

The Carlyle Group, in partnership with Palamon Capital Partners, is to acquire dental service provider Integrated Dental Holdings and merge it with Associated Dental Practices

- Carlyle and Palamon will grow the business through significant investment, diversification of services and acquisitions -

London – 28th January 2011 – Global alternative asset manager The Carlyle Group (Carlyle) announced today that it has signed a binding agreement to acquire Integrated Dental Holdings (IDH), from Bank of America Merrill Lynch Capital Partners (BAMLCP), and simultaneously merge it with Associated Dental Practices (ADP) in partnership with private equity firm Palamon Capital Partners (Palamon). Carlyle will hold a majority of the newly combined entity and Palamon will share joint governance. BAMLCP is fully exiting its stake in IDH. The proposed merger of IDH and ADP is subject to relevant regulatory approval. Financial details were not disclosed.

IDH and ADP are two leading providers of dental care in the UK, primarily focused on NHS dentistry, with close to 450 practices treating more than 3.5 million patients per year. Carlyle and Palamon will invest in the business to expand the number of practices, enhance the quality of patient care and grow NHS, private and specialist dental services. Furthermore, this investment will facilitate the company's diversification into other primary care services and cosmetic treatments.

"Carlyle and Palamon have recognized that IDH and ADP are high-quality businesses with significant growth potential. This investment will allow us to provide more services across more practices with better quality of patient care in dentistry and potentially other primary healthcare fields too." said Richard Smith, CEO of IDH, who will lead the combined entity. "Furthermore, the merger with ADP is a particularly exciting and progressive step for both organizations in terms of career opportunities and development for the management, dentists and support staff." Mr Smith has extensive experience in the healthcare industry, and was formerly the Managing Director of Lloyds Pharmacy, where he led the development of the largest community pharmacy chain in the UK.

"Carlyle and Palamon's combined financial strength, extensive network, and track record in the management of healthcare companies are great assets to IDH and ADP" said David Hillier, CEO of ADP. "We are delighted that our partnership with Palamon will continue and look forward to working with Carlyle."

Eric Kump, Managing Director of Carlyle Europe Partners, commented, "IDH and ADP are UK market leaders in NHS dentistry and a merger between the businesses creates a wealth of opportunities for the new entity. We are delighted to have facilitated this unique transaction as we see long term growth potential in the dental services sector. We are looking forward to working with the NHS to enhance patient access and value for services as well as provide the highest standards of care. Furthermore, we believe the business has the capability to extend into other local primary care areas consistent with the government's stated objectives."

Jonathan Heathcote, Partner at Palamon Capital Partners, said "We are delighted with our involvement in this significant transaction. It builds on our investment thesis focused on opportunities in the European healthcare services sector. We look forward to partnering with Carlyle in helping this combined business reach its full potential."

Matthew Turner, Managing Director of BAMLCP, said “We are exceptionally proud of our achievements with IDH and delighted to have found strong new partners for the business who we believe have the capability to further build on IDH’s track record. We wish Carlyle and Palamon every success with their plans to merge the business with ADP and take the business to the next level.”

New equity for this transaction comes from Carlyle Europe Partners III (CEP III), a €5.4 billion buyout fund focused on investment opportunities in Europe. The fund made five investments in 2010 – a portfolio of Primondo Specialty Group’s retail businesses, B&B Hotel Group (hotel chain), Giannoni (manufacturer of stainless steel heat exchangers), NBTY (manufacturer of vitamins and nutritional supplements and parent company of Holland and Barratt) and Commscope (infrastructure solution provider for communications networks).

Palamon Capital Partners had invested in ADP through its second fund, Palamon European Equity II, a mid-market pan-European fund focused on growth services businesses. In 2010 Palamon’s portfolio company profits grew by an average of 38%, whilst at the same time the Firm concluded six realisations generating almost €450 million of proceeds.

Transaction advisors to Palamon and Carlyle

M&A Advisors: DC Advisory, ING
Legal advisors: Slaughter and May and Linklaters
Financial due diligence and tax: PriceWaterhouseCoopers
Financing Banks: ING, Bank of Ireland, LBG and SG

Transaction advisors to BAMLCP

M&A Advisors: Bank of America Merrill Lynch, Hawkpoint
Legal Advisors: Clifford Chance, CMS Cameron McKenna
Financial due diligence and tax: KPMG

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About The Carlyle Group

The Carlyle Group is a global alternative asset manager with \$97.7 billion of assets under management committed to 76 funds as of September 30, 2010. Carlyle invests across three asset classes - private equity, real estate and credit alternatives - in Africa, Asia, Australia, Europe, North America and South America focusing on aerospace & defense, automotive & transportation, consumer & retail, energy & power, financial services, healthcare, industrial, infrastructure, technology & business services and telecommunications & media. Since 1987, the firm has invested \$64.7 billion of equity in 1015 transactions. The Carlyle Group employs more than 900 people in 19 countries. As of June 30, 2009, in the aggregate, Carlyle portfolio companies have more than \$84 billion in revenue and employ more than 398,000 people around the world. Web: www.carlyle.com; Case Studies: www.carlylegroupcreatesvalue.com; Video: www.youtube.com/OneCarlyle

About Palamon Capital Partners

Palamon Capital Partners, LP is an independent private equity Partnership founded in 1999, which is focused on providing equity for European growth services companies. Palamon, as a pan-European investor, originates, executes and manages investments in the UK, Italy, Spain, Denmark, Belgium, Sweden, France, and Germany. The Firm targets investments in companies where it can be the lead private equity provider and where the Partnership's experienced principals can provide strategic direction and support to help build equity value. The Firm manages Palamon European Equity, L.P. and Palamon European Equity II, L.P., capitalised at €1.1 billion, and making up one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market arena. Investors in Palamon funds are based mainly in the US and Europe and are among the most significant investment institutions in the world. For more information on Palamon refer to www.palamon.com

About Integrated Dental Holdings

IDH is one of the UK's leading Dental Groups, with 2 million patients and a network of over 315 practices nationwide. IDH believes that our growing 'Group' philosophy is the way forward in Dental Care; sharing standards, clinical excellence, increased employee opportunities and better training. Ultimately, it is the goal to become number one, leading the way in patient care and choice, encouraging practices to come on-board, sharing the benefits of such a unique network can offer and to offer PCTs across the Country, partnerships built on outstanding delivery and standards. For more information on IDH refer to www.idhgroup.co.uk

About Associated Dental Practices

ADP is one of the largest UK dental chains and a major provider of NHS dentistry in the UK with approximately 125 practices serving 1.5 million patients. ADP is committed to NHS dentistry and to expanding its services through working closely with Strategic Health Authorities and Primary Care Trusts across the UK to create new NHS dental practices and additional dental access for NHS patients. For more information on ADP refer to www.adp-dental.com

About BAML Capital Partners

BAML Capital Partners (BAMLCP) is the private equity investment arm of Bank of America. BAMLCP, formerly known as Merrill Lynch Global Private Equity (MLGPE), has invested nearly \$5 billion of equity capital in more than 26 portfolio companies since 2002. BAMLCP targets investments in high-quality, market-leading companies in partnership with company management. Investments range across a variety of sectors and are typically based in North America and Europe. BAMLCP is a control-oriented equity investor. The firm makes equity investments in the form of leveraged buyouts, growth equity, and equity-linked junior capital, typically investing \$50 million to \$200+ million per transaction, while historical investments have ranged both above and below these levels. BAMLCP has offices in New York and London. For more information on BAMLCP refer to www.baml.com/bamlcp