



EXCELLERE REPORT

2013

Building enduring value
with a spirit of partnership and excellence.

QUARTERLY OVERVIEW // Q2, 2013

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Excellere Starts 2013 with Multiple Platform and Add-on Acquisition Opportunities

Excellere Partners was active during the second quarter of 2013, selling AxelaCare Health Solutions and closing the new platform acquisition of Advanced Infusion Solutions. Currently, Excellere has six signed letters of intent, including two new platform investment opportunities and four add-on acquisitions. The firm continues to generate attractive investment opportunities within the firm's core industry sectors (business services, energy products & services, healthcare, industrial technology & services, and specialty foods & agri-business), and is actively looking to partner with management teams on recapitalizations to help entrepreneurs build best-in-class companies.

- In April, Excellere successfully exited its investment in **AxelaCare Health Solutions**, a leading technology-enabled, full-service provider of home infusion / IVIG therapy services for chronic patient living with primarily autoimmune and primary immune diseases. AxelaCare was sold to Harvest Partners.
- In April, Excellere completed a recapitalization of **Advanced Infusion Solutions (AIS)**, a leading provider of pain medication for chronic patients using intrathecal pain pumps that deliver medication directly to the spinal cord. AIS is headquartered in Clinton, Mississippi.
- In August, **PhyMed**, a leading provider of outsourced anesthesia and other complementary services to hospitals and other healthcare facilities, acquired Lebanon Anesthesia Associates, a physician-owned anesthesia practice headquartered in Lebanon, Pennsylvania. The acquisition expands PhyMed's geographic diversity, bringing new facilities under PhyMed's direction.

Excellere's Fund II investment strategy remains focused on executing customer-centric buy-and-build growth strategies in attractive industries, through majority recapitalizations of high-growth, entrepreneurial middle-market companies with EBITDA between \$4 and \$25 million. The firm's five core industries of interest are business services, energy products & services, healthcare, industrial technologies & services, and specialty foods & agri-business. Please refer to "Industry Focus" herein for an overview of each sector.

We remain very grateful for the support our firm has received from so many people and organizations. Thank you for your belief and trust in Excellere Partners.

In August 2013, Excellere's anesthesia services platform PhyMed (formerly referred to as Anesthesia Medical Group, or AMG) acquired Lebanon Anesthesia Associates, LTD ("Lebanon"). Headquartered in Lebanon, Pennsylvania, the target is composed of eight physicians and 16 certified registered nurse anesthetists ("CRNAs"), and adds strategically attractive customers and geographies to PhyMed.

In July 2012, Excellere invested in PhyMed to support the management team's vision to create a practice management services organization that provides administrative resources to clinical entities through long-term contracts. Anesthesia Medical Group represented the initial physician practice group served by PhyMed and is Tennessee's largest private anesthesia practice servicing six hospital facilities and seven ambulatory surgery centers ("ASCs") with more than 70 physicians and 230 certified registered nurse anesthetists ("CRNAs"). AMG has long-term relationships at multiple levels with its hospital facility customers, which average approximately 17 years (excluding facility contracts won in the last 12 months).

"We are delighted to have Lebanon Anesthesia Associates as our partner, and for the opportunity to have this stellar practice as one of our foundation practices in Pennsylvania. Together, we will continue to provide excellence in health-care and innovative delivery care models both focused on improving the quality of care", stated Dr. Frederick Miller, CEO & President of PhyMed. "The combined team, which includes some of the most experienced personnel in the healthcare industry and quality outcomes metric-driven physicians, will continue to strive for excellence in optimizing the delivery of care utilizing the most advanced technologies."

"We are excited to be a part of the PhyMed team, whose partnership and strong clinical leadership will help us continue to focus on clinical excellence. The PhyMed physician ownership model was a driving force to our decision – our physician partners will continue to benefit from the growth and success and our client partners will continue to benefit from the local ownership. The similar culture and vision between Lebanon and PhyMed will allow us to expand the market presence in Pennsylvania, benefitting our partner surgeons, hospitals, ASCs and their patients."

To learn more about PhyMed or to discuss the anesthesia services industry further, please contact Rob Martin at (303) 765-2407, Matt Hicks at (303) 765-2410, Justin Unertl at (303) 765-2416, or Nate Raulin at (303) 765-2370.

Excellere Partners employs a proven top-down, research-driven investment strategy targeting industry niches that are positioned to benefit from favorable macro-economic, demographic and consolidation trends. This strategy involves diligent, systematic research reaching across a vast network of relationships, including continual participation in industry events. Among the benefits, this dedicated research-driven industry strategy provides confidence to intermediaries and entrepreneurs who seek a transaction with a knowledgeable and additive partner.

As part of its industry focused strategy and continuous evaluation of macro-demographic and economic conditions, Excellere has committed more resources to the Specialty Chemicals sector. Paul Turgeon, a specialty chemical industry executive with almost 30 years of direct experience, is partnering with Excellere to identify and evaluate new investment opportunities. Please find below a description of this industry as well as a summary of Excellere's industry areas of interest.

BUSINESS SERVICES	ENERGY PRODUCTS & SERVICES	HEALTHCARE	INDUSTRIAL TECHNOLOGY & SERVICES	SPECIALTY FOODS & AGRI-BUSINESS
Business Process Outsourcing	Production and Completion Optimization	Outpatient Provider Services	Utility Services	Healthy Snacks
Outsourced Insurance Services	Inspection, Testing and Maintenance	Outsourced Hospital Services	Commercial Water Treatment	"Ready-to-Eat" Convenience Meals
Revenue Cycle Management	Highly Engineered Components	Behavioral Healthcare	Test & Measurement Products & Services	Ethnic Foods
Niche Professional Services	Data Analytics	Healthcare Business Services and IT	Highly Engineered Products & Components	Ingredients, Flavorings & Seasonings
Quality and Inspection Services	Software Enabled Solutions	Payor and Cost Containment Services	Specialty Chemicals	Food Safety Testing and Products
Government & Regulatory Services	Safety Training	Health and Wellness	Predictive & Preventive Maintenance	Condiments and Sauces
Training Services	Compliance Tools and Services	Products & Contract Manufacturing	Maintenance Repair and Overhaul	Private Label
Distribution and Logistics	Fluid Management	Healthcare Distribution Services	Device Engineering & Design	Natural and Organic Foods

INVESTMENT CRITERIA

- ▶ \$4-25 million in EBITDA
- ▶ Majority recapitalizations with significant rollover
- ▶ Management with a vision for growth and a desire for partnership
- ▶ Differentiated business model with a compelling customer value proposition
- ▶ Potential for customer-centric, buy-and-build consolidation

Excellere has identified and targeted the Industrial Technology & Services industry to pursue platform investments. The firm's interest in this industry is driven by the multi-faceted value proposition offered by companies that enhance productivity, quality and safety for industrial operators facing an increasingly competitive global marketplace.

Industrial Technology & Services Industry Overview / Platform Value Proposition

With the consistent emergence of new technologies and development of more sophisticated services, the existing infrastructure in North America is being modernized and the manufacturing base is in a significant state of evolution. Steady growth in energy consumption and the aging of industrial assets and infrastructure in North America, as well as increasing global competition, will continue to drive growth over the long-term within the industry. Companies whose products and services focus on productivity, cost and energy efficiency and extending the useful life of assets will be in a position to benefit from this growth trajectory. Successful providers of industrial technology & services will be intimately familiar with their customers and their most pressing challenges, offering differentiated and customized solutions to meet these challenges.

The Growth Opportunity

The Industrial Technology & Services industry will continue to be driven by (i) the aging of industrial assets and infrastructure, (ii) the advancement of "smart" industrial technology, (iii) enhanced engineering / technical capabilities, and (iv) a continued trend to outsource functions. Companies that enhance the productivity, quality, safety and profitability of their clients through "mission critical" technical capabilities and/or highly engineered products will continue to fulfill unique niches in the industry and benefit from a substantial growth pattern in the long-term.

Buy-and-Build Opportunity

Due to continued underlying growth in demand from consumers for industrial-sector produced output, as well as the increased emphasis on the globalization of products and services, the Industrial Technology & Services industry provides for a variety of paths from which to execute a buy-and-build strategy. An effective strategy could include any of the following: (i) creating a more significant market presence through expanding a company's suite of products, services and/or customers, (ii) acquiring a complementary company that provides for ancillary products and services or expands the platform company's existing processes, customer base, geographic footprint and/or systems, and/or (iii) further entrenching the platform with its existing clients through additional R&D spend and/or sales and marketing expansion initiatives.

Segments of Interest

Within the broader Industrial Technology & Services sector, Excellere is targeting a handful of segments that are listed below:

- Utility Services
- Water-focused Products & Services
- Specialty Chemicals
- Test and Measurement Products & Services
- Cathodic Protection Services
- Maintenance Repair & Overhaul
- Highly Engineered Components
- Predictive Maintenance

To learn more about our interest in the Industrial Technology & Services industry, please contact Patrick O'Keefe at (303) 765-2412 or Bryan Armstrong at (303) 765-2401.

Excellere has developed a great appreciation for the demand for sophisticated water treatment chemicals through our top-down industry research that led to our investment in U.S. Water Services and our subsequent experience building the company into a leader in the water treatment services market. To capitalize on this demand, Excellere has teamed up with industry executive Paul Turgeon to pursue a buy-and-build strategy in the water additives sector. Mr. Turgeon's experience includes over 30 years of operating roles within the specialty chemicals and water additives space, most recently serving as the President, Chief Operating Officer and minority owner of BWA Water Additives, a global innovator and supplier of specialty water additives to industrial customers in over 80 countries.

The water additives industry is comprised of businesses offering chemical solutions that decrease water's corrosive effects, kill biological organisms, remove water byproducts, improve overall water purity and safety and enhance industrial processes or product performance. The industrial sector is the largest end market for water treatment chemicals within the oil & gas end market, representing the fastest growing segment of the industry.

According to Mr. Turgeon, "the increasing need for water in energy, industrial, agricultural and potable applications is a global mega-trend. Specialty chemicals play an increasingly important role by enabling more efficient and effective use of water. Excellere Partners and I look forward to identifying businesses to partner with that can benefit from additional resources such as investments in business development, research and development, and operational excellence in order to capture a greater share of the water treatment chemical industry's exceptional growth."

Excellere and Mr. Turgeon are seeking a business to serve as a platform to build a differentiated provider of water treatment and process chemicals. This search is focused on product areas of Mr. Turgeon's expertise, which include corrosion inhibitors, anti-scalants, biocides and other water additives and process chemicals. Following an initial investment, an aggressive growth strategy will be implemented to expand the customer base and enhance the product offering to capitalize on the industry growth opportunity.

To learn more about our interest in the Water Treatment Chemicals market, please contact Patrick O'Keefe at (303) 765-2412 or Bryan Armstrong at (303) 765-2401.

Excellere remains focused on finding attractive new platform investment opportunities by leveraging its industry research and proactive intermediary outreach programs. We would like to encourage you to consider introducing Excellere to platform companies that fit our targeted industries and have a minimum EBITDA of \$4.0 million, or any size for strategic add-on acquisitions. Equipped with deep industry expertise and \$472 million Fund II, Excellere is prepared to move quickly and diligently with a spirit of partnership.

If you provide a **PROPRIETARY** opportunity that we ultimately close, Excellere will commit the following: (1) a generous investment banking advisory fee, (2) the potential for a co-investment, (3) the opportunity to work with us on add-on acquisitions and/or (4) the prospect of participating in a future platform transaction.

Please contact any of the Excellere professionals with new opportunities or potential deals that you believe would be of interest to us. We promise that we will respond thoughtfully and expeditiously regarding Excellere's relative interest level.

COMPANIES



DESCRIPTION

Advanced Infusion Solutions is a compliance-focused provider of customized medications for patients with intrathecal pain pumps and other chronic and acute conditions. Founded in 1998, AIS provides services in more than 30 states.

ACQUISITION STRATEGY

Additional pharmacy locations that would help to expand patient census and geographic reach.



ASI Government ("ASI") is a "trusted advisor" to the Federal Government, providing consulting services, productivity tools and training to over 56 clients within the Department of Defense, Homeland Security and Civilian agencies.

Government consulting and training companies that enhance and broaden ASI's current service offering



Flavours is a leading developer and contract manufacturer of organic, natural, and healthy beverages and snack foods using both innovative aseptic technologies and proprietary flavor systems.

Natural and organic beverage bottling locations in the Midwest, South or East Coast and (ii) small to medium-sized flavorings businesses with proprietary formulations and products in any geography



Integrated Petroleum Technologies ("IPT") is a leading petroleum engineering consulting firm specializing in the integration of modern oil and gas well completion, hydraulic fracture stimulation, and petroleum engineering technologies.

Oil and natural gas engineering and consulting companies located in major shale plays



Medtech College ("Medtech") is a leading provider of healthcare education and training with locations in Georgia, Indiana, Kentucky, Florida, Virginia, Maryland, and Washington, D.C.

Postsecondary education providers with a focus on healthcare and wellness programs



Personable Insurance ("Personable") is a full service non-standard auto insurance managing general agent ("MGA"). Founded in 2005, Personable has partnerships with multiple insurance carriers and relationships with over 3,000 independent agents in California, Florida, Georgia and Texas.

Non-standard auto MGAs and carrier entities writing policies in attractive states

COMPANIES



DESCRIPTION

PhyMED is a leading provider of outsourced anesthesia, interventional pain management and other complementary services to hospital and surgery centers. Formed in 1994, PhyMED is one of the largest providers of anesthesia services in the United States.

ACQUISITION STRATEGY

Providers of anesthesia and complementary services in a number of key strategic states, including, but not limited to, Tennessee and the eastern segment of the United States



U.S. Water Services ("USWS") is one of the largest independent, fully-integrated, industrial water treatment companies in the U.S., serving a wide range of industrial, commercial and institutional accounts.

National and regional water treatment companies in the United States

Advanced Infusion Solutions Adds to Senior Management Team: AIS hired both a Chief Financial Officer and Chief Technology Officer in June to provide enhanced support to AIS' existing management team. AIS' new Chief Financial Officer was previously with a large skilled nursing facility operator that maintained 14 facilities in three states with over 1,200 employees. The Chief Technology Officer previously served in a number of systems development roles for other growth-oriented businesses and will play a significant role in constructing the company's fully-integrated IT systems platform. Please contact Rob Martin (303) 765-2407, Ryan Glaws (303) 765-2404 or Bryan Armstrong at (303) 765-2401 for more information on AIS.

ASI Government Increases Business Development Focus: ASI Government continues to execute on its business development strategy, with a concentrated focus on the federal government's fiscal fourth quarter that runs from July through September. During the fiscal fourth quarter, federal agencies are expected to significantly increase their volume of contract awards as they obligate the budgeted funds that they have been reluctant to spend earlier in the year. Please contact Rob Martin (303) 765-2407, Patrick O'Keefe (303) 765-2412 or Emmett Nelms (303) 765-2415 for more information on ASI.

Integrated Petroleum Technologies Shares Industry Expertise Through Training Seminars: IPT has placed an emphasis on expanding its client base through increased sales and marketing initiatives that leverage the company's industry leading technical expertise and market reputation. As part of this effort, IPT conducted seven external training seminars in the second quarter of 2013. These one-day courses focused on advanced horizontal completion and fracturing stimulation techniques that enhance well production. The courses further solidified IPT's high-end technical value proposition to existing customers and provided insight into the company's capabilities for potential new customers. This seminar initiative, which complements the company's cross-selling efforts that are designed to capitalize on its more vertically integrated suite of services, will allow IPT to continue to maximize its revenue generating opportunities with both existing and new customers. Please contact David Kessenich (303) 765-2405, Brad Cornell (303) 765-2402 or Bryan Armstrong (303) 765-2401 for more information on IPT.

Medtech Adopts Adaptive Learning Platform Across All Campuses: Over the past several quarters, Medtech's management has been working closely with McGraw-Hill to implement an adaptive learning platform across each of the Medtech campuses. The program further enhances the Medtech student experience by providing a technology-enabled learning environment in which the computer adapts the presentation of educational material according to a student's learning needs, as indicated by their responses to questions and exercises. The technology is expected to enhance student outcomes and the student value proposition. The platform pilot was launched in July and will be fully implemented in early 2014. Please contact David Kessenich (303) 765-2405, Patrick O'Keefe (303) 765-2412 or Scott Friar (303) 765-2408 for more information on Medtech.

Personable Files for California Carrier License: Continuing its organic growth strategy in a key market, Personable filed its California carrier license application. The sought after license provides for defensive backstop capacity for existing programs in the state and the operating flexibility to opportunistically acquire books of business in California without having a third-party carrier partner established. Please contact Brad Cornell (303) 765-2402 or Justin Unertl (303) 765-2416 for more information about Personable.

PhyMed Recruits Independent Board Members: PhyMed added two experienced healthcare leaders to its board of directors to provide strategic guidance and support to the company's management team. Gene Fleming has extensive experience in senior leadership roles at substantial healthcare service businesses, including most recently as CEO of a market-leading hospitalist company. Dr. Barry Straube is currently active with a national healthcare consulting firm following his tenure as the Chief Medical Officer and Director of Clinical Standards & Quality for the Centers for Medicare and Medicaid Services. The addition of these board members is expected to provide valuable outside perspectives to the leadership team. Please contact Rob Martin (303) 765-2407, Matt Hicks (303) 765-2410, Justin Unertl (303) 765-2416 or Nate Raulin (303) 765-2370 for more information on PhyMed.

U.S. Water Services Completes Integration of 5th Acquisition: Since the original recapitalization in January 2011, U.S. Water Services has completed five strategic acquisitions that enhanced its geographic footprint, provided chemical blending capabilities in new regions and expanded its end market industry expertise. The acquisitions have been integrated into the USWS business and are leveraging the company's national platform, product and service offering as well as its R&D capabilities. The company has two acquisition targets under letter of intent, and is actively seeking additional opportunities. Please contact David Kessenich (303) 765-2405, Patrick O'Keefe (303) 765-2412 or Scott Friar (303) 765-2408 for more information on U.S. Water Services.

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