



Q4-2009 DENTAL INDUSTRY UPDATE

SMILE BRANDS GROUP FILES FOR IPO

According to SEC documents, Smile Brands Group, the Company behind the brands Bright Now! Dental, Castle Dental, Monarch Dental, and Newport Dental, has filed for an initial public offering. Smile Brands is the largest provider of support services to dental groups in the United States based on number of affiliated dental offices. The Company provides business support services, non-clinical personnel, facilities and equipment to more than 1,100 dentists and hygienists in approximately 300 offices in 18 states. The Company was initially established in 1998 with the merger of three group dental practices on the West Coast. Under the Bright Now! Dental name, and with the backing of private equity firm Gryphon Investors, the Company aggressively expanded with the acquisitions of Monarch Dental (152 dental offices) in 2003 and Castle Dental (74 dental offices) in 2004. In 2005, the Company was subsequently purchased by private equity sponsor Freeman Spogli & Co., which today owns approximately 73% of the outstanding common stock. In 2005, the Company generated \$364 million in revenues. This year, the Company is on pace to generate annualized revenues of approximately \$460 million. Smile Brands has benefited from the increasing acceptance of dental practice management (DPM) services. According to the Company, the average cost of operating a dental office for a sole practitioner is 15% to 20% higher than that of a typical dental office supported by a DPM organization. By leveraging the operating efficiencies generated by the DPM model, affiliated dentists can spend more of their time treating patients. Currently, approximately 86% of dentists work either as a sole practitioner or in a practice with only one other dentist. This represents a significant growth opportunity for DPM support services organizations.

SMILE BRANDS GROUP SNAPSHOT

Total Revenues	\$445.0 million
Net Dental Services Revenues	\$439.4 million
Portion of Net Revenues from Hygienists	\$48.0 million
Adjusted EBITDA	\$44.1 million
Adjusted EBITDA %	9.9%
Dental Services Profit Margin	23.0%
Revenue Per Dentist Day	\$3,414
PPO/Capitation/Patient/Government	45.5/31.7/15.4/6.4%
Number of Dentists and Hygienists	1,100+
Number of Dental Offices	295
Number of Operatories	3,281
Average Dental Office Size	3,500 sq ft
Average Operatories Per Dental Office	11
Texas and California, as a % of Revenues	60%
Comparable Office Revenue Growth	3.2%
Average Cost Per De Novo Office	\$550,000
Time Until Office is Cash Flow Positive	6 months
Time Until Initial Investment is Recovered	30 months

RECENT TRANSACTIONS

Note: All data is for the year ending December 31, 2008

Month	Acquirer	Company Acquired	Details
December 2009	Great Expressions Dental Centers	Berning Dental	Great Expressions Dental Centers (GEDC) has acquired Berning Dental. Founded in 1981, Berning Dental is a dental office located in Toledo, Ohio. This acquisition will increase the number of offices GEDC has in Toledo to three. GEDC is a portfolio company of Audax Group. Terms of the transaction were not disclosed.
October 2009	Benco Dental	Holliday Dental Co.	Benco Dental has acquired Holliday Dental Co. Headquartered in McLouth, Kansas, Holliday Dental specializes in equipment sales, installation, and service. The Company has been servicing the Kansas area for 20 years. Holliday Dental is the seventh acquisition completed by Benco this past year. Terms of the transaction were not disclosed.
September 2009	TOLMAR Holding	Zila	TOLMAR Holding, a privately-held company specializing in pharmaceutical products for dental, dermatology, and oncology uses, has acquired Zila for approximately \$4.6 million. Based in Scottsdale, Arizona, Zila is a diagnostic company dedicated to the prevention, detection, and treatment of oral cancer and periodontal disease. The combined companies will offer a range of products surrounding consumable home care products, in-office diagnostics, acute care products, and prevention tools.
September 2009	Patterson Dental	Global Medical & Dental	Patterson Dental has acquired Global Medical & Dental. Based in Kapolei, Oahu, Hawaii, Global Medical & Dental is a full service dental supplier which serves the islands of Oahu, Maui, Kauai, Hawaii, and Lanai. The Company has become the dominant dental dealer serving the Hawaiian islands and will give Patterson a new branch presence in the state. Terms of the transaction were not disclosed.
July 2009	Great Expressions Dental Centers	Willow Creek Dental Care	Great Expressions Dental Centers has acquired Willow Creek Dental Care. Founded in 1977, Willow Creek is a dental practice located in Canton, Michigan. GEDC is already a dominant provider in the state of Michigan and this acquisition will expand its footprint. Terms of the transaction were not disclosed.
July 2009	Black Canyon Capital	JDC Healthcare	Black Canyon Capital, a Los Angeles based private capital firm, has completed a recapitalization of JDC Healthcare, in partnership with the Company's owner and founder, Dr. David Alameel. Founded in 1967, JDC Healthcare is one of the largest privately owned dental practice management companies in Texas. JDC manages 23 affiliated dental offices, operating under the name Jefferson Dental Clinics, and caters to the Hispanic community in the Dallas/Fort Worth metropolitan area. Black Canyon's investment in JDC was structured to replace the Company's existing lenders and to capitalize the business to capture future growth opportunities. Terms of the transaction were not disclosed.