

Venture Capital Fundraising Activity Contracts in the Second Quarter of 2009

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NEW YORK, July 13 /PRNewswire-FirstCall/ -- Just 25 venture capital funds raised \$1.7 billion in the second 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 1996 (21 funds) and the lowest level of dollars committed since the first quarter of 2003 when \$938.1 million was raised.

Fundraising by Venture Funds

Year/Quarter	Number of Funds	Venture Capital (\$M)
2004	211	19,156.0
2005	239	28,767.4
2006	241	31,925.0
2007	251	36,064.9
2008	221	28,395.9
2009	70	6,312.8
2Q'07	86	8,661.1
3Q'07	77	8,595.8
4Q'07	86	12,322.5
1Q'08	72	7,123.4
2Q'08	82	9,284.5
3Q'08	62	8,393.3
4Q'08	49	3,594.7
1Q'09	49	4,610.9
2Q'09	25	1,701.9

Source: Thomson Reuters & National Venture Capital Association

"The slower venture fundraising activity is no surprise given the current environment," said Mark Heesen, president of the NVCA. "The final manifestations of the bubble burst combined with a troubled exit market make it a very difficult time to raise money. We believe that many venture firms are waiting until 2010 and beyond to go out to their limited partners who, in an improved market, will look more favorably upon the asset class vis-a-vis other alternatives. That said, there will be firms that will not be able to raise a follow-on fund and our industry is positioned to contract over the next five years through this type of attrition."

While the number of funds raised fell to a 13 year low, the relative number of new funds versus follow-on funds reached a four quarter high. There were eight new funds and 17 follow-on funds raised in the second quarter of 2009, a ratio of about 2-to-1 of follow-on to new funds. By comparison, just three new funds and 46 follow-on funds were raised in the first quarter, a ratio of over 15-to-1 of follow-on to new funds. 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	64	175	239
2006	56	185	241
2007	62	189	251
2008	48	173	221
2009	11	59	70
2Q'07	17	69	86
3Q'07	15	62	77
4Q'07	27	59	86
1Q'08	10	62	72
2Q'08	23	59	82
3Q'08	13	49	62
4Q'08	12	37	49

1Q'09	3	46	49
2Q'09	8	17	25

Source: Thomson Reuters & National Venture Capital Association

The largest fund raised in the second quarter was follow-on fund Domain Partners VIII, L.P. (early stage, \$371.1 million) by firm Domain Associated Management.

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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 2009 Global Insight study, venture-backed companies accounted for 12.1 million jobs and \$2.9 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.

SOURCE Thomson Reuters

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