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VENTURE CAPITAL FIRMS RAISED $5.9 BILLION IN Q2 2012

Five Largest Funds Accounted for Majority of Dollars Raised in Quarter

New York, July 9, 2012 – Thirty-eight U.S. venture capital funds raised $5.9 billion in the second quarter of 2012, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level marks a 12 percent increase by dollar commitments and a 22 percent decline by number of funds compared to the first quarter of 2012, which saw 49 funds raise $5.3 billion during the period. The top five funds accounted for nearly 80 percent of total fundraising this quarter as the number of funds raising money during the quarter fell to its lowest levels since the third quarter of 2009, when 38 venture capital funds also saw new capital commitments. Venture Capital fundraising for the first half of 2012 totaled $11.2 billion, a 10 percent increase by dollar commitments compared to the first half of 2011 ($10.2 billion) and an 8 percent decline by number of funds.

Fundraising by Venture Capital Funds

Year/Quarter	Number of Funds	Venture Capital ($M)
2008	212	25,179.1
2009	163	16,335.8
2010	173	13,559.2
2011	182	18,575.1
2012	82	11,173.5
2Q'10	49	2,100.8
3Q'10	56	3,688.4
4Q'10	50	3,735.2
1Q'11	47	7,556.7
2Q'11	45	2,609.4
3Q'11	65	2,140.5
4Q'11	53	6,268.5
1Q'12	49	5,264.4
2Q'12	38	5,909.1

Source: Thomson Reuters and National Venture Capital Association

"As the number of venture capital firms continues to contract, we are beginning to see a clear bar bell forming with several large funds weighing in heavily on one side of the spectrum and a multitude of smaller funds on the other side," said Mark Heesen, president of the NVCA. "This polarity translates into a heavier concentration of dollars in the hands of fewer large firms, narrowing the overall field of venture funds from which to choose for entrepreneurs and limited partners alike. As the venture industry bifurcates further, successful LPs and portfolio CEOs are going to have to search for quality firms on both sides of the barbell."

There were 28 follow-on funds and 10 new funds raised in the second quarter of 2012, a ratio of 2.8-to-1 of follow-on to new funds. The largest new fund reporting commitments during the second quarter of 2012 was from San Francisco, California-based Mithril, L.P. which raised $402.0 million for the firm's 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. The 10 new funds raised during the second quarter of 2012 mark the slowest three-month period for capital raising from new funds since the first quarter of 2009, when 10 new funds were raised.

VC Funds: New vs. Follow-On

	No. of New	No. of Follow-on	Total
2008	51	161	212
2009	41	122	163
2010	57	116	173
2011	57	125	182
2012	20	62	82
2Q'10	19	30	49
3Q'10	20	36	56
4Q'10	18	32	50
1Q'11	14	33	47
2Q'11	15	30	45
3Q'11	22	43	65
4Q'11	14	39	53
1Q'12	12	37	49
2Q'12	10	28	38

Source: Thomson Reuters and National Venture Capital Association

Second quarter 2012 venture capital fundraising was lead by Menlo Park, California-based New Enterprise Associated 14, L.P. which raised nearly $2.1 billion Institutional Venture Partners XIV, L.P. which raised $1.0 billion 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.

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 more than 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.