



Specialty Pharmacy

Sector Report
2015
Third Edition



SALEM PARTNERS

Dear Valued Colleagues:

In this 2015 Specialty Pharmacy Report, we highlight today's growth areas and opportunities, with an aim to provide insight into current trends and business drivers.

This report explores the shifts taking place within the industry to enable stakeholders to formulate better decisions and strategies. Our overarching goal is to ensure that independent specialty pharmacy owners and operators remain well-placed to maximize opportunity and returns.

This year is marked as decidedly different as the industry is pushed to manage unprecedented volume and growth. Now, we as operators, investors, and a nation of consumers, are amidst the most significant wave of long-term change in the history of specialty pharmacy.

Pharmacy businesses that can efficiently innovate possess the opportunity to increase both market share and returns. These opportunities remain unbounded. Through the adoption of new models and technology, the face of modern pharmacy continues to evolve. While campaigns for compelling innovation are being driven by well financed PBMs, payers and large health providers – innovative disruption continues amongst smaller independent operators.

As always, we look forward to continuing our dialog and our work with specialty pharmacy and healthcare stakeholders.

Cordially,



Thomas Bird
Salem Partners
Vice President

- M&A Advisory
- Equity & Debt Financing
- Strategic Advisory
- Valuation Opinions
- Fairness Opinions
- Consulting
- Expert Testimony
- Litigation Support

Introduction to Salem Partners

Salem Partners

Salem Partners is a leading investment banking and wealth management firm advising the healthcare & life sciences sectors.

Since 1997, Salem Partners has offered a full suite of investment banking services, including institutional capital raising, buy & sell-side mergers and acquisitions and financial advisory. Since inception, the firm has successfully advised clients on capital raises and mergers and acquisitions with an aggregate transaction volume of over six billion dollars.

We measure our firm's success not by the number of clients but by the depth of each client relationship, and we are proud of our honest, client-friendly approach that has built enduring client relationships.

About Salem Partners' Healthcare Practice

- Leading Los Angeles investment banking firm; \$6 billion in transaction volume
- Investment banking services
 - Institutional capital raising
 - Mergers and acquisitions
 - Strategic advisory and valuation
- Long-term relationships with repeat clients
 - Advisor and partner of choice
- Exceptional track record of closed deals with leading healthcare investors
- Active direct investments in sponsored transactions
- Proven transaction expertise

Subsector Emphasis

▪ Specialty Pharmacy	▪ Specialty Pharmaceuticals
▪ Home Infusion	▪ Biotechnology
▪ Healthcare Services	▪ Medical Devices

Tailored capital raise process to identify the ideal buyer	Deep relationships with strategic and financial buyers within healthcare industry	In-depth industry expertise to communicate value propositions
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Salem Partners at the Forefront of Healthcare M&A

Salem Partners' Healthcare Team advises growth-stage and middle-market clients on mergers & acquisitions, capital raises, and corporate divestitures. Salem's professionals offer unique expertise to family- and professionally-owned businesses servicing the healthcare industry. Judicious in its client selection, Salem only pursues those opportunities where Salem's relationship-focused approach and industry expertise will benefit our clients and the firm.

Salem Partners leverages our deep relationships across the life sciences industry, including national pharmaceutical manufacturers, emerging biotechnology companies and leading industry experts.

Current M&A trends along with active investment in the specialty pharmacy industry provide unprecedented opportunity for management teams and operators. As pharmacy valuations continue to rise concurrent with positive transaction momentum, sophisticated operators are benefiting from strategic combinations and M&A alternatives.

Salem Partners acts in the interest of our clients, guiding operators through the unique challenges of the specialty pharmacy landscape. Salem Partners aligns itself with committed management teams, owners and investors to maximize enterprise value by leveraging sector expertise and creativity.



State of the Industry

- Private, independent specialty pharmacies are growing quickly
- Consolidation continues
- Strategics looking to diversify revenue concentration
- Closely managed limited networks
- REMS requirements for 40% of new products
- Pharma seeking customized solutions / increased specialization

Drivers

- 10,000 adults aging into Medicare daily
- Double-digit growth in specialty product utilization in LTC
- 47% growth over the past 3-4 years in medications to treat chronic diseases
- Clinical need for high adherence and MTM programs
- Newly approved PCSK9 inhibitors

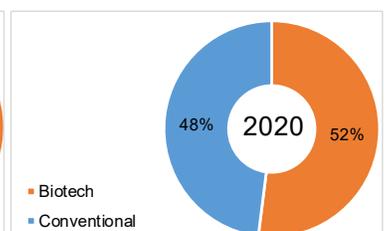
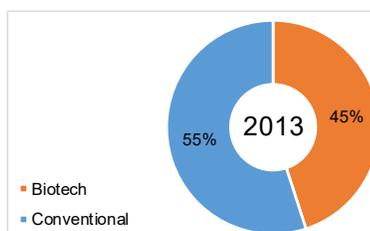
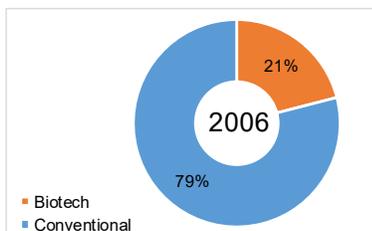
Government Regulations

- Prescription drug pricing becoming a legislative target
- First FDA biosimilar approval opens regulatory pathway
- Contamination issues have prompted Federal Food, Drug & Cosmetic Act reform and new FDA scrutiny

Specialty Pharmacy Opportunities

- US Drug spending per member increased 13% in 2014 - Specialty spending was up 31% (driven by price increases)
- Breakthrough advances in new medications
- Manufacturers' pipelines focused on rare diseases
- Explosive growth from new specialty drug segments including Hepatitis-C and Oncology
- Improvements to be made with distribution, clinical expertise, specialized regional coverage, therapy management programs, and information technology
- Infusion services remain a highly fragmented segment
- Strong capital market sentiment

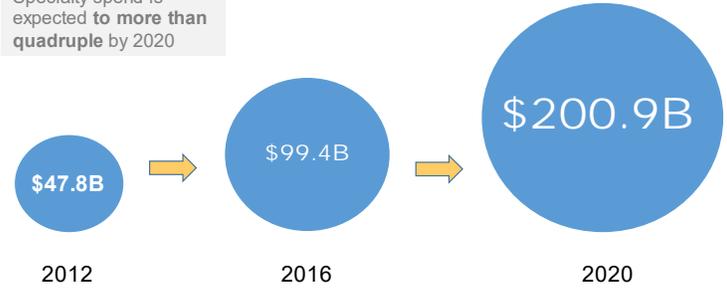
Biotechnology continues to grow



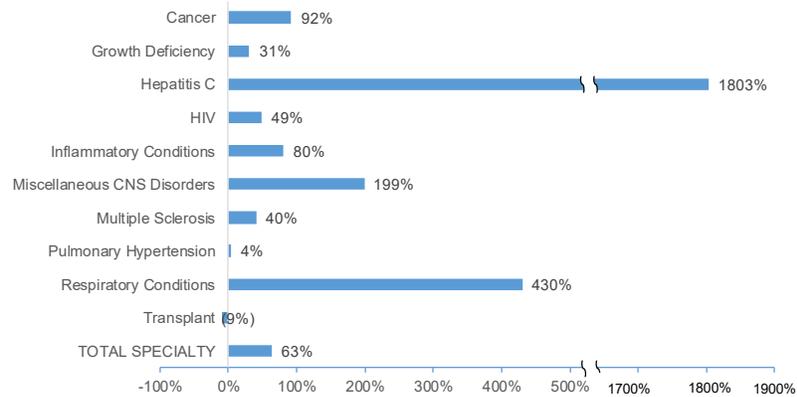
Growth of Specialty Market

Anticipated Overall Specialty Spend

Specialty spend is expected to more than quadruple by 2020



2014 to 2016 Expected Three-Year Compound Growth



Competitive Challenges

- Product prices are leading some payers to limit specific therapies
- Need to adapt business models to new payer demands and manufacturer requirements
- Accreditation is lowering barriers to entry
- Getting access & maintaining access to limited distribution drugs
- Need to continue differentiation and specialization
- Pharmacies face increasing regulatory oversight
- Potential deceleration in growth in MS and a sales decline in HCV
- PBM consolidations are predicted to continue
- Retail community pharmacies will be challenged to provide requisite services and technology infrastructure to compete with specialty pharmacies

Limited Distribution Drugs / Networks

- Each specialty pharmaceutical or biologic may come with unique needs that may change throughout the product life cycle -- **distribution channel decisions are made on a product-specific basis by the manufacturer**
- Limited distribution networks, particularly in oncology, are increasingly being used by manufacturers to reduce costs, improve efficiency and ensure quality control
- Core services include rapid benefits investigation and fast turnaround time for shipments. First-dispensing-time is critical to manufacturers. Specialty pharmacies must demonstrate expertise on these basics to be competitive for LD access

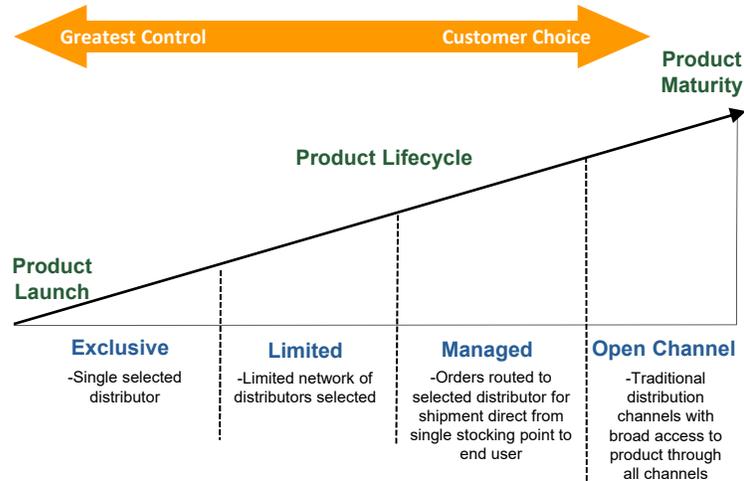
Benefits to Pharma / Biotech

- Improved access to clinical data
- Improved patient adherence
- Complete traceability down to the patient (serial IDs)
- Commercialization assistance
- Expanded patient training for self administered drugs
- Finding co-payment assistance or alternative coverage for the patient

Getting In & Staying In

- Failing to deliver all contract requirements will lead to ejection from a network
- First-time-to-fill is decisive and critical
- Every script matters
- Seek barriers to entry through therapy expertise or geographic positioning
- Create collaborative partnerships, deeper relationships
- Increase value to the payers

Selected Limited Distribution Manufacturers and Products



- Allocation control
- Minimize excess product in the supply chain
- Visibility and proximity to data
- Connecting stakeholders pre/post-distribution around other services (e.g. clinical compliance programs, reimbursement support)

- Success of limited distribution networks and the management of complex patient populations will hinge on **balancing patient access and cost reduction** all while improving clinical outcomes

Pharmacy Differentiation / Specialization

- Create sticky physician relationships / drive for physician collaboration
- Develop sophisticated support, including specialized sales teams
- Drive and document increased patient adherence – “data is king”
- Establish pharma manufacturer relationships earlier
- Develop disease specific MTM programs

Pharmacy Information Technology

- Historically a late adopter of technology, healthcare organizations have begun rapidly embracing new tools. New technologies are helping patients better manage their health and make more informed choices about care.
- Leading pharmacies have developed a variety of innovative systems, devices and applications to foster greater collaboration and decision-making among care providers while also engaging patients. These resources range from mobile apps that automate refill requests to software designed to streamline prescribing.
- New specialty pharmacy technology will play an important role in improving patient outcomes through promoting adherence, facilitating provider interaction and enhancing patient safety. Advanced pharmacy technology will not only be considered beneficial, but it will become the standard of patient care.
- The healthcare industry looks to reduce costs and improve the management of complex patient populations; innovative pharmacy IT / data will help achieve provider and payer goals.

Pharmacy & Provider Drivers

- Adherence / medication cost reduction
- REMS compliance
- Advanced analytics and clinical decision support
- Instant medication history
- Patient monitoring
- Integration of business intelligence
- Clinical collaboration between the pharmacy and care provider

Patient Drivers

- Active engagement
- Patient education
- Mobile apps and tools
- Convenience / refills
- Access to support
- Instant information
- Medication history



62%
OF PHYSICIANS ARE NOW USING TABLETS, WITH OVER HALF OF THEM USING ONE AT POINT-OF-CARE



71%
OF NURSES ARE USING SMARTPHONES AT WORK



59%
OF PATIENTS IN DEVELOPED NATIONS USE AT LEAST ONE MOBILE HEALTH APPLICATION OR SERVICE

Regulatory Trends

Legislative Oversight in the Compounding Industry

The past two years have seen dramatic change in the regulation of compounding pharmacies. Legislation related to prescription medications have historically been enacted in response to serious issues and adverse events, including patient deaths, birth defects and the marketing of ineffective medications.

Historically, compound pharmacies have been exempt from FDA requirements based on the premise that the guidelines for mass-produced medications could not be practically applied to compounded medications, typically manufactured on demand. Moreover, oversight of compounded pharmacies has been principally directed by state licensing boards, not the FDA.

As a result of quality issues with compounded medicines, the Food, Drug, & Cosmetic Act has been amended to separate these compound pharmacies from traditional pharmacies. Previously, the traditional pharmacy as described in section 503 (now "503A") only existed, and now through legislation, a new classification has been defined – the "outsourcing facility" (503B pharmacies). These 503B pharmacy entities are subject to US FDA authority and the FDA has been aggressively driving registration. Currently there are 54 registered 503B entities.

The 503A exemption now only applies to small compounding pharmacies that produce medications in limited quantities, allowing them to continue their operations without using more advanced quality and manufacturing techniques. State boards will continue to provide primary oversight of these pharmacies, and each pharmacy will only be allowed to have a small percentage of its medications shipped out of state, assuming valid licenses in those states. In addition, the prescriptions will need to be patient specific for each compound.

USP <797> and cGMP

While USP <797> was historically the recognized standard of practice for compound manufacturing of sterile products in the US, this standard is far less stringent than pharmaceutical cGMP.

Pharmacies who wish to manufacturer large batches of CSPs or sell across state lines, will have to adhere to cGMP in practice and in theory. The FDAs cGMP expectations are a considerable divide compared to customary practice of pharmacy and can clearly be illustrated by the high frequency of FDA issued 483 observations currently occurring in the industry.

Operators able to adapt to these expectations will prosper while those who are unwilling or unable to meet these new regulatory hurdles will eventually decline.

Acquirers M&A Drivers

- Strategics seeking to fill geographic holes
- Operators strategically managing the therapy mix
- Grocery and retail drugstore chains expanding market presence
- Private equity backed investors acquiring platform investments and tuck-in acquisitions
- Hospital systems, Insurers, PBMs and Wholesalers all continue to hunt for specialty pharmacy synergies

Seller Rationale

- Independents seeking partnerships to manage long-term growth
- Growing working capital requirements
- Larger enterprises require investment and development of corporate capabilities
- Declining barriers to entry
- Difficult to access limited distribution networks
- Independents struggling to manage scale

Select Strategic Activity



M&A Observations

- Diverse base of buyers continue to hunt for growth
- PE specialization and speed competing to outmaneuver corporates
- Many acquisitions are immediately accretive, likely benefiting the seller and buyer
- Infusion M&A demand far exceeds supply
- Strong interest across the board, sub \$50M value

Valuations	Enterprise Value /	Enterprise Value /
	LTM Revenue	EBITDA
Specialty Rx		
Mean	0.9x	10.0x
Median	0.7x	8.2x
Infusion		
Mean	1.6x	15.0x
Median	1.5x	12.7x

Salem Partners Analyses

While valuations continue to trend positively, high premiums have generally been limited to specialized businesses that are well positioned with sustainable competitive advantages. Additionally, acquirers are looking for assets which fill identified geographic holes.

Select Private Equity Activity



Publicly Traded Comparable Companies



- The Specialty Pharmacy Index has seen unprecedented growth over the past five years
- Posting near 100% gains over the S&P 500 Index
- The aging population and newly added ACA participants continue to expand the specialty pharmaceutical client base
- Explosive growth driven from new oncology and HCV therapies

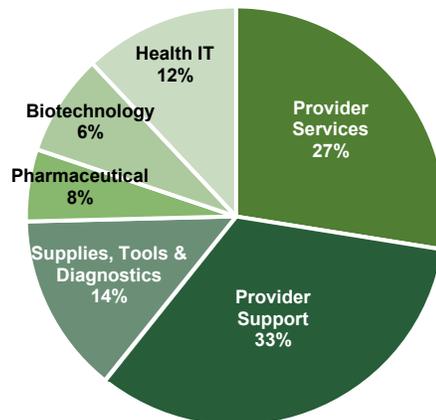
(1) Index constituents include: ABC, BIOS, CVS, DPLO, ESRX, MCK, ORCX, PMC

Healthcare M&A Breakdown

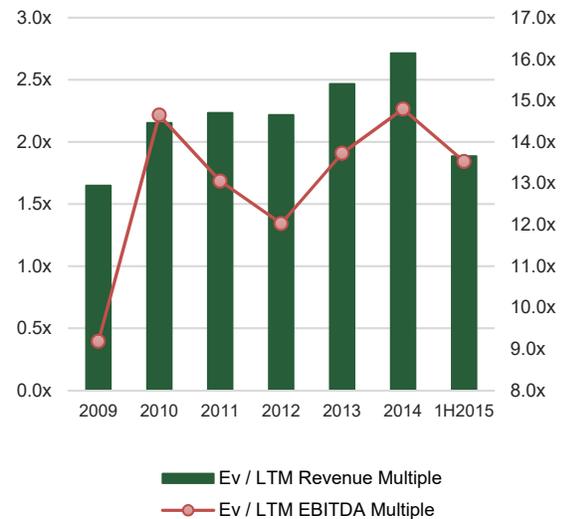
2015 Healthcare Highlights

- Healthcare sector leads feverish M&A activity, accounting for ~8% of total deal volume for first half of this year
- Long-term care and hospitals were leaders as continued impact of the ACA, cost pressures, access to capital and patient sources were key drivers of M&A activity
- Health systems, information technology companies, medical practices and service providers seek to find out whether bigger is indeed better in the post-ACA world

Healthcare M&A by Sector



M&A Multiples



Exceptional Outcomes

Salem Partners' clients know that they will have a trusted and experienced advisor protecting their interests in all phases of a transaction. We bring a full range of capital advisory and M&A capabilities to every deal. The firm's deep industry knowledge, deal expertise and access to key executives ensure that clients receive the most favorable terms and strategic alternatives available in a transaction.

↑ GROWTH CAPITAL

We advise emerging growth companies seeking capital to execute upon organic opportunities and prospective acquisitions. Sources of capital may include both private equity and venture capital funds.

↻ RECAPITALIZATIONS

We advise clients in initiating, structuring and executing recapitalizations with institutional investors. These transactions often provide our clients the opportunity to de-risk by providing partial liquidity today while retaining continued ownership.

⇄ MERGERS & ACQUISITIONS

We advise entrepreneurs and private equity firms seeking liquidity and large corporations divesting non-core assets. We also advise large corporations and private equity firms with targeting and transaction execution in platform and add-on acquisitions

Private Placements

Our team can assist your company in raising the capital it needs to finance working capital, drive organic growth, provide liquidity to shareholders, or fund an acquisition strategy.



Adams Laboratories

- Private, pre-revenue company when Salem met management in 1999.
- Sought initial funding for development of suite of therapeutics, branded as Mucinex™.
- Salem acted as exclusive placement agent for Adams Laboratories in three private rounds, achieving increasing valuations and raising in excess of \$80 million from leading institutions.
- Later acquired by Reckitt Benckiser for \$2.3 billion in cash.



ZS Pharma

- Salem closed a \$5.3 million convertible note financing in late 2011 to fund a proof-of-concept clinical trial.
- Upon receiving encouraging clinical data, Salem arranged and co-invested in a \$46 million Series C Preferred Stock financing with leading venture capital firms and individual investors. Later, Salem advised the company on a \$55 million Series D to fund the company through FDA approvals.
- Salem participated as a significant principal investor in the transaction.
- Salem guided the company in selecting the underwriting team. ZS Pharma completed a successful IPO, raising \$112 million in June 2014.



Neos Therapeutics

- Salem advised the company on key strategic partnership agreements and recruited additional C-level management talent
- Salem acted as exclusive placement agent for Neos Therapeutics in three private rounds, raising in excess of \$60 million from leading institutions.
- Salem guided the company in selecting the underwriting team. Neos Therapeutics completed a successful IPO, raising \$83 million in July 2015.

Mergers & Acquisitions

Salem Partners offers unbiased advice regarding sales, divestitures, mergers, or acquisitions. Specializing in middle-market transactions, we have represented private companies, public companies, private equity firms, multinational corporations, and family held businesses in a wide range of industries both as buy-side and sell-side advisor.



Exemplar

- Private specialty pharmaceuticals company focused on aerosol drug products delivered to the lung.
- Salem arranged and closed a debt & equity investment with a well-known biotech hedge fund investor in less than 30 days.
- Simultaneous to the financing, Exemplar's largest customer, MAP Pharmaceuticals was acquired by Allergan.
- Less than two months after the MAP acquisition, Salem negotiated and closed a sale of Exemplar to Allergan.

SALEM PARTNERS

11111 Santa Monica Blvd., Suite 2250
Los Angeles, CA 90025
p 310.806.4200 f 310.806.4201

- M&A Advisory
- Capital Raising
- Strategic Advisory
- Valuation Opinions
- Fairness Opinions
- Consulting
- Expert Testimony
- Litigation Support

Select Salem Partners Healthcare & Life Sciences Team

John Dyett – *Managing Director*



Mr. Dyett is a Founder of Salem Partners and Salem Partners Wealth Management. Mr. Dyett heads the firm's efforts in the Life Sciences. He has raised in excess of \$200 million of private equity and completed multiple merger and acquisition assignments for Salem Partners' clients. Mr. Dyett raised several rounds of venture capital for Adams Respiratory Therapeutics which was purchased for \$2.3 billion cash by Reckitt Benckiser in 2008. Mr. Dyett is directly involved with Texas-based specialty pharma clients Neos Therapeutics and ZS Pharma, Inc., where he is an observer on the Board. Mr. Dyett also serves on the investment committees of Salem Partners Wealth Management and SW Contego, a fund of hedge funds established by Salem Partners Wealth Management in 2008. Prior to founding Salem Partners, Mr. Dyett was a banker with Gerard Klauer Mattison & Co., Inc. and Needham and Co., Inc. Mr. Dyett is a graduate of Harvard College.

Tom Bird – *Vice President*



Mr. Bird is a healthcare and life sciences professional focused on healthcare business development, capital raising and mergers and acquisitions. Prior to joining Salem Partners, Mr. Bird conducted mergers and acquisitions on behalf of DaVita Healthcare Partners. As a member of DaVita's International Team, Tom's strategic focus centered on cross-border control investments with a specific emphasis on China and Latin America. Separately, as a member of Nephrology Practice Solutions, Tom provided strategic and analytical guidance for the development of a domestic physician practice platform via acquired and non-acquired growth. Mr. Bird is a graduate of the University of Colorado, Boulder and is CMPE board certified by The American College of Medical Practice Executives.

Caleb Smith – *Vice President*



Mr. Smith joined Salem Partners in 2007 and is focused on sourcing, evaluating and structuring transactions in the life sciences sector. Before joining Salem, Mr. Smith spent four years with Harvey & Company, an Orange County-based merchant bank. While at Harvey, Mr. Smith sourced and evaluated deals for middle-market private equity funds and strategic buyers. Prior to Harvey & Company, he was a consultant with Public Health Foundation Enterprises and performed clinical research at Los Angeles County + USC Medical Center. Mr. Smith graduated with a Bachelor of Science from the University of Southern California.

John Dyett

Co-founder, Managing Director
(310) 806-4206
jdyett@salempartners.com

Tom Bird

Vice President
(310) 597-4478
tbird@salempartners.com

Caleb Smith

Vice President
(310) 806-4205
csmith@salempartners.com

Justus Zils

Analyst
(310) 806-4214
jzils@salempartners.com

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Mergers & Acquisitions

<p>DECEMBER 2014</p> <p>PROCESS FAB INC.</p> <p>A PORTFOLIO COMPANY OF Vance Street Capital LLC</p> <p>HAS BEEN ACQUIRED BY</p> <p>BURTEK</p> <p>A PORTFOLIO COMPANY OF Wynnchurch Capital</p> <p>SALE OF COMPANY</p>	<p>OCTOBER 2014</p> <p>IMPRESA AEROSPACE</p> <p>A PORTFOLIO COMPANY OF</p> <p>GRAYCLIFF PARTNERS</p> <p>HAS BEEN ACQUIRED BY</p> <p>TWIN HAVEN</p> <p>SALE OF COMPANY</p>	<p>OCTOBER 2013</p> <p>COAST PLATING, INC.</p> <p>AND</p> <p>TRIVE CAPITAL</p> <p>TOGETHER HAVE ACQUIRED</p> <p>LVC</p> <p>LONGUEUR CAPITAL</p> <p>ACQUISITION OF COMPANY</p>	<p>OCTOBER 2013</p> <p>Ascent</p> <p>A PORTFOLIO COMPANY OF</p> <p>VPC</p> <p>Victory Park Capital</p> <p>HAS BEEN ACQUIRED BY</p> <p>LVC</p> <p>LONGUEUR CAPITAL</p> <p>SALE OF COMPANY</p>	<p>APRIL 2013</p> <p>e x e m p l a r</p> <p>HAS BEEN ACQUIRED BY</p> <p>ALLERGAN</p> <p>SALE OF COMPANY</p>	<p>DECEMBER 2012</p> <p>SOUTHWEST UNITED INDUSTRIES</p> <p>A PORTFOLIO COMPANY OF</p> <p>ARGONAUT PRIVATE EQUITY</p> <p>HAS BEEN ACQUIRED BY</p> <p>PCG</p> <p>SALE OF COMPANY</p>	<p>MAY 2012</p> <p>TJC</p> <p>THE JORDAN COMPANY</p> <p>HAS ACQUIRED</p> <p>VT Group</p> <p>\$98,750,000</p> <p>ACQUISITION ADVISORY</p>
<p>DECEMBER 2011</p> <p>NAAS</p> <p>A PORTFOLIO COMPANY OF</p> <p>MANGROVE EQUITY PARTNERS</p> <p>HAS ACQUIRED</p> <p>AOG</p> <p>ACQUISITION ADVISORY</p>	<p>JUNE 2011</p> <p>KAZAK</p> <p>HAS BEEN ACQUIRED BY</p> <p>PLASAN</p> <p>SALE OF COMPANY</p>	<p>JUNE 2010</p> <p>VERITE ONSHORE LOAN FUND LLC</p> <p>AN AFFILIATE OF</p> <p>STARK</p> <p>HAS SOLD LOANS SECURED BY THREE FILMS TO</p> <p>VINE</p> <p>ALTERNATIVE INVESTMENTS</p> <p>TRANSACTION ADVISORY</p>	<p>MARCH 2009</p> <p>r3 Health PARTNERS</p> <p>HAS BEEN ACQUIRED BY</p> <p>VITALIZE</p> <p>A PORTFOLIO COMPANY OF</p> <p>SV Life Sciences</p> <p>SALE OF COMPANY*</p>	<p>FEBRUARY 2008</p> <p>SUMMIT PARK PARTNERS</p> <p>HAS SOLD ITS MAJORITY INTEREST IN</p> <p>CHARTER</p> <p>TO</p> <p>Arsenal Capital Partners</p> <p>ADVISORY*</p>	<p>OCTOBER 2007</p> <p>maxIT Healthcare</p> <p>HAS BEEN RECAPITALIZED BY</p> <p>RIORDAN, LEWIS & HADEN Equity Partners</p> <p>RECAPITALIZATION*</p>	<p>DECEMBER 2006</p> <p>CrownMedia HOLDINGS, INC.</p> <p>HAS ANNOUNCED THE SALE OF ITS FILM AND TELEVISION LIBRARY TO</p> <p>RHI</p> <p>ENTERTAINMENT</p> <p>\$160,000,000</p>
<p>OCTOBER 2006</p> <p>TA Associates</p> <p>HAS ACQUIRED A MINORITY INTEREST IN</p> <p>American Access Care</p> <p>RECAPITALIZATION*</p>	<p>SEPTEMBER 2006</p> <p>CTG</p> <p>HAS BEEN ACQUIRED BY</p> <p>RANSHOFF ULTRASONICS</p> <p>BLAKESTONE BUY</p> <p>MM GROUP GLOBAL</p> <p>a portfolio company of</p> <p>Alpha Capital Partners</p> <p>SALE OF COMPANY*</p>	<p>NOVEMBER 2005</p> <p>HR PLUS</p> <p>PRE-EMPLOYMENT BACKGROUND SERVICES</p> <p>STAT AMERICA</p> <p>Substance Testing Applications & Technologies of America</p> <p>GALLERY ASSOCIATES, INC. (DBA HR PLUS AND STAT AMERICA) HAS BEEN ACQUIRED BY</p> <p>Tregaron Capital</p> <p>SALE OF COMPANY*</p>	<p>JULY 2005</p> <p>FIREWORKS</p> <p>A CORWEST COMPANY</p> <p>\$29,000,000</p> <p>SALE OF COMPANY</p>	<p>MARCH 2005</p> <p>Vialta</p> <p>HAS ANNOUNCED A GOING-PRIVATE TRANSACTION</p> <p>MERGER ADVISORY AND FAIRNESS OPINION</p>	<p>OCTOBER 2000</p> <p>TRIMARK</p> <p>HAS MERGED WITH</p> <p>LIONS GATE FILMS</p> <p>\$85,000,000</p> <p>SALE OF COMPANY</p>	<p>OCTOBER 1998</p> <p>PolyGram</p> <p>FILMED ENTERTAINMENT</p> <p>\$250,000,000</p> <p>ACQUISITION</p>

* Salem Partners professional's transactions completed at other firms

Representative Financings

<p>APRIL 2015</p> <p>femasys</p> <p>\$10,200,000</p> <p>SERIES B CONVERTIBLE PREFERRED STOCK</p>	<p>APRIL 2015</p> <p>PARKING ACQUISITION VENTURE (PAVE)</p> <p>A PARTNERSHIP BETWEEN</p> <p>Propark AMERICA</p> <p>&</p> <p>PARKIT</p> <p>\$500,000,000</p> <p>JOINT VENTURE</p>	<p>MARCH 2014</p> <p>ZS Pharma</p> <p>\$55,000,000</p> <p>SERIES D CONVERTIBLE PREFERRED STOCK</p>	<p>JANUARY 2014</p> <p>P</p> <p>PREMIERE DIGITAL SERVICES</p> <p>\$13,000,000</p> <p>SERIES A PREFERRED STOCK</p>	<p>JUNE 2013</p> <p>SALEM PARTNERS</p> <p>AND</p> <p>Hill Street Realty</p> <p>HAVE ACQUIRED</p> <p>660 DEVON AVENUE AND WILSHIRE LOS ANGELES CA 90028</p> <p>CAPITAL RAISE AND INVESTMENT ADVISORY</p>	<p>JANUARY 2013</p> <p>e x e m p l a r</p> <p>EXEMPLAR PHARMACEUTICALS</p> <p>DEBT FINANCING</p>	<p>OCTOBER 2012</p> <p>Hill Street Realty</p> <p>HAS ACQUIRED</p> <p>THE EMERYLEY CENTER</p> <p>220 SHATTUCK AVE. BERKELEY, CA 94704</p> <p>CAPITAL RAISE AND INVESTMENT ADVISORY</p>
<p>OCTOBER 2012</p> <p>ZS Pharma, INC.</p> <p>\$46,000,000</p> <p>SERIES C CONVERTIBLE PREFERRED STOCK</p>	<p>JULY 2012</p> <p>NEOS THERAPEUTICS</p> <p>\$18,200,000</p> <p>SERIES C CONVERTIBLE PREFERRED STOCK</p>	<p>FEBRUARY 2012</p> <p>sprout pharmaceuticals</p> <p>DIRECT INVESTMENT</p>	<p>NOVEMBER 2011</p> <p>ZS Pharma, INC.</p> <p>\$5,300,000</p> <p>CONVERTIBLE NOTES</p>	<p>MAY 2011</p> <p>NEOS THERAPEUTICS</p> <p>\$13.6 MILLION</p> <p>SERIES B-1 CONVERTIBLE PREFERRED STOCK</p>	<p>OCTOBER 2009</p> <p>NEOS THERAPEUTICS</p> <p>\$29,000,000</p> <p>SERIES B CONVERTIBLE PREFERRED STOCK</p>	<p>JANUARY 2008</p> <p>SLATE pharmaceuticals drug delivery</p> <p>DIRECT INVESTMENT</p>
<p>NOVEMBER 2006</p> <p>QUINNOVA PHARMACEUTICALS</p> <p>\$13,600,000</p> <p>SERIES A CONVERTIBLE PREFERRED STOCK</p>	<p>DECEMBER 2004</p> <p>Clear Orbit</p> <p>SECONDARY STOCK SALE</p>	<p>JULY 2001</p> <p>ADAMS RESPIRATORY THERAPEUTICS™</p> <p>\$25,000,000</p> <p>EQUITY FINANCING</p>	<p>OCTOBER 2000</p> <p>ADAMS RESPIRATORY THERAPEUTICS™</p> <p>\$10,000,000</p> <p>EQUITY FINANCING</p>	<p>AUGUST 2000</p> <p>Lombardi SOFTWARE</p> <p>\$20,000,000</p> <p>EQUITY FINANCING</p>	<p>JUNE 2000</p> <p>ADAMS RESPIRATORY THERAPEUTICS™</p> <p>\$16,000,000</p> <p>EQUITY FINANCING</p>	<p>MAY 1999</p> <p>ADAMS RESPIRATORY THERAPEUTICS™</p> <p>\$16,000,000</p> <p>EQUITY FINANCING</p>



See inside-back cover for disclaimers