



Q1-2011 EMERGENCY MEDICINE INDUSTRY UPDATE



Emergency Medical Services Corporation to be Taken Private

On February 14, 2011, the private equity firm Clayton, Dubilier & Rice entered into a definitive merger agreement to acquire EMSC for \$64 per share. The take-private transaction was being closely followed as KKR and Bain Capital had also expressed interest in EMSC in December. Emergency medicine has been in the private equity spotlight lately, with Bain Capital recently acquiring Air Medical Group Holdings, one of the largest providers of air ambulance services, for \$1 billion. EMSC has experienced strong growth over the past few years, and a look at its entire history reveals a successful company that has been attracting buyers for over a decade:

1972: EmCare is founded in Dallas, Texas.

1992: AMR is founded in 1992 through the consolidation of several well-established regional ambulance companies.

1997: Laidlaw acquires AMR and EmCare, making them wholly-owned subsidiaries.

January 2005: An investor group led by Onex Partners and management acquires AMR and EmCare from Laidlaw, establishing the holding company Emergency Medical Services L.P.

December 2005: EMSC goes public through an IPO. Onex retains 31% of the equity and a majority of the voting stock.

February 2011: EMSC agrees to be taken private by the private equity firm Clayton, Dubilier & Rice for \$2.8 billion.

While EMSC is back to where it started – a private company – its history exemplifies the consistent and strong buyer interest present in emergency medicine services providers.



Clayton, Dubilier & Rice Acquires Emergency Medical Services Corp.

Proposed Share Price	\$64
(+) Implied Market Value of Equity	\$2.82B
(+) Net Debt as of Dec. 31, 2010	\$113.5M
(=) Implied Enterprise Value	\$2.96B

Implied EV/Revenues	1.04x
Implied EV/EBITDA	9.42x

Financial Performance	2010	2009
Net Revenue	\$2,859.3M	\$2,569.7M
Adjusted EBITDA	\$314.4M	\$282.0M
Adjusted EBITDA %	11.0%	11.0%
EmCare Revenue	\$1,478.4M	\$1,224.8M
EmCare Adjusted EBITDA	\$189.0M	\$157.3M
EmCare Adjusted EBITDA %	12.8%	12.8%
Patient Encounters	11.0M	9.8M
AMR Revenue	\$1,380.9M	\$1,343.9M
AMR Adjusted EBITDA	\$125.4M	\$124.7M
AMR Adjusted EBITDA %	9.1%	9.3%
Transports	3.2M	3.2M

RECENT TRANSACTIONS

Month	Acquirer	Target Company	Details
March 2011	CEP America	Sutter Emergency Medical Associates (SEMA)	CEP America has entered into a definitive merger agreement to acquire Sutter Emergency Medical Associates (SEMA). Financial terms of the deal were not disclosed. Adding more than 200,000 patients to CEP America's existing patient base, this merger means that more than a quarter of all patients who visit an emergency room in California will be treated by CEP America providers. CEP America is one of the largest independently-held ED management groups.
March 2011	IPC The Hospitalist Company	Mid-Michigan Hospitalist Group	IPC The Hospitalist Company has announced the acquisition of Mid-Michigan Hospitalist Group. Financial terms of the deal were not disclosed. Mid-Michigan Hospitalist Group is an acute care practice that services approximately 20,000 patients annually and is headquartered in Grand Blanc, Michigan. This transaction is IPC's fourth acquisition in Michigan in the past year.
February 2011	Clayton, Dubilier & Rice	Emergency Medical Services Corporation	The private equity firm Clayton, Dubilier & Rice has entered into a definitive merger agreement to acquire EMSC for \$64 per share, valuing the company at \$2.8 billion. The transition to a privately-held company will greatly enhance EMSC's flexibility and growth opportunities in the future. With a new global equity partner, EMSC will be better positioned to play a significant role in delivering quality, cost-effective care for our patients in the era of healthcare reform.
January 2011	IPC The Hospitalist Company	Inland Hospitalist Medical Group	IPC The Hospitalist Company has announced the acquisition of Inland Hospitalist Medical Group. Financial terms of the deal were not disclosed. Inland Hospitalist Medical Group is a provider of comprehensive inpatient services and is based in Riverside, California. With the acquisition of Inland Hospitalists, IPC now has an entry point into the large metropolitan Southern California market.