



Contents

<i>Market Overview</i>	2
<i>Notable Industry Developments</i>	3
<i>Selected M&A Transactions by Sector</i>	4
<i>Valuation Metrics by Sector</i>	13

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.

July, 2014

Merger and acquisition volume in the healthcare industry in Q2 2014 was one of the busiest in recent years. The quarter saw 268 transactions announced, up 11% from Q2 2013 and had the highest deal value of any second quarter at \$138.8 billion, up 154% from Q2 2013’s \$52.7 billion, according to preliminary figures from Irving Levin Associates, Inc.

One factor behind the flurry of transactions is that many investors were holding onto their healthcare assets waiting to see what direction the implementation of the Affordable Care Act (ACA), the health exchanges and increasing insurance coverage were taking by 2014. Now that some of the uncertainty has dissipated, many sellers appear poised to transact. Another factor is the relatively inexpensive credit available to interested buyers. According to Pitchbook, leverage is available at record levels through the first half of 2014, as debt multiples reached near highs of 8.2x and equity contributions dropped to 3.3x, representing the lowest such contribution multiples since 2007. At the same time, many new investors who have been watching the healthcare space to better understand ACA’s effects are now moving into the sector. The influx of buyers looking for deals has not only increased transaction volume, but also elevated healthcare valuations to historically high levels of 10.1x EBITDA for the last twelve month period ended June 30, 2014.

Notably during Q2 2014, Amsurg Corp. (NASDAQ: AMSC) agreed to pay \$2.4 billion for Sheridan Healthcare Inc., one of the largest physician practice management companies in the U.S. Additionally, Fresenius Medical Care (NYSE: FMS) announced its \$600 million acquisition of MedSpring Urgent Care Centers, together with Sound Physicians, a physician medical company that seeks to establish a national presence. These transactions underscore the physician-group and urgent care M&A activity trends. Another recent physician group transaction is Envision Healthcare Holdings Inc.’s (NYSE: EVHC) acquisition of Phoenix Physicians, LLC in June for \$170 million driven by Envision’s strategy to build a physician-centric integrated health delivery network.

The Urgent Care M&A market is projected to be very active in the coming year as it is one of the fastest growing sectors in healthcare based on patient visits, according to a report from research firm IBISWorld. From 2009 to 2014, the industry expanded 8.2% annually to reach a \$16 billion industry, and further growth is predicted in the next five years given urgent care’s convenient access, the need to provide care in lower acuity settings, and the fragmented status of the industry. Key industry trends include hospital systems like Tenet Healthcare moving into the sector in order to provide their patients convenient access to care, maintain patients within their branded network and to distribute their network within a market.

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



Matt Caine
Managing Director
 mcaine@soliccapi.com
 404.504.2010



Gregory Hagood
Senior Managing Director
 ghagood@soliccapi.com
 404.504.2017



Edward R. Casas, MD,MM,MPH
Senior Managing Director
 ecasas@soliccapi.com
 847.583.1619

CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

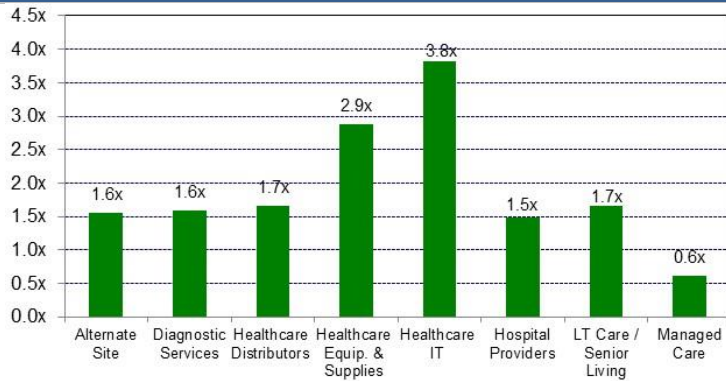
Realizing Value ... Delivering Results

1603 Orrington Avenue • Suite 1600 • Evanston, Illinois 60201 | Phone 847.583.1618 | www.soliccapi.com

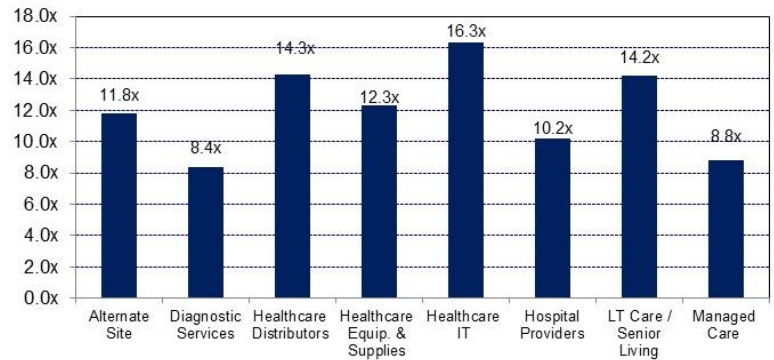
Investment banking, private placement, merger, acquisition and divestiture services offered through SOLIC Capital, LLC. Member FINRA/SIPC.

Healthcare Services: Market Overview

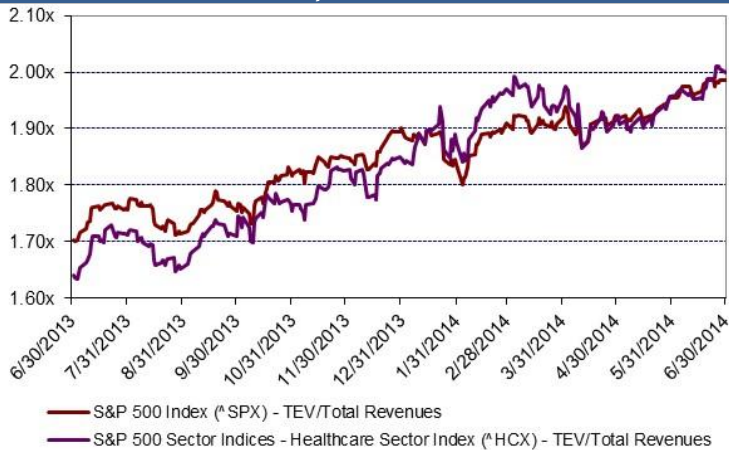
Enterprise Value to Revenue



Enterprise Value to EBITDA



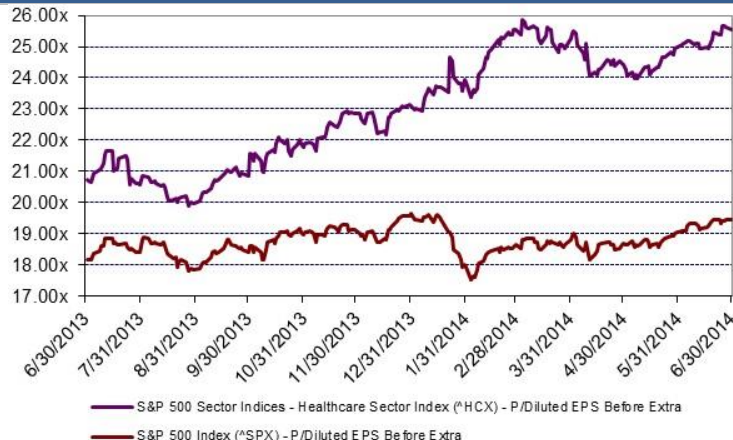
S&P Healthcare Index vs. the S&P 500 - Total Enterprise Value / Revenue



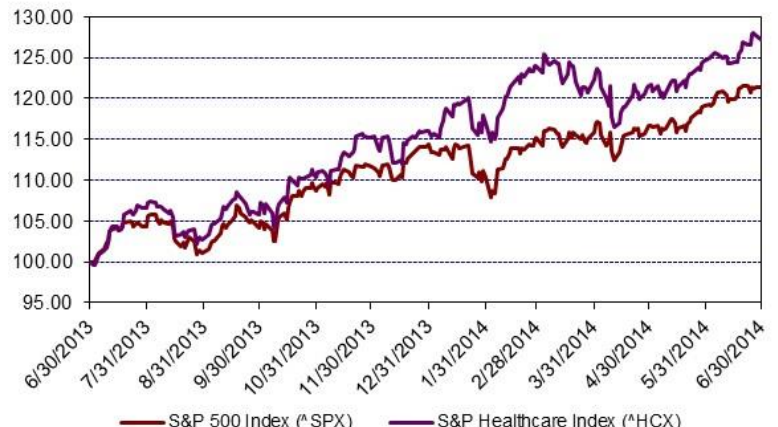
S&P Healthcare Index vs. the S&P 500 - Total Enterprise Value / EBITDA



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
6/30/2014	<p>Faced with increasing revenue pressures and volume declines, both for-profit and not-for-profit hospitals are accelerating their M&A activity in order to leverage economies of scale, diversify their risk, and eliminate inefficiencies according to a recent Moody's report. Transaction activity is expected to continue over the next 12 to 18 months. Hospitals benefit from consolidation because it helps them build scale and market share and lower their costs. For example, when not-for-profits Catholic Health East and Trinity Health merged in 2013 to create CHE Trinity Health Credit Group, the resulting entity expanded into 21 states with operating revenues of approximately \$14 billion. Only three regions generate greater than 10% of the combined company's operating cash flow, reducing the system's exposure to unfavorable fluctuations in any one state to only 25% of system revenues. Similarly, when for-profit operator Tenet Healthcare Corp. acquired Vanguard Health System last year, it gained a significant market presence in Detroit, as well as expanded insurance capabilities. However, M&A also comes with its challenges, including integration risks for all providers and higher debt levels for for-profit acquirers</p>
6/30/2014	<p>According to Moody's, health insurers are not only engaging in M&A in order to respond to challenges presented by the economy and the ACA, but they are also closely monitoring the consolidation under way among the providers with which they interact, such as hospitals, pharmacy benefit managers, physician groups and other healthcare professionals. For insurers, M&A activity among these providers will likely reduce the number of potential contracting parties in certain locations, increasing their medical costs. This would translate into higher premiums for insurers, threatening the affordability of health insurance and prompting withdrawals from markets where insurers are unable to contract with providers on a competitive and profitable basis. In addition, healthcare providers are considering forming or acquiring (or already have formed or acquired) health insurance companies to directly offer coverage in competition with insurers. This process has been accelerated by the ACA's healthcare exchanges, which make offering, marketing, and selling individual policies seem relatively easy. There has also been a growing acceptance of risk-taking by providers through value-based contracts with health insurers.</p>
6/30/2014	<p>The three largest healthcare REITs, Ventas Inc., HCP Inc., and Health Care REIT Inc. have grown so large in recent years that in order to sustain their earnings growth, they must steadily increase their acquisition activity. Healthcare REITs drive earnings growth by acquiring real estate at yields in excess of their capital costs. At the same time, competition for healthcare real estate is intensifying as a multitude of buyers, including unlisted REITs and private equity funds that are flush with capital they need to invest, which, in turn, is driving up pricing for larger portfolios. Senior housing and medical office building assets are particularly in demand due to their private-pay focus and attractive business fundamentals. Given this competitive backdrop, Moody's expects the largest healthcare REITs will continue to look to acquire their smaller REIT peers as well as healthcare operators. There is a limited number of potential buyers with the strategic interest and financial capacity to execute healthcare real estate deals, thus paving the way for REITs as acquirers.</p>
6/27/2014	<p>M&A activity involving physician groups is accelerating as physician groups are adjusting to higher regulatory costs and reimbursement changes. Underscoring this trend, German renal care and dialysis specialist Fresenius Medical Care AG & Co. KGaA announced an agreement to acquire a majority stake in private equity-backed medical staff and care management services provider Sound Inpatient Physicians Inc., as it further develops its care coordination strategy in North America. Fresenius is investing \$600 million for a reported stake of over 80% in the company. Another recent physician group deal is Envision Healthcare Holdings Inc.'s (NYSE: EVHC) acquisition of Phoenix Physicians LLC, announced in June, as Envision seeks to build its physician-centric integrated health delivery network.</p>
5/8/2014	<p>Under proposals released by the Centers for Medicare & Medicaid Services (CMS), providers of inpatient healthcare services and hospice services will see increased Medicare reimbursement rates in fiscal 2015. This is true even after considering various reductions to Medicare market basket increases mandated by the ACA. Market basket increases enable CMS to compensate providers for inflation in the cost of providing care. Some proposed increases will be relatively modest. The proposals are for Medicare reimbursement rates that will be paid for services beginning October 1, 2014 (fiscal 2015) and affect acute care hospitals, long term acute care hospitals, inpatient rehabilitation facilities, inpatient psychiatric facilities, skilled nursing facilities and hospice providers. The proposals will have a slightly different impact on the reimbursement rates paid to each of these subsectors, though they are mostly credit positive. CMS will publish, by August 1, 2014, final rules with the actual rates that will be paid in fiscal 2015.</p>

Healthcare Services: Selected M&A Transactions

Alternate Site					
Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
6/27/2014	Sound Physicians, Inc.	Fresenius Medical Care AG	\$600	-	-
<p>Fresenius, the world's largest provider of dialysis products, entered into an agreement to invest approximately \$600 million in Sound Physicians to become majority shareholder as part of a recapitalization of Sound, alongside existing investor Tower Brook Capital Partners and Sound's leadership team. Sound has more than 1,000 physician partners providing care in more than 100 hospitals and post-acute care centers.</p>					
6/16/2014	Symbion Holdings Corp.	Surgery Center Holdings, Inc.	\$792	-	-
<p>Surgery Center Holdings entered into a definitive merger agreement with Symbion, an operator of 47 ambulatory surgical centers in 18 states. Following the acquisition, the combined company will have nearly 100 facilities, offer ancillary services, and will become one of the largest ambulatory surgery center operators in the country.</p>					
5/29/2014	Sheridan Healthcare, Inc.	Amsurg Corporation (NASDAQ:AMSG)	\$2,350	-	-
<p>Amsurg agreed to acquire Sheridan Healthcare, a leading national provider of multi-specialty outsourced physician services to hospitals, ASCs, and other healthcare providers. Sheridan is the largest provider of anesthesia services in the U.S. The deal combines two best in class organizations in complementary and adjacent markets. It also facilitates Amsurg's entry into the large, fast-growing and fragmented physicians outsourcing market.</p>					
5/28/2014	Fairfield Surgery Center, LLC	National Specialty Hospitals, Inc.	\$-	-	-
<p>National Specialty Hospitals acquired Fairfield Surgery Center, a 7,000-square-foot orthopedic outpatient center located in Fairfield, Connecticut, which contains two operating rooms and currently completes more than 1,400 cases per year. Terms of the transaction were not disclosed.</p>					
4/21/2014	Fredericksburg Anesthesia Associates, Inc.	MEDNAX, Inc. (NYSE:MD)	\$-	-	-
<p>Mednax acquired Fredericksburg Anesthesia Associates, a private physicians group. The practice will become part of Mednax's American Anesthesia division and is the third Virginia-based anesthesia practice to join the division. Mednax's American Anesthesiology division consists of more than 1,950 anesthesia providers, including more than 825 physicians and 1,125 anesthesiologists practicing in 10 different states. Terms of the transaction were not disclosed.</p>					
4/16/2014	Associates in Urology, LLP	USMD Holdings, Inc. (NASDAQ: USMD)	\$-	-	-
<p>USMD Holdings Inc., a physician-led integrated health system, acquired the assets of Associates in Urology, a urology practice group, based in Fort Worth, Texas. Terms of the transaction were not disclosed.</p>					
4/1/2014	Oncology Rehab Partners, LLC	McKesson Corporation (NYSE:MCK)	\$-	-	-
<p>McKesson agreed to acquire Oncology Rehab Partners to strengthen its portfolio of innovative clinical, business and technology solutions for oncology care providers. Terms of the transaction were not disclosed. Oncology Rehab Partners is an oncology rehabilitation services company that provides the first and only comprehensive certification in cancer rehabilitations.</p>					

Diagnostic Services

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
------------------	--------	-------	-----------------------------------	----------------------------	---------------------------

6/26/2014	Hallmark Pathology, P.C.	Aurora Diagnostics Holdings, LLC.	\$-	-	-
-----------	--------------------------	-----------------------------------	-----	---	---

Aurora Diagnostics announced an agreement to acquire Hallmark Pathology, a provider of anatomic pathology services for two community hospitals in the greater Boston area. The deal subsequently closed on July 1, 2014. Terms of the transaction were not disclosed.

6/16/2014	IQumm, Inc.	Roche Molecular Systems, Inc. (SIX: RO)	\$275	-	-
-----------	-------------	---	-------	---	---

Roche Molecular Systems acquired IQumm, a developer of point-of-care products for the molecular diagnostics market. The IQumm acquisition will further strengthen Roche's molecular diagnostics offering and patients will benefit from on-the-spot and accurate diagnoses, which will allow healthcare professionals to make rapid, informed treatment decisions in flexible settings.

6/5/2014	RadCore Lab, LLC	BioTelemetry, Inc. (NASDAQ: BEAT)	\$-	-	-
----------	------------------	-----------------------------------	-----	---	---

BioTelemetry, Inc. acquired the assets of RadCore Lab, LLC, an imaging core lab serving the biopharmaceutical and medical device research market. This acquisition broadens BioTelemetry's cardiac imaging offerings and adds new oncology, musculoskeletal and neurological imaging capabilities, supported by a state-of-the-art, cloud-based analysis platform. Terms of the transaction were not disclosed.

6/2/2014	Mid-Atlantic Pathology Services, Inc.	Aurora Diagnostics Holdings, LLC	\$-	-	-
----------	---------------------------------------	----------------------------------	-----	---	---

Aurora Diagnostics agreed to acquire Mid-Atlantic Pathology, a provider of diagnostic and consultative evaluations of all skin diseases, located in Sterling, Virginia. The deal subsequently closed on July 1, 2014. Terms of the transaction were not disclosed.

Healthcare Distributors

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
------------------	--------	-------	-----------------------------------	----------------------------	---------------------------

5/12/2014	AccessClosure, Inc.	Cardinal Health, Inc. (NYSE: CAH)	\$320	-	-
-----------	---------------------	-----------------------------------	-------	---	---

Cardinal Health acquired AccessClosure, a leading manufacturer and distributor of extravascular closure devices. This all-cash acquisition gives Cardinal Health entry into the U.S. interventional cardiology area, and expands its portfolio of preferred items for its physicians.

5/9/2014	RecoverCare, LLC	Joerns Healthcare, Inc.	\$-	-	-
----------	------------------	-------------------------	-----	---	---

Joerns Healthcare acquired RecoverCare, a distributor of bed systems, therapeutic support surfaces and safe patient handling equipment. Terms of the transaction were not disclosed.

5/1/2014	Universal Ophthalmic Instruments, Inc.	Enhanced Medical Services, LLC	\$-	-	-
----------	--	--------------------------------	-----	---	---

Enhanced Medical Services agreed to acquire Universal Ophthalmic Instruments, a distributor of ophthalmic equipment, including chairs, stands, stools, phoroptors, slit lamps, auto refractors, retinal cameras, and projectors. Terms of the transaction were not disclosed.

Healthcare Equipment & Supplies

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
6/30/2014	Small Bone Innovations, Inc.	Stryker Corporation (NYSE: SYK)	\$375	-	-
<p>Medical technology company Stryker announced that it is acquiring the assets of Small Bone Innovations, whose products are used in small joint procedures.</p>					
6/30/2014	AngioScore Inc.	Spectranetics Corp (NASDAQ: SPNC)	\$230	-	-
<p>Spectranetics acquired AngioScore, a developer of a portfolio of durable solutions to cross, prepare and treat cardiovascular and peripheral artery diseases. This transaction will combine two successful, double-digit growth companies committed to solving complex cardiovascular challenges in both the peripheral and coronary markets.</p>					
6/26/2014	Ulthera, Inc.	Merz North America	\$600	-	-
<p>Merz and Ulthera entered into an agreement where Merz will acquire Ulthera, a global medical device company. The acquisition is the largest in Merz's history.</p>					
6/25/2014	Medical Action Industries (NASDAQ:MDCI)	Owens & Minor, Inc. (NYSE: OMI)	\$208	-	-
<p>Owens & Minor agreed to acquire Medical Action Industries, a company that produces custom procedure trays and minor procedure kits. This deal broadens OMI's service offering to point-of-care products.</p>					
6/17/2014	AtheroMed, Inc.	Volcano Corp (NASDAQ: VOLC)	\$115	-	-
<p>Cardiovascular device maker, Volcano acquired AtheroMed to gain access to the company's FDA-approved Atherectomy System to treat peripheral artery disease. Acquiring AtheroMed is progressive in Volcano's efforts to offer a growing and diversified portfolio of therapeutic devices that provide clinical and economic benefits.</p>					
5/30/2014	CardioMEMS, Inc.	St. Jude Medical, Inc. (NYSE:STJ)	\$375	-	-
<p>St. Jude completed its acquisition of CardioMEMS Inc., developer of the CardioMEMS Heart Failure System, the first and only FDA approved heart failure monitoring device. This strategic acquisition will bring the newest innovative technology to a company with an established brand and distribution network.</p>					
5/15/2014	Bayer Healthcare AG, Interventional Division	Boston Scientific Corp (NYSE:BSX)	\$415	-	-
<p>Boston Scientific agreed to acquire Bayer Interventional, a developer of technologies to treat coronary and peripheral vascular disease. The addition of Bayer Interventional will expand Boston Scientific's commercial footprint and enhance its ability to provide physicians and healthcare systems with a complete portfolio of solutions to treat challenging vascular conditions.</p>					
4/24/2014	Biomet, Inc.	Zimmer Holdings, Inc. (NYSE: ZMH)	\$13,350	-	-
<p>Zimmer Holdings, the second largest provider of orthopedic products, signed a definitive agreement to acquired Biomet, the fourth largest provider of orthopedic products. Biomet designs, manufactures and markets surgical and non-surgical products used primarily by orthopedic surgeons and other musculoskeletal medical specialists. The acquisition is expected to add double-digit accretion to Zimmer's adjusted diluted earnings in the first year.</p>					

Healthcare IT

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
6/30/2014	Glenridge HealthCare Solutions, Inc.	WhiteGlove Health, Inc.	\$-	-	-
<p>WhiteGlove Health, a leading chronic care and population health management provider, announced the acquisition of Glenridge, a premier provider of technology-enabled network development and consulting services. Glenridge is focused on creating reform-driven payor strategies and provider alliances and serves national and regional health plans and health systems in all 50 states. Terms of the transaction were not disclosed.</p>					
6/23/2014	Capario, Inc.	Emdeon Inc.	\$115	-	-
<p>Emdeon entered into a definitive agreement to acquire Capario, a portfolio company of Marlin Equity Partners. Capario markets a cloud-based revenue cycle management platform that helps healthcare providers check eligibility, submit and track claims, and take payment at the point of care, online or over the phone, among other services.</p>					
6/2/2014	RevPoint Healthcare Technologies, Inc.	Availity, LLC	\$-	-	-
<p>Availity, one of the nation's leading health information networks acquired RevPoint in Nashville, an innovative provider of revenue cycle tools that increase patient collections at the beginning of the revenue cycle process. Terms of the transaction were not disclosed.</p>					
5/14/2014	Cymetrix Corporation	Navigant Consulting Inc. (NYSE:NCI)	\$75	-	-
<p>Navigant acquired Cymetrix, a portfolio company of RLH Equity Partners. Cymetrix is a revenue cycle management provider that specializes in providing outsourcing services to hospitals and healthcare networks. The acquisition of Cymetrix creates new opportunities for Navigant to evolve and expand their business platform beyond consulting services to incorporate more data analytics products, technology-enabled solutions, and operations outsourcing.</p>					

Hospital Providers

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
6/25/2014	South Shore Hospital, Inc.	Partners HealthCare System, Inc.	\$-	-	-
<p>Partners HealthCare agreed to acquire Hingham, Massachusetts -based South Shore Hospital, a leading regional provider of acute, outpatient, home health, and hospice care to the approximately 725,000 residents of southeastern Massachusetts. The terms of the transaction were not disclosed.</p>					
6/23/2014	Oakwood Healthcare, Inc. & Botsford Health Care Continuum	Beaumont Health System	\$3,800	-	-
<p>Beaumont Health System, Botsford Health Care and Oakwood Healthcare entered into a final agreement to merge into a new \$3.8 billion health system that will be the largest in southeast Michigan. The new system, called Beaumont Health, will have eight hospitals and 3,337 beds, 153 outpatient sites, 5,000 physicians and 33,093 employees.</p>					
6/17/2014	Spectrum Health Systems, Inc.	RepuCare Onsite, LLC	\$-	-	-
<p>RepuCare OnSite, acquired Indianapolis, Indiana-based Spectrum Health Systems, a comprehensive wellness provider. The combined entity will offer a broad scope of adaptable employer health and wellness solutions customizable for employers of any size and industry. Terms of the transaction were not disclosed.</p>					
6/9/2014	Akron General Health System	The Cleveland Clinic Foundation	\$-	-	-
<p>The Cleveland Clinic and Akron General Health System in Akron, Ohio, have signed a letter of intent to make The Cleveland Clinic a minority owner of the Akron Health System. The terms of the transaction were not disclosed.</p>					
6/3/2014	Texas Regional Medical Center at Sunnyvale	Tenet Healthcare Corporation (NYSE:THC)	\$-	-	-
<p>Tenet Healthcare acquired a majority interest in Texas Regional Medical Center at Sunnyvale, a 70-bed hospital located in Sunnyvale, Texas. Texas Regional Medical Center is a comprehensive community hospital with services that include a cardiovascular center, spine program, obstetrics program and neonatal intensive care unit, surgical weight loss program and an emergency department. Terms of the transaction were not disclosed.</p>					
6/3/2014	Rutherford Regional Health System (RRHS)	Duke LifePoint Healthcare	\$-	-	-
<p>Rutherford Regional Health System (RRHS) based in Rutherfordton, NC, signed a memorandum of understanding to form a joint venture with Duke LifePoint Healthcare. Under the terms of the joint venture, RRHS and Duke LifePoint would share ownership as well as the governance of RRHS, giving the community a long-term voice in RRHS' strategic direction. 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
5/29/2014	Kindred Hospital-Pittsburgh-North Shore, LLC	LifeCare Hospitals, LLC	\$-	-	-
<p>LifeCare Hospitals of Pittsburgh agreed to acquire Kindred Hospital-Pittsburgh-North Shore of Pittsburgh, Pennsylvania. The terms of the transaction were not disclosed.</p>					
4/29/2014	SwedishAmerican Health System Corporation	University of Wisconsin Health System	\$-	-	-
<p>University of Wisconsin Health System agreed to acquire SwedishAmerican Health System in Rockford, Illinois. The terms of the transaction were not disclosed.</p>					
4/14/2014	Tufts Medical Center, Inc.	Lowell General Hospital, LLC	\$-	-	-
<p>Lowell General Hospital, based in Lowell, Massachusetts, signed a memorandum of understanding to acquire Tufts Medical Center in Boston, Massachusetts. The terms of the transaction were not disclosed.</p>					
4/10/2014	Community Memorial Healthcenter (CMH)	Virginia Commonwealth University (VCU) Health System	\$75	-	-
<p>Virginia Commonwealth University (VCU) HealthSystem signed an agreement to affiliate with Community Memorial Healthcenter (CMH), a 99-bed acute care hospital with 161 skilled nursing beds, located in South Hill, Virginia. SOLIC acted as the financial advisor to CMH's board of directors. The transaction subsequently closed on July 1, 2014.</p>					
4/4/2014	Natchez Regional Medical Center	Community Health Systems, Inc. (NYSE:CYH)	\$18	-	-
<p>Community Health Systems executed a definitive agreement to acquire substantially all of the assets of 179-bed Natchez Regional Medical Center in Natchez, Mississippi, in a bankruptcy sale process. The agreement remains subject to a court-led bankruptcy auction process.</p>					
4/1/2014	Fairmont General Hospital, Inc.	Alecto Healthcare Services, LLC	\$15	-	-
<p>Alecto Healthcare agreed to acquire Fairmont General Hospital located in Fairmont, West Virginia, in a bankruptcy sale process. This purchase will allow the hospital to make many of the capital improvements that will allow it to better serve the community after filing for bankruptcy in September of 2013.</p>					

Long-Term Care

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
6/30/2014	Six Senior Housing Communities	Newcastle Investment Corp. (NYSE:NCT)	\$186	-	-
Newcastle Investment completed the acquisition of six senior housing communities. The six continuing care retirement communities consist of a total of 1,265 beds and are all located in Texas.					
6/30/2014	Catholic Health Care Services of Archdiocese of Philadelphia	Center Management Group, LLC	\$145	-	-
Center Management signed an agreement to acquire Catholic Health Care Services of Archdiocese of Philadelphia, which consist of six nursing homes and one assisted living facility.					
6/18/2014	Four Senior Living Communities (TSX: CSH.UN)	Focus Healthcare Partners, LLC	\$136	-	-
Focus Healthcare Partners acquired four senior independent living communities, which currently have occupancy rates of approximately 90%. The properties are located in Alabama, Michigan, Oklahoma, and Tennessee.					
6/13/2014	Two Assisted Living Communities	The Freshwater Group	\$81	-	-
The Freshwater Group acquired two assisted living communities in California. These include: Bayside Park in Emeryville, which was built in 2010 and has 126 assisted living and memory care units with current occupancy of 72%, and Lakeside Park in Oakland which was built in 2002 and has 56 memory care units with current occupancy of 97%.					
6/2/2014	American Realty Capital (ARC) Healthcare Trust, Inc. (NYSE: HCT)	Ventas, Inc. (NYSE: VTR)	\$2,600	-	-
Ventas, the largest U.S. healthcare real estate investment trust by market value, entered into a definitive agreement to acquire another healthcare REIT, American Realty Capital Healthcare Trust. Both companies own healthcare properties such as housing and care facilities for senior citizens and medical office buildings.					
5/22/2014	Sunnyview Nursing and Rehabilitation	Investment 360	\$21	-	-
Investment 360 acquired the distressed Sunnyview Nursing and Rehabilitation Center of Butler, Pennsylvania. Sunnyview is county-owned and was originally built in 1963 with a current occupancy of 96%.					
5/22/2014	Two Skilled Nursing Facilities	Private REIT	\$26	-	-
A private REIT acquired Trinity Health and Rehabilitation and Herbert Nursing Home, both in Rhode Island. Trinity Health and Rehabilitation in Woonsocket has 185 beds and an occupancy rate of 97%. Herbert Nursing Home in Smithfield has 133 beds and an occupancy rate of 92%.					

Long-Term Care (cont.)					
Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
5/5/2014	St. James Manor and Villas	Regional Owner/Operator	\$23	-	-
<p>A regional owner/operator acquired St. James Manor and Villas of Crete, Illinois, which includes 110 skilled nursing beds that were built in 1989, 34 assisted living units built in 1999, and 26 memory care units built in 2009. Overall occupancy is approximately 80%.</p>					
5/2/2014	Four Post-Acute and Long-Term Care Skilled Nursing Facilities in Texas	Aviv REIT (NYSE: AVIV)	\$54	-	-
<p>Aviv REIT is acquiring four facilities that were all built in the past four years and located throughout Texas. Aviv has triple-net leased all four skilled nursing facilities, representing a total of 547 beds, to an existing tenant, Fundamental Long Term Care.</p>					
4/30/2014	Park Place Campus	Sabra Health Care REIT, Inc. (NASDAQGS: SBRA)	\$24	-	-
<p>Sabra Health Care is acquiring Park Place Campus as part of its strategic plan to grow its portfolio through the acquisition of senior housing, memory care facilities and skilled nursing facilities. Park Place Campus is a senior housing campus with a total of 140 units, comprised of 24 independent living units, 76 assisted living units and 40 memory care units. It opened in 2011 and is currently 100% occupied.</p>					
4/23/2014	University Village	BVM Management Company	\$23	-	-
<p>BVM Management Company acquired University Village of Tampa, Florida, a continuing care retirement community that is comprised of 492 independent living villas and apartments, 90 assisted living villas and apartments, 20 memory care units and 120 skilled nursing beds. Occupancy is approximately 75%.</p>					
4/15/2014	Seniors Housing and Care Property Portfolio	HealthLease Properties REIT (TSX: HLP.UN)	\$49	-	-
<p>HealthLease Properties REIT acquired a portfolio of two skilled nursing facilities with 186 beds and two assisted living facilities with 179 beds, in various states. The average age of the properties is seven years. HealthLease is identifying and acquiring high quality facilities managed by strong operators and adding pre-leased properties to their portfolio.</p>					
4/14/2014	11 Senior Care Facilities	American Realty Capital (ARC) Healthcare Trust, Inc. (NYSE: HCT)	\$104	-	-
<p>American Realty Capital (ARC) Healthcare Trust acquired a portfolio of 10 skilled nursing facilities with 818 SNF beds, 58 assisted living beds and one independent living community with 67 units. The facilities were located in Iowa (2), Missouri (2), West Virginia (2) and Wisconsin (5).</p>					

Managed Care

Transaction Date	Target	Buyer	Enterprise Value (\$ in millions)	Enterprise Value / Revenue	Enterprise Value / EBITDA
6/9/2014	LTCG Holdings Corp.	Stone Point Capital, LLC	\$-	-	-
<p>Stone Point Capital acquired LTCG, a leader in business process outsourcing for long-term care insurance. LTCG is the largest provider of comprehensive outsourcing and claims management to long-term care insurers. Terms of the transaction were not disclosed.</p>					
4/2/2014	QualChoice Holdings Inc.	Catholic Health Initiatives	\$-	-	-
<p>Catholic Health Initiatives (CHI) announced that its subsidiary, Collab Health entered a stock-purchase agreement to buy health insurance carrier QualChoice Holdings, based in Little Rock, Arkansas. Terms of the transaction were not disclosed. CHI's investment in a quality health plan is integral to their population health strategy, which will help improve the future of affordable access to health and well-being for the people of Arkansas and many other communities.</p>					
4/1/2014	CDMI, LLC	Magellan Health Services, Inc. (NASDAQ:MGLN)	\$205	-	-
<p>Magellan Health Services acquired CDMI, LLC, a privately-held company that provides a range of clinical consulting programs and negotiates and administers drug rebates for managed care organizations and other customers. This acquisition will enable Magellan to offer proven, best-in-class clinical programs and outreach services to help manage chronic conditions, such as asthma and diabetes, as well as provide offerings that address drug compliance and adherence.</p>					

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 Sales	LTM EBITDA	
Alternate Site										
AMED	Amedisys Inc.	\$16.74	\$18.70	\$10.49	89.5%	\$549.3	\$589.6	0.5x	17.9x	NM
AMSG	AmSurg Corp.	45.57	52.81	35.11	86.3%	1,871.6	2,950.7	2.7x	8.0x	20.2x
DVA	DaVita HealthCare Partners Inc.	72.32	73.61	52.75	98.2%	15,490.9	23,609.5	2.0x	9.8x	19.8x
DB:FME	Fresenius Medical Care AG & Co. KGAA	69.08	75.30	63.77	91.7%	20,260.5	29,130.6	2.0x	10.3x	18.8x
GTV	Gentiva Health Services Inc.	15.06	16.13	7.35	93.4%	554.8	1,661.5	0.9x	12.9x	NM
IPCM	IPC The Hospitalist Company, Inc.	44.22	63.70	38.13	69.4%	757.6	819.3	1.3x	12.2x	18.7x
Mean								1.6x	11.8x	19.4x
Diagnostic Services										
AIQ	Alliance Healthcare Services, Inc.	\$27.00	\$35.40	\$15.57	76.3%	\$284.2	\$812.9	1.8x	5.8x	NM
BRLI	Bio-Reference Laboratories Inc.	30.22	37.97	24.13	79.6%	837.6	879.1	1.2x	9.5x	21.6x
LH	Laboratory Corp. of America Holdings	102.40	108.00	87.01	94.8%	8,683.5	11,371.5	2.0x	9.8x	17.0x
DGX	Quest Diagnostics Inc.	58.69	64.10	50.46	91.6%	8,479.8	12,341.8	1.7x	8.7x	11.0x
RDNT	RadNet, Inc.	6.63	7.67	1.50	86.4%	277.2	903.9	1.3x	8.2x	NM
Mean								1.6x	8.4x	16.5x
Healthcare Distributors										
ABC	AmerisourceBergen Corporation	\$72.66	\$73.81	\$54.40	98.4%	\$16,409.5	\$17,109.7	0.2x	15.7x	49.7x
CAH	Cardinal Health, Inc.	68.56	74.40	46.52	92.2%	23,324.2	24,203.2	0.3x	9.5x	NM
HSIC	Henry Schein, Inc.	118.66	120.99	95.94	98.1%	10,128.9	11,276.9	1.2x	13.7x	23.3x
MCK	McKesson Corporation	186.21	192.03	113.26	97.0%	43,124.9	51,447.9	0.4x	16.2x	31.9x
OCR	Omnicare Inc.	66.57	67.01	47.49	99.3%	6,592.2	8,520.6	1.4x	11.9x	NM
OMI	Owens & Minor Inc.	33.98	38.55	31.71	88.1%	2,143.8	2,177.4	0.2x	9.0x	19.4x
SRCL	Stericycle, Inc.	118.42	121.61	108.62	97.4%	10,029.1	11,373.3	5.2x	17.4x	32.7x
TMO	Thermo Fisher Scientific, Inc.	118.00	127.63	84.41	92.5%	47,074.7	62,920.6	4.6x	21.1x	29.9x
Mean								1.7x	14.3x	31.2x
Healthcare Equip. & Supplies										
ABT	Abbott Laboratories	\$40.90	\$41.30	\$32.70	99.0%	\$61,429.3	\$62,246.3	2.9x	14.3x	29.6x
BAX	Baxter International Inc.	72.30	75.88	62.80	95.3%	39,109.7	45,777.7	2.9x	11.1x	19.7x
BDX	Becton, Dickinson and Company	118.30	120.66	96.73	98.0%	22,856.0	24,196.0	3.0x	11.3x	24.9x
BSX	Boston Scientific Corporation	12.77	14.08	9.05	90.7%	16,890.6	20,944.6	2.9x	12.8x	NM
BEAT	BioTelemetry, Inc.	7.17	11.98	5.44	59.8%	189.2	188.3	1.5x	14.2x	NM
JNJ	Johnson & Johnson	104.62	106.00	85.50	98.7%	295,980.4	283,880.4	3.9x	12.0x	20.0x
MDT	Medtronic, Inc.	63.76	65.50	51.22	97.3%	63,517.3	61,202.3	3.6x	11.0x	21.1x
SIE	Siemens Aktiengesellschaft	132.00	138.60	103.43	95.2%	111,692.0	125,981.8	1.2x	11.0x	18.3x
STJ	St. Jude Medical Inc.	69.25	70.59	45.38	98.1%	19,682.6	22,275.6	4.0x	13.1x	26.9x
Mean								2.9x	12.3x	22.9x

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	
Healthcare IT										
MDRX	Allscripts Healthcare Solutions, Inc.	\$16.05	\$19.68	\$12.91	81.6%	\$2,880.7	\$3,388.3	2.5x	NM	NM
ATHN	athenahealth, Inc.	125.13	206.70	83.57	60.5%	4,735.2	4,830.0	7.6x	NM	NM
CERN	Cerner Corporation	51.58	63.07	45.81	81.8%	17,711.1	16,840.4	5.7x	21.8x	44.5x
CPSI	Computer Programs & Systems Inc.	63.60	71.89	47.23	88.5%	710.0	680.8	3.3x	12.2x	21.1x
HMSY	HMS Holdings Corp.	20.41	26.77	15.10	76.2%	1,789.3	1,910.8	4.0x	15.9x	49.7x
MDAS	MedAssets, Inc.	22.84	26.58	17.37	85.9%	1,392.9	2,168.8	3.2x	10.7x	51.9x
OMCL	Omnicell, Inc.	28.71	30.33	19.29	94.7%	1,051.0	943.4	2.4x	16.6x	38.9x
QSII	Quality Systems Inc.	16.05	24.15	14.10	66.5%	966.6	852.8	1.9x	13.8x	NM
WBMD	WebMD Health Corp.	48.30	51.41	26.07	94.0%	1,823.0	1,996.9	3.7x	23.0x	98.9x
Mean								3.8x	16.3x	50.8x
Hospital Providers										
CYH	Community Health Systems, Inc.	\$45.37	\$49.87	\$34.55	91.0%	\$5,229.4	\$22,460.4	1.6x	12.9x	NM
HCA	HCA Holdings, Inc.	56.38	58.55	35.20	96.3%	24,223.5	53,859.5	1.6x	8.1x	16.6x
LPNT	Lifepoint Hospitals Inc.	62.10	66.02	43.97	94.1%	2,762.1	4,708.0	1.3x	9.6x	22.4x
THC	Tenet Healthcare Corp.	46.94	50.25	36.87	93.4%	4,583.8	16,069.8	1.3x	11.0x	NM
UHS	Universal Health Services Inc.	95.76	98.89	63.51	96.8%	9,459.6	12,956.3	1.8x	9.3x	18.0x
Mean								1.5x	10.2x	19.0x
Long-Term Care / Senior Living										
BKD	Brookdale Senior Living Inc.	\$33.34	\$34.80	\$24.42	95.8%	\$4,287.2	\$6,875.9	2.7x	15.7x	14.7x
CSU	Capital Senior Living Corp.	23.84	26.89	19.87	88.7%	691.9	1,208.0	3.5x	22.5x	19.4x
DVCR	Diversicare Healthcare Services Inc.	7.58	8.25	4.56	91.9%	46.7	109.5	0.4x	18.4x	13.6x
ESC	Emeritus Corp.	31.65	32.57	18.15	97.2%	1,551.6	5,480.8	2.8x	15.8x	14.8x
ENSG	The Ensign Group, Inc.	31.08	47.78	26.02	65.0%	690.5	888.3	1.0x	6.9x	14.0x
KND	Kindred Healthcare Inc.	23.10	26.81	12.50	86.2%	1,473.5	3,040.0	0.6x	10.3x	NM
SKH	Skilled Healthcare Group, Inc.	6.29	7.15	4.08	88.0%	249.2	664.2	0.8x	10.0x	NM
Mean								1.7x	14.2x	15.3x
Managed Care										
AET	Aetna Inc.	\$81.08	\$82.70	\$60.32	98.0%	\$28,978.0	\$36,076.9	0.7x	7.8x	14.3x
CI	Cigna Corp.	91.97	93.20	71.12	98.7%	24,707.8	27,776.8	0.9x	9.5x	13.3x
ESRX	Express Scripts Holding Company	69.33	79.37	59.20	87.4%	53,638.0	65,578.9	0.6x	10.2x	30.3x
HNT	Health Net, Inc.	41.54	42.34	25.40	98.1%	3,331.7	3,094.0	0.3x	9.5x	22.3x
HUM	Humana Inc.	127.72	129.36	82.14	98.7%	19,769.0	20,972.0	0.5x	9.2x	18.0x
UNH	UnitedHealth Group Incorporated	81.75	83.32	64.65	98.1%	80,103.6	90,719.6	0.7x	8.6x	15.0x
WLP	WellPoint Inc.	107.61	110.03	80.75	97.8%	30,095.5	44,489.7	0.6x	8.9x	13.2x
Mean								0.6x	9.1x	18.0x

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.

*For further information regarding our Healthcare Services, please contact:
Edward R. Casas, Senior Managing Director, 847.583.1619, ecasas@soliccapital.com*

To view all of quarterly industry reports or to make changes to your subscription(s), please go to www.soliccapital.com/SOLICconnect

About SOLIC Capital Advisors

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.

SCA gathers its data from sources it considers reliable. However, it does not guarantee the accuracy or completeness of the information provided within this publication. Any opinions presented reflect the current judgment of the authors and are subject to change. SCA makes no warranties, expressed or implied, regarding the accuracy of this information or any opinions expressed by the authors. (Officers, directors and employees of SOLIC and its subsidiaries may have positions in the securities of the companies discussed.) This publication does not constitute a recommendation with respect to the securities of any company discussed herein, and it should not be construed as such. SCA or its affiliates may from time to time provide investment banking or related services to these companies. Like all SCA employees, the authors of this publication receive compensation that is affected by overall firm profitability.

©2014 SOLIC Capital Advisors, LLC. All rights reserved.



Investment banking, private placement, merger, acquisition and divestiture services offered through SOLIC Capital, LLC. Member FINRA/SIPC. SOLIC is not a certified public accounting firm and does not provide audit, attest, or public accounting services.



Realizing Value ... Delivering Results

Creative Solutions to Healthcare Consolidation

SOLIC Capital Advisors recently served as Exclusive Financial Advisor in successfully closing three healthcare transactions, with aggregate capital commitments in excess of \$250 million.*


has affiliated with

 Virginia Commonwealth University
 Health System
*Financial Advisor to
 Community Memorial
 Healthcenter
 July 2014*


has affiliated with

*Financial Advisor to
 Winchester Hospital
 July 2014*


has acquired an interest in

*Financial Advisor to
 Physician Members of
 Siouxland Surgery Center
 July 2014*

Contact us to discuss creative strategic solutions for your organization.

Edward R. Casas, MD,MM,MPH
 Managing Partner
 ecasas@soliccapiatal.com

Robert E. Annas
 Senior Managing Director
 rannas@soliccapiatal.com

Kim J. Brady
 Senior Managing Director
 kbrady@soliccapiatal.com

Gregory F. Hagood
 Senior Managing Director
 ghagood@soliccapiatal.com

Neil F. Luria
 Senior Managing Director
 nluria@soliccapiatal.com

Matthew M. Caine
 Managing Director
 mcaine@soliccapiatal.com

**Transaction execution was conducted in collaboration with the health care strategy practice of Navigant Consulting, Inc.*

CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

1603 Orrington Avenue • Suite 1600 • Evanston, Illinois 60201 | Phone 847.583.1618 | www.soliccapiatal.com

© 2014 SOLIC Capital Advisors, LLC. All rights reserved.

Investment banking, private placement, merger, acquisition and divestiture services offered through SOLIC Capital, LLC. Member FINRA/SIPC.
 SOLIC is not a certified public accounting firm and does not provide audit, attest, or public accounting services.