

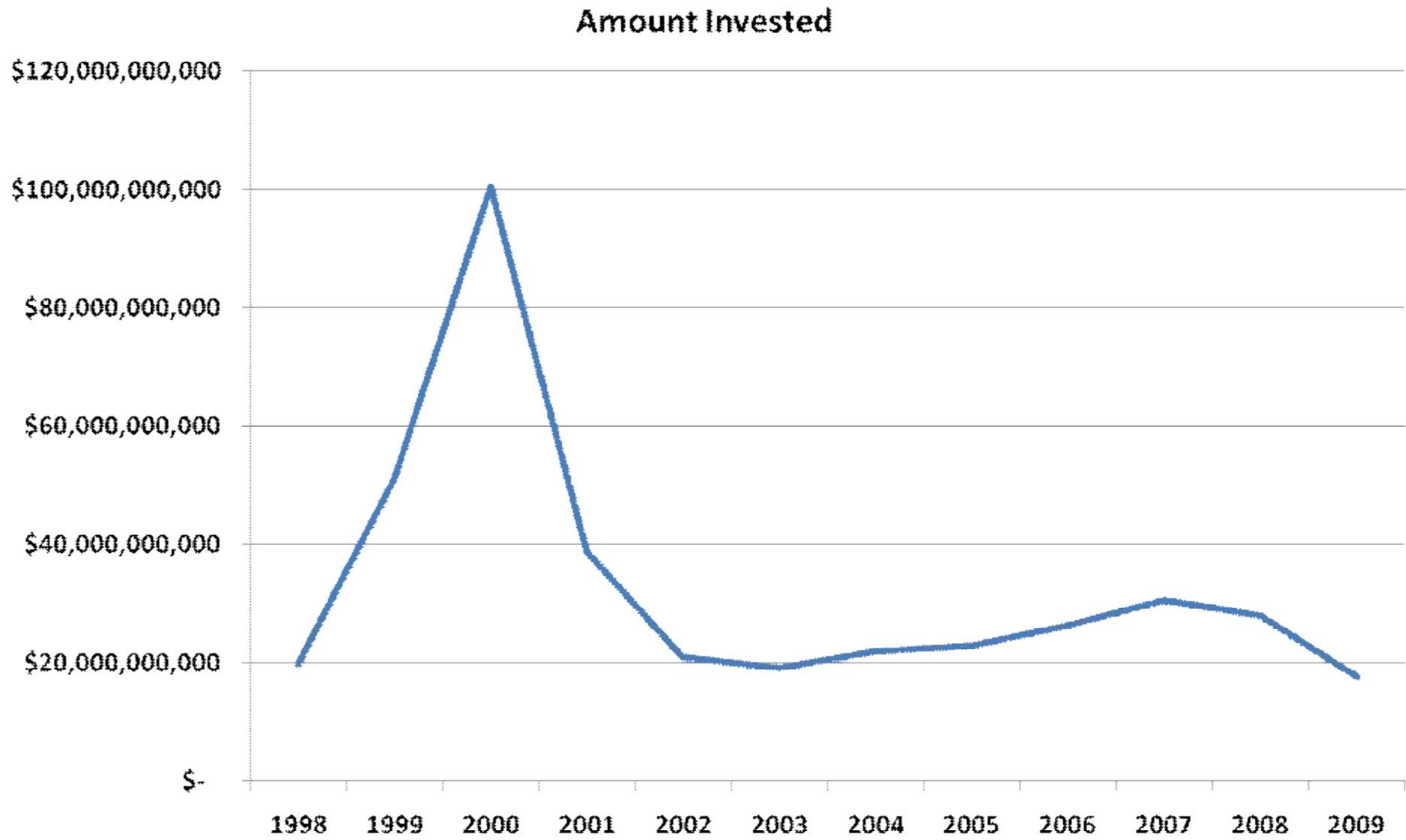


State of Venture Capital

April 2010

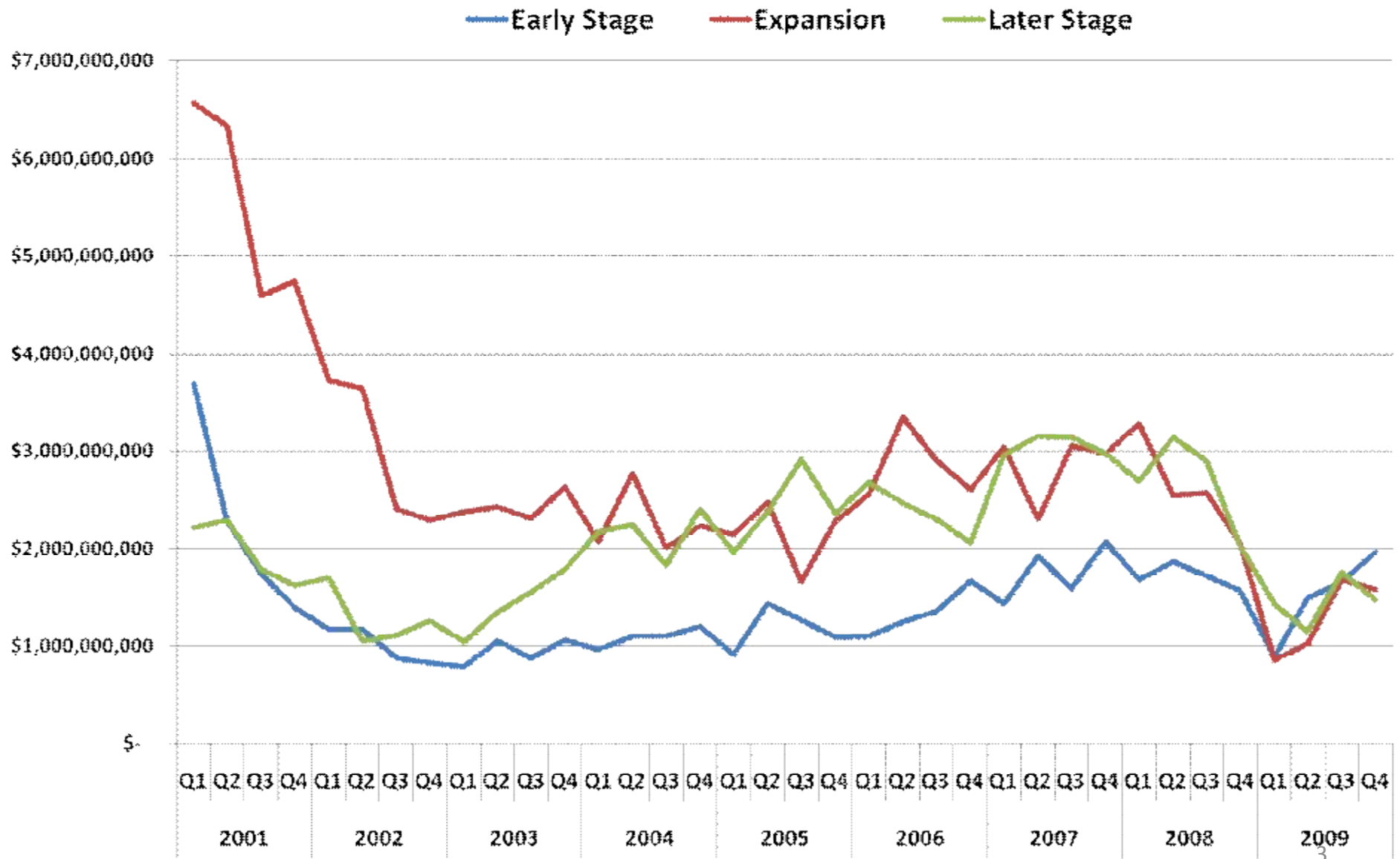
National Academy of Science

Decline in Venture Capital Funding



Source: National Venture Capital Association, January 2010

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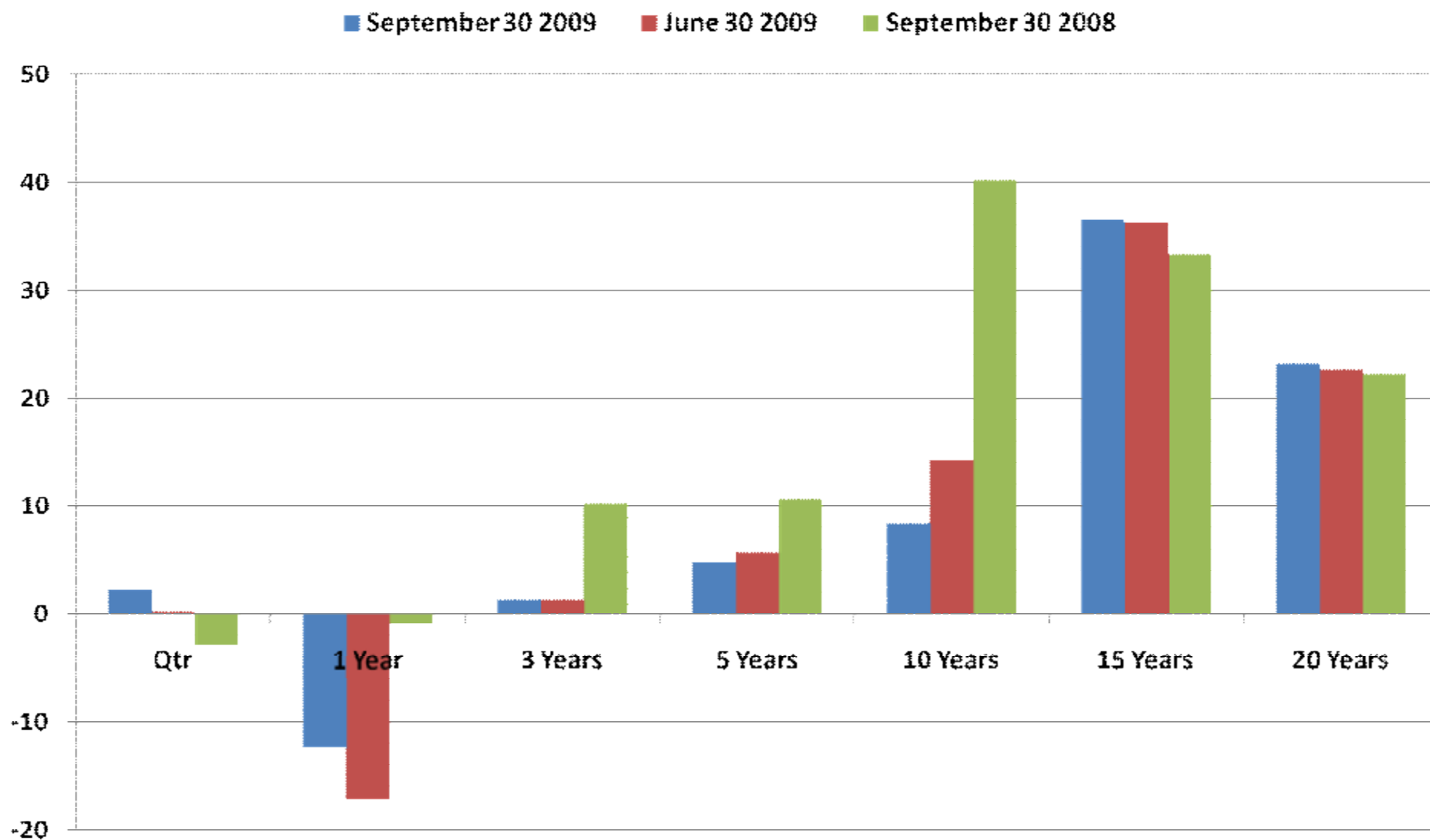


Source: National Venture Capital Association, January 2010

Pension Fund Performance

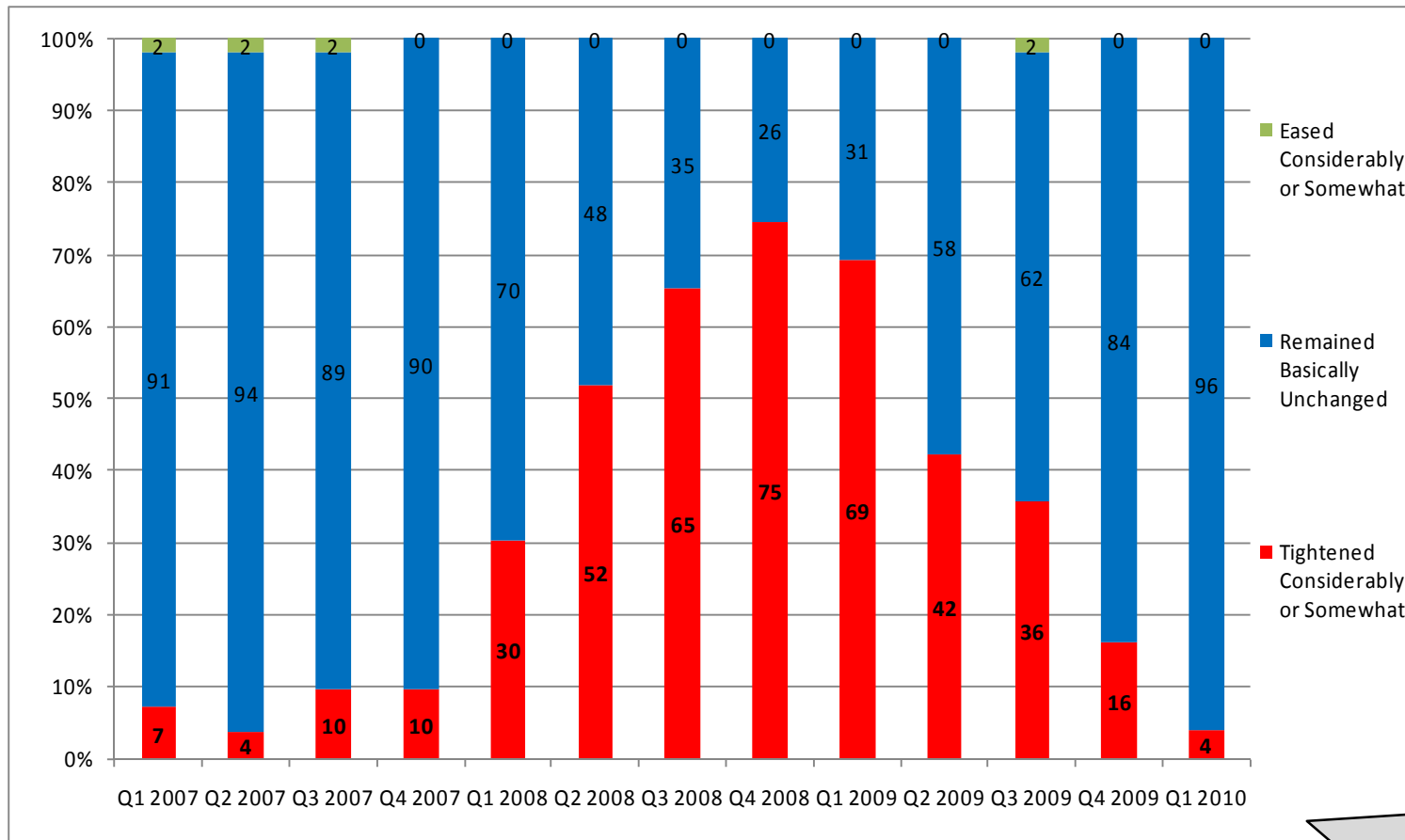
- U.S. pension funds run by S&P 1500 companies had a deficit of \$229 billion at the end of 2009 compared with their liabilities over 10 years. Funds had 19 consecutive months of deficits as markets reacted to the financial crisis. (Mercer)
- State pension funds have a \$1 trillion funding gap - \$4.35 trillion owed to workers. (Pew, 2010)
- Cumulative losses of public pension plans over the last 18 months: \$1.3 trillion (BW, April, 2009)
- CalPERS saw value loss of \$56B to \$180.9B (WSJ, July 2009). Worst performing assets were alternative investments – private equity saw a 31.4% decline
- CalSTRS saw a value loss of \$43B to \$118.8B (BW, April 2009). Its private equity portfolio declined 27.6% (WSJ, July 2009)

Fund Performance



Tightened & Unchanged Credit Standards

Percent of Bank Loan Officers who report how credit standards have changed over the past three months for small business firms (annual sales



Thirteen straight quarters of tightened and unchanged credit standards

•After a double-digit percent of banks reported tightening for two years, most Bank Senior Loan Officers (96%) report **stabilization of credit standards in FY Q1 2010**

•However, there is still **no sign of easing credit standards**

Early Stage Capital – Options

- Nye legislation (HR 3738) – creates early stage \$250 million SBIC program
- Fund SBIR Phase III
- Implement SBIR Phase II Bridge Financing across federal agencies