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FOR IMMEDIATE RELEASE

Canada's Venture Capital & Private Equity Association Reacts to Federal Budget

TORONTO, Ontario: CVCA - Canada's Venture Capital and Private Equity Association today expressed its disappointment at the absence of measures in the federal budget to improve access to venture capital for Canada's most promising growth companies.

"We commend the budget's inclusion of "shovel-in-the-ground" infrastructure projects and the allocation of new funding for innovation within Canada's educational institutions, which will help to stimulate the economy and support long-term growth," said Gregory Smith, President of the CVCA and President of Macquarie Capital Funds Canada Ltd. "Unfortunately, the budget has failed to address the current shortage of venture capital financing, which presents a significant challenge to near-term job creation and to Canada's future prosperity in the important knowledge-based economy."

Canada's venture capital sector fosters emerging companies in the life sciences, high-tech, biotech and clean tech industries. Canadian companies backed by venture capital generate sales of \$18.3 billion and directly and indirectly employ almost 148,000 Canadians. But venture capital investment and fundraising levels have been declining for years and are now reaching critical lows. In the fourth quarter of 2008, venture capital investment was down 40% from the same period in 2007.

Further, there are increasingly fewer foreign investors coming into Canada. A key obstacle is that Canada's international tax system deters foreign investors, thereby putting the country at a disadvantage. The budget notably failed to address Section 116, which has long been acknowledged as detrimental to foreign investment.

For venture capital-backed companies, the diminishing availability of capital means that they do not have the resources to commercialize their innovative technologies and products.

"Helping companies to successfully commercialize Canadian research is essential to job creation and economic renewal and to enhancing Canada's place within the global, knowledge-based economy," continued Mr. Smith. "Canada needs to follow the lead of other countries that have recently taken steps to address the critical role played by venture capital. The government has missed an important opportunity to ensure a vibrant venture capital industry and new investment in innovation at a time when our country needs it the most."

CVCA

The CVCA - Canada's Venture Capital & Private Equity Association, was founded in 1974 and is the association that represents Canada's venture capital and private equity industry. Its over 1600 members are firms and organizations which manage the majority of Canada's pools of capital designated to be committed to venture capital and private equity investments. The CVCA fosters

professional development, networking, communication, research and education within the venture capital and private equity sector and represents the industry in public policy matters.

To arrange an interview with Gregory Smith, President of the CVCA and President of Macquarie Capital Funds Canada Ltd., contact Iris Roesler, 416 607-5166.

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