Jeanne Metzger, NVCA, 703-524-2549 ext. 116, jmetzger@nvca.org
Joshua Radler, Thomson Venture Economics, 973-353-7139, joshua.radler@thomson.com

CAPITAL COMMITMENTS TO VENTURE CAPITAL FIRMS REMAIN SLOW

Uninvested Resources Continue To Be Sufficient To Support New And Existing Companies

Newark, NJ - November 3, 2003 – The venture capital fundraising environment continued its slow pace in the third quarter of 2003. Only 19 funds closed on $1.4 billion in the third quarter of 2003, according to Thomson Venture Economics and the National Venture Capital Association (NVCA). This represents a 50% decrease in the number of funds raised and a 35% decrease in the total capital raised compared to the previous quarter. Furthermore, this represents an 18 percent decrease in venture fundraising for the 12 months ending 9/30/2003 compared with the 12 months ending 6/30/2003. Although many of the best known venture firms are now preparing for their next funds, an increase in fund closings is not expected for another 6-12 months.

According to Jesse Reyes, Director of Thomson Venture Economics' US Branch, "Fundraising activity is beginning to pick up as many firms in the industry are testing the waters for new investors and firm commitments from old investors before the best funds get into the marketplace. But, fund closings will take time as LPs are harder to convince in this cycle that they need to increase or continue their commitments to this asset class. Overall, the competition for the best funds will be fierce as these funds are likely to downsize their future funds forcing some LPs to decrease their allocations to these funds and some being left out altogether."

	Venture Capital		Buyout & Mezzanine	
Year/Quarter	**# of Funds**	**Venture Capital ($ Millions)**	**# of Funds**	**Buyout/ Mezzanine ($ Millions)**
1999	451	60,014.6	150	56,186.5
2000	631	107,156.6	158	76,526.5
2001	296	37,337.9	118	44,983.8
2002	153	9,092.2	78	25,563.0
2003	74	4,338.8	52	12,255.2
2002 Q3	50	2,863.6	25	7,989.0
2002 Q4	47	2,117.7	27	4,597.5
2003 Q1	28	1,056.8	23	3,336.0
2003 Q2	38	1,885.7	24	4,596.8
2003 Q3	19	1,396.3	17	4,322.4

Source: Thomson Venture Economics & National Venture Capital Association
****The figures above do not take into account downsized funds***

Mark Heesen, President of the National Venture Capital Association commented, "The dearth of new dollars coming into the venture capital industry is not surprising as firms are diligently looking for places to deploy their existing funds. Although we expect many venture capital firms to begin the fundraising process in the next year or two, raising a fund is likely to take longer than in the past and fund sizes are likely to be smaller on average than what we saw in recent years."

As was the case in previous quarters, the majority of the funds that raised capital were follow-on funds as limited partners continue to be cautious and favor established firms with track records in the industry. Follow-on funds accounted for 73.3% of the total number of venture capital funds raised. The largest venture capital funds raised in the third quarter were follow-on funds such as Lehman Brothers Venture Partners 2003, ComVentures VI and Crosslink Crossover Fund IV. However, there were first time funds that were successful in raising capital, such as Baird Venture Partners Limited I and Viridian Venture Partners I, L.P..

Available Capital

As of the second quarter 2003, there was an estimated $84 billion of committed capital that has not yet been invested. It is estimated that more than half of this money is tied up in reserves for follow-on financing, leaving approximately 35 to 40 billion for new investments. Funds have stopped downsizing existing funds. Accordingly, the following actions will reduce the amount of the available capital: a higher rate of investment in portfolio companies relative to new venture fund commitments, releasing LPs of their commitment obligations or the five year deadline on new investments that is inherent in many partnership agreements.

New Venture Capital Funds vs. Follow-on Funds

	No. of New	No. of Follow-on
1999	166	285
2000	233	398
2001	98	198
2002 Q1	14	26
2002 Q2	13	29
2002 Q3	15	35
2002 Q4	15	32
2003 Q1	11	17
2003 Q2	12	26
2003 Q3	4	15

Source: Thomson Venture Economics & National Venture Capital Association

Similar to venture capital, buyout and mezzanine funds showed a decrease in the number of funds that closed during the quarter. Seventeen buyout and mezzanine funds raised $4.3 billion in the third quarter of 2003 compared to 24 buyout and mezzanine funds raised $4.6 billion in the second quarter of 2003. Almost half the amount raised in the third quarter is attributed to the GS Mezzanine Partners III fund, which closed with $2.7B. Other funds that were successful in raising buyout and mezzanine capital include NYLIM Mezzanine Partners, Prairie Capital III and Castle Harlan Partners IV.

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The National Venture Capital Association (NVCA) represents 450 venture capital and private equity organizations. NVCA's mission is to foster the understanding of the importance of venture capital to the vitality of the U.S. and global economies, to stimulate the flow of equity capital to emerging growth companies by representing the public policy interests of the venture capital and private equity communities at all levels of government, to maintain high professional standards, facilitate networking opportunities and to provide research data and professional development for its members. For more information visit www.nvca.org.

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