



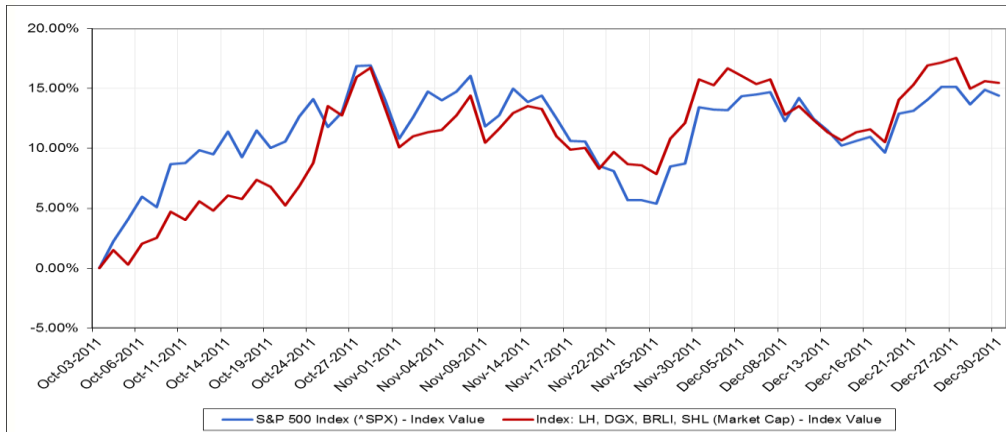
## Q4-2011 LABORATORY SERVICES INDUSTRY UPDATE

### MARKET OVERVIEW

As shown below, throughout the fourth quarter of 2011, the major publicly traded players in the laboratory services sector have closely followed the broader trends of the market and the S&P 500 Index. This resemblance is a byproduct of a number of issues that have dominated the headlines in the lab space, the most notable being Quest Diagnostic's lawsuit over alleged Medicare Fraud, and thus industry wide billing and usage speculation. This focus on efficient business practices has cast speculation on industry reimbursement rates and thus caused normally bullish investor sentiment to be tempered, regardless of counter-balancing variables such as strong industry fundamentals and a highly growing sector.

Throughout 2011, concerns over billing procedures, potential utilization, proper ordering of tests, and legitimate testing protocols have impacted the way in which providers do business, as government organizations look to tighten industry regulation and overall spending. Although these factors have somewhat negatively impacted public perception, consolidation within the industry has remained strong and the major publicly traded domestic players continue to trade at aggressive multiples of EV/EBITDA (ttm)<sup>6</sup>, with Laboratory Corp. of America Holdings (NYSE: LH), Quest Diagnostics (NYSE: DGX), and Bio-Reference Laboratories (NASDAQ: BRLI) trading at 8.4x, 8.51x, and 6.44x, respectively.

### Q4 TRADING PERFORMANCE



### INDUSTRY CONSOLIDATION

Deal flow in the lab space has remained consistent throughout the year, with transactions having been completed in a variety of sectors including more esoteric testing areas such as early stage pharmaceutical testing, drugs-of-abuse analysis, toxicology, and anatomic pathology to more routine testing services within clinical diagnostics. Moving into 2012, Provident is confident that buyer sentiment will remain strong in the space due to a limited amount of scalable acquisition opportunities, combined with the fact that testing services remain at the forefront of demand for both preventative and ongoing care.

### RECENT TRANSACTIONS

Month	Acquirer	Company Acquired	Details
December 2011	Laboratory Corporation of America Holdings	Orchid Cellmark, Inc.	Laboratory Corporation of America Holdings has announced the successful completion of the previously announced subsequent offering period for the cash tender offer by its wholly-owned subsidiary, OCM Acquisition Corp., for the remainder of the outstanding shares of common stock of Orchid Cellmark, Inc. The shares acquired during the subsequent offering period in addition to the shares previously received during the initial offering period represent an aggregate of 87.2% of Orchid Cellmark's currently outstanding shares of common stock. Orchid Cellmark is one of the world's largest and most experienced AABB accredited DNA Paternity testing laboratories and has been a leader in the genetic testing field for almost 30 years.
October 2011	Metalmark Capital	Bostwick Laboratories	Metalmark Capital has announced it has taken a majority stake in Glen Allen, Virginia-based Bostwick Laboratories. Bostwick Laboratories was founded in 1999, and today is one of the largest full-service, privately owned anatomic pathology labs in the U.S., servicing over 8,000 physicians across all 50 states. The Company has a leading market share within the urologic pathology lab testing industry and also provides testing services within other anatomic pathology sub-specialties. The recapitalization of Bostwick Laboratories will be mutually beneficial as it will provide the Bostwick team with the necessary resources to expand its pathology services, specifically its specialization in cancer diagnostics, as well as build out Metalmark Capital's healthcare portfolio. Metalmark is expected to play a significant role in guiding Bostwick's growth going forward.
October 2011	Bruker Corporation	Center for Tribology Research	Bruker Corporation has announced that it has completed the acquisition of Center for Tribology, Inc. for \$13 million in cash with the potential for up to \$4 million in cash from additional earn-out payments, depending on the profitability and growth of the business within Bruker throughout 2012 and 2013. As a result of the transaction, Center for Tribology is now part of the Bruker Nano Services division. CETR was founded in 1993 to offer testing and consulting services to high-tech companies in a wide range of fields including biomedical research and analysis.
October 2011	Bio-Rad Laboratories, Inc.	QuantaLife	California-based Bio-Rad Laboratories, Inc. has completed the acquisition of QuantaLife, Inc., a privately-held life sciences company that provides advanced genetic analysis systems for research, for \$162 million in cash plus the potential for future milestone payments. The acquisition of QuantaLife will complement Bio-Rad's existing business lines and allow the company to grow in the life science research space. QuantaLife's innovative technology make the company an ideal acquisition target to couple its strengths with Bio-Rad's world-renowned commitment to quality and customer service.