



National Venture Capital Association



Emily Mendell, NVCA, 610-565-3904, emendell@nvca.org
 Matthew Toole, Thomson Financial, 646-822-7560, matthew.toole@thomson.com
 Sandy Anglin, Thomson Financial, 646-822-7334, sandy.anglin@thomson.com
 Lisa Peterson, Porter Novelli for PricewaterhouseCoopers, 512-241-2233, lisa.peterson@porternovelli.com

CORPORATE VENTURE CAPITAL INVESTMENT AT HIGHEST LEVELS SINCE 2001

Both Deal Volume and Dollars Invested Extremely Strong in First Half of 2007

New York, August 30, 2007 – Corporate venture capitalists invested \$1.3 billion into 390 deals in the first half of 2007, representing the highest percentage of corporate venture deals and dollars since 2001 according to the MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association (NVCA) based on Thomson Financial data. In the first two quarters of 2007, corporate venture capital groups participated in 21.4 percent of the total deals and invested 9.2 percent of the total dollars. This compares favorably to the same period in 2006 when corporate venture capitalists invested \$1.0 billion into 352 deals, accounting for 19.8 percent of all deals and 7.5 percent of total dollars.

“Despite uncertainty in the US economy, those corporations engaging in venture capital activity are stepping up to the highest levels post-bubble,” said Mark Heesen, president of the NVCA. “In doing so, they are supporting some of the most exciting start-ups in their respective industries while providing themselves access to cutting edge innovations. If corporate venture investment continues at this pace, we could see all-time record levels in the near future.”

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.

"Corporate venture capital partnerships are vital to a robust global entrepreneurial ecosystem," said Claudia Fan Munce, managing director, IBM Venture Capital Group. "Not only does corporate venture capital offer business and technological expertise to start-ups, through IBM's global ecosystem, these young companies have access to researchers, engineers, developers and most importantly, a channel to a global market of more than 170 countries. This access is critical in giving portfolio companies an advantage in a highly competitive marketplace."

	Corporate Investment		Total Investment		% of Total \$
	Deals	Investment (\$mil)	Deals	Investment (\$mil)	
1999	1,301	8,124.9	5,508	54,150.2	15.0%
2000	2,123	16,534.8	7,913	105,239.4	15.7%
2001	1,005	4,901.6	4,478	40,642.6	12.1%
2002	577	1,910.5	3,093	21,988.4	8.7%
2003	461	1,269.0	2,911	19,735.5	6.4%
2004	567	1,488.3	3,072	22,472.7	6.6%
2005	578	1,501.4	3,128	23,034.7	6.5%
2006	671	1,936.3	3,567	26,344.9	7.3%
2007	390	1,337.6	1,824	14,515.6	9.2%

“We are pleased to see that corporate investments and dollars invested are both on the rise,” said Arvind Sodhani, president of Intel Capital. “With over \$1 billion invested by Intel Capital in 2006, our global experience reflects this trend. Corporate investors are in a unique position to nurture portfolio companies to success while making significant financial returns.”

Corporate venture capital, although lower in magnitude than private independent firms, is an excellent barometer of market optimism for this asset class,” says Darrell Pinto, Director of Global Private Equity at Thomson Financial, “The positive momentum in corporate earnings and corporate M&A levels are complemented by an increasing allocation of corporate dollars to innovation which will likely fuel the continued year-over-year improvement in venture capital disbursements.”

In the first half of 2007, investment was heaviest in the Software, Biotechnology and Medical Devices and Equipment sectors. Software accounted for 20% of total investment compared to 14% in the same period of 2006. Biotechnology and Medical Devices and Equipment account for 19% and 15%, respectively.

“Strong investments from these corporations demonstrate a significant trend in terms of a growing reassurance in the marketplace,” said Tracy Lefteroff, global managing partner of the venture capital practice at PricewaterhouseCoopers. “These entrepreneurs represent some of the best and brightest thinkers of today and the increased level of funding from corporations is allowing them to continue building intelligent technologies. The future is bright for the progressive companies that are developing our technology of tomorrow.”

Corporate investments were heaviest in Expansion and Later Stage companies in the first half of 2007, consistent with 2006 activity.

"The positive development of the corporate venture capital market will help entrepreneurs to implement new businesses. Siemens Venture Capital plays an active role in the growth of its portfolio companies by providing strategic management guidance and access to Siemens' global network of internal and external resources," said Dr. Ralf Schnell, president and CEO Siemens Venture Capital.

Note to the Editor

Information included in this release or related venture capital investment data should be cited in the following way: “The MoneyTree™ Report by PricewaterhouseCoopers and the National Venture Capital Association based on data from Thomson Financial”, or “PwC/NVCA MoneyTree™ Report based on data from Thomson Financial.” After the first reference, subsequent references may refer to PwC/NVCA MoneyTree Report, PwC/NVCA or MoneyTree Report. Charts and tables displaying the data are sourced to “PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report, Data: Thomson Financial”. After the first reference, subsequent references may refer to PwC/NVCA MoneyTree Report, PwC/NVCA, MoneyTree Report or MoneyTree.

About the PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report

The MoneyTree™ Report measures cash-for-equity investments by the professional venture capital community in private emerging companies in the U.S. It is based on data provided by Thomson Financial. The survey includes the investment activity of professional venture capital firms with or without a US office, SBICs, venture arms of corporations, institutions, investment banks and similar entities whose primary activity is financial investing. Where there are other participants such as angels, corporations, and governments in a qualified and verified financing round the entire amount of the round is included. Qualifying transactions include cash investments by these entities either directly or by participation in various forms of private placement. All recipient companies are private, and may have been newly-created or spun-out of existing companies.

The survey excludes debt, buyouts, recapitalizations, secondary purchases, IPOs, investments in public companies such as PIPES (private investments in public entities), investments for which the proceeds are primarily intended for acquisition such as roll-ups, change of ownership, and other forms of private equity that do not involve cash such as services-in-kind and venture leasing.

Investee companies must be domiciled in one of the 50 US states or DC even if substantial portions of their activities are outside the United States.

Data is primarily obtained from a quarterly survey of venture capital practitioners conducted by Thomson Financial. Information is augmented by other research techniques including other public and private sources. All data is subject to verification with the venture capital firms and/or the investee companies. Only professional independent venture capital firms, institutional venture capital groups, and recognized corporate venture capital groups are included in venture capital industry rankings.

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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