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CONTACTS

Emily Mendell
NVCA
1.610.565.3904
emendell@nvca.org

Lauren Herman
Thomson Reuters
1.646.223.5985
lauren.herman@thomsonreuters.com

VENTURE CAPITAL INDUSTRY RAISES $1.72 BILLION IN Q3 2011

Lowest Dollar Amount Raised Since Q3 2003

New York, October 10, 2011 – Fifty-two U.S. venture capital funds raised $1.72 billion in the third quarter of 2011, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level marks a 53 percent decrease by dollar commitments and a 4 percent decline by number of funds compared to the third quarter of 2010, which saw 53 funds raise $3.5 billion during the period. U.S. venture capital fundraising during the first nine months of 2011 totaled $12.2 billion from 146 funds, a 26 percent increase by dollars compared to the nine months of 2010 and an 11 percent increase by number of funds. The third quarter marked the lowest amount raised in a quarter since the third quarter of 2003.

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	147	12,249.7
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	46	7,634.2
2Q'11	49	2,895.7
3Q'11	52	1,719.7

Source: Thomson Reuters and National Venture Capital Association

"The quarter's low fundraising numbers are reflective of ongoing challenges within the venture capital exit markets," said Mark Heesen, president of the NVCA. "Economic instability continues to impact the ability of venture-backed companies to go public which, in turn, has prevented many venture firms from delivering solid returns to their investors. Until we begin to see a steady and sustainable flow of quality IPOs which return cash, limited partners will remain on the sidelines and the venture industry will continue to contract. This situation is one that needs to be rectified in the near term if we want to have adequate dollars to invest in our country's startup companies in the long run."

There were 33 follow-on funds and 19 new funds raised in the third quarter of 2011, a ratio of 1.74-to-1 of follow-on to new funds. The largest new fund reporting commitments during the second quarter of 2011 was New York-based Raine Partners which raised $72.5 million in its inaugural fund. A "new" fund is defined as the first fund at a newly established firm, although the general partners 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	46	101	147
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	13	33	46
2Q'11	14	35	49
3Q'11	19	33	52

Source: Thomson Reuters and National Venture Capital Association

Third quarter 2011 venture capital fundraising was lead by Menlo Park, California based Shasta Ventures Management & Longitude Capital Management which raised $265 & $159 million respectively for their Shasta Ventures III & Longitude Ventures Partners II Funds.

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 2011 Global Insight study, venture-backed companies accounted for 12 million jobs and $3.1 trillion in revenue in the United States in 2010. 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 nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.