

VALUE FOCUS

Healthcare Facilities



Mid-Year 2015

Overview	1
ICD-10	1
Industry Perspectives	2
Macroeconomic Trends	3
Industry Trends	5
Valuation Trends	7
Mergers & Acquisitions	10
Trends	10
Select Transactions	10
Transactions Summary	12
Public Company Pricing	15
About Mercer Capital	22
Erickson Partners	
Merges with Mercer Capital	23

Overview

Overall, healthcare companies outperformed the broader market in the first half of 2015. An improving economy and favorable industry dynamics have benefited the sector. A positive decision by the U.S. Supreme Court for the Affordable Care Act (ACA) in *King v. Burwell* appeared to boost the outlook for a number of healthcare companies in the first half of 2015. Healthcare reform continues to increase insurance enrollment, pushing up admission rates and revenue for healthcare facility operators.

Transaction activity remained healthy, as industry participants aimed to vertically integrate multiple steps of the patient experience, from doctors' offices to specialists to hospitals. Integration is expected to allow healthcare facility companies to capture revenue from multiple sources, buoying industry performance while reducing costs. Looking forward, consolidation among service providers within multiple healthcare sub-sectors is likely to continue fueling transaction activity, even as vertical integration activity may crest.

The sector does face some headwinds through the remainder of 2015. Healthcare facilities are still adapting to the challenge of new payment models seeking to emphasize results rather than (the number of) procedures. International Statistical Classification of Diseases (ICD-10) implementation, set for October 2015, will require healthcare providers to comply with the new coding and data collection guidelines. Both of these concerns are especially salient among small-to-mid-market healthcare providers, which may lack the resources and infrastructure to quickly adapt to an evolving regulatory environment. Other factors that pose risks to the sector include a decreasing supply of doctors and healthcare professionals and cuts to Federal outlays to Medicare and Medicaid.

Overall, current valuation trends and expectations are positive for healthcare facilities, with growth in both revenue and profitability expected through the end of 2015 and into 2016. Though challenges exist, expectations for the sector remain optimistic following strong performance in the first half of 2015.

ICD-10 ^{1, 2, 3, 4}

ICD-10 is a revision of the ICD-9-CM system which physicians and other providers have hitherto used to code all diagnoses, symptoms, and procedures recorded in hospitals and physician practices. The new coding system will increase total diagnosis codes from 14,000 to approximately 69,000 and will bring the U.S. to par with international coding standards. All health plans, health data clearinghouses, and health care providers that transmit health information electronically must use ICD-10 after the compliance date in order to be reimbursed for their services.

Pros

Patient Care: ICD-10 Coding is expected to improve specificity in diagnoses for patients, increasing the understanding of diseases and identifying effective approaches to treatments and health management. This will allow providers to more accurately measure quality of care and treatment options.

Reimbursement and Payment: Proponents argue implementation will bring a reduction in the volume of rejected and fraudulent claims and an increase in the accuracy of payments for new procedures. An improved payment structure has the potential to lower costs across the healthcare industry.

Cons

A long battle has raged between supporters and detractors since 2009, when the U.S. Department of Health and Human Services (HHS) first established ICD-10 as the new national coding standard. An implementation deadline was first set for October 2013 but was delayed twice, first to October 2014 and then to its current date in October 2015. Healthcare professionals and lawmakers believe that any further delays are unlikely, and both proponents of the changes and opponents are preparing for the standards enactment.

Costs: Implementation is expected to be costly in both dollars and staffing. These issues are expected to be especially relevant for small-to-mid sized healthcare providers that lack the systems and human resources to absorb the new expenses.

Timing: Many physicians and healthcare professionals are currently spending resources implementing new regulatory guidelines, including electronic health records (EHRs) into their practices and adopting new payment and delivery models. An additional regulatory burden has the potential to squeeze industry margins further.

Industry Perspectives

"We're pleased that the Supreme Court has upheld subsidies for enrollees on federally facilitated exchanges. The decision was a positive outcome for our patients, employees and shareholders. As we have said before, we support efforts that improve access by providing affordable coverage for the uninsured. We are pleased to have this decision behind us as we continue efforts to pursue further coverage expansion. With respect to the second quarter of this year, we continue to see the positive effects of the ACA, consistent with our expectations."

Milton Johnson
CEO, HCA Holdings (NYSE: HCA)
 on *King v. Burwell* ruling in second quarter 2015 ⁵

"More care can and will be delivered in the home because of advancements in technology and as a response to pay our patient demand. We think eventually that the home will be the pivot point for care delivery and planning versus institutional settings ... In the evolving consumer driven, value-based worlds, these capabilities will be essential to our success in the new game of care being delivered in the home."

Paul Kusserow
CEO, Amedisys (NASDAQ: AMED)
 on the prospect of delivering certain types of care at home ⁷

"The healthcare system is moving towards caring for patients in the right side of care based on their acuity. As an industry leader, we are investing in technologies and processes, as well as advancing care programs, that create incentives for providers to more effectively coordinate the care. Envision provides many of these coordinated touch points across the pre-hospital, hospital and post-hospital environments."

William Sanger
CEO, Envision Healthcare Holdings' (NYSE: EVHC)
 on care coordination between service providers to match needs ⁶

"Today, healthcare delivery is faced with a mandate to drive down costs and deliver better outcomes. Sounds like a great idea, right? As they say, easier said than done, this mandate cannot be met unless we can drive patients from acute care hospitals into lower acuity settings. You may have seen Mount Sinai hospital's ad in last week's New York Times that stated, if our beds are filled, it means we fail. What does that mean? It means that one of the top hospital systems in the world recognizes that their old business model is not sustainable. If they, like many hospitals, continue to low acuity uninsured and cognitively impaired elderly patients, their historic business models simply won't work. Better real-estate solutions are needed!"

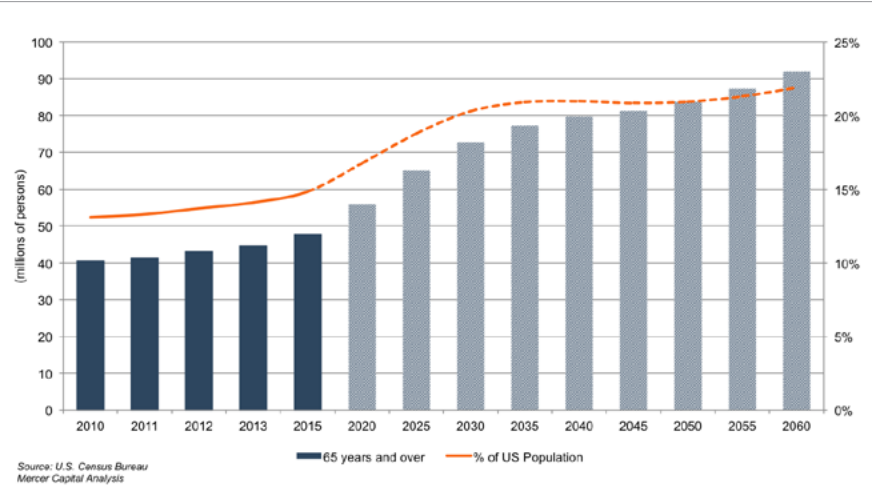
Thomas DeRosa
CEO, Health Care REIT (NYSE:HCN)
 on the likely trend towards non-hospital care delivery ⁸

Macroeconomic Trends

Demographic Trends I

Aging populations are a major driving force behind spending on healthcare, with the elderly (aged 65 and older) accounting for the largest percentage of healthcare expenditure in the U.S. among all age groups. Elderly residents are expected to account for 15% of the population in 2015 and grow to 20% by 2030, continuing to increase overall healthcare demand.⁹

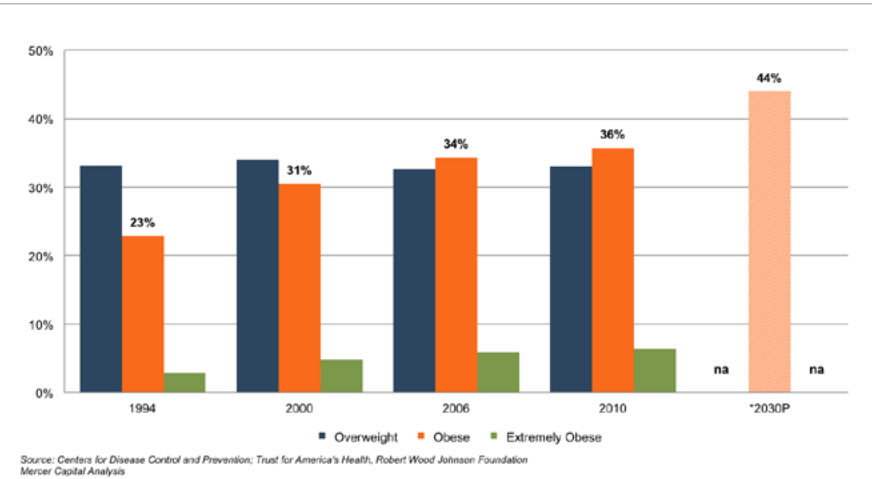
U.S. Resident Population 65 Years and Older



Demographic Trends II

In addition to the greying population, the prevalence of unmet medical needs and increasing incidence of lifestyle diseases are likely to drive continued growth in the demand for healthcare services. According to OECD estimates, currently 70% of U.S. adults are overweight or obese, the second highest rate among high-income countries. Some data show obesity rate increases are slowing, however, and some forecasts are even predicting a downturn in the percentage of overweight individuals in the U.S. over the next several years.^{10, 11}

US Adult Obesity Rates

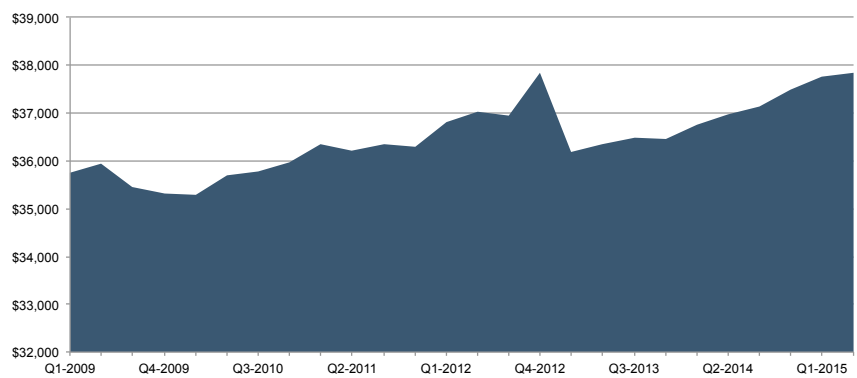


Macroeconomic Trends (continued)

Disposable Income

Per capita disposable income contracted in the most recent recession, but has grown steadily since 2009. Disposable income per capita increased from approximately \$36,400 in the second quarter of 2013 to \$37,800 in the 2015's second quarter.¹² As disposable income rises, individuals are better able to afford out-of-pocket expenses and healthcare demand can be expected to increase.

US Personal Disposable Income per Capita

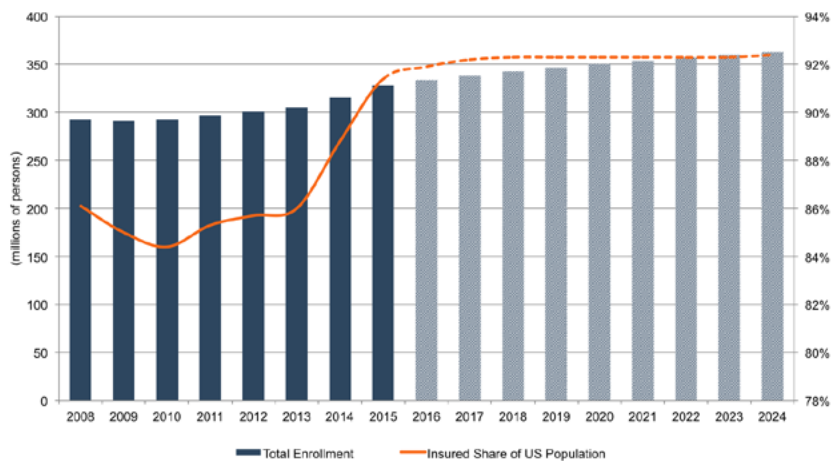


*Chained (2009) Dollars
Source: Bureau of Economic Analysis
Mercer Capital Analysis

Health Insurance Coverage

The Affordable Care Act (ACA) was passed, in part, to address the number of Americans without health insurance. People covered by insurance are more likely to use healthcare services. According to current projections, the Center for Medicare and Medicaid Services (CMS) estimates the percentage of Americans enrolled in a health insurance plan will grow from 84% in 2010 to 92% by 2016.¹³

Health Insurance Enrollment Totals



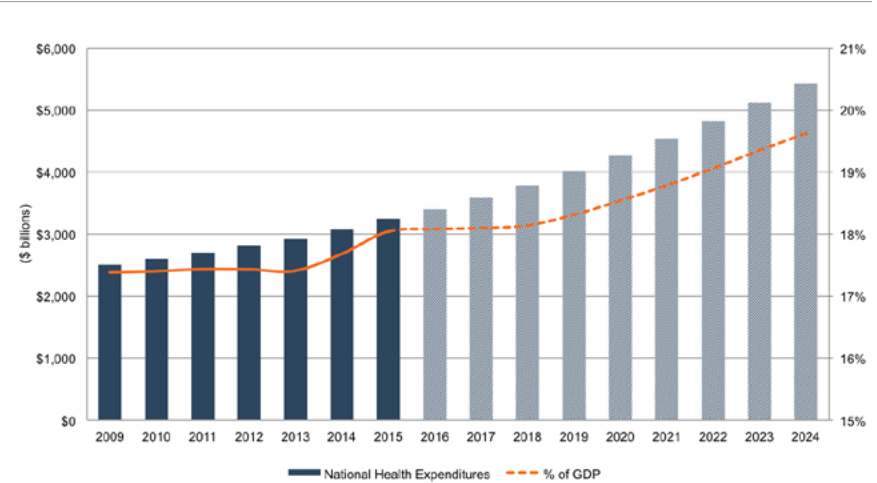
Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group
Mercer Capital Analysis

Industry Trends

US Healthcare Expenditure

Due to income levels and demographic shifts, total expenditure is expected to grow from approximately \$3 trillion in 2014 to over \$5 trillion by 2023. As a percentage of GDP, total healthcare expenditure is expected to grow from 18% in 2014 to almost 20% by 2023.¹⁴

US Healthcare Spending, Total and % of GDP

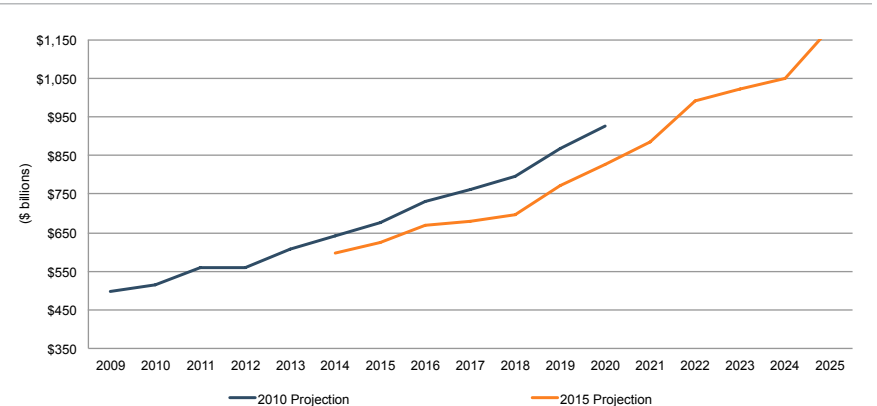


Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group
Mercer Capital Analysis

Medicare Spending

Based on a comparison of CBO's August 2010 and March 2015 baselines, Medicare spending in 2015 will be about \$1,200 lower per person than was expected in 2010. Medicare spending projections in CBO's August 2010 and subsequent baselines take into account the anticipated effects of the ACA, which included reductions in Medicare payments to plans and providers and introduced delivery system reforms. In addition, the Budget Control Act of 2011 lowered Medicare spending through sequestration that reduced payments to providers and plans by 2% beginning in 2013. Overall, the CBO estimates Medicare will remain around 13% to 15% of federal spending and 3% of GDP through 2024.^{15, 16}

CBO Medicare Spending Baseline Projections



Source: Congressional Budget Office, Medicare baseline Projections from 2010 to 2015
Mercer Capital Analysis

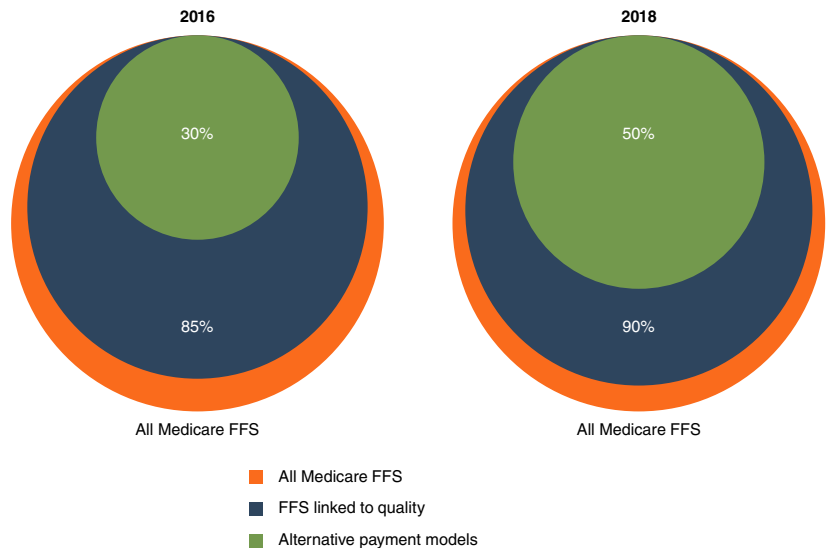
Industry Trends (continued)

Fee-For-Service vs. Value-Based Care

Commercial and government payors continue to push value-based payment models for healthcare providers. The ACA mandated that the CMS begin applying a value modifier under the Medicare Physician Fee Schedule (MPFS) by 2015. According to the CMS, at the end of 2014, value-based payments represented approximately 20% of Medicare fee-for-service (FFS) payments to healthcare providers.¹⁷ The government's goal is to have 85% and 90% of all Medicare FFS payments tied to quality or value by 2016 and 2018, respectively, along with 30% and 50% of Medicare payments tied to alternative payment models by the end of 2016 and 2018, respectively. Healthcare facilities are likely to see slowing revenue growth due to reduced procedure volume and new reporting and regulatory requirements.^{18, 19}

Fee-For-Service vs. Value-Based Care

Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018

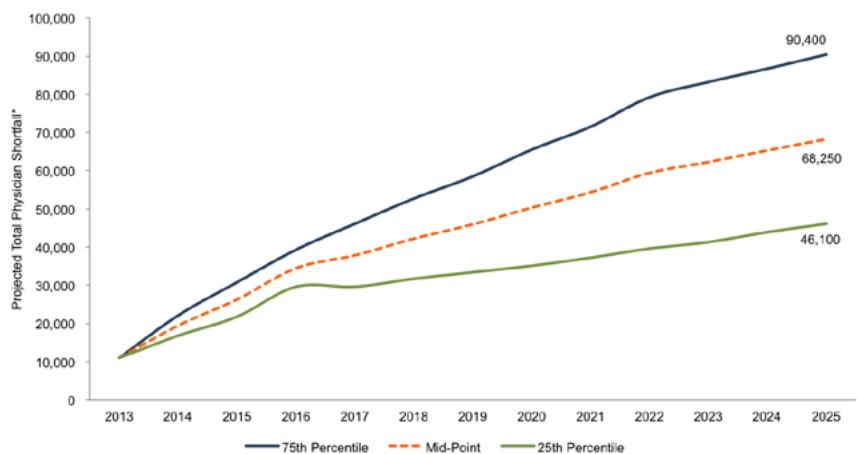


Source: CMS

Physician Shortages

According to the Association of American Medical Colleges (AAMC), the U.S. will have a shortage of approximately 46,000 to 90,000 physicians by 2025. An aging population and an increase in insured individuals are driving demand upward for health professionals, but supply has been slow to follow. Increasing wages could reverse the trend, but would negatively affect healthcare facility margins.²⁰

Physician Supply and Demand in the US

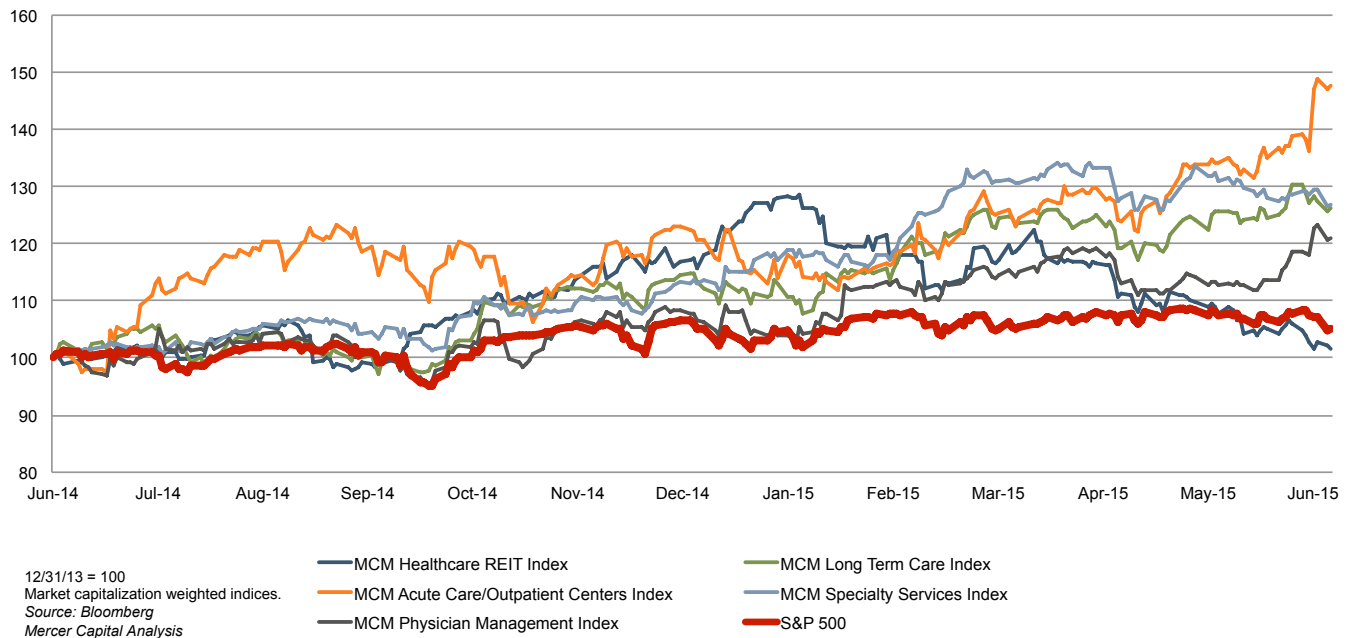


*Data represent total projected physician shortfall. Percentiles represent results of AAMC projection iterations
 Source: AAMC Report, "The Complexities of Physician Supply and Demand: Projections from 2013 to 2025" <https://www.aamc.org/download/426242/data/hsreportdownload.pdf>
 Mercer Capital Analysis

Valuation Trends

Healthcare facilities had strong performance mid-way through 2015, outpacing the broader market. The sector continues to be lifted by favorable demographics and positive industry fundamentals. As discussed previously, a favorable Affordable Care Act ruling also boosted industry performance, and the sector is expected to perform well through the second half of 2015.

Mercer Capital Healthcare Facility Select Indices: One Year Performance



Acute Care / Outpatient facilities had the strongest performance among healthcare facilities sectors, posting close to 50% gains since June 2014. Other facility sub-sectors also saw strong returns, recording 20% to 30% gains over the year. Healthcare-focused REITS lagged the broader sector and market over the same period, posting a 1.7% increase from June 2014 to June 2015.

Indices	Value at Mid-Year 2015
	6/30/14 = 100
MCM Acute Care/Outpatient Centers Index	147.6
MCM Specialty Services Index	126.8
MCM Long Term Care Index	126.2
MCM Physician Management Index	121.0
S&P 500	105.2
MCM Healthcare REIT Index	101.7

Source: Bloomberg, Mercer Capital Analysis

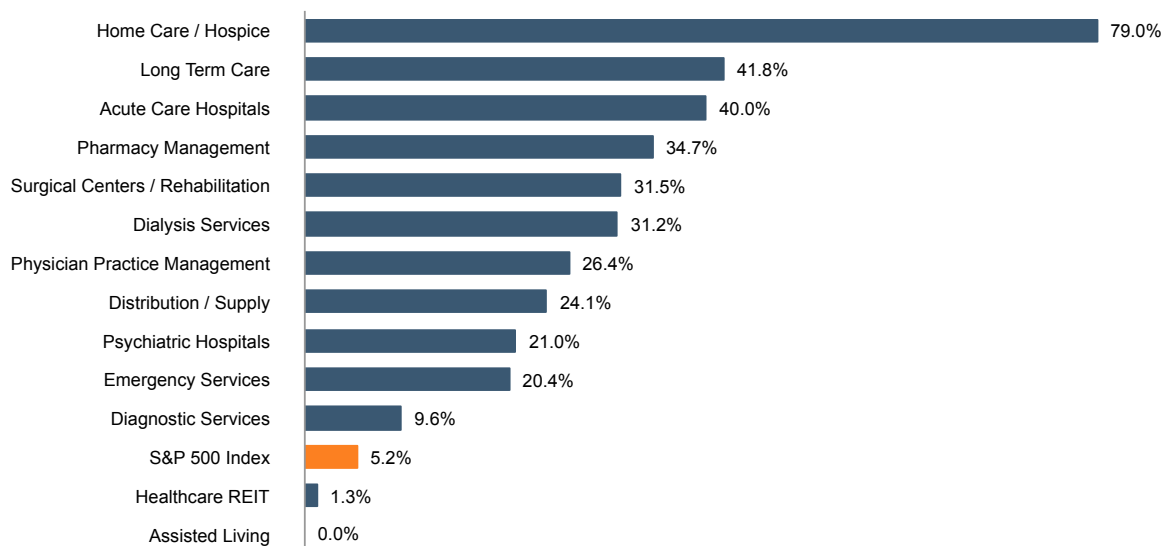
Valuation Trends (continued)

Stock Price Performance by Market Sectors

Sector	Number of Companies	Median % Change			LTM Multiples		Forward Multiples	
		3 month	YTD	1 year	EV / Revenue	EV / EBITDA	EV / Revenue	EV / EBITDA
Acute Care Hospitals	5	18.5%	20.9%	40.0%	1.28x	8.8x	1.22x	8.3x
Assisted Living	5	-7.7%	-1.6%	0.0%	2.20x	19.0x	2.50x	13.6x
Diagnostic Services	4	-10.9%	-0.9%	9.6%	1.83x	8.8x	1.86x	9.3x
Dialysis Services	2	-3.4%	13.4%	31.2%	1.99x	10.8x	1.94x	10.4x
Distribution / Supply	5	-1.8%	4.5%	24.1%	0.33x	14.2x	0.31x	11.3x
Emergency Services	3	14.7%	1.3%	20.4%	2.20x	8.5x	2.64x	13.6x
Healthcare REIT	7	-15.5%	-11.4%	1.3%	11.50x	17.1x	10.55x	15.2x
Home Care / Hospice	5	17.8%	24.5%	79.0%	1.00x	11.9x	0.94x	10.6x
Long Term Care	4	-2.2%	14.1%	41.8%	0.98x	10.5x	0.80x	8.4x
Pharmacy Management	4	10.7%	35.2%	34.7%	0.81x	10.7x	0.78x	10.1x
Physician Practice Management	4	6.7%	13.7%	26.4%	1.94x	15.6x	1.65x	14.0x
Psychiatric Hospitals	3	-0.8%	21.5%	21.0%	0.66x	12.2x	0.55x	9.4x
Surgical Centers / Rehabilitation	4	11.4%	17.5%	31.5%	2.75x	10.6x	2.34x	11.4x
All / Median	55	-0.8%	8.7%	13.7%	1.83x	10.8x	1.65x	10.6x

Source: Capital IQ, Mercer Capital Analysis

Median Stock Price % Change, 1 Year

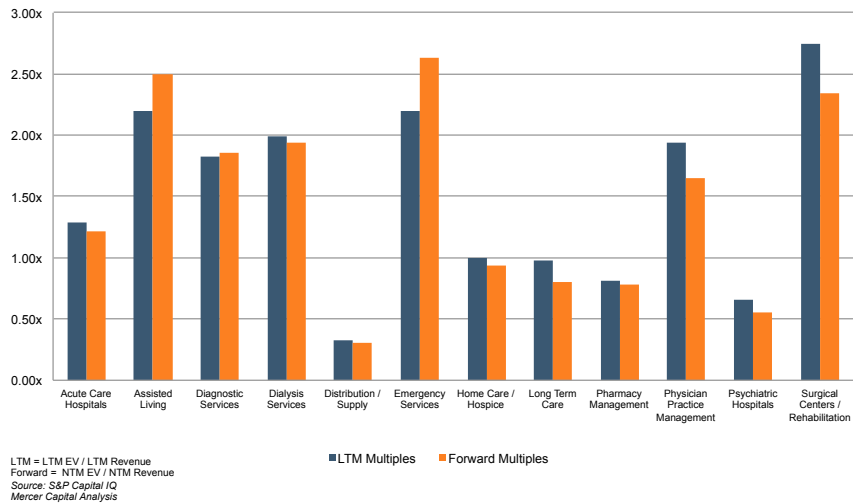


Source: S&P Capital IQ
Mercer Capital Analysis

Valuation Trends (continued)

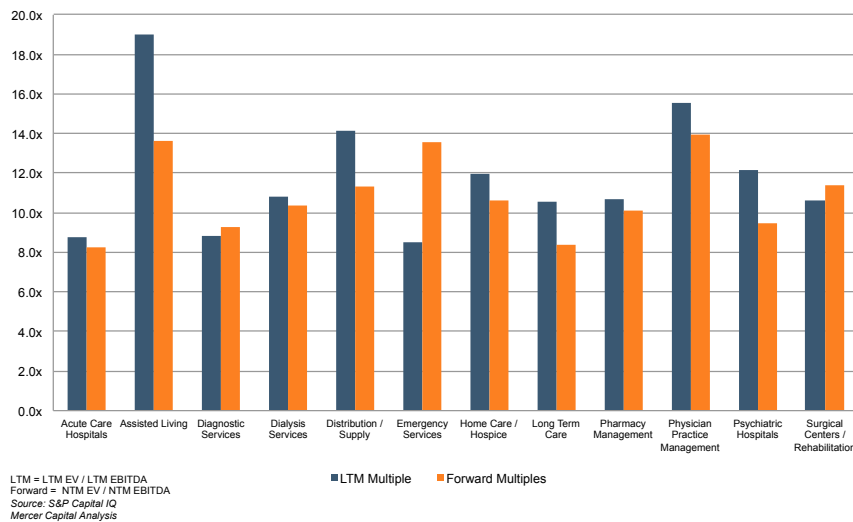
EV / Revenue Multiples

Excluding healthcare REITs, sub-sectors with the highest LTM revenue multiples for mid-year 2015 were surgical and rehabilitation centers (2.75x) and emergency service providers (2.20x). Forward multiples imply growth in estimated revenues for most sectors over the next twelve months.



EV / EBITDA Multiples

Excluding REITs, the sub-sectors with the highest EBITDA multiples in 2014 were assisted living (19.0x) and physician practice management firms (14.6x). Similar to forward revenue, forward EBITDA is expected to grow across most sectors.



Mergers & Acquisitions

Trends

Hospitals and healthcare facilities are adapting to changes sweeping through the industry, as new policies and market forces are driving consolidation. Transaction activity remains high as providers combine and consolidate to remain competitive and achieve greater economies of scale. Major factors currently driving transactions include: ^{21,22}

- **Reduced reimbursement rates.** Reimbursement issues are causing heavy financial stress on healthcare facilities, as payment models move from fee-for-service towards value based and bundle payments. Stagnant reimbursement from Medicare, Medicaid, and other commercial payors are also hurting industry revenue, driving an uptick in consolidating M&A activity.
- **Volume challenges.** Patients have been gravitating towards lower cost outpatient facilities, lowering the number of patients in inpatient facilities. Higher deductibles and growing copays have resulted in larger out-of-pocket expenses for consumers, leading patients to delay certain medical treatments. This has led to greater uncertainty in patient volume in a number of healthcare facility sectors.
- **Integrated healthcare services.** In order to maintain margins and profitability, healthcare facilities are looking to expand their footprint into a number of sectors. Larger healthcare facilities are absorbing smaller groups in divergent sectors in order to provide a continuum of care to patients, diversify their services, and control costs.
- **Scale advantages.** Larger and more integrated healthcare facilities have greater leverage and bargaining power when dealing with third-party payors, which has prompted smaller facilities to consolidate with bigger healthcare groups. Considerable capital expenditures will be needed to upgrade older facilities due to increasing healthcare demand, and large medical facility groups are better equipped to take on improvement projects due to their advantageous capital positions.

Select Healthcare Facilities Transactions

- **Catamaran Corporation** (NASDAQ: CTRX, TSX: CCT), a pharmacy benefit management services and technology solutions provider, agreed to combine with OptumRx, **UnitedHealth Group's** (NYSE: UNH) free-standing pharmacy care services business on March 29, 2015. The combination diversifies OptumRx's customer and business mix, while accelerating its technology leadership and flexible service offerings. Aggregate revenue of the two firms in 2014 exceeded \$53 billion, and combined the two are expected to serve more than 65 million people and fulfill more than one billion prescriptions in 2015.

UnitedHealth will pay \$61.50 per share of Catamaran, a 27% premium over Cataraman's closing price of \$48.32 on March 27th, 2015. The deal implies an enterprise value of \$13.2 billion for Catamaran, or multiples of approximately 15.6x LTM

EBITA and 0.61x LTM revenue. The deal closed in the third quarter of 2015.^{23,24}

- Drugstore operator **CVS Health Corp** (NYSE: CVS) announced on May 20, 2015, its acquisition of **Omnicare, Inc.** (NYSE: OCR), a company that supplies prescription medicines to nursing, assisted living and other healthcare facilities. The move gives CVS, the second-largest U.S. drugstore operator, access to the older U.S. population and builds on its specialty pharmacy, which provides drugs to people with expensive chronic conditions such as rheumatoid arthritis.

The deal implies total enterprise value of approximately \$12.9 billion for Omnicare, including \$2.3 billion in debt. The transaction price implies multiples of 17.2x LTM EBITDA and 1.98x LTM revenue. The deal closed in the third quarter of 2015.^{25,26}

[continued on next page]

Select Healthcare Facilities Transactions (continued)

- **Ventas, Inc.** (NYSE: VTR), a Chicago-based healthcare REIT, announced on April 4, 2015, it would acquire privately-owned **Ardent Medical Services, Inc.** with its affiliates, a provider of health care services and one of the ten largest for-profit hospital companies in the U.S., for \$1.75 billion. Ventas said it would spin off most of its skilled nursing facilities into an independent real-estate investment trust.

Ventas is expected to separate Ardent's hospital operations from its real estate and sell these hospital operations to a new entity owned by Ardent, in which Ventas will have a 10% stake. The two will enter a long-term lease. The deal implies an enterprise value of \$1.75 billion and 0.88x LTM revenue paid for Ardent. The deal closed in the third quarter of 2015.²⁷

- **Brookdale Senior Living, Inc.** (NYSE: BKD) and **HCP, Inc.** (NYSE: HCP) closed their portfolio acquisition of 35 private-pay senior housing communities from **Chartwell Retirement Residences'** (TSX: CSH.UN) wholly owned subsidiary CSH Master Care USA for \$847 million on June 30, 2015. Brookdale has operated the portfolio, which includes 5,025 units, since 2011 and will continue to manage the communities under a joint venture structure, with HCP and Brookdale owning 90% and 10%, respectively.

The properties — which represent the entirety of Chartwell's U.S. portfolio — are located in eight states with concentration

in Florida, Texas and Colorado. A majority of the communities are located in the nation's top 31 Metropolitan Statistical Areas (MSAs), with an average portfolio occupancy rate of 89%, previous reports indicate. Representing each level of care, the portfolio is comprised of assisted living (46%), independent living (45%), memory care (5%) and skilled nursing (4%). Multiple information was unavailable for this transaction.^{28,29}

- **HealthSouth Corporation** (NYSE: HLS), a post-acute services provider based in Birmingham, Alabama, announced on June 10, 2015, it has entered into a definitive agreement to acquire the operations of **Reliant Hospital Partners, LLC** for a purchase price of \$730 million. Reliant operates a portfolio of eleven inpatient rehabilitation hospitals in Texas, Massachusetts and Ohio, plus three inpatient satellite locations in Massachusetts for a total of 902 beds. The deal allows HealthSouth to expand its footprint into highly competitive Houston, Dallas-Fort Worth and Austin markets while also providing entry into new markets in Abilene, Texas; Dayton, Ohio; and the greater Boston metropolitan area.

The \$730 million implied enterprise value of Reliant implied multiples of 8.9x LTM EBITDA and 2.93x LTM revenue. The deal is expected to close in late 2015.^{30,31}

Transactions Summary

Buyer / Acquirer	Target / Seller	Announce Date	Close Date	Implied Enterprise Value	Implied Enterprise Value /	
					EBITDA	Revenue
OptumRx, Inc.	Catamaran Corporation	3/29/2015	7/23/15	13,215.3	15.6x	0.61x
CVS Pharmacy, Inc.	Omnicare Inc.	5/20/2015	8/18/15	12,900.0	17.2x	1.98x
AmerisourceBergen Corporation	MWI Veterinary Supply, Inc.	1/11/2015	2/23/15	2,522.5	18.5x	0.82x
Ventas, Inc.	AHS Medical Holdings LLC	4/6/2015	8/4/15	1,750.0	NA	0.88x
Opko Health, Inc.	Bio-Reference Laboratories Inc.	6/3/2015	8/20/15	1,516.0	13.1x	1.72x
Optum, Inc.	MedExpress Urgent Care, PLLC	4/8/2015	NA	1,500.0	NA	NA
Cardinal Health, Inc.	The Harvard Drug Group, L.L.C.	6/5/2015	7/6/15	1,115.0	NA	2.48x
Patterson Companies, Inc.	Animal Health International, Inc.	5/2/2015	6/17/15	1,100.0	16.2x	0.73x
Welsh, Carson, Anderson & Stowe; Select Medical Holdings Corporation; Cressey & Company, LP; Welsh, Carson, Anderson & Stowe XII, L.P.	Concentra, Inc.	3/22/2015	6/1/15	1,055.0	NA	1.06x
HCP, Inc.; Brookdale Senior Living Inc.	CSH Master Care USA Inc.	3/17/2015	6/30/15	847.0	NA	NA
HEALTHSOUTH Corp.	Reliant Hospital Partners, LLC	6/10/2015	NA	730.0	8.9x	2.93x
AMAG Pharmaceuticals, Inc.	CBR Systems, Inc.	6/29/2015	8/17/15	700.0	29.0x	5.75x
MEDNAX, Inc.	Virtual Radiologic Corporation	5/12/2015	5/18/15	500.0	NA	2.70x
Teachers' Private Capital	PetVet Care Centers, Inc.	12/31/2014	12/31/14	NA	NA	NA
Catamaran Corporation	Healthcare Solutions, Inc., Delaware	2/26/2015	4/8/15	405.0	NA	NA

\$ in millions

Source: Capital IQ, Mercer Capital Analysis (only deals with implied enterprise value exceeding \$35M shown)

See "Select Healthcare Facilities Transactions" for more discussion on certain transactions and multiples.

Transactions Summary (continued)

Buyer / Acquirer	Target / Seller	Announce Date	Close Date	Implied Enterprise Value	Implied Enterprise Value /	
					EBITDA	Revenue
Diplomat Pharmacy, Inc.	BioRx, LLC	2/26/2015	4/1/15	350.0	15.2x	1.54x
Madison Dearborn Partners, LLC; TRIAD Capital Management, LLC; Madison Dearborn Capital Partners VI-A, L.P.	Walgreens Infusion Services, Inc. (nka:Option Care, Inc.)	1/20/2015	4/7/15	NA	NA	NA
Extend Health, Inc.	Acclaris, Inc.	5/11/2015	5/11/15	140.0	NA	NA
EmCare Inc.	VISTA Staffing Solutions, Inc.	1/19/2015	2/1/15	123.0	NA	0.92x
ICON Public Limited Company	MediMedia Pharma Solutions	2/2/2015	2/27/15	120.0	NA	NA
Integra LifeSciences Corporation	TEI Medical Inc.	6/26/2015	7/17/15	101.0	NA	NA
Fagron NV	AnazaoHealth Corporation	5/11/2015	NA	97.8	6.0x	NA
Patient Home Monitoring Corp.	Sleep Management LLC	6/9/2015	7/17/15	88.1	4.9x	2.07x
Magellan Rx Management, Inc.	4D Pharmacy Management Systems, Inc.	3/17/2015	4/1/15	85.0	NA	NA
Diplomat Pharmacy, Inc.	Burmans Specialty Pharmacy LLC	6/19/2015	6/19/15	83.4	4.0x	0.22x
Sabra Health Care REIT, Inc.	Marsh Pike, LLC	6/22/2015	NA	69.6	NA	NA
HCP, Inc.	FSP-Germantown, LLC	5/27/2015	5/27/15	65.5	NA	NA
Fortress Investment Group LLC	Logan Watermark Partners LP	5/20/2015	5/20/15	65.3	NA	NA
Acadia Healthcare Company, Inc.	Quality Addiction Management Inc.	3/2/2015	3/2/15	53.0	NA	NA
National Health Industries, Inc.	Bracor, Inc.	2/24/2015	NA	50.9	NA	0.71x

\$ in millions

Source: Capital IQ, Mercer Capital Analysis (only deals with implied enterprise value exceeding \$35M shown)

See "Select Healthcare Facilities Transactions" for more discussion on certain transactions and multiples.

Transactions Summary (continued)

Buyer / Acquirer	Target / Seller	Announce Date	Close Date	Implied Enterprise Value	Implied Enterprise Value /	
					EBITDA	Revenue
Eurofins Scientific SA	DIATHERIX Laboratories, Inc.	6/1/2015	6/11/15	50.0	NA	NA
Teladoc, Inc.	Stat Health Services Inc.	5/22/2015	6/17/15	46.6	NM	20.12x
Centene Corp.	Health Through Friendship, Inc.	1/2/2015	1/2/15	55.7	NA	NA
Eurofins Scientific SA	Emory Genetics Laboratory	6/29/2015	NA	53.3	NA	NA
Everyday Health, Inc.	Cambridge BioMarketing Group, LLC	3/20/2015	3/20/15	38.9	11.9x	2.48x
Avera St. Luke's Hospital	Dakota Plains Surgical Center, LLP	6/5/2015	7/2/15	36.9	NA	NA
American Addiction Centers, Inc.	The Oxford Centre, Inc.	5/12/2015	8/10/15	35.0	6.3x	2.87x
Prime Healthcare Services, Inc.	Mercy Suburban Hospital	3/2/2015	NA	35.0	NA	NA
Specialty Care Services Group, LLC	ProNerve LLC	2/24/2015	4/14/15	35.0	NA	NA

\$ in millions

Source: Capital IQ, Mercer Capital Analysis (only deals with implied enterprise value exceeding \$35M shown)

See "Select Healthcare Facilities Transactions" for more discussion on certain transactions and multiples.

Public Company Pricing

Acute Care Hospitals

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Community Health Systems, Inc.	CYH	\$62.97	20.4%	16.8%	38.8%	\$7,433	\$24,860	\$19,491	\$2,917	1.28x	8.4x	1.22x	7.9x
HCA Holdings, Inc.	HCA	90.72	19.1%	23.6%	60.9%	\$37,587	\$67,938	\$38,429	\$7,699	1.80x	8.8x	1.70x	8.6x
LifePoint Health, Inc.	LPNT	86.95	17.0%	20.9%	40.0%	\$3,853	\$5,902	\$4,963	\$628	1.25x	9.7x	1.14x	8.3x
Tenet Healthcare Corp.	THC	57.88	14.9%	14.2%	23.3%	\$5,743	\$18,233	\$17,568	\$2,187	1.07x	8.7x	0.95x	8.2x
Universal Health Services Inc.	UHS	142.10	18.5%	27.9%	48.9%	\$14,079	\$17,497	\$8,576	\$1,585	2.09x	11.4x	1.85x	10.6x
Median			18.5%	20.9%	40.0%					1.28x	8.8x	1.22x	8.3x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Assisted Living

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
AdCare Health Systems, Inc.	ADK	\$3.41	-17.6%	-12.7%	-18.2%	\$69	\$215	\$197	\$15	1.11x	24.9x	NA	NA
Brookdale Senior Living Inc.	BKD	34.70	-7.7%	-5.4%	4.1%	\$6,530	\$12,889	\$4,151	\$792	3.43x	19.0x	2.50x	13.6x
Capital Senior Living Corp.	CSU	24.50	-3.4%	-1.6%	2.8%	\$722	\$1,377	\$398	\$70	3.55x	20.6x	3.33x	16.1x
Five Star Quality Care Inc.	FVE	4.80	9.8%	15.7%	-4.2%	\$235	\$274	\$1,115	\$17	0.25x	13.6x	0.20x	6.5x
Skarbiec Holding S.A.	SKH	35.50	-18.7%	9.2%	0.0%	\$242	\$217	\$99	\$31	2.20x	7.1x	NA	NA
Median			-7.7%	-1.6%	0.0%					2.20x	19.0x	2.50x	13.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Quick References

Enterprise Value	Market Capitalization + Total Debt + Preferred Equity + Minority Interest - Cash and Short Term Investments
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
LTM	Last Twelve Months
Forward	Next Twelve Month Estimates

Public Company Pricing (continued)

Diagnostic Imaging

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Alliance Healthcare Services, Inc.	AIQ	\$18.69	-15.6%	-11.0%	-30.8%	\$198	\$780	\$448	\$115	1.77x	6.4x	NA	NA
Quest Diagnostics Inc.	DGX	72.14	-6.2%	9.2%	26.2%	\$10,416	\$14,206	\$7,551	\$1,469	1.89x	9.5x	1.86x	9.3x
Laboratory Corp. of America Holdings	LH	121.22	-4.8%	12.3%	18.4%	\$12,170	\$18,687	\$7,056	\$1,414	2.94x	14.6x	2.10x	10.7x
RadNet, Inc.	RDNT	6.69	-21.1%	-21.7%	0.9%	\$296	\$898	\$755	\$101	1.23x	8.1x	1.16x	6.5x
Median			-10.9%	-0.9%	9.6%					1.83x	8.8x	1.86x	9.3x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Dialysis Services

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
DaVita HealthCare Partners Inc.	DVA	\$79.47	-3.3%	4.9%	9.9%	\$17,081	\$25,194	\$13,290	\$2,415	1.93x	10.4x	1.82x	9.9x
Fresenius Medical Care AG & Co. KGAA	FME	74.02	-3.5%	21.9%	52.5%	\$22,493	\$31,660	\$16,982	\$3,005	2.05x	11.3x	2.05x	10.9x
Median			-3.4%	13.4%	31.2%					1.99x	10.8x	1.94x	10.4x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Distribution / Supply

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
AmerisourceBergen Corporation	ABC	\$106.04	-6.1%	18.6%	48.1%	\$23,361	\$25,031	\$132,080	\$1,544	0.20x	16.7x	0.18x	11.5x
Cardinal Health, Inc.	CAH	83.65	-7.5%	4.5%	24.1%	\$27,674	\$28,494	\$102,531	\$2,694	0.29x	11.2x	0.27x	9.7x
Henry Schein, Inc.	HSIC	142.12	0.9%	4.4%	19.8%	\$11,884	\$13,232	\$10,419	\$890	1.27x	14.8x	1.21x	14.0x
McKesson Corporation	MCK	224.81	-1.8%	8.5%	21.3%	\$52,229	\$58,202	\$183,115	\$4,237	0.33x	14.2x	0.31x	11.2x
Patterson Companies, Inc.	PDCO	48.43	-0.5%	2.0%	25.5%	\$4,889	\$5,215	\$4,375	\$429	1.19x	12.1x	0.95x	11.3x
Median			-1.8%	4.5%	24.1%					0.33x	14.2x	0.31x	11.3x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Public Company Pricing (continued)

Emergency Services

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Adeptus Health Inc.	ADPT	\$94.99	90.7%	154.0%	274.4%	\$1,098	\$1,267	\$299	\$34	5.00x	80.4x	3.21x	19.7x
Air Methods Corp.	AIRM	41.34	-11.6%	-6.1%	-20.0%	\$1,623	\$2,248	\$1,028	\$260	2.20x	8.5x	2.06x	7.5x
InfuSystem Holdings, Inc.	INFU	3.19	14.7%	1.3%	20.4%	\$71	\$102	\$62	\$16	1.66x	6.2x	NA	NA
Median			14.7%	1.3%	20.4%					2.20x	8.5x	2.64x	13.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Home Care / Hospice

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Addus HomeCare Corporation	ADUS	\$27.86	21.4%	14.8%	23.9%	\$307	\$303	\$332	\$25	0.94x	12.9x	0.84x	10.5x
Almost Family Inc.	AFAM	39.91	-5.3%	37.9%	80.8%	\$380	\$432	\$504	\$36	0.86x	11.9x	0.80x	10.6x
Amedisys Inc.	AMED	39.73	48.3%	35.4%	137.3%	\$1,338	\$1,434	\$1,204	\$89	1.20x	15.3x	1.16x	14.2x
Chemed Corp.	CHE	130.89	8.9%	24.5%	41.0%	\$2,239	\$2,372	\$1,496	\$205	1.61x	11.8x	1.55x	10.6x
LHC Group, Inc.	LHCG	38.25	17.8%	22.7%	79.0%	\$687	\$746	\$756	\$72	1.00x	11.3x	0.94x	10.6x
Median			17.8%	24.5%	79.0%					1.00x	11.9x	0.94x	10.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Long Term Care

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Diversicare Health-care Services Inc.	DVCR	\$12.90	-5.9%	37.7%	73.6%	\$80	\$133	\$376	\$21	0.37x	6.2x	NA	NA
The Ensign Group, Inc.	ENSG	51.06	8.6%	15.4%	65.4%	\$1,300	\$1,234	\$1,155	\$96	1.13x	12.8x	0.94x	9.3x
Kindred Healthcare Inc.	KND	20.18	-14.9%	12.8%	-10.2%	\$1,693	\$4,959	\$6,003	\$444	0.91x	13.2x	0.67x	7.5x
National Healthcare Corp.	NHC	64.99	1.5%	4.6%	18.1%	\$924	\$927	\$892	\$107	1.05x	8.3x	NA	NA
Median			-2.2%	14.1%	41.8%					0.98x	10.5x	0.80x	8.4x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Public Company Pricing (continued)

Pharmacy Management

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
CVS Health Corporation	CVS	\$104.55	1.4%	9.7%	41.1%	\$118,200	\$129,333	\$145,577	\$10,920	0.90x	11.9x	0.84x	10.9x
Character Group plc	CCT	4.76	40.8%	82.1%	136.4%	\$99	\$95	\$109	\$13	0.87x	7.1x	0.84x	6.9x
Express Scripts Holding Company	ESRX	88.94	4.1%	5.0%	28.3%	\$64,863	\$76,316	\$102,445	\$6,820	0.75x	11.3x	0.72x	10.7x
PharMerica Corporation	PMC	33.30	17.3%	60.8%	16.5%	\$1,012	\$1,313	\$2,003	\$134	0.67x	10.0x	0.65x	9.5x
Median			10.7%	35.2%	34.7%					0.81x	10.7x	0.78x	10.1x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Physician Practice Management

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
MEDNAX, Inc.	MD	\$74.11	2.1%	12.1%	27.4%	\$6,931	\$7,772	\$2,593	\$589	3.09x	13.5x	2.71x	12.0x
Envision Healthcare Holdings, Inc.	EVHC	39.48	2.3%	13.8%	9.9%	\$7,329	\$9,529	\$4,907	\$593	2.06x	16.8x	1.72x	13.9x
IPC Healthcare, Inc.	IPCM	55.39	17.8%	20.7%	25.3%	\$963	\$1,028	\$714	\$70	1.46x	14.4x	1.34x	14.0x
Team Health Holdings, Inc.	TMH	65.33	11.1%	13.6%	30.8%	\$4,705	\$5,511	\$3,221	\$322	1.83x	17.9x	1.57x	14.5x
Median			6.7%	13.7%	26.4%					1.94x	15.6x	1.65x	14.0x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Psychiatric Hospitals

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Acadia Healthcare Company, Inc.	ACHC	\$78.33	8.6%	28.0%	72.2%	\$5,609	\$7,625	\$1,409	\$301	6.52x	31.4x	4.12x	18.3x
Magellan Health, Inc.	MGLN	70.07	-0.8%	16.7%	12.6%	\$1,908	\$1,840	\$4,044	\$233	0.49x	8.8x	0.39x	6.1x
Providence Service Corp.	PRSC	44.28	-13.8%	21.5%	21.0%	\$710	\$1,121	\$1,862	\$111	0.66x	12.2x	0.55x	9.4x
Median			-0.8%	21.5%	21.0%					0.66x	12.2x	0.55x	9.4x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Public Company Pricing (continued)

Surgical Centers / Rehabilitation

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
AmSurg Corp.	AMSG	\$69.95	12.0%	27.8%	53.5%	\$3,387	\$6,314	\$2,297	\$608	3.27x	11.8x	2.50x	13.5x
HEALTHSOUTH Corp.	HLS	46.06	3.3%	20.9%	31.0%	\$4,214	\$6,604	\$2,678	\$622	2.62x	10.9x	2.18x	9.3x
Surgical Care Affiliates, Inc.	SCAI	38.38	12.8%	14.1%	32.0%	\$1,510	\$2,559	\$935	\$244	2.87x	9.5x	2.50x	14.7x
Select Medical Holdings Corporation	SEM	16.20	10.7%	13.3%	6.1%	\$2,124	\$3,770	\$3,165	\$367	1.24x	10.4x	1.14x	9.3x
Median			11.4%	17.5%	31.5%					2.75x	10.6x	2.34x	11.4x

\$ in millions, except per share pricing

Source: Capital IQ, Mercer Capital Analysis

Healthcare REIT

Company Name	Ticker	Price at 6/30/15	% Change			Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	YTD	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Aviv REIT, Inc.	AVIV	\$36.75	-0.6%	7.7%	35.0%	\$1,781.6	\$3,103.5	\$198.0	\$156.4	15.67x	19.8x	NA	NA
Health Care REIT, Inc.	HCN	64.84	-15.6%	-11.4%	9.6%	\$23,011.6	\$35,285.5	\$3,508.9	\$1,768.9	10.41x	21.0x	9.23x	16.9x
HCP, Inc.	HCP	35.94	-15.5%	-14.9%	-7.1%	\$16,866.2	\$26,986.0	\$2,418.5	\$1,801.3	11.50x	14.6x	11.47x	14.7x
Healthcare Realty Trust Incorporated	HR	22.97	-15.6%	-12.9%	-4.1%	\$2,335.1	\$3,770.0	\$381.6	\$226.5	10.01x	16.9x	9.63x	16.3x
LTC Properties Inc.	LTC	41.28	-8.7%	-1.4%	11.8%	\$1,478.5	\$1,827.6	\$124.2	\$110.1	15.17x	16.9x	13.62x	15.3x
Omega Healthcare Investors Inc.	OHI	33.81	-16.1%	-9.9%	-1.9%	\$6,273.0	\$8,200.2	\$593.1	\$551.2	15.85x	17.1x	12.38x	11.3x
Ventas, Inc.	VTR	54.38	-14.7%	-11.4%	1.3%	\$20,544.5	\$32,358.5	\$3,352.9	\$1,804.3	10.07x	18.4x	8.63x	15.0x
Median			-15.5%	-11.4%	1.3%					11.50x	17.1x	10.55x	15.2x

\$ in millions, except per share pricing

Source: Capital IQ, Mercer Capital Analysis

Sources

- ¹ "ICD-10 Coalition fires back at Heritage attack," Online, Available, <http://www.healthcareitnews.com/news/icd-10-coalition-fires-back-heritage-attack>, Accessed August 26, 2015.
- ² "After Two Decades, A Few Simple Questions," Online, Available, <http://coalitionforicd10.org/2015/06/05/after-two-decades-a-few-simple-questions/>, Accessed August 26, 2015.
- ³ "The New Disease Classification (ICD-10): Doctors and Patients Will Pay," Online, Available, <http://www.heritage.org/research/reports/2015/05/the-new-disease-classification-icd-10-doctors-and-patients-will-pay>, Accessed August 26, 2015.
- ⁴ "ICD-10: The Pros and Cons for Value," Online, Available, http://www.hfma.org/Leadership/Archives/2014/Summer/ICD-10__The_Pro Pros_and_Cons_for_Value/, Accessed August 26, 2015.
- ⁵ "HCA Holdings (HCA) R. Milton Johnson on Q2 2015 Results – Earnings Call Transcript," Online, Available, <http://seekingalpha.com/article/3404295-hca-holdings-hca-r-milton-johnson-on-q2-2015-results-earnings-call-transcript>, Accessed August 21, 2015.
- ⁶ "Envision Healthcare Holdings' (EVHC) William Sanger Q2 2015 Results – Earnings Call Transcript," Online, Available, <http://seekingalpha.com/article/3386335-envision-healthcare-holdings-evhc-william-sanger-q2-2015-results-earnings-call-transcript>, Accessed August 21, 2015.
- ⁷ "Amedisys' (AMED) CEO Paul Kusserow on Q2 2014 Results – Earnings Call Transcript," Online, Available, <http://seekingalpha.com/article/3371895-amedisys-amed-ceo-paul-kusserow-on-q2-2015-results-earnings-call-transcript?page=3>, Accessed August 21, 2015.
- ⁸ "Health Care REIT's (HCN) CEO Thomas DeRosa on Q2 2015 Results – Earnings Call Transcript," Online, Available, <http://seekingalpha.com/article/3397565-health-care-reits-hcn-ceo-thomas-derosa-on-q2-2015-results-earnings-call-transcript>, Accessed August 25, 2015.
- ⁹ "2012 National Population Projections," Online, Available, <https://www.census.gov/population/projections/data/national/2012.html>, Accessed August 20, 2015.
- ¹⁰ "Obesity and the Economics of Prevention: Fit not Fat," Online, Available, <http://www.oecd.org/unitedstates/Obesity-Update-2014-USA.pdf>, Accessed November 13, 2014.
- ¹¹ "F is for Fat: How Obesity Threatens America's Future, 2012," Online, Available, <http://healthyamericans.org/report/100/>, Accessed August 24, 2015.
- ¹² "Bureau of Economic Analysis: GDP and Personal Income," Online, Available, <http://www.bea.gov/iTable/iTable.cfm?reqid=9&step=1&acrdn=2#reqid=9&step=1&isuri=1>, Accessed August 21, 2015.
- ¹³ "Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group," Online, Available, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>, Accessed August 21, 2015.
- ¹⁴ "Centers for Medicare and Medicaid Services: Projected," Online, Available, <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>, Accessed August 24, 2015.
- ¹⁵ "The Facts of Medicare Spending and Financing," Online, Available, <http://kff.org/medicare/fact-sheet/medicare-spending-and-financing-fact-sheet/>, Accessed August 25, 2015.
- ¹⁶ "CBO: Medicare Baseline Projections," Online, Available, <https://www.cbo.gov/publication/44205>, Accessed August 25, 2015.
- ¹⁷ "Value-Based Payment Modifier," Online, Available, <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/ValueBasedPaymentModifier.html>, Accessed February 4, 2015.
- ¹⁸ "The Key to Transitioning from Fee-for-Service to Value-Based Reimbursement: Sylvia Burwell, U.S. Secretary of Health and Human Services," Online, Available, <https://www.healthcatalyst.com/hospital-transitioning-fee-for-service-value-based-reimbursements/2/>, Accessed February 4, 2015.
- ¹⁹ "Setting Value-Based Payment Goals – HHS Efforts to Improve U.S. Health Care," Online, Available, <http://www.nejm.org/doi/full/10.1056/NEJMp1500445>, Accessed February 4, 2015.
- ²⁰ "Physician Shortage to Worsen without Increase in Residency Training," Online, Available, https://www.aamc.org/download/153160/data/physician_shortages_to_worsen_without_increases_in_residency_tr.pdf, Accessed January 28, 2015.
- ²¹ "Moody's: 5 key for profit hospital consolidation trends," Online, Available, <http://www.beckershospitalreview.com/hospital-transactions-and-valuation/moody-s-5-key-for-profit-hospital-consolidation-trends.html>, Accessed January 28, 2015.
- ²² "Healthcare and Life Science Insider: June 2014," Online, Available, www.bglico.com/files/healthcare__life_sciences_insider_jun_14.pdf, Accessed January 28, 2015.
- ²³ "UnitedHealth to buy pharmacy benefit manager Catamaran for \$12.8B," Online, Available, <http://www.fiercehealthpayer.com/story/unitedhealth-buy-pharmacy-benefit-manager-catamaran-128b/2015-03-30>, Accessed August 26, 2015.
- ²⁴ "UnitedHealth to Buy Catamaran for \$12.8 Billion in Cash," Online, Subscription Required, <http://www.wsj.com/articles/unitedhealth-to-buy-catamaran-for-12-8-billion-in-cash-1427709601>, Accessed August 26, 2015.
- ²⁵ "CVS Health Completes Omnicare Acquisition," Online, Available, <http://www.cvshealth.com/content/cvs-health-completes-omnicare-acquisition>, Accessed August 26, 2015.
- ²⁶ "CVS to expand pharmacy business with \$10.1 billion Omnicare buy," Online, Available, <http://www.reuters.com/article/2015/05/21/us-omnicare-m-a-cvs-health-idUSKBN00619T20150521>, Accessed August 26, 2015.
- ²⁷ "Ventas to Buy Ardent for \$1.75 Billion," Online, Subscription Required, <http://www.wsj.com/articles/ventas-to-buy-ardent-for-1-75-billion-1428318818>, Accessed August 26, 2015.
- ²⁸ "Chartwell Announces Sale of Its U.S. Business," Online, Available, <http://www.marketwired.com/press-release/chartwell-announces-sale-of-its-us-busi>

Sources (continued)

ness-tsx-csh.un-2001047.htm, Accessed August 26, 2015.

²⁹ "Brookdale, HCP Close \$847 Million Chartwell Portfolio," Online, Available. <http://seniorhousingnews.com/2015/06/30/brookdale-hcp-close-847-million-chartwell-portfolio/>, Accessed August 26, 2015.

³⁰ "HealthSouth to Acquire Operations of Reliant Hospital Partners," Online, Available, <http://www.prnewswire.com/news-releases/healthsouth-to-acquire-operations-of-reliant-hospital-partners-300097621.html>, Accessed August 26, 2015.

³¹ "HealthSouth takes out Reliant Hospital Partners for \$730M," Online, Available, <http://seekingalpha.com/news/2577125-healthsouth-takes-out-reliant-hospital-partners-for-730m>, Accessed August 26, 2015.

Mercer Capital

Healthcare Facilities
Industry Services

Mercer Capital provides business valuation and financial advisory services to companies operating in the healthcare facilities industry.

Industry Segments

Mercer Capital serves the following industry segments:

- Acute care hospitals
- Assisted living facilities
- Emergency services
- Home care and hospice
- Long-term care
- Surgical centers and rehabilitation facilities
- Other healthcare facilities

Services We Provide

- Valuation of healthcare companies for tax compliance
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Transaction advisory for acquisitions and divestitures
- Litigation support for economic damages and valuation and shareholder disputes

Contact a Mercer Capital professional to discuss your needs in confidence.

Contact Us

Sujan Rajbhandary, CFA
901.322.9749
sujanr@mercercapital.com

Timothy R. Lee, ASA
901.322.9740
leet@mercercapital.com

Jay D. Wilson, Jr., CFA, ASA, CBA
901.322.9725
wilsonj@mercercapital.com

Atticus L. Frank
901.322.9754
franka@mercercapital.com

MERCER CAPITAL

Memphis
5100 Poplar Avenue, Suite 2600
Memphis, Tennessee 38137
901.685.2120

Nashville
102 Woodmont Blvd., Suite 231
Nashville, Tennessee 37205
615.345.0350

Dallas
12201 Merit Drive, Suite 480
Dallas, Texas 75251
214.468.8400

www.mercercapital.com

Erickson Partners

Merges with Mercer Capital



Mercer Capital, a national business valuation and financial advisory firm specializing in Corporate Valuation, Litigation Support, Financial Reporting Valuation, and Transaction Advisory Consulting, and **Erickson Partners, Inc.**, a Texas-based Valuation and Litigation Support firm, announce their merger effective July 1, 2015.

Mercer Capital, with its strong presence throughout the Southeast and Midwest, and Erickson Partners, with its strong presence in Texas and Oklahoma, are a perfect fit.

Both firms maintain the highest standards of quality for financial analysis and client service and believe deeply in hiring and developing the best professionals.

“The culture of both firms is so similar and that was important to us. The professionals of Erickson Partners are well-known in the valuation profession as some of the best and brightest. Their work product and reputation are stellar. This merger not only allows us to broaden our geographic reach but also our industry expertise,” said **Matt Crow**, President of Mercer Capital.

Erickson Partners enhances Mercer Capital’s broad base of industry concentrations with their exceptional history working with and knowledge of professional sports franchises and the energy sector.

“Over our 30 plus year history, Mercer Capital has developed several industry concentrations. By adding the knowledge, insight, and expertise of Don Erickson, Bryce Erickson, and the rest of the professionals of Erickson Partners, we now bring deep experience and insight to a broader range of industries than we could as separate firms,” said **Chris Mercer**, CEO of Mercer Capital.

“Combining with Mercer Capital, we will now be able to offer new or expanded services that complement our existing services, as well as additional industry expertise,” said **Bryce Erickson**, Managing Director of Erickson Partners. “In addition to our sports franchise and energy industry concentrations, we will be able to offer deep industry concentrations in construction and building materials, agribusiness, manufacturing and financial institutions, which includes depository institutions, insurance companies, fintech companies, asset management firms, and PE firms.”

“The combined firm will have over 40 valuation professionals positioned in five markets throughout the southwest and southeast. Such a deep bench will provide us with a tremendous opportunity to better serve the expanding needs of our clients,” said **Don Erickson**, President of Erickson Partners. “Joining with Mercer Capital gives us national resources that will benefit our clients in Texas and beyond.”

About Mercer Capital

Mercer Capital is a national business valuation and financial advisory firm offering corporate valuation, litigation support, financial reporting valuation, and transaction advisory consulting services to a national client base. Clients include private and public operating companies, financial institutions, asset holding companies, high-net worth families, and private equity/hedge funds.

About Erickson Partners, Inc.

Erickson Partners is a professional valuation and advisory firm specializing in business valuation, litigation support, financial investigations and strategic corporate advisory services. Founded by Don & Bryce Erickson, Erickson Partners has served large and small clients by providing complex financial and economic analysis, leading to reasonable valuation opinions that withstand scrutiny.

CONTACT US

Z. Christopher Mercer, ASA, CFA, ABAR
901.685.2120
mercerc@mercercapital.com

Matthew R. Crow, CFA, ASA
901.685.2120
crowm@mercercapital.com

Donald Erickson, ASA
214.468.8400
ericksond@mercercapital.com

Bryce Erickson, ASA, MRICS
214.468.8400
ericksonb@mercercapital.com

COMBINING CULTURES OF EXCELLENCE

MERCER CAPITAL

Headquarters
5100 Poplar Avenue, Suite 2600
Memphis, TN 38137
901.685.2120

Dallas
12201 Merit Drive, Suite 480
Dallas, TX 75251
214.468.2120

Nashville
102 Woodmont Blvd., Suite 231
Nashville, TN 37205
615.345.0350

www.mercercapital.com