



Private Equity • Real Estate • Hedge Funds • Infrastructure

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Dear Mr Vaughan,

A contact of mine recently attended an event which was held by the CFA Society of Washington and the Wharton Private Equity Club of Washington in which you were a panellist. During one of the panel sessions which you took part in, it was noted that it would be very useful for the SEC to receive some data on the number and size of funds that receive funding from government entities. This would give a good impression of the size of the market which would be affected by the proposed ban on the use of third party placement by firms gaining funding from government entities.

I am here providing to you some data which we have calculated using our database of institutional investors in private equity, Investor Intelligence, and our database of private equity fundraising information, Funds in Market. With regards to data on government entities investing in private equity, the Investor Intelligence database is comprehensive, and our data on fundraising taken from Funds in Market is also extremely comprehensive. Both databases are widely used throughout the industry and within the financial press.

In order to give a meaningful impression of the current market, we are basing this analysis on fundraising activity since January 2006 to the current day. We will be initially restricting the analysis to funds raised by US private equity firms, although as the proposed ban would also affect private equity firms from other geographies we will provide some statistics on this too separately.

1) Total Fundraising

In total, 1,807 closed-end private equity limited partnership vehicles managed by firms headquartered in the US achieved a final close between January 2006 and October 5th 2009. The aggregate total commitments made to these vehicles stands at \$1,303bn.

2) Government Entities Investing in Private Equity

In total, 882 of the 1807 funds (48.8%) received an investment from a government entity. In terms of value, these funds represent \$1,037bn of the \$1,303bn total (79.6%).

3) Government Entities Investing in Private Equity on a Firm Level

The analysis thus far examines fundraising on a fund basis only. However, in order to properly assess the impact on firms, we will also examine the proportion of firms that received commitments from government entities, where at least one of the funds that they closed during the time period received backing from a government entity.

In total, the 1,807 funds raised during this period were managed by a total of 1,239 different firms. In total, 607 of the 1,239 firms (49.0%) received backing from government entities into at least one of their funds. These firms have raised an aggregate \$1,098bn since January 2006, accounting for 84.3% of total fundraising.

4) Effect on Firms in other Regions

Although the effect of the proposals on firms in other regions would not be as pronounced proportionately, it would still cause potential upset to a large number of firms. In total, 161 firms headquartered outside of the US received backing from US government entities for funds which achieved a final close between January 2006 and October 5th 2009.

From this analysis we can conclude that the proposals will affect at least 607 private equity firms in the US, 49% of the total, in addition to at least 161 from other regions. In terms of capital managed, 84.3% of the industry would be affected by the proposed ban. Of the firms that did not receive backing from government entities, it is highly likely that a significant proportion would also be affected as they may have been keen to gain backing from government entities in the future.

I hope that this information proves to be useful. If you have any questions regarding this, please feel free to contact me. If you have not already seen it, we also conducted a survey of US investors regarding their feelings towards the proposals – in addition to being amongst the comments section for this proposal, the report can be seen at the following web address: www.preqin.com/placement

I will also be placing this letter amongst the comments section on the relevant SEC feedback page.

Kind Regards

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Head of Communications

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