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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 part of the SOLIC platform that includes: financial advisory, principal investing, and asset management services.

February 2014

Merger and acquisition volume in the healthcare sector totaled 1,002 transactions for 2013, 8% lower than 2012's total of 1,091, which was the highest annual number of deals reached in the past decade, according to preliminary figures from Irving Levin Associates, Inc. M&A deal value in 2013 reached \$163.5 billion, up approximately 14% compared with 2012's total spend of \$143.7 billion, which, conversely, was the lowest in the past decade, as the pool of well-performing assets continues to improve.

The Hospital sector, whose public company M&A deals were much in the news last year, actually saw a decrease in activity, from 108 deals in 2012 down to 89 transactions. However, due to major deals between Tenet Healthcare Corp. (NYSE: THC) and Vanguard Health Systems (NYSE: VHS) valued at \$4.3 billion, and Community Health Systems' (NYSE: CYH) \$7.6 billion takeover of Healthcare Management Associates (NYSE: HMA), combined dollar volume for the sector was up 736%, to \$19 billion, from 2012's \$2.2 billion as the need for high quality, lower cost care pushes market activity.

S&P recently projected a negative outlook for hospitals in 2014 due to a multitude of factors, including:


- **Top line revenue limits** leading to operating margin and coverage compression;
- The pervasive impact of **health care reform** readiness activities;
- **Soft demand**, particularly for the financially-important inpatient business; and,
- The important and emerging shift **to value-based payments** from fee-for-service.

In particular, consolidation within the hospital sector is expected to be active in 2014 as the realities of risk-based reimbursement, scale necessary to effectively manage population-based healthcare, and sustaining reduced operating cost structures continue to weigh on providers. Despite these constant pressures, many local health systems are taking proactive measures seeking to evaluate alternatives from a position of strength. With respect to acquisition trends, large for-profit hospital operators will likely be looking to increase scale in existing markets through acquisitions of hospitals and other ancillary services. Regional nonprofit systems are expected to be active pursuing affiliations with community-based systems seeking to achieve mutual objectives.

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



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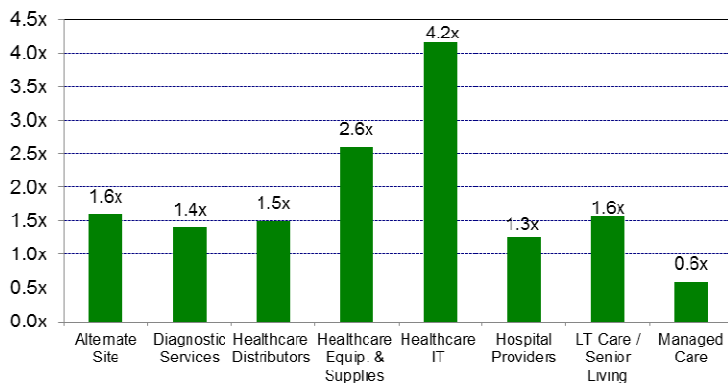
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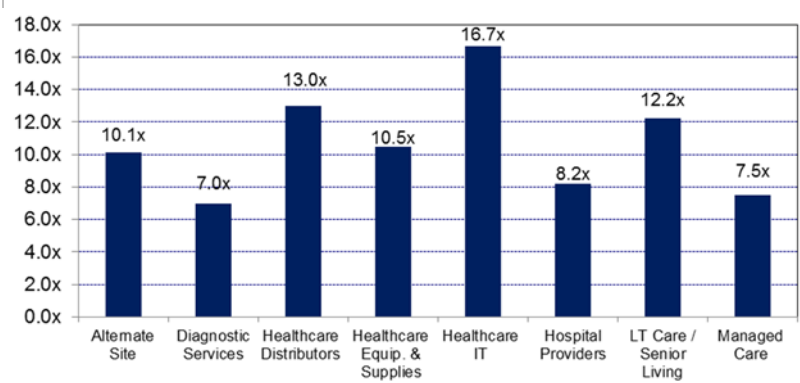
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## Healthcare Services: Market Overview

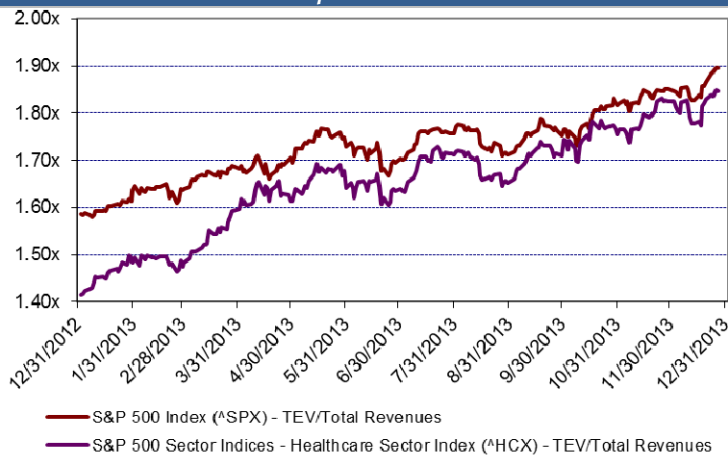
Enterprise Value to Revenue



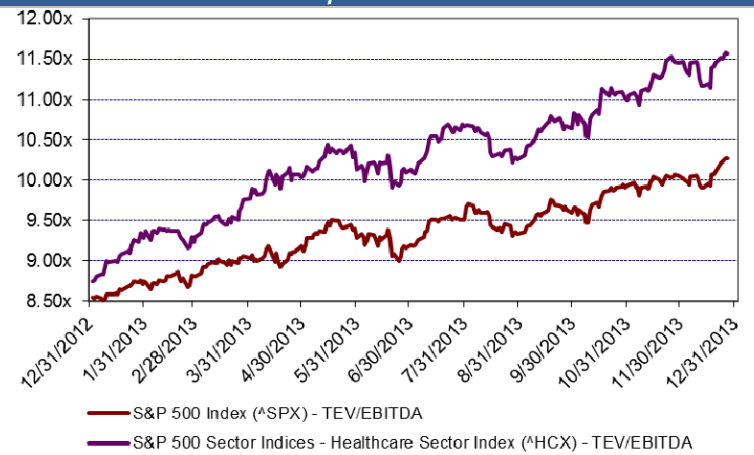
Enterprise Value to EBITDA



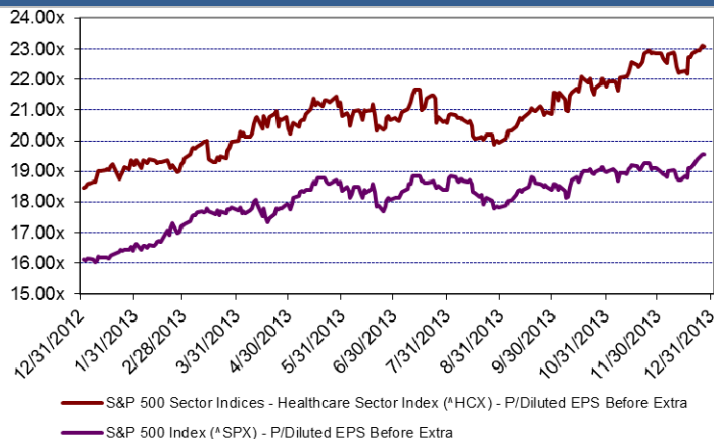
S&P Healthcare Index vs. the S&P 500 -  
Total Enterprise Value / Revenue



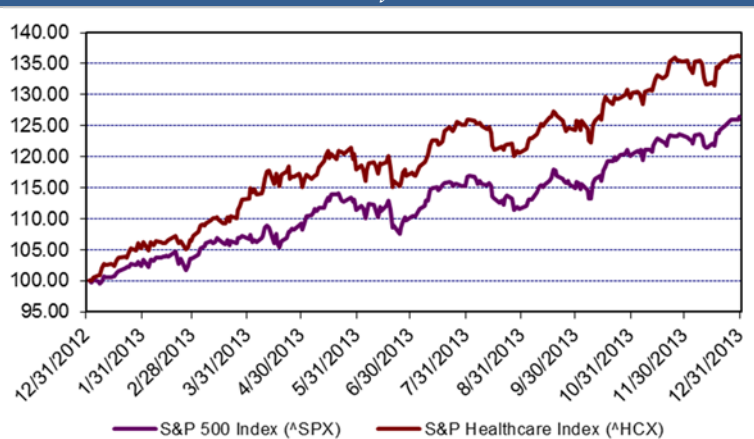
S&P Healthcare Index vs. the S&P 500 -  
Total Enterprise Value / EBITDA



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
12/10/2013	<p>S&amp;P projected a negative outlook for not-for-profit hospitals in 2014 due to a multitude of factors, including: top line revenue constraints leading to operating margin and coverage compression; the impact of health care reform readiness activities; soft demand, particularly for the financially important inpatient business; and the emerging changes in the payment environment, to value-based payments from fee-for-service payments. While it is expected that many hospitals and health systems will manage this period of change and reform effectively, even the strongest hospitals and health systems are, at best, only likely to hold existing margin and reserve levels while weaker providers will likely see ongoing operating margin and cash flow erosion and, eventually, balance sheet weakness, leading to rating deterioration beginning in 2014.. With revenues squeezed, the industry must gain the necessary skills to manage care, including better management of chronic diseases, and must accept risk for larger groups of patients. At the same time, providers believe that changes in reimbursement and use rates will require that they operate with a much lower cost structure; however, doing so is proving increasingly difficult. Traditional financial improvement strategies include staffing freezes or reductions, pension freezes, trimming capital spending, and cost-containment initiatives in the areas of revenue cycle, supply chain, and productivity. Most of the organizations have picked all of their "low hanging fruit" savings and are now looking for that next level of cost savings such as physician preference items (supply chain), best practice definition and implementation, and clinical integration and physician productivity; however, for many, the next level of cost savings is potentially unachievable for a variety of reasons, including the lack of technology to reap the savings and the cultural inability to get the organization to agree on and implement these identified changes.</p>
11/14/2013	<p>Despite slow enrollment, exchanges remain a credit positive for for-profit hospitals. According to a Moody's report, the pace of individuals buying healthcare insurance on the new exchanges is expected to increase as the open enrollment period approaches its end date of March 31, 2014, resulting in lower bad debt expense and expanded margins for the for-profit hospital operators. The quicker-than-anticipated growth in individuals eligible for Medicaid will also benefit for-profit hospitals. The government reports that 396,261 individuals qualified for coverage under Medicaid in October, a credit positive as these individuals were previously uninsured, reducing hospitals' exposure to bad debt expense, even though Medicaid typically pays substantially less for hospital services than any other payor. Enrollment numbers that fall far below government estimates could cause Moody's to change its view of the ACA's credit impact in 2014 as the industry is already absorbing reductions in Medicare reimbursement. Hospitals will see a reduction in Medicare and Medicaid disproportionate share (DSH) payments, which compensate hospitals that serve a significantly disproportionate number of low-income patients, due to a change in methodology that was part of the healthcare reform legislation. Expecting lower bad debt expense as the population of uninsured individuals declined, the hospital industry agreed to a decrease in these reimbursements and others as part of a deal to reduce Medicare payments by \$155 billion over 10 years to help fund the ACA. Absorbing lower reimbursements without the benefit of less uninsured volumes will be a credit negative for hospital operators.</p>
10/30/2013	<p>Non-profit hospitals in states that opted not to expand their Medicaid programs under the new federal healthcare law will face financial problems and rating pressure next year, according to Fitch Ratings. The biggest impact of the new law in 2014 is going to be the lack of increase in insured volume for hospitals in states that don't expand Medicaid combined with reimbursement cuts. Thus far, 18 states have decided not to expand Medicaid, and seven more are in flux. These 18 states that are opting out are also suffering from higher uninsured rates and higher poverty rates than states that are opting in. States with the high uninsured rates that are not expanding Medicaid include Texas, Florida, Georgia, Louisiana, Mississippi, and South Carolina. These states also have among the most stringent Medicaid eligibility requirements and highest poverty rates in the nation. Therefore, Fitch anticipates that many hospitals in these six states will be among the most negatively affected. On the bonding side, it is likely that financial pressures will translate into smaller capital plans which is usually correlated with hospital profitability.</p>
10/23/2013	<p>California counties will not experience significant savings from healthcare insurance expansion under the ACA, even though the expansion will lessen their burden of providing healthcare to the uninsured, according to a report from Moody's Investors Service. Counties won't save much in the end because the state of California will offset most of their savings by reducing the funds they provide counties for other human service programs according to the report. The healthcare expansion under the ACA takes effect on Jan. 1, 2014 after which enrollment in California's Medicaid program is expected to increase 14.5% by 2017, according to the California Legislative Analyst's Office (LAO). Medi-Cal expansion will be funded entirely by the federal government through 2016. After that, the federal government will pay 90% of expansion costs, and the state will pay 10%. The LAO estimates that gross savings from the expansion will be \$800 million to \$1.2 billion in 2017. Moody's said this number is relatively small in comparison to the total \$17.7 billion that the 27 counties it rates spent on healthcare in fiscal 2012.</p>

## Healthcare Services: Selected M&A Transactions

Alternate Site					
Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/24/2013	<b>Frisco Ambulatory Surgery Center, LLC</b>	<b>Physician Partners of America, LLC</b>	\$-	-	-
Physician Partners of America completed the acquisition of Frisco Ambulatory Surgery Center. Financial terms of the transaction were not disclosed. Physician Partners of America provides healthcare administrative services to practicing physicians/physician groups.					
11/18/2013	<b>Medical Anesthesia Consultants Medical Group</b>	<b>Sheridan Healthcare, Inc.</b>	\$-	-	-
Sheridan Healthcare, Inc., an anesthesia services provider, acquired Medical Anesthesia Consultants Medical Group, Inc., a provider of anesthesiology and pain management services. Medical Anesthesia Consultants is the first California-based anesthesiology practice to join Sheridan. Financial terms of the transaction were not disclosed.					
11/1/2013	<b>Ohio Cancer Specialists, Inc.</b>	<b>The Cleveland Clinic Foundation</b>	\$-	-	-
The Cleveland Clinic Foundation acquired Ohio Cancer Specialists. The agreement will make Ohio Cancer Specialists a full-service cancer treatment center with 43 employees, a part of Cleveland Clinic's Taussig Cancer Institute. Financial terms of the transaction were not disclosed.					
10/7/2013	<b>Dayton Newborn Care Specialists, Inc.</b>	<b>MEDNAX, Inc. (NYSE:MD)</b>	\$-	-	-
MEDNAX, Inc. acquired Dayton Newborn Care Specialists, Inc., a neonatal physician group practice based in Dayton, Ohio. The practice will become part of MEDNAX's Pediatrix Medical Group division, a national group practice consisting of leading neonatal, maternal-fetal medicine, pediatric cardiology, and other pediatric specialty physicians. Financial terms of the transaction were not disclosed.					
Diagnostic Services					
Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/8/2013	<b>Given Imaging Ltd.</b>	<b>Covidien plc (NYSE: COV)</b>	\$964	4.5x	34.0x
Covidien plc signed a definitive agreement to acquire Given Imaging Ltd. (NasdaqGS:GIVN). Given Imaging develops, manufactures, and markets diagnostic products for the visualization and detection of gastrointestinal tract disorders. This acquisition will significantly expand Covidien's presence in the \$3 billion gastrointestinal market.					
11/13/2013	<b>Genova Diagnostics, Inc.</b>	<b>Levine Leichtman Capital Partners</b>	\$-	-	-
Levine Leichtman Capital Partners completed the acquisition of Genova Diagnostics, Inc. Genova is a global specialty clinical laboratory that has pioneered a unique, systems-based approach to testing that supports the personalized diagnosis, treatment and prevention of chronic disease. The Company offers more than 125 specialized diagnostic assessments. Genova is the second investment from Levine Leichtman Capital Partners. Financial terms of the transaction were not disclosed.					



## Healthcare Distributors

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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**12/18/2013**      **Southeastern Health Plus, Inc., Rehabilitation Division**

**Numotion**

**\$-**

**-**

**-**

Numotion completed the acquisition of the rehabilitation division from Southeastern Health Plus, Inc. The rehabilitation division handles the distribution of power wheelchairs, custom manual wheelchair, high-performance sports and recreation wheelchairs, scooters, seating and positioning products, and pressure relief systems. Financial terms of the transaction were not disclosed.

**11/27/2013**      **Coram, Inc.**

**CVS Caremark Corporation (NYSE:CVS)**

**\$2,100**

**-**

**-**

CVS Caremark Corporation completed the acquisition of Coram, Inc. Coram, Inc. provides home infusion and specialty pharmacy distribution services.

**10/31/2013**      **Medical Specialties Distributors, LLC**

**New Mountain Capital, LLC**

**\$-**

**-**

**-**

New Mountain Capital LLC completed the acquisition of Medical Specialties Distributors, LLC from Water Street Healthcare Partners. Medical Specialties Distributors, LLC distributes and rents infusion related products and biomedical equipment for home infusion providers, specialty pharmacies, oncology markets, and institutional pharmacies. Financial terms of the transaction were not disclosed.

## Healthcare Equipment & Supplies

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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**12/31/2013**      **Patient Safety Technologies, Inc. (OTCPK:PSTX)**

**Stryker Corporation (NYSE:SYK)**

**\$86**

**5.4x**

**35.2x**

Stryker Corporation entered into a definitive agreement to acquire Patient Safety Technologies, Inc. Patient Safety Technologies conducts its business through its wholly owned subsidiary, SurgiCount Medical, Inc., which markets its proprietary Safety-Sponge System and SurgiCount 160 compliance software.

**11/25/2013**      **BarrierSafe Solutions International, Inc.**

**Ansell Ltd. (ASX:ANN)**

**\$615**

**2.2x**

**9.6x**

Ansell Ltd. entered into an agreement to acquire BarrierSafe Solutions International, Inc. in November 2013. BarrierSafe develops and markets disposable gloves, disposable barrier protection, infection control, and related products for end use markets. Ansell Ltd. completed the acquisition of BarrierSafe Solutions International, Inc. on January 2, 2014.

**11/18/2013**      **Vital Signs, Inc.**

**CareFusion Corp. (NYSE:CFM)**

**\$500**

**2.0x**

**-**

CareFusion Corporation completed the acquisition of Vital Signs, Inc. from GE Healthcare Ltd. The acquisition will significantly expand CareFusion's Specialty Disposables business by adding global scale and new products for anesthesiology.

## Healthcare Equipment & Supplies (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
10/29/2013	Vidacare Corporation	Teleflex Incorporated (NYSE:TFX)	\$263	-	-
Teleflex Incorporated completed the acquisition of Vidacare Corporation. Vidacare Corporation, a medical device company, engages in the development, manufacture, and marketing of intraosseous access devices for diagnostic, monitoring, and therapeutic applications.					

10/28/2013	Confluent Surgical, Inc.	Integra LifeSciences Holdings (NASDAQ: IART)	\$235	4.0x	-
Integra LifeSciences Corporation entered into a definitive agreement to acquire Confluent Surgical, Inc., a provider of dural sealant systems for cranial surgeries. The transaction closed on January 15, 2014.					

## Healthcare IT

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/9/2013	QUMAS, Limited	Accelrys, Inc. (NASDAQ:ACCL)	\$43	2.5x	-
Accelrys Software Inc. completed the acquisition of QUMAS, a provider of cloud-based and on-premises compliance software supporting regulatory and quality operations in pharma/biotech, contract research organizations and medical device markets.					

11/22/2013	Liazon Corporation	Towers Watson & Co. (NYSE: TW)	\$215	-	-
Towers Watson & Co. (NYSE:TW) completed the acquisition of Liazon Corporation, a developer of private benefits exchanges for active employees. The acquisition adds to Towers Watson's strength in the private exchange market.					

11/6/2013	Passport Health Communications, Inc.	Experian plc (LSE: EXPN)	\$850	-	-
Experian plc (LSE:EXPN) completed the acquisition of Passport Health Communications, Inc. Passport Health Communications is a leading provider of data, analytics and software in the U.S. healthcare payments market. It works with more than 2,500 hospitals and more than 9,000 other healthcare providers.					

## Hospital Providers

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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12/30/2013	Casa Grande Regional Medical Center	Banner Health	\$-	-	-
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Banner Health signed a letter of intent to acquire Arizona-based Casa Grande Community Hospital from Regional Care Services Corporation. Banner Health is a Phoenix-based nonprofit healthcare system that manages 23 acute-care hospitals and medical facilities. Financial terms of the transaction were not disclosed.

12/18/2013	Wing Memorial Hospital	The Baystate Health System	\$-	-	-
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The Baystate Health System, Springfield, Massachusetts, intends to acquire 74-bed Wing Memorial Hospital in Palmer, Massachusetts from UMass Memorial Health Care. Baystate currently owns three hospitals in Massachusetts, including Baystate Medical Center, its 659-bed flagship hospital. Financial terms of the transaction were not disclosed.

12/11/2013	Port Huron Hospital	McLaren Health Care	\$-	-	-
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Blue Water Health Services, the parent company of 186-bed-Port Huron Hospital based in Port Huron, Michigan, signed a letter of intent to join McLaren Health Center. Financial terms of the deal were not disclosed. However, McLaren is expected to make substantial capital investments in Port Huron Hospital, including a new acute-care tower.

12/6/2013	Halifax Regional Medical Center	Novant Health	\$-	-	-
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Halifax Regional Medical Center in Roanoke Rapids, North Carolina will merge with Novant Health in 2015 to become the Winston-Salem-based health system's 15th medical center. The merger will follow a year-long management agreement with Novant Health set to launch in March 2014, after which the 204-bed Halifax Regional will become part of Novant. The management agreement offers Novant the chance to begin its involvement in running the hospital while it conducts its due diligence for the merger. Financial terms of the transaction were not disclosed, but as part of the deal, Novant has committed to a capital investment of \$35 million over the next five years at Halifax Regional.

11/27/2013	District One Hospital	Allina Health	\$-	-	-
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Minneapolis-based Allina Health and District One Hospital in Faribault, Minnesota, have signed a letter of intent to discuss a partnership. If approved, District One Hospital, which is licensed for 99 beds, would become part of Allina Health. Financial details were not disclosed. District One Hospital would be Allina Health's 13th hospital.

## Hospital Providers (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
11/15/2013	<b>AtlantiCare Health System</b>	<b>Geisinger Health System</b>	\$-	-	-
<p>AtlantiCare, a prominent healthcare provider in Atlantic County, has signed a letter of intent to join Geisinger Health System, an integrated health system in rural Pennsylvania known nationally for high quality and low cost. Geisinger, based in Danville, Pennsylvania, has four acute-care hospitals, a group practice of more than 1,000 physicians, and a health insurance plan with 448,000 members. Geisinger employs 20,800. Financial terms of the transaction were not disclosed.</p>					
11/5/2013	<b>Children's Clinic of South Snohomish County</b>	<b>Swedish Medical Group</b>	\$-	-	-
<p>Swedish Medical Group (SMG), a division of Seattle-based Swedish Health Services with nearly 900 providers in more than 100 clinics, has acquired Edmonds, Washington-based Children's Clinic of South Snohomish County. Through the acquisition, the clinic gains access to electronic medical records and other SMG shared resources. Financial terms of the transaction were not disclosed.</p>					
11/1/2013	<b>Unicoi County Memorial Hospital (UMCH)</b>	<b>MountainStates Health Alliance (MSHA)</b>	\$-	-	-
<p>Unicoi County Memorial Hospital, a 48 acute-care bed facility located in Erwin, Tennessee has officially joined MountainStates Health Alliance (MSHA), becoming the 14th hospital to join MSHA, a provider of managed healthcare services. Financial terms of the transaction were not disclosed.</p>					
10/22/2013	<b>Forest Park Medical Center</b>	<b>Sabra Health Care REIT, Inc.</b>	\$120	-	-
<p>Sabra Health Care REIT, Inc. purchased Forest Park Medical Center-Frisco, a 54-bed hospital located in Frisco, Texas. This acute care hospital contains 30 inpatient rooms, 14 family suites, 10 ICU beds and 12 operating rooms. Forest Park Medical Center is an acute-care hospital, with 30 inpatient rooms, 14 family suites, 10 ICU beds and 12 operating rooms.</p>					
10/16/2013	<b>Kewanee Hospital</b>	<b>OSF Healthcare Systems</b>	\$-	-	-
<p>The Illinois Health Facilities and Services Review Board approved Peoria, Ill.-based OSF HealthCare's acquisition of Kewanee Hospital, marking an end to the transaction process. OSF HealthCare and Kewanee Hospital, a 25-bed critical access hospital located in Kewanee, Illinois, signed a definitive agreement in October after agreeing to an initial letter of intent to affiliate in November 2012. Kewanee Hospital will be the system's ninth hospital. Kewanee Hospital will change its name to OSF St. Luke Medical Center. Financial terms of the agreement were not disclosed.</p>					
10/16/2013	<b>Jordan Hospital</b>	<b>Beth Israel Deaconess</b>	\$-	-	-
<p>In January 2014, Beth Israel Deaconess, an academic medical center, will become the sole corporate member of Jordan Health Systems, a not-for-profit organization that owns Jordan Hospital. As part of the deal, Beth Israel Deaconess will rename Jordan Hospital as Beth Israel Deaconess Hospital-Plymouth and will pay \$10 million over five years for capital improvements. Other financial terms of the agreement were not disclosed.</p>					



## Hospital Providers (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
10/14/2013	Mercy Hospital Hot Springs	Catholic Health Initiatives (CHI)	\$-	-	-

Chesterfield, Missouri-based Mercy has signed a nonbinding letter of intent with Englewood, Colorado-based Catholic Health Initiatives (CHI) to transfer ownership of Mercy Hospital Hot Springs (Arkansas). Under the deal, CHI would acquire Mercy Hospital Hot Springs, a 282-bed hospital that includes an 80-physician clinic, and it would become an affiliate of CHI's St. Vincent Health System in Little Rock, Arkansas. Financial terms of the deal were not disclosed.

10/10/2013	Meriter Health Services	UnityPoint Health	\$-	-	-
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UnityPoint Health, a health system based in West Des Moines, Iowa, that has 15 hospitals and more than 280 clinics in eight regions of Iowa and Illinois, agreed to acquire Wisconsin-based Meriter Health Services, Inc. in October 2013. UnityPoint Health completed the acquisition of Meriter Health Services, Inc. on January 1, 2014. Financial terms of the deal were not disclosed.

10/3/2013	Westfield Hospital	Lehigh Valley Health Network (LVHN)	\$-	-	-
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Lehigh Valley Health Network (LVHN) and Westfield Hospital announced they have signed an agreement that will allow LVHN to acquire the assets of Westfield Hospital. LVHN plans to transform Westfield into the Center for Orthopedic Medicine. LVHN will operate and staff the new orthopedic center located at Westfield's current site. Located in Pennsylvania, Westfield Hospital operates 25 licensed beds, three operating rooms and an emergency department. Financial terms of the deal were not disclosed.

## Long-Term Care

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/26/2013	<b>Four assisted living communities in Indiana and South Carolina</b>	<b>Capital Senior Living Corp. (NYSE:CSU),</b>	<b>\$65</b>	-	-
Capital Senior Living Corporation completed the acquisition of four senior living communities in Indiana and South Carolina, enhancing Capital Senior Living's existing operations in these states. The communities are comprised of 388 units, consisting of 48 independent living units, 257 assisted living units and 83 memory care units with occupancy above 95%.					
11/5/2013	<b>Nine nursing centers in Long Beach, California</b>	<b>Kindred Healthcare, Inc. (NYSE:KND)</b>	<b>\$83</b>	-	-
HCP, Inc. is selling the real estate associated with nine nursing centers it currently leases to Kindred Healthcare, Inc. This transaction is in line with Kindred's strategy to reduce its most expensive debt by purchasing the real estate of its lease obligations.					
11/18/2013	<b>52 independent living communities in various states</b>	<b>Newcastle Investment Corp. (NYSE:NCT)</b>	<b>\$1,010</b>	-	-
Newcastle Investment Corp. entered into an agreement to acquire a 52-property portfolio of senior housing properties from Holiday Acquisition Holdings LLC. The 52 communities are 100% private pay and are located in 24 states with an average occupancy of 90.5% as of September 30, 2013. Newcastle will lease these communities back to Holiday.					
11/19/2013	<b>25 independent living facilities</b>	<b>National Health Investors, Inc. (NYSE:NHI)</b>	<b>\$491</b>	-	-
National Health Investors signed a definitive agreement to acquire 25 independent living communities from an affiliate of Holiday Retirement. Holiday Retirement is selling these facilities in Arkansas (2), California (7), Georgia (3), South Carolina (2), Washington (4), and one each in Idaho, Indiana, Louisiana, New Jersey, Ohio, Oklahoma and Oregon with a median age of 16 years and average occupancy of 89%.					
11/27/2013	<b>Two assisted living communities in Massachusetts</b>	<b>Benchmark Senior Living</b>	<b>\$63</b>	-	-
Benchmark Senior Living acquired The Inn at Robbins Brook and Forge Hill in Massachusetts. Forge Hill Senior Living in Franklin was built in 1999 and has 97 units, including assisted living, memory care and independent living. Robbins Brook in Acton was built in 2000 and has 79 units, including assisted living and Alzheimer's care with occupancy above 90%.					
10/25/2013	<b>26 Holiday Retirement in various states</b>	<b>Ventas (NYSE:VTR)</b>	<b>\$790</b>	-	-
Ventas Inc. has acquired a 26-property portfolio of independent living communities from Holiday Retirement. The portfolio consists of 3,138 units with an overall occupancy rate of 94%.					

## Long-Term Care (cont.)

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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**10/7/2013**
**Six senior living communities**
**Kayne Anderson Real Estate (KAREA)**
**\$400**
**-**
**-**

Kayne Anderson Real Estate (KAREA), the real estate private equity arm of Kayne Anderson Capital Advisors, L.P. and Discovery Senior Living (Discovery), an operator and developer of senior housing, announced that together they have bought out Discovery's existing partner in the Aston Gardens senior housing portfolio. This portfolio, known as Aston Gardens, consists of six communities in Naples, Parkland, Sun City, Tampa and Venice, Florida with a total of 1,930 units. Occupancy is 97% and the units are 82% independent living and 18% assisted living.

**10/4/2013**
**Eight senior living communities**
**American Realty Capital**
**\$143**
**-**
**-**

American Realty Capital has agreed to purchase a nine-property portfolio of assisted living communities and development land for a total of \$143 million. The eight communities and one development parcel are all based in the southeast, spanning three communities in Georgia; three in Florida; and one in each North Carolina and Tennessee. The development parcel is located in Decatur, Georgia. Occupancy among the communities is approximately 93%. The properties comprise 640 total units, including 453 assisted living units and 187 memory care units; on average, the properties are 15 years old.

## Managed Care

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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**12/18/2013**
**Fidelis SecureCare of Michigan**
**Centene Corporation (NYSE:CNC)**
**\$-**
**-**
**-**

Centene Corp. signed an agreement to acquire a majority stake in Fidelis SecureCare of Michigan, Inc. Fidelis SecureCare of Michigan, Inc. develops and offers health plans in Macomb and Wayne counties in Michigan. Financial terms of the deal were not disclosed.

**11/11/2013**
**Lovelace Health Plan**
**Blue Cross & Blue Shield of New Mexico**
**\$-**
**-**
**-**

Blue Cross & Blue Shield of New Mexico agreed to acquire Lovelace Health Plan. Lovelace Health Plan provides healthcare plans and products to businesses, retirees, and beneficiaries of government programs in New Mexico. Financial terms of the deal were not disclosed.

**11/25/2013**
**InterGlobal Insurance Company Limited**
**Aetna Inc. (NYSE:AET)**
**\$-**
**-**
**-**

Aetna Inc. agreed to acquire InterGlobal Insurance Company Limited. InterGlobal Insurance Company Limited provides international health/private medical insurance products for expatriates, frequent travelers, and international business people worldwide. Financial terms of the deal were not disclosed.

## Healthcare Services: Valuation Metrics by Sector

		Stock	52 - Week		% of 52	Market	Enterprise	Enterprise Value to:		
Ticker	Company Name	Price	High	Low	Week High	Cap (\$ mm)	Value (\$ mm)	LTM Sales	LTM EBITDA	P/E
<b><u>Alternate Site</u></b>										
AMED	Amedisys Inc.	\$14.61	\$18.70	\$8.81	78.1%	\$474.2	\$502.3	0.4x	9.2x	NM
AMSG	AmSurg Corp.	45.80	48.71	29.02	94.0%	1,476.0	2,578.3	2.5x	7.3x	21.2x
DVA	DaVita HealthCare Partners Inc.	63.29	65.67	52.75	96.4%	13,461.8	21,730.4	1.9x	9.4x	23.9x
DB:FME	Fresenius Medical Care AG & Co. KGAA	69.08	77.98	64.35	88.6%	22,069.5	30,964.5	2.1x	10.9x	21.0x
GTV	Gentiva Health Services Inc.	12.49	13.85	8.47	90.2%	453.0	1,182.9	0.7x	7.6x	NM
IPCM	IPC The Hospitalist Company, Inc.	59.38	63.70	38.70	93.2%	1,005.1	1,027.6	1.8x	16.0x	25.3x
Mean								1.6x	10.1x	22.8x
<b><u>Diagnostic Services</u></b>										
AIQ	Alliance Healthcare Services, Inc.	\$25.30	\$32.85	\$6.25	77.0%	\$263.6	\$810.0	1.8x	5.5x	NM
BRLI	Bio-Reference Laboratories Inc.	25.64	37.97	23.36	67.5%	709.5	742.0	1.0x	7.4x	15.5x
LH	Laboratory Corp. of America Holdings	91.12	108.00	84.91	84.4%	7,963.9	10,473.7	1.8x	8.1x	15.0x
DGX	Quest Diagnostics Inc.	54.05	64.10	52.50	84.3%	7,860.3	11,124.9	1.6x	7.7x	10.4x
RDNT	RadNet, Inc.	1.64	3.35	1.51	49.0%	65.7	652.2	1.0x	6.3x	1.2x
Mean								1.4x	7.0x	10.6x
<b><u>Healthcare Distributors</u></b>										
ABC	AmerisourceBergen Corporation	\$70.38	\$71.38	\$42.63	98.6%	\$16,189.7	\$16,355.3	0.2x	14.2x	33.5x
CAH	Cardinal Health, Inc.	67.07	67.75	40.49	99.0%	22,902.9	24,032.9	0.2x	9.6x	57.3x
HSIC	Henry Schein, Inc.	114.50	116.07	79.57	98.6%	9,830.3	10,645.3	1.1x	13.2x	24.1x
MCK	McKesson Corporation	160.69	166.57	95.48	96.5%	36,912.3	38,826.3	0.3x	12.1x	27.1x
OCR	Omnicare Inc.	60.39	60.52	35.38	99.8%	6,219.0	7,688.3	1.2x	10.7x	66.6x
OMI	Owens & Minor Inc.	36.64	38.55	27.83	95.0%	2,312.8	2,374.5	0.3x	9.9x	21.5x
SRCL	Stericycle, Inc.	115.78	121.61	91.25	95.2%	9,923.5	11,279.8	5.4x	17.9x	33.4x
TMO	Thermo Fisher Scientific, Inc.	110.59	111.09	62.30	99.6%	39,963.6	45,217.3	3.5x	16.5x	30.4x
Mean								1.5x	13.0x	36.7x
<b><u>Healthcare Equip. &amp; Supplies <sup>[1]</sup></u></b>										
ABT	Abbott Laboratories	\$38.41	\$65.53	\$31.64	58.6%	\$59,389.0	\$59,138.2	1.5x	5.4x	9.1x
BAX	Baxter International Inc.	69.25	74.60	62.80	92.8%	37,581.8	44,268.8	3.0x	10.9x	17.5x
BDX	Becton, Dickinson and Company	110.60	110.70	76.76	99.9%	21,453.9	22,815.9	2.8x	10.7x	23.7x
BSX	Boston Scientific Corporation	12.02	12.48	5.53	96.3%	16,049.4	19,727.4	2.8x	12.2x	NM
BEAT	BioTelemetry, Inc.	7.60	11.88	2.10	64.0%	195.7	175.4	1.5x	17.0x	NM
JNJ	Johnson & Johnson	92.30	95.99	69.18	96.2%	260,418.8	250,297.8	3.5x	11.0x	20.6x
MDT	Medtronic, Inc.	57.37	58.85	40.28	97.5%	57,275.3	56,979.3	3.4x	10.1x	15.3x
SIE	Siemens Aktiengesellschaft	137.44	138.73	104.33	99.1%	116,045.0	129,867.7	1.2x	11.6x	0.0x
STJ	St. Jude Medical Inc.	61.94	63.15	35.32	98.1%	18,074.9	20,450.9	3.8x	11.9x	25.3x
Mean								2.6x	10.5x	15.9x
[1] Bio Telemetry's EBITDA multiples is excluded from the average.										

[1] Bio Telemetry's EBITDA multiples is excluded from the average.

## 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 Sales	LTM EBITDA	
<b><u>Healthcare IT <sup>[2]</sup></u></b>										
MDRX	Allscripts Healthcare Solutions, Inc.	\$15.38	\$16.43	\$9.11	93.6%	\$2,715.2	\$3,199.2	2.3x	112.1x	NM
ATHN	athenahealth, Inc.	133.30	144.42	71.50	92.3%	4,957.3	5,137.9	9.5x	107.2x	NM
CERN	Cerner Corporation	55.76	59.42	37.68	93.8%	19,140.3	18,401.4	6.7x	22.7x	43.6x
CPSI	Computer Programs & Systems Inc.	62.04	62.87	46.08	98.7%	692.3	678.7	3.4x	13.6x	21.6x
HMSY	HMS Holdings Corp.	22.55	31.93	17.39	70.6%	1,990.6	2,127.5	4.2x	14.6x	41.8x
MDAS	MedAssets, Inc.	19.88	26.58	16.31	74.8%	1,230.0	2,032.4	3.0x	9.8x	NM
OMCL	Omniceil, Inc.	25.59	25.89	14.68	98.8%	911.4	795.2	2.2x	15.6x	40.0x
QSII	Quality Systems Inc.	21.16	24.15	17.00	87.6%	1,272.2	1,187.9	2.7x	13.3x	36.4x
WBMD	WebMD Health Corp.	38.94	40.86	14.17	95.3%	1,750.1	1,674.0	3.3x	27.3x	NM
[2] Allscripts and Athenahealth's EBITDA multiples are excluded from the average.							Mean	4.2x	16.7x	36.7x
<b><u>Hospital Providers</u></b>										
CYH	Community Health Systems, Inc.	\$39.34	\$51.29	\$29.91	76.7%	\$3,671.0	\$13,612.7	1.0x	8.1x	20.8x
HCA	HCA Holdings, Inc.	47.19	49.52	29.86	95.3%	20,618.1	50,103.1	1.5x	7.7x	15.1x
LPNT	Lifepoint Hospitals Inc.	52.54	53.87	36.78	97.5%	2,470.2	4,092.6	1.1x	8.4x	19.5x
THC	Tenet Healthcare Corp.	41.55	49.48	31.23	84.0%	4,122.9	10,041.9	1.1x	8.2x	NM
UHS	Universal Health Services Inc.	80.18	83.83	47.21	95.6%	7,879.2	11,664.8	1.6x	8.4x	15.2x
							Mean	1.3x	8.2x	17.7x
<b><u>Long-Term Care / Senior Living</u></b>										
BKD	Brookdale Senior Living Inc.	\$27.37	\$30.65	\$24.25	89.3%	\$3,401.7	\$5,966.3	2.4x	14.7x	14.7x
CSU	Capital Senior Living Corp.	23.91	27.90	18.10	85.7%	667.5	1,090.1	3.2x	19.4x	19.4x
DVCR	Diversicare Healthcare Services Inc.	4.60	5.91	4.45	77.8%	28.0	83.1	0.3x	13.6x	13.6x
ESC	Emeritus Corp.	21.25	30.95	18.15	68.7%	1,014.4	4,937.4	2.7x	14.7x	14.8x
ENSG	The Ensign Group, Inc.	44.65	46.39	26.99	96.2%	982.5	1,148.4	1.3x	9.5x	NM
KND	Kindred Healthcare Inc.	19.87	20.51	9.75	96.9%	1,076.7	2,367.1	0.4x	6.1x	NM
SKH	Skilled Healthcare Group, Inc.	4.83	7.51	4.10	64.3%	189.3	621.6	0.7x	7.9x	NM
							Mean	1.6x	12.2x	15.6x
<b><u>Managed Care <sup>[3]</sup></u></b>										
AET	Aetna Inc.	\$68.15	\$69.47	\$44.38	98.1%	\$25,045.1	\$31,830.5	0.7x	8.1x	13.8x
CI	Cigna Corp.	86.61	88.57	52.53	97.8%	23,940.0	26,224.0	0.8x	7.0x	16.3x
ESRX	Express Scripts Holding Company	70.19	70.79	52.50	99.2%	56,559.1	68,967.2	0.7x	10.5x	30.7x
HNT	Health Net, Inc.	29.65	33.90	23.60	87.5%	2,357.4	2,170.5	0.2x	6.3x	15.1x
HUM	Humana Inc.	102.48	105.80	65.88	96.9%	15,978.0	17,599.0	0.4x	6.7x	11.3x
UNH	UnitedHealth Group Incorporated	74.78	75.88	51.36	98.6%	75,285.4	84,991.4	0.7x	8.3x	14.1x
WLP	WellPoint Inc.	91.52	94.36	58.75	97.0%	27,036.6	40,552.7	0.6x	7.4x	10.0x
[3] Express Scripts and Health Net Inc.'s EBITDA and PE multiples are excluded from the average.							Mean	0.6x	7.5x	13.1x

[3] Express Scripts and Health Net Inc.'s EBITDA and PE multiples are excluded from the average.



## 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 \*

<b>\$690,600,000</b> Sale of Assets on behalf of  <b>MedCath Corporation</b> (Nasdaq: MDTH)  Sell Side Advisor	<b>\$83,800,000</b>  <b>Heart Hospital of Austin</b> has been acquired by <b>St. David's Healthcare Partnership, L.P.</b>  Sell Side Advisor	<b>\$156,000,000</b>  <b>Sumner Regional Health Systems, Inc.</b> has been acquired by  <b>LIFEPOINT HOSPITALS*</b>  Sell Side Advisor	<b>Not Disclosed</b>  <b>TWIN CITY HOSPITAL</b> has been acquired by  <b>FRANCISCAN SERVICES CORPORATION</b>  Sell Side Advisor	<b>\$58,500,000</b>  <b>Morton Hospital And Medical Center</b> has been acquired by  <b>Steward Health Care System LLC</b>  Sell Side Advisor
<b>\$31,000,000</b>  <b>HUALAPAI MOUNTAIN MEDICAL CENTER</b> has been acquired by  <b>KINGMAN REGIONAL MEDICAL CENTER</b> Serving Our Community with Compassion and Commitment  Sell Side Advisor	<b>\$73,000,000</b> <b>ARKANSAS HEART HOSPITAL*</b> has been acquired by <b>AR-MED, LLC</b>  Sell Side Advisor	<b>\$830,000,000</b>  <b>Caritas</b> CARITAS CHRISTI HEALTH CARE has been acquired by  <b>Steward Health Care System LLC</b>  Sell Side Advisor	<b>\$38,000,000</b>  <b>QUINCY MEDICAL CENTER</b> has been acquired by  <b>Steward Health Care System LLC</b>  Sell Side Advisor	<b>\$206,900,000</b>  <b>TOMBALL REGIONAL MEDICAL CENTER</b> has been acquired by  <b>CHS Community Health Systems</b>  Sell Side Advisor
<b>Not Disclosed</b>  <b>RIVERVIEW Regional Medical Center</b> SUMNER REGIONAL HEALTH SYSTEM, INC. has been acquired by  <b>LIFEPOINT HOSPITALS*</b>  Sell Side Advisor	<b>\$5,000,000</b>  <b>Coastal Carolina HEART</b> has been acquired by  <b>New Hanover Regional Medical Center</b>  Sell Side Advisor	<b>\$86,400,000</b> An equity interest in  <b>Avera Heart Hospital of South Dakota</b> has been acquired by  <b>Avera</b>  Sell Side Advisor	<b>\$25,000,000</b>  <b>MedCath</b> <b>MedCath Partners Division</b> has been acquired by  <b>DLP Cardiac Partners</b> Duke LifePoint Healthcare  Sell Side Advisor	<b>\$38,100,000</b>  <b>CARDIOVASCULAR CARE GROUP</b> has acquired MedCath's equity interest and secured loan in  <b>BAKERSFIELD HEART HOSPITAL</b>  Sell Side Advisor
<b>\$76,250,000</b>  <b>TEXSAN HEART HOSPITAL</b> has been acquired by  <b>METHODIST HEALTHCARE SYSTEM</b> San Antonio, Texas  Sell Side Advisor	<b>\$62,600,000</b>  <b>HARLINGEN MEDICAL CENTER</b> has been acquired by  <b>PRIME HEALTHCARE SERVICES, INC.</b>  Sell Side Advisor	<b>Not Disclosed</b>  <b>TROUSDALE MEDICAL CENTER</b> SUMNER REGIONAL HEALTH SYSTEM, INC. has been acquired by  <b>LIFEPOINT HOSPITALS*</b>  Sell Side Advisor	<b>\$32,000,000</b>  <b>ARIZONA HEART HOSPITAL</b> has been acquired by  <b>VANGUARD HEALTH SYSTEMS</b>  Sell Side Advisor	<b>\$119,000,000</b>  <b>HEART HOSPITAL of NEW MEXICO</b> has been acquired by  <b>Lovelace Health System</b>  Sell Side Advisor

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



MESA Medical Group (“MESA”) had established itself as the largest provider of Emergency Department services in Kentucky with over 20 hospital contracts and 400 physicians. Since its recapitalization by Atlanta Equity Investors and Fulcrum Equity Partners, MESA had expanded rapidly, entering several new states and executing long-term contracts with leading hospital operators.

SCA professionals served in a financial advisory capacity to MESA to evaluate potential strategic alternatives. In advising MESA, our professionals engaged with prospective acquirers, developed and implemented a competitive solicitation process, provided valuation support and structured and negotiated the terms of the sale transaction, as well as all related physician agreements. Our team also orchestrated an accelerated 60-day due diligence and documentation process.

After discussions with several leading physician staffing operators, MESA agreed to be acquired by Team Health Holdings (NYSE:TMH) (“TeamHealth”), one of the largest providers of outsourced physician staffing solutions for hospitals in the U.S. Through its 18 regional locations and multiple service lines, TeamHealth's more than 8,900 affiliated healthcare professionals provide emergency medicine, hospital medicine, anesthesia, urgent care, and pediatric staffing and management services to more than 800 hospitals, clinics, and physician groups in 47 states.

*\* Transaction completed by SOLIC professionals at predecessor firm*