

Madrid, October 2007



Comparative analysis of salaries in the Spanish Private Equity sector

CONTENTS:

Comparative Analysis of Salaries in the *Private Equity* sector

- 1 Executive Summary
- 2 Conclusions
- 3 Trends in remuneration policies
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1 Executive Summary

OBJECTIVE (I):

The objective of the analysis of Private Equity firms was to identify the current salary trends in the sector for:

- Directors
- Executives
- Investment Analysts

In order to achieve this objective, a collective study was conducted of the principal national and international Private Equity firms operating in our country.



1 Executive Summary

OBJECTIVE (II):

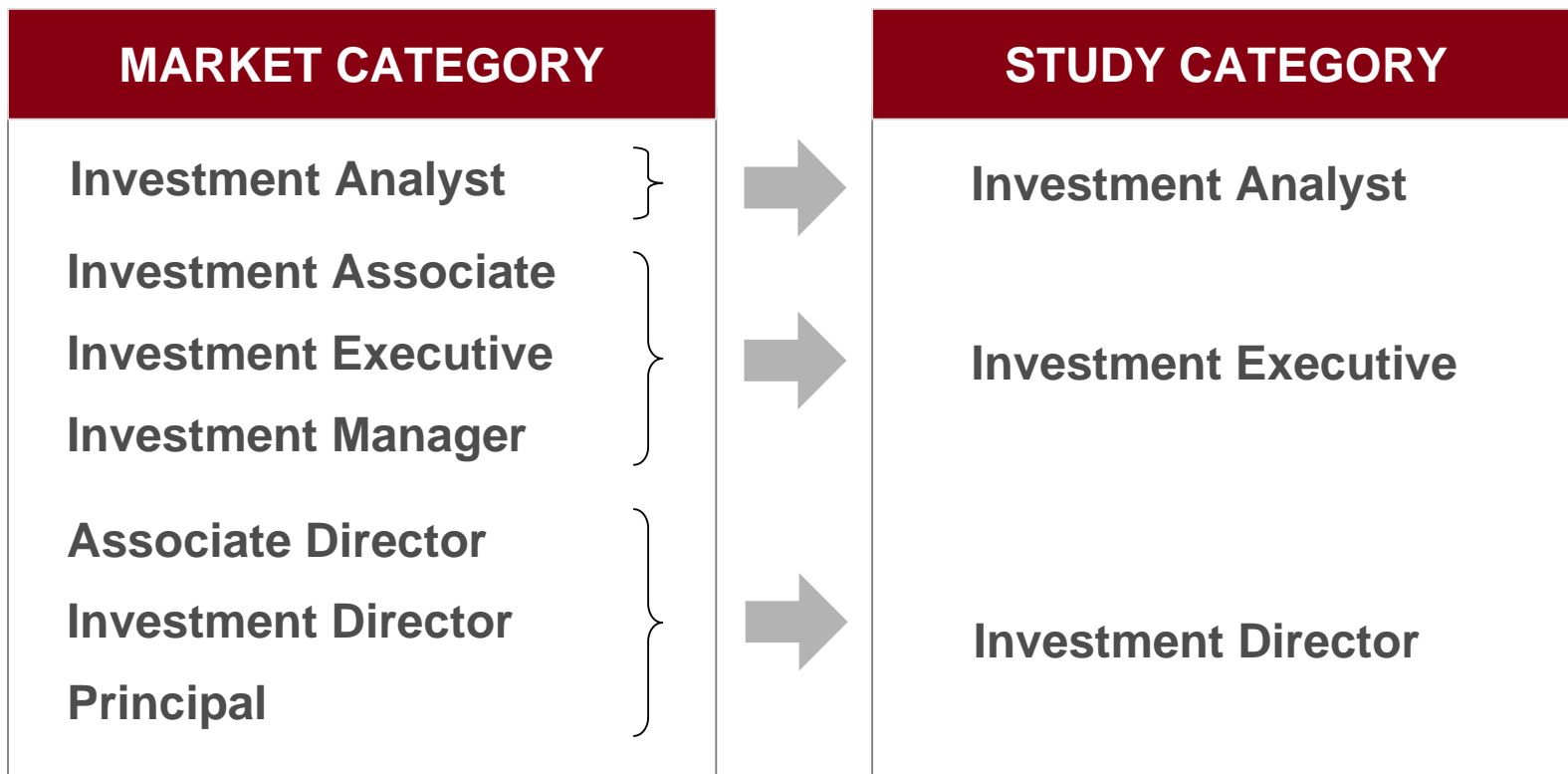
A total of thirty Private Equity firms were analyzed, providing a broad base of data collected from one hundred executives, and considering references from 8 to 10 variables:

- Analysis sample: 30 *Private Equity* firms
- Total base: 100 executives
- References: 8 -10 variables

1 Executive Summary

OBJECTIVE (III):

For the purposes of this study, professional categories were grouped together in each sector as shown in the following diagram:



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2 Conclusions

| | AVERAGE | Q3 |
|------------------------------|----------------|-----------|
| Investment Director: | | |
| FIXED | 142.063 € | 162.500 € |
| VARIABLE | 99.733 € | 120.000 € |
| Investment Executive: | | |
| FIXED | 89.143 € | 90.000 € |
| VARIABLE | 63.625 € | 81.750 € |
| Investment Analyst: | | |
| FIXED | 48.270 € | 60.000 € |
| VARIABLE | 25.534 € | 35.000 € |

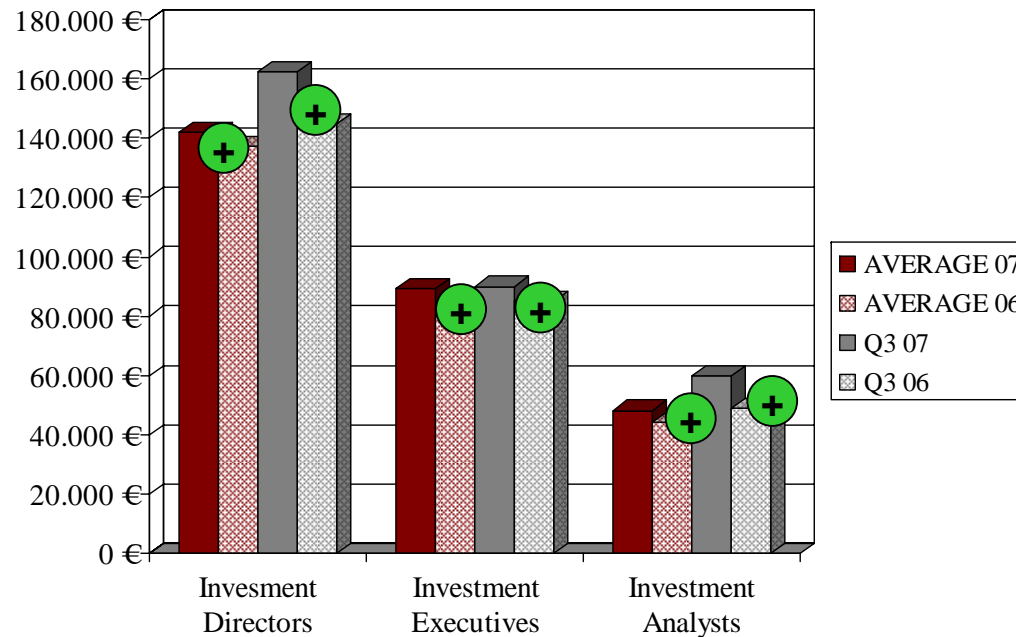
2 Conclusions

| | PE NATIONAL FIRMS | PE INTERNATIONAL FIRMS | DIFFERENCE (Int vs Nat) |
|-----------------------------|-------------------|------------------------|----------------------------|
| INVESTMENT DIRECTOR | Average Fixed | €131.000 | 14,45% |
| | Average Variable | €93.250 | 12,97% |
| | Q3 Fixed | €152.500 | 17,57% |
| | Q3 Variable | €111.000 | 19,27% |
| INVESTMENT EXECUTIVE | Average Fixed | €79.750 | 21,56% |
| | Average Variable | €50.531 | 37,68% |
| | Q3 Fixed | €86.250 | 23,33% |
| | Q3 Variable | €66.000 | 22,12% |
| INVESTMENT ANALYST | Average Fixed | €48.375 | -0,78% |
| | Average Variable | €26.683 | -18,18% |
| | Q3 Fixed | €59.438 | 0,94% |
| | Q3 Variable | €33.750 | 0,00% |

2 Conclusions

The **Fixed** compensation of Private Equity professionals

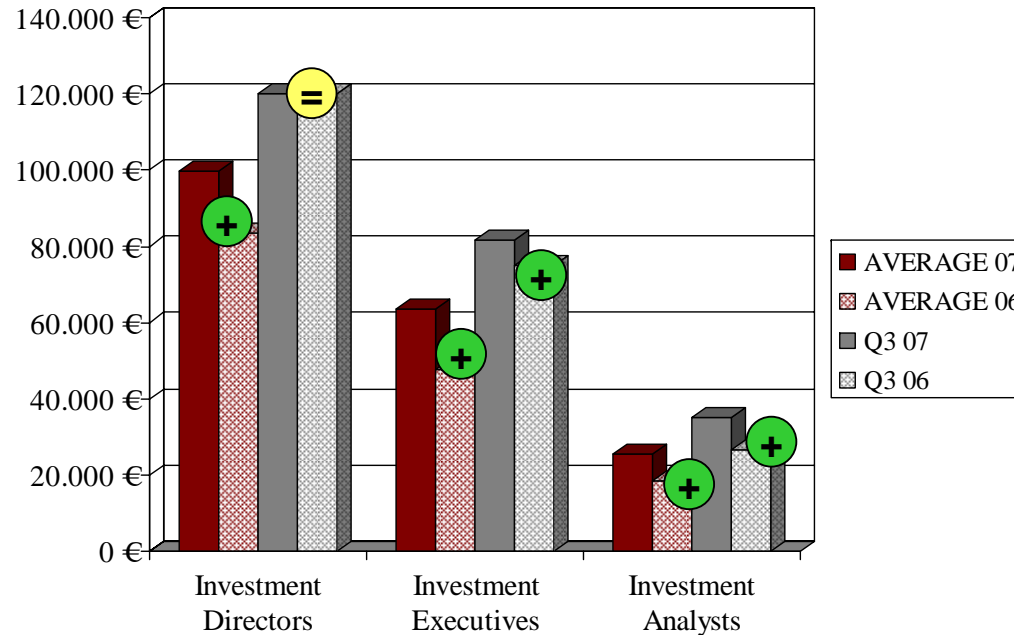
| CATEGORIES | AVERAGE | | Q3 | |
|-----------------------|----------|----------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Investment Directors | €142.063 | €137.308 | €162.500 | €145.000 |
| Investment Executives | €89.143 | €80.000 | €90.000 | €85.000 |
| Investment Analysts | €48.270 | €44.091 | €60.000 | €49.000 |



2 Conclusions

The **Variable** compensation of Private Equity professionals

| CATEGORIES | AVERAGE | | Q3 | |
|-----------------------|---------|---------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Investment Directors | €99.733 | €83.500 | €120.000 | €120.000 |
| Investment Executives | €63.625 | €47.667 | €81.750 | €75.000 |
| Investment Analysts | €25.534 | €18.525 | €35.000 | €26.750 |



2 Conclusions

Comparison of Fixed and Variable compensation to 2006...

As opposed to last year's study, the comparison shows clear increases in all categories:

INVESTMENT DIRECTORS

| | % Increase |
|------------------|---------------|
| Average Fixed | 3,46% |
| Average Variable | 19,44% |
| Q3 Fixed | 12,07% |
| Q3 Variable | 0,00% |

INVESTMENT EXECUTIVES

| | % Increase |
|------------------|---------------|
| Average Fixed | 11,43% |
| Average Variable | 33,48% |
| Q3 Fixed | 5,88% |
| Q3 Variable | 9,00% |

INVESTMENT ANALYST

| | % Increase |
|------------------|---------------|
| Average Fixed | 9,48% |
| Average Variable | 37,84% |
| Q3 Fixed | 22,45% |
| Q3 Variable | 30,84% |

2 Conclusions

Other forms of employee retention in the long term...

The *Carried Interest* is unequally distributed in reference to the category of the professionals:

CARRIED INTEREST

- Of the Private Equity firms analyzed, **80%** concede *Carried Interest* to their **Investment Directors**.
- **60%** of **Investment Executives** receive such compensation.
- **17%** of **Investment Analysts** receive *Carried Interest* in comparison to 10% from last year.

2 Conclusions

Other characteristics of the remuneration policy...

90% of the Private Equity firms analyzed use various methods of compensation in their remuneration policies:

| | LIFE INSURANCE | MEDICAL INSURANCE | RESTAURANT TICKETS | COMPANY CAR | PENSION PLANS | OTHER (Mobile Phone, Parking) |
|-----------------------------|-----------------------|--------------------------|---------------------------|--------------------|----------------------|--------------------------------------|
| Investment Director | 79% | 79% | 21% | 43% | 21% | 100% |
| Investment Executive | 75% | 75% | 25% | 42% | 50% | 100% |
| Investment Analyst | 89% | 89% | 56% | 6% | 28% | 83% |

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3 Trends in remuneration policies

- Salaries increased overall for all three positions analyzed from last year's figures, with the most noticeable rise in that of Investment Analyst.
- For the Investment Executive position, there was a lesser change in Fixed Compensation, which implies that the compensation level is stabilizing for this position in Private Equity firms.
- Smaller or newly created funds are paying their professionals at the same level as the rest of the market, contributing to the stability of the sector.
- In terms of Carried Interest, it should be highlighted that there was a 7% increase in the Investment Analyst position, reaching 17% compared to 10% from last year's study. For other positions, percentages maintained more or less at the same levels.
- Private Equity firms use fringe benefits to foster company loyalty.

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4 The Firm

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