



IN THIS ISSUE | MAY 2009

- ▶ **Introduction** ————— Quarterly Overview
- ▶ **Industry Focus** ————— Excellere Industry Segments
- ▶ **Industry Highlight** ————— Specialty Foods
- ▶ **New Platform** ————— Javelin Technical Training Center
- ▶ **Portfolio Update** ————— Advanced Pain Management's Growth Strategy
- ▶ **Focus Topic** ————— Business Advisor Program
- ▶ **Value-Added Capability** ————— Revenue Cycle Management
- ▶ **Excellere Portfolio** ————— Overview of Excellere Portfolio Companies
- ▶ **The Team** ————— Contact Information



EXCELLERE PARTNERS

100 Fillmore Pl., Suite 300 | Denver, Colorado 80206 | 303.765.2400 | 303.765.2411 Fax

Find more information online at: www.ExcellerePartners.com

Quarterly Overview

Dear Friends: Despite a challenging economic environment and a considerable decline in market transaction volume, Excellere continues to create value with its industry focused buy-and-build investment strategy, proactive portfolio management, and high level of service to its management partners. During the first quarter of 2009, Excellere closed an education and training industry platform, deployed Project Experts in multiple platform companies, and pursued several new investment opportunities within our targeted industry sectors. Additionally, Excellere hit the ground running in the first quarter of 2009 with a 32% increase in transactions reviewed within our industries of interest compared to the same quarter in the prior year. As we look to an uncertain and challenging year ahead, Excellere remains committed to aggressively pursuing transactions within its targeted industries while continuing to drive growth and opportunity within its expanding portfolio.

The professionals at Excellere are immensely grateful for your support, knowledge and trust! Specifically, we value our limited partners, portfolio management partners, intermediary partners, debt financing partners, and Project Experts, all of which support Excellere's mission of building enduring value with a spirit of partnership and excellence. As we look forward to continued success throughout 2009, we are excited about the current opportunities in our pipeline and are eagerly seeking new quality investment opportunities within our industries of interest.



focus

- ▶ Deep industry domain expertise and experience



partnership

- ▶ Working hand-and-hand with management teams with a spirit of service and partnership



value creation

- ▶ Building industry leaders with enduring value and excellence

Excellere Industry Segments

HEALTHCARE

- ▶ Outpatient services
- ▶ Specialty distribution and consumables
- ▶ Outsourcing services and manufacturing

BUSINESS SERVICES

- ▶ Business and government outsourcing
- ▶ Business process outsourcing
- ▶ Revenue cycle management/Collection services

EDUCATION AND TRAINING

- ▶ Allied health
- ▶ Advanced degree/Post-Secondary
- ▶ Specialized career training

SPECIALTY FOODS

- ▶ Organic/Ethnic
- ▶ Prepared foods
- ▶ Ingredients, additives and flavorings

INDUSTRIAL SERVICES

- ▶ Infrastructure and utility services
- ▶ Specialty products and services
- ▶ Industrial safety and maintenance

INVESTMENT DYNAMICS

- ▶ \$4-20 million in EBITDA
- ▶ Majority recapitalizations with significant rollover equity
- ▶ Management with vision for growth and desire for partnership
- ▶ Differentiated business model with compelling customer value proposition
- ▶ Potential for customer centric buy and build consolidation

Specialty Foods

Excellere is extremely interested in the Specialty Foods market and would like to advise you that we are actively pursuing a new platform investment in this area. Our interest in the Specialty Foods market is driven by the industry's compelling value proposition, growth characteristics, and the partners' historical success investing in the space.

Overview: The Specialty Foods industry is a dynamic, rapidly expanding sector of the \$1.4 trillion food industry. The category is broadly defined as any food or beverage commanding a premium price due to its quality, availability or target consumer. Our segments of interest include, but are not limited to: natural / organically produced foods, flavorings, sauces, ingredients and additives, and "ready to eat" prepared foods with branded and private label products.

Compelling Value Proposition: The Specialty Foods industry was primarily developed to meet the increasingly demanding needs of today's diverse, cost conscious and discerning consumer. The number of working parents continues to increase, adding time pressures and a growing demand for nutritious ready-to-eat meals and quality, flavorful ingredients. Additionally, ethnic diversity continues to grow, driving demand for authentic ethnic flavors.

Large and Growing Sector: Over the past decade, the highly fragmented and diverse Specialty Foods sector has been the fastest growing segment of the overall food industry, growing at an annual rate of almost 20% annually. By contrast, the overall food and beverage market averaged less than 2% annual growth over the past decade. Since 2003, an average of 4,300 new Specialty Food products have been launched annually, creating a pipeline of growth companies and investment opportunities.

Buy-and-Build Opportunity: Despite recent consolidation throughout the food industry, the Specialty Foods sector remains highly fragmented and comprised of niche providers that maintain scalable operations, a diverse customer base, and higher margin products supported by a strong value proposition. Many of the large cap Specialty Food providers fail to offer quality service to its smaller customers, or in some instances, fail to serve these niche participants altogether. This provides an excellent opportunity for Excellere to execute a customer-centric buy-and-build strategy with several niche suppliers to build a best in class Specialty Foods supplier.

Please contact Matt Hicks (303) 765-2410 or Scott Friar (303) 765-2408 to discuss the Specialty Foods industry further. Excellere pays buy-side transaction fees to intermediaries who provide an introduction that results in a closed transaction.

Javelin Technical Training Center

Overview: Excellere Partners closed its fourth platform investment, Javelin Learning Systems, Inc. (“Javelin”) (www.javelin.edu), on March 2, 2009. Javelin is a for-profit, postsecondary education institution located in Atlanta, GA. Founded in 1996, Javelin has established its reputation as one of the region’s leading providers of allied health education services. Javelin’s core program, allied health, has multiple areas of certification including medical billing and coding, medical office administration, and medical assisting. Javelin offers day and evening programs at each of its three Atlanta area campuses and begins programs two to four times per month. Javelin is a wholly-owned subsidiary of JTC Education Holdings, Inc., an Excellere platform company focused on building a leading provider of postsecondary education.

Top-Down Investment Thesis: The for-profit postsecondary education industry is a highly fragmented \$20 billion industry (2,700 institutions). According to the U.S. Department of Education, the for-profit education segment grew 15.4% annually from 1995 to 2005 and is expected to grow at a 17.7% CAGR through 2013. Continued growth in the education sector will be driven by (i) an expanding pool of potential students, (ii) widening income gaps between high school graduates and more advanced degree / certification holders, (iii) general labor market trends reflecting the shift towards a service-based economy, (iv) continued acceptance of online degree programs and (v) shifting labor needs towards healthcare and wellness related occupations. The Department of Labor projects a 30.3% increase in the number of health care jobs between now and 2014.

Buy and Build Strategy: Javelin is pursuing acquisition opportunities that will allow it to accelerate its program offering, geographic expansion, and online program development:

- ▶ **Broaden Program Offering:** Javelin’s current curriculum and strong reputation offer the opportunity to expand into a full service health and wellness institution (nursing, radiology, physical therapy aid, or pharmacy, dental, respiratory, surgical, or biomedical technician).
- ▶ **Geographic Expansion:** Javelin will enhance its presence through nationwide expansion into geographies that could benefit from its advertising, admissions and other expertise to enhance growth.
- ▶ **Online Program Development:** The popularity of online programs has increased dramatically over the last several years. From 2002 to 2005 the number of students enrolled in for-profit online degree programs grew at a three-year CAGR of 49.6%. Javelin does not currently offer any online programs.
- ▶ **Acquisitions:** Javelin is seeking acquisition opportunities in the health and wellness segment of the education and training industry; and is currently under letter of intent with a complementary institution.

To learn more about Javelin, please call Ryan Heckman (303) 765-2409, Patrick O’Keefe (303) 765-2412, or Scott Friar (303) 765-2408.

Advanced Pain Management's Growth Strategy

In April 2008 Excellere partnered with the founders and management of Advanced Pain Management ("APM") (www.apm-wi.net) through a recapitalization transaction. APM, founded in 1998, is a Wisconsin-based leading multi-center interventional pain management company providing a full range of out-patient surgical and clinical pain medicine services. APM has the expertise to diagnose and treat a broad range of pain conditions, including pelvic, spine, neck, hip, cancer, diabetes, and obesity related pain. As part of Excellere's three-pronged buy-and-build strategy that includes building the foundation, organic growth and add-on acquisitions, Excellere and management have made significant strides in building a best-in-class pain management practice. Highlights of APM's growth are provided below:

- ▶ **Service Offering Expansion:** Successful launch and implementation of dispensing and toxicology screening programs across the organization.
- ▶ **Infrastructure Building:** APM has built significant infrastructure, including the addition of three senior managers, the implementation of a new operating and financial reporting system and other infrastructure initiatives utilizing four of Excellere's Project Experts.
- ▶ **Revenue Cycle Management:** During the first quarter of 2009, APM launched an initiative to enhance its billing and collections capabilities. As highlighted below, an Excellere Project Expert guided management through a process mapping exercise that has resulted in a significant reduction in APM's cash cycle and an increase in earnings.
- ▶ **Buy-and-Build:** APM is seeking acquisition opportunities in interventional pain medicine with similar operating models. Most recently, APM opened a sixth ambulatory surgery center ("ASC") in Green Bay, Wisconsin and is expected to open two additional ASCs throughout 2009.

To learn more about Advanced Pain Management, please call David Kessenich (303) 765-2405, Matt Hicks (303) 765-2410 or Lindsay Lewellen (303) 765-2413.

Business Advisor Program

The professionals of Excellere Partners are committed to developing strong and lasting relationships with the deal community, including investment banks, Business Advisors (a.k.a. Business Brokers), law and accounting firms, financial advisors, etc. As industry specific deal flow is the lifeblood of our business, we recognize that Business Advisors play an invaluable role in Excellere's ability to identify attractive investment opportunities. In fact, two of the first three platform investments in Excellere's inaugural \$265 million Fund came directly from Business Advisors who wanted to find the right partner for their clients. We believe that Business Advisors are an extremely important part of Excellere's future, and it is the Firm's desire to build meaningful and enduring business relationships with Business Advisors across the country as part of its core strategy.

In an effort to enhance these relationships and create mutually beneficial opportunities, we have developed the Excellere "Business Advisor Program." This program was created to build a closer bond between Business Advisors and Excellere and to recognize and reward individuals who value Excellere Partners' approach to partnering with entrepreneurs. We would like to thank the Business Advisor community for its continued support and would be honored to present you with a Business Advisor reward as a token of our genuine gratitude.

For further information on the Business Advisor Program, please contact any member of the Excellere team: Main (303) 765-2400.

Revenue Cycle Management

As a firm, we strive to create best-in-class industry leading businesses, building organizations three to five times their original size while maintaining the energy, agility, and nimbleness of an entrepreneurial enterprise. In order for an institution to achieve such growth, while meeting and exceeding the growing demands of its customers, we focus on strengthening the foundation of the business. As part of this strategy, Excellere engaged one of its Project Experts, The ProAction Group ("TPG"), to create revenue cycle operational efficiencies at two of its portfolio companies: Advanced Pain Management and MedExpress Urgent Care.

TPG was retained to review processes relating to revenue cycle management, identify improvement opportunities, and implement new processes to enhance the cash cycle. TPG reviewed, analyzed and documented the entire billing and collections process to develop a list of short and long term improvements that will shorten the underlying cash cycle and increase EBITDA. The result for both companies has been impressive and will contribute significantly to both streamlined processes and EBITDA.

About The ProAction Group: As part of Excellere's Project Expert Network, The ProAction Group is an operating resource for private equity firms seeking to boost investment returns. TPG specializes in identifying and acting on opportunities in middle market businesses. Pre-acquisition, TPG quantifies risks and opportunities, helping clients refine valuations, avoid bad deals and prepare post-deal value creation plans. Post-acquisition, TPG works with portfolio company management to execute high-impact revenue growth and profit improvement initiatives. TPG employs its professional expertise and best practices in the areas of marketing, sales, manufacturing, supply chain, and human capital development to help build winning companies.

Overview of Excellere Portfolio Companies

COMPANY



DESCRIPTION

Acquisition Solutions is an outsourced provider of acquisition lifecycle solutions to a diverse cross-section of federal clientele, including civilian, defense and homeland security agencies.

ACQUISITION STRATEGY

Seeking government acquisition consulting groups, staff augmentation firms and training providers.



Advanced Pain Management operates interventional pain medicine ambulatory surgery centers ("ASC") and provides management and operational services to medical care clinicians at locations in the Midwest.

Seeking interventional pain management ASCs and physician groups desiring to join a highly scalable service platform.



Javelin Learning Systems, Inc. is a for-profit, postsecondary education institution located in Atlanta, GA and is one of the region's leading providers of allied health education services.

Seeking acquisition opportunities that accelerate its geographic and program expansion, particularly institutions with an emphasis in health and wellness programs.



MedExpress is a leading provider of outpatient urgent care services. The Company provides high-quality urgent care (including digital X-ray, laboratory work, EKGs, IV therapy, and minor surgery) in Colorado, Florida, Pennsylvania and West Virginia.

Seeking other urgent care or "walk-in" clinics within existing and new markets.

David L. Kessenich | 303.765.2405
dkessenich@excellerepartners.com

Robert A. Martin | 303.765.2407
rmartin@excellerepartners.com

Ryan Heckman | 303.765.2409
rheckman@excellerepartners.com

Matthew Hicks | 303.765.2410
mhicks@excellerepartners.com

Patrick O'Keefe | 303.765.2412
pokeefe@excellerepartners.com

Ryan Glaws | 303.765.2404
rglaws@excellerepartners.com

Lindsay T. Lewellen | 303.765.2413
llewellen@excellerepartners.com

Scott Friar | 303.765.2408
sfriar@excellerepartners.com