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## **VENTURE CAPITAL FUNDS RAISED \$20.6 BILLION DURING 2012**

# VC Industry Continues to Bifurcate Into Large and Small Funds

New York, January 7, 2013 – U.S. venture capital firms raised \$20.6 billion from 182 funds during full year 2012, a 10 percent increase by dollar commitments compared to full year 2011, and a three percent decline by number of funds, according to Thomson Reuters and the National Venture Capital Association (NVCA). During the fourth quarter of 2012, 42 U.S. venture capital funds raised \$3.3 billion. This level marks a 35 percent decrease by dollar commitments and a 25 percent decrease by number of funds compared to the third quarter of 2012, which saw 56 funds raise \$5.1 billion during the period. The top five venture capital funds accounted for 55 percent of total fundraising this quarter, on par with the third quarter of 2012.

Year/Quarter	Number of Funds	Venture Capital (\$M)
2008	215	25,577.2
2009	162	16,187.9
2010	176	13,669.8
2011	187	18,745.7
2012	182	20,569.9
4Q'10	50	3,712.2
1Q'11	49	7,699.5
2Q'11	48	2,713.3
3Q'11	66	2,116.0
4Q'11	54	6,217.0
1Q'12	54	5,987.4
2Q'12	46	6,203.7
3Q'12	56	5,088.0
4Q'12	42	3,290.8

Source: Thomson Reuters and National Venture Capital Association





Page 2 of 3 January 7, 2013

"The venture capital fundraising environment has settled into a 'new normal' which is characterized by a barbell structure of larger funds which are stage and industry agnostic on one end, and smaller, early stage, industry or region specific funds on the other," said Mark Heesen, president of NVCA. "It is on these two ends of the spectrum where capital is concentrating and successful firms are raising follow-on funds. Simultaneously, new funds continue to enter the asset class, almost exclusively at the smaller end of the spectrum. This structure, coupled with increasingly discerning limited partners, has kept the overall size of the venture industry below \$25 billion each year since 2009, a size that many believe to be optimal for successful investing and maximizing returns."

There were 127 follow-on funds and 55 new funds raised during the full year 2012, a ratio of 2.3-to-1 of follow-on to new funds. During the fourth quarter of 2012, 25 follow-on funds and 17 new funds were raised, a ration of 1.5-to-1. The largest new fund reporting commitments during the fourth quarter of 2012 was from Raleigh, North Carolina-based Novaquest Pharma Opportunities Fund III, L.P. which raised \$244.0.1 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.

	No. of New	No. of Follow- on	Total
2008	49	166	215
2009	42	120	162
2010	61	115	176
2011	59	128	187
2012	55	127	182
4Q'10	21	29	50
1Q'11	15	34	49
2Q'11	17	31	48
3Q'11	21	45	66
4Q'11	15	39	54
1Q'12	15	39	54
2Q'12	14	32	46
3Q'12	17	39	56
4Q'12	17	25	42

Source: Thomson Reuters and National Venture Capital Association

Fourth quarter 2012 venture capital fundraising was led by Menlo Park, California-based Sequoia Capital Global Growth Fund, L.P., which raised \$700 million and Portola Valley, California-based Venture Lending & Leasing VII LLC, which raised \$373.1 million.





Page 3 of 3 January 7, 2013

## 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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