Industry Snapshot

A few weeks before the Christmas holidays, EVCA published its 2006 “Benchmarking European Tax and Legal Environments”, a study that compares the tax and legal environment for private equity and venture capital across European countries. Although the study shows that the overall tax and legal environment has improved since the previous issue in 2004, divergences between the top and bottom-ranked countries remain. Moreover, there is much room for improvement in the areas of entrepreneurship and the incentivization of companies, and their research and development (R&D) activities.

The publication of the 2006 tax and legal benchmark paper came at an important point in time for the European private equity and venture capital industry. Despite the current positive economic climate and strong private equity and venture capital activity levels in Europe, the industry needs to benefit more from the economic and financial integration of the region.

The level of cross-border investments is at 35% still inferior to its full potential and shows that funding is most likely not channelled efficiently enough to the most promising businesses and regions in Europe. Businesses, especially in their early years of existence, should be able to make extensive use of the entire European market, to grow more quickly and become stronger. Moreover, Europe needs to become more attractive, not only to raise capital for private equity and venture capital investing, but also to attract and retain the most potential entrepreneurs. Other regions, most notably in Asia, are catching up quickly and are improving their tax and legal framework to attract capital and talent. In order to continue and increase its contribution to overall employment, innovation and the restructuring of existing industries and businesses, it is crucial for the tax and legal environment for private equity and venture capital in Europe to remain favourable and even to further improve.

Key areas of concern

The 2006 EVCA study on benchmarking the European tax and legal environment focuses on three main areas, considered of key importance for the well functioning of the European private equity and venture capital markets:
Firstly, the tax and legal environment for limited partners and fund managers was analysed. Such a favourable environment does not only encourage fundraising from limited partners within and outside of Europe, but also cross-border investments, so that managers can channel the capital raised to those companies and markets with the best opportunities. Variables assessed include the environment for pension funds and insurance companies to invest in private equity and venture capital across Europe, and specific incentives to encourage investments in the asset class. Moreover, the availability of an appropriate domestic fund structure for private equity and venture capital was analysed. Such a fund structure should be tax transparent for domestic and non-domestic investors, offer international investors with the ability to avoid a permanent establishment, be free from VAT on carried interest and management fees, and allow for the free allocation of money without any undue restrictions. Although fund structures such as the UK Limited Partnership or the Luxembourg SICAR can be used by players in most European countries, this is considered sub-optimal compared to the availability of a domestic structure, given the additional transaction costs.

Secondly, the tax and legal environment for investee companies was analysed. The way a country supports companies is key for the quality of deal flow available to the industry. This is not only the case for early-stage companies, but also for older and more mature businesses at the later stage. Aspects looked at were fiscal initiatives to support young innovative companies, company tax rates and the fiscal support for different business R&D activities.

Thirdly, an assessment was made of the environment for retaining talent in investee companies and management funds. Given that private equity and venture capital is a “people’s business”, the knowledge and experience of fund managers as well as entrepreneurs and company managers, are crucial for the success of the industry.

**Methodology**

For this year’s paper, information on 29 variables and 25 European countries was collected and evaluated. Each variable was scored, with ‘1’ indicating a favourable environment and ‘2’ and ‘3’ demonstrating less favourable tax and legal conditions.²

**Key findings**

- The tax and legal environment for private equity and venture capital in Europe has slightly improved over the past years, with an average composite score of 1.84 in 2006, compared to 1.97 in 2004.

- Better access to private equity and venture capital funds for limited partners has played a crucial part in this improvement, with more favourable conditions for pension funds and insurance companies, and several countries establishing an appropriate domestic fund structure.

- The European average for retaining talent in investee companies and management funds totals 1.89, still leaving room for improvement.

² For a more detailed explanation of the methodology, please see the full paper.
Europe provides an unfavourable environment for company incentivization (2.36) and the fiscal support for business R&D activities (2.13). Both criteria underline the importance of a stronger support for entrepreneurship and especially young innovative companies in Europe.

**Current European Situation**

- **Pension Funds**: 3
- **Insurance Companies**: 1.55
- **Fund Structures**: 1.47
- **Tax Incentives**: 2.04
- **Fiscal R&D Incentives**: 2.13
- **Company Incentivization**: 2.36
- **Retaining Talent in Investee Companies and Management Funds**: 1.89

Source: EVCA

**Key findings on a country level**

- Despite the improvement in the European tax and legal environment for private equity and venture capital, there is still a wide divergence between the top- and bottom-ranked countries: this year Ireland is at the top, with 1.27, and Romania (included for the first time) at the bottom, with 2.35. But the gap between the best ranking and the European average has slightly narrowed.

- France and the United Kingdom rank second and third, with composite scores of 1.36 and 1.46 respectively. Since 2003, the United Kingdom and Ireland have consistently been ranked within the top three countries, whereas France has moved into this band for the first time this year.

- Together with France, Belgium and Spain have moved to above-average composite scores since the first survey in 2003, indicating a strong willingness to reform.

- There is a wide discrepancy between the countries, which have performed below the European average, with very different reasons for poor performance. Norway, Sweden and Germany have been ranked below the European average since the first survey in 2003.

- The new EU countries and accession countries tend, to be below the European average but are making good progress.
Conclusion

The raising awareness that private equity and venture capital is an important contributor to the overall economy and Europe’s competitiveness, has encouraged many European governments to implement specific tax and legal reforms to support the asset class in their country. The EVCA benchmark paper is designed for national governments not only to assess their country’s position relative to neighbouring countries and the European average, but also to facilitate the exchange of best practices and initiatives at national and European level. Through this project, EVCA tries to create for its members a more favourable environment for private equity and venture capital in Europe and to decrease the remaining obstacles to benefit from the opportunities of an integrated market. Until the publication of the next EVCA Benchmark paper in two years, EVCA will maintain its efforts in identifying and raising attention to the key tax and legal issues affecting the private equity and venture capital industry.

Note: For more detailed information on the tax and legal environment on a country-by-country level, please take a look at the full report. Should you have any questions on the report or the areas looked at, please do not hesitate to contact us (publicaffairs@evca.com).

Economic outlook for 2007 below forecasts for 2006

According to the economic forecast published each month by The Economist, the economic outlooks for Europe, the US and Japan for 2007 are all below the current growth predictions for 2006.

The outlook for the Euro Zone remained constant compared to last month’s forecast, anticipating 1.9% of GDP growth in 2007. For the UK and Denmark, respective GDP growth rates of 2.4% and 2.3% are expected, while Sweden’s GDP growth estimate was reviewed upwards by 0.1 percentage point to 3.2%. On both ends of the world, GDP growth expectations for the US and Japan were revised downwards by 0.1 percentage point, anticipating now 2.2% and 2.0% of GDP growth respectively in 2007.

The economic outlook for 2006 remained unchanged for the Euro Zone, with GDP expected to grow at 2.6%. Similarly, economic expectations for the UK, Sweden and the US economies did not change, with GDP growth forecasts of 2.6%, 4.4% and 3.3% respectively. GDP growth estimates for Denmark and Japan for 2006 were revised upwards by 0.2 and 0.1 percentage point respectively. In those countries, the projected GDP growth rates are at 3.3% and 2.8% for 2006.

The European Commission’s quarterly growth estimates for the first two quarters of 2007 remain positive, showing an optimistic outlook for the first half year ahead. For the first and second quarters of 2007, the projected growth ranges are from 0.4 to 0.8% and 0.4 to 0.9% respectively, which is slightly above the quarterly forecasts of last month.
Continued rise in LIBOR in 2006, closing the year at 4.0248%

The LIBOR rate increased steadily during 2006, passing the 4% mark in December and closing the year at 4.0248%. Overall, this indicates a sharp increase in LIBOR of 41% from the beginning of the year.

### Average LIBOR rates since 2000

<table>
<thead>
<tr>
<th>Year Average</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4.79</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>4.09</td>
<td>3.50</td>
<td>2.33</td>
<td>2.27</td>
<td>2.33</td>
<td>3.44</td>
<td></td>
</tr>
</tbody>
</table>

The average LIBOR rate for 2006 was 3.436%. Looking at the evolution of the average LIBOR over the last seven years, the rate is now close to the 2002 level of 3.5%. However, this is still more than one percentage point below the 2000 level, with an average of 4.79%.

### Inflation and Exchange Rates

The European inflation rate remained well above the European Central Bank’s target of 2.0% during the first eight months of 2006, ranging between 2.2% and 2.5% from January to August. As of the third quarter, it fell below the ECB target, varying between 1.6% and 1.9% in the last four months of the year.

After a step-up in the first one and a half quarters of the year, the $/€ exchange rate stabilised, fluctuating between $1.25/€ and $1.30/€ between May and November 2006. In December, the Euro picked up again, trading at 1.317$ at the end of the month, a similar level last seen in early 2005.

### Most stock markets exhibit two-digit growth in 2006

Stock markets took a positive start into the year 2006, but dropped in early May 2006. Since June however, most markets have caught up again, closing above the year opening values.

Although the Technology All Share saw the largest gain in 2006, rising by 22% between January and December, it did not recover to reach the same high levels as before the dip in May. The FTSE Eurotop 300 and NASDAQ on the contrary recovered well from the drop in the second quarter, even surpassing previous annual highs. The FTSE Eurotop 300 closed at 16% above its year opening value and the NASDAQ at 10%. The AIM is the only market that did not recover from the May dip, and continued to fall throughout the second and third quarters in 2006. Only in the fourth quarter, AIM started to increase again, closing the year at 1% above its opening value.
IPO Activity

IPO activity by European companies was strongest in 2006, followed by Asian companies and then by US companies. Europe came first in terms of both, total number of deals and total annual proceeds from IPOs. At the same time, annual proceeds for 2006 largely surpassed 2005 activity levels, for all three regions.

According to data provided by Thomson Financial, in 2006 a total of 419 European companies went public on international stock markets, raising proceeds of €75bn. This indicates an increase in proceeds of 48% compared to the previous year and 34% in terms of number of IPOs. Average 2006 deal value was €178m, compared to €162m in 2005.

Quarters two and four proved to be the strongest in 2006 for European companies to exit on public market, with 122 and 148 IPOs completed respectively and revenues adding up to €21.6bn and €27.1bn.

The largest IPO by a European company in 2006 was the listing of the Russian oil company OAO Rosneft in July, which raised total proceeds of €8.4bn. Second and third were the initial public offerings of the UK financial services provider Standard Life PLC, also in July, worth €3.5bn, and of the Italian oil refiner SARS SpA in May, worth €2.3bn.

Four IPOs are scheduled for the first quarter of 2007, but none of them are venture-backed. In January 2007 so far (cut-off date: 11 January 2007), one IPO has taken place, with €21m in proceeds.

A total of 196 IPOs by US companies were completed in 2006, valued at €35.7bn, whereas in 2005, 214 US companies were launched on international stock markets, with €29.6bn in proceeds. Although the lower number of quotations compared to last year, proceeds from US IPOs are overall 20% higher. This goes to show that IPOs by US companies attained higher average values in 2006 than in 2005. More precisely, average deal value in 2006 was €182m per company IPO, compared to €139m in 2005.

This also demonstrates that the average deal value of US company IPOs was higher than that by European companies. Nevertheless, proceeds from US IPOs represent only 48% of European proceeds, and the number of issues amounts to 47% of Europe’s equivalent.

The second quarter dominated the amount of proceeds this year, with €13.8bn raised in 53 IPOs. Although in quarter four 71 US companies were launched, only €11.7bn of proceeds were generated.

The May IPO of KKR Private Equity Investors was the largest initial public offering of a US company in 2006, with revenues adding up to €4bn. In second and third place are the IPOs of MasterCard Inc. in May (€2bn) and of Spirit AeroSystems Holdings at the end of November (€1.3bn).

In Asia, the total annual amount of proceeds more than doubled in 2006 compared to the previous year, rising from €28bn in 2005 to €61bn in 2006. At the same time, the number of Asian IPOs decreased from 458 issues in 2005 to 374 in 2006. As a result, the average deal size reached €163bn in 2006, more than double the 2005 figure of €61bn.
Quarter four was unmistakably the most active for Asian company IPOs in 2006, both in terms of total annual proceeds and number of IPOs. A total of 129 initial public offerings by Asian companies were completed in the last three months of 2006, valued at €31bn.

The largest Asian IPO in 2006 was the public offering of Chinese ICBC in October, summing up to €17.4bn of proceeds. Second largest was the IPO of the Bank of China Ltd. in May, which was valued at €8.7bn, followed by the IPO of the South Korean Lotte Shopping Co. Ltd., which raised an aggregate total of €3.1bn.

In January 2007 so far, two Asian companies have gone public, collecting €37m in proceeds (cut-off date: 11 January 2007).

**Top IPO Stock Exchanges**

For European company IPOs, the London stock exchange turns out to be the most prominent in 2006, with 40 initial public offerings raising total proceeds of €25.7bn. In second and third place come the Moscow and Frankfurt stock exchanges, with revenues totalling €9.3bn and €7.7bn respectively.

The top three US IPO stock exchanges for 2006 is headed by the New York stock exchange, which attracted €18.7bn over 53 deals in 2006. NASDAQ follows in second position with 121 IPOs generating revenues of €10.9bn. The Euronext Amsterdam ranks third with only 2 IPOs, raising a total of €5.2bn.

The Hong Kong stock exchange tops the list of most important Asian IPO stock exchanges of 2006 in terms of proceeds. Hong Kong attracted 54 IPO transactions, adding up to €32.4bn in revenue. Staying far behind, in second and third position, are the Shanghai and London stock exchanges, which – with only 8 and 4 IPOs respectively – attracted €7.6bn and €5.1bn. The Bombay stock exchange and the National Stock Exchange, -both in India - have despite a lower amount of proceeds, attracted a larger number of Asian company IPOs (69 and 65 respectively), coming fourth and fifth.

**2006 European M&A activity surpasses 2005 deal volume**

According to data from Dealogic, a total of 10,951 European M&A transactions, worth €987bn, took place in 2006. Although the number of deals was similar to the previous year, the deal value in 2006 increased by 31%. Consequently, the average deal size rose from €68m per deal in 2005 to €90m per deal in 2006, indicating that M&A transactions have become on average larger. Overall, 2005 saw €754bn invested in 10,982 deals.

The average monthly deal value was €82bn in 2006, compared to €63bn in 2005. On average, 913 European M&A transactions took place per month in 2006, compared to 915 deals per month in 2005.

Like in 2005, the Industrial Manufacturing sector dominated the total number of European M&A deals in 2006, with 1,267 transactions. Other sectors that attracted attention during the year, include Media, Information & Software and Finance & Insurance, each topping 1,000 deals with 1,144 and 1,076 deals respectively.
In 2006 the leading sectors in terms of deal value remained the same as in 2005. Heading the top three is Finance & Insurance (total value of €140bn), followed by Industrial Manufacturing (€104bn) and Real Estate (€104bn). Another sector reaching the €100bn threshold is Telecommunications.

For the year 2007 so far (cut-off date: 11 January 2007), 187 M&A transactions have been counted in Europe, worth €45.5bn.
Appendix

Annual GDP Growth Forecasts in %

<table>
<thead>
<tr>
<th>Country</th>
<th>January 2007 forecast</th>
<th>November 2006 forecast</th>
<th>Difference between the two forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro zone</td>
<td>2.6</td>
<td>1.9</td>
<td>2.6</td>
</tr>
<tr>
<td>UK</td>
<td>2.6</td>
<td>2.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Denmark</td>
<td>3.3</td>
<td>2.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Sweden</td>
<td>4.4</td>
<td>3.2</td>
<td>4.4</td>
</tr>
<tr>
<td>USA</td>
<td>3.3</td>
<td>2.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Japan</td>
<td>2.8</td>
<td>2.0</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: The Economist

Quarterly GDP Growth Forecasts for the Euro zone in %

<table>
<thead>
<tr>
<th>Quarter</th>
<th>January 2007 forecast</th>
<th>November 2006 forecast</th>
<th>Difference between the two forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Quarter 2007</td>
<td>0.4-0.8%</td>
<td>0.3-0.8%</td>
</tr>
<tr>
<td></td>
<td>2nd Quarter 2007</td>
<td>0.4-0.9%</td>
<td>0.3-0.9%</td>
</tr>
</tbody>
</table>

* Refers to the actual quarterly growth rates, which are revised monthly to take account of new information. Source: ECFIN – EU Commission Directorate General for Economic and Financial Affairs

Annual LIBOR

Source: British Bankers Association (BBA)
Annual Inflation for the Euro Zone

Source: Eurostat - Inflation rate for consumer price

Exchange rate $ / €

Source: European Central Bank (ECB)
Stock markets

FTSE Eurotop 300

Year 2006
- Closing: 29 December at 1,483.47
- Highest value: 1,489.09 (15 December)
- Lowest value: 1,238.73 (13 June)

Year 2005
- Closing: 30 December at 1,275.54
- Highest value: 1,284.69 (29 December)
- Lowest value: 1,038.64 (12 January)

% change on year opening
- +15.71%

Source: London Stock Exchange

AIM

Year 2006
- Closing: 29 December at 1,054.6
- Highest value: 1,274.4 (11 May)
- Lowest value: 972.6 (4 October)

Year 2005
- Closing: 30 December at 1,046.1
- Highest value: 1,166.80 (7 March)
- Lowest value: 944.50 (18 May)

% change on year opening
- 0.81%
Technology All Share

**Year 2006**
- Closing: 29 December at 936.66
- Highest value: 982.34 (10 May)
- Lowest value: 754.39 (18 July)

**Year 2005**
- Closing: 30 December at 765.62
- Highest value: 797.53 (4 October)
- Lowest value: 633.81 (29 April)

% change on year opening
- +21.55%

Source: Deutsche Börse

NASDAQ

**Year 2006**
- Closing: 29 December at 2,415.29
- Highest value: 2,465.98 (22 November)
- Lowest value: 2,020.39 (21 July)

**Year 2005**
- Closing: 30 December at 2,205.32
- Highest value: 2,273.37 (2 December)
- Lowest value: 1,904.18 (28 April)

% change on year opening
- +9.52%

Source: NASDAQ
### IPO activity

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>Europe</th>
<th>Asia¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quarter 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>8,035</td>
<td>5,882</td>
<td>6,633</td>
</tr>
<tr>
<td>No. Issues</td>
<td>45</td>
<td>53</td>
<td>57</td>
</tr>
<tr>
<td><strong>Quarter 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>6,486</td>
<td>13,828</td>
<td>12,405</td>
</tr>
<tr>
<td>No. Issues</td>
<td>46</td>
<td>53</td>
<td>107</td>
</tr>
<tr>
<td><strong>Quarter 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>8,095</td>
<td>4,298</td>
<td>9,792</td>
</tr>
<tr>
<td>No. Issues</td>
<td>70</td>
<td>31</td>
<td>51</td>
</tr>
<tr>
<td><strong>Quarter 4</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>7,010</td>
<td>11,700</td>
<td>21,932</td>
</tr>
<tr>
<td>No. Issues</td>
<td>53</td>
<td>71</td>
<td>98</td>
</tr>
<tr>
<td><strong>October</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>1,363</td>
<td>3,781</td>
<td>7,339</td>
</tr>
<tr>
<td>No. Issues</td>
<td>17</td>
<td>19</td>
<td>33</td>
</tr>
<tr>
<td><strong>November</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>2,892</td>
<td>5,621</td>
<td>10,900</td>
</tr>
<tr>
<td>No. Issues</td>
<td>17</td>
<td>27</td>
<td>37</td>
</tr>
<tr>
<td><strong>December</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>2,755</td>
<td>2,298</td>
<td>3,694</td>
</tr>
<tr>
<td>No. Issues</td>
<td>19</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds €m</td>
<td>29,626</td>
<td>35,709</td>
<td>50,762</td>
</tr>
<tr>
<td>No. Issues</td>
<td>214</td>
<td>196</td>
<td>419</td>
</tr>
</tbody>
</table>

IPO activity is classified by the domicile nation of the issuer’s headquarters.

Data is continuously updated and is therefore subject to change.

¹ Asia here excludes Japan.

Source: Thomson Financial

### Top 5 IPO stock exchanges in 2006

<table>
<thead>
<tr>
<th>Ranking</th>
<th>USA</th>
<th>Europe</th>
<th>Asia¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name</td>
<td>Proceeds €m</td>
<td>No. issues</td>
</tr>
<tr>
<td>1</td>
<td>New York</td>
<td>18,707</td>
<td>53</td>
</tr>
<tr>
<td>2</td>
<td>Nasdaq</td>
<td>10,902</td>
<td>121</td>
</tr>
<tr>
<td>3</td>
<td>Euronext Amsterdam</td>
<td>5,225</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>London AIM</td>
<td>666</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>American</td>
<td>208</td>
<td>5</td>
</tr>
</tbody>
</table>

¹ Asia here excludes Japan.

Source: Thomson Financial
### M&A activity in Europe

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals &amp; Pharmaceuticals</td>
<td>86</td>
<td>527</td>
<td>44</td>
<td>524</td>
<td>71</td>
<td>493</td>
<td>1.3</td>
<td>17</td>
</tr>
<tr>
<td>Computers &amp; Electronics</td>
<td>10</td>
<td>378</td>
<td>14</td>
<td>390</td>
<td>21</td>
<td>366</td>
<td>0.5</td>
<td>8</td>
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<tr>
<td>Construction</td>
<td>6</td>
<td>214</td>
<td>6</td>
<td>283</td>
<td>72</td>
<td>351</td>
<td>0.2</td>
<td>7</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>78</td>
<td>847</td>
<td>113</td>
<td>985</td>
<td>140</td>
<td>1,076</td>
<td>33.8</td>
<td>26</td>
</tr>
<tr>
<td>Food, Textiles &amp; Furniture</td>
<td>18</td>
<td>573</td>
<td>37</td>
<td>676</td>
<td>22</td>
<td>679</td>
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<td>Health Care</td>
<td>5</td>
<td>115</td>
<td>7</td>
<td>130</td>
<td>10</td>
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<tr>
<td>Industrial Manufacturing</td>
<td>64</td>
<td>1,134</td>
<td>84</td>
<td>1,376</td>
<td>104</td>
<td>1,267</td>
<td>3.2</td>
<td>16</td>
</tr>
<tr>
<td>Leisure &amp; Lodging</td>
<td>19</td>
<td>428</td>
<td>30</td>
<td>537</td>
<td>45</td>
<td>503</td>
<td>0.4</td>
<td>9</td>
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<tr>
<td>Media, Information &amp; Software</td>
<td>27</td>
<td>1,115</td>
<td>31</td>
<td>1,293</td>
<td>42</td>
<td>1,144</td>
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<tr>
<td>Mining</td>
<td>24</td>
<td>183</td>
<td>44</td>
<td>296</td>
<td>64</td>
<td>385</td>
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<tr>
<td>Professional Services</td>
<td>12</td>
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<td>14</td>
<td>1,103</td>
<td>18</td>
<td>991</td>
<td>0.1</td>
<td>15</td>
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<tr>
<td>Real Estate</td>
<td>77</td>
<td>593</td>
<td>78</td>
<td>812</td>
<td>104</td>
<td>977</td>
<td>2.8</td>
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<tr>
<td>Retail Trade</td>
<td>28</td>
<td>405</td>
<td>26</td>
<td>461</td>
<td>28</td>
<td>469</td>
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<tr>
<td>Telecommunications</td>
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<td>101</td>
<td>502</td>
<td>100</td>
<td>497</td>
<td>0.5</td>
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</tr>
<tr>
<td>Transportation &amp; Logistics</td>
<td>17</td>
<td>334</td>
<td>25</td>
<td>410</td>
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<td>398</td>
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<td>Utilities</td>
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<td>243</td>
<td>66</td>
<td>275</td>
<td>57</td>
<td>314</td>
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<td>3</td>
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<tr>
<td>Wholesale Trade</td>
<td>12</td>
<td>414</td>
<td>16</td>
<td>566</td>
<td>23</td>
<td>481</td>
<td>0.1</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>280</td>
<td>17</td>
<td>363</td>
<td>17</td>
<td>418</td>
<td>0.0</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>544</td>
<td>9,100</td>
<td>754</td>
<td>10,982</td>
<td>987</td>
<td>10,951</td>
<td>45.5</td>
<td>187</td>
</tr>
</tbody>
</table>

* Cut-off date: 11 January 2007
Data is continuously updated and is therefore subject to change
Note: the data methodology has changed as of January 2005 and is presented excluding company carveouts.
Source: Dealogic
Methodology

Latest news on emerging technologies for the Information Society
Source: IST Results at [www.cordis.lu/ist/results/](http://www.cordis.lu/ist/results/)

**GDP:**

   Source: [http://europa.eu.int/comm/dgs/economy_finance/index_en.htm](http://europa.eu.int/comm/dgs/economy_finance/index_en.htm)
   The growth rates presented refer to the quarterly percentage change in real GDP. The numbers given in ranges are the GDP growth forecasts estimated for two quarters in advance of the actual figures. The ranges indicate the lowest expected growth rate compared to the highest. The single numbers are the actual growth figures, for the respective quarters, which are again recalculated as new data becomes available. The area referred to is the Euro Zone (EU 12).

2. **The Economist**: The Economist poll forecast
   Source: [www.economist.com](http://www.economist.com)
   The Economist poll forecast is a monthly estimate for the GDP growth rate in the Euro Zone for the coming year. To obtain this forecast, 17 banks and financial institutions are questioned on their current growth projections. For the final figure, the arithmetic average of individual projections is calculated.

**LIBOR:**
Source: British Bankers Association (BBA), Home Page: [www.bba.org.uk](http://www.bba.org.uk)
The data presented is the 12 month Euro LIBOR, measured at spot value.

**Inflation:**
Source: Eurostat
The numbers displayed are the annual consumer price inflation rates published by Eurostat on a monthly basis. The most recent value is an estimate, which is published at the end of the month and incorporates all information available at the time. This figure is restated in the middle of the following month. The data presented measures price changes in the Euro Zone between the current month and the same month in the previous year.

**Exchange rate:**
Source: European Central Bank (ECB)
Bilateral Euro/US Dollar exchange rate.

**Stock Markets:**

- **FTSE Eurotop 300**
  Source: [www.londonstockexchange.com](http://www.londonstockexchange.com)

- **AIM**
  Source: [www.londonstockexchange.com](http://www.londonstockexchange.com)

- **Technology All Share**
  Source: [www.deutsche-boerse.com](http://www.deutsche-boerse.com)

- **NASDAQ**
  Source: [www.nasdaq.com](http://www.nasdaq.com)

**IPO activity and Top 5 IPO stock exchanges**
Source: Thomson Financial at [www.thomson.com](http://www.thomson.com)
IPO data includes the first public offering of a company’s common stock. Secondary listings or re-listings on other markets are not considered IPOs. The data is attributed geographically by the domicile nation of the issuer's headquarters, regardless of the target market. European data comprises IPOs of companies domiciled in Europe, including Central and Eastern Europe. Asian data refers to companies domiciled in Asia, excluding Japan. All amounts are given in Euros and represent total proceeds raised to the issuing company, including overallotments sold.
M&A activity in Europe:
Source: Dealogic at www.dealogic.com
The M&A data accounts for completed deals between January 1999 and the time of publication. Deals that are pending, withdrawn or in which shares have been bought back are excluded. Europe refers to both Western and Eastern Europe. Please note that the Volume data refers to M&As of quoted and unquoted companies. Please also note that the data methodology has changed as of January 2005 and that M&A data is presented excluding company carveouts.

Disclaimer:
The data provided in this Barometer has been collected from different sources. EVCA has taken steps to ensure the reliability of the information presented. However, EVCA cannot guarantee the ultimate accuracy of the data and therefore EVCA does not accept responsibility for any decision made or action taken based on the information provided.

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