



Q3-2009 PRIVATE EQUITY INDUSTRY UPDATE

ACTIVITY SUMMARY

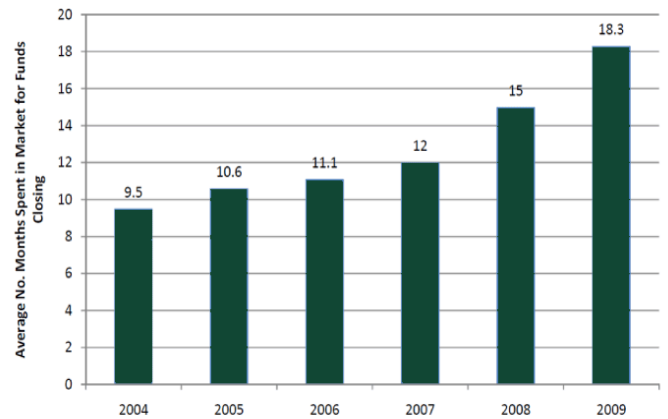
Third quarter global private equity deal volume came in at \$37.8 billion from 641 deals, as compared with \$15.9 billion from 573 deals in the second quarter. The ramp up represents a significant increase over the past few quarters, though it still falls far short of the \$55.0 billion in closed transactions for the same quarter in 2008.

This data suggests that private equity groups have slowly begun to re-enter the M&A market after spending the past few quarters on the sidelines. Also, though not private equity backed, the recent announcement of deals such as Abbot Laboratories' \$7.1 billion acquisition of a the pharmaceutical unit of Belgian conglomerate Solvay SA is thought to indicate that the market hit a bottom towards the end of the summer.

Private equity fundraising continued to struggle, however, with the third quarter representing the lowest total raised in almost six years. According to data compiled by Preqin, a consulting firm that researches and analyzes the private equity market, both the number of funds as well as their aggregate fundraising target have dropped considerably during 2009. The slowdown in fundraising launches has caused the aggregate target to fall by over \$130.0 billion from its January high of \$889.0 billion. Initial estimates show a total of \$38.0 billion raised in the third quarter from 79 funds worldwide. This represents a 45% decline from the \$84.0 billion raised in the second quarter.

Perhaps the most troubling news for private equity funds has been the steady increase in time needed to achieve a final fund close. As shown below, the average number of months needed to close a fund has grown rapidly over the past two years reaching over 18 months in 2009.

AVERAGE TIME TAKEN FOR PRIVATE EQUITY FUNDS TO ACHIEVE A FINAL CLOSED By Year Fund Closed



Source: Preqin

PROVIDENT NEWSLETTERS

Each quarter Provident Healthcare Partners publishes industry reports on a wide variety of healthcare sectors, including: Home Healthcare, Hospice, Healthcare Staffing, Emergency Medicine, Healthcare IT, Long Term Care, Pharmacy Services, Behavioral Health, Health Plans, Revenue Cycle Management, Medical Labs, and Contract Research Organizations. Download all of our newsletters at www.providenthp.com.

RECENT TRANSACTIONS

Month	Acquirer	Company Target	Details
September 2009	Galen Partners	Barrington Medical Imaging and Echoserve	Galen Partners completed the acquisition of both Barrington Medical Imaging and Echoserve, two providers of services to the diagnostic imaging market. The two companies will be integrated and renamed later in 2009. Senior management at both will continue to play a critical role after integration.
July 2009	WILLCARE	Patient's Choice Homecare	Through its portfolio company WILLCARE, Summer Street Capital acquired Patient's Choice, a Connecticut based homecare provider with over 250 associates providing services to nearly 1,000 patients throughout Connecticut.
July 2009	Battery Ventures	Brightree	Brightree announced that it received a significant investment from Battery Ventures, a Boston-based private equity firm. Brightree is a leading developer of business management solutions for various areas of healthcare. They are currently the fastest growing company in the space and intend to use the capital to expand into markets that they do not currently serve.
July 2009	Black Canyon Capital	Jefferson Dental Clinics	Black Canyon Capital completed a management led recapitalization of JDC Healthcare. JDC is a leading dental practice management company headquartered in Dallas. Proceeds from the recapitalization were used to replace the Company's existing lenders and capitalize the business for future growth opportunities.
July 2009	Sequoia Capital	eCardio Diagnostics	eCardio Diagnostics received a significant minority investment from Sequoia Capital. The company is one of the nation's leading providers of solutions for the clinical management of cardiac arrhythmias, predominantly in the ambulatory setting. Although the terms of the transaction were not disclosed, eCardio Diagnostics plans to use the proceeds to fund future growth.