



THE POWER OF THE NETWORK



“INDIVIDUAL COMMITMENT TO A GROUP
EFFORT – THAT IS WHAT MAKES A TEAM WORK,
A COMPANY WORK, A SOCIETY WORK, AND A
CIVILIZATION WORK.” VINCE LOMBARDI

Message From The Chairman	3
The Power Of The Network	4
ILPA History	
From Vision To Reality	6
The Benefits of Membership Today	
ILPA Board of Directors	
The Power of Contribution	
Special Report	9
The GP Summit	
Making The Right Connections	11
Conferences and Networking Opportunities	
Enhancing Knowledge	12
ILPA Education	
Webcasts, Workshops and ILPA Institute	
Gaining Insight	14
Customized Research	
Peer-To-Peer Benchmarking	
Best Practices	
Treasurer’s Report	16



MESSAGE FROM THE CHAIRMAN



Joncarlo Mark
ILPA Chairman (2007 – 2009)

I am proud to introduce the first formal ILPA Annual Report. As a result of hard work from a dedicated staff and a strong commitment from the Board of Directors, the ILPA has made huge strides in the last twelve months that mirrors the growth of the overall private equity asset class. Our rapid evolution is best reflected in the profile of our membership base, which today includes 210 institutions from around the world that manage almost \$1 trillion of private equity investment capital. Our members represent both large and small organizations including many of the new global institutions that have emerged onto the private equity scene in the last few years.

The ILPA's mission is to provide our membership with a world class platform for education, research and networking and we continue to deliver in these areas. Our educational programs offer our members both professional development opportunities as well as up-to-date training workshops that are helping them get smarter about investing in private equity. Our research mandate includes developing improved standards in private equity benchmarking with a goal of achieving new methods of performance measurement in the asset class. On the networking front, our conferences, Annual GP Summit and other ILPA-sponsored events offer an unmatched setting for communication and relationship-building opportunities within our industry. I am always impressed with the diversity and quality of the people that I meet at these events. Overall, the insight and training that ILPA provides, as well as the personal relationships that ILPA members are able to foster, will help us all become better and more globally-oriented investment professionals.

From a market perspective, these are trying times in our industry. Over the foreseeable future, all of us involved in investment management will have to contend with unprecedented events and changes to the global economy and financial markets. These factors will have a significant impact on our past and future investments. Given the significant changes we are facing, the ILPA exists to serve as a catalyst for all participants in private equity – LPs, GPs and service providers – to collectively discuss the most relevant issues that are shaping the future of the asset class. Ultimately, I believe that the ILPA can play a major role in helping all private equity practitioners become more effective as fiduciaries and contribute to the long term sustainability of the industry.

Thank you to all of our members for your participation and support. If success is truly measured by return on investment, then I have met with success as an ILPA member many times over.

A handwritten signature in black ink, appearing to read 'Joncarlo Mark', with a stylized, cursive script.

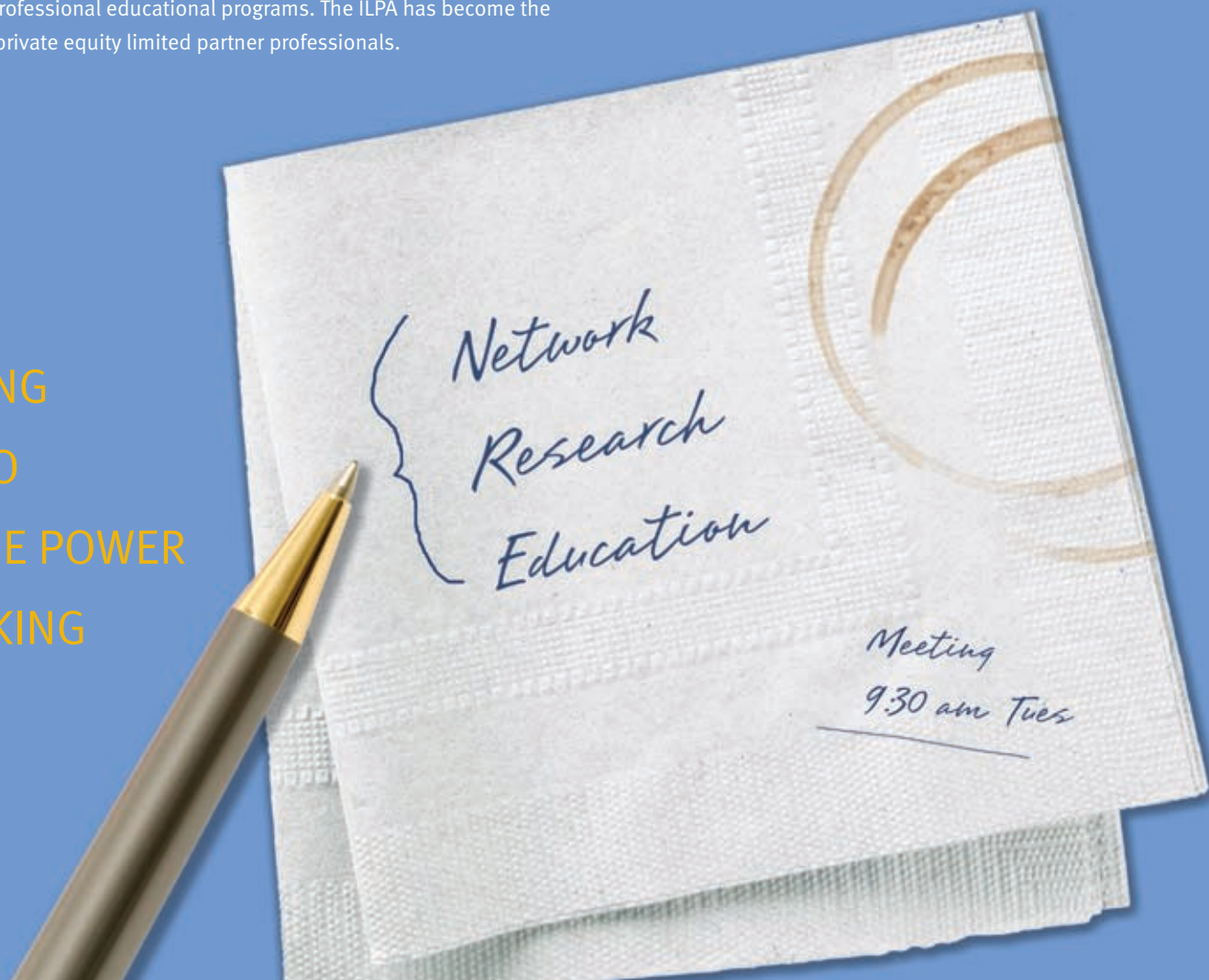
Joncarlo Mark
ILPA Chairman

THE POWER OF THE NETWORK

The ILPA has grown substantially since its inception in the early 1990's to include more than 210 member organizations from around the globe. While membership is comprised exclusively of Limited Partners, the diversity of the institutions makes the ILPA a dynamic organization representing a diverse range of interests – yet the membership is united by one common goal; to enhance the professional interests of the membership and, ultimately, to enable its members to achieve strong portfolio performance.

While the ILPA began as a small gathering of LPs hoping to share insights and best practices, it has today become an association offering impressive networking opportunities, robust research capabilities and professional educational programs. The ILPA has become the leading global network for private equity limited partner professionals.

ENCOURAGING
MEMBERS TO
HARNESS THE POWER
OF NETWORKING

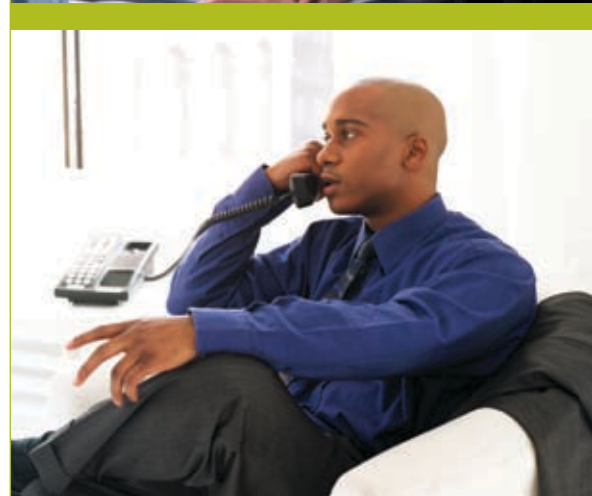


“The ILPA’s beginnings were humble,” noted Rick Hayes of Oak Hill Investments (ILPA’s first Chairman). “A bunch of LPs would meet occasionally for cocktails, 20-30 people, to chat about trends, issues and investments in the private equity marketplace. It was an informal network, mirroring the PE industry at the time. We would review the state of the asset class, discuss strategies for success, talk about negotiating tactics and review industry and market trends. I had no idea that these informal gatherings would morph into such a world-class organization.”

During the next few years, the group thrived as many more private equity professionals began participating in ad hoc events. It became clear that the membership was interested in a much more substantial and in-depth organization. The pioneers began to organize the group into a not-for-profit association – calling it the ILPA because they believed that private equity had really become institutionalized. From there, the organization would truly begin to realize the potential power of the network.

With limited resources, getting organized was more challenging than anticipated. ILPA meetings were held and decisions made through informal phone conversations and all upfront work was accomplished by a group of volunteers. In February 2002, the ILPA organization received its formal incorporation status as a not-for-profit association, a Board of Directors was appointed, By-laws were adopted and full-time staff was hired. The organization began hosting semi-annual conferences, producing best practice documents and eventually, created a dedicated website which brought additional credibility to the organization and allowed distribution of relevant industry information to a much wider audience.

Over time, the ILPA has continued to grow its membership through the addition of LPs who are committed both to their profession and to driving the industry forward. Today, the membership consists of public and corporate pension funds, foundations, endowments, family offices in over 12 countries and on 4 continents. As we look forward to 2009, the ILPA continues to build on the original founding principles of Networking, Education and Research and now, more than ever, has come to realize the true Power of the Network.





FROM VISION TO REALITY

THE BENEFITS OF ILPA MEMBERSHIP TODAY

The ILPA is the only global organization that caters to the needs of institutional investors in private equity. Members benefit from a diverse range of offerings, including confidential networking opportunities, proprietary research and customized educational opportunities that are second-to-none.

- **Members-only conferences** are exclusive semi-annual gatherings that promote education, best practices and networking with global colleagues and members in a confidential and relaxed environment. The 2008 Fall conference, set at the Loews Coronado in San Diego, offered a selection of workshops on a diverse range of topics that included bankruptcy, VC term sheets and attribution analysis.
- **The annual ILPA GP Summit** is the marquee event that brings together the leading global private investment professionals in an efficient and intimate one-on-one setting to connect, discuss and pursue business opportunities. Set at the Waldorf Astoria each fall, the Summit provides an opportunity for GPs and LPs from around the world to converge in New York City and seek the views of industry leaders as well as to reconnect with each other.
- **Regional events** are informal gatherings of Limited Partners designed to foster relationships and build membership. ILPA has hosted such events in Madrid, Spain; Copenhagen, Denmark; and Houston, Texas. In addition, The ILPA negotiates with other third party private equity event planners to provide ILPA members with preferred rates.
- **Customized education** programs leverage the expertise of industry thought leaders and encourage collaboration amongst industry professionals:
 - Best-in-class educational platforms through the ILPA Institute
 - Structured workshops
 - Professional development courses
 - Timely and topical webcasts
 - Local round-tables
- **Customized research** and industry-specific metrics, including a project focused on aggregating benchmarking data.
- **Access to the members-only portion of ilpa.org** that not only provides robust tools for use by PE professionals but also provides a means to share intellectual capital of the collective membership.

ILPA BOARD OF DIRECTORS

The ILPA Board of Directors is elected by the organization's membership to represent the interests and vision of the association and its constituents. Like the organization itself, the Board represents a wide cross-section of investor types from across the globe.

Board of Directors 2008-2009

Executive Committee

Chair	– Joncarlo Mark, Senior Portfolio Manager, CalPERS
Vice Chair	– Martin Day, Managing Director, OMERS Capital Partners
Secretary	– Tim Recker, Managing Director – Private Equity, University of California Regents
Treasurer	– John Breen, Vice President – Head of Funds & Secondaries, Canada Pension Plan Investment Board
Membership Chair	– Vanessa Indriolo, Vice President Private Equity, Fifth Third Bancorp
Program Chair	– Linda Calnan, Senior Investment Officer, Houston Firefighters' Relief and Retirement Fund
Research Chair	– Jim Treanor, Senior Investment Officer, Florida State Board of Administration

Members At Large

Nicole Belytschko	– Director, CM Capital Corporation
Tanya Carmichael	– Portfolio Manager, Ontario Teachers' Pension Plan Board
Beatriz Gonzalez Ordonez	– Investment Manager, Telefonica Capital S.A.U
Søren Hansen	– Head of Alternative Investments, Industriens Pension
Jim Pittman	– Vice President, PSP Investments
Wayne Smith	– Senior Investment Officer, MassPrim
Mehul Vora	– Portfolio Manager, Lockheed Martin

THE POWER OF CONTRIBUTION

The future of the ILPA will continue to depend on the participation of its volunteer members. Long-term strategies, priorities, research initiatives and educational programs are all determined by the member-led committees and Board of Directors. The Education, Research and Membership committees meet monthly to establish the goals and objectives for execution by the ILPA staff. Over the last 18 months, all three teams have substantially moved the ILPA to meet the global needs of the organization.

CATERING TO THE NEEDS OF INSTITUTIONAL INVESTORS IN PRIVATE EQUITY





“The ILPA GP Summit is not only a great event but an efficient use of time. We leverage the conference to refresh relationships with GPs and to check in with other LPs. Year after year we get more and more for our time and money.”

Ted Mayden, Genspring Family Office

SPECIAL REPORT

THE GP SUMMIT

"When I look back on the Board of Directors meeting in snow-bound Chicago in early 2005, I never would have believed that this gathering would lead to the creation of the ILPA GP Summit. The genesis of this event was driven by the Board's recognition that the ILPA needed to keep pace with an increasingly complex global private equity industry by providing relevant, tangible value to members. Like everything else in private equity, attribution for the idea of the GP Summit is still a highly debatable topic amongst Board members! The discussions were intense, healthy, and at times surreal, given that this was such a bold step for the organization. Once we decided to go forward with the idea, we quickly had to move to action – we had less than nine months to plan an event designed to gather a large and diverse group of GPs and LPs from around the world together in one venue. I want to say that there were light moments or other storied happenings; however, such was not the case. It was a monumental effort that demonstrated the true teamwork of the Board, staff and the membership who took the chance to come to what was clearly a watershed event for the ILPA. Ironically, as a General Partner, I now participate from the other side. And for those who may be wondering — I do not get a discount!"

Dave Scopelletti, GarMark Partners
(Past Director, ILPA)

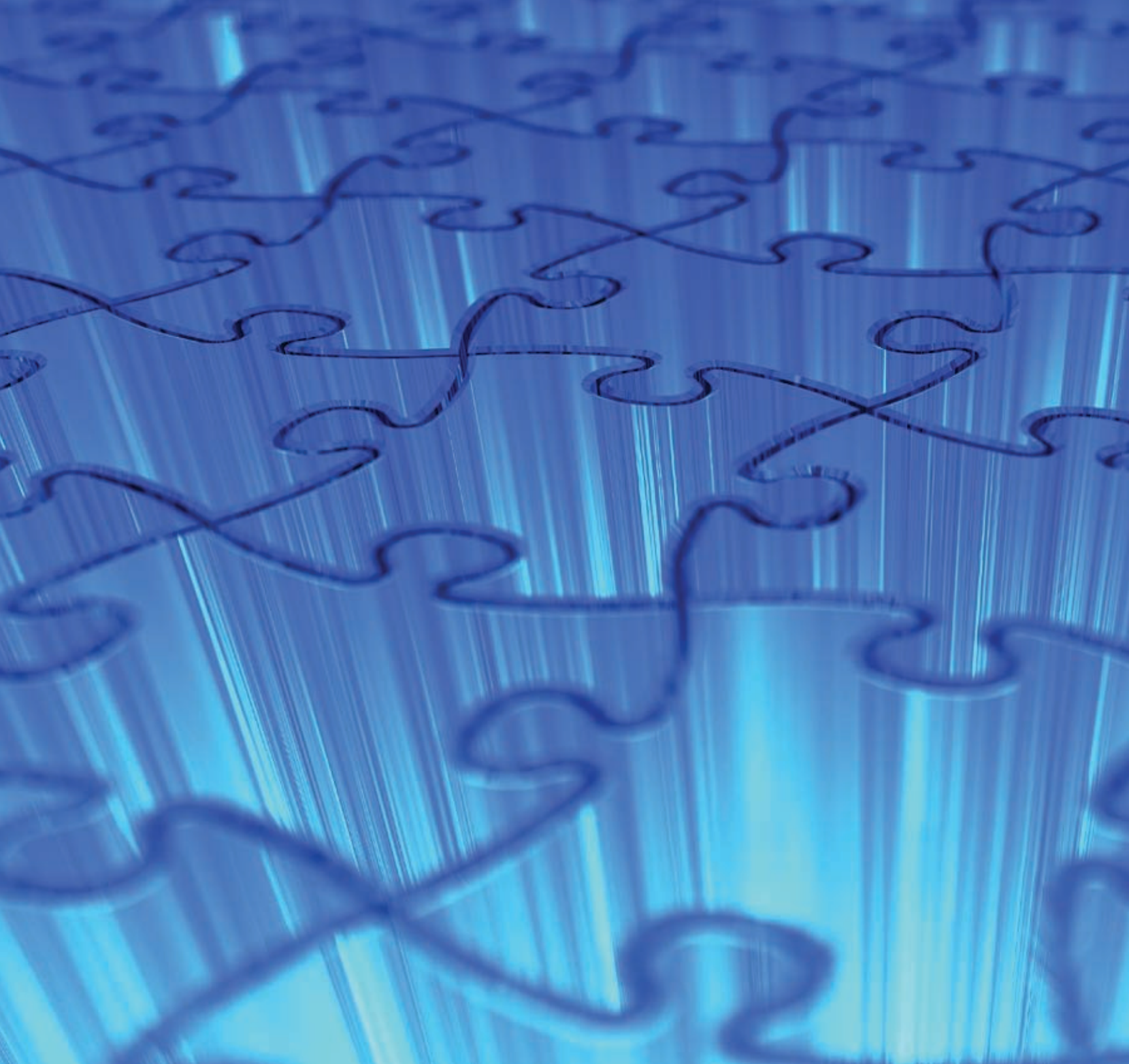
Since its inception in 2005, the GP Summit has become the ILPA's marquee event, bringing together private equity professionals to foster discussion, to network and to facilitate business partnerships. This highly regarded industry event invites 75 high-caliber General Partners to meet with internationally renowned Limited Partners and it attracts the attention of high profile industry experts.

The 2008 Summit hosted a distinguished group of private equity industry leaders, several of whom participated on the opening panel:

- Leon Black, Apollo Investment Corporation
- Wesley R. Edens, Fortress Investment Group LLC
- David M. Rubenstein, The Carlyle Group
- Stephen A. Schwarzman, The Blackstone Group

Lawrence H. Summers, former Secretary of the United States Treasury, Chief Economist of the World Bank and President, Harvard University was featured as the keynote speaker. This was especially timely given the current economic situation.





MAKING THE RIGHT CONNECTIONS

Each year, the ILPA hosts a series of events to foster networking and discussion amongst its members; these include *members-only* conferences, the GP Summit, and local round tables.

In 2007, the semi-annual conferences returned to their original format of members-only in an effort to regain the benefits of discussion and learning in a closed and confidential environment. Mark Wiseman, Chairman ILPA (2004-2007), saw “the elimination of sponsor-backed workshops as a way to afford members the opportunity to engage in thought-provoking discussions with peers and allow the organization to attract world-class speakers for workshops and panels.” The quality and environment of the fall conference, held in Washington DC and attended by over 180 LPs, raised the bar for subsequent events.

The spring 2008 conference, *Challenges and Opportunities of Investing in Global Markets*, took place in Miami, Florida. Given the changes in the investing markets, LPs were becoming increasingly concerned about the health of the private equity asset class and were seeking in-depth information and guidance from their peers in the ILPA and from the thought leaders who participated in the panels and workshops. “Liquidity had dried up, cash was king and economic uncertainty was starting to be the key topic of conversation” commented Joncarlo Mark, Chairman, ILPA. “The panel discussions were aimed at providing a macro level global perspective on trends, risks and opportunities in private equity and other alternative investments.”

With the world’s economic condition becoming increasingly challenging, the Fall 2008 conference was especially timely. ILPA members gathered in San Diego to discuss the impact of the current downturn on their portfolios and the private equity industry overall and to hear industry experts share their insights and views on the continuously changing landscape. As long term investors, LPs are conditioned to sustain and work through market cycles; however, the current climate has presented unprecedented challenges for private equity investors globally. The conference featured structured workshops on relevant topics including bankruptcy, the changing landscape in terms & conditions and featured a LBO modeling workshop designed to provide a deeper dive into the structuring and execution of transactions. The program was further bolstered by a series of distinguished speakers who delved deeply into the current economic turmoil, including Keynote Olivier Sarkozy, Co-head of Global Financial Services Group at the Carlyle Group.



ENHANCING KNOWLEDGE

PROFESSIONAL DEVELOPMENT SEMINAR SERIES

In 2008, the ILPA initiated its *Professional Development Seminar Series*. These standalone seminars were designed to provide members with additional professional development opportunities outside of the ILPA Institute, Webcasts and Workshop Series. These sessions are led by third-party private equity specialists, who customize their programs exclusively for the ILPA. The Professional Development Seminar Series thus far has included:

- **Negotiation Skills:** This seminar provided attendees with a systematic framework to prepare for, conduct and review negotiations in the real world. It is focused on teaching best practices to master challenging Private Equity-related negotiations. Attendees develop the skills required to obtain substantive results from negotiations while retaining a positive working relationship with the other party.
- **LBO Modeling:** This hands-on seminar provided both experienced investment professionals and those new to the industry with the financial knowledge and tactical modeling skills required to evaluate a LBO transaction. The seminar included an Excel® tutorial, interactive classroom discussion and the development of a model from the ground up.



ILPA EDUCATION

Linda Calnan
Program Chair

"The ILPA's dedication to member education has never been so readily apparent. The hiring of a Director of Education, the formation of an Education Committee, the initiation and serialization of new programs, the formalization of prior programs, and the deliberate steps toward the creation of an ILPA Institute all demonstrate the organization's commitment to the value of member education."

Since its inception, the ILPA has regarded education and professional development for private equity professionals as a top priority for its members. With the hiring of a Director of Education in 2007 and the creation of an Education Committee, the ILPA Institute moved swiftly from concept to reality. Shortly after issuing a formal RFP seeking a distinguished partner university, the ILPA received 15 formal responses from world-renowned educational institutions. A thorough screening and evaluation by the Selection Committee resulted in the identification of four finalists, all offering a combination of high-caliber, knowledgeable faculty and strong and focused programs. On-site visits to the finalist universities led to the selection of a potential partner for the ILPA educational programs, to be announced later this year.

The first courses are already under development. The Institute will be launched in 2009; and ultimately, will be conducted in multiple locations to serve ILPA's members globally.

ILPA WORKSHOPS

The *ILPA Workshops Series*, offered in conjunction with the members-only conferences, has been transformed by the Education Committee over the past year. Originally a series of casual offerings, it has become a structured, high-quality program offering sophisticated, timely content through interactive sessions led by industry thought-leaders. Topics are sourced directly from the membership, the Education Committee and the ILPA Board; the Education Committee then selects a program that meets the needs of the diverse ILPA membership and provides for learning opportunities across a wide spectrum.



WEBCAST SERIES

The *ILPA Webcast Series* was launched in 2007 to provide members with a platform from which to discuss topical and relevant issues impacting the industry in an efficient and time-effective format. The webcasts have augmented the professional development programs offered by ILPA and enabled members to leverage the experience of industry experts in real time. The Webcast Series has been a tremendous success – the sessions held to date, listed below, reflect the breadth of this program and the caliber of professionals involved:

- *Disclosure and Transparency in Private Equity* presented by Sir David Walker.
- *FASB 157 – Fair Value Measurements* hosted by David Larsen, Managing Director and head of the San Francisco Corporate Finance consulting practice at Duff & Phelps with a panel of experts including Shawn Hessing of KPMG LLP and Edward Kingsley of Deloitte & Touche.
- *Global Economic Impact of Private Equity Report 2008* presented by Dr. Josh Learner, Jacob H. Schiff Professor of Investment Banking at Harvard Business School.
- *Private Equity in China: New Regulations and Evolving Markets* hosted by Kevin Johnson, Liberty Global Partners with Joseph Chan, Managing Partner (Shanghai) Pillsbury Winthrop Shaw Pittman LLP; Melissa Ma, Co Founder and Managing Director, Asia Alternatives; Rebecca Xu, Co Founder and Managing Director, Asia Alternatives; John Zhao, CEO, Hony Capital.

GAINING INSIGHT



Jim Treanor,
Research Chair

“As an ILPA member, access to industry information, peer to peer benchmarking, customizable research and member databases is a huge asset. Our website, ilpa.org offers a tremendous opportunity for our members to move their businesses forward through current and precise research information and robust research tools that are readily available to them at any time.”

WWW.ILPA.ORG

The ILPA manages two websites; a public portion that offers general information about the ILPA and a members-only password protected site. The private site has been designed to be a repository of private equity data and industry information, featuring a customized search capability that allows members to analyze and/or access:

- Aggregated member information
- Funds in the market
- Research & Best Practices
- Syndicated Data including market multiples, leverage ratios and other industry data
- ILPA association and membership information
- Directory of staff, board members and committees
- News Centre
- Library, glossary and survey results
- Conference and Event listing and registration
- Job board and member bulletins

Data contributions from members, General Partners and associated third-parties, provide ILPA with a proprietary database that creates efficiencies for members.



PEER-TO-PEER BENCHMARKING

It has been widely recognized by Institutional investors that good industry reference points have been lacking for some time and that an opportunity existed for ILPA to lead the way to create a more precise performance benchmark. The ILPA commenced a ground breaking initiative to design, construct, develop and analyze an industry wide performance benchmark that would serve as a standard for private equity professionals globally. Substantial progress has been made to find this world-class partner that will enable us to move our benchmarking project forward; to set new industry standards as well as provide new and creative ways to benchmark the asset class. While the ILPA is taking a thoughtful approach to selecting the right partner, an announcement is expected in early 2009.

FOLLOWING BEST PRACTICES

The roots of the ILPA are grounded in the notion of sharing information. In 2002, the first formalized *Best Practices Manual* was launched to help LPs accomplish their fiduciary duties and have comparability across fund investments. Now housed on ilpa.org, the best practice manual is utilized by LPs and often shared with select GPs to help create synergies and share knowledge within the asset class.

LEVERAGING THE POWER OF THE NETWORK

As our membership grows, so too does our access to more diverse information. Members continue to contribute data via our annual surveys and occasional research requests, thus ensuring that our database continues to grow and members can leverage the power of our network.



TREASURER'S REPORT



John Breen,
ILPA Treasurer

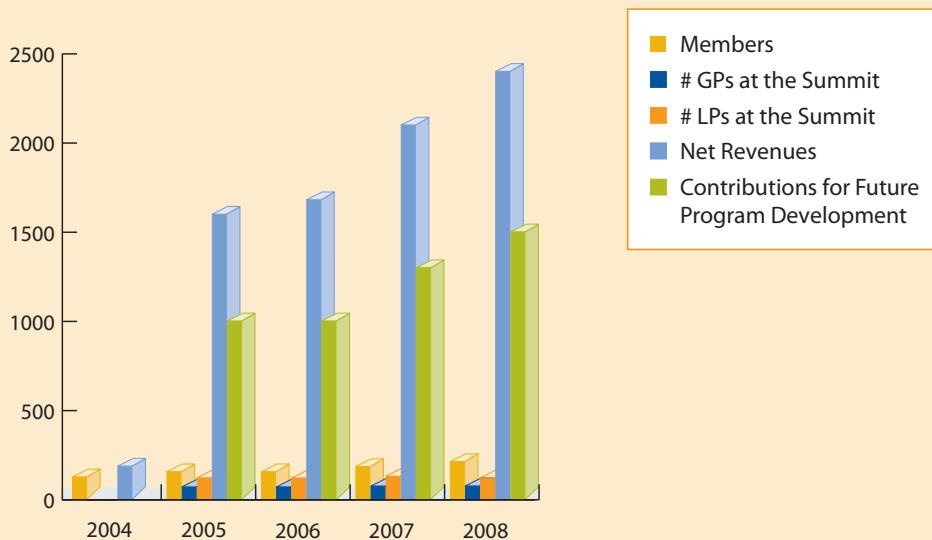
"It is an honor to join the ILPA and its board at a time when the organization is able to begin harvesting the fruits of all the great work, inspiration and activities of the dedicated members of prior Boards. A strong foundation for growth has been built. We now have the resources to support and expand membership and provide the valuable tools to our members which will enhance the quality of our decision-making in private equity."

In the early days of the ILPA, financing the activities of the organization was a challenge. Membership and conference fees barely covered expenses, limiting the ILPA's ability to expand its mandate. Developing workshops, establishing best practices, sourcing content and analyzing data relied solely upon the contribution of volunteers. With the innovation of the GP Summit, the health of the organization's balance sheet improved substantially, affording the Board of Directors the opportunity to execute on its long-term strategic goals. In 2007, a full-time professional staff was hired, new premises were leased, technology needs were built and the mandates to develop an *ILPA Institute* and *ILPA Benchmark* were approved. The Executive Director implemented strong financial governance, reporting quarterly to the Treasurer and Audit committee. All audits are conducted by PriceWaterhouseCoopers in accordance with Canadian generally accepted auditing standards.

"Over the past few years, the Board has focused on building out the ILPA team, establishing the organization's infrastructure and creating revenue generating activities in order to reach where we are today. The ILPA now has the resources to implement and sustain the programs that have been in the planning stages for so long" said John Breen, Treasurer. A flurry of activity has taken place over the past 12 months to create value for members:

- **Webcast Series:** offered 5-6 times per year to members, fully subsidized
- **Member-only conferences:** held semi-annually, partially subsidized
- **Professional Development Series:** negotiated with world-class third party experts and offered to members on a subsidized basis
- **Syndicated Data:** sourced from premier data collection & analysis services and offered to ILPA members on a fully subsidized basis
- **Benchmarking Project:** commenced April 2008
- **ILPA Institute Initiative:** commenced March 2008
- **ilpa.org:** transformed and re-launched to allow for document storage and search capabilities
- **Technology infrastructure:** built to accommodate future data repository requirements

PERFORMANCE HIGHLIGHTS



A STRONG
FOUNDATION
FOR GROWTH;
SUPPORTING
MEMBER INITIATIVES

FINANCIAL HIGHLIGHTS:

- Fees have remained constant at \$2,500/member organization over the past 3 years
- Conference fees have remained constant over the past 3 years
- While the annual GP Summit requires a substantial financial commitment to operate, the net result of the event is an important source of funds for the ILPA
- The GP Summit has attracted opportunities to develop other sources of revenue, including sponsorships from supporting organizations
- The reserves held for investment in future programs is under the stewardship of the Board of Directors and has been conservatively invested in bank short-term investments

AS THE ILPA BUILDS NEW REVENUE GENERATING ACTIVITIES AND THE GP SUMMIT CONTINUES TO GROW AND THRIVE, WE EXPECT THE FINANCIAL POSITION OF THE ORGANIZATION TO CONTINUE TO IMPROVE AND PROVIDE A SUSTAINABLE BASE FOR FUTURE PROGRAMS.



CONNECTED

To join the ILPA please contact:
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