THE PULSE OF PRIVATE EQUITY

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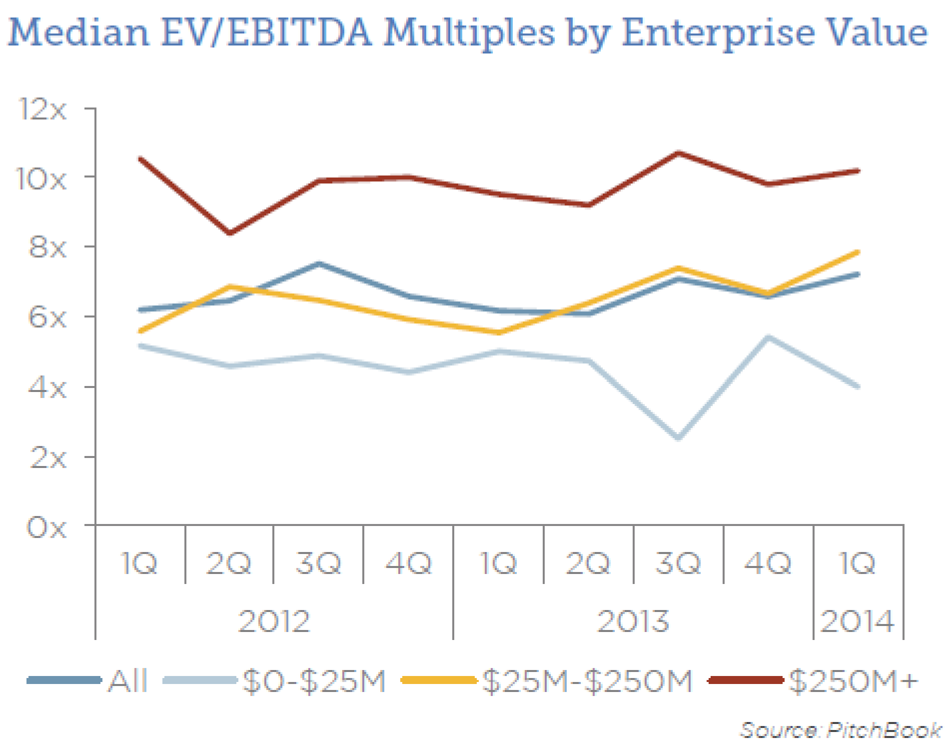

No Curve in the Path Anytime Soon

Once each quarter we pause to pull together survey and transaction data to try and understand where the private equity deal market is at in terms of pricing, multiples, leverage and fees. Based on the data, it looks like the market is headed along the same path that it has been for the last year. By that I mean elevated multiples driven by significant deal competition and the abundance of almost ever cheaper debt. The EV/EBTIDA multiple across all PE deals in the first quarter stood at 7.2x, however it is important to note that there is a big stratification of this based on company size as shown in this week’s chart. It is interesting to note that we are not seeing a similar stratification in terms of debt levels as the median debt level for deals under $25 million was a relatively high 56% (total debt / EV) and only 4% higher for deals over $250 million. We are also seeing for the third straight quarter a decrease in reliance on Non-senior debt as PEGs put more equity to use and are able to get more senior debt then they could previously.

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