

MoneyTreeTM Report

Data provided by Thomson Reuters

Q3 2010 US results

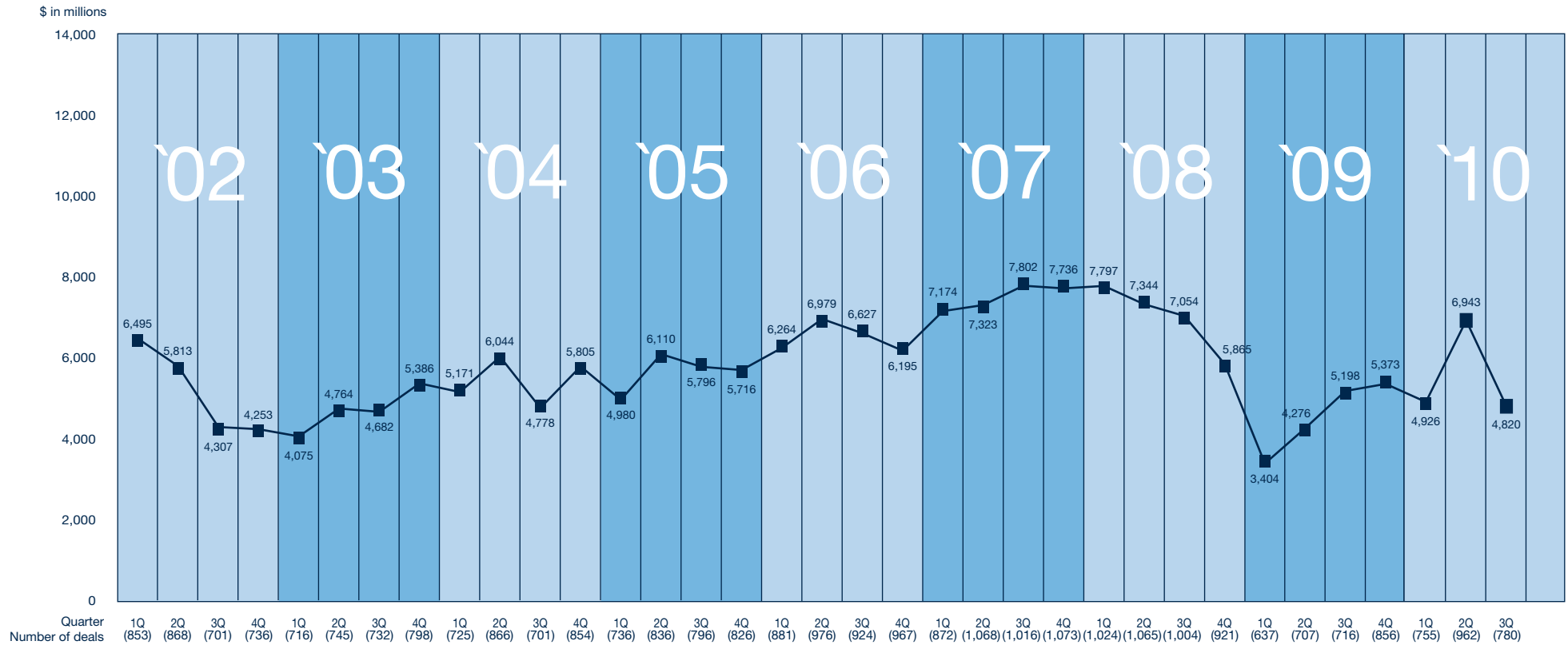
The Q3 2010 MoneyTreeTM results are in! This special report provides summary results of Q3 2009, Q2 2010, and Q3 2010. More detailed results, including an expanded version of this report, can be found on the MoneyTreeTM website at www.pwcmoneytree.com



Total equity investments into venture-backed companies

Venture capitalists invested \$4.8 billion in 780 deals in the third quarter of 2010. Quarterly investment activity decreased 31 percent in terms of dollars, and fell 19 percent in number of deals compared to the second quarter of 2010 when \$6.9 billion was invested in 962 deals. The decrease in dollars invested was in large part due to the absence of large rounds in

the Clean Technology sector, which drove last quarter's higher investment levels. Yet with few exceptions, investment in all industry sectors slowed this quarter. Still, venture investors continued to invest more into first-time deals versus follow-on rounds suggesting a confidence in today's entrepreneurs and innovators.



Investments by industry

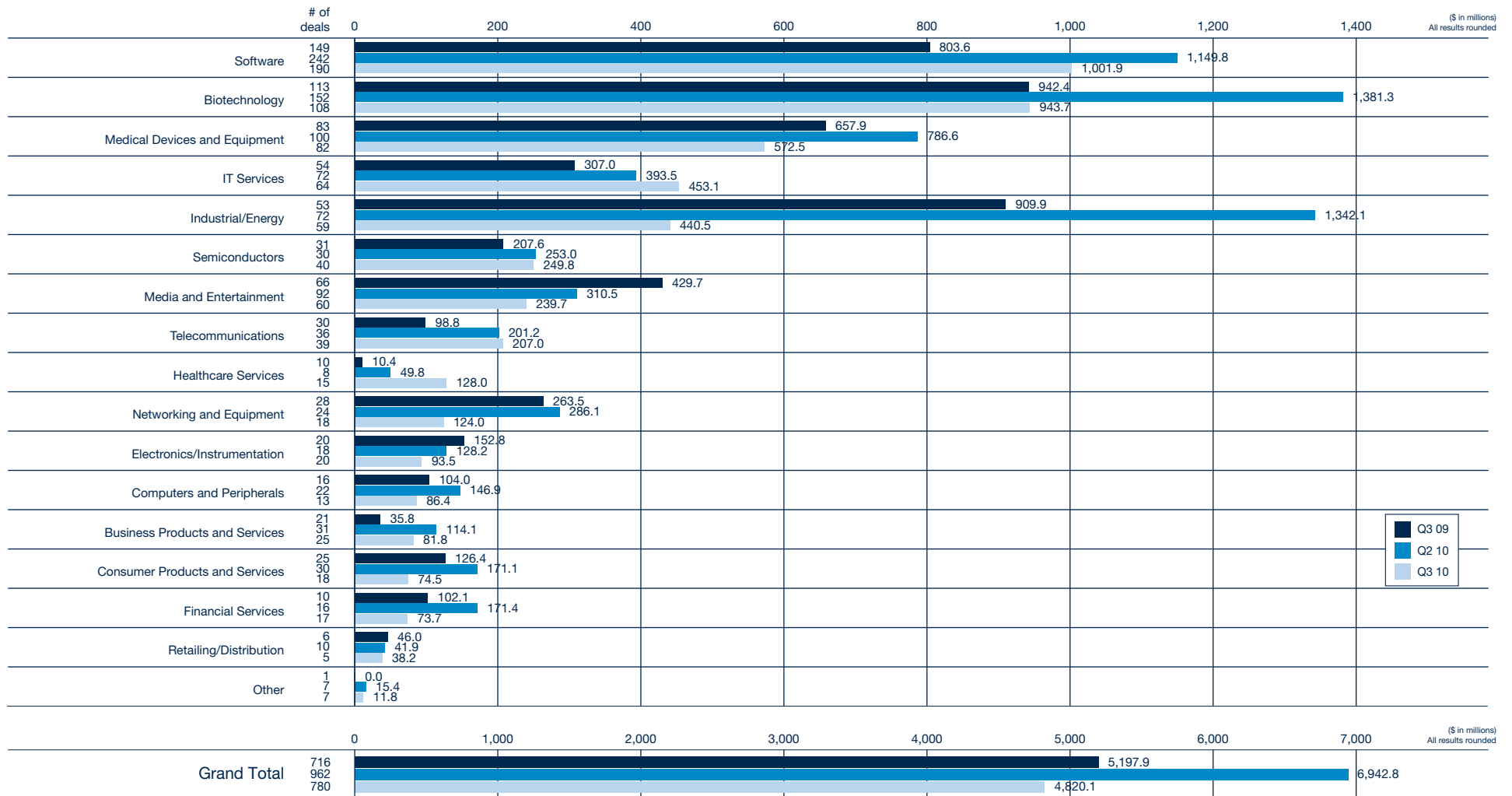
Q3 2009, Q2 2010,
and Q3 2010

The Software industry regained its position as the number one industry sector for investment with \$1.0 billion going into 190 rounds. Still this level represented a 13 percent decrease in dollars and a 21 percent decline in deal volume from the second quarter when \$1.1 billion went into 242 rounds.

The Biotechnology industry received the second highest level of funding for all industries in the quarter with \$944 million going into 108 deals. This level of investment represents a 32 percent decrease in dollars and a 29 percent decrease in deals compared to the second quarter when \$1.4 billion went into 152 deals. Medical Devices and Equipment saw a 27 percent decline in dollars and an 18 percent decline in deal volume in the third quarter with \$573 million going into 82 deals. This sector ranked third overall for the quarter.

The Clean Technology sector, which crosses traditional MoneyTree industries and comprises alternative energy, pollution and recycling, power supplies and conservation, saw a 59 percent decrease in dollars to \$625 million compared to the second quarter when venture capitalists invested \$1.5 billion. The number of Clean Technology deals completed in the third quarter also declined by 26 percent to 58 deals compared with 78 deals in the second quarter. The decrease in Clean Technology investments was driven by a lack of large rounds, which has been seen in previous quarters.

Internet-specific companies received \$661 million going into 154 deals in the third quarter, a 25 percent decrease in dollars and a 28 percent decrease in deals over the second quarter of 2010 when \$878 million went into 214 deals. "Internet-Specific" is a discrete classification assigned to a company with a business model that is fundamentally dependent on the Internet, regardless of the company's primary industry category.



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

Investments by stage of development

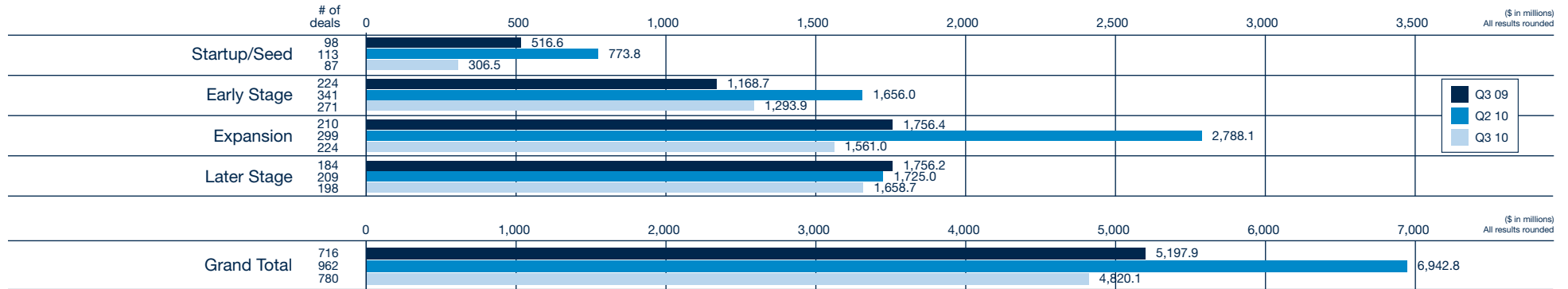
Q3 2009, Q2 2010, and Q3 2010

Dollars and deal volume declined across all stages of investment in the third quarter of 2010. However, most deals—35 percent of the total deal volume—were completed in the Early stage with \$1.3 billion going into 271 rounds of financing. This is consistent with the second quarter when Early stage deal volume also accounted for 35 percent of all venture deals. The average Early stage deal in the third quarter was \$4.8 million compared to \$4.9 million the second quarter.

Seed stage deals accounted for 11 percent of the total deal volume with \$307 million going into 87 deals compared to the previous quarter when \$774 million went into 113 deals. The average Seed stage deal was \$3.5 million down from \$6.8 million in the second quarter.

Expansion stage companies raised \$1.6 billion going into 224 deals. Overall, Expansion stage deals accounted for 29 percent of venture deals in the third quarter compared to 31 percent of all deals in the second quarter. The average Expansion stage deal was \$7.0 million, down from \$9.3 million in the second quarter of 2010.

Investments in Later stage deals decreased 4 percent in dollars and 5 percent in deals to \$1.66 billion going into 198 deals. Later stage deals accounted for 25 percent of total deal volume in Q3, compared to 22 percent in Q2 2010 when \$1.72 billion went into 209 deals. The average Later stage deal in the third quarter was \$8.4 million, which decreased slightly from \$8.3 million in the prior quarter.



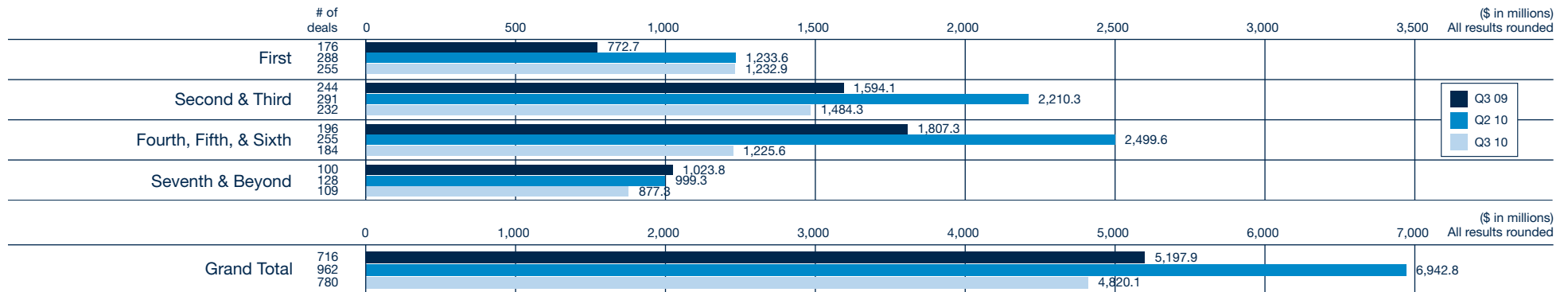
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Investments by sequence of financing

Q3 2009, Q2 2010, and Q3 2010

First-time financing (companies receiving venture capital for the first time) in the third quarter remained relatively steady with \$1.2 billion going into 255 deals compared to the second quarter when \$1.2 billion was invested in 288 deals. This marks the fourth consecutive quarter when more than \$1 billion was invested in companies for the first time. These first rounds accounted for 26 percent of all dollars and 33 percent of all deals in the third quarter, compared to 15 percent of all dollars and 25 percent of all deals in the third quarter of 2009, just one year ago.

Companies in the Software, Biotechnology, and IT Services industries received the highest level of first-time dollars. The average first-time deal in the third quarter was \$4.8 million, compared to \$4.3 million one quarter ago. Early stage companies received the bulk of first-time investments, garnering 45 percent of the dollars and 54 percent of the deals.

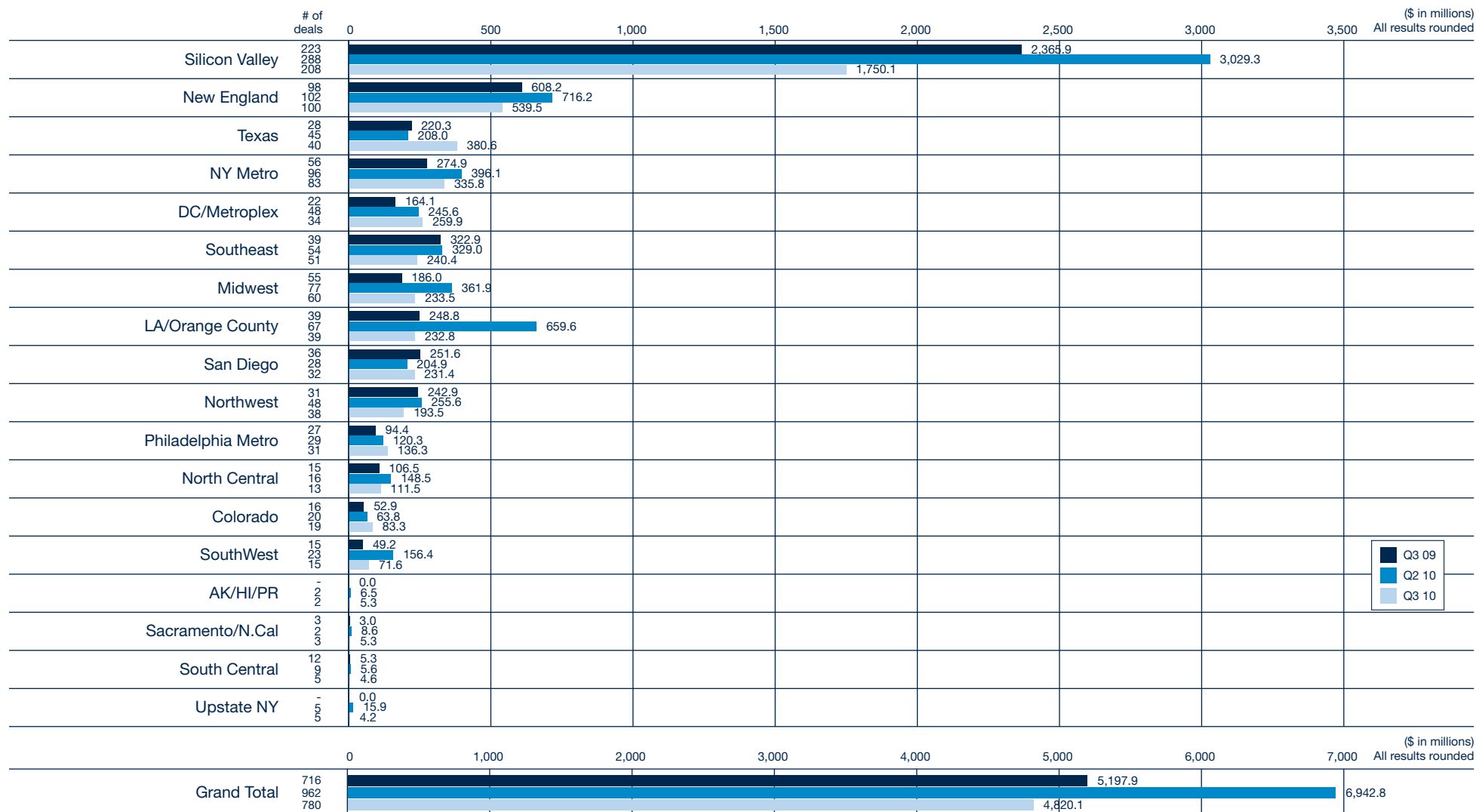


Investments by region

Q3 2009, Q2 2010,
and Q3 2010

Of the \$4.8 billion invested in the third quarter, \$1.8 billion, or 36 percent, went to Silicon Valley companies. The New England region maintained its customary number two position despite a 25 percent drop in funding and a 2 percent decline in deals when compared to the second quarter. Silicon Valley and New England were the only two regions in the top five with a decrease in funding when compared to investments the same time last year.

Five MoneyTree regions recorded an increase in funding over second quarter 2010 investment. Two of the five top regions reported an increase in both deals and dollars. Upstate NY and LA/Orange County regions had the steepest drop in funding for the quarter—74 percent and 65 percent respectively, when compared to the previous quarter.



Unknown region totals not included

Most active venture investors

Q3 2010

First Round Capital tops the list of this quarter's most active investors with a total of 20 deals. Polaris Venture Partners is second with 13 deals. Draper Fisher Jurvetson, New England Associates and North Bridge Venture Partners all tied for third at 12 deals each. The 47 most active venture investors accounted for 22 percent of total venture-backed deals. Most active are those investors who participated in six or more deals.

Company	City	# of Deals
First Round Capital	West Conshohocken, PA	20
Polaris Venture Partners	Waltham, MA	13
Draper Fisher Jurvetson	Menlo Park, CA	12
New Enterprise Associates, Inc.	Timonium, MD	12
North Bridge Venture Partners	San Mateo, CA	12
Canaan Partners	Westport, CT	11
Sequoia Capital	Menlo Park, CA	11
Venrock Associates	Palo Alto, CA	11
VentureTech Alliance	San Jose, CA	11
ARCH Venture Partners	Chicago, IL	10
Ben Franklin Technology Partners Southeastern PA	Philadelphia, PA	10
Greylock Partners	Cambridge, MA	10
Highland Capital Partners LLC	Lexington, MA	10
Kleiner Perkins Caufield & Byers	Menlo Park, CA	10
Alloy Ventures	Palo Alto, CA	9
Austin Ventures, L.P.	Austin, TX	9
Domain Associates LLC	Princeton, NJ	9
Flybridge Capital Partners	Boston, MA	9
RRE Ventures LLC	New York, NY	9
True Ventures	Palo Alto, CA	9
Advanced Technology Ventures	Waltham, MA	8
Menlo Ventures	Menlo Park, CA	8
Rho Capital Partners, Inc.	New York, NY	8
Sigma Partners	Menlo Park, CA	8

Company	City	# of Deals
Versant Ventures	Menlo Park, CA	8
Village Ventures	Williamstown, MA	8
Vivo Ventures	Palo Alto, CA	8
Accel Partners	Palo Alto, CA	7
Connecticut Innovations, Inc.	Rocky Hill, CT	7
Edison Venture Fund	Lawrenceville, NJ	7
Flagship Ventures	Cambridge, MA	7
JumpStart, Inc.	Cleveland, Ohio	7
Norwest Venture Partners	Palo Alto, CA	7
OrbiMed Advisors LLC	New York, NY	7
Tech Coast Angels, Inc.	Los Angeles, CA	7
Bay Partners	Palo Alto, CA	6
De Novo Ventures	Menlo Park, CA	6
Founder Collective	Somerville, MA	6
Foundry Group	Boulder, CO	6
Frazier Healthcare and Technology Ventures	Seattle, WA	6
Intersouth Partners	Durham, NC	6
Khosla Ventures	Menlo Park, CA	6
Oxford Bioscience Partners	Boston, MA	6
Rustic Canyon Partners	Santa Monica, CA	6
Sanderling Ventures	San Mateo, CA	6
Sutter Hill Ventures	Palo Alto, CA	6
Trident Capital	Palo Alto, CA	6

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