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MidCap Financial Launches Commercial Finance Company with Over \$500 Million Equity-Will Focus on Middle Market Lending to Healthcare Industry

BETHESDA, Md., Nov. 25 /PRNewswire/ -- MidCap Financial LLC, a new commercial finance company that will focus on middle market lending to the healthcare industry, today announced its formation and funding with over \$500 million in equity commitments. MidCap's investors are Thomas H. Lee's Lee Equity Partners LLC, Genstar Capital LLC and Moelis Capital Partners. MidCap also has a substantial long-term debt facility in place, led by Wells Fargo Foothill, part of Wells Fargo & Company (NYSE: WFC).

MidCap is being led by the entire former senior management team of Merrill Lynch Capital Healthcare Finance, including its founder, Howard Widra, who will serve as Chief Executive Officer of MidCap. Prior to founding Merrill Lynch Capital Healthcare Finance, Mr. Widra served as President of GE Healthcare Financial Services, President of Heller Healthcare Finance, and Chief Operating Officer of Healthcare Financial Partners.

The other senior members of MidCap's management team include:

-- Steve Curwin, Chief Credit Officer, who formerly served as Managing Director and Chief Credit Officer of ML Capital Healthcare Finance;

-- David Moore, Chief Financial Officer and Chief Administrative Officer, who formerly served as Managing Director and Head of ML Capital Healthcare Finance's asset-based lending business;

-- Kevin McMeen, Head of Real Estate Finance, who formerly served as Managing Director and Head of ML Capital Healthcare Finance's real estate business;

-- Clare Bailhe, Head of Leveraged Finance, who formerly served as Managing Director and Head of ML Capital Healthcare Finance's leveraged loan business; and

-- Will Gould, Head of Life Sciences and Asset Based Lending, who founded and served as Head of ML Capital Healthcare Finance's life sciences business.

MidCap Financial will focus on investments in four areas:

-- Real estate loans to senior housing, skilled nursing facilities and medical office buildings;

-- Working capital loans collateralized by third-party accounts receivable and other assets;

-- Leveraged loans to healthcare companies backed by private equity sponsors; and

-- Life sciences loans, primarily to pharmaceutical, biotech and medical device companies.

"Our target markets share common features that make them especially attractive," Mr. Widra said.

"Healthcare continues to be one of the largest and most rapidly growing segments of the economy. The current liquidity crisis has created significant demand for our products and services. We are extremely pleased to be in a position to fill the void in an industry as critical and necessary as healthcare."

Genstar Capital and Lee Equity committed the majority of the capital and will have equal representation on the Board. The Board will also include members of management and Moelis Capital Partners, with Mark K. Gormley, a Partner at Lee Equity, serving as Chairman.

Tom Lee, President of Lee Equity Partners added, "MidCap is one of those businesses that can do well by doing good. The liquidity crisis in which our nation finds itself has put a significant strain on businesses of all types. Through investment in the healthcare industry, we support both maintenance and improved quality of life. On the investment side, significant opportunities exist for a business with proven management, deep industry contacts and no legacy portfolio."

Jean-Pierre Conte, Chairman and Managing Director of Genstar Capital, stated, "MidCap's management expertise creates opportunities for lending in niche markets where specialized industry knowledge and experience matter greatly. This transaction provides an opportunity for Genstar to leverage our expertise in the healthcare sector and partner with Howard and his successful team with whom we have had a strong working relationship and whose executives understand the complexities of lending to middle market healthcare companies to support their growth. We are very excited about the opportunities that MidCap has in this and future markets."

Ken Moelis, Chief Executive Officer of Moelis & Company, stated, "We expect that MidCap's highly disciplined approach to the market will yield significant benefits for all parties involved in transactions with them. MidCap's management team will work closely with its clients to provide tailored solutions that meet their specific financing needs, and bring to each transaction an unparalleled knowledge of the healthcare industry and its unique financing requirements."

Mr. Widra added, "Demand for healthcare services is expected to increase markedly as the baby boomer generation ages, creating higher demand for the full range of healthcare services. MidCap opens its doors with substantial capital available to lend into this growing market. Given the limited availability of credit in the middle market generally and in the healthcare industry specifically, we believe we offer a valuable new opportunity for growing and successful healthcare companies to expand their businesses through custom-tailored solutions."

Moelis & Company acted as exclusive financial advisor to MidCap Financial on this transaction.

ABOUT GENSTAR CAPITAL LLC

Genstar Capital (www.gencap.com) is a leading private equity firm that for 20 years has been actively investing in high quality middle-market companies. Based in San Francisco, Genstar works in partnership with its management teams and its network of strategic advisors to transform its portfolio companies into industry-leading businesses. Genstar has more than \$3 billion of committed capital under management and targets investments focused on selected sectors within the life science, healthcare services, industrial technology, software, and financial services industries.

ABOUT LEE EQUITY PARTNERS LLC

Lee Equity Partners LLC is a private investment firm founded by Thomas H. Lee in August 2006. Mr. Lee is a leader in the private equity industry, and his new firm continues his longstanding focus on growth-oriented investing. Lee Equity integrates a deep experience base in selected industries, including commercial finance, with an intensive, fact-based approach to due diligence, and a world-class strategy and operations capability to create returns for its investors. The partners at Lee Equity have collectively invested over \$10 billion of capital in total and over \$3 billion in capital across 24 transactions in financial services. It typically invests between \$100 million and \$500 million in its portfolio companies. Lee Equity Partners is based in New York City.

ABOUT MOELIS CAPITAL PARTNERS

Moelis Capital Partners is the private equity business of Moelis & Company (www.moelis.com). Moelis Capital Partners specializes in traditional private equity investments in the middle market. It targets investments between \$25 million and \$200 million and supports Moelis & Company's clients on key strategic transactions. Moelis & Company's investment banking business provides advice on mergers and acquisitions, restructurings, capital raising, and other corporate finance matters and serves a broad client base through its offices in New York, Boston, Chicago, London and Los Angeles.

ABOUT MIDCAP FINANCIAL LLC

MidCap Financial is a commercial finance company focused on middle market lending in healthcare and other specialty vertical markets. Mid Cap specializes in middle market loans in the \$10 million to \$200 million range. Its principal officers are all veterans of the health care finance industry, having worked together at the Healthcare Finance division of Merrill Lynch Capital until it was sold in early 2008 and at two healthcare finance companies previously. The company is headquartered in Bethesda, MD, with offices in Chicago and Los Angeles.