



National Venture Capital Association



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PRIVATE EQUITY FUNDRAISING RECEDES IN FOURTH QUARTER

Venture Capital Records Highest Year Since 2001; Buyouts Funds Reach All Time High

New York, NY January 16, 2007 ---Private equity fundraising activity slowed considerably in the fourth quarter of 2006 but still broke records for the full year according to Thomson Financial and the National Venture Capital Association (NVCA). During the quarter, 37 venture capital funds raised a total of \$2.83 billion and 39 Buyout and Mezzanine funds raised \$17.83 billion. Despite this slower pace, venture capital saw the highest fundraising year since 2001 with 200 funds raising \$28.5 billion. Buyout and Mezzanine funds recorded the highest year ever with 138 funds raising \$102.9 billion.

“The deceleration of fundraising in private equity this quarter was expected and welcomed for a number of reasons,” said Mark Heesen, president of the National Venture Capital Association. “On the venture side, we are coming to the end of the current fundraising cycle as most firms are now turning their attention to investing the funds raised in the last three years. Additionally, the venture industry is extremely wary of bringing too much liquidity into the asset class. We want to keep fund sizes reasonable so dollars can be deployed smartly. The discipline exercised this year by the venture firms has been commendable. We hope the same holds true on the buyout side.”

Fundraising by Venture and LBO/Mezzanine Funds, 2002-2006*

Year/Quarter	Venture Capital		Buyout & Mezzanine**	
	Number of Funds	Venture Capital (\$M)	Number of Funds	Buyout & Mezzanine (\$M)
2002	172	3,820.4	86	24,831.4
2003	146	10,707.8	91	28,952.8
2004	203	18,557.1	139	51,236.4
2005	214	28,001.8	178	96,087.4
2006	200	28,596.5	138	102,940.7
4Q'05	76	9,248.1	52	32,902.0
1Q'06	68	6,516.3	49	25,939.1
2Q'06	66	13,817.3	44	35,999.8
3Q'06	66	5,432.7	35	23,172.1
4Q'06	37	2,830.2	39	17,829.7

Source: Thomson Venture Economics & National Venture Capital Association

*These figures take into account the subtractive effort of downsized funds

**This category includes LBO, Mezzanine, Turnaround, and Recapitalization focused funds

Venture Capital Fundraising

The \$2.83 billion raised in the fourth quarter by venture capital firms was the lowest amount raised by the fewest number of funds for the past three years. Venture capital funds raising the most money in 4Q2006 were Benchmark Europe III, L.P. with \$550 million, Granite Global Ventures III with \$400 million and Sofinnova Venture Partners with \$375 million. For the full year 2006, the largest funds raised were Oak Investment Partners XII, LP at \$2.56 billion, followed by New Enterprise Associates 12, LP at \$2.50 billion and VantagePoint Venture Partners 2006, LP and Polaris Venture Partners V, LP both at \$1.0 billion.

For the full year 2006, 163 follow-on funds raised \$27.0 billion with 37 first-time funds raising \$1.5 billion.

VC Funds: New vs Follow-On

	No. of New	No. of Follow-on	Total
2002	57	115	172
2003	50	96	146
2004	56	147	203
2005	52	162	214
2006	37	163	200
4Q'05	22	54	76
1Q'06	13	55	68
2Q'06	11	55	66
3Q'06	13	53	66
4Q'06	6	31	37

Source: Thomson Venture Economics & National Venture Capital Association

Buyout and Mezzanine Fundraising

Following their venture capital counterparts in a slowdown, 39 buyout/mezzanine funds raised \$17.83 billion in 4Q2006 but when the final 2006 numbers were totaled, buyouts fundraising hit an all-time high of \$102.94 billion with 138 funds.

The largest buyout fund closing for year 2006 was TPG Partners V, LP which closed \$14.0 billion followed by Bain Capital Fund IX at \$8.0 billion. The largest buyout fund raised for the quarter was GTCR Fund IX, LP which closed \$2.75 billion. Some notable buyout funds closings were Hellman & Friedman Capital Partners VI with \$2.70 billion and Green Equity Investors V closing with \$1.997 billion.

“Despite the decrease in private equity fundraising for the quarter, it was a banner year for private equity fundraising as a whole,” said Alex Tan, Global Private Equity Research Manger of Thomson Financial. “This sets the stage for an intriguing and exciting private equity environment for 2007.”

About Thomson Financial

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The National Venture Capital Association (NVCA) represents approximately 480 venture capital and private equity firms. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy, and support entrepreneurial activity and innovation. According to a 2004 Global Insight study, venture-backed companies accounted for 10.1 million jobs and \$1.8 trillion in revenue in the United States in 2003. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org.