



EXCELLERE REPORT

2011

Building enduring value
with a spirit of partnership and excellence.

QUARTERLY OVERVIEW // Q3, 2011

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Excellere Closes Final Fund I Platform Company

Excellere Partners is excited to report the closing of Personable Insurance, the firm's eighth and final platform investment in Fund I. Personable Insurance, an independent agent-driven, specialist provider of non-standard auto insurance, is aggressively seeking add-on acquisitions that meet its targeted criteria (detailed further herein). Excellere will continue investing from Fund I (closed in February 2007) as the firm works with its six remaining portfolio companies to pursue growth through a customer-centric buy-and-build strategy.

On September 30th, Excellere and Medtech College/Institute closed the company's third strategic add-on acquisition, Radians College, which is a nursing college that offers associate degrees in Registered Nursing as well as certificates in Licensed Practical Nursing. This acquisition is highly strategic, expanding Medtech's nursing programs across its current footprint in the Mid-Atlantic region of the United States.

Excellere Activates Fund II Effective October 2011

With a slightly larger \$465 million Fund II (closed in December 2010), Excellere's investment strategy remains unchanged: customer-centric, buy-and-build growth strategies structured as majority recapitalizations with high growth, entrepreneurial middle-market companies (Ebitda between \$4 and \$25 million) in partnership with entrepreneurs and management.

Besides our five core industries of interest (Business Services, Education & Training, Healthcare, Industrial Technologies and Services and Specialty Foods), Excellere has targeted five new industry sub-sectors of interest for which the firm is aggressively seeking platform company investments. These sectors include Outsourced Environmental, Health and Safety Services; Food Safety Testing Products and Services; Health and Wellness; Predictive Maintenance and Independent Medical Examinations. Please refer to "New Sectors of Interest" herein for a more detailed overview of each sector.

We remain very grateful for the support our firm has received from so many people. Thank you for your continued relationship with Excellere Partners.

**Excellere Closes Insurance Products & Services Platform Company**

On August 31, 2011, Excellere Partners and the management team of Align Financial Group, LLC partnered through a recapitalization transaction to form Personable Insurance ("Personable"). Headquartered in San Diego, California, Personable is an independent agent-driven, specialist non-standard auto insurance provider. Personable has partnerships with multiple insurance carriers and relationships with over 3,000 independent agents in California, Florida, Georgia and Texas, and plans to expand its capabilities further via the organic extension of its service offerings and acquisitions of additional non-standard auto businesses in a number of key strategic states.

Excellere's investment in Personable is a result of the firm's disciplined top down investment strategy, which is supported by several factors including (i) the non-discretionary, critical nature of insurance products and services, (ii) the highly-regulated aspect of the industry, resulting in high barriers to entry and (iii) the opportunity to increase Personable's value proposition to its carriers, distributors and service providers. In addition, the industry is large and fragmented, including over 3,000 U.S. carriers, 35,000 independent agents and 5,000 service providers; and U.S. gross premiums expected to exceed \$1.5 trillion in 2010/11.

With future economic recovery, non-standard auto is projected to be among the fastest growing segments of the insurance industry. In addition, as the economic environment becomes increasingly complex and technology-driven, providers of insurance products and services can offer attractive capabilities to their customers, including (i) effective risk management, (ii) expertise in niche segments that require further knowledge for prudent underwriting, (iii) increasingly preferred third-party validation for insureds seeking unbiased claims adjustment and (iv) more focused customer service.

The size and fragmentation of the industry, combined with the opportunity to significantly enhance customers' experiences and outcomes through evolved offerings, has created an opportunity to execute a customer-centric, buy-and-build strategy to create a best-in-class provider within the non-standard auto insurance sector. Specific areas of focus for a buy-and-build strategy include: Managing general agents ("MGAs") in non-standard auto or other niche segments, rural and independent agencies, and service providers (specifically TPAs, loss control and underwriting support, subrogation, data providers and software providers).

To learn more about Personable Insurance and to discuss the insurance products and services industry further, please contact Ryan Heckman at (303) 765-2409, Brad Cornell at (303) 765-2402 or Justin Unertl at (303) 765-2416.

Excellere Partners employs a proven top-down, research-driven investment strategy targeting industry niches that are positioned to benefit from favorable macro-economic and demographic trends, as well as consolidation. This strategy involves diligent, systematic research reaching across a vast network of relationships, and continual participation in industry events. This dedicated research-driven strategy provides confidence to the intermediary community in Excellere's ability to close transactions, and ensures that we are a knowledgeable and additive partner to our platform company management teams.

| BUSINESS SERVICES | HEALTHCARE | EDUCATION & TRAINING | INDUSTRIAL TECHNOLOGY & SERVICES | SPECIALTY FOODS |
|---|--|--|--|-------------------------------|
| Government services | Specialized provider and outpatient services | Postsecondary education | Outsourced energy and utility services | Organic foods |
| Business process outsourcing | Health and wellness | Specialized professional and career training | Infrastructure services | Flavorings and seasonings |
| Revenue cycle management | Life sciences & med-tech | Testing & assessment services | Environmental, health and safety | Food safety testing |
| Niche professional services | Value-added distributors | Continuing education | Precision manufacturing | Ingredients and additives |
| Quality and inspection services | Consumable products | Support services | Specialty products and components | Ethnic foods |
| Regulatory services | Lab testing services | E-learning | Environmental and remediation services | Condiments and sauces |
| Outsourced insurance/financial services | Value-added outsourced services | | Device engineering and design | Select private label products |
| | | | | "Ready to eat" prepared 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

Through its proven, top-down research-driven investment strategy, Excellere has identified, researched and selected five new sectors of interest in which the firm is seeking platform investment opportunities.

| | Description |
|--|--|
| <p>Industrial Technology & Services</p> <p>Outsourced Environmental, Health and Safety Services</p> | <p>The U.S. Environmental, Health & Safety (“EHS”) industry is comprised of companies offering a wide spectrum of products and services to help businesses offer safer workplace environments and improve compliance with legally-mandated EHS regulations. Please contact Lindsay Lewellen at (303) 765-2413 to learn more.</p> |
| <p>Specialty Foods</p> <p>Food Safety Testing Services and Products</p> | <p>Food Safety Testing refers to the examination of food products for disease-causing organisms, chemical residues, and other hazardous material. Food processing companies and restaurants are increasingly implementing food safety testing to ensure that food supplies to consumers are free from harmful pathogens. Please contact Scott Friar at (303) 765-2408 to learn more.</p> |
| <p>Healthcare</p> <p>Health and Wellness</p> | <p>Health and Wellness programs help employers, employees and payors improve patient outcomes and reduce healthcare costs by providing programs and support systems designed to proactively improve the health of the individual employee as well as the overall health plan population. Please contact Ryan Glaws at (303) 765-2404 to learn more.</p> |
| <p>Industrial Technology & Services</p> <p>Predictive Maintenance</p> | <p>The Predictive Maintenance industry is comprised of companies that provide testing, repairs and maintenance services to help customers determine the condition of in-service equipment in order to predict when maintenance should be performed on that equipment to increase reliability and uptime. Please contact Patrick O’Keefe at (303) 765-2412 to learn more.</p> |
| <p>Healthcare</p> <p>Independent Medical Examinations</p> | <p>Independent Medical Examinations (“IME”) are health evaluations performed by third-party physicians to verify the legitimacy, cause and permanency of injury, typically related to workers’ compensation or auto injury claims. Please contact Brad Cornell at (303) 765-2402 to learn more.</p> |

Excellere has identified and targeted the Environmental, Health & Safety (“EHS”) industry as a sector in which to pursue a new platform investment. The firm’s interest is driven by the compelling value proposition offered by EHS companies, a wave of innovation that has created opportunities for companies to offer a differentiated approach and attractive industry growth drivers.

Overview: The EHS industry in the U.S. is comprised of companies that offer a wide spectrum of products and services to help organizations (i) build safer workplace environments (resulting in reduced expenses) and (ii) understand and comply with the continually changing landscape of legally-mandated EHS regulations. EHS products range from “Green” products and Personal Protective Equipment (“PPE”), to technology-enabled solutions (e.g., Software-as-a-Service and Cloud-based technologies) that help companies collect data and benchmark performance against others in the industry.

Compelling Value Proposition: While regulatory compliance is a primary goal of any EHS program, research shows that EHS programs also drive significant economic benefits. In regard to workplace safety, the Occupational Safety and Health Administration (“OSHA”) asserts that an effective safety program can generate a 4-6:1 Return on Investment. The economic benefits of maintaining a safe workplace environment, combined with the serious risks of corporate non-compliance with regulatory mandates, are highly compelling drivers that lead companies to build and maintain an effective EHS program.

Large and Growing Sector: There are 20,000 companies operating within the broad \$22+ billion EHS industry, with a number of sub-sectors projected to grow 5-8% annually (depending upon the type of services and regulatory environment). Growth will continue to be driven by three primary factors: (i) the increasing number of local, state and federal regulations, and increasing complexity required to be in compliance with those regulations; (ii) an increasing focus on the environmental impact of business operations, adding further complexity; and (iii) advances in technology that make monitoring and compliance cheaper and simpler.

Buy-and-Build Opportunity: The EHS industry presents an attractive consolidation opportunity due to: (i) the highly fragmented nature of the industry (20,000 companies according to industry estimates), which includes a number of large, highly acquisitive strategic buyers; (ii) multiple types of technical products and services that can be “bundled” and offered across multiple end-markets; and (iii) attractive organic growth. Because of these factors, Excellere believes that there is a compelling opportunity to create a “super regional” or national technology-enabled provider of EHS products and services.

Please contact Ryan Heckman at (303) 765-2407 or Lindsay Lewellen (303) 765-2413 to discuss the firm’s interest in the EHS industry.

Excellere continues to actively pursue attractive new platform investment opportunities by leveraging our industry research and proactive intermediary outreach programs. We encourage you to consider introducing Excellere to any of your client companies that fit our targeted industries and have a minimum Ebitda of \$4.0 million (any size for strategic add-on acquisitions). Our firm is prepared to move quickly, having plenty of available equity capital and lenders who are eager to support us.

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 representing us in the exit or receiving an additional fee when the company is sold.

Please contact any of the Excellere professionals with new opportunities or potential deals that you believe would be of interest to our firm. We will respond in a timely manner regarding our interest.

COMPANIES



DESCRIPTION

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.

ACQUISITION STRATEGY

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



AxelaCare is a full-service provider of specialty home infusion therapy services related to Intravenous Immune Globulin (“IVIg”), traditional home infusion (intravenous antibiotics, total parenteral nutrition, etc.) and Hemophilia. AxelaCare operates three pharmacies and serves patients in more than twenty five states.

Home infusion pharmacies serving both chronic and acute patients which would enable AxelaCare to expand its geographic footprint and care model



MedTech College is a for-profit, post-secondary education institution with locations in Georgia, Indiana, Kentucky, Virginia, Maryland, and Washington, D.C. Founded in 1996, MedTech has established its reputation as a leading provider of allied health and nursing education services.

Postsecondary education providers with a focus on healthcare and wellness programs



MTS is a leading international provider of pharmaceutical adherence packaging solutions (automated dispensing equipment and consumables) focused on the long term care, retail and nutraceutical markets.

Opportunities that would enable MTS to provide more products and services to pharmacy customers, both domestically and internationally



Personable Insurance 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.



U.S. Water Services 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

AxelaCare Completes Key Sales and Branding Initiatives: During the third quarter, AxelaCare's management team continued executing on various quality initiatives of the value creation process, including a strategic branding project and continued enhancement of the company's direct sales strategy. Management leveraged an Excellere Project Expert to complete the strategic branding initiative, while also successfully recruiting and hiring key industry veteran sales executives who broaden the company's penetration in three key states: New York, Florida and Texas.

Medtech Completes Third Strategic Add-On Acquisition: On September 30th, Medtech closed the acquisition of Radians College (the company's third strategic add-on acquisition), a nursing college offering associate degrees in Registered Nursing and certificates in Licensed Practical Nursing. The acquisition expands Medtech's nursing programs across its current footprint in the Mid-Atlantic region of the United States.

US Water Services Leverages Excellere Project Expert in Customer Loyalty Study. US Water Services is utilizing a member of Excellere's Project Expert Network to complete a customer loyalty "audit" through which management will achieve greater insight into what is driving the depth of its customer relationships. From this study, US Water will pursue key quality initiatives to help the company continue increasing its value proposition to its customers.

ASI Government Hires Experienced Chief Business Development Officer: On August 1st, ASI Government successfully recruited and hired Jacqueline (Jackie) Owens Lancaster as its new Chief Business Development Officer. In her new role, Ms. Lancaster will be instrumental in expanding ASI's reach across the federal government, further penetrating existing relationships and forging new ones as the company delivers innovative solutions to help agencies get more value from taxpayer dollars and fulfill their vital missions. Ms. Owens brings a depth of experience that includes previous positions at BAE Systems, ManTech Systems Engineering Corporation and Veda Incorporated (now Wyle Labs).

MTS Medication Technologies Hires International Managing Director: During the third quarter, MTS successfully recruited and hired Paul O'Hanlon as the new Managing Director of International Operations. Mr. O'Hanlon comes to MTS from Lloyds Pharmacy, the largest community pharmacy operator in the UK, and will be responsible for driving continued growth in existing and new international markets. Mr. O'Hanlon has an extensive background in pharmacy operations and automation with more than 20 years of experience in the industry.

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