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PRIVATE EQUITY ENJOYED RECORD FUNDRAISING YEAR IN 2005

Buyout Firms Raised Most Ever Recorded; Venture Capital Firms At Highest Level Since 2001

New York, NY- January 17, 2006 –Fueled by a very strong fourth quarter, private equity fundraising surpassed prior years and reached unprecedented levels on the buyout side in 2005 according to Thomson Venture Economics and the National Venture Capital Association. For the year, 159 buyout/mezzanine firms raised $86.2 billion, the highest yearly total for these funds ever recorded. Venture funds also experienced the benefits of high demand for alternative investments, with 182 funds attracting $25.2 billion – the highest yearly total for venture capital firms since 2001 when 309 funds raised $38 billion.

On the buyout side, 2005 figures represented a 67% increase over 2004 when 129 funds raised $51.6 billion. Venture fundraising saw similarly strong activity with a 46% increase over the previous year's $17.3 billion in commitments. During the fourth quarter, 36 buyout funds raised $30 billion – the largest single quarter figure ever and a 66% increase over the third quarter's $18.1 billion. Fifty venture funds took in $6.7 billion in Q4, a 15% increase over the $5.8 billion committed in the third quarter. Despite the higher commitment levels, NVCA President Mark Heesen commended the venture capital industry on its restraint:

"Fundraising discipline prevailed on the venture capital side in 2005," said Heesen. "Many firms with solid track records actually turned away money this year once they reached their targets. This supply and demand dynamic has several forward-looking implications. First, the top venture firms can be very selective as to whom they bring on as investors, which does not bode well for public funds who can't guarantee the confidentiality of data. Second, the capital being turned away from the venture industry is finding its way into buyout funds, creating excess liquidity. The question is: where will all this buyout money be deployed? One logical opportunity would be for these buyout funds to become active acquirers of venture-backed companies, essentially fueling a new exit market."

Fundraising by Venture and LBO/Mezzanine Funds, 2001-2005*

	Venture Capital		Buyout & Mezzanine**	
Year/Quarter	Number of Funds	Venture Capital ($M)	Number of Funds	Buyout & Mezzanine ($M)
2001	309	38,007.7	120	46,775.0
2002	173	3,909.9	87	26,038.6
2003	144	10,790.4	92	30,106.7
2004	194	17,255.9	129	51,587.4
2005	**182**	**25,209.2**	**159**	**86,245.0**
4Q'04	65	6,424.3	55	18,197.5
1Q'05	59	5,387.9	49	13,784.8
2Q'05	56	7,304.5	58	24,290.8
3Q'05	57	5,808.7	49	18,097.1
4Q'05	**50**	**6,708.1**	**36**	**30,072.3**

Source: Thomson Venture Economics & National Venture Capital Association
*These figures take into account the subtractive effect of downsized funds
** This category includes LBO, Mezzanine, Turnaround and Recapitalization-focused

The surge in buyout activity was fueled by a crop of seventeen mega funds which raised in 2005, accounting for 67% of the year's total. Among these was Blackstone Capital's fifth fund closing on just over $11 billion during the fourth quarter – the largest private equity fund ever raised. The second largest fund raised was Apollo Investment Fund VI, which closed on $10.1 billion in the second half of the year. GS Capital Partners was third, raising $8.5 billion in the second quarter.

As expected mega funds played a smaller role in the venture space. However, the top three venture funds raised during the year all reached $1 billion in commitments. The largest venture fund of the year and quarter was later stage investor Technology Crossover VI with $1.4 billion committed. Balanced fund Menlo Ventures X came in second for the year with $1.2 billion in commitments, and Weston Presidio V attracted $1 billion.

Venture fundraising in 2005 was dominated by Early Stage and balanced funds. Ninety-five early stage vehicles accounted for $11.1 billion of the year's total, while fifty-six balance funds received $8.7 billion in commitments. Activity in the remaining categories was negligible aside from Technology Crossover's fund.

Follow-on funds predictably held a wide margin over new funds in 2005, with 139 raised to 43 first-time funds, the fewest since 1994 when only 36 were raised.

"Despite the significant demand for participation in the venture capital asset class, the fund raising hurdle for new firms is higher than ever," explained Heesen. "The firm may be new, but the partners in that firm must come with a pedigree and a history of success to win commitments. Institutional investors remain extremely savvy and won't hand their money over to just anyone."

VC Funds: New vs Follow-On

	No. of New	No. of Follow-on	Total
2001	110	199	309
2002	55	118	173
2003	49	95	144
2004	54	140	194
2005	43	139	182
4Q'04	17	48	65
1Q'05	11	48	59
2Q'05	13	43	56
3Q'05	13	44	57
4Q'05	15	35	50

Source: Thomson Venture Economics & National Venture Capital Association

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