

Healthcare Sector Update



November 2014

Summary – Healthcare Services

- The S&P Healthcare Services Index has increased by 1.3% over the last three months, underperforming the S&P 500 (4.8% increase over the last three months).
- Over the past three months:
 - The best performing sectors were Emergency Services (up 28.9%), Managed Care – Government (up 19.1%) and Specialty Managed Care (up 17.9%).
 - The worst performing sectors were Diagnostic Imaging (down 15.5%), Consumer Directed Health & Wellness (down 14.3%) and Assisted Living (down 8.3%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.67x and 11.2x, respectively.
- The sectors with the highest valuation multiples include:
 - Healthcare REITS (12.38x LTM Revenue, 18.2x LTM EBITDA)
 - Other Services (1.76x LTM Revenue, 44.2x LTM EBITDA)
 - HCIT (3.56x LTM Revenue, 22.5x LTM EBITDA); and
 - Consumer Directed Health & Wellness (3.08x LTM Revenue, 21.4x LTM EBITDA).

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 11.5% over the last three months, outperforming the S&P 500 (4.8% increase over the last three months).
- Over the past three months:
 - The best performing sectors were Infection Prevention Devices (up 24.0%) and Biotechnology (up 15.3%).
 - The worst performing sectors were Life Science Conglomerates (down 3.2%) and Neural Implant Devices (down 2.0%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 3.06x and 13.9x, respectively.
- The sectors with the highest valuation multiples include:
 - Biotechnology (8.18x LTM Revenue, 16.5x LTM EBITDA)
 - Ophthalmology Devices (1.73x LTM Revenue, 20.5x LTM EBITDA); and
 - Large-Cap Pharmaceuticals (5.40x LTM Revenue, 14.8x LTM EBITDA).

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MARKET SECTOR	No. of Cos.	Ag. Eqty Mkt. Value	Median % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	Rev	EBITDA	LTM	2014E	
Acute Care Hospitals	5	\$55,580	6.2%	28.7%	1.39x	9.8x	20.9x	18.1x	1.9x
Assisted Living	5	7,343	(8.3%)	9.4%	1.01x	16.7x	NM	20.8x	NM
Care Management / TPA	7	9,629	(0.1%)	(3.7%)	1.69x	11.4x	21.8x	20.3x	1.3x
Clinical Laboratories	5	25,953	2.5%	5.9%	1.98x	10.3x	19.6x	16.1x	1.5x
Consumer Directed Health & Wellness	7	12,508	(14.3%)	(11.8%)	3.08x	21.4x	NM	29.8x	1.7x
Contract Research Orgs	6	21,960	4.1%	29.1%	2.11x	12.7x	24.0x	21.3x	1.4x
Diagnostic Imaging	3	663	(15.5%)	(4.3%)	1.78x	6.0x	NM	37.7x	3.8x
Dialysis Services	2	38,902	8.1%	24.5%	1.98x	10.5x	23.8x	21.3x	2.3x
Distribution / Supply	7	110,035	9.5%	30.1%	0.34x	13.5x	24.0x	19.9x	2.0x
Emergency Services	3	2,264	28.9%	85.4%	2.58x	8.6x	25.2x	20.3x	1.0x
HCIT	14	40,798	1.3%	(0.8%)	3.56x	22.5x	44.2x	37.4x	2.2x
Healthcare REITs	14	87,101	6.5%	6.3%	12.38x	18.2x	22.5x	38.2x	5.4x
Healthcare Staffing	6	14,215	9.2%	29.3%	1.10x	11.5x	23.5x	24.6x	1.6x
Home Care / Hospice	6	4,313	6.3%	52.7%	0.43x	11.2x	20.3x	18.5x	1.4x
Long Term Care	4	3,205	13.7%	40.7%	0.71x	8.7x	19.2x	18.1x	1.4x
Managed Care – Commercial	7	207,560	15.4%	39.2%	0.64x	9.6x	15.9x	15.6x	1.3x
Managed Care – Government	3	10,769	19.1%	53.7%	0.21x	9.1x	23.5x	31.7x	1.6x
Other Services	4	12,887	1.8%	8.6%	1.76x	44.2x	33.9x	32.5x	2.0x
Pharmacy Management	6	75,238	6.4%	21.8%	0.77x	11.6x	32.4x	18.0x	1.2x
Physician Practice Mgmt	2	6,298	(1.1%)	(1.9%)	1.67x	11.6x	20.4x	19.9x	1.4x
Psychiatric Hospitals	4	6,475	11.5%	42.9%	0.48x	10.6x	32.3x	23.4x	1.4x
Specialty Managed Care	2	5,395	17.9%	20.5%	0.43x	6.5x	10.5x	11.1x	1.5x
Surgicenters / Rehabilitation	7	11,155	4.8%	21.4%	2.03x	9.6x	24.7x	20.0x	1.6x
Total / Median (\$MM)	129	\$770,246	6.3%	21.8%	1.67x	11.2x	23.5x	20.3x	1.5x

Source: Capital IQ

CAPITALIZATION PROFILE

	No. of Cos.	Ag. Eqty Mkt. Value	% Total No. of Cos.	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	32	\$630,768	24.8%	81.9%	7.6%	93.6%	24.0%	65.9%
\$1 billion – \$5 billion	45	115,411	34.9%	15.0%	5.6%	102.0%	15.8%	59.2%
\$250 million – \$1 billion	39	23,049	30.2%	3.0%	8.0%	115.1%	28.0%	75.1%
\$100 million – \$250 million	2	417	1.6%	0.1%	(9.9%)	247.1%	(20.8%)	121.9%
< \$100 million	11	601	8.5%	0.1%	(2.4%)	37.0%	18.7%	16.3%
Total / Median (\$MM)	129	\$770,246	100.0%	100.0%	6.3%	102.0%	21.8%	65.9%

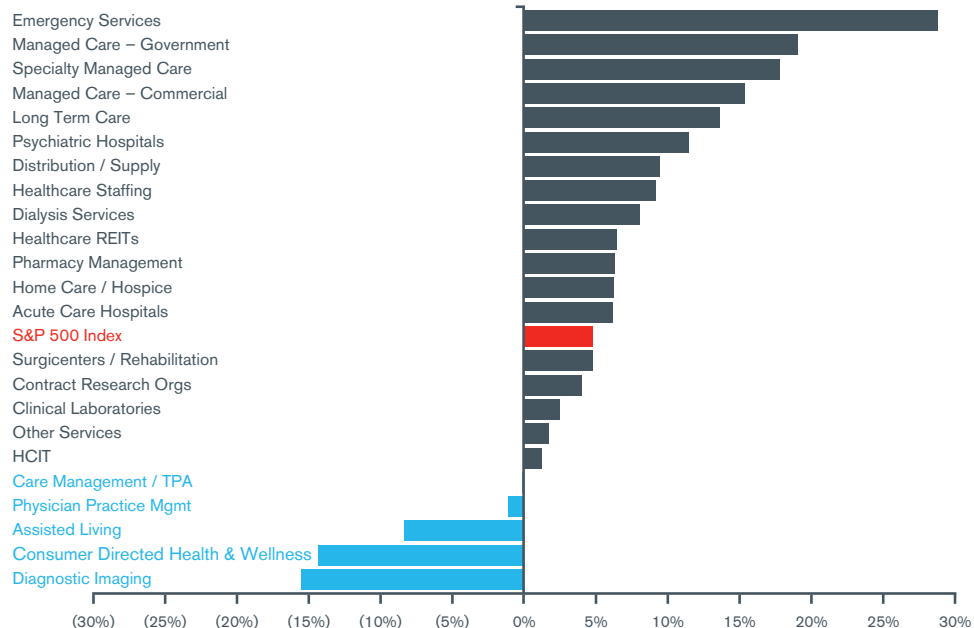
Source: Capital IQ

MARKET INDICES

	Value at 10/31/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$17,390.5	5.4%	4.9%	11.4%	49.2%
S&P 500 Index	2,018.1	4.8%	9.2%	14.6%	65.6%
NASDAQ Composite Index	4,630.7	6.4%	10.9%	18.1%	77.6%
Russell 2000 Index	1,173.5	5.3%	0.8%	7.1%	64.4%
AMEX Sector Index – Healthcare	104.8	4.3%	(12.8%)	(3.0%)	26.8%
S&P Healthcare Facilities (Sub Ind) Index	414.2	10.7%	39.5%	40.4%	150.5%
S&P Healthcare Providers & Services (Industry) Index	555.2	10.5%	24.1%	26.7%	126.2%
S&P Managed Healthcare (Sub Ind) Index	320.2	20.0%	33.3%	41.5%	116.1%
S&P Healthcare Services	390.6	1.3%	3.1%	18.5%	95.4%

Source: Capital IQ

Median % Change – 3 months



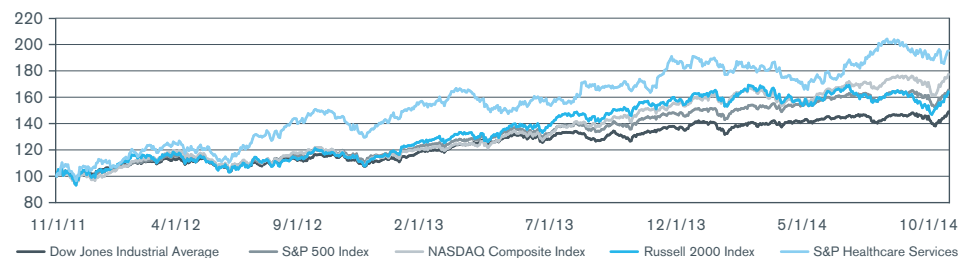
Source: Capital IQ

INTEREST RATES

	Value at 10/31/14	1 mo ago	3 mo ago	12 mo ago
LIBOR – USD – 5 Months	0.00%	0.00%	0.00%	0.00%
U.S. Treasury – 2 years	0.00%	0.58%	0.08%	0.31%
U.S. Treasury – 5 years	1.61%	1.78%	1.76%	1.32%
U.S. Treasury – 10 years	2.33%	2.51%	2.56%	2.54%
U.S. Treasury – 30 years	3.06%	3.21%	3.31%	3.31%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E		
Acute Care Hospitals																		
Community Health Systems, Inc.	CYH	\$54.97	15.2%	26.0%	\$57.72	\$34.55	\$6,350	\$23,745	\$17,128.7	\$2,240.9	\$1.51	\$3.04	1.39x	10.6x	NM	18.1x	0.96x	
HCA Holdings, Inc.	HCA	70.05	7.3%	48.6%	73.94	43.20	30,289	59,610	36,118.0	7,141.0	3.37	4.52	1.65x	8.3x	17.9x	15.5x	1.43x	
Lifepoint Hospitals Inc.	LPNT	70.00	(2.4%)	35.6%	76.50	48.39	3,169	5,239	4,172.8	547.1	2.68	3.25	1.26x	9.6x	23.7x	21.6x	2.66x	
Tenet Healthcare Corp.	THC	56.05	6.2%	18.8%	63.61	37.95	5,488	17,073	16,032.0	1,750.0	(1.21)	1.37	1.06x	9.8x	NM	41.0x	3.43x	
Universal Health Services Inc.	UHS	103.71	(2.7%)	28.7%	115.64	73.06	10,284	13,985	7,758.6	1,386.0	5.14	5.73	1.80x	10.1x	20.9x	18.1x	1.89x	
Median			6.2%	28.7%									1.39x	9.8x	20.9x	18.1x	1.89x	
Assisted Living																		
AdCare Health Systems Inc.	ADK	\$4.32	(8.3%)	9.4%	\$5.05	\$3.65	\$77	\$226	\$224.0	\$12.9	(\$0.79)	(\$0.34)	1.01x	17.5x	NM	NM	NM	
Brookdale Senior Living Inc.	BKD	33.71	(2.7%)	24.5%	36.18	26.11	6,133	8,730	2,931.4	521.7	(0.03)	0.01	2.98x	16.7x	NM	NM	NM	
Capital Senior Living Corp.	CSU	22.50	(8.7%)	1.4%	26.89	19.90	654	1,258	367.4	56.9	(0.58)	0.29	3.42x	22.1x	NM	NM	NM	
Five Star Quality Care Inc.	FVE	4.13	(9.6%)	(18.5%)	6.09	3.23	201	235	1,086.3	38.6	0.07	0.25	0.22x	6.1x	NM	16.5x	NM	
Skilled Healthcare Group, Inc.	SKH	6.93	16.5%	62.7%	7.90	4.08	278	680	831.2	66.6	(0.16)	0.28	0.82x	10.2x	NM	25.2x	NM	
Median			(8.3%)	9.4%									1.01x	16.7x	NM	20.8x	NM	
Care Management / TPA																		
Alere Inc.	ALR	\$39.97	(0.1%)	18.5%	\$43.00	\$31.94	\$3,321	\$6,665	\$2,963.9	\$546.1	(\$1.13)	\$2.05	2.25x	12.2x	NM	19.5x	1.77x	
Care.com, Inc.	CRCM	8.30	(12.5%)	NM	29.25	7.87	261	178	105.7	(34.8)	(9.45)	(1.06)	1.69x	NM	NM	NM	NM	
CorVel Corporation	CRVL	34.42	(14.5%)	(17.3%)	53.35	28.08	718	689	489.4	70.6	1.57	1.64	1.41x	9.8x	21.8x	21.0x	NM	
Crawford & Company	CRD.B	10.18	10.7%	(7.4%)	12.22	7.62	520	670	1,142.3	97.1	0.92	0.81	0.59x	6.9x	13.7x	12.6x	1.26x	
ExamWorks Group, Inc.	EXAM	38.78	9.9%	50.0%	39.20	24.88	1,524	1,993	732.4	101.2	(0.29)	0.21	2.72x	19.7x	NM	NM	NM	
Hooper Holmes Inc.	HH	0.55	(20.3%)	(8.3%)	0.83	0.42	39	36	53.4	(4.3)	(0.15)	NM	0.67x	NM	NM	NM	NM	
MAXIMUS, Inc.	MMS	48.46	17.2%	0.0%	50.24	37.94	3,247	3,065	1,649.8	268.5	1.85	2.11	1.86x	11.4x	23.3x	22.9x	1.24x	
Median			(0.1%)	(3.7%)									1.69x	11.4x	21.8x	20.3x	1.26x	

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

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Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Clinical Laboratories																	
Bio-Reference Laboratories Inc.	BRLI	\$30.04	(4.3%)	(7.3%)	\$37.97	\$24.13	\$833	\$873	\$796.9	\$97.3	\$1.45	\$1.90	1.10x	9.0x	21.2x	15.8x	1.05x
Laboratory Corp. of America Holdings	LH	109.29	5.4%	8.3%	109.47	87.01	9,279	11,736	5,935.9	1,138.5	6.25	6.78	1.98x	10.3x	18.3x	16.1x	1.63x
Psychemedics Corp.	PMD	14.38	2.5%	2.8%	18.76	12.42	77	81	28.9	5.6	0.72	0.55	2.81x	14.6x	22.6x	26.1x	1.31x
Quest Diagnostics Inc.	DGX	63.46	3.9%	5.9%	64.38	50.46	9,172	12,923	7,308.0	1,397.0	5.31	4.07	1.77x	9.3x	18.2x	15.6x	1.47x
Sonic Healthcare Limited	SHL	16.43	(2.8%)	7.6%	16.55	13.27	6,592	8,145	3,690.7	671.3	0.81	0.88	2.21x	12.1x	19.6x	18.7x	2.21x
Median			2.5%	5.9%									1.98x	10.3x	19.6x	16.1x	1.47x
Contract Research Orgs																	
Albany Molecular Research Inc.	AMRI	\$23.26	22.2%	77.6%	\$23.84	\$9.71	\$755	\$748	\$257.1	\$40.2	\$0.40	\$0.88	2.91x	18.6x	46.7x	26.4x	NM
Charles River Laboratories International, Inc.	CRL	63.16	16.5%	28.3%	65.00	49.21	2,964	3,633	1,257.3	280.6	2.15	3.36	2.89x	12.9x	25.2x	18.8x	1.83x
Covance Inc.	CVD	79.90	(4.8%)	(10.5%)	106.50	73.57	4,517	4,159	2,509.7	416.5	3.15	3.86	1.66x	10.0x	29.2x	20.7x	1.40x
ICON Public Limited Company	ICLR	52.61	1.6%	29.9%	59.81	35.33	3,239	2,991	1,458.5	239.6	1.65	2.77	2.05x	12.5x	20.7x	19.0x	0.92x
PAREXEL International Corporation	PRXL	54.31	1.4%	18.8%	64.72	37.53	3,004	3,067	1,981.8	295.0	1.97	2.47	1.55x	10.4x	22.0x	22.0x	1.31x
Quintiles Transnational Holdings Inc.	Q	58.54	6.6%	39.4%	58.89	41.43	7,481	8,897	4,105.7	657.2	1.77	2.65	2.17x	13.5x	22.7x	22.1x	1.63x
Median			4.1%	29.1%									2.11x	12.7x	24.0x	21.3x	1.40x
Diagnostic Imaging																	
Alliance Healthcare Services, Inc.	AIQ	\$24.13	(15.5%)	(4.3%)	\$35.40	\$20.06	\$255	\$777	\$437.4	\$129.0	(\$2.02)	NM	1.78x	6.0x	NM	NM	NM
American Shared Hospital Services	AMS	2.19	(22.6%)	(10.4%)	3.42	1.98	12	40	15.8	8.2	(0.07)	NM	2.52x	4.9x	NM	NM	NM
RadNet, Inc.	RDNT	9.30	82.0%	279.6%	9.50	1.50	397	1,011	710.4	115.9	0.05	0.25	1.42x	8.7x	NM	37.7x	3.77x
Median			(15.5%)	(4.3%)									1.78x	6.0x	NM	37.7x	3.77x
Dialysis Services																	
DaVita HealthCare Partners Inc.	DVA	\$78.07	10.8%	38.9%	\$78.52	\$52.75	\$16,769	\$25,018	\$12,519.4	\$2,413.3	\$2.89	\$3.60	2.00x	10.4x	24.7x	21.7x	2.07x
Fresenius Medical Care AG & Co. KGAA	FME	73.21	5.4%	10.2%	73.90	58.61	22,132	30,770	15,665.6	2,901.9	3.65	3.49	1.96x	10.6x	22.8x	21.0x	2.63x
Median			8.1%	24.5%									1.98x	10.5x	23.8x	21.3x	2.35x

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Distribution / Supply																	
Aceto Corp.	ACET	\$22.74	35.7%	42.6%	\$25.25	\$15.76	\$661	\$723	\$511.7	\$47.1	\$1.11	\$0.98	1.41x	15.4x	22.3x	23.3x	0.97x
AmerisourceBergen Corporation	ABC	85.41	11.1%	30.7%	85.99	62.55	19,164	19,352	119,569.1	1,370.7	1.57	4.13	0.16x	14.1x	NM	20.7x	1.45x
Cardinal Health, Inc.	CAH	78.48	9.5%	33.8%	79.13	58.22	26,381	27,919	90,631.0	2,390.0	1.08	3.94	0.31x	11.7x	24.8x	19.9x	1.99x
Henry Schein, Inc.	HSIC	120.03	3.3%	6.8%	122.79	108.76	10,183	11,349	10,195.7	843.7	4.93	5.37	1.11x	13.5x	23.1x	22.3x	2.02x
McKesson Corporation	MCK	203.41	6.0%	30.1%	206.91	154.02	47,167	55,530	161,201.0	3,557.0	5.42	10.21	0.34x	15.6x	33.8x	19.9x	1.26x
Owens & Minor Inc.	OMI	33.32	0.7%	(11.0%)	38.55	31.55	2,102	2,258	9,266.9	236.9	1.76	1.75	0.24x	9.5x	26.0x	19.0x	3.14x
Patterson Companies, Inc.	PDCO	43.11	10.5%	1.4%	44.39	37.03	4,377	4,801	4,243.1	400.4	2.04	2.21	1.13x	12.0x	21.3x	19.5x	2.03x
Median			9.5%	30.1%									0.34x	13.5x	24.0x	19.9x	1.99x
Emergency Services																	
Adeptus Health Inc.	ADPT	\$33.18	28.9%	NM	\$34.51	\$23.35	\$327	\$470	\$174.3	\$6.9	(\$0.13)	(\$0.19)	2.69x	NM	NM	NM	NM
Air Methods Corp.	AIRM	47.23	(6.0%)	8.0%	60.74	42.55	1,849	2,533	983.2	246.0	1.54	2.39	2.58x	10.3x	21.4x	19.8x	1.03x
InfuSystem Holdings, Inc.	INFU	3.94	41.7%	162.8%	4.50	1.46	88	114	59.4	16.4	0.08	0.19	1.92x	7.0x	29.0x	20.7x	1.04x
Median			28.9%	85.4%									2.58x	8.6x	25.2x	20.3x	1.03x
HCIT																	
Allscripts Healthcare Solutions, Inc.	MDRX	\$13.72	(13.8%)	(0.8%)	\$19.68	\$12.71	\$2,472	\$2,992	\$1,388.0	\$65.6	(\$0.59)	\$0.38	2.16x	45.6x	NM	36.3x	1.61x
athenahealth, Inc.	ATHN	122.50	(1.5%)	(8.2%)	206.70	97.30	4,667	4,774	711.0	59.4	0.07	1.10	6.71x	80.4x	NM	NM	NM
Cerner Corporation	CERN	63.34	14.7%	13.0%	63.89	48.39	21,629	20,444	3,181.1	841.5	1.13	1.65	6.43x	24.3x	NM	38.4x	2.12x
Computer Programs & Systems Inc.	CPSI	62.98	(4.3%)	10.4%	71.89	55.36	706	677	209.7	59.9	2.95	3.23	3.23x	11.3x	19.5x	19.4x	1.61x
Healthstream Inc.	HSTM	30.96	24.0%	(13.3%)	35.64	20.76	856	739	162.4	26.4	0.30	0.40	4.55x	28.0x	NM	78.2x	4.19x
HMS Holdings Corp.	HMSY	23.23	26.2%	9.8%	26.60	15.10	2,038	2,140	452.7	103.5	0.45	0.54	4.73x	20.7x	NM	43.2x	2.09x
MedAssets, Inc.	MDAS	21.66	2.0%	(5.9%)	26.55	19.38	1,304	2,199	692.5	207.4	0.45	1.36	3.18x	10.6x	44.2x	15.9x	1.39x
Medical Transcription Billing, Corp.	MTBC	3.44	(9.0%)	NM	5.00	3.00	38	41	11.1	0.7	(0.03)	(0.26)	3.69x	56.9x	NM	NM	NM
Medidata Solutions, Inc.	MDSO	45.11	0.6%	(18.2%)	68.21	32.10	2,441	2,421	320.4	25.2	0.31	0.71	7.56x	96.0x	NM	63.9x	2.31x
Merge Healthcare Incorporated	MRGE	2.75	11.8%	8.3%	2.84	1.97	264	458	212.3	38.2	(0.42)	0.19	2.16x	12.0x	NM	14.7x	0.98x
National Research Corp.	NRCI.B	32.72	(18.2%)	16.9%	44.95	27.99	445	423	96.6	31.6	0.63	0.75	4.38x	13.4x	47.2x	43.6x	3.23x
Premier, Inc.	PINC	33.38	18.0%	8.3%	38.87	26.52	1,081	822	910.5	343.9	(106.38)	1.34	0.90x	2.4x	NM	25.0x	2.18x
Quality Systems Inc.	QSII	15.11	(2.6%)	(33.8%)	24.13	13.01	911	787	462.5	41.5	0.11	0.52	1.70x	19.0x	NM	29.1x	2.36x
The Advisory Board Company	ABCO	53.67	7.0%	(21.8%)	70.14	43.00	1,948	1,912	555.1	63.9	0.59	NM	3.44x	29.9x	NM	43.5x	2.60x
Median			1.3%	(0.8%)									3.56x	22.5x	44.2x	37.4x	2.15x

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

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Consumer Directed Health & Wellness																	
Benefitfocus, Inc.	BNFT	\$27.71	(28.1%)	(44.7%)	\$77.00	\$20.82	\$706	\$673	\$127.5	(\$47.8)	(\$2.99)	(\$2.40)	5.28x	NM	NM	NM	NM
Castlight Health, Inc.	CSLT	12.51	(6.7%)	NM	41.95	10.05	1,122	940	36.3	(85.2)	(0.84)	(1.00)	25.92x	NM	NM	NM	NM
Everyday Health, Inc.	EVDY	13.67	(17.7%)	NM	19.89	10.86	415	400	167.1	14.9	(0.89)	0.46	2.40x	27.0x	NM	29.8x	0.69x
Healthways Inc.	HWAY	15.50	(10.4%)	61.1%	18.73	9.59	548	803	712.3	34.2	(0.25)	0.22	1.13x	23.5x	NM	NM	NM
IMS Health Holdings, Inc.	IMS	24.25	(7.1%)	NM	28.48	21.63	8,081	11,642	2,637.0	603.0	0.51	1.35	4.41x	19.3x	NM	17.9x	1.70x
Streamline Health Solutions, Inc.	STRM	3.91	(21.8%)	(52.0%)	8.50	3.22	72	82	27.4	(9.4)	(0.94)	(0.30)	3.00x	NM	NM	NM	NM
WebMD Health Corp.	WBMD	42.68	(14.3%)	21.2%	53.30	33.02	1,565	1,736	564.0	107.7	0.31	1.20	3.08x	16.1x	NM	35.6x	2.85x
Median			(14.3%)	(11.8%)									3.08x	21.4x	NM	29.8x	1.70x
Healthcare REITs																	
American Realty Capital Healthcare Trust, Inc.	HCT	\$11.30	5.9%	NM	\$11.30	\$9.44	\$1,911	\$2,816	\$243.5	\$86.4	(\$0.15)	NM	11.57x	32.6x	NM	NM	NM
Aviv REIT, Inc.	AVIV	33.73	18.6%	32.8%	34.71	22.74	1,594	2,567	169.6	141.2	0.49	0.87	15.13x	18.2x	44.0x	38.8x	4.09x
CareTrust REIT, Inc.	CTRE	15.53	(9.0%)	NM	22.35	13.40	348	618	55.7	40.9	(0.02)	0.16	11.11x	15.1x	NM	97.1x	NM
HCP, Inc.	HCP	43.97	5.9%	6.0%	44.02	35.50	20,174	29,019	2,193.0	1,794.4	1.97	2.02	13.23x	16.2x	22.2x	21.8x	6.16x
Health Care REIT, Inc.	HCN	71.11	11.8%	9.7%	71.15	52.43	23,300	34,812	3,224.2	1,751.4	0.10	1.06	10.80x	19.9x	NM	66.8x	13.37x
Healthcare Realty Trust Incorporated	HR	26.47	7.2%	10.2%	26.49	20.85	2,580	3,959	370.4	215.9	(0.14)	0.32	10.69x	18.3x	NM	84.0x	21.01x
LTC Properties Inc.	LTC	41.94	9.4%	6.3%	42.39	34.77	1,461	1,787	116.8	103.4	1.56	1.93	15.30x	17.3x	24.2x	21.7x	5.43x
National Health Investors Inc.	NHI	65.91	10.2%	5.4%	66.14	54.75	2,179	2,824	164.7	154.4	2.77	3.04	17.14x	18.3x	21.5x	21.7x	3.25x
Newcastle Investment Corp.	NCT	24.15	(10.0%)	(29.9%)	35.52	23.06	1,777	3,935	615.8	NA	2.40	2.40	–	NA	13.6x	10.1x	0.47x
Omega Healthcare Investors Inc.	OHI	38.16	4.4%	14.8%	39.53	29.32	4,862	7,163	484.6	453.3	1.46	1.74	14.78x	15.8x	22.7x	22.0x	3.66x
Sabra Health Care REIT, Inc.	SBRA	28.57	3.1%	6.2%	31.17	24.01	1,522	2,182	165.4	141.1	0.68	0.75	13.20x	15.5x	NM	38.2x	6.09x
Senior Housing Properties Trust	SNH	22.59	(1.2%)	(8.3%)	24.95	20.70	4,603	7,289	815.4	458.2	0.98	0.84	8.94x	15.9x	22.5x	26.7x	5.10x
Universal Health Realty Income Trust	UHT	48.45	15.2%	10.3%	48.83	39.50	627	868	59.6	40.5	1.04	1.08	14.55x	21.4x	16.0x	44.9x	NM
Ventas, Inc.	VTR	68.51	7.9%	5.0%	69.09	54.89	20,164	30,806	3,002.1	1,670.9	1.66	1.63	10.26x	18.4x	42.8x	42.0x	7.53x
Median			6.5%	6.3%									12.38x	18.2x	22.5x	38.2x	5.43x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$17.15	30.9%	38.3%	\$17.98	\$10.35	\$797	\$934	\$1,005.0	\$81.0	\$0.69	\$0.70	0.93x	11.5x	25.6x	24.6x	2.23x
Cross Country Healthcare, Inc.	CCRN	9.67	34.5%	62.8%	11.54	5.26	302	358	538.9	10.7	(1.75)	0.05	0.66x	NM	NM	NM	NM

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

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Healthcare Staffing (cont.)																	
Envision Healthcare Holdings, Inc.	EVHC	\$34.95	(2.2%)	20.3%	\$38.02	\$27.00	\$6,395	\$8,289	\$4,224.7	\$528.5	\$0.04	\$1.17	1.96x	15.7x	NM	30.0x	1.58x
IPC The Hospitalist Company, Inc.	IPCM	41.66	(15.3%)	(24.0%)	63.70	36.12	717	762	676.4	71.4	2.39	2.26	1.13x	10.7x	18.8x	18.4x	1.05x
On Assignment Inc.	ASGN	29.10	7.7%	(13.9%)	39.86	25.97	1,585	1,959	1,809.3	175.2	1.00	2.06	1.08x	11.2x	21.4x	14.1x	1.07x
Team Health Holdings, Inc.	TMH	62.54	10.6%	44.0%	62.83	41.37	4,418	4,820	2,650.8	282.1	1.24	2.29	1.82x	17.1x	42.6x	27.3x	1.77x
Median			9.2%	29.3%									1.10x	11.5x	23.5x	24.6x	1.58x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$19.87	(10.3%)	(23.1%)	\$29.80	\$17.02	\$216	\$206	\$300.2	\$19.5	\$1.01	\$1.07	0.69x	10.6x	19.3x	18.6x	1.24x
Almost Family Inc.	AFAM	29.44	25.6%	53.1%	33.97	19.11	279	330	466.2	27.7	0.91	1.70	0.71x	11.9x	34.6x	17.3x	1.58x
Amedisys Inc.	AMED	26.10	29.3%	60.3%	26.34	12.60	871	979	1,190.8	51.6	(2.98)	0.72	0.82x	19.0x	NM	36.1x	4.01x
Chemed Corp.	CHE	103.36	1.5%	52.4%	107.77	66.89	1,787	1,942	1,425.5	183.4	4.16	5.98	1.36x	10.6x	20.1x	17.3x	1.15x
Gentiva Health Services Inc.	GTIV	19.70	8.8%	72.5%	19.86	7.35	727	1,786	1,882.2	142.2	(18.75)	1.07	0.95x	12.6x	NM	18.4x	1.84x
LHC Group, Inc.	LHCG	24.35	3.7%	18.2%	26.00	19.69	433	505	689.7	55.8	1.30	1.30	0.73x	9.1x	20.6x	18.8x	1.25x
Median			6.3%	52.7%									0.78x	11.2x	20.3x	18.5x	1.41x
Long Term Care																	
Diversicare Healthcare Services Inc.	DVCR	\$12.02	72.2%	146.6%	\$13.32	\$4.56	\$74	\$129	\$347.8	\$14.6	(\$1.00)	NM	0.37x	8.9x	NM	NM	NM
Kindred Healthcare Inc.	KND	21.75	(9.0%)	56.7%	26.81	13.13	1,406	2,854	5,080.6	261.1	(0.93)	1.09	0.56x	10.9x	NM	20.0x	1.54x
National Healthcare Corp.	NHC	60.31	9.7%	24.7%	61.56	48.17	858	883	854.9	104.8	3.87	3.33	1.03x	8.4x	16.1x	18.1x	NM
The Ensign Group, Inc.	ENSG	38.72	17.6%	(9.1%)	47.78	26.02	868	841	987.5	109.9	1.16	2.18	0.85x	7.7x	22.2x	17.7x	1.18x
Median			13.7%	40.7%									0.71x	8.7x	19.2x	18.1x	1.36x
Managed Care – Commercial																	
Aetna Inc.	AET	\$82.51	6.4%	31.6%	\$85.72	\$62.15	\$29,019	\$36,157	\$56,414.7	\$4,857.6	\$5.33	\$6.63	0.64x	7.4x	13.8x	12.4x	1.17x
Cigna Corp.	CI	99.57	10.6%	29.3%	99.75	73.47	26,045	29,682	34,098.0	3,053.0	5.18	7.40	0.87x	9.7x	13.6x	13.5x	1.24x
Health Net, Inc.	HNT	47.51	15.3%	56.3%	48.63	25.40	3,815	3,712	12,993.4	367.6	2.12	2.29	0.29x	10.1x	16.2x	20.7x	1.25x
Humana Inc.	HUM	138.85	18.0%	50.7%	139.87	91.00	21,418	22,714	46,359.0	2,244.0	7.73	7.74	0.49x	10.1x	20.8x	17.9x	1.73x
UnitedHealth Group Incorporated	UNH	95.01	17.2%	39.2%	95.67	67.95	92,314	103,984	128,158.0	10,997.0	5.50	5.64	0.81x	9.5x	17.1x	16.8x	1.30x
Universal American Corp	UAM	9.32	17.4%	25.6%	9.47	6.60	750	793	2,078.7	22.3	(2.20)	(0.00)	0.38x	NM	NM	NM	NM

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

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Managed Care – Commercial (cont.)																	
WellPoint Inc.	WLP	\$126.69	15.4%	49.4%	\$126.69	\$81.84	\$34,199	\$49,442	\$72,791.5	\$5,162.3	\$8.67	\$8.83	0.68x	9.6x	15.6x	14.3x	1.40x
Median			15.4%	39.2%									0.64x	9.6x	15.9x	15.6x	1.28x
Managed Care – Government																	
Centene Corp.	CNC	\$92.67	28.5%	65.0%	\$94.90	\$54.12	\$5,437	\$5,018	\$14,132.2	\$458.6	\$2.87	\$4.30	0.36x	10.9x	26.1x	21.6x	1.20x
Molina Healthcare, Inc.	MOH	48.64	19.1%	53.7%	49.00	31.10	2,354	1,664	8,323.8	184.8	0.96	1.13	0.20x	9.0x	NM	43.0x	1.59x
WellCare Health Plans, Inc.	WCG	67.87	8.8%	1.8%	78.37	55.16	2,979	2,464	11,983.8	270.4	3.98	2.14	0.21x	9.1x	20.9x	31.7x	3.02x
Median			19.1%	53.7%									0.21x	9.1x	23.5x	31.7x	1.59x
Other Services																	
Healthcare Services Group Inc.	HCSG	\$29.78	13.9%	8.7%	\$30.69	\$24.40	\$2,105	\$2,040	\$1,255.4	\$21.2	\$0.67	\$0.84	1.62x	96.3x	NM	35.4x	2.10x
PDI, Inc.	PDII	1.82	(49.3%)	(61.8%)	6.25	1.57	28	(10.6)	130.0	(10.5)	(0.31)	(0.58)	(0.08x)	1.0x	NM	NM	NM
Sharps Compliance Corp.	SMED	4.45	(3.5%)	16.5%	6.80	3.80	68	52	27.3	0.7	(0.09)	(0.02)	1.89x	70.8x	NM	NM	NM
Stericycle, Inc.	SRCL	126.00	7.1%	8.4%	126.09	108.62	10,686	12,345	2,446.6	700.0	3.56	4.26	5.05x	17.6x	33.9x	29.6x	1.99x
Median			1.8%	8.6%									1.76x	44.2x	33.9x	32.5x	2.05x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$6.46	(13.8%)	(7.8%)	\$9.05	\$5.59	\$443	\$860	\$1,028.6	(\$2.7)	(\$0.83)	(\$0.15)	0.84x	NM	NM	NM	NM
Catamaran Corporation	CCT	47.60	4.3%	1.5%	52.14	35.92	9,876	10,410	20,370.8	805.9	1.27	2.23	0.51x	12.9x	34.1x	21.4x	0.97x
Express Scripts Holding Company	ESRX	76.82	10.3%	22.9%	79.37	61.89	56,379	70,242	100,355.9	6,496.4	2.31	4.88	0.70x	10.8x	30.7x	15.7x	1.17x
Omnicare Inc.	OCR	66.59	6.5%	20.7%	67.66	54.82	6,518	8,447	6,325.8	729.9	0.78	3.71	1.34x	11.6x	28.3x	18.0x	1.20x
Omnicell, Inc.	OMCL	32.31	17.9%	40.1%	32.54	20.88	1,159	1,055	425.1	65.0	0.67	1.22	2.48x	16.2x	42.0x	26.6x	1.50x
PharMerica Corporation	PMC	28.69	6.3%	94.4%	30.48	14.29	862	1,120	1,821.5	115.3	0.63	1.60	0.62x	9.7x	NM	17.9x	1.79x
Median			6.4%	21.8%									0.77x	11.6x	32.4x	18.0x	1.20x
Physician Practice Mgmt																	
Birner Dental Management Services Inc.	BDMS	\$15.70	(7.6%)	(18.4%)	\$22.40	\$15.28	\$29	\$38	\$64.7	\$3.4	\$0.05	NM	0.58x	11.1x	NM	NM	NM
MEDNAX, Inc.	MD	62.43	5.5%	14.5%	64.51	49.82	6,269	6,479	2,355.8	538.4	2.78	3.14	2.75x	12.0x	20.4x	19.9x	1.39x
Median			(1.1%)	(1.9%)									1.67x	11.6x	20.4x	19.9x	1.39x

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

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Psychiatric Hospitals																	
AAC Holdings, Inc.	AAC	\$21.78	NM	NM	\$22.65	\$17.91	\$450	\$503	\$103.2	\$6.2	\$0.56	\$0.22	NM	NM	NM	NM	NM
Acadia Healthcare Company, Inc.	ACHC	62.05	30.2%	42.9%	66.88	38.76	3,718	4,705	899.7	179.8	0.86	1.53	NM	NM	44.8x	40.6x	1.76x
Magellan Health, Inc.	MGLN	60.52	5.1%	3.1%	63.81	52.37	1,651	1,542	3,785.9	195.9	4.53	2.59	0.41x	7.9x	21.9x	23.4x	1.38x
Providence Service Corp.	PRSC	44.18	11.5%	47.8%	49.41	23.91	655	724	1,304.4	54.1	1.41	1.99	0.55x	13.4x	32.3x	22.2x	1.34x
Median			11.5%	42.9%									0.48x	10.6x	32.3x	23.4x	1.38x
Specialty Managed Care																	
Assurant Inc.	AIZ	\$68.22	7.7%	16.7%	\$69.71	\$58.27	\$4,792	\$5,963	\$10,159.6	\$1,022.5	\$6.30	\$6.75	0.59x	5.8x	9.5x	10.1x	1.79x
Triple-S Management Corporation	GTS	22.14	28.1%	24.3%	22.24	14.70	604	632	2,335.9	87.0	2.01	1.84	0.27x	7.3x	11.5x	12.0x	1.15x
Median			17.9%	20.5%									0.43x	6.5x	10.5x	11.1x	1.47x
Surgicenters / Rehabilitation																	
AmSurg Corp.	AMSG	\$54.01	13.1%	25.9%	\$54.48	\$40.00	\$2,599	\$3,687	\$1,341.5	\$422.7	\$2.27	\$2.57	2.75x	8.7x	23.8x	21.0x	0.90x
Civitas Solutions, Inc.	CIVI	16.18	NM	NM	17.19	11.88	598	1,362	1,244.0	131.1	(0.68)	(0.16)	1.09x	10.4x	33.7x	NM	NM
Hanger, Inc.	HGR	23.93	(24.4%)	(34.8%)	40.71	19.65	823	1,358	1,060.7	156.2	1.80	1.62	1.28x	8.7x	14.5x	14.8x	1.21x
HEALTHSOUTH Corp.	HLS	40.33	5.2%	14.9%	42.41	29.82	3,539	5,165	2,336.0	584.3	2.59	2.13	2.21x	8.8x	25.7x	18.9x	2.08x
Select Medical Holdings Corporation	SEM	14.42	(7.2%)	70.0%	16.17	8.00	1,888	3,482	2,997.1	362.4	0.82	0.93	1.16x	9.6x	15.7x	15.6x	1.56x
Surgical Care Affiliates, Inc.	SCAI	30.68	4.4%	16.9%	37.69	25.69	1,180	2,047	807.4	171.1	(1.39)	0.90	2.53x	12.0x	NM	34.0x	3.09x
US Physical Therapy Inc.	USPH	43.15	23.5%	35.2%	44.00	29.16	528	590	290.2	50.6	1.46	1.69	2.03x	11.7x	29.0x	25.6x	1.62x
Median			4.8%	21.4%									2.03x	9.6x	24.7x	20.0x	1.59x

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 October 31, 2014

MARKET SECTOR	No. of Cos.	Ag. Eqty Mkt. Value	Median % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	Rev	EBITDA	LTM	2014E	
Biotechnology	66	\$612,662	15.3%	30.2%	8.18x	16.5x	33.7x	27.1x	1.1x
Cardiology Devices	19	124,200	(1.6%)	7.2%	3.84x	13.0x	23.2x	21.2x	1.7x
Conglomerates	6	527,678	8.4%	19.3%	3.17x	12.1x	23.6x	19.6x	2.3x
Dental Devices	8	20,453	3.8%	21.8%	2.88x	15.0x	29.0x	25.9x	1.8x
Diagnostic Imaging Devices	4	8,338	12.1%	16.5%	1.40x	11.7x	26.8x	19.7x	1.6x
Diversified Medical Devices	17	103,546	5.9%	22.1%	3.06x	13.9x	26.3x	22.6x	1.7x
Infection Prevention Devices	2	5,429	24.0%	28.8%	3.06x	16.0x	35.5x	30.4x	2.0x
Lab Equipment	2	7,512	(1.5%)	2.3%	1.82x	10.9x	18.8x	22.3x	1.8x
Lab Instrumentation & Devices	4	12,894	3.9%	1.3%	3.12x	13.9x	45.1x	26.0x	1.9x
Large-Cap Pharmaceuticals	7	726,586	13.0%	28.5%	5.40x	14.8x	31.5x	19.4x	2.5x
Life Science Conglomerates	3	79,280	(3.2%)	20.2%	3.84x	15.0x	26.7x	18.1x	1.5x
Life Science Consumables	6	11,597	0.0%	4.2%	2.01x	14.1x	34.4x	28.5x	1.2x
Mobility Devices	4	3,470	4.9%	7.7%	0.49x	7.4x	19.6x	10.7x	1.9x
Neural Implant Devices	2	3,064	(2.0%)	1.3%	3.42x	13.1x	23.9x	20.4x	1.5x
Ophthalmology Devices	4	8,593	3.2%	29.1%	1.73x	20.5x	39.0x	21.5x	1.4x
Orthopedics Devices	6	56,055	9.6%	20.4%	3.03x	10.5x	23.9x	18.4x	2.0x
Pharmaceuticals	29	78,686	12.9%	53.0%	3.52x	14.0x	32.4x	21.8x	1.4x
Surgical Devices	4	19,349	8.0%	24.6%	2.23x	11.0x	40.3x	31.1x	2.7x
Total / Median (\$MM)	193	\$2,409,395	5.4%	20.3%	3.06x	13.9x	27.9x	21.6x	1.7x

Source: Capital IQ

CAPITALIZATION PROFILE

	No. of Cos.	Ag. Eqty Mkt. Value	% Total No. of Cos.	% Ag. Eqty Mkt. Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	48	\$2,283,155	24.9%	94.8%	11.1%	132.3%	32.4%	80.7%
\$1 billion – \$5 billion	43	93,963	22.3%	3.9%	14.0%	132.2%	25.3%	99.6%
\$250 million – \$1 billion	56	27,214	29.0%	1.1%	12.2%	234.0%	29.9%	111.5%
\$100 million – \$250 million	25	3,612	13.0%	0.1%	(9.6%)	298.0%	6.4%	108.0%
< \$100 million	21	1,451	10.9%	0.1%	1.1%	101.7%	11.0%	29.1%
Total / Median (\$MM)	193	\$2,409,395	100.0%	100.0%	5.4%	132.3%	20.3%	99.6%

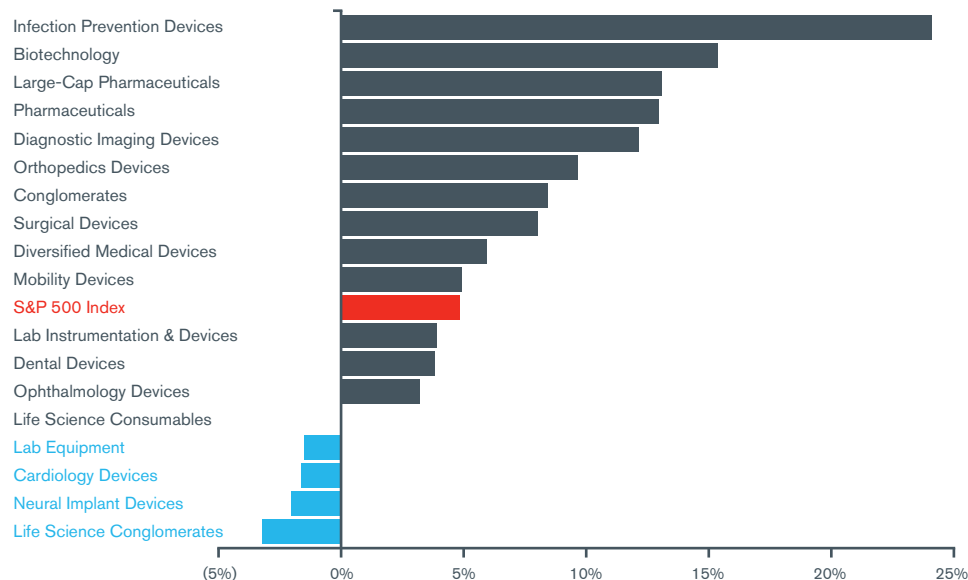
Source: Capital IQ

INTEREST RATES

	Value at 10/31/14	1 mo ago	3 mo ago	12 mo ago
LIBOR – USD – 5 Month	0.00%	0.00%	0.00%	0.00%
U.S. Treasury – 2 year	0.00%	0.58%	0.08%	0.31%
U.S. Treasury – 5 years	1.61%	1.78%	1.76%	1.32%
U.S. Treasury – 10 years	2.33%	2.51%	2.56%	2.54%
U.S. Treasury – 30 years	3.06%	3.21%	3.31%	3.31%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median % Change – 3 months



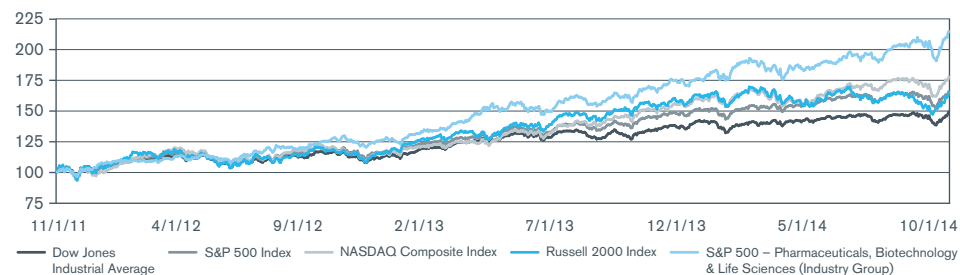
Source: Capital IQ

MARKET INDICES

	Value at 10/31/14	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$17,390.5	5.4%	4.9%	11.4%	49.2%
S&P 500 Index	2,018.1	4.8%	9.2%	14.6%	65.6%
NASDAQ Composite Index	4,630.7	6.4%	10.9%	18.1%	77.6%
Russell 2000 Index	1,173.5	5.3%	0.8%	7.1%	64.4%
S&P Life Science Tools & Services (Industry) Index	282.5	(1.6%)	3.4%	13.0%	96.3%
S&P 500 Pharmaceuticals (Industry) Index	573.0	8.8%	17.1%	20.6%	83.6%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	682.6	12.7%	23.3%	28.8%	121.6%
S&P 500 Biotechnology (Industry) Index	3,854.2	19.8%	37.5%	45.3%	249.9%
Dow Jones U.S. Medical Equipment Index	877.7	5.7%	16.2%	20.8%	88.9%
S&P 500 – Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	761.8	11.5%	22.0%	27.0%	114.5%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Biotechnology																	
Acceleron Pharma, Inc.	XLRN	\$36.98	24.8%	64.1%	\$57.89	\$16.78	\$1,176	\$972	\$22.4	(\$38.3)	(\$4.15)	(\$1.50)	NM	NM	NM	NM	NM
Acorda Therapeutics, Inc.	ACOR	34.82	19.0%	13.8%	39.95	27.51	1,454	974	376.2	56.9	0.39	1.56	2.59x	17.1x	63.4x	22.3x	0.92x
Adamas Pharmaceuticals, Inc.	ADMS	15.23	(4.3%)	NM	21.63	12.02	255	111	65.7	36.7	3.51	0.16	1.68x	3.0x	5.7x	95.5x	NM
Affimed N.V.	ADMS	4.72	NM	NM	7.00	3.55	113	228	8.9	(13.1)	(2.25)	(1.30)	25.51x	NM	NM	NM	NM
Akebia Therapeutics, Inc.	AKBA	12.96	(41.5%)	NM	31.00	11.85	263	138	-	-	(1.31)	(19.19)	NA	NA	NM	NM	NM
Alexion Pharmaceuticals, Inc.	ALXN	191.36	20.4%	55.6%	197.23	113.14	37,944	36,319	2,076.2	879.4	1.27	5.09	17.49x	41.3x	79.6x	37.6x	1.14x
Alkermes plc	ALKS	50.55	18.2%	43.6%	54.25	34.82	7,392	7,179	579.0	13.5	0.16	0.28	12.40x	NM	NM	NM	NM
Amarin Corporation plc	AMRN	0.94	(47.7%)	(43.0%)	2.75	0.89	163	220	47.8	(105.0)	(1.28)	(0.54)	4.60x	NM	NM	NM	NM
Amgen Inc.	AMGN	162.18	27.3%	39.6%	164.65	108.20	123,365	128,270	19,743.0	8,435.0	6.64	8.59	6.50x	15.2x	25.5x	18.9x	1.81x
Atara Biotherapeutics, Inc.	ATRA	19.18	NM	NM	20.87	10.10	372	316	-	(17.6)	(1.28)	NM	NA	NM	NM	NM	NM
Athersys, Inc.	ATHX	1.54	(4.3%)	(9.9%)	4.33	1.08	119	80	2.6	(25.8)	(0.53)	(0.35)	NM	NM	NM	NM	NM
Auspex Pharmaceuticals, Inc.	ASPX	27.10	48.8%	NM	35.78	13.25	741	644	-	(23.5)	(371.13)	(1.94)	NA	NM	NM	NM	NM
Avalanche Biotechnologies, Inc.	AAVL	35.88	NM	NM	36.99	22.00	799	806	0.2	(8.7)	(0.74)	(1.52)	NM	NM	NM	NM	NM
Bio Blast Pharma Ltd.	ORPN	5.50	NM	NM	10.00	5.00	78	74	-	-	(0.14)	(0.38)	NA	NA	NM	NM	NM
Biogen Idec Inc.	BIIB	321.08	(4.0%)	31.5%	358.89	230.25	75,825	74,554	9,028.5	4,089.8	7.81	13.54	8.26x	18.2x	30.4x	23.7x	1.04x
BioSpecifics Technologies Corp.	BSTC	40.12	53.5%	114.5%	42.00	17.57	260	243	12.6	6.5	0.76	0.67	19.26x	37.6x	66.0x	60.3x	NM
Calithera Biosciences, Inc.	CALA	9.42	NM	NM	11.70	6.51	168	141	-	(16.8)	(3.03)	(1.82)	NA	NM	NM	NM	NM
Cara Therapeutics Inc.	CARA	9.01	(29.3%)	NM	23.25	7.53	204	141	3.1	(12.0)	(0.74)	(0.88)	NM	NM	NM	NM	NM
Celgene Corporation	CELG	107.09	22.9%	44.2%	109.25	66.85	85,533	85,510	7,340.8	2,703.7	1.69	3.67	11.65x	31.6x	56.1x	29.2x	1.15x
Cepheid	CPHD	53.01	40.8%	30.2%	55.89	36.94	3,722	3,698	451.9	0.8	(0.27)	0.13	8.18x	NM	NM	NM	NM
ContraFect Corporation	CFRX	3.26	NM	NM	5.20	2.90	65	116	-	(13.9)	(4.24)	(0.99)	NA	NM	NM	NM	NM
Cubist Pharmaceuticals Inc.	CBST	72.29	18.7%	16.6%	82.12	58.50	5,495	5,688	1,164.5	201.4	(0.27)	1.49	4.88x	28.2x	83.9x	48.7x	2.06x
Curis, Inc.	CRIS	1.31	(32.5%)	(67.2%)	4.01	1.19	113	87	14.8	(10.5)	(0.15)	(0.18)	5.86x	NM	NM	NM	NM
Dicerna Pharmaceuticals, Inc.	DRNA	9.37	(37.6%)	NM	46.00	9.24	166	66	-	(36.5)	(709.57)	(2.11)	NA	NM	NM	NM	NM
Dyadic International, Inc.	DYAI	1.50	(11.8%)	(11.8%)	1.87	1.25	47	50	13.6	(3.9)	(0.01)	NM	3.70x	NM	NM	NM	NM
Emergent BioSolutions, Inc.	EBS	22.62	2.8%	15.8%	28.48	18.28	848	931	400.3	80.6	0.85	0.84	2.32x	11.6x	62.4x	27.1x	0.87x
Exelixis, Inc.	EXEL	1.70	(57.8%)	(65.5%)	8.41	1.35	332	447	22.1	(229.5)	(1.33)	(1.48)	20.23x	NM	NM	NM	NM
Forward Pharma A/S	FWP	21.69	NM	NM	22.60	17.50	994	993	-	(13.1)	(9.53)	NM	NA	NM	NM	NM	NM
Genomic Health Inc.	GHDX	36.34	42.6%	21.5%	37.75	23.90	1,146	1,040	275.4	(19.4)	(0.42)	(0.77)	3.78x	NM	NM	NM	NM
Gilead Sciences Inc.	GILD	112.00	22.3%	57.4%	116.83	63.50	169,522	170,729	20,695.6	12,982.7	1.81	7.94	8.25x	13.2x	20.0x	14.1x	0.47x
GlycoMimetics, Inc.	GLYC	7.13	(12.9%)	NM	18.99	6.02	135	73	15.1	(7.4)	(8.87)	(0.56)	4.86x	NM	NM	NM	NM
Immunomedics Inc.	IMMU	3.95	21.9%	4.2%	6.17	3.04	368	326	4.6	(42.2)	(0.17)	(0.43)	NM	NM	NM	NM	NM
Immune Design Corp.	IMDZ	30.99	158.3%	NM	33.11	11.51	523	593	1.2	(18.3)	(2.28)	(20.73)	NM	NM	NM	NM	NM
INSYS Therapeutics, Inc.	INSY	40.68	50.5%	53.0%	57.91	20.52	1,404	1,349	166.7	56.4	1.41	1.49	8.09x	23.9x	28.3x	27.4x	1.07x
Ligand Pharmaceuticals Incorporated	LGND	55.27	12.4%	6.8%	80.42	41.99	1,107	1,112	56.3	19.8	0.43	0.53	19.77x	NM	NM	NM	NM
Loxo Oncology, Inc.	LOXO	10.79	NM	NM	16.45	10.00	179	196	-	-	(6.37)	(1.07)	NA	NA	NM	NM	NM
MacroCure Ltd.	MCUR	7.53	NM	NM	10.20	6.82	122	111	-	(18.6)	(2.46)	(1.61)	NA	NM	NM	NM	NM

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

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Biotechnology (cont.)																	
Momenta Pharmaceuticals Inc.	MNTA	\$10.91	2.5%	(33.4%)	\$19.90	\$9.38	\$562	\$359	\$43.8	(\$104.6)	(\$2.13)	(\$1.62)	8.20x	NM	NM	NM	NM
Myriad Genetics Inc.	MYGN	39.49	9.4%	61.9%	42.50	20.02	2,883	2,696	744.6	247.5	2.32	1.81	3.62x	10.9x	17.6x	21.8x	1.92x
Neurocrine Biosciences Inc.	NBIX	18.52	36.4%	96.4%	20.29	8.57	1,406	1,211	0.7	(54.7)	(0.69)	(0.78)	NM	NM	NM	NM	NM
Ocular Therapeutix, Inc.	OCUL	15.27	18.7%	NM	16.97	11.90	326	395	0.1	(19.2)	(0.91)	(2.17)	NM	NM	NM	NM	NM
Osiris Therapeutics, Inc.	OSIR	13.63	(7.9%)	2.4%	18.41	11.80	468	416	48.6	(1.3)	(0.03)	(0.08)	8.56x	NM	NM	NM	NM
Otonomy, Inc.	OTIC	26.35	NM	NM	28.20	15.19	536	468	-	(32.4)	(4.42)	(3.08)	NA	NM	NM	NM	NM
Paratek Pharmaceuticals, Inc.	PRTK	17.00	NM	NM	17.00	16.20	27	135	0.6	(5.7)	(12.49)	NM	NM	NM	NM	NM	NM
PDL BioPharma, Inc.	PDLI	8.53	(9.1%)	5.4%	10.26	7.22	1,370	1,661	439.1	435.1	1.66	2.08	3.78x	3.8x	5.2x	4.1x	NM
Pfenex Inc.	PFNX	8.12	38.8%	NM	8.47	5.28	165	279	12.0	(6.2)	(0.37)	(3.41)	23.16x	NM	NM	NM	NM
ProMetic Life Sciences Inc.	PLI	1.46	29.4%	67.7%	1.63	0.66	777	798	19.9	(20.7)	(0.03)	(0.02)	NM	NM	NM	NM	NM
ProQR Therapeutics N.V.	PRQR	12.83	NM	NM	21.87	11.00	285	292	0.0	(12.5)	(0.81)	(1.30)	NM	NM	NM	NM	NM
Prosensa Holding N.V.	RNA	11.79	19.5%	212.7%	13.75	3.43	426	341	26.4	(11.5)	(0.71)	(0.76)	12.91x	NM	NM	NM	NM
Proteon Therapeutics, Inc.	PRTO	10.00	NM	NM	10.44	10.00	150	125	-	(8.1)	(3.07)	NM	NA	NM	NM	NM	NM
Regeneron Pharmaceuticals, Inc.	REGN	393.72	24.5%	36.9%	410.18	257.69	39,800	39,501	2,627.6	853.0	3.81	10.22	15.03x	46.3x	NM	38.5x	1.72x
Roka Bioscience, Inc.	ROKA	9.90	(1.3%)	NM	13.00	8.51	175	287	4.4	(27.8)	(3.26)	(1.99)	NM	NM	NM	NM	NM
Sage Therapeutics, Inc.	SAGE	39.12	38.6%	NM	41.01	0.00	1,006	1,049	-	(22.2)	(1.92)	(2.34)	NA	NM	NM	NM	NM
Spectrum Pharmaceuticals, Inc.	SPPI	7.58	7.7%	(11.9%)	10.32	6.36	498	456	176.5	(12.1)	(1.02)	(0.54)	2.59x	NM	NM	NM	NM
T2 Biosystems, Inc.	TTOO	16.15	NM	NM	24.50	13.40	324	430	0.1	(26.9)	(1.53)	(3.06)	NM	NM	NM	NM	NM
Targacept, Inc.	TRGT	2.34	(16.1%)	(50.7%)	6.11	2.25	79	(17.9)	0.2	(37.2)	(1.39)	(1.07)	NM	0.5x	NM	NM	NM
Theravance Inc.	THRX	16.02	(26.2%)	(56.3%)	40.82	15.56	1,804	2,199	2.9	(174.9)	(1.67)	(1.32)	NM	NM	NM	NM	NM
Tokai Pharmaceuticals, Inc.	TKAI	15.42	NM	NM	30.00	9.67	337	316	-	(19.3)	(1.29)	(2.55)	NA	NM	NM	NM	NM
Ultragenyx Pharmaceutical Inc.	RARE	47.01	7.6%	NM	69.77	32.02	1,490	1,337	-	(40.8)	(14.87)	(2.06)	NA	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	130.97	44.0%	48.0%	136.93	84.63	6,222	5,746	1,231.2	362.8	3.28	6.24	4.67x	15.8x	36.9x	21.0x	2.38x
Vanda Pharmaceuticals, Inc.	VNDA	12.01	(18.3%)	67.7%	19.25	5.70	467	411	43.6	(54.0)	(0.67)	(1.72)	9.44x	NM	NM	NM	NM
Vascular Biogenics Ltd.	VBLT	6.72	NM	NM	7.40	5.25	133	153	-	(15.8)	(1.31)	(1.10)	NA	NM	NM	NM	NM
Versartis, Inc.	VSAR	19.91	(2.4%)	NM	36.86	16.15	482	289	-	(36.0)	(1.99)	(4.05)	NA	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	112.64	26.7%	57.9%	116.88	58.06	27,060	26,351	787.0	(453.4)	(1.98)	(2.02)	NM	NM	NM	NM	NM
Vital Therapies, Inc.	VTL	17.26	(24.6%)	NM	35.20	10.66	411	320	-	(41.9)	(74.86)	(3.92)	NA	NM	NM	NM	NM
Zafgen, Inc.	ZFGN	21.30	21.7%	NM	21.96	16.01	484	357	-	(17.8)	(1.05)	(3.68)	NA	NM	NM	NM	NM
Median			15.3%	30.2%									8.18x	16.47x	33.67x	27.09x	1.15x
Cardiology Devices																	
ABIOMED, Inc.	ABMD	\$32.79	28.1%	36.6%	\$32.99	\$20.29	\$1,327	\$1,231	\$197.4	\$13.3	\$0.19	\$0.53	6.24x	NM	NM	61.5x	1.45x
AngioDynamics Inc.	ANGO	17.00	16.4%	8.1%	19.00	13.06	604	730	354.3	48.5	(0.07)	0.65	2.06x	15.1x	NM	26.0x	1.98x
Boston Scientific Corporation	BSX	13.28	3.9%	13.6%	14.08	11.10	17,605	21,611	7,331.0	1,638.0	(0.09)	0.83	2.95x	13.2x	63.0x	16.1x	1.65x
Cardiovascular Systems Inc.	CSII	31.00	14.8%	2.3%	37.73	23.15	976	861	148.2	(33.4)	(1.19)	(1.25)	5.81x	NM	NM	NM	NM

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

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Cardiology Devices (cont.)																	
CareDx, Inc	CDNA	\$5.88	(39.4%)	NM	\$10.89	\$5.40	\$69	\$231	\$24.4	\$1.5	(\$0.48)	(\$0.37)	9.47x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	120.92	34.0%	85.5%	122.00	60.62	12,935	12,031	2,240.9	526.5	3.44	3.38	5.37x	22.9x	16.9x	35.8x	2.71x
Greatbatch, Inc.	GB	50.19	1.4%	31.7%	51.64	35.73	1,250	1,379	694.7	123.8	1.43	2.36	1.98x	11.1x	25.5x	21.2x	1.93x
Heartware International Inc.	HTWR	77.12	(8.4%)	6.2%	105.84	70.16	1,312	1,245	258.3	(21.5)	(3.69)	(2.21)	4.82x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	7.32	(9.7%)	(9.0%)	8.96	6.48	127	108	69.6	8.6	0.20	0.20	1.56x	12.6x	45.7x	35.8x	1.71x
Lombard Medical, Inc.	EVAR	6.99	16.1%	NM	11.34	5.31	113	54	10.8	(31.7)	(2.14)	(2.52)	5.03x	NM	NM	NM	NM
Medtronic, Inc.	MDT	68.16	10.4%	18.7%	68.41	53.33	66,764	65,593	17,083.0	5,613.0	3.51	3.99	3.84x	11.7x	23.0x	17.1x	2.29x
Neovasc Inc.	NVC	5.85	(3.6%)	82.7%	6.96	2.72	314	292	14.2	(9.7)	(0.13)	(0.11)	20.50x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.27	83.3%	(46.1%)	0.52	0.10	91	82	0.0	(23.3)	(0.08)	(0.06)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	64.17	(1.6%)	11.8%	71.90	54.80	18,269	20,839	5,605.0	1,741.0	2.49	3.98	3.72x	12.0x	21.2x	16.1x	1.59x
Stereotaxis Inc.	STXS	1.98	(40.0%)	(54.7%)	6.34	1.82	40	47	34.3	(7.3)	(5.95)	NM	1.38x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	4.85	(2.6%)	(54.0%)	11.49	4.15	82	46	0.1	(25.9)	(1.71)	(1.54)	NM	NM	NM	NM	NM
Thoratec Corp.	THOR	27.18	(16.4%)	(37.1%)	43.50	22.50	1,530	1,239	477.8	95.0	1.26	1.30	2.59x	13.0x	23.2x	20.9x	1.75x
TriVascular Technologies, Inc.	TRIV	13.25	(3.6%)	NM	17.99	11.15	269	217	26.6	(47.7)	(5.01)	(3.24)	8.17x	NM	NM	NM	NM
Volcano Corporation	VOLC	10.12	(38.7%)	(47.2%)	24.62	9.89	521	727	395.1	15.7	(0.63)	(0.20)	1.84x	46.2x	NM	NM	NM
Median			(1.6%)	7.2%									3.84x	13.0x	23.2x	21.2x	1.75x
Conglomerates																	
3M Company	MMM	\$153.77	9.1%	22.2%	\$154.44	\$123.61	\$98,539	\$103,231	\$31,671.0	\$8,467.0	\$6.72	\$7.48	3.26x	12.2x	21.1x	20.6x	1.78x
Agilent Technologies Inc.	A	55.28	(1.4%)	8.9%	61.22	49.80	18,437	18,265	6,894.0	1,336.0	2.17	3.01	2.65x	13.7x	26.9x	18.3x	1.75x
Becton, Dickinson and Company	BDX	128.70	10.7%	22.4%	130.21	104.60	24,694	26,024	8,446.0	2,156.7	4.69	6.36	3.08x	12.1x	26.1x	20.2x	2.18x
Covidien plc	COV	92.44	6.9%	44.2%	95.29	60.71	41,760	45,640	10,659.0	2,742.3	3.31	4.10	4.28x	16.6x	28.0x	22.5x	2.40x
Johnson & Johnson	JNJ	107.78	7.7%	16.4%	108.77	86.09	301,688	283,954	74,432.0	25,171.0	4.81	5.96	3.81x	11.3x	17.8x	18.1x	2.90x
Kimberly-Clark Corporation	KMB	114.27	10.0%	5.8%	114.82	102.53	42,560	48,396	21,368.0	4,448.0	5.53	6.00	2.26x	10.9x	20.2x	19.0x	2.84x
Median			8.4%	19.3%									3.17x	12.1x	23.6x	19.6x	2.29x
Dental Devices																	
COLTENE Holding AG	CLTN	\$62.29	3.5%	20.3%	\$62.34	\$45.35	\$263	\$279	\$181.6	\$27.9	\$3.51	\$3.64	1.54x	10.0x	18.4x	17.1x	1.41x
DENTSPLY International Inc.	XRAY	50.77	9.4%	7.8%	50.99	42.99	7,185	8,468	2,957.2	583.6	2.16	2.52	2.86x	14.5x	23.5x	20.2x	2.11x
Nobel Biocare Holding AG	NOBN	17.66	0.4%	6.6%	19.17	12.31	2,162	2,072	714.6	125.5	0.48	0.54	2.90x	16.5x	34.6x	32.8x	1.82x
Orthofix International N.V.	OFIX	29.35	(11.2%)	43.2%	36.90	19.69	541	535	398.5	53.4	(0.80)	1.14	1.34x	10.0x	NM	25.9x	3.03x
Osstem Implant Co., Ltd.	A048260	40.53	21.3%	59.2%	43.04	19.24	576	592	227.5	33.2	0.66	1.34	2.60x	17.8x	55.8x	36.5x	NM
Sirona Dental Systems Inc.	SIRO	78.55	(2.1%)	8.7%	84.95	66.30	4,537	4,322	1,159.7	287.5	2.72	3.72	3.73x	15.0x	26.0x	21.1x	1.82x
Straumann Holding AG	STMN	246.02	4.1%	23.4%	246.23	163.12	3,822	3,676	771.4	170.4	7.30	8.85	4.77x	21.6x	32.1x	27.8x	1.86x
Tornier N.V.	TRNX	27.95	34.8%	29.9%	28.53	15.17	1,367	1,405	335.9	23.3	(0.79)	(0.52)	4.18x	NM	NM	NM	NM
Median			3.8%	21.8%									2.88x	15.0x	29.0x	25.9x	1.84x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E		
Orthopedics Devices																		
Exactech Inc.	EXAC	\$21.30	(6.3%)	(6.2%)	\$26.52	\$19.87	\$293	\$308	\$246.6	\$44.2	\$1.12	\$1.15	1.25x	7.0x	18.7x	18.6x	1.24x	
NuVasive, Inc.	NUVA	40.90	9.4%	28.7%	42.44	30.11	1,924	1,989	748.9	113.4	0.17	1.13	2.66x	17.5x	NM	36.4x	2.67x	
Stryker Corporation	SYK	87.53	9.7%	18.5%	88.21	71.22	33,114	32,399	9,525.0	1,748.0	2.63	4.75	3.40x	18.5x	52.1x	18.4x	2.30x	
Symmetry Medical, Inc.	SMA	9.90	12.4%	22.2%	11.11	7.69	372	518	402.7	50.8	(0.99)	0.55	1.29x	10.2x	NM	18.1x	1.09x	
Wright Medical Group Inc.	WMGI	31.62	2.6%	16.3%	33.80	26.40	1,562	1,527	280.0	(76.8)	(6.19)	(1.36)	5.45x	NM	NM	NM	NM	
Zimmer Holdings, Inc.	ZMH	111.24	11.2%	27.2%	111.29	87.30	18,790	18,470	4,691.1	1,759.9	4.43	6.05	3.94x	10.5x	23.9x	18.4x	2.05x	
Median			9.6%	20.4%									3.03x	10.5x	23.9x	18.4x	2.05x	
Diagnostic Imaging Devices																		
Analogic Corporation	ALOG	\$72.94	1.4%	(20.9%)	\$99.97	\$63.28	\$906	\$791	\$517.5	\$56.0	\$2.58	\$3.71	1.53x	14.1x	26.8x	19.7x	1.46x	
Digirad Corporation	DRAD	4.30	30.3%	29.1%	4.85	3.03	80	58	54.0	5.2	0.01	0.17	1.08x	11.1x	33.5x	25.3x	1.58x	
Fonar Corp.	FONR	12.62	22.8%	15.9%	27.95	9.32	78	100	78.8	15.7	1.60	NM	1.27x	6.4x	7.9x	NM	NM	
Hologic Inc.	HOLX	26.19	0.5%	17.1%	26.75	19.25	7,275	10,913	2,530.7	886.0	(4.37)	1.49	4.31x	12.3x	NM	17.6x	2.11x	
Median			12.1%	16.5%									1.40x	11.7x	26.8x	19.7x	1.58x	
Mobility Devices																		
Hill-Rom Holdings, Inc.	HRC	\$44.48	12.9%	7.7%	\$44.85	\$34.94	\$2,552	\$2,735	\$1,686.1	\$266.1	\$1.57	\$2.37	1.62x	10.3x	36.8x	18.8x	1.94x	
Invacare Corporation	IVC	15.71	4.9%	(26.8%)	25.96	11.65	505	501	1,300.7	0.9	(1.60)	(1.66)	0.38x	NM	NM	NM	NM	
Prism Medical Ltd.	PM	7.08	(1.0%)	40.7%	7.53	4.27	64	36	73.0	7.8	0.50	2.66	0.49x	4.6x	2.4x	2.7x	NM	
ReWalk Robotics Ltd.	RWLK	30.65	NM	NM	43.71	11.50	349	353	1.7	(11.7)	(2.80)	(1.50)	NM	NM	NM	NM	NM	
Median			4.9%	7.7%									0.49x	7.4x	19.6x	10.7x	1.94x	
Infection Prevention Devices																		
Cantel Medical Corp.	CMN	\$42.40	26.5%	20.8%	\$42.92	\$29.60	\$1,758	\$1,806	\$484.9	\$93.2	\$1.00	\$1.09	3.73x	19.4x	40.8x	38.9x	2.16x	
Steris Corp.	STE	61.80	21.5%	36.8%	61.96	39.90	3,672	4,175	1,738.8	331.9	2.22	2.83	2.40x	12.6x	30.3x	21.9x	1.87x	
Median			24.0%	28.8%									3.06x	16.0x	35.5x	30.4x	2.02x	
Neural Implant Devices																		
Cyberonics Inc.	CYBX	\$52.50	(11.7%)	(9.1%)	\$73.52	\$49.23	\$1,398	\$1,265	\$285.1	\$94.2	\$1.74	\$2.23	4.44x	13.4x	23.9x	23.5x	1.45x	
Integra LifeSciences Holdings Corporation	IART	51.11	7.8%	11.6%	51.32	39.74	1,666	2,162	896.9	169.5	(0.60)	2.95	2.41x	12.8x	NM	17.3x	1.53x	
Median			(2.0%)	1.3%									3.42x	13.1x	23.9x	20.4x	1.49x	
Ophthalmology Devices																		
IRIDEX Corporation	IRIX	\$7.71	(0.1%)	29.1%	\$11.00	\$6.25	\$76	\$63	\$41.6	\$2.6	\$0.22	\$0.18	1.51x	24.3x	48.0x	42.8x	1.43x	
Lumenis Ltd.	LMNS	9.29	4.6%	NM	13.38	8.16	331	287	277.2	26.9	0.58	0.53	1.04x	10.7x	36.2x	17.5x	0.82x	

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Ophthalmology Devices (cont.)																	
Optos plc	OPTS	\$3.76	18.7%	49.8%	\$3.77	\$2.36	\$273	\$307	\$157.9	\$11.7	\$0.09	\$0.18	1.94x	26.2x	41.7x	21.1x	NM
The Cooper Companies Inc.	COO	163.90	1.9%	26.8%	166.52	116.95	7,913	8,107	1,661.6	483.7	5.93	7.50	4.88x	16.8x	27.2x	21.9x	1.40x
Median			3.2%	29.1%									1.73x	20.5x	39.0x	21.5x	1.40x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$1.52	8.6%	(16.5%)	\$2.53	\$1.16	\$149	\$231	\$204.9	\$21.0	(\$0.85)	(\$0.01)	1.13x	11.0x	NM	NM	NM
Bovie Medical Corporation	BVX	3.94	0.5%	49.2%	5.00	1.94	71	70	26.3	(3.5)	(0.40)	(0.57)	2.66x	NM	NM	NM	NM
CONMED Corporation	CNMD	41.99	7.7%	15.8%	50.47	35.55	1,156	1,339	742.9	124.1	1.28	1.93	1.80x	10.8x	37.5x	21.8x	1.68x
Intuitive Surgical, Inc.	ISRG	495.80	8.4%	33.5%	541.23	346.46	17,974	16,959	2,103.2	720.0	16.73	12.29	8.06x	23.6x	43.1x	40.3x	3.68x
Median			8.0%	24.6%									2.23x	11.0x	40.3x	31.1x	2.68x
Diversified Medical Devices																	
Abaxis, Inc.	ABAX	\$52.66	11.1%	47.4%	\$53.98	\$33.62	\$1,186	\$1,081	\$184.3	\$34.8	\$0.76	\$0.87	5.87x	31.1x	69.3x	60.6x	3.31x
AtriCure, Inc.	ATRC	17.44	5.9%	25.9%	23.00	13.19	479	420	99.5	(18.9)	(0.56)	(0.71)	4.22x	NM	NM	NM	NM
Baxter International Inc.	BAX	70.14	(6.1%)	6.5%	77.31	64.78	38,014	45,233	16,813.0	4,187.0	3.66	4.95	2.69x	10.8x	20.9x	14.2x	1.97x
CareFusion Corporation	CFN	57.37	31.0%	48.0%	58.00	37.10	11,674	11,815	3,934.0	880.0	1.68	2.52	3.00x	13.4x	29.3x	22.7x	1.96x
CR Bard Inc.	BCR	163.97	9.9%	20.4%	164.91	125.00	12,281	12,712	3,218.3	922.4	8.39	7.59	3.95x	13.8x	15.7x	21.6x	1.76x
CryoLife Inc.	CRY	10.26	4.2%	14.1%	12.14	8.40	287	257	141.9	16.0	0.57	0.24	1.81x	16.1x	20.4x	42.8x	1.43x
Hospira Inc.	HSP	53.70	(3.2%)	32.5%	56.78	38.11	9,061	10,033	4,421.6	704.8	(0.05)	2.37	2.27x	14.2x	51.8x	22.6x	1.89x
IDEXX Laboratories, Inc.	IDXX	141.67	13.8%	31.3%	144.51	101.33	6,755	7,187	1,487.9	343.9	3.48	3.82	4.83x	20.9x	36.8x	37.1x	2.56x
Masimo Corporation	MASI	25.24	4.8%	(1.5%)	32.20	19.30	1,323	1,330	556.0	95.9	1.02	1.23	2.39x	13.9x	23.4x	20.5x	1.24x
Misonix Inc.	MSON	13.36	99.4%	219.6%	14.90	3.86	99	92	18.5	(0.5)	(0.37)	0.34	4.99x	NM	89.1x	39.3x	1.31x
Natus Medical Inc.	BABY	34.00	18.2%	72.3%	35.05	18.29	1,077	1,028	352.5	65.0	0.74	1.25	2.92x	15.8x	35.6x	27.3x	1.70x
PhotoMedex, Inc.	PHMD	3.84	(64.4%)	(69.6%)	16.82	3.65	73	123	219.4	(5.5)	0.89	(0.79)	0.56x	NM	NM	NM	NM
ResMed Inc.	RMD	52.22	0.9%	0.9%	53.92	41.52	7,282	6,776	1,577.7	483.4	2.23	2.53	4.29x	14.0x	21.7x	20.7x	1.62x
Sientra, Inc.	SIEN	17.80	NM	NM	18.84	16.15	252	255	39.2	(6.6)	(2.08)	NM	6.52x	NM	NM	NM	NM
SurModics, Inc.	SRDX	21.65	14.0%	(8.2%)	25.99	18.00	294	254	57.4	21.3	0.96	0.96	4.42x	11.9x	22.5x	22.6x	1.36x
Teleflex Incorporated	TFX	114.12	5.9%	23.8%	114.51	90.15	4,726	5,507	1,801.9	405.1	3.46	5.70	3.06x	13.6x	30.2x	20.0x	1.68x
Varian Medical Systems, Inc.	VAR	84.12	2.4%	15.9%	87.85	71.98	8,681	8,203	3,049.8	657.6	4.03	3.99	2.69x	12.5x	22.0x	21.1x	2.10x
Median			5.9%	22.1%									3.06x	13.9x	26.3x	22.6x	1.73x
Life Science Conglomerates																	
Illumina Inc.	ILMN	\$192.58	20.4%	105.9%	\$197.37	\$91.03	\$27,346	\$27,356	\$1,736.3	\$516.9	\$0.90	\$2.64	15.76x	NM	NM	72.8x	3.26x
PerkinElmer Inc.	PKI	43.42	(6.1%)	14.1%	48.26	36.28	4,903	5,559	2,229.3	421.2	1.48	2.40	2.49x	13.2x	25.1x	18.1x	1.48x
Thermo Fisher Scientific, Inc.	TMO	117.57	(3.2%)	20.2%	127.63	95.52	47,031	60,970	15,863.7	3,641.0	3.50	6.91	3.84x	16.7x	28.3x	17.0x	1.25x
Median			(3.2%)	20.2%									3.84x	15.0x	26.7x	18.1x	1.48x

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			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Lab Instrumentation & Devices																	
Bruker Corporation	BRKR	\$20.73	(8.8%)	1.3%	\$24.93	\$17.75	\$3,484	\$3,387	\$1,853.0	\$239.1	\$0.48	\$0.80	1.83x	14.2x	45.1x	26.0x	1.88x
Great Basin Scientific, Inc.	GBSN	5.60	NM	NM	9.08	4.60	28	32	1.3	(9.4)	(104.71)	NM	25.26x	NM	NM	NM	NM
Harvard Bioscience Inc.	HBIO	4.80	3.9%	(17.9%)	5.99	3.68	155	128	106.2	10.0	0.02	0.14	1.21x	12.8x	78.9x	35.6x	1.78x
Waters Corporation	WAT	110.80	7.1%	9.8%	115.06	93.56	9,227	8,711	1,970.9	628.1	5.20	5.39	4.42x	13.9x	22.4x	20.5x	2.11x
Median			3.9%	1.3%									3.12x	13.9x	45.1x	26.0x	1.88x
Lab Equipment																	
Kewaunee Scientific Corp.	KEQU	\$17.40	(3.4%)	0.2%	\$18.75	\$14.81	\$46	\$51	\$109.7	\$7.9	\$1.57	NM	0.47x	6.5x	13.0x	NM	NM
Mettler-Toledo International Inc.	MTD	258.47	0.5%	4.4%	274.48	221.00	7,467	7,827	2,472.8	511.2	9.96	11.58	3.17x	15.3x	24.7x	22.3x	1.75x
Median			(1.5%)	2.3%									1.82x	10.9x	18.8x	22.3x	1.75x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$9.01	4.8%	27.4%	\$9.80	\$6.25	\$663	\$724	\$348.1	\$25.7	(\$0.23)	\$0.25	2.08x	28.1x	NM	36.4x	1.16x
Bio-Rad Laboratories, Inc.	BIO	112.82	(1.9%)	(8.7%)	134.13	105.30	3,257	3,047	2,179.5	309.7	2.69	3.97	1.40x	9.8x	53.4x	28.5x	2.85x
Cambrex Corporation.	CBM	21.08	0.0%	25.3%	23.88	15.20	647	681	348.9	70.9	0.98	1.20	1.95x	9.6x	16.7x	17.6x	0.99x
Luminex Corporation	LMNX	19.00	4.4%	(2.6%)	21.69	15.74	814	725	224.0	41.9	0.17	0.56	3.23x	17.3x	37.4x	34.2x	1.04x
Bio-Techne Corp.	TECH	91.05	(2.4%)	4.2%	97.15	82.51	3,370	3,364	380.1	183.2	3.09	3.53	8.85x	18.4x	31.4x	25.8x	2.06x
VWR Corporation	VWR	22.32	NM	NM	22.36	20.60	2,847	5,045	4,333.0	461.8	(0.26)	NM	1.16x	10.9x	NM	NM	NM
Median			0.0%	4.2%									2.01x	14.1x	34.4x	28.5x	1.16x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$63.46	21.2%	31.0%	\$63.99	\$45.50	\$101,120	\$105,875	\$19,619.0	\$7,211.0	\$2.56	\$3.26	5.40x	14.7x	27.6x	19.4x	1.69x
Allergan Inc.	AGN	190.06	14.6%	109.8%	192.98	88.34	56,564	54,532	7,003.2	2,330.0	4.20	6.29	7.79x	23.4x	44.4x	30.2x	1.48x
Bristol-Myers Squibb Company	BMJ	58.19	15.0%	10.8%	59.03	46.30	96,524	97,039	16,062.0	4,290.0	1.54	1.80	6.04x	22.6x	35.9x	32.4x	2.47x
Eli Lilly and Company	LLY	66.33	8.6%	33.1%	67.43	48.88	70,761	71,631	20,303.1	4,830.2	4.32	2.78	3.53x	14.8x	26.6x	23.9x	5.92x
Merck & Co. Inc.	MRK	57.94	2.1%	28.5%	61.33	44.62	167,136	176,980	43,075.0	15,460.0	1.47	3.48	4.11x	11.4x	31.5x	16.6x	2.78x
Pfizer Inc.	PFE	29.95	4.4%	(2.4%)	32.96	27.51	189,909	194,054	50,045.0	21,318.0	1.64	2.25	3.88x	9.1x	18.6x	13.3x	4.67x
Valeant Pharmaceuticals International, Inc.	VRX	132.78	13.0%	25.7%	151.09	95.50	44,572	59,975	8,043.1	3,785.4	(2.70)	8.27	7.46x	15.8x	90.5x	16.1x	0.75x
Median			13.0%	28.5%									5.40x	14.8x	31.5x	19.4x	2.47x
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$44.55	31.3%	118.0%	\$45.25	\$20.08	\$4,639	\$5,242	\$459.1	\$139.9	\$0.46	\$0.63	11.42x	37.5x	NM	70.3x	2.88x
Amphastar Pharmaceuticals, Inc.	AMPH	10.14	14.2%	NM	12.52	8.32	453	442	209.1	14.2	0.31	(0.17)	2.11x	31.1x	NM	NM	NM
Aratana Therapeutics, Inc.	PETX	11.20	(2.9%)	(43.9%)	25.50	9.20	380	324	0.6	(25.8)	(0.39)	(1.48)	NM	NM	NM	NM	NM
Auris Medical Holding AG	EARS	4.57	NM	NM	7.58	4.10	132	119	0.0	(20.7)	(1.13)	(1.05)	NA	NM	NM	NM	NM

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

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/14	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2014E
			3 mo	12 mo	High	Low			Rev	EBITDA	2013	2014E	Rev	EBITDA	LTM	2014E	
Pharmaceuticals (cont.)																	
BioDelivery Sciences International, Inc.	BDSI	\$17.40	36.5%	231.4%	\$18.48	\$4.16	\$858	\$795	\$40.4	(\$31.0)	(\$1.51)	(\$0.74)	19.69x	NM	NM	NM	NM
BioSynt Inc.	RX	9.66	32.7%	198.2%	11.36	2.66	133	128	10.1	3.4	0.12	NM	12.63x	37.3x	52.0x	NM	NM
Catalent, Inc.	CTLT	26.03	NM	NM	26.34	19.34	3,054	5,694	1,827.7	406.7	(0.23)	1.01	3.12x	14.0x	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	12.53	50.7%	65.5%	13.99	5.99	321	279	32.5	23.7	0.91	0.74	8.58x	11.8x	10.9x	16.8x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.90	5.6%	0.2%	5.41	4.20	86	32	35.7	1.9	(0.11)	NM	0.90x	16.8x	NM	NM	NM
Dermira, Inc.	DERM	15.37	NM	NM	16.77	12.68	297	240	0.0	(28.5)	(2.31)	(3.16)	NA	NM	NM	NM	NM
DURECT Corporation	DRRX	0.73	(50.7%)	(51.3%)	2.69	0.68	81	68	19.4	(20.1)	(0.21)	(0.19)	3.52x	NM	NM	NM	NM
Endo International plc	ENDP	66.92	(0.2%)	53.0%	82.16	43.63	10,270	13,249	2,662.2	748.6	(5.19)	4.09	4.98x	17.7x	NM	16.4x	2.30x
Foamix Pharmaceuticals Ltd.	FOMX	5.40	NM	NM	11.00	4.75	116	106	3.1	0.2	(0.22)	(0.37)	NM	NM	NM	NM	NM
Heska Corporation	HSKA	13.99	6.8%	130.5%	14.58	5.90	88	100	89.0	7.4	(0.21)	0.46	1.12x	13.6x	29.8x	30.4x	1.35x
Impax Laboratories Inc.	IPXL	28.97	23.9%	43.0%	31.04	20.16	2,048	1,635	565.6	117.8	1.47	1.22	2.89x	13.9x	63.9x	23.8x	1.03x
Kite Pharma, Inc.	KITE	36.99	57.4%	NM	37.50	21.00	1,417	1,214	0.0	(18.1)	(0.22)	(0.59)	NA	NM	NM	NM	NM
Lannett Company, Inc.	LCI	56.72	68.8%	140.2%	57.78	23.20	2,024	1,879	321.3	159.1	0.57	2.79	5.85x	11.8x	35.0x	20.3x	1.51x
Marinus Pharmaceuticals, Inc.	MRNS	7.50	NM	NM	10.58	5.49	104	168	0.0	(8.7)	(0.71)	(2.47)	NA	NM	NM	NM	NM
MediWound Ltd.	MDWD	5.90	(32.2%)	NM	19.31	4.60	126	52	0.1	(16.5)	(0.54)	(0.79)	NM	NM	NM	NM	NM
Merus Labs International Inc.	MSL	1.56	(36.0%)	16.2%	2.38	0.96	120	94	27.4	13.2	(0.10)	(0.02)	3.41x	7.1x	NM	NM	NM
Mylan, Inc.	MYL	53.55	8.5%	41.4%	57.52	37.43	20,030	25,573	7,445.4	1,945.3	1.58	3.56	3.43x	13.1x	23.2x	15.0x	1.13x
Radius Health, Inc.	RDUS	18.41	106.4%	NM	24.93	7.46	598	539	0.0	(56.3)	(3.97)	(3.54)	NA	NM	NM	NM	NM
Revanche Therapeutics, Inc.	RVNC	20.16	(34.3%)	NM	39.86	14.62	474	282	0.7	(39.6)	1.05	(2.70)	NM	NM	NM	NM	NM
Salix Pharmaceuticals Ltd.	SLXP	143.85	9.1%	100.5%	172.98	70.64	9,162	11,548	1,378.7	465.1	2.18	6.20	8.38x	24.8x	NM	23.2x	0.95x
SciClone Pharmaceuticals, Inc.	SCLN	7.64	58.5%	61.5%	8.23	4.24	390	303	127.0	25.3	0.20	0.56	2.39x	12.0x	18.2x	13.6x	NM
The Medicines Company	MDCO	25.32	8.3%	(25.4%)	41.28	19.92	1,646	1,519	718.4	0.7	0.25	0.65	2.11x	NM	NM	39.0x	0.67x
Vitae Pharmaceuticals, Inc.	VTAE	13.24	NM	NM	17.00	5.41	230	220	22.9	1.0	0.11	1.38	9.60x	NM	NM	9.6x	NM
Zoetis Inc.	ZTS	37.16	12.9%	17.4%	37.97	28.14	18,624	21,723	4,719.0	1,361.0	1.01	1.52	4.60x	16.0x	35.4x	24.5x	1.98x
ZS Pharma, Inc.	ZSPH	37.62	34.3%	NM	43.00	25.51	783	654	0.0	(42.6)	(3.31)	(4.23)	NA	NM	NM	NM	NM
Median			12.9%	53.0%									3.52x	14.0x	32.4x	21.8x	1.35x

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

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