

MoneyTreeTM Report*

Data provided by Thomson Reuters

Q2 2009 US results

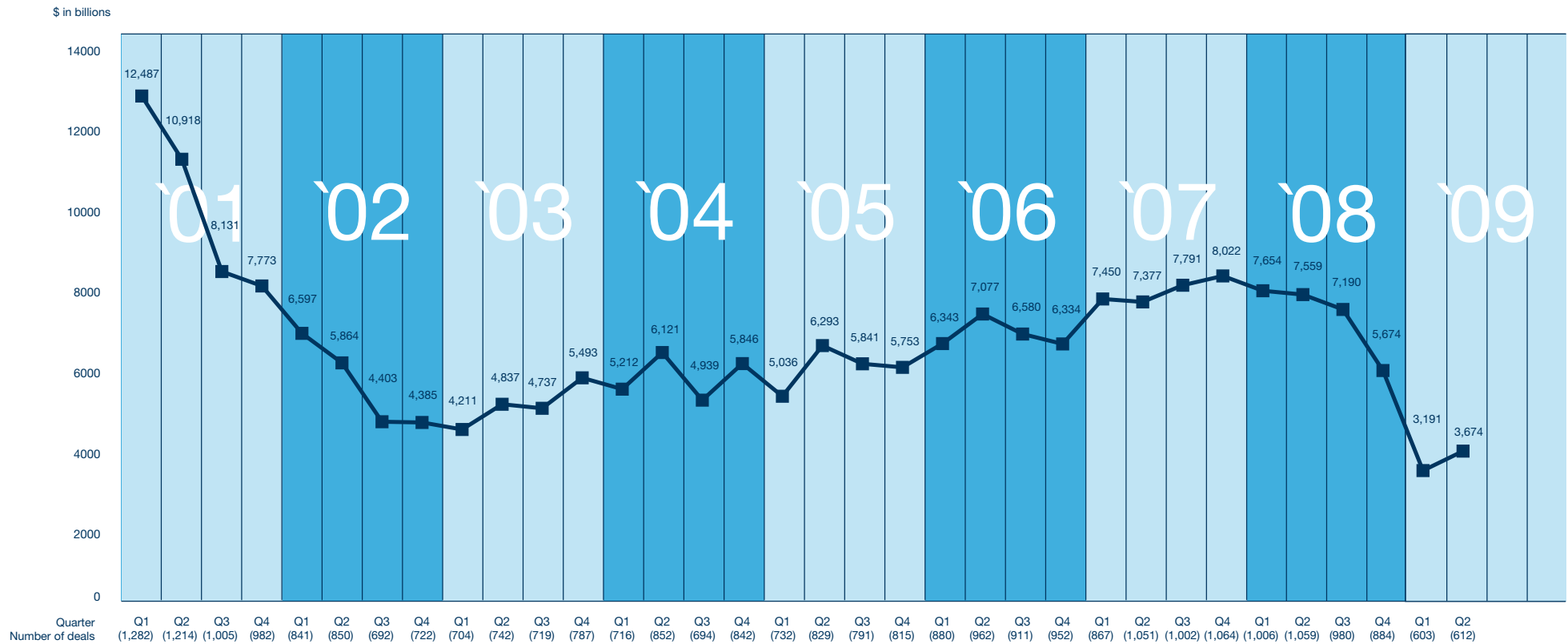
The Q2 2009 MoneyTreeTM results are in! This special report provides summary results of Q2 2008, Q1 2009, and Q2 2009. More detailed results, including an expanded version of this report, can be found on the MoneyTreeTM website at www.pwcmoneytree.com.



Total equity investments into venture-backed companies

Venture capitalists invested \$3.7 billion in 612 deals in the second quarter of 2009, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA), based on data provided by Thomson Reuters. Quarterly investment activity increased 15 percent in terms in dollars and

remained essentially flat in number of deals as compared to the first quarter of 2009 when \$3.2 billion was invested in 603 deals. Based upon the \$6.9 billion invested during the first half of 2009, the annual total for the full year will most likely mirror the venture investing levels seen in 1996 and 1997 when annual investment levels ranged from \$11 billion to \$14 billion.



Investments by industry

Q2 2008, Q1 2009,
and Q2 2009

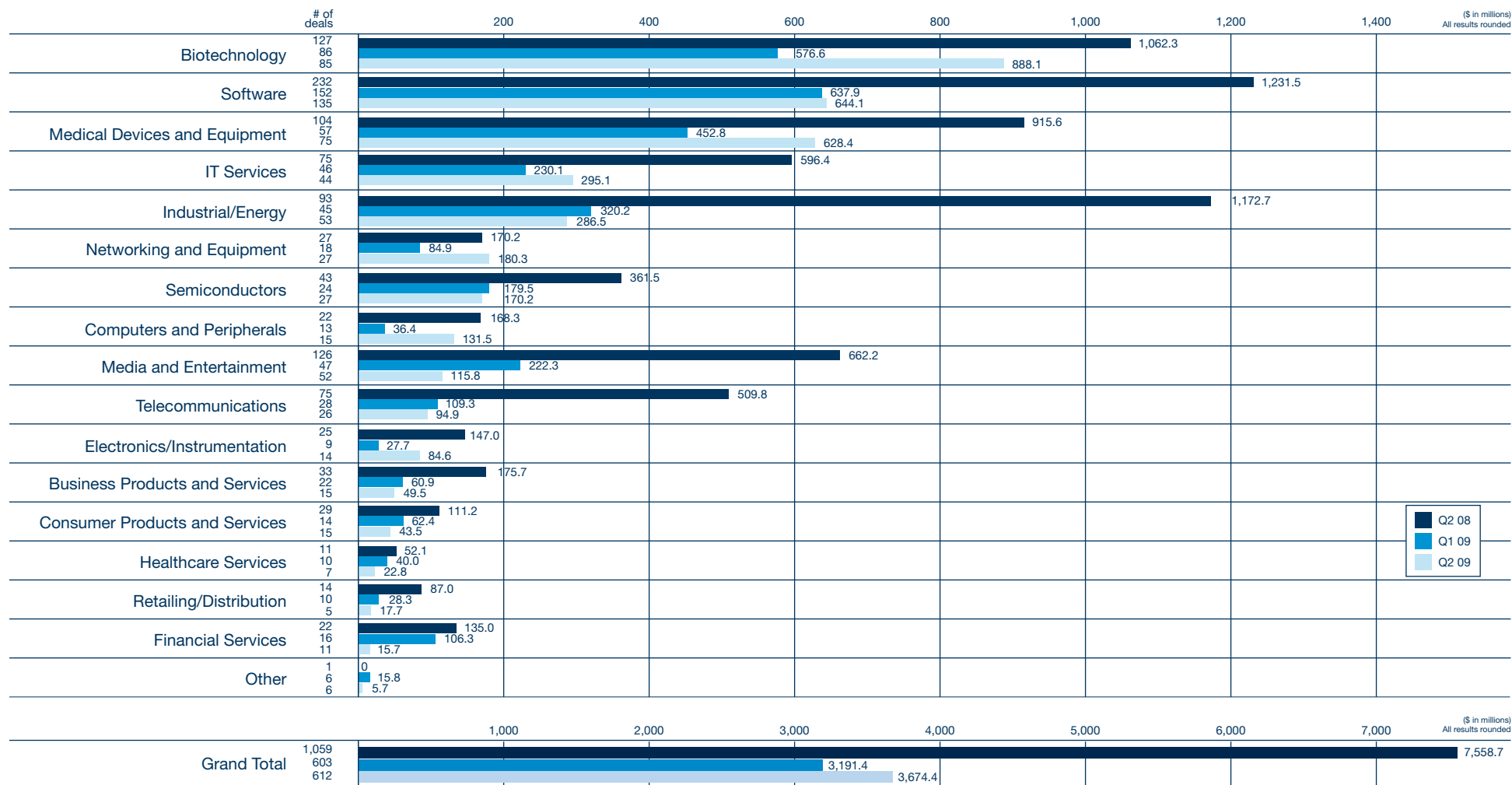
The Biotechnology industry received the highest level of funding for all industries in the quarter, jumping 54 percent over the first quarter with \$888 million going into 85 deals. The Software industry received the second highest level of funding and the most deals completed with \$644 million going into 135 rounds. This dollar level of investment was flat compared to the first quarter of 2009 when \$638 million went into 152 deals. Medical Device investments also experienced an increase, rising 38 percent in terms of dollars and 32 percent in deals with \$628 million going into 75 deals.

The Life Sciences sector (Biotechnology and Medical Device industries combined) experienced a significant rebound over the prior quarter, jumping 47 percent to \$1.5 billion going into 160 deals during the second quarter. The increase in Life Sciences can be attributed to a number of large deals completed in the quarter, including four of the top 10 deals. Investments in Life Sciences companies represented 41 percent of all investment dollars

and 26 percent of all deals in the second quarter, which is high compared to historical norms.

The Clean Technology sector, which crosses traditional MoneyTree industries and comprises alternative energy, pollution and recycling, power supplies and conservation, saw a 15 percent increase in dollars over the first quarter with \$274 million going into 42 deals. The number of deals completed in the second quarter remained flat compared to the first quarter. These investment levels remain a fraction of the dollars invested in Clean Tech in 2007 and 2008.

Other major industry sectors that experienced investment dollar declines in Q2 2009 included Semiconductors (5 percent decline to a 10-year low), Media and Entertainment (48 percent decline) and Telecommunications (13 percent decline). Sectors which saw increases in dollars included Networking and Equipment (112 percent increase), Computers and Peripherals (262 percent increase) and IT services (28 percent increase).



Definitions of the Industry categories can be found on the MoneyTree™ Web site at www.pwcmoneytree.com

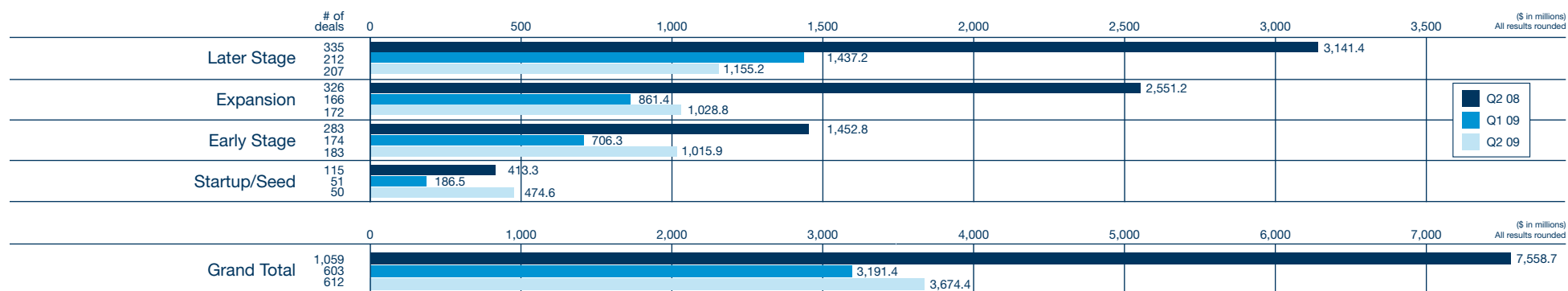
Investments by stage of development

Q2 2008, Q1 2009, and Q2 2009

Seed and Early stage investing skyrocketed 67 percent in terms of dollars in the second quarter of 2009, with \$1.5 billion invested into 221 deals, compared to the first quarter when venture capitalists invested \$885 million into 233 deals. The largest deal of the quarter was a Seed stage deal, which drove a significant percentage of the increase. Seed/Early stage deals accounted for 38 percent of total deal volume in the second quarter, unchanged from the first quarter. The average Seed deal in the second quarter was \$9.5 million, up significantly from \$3.7 million in the first quarter; the average Early stage deal was \$5.6 million in Q2, up from \$4.1 million in the prior quarter.

Expansion stage dollars increased 19 percent in the second quarter, with \$1 billion going into 172 deals. Overall, Expansion stage deals accounted for 28 percent of venture deals in the second quarter, the same percentage as in the first quarter of 2009. The average Expansion stage deal was \$6.0 million, up from \$5.2 million in the first quarter of 2009.

Investments in Later stage deals fell 20 percent in dollars and 2 percent in deals to \$1.2 billion going into 207 rounds. Later stage deals accounted for 34 percent of total deal volume in Q2, compared to 35 percent in Q1 2009 when \$1.4 billion went into 212 deals. The average Later stage deal in the second quarter was \$5.6 million, which decreased from \$6.8 million in the prior quarter.



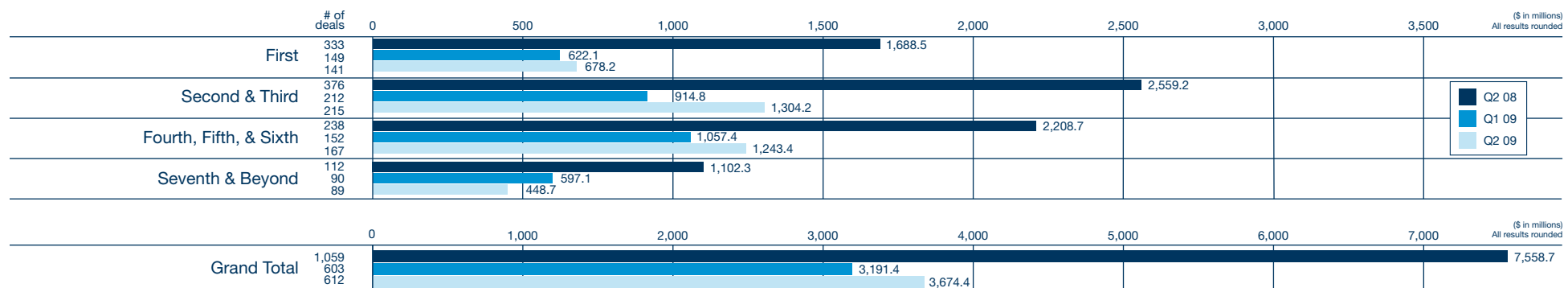
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Investments by sequence of financing

Q2 2008, Q1 2009, and Q2 2009

First-time financing (companies receiving venture capital for the first time) dollars increased 9 percent while the number of first-time deals declined by 5 percent in the second quarter when \$678 million went into 141 companies. This represents the lowest number of first-time deals since 1994. First-time financings accounted for 18 percent of all dollars and 23 percent of all deals in the second quarter compared to 19 percent of all dollars and 25 percent of all deals in the first quarter of 2009.

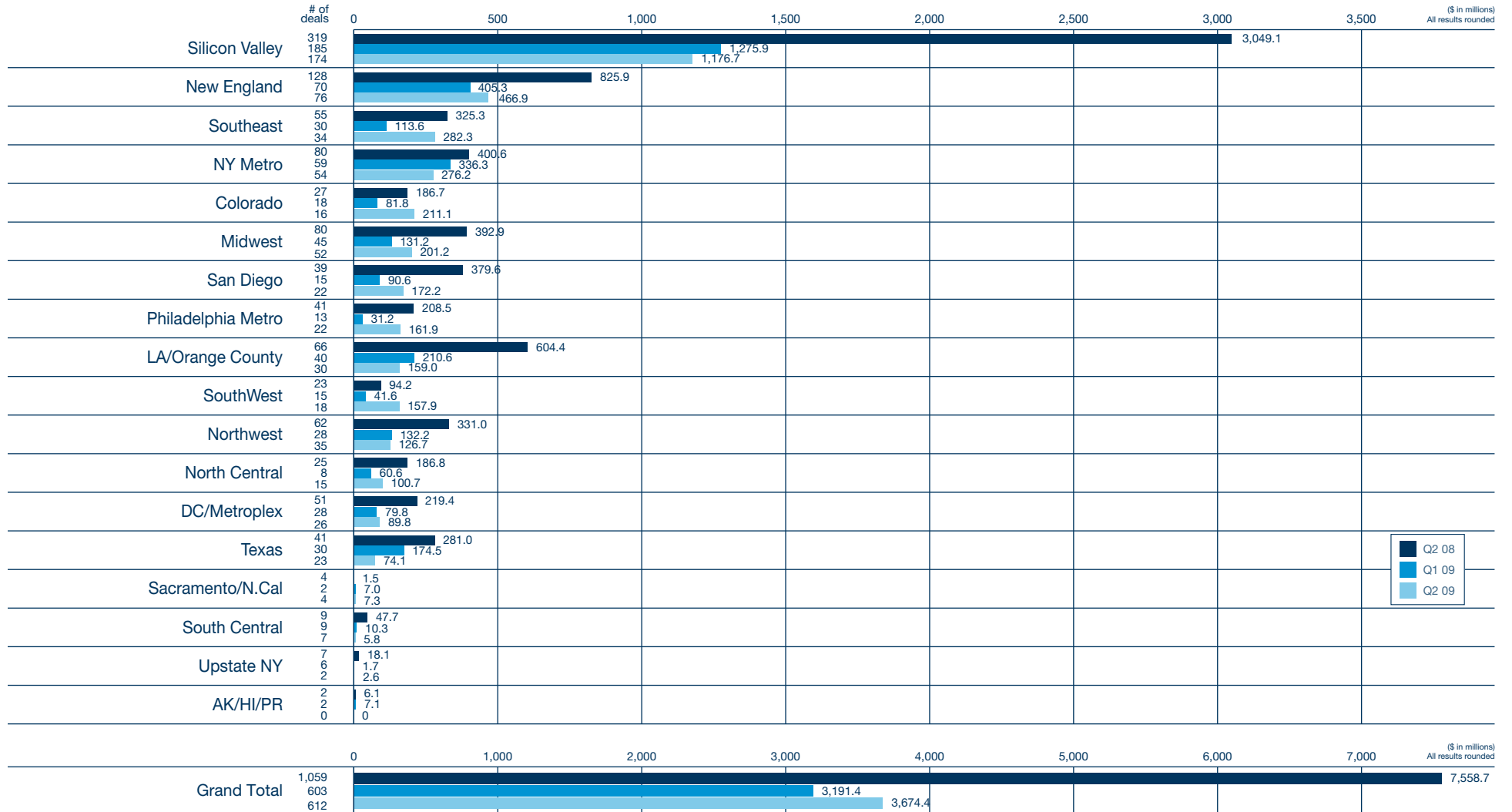
Companies in the Biotechnology, Medical Device and Software industries received the highest level of first-time dollars. The average first-time deal in the second quarter was \$4.8 million compared to \$4.2 million one quarter ago. Seed/Early stage companies received the bulk of first-time investments, garnering 73 percent of the dollars and 72 percent of the deals.



Investments by region

Q2 2008, Q1 2009,
and Q2 2009

Seven of the 18 regions experienced a drop in venture-backed funding in Q2 2009 including regional leader, Silicon Valley. Texas had the biggest decrease in dollars while Philadelphia Metro saw the biggest jump in both investments and deals with a 69 percent increase in deals and a 418 percent increase in investments over the first quarter. Taken together, the top three regions in Q2 2009—Silicon Valley, New England and the Southeast—accounted for 52 percent of the investments and 46 percent of the deals reported.



Unknown region totals are not included in the chart

Most active venture investors

Q2 2009

The most active venture investors in the US closed five or more deals each in Q2 2009. Of the 1,309 transactions reported in Q2 2009, the most active firms accounted for 438, or 33 percent of all investments. Canaan Partners topped the list with a total of 18 deals. Innovation Works, Inc. came in at a close second having made 17 investments during the quarter. New Enterprise Associates and Polaris Venture Partners round out the top three reporting 16 deals each.

Company	City	# of Deals
Canaan Partners	Westport, CT	18
Innovation Works, Inc.	Pittsburgh, PA	17
Kleiner Perkins Caufield & Byers	Menlo Park, CA	16
New Enterprise Associates	Baltimore, MD	16
Polaris Venture Partners	Waltham, MA	13
Duff Ackerman & Goodrich LLC	San Francisco, CA	11
First Round Capital	West Conshohocken, PA	11
US Venture Partners	Menlo Park, CA	11
Draper Fisher Jurvetson	Menlo Park, CA	10
Alta Partners	San Francisco, CA	9
ARCH Venture Partners	Chicago, IL	9
Highland Capital Partners LLC	Lexington, MA	9
Novak Biddle Venture Partners, L.P.	Bethesda, MD	9
Venrock Associates	Palo Alto, CA	9
OVP Venture Partners	Kirkland, WA	8
Redpoint Ventures	Menlo Park, CA	8
Accel Partners	Palo Alto, CA	7
CMEA Capital	San Francisco, CA	7
De Novo Ventures	Palo Alto, CA	7
Domain Associates LLC	Princeton, NJ	7
HealthCare Ventures LLC	Cambridge, MA	7
Ignition Partners	Bellevue, WA	7
Intersouth Partners	Durham, NC	7
Mohr Davidow Ventures	Menlo Park, CA	7
North Bridge Venture Partners	Foster City, CA	7
Sequoia Capital	Menlo Park, CA	7
TL Ventures	Wayne, PA	7
Altira Group LLC	Denver, CO	6
Atlas Venture, Ltd.	Waltham, MA	6
Ben Franklin Technology Partners Southeastern PA	Philadelphia, PA	6

Company	City	# of Deals
Chrysalis Ventures	Louisville, KY	6
Foundation Medical Partners	Rowayton, CT	6
HLM Venture Partners	Boston, MA	6
InterWest Partners	Menlo Park, CA	6
Lightspeed Venture Partners	Menlo Park, CA	6
Morgenthaler Ventures	Menlo Park, CA	6
Novartis Venture Fund	New York, NY	6
Panorama Capital	Menlo Park, CA	6
True Ventures	Palo Alto, CA	6
Advantage Capital Partners	New Orleans, LA	5
August Capital Management	Menlo Park, CA	5
Battery Ventures, L.P.	Waltham, MA	5
Benchmark Capital	Menlo Park, CA	5
Connecticut Innovations, Inc.	Rocky Hill, CT	5
Delphi Ventures	Menlo Park, CA	5
Flagship Ventures	Cambridge, MA	5
Foundation Capital	Menlo Park, CA	5
Greylock Partners	Waltham, MA	5
Hopewell Ventures	Chicago, IL	5
Intel Capital	Santa Clara, CA	5
Khosla Ventures	Menlo Park, CA	5
Mayfield Fund	Menlo Park, CA	5
Millennium Technology Ventures	New York, NY	5
New Leaf Venture Partners LLC	New York, NY	5
Oxford Bioscience Partners	Boston, MA	5
RAIN Source Capital, Inc.	Saint Paul, MN	5
Sanderling Ventures	San Mateo, CA	5
Sofinnova Ventures	San Francisco, CA	5
Verge	Albuquerque, NM	5
Versant Ventures	Menlo Park, CA	5

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