Canada's Private Equity Buyout Industry in 2009

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Buyout Investment Down in Dollar Terms, Steady in Number of Deals

In 2009, deal activity in Canada's buyout market continued at a reduced pace, below the relatively strong showing of the past three years. Across the country, there have been 89 completed and pending transactions throughout the year, 41 of which had disclosed values totaling US$2.5 billion.

The total number of transactions was down only 25% from 2008, though disclosed disbursements were down by 71% as compared to the year prior, indicating fewer large deals throughout the year. As such, deal activity in Canada in 2009 was roughly comparable to that of 2005, when 70 deals were completed, 27 of which had disclosed values of US$2.8 billion.

In Q4 2009, 19 deals were done, 13 of which had disclosed values totaling US$0.6 billion. This was comparable to the 24 deals in the fourth quarter of 2008, 10 of which had a disclosed value of US $0.1 billion.

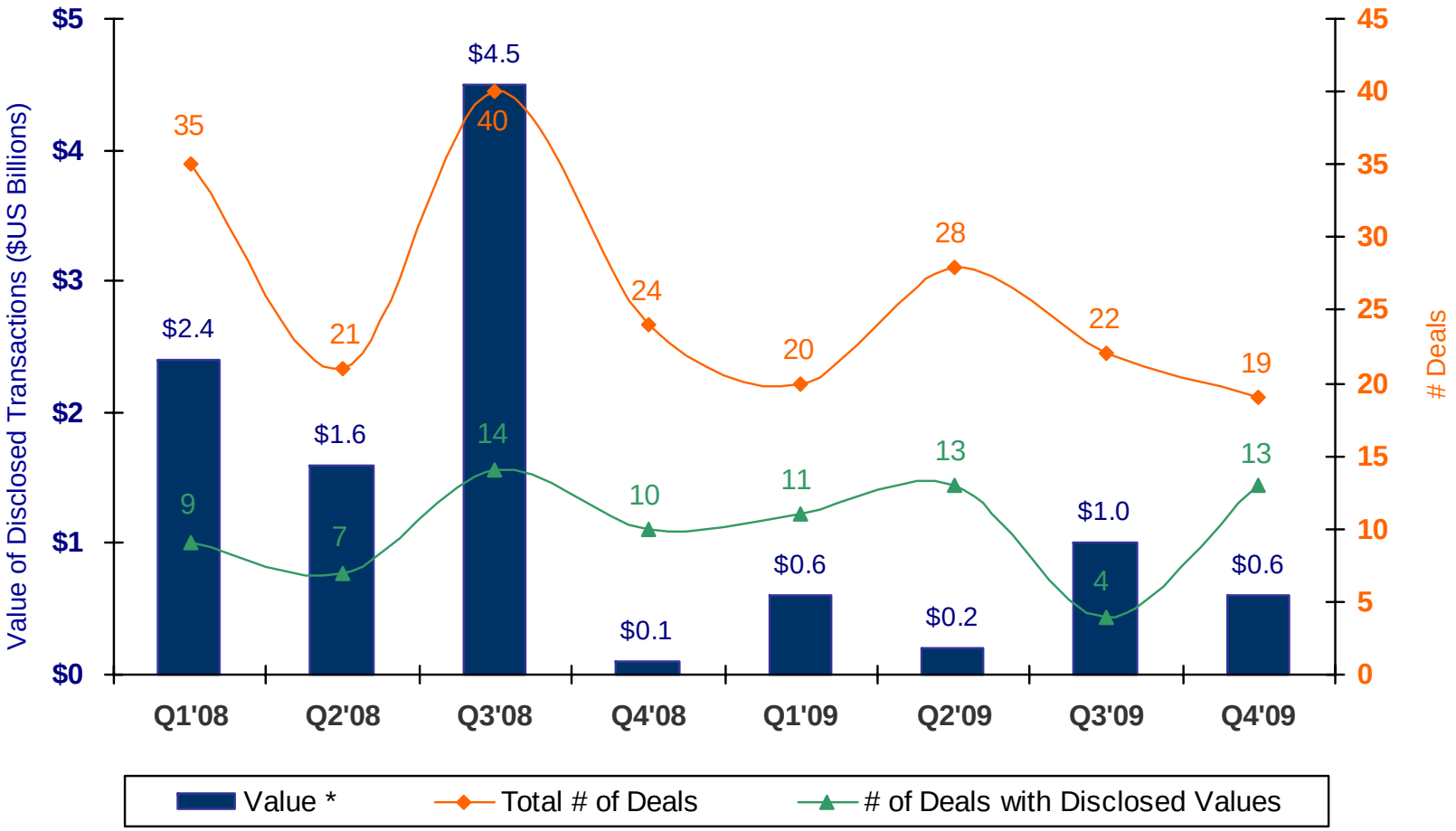
The top deal of the year was the sale of Nortel Networks' Enterprise Solutions Business Unit to Avaya, Inc., a portfolio company of Silver Lake Partners and TPG Partners, for US$900 MM. Also notable was the acquisition of Livingston International Income Fund by the CPPIB and Sterling Partners for US$310 MM.

Although Canadian investors had commanded a significant market share of the buyouts of Canadian companies in recent years, Canadian funds invested US$683 MM domestically in 2009, a share of 27%, with the rest invested by foreign funds.

Despite reduced buyout investment in Canada in 2009, fundraising was still robust, especially considering the three very strong years of buyout fundraising from 2006 through 2008. Eight Canadian buyout funds raised a total of nearly $2.1 Billion in the year, led by Onex Partners III which raised just over $1 Billion in 2009, in addition to the $3.2 Billion it raised in 2008.

Canadian Targets Raise $2.5 Billion in 41 Disclosed Deals

Canadian Targets: Value and Number of Announced Transactions



* Includes deals with disclosed transaction values only.
All data include completed and pending transactions.

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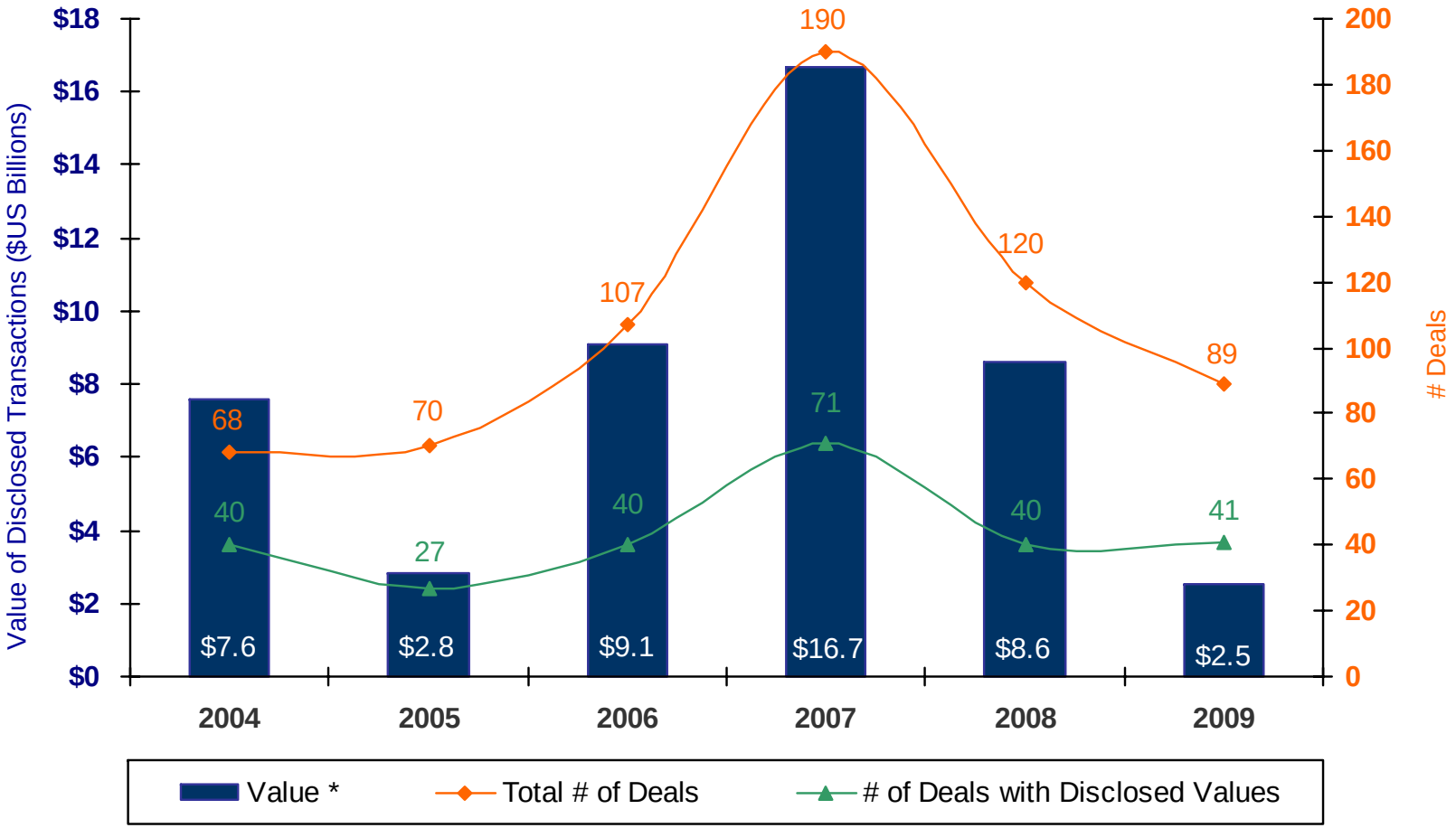
Buyout Activity Slows in Canada

Canadian Targets: Value and Number of Announced Transactions



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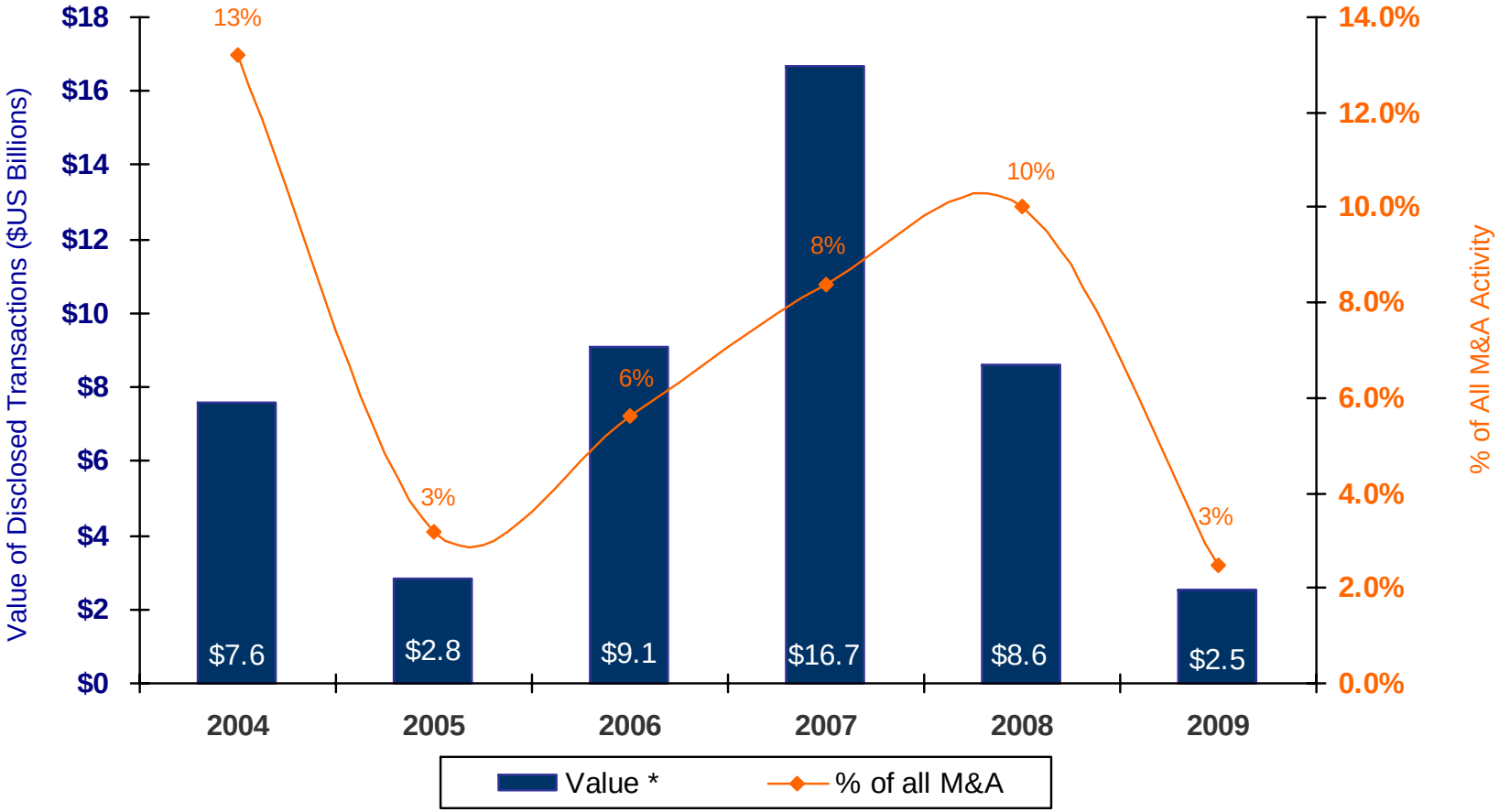
Buyouts Account for Reduced Share of Canadian M&A

Canadian Targets: PE Buyout Share of Total M&A Activity

In U.S., Buyouts Totaled 8.3% of M&A in 2009



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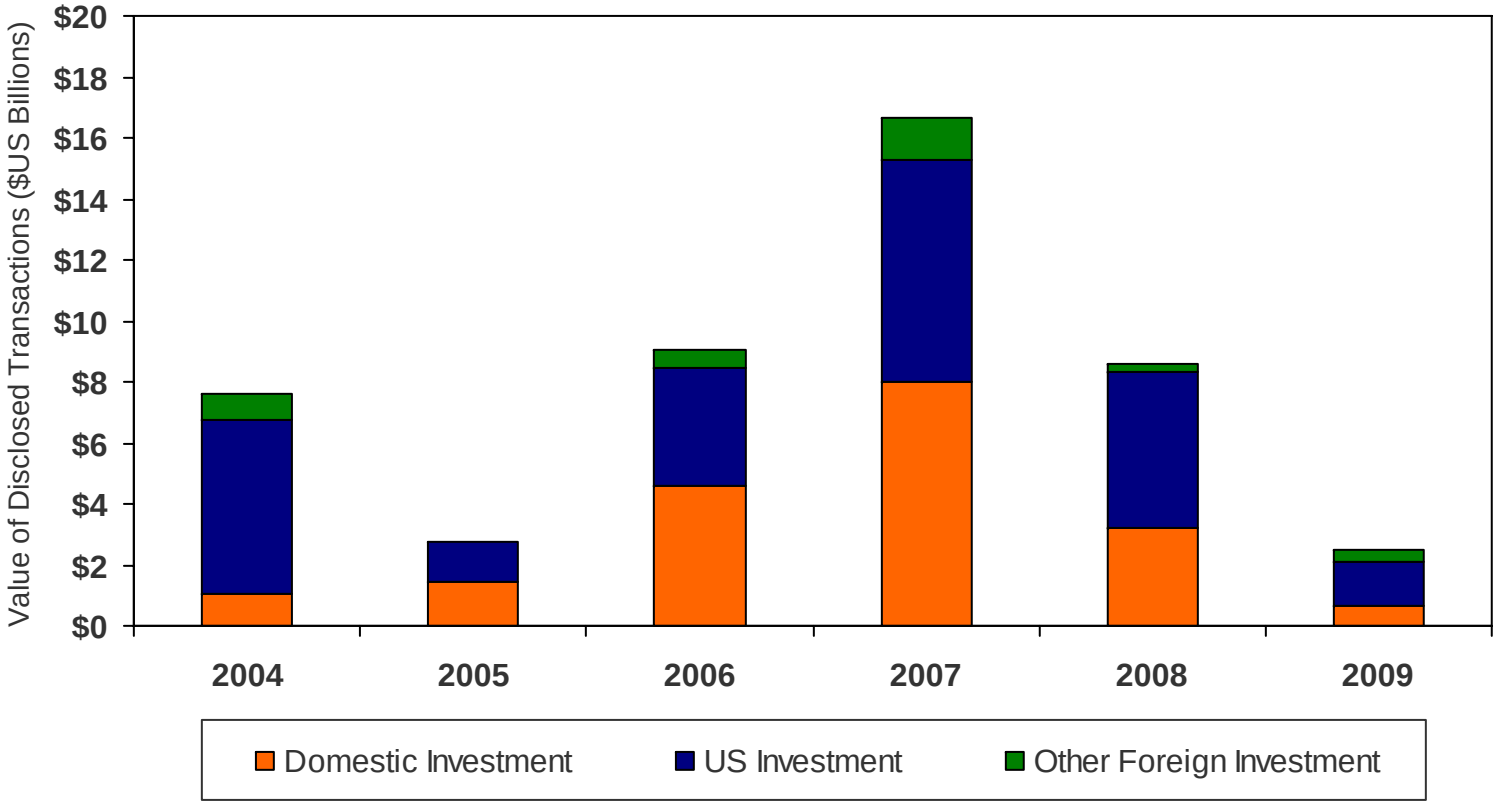
Foreign Investment Levels Remain High

Canadian Targets: Value of Buyout Deals by Nation of Investors



Totals include deals with disclosed transaction values only.
All data include completed and pending transactions.

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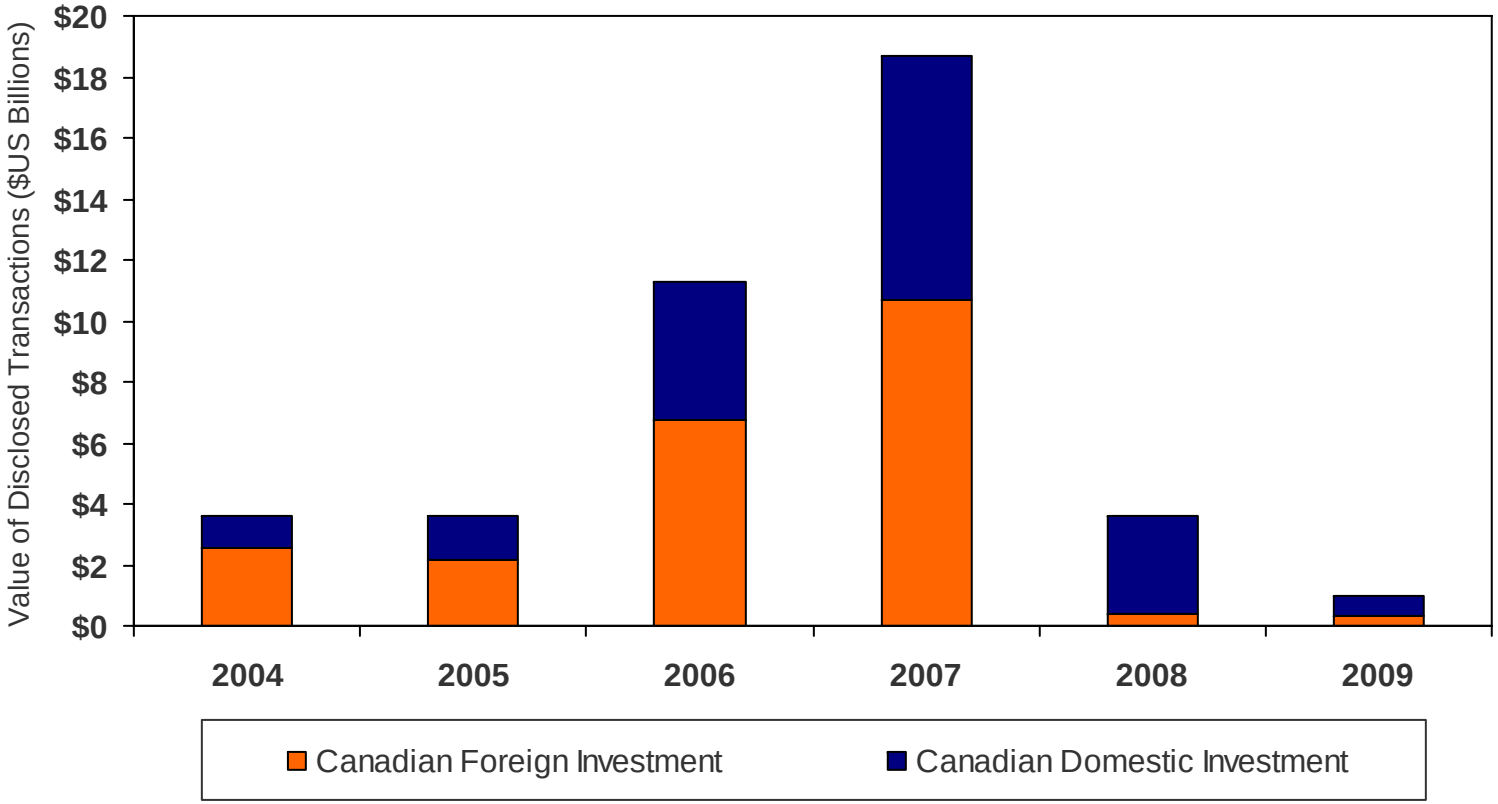
Canadian Funds Investing Less Locally, Abroad

Worldwide Targets: Value of Buyout Deals by Canadian Investors



Totals include deals with disclosed transaction values only.
All data include completed and pending transactions.

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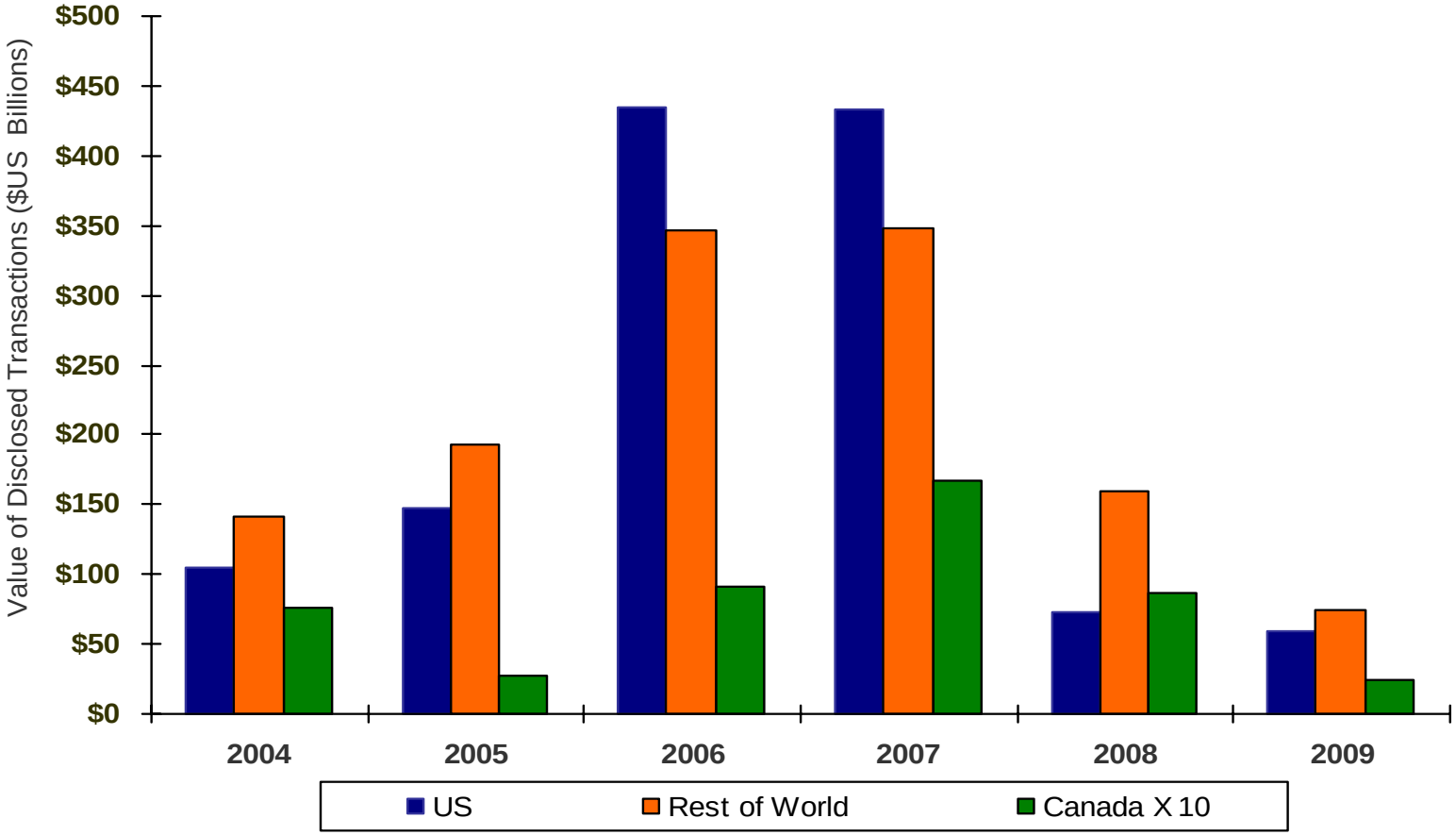
Buyout Activity Declining Worldwide

Worldwide Targets by Location of Target



Totals include deals with disclosed transaction values only.
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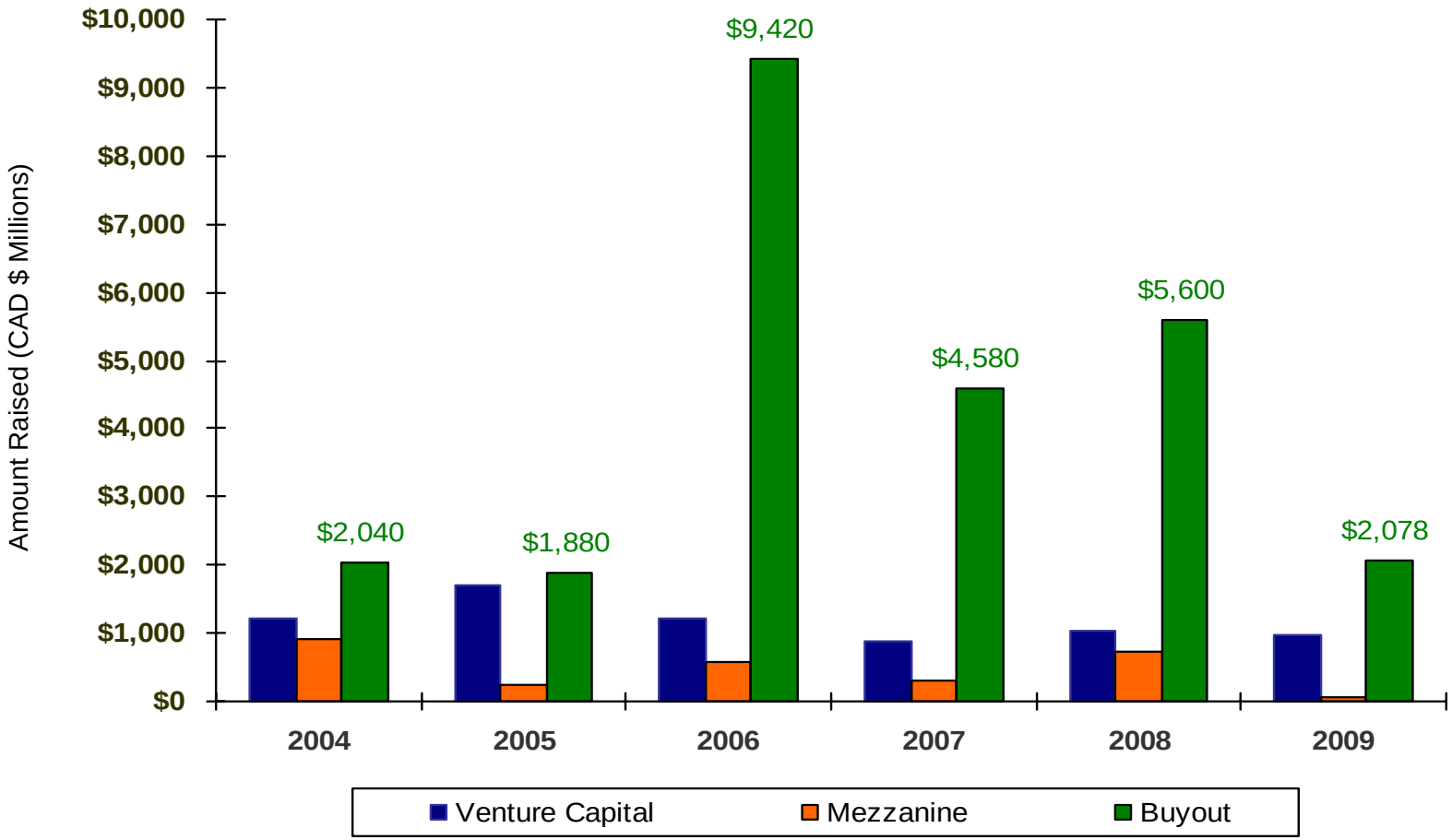
Top Disclosed Canadian PE Buyouts in 2009

Company	Prov.	Size ($USD MM)	Investors
Nortel Networks – Enterprise Solutions Business Unit	ON	$900	Avaya, Inc.
Livingston International Income Fund	ON	$310	CPPIB, Sterling Partners
ReSurge, Ltd.	AB	$150	GTCR Golder Rauner, LLC
Cossette, Inc.	QC	$125	Mill Road Capital
Pet Valu Canada, Inc.	ON	$116	Roark Capital Group
Kaboose, Inc.	ON	$97	Barclays Private Equity
Corix Group	BC	$74	British Columbia Investment Management Corporation, CAI Capital Partners & Co IV LP
Mobilicity (DAVE Wireless)	ON	$72	GMP Securities, National Bank Financial
Yellow Pages Group	QC	$44	Solidarity Fund QFL

Lower Buyout Fundraising Follows 3 Strong Years

Dollars Raised by Canadian Private Equity Funds



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