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**PRIVATE EQUITY FIRMS REMAIN OPTIMISTIC FOR NEW GROWTH IN
SPITE OF ONGOING ECONOMIC DOWNTURN**

***New Survey of Small and Mid-Market PE Firms By CPA Firm Rothstein Kass Reveals
Aggressive Fundraising Goals Despite Challenges Emerging From Credit Crisis***

Roseland, NJ – April 23, 2008 – Small and mid-market private equity firms universally agreed that the U.S. economy is in an economic downturn and that an extended period of market uncertainty would adversely impact private equity firms according to “Private Equity in 2008,” a new survey conducted by CPA firm Rothstein Kass. However, these firms remain optimistic about their own prospects and generally have set forth aggressive fundraising targets for 2008 and beyond.

“Private Equity in 2008” is Rothstein Kass’ first in-depth analysis of the private equity community and was co-authored by Russ Alan Prince, a leading authority and counselor on private wealth, and Hannah Shaw Grove, a widely recognized expert on behaviors and finances of high-net-worth individuals. The survey is based on telephone interviews with 323 managing principals of private equity funds. Participating firms have at least one – and in many cases several – private equity funds with total minimum assets under management of \$50 million and not more than \$300 million. Interviews were conducted in the first quarter of 2008.

“The ultimate success of any private equity firm is dependent on its access to capital and its ability to find suitable transactions. Because of the intense competition they face from larger players, investment banking operations and increasingly, from the alternative investment community, smaller and middle market firms are often among the first and most deeply impacted by prolonged weakness in credit markets. Consequently, their response to market uncertainty can help to indicate the scope of challenges facing the industry as a whole,” said Steve Kass, Co-Managing Principal of Rothstein Kass.

To better understand current conditions, Rothstein Kass again teamed with renowned wealth managers Russ Prince and Hannah Shaw Grove to survey its extensive network of industry contacts. Without exception, respondents agreed that the U.S. economy is experiencing a downturn. However, deeper examination suggests pervasive optimism regarding fundraising objectives and longer-term prospects. Though 68 percent of professionals believe it will be harder to raise money in 2008, nearly 93 percent say they are interested in raising more money to invest, indicating that at the individual firm level,

smaller private equity players remain confident in their competitive positioning and overarching investment strategies.

The survey questioned executives on four issues – the impact of the credit crisis on the business, the fundraising climate, the most pressing competitive challenges, and the relationship between the economic environment and investment opportunities. Other notable survey findings include:

- Nearly 93% of participants who predict a severe downturn in the U.S. economy expect the credit crisis will have a strong impact on private equity firms
- Most respondents are doubtful of a quick turnaround, with nearly 70% believing the credit crisis will continue to worsen over the balance of 2008
- Just about all surveyed participants expressed an interest in raising more assets for their funds, including 90% of those expecting a severe downturn and 97% of those expecting a mild downturn
- 85% of those expecting a severe downturn expect hedge funds to interfere with their efforts, while only 28% anticipating a mild downturn agree
- Only 21% of respondents see more private equity funds being launched in 2008
- About 40% of managing principals expect traditional loans to replace private equity investments among young or struggling firms

“Throughout their development, small and mid-market private equity firms have had to contend with competition from a variety of sources, including multi-billion dollar, global funds with strong brand recognition. To effectively compete against the private equity behemoths, many middle market firms have been compelled to carve out practices in niche markets, often developing a level of specialization and expertise that surpasses that of larger counterparts,” said Tom Angell, CPA and Principal-in-Charge of the National Commercial Services Group of Rothstein Kass. “These firms have deep and broad relationships within their chosen practice areas and are accustomed to structuring and executing transactions in challenging circumstances. For these reasons, small and mid-market private equity firms are perhaps even better equipped to capitalize on emerging opportunities in underperforming commercial services sectors, including real estate, retail and financial services.”

About Rothstein Kass:

Rothstein Kass advises organizations, including private equity funds, broker-dealers, investment advisors, private companies considering a public stock offering, and entities looking for investment opportunities, on all aspects of private equity transactions, from deal origination through structuring and execution. A full service firm, Rothstein Kass provides audit, accounting, tax and regulatory compliance services through its Commercial Services Group. Recognized nationally as a top service provider in the hedge fund industry, the Firm also provides audit, tax, accounting and consulting services to hedge funds, fund of funds and registered investment advisors through its Financial Services Group. The Financial Services Group consults on a wide range of organizational, operational and regulatory issues, and advises on fund structure, both inside and outside

the U.S., compliance, and financial reporting, as well as on tax issues from a federal, state, local and international compliance perspective. Rothstein Kass has offices in New York, New Jersey, California, Colorado, Texas and the Cayman Islands. www.rkco.com

About the Authors:

Russ Alan Prince is the world's leading authority on private wealth, the author of 40 books on the topic, and a highly-sought counselor to families with significant global resources, and their advisors. He is co-author of *Fortune's Fortress: A Primer on Wealth Preservation for Hedge Fund Professionals*.

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Hannah Shaw Grove is a widely recognized author, columnist, speaker and an expert on the mindset, behaviors, concerns, preferences and finances of high-net-worth individuals. She is co-author of *Inside the Family Office: Managing the Fortune's of the Exceptionally Wealthy*.

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