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VENTURE CAPITAL INDUSTRY SAW SHORT TERM PERFORMANCE IMPROVEMENTS AT THE END OF 2009

May 14, 2010, Arlington VA – Venture capital performance improved in the short-term time horizons ending December 31, 2009 but continued to decline in the 5- and 10-year periods ending in the quarter, according to the Cambridge Associates L.L.C. U.S. Venture Capital Index®, the performance benchmark of the National Venture Capital Association. The quarterly and one-year returns of 3.3 and 3.0 percent were higher than returns from both the previous quarter and from one year ago as the venture-backed exit market began to shows signs of improvement at the end of 2009. Five and 10-year returns deteriorated with the 10 year horizon falling into negative territory. The longer term horizons of 15 and 20 years showed mild improvement and continued to outperform public market indices.

US Venture Capital Index Returns for the Periods ending 12/331/2009, 12/31/2008 and 9/30/2009

For the period ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
December 31 2009	3.3	3.0	-0.3	4.3	-0.9	37.8	23.4
September 30, 2009	2.3	-12.4	1.3	4.9	8.4	36.6	23.1
December 31, 2008	-12.5	-16.5	4.1	7.1	35.0	33.7	22.3
Other indices at December 31, 2009							
DJIA	8.1	22.7	-3.1	1.9	1.3	9.3	9.5
NASDAQ Composite	6.9	43.9	-2.1	0.8	-5.7	7.6	8.4
S&P 500	6.0	26.4	-5.6	0.4	-0.9	8.0	8.2

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

"Signs of an exit market rebound began to take shape at the end of last year and have gradually taken hold in the first half of 2010, resulting in short term improvements in venture capital performance," said Mark Heesen, president of the NVCA. "However, these exits are still not at a high enough level to have a positive impact on the 3, 5 and 10 year return numbers which have suffered over the last year. We are hopeful that these return numbers will trend positive across all time horizons in the coming year provided the exit market recovery continues and there are no additional set backs."

Said Peter D. Mooradian at Cambridge Associates, "U.S. venture capital continues to outperform in the 15- and 20-year periods. But the continued decline in the 10-year return is noteworthy and will garner attention in the LP community. Hopefully, a sustained recovery in the exit markets can reverse this trend."

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 12/31/09 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 .59, the ratio increases to 0.99 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 6.19 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 December 31, 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	0.06	6.19
1996	4.71	0.09	4.80
1997	2.80	0.09	2.89
1998	1.30	0.17	1.47
1999	0.64	0.25	0.89
2000	0.49	0.45	0.94
2001	0.40	0.62	1.02
2002	0.40	0.59	0.99
2003	0.33	0.81	1.14
2004	0.16	0.88	1.04
2005	0.11	0.87	0.98
2006	0.04	0.91	0.95
2007	0.02	0.93	0.95
2008	0.02	1.00	1.02
2009	0.00	0.85	0.85
Overall	**1.09**	**0.45**	**1.54**

Source: Cambridge Associates LLC

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 December 31, 2009, the database is comprised of 1,290 venture funds formed from 1981 through 2009.

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.

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