

Carlyle Picks Up Pharmacy Managing Biz WellDyneRX

By **Benjamin Horney**

Law360, New York (August 1, 2016, 1:20 PM EDT) -- The Carlyle Group has agreed to buy pharmacy benefit manager WellDyneRx Inc., the companies said Monday, in a deal guided by Skadden Arps Slate Meagher & Flom LLP and Latham & Watkins LLP.

The financials of the deal were not disclosed, though the Wall Street Journal reported in late June that a sale of WellDyneRx could be worth around \$1 billion. WellDyneRx, headquartered in Colorado, provides pharmacy benefit management services to roughly one million people across the U.S., with customers including small and mid-sized self-insured employers, unions, municipalities and providers.

Zachary Johnson, president of WellDyneRx, said in a statement that Carlyle's financial backing presents "tremendous opportunity" for the pharmacy benefit manager to grow into a leading national player.

"WellDyneRx, Inc. has enjoyed remarkable growth over the past few years as the company has transitioned from a niche player to a full-service PBM," Johnson said. "Carlyle provides the perfect combination of strategic and financial support to enable us to strengthen our commitment to our existing customers while pursuing greater scale in our operations."

Stephen H. Wise, a managing director at Carlyle and head of global healthcare for the firm, said in a statement of his own that Carlyle is "pleased to partner with WellDyneRx," noting that the company has "distinguished itself among peers by consistently seeking innovative ways to offer the highest quality member service while delivering cost savings to self-insured plans."

"We strive as a firm to invest in companies that improve accessibility and affordability of healthcare," Wise said.

The deal, which is still subject to customary regulatory approvals, is expected to close before the calendar turns to 2017.

Carlyle will pay for the deal using money from its \$13 billion buyout fund, Carlyle Partners VI. Money from that fund was also used in 2014 to buy Florida-based Vogue International LLC, which makes shampoo, conditioner and other personal care products, a company Carlyle sold in June to a unit of Johnson & Johnson for \$3.3 billion.

Other companies Carlyle has invested in using capital from Carlyle Partners VI include software and IT services provider Novetta Solutions LLC, which the private equity firm bought about a year ago, as well

as Brazilian hospital operator Rede D'Or Sao Luiz.

Overall, The Carlyle Group manages \$178 billion worth of assets across 125 funds and 164 funds of funds, according to its website. The firm employs more than 1,650 people in 36 offices across six continents.

JP Morgan Securities LLC served as financial adviser to WellDyneRx, and GrayRobinson PA and Skadden Arps Slate Meagher & Flom LLP served as the pharmacy benefit manager's legal counsel.

The GrayRobinson team includes: shareholders Milton Vescovacci, Richard Rodgers, David Hallock, Michael Canan, Thomas McThenia, John Kancilia, Deborah La Fleur, D. Ty Jackson, and Daniel Kuhn; of counsels F. Philip Blank, Maxwell Minch and Christopher Ramsey; and associate James Sidou.

The Skadden team includes: M&A partners Alexandra McCormack and Paul Schnell, and associates Justin Herridge, Jack Rossman, Victor Kmetich; tax partner Steven Matays and law clerk Jay Cosel; banking partner Steven Messina; executive compensation and benefits partner Regina Olshan and associate Joseph Penko; intellectual property and technology partner Bruce Goldner and associate Paige Amundson; and financial institutions counsel Lara Zaitzeff.

Carlyle was advised by a Latham & Watkins LLP team led by corporate partners Dan Lennon and Nick Luongo, counsel Joseph Simei and associate Dan Valenza. Advice was also provided on employee benefits matters by partners David Della Rocca and Adam Kestenbaum and associate Nikhil Kumar; on tax matters by partner David Raab and associate Alan Kimball; on real estate matters by partner Dara Denberg and associate Karen Ritter; on environmental matters by partner James Barrett and associate Kimberly Jones; on intellectual property matters by partner Steven Betensky, counsel Kieran Dickinson and associate Morgan Brubaker; on compliance matters by associate Erin Brown Jones; on antitrust matters by partner Marc Williamson and counsel Sydney Smith; and on fund formation matters by partner David Green and associate Amy Rigdon.

--Additional reporting by Andrew McIntyre. Editing by Emily Kokoll.