

# Healthcare Sector Update

December 2013

## Summary – Healthcare Services

- The S&P Healthcare Services Index has risen 13.9% over the last three months, outperforming the S&P 500.
- Over the past three months:
  - > The best-performing sectors were Emergency Services (up 37.7%) and Care Management / TPA (up 25.6%).
  - > The worst-performing sectors were Diagnostic Imaging (down 6.2%) and Contract Research Orgs (up 4.3%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.69x and 9.8x, respectively.
- The sectors with the highest valuation multiples include:
  - > Specialty HCIT (3.80x LTM Revenue, 31.2x LTM EBITDA)
  - > Provider Based HCIT (3.17x LTM Revenue, 21.9x LTM EBITDA)

## Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 12.7% over the last three months, outperforming the S&P 500.
- Over the past three months:
  - > The best-performing sectors were Diagnostic Imaging Devices (up 29.4%) and Infection Prevention Devices (up 28.5%).
  - > The worst-performing sectors were Lab Instrumentation & Devices (down 3.5%) and Surgical Devices (up 0.5%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.79x and 13.6x, respectively.
- The sectors with the highest valuation multiples include:
  - > Biotechnology (9.62x LTM Revenue, 25.4x LTM EBITDA)
  - > Pharmaceuticals (4.41x LTM Revenue, 15.7x LTM EBITDA)

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MARKET SECTOR	No. of Co's	Ag. Eqty Mkt. Value	Median % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	Rev	EBITDA	LTM	2013E	
Acute Care Hospitals	7	\$42,670	10.5%	49.0%	1.23x	8.5x	17.3x	18.2x	1.7x
Assisted Living	6	5,822	4.7%	(0.1%)	1.72x	15.0x	18.5x	22.2x	1.2x
Care Management / TPA	7	8,859	25.6%	64.9%	2.07x	13.9x	27.1x	13.8x	1.1x
Clinical Laboratories	5	24,709	6.4%	10.9%	1.98x	9.0x	17.1x	16.9x	1.6x
Contract Research Orgs	6	17,864	4.3%	38.2%	1.76x	12.0x	27.1x	21.8x	1.7x
Diagnostic Imaging	3	394	(6.2%)	(3.2%)	1.87x	6.0x	1.5x	NM	NM
Dialysis Services	2	34,205	9.4%	5.9%	1.97x	10.1x	21.7x	17.6x	1.8x
Distribution / Supply	7	93,561	23.9%	59.7%	0.31x	11.8x	23.2x	20.2x	1.7x
Emergency Services	2	2,227	37.7%	32.8%	2.23x	8.9x	35.8x	28.5x	1.8x
HCIT - Provider Based	9	34,044	11.9%	33.8%	3.17x	21.9x	40.2x	28.6x	2.3x
HCIT - Specialty	8	9,641	9.6%	50.3%	3.80x	31.2x	40.2x	28.5x	1.7x
Healthcare Staffing	5	7,037	21.6%	67.0%	1.28x	14.5x	30.0x	27.0x	1.7x
Home Care / Hospice	6	3,348	9.8%	31.6%	0.71x	9.0x	19.9x	17.9x	1.7x
Long Term Care	4	2,722	15.7%	40.0%	0.69x	8.4x	14.9x	16.9x	1.3x
Managed Care - Commercial	7	171,229	8.7%	59.0%	0.59x	7.4x	14.0x	12.7x	1.2x
Managed Care - Government	3	8,056	4.5%	36.0%	0.24x	6.7x	20.6x	21.1x	1.0x
Other Services	4	12,243	12.1%	24.4%	2.13x	18.2x	35.3x	33.6x	2.0x
Pharmacy Management	5	70,667	5.4%	25.1%	0.73x	10.3x	37.0x	15.7x	1.0x
Physician Practice Mgmt	2	5,468	7.7%	25.5%	1.67x	11.1x	20.9x	20.2x	1.6x
Psychiatric Hospitals	3	4,361	8.9%	97.0%	0.38x	7.0x	15.7x	18.0x	2.4x
Specialty Managed Care	2	5,295	15.5%	53.0%	0.42x	5.6x	10.2x	10.5x	1.0x
Surgicenters / Rehabilitation	7	8,879	18.2%	37.6%	1.72x	9.6x	20.9x	18.9x	1.4x
<b>Total / Median (\$MM)</b>	<b>110</b>	<b>573,299</b>	<b>9.7%</b>	<b>36.8%</b>	<b>1.69x</b>	<b>9.8x</b>	<b>20.9x</b>	<b>18.9x</b>	<b>1.7x</b>

Source: Capital IQ

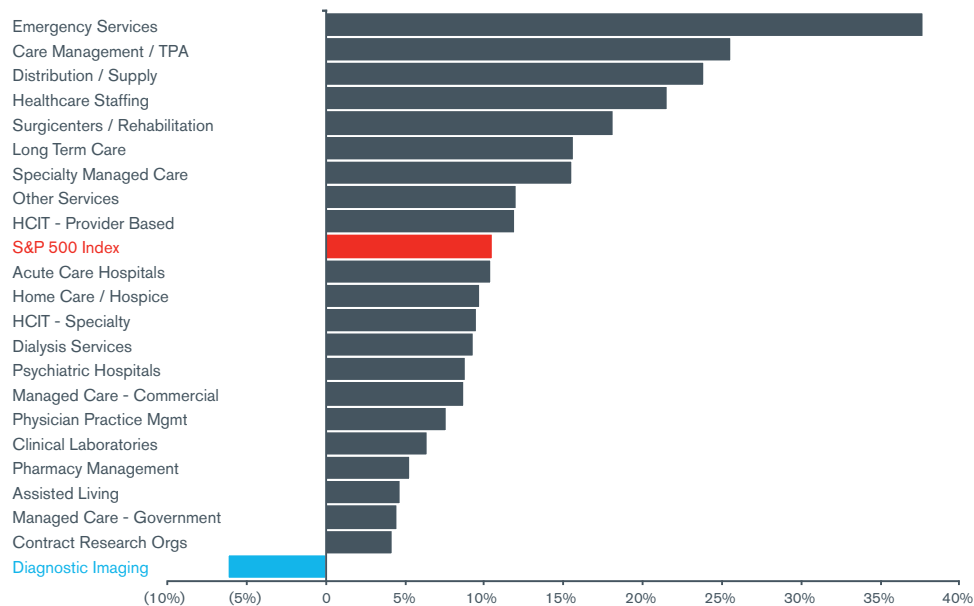
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	23	\$451,068	20.9%	78.7%	11.6%	60.1%	40.8%	39.5%
\$1 billion - \$5 billion	41	103,130	37.3%	18.0%	12.6%	87.5%	52.6%	46.5%
\$250 million - \$1 billion	30	17,503	27.3%	3.1%	13.8%	118.2%	74.7%	75.5%
\$100 million - \$250 million	5	1,004	4.5%	0.2%	2.7%	60.2%	11.0%	1.6%
< \$100 million	11	595	10.0%	0.1%	11.7%	8.1%	10.4%	(0.4%)
<b>Total / Median (\$MM)</b>	<b>110</b>	<b>\$573,299</b>	<b>100.0%</b>	<b>100.0%</b>	<b>9.7%</b>	<b>60.2%</b>	<b>36.8%</b>	<b>39.5%</b>

Source: Capital IQ

MARKET INDICES	Value at 11/30/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$16,086.4	8.6%	22.8%	23.5%	42.9%
S&P 500 Index	1,805.8	10.6%	26.6%	27.5%	49.7%
NASDAQ Composite Index	4,059.9	13.1%	34.5%	34.9%	59.2%
Russell 2000 Index	1,142.9	13.1%	34.6%	39.1%	53.8%
AMEX Sector Index - Healthcare	116.2	22.7%	42.2%	42.2%	16.4%
S&P Healthcare Facilities (Sub Ind) Index	298.3	11.8%	48.3%	59.6%	54.6%
S&P Healthcare Providers & Services (Industry) Index	450.0	11.1%	45.0%	49.7%	82.8%
S&P Managed Healthcare (Sub Ind) Index	250.8	9.5%	39.8%	39.5%	95.7%
S&P Healthcare Services	376.8	13.9%	29.7%	36.4%	69.3%

Source: Capital IQ

### Median% Change – 3 months

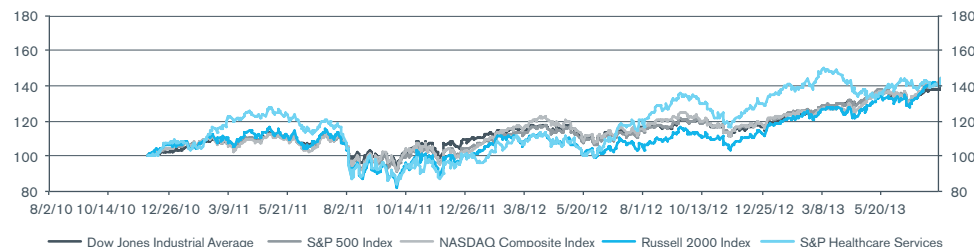


Source: Capital IQ

INTEREST RATES	Value at 11/30/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.00%	0.45%
U.S. Treasury - 2 year	0.27%	0.30%	0.38%	0.25%
U.S. Treasury - 5 years	1.34%	1.23%	1.57%	0.61%
U.S. Treasury - 10 years	2.74%	2.53%	2.75%	1.61%
U.S. Treasury - 30 years	3.81%	3.63%	3.68%	3.68%
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 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Acute Care Hospitals</b>																	
Chindex International Inc.	CHDX	\$17.09	1.1%	66.7%	\$19.21	\$10.25	\$286	\$298	\$170.0	\$15.8	\$0.24	NM	1.75x	18.9x	NM	NM	NM
Community Health Systems, Inc.	CYH	41.25	5.1%	40.0%	51.29	28.90	3,849	13,791	13,043.3	1,627.8	2.96	2.90	1.06x	8.5x	21.8x	14.2x	1.04x
HCA Holdings, Inc.	HCA	46.42	21.6%	46.2%	49.52	29.86	20,282	49,767	33,780.0	6,433.0	3.49	3.31	1.47x	7.7x	14.9x	14.0x	1.20x
Health Management Associates Inc.	HMA	13.09	1.8%	64.7%	17.28	7.25	3,462	7,189	5,842.7	762.6	0.61	0.48	1.23x	9.4x	NM	27.6x	2.90x
LifePoint Hospitals Inc.	LPNT	51.23	13.3%	42.4%	53.87	35.32	2,409	4,031	3,619.0	485.1	3.14	2.80	1.11x	8.3x	19.0x	18.3x	1.91x
Tenet Healthcare Corp.	THC	43.15	10.5%	49.0%	49.48	28.70	4,282	10,201	9,548.0	1,226.0	1.70	1.76	1.07x	8.3x	NM	24.5x	1.96x
Universal Health Services Inc.	UHS	82.43	21.7%	82.9%	82.98	44.60	8,100	11,886	7,247.9	1,382.8	4.53	4.57	1.64x	8.6x	15.6x	18.0x	1.54x
<b>Median</b>			<b>10.5%</b>	<b>49.0%</b>									<b>1.23x</b>	<b>8.5x</b>	<b>17.3x</b>	<b>18.2x</b>	<b>1.73x</b>
<b>Assisted Living</b>																	
AdCare Health Systems Inc.	ADK	\$3.86	(14.2%)	(16.1%)	\$6.26	\$3.62	\$61	\$223	\$228.0	\$9.2	(\$1.01)	(\$0.81)	0.98x	24.1x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	29.16	16.5%	14.1%	30.65	24.14	3,624	6,189	2,518.0	408.0	(0.54)	NM	2.46x	15.2x	NM	NM	NM
Capital Senior Living Corp.	CSU	22.33	7.3%	25.4%	27.90	16.50	623	1,046	338.1	56.2	(0.11)	0.18	3.09x	18.6x	NM	NM	NM
Emeritus Corp.	ESC	22.51	3.2%	(0.5%)	30.95	18.15	1,075	4,998	1,828.5	336.0	(1.73)	(2.64)	2.73x	14.9x	NM	NM	NM
Five Star Quality Care Inc.	FVE	4.93	(5.0%)	0.2%	6.87	4.44	238	269	1,231.4	45.5	0.28	0.17	0.22x	5.9x	18.5x	29.5x	NM
Skilled Healthcare Group, Inc.	SKH	5.14	6.2%	(23.3%)	7.51	4.10	201	634	864.2	77.0	0.57	0.35	0.73x	8.2x	NM	14.9x	1.24x
<b>Median</b>			<b>4.7%</b>	<b>(0.1%)</b>									<b>1.72x</b>	<b>15.0x</b>	<b>18.5x</b>	<b>22.2x</b>	<b>1.24x</b>
<b>Care Management / TPA</b>																	
Alerc Inc.	ALR	\$32.72	5.0%	76.9%	\$36.05	\$18.08	\$2,679	\$6,795	\$3,012.9	\$629.6	(\$1.23)	\$2.37	2.26x	10.8x	NM	13.8x	0.92x
CorVel Corporation	CRVL	46.29	40.5%	120.7%	46.47	20.82	969	947	456.7	67.1	1.06	NM	2.07x	14.1x	32.9x	NM	NM
Crawford & Company	CRD.B	10.34	36.4%	64.9%	11.30	5.62	489	631	1,191.5	128.6	0.89	0.91	0.53x	4.9x	10.5x	11.4x	1.14x
ExamWorks Group, Inc.	EXAM	29.51	25.6%	139.3%	29.59	11.85	1,075	1,414	596.8	77.4	(0.44)	(0.31)	2.37x	18.3x	NM	NM	NM
Healthways Inc.	HWAY	14.01	(26.6%)	29.5%	22.20	9.59	491	750	669.2	39.7	0.24	(0.07)	1.12x	18.9x	NM	NM	NM
Hooper Holmes Inc.	HH	0.54	45.1%	39.2%	0.74	0.31	38	34	144.7	(8.8)	(0.25)	NM	0.24x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	45.50	21.3%	44.5%	50.55	30.70	3,118	2,994	1,331.3	219.4	1.15	1.69	2.25x	13.6x	27.1x	26.9x	1.58x
<b>Median</b>			<b>25.6%</b>	<b>64.9%</b>									<b>2.07x</b>	<b>13.9x</b>	<b>27.1x</b>	<b>13.8x</b>	<b>1.14x</b>

Source: Capital IQ as of November 30, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E		
<b>Clinical Laboratories</b>																		
Bio-Reference Laboratories Inc.	BRLI	\$29.20	0.9%	10.9%	\$37.97	\$23.36	\$808	\$814	\$734.0	\$103.5	\$1.56	\$1.73	1.11x	7.9x	17.1x	16.9x	0.99x	
Laboratory Corp. of America Holdings	LH	101.85	6.4%	20.4%	108.00	82.98	8,902	11,411	5,776.6	1,273.8	5.99	7.02	1.98x	9.0x	16.8x	14.5x	1.34x	
Psychemedics Corp.	PMD	13.75	8.3%	20.5%	14.82	10.55	73	70	26.0	5.8	0.57	0.67	2.70x	12.0x	22.7x	20.5x	NM	
Quest Diagnostics Inc.	DGX	60.94	4.0%	5.5%	64.10	55.16	8,862	12,127	7,163.3	1,424.9	3.92	3.90	1.69x	8.5x	11.8x	15.6x	1.80x	
Sonic Healthcare Limited	SHL	15.14	10.1%	8.1%	15.73	11.41	6,064	7,675	3,189.5	578.6	0.85	0.83	2.41x	13.3x	19.7x	18.2x	1.78x	
<b>Median</b>			<b>6.4%</b>	<b>10.9%</b>									<b>1.98x</b>	<b>9.0x</b>	<b>17.1x</b>	<b>16.9x</b>	<b>1.56x</b>	
<b>Contract Research Orgs</b>																		
Albany Molecular Research Inc.	AMRI	\$12.08	9.7%	148.6%	\$14.37	\$4.80	\$382	\$350	\$246.7	\$44.5	(\$0.12)	\$0.66	1.42x	7.9x	36.8x	18.3x	NM	
Charles River Laboratories International, Inc.	CRL	52.17	13.3%	36.0%	52.72	35.54	2,510	3,027	1,156.4	265.7	2.10	2.88	2.62x	11.4x	23.5x	18.1x	2.12x	
Covance Inc.	CVD	84.38	4.1%	48.0%	91.99	56.51	4,740	4,412	2,341.4	351.0	1.68	3.20	1.88x	12.6x	28.4x	26.4x	1.78x	
ICON Public Limited Company	ICLR	38.14	4.4%	38.2%	44.23	26.70	2,334	2,118	1,291.0	161.0	0.92	1.68	1.64x	13.2x	25.9x	22.7x	1.28x	
PAREXEL International Corporation	PRXL	41.22	(11.2%)	27.7%	55.02	28.45	2,329	2,526	1,788.9	225.6	1.28	1.76	1.41x	11.2x	22.7x	23.4x	1.12x	
Quintiles Transnational Holdings Inc.	Q	43.19	(0.2%)	NM	47.50	40.10	5,568	7,032	3,750.2	524.1	1.51	2.06	1.88x	13.4x	28.3x	21.0x	1.75x	
<b>Median</b>			<b>4.3%</b>	<b>38.2%</b>									<b>1.76x</b>	<b>12.0x</b>	<b>27.1x</b>	<b>21.8x</b>	<b>1.75x</b>	
<b>Diagnostic Imaging</b>																		
Alliance HealthCare Services, Inc.	AIQ	\$28.88	18.8%	365.8%	\$32.85	\$6.05	\$301	\$847	\$453.0	\$140.6	(\$1.12)	NM	1.87x	6.0x	NM	NM	NM	
American Shared Hospital Services	AMS	2.71	(6.2%)	(3.2%)	3.46	1.52	12	47	17.8	9.2	0.01	NM	2.67x	5.2x	NM	NM	NM	
RadNet, Inc.	RDNT	2.00	(22.5%)	(17.7%)	3.35	1.85	80	667	684.0	96.1	1.52	0.04	0.97x	6.9x	1.5x	NM	NM	
<b>Median</b>			<b>(6.2%)</b>	<b>(3.2%)</b>									<b>1.87x</b>	<b>6.0x</b>	<b>1.5x</b>	<b>NM</b>	<b>NM</b>	
<b>Dialysis Services</b>																		
DaVita HealthCare Partners Inc.	DVA	\$59.55	10.8%	10.3%	\$65.67	\$52.23	\$12,666	\$20,935	\$11,174.3	\$2,277.6	\$2.74	\$3.80	1.87x	9.2x	22.5x	15.7x	1.24x	
Fresenius Medical Care AG & Co. KGaA	FME	69.85	8.0%	1.6%	76.82	63.39	21,539	30,302	14,727.0	2,760.9	3.87	3.59	2.06x	11.0x	20.9x	19.5x	2.31x	
<b>Median</b>			<b>9.4%</b>	<b>5.9%</b>									<b>1.97x</b>	<b>10.1x</b>	<b>21.7x</b>	<b>17.6x</b>	<b>1.77x</b>	

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Distribution / Supply</b>																	
Aceto Corp.	ACET	\$21.53	46.5%	115.9%	\$21.81	\$9.48	\$606	\$595	\$517.2	\$54.5	\$0.68	\$1.18	1.15x	10.9x	20.8x	18.3x	NM
AmerisourceBergen Corporation	ABC	70.53	23.9%	67.1%	71.16	42.02	16,224	16,390	87,959.2	1,133.1	2.89	3.15	0.19x	14.5x	33.6x	22.4x	1.62x
Cardinal Health, Inc.	CAH	64.60	28.5%	59.7%	65.45	40.22	22,059	23,189	99,727.0	2,514.0	3.29	3.42	0.23x	9.2x	NM	18.9x	1.89x
Henry Schein, Inc.	HSIC	114.00	12.8%	41.1%	115.46	78.96	9,787	10,602	9,442.7	800.9	4.32	4.90	1.12x	13.2x	24.0x	23.3x	2.11x
McKesson Corporation	MCK	165.89	36.6%	75.6%	166.57	92.86	38,107	40,021	127,163.0	3,216.0	6.59	7.64	0.31x	12.4x	28.0x	21.7x	1.45x
Owens & Minor Inc.	OMI	38.17	11.9%	39.4%	38.55	26.97	2,409	2,471	9,171.9	239.3	1.72	1.89	0.27x	10.3x	22.4x	20.2x	1.56x
Patterson Companies, Inc.	PDCO	41.49	4.0%	21.7%	44.39	33.00	4,368	4,712	3,628.1	398.6	2.00	2.15	1.30x	11.8x	20.7x	19.3x	1.71x
<b>Median</b>			<b>23.9%</b>	<b>59.7%</b>									<b>0.31x</b>	<b>11.8x</b>	<b>23.2x</b>	<b>20.2x</b>	<b>1.66x</b>
<b>Emergency Services</b>																	
Air Methods Corp.	AIRM	\$55.96	36.8%	53.8%	\$56.48	\$32.24	\$2,185	\$2,793	\$874.0	\$223.1	\$2.39	\$1.88	3.20x	12.5x	31.1x	29.8x	1.78x
InfuSystem Holdings, Inc.	INFU	1.90	38.7%	11.8%	1.94	1.27	42	69	54.4	12.9	(0.07)	0.07	1.26x	5.3x	40.4x	27.1x	NM
<b>Median</b>			<b>37.7%</b>	<b>32.8%</b>									<b>2.23x</b>	<b>8.9x</b>	<b>35.8x</b>	<b>28.5x</b>	<b>1.78x</b>
<b>HCIT - Provider Based</b>																	
Accretive Health, Inc.	AH	\$8.48	(9.6%)	(28.9%)	\$13.54	\$7.98	\$825	\$628	\$973.6	\$28.7	\$0.24	\$0.42	0.65x	21.9x	NM	20.1x	0.67x
The Advisory Board Company	ABCO	64.72	18.2%	43.0%	70.55	44.20	2,333	2,255	487.5	62.7	0.60	1.17	4.63x	36.0x	NM	55.6x	3.38x
Allscripts Healthcare Solutions, Inc.	MDRX	14.94	2.8%	34.4%	16.43	8.85	2,637	3,122	1,373.0	28.5	(0.01)	0.27	2.27x	NM	NM	55.7x	4.29x
athenahealth, Inc.	ATHN	131.17	24.3%	106.0%	144.42	64.16	4,878	5,059	539.7	479	0.50	1.03	9.37x	NM	NM	NM	NM
Cerner Corporation	CERN	57.47	24.8%	48.8%	59.42	37.63	19,727	18,988	2,760.6	811.7	1.13	1.41	6.88x	23.4x	44.9x	40.8x	2.28x
Computer Programs & Systems Inc.	CPSI	61.52	11.9%	22.9%	62.84	46.08	687	673	197.5	50.0	2.71	2.88	3.41x	13.4x	21.4x	21.3x	1.64x
MedAssets, Inc.	MDAS	21.54	(3.9%)	33.8%	26.58	16.00	1,333	2,135	673.7	207.6	(0.12)	1.30	3.17x	10.3x	NM	16.6x	1.22x
Merge Healthcare Incorporated	MRGE	2.34	(11.7%)	(28.4%)	4.71	2.21	220	447	242.7	16.4	(0.31)	(0.41)	1.84x	27.3x	NM	NM	NM
Quality Systems Inc.	QSII	23.36	12.9%	28.3%	24.15	16.62	1,405	1,320	446.4	89.0	1.04	0.82	2.96x	14.8x	40.2x	28.6x	3.33x
<b>Median</b>			<b>11.9%</b>	<b>33.8%</b>									<b>3.17x</b>	<b>21.9x</b>	<b>40.2x</b>	<b>28.6x</b>	<b>2.28x</b>

Source: Capital IQ as of November 30, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>HCIT - Specialty</b>																	
Accelrys Inc.	ACCL	\$9.73	7.6%	10.4%	\$10.00	\$7.75	\$542	\$438	\$166.2	\$11.0	(\$0.19)	\$0.34	2.64x	39.7x	NM	28.6x	NM
BioTelemetry, Inc.	BEAT	10.49	24.6%	383.4%	11.88	2.00	270	250	117.6	10.3	(0.49)	(0.14)	2.12x	24.1x	NM	NM	NM
HealthStream Inc.	HSTM	33.64	1.5%	41.8%	39.77	19.50	917	812	123.1	23.0	0.28	0.32	6.60x	35.3x	NM	NM	NM
HMS Holdings Corp.	HMSY	22.91	(8.3%)	(1.1%)	31.93	17.39	2,022	2,159	503.3	146.1	0.57	0.81	4.29x	14.8x	42.5x	28.5x	1.71x
Medidata Solutions, Inc.	MDSO	118.91	32.9%	197.3%	127.77	37.00	3,182	3,050	260.9	42.5	0.71	1.43	11.69x	71.8x	NM	83.0x	3.09x
Omniceil Inc.	OMCL	24.25	11.5%	58.8%	25.22	14.68	864	747	365.0	50.8	0.47	1.06	2.05x	14.7x	37.9x	22.8x	1.47x
Streamline Health Solutions, Inc.	STRM	6.13	(11.4%)	15.9%	8.50	5.02	106	122	28.5	1.3	(0.48)	(0.30)	4.28x	94.1x	NM	NM	NM
WebMD Health Corp.	WBMD	38.67	23.1%	175.2%	40.86	13.60	1,738	1,662	501.8	61.4	(0.45)	0.26	3.31x	27.1x	NM	NM	NM
<b>Median</b>			<b>9.6%</b>	<b>50.3%</b>									<b>3.80x</b>	<b>31.2x</b>	<b>40.2x</b>	<b>28.5x</b>	<b>1.71x</b>
<b>Healthcare Staffing</b>																	
AMN Healthcare Services Inc.	AHS	\$13.88	2.1%	27.0%	\$16.20	\$10.34	\$639	\$756	\$1,011.0	\$73.9	\$0.35	\$0.67	0.75x	10.2x	21.1x	20.7x	1.54x
Cross Country Healthcare, Inc.	CCRN	7.64	35.2%	90.5%	7.75	4.00	237	205	440.9	6.1	(0.67)	0.03	0.47x	NM	NM	NM	NM
IPC The Hospitalist Company, Inc.	IPCM	62.88	22.2%	66.6%	63.70	37.39	1,064	1,087	585.5	64.2	1.92	2.20	1.86x	16.9x	26.7x	28.6x	1.75x
On Assignment Inc.	ASGN	34.03	12.8%	70.7%	35.07	18.76	1,832	2,145	1,681.9	161.9	0.89	1.22	1.28x	13.2x	33.3x	27.9x	2.04x
Team Health Holdings, Inc.	TMH	46.73	21.6%	67.0%	46.92	27.50	3,265	3,639	2,306.6	230.0	0.93	1.80	1.58x	15.8x	40.9x	26.0x	1.73x
<b>Median</b>			<b>21.6%</b>	<b>67.0%</b>									<b>1.28x</b>	<b>14.5x</b>	<b>30.0x</b>	<b>27.0x</b>	<b>1.74x</b>
<b>Home Care / Hospice</b>																	
Addus HomeCare Corporation	ADUS	\$29.00	36.9%	327.7%	\$32.40	\$6.34	\$316	\$287	\$259.8	\$19.5	\$0.86	\$0.95	1.10x	14.7x	27.7x	30.7x	NM
Almost Family Inc.	AFAM	27.90	47.9%	40.6%	28.59	17.66	263	235	353.0	22.7	1.85	1.18	0.67x	10.4x	21.6x	23.7x	1.98x
Amedisys Inc.	AMED	16.28	(0.1%)	55.5%	18.70	8.81	528	556	1,326.0	52.8	(2.75)	0.28	0.42x	10.5x	NM	NM	NM
Chemed Corp.	CHE	77.93	11.9%	14.5%	82.00	61.68	1,374	1,472	1,433.3	190.9	4.62	5.63	1.03x	7.7x	18.2x	13.8x	1.58x
Gentiva Health Services Inc.	GTIV	12.35	7.7%	19.9%	13.85	8.47	448	1,178	1,665.5	159.7	0.87	0.90	0.71x	7.4x	NM	13.7x	1.58x
LHC Group, Inc.	LHCG	23.75	4.9%	22.6%	26.90	19.06	418	457	641.5	60.1	1.53	1.33	0.71x	7.6x	16.3x	17.9x	1.89x
<b>Median</b>			<b>9.8%</b>	<b>31.6%</b>									<b>0.71x</b>	<b>9.0x</b>	<b>19.9x</b>	<b>17.9x</b>	<b>1.74x</b>

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(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Long Term Care</b>																	
Diversicare Healthcare Services Inc.	DVCR	\$5.12	(1.5%)	(3.0%)	\$5.91	\$4.45	\$31	\$86	\$325.8	\$6.4	(\$0.63)	NM	0.26x	13.4x	NM	NM	NM
Kindred Healthcare Inc.	KND	16.84	14.6%	55.2%	17.43	9.75	913	2,203	6,161.6	391.0	(0.65)	1.05	0.36x	5.6x	NM	16.1x	1.34x
National Healthcare Corp.	NHC	55.80	20.9%	24.7%	55.97	43.39	784	768	757.5	104.8	3.49	NM	1.01x	7.3x	14.9x	NM	NM
The Ensign Group, Inc.	ENSG	45.17	16.9%	75.1%	45.37	25.58	994	1,160	879.6	121.4	1.85	2.57	1.32x	9.6x	NM	17.6x	1.17x
<b>Median</b>			<b>15.7%</b>	<b>40.0%</b>									<b>0.69x</b>	<b>8.4x</b>	<b>14.9x</b>	<b>16.9x</b>	<b>1.26x</b>
<b>Managed Care - Commercial</b>																	
Aetna Inc.	AET	\$68.93	8.7%	59.6%	\$69.46	\$42.95	\$25,332	\$32,117	\$44,037.6	\$3,921.3	\$4.81	\$5.87	0.73x	8.2x	13.9x	11.7x	1.18x
Cigna Corp.	CI	87.45	11.1%	67.3%	88.57	51.34	24,172	26,456	31,849.0	3,732.0	5.61	6.87	0.83x	7.1x	16.5x	12.7x	1.16x
Health Net, Inc.	HNT	30.55	1.2%	29.7%	33.90	23.37	2,429	2,242	11,148.3	343.4	0.31	2.26	0.20x	6.5x	15.6x	13.5x	0.55x
Humana Inc.	HUM	103.99	12.9%	59.0%	104.69	64.46	16,213	17,834	40,683.0	2,645.0	7.47	8.75	0.44x	6.7x	11.5x	11.9x	1.38x
UnitedHealth Group Incorporated	UNH	74.48	3.8%	36.9%	75.88	51.36	74,983	84,689	120,141.0	10,255.0	5.28	5.49	0.70x	8.3x	14.1x	13.6x	1.82x
Universal American Corp.	UAM	7.73	5.9%	(6.8%)	11.13	6.85	661	729	2,171.6	72.6	0.61	0.17	0.34x	10.0x	NM	46.0x	(7.95x)
WellPoint Inc.	WLP	92.88	9.1%	66.2%	94.33	55.33	27,438	40,954	68,988.7	5,499.3	8.18	8.51	0.59x	7.4x	10.1x	10.9x	1.33x
<b>Median</b>			<b>8.7%</b>	<b>59.0%</b>									<b>0.59x</b>	<b>7.4x</b>	<b>14.0x</b>	<b>12.7x</b>	<b>1.18x</b>
<b>Managed Care - Government</b>																	
Centene Corp.	CNC	\$59.73	4.5%	36.0%	\$67.84	\$39.14	\$3,271	\$3,057	\$10,589.2	\$274.6	\$0.03	\$2.83	0.29x	11.1x	28.3x	21.1x	0.98x
Molina Healthcare, Inc.	MOH	33.60	0.6%	20.7%	40.90	25.70	1,538	1,451	6,575.8	234.9	0.21	1.15	0.22x	6.2x	20.6x	29.2x	0.53x
WellCare Health Plans, Inc.	WCG	74.30	16.7%	53.9%	75.27	44.75	3,247	2,193	9,077.3	325.3	4.22	4.75	0.24x	6.7x	18.0x	15.6x	1.48x
<b>Median</b>			<b>4.5%</b>	<b>36.0%</b>									<b>0.24x</b>	<b>6.7x</b>	<b>20.6x</b>	<b>21.1x</b>	<b>0.98x</b>

Source: Capital IQ as of November 30, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Other Services</b>																	
Healthcare Services Group Inc.	HCSG	\$28.99	19.7%	23.1%	\$29.53	\$21.60	\$2,024	\$1,962	\$1,123.1	\$82.6	\$0.65	\$0.81	1.75x	23.7x	36.7x	35.7x	1.98x
PDI, Inc.	PDII	5.12	0.0%	(21.6%)	8.25	3.82	78	27	150.1	1.5	(1.75)	(0.17)	0.18x	17.6x	NM	NM	NM
Sharps Compliance Corp.	SMED	4.71	77.7%	75.7%	5.24	2.01	72	57	22.7	(0.6)	(0.29)	(0.08)	2.51x	NM	NM	NM	NM
Stericycle, Inc.	SRCL	117.48	4.4%	25.7%	121.61	90.82	10,069	11,426	2,078.5	628.4	3.08	3.73	5.50x	18.2x	33.9x	31.5x	1.97x
<b>Median</b>			<b>12.1%</b>	<b>24.4%</b>									<b>2.13x</b>	<b>18.2x</b>	<b>35.3x</b>	<b>33.6x</b>	<b>1.98x</b>
<b>Pharmacy Management</b>																	
BioScrip Inc.	BIOS	\$6.81	(44.2%)	(33.9%)	\$17.62	\$5.61	\$464	\$879	\$779.4	\$36.5	(\$0.15)	\$0.02	1.13x	24.1x	NM	NM	NM
Catamaran Corporation	CCT	45.42	(16.9%)	(7.5%)	57.53	43.17	9,369	9,940	13,580.8	689.7	0.70	1.92	0.73x	14.4x	41.8x	23.7x	0.89x
Express Scripts Holding Company	ESRX	67.35	5.4%	25.1%	67.95	52.50	54,271	66,679	105,826.3	6,552.5	1.79	4.32	0.63x	10.2x	29.5x	15.6x	0.99x
Omnicare Inc.	OCR	57.28	5.4%	58.1%	58.74	35.09	5,899	7,368	6,205.8	718.3	1.73	3.61	1.19x	10.3x	NM	15.9x	1.06x
PharMerica Corporation	PMC	22.58	83.6%	56.4%	22.65	11.84	665	847	1,740.6	120.3	0.77	1.77	0.49x	7.0x	37.0x	12.8x	1.28x
<b>Median</b>			<b>5.4%</b>	<b>25.1%</b>									<b>0.73x</b>	<b>10.3x</b>	<b>37.0x</b>	<b>15.7x</b>	<b>1.03x</b>
<b>Physician Practice Management</b>																	
Birmer Dental Management Services Inc.	BDMS	\$18.45	1.6%	10.8%	\$23.03	\$16.21	\$34	\$41	\$63.8	\$4.0	\$0.44	NM	0.65x	10.3x	NM	NM	NM
MEDNAX, Inc.	MD	110.80	13.8%	40.3%	111.80	78.09	5,433	5,536	2,058.0	468.8	4.85	5.49	2.69x	11.8x	20.9x	20.2x	1.56x
<b>Median</b>			<b>7.7%</b>	<b>25.5%</b>									<b>1.67x</b>	<b>11.1x</b>	<b>20.9x</b>	<b>20.2x</b>	<b>1.56x</b>
<b>Psychiatric Hospitals</b>																	
Acadia Healthcare Company, Inc.	ACHC	\$46.20	20.5%	101.3%	\$47.71	\$21.26	\$2,334	\$2,915	\$637.7	\$126.1	\$0.53	\$1.07	NM	23.1x	NM	43.3x	1.34x
Magellan Health Services Inc.	MGLN	61.20	8.9%	18.0%	62.00	46.00	1,657	1,329	3,368.4	242.6	5.42	4.70	0.39x	5.5x	11.8x	13.0x	2.56x
Providence Service Corp.	PRSC	27.42	2.2%	97.0%	31.31	13.74	370	410	1,132.4	58.4	0.64	1.53	0.36x	7.0x	19.7x	18.0x	2.40x
<b>Median</b>			<b>8.9%</b>	<b>97.0%</b>									<b>0.38x</b>	<b>7.0x</b>	<b>15.7x</b>	<b>18.0x</b>	<b>2.40x</b>

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Specialty Managed Care</b>																	
Assurant Inc.	AIZ	\$64.94	22.4%	89.8%	\$65.38	\$33.68	\$4,722	\$5,170	\$8,821.4	\$852.4	\$5.67	\$6.09	0.59x	6.1x	12.7x	10.7x	1.12x
Triple-S Management Corporation	GTS	20.26	8.6%	16.1%	23.70	16.53	573	595	2,391.5	116.8	1.90	1.96	0.25x	5.1x	7.7x	10.3x	0.92x
<b>Median</b>			<b>15.5%</b>	<b>53.0%</b>									<b>0.42x</b>	<b>5.6x</b>	<b>10.2x</b>	<b>10.5x</b>	<b>1.02x</b>
<b>Surgicenters / Rehabilitation</b>																	
AmSurg Corp.	AMSG	\$48.32	29.6%	72.4%	\$48.71	\$27.96	\$1,557	\$2,659	\$1,042.1	\$351.0	\$1.98	\$2.20	2.55x	7.6x	22.4x	21.9x	1.51x
Surgical Care Affiliates, Inc.	SCAI	30.44	NM	NM	31.37	25.50	1,161	2,082	769.7	185.0	(0.06)	(0.79)	2.70x	11.3x	NM	NM	NM
Hanger, Inc.	HGR	38.84	26.5%	48.8%	39.63	25.66	1,342	1,806	1,049.0	174.2	1.83	2.10	1.72x	10.4x	20.9x	18.5x	1.37x
HealthSouth Corp.	HLS	35.79	13.8%	62.8%	37.01	20.43	3,129	4,861	2,224.4	537.2	1.65	1.89	2.19x	9.0x	11.3x	18.9x	1.39x
LCA-Vision Inc.	LCAV	3.78	1.6%	17.8%	4.26	2.67	73	46	91.8	(2.4)	(0.45)	(0.08)	0.50x	NM	NM	NM	NM
Select Medical Holdings Corporation	SEM	8.66	2.2%	(21.6%)	10.45	7.21	1,208	2,738	2,935.7	378.1	1.05	0.90	0.93x	7.2x	9.7x	9.6x	0.77x
US Physical Therapy Inc.	USPH	33.76	22.6%	26.3%	35.01	22.80	409	434	255.7	42.7	1.51	1.45	1.70x	10.2x	22.9x	23.3x	NM
<b>Median</b>			<b>18.2%</b>	<b>37.6%</b>									<b>1.72x</b>	<b>9.6x</b>	<b>20.9x</b>	<b>18.9x</b>	<b>1.38x</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

MARKET SECTOR	No. of Co's	Ag. Eqty Mkt Value	Median% Change		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	Rev	EBITDA	LTM	2013E	
Biotechnology	33	\$442,269	15.6%	52.2%	9.62x	25.4x	29.2x	32.0x	1.6x
Cardiology Devices	16	106,154	13.3%	41.4%	3.43x	13.1x	32.5x	21.5x	2.3x
Conglomerates	6	468,304	14.9%	37.8%	2.91x	11.6x	21.9x	18.7x	2.0x
Dental Devices	8	17,109	2.5%	15.7%	2.53x	14.5x	26.4x	22.1x	1.7x
Diagnostic Imaging Devices	5	8,246	29.4%	31.2%	2.42x	13.8x	39.0x	25.8x	1.6x
Diversified Medical Devices	17	92,101	11.2%	19.8%	2.84x	13.4x	25.8x	20.2x	1.7x
Infection Prevention Devices	2	4,229	28.5%	69.5%	2.84x	15.0x	28.7x	30.4x	1.7x
Lab Equipment	2	7,366	11.2%	38.2%	1.84x	10.8x	18.5x	23.5x	1.8x
Lab Instrumentation & Devices	3	11,855	(3.5%)	17.7%	1.82x	14.4x	37.3x	23.1x	2.2x
Large-Cap Pharmaceuticals	6	596,544	11.1%	12.5%	4.04x	10.3x	22.0x	15.0x	2.3x
Life Science Conglomerates	4	66,189	9.6%	56.0%	3.54x	15.3x	27.9x	18.7x	2.1x
Life Science Consumables	5	8,694	10.4%	20.6%	2.34x	16.8x	27.7x	28.4x	2.1x
Mobility Devices	3	3,177	21.3%	48.1%	0.89x	9.7x	20.9x	15.5x	1.6x
Neural Implant Devices	2	3,322	24.7%	26.4%	4.35x	16.5x	40.4x	27.0x	2.3x
Ophthalmology Devices	3	6,751	17.9%	38.8%	2.30x	11.4x	32.4x	23.0x	1.3x
Orthopedics Devices	7	48,918	25.0%	41.1%	2.74x	10.8x	23.2x	22.6x	2.3x
Pharmaceuticals	25	101,972	24.9%	90.9%	4.41x	15.7x	29.1x	24.7x	2.2x
Surgical Devices	5	16,769	0.5%	12.6%	1.72x	12.3x	31.5x	23.2x	1.9x
<b>Total / Median (\$MM)</b>	<b>152</b>	<b>2,009,968</b>	<b>14.1%</b>	<b>38.0%</b>	<b>2.79x</b>	<b>13.6x</b>	<b>28.3x</b>	<b>23.1x</b>	<b>2.0x</b>

Source: Capital IQ

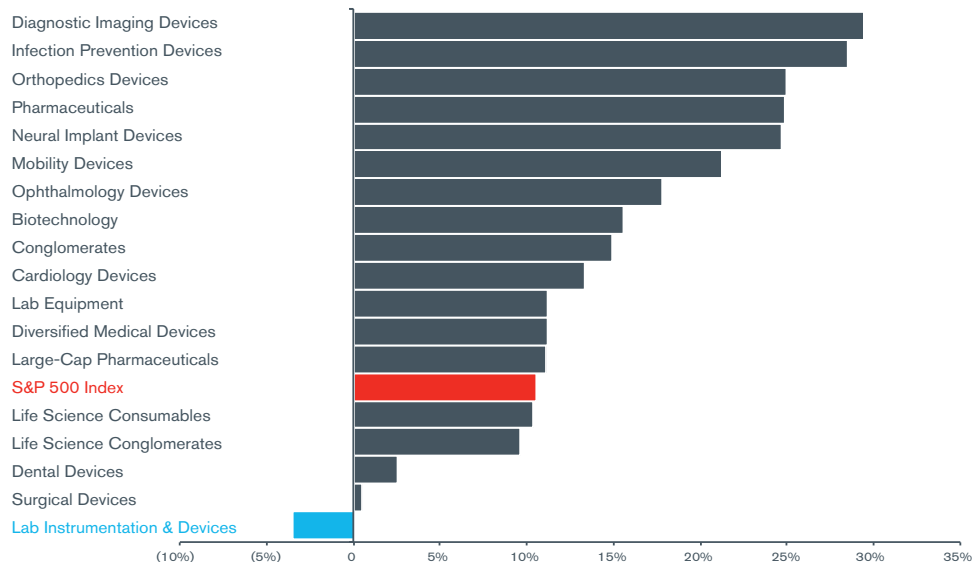
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt Value	% Total No. of Co's	% Ag. Eqty Mkt Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	48	\$1,896,198	31.6%	94.3%	12.9%	80.0%	45.6%	41.9%
\$1 billion - \$5 billion	42	91,926	27.6%	4.6%	26.0%	112.7%	71.0%	63.5%
\$250 million - \$1 billion	32	18,052	21.1%	0.9%	21.0%	72.4%	62.9%	58.3%
\$100 million - \$250 million	18	3,117	11.8%	0.2%	22.6%	197.0%	65.0%	64.5%
< \$100 million	12	675	7.9%	0.0%	22.3%	110.0%	55.4%	53.7%
<b>Total / Median (\$MM)</b>	<b>152</b>	<b>\$2,009,968</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14.1%</b>	<b>110.0%</b>	<b>38.0%</b>	<b>58.3%</b>

Source: Capital IQ

INTEREST RATES	Value at 11/30/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.00%	0.45%
U.S. Treasury - 2 year	0.27%	0.30%	0.38%	0.25%
U.S. Treasury - 5 years	1.34%	1.23%	1.57%	0.61%
U.S. Treasury - 10 years	2.74%	2.53%	2.75%	1.61%
U.S. Treasury - 30 years	3.81%	3.63%	3.68%	3.68%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

### Median% Change – 3 months



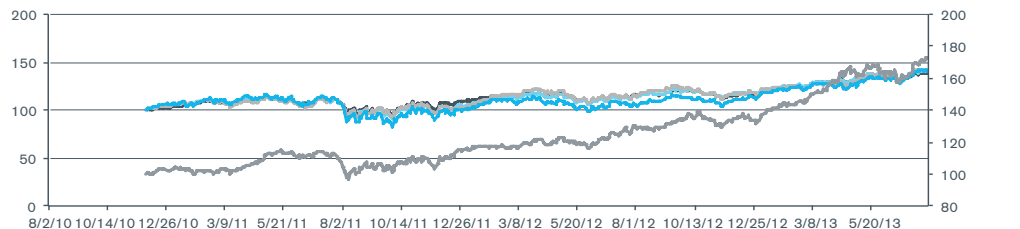
Source: Capital IQ

### MARKET INDICES

MARKET INDICES	Value at 11/30/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$16,086.4	8.6%	22.8%	23.5%	42.9%
S&P 500 Index	1,805.8	10.6%	26.6%	27.5%	49.7%
NASDAQ Composite Index	4,059.9	13.1%	34.5%	34.9%	59.2%
Russell 2000 Index	1,142.9	13.1%	34.6%	39.1%	53.8%
S&P Life Science Tools & Services (Industry) Index	255.9	9.9%	42.5%	45.5%	63.2%
S&P 500 Pharmaceuticals (Industry) Index	487.9	11.0%	30.7%	29.4%	67.3%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	551.0	13.0%	42.0%	40.4%	91.9%
S&P 500 Biotechnology (Industry) Index	2,787.4	17.9%	73.4%	70.1%	192.5%
Dow Jones U.S. Medical Equipment Index	739.0	10.9%	32.9%	32.4%	62.1%
<b>S&amp;P 500 - Pharmaceuticals, Biotechnology &amp; Life Sciences (Industry Group)</b>	<b>619.7</b>	<b>12.7%</b>	<b>40.6%</b>	<b>39.1%</b>	<b>87.4%</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 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Biotechnology</b>																	
Acorda Therapeutics, Inc.	ACOR	\$34.81	3.0%	38.1%	\$40.87	\$23.90	\$1,437	\$1,149	\$325.3	\$26.8	\$3.84	\$0.42	3.53x	42.8x	10.0x	82.7x	2.43x
Alexion Pharmaceuticals, Inc.	ALXN	124.50	15.5%	29.7%	126.39	81.82	24,411	23,246	1,430.0	536.6	1.28	3.04	16.26x	43.3x	70.4x	40.9x	1.66x
Alkermes plc	ALKS	40.38	27.2%	109.1%	41.00	18.21	5,529	5,555	577.8	153.9	(0.32)	1.12	9.62x	36.1x	NM	36.2x	1.60x
Amarin Corporation plc	AMRN	1.82	(71.1%)	(85.3%)	12.90	1.36	314	328	16.2	(184.3)	(1.24)	(1.21)	20.20x	NM	NM	NM	NM
Amgen Inc.	AMGN	114.08	4.7%	28.5%	119.70	81.56	86,031	90,662	18,086.0	7,271.0	5.52	7.45	5.01x	12.5x	18.1x	15.3x	1.64x
Athersys, Inc.	ATHX	2.09	18.1%	97.2%	2.42	0.98	147	130	3.8	(22.3)	(0.45)	(0.47)	NM	NM	NM	NM	NM
Biogen Idec Inc.	BIIB	290.97	36.6%	95.2%	297.98	139.72	68,731	68,761	6,384.3	2,731.0	5.76	8.87	10.77x	25.2x	40.9x	32.8x	1.90x
BioSpecifics Technologies Corp.	BSTC	22.19	21.4%	66.5%	22.95	12.52	141	129	13.9	7.5	0.43	0.69	9.30x	17.3x	33.1x	32.0x	1.46x
Cangene Corp.	CNJ	2.44	19.5%	52.2%	3.10	1.32	163	117	127.3	14.9	(0.28)	0.02	0.92x	7.9x	NM	NM	NM
Celgene Corporation	CELG	161.77	15.6%	105.8%	165.74	77.22	66,661	65,492	6,185.4	2,460.2	3.30	5.99	10.59x	26.6x	46.6x	27.0x	1.17x
Cepheid	CPHD	45.42	26.9%	40.1%	46.28	30.89	3,081	3,008	380.5	22.3	(0.30)	(0.22)	7.91x	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	68.51	8.1%	68.7%	72.64	40.24	5,074	4,966	1,000.6	194.5	2.10	(0.11)	4.96x	25.5x	NM	NM	NM
Curis, Inc.	CRIS	3.20	(26.9%)	(4.5%)	4.74	2.66	275	242	15.2	(9.2)	(0.21)	(0.18)	15.95x	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.68	0.0%	(6.7%)	2.25	0.90	52	52	14.8	0.4	0.04	NM	3.50x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	22.45	27.7%	49.5%	22.70	13.02	816	703	309.2	63.4	0.65	0.80	2.27x	11.1x	25.3x	28.1x	NM
Exelixis, Inc.	EXEL	5.83	16.4%	19.5%	5.96	4.29	1,074	1,136	34.8	(170.8)	(0.92)	(1.32)	NM	NM	NM	NM	NM
Genomic Health Inc.	GHDX	35.18	11.6%	27.2%	38.99	26.25	1,081	967	253.2	4.9	0.26	(0.08)	3.82x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	74.81	24.1%	99.5%	75.43	35.68	114,710	120,242	10,670.1	4,599.4	1.64	2.00	11.27x	26.1x	41.2x	37.4x	1.22x
Immunomedics Inc.	IMMU	4.32	(27.4%)	35.4%	7.35	2.11	359	324	9.4	(27.4)	(0.36)	(0.35)	NM	NM	NM	NM	NM
Ligand Pharmaceuticals Incorporated	LGND	55.68	15.8%	182.2%	58.48	17.69	1,136	1,146	47.9	16.4	(0.13)	0.52	23.93x	NM	NM	NM	NM
Momenta Pharmaceuticals Inc.	MNTA	17.79	26.3%	66.3%	18.15	10.45	930	654	35.4	(90.0)	(1.16)	(1.99)	18.47x	NM	NM	NM	NM
Myriad Genetics Inc.	MYGN	29.75	13.7%	3.6%	38.27	22.20	2,224	1,867	682.2	272.9	1.46	2.13	2.74x	6.8x	14.2x	13.9x	0.97x
Neurocrine Biosciences Inc.	NBIX	9.82	(32.6%)	31.3%	16.74	7.24	661	504	24.1	(27.9)	0.08	(0.70)	20.90x	NM	NM	NM	NM
Osiris Therapeutics, Inc.	OSIR	17.59	0.8%	83.2%	27.40	6.55	595	567	23.1	(8.5)	(0.34)	(0.23)	24.53x	NM	NM	NM	NM
PDL BioPharma, Inc.	PDLI	9.77	23.0%	23.7%	9.86	6.50	1,368	1,360	418.8	390.0	1.45	1.78	3.25x	3.5x	5.8x	5.5x	NM
ProMetic Life Sciences Inc.	PLI	0.88	97.1%	384.6%	1.08	0.16	458	458	23.2	(3.7)	0.00	(0.01)	19.71x	NM	NM	NM	NM
Regeneron Pharmaceuticals, Inc.	REGN	293.86	21.3%	66.4%	319.83	154.16	28,579	28,615	1,908.9	733.3	6.75	3.83	14.99x	39.0x	41.8x	76.8x	2.40x
Spectrum Pharmaceuticals, Inc.	SPPI	9.63	25.7%	(18.7%)	13.15	6.92	610	559	184.4	12.8	1.46	(0.38)	3.03x	43.8x	NM	NM	NM
Targacept, Inc.	TRGT	5.75	12.3%	34.0%	5.84	4.06	194	98	4.1	(48.3)	(0.21)	(1.38)	23.79x	NM	NM	NM	NM

Source: Capital IQ as of November 30, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Biotechnology (cont.)</b>																	
Theravance Inc.	THRX	\$37.76	5.3%	68.0%	\$42.96	\$19.71	\$4,175	\$3,956	\$8.9	(\$136.6)	(\$0.20)	(\$1.59)	NM	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	92.31	30.2%	75.7%	94.38	49.55	4,636	4,203	1,069.8	478.4	5.71	5.49	3.93x	8.8x	16.8x	16.8x	1.68x
Vanda Pharmaceuticals, Inc.	VNDA	11.74	2.7%	237.4%	15.65	3.00	390	247	33.0	(17.2)	(0.98)	(0.62)	7.50x	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	69.42	(7.6%)	74.5%	89.96	38.67	16,227	15,473	1,194.8	(237.7)	(0.51)	(2.70)	12.95x	NM	NM	NM	NM
<b>Median</b>			<b>15.6%</b>	<b>52.2%</b>									<b>9.62x</b>	<b>25.4x</b>	<b>29.2x</b>	<b>32.0x</b>	<b>1.64x</b>
<b>Cardiology Devices</b>																	
ABIOMED, Inc.	ABMD	\$28.59	21.4%	114.2%	\$29.24	\$11.80	\$1,094	\$1,023	\$168.9	\$13.9	\$0.34	\$0.16	6.05x	NM	NM	NM	NM
AngioDynamics Inc.	ANGO	15.45	41.7%	46.6%	16.20	9.52	542	661	339.6	48.6	(0.25)	0.26	1.95x	13.6x	NM	59.4x	3.96x
Boston Scientific Corporation	BSX	11.58	9.5%	109.0%	12.48	5.46	15,462	19,140	7,126.0	1,618.0	(2.89)	0.45	2.69x	11.8x	NM	25.9x	2.36x
Cardiovascular Systems Inc.	CSII	33.20	61.8%	184.7%	34.59	11.31	924	872	110.4	(23.0)	(1.01)	(1.22)	7.90x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	65.53	(6.9%)	(24.5%)	94.98	62.17	7,169	6,944	2,020.0	530.5	2.48	3.05	3.44x	13.1x	18.6x	21.5x	1.56x
Greatbatch, Inc.	GB	40.63	19.6%	79.9%	41.00	21.64	981	1,186	646.5	117.2	(0.20)	2.08	1.83x	10.1x	47.0x	19.5x	1.62x
Heartware International Inc.	HTWR	96.40	22.6%	17.1%	99.68	69.31	1,587	1,469	187.5	(39.5)	(6.15)	(3.09)	7.83x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	8.24	18.7%	27.8%	8.96	5.69	127	113	61.0	5.7	0.16	0.21	1.86x	20.1x	41.2x	38.7x	NM
Medtronic, Inc.	MDT	57.32	10.8%	36.1%	58.85	40.28	57,175	56,875	16,665.0	5,636.0	3.28	3.80	3.41x	10.1x	15.3x	15.1x	2.29x
Neovasc Inc.	NVC	4.05	55.4%	159.6%	4.30	1.32	195	192	10.6	(5.4)	(0.01)	NM	18.08x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.46	(14.6%)	(15.0%)	0.59	0.36	152	125	0.0	(25.7)	(0.07)	(0.07)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	58.42	15.9%	70.4%	59.29	33.44	17,048	19,424	5,451.0	1,725.0	2.39	3.73	3.56x	11.3x	23.9x	15.6x	1.58x
Stereotaxis Inc.	STXS	3.34	(5.1%)	140.3%	10.85	1.21	53	65	41.2	(6.0)	(1.33)	NM	1.59x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	9.06	(17.7%)	28.1%	13.80	4.85	153	93	0.1	(19.8)	(1.98)	NM	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	39.37	10.2%	5.8%	43.58	29.91	2,243	1,964	503.1	130.9	0.94	1.82	3.90x	15.0x	50.3x	21.6x	2.32x
Volcano Corporation	VOLC	22.77	6.3%	(16.5%)	27.66	16.37	1,250	1,247	390.8	31.9	0.15	(0.24)	3.19x	39.1x	NM	NM	NM
<b>Median</b>			<b>13.3%</b>	<b>41.4%</b>									<b>3.43x</b>	<b>13.1x</b>	<b>32.5x</b>	<b>21.5x</b>	<b>2.29x</b>

Source: Capital IQ as of November 30, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E		
<b>Conglomerates</b>																		
3M Company	MMM	\$133.51	17.5%	46.8%	\$134.16	\$89.60	\$89,888	\$92,810	\$30,689.0	\$7,876.0	\$6.32	\$6.72	3.02x	11.8x	20.5x	19.9x	1.90x	
Agilent Technologies Inc.	A	53.57	14.9%	39.9%	55.74	37.69	17,721	17,748	6,831.0	1,382.0	3.13	2.92	2.60x	12.8x	25.5x	18.3x	1.89x	
Becton, Dickinson and Company	BDX	108.59	11.5%	41.6%	110.13	76.03	21,077	22,439	8,014.0	2,129.0	5.52	5.59	2.80x	10.5x	23.3x	19.4x	2.12x	
Covidien plc	COV	68.26	14.9%	17.5%	68.88	56.01	30,881	34,042	10,189.0	2,876.0	3.93	3.81	3.34x	11.8x	20.1x	17.9x	1.93x	
Johnson & Johnson	JNJ	94.66	9.5%	35.8%	95.99	69.18	267,077	256,956	70,515.0	22,686.0	3.86	5.48	3.64x	11.3x	21.1x	17.3x	2.76x	
Kimberly-Clark Corporation	KMB	109.16	16.8%	27.3%	111.68	82.71	41,660	47,814	21,154.0	4,244.0	4.42	5.73	2.26x	11.3x	22.7x	19.1x	2.43x	
<b>Median</b>			<b>14.9%</b>	<b>37.8%</b>									<b>2.91x</b>	<b>11.6x</b>	<b>21.9x</b>	<b>18.7x</b>	<b>2.03x</b>	
<b>Dental Devices</b>																		
COLTENE Holding AG	CLTN	\$50.65	3.8%	60.4%	\$55.08	\$31.69	\$213	\$244	\$169.2	\$23.8	\$2.49	\$3.49	1.44x	10.3x	16.6x	14.5x	1.42x	
DENTSPLY International Inc.	XRAY	47.56	13.3%	19.8%	48.97	38.76	6,785	8,322	2,950.4	562.5	2.18	2.35	2.82x	14.8x	18.8x	20.2x	1.69x	
Nobel Biocare Holding AG	NOBN	14.77	2.6%	86.9%	17.20	8.13	1,813	1,729	771.8	122.3	0.49	0.53	2.24x	14.1x	32.3x	27.8x	1.91x	
Orthofix International N.V.	OFIX	21.63	(2.0%)	(41.9%)	40.99	19.35	421	407	446.5	89.7	2.78	NM	0.91x	4.5x	9.1x	NM	NM	
Osstem Implant Co., Ltd.	A048260	23.53	(3.5%)	(14.2%)	36.85	20.84	334	381	189.4	20.6	0.41	0.95	2.01x	18.5x	51.1x	24.8x	NM	
Sirona Dental Systems Inc.	SIRO	68.78	6.2%	9.9%	75.81	61.25	3,783	3,619	1,101.5	283.7	2.37	3.39	3.29x	12.8x	26.4x	20.3x	1.58x	
Straumann Holding AG	STMN	186.69	2.4%	59.8%	201.96	119.56	2,883	2,745	717.8	127.3	2.57	7.81	3.82x	21.6x	57.2x	23.9x	1.78x	
Tornier N.V.	TRNX	18.09	(4.7%)	11.5%	21.87	15.17	877	882	306.6	26.2	(0.54)	(0.57)	2.88x	33.6x	NM	NM	NM	
<b>Median</b>			<b>2.5%</b>	<b>15.7%</b>									<b>2.53x</b>	<b>14.5x</b>	<b>26.4x</b>	<b>22.1x</b>	<b>1.69x</b>	
<b>Orthopedics Devices</b>																		
Exactech Inc.	EXAC	\$24.88	30.7%	46.4%	\$24.91	\$15.84	\$337	\$376	\$234.8	\$40.8	\$0.96	\$1.10	1.60x	9.2x	23.1x	22.6x	NM	
MAKO Surgical Corp.	MAKO	29.96	100.4%	117.1%	29.97	10.00	1,551	1,498	105.0	(31.8)	(0.76)	(0.81)	14.26x	NM	NM	NM	NM	
NuVasive, Inc.	NUVA	33.25	41.4%	129.0%	33.91	13.94	1,484	1,626	660.1	95.1	0.07	1.14	2.46x	17.1x	NM	29.1x	2.37x	
Stryker Corporation	SYK	74.42	11.3%	37.4%	75.50	53.93	28,162	25,798	8,891.0	1,648.0	3.39	4.23	2.90x	15.7x	31.9x	17.6x	2.16x	
Symmetry Medical, Inc.	SMA	9.81	25.0%	0.6%	12.83	7.44	365	544	404.6	50.5	0.25	0.31	1.35x	10.8x	NM	31.3x	2.61x	
Wright Medical Group Inc.	WMGI	29.81	23.8%	41.1%	30.51	20.13	1,390	1,376	502.6	14.6	0.14	(0.57)	2.74x	NM	NM	NM	NM	
Zimmer Holdings, Inc.	ZMH	91.41	15.6%	38.6%	91.59	65.14	15,629	15,815	4,563.2	1,701.2	4.29	5.71	3.47x	9.3x	23.2x	16.0x	1.73x	
<b>Median</b>			<b>25.0%</b>	<b>41.1%</b>									<b>2.74x</b>	<b>10.8x</b>	<b>23.2x</b>	<b>22.6x</b>	<b>2.26x</b>	
<b>Diagnostic Imaging Devices</b>																		
Analogic Corporation	ALOG	\$96.62	29.4%	31.2%	\$98.00	\$66.05	\$1,201	\$1,088	\$550.4	\$70.2	\$2.67	\$3.75	1.98x	15.5x	39.0x	25.8x	1.72x	
Digirad Corporation	DRAD	3.80	52.0%	87.2%	4.85	1.80	70	44	49.9	0.8	(0.26)	NM	0.88x	NM	NM	NM	NM	
Fonar Corp.	FONR	19.30	263.5%	297.9%	22.34	4.32	118	148	61.1	12.3	0.87	NM	2.42x	12.0x	13.0x	NM	NM	

Source: Capital IQ as of November 30, 2013; For definitions, see page 18

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Diagnostic Imaging Devices (cont.)</b>																	
Given Imaging Ltd.	GIVN	\$23.41	29.4%	29.3%	\$23.50	\$13.01	\$741	\$622	\$180.5	\$23.0	\$0.45	\$0.61	3.44x	27.1x	45.1x	38.4x	NM
Hologic Inc.	HOLX	22.39	4.9%	17.3%	23.96	18.46	6,115	10,132	2,476.6	842.5	(0.35)	1.44	4.09x	12.0x	NM	15.6x	1.49x
<b>Median</b>			<b>29.4%</b>	<b>31.2%</b>									<b>2.42x</b>	<b>13.8x</b>	<b>39.0x</b>	<b>25.8x</b>	<b>1.61x</b>
<b>Mobility Devices</b>																	
Hill-Rom Holdings, Inc.	HRC	\$41.41	21.3%	48.1%	\$42.56	\$27.46	\$2,417	\$2,597	\$1,716.2	\$268.4	\$1.80	\$2.14	1.51x	9.7x	23.8x	19.4x	1.61x
Invacare Corporation	IVC	22.40	49.2%	58.5%	22.85	10.26	717	740	1,395.1	21.4	(0.26)	(1.08)	0.53x	34.7x	NM	NM	NM
Prism Medical Ltd.	PM	5.09	3.2%	(3.3%)	5.56	4.25	43	62	69.8	7.4	0.27	0.43	0.89x	8.4x	18.0x	11.7x	NM
<b>Median</b>			<b>21.3%</b>	<b>48.1%</b>									<b>0.89x</b>	<b>9.7x</b>	<b>20.9x</b>	<b>15.5x</b>	<b>1.61x</b>
<b>Infection Prevention Devices</b>																	
Cantel Medical Corp.	CMN	\$37.32	44.1%	104.0%	\$38.04	\$18.09	\$1,513	\$1,574	\$422.9	\$81.6	\$0.92	\$0.91	3.72x	19.3x	39.3x	41.0x	NM
Steris Corp.	STE	46.14	12.8%	35.0%	47.34	33.34	2,716	3,063	1,560.0	287.7	2.78	2.32	1.96x	10.6x	18.1x	19.9x	1.73x
<b>Median</b>			<b>28.5%</b>	<b>69.5%</b>									<b>2.84x</b>	<b>15.0x</b>	<b>28.7x</b>	<b>30.4x</b>	<b>1.73x</b>
<b>Neural Implant Devices</b>																	
Cyberonics Inc.	CYBX	\$68.72	35.1%	32.9%	\$69.88	\$42.31	\$1,854	\$1,731	\$270.0	\$88.9	\$1.62	\$1.93	6.41x	19.5x	40.4x	35.6x	2.06x
Integra LifeSciences Holdings Corporation	IART	46.45	14.3%	19.8%	46.80	30.87	1,468	1,897	829.9	140.3	1.44	2.53	2.29x	13.5x	NM	18.3x	2.45x
<b>Median</b>			<b>24.7%</b>	<b>26.4%</b>									<b>4.35x</b>	<b>16.5x</b>	<b>40.4x</b>	<b>27.0x</b>	<b>2.25x</b>
<b>Ophthalmology Devices</b>																	
IRIDEX Corporation	IRIX	\$10.08	66.3%	152.0%	\$10.43	\$3.60	\$99	\$85	\$36.9	\$1.7	(\$0.02)	\$0.19	2.30x	NM	47.3x	53.1x	NM
The Cooper Companies Inc.	COO	131.74	0.9%	38.8%	135.41	90.75	6,448	6,689	1,572.2	452.8	5.43	6.41	4.25x	14.8x	21.0x	20.5x	1.33x
Optos plc	OPTS	2.82	17.9%	2.2%	3.62	1.75	204	244	179.2	30.3	0.22	0.12	1.36x	8.0x	32.4x	23.0x	NM
<b>Median</b>			<b>17.9%</b>	<b>38.8%</b>									<b>2.30x</b>	<b>11.4x</b>	<b>32.4x</b>	<b>23.0x</b>	<b>1.33x</b>
<b>Surgical Devices</b>																	
Alphatec Holdings, Inc.	ATEC	\$1.99	0.5%	16.4%	\$2.41	\$1.55	\$191	\$244	\$204.4	\$14.9	(\$0.17)	(\$0.24)	1.20x	16.4x	NM	NM	NM
ArthroCare Corporation	ARTC	37.72	19.1%	12.6%	38.50	31.56	1,070	946	373.2	86.9	1.25	1.44	2.53x	10.9x	59.6x	26.1x	1.94x
Bovie Medical Corp.	BVX	2.10	(30.2%)	(25.0%)	4.79	1.99	37	38	24.4	(0.8)	0.03	NM	1.54x	NM	NM	NM	NM
CONMED Corporation	CNMD	40.71	30.9%	47.3%	41.18	26.92	1,124	1,299	756.1	125.8	1.41	1.76	1.72x	10.3x	31.5x	23.1x	NM
Intuitive Surgical, Inc.	ISRG	376.90	(2.5%)	(28.8%)	585.67	357.02	14,346	13,133	2,298.2	956.6	15.98	16.25	5.71x	13.7x	22.5x	23.2x	1.91x
<b>Median</b>			<b>0.5%</b>	<b>12.6%</b>									<b>1.72x</b>	<b>12.3x</b>	<b>31.5x</b>	<b>23.2x</b>	<b>1.92x</b>

Source: Capital IQ as of November 30, 2013; For definitions, see page 18

## Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Diversified Medical Devices</b>																	
Abaxis, Inc.	ABAX	\$35.98	(8.2%)	(4.7%)	\$51.84	\$32.11	\$801	\$716	\$188.8	\$34.0	\$1.14	\$0.90	3.79x	21.1x	42.8x	40.0x	4.00x
AtriCure, Inc.	ATRC	15.66	78.2%	132.0%	16.40	6.00	329	306	78.0	(4.5)	(0.47)	(0.46)	3.93x	NM	NM	NM	NM
Baxter International Inc.	BAX	68.45	(1.6%)	3.3%	74.60	62.80	37,148	43,835	14,644.0	4,071.0	4.18	4.66	2.99x	10.8x	17.3x	14.7x	1.81x
CareFusion Corporation	CFN	39.85	11.2%	42.7%	40.03	27.52	8,422	8,100	3,543.0	804.0	1.74	2.12	2.29x	10.1x	23.3x	18.8x	1.64x
CR Bard Inc.	BCR	138.88	20.9%	40.3%	141.02	95.39	10,817	11,540	2,998.7	831.3	6.16	5.76	3.85x	13.9x	76.7x	24.1x	2.32x
CryoLife Inc.	CRY	11.05	82.0%	86.0%	11.10	5.52	305	287	137.3	21.4	0.28	0.60	2.09x	13.5x	33.7x	18.4x	NM
Hospira Inc.	HSP	39.31	0.7%	31.9%	42.60	28.71	6,521	7,710	4,017.3	307.1	0.27	2.08	1.92x	25.1x	NM	18.9x	2.19x
IDEXX Laboratories, Inc.	IDXX	104.16	11.0%	11.4%	113.11	81.57	5,405	5,539	1,342.5	323.9	3.17	3.47	4.13x	17.1x	30.4x	30.0x	2.10x
Masimo Corporation	MASI	28.63	15.7%	38.2%	29.08	19.03	1,619	1,527	532.1	100.5	1.07	1.16	2.87x	15.2x	25.8x	24.7x	1.69x
Misonix Inc.	MSON	5.75	23.0%	(4.2%)	9.13	2.98	41	37	13.3	(6.1)	(0.10)	(0.03)	2.75x	NM	NM	NM	NM
Natus Medical Inc.	BABY	23.03	75.1%	103.4%	23.38	9.65	713	717	344.3	55.4	0.13	0.97	2.08x	12.9x	38.1x	23.8x	1.49x
PhotoMedex, Inc.	PHMD	12.18	(25.5%)	(12.2%)	17.05	10.51	242	193	216.0	29.8	1.08	0.96	0.90x	6.5x	12.3x	12.7x	1.14x
ResMed Inc.	RMD	48.81	3.3%	18.8%	57.34	40.55	6,935	6,319	1,532.4	473.5	1.98	2.38	4.12x	13.3x	22.5x	20.5x	1.33x
Solta Medical, Inc.	SLTM	2.00	(3.8%)	(20.0%)	2.89	1.44	161	180	151.1	2.5	(0.59)	(0.03)	1.19x	NM	NM	NM	NM
SurModics, Inc.	SRDX	24.12	21.8%	19.8%	27.98	19.20	344	319	55.7	20.8	0.73	0.93	5.72x	15.3x	24.4x	26.0x	1.73x
Teleflex Incorporated	TFX	98.31	27.5%	42.1%	99.13	68.49	4,045	4,706	1,656.4	356.5	(4.47)	4.94	2.84x	13.2x	28.6x	19.9x	1.77x
Varian Medical Systems, Inc.	VAR	78.05	10.8%	12.9%	80.66	63.10	8,251	7,577	2,942.9	678.4	3.83	4.05	2.57x	11.2x	19.6x	19.3x	1.64x
<b>Median</b>			<b>11.2%</b>	<b>19.8%</b>									<b>2.84x</b>	<b>13.4x</b>	<b>25.8x</b>	<b>20.2x</b>	<b>1.73x</b>
<b>Life Science Conglomerates</b>																	
Illumina Inc.	ILMN	\$98.00	25.9%	82.5%	\$100.99	\$48.00	\$12,387	\$12,218	\$1,343.1	\$379.2	\$1.13	\$1.78	9.10x	32.2x	NM	55.2x	3.14x
Life Technologies Corporation	LIFE	75.70	1.7%	53.4%	75.76	48.00	13,083	14,801	3,842.3	1,199.9	2.40	4.20	3.85x	12.3x	27.9x	18.0x	2.24x
PerkinElmer Inc.	PKI	38.04	5.8%	20.2%	39.09	29.50	4,275	5,079	2,145.9	332.9	0.60	2.06	2.37x	15.3x	51.6x	18.5x	1.87x
Thermo Fisher Scientific, Inc.	TMO	100.85	13.5%	58.7%	103.12	62.30	36,444	41,698	12,882.7	2,732.3	3.43	5.36	3.24x	15.3x	27.8x	18.8x	2.03x
<b>Median</b>			<b>9.6%</b>	<b>56.0%</b>									<b>3.54x</b>	<b>15.3x</b>	<b>27.9x</b>	<b>18.7x</b>	<b>2.14x</b>

Source: Capital IQ as of November 30, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Lab Instrumentation &amp; Devices</b>																	
Bruker Corporation	BRKR	\$19.34	(3.5%)	32.5%	\$21.33	\$14.00	\$3,240	\$3,293	\$1,804.6	\$229.1	\$0.46	\$0.74	1.82x	14.4x	56.9x	26.2x	2.09x
Harvard Bioscience Inc.	HBIO	4.56	(7.7%)	15.7%	6.15	3.70	141	128	105.6	2.9	0.05	(0.03)	1.21x	44.2x	NM	NM	NM
Waters Corporation	WAT	99.53	0.7%	17.7%	108.89	83.59	8,473	8,068	1,860.5	580.9	5.19	4.95	4.34x	13.9x	17.8x	20.1x	2.22x
<b>Median</b>			<b>(3.5%)</b>	<b>17.7%</b>									<b>1.82x</b>	<b>14.4x</b>	<b>37.3x</b>	<b>23.1x</b>	<b>2.15x</b>
<b>Lab Equipment</b>																	
Kewaunee Scientific Corp.	KEQU	\$17.77	10.4%	44.7%	\$18.22	\$11.08	\$46	\$52	\$122.4	\$9.2	\$1.19	NM	0.43x	5.7x	11.6x	NM	NM
Mettler-Toledo International Inc.	MTD	246.57	12.0%	31.8%	255.00	183.14	7,320	7,634	2,352.0	479.5	9.14	10.50	3.25x	15.9x	25.4x	23.5x	1.78x
<b>Median</b>			<b>11.2%</b>	<b>38.2%</b>									<b>1.84x</b>	<b>10.8x</b>	<b>18.5x</b>	<b>23.5x</b>	<b>1.78x</b>
<b>Life Science Consumables</b>																	
Affymetrix Inc.	AFFX	\$8.49	52.4%	155.0%	\$8.60	\$3.05	\$611	\$729	\$322.1	\$27.0	(\$0.15)	\$0.12	2.26x	27.0x	NM	73.2x	14.64x
Bio-Rad Laboratories, Inc.	BIO	122.62	7.6%	17.4%	127.17	103.20	3,520	3,396	2,103.9	316.5	5.72	3.95	1.61x	10.7x	39.6x	31.0x	NM
Cambrex Corporation	CBM	19.50	43.1%	77.8%	19.74	10.58	590	666	285.3	58.5	2.09	0.83	2.34x	11.4x	9.3x	23.6x	1.04x
Luminex Corporation	LMNX	19.57	(3.6%)	13.6%	24.10	15.39	819	758	213.8	31.5	0.30	0.14	3.55x	24.0x	NM	NM	NM
Techne Corp.	TECH	85.54	10.4%	20.6%	89.99	62.55	3,154	2,969	321.2	176.5	2.98	3.33	9.24x	16.8x	27.7x	25.7x	2.06x
<b>Median</b>			<b>10.4%</b>	<b>20.6%</b>									<b>2.34x</b>	<b>16.8x</b>	<b>27.7x</b>	<b>28.4x</b>	<b>2.06x</b>
<b>Large-Cap Pharmaceuticals</b>																	
AbbVie Inc.	ABBV	\$48.45	13.7%	NM	\$50.20	\$32.51	\$76,939	\$82,501	\$18,885.0	\$7,928.0	\$3.34	\$3.14	4.37x	10.4x	17.1x	15.4x	1.15x
Allergan Inc.	AGN	97.05	9.8%	4.6%	116.45	81.33	28,840	27,795	6,247.6	2,060.7	3.58	4.76	4.45x	13.5x	22.9x	20.4x	1.63x
Bristol-Myers Squibb Company	BMJ	51.38	23.2%	57.5%	53.68	31.85	84,599	89,062	16,135.0	4,403.0	1.16	1.75	5.52x	20.2x	30.8x	29.4x	3.02x
Eli Lilly and Company	LLY	50.22	(2.3%)	2.4%	58.41	47.53	54,923	54,828	23,261.7	7,262.3	3.66	4.14	2.36x	7.5x	11.5x	12.1x	(4.19x)
Merck & Co. Inc.	MRK	49.83	5.4%	12.5%	50.16	40.02	145,600	156,663	44,450.0	15,360.0	2.00	3.50	3.52x	10.2x	33.5x	14.3x	6.13x
Pfizer Inc.	PFE	31.73	12.5%	26.8%	32.50	24.63	205,644	209,100	56,246.0	24,624.0	1.26	2.18	3.72x	8.5x	21.1x	14.6x	4.96x
<b>Median</b>			<b>11.1%</b>	<b>12.5%</b>									<b>4.04x</b>	<b>10.3x</b>	<b>22.0x</b>	<b>15.0x</b>	<b>2.33x</b>

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Healthcare Sector Update

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Company Name	Ticker	Price 11/30/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Pharmaceuticals</b>																	
Akorn, Inc.	AKRX	\$25.75	43.3%	90.9%	\$26.16	\$12.44	\$2,481	\$2,513	\$304.3	\$96.8	\$0.32	\$0.55	8.26x	26.0x	64.3x	46.8x	2.15x
BioDelivery Sciences International, Inc.	BDSI	4.80	(8.4%)	12.9%	5.92	3.52	183	163	27.2	(37.9)	0.05	(1.35)	6.00x	NM	NM	NM	NM
BioSyent Inc.	RX	3.57	63.0%	281.2%	3.97	0.78	48	45	6.8	2.1	0.11	NM	6.69x	21.4x	29.1x	NM	NM
Cadence Pharmaceuticals Inc.	CADX	9.02	65.5%	111.7%	9.39	3.99	777	751	94.4	(35.1)	(0.95)	(0.32)	7.96x	NM	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	8.20	(6.9%)	270.5%	9.05	1.89	201	182	16.9	10.0	0.10	0.44	10.78x	18.2x	23.3x	18.5x	NM
Cornerstone Therapeutics Inc.	CRTX	9.49	2.6%	82.9%	10.37	4.67	255	275	167.0	38.1	(0.46)	0.83	1.65x	7.2x	24.4x	11.4x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.99	12.4%	11.4%	5.85	4.03	90	30	37.6	3.8	0.30	0.06	0.80x	7.9x	77.2x	83.2x	2.77x
DURECT Corporation	DRRX	1.75	60.6%	75.0%	1.85	0.75	191	174	14.3	(20.7)	0.18	(0.20)	12.17x	NM	NM	NM	NM
Endo Health Solutions Inc.	ENDP	67.19	63.5%	134.3%	67.62	25.01	7,716	10,239	2,991.0	1,069.2	(6.40)	4.72	3.42x	9.6x	NM	14.2x	3.99x
Forest Laboratories Inc.	FRX	51.31	20.6%	44.7%	52.07	34.51	13,823	12,146	3,209.3	148.8	0.43	0.91	3.78x	NM	NM	56.7x	1.29x
Heska Corporation	HSKA	7.82	49.0%	(12.6%)	9.37	5.16	46	57	73.3	(0.5)	0.22	(0.37)	0.78x	NM	NM	NM	NM
Hi-Tech Pharmacal Co., Inc.	HITK	43.43	0.7%	43.8%	44.33	29.24	601	494	230.8	47.6	2.25	2.21	2.14x	10.4x	40.2x	19.7x	9.60x
Impax Laboratories Inc.	IPXL	24.04	18.0%	18.2%	24.28	14.41	1,614	1,177	551.8	131.9	0.82	0.85	2.13x	8.9x	14.2x	28.3x	7.86x
Lannett Company, Inc.	LCI	29.54	122.8%	495.6%	31.00	4.75	1,027	988	161.6	30.8	0.31	0.87	6.11x	32.1x	NM	34.2x	1.31x
Mylan, Inc.	MYL	44.13	24.9%	62.4%	44.73	26.91	16,895	22,773	6,823.5	1,864.5	1.52	2.87	3.34x	12.2x	29.0x	15.4x	1.40x
Merus Labs International Inc.	MSL	1.27	23.6%	(0.3%)	1.58	0.45	49	87	23.9	15.1	(0.71)	(0.03)	3.66x	5.8x	NM	NM	NM
Paladin Labs Inc.	PLB	109.52	92.4%	166.9%	111.88	38.08	2,268	2,094	267.1	86.3	2.87	2.35	7.84x	24.2x	48.1x	46.7x	16.68x
Patheon Inc.	PTI	9.22	52.6%	149.4%	9.31	2.83	1,299	1,852	943.1	117.9	(1.06)	0.25	1.96x	15.7x	NM	36.9x	NM
Questcor Pharmaceuticals, Inc.	QCOR	58.01	(13.0%)	124.0%	74.76	24.56	3,350	3,161	716.6	406.3	3.14	5.47	4.41x	7.8x	13.3x	10.6x	0.41x
Salix Pharmaceuticals Ltd.	SLXP	84.81	26.7%	97.9%	90.73	39.36	5,334	5,389	874.4	283.4	1.01	3.22	6.16x	19.0x	50.4x	26.3x	1.11x
Santarus, Inc.	SNTS	32.18	42.9%	222.8%	32.25	9.64	2,161	1,992	337.8	81.5	0.27	1.39	5.90x	24.4x	19.3x	23.1x	2.31x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
<b>Pharmaceuticals (cont.)</b>																	
SciClone Pharmaceuticals, Inc.	SCLN	\$4.88	(7.0%)	11.4%	\$6.30	\$4.13	\$259	\$170	\$127.5	\$13.5	\$0.16	\$0.35	1.34x	12.6x	21.3x	13.9x	NM
The Medicines Company	MDCO	36.61	15.8%	70.5%	38.52	21.39	1,953	1,724	662.4	89.9	0.93	0.41	2.60x	19.2x	61.0x	89.1x	2.89x
Valeant Pharmaceuticals International, Inc.	VRX	108.07	10.0%	94.0%	113.25	51.70	36,084	52,519	4,692.1	2,367.5	(0.38)	6.12	11.19x	22.2x	NM	17.7x	1.02x
ViroPharma Inc.	VPHM	49.51	64.2%	99.7%	49.70	22.12	3,266	3,163	430.4	57.2	0.08	(0.76)	7.35x	NM	NM	NM	NM
<b>Median</b>			<b>24.9%</b>	<b>90.9%</b>									<b>4.41x</b>	<b>15.7x</b>	<b>29.1x</b>	<b>24.7x</b>	<b>2.23x</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 November 30, 2013

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