



Q4-2013 CRO INDUSTRY UPDATE

Market Update

The fourth quarter of 2013 saw a significant amount of M&A activity, rounding out what has been another highly active year for the sector. This quarter was dominated by smaller, internationally focused transactions as mid-sized groups primarily look to expand their scopes of service as well as geographical footprint in order to compete with the rise of the premier players in the industry. Looking into 2014, expect continued strategic consolidation as well as some major PE investments as companies like Medpace look to bring in new financial sponsors, as secondary transactions and IPO's have shown to be highly attractive across the board in 2013.

SELECT CRO TRANSACTIONS

Month	Investor	Target Company	Completed Transaction Details
October 2013	Quest Diagnostics, Inc.	Converge Diagnostic Services	Quest Diagnostics has acquired ConVerge Diagnostics, a Massachusetts-based provider of clinical, cytology, and anatomic pathology testing services, from Water Street Healthcare Partners. The financial terms of the transaction were not disclosed. With the acquisition, Quest will gain a regional platform in the women's health testing space. The deal also provides an exit for Water Street, which initially invested in ConVerge in 2009 and substantially grew the Company's customer base, test menu, and testing capabilities.
October 2013	Charles River Laboratories, Inc.	Vital River Laboratories Co., Ltd.	Charles River Laboratories International, Inc. (CRL), announced that it has agreed to acquire 75% of Vital River Laboratories Co., Ltd., for \$26.7 million, leading to an enterprise valuation for Vital River of \$35.73 million. Vital River is a Chinese producer/supplier of laboratory animals in support of biopharmaceutical research. Located in Beijing, Vital River provides rats, mice, hamsters, guinea pigs, and rabbits. No further terms of the transaction were announced.
October 2013	Spectra Laboratories, Inc.	Shiel Medical Laboratory, Inc.	Spectra Laboratories, Inc., a subsidiary of Fresenius Medical Care, announced it has signed a definitive agreement to acquire Shiel Medical Laboratory, Inc., headquartered in New York. Financial terms of the transaction were not disclosed. Shiel is expected to complement Spectra in regard to expanding the geographic footprint of the business as well as within the clinical testing segment. Spectra is the leading provider of renal-specific laboratory testing services throughout the United States.
October 2013	Clinlogix, LLC	Ikfe CRO GmbH	US-based Clinlogix, LLC announced the acquisition of ikfe CRO GmbH. Based in Germany, ikfe CRO GmbH provides clinical contract research services focusing on the chronic metabolic disorder of diabetes mellitus. Financial terms of the transaction were not disclosed.
October 2013	Cambridge Major Laboratories, Inc.	AAIPharma Services Corporation	Cambridge Major Laboratories, Inc. announced and completed the acquisition of AAIPharma Services Corporation from Water Street Healthcare Partners. AAIPharma, originally acquired by Water Street in 2009, is a North Carolina based provider of pharmaceutical product development and manufacturing services to the pharmaceutical and biotechnology industries. No financial terms of the transaction were disclosed.
November 2013	PRA International	CRI Lifetree	PRA International has acquired CRI Lifetree, a specialized research organization for an undisclosed sum. With this acquisition, PRA seeks to increase its operations in its Early Development Services (EDS) division with CRI's size and focus on conducting early stage design and tests. With a combined total of 500 beds and eight Clinical Pharmacology Units, PRA and CRI now have one of the largest Phase I organizations in the world.
December 2013	Bridgepoint Capital	Quotient Clinical	Bridgepoint Capital has acquired Quotient Clinical, a division of Quotient Bioresearch Group. Quotient Clinical provides drug development, manufacturing, and clinical testing services out of its two facilities in the United Kingdom and services a large amount of clients in the United States and Europe. Quotient Bioresearch Group, the parent organization, is in the process of divesting multiple aspects of their business. No financial terms of the transaction were disclosed.
December 2013	Shenzhen Hepalink Pharmaceutical Co., Ltd.	Scientific Protein Laboratories LLC	Shenzhen Hepalink Pharmaceutical Co., Ltd. (Shenzhen), has agreed to acquire Scientific Protein Laboratories LLC for approximately \$340 million in cash. Scientific Protein Laboratories was a portfolio company of American Capital Strategies, prior to being owned by Arsenal Capital Partners who had originally acquired Scientific Protein Laboratories from Wyeth in 2004. Located in Wisconsin, SPL is a manufacturer of APIs for pharmaceutical, veterinary, and food industries worldwide. The Company will retain all of its employees and US locations as part of the transaction. No further financial terms were disclosed.
December 2013	Sir Douglas Myers and existing shareholders	Chiltern International Limited, equity stake of Kester Capital	A group of existing shareholders, led by Sir Douglas Myers, have acquired a larger stake in Chiltern International Limited by buying out the ownership stake of Kester Capital who invested in 2010. Chiltern is a leading global clinical CRO managing Phase I-IV trials in over 40 countries. The Company had revenues of approximately \$170 million and EBITDA of approximately \$24.5 million. Financial terms of the transaction were not announced.
December 2013	Sarah Cannon Research Institute, LLC	Clinical Development Group, LLC	Sarah Cannon Research Institute, LLC has acquired Clinical Development Group. CDG is a Connecticut based provider of expert drug development support services. They primarily service industry, academic, and research organizations. Financial terms of the transaction were not disclosed.