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MARKET COMMENTARY

This past year was yet another step in the healthcare industry's never ending transformation. To list a few of the most notable events – heated national debate and the final passage of Obamacare, adoption and implementation of EMRs throughout healthcare organizations, passage of the Physician Payments Sunshine Act requiring disclosures of physician payments and gifts by medical device and pharma companies, a growing emphasis on preventative care and management of overall health, and technology-enabled advancements including telemedicine applications and smart phone access.

With significant changes came significant opportunities, and investors remained active in the healthcare industry. As the year came to an end, a flurry of M&A activity resulted in some large deals that will have interesting implications for the healthcare industry in 2011.

Mergers & Acquisitions

In the laboratory sector, LabCorp's acquisition of Genzyme Genetics closed on November 30th, capping off an acquisitive year for the Burlington, North Carolina-based lab services company. At an attractive valuation of roughly 2.5x revenue, the deal is a clear example of the intensifying competition amongst industry participants for market share in esoteric testing. Burgeoning volumes of esoteric testing procedures – especially in genetics and oncology – and typically higher margins have made the business segment a priority for industry leaders. This acquisition will grow LabCorp's esoteric testing business to over 40% of revenues. Meanwhile, Sanofi-Aventis continues to pursue Genzyme Corp. (the biotech parent of Genzyme Genetics), and talks appear to have gained traction. Sanofi-Aventis has raised its offer to approximately \$20 billion, and may bridge the valuation gap through a contingency value right structure based on future sales of Genzyme's alemtuzumab drug.

In diagnostics, GE Healthcare completed its acquisition of Clariant, a rapidly growing provider of oncology molecular diagnostics, for 5.3x revenue in the fourth quarter. And, after a challenging year,

Genoptix agreed to be sold to Novartis for \$470 million, a valuation of approximately 1.7x revenue or 7.0x EBITDA. The deal was announced on January 24th.

Behavioral health and pharmaceuticals have been busy sectors as well. In behavioral health, Res-Care was taken private by Canadian buyout firm Onex Corporation at a valuation of approximately 6.1x EBITDA, and Psychiatric Solutions was acquired by Universal Health Services for 9.8x EBITDA. These acquisitions leave behind only one pure-play, publicly traded behavioral health company, Providence Service Corp.

In pharmaceuticals, Pfizer remained active as it announced on October 11th its intention to acquire King Pharmaceuticals, a Bristol, Tennessee-based manufacturer of branded pharmaceuticals and animal health products. At an implied target enterprise value of \$3.2 billion, the deal is expected to close at a healthy 9.2x EBITDA. Also in the fourth quarter, Eli Lilly & Co. acquired Avid Radiopharmaceuticals from an investor group for approximately \$800 million.

Large deals were also announced in distribution (Cardinal Health/Kinray), medical devices (Stryker/Boston Scientific's neurovascular division, Medtronic/Ardian and Boston Scientific/Sadra Medical) and hospitals (Community Health Systems/Tenet Healthcare). While healthcare IT did not have any blockbuster deals this quarter, it remains a highly active sector for M&A.

According to healthcare industry data publisher Irving Levin Associates, the overall healthcare industry saw 223 deals worth \$60.4 billion in the fourth quarter alone, bringing the 2010 total to 913 deals valued at approximately \$206.5 billion.

The Year Ahead

Looking ahead, we expect 2011 to be another dynamic year in the healthcare industry.

In politics, twenty-five states have now joined Florida's lawsuit challenging the constitutionality of

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Obamacare. In Virginia's lawsuit, a federal judge ruled in December that the "individual mandate" is unconstitutional. These lawsuits are certainly destined for the Supreme Court, and will be a continued source of uncertainty even as many of the law's new regulations are scheduled to take effect this year. House Republicans just voted to repeal the Act, though a symbolic gesture given a Democratic controlled Senate and President Obama's veto power. Still, Republicans may use the looming debt ceiling predicament to force concessions from Democrats, including repeal or defunding of some of the more contested parts of the legislation.

In the capital markets, we expect continued investment activity from private equity and venture capital groups, especially in healthcare IT and medical device companies. In a recent survey conducted by the National Venture Capital Association and Dow Jones VentureSource, 77% of venture capitalists said they expect investment in healthcare IT to increase in 2011. Only 17% of VCs expected to see "froth" in the sector however, which we see as a sign that most VCs remain generally more risk adverse and seek HIT companies with clear value propositions and more mature offerings.

We expect privacy and security concerns to remain a hot issue in 2011. The growth of electronic health records, health information exchanges and information sharing portals worries regulators, physicians and patients alike. Expect to see data security regulations put in place parallel to the mounting adoption of "cloud-based" systems.

Finally, Congress still needs to address the cost side of healthcare. With the flood of 32 million more Americans having access to health coverage, Medicare, Medicaid and private insurers will face mounting costs without further action. The first opportunity for decisive action will come on Medicare physician reimbursements in 2011. The 25% physician payment cut that was scheduled to take effect on January 1st was delayed in December for yet another year, granting a temporary reprieve to doctors. Still, Congress will need to act again on these and other looming reimbursement cuts by the end of the year. After persistent delays in addressing the issue, we remain skeptical that

government will take meaningful steps to find agreeable outcomes in 2011. We see this pressure creating opportunities for innovative healthcare services companies that can improve the efficiency, cost effectiveness and quality of healthcare delivery.

In sum, we expect 2011 to be another fascinating year in the healthcare markets. Despite ongoing regulatory uncertainties, strategic acquirors and financial sponsors will look to put large cash reserves to work in the industry. Improving credit availability will help. With the momentum of the fourth quarter behind us and the prospects of a solid new year ahead, healthcare companies on both sides of the table should consider what steps might make sense for their own growth strategies in 2011.

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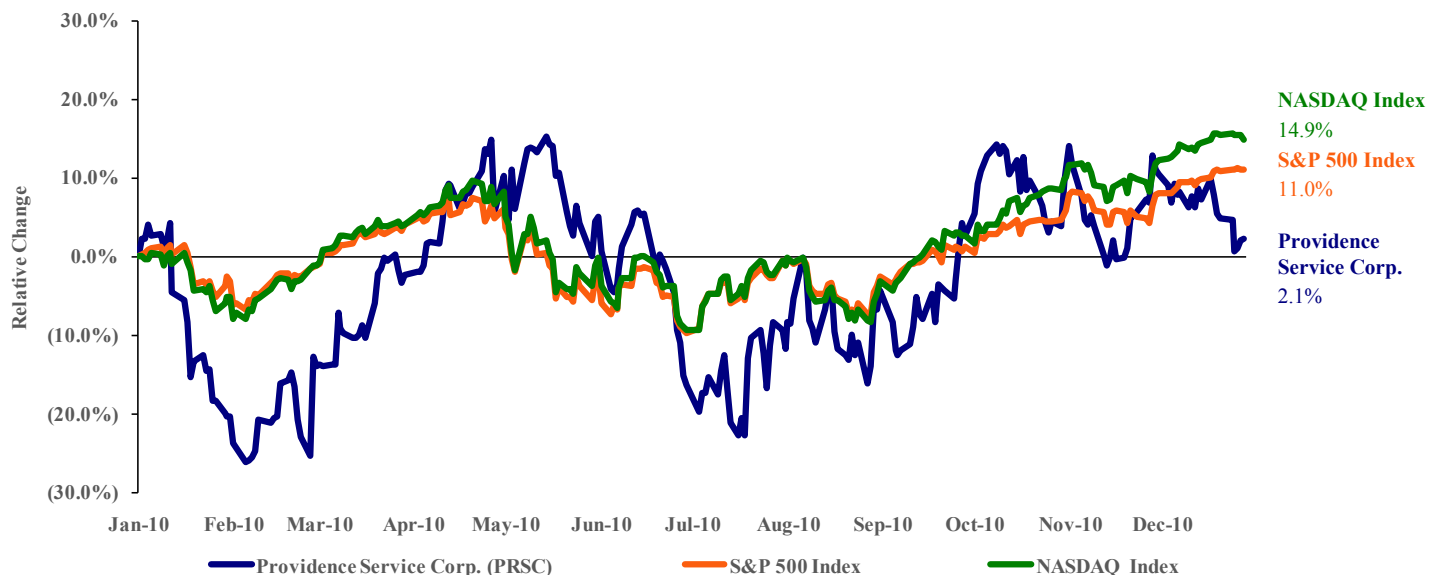
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KEY OPERATING & VALUATION METRICS

	Operating Metrics					Valuation Metrics					
	1 Yr Historical Growth		5 Yr	Margins		EV/Rev		EV/EBITDA		P/E	
	Revenue	Net Income	Proj. EPS	Gross Profit	EBITDA	LTM	CY11	LTM	CY11	CY10	CY11
Behavioral Health	14.8%	N/M	12.5%	13.7%	8.5%	0.4x	0.4x	4.4x	4.9x	9.1x	9.5x
Contract Research Organizations	(1.7%)	(9.3%)	13.7%	35.2%	14.9%	1.4x	1.3x	8.9x	7.9x	23.9x	16.5x
Diagnostic Services	1.7%	13.6%	13.1%	43.4%	19.4%	1.6x	1.6x	8.1x	7.6x	22.5x	14.9x
Drug Delivery	4.8%	1.1%	10.6%	51.9%	26.3%	2.5x	2.3x	8.9x	8.0x	12.7x	12.9x
Healthcare Distribution	4.6%	28.2%	12.3%	9.7%	2.9%	0.2x	0.2x	8.1x	7.5x	15.9x	14.5x
Healthcare IT	18.5%	10.8%	20.1%	61.1%	19.7%	3.8x	2.8x	20.5x	13.6x	34.9x	27.0x
Home Care & Hospice	4.7%	16.7%	15.0%	42.6%	14.7%	1.0x	0.9x	6.4x	5.9x	10.1x	10.7x
Laboratories	4.5%	7.6%	13.5%	41.9%	19.0%	1.5x	1.3x	8.8x	7.6x	19.2x	15.4x
Senior Care	4.7%	14.9%	12.0%	34.8%	13.9%	1.0x	0.9x	7.6x	6.3x	13.4x	12.2x

Behavioral Health

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

Providence Service Corp. (PRSC)

Market Statistics		Operating Metrics			Valuation Metrics			
Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
			Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
\$16.07	\$329.4	12.5%	13.7%	8.5%	0.4x	0.4x	4.4x	4.9x

REPRESENTATIVE TRANSACTIONS

(\$s in millions)

Target (Parent) /

Acquiring Company (Ticker)

Behavioral Hospital of Bellaire, LLC; Denton Rehabilitation Hospital, L.P.

Ascend Health Corporation

Jane Wattles Center

Rosecrance Health Network

The Sexual Recovery Institute, Inc.

Elements Behavioral Health, Inc.

Springstone, Inc.

Welsh, Carson, Anderson & Stowe

Fresh Start Private Inc.

Fresh Start Private Management Inc. (OTCBB: CEYY)

Res-Care Inc.

Onex Corporation (TX)

Forum Health

Community Health Systems, Inc. (NYSE: CHS)

Psychiatric Solutions, Inc.

Universal Health Services Inc. (NYSE: UHS)

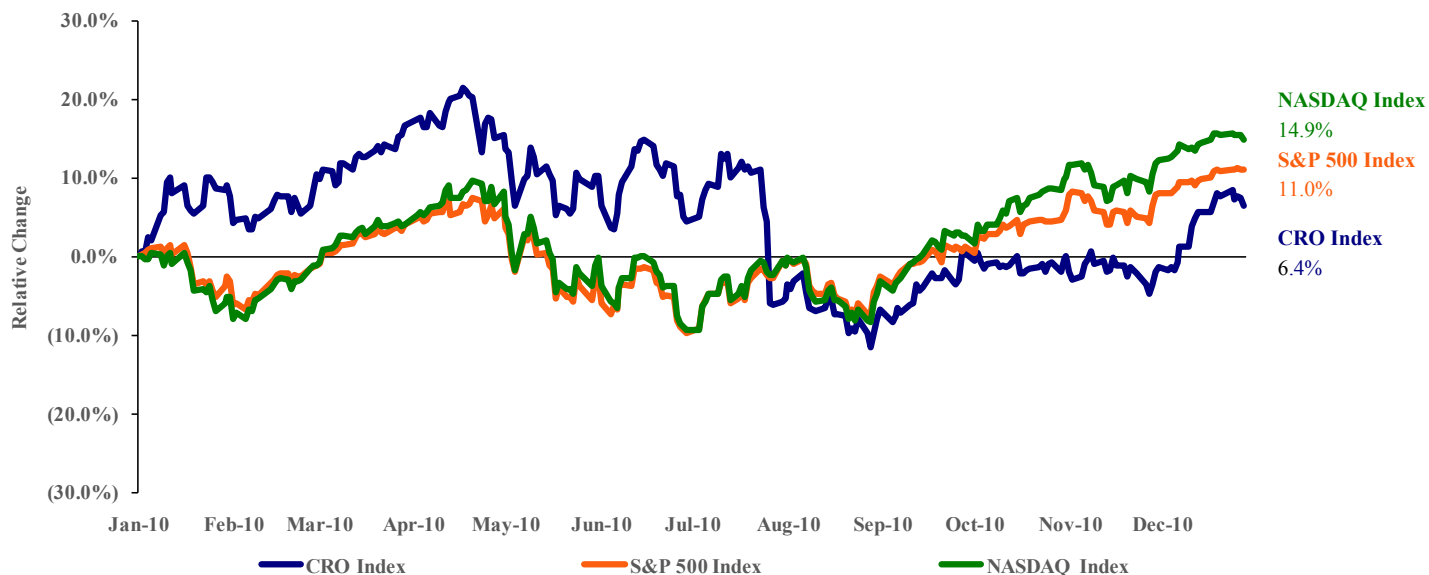
Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date Announced	Date Closed	Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/ Revenue	EV/ EBITDA	P/E
Behavioral Hospital of Bellaire, LLC; Denton Rehabilitation Hospital, L.P. Ascend Health Corporation	12/31/10	12/31/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jane Wattles Center Rosecrance Health Network	11/22/10	12/17/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The Sexual Recovery Institute, Inc. Elements Behavioral Health, Inc.	11/13/10	11/13/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Springstone, Inc. Welsh, Carson, Anderson & Stowe	10/15/10	10/15/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fresh Start Private Inc. Fresh Start Private Management Inc. (OTCBB: CEYY)	10/8/10	11/22/10	\$8.0	\$8.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Res-Care Inc. Onex Corporation (TX)	9/6/10	11/15/10	\$389.8	\$598.0	\$1,569.1	\$98.2	6.3%	(\$11.0)	0.4x	6.1x	N/M
Forum Health Community Health Systems, Inc. (NYSE: CHS)	8/5/10	10/1/10	\$120.0	\$120.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Psychiatric Solutions, Inc. Universal Health Services Inc. (NYSE: UHS)	5/16/10	11/15/10	\$1,929.5	\$3,132.7	\$1,847.4	\$319.7	17.3%	\$124.3	1.7x	9.8x	15.5x
Median			\$254.9	\$359.0	\$1,708.2	\$209.0	11.8%	\$56.7	1.0x	7.9x	15.5x

Source: Capital IQ. As of December 31, 2010.

Note: This is a representative list of companies in the sector and is not intended to be exhaustive. We are not recommending the purchase or sale of any individual security.

Contract Research Organizations

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Covance Inc. (CVD)	\$51.41	\$3,043.1	13.4%	28.6%	14.9%	1.5x	1.5x	10.1x	9.2x
Charles River Laboratories Int'l, Inc. (CRL)	\$35.54	\$2,251.3	11.7%	34.5%	20.9%	1.9x	2.0x	9.3x	8.5x
ICON plc (ICLR)	\$21.90	\$1,095.6	12.0%	40.5%	15.0%	1.2x	1.1x	8.2x	7.6x
Kendle International Inc. (KNDL)	\$10.89	\$260.6	14.6%	35.8%	6.5%	0.6x	0.8x	8.5x	6.7x
Parexel International Corp. (PRXL)	\$21.23	\$1,352.3	17.1%	32.6%	12.9%	1.0x	1.0x	7.7x	6.8x
Pharmaceutical Product Development Inc. (PPDI)	\$27.14	\$2,733.6	14.0%	47.8%	15.2%	1.9x	1.8x	12.5x	8.2x
Median			13.7%	35.2%	14.9%	1.4x	1.3x	8.9x	7.9x

REPRESENTATIVE TRANSACTIONS

(\$s in millions)

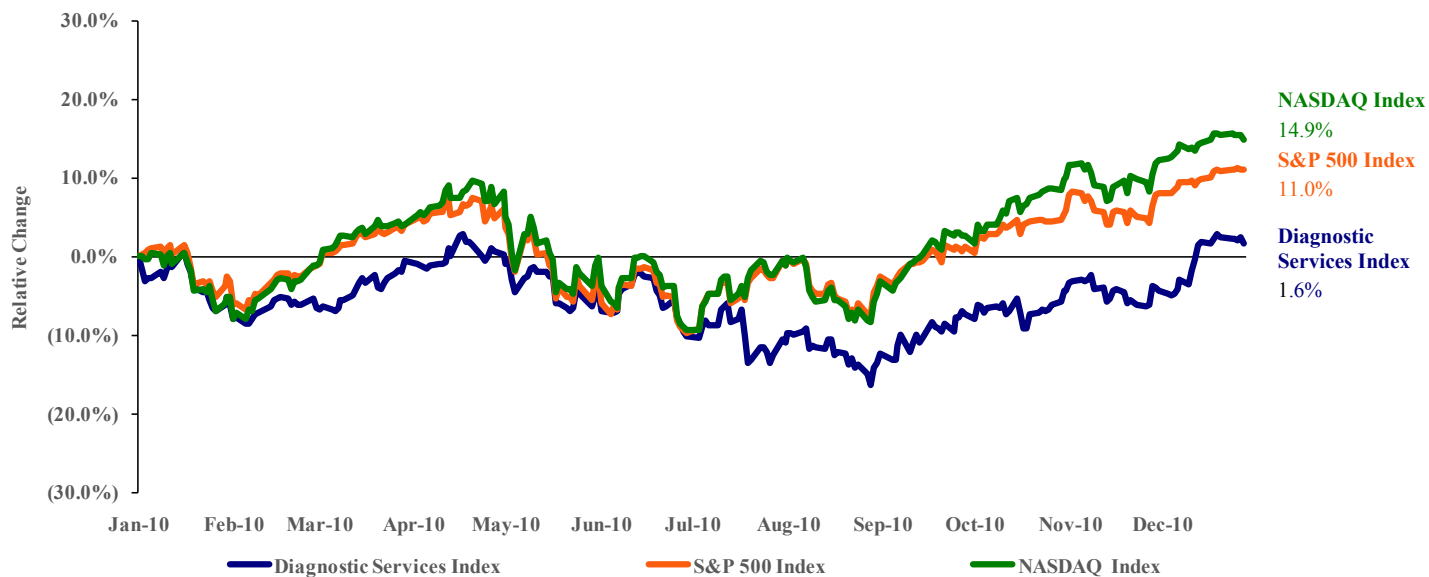
Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/ Revenue	EV/ EBITDA	P/E
	Announced	Closed									
ReSearch Pharmaceutical Services, Inc. Warburg Pincus, LLC	12/27/10	-	\$227.1	\$253.9	\$276.5	\$16.5	6.0%	\$4.1	0.9x	15.4x	55.2x
Median			\$227.1	\$253.9	\$276.5	\$16.5	\$0.1	\$4.1	0.9x	15.4x	55.2x

Source: Capital IQ. As of December 31, 2010.

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Diagnostic Services

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(*\$s in millions, except per share*)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Alliance Healthcare Services, Inc. (AIQ)	\$4.24	\$784.6	12.7%	44.9%	31.1%	1.6x	1.6x	5.2x	5.2x
Bio-Reference Laboratories Inc. (BRLI)	\$22.18	\$641.2	19.2%	49.3%	13.0%	1.4x	1.1x	10.7x	8.8x
Laboratory Corp. of America Holdings (LH)	\$87.92	\$10,167.1	12.8%	41.9%	23.7%	2.1x	1.8x	8.8x	7.8x
Pharmaceutical Product Development Inc. (PPDI)	\$27.14	\$2,733.6	14.0%	47.8%	15.2%	1.9x	1.8x	12.5x	8.2x
Quest Diagnostics Inc. (DGX)	\$53.97	\$11,872.0	11.7%	41.8%	21.7%	1.6x	1.6x	7.4x	7.4x
RadNet, Inc. (RDNT)	\$2.82	\$605.8	13.5%	32.0%	17.2%	1.1x	1.0x	6.6x	5.4x
Median			13.1%	43.4%	19.4%	1.6x	1.6x	8.1x	7.6x

Source: Capital IQ. As of December 31, 2010.

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Diagnostic Services

Continued from page 5

REPRESENTATIVE TRANSACTIONS

(\$s in millions)

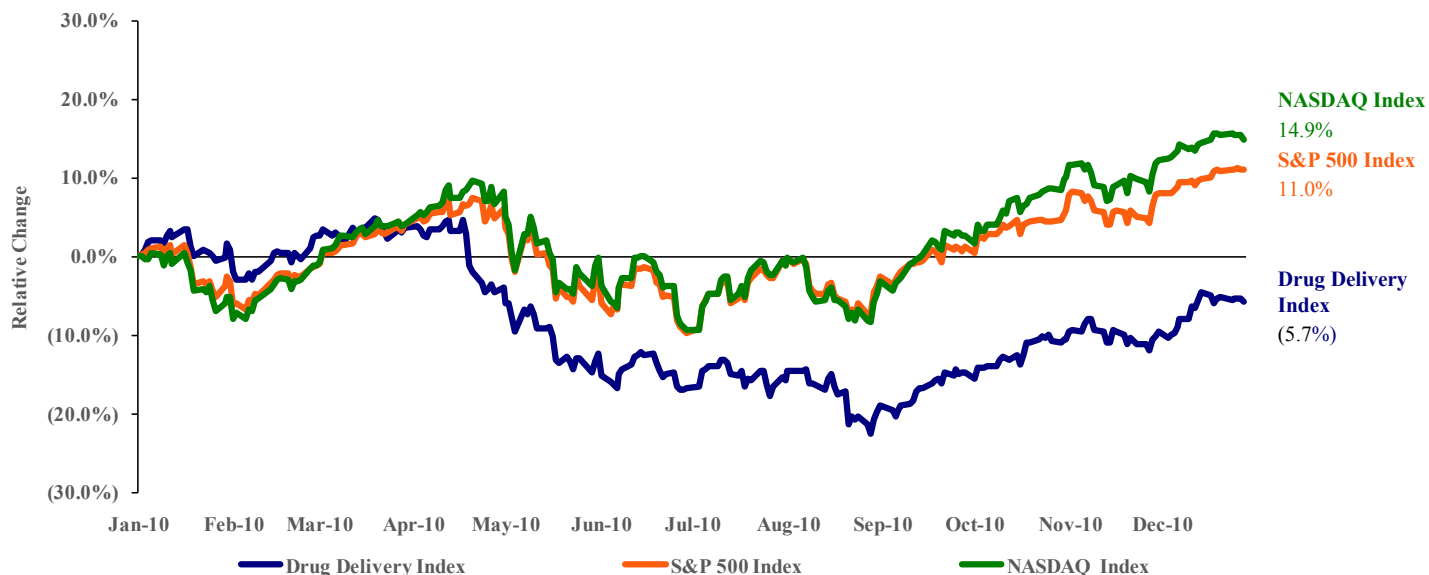
Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/ Revenue	EV/ EBITDA	P/E
	Announced	Closed									
AtheroTech, Inc. Behrman Capital	12/23/10	12/23/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Imaging On Call, LLC RadNet, Inc. (NASDAQ: RDNT)	12/22/10	1/3/11	\$5.5	\$8.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Two Imaging Centers in Ohio Kettering Health Network	12/16/10	12/16/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GII Diagnostics, Inc. (The Riverside Company) Gen-Probe, Inc. (NASDAQ: GPRO)	12/16/10	12/16/10	\$53.0	\$53.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cambridge Research & Instrumentation, Inc. (Massachusetts Capital Resource Co.) Caliper Life Sciences, Inc. (NASDAQ: CALP)	12/8/10	12/17/10	\$16.9	\$19.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diagnostic Imaging Shelbyville, LLC Jewish Hospital Services, Inc.	12/7/10	12/7/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genzyme Diagnostics (Division of Genzyme Corporation) Sekisui Medical Co., Ltd.	11/18/10	-	\$265.0	\$265.0	\$167.0	N/A	N/A	N/A	1.6x	N/A	N/A
FlexSite Diagnostics, Inc. Geonostics, Inc.	11/16/10	11/16/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Biopsy Diagnostics, LLC Aurora Diagnostics, LLC	10/8/10	10/8/10	\$14.0	\$23.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Proprius Pharmaceuticals, Inc. (Cypress Bioscience, Inc.) Exagen Diagnostics Inc.	10/8/10	-	\$4.0	\$8.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NightHawk Radiology Holdings, Inc. Virtual Radiologic Corporation	9/26/10	12/22/10	\$165.1	\$195.6	\$157.4	\$24.5	15.6%	(\$6.1)	1.2x	8.0x	N/M
Imaging Centers in New Jersey (Division of Progressive Health LLC) RadNet, Inc. (NASDAQ: RDNT)	9/8/10	12/2/10	\$17.2	\$17.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Median			\$17.0	\$21.4	\$162.2	\$24.5	15.6%	(\$6.1)	1.4x	8.0x	N/A

Source: Capital IQ. As of December 31, 2010.

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Drug Delivery

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Baxter International Inc. (BAX)	\$50.62	\$32,011.6	9.6%	50.8%	27.1%	2.5x	2.4x	9.2x	8.2x
Becton, Dickinson and Company (BDX)	\$84.52	\$19,366.6	10.2%	51.9%	29.6%	2.6x	2.5x	8.9x	8.2x
Cardinal Health, Inc. (CAH)	\$38.31	\$12,719.3	11.6%	3.9%	1.7%	0.1x	0.1x	7.6x	6.8x
Covidien plc (COV)	\$45.66	\$23,448.3	11.2%	56.0%	26.3%	2.2x	2.1x	8.6x	7.9x
Hospira Inc. (HSP)	\$55.69	\$10,262.5	22.9%	40.2%	22.8%	2.6x	2.3x	11.3x	8.0x
King Pharmaceuticals Inc. (KG)	\$14.05	\$3,266.9	10.6%	63.5%	22.3%	2.1x	2.2x	9.4x	8.7x
Medtronic, Inc. (MDT)	\$37.09	\$46,406.2	9.5%	76.0%	36.3%	3.0x	2.8x	8.1x	7.7x
Median			10.6%	51.9%	26.3%	2.5x	2.3x	8.9x	8.0x

REPRESENTATIVE TRANSACTIONS

(\$s in millions)

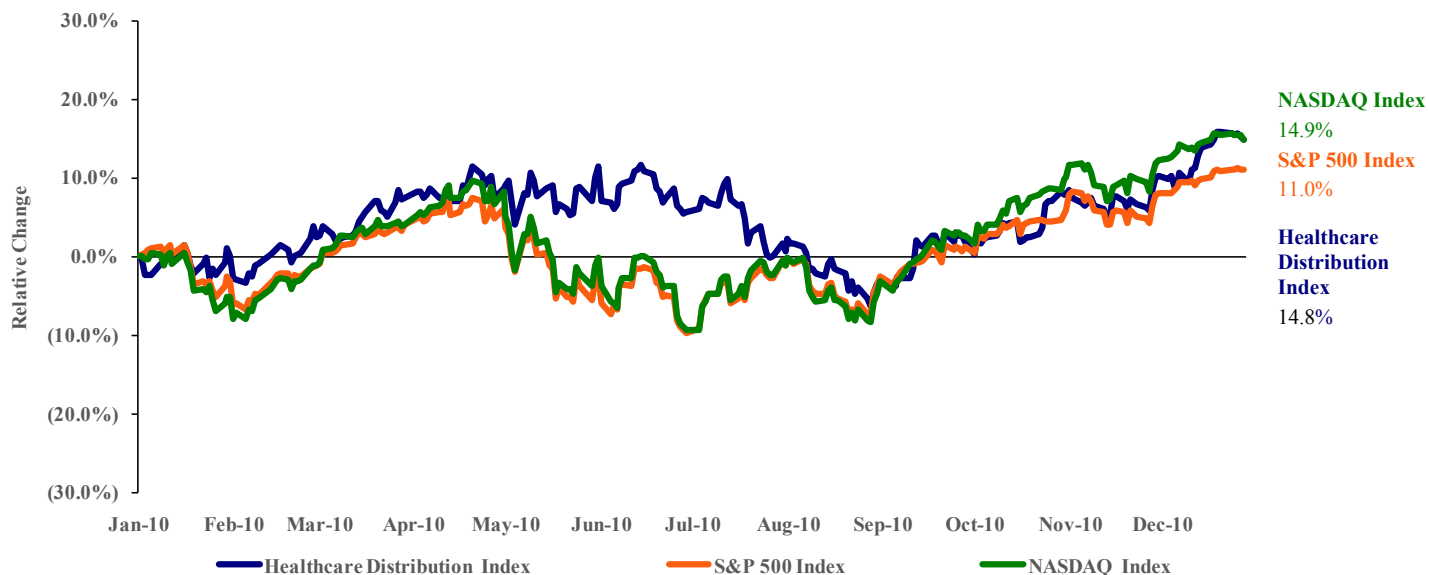
Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/ Revenue	EV/ EBITDA	P/E
	Announced	Closed									
Quinnova Pharmaceuticals, Inc. Amneal Enterprises, LLC	12/17/10	12/17/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
SmartCells Inc. Merck & Co. Inc. (NYSE: MRK)	12/2/10	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Spencer Pharmaceutical Inc. (OTCPK: SPPH) Al-Dora Holdings	11/4/10	-	250.68	250.74	N/A	N/A	N/A	N/A	N/A	N/A	
US Generic Injectables Business (Division of Baxter Healthcare Corp.) West-Ward Pharmaceutical Corp.	10/29/10	-	\$112.0	\$112.0	\$169.7	\$14.5	8.5%	N/A	0.7x	7.7x	N/A
Penwest Pharmaceuticals Co. Endo Pharmaceuticals Holdings Inc. (NASDAQ: ENDP)	8/9/10	11/4/10	\$159.8	\$155.3	\$35.7	\$15.4	43.1%	\$13.8	4.4x	10.1x	11.5x
Median			\$159.8	\$155.3	\$102.7	\$14.9	25.8%	\$13.8	2.5x	8.9x	11.5x

Source: Capital IQ. As of December 31, 2010.

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Healthcare Distribution

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(*\$s in millions, except per share*)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
AmerisourceBergen Corporation (ABC)	\$34.12	\$9,478.4	13.3%	3.0%	1.5%	0.1x	0.1x	8.0x	7.4x
Cardinal Health, Inc. (CAH)	\$38.31	\$12,719.3	11.6%	3.9%	1.7%	0.1x	0.1x	7.6x	6.8x
Henry Schein Inc. (HSIC)	\$61.39	\$5,877.2	13.8%	29.1%	8.6%	0.8x	0.7x	9.4x	8.7x
McKesson Corporation (MCK)	\$70.38	\$16,823.6	11.4%	5.3%	2.2%	0.2x	0.1x	6.9x	5.9x
Owens & Minor Inc. (OMI)	\$29.43	\$1,914.2	10.8%	9.7%	2.9%	0.2x	0.2x	8.1x	7.5x
Patterson Companies Inc. (PDCO)	\$30.63	\$3,992.1	12.3%	33.6%	12.4%	1.2x	1.1x	9.6x	9.7x
PSS World Medical Inc. (PSSI)	\$22.60	\$1,380.8	16.8%	31.1%	7.8%	0.7x	0.7x	9.0x	8.1x
Median			12.3%	9.7%	2.9%	0.2x	0.2x	8.1x	7.5x

Source: Capital IQ. As of December 31, 2010.

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Healthcare Distribution

Continued from page 8

REPRESENTATIVE TRANSACTIONS

(\$ in millions)

Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity	Enterprise	LTM	LTM	EBITDA	LTM	EV/	EV/	P/E
	Announced	Closed	Value	Value (EV)	Revenue	EBITDA	Margin	Net Income	Revenue	EBITDA	
Complex Mobility Business (Division of Alliance Home Care Inc.) United Seating & Mobility, LLC	12/9/10	12/9/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kinray, Inc. Cardinal Health, Inc. (NYSE: CAH)	11/17/10	-	\$1,300.0	\$1,300.0	\$3,500.0	N/A	N/A	N/A	0.4x	N/A	N/A
DiaMed USA LLC Medline Industries, Inc.	11/16/10	11/16/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Salter Labs RoundTable Healthcare Partners, L.P.	11/2/10	11/2/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobility Plus, Inc. Cherokee Nation Businesses, LLC	11/1/10	11/1/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comfort Medical Supply, LLC Private Equity Capital Corp.	10/31/10	10/31/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Provet Holdings Limited Henry Schein Inc. (NASDAQ: HSC)	10/14/10	12/16/10	\$92.7	\$94.3	\$281.1	\$12.5	4.5%	\$6.7	0.3x	7.5x	13.8x
Global Medical Direct LLC Generex Biotechnology Corp. (OTCBB: GNBT)	10/8/10	-	\$45.1	\$47.1	\$22.0	N/A	N/A	N/A	2.1x	N/A	N/A
Wilmington Medical Supply, Inc. WPI Holdings, Inc.	10/1/10	10/1/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chem RX Corporation, Substantially All Assets PharMerica Corporation (NYSE: PMC)	9/26/10	11/4/10	\$70.6	\$70.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Median			\$81.6	\$82.5	\$281.1	\$12.5	4.5%	\$6.7	0.4x	7.5x	13.8x

Source: Capital IQ. As of December 31, 2010.

Note: This is a representative list of companies in the sector and is not intended to be exhaustive. We are not recommending the purchase or sale of any individual security.

Healthcare IT

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Margins			EV/Rev		EV/EBITDA	
			Proj. EPS	Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Accretive Health, Inc. (AH)	\$16.25	\$1,359.9	40.0%	20.6%	5.1%	2.4x	1.6x	46.5x	18.7x
Allscripts Healthcare Solutions, Inc. (MDRX)	\$19.27	\$3,464.4	18.5%	55.2%	17.8%	4.9x	2.4x	27.6x	16.8x
Athenahealth, Inc. (ATHN)	\$40.98	\$1,326.5	35.2%	59.6%	12.9%	5.8x	4.3x	44.6x	21.8x
Cerner Corp. (CERN)	\$94.74	\$7,333.3	18.8%	83.2%	26.1%	4.0x	3.5x	15.5x	11.3x
Computer Programs & Systems Inc. (CPSI)	\$46.84	\$498.5	16.9%	40.6%	18.4%	3.5x	3.0x	18.8x	13.8x
Emdeon Inc. (EM)	\$13.54	\$1,880.2	13.8%	39.1%	24.3%	1.9x	1.7x	8.0x	6.1x
MedAssets, Inc. (MDAS)	\$20.19	\$1,357.0	21.1%	77.4%	28.5%	3.6x	2.2x	12.5x	6.6x
Medidata Solutions, Inc. (MDSO)	\$23.88	\$486.2	28.3%	67.3%	16.8%	3.1x	2.6x	18.5x	10.9x
Quality Systems Inc. (QSII)	\$69.82	\$1,914.9	19.2%	62.7%	27.2%	6.0x	4.8x	22.2x	14.6x
WebMD Health Corp. (WBMD)	\$51.06	\$2,785.9	23.3%	63.5%	21.0%	5.5x	4.4x	26.4x	13.4x
Median			20.1%	61.1%	19.7%	3.8x	2.8x	20.5x	13.6x

Source: Capital IQ. As of December 31, 2010.

Note: This is a representative list of companies in the sector and is not intended to be exhaustive. We are not recommending the purchase or sale of any individual security.

Healthcare IT

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REPRESENTATIVE TRANSACTIONS

((\$ in millions))

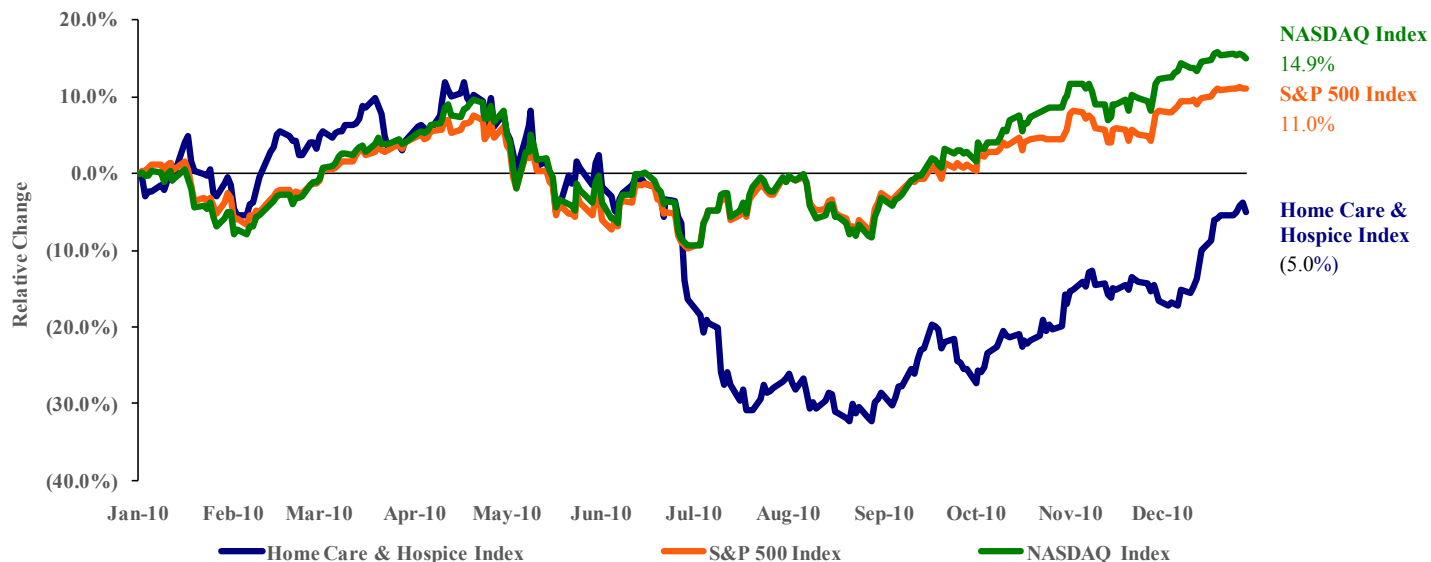
Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/ Revenue	EV/ EBITDA	P/E
	Announced	Closed									
CareFacts Information Systems, Inc. HEALTHCAREfirst Inc.	12/30/10	12/30/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MedPage Today, LLC Everyday Health, Inc.	12/14/10	12/14/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Medicity Inc. Aetna Inc. (NYSE: AET)	12/7/10	1/3/11	\$500.0	\$500.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prematics, Inc. NaviNet, Inc.	12/6/10	12/6/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peminic, Inc. Verge Solutions, LLC	12/6/10	12/6/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Crowe Paradis Services Corporation Verisk Analytics, Inc. (NASDAQ: VRSK)	12/1/10	-	\$90.0	\$90.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HealthPort LLC CompuGroup Holding USA, Inc.	11/17/10	-	\$18.0	\$18.0	\$28.0	\$1.9	6.8%	N/A	0.6x	9.5x	N/A
RWF, LLC Medicalis Corporation	11/4/10	11/4/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MedAppz, LLC MedLink International, Inc. (OTCBB: MLKN.A)	11/1/10	11/1/10	\$2.7	\$7.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Click Commerce, Inc. Huron Consulting Group Inc. (NASDAQ: HURN)	11/1/10	11/1/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PHNS, Inc. Conjoin Group & Actis Capital, LLP	10/29/10	10/29/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hospital Inventory Specialists, Inc. Management Health Solutions, Inc.	10/19/10	10/19/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Medical Automation Systems, Certain Assets Roche Holding AG (SWX: ROG)	10/13/10	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Data Innovations, Inc. Battery Ventures	10/12/10	10/12/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A-Life Medical, Inc. Ingenix, Inc.	9/20/10	10/28/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The Broadlane Group, Inc. MedAssets, Inc. (NASDAQ: MDAS)	9/14/10	11/16/10	\$725.0	\$850.0	\$167.7	N/A	N/A	(\$3.9)	5.1x	N/A	N/M
eRad Image Medical, Inc. RadNet, Inc. (NASDAQ: RDNT)	9/13/10	10/1/10	\$10.8	\$10.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Median			\$54.0	\$54.0	\$97.9	\$1.9	6.8%	(\$3.9)	2.9x	9.5x	N/A

Source: Capital IQ. As of December 31, 2010.

Note: This is a representative list of companies in the sector and is not intended to be exhaustive. We are not recommending the purchase or sale of any individual security.

Home Care & Hospice

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Addus HomeCare Corp. (ADUS)	\$4.10	\$92.7	15.0%	29.3%	5.6%	0.3x	0.3x	6.2x	5.2x
Almost Family Inc. (AFAM)	\$38.42	\$326.7	15.8%	54.2%	16.6%	1.0x	0.9x	5.9x	6.2x
Amedisys Inc. (AMED)	\$33.50	\$1,060.5	14.5%	50.3%	15.7%	0.6x	0.6x	4.1x	5.3x
Capital Senior Living Corp. (CSU)	\$6.70	\$325.5	N/A	36.8%	15.3%	1.6x	1.3x	10.6x	8.8x
Chemed Corp. (CHE)	\$63.51	\$1,494.0	12.5%	29.3%	12.9%	1.2x	1.1x	9.3x	7.6x
Gentiva Health Services Inc. (GTIV)	\$26.60	\$836.3	16.6%	52.4%	9.8%	0.6x	0.4x	6.6x	3.3x
LHC Group, Inc. (LHCG)	\$30.00	\$563.4	16.3%	48.3%	17.2%	0.9x	0.8x	5.4x	5.7x
Skilled Healthcare Group, Inc. (SKH)	\$8.98	\$841.4	11.1%	17.1%	14.1%	1.1x	0.9x	7.6x	7.0x
Median			15.0%	42.6%	14.7%	1.0x	0.9x	6.4x	5.9x

Source: Capital IQ. As of December 31, 2010.

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Home Care & Hospice

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REPRESENTATIVE TRANSACTIONS

(\$s in millions)

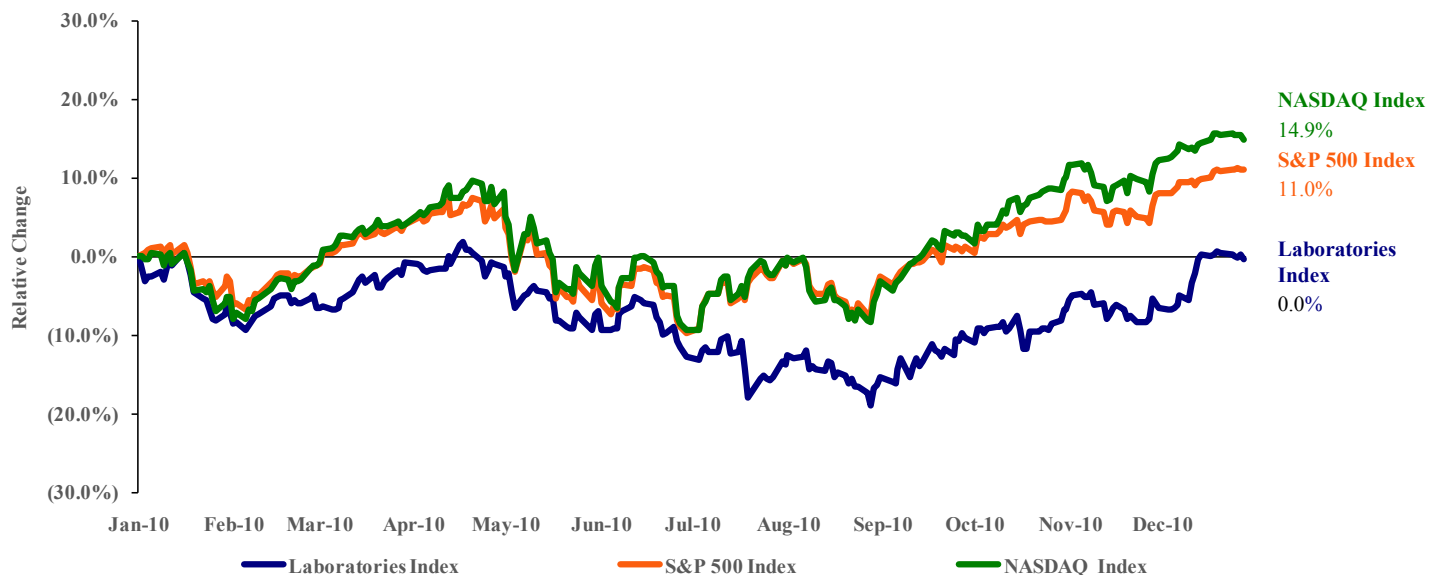
Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity	Enterprise	LTM	LTM	EBITDA	LTM	EV/	EV/	P/E
	Announced	Closed	Value	Value (EV)	Revenue	EBITDA	Margin	Net Income	Revenue	EBITDA	
Countryside Hospice Care, Inc. Solamor Hospice Inc.	12/29/10	12/29/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jordan Health Services, Inc. Palladium Equity Partners, LLC	12/23/10	12/23/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Guardian Home Care, Inc. (Texas Home Health, Inc.) AccentCare, Inc.	12/22/10	12/22/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Partners Hospice, Inc. Hospice of the North Shore, Inc.	12/13/10	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alta Home Care, Inc. Transition Capital Partners, Ltd; Bush O'Donnell Capital Partners, LLC	11/1/10	11/1/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Livingston Healthcare Services/ North Idaho Home Health LHC Group, Inc. (NASDAQ: LHCG)	11/1/10	11/1/10	N/A	N/A	\$2.6	N/A	N/A	N/A	N/A	N/A	N/A
Infusion Services, LLC CarePoint Partners, LLC	10/31/10	10/31/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Signature Health Services, LLC Kindred Healthcare, Inc. (NYSE: KND)	10/28/10	11/15/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Douglas Gardens Hospice, Inc. (Miami Jewish Health Systems) Seasons Hospice & Palliative Care of Delaware, LLC	10/7/10	10/7/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A Plus Home Health Care, Inc. Accurate Home Care, LLC	10/1/10	10/1/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
In-House Hospice & Palliative Care Great Lakes Home Health and Hospice Company	9/16/10	10/17/10	\$35.0	\$35.0	N/A	N/A	N/A	N/A	N/A	N/A	N/M
Seacoast Hospice, Inc. Beacon Hospice, Inc.	8/31/10	10/8/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/M
American HomePatient Inc. (remaining 52%) Highland Capital Management L.P.	4/27/10	10/12/10	\$11.8	\$226.5	\$237.1	\$10.6	4.5%	(\$11.7)	1.0x	21.3x	N/M
Median			\$23.4	\$130.7	\$119.9	\$10.6	4.5%	(\$11.7)	1.0x	21.3x	N/A

Source: Capital IQ. As of December 31, 2010.

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Laboratories

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Bio-Reference Laboratories Inc. (BRLI)	\$22.18	\$641.2	19.2%	49.3%	13.0%	1.4x	1.1x	10.7x	8.8x
Charles River Laboratories Int'l, Inc. (CRL)	\$35.54	\$2,251.3	11.7%	34.5%	20.9%	1.9x	2.0x	9.3x	8.5x
Enzo Biochem Inc. (ENZ)	\$5.28	\$169.9	N/A	48.1%	-11.7%	1.7x	1.6x	N/M	N/A
Genoptix, Inc. (GXDX)	\$19.02	\$196.4	20.0%	59.9%	23.9%	1.0x	1.0x	4.2x	5.2x
Laboratory Corp. of America Holdings (LH)	\$87.92	\$10,195.5	12.8%	41.9%	23.7%	2.1x	1.9x	8.8x	7.8x
MEDTOX Scientific Inc. (MTOX)	\$13.10	\$109.6	20.0%	39.3%	9.5%	1.2x	1.0x	12.5x	N/A
Quest Diagnostics Inc. (DGX)	\$53.97	\$11,973.1	11.7%	41.8%	21.7%	1.6x	1.6x	7.5x	7.4x
RadNet, Inc. (RDNT)	\$2.82	\$597.6	13.5%	32.0%	17.2%	1.1x	1.0x	6.5x	5.4x
Median			13.5%	41.9%	19.0%	1.5x	1.3x	8.8x	7.6x

Source: Capital IQ. As of December 31, 2010.

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Laboratories

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REPRESENTATIVE TRANSACTIONS

(\$s in millions)

Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/ Revenue	EV/ EBITDA	P/E
	Announced	Closed									
Physician's Automated Laboratory, Inc. Sonic Healthcare USA, Inc.	12/31/10	12/31/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Family Business Unit (PGxHealth LLC) Transgenomic Inc. (OTCBB: TBIO)	11/29/10	12/29/10	\$14.7	\$15.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CBLPath, Inc. Sonic Healthcare LTD. (ASX: SHL)	11/8/10	12/2/10	\$123.5	\$123.5	\$80.0	N/A	N/A	N/A	1.5x	N/A	N/A
Renal Advantage, Inc. Liberty Dialysis, LLC	11/4/10	12/17/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Clariant, Inc. GE Healthcare Ltd.	10/22/10	12/22/10	\$455.0	\$585.1	\$110.1	\$6.6	6.0%	(\$0.4)	5.3x	88.9x	N/M
BioAnalytical Lab Unit (BioCryst Pharmaceuticals, Inc.) Southern Research Institute, Inc.	10/13/10	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Doctors Laboratory, Inc. Triad Laboratory Alliance, LLC	10/8/10	10/8/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genzyme Genetics (Division of Genzyme Corp.) Laboratory Corp. of America Holdings (NYSE: LH)	9/13/10	11/30/10	\$925.0	\$925.0	\$371.0	N/A	N/A	N/A	2.5x	N/A	N/A
Median			\$289.2	\$354.3	\$110.1	\$6.6	6.0%	(\$0.4)	2.5x	N/M	N/A

Source: Capital IQ. As of December 31, 2010.

Note: This is a representative list of companies in the sector and is not intended to be exhaustive. We are not recommending the purchase or sale of any individual security.

Senior Care

LTM RELATIVE PERFORMANCE



COMPARABLE COMPANIES

(\$s in millions, except per share)

	Market Statistics		Operating Metrics			Valuation Metrics			
	Stock Price 12/31/2010	Enterprise Value	5 Yr Proj. EPS	Margins		EV/Rev		EV/EBITDA	
				Gross Profit	EBITDA	LTM	CY'11	LTM	CY'11
Assisted Living Concepts Inc. (ALC)	\$32.53	\$484.3	15.0%	40.2%	24.5%	2.1x	2.0x	8.5x	7.5x
Advocat Inc. (AVCA)	\$5.24	\$41.5	N/A	12.4%	4.0%	0.1x	N/A	3.3x	N/A
Brookdale Senior Living Inc. (BKD)	\$21.41	\$5,150.3	12.5%	34.8%	16.3%	2.4x	2.2x	14.5x	12.5x
Capital Senior Living Corp. (CSU)	\$6.70	\$325.5	N/A	36.8%	15.3%	1.6x	1.3x	10.6x	8.8x
Emeritus Corp. (ESC)	\$19.71	\$2,405.2	15.0%	34.1%	15.2%	2.5x	2.0x	16.6x	11.6x
The Ensign Group, Inc. (ENSG)	\$24.87	\$598.9	15.0%	17.8%	13.9%	1.0x	0.9x	6.9x	6.2x
Five Star Quality Care Inc. (FVE)	\$7.07	\$278.2	-20.1%	43.0%	2.9%	0.2x	0.2x	7.7x	6.3x
Kindred Healthcare Inc. (KND)	\$18.37	\$789.4	11.9%	34.5%	4.6%	0.2x	0.2x	4.0x	3.0x
National Healthcare Corp. (NHC)	\$46.27	\$542.3	12.0%	42.9%	11.7%	0.8x	0.7x	6.8x	5.8x
Skilled Healthcare Group, Inc. (SKH)	\$8.98	\$841.4	11.1%	17.1%	14.1%	1.1x	0.9x	7.6x	6.0x
Sun Healthcare Group Inc. (SUNH)	\$12.66	\$376.2	10.0%	40.3%	6.3%	0.2x	0.2x	3.1x	3.2x
Median			12.0%	34.8%	13.9%	1.0x	0.9x	7.6x	6.3x

Source: Capital IQ. As of December 31, 2010.

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Senior Care

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REPRESENTATIVE TRANSACTIONS

((\$ in millions))

Target (Parent) / Acquiring Company (Ticker)	Transaction Details				Target Financials				Valuation		
	Date		Equity Value	Enterprise Value (EV)	LTM Revenue	LTM EBITDA	EBITDA Margin	LTM Net Income	EV/Revenue	EV/EBITDA	P/E
	Announced	Closed									
Ramsey Village, LLC Undisclosed Operator	12/31/10	-	N/A	\$11.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Four Assisted Living Facilities in Florida (Alliance Assisted Living Inc.) Veritas Incare LLC	12/31/10	-	\$17.0	\$17.0	\$5.2	N/A	N/A	N/A	3.3x	N/A	N/A
Three Assisted Living Facilities in Ohio Premior Senior Living, LLC	12/15/10	-	\$24.0	\$24.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Skilled Nursing Facility (The Rosenbaum Trust) Fundamental Healthcare, Inc.	12/15/10	-	N/A	\$4.8	\$6.6	N/A	N/A	N/A	0.7x	N/A	N/A
New London Health Center Regional Operator	12/8/10	12/8/10	\$12.0	\$12.0	\$8.5	N/A	N/A	N/A	1.4x	N/A	N/A
29 Senior Living Facilities (U.S. Assisted Living Facilities III, Inc.) Sunrise Senior Living Investments, Inc.; CNL Income Partners L.P.	12/8/10	1/10/11	\$262.0	\$262.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sierra Springs Cottage Senior Living	12/7/10	-	\$1.8	\$1.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Broadview Health Center (Columbus Inc.) Greystone Healthcare Management	12/1/10	-	\$4.8	\$4.8	\$5.1	N/A	N/A	N/A	0.9x	N/A	N/A
Three Assisted Living Facilities (Senior Living Management Corp.) National Health Investors, Inc. (NYSE: NHI)	12/1/10	12/1/10	\$10.2	\$10.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Three Skilled Nursing Facilities in Georgia AdCare Health Systems, Inc. (AMEX: ADK)	11/29/10	-	\$18.0	\$18.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sunrise Floral Vale Senior Living L.P. (Sunrise Senior Living, Inc.) Cornerstone Healthcare Plus REIT Inc.	11/18/10	12/22/10	\$4.5	\$4.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trinidad State Nursing Home C&G Health Care Management Inc.	11/5/10	-	\$3.9	\$3.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mountain Trace Nursing Center AdCare Health Systems, Inc. (AMEX: ADK)	11/4/10	12/30/10	\$6.1	\$6.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Windsor Lake Healthcare, Inc. The Ensign Group, Inc. (NASDAQ: ENSG)	11/3/10	11/3/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Two Skilled Nursing Facilities in Texas LTC Properties, Inc. (NYSE: LTC)	11/2/10	-	\$28.5	\$28.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Atria Senior Living Group, Inc. (Prometheus Assisted Living, LLC) Ventas, Inc. (NYSE: VTR)	10/21/10	-	\$1,522.2	\$2,439.2	\$538.0	\$99.1	18.4%	(\$19.5)	4.5x	24.6x	N/M
Four Assisted Living Facilities in Mississippi LTC Properties, Inc. (NYSE: LTC)	10/18/10	-	\$26.9	\$26.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nine Senior Living Residences Assisted Living Concepts, Inc. (NYSE: ALC)	10/11/10	11/1/10	\$27.5	\$27.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Millford Assisted Living, LLC (Emeritus Corp.) Ontario Teacher's Pension Plan	10/6/10	10/6/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
56 Senior Living Facilities in the U.S. (Sunrise Senior Living Inc.) SZR U.S. Investments, Inc.	10/1/10	12/6/10	\$38.1	\$38.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Terrace at Mountain Creek/Carriage Court of Hilliard Cornerstone Healthcare Plus REIT Inc.	7/20/10	12/22/10	\$24.9	\$26.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Edgewood Vista Senior Living Facility Iret Properties	7/14/10	11/19/10	\$9.6	\$15.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sedgebrook, Inc. and Monarch Landing Fundamental Advisors; Life Care Services, LLC; Senior Care Development, LLC	7/12/10	11/19/10	\$40.0	\$69.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Median			\$18.0	\$17.0	\$6.6	\$99.1	18.4%	(\$19.5)	1.4x	24.6x	N/A

Source: Capital IQ. As of December 31, 2010.

Note: This is a representative list of companies in the sector and is not intended to be exhaustive. We are not recommending the purchase or sale of any individual security.

Locations

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Abingdon, VA 24210

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ATLANTA

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FREDERICKSBURG

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Fredericksburg, VA 22401

Office (540) 735-2840

GREENSBORO

300 North Greene Street, Suite 860
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1210 East Cary Street
Richmond, VA 23219

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