



**For Immediate Release**

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**SEASONED HEALTHCARE EXECUTIVE JOINS WATER STREET HEALTHCARE PARTNERS  
TEAM**

CHICAGO, Ill., September 12, 2006 – Water Street Healthcare Partners, a Chicago-based private equity firm focused exclusively on the healthcare industry, announced today that Steve Cosler has joined the firm as Operating Partner. Mr. Cosler was the president and chief executive officer at Priority Healthcare Corporation until its acquisition by Express Scripts in 2005, and has extensive experience in specialty pharmacy, specialty distribution, and outsourced payor and pharma services.

“Steve brings significant healthcare industry operating experience to Water Street, including a comprehensive understanding of many of the industry segments we have targeted for investment, and strongly complements our team’s existing skill sets.” said Kip Kirkpatrick, partner at Water Street. “He will play an integral role in sourcing and evaluating our investment activity, as well as providing strategic and operating direction to our portfolio companies.”

Prior to joining Water Street, Mr. Cosler worked for nine years at Priority Healthcare where he led its pharmacy services business before becoming chief operating officer in 2000 and president and chief executive officer in 2002. In addition, he helped lead the successful initial public offering

of the company from its former parent, Bindley Western Industries, where he was a senior vice president.. He also held senior management positions at CoreSource, one of the nation's largest employee health benefit third-party administrators, and had an extensive management career at IBM Corporation.

Cosler augments Water Street's existing operating bench strength, joining Al Heller and Kevin Swan as operating partners. "Water Street is very focused on building leadership companies in healthcare – and our extensive operating experience and industry knowledge are key factors in our success. We believe the diverse senior-level backgrounds that Steve, Kevin and Al bring to Water Street allow us to cover the full spectrum of investment opportunities in healthcare, with a particular emphasis on medical products, specialty distribution pharmaceutical services, and outsourced services," said Jim Connelly, partner at Water Street.

Al Heller was formerly chief executive officer of American Pharmaceutical Partners and president of Baxter Corporation's renal division. He spent much of his 25-year career with G.D. Searle (now part of Pfizer), where, as co-president and chief operating officer, he launched the blockbuster drug Celebrex. For Water Street, Mr. Heller concentrates on the pharmaceutical services market and formerly served as a board member of Medex, a manufacturer and marketer of critical care products, where he helped the company enhance its strategy for pharmaceutical products sold directly to the acute care market.

Kevin Swan's 25 years of healthcare operating experience include leadership positions in multi-billion-dollar corporations and start-up operations alike. Over his career, he served as president of McKesson's Medical Group, a \$3 billion diversified distribution business, as well as president and chief executive officer of Griffith Micro Science International, a private company he built into the worldwide leader in sterilization services for the medical device industry. Mr. Swan works with the Water Street team in evaluating opportunities in specialty distribution and medical products. In addition, he plays an active role on the board of directors of Facet Technologies,

acquired in July by Water Street, where his network of distributor relationships has already created several new business development opportunities for the company.

“We continue to be excited about the momentum we’ve generated at Water Street,” Kirkpatrick said. “In the past six months, we closed our first stand-alone fund and completed three investments, which we believe speaks to the strength of our investment strategy, our strong track record of success in achieving significant value creation in the middle market companies we acquire, and our operating expertise. Our diverse set of operating partners has always been a key differentiator for Water Street, and the ability to tap into their networks and experience as value-added board members for our portfolio companies has allowed us to attract very strong management teams looking to aggressively grow their companies.”

### **About Water Street Healthcare Partners**

Water Street Healthcare Partners is a Chicago-based private equity firm focused exclusively on building market leadership companies in the healthcare industry. Applying its financial and operating expertise, deep industry knowledge, and extensive network of contacts, Water Street helps companies significantly accelerate growth and create value. The team, which has invested together since 1998, is currently investing its \$370 million fund, the firm’s first independent fund. Water Street typically leads investments in transactions from \$50 million to \$500 million in value. The Water Street team’s historical investments have included Lakewood Pathology Associates, Facet Technologies, Access MediQuip, Medex, AbilityOne, and Kendro Laboratory Products. For more information about Water Street Healthcare Partners, visit [www.waterstreetcapital.com](http://www.waterstreetcapital.com).

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