

National Venture Capital Association

MoneyTreeTM Report*


Data provided by Thomson Financial

Q2 2007 US results

The Q2 2007 MoneyTreeTM results are in! This special report provides summary results of Q2 2007, Q1 2007 and Q2 2006. More detailed results can be found on the MoneyTreeTM website at www.pwcmoneytree.com.



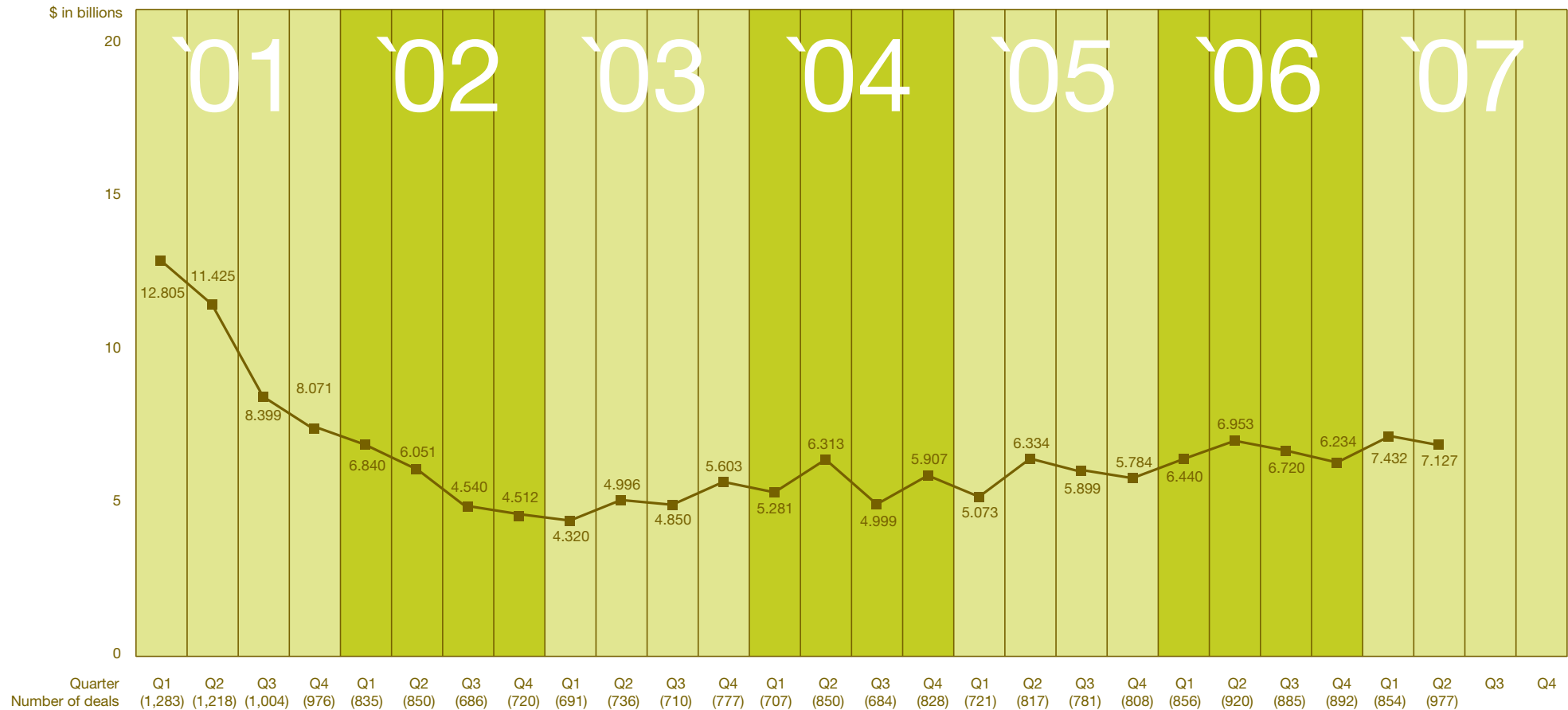
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Total equity investments into venture-backed companies Q2 2006, Q1 2007 and Q2 2007

Venture capitalists invested \$7.1 billion in 977 deals in the second quarter of 2007 – the highest level of deals reported in a quarter since Q3 2001. The quarterly strength in the number of deals was driven by companies in the Seed and Early stages of development, which increased by 31 percent

from the prior quarter. Of the 17 industry sectors tracked by MoneyTree, 14 experienced an increase in the number of deals from Q1 2007. However, the dollar amount invested declined in 10 industry sectors, indicating lower average dollar rounds this quarter.



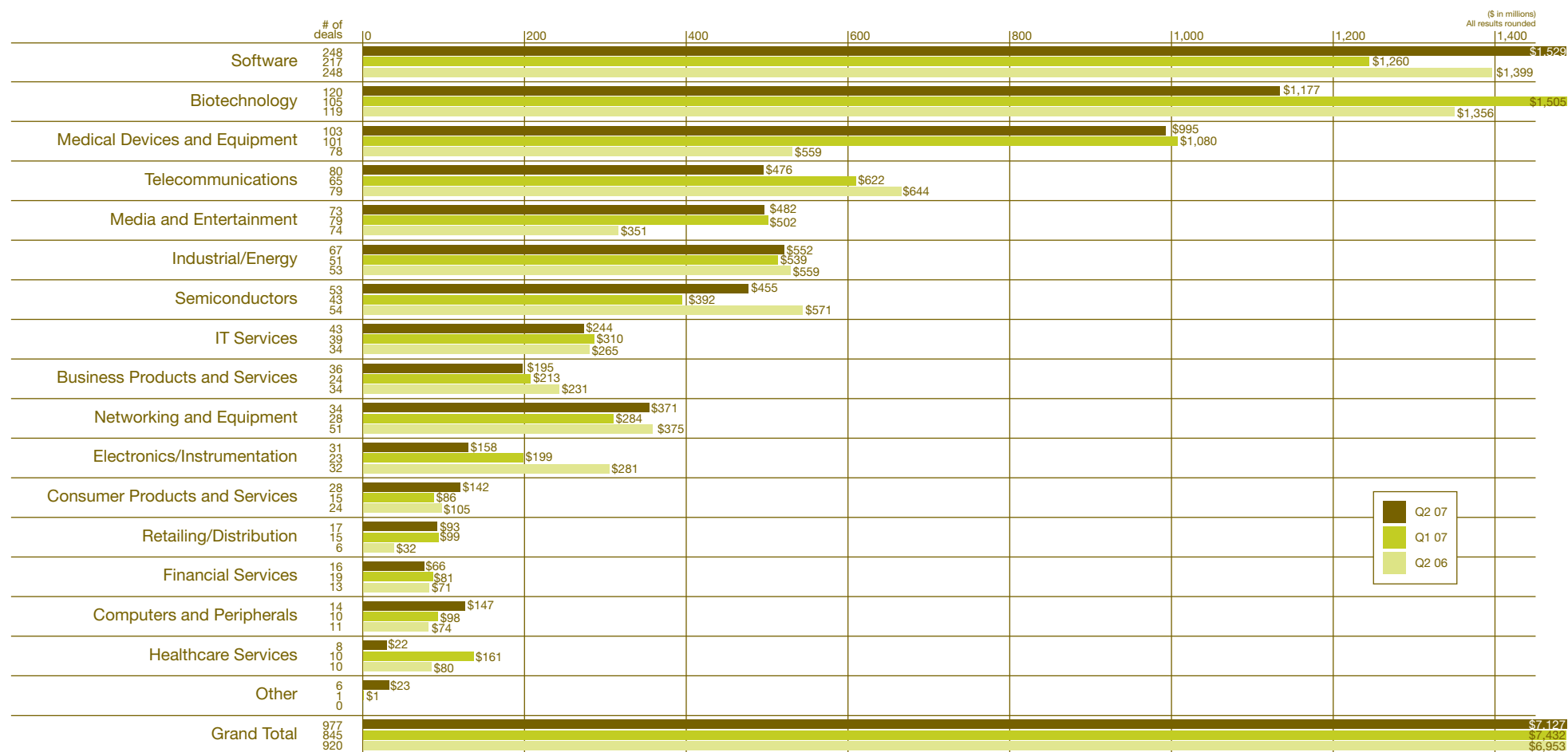
Investments by industry Q2 2006, Q1 2007 and Q2 2007

The Software sector had its strongest quarter since 2001 with \$1.5 billion going into 248 deals, regaining its position as the single largest industry sector for the quarter. In the previous three quarters, the Biotech sector represented the most dollars invested. Other industry sectors which saw increases in both dollars and deals include Consumer Products and Services, Networking and Equipment, Semiconductors, Industrial/Energy, and Computers and Peripherals. . Both Biotechnology and Medical Devices saw a decrease in dollars but an increase in deals for the quarter.

The Life Sciences sector (Biotechnology and Medical Devices combined) had another strong quarter with \$2.2 billion going into 223 deals. Though down slightly in dollars from the first quarter, which

was the highest quarterly dollar amount ever recorded for Life Sciences deals at \$2.6 billion, the Life Sciences sector had the most active quarter in history in the second quarter with the deal volume reaching an all-time high. Both Biotechnology and Medical Devices saw a decrease in dollars but an increase in deals for the quarter.

Media and Entertainment continued to see a decline in deal and dollar volume with \$482 million going into 73 companies. This is the third consecutive quarter with volume declines in this sector. The Financial Services and Healthcare Services sectors also experienced quarterly declines in both deal and dollar volume in the second quarter.



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

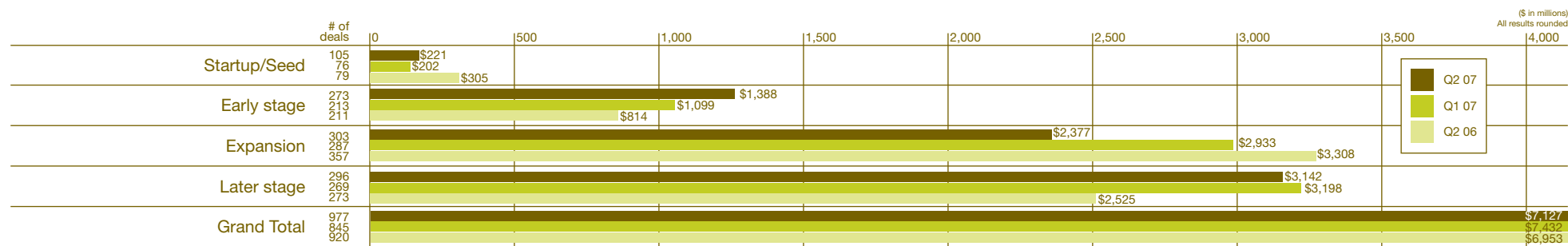
Investments by stage of development Q2 2006, Q1 2007 and Q2 2007

Seed and Early stage investing had the strongest quarter since 2001 in both number of deals and dollars invested. Venture capitalists invested \$1.6 billion into 378 deals in the second quarter compared to \$1.3 billion into 289 deals in the first quarter of 2007. Seed/Early stage deals accounted for 39 percent of total deal volume in the second quarter compared to 34 percent in the first quarter.

Expansion stage deals also showed a notable increase in the number of deals but a decrease in dollars invested. Investment for the second quarter in Expansion stage deals was \$2.4 billion in 303

deals representing 31 percent of deal volume. This compares to the first quarter when \$2.9 billion dollars was invested in 287 Expansion stage deals, representing 34 percent of total deal volume.

Later stage deals held fairly steady in volume but decreased in terms of dollars in the second quarter with \$3.1 billion going into 296 Later stage deals. This represented 30 percent of total investments. In the first quarter, \$3.2 billion went into 269 Later stage deals representing 32 percent of the volume.

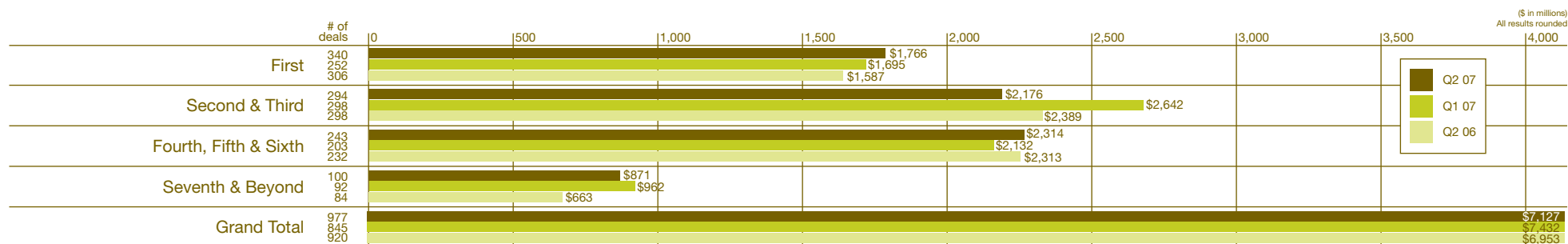


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Investments by sequence of financing Q2 2006, Q1 2007 and Q2 2007

The number of companies receiving venture capital funding for the first time was at the highest deal and dollar level since 2001. Venture capitalists put \$1.8 billion into 340 first-time deals in the second quarter compared to \$1.7 billion into 252 deals in the first quarter. Seed/Early stage companies received the bulk of first-time investments garnering 57 percent of the dollars and 72 percent of the deals.

The average first-time financing for the second quarter was \$5.2 million compared to \$6.7 million in the first quarter. This decrease in average rounds is consistent with venture capitalists investing fewer dollars into more deals.

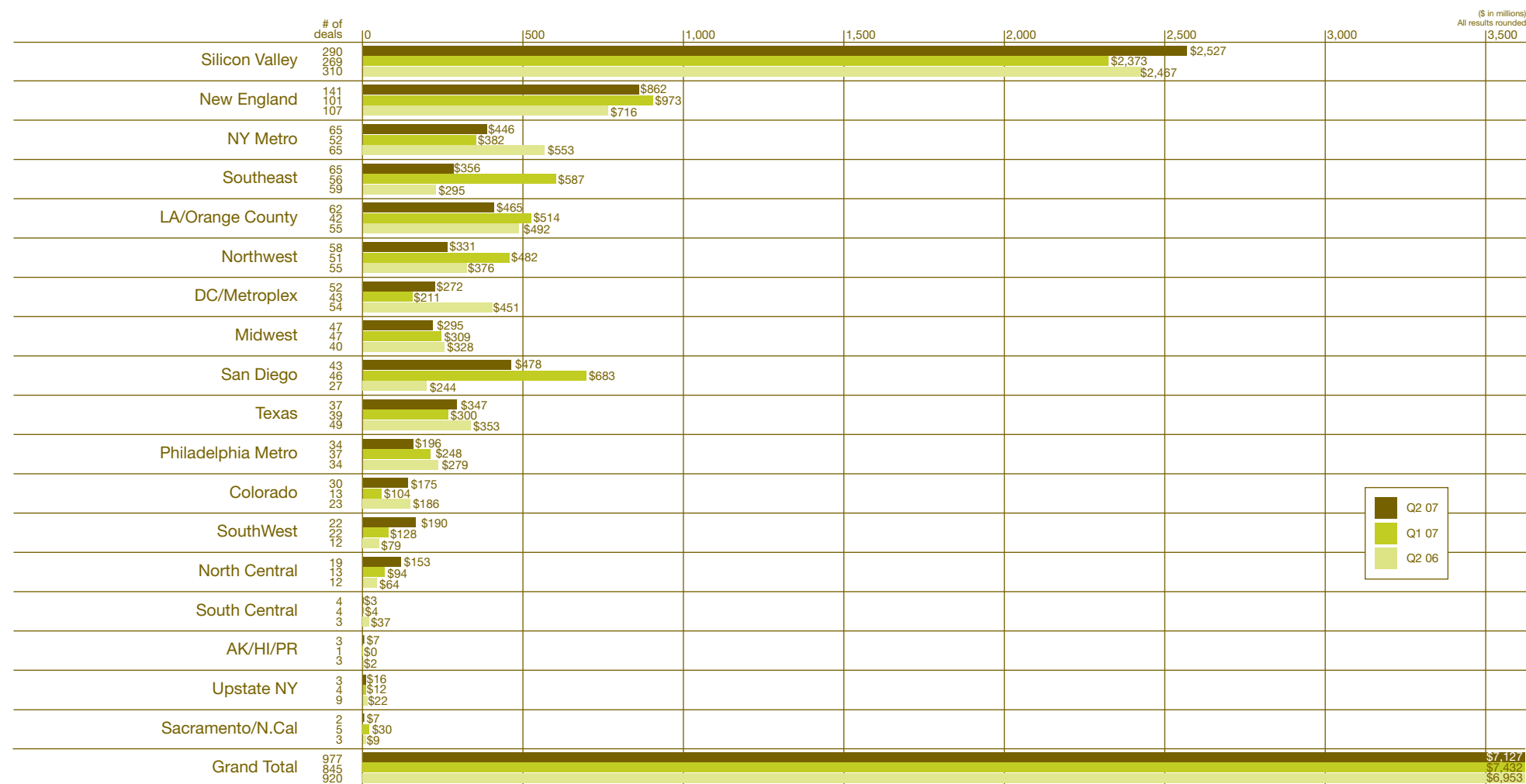


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Investments by region Q2 2006, Q1 2007 and Q2 2007

Silicon Valley continued to garner the bulk of venture capital dollars, capturing more than 35 percent of the \$7.1 billion distributed to US based companies throughout the quarter. However, The rest of California experienced steep declines from the previous quarter falling a combined 23 percent. The New England Region continued to show a robust market for venture activity with a 12 percent share of investment dollars. A strong quarter was also seen in Colorado as investment dollars to the region surged 69 percent from the first quarter.

Steep declines in investment activity were seen in the Southeast, Northwest, and Philadelphia Metro Regions where dollar figures were down 39 percent, 31 percent and 21 percent, respectively.



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

Most active venture investors Q2 2007

Draper Fisher Jurvetson topped the second quarter's most active list with a total of 25 deals, followed closely by Intel Capital, who participated in 23 investments during the quarter. New Enterprise Associates, InterWest Partners, Foundation Capital, Sevin Rosen Funds and U.S. Venture Partners were also among the most active investors in the quarter, reporting 15 or more deals each.

Firm	Location	# of deals	Firm	Location	# of deals
Draper Fisher Jurvetson	Menlo Park, CA	25	Austin Ventures, L.P.	Austin, TX	10
Intel Capital	Santa Clara, CA	23	Bain Capital	Boston, MA	10
New Enterprise Associates	Baltimore, MD	17	Sigma Partners	Menlo Park, CA	10
InterWest Partners	Menlo Park, CA	16	Commonwealth Capital Ventures	Waltham, MA	10
Foundation Capital	Menlo Park, CA	16	Prism Venture Partners	Westwood, MA	10
Sevin Rosen Funds	Dallas, Texas	15	Sutter Hill Ventures	Palo Alto, CA	9
U.S. Venture Partners	Menlo Park, CA	15	3i (US)	Waltham, MA	9
Venrock Associates	New York, NY	14	Frazier Healthcare and Technology Ventures	Seattle, WA	9
Sequoia Capital	Menlo Park, CA	14	North Bridge Venture Partners	Waltham, MA	9
VantagePoint Venture Partners	San Bruno, CA	14	Polaris Venture Partners	Waltham, MA	9
Alta Partners	San Francisco, CA	13	SV Life Sciences Advisers	Boston, MA	9
Khosla Ventures	Menlo Park, CA	12	Bay Partners	Menlo Park, CA	9
First Round Capital	West Conshohocken, PA	12	Bessemer Venture Partners	Larchmont, NY	9
Pequot Capital Management, Inc.	Westport, CT	12	Adams Street Partners LLC	Chicago, IL	9
Versant Ventures	Menlo Park, CA	12	Intersouth Partners	Durham, NC	9
Morgenthaler Ventures	Menlo Park, CA	12	OVP Venture Partners	Kirkland, WA	9
Accel Partners	Palo Alto, CA	12	Battery Ventures, L.P.	Waltham, MA	9
Highland Capital Partners LLC	Lexington, MA	12	Maryland Technology Development Corporation	Columbia, MD	8
Atlas Venture, Ltd.	Waltham, MA	12	Duff Ackerman & Goodrich LLC	San Francisco, CA	8
Menlo Ventures	Menlo Park, CA	12	Redpoint Ventures	Menlo Park, CA	8
Domain Associates LLC	Princeton, NJ	12	The Venture Capital Fund of New England	Wellesley, MA	8
Lightspeed Venture Partners	Menlo Park, CA	11	Oak Investment Partners	Westport, CT	8
Kleiner Perkins Caufield & Byers	Menlo Park, CA	11	Battelle Ventures	Princeton, NJ	8
Advanced Technology Ventures	Waltham, MA	11	TL Ventures	Wayne, PA	8
Benchmark Capital	Menlo Park, CA	11	Canaan Partners	Westport, CT	8

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Data is current as of August 27, 2007. 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 Financial 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.

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