



CAMBRIDGE ASSOCIATES LLC

Media Contact:
Itay Engelman
Sommerfield Communications
212-255-8386
itay@sommerfield.com

FINAL QUARTER OF 2009 “ONE OF THE BEST SINCE 2007” FOR PRIVATE EQUITY AND VENTURE CAPITAL, SAYS CAMBRIDGE ASSOCIATES

December 31st Marked the End of Three Consecutive Quarters of Positive Returns for Both Asset Classes, According to Cambridge Associates’ Private Equity and Venture Capital Indices

BOSTON (June 21, 2010) – Private equity and venture capital funds continued to show strength during the quarter ending December 31, 2009, with each asset class earning positive returns for the third consecutive quarter, one of the best since 2007. Overall, fourth quarter returns on private equity investments outpaced those in venture capital funds, though both continued to outperform the public markets over the long term, according to **Cambridge Associates LLC**, a provider of independent research and investment advice to institutional investors and private clients.

Cambridge Associates tracks, and publishes a quarterly commentary on, the performance of private equity and venture capital as measured by two indices: the **Cambridge Associates LLC U.S. Private Equity Index®** and the **Cambridge Associates LLC U.S. Venture Capital Index®**.

According to the PE index, private equity returned 5.9% for the fourth quarter, which essentially equaled public market returns, and ended 2009 with a return of 13.8%, a greater than 36% jump from 2008. Venture capital did less well, turning in a 3.3% return for the final quarter and a return for the year of 3.0%, marking a more than 19% increase over the prior year.

As public markets rebounded in 2009, both Cambridge Associates indices trended upward due to largely unrealized increased valuations for private companies. As they have for several quarters now, however, exit opportunities for private equity and venture capital investors remained far below historical averages.

Capital Distributions Rise Sharply in Q4

“Venture capital improved its performance in 2009 and closed out the year with its third consecutive quarter of positive returns. Macroeconomic conditions remain challenging, however, and so it is unclear when exit conditions for VC investors will broadly improve, though substantial, high growth companies should continue to find liquidity. Venture

fund managers were able to return more capital to their investors in the fourth quarter than they had in the previous three quarters combined, which clearly is a positive development. Fundraising levels have also dropped and continued tempered capital commitments to the asset class will prevent excess capital from reentering the industry and will help to boost future industry performance.” said Theresa Hajer, Managing Director and Venture Capital Research Consultant at Cambridge Associates.

The index’s private equity managers distributed just over \$10 billion to investors during the quarter – nearly \$6 billion more than in the previous quarter. Venture capital fund managers in the Cambridge Associates index returned slightly more than \$3 billion to their investors, marking a 181% increase over the prior quarter and the most since the first quarter of 2008.

Capital calls were also up in the fourth quarter. In both asset classes contributions during the quarter were higher than in any previous quarter in 2009. Private equity fund managers in the index called roughly \$14 billion from their investors; the venture index’s fund managers called more than \$3 billion.

The following tables provide comparative returns for private equity and venture capital, based on Cambridge Associates’ indices, vis-à-vis several key indices of public market equities. Returns for periods of one year and longer are annualized.

U.S. Private Equity Index Returns (%) for the Periods ending December 31, 2009

For the periods ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
December 31, 2009	5.9	13.8	1.1	9.7	7.8	11.8	12.0
Other indices at December 31, 2009							
DJIA	8.1	22.7	-3.1	1.9	1.3	9.3	9.5
Russell 2000 Composite	3.9	27.2	-6.1	0.5	3.5	7.7	8.3
S&P 500	6.0	26.5	-5.6	0.4	-0.9	8.0	8.2

Sources: Cambridge Associates LLC, Dow Jones & Company, Inc., Frank Russell Company, Standard and Poor's, and Thomson Datastream.

U.S. Venture Capital Index Returns (%) for the Periods ending December 31, 2009

For the periods 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
Other indices at December 31, 2009							
NASDAQ Composite	6.9	43.9	-2.1	0.8	-5.7	7.6	8.4
Russell 2000 Composite	3.9	27.2	-6.1	0.5	3.5	7.7	8.3
S&P 500	6.0	26.5	-5.6	0.4	-0.9	8.0	8.2

Sources: Cambridge Associates LLC, Dow Jones & Company, Inc., Frank Russell Company, Standard and Poor's, and Thomson Datastream.

Note: Because the U.S. Private Equity and Venture Capital indices are capital weighted, the largest vintage years mainly drive the indices' performance.

Technology Meltdown at the Start of the Decade Drove 10-Year Venture Capital Returns into Negative Territory, but Longer-Period Returns Remained Strong

Looking at longer time horizons, private equity outperformed venture capital for the 10-year period ending December 31, 2009, 7.8% versus -0.9%, primarily due to the near-complete collapse of the technology sector early in the decade. For longer periods, however, venture funds continued to generate significantly better returns than private equity. Over the 20-year period ending December 31, 2009, for example, venture capital returned 23.4% per annum, while private equity returned 12.0%.

Principal Sectors in Private Equity Index All Earned Positive Returns in Q4, with Retail the Best Performer

Eight industry sectors comprised 90% of the private equity index's value, and each of them earned a positive return during the final quarter of 2009. Consumer, energy and healthcare, the top three industries by size, earned between 3.3% and 8.8%. Together, these three industries comprised a little more than half of the benchmark's value.

Of the three largest sectors, consumer was the best performing, and energy the worst. Of the meaningfully sized components of the index (which Cambridge Associates defines as those industries representing 5% or more of the index's value), manufacturing was the top performer, generating a return of 12.9%, while information technology was the worst performer, earning 1.4%.

The private equity index's performance was driven, as always, by its top vintage years by size. In the fourth quarter, 2006, 2005, 2004, 2007 and 2000 were the five largest vintages by size and together represented 76% of the index's value. Returns in the fourth quarter for these five vintages ranged from a gain of 4.7% for the 2005 funds to an increase of 7.3% for the funds in the 2007 vintage.

“During the fourth quarter we saw private company values grow the most in the retail, healthcare and manufacturing sectors, likely a result, at least in part, of an increase in spending during the holiday season. And, for the second consecutive quarter, net asset valuations for private equity funds raised in each of the eight vintage years from 2000 to 2007 increased by about \$1.0 billion or more. In the 2006 vintage, the largest in the PE index, write-ups of \$500 million or more in retail, healthcare, manufacturing, financial services and media led to a healthy 6.5% return. The funds in the 2000 vintage, now the smallest of the top five vintages in the PE index, benefited most from realizations and growth in the value of their healthcare investments,” said Andrea Auerbach, Managing Director and Private Equity Research Consultant at Cambridge Associates.

Largest Components in VC Index Remain Unchanged, with IT Generating Greatest Returns

As they have been historically, healthcare, information technology and software were the largest sectors in the venture capital index; collectively, they represented nearly 73% of the index's value. All three generated positive returns for the final quarter of 2009. In sharp contrast to its performance in the private equity index, information technology outperformed all industries in the venture capital index, not just the top three, earning a 10.7% return. The worst performer of the three largest sectors was healthcare, which earned a 2.3% return.

Six vintage years, 1999 through 2001, and 2004 through 2006, accounted for about 76% of the venture capital index's value, and all had positive returns in the fourth quarter. Funds raised in 1999 were the best performers, generating a 5.5% return for the quarter, while funds raised in 2006 were the worst performers, earning 1.8%.

About Cambridge Associates and the Indices

Founded in 1973, Cambridge Associates delivers investment consulting, independent research, and performance monitoring services to more than 800 institutional investors and private clients worldwide. Cambridge Associates has advised its clients on alternative assets since the 1970s and today serves its clients with more than 180 professionals dedicated to consulting, research, operational due diligence, and performance reporting on these asset classes. The firm compiles the performance results for more than 3,900 private partnerships and their more than 56,000 portfolio company investments to publish its proprietary non-marketable alternative assets benchmarks, of which the Cambridge Associates U.S. Venture Capital Index® and Cambridge Associates U.S. Private Equity Index® are widely considered to be the industry-standard benchmark statistics for these asset classes. The venture capital data is used by National Venture Capital Association (NVCA) for its quarterly benchmarks. Cambridge Associates has over 950 employees serving its client base globally and maintains offices in Arlington, VA; Boston, MA; Dallas, TX; Menlo Park, CA; London, England; Singapore, and Sydney, Australia. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.

The Cambridge Associates LLC U.S. Venture Capital Index® is based on performance data compiled for funds that represent the majority of the institutional capital raised by venture capital partnerships from 1981 through 2009. Similarly, the Cambridge Associates LLC U.S. Private Equity Index® is based on returns data compiled for leveraged buyouts, subordinated debt, and special situations funds that represent the majority of institutional capital raised by private equity partnerships formed from 1986 through 2009. The pooled means represent the net end-to-end rates of return calculated on the aggregate of all cash flows and market values as reported to Cambridge Associates by the funds' general partners in their quarterly and annual audited financial reports. These returns are net of management fees, expenses, and performance fees that take the form of a carried interest.