

2007 Annual ASC Valuation Survey

How do the ASC companies assess value?

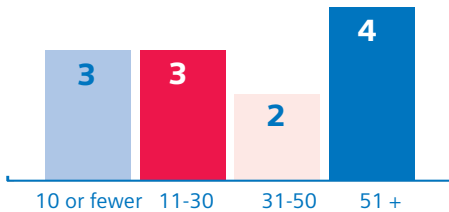


1. Your company is:

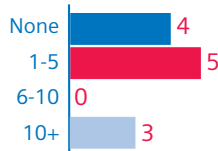
Public 5

Private 7

2. How many ASCs do you have under ownership/management?



3. How many ASCs have you purchased over the last year?



4. How many ASCs do you plan to purchase over the next year?

None	2	6-10	3
1-5	6	10+	1

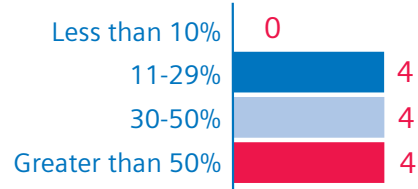
5. Of the following specialties, we regard their desirability in an ASC as follows:

	Undesirable	No Preference	Desirable
General Surgery	0	2	8
Orthopedics	0	0	10
Ophthalmology	0	2	9
Plastic Surgery	7	2	2
GI	0	2	9
ENT	0	1	10
Urology	3	5	3
Pain Management	0	4	8
GYN	3	5	3
Podiatry	0	5	6
Neurosurgery	0	0	1

6. Your company generally prefers how many active physician owners?

Fewer than 10	2
11-20	10
Greater than 20	0

7. From an equity standpoint, your company's preferred ownership is:



8. In instances where you are either 1) in a minority position; or 2) selling or buying back units/shares from a minority shareholder, what discount do you favor in your valuation process?

No discount	9%
Discount less than 10%	0%
Discount 11-30%	18%
Discount 31% or higher	55%
Not applicable	18%

9. For recurring transactions (i.e., new physician investments and divestitures), how do you prefer to determine the value?

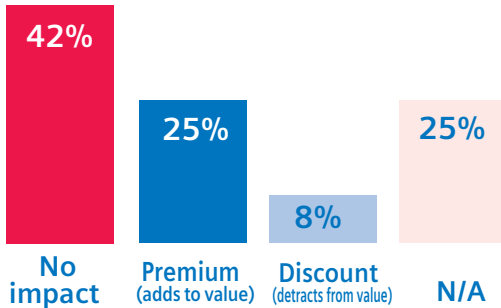
Independent appraisal	9%
Formula set forth in governing documents	73%
Based on internal valuation policy	9%
Other	9%

10. What management fee percentage (i.e., as a % of net revenue) does your company typically charge?

None	1
Less than 4%	0
4% - 4.9%	2
5% - 5.9%	4
6% - 6.9%	3
7% or higher	2

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11 a. What impact does hospital ownership have on your company's valuation of an ASC?



11 b. What is the magnitude of impact to value?

Less than a 0.25 multiple	0
0.26 - 0.50 multiple	0
0.51 - 0.75 multiple	1
0.76 - 1.0 multiple	2
Greater than a 1.0 multiple	0

12. With respect to your acquisition strategy, do you prefer established facilities with immediate cash flow; turnaround situations at lower multiples/asset values; or de novo development opportunities?

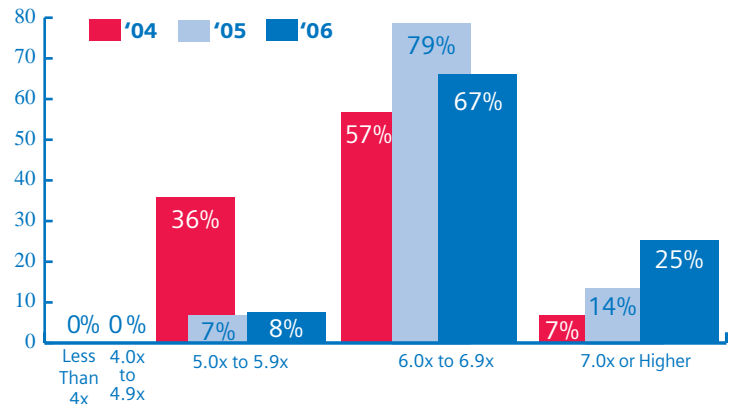
Note: Multiple responses allowed

De Novo (i.e., startups)	9
Turnarounds	5
Established, cash flowing centers	7

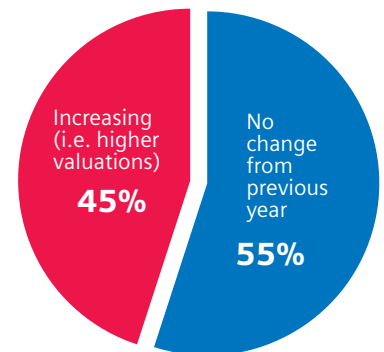
13. What best describes your company's posture with respect to selecting new ASC opportunities?

Opportunistic (i.e., interested in most any deal if terms are reasonable)	92%
Planned (i.e., have selected certain markets in advance and limit activity to only those markets)	8%

14. What valuation multiples (i.e., for a controlling interest) have you most typically observed in the marketplace during the past 12 months?



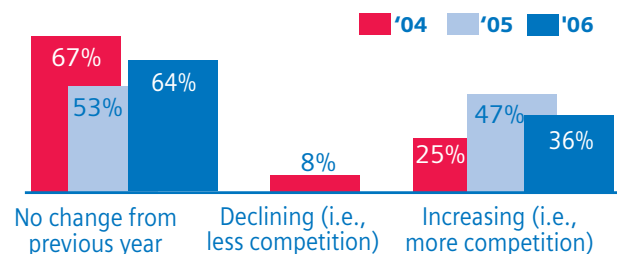
15. In the past year, what best describes the multiples paid (or considered) by your company?



16. In the past year, what best describes your observations related to acquisition activity?

No change from previous year	45%
Declining (i.e., less activity)	10%
Declining (i.e., more activity)	45%

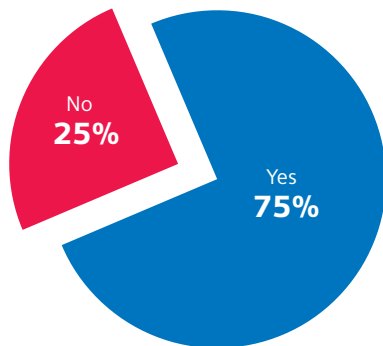
17. In the past year, what best describes your observations related to competition for acquisitions?



18. How have the proposed 2008 CMS changes impacted your valuation?

No Impact; proposal not finalized	17%
We have generally lowered valuation multiples	0%
We have generally raised valuation multiples	0%
Depends on nature of physician specialties	83%

19 a. Do you consider paying premiums for ASCs in CON states and/or where there are significant barriers to entry?



19 b. If yes, what is the magnitude of the premium paid by your company in a CON state?

Less than a 0.25 multiple	0
0.26 - 0.50 multiple	2
0.51 - 0.75 multiple	1
0.76 - 1.0 multiple	4
Greater than a 1.0 multiple	1
No response	1

20. What other factors impact valuation analysis?

Factor	Impact		
	None	Moderate	Significant
Opportunities for growth	0	2	10
Age of owners	1	6	5
Managed care penetration	0	5	7
Extent of hospital penetration	3	6	3
Nature of specialties	0	3	9
Existing presence in the market	2	7	3
Hospital affiliation/ownership	1	9	2
Extent of physician ownership	0	3	9
Extent of indebtedness	3	5	4
Size of center (i.e., revenue)	0	7	5

21. When valuing a potential acquisition candidate, on what primary earnings measure do you rely?



22. When valuing a potential acquisition candidate, what periods are most typically incorporated into the valuation/purchase offer?

Trailing 12 months ("TTM")	10
Most recently completed fiscal year	0
Year-to-date, annualized ("YTD")	1
Avg. or wtd. avg. of historical periods	1
Other	0

23. For a target acquisition, what impact do out-of-network revenues/benefits have on value?

Not applicable (i.e., if they exist we take a pass)	8%
Depends on extent of contracts	42%
Detracts from value	50%
Enhances value	0%

Public company valuation multiple trend

Equity / EBIT Multiples

Ticker	Company Name	2003	2004	2005	TTM 9/30
AMSG	AmSurg Corp.	7.18	6.92	4.77	4.67
NOVA	NovaMed, Inc.	10.76	12.97	8.94	8.85
SMBI	Symbion, Inc.		8.98	7.55	6.08
USPI	United Surgical Partners	7.50	13.77	11.27	6.88

MVIC / EBITDA Multiples

Ticker	Company Name	2003	2004	2005	TTM 9/30
AMSG	AmSurg Corp.	6.98	6.91	5.00	5.03
NOVA	NovaMed, Inc.	7.87	11.01	8.71	9.88
SMBI	Symbion, Inc.		9.31	7.85	7.04
USPI	United Surgical Partners	8.96	12.29	10.65	7.11

** Calculations of EBIT and EBITDA exclude gains/losses from sales of assets and "other" non-operating income/expense.
MVIC = Market value of invested capital (i.e., includes equity and debt)*

Source: Google Finance



Florida

75 NW 1st Avenue, Suite 201
Delray Beach, FL 33444
561.330.3488

Colorado

858 Happy Canyon Road, Suite 240
Castle Rock, CO 80108
303.688.0700

Oregon

12725 SW Millikan Way, Suite 300
Beaverton, OR 97005
503.906.7942

HealthCare Appraisers

would like to thank the following companies
for their participation in this year's survey.

AmSurg Corp.

NovaMed, Inc.

Community Care

Nueterra Healthcare

HealthMark Partners, Inc.

Pinnacle III

HealthSouth

Symbion, Inc.

Meridian Surgical Partners

The Bloom Organization, LLC

National Surgical Care

United Surgical Partners Intl.