

U.S. Venture-Capital Investing Is on the Rise

U.S. venture-capital investing in the first half of the year reached its highest point since 2001, due to a growing interest in health-care companies and steady deal flow in information technology.

Venture firms poured \$12.97 billion into 1,213 companies in the first half of 2006, a 13% increase from the year-earlier period, according to data from Ernst & Young LLP and industry tracker VentureOne, a unit of Dow Jones & Co. By comparison, venture firms deployed \$11.47 billion across 1,131 deals in the first half of 2005.

In the second quarter, investors deployed \$6.73 billion in 619 deals, about a 5% rise from the comparable 2005 period.

The biggest gains this year have

come from the health-care sector, where investments grew about 25% in the second quarter, with \$2.24 billion flowing into 160 funding rounds. For the first six months, health-care deals grew 26% to \$3.84 billion.

Information-technology investments, the bread and butter of the venture-capital industry, increased 8% to \$7.15 billion in the first half. In the second quarter, investors deployed \$3.5 billion across 363 deals.

Alternative energy and clean technology has been a small but growing market for venture investing. Venture capitalists put \$315 million into 23 deals during the first half of this year, more than tripling the \$90 million invested in 10 deals in the first half of 2005, according to VentureOne.