

Healthcare Sector Update



September 2014

Summary – Healthcare Services

- The S&P Healthcare Services Index has increased by 16.5% over the last three months, significantly outperforming the S&P 500.
- Over the past three months:
 - The best performing sectors were Home Care / Hospice (up 29.5%) and Acute Care Hospitals (up 28.9%).
 - The worst performing sectors were Care Management / TPA (down 7.8%), Long Term Care (down 5.3%) and Diagnostic Imaging (down 4.9%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.65x and 11.2x, respectively.
- The sectors with the highest valuation multiples include:
 - Consumer Directed Health and Wellness (4.31x LTM Revenue, 26.9x LTM EBITDA)
 - HCIT (3.45x LTM Revenue, 17.6x LTM EBITDA)

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 – Pharmaceuticals, Biotechnology and Life Sciences Index has risen 7.5% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - The best performing sectors were Pharmaceuticals (up 15.3%) and Lab Equipment (up 10.7%).
 - The worst performing sectors were Surgical Devices (down 2.1%) and Cardiology Devices (down 2.0%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.84x and 13.8x, respectively.
- The sectors with the highest valuation multiples include:
 - Biotechnology (9.29x LTM Revenue, 18.3x LTM EBITDA)
 - Life Science Conglomerates (4.23x LTM Revenue, 16.4x LTM EBITDA)
 - Pharmaceuticals (4.56x LTM Revenue, 14.8x LTM EBITDA)

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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	6	\$57,603	28.9%	61.0%	1.61x	10.9x	21.7x	19.9x	2.1x
Assisted Living	6	7,324	0.7%	9.9%	2.15x	18.4x	17.7x	22.6x	NM
Care Management / TPA	7	8,657	(7.8%)	21.5%	1.69x	11.3x	19.8x	18.0x	1.1x
Clinical Laboratories	5	25,716	4.5%	12.0%	1.99x	10.3x	18.5x	16.0x	1.5x
Contract Research Orgs	6	21,387	11.1%	29.0%	2.10x	13.1x	24.5x	21.4x	1.5x
Diagnostic Imaging	3	598	(4.9%)	17.1%	1.87x	6.2x	NM	27.5x	NM
Dialysis Services	2	37,383	6.1%	24.0%	1.99x	10.4x	22.3x	20.3x	2.3x
Distribution / Supply	7	104,272	2.8%	30.7%	0.86x	11.2x	21.6x	18.9x	1.9x
Emergency Services	3	2,637	10.9%	73.9%	2.80x	8.7x	23.6x	18.7x	1.1x
HCIT	14	39,594	2.5%	2.1%	3.45x	17.6x	47.7x	36.7x	2.0x
Consumer Directed Health & Wellness	8	17,995	(2.7%)	(8.5%)	4.31x	26.9x	NM	34.9x	2.2x
Healthcare Staffing	6	14,202	13.0%	25.3%	1.24x	12.8x	22.6x	21.8x	1.6x
Home Care / Hospice	6	4,149	29.5%	38.4%	0.78x	12.1x	22.3x	18.8x	1.6x
Long Term Care	4	3,001	(5.3%)	32.3%	0.67x	8.8x	17.7x	17.2x	1.4x
Managed Care – Commercial	7	194,591	7.5%	29.6%	0.65x	9.3x	15.2x	14.4x	1.3x
Managed Care – Government	3	9,693	4.8%	36.7%	0.27x	10.2x	22.8x	24.6x	1.2x
Other Services	4	12,114	(2.1%)	9.2%	1.76x	24.3x	36.5x	29.8x	1.8x
Pharmacy Management	6	73,477	4.8%	16.5%	0.85x	12.5x	35.3x	17.3x	1.2x
Physician Practice Mgmt	2	5,721	(2.8%)	4.8%	1.59x	11.4x	19.3x	18.2x	1.3x
Psychiatric Hospitals	3	5,336	13.3%	33.6%	0.51x	12.3x	33.3x	24.2x	1.5x
Specialty Managed Care	2	5,287	3.3%	14.2%	0.35x	5.1x	9.8x	10.5x	1.4x
Surgicenters / Rehabilitation	6	10,215	4.8%	29.7%	2.01x	9.8x	23.7x	19.9x	1.3x
Total / Median (\$MM)	116	\$660,948	4.6%	24.6%	1.65x	11.2x	22.3x	19.9x	1.5x

Source: Capital IQ

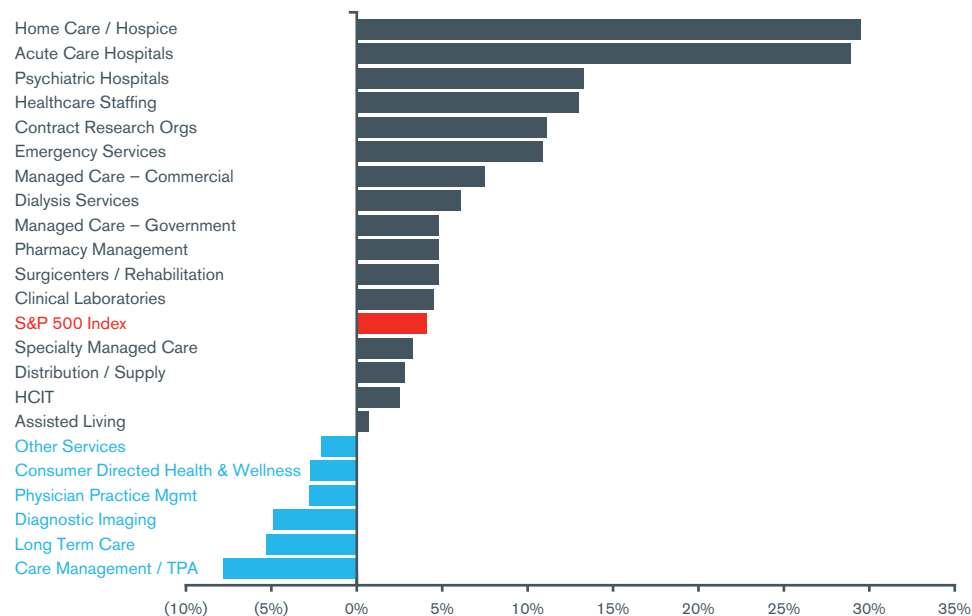
CAPITALIZATION PROFILE	No. of Cos.	Ag. Eqty Mkt. Value	% Total No. of Cos.	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	29	\$544,808	25.0%	82.4%	8.9%	98.1%	30.6%	63.3%
\$1 billion – \$5 billion	37	94,378	31.9%	14.3%	6.1%	103.9%	25.0%	65.8%
\$250 million – \$1 billion	34	20,176	29.3%	3.1%	4.7%	116.0%	25.2%	73.2%
\$100 million – \$250 million	4	962	3.4%	0.1%	10.0%	141.4%	8.0%	84.2%
< \$100 million	12	624	10.3%	0.1%	3.0%	33.1%	25.7%	10.4%
Total / Median (\$MM)	116	\$660,948	100.0%	100.0%	4.6%	103.9%	24.6%	65.8%

Source: Capital IQ

MARKET INDICES	Value at 8/31/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$17,098.5	2.3%	3.1%	15.4%	48.8%
S&P 500 Index	2,003.4	4.1%	8.4%	22.7%	66.3%
NASDAQ Composite Index	4,580.3	8.0%	9.7%	27.6%	79.9%
Russell 2000 Index	1,174.4	3.5%	0.9%	16.2%	65.7%
AMEX Sector Index – Healthcare	108.5	6.0%	(9.7%)	14.6%	32.9%
S&P Healthcare Facilities (Sub Ind) Index	411.4	26.4%	38.5%	54.1%	149.6%
S&P Healthcare Providers & Services (Industry) Index	533.0	10.0%	19.2%	31.6%	121.4%
S&P Managed Healthcare (Sub Ind) Index	293.1	1.1%	22.0%	28.0%	118.2%
S&P Healthcare Services	404.1	16.5%	6.7%	22.2%	86.5%

Source: Capital IQ

Median % Change – 3 months



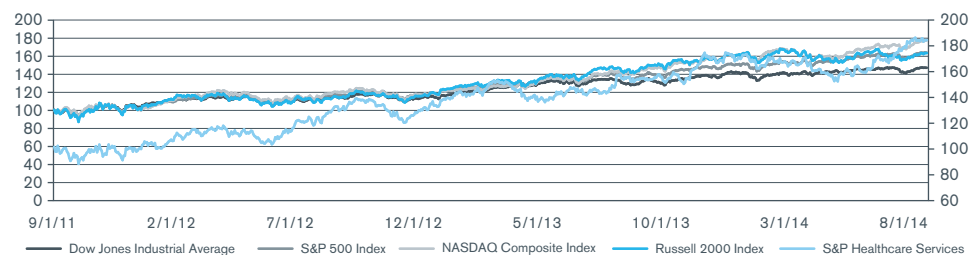
Source: Capital IQ

INTEREST RATES

	Value at 8/31/14	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	0.47%	0.08%	0.34%	0.38%
U.S. Treasury – 5 years	1.63%	1.76%	1.51%	1.57%
U.S. Treasury – 10 years	2.35%	2.56%	2.46%	2.75%
U.S. Treasury – 30 years	3.08%	3.31%	3.31%	3.31%
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 8/31/14	% 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	
Acute Care Hospitals																	
Chindex International Inc.	CHDX	\$23.91	1.0%	41.4%	\$23.99	\$14.62	\$429	\$430	\$193.5	\$15.4	(\$0.36)	NM	2.22x	27.9x	NM	NM	NM
Community Health Systems, Inc.	CYH	54.28	29.9%	38.3%	55.70	34.55	6,270	23,665	15,508.7	1,987.9	1.51	3.02	1.53x	11.9x	NM	18.0x	0.82x
HCA Holdings, Inc.	HCA	69.82	31.8%	82.8%	70.07	38.31	30,189	60,111	35,354.0	6,921.0	3.37	4.19	1.70x	8.7x	19.8x	16.7x	1.48x
Lifepoint Hospitals Inc.	LPNT	74.80	22.1%	65.4%	76.50	43.97	3,377	5,355	3,906.5	520.9	2.68	3.09	1.37x	10.3x	24.6x	24.2x	2.85x
Tenet Healthcare Corp.	THC	61.18	30.2%	56.7%	61.80	36.87	5,991	17,576	14,261.0	1,579.0	(1.21)	1.35	1.23x	11.1x	NM	45.5x	3.80x
Universal Health Services Inc.	UHS	114.44	27.8%	68.9%	115.44	66.92	11,348	14,782	7,557.2	1,391.6	5.14	5.76	1.96x	10.6x	21.7x	19.9x	2.09x
Median			28.9%	61.0%									1.61x	10.9x	21.7x	19.9x	2.09x
Assisted Living																	
AdCare Health Systems Inc.	ADK	\$4.95	20.4%	10.0%	\$5.05	\$3.62	\$88	\$238	\$224.0	\$12.9	(\$0.79)	(\$0.51)	1.06x	18.4x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	34.95	5.1%	39.7%	36.18	24.42	6,046	8,643	2,604.2	448.4	(0.03)	(0.08)	3.32x	19.3x	NM	NM	NM
Capital Senior Living Corp.	CSU	22.87	(3.7%)	9.8%	26.89	19.87	665	1,269	355.5	53.8	(0.58)	0.32	3.57x	23.6x	NM	NM	NM
EastSideCapital Spółka Akcyjna	ESC	0.01	(5.5%)	0.6%	0.01	0.00	2	2	0.8	-	0.00	NM	3.25x	NA	7.4x	NM	NM
Five Star Quality Care Inc.	FVE	4.64	(12.1%)	(10.6%)	6.09	4.41	226	240	1,086.7	42.0	0.15	0.25	0.22x	5.7x	28.1x	18.4x	NM
Skilled Healthcare Group, Inc.	SKH	7.41	12.1%	53.1%	7.90	4.08	297	700	831.3	64.7	(0.16)	0.28	0.84x	10.8x	NM	26.9x	NM
Median			0.7%	9.9%									2.15x	18.4x	17.7x	22.6x	NM
Care Management / TPA																	
Alere Inc.	ALR	\$35.45	(0.9%)	13.7%	\$40.80	\$30.14	\$2,945	\$6,965	\$2,980.8	\$551.3	(\$1.13)	\$2.16	2.34x	12.6x	NM	16.4x	1.33x
Care.com, Inc.	CRCM	9.17	(14.6%)	NM	29.25	8.35	288	174	95.3	(30.9)	(9.45)	(1.11)	1.83x	NM	NM	NM	NM
CorVel Corporation	CRVL	40.90	(13.4%)	24.2%	53.35	33.48	853	819	485.1	72.4	1.57	1.73	1.69x	11.3x	25.6x	23.6x	NM
Crawford & Company	CRD.B	9.01	(8.1%)	18.9%	12.22	7.53	469	619	1,141.8	99.3	0.92	0.82	0.54x	6.2x	12.1x	11.0x	1.10x
ExamWorks Group, Inc.	EXAM	32.95	11.2%	40.2%	38.61	23.55	1,295	1,764	680.6	90.4	(0.29)	0.19	2.59x	19.5x	NM	NM	NM
Hooper Holmes Inc.	HH	0.67	(4.6%)	79.7%	0.83	0.37	48	45	53.4	(4.3)	(0.15)	NM	0.83x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	41.20	(7.8%)	9.8%	50.55	35.85	2,760	2,579	1,649.8	268.5	1.85	2.10	1.56x	9.6x	19.8x	19.6x	1.00x
Median			(7.8%)	21.5%									1.69x	11.3x	19.8x	18.0x	1.10x

Source: Capital IQ as of August 31, 2014; For definitions, see page 9

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Clinical Laboratories																	
Bio-Reference Laboratories Inc.	BRLI	\$29.05	8.6%	0.4%	\$37.97	\$24.13	\$805	\$846	\$796.9	\$97.3	\$1.45	\$1.90	1.06x	8.7x	20.5x	15.3x	1.01x
Laboratory Corp. of America Holdings	LH	107.23	4.5%	12.0%	108.00	87.01	9,104	11,651	5,846.3	1,133.5	6.25	6.71	1.99x	10.3x	17.8x	16.0x	1.57x
Psychemedics Corp.	PMD	14.29	(6.2%)	12.5%	18.76	12.00	77	80	28.3	6.0	0.72	0.53	2.84x	13.4x	21.7x	27.0x	1.35x
Quest Diagnostics Inc.	DGX	63.21	5.5%	7.8%	64.10	50.46	9,128	12,995	7,192.0	1,398.0	5.31	4.05	1.81x	9.3x	11.9x	15.6x	1.47x
Sonic Healthcare Limited	SHL	16.47	(0.0%)	19.7%	17.13	14.02	6,602	8,251	3,690.7	696.4	0.81	0.93	2.24x	11.8x	18.5x	17.6x	1.93x
Median			4.5%	12.0%									1.99x	10.3x	18.5x	16.0x	1.47x
Contract Research Orgs																	
Albany Molecular Research Inc.	AMRI	\$19.80	25.4%	79.8%	\$22.30	\$9.71	\$643	\$635	\$255.4	\$46.8	\$0.40	\$0.91	2.49x	13.6x	39.7x	21.9x	NM
Charles River Laboratories International, Inc.	CRL	59.10	10.3%	28.3%	62.50	44.12	2,759	3,470	1,221.9	272.4	2.15	3.33	2.84x	12.7x	23.9x	17.8x	1.71x
Covance Inc.	CVD	82.90	(1.1%)	2.3%	106.50	79.21	4,687	4,329	2,489.3	402.4	3.15	3.86	1.74x	10.8x	30.3x	21.5x	1.46x
ICON Public Limited Company	ICLR	49.54	17.2%	35.6%	53.50	35.33	3,066	2,891	1,410.7	211.2	1.65	2.65	2.05x	13.7x	22.5x	18.7x	0.89x
PAREXEL International Corporation	PRXL	56.44	11.9%	21.6%	58.47	37.53	3,089	3,152	1,939.4	281.2	1.97	2.43	1.63x	11.2x	25.1x	23.2x	1.37x
Quintiles Transnational Holdings Inc.	Q	56.12	10.1%	29.7%	57.65	40.10	7,143	8,574	3,977.4	635.8	1.77	2.64	2.16x	13.5x	23.7x	21.3x	1.57x
Median			11.1%	29.0%									2.10x	13.1x	24.5x	21.4x	1.46x
Diagnostic Imaging																	
Alliance Healthcare Services, Inc.	AIQ	\$28.45	(4.9%)	17.1%	\$35.40	\$20.06	\$300	\$822	\$440.6	\$132.2	(\$2.02)	NM	1.87x	6.2x	NM	NM	NM
American Shared Hospital Services	AMS	2.30	(4.9%)	(20.5%)	3.46	2.06	12	40	15.8	8.2	(0.07)	NM	2.55x	4.9x	NM	NM	NM
RadNet, Inc.	RDNT	6.68	5.0%	158.9%	7.67	1.50	285	899	701.5	108.3	0.05	0.24	1.28x	8.3x	NM	27.5x	NM
Median			(4.9%)	17.1%									1.87x	6.2x	NM	27.5x	NM
Dialysis Services																	
DaVita HealthCare Partners Inc.	DVA	\$74.68	5.8%	38.9%	\$74.99	\$52.75	\$16,041	\$24,290	\$12,269.6	\$2,413.0	\$2.89	\$3.65	1.98x	10.1x	23.6x	20.5x	1.95x
Fresenius Medical Care AG & Co. KGAA	FME	70.60	6.4%	9.2%	71.49	61.37	21,342	30,407	15,212.7	2,852.8	3.65	3.52	2.00x	10.7x	20.9x	20.1x	2.63x
Median			6.1%	24.0%									1.99x	10.4x	22.3x	20.3x	2.29x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Distribution / Supply																	
Aceto Corp.	ACET	\$19.22	10.3%	30.7%	\$25.25	\$14.28	\$552	\$539	\$493.7	\$52.8	\$1.11	\$0.92	1.09x	10.2x	19.0x	20.9x	0.87x
AmerisourceBergen Corporation	ABC	77.39	5.8%	36.0%	79.13	57.21	17,365	18,099	112,449.5	1,168.3	1.57	4.07	0.16x	15.5x	NM	19.0x	1.32x
Cardinal Health, Inc.	CAH	73.70	4.3%	46.6%	74.40	49.65	24,811	25,914	91,084.0	2,369.0	1.08	3.91	0.28x	10.9x	21.9x	18.8x	1.92x
Henry Schein, Inc.	HSIC	119.69	0.0%	18.4%	120.99	100.64	10,154	11,321	9,920.9	822.8	4.93	5.37	1.14x	13.8x	23.0x	22.3x	1.99x
McKesson Corporation	MCK	195.03	2.8%	60.6%	196.44	121.38	45,169	53,523	149,428.0	3,352.0	5.40	10.33	0.36x	16.0x	33.8x	18.9x	1.36x
Owens & Minor Inc.	OMI	34.40	(0.8%)	0.9%	38.55	31.71	2,169	2,297	9,151.3	238.1	1.76	1.83	0.25x	9.6x	21.4x	18.8x	2.99x
Patterson Companies, Inc.	PDCO	40.27	2.8%	1.0%	44.39	36.59	4,051	4,474	4,243.1	400.4	2.04	2.22	1.05x	11.2x	19.9x	18.2x	1.90x
Median			2.8%	30.7%									0.36x	11.2x	21.6x	18.9x	1.90x
Emergency Services																	
Adeptus Health Inc.	ADPT	\$28.29	NM	NM	\$29.33	\$23.35	\$278	\$393	\$140.4	\$5.4	(\$0.13)	(\$0.24)	2.80x	NM	NM	NM	NM
Air Methods Corp.	AIRM	58.66	21.7%	43.4%	60.74	39.78	2,297	2,980	957.8	247.8	1.54	2.68	3.11x	12.0x	26.6x	21.9x	1.14x
InfuSystem Holdings, Inc.	INFU	2.80	0.0%	104.4%	3.05	1.27	63	88	59.4	16.4	0.08	0.18	1.49x	5.4x	20.6x	15.6x	1.04x
Median			10.9%	73.9%									2.80x	8.7x	23.6x	18.7x	1.09x
HCIT																	
Allscripts Healthcare Solutions, Inc.	MDRX	\$14.78	0.2%	1.6%	\$19.68	\$13.72	\$2,662	\$3,182	\$1,372.7	\$29.4	(\$0.59)	\$0.38	2.32x	NM	NM	38.6x	1.72x
athenahealth, Inc.	ATHN	144.44	13.8%	36.9%	206.70	97.30	5,484	5,591	672.1	61.3	0.07	1.09	8.32x	91.2x	NM	NM	NM
Cerner Corporation	CERN	57.66	6.7%	25.2%	63.07	45.81	19,665	18,832	3,074.9	806.3	1.13	1.66	6.12x	23.4x	47.7x	34.8x	1.93x
Computer Programs & Systems Inc.	CPSI	61.44	(3.4%)	11.8%	71.89	54.57	689	665	203.2	56.6	2.95	3.26	3.27x	11.7x	20.1x	18.9x	1.47x
Healthstream Inc.	HSTM	25.96	0.9%	(21.7%)	39.77	20.76	716	604	151.5	24.8	0.30	0.34	3.99x	24.4x	NM	77.5x	4.08x
HMS Holdings Corp.	HMSY	22.86	21.6%	(8.5%)	26.60	15.10	2,005	2,107	466.6	110.1	0.45	0.54	4.52x	19.1x	NM	42.5x	2.06x
MedAssets, Inc.	MDAS	23.00	(1.8%)	2.6%	26.58	19.38	1,382	2,172	683.1	202.5	0.45	1.35	3.18x	10.7x	49.0x	17.1x	1.49x
Medical Transcription Billing, Corp.	MTBC	3.38	NM	NM	5.00	3.00	37	40	11.1	0.7	(0.03)	(0.26)	3.63x	56.0x	NM	NM	NM
Medidata Solutions, Inc.	MDSO	46.54	20.4%	4.1%	68.21	32.10	2,515	2,532	305.4	25.2	0.31	0.76	8.29x	NM	NM	61.6x	2.95x
Merge Healthcare Incorporated	MRGE	2.60	17.6%	(1.9%)	2.98	1.97	249	457	215.6	28.9	(0.42)	0.15	2.12x	15.8x	NM	17.3x	1.16x
National Research Corp.	NRCI.B	38.50	(7.4%)	32.9%	44.95	26.61	425	403	95.4	30.5	0.63	0.75	4.23x	13.2x	NM	51.3x	3.80x
Premier, Inc.	PINC	31.58	6.5%	NM	38.87	26.52	1,022	764	910.5	341.9	(298.54)	1.34	0.84x	2.2x	NM	23.6x	2.06x
Quality Systems Inc.	QSII	15.66	0.6%	(24.3%)	24.15	14.10	943	827	453.0	51.2	0.10	0.51	1.82x	16.1x	NM	30.8x	2.04x
The Advisory Board Company	ABCO	49.60	2.5%	(9.4%)	70.55	46.37	1,800	1,764	539.2	61.9	0.59	1.22	3.27x	28.5x	NM	40.7x	2.29x
Median			2.5%	2.1%									3.45x	17.6x	47.7x	36.7x	2.05x

Source: Capital IQ as of August 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Consumer Directed Health & Wellness																	
Benefitfocus, Inc.	BNFT	\$33.02	(10.9%)	NM	\$77.00	\$27.52	\$841	\$808	\$119.6	(\$36.8)	(\$2.99)	(\$2.54)	6.76x	NM	NM	NM	NM
Castlight Health, Inc.	CSLT	11.91	(21.5%)	NM	41.95	10.05	1,068	908	27.7	(81.7)	(0.84)	(1.01)	32.85x	NM	NM	NM	NM
Everyday Health, Inc.	EVDY	14.56	(18.1%)	NM	19.89	11.84	442	427	167.1	14.9	(0.89)	0.47	2.56x	28.8x	NM	31.2x	0.84x
Healthways Inc.	HWAY	17.46	1.3%	(8.5%)	22.20	9.59	617	868	693.2	32.3	(0.25)	0.20	1.25x	26.9x	NM	NM	NM
IMS Health Holdings, Inc.	IMS	27.90	15.2%	NM	28.21	21.63	9,263	12,982	2,614.0	621.0	0.51	1.39	4.97x	20.9x	NM	20.1x	1.75x
Streamline Health Solutions, Inc.	STRM	4.75	(6.7%)	(31.4%)	8.50	4.17	86	94	29.0	(6.4)	(0.94)	(0.19)	3.25x	NM	NM	NM	NM
Veeva Systems Inc.	VEEV	29.97	43.0%	NM	49.00	17.11	3,830	3,480	260.2	53.2	0.15	0.31	13.38x	65.5x	NM	95.8x	2.74x
WebMD Health Corp.	WBMD	48.35	13.0%	53.9%	53.30	28.03	1,846	2,017	551.4	99.1	0.31	1.25	3.66x	20.4x	NM	38.6x	3.09x
Median			(2.7%)	(8.5%)									4.31x	26.9x	NM	34.9x	2.24x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$15.12	35.0%	11.2%	\$15.79	\$10.35	\$703	\$852	\$997.5	\$84.1	\$0.69	\$0.69	0.85x	10.1x	22.6x	21.8x	1.56x
Cross Country Healthcare, Inc.	CCRN	7.98	38.3%	41.2%	11.54	5.26	249	305	458.0	7.6	(1.75)	0.05	0.67x	NM	NM	NM	NM
Envision Healthcare Holdings, Inc.	EVHC	36.56	6.0%	39.3%	38.02	25.51	6,674	8,568	4,030.3	474.2	0.04	1.17	2.13x	18.1x	NM	31.3x	1.65x
IPC The Hospitalist Company, Inc.	IPCM	48.34	10.7%	(6.0%)	63.70	38.13	831	890	655.7	69.5	2.39	2.42	1.36x	12.8x	21.5x	20.0x	1.14x
On Assignment Inc.	ASGN	29.56	(16.1%)	(2.0%)	39.86	26.23	1,610	1,956	1,753.0	170.1	1.00	1.67	1.12x	11.5x	22.6x	17.7x	1.25x
Team Health Holdings, Inc.	TMH	58.52	15.3%	52.3%	58.73	36.41	4,134	4,536	2,544.6	267.8	1.24	2.30	1.78x	16.9x	39.8x	25.5x	1.65x
Median			13.0%	25.3%									1.24x	12.8x	22.6x	21.8x	1.56x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$21.90	(3.8%)	3.4%	\$32.40	\$18.91	\$238	\$219	\$285.8	\$18.3	\$1.01	\$1.07	0.77x	12.0x	22.1x	20.4x	1.36x
Almost Family Inc.	AFAM	27.98	36.2%	48.3%	33.97	18.37	265	317	430.9	17.9	0.91	1.70	0.73x	17.7x	32.9x	16.5x	1.50x
Amedisys Inc.	AMED	20.92	43.8%	28.4%	22.58	12.60	695	828	1,192.0	35.3	(2.98)	0.52	0.69x	23.5x	NM	40.3x	4.48x
Chemed Corp.	CHE	105.61	19.9%	51.7%	106.03	64.16	1,826	1,958	1,408.0	183.8	4.16	5.95	1.39x	10.6x	22.4x	17.8x	1.18x
Gentiva Health Services Inc.	GTIV	18.07	32.6%	57.5%	18.93	7.35	667	1,726	1,882.2	142.2	(18.75)	1.07	0.92x	12.1x	NM	16.8x	1.77x
LHC Group, Inc.	LHCG	25.74	26.4%	13.7%	26.00	19.69	458	530	668.0	54.1	1.30	1.30	0.79x	9.8x	21.8x	19.8x	1.80x
Median			29.5%	38.4%									0.78x	12.1x	22.3x	18.8x	1.64x

Source: Capital IQ as of August 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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		
Long Term Care																		
Diversicare Healthcare Services Inc.	DVCR	\$11.05	68.4%	112.5%	\$11.50	\$4.56	\$68	\$123	\$322.1	\$11.7	(\$1.00)	NM	0.38x	10.5x	NM	NM	NM	
Kindred Healthcare Inc.	KND	20.65	(16.8%)	40.5%	26.81	12.95	1,334	2,783	5,012.8	280.4	(0.93)	1.05	0.56x	9.9x	NM	19.6x	1.59x	
Northstar Healthcare Inc.	NHC	57.30	6.1%	24.2%	58.92	45.45	815	840	832.4	108.3	3.87	3.33	1.01x	7.8x	15.3x	17.2x	NM	
The Ensign Group, Inc.	ENSG	35.00	(25.4%)	(9.4%)	47.78	26.02	784	758	956.0	119.1	1.16	2.18	0.79x	6.4x	20.1x	16.0x	1.17x	
Median			(5.3%)	32.3%									0.67x	8.8x	17.7x	17.2x	1.38x	
Managed Care – Commercial																		
Aetna Inc.	AET	\$82.13	5.9%	29.6%	\$85.72	\$60.32	\$29,123	\$36,501	\$54,717.8	\$4,686.2	\$5.33	\$6.56	0.67x	7.8x	14.4x	12.5x	1.18x	
Cigna Corp.	CI	94.60	5.4%	20.2%	97.28	72.64	24,957	28,252	33,407.0	3,038.0	5.18	7.34	0.85x	9.3x	13.0x	12.9x	1.23x	
Health Net, Inc.	HNT	47.20	18.1%	56.4%	47.45	25.40	3,790	3,687	11,978.6	364.5	2.12	2.29	0.31x	10.1x	16.1x	20.6x	1.25x	
Humana Inc.	HUM	128.74	3.4%	39.8%	134.93	90.19	19,859	21,155	44,440.0	2,270.0	7.73	7.75	0.48x	9.3x	19.3x	16.6x	1.61x	
UnitedHealth Group Incorporated	UNH	86.68	8.9%	20.8%	87.24	66.72	84,220	95,888	126,023.0	10,701.0	5.50	5.58	0.76x	9.0x	15.9x	15.5x	1.57x	
Universal American Corp	UAM	8.55	8.8%	17.1%	8.68	6.60	688	774	2,091.4	16.0	(2.20)	0.14	0.37x	NM	NM	NM	NM	
WellPoint Inc.	WLP	116.51	7.5%	36.8%	117.36	81.46	31,953	46,912	72,090.0	5,039.1	8.67	8.73	0.65x	9.3x	14.5x	13.3x	1.34x	
Median			7.5%	29.6%									0.65x	9.3x	15.2x	14.4x	1.29x	
Managed Care – Government																		
Centene Corp.	CNC	\$78.13	4.8%	36.7%	\$81.98	\$54.12	\$4,577	\$4,398	\$12,700.5	\$430.5	\$2.87	\$3.83	0.35x	10.2x	25.4x	20.4x	1.16x	
Molina Healthcare, Inc.	MOH	47.84	11.0%	43.3%	48.03	31.10	2,225	2,008	7,564.0	164.6	0.96	1.95	0.27x	12.2x	NM	24.6x	0.97x	
WellCare Health Plans, Inc.	WCG	65.86	(15.0%)	3.4%	78.37	55.16	2,890	2,376	11,076.7	296.9	3.98	2.16	0.21x	8.0x	20.3x	30.5x	2.90x	
Median			4.8%	36.7%									0.27x	10.2x	22.8x	24.6x	1.16x	

Source: Capital IQ as of August 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Other Services																	
Healthcare Services Group Inc.	HCSG	\$27.33	(8.2%)	12.9%	\$30.69	\$23.90	\$1,922	\$1,854	\$1,233.8	\$76.3	\$0.67	\$0.87	1.50x	24.3x	40.7x	31.5x	1.87x
PDI, Inc.	PDII	2.91	(35.2%)	(43.2%)	6.25	2.71	45	6	135.0	(8.3)	(0.31)	(0.58)	0.05x	NM	NM	NM	NM
Sharps Compliance Corp.	SMED	4.41	12.2%	66.4%	5.90	2.60	67	54	26.6	0.9	(0.09)	0.02	2.02x	57.6x	NM	NM	NM
Stericycle, Inc.	SRCL	118.85	3.9%	5.6%	125.43	108.62	10,080	11,794	2,313.3	676.8	3.56	4.25	5.10x	17.4x	32.2x	28.0x	1.81x
Median			(2.1%)	9.2%									1.76x	24.3x	36.5x	29.8x	1.84x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$8.46	7.8%	(30.7%)	\$12.29	\$5.61	\$580	\$998	\$975.3	\$21.1	(\$0.83)	(\$0.15)	1.02x	47.3x	NM	NM	NM
Catamaran Corporation	CCT	47.19	7.3%	(13.7%)	54.55	37.32	9,787	10,519	18,443.2	763.6	1.27	2.17	0.57x	13.8x	35.3x	21.7x	1.02x
Express Scripts Holding Company	ESRX	73.93	3.4%	15.7%	79.37	59.20	55,111	68,386	100,493.0	6,419.7	2.31	4.88	0.68x	10.7x	32.5x	15.2x	1.22x
Omnicare Inc.	OCR	63.77	0.3%	17.3%	67.49	52.26	6,240	8,148	6,233.0	722.4	0.78	3.69	1.31x	11.3x	NM	17.3x	1.15x
Omnicell, Inc.	OMCL	28.15	6.1%	29.5%	30.33	20.88	1,010	883	406.6	59.9	0.67	1.23	2.17x	14.7x	36.2x	22.9x	1.28x
PharMerica Corporation	PMC	24.89	(8.3%)	102.4%	30.48	12.12	748	1,006	1,788.1	112.0	0.63	1.51	0.56x	9.0x	NM	16.5x	1.65x
Median			4.8%	16.5%									0.85x	12.5x	35.3x	17.3x	1.22x
Physician Practice Mgmt																	
Birner Dental Management Services Inc.	BDMS	\$16.70	(4.8%)	(8.0%)	\$22.40	\$15.50	\$31	\$40	\$64.7	\$3.4	\$0.05	NM	0.61x	11.6x	NM	NM	NM
MEDNAX, Inc.	MD	57.25	(0.7%)	17.6%	64.51	48.67	5,690	5,844	2,284.0	522.7	2.78	3.15	2.56x	11.2x	19.3x	18.2x	1.28x
Median			(2.8%)	4.8%									1.59x	11.4x	19.3x	18.2x	1.28x
Psychiatric Hospitals																	
Acadia Healthcare Company, Inc.	ACHC	\$51.21	20.1%	33.6%	\$53.87	\$37.38	\$3,063	\$3,353	\$789.9	\$154.7	\$0.86	\$1.46	NM	21.7x	41.9x	35.1x	1.50x
Magellan Health, Inc.	MGLN	55.86	(8.3%)	(0.6%)	63.81	53.51	1,597	1,436	3,736.3	206.9	4.53	2.60	0.38x	6.9x	16.2x	21.5x	1.27x
Providence Service Corp.	PRSC	45.53	13.3%	69.6%	47.90	23.91	675	744	1,186.9	60.7	1.41	1.88	0.63x	12.3x	33.3x	24.2x	1.47x
Median			13.3%	33.6%									0.51x	12.3x	33.3x	24.2x	1.47x

Source: Capital IQ as of August 31, 2014; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Specialty Managed Care																	
Assurant Inc.	AIZ	\$66.75	(1.6%)	25.8%	\$69.71	\$52.94	\$4,765	\$4,632	\$9,715.7	\$998.6	\$6.30	\$6.33	0.48x	4.6x	9.6x	10.5x	1.81x
Triple-S Management Corporation	GTS	19.14	8.3%	2.6%	20.55	14.70	522	551	2,365.4	99.0	2.01	1.84	0.23x	5.6x	9.9x	10.4x	0.99x
Median			3.3%	14.2%									0.35x	5.1x	9.8x	10.5x	1.40x
Surgicenters / Rehabilitation																	
AmSurg Corp.	AMSG	\$53.79	18.8%	44.2%	\$54.06	\$36.55	\$2,585	\$3,673	\$1,098.3	\$369.8	\$2.27	\$2.50	3.34x	9.9x	23.7x	21.5x	1.25x
Surgical Care Affiliates, Inc.	SCAI	29.76	3.0%	NM	37.69	25.50	1,144	2,011	807.4	171.1	(1.39)	0.90	2.49x	11.8x	NM	32.9x	NM
Hanger, Inc.	HGR	22.40	(26.3%)	(27.1%)	40.71	20.42	770	1,305	1,060.7	156.2	1.80	1.62	1.23x	8.4x	13.6x	13.9x	1.13x
HEALTHSOUTH Corp.	HLS	39.39	12.2%	25.2%	42.41	29.82	3,456	5,112	2,303.3	577.5	2.59	2.10	2.22x	8.9x	24.0x	18.8x	1.34x
Select Medical Holdings Corporation	SEM	14.02	(7.5%)	65.5%	16.17	7.91	1,823	3,488	2,963.0	357.4	0.82	0.94	1.18x	9.8x	16.0x	14.9x	1.62x
US Physical Therapy Inc.	USPH	35.70	6.5%	29.7%	37.25	26.91	437	499	278.3	48.9	1.46	1.69	1.79x	10.2x	24.0x	21.1x	1.33x
Median			4.8%	29.7%									2.01x	9.8x	23.7x	19.9x	1.33x

Definitions

PEG Ratio: Price Earnings to Growth

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

EPS: Earnings Per Share

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

LTM: Last Twelve Months

Source: Capital IQ as of August 31, 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	56	\$565,315	7.5%	11.9%	9.29x	18.3x	31.3x	26.1x	1.3x
Cardiology Devices	19	116,714	(2.0%)	15.2%	3.83x	12.5x	21.6x	19.6x	1.8x
Conglomerates	6	506,992	0.7%	21.4%	2.99x	11.6x	22.0x	18.2x	2.1x
Dental Devices	8	19,966	7.7%	26.2%	2.76x	15.1x	28.7x	27.1x	1.9x
Diagnostic Imaging Devices	4	7,950	3.7%	36.9%	1.38x	11.3x	18.6x	16.9x	2.0x
Diversified Medical Devices	16	101,434	2.9%	28.6%	2.83x	14.1x	22.2x	21.2x	1.7x
Infection Prevention Devices	2	4,849	5.1%	39.2%	2.81x	14.9x	31.5x	26.2x	1.8x
Lab Equipment	2	7,861	10.7%	17.4%	1.90x	11.3x	19.6x	23.3x	1.7x
Lab Instrumentation & Devices	3	12,202	3.3%	0.1%	1.75x	13.7x	32.8x	25.0x	1.8x
Large-Cap Pharmaceuticals	7	687,568	1.7%	23.7%	4.82x	12.7x	26.4x	17.5x	2.8x
Life Science Conglomerates	3	78,074	2.8%	35.3%	4.23x	16.4x	28.7x	18.3x	1.5x
Life Science Consumables	5	9,125	5.0%	23.2%	2.11x	17.3x	39.6x	30.3x	2.1x
Mobility Devices	3	3,074	5.1%	28.3%	0.52x	10.1x	19.4x	37.8x	2.0x
Neural Implant Devices	2	3,158	2.8%	17.9%	3.65x	13.9x	26.2x	21.3x	1.6x
Ophthalmology Devices	4	8,451	8.0%	32.3%	1.67x	20.0x	35.0x	20.5x	1.4x
Orthopedics Devices	6	52,112	0.6%	25.0%	2.86x	9.9x	21.7x	17.5x	1.9x
Pharmaceuticals	26	73,494	15.3%	45.0%	4.56x	14.8x	33.1x	18.0x	1.1x
Surgical Devices	4	18,207	(2.1%)	24.3%	2.33x	12.7x	35.1x	30.6x	2.5x
Total / Median (\$MM)	176	\$2,276,544	3.5%	24.7%	2.82x	13.8x	27.6x	21.2x	1.8x

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	49	\$2,166,635	27.8%	95.2%	7.0%	117.4%	34.4%	69.2%
\$1 billion – \$5 billion	37	77,505	21.0%	3.4%	3.6%	106.3%	26.8%	79.4%
\$250 million – \$1 billion	51	27,323	29.0%	1.2%	7.8%	192.9%	30.3%	85.3%
\$100 million – \$250 million	25	4,089	14.2%	0.2%	0.3%	181.2%	35.1%	68.4%
< \$100 million	14	991	8.0%	0.0%	2.3%	100.8%	26.1%	36.3%
Total / Median (\$MM)	176	\$2,276,544	100.0%	100.0%	3.5%	117.4%	24.7%	69.2%

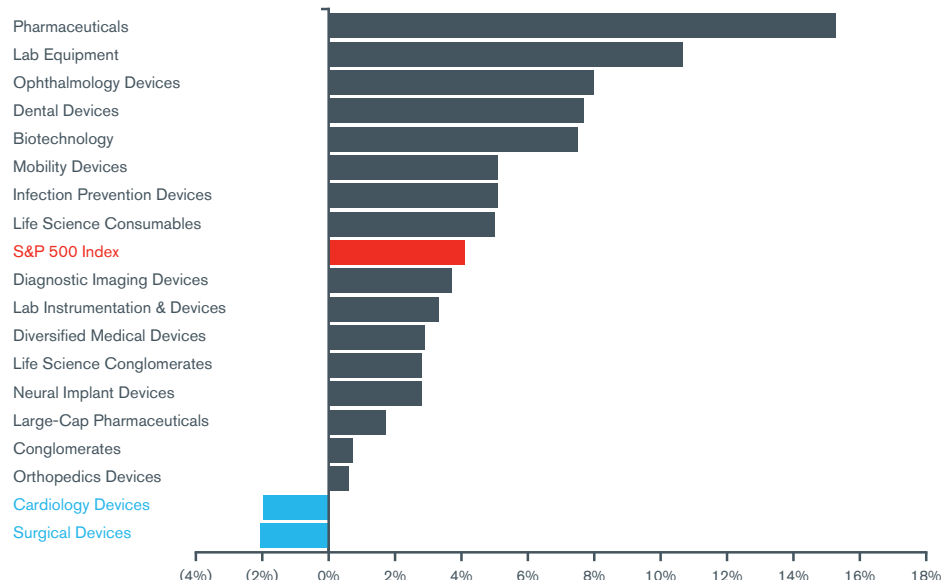
Source: Capital IQ

INTEREST RATES

	Value at 8/31/14	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	0.47%	0.08%	0.34%	0.38%
U.S. Treasury – 5 years	1.63%	1.76%	1.51%	1.57%
U.S. Treasury – 10 years	2.35%	2.56%	2.46%	2.75%
U.S. Treasury – 30 years	3.08%	3.31%	3.31%	3.31%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median % Change – 3 months



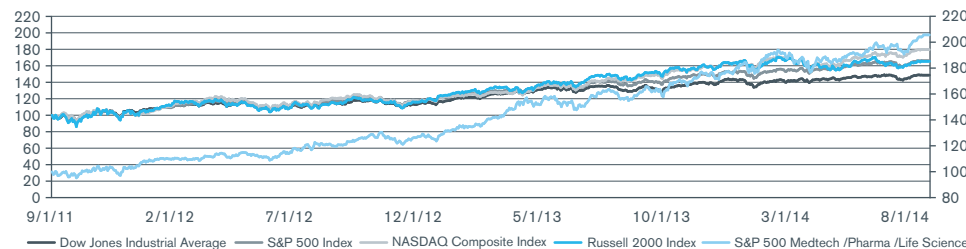
Source: Capital IQ

MARKET INDICES

	Value at 8/31/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$17,098.5	2.3%	3.1%	15.4%	48.8%
S&P 500 Index	2,003.4	4.1%	8.4%	22.7%	66.3%
NASDAQ Composite Index	4,580.3	8.0%	9.7%	27.6%	79.9%
Russell 2000 Index	1,174.4	3.5%	0.9%	16.2%	65.7%
S&P Life Science Tools & Services (Industry) Index	286.8	2.1%	5.0%	23.1%	86.4%
S&P 500 Pharmaceuticals (Industry) Index	545.2	2.5%	11.4%	24.0%	75.1%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	643.5	8.2%	16.3%	32.0%	111.0%
S&P 500 Biotechnology (Industry) Index	3,568.9	20.7%	27.3%	51.0%	243.8%
Dow Jones U.S. Medical Equipment Index	841.4	4.6%	11.4%	26.3%	69.2%
S&P 500 – Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	721.1	7.5%	15.5%	31.2%	104.6%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Biotechnology																	
Acceleron Pharma, Inc.	XLRN	\$26.87	(9.5%)	NM	\$57.89	\$16.78	\$854	\$650	\$23.2	(\$33.8)	(\$4.15)	(\$1.30)	28.05x	NM	NM	NM	NM
Acorda Therapeutics, Inc.	ACOR	32.58	(0.9%)	(3.6%)	39.95	27.51	1,360	1,041	355.2	47.2	0.39	1.10	2.93x	22.1x	72.9x	29.5x	0.87x
Adamas Pharmaceuticals, Inc.	ADMS	18.74	5.0%	NM	21.63	12.02	314	169	65.6	43.5	3.51	0.16	2.58x	3.9x	7.1x	NM	NM
Akebia Therapeutics, Inc.	AKBA	22.51	(7.4%)	NM	31.00	16.41	456	332	–	–	(1.31)	(6.33)	NA	NA	NM	NM	NM
Alexion Pharmaceuticals, Inc.	ALXN	169.29	1.8%	57.1%	185.43	100.89	33,488	32,035	1,921.4	779.3	1.27	5.02	16.67x	41.1x	84.8x	33.7x	1.27x
Alkermes plc	ALKS	44.73	(2.4%)	40.9%	54.25	29.36	6,523	6,246	558.8	40.8	0.16	0.24	11.18x	NM	NM	NM	NM
Amarin Corporation plc	AMRN	1.93	36.9%	(69.4%)	7.40	1.28	334	391	42.1	(120.4)	(1.28)	(0.54)	9.29x	NM	NM	NM	NM
Amgen Inc.	AMGN	139.38	20.2%	27.9%	139.73	105.76	105,874	113,014	19,460.0	8,134.0	6.64	8.38	5.81x	13.9x	21.3x	16.6x	2.09x
Athersys, Inc.	ATHX	1.41	(20.8%)	(20.3%)	4.33	1.08	109	70	2.6	(25.8)	(0.53)	(0.35)	26.71x	NM	NM	NM	NM
Auspex Pharmaceuticals, Inc.	ASPX	22.99	8.7%	NM	35.78	13.25	629	531	–	(23.5)	(371.13)	(1.99)	NA	NM	NM	NM	NM
Avalanche Biotechnologies, Inc.	AAVL	29.63	NM	NM	32.38	22.00	633	582	0.2	(5.0)	(0.74)	(0.53)	NM	NM	NM	NM	NM
Bio Blast Pharma Ltd.	ORPN	9.24	NM	NM	10.00	6.61	131	126	–	–	(0.14)	(0.38)	NA	NA	NM	NM	NM
Biogen Idec Inc.	BIIB	343.04	7.4%	61.0%	358.89	213.05	81,007	80,028	8,344.8	3,640.6	7.81	13.08	9.59x	22.0x	38.2x	26.2x	1.19x
BioSpecifics Technologies Corp.	BSTC	31.28	15.9%	71.1%	32.00	17.21	203	186	12.6	6.5	0.76	0.67	14.72x	28.8x	51.4x	47.0x	NM
Cara Therapeutics Inc.	CARA	10.22	(25.8%)	NM	23.25	9.65	231	169	3.1	(12.0)	(0.74)	(0.85)	NM	NM	NM	NM	NM
Celgene Corporation	CELG	95.02	24.2%	35.8%	96.15	66.85	75,969	76,675	7,033.0	2,416.4	1.69	3.66	10.90x	31.7x	54.9x	26.0x	1.01x
Cepheid	CPHD	40.03	(11.1%)	11.9%	55.89	35.72	2,810	2,778	436.8	2.5	(0.27)	0.11	6.36x	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	69.03	3.6%	8.9%	82.12	58.50	5,228	5,419	1,121.4	140.3	(0.27)	1.18	4.83x	38.6x	NM	58.3x	2.43x
Curis, Inc.	CRIS	1.75	(1.7%)	(60.0%)	4.74	1.53	151	125	14.8	(10.5)	(0.15)	(0.15)	8.41x	NM	NM	NM	NM
Dicerna Pharmaceuticals, Inc.	DRNA	13.78	(14.7%)	NM	46.00	13.33	245	145	–	(29.0)	(709.57)	(2.11)	NA	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.75	27.7%	4.2%	1.93	1.25	54	58	13.6	(3.9)	(0.01)	NM	4.27x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	24.90	14.8%	41.6%	28.48	17.16	933	1,016	351.4	63.8	0.85	0.84	2.89x	15.9x	68.7x	29.8x	0.96x
Exelixis, Inc.	EXEL	4.14	25.1%	(17.4%)	8.41	3.02	808	923	21.3	(238.6)	(1.33)	(1.55)	NM	NM	NM	NM	NM
Genomic Health Inc.	GHDX	29.72	14.4%	(5.7%)	37.24	23.90	937	831	272.3	(13.2)	(0.42)	(0.76)	3.05x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	107.56	32.4%	78.5%	108.77	58.81	162,595	163,639	17,436.6	10,496.0	1.81	7.97	9.38x	15.6x	24.4x	13.5x	0.39x
GlycoMimetics, Inc.	GLYC	8.15	13.8%	NM	18.99	6.02	154	88	15.2	(4.5)	(8.87)	0.45	5.79x	NM	NM	18.1x	NM
Immunomedics Inc.	IMMU	3.33	0.0%	(44.0%)	7.35	3.04	310	268	9.0	(35.0)	(0.17)	(0.49)	29.61x	NM	NM	NM	NM
Immune Design Corp.	IMDZ	12.01	NM	NM	12.81	11.51	189	164	1.1	(17.3)	(2.28)	(1.98)	NM	NM	NM	NM	NM
INSYS Therapeutics, Inc.	INSY	35.32	36.7%	89.1%	57.91	19.03	1,219	1,164	166.7	56.4	1.41	1.48	6.98x	20.6x	24.5x	23.9x	1.02x
Ligand Pharmaceuticals Incorporated	LGND	52.04	(22.0%)	8.2%	80.42	39.75	1,081	1,061	54.3	19.4	0.43	0.72	19.54x	NM	NM	72.3x	2.41x
Loxo Oncology, Inc.	LOXO	13.01	NM	NM	13.42	12.69	207	220	–	–	(6.37)	(1.23)	NA	NA	NM	NM	NM
Macrocare Ltd.	MCUR	9.44	NM	NM	9.98	7.25	153	141	–	(16.3)	(2.46)	(1.54)	NA	NM	NM	NM	NM
Momenta Pharmaceuticals Inc.	MNTA	11.79	(4.8%)	(16.3%)	19.90	9.85	641	439	45.2	(101.8)	(2.13)	(1.61)	9.70x	NM	NM	NM	NM

Source: Capital IQ as of August 31, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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		
Biotechnology (cont.)																		
Myriad Genetics Inc.	MYGN	\$36.19	9.1%	38.3%	\$42.50	\$20.02	\$2,634	\$2,448	\$778.2	\$300.9	\$2.32	\$1.98	3.15x	8.1x	16.1x	18.3x	1.70x	
Neurocrine Biosciences Inc.	NBIX	16.31	17.4%	11.9%	20.29	8.57	1,238	1,044	1.5	(49.9)	(0.69)	(0.78)	NM	NM	NM	NM	NM	
Ocular Therapeutix, Inc.	OCUL	16.47	NM	NM	16.97	11.90	351	421	0.1	(19.2)	(0.91)	(2.17)	NM	NM	NM	NM	NM	
Osiris Therapeutics, Inc.	OSIR	14.29	(7.1%)	(18.1%)	19.75	11.80	490	439	38.3	(0.6)	(0.03)	(0.10)	11.45x	NM	NM	NM	NM	
Otonomy, Inc.	OTIC	19.92	NM	NM	19.98	15.19	405	337	-	(32.4)	(4.42)	NM	NA	NM	NM	NM	NM	
PDL BioPharma, Inc.	PDLI	10.09	7.7%	27.1%	10.21	7.38	1,621	1,911	439.1	435.1	1.66	1.98	4.35x	4.4x	6.1x	5.1x	NM	
Pfenex Inc.	PFNX	6.45	NM	NM	6.59	5.28	131	245	12.0	(6.2)	(0.37)	(0.80)	20.34x	NM	NM	NM	NM	
ProMetic Life Sciences Inc.	PLI	1.36	31.0%	206.0%	1.52	0.43	723	744	19.9	(20.7)	(0.03)	(0.02)	NM	NM	NM	NM	NM	
Prosensa Holding N.V.	RNA	9.10	(17.5%)	(60.0%)	26.00	3.43	328	244	26.4	(11.5)	(0.71)	(0.89)	9.24x	NM	NM	NM	NM	
Regeneron Pharmaceuticals, Inc.	REGN	350.46	14.2%	44.6%	354.79	245.99	35,354	35,055	2,498.9	903.9	3.81	10.11	14.03x	38.8x	99.7x	34.7x	1.54x	
Roka Bioscience, Inc.	ROKA	11.72	NM	NM	13.00	9.15	207	320	3.5	(26.7)	(3.26)	(1.99)	NM	NM	NM	NM	NM	
Sage Therapeutics, Inc.	SAGE	28.92	NM	NM	34.88	0.00	744	787	-	(22.2)	(1.92)	(2.93)	NA	NM	NM	NM	NM	
Spectrum Pharmaceuticals, Inc.	SPPI	8.11	4.1%	5.9%	10.32	6.36	532	490	170.9	(17.1)	(1.02)	(0.54)	2.87x	NM	NM	NM	NM	
T2 Biosystems, Inc.	TTOO	23.21	NM	NM	24.50	13.40	446	427	0.3	(21.4)	(1.53)	NM	NM	NM	NM	NM	NM	
Targacept, Inc.	TRGT	2.76	(26.4%)	(46.1%)	6.11	2.68	93	(3.7)	0.2	(46.0)	(1.39)	(1.07)	NM	0.1x	NM	NM	NM	
Theravance Inc.	THRX	23.56	(17.8%)	(34.3%)	42.85	21.01	2,654	3,057	2.3	(172.5)	(1.67)	(1.20)	NM	NM	NM	NM	NM	
Ultragenyx Pharmaceutical Inc.	RARE	53.36	42.1%	NM	69.77	32.02	1,692	1,538	-	(40.8)	(14.87)	(2.11)	NA	NM	NM	NM	NM	
United Therapeutics Corporation	UTHR	117.83	23.1%	66.2%	118.76	70.95	5,570	5,365	1,203.4	499.2	3.28	8.76	4.46x	10.7x	22.8x	13.4x	1.42x	
Vanda Pharmaceuticals, Inc.	VNDA	12.94	25.8%	13.2%	19.25	5.70	438	375	37.5	(58.2)	(0.67)	(1.92)	10.00x	NM	NM	NM	NM	
Versartis, Inc.	VSAR	23.00	(23.1%)	NM	36.86	16.15	556	364	-	(27.2)	(1.99)	(4.05)	NA	NM	NM	NM	NM	
Vertex Pharmaceuticals Incorporated	VRTX	93.57	29.5%	24.5%	99.74	58.06	22,277	21,596	829.7	(452.6)	(1.98)	(2.11)	26.03x	NM	NM	NM	NM	
Vital Therapies, Inc.	VTL	23.98	99.8%	NM	35.20	10.66	523	432	-	(41.9)	(3.14)	(3.51)	NA	NM	NM	NM	NM	
Zafgen, Inc.	ZFGN	20.94	NM	NM	21.83	17.06	475	349	-	(17.8)	(1.05)	(3.68)	NA	NM	NM	NM	NM	
Median			7.5%	11.9%									9.29x	18.28x	31.35x	26.09x	1.27x	
Cardiology Devices																		
ABIOMED, Inc.	ABMD	\$26.05	14.3%	10.6%	\$30.77	\$18.15	\$1,054	\$967	\$189.8	\$11.3	\$0.19	\$0.55	5.09x	NM	NM	48.3x	2.25x	
AngioDynamics Inc.	ANGO	14.11	(1.5%)	29.4%	19.00	10.87	500	625	350.6	45.9	(0.07)	0.62	1.78x	13.6x	NM	22.9x	1.74x	
Boston Scientific Corporation	BSX	12.68	(1.2%)	19.8%	14.08	10.68	16,810	20,705	7,220.0	1,631.0	(0.09)	0.82	2.87x	12.7x	70.2x	15.5x	1.60x	
Cardiovascular Systems Inc.	CSII	28.49	1.6%	38.8%	37.73	18.83	898	774	136.6	(32.1)	(1.19)	(1.24)	5.67x	NM	NM	NM	NM	
CareDx, Inc	CDNA	9.97	NM	NM	10.88	8.49	118	279	24.4	1.5	(0.48)	(0.37)	11.45x	NM	NM	NM	NM	
Edwards Lifesciences Corp.	EW	99.26	22.2%	41.0%	99.35	60.62	10,525	9,639	2,129.1	499.5	3.44	3.30	4.53x	19.3x	14.3x	30.0x	2.11x	
Greatbatch, Inc.	GB	45.57	(2.4%)	34.1%	51.64	33.24	1,135	1,276	690.7	120.9	1.43	2.33	1.85x	10.6x	24.4x	19.6x	1.78x	
Heartware International Inc.	HTWR	81.10	(10.1%)	3.2%	105.84	69.31	1,379	1,307	244.5	(27.8)	(3.69)	(2.28)	5.35x	NM	NM	NM	NM	

Source: Capital IQ as of August 31, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Cardiology Devices (cont.)																	
LeMaitre Vascular, Inc.	LMAT	\$7.30	(3.1%)	5.2%	\$8.96	\$6.39	\$126	\$103	\$67.5	\$7.7	\$0.20	\$0.22	1.53x	13.3x	45.7x	33.4x	1.67x
Lombard Medical, Inc.	EVAR	7.68	(1.3%)	NM	11.34	5.31	124	54	8.1	(28.7)	(2.14)	(2.69)	6.69x	NM	NM	NM	NM
Medtronic, Inc.	MDT	63.85	4.6%	23.4%	65.50	51.78	62,542	61,371	17,083.0	5,613.0	3.51	3.99	3.59x	10.9x	21.6x	16.0x	2.15x
Neovasc Inc.	NVC	5.43	(15.8%)	108.1%	7.23	2.00	292	268	14.2	(9.7)	(0.13)	(0.16)	18.84x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.14	(11.7%)	(74.6%)	0.61	0.11	45	36	0.0	(25.7)	(0.08)	(0.05)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	65.59	1.1%	30.1%	71.90	49.94	18,673	21,319	5,571.0	1,720.0	2.49	4.00	3.83x	12.4x	21.1x	16.4x	1.67x
Stereotaxis Inc.	STXS	2.94	(17.9%)	(16.5%)	6.34	2.66	60	67	36.3	(7.1)	(5.95)	NM	1.84x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	5.59	3.5%	(49.2%)	12.46	4.15	94	52	0.1	(26.0)	(1.71)	(1.56)	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	25.00	(24.5%)	(30.0%)	43.58	22.50	1,408	1,116	498.4	120.8	1.26	1.34	2.24x	9.2x	21.4x	18.6x	1.93x
TriVascular Technologies, Inc.	TRIV	14.41	(9.9%)	NM	17.99	11.15	292	241	26.6	(47.7)	(5.01)	(3.27)	9.06x	NM	NM	NM	NM
Volcano Corporation	VOLC	12.44	(28.3%)	(41.9%)	24.62	11.54	640	846	393.4	16.6	(0.63)	(0.20)	2.15x	NM	NM	NM	NM
Median			(2.0%)	15.2%									3.83x	12.5x	21.6x	19.6x	1.78x
Conglomerates																	
3M Company	MMM	\$144.00	1.0%	26.8%	\$146.43	\$112.85	\$93,308	\$97,766	\$31,450.0	\$8,298.0	\$6.72	\$7.48	3.11x	11.8x	20.3x	19.3x	1.62x
Agilent Technologies Inc.	A	57.16	0.4%	22.6%	61.22	46.62	19,049	18,877	6,894.0	1,336.0	2.17	3.17	2.74x	14.1x	27.8x	18.0x	1.77x
Becton, Dickinson and Company	BDX	117.17	(0.5%)	20.3%	120.66	96.73	22,477	23,807	8,291.0	2,173.0	4.69	6.41	2.87x	11.0x	23.8x	18.3x	1.93x
Covidien plc	COV	86.83	18.8%	46.2%	92.68	59.18	39,226	43,106	10,422.0	2,807.0	3.31	4.10	4.14x	15.4x	26.3x	21.2x	2.22x
Johnson & Johnson	JNJ	103.73	2.2%	20.0%	106.74	85.50	292,548	278,054	73,540.0	24,506.0	4.81	5.92	3.78x	11.3x	19.2x	17.5x	2.47x
Kimberly-Clark Corporation	KMB	108.00	(3.9%)	15.5%	114.45	91.44	40,384	46,430	21,188.0	4,116.0	5.53	6.05	2.19x	11.3x	19.4x	17.8x	2.54x
Median			0.7%	21.4%									2.99x	11.6x	22.0x	18.2x	2.08x
Dental Devices																	
COLTENE Holding AG	CLTN	\$60.81	(4.4%)	24.6%	\$63.86	\$47.57	\$257	\$274	\$181.6	\$27.9	\$3.51	\$3.82	1.51x	9.8x	17.1x	15.9x	1.31x
DENTSPLY International Inc.	XRAY	47.71	0.9%	13.6%	50.99	41.86	6,764	8,128	2,953.0	577.3	2.16	2.52	2.75x	14.1x	21.8x	18.9x	1.57x
Nobel Biocare Holding AG	NOBN	18.20	21.9%	26.5%	19.13	12.91	2,228	2,131	767.4	141.1	0.48	0.56	2.78x	15.1x	34.0x	32.6x	1.96x
Orthofix International N.V.	OFIX	33.91	7.0%	53.6%	36.90	19.35	625	619	398.5	53.4	(0.80)	1.14	1.55x	11.6x	NM	29.9x	3.50x
Osstem Implant Co., Ltd.	A048260	36.83	42.4%	51.1%	36.93	20.33	523	557	213.7	27.7	0.66	1.72	2.61x	20.1x	43.0x	27.1x	NM
Sirona Dental Systems Inc.	SIRO	81.51	8.4%	25.8%	84.95	64.82	4,708	4,493	1,159.7	287.5	2.72	3.73	3.87x	15.6x	27.0x	21.8x	1.90x
Straumann Holding AG	STMN	244.88	10.1%	34.3%	248.48	168.92	3,804	3,651	771.4	170.4	7.30	8.89	4.73x	21.4x	30.5x	27.6x	1.90x
Tornier N.V.	TRNX	21.62	0.5%	13.9%	24.35	15.17	1,057	1,095	326.0	19.8	(0.79)	(0.49)	3.36x	NM	NM	NM	NM
Median			7.7%	26.2%									2.76x	15.1x	28.7x	27.1x	1.90x

Source: Capital IQ as of August 31, 2014; For definitions, see page 17

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(\$ in millions, except per share amounts)

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Orthopedics Devices																	
Exactech Inc.	EXAC	\$23.88	2.5%	25.4%	\$26.52	\$18.34	\$328	\$343	\$244.4	\$43.1	\$1.12	\$1.21	1.40x	7.9x	20.6x	19.7x	1.10x
NuVasive, Inc.	NUVA	35.10	5.3%	49.2%	39.89	23.17	1,649	1,763	728.1	117.6	0.17	1.13	2.42x	15.0x	NM	31.0x	2.41x
Stryker Corporation	SYK	83.31	(1.4%)	24.5%	86.93	66.52	31,540	30,662	9,287.0	1,413.0	2.63	4.77	3.30x	21.7x	46.6x	17.5x	2.12x
Symmetry Medical, Inc.	SMA	9.22	4.5%	17.5%	11.11	7.69	346	504	402.5	50.7	(0.99)	0.57	1.25x	9.9x	NM	16.2x	0.98x
Wright Medical Group Inc.	WMGI	29.84	(1.8%)	24.0%	33.80	23.70	1,474	1,439	266.3	(78.2)	(6.19)	(1.34)	5.40x	NM	NM	NM	NM
Zimmer Holdings, Inc.	ZMH	99.31	(4.8%)	25.6%	108.33	78.30	16,775	16,767	4,659.4	1,702.8	4.43	6.05	3.60x	9.8x	21.7x	16.4x	1.87x
Median			0.6%	25.0%									2.86x	9.9x	21.7x	17.5x	1.87x
Diagnostic Imaging Devices																	
Analogic Corporation	ALOG	\$72.20	5.7%	(3.3%)	\$99.97	\$65.63	\$893	\$774	\$541.7	\$63.6	\$2.58	\$4.26	1.43x	12.2x	26.0x	16.9x	1.13x
Digirad Corporation	DRAD	3.93	11.3%	57.2%	4.85	2.50	73	52	52.5	5.0	0.01	0.09	0.98x	10.2x	18.6x	43.7x	3.64x
Fonar Corp.	FONR	12.22	(5.6%)	130.1%	27.95	5.12	75	100	79.6	15.4	1.60	NM	1.26x	6.5x	7.2x	NM	NM
Hologic Inc.	HOLX	24.87	1.8%	16.5%	26.75	19.25	6,908	10,546	2,476.5	858.8	(4.37)	1.49	4.26x	12.3x	NM	16.7x	1.99x
Median			3.7%	36.9%									1.35x	11.2x	18.6x	16.9x	1.99x
Mobility Devices																	
Hill-Rom Holdings, Inc.	HRC	\$43.81	10.4%	28.3%	\$44.64	\$33.57	\$2,514	\$2,697	\$1,644.2	\$266.6	\$1.57	\$2.39	1.64x	10.1x	36.3x	18.4x	2.04x
Invacare Corporation	IVC	15.34	(7.0%)	2.2%	25.96	14.15	493	526	1,316.5	11.5	(1.60)	(1.22)	0.40x	45.9x	NM	NM	NM
Prism Medical Ltd.	PM	7.39	5.1%	49.9%	7.64	4.20	67	37	71.3	7.3	0.50	0.13	0.52x	5.1x	2.5x	57.3x	NM
Median			5.1%	28.3%									0.52x	10.1x	19.4x	37.8x	2.04x
Infection Prevention Devices																	
Cantel Medical Corp.	CMN	\$36.47	4.9%	40.8%	\$38.04	\$25.45	\$1,509	\$1,549	\$467.6	\$88.2	\$1.00	\$1.13	3.31x	17.6x	35.4x	32.4x	1.80x
Steris Corp.	STE	56.29	5.2%	37.7%	56.37	39.90	3,340	3,844	1,659.9	312.7	2.22	2.83	2.32x	12.3x	27.6x	19.9x	1.71x
Median			5.1%	39.2%									2.81x	14.9x	31.5x	26.2x	1.75x
Neural Implant Devices																	
Cyberonics Inc.	CYBX	\$57.39	(5.6%)	12.8%	\$73.52	\$49.65	\$1,528	\$1,395	\$285.1	\$94.2	\$1.74	\$2.23	4.89x	14.8x	26.2x	25.7x	1.57x
Integra LifeSciences Holdings Corporation	IART	49.99	11.2%	23.0%	51.32	37.93	1,630	2,125	880.4	163.2	(0.60)	2.95	2.41x	13.0x	NM	16.9x	1.54x
Median			2.8%	17.9%									3.65x	13.9x	26.2x	21.3x	1.56x

Source: Capital IQ as of August 31, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Ophthalmology Devices																	
IRIDEX Corporation	IRIX	\$8.02	(8.2%)	32.3%	\$11.00	\$5.77	\$79	\$66	\$41.0	\$2.7	\$0.22	\$0.16	1.62x	24.8x	49.9x	50.1x	1.67x
Lumenis Ltd.	LMNS	8.97	1.4%	NM	13.38	8.16	319	276	277.2	26.9	0.58	0.53	1.00x	10.3x	35.0x	16.8x	0.78x
Optos plc	OPTS	3.27	14.6%	36.4%	3.56	2.42	237	272	157.9	11.7	0.09	0.18	1.72x	23.3x	35.0x	18.4x	NM
The Cooper Companies Inc.	COO	163.03	26.4%	24.8%	164.48	116.95	7,815	8,087	1,641.1	473.9	5.93	7.20	4.93x	17.1x	27.0x	22.7x	1.35x
Median			8.0%	32.3%									1.67x	20.2x	35.0x	20.5x	1.35x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$1.56	4.0%	(21.2%)	\$2.53	\$1.16	\$153	\$234	\$204.1	\$18.5	(\$0.85)	(\$0.03)	1.15x	12.7x	NM	NM	NM
Bovie Medical Corporation	BVX	4.24	(8.2%)	40.9%	5.00	1.94	76	75	25.3	(0.5)	(0.40)	(0.57)	2.97x	NM	NM	NM	NM
CONMED Corporation	CNMD	39.50	(12.0%)	27.1%	50.47	31.21	1,080	1,266	747.1	124.9	1.28	1.87	1.69x	10.1x	31.6x	21.1x	1.62x
Intuitive Surgical, Inc.	ISRG	470.01	27.1%	21.6%	541.23	346.46	16,898	15,919	2,052.1	731.8	16.73	11.71	7.76x	21.8x	38.6x	40.1x	3.37x
Median			(2.1%)	24.3%									2.33x	12.7x	35.1x	30.6x	2.50x
Diversified Medical Devices																	
Abaxis, Inc.	ABAX	\$47.75	15.6%	21.9%	\$48.46	\$32.11	\$1,075	\$969	\$176.2	\$31.3	\$0.76	\$0.86	5.50x	30.9x	68.2x	55.8x	3.04x
AtriCure, Inc.	ATRC	15.52	(6.1%)	76.6%	23.00	8.78	426	363	93.0	(13.0)	(0.56)	(0.74)	3.91x	NM	NM	NM	NM
Baxter International Inc.	BAX	74.98	0.8%	7.8%	77.31	62.80	40,615	47,613	16,357.0	4,171.0	3.66	5.15	2.91x	11.4x	21.1x	14.5x	1.82x
CareFusion Corporation	CFN	45.91	6.9%	28.1%	45.93	35.46	9,313	9,454	3,842.0	861.0	1.68	2.53	2.46x	11.0x	23.4x	18.2x	1.57x
CR Bard Inc.	BCR	148.44	0.4%	29.2%	154.16	113.52	11,079	11,668	3,146.3	829.0	8.39	7.59	3.71x	14.1x	15.1x	19.5x	1.52x
CryoLife Inc.	CRY	10.04	13.7%	65.4%	12.14	6.01	280	249	141.1	17.5	0.57	0.20	1.77x	14.3x	18.7x	49.4x	1.65x
Hospira Inc.	HSP	53.74	9.3%	37.7%	56.78	38.11	9,068	10,040	4,279.2	587.7	(0.05)	2.41	2.35x	17.1x	51.8x	22.3x	1.90x
IDEXX Laboratories, Inc.	IDXX	123.97	(3.5%)	32.1%	140.00	92.09	6,232	6,461	1,442.7	335.4	3.48	3.78	4.48x	19.3x	33.8x	32.8x	2.29x
Masimo Corporation	MASI	22.44	(8.9%)	(9.3%)	32.20	19.30	1,229	1,207	545.1	96.2	1.02	1.16	2.21x	12.5x	21.0x	19.3x	1.16x
Misonix Inc.	MSON	6.81	10.6%	45.7%	7.17	3.86	50	44	15.2	(4.1)	(0.37)	0.11	2.88x	NM	NM	61.9x	2.06x
Natus Medical Inc.	BABY	28.11	14.0%	113.8%	29.55	13.05	891	851	348.0	59.5	0.74	1.22	2.45x	14.3x	30.4x	23.0x	1.44x
PhotoMedex, Inc.	PHMD	8.18	(34.7%)	(49.9%)	16.82	8.14	156	206	211.6	6.5	0.89	(0.58)	0.97x	31.5x	NM	NM	NM
ResMed Inc.	RMD	53.05	6.0%	12.3%	57.34	41.52	7,436	6,831	1,555.0	484.9	2.23	2.52	4.39x	14.1x	22.2x	21.0x	1.62x
SurModics, Inc.	SRDX	20.42	(4.6%)	3.1%	25.99	18.91	278	237	56.4	21.0	0.96	0.96	4.20x	11.3x	21.2x	21.3x	1.28x
Teleflex Incorporated	TFX	109.48	2.7%	42.0%	111.24	75.68	4,532	5,359	1,759.0	384.4	3.46	5.59	3.05x	13.9x	30.2x	19.6x	1.68x
Varian Medical Systems, Inc.	VAR	85.02	3.1%	20.7%	87.85	70.47	8,774	8,267	3,007.6	659.1	4.03	4.39	2.75x	12.5x	21.8x	19.4x	1.89x
Median			2.9%	28.6%									2.90x	14.1x	22.2x	21.2x	1.66x

Source: Capital IQ as of August 31, 2014; For definitions, see page 17

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Life Science Conglomerates																	
Illumina Inc.	ILMN	\$179.36	13.3%	130.4%	\$185.00	\$72.77	\$25,003	\$25,171	\$1,612.5	\$456.6	\$0.90	\$2.29	15.61x	NM	NM	78.3x	3.89x
PerkinElmer Inc.	PKI	44.85	(0.3%)	24.7%	48.26	35.97	5,064	5,754	2,209.4	414.3	1.48	2.45	2.60x	13.9x	26.2x	18.3x	1.47x
Thermo Fisher Scientific, Inc.	TMO	120.21	2.8%	35.3%	127.63	89.41	48,006	62,979	14,884.1	3,318.1	3.50	6.93	4.23x	19.0x	31.2x	17.3x	1.30x
Median			2.8%	35.3%									4.23x	16.4x	28.7x	18.3x	1.47x
Lab Instrumentation & Devices																	
Bruker Corporation	BRKR	\$20.06	(4.2%)	0.1%	\$24.93	\$17.75	\$3,371	\$3,274	\$1,872.2	\$248.7	\$0.48	\$0.80	1.75x	13.2x	43.7x	25.0x	1.78x
Harvard Bioscience Inc.	HBIO	4.52	9.7%	(8.5%)	6.13	3.68	146	142	105.8	9.2	0.02	0.15	1.34x	15.4x	NM	31.2x	1.56x
Waters Corporation	WAT	103.43	3.3%	4.6%	115.06	94.50	8,684	8,160	1,935.1	595.6	5.20	5.32	4.22x	13.7x	21.8x	19.4x	1.89x
Median			3.3%	0.1%									1.75x	13.7x	32.8x	25.0x	1.78x
Lab Equipment																	
Kewaunee Scientific Corp.	KEQU	\$18.02	11.0%	11.9%	\$18.75	\$14.81	\$47	\$49	\$109.7	\$7.9	\$1.57	NM	0.45x	6.2x	13.4x	NM	NM
Mettler-Toledo International Inc.	MTD	270.48	10.4%	22.8%	273.32	217.82	7,814	8,174	2,435.4	497.3	9.96	11.59	3.36x	16.4x	25.8x	23.3x	1.75x
Median			10.7%	17.4%									1.90x	11.3x	19.6x	23.3x	1.75x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$8.67	5.0%	55.7%	\$9.80	\$5.55	\$636	\$715	\$341.4	\$25.1	(\$0.23)	\$0.16	2.09x	28.4x	NM	53.4x	2.34x
Bio-Rad Laboratories, Inc.	BIO	120.26	(0.4%)	5.5%	134.13	113.02	3,475	3,265	2,153.9	301.3	2.69	3.97	1.52x	10.8x	56.9x	30.3x	3.03x
Cambrex Corporation.	CBM	21.92	2.0%	60.8%	23.88	12.56	673	728	344.6	69.3	0.98	1.08	2.11x	10.5x	18.6x	20.3x	1.11x
Luminex Corporation	LMNX	18.85	10.9%	(7.1%)	20.98	15.74	806	716	218.1	36.2	0.17	0.52	3.28x	19.8x	47.4x	36.3x	1.23x
Techne Corp.	TECH	95.52	8.8%	23.2%	97.15	75.43	3,535	3,185	357.3	184.5	3.09	3.56	8.91x	17.3x	31.8x	26.9x	2.15x
Median			5.0%	23.2%									2.11x	17.3x	39.6x	30.3x	2.15x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$55.28	1.7%	29.7%	\$58.27	\$42.31	\$88,034	\$92,789	\$19,258.0	\$7,290.0	\$2.56	\$3.15	4.82x	12.7x	21.4x	17.5x	1.95x
Allergan Inc.	AGN	163.68	(2.3%)	85.2%	174.49	85.83	48,643	47,089	6,744.8	2,249.5	4.20	5.80	6.98x	20.9x	37.5x	28.2x	1.42x
Bristol-Myers Squibb Company	BMJ	50.65	1.8%	21.5%	57.49	41.32	83,973	84,590	16,206.0	4,443.0	1.54	1.79	5.22x	19.0x	31.5x	28.2x	2.76x
Eli Lilly and Company	LLY	63.56	6.2%	23.7%	65.70	47.53	67,805	68,016	21,200.1	5,688.2	4.32	2.78	3.21x	12.0x	20.2x	22.8x	2.93x
Merck & Co. Inc.	MRK	60.11	3.9%	27.1%	60.58	44.62	173,395	183,239	43,550.0	15,950.0	1.47	3.49	4.21x	11.5x	31.7x	17.2x	3.24x
Pfizer Inc.	PFE	29.39	(0.8%)	4.2%	32.96	27.86	186,358	190,503	50,327.0	21,826.0	1.64	2.25	3.79x	8.7x	18.5x	13.1x	2.87x
Valeant Pharmaceuticals International, Inc.	VRX	117.33	(10.5%)	19.5%	157.00	93.88	39,360	55,935	7,528.6	3,539.4	(2.70)	8.01	7.43x	15.8x	NM	14.6x	0.56x
Median			1.7%	23.7%									4.82x	12.7x	26.4x	17.5x	2.76x

Source: Capital IQ as of August 31, 2014; For definitions, see page 17

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 8/31/14	% 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	
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$39.02	39.5%	117.1%	\$39.48	\$17.77	\$4,063	\$4,666	\$408.2	\$139.4	\$0.46	\$0.68	11.43x	33.5x	95.5x	57.4x	2.35x
Amphastar Pharmaceuticals, Inc.	AMPH	12.09	NM	NM	12.26	8.32	540	529	209.1	14.2	0.31	(0.28)	2.53x	37.2x	NM	NM	NM
Aratana Therapeutics, Inc.	PETX	11.62	(17.4%)	42.2%	29.32	8.21	342	286	0.6	(25.8)	(0.39)	(1.49)	NM	NM	NM	NM	NM
Auris Medical Holding AG	EARS	6.15	NM	NM	6.80	6.00	196	175	0.0	(20.6)	(1.13)	(1.45)	NA	NM	NM	NM	NM
BioDelivery Sciences International, Inc.	BDSI	16.00	67.2%	205.3%	16.15	4.16	789	726	41.5	(29.0)	(1.51)	(0.97)	17.47x	NM	NM	NM	NM
BioSynt Inc.	RX	8.36	32.6%	281.9%	8.75	1.97	115	111	9.4	3.1	0.12	NM	11.85x	35.9x	50.5x	NM	NM
Catalent, Inc.	CTLT	21.50	NM	NM	21.74	19.34	2,522	5,172	1,813.3	383.1	(0.23)	NM	2.85x	13.5x	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	9.92	36.4%	12.5%	10.21	5.53	252	216	32.6	23.8	0.91	0.67	6.61x	9.1x	9.8x	14.9x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	5.12	12.5%	15.3%	5.41	4.20	90	36	32.5	(0.9)	(0.11)	NM	1.10x	NM	NM	NM	NM
DURECT Corporation	DRRX	1.58	15.3%	45.0%	2.69	1.07	176	163	18.1	(19.5)	(0.21)	(0.19)	9.00x	NM	NM	NM	NM
Endo International plc	ENDP	63.71	(9.7%)	55.0%	82.16	41.04	9,777	12,756	2,559.6	794.3	(5.19)	4.06	4.98x	16.1x	NM	15.7x	2.28x
Heska Corporation	HSKA	13.89	28.5%	164.6%	14.58	5.16	87	99	84.8	6.7	(0.21)	0.38	1.17x	14.8x	31.6x	36.9x	1.64x
Impax Laboratories Inc.	IPXL	24.64	(11.2%)	20.9%	31.04	19.39	1,742	1,329	540.2	107.5	1.47	1.20	2.46x	12.4x	54.3x	20.6x	0.73x
Kite Pharma, Inc.	KITE	28.27	NM	NM	32.65	21.00	1,083	880	0.0	(18.1)	(0.22)	(0.59)	NA	NM	NM	NM	NM
Lannett Company, Inc.	LCI	39.38	(5.7%)	197.0%	51.66	13.20	1,405	1,260	273.8	114.2	0.57	2.69	4.60x	11.0x	24.3x	14.7x	0.98x
Marinus Pharmaceuticals, Inc.	MRNS	8.02	NM	NM	8.15	8.00	111	102	0.0	(7.1)	(0.71)	(2.95)	NA	NM	NM	NM	NM
MediWound Ltd.	MDWD	7.30	(38.6%)	NM	19.31	6.80	155	82	0.1	(13.6)	(0.54)	(0.79)	NM	NM	NM	NM	NM
Merus Labs International Inc.	MSL	2.12	39.4%	106.9%	2.47	0.92	163	135	27.4	13.2	(0.10)	(0.01)	4.94x	10.2x	NM	NM	NM
Mylan, Inc.	MYL	48.60	(2.5%)	37.5%	57.52	34.86	18,179	26,175	7,128.8	1,852.1	1.58	3.31	3.67x	14.1x	33.1x	14.7x	1.05x
Radius Health, Inc.	RDUS	13.68	NM	NM	17.32	7.46	407	348	0.0	(56.3)	(3.97)	(3.11)	NA	NM	NM	NM	NM
Revance Therapeutics, Inc.	RVNC	23.35	(25.8%)	NM	39.86	21.00	549	357	0.7	(39.6)	1.05	(2.84)	NM	NM	NM	NM	NM
Salix Pharmaceuticals Ltd.	SLXP	159.11	39.5%	137.7%	162.38	65.14	10,134	12,520	1,262.2	454.5	2.18	6.14	9.92x	27.5x	NM	25.9x	1.06x
SciClone Pharmaceuticals, Inc.	SCLN	6.86	36.4%	30.7%	7.02	4.24	350	263	127.0	25.3	0.20	0.56	2.07x	10.4x	16.3x	12.3x	NM
The Medicines Company	MDCO	25.61	(8.2%)	(19.0%)	41.28	22.71	1,665	1,538	720.3	43.6	0.25	1.42	2.13x	35.2x	NM	18.0x	0.27x
Zoetis Inc.	ZTS	35.44	15.4%	21.6%	35.48	28.14	17,762	20,861	4,612.0	1,306.0	1.01	1.52	4.52x	16.0x	33.7x	23.3x	1.93x
ZS Pharma, Inc.	ZSPH	40.29	NM	NM	43.00	25.51	839	709	0.0	(42.6)	(3.31)	(4.03)	NA	NM	NM	NM	NM
Median			15.3%	45.0%									4.56x	14.8x	33.1x	18.0x	1.06x

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 August 31, 2014

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