

# Pacific Corporate Group LLC

Schedules of Rates of Return for the  
Direct Investments Composite and the Partnership  
Investments Composite and Buyout Investments and  
Venture Capital Investments Composites, Sub-Composites  
Of the Partnership Investments Composite  
for Each of the Vintage Years Presented for the Period  
From January 1, 1990 to December 31, 2006  
(As Restated for Vintage Years 1999, 2000, 2001,  
2002, and 2003), and Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

Pacific Corporate Group LLC:

We have examined Pacific Corporate Group LLC's (the "Firm" or "PCG") (1) compliance with the composite construction requirements of the Global Investment Performance Standards ("GIPS® Standards") on a firm wide basis for the 17-year period ended December 31, 2006, and (2) design of its processes and procedures to calculate and present performance results in compliance with the GIPS® Standards as of December 31, 2006. We have also examined the accompanying Schedules of Rates of Return (the "Schedules") of the Direct Investments Composite, Partnership Investments Composite and Buyout Investments and Venture Capital Investments Sub-Composites, which are sub-composites of the Partnership Investments Composite, in which the Firm's clients invested for each of the vintage years presented for the 17-year period ended December 31, 2006. The Firm's management is responsible for compliance with the GIPS® Standards and the design of its processes and procedures and for the Schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the Firm's compliance with the above-mentioned requirements, evaluating the design of the Firm's processes and procedures referred to above, examining, on a test basis, evidence supporting the accompanying composite performance presentation, and performing the procedures for a verification and a performance examination set forth by the GIPS® Standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Firm has, in all material respects:

- Complied with the composite construction requirements of the GIPS® Standards on a firm wide basis for the 17-year period ended December 31, 2006
- Designed its processes and procedures to calculate and present performance results in compliance with the GIPS® Standards as of December 31, 2006

Also, in our opinion, the Schedules for each of the vintage years presented for the 17-year period ended December 31, 2006, is presented, in all material respects, in conformity with the GIPS® Standards.

As explained in Notes 2 and 3 to the Schedules, the computation of rates of return for the Partnership Investments Composite and its Sub-Composites are based on the partnerships' investment securities whose values have been estimated by the general partners and reviewed and revised, where appropriate, by the Firm's management in the absence of readily ascertainable market values. The rates of return for the Direct Investments Composite have been estimated by the Firm's management. However, because of the inherent uncertainty related to such valuations by the general partners' and the Firm's management, estimated values and the resulting reported rates of return may differ significantly from the values that would have been used and the rates of return that would have been reported had a ready market existed for the securities. Such unknown differences could have a material effect on the rates of return.

This report does not relate to any composite presentation of the Firm other than the Firm's Direct Investments Composite, Partnership Investments Composite, and Buyout Investments and Venture Capital Investments Sub-Composites and, accordingly, we express no opinion or any other form of assurance on any such performance results.

As discussed in Note 7, the accompanying Schedules for the vintage years 1999, 2000, 2001, 2002 and 2003 have been restated.

*Deloitte + Touche LLP*

June 5, 2008

## PACIFIC CORPORATE GROUP LLC

Schedule of Rates of Return for the Direct Investments Composite and the Partnership Investments Composite for each of the Vintage Years Presented for the Period from January 1, 1990 to December 31, 2006 (As Restated for Vintage Years 1999, 2000, 2001, 2002, and 2003) (All Dollar Amounts in US \$000s)

Vintage Year	Number of Investments	Total Composite Capital Committed	Total Composite Capital Invested <sup>(1)</sup>	Cumulative Composite Distribution	Composite Asset Values at 12/31/06	Annual Gross Internal Rate of Return	Annual Net Internal Rate of Return	Net Investment Multiple <sup>(2)</sup>
<b>DIRECT INVESTMENTS</b>								
1993	2	\$ 262,968	\$ 266,202	\$ 383,034	\$ —	18.9 %	18.1 %	1.44 x
1994	2	310,000	315,257	779,026		19.7	19.4	2.47
1995	1	23,000	23,320	40,537		54.9	53.6	1.74
1997	5	82,833	87,144	85,782		1.0	(0.5)	0.98
1998	4	513,003	172,632	375,338	186	69.6	67.5	2.18
1999	5	64,450	65,527	22,954	2,200	(18.9)	(19.3)	0.38
2000	4 <sup>(3)</sup>	76,935 <sup>(3)</sup>	77,346	29,000	4,555	(18.4)	(18.5)	0.43
2001	3 <sup>(3)</sup>	61,500 <sup>(3)</sup>	67,609	24,224	16,760	(9.4)	(12.2)	0.61
2002	4	62,000	72,972	120,566	24,368	31.6	27.0	1.99
2003	6	68,423 <sup>(3)</sup>	75,620	73,581	64,333	37.1	31.2	1.82
2004	2	110,000	120,568	4,678	133,781	8.9	5.2	1.15
2005	2	66,500	68,627	11,856	80,314	37.4	24.9	1.34
2006	4	107,129	112,477		115,856	13.0	3.8	1.03
Supplemental Information Total	44	\$ 1,808,741	\$ 1,525,301	\$ 1,950,576	\$ 442,353	19.2	18.3	1.57
<b>PARTNERSHIP INVESTMENTS</b>								
1990	4	\$ 125,300	\$ 125,563	\$ 282,192		15.6	15.3	2.25
1991	4	187,700	208,621	538,688		28.0	27.7	2.58
1992	5	160,000	157,719	360,653		24.1	23.9	2.29
1993	5	340,698	401,404	907,861		29.3	29.2	2.26
1994	10	517,301	412,583	672,008		25.1	25.0	1.63
1995	8	675,800	658,841	1,041,357	3,828	23.1	23.0	1.59
1996	16	808,000	740,141	1,157,896	28,273	25.0	24.9	1.60
1997	19	835,500	591,213	764,692	64,996	17.0	16.6	1.40
1998	18	392,714	403,508	450,779	150,482	10.8	10.3	1.49
1999	11 <sup>(3)</sup>	581,540 <sup>(3)</sup>	568,357	399,898	334,231	9.1	8.7	1.29
2000	13 <sup>(3)</sup>	444,290 <sup>(3)</sup>	451,737	308,279	267,713	8.7	8.2	1.28
2001	16	1,326,276	1,220,419	1,625,550	378,372	27.9	27.7	1.64
2002	12 <sup>(3)</sup>	1,257,040 <sup>(3)</sup>	1,109,898	1,149,553	382,289	33.1	32.8	1.38
2003	19 <sup>(3)</sup>	1,958,287 <sup>(3)</sup>	1,415,641	1,254,406	746,289	35.8	35.4	1.41
2004	32	3,694,800	1,747,872	1,097,865	1,014,598	25.1	24.7	1.21
2005	37	5,685,098	1,763,032	565,149	1,272,801	8.5	7.9	1.04
2006	52	6,841,698	751,544	6,314	716,857	(13.4)	(14.4)	0.96
Supplemental Information Total	281	\$ 25,832,042	\$ 12,728,093	\$ 12,583,140	\$ 5,360,729	22.7	22.4	1.41
Supplemental Information OVERALL TOTALS	325	\$ 27,640,783	\$ 14,253,394	\$ 14,533,716	\$ 5,803,082	21.9 %	21.5 %	1.43 x

(1) The Total Composite Capital Invested may, in some cases, be greater than the Total Composite Capital Committed for several reasons:

1) when the management fees paid to the fund manager are in addition to the committed capital; 2) when the fund manager is allowed to recycle commitments (recall capital that was invested for a short period of time and then distributed) or invest amounts greater than what has been committed; and/or 3) when the investment is denominated in a foreign currency, the exchange rate can make it appear that more than the commitments were invested.

(2) Net Investment Multiple represents the ratio of the Composite's Asset Value at the end of the year and Cumulative Composite Distribution relative to the Composite's Capital Invested.

(3) Number of investments and capital committed has been restated. See Note 7.

See the notes to Schedules of Rates of Return.

## PACIFIC CORPORATE GROUP LLC

### Buyout Investments Composite (Sub-Composite of Partnership Investments Composite)

#### Schedule of Rates of Return for Each of the Vintage Years

Presented for the Period from January 1, 1990 to December 31, 2006

(As Restated for Vintage Years 1999, 2000, 2002, and 2003)

(All Dollar Amounts in US \$000s)

Vintage Year	Number of Investments	Total Composite Capital Committed	Total Composite Capital Invested <sup>(1)</sup>	Cumulative Composite Distribution	Composite Asset Values at 12/31/06	Annual Gross Internal Rate of Return	Annual Net Internal Rate of Return	Net Investment Multiple <sup>(2)</sup>	Percentage of Composite to Partnership Investments Composite <sup>(3)</sup>
1990	3	\$ 25,300	\$ 24,321	\$ 55,589	\$ —	20.5%	20.2%	2.29 x	19.4%
1991	4	187,700	208,621	538,688		28.0	27.7	2.58	100.0
1992	3	90,000	88,534	221,911		24.1	23.9	2.51	56.1
1993	4	315,698	377,373	849,451		28.7	28.6	2.25	94.0
1994	6	372,700	272,147	453,017		30.8	30.6	1.66	66.0
1995	6	622,800	605,739	931,352	3,598	22.7	22.6	1.54	91.9
1996	12	567,500	510,341	794,771	15,867	27.5	27.4	1.59	69.0
1997	13	658,500	487,163	645,545	57,725	19.1	18.7	1.44	82.4
1998	15	353,714	363,515	418,683	142,321	11.5	11.0	1.54	90.1
1999	8 <sup>(4)</sup>	551,500 <sup>(4)</sup>	549,473	379,842	331,013	9.2	8.8	1.29	96.7
2000	7 <sup>(4)</sup>	267,000 <sup>(4)</sup>	281,554	277,726	166,883	19.8	19.1	1.58	62.3
2001	9	990,776	910,194	1,280,029	274,511	32.4	32.2	1.71	74.6
2002	5 <sup>(4)</sup>	584,540 <sup>(4)</sup>	459,316	399,982	194,016	26.7	26.5	1.29	41.4
2003	10 <sup>(4)</sup>	1,628,120 <sup>(4)</sup>	1,195,885	1,099,288	628,993	39.3	39.0	1.45	84.5
2004	17	2,290,800	1,146,259	718,478	731,682	33.4	33.1	1.27	65.6
2005	26	4,221,098	1,369,381	361,198	1,063,670	8.1	7.5	1.04	77.7
2006	28	5,241,948	551,877	1,424	534,367	(11.5)	(12.7)	0.97	73.4
Supplemental Information									
TOTALS	176	\$18,969,694	\$9,401,693	\$9,426,974	\$4,144,646	24.8%	24.6%	1.44 x	73.9%

(1) The Total Composite Capital Invested may, in some cases, be greater than the Total Composite Capital Committed for several reasons: 1) when the management fees paid to the fund manager are in addition to the committed capital; 2) when the fund manager is allowed to recycle commitments (recall capital that was invested for a short period of time and then distributed) or invest amounts greater than what has been committed; and/or 3) when the investment is denominated in a foreign currency, the exchange rate can make it appear that more than the commitments were invested.

(2) Net Investment Multiple represents the ratio of the Composite's Asset Value at the end of the year and Cumulative Composite Distribution relative to the Composite's Capital Invested.

(3) Based on Composite Capital Invested by Vintage Year.

(4) Number of investments and capital committed has been restated. See Note 7.

See the notes to Schedules of Rates of Return.

## PACIFIC CORPORATE GROUP LLC

### Venture Capital Investments Composite

#### (Sub-Composite of Partnership Investments Composite)

#### Schedule of Rates of Return for Each of the Vintage Years

Presented for the Period from January 1, 1990 to December 31, 2006

(As Restated for Vintage Years 2000 and 2003)

(All Dollar Amounts in US \$000s)

Vintage Year	Number of Investments	Total Composite Capital Committed	Total Composite Capital Invested <sup>(1)</sup>	Cumulative Composite Distribution	Composite Asset Values at 12/31/06	Annual Gross Internal Rate of Return	Annual Net Internal Rate of Return	Net Investment Multiple <sup>(2)</sup>	Percentage of Composite to Partnership Investments Composite <sup>(3)</sup>
1992	1	\$ 35,000	\$ 35,201	\$ 85,849	\$ —	28.2%	28.0%	2.44 x	22.3%
1994	1	18,000	18,038	46,641		31.1	31.0	2.59	4.4
1995	1	25,000	25,038	68,983		43.1	43.0	2.76	3.8
1996	2	103,000	93,352	220,766	775	44.8	44.7	2.37	12.6
1997	3	55,000	36,311	46,726		15.2	14.8	1.29	6.1
1998	3	39,000	39,994	32,096	8,161	1.1	0.2	1.01	9.9
1999	2	20,040	8,992	3,217	1,045	(22.0)	(22.4)	0.47	1.6
2000	6 <sup>(4)</sup>	177,290 <sup>(4)</sup>	170,183	30,553	100,830	(6.0)	(6.4)	0.77	37.7
2001	5	133,000	99,220	39,064	81,931	8.5	8.3	1.22	8.1
2002	1	80,000	41,014	10,407	32,017	2.2	1.9	1.03	3.7
2003	4 <sup>(4)</sup>	63,167 <sup>(3)</sup>	31,391	9,733	22,458	1.9	1.7	1.03	2.2
2004	6	387,500	191,458	78,192	103,265	(5.4)	(5.6)	0.95	11.0
2005	8	1,234,000	301,180	173,386	135,093	5.2	4.9	1.02	17.1
2006	16	638,750	58,416		49,718	(44.5)	(45.5)	0.85	7.8
Supplemental Information									
TOTAL	59	\$3,008,747	\$1,149,788	\$845,613	\$535,293	21.8%	21.3%	1.20 x	9.0%

(1) The Total Composite Capital Invested may, in some cases, be greater than the Total Composite Capital Committed for several reasons:  
1) when the management fees paid to the fund manager are in addition to the committed capital; 2) when the fund manager is allowed to recycle commitments (recall capital that was invested for a short period of time and then distributed) or invest amounts greater than what has been committed; and/or 3) when the investment is denominated in a foreign currency, the exchange rate can make it appear that more than the commitments were invested.

(2) Net Investment Multiple represents the ratio of the Composite's Asset Value at the end of the year and Cumulative Composite Distribution relative to the Composite's Capital Invested.

(3) Based on Composite Capital Invested by Vintage Year.

(4) Number of investments and capital committed has been restated. See Note 7.

See the notes to Schedules of Rates of Return.

## **PACIFIC CORPORATE GROUP LLC**

Direct Investments Composite and Partnership Investment Composite  
and Buyout Investments and Venture Capital Investments Sub-Composites  
Notes to Schedules of Rates of Return for Each of the Vintage Years  
Presented for the Period from January 1, 1990 to December 31, 2006  
(As Restated for Vintage Years 1999, 2000, 2001, 2002, and 2003)

### **1 . G E N E R A L**

Pacific Corporate Group LLC (the “Firm” or “PCG”) has prepared and presented its report in compliance with the Global Investment Performance Standards (“GIPS<sup>®</sup> Standards”). The performance results of the Firm as a distinct business entity, defined in its broadest sense, includes the private equity investment activity (both direct and indirect) of PCG and its’ 50% owned joint venture, PCG International, LLC. Firm performance also includes the investment performance of assets in cases where PCG serves as subadvisor.

#### **DISCRETIONARY ACCOUNTS**

Consistent with the interpretive guidance, an account or service relationship is considered discretionary for the purposes of this policy when PCG has the primary responsibility for implementing an intended investment strategy. Examples of discretionary activities include the sourcing of an investment, performing due diligence, creating an investment recommendation memorandum, presenting the investment, structuring of the terms and conditions of the investment, as well as performing ongoing monitoring and reporting services upon investments for the benefit of clients. Fees may be fixed or asset based, and may include carried interest (a portion of the limited partners’ earnings on the investment). Once PCG no longer monitors an investment, or if an account is no longer an advisory account of the Firm, the investments/accounts are removed from the Composite as a deemed distribution at the fair value of the investment/account at the date the Firm’s relationship is terminated.

#### **NONDISCRETIONARY ACCOUNTS**

An account or service relationship is considered nondiscretionary for the purposes of this policy when PCG issues a Prudent Person Opinion (“PPO”) on the proposed investment, where a client has directed PCG to conduct due diligence, and/or when PCG does not issue a formal recommendation for a specific commitment amount. Fees for nondiscretionary services may be earned on a project basis, as an annual fixed or asset-based fee, as well as include carried interest.

#### **COMPOSITE ASSET VALUE**

Composite Asset Value represents the aggregate of the fair market values of all discretionary account relationships within the defined Firm and is \$5.8 billion as of December 31, 2006. In addition, the aggregate fair market value of all nondiscretionary account relationships as of December 31, 2006 is \$6.3 billion.

## DEFINITION OF COMPOSITES

A composite is the aggregation of individual portfolios representing a similar investment mandate, objective, or strategy. The Composites (as defined below) include all private equity and venture capital discretionary investments and specifically exclude those private equity investments made by clients but not recommended or managed by the Firm. GIPS® Standards requires that all fee-paying discretionary accounts be included in at least one composite. The Firm's composites, (referred to as "Composites") are described in the section that follows (with Composite inception years indicated in brackets).

*Direct Investments Composite (1995)* – This composite represents investments made directly in private equity assets which may include leveraged buyouts, consolidations, and growth financing. Additionally, this composite includes co-investments directly in privately-held enterprises, which are made alongside other financial investors (usually a general partner as lead investor) where the securities involved have substantially the same terms as those given to the lead investor.

*Partnership Investments Composite (1995)* – This composite represents limited partnership interests in blind-pool investment vehicles called limited partnerships that are managed by general partners. These limited partnerships typically invest in privately-held portfolio companies using a variety of investment strategies including but not limited to leveraged buyouts, consolidations, growth capital, carve-outs, mezzanine, distressed debt, secondaries, opportunistic real estate, and venture capital. The Partnership Investment Composite excludes the investments comprising the Direct Investments Composite.

*Buyout Investments Composite (2003)* – A sub-composite of the Partnership Investments Composite, Buyout investments are limited partnership vehicles which invest primarily in established, operating companies offering attractive revenue, EBITDA (earnings before interest, taxes, depreciation and amortization), and potential positive growth in net cash flow.

*Venture Capital Investments Composite (2003)* – A sub-composite of the Partnership Investments Composite, Venture Capital investments are limited partnership vehicles which invest primarily in innovative start-up, mid- or late-stage preoperating companies characterized as having little or no revenue or positive cash flow.

The effective date of the Firm's compliance is January 1, 1995. The creation date of the Direct Investments and Partnership Investments Composites was January 1, 1995; however, the Direct Investments and Partnership Investments strategies have been managed since 1993 and 1990, respectively. The Buyout Investments and Venture Capital Investments Sub-Composites were created on January 1, 2003 but have been managed under the Partnership Investments Composite beginning in 1990.

No financial leverage is used by the Firm in managing the Composites. A complete list and description of the Firm's composites are available upon request.



## DEFINITION OF VINTAGE YEAR

The Vintage Year for a partnership investment is the year in which the general partner of a partnership draws down investment capital. Limited partners, on the other hand, may make a commitment to a partnership at any time during fundraising, which can last over a year. The first drawdown of capital for a limited partner is generally at the time the limited partner makes a formal commitment or holds a fund closing. Therefore, a limited partner may make a commitment to a partnership subsequent to the Vintage Year used in this report. This infrequent condition will result in revisions to the investment count and amount committed for a particular Vintage Year. The Firm's Vintage Year classification method is consistent with the approach used by Thompson Venture Economics VentureXpert™, the private equity performance benchmark used by the Firm. The Vintage Year of a Direct Investment is the year in which the first capital is drawn.

In accordance with the definition of Vintage Year, subsequent to the issuance of the Firm's 2003 Schedules of Rates of Return, certain revisions were made to the Schedules to reflect additional client accounts closed by the Firm on commitments to partnerships that had Vintage Years of 2003 and prior. In addition, certain general partners opted to reduce the total size of their funds. These conditions necessitated revisions to the Vintage Year number of investments and related capital committed amounts.

The following schedule represents the revisions made to the original amounts reported in the 2003 Schedules of Rates of Return (dollar amounts in thousands):

Type of Investment	Vintage Year	Change in Number of Investments Due to Revision	Change in Capital Committed Due to Revision
DIRECT INVESTMENTS COMPOSITE	2003	—	\$ 8,091
PARTNERSHIP INVESTMENTS COMPOSITE	2000	—	\$ (7,500)
	2002	2	280,000
	2003	3	243,500
BUYOUT INVESTMENTS SUB-COMPOSITE	2002	1	\$ 170,000
	2003	1	115,000
VENTURE CAPITAL INVESTMENTS SUB-COMPOSITE	2000	—	\$ (7,500)
	2003	1	25,000

## 2. CALCULATION OF RETURN STANDARDS

The internal rate of return (“IRR”) is the annualized implied discount rate (effective compounded rate) that equates the present value of all the appropriate cash inflows associated with the investment with the sum of the present value of all the appropriate cash outflows accruing from it and the present value of the unrealized residual portfolio. The IRR of the private equity and venture capital investments is computed in accordance with the acceptable methods set forth in the GIPS® Standards as follows:

- a. For the Partnership Investment Composite, the investments are assigned an annual classification of Vintage Year according to the year of initial capital contribution of the underlying investment partnership in the Partnership Investment Composite. All limited partnership investments are included in the Partnership Investment Composite from the day of the commitment to the day the limited partnership investment closes. For example, a commitment to a limited partnership investment may close in 2006 with the first capital call for that limited partnership investment being recorded in 2004. This makes that investment a 2004 Vintage Year Partnership Investment that gets included for the first time in the 2006 report.
- b. For the Direct Investment Composite, investments are grouped and presented according to the Vintage Year, which is the year in which the first cash flow for the accounts occurred.
- c. The Composites combined represent 100% of the Firm’s asset values and committed capital of the Firm’s discretionary assets for each Vintage Year 1990 through 2006.

The Net IRR calculations are net of management fees and carried interests (described below) paid to the general partners of the accounts in the Partnership Investments. In addition, the Net IRR calculations for the Partnership Investments and Direct Investments are net of management fees and carried interest paid to the Firm. The Firm’s fees are negotiated with each client, as described in the following paragraph.

Management fees are charged based upon the scope of the engagement and range of services required by the client. Services may be provided on a fixed fee or individually negotiated basis. Fees are usually charged using a flat rate, expressed as a percentage of capital committed, and payable quarterly in advance or as negotiated. In limited circumstances, fees may be paid on an hourly basis using negotiated rates by staff level. The Firm may impose other fees, depending on the nature of the investment and investment vehicle, some of which include structuring, breakup, monitoring, organizational, directors, commitment, closing, advisory, investment banking, topping, syndication, and other fees for specific services. In addition to management and service fees, the Firm may receive income from certain investments made on behalf of clients subject to the sharing of profits known as “carried interest.” Carried interest typically ranges from 1% to 20% of the investment income and net realized capital gains and losses, subject to various performance hurdles as is customary in the industry.

The total amount of management fees and carried interest charged by the Firm for each Vintage Year are presented below:

Vintage Year	Fees and Carried Interest (in US \$000s)
1990	\$ 1,493
1991	1,411
1992	865
1993	4,379
1994	6,204
1995	1,179
1996	1,847
1997	9,223
1998	11,676
1999	6,616
2000	7,075
2001	10,484
2002	14,008
2003	10,968
2004	14,649
2005	9,557
2006	7,472
TOTAL	\$ 119,106

The Partnership Investments Composite includes some investments in international partnerships. For such international partnership investments, each cash flow is calculated in U.S. dollars at the spot exchange rate utilized by the custodian of account assets as of the actual date the cash flow occurs. Cash distributions from limited partnerships are net of applicable foreign withholding taxes, if any. For purposes of the IRR calculations, the fair market value of the partnership investments at year-end are converted from the local currency into U.S. dollars at the spot exchange rate on December 31, 2006.

When the Firm no longer monitors an investment for a client, or if an account is no longer an advisory account of the Firm, the investments/accounts are removed from the Composite as a deemed distribution at the fair value of the investment/account at the date the Firm's relationship is terminated.

Stock distributions in all Composites are valued according to the value described in the limited partnership agreement of the underlying fund.

Additional information regarding policies for calculating and reporting returns is available upon request.

The Composites' asset values and capital committed relative to the Firm's total asset values and total capital committed as of December 31, 2006, are as follows (dollar amounts in thousands):

Vintage Year	Total Firm Asset Values at 12/31/06	Total Firm Capital Committed	Percentage of Composite Asset Values to Total Firm Asset Values at 12/31/06		Percentage of Composite Capital Committed to Total Firm Capital Committed	
			Direct Investments	Partnership Investments	Direct Investments	Partnership Investments
1990	\$ —	\$ 125,300	— %	— %	— %	100.0 %
1991		187,700				100.0
1992		160,000				100.0
1993		603,666			43.6	56.4
1994		827,301			37.5	62.5
1995	3,828	698,800		100.0	3.3	96.7
1996	28,273	808,000		100.0		100.0
1997	64,996	918,333		100.0	9.0	91.0
1998	150,668	905,717	0.1	99.9	56.6	43.4
1999	336,431	645,990	0.7	99.3	10.0	90.0
2000	272,268	521,225	1.7	98.3	14.8	85.2
2001	395,132	1,387,776	4.2	95.8	4.4	95.6
2002	406,657	1,319,040	6.0	94.0	4.7	95.3
2003	810,622	2,026,710	7.9	92.1	3.4	96.6
2004	1,148,379	3,804,800	11.6	88.4	2.9	97.1
2005	1,353,115	5,751,598	5.9	94.1	1.2	98.8
2006	832,713	6,948,827	13.9	86.1	1.5	98.5
Supplemental Information TOTAL	\$ 5,803,082	\$ 27,640,783	7.6 %	92.4 %	6.5 %	93.5 %

Vintage Year	Percentage of Composite Asset Values to Total Firm Asset Values at 12/31/06		Percentage of Composite Capital Committed to Total Firm Capital Committed	
	Buyout Investments	Venture Capital Investments	Buyout Investments	Venture Capital Investments
1990	— %	— %	20.2 %	— %
1991			100.0	
1992			56.3	21.9
1993			52.3	
1994			45.1	2.2
1995	94.0		89.1	3.6
1996	56.1	2.7	70.2	12.7
1997	88.8		71.7	6.0
1998	94.5	5.4	39.1	4.3
1999	98.4	0.3	85.4	3.1
2000	61.3	37.0	51.2	34.0
2001	69.5	20.7	71.4	9.6
2002	47.7	7.9	44.3	6.1
2003	77.6	2.8	80.3	3.1
2004	63.7	9.0	60.2	10.2
2005	78.6	10.0	73.4	21.5
2006	64.2	6.0	75.4	9.2
Supplemental Information TOTAL	71.4 %	9.2 %	68.6 %	10.9 %

A summary of other key ratios of the Composites is as follows:

Vintage Year	Direct Investments			Partnership Investments		
	Capital Invested to Capital Committed	Distributions to Capital Invested	Asset Value at 12/31/06 to Capital Invested	Capital Invested to Capital Committed	Distributions to Capital Invested	Asset Value at 12/31/06 to Capital Invested
1990	N/A	N/A	N/A	100.2 %	224.7 %	— %
1991	N/A	N/A	N/A	111.1	258.2	
1992	N/A	N/A	N/A	98.6	228.7	
1993	101.2 %	143.9 %	— %	117.8	226.2	
1994	101.7	247.1		79.8	162.9	
1995	101.4	173.8		97.5	158.1	0.6
1996	N/A	N/A	N/A	91.6	156.4	3.8
1997	105.2	98.4		70.8	129.3	11.0
1998	33.7	217.4	0.1	102.7	111.7	37.3
1999	101.7	35.0	3.4	97.7	70.4	58.8
2000	100.5	37.5	5.9	101.7	68.2	59.3
2001	109.9	35.8	24.8	92.0	133.2	31.0
2002	117.7	165.2	33.4	88.3	103.6	34.4
2003	110.5	97.3	85.1	72.3	88.6	52.7
2004	109.6	3.9	111.0	47.3	62.8	58.0
2005	103.2	17.3	117.0	31.0	32.1	72.2
2006	105.0		103.0	11.0	0.8	95.4
Supplemental Information TOTAL	84.3 %	127.9 %	29.0 %	49.3 %	98.9 %	42.1 %

Vintage Year	Buyout Investments			Venture Capital Investments		
	Capital Invested to Capital Committed	Distributions to Capital Invested	Asset Value at 12/31/06 to Capital Invested	Capital Invested to Capital Committed	Distributions to Capital Invested	Asset Value at 12/31/06 to Capital Invested
1990	96.1 %	228.6 %	— %	N/A	N/A	N/A
1991	111.1	258.2		N/A	N/A	N/A
1992	98.4	250.6		100.6 %	243.9 %	— %
1993	119.5	225.1		N/A	N/A	N/A
1994	73.0	166.5		100.2	258.6	
1995	97.3	153.8	0.6	100.2	275.5	
1996	89.9	155.7	3.1	90.6	236.5	0.8
1997	74.0	132.5	11.8	66.0	128.7	
1998	102.8	115.2	39.2	102.5	80.3	20.4
1999	99.6	69.1	60.2	44.9	35.8	11.6
2000	105.5	98.6	59.3	96.0	18.0	59.2
2001	91.9	140.6	30.2	74.6	39.4	82.6
2002	78.6	87.1	42.2	51.3	25.4	78.1
2003	73.5	91.9	52.6	49.7	31.0	71.5
2004	50.0	62.7	63.8	49.4	40.8	53.9
2005	32.4	26.4	77.7	24.4	57.6	44.9
2006	10.5	0.3	96.8	9.1	—	85.1
Supplemental Information TOTAL	49.6 %	100.3 %	44.1 %	38.2 %	73.5 %	46.6 %

### 3. FAIR VALUE STANDARDS

Performance results, expressed as IRRs, are based on the partnerships' investment securities whose values have been estimated by the general partners as well as reviewed and revised, where appropriate, by the Firm's management in the absence of readily ascertainable market values. Because of the inherent uncertainty relating to such valuations by the general partners' and the Firm's management, estimated values and the resulting reported rates of return may differ significantly from the values that would have been used and the rates of return that would have been reported had a ready market existed for the securities. Such valuation differences could have a material effect on the rates of return.

Direct Investments are valued as follows:

- Unrestricted publicly-held securities for which market quotations are readily available are valued at the closing public market price on the valuation date.
- Restricted publicly-held securities are valued at a discount from such closing public market price, generally ranging from 5.0% to 30.0% depending on the circumstances.
- Privately-held securities are valued based on public market and/or recent comparable transactions.

Partnership Investments are valued as follows:

- Substantially all assets of limited partnership investments consist of private securities for which quoted market prices are not available. Most of the general partners of such limited partnerships value their investments according to accounting principles generally accepted in the United States of America. In the limited instances where that is not the case, the Firm will work with the general partner to gather additional information to place a fair value (the amount at which an asset could be acquired or sold in a current transaction between willing parties in which the parties each acted knowledgeably, prudently, and without compulsion) on the investments.
- The values of marketable securities held by a limited partnership are based on quoted market prices. In circumstances when the marketability of a security is subject to a trading restriction, such security is valued at a discount from the quoted market price, generally ranging from 5.0% to 30.0%. Such discount is reduced based upon the reduction of the time period remaining for the restriction.
- The Firm reviews the general partners' valuation principles and methodology along with their application. If the general partners' valuation principles are not in accordance with accounting principles generally accepted in the United States of America or are not a reasonable representation of fair market value, the Firm will work with the general partner to obtain additional information to place a fair value on the investment.

Determination of fair value of private equity investments involves subjective judgment, since the amount that may be realized in a sales transaction can only be determined by negotiation between parties to such a transaction. For nonpublic securities held by a Firm-managed fund that is registered under the Investment Company Act of 1940, the Firm also considers the amount that would be received upon a current sale of the securities. The amounts realized from future transactions may differ materially from the estimates of fair value reflected in the rate of return computations.

The Firm's procedures for valuation review are available upon request.

#### 4. BENCHMARK RETURNS (UNAUDITED)

For the period from January 1, 1990 to December 31, 2006, the following is a schedule of median quartile IRRs for all private equity funds as defined and compiled by Thomson Venture Economics' VentureXpert™ for each of the vintage years:

Vintage Year	Median Quartile IRRs	Median Quartile Total Value to Paid-In Capital
1990	10.5 %	1.58x
1991	14.0	1.96
1992	15.1	1.88
1993	13.2	1.69
1994	15.8	1.75
1995	11.4	1.80
1996	8.8	1.49
1997	7.1	1.30
1998	3.3	1.13
1999	(2.7)	0.90
2000	(1.7)	0.92
2001	3.2	1.11
2002	2.9	1.06
2003	3.2	1.05
2004	7.7	1.09
2005	(2.3)	0.99
2006	(24.2) %	0.92x

## 5. DISTRIBUTION AND RANGE OF RATES OF RETURN

In the early life of private equity and venture capital investments, IRRs since inception are frequently low (and sometimes negative), principally because a disproportionate share of capital contributed during the early years is applied to fees and expenses, and because most investments early in the partnership are relatively immature and held at cost. Conversely, significant capital gains early in the life of the partnership can have a substantial positive impact on an investment's IRR because a large return is discounted over a short period of time. This may occur, for example, in partnerships whose early years coincide with strong markets for initial public offerings of equity securities.

The distribution of the IRRs earned for the vintage years 1990 through 2006, by the Composites for the years ended December 31, 2006, were as follows:

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### DIRECT INVESTMENTS COMPOSITE

#### IRR RANGE (%)

- A. Below 0: 27%
- B. 0-10: 11%
- C. 10-20: 7%
- D. 20-30: 35%
- E. Above 30: 20%

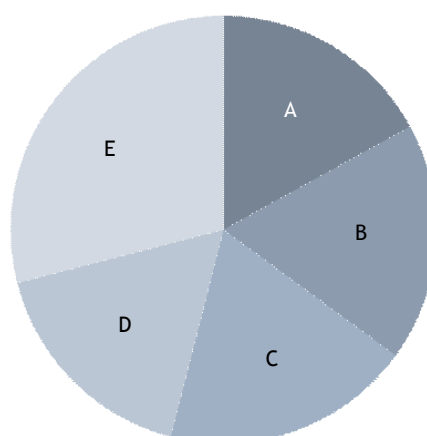


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### PARTNERSHIP INVESTMENTS COMPOSITE

#### IRR RANGE (%)

- A. Below 0: 17%
- B. 0-10: 19%
- C. 10-20: 19%
- D. 20-30: 17%
- E. Above 30: 28%





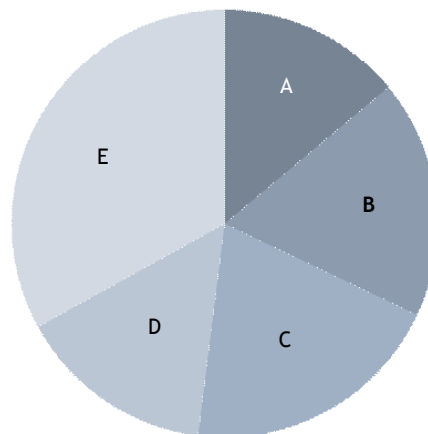
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## BUYOUT INVESTMENTS

SUB-COMPOSITE

### IRR RANGE (%)

- A. Below 0: 14%
- B. 0-10: 18%
- C. 10-20: 19%
- D. 20-30: 15%
- E. Above 30: 34%



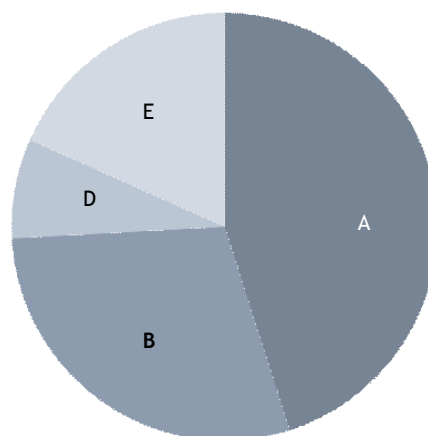
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## VENTURE CAPITAL INVESTMENTS

SUB-COMPOSITE

### IRR RANGE (%)

- A. Below 0: 48%
- B. 0-10: 31%
- C. 10-20: —
- D. 20-30: 8%
- E. Above 30: 13%



## 6. FUTURE PERFORMANCE

Past performance may not be indicative of future results. Investment results will vary from time to time depending upon market conditions and the composition of the Composites, so that any reported investment results should not necessarily be considered representative of what an investment may earn in any future period. Investment results will vary among the individual partnerships and direct investments in the Composites. These factors and possible differences in calculation methods should be evaluated when comparing the composite result with those published by other investment advisors, other investment vehicles, and unmanaged indices.

## 7. RESTATEMENT

Subsequent to the issuance of the Firm's 2003 Schedules of Rates of Return, management determined there were errors in the classification of certain private equity investments within its Composites. The nature of the errors stemmed from the improper inclusion of investments in the Composites for which the Firm did not have a formal advisory relationship. As a result, the following performance amounts in the accompanying Schedules of Rates of Return have been restated from the amounts previously reported (dollars in thousands):

(US \$000s)	As Previously Reported	As Restated*
<b>DIRECT INVESTMENTS COMPOSITE</b>		
Number of Investments		
2000	5	4
2001	5	3
Capital Committed		
2000	\$ 174,935	\$ 76,935
2001	296,500	61,500
2003	60,332	68,423
<b>PARTNERSHIP INVESTMENTS COMPOSITE</b>		
Number of Investments		
1999	12	11
2000	15	13
2002	10	12
2003	17	19
Capital Committed		
1999	\$ 656,540	\$ 581,540
2000	551,790	444,290
2002	1,126,510	1,257,040
2003	1,911,998	1,958,287
<b>BUYOUT INVESTMENTS SUB-COMPOSITE</b>		
Number of Investments		
1999	9	8
2000	8	7
2002	4	5
2003	10	10
Capital Committed		
1999	\$ 626,500	\$ 551,500
2000	307,000	267,000
2002	414,010	584,540
2003	1,710,332	1,628,120
<b>VENTURE CAPITAL INVESTMENTS SUB-COMPOSITE</b>		
Number of Investments		
2000	7	6
2003	2	4
Capital Committed		
2000	\$ 244,790	\$ 177,290
2003	30,000	63,167

\* In accordance with the Firm's definition of Vintage Year, certain amounts have been revised and therefore the As Restated amounts are net of the Restated amounts noted above and the Vintage Year revisions.

\* \* \* \* \*