



HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

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Healthcare
M&A Report
Q4 2011



Capital Markets Overview

Commentary

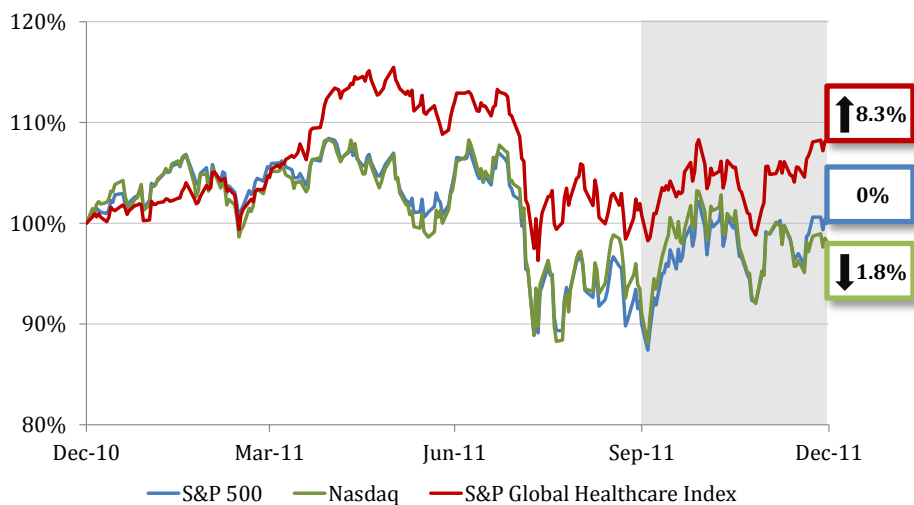
- As of December 31, 2011, major market indices including the S&P 500, Nasdaq and S&P Global Healthcare indices shown below, rallied during the recently completed 4th quarter. However, when compared to prior year levels the S&P 500 and Nasdaq remained relatively flat, while the S&P Global Healthcare index increased 8%.
- As detailed in the table on the right, the equity markets displayed overall strength and investor demand across the *Healthcare* industry as several initial public offerings were announced and successfully completed during the 4th quarter.
- In Q4 2011, the *Healthcare* industry's strongest performing sector was *Managed Healthcare*, which climbed 19% during the quarter and gained 33% for the full year 2011.

Select Public Offerings – Healthcare (Q4 2011)

(\$ in millions)

Offer Date	Issuer	Industry Sector	IPO / Secondary	Offering Size
11/16/11	Cigna Corp.	Managed Healthcare	Secondary	\$650
11/15/11	Clovis Oncology, Inc.	Biotechnology	IPO	\$130
10/18/11	ZELTIQ Aesthetics, Inc.	Healthcare Equipment & Supplies	IPO	\$91
11/14/11	Cadence Pharmaceuticals, Inc.	Pharmaceuticals	IPO	\$71
12/15/11	Acadia Healthcare Company, Inc.	Healthcare Facilities	Secondary	\$63
11/16/11	Idenix Pharmaceuticals, Inc.	Biotechnology	Secondary	\$61
11/17/11	Healthstream, Inc.	Healthcare Technology	Secondary	\$53
Pending	Cancer Genetics, Inc.	Healthcare Equipment & Supplies	IPO	\$50
11/10/11	NewLink Genetics Corp.	Biotechnology	IPO	\$43
12/15/11	MELA Sciences, Inc.	Healthcare Equipment & Supplies	Secondary	\$16

Public Market Performance (LTM)



Source: Capital IQ

Public Company Market Performance by Sector

Industry Sector	Change in Stock Price		Median Enterprise Value / LTM	
	3 Months	12 months	Revenue	EBITDA
Healthcare Facilities	9.5%	(19.5%)	1.0x	6.5x
Healthcare Services	20.1%	3.5%	1.6x	7.5x
Managed Healthcare	18.5%	32.6%	0.4x	5.2x
Healthcare Technology	(2.0%)	7.5%	3.3x	13.3x
Healthcare Equipment and Supplies	9.5%	(4.0%)	2.5x	8.4x
Healthcare Distribution	8.5%	8.6%	0.3x	7.9x



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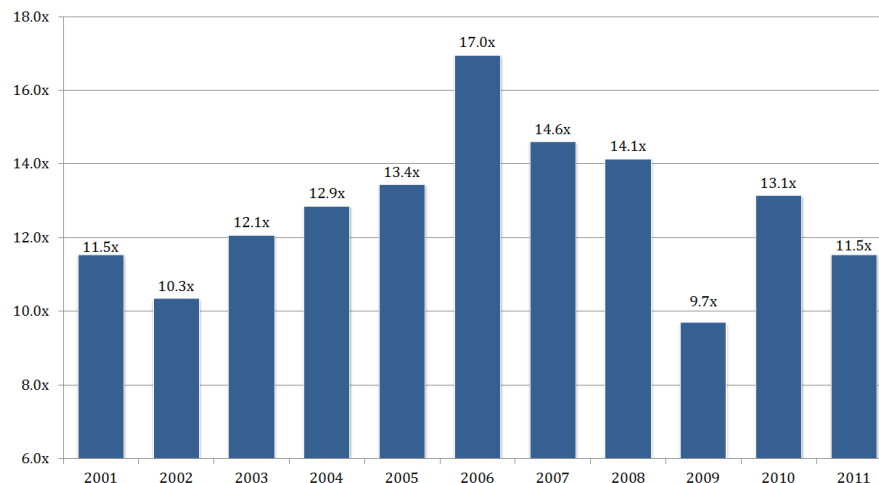
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Annual Middle Market M&A Activity - Healthcare

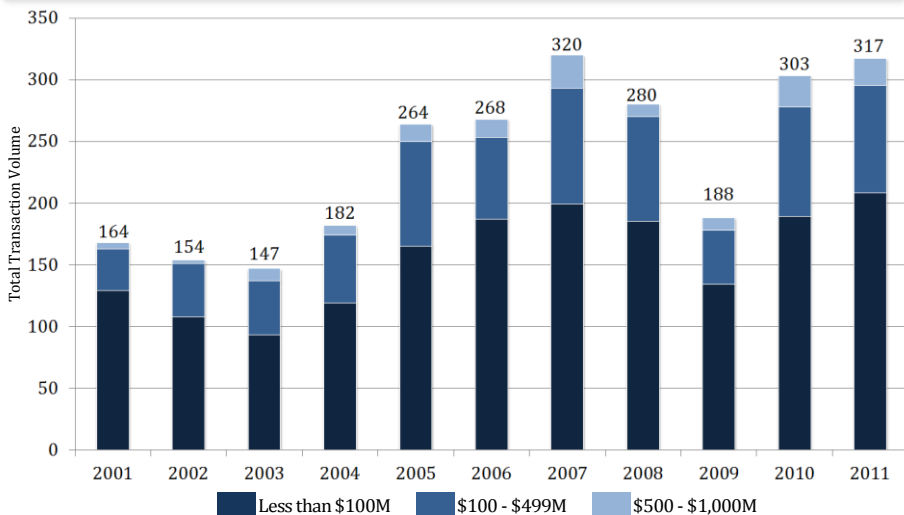
Commentary

- As detailed in the annual charts below, overall U.S. middle market M&A activity, or deal volume, in the *Healthcare* industry was at a three-year high in 2011 with 317 closed transactions, up nearly 5% from 2010 and on par with 2007 activity.
- In addition to increased deal activity, the total value of completed M&A transactions for 2011 climbed approximately 5% to \$46 billion, up from \$44 billion in the prior year period. In terms of total transaction value, 2011 equaled 2007 levels and ranks as the top performing year over the past decade.
- In 2011, middle market transaction pricing, defined as Enterprise Value over EBITDA, declined slightly from a historical perspective to an average of 11.5x for completed middle market transactions across the entire *Healthcare* industry.

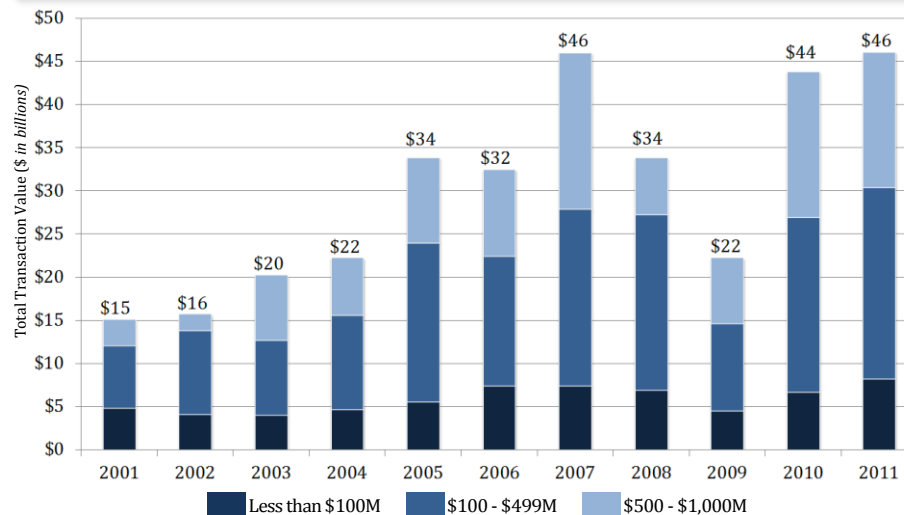
Middle Market Purchase Multiples - Enterprise Value / EBITDA



U.S. Middle Market M&A Activity - Annual Trends: VOLUME



U.S. Middle Market M&A Activity - Annual Trends: VALUE



Source: Capital IQ (middle market includes all closed deals with disclosed deal value between \$10 million and \$1 billion)



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Quarterly Middle Market M&A Activity – Healthcare

Commentary

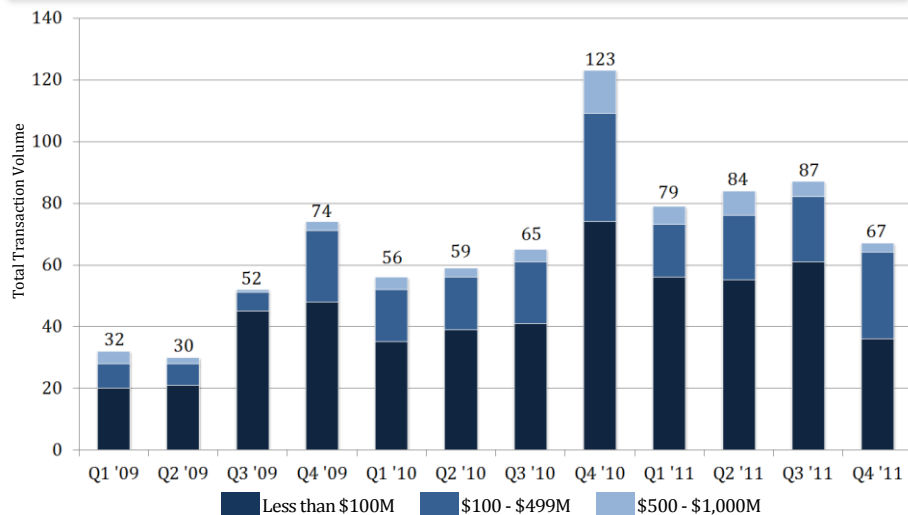
- Overall, during the 4th quarter *Healthcare* M&A transaction volume and value declined year-over-year across most segments of the middle market (deals valued at less than \$1 billion).
- The number of completed *Healthcare* deals valued at less than \$500 million declined 41% in Q4 2011 to 64, down from 109 in Q4 2010, while total deal value for the segment decreased approximately 6% over the same period to \$9 billion.
- Transactions valued at less than \$500 million represented slightly more than 95% of the total deal volume in Q4 2011, an increase from the prior year, and accounted for approximately 80% of the total deal value during the quarter.

Middle Market M&A Transactions by Deal Size – Healthcare

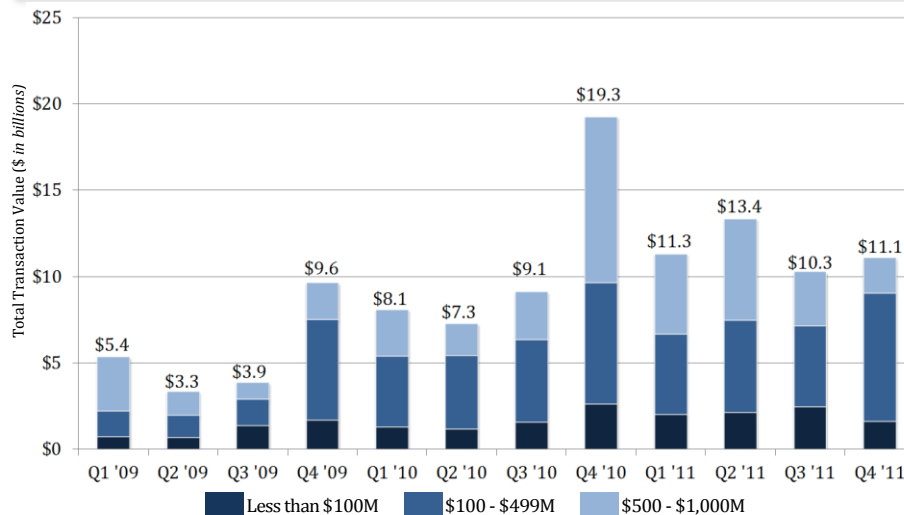
(\$ in billions)

Deal Size	Q4 2010		Q4 2011		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	74	\$2.6	36	\$1.6	(51.4%)	(39.1%)
\$100 - \$499M	35	\$7.0	28	\$7.4	(20.0%)	5.9%
\$500 - \$999M	14	\$9.6	3	\$2.0	(78.6%)	(78.7%)
Total Middle Market	123	\$19.3	67	\$11.1	(45.5%)	(42.5%)
% of Middle Market						
Less than \$100M	60%	14%	54%	14%		
\$100 - \$499M	28%	37%	42%	67%		
\$500 - \$999M	11%	11%	4%	18%		
Total Middle Market	100%	100%	100%	100%		

U.S. Middle Market M&A Activity – Quarterly Trends: VOLUME



U.S. Middle Market M&A Activity – Quarterly Trends: VALUE



Source: Capital IQ (middle market includes all closed deals with disclosed deal value between \$10 million and \$1 billion)

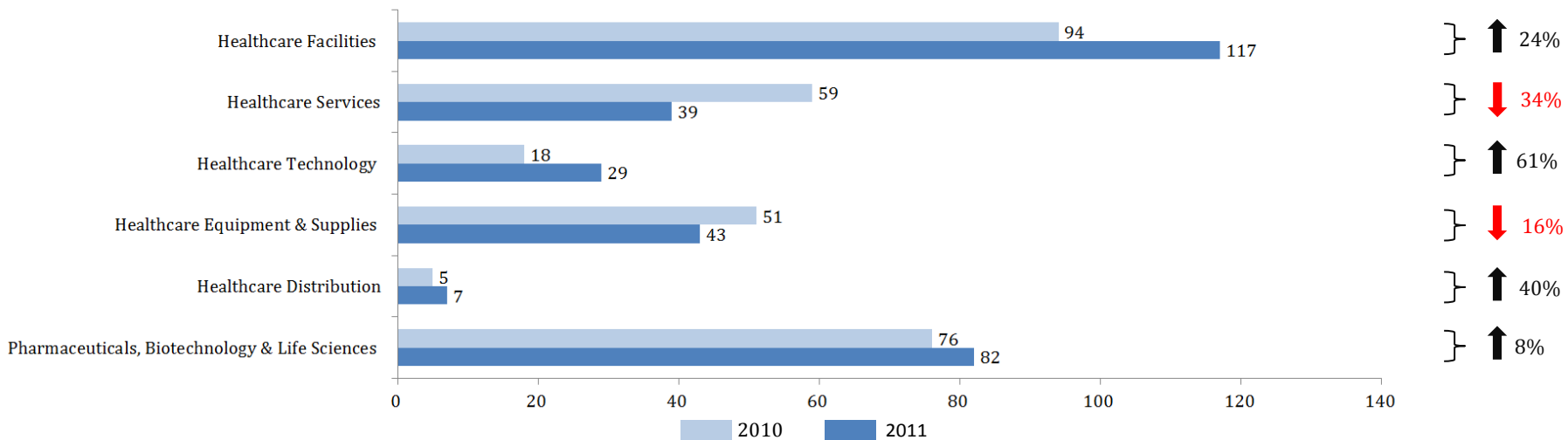


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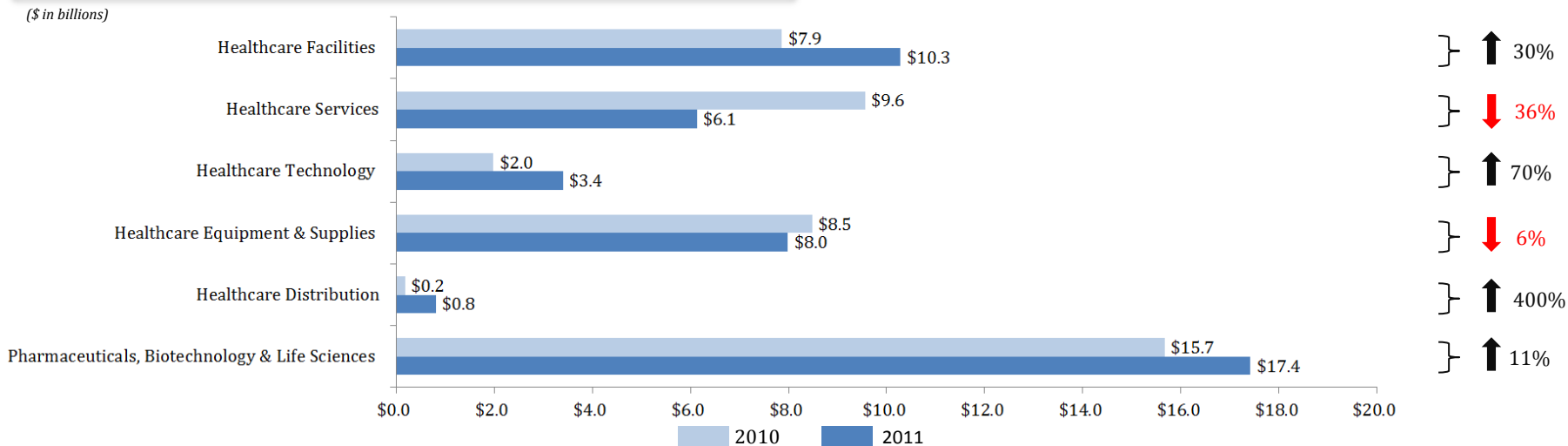
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M&A Activity by Healthcare Sector

U.S. Middle Market M&A Activity by Healthcare Sector: VOLUME



U.S. Middle Market M&A Activity by Healthcare Sector: VALUE



Source: Capital IQ (includes all closed deals with disclosed deal value between \$10 million and \$1 billion)



Private Equity Activity – Healthcare

Commentary

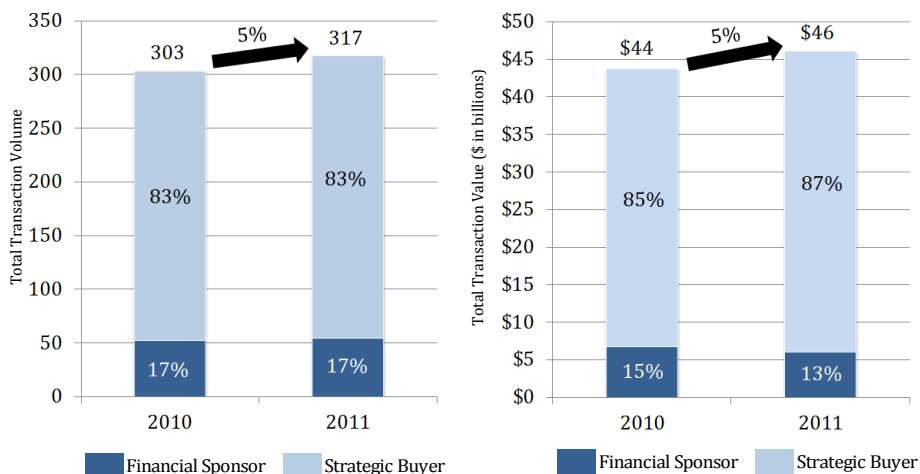
- With financing markets cooperating, financial sponsors remained active across all sectors of the *Healthcare* industry in the 4th quarter of 2011, as shown in the table on the right.
- Several notable transactions were announced during the 4th quarter, including Bain Capital's buyout of Medtronic Emergency Response Systems, Inc., a subsidiary of Medtronic, Inc. (NYSE:MDT) for nearly \$500 million; and JLL Partners proposed acquisition of American Dental Partners, Inc. (NasdaqGS:ADPI), a provider of dental practice management services, for approximately \$400 million (as detailed on this page).
- During the 4th quarter, financial sponsors represented the buyer in approximately 1 of 7 completed deals.

Select Private Equity Transactions – Healthcare (Q4 2011)

(\$ in millions)

Announced Date	Target	Buyer	Industry	Transaction Value
10/03/11	Pharmaceutical Product Development, Inc.	Hellman & Friedman	Life Sciences	\$3,875
11/17/11	Medtronic Emergency Response Systems, Inc.	Bain Capital, LLC	Healthcare Equipment	\$487
11/07/11	American Dental Partners, Inc.	JLL Partners	Healthcare Services	\$396
10/31/11	Legend Healthcare, LLC, Four Nursing Facilities	National Health Investors, Inc.	Healthcare Facilities	\$55
10/14/11	Bethesda Health City, Inc.	Investcorp International, Inc.	Healthcare Facilities	\$37
12/14/11	HealthMEDX, Inc.	Spectrum Equity Investors	Health Care Technology	NA
12/07/11	Blue Belt Technologies, Inc.	HealthpointCapital	Healthcare Equipment	NA
12/02/11	SouthernCare, Inc.	Kohlberg & Co.	Healthcare Services	NA
11/15/11	Den-Mat Holdings, LLC	Centre Partners Management	Healthcare Equipment	NA
10/21/11	Great Expressions Dental Centers	OMERS Private Equity	Healthcare Services	NA

Financial Sponsors vs. Strategic Buyers



Profiled Healthcare Private Equity Transaction

American Dental Partners, Inc. (NasdaqGS:ADPI) to be acquired by JLL Partners

Announced Nov. 7, 2011

Financial Profile		Transaction Analysis	
(\$ in millions)			
Income Statement	LTM 9/30/11	Purchase Price (Equity)	\$295.0
Revenue	\$289.3	Net Assumed Liabilities	\$76.2
EBITDA	\$48.9	Total Rights/Warrants/Options	\$18.8
Net Income	\$11.3	Implied Enterprise Value	\$390.0
Balance Sheet	As of 9/30/11	Implied Purchase Multiples	
Cash	\$5.7	Revenue	1.3x
Debt	<u>\$81.4</u>	EBITDA	8.0x
Net Debt	\$75.7	Net Income	NM

Source: Capital IQ (includes all closed deals with disclosed deal value between \$10 million and \$1 billion)



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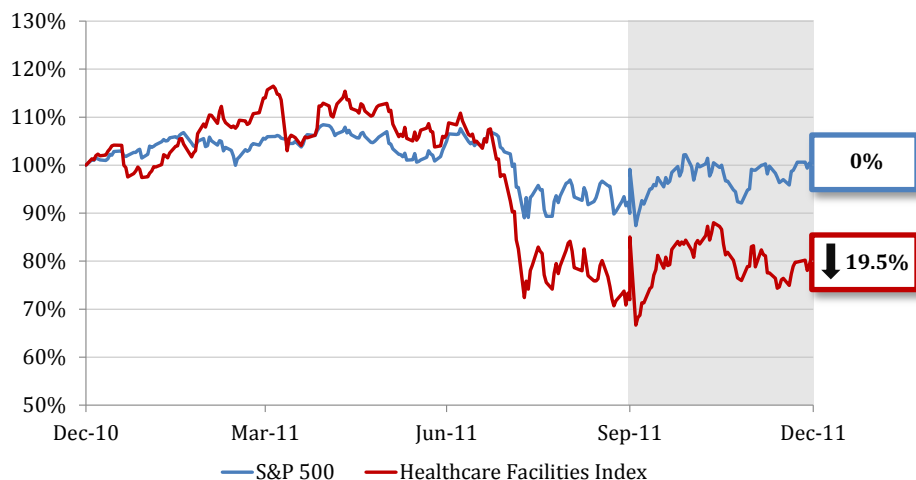
Industry Sector Overview – Healthcare Facilities

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 12/31/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
HCA Holdings, Inc.	HCA	\$22.03	62.3%	\$10,830	\$37,416	\$31,904	\$13,645	\$5,620	42.8%	17.6%	1.2x	6.7x
Community Health Systems, Inc.	CYH	\$17.45	41.1%	\$1,596	\$10,453	\$13,901	\$6,402	\$1,720	46.1%	12.4%	0.8x	6.1x
Universal Health Services, Inc.	UHS	\$38.86	68.8%	\$3,839	\$7,537	\$7,221	\$3,164	\$1,153	43.8%	16.0%	1.0x	6.5x
Tenet Healthcare Corp.	THC	\$5.13	66.6%	\$2,636	\$6,546	\$9,523	\$3,918	\$1,124	41.1%	11.8%	0.7x	5.8x
Health Management Associates, Inc.	HMA	\$7.37	62.8%	\$1,873	\$5,344	\$5,592	\$2,637	\$802	47.2%	14.3%	1.0x	6.7x
Lifepoint Hospitals, Inc.	LPNT	\$37.15	85.5%	\$1,915	\$3,306	\$3,497	\$1,685	\$550	48.2%	15.7%	0.9x	6.0x
HEALTHSOUTH Corp.	HLS	\$17.67	62.0%	\$1,924	\$3,185	\$2,121	\$974	\$464	45.9%	21.9%	1.5x	6.9x
Vanguard Health Systems, Inc.	VHS	\$10.22	55.0%	\$540	\$2,732	\$5,552	\$1,421	\$449	25.6%	8.1%	0.5x	6.1x
Select Medical Holdings Corp.	SEM	\$8.48	87.8%	\$1,305	\$2,717	\$2,723	\$593	\$370	21.8%	13.6%	1.0x	7.3x
AmSurg Corp.	AMSG	\$26.04	93.0%	\$809	\$1,200	\$754	\$424	\$266	56.2%	35.2%	1.6x	4.5x
Hanger Orthopedic Group, Inc.	HGR	\$18.69	65.6%	\$635	\$1,111	\$897	\$316	\$145	35.3%	16.2%	1.2x	7.7x
Average			68.2%	\$2,537	\$7,413	\$7,608	\$3,198	\$1,151	41.3%	16.6%	1.0x	6.4x
Median			65.6%	\$1,873	\$3,306	\$5,552	\$1,685	\$550	43.8%	15.7%	1.0x	6.5x

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions – Facilities (Q4 2011)

(\$ in millions)

Date	Target	Buyer / Investor	Enterprise Value	EV / Revenue	EV / EBITDA
Nov-11	American Access Care, LLC	Fresenius Medical Care AG & Co.	\$385	NA	NA
Oct-11	Saint Vincent Catholic Medical Centers	North Shore – Long Island Jewish Health System, Inc.	\$260	NA	NA
Dec-11	Palmyra Park Hospital, Inc.	Phoebe Putney Memorial Hospital, Inc.	\$198	NA	NA
Oct-11	Tomball Regional Medical Center	Community Health Systems, Inc.	\$192	NA	NA
Pending	Health Central, Inc.	Orlando Health, Inc.	\$177	NA	NA
Pending	Southeastern Skilled Nursing Facility Portfolio	Grubb & Ellis Healthcare REIT II, Inc.	\$167	NA	NA
Nov-11	15 Properties in US	Chartwell Seniors Housing REIT	\$142	NA	NA
Pending	Eight Property Seniors-Housing Portfolio	Harrison Street Real Estate Capital	\$125	NA	NA
Oct-11	Kisco Senior Living, 3 Assisted Living Facilities	Clarion Partners Americas, LLC	\$100	NA	NA
Nov-11	Hoboken University Medical Center	HUMC Holdco, LLC	\$92	NA	NA
Nov-11	Edgehill Continuing Care Retirement Community, Inc.	Benchmark Senior Living, LLC	\$72	NA	NA
Nov-11	Belmont Village Senior Living Facility	Health Care REIT, Inc.	\$69	NA	NA
Oct-11	Seven Senior Living Facilities	Sunrise Senior Living Investments, Inc.	\$65	NA	NA
Oct-11	Legend Healthcare, LLC, Four Skilled Nursing Facilities	National Health Investors, Inc.	\$55	NA	NA
Oct-11	Woodland Terrace Senior Living Complex	Prudential Real Estate Investors	\$53	NA	NA

*Highlighted indicates announced transactions during the quarter that have not been completed.



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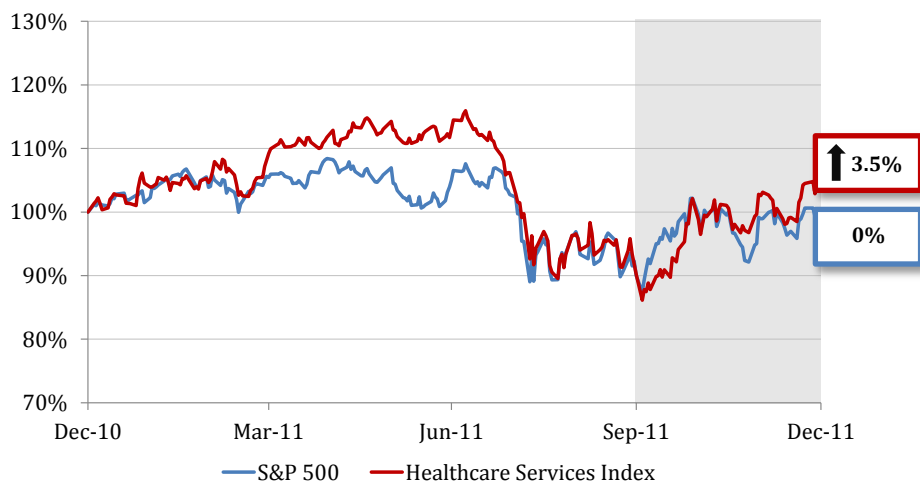
Industry Sector Overview – Healthcare Services

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 12/31/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Quest Diagnostics, Inc.	DGX	\$58.06	94.9%	\$9,484	\$13,577	\$7,455	\$3,084	\$1,558	41.4%	20.9%	1.8x	8.7x
DaVita, Inc.	DVA	\$75.81	84.5%	\$7,395	\$11,354	\$6,776	\$2,169	\$1,326	32.0%	19.6%	1.7x	8.6x
Laboratory Corp. of America Holdings	LH	\$85.97	85.2%	\$8,861	\$10,759	\$5,472	\$2,255	\$1,254	41.2%	22.9%	2.0x	8.6x
MEDNAX, Inc.	MD	\$72.01	95.4%	\$3,493	\$3,501	\$1,552	\$560	\$374	36.1%	24.1%	2.3x	9.4x
MedQuist Holdings, Inc.	MEDH	\$9.62	67.7%	\$436	\$695	\$438	\$180	\$109	41.2%	24.8%	1.6x	6.4x
Alliance Healthcare Services, Inc.	AIQ	\$1.26	26.6%	\$67	\$674	\$491	\$212	\$139	43.2%	28.3%	1.4x	4.9x
RadNet, Inc.	RDNT	\$2.13	41.0%	\$82	\$613	\$598	\$188	\$102	31.4%	17.1%	1.0x	6.0x
Bio-Reference Laboratories, Inc.	BRLI	\$16.27	62.6%	\$456	\$483	\$559	\$271	\$75	48.5%	13.3%	0.9x	6.5x
Average			69.7%	\$3,784	\$5,207	\$2,918	\$1,115	\$617	39.4%	21.4%	1.6x	7.4x
Median			76.1%	\$1,975	\$2,098	\$1,075	\$416	\$256	41.2%	21.9%	1.6x	7.5x

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions – Services (Q4 2011)

(\$ in millions)

Closed Date	Target	Buyer	Enterprise Value	EV / Revenue	EV / EBITDA
Nov-11	Caris Life Sciences, Inc. Anatomic Pathology Business	MIRACA Holdings, Inc	\$725.0	3.5x	NA
Pending	American Dental Partners, Inc.	JLL Partners	\$390.0	1.3x	8.0x
Oct-11	Continuare Corp.	Metropolitan Health Networks, Inc.	\$368.5	1.1x	8.6x
Pending	HealthTran, LLC	SXC Health Solutions, Inc.	\$250.0	0.9x	12.5x
Nov-11	TheraCom, LLC	Lash Group Healthcare Consultants	\$250.0	0.4x	NA
Oct-11	Allied Healthcare International, Inc.	Saga Group, Ltd.	\$140.4	0.5x	7.7x
Oct-11	CellTex Therapeutics Corp.	RNL Bio Co., Ltd.	\$100.9	NA	NA
Dec-11	American Medical Alert Corp.	Tunstall Group, Ltd.	\$80.8	1.9x	12.6x
Oct-11	Impulse Monitoring, Inc.	NuVasive, Inc.	\$80.0	NA	NA
Nov-11	Platinum Medical Imaging, LLC	Oxford Instruments plc	\$55.0	3.9x	NA
Nov-11	American Radiology Services, Inc. and The Imaging Institute	Radnet Management, Inc.	\$45.7	NA	NA
Nov-11	College of Veterinary Medicine, Research Animal Diagnostic Laboratory	IDEXX Laboratories, Inc.	\$43.0	NA	NA
Nov-11	The Corkery Group, Inc.	Cooney/Waters Group, Inc.	\$27.0	2.7x	NA

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Industry Sector Overview – Managed Healthcare

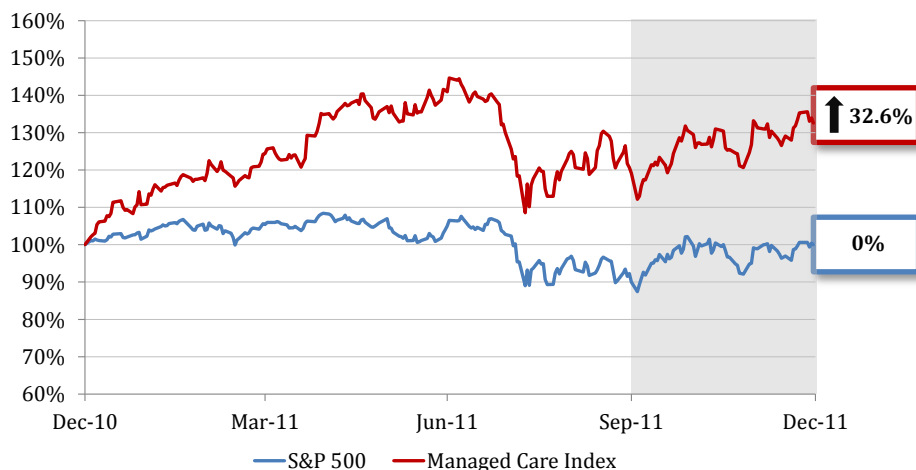
Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 12/31/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Unitedhealth Group, Inc.	UNH	\$50.68	94.7%	\$55,495	\$51,037	\$99,976	\$27,007	\$9,169	27.0%	9.2%	0.5x	5.6x
Aetna, Inc.	AET	\$42.19	91.7%	\$16,434	\$16,861	\$33,747	\$10,008	\$3,656	29.7%	10.8%	0.5x	4.6x
WellPoint, Inc.	WLP	\$66.25	80.9%	\$24,908	\$15,509	\$60,118	\$13,552	\$5,278	22.5%	8.8%	0.3x	2.9x
Cigna Corp.	CI	\$42.00	79.3%	\$11,459	\$12,443	\$21,946	\$9,447	\$2,506	43.0%	11.4%	0.6x	5.0x
Humana, Inc.	HUM	\$87.61	96.3%	\$14,784	\$4,871	\$36,323	\$7,802	\$2,496	21.5%	6.9%	0.1x*	2.0x*
Coventry Health Care, Inc.	CVH	\$30.37	80.2%	\$4,499	\$4,109	\$12,101	\$2,961	\$928	24.5%	7.7%	0.3x	4.4x
HealthSpring, Inc.	HS	\$54.54	99.3%	\$3,457	\$2,737	\$4,996	\$1,000	\$507	20.0%	10.1%	0.5x	5.4x
AMERIGROUP Corp.	AGP	\$59.08	78.0%	\$3,032	\$2,470	\$6,174	\$1,088	\$417	17.6%	6.7%	0.4x	5.9x
Centene Corp.	CNC	\$39.59	97.0%	\$2,060	\$1,843	\$5,027	\$1,084	\$247	21.6%	4.9%	0.4x	7.5x
Average			88.6%	\$15,125	\$12,431	\$31,157	\$8,217	\$2,800	25.3%	8.5%	0.4x	5.2x
Median			91.7%	\$11,459	\$4,871	\$21,946	\$7,802	\$2,496	22.5%	8.8%	0.4x	5.2x

*Excluded from average and median calculation.

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions – Managed Healthcare (Q4 2011)

(\$ in millions)

Closed Date	Target	Buyer	Enterprise Value	EV / Revenue	EV / EBITDA
Pending	HealthSpring, Inc.	CIGNA Corp.	\$3,140.4	0.6x	6.2x
Dec-11	The AmeriHealth Mercy Family of Companies	Blue Cross Blue Shield of Michigan, Inc.	\$340.0	NA	NA
Pending	XLHealth Corp.	United HealthCare Services, Inc.	NA	NA	NA
Dec-11	Burlington Anesthesia Associates PA	MEDNAX, Inc.	NA	NA	NA
Dec-11	PCA Hospitalists, Inc.	IPC The Hospitalist Company, Inc.	NA	NA	NA
Nov-11	Senior Whole Health, LLC	TA Associates	NA	NA	NA
Oct-11	Community Care Health Network, Inc.	Welsh, Carson, Anderson & Stowe	NA	NA	NA
Oct-11	Outcome Based Delivery Systems, LLC	JSA Healthcare Corp.	NA	NA	NA
Oct-11	MEA Management, LLC	Team Health Holdings, Inc.	NA	NA	NA

*Highlighted indicates announced transactions during the quarter that have not been completed.



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Industry Sector Overview – Healthcare Technology

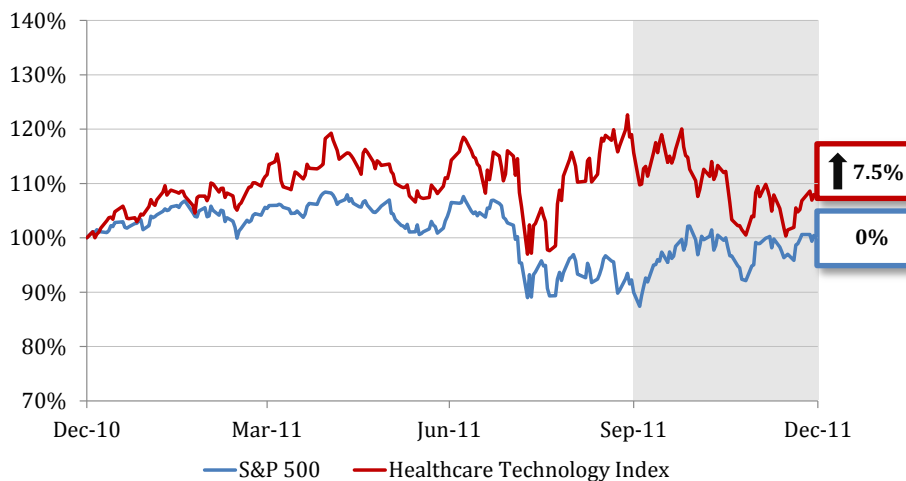
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(\$ in millions, except per share)

Company	Ticker	Closing Price 12/31/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Cerner Corp.	CERN	\$61.25	82.3%	\$10,547	\$9,979	\$2,088	\$1,683	\$556	80.6%	26.6%	4.8x	18.0x
Allscripts Healthcare Solutions, Inc.	MDRX	\$18.94	81.9%	\$3,746	\$4,042	\$1,366	\$630	\$246	46.1%	18.0%	3.0x	16.4x
WebMD Health Corp.	WBMD	\$37.55	64.1%	\$2,371	\$2,067	\$577	\$376	\$149	65.2%	25.8%	3.6x	13.9x
Quality Systems, Inc.	QSII	\$36.99	73.0%	\$2,168	\$2,042	\$397	\$261	\$123	65.6%	31.0%	5.1x	16.6x
athenahealth, Inc.	ATHN	\$49.12	67.6%	\$1,756	\$1,637	\$301	\$189	\$52	62.6%	17.1%	5.4x	31.8x*
MedAssets, Inc.	MDAS	\$9.25	43.1%	\$530	\$1,407	\$528	\$404	\$141	76.5%	26.7%	2.7x	10.0x
Merge Healthcare, Inc.	MRGE	\$4.85	67.1%	\$412	\$617	\$215	\$138	\$49	64.3%	22.8%	2.9x	12.6x
Computer Programs & Systems, Inc.	CPSI	\$51.11	64.6%	\$563	\$535	\$174	\$80	\$43	46.1%	24.7%	3.1x	12.4x
Medidata Solutions, Inc.	MDSO	\$21.75	79.4%	\$539	\$436	\$185	\$131	\$40	71.0%	21.7%	2.4x	10.9x
Healthstream, Inc.	HSTM	\$18.45	95.5%	\$428	\$397	\$78	\$49	\$15	62.5%	19.2%	5.1x	26.6x*
Average			71.9%	\$2,306	\$2,316	\$591	\$394	\$141	64.1%	23.4%	3.8x	13.8x
Median			70.3%	\$1,159	\$1,522	\$349	\$225	\$87	64.7%	23.7%	3.3x	13.3x

*Excluded from average and median calculation.

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions – Technology (Q4 2011)

(\$ in millions)

Closed Date	Target	Buyer	Enterprise Value	EV / Revenue	EV / EBITDA
Nov-11	Emdeon, Inc.	Hellman & Friedman	\$3,306.3	3.1x	13.1x
Dec-11	HealthDataInsights, Inc.	HMS Holdings Corp.	\$400.0	NA	NA
Nov-11	Sage Software Healthcare, Inc.	Vista Equity Partners	\$314.7	1.3x	NA
Dec-11	HealthMEDX, Inc.	Spectrum Equity Investors	NA	NA	NA
Dec-11	Anvita, Inc.	Humana, Inc.	NA	NA	NA
Nov-11	The Breakaway Group, Inc.	Affiliated Computer Services, Inc.	NA	NA	NA
Nov-11	Poiesis Informatics, Inc.	MedQuist Holdings, Inc.	NA	NA	NA
Nov-11	MobileMD, Inc.	Siemens Healthcare	NA	NA	NA
Oct-11	SDI Health, LLC	IMS Health, Inc.	NA	NA	NA
Oct-11	Financial Healthcare Systems, LLC	TransUnion Healthcare, LLC	NA	NA	NA
Oct-11	Clairvia, Inc.	Cerner Corp.	NA	NA	NA



HYDE PARK CAPITAL

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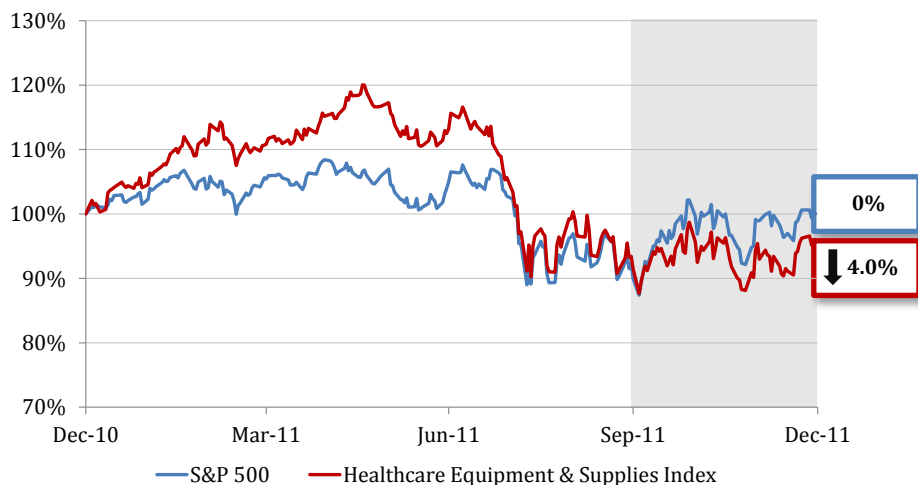
Industry Sector Overview – Healthcare Equipment & Supplies

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 12/31/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
Covidien plc	COV	\$45.01	78.1%	\$22,370	\$25,075	\$11,574	\$6,619	\$3,172	57.2%	27.4%	2.2x	7.9x
Stryker Corp.	SYK	\$49.71	76.2%	\$19,598	\$18,165	\$8,087	\$5,519	\$2,417	68.2%	29.9%	2.2x	7.5x
Zimmer Holdings, Inc.	ZMH	\$53.42	76.4%	\$10,322	\$10,899	\$4,419	\$3,336	\$1,578	75.5%	35.7%	2.5x	6.9x
CR Bard, Inc.	BCR	\$85.50	75.1%	\$7,588	\$7,730	\$2,862	\$1,783	\$921	62.3%	32.2%	2.7x	8.4x
Varian Medical Systems, Inc.	VAR	\$67.13	93.0%	\$7,971	\$7,585	\$2,597	\$1,136	\$641	43.7%	24.7%	2.9x	11.8x
DENTSPLY International, Inc.	XRAY	\$34.99	86.7%	\$5,027	\$7,019	\$2,368	\$1,216	\$470	51.4%	19.8%	3.0x	14.9x
Alere, Inc.	ALR	\$23.09	56.1%	\$1,954	\$4,751	\$2,314	\$1,210	\$471	52.3%	20.3%	2.1x	10.1x
The Cooper Companies, Inc.	COO	\$70.52	83.8%	\$3,392	\$3,834	\$1,331	\$807	\$328	60.6%	24.6%	2.9x	11.7x
Lincare Holdings, Inc.	LNCR	\$25.71	80.9%	\$2,420	\$2,986	\$1,777	\$891	\$450	50.1%	25.3%	1.7x	6.6x
Sirona Dental Systems, Inc.	SIRO	\$44.04	76.1%	\$2,523	\$2,546	\$914	\$484	\$233	52.9%	25.5%	2.8x	10.9x
Steris Corp.	STE	\$29.82	78.5%	\$1,799	\$1,875	\$1,367	\$559	\$247	40.9%	18.1%	1.4x	7.6x
Average			78.2%	\$7,724	\$8,406	\$3,601	\$2,142	\$994	55.9%	25.8%	2.4x	9.5x
Median			78.1%	\$5,027	\$7,019	\$2,368	\$1,210	\$471	52.9%	25.3%	2.5x	8.4x

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions – Equipment & Supplies (Q4 2011)

(\$ in millions)

Closed Date	Target	Buyer	Enterprise Value	EV / Revenue	EV / EBITDA
Nov-11	Kinetic Concepts, Inc.	Apax Partners Worldwide	\$5,793.2	2.8x	9.1x
Pending	SonoSite, Inc.	FUJIFILM Holdings Corp.	\$855.9	2.8x	23.0x
Nov-11	Atrium Medical Corp.	MAQUET Cardiovascular, LLC	\$680.0	NA	NA
Pending	Medtronic Emergency Response Systems, Inc.	Bain Capital	\$487.0	NA	NA
Nov-11	Baxa Corp.	Baxter International, Inc.	\$380.0	2.5x	NA
Jan-12	BARRX Medical, Inc.	Covidien plc	\$325.0	NA	NA
Dec-11	Lutonix, Inc.	CR Bard, Inc.	\$325.0	NA	NA
Pending	Synovis Life Technologies, Inc.	Baxter International, Inc.	\$253.5	3.1x	17.8x
Nov-11	Medivance, Inc.	Bard Medical, Inc.	\$250.0	NA	NA
Nov-11	Medicis Technologies Corp.	Solta Medical, Inc.	\$184.6	NM	NA
Dec-11	Codman & Shurtleff, Inc., Surgical Instruments Business	Specialty Surgical Instrumentation, Inc.	\$165.0	NA	NA
Oct-11	Reichert, Inc.	Ametek, Inc.	\$150.0	2.7x	NA
Oct-11	Concentric Medical, Inc.	Stryker Corp.	\$135.0	NA	NA
Nov-11	IZI Medical Products, Inc.	Landauer, Inc.	\$93.0	5.0x	NA
Oct-11	Claros Diagnostics, Inc.	Opko Health, Inc.	\$55.3	NA	NA
Dec-11	Webtec Converting, LLC	Scapa Group plc	\$45.0	1.7x	NA
Oct-11	Calypso Medical Technologies, Inc.	Varian Medical Systems, Inc.	\$10.0	0.7x	NA

*Highlighted indicates announced transactions during the quarter that have not been completed.



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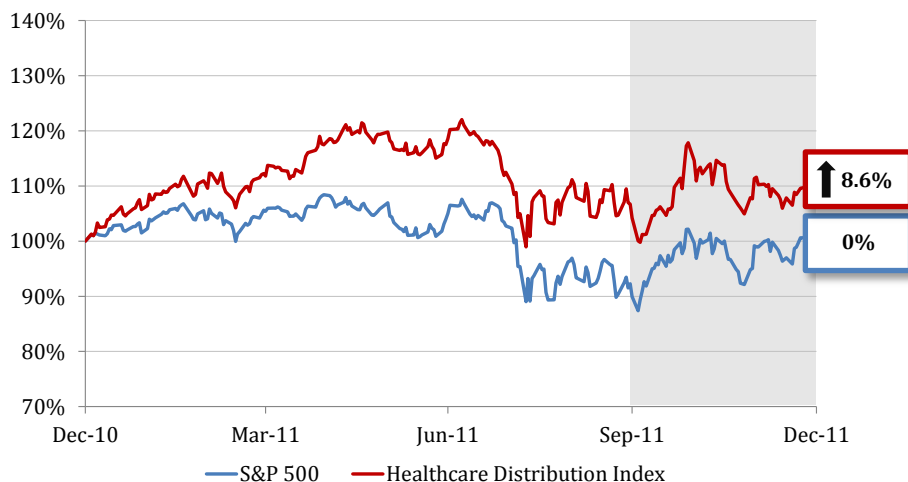
Industry Sector Overview – Healthcare Distribution

Public Company Analysis

(\$ in millions, except per share)

Company	Ticker	Closing Price 12/31/11	% of 52 Week High	Equity Value	Enterprise Value	LTM			LTM Margins		Enterprise Value / LTM	
						Revenue	Gross Profit	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA
McKesson Corp	MCK	\$77.91	89.2%	\$19,906	\$19,955	#####	\$6,368	\$2,659	5.4%	2.3%	0.2x	7.5x
Cardinal Health, Inc.	CAH	\$40.61	86.3%	\$14,290	\$14,701	#####	\$4,284	\$1,951	4.1%	1.9%	0.1x	7.5x
AmerisourceBergen Corp.	ABC	\$37.19	85.6%	\$10,328	\$9,867	\$80,218	\$2,537	\$1,352	3.2%	1.7%	0.1x	7.3x
Henry Schein, Inc.	HSIC	\$64.43	85.9%	\$6,014	\$6,339	\$8,214	\$2,340	\$673	28.5%	8.2%	0.8x	9.4x
Omnicare, Inc.	OCR	\$34.45	97.7%	\$3,919	\$5,382	\$6,272	\$1,388	\$612	22.1%	9.8%	0.9x	8.8x
Patterson Companies, Inc.	PDCO	\$29.52	79.9%	\$3,489	\$3,643	\$3,413	\$1,144	\$402	33.5%	11.8%	1.1x	9.1x
Owens & Minor, Inc.	OMI	\$27.79	77.8%	\$1,748	\$1,764	\$8,502	\$851	\$235	10.0%	2.8%	0.2x	7.5x
PSS World Medical, Inc.	PSSI	\$24.19	82.1%	\$1,353	\$1,569	\$2,095	\$659	\$169	31.4%	8.1%	0.7x	9.3x
PharMerica Corp.	PMC	\$15.18	92.3%	\$446	\$697	\$2,077	\$277	\$89	13.3%	4.3%	0.3x	7.9x
Average			86.3%	\$6,832	\$7,102	\$37,009	\$2,205	\$905	16.8%	5.6%	0.5x	8.2x
Median			85.9%	\$3,919	\$5,382	\$8,214	\$1,388	\$612	13.3%	4.3%	0.3x	7.9x

Stock Price Performance (LTM)



Source: Capital IQ

Select M&A Transactions – Distribution (Q4 2011)

(\$ in millions)

Closed Date	Target	Buyer	Enterprise Value	EV / Revenue	EV / EBITDA
Nov-11	Arriva Medical, LLC	Alere, Inc.	\$83.6	NA	NA
Pending	Esperanza Dental Supply Co.	Benco Dental Co.	NA	NA	NA
Pending	Integrated Healthcare Services, Inc.	MSC Group, Inc.	NA	NA	NA

*Highlighted indicates announced transactions during the quarter that have not been completed.



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Recent Transactions

 <i>has been acquired by</i> 	 <i>has been recapitalized by</i>   	 <i>has been acquired by</i> ADG Acquisition Holdings, LLC	 <i>has been acquired by</i> 	 <i>has acquired</i> 
 <i>has been acquired by</i> 	 <i>has been acquired by</i> 	 <i>has been acquired by</i> 	 <i>has been recapitalized by</i> 	 <i>has merged with</i> 
 <i>has been recapitalized by</i> 	 <i>has acquired</i> Sage Compliance Services, Inc.	 <i>has been recapitalized by</i> 	 <i>has been acquired by</i> 	 <i>has been acquired by</i> 