
PE-Backed Exits Remain at Record Levels as Firms Realize Investments 254 exits made worth \$77.2bn in Q1 2011; number and value of new deals sees small decline

Preqin's quarterly deal flow data shows Q1 2011 exit activity matched record levels set in Q4 2010, while the number and value of new deals fell; 623 PE-backed deals worth \$49.9bn were announced, a decrease of 8% in number and 26% in aggregate value from Q4 2010.

Q1 2010 Deal Flow Facts:

- The largest buyout was announced in February: a \$3.2bn take-private of Emergency Medical Services by Clayton Dubilier & Rice.
- Deal value in Q1 2011 is 26% below that of Q4 2010, but 72% higher than during Q1 2010 when 470 deals valued at \$29bn were completed.
- North American deals were worth \$22.6bn, 41% less than during Q4 2010 (\$38.3bn). This is due largely to a lack of large and mega buyout activity.
- European deal value dropped slightly from \$19.7bn in Q4 2010 to \$17bn in Q1 2011.
- The value of deals announced in Asia and Rest of World increased from \$8.9bn in Q4 2010 to \$10.3bn in Q1 2011.
- The number of deals announced in Q1 2011 has remained consistent with the second half of 2010; small and medium-sized deal flow remains strong and there is a relative lack of larger/mega deals.
- Leveraged buyout deals accounted for 60% of aggregate value and just over 40% of the number of deals that took place globally in Q1 2011.
- 6% of completed deals were worth over \$1bn, accounting for 40% of aggregate value.
- Deal flow was again highest in the industrials sector, accounting for over a quarter of all buyout deals announced and almost a fifth of the aggregate value.
- 65 secondary buyouts totaling \$10.9bn were announced, a similar level to that in 2010.

Please see the factsheet that follows this release for further information.

Comment:

"Private equity-backed exits continued at close to record levels in Q1 2011 as fund managers begin to realize some of the mega-sized investments made during the buyout boom-era, such as the multi-billion dollar deals at HCA and Kinder Morgan. With fund managers focusing on exits, there was a 26% fall in global deal value from the previous quarter. This was not due to a general slow-down in global deal activity – Q1 2011 is only surpassed by Q4 2010 in terms of deal volume since the onset of the financial crisis – but more because of the lack of large and mega buyout activity.

Buyout dry powder remains at relatively high levels - \$412bn worldwide. With 46% of all dry powder being held by mega-buyout firms, it is likely that we will see more large deals in the coming months, especially amongst those firms reaching the end of their investment periods."

Manuel Carvalho, Manager - Private Equity Deals

About Preqin:

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q'.

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Q1 2011 Private Equity-Backed Deals (1 of 3)

Fig. 1: Number and Aggregate Value of PE-Backed Deals Globally, Q1 2006 - Q1 2011

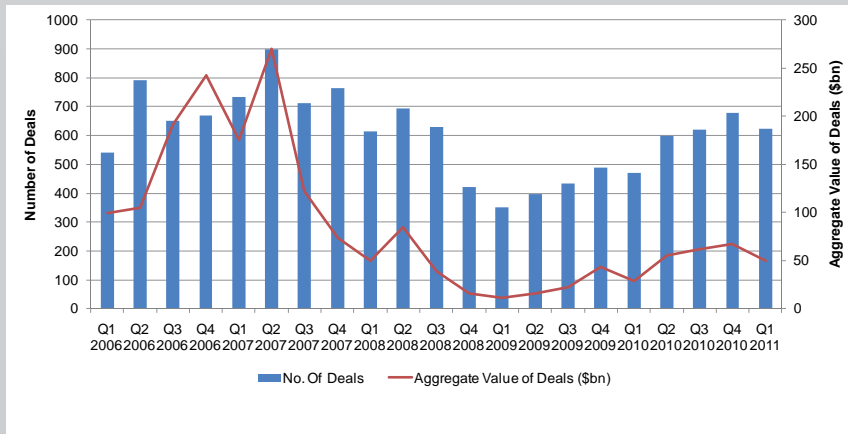


Fig. 2: Aggregate Value of PE-Backed Deals by Region, Q1 2008 - Q1 2011

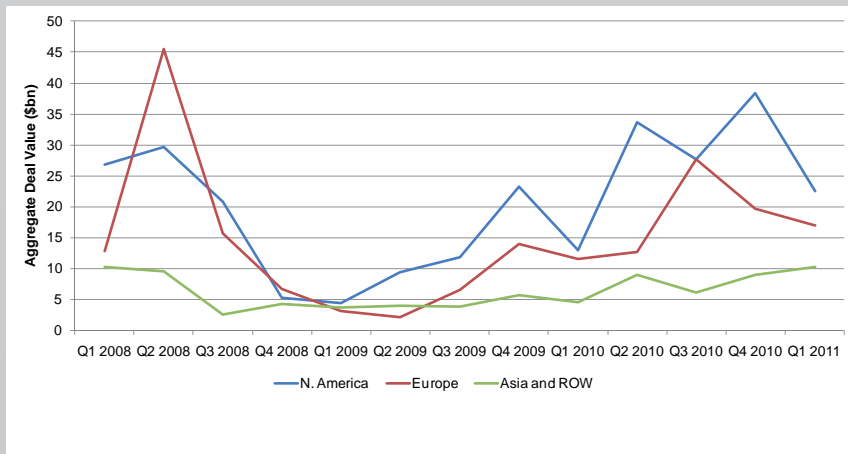


Fig. 3: Breakdown of Number and Aggregate Value of PE-Backed Deals by Type, Q1 2011

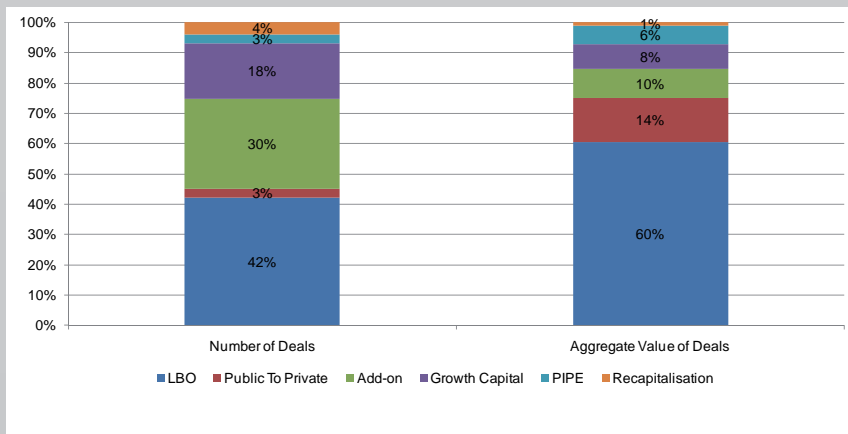
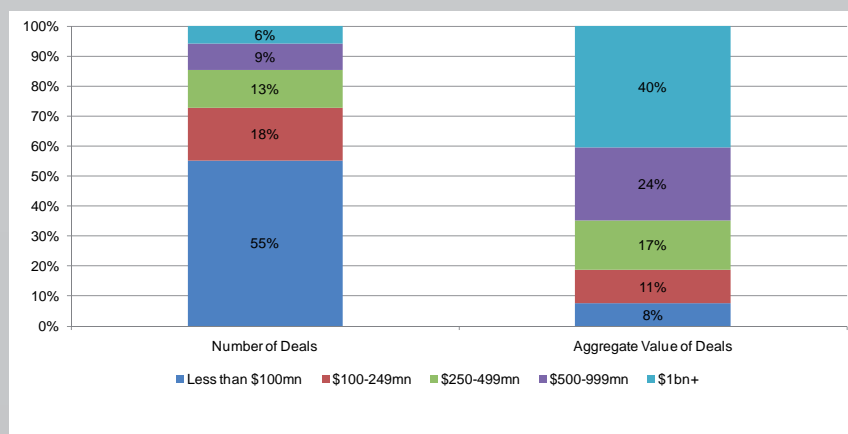


Fig. 4: Breakdown of Number and Aggregate Value of PE-Backed Deals by Value Band, Q1 2011



623 PE buyout deals were announced in Q1 2011, with an aggregate value of \$49.9bn - a fall of 26% from the previous quarter during which 677 deals valued at \$67bn were reported. However, deal value was 72% higher in Q1 2011 than in the same quarter last year; 470 deals valued at \$29bn were completed in Q1 2010. The fall in aggregate deal value in Q1 2010 is mainly due to a lack of large and mega size buyout deals, rather than a decline in overall dealflow; only 11 deals valued at over \$1bn, including one deal valued at over \$2.5bn, were announced in Q1 2010 in comparison with 15 deals valued at over \$1bn including four deals at over \$2.5bn in Q4 2010. With 623 deals announced during the quarter, Q1 2011 is only surpassed by Q4 2010 in terms of deal volume since the downturn; Q4 2010 was the strongest quarter of dealflow since the onset of the financial crisis. As more data comes in, we expect the Q1 2011 figures to near those seen in Q4 2010 for the number of deals.

North American deals account for 45% of the value of deals announced in Q1 2011 - \$22.6bn. North American deal value fell 41% in comparison with the previous quarter when \$38.3bn in deals were reported. This is due largely to an absence of large and mega buyout activity during the quarter. European deal value remained fairly consistent; \$17bn of deals announced for the quarter, a slight drop from \$19.7bn in Q4 2010. In comparison, the aggregate value of deals announced for Asia and Rest of the World has increased 15% from the previous quarter from \$8.9bn to \$10.3bn.

Leveraged buyouts accounted for 60% of the global aggregate deal value and just over 40% of deals by number in Q1 2011. Growth capital deals accounted for 18% of the number and 8% of the aggregate value; public to private and PIPE deals made up 6% of the number of deals but contributed 20% in aggregate value to PE-backed deals globally for Q1 2011. Notable deals announced in the quarter include: the \$3.2bn privatization of Emergency Medical Services by Clayton Dubilier & Rice; the \$2.4bn merger of radio broadcasters Citadel Broadcasting and Cumulus Media Inc., which is backed by a consortium of private equity investors including Bain Capital, Blackstone



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Fig. 5: Breakdown of Number and Value of PE-Backed Deals by Industry, Q1 2011

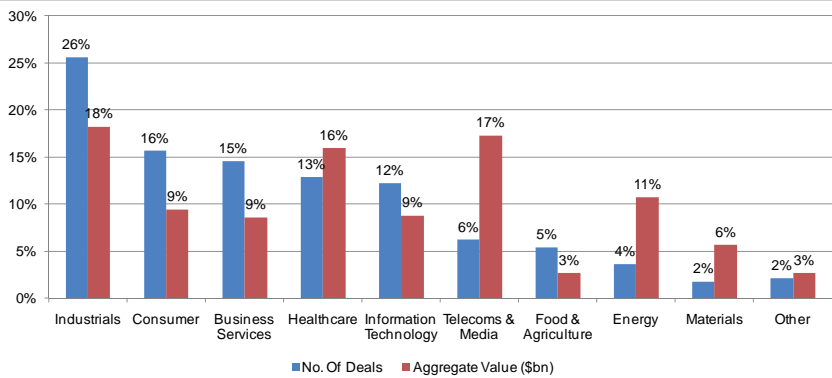


Fig. 6: Number of PE-Backed Exits by Type and Aggregate Exit Value, Q1 2007 - Q1 2011

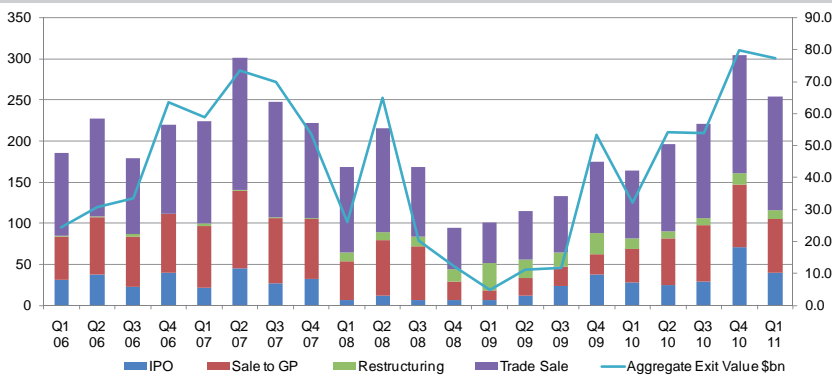
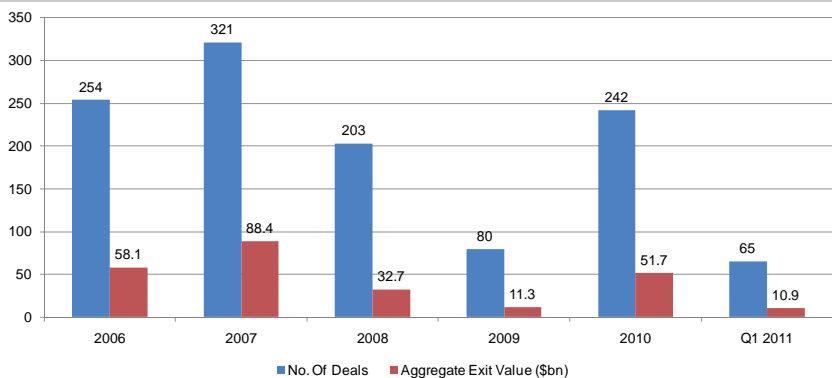


Fig. 7: Number and Aggregate Value of PE-Backed Secondary Buyouts, 2006 - Q1 2011



Group, Crestview Partners, and Thomas H Lee Partners; and the AUD 2.1bn restructuring of energy giant Alinta Energy by TPG.

During the first quarter of 2011 deals valued at over \$1bn represented 6% and 40% of the number and aggregate value of deals announced globally respectively. When compared to the figures for the whole of 2010, the proportion of large capitalization deals has decreased by six percentage points; deals valued at over \$1bn accounted for 46% of the deal value in 2010. The number of mid-market buyout deals announced in Q1 2011 has increased; 21% of deals and 41% of aggregate value were accounted for by deals of this type, an increase from 2010 as a whole, when 18% of the number and 36% of the value of buyouts were attributed to mid-market deals in the \$250mn-\$1bn range. The majority, 73%, of deals announced this quarter were small-cap deals valued at less than \$250mn, and they accounted for 19% of aggregate deal value in Q1 2011.

Global buyout deal flow was highest in the industrial sector in Q1 2011; over a quarter of all buyout deals and almost a fifth of aggregate value was accounted for by deals in the sector. In terms of number of deals, industrials was followed by the consumer and retail, and business services sectors. It is worth noting that while only 6% of all buyouts in Q1 2011 occurred in the telecoms and media sector, it accounted for a sizeable 17% of the global value of deals, including the announced £700mn buyout of Phones4u by BC Partners from Providence Equity Partners, in the first quarter of 2011.

254 exits valued at \$77.2bn were announced in Q1 2011. Buyout-backed exits continued at near record levels, almost matching the levels set in Q4 2010, the strongest quarter for buyout exits ever, when 304 exits were valued at \$79.7bn. As more data filters through in the coming weeks, it is expected that the value of exits in Q1 2011 will surpass the levels seen in Q4 2010 and the number of exits will approach levels seen during the previous quarter. The number and value of buyout-backed exits have increased steadily in recent quarters, reaching record levels at the end of 2010. Exits are expected to continue at these levels as buyout houses begin to exit investments made during the buyout boom era of 2005-2007.

There was a resurgence in secondary buyouts during 2010 and this has continued in Q1 2011; 65 secondary buyouts valued at \$10.9bn were announced during the quarter. As the year progresses it is expected that the levels of these transactions will continue at a similar frequency to that witnessed during 2010. Significant secondary buyouts announced during Q1 2011 include the announced \$2bn acquisition of Acosta Inc. by Thomas H Lee Partners from AEA Investors, and CVC Capital Partners' acquisition of the Spanish hospital unit of Capio, owned by Apax and Nordic Capital, in a deal valued at €900mn.



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Fig. 8: 10 Largest Buyout PE-Backed Deals Globally, Q1 2011

Name	Date	Type	Deal Size (mn)	Currency	Buyers	Sellers	Industry	Location
Emergency Medical Services	Feb-11	Public To Private	3,200	USD	Clayton Dubilier & Rice		Healthcare	US
Citadel Broadcasting	Mar-11	Merger	2,400	USD	Bain Capital, Blackstone Group, Crestview Partners, Cumulus Inc., Macquarie Bank, Thomas H Lee Partners	JP Morgan	Media	US
Alinta Energy	Mar-11	Restructuring	2,100	AUD	TPG		Energy	Australia
Acosta, Inc.	Jan-11	Buyout	2,000	USD	Thomas H Lee Partners	AEA Investors	Marketing	US
Elkem	Jan-11	Add-on	2,000	USD	Blackstone Group, Bluestar	Orkla ASA	Materials	Norway
Ansaldo Energia	Mar-11	Buyout	1,233	EUR	Finmeccanica, First Reserve Corporation		Power	Italy
The Priory Group	Jan-11	Buyout	925	GBP	Advent International	RBS Asset Management	Healthcare	UK
Patni Computer Systems	Jan-11	Buyout	1,220	USD	Apax Partners, iGate	General Atlantic	IT	India
Capio Spanish Hospitals	Jan-11	Buyout	900	EUR	CVC Capital Partners	Apax Partners, Nordic Capital	Healthcare	Spain
Phones4U	Mar-11	Buyout	700	GBP	BC Partners	Providence Equity Partners	Telecoms	UK

Fig. 9: Five Notable PE-Backed Exits Globally, Q1 2011

Company Name	Date Acquired	Firms Investing	Acquisition Size (\$mn)	Currency	Exit Type	Exit Date	Sold To	Exit Size (\$mn)	Currency	Industry	Location
Kabel BW	Apr-06	EQT Partners	1,300	EUR	Trade Sale	Mar-11	Liberty Global	3,160	EUR	Telecom Media	Germany
Seven Media Group*	Nov-06	Kohlberg Kravis Roberts	3,200	AUD	Merger	Feb-11	Western Australia Newspaper Holdings Limited	4,100	AUD	Media	US
HCA*	Jul-06	Bain Capital, Citigroup, Kohlberg Kravis Roberts, Merrill Lynch Global Private Equity, Ridgemont Equity Partners	33,000	USD	IPO	Mar-11		3,786	USD	Healthcare	US
Converteam	Nov-05	Barclays Private Equity, LBO France	2,000	EUR	Trade Sale	Mar-11	General Electric	3,200	USD	Engineering	France
Dresser Equipment Group	Mar-07	Carlyle Group, First Reserve Corporation, Lehman Brothers, Riverstone Holdings	2,400	USD	Trade Sale	Feb-11	General Electric	3,000	USD	Energy	US

*denotes partial exit