

# News Release



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## **For Immediate Release**

### **Evolution Benefits™ Announces Its Acquisition by Genstar Capital Transaction Adds Growth Capital and Retains Management Team**

**AVON, CT, July 29, 2010** – Evolution Benefits, Inc. announced today that it has been acquired by Genstar Capital, LLC, a private equity firm based in San Francisco.

Financial terms were not disclosed.

Headquartered in Avon, CT, Evolution Benefits (EB) is a leading provider of innovative benefit card payment services for healthcare and employee benefits accounts, serving approximately 3.5 million people throughout the country. The company's patented technology allows consumers to access their funds in Flexible Spending Accounts (FSAs), Health Reimbursement Accounts (HRAs), Health Spending Accounts (HSAs) and Qualified Transportation Accounts (QTAs) through special purpose prepaid Visa® or MasterCard® cards. Its payment solutions provide industry leading levels of electronic verification that card expenditures qualify for pre-tax treatment under IRS guidelines. Genstar is a middle market private equity firm that focuses on investments in selected segments of the healthcare, financial services, software and industrial technology industries.

Evolution Benefits' chairman and CEO Robert E. Patricelli and the entire senior management team will remain with the company. Mr. Patricelli said, "We have built a strong company and our leadership in the healthcare payment services sector is founded on our technology and customer service. The addition of new capital by Genstar, plus its

team of experienced investment professionals and operating executives, will be very helpful to us in developing new products, making acquisitions, and growing the size of the company. All of our customers and business partners should welcome this expansion of our capabilities under the leadership of the management team they know well.”

Patricelli added that “all of us at Evolution Benefits want to thank our original and now exiting external investors—The Sprout Group, CCP Equity Partners, and Pfizer Strategic Investments—for their support in getting us to our current strong position in the market.”

James Nadauld, a Principal of Genstar, said, “The investment in Evolution Benefits represents a convergence of Genstar’s specialization in both the healthcare services and electronic payments verticals. We believe strongly that Evolution Benefits is poised for continued growth as consumers and employers continue to migrate towards consumer-directed health (CDH) products enabled by debit cards rather than manual submission of healthcare claims.”

“As we focus on future investments to further develop this strong platform company,” said Eli Weiss, also of Genstar, “we will explore new acquisitions and innovative product developments by Evolution Benefits to leverage the inefficiencies in the manual healthcare claims processing supply chain.” In addition to the management team, Larry Park, a Genstar operating executive who has served on Evolution Benefits’ Board of Directors since 2006, will play a significant role in driving growth as a continuing Board member.

The company’s signature product is the Benny<sup>TM</sup> Prepaid Benefits Card, a special-purpose MasterCard or Visa card for use with tax favored benefit accounts. Participants simply swipe the card and EB’s proprietary software validates the purchase, and funds are automatically deducted from the applicable benefit account for payment. Benny eliminates most out-of-pocket cash outlays and paperwork, as well as the need to wait for manual verification and reimbursement. The company provides full-service card solutions to 250 third-party administrators, health plans, Taft-Hartley plans and self-administered employers to ultimately service over 19,000 employers, 1.7 million card accounts, and approximately 3.5 million people.

Raymond James & Associates acted as financial advisor to the company, Dechert LLP acted as legal counsel to the company, and Weil, Gotshal & Manges LLP acted as legal counsel to Genstar in the transaction.

**About Genstar Capital, LLC**

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

**About Evolution Benefits, Inc.**

Evolution Benefits<sup>™</sup>, Inc.'s Benny<sup>™</sup> Prepaid Benefits Card applies advanced payment and patented auto-substantiation technologies to benefits accounts such as FSAs, HRAs, and HSAs. The company also offers benefit administration software through its BEMAS subsidiary. The combined company provides card and/or software services to 340+ TPAs. For more information, visit [www.EvolutionBenefits.com](http://www.EvolutionBenefits.com).

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