Contact:
Emily Mendell, NVCA, emendell@nvca.org, 610-565-3904
Adria Greenberg, Cambridge Associates, adria@sommerfield.com, 212-255-8386

VENTURE CAPITAL PERFORMANCE DECLINED IN Q1 2009 ACCORDING TO CAMBRIDGE ASSOCIATES AND THE NVCA

VC Index Continues to Outperform Major Market Indices Despite Challenges

August 12, 2009, Arlington VA – During the quarter ending March 31, 2009, venture capital returns declined 2.9 percent according to the Cambridge Associates U.S. Venture Capital Index®, the performance benchmark of the National Venture Capital Association. This represented the third consecutive quarterly decline of the Index but was an improvement over the previous quarter when returns fell 12.5 percent. Deterioration was also evident in the 1, 3, 5 and 10 year time horizons for the period; the 15 and 20 year horizons showed mild improvements. Despite the declines, the venture capital index did outperform other major market indices across all time horizons.

US Venture Capital Index Returns for the Periods ending 3/31/2009, 12/21/2008 and 3/31/2008

For the period ending	1st Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Mar. 31, 2009	-2.9	-17.5	1.3	5.8	26.2	34.2	22.5
Dec. 31, 2008	-12.5	-16.5	4.1	7.1	35.0	33.7	22.3
Mar. 31, 2008	-1.8	11.7	14.1	11.6	32.8	32.9	21.8
Other indices at March 31, 2009							
DJIA	-12.5	-35.9	-9.5	-3.6	-0.4	7.4	8.8
NASDAQ Composite	-3.1	-32.9	-13.2	-5.2	-4.7	4.9	6.8
S&P 500	-11.0	-38.1	-13.1	-4.8	-3.0	5.9	7.4

Source: Cambridge Associates LLC
Note: Because the US Venture Capital index is cap weighted, the largest vintage years mainly drive the index's performance.

Said Astrid Noltemy, Managing Director who specializes in the non-marketable alternative asset area at Cambridge Associates, "The venture benchmark's first quarter return reflected public market declines, the difficult economic environment, and the absence of IPOs. Recent negative returns coupled with the technology bust at the beginning of the decade have severely impacted the index's performance since 2000. Long-term performance, however, remained strong. Yet because of the shortage of exit opportunities, venture fund managers will need either to own companies longer or potentially sell at reduced values. Either will hurt future returns."

"It is going to take a full-fledged recovery of the venture-backed IPO and acquisitions market to move these returns back to historical levels," said Mark Heesen, president of the NVCA. "Unfortunately, this recovery seems to be a way off as the number of IPOs and acquisitions, and the pipeline of registrations remain at low levels. The venture capital industry is not alone in this predicament. We are performing better than most other asset classes, yet that is hardly a consolation for investors. Once the exit market improves, so too shall these returns."

As a result of the partnership between the NVCA and Cambridge Associates, additional benchmark information, such as vintage year and gross sector returns, will be available on the U.S. venture capital industry. The following highlights the enhanced data cuts.

Vintage Year Returns

The selected benchmark report provides annualized performance numbers for each vintage year going back to 1981. For 1998 vintage year funds, for example, the chart shows a pooled annualized return of 12.7%. A fund returning 18.4% or better would fall into the upper quartile while funds returning (8.7%) or worse would fall into the bottom quartile. As a group, the 1998 funds have already distributed 1.29 times the amount of contributed capital paid in. In addition, another 0.17 of the contributed capital remains in current portfolios. Therefore the total value created by this vintage year is currently 1.46 times the original capital paid in.

Sample Vintage Year Returns Chart

Vintage Year	Pooled Mean	Upper Quartile (%ile=75	Lower Quartile (%ile = 25)	Ratio of Distributed to Paid In (DPI)	Residual Value to Paid In (RVPI)	Total Value To Paid In (DPI + RVPI)
1998	12.7	18.4	-8.7	1.29	0.17	1.46

Note that while recent fund information is presented for all years for comparison purposes, successful portfolio companies exit typically after several years. So returns for 2005 and more recent funds will not reflect future exits and will likely be negative reflecting the so called hockey stick principle.

Gross Performance by Sector

The selected benchmarks report provides gross sector returns analyzed by the year a portfolio company received its first funding. Looking at the Health Care/Biotech sector, one of the larger in the index, we see that companies receiving first venture financing in 1996 returned an annualized 17.6%. Companies first funded in 1997 returned an annualized 12.8%. The data for that sector show lower returns as we approached and went through the millennium, reflecting a tougher investing environment for that sector.

C| A
CAMBRIDGE ASSOCIATES LLC

NVCA
National Venture Capital Association

Sample Industry IRR Return Chart

Sector	1996	1997	1998	1999	2000	2001
Health Care/ Biotech	17.6	12.8	21.6	13.9	3.4	7.5

To view the full comprehensive report which includes tables on additional time horizons, vintage years and industry returns, please visit the report on the Cambridge Associates or NVCA Websites.

Cambridge Associates derives its U.S. venture capital benchmarks from the financial information contained in its proprietary database of venture capital funds. As of March 31, 2009, the database comprised 1,271 venture funds formed from 1981 through 2009 with a value of approximately $82.5 billion. Ten years ago, as of March 31, 1999, the index included 607 funds whose value was slightly more than $34.0 billion.

The **National Venture Capital Association (NVCA)** represents approximately 460 venture capital firms in the United States. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy, and support entrepreneurial activity and innovation. According to a 2009 Global Insight study, venture-backed companies accounted for 12.1 million jobs and $2.9 trillion in revenue in the U.S. in 2008. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org.

Founded in 1973, **Cambridge Associates** delivers investment consulting, independent research, and performance monitoring services to approximately 850 institutional and private clients worldwide. Cambridge Associates has advised its clients on alternative assets since the 1970s and today serves its clients with more than 180 professionals dedicated to consulting, research, operational due diligence, and performance reporting on these asset classes. The firm compiles the performance results for more than 2,000 private partnerships to publish the Cambridge Associates U.S. Venture Capital Index® and Cambridge Associates U.S. Private Equity Index®, which are widely considered to be the industry-standard benchmark statistics for these asset classes. In total, the firm has over 950 employees serving its client base globally and maintains offices in Arlington, VA; Boston, MA; Dallas, TX; Menlo Park, CA; London, England; Singapore, and Sydney, Australia. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.