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VENTURE CAPITAL RETURNS CONTINUED TO REFLECT FRAGILE ECONOMIC CONDITIONS IN THE FIRST QUARTER OF 2010

Short Term Performance Evidences Exit Market Improvements Amidst Ongoing Challenges

July 28, 2010, Arlington VA – A gradually recovering exit market helped drive shorter-term venture capital performance upward as of the end of the first quarter of 2010 while the 10-year horizon continued to decline, according to the Cambridge Associates U.S. Venture Capital Index®, the performance benchmark of the National Venture Capital Association. Certain time horizons saw an increase in returns from the previous quarter, reflecting the opening of the IPO window and a record level of merger and acquisition activity in the quarter. However, the improvement was not enough to bolster the 10-year returns which continue to deteriorate as the calculation for this time horizon no longer includes the high performing 1999 calendar year.

US Venture Capital Index Returns for the Periods ending 3/31/2010, 12/31/2009 and 3/31/2009

For the period ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
March 31, 2010	0.7	6.5	-0.7	4.9	-3.7	38.2	24.0
December 31, 2009	3.3	3.0	-0.2	4.5	-0.9	37.9	23.5
March 31, 2009	-2.8	-17.3	1.3	5.7	25.8	34.3	22.5
Other indices at March 31, 2010							
DJIA	4.8	46.9	-1.5	3.3	2.3	9.0	9.8
NASDAQ Composite	5.7	56.9	-0.3	3.7	-6.3	7.4	8.9
S&P 500	5.4	49.8	-4.2	1.0	-0.7	7.8	8.7

Sources: Cambridge Associates LLC, Dow Jones & Company, Inc., Standard and Poor's, and Thomson Datastream. Note: Because the U.S. Venture Capital index is capital weighted, the largest vintage years mainly drive the index's performance.

“An improving exit market translates into distributions back to limited partners, a dynamic the venture industry as a whole has not enjoyed since the financial crisis began in 2008,” said Mark Heesen, president of the NVCA. “Top firms continue to perform well above the index but that band has narrowed over the last several years, fostering the Darwinian environment in which the venture industry is operating. We will need several quarters of healthy and viable IPOs and

M&As to widen that pool of top performers and move returns back to the historical levels expected by our investors.”

Said Peter D. Mooradian at Cambridge Associates, "We continue to see a decline in the 10-year return number but believe it will bottom-out in the mid-negative single digits over the next two quarters. Sustained improvement in the exit markets should result in the figure returning to breakeven or modestly positive territory in the second half of 2011."

Vintage Year Return Ratios

The following chart illustrates the relationship between the dollars paid into venture capital funds by limited partners and the dollars distributed back to them by vintage year. The chart also incorporates the residual value of the portfolios at 3/31/10 for an overall ratio. For example, the 2003 vintage year funds have distributed cash of .36 times the amount of capital paid in by LPs. If you account for the current value of the existing portfolio of .77, the ratio increases to 1.13 times. However, it is important to note that the residual value is unrealized and will change as companies exit the portfolio, are revalued, or are written off.

The 1995 vintage year funds have the most positive ratio, returning 6.13 times the cash contributed by LPs, a number which rises to 6.19 should those funds realize the value of what is currently in the portfolio. Later vintage years have yet to return significant cash to LPs as most funds do not begin returning capital until after year 5.

Vintage Year Multiples Analysis Pooled Mean Net to Limited Partners As of March 31, 2010

Vintage Year	Distribution to Paid in Capital (DPI)	Residual Value to Paid in Capital (RVPI)	Total Value to Paid in Capital (TVPI)
1981-1994	3.24	0.01	3.25
1995	6.13	0.06	6.19
1996	4.71	0.09	4.80
1997	2.81	0.07	2.89
1998	1.30	0.16	1.46
1999	0.65	0.25	0.90
2000	0.51	0.43	0.94
2001	0.42	0.60	1.03
2002	0.42	0.57	0.99
2003	0.36	0.77	1.13
2004	0.18	0.89	1.07
2005	0.12	0.89	1.00
2006	0.05	0.92	0.96
2007	0.03	0.92	0.94
2008	0.02	0.99	1.01
2009	0.00	0.99	0.99
Overall	1.09	0.44	1.53

Source: Cambridge Associates

Additional Performance Benchmarks

To view the full, comprehensive report, which includes tables on additional time horizons, vintage years and industry returns, please visit the Cambridge Associates or NVCA websites.

Cambridge Associates derives its U.S. venture capital benchmarks from the financial information contained in its proprietary database of venture capital funds. As of March 31, 2010, the database is comprised of 1,294 venture funds formed from 1981 through 2009.

The **National Venture Capital Association (NVCA)** represents more than 425 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 U.S. 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.

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