



Healthcare

Focus



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Dresner Partners has served healthcare clients for over 15 years, completing many transactions in a number of sub-sectors such as healthcare staffing. In recognition of the large and growing opportunity in the \$90 billion staffing sector, we have focused this issue on healthcare staffing. Representing approximately 8% of the total staffing market, healthcare staffing presents a \$7.2 billion opportunity.

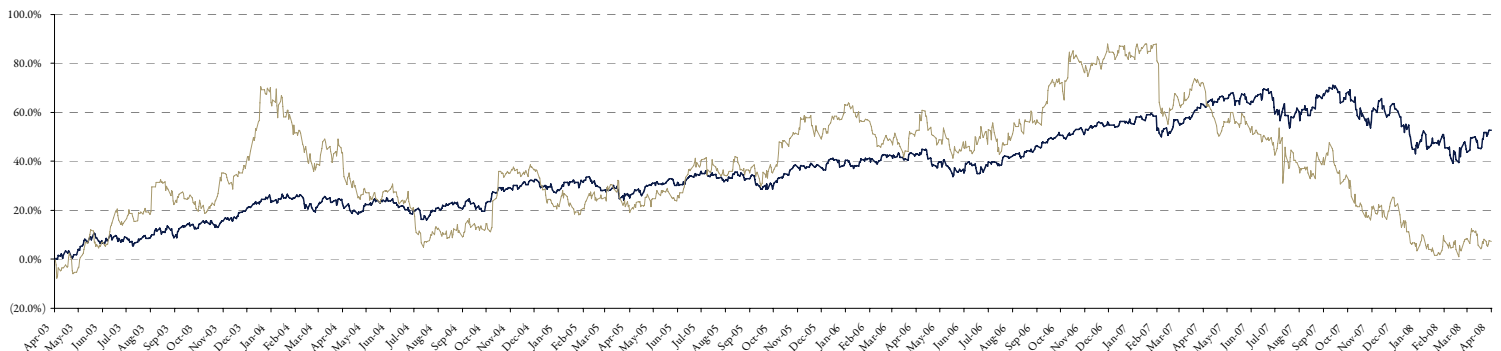
The U.S. staffing industry will grow faster and add more new jobs over the next decade than just about any other industry according to Bureau of Labor Statistics (BLS) estimates. In its most recent projections, the BLS estimates that the employment services sector—which is mainly staffing—will grow at an average annual rate of 3.8% from 2004 to 2014, adding nearly 1.6 million new jobs. The main catalyst for this sustained growth will be the increases in demand for temporary staffing as “flexible work arrangements and schedules continue to proliferate and businesses make their staffing patterns more responsive to market changes.” The distribution of new jobs created over the next 7-10 years will display the dramatic shift in temporary staffing needs. The BLS estimates that nearly 25% of the new jobs will be in the professional, scientific, and technical sector and 20% will be in healthcare. These two occupational groups will increase the fastest and add the most jobs through 2014, accounting for over 60% of the total job growth in the period.

The healthcare staffing industry is typically broken down into four segments: (i) Per-diem nurse staffing; (ii) Travel nurse staffing; (iii) Locum tenens; and, (iv) Allied and other. Allied professionals include therapists, nurse aids, orderlies, health information specialists, lab technicians, pharmacists, medical records, and administrative staff. The largest segment by revenue, per-diem nurse staffing provides just-in-time support to accommodate the immediate needs of a healthcare provider. Travel nurse staffing provides a medium-term solution to nursing vacancies and involves the placement of nurses on a contract basis typically at a location away from home. Locum tenens covers the physician staffing sector and is usually used to supplement a small permanent staff on a long-term basis.

As the chart below indicates, staffing stocks are “leading indicators” that tend to perform well before and during periods of economic expansion and underperform before economic slowdowns.

Healthcare Staffing Public Market Trends

Sector 5-Year Return



DP Healthcare Staffing Index: AHCI, AHS, AHNA, CCRN, MRN, ASGN
Source: CapitalIQ

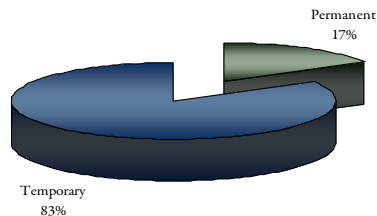
— S&P 500 Index — DP Healthcare Staffing Index



HEALTHCARE STAFFING: SECTOR DEVELOPMENTS

Staffing Industry Breakdown

U.S. Staffing Industry Breakdown

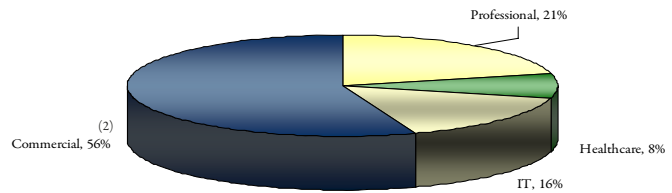


U.S. Staffing Industry is largely driven by the temporary staffing segment, which contributes 83% of revenues⁽¹⁾

(1) Includes PEO and Staff Leasing revenues

(2) Commercial includes both office/clerical and light industrial

Temporary Staffing Breakdown



5% CAGR is expected for 2008, with temporary staffing revenues reaching \$90 billion by 2008

Healthcare Staffing: Regulatory Environment

Landmark Study in Journal of Nursing Administration

Healthcare staffing firms have long battled the perception that temporary nurses provide lower quality of care than permanent nurses. According to data from the 2000 National Sample Survey of Registered Nurses, an estimated 49,819 hospital staff nurses were employed by staffing companies as either their primary or secondary positions across the nation, comprising almost 6% of hospital staff nurses. In July 2007, a landmark study published in the Journal of Nursing Administration combined with a data from the Survey of Registered Nurses confirmed that this claim is unfounded, and in fact the opposite is often true. The study revealed that temporary nurses are highly qualified professionals who choose to work on a temporary basis.

Federal Legislation

The current government and regulatory environment benefits the health care staffing market as a number of states and the federal government having either passed or introduced legislation to address nurse to patient ratios and limiting nurse overtime.

Nurse Staffing Plans and Minimum Nurse-to-Patient Staffing

November 9, 2007: House of Representatives 4138 bill introduced to amend Title XVIII of the Social Security Act to impose minimum nurse staffing ratios in hospitals. A hospital shall implement a staffing plan that provides adequate, appropriate and quality delivery of health care services and protects patient safety.

Mandatory Overtime

July 20, 2007: Safe Nursing and Patient Care Act of 2007 (Senate 1842) sets strict limits on the ability of health facilities to require mandatory overtime from nurses. Nurses would be allowed to continue voluntary overtime at their discretion, but mandatory overtime would be allowed only when an official state of emergency have been declared.

May 3, 2007: House of Representatives 2122 bill introduced to amend Title XVIII of the Social Security Act to provide for patient protection by limiting the number of mandatory overtime hours a nurse may be required to work in certain providers of services to which payments are made under the Medicare Program.

Increase of Nurse Faculty

June 14, 2007: Senate 1628 bill introduced to amend the Public Health Service Act to authorize programs to increase the number of nurse faculty and to increase the domestic nursing and physical therapy workforce, and for other purposes

International Nurse Staffing

March 6, 2007: House of Representatives 1358 bill introduced to create a new nonimmigrant visa category for RNs. Congress' findings:

- There are more vacant U.S. nursing positions than there are qualified RNs and nursing school candidates to fill these positions.
- According to U.S. Department of Labor, the current nursing shortage exceeds 126,000
- Health care providers and healthcare staffing firms cannot efficiently and effectively recruit qualified foreign nurses through the existing immigration process.

HEALTHCARE STAFFING

MARKET METRICS

In Focus: IPC *The Hospitalist Company* Initial Public Offering

Company Overview

IPC *The Hospitalist Company* (NasdaqNM:IPCM) is a national hospital staffing firm with over 800 employees. The company is a leading provider of hospitalist services in the United States. Hospitalist medicine is organized around inpatient care, primarily delivered in hospitals, and is focused on providing, managing, and coordinating the care of hospitalized patients. IPC's 550+ physicians manage inpatient care at over 300 hospitals across 19 states. The company offers a solution of clinical and management experience, proprietary technology, and care to healthcare constituents, including patients, primary care physicians, acute care hospitals, alternative sites of inpatient care, and health plans. IPC offers solutions to improve the quality of inpatient care and to support hospitalists' clinical, administrative, and communications needs, using its proprietary IPC-Link information technology. It also provides other corporate services, such as billing and collections, provider recruitment, marketing, training, and education. Collectively, IPC's physicians work with more than 12,000 referring physicians and over 1,000 health plans to manage more than \$1 billion in healthcare expenditures annually.

IPC Is Set To Grow Significantly Through a Set of Core Initiatives

Improving Hospitalists Productivity

Continued Recruiting of Additional Physicians

Contracts With New & Existing Facilities

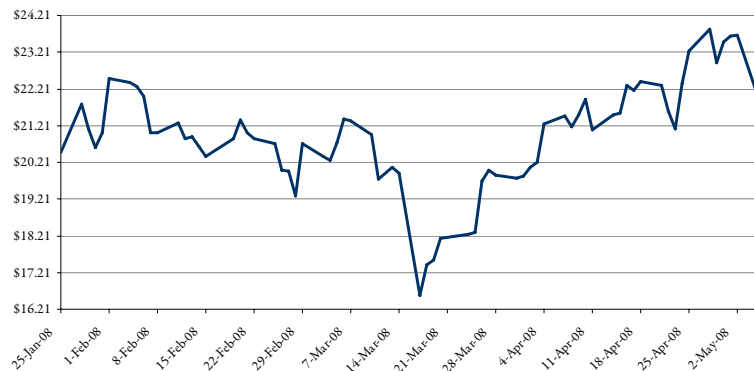
Acquiring Additional Practice Groups

Initial Public Offering Snapshot (mm)

Shares Offered:	5.2
Price Per Share:	\$16.00
Gross Proceeds:	\$83.2
Market Capitalization:	\$303.3
LTM Revenue:	\$190.0
LTM EBITDA:	\$15.2
EV/Revenue ⁽¹⁾ :	1.9x
EV/EBITDA ⁽¹⁾ :	24.2x

(1) Multiples calculated from Enterprise Value of first day of trading on January 25, 2008.

Equity Performance Since IPO



Staffing Sector Public Trading Statistics

(\$ in millions, except per share data)

Company Name	Stock Price	Market Cap	TEV	LTM Revenue	LTM EBITDA	Enterprise Value to:			Price to:			
						Revenue	EBITDA	EBIT	LTM EPS	Debt/Cap.	Debt/EBITDA	
Allied Healthcare International Inc. (NasdaqNM:AHCI)	\$1.98	\$67	\$52	\$286	\$15	0.2x	3.5x	5.4x	17.2x	NM	NM	
AMN Healthcare Services Inc. (NYSE:AHS)	\$16.18	\$546	\$674	\$1,164	\$85	0.6x	7.9x	9.2x	15.4x	34.7%	1.7x	
ATC Healthcare Inc. (OTCPK:AHNA)	\$0.07	\$3	\$19	\$94	\$1	0.2x	15.4x	25.7x	NM	71.5%	12.2x	
Cross Country Healthcare Inc. (NasdaqNM:CCRN)	\$12.58	\$404	\$434	\$718	\$50	0.6x	8.6x	10.3x	17.2x	9.2%	0.8x	
Medical Staffing Network Holdings Inc. (NYSE:MRN)	\$4.87	\$134	\$262	\$482	\$20	0.5x	12.8x	16.6x	NM	51.9%	6.3x	
On Assignment Inc. (NasdaqNM:ASGN)	\$8.05	\$281	\$379	\$597	\$54	0.6x	7.1x	11.8x	26.2x	41.3%	2.5x	
						High	0.6x	15.4x	25.7x	26.2x		
						Low	0.2x	3.5x	5.4x	15.4x		
						Mean	0.5x	9.2x	13.2x	19.0x		
						Median	0.6x	8.3x	11.1x	17.2x		

On the Street: Recent Transactions

- On April 7, 2008, **Nursefinders**, a healthcare staffing company, announced the acquisition of **Resources On Call**, a healthcare staffing focused on imaging and medical laboratory professionals. The terms of the transaction have not been disclosed.
- On February 15, 2008, **AMN Healthcare Services**, announced the acquisition of **Platinum Select**, a U.S. based provider of travel allied staffing, for **\$50 million**.
- On January 31, 2008, **Temps, Inc.** acquired **Nursing Innovations**, a Memphis-based nurse staffing agency. Terms of the transaction were not disclosed.
- On January 18, 2008, **Beecken Petty O'Keefe & Company** acquired a stake in **Valitas Health Services**, a provider of clinical staffing services, from **Madison Dearborn Partners**. Terms of the transaction were not disclosed.
- On August 31, 2007, **Medical Staffing Network** acquired **AMR Pro Nurse**, a Chicago based Vendor Management Services company. **Dresner Partners** advised the seller in this transaction.
- On July 17, 2007, **Medical Staffing Network Holdings** announced the completed acquisition of **InteliStaff**, a privately held healthcare staffing company for **\$92 million**.

Source: Capital IQ, company press releases and reports, various national news sources, and Dresner Partner estimates.

DRESNER PARTNERS: HEALTHCARE GROUP

Dresner Partners Healthcare Industry Group

Dresner Partners has advised many privately-owned businesses, public companies, and private equity firms in the Healthcare sector in executing strategic transactions such as a company sale, strategic acquisition, or a private capital raise. We provide financial and tactical advice that enables clients to make informed decisions about their options and maximize value. We assist business owners and management teams in achieving their financial and strategic goals.

Our role as financial advisor requires independent and objective advice and seasoned execution. Please contact one of our Healthcare Industry Group professionals to discuss how we can help you achieve your long-term objectives:

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Transaction Experience



has been acquired by



Boca Raton, FL

Dresner Partners acted as exclusive financial advisor to AMR ProNurse



Dresner Partners is currently advising on multiple transactions within the healthcare sector and is actively working with both buy-side and sell-side clients.

Medical Staffing Network Holdings, Inc. (NYSE: MRN), the nation's third largest healthcare staffing company and the largest provider of per diem nurse staffing services has acquired the assets of AMR ProNurse. AMR ProNurse provides nurses, allied healthcare and other medical professionals to healthcare facilities in the greater Chicago area and is a market leader in healthcare Vendor Management Services (VMS) with their OneSource VMS program.

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