



Contacts:

Emily Mendell, National Venture Capital Association, 610-565-3904, emendell@nvca.org

Joshua Radler, Thomson Financial, 646-822-7323, joshua.radler@thomson.com

Brittany Todd, Porter Novelli for PricewaterhouseCoopers, 512-241-2255, brittany.todd@porternovelli.com

Corporate Venture Capital Activity On the Rise in 2006

MoneyTree Report Suggests a Resurgence of Corporate Investment with Strength in Software and Life Sciences

WASHINGTON DC, September 7, 2006 - In the second quarter of 2006, corporate venture capital investment reached its highest level since the first quarter of 2002, according to the MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association (NVCA) based on Thomson Financial data. Corporate venture capital is defined as operating corporations investing directly in portfolio companies, either on a sole basis or alongside traditional, independent venture capital funds. These corporate entities are in some cases referred to as strategic investors.

During the second quarter, corporate venture capital groups participated in 195 deals or 22.2% of all venture capital deals completed. These deals represented \$602.5 million or 9.2% of all dollars that venture capitalists invested in the quarter. This activity has been steadily increasing during the last 18 months.

“The uptick in corporate venture capital activity suggests that large companies are currently in a position to look to the future and take some risks as it relates to new technologies,” said Mark Heesen, president of the National Venture Capital Association. “The overall commitment to venture capital investment by corporations has ebbed and flowed over time. It is always a tug-of-war between short term earnings pressures and long term product vision. For many companies, it is often difficult to stay the course of investment, which could last 7 to 15 years. But the VC industry welcomes the corporate players for their sector expertise and access to markets.”

Corporate Venture Capital Investment 1999 – 2006 (1st half)

Year	# Companies Receiving CVC Dollars	% of All Companies Receiving CVC	Total CVC Investment \$M	% of All VC Dollars
1999	1,153	26.6%	8,289.2	15.5%
2000	1,960	31.2%	16,772.2	16.1%
2001	955	25.4%	4,967.3	12.3%
2002	539	20.7%	1,914.0	8.8%
2003	437	18.1%	1,291.0	6.6%
2004	516	20.2%	1,460.1	6.6%
2005	535	20.4%	1,535.3	6.8%
1H06	358	22.1%	1,044.7	8.2%
Total	7,667	21.3%	41,247.4	11.6%

“Corporate venture capital groups have a great deal to offer entrepreneurs and traditional venture capital partners at this point in time,” said Gerald Brady of Siemens Corporation and Chairman of the NVCA Corporate Venture Capital Group. “We fill a need in areas such as healthcare where maintaining a development pipeline is costly but critical to long term growth; in enterprise software where traditional VCs are investing less these days; and in clean tech where we have a long standing expertise and commitment to the space. Add to that the global reach that comes with a corporate venture partnership and the opportunities are significant.”

The sectors receiving the highest percentage of corporate dollars in the first half of 2006 were telecommunications, biotechnology and software at 15.3, 15.2 and 14.6 %, respectively. The highest percentages of corporate deals were completed in software, biotechnology and medical devices at 23.0, 13.9, and 10.7%, respectively.

“Corporate venture investment at its highest since 2002 demonstrates the corporate world’s reviving confidence in the economy and the market overall,” said Claudia Fan Munce, managing director, IBM Venture Capital Group. “The rise in corporate investment clearly represents the development of a collaborative ecosystem to help accelerate the pace of innovation, driven by ever-advancing customer needs. In response to these shifts in the marketplace, corporations today are exploring new areas of opportunity by building stronger ties with the venture community, for future growth.”

“The resurgence in corporate involvement in venture capital investing parallels the increase in overall corporate profitability. S&P 500 companies have enjoyed a sustained period of earnings growth, creating a renewed appetite for risk that had been severely curtailed by the technology bubble bursting,” said Darrell Pinto, director of Global Private Equity Performance at Thomson Financial. “This is the highest level of corporate venture capital investment, both by the dollars invested and the number of deals being done, since early 2002.”

To view additional corporate venture capital data, please visit the NVCA website at http://www.nvca.org/cvg_research_cht.html

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 2004 Global Insight study, venture-backed companies accounted for 10.1 million jobs and \$1.8 trillion in revenue in the U.S. in 2003. 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.

The **PricewaterhouseCoopers Private Equity & Venture Capital Practice** is part of the Global Technology Industry Group, www.pwcglobaltech.com. The group is comprised of industry professionals who deliver a broad spectrum of services to meet the needs of fast-growth technology start-ups and agile, global giants in key industry segments: Networking & Computers, Software & Internet, Semiconductors, Life Sciences and Private Equity & Venture Capital. PricewaterhouseCoopers is a recognized leader in each industry segment with services for technology clients in all stages of growth.

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 130,000 people in 148 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

“PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Thomson Financial, with 2005 revenues of US\$1.9 billion, is a provider of information and technology solutions to the worldwide financial community. Through the widest range of products and services in the industry, Thomson Financial helps clients in more than 70 countries make better decisions, be more productive and achieve superior results. Thomson Financial is part of The Thomson Corporation (www.thomson.com), a global leader in providing integrated information solutions to more than 20 million business and professional customers in the fields of law, tax, accounting, financial services, higher education, reference information, corporate elearning and assessment, scientific research and healthcare. With revenues of US\$8.50 billion, The Thomson Corporation lists its common shares on the New York and Toronto stock exchanges (NYSE: TOC; TSX: TOC).