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VENTURE CAPITAL INDUSTRY SEES FURTHER DETERIORATION OF 10-YEAR RETURNS

February 1, 2010, Arlington VA – Venture capital performance improved slightly in the shortest and longest time horizons ending September 30, 2009 but continued to deteriorate in the 5 and 10-year periods ending in the quarter, according to the Cambridge Associates U.S. Venture Capital Index®, the performance benchmark of the National Venture Capital Association. The 10-year return fell to 8.4 percent from 14.3 percent in the previous quarter – and from 40.2 percent one year earlier. The decline was not unexpected as the lucrative 1999 exits are no longer included in the 10-year calculation. The 5-year returns also declined to 4.9 percent from 5.7 percent in the previous quarter and from10.7 percent one year ago.

As of September 30, 2009, the venture capital index had outperformed other major market indices for all time horizons of 3 years or more.

US Venture Capital Index Returns for the Periods ending 9/30/2009, 6/30/2009 and 9/30/2008

For the period ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
September 30, 2009	2.3	-12.4	1.3	4.9	8.4	36.6	23.1
June 30, 2009	0.2	-17.1	1.3	5.7	14.3	36.3	22.7
September 30, 2008	-2.9	-0.9	10.2	10.7	40.2	33.3	22.2
Other indices at September 30, 2009							
DJIA	15.8	-7.4	-3.3	1.8	1.6	8.7	9.2
NASDAQ Composite	15.7	1.5	-2.0	2.3	-2.5	7.0	7.8
S&P 500	15.6	-6.9	-5.4	1.0	-0.2	7.6	8.0

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

"It has taken a full decade after the technology bubble burst for the venture industry to fully realize the impact of that era and its aftermath," said Mark Heesen, president of the NVCA. "The significant returns created by the robust exit markets of the late1990s have carried the industry for a long period of time. The new reality is much more somber for many venture firms. There are still healthy returns to be made in venture capital, but until the venture community sees a more vibrant exit market we do not expect marked improvement overall."

Said Peter D. Mooradian at Cambridge Associates, "The exit markets have displayed some welcome signs of life in recent months, and we have noted a more upbeat outlook among a number of GPs with respect to potential exits. That said, exits have not recovered to a level that can support healthy venture capital returns, and it remains to be seen if recent activity will evolve into more sustainable momentum in 2010."

Vintage Year Return Ratios

The following chart illustrates the relationship between the dollars paid in to venture capital funds by limited partners and the dollars distributed back to them by vintage year. The chart also incorporates the residual value of the portfolios at 9/30/09 for an overall ratio. For example, the 2002 vintage year funds have distributed cash of just .40 times the amount of capital paid in by LPs. If you account for the current value of the existing portfolio of .64, the ratio increases to 1.04 times. However, it is important to note that the residual value is unrealized and will change as companies exit the portfolio, are revalued, or are written off. The 1995 vintage year funds have the most positive ratio, returning 6.13 times the cash contributed by LPs, a number which rises to 6.20 should those funds realize the value of what is currently in the portfolio. Later vintage years have yet to return significant cash to LPs as most funds do not begin returning capital until after year 5.

Vintage Year Multiples Analysis
Pooled Mean Net to Limited Partners
As of September 30, 2009

Vintage Year	Distribution to Paid in Capital (DPI)	Residual Value to Paid in Capital (RVPI)	Total Value to Paid in Capital (TVPI)
1981-1994	3.24	0.01	3.25
1995	6.13	0.07	6.20
1996	4.70	0.09	4.79
1997	2.80	0.09	2.89
1998	1.29	0.17	1.46
1999	0.63	0.26	0.89
2000	0.47	0.47	0.93
2001	0.38	0.62	1.00
2002	0.40	0.64	1.04
2003	0.32	0.80	1.11
2004	0.15	0.87	1.02
2005	0.09	0.85	0.94
2006	0.04	0.90	0.93
2007	0.01	0.87	0.88
2008	0.00	0.90	0.90
Overall	**1.09**	**0.44**	**1.53**

Source: Cambridge Associates

Additional Performance Benchmarks

To view the full, comprehensive report, which includes tables on additional time horizons, vintage years and industry returns, please visit 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 September 30, 2009, the database is comprised of 1,287 venture funds formed from 1981 through 2009 with a value of approximately $93.8 billion.

The **National Venture Capital Association (NVCA)** represents more than 425 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 a range of services, including investment consulting, outsourced portfolio solutions, independent research, and performance monitoring and tools across all asset classes, to approximately 850 institutional and private clients worldwide. The firm has advised clients on alternative assets since the 1970s and 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 those asset classes. In total, the firm has over 950 employees serving its client base globally and maintains offices in Arlington, VA; Boston; Dallas; Menlo Park, CA; London; Singapore, and Sydney, Australia. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.