



## Venture Capital Performance Declines Slightly as of 2Q2008

Thomson Reuters and National Venture Capital Association

Venture capital performance showed positive returns across all investment horizons ending 30 June 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 1Q2008, falling 8.2% to 5.1% in 2Q2008. Historically, short-term horizons show significant fluctuations quarter-over-quarter based on current exit market conditions. Overall, the closed IPO window in the second quarter did drive lower one-year return numbers. The next largest consecutive quarterly change occurred in the three-year time horizon where all venture PEPI decreased by 1.1% quarter-over-quarter. Five-year and ten-year performance also posted modest declines from the previous quarter, decreasing 0.2% and 0.6% percentage 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 30 June 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
<b>All Venture</b>	<b>5.1</b>	<b>8.5</b>	<b>8.8</b>	<b>16.6</b>	<b>16.9</b>
NASDAQ	-11.1	3.6	7.0	1.9	9.2
S&P 500	-13.8	2.4	5.5	1.2	8.0
<b>All Venture (through 3/31/2008)</b>	<b>13.3</b>	<b>9.6</b>	<b>9.0</b>	<b>17.2</b>	<b>16.8</b>
<b>All Venture (through 6/30/2007)</b>	<b>25.5</b>	<b>11.3</b>	<b>5.1</b>	<b>19.3</b>	<b>16.4</b>

Source: Thomson Reuters/National Venture Capital Association

\*Note: The Private Equity Performance Index is based on the latest quarterly statistics from Thomson Reuters' Private Equity Performance Database analysing the cash flows and returns for over 1,941 US venture capital and private equity partnerships with a capitalisation of US\$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 cash flows. Returns are net-to-investor after management fees and carried interest.

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The National Venture Capital Association (NVCA) represents approximately 450 venture capital firms in the US. NVCA's mission is to foster greater understanding of the importance of venture capital to the US economy, and support entrepreneurial activity and innovation. 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](http://www.nvca.org).