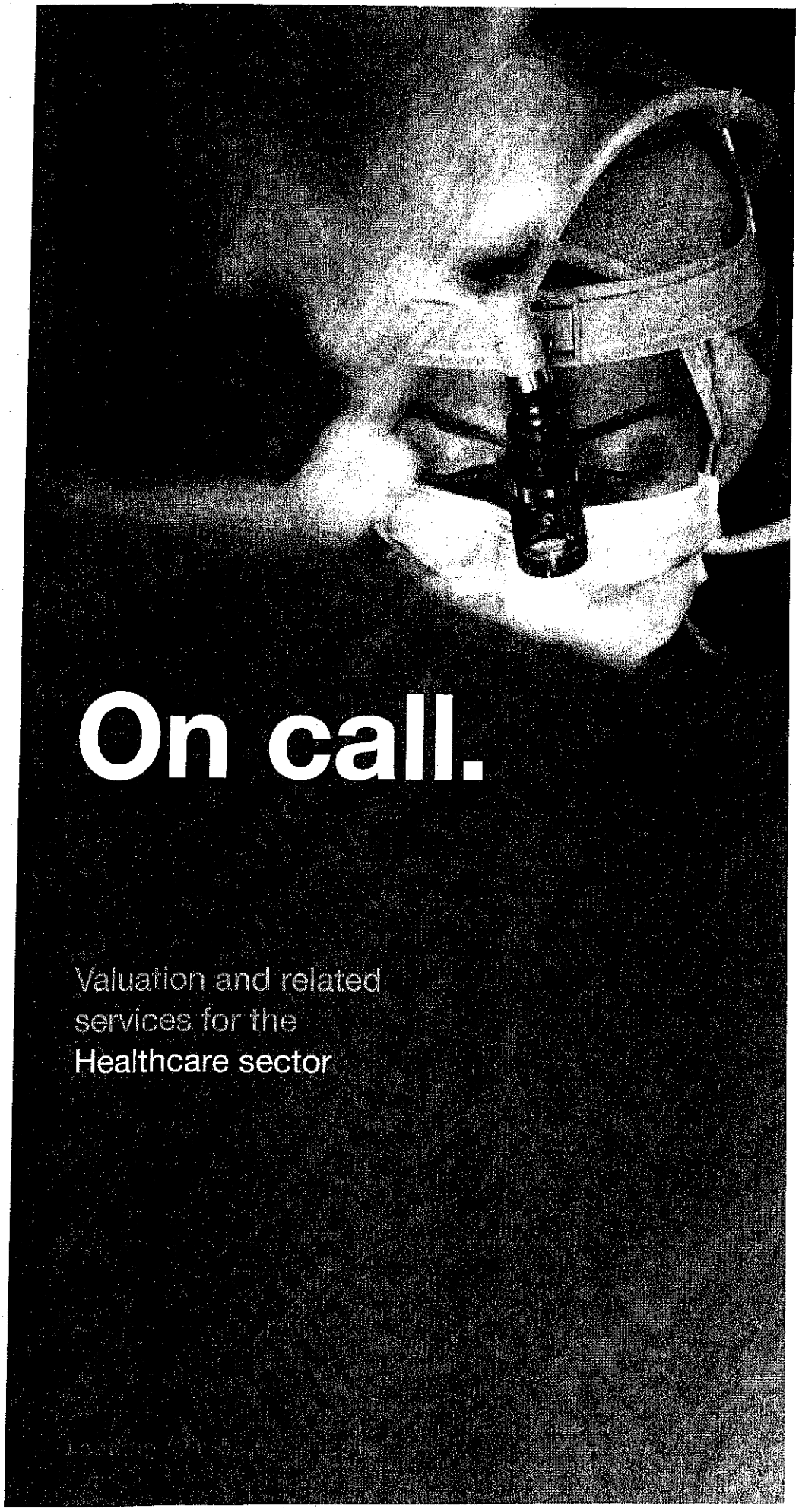


On call.

Valuation and related services for the Healthcare sector

Valuation

Transaction Consulting

Real Estate Advisory

Fixed Asset Management

American Appraisal®

"I think the reason for the interest (in healthcare) is investors realize healthcare has been and will continue to be a strong performer in the market. Healthcare is the largest sector of the largest economy in the history of the world, and it's only going in one direction as we get older."

An ounce of prevention...

An era of consolidation and regulation within the healthcare, pharmaceutical and medical products sectors is creating both challenges and opportunities.

One of the most obvious trends is the increasing number of healthcare organizations selling themselves to private equity firms in an effort to raise much-needed capital. While this trend is cooling due to rising rates, the buyout spree is expected to run on for the near-term. On the regulatory front, the Stark Law, and its cousin – Anti-Kickback, continue to test everyone's sanity. As frustrating as complying with these laws may be, the penalties for violating them carries the threat of civil and even criminal prosecution.

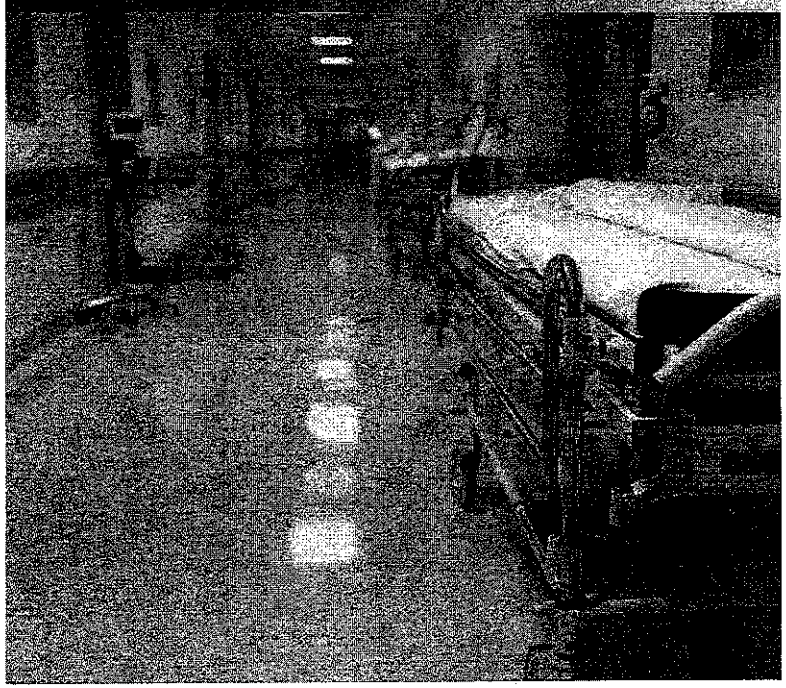
These realities, as well as other drivers such as compliance with Sarbanes Oxley, control of fixed assets, joint venture development and the need to negotiate fair rental terms all lead to valuation issues – some simple, most complex.

American Appraisal is here for you. **We are a long-standing market leader in healthcare valuation; possessing over 50 years experience and have performed work in all 50 states, Puerto Rico and the US Virgin Islands.** We believe no other valuation firm better understands the intricacies and interdependencies that exist within today's healthcare organizations.

We invite you to discover the American Appraisal difference.

Who we serve

- Regional healthcare providers
- National healthcare corporations
- General and specialized hospitals
- Long-term, acute care hospitals
- Diagnostic and laboratory facilities
- Ambulatory surgical centers
- Assisted living and skilled nursing facilities
- Medical equipment manufacturers
- Pharmaceutical companies



"American Appraisal and its diversified team of experts led the way for us, delivering its product on time, satisfying the extensive demands of our external audit process and providing the quality service needed for us to meet all of our financial reporting goals."

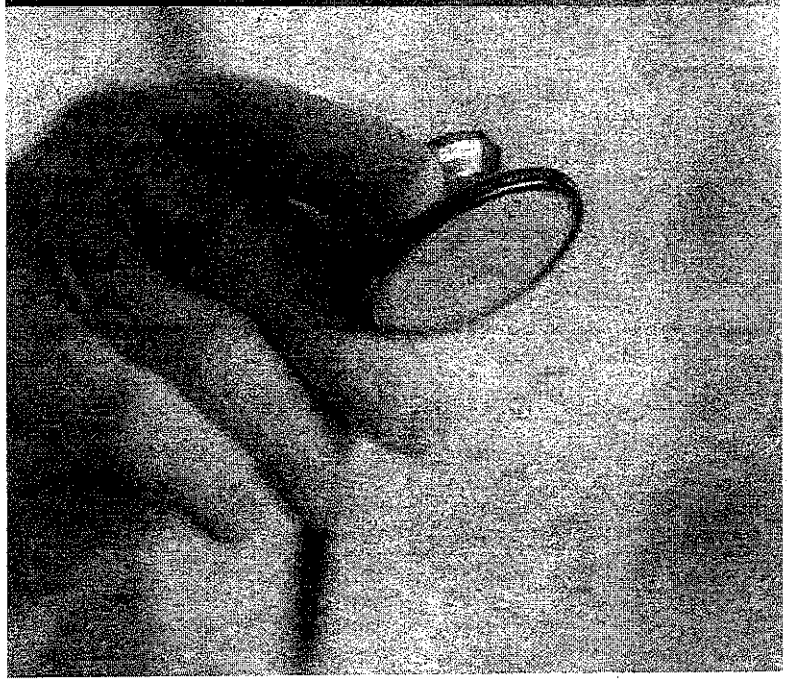
Mr. Kevin Hammons, Vice President, Financial Reporting
Community Health Systems, Inc.

For over 50 years, American Appraisal has completed thousands of engagements across every healthcare sector; it is tempting to say that we have seen it all. The reality is that our experience is as broad as it is deep.

- Purchase price allocations for Community Health Systems, one of the largest acute care healthcare providers in the nation, including the valuation of more than 54 hospital enterprises comprising over 250 related hospital structures in a single transaction worth more than $6 billion
- Inventory and verification of approximately 6,000 pieces of computer equipment, located in 38 buildings
- Verification and assistance in auditing the capital assets of the largest physical rehabilitation company in the nation with more than 400 diverse locations; inventoried and reconciled to the company's fixed asset accounting records
- Research of fair rental value for medical space located within more than 1,000 stores of the world's largest retailer
- Valuation of 'physician under arrangements' for endoscopy services
- Determination of fair rental value for a nationwide eye center retailer
- Inventoried, tagged and reconciled assets located within 90 cancer centers, as part of an annual program, for compliance with Section 404 of Sarbanes Oxley
- Valuation of the nation's largest nursing home and senior care provider, Manor Care, worth more than $7 billion in asset value, housed in more than 700 distinct locations
- Insurance valuation of property and medical equipment located in 37 buildings totaling 2.9 million square feet
- Helped one of the nation's largest healthcare providers realize significant property tax savings as a result of our audit of the unrecorded disposals at more than 140 properties
- Negotiation of a fair lease rate for one of the largest LTACH and nursing home providers in the nation
- Preparation of on-call compensation valuations for one of the largest healthcare systems in the Northeast

What we do

Leveraging our knowledge from thousands of projects, American Appraisal possesses the expertise and resources to provide a nimble and highly organized response to any engagement regardless of size or complexity. From a small private practice to a regional hospital system to a national healthcare provider, we consistently provide Clients with highly individualized solutions that enable them to meet their specific financial reporting, fiduciary responsibilities and strategic objectives.



American Appraisal provides expertise in all classifications of tangible and intangible assets. Our portfolio of services focuses on four key competencies:

Valuation

What is the best approach to establishing and documenting fair value and reasonable compensation? How can healthcare providers know when they have crossed the line into unlawful behavior? Do discounts always apply in the valuation of a joint venture minority unit?

To answer these and all of your related questions, we have assembled a team of healthcare experts unrivalled in our profession. We maintain a staff of more than 25 dedicated healthcare valuation Consultants, including full-time medical equipment and inventory specialists. Our conclusions have withstood scrutiny of the world's most discerning regulatory, judicial and taxing authorities. Our valuation services include:

Financial reporting (IFRS and US GAAP)

- Land, specialty buildings and medical equipment
- Licenses and trade names, certificates of need and provider contracts
- Leasehold interests
- Purchase price allocation

Fairness and solvency opinions

Impairment reviews

Dispute resolution services

Bankruptcies and reorganizations

Business and project modeling

Asset-based financing

Tax related valuations

- Income tax related valuation of shares and options issued as remuneration
- Restructuring and reorganization of business units
- Intellectual property restructuring and portfolio management
- Sale and leaseback
- Property tax valuations and negotiations

Transaction Consulting

Competition is fierce. Economic pressures loom. No matter what healthcare segment you're in, a merger or acquisition, divestiture or financial restructuring may be in your future. Significant business transactions like these present challenges, risks and rewards.

We have provided Transaction Consulting to healthcare companies involved in some of the country's largest transactions. American Appraisal can help you minimize and manage the risk component. Our objective analysis of property economics, market drivers and valuation will provide you with insight and guidance that is often difficult to obtain. Services include:

- Fairness and solvency opinions
- Tangible asset studies
- Joint venture allocation modeling
- Joint venture unit valuation
- Physician/hospital joint venture consulting

Fixed Asset Management

As many valuation firms have downsized their fixed asset management capabilities, relying instead on other consulting staff and subcontractors, American Appraisal has continued to grow this area of expertise. Today, we employ one of the world's largest teams of Fixed Asset Consultants. Services include:

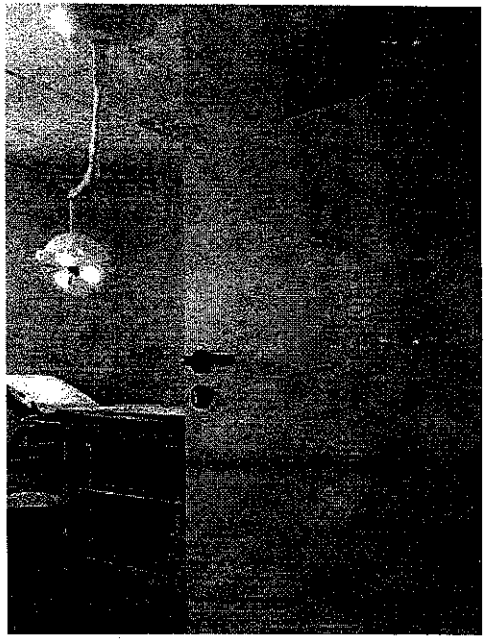
- Insurable values for insurance placement, including provision of annual updates
- Advice on management of post-loss claims
- Valuations for asset-based financing
- Physical inventory and reconciliation of fixed asset accounting records

- Guidance regarding SOX and IFRS compliance procedures
- Assisting with identification and valuation of surplus assets
- Property tax studies
- Cost segregation analyses

Real Estate Advisory

We are familiar with the types of real estate found in the industry, and know how to value them, including:

- Acute care hospitals
- Psychiatric hospitals
- Long-term, acute care hospitals (LTACH's)
- Ambulatory surgical centers
- Imaging diagnostic centers
- Cancer treatment centers
- Assisted living centers
- Skilled nursing facilities
- Medical office buildings
- Clinics
- Physician offices



Why us?

If you're contemplating the engagement of a valuation firm, ask yourself, which one brings over 50 years of experience to the table? Where can I find a single-source for all valuation and related services needs? Which firm is willing to commit to helping us get where we need to be? When you examine the realities, we think you will find there is only one answer... **American Appraisal.**

"Our External Auditors required extensive testing of our property records. American Appraisal and its diversified team of experts worked with our personnel to exceed expectations and met extremely tight deadlines while providing reliable independent studies."

Mr. Wayne Hegwood, Director of Special Projects Corporate Accounting HealthSouth

We are a long-standing healthcare valuation leader.
American Appraisal possesses over 50 years experience and has performed work in all 50 states, Puerto Rico and the US Virgin Islands.

- We are one of the few firms that can be characterized as a single-source for all valuation and related advisory services.
- We possess a team of healthcare valuation experts unrivalled in our profession, including full-time inventory and equipment specialists.
- We have performed hundreds of valuations across virtually all healthcare and related segments over the past two years, including extensive experience working with large regional healthcare providers and national healthcare corporations.

We are independent.
American Appraisal focuses exclusively on valuation and related solutions. That independence guarantees our greater objectivity.

- This is our only business.
- Independent of other attest, rating agency, investment banking or other conflicts.

We are experts.

- The breadth and depth of expertise eliminates the need to rely on subcontractors. Our Consultants, who have been with us an average of more than ten years, have the experience necessary to value virtually any tangible business asset.
- Focused on and committed to valuation since 1896
- Professional Chairmanships include the Appraisal Issues Task Force and the Appraisal Standards Board (the FASB of our profession).
- Unrivalled interaction with key valuation standard setting agencies ASA, FASB, IASB, IVSC, AITF and PCAOB
- Credentials include CPA, CFA, ASA, ABV, MAI, ASA and MBA
- Rounded exposure through working with "Big 4" audit/valuation teams as well as leading investment banks and P/E firms

We are focused on client needs.
American Appraisal is employee owned. We are not merely involved in valuation; we are unequivocally committed to meeting Client needs. On every engagement, direct Client access to the firm's senior management is always the norm, never an exception.