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National Venture Capital Association

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NEWS RELEASE

FOR IMMEDIATE RELEASE

**VENTURE CAPITAL PERFORMANCE DECLINES SLIGHTLY AS OF SECOND
QUARTER 2008**

Venture Returns Still Exceed NASDAQ and S&P Returns Across All Time Horizons

New York, NY, October 27, 2008 – Venture capital performance showed positive returns across all investment horizons ending June 30, 2008, according to Thomson Reuters and the National Venture Capital Association (NVCA).

The one-year all venture private equity performance index (PEPI) showed the greatest change from the first quarter 2008, with an 8.2 point decrease to 5.1% in second quarter 2008. Historically, short-term horizons show significant fluctuations quarter over quarter based on current exit market conditions. The closed IPO window in the second quarter did drive lower one-year return numbers overall. The next largest consecutive quarterly change occurred in the three-year time horizon where all venture PEPI decreased by 1.1 points quarter-over-quarter. Five-year and ten-year performance also posted modest declines from the previous quarter, decreasing .2 and .6 percentage points, respectively. Twenty-year performance figures showed a small quarter-over quarter increase to 16.9% from 16.8% in the first quarter.

“We have yet to see the full impact of the capital markets crisis in the venture capital performance numbers,” said Mark Heesen, president of the NVCA. “We will likely begin to see pressure on both short and long term returns in the next several years as the highly prosperous years of 1998 and 1999 fall out of the ten-year numbers and are replaced with most recent years when the IPO window has been sealed shut.”

Venture returns across all horizons outperformed public market indices, NASDAQ and the S&P 500, through 6/30/2008.



Thomson Reuters' US Private Equity Performance Index (PEPI)

Investment Horizon Performance through 6/30/2008

Fund Type	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
Early/Seed VC	2.1	4.9	5.0	32.9	21.4
Balanced VC	2.5	10.8	11.9	14.4	14.7
Later Stage VC	15.3	12.4	11.1	8.5	14.5
All Venture	5.1	8.5	8.8	16.6	16.9
NASDAQ	-11.1	3.6	7.0	1.9	9.2
S&P 500	-13.8	2.4	5.5	1.2	8.0
All Venture (through 3/31/2008)	13.3	9.6	9.0	17.2	16.8
All Venture (through 6/30/2007)	25.5	11.3	5.1	19.3	16.4

Source: Thomson Reuters/National Venture Capital Association

**The Private Equity Performance Index is based on the latest quarterly statistics from Thomson Reuters' Private Equity Performance Database analyzing the cashflows and returns for over 1941 US venture capital and private equity partnerships with a capitalization of \$828 billion. Sources are financial documents and schedules from Limited Partner investors and General Partners. All returns are calculated by Thomson Reuters from the underlying financial cashflows. Returns are net to investor after management fees and carried interest.*

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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.