M&A UPDATE

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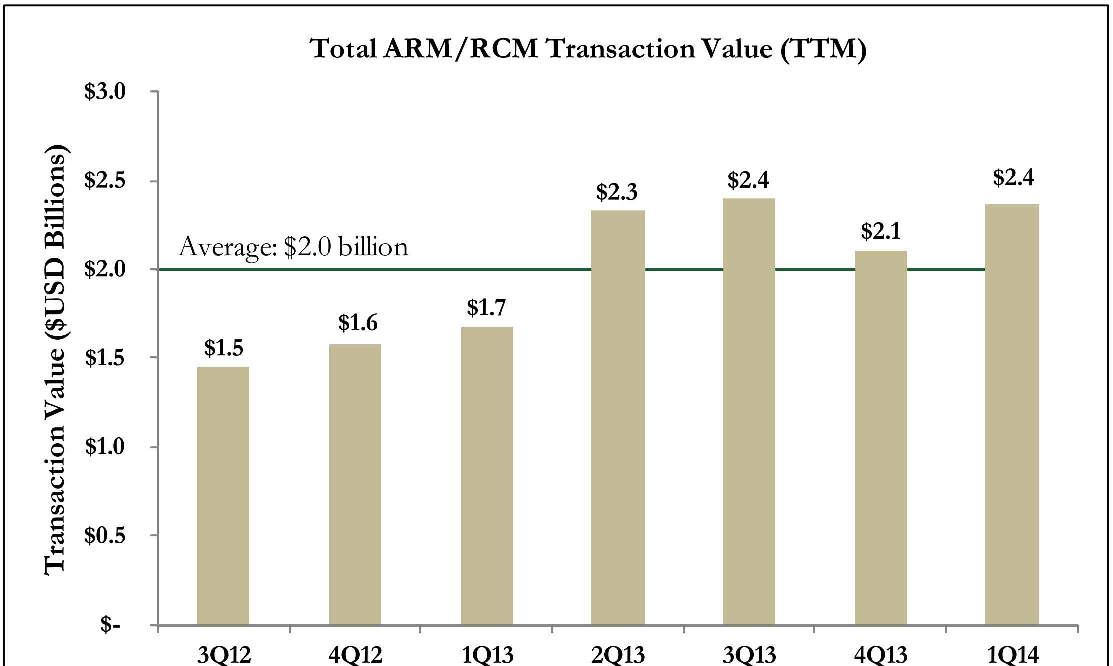
2014 off to a Fast Start… Much More to Come

The year is off to a strong start, with ten closed deals in the global ARM/RCM sectors. **Encore Capital**'s **Cabot Credit Management** made headlines once again, this time on the buy-side with its acquisition of **Marlin Financial Group** from **Duke Street Capital** for $484 million.

$2.4 billion in 12 Month Deal Value

On a trailing twelve month (TTM) basis, Q1 2014 aggregate transaction value reached approximately $2.4 billion, up 12% from the TTM period ended Q4 2013, and approximately equal to the high reached in the TTM ended 3Q 2013. The Marlin deal represented approximately 84% of the total $574 million of deal value for Q1 2014. Excluding that deal, Q1 2014 deals averaged $11.4 million in deal value, indicative of the continued consolidation among small and mid-sized players. As well, Q1 2014 deal activity remained relatively consistent with quarterly activity in 2013. Recent quarterly TTM transaction values can be seen in the exhibit below:



Source: Greenberg Advisors

Deal Value Grows 250% in Healthcare Revenue Cycle Management (RCM) Segment

Q1 2014 saw two RCM deals; consistent with activity in Q1 2013. Aggregate RCM deal value this quarter, however, was almost 250% higher. Both deals in Q1 2014 involved strategic buyers seeking to expand their geographic footprint, service offerings, and/or their client base of healthcare providers. Sellers in these RCM deals provided services and/or technology to both the front- and back-end of the revenue cycle including eligibility, self pay, coding, denials management and bad debt collections. We expect plenty of additional activity in 2014 among vendors to the revenue cycle, given the 14 RCM deals closed in 2013 and the heightened interest we see from many highly qualified strategic and financial buyers.

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__Greenberg Advisors, LLC__ provides trusted M&A and strategic advice within the financial services and business services sectors worldwide. The firm is best known for its expertise in Accounts Receivable Management (ARM), Revenue Cycle Management (RCM), Business Process Outsourcing (BPO), and Specialty Finance. Focused on these inter-related sectors for nearly 20 years, the firm's professionals offer a comprehensive, yet highly specialized perspective from which to advise clients, which has resulted in the completion of nearly 100 merger & acquisition (M&A), capital raising, valuation, and strategic advisory engagements. These client successes reflect its distinct client-first approach, objective point of view, deep sector expertise, and roll-up-the-sleeves work ethic.

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Buyers Were 100% Strategic

60% of deals closed in the first quarter involved public and/or private equity-backed companies completing bolt-on strategic acquisitions to grow their current platforms. The remaining 40% were done by pure-play strategic firms. In either case, many of today's buyers seek growth through acquisition because organic growth has become increasingly difficult due to availability of product, consolidation among clients and/or clients consolidating their vendor base. While we expect these trends to continue, we also expect to see some platform acquisitions by private equity firms and strategics in related markets seeking to capitalize on the dynamics in ARM, RCM and BPO that offer many opportunities.

Legal and Financial Services Dominated in ARM deals

Targets in 70% of the deals closed this quarter served financial clients, up from a three year (2011-2013) average of 52%. Another segment with elevated activity, target entities including law firms and firms providing legal oriented services represented 40% of Q1 2014 deals, a huge increase over the three year average of only 7%. In addition, targets serving clients in the auto, commercial and real estate sectors were involved in 30% of the quarter's deals vs. the three year average of 20%, 21% and 13%, respectively. These increases reflect a greater interest in diversifying revenue streams within ARM but also illustrate a trend among forward-thinking Business Process Outsourcing (BPO) firms and others to diversify into complementary service offerings.

Looking Ahead – Availability of Well-Priced Capital

The availability of cheap capital will continue to drive M&A and refinancing activity for deals of all sizes. Case in point, Greenberg Advisors recently arranged financing for a client, lowering its cost of capital by 72%.

RCM and ARM firms have access to similarly priced capital that – though they may not be aware of it – could significantly reduce their costs while enabling them to more profitably run and/or expand their business. Capital is available for purposes such as working capital/organic growth, M&A activity, purchasing pools of receivables, and refinancing existing indebtedness related to debt purchases or otherwise.

Put our nearly 20 years of sector-specific expertise and relationships to work for you.
Contact us to discuss opportunities we're seeing in the market today or to discuss how we might add value to your strategic plans for 2014 and beyond.

Contact Us at 301-576-4000 | Visit Our Website at www.greenberg-advisors.com

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