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NVCA
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NEWS RELEASE

FOR IMMEDIATE RELEASE

VENTURE CAPITAL FUNDRAISING ACTIVITY REGISTERS SECOND CONSECUTIVE QUARTERLY DECLINE IN THE THIRD QUARTER OF 2009

New York, October 12, 2009 – Just 17 venture capital funds raised $1.6 billion in the third quarter of 2009, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level represents the smallest number of venture funds raising money in a single quarter since the third quarter of 1994 when 17 funds were also raised and the lowest level of dollars committed since the first quarter of 2003 when $938 million was raised.

Fundraising by Venture Funds

Year/Quarter	Number of Funds	Venture Capital ($M)
2004	218	19,154.4
2005	242	28,962.7
2006	242	31,925.0
2007	251	36,064.9
2008	224	28,604.6
2009	87	8,374.6
3Q'07	77	8,595.8
4Q'07	86	12,322.5
1Q'08	74	7,228.4
2Q'08	82	9,284.5
3Q'08	63	8,497.0
4Q'08	49	3,594.7
1Q'09	50	4,810.9
2Q'09	27	1,965.5
3Q'09	17	1,557.8

Source: Thomson Reuters & National Venture Capital Association

"Anecdotally we are hearing that fundraising activity is accelerating as more firms that were waiting for economic recovery are beginning to formally seek commitments," said Mark Heesen, president of the NVCA. "The reality, however, is that many limited partners are still determining their long term strategies in wake of the past year's financial crisis and that slows the process down considerably. We expect commitment levels to remain modest for the remainder of 2009 with gradual increases beginning in 2010."

There were four new funds and 13 follow-on funds raised in the third quarter of 2009, a ratio of about 3-to-1 of follow-on to new funds. The largest new fund reporting commitments during the third quarter was Andreessen Horowitz Fund I, L.P, which raised $58.5 million of its $300 million inaugural fund during the quarter. 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	64	154	218
2005	68	174	242
2006	57	185	242
2007	62	189	251
2008	51	173	224
2009	15	72	87
3Q'07	15	62	77
4Q'07	27	59	86
1Q'08	12	62	74
2Q'08	23	59	82
3Q'08	14	49	63
4Q'08	12	37	49
1Q'09	3	47	50
2Q'09	8	19	27
3Q'09	4	13	17

Source: Thomson Reuters & National Venture Capital Association

The largest fund raised in the third quarter was follow-on fund Khosla Ventures III, which raised $750 million for an early stage fund, followed by Draper Fisher Jurvetson X, L.P. which saw $196 million in fund commitments during the third quarter of 2009.

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About National Venture Capital Association

The National Venture Capital Association (NVCA) represents more than 400 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 2009 Global Insight study, venture-backed companies accounted for 12.1 million jobs and $2.9 trillion in revenue in the United States in 2008. 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.