

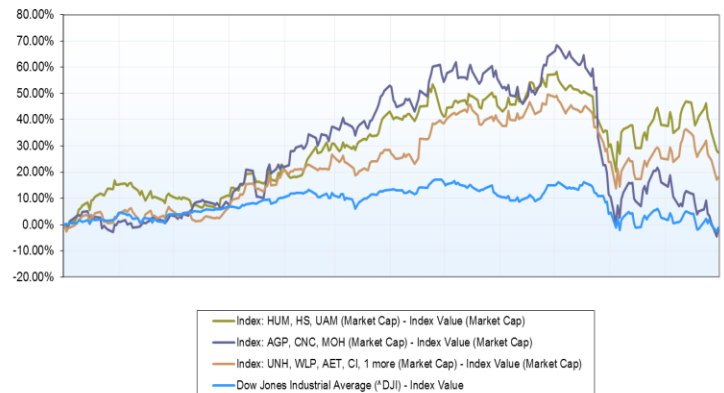


Q2/Q3-2011 HEALTH PLAN INDUSTRY UPDATE

M&A Update

The last two quarters have seen a drastic uptick in consolidation, particularly around the Medicare Advantage (MA) sector. With the return of activity amongst top strategics within mergers and acquisitions, valuations have seen a return to levels worthy of enticing lower and middle market plans to explore exits again. From a public market perspective, the MA sector has fared better than both Commercial and Medicaid, however with some of the concern over healthcare reform and it's effects on the industry levelling, there is a renewed interest not only amongst the typical strategic acquirers but within the private equity community looking to invest in platforms to grow over the next 5-8 years. We also expect to see geographically-focused acquisitions over the next few months by a variety of plans, but also likely a handful of PE investments particularly in the Medicare sector as that is the faction which is seeing the highest level of consolidation and growth.

TTM Performance by Sector



NOTEWORTHY TRANSACTIONS

Month	Acquirer	Target Acquired	Details
September 2011	Health Alliance Plan of Michigan LLC	Midwest Health Plan, Inc.	Health Alliance Plan of Michigan LLC, a wholly owned subsidiary of Henry Ford Health System, has agreed to acquire Midwest Health Plan, Inc. Midwest is a Medicaid plan that covers over 70,000 members throughout the state of MI. Financial terms of the transaction were not disclosed.
September 2011	CIGNA Corporation	FirstAssist Insurance Services	CIGNA Corporation has acquired FirstAssist Insurance Services from Barclay Private Equity. FirstAssist specializes in protecting customers against unexpected events with specific products for travel, health, employment, and more. The Company had approximately \$240 million in revenues for 2010, and the deal was valued at over \$100 million. No further details were disclosed.
September 2011	Humana, Inc.	M.D. Care, Inc.	Humana, Inc. has agreed to acquire M.D. Care, Inc. MD Care is a Medicare Advantage HMO servicing approximately 15,000 members in Southern California. The plan produced \$155 million in revenues for 2010. The acquisition is another sign of the continued Medicare Advantage consolidation being seen throughout 2011 and also marks Humana's second sizeable acquisition on the West Coast this year. Financial terms of the transaction were not disclosed.
August 2011	Partners Healthcare System, Inc.	Neighborhood Health Plan, Inc.	Partners Healthcare System, Inc., has agreed to acquire Neighborhood Health Plan, Inc. NHP is based in Massachusetts and primarily services lower income patients on Medicare, Medicaid, and Commonwealth Care. Financial details of the transaction were not disclosed.
August 2011	Humana, Inc.	Arcadian Management Services, Inc.	Humana, Inc. has announced the acquisition of Arcadian Management Services, Inc. The deal is subject to regulatory consent, however it would be Humana's largest acquisition since Concentra a year ago and its first major Medicare Advantage plan acquisition since 2008. Arcadian services nearly 70,000 beneficiaries in 15 states and generated \$622 million of revenue for 2010. Financial terms of the transaction were not disclosed.
August 2011	WellPoint, Inc.	CareMore Medical Enterprises	WellPoint, Inc. completed its previously announced acquisition of CareMore Medical Enterprises, a health care delivery platform that provides Medicare Advantage coverage to over 50,000 members and also operates a series of clinics throughout the CA, AZ, and NV areas. The acquisition highlights WellPoint's desire to move more into the senior care market both with the MA lives and also the clinic aspect. CareMore was a portfolio company of CCMP Capital Advisors. No financial terms of the transaction were disclosed.
August 2011	HealthPlan Holdings, Inc.	Zenith Administrators, Inc.	HealthPlan Holdings, Inc., acquired Zenith Administrators, Inc., a regional third party administrator based in Arizona. HealthPlan Holdings is a portfolio company of Water Street Healthcare Partners, a leading private equity group in the healthcare sector. Zenith will merge with HealthPlan Holdings subsidiary, American Benefit Plan Administrators, creating a joint entity employing over 1,200 people and servicing nearly 2 million plan participants. Financial terms of the transaction were not disclosed.
June 2011	Aetna, Inc.	Continental Life Insurance Co., division of Genworth, Inc.	Aetna, Inc. has agreed to acquire the Medicare supplement business unit, Continental Life Insurance Co., of Genworth, Inc. for approximately \$290 million. The Medigap business, based in TN, generated over \$300 million in premiums for 2010 and provides coverage for approximately 145,000 enrollees. All Continental Life management will be retained following the closing of the transaction.