



Statement by private equity houses operating in the UK Leading private equity firms support BVCA announcement on disclosure initiative

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Private Equity encompasses a range of investment activity including providing capital for start ups, funding the growth of established businesses and buyouts. The industry supports a wide range of sizes of company across most sectors and makes a significant contribution to the UK economy.

The benefits of a vibrant Private Equity industry are evidenced in several ways. The industry has contributed to the development of many world-class businesses in the UK and it makes an important contribution to the overall competitiveness and productivity of this country and of Europe. In addition the performance of Private Equity firms has delivered a healthy boost to UK pensions.

Research has also shown that Private Equity-backed companies:

- Create jobs at a faster rate than other private sector companies
- Boost the UK economy by growing sales more quickly than FTSE 100 and FTSE 250 companies
- Grow exports faster than the national average and increase investment substantially more than the national average

Private Equity has also played a part in making UK financial services the powerhouse that it is today. Over 5,000 people are employed by PE firms directly and the industry generates over £3.3 billion of revenue for professional services firms.

The Financial Services Authority which regulates the industry has recently concluded a thorough and comprehensive review of the industry and in its paper, published in November 2006, stated that “We believe that the private equity market is an increasingly important component of a dynamic and efficient capital market. Private equity offers a compelling business model with significant potential to enhance the efficiency of companies both in terms of their operation and their financial structure.”

The Private Equity industry is proud of its record of achievements. Over the last few years the size and scope of the industry has grown considerably and concerns have recently been expressed that the levels of disclosure in relation to the results of Private Equity-backed companies have not in all cases necessarily kept pace with this growth across a wider stakeholder base. We believe there would be real benefit to all stakeholders if a regime of more effective disclosure took hold. This is why the industry is committed to undertaking this review.

In order to address these concerns, the BVCA has announced the formation of an independent working party under the Chairmanship of Sir David Walker to draw up a voluntary code on a comply or explain basis to address the transparency of the industry and levels of disclosure.

We support this initiative and look forward to contributing to the process as it moves forward.

We believe that the outcome of this consultation process and the voluntary code resulting from it should address the current concerns regarding the industry.

Issued by: Apax, BC Partners, Barclays Private Equity Ltd., Blackstone, Bridgepoint, Candover, The Carlyle Group, Charterhouse, Cinven, CVC, Doughty Hanson, Exponent Private Equity, Hermes Private Equity, HgCapital, ISIS EP LLP, KKR, Legal & General Ventures Ltd., Lyceum Capital, Montagu Private Equity, Permira, Terra Firma Capital Partners Ltd., TPG, 3i