



TRIWEST

**Accelerating Value Creation
With Our Management Partners**

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TriWest Overview

- Founded in 1998 / based in Calgary

- Fund I
 - Raised \$57MM
 - Invested in eight companies (1998 – 2003)

- Fund II
 - Raised \$120MM
 - Invested in seven companies (2004 – present)



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TriWest Overview (cont'd)

- Focus on Western Canada
- TriWest partners have extensive operating experience
- Partner with management teams
- Accelerate value creation
- TriWest partners invest significant personal capital



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Private Equity Investment Characteristics

- Established business – profitable track record
- Growth potential – expansion and / or acquisition
- Sustainable competitive advantage
- TriWest Specific:
 - Revenue of \$40MM to \$200MM+
 - Excluded industries:
 - Exploration and production of oil and gas
 - Other primary resource sectors
 - Real estate
 - Rapidly changing technologies



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Overview of a Private Equity Transaction

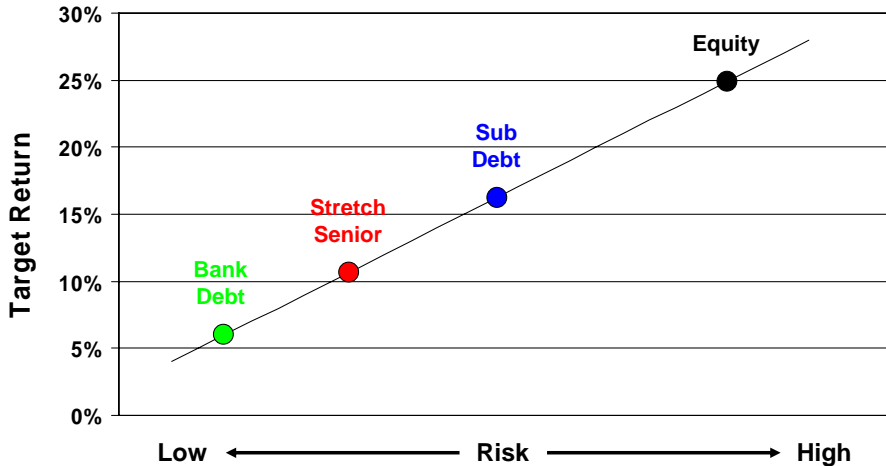
Agree On An Approach With Current Owners

- Capital for growth or to fund an exit?
- What % interest will current owner retain, if any?
- How active will current owner be going forward?
- Which members of the senior management team will be invited to invest?
- Encourage current owner to keep an open mind



Overview of a Private Equity Transaction (cont'd)

Selecting the Appropriate Capital Structure



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Overview of a Private Equity Transaction (cont'd)

Due Diligence

- Economic / Industry Trends
- Legal
- Environmental
- Financial
- Competitive Positioning



Overview of a Private Equity Transaction (cont'd)

Final Valuation

- It's not just a multiples game
- Fairness is key if some management exiting and some investing new funds
- If necessary, use an earn out or a vendor take back note to stretch



Private Equity In Portfolio Management

Typical Terms of a Private Equity Investment

- Investment life – ten year time frame
- Returns
 - 8% preferred return to LPs
 - 20% carried interest for GP
- Target Returns – greater than 20%



Private Equity In Portfolio Management (cont'd)

Private Equity Characteristics as an Asset Class

- Private equity is a high risk/high reward asset class due to its leverage characteristics
 - Most portfolio theories would underweight private equity in order to reduce risk but be able to benefit from potential significant upside
- Illiquid investment
 - Long timeframe of commitment
 - Capital that is committed upfront and put to work over approximately five years
- Monitoring role but little influence after initial capital commitment





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