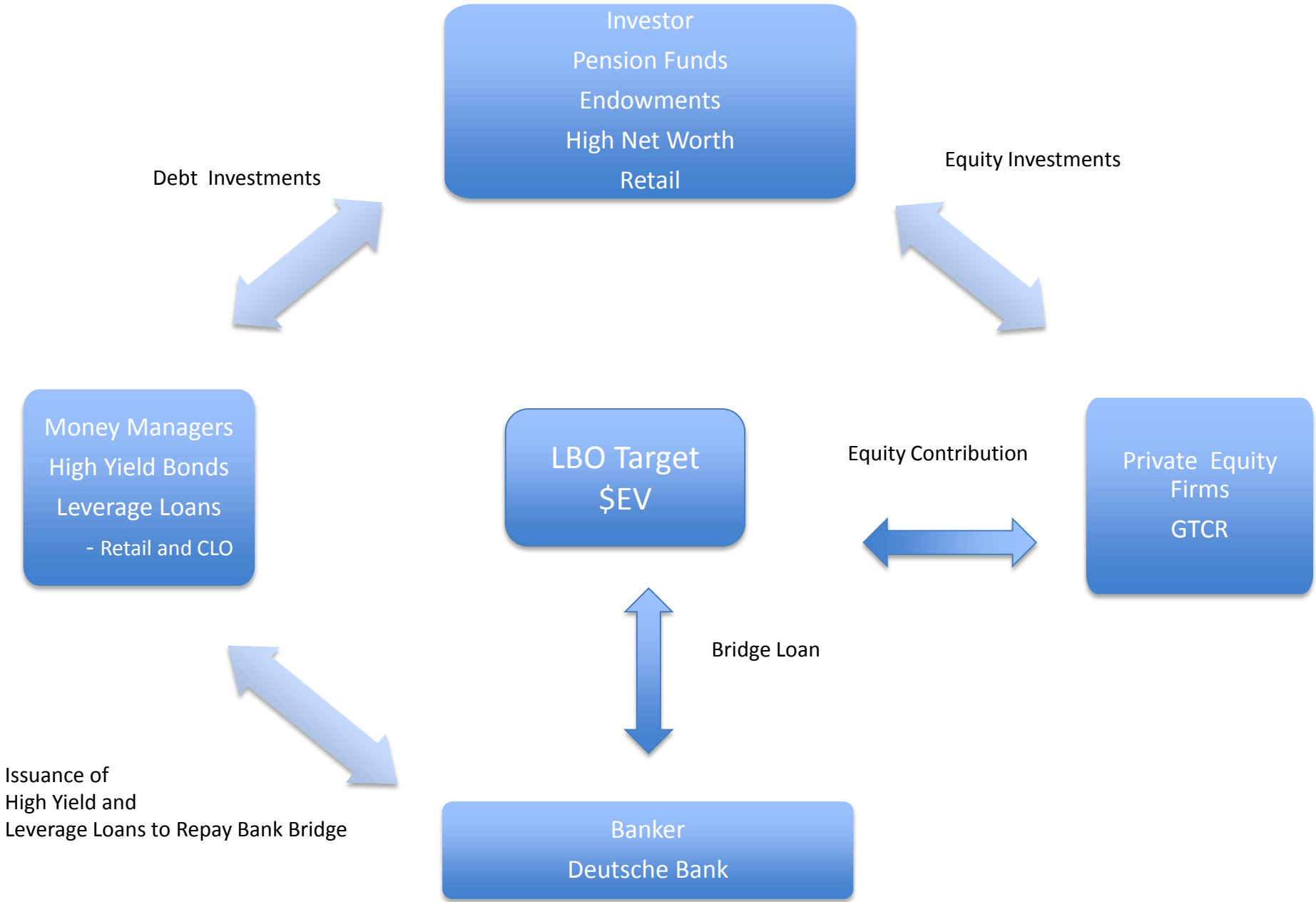


Agenda:

Provide Perspective of Investor, PE Firm and Banker

- **State of Private Equity markets today**
- **Will Private Equity firms execute Large Cap LBO's similar to 2005-2007**



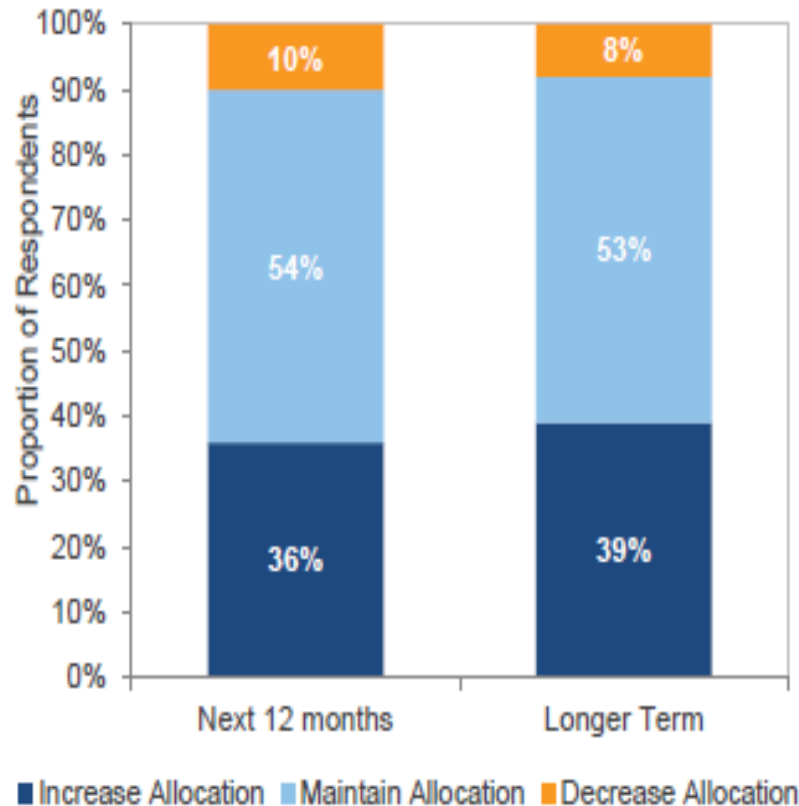
Why do investors allocate to Private Equity?

Chart 42: 10-Year Asset Class Risk Adjusted Performance As of March 31, 2013

Asset Class	Annualized Total Return	Annualized Volatility	Sharpe Ratio
Private Equity	13.2%	17.7%	0.54
High-Yield Bonds	9.8%	11.6%	0.54
Emerging Market Equities	17.1%	26.2%	0.52
High-Grade Bonds	7.0%	6.7%	0.51
Hedge Funds	7.0%	8.2%	0.42
REITs	12.4%	26.4%	0.34
U.S. Equities	9.2%	17.6%	0.32
International Equities	10.0%	21.2%	0.30
Commodities	3.7%	20.5%	0.01

Indices used: Hamilton Lane All Private Equity with volatility de-smoothed; Russell 3000 Index; MSCI World ex-U.S. Index; MSCI Emerging Markets Index; Barclays Aggregate Bond Index; Credit Suisse High Yield Index; HFRI Composite Index; FTSE/NAREIT Equity REIT Index; Dow Jones-UBS Commodities Index
Please refer to endnotes on page 43

Investors' Intentions for Their PE Allocations



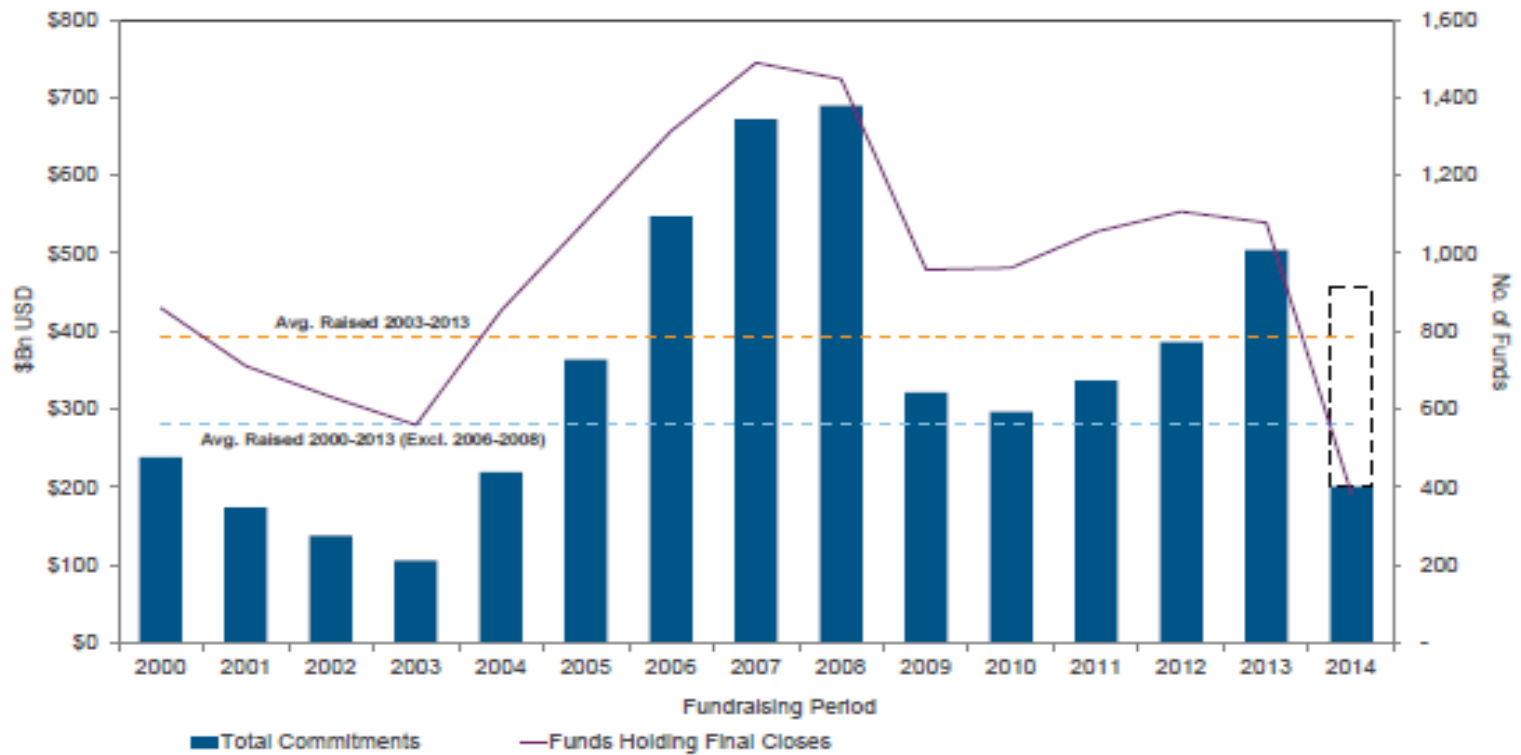
Source: Preqin (December 2013)

Investors want PE:

- 90% of investors believe PE has met or exceeded expectations (Preqin)
- 90% intend to maintain or increase PE exposure in short term
- 39% to increase exposure in the long term vs. 8% that plan to decrease

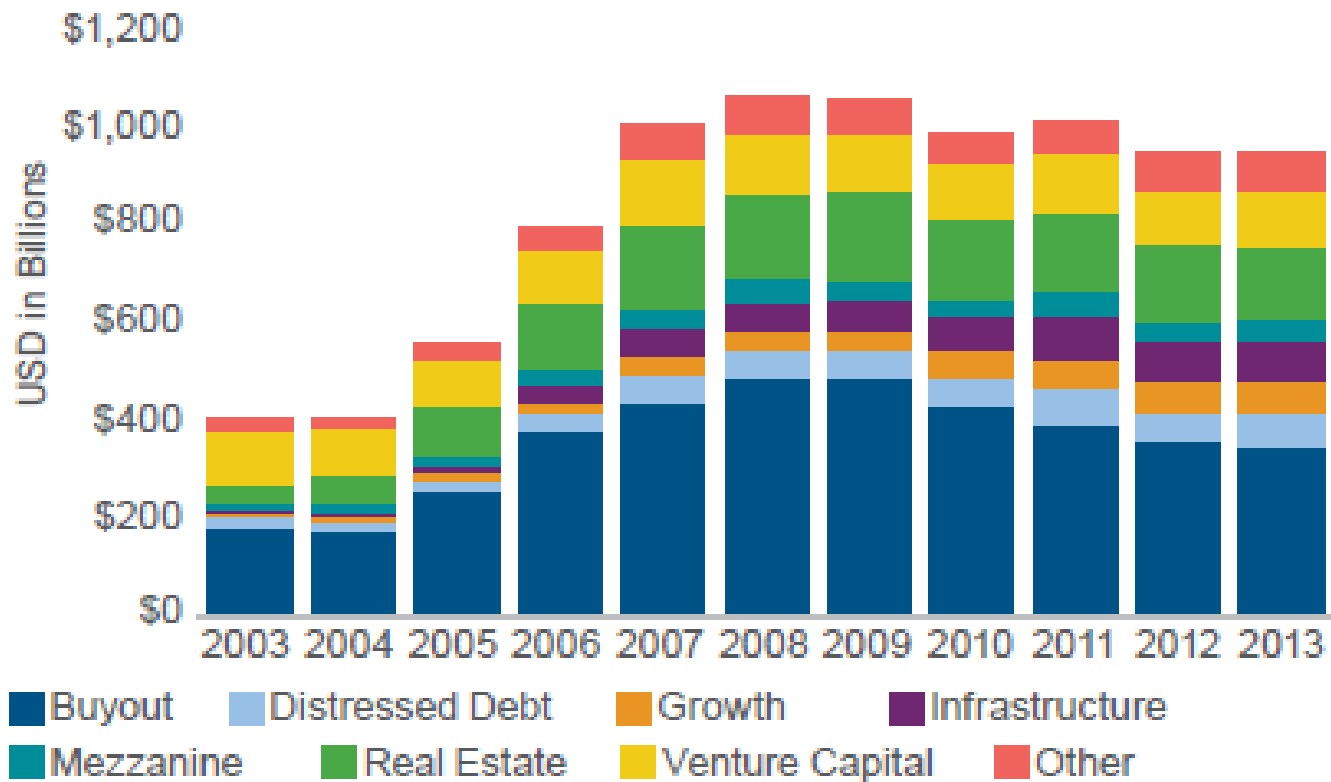
Investors commitments are back up to Elevated Levels

Global Private Equity Fundraising Final Closes and Total Fund Commitments



Source: Preqin (June 2014)

Chart 32: Private Equity Dry Powder By Fund Type



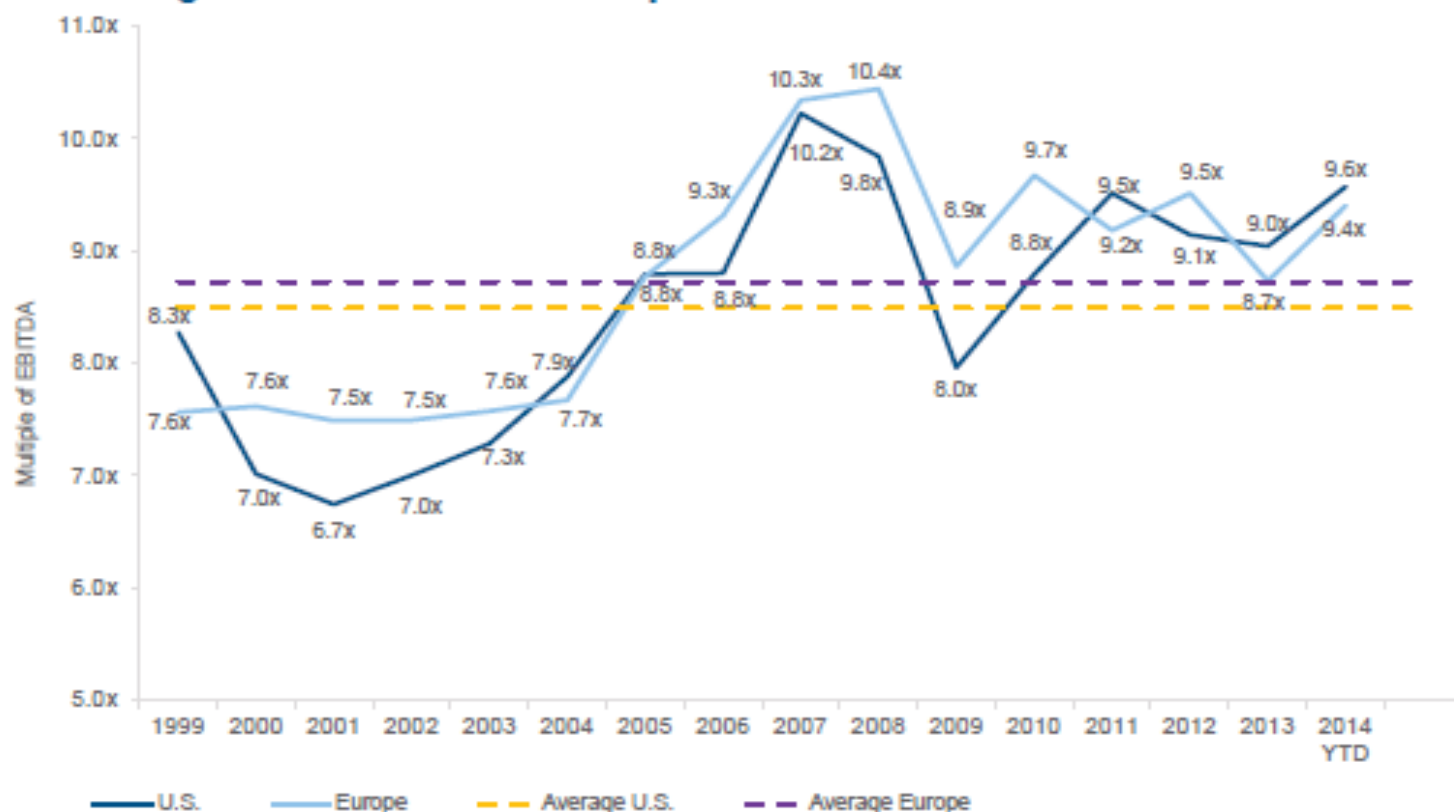
Source: Preqin (July 2013)

State of Private Equity Markets Today

GTCR

James Cantu - Principal

Average Purchase Price Multiples of LBOs



Source: S&P LCD as of May 2014; Price multiple inclusive of fees and expenses paid

U.S.: Size of \$500M or more

Europe: Size of €500M or more



Leveraged Finance Capital Markets Update

Edwin Roland

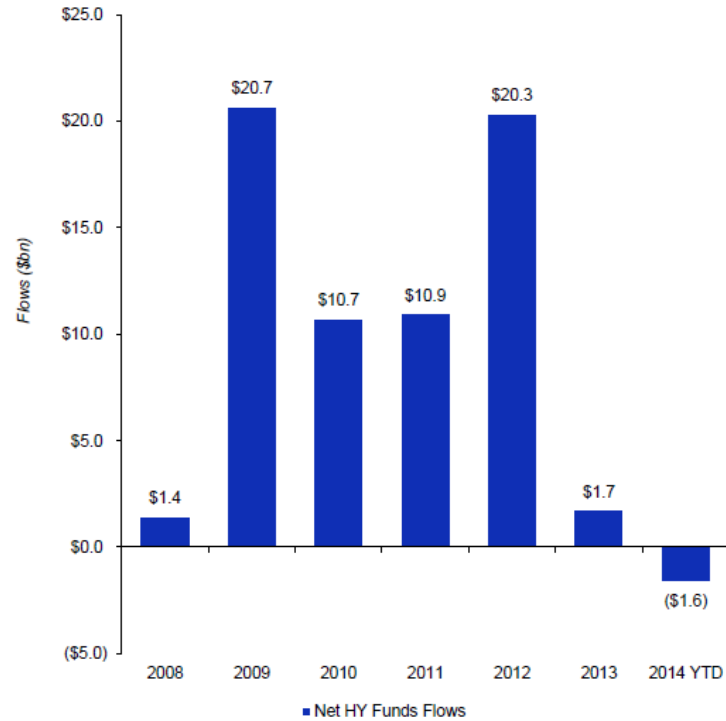
Managing Director

Mutual funds flows and CLO issuances

High yield bonds and leveraged loans

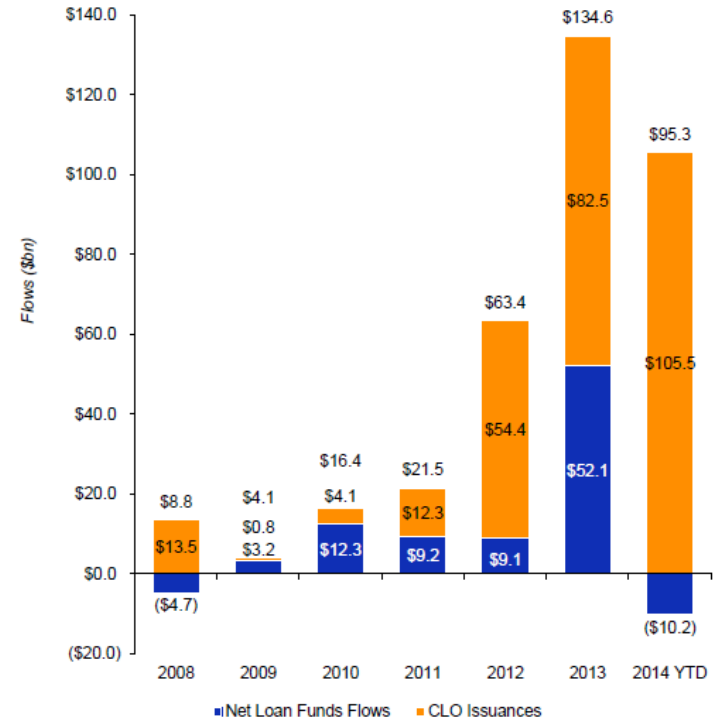


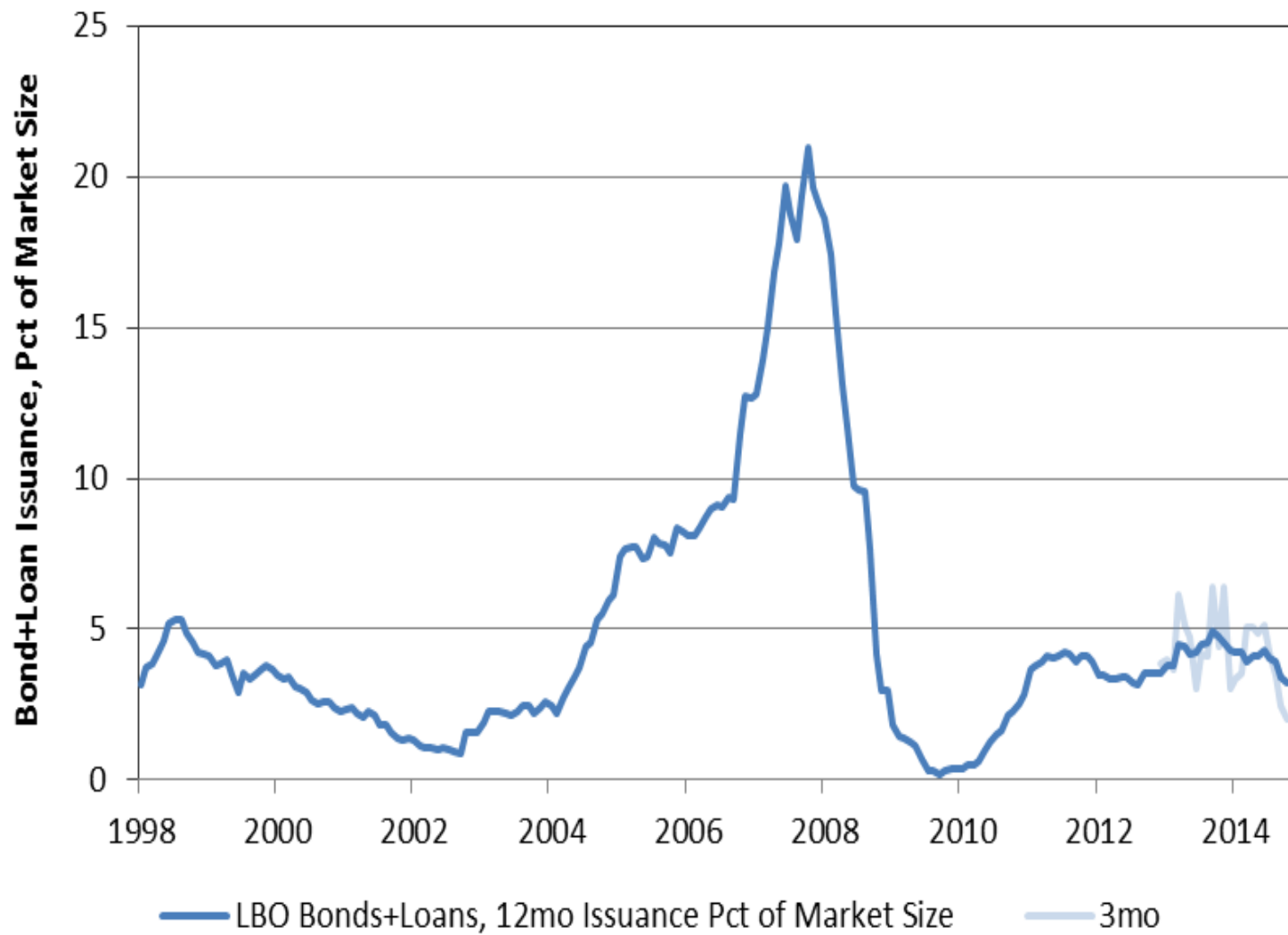
High Yield Funds Flows

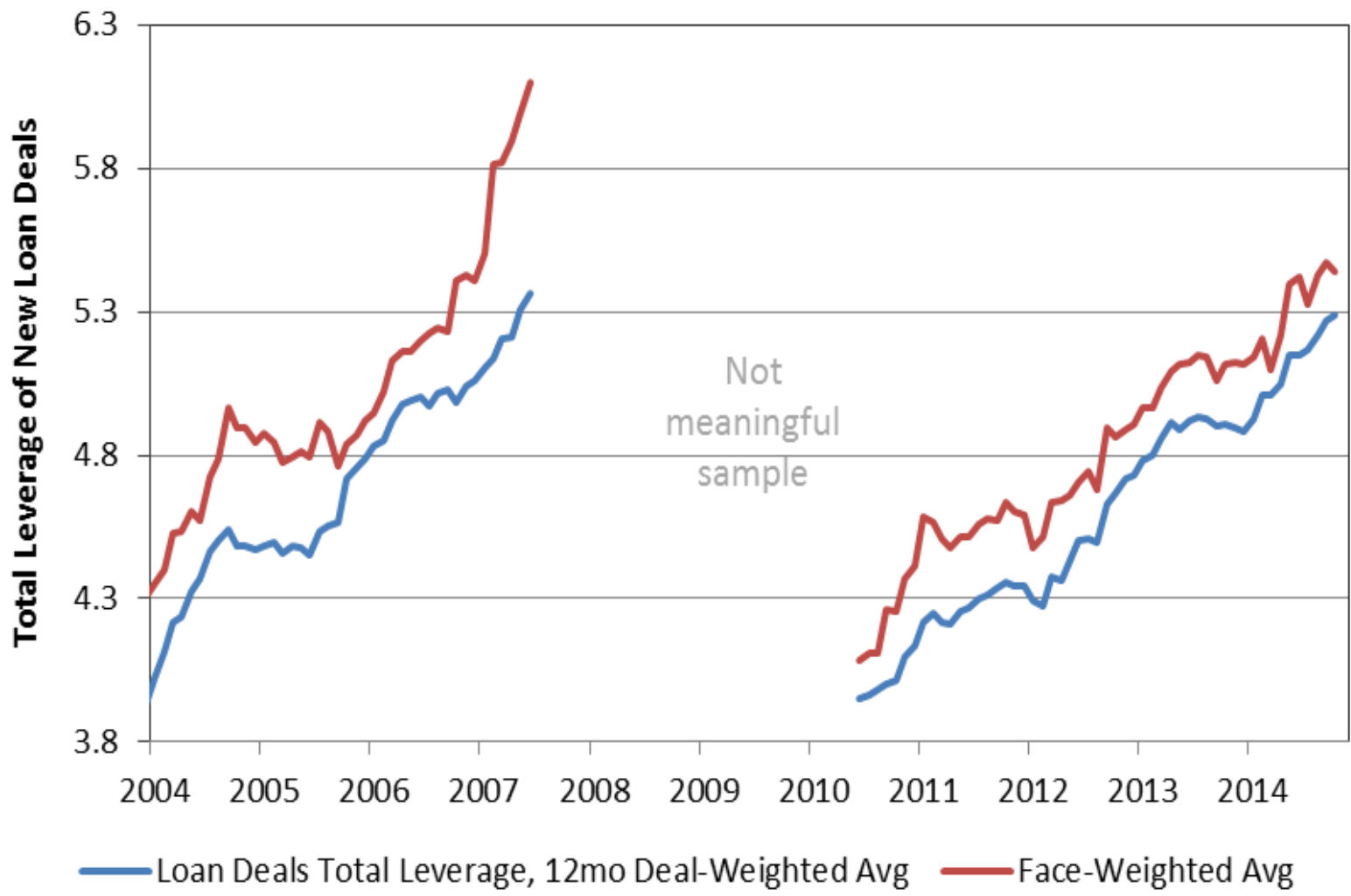


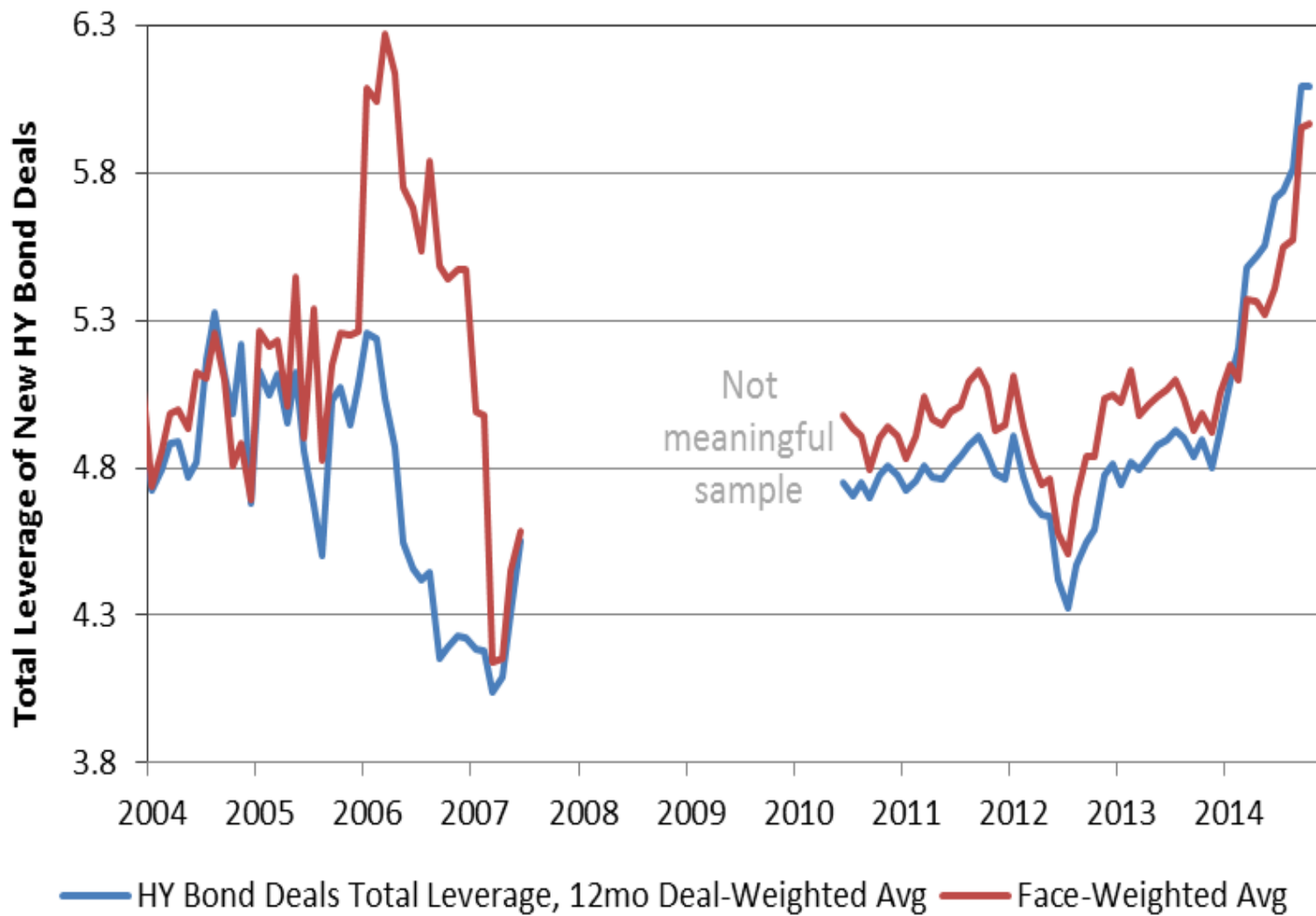
Source: LCD

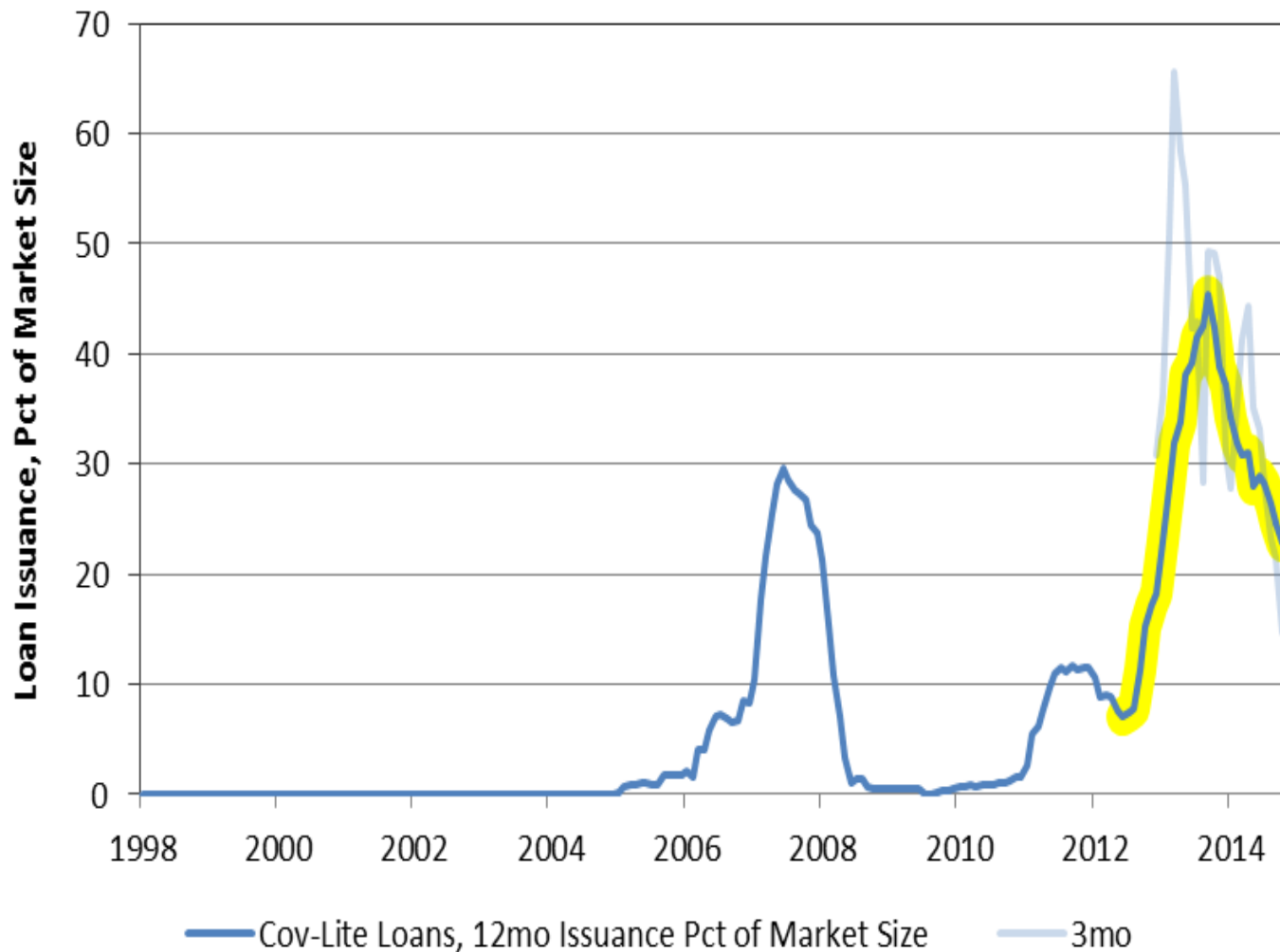
Loan Funds Flows and CLO Issuances



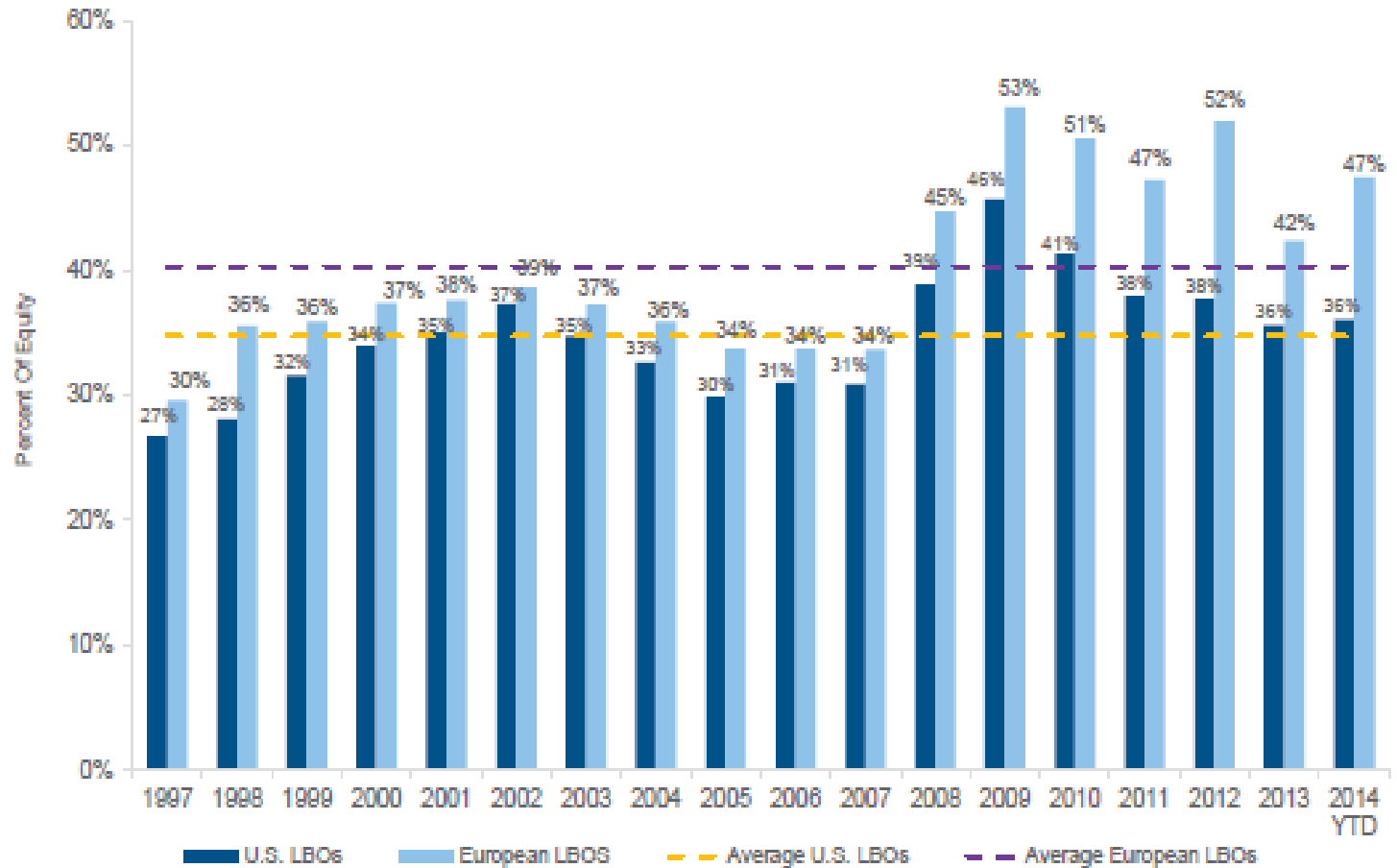








Average Equity Contribution to Europe and U.S. LBOs



Source: S&P LCD as of May 2014

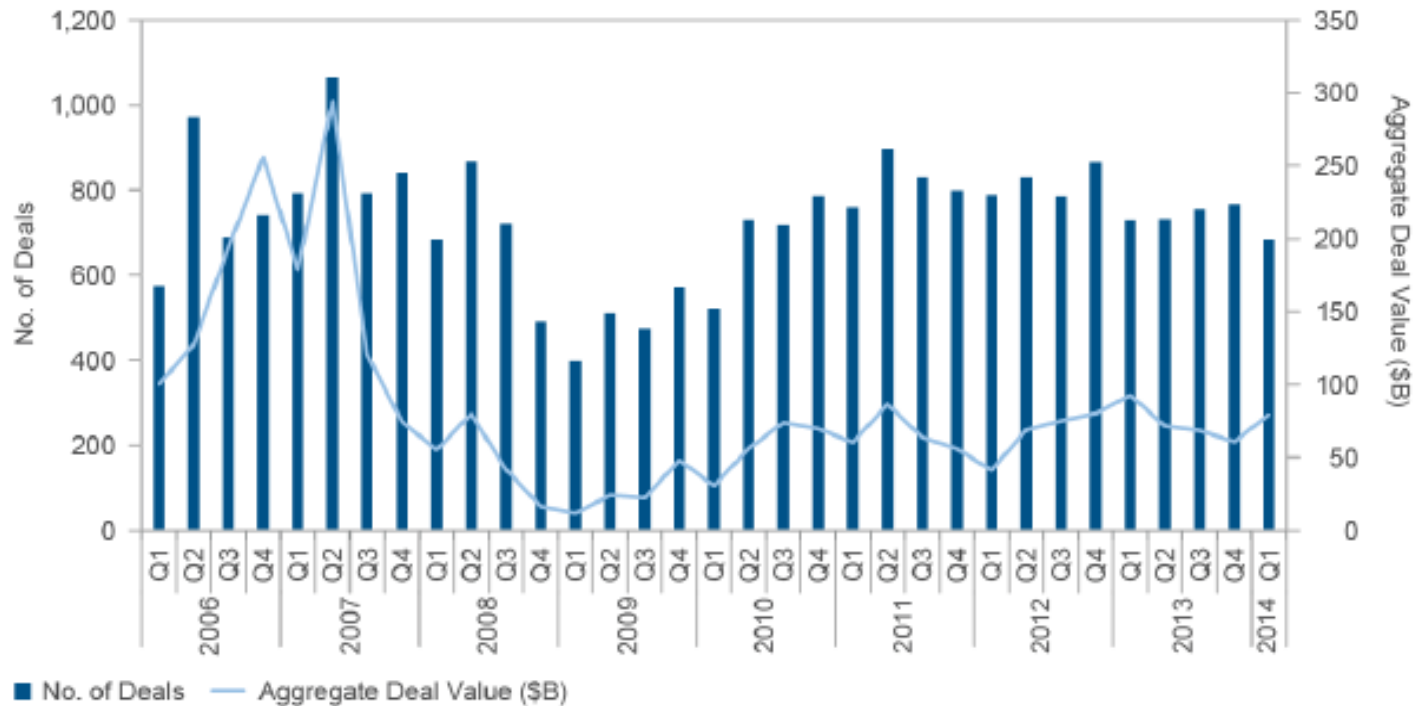
SUMMARY: State of the Private Equity Markets Today

- Investors keep making commitments to PE fundraising
- PE firms have Buyout Dry Powder
- Interest Rates are at all time lows
- HY & Leverage Loan markets are open for financing LBO's

of deals and size of deals are still well below 2006 – 2007 levels

Number and Aggregate Value of PE-Backed Buyout Deals Globally

Q1 2006-Q1 2014



Source: Preqin (April 2014)

10 largest company investments by EV YTD 2014 through June 30:

Portfolio Company	Investment Type	Deal Date	Deal Size (USD mn)	Investors	Location	Primary Industry
GlaxoSmithKline's Older Drugs	Buyout	5/29/2014	12,472	Advent International	UK	Pharmaceuticals
Morrisons	Public To Private	2/12/2014	11,502	Apax Partners	UK	Retail
Safeway, Inc.	Merger	3/6/2014	9,400	Albertsons LLC, Cerberus Capital Management, Kimco Realty Corporation, Klaff Realty LP, Lubert-Adler Partners, L.P, Schottenstein Real Estate Group	US	Retail
Telesat Holdings, Inc.	Buyout	2/12/2014	7,000	Apax Partners, CPP Investment Board, Ontario Teachers' Pension Plan	Canada	Communications
Holcim-Lafarge Units	Buyout	6/4/2014	6,800	Kohlberg Kravis Roberts	France	Materials
UniCredit Credit Management Bank	Buyout	4/10/2014	6,109	Fortress Investment Group, Prelios	Italy	Financial Services
Gates Global Inc.	Buyout	1/30/2014	5,500	Blackstone	US	Manufacturing
MultiPlan, Inc.	Buyout	2/17/2014	4,400	Partners Group, Starr Investment Holdings	US	Healthcare IT
Ortho-Clinical Diagnostics, Inc.	Buyout	1/16/2014	4,150	Carlyle Group	US	Medical Technologies
Advantage Sales and Marketing LLC	Buyout	6/16/2014	4,000	CVC Capital Partners, Leonard Green & Partners	US	Marketing

Source: Preqin

Index constituents with EV < \$15B is relatively small as a % of Index Many industries and issuers aren't suited to PE Investment

Index Holdings by Sector	EV
Sector	<\$15 B
Basic Materials	0.56%
Communications	0.20%
Consumer, Cyclical	0.67%
Consumer, Non-cyclical	1.02%
Energy	1.35%
Financial	0.03%
Industrial	1.11%
Technology	0.23%
Utilities	1.39%
Total	6.56%

(Domtar, Kinross Gold, Meadwestvaco)

(Interpublic Group, Juniper Networks, Verisign)

(Darden Rest, Toll Brothers, Wyndham Hotels)

(Delhaize, Quest Diagnostics, Safeway)

(El Paso Pipeline LP, Sunoco Logistics, Newfield Exp)

(Plum Creek, Rayonier)

(Owens Corning, Packaging Corp, Rockwell Collins)

(Pitney Bowes, Computer Sciences, Analog Devices)

(Scana Corp, PEPCO Hold, AGL Resources)