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National Venture Capital Association

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NEWS RELEASE

FOR IMMEDIATE RELEASE

VENTURE CAPITAL FUNDRAISING ACTIVITY SLOWS IN THE THIRD QUARTER OF 2008

New York, October 13, 2008 Fifty-five venture capital funds raised \$8.1 billion in the third quarter of 2008 according to Thomson Reuters and the National Venture Capital Association (NVCA). The number of funds raised in the quarter decreased by 29% from the same period in 2007, while the dollar value decreased by 6%.

Fundraising by Venture Funds, 2002-3Q 2008*

Year/Quarter	Number of Funds	Venture Capital (\$M)
2003	151	10,622.8
2004	210	19,144.8
2005	232	28,557.0
2006	238	31,756.4
2007	250	36,105.7
YTD 2008	178	24,326.1
1Q'06	76	6,799.0
2Q'06	81	14,529.5
3Q'06	68	5,080.4
4Q'06	69	5,347.5
1Q'07	83	6,636.8
2Q'07	83	8,641.9
3Q'07	78	8,595.5
4Q'07	85	12,231.5
1Q'08	70	6,959.2
2Q'08	76	9,247.7
3Q'08	55	8,119.2

Source: Thomson Reuters & National Venture Capital Association



“The third quarter fundraising statistics reflect the already anticipated trend that is likely to be pervasive in the coming year – fewer firms raising larger funds,” said Mark Heesen, president of the NVCA. “Many firms with proven track records will be raising funds in excess of \$500 million to invest in longer term, capital intensive industries such as life sciences and clean technology. These firms will drive up the average fund sizes. And despite the turbulence in the financial markets, top tier venture firms will continue to be successful in their fundraising endeavors as there remains a strong pool of innovative companies looking for funding.”

The ratio of follow-on to new funds approached 5-to-1 in the third quarter of 2008, compared to 4-to-1 in the third quarter of 2007. Ten new funds and 45 follow-on funds were raised in the third quarter. 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
2003	53	98	151
2004	56	154	210
2005	61	171	232
2006	53	185	238
2007	60	190	250
YTD 2008	36	142	178
1Q'06	18	58	76
2Q'06	15	66	81
3Q'06	15	53	68
4Q'06	18	51	69
1Q'07	21	62	83
2Q'07	16	67	83
3Q'07	16	62	78
4Q'07	25	60	85
1Q'08	10	60	70
2Q'08	22	54	76
3Q'08	10	45	55

Source: Thomson Reuters & National Venture Capital Association

The largest funds raised in the third quarter were Sequoia Capital US Growth Fund IV, L.P. (later stage; \$929.5 million), Austin Ventures X, L.P. (balanced stage; \$900 million), and InterWest Partners X, L.P. (early stage; \$650 million).

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THOMSON REUTERS



National Venture Capital Association

Page 3 of 3
October 13, 2008

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About National Venture Capital Association

The National Venture Capital Association (NVCA) represents approximately 450 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 2007 Global Insight study, venture-backed companies accounted for 10.4 million jobs and \$2.3 trillion in revenue in the United States in 2006. 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.