

## Venture Capital Fundraising Rises in 1Q

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SAN FRANCISCO -- Venture capitalists secured \$6.53 billion for their future investments during the first quarter, putting the industry on pace to boost its fundraising efforts for the fourth consecutive year.

The amount committed to 51 venture capital funds represented a 21 percent increase from the \$5.39 billion raised at the same time last year, according to statistics released Monday by Thomson Venture Economics and the National Venture Capital Association.

Only nine new funds were created during the quarter, with the rest of the money pouring into existing funds.

Venture capitalists have been progressively raising more money since 2002 when less than \$4 billion trickled into the industry as high-tech financiers struggled to recover from the losses that piled up after the dot-com bust.

With those troubles behind them, venture capitalists have been investing more aggressively in the Internet again and diversifying into other promising sectors such as health care, biotechnology and alternative energy.

The increased investing activity has spurred venture capitalists to raise more money from pension funds and other institutional investors hoping to strike it rich on revolutionary startups like online search engine leader Google Inc., which has built a market value of \$120 billion in just 7 1/2 years.

After being burned by the dot-com bust, venture capitalists appear to be exercising more restraint even as they raise and invest more money.

As dot-com mania peaked, venture capitalists raised \$106 billion during 2000. If they can keep up the pace of raising 21 percent more than a year ago, venture capitalists will raise \$31.5 billion this year.

"First quarter fundraising was again robust but still within a prudent range," said Mark Heeson, president of the National Venture Capital Association. "We have exhibited tremendous discipline in this cycle and that will serve our limited partners well." Heeson predicted the fundraising activity to taper off early next year.

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