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**VENTURE CAPITAL INVESTMENT IN CLEAN TECHNOLOGY SHOWS
CONSIDERABLE STRENGTH IN
THIRD QUARTER OF 2007**

Quarterly Investments Maintain Steady Pace Overall

WASHINGTON, D.C., October 22, 2007 – Venture capitalists invested \$7.1 billion in 887 deals in the third quarter of 2007 according to the MoneyTree™ Report from PricewaterhouseCoopers and the National Venture Capital Association based on data provided by Thomson Financial. Quarterly investment activity was down slightly from the second quarter of 2007 when \$7.2 billion was invested in 1,000 deals, suggesting ongoing stability within the venture capital arena. The quarter saw notable increases in both the CleanTech and Internet specific sectors as well as ongoing strength in first rounds of venture capital financing.

“While Software and Biotechnology upheld their historical placements as the top funded industries, venture capitalists seemed to diversify across various industries this quarter,” said Tracy Lefteroff, global managing partner of the venture capital practice, PricewaterhouseCoopers. “In some cases, investment trends reflected top issues facing the nation. Clean Tech, for example, demonstrated its viability as an emerging sector by producing three of the top five deals this quarter, with one deal reaching the \$100 million plateau, marking it as one of the largest deals ever for the sector. Overall there was strong deal activity this quarter keeping us on pace for the largest investment year since 2001.”

“The stability of the overall venture capital investment levels, coupled with an increased focus on the most innovative new industry sectors such as alternative energy suggests that the venture capital industry is continuing to support our country’s most promising start-up companies in a rational and deliberate manner,” said Mark Heesen, president of the National Venture Capital Association. “We were particularly pleased to see the sustainability of first time financings levels. Many new companies are seeking and winning venture capital investment which equates to growth for the US economy as a whole.”

Industry Analysis

The Software sector narrowly edged out Biotechnology as the number one industry sector for the quarter with \$1.11 billion going into 187 deals. This investment level was down from the previous quarter when Software hit a six year high with \$1.5 billion going into 253 deals.

The Life Sciences sector (Biotechnology and Medical Devices combined) had another strong quarter with \$1.9 billion going into 175 deals compared to the previous quarter when \$2.2 billion went into 233 deals. Both Biotech and Medical Device investing slowed in Q3 with fewer deals completed and dollars invested. Biotechnology had \$1.1 billion going into 99 deals; Medical Devices had \$825 million going into 76 deals in the quarter.

The Clean Tech sector, which crosses traditional MoneyTree sectors and comprises alternative energy, pollution and recycling, power supplies and conservation, saw record investment levels with \$844 million going into 62 deals in the third quarter. This represented 80 percent increase in the dollar level and 35 percent increase in the number of deals in the Clean Tech sector in the second quarter of the year.

Internet-specific companies garnered \$1.1 billion into 195 deals in the third quarter, a 17 percent increase in dollars over the second quarter when \$903 million went into 160 deals. Four of the last five quarters have seen Internet-specific investment of more than \$1 billion. '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.

Media and Entertainment had a positive quarter with \$509 million going into 96 deals, an increase in both deals and dollars from the second quarter when \$464 million went into 77 deals. Other industry sectors which saw increases in both dollars and deals include Financial Services, Healthcare Services, and IT Services. Both Telecommunications and Semiconductors saw more dollars but fewer deals in the third quarter.

First-Time Financings

The dollar value of first time deals (companies receiving venture capital for the first time) remained at higher levels with \$ 1.7 billion going into 273 first time deals. This is almost even with the second quarter when \$1.7 billion went into 347 first time deals.

Companies in Industrial/Energy, Medical Devices, Biotechnology, Software and Media/Entertainment received the highest level of first-time dollars. Financial Services also saw more first time bets this quarter than in the second quarter. Telecommunications saw more first time dollars.

The average first time deal in the third quarter was \$6.3 million compared to \$5.0 million one quarter ago. Seed/Early stage companies received the bulk of first-time investments garnering 45 percent of the dollars and 69 percent of the deals.

Stage of Development

Seed and Early stage investing dollars in the third quarter fell 15 percent to \$1.4 billion into 305 deals. This level compares to an extremely strong second quarter when venture capitalists invested \$1.7 billion into 395 deals. Seed/Early stage deals accounted for 34 percent of total deal volume in the third quarter compared to 40 percent in the second quarter of the year. The average Seed deal in the third quarter was \$2.4 million, up from \$2.0 million in the second quarter; the average Early stage deal was \$5.6 million, also up from \$5.0 in the second quarter.

Expansion stage dollars increased by 16 percent in the third quarter to \$2.7 billion from \$2.3 billion in the second quarter. The number of deals however, declined slightly from 302 deals in the second quarter to 294 deals in the third quarter. Overall, Expansion stage deals accounted for 33 percent of venture deals in the quarter. The average Expansion stage deal was \$9.2 million, up significantly from \$7.8 million in the second quarter

Later stage deals fell slightly dollar value with \$3.0 billion going into 288 deals and accounting for 33 percent of total volume. In the second quarter of this year \$3.2 billion went into 303 deals. The average Later stage deal in the third quarter was \$10.3 million which was also slightly lower than the second quarter when the average Later stage deal size was \$10.6 million.

International Investing

In the third quarter of 2007, U.S.-based venture capitalists invested \$206 million into 31 deals in China representing a 52 percent decline in dollar volume from the second quarter when \$429 million was invested in 38 deals. Also in the quarter, U.S. venture capitalists invested \$248 million in 22 deals in India, a more than doubling of second quarter investments of \$119 million into 18 companies. These figures are reported separately and are not included in the aggregate totals above.

MoneyTree Report results are available online at www.pwcmoneytree.com and www.nvca.org.

The **National Venture Capital Association (NVCA)** represents approximately 480 venture capital and private equity firms. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy, and support entrepreneurial activity and innovation. According to a 2007 Global Insight study, venture-backed companies accounted for 10.4 million jobs and \$2.3 trillion in revenue in the U.S. in 2006. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry

data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org.

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