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VENTURE CAPITAL FUNDRAISING ACTIVITY REMAINS SLOW

Dollars Raised Declines to Lowest Quarterly Level in 7 Years

New York, July 12, 2010 – Thirty eight US venture capital funds raised $1.9 billion in the second quarter of 2010, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level marks a 49% decline, by dollar commitments, compared to the first quarter of 2010, which saw 38 funds raise $3.7 billion during the period. This quarter represents the lowest by dollar commitments since the third quarter of 2003.

Fundraising by Venture Funds

Year/Quarter	Number of Funds	Venture Capital ($M)
2005	243	29,042.7
2006	243	32,094.9
2007	253	36,206.4
2008	225	28,530.7
2009	140	15,820.7
2010	69	5,654.5
1Q'08	74	7,192.4
2Q'08	83	9,236.5
3Q'08	63	8,497.1
4Q'08	52	3,587.7
1Q'09	58	5,253.9
2Q'09	36	4,362.1
3Q'09	30	2,289.4
4Q'09	46	4,059.0
1Q'10	38	3,739.9
2Q'10	38	1,914.6

Source: Thomson Reuters and National Venture Capital Association

"Ongoing economic uncertainty has kept many limited partners and venture capital firms on the fundraising sidelines in 2010 and this hesitation is likely to continue for the remainder of the year," said Mark Heesen, president of the NVCA. "Recent positive activity in the exit market , particularly on the M&A side, could generate some meaningful cash distributions which would pave the way for firms looking a receptive investor base. However, the pipeline of venture firms that are poised to raise their next fund continues to grow and could result in a crowded market in 2011 and beyond.

There were 26 follow-on funds and 12 new funds raised in the second quarter of 2010, a ratio of 2-to-1 of follow-on to new funds. The largest new fund reporting commitments during the second quarter of 2010 was Menlo Park, California-based Olympus Capital Partners Fund I, L.P., which raised $150 million in its inaugural fund. A "new" fund is defined as the first fund at a newly established firm, although the general partner of that firm may have previous experience investing in venture capital.

VC Funds: New vs. Follow-On

	No. of New	No. of Follow-on	Total
2005	67	176	243
2006	56	187	243
2007	62	191	253
2008	50	175	225
2009	28	112	140
2010	19	50	69
1Q'08	12	63	75
2Q'08	23	60	83
3Q'08	14	49	63
4Q'08	11	38	49
1Q'09	5	52	57
2Q'09	11	21	32
3Q'09	9	20	29
4Q'09	8	36	44
1Q'10	9	29	38
2Q'10	12	26	38

Source: Thomson Reuters and National Venture Capital Association

The largest funds raised during the second quarter of 2010 were Venrock Associates VI, L.P. which raised $325 million and Polaris Venture Partners VI, L.P. which saw $213.8 million in fund commitments during the quarter.

Methodology

The Thomson Reuters/National Venture Capital Association sample includes U.S.-based venture capital funds. Classifications are based on the headquarter location of the fund, not the location of venture capital firm. The sample excludes fund of funds.

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About National Venture Capital Association

The National Venture Capital Association (NVCA) represents more than 400 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 United States 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.