

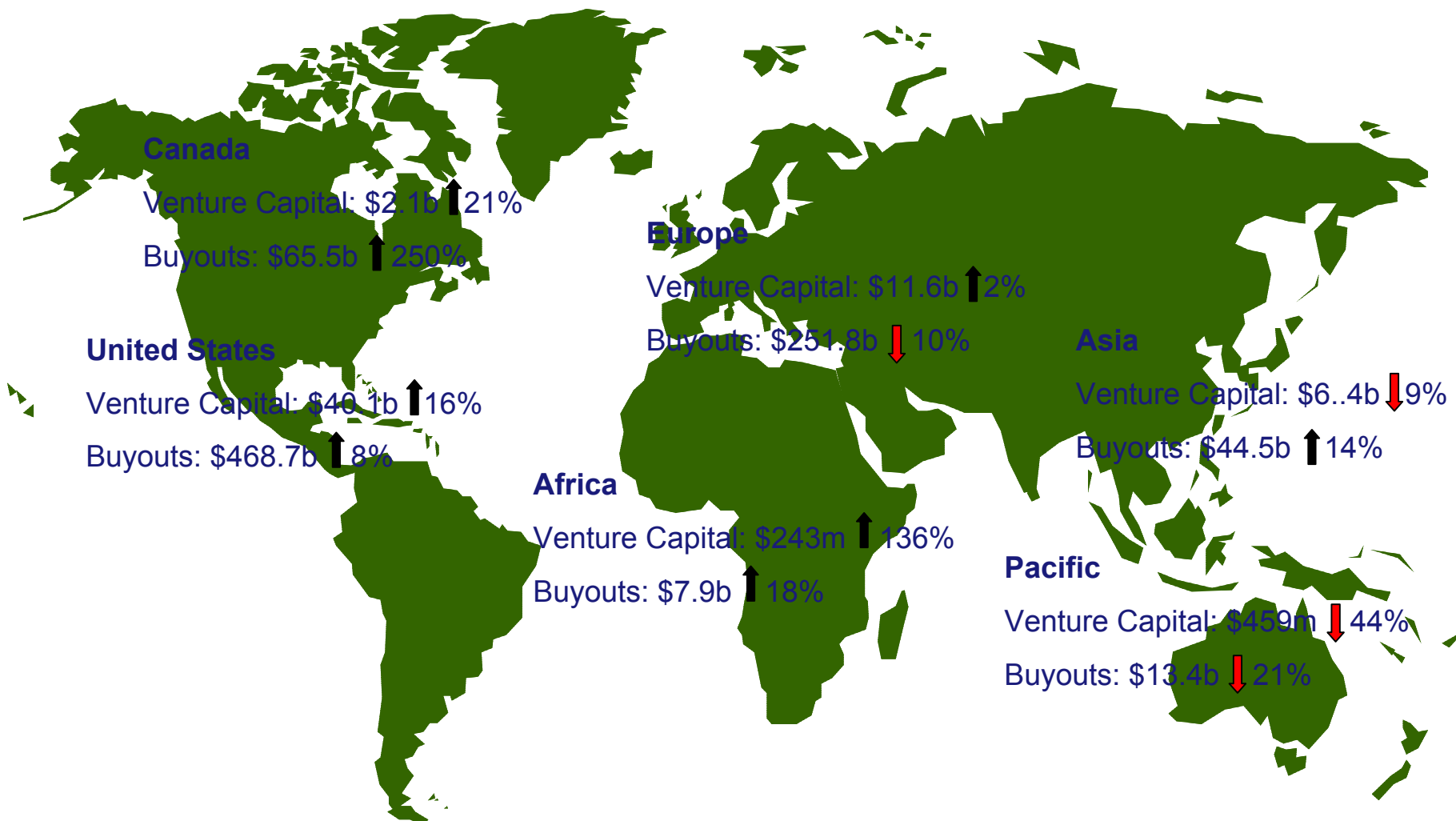


# THE BIG PICTURE – CURRENT ECONOMIC FACTORS IMPACTING VALUATIONS

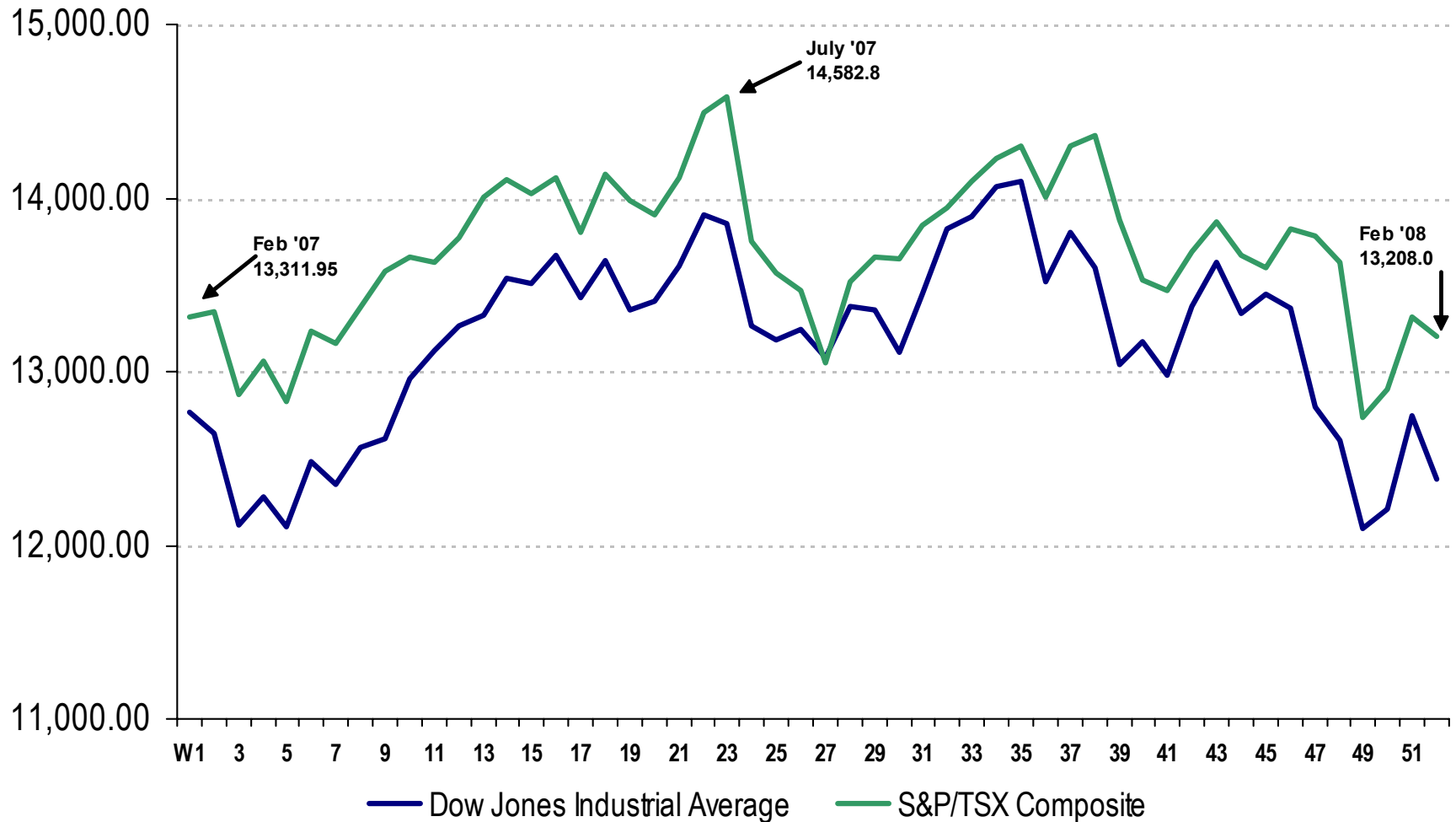
Gemma Postlethwaite

February 19, 2008

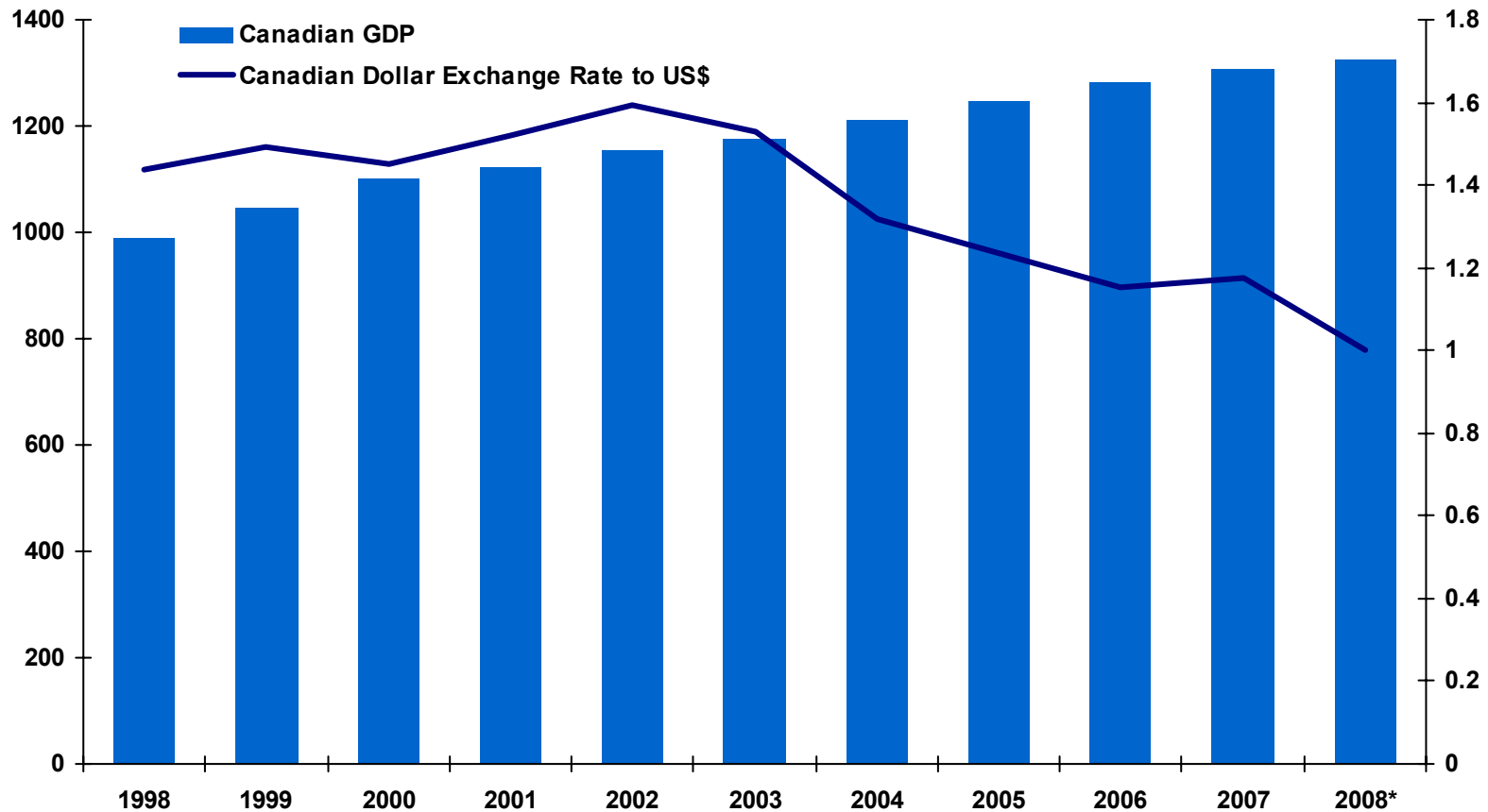
# Globalization of Private Equity & Venture Capital



# World Stock Markets in Decline

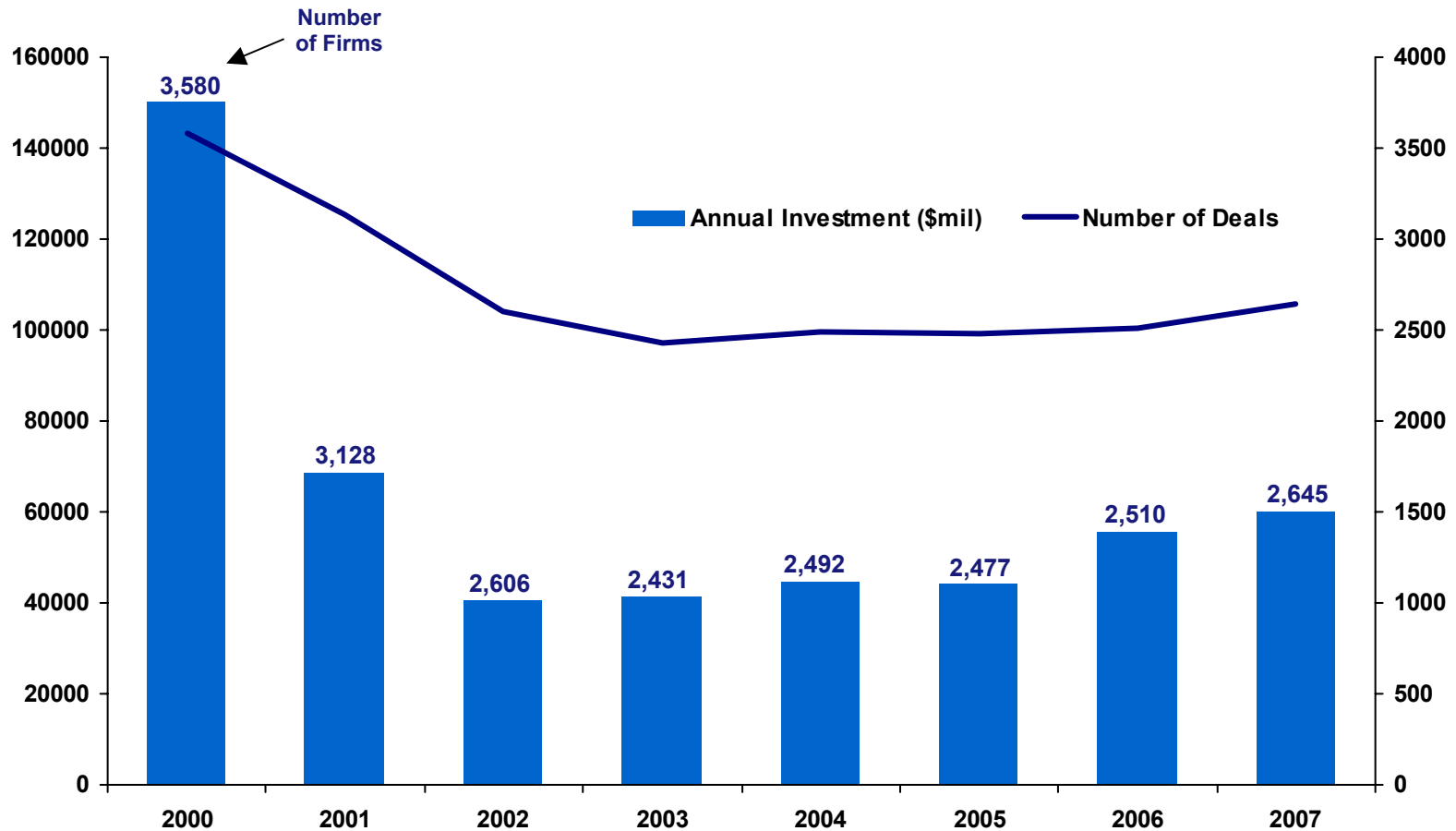


S&P/TSX Composite Index is down 9% from most recent highs set in July 2007, mirroring declining indices in many major world stock markets



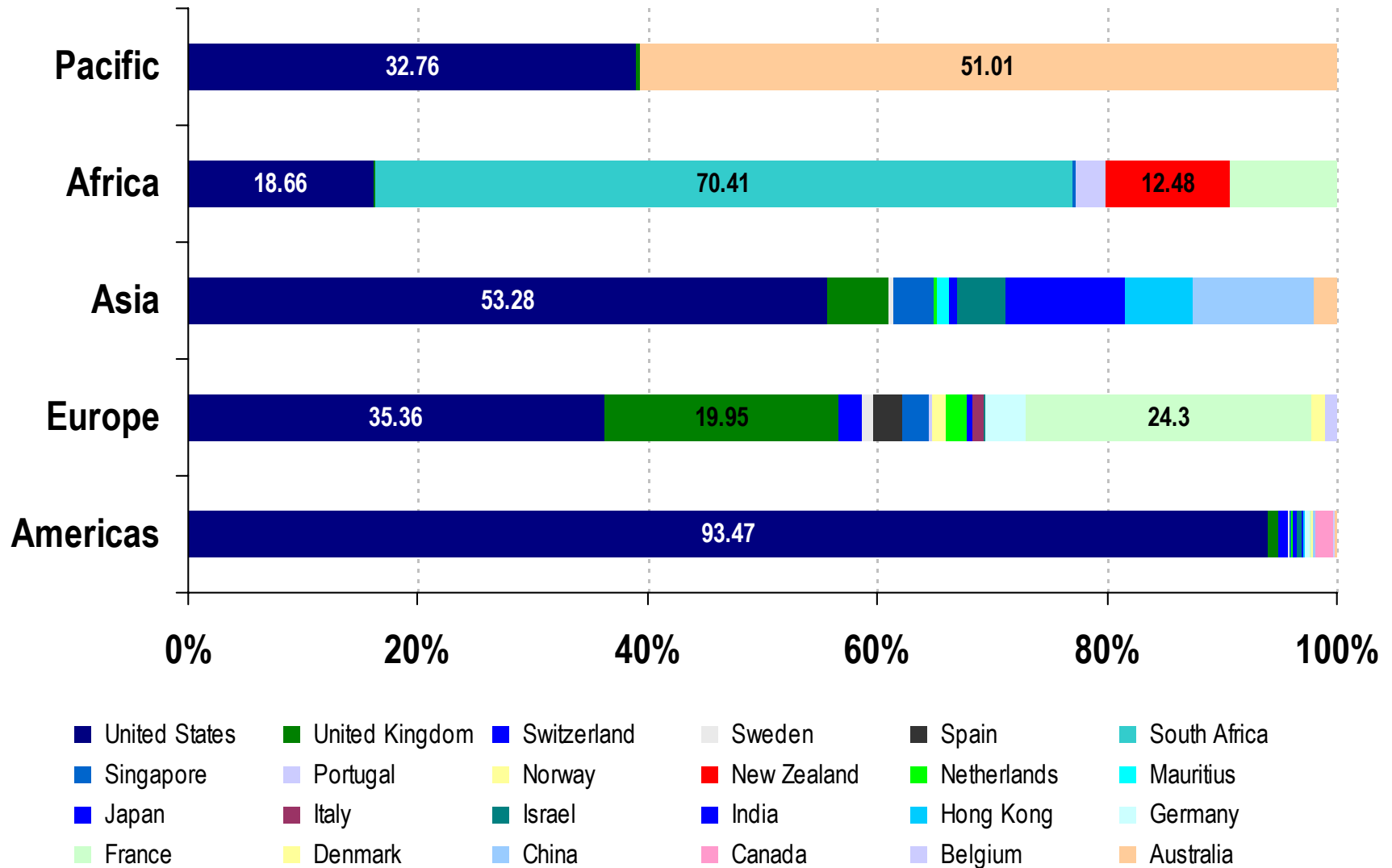
Canadian GDP sees continued growth as the Canadian Dollar moves to parity with the US Dollar for the first time since 1976

# Annual Worldwide Venture Capital Investments

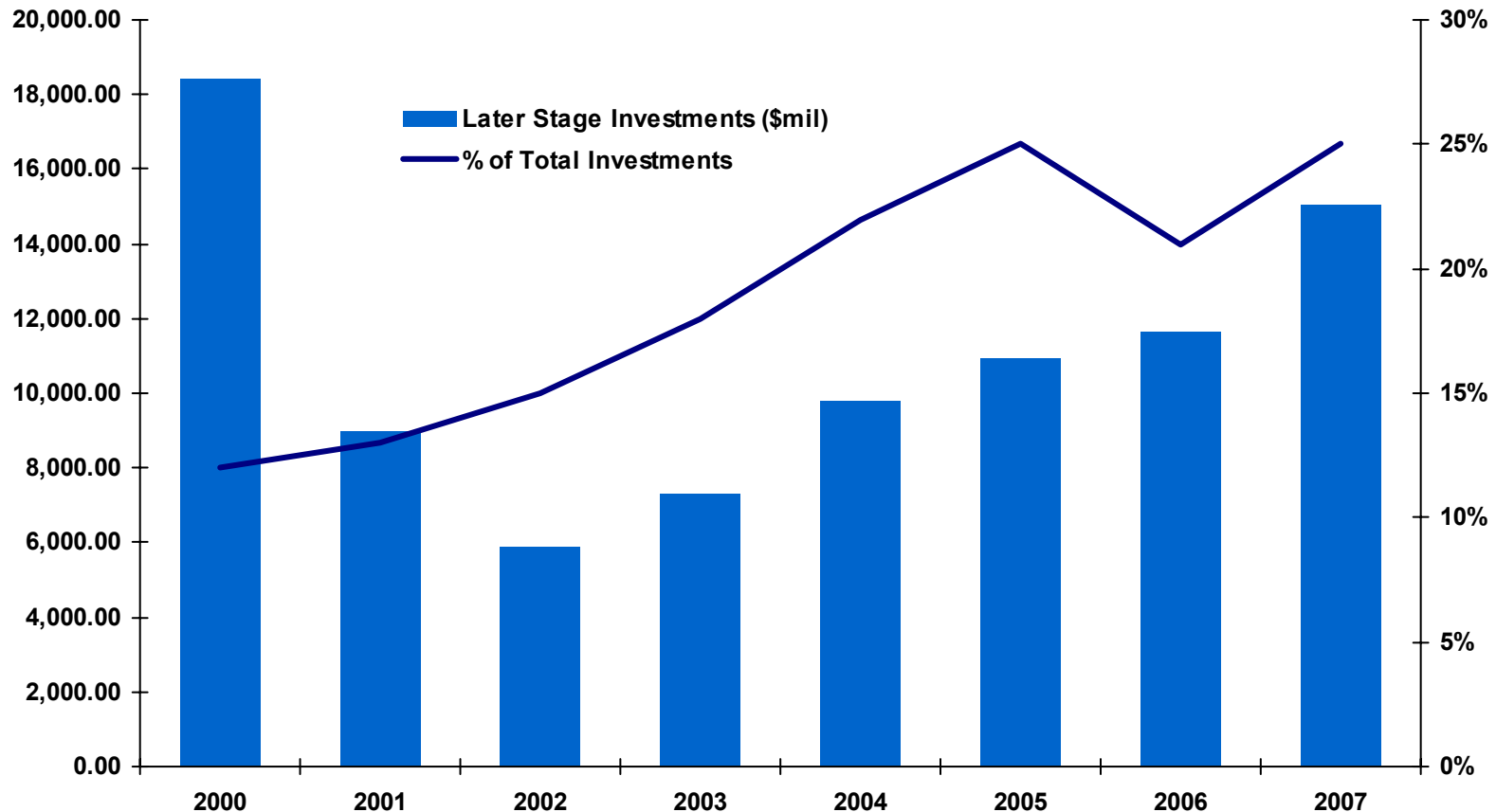


2007 Venture Capital Investments –Biggest year for investments since 2001

# Where Are Venture Capital Investments Coming From?



# Venture Capital Shifts to Later Stage Investments

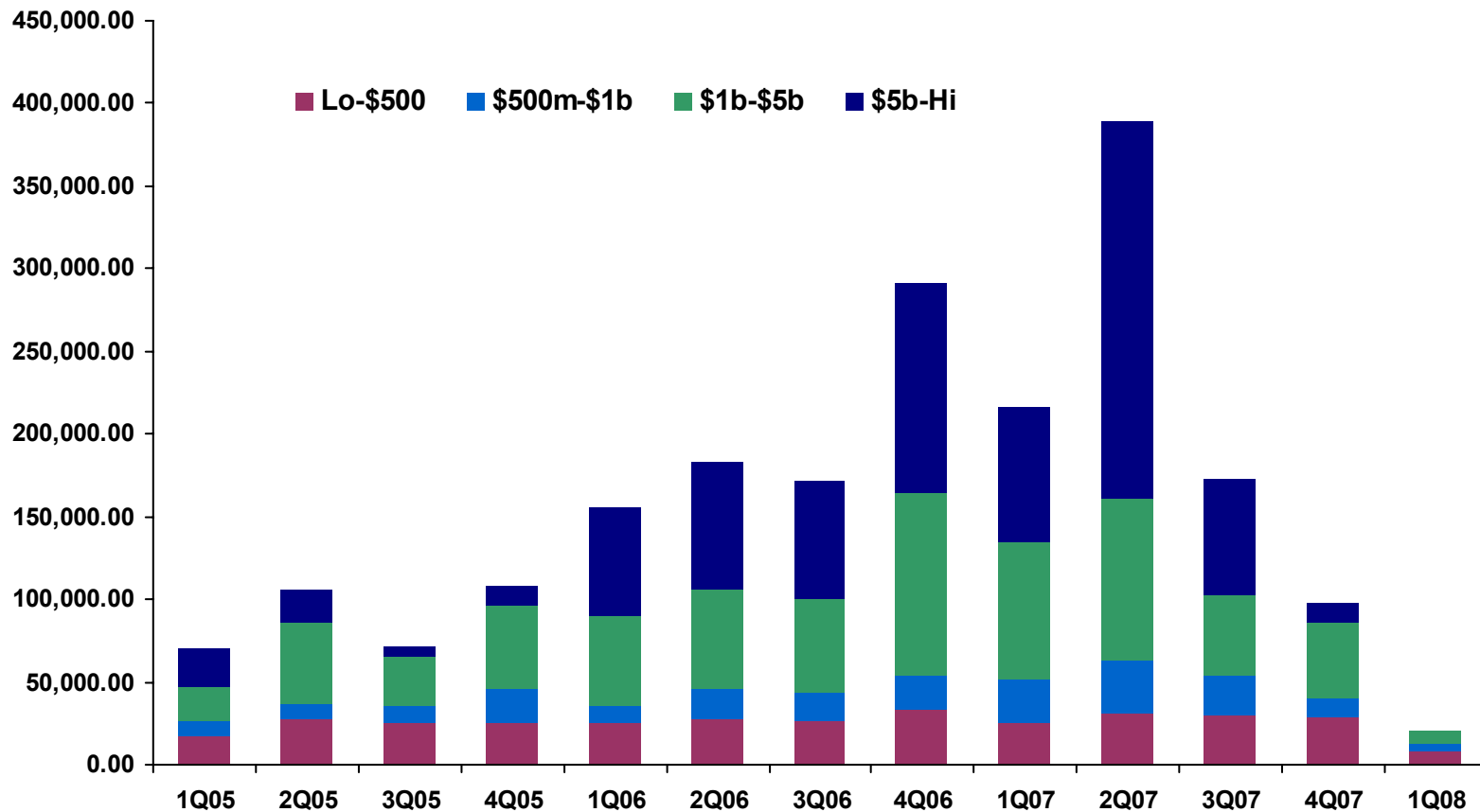


Later stage venture capital investments account for 25% of total investments in 2007 – slightly lower than 2005 levels

# Venture Capital Investments by Sector

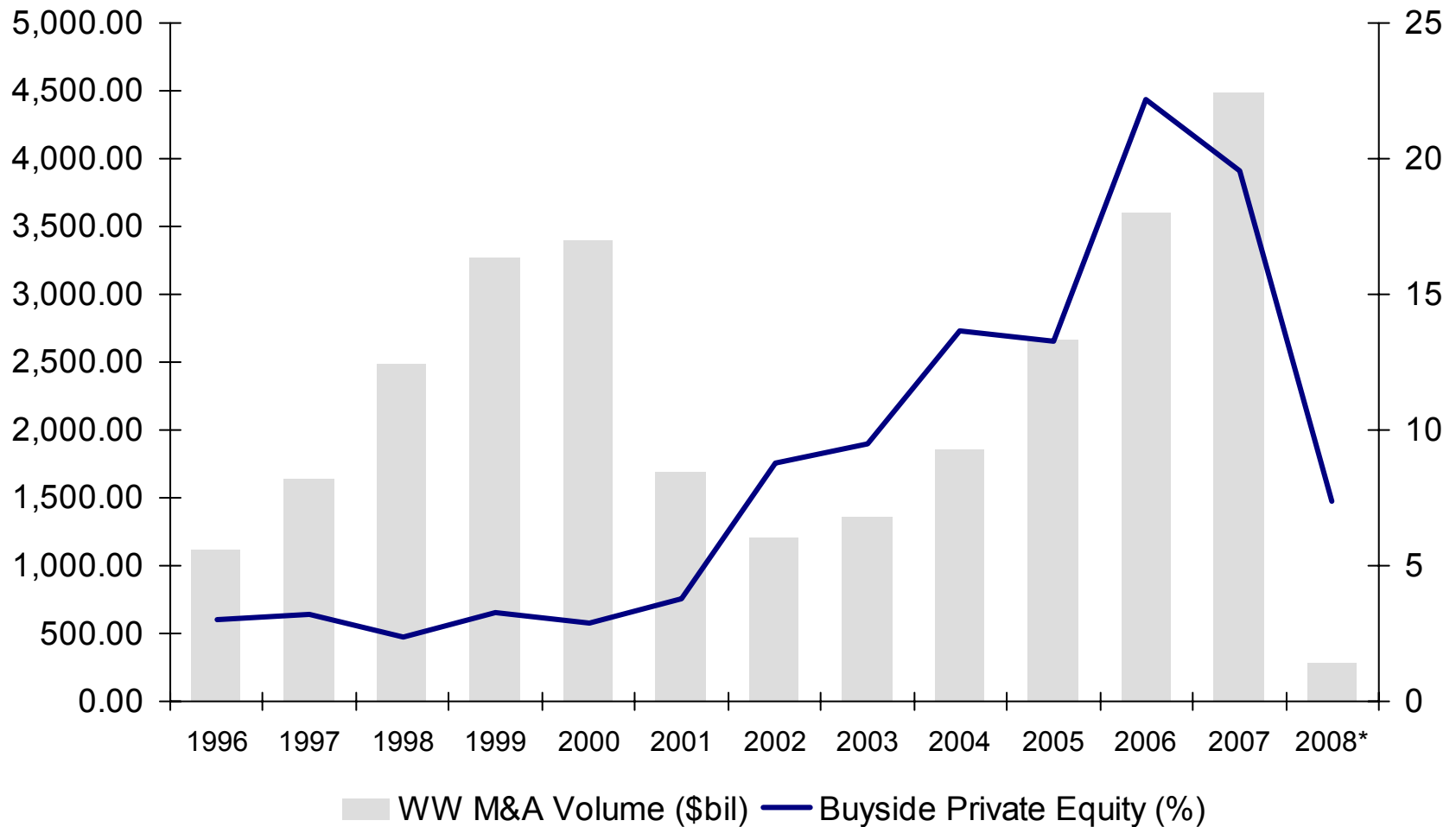


# Mid Market Buyouts

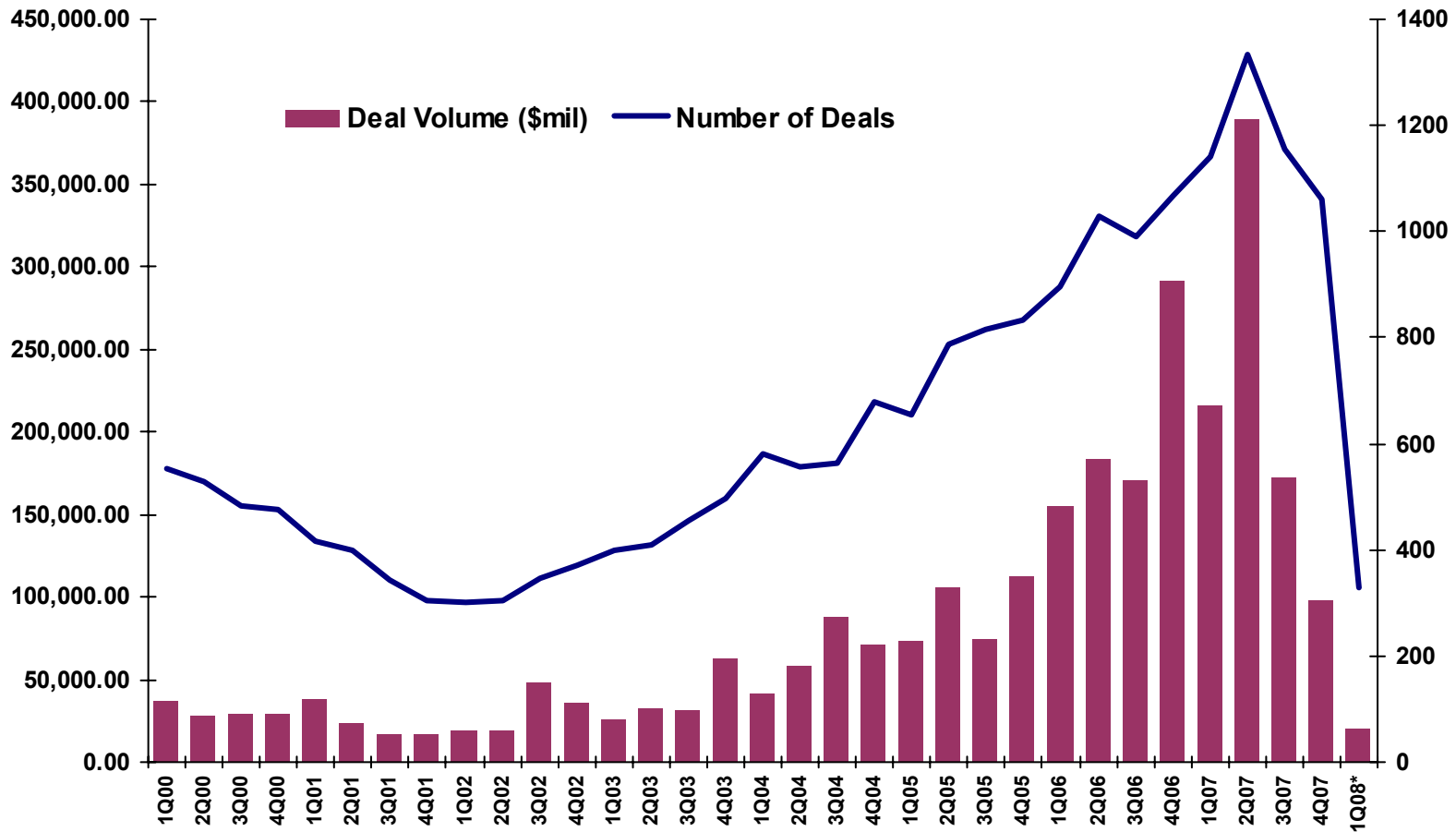


Buyout firms are concentrating investments in the mid market as the ability to finance large cap buyouts has largely disappeared

# PE Activity has been a Key Driver of the Global M&A Market

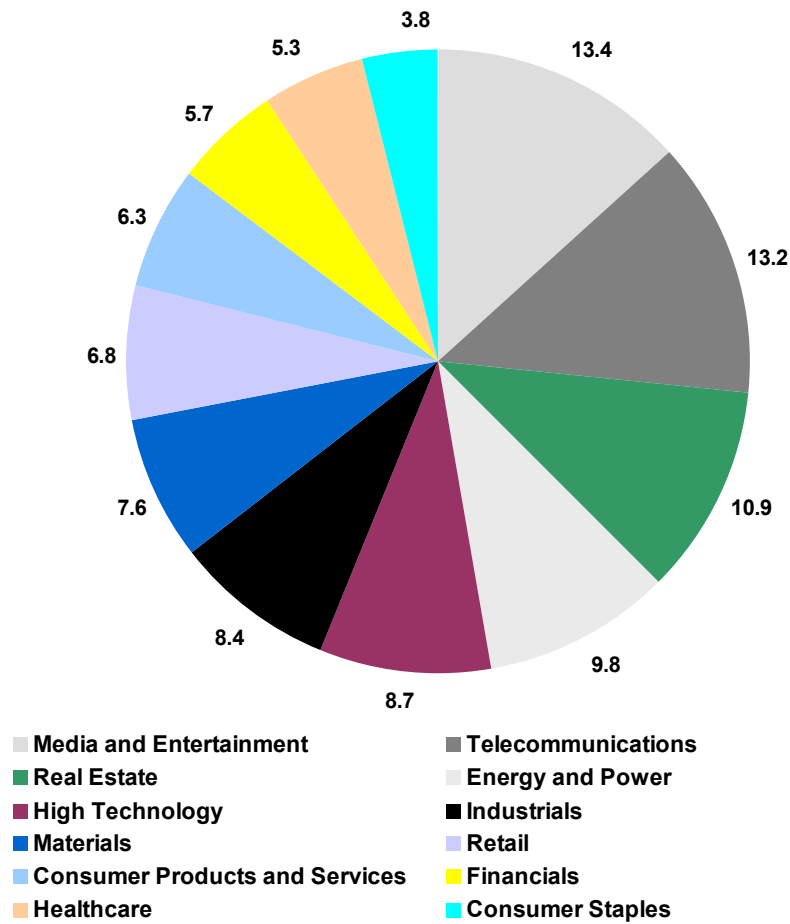


# The End of Buyouts “Golden Age”?

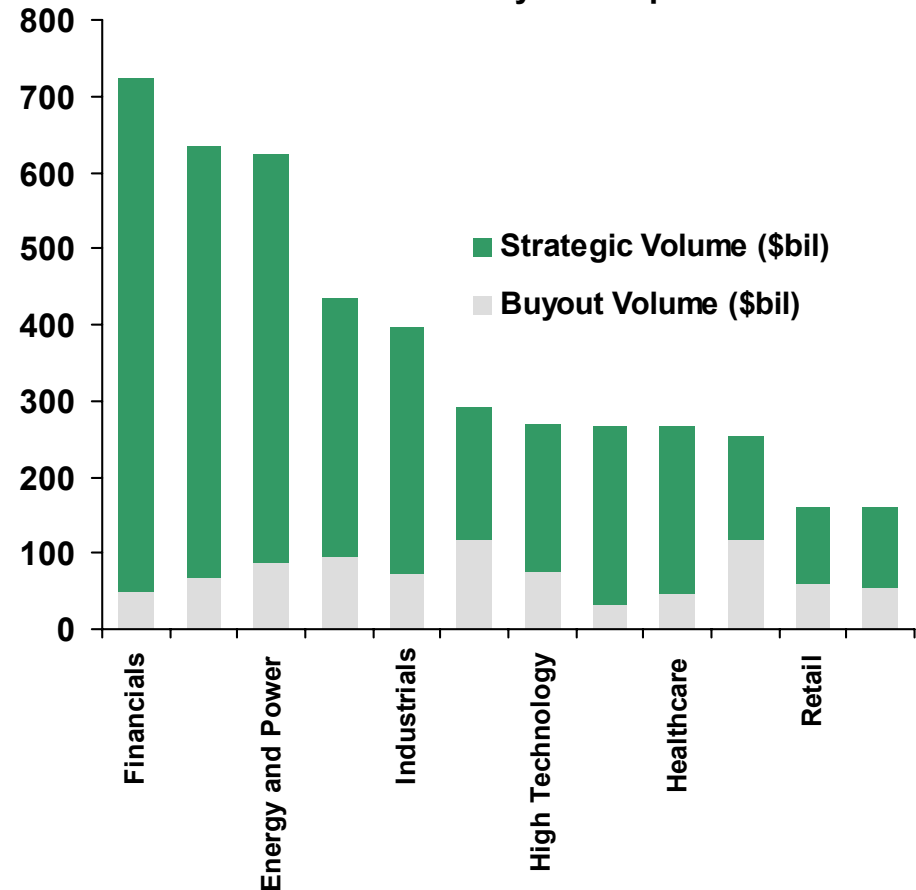


Fourth Quarter 2007 Worldwide Buyouts – Volume down 43% from Third Quarter 2007

### Worldwide Buyouts by Industry

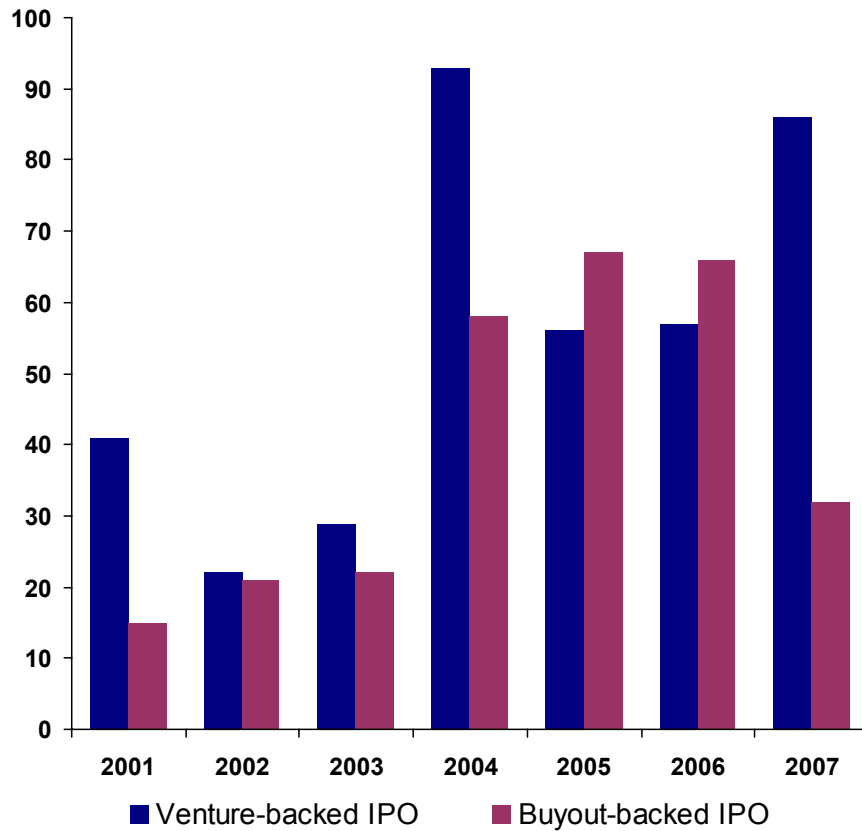


### Global M&A - Buyouts Impact

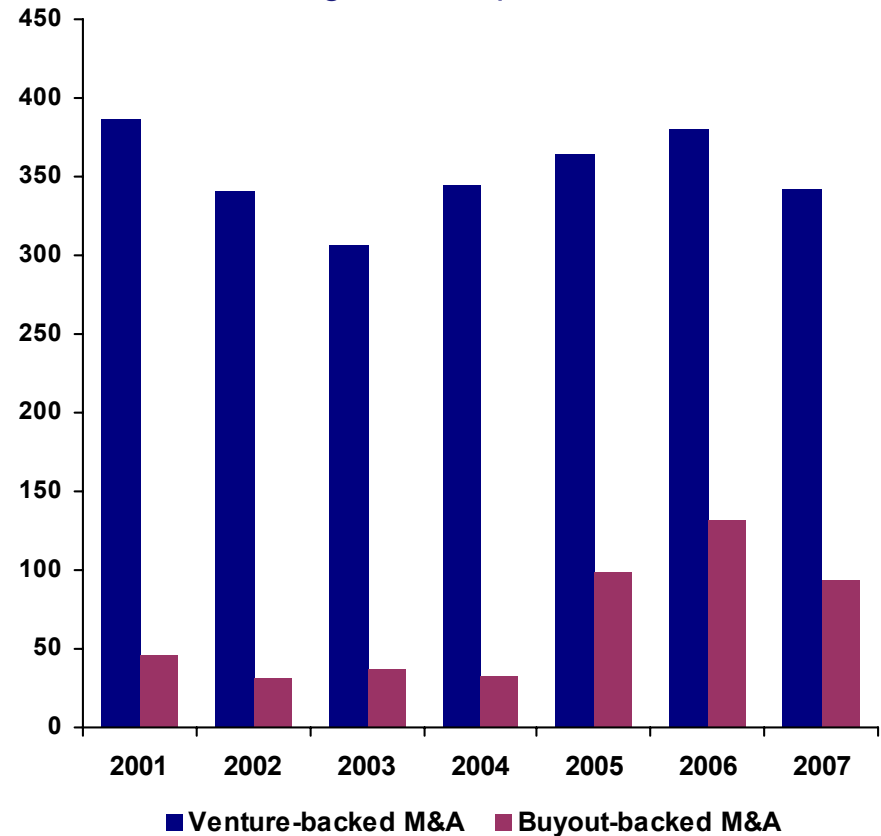


Venture-backed exits – both IPOs and M&A - have outpaced Buyout-backed exits in 2007

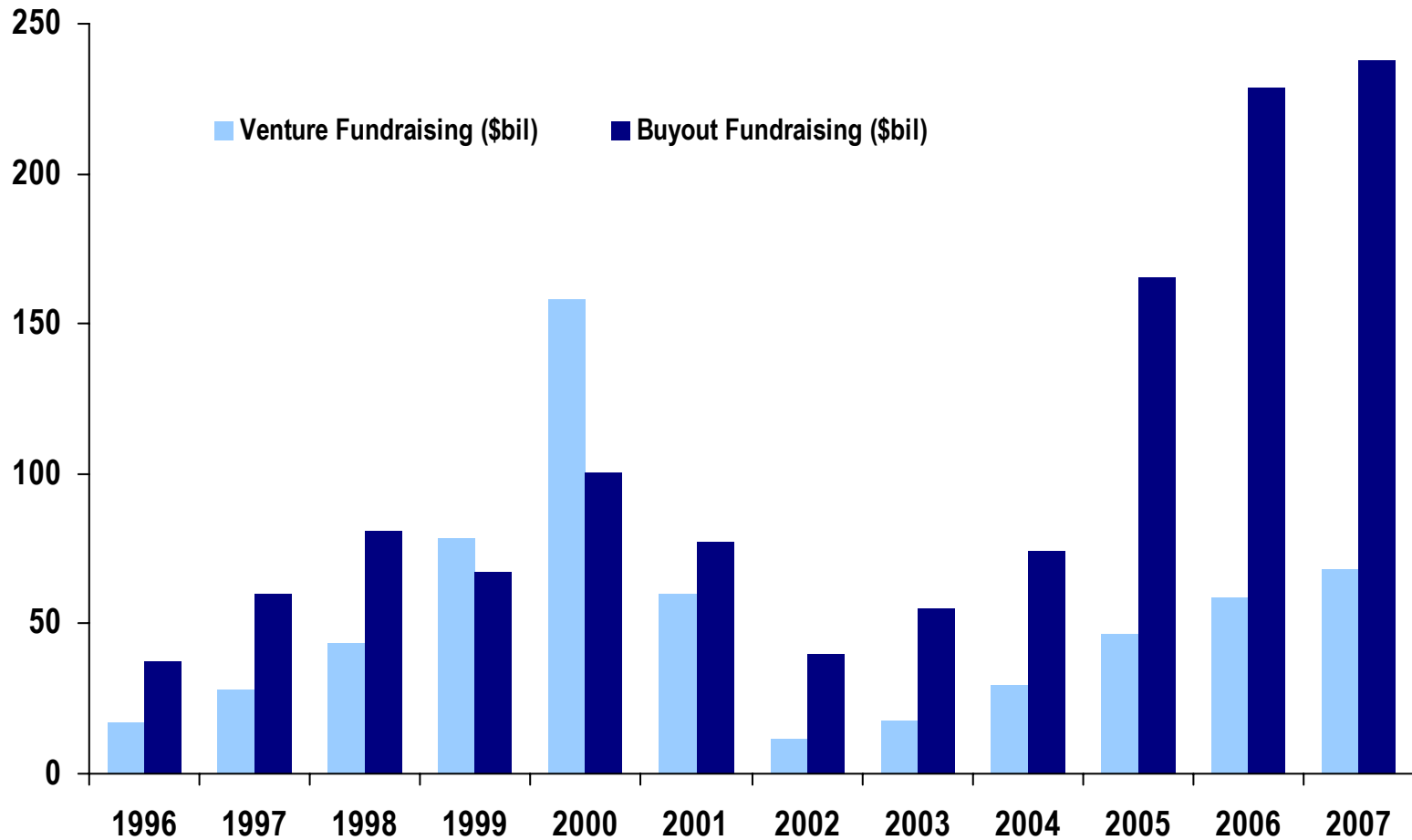
### Initial Public Offerings



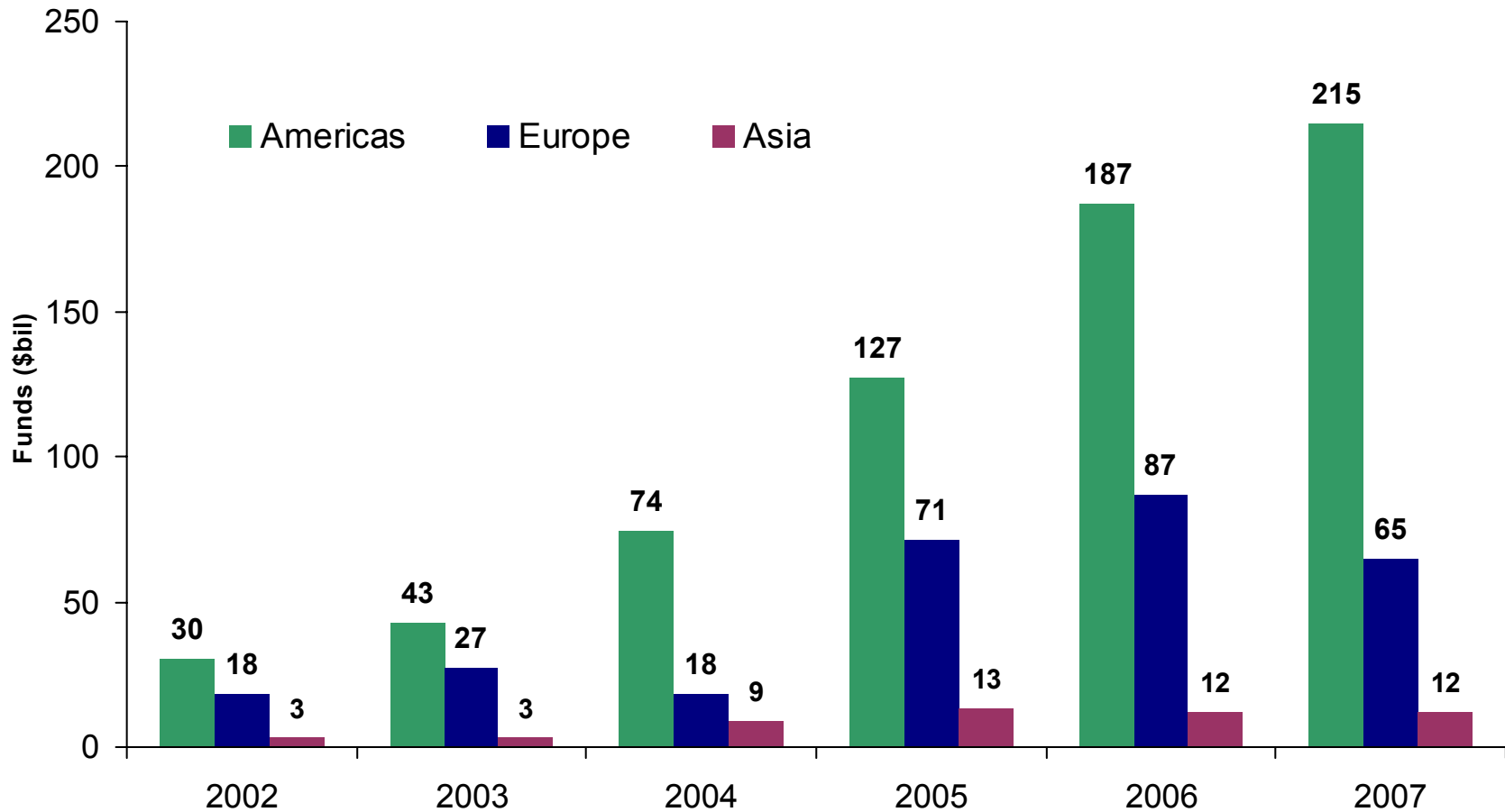
### Mergers & Acquisitions



Private Equity firms continue to attract vast amounts of capital for investments



# Private Equity Fundraising by Region



- **All calculations are done at the fund level\* by Thomson Financial based on cash flows and NAVs reported by participating LPs and GPs**
- **Cash flow database contains 1800+ US private equity funds (480+ buyout funds)**

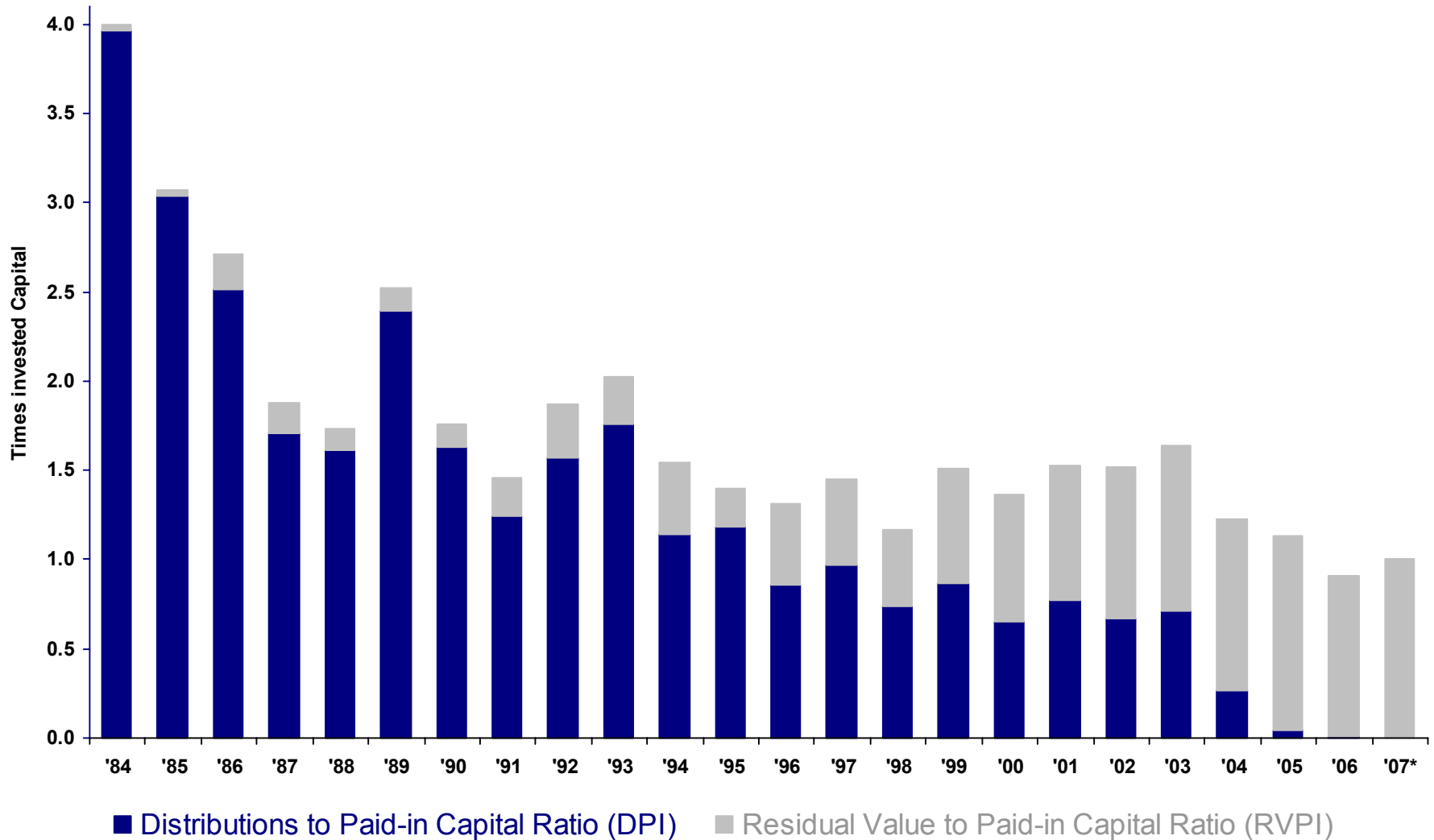
## Definitions

- **Pooled IRR: IRR of a group of funds where their cash flows have been aggregated together before IRR calculation**
- **Investment Horizon Return: IRR calculated with Net Asset Value as capital outflow at beginning of period, Net Asset Value at end of period, and actual cash flow in between**

\* net of management fees and carried interest

<b>Fund Type</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>20 Yr</b>
<b>Early/Seed VC</b>	<b>23.60</b>	<b>6.80</b>	<b>3.10</b>	<b>34.50</b>	<b>20.80</b>
<b>Balanced VC</b>	<b>38.00</b>	<b>14.40</b>	<b>9.90</b>	<b>15.10</b>	<b>14.30</b>
<b>Later Stage VC</b>	<b>41.40</b>	<b>10.50</b>	<b>8.40</b>	<b>8.30</b>	<b>13.80</b>
<b>All Venture</b>	<b>32.30</b>	<b>10.40</b>	<b>6.70</b>	<b>17.90</b>	<b>16.40</b>
<b>Small Buyouts</b>	<b>10.30</b>	<b>8.40</b>	<b>7.70</b>	<b>3.90</b>	<b>24.50</b>
<b>Med Buyouts</b>	<b>7.40</b>	<b>14.70</b>	<b>10.40</b>	<b>9.50</b>	<b>13.00</b>
<b>Large Buyouts</b>	<b>5.70</b>	<b>9.40</b>	<b>13.00</b>	<b>7.00</b>	<b>11.90</b>
<b>Mega Buyouts</b>	<b>32.70</b>	<b>16.60</b>	<b>15.60</b>	<b>9.00</b>	<b>11.90</b>
<b>All Buyouts</b>	<b>27.90</b>	<b>14.90</b>	<b>14.30</b>	<b>8.30</b>	<b>12.80</b>
<b>All Priv Equity</b>	<b>31.10</b>	<b>13.60</b>	<b>11.80</b>	<b>10.50</b>	<b>13.80</b>

# US Buyout Funds Since Inception Realization Multiples (DPI/RVPI)



# US Private Equity Performance Index

