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## NEWS RELEASE

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### VENTURE CAPITAL FIRMS RAISED \$5.6 BILLION IN FOURTH QUARTER, AS INDUSTRY CONTINUED TO CONSOLIDATE IN 2011

**New York, January 9, 2012** – Thirty-eight U.S. venture capital funds raised \$5.6 billion in the fourth quarter of 2011, according to Thomson Reuters and the National Venture Capital Association (NVCA). This level marks a 162 percent increase by dollar commitments but a 41 percent decline by number of funds compared to the third quarter of 2011, which saw 64 funds raise \$2.1 billion during the period. This quarter marks the lowest number of funds raising money since the third quarter of 2009. U.S. venture capital fundraising for all of 2011 totaled \$18.17 billion from 169 funds, a 32 percent increase by dollars compared to 2010 and with the same number of funds.

#### Fundraising by Venture Funds

Year/Quarter	Number of Funds	Venture Capital (\$M)
2007	237	31,061.1
2008	212	25,932.9
2009	161	16,406.8
2010	169	13,777.8
2011	169	18,166.0
1Q'09	58	4,945.9
2Q'09	42	5,008.1
3Q'09	36	2,345.4
4Q'09	49	4,107.4
1Q'10	47	4,270.7
2Q'10	48	2,099.9
3Q'10	55	3,677.6
4Q'10	48	3,729.6
1Q'11	45	7,604.2
2Q'11	46	2,814.4
3Q'11	64	2,139.8
4Q'11	38	5,606.0

Source: Thomson Reuters and National Venture Capital Association



“This past year we saw more venture capital money raised by essentially the same number of firms, a sign that consolidation within the industry is continuing,” said Mark Heesen, president of NVCA. “We also continued to invest more money in companies than we raised from our investors. Both of these trends – if they continue -- suggest that the level and breadth of venture investment is starting to recalibrate to reflect a concentration of capital in the hands of fewer investors. Our cottage industry is indeed getting smaller still and that will impact the startup ecosystem over time.”

There were 29 follow-on funds and 9 new funds raised in the fourth quarter of 2011, a ratio of 3.22-to-1 of follow-on to new funds. The largest new fund reporting commitments during the fourth quarter of 2011 and for the full year was from Washington, D.C. based Revolution LLC which raised \$450 million for the firm’s inaugural fund. A “new” fund is defined as the first fund at a newly established firm, although the general partners 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
<b>2007</b>	59	169	228
<b>2008</b>	50	159	209
<b>2009</b>	39	122	161
<b>2010</b>	52	117	169
<b>2011</b>	49	120	169
<b>1Q'09</b>	10	48	58
<b>2Q'09</b>	13	29	42
<b>3Q'09</b>	12	24	36
<b>4Q'09</b>	11	38	49
<b>1Q'10</b>	13	34	47
<b>2Q'10</b>	17	31	48
<b>3Q'10</b>	20	35	55
<b>4Q'10</b>	15	33	48
<b>1Q'11</b>	12	33	45
<b>2Q'11</b>	15	31	46
<b>3Q'11</b>	21	43	64
<b>4Q'11</b>	9	29	38

Source: Thomson Reuters and National Venture Capital Association

Fourth quarter 2011 venture capital fundraising was lead by Menlo Park, California based Khosla Ventures which raised \$1.05 billion, the firm’s largest fund to date and the fourth largest fund year-to-date. Raising \$1.6 billion, Bessemer Venture Partners III was the top fund of 2011 while Sequoia Capital 2010, LP. (\$1.3 billion) and J.P. Morgan Digital Growth fund (\$1.2 billion) were second and third respectively.



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### **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.

Effective November 1, 2010, Thomson Reuters venture capital fund data has been updated in order to provide more consistent and relevant categories for searching and reporting. As a result of these changes, there may be shifts in historical fundraising statistics as a result of movements of funds between primary market & nation samples and/or between fund stage categories.

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### **About National Venture Capital Association**

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](http://www.nvca.org).