C | A
CAMBRIDGE ASSOCIATES LLC

NATIONAL VENTURE CAPITAL ASSOCIATION
Funding innovation. Empowering entrepreneurs.

Contact:
Itay Engelman, Sommerfield Communications, itay@sommerfield.com, 212-255-8386
Emily Mendell, NVCA, emendell@nvca.org, 610-565-3904

VENTURE CAPITAL RETURNS CONTINUE TO IMPROVE IN THE FIRST HALF OF 2011

Continued Recovery is Tenuous As Exit Markets Remain Fragile

October 25, 2011, Arlington VA – Venture capital performance continued to improve as of the second quarter of 2011 according to the Cambridge Associates U.S. Venture Capital Index®, the performance benchmark of the National Venture Capital Association (NVCA). Increased returns were seen across all time horizons, with the exception of the 15-year number, and were driven by the recovering exit market and favorable valuations of companies currently in the venture capital industry portfolio. The quarter marks the first time since the third quarter of 2009 that the 10-year horizon showed a positive return.

US Venture Capital Index Returns for the Periods Ending 6/30/2011, 3/31/2011, 12/31/2010, 9/30/2010, 6/30/2010

Cambridge Associates LLC U.S. Venture Capital Index® [1] for the periods ending	Qtr.	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
June 30, 2011	7.0	26.3	4.3	7.4	1.3	30.9	27.4
March 31, 2011	5.0	18.5	2.0	5.9	-0.1	34.3	26.5
December 31, 2010	8.4	13.5	-0.2	5.7	-2.0	34.8	26.3
September 30, 2010	3.7	8.2	-2.1	4.2	-4.6	36.9	25.6
June 30, 2010	0.4	6.5	-2.6	4.3	-4.1	38.1	24.3
June 30, 2011							
U.S. Venture Capital - Early Stage Index [1]	7.5	27.6	3.8	6.9	-0.4	41.2	31.4
U.S. Venture Capital - Late & Expansion Stage Index [1]	5.3	32.7	11.2	13.2	5.0	13.5	21.7
U.S. Venture Capital - Multi-Stage Index [1]	7.0	22.1	2.5	5.9	3.3	28.6	24.6
DJIA	1.4	30.4	6.1	5.0	4.2	7.7	10.1
NASDAQ Composite *	-0.3	31.5	6.6	5.0	2.5	5.8	9.2
S&P 500	0.1	30.7	3.3	2.9	2.7	6.5	8.7

The Cambridge Associates LLC U.S. Venture Capital Index® is an end-to-end calculation based on data compiled from 1,319 U.S. venture capital funds (870 early stage, 172 late & expansion stage, 274 multi-stage and 3 venture debt funds), including fully liquidated partnerships, formed between 1981 and 2011.
1 Pooled end-to-end return, net of fees, expenses, and carried interest.
Sources: Barclays Capital, Bloomberg L.P., Cambridge Associates LLC U.S. Venture Capital Index®, Frank Russell Company, Standard & Poor's, Thomson Datastream, The Wall Street Journal, and Wilshire Associates, Inc.
*Capital change only.

"We are encouraged by the continued performance improvements that the venture industry exhibited in the first half of this year, but we remain extremely cautious as the current exit environment has threatened the asset class's ongoing recovery," said Mark Heesen, president of NVCA. "In order to achieve the level of historical performance that limited partners have come to expect, we must have a thriving IPO and acquisitions market, and the former essentially closed mid-August of this year. Many fine companies await the market's strengthening so that they can access the capital needed to continue their growth trajectories."

"Venture firms distributed more capital than they called for the third straight quarter, which is encouraging," said Theresa Sorrentino Hajer, managing director and venture capital research consultant at Cambridge Associates. "However, since June 30, 2011, the volatility of the public markets and economic uncertainty have challenged the IPO market, which may hinder distributions in the near term. If prolonged, this uncertainty may also negatively impact private company valuations and, therefore, fund performance going forward."

Vintage Year Return Ratios

The chart on the next page lists the ratio between the dollars paid into venture capital funds by limited partners (LPs) and the dollars distributed back to them by vintage year. The chart also includes the multiple of residual value to paid-in capital as of 6/30/11. For example, the 2004 vintage year funds have distributed cash of 0.30 times the amount of capital paid in by LPs and the residual value is 1.14 times the paid-in capital; the total value multiple is therefore 1.44 times. 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 1996 vintage year funds continue to have the most positive ratio, returning 4.97 times the capital contributed by LPs, a number which rises to 5.03 should those funds realize the value of what is currently in the portfolio. More recent vintage years have yet to return significant cash to LPs as most funds do not have the opportunity to begin returning capital until after year five.

Vintage Year Multiples Analysis
Pooled Mean Net to Limited Partners
As of June 30, 2011

Vintage Year	Distribution to Paid in Capital (DPI)	Residual Value to Paid in Capital (RVPI)	Total Value to Paid in Capital (TVPI)
1981-1995	3.52	0.01	3.53
1996	4.97	0.07	5.03
1997	3.05	0.04	3.01
1998	1.37	0.13	1.50
1999	0.75	0.20	0.95
2000	0.60	0.38	0.98
2001	0.53	0.57	1.10
2002	0.51	0.54	1.06
2003	0.42	0.85	1.27
2004	0.30	1.14	1.44
2005	0.22	0.93	1.16
2006	0.13	1.04	1.17
2007	0.13	1.18	1.31
2008	0.06	1.20	1.26
1981-2010	**1.08**	**0.52**	**1.60**

Source: Cambridge Associates LLC

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 June 30, 2011, the database included 1,319 venture funds formed from 1981 through 2011.

About NVCA

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.

About Cambridge Associates

Founded in 1973, Cambridge Associates is a provider of independent investment advice and research to institutional investors and private clients worldwide. Today the firm serves over 900 global investors representing more than $2.5 trillion in aggregate assets. Cambridge Associates delivers a range of services, including investment consulting, outsourced portfolio solutions, research services and tools (Research Navigator[sm] and Benchmark Calculator), and performance monitoring, across all asset classes. The firm compiles the performance results for more than 4,500 private partnerships and their more than 62,000 portfolio company investments to publish its proprietary private investments 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. Cambridge Associates has more than 1,000 employees serving its client base globally and maintains offices in Arlington, VA; Boston; Dallas; Menlo Park, CA; London; Singapore; Sydney; and Beijing. Cambridge Associates is recognized as a thought leader, innovator and advocate for institutional investors. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.