

Q1-2015 Rehabilitation Update

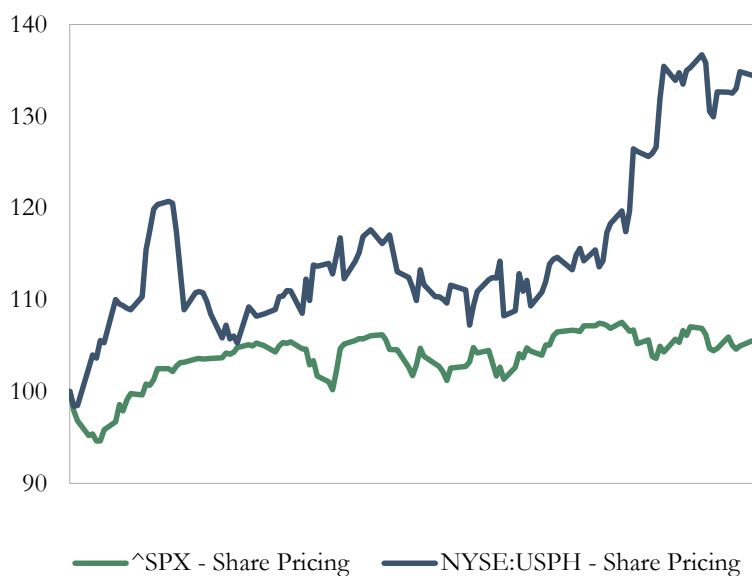


Market Overview

Consolidation activity within the rehabilitation industry in the first quarter of 2015 continued at a steady pace as expected. ATI Physical Therapy and U.S. Physical Therapy remained the two most acquisitive strategics in the outpatient vertical; ATI added another 28 clinics in the quarter, matching its total acquired in Q4 2014, while USPH followed an active 2014 through adding on another nine locations. Meanwhile, investors continue to move into the rehabilitation space, with Revelstoke Capital Partners acquiring Encore Rehabilitation Services, a contract therapy provider, from Glencoe Capital. The combination of more than a dozen providers backed by private equity firms with deep pockets in a highly fragmented industry continues to be a recipe for heightened consolidation, and there is no reason to believe the outlook will differ moving forward.

Q4 2014 & Q1 2015 Public Snapshot

U.S. Physical Therapy vs. S&P 500



SELECT TRANSACTIONS

| Month | Acquirer | Target Company | Details |
|---------------|-----------------------------|---------------------------------|---|
| March 2015 | ATI Physical Therapy | Flexeon Rehabilitation | ATI Physical Therapy announced the acquisition of Flexeon Rehabilitation. Flexeon is a 16 clinic practice with locations in Illinois and Indiana. With the transaction, ATI now operates over 400 clinics in 13 states. Terms of the deal were not disclosed. |
| March 2015 | ATI Physical Therapy | Matt Smith Physical Therapy | ATI Physical Therapy expanded into Nevada through the acquisition of Matt Smith Physical Therapy, an operator of 12 clinics in the state. Financial terms of the transaction were not disclosed. |
| March 2015 | Pure HealthyBack | Dynamic Rehabilitation | Pure HealthyBack, a provider of services to treat chronic back and neck pain, acquired Dynamic Rehabilitation for an undisclosed amount. Dynamic has four clinics in Southeast Michigan. |
| February 2015 | U.S. Physical Therapy | Target Undisclosed | U.S. Physical Therapy, an operator of almost 500 outpatient physical therapy clinics, acquired a 60% stake in an undisclosed, nine-clinic physical therapy practice for \$7.2 million, valuing the Company at \$12 million. The practice sees more than 80,000 patient visits per year with annual revenues of approximately \$7.4 million. |
| January 2015 | Revelstoke Capital Partners | Encore Rehabilitation Services | Revelstoke Capital Partners recapitalized Encore Rehabilitation Services, a Michigan-based provider of rehabilitative therapy services to skilled nursing facilities and assisted living facilities. Encore was a previous portfolio company of Glencoe Capital. Financial terms of the transaction were not disclosed. |
| January 2015 | ProEx Physical Therapy | Sports Therapy & Rehabilitation | ProEx Physical Therapy acquired Sports Therapy & Rehabilitation with two locations in Massachusetts. Terms of the transaction were not disclosed. |
| January 2015 | Good Shepherd Penn Partners | Rasansky Physical Therapy | Good Shepherd Penn Partners, a joint venture between the University of Pennsylvania Health System and the Good Shepherd Rehabilitation Network, added its 14 th outpatient PT clinic through the acquisition of Rasansky Physical Therapy. Terms of the deal were not disclosed. |