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LONG TERM PRIVATE EQUITY PERFORMANCE SOLID IN Q3 2005

Short Term Returns Showed Positive Fluctuation

New York, NY, January 30th, 2005--- Private equity funds continued to outperform the public markets across all time horizons in the third quarter of 2005, according to Thomson Venture Economics and the National Venture Capital Association (NVCA). Long term performance in both venture capital and buyouts remained steadfast, enjoying 20 year returns of 16.5% and 13.3% respectively. For the ten year horizon, venture capital returned 26.5%; buyouts returned 8.7%. Short term performance was considerably more volatile with one year venture capital returns jumping from 7.8% in Q2 2005 to 19.7% in Q3 2005. For the same one year horizon, buyout funds returned 32.5% in the third quarter compared to 26.9% in the second quarter.

NVCA President Mark Heesen cautioned investors from becoming overly exuberant regarding short term fluctuations, particularly in the venture capital space:

"Measuring venture capital performance is like watching the Tour de France," said Heesen. "It is a long term event that can't be analyzed by looking at short term developments. As an industry, we are heavily focused on the 10 and 20 year returns because those are the numbers that are ultimately realized. Long term private equity continues to be a very attractive investment. Are short term gains helpful? Absolutely. Do they define the entire race? Absolutely not."

The IPO market saw a relative spike during the third quarter with 19 venture-backed companies going public. The venture-backed mergers and acquisitions market also produced strong results with a greater number of companies being acquired at higher values. The exit markets in the third quarter provided general partners a larger arena to exit their investments and thus provide greater distributions back to limited partners. Five year performance for venture capital still is posting a negative return of -9.3% for the period ending 09/30/2005. This continued negative return is due to the remaining losses taken by firms that made investments in the closing stages of the Internet bubble era.

"The private equity industry saw the one year returns jump because of a relative increase in the exit market activity in the third quarter. That said, the industry's long term view continued to show stability. The next few years could be a telltale for private equity as the younger funds with the post-bubble strategies have yet to make their mark." said Joshua Radler, Assistant Project Manager of Thomson Venture Economics.

Venture Economics' US Private Equity Performance Index (PEPI)
Investment Horizon Performance through 09/30/2005

Fund Type	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr

Early/Seed VC	10.4	0.4	-13.2	46.8	20.2
Balanced VC	27.2	9.3	-5.6	20.8	14.6
Later Stage VC	13.1	6.1	-7.7	13.0	13.7
All Venture	**19.7**	**4.9**	**-9.3**	**26.5**	**16.5**
Small Buyouts	48.3	8.9	2.4	7.2	26.3
Med Buyouts	34.2	8.6	0.2	10.2	17.9
Large Buyouts	25.0	15.6	1.8	9.2	12.8
Mega Buyouts	33.4	15.8	3.9	8.4	11.1
All Buyouts	**32.5**	**14.7**	**3.1**	**8.7**	**13.3**
Mezzanine	8.8	4.5	2.4	6.6	9.0
All Private Equity	**27.0**	**11.3**	**-.8**	**12.4**	**14.3**
NASDAQ	13.4	22.4	-10.1	7.5	12.3
S & P 500	10.2	14.7	-3.1	7.7	11.2

Source: Thomson Venture Economics/National Venture Capital Association
**The Private Equity Performance Index is based on the latest quarterly statistics from Thomson Venture Economics' Private Equity Performance Database analyzing the cashflows and returns for over 1750 US venture capital and private equity partnerships with a capitalization of $608 billion. Sources are financial documents and schedules from Limited Partners investors and General Partners. All returns are calculated by Thomson Venture Economics from the underlying financial cashflows. Returns are net to investors after management fees and carried interest. Buyout funds sizes are defined as the following: Small: 0-250 $Mil, Medium: 250-500 $Mil, Large: 500-1000 $Mil, Mega: 1 Bil +*

The **National Venture Capital Association (NVCA)** represents approximately 460 venture capital and private equity firms. NVCA's mission is to foster a 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 U.S. 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.

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