



Q4-2009 HEALTHCARE STAFFING INDUSTRY UPDATE

EARLY SIGNS OF STABILIZATION

In 2009, the healthcare staffing industry experienced an unprecedented market contraction as a direct result of rapid growth in general unemployment. As the economy faltered and job opportunities became scarce, it enabled healthcare facilities to more easily recruit and retain permanent healthcare professionals. As a result, the need for temporary staffing, and the related performance of leading providers of nurses, allied professionals, and physicians, declined. Nonetheless, as both the economy and the general perception of a recovery improve, the number of healthcare professionals taking temporary assignments should increase. As the year closed out, there was reason for optimism. Healthcare reform initiatives should increase the demand for clinicians, making the healthcare staffing industry a net beneficiary over the long-term. Additionally, early indicators are showing signs of stabilization and improvement. Recently, a few large hospital chains reported a stabilization in admissions and indicated that they expect to see an uptick in patient volume in the quarters ahead. Furthermore, leading healthcare staffing providers experienced stability in their traveler counts and reported the highest level of nursing orders seen thus far in 2009. The prospect of a healthcare staffing recovery certainly appears to be on the horizon, but it is still unclear how long it will take.

ADECCO GROUP TO ACQUIRE MPS GROUP

Staffing behemoth Adecco Group has entered into a definitive agreement to acquire diversified professional staffing firm MPS Group for \$1.3 billion. MPS is the 5th largest U.S. based staffing company with over \$2.2 billion in revenue in 2008. MPS participates in the healthcare staffing market through its Soliant Health subsidiary, which in 2008 generated revenues of \$127 million. Soliant specializes in nursing, physical, occupational, speech, and language therapy, as well as imaging technicians. In 2008, Soliant increased its healthcare market penetration with the acquisition of RPh on the Go, the largest provider of pharmacy staffing in the country with approximately \$37 million in revenues.

TEAMHEALTH COMPLETES PUBLIC OFFERING

TeamHealth, one of the nation's leading providers of outsourced healthcare professional staffing and administrative services to hospitals and other healthcare providers, successfully completed an initial public offering in December. TeamHealth generated revenues of approximately \$1.3 billion in 2008, primarily through the provision of outsourced management services to hospital emergency departments. In addition, the Company has a sizeable healthcare staffing division. The Company's combined revenues within locum tenens, radiology, pediatrics, military, and other healthcare services accounted for approximately 21% of total revenues in 2008. For additional information, please refer to Provident's *Emergency Medicine Newsletter*.

RECENT TRANSACTIONS

Month	Acquirer	Company Acquired	Details
December 2009	Advantage RN	TeamStaff Rx	Advantage RN has agreed to acquire TeamStaff Rx, TeamStaff's travel nurse and allied healthcare staffing division. The divestiture will allow TeamStaff to focus on its core Government Solutions business. Advantage RN is a Cincinnati-based healthcare staffing firm which ranked 16 th on Staffing Industry Analysts' list of fastest growing U.S. staffing firms. Terms of the transaction were not disclosed.
December 2009	API Healthcare	Clearview Staffing Software	API Healthcare, a provider of human capital management solutions to the healthcare industry, has acquired Clearview Staffing Software. Clearview, based in Dallas, Texas, provides SaaS-based healthcare staffing solutions that help healthcare staffing agencies recruit, credential, schedule, and pay temporary medical staff. Terms of the transaction were not disclosed.
October 2009	Adecco Group	MPS Group	Adecco Group has entered into a definitive agreement to acquire MPS Group, a leading provider of specialty staffing, consulting, and business solutions, for \$13.80 per common share in a cash transaction valued at approximately \$1.3 billion. The purchase price represents a 24% premium over the previous day's closing stock price. On an enterprise value basis, the transaction is valued at approximately 0.5x 2008 revenues and 9.9x MPS' average EBITDA over the last five years.
October 2009	Nurses in Partnership	TechGroup	Nurses in Partnership has acquired TechGroup, Inc., an allied healthcare staffing firm based in Spokane, Washington. This was the second overall acquisition completed by Nurses in Partnership, which is backed by Enhanced Capital Partners. Additional details and terms of the transaction were not disclosed.
September 2009	Temps, Inc.	Medical Concepts Staffing	Temps, Inc. has acquired the assets of Medical Concepts Staffing (MCS), a subsidiary of Analysts International Corporation (AIC). MCS is a full-service nurse staffing agency which generated approximately \$3 million in annual revenue. AIC divested the business to focus on its core information technology business. Terms of the transaction were not disclosed.
September 2009	Medical Connections Holdings	Undisclosed	Medical Connections Holdings has entered into a Letter of Intent to acquire an undisclosed nationwide healthcare staffing firm whose 2008 revenue reportedly exceeded \$50 million. No additional details have been disclosed since the announcement and the Company has not made any filings pertaining to the acquisition with the SEC. Interestingly, Medical Connections itself only generated approximately \$7 million in revenues in 2008.
July 2009	Prodigy Healthcare Staffing	Calloway Healthcare Staffing	Prodigy Healthcare Staffing has acquired Calloway Healthcare Staffing. There was no formal announcement, but according to Prodigy's website, the Company places nurses, therapists, and other healthcare personnel on short and long-term assignments, primarily throughout Massachusetts. No additional information about the deal was disclosed.