

News Release

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Clayton, Dubilier & Rice to Invest in PharMEDium, Nation's Leading Provider of Sterile Compounding Services to Hospital Pharmacies

LAKE FOREST, ILLINOIS – December 19, 2013 – PharMEDium, the leading national provider of hospital pharmacy-outsourced sterile compounding services, today announced an agreement under which a fund managed by Clayton, Dubilier & Rice (CD&R) will invest in the company. Oak Investment Partners and Baird Capital will exit as part of the transaction, while JVC Management, an investment firm controlled by David N. Jonas, Chairman and CEO of the Company, will retain an investment in the company. Terms of the transaction were not disclosed.

PharMEDium's outsourced sterile compounding services are used by hospitals, primarily to facilitate ready-to-use intravenous drug delivery to patients. Using FDA-approved drugs, diluents and containers, the company creates compounded sterile preparations ("CSPs"), which are not otherwise commercially available in the marketplace. PharMEDium provides CSPs in ready-to-use presentation with enhanced safety, labeling, stability, sterility and dating characteristics that are required by its hospital customers. Based in Lake Forest, Illinois and operating through four outsourcing facilities, PharMEDium serves more than 2,600 acute-care hospitals, including integrated delivery systems, academic medical centers, hospital groups, and standalone urban, suburban and rural hospitals.

The company has been registered with the U.S. Food and Drug Administration (FDA) since its inception in 2003. On December 4, 2013, PharMEDium voluntarily registered with the FDA as a 503B large-scale sterile compounding "outsourcing facility" under the newly enacted Drug Quality and Security Act, ("DQSA"), which was signed into law on November 27, 2013. PharMEDium's registration reflects the company's continued commitment to patient safety with FDA oversight, safety, compliance and information transparency.

Following the transaction, David N. Jonas, Founder, Chairman and CEO, will be succeeded by William R. Spalding, PharMEDium's Executive Vice President, Strategy, Legal and Finance, who will become Chief Executive Officer. Mr. Spalding has more than 20 years of management leadership experience in the healthcare industry. Prior to joining PharMEDium, Mr. Spalding was the Executive Vice President,

Strategy and Managed Care of CVS Caremark Corporation and the Executive Vice President, Strategic Initiatives at Caremark Rx, Inc.

David N. Jonas, who founded PharMEDium in 2003, will remain on the Board of Directors and retain a minority ownership interest in the business.

“Under David’s leadership, PharMEDium has become the preeminent provider of choice for pharmacy outsourced sterile, intravenous admixture compounding services and the national leader in the hospital pharmacy-outsourcing sector,” said CD&R Partner Richard J. Schnall. “The company has a sterling reputation for ensuring the highest level of patient safety and provides a highly differentiated value proposition to hospitals that are increasingly outsourcing the preparation of customized anticipatory sterile compounds. We look forward to partnering with the PharMEDium team to build upon the company’s exceptional track record of commitment to patient safety and customer service.”

“I am extremely proud of our achievements as a company over the last decade and look forward to seeing PharMEDium continue its track record of innovative solutions for drug delivery with unmatched customer service offerings with our new equity partners,” said Mr. Jonas. “CD&R has a strong track record working with management teams to build businesses. Importantly, the firm shares our vision for growing PharMEDium and deep commitment to putting patient safety first in everything that we do.”

PharMEDium’s financial advisor was J.P. Morgan and K&L Gates acted as legal advisor. CD&R has obtained committed financing from J.P. Morgan Securities LLC, Credit Suisse and Morgan Stanley. Credit Suisse Securities (USA) LLC and Morgan Stanley acted as financial advisors, and Debevoise & Plimpton LLP acted as legal advisor, to CD&R in connection with the transaction.

About PharMEDium

PharMEDium is the nation’s leading provider of hospital pharmacy-outsourced, sterile admixture services with facilities in five states and thousands of acute care hospital customers nationwide. The company’s qualified personnel and state-of-the-art facilities are registered with the FDA, and governed by its own rigorous quality standards. PharMEDium starts the compounding process with FDA-approved sterile components and drugs in finished dosage form, which are sourced from FDA-approved manufacturers. The company’s mission is to be the preeminent provider of choice for hospital customers and to attain the highest degree of integrity in the compounding of sterile preparations. For more information, please visit www.pharmedium.com.

About Clayton, Dubilier & Rice

Founded in 1978, Clayton, Dubilier & Rice is a private equity firm with an investment strategy predicated on producing financial returns through building stronger, more profitable businesses. Since inception, CD&R has managed the investment of approximately \$19 billion in 57 businesses with an aggregate transaction value of approximately \$90 billion. For more information, please visit www.cdr-inc.com.

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