



February 2016

2015 was a record-breaking year for healthcare M&A with 1,460 transactions and \$563 billion of deal value, according to preliminary figures from Irving Levin Associates, Inc. Virtually every sector tracked by Irving Levin posted an increase in transaction volume. The Healthcare Services sector consisting of hospitals, physician practices, diagnostic laboratories and outpatient centers accounted for 62% of all healthcare M&A activity (903 deals), up 18% compared with the previous banner year of 2014. The Behavioral Health Care, Managed Care and Rehabilitation sectors also experienced strong growth in announced transactions during the year.

Behavioral Health Care acquisitions grew 46% in 2015, with AAC Holdings (NYSE: AAC) and Acadia Healthcare Company (NASDAQ: AHC) as the most active in this space with six and five announced deals, respectively. Private equity firms were also active acquirers, including Kohlberg & Company, Revelstoke Capital Partners, Flexpoint Ford and Shore Point Partners, as many private equity portfolio companies have been building behavioral healthcare properties in recent years.

The Managed Care sector was particularly active in 2015 as compared to prior years with several sizable transactions in July, following the affirmative Supreme Court decision in *King v. Burwell* that was announced in late June. While Anthem (NYSE: ANTM) and Aetna (NYSE: AET) received significant press for their multi-billion bids for Cigna (NYSE: CI) and Humana (NYSE: HUM), respectively, other companies were making serial acquisitions. Molina Healthcare (NYSE: MOH) led the sector in transaction volume with eight deals. All of its targets were Medicaid-based carve-outs from larger entities, stretching from Washington state to Illinois, Michigan and Florida. Centene Corp. (NYSE: CNC), which also focuses on under-served and uninsured populations, acquired HealthNet (NYSE: HNT) for \$6.8 billion and made deals for two other payors in Maryland and Oregon.

Looking forward, Home Health & Hospice is expected to undergo increased consolidation in 2016 driven by companies seeking acquisitions to extend post-acute care service capabilities and geographies, span the continuum of care and take advantage of bundle payment opportunities.

Cost containment continues to be a pivotal driver across the healthcare sector in 2016. The shift to value-based care has payors, providers and investors looking for ways to cut costs while improving outcomes. The Bundled Payment Care Initiative, whereby organizations enter into payment arrangements that include financial and performance accountability, will further develop in 2016. Managing costs will be a theme for M&A activity in 2016, as it has been for the last several years. Provider consolidation is forecasted to increase as independent provider groups are less able to participate in value-based care. Revenue cycle management, data analytics, and electronic health records are likely to experience increased M&A, as well.

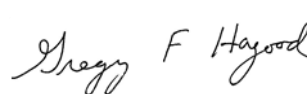
Emerging areas to watch in 2016 include institutional investment in physician provider organizations as physicians seek investment partners possessing significant scale to pursue risk-based opportunities, as well as the growth of provider sponsored health plans by large health systems.

2016 is projected to set another record in M&A deal volume. Capital remains inexpensive, despite the Federal Reserve's slight increase to interest rates in December 2015, and there are large cash reserves at strategic and financial buyers. However, possible constraints to some deals could include the federal government's antitrust scrutiny and regulatory uncertainty related to the 2016 elections.

We welcome your comments and hope you find our SOLICconnect report informative.



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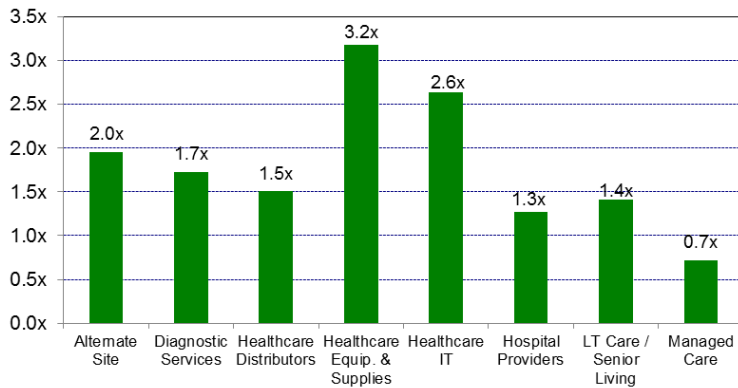
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About SOLIC

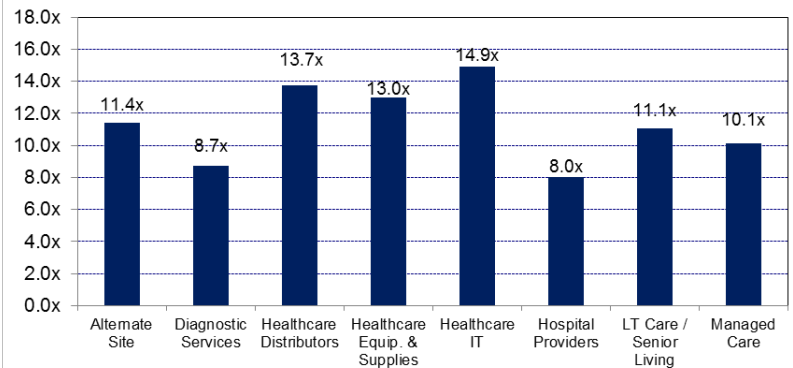
SOLIC Capital Advisors, LLC ("SCA") is a leading specialty investment bank providing merger & acquisition, restructuring, capital placement and valuation advisory services to companies, lenders, institutional investors, the legal community and other creditor constituencies. SCA is a subsidiary of SOLIC Holdings, LLC which includes: SOLIC Capital Advisors (financial advisory), SOLIC Capital Partners (principal investing), SOLIC Capital, LLC (FINRA registered Broker/Dealer), and SOLIC Capital Management (asset management services).

Healthcare Services: Market Overview

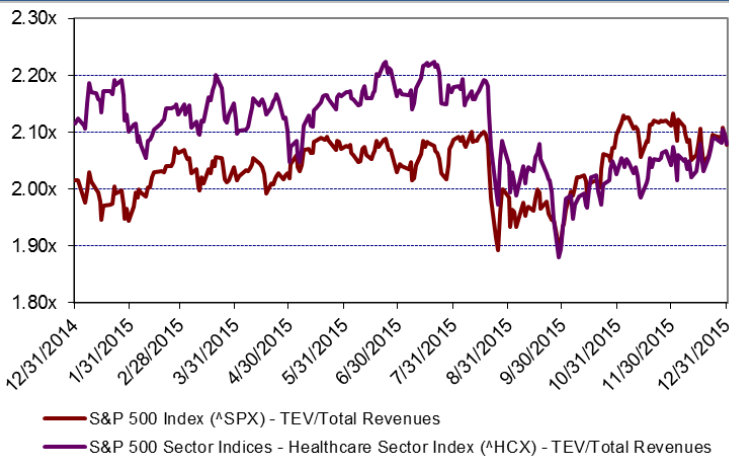
Enterprise Value to Revenue



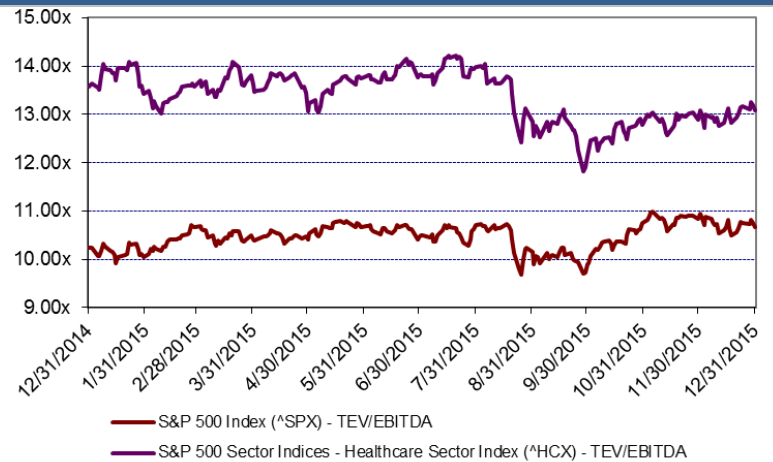
Enterprise Value to EBITDA



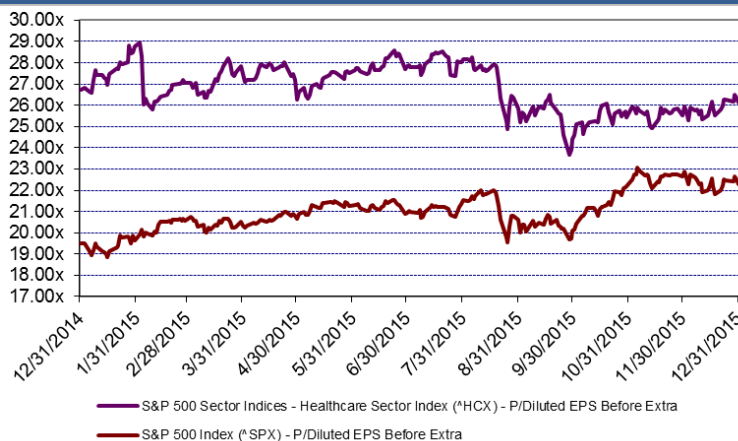
S&P Healthcare Index vs. the S&P 500 – Total Enterprise Value / Revenue



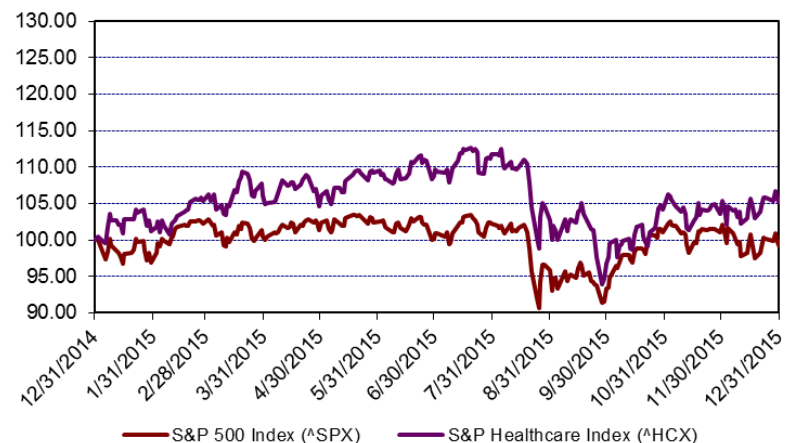
S&P Healthcare Index vs. the S&P 500 – Total Enterprise Value / EBITDA



S&P Healthcare Index vs. the S&P 500 – Price / Diluted EPS



S&P Healthcare Index vs. S&P 500 – Relative Performance (%)



Healthcare Services: Notable Industry Developments

Date	Industry Development
12/31/2015	<p>Medicare will continue to seek to reimburse healthcare service providers based on the value of services they provide and the quality of their outcomes versus a fee-for-service model. CMS is aiming to tie 30% of Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations or bundled payment arrangements, by the end of 2016, and to tie 50% of payments to these models by the end of 2018. CMS is also seeking to tie 85% of Medicare payments to quality or value by 2016 and 90% by 2018 through initiatives such as its Hospital Value-Based Purchasing and Hospital Readmissions Reduction programs. These types of programs use data reported by hospitals to either monetarily reward or penalize them based on their performance against CMS-defined standards. In 2016, Medicare will begin reimbursing hospitals with bundled payments for hip and knee replacement surgeries, making hospitals accountable for the costs and quality of care for 80 days from the time of the surgery. This will encourage hospitals to further collaborate with physicians, home health agencies and nursing facilities to help patients avoid complications and readmissions.</p>
12/3/2015	<p>According to Moody's Investors Service ("Moody's"), the outlook for the Not-For-Profit Healthcare sector is stable. Moody's expects the current strong growth in patient volumes and cash flow will return to normal levels over the outlook horizon because some of the factors driving recent strong performance, such as gains in insurance coverage and strong patient volume growth, will not be repeated in 2016. Operating cash flow growth is projected to return to normal levels of 3%-4% growth as patient volume growth eases and rates of insurance coverage stabilize. Year-over-year gains in insurance coverage and the resulting reduction in bad debt are moderating, with states that expanded Medicaid capturing nearly all of the reduction in bad debt. Longer term pressures include investments in population health strategies that could reduce margins, consolidation among insurance companies and negative changes on the health exchanges, and growing exposure to government-based insurance.</p>
12/3/2015	<p>Consolidation among insurance companies gives insurers greater leverage in negotiating payment rates with providers. Significant mergers include: Anthem Inc.'s acquisition of Cigna Corp and Aetna Inc.'s deal to buy Humana. The health exchanges established under the Affordable Care Act ("ACA") continue to evolve and some are experiencing stress. Most major health insurers reported losses on their exchange business and many insurance co-ops (not for profit insurance companies founded under the ACA) have failed in recent months under mounting losses. Additionally, the risk corridor program, established to stabilize premiums by having insurers share gains and losses on qualified ACA plans, will pay only 12.6% of the amount owed to insurance companies according to a recent Moody's report. As noted above, some larger hospital systems are pursuing insurance strategies, which in addition to being low margin business lines, are facing the same challenges as other traditional insurers.</p>
11/17/2015	<p>On November 16, CMS published the most significant changes to the physician self-referral law ("Stark Law" or "Stark") regulations since 2008. Because this rulemaking is the fifth substantive rulemaking under the Stark Law amendments of 1993, it will likely become known as Stark Phase V. This rule, which is part of a larger package of annual regulatory adjustments to the Medicare Physician Fee Schedule, contains important changes that ease the burden of existing exceptions, solicits comments on the possibility of new exceptions in light of health care reform, introduces two new exceptions, and clarifies and cleans up the regulatory text.</p>
10/19/2015	<p>Many not-for-profit hospitals and healthcare systems are creating clinically integrated networks ("CINs") as a means to align physicians with strategies to improve outcomes, lower costs and manage the health of a population, key aims of the Affordable Care Act ("ACA"). According to Moody's, near-term credit impact will be relatively minor as many borrowers take a measured approach when building a CIN, likely one of many strategies to prepare for value-based reimbursement. However, a material and rapid investment in CINs to gain scale, largely through physician employment or practice acquisition, will increase credit risk if the investment leads to a significant increase in debt or margin dilution. Pace and scale of investments to develop a CIN will drive credit impact. Strategies to align with physicians and develop shared information technology capabilities, both foundational elements of CINs, are costly. Further, physician buy-in and agreed-upon measurements of quality and cost benchmarks are integral to a CIN's success and require a measured approach. Well-developed and mature CINs will influence payor contract negotiations. Unlike physician-hospital organizations (PHO) formed in the 1990s, CINs will have more influence with payors. The ACA provides a regulatory framework for financial incentives through integration strategies, largely absent in the 1990s.</p>

Healthcare Services: Selected M&A Transactions

Alternate Site					
Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/30/2015	Three Dialysis Centers	Satellite Healthcare Inc.	\$-	-	-
<p>Satellite Healthcare agreed to acquire three dialysis centers from DSI Renal as part of Federal Trade Commission's conditional approval for the acquisition of DSI Renal by U.S. Renal Care to eliminate antitrust issues. The three dialysis centers are located in Laredo, Texas. Terms of the transaction were not disclosed.</p>					
12/11/2015	Solutions Recovery, Inc.	AAC Holdings, Inc. (NYSE:AAC)	\$13	-	-
<p>AAC Holdings entered into a definitive agreement to acquire Solutions Recovery. Solutions Recovery provides residential and outpatient individualized alcohol and drug addiction treatment services and is based in Las Vegas, Nevada.</p>					
12/11/2015	Wetsman Forensic Medicine, LLC	AAC Holdings, Inc. (NYSE:AAC)	\$13	-	-
<p>AAC Holdings signed a definitive agreement to acquire Wetsman Forensic Medicine, dba Townsend Recovery. Wetsman Forensic Medicine is based in New Orleans and operates residential and outpatient substance abuse treatment centers serving southern Louisiana.</p>					
11/2/2015	Harmon Hospital	LTC Properties, Inc. (NYSE:LTC)	\$9	-	-
<p>Harmon Hospital was acquired by LTC Properties. Harmon Hospital is a behavioral health care hospital with 116 medical hospital beds and two skilled nursing beds. The hospital was added to an existing master lease with Fundamental Long Term Care. Harmon Hospital is located in Las Vegas, Nevada.</p>					

Diagnostic Services

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/16/2015	Criticare Systems, Inc.	Opto Cardiac Care Limited	\$3	-	-
<p>Opto Cardiac Care won an auction to acquire the assets of Criticare Systems, a medical device company that develops and manufactures patient monitoring systems and accessories that are used in anesthesia, critical care, medical transport and outpatient care settings. Criticare Systems is headquartered in Waukesha, Wisconsin.</p>					
12/15/2015	Whitehouse Laboratories	Albany Molecular Research (NASDAQ:AMRI)	\$54	-	-
<p>Albany Molecular Research acquired Whitehouse Laboratories, a testing service that provides chemical and material analysis, method development and validation and quality control verification services to the pharmaceutical, medical device and personal care industries. Whitehouse Laboratories is based in Lebanon, New Jersey.</p>					
10/21/2015	Clariant, Inc. (NYSE:GE)	NeoGenomics, Inc. (NASDAQ:NEO)	\$275	2.4x	96.2x
<p>NeoGenomics acquired Clariant and its wholly-owned subsidiary Clariant Diagnostic Services, a provider of cancer-focused genetic testing services for hospitals, physicians and the pharmaceutical industry. Clariant is based in Aliso Viejo, California and Houston, Texas.</p>					
10/13/2015	DNA Diagnostics Center	GHO Capital Partners LLP	\$118	-	-
<p>GHO Capital Partners acquired DNA Diagnostics Center, known as DDC, a comprehensive DNA testing service specializing in family relationships, forensics, and genetics. DDC also provides DNA testing for companion and sport animals. DDC is based in Fairfield, Ohio and has collection locations across the U.S. and internationally.</p>					

Healthcare Equipment & Supplies

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/22/2015	On-X Life Technologies Inc.	CryoLife Inc. (NYSE:CRY)	\$129	-	-
<p>CryoLife signed a definitive agreement to acquire On-X Life Technologies, a developer and manufacturer of artificial heart valve replacement and repair products. On-X Life Technologies is based in Austin, Texas. The transaction subsequently closed in January 2016.</p>					
12/17/2015	Visiometrics, S.L. & Visual Performance Diagnostics, Inc.	Halma plc (LSE:HLMA)	\$94	-	-
<p>Halma acquired Visiometrics and Visual Performance Diagnostics, manufacturer and provider of optical measuring systems that evaluate the optics of the entire eye by measuring the retina directly. Visual Performance Diagnostics is based in California.</p>					
11/20/2015	Liberator Medical Holdings (NYSE:LBMH)	C.R. Bard Inc.	\$181	2.1x	13.3x
<p>C.R. Bard entered into a definitive agreement to acquire Liberator Medical Holdings, a national direct-to-consumer provider of quality medical supplies for seniors and others with chronic illness in the U.S. Liberator Medical Holdings' direct billing to Medicare and other insurance providers is a key component of their strategic plans. The transaction subsequently closed in January 2016.</p>					
11/16/2015	SurgiQuest, Inc.	CONMED Corporation (NASDAQ:CNMD)	\$265	-	-
<p>CONMED Corporation entered into a definitive agreement to acquire SurgiQuest, a privately-held venture-backed company. SurgiQuest develops, manufactures, and markets the AirSeal® System, the first integrated access management technology for use in laparoscopic and robotic procedures. SurgiQuest is based in Milford, Connecticut. The transaction subsequently closed in January 2016.</p>					
10/26/2015	TriVascular Technologies (NASDAQ:TRIV)	Endologix, Inc. (NASDAQ:ELGX)	\$211	-	-
<p>TriVascular Technologies and Endologix entered into a definitive merger agreement where TriVascular Technologies will become a wholly-owned subsidiary of Endologix. TriVascular develops and commercializes technologies for endovascular aortic repair and is based in Santa Rosa, California.</p>					
10/5/2015	Excelsior Medical Corporation	ICU Medical, Inc. (NASDAQ:ICUI)	\$60	-	-
<p>ICU Medical entered into a definitive agreement to acquire Excelsior Medical, a manufacturer of devices to disinfect and protect access into a patient's bloodstream. ICU Medical will immediately sell the operating assets of the SwabCap® and SwabFlush® products to Medline Industries. Excelsior Medical is located in Neptune, New Jersey.</p>					

Healthcare IT

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/24/2015	Compressus, Inc.	Versata Enterprises, Inc.	\$-	-	-
<p>Versata Enterprises acquired Compressus, a medical software company providing workflow and telemedicine applications for medical image management. Compressus previously filed a voluntary petition for reorganization under Chapter 11 in the U.S. Bankruptcy Court for the District of Delaware. Compressus is based in Washington D.C. Terms of the transaction were not disclosed.</p>					
12/22/2015	Qforma Inc.	QPharma, Inc.	\$-	-	-
<p>QPharma acquired Qforma, a provider of social network analytics, product launch management and stakeholder engagement solutions for medical affairs, marketing, market access, and sales teams in life sciences companies worldwide. Qforma is based in Morris Plains, New Jersey. Terms of the transaction were not disclosed.</p>					
12/16/2015	RightCare Solutions, Inc.	Navihealth, Inc.	\$-	-	-
<p>Navihealth acquired RightCare Solutions, a medical technology company that develops software to allow healthcare providers to assess a patient's readmission risk. RightCare Solutions is based in Horsham, Pennsylvania. Terms of the transaction were not disclosed.</p>					
11/25/2015	Healthland Holding, Inc.	CPSI, Inc. (NASDAQ:CPSI)	\$250	-	-
<p>CPSI entered into a definitive agreement to acquire Healthland Holding and its affiliates, Healthland, American HealthTech, and Rycan Technologies. Healthland Holdings provides integrated technology solutions to rural community and critical access hospitals, clinics and health centers and is located in Minneapolis, Minnesota. The deal subsequently closed on January 8, 2016.</p>					
11/2/2015	MedAssets, Inc. (NASDAQ:MDAS)	Pamplona Capital Management LLP	\$2,700	3.6x	12.7x
<p>Pamplona Capital Management entered into a definitive agreement to acquire MedAssets, a provider of healthcare performance improvements through technology-enabled products and services focused on value over volume. MedAssets is based in Alpharetta Georgia with 18 offices across the U.S.</p>					
10/30/2015	HealthFusion, Inc.	Quality Systems, Inc. (NASDAQ:QSII)	\$165	-	-
<p>Quality Systems entered into an agreement and plan of merger to acquire HealthFusion, a developer of web-based cloud computing software for physicians, hospitals and medical billing services. HealthFusion services more than 3,000 physician practices, ambulatory centers and billing services and is based in Solana Beach, California.</p>					

Hospital Providers					
Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/31/2015	Bartow Regional Medical Center	BayCare Health System	\$-	-	-
<p>BayCare Health System acquired Bartow Regional Medical Center, a 72-bed acute care medical facility. Bartow Regional Medical Center is located in Bartow, Florida. Terms of the transaction were not disclosed.</p>					
12/29/2015	Two Indiana hospitals	Community Health Systems, Inc.	\$-	-	-
<p>Community Health Systems entered into a definitive agreement to acquire an 80% stake in two Indiana hospitals. Indiana University La Porte Hospital is a 227-bed acute care hospital located in La Porte, Indiana. Indiana University Health Starke Hospital is a 50-bed acute care hospital located in Knox, Indiana. Terms of the transaction were not disclosed.</p>					
12/17/2015	WCA Hospital	University of Pittsburgh Medical Center	\$25	-	-
<p>University of Pittsburgh Medical Center agreed to acquire WCA Hospital, formerly known as Women's Christian Association. WCA Hospital is a 317-bed acute care facility, and the largest in southwestern New York. It is the first New York State hospital to sign an affiliation agreement with UPMC. WCA Hospital, located in Jamestown, New York, will change its name to UPMC Chautauqua at WCA. Terms of the transaction were not disclosed.</p>					
12/17/2015	Dauterive Hospital	Iberia Medical Center	\$-	-	-
<p>Iberia Medical Center entered into an agreement to acquire Dauterive Hospital, a 103-bed acute care facility located in New Iberia, Louisiana. Dauterive Hospital closed in December 2015 and will reopen in 2016 as Iberia Medical Center-North Campus. The transaction subsequently closed in January 2016. SOLIC Capital Advisors served as exclusive financial advisor to Dauterive Hospital.</p>					
12/16/2015	Silverton Health	Legacy Health	\$60	-	-
<p>Legacy Health entered into a definitive agreement to acquire Silverton Health, a health network including a 49-bed hospital with 16 specialized service locations. Silverton Health has 200 physicians with 40% practicing telemedicine. Silverton Health is located in Silverton, Oregon.</p>					
12/16/2015	Pocono Health System, Inc.	Lehigh Valley Health Network	\$-	-	-
<p>Lehigh Valley Health Network signed an agreement to acquire Pocono Health System, a 235-bed hospital with three immediate care centers and over 20 service locations. Pocono Health System is located in East Stroudsburg, Pennsylvania. Terms of the transaction were not disclosed.</p>					
12/14/2015	Hutcheson Medical Center	ValorBridge Partners	\$4	-	-
<p>ValorBridge Partners placed the winning offer to acquire Hutcheson Medical Center, a 114-bed hospital. Hutcheson Medical Center filed for Chapter 11 bankruptcy protection in November 2014, and closed on December 14, 2015. Its skilled nursing facility, Parkside Nursing Home, was sold to another bidder for \$7.5 million. Hutcheson Medical Center is located in Oglethorpe, Georgia.</p>					
12/01/2015	Memorial Hospital of Salem County	Prime Healthcare Services, Inc.	\$-	-	-
<p>Prime Healthcare Services agreed to acquire substantially all of the assets of Memorial Hospital of Salem County, a 140-bed acute care center offering inpatient, outpatient, medical, surgical and emergency services. Memorial Hospital of Salem County is located in Salem, New Jersey. Terms of the transaction were not disclosed.</p>					

Hospital Providers (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
11/12/2015	RegionalCare Hospital Partners	Apollo Global Management, LLC (NYSE:APO)	\$-	-	-
<p>Apollo Global Management signed a definitive agreement to acquire RegionalCare Hospital Partners, a provider of healthcare services to non-urban communities in seven states. RegionalCare Hospital Partners is based in Brentwood, Tennessee. Terms of the transaction were not disclosed.</p>					
11/11/2015	Memorial Family of Services	Virginia Mason Health System	\$-	-	-
<p>Virginia Mason Health System agreed to acquire Memorial Family of Services, a 226-bed hospital with specialty locations throughout the county. Memorial Family of Services is based in Yakima, Washington. Terms of the deal were not disclosed.</p>					
11/10/2015	University General Hospital (OTCQB:UGHS)	Foundation HealthCare, Inc. (OTCQB:FDNH)	\$33	0.5x	-
<p>Foundation HealthCare signed an asset purchase agreement to acquire University General Hospital, a 69-bed specialty surgical hospital. University General Hospital filed for reorganization under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of Texas in early 2015 and was later approved for liquidation in January 2016. University General Hospital is located in Houston, Texas.</p>					
11/3/2015	Two hospitals in North Carolina	Duke LifePoint Healthcare	\$-	-	-
<p>Duke LifePoint Healthcare entered into a definitive agreement to acquire two North Carolina hospitals from Tenet Healthcare. Central Carolina Hospital is a 137-bed hospital located in Sanford, North Carolina. Frye Regional Medical Center is a 355-bed acute care facility with 19 physician practices and is located in Hickory, North Carolina. Terms of the transaction were not disclosed.</p>					
10/27/2015	Southern Regional Medical Center	Prime Healthcare Services	\$51	-	-
<p>Prime Healthcare Services purchase of Southern Regional Medical Center in Atlanta, Georgia was approved by the U.S. Bankruptcy Court for the Northern District of Georgia on October 27 and is currently awaiting approval by the Attorney General of Georgia. Southern Regional Medical Center is a 331-bed community hospital that serves the south Atlanta region.</p>					
10/20/2015	River Valley Health Partners	Prime Healthcare Services, Inc.	\$-	-	-
<p>Prime Healthcare Services entered into a definitive agreement to acquire River Valley Health Partners, is a 152-bed acute care hospital with eight primary care and specialty offices and a home health service. River Valley Health Partners is based in East Liverpool, Ohio. Terms of the transaction were not disclosed.</p>					
10/5/2015	St. Luke's Cornwall Hospital	Montefiore Health System, Inc.	\$-	-	-
<p>Montefiore Health System signed an agreement to acquire St. Luke's Cornwall Hospital, a 125-bed outpatient focused hospital serving the Hudson valley. Their emergency department recently underwent renovations and expansion. St. Luke's Cornwall hospital is located in Cornwall, New York. Terms of the transaction were not disclosed.</p>					

Hospital Providers (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
10/2/2015	Bethesda Health, Inc.	Baptist Health South Florida	\$-	-	-
<p>Baptist Health South Florida and Bethesda Health signed an agreement to merge pursuant to a 24-month transition period. Bethesda Health is a two hospital system including Bethesda Hospital East with 401 beds and Bethesda Hospital West with 80 beds. Bethesda Health is based in South Palm Beach county, Florida. Terms of the transaction were not disclosed.</p>					
10/2/2015	St. Francis Hospital Inc.	LifePoint Health, Inc. (NasdaqGS:LPNT)	\$-	-	-
<p>LifePoint Health signed an agreement to acquire St. Francis Hospital, a 376-bed faith oriented community hospital. St. Francis Hospital provides the area's only open heart surgery program and is based in Columbus, Georgia. Terms of the transaction were not disclosed. The transaction subsequently closed in January 2016.</p>					
10/1/2015	Titusville Area Hospital	Meadville Medical Center	\$8	-	-
<p>Meadville Medical Center agreed to acquire Titusville Area Hospital, which will continue to operate under its own name. Titusville Area Hospital is a 72-bed acute care facility in eastern Crawford County, Pennsylvania also serving portions of Venango and Forest counties.</p>					

Long-Term Care

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/31/2015	Fox Ridge portfolio	ARC Healthcare Trust-II	\$69	-	-
<p>ARC Healthcare Trust II acquired three senior housing communities from Fox Ridge Management. The three Oklahoma properties are located in Little Rock, North Little Rock and Bryant. Built in 2000, 2006 and 2008, the assisted living/memory care communities are 98.8% occupied and almost all private pay. There are 263 assisted living units, 24 memory care units and eight independent living duplexes.</p>					
12/31/2015	Renaissance on Peachtree	ARC Healthcare Trust-III	\$78	-	-
<p>ARC Healthcare Trust III acquired Renaissance on Peachtree, a 165-unit independent and 64-unit assisted living community in Atlanta's Buckhead district. This community was built in 1987 and recently completed \$8.1 million in renovations. Occupancy was nearing 94%, and there are a total of 285,000 square feet plus a 65,000 square foot parking garage.</p>					
12/31/2015	Courtyard Fountains	ARC Healthcare Trust-II	\$56	-	-
<p>ARC Healthcare Trust II acquired Courtyard Fountains, an independent and assisted living community in Gresham, Oregon. Courtyard Fountains is a senior living community that was built in three stages between 1996 and 2010 with \$2.4 million of renovations in 2012. It has 208 independent living units and 44 assisted living units. Occupancy was near 93%, and there are 255,782 square feet.</p>					
12/22/2015	Sunnycrest	DiNapoli Capital Partners	\$37	-	-
<p>DiNapoli Capital Partners has acquired Sunnycrest, a private-pay assisted living community in Fullerton, California. Built in 1988, with a 2014 renovation to the lobby and common areas, this assisted living community has 91,249 square feet on approximately two acres. Occupancy was 84% and the census is 100% private pay.</p>					
11/11/2015	Pacifica Senior Living	Capital Senior Living Corp. (NYSE:CSU)	\$38	-	-
<p>Capital Senior Living acquired Pacifica Senior Living property from a private seniors housing owner. The assisted living portion of the building (with 85 units) was built in 2001 and features 69 studios and 16 one-bedroom units. The memory care portion was built in 2012 with 25 studio units. The property is located in Virginia Beach and is 74,933 square feet.</p>					
11/4/2015	11 Skilled Nursing Facilities	Mainstreet	\$300	-	-
<p>Mainstreet acquired 11 skilled nursing facilities from Symphony Post Acute Network. The facilities are in the Chicago, Illinois market. The facilities have a total of 2,477 beds with occupancy of 90.5% with a census quality mix of about 25%.</p>					
11/2/2015	Two Skilled Nursing Facilities	Omega Healthcare Investors (NYSE:OHI)	\$32	-	-
<p>Omega Healthcare Investors completed a purchase/leaseback of two skilled nursing facilities in Florida.</p>					

Long-Term Care (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
10/30/2015	Three Seniors Housing Properties	Welltower Inc. (NYSE:HCN)	\$67	-	-
<p>Welltower partnered with Passages Healthcare to acquire/leaseback three seniors housing properties. The three communities are located in Fayetteville, Pennsylvania (219 units), Mariette, Pennsylvania (70 units) and Ona, West Virginia (98 units). The properties are operated by Passages Healthcare.</p>					
10/30/2015	Three Seniors Housing Properties	Welltower Inc. (NYSE:HCN)	\$58	-	-
<p>Welltower acquired three private pay seniors housing properties in Seattle. These communities are located in Bothel (41 units), Edmonds (64 units) and Seattle (44 units). The properties will be managed by Sunrise Senior Living under an incentive-based management contract. This acquisition expands Welltower's relationship with Sunrise and the properties will be put in the REIT's operating portfolio.</p>					
10/30/2015	Three Seniors Housing Properties	Welltower Inc. (NYSE:HCN)	\$155	-	-
<p>Welltower partnered with Leisure Care to acquire/leaseback three seniors housing properties. The communities are located in Colorado Springs, Colorado (171 units), Fort Collins, Colorado (147 units) and Orem, Utah (143 units). The properties are operated by Leisure Care.</p>					
10/6/2015	Three Aegis Living Communities	Welltower Inc. (NYSE:HCN)	\$58	-	-
<p>Welltower has acquired three assisted living/memory care communities in Washington state from Aegis Living. The communities consist of 65 assisted living units and 86 memory care units with an average occupancy of 84%. The units were built between 1976 and 1995, with extensive remodels between 2003 and 2007.</p>					

Managed Care

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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12/04/2015	Group Health Cooperative	Kaiser Permanente Inc.	\$1,800	-	-
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Kaiser Permanente signed a definitive agreement to acquire Group Health Cooperative, a member-governed, non-profit health care system that offers both care delivery and insurance coverage. Group Health Cooperative is based in Seattle, Washington and serves over 600,000 patients throughout Washington state and northern Idaho.

10/8/2015	Traditional Insurance business unit of Universal American (NYSE:UAM)	Nassau Reinsurance Group	\$63	-	-
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Nassau Reinsurance Group signed a definitive agreement to acquire the Traditional Insurance business from Universal American. The acquisition is comprised of Constitution Life Insurance, The Pyramid Life Insurance company and the traditional insurance businesses at American Progressive Life and Health Insurance company of New York. Traditional Insurance Business provides health insurance products and is based in White Plains, New York.

Healthcare Services: Valuation Metrics by Sector

Ticker	Company Name	Stock Price	52 - Week		% of 52 Week High	Market Cap (\$ mm)	Enterprise Value (\$ mm)	Enterprise Value to:		P/E	
			High	Low				LTM Revenue	LTM EBITDA		
Alternate Site											
AMED	Amedisys Inc.	\$39.32	\$48.34	\$24.81	81.3%	\$1,324.7	\$1,368.5	1.1x	13.9x	NM	
AMSG	AmSurg Corp.	76.00	87.42	52.42	86.9%	4,126.0	7,008.3	2.9x	10.6x	31.4x	
DVA	DaVita HealthCare Partners Inc.	69.71	85.17	67.34	81.8%	14,709.5	23,035.8	1.7x	9.2x	31.4x	
DB:FME	Fresenius Medical Care AG & Co. KGAA	69.14	90.42	65.68	76.5%	25,824.3	35,603.9	2.1x	12.0x	25.3x	
								Mean	2.0x	11.4x	28.4x
Diagnostic Services											
AIQ	Alliance Healthcare Services, Inc.	\$9.18	\$25.33	\$6.73	36.2%	\$96.9	\$694.5	1.5x	5.8x	11.1x	
LH	Laboratory Corp. of America Holdings	123.64	131.19	105.77	94.2%	12,512.4	18,496.1	2.4x	11.7x	26.9x	
DGX	Quest Diagnostics Inc.	71.14	89.00	60.07	79.9%	10,197.9	13,906.9	1.8x	9.2x	14.7x	
RDNT	RadNet, Inc.	6.18	9.40	5.19	65.7%	285.0	898.9	1.2x	8.1x	26.3x	
								Mean	1.7x	8.7x	17.6x
Healthcare Distributors											
ABC	AmerisourceBergen Corporation	\$103.71	\$120.68	\$89.52	85.9%	\$21,326.2	\$22,601.0	0.2x	14.6x	NM	
CAH	Cardinal Health, Inc.	89.27	91.91	74.76	97.1%	29,368.1	32,085.5	0.3x	11.3x	22.4x	
HSIC	Henry Schein, Inc.	158.19	161.62	126.17	97.9%	13,118.1	14,443.2	1.4x	15.5x	27.7x	
MCK	McKesson Corporation	197.23	243.61	160.10	81.0%	45,384.4	50,908.4	0.3x	12.0x	22.2x	
OMI	Owens & Minor Inc.	35.98	39.29	31.89	91.6%	2,262.6	2,711.4	0.3x	10.0x	26.5x	
SRCL	Stericycle, Inc.	120.60	151.57	110.56	79.6%	10,249.2	11,114.4	4.0x	15.5x	38.7x	
TMO	Thermo Fisher Scientific, Inc.	141.85	143.65	14.00	98.7%	56,612.0	69,429.8	4.1x	17.1x	28.8x	
								Mean	1.5x	13.7x	27.7x
Healthcare Equip. & Supplies ^[1]											
ABT	Abbott Laboratories	\$44.91	\$51.74	\$39.00	86.8%	\$66,993.1	\$69,317.1	3.4x	14.7x	26.9x	
BAX	Baxter International Inc.	38.15	74.03	32.18	51.5%	20,868.7	21,492.7	1.3x	5.2x	11.4x	
BDX	Becton, Dickinson and Company	154.09	157.50	128.87	97.8%	32,692.6	44,051.6	4.3x	16.7x	46.0x	
BSX	Boston Scientific Corporation	18.44	19.06	13.14	96.7%	24,805.4	30,314.4	4.1x	16.9x	NM	
BEAT	BioTelemetry, Inc.	11.68	16.96	7.86	68.9%	318.4	326.9	2.0x	13.4x	110.0x	
JNJ	Johnson & Johnson	102.72	106.50	81.79	96.5%	284,220.4	266,849.4	3.8x	11.8x	19.7x	
MDT	Medtronic plc	76.92	79.50	55.54	96.8%	108,161.5	126,850.5	4.9x	16.4x	43.9x	
SIE	Siemens Aktiengesellschaft	97.69	115.46	84.45	84.6%	78,994.3	98,447.0	1.2x	9.7x	14.3x	
STJ	St. Jude Medical Inc.	61.77	80.84	59.88	76.4%	17,459.9	19,973.9	3.6x	12.0x	17.6x	
								Mean	3.2x	13.0x	18.0x

[1] BDX, BEAT and MDT PE multiples are excluded from the mean.

Healthcare Services: Valuation Metrics by Sector (cont.)

Ticker	Company Name	Stock Price	52 - Week		% of 52 Week High	Market Cap (\$ mm)	Enterprise Value (\$ mm)	Enterprise Value to:		P/E	
			High	Low				LTM Revenue	LTM EBITDA		
Healthcare IT ^[2]											
MDRX	Allscripts Healthcare Solutions, Inc.	\$15.38	\$15.78	\$11.33	97.5%	\$2,907.1	\$3,481.8	2.5x	35.9x	NM	
ATHN	athenahealth, Inc.	160.97	170.42	110.68	94.5%	6,250.5	6,432.5	7.3x	94.2x	NM	
CERN	Cerner Corporation	60.17	75.72	55.82	79.5%	20,584.5	20,750.6	5.1x	18.3x	40.7x	
CPSI	Computer Programs & Systems Inc.	49.75	62.98	36.04	79.0%	562.3	523.9	2.8x	14.9x	25.9x	
HMSY	HMS Holdings Corp.	12.34	21.99	8.11	56.1%	1,061.3	1,114.3	2.4x	13.1x	82.1x	
MDAS	MedAssets, Inc.	30.94	31.24	17.00	99.0%	1,836.8	2,634.5	3.4x	12.1x	NM	
OMCL	Omnicell, Inc.	31.08	40.80	26.08	76.2%	1,101.1	1,043.3	2.2x	15.5x	35.3x	
QSII	Quality Systems Inc.	16.12	18.75	12.00	86.0%	981.1	870.3	1.7x	15.2x	30.4x	
WBMD	WebMD Health Corp.	48.30	49.88	37.57	96.8%	1,781.5	1,971.8	3.2x	15.3x	38.5x	
Mean								2.6x	14.9x	32.5x	
Hospital Providers ^[3]											
CYH	Community Health Systems, Inc.	\$26.53	\$65.00	\$24.49	40.8%	\$3,135.5	\$20,542.5	1.1x	7.2x	7.7x	
HCA	HCA Holdings, Inc.	67.63	95.49	43.91	70.8%	27,570.6	58,318.6	1.5x	7.5x	14.1x	
LPNT	LifePoint Health, Inc.	73.40	88.18	58.61	83.2%	3,194.8	5,231.8	1.0x	8.1x	22.4x	
THC	Tenet Healthcare Corp.	30.30	60.93	26.60	49.7%	3,020.0	19,222.0	1.1x	8.3x	163.4x	
UHS	Universal Health Services Inc.	119.49	148.57	101.20	80.4%	11,766.9	15,136.0	1.7x	9.2x	17.8x	
Mean								1.3x	8.0x	15.5x	
Long-Term Care / Senior Living											
BKD	Brookdale Senior Living Inc.	\$18.46	\$39.89	\$16.58	46.3%	\$3,411.0	\$9,825.6	2.3x	12.2x	14.7x	
CSU	Capital Senior Living Corp.	20.86	27.75	19.20	75.2%	615.8	1,333.2	3.3x	18.7x	19.4x	
DVCR	Diversicare Healthcare Services Inc.	8.15	17.15	6.45	47.5%	51.0	104.4	0.3x	4.6x	13.6x	
ENSG	The Ensign Group, Inc.	22.63	27.04	19.22	83.7%	1,161.0	1,184.9	1.0x	11.3x	21.4x	
GEN	Genesis Healthcare, Inc.	3.47	9.32	3.38	37.2%	532.8	5,438.5	1.0x	11.6x	NM	
KND	Kindred Healthcare Inc.	11.91	24.66	11.12	48.3%	998.0	4,132.0	0.6x	8.2x	NM	
Mean								1.4x	11.1x	17.3x	
Managed Care											
AET	Aetna Inc.	\$108.12	\$134.40	\$87.25	80.4%	\$37,701.4	\$43,806.8	0.7x	8.4x	16.6x	
CI	Cigna Corp.	146.33	170.68	100.67	85.7%	37,694.6	40,598.6	1.1x	10.2x	17.9x	
ESRX	Express Scripts Holding Company	87.41	94.61	68.06	92.4%	59,113.3	74,369.9	0.7x	10.7x	27.2x	
HNT	Health Net, Inc.	68.46	76.67	50.79	89.3%	5,291.6	4,928.3	0.3x	11.5x	35.0x	
HUM	Humana Inc.	178.51	219.79	137.45	81.2%	26,459.5	28,991.5	0.5x	10.7x	20.5x	
UNH	UnitedHealth Group Incorporated	117.64	126.21	95.00	93.2%	112,123.6	137,502.6	0.9x	11.0x	18.7x	
ANTM	Anthem, Inc.	139.44	173.59	122.86	80.3%	36,403.6	52,634.0	0.7x	8.3x	13.4x	
Mean								0.7x	10.1x	19.0x	
OVERALL SECTOR								Mean	1.8x	11.4x	22.0x

[2] ATHN and CERN revenue multiples, MDRX and ATHN EBITDA multiples, and the CERN and HMSY PE multiples are excluded from the mean.

[3] THC PE multiple is excluded from the mean.

Notes

- Sources: Capital IQ, Bond Buyer, Bloomberg, company 10-K, 10-Q and 8-K SEC filings, annual reports, press releases, and others as indicated.
- Any public companies chosen for the “SCA Healthcare Services Universe” are companies commonly used for industry information to show performance within a sector. They do not include all public companies that could be categorized within the sector and were not created as benchmarks; they do not imply benchmarking and do not constitute recommendations for a particular security and/or sector. The charts and graphs used in this report have been compiled by SOLIC Capital Advisors solely for purposes of illustration.

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Recent Representative Transactions *

<p>\$690,600,000 Sale of Assets on behalf of</p>  <p>MedCath Corporation (Nasdaq: MDTH)</p> <p>Sell Side Advisor</p>	<p>\$83,800,000</p>  <p>HEART HOSPITAL of AUSTIN</p> <p>has been acquired by</p> <p>St. David's Healthcare Partnership, L.P.</p> <p>Sell Side Advisor</p>	<p>\$156,000,000</p>  <p>SUMNER Regional Health Systems, Inc.</p> <p>has been acquired by</p>  <p>LIFEPPOINT HOSPITALS*</p> <p>Sell Side Advisor</p>	<p>\$75,000,000</p>  <p>Community Memorial Healthcenter</p> <p>has affiliated with</p>  <p>VCU Medical Center Virginia Commonwealth University Health System</p> <p>Financial Advisor to Community Memorial Healthcenter</p>	<p>\$58,500,000</p>  <p>Morton Hospital And Medical Center</p> <p>has been acquired by</p>  <p>Steward Steward Health Care System LLC</p> <p>Sell Side Advisor</p>
<p>\$31,000,000</p>  <p>HUALAPAI MOUNTAIN MEDICAL CENTER</p> <p>has been acquired by</p>  <p>KINGMAN REGIONAL MEDICAL CENTER Serving Our Community with Compassion and Commitment</p> <p>Sell Side Advisor</p>	<p>\$73,000,000</p>  <p>ARKANSAS HEART HOSPITAL* THE HEART HOSPITAL</p> <p>has been acquired by</p> <p>AR-MED, LLC</p> <p>Sell Side Advisor</p>	<p>\$830,000,000</p>  <p>Caritas CARITAS CHRISTI HEALTH CARE</p> <p>has been acquired by</p>  <p>Steward Steward Health Care System LLC</p> <p>Sell Side Advisor</p>	<p>SSM HEALTH CARE WISCONSIN</p>  <p>Upland Hills* Health</p> <p>Three dialysis centers have been acquired by</p>  <p>FRESENIUS MEDICAL CARE</p> <p>Sell Side Advisor</p>	<p>\$206,900,000</p>  <p>TOMBALL REGIONAL MEDICAL CENTER</p> <p>has been acquired by</p>  <p>CHS Community Health Systems</p> <p>Sell Side Advisor</p>
<p>ROCKFORD HEALTH system</p>  <p>has merged with</p>  <p>MERCY HEALTH SYSTEM</p> <p>With all our heart. With all our mind.®</p> <p>Financial Advisor to Rockford Health System</p>	<p>Winchester Hospital</p>  <p>Advancing Health. Advancing Care.</p> <p>has affiliated with</p>  <p>Lahey Health</p> <p>Financial Advisor to Winchester Hospital</p>	<p>\$86,400,000</p> <p>An equity interest in</p>  <p>Avera Heart Hospital of South Dakota</p> <p>has been acquired by</p>  <p>Avera</p> <p>Sell Side Advisor</p>	<p>\$25,000,000</p>  <p>MedCath</p> <p>MedCath Partners Division</p> <p>has been acquired by</p>  <p>DLP Cardiac Partners Duke LifePoint Healthcare</p> <p>Sell Side Advisor</p>	<p>\$38,100,000</p>  <p>CARDIOVASCULAR CARE GROUP</p> <p>has acquired MedCath's equity interest and secured loan in</p>  <p>BAKERSFIELD HEART HOSPITAL</p> <p>Sell Side Advisor</p>
<p>\$76,250,000</p>  <p>TEXAS HEART HOSPITAL</p> <p>has been acquired by</p>  <p>METHODIST HEALTHCARE SYSTEM San Antonio, Texas</p> <p>Sell Side Advisor</p>	<p>\$62,600,000</p>  <p>HARLINGEN MEDICAL CENTER</p> <p>has been acquired by</p>  <p>PRIME HEALTHCARE SERVICES, INC.</p> <p>Sell Side Advisor</p>	<p>United Surgical Partners INTERNATIONAL</p>  <p>has acquired an interest in</p>  <p>SIUXLAND SURGERY CENTER</p> <p>Financial Advisor to Physician Members of Siouxland Surgery Center</p>	<p>\$32,000,000</p>  <p>ARIZONA HEART HOSPITAL</p> <p>has been acquired by</p>  <p>VANGUARD HEALTH SYSTEMS</p> <p>Sell Side Advisor</p>	<p>\$119,000,000</p>  <p>HEART HOSPITAL of NEW MEXICO</p> <p>has been acquired by</p>  <p>Lovelace Health System</p> <p>Sell Side Advisor</p>

* Includes transactions led by the team of SOLIC professionals at predecessor firms