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VENTURE CAPITAL INDUSTRY RAISES $2.7 BILLION IN Q2 2011

Number of Funds Raising Dollars at 16 Year Low

New York, July 11, 2011 – Thirty-seven US venture capital funds raised $2.7 billion in the second quarter of 2011, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level marks a 28 percent increase by dollar commitments, but a 23 percent decline by number of funds compared to the second quarter of 2010, which saw 48 funds raise $2.1 billion during the period. US venture capital fundraising during the first half of 2011 totaled $10.2 billion from 76 funds, a 67% increase by dollars compared to the first half of 2010 but a 15% decrease by number of funds, marking the lowest number of funds garnering commitments since the first half of 1995.

Fundraising by Venture Funds

Year/Quarter	Number of Funds	Venture Capital ($M)
2007	233	30,739.7
2008	212	25,814.7
2009	153	16,191.9
2010	162	13,346.3
2011	76	10,242.2
1Q'09	58	4,945.9
2Q'09	39	4,844.2
3Q'09	34	2,332.0
4Q'09	47	4,069.8
1Q'10	45	4,033.8
2Q'10	48	2,098.4
3Q'10	53	3,593.8
4Q'10	45	3,620.3
1Q'11	42	7,551.4
2Q'11	37	2,690.7

Source: Thomson Reuters and National Venture Capital Association

"The fact that the number of firms raising money successfully remains at such low levels confirms an ongoing contraction of the venture capital industry, which will serve well those funds that can obtain commitments – but that group is becoming more and more narrow," said Mark Heesen, president of the NVCA. "While a smaller venture industry will intuitively produce higher returns, it is critical that the mix of funds remain geographically diverse and cover a broad base of industries if we expect to contribute to economic growth and innovation at the levels we have historically. For that reason, we would like to see more funds raise money in the second half of the year."

There were 24 follow-on funds and 13 new funds raised in the second quarter of 2011, a ratio of 1.8-to-1 of follow-on to new funds. The largest new fund reporting commitments during the second quarter of 2011 was New York-based Level Equity Growth Partners I, L.P., which raised $120 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
2007	64	169	233
2008	58	154	212
2009	39	114	153
2010	49	113	162
2011	22	54	76
1Q'09	10	48	58
2Q'09	12	27	39
3Q'09	12	22	34
4Q'09	12	35	47
1Q'10	14	31	45
2Q'10	16	32	48
3Q'10	19	34	53
4Q'10	13	32	45
1Q'11	10	32	42
2Q'11	13	24	37

Source: Thomson Reuters and National Venture Capital Association

Second quarter 2011 venture capital fundraising was bolstered by two fund commitments from Palo Alto-based Accel Partners, which accounted for 50 percent of this quarter's fundraising total. Accel Growth Fund II, L.P. raised $875 million during the quarter, while Accel XI, L.P. raised $475 million.

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.

Effective November 1, 2010, Thomson Reuters venture capital fund data has been updated in order to provide more consistent and relevant categories for searching and reporting. As a result of these changes, there may be shifts in historical fundraising statistics as a result of movements of funds between primary market & nation samples and/or between fund stage categories.

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About National Venture Capital Association

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. 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. As the voice of the U.S. venture capital community, the National Venture Capital Association (NVCA) empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites its 400 plus members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.