

BUSINESS

North Texas is prime for venture capital

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For an entrepreneur who wants to get his company off the ground - or sell it to the highest bidder - Texas is a good place to do business.

Venture capital and buyout firms, which together are commonly called private-equity firms, have a large presence in the state - and in the Dallas area in particular.

Among the 50 states, Texas attracted the third-most venture capital investment in 2005.

In the Dallas area, the face of the venture capital community is the 16th floor in the Two Galleria Tower building.

There, several firms with billions of dollars under management, such as Sevin Rosen Funds and CenterPoint Ventures, scout for companies worth investing in, primarily in the technology and telecommunications industries.

While venture investors are in the business of providing financial fuel to promising start-ups, buyout firms are looking to acquire all sorts of firms, venture-backed or not.

Several firms regularly make headlines with their deals.

The No. 1 firm, Fort Worth-based Texas Pacific Group Inc., joined with Warburg Pincus of New York last year to buy Dallas-based luxury retailer Neiman Marcus Group Inc. for \$5.1 billion.

Texas Pacific was also part of the \$1.5 billion purchase of fast-food chain Burger King Corp. in 2002.

Another well-known buyout group is HM Capital Partners LLC, co-founded by Dallas Stars and Texas Rangers owner Tom Hicks. Back in 2004, when the company was known as Hicks, Muse, Tate & Furst Inc., the company spent \$405 million to buy Dallas-based Regency Gas Services LLC.

Victor Godinez

TOP PRIVATE EQUITY FIRMS

Here's a look at the Dallas area's 30 private equity firms with the most money currently under management:

Rank Firm/Web site Amount under management (in millions) City

1 Texas Pacific Group Inc. www.texaspacificgroup.com \$13,000 Fort Worth

2 HM Capital www.hmcapital.com \$11,000 Dallas

3 Natural Gas Partners www.naturalgaspartners.com \$2,600 Irving

4 Merit Energy Co. www.meritenergy.com \$2,500 Dallas

5 Lone Star Funds www.lonestarfunds.com \$2,250 Dallas

- 6 InterWest Partners www.interwest.com \$2,100 Dallas
- 7 Olympus Real Estate Partners \$1,672 Addison
- 8 Sevin Rosen Funds www.srfunds.com \$1,600 Dallas
- 9 Ewing Management Group LLC www.emgllp.com \$1,000 Dallas
- 10 Energy Spectrum Capital www.energyspectrum.com \$710 Dallas
- 11 Sponsor Investments LLC www.sponsorinvestments.com \$500 Dallas
- 12 Haas Wheat & Partners www.haaswheat.com \$500 Dallas
- 13 CenterPoint Ventures www.centerpointvp.com \$450 Dallas
- 14 Pharos Capital Group LLC www.pharosfunds.com \$450 Dallas
- 15 Capital Southwest Corp. www.capitalsouthwest.com \$350 Dallas
- 16 Caris Ltd. www.carisltd.com \$350 Irving
- 17 Insight Equity Holdings Inc. www.insightequity.com \$300 Southlake
- 18 Colt Ventures www.coltventures.com \$250 Dallas
- 19 Brazos Private Equity Partners www.brazosinv.com \$250 Dallas
- 20 Pacesetter Capital Group www.pacesettercapital.com \$228 Richardson
- 21 Trinity Hunt Partners www.trinityhunt.com \$215 Dallas
- 22 Wingate Partners www.wingatepartners.com \$200 Dallas
- 23 SunTx Capital Partners www.suntx.com \$164 Dallas
- 24 TI Ventures LP www.ti.com/tiventures \$160 Dallas
- 25 CIC Partners LP www.cicpartnerslp.com \$150 Dallas
- 26 Parallel Investment Partners www.parallelip.com \$150 Dallas
- 27 Phillips-Smith-Machens Venture Partners www.phillips-smith.com \$140 Addison
- 28 Stratford Equity Partners/Stratford Capital Partners LP \$121 Dallas
- 29 Hunt Capital Group www.huntcapital.com \$120 Dallas
- 30 Silver Creek Ventures www.silvercreekfund.com \$120 Dallas

SOURCES: Dow Jones Private Equity Analyst; National Venture Capital Association