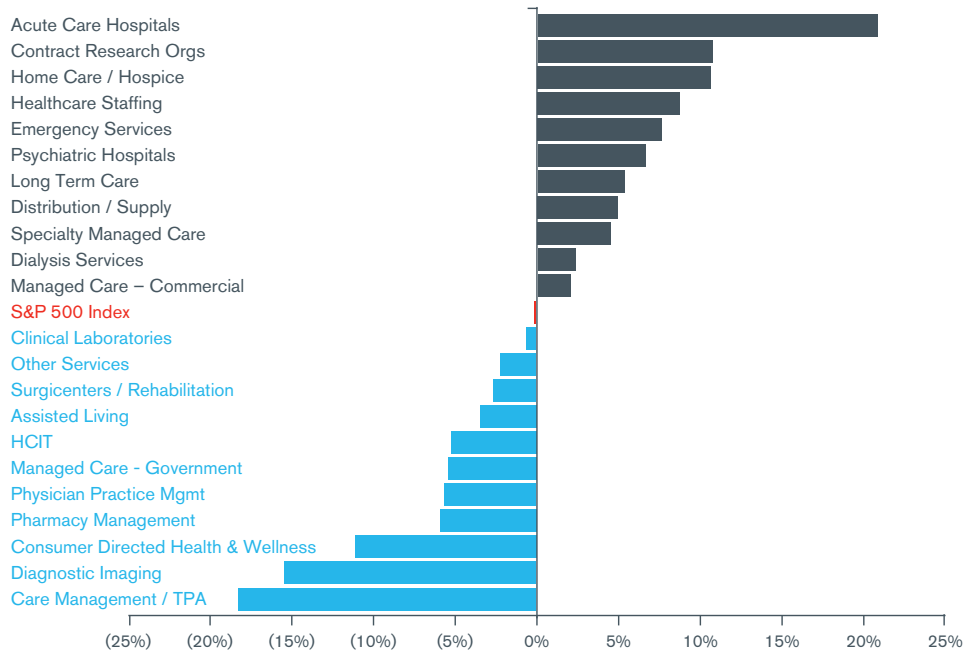
Source: Capital IQ

**MARKET INDICES**

	Value at 9/30/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$17,042.9	0.5%	2.8%	12.2%	56.2%
S&P 500 Index	1,972.3	(0.1%)	6.7%	16.4%	74.3%
NASDAQ Composite Index	4,493.4	0.8%	7.6%	17.7%	86.0%
Russell 2000 Index	1,101.7	(8.6%)	(5.3%)	1.3%	71.0%
AMEX Sector Index – Healthcare	100.8	(8.5%)	(16.1%)	(2.1%)	32.9%
S&P Healthcare Facilities (Sub Ind) Index	395.8	14.4%	33.3%	39.3%	175.5%
S&P Healthcare Providers & Services (Industry) Index	520.7	3.6%	16.4%	21.8%	135.1%
S&P Managed Healthcare (Sub Ind) Index	293.3	(1.5%)	22.1%	15.1%	151.3%
S&P Healthcare Services	388.0	4.6%	2.4%	12.8%	94.4%

Source: Capital IQ

**Median % Change – 3 months**



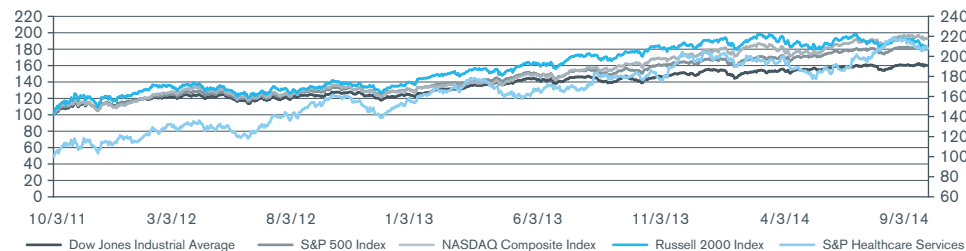
Source: Capital IQ

**INTEREST RATES**

	Value at 9/30/14	1 mo ago	3 mo ago	12 mo ago
LIBOR – USD – 5 Months	0.00%	0.00%	0.00%	0.00%
U.S. Treasury – 2 years	0.58%	0.47%	0.45%	0.33%
U.S. Treasury – 5 years	1.78%	1.63%	1.63%	1.34%
U.S. Treasury – 10 years	2.51%	2.35%	2.51%	2.62%
U.S. Treasury – 30 years	3.21%	3.08%	3.34%	3.34%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

**Performance of Market Indices for Latest 36 months**



Source: Capital IQ

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Acute Care Hospitals</b>																	
Community Health Systems, Inc.	CYH	54.79	20.8%	32.0%	57.72	34.55	6,329	23,724	15,508.7	1,987.9	1.51	3.03	1.53x	11.9x	NM	18.1x	0.96x
HCA Holdings, Inc.	HCA	70.52	25.1%	65.0%	73.94	42.60	30,492	60,414	35,354.0	6,921.0	3.37	4.20	1.71x	8.7x	20.0x	16.8x	1.59x
Lifepoint Hospitals Inc.	LPNT	69.19	11.4%	48.4%	76.50	46.64	3,123	5,102	3,906.5	520.9	2.68	3.09	1.31x	9.8x	22.8x	22.4x	2.89x
Tenet Healthcare Corp.	THC	59.39	26.5%	44.2%	63.61	37.95	5,815	17,400	14,261.0	1,579.0	(1.21)	1.36	1.22x	11.0x	NM	43.7x	3.65x
Universal Health Services Inc.	UHS	104.50	9.1%	39.4%	115.64	73.06	10,363	13,797	7,557.2	1,391.6	5.14	5.76	1.83x	9.9x	19.8x	18.1x	1.89x
<b>Median</b>			<b>20.8%</b>	<b>44.2%</b>									<b>1.42x</b>	<b>9.9x</b>	<b>20.0x</b>	<b>18.1x</b>	<b>1.89x</b>
<b>Assisted Living</b>																	
AdCare Health Systems Inc.	ADK	\$4.74	10.7%	17.0%	\$5.05	\$3.62	\$84	\$234	\$224.0	\$12.9	(\$0.79)	(\$0.51)	1.04x	18.1x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	32.22	(3.4%)	22.5%	36.18	25.24	5,574	8,170	2,604.2	448.4	(0.03)	(0.08)	3.14x	18.2x	NM	NM	NM
Capital Senior Living Corp.	CSU	21.23	(10.9%)	0.4%	26.89	19.90	617	1,222	355.5	53.8	(0.58)	0.29	3.44x	22.7x	NM	NM	NM
Five Star Quality Care Inc.	FVE	3.77	(24.8%)	(27.1%)	6.09	3.23	183	218	1,086.3	38.6	0.07	0.24	0.20x	5.6x	NM	16.0x	NM
Skilled Healthcare Group, Inc.	SKH	6.60	4.9%	51.4%	7.90	4.08	265	667	831.3	64.7	(0.16)	0.28	0.80x	10.3x	NM	23.9x	NM
<b>Median</b>			<b>(5.9%)</b>	<b>8.7%</b>									<b>2.09x</b>	<b>18.1x</b>	<b>7.4x</b>	<b>20.0x</b>	<b>NM</b>
<b>Care Management / TPA</b>																	
Alere Inc.	ALR	\$38.78	3.6%	26.9%	\$43.00	\$30.16	\$3,222	\$7,241	\$2,980.8	\$551.3	(\$1.13)	\$2.18	2.43x	13.1x	NM	17.8x	1.62x
Care.com, Inc.	CRCM	8.15	(35.6%)	NM	29.25	8.00	256	142	95.3	(30.9)	(9.45)	(1.11)	1.49x	NM	NM	NM	NM
CorVel Corporation	CRVL	34.05	(24.6%)	(7.9%)	53.35	28.08	710	676	485.1	72.4	1.57	1.74	1.39x	9.3x	21.3x	19.6x	NM
Crawford & Company	CRD.B	8.25	(18.2%)	(14.9%)	12.22	7.62	439	590	1,141.8	99.3	0.92	0.82	0.52x	5.9x	11.1x	10.1x	1.01x
ExamWorks Group, Inc.	EXAM	32.75	3.2%	26.0%	38.61	24.88	1,287	1,756	680.6	90.4	(0.29)	0.19	2.58x	19.4x	NM	NM	NM
Hooper Holmes Inc.	HH	0.61	(18.7%)	29.2%	0.83	0.42	43	40	53.4	(4.3)	(0.15)	NM	0.75x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	40.13	(6.7%)	(10.9%)	50.55	37.94	2,688	2,507	1,649.8	268.5	1.85	2.11	1.52x	9.3x	19.3x	19.0x	0.97x
<b>Median</b>			<b>(18.2%)</b>	<b>9.1%</b>									<b>1.49x</b>	<b>9.3x</b>	<b>19.3x</b>	<b>18.4x</b>	<b>1.01x</b>

Source: Capital IQ as of September 30, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E		
<b>Clinical Laboratories</b>																		
Bio-Reference Laboratories Inc.	BRLI	\$28.06	(7.1%)	(6.1%)	\$37.97	\$24.13	\$778	\$818	\$796.9	\$97.3	\$1.45	\$1.90	1.03x	8.4x	19.8x	14.8x	0.98x	
Laboratory Corp. of America Holdings	LH	101.75	(0.6%)	2.6%	108.77	87.01	8,639	11,186	5,846.3	1,133.5	6.25	6.72	1.91x	9.9x	16.9x	15.1x	1.48x	
Psychemedics Corp.	PMD	14.16	0.0%	6.9%	18.76	12.00	76	80	28.3	6.0	0.72	0.46	2.82x	13.3x	21.5x	30.8x	1.54x	
Quest Diagnostics Inc.	DGX	60.68	3.4%	(1.8%)	64.38	50.46	8,763	12,630	7,192.0	1,398.0	5.31	4.04	1.76x	9.0x	11.4x	15.0x	1.42x	
Sonic Healthcare Limited	SHL	15.34	(6.1%)	1.4%	16.04	13.20	6,155	7,700	3,690.7	671.3	0.81	0.87	2.09x	11.5x	18.4x	17.6x	1.92x	
<b>Median</b>			<b>(0.6%)</b>	<b>1.4%</b>									<b>1.91x</b>	<b>9.9x</b>	<b>18.4x</b>	<b>15.1x</b>	<b>1.48x</b>	
<b>Contract Research Orgs</b>																		
Albany Molecular Research Inc.	AMRI	\$22.07	9.7%	71.2%	\$23.31	\$9.71	\$717	\$709	\$255.4	\$46.8	\$0.40	\$0.90	2.78x	15.2x	44.3x	24.5x	NM	
Charles River Laboratories International, Inc.	CRL	59.74	11.6%	29.1%	62.50	44.12	2,788	3,500	1,221.9	272.4	2.15	3.33	2.86x	12.8x	24.2x	17.9x	1.77x	
Covance Inc.	CVD	78.70	(8.0%)	(9.0%)	106.50	78.67	4,449	4,091	2,489.3	402.4	3.15	3.86	1.64x	10.2x	28.7x	20.4x	1.39x	
ICON Public Limited Company	ICLR	57.23	21.5%	39.8%	57.98	35.33	3,542	3,367	1,410.7	211.2	1.65	2.65	2.39x	15.9x	26.0x	21.6x	1.03x	
PAREXEL International Corporation	PRXL	63.09	19.4%	25.7%	64.46	37.53	3,453	3,516	1,939.4	281.2	1.97	2.43	1.81x	12.5x	28.0x	25.9x	1.54x	
Quintiles Transnational Holdings Inc.	Q	55.78	4.7%	24.3%	58.77	40.10	7,100	8,531	3,977.4	635.8	1.77	2.64	2.14x	13.4x	23.6x	21.2x	1.57x	
<b>Median</b>			<b>10.7%</b>	<b>27.4%</b>									<b>2.27x</b>	<b>13.1x</b>	<b>27.0x</b>	<b>21.4x</b>	<b>1.54x</b>	
<b>Diagnostic Imaging</b>																		
Alliance Healthcare Services, Inc.	AIQ	\$22.61	(16.3%)	(18.3%)	\$35.40	\$20.06	\$239	\$761	\$440.6	\$132.2	(\$2.02)	NM	1.73x	5.8x	NM	NM	NM	
American Shared Hospital Services	AMS	2.20	(15.4%)	(14.1%)	3.42	2.05	12	40	15.8	8.2	(0.07)	NM	2.52x	4.9x	NM	NM	NM	
RadNet, Inc.	RDNT	6.62	(0.2%)	174.7%	8.12	1.50	283	897	701.5	108.3	0.05	0.24	1.28x	8.3x	NM	27.2x	NM	
<b>Median</b>			<b>(15.4%)</b>	<b>(14.1%)</b>									<b>1.73x</b>	<b>5.8x</b>	<b>NM</b>	<b>27.2x</b>	<b>NM</b>	
<b>Dialysis Services</b>																		
DaVita HealthCare Partners Inc.	DVA	\$73.14	1.1%	28.5%	\$75.27	\$52.75	\$15,710	\$23,959	\$12,269.6	\$2,413.0	\$2.89	\$3.64	1.95x	9.9x	23.2x	20.1x	1.91x	
Fresenius Medical Care AG & Co. KGAA	FME	69.43	3.5%	6.5%	70.00	58.91	20,990	29,693	15,212.7	2,852.8	3.65	3.50	1.95x	10.4x	21.5x	19.9x	2.59x	
<b>Median</b>			<b>2.3%</b>	<b>17.5%</b>									<b>1.95x</b>	<b>10.2x</b>	<b>22.3x</b>	<b>20.0x</b>	<b>2.25x</b>	

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Distribution / Supply</b>																	
Aceto Corp.	ACET	\$19.32	6.5%	23.7%	\$25.25	\$14.98	\$560	\$623	\$510.2	\$55.6	\$1.11	\$1.00	1.22x	11.2x	18.9x	19.3x	0.81x
AmerisourceBergen Corporation	ABC	77.30	6.4%	26.5%	79.13	60.78	17,345	18,078	112,449.5	1,168.3	1.57	4.07	0.16x	15.5x	NM	19.0x	1.32x
Cardinal Health, Inc.	CAH	74.92	9.3%	43.7%	77.74	52.05	25,222	26,325	91,084.0	2,369.0	1.08	3.91	0.29x	11.1x	22.2x	19.2x	1.92x
Henry Schein, Inc.	HSIC	116.47	(1.8%)	12.2%	121.00	102.89	9,880	11,047	9,920.9	822.8	4.93	5.38	1.11x	13.4x	22.4x	21.7x	1.93x
McKesson Corporation	MCK	194.67	4.5%	51.7%	200.00	128.84	45,085	53,439	149,428.0	3,352.0	5.40	10.35	0.36x	15.9x	33.7x	18.8x	1.19x
Owens & Minor Inc.	OMI	32.74	(3.6%)	(5.3%)	38.55	31.71	2,065	2,192	9,151.3	238.1	1.76	1.83	0.24x	9.2x	20.3x	17.9x	2.89x
Patterson Companies, Inc.	PDCO	41.43	4.9%	3.1%	44.39	36.59	4,206	4,630	4,243.1	400.4	2.04	2.22	1.09x	11.6x	20.5x	18.7x	1.96x
<b>Median</b>			<b>4.9%</b>	<b>23.7%</b>									<b>0.36x</b>	<b>11.6x</b>	<b>21.4x</b>	<b>19.0x</b>	<b>1.92x</b>
<b>Emergency Services</b>																	
Adeptus Health Inc.	ADPT	\$24.90	(1.9%)	NM	\$29.33	\$23.35	\$244	\$359	\$140.4	\$5.4	(\$0.13)	(\$0.24)	2.56x	NM	NM	NM	NM
Air Methods Corp.	AIRM	55.55	7.6%	30.5%	60.74	40.93	2,175	2,858	957.8	247.8	1.54	2.67	2.98x	11.5x	25.2x	20.8x	1.08x
InfuSystem Holdings, Inc.	INFU	3.14	18.5%	145.3%	3.25	1.28	70	96	59.4	16.4	0.08	0.19	1.61x	5.9x	23.1x	16.5x	0.83x
<b>Median</b>			<b>7.6%</b>	<b>87.9%</b>									<b>2.56x</b>	<b>8.7x</b>	<b>24.2x</b>	<b>18.7x</b>	<b>0.96x</b>
<b>HCIT</b>																	
Allscripts Healthcare Solutions, Inc.	MDRX	\$13.42	(16.4%)	(9.8%)	\$19.68	\$13.24	\$2,417	\$2,937	\$1,372.7	\$29.4	(\$0.59)	\$0.38	2.14x	99.8x	NM	35.1x	1.56x
athenahealth, Inc.	ATHN	131.69	5.2%	21.3%	206.70	97.30	4,999	5,107	672.1	61.3	0.07	1.09	7.60x	83.3x	NM	NM	NM
Cerner Corporation	CERN	59.57	15.5%	13.4%	63.07	48.39	20,317	19,483	3,074.9	806.3	1.13	1.66	6.34x	24.2x	49.2x	36.0x	1.99x
Computer Programs & Systems Inc.	CPSI	57.49	(9.6%)	(1.7%)	71.89	55.36	644	620	203.2	56.6	2.95	3.26	3.05x	11.0x	18.8x	17.6x	1.38x
Healthstream Inc.	HSTM	24.01	(1.2%)	(36.6%)	39.77	20.76	662	550	151.5	24.8	0.30	0.34	3.63x	22.2x	NM	71.7x	3.77x
HMS Holdings Corp.	HMSY	18.85	(7.6%)	(12.3%)	26.60	15.10	1,654	1,756	466.6	110.1	0.45	0.54	3.76x	15.9x	NM	35.0x	1.70x
MedAssets, Inc.	MDAS	20.72	(9.3%)	(18.5%)	26.58	19.38	1,245	2,035	683.1	202.5	0.45	1.35	2.98x	10.0x	44.1x	15.4x	1.34x
Medical Transcription Billing, Corp.	MTBC	3.56	NM	NM	5.00	3.00	39	42	11.1	0.7	(0.03)	(0.26)	3.80x	58.7x	NM	NM	NM
Medidata Solutions, Inc.	MDSO	44.29	3.5%	(10.5%)	68.21	32.10	2,393	2,410	305.4	25.2	0.31	0.76	7.89x	95.8x	NM	58.7x	2.13x
Merge Healthcare Incorporated	MRGE	2.20	(3.1%)	(15.7%)	2.84	1.97	211	418	215.6	28.9	(0.42)	0.15	1.94x	14.5x	NM	14.7x	0.98x
National Research Corp.	NRCI.B	37.10	(5.1%)	24.2%	44.95	27.25	400	378	95.4	30.5	0.63	0.75	3.96x	12.4x	NM	49.5x	3.66x
Premier, Inc.	PINC	32.86	13.3%	3.7%	38.87	26.52	1,064	805	910.5	343.9	(106.38)	1.34	0.88x	2.3x	NM	24.6x	2.15x
Quality Systems Inc.	QSII	13.77	(14.2%)	(36.6%)	24.15	13.69	829	713	453.0	51.2	0.10	0.51	1.57x	13.9x	NM	27.1x	1.79x
The Advisory Board Company	ABCO	46.59	(10.1%)	(21.7%)	70.55	43.00	1,691	1,655	539.2	61.9	0.59	1.23	3.07x	26.7x	NM	37.8x	2.35x
<b>Median</b>			<b>(5.1%)</b>	<b>(10.5%)</b>									<b>3.35x</b>	<b>19.1x</b>	<b>44.1x</b>	<b>35.1x</b>	<b>1.89x</b>

Source: Capital IQ as of September 30, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Consumer Directed Health &amp; Wellness</b>																	
Benefitfocus, Inc.	BNFT	\$26.94	(41.7%)	(45.2%)	\$77.00	\$26.79	\$686	\$653	\$119.6	(\$36.8)	(\$2.99)	(\$2.40)	5.46x	NM	NM	NM	NM
Castlight Health, Inc.	CSLT	12.94	(14.9%)	NM	41.95	10.05	1,160	1,001	27.7	(81.7)	(0.84)	(1.01)	36.19x	NM	NM	NM	NM
Everyday Health, Inc.	EVDY	13.97	(24.4%)	NM	19.89	11.84	424	409	167.1	14.9	(0.89)	0.45	2.45x	27.6x	NM	30.8x	0.71x
Healthways Inc.	HWAY	16.02	(8.7%)	(13.5%)	18.73	9.59	566	817	693.2	32.3	(0.25)	0.20	1.18x	25.3x	NM	NM	NM
IMS Health Holdings, Inc.	IMS	26.19	2.0%	NM	28.48	21.63	8,696	12,415	2,614.0	621.0	0.51	1.39	4.75x	20.0x	NM	18.9x	1.65x
Streamline Health Solutions, Inc.	STRM	4.63	(3.5%)	(39.1%)	8.50	3.75	85	95	27.4	(9.4)	(0.94)	(0.30)	3.48x	NM	NM	NM	NM
Veeva Systems Inc.	VEEV	28.17	10.7%	NM	49.00	17.11	3,600	3,250	260.2	53.0	0.15	0.31	12.49x	61.4x	NM	92.1x	2.91x
WebMD Health Corp.	WBMD	41.81	(13.4%)	46.4%	53.30	28.14	1,533	1,704	551.4	99.1	0.31	1.27	3.09x	17.2x	NM	32.9x	2.63x
<b>Median</b>			<b>(11.1%)</b>	<b>(26.3%)</b>									<b>4.11x</b>	<b>25.3x</b>	<b>NM</b>	<b>31.9x</b>	<b>2.14x</b>
<b>Healthcare Staffing</b>																	
AMN Healthcare Services Inc.	AHS	\$15.70	27.6%	14.1%	\$16.31	\$10.35	\$730	\$879	\$997.5	\$84.1	\$0.69	\$0.69	0.88x	10.5x	23.4x	22.6x	1.62x
Cross Country Healthcare, Inc.	CCRN	9.29	42.5%	53.8%	11.54	5.26	290	346	458.0	7.6	(1.75)	0.05	0.76x	NM	NM	NM	NM
Envision Healthcare Holdings, Inc.	EVHC	34.68	(3.4%)	33.2%	38.02	25.97	6,345	8,239	4,030.3	474.2	0.04	1.16	2.04x	17.4x	NM	29.8x	1.57x
IPC The Hospitalist Company, Inc.	IPCM	44.79	1.3%	(12.2%)	63.70	38.13	770	829	655.7	69.5	2.39	2.42	1.26x	11.9x	19.9x	18.5x	0.93x
On Assignment Inc.	ASGN	26.85	(24.5%)	(18.6%)	39.86	26.23	1,463	1,809	1,753.0	170.1	1.00	1.64	1.03x	10.6x	20.5x	16.4x	1.15x
Team Health Holdings, Inc.	TMH	57.99	16.1%	52.8%	60.94	37.79	4,097	4,498	2,544.6	267.8	1.24	2.30	1.77x	16.8x	39.5x	25.2x	1.64x
<b>Median</b>			<b>8.7%</b>	<b>23.7%</b>									<b>1.15x</b>	<b>11.9x</b>	<b>22.0x</b>	<b>22.6x</b>	<b>1.57x</b>
<b>Home Care / Hospice</b>																	
Addus HomeCare Corporation	ADUS	\$19.60	(12.8%)	(32.3%)	\$32.40	\$17.02	\$213	\$194	\$285.8	\$18.3	\$1.01	\$1.07	0.68x	10.6x	19.8x	18.3x	1.22x
Almost Family Inc.	AFAM	27.17	23.1%	39.8%	33.97	18.86	257	309	430.9	17.9	0.91	1.70	0.72x	17.3x	31.9x	16.0x	1.45x
Amedisys Inc.	AMED	20.17	20.5%	17.2%	22.58	12.60	670	803	1,192.0	35.3	(2.98)	0.52	0.67x	22.8x	NM	38.9x	4.32x
Chemed Corp.	CHE	102.90	9.8%	43.9%	107.41	64.16	1,779	1,911	1,408.0	183.8	4.16	5.95	1.36x	10.4x	21.9x	17.3x	1.15x
Gentiva Health Services Inc.	GTIV	16.78	11.4%	39.4%	18.93	7.35	619	1,678	1,882.2	142.2	(18.75)	1.07	0.89x	11.8x	NM	15.6x	1.65x
LHC Group, Inc.	LHCG	23.20	8.6%	(1.1%)	26.00	19.69	413	485	668.0	54.1	1.30	1.30	0.73x	9.0x	19.7x	17.9x	1.63x
<b>Median</b>			<b>10.6%</b>	<b>28.3%</b>									<b>0.72x</b>	<b>11.2x</b>	<b>20.8x</b>	<b>17.6x</b>	<b>1.54x</b>

Source: Capital IQ as of September 30, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Long Term Care</b>																	
Diversicare Healthcare Services Inc.	DVCR	\$10.75	41.8%	105.5%	\$13.32	\$4.56	\$66	\$121	\$322.1	\$11.7	(\$1.00)	NM	0.38x	10.4x	NM	NM	NM
Kindred Healthcare Inc.	KND	19.40	(16.0%)	44.5%	26.81	13.13	1,253	2,702	5,012.8	280.4	(0.93)	1.03	0.54x	9.6x	NM	18.8x	1.45x
National Healthcare Corp.	NHC	55.51	(1.4%)	17.4%	58.92	46.82	789	815	832.4	108.3	3.87	3.33	0.98x	7.5x	14.8x	16.7x	NM
The Ensign Group, Inc.	ENSG	34.80	12.0%	(15.3%)	47.78	26.02	780	753	956.0	119.1	1.16	2.19	0.79x	6.3x	20.0x	15.9x	1.16x
<b>Median</b>			<b>5.3%</b>	<b>30.9%</b>									<b>0.66x</b>	<b>8.6x</b>	<b>17.4x</b>	<b>16.7x</b>	<b>1.31x</b>
<b>Managed Care – Commercial</b>																	
Aetna Inc.	AET	\$81.00	(0.1%)	26.5%	\$85.72	\$60.32	\$28,723	\$36,100	\$54,717.8	\$4,686.2	\$5.33	\$6.56	0.66x	7.7x	14.2x	12.3x	1.16x
Cigna Corp.	CI	90.69	(1.4%)	18.0%	97.28	72.64	23,926	27,221	33,407.0	3,038.0	5.18	7.34	0.81x	9.0x	12.5x	12.4x	1.15x
Health Net, Inc.	HNT	46.11	11.0%	45.5%	47.95	25.40	3,703	3,599	11,978.6	364.5	2.12	2.29	0.30x	9.9x	15.7x	20.1x	1.21x
Humana Inc.	HUM	130.29	2.0%	39.6%	135.86	90.19	20,098	21,394	44,440.0	2,270.0	7.73	7.75	0.48x	9.4x	19.6x	16.8x	1.63x
UnitedHealth Group Incorporated	UNH	86.25	5.5%	20.4%	88.85	66.72	83,803	95,471	126,023.0	10,701.0	5.50	5.58	0.76x	8.9x	15.8x	15.5x	1.57x
Universal American Corp	UAM	8.04	(3.5%)	5.5%	8.68	6.60	647	733	2,091.4	16.0	(2.20)	0.14	0.35x	NM	NM	NM	NM
WellPoint Inc.	WLP	119.62	11.2%	43.1%	124.58	81.84	32,586	47,545	72,090.0	5,039.1	8.67	8.74	0.66x	9.4x	14.9x	13.7x	1.36x
<b>Median</b>			<b>2.0%</b>	<b>26.5%</b>									<b>0.66x</b>	<b>9.2x</b>	<b>15.3x</b>	<b>14.6x</b>	<b>1.29x</b>
<b>Managed Care – Government</b>																	
Centene Corp.	CNC	\$82.71	9.4%	29.3%	\$83.97	\$54.12	\$4,846	\$4,666	\$12,700.5	\$430.5	\$2.87	\$3.83	0.37x	10.8x	26.9x	21.6x	1.23x
Molina Healthcare, Inc.	MOH	42.30	(5.2%)	18.8%	48.03	31.10	1,967	1,751	7,564.0	164.6	0.96	1.88	0.23x	10.6x	NM	22.5x	0.89x
WellCare Health Plans, Inc.	WCG	60.34	(19.2%)	(13.5%)	78.37	55.16	2,648	2,134	11,076.7	296.9	3.98	2.16	0.19x	7.2x	18.6x	27.9x	2.66x
<b>Median</b>			<b>(5.2%)</b>	<b>18.8%</b>									<b>0.23x</b>	<b>10.6x</b>	<b>22.7x</b>	<b>22.5x</b>	<b>1.23x</b>

Source: Capital IQ as of September 30, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Other Services</b>																	
Healthcare Services Group Inc.	HCSG	\$28.61	(2.8%)	11.1%	\$30.69	\$24.40	\$2,012	\$1,944	\$1,233.8	\$76.3	\$0.67	\$0.87	1.58x	25.5x	42.6x	33.0x	1.96x
PDI, Inc.	PDII	2.40	(45.2%)	(50.2%)	6.25	2.26	37	(1.7)	135.0	(8.3)	(0.31)	(0.58)	(0.01x)	0.2x	NM	NM	NM
Sharps Compliance Corp.	SMED	4.37	(0.7%)	42.3%	5.90	2.77	67	53	26.6	0.9	(0.09)	0.02	2.00x	57.0x	NM	NM	NM
Stericycle, Inc.	SRCL	116.56	(1.6%)	1.0%	125.43	108.62	9,885	11,600	2,313.3	676.8	3.56	4.24	5.01x	17.1x	31.6x	27.5x	1.78x
<b>Median</b>			<b>(2.2%)</b>	<b>6.0%</b>									<b>1.79x</b>	<b>21.3x</b>	<b>37.1x</b>	<b>30.2x</b>	<b>1.87x</b>
<b>Pharmacy Management</b>																	
BioScrip Inc.	BIOS	\$6.91	(17.1%)	(21.3%)	\$9.05	\$5.61	\$474	\$891	\$975.3	\$21.1	(\$0.83)	(\$0.15)	0.91x	42.2x	NM	NM	NM
Catamaran Corporation	CCT	42.19	(4.5%)	(8.3%)	52.62	36.25	8,752	9,462	18,443.2	763.6	1.27	2.18	0.51x	12.4x	32.5x	19.4x	0.91x
Express Scripts Holding Company	ESRX	70.63	1.9%	14.3%	79.37	59.20	52,651	65,926	100,493.0	6,419.7	2.31	4.88	0.66x	10.3x	31.1x	14.5x	1.17x
Omnicare Inc.	OCR	62.26	(6.5%)	12.2%	67.49	52.26	6,092	8,000	6,233.0	722.4	0.78	3.69	1.28x	11.1x	NM	16.9x	1.12x
Omnicell, Inc.	OMCL	27.33	(4.8%)	15.4%	30.33	20.88	980	854	406.6	59.9	0.67	1.23	2.10x	14.3x	35.1x	22.3x	1.24x
PharMerica Corporation	PMC	24.43	(14.6%)	84.1%	30.48	13.24	734	992	1,788.1	112.0	0.63	1.60	0.55x	8.9x	NM	15.2x	1.52x
<b>Median</b>			<b>(5.6%)</b>	<b>13.2%</b>									<b>0.78x</b>	<b>11.7x</b>	<b>32.5x</b>	<b>16.9x</b>	<b>1.17x</b>
<b>Physician Practice Mgmt</b>																	
Birner Dental Management Services Inc.	BDMS	\$16.98	(5.1%)	(9.4%)	\$22.40	\$15.50	\$32	\$40	\$64.7	\$3.4	\$0.05	NM	0.62x	11.8x	NM	NM	NM
MEDNAX, Inc.	MD	54.82	(5.7%)	9.2%	64.51	49.83	5,448	5,603	2,284.0	522.7	2.78	3.15	2.45x	10.7x	18.5x	17.4x	1.22x
<b>Median</b>			<b>(5.4%)</b>	<b>(0.1%)</b>									<b>1.54x</b>	<b>11.3x</b>	<b>18.5x</b>	<b>17.4x</b>	<b>1.22x</b>
<b>Psychiatric Hospitals</b>																	
Acadia Healthcare Company, Inc.	ACHC	\$48.50	6.6%	23.0%	\$53.87	\$37.88	\$2,901	\$3,191	\$789.9	\$154.7	\$0.86	\$1.46	NM	20.6x	39.7x	33.3x	1.42x
Magellan Health, Inc.	MGLN	54.73	(12.1%)	(8.7%)	63.81	53.51	1,565	1,404	3,736.3	206.9	4.53	2.60	0.38x	6.8x	15.8x	21.1x	1.24x
Providence Service Corp.	PRSC	48.38	32.2%	68.6%	49.41	23.91	717	786	1,186.9	60.7	1.41	1.99	0.66x	13.0x	35.4x	24.3x	1.47x
<b>Median</b>			<b>6.6%</b>	<b>23.0%</b>									<b>0.52x</b>	<b>13.0x</b>	<b>35.4x</b>	<b>24.3x</b>	<b>1.42x</b>

Source: Capital IQ as of September 30, 2014; For definitions, see page 9



Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Specialty Managed Care</b>																	
Assurant Inc.	AIZ	\$64.30	(1.9%)	18.9%	\$69.71	\$53.77	\$4,590	\$4,457	\$9,715.7	\$998.6	\$6.30	\$6.32	0.46x	4.5x	9.2x	10.2x	1.75x
Triple-S Management Corporation	GTS	19.90	11.0%	8.2%	20.55	14.70	543	571	2,365.4	99.0	2.01	1.84	0.24x	5.8x	10.3x	10.8x	1.03x
<b>Median</b>			<b>4.5%</b>	<b>13.5%</b>									<b>0.35x</b>	<b>5.1x</b>	<b>9.8x</b>	<b>10.5x</b>	<b>1.39x</b>
<b>Surgicenters / Rehabilitation</b>																	
AmSurg Corp.	AMSG	\$50.05	9.8%	26.1%	\$54.48	\$39.31	\$2,405	\$3,493	\$1,098.3	\$369.8	\$2.27	\$2.60	3.18x	9.4x	22.0x	19.2x	1.12x
Civitas Solutions, Inc.	CIVI	15.62	NM	NM	17.19	15.11	577	1,341	1,244.0	131.1	(0.68)	NM	1.08x	10.2x	32.6x	NM	NM
Hanger, Inc.	HGR	20.52	(34.8%)	(39.2%)	40.71	20.42	706	1,241	1,060.7	156.2	1.80	1.62	1.17x	7.9x	12.4x	12.7x	1.04x
HEALTHSOUTH Corp.	HLS	36.90	2.9%	7.0%	42.41	29.82	3,237	4,894	2,303.3	577.5	2.59	2.10	2.12x	8.5x	22.5x	17.6x	1.26x
Select Medical Holdings Corporation	SEM	12.03	(22.9%)	49.1%	16.17	8.00	1,564	3,229	2,963.0	357.4	0.82	0.94	1.09x	9.0x	13.7x	12.8x	1.39x
Surgical Care Affiliates, Inc.	SCAI	26.73	(8.1%)	NM	37.69	25.50	1,028	1,895	807.4	171.1	(1.39)	0.90	2.35x	11.1x	NM	29.6x	NM
US Physical Therapy Inc.	USPH	35.39	3.5%	13.9%	37.25	29.16	433	495	278.3	48.9	1.46	1.69	1.78x	10.1x	23.8x	21.0x	1.32x
<b>Median</b>			<b>(2.6%)</b>	<b>13.9%</b>									<b>1.78x</b>	<b>9.4x</b>	<b>22.3x</b>	<b>18.4x</b>	<b>1.26x</b>

**Definitions**

**PEG Ratio:** Price Earnings to Growth

**EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization

**EPS:** Earnings Per Share

**Enterprise Value:** Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

**LTM:** Last Twelve Months

Source: Capital IQ as of September 30, 2014

MARKET SECTOR	No. of Cos.	Ag. Eqty Mkt. Value	Median % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	Rev	EBITDA	LTM	2014E	
Biotechnology	60	\$565,750	(5.1%)	11.9%	7.69x	21.2x	26.9x	25.7x	1.3x
Cardiology Devices	19	112,104	(10.6%)	5.0%	3.55x	12.0x	22.8x	20.2x	1.7x
Conglomerates	6	512,559	(2.2%)	16.4%	2.93x	11.6x	21.5x	18.1x	2.0x
Dental Devices	8	19,151	(2.9%)	22.0%	2.68x	14.7x	27.4x	26.8x	1.8x
Diagnostic Imaging Devices	4	7,693	(6.9%)	36.9%	1.23x	11.2x	18.6x	17.6x	1.6x
Diversified Medical Devices	16	97,334	(0.6%)	21.5%	2.87x	13.5x	21.9x	19.2x	1.6x
Infection Prevention Devices	2	4,627	(2.6%)	16.8%	2.64x	13.8x	29.8x	25.3x	1.7x
Lab Equipment	2	7,446	1.3%	5.3%	1.83x	11.1x	18.9x	22.1x	1.7x
Lab Instrumentation & Devices	3	11,566	(10.1%)	(10.3%)	1.61x	13.1x	40.3x	23.1x	1.6x
Large-Cap Pharmaceuticals	7	701,557	3.8%	25.7%	5.03x	13.3x	26.8x	18.3x	2.8x
Life Science Conglomerates	3	76,375	(6.9%)	32.1%	4.27x	16.4x	28.6x	17.8x	1.4x
Life Science Consumables	5	8,740	(5.3%)	16.8%	1.95x	16.9x	40.1x	28.6x	1.5x
Mobility Devices	4	3,210	(0.9%)	15.6%	0.50x	9.6x	18.4x	37.2x	1.9x
Neural Implant Devices	2	2,980	(6.3%)	12.1%	3.36x	13.0x	23.3x	19.9x	1.4x
Ophthalmology Devices	4	8,137	(3.5%)	20.1%	1.53x	18.5x	34.8x	19.5x	1.3x
Orthopedics Devices	6	51,384	(3.3%)	20.9%	2.80x	10.6x	22.0x	17.7x	1.8x
Pharmaceuticals	28	73,979	9.1%	35.9%	4.69x	14.2x	31.0x	16.8x	1.2x
Surgical Devices	4	17,849	7.1%	15.6%	2.20x	13.4x	33.7x	28.8x	2.4x
<b>Total / Median (\$MM)</b>	<b>183</b>	<b>\$2,282,440</b>	<b>(3.1%)</b>	<b>16.8%</b>	<b>2.74x</b>	<b>13.3x</b>	<b>26.9x</b>	<b>20.0x</b>	<b>1.7x</b>

Source: Capital IQ

**CAPITALIZATION PROFILE**

	No. of Cos.	Ag. Eqty Mkt. Value	% Total No. of Cos.	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	48	\$2,169,835	26.2%	95.1%	3.4%	116.2%	28.0%	68.8%
\$1 billion – \$5 billion	37	79,065	20.2%	3.5%	(4.8%)	99.5%	17.5%	75.8%
\$250 million – \$1 billion	54	28,069	29.5%	1.2%	(4.2%)	221.9%	23.2%	103.4%
\$100 million – \$250 million	27	4,213	14.8%	0.2%	(16.8%)	190.0%	13.7%	65.5%
< \$100 million	17	1,258	9.3%	0.1%	6.8%	111.0%	26.2%	37.5%
<b>Total / Median (\$MM)</b>	<b>183</b>	<b>\$2,282,440</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(3.1%)</b>	<b>116.2%</b>	<b>16.8%</b>	<b>68.8%</b>

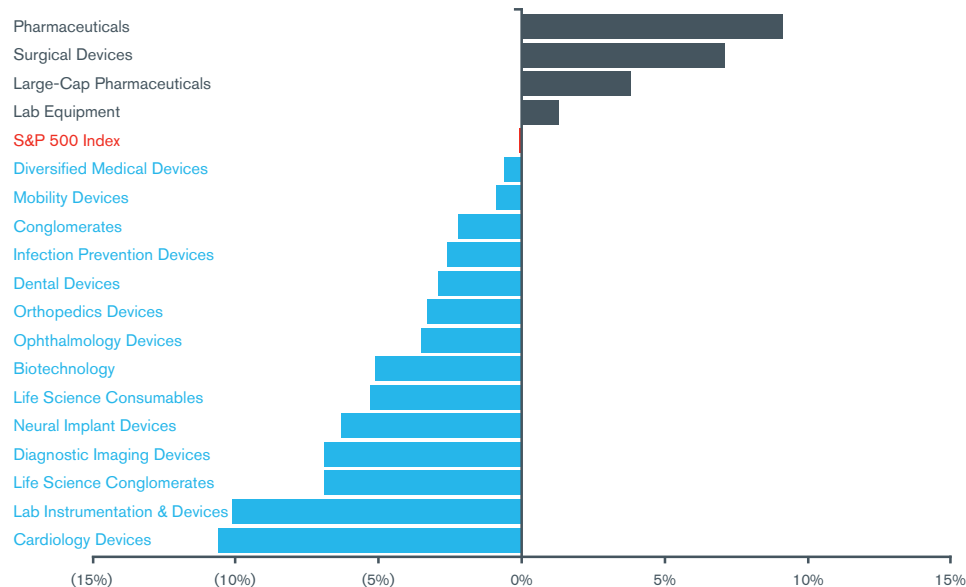
Source: Capital IQ

**INTEREST RATES**

	Value at 9/30/14	1 mo ago	3 mo ago	12 mo ago
LIBOR – USD – 5 Month	0.00%	0.00%	0.00%	0.00%
U.S. Treasury – 2 year	0.58%	0.47%	0.45%	0.33%
U.S. Treasury – 5 years	1.78%	1.63%	1.63%	1.34%
U.S. Treasury – 10 years	2.51%	2.35%	2.51%	2.62%
U.S. Treasury – 30 years	3.21%	3.08%	3.34%	3.34%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

**Median % Change – 3 months**



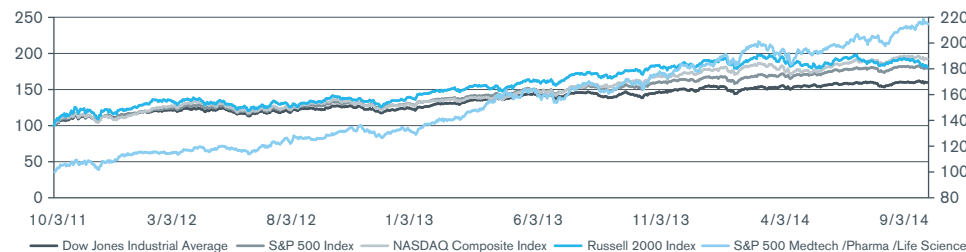
Source: Capital IQ

**MARKET INDICES**

MARKET INDICES	Value at 9/30/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$17,042.9	0.5%	2.8%	12.2%	56.2%
S&P 500 Index	1,972.3	(0.1%)	6.7%	16.4%	74.3%
NASDAQ Composite Index	4,493.4	0.8%	7.6%	17.7%	86.0%
Russell 2000 Index	1,101.7	(8.6%)	(5.3%)	1.3%	71.0%
S&P Life Science Tools & Services (Industry) Index	286.9	(0.3%)	5.0%	16.6%	103.8%
S&P 500 Pharmaceuticals (Industry) Index	556.1	1.7%	13.6%	22.1%	83.2%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	649.9	4.9%	17.4%	26.7%	117.5%
S&P 500 Biotechnology (Industry) Index	3,572.6	14.1%	27.5%	38.1%	243.5%
Dow Jones U.S. Medical Equipment Index	820.4	(2.4%)	8.6%	18.0%	78.5%
<b>S&amp;P 500 – Pharmaceuticals, Biotechnology &amp; Life Sciences (Industry Group)</b>	<b>730.6</b>	<b>5.1%</b>	<b>17.0%</b>	<b>26.3%</b>	<b>112.4%</b>

Source: Capital IQ

**Performance of Market Indices for Latest 36 months**



Source: Capital IQ

## Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Biotechnology</b>																	
Acceleron Pharma, Inc.	XLRN	\$30.24	(11.0%)	36.0%	\$57.89	\$16.78	\$962	\$757	\$23.2	(\$33.8)	(\$4.15)	(\$1.50)	NM	NM	NM	NM	NM
Acorda Therapeutics, Inc.	ACOR	33.88	0.5%	(0.9%)	39.95	27.51	1,414	1,096	355.2	47.2	0.39	1.07	3.09x	23.2x	75.8x	31.8x	1.31x
Adamas Pharmaceuticals, Inc.	ADMS	18.62	1.9%	NM	21.63	12.02	312	167	65.6	43.5	3.51	0.16	2.55x	3.9x	7.0x	NM	NM
Affimed Therapeutics B.V.	ADMS	6.30	NM	NM	7.00	5.63	151	266	8.9	(13.1)	(2.25)	NM	29.75x	NM	NM	NM	NM
Akebia Therapeutics, Inc.	AKBA	22.13	(20.4%)	NM	31.00	16.41	448	324	-	-	(1.31)	(19.19)	NA	NA	NM	NM	NM
Alexion Pharmaceuticals, Inc.	ALXN	165.82	6.1%	42.8%	185.43	100.89	32,802	31,348	1,921.4	779.3	1.27	5.02	16.32x	40.2x	83.1x	33.0x	1.26x
Alkermes plc	ALKS	42.87	(14.8%)	27.5%	54.25	29.36	6,252	5,974	558.8	40.8	0.16	0.25	10.69x	NM	NM	NM	NM
Amarin Corporation plc	AMRN	1.09	(38.1%)	(82.8%)	7.39	1.07	188	246	42.1	(120.4)	(1.28)	(0.54)	5.84x	NM	NM	NM	NM
Amgen Inc.	AMGN	140.46	18.7%	25.5%	144.46	105.76	106,694	113,834	19,460.0	8,134.0	6.64	8.38	5.85x	14.0x	21.5x	16.8x	2.16x
Athersys, Inc.	ATHX	1.39	(22.3%)	(15.2%)	4.33	1.08	107	69	2.6	(25.8)	(0.53)	(0.35)	26.12x	NM	NM	NM	NM
Auspex Pharmaceuticals, Inc.	ASPX	25.67	15.3%	NM	35.78	13.25	702	605	-	(23.5)	(371.13)	(1.93)	NA	NM	NM	NM	NM
Avalanche Biotechnologies, Inc.	AAVL	34.19	NM	NM	36.78	22.00	761	769	0.2	(8.7)	(0.74)	(1.64)	NM	NM	NM	NM	NM
Bio Blast Pharma Ltd.	ORPN	7.27	NM	NM	10.00	6.61	103	99	-	-	(0.14)	(0.38)	NA	NA	NM	NM	NM
Biogen Idec Inc.	BIIB	330.81	4.9%	37.4%	358.89	221.07	78,119	77,139	8,344.8	3,640.6	7.81	13.10	9.24x	21.2x	36.8x	25.2x	1.14x
BioSpecifics Technologies Corp.	BSTC	35.30	30.9%	81.3%	35.37	17.57	229	212	12.6	6.5	0.76	0.67	16.78x	32.8x	58.0x	53.1x	NM
Cara Therapeutics Inc.	CARA	8.39	(50.7%)	NM	23.25	7.81	190	127	3.1	(12.0)	(0.74)	(0.87)	NM	NM	NM	NM	NM
Celgene Corporation	CELG	94.78	10.4%	23.0%	96.50	66.85	75,778	76,483	7,033.0	2,416.4	1.69	3.66	10.87x	31.7x	54.8x	25.9x	1.05x
Cepheid	CPHD	44.03	(8.2%)	12.8%	55.89	36.17	3,091	3,058	436.8	2.5	(0.27)	0.11	7.00x	NM	NM	NM	NM
ContraFect Corporation	CFRX	3.85	NM	NM	5.20	3.30	77	128	-	(13.9)	(4.24)	(0.99)	NA	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	66.34	(5.0%)	4.4%	82.12	58.50	5,024	5,215	1,121.4	140.3	(0.27)	1.19	4.65x	37.2x	NM	55.9x	2.33x
Curis, Inc.	CRIS	1.41	(24.2%)	(68.4%)	4.74	1.35	121	95	14.8	(10.5)	(0.15)	(0.16)	6.44x	NM	NM	NM	NM
Dicerna Pharmaceuticals, Inc.	DRNA	12.73	(43.6%)	NM	46.00	12.55	226	126	-	(29.0)	(709.57)	(2.11)	NA	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.58	(11.7%)	(7.6%)	1.87	1.25	49	53	13.6	(3.9)	(0.01)	NM	3.89x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	21.31	(5.1%)	11.9%	28.48	17.31	799	882	351.4	63.8	0.85	0.84	2.51x	13.8x	58.8x	25.5x	0.82x
Exelixis, Inc.	EXEL	1.53	(54.9%)	(73.7%)	8.41	1.51	299	414	21.3	(238.6)	(1.33)	(1.44)	19.45x	NM	NM	NM	NM
Genomic Health Inc.	GHDX	28.31	3.3%	(7.4%)	37.24	23.90	893	787	272.3	(13.2)	(0.42)	(0.77)	2.89x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	106.45	28.4%	69.3%	110.64	58.81	160,917	161,961	17,436.6	10,496.0	1.81	8.02	9.29x	15.4x	24.1x	13.3x	0.45x
GlycoMimetics, Inc.	GLYC	6.94	(17.7%)	NM	18.99	6.02	131	65	15.2	(4.5)	(8.87)	0.51	4.28x	NM	NM	13.6x	NM
Immunomedics Inc.	IMMU	3.72	1.9%	(40.0%)	7.35	3.04	346	304	9.0	(35.0)	(0.17)	(0.43)	NM	NM	NM	NM	NM
Immune Design Corp.	IMDZ	17.66	NM	NM	19.05	11.51	298	369	1.2	(18.3)	(2.28)	(20.73)	NM	NM	NM	NM	NM
INSYS Therapeutics, Inc.	INSY	38.78	24.2%	66.2%	57.91	20.52	1,338	1,284	166.7	56.4	1.41	1.35	7.70x	22.7x	26.9x	28.7x	1.13x
Ligand Pharmaceuticals Incorporated	LGND	46.99	(24.6%)	8.6%	80.42	43.20	976	956	54.3	19.4	0.43	0.72	17.60x	49.3x	NM	65.3x	2.18x
Loxo Oncology, Inc.	LOXO	13.13	NM	NM	16.45	10.00	218	235	-	-	(6.37)	(1.07)	NA	NA	NM	NM	NM
Macrocare Ltd.	MCUR	7.19	NM	NM	10.20	7.01	116	105	-	(16.3)	(2.46)	(1.61)	NA	NM	NM	NM	NM

Source: Capital IQ as of September 30, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Biotechnology (cont.)</b>																	
Momenta Pharmaceuticals Inc.	MNTA	\$11.34	(6.1%)	(21.2%)	\$19.90	\$9.85	\$616	\$414	\$45.2	(\$101.8)	(\$2.13)	(\$1.61)	9.15x	NM	NM	NM	NM
Myriad Genetics Inc.	MYGN	38.57	(0.9%)	64.1%	42.50	20.02	2,808	2,621	778.2	300.9	2.32	1.98	3.37x	8.7x	17.1x	19.4x	1.84x
Neurocrine Biosciences Inc.	NBIX	15.67	5.6%	38.4%	20.29	8.57	1,190	995	1.5	(49.9)	(0.69)	(0.78)	NM	NM	NM	NM	NM
Ocular Therapeutix, Inc.	OCUL	14.97	NM	NM	16.97	11.90	319	389	0.1	(19.2)	(0.91)	(2.17)	NM	NM	NM	NM	NM
Osiris Therapeutics, Inc.	OSIR	12.59	(19.4%)	(24.3%)	19.75	11.80	432	380	38.3	(0.6)	(0.03)	(0.08)	9.93x	NM	NM	NM	NM
Otonomy, Inc.	OTIC	24.00	NM	NM	28.20	15.19	488	420	-	(32.4)	(4.42)	(3.08)	NA	NM	NM	NM	NM
PDL BioPharma, Inc.	PDLI	7.47	(22.8%)	(6.3%)	10.26	7.38	1,200	1,490	439.1	435.1	1.66	2.20	3.39x	3.4x	4.5x	3.4x	NM
Pfenex Inc.	PFNX	7.36	NM	NM	7.45	5.28	150	264	12.0	(6.2)	(0.37)	(3.41)	21.88x	NM	NM	NM	NM
ProMetic Life Sciences Inc.	PLI	1.54	51.9%	108.3%	1.65	0.67	817	837	19.9	(20.7)	(0.03)	(0.02)	NM	NM	NM	NM	NM
ProQR Therapeutics N.V.	PRQR	17.19	NM	NM	21.87	14.12	382	389	0.0	(12.5)	(0.81)	NM	NM	NM	NM	NM	NM
Prosensa Holding N.V.	RNA	8.43	(33.2%)	27.5%	13.32	3.43	304	220	26.4	(11.5)	(0.71)	(0.76)	8.32x	NM	NM	NM	NM
Regeneron Pharmaceuticals, Inc.	REGN	360.52	27.6%	15.2%	369.31	257.69	36,369	36,070	2,498.9	903.9	3.81	10.09	14.43x	39.9x	NM	35.7x	1.68x
Roka Bioscience, Inc.	ROKA	10.05	NM	NM	13.00	9.00	177	290	3.5	(26.7)	(3.26)	(1.99)	NM	NM	NM	NM	NM
Sage Therapeutics, Inc.	SAGE	31.50	NM	NM	34.88	0.00	810	853	-	(22.2)	(1.92)	(2.34)	NA	NM	NM	NM	NM
Spectrum Pharmaceuticals, Inc.	SPPI	8.14	0.1%	(2.9%)	10.32	6.36	534	492	170.9	(17.1)	(1.02)	(0.54)	2.88x	NM	NM	NM	NM
T2 Biosystems, Inc.	TTOO	18.09	NM	NM	24.50	13.40	363	469	0.1	(23.6)	(1.53)	(3.06)	NM	NM	NM	NM	NM
Targacept, Inc.	TRGT	2.53	(43.9%)	(52.4%)	6.11	2.47	85	(11.5)	0.2	(46.0)	(1.39)	(1.07)	NM	0.3x	NM	NM	NM
Theravance Inc.	THRX	17.09	(42.6%)	(58.2%)	41.62	17.06	1,925	2,328	2.3	(172.5)	(1.67)	(1.20)	NM	NM	NM	NM	NM
Tokai Pharmaceuticals, Inc.	TKAI	15.14	NM	NM	30.00	15.10	331	310	-	(19.3)	(1.29)	NM	NA	NM	NM	NM	NM
Ultragenyx Pharmaceutical Inc.	RARE	56.60	26.1%	NM	69.77	32.02	1,794	1,641	-	(40.8)	(14.87)	(2.02)	NA	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	128.65	45.4%	63.2%	136.93	78.14	6,081	5,877	1,203.4	499.2	3.28	8.67	4.88x	11.8x	24.9x	14.8x	1.56x
Vanda Pharmaceuticals, Inc.	VNDA	10.38	(35.8%)	(5.2%)	19.25	5.70	352	288	37.5	(58.2)	(0.67)	(1.92)	7.68x	NM	NM	NM	NM
Versartis, Inc.	VSAR	18.99	(32.3%)	NM	36.86	16.15	459	267	-	(27.2)	(1.99)	(4.05)	NA	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	112.31	18.6%	48.1%	116.88	58.06	26,739	26,058	829.7	(452.6)	(1.98)	(2.15)	NM	NM	NM	NM	NM
Vital Therapies, Inc.	VTL	20.41	(25.1%)	NM	35.20	10.66	445	354	-	(41.9)	(74.86)	(3.57)	NA	NM	NM	NM	NM
Zafgen, Inc.	ZFGN	19.65	(0.7%)	NM	21.96	17.06	446	319	-	(17.8)	(1.05)	(3.68)	NA	NM	NM	NM	NM
<b>Median</b>			<b>(5.1%)</b>	<b>11.9%</b>									<b>7.69x</b>	<b>21.19x</b>	<b>26.93x</b>	<b>25.71x</b>	<b>1.31x</b>
<b>Cardiology Devices</b>																	
ABIOMED, Inc.	ABMD	\$24.83	(1.2%)	30.3%	\$30.77	\$18.54	\$1,005	\$918	\$189.8	\$11.3	\$0.19	\$0.54	4.83x	NM	NM	46.0x	2.14x
AngioDynamics Inc.	ANGO	13.72	(16.0%)	3.9%	19.00	13.06	486	612	350.6	45.9	(0.07)	0.62	1.74x	13.3x	NM	22.3x	1.70x
Boston Scientific Corporation	BSX	11.81	(7.5%)	0.6%	14.08	11.12	15,657	19,552	7,220.0	1,631.0	(0.09)	0.80	2.71x	12.0x	65.4x	14.7x	1.52x
Cardiovascular Systems Inc.	CSII	23.63	(24.2%)	17.9%	37.73	18.83	745	621	136.6	(32.1)	(1.19)	(1.24)	4.54x	NM	NM	NM	NM
CareDx, Inc	CDNA	7.00	NM	NM	10.89	6.35	83	244	24.4	1.5	(0.48)	(0.37)	10.01x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	102.15	19.0%	46.7%	104.69	60.62	10,831	9,945	2,129.1	499.5	3.44	3.30	4.67x	19.9x	14.7x	30.9x	2.17x
Greatbatch, Inc.	GB	42.61	(13.1%)	25.2%	51.64	33.31	1,061	1,203	690.7	120.9	1.43	2.33	1.74x	9.9x	22.8x	18.3x	1.67x
Heartware International Inc.	HTWR	77.63	(12.3%)	6.1%	105.84	69.31	1,320	1,248	244.5	(27.8)	(3.69)	(2.29)	5.11x	NM	NM	NM	NM

Source: Capital IQ as of September 30, 2014; For definitions, see page 17

## Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Cardiology Devices (cont.)</b>																	
LeMaitre Vascular, Inc.	LMAT	\$6.88	(16.8%)	2.7%	\$8.96	\$6.57	\$119	\$96	\$67.5	\$7.7	\$0.20	\$0.22	1.42x	12.4x	43.0x	31.5x	1.57x
Lombard Medical, Inc.	EVAR	7.69	6.8%	NM	11.34	5.31	124	54	8.1	(28.7)	(2.14)	(2.81)	6.71x	NM	NM	NM	NM
Medtronic, Inc.	MDT	61.95	(2.8%)	16.3%	67.11	52.44	60,681	59,510	17,083.0	5,613.0	3.51	3.99	3.48x	10.6x	20.9x	15.5x	2.07x
Neovasc Inc.	NVC	5.68	(8.8%)	148.9%	7.02	2.06	306	283	14.2	(9.7)	(0.13)	(0.08)	19.86x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.24	78.9%	(57.9%)	0.53	0.10	79	70	0.0	(25.7)	(0.08)	(0.06)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	60.13	(13.2%)	12.1%	71.90	53.48	17,119	19,765	5,571.0	1,720.0	2.49	3.99	3.55x	11.5x	19.4x	15.1x	1.46x
Stereotaxis Inc.	STXS	2.32	(34.6%)	(30.3%)	6.34	2.30	47	54	36.3	(7.1)	(5.95)	NM	1.50x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	5.64	0.7%	(51.3%)	12.05	4.15	95	53	0.1	(26.0)	(1.71)	(1.55)	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	26.73	(23.3%)	(28.3%)	43.58	22.50	1,505	1,214	498.4	120.8	1.26	1.32	2.44x	10.0x	22.9x	20.2x	2.36x
TriVascular Technologies, Inc.	TRIV	14.48	(7.0%)	NM	17.99	11.15	294	242	26.6	(47.7)	(5.01)	(3.24)	9.11x	NM	NM	NM	NM
Volcano Corporation	VOLC	10.64	(39.6%)	(55.6%)	24.62	10.63	548	753	393.4	16.6	(0.63)	(0.20)	1.92x	45.3x	NM	NM	NM
<b>Median</b>			<b>(10.6%)</b>	<b>5.0%</b>									<b>3.55x</b>	<b>12.0x</b>	<b>22.8x</b>	<b>20.2x</b>	<b>1.70x</b>
<b>Conglomerates</b>																	
3M Company	MMM	\$141.68	(1.1%)	18.7%	\$147.87	\$116.65	\$91,804	\$96,262	\$31,450.0	\$8,298.0	\$6.72	\$7.47	3.06x	11.6x	20.0x	19.0x	1.60x
Agilent Technologies Inc.	A	56.98	(0.8%)	11.2%	61.22	49.39	19,004	18,832	6,894.0	1,336.0	2.17	3.12	2.73x	14.1x	27.8x	18.3x	1.67x
Becton, Dickinson and Company	BDX	113.81	(3.8%)	13.8%	120.66	98.30	21,833	23,163	8,291.0	2,173.0	4.69	6.41	2.79x	10.7x	23.1x	17.8x	1.88x
Covidien plc	COV	86.51	(4.1%)	42.0%	92.68	59.72	39,081	42,961	10,422.0	2,807.0	3.31	4.10	4.12x	15.3x	26.2x	21.1x	2.21x
Johnson & Johnson	JNJ	106.59	1.9%	23.0%	108.77	85.50	300,614	286,120	73,540.0	24,506.0	4.81	5.92	3.89x	11.7x	19.7x	18.0x	2.52x
Kimberly-Clark Corporation	KMB	107.57	(3.3%)	14.2%	114.45	93.12	40,223	46,269	21,188.0	4,116.0	5.53	6.04	2.18x	11.2x	19.3x	17.8x	2.62x
<b>Median</b>			<b>(2.2%)</b>	<b>16.4%</b>									<b>2.93x</b>	<b>11.6x</b>	<b>21.5x</b>	<b>18.1x</b>	<b>2.04x</b>
<b>Dental Devices</b>																	
COLTENE Holding AG	CLTN	\$61.17	(5.6%)	20.4%	\$62.74	\$45.65	\$258	\$275	\$181.6	\$27.9	\$3.51	\$3.67	1.51x	9.8x	17.9x	16.7x	1.38x
DENTSPLY International Inc.	XRAY	45.60	(3.7%)	5.0%	50.99	42.99	6,465	7,829	2,953.0	577.3	2.16	2.52	2.65x	13.6x	20.8x	18.1x	1.67x
Nobel Biocare Holding AG	NOBN	17.72	19.1%	20.1%	19.29	12.39	2,170	2,076	767.4	141.1	0.48	0.54	2.71x	14.7x	34.5x	33.0x	1.83x
Orthofix International N.V.	OFIX	30.96	(14.6%)	49.1%	36.90	19.35	571	565	398.5	53.4	(0.80)	1.14	1.42x	10.6x	NM	27.3x	3.20x
Osstem Implant Co., Ltd.	A048260	40.17	44.6%	46.4%	40.64	19.52	570	587	227.5	33.2	0.66	1.65	2.58x	17.7x	54.5x	30.8x	NM
Sirona Dental Systems Inc.	SIRO	76.68	(7.0%)	14.6%	84.95	66.04	4,429	4,214	1,159.7	287.5	2.72	3.72	3.63x	14.7x	25.4x	NM	NM
Straumann Holding AG	STMN	226.50	(2.2%)	24.7%	239.57	162.08	3,518	3,372	771.4	170.4	7.30	8.61	4.37x	19.8x	29.4x	26.3x	1.79x
Tornier N.V.	TRNX	23.90	2.2%	23.6%	25.11	15.17	1,169	1,206	326.0	19.8	(0.79)	(0.51)	3.70x	NM	NM	NM	NM
<b>Median</b>			<b>(2.9%)</b>	<b>22.0%</b>									<b>2.68x</b>	<b>14.7x</b>	<b>27.4x</b>	<b>26.8x</b>	<b>1.79x</b>
<b>Orthopedics Devices</b>																	
Exactech Inc.	EXAC	\$22.89	(9.3%)	13.6%	\$26.52	\$19.43	\$315	\$329	\$244.4	\$43.1	\$1.12	\$1.21	1.35x	7.6x	19.7x	18.9x	1.05x
NuVasive, Inc.	NUVA	34.87	(2.0%)	42.4%	39.89	23.83	1,638	1,753	728.1	117.6	0.17	1.13	2.41x	14.9x	NM	30.7x	2.26x

Source: Capital IQ as of September 30, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Orthopedics Devices (cont.)</b>																	
Stryker Corporation	SYK	\$80.75	(4.2%)	19.5%	\$86.93	\$66.93	\$30,571	\$29,693	\$9,287.0	\$1,413.0	\$2.63	\$4.77	3.20x	21.0x	45.1x	16.9x	2.05x
Symmetry Medical, Inc.	SMA	10.09	13.9%	23.7%	11.11	7.69	379	537	402.5	50.7	(0.99)	0.57	1.33x	10.6x	NM	17.7x	1.07x
Wright Medical Group Inc.	WMGI	30.30	(3.5%)	16.2%	33.80	26.06	1,497	1,462	266.3	(78.2)	(6.19)	(1.34)	5.49x	NM	NM	NM	NM
Zimmer Holdings, Inc.	ZMH	100.55	(3.2%)	22.4%	108.33	80.55	16,985	16,976	4,659.4	1,702.8	4.43	6.05	3.64x	10.0x	22.0x	16.6x	1.80x
Median			(3.3%)	20.9%									2.80x	10.6x	22.0x	17.7x	1.80x
<b>Diagnostic Imaging Devices</b>																	
Analogic Corporation	ALOG	\$63.96	(18.3%)	(22.6%)	\$99.97	\$63.28	\$794	\$680	\$517.5	\$56.0	\$2.58	\$3.71	1.31x	12.1x	23.5x	17.6x	1.30x
Digirad Corporation	DRAD	3.93	10.4%	56.0%	4.85	2.50	73	52	52.5	5.0	0.01	0.15	0.98x	10.2x	18.6x	26.2x	1.64x
Fonar Corp.	FONR	11.01	(9.8%)	90.8%	27.95	5.66	68	90	78.8	15.7	1.60	NM	1.14x	5.7x	6.9x	NM	NM
Hologic Inc.	HOLX	24.33	(4.0%)	17.8%	26.75	19.25	6,758	10,396	2,476.5	858.8	(4.37)	1.49	4.20x	12.1x	NM	16.3x	1.95x
Median			(6.9%)	36.9%									1.23x	11.2x	18.6x	17.6x	1.64x
<b>Mobility Devices</b>																	
Hill-Rom Holdings, Inc.	HRC	\$41.43	(0.2%)	15.6%	\$44.64	\$34.94	\$2,377	\$2,560	\$1,644.2	\$266.6	\$1.57	\$2.39	1.56x	9.6x	34.3x	17.3x	1.93x
Invacare Corporation	IVC	11.81	(35.7%)	(31.6%)	25.96	11.79	380	413	1,316.5	11.5	(1.60)	(1.26)	0.31x	36.0x	NM	NM	NM
Prism Medical Ltd.	PM	7.16	(0.9%)	47.2%	7.59	4.20	65	36	71.3	7.3	0.50	0.13	0.50x	4.9x	2.5x	57.1x	NM
ReWalk Robotics Ltd.	RWLK	34.15	NM	NM	43.71	11.50	388	392	1.7	(11.7)	(2.80)	NM	NM	NM	NM	NM	NM
Median			(0.9%)	15.6%									0.50x	9.6x	18.4x	37.2x	1.93x
<b>Infection Prevention Devices</b>																	
Cantel Medical Corp.	CMN	\$34.38	(6.1%)	7.9%	\$38.04	\$29.60	\$1,425	\$1,474	\$484.9	\$93.2	\$1.00	\$1.09	3.04x	15.8x	33.1x	31.5x	1.75x
Steris Corp.	STE	53.96	0.9%	25.6%	57.72	39.90	3,202	3,705	1,659.9	312.7	2.22	2.83	2.23x	11.9x	26.5x	19.1x	1.64x
Median			(2.6%)	16.8%									2.64x	13.8x	29.8x	25.3x	1.69x
<b>Neural Implant Devices</b>																	
Cyberonics Inc.	CYBX	\$51.16	(18.1%)	0.8%	\$73.52	\$50.22	\$1,362	\$1,229	\$285.1	\$94.2	\$1.74	\$2.23	4.31x	13.0x	23.3x	22.9x	1.40x
Integra LifeSciences Holdings Corporation	IART	49.64	5.5%	23.3%	51.32	39.74	1,618	2,114	880.4	163.2	(0.60)	2.95	2.40x	13.0x	NM	16.8x	1.48x
Median			(6.3%)	12.1%									3.36x	13.0x	23.3x	19.9x	1.44x
<b>Ophthalmology Devices</b>																	
IRIDEX Corporation	IRIX	\$7.00	(15.8%)	18.0%	\$11.00	\$5.80	\$69	\$56	\$41.0	\$2.7	\$0.22	\$0.16	1.37x	21.1x	43.6x	43.8x	1.46x
Lumenis Ltd.	LMNS	8.91	(8.5%)	NM	13.38	8.16	317	274	277.2	26.9	0.58	0.53	0.99x	10.2x	34.7x	16.8x	0.78x

Source: Capital IQ as of September 30, 2014; For definitions, see page 17

## Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Ophthalmology Devices (cont.)</b>																	
Optos plc	OPTS	\$3.18	1.4%	23.5%	\$3.50	\$2.39	\$231	\$266	\$157.9	\$11.7	\$0.09	\$0.18	1.68x	22.7x	34.8x	18.2x	NM
The Cooper Companies Inc.	COO	155.75	14.9%	20.1%	164.85	116.95	7,520	7,713	1,661.6	483.7	5.93	7.51	4.64x	15.9x	25.8x	20.7x	1.33x
<b>Median</b>			<b>(3.5%)</b>	<b>20.1%</b>									<b>1.53x</b>	<b>18.5x</b>	<b>34.8x</b>	<b>19.5x</b>	<b>1.33x</b>
<b>Surgical Devices</b>																	
Alphatec Holdings, Inc.	ATEC	\$1.70	4.3%	(13.7%)	\$2.53	\$1.16	\$167	\$248	\$204.1	\$18.5	(\$0.85)	(\$0.03)	1.21x	13.4x	NM	NM	NM
Bovie Medical Corporation	BVX	3.99	9.9%	41.5%	5.00	1.94	71	71	25.3	(0.5)	(0.40)	(0.57)	2.80x	NM	NM	NM	NM
CONMED Corporation	CNMD	36.84	(16.6%)	8.5%	50.47	32.95	1,007	1,193	747.1	124.9	1.28	1.87	1.60x	9.6x	29.5x	19.7x	1.52x
Intuitive Surgical, Inc.	ISRG	461.82	12.1%	22.7%	541.23	346.46	16,603	15,625	2,052.1	731.8	16.73	12.21	7.61x	21.4x	37.9x	37.8x	3.32x
<b>Median</b>			<b>7.1%</b>	<b>15.6%</b>									<b>2.20x</b>	<b>13.4x</b>	<b>33.7x</b>	<b>28.8x</b>	<b>2.42x</b>
<b>Diversified Medical Devices</b>																	
Abaxis, Inc.	ABAX	\$50.71	14.4%	20.4%	\$53.98	\$32.11	\$1,142	\$1,036	\$176.2	\$31.3	\$0.76	\$0.86	5.88x	33.0x	72.4x	58.9x	3.21x
AtriCure, Inc.	ATRC	14.72	(19.9%)	34.1%	23.00	11.00	404	341	93.0	(13.0)	(0.56)	(0.74)	3.67x	NM	NM	NM	NM
Baxter International Inc.	BAX	71.77	(0.7%)	9.3%	77.31	62.80	38,876	45,874	16,357.0	4,171.0	3.66	5.16	2.80x	11.0x	20.2x	13.9x	1.77x
CareFusion Corporation	CFN	45.25	2.0%	22.6%	47.06	36.71	9,204	9,345	3,842.0	861.0	1.68	2.52	2.43x	10.9x	23.1x	18.0x	1.55x
CR Bard Inc.	BCR	142.71	(0.2%)	23.9%	154.16	113.52	10,651	11,241	3,146.3	829.0	8.39	7.82	3.57x	13.6x	14.5x	18.2x	1.42x
CryoLife Inc.	CRY	9.87	10.3%	41.0%	12.14	6.69	276	245	141.1	17.5	0.57	0.20	1.73x	14.0x	18.4x	48.5x	1.62x
Hospira Inc.	HSP	52.03	1.3%	32.7%	56.78	38.11	8,779	9,751	4,279.2	587.7	(0.05)	2.40	2.28x	16.6x	50.2x	21.7x	1.81x
IDEXX Laboratories, Inc.	IDXX	117.83	(11.8%)	18.2%	140.00	99.13	5,923	6,152	1,442.7	335.4	3.48	3.77	4.26x	18.3x	32.1x	31.3x	2.16x
Masimo Corporation	MASI	21.28	(9.8%)	(20.1%)	32.20	19.30	1,165	1,144	545.1	96.2	1.02	1.14	2.10x	11.9x	19.9x	18.6x	1.12x
Misonix Inc.	MSON	12.02	77.8%	172.6%	13.49	3.86	89	82	17.1	(1.6)	(0.37)	0.34	4.83x	NM	80.1x	35.4x	1.18x
Natus Medical Inc.	BABY	29.51	17.4%	108.1%	29.90	13.55	935	895	348.0	59.5	0.74	1.22	2.57x	15.0x	31.9x	24.2x	1.51x
PhotoMedex, Inc.	PHMD	6.20	(49.4%)	(61.0%)	16.82	6.20	118	168	211.6	6.5	0.89	(0.66)	0.79x	25.7x	NM	NM	NM
ResMed Inc.	RMD	49.27	(2.7%)	(6.7%)	57.34	41.52	6,906	6,301	1,555.0	484.9	2.23	2.52	4.05x	13.0x	20.6x	19.5x	1.51x
SurModics, Inc.	SRDX	18.16	(15.2%)	(23.6%)	25.99	18.01	247	206	56.4	21.0	0.96	0.96	3.66x	9.8x	18.9x	19.0x	1.14x
Teleflex Incorporated	TFX	105.04	(0.5%)	27.7%	111.24	81.55	4,348	5,175	1,759.0	384.4	3.46	5.59	2.94x	13.5x	29.0x	18.8x	1.61x
Varian Medical Systems, Inc.	VAR	80.12	(3.6%)	7.2%	87.85	71.98	8,268	7,761	3,007.6	659.1	4.03	4.39	2.58x	11.8x	20.6x	18.3x	1.77x
<b>Median</b>			<b>(0.6%)</b>	<b>21.5%</b>									<b>2.87x</b>	<b>13.5x</b>	<b>21.9x</b>	<b>19.2x</b>	<b>1.58x</b>
<b>Life Science Conglomerates</b>																	
Illumina Inc.	ILMN	\$163.92	(8.2%)	102.8%	\$185.00	\$72.77	\$22,850	\$23,018	\$1,612.5	\$456.6	\$0.90	\$2.29	14.28x	NM	NM	71.5x	3.46x
PerkinElmer Inc.	PKI	43.60	(6.9%)	15.5%	48.26	36.26	4,923	5,613	2,209.4	414.3	1.48	2.45	2.54x	13.5x	25.5x	17.8x	1.39x
Thermo Fisher Scientific, Inc.	TMO	121.70	3.1%	32.1%	127.63	89.71	48,602	63,574	14,884.1	3,318.1	3.50	6.93	4.27x	19.2x	31.6x	17.6x	1.30x
<b>Median</b>			<b>(6.9%)</b>	<b>32.1%</b>									<b>4.27x</b>	<b>16.4x</b>	<b>28.6x</b>	<b>17.8x</b>	<b>1.39x</b>

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Healthcare Sector Update

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Lab Instrumentation &amp; Devices</b>																	
Bruker Corporation	BRKR	\$18.52	(23.7%)	(10.3%)	\$24.93	\$17.75	\$3,112	\$3,015	\$1,872.2	\$248.7	\$0.48	\$0.80	1.61x	12.1x	40.3x	23.1x	1.62x
Harvard Bioscience Inc.	HBIO	4.09	(10.1%)	(22.2%)	6.13	3.68	132	128	105.8	9.2	0.02	0.15	1.21x	13.9x	99.7x	28.2x	1.41x
Waters Corporation	WAT	99.12	(5.1%)	(6.7%)	115.06	94.50	8,323	7,798	1,935.1	595.6	5.20	5.32	4.03x	13.1x	20.9x	18.6x	1.92x
Median			(10.1%)	(10.3%)									1.61x	13.1x	40.3x	23.1x	1.62x
<b>Lab Equipment</b>																	
Kewaunee Scientific Corp.	KEQU	\$17.87	1.5%	4.0%	\$18.75	\$14.81	\$47	\$53	\$109.7	\$7.9	\$1.57	NM	0.48x	6.7x	13.3x	NM	NM
Mettler-Toledo International Inc.	MTD	256.13	1.2%	6.7%	274.48	221.00	7,399	7,759	2,435.4	497.3	9.96	11.59	3.19x	15.6x	24.5x	22.1x	1.72x
Median			1.3%	5.3%									1.83x	11.1x	18.9x	22.1x	1.72x
<b>Life Science Consumables</b>																	
Affymetrix Inc.	AFFX	\$7.98	(10.4%)	28.8%	\$9.80	\$6.17	\$586	\$664	\$341.4	\$25.1	(\$0.23)	\$0.17	1.95x	26.4x	NM	46.9x	1.48x
Bio-Rad Laboratories, Inc.	BIO	113.40	(5.3%)	(3.5%)	134.13	113.37	3,285	3,074	2,153.9	301.3	2.69	3.97	1.43x	10.2x	53.7x	28.6x	2.86x
Cambrex Corporation.	CBM	18.68	(9.8%)	41.5%	23.88	13.09	573	628	344.6	69.3	0.98	1.07	1.82x	9.1x	15.8x	17.4x	0.95x
Luminex Corporation	LMNX	19.50	13.7%	(2.5%)	20.52	15.74	834	744	218.1	36.2	0.17	0.52	3.41x	20.5x	49.0x	37.5x	1.06x
Techne Corp.	TECH	93.55	1.1%	16.8%	97.15	77.14	3,462	3,112	357.3	184.5	3.09	3.55	8.71x	16.9x	31.2x	26.3x	2.11x
Median			(5.3%)	16.8%									1.95x	16.9x	40.1x	28.6x	1.48x
<b>Large-Cap Pharmaceuticals</b>																	
AbbVie Inc.	ABBV	\$57.76	2.3%	29.1%	\$60.02	\$44.32	\$92,027	\$96,782	\$19,258.0	\$7,290.0	\$2.56	\$3.16	5.03x	13.3x	22.4x	18.3x	1.75x
Allergan Inc.	AGN	178.19	5.3%	97.0%	181.94	88.34	52,955	51,401	6,744.8	2,249.5	4.20	5.80	7.62x	22.8x	40.9x	30.7x	1.55x
Bristol-Myers Squibb Company	BMJ	51.18	5.5%	10.6%	57.49	46.14	84,852	85,469	16,206.0	4,443.0	1.54	1.79	5.27x	19.2x	31.8x	28.6x	2.80x
Eli Lilly and Company	LLY	64.85	4.3%	28.8%	67.14	47.53	69,182	69,392	21,200.1	5,688.2	4.32	2.78	3.27x	12.2x	20.6x	23.3x	3.54x
Merck & Co. Inc.	MRK	59.28	2.5%	24.5%	61.33	44.62	171,001	180,845	43,550.0	15,950.0	1.47	3.49	4.15x	11.3x	31.2x	17.0x	3.10x
Pfizer Inc.	PFE	29.57	(0.4%)	2.9%	32.96	27.87	187,499	191,644	50,327.0	21,826.0	1.64	2.25	3.81x	8.8x	18.6x	13.2x	2.96x
Valeant Pharmaceuticals International, Inc.	VRX	131.27	3.8%	25.7%	152.47	95.98	44,041	60,139	7,528.6	3,539.4	(2.70)	8.01	7.99x	17.0x	NM	16.4x	0.76x
Median			3.8%	25.7%									5.03x	13.3x	26.8x	18.3x	2.80x
<b>Pharmaceuticals</b>																	
Akom, Inc.	AKRX	\$36.27	9.1%	84.3%	\$39.48	\$19.03	\$3,777	\$4,380	\$408.2	\$139.4	\$0.46	\$0.66	10.73x	31.4x	88.8x	55.2x	2.34x
Amphastar Pharmaceuticals, Inc.	AMPH	11.65	16.4%	NM	12.52	8.32	520	510	209.1	14.2	0.31	(0.21)	2.44x	35.9x	NM	NM	NM
Aratana Therapeutics, Inc.	PETX	10.04	(35.7%)	(38.6%)	29.32	9.60	341	285	0.6	(25.8)	(0.39)	(1.49)	NM	NM	NM	NM	NM
Auris Medical Holding AG	EARS	5.77	NM	NM	7.58	5.31	167	153	0.0	(20.7)	(1.13)	(1.05)	NA	NM	NM	NM	NM

Source: Capital IQ as of September 30, 2014; For definitions, see page 17



Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 9/30/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
<b>Pharmaceuticals (cont.)</b>																	
BioDelivery Sciences International, Inc.	BDSI	\$17.09	41.6%	214.7%	\$18.48	\$4.16	\$843	\$780	\$41.5	(\$29.0)	(\$1.51)	(\$0.73)	18.76x	NM	NM	NM	NM
BioSynt Inc.	RX	9.79	38.6%	338.1%	11.47	2.01	135	131	9.4	3.1	0.12	NM	13.97x	42.3x	60.9x	NM	NM
Catalent, Inc.	CTLT	25.03	NM	NM	25.40	19.34	2,937	5,577	1,827.7	406.7	(0.23)	1.03	3.05x	13.7x	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	10.47	26.7%	71.2%	10.99	5.55	267	231	32.6	23.8	0.91	0.65	7.10x	9.7x	10.6x	16.1x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.94	9.8%	9.1%	5.41	4.20	87	33	32.5	(0.9)	(0.11)	NM	1.01x	NM	NM	NM	NM
DURECT Corporation	DRRX	1.47	(19.2%)	9.7%	2.69	1.20	164	151	18.1	(19.5)	(0.21)	(0.19)	8.32x	NM	NM	NM	NM
Endo International plc	ENDP	68.34	(2.4%)	50.4%	82.16	43.12	10,488	13,467	2,559.6	794.3	(5.19)	4.08	5.26x	17.0x	NM	16.8x	2.37x
Foamix Pharmaceuticals Ltd.	FOMX	5.45	NM	NM	11.00	5.25	117	107	3.1	0.2	(0.22)	NM	NM	NM	NM	NM	NM
Heska Corporation	HSKA	13.19	22.7%	127.4%	14.58	5.50	83	95	84.8	6.7	(0.21)	0.38	1.11x	14.2x	30.0x	35.0x	1.56x
Impax Laboratories Inc.	IPXL	23.71	(20.9%)	15.8%	31.04	19.39	1,676	1,263	540.2	107.5	1.47	1.20	2.34x	11.7x	52.3x	19.8x	0.70x
Kite Pharma, Inc.	KITE	28.50	(1.5%)	NM	32.65	21.00	1,092	889	0.0	(18.1)	(0.22)	(0.59)	NA	NM	NM	NM	NM
Lannett Company, Inc.	LCI	45.68	(7.9%)	109.3%	51.66	17.00	1,630	1,485	273.8	114.2	0.57	2.72	5.42x	13.0x	28.2x	16.8x	1.25x
Marinus Pharmaceuticals, Inc.	MRNS	6.47	NM	NM	10.58	5.49	90	154	0.0	(8.7)	(0.71)	(2.47)	NA	NM	NM	NM	NM
MediWound Ltd.	MDWD	6.30	(44.6%)	NM	19.31	6.00	134	61	0.1	(13.6)	(0.54)	(0.79)	NM	NM	NM	NM	NM
Merus Labs International Inc.	MSL	1.49	(32.2%)	9.8%	2.40	0.97	115	88	27.4	13.2	(0.10)	(0.02)	3.21x	6.7x	NM	NM	NM
Mylan, Inc.	MYL	45.49	(11.8%)	19.2%	57.52	36.97	17,015	25,012	7,128.8	1,852.1	1.58	3.27	3.51x	13.5x	31.0x	13.9x	1.02x
Radius Health, Inc.	RDUS	21.00	61.5%	NM	24.28	7.46	625	566	0.0	(56.3)	(3.97)	(3.11)	NA	NM	NM	NM	NM
Revanche Therapeutics, Inc.	RVNC	19.33	(43.1%)	NM	39.86	18.82	454	263	0.7	(39.6)	1.05	(2.78)	NM	NM	NM	NM	NM
Salix Pharmaceuticals Ltd.	SLXP	156.24	26.7%	133.6%	172.98	66.67	9,951	12,337	1,262.2	454.5	2.18	6.16	9.77x	27.1x	NM	25.3x	1.01x
SciClone Pharmaceuticals, Inc.	SCLN	6.89	31.0%	35.9%	7.40	4.24	352	265	127.0	25.3	0.20	0.56	2.09x	10.5x	16.4x	12.3x	NM
The Medicines Company	MDCO	22.32	(23.2%)	(33.4%)	41.28	22.31	1,451	1,324	720.3	43.6	0.25	1.42	1.84x	30.3x	NM	15.7x	0.24x
Vitae Pharmaceuticals, Inc.	VTAE	7.63	NM	NM	8.48	7.40	133	122	22.9	1.0	0.11	NM	5.34x	NM	NM	NM	NM
Zoetis Inc.	ZTS	36.95	14.5%	18.7%	37.31	28.14	18,519	21,618	4,612.0	1,306.0	1.01	1.52	4.69x	16.6x	35.2x	24.3x	2.01x
ZS Pharma, Inc.	ZSPH	39.23	36.5%	NM	43.00	25.51	817	687	0.0	(42.6)	(3.31)	(4.23)	NA	NM	NM	NM	NM
<b>Median</b>			<b>9.1%</b>	<b>35.9%</b>									<b>4.69x</b>	<b>14.2x</b>	<b>31.0x</b>	<b>16.8x</b>	<b>1.25x</b>

**Definitions**

**PEG Ratio:** Price Earnings to Growth

**EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization

**EPS:** Earnings Per Share

**Enterprise Value:** Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

**LTM:** Last Twelve Months

Source: Capital IQ as of September 30, 2014

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