



Venture Capital Fundraising Activity Remains Lackluster in Q3 2010

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Fewer Firms Raising Smaller Funds Remains the Trend

New York, October 11, 2010 - Forty-five US venture capital funds raised nearly \$3 billion in the third quarter of 2010, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level marks a 40% increase, by dollar commitments, compared to the second quarter of 2010, which saw 51 funds raise \$2.1 billion during the period. Most of this increase was attributable to a single \$750 million fund closing in the quarter.

Fundraising by Venture Funds		
Year/Quarter	Number of Funds	Venture Capital (\$M) □
2005	245	29,786.5
2006	243	32,125.7
2007	252	35,426.7
2008	229	28,500.0
2009	151	16,455.2
2010	124	9,103.2
3Q'08	62	8,449.9
4Q'08	55	3,620.4
1Q'09	59	5,373.9
2Q'09	40	4,718.0
3Q'09	32	2,310.3
4Q'09	46	4,053.1
1Q'10	43	3,968.8
2Q'10	51	2,142.8
3Q'10	45	2,991.6

Source: Thomson Reuters and National Venture Capital Association

"With funds sizes getting smaller and fewer firms raising money, we are experiencing a period of time in which venture capital investment is consistently outpacing fundraising, creating an industry that will be considerably smaller in the next decade" said Mark Heesen, president of the NVCA. "While the inclination is to assume that a contracting industry is problematic, most venture capitalists and their limited partners believe that this environment will drive future returns upward without harming innovation and job creation."

There were 31 follow-on funds and 14 new funds raised in the third quarter of 2010, a ratio of 2.2-to-1 of follow-on to new funds. The largest new fund reporting commitments during the third quarter of 2010 was New York-based Raine Partners I, L.P., which raised \$303.4 million in its inaugural fund. A "new" fund is defined as the first fund at a newly established firm, although the general partner 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
2005	54	191	245
2006	67	176	243
2007	77	175	252
2008	63	166	229
2009	42	109	151
2010	35	89	124
3Q'08	16	46	62
4Q'08	17	38	55
1Q'09	10	49	59
2Q'09	14	26	40
3Q'09	12	20	32

4Q'09	14	32	46
1Q'10	13	30	43
2Q'10	13	38	51
3Q'10	14	31	45

Source: Thomson Reuters and National Venture Capital Association

The largest funds raised during the third quarter of 2010 was Menlo Park, California-based Institutional Venture Partners XIII, L.P. which raised \$750 million followed Boston, Massachusetts-based Third Rock Ventures II, L.P., which raised \$426 million.

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.

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About National Venture Capital Association

The National Venture Capital Association (NVCA) represents more than 400 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 2008 Global Insight study, venture-backed companies accounted for 12.1 million jobs and \$2.9 trillion in revenue in the United States 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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