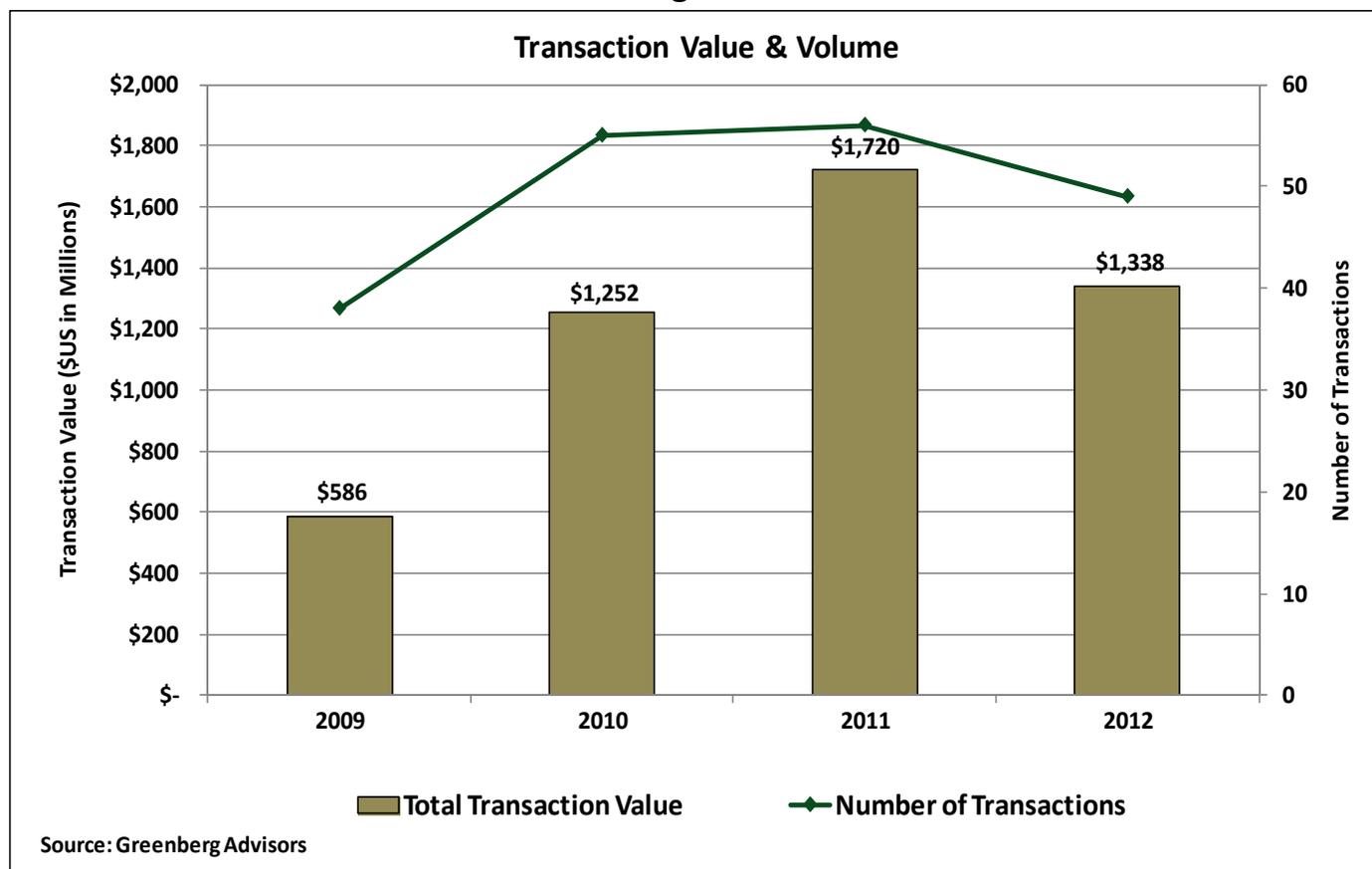


M&A UPDATE

M&A in 2012: A Top 10 List

#10. 2012 was another busy year despite, and in some cases because of, regulatory headwinds. There were 49 ARM/RCM* transactions worldwide accounting for \$1.34 billion of ARM deal value in 2012 (Figure 1), down from \$1.72 billion in 2011 but higher than \$1.25 billion in 2010.

Figure 1



#9. The public market saw plenty of action. Portfolio Recovery Associates (Nasdaq: PRAA) made acquisitions in the U.S. and U.K., Encore Capital (Nasdaq: ECPG) acquired a tax lien purchaser/servicer and also divested a subsidiary, and we saw a rare ARM industry IPO, that of Performant Financial Corp. (Nasdaq: PFMT).

#8. Regulatory changes at the forefront – Part I. The U.S. Presidential election confirmed that the CFPB is here to stay, and now industry participants need to determine their response to the new reality of federal, as well as state and local, regulations. In essence, comply or perish. Those that do comply will be well-positioned and will greatly enhance their firm's value.

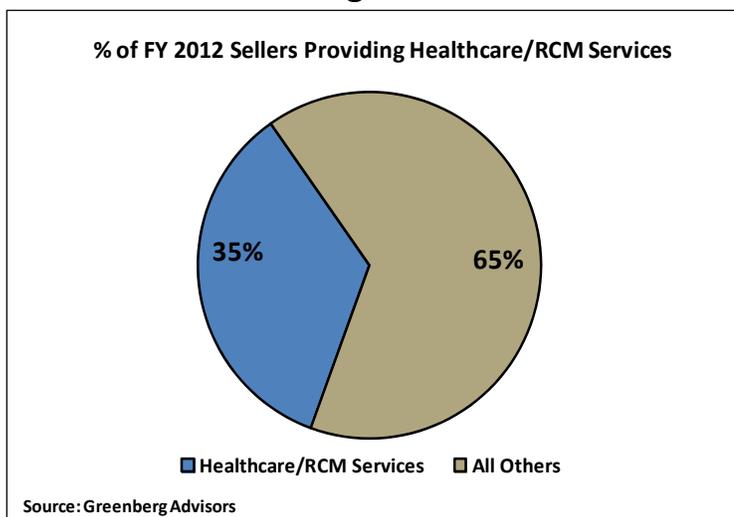
#7. Pricing multiples peaked at year-end. Pricing multiples for sellers of ARM/RCM firms were at their highest point of the year in the 4th quarter. Clearly, the market continues to reward sellers with attractive characteristics. Contact us to learn more.

(Continued on Page 2)

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 interrelated sectors for over 15 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 transactions. These client successes reflect its distinct client-first approach, objective point of view, deep sector expertise, and roll-up-the-sleeves work ethic.

M&A UPDATE

Figure 2



#6. RCM and healthcare are hot. 35% of the transactions we tracked in 2012 involved sellers focused in the healthcare vertical (**Figure 2**), with RCM companies representing over 20% of all sellers. Due to macro trends in most developed countries, we're confident that the healthcare/RCM sector, among others, will continue to attract greater amounts of investment capital.

#5. Acquisitions and roll-ups were prevalent among vendors. Notable transactions among vendors to ARM firms included **FICO's** acquisition of **CR Software** and multiple deals involving **Compass Investment Partners**.

#4. Major BPO/ARM transactions continue. In the BPO sector, the 4th quarter saw Bain Capital acquire a 30% stake in Indian BPO giant **Genpact**. This speaks to their belief in the future of BPO and ARM, as Genpact provides both.

#3. Many debt buyers were...sellers. Elevated prices for charged-off paper led many debt buyers to turn the tables and sell either their file of owned paper or their entire company. We expect more of this in 2013.

#2. Regulatory changes at the forefront – Part II. In response to the CFPB, credit grantors are also considering their next moves. Two changes enacted by some credit grantors and being considered by others have already spurred M&A activity: 1) Restricting debt buyers from outsourcing the servicing of purchased accounts; and 2) Reducing the number of firms approved to purchase their debt.

#1. The U.S. is seeing economic improvements, slowly but surely. The U.S. economy continues to improve, as demonstrated by declining bank card delinquencies, which hit 2.75% in 3Q 2012, a 15-year low (source: American Bankers Association). As such, credit issuance is poised to grow again, reflecting an improving future outlook among credit grantors. The long-term result of this will be growth opportunities for ARM, RCM, BPO and Specialty Finance participants.

Contact us for more details surrounding any of these items, to discuss opportunities in the market today, or to discuss how we might add value to your plans for 2013.

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