

KNOWLEDGE. VISION. RESULTS.

QUARTERLY VALUE TRACKER

VALUATION ANALYSIS FOR TECHNOLOGY, HEALTHCARE, AND BUSINESS SERVICES

QUARTER **1**
2008

HEALTHCARE SERVICES

The Healthcare Services sector, which includes TripleTree's Health Insurer and Prescription Benefit Management (PBM) indices, had a mixed start to 2008. The PBM sector continued to outpace the overall market, conceding only 4.6% of its value through the end of the period. The Health Insurer sector, on the other hand, experienced an enormous drop in relative value to the tune of a 38% loss. Losses within the index ranged from -24% to -50%, with a median drop in market cap of 34%. The turning point came in mid-March as **WellPoint Inc. (NYSE: WLP)** announced that it would be cutting its profit forecast for 2008. The company pointed toward "higher than expected medical costs, lower than expected fully insured enrollment and, to a lesser extent, the changing economic environment in which [the company is] operating" as the leading reasons behind the adjustment to the forecast. Stock prices for **Aetna Inc. (NYSE:**

AET), **Humana Inc. (NYSE: HUM)**, and **Unitedhealth Group, Inc. (NYSE:UNH)** plunged following the announcement by WellPoint.

M&A activity in the Healthcare Services sector dipped a bit from the fourth quarter of last year. A few of the major players, however, remained active as SXC Health Solutions, Corp. (Nasdaq: SXCI) announced that it would acquire publicly-traded **National Medical Health Card Systems Inc. (Nasdaq: NMHC)** for an enterprise value of approximately \$135 million, or 0.2x revenue and 24.5x EBITDA. Other notable deals include Humana's purchase of OSF Health Plans for \$65.5 million and the announcement that Centene Corp. (NYSE:CNC) has entered an agreement to acquire the Celtic Group for a reported \$80 million.

Healthcare Services (\$ millions, except share price) (Multiples over 100x have been excluded as not meaningful "NM")

Ticker	Company name	Market Price 31-Mar-08	Market Cap.	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Net Income	EV/ Revenue	EV/ EBITDA	Price/ Earnings	
HEALTH INSURERS											
AET	Aetna Inc.	\$42.09	20,902	22,917	24,629	3,299	1,831	0.9x	6.9x	11.4x	
AGP	AMERIGROUP Corp.	\$27.33	1,462	1,364	3,946	227	116	0.3x	6.0x	12.6x	
CI	CIGNA Corp.	\$40.57	11,369	11,208	16,122	1,784	1,115	0.7x	6.3x	10.2x	
CVH	Coventry Health Care Inc.	\$40.35	6,242	6,959	8,690	1,075	626	0.8x	6.5x	10.0x	
HNT	Health Net Inc.	\$30.80	3,397	2,936	14,057	741	194	0.2x	4.0x	17.5x	
HUM	Humana Inc.	\$44.86	7,657	7,574	24,749	1,543	834	0.3x	4.9x	9.2x	
UNH	Unitedhealth Group, Inc.	\$34.36	42,998	45,142	69,925	8,645	4,654	0.6x	5.2x	9.2x	
WLP	WellPoint Inc.	\$44.13	23,916	30,192	56,866	6,292	3,345	0.5x	4.8x	7.1x	
								Average	0.6x	5.6x	10.9x
								Median	0.6x	5.6x	10.1x

Source: CapitalIQ

HEALTHCARE

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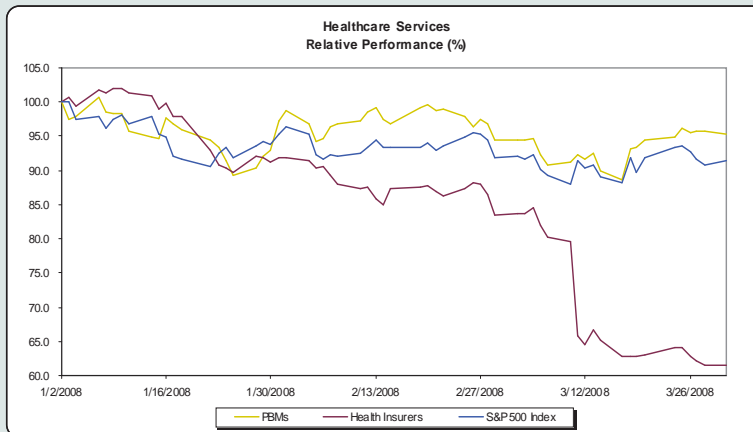
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2008

Ticker	Company name	Market Price 31-Mar-08	Market Cap.	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Net Income	EV/ Revenue	EV/ EBITDA	Price/ Earnings	
PRESCRIPTION BENEFITS MANAGEMENT											
BIOS	BioScrip Inc.	\$6.76	263	297	1,198	16	3	0.2x	18.6x	79.2x	
CVS	CVS Caremark Corp.	\$40.51	58,463	68,063	76,330	5,970	2,637	0.9x	11.4x	22.2x	
ESRX	Express Scripts Inc.	\$64.32	16,261	17,846	18,274	1,159	568	1.0x	15.4x	28.6x	
HLEX	Healthextras Inc.	\$24.84	1,062	937	1,858	64	39	0.5x	14.6x	27.0x	
MHS	MedcoHealth Solutions Inc.	\$43.79	22,967	25,617	44,506	2,017	912	0.6x	12.7x	25.2x	
NMHC	National Medical Health Card Systems Inc.	\$10.18	60	131	625	6	(3)	0.2x	23.6x	NA	
								Average	0.6x	16.0x	36.4x
								Median	0.5x	15.0x	27.0x

Source: CapitalIQ



Healthcare Services

M&A Activity (01/01/08 - 03/31/08)

Total # of Transactions	4
# Reporting P/R Multiples	1
Average P/R	0.2x
Median P/R	0.2x

* TripleTree's Healthcare Services research covers the following segments: Health Insurers and Prescription Benefit Management,

** For additional information on how this data might apply to your business, please contact Scott Tudor or Kevin Green at 952.253.5300.