



## **RegionalCare Hospital Partners to Merge with Essent Healthcare**

*Essent's Connecticut, Pennsylvania and Texas Hospitals to Join RegionalCare*

NASHVILLE, TN – Sept. 6, 2011 – RegionalCare Hospital Partners Inc., a Warburg Pincus portfolio company, today announced it has signed a definitive agreement to merge with Essent Healthcare, Inc., a portfolio company of Vestar Capital Partners and Cressey & Company.

Brentwood, Tennessee-based RegionalCare is the owner and operator of four market-leading, non-urban hospitals located in Florence, Alabama; Muscle Shoals, Alabama; Ottumwa, Iowa and Wilmington, Ohio, while Nashville-based Essent is the owner and operator of three market-leading, non-urban acute care hospitals located in Sharon, Connecticut; Waynesburg, Pennsylvania and Paris, Texas. The merger, which is conditioned on customary regulatory reviews and approvals, is expected to close by the fourth quarter of this year. Terms of the deal were not disclosed.

Day to day operations at the Essent hospitals will be unaffected by the parent-company-level merger.

“As a leading healthcare management company, Essent was an attractive partner for us,” said Martin S. Rash, Chairman and CEO of RegionalCare. “Essent’s physician recruitment initiatives and top-quality clinical operations coupled with service expansion opportunities and improving demographic trends in their markets, position these hospitals well for the future. We look forward to working with existing management and hospital boards, along with the hospital medical staff and employees to continue the momentum they have created.”

As part of the merger agreement, RegionalCare expects to continue the recently started campus consolidation plans in Paris, maintain the commitment to physician recruiting and retention and make appropriate capital investments at the individual hospitals. In the merged organization, RegionalCare will retain all employees in good standing and will keep the hospital management teams in place. Mr. Rash will continue to serve as RegionalCare’s Chairman and CEO.

“Essent is proud of its tradition of partnering with and strengthening hospitals that are essential to their communities. RegionalCare shares that desire,” said Essent Chief Executive Officer Michael W. Browder. “I am confident the partnership between RegionalCare and Essent provides the best opportunity for our hospitals to continue to thrive and grow in an ever evolving healthcare industry.”

The agreement between RegionalCare and Essent will create a seven hospital system with hospitals in Texas, Alabama, Connecticut, Ohio, Iowa and Pennsylvania.

“Our partnership with Essent has been a solid success,” said James L. Elrod, Jr., managing director and Healthcare Sector co-head at Vestar Capital Partners. “Given their strong track

record over the past few years, we are confident that success will continue. In partnership with RegionalCare, Essent's hospitals will maintain their reputations as the premier healthcare providers in their local communities."

"Essent is a leader in the communities it serves and we are excited about the prospects of the merger," said Sean Carney, Managing Director at Warburg Pincus. "We look forward to partnering with Marty and the teams at RegionalCare and Essent to maximize the growth potential of each hospital and serve the healthcare needs of these communities."

"This transaction has all the elements these hospitals need to move to the next level," said Bryan Cressey, a partner at Cressey & Company and chairman of Essent. "The management team at Essent has built a strong family of hospitals. As part of RegionalCare, these hospitals will continue to build on their strengths and deliver high-quality healthcare services."

Barclays Capital served as the exclusive financial advisor to Essent and Kirkland & Ellis LLP and K&L Gates LLP served as its legal advisors. Waller Lansden Dortch & Davis LLP and Cleary Gottlieb Steen & Hamilton served as RegionalCare's legal advisors. Citigroup Global Markets, Inc., Morgan Stanley & Co., LLC and Deutsche Bank Securities Inc. provided committed debt financing to RegionalCare. Cahill Gordon & Reindel, LLP represented each of the banks.

### **About RegionalCare Hospital Partners**

RegionalCare Hospital Partners was founded in 2009 with a \$300 million investment from Warburg Pincus. With a commitment to high quality care and compassionate service, RegionalCare has quickly grown to a four-hospital system. More information can be found at [www.regionalcare.net](http://www.regionalcare.net).

### **About Essent Healthcare**

Essent Healthcare was founded in 1999 with the mission of acquiring community hospitals and providing them with the financial resources and expertise needed to grow. Essent hospitals include Sharon Hospital in Sharon, Conn., Southwest Regional Medical Center in Waynesburg, Pa., and Paris Regional Medical Center in Paris, Texas. More information can be found at [www.essenthealthcare.com](http://www.essenthealthcare.com).

### **About Warburg Pincus**

Warburg Pincus is a leading global private equity firm. The firm has more than \$30 billion in assets under management. Its active portfolio of more than 125 companies is highly diversified by stage, sector, and geography. Warburg Pincus is a growth investor and an experienced partner to management teams seeking to build durable companies with sustainable value.

Founded in 1966, Warburg Pincus has raised 13 private equity funds which have invested more than \$35 billion in over 650 companies in more than 30 countries.

Since inception, the firm has invested approximately \$7.5 billion in healthcare companies, including investments in American Medical Systems (NASDAQ: AMMD), Bausch & Lomb, Coventry Health Care (NYSE: CVH), Euromedic International (acquired by Merrill Lynch Global Private Equity and Ares Life Sciences in 2008), Harbin Pharmaceuticals (SHA: 600664), InterMune (NASDAQ: ITMN), Lepu Medical Technology (SHE: 300003), RegionalCare Hospital Partners, ReSearch Pharmaceutical Services, Rural/Metro Corporation and Tornier (NASDAQ: TRNX).

The firm is headquartered in New York with offices in Amsterdam, Beijing, Frankfurt, Hong Kong, London, Luxembourg, Mauritius, Mumbai, San Francisco, Sao Paulo and Shanghai. For more information, please visit [www.warburgpincus.com](http://www.warburgpincus.com).

### **About Vestar Capital Partners**

Vestar is a leading international private equity firm specializing in management buyouts and growth capital investments with \$7 billion in assets under management. The firm targets companies in the U.S. and Europe in five key industry sectors: consumer, diversified industries, healthcare, media/communication, and financial services. Vestar has been particularly active since 2006 with investments in the healthcare information services segment. Since the firm's founding in 1988, the Vestar funds have completed 69 investments in companies with a total value of more than \$30 billion. Vestar has operations in New York, Boston, Denver, Munich, and Paris. For more information, please visit Vestar's website at [www.vestarcapital.com](http://www.vestarcapital.com).

### **About Cressey & Company**

Cressey & Company ([www.cresseyco.com](http://www.cresseyco.com)) is a private equity investment firm with more than 30 years of experience building leading healthcare businesses. Recognized for pioneering the "buy and build" strategy, Cressey & Company identifies high-potential healthcare industry segments and then partners with exceptional executives to build leading healthcare services businesses. Together with its most recent fund, Cressey & Company Fund IV LP, the Cressey & Company team manages in excess of \$1 billion of capital committed to building growing healthcare companies in partnership with outstanding executives and management teams. Cressey & Company has offices in Chicago and Nashville.