



Q1-2011 PRIVATE EQUITY INDUSTRY UPDATE

INDUSTRY UPDATE

Compared with last year, the first quarter of 2011 saw the number of private-equity backed completed deals rise slightly to 385 deals from 368. While disclosed transaction value is not an accurate measure of deal activity, it is still an interesting figure. In Q1 of 2011, the total transaction value was over \$38B, compared to just over \$21B in 2010. However, there was a drastic decline from the fourth quarter of 2010 – one of the strongest quarters in the past couple years. In Q4 of 2010 there were 534 private-equity backed deals completed with a total transaction value of slightly over \$70B. This decline can almost fully be attributed to the sense of urgency that the potential rise in capital gains tax created, even though the tax raise was eventually delayed.

Within the healthcare sector, total deals remain stable with 44 in Q4 of 2010 and 43 this past quarter. The 7 disclosed deal values totaled \$1.45B compared to the previous quarter's 13 disclosed deals totaling \$4.88B. When comparing EBITDA multiples, Q1 shows a 25% increase over the previous quarter at an average 15.23x, up from 12.05x.

FUND RAISING IN PRIVATE EQUITY

Private equity deal-making is on the rise, but fund raising efforts have been less successful. According to Preqin research, Q1 has been the slowest quarter for final fund closes since Q3 2003, with only 92 final closes globally last quarter. The total capital raised totals only \$42.3 billion. Venture funds were the most successful in closing their funds with 26 final closes, followed by buyout with 20 and real estate vehicles at 16.

Summit Partners, currently raising their 9th private equity fund and their third venture fund, surprisingly fully subscribed their venture commitments before their flagship private equity fund.

These trends may be showing an effectiveness of the political push to invest in start-ups. More likely, the money is following the belief that the economy is on a full rebound and funds are looking to capitalize by taking larger risks. With the economy in an upswing, now is the best time to invest to take advantage. Currently there are 1,649 funds looking to raise \$663B in capital, worldwide, according to Preqin.

PROVIDENT'S Q1 PRIVATE EQUITY TRANSACTIONS

Blue Sky Biotech Has Completed A Recapitalization With Ampersand Ventures

February 2011- Blue Sky Biotech, Inc. has completed a recapitalization with Boston-based private equity firm Ampersand Ventures. Blue Sky Biotech, based in Massachusetts, is a Contract Research Organization (CRO). The financial terms of the deal were not disclosed. Provident Healthcare Partners acted as exclusive financial advisor to Blue Sky Biotech.

Founded in 2003, Blue Sky Biotech aims to alleviate the onerous and labor-intensive tasks that take scientists away from key experimentation, novel theory exploration and other optimal uses of their time. Blue Sky is synonymous with productivity in the early discovery biology processes known as genetic cloning, recombinant protein expression and laboratory-scale fermentation (scale-up bioprocessing).

"Blue Sky Biotech has experienced rapid growth over the past few years, and the time had come for them to find a partner to help them reach the next level of growth. Blue Sky found the perfect partner in Ampersand and will be able to leverage Ampersand's extensive experience within the healthcare industry, and more specifically their experience within the preclinical research setting," commented Greg Wappett, Senior Analyst at Provident Healthcare Partners.

Paul Wengender, Founder and CEO of Blue Sky Biotech commented on Provident and their role in the transaction. "Provident was an important catalyst behind our exciting partnership with Ampersand and offered valuable advice and leadership during the entire process."

SELECT HEALTHCARE PRIVATE EQUITY TRANSACTIONS

Month	Investor	Target Company	Details
March 2011	Nautic Partners	Reliant Hospital Partners	Nautic Partners acquired Reliant Hospital Partners on March 30. Reliant Hospital Partners owns and operates rehabilitation facilities across Texas providing occupation, physical, speech and other therapy services.
February 2011	Parthenon Capital Partners	Austin Provider Solutions	Parthenon Capital Partners acquired a stake in Austin Provider Solutions. Austin Provider Solutions provides data collection and analysis solutions to manage HEDIS processes and requirements through a SaaS based solutions.
December 2010	Monitor Clipper Partners	ScriptSave	Monitor Clipper Partners acquired an undisclosed minority position in ScriptSave. ScriptSave, a consumer pharmacy benefit management company, administers prescription drug benefit solutions in the United States. The company offers retail pharmacy centric solutions that provide single network pharmacy cash card programs.
November 2010	SFW Capital Partners	MD Buyline	SFW Capital Partners and the management team of MD Buyline acquired MD Buyline. MD Buyline provides business intelligence for healthcare facilities. It allows customers to access comparative capital product, price, and performance data, as well as peer ranking and specifications.
November 2010	Frazier Healthcare Venture	Laboratory Supply Company	Frazier Healthcare Ventures acquired Laboratory Supply Company. Laboratory Supply Company distributes clinical products for the alternate care market in the United States. It offers analyzers/reagents, furniture, diagnostics kits, basic supplies, equipment, and specimen collection.
October 2010	Audax Group	ATG Rehab	Audax Private Equity Fund III acquired a majority stake in ATG Rehab from Assistive Technology Group. JPMorgan Chase provided senior debt financing. Audax plans to lead consolidation efforts within the industry. ATG Rehab provides medical rehabilitation equipment to children, adults, and elders with mobility, seating, and positioning needs in the United States. ATG provides power wheelchairs, manual wheelchairs, adaptive seating, standing and positioning frames, and other equipment.
October 2010	Webster Capital	Conisus	Webster Capital, along with the Conisus management, acquired Conisus from Progress Equity Partners in a management buyout. Texas Capital Bank and BB&T Capital Partners provided debt financing. Conisus provides oncology medical educational services. The company creates and delivers medical communication programs.