



## Q2-2011 EMERGENCY MEDICINE INDUSTRY UPDATE

### Key Statistics within the Emergency Department Industry Point to Opportunities for Mergers & Acquisitions Activity

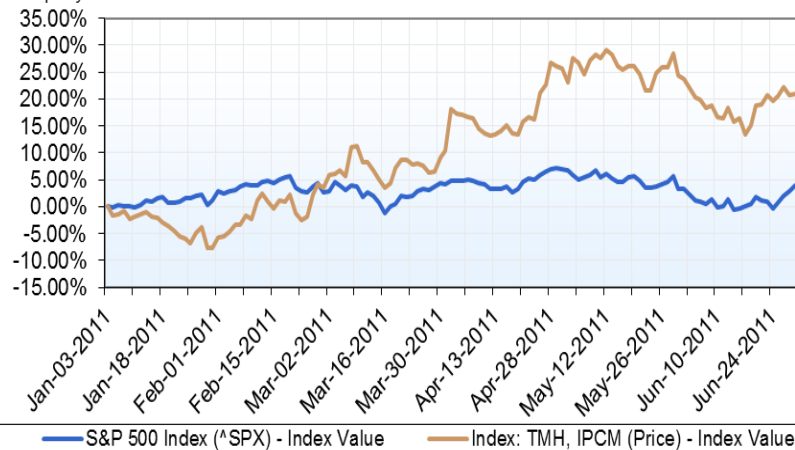
The number of patient visits has always been a key performance indicator of how well the emergency department (ED) industry has performed from a macroeconomic perspective. However, it has been noted over the last several years that as the number of patient visits has increased (due to EDs increasingly becoming the primary care provider for many patients), the number of EDs in the US has actually shrunk. Over the last decade, the number of patient visits to the ED increased roughly 32% from 90.3 million to 119.2 million. However the increase in annual patient visits was coupled with a decline in the number of hospital EDs from 4,019 to 3,833 within the same timeframe, thus placing greater pressures on the remaining EDs. The services provided by EDs is not limited only to emergency care, but includes providing care to non-emergent patients (who could possibly be treated in urgent care settings) as well as patient populations lacking access to primary care providers, such as Medicare/Medicaid and the uninsured. These trends do highlight acquisition and expansion opportunities for emergency service providers especially for those who have demonstrated success in adequately managing ED facilities. As the demand for ED services increases, coupled with increasing financial and operational pressures, more providers will likely explore market alternatives, and private equity groups and strategic buyers will attempt to capitalize on these opportunities.

### Doctors Say that Medicaid Issues Can Lead to Overcrowded EDs

It is commonly believed that EDs may be overcrowded due to patients coming in who do not have insurance. However, according to about 97% of ED doctors in a recent survey, they suggest a majority of the ED overcrowding can be attributed to patients coming in with Medicaid and not being able to find a primary care provider to consult. Appropriate levels of reimbursement, especially for undercompensated care as is often the case with Medicaid, is pushing primary care providers to refuse to accept Medicaid patients, which in turn can result in increased Medicaid volumes to EDs.

### Comparative Performance

Below is a chart illustrating the performance of an index of two companies within the ED and hospital medicine segment against the S&P 500 index: TeamHealth & IPC The Hospitalist Company.



### RECENT TRANSACTIONS

Month	Acquirer	Target Company	Details
April 2011	EmCare	Best Practices	EmCare, a subsidiary of EMSC, has acquired all of the capital stock of Best Practices, an emergency department staffing and management company in Fairfax, VA. Best Practices provides services at six hospitals in VA, WV, PA, and IL and had been previously managed by Capital Crossover Partners, LP and Portfolio Logic Management LLC since they invested \$6.5 million into the company in 2004. Additional terms were not disclosed.

## TEAMHealth

**Current Share Price to date** **\$22.51**

(+) Implied Market Value of Equity \$1.5B  
 (+) Net Debt as of Dec. 31, 2010 \$402.7M  
 (=) Implied Enterprise Value \$1.9B

Implied EV/Revenues 0.7x  
 Implied EV/EBITDA 10.9x

Financial Performance	2010	2009
Net Revenue	\$1,519.2M	\$1,423.4M
Adjusted EBITDA	\$167.3M	\$160.8M
Adjusted EBITDA %	11.0%	11.2%

### TeamHealth: Overview of Significant Milestones and Acquisition History

With Emergency Medical Services Corporation (EMSC) now acquired by Clayton, Dubilier & Rice and off the public market, TeamHealth is the last publicly traded company within the ED management segment. Over the course of its history, TeamHealth has positioned itself favorably in various industry verticals and geographic locations. The brief company history below highlights significant transactions TeamHealth has undergone since 1999 in becoming a multi-billion dollar healthcare provider organization today:

1999: Purchased by investor group made up of Madison Dearborn, Cornerstone Equity, Beecken Petty, and TeamHealth management for \$335 million.

2000: Acquired Medical Management Resources.

2001: Acquired Sentinel Medical Services.

2002: Acquired L&S Medical Management and Spectrum Health Resources, servicing primarily military contracts.

2005: Purchased by The Blackstone Group for \$1 billion.

2006: Acquired Florida Hospital Medicine Services.

2009: TeamHealth IPO debuts. Also acquired Emergency Physicians of Naples.

2010: Acquired Southwest Emergency Physicians, Rhode Island Emergency Physicians, Psychiatrists Only and Morningstar Emergency Physicians to expand its geographical footprint. Also acquired Anesthetix.

2011: Currently trading at all time-high of \$23.12