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**MARKET COMMENTARY**

**Public Policy**

Healthcare reform remains front and center in the political, regulatory and judicial arenas. The constitutionality of the Patient Protection and Affordable Act (PPACA) will soon be argued before the Supreme Court. Lower courts have reached split decisions and the final outcome before the High Court is uncertain. As the presidential race begins to heat up, politicians are kicking around healthcare reform to varying degrees, but mostly in sound bites that make for good applause lines but are thin in substance. Despite serious proposals such as Congressman Paul Ryan's, we believe little real legislative reform will move forward until after the 2012 election.

On October 14th, the Obama administration abandoned the Community Living Assistance Services and Supports Act (CLASS Act), a provision of the PPACA intended to provide long-term care insurance to enrollees. The provision would have set up a voluntary system in which enrollees paid a long-term care tax through payroll deduction, and in return the program would pay for any long-term stay in a nursing home or other assisted living facility near the end of life. Serious questions as to the sustainability of the program had been raised since its inception, and implementation was contingent on HHS Secretary Kathleen Sebelius certifying it financially sound. In the end, she was unable to come to that conclusion.

Some critics of the legislation argue that the CLASS Act was an accounting gimmick from the start. The program would have collected premiums for five years before it began paying out benefits, thereby collecting more in its first ten years than it paid out. Because the

Congressional Budget Office only looks ten years into the future to determine the cost of a piece of legislation, the CLASS Act was touted to produce approximately \$53 billion in savings. With the admission that the CLASS Act was unsustainable in the longer term and the dropping of the program, over half of the PPACA's supposed deficit savings are wiped out.

It is unknown if the Supreme Court will declare the entire act unconstitutional, carve out parts of the Act or uphold it in its entirety, but in any case the decision will be impactful to our country and the healthcare industry. If the PPACA or parts of it are overturned, there will still be a need for healthcare reform. Whether it is more in line with Paul Ryan's 2012 budget plan to tame federal Medicare spending or someone else's reform, that remains to be seen. We know that industry change is inevitable, creating opportunities for companies driving efficiency and innovations.

**Industry Trends**

In our travels around the industry, we see government and industry entities working through the complexities of implementing reform. While some worry about their survival, interesting business initiatives are sprouting up around the country. For example, in the last few weeks, there has been significant press coverage on new healthcare incubators. Ones that were highlighted were Blueprint Health in New York City, Rockhealth in San Diego and Healthbox in Atlanta. Blueprint Health supports the health & wellness industry while Rockhealth and Healthbox focus on healthcare technology. Whether these incubators and others will be successful, we do not know but we believe they are clear evidence of the multifaceted efforts to

Continued from page 1

drive healthcare efficiency and improved efficacy. While many observers bemoan the state of the U.S. economy, we are long-term optimists as we see many interesting businesses bloom across the landscape, particularly in the healthcare arena.

We have been working with a number of these innovative companies, including very interesting technology-driven businesses. One improves a hospital's visibility into its financial and clinical information while driving operational and financial improvements. The other gives medical professionals actionable information and helps remove false positives or useless information and, at the same time, provides the hospitals a clear means to document meaningful use of their electronic medical record systems as required to be eligible for substantial government reimbursement.

## M&A Activity

Despite the volatility that investors experienced in the equity markets during the third quarter, M&A activity remained solid in the healthcare industry. During the third quarter, healthcare M&A posted a total of 217 deals with a value of \$58.4 billion, according to data from Irving Levin Associates. Although the Q3 volume saw a modest decline from the previous quarter, healthcare M&A activity is on track with 2010, and based on current projections is expected to exceed the 2010 calendar year figures. The fundamental factors driving the healthcare M&A market remain strong, and we are optimistic about the prospects for the fourth quarter and 2012. Continuing its trend as one of the most dynamic healthcare M&A sectors, the Medical Device sector has been the most active thus far in 2011. For the first nine months of 2011, the sector has experienced 130 deals, or 18% of total healthcare M&A volume. The \$58.8 billion

aggregate value of these deals represents nearly 32% of total amount spent on healthcare M&A. Strategic buyers with strong cash reserves have been a driving force behind the activity, with PerkinElmer's \$640 million acquisition of Caliper Life Sciences illustrating the strategics' focus on targeting later-stage or mature companies with established revenue streams rather than investing in early stage or raw R&D efforts. Recent concerns with the regulatory approval environment have created disincentives for many companies to seek out earlier-stage development companies, and hence have driven them to established, lower risk growth opportunities.

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### KEY OPERATING & VALUATION METRICS OF REPRESENTATIVE COMPANIES

	Operating Metrics					Valuation Metrics	
	1 Yr Historical Growth		Margins		Debt/ EBITDA	LTM	
	Revenue	Net Income	GP	EBITDA		EV/Rev	EV/EBITDA
Behavioral Health	2.6%	(14.7%)	10.8%	8.1%	1.5x	0.3x	4.2x
Contract Research Organizations	4.8%	(10.9%)	36.0%	14.1%	1.6x	1.2x	8.2x
Healthcare Distribution	4.0%	7.4%	10.0%	2.8%	1.2x	0.2x	7.9x
Healthcare IT	24.0%	46.1%	65.5%	24.8%	2.6x	3.1x	15.9x
Home Care & Hospice	10.9%	9.7%	42.6%	13.4%	2.2x	0.6x	4.9x
Laboratories & Diagnostic Services	14.9%	15.5%	41.6%	17.5%	1.1x	1.4x	7.9x
Pharmaceuticals	8.3%	6.1%	62.1%	28.0%	1.5x	2.3x	8.1x
Senior Care	8.2%	38.1%	34.9%	14.1%	1.9x	0.7x	4.9x

Please refer to additional important disclosures on Page 3.

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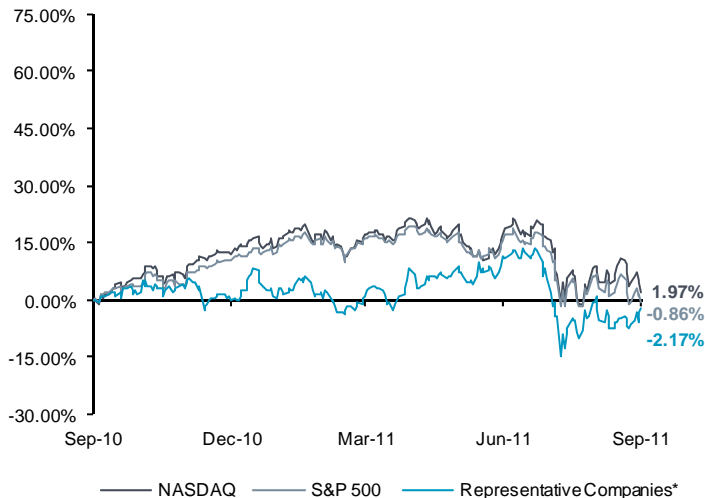
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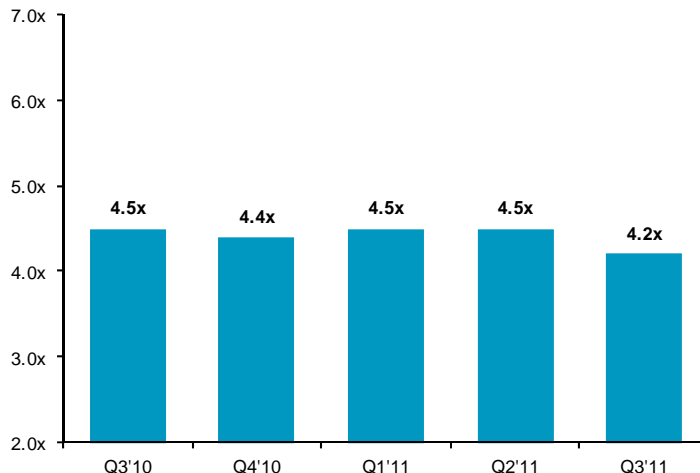
Products and services described herein may not be available in all jurisdictions. Additional information is available upon request.

## Behavioral Health

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/ EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
Providence Service Corp. (PRSC)	\$10.65	\$138	\$252	3.9%	11.7%	6.4%	2.9x	0.3x	4.4x
Magellan Health Services Inc. (MGLN)	\$48.30	\$1,474	\$1,166	1.2%	9.9%	9.9%	0.0x	0.4x	4.1x
<b>Median</b>				<b>2.6%</b>	<b>10.8%</b>	<b>8.1%</b>	<b>1.5x</b>	<b>0.3x</b>	<b>4.2x</b>

### REPRESENTATIVE TRANSACTIONS

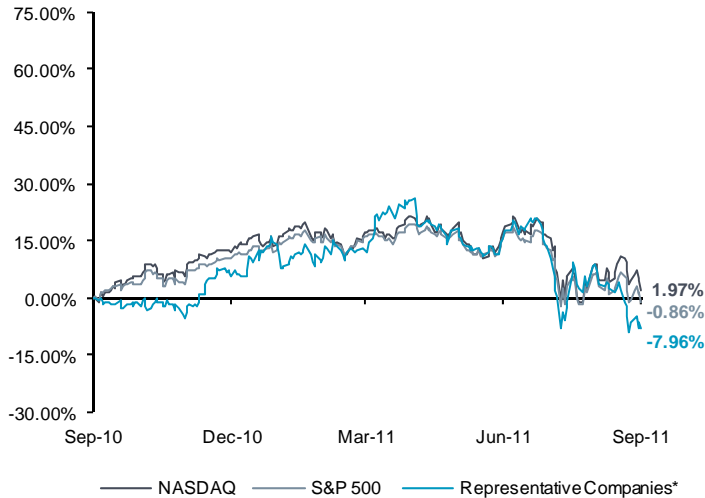
(Announced and Closed; \$s in millions)

Target	Acquiror	Transaction Details				Valuation		
		Date		Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
		Announ.	Closed					
Behavioral Health Group Inc.	Frontenac Company	8/31/11	8/31/11	-	-	-	-	-
Schick Shadel Hospital Inc.	Ascend Health Corporation	8/16/11	8/16/11	-	-	-	-	-
Discovery Practice Management Inc.	Webster Capital	8/8/11	8/8/11	-	-	-	-	-
Pyramid Healthcare Inc.	Clearview Capital	7/1/11	7/1/11	-	-	-	-	-
PHC Inc. (PHC)	Acadia Healthcare Company LLC	5/24/11	-	-	-	-	-	-
Hanley Center	Richard J. Caron Foundation, Inc.	5/12/11	-	-	-	-	-	-
Mental Health Partners & CBH	Pathways Local Management Entity	4/26/11	-	-	-	-	-	-
MeadowWood Behavioral Health	Pioneer Behavioral Health	3/15/11	7/5/11	\$21.5	\$21.5	-	-	-
<b>Median</b>				<b>\$21.5</b>	<b>\$21.5</b>	<b>-</b>	<b>-</b>	<b>-</b>

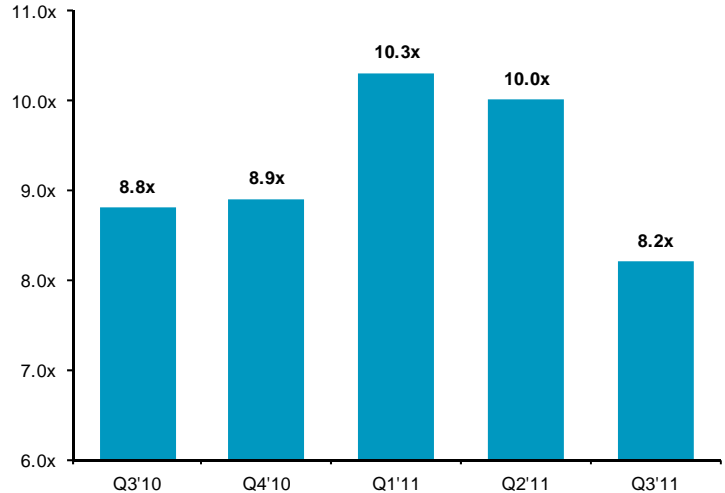
\* The Representative Companies index in the LTM Relative Performance chart represents the historical (last twelve months) performance of a market-weighted blend of the publicly traded stock of the companies listed in the Representative Companies table on this page. The multiples presented in the EV/EBITDA Valuation Trends chart are medians of the LTM EV/EBITDA multiples of those same Representative Companies at the end of each specified time period. The list of Representative Companies is not intended to be exhaustive of all companies participating in this sector. We are not recommending the purchase or sale of any individual security or group of securities. Please refer to Page 3 for additional important disclosures. Source: Capital IQ. As of September 30, 2011.

## Contract Research Organizations

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/ EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
Covance Inc. (CVD)	\$45.45	\$2,761	\$2,447	4.8%	28.1%	14.1%	0.3x	1.2x	8.2x
Charles River Labs International, Inc. (CRL)	\$28.62	\$1,470	\$2,102	(1.4%)	36.0%	24.7%	2.8x	1.9x	7.6x
ICON plc (ICLR)	\$16.08	\$973	\$757	3.2%	37.5%	11.1%	-	0.8x	7.4x
PAREXEL International Corporation (PRXL)	\$18.93	\$1,116	\$1,275	6.5%	30.0%	10.9%	1.6x	0.9x	8.2x
Pharmaceutical Product Devel. Inc. (PPDI)	\$25.66	\$2,923	\$2,552	9.2%	47.1%	19.0%	-	1.7x	8.7x
<b>Median</b>				<b>4.8%</b>	<b>36.0%</b>	<b>14.1%</b>	<b>1.6x</b>	<b>1.2x</b>	<b>8.2x</b>

### REPRESENTATIVE TRANSACTIONS

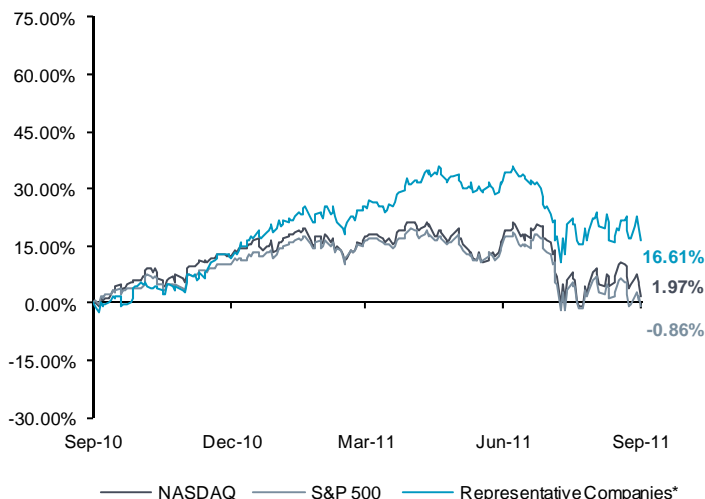
(Announced and Closed; \$s in millions)

Target	Acquiror	Transaction Details				Valuation		
		Date Announ.	Date Closed	Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
Intl. Institute of Biomedical Research	Crown Bioscience Inc.	9/28/11	9/28/11	-	-	-	-	-
Medical Device Consultants	Aptiv Solutions	8/22/11	8/22/11	-	-	-	-	-
Bio-Quant Inc.	BioTox Sciences	6/30/11	-	\$0.5	\$25.0	-	-	-
Pharmanet Development Group, Inc.	inVentiv Health, Inc.	5/17/11	7/14/11	\$600.0	\$600.0	-	-	-
<b>Median</b>				<b>\$300.3</b>	<b>\$312.5</b>	<b>-</b>	<b>-</b>	<b>-</b>

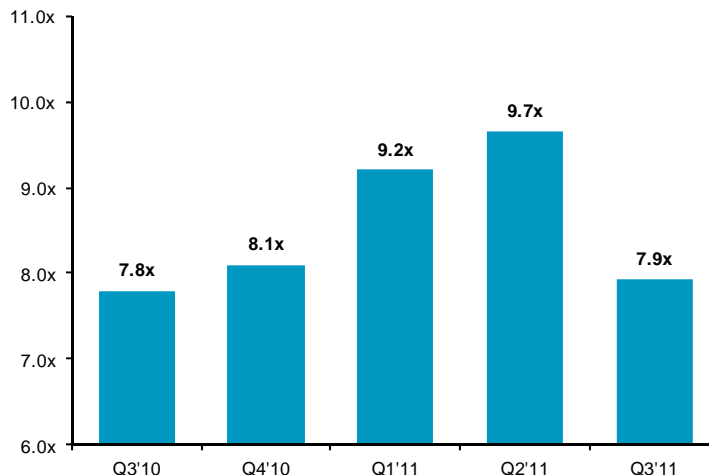
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## Healthcare Distribution

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/ EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
AmerisourceBergen Corporation (ABC)	\$37.27	\$10,035	\$9,466	4.3%	3.2%	1.7%	1.1x	0.1x	7.1x
Cardinal Health, Inc. (CAH)	\$41.88	\$14,448	\$14,905	2.0%	4.1%	1.8%	1.4x	0.1x	7.9x
Henry Schein Inc. (HSIC)	\$62.01	\$5,731	\$6,127	13.2%	28.6%	8.3%	0.8x	0.8x	9.2x
McKesson Corporation (MCK)	\$72.70	\$17,906	\$18,298	3.1%	5.3%	2.1%	1.6x	0.2x	7.5x
Owens & Minor Inc. (OMI)	\$28.48	\$1,816	\$1,869	4.0%	10.0%	2.8%	0.9x	0.2x	8.0x
Patterson Companies Inc. (PDCO)	\$28.63	\$3,391	\$3,533	5.5%	33.5%	12.0%	1.3x	1.0x	8.6x
PSS World Medical Inc. (PSSI)	\$19.69	\$1,050	\$1,217	(1.0%)	31.3%	8.1%	1.2x	0.6x	7.3x
<b>Median</b>				<b>4.0%</b>	<b>10.0%</b>	<b>2.8%</b>	<b>1.2x</b>	<b>0.2x</b>	<b>7.9x</b>

### REPRESENTATIVE TRANSACTIONS

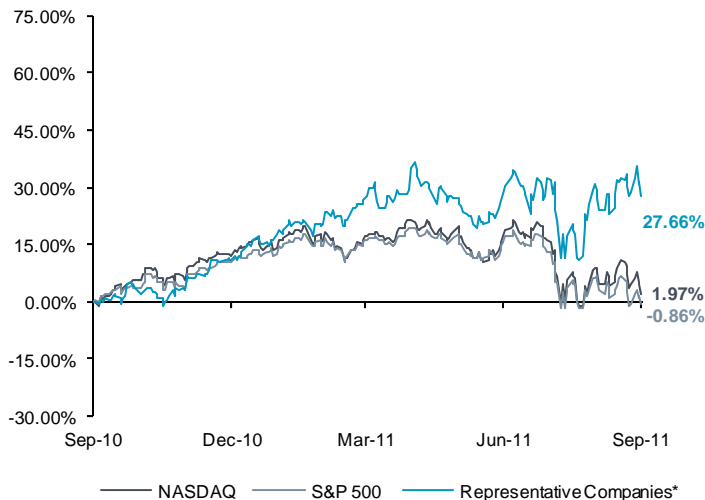
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Target	Acquiror	Transaction Details				Valuation		
		Date		Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
		Announ.	Closed					
SterilMed, Inc.	Ethicon Endo-Surgery, Inc.	9/28/11	-	-	-	-	-	-
Boston Medical Device International	ConvaTec Inc.	9/1/11	9/1/11	-	-	-	-	-
Baxa Corporation	Baxter International Inc. (BAX)	8/25/11	-	\$380.0	\$380.0	2.5x	-	-
NeuroDyne Medical, Corp.	Zynex NeuroDiagnostic, Inc.	8/25/11	-	-	-	-	-	-
American Veterinary Supply, Inc.	Webster Veterinary Supply, Inc.	8/25/11	8/25/11	-	-	-	-	-
PharMerica Corporation (PMC)	Omnicare Inc. (OCR)	8/23/11	-	\$440.8	\$700.2	0.3x	8.6x	21.8x
Rainier Surgical & Ortho-Medical	Hanger Orthopedic Group Inc. (HGR)	8/3/11	8/3/11	-	-	-	-	-
Arrow Medical Supply, Inc.	Spectrum Surgical Instruments Corp.	7/29/11	7/29/11	-	-	-	-	-
Penrod Medical Equipment, LLC	Unknown Buyer	7/25/11	7/25/11	-	-	-	-	-
Alliance Medical, Inc.	Bound Tree Medical, LLC	7/19/11	7/19/11	-	-	-	-	-
Rehab Specialties Inc.	United Seating & Mobility, LLC	7/7/11	7/7/11	-	-	-	-	-
Mettam Safety Supply Co.	Conney Safety Products, LLC	7/1/11	7/1/11	-	-	-	-	-
<b>Median</b>				<b>\$410.4</b>	<b>\$540.1</b>	<b>1.4x</b>	<b>8.6x</b>	<b>21.8x</b>

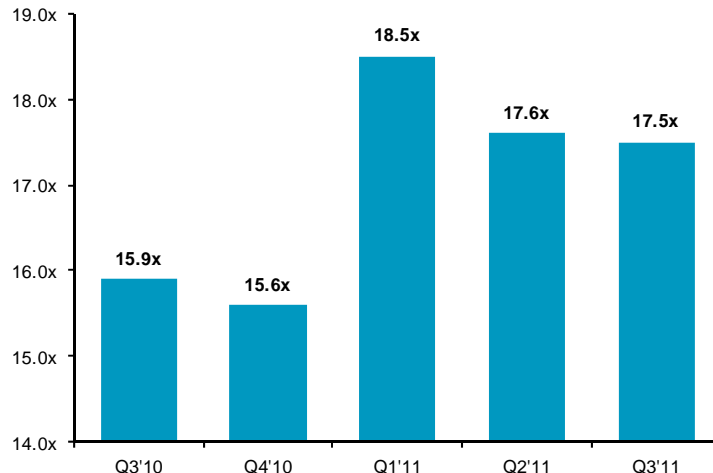
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## Healthcare IT

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
Accretive Health, Inc. (AH)	\$21.23	\$2,070	\$1,951	23.0%	22.5%	5.2%	-	2.9x	55.7x
Allscripts Healthcare Solutions, Inc. (MDRX)	\$18.02	\$3,387	\$3,691	-	47.4%	17.0%	2.6x	3.0x	17.5x
athenahealth, Inc. (ATHN)	\$59.55	\$2,083	\$1,979	30.5%	62.6%	17.1%	-	6.6x	38.4x
Cerner Corporation (CERN)	\$68.52	\$11,584	\$11,074	11.7%	80.6%	26.7%	0.2x	5.3x	19.9x
Computer Programs & Systems Inc. (CPSI)	\$66.15	\$732	\$705	25.5%	46.1%	24.8%	-	4.0x	16.3x
MedAssets, Inc. (MDAS)	\$9.61	\$566	\$1,467	31.1%	75.6%	27.6%	7.1x	3.1x	11.0x
Medidata Solutions, Inc. (MDSO)	\$16.44	\$406	\$312	19.0%	70.3%	21.4%	0.0x	1.7x	8.1x
Quality Systems Inc. (QSII)	\$48.50	\$2,842	\$2,715	24.9%	65.6%	31.2%	-	6.8x	21.9x
WebMD Health Corp. (WBMD)	\$30.15	\$1,769	\$1,420	20.1%	65.5%	26.1%	5.3x	2.5x	9.4x
<b>Median</b>				<b>24.0%</b>	<b>65.5%</b>	<b>24.8%</b>	<b>2.6x</b>	<b>3.1x</b>	<b>17.5x</b>

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## Healthcare IT

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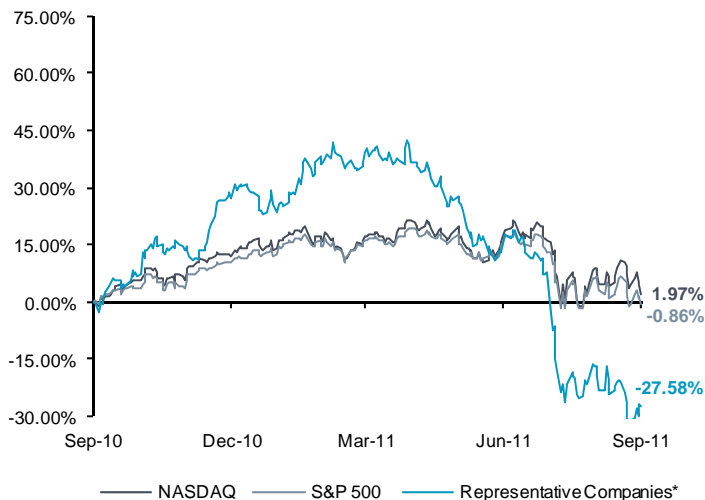
### REPRESENTATIVE TRANSACTIONS

(Announced and Closed; \$s in millions)

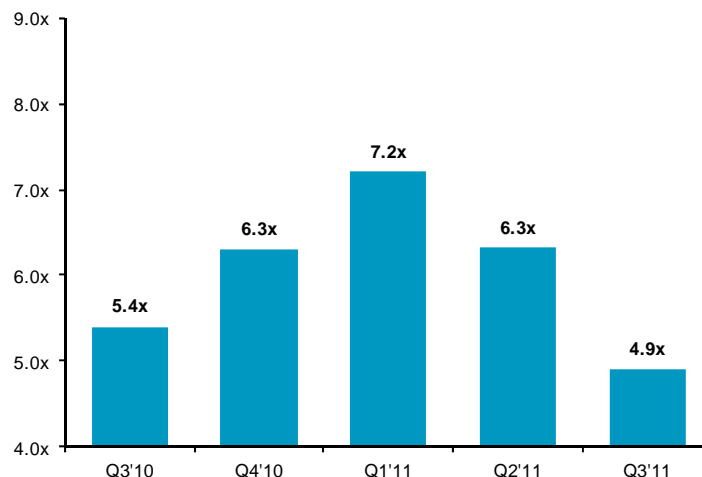
Target	Acquiror	Transaction Details				Valuation		
		Date		Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
		Announ.	Closed					
Sage Software Healthcare Inc.	Vista Equity Partners	9/22/11	-	\$205.0	\$205.0	1.3x	-	-
IntrinsiQ, LLC	International Oncology Network	9/6/11	9/6/11	\$35.0	\$35.0	-	-	-
Vangent Inc.	General Dynamics Corp. (GD)	8/16/11	9/30/11	\$960.0	\$1,299.1	1.8x	14.9x	22.1x
Emdeon Inc. (EM)	Blackstone Group; Hellman & Friedman	8/4/11	-	\$2,202.0	\$3,306.3	3.1x	13.1x	93.2x
Salar Inc.	Transcend Services Inc. (TRCR)	8/1/11	7/29/11	\$10.0	\$11.0	2.8x	-	-
Vitalize Consulting Solutions	SAIC, Inc. (SAI)	7/21/11	8/3/11	\$190.0	\$190.0	-	-	-
Proxsys, LLC	athenahealth, Inc. (ATHN)	7/21/11	7/21/11	\$28.0	\$36.0	-	-	-
Strata Decision Technology, Inc.	Veronis Suhler Stevenson	7/20/11	7/20/11	-	-	-	-	-
Payflex Systems USA	Aetna Inc. (AET)	7/18/11	10/3/11	\$202.0	\$202.0	-	-	-
Webmedx, Inc.	Nuance Communications, Inc. (NUAN)	7/14/11	7/14/11	-	-	-	-	-
Multimodal Technologies, Inc.	MedQuist Holdings, Inc. (MEDH)	7/11/11	7/11/11	\$132.7	\$103.9	5.4x	-	-
Healthcare Innovative Solutions, Inc.	Beacon Partners, Inc.	7/5/11	7/5/11	-	-	-	-	-
Portico Systems, Inc.	McKesson Health Solutions LLC	6/22/11	-	\$85.0	\$90.0	-	-	-
Health Risk Partners LLC	Verisk Analytics, Inc. (VRSK)	6/13/11	-	\$47.0	\$60.0	-	-	-
Ophthalmic Imaging Systems (OIS)	Merge Healthcare Inc. (MRGE)	6/6/11	8/4/11	\$29.0	\$36.2	2.0x	-	-
Q'uture Inc.	Techs Loanstar, Inc. (TCLN)	4/25/11	8/10/11	-	-	-	-	-
<b>Median</b>				<b>\$108.8</b>	<b>\$96.9</b>	<b>2.4x</b>	<b>14.0x</b>	<b>57.7x</b>

## Home Care & Hospice

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/ EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
Addus HomeCare Corp. (ADUS)	\$4.05	\$44	\$77	4.5%	29.3%	5.5%	2.2x	0.3x	5.1x
Almost Family Inc. (AFAM)	\$16.63	\$156	\$102	9.0%	53.2%	13.8%	0.0x	0.3x	2.2x
Amedisys Inc. (AMED)	\$14.82	\$434	\$457	0.1%	48.5%	12.3%	0.8x	0.3x	2.4x
Capital Senior Living Corp. (CSU)	\$6.17	\$170	\$314	16.6%	38.6%	14.1%	5.1x	1.3x	9.4x
Chemed Corp. (CHE)	\$54.96	\$1,176	\$1,278	8.2%	28.8%	12.3%	1.0x	1.0x	7.9x
Gentiva Health Services Inc. (GTV)	\$5.52	\$169	\$1,126	37.1%	49.3%	13.1%	4.7x	0.6x	4.8x
LHC Group, Inc. (LHCG)	\$17.06	\$321	\$320	17.9%	46.5%	14.0%	-	0.5x	3.5x
Skilled Healthcare Group, Inc. (SKH)	\$3.61	\$137	\$644	12.7%	18.4%	15.2%	4.0x	0.7x	4.9x
<b>Median</b>				<b>10.9%</b>	<b>42.6%</b>	<b>13.4%</b>	<b>2.2x</b>	<b>0.6x</b>	<b>4.9x</b>

### REPRESENTATIVE TRANSACTIONS

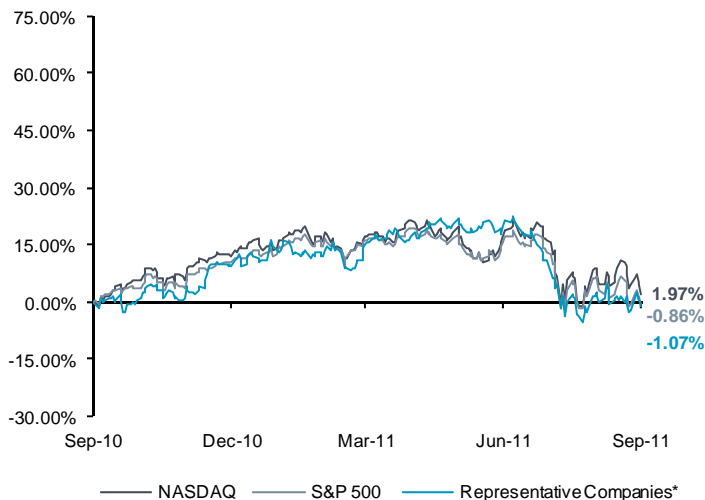
(Announced and Closed; \$s in millions)

Target	Acquiror	Transaction Details				Valuation		
		Date		Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
		Announ.	Closed					
Breathe Oxygen Services	Inogen, Inc.	8/31/11	8/31/11	-	-	-	-	-
Three Hospices in Texas	American Hospice Management, LLC	8/24/11	8/24/11	-	-	-	-	-
Professional Healthcare at Home, LLC	Kindred Healthcare Inc. (KND)	8/11/11	9/1/11	\$51.0	\$51.0	1.0x	-	-
Asian American Home Care, Inc.	Harden Healthcare Texas, LLC	8/10/11	8/10/11	-	-	-	-	-
Cambridge Home Health Care Inc.	Almost Family Inc. (AFAM)	8/2/11	-	\$32.5	\$32.5	0.9x	-	-
Allstate Homecare of Buffalo, Inc.	Bracor, Inc.	7/31/11	7/31/11	-	-	-	-	-
Outreach Health Services, Inc.	IntegraCare Holdings, Inc.	7/27/11	7/27/11	-	-	-	-	-
Altura Homecare & Rehab	Skilled Healthcare Group, Inc. (SKH)	6/21/11	7/1/11	-	-	-	-	-
<b>Median</b>				<b>\$41.8</b>	<b>\$41.8</b>	<b>1.6x</b>	<b>-</b>	<b>-</b>

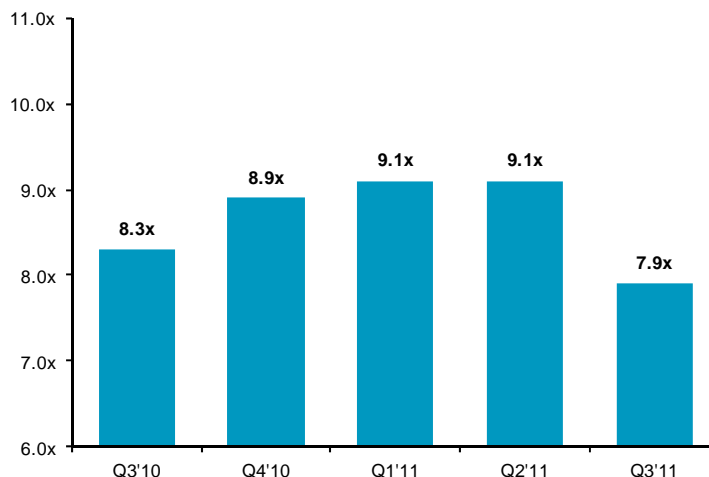
\* The Representative Companies index in the LTM Relative Performance chart represents the historical (last twelve months) performance of a market-weighted blend of the publicly traded stock of the companies listed in the Representative Companies table on this page. The multiples presented in the EV/EBITDA Valuation Trends chart are medians of the LTM EV/EBITDA multiples of those same Representative Companies at the end of each specified time period. The list of Representative Companies is not intended to be exhaustive of all companies participating in this sector. We are not recommending the purchase or sale of any individual security or group of securities. Please refer to Page 3 for additional important disclosures. Source: Capital IQ. As of September 30, 2011.

## Laboratories & Diagnostic Services

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/ EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
Bio-Reference Laboratories Inc. (BRLI)	\$18.41	\$515	\$541	23.1%	50.4%	14.3%	0.6x	1.0x	7.1x
Laboratory Corp. of America Holdings (LH)	\$79.05	\$8,003	\$9,888	11.7%	41.4%	23.1%	1.6x	1.9x	8.0x
MEDTOX Scientific Inc. (MTOX)	\$13.09	\$117	\$117	18.0%	41.9%	11.9%	0.2x	1.1x	9.5x
Quest Diagnostics Inc. (DGX)	\$49.36	\$7,813	\$11,956	(0.2%)	41.2%	20.7%	2.8x	1.6x	7.8x
<b>Median</b>				<b>14.9%</b>	<b>41.7%</b>	<b>17.5%</b>	<b>1.1x</b>	<b>1.4x</b>	<b>7.9x</b>

### REPRESENTATIVE TRANSACTIONS

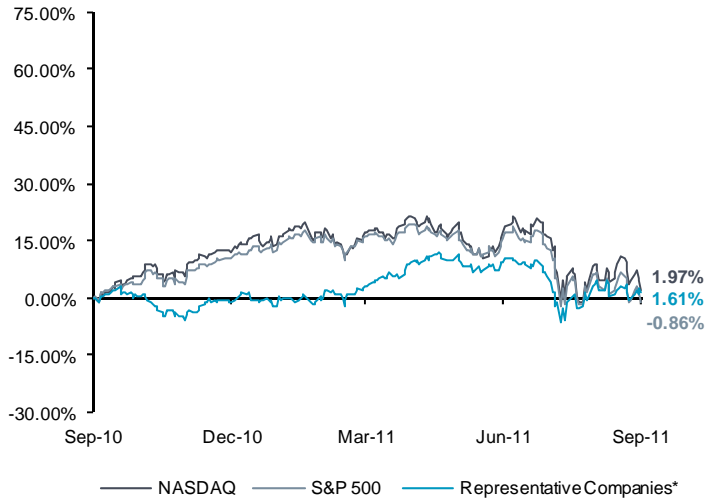
(Announced and Closed; \$s in millions)

Target	Acquiror	Transaction Details				Valuation		
		Date		Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
		Announ.	Closed					
Heart Clinics Northwest, PS	Kootenai Health	9/21/11	-	-	-	-	-	-
Caliper Life Sciences, Inc. (CALP)	PerkinElmer Inc. (PKI)	9/7/11	-	\$572.5	\$609.9	4.4x	n/m	n/m
Diagnostic Imaging, Inc.	Virtual Radiologic Corporation	9/7/11	9/7/11	-	-	-	-	-
Premier Source Diagnostics Inc.	Lash Group Health Consultants	9/2/11	9/2/11	-	-	-	-	-
Active Diagnostics, Inc.	Specialty Care Services Group	9/1/11	9/1/11	-	-	-	-	-
Cardiology Associates of Virginia, PC	Carilion Clinic	8/22/11	8/22/11	-	-	-	-	-
Medical Device Consultants, Inc.	Aptiv Solutions	8/22/11	8/22/11	-	-	-	-	-
Zion Clinic, S.C.	Aurora Health Care Inc.	8/3/11	8/3/11	-	-	-	-	-
Southern Diagnostic Laboratories, LLC	Solstas Lab Partners	8/1/11	8/1/11	-	-	-	-	-
Augusta Laboratory, Inc.	US Clinical Laboratories, LLC	7/29/11	7/29/11	-	-	-	-	-
Nextwave Diagnostic Laboratories; Wilmington Pathology Labs, Inc.	Solstas Lab Partners	7/11/11	7/11/11	-	-	-	-	-
Ophthalmic Imaging Systems (OISI)	Merge Healthcare Inc. (MRGE)	6/6/11	8/4/11	\$29.0	\$36.2	2.0x	-	-
<b>Median</b>				<b>\$300.8</b>	<b>\$323.1</b>	<b>3.2x</b>	<b>-</b>	<b>-</b>

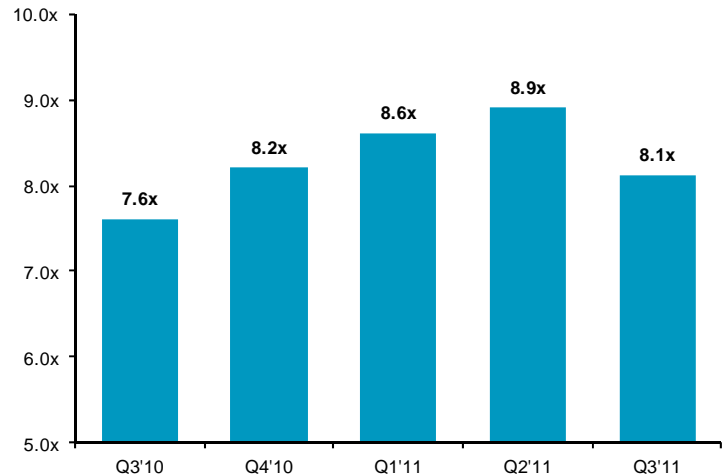
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## Pharmaceuticals

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	GP	EBITDA	Debt/EBITDA	LTM	
								EV/Rev	EV/EBITDA
Abbott Laboratories (ABT)	\$51.14	\$79,603	\$91,931	12.8%	58.9%	27.8%	1.9x	2.5x	8.9x
Allergan Inc. (AGN)	\$82.38	\$25,333	\$24,767	8.3%	85.8%	28.2%	1.5x	4.8x	16.9x
Bristol-Myers Squibb Company (BMY)	\$31.38	\$53,524	\$52,159	2.0%	73.4%	36.1%	0.8x	2.6x	7.1x
Cardinal Health, Inc. (CAH)	\$41.88	\$14,448	\$14,905	2.0%	4.1%	1.8%	1.4x	0.1x	7.9x
Eli Lilly & Co. (LLY)	\$36.97	\$42,800	\$42,759	5.3%	80.7%	34.0%	0.8x	1.8x	5.3x
Forest Laboratories Inc. (FRX)	\$30.79	\$8,454	\$4,602	6.0%	78.0%	35.1%	-	1.0x	2.9x
Hospira Inc. (HSP)	\$37.00	\$6,100	\$7,247	(2.9%)	38.6%	21.8%	2.2x	1.8x	8.3x
Merck & Co. Inc. (MRK)	\$32.70	\$100,742	\$105,558	37.9%	65.2%	35.2%	1.1x	2.2x	6.4x
Mylan, Inc. (MYL)	\$16.99	\$7,242	\$12,166	8.4%	41.6%	24.7%	4.2x	2.1x	8.5x
Perrigo Co. (PRGO)	\$97.11	\$9,047	\$9,715	23.8%	34.3%	21.6%	1.6x	3.5x	16.4x
Pfizer Inc. (PFE)	\$17.68	\$137,942	\$155,304	21.6%	75.8%	36.8%	1.6x	2.3x	6.2x
Watson Pharmaceuticals, Inc. (WPI)	\$68.25	\$9,154	\$9,945	19.3%	46.5%	19.7%	1.4x	2.6x	13.3x
<b>Median</b>				<b>8.3%</b>	<b>62.1%</b>	<b>28.0%</b>	<b>1.5x</b>	<b>2.3x</b>	<b>8.1x</b>

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## Pharmaceuticals

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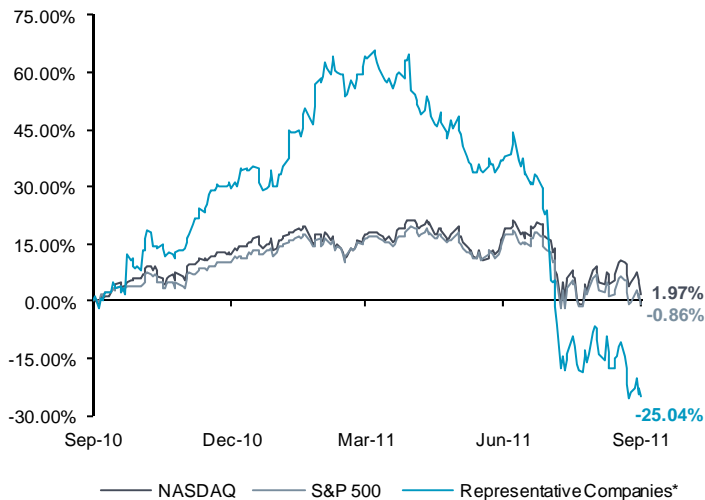
### REPRESENTATIVE TRANSACTIONS

(Announced and Closed; \$s in millions)

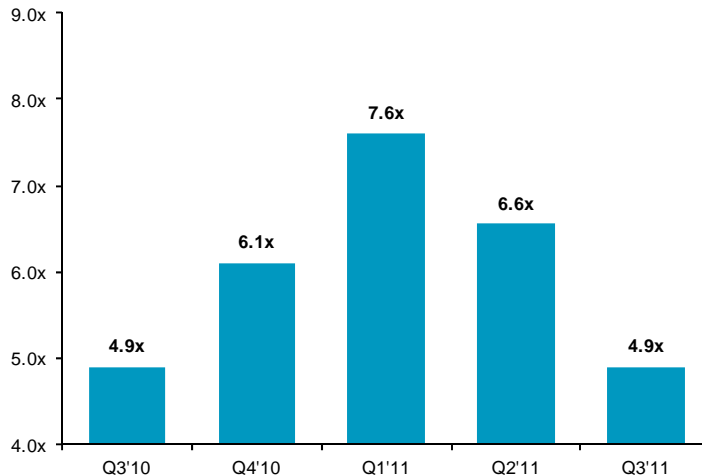
Target	Acquiror	Transaction Details				Valuation		
		Date		Equity	Enterprise	EV/	EV/	P/E
		Announ.	Closed	Value	Value	Revenue	EBITDA	
Anchen Pharmaceuticals	Par Pharmaceutical Companies (PRX)	8/24/11	-	\$369.0	\$410.0	-	-	-
Amira Pharmaceuticals	Bristol-Myers Squibb, Inc. (BMY)	7/21/11	9/8/11	\$325.0	\$475.0	-	-	-
Allos Therapeutics (ALTH)	AMAG Pharmaceuticals Inc. (AMAG)	7/20/11	-	\$258.4	\$148.9	2.1x	-	-
Vicept Therapeutics	Allergan, Inc. (AGN)	7/19/11	7/22/11	-	\$275.0	-	-	-
Victory Pharma, Inc.	Shionogi Inc.	7/18/11	-	\$118.0	\$127.0	-	-	-
Ortho Dermatologics assets	Valeant Pharmaceuticals Intl. (VRX)	7/15/11	-	\$345.0	\$345.0	2.3x	-	-
Dermik Laboratories, Inc.	Valeant International	7/11/11	-	\$425.0	\$425.0	1.8x	-	-
Prometheus Laboratories, Inc.	Nestle Health Science S.A.	5/24/11	7/14/11	\$567.0	\$657.7	1.3x	4.7x	62.4x
Cephalon Inc. (CEPH)	Teva Pharmaceuticals USA, Inc.	5/2/11	10/14/11	\$6,269.2	\$6,366.7	2.2x	5.9x	11.9x
<b>Median</b>				<b>\$345.0</b>	<b>\$377.5</b>	<b>2.1x</b>	<b>5.3x</b>	<b>37.1x</b>

## Senior Care

### LTM RELATIVE PERFORMANCE



### EV/EBITDA VALUATION TRENDS\*



### REPRESENTATIVE COMPANIES\*

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

	Market Statistics			Operating Metrics				Valuation Metrics	
	Stock Price 9/30/2011	Equity Value	Enterprise Value (EV)	LTM Rev. Growth	Margins		Debt/ EBITDA	LTM	
					GP	EBITDA		EV/Rev	EV/EBITDA
Advocat Inc. (AVCA)	\$6.03	\$35	\$55	6.3%	14.5%	6.0%	1.9x	0.2x	3.0x
Assisted Living Concepts Inc. (ALC)	\$12.67	\$294	\$400	1.8%	41.5%	26.7%	1.9x	1.7x	6.4x
Brookdale Senior Living Inc. (BKD)	\$12.54	\$1,530	\$3,957	8.2%	34.9%	17.1%	6.4x	1.8x	10.3x
Capital Senior Living Corp. (CSU)	\$6.17	\$170	\$314	16.6%	38.6%	14.1%	5.1x	1.3x	9.4x
Emeritus Corp. (ESC)	\$14.10	\$625	\$2,570	17.7%	33.9%	16.2%	11.9x	2.3x	13.9x
Five Star Quality Care Inc. (FVE)	\$2.50	\$119	\$122	6.1%	43.4%	3.6%	1.0x	0.1x	2.7x
Kindred Healthcare Inc. (KND)	\$8.62	\$449	\$719	4.0%	34.6%	5.4%	1.5x	0.2x	2.9x
National Healthcare Corp. (NHC)	\$32.30	\$447	\$332	9.0%	42.9%	13.9%	0.1x	0.5x	3.3x
Skilled Healthcare Group, Inc. (SKH)	\$3.61	\$137	\$644	12.7%	18.4%	15.2%	4.0x	0.7x	4.9x
Sun Healthcare Group, Inc. (SUNH)	\$2.70	\$68	\$136	2.0%	39.9%	6.2%	1.2x	0.1x	1.1x
The Ensign Group, Inc. (ENSG)	\$23.11	\$485	\$576	19.9%	19.2%	15.1%	1.4x	0.8x	5.4x
<b>Median</b>				<b>8.2%</b>	<b>34.9%</b>	<b>14.1%</b>	<b>1.9x</b>	<b>0.7x</b>	<b>4.9x</b>

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## Senior Care

Continued from page 13

### REPRESENTATIVE TRANSACTIONS

(Announced and Closed; \$s in millions)

Target	Acquiror	Transaction Details				Valuation		
		Date		Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
		Announ.	Closed					
Southeastern skilled nursing portfolio	Grubb & Ellis Healthcare REIT II	9/29/11	-	\$82.5	\$166.5	-	-	-
3 Senior living communities	Capital Senior Living Corp. (CSU)	9/27/11	-	\$30.0	\$30.0	-	-	-
3 Senior housing facilities	Care Investment Trust Inc.	9/21/11	9/21/11	\$20.8	\$20.8	-	-	-
Town Center Village, Oregon	CNL Lifestyle Properties	8/31/11	8/31/11	\$41.0	\$41.0	-	-	-
Seniors living community Ohio	AdCare Health Systems (ADK)	8/22/11	-	\$13.5	\$13.5	1.1x	-	-
The Village on the Green	Clarion Partners	8/18/11	-	\$43.0	\$43.0	-	-	-
7 Senior living facilities	Sunrise Senior Living Investments	8/15/11	10/12/11	\$65.0	\$65.0	-	-	-
4 Senior living facilities in Indiana/Ohio	Capital Senior Living Corp. (CSU)	8/3/11	-	\$53.0	\$53.0	-	-	-
6 Senior living facilities	CNL Lifestyle Properties	8/2/11	8/2/11	\$105.0	\$131.0	-	-	-
9 Senior living communities	Senior Housing Properties Trust (SNH)	7/29/11	9/21/11	\$317.0	\$481.0	-	-	-
The Village on the Green	Village at Filmore Pond	7/11/11	8/1/11	\$97.5	\$97.5	1.7x	-	20.8x
Village at Filmore Pond	Emeritus Corp. (ESC)	7/8/11	-	\$20.9	\$20.9	4.5x	-	-
Careage Management, LLC	The Ensign Group, Inc. (ENSG)	6/6/11	7/18/11	-	-	-	-	-
Horizon Bay Realty, LLC	Brookdale Senior Living Inc. (BKD)	6/1/11	9/1/11	-	-	-	-	-
4 Assisted Living Facilities in IN	Five Star Quality Care Inc. (FVE)	5/12/11	9/29/11	\$82.4	\$82.4	-	-	-
<b>Median</b>				<b>\$59.0</b>	<b>\$59.0</b>	<b>3.1x</b>	<b>-</b>	<b>20.8x</b>

## Locations

### ABINGDON

330-A Cummings Street  
Abingdon, VA 24210

*Office (276) 628-2814*

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3060 Peachtree Road NW, Suite 265  
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Fredericksburg, VA 22401

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