

MoneyTreeTM Report*

Data provided by Thomson Reuters

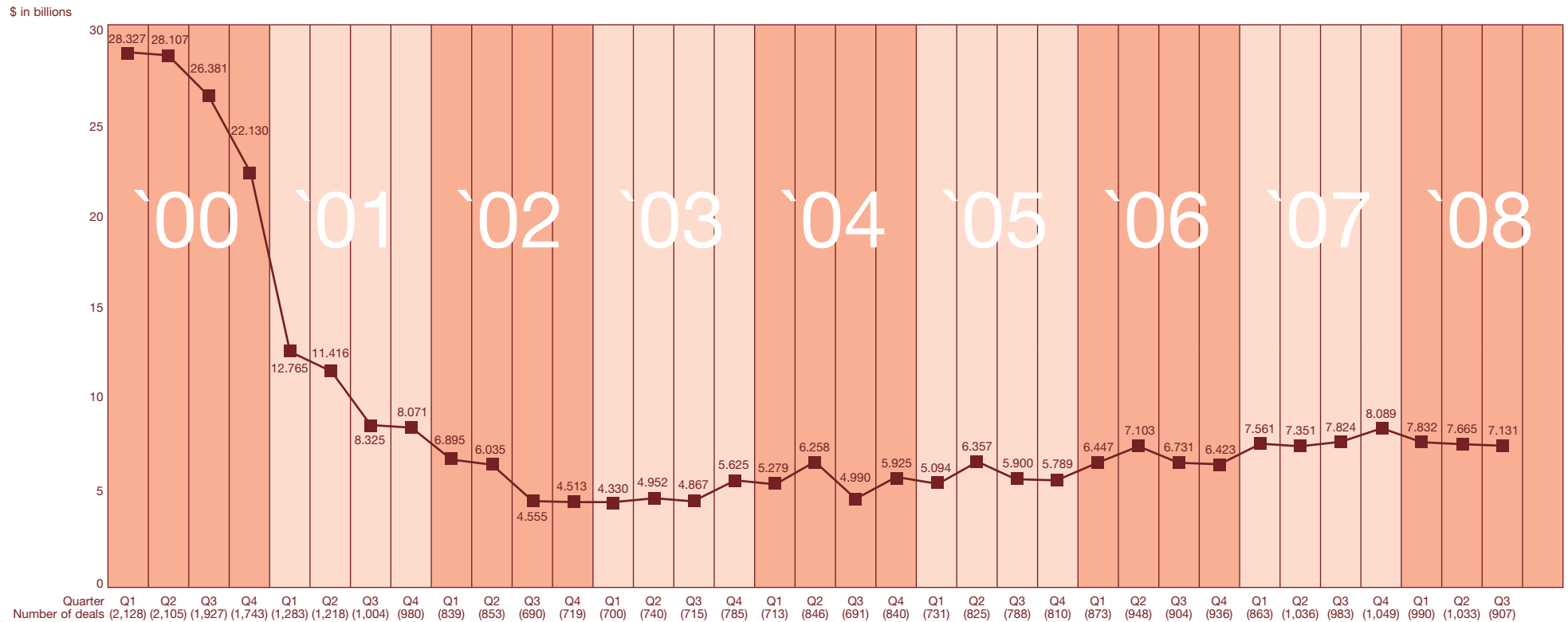
Q3 2008 US results

The Q3 2008 MoneyTreeTM results are in! This special report provides summary results of Q3 2007, Q2 2008, and Q3 2008. More detailed results can be found on the MoneyTreeTM website at www.pwcmoneytree.com.



Total equity investments into venture-backed companies

Despite the turmoil in the global financial markets, US venture capital investing remained within historical norms in the third quarter of 2008. Venture capitalists invested \$7.1 billion in 907 deals according to the MoneyTree Report. Third quarter investment activity was down seven percent from the second quarter of 2008 when \$7.7 billion was invested in 1,033 deals and down nine percent compared to funding the same time last year. The third quarter saw ongoing interest in the Cleantech and Life Sciences sectors while Seed/Early stage deals accounted for 39 percent of total deal volume.



Investments by industry

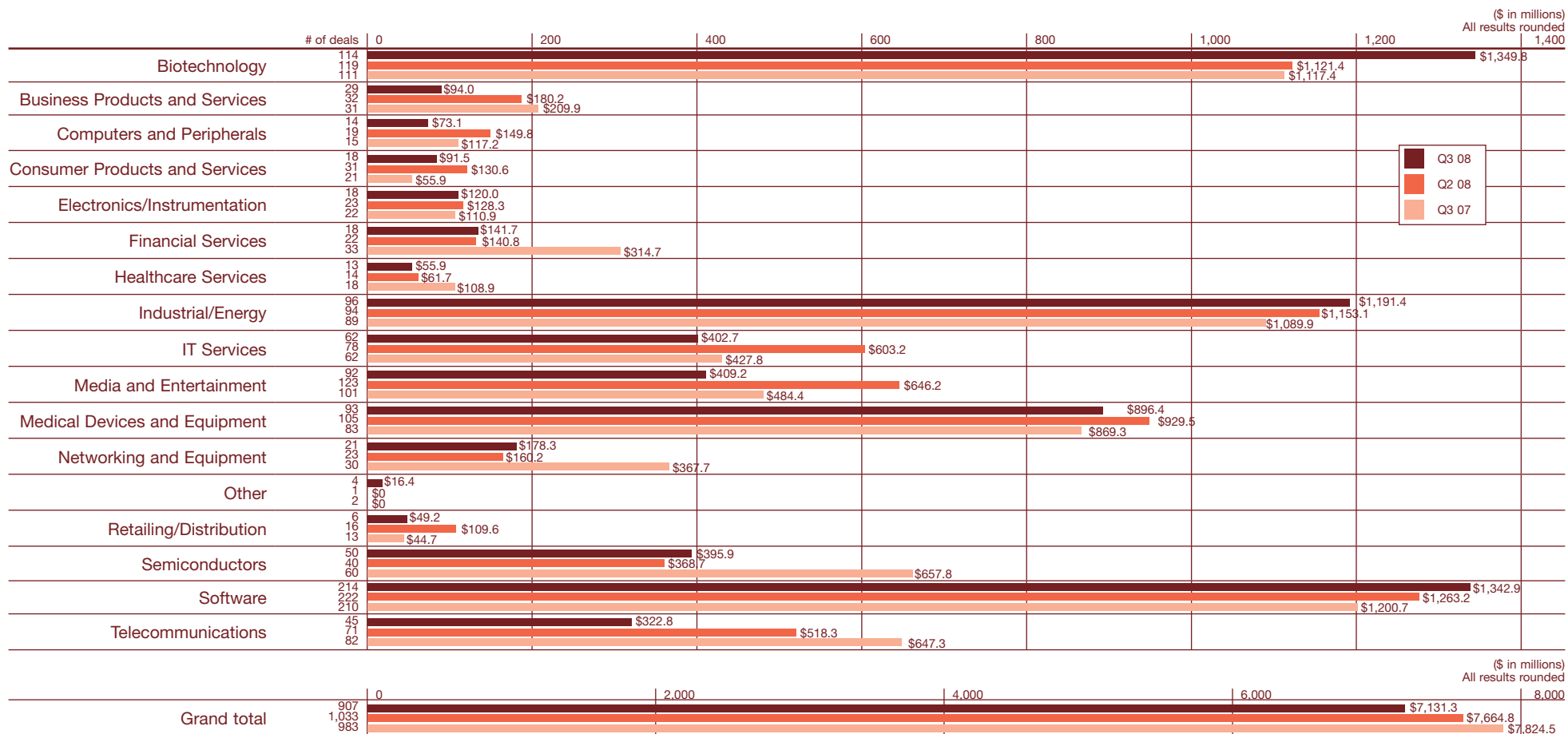
Q3 2007, Q2 2008
and Q3 2008

The Biotechnology sector narrowly edged out Software as the number one industry sector for the quarter with \$1.35 billion going into 114 deals. Based on number of deals, however, Software remained the top industry with 214 companies receiving funding in the third quarter compared to only 114 Biotech companies. Industrial/Energy, driven by Clean Technology investment, companies captured the third highest level of funding in Q3 with \$1.2 billion going into 96 deals.

The Life Sciences sector (Biotechnology and Medical Devices combined) saw a 10 percent increase in VC investing in the third quarter with \$2.2 billion going into 207 deals, an 8 percent drop in deals from the second quarter of 2008. This decrease is attributed to declining investment levels in the Medical Devices sector. Investments in Life Sciences companies represented 31 percent of all investment dollars and 23 percent of all deals in the third quarter.

The Clean Technology sector, which crosses traditional MoneyTree industries and comprises alternative energy, pollution and recycling, power supplies and conservation, saw an increase in investment in the third quarter with \$1.0 billion dollars going into 73 deals. This level of investment is 14 percent higher than the second quarter when venture capitalists invested \$887 million into 68 deals.

Industrial/Energy was essentially flat in the third quarter with \$1.2 billion going into 96 deals compared to the second quarter when \$1.2 billion went into 94 deals. The Semiconductor industry rebounded slightly from the prior quarter's drop, rising 7 percent over the prior quarter to \$396 million going into 50 deals. The Telecommunications industry, with \$323 million invested into 45 deals, sunk to its lowest investment level since Q3 1997.



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

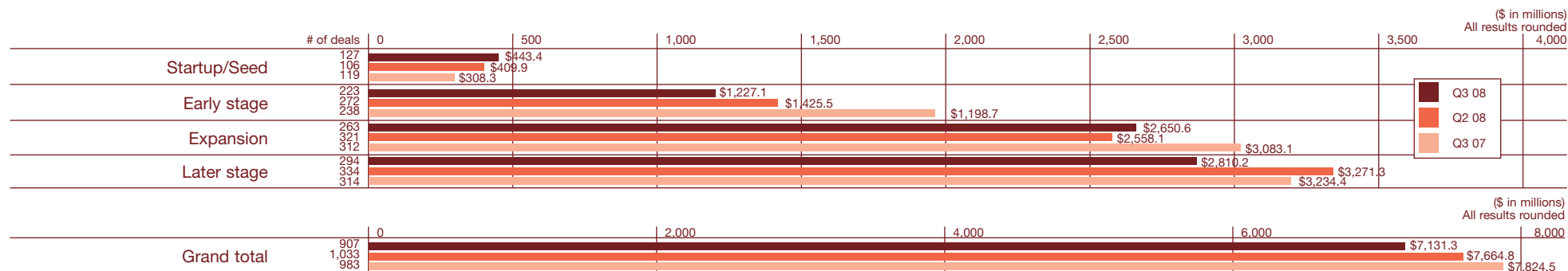
Investments by stage of development

Q3 2007, Q2 2008 and Q3 2008

Seed/Early stage investing fell slightly in the third quarter to \$1.7 billion into 350 deals compared to the second quarter of 2008 when venture capitalists invested \$1.8 billion into 378 deals. Seed/Early stage deals accounted for 39 percent of total deal volume in the third quarter, up from 37 percent in the second quarter of 2008. The average Seed deal in the third quarter was \$3.5 million, down from \$3.9 million in the second quarter; the average Early stage deal was \$5.5 million in Q3, up from \$5.2 million in the prior quarter.

Expansion stage dollars dropped slightly in the third quarter, with \$2.7 billion going into 263 deals. The number of deals, however, dropped 18 percent compared to the 321 deals funded in the second quarter. Overall, Expansion stage deals accounted for 29 percent of venture deals in the quarter, the lowest level in the history of the survey. The average Expansion stage deal was \$10.1 million, up notably from \$8.0 million in the second quarter of 2008.

Investments in Later stage deals dropped 14 percent with \$2.8 billion going into 294 deals and accounting for 32 percent of total deal volume. In the second quarter of 2008, \$3.3 billion went into 334 deals. The average Later stage deal in the third quarter was \$9.6 million, slightly lower than the prior quarter when the average Later stage deal size was \$9.8 million.



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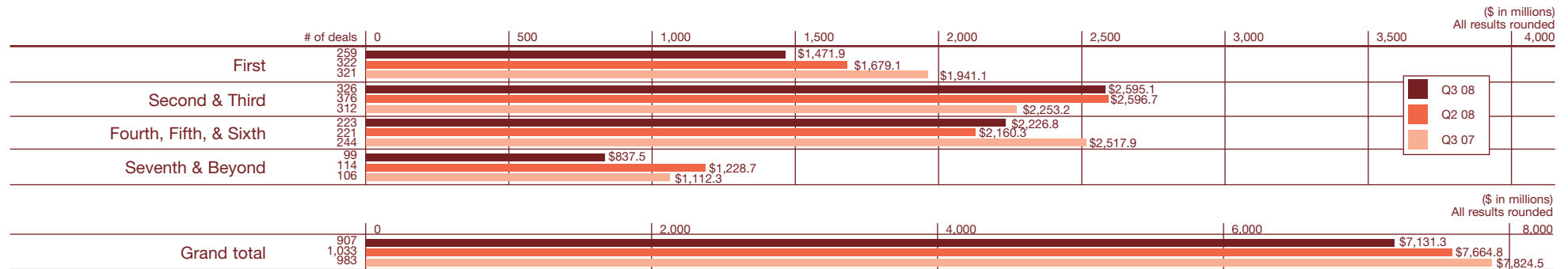
Investments by sequence of financing

Q3 2007, Q2 2008 and Q3 2008

The dollar value of first-time deals (companies receiving venture capital for the first time) declined 12 percent to \$1.5 billion in the third quarter. The number of deals also declined, dropping 20 percent to 259, down from the 322 receiving venture capital for the first time in the prior quarter. First-time financings accounted for 21 percent of all dollars and 29 percent of all deals in the third quarter, compared to 22 percent of all dollars and 31 percent of all deals in the second quarter. The percentage of dollars going into first-time financings is the lowest since the second quarter of 2004 when 20 percent of total investments went to companies receiving venture capital for the first time. The percentage of deals is at the lowest level since the first quarter of 2004 when 27.2 percent of deals went to companies receiving venture capital for the first time.

Companies in the Industrial/Energy, Software, and Biotechnology industries received the highest level of first-time dollars in Q3. Other industries seeing an increase in first-time financings in Q3 include Semiconductors, Networking & Equipment, and Healthcare Services when compared to Q2.

The average size of the first-time deal in the third quarter was \$5.7 million compared to \$5.2 million one quarter ago. Seed/Early stage companies received the bulk of first-time investments garnering 55 percent of the dollars and accounting for nearly three-fourths of the deals.



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Most active venture investors

Q3 2008

The third quarter 2008 most active US venture investors closed eight or more deals. Of the 2,227 transactions reported in the third quarter, the most active firms accounted for 450, or 20 percent of total deals completed in the quarter. Draper Fisher Jurvetson topped the third quarter's most active list with a total of 26 deals. Intel Capital, with 20 investments, and New Enterprise Associates, with 19 deals, round out the top three venture capital firms for the quarter.

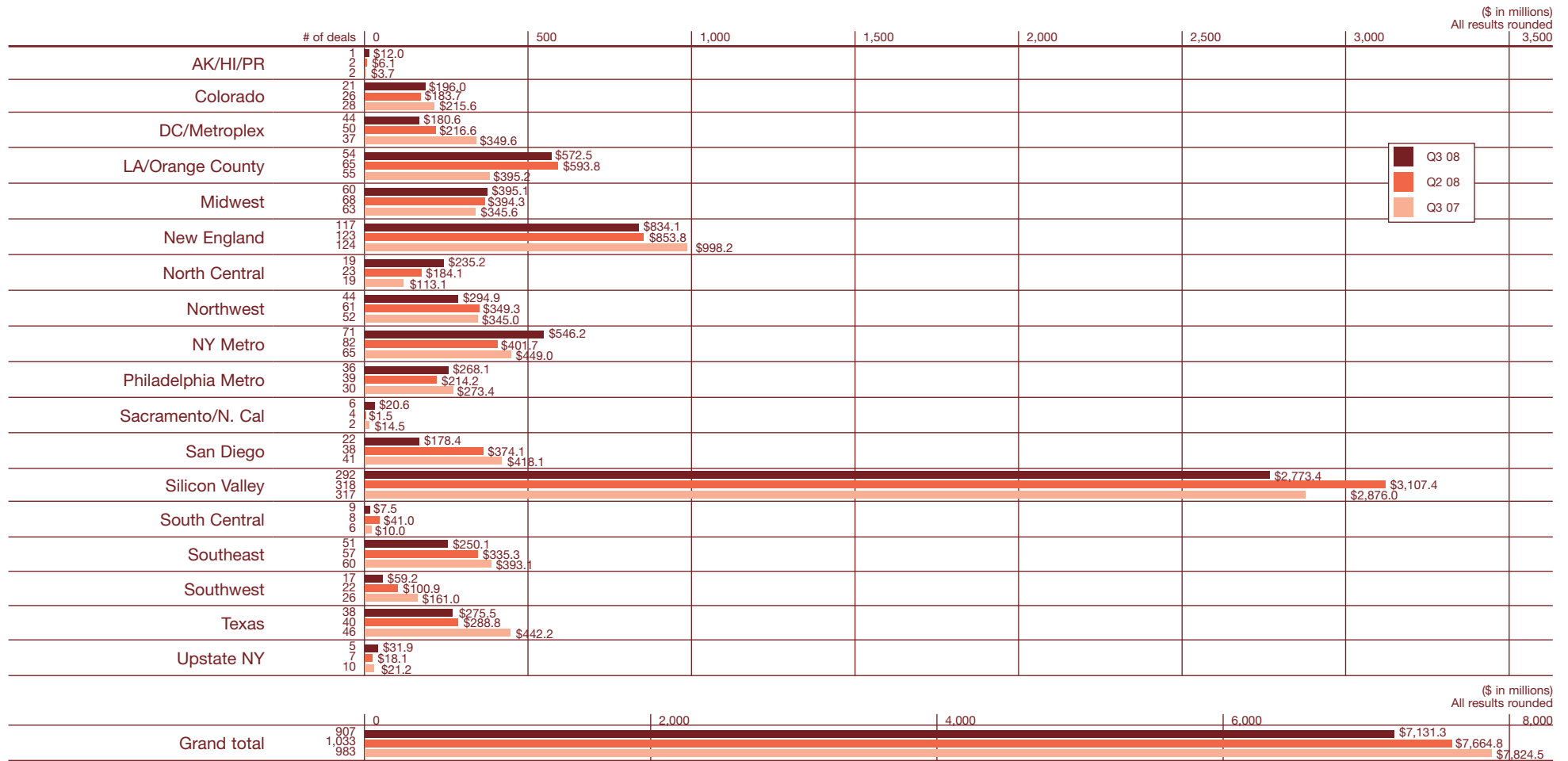
Firm	Location	# of Deals
Draper Fisher Jurvetson	Menlo Park, CA	26
Intel Capital	Santa Clara, CA	20
New Enterprise Associates	Baltimore, MD	19
Kleiner Perkins Caufield & Byers	Menlo Park, CA	18
Sequoia Capital	Menlo Park, CA	17
U.S. Venture Partners	Menlo Park, CA	17
Greylock Partners	Waltham, MA	14
InterWest Partners	Menlo Park, CA	14
Polaris Venture Partners	Waltham, MA	14
Sigma Partners	Menlo Park, CA	14
Menlo Ventures	Menlo Park, CA	13
Accel Partners	Palo Alto, CA	12
Advanced Technology Ventures	Waltham, MA	12
Canaan Partners	Westport, CT	11
CMEA Ventures	San Francisco, CA	11
Venrock Associates	Palo Alto, CA	11
First Round Capital	West Conshohocken, PA	10
Khosla Ventures	Menlo Park, CA	10
Labrador Ventures	Palo Alto, CA	10
Norwest Venture Partners	Palo Alto, CA	10
Trident Capital	Palo Alto, CA	10

Firm	Location	# of Deals
Domain Associates	Princeton, NJ	9
Matrix Partners	Waltham, MA	9
Mohr Davidow Ventures	Menlo Park, CA	9
North Bridge Venture Partners	Waltham, MA	9
Trinity Ventures	Menlo Park, CA	9
Advantage Capital Partners	New Orleans, LA	8
ARCH Venture Partners	Chicago, IL	8
Bay Partners	Menlo Park, CA	8
DCM	Menlo Park, CA	8
Duff Ackerman & Goodrich	San Francisco, CA	8
Flybridge Capital Partners	Boston, MA	8
Foundation Capital	Menlo Park, CA	8
Frazier Healthcare and Technology Ventures	Seattle, WA	8
MD Technology Development Corporation	Columbia, MD	8
MPM Capital	Boston, MA	8
Rockport Capital Partners	Boston, MA	8
RRE Ventures	New York, NY	8
Three Arch Partners	Portola Valley, CA	8
Warburg Pincus	New York, NY	8

Investments by region

Q3 2007, Q2 2008
and Q3 2008

Silicon Valley continued to garner the bulk of venture capital dollars capturing nearly 39 percent of the \$7.1 billion distributed to US-based companies throughout the quarter. The New England Region captured a 12 percent share of investment dollars while LA/Orange County and NY Metro each captured 8 percent. Six of the top ten regions experienced a decrease in investment levels in the third quarter. Despite a 12 percent decrease in the number of deals, NY Metro recorded the highest jump in funding with a 36 percent increase over the second quarter. Taken together, the top ten regions in the third quarter of 2008 accounted for 90 percent of the dollars invested and 86 percent of the deals reported.



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Data is current as of October 17, 2008. PricewaterhouseCoopers and the National Venture Capital Association have taken responsible steps to ensure that the information contained in the MoneyTree™ Report has been obtained from reliable sources. However, neither of the parties nor Thomson Reuters can warrant the ultimate validity of the data obtained in this manner. Results are updated periodically. Therefore, all data is subject to change at any time.

BS-09-0214-A.10-08.CB