

Leadership Newsletter

Healthcare

Winter 2015

GTCR Firm Update

Since the firm's inception in 1980, GTCR has partnered with management teams to build and transform growth businesses, investing over \$10 billion in more than 200 companies. In January 2014, we closed GTCR Fund XI, the firm's largest fund to date, with \$3.85 billion of limited partner equity capital commitments. This follows GTCR Fund X, which we closed in 2011, with \$3.25 billion of equity capital commitments. GTCR actively invested Fund X over the last three years, completing 17 platform acquisitions and 97 add-on acquisitions across our Healthcare, Financial Services & Technology and Information Services & Technology sectors. To date, we have made three investments in Fund XI, including two within our healthcare group.

Healthcare Team Update

We believe our nearly 35-year investment history in healthcare has made us one of the leading private equity investors in this sector. Since our founding, we have made over 45 healthcare platform investments. Since 2010 alone, the GTCR healthcare team has made 10 new platform investments, as well as add-on acquisitions at eight portfolio companies — totaling more than 40 transactions in the healthcare industry during this period. In total, we have completed acquisitions in the healthcare industry with a combined purchase price of over \$4 billion since 2010.

Portfolio Company Updates

GTCR's portfolio companies have been highly acquisitive over the firm's history — approximately two-thirds of capital invested since 2000 has been in companies that completed at least one add-on acquisition. As this track record illustrates, we view inorganic growth as a proven strategy for value creation and therefore seek to develop robust and creative acquisition strategies. All of our active healthcare businesses today are seeking and evaluating add-on acquisitions in this market environment.

Portfolio Company Profiles

Actient Pharmaceuticals, Lake Forest, IL

CEO: Ed Fiorentino

Management Partnership: March 2009 | Platform Acquisition: July 2010 | Exit: April 2013



GTCR partnered with Ed Fiorentino, a senior executive and 22-year veteran of Abbott Laboratories, to form Actient Pharmaceuticals in March 2009. The company was focused on acquiring and commercializing pharmaceutical products with a focus on select physician specialties. In July 2010, Actient completed its first proprietary acquisition, a corporate carve-out of several products from UCB, Inc. In less than three years, Actient completed four follow-on proprietary acquisitions, including Timm Medical, Slate Pharmaceuticals, Bator Pharmacal and the product Striant from Columbia Laboratories. As a result of these acquisitions, the Actient team was able to build a unique, diversified portfolio of commercial products and pipeline assets focused on the treatment of urological indications.

In April 2013, GTCR closed the sale of Actient Pharmaceuticals to Auxilium Pharmaceuticals (NASDAQ:AUXL) in a transaction valued at up to \$645 million, including \$585 million in upfront cash consideration, an additional \$50 million of contingent consideration based on sales performance milestones and a warrant to purchase 1,250,000 shares of Auxilium common stock.

Capella Healthcare, Brentwood, TN

CEO: Mike Wiechart

*Management Partnership/Platform Acquisition: May 2005 /
Recent Acquisition: October 2014 (pending)*

In 2005, GTCR partnered with former Province Healthcare COO Dan Slipkovich and other Province team members to form Capella Healthcare. After completing several acquisitions, the company currently operates 13 non-urban hospitals in six states.



In 2014, Mr. Slipkovich assumed the role of executive chairman of Capella, and Mike Wiechart was promoted to CEO. Mr. Wiechart joined Capella as COO in 2009 to focus on operational initiatives. Mr. Wiechart previously led two operating divisions at LifePoint Hospitals and held various executive roles at Province Healthcare. In October 2014, Capella announced the acquisition of the Carolina Pines Regional Medical Center in Hartsville, South Carolina. The company is active in the hospital M&A environment as it continues to assess opportunities to expand its hospital portfolio and explore strategic alternatives for its non-core facilities.

Cedar Gate Technologies, Darien, CT

CEO: David Snow

Management Partnership: August 2014

In August 2014, GTCR partnered with David Snow to form Cedar Gate Technologies. Mr. Snow, a 34-year veteran of the healthcare industry, most recently served as the chairman and chief executive officer of Medco, one of the nation's largest pharmacy benefit managers. He joined Medco as chairman and CEO in March 2003 prior to Merck's spin-out of Medco as a separate publicly traded company. He served as CEO until the company's approximately \$34 billion sale to Express Scripts (NASDAQ:ESRX) in 2012. During Mr. Snow's tenure, Medco's revenue grew from \$34 billion to over \$70 billion, creating over \$28 billion of enterprise value.



Cedar Gate Technologies, headquartered in Darien, Connecticut, is focused on acquiring companies and products within the healthcare data and analytics sector as part of a strategy to build a leading business in the industry. GTCR and Mr. Snow believe the data and analytics space represents an attractive and growing segment within healthcare technology. Cedar Gate will seek to invest in companies and products that help providers and payors understand and effectively manage risk as they transition towards value-based reimbursement.

GTCR may invest up to \$200 million of equity capital to support management's strategy. Mr. Snow will serve as chairman and chief executive officer of Cedar Gate, and he and his management team will invest alongside GTCR.

Cole-Parmer Instrument Company, Vernon Hills, IL

CEO: Bernd Brust

*Management Partnership/Platform Acquisition: August 2014 |
Recent Acquisition: December 2014*

As part of The Leaders Strategy™, GTCR partnered with Bernd Brust to acquire Cole-Parmer Instrument Company ("Cole-Parmer") from Thermo Fisher Scientific (NYSE:TMO) in August 2014. Cole-Parmer, headquartered in Vernon Hills, Illinois, is a leading global manufacturer and distributor of specialty laboratory equipment and instruments to a diverse range of customers in pharmaceutical, biotech, healthcare, chemicals, food and other research-based or regulated markets.

GTCR's relationship with Mr. Brust dates back to 2009, when he was chief commercial operations officer at Life Technologies Corporation and responsible for a \$3.5 billion global business. Mr. Brust subsequently became president and CEO of Qualicaps, a leading provider of capsule manufacturing and processing equipment for pharmaceutical companies, which successfully sold to Mitsubishi Chemical Holdings in 2013.

Founded in 1955 and acquired by Fisher Scientific in 2001, Cole-Parmer offers a portfolio of industry-leading brands and private-label products in niche applications to fulfill important needs in the market. The company has deep technical expertise across a range of specialty products in the fields of fluid handling, test and measurement, electrochemistry and other laboratory products. The company sells its products across a range of end-markets to a diverse, global customer base.



In addition to driving new organic growth, Mr. Brust and Cole-Parmer are actively pursuing expansion through strategic M&A opportunities.

Cord Blood Registry, San Bruno, CA

CEO: Geoffrey Crouse

Management Partnership/Platform Acquisition: September 2012

GTCR acquired Cord Blood Registry (“CBR”) in September 2012. CBR is the market leader in the collection, processing and storage of umbilical cord blood and cord tissue stem cells for family use. As part of our Leaders Strategy™, healthcare executive Geoffrey Crouse, former COO of Immucor, joined the company as CEO.

GTCR followed CBR for several years as a part of its broader proactive effort in the life sciences space. We identified and built a relationship with Geoff Crouse, a life sciences industry veteran with prior experience at Roche, Millipore and Immucor, and began formally working with Mr. Crouse in 2011 to evaluate potential investments. In October 2011, we were able to engage with the founder, CEO and largest shareholder of CBR on a proprietary basis and negotiated a deal in partnership with Mr. Crouse.



CBR provides services that enable expectant families to preserve their child’s umbilical cord blood for potential future medical use by the child or a biological family member. Cord blood stem cells have well-established clinical applications in a range of diseases and have demonstrated therapeutic potential in regenerative medicine applications. CBR has stored over 550,000 cord blood and cord tissue stem cell units, and is the number-one recommended cord blood company by OB/GYNs and expecting parents.

GTCR and CBR continue to actively evaluate M&A opportunities in the life sciences and consumer health spaces, including cell banking and OB/GYN products, among other areas.

Correct Care Solutions, Nashville, TN

CEO: Jerry Boyle

Management Partnership: September 2011 | Platform

Acquisition: December 2012 | Recent Transaction: July 2014

GTCR acquired Correctional Healthcare Companies, Inc. (“CHC”), a leading outsourced healthcare provider to correctional facilities, in December 2012. The CHC investment opportunity grew out of GTCR’s proactive efforts targeting a range of healthcare cost-containment opportunities.



In July 2014, CHC merged with Correct Care Solutions (“CCS”), a portfolio company of Audax Management and Frazier Healthcare Ventures. The successful combination of CCS and CHC created a strong player in the attractive and growing public jails segment of the market and one of the largest companies in the outsourced correctional healthcare industry. The combined company leverages the scale of its infrastructure and clinical capabilities in order to capitalize on the continuing trend towards outsourcing in the corrections space. The combined company operates under the CCS name and is led by CCS founder and CEO Jerry Boyle and president Jorge Dominicis.

Crealta Pharmaceuticals, Lake Forest, IL

CEO: Ed Fiorentino

Management Partnership: August 2013 | Platform Acquisition:

December 2013 | Recent Acquisition: January 2014



In August 2013, GTCR entered into a second partnership with Ed Fiorentino, the former CEO of Actient Pharmaceuticals, to form Crealta Pharmaceuticals. The company is focused on acquiring specialty pharmaceutical companies and products as part of a strategy to build a leading company in the industry. Target acquisition opportunities include products that are already approved or currently marketed, as well as late-stage development drugs.

In December 2013, Crealta completed its first product acquisition, Migergot, from G&W Laboratories. In January 2014, Crealta acquired substantially all of the assets of Savient Pharmaceuticals, Inc. following a successful bankruptcy auction bidding process. As part of the transaction, Crealta acquired Savient's key product, Krystexxa, a novel biologic treatment for chronic refractory gout administered by intravenous infusion. Crealta is committed to providing support to patients and their healthcare providers so that Krystexxa can continue to be used safely and effectively. Mr. Fiorentino and his team continue to look for attractive acquisition opportunities in the specialty pharmaceutical market.

Curo Health Services, Mooresville, NC

CEO: Larry Graham

Management Partnership: May 2010 | Platform Acquisition: September 2010 | Recent Acquisition: June 2014

As part of our Leaders Strategy™, in April 2010 GTCR partnered with Larry Graham, the former president and COO of Amedisys, to form Curo Health Services, a management partnership focused on building a home health and hospice platform through acquisition and organic growth.



Today, Curo is the largest pure-play hospice provider in the country, with a broad geographic footprint across 161 locations operating in 19 states and a census of over 7,000 patients. Curo has completed eight transactions since September 2010, including the June 2014 acquisition of SouthernCare, one of the largest independent hospice providers in the United States. Going forward, Curo is well-positioned to continue growing organically through both same-site and opening additional de novo agencies. Curo also continues to pursue strategic acquisitions.

Devicor Medical Products, Cincinnati, OH

CEO: Tom Daulton

Management Partnership: November 2008 | Platform Acquisition: July 2010 | Exit: December 2014

GTCR partnered with Tom Daulton, former senior vice president and general manager of the Special Procedures Interventional Division of Cardinal Health (NYSE:CAH), to form Devicor Medical Products in November 2008. The company is focused on building a medical device business with attractive market positions and physician-preferred products focused on interventional procedures.

Leveraging GTCR's successful history of corporate carve-out transactions, Devicor completed its initial platform acquisition in July 2010 with the proprietary corporate carve-out of the Mammotome breast care business from Johnson & Johnson (NYSE:JNJ). Through the complex, two-year carve-out, Devicor built dedicated manufacturing, transitioned a global business in more than 50 countries out of Johnson & Johnson, secured regulatory permits in several countries, and reinvested in new product research and development. Devicor was able to leverage its commercial platform to complete several complementary tuck-in acquisitions to broaden its product portfolio.



As a result of the successful carve-out, Devicor was able to create a standalone, fully integrated global medtech business of a scale that attracted strong strategic interest. In December 2014, GTCR closed the sale of Devicor to Danaher Corporation's (NYSE:DHR) Leica Biosystems, a leading provider of anatomical pathology solutions and automation used to advance cancer diagnostics.

Maravai Life Sciences, San Diego, CA

CEO: Carl Hull

Management Partnership: March 2014

In March 2014, GTCR partnered with Carl Hull, former CEO of Gen-Probe, to form Maravai Life Sciences. The new company, headquartered in San Diego, California, is focused on acquiring companies and products within diagnostics and life sciences as part of a strategy to build a leading business in the industry. GTCR and Mr. Hull believe the diagnostics and life sciences space represents an attractive and growing segment within healthcare. Maravai is looking to invest in companies and products that help researchers and clinicians improve the efficiency and quality of healthcare.



Mr. Hull is a 30-year veteran of the diagnostics and life sciences industry. Prior to partnering with GTCR, Mr. Hull was CEO of Gen-Probe, a market-leading molecular diagnostics company. While at Gen-Probe, Mr. Hull led a strategic transformation that focused the company's resources on its core growth areas of clinical diagnostics and laboratory automation. His leadership helped reposition the business for commercial growth and ultimately generated a significant interest from strategic buyers. In April 2012, Mr. Hull led the sale of Gen-Probe to Hologic (NASDAQ:HOLX) for \$3.7 billion.

GTCR may invest up to \$300 million of equity capital to support management's strategy. Mr. Hull is the chairman and chief executive officer of Maravai, and Eric Tardif has joined as executive vice president of Corporate Development to help identify, execute and manage acquisitions.



Sterigenics International, Deerfield, IL

CEO: Michael Mulhern

*Management Partnership/Platform Acquisition: March 2011 |
Recent Acquisition: October 2014*

In 2011, GTCR partnered with Michael Mulhern, the successful CEO of two previous GTCR investments, to acquire Sterigenics, the leading global provider of contract sterilization and ionization services for medical devices, food products and other advanced applications. Headquartered in Deerfield, Illinois, Sterigenics provides comprehensive outsourced sterilization services to its customers through a network of 40 sterilization facilities across all major global geographies.

In August 2014, Sterigenics closed the acquisition of Nordion Inc. (NYSE:NDZ), a global health sciences company that provides radioactive cobalt for the sterilization of medical devices and a portfolio of medical isotopes for clinical use in healthcare facilities.

In October 2014, Sterigenics closed the acquisition of Gammarad Italia SpA (“Gammarad”), a single-facility gamma sterilization services provider based in Bologna, Italy. The acquisition of Gammarad enhances Sterigenics’ best-in-class capabilities to serve both global and European customers and to compete for new sterilization services business. Gammarad is the second add-on acquisition of contract sterilization assets this year for Sterigenics. (In March, the company acquired FTSI, a gamma sterilization facility in Florida.)

Sterigenics has continued to leverage and expand its global network of service centers to better serve existing and new customers. The company continues to seek acquisitions in the sterilization market, as well as in the broader medical device services market.

XIFIN, Inc., San Diego, CA

CEO: Lâle White

Management Partnership/Platform Acquisition: July 2014



GTCR acquired XIFIN in July 2014. XIFIN is a market-leading SaaS provider of billing and reimbursement solutions to clinical diagnostic laboratories. As part of the transaction, GTCR partnered with founder and CEO Lâle White. XIFIN's technology platform enables end-to-end connectivity from patient to payor, linking together the many stakeholders in healthcare delivery and optimizing information for the best business and patient outcomes. XIFIN's technology plays a critical role in a laboratory's financial performance. As a result, the company has a stable recurring revenue base with high renewal rates and a history of consistent growth.

The investment in XIFIN is the result of GTCR's history in the laboratory industry and our proactive efforts in the clinical diagnostics and healthcare IT sectors. Notably, XIFIN represents GTCR's most recent investment within healthcare IT, a continued area of focus for the firm.

2014 Capital Markets Activity



Cole-Parmer Instrument Company

- » In August 2014, Cole-Parmer Instrument Company raised new senior secured credit facilities, including a revolving credit facility, first lien secured term loan and second lien secured term loan, to partially finance the acquisition by GTCR.
- » The syndication was led by joint lead arranger and joint bookrunner Credit Suisse, with Goldman Sachs also acting as joint lead arranger and joint bookrunner.



Cord Blood Registry

- » In August 2014, Cord Blood Registry raised a senior secured term loan and incremental mezzanine capital to complete a dividend recapitalization.
- » The term loan was led by BMO Capital Markets. Newstone Capital provided mezzanine capital.

Correct Care Solutions



- » In July 2014, Correctional Healthcare Companies, a GTCR portfolio company, merged with Correct Care Solutions, a portfolio company of Audax Management and Frazier Healthcare Ventures.
- » In connection with the merger, the combined company raised new credit facilities, including a revolving credit facility, first lien secured term loan and second lien secured term loan, to finance the merger as well as a dividend to the sponsors.
- » The syndication was led by joint lead arranger and joint bookrunner Credit Suisse, with GE Capital, Ares Capital and NXT Capital acting as joint lead arrangers and joint bookrunners.



Crealta Pharmaceuticals

- » As part of the Savient Pharmaceuticals acquisition, Crealta Pharmaceuticals raised a senior secured term loan and mezzanine debt.
- » The term loan was led by Jefferies and includes MidCap and Annaly in the lending group. Fifth Street provided the mezzanine capital.



Curo Health Services

- » In June 2014, Curo Health Services raised new credit facilities, including a new unfunded revolving credit facility, senior secured first lien term loan and senior secured second lien term loan, to finance the acquisition of SouthernCare.
- » JP Morgan, SunTrust, GE Capital and Jefferies acted as bookrunners for the syndication process.



Sterigenics International

- » In August 2014, Sterigenics International raised new credit facilities, including a new revolving credit facility and new senior secured term loan to finance the acquisition of Nordion Inc.
- » Credit Suisse, Goldman Sachs, RBC Capital Markets and UBS acted as joint lead arrangers and syndication agents for the syndication process.

- » In October 2014, Sterigenics International raised an incremental senior secured term loan to finance the acquisition of Gammarad Italia SpA.



XIFIN, Inc.

- » In July 2014, XIFIN raised a new senior secured term loan to partially finance the acquisition by GTCR.
- » The term loan was funded by GE Capital and CapitalSource.

Investment Viewpoints

We continue to identify attractive opportunities to invest capital in the healthcare industry. These opportunities are driven by the attractive, long-term healthcare utilization trends and an evolving industry landscape that increasingly includes new business models that emphasize both clinical outcomes and cost containment. An improving economy has helped the financial results at many healthcare companies, and low interest rates have reduced the cost of capital to finance acquisitions. These factors have also contributed to relatively robust M&A activity, with several transactions completed at valuation levels considered high by historical benchmarks. In this market environment, we believe our domain expertise and unique strategy continue to provide us with competitive advantages as we source and evaluate investment opportunities. With our Leaders Strategy™, we seek to partner with exceptional management teams as the critical first step in identifying, acquiring and building market-leading companies through acquisitions and organic growth.

GTCR continues to seek investments across the healthcare and applied sciences industries, including medical devices, pharmaceuticals, life science tools and diagnostics, healthcare information technology, providers and payors. In this changing healthcare industry, we believe the GTCR Leaders Strategy™ will enable us to identify, acquire and build upon these attractive platform opportunities.

Portfolio Company Executive Snapshot

Healthcare Team Member Updates

Principal

Ben Daverman joined GTCR in 2008 and became a principal in 2014. Prior to joining GTCR, he worked as a venture capitalist at Alta Partners, as well as an investment banking associate at JMP Securities and an analyst in the Mergers & Acquisitions group at J.P. Morgan (formerly Hambrecht & Quist). He holds an MBA from the Wharton School at the University of Pennsylvania and a BA in history magna cum laude from Colgate University. Ben also holds a master's degree in biotechnology from the School of Applied Sciences & Engineering at the University of Pennsylvania. He currently is a director of Cole-Parmer, Cord Blood Registry, Crealta Pharmaceuticals, Devicor Medical Products, Maravai Life Sciences, Sterigenics International and XIFIN, Inc. Ben was previously a director of past GTCR investments such as Actient Pharmaceuticals and GeneraMedix. In addition, Ben was involved in GTCR's investment in Graceway Pharmaceuticals.

Vice President

Luke Marker joined GTCR in 2009 and became a vice president in 2014. Prior to joining GTCR, he worked as an analyst in the Global Consumer group at Barclays Capital. Luke holds an MBA from Harvard Business School and a BA magna cum laude in mathematics and economics from Kalamazoo College.

Associate

Radu Cret joined GTCR in 2014. Prior to joining GTCR, he worked as an investment banking analyst in the Healthcare group of William Blair. Radu holds a BA in economics from Northwestern University and a certificate in financial economics from the Kellogg School of Management.

Associate

Erin Lansky joined GTCR in 2014. Prior to joining GTCR, she worked as an investment banking analyst in the Mergers & Acquisitions group at Bank of America Merrill Lynch. Erin received an AB with high honors in economics and Spanish/Hispanic studies from Dartmouth College, where she graduated magna cum laude and Phi Beta Kappa.

GTCR Healthcare Team Contact Information

Dean Mihas

312.382.2204

Sean Cunningham

Managing Director

Josh Earl

Principal

Managing Director – Group Head	312.382.2260	312.382.2168
Ben Daverman Principal 312.382.2069	John Kos Vice President 312.382.2229	Hunter Craig Vice President 312.382.2263
Luke Marker Vice President 312.382.2156		

Healthcare Investments Since 2004

Actient Pharmaceuticals
ATI Physical Therapy
Capella Healthcare
Cedar Gate Technologies
Cole-Parmer Instrument Company
Cord Blood Registry
Correct Care Solutions
Correctional Healthcare Companies
Crealta Pharmaceuticals
Curo Health Services
Devicor Medical Products
GeneraMedix Pharmaceuticals
Graceway Pharmaceuticals

HealthSpring

Jessamine Healthcare

Managed Healthcare Associates

Maravai LifeSciences

Sterigenics International

Universal American (f/k/a APS Healthcare)

XIFIN, Inc.

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