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NVCA
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NEWS RELEASE

FOR IMMEDIATE RELEASE

VENTURE CAPITAL FUNDRAISING ACTIVITY SLOWS CONSIDERABLY IN THE FIRST QUARTER OF 2009

New York, April 13, 2009 – Just 40 venture capital funds raised $4.3 billion in the first quarter of 2009, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level represented the smallest number of venture funds raising money in a single quarter since the third quarter of 2003. Dollars commitments, however reflected a slight increase over the previous quarter when $3.5 billion was raised.

"The first quarter fundraising data suggests two distinct dynamics currently taking place during the economic downturn," said Mark Heesen, president of the NVCA. "First, the majority of venture firms are not actively fundraising at this time because they have either recently raised a fund and are investing those dollars or are waiting until market conditions improve. Second, despite the recession, venture firms with solid track records continue to be able to secure sizable commitments from limited partners as there remains a great deal of promise for future returns from the venture capital asset class."

Fundraising by Venture Funds

Year/Quarter	Number of Funds	Venture Capital ($M)
2004	211	19,156.0
2005	236	28,747.5
2006	239	31,866.0
2007	249	35,649.4
2008	214	28,278.5
2009	40	4,316.0
1Q'07	81	6,485.5
2Q'07	85	8,660.6
3Q'07	77	8,595.8
4Q'07	85	11,907.5
1Q'08	71	7,120.1

2Q'08	78	9,246.7
3Q'08	62	8,393.3
4Q'08	47	3,518.4
1Q'09	40	4,316.0

Source: Thomson Reuters & National Venture Capital Association

Market circumstances nearly halted the formation of new venture capital funds in the first quarter of 2009. Just three new funds and 37 follow-on funds were raised in the first quarter, or a ratio of over 12-to-1 of follow-on to new funds, compared to 6-to-1 in the first quarter of 2008. A "new" fund is defined as the first fund at a newly established firm, although the general partner of that firm may have previous experience investing in venture capital.

VC Funds: New vs. Follow-On

	No. of New	No. of Follow-on	Total
2004	55	156	211
2005	63	173	236
2006	55	184	239
2007	61	188	249
2008	47	167	214
2009	3	37	40
1Q'07	21	60	81
2Q'07	17	68	85
3Q'07	15	62	77
4Q'07	26	59	85
1Q'08	10	61	71
2Q'08	23	55	78
3Q'08	13	49	62
4Q'08	11	36	47
1Q'09	3	37	40

Source: Thomson Reuters & National Venture Capital Association

The largest fund raised in the first quarter was August Capital V, L.P. (balanced stage, $650 million) by firm August Capital Management followed by Bain Capital Venture Fund 2009, L.P. (balanced stage, $475 million) by Bain Capital Ventures.

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About National Venture Capital Association

The National Venture Capital Association (NVCA) represents approximately 450 venture capital firms in the United States. 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 2007 Global Insight study, venture-backed companies accounted for 10.4 million jobs and $2.3 trillion in revenue in the United States in 2006. 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.