Provident Healthcare Partners

Q1-2011 BEHAVIORAL HEALTHCARE INDUSTRY UPDATE

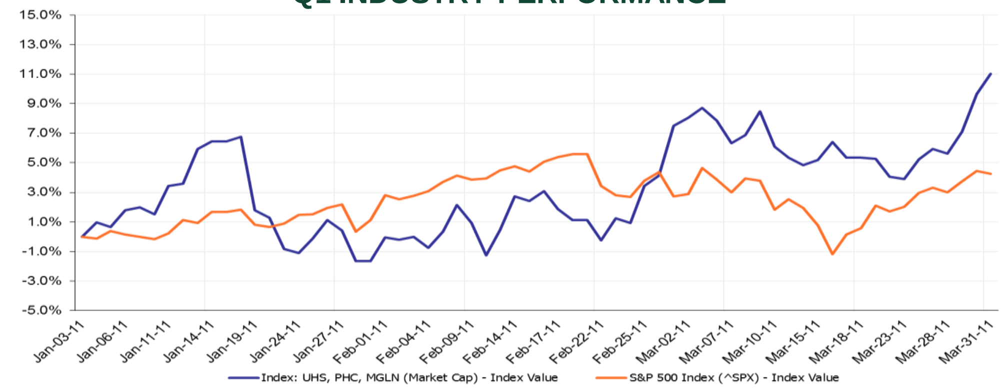
INDUSTRY OVERVIEW

Despite a number of macroeconomic setbacks, including uncertainty in the Middle East and Japan, the behavioral and mental healthcare services sectors have bolstered significantly, primarily due to heightened M&A activity. A number of notable transactions were completed in the quarter and several more were announced, including Advent International Corporation's $1.48 billion offer for The Priory Group. As M&A activity continues to rise from strong levels throughout 2010, Provident's outlook remains optimistic that investment interest and valuation levels will continue to increase.

Demand for Preventative Healthcare: Health & Wellness is On the Rise

Due to increased rates of absenteeism and rising costs related to productivity losses, Corporations are beginning to partner with health and wellness organizations to better control what has been a trend of escalating healthcare premiums. Typically onsite, these programs help to identify "high-risk" attributes of employees and through a variety of consultation and maintenance programs help create a healthier workforce, thus measurably increasing productivity; the most recent data available regarding healthcare related costs points to an average of five dollars of savings per dollar invested in these programs.

Q1 INDUSTRY PERFORMANCE



RECENT TRANSACTIONS

Month	Acquirer	Company Acquired	Details
March 2011	Almost Family, Inc.	Assets owned by Caregivers Health Network	Almost Family, Inc. today announced an agreement to acquire the assets of the Medicare-certified home health agency owned by Caregivers Health Network for an undisclosed amount. Almost Family aims to continue executing their acquisition strategy in its Midwest geographic cluster, particularly in Ohio. With this combination, AFAM is now better able to serve the entire metro area. The managers of Caregivers will be joining Almost Family's management team to lead continued growth and development in the greater Cincinnati area.
March 2011	Sequel Youth and Family Services	Camelot	Levine Leichtman Capital Partners ("LLCP"), a Los Angeles-based private equity firm, announced today that Sequel Youth and Family Services, a portfolio company of theirs, has completed the strategic acquisition of Camelot System of Care, (formerly Camelot Education) for an undisclosed amount. Camelot develops and operates residential and community-based programs for people with behavioral, emotional, or physical challenges serving at-risk youth with autism and autism-related disorders. The Camelot acquisition is an important strategic addition to the Sequel platform, bringing program and payor diversity as well as strength to the Sequel management team.
Announced Transactions			
March 2011	PHC, Inc.	MeadowWood Behavioral Health	PHC, Inc. has signed an agreement to acquire MeadowWood Behavioral Health for $21.5 million. MeadowWood had $15 million in revenue for the 12 month period ended December 31, 2010 which equates to a 1.4x revenue multiple on the deal, or approximately $370,600 per bed. The deal is expected to close late in Q2 2011. MeadowWood is a licensed acute care psychiatric hospital with 58 beds providing services on its 11-acre campus to adults suffering with mental illness and substance abuse. MeadowWood has both inpatient and partial hospitalization services focused on geriatric, co-occurring and acute mental disorders. If the deal closes, PHC will retain the existing staff at MeadowWood.
March 2011	Waud Capital Partners	Youth & Family Centered Services	Waud Capital Partners has announced it plans to acquire Youth & Family Centered Services from TA Associates, the financial terms of the deal were not disclosed. Youth & Family Centered Services is a provider of behavioral health and education support services for troubled children and adolescents. TA Associates, a Boston based private equity firm, sponsored a management-led buyout of Youth & Family for $205 million in June of 2004. With 13 facilities spanning nine states, Youth & Family Centered Services will bring additional value to Waud's Acadia Healthcare as an add-on acquisition.
January 2011	Advent International	The Priory Group	Advent International, the global PE firm, announced that it has agreed to acquire The Priory Group from The Royal Bank of Scotland Group - the purchase price of the deal is approximately $1.48 billion (£925 million). The Priory Group, UK's leading independent provider of mental health and specialist care services, operates from 66 sites and delivers services through 3,355 beds across the country. Advent will work with the existing management team to support the continued operational improvements being made across The Priory Group, as well as identifying opportunities for consolidation that emerge in the sector driven by a strong combination of social trends and economic and regulatory reform.