

Special Comment

Moody's Global Corporate Finance

January 2008

Private Equity: Tracking the Largest Sponsors

Summary Opinion

An examination of U.S. leveraged buyouts rated by Moody's Corporate Finance Group from 2002 to the present—a period of unprecedented deal-making—reveals that the nation's most prominent private-equity sponsors are far from a monolithic group when it comes to post-LBO financial management.

Significant differences in financial strategy among the private-equity firms we analyzed can be particularly important for debtholders in these transactions. By tracking a given private-equity firm's propensity for large dividends or acquisitions, for example, investors will be in a better position to gauge the potential for rating changes.

Equally important, insights into how top sponsors carry out their financial strategies can help shape initial rating decisions. During the past several years, as Moody's became more familiar with individual private-equity firms' financial management, rating committees were in a better position to assess the potential for additional dividends or acquisitions, for example, when weighing the merits of a given deal.

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Private Equity: Tracking the Largest Sponsors

Although the recent credit crisis has cooled the pace of new deals, private-equity transactions will likely remain a significant portion of the outstanding debt rated in the “B” category. We intend to continue to track these companies and other new transactions to further build our database of private-equity sponsored companies and their credit performance over time. By cataloging in our LBO database how individual firms carry out their financial policies, we can more systematically observe distinct patterns of behavior, thereby strengthening our ability to consider these firms’ post-LBO track records when initiating ratings on new deals.

Our objective is to further increase our understanding of credit-related differences and to incorporate these differences into future rating decisions.

This special comment and the accompanying statistical analysis represent the latest in our ongoing effort to give the market more transparency into our approach to rating sponsored transactions (please see page 13 for a list of links to additional publications). In the special comment titled “Rating Private Equity Transactions” (July 2007), for example, Moody’s noted several deals where private-equity-sponsored companies issued dividends shortly after completing an LBO, even after highlighting their commitment to reduce debt. By undertaking a more thorough analysis of private-equity transactions, Moody’s has been able to confirm what we observed anecdotally and can provide statistical data detailing private-equity firms’ actual behavior.

Private-equity strategies and rating implications

Flush with cash, private-equity firms over the past few years have been a dominant force in the M&A market, grabbing headlines with record-setting deals valued in the tens of billions of dollars. In so doing, they have increased the leverage of target companies to unprecedented levels, ultimately contributing to the sharp rise in the number of “B”-rated companies.

Enabled by a lax credit market, abundant liquidity and an apparent halo effect over the nation’s preeminent leveraged-buyout firms, major private-equity investors often seized the earliest opportunity to extract value from their LBOs through increased leverage.

With the same market forces behind the LBO explosion driving unprecedented investor appetite for debt, the largest private-equity sponsors found willing market partners to increase leverage. Not only were these deals more highly leveraged to begin with, it was also not uncommon to see private-equity firms adding more debt before completing the initial transaction, refinancing their transactions, or issuing “HoldCo” debt to fund significant dividends within a year or two of the initial transaction. As a consequence, there were a large number of rating downgrades in private-equity sponsored deals during this time frame.

Drilling down into the data reveals that private-equity firms apparently vary in their approach to dividends to a significant degree. For example, TH Lee and Apollo took dividends in over a third of their deals within the first year of taking a company private. At the other end of the spectrum, Goldman Sachs and Warburg Pincus were among the most conservative firms: They each took dividends in only one case within the first year of taking a company private.

To develop the data cited in this special comment, Moody’s examined 220 transactions that were rated by the Corporate Finance Group from 2002 through the end of the third quarter of 2007—a large portion of the private-equity deals over this time frame. In our opinion, deals rated for less than one year did not have enough time to establish a track record before the 2007 credit crisis and should not be included in the statistical conclusions. Therefore, the number of seasoned deals rated during the 2002 to 2007 time frame is 176, versus the total number of companies, 220. (Seasoned deals are ones rated for more than a year leading up to September 30, 2006.)

The data on rating changes specifically exclude deals in which a rating reversal took place within 18 to 24 months of the initial rating. Companies in this universe were most often downgraded when they issued a large dividend after the initial transaction and were then later upgraded after they completed an initial public offering of stock where proceeds were used to repay debt.

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Potential for increased leverage was taken into account

Moody's downgraded 58 companies after they went private, nearly triple the 20 companies we upgraded. However, the potential for increased leverage in the future—based on a particular firm's track record—was often part of the initial rating discussion.

This was particularly true in the 2005-2007 time frame, after Moody's had become familiar with sponsors' behavior in past transactions. Although we judged each deal on its own merits, the possibility of future dividends became a more important issue when the company was deemed weakly placed in a rating category based on its operating fundamentals and initial balance sheet.

As a result, the rating assigned at the initial transaction in some cases already reflected the potential for increased leverage, thereby depressing the total number of downgrades over this period. In the majority of cases when dividends were taken (63%), the rating remained unchanged. In several transactions, like the leveraged buyout of former Suez SA unit Nalco Co., we stated in the initial press release that we were concerned over the potential the company would take on additional debt. When Nalco financed a dividend four months later, we affirmed the company's ratings.

Although dividends were a factor in a large number of downgrades, the largest percentage of downgrades were based on weaker-than-expected financial performance. Just over half the downgrades were driven by worse-than-expected financial performance, while less than 40% of the total downgrades were attributable to dividend payouts after an initial transaction. Acquisitions accounted for the remaining downgrades.

Upgrades were most often tied to IPOs, where proceeds were used to reduce debt (12 deals). As stated above, we excluded rating reversals within a 24-month time frame from this analysis.

TH Lee and Bain each had 10 deals downgraded, the largest absolute number of downgrades, representing 63% and 40% of their deals, respectively. Apollo, Blackstone and Warburg also had roughly 40% of their deals downgraded. J.P. Morgan had 46% of its deals downgraded. Only one Kolberg Kravis Roberts-sponsored deal and one Cerberus-sponsored deal was downgraded. KKR was the only firm to have more upgrades than downgrades.

Additionally, only a small number of companies were rated above B1 prior to undertaking an IPO or divesting themselves of assets to deleverage, and only 12 companies were able to maintain a rating of Ba3 or higher over this time frame. Two companies surprisingly maintained investment-grade ratings, because of the nature of their business and limited leverage: International Transmission Company (an electricity-transmission company), owned by KKR; and Magellan Midstream Partners (a petroleum-products distributor), owned by Carlyle and Madison Dearborn.

Aggressive Actions Vary From Firm to Firm

Dividends

Large private-equity sponsors took dividends in over 45% of the deals rated before September 2006, as seen in the table on page seven, with nearly 30% taking dividends large enough to remove all or nearly all of the equity that contributed to the initial transaction. In 10% of the deals, private-equity sponsors took a large dividend within the first year of the initial rating. A large dividend is defined as one that is equal to, or greater than, 80% of the equity contributed to the initial transaction.

When it comes to post-deal strategies, some firms were much more aggressive in extracting dividends from their companies. Six firms were particularly aggressive, taking dividends in 50% or more of the deals: Welsh Carson, Cerberus, Providence Equity Partners, Carlyle, Madison Dearborn and TH Lee. Other firms, like KKR, Goldman Sachs and Bain, took dividends in only one-third of their deals, as outlined in the table.

In 50 deals, dividends erased 80% or more of the cash equity used to finance the initial transaction. The private-equity firms that did this most often were Cerberus (57%), Blackstone (40%) and TH Lee (38%).

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Conversely, some firms are notable for their lack of large dividend recaptures: Both Providence and KKR undertook this strategy in only about 10% of their transactions.

Dividends Taken in Less Than One Year

Private-equity firms took dividends within the first year in 35 cases (20%). Of that number, 18 extracted most of the equity contributed to fund the initial transaction. Once again, the most aggressive firms were TH Lee, Apollo, Madison Dearborn and Welsh Carson. At the other end of the spectrum, Goldman, Warburg and TPG (formerly Texas Pacific Group) were more conservative; they took dividends within the first year in 10% or less of their deals.

Acquisitions

Roughly 40% of the private-equity transactions analyzed in the 2002-2006 time frame pursued transactions that required additional financing or a refinancing of the existing credit facility.

One of the ways that private-equity firms quickly add value to their portfolio companies is by identifying synergistic acquisitions or mergers that would increase their equity value. However, the aggressive pursuit of follow-on acquisitions usually prevents deleveraging and often causes credit metrics to weaken.

In terms of significant post-LBO deal-making, Madison Dearborn (83% of deals), Welsh Carson (54%), and TH Lee (44%) and Goldman Sachs (42%) were the most aggressive. Carlyle (22%) and Kohlberg, Kravis Roberts (21%) were among the least aggressive companies.

In deals where private-equity sponsors had a minority interest—so called partial-equity transactions—they tended to pursue acquisitions more aggressively than when they held the majority of equity. Because minority-share owners have a limited ability to enforce cost reductions, they often push for acquisitions as a way to achieve higher growth and a higher return on their investment. While data on these types of transactions are limited (15 transactions within this study), we believe that the number of partial-equity deals will increase because of the tighter credit environment.

Initial Public Offerings

Private-equity firms also found a willing market to monetize leveraged-buyout holdings through the public equity markets. Roughly 20% of the deals resulted in initial public offerings or were flipped (that is, sold to another private-equity firm or a strategic buyer) within the first three years of the initial rating, as shown in the last column of the table on page seven.

With tighter credit markets and a likely decline in M&A valuation multiples, financial sponsors are less likely to find as many opportunities to raise money through IPOs or to flip their companies over the next couple of years. As a result, we expect to see investors holding the debt of private-equity-sponsored transactions for longer periods; hence their credit risk has increased. The increase in spreads for "B"-rated notes and the discount to par for many leveraged loans reflect increasing investor concern.

In general, Moody's expects the tighter credit environment will reduce valuation multiples on companies that undergo IPOs or are flipped over the next couple of years, and will increase the number of transactions involving strategic buyers. Companies that are unable to offer stock to the public or to sell themselves to strategic buyers will face a more difficult operating and credit environment. Hence, Moody's believes that default rates will begin to rise toward historical averages.

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Default data: Private-equity defaults lag behind high-yield

Of the companies in our study, we found that only two, or 1.1%, defaulted between 2002 and 2007, compared with a 3.4% high-yield default rate over the same period.¹ This could indicate that large private-equity firms do a better job of managing their portfolio companies than similarly rated issuers that do not have private-equity sponsors or companies sponsored by smaller private-equity firms. However, the litmus test for these firms will take place over the next several years, when they will be operating in a more restrictive credit environment.

Despite the low default rate on companies sponsored by large private-equity firms over the 2002-2007 period, Moody's recognizes that these companies are highly leveraged and their increasing numbers correlate with the rise in the number of companies in the "B2" or "B3" corporate family rating (CFR) categories.

Given their elevated leverage, these companies could come under much greater financial stress over the next several years in a more restrictive credit environment. Hence, Moody's expects the default rate for these companies to increase along with all other companies rated in the "B" category. What's unknown is whether these large private-equity firms will use their capital to provide additional funding for their distressed companies to prevent them from defaulting.

We should note that seven companies owned by these large private-equity firms currently have a CFR of "Caa1" or lower. Hence, the risk of default could increase significantly over the next 12 to 24 months, unless the sponsors provide support.

¹ Based on Moody's cumulative issuer-weighted default rates by annual cohort, published in "Corporate Default and Recovery Rates, 1920-2006" (July 2006)

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INSIDE THE DATA

The table on the next page summarizes the data by private-equity firm, detailing the number of deals, the value of each deal, rating changes, dividends, follow-on acquisitions, and sales and IPOs.

Deals and Deal Size

These columns indicate the number of deals sponsored by each private-equity firm. The deal size refers to the initial transaction for each of the rated deals. It specifically excludes financial and real-estate transactions as well as other transactions that were financed with structured debt (i.e., whole business securitizations).

Club Deals

A sizable number of the companies examined, 81, have more than one private-equity sponsor. In the table on the following page, when two or more of the largest private-equity firms sponsored a company, the deal is counted more than once. Totals for each category, however, count each club deal once.

Deals Rated for More Than One Year

This column breaks out deals rated for more than one year, which we have used in calculating average metrics. In Moody's opinion, deals rated for less than one year did not have enough time to establish a track record before the 2007 credit crisis and should not be included in the statistical conclusions. Therefore, the number of seasoned deals rated during the 2002 to 2007 time frame is 176, versus the total number of companies, 220 (seasoned deals are ones rated for more than a year leading up to September 30, 2006). The data in this column also show that the top five firms participated in roughly half of the overall number of deals.

Rating Changes

These four columns indicate the number of companies that were downgraded or upgraded relative to the initial rating assigned to the transaction. Most of the downgrades were driven by poor performance or the issuance of dividends. Most upgrades followed an IPO, when proceeds were used to repay debt. Rating changes specifically exclude deals in which a rating reversal took place within 18 to 24 months.

Dividends

These six columns show the number of deals where sponsors took dividends large enough to require funding with a new debt issue, typically a "HoldCo" note or preferred stock. The first column tracks the total number of deals that took dividends; the third column tracks the number of companies that took dividends within the first year; and the fifth column tracks the number of deals where dividends extracted most of the initial equity—more than 80%—put into the deal. The percentages indicate the number of dividend deals relative to the number of seasoned deals.

Acquisitions

The first column refers to the number of acquisitions undertaken by each firm that were large enough to require the issuance of additional debt or a refinancing of the company's credit facility. These acquisitions took place after the initial deal financing was completed. The percentages show the number of deals that underwent large acquisitions relative to the number of seasoned deals.

Sale or IPO Within Three Years

The first column identifies the number of deals that were sold or underwent IPOs within three years of the initial rating. The percentages in the second column indicate the number of deals that were resold or underwent IPOs relative to the number of seasoned deals.

List of Transactions

The table that starts on page eight lists the transactions that were used to generate this data.

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Summary of Data

| Sponsors | Number of Deals | Club Deals | Value of Deals | Rated for >1 year | Rating Changes | | | | Dividends | | | | | | Acquisitions | | Sale or IPO within 3 yrs | |
|---------------------|-----------------|------------|----------------|-------------------|----------------|-----|------------|-----|-----------|-----|---------|-----|-------|-----|--------------|-----|--------------------------|-----|
| | | | | | Upgrades | % | Downgrades | % | Deals | % | <1 year | % | Large | % | Deals | % | Deals | % |
| | A | B | C | D | E | E/D | F | F/D | G | G/D | H | H/D | I | I/D | J | J/D | K | K/D |
| Carlyle | 41 | 13 | \$73.7 | 32 | 1 | 3% | 8 | 25% | 16 | 50% | 5 | 16% | 10 | 31% | 7 | 22% | 7 | 22% |
| Apollo | 29 | 8 | 62.4 | 22 | 3 | 14% | 9 | 41% | 10 | 45% | 8 | 36% | 7 | 32% | 7 | 32% | 7 | 32% |
| Bain | 29 | 18 | 116.7 | 25 | 6 | 24% | 10 | 40% | 9 | 36% | 3 | 12% | 6 | 24% | 6 | 24% | 5 | 20% |
| KKR | 25 | 14 | 165.7 | 19 | 3 | 16% | 1 | 5% | 6 | 32% | 3 | 16% | 2 | 11% | 4 | 21% | 5 | 26% |
| Blackstone | 23 | 14 | 82.1 | 15 | 1 | 7% | 6 | 40% | 7 | 47% | 4 | 27% | 6 | 40% | 5 | 33% | 4 | 27% |
| Thomas H Lee | 21 | 13 | 79.6 | 16 | 4 | 25% | 10 | 63% | 8 | 50% | 6 | 38% | 6 | 38% | 7 | 44% | 4 | 25% |
| Goldman Sachs | 19 | 12 | 90.0 | 12 | 1 | 8% | 4 | 33% | 4 | 33% | 1 | 8% | 3 | 25% | 5 | 42% | 2 | 17% |
| Texas Pacific Group | 18 | 13 | 131.8 | 10 | 1 | 10% | 2 | 20% | 4 | 40% | 1 | 10% | 3 | 30% | 3 | 30% | 4 | 40% |
| Welsh Carson | 15 | 7 | 16.8 | 13 | 1 | 8% | 5 | 38% | 8 | 62% | 4 | 31% | 4 | 31% | 7 | 54% | 2 | 15% |
| Madison Dearborn | 14 | 8 | 31.0 | 12 | 2 | 17% | 3 | 25% | 6 | 50% | 4 | 33% | 2 | 17% | 10 | 83% | 4 | 33% |
| JP Morgan | 14 | 7 | 18.3 | 13 | 1 | 8% | 6 | 46% | 6 | 46% | 2 | 15% | 4 | 31% | 4 | 31% | 4 | 31% |
| Warburg Pincus | 14 | 6 | 25.1 | 13 | 1 | 8% | 5 | 38% | 6 | 46% | 1 | 8% | 2 | 15% | 3 | 23% | 5 | 38% |
| Providence Equity | 13 | 10 | 40.3 | 11 | 2 | 18% | 3 | 27% | 6 | 55% | 3 | 27% | 1 | 9% | 4 | 36% | 3 | 27% |
| Cerberus | 9 | 2 | 29.6 | 7 | 1 | 14% | 1 | 14% | 4 | 57% | 1 | 14% | 4 | 57% | 2 | 29% | 0 | 0% |
| Sub TOTAL | 284 | 145 | \$963.3 | 220 | 28 | | 73 | | 100 | | 46 | | 60 | | 74 | | 56 | |
| Adj. for Club Deals | (64) | (64) | (412.8) | (44) | (8) | | (15) | | (19) | | (11) | | (10) | | (6) | | (17) | |
| Total | 220 | 81 | \$550.5 | 176 | 20 | 11% | 58 | 33% | 81 | 46% | 35 | 20% | 50 | 28% | 68 | 39% | 39 | 22% |

NOTES:

A: Total number of rated deals financed from January 2002 to September 2007

B: Deals that involved more than one equity sponsor

C: Billions of US dollars; based on value of initial buyout transaction or initial rated transaction

D: Deals that have been rated for more than one year (financed through September 2006)

E: Deals that have been upgraded after the initial transaction was rated

F: Deals that have been downgraded after the initial transaction was rated

G: Deals that have taken dividends (i.e., required a separate financing to fund) subsequent to the initial rating

H: Deals that have taken a dividend (i.e., required a separate financing to fund) within one year of the initial rating

I: Deals that have taken a large dividend, or dividends, that removed 80% or more of the equity from the initial transaction

J: Number of deals that have undertaken acquisitions that required a separate financing from the initial transaction or triggered a rating change

K: Deals that have been resold or underwent IPOs within three years of the initial rating

Private Equity Tracking the Largest Sponsors

List of Private-Equity Deals Since January 2002

| | Company Name | Sponsors | | Company Name | Sponsors |
|-----|--|--|-----|---|--|
| 1. | Accellent [aka UTI Corp] | Bain Capital, Kohlberg Kravis Roberts | 26. | Boise Cascade Holdings LLC | Madison Dearborn, OfficeMax |
| 2. | Accuride Corp | Kohlberg Kravis Roberts | 27. | BPL Acquisition (now called Mainline L.P.) | Carlyle/Riverstone Global Energy & Power |
| 3. | ACS Media LLC/CBD Media Holdings LLC | Welsh Carson Anderson & Stowe | 28. | Brand Services Inc | JP Morgan |
| 4. | ADESA Inc | Goldman Sachs, Kelso & Co, Parthenon Capital, ValueAct Capital | 29. | Bresnan Communications | Providence Equity Partners, Quadrangle Associates |
| 5. | Affiliated Computer Services Inc | Cerberus Capital | 30. | Broder Brothers | Bain |
| 6. | Affinia Group | Cypress Group LLC, Apollo | 31. | Burger King Corp | TPG, Bain Capital, Goldman Sachs |
| 7. | Affinion Group | Apollo | 32. | Burlington Coat Factory Warehouse Corp | Bain Capital |
| 8. | AGA Medical | Welsh Carson Anderson & Stowe | 33. | Caribe Media, (Caribe Information Investment) | Welsh Carson Anderson & Stowe |
| 9. | AGY Holding Corp | Kohlberg Kravis Roberts | 34. | CCS Medical | Warburg Pincus |
| 10. | Aleris International Inc | Texas Pacific Group | 35. | Cebridge Connections | Goldman Sachs, Oaktree Capital |
| 11. | Alliance Imaging Inc | Kohlberg Kravis Roberts | 36. | Celanese Corp | Blackstone |
| 12. | Alliance Laundry Systems LLC | Bain Capital | 37. | Centennial Communications Corp | Blackstone, Welsh Carson Anderson & Stowe |
| 13. | Allied Waste Industries Inc | Apollo, Blackstone | 38. | Ceridian Corp. | Thomas H Lee, Fidelity National Financial |
| 14. | AmeriPath | Welsh Carson Anderson & Stowe | 39. | Cinemark USA Inc | Madison Dearborn Partners |
| 15. | Amscan Holdings Inc | Goldman Sachs | 40. | Claire's Stores | Apollo |
| 16. | Aramark Corp | Goldman Sachs, JP Morgan, Thomas H Lee, Warburg Pincus | 41. | Clear Channel Communications | Bain, TH Lee |
| 17. | Ardent Health Services Inc | BancAmerica, FCC Partners, Welsh Carson | 42. | CMP KC, LLC | Bain Capital, Blackstone, Thomas H Lee |
| 18. | Astoria Generating | Madison Dearborn Partners, US Power Generating Co | 43. | CMP Susquehanna Corp | Bain Capital, Blackstone, Thomas H Lee |
| 19. | Autocam Corp | Goldman Sachs | 44. | Coffeyville Resources LLC | Goldman Sachs, Kelso & Co |
| 20. | Avago Technologies Finance Pte Ltd | Kohlberg Kravis Roberts, Silver Lake Partners | 45. | Coletto Creek Wle LP | Carlyle/Riverstone Global Energy & Power, Sempra Energy Partners |
| 21. | AxleTech International | Carlyle Group | 46. | Compass Minerals Group | Apollo |
| 22. | Berry Plastics Corp | Goldman Sachs, JP Morgan | 47. | Concentra Operating Corp | Welsh Carson Anderson & Stowe |
| 23. | Berry Plastics Corp (Covalence Specialty Materials) | Apollo, Graham Partners | 48. | Consolidated Communications | Providence Equity Partners, Spectrum Equity Investors |
| 24. | Biomet Inc | Blackstone, Goldman Sachs, KKR, TPG | 49. | CRC Health Corp | Bain Capital |
| 25. | Bluegrass Container Co, Altiivity (Graphics Packaging) | Texas Pacific Group Inc | 50. | Dex Media LLC | Carlyle Group, Welsh Carson Anderson & Stowe |

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List of Private-Equity Deals Since January 2002 (Continued)

| | Company Name | Sponsors | | Company Name | Sponsors |
|-----|--------------------------------------|---|------|--|--|
| 51. | Doane Pet Care Enterprises | JPMorgan, Bruckman, Rosser, Sherrill & Co., CapStreet Group | 76. | Harrah's Entertainment Inc | Apollo Management LP, Texas Pacific Group Inc |
| 52. | Domino's Pizza Inc | Bain Capital | 77. | Hawaiian Telcom | Carlyle Group |
| 53. | Dr Pepper/Seven-Up Bottling Group | Carlyle Group | 78. | Hawker Beechcraft Acquisition Company, LLC | GS Capital Partners and Onex Partners |
| 54. | Dunkin Brands | Bain Capital, Carlyle Group, Thomas H Lee | 79. | HCA Inc. | Bain Capital, KKR, Merrill Lynch |
| 55. | Duratek Corp | Carlyle Group | 80. | Hertz Corp. | Carlyle Group, Clayton Dubilier & Rice Inc, Merrill Lynch |
| 56. | Eagle Family Foods | GE Investment, Warburg Pincus | 81. | Hexion Specialty Chemicals | Apollo |
| 57. | Educate Operating Co LLC | Apollo | 82. | Hines Horticulture, Inc, (now Hines Nurseries Inc) | Madison Dearborn |
| 58. | Education Management Corp. | Goldman Sachs, Leeds, Providence | 83. | Horizon Lines | Carlyle Group |
| 59. | EPD, Inc. | Carlyle Group | 84. | Houghton Mifflin Co | Bain Capital Partners LLC, Blackstone Group LP, Thomas H Lee Trust |
| 60. | Eschelon Operating Co | Bain Capital, Wind Point Partners | 85. | Hughes Network System LLC | Apollo Advisors LP |
| 61. | Euramax International Plc | Goldman Sachs | 86. | IAP Worldwide Services | Cerberus Partners |
| 62. | FairPoint Communications Inc | Thomas H Lee, Kelso & Co | 87. | iasis Healthcare Corp | Texas Pacific Group Inc |
| 63. | First Data Corp | Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, KKR | 88. | ICON Health & Fitness | Bain Capital |
| 64. | Fisher Scientific International | Thomas H Lee | 89. | Innophos Holdings Inc | Bain Capital |
| 65. | Formica Corp | Cerberus, Oaktree Capital | 90. | Insight Communications Inc | Carlyle Group |
| 66. | Freescall Semiconductor Inc | Blackstone, Carlyle Group, Permira Funds, TPG | 91. | INTELSAT Global Service Corp | Apax Partners, Apollo, Madison Dearborn, Permira Advisors |
| 67. | General Nutrition | Apollo | 92. | Intergraph Corp | TPG, Hellman & Friedman LLC, JMI Equity |
| 68. | Genoa Healthcare Group Inc | Warburg Pincus | 93. | Interline Brands | JP Morgan |
| 69. | Goodman Global Holdings Inc | Apollo | 94. | International Transmission Co | Kohlberg Kravis Roberts |
| 70. | Graham Packaging | Blackstone | 95. | IPC Acquisition Corp (IPC Information Systems) | Goldman Sachs |
| 71. | Grand Vehicle Works Holdings | Carlyle Group | 96. | ITC Holdings Co Inc (Int'l Transmission Company) | KKR, Trimaran Capital |
| 72. | Great Lakes Dredge & Dock | Madison Dearborn | 97. | J Crew | TPG |
| 73. | GTM Holdings Inc | Blackstone | 98. | Jacuzzi Brands [Ex- US Industries Inc] | Apollo |
| 74. | Hanley-Wood LLC | JP Morgan, Wasserstein & Co | 99. | Jarden Corp (aka Alltrista Corp) | Warburg Pincus, Catterton Partners, |
| 75. | Harman International Industries Inc. | KKR, Goldman Sachs | 100. | John Maneely Co | Carlyle Group |

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List of Private-Equity Deals Since January 2002 (Continued)

| | Company Name | Sponsors | | Company Name | Sponsors |
|------|--|--|------|---|---|
| 101. | Kerasotes Showplace Theatres LLC | Providence Equity Partners | 126. | New Albertson's Inc | Cerberus, Kimco, Lubert-Adler |
| 102. | Key Automotive Group | Carlyle Group | 127. | NewPage Corp, Escanaba Timber LLC | Cerberus Capital Management |
| 103. | Keystone Automotive Industries Inc | Bain Capital Partners LLC | 128. | Nortek Inc | Kelso & Co, Thomas H Lee Partners |
| 104. | KinderCare Learning Centers | Kohlberg Kravis Roberts & Co | 129. | Nuance Communications Inc | Warburg Pincus Equity Partners |
| 105. | Knoll Inc | Warburg Pincus Ventures LP | 130. | Nutro Products | Bain Capital Partners LLC |
| 106. | La Petite Academy | JP Morgan (Chase CP) | 131. | NuVox Communications Inc | Kohlberg Kravis Roberts & Co |
| 107. | Language Line LLC | Providence Equity Partners | 132. | Oceania Cruises Inc. | Apollo Management LP |
| 108. | LifeCare Holdings | Carlyle Group | 133. | Open Solutions Inc | Carlyle Group, Providence Equity Partners |
| 109. | Linens 'n Things Inc | Apollo, NRDC Real Estate | 134. | Oriental Trading Co | Carlyle Group |
| 110. | Loews (Marquee Holdings, After Merger) | Bain Capital, Carlyle Group, Spectrum Equity | 135. | OSI Restaurant Partners Inc. | Bain Capital Partners LLC, Catterton Partners |
| 111. | Madison River Communications | Goldman Sachs, Madison Dearborn, Providence Equity | 136. | Owens-Brockway Glass Container | KKR & Co |
| 112. | Magellan Midstream Partners | Carlyle/Riverstone Global Energy & Power, Madison Dearborn | 137. | Ozburn-Hessey LLC | Welsh Carson Anderson & Stowe |
| 113. | McJunkin Corp | Goldman Sachs | 138. | Pacer International Corp | Apollo |
| 114. | MedCath Inc | KKR, Welsh Carson Anderson & Stowe | 139. | PaeTec Communications | Blackstone, Madison Dearborn |
| 115. | MedPointe Inc | Carlyle Group, Cypress Capital | 140. | PanAmSat | KKR, Carlyle Group, Providence Equity |
| 116. | MedQuest Associates, MedQuist Inc | JP Morgan | 141. | Panolam Industries International | Carlyle Group |
| 117. | Metals USA | Apollo Management LP | 142. | Petco Animal Supplies Inc | TPG, Leonard Green |
| 118. | MetoKote | JP Morgan Partners | 143. | Philosophy Inc | Carlyle Group |
| 119. | Michael Foods Inc | Thomas H Lee Partners | 144. | Piedmont Hawthorne/MRO Acquisition, LLC | Carlyle Group |
| 120. | Michaels Stores Inc | Bain Capital Partners LLC, Blackstone Group LP | 145. | Pierre Foods Inc | Madison Dearborn |
| 121. | Momentive Performance Materials Inc | Apollo Management LP | 146. | Pinnacle Foods Corporation | JP Morgan, JW Childs, C. Dean Metropoulos |
| 122. | Montecito Broadcasting Corp, | Blackstone Group LP; SJL Broadcast Group | 147. | Pinnacle Foods Corporation | Blackstone |
| 123. | Nalco Co | Apollo Mgt, Blackstone Grp, Goldman Sachs | 148. | Pliant Corp | JP Morgan |
| 124. | National Waterworks Inc | JP Morgan Partners, Thomas H Lee Trust | 149. | Polypore | Warburg Pincus |
| 125. | Neiman Marcus Group Inc | TPG Advisors, Warburg Pincus Partners LLC | 150. | PQ Corp | JP Morgan |

Private Equity Tracking the Largest Sponsors

List of Private-Equity Deals Since January 2002 (Continued)

| | Company Name | Sponsors | | Company Name | Sponsors |
|------|--|--|------|---|--|
| 151. | PQ Corp | Carlyle Group | 176. | SS&C Technologies | Carlyle Group |
| 152. | Premcor Refining Group Inc | Blackstone | 177. | Stallion Oilfield Services | Carlyle/Riverstone Global Energy & Power |
| 153. | Primedia Inc | KKR | 178. | Standard Aero Holdings Inc | Carlyle Group |
| 154. | Quality Distribution Inc | Apollo | 179. | SunGard Data Systems Inc | Bain(15%), KKR(15%), Blackstone(15%), Silver Lake(15%), TPG(15%), GS(15%), Providence(10%) |
| 155. | Rafaella Apparel | Cerberus | 180. | Synagro Technologies | Carlyle Group |
| 156. | Realogy Corp | Apollo | 181. | Talecris Biotherapeutics Inc | Cerberus |
| 157. | Relizon Co | Carlyle Group | 182. | Targa Resources Inc | Warburg Pincus |
| 158. | Remington Arms Co Inc | Cerberus | 183. | Team Health Inc, Team Health Holdings LLC | Madison Dearborn, Cornerstone, Beecken Petty |
| 159. | Rexnord Holdings | Carlyle Group | 184. | Team Health Inc, Team Health Holdings LLC | Blackstone |
| 160. | Rexnord Holdings | Apollo | 185. | Telcordia Technologies | Providence Equity, Warburg Pincus |
| 161. | Rockwood Specialties Group | KKR | 186. | Texas Genco Holdings | Blackstone, KKR, TPG, Hellman & Friedman |
| 162. | Sabre Holdings Corp | TPG, Silver Lake | 187. | ThilmanyLLC (Packaging Dynamics Corp) | KKR, TPG |
| 163. | Samsonite Corp, Samsonite Europe NV | Bain Capital, Ares Corp, Ontario Teachers Pension Fund | 188. | Toys R Us, Toys R Us Delaware Inc | Bain Capital, KKR, Vornado Realty Trust |
| 164. | Sealy Corp | Bain Capital | 189. | TransDigm Corp | Warburg Pincus |
| 165. | Sealy Corp | KKR | 190. | TransFirst Holdings Inc | Welsh Carson Anderson & Stowe |
| 166. | Secure Computing Corp | Warburg Pincus | 191. | TransWestern Publishing Co LLC | Thomas H Lee |
| 167. | SemGroup LP | Carlyle/Riverstone Global Energy & Power | 192. | Travelport (now WorldSpan LLC) | Blackstone |
| 168. | Semiconductor Components Industries (On Semiconductor) | TPG, Silver Lake | 193. | TRW Automotive | Blackstone |
| 169. | Sensata Technologies | Bain Capital | 194. | TXU Corp | KKR, TPG |
| 170. | Simmons Co, THL Bedding Co | Thomas H Lee | 195. | UGS Corporation | Bain Capital, Silver Lake, Warburg Pincus |
| 171. | Smart & Final Stores Corp | Apollo | 196. | United Agri Products | Apollo |
| 172. | Smart Modular Technologies | TPG, Francisco Partners | 197. | United Components Inc | Carlyle Group |
| 173. | Sonitrol Corp | Carlyle Group, Spire Capital, Wachovia Partners | 198. | United Defense Industries Inc | Carlyle Group |
| 174. | SourceCorp Inc | Apollo | 199. | United Industries | Thomas H Lee |
| 175. | Spectrum Brands | Thomas H Lee | 200. | United Rentals | Apollo |

Private Equity Tracking the Largest Sponsors

List of Private-Equity Deals Since January 2002 (Continued)

| | Company Name | Sponsors |
|------|---|---|
| 201. | Universal City Development | Blackstone, NBC Acquisition Corp |
| 202. | Univision Communications Inc | Madison Dearborn, Providence Equity, TPG, TH Lee |
| 203. | US Investigations Services | Providence Equity |
| 204. | US Investigations Services | Welsh Carson Anderson & Stowe, Carlyle Group |
| 205. | US Oncology Inc | Welsh Carson Anderson & Stowe |
| 206. | Valor Telecommunications Enterprises | Citicorp Venture Capital Ltd, Vestar Capital, Welsh Carson Anderson & Stowe |
| 207. | Vanguard Car Rental | Cerberus |
| 208. | Vanguard Health Systems | Blackstone |
| 209. | Verso Papers | Apollo |
| 210. | Vertis Inc | TH Lee |
| 211. | Visant Corporation, (was Jostens IH Corp) | KKR |
| 212. | Vought Aircraft Industries | Carlyle Group |
| 213. | Warner Chilcott Inc | Bain Capital, JP Morgan, Thomas H Lee, DLJ Merchant Banking, |
| 214. | Warner Music Group | Bain, Providence Equity, Thomas H Lee |
| 215. | Water Pik Technologies | Carlyle Group, Zodiac SA |
| 216. | Wesco Aircraft Hardware Corp | Carlyle Group |
| 217. | West Corp | Quadrangle Group, Thomas H Lee |
| 218. | Wm Bolthouse Farms Inc | Madison Dearborn |
| 219. | Yankee Candle Co | Madison Dearborn |
| 220. | Youth & Family Centered Services Inc | TA Associates, Welsh Carson Anderson & Stowe |

Private Equity Tracking the Largest Sponsors

Moody's Related Research

Special Comments

- Rating Private Equity Transactions, July 2007 (103683)
- Corporate Default and Recovery Rates, 1920-2006, February 2007 (102071)
- Default and Migration Rates for Private Equity-Sponsored Issuers, November 2006 (100799)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Report Number: 104486

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