



National Venture Capital Association



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VENTURE CAPITAL FUNDRAISING ACTIVITY CONTINUES AT LOWER LEVELS IN Q1 2007

Early Stage Funds Drive Fundraising

New York, NY, April 16, 2007 –Venture capital fundraising activity slowed in the first quarter of 2007 with fifty-six venture funds raising \$4.9 billion according to Thomson Financial and the National Venture Capital Association (NVCA). While the first quarter saw a marked increase from the fourth quarter of 2006, venture fundraising during the first three months of 2007 was at the lowest level for an opening quarter since the first quarter of 2004.

"These lower fundraising levels relative to recent quarters are expected to remain steady in 2007 as many firms recently closed funds in the 2004-2006 cycle," said Mark Heesen, president of the NVCA. "Yet there will be a group of firms that choose to raise money in the 'off-cycle' which will keep overall quarterly levels in the \$4-5 billion dollar range. Most firms that have raised money are keeping their fund sizes at reasonable levels which bodes well for the promise of future returns to limited partners."

Venture funds in the first quarter collectively raised 19.5% more than those in the fourth quarter of 2006, when fifty-six funds took in \$4.1 billion in commitments. However, when compared to the first quarter of 2006, this quarter posted a 25.7% decline.

Fundraising by Venture Funds, 2002-1Q 2007*

Year/Quarter	Venture Capital	
	Number of Funds	Venture Capital (\$M)
2002	172	3,767.4
2003	147	10,622.3
2004	205	18,566.0
2005	218	27,957.3
2006	212	30,260.4
2007 YTD	56	4,939.8
1Q'05	61	5,201.4
2Q'05	62	8,011.5
3Q'05	63	5,559.2
4Q'05	78	9,185.2
1Q'06	72	6,640.1
2Q'06	72	14,050.9
3Q'06	65	5,426.0
4Q'06	56	4,143.4
1Q'07	56	4,939.8

Source: Thomson Financial and National Venture Capital Association

* Figures take into account the subtractive effort of downsized funds

Venture fundraising by investment stage focus followed a familiar pattern in the quarter. Thirty-five early stage vehicles raised \$2.6 billion, or 53% of the quarter's entire venture commitment. Among these funds were Venrock Associates V at \$528 million, which was the second largest venture fund raised in the quarter and Draper Fisher Jurveston Fund with \$435 million.

VC Funds: New vs Follow-On

	No. of New	No. of Follow-on	Total
2002	57	115	172
2003	50	97	147
2004	56	149	205
2005	55	163	218
2006	44	168	212
2007 YTD	13	43	56
1Q'05	14	47	61
2Q'05	16	46	62
3Q'05	13	50	63
4Q'05	24	54	78
1Q'06	17	55	72
2Q'06	13	59	72
3Q'06	13	52	65
4Q'06	14	42	56
1Q'07	13	43	56

Source: Thomson Financial and National Venture Capital Association

“Illustrating the important role venture capital plays in promoting innovative companies, early stage vehicles continue to comprise the largest percentage of funds raised this quarter” said Alex Tan, Global Private Equity Research Manager at Thomson Financial.

Ten balanced funds raised \$1.2 billion, led by MPM BioVentures IV with \$550 million, the largest fund raised this quarter, and RRE Venture IV with \$162 million. Seven later stage funds totaling \$556.7 million and three expansion-focused funds with \$431.5 million rounded out the quarter's numbers.

Follow-on funds continued to be raised to first time funds at an approximate 3-to-1 ratio. Only thirteen new funds were raised in the quarter, compared to forty-three follow-on entities.

Note: Beginning in the first quarter of 2007, buyout and mezzanine fundraising will be distributed in a separate release prepared by Thomson Financial.

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The National Venture Capital Association (NVCA) represents approximately 480 venture capital and private equity firms. 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 2006 Global Insight study, venture-backed companies accounted for 10 million jobs and \$2.1 trillion in revenue in the United States in 2005. 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.