



## Q2-2011 PRIVATE EQUITY INDUSTRY UPDATE

### INDUSTRY UPDATE

According to Thomson Reuters, there was a significant pickup in private equity deal activity from the same second quarter last year, from \$51B for 880 deals to \$70B for 961 deals. This is also a sharp increase from last quarter at \$53B for 983 deals. Reuters also reported Global M&A for Q2 2011, 9,664 deals worth \$710B, was up significantly over Q2 in 2010, 10,407 deals worth \$553B. However, there was also a slight decline from the previous quarter, Q1 2011, of \$781B from 10,401 deals. High-tech has been the leading sector with both global M&A and private equity largely due to the large number of high profile internet companies doing deals lately. Zynga, an internet gaming company, filed their S-1 on July 1, 2011, indicating the industry has no signs of slowing.

There has been 34 Private Equity M&A healthcare deals that have closed in Q2, the disclosed values total \$4.64B. This is a decline from the previous quarters, in which 43 deals closed, but a major increase from the disclosed total of \$1.45B in total deal value. Clearly, larger deals were completed this quarter, such as Warburg Pincus' acquisition of Rural/Metro and Clayton, Dubilier & Rice acquisition of EMSC, that have skewed the results a bit. Nonetheless, we have a positive outlook for more big acquisitions to take place in this improved lending environment.

### SELECT HEALTHCARE PRIVATE EQUITY TRANSACTIONS

Month	Investor	Target Company	Details
June 2011	Warburg Pincus	Rural/Metro	Warburg Pincus completed the acquisition of Rural/Metro (NasdaqCM: RURL) from Coliseum Capital Partners, Blackwell Partners, and other shareholders on June 30, 2011. Warburg Pincus paid \$17.25 per share in cash for all the issued and outstanding stock and in the money options. Along with other considerations, the total transaction size was \$715.32M for an implied enterprise value of \$688.6M. The implied LTM EBITDA multiple was 9.7x. Rural/Metro, together with its subsidiaries, provides medical ambulance response services in the United States.
June 2011	Welsh, Carson, Anderson & Stowe	Solantic Corporation	Welsh, Carson, Anderson & Stowe completed the acquisition of the remaining 70% stake in Solantic Corporation from Ann Scott on June 29, 2011. The total transaction size was \$62M for an implied enterprise value of \$88.57M. Solantic Corporation operates walk-in urgent care centers in North Florida, Gainesville/Ocala, Central Florida, Treasure Coast, and South Florida.
June 2011	Water Street Healthcare Partners	MarketLab	Water Street Healthcare Partners completed the acquisition of MarketLab from Michael Bieker on June 27, 2011. Financial terms were not disclosed. MarketLab, a direct-mail catalog company, supplies laboratory related products for the healthcare industry in the United States.
June 2011	Baymark Partners	Scan Specialists USA	Baymark Partners completed the acquisition of Scan Specialists on June 10, 2011. The financial terms were not disclosed. Scan Specialists USA provides preventative health screening services. The company offers carotid artery, peripheral arterial disease, kidneys, spleen, abdominal aorta, gallbladder, liver, and thyroid gland screening services.
May 2011	Clayton, Dubilier & Rice	Emergency Medical Services Corporation	Clayton, Dubilier & Rice completed the acquisition of Emergency Medical Services Corp. (NYSE: EMS) from Onex Corporation and other shareholders on May 25, 2011. The total transaction size was \$3,255.72M with an Implied Enterprise Value of \$2,968.36M for a valuation of 9.5x on LTM EBITDA. Emergency Medical Services Corporation operates in the ambulance and facility-based physician services market in the United States. It operates in two segments, American Medical Response (AMR) and EmCare.
May 2011	Blackford Capital; Convergent Capital	Key Health Medical Solutions	Blackford Capital and Convergent Capital completed the acquisition of Key Health Management from Nautic Partners and Essex Woodlands Health Ventures on May 18, 2011. The financial terms were not disclosed. Key Health Medical Solutions provides financial solutions for healthcare facilities and healthcare providers in the United States. The company offers medical lien funding solutions for diagnostic imaging, pain management, physical therapy, and hospitals.
May 2011	Waud Capital Partners	Revenue Cycles Solutions	Waud Capital Partners completed the acquisition of Revenue Cycle Solutions from Austin Ventures and Capital Resource Partners on May 9, 2011. The financial terms were not disclosed. Revenue Cycle Solutions provides outsourced accounts receivable management services to hospitals. RCS focuses on servicing small-balance receivables.
April 2011	Nautic Partners	Theorem Clinical Research Holdings	Nautic Partners completed the acquisition of Omnicare Clinical Research (Theorem) from Omnicare (NYSE: OCR) on April 28, 2011. The financial terms of the transaction were not disclosed. Theorem provides contract pharmaceutical research services such as clinical drug discovery, testing, development, and research services.
April 2011	Vintage Capital Group	Caprius	Vintage Capital Group completed the acquisition of Caprius on April 21, 2011. The transaction was approved by stockholders holding approximately 87.3% of the outstanding voting shares. Caprius will no longer trade in the Pink Sheets. The deal is valued at \$5M. Caprius operates as a manufacturer of on-site medical waste processing equipment.
April 2011	Friedman Fleischer & Lowe	Midwest Dental	Friedman Fleischer & Lowe Capital Partners completed the acquisition of Midwest Dental from Cressey & Company on April 13, 2011. The financial terms of the deal were not disclosed. Midwest Dental operates dental clinics in Wisconsin, Minnesota, Illinois, and Iowa. Midwest provides preventative care services, senior dentistry and restorative services.
April 2011	The Riverside Company	BioSan Laboratories	The Riverside Company acquired BioSan Laboratories on April 13, 2011. The details of the transaction were not disclosed. Biosan Laboratories manufactures food and nutrient supplements for women, men, children, and families.