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VENTURE CAPITAL INVESTMENT SURPASSES \$7 BILLION IN Q1 2007; REACHES HIGHEST QUARTERLY LEVEL IN FIVE YEARS

Life Sciences and Later Stage Investing Soars in Quarter

Washington, D.C., April 24, 2007 – In the first quarter of 2007, venture capitalists invested \$7.1 billion into 778 deals, the highest quarterly dollar amount since the fourth quarter of 2001, according to the MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association based on data by Thomson Financial. Deal volume actually declined in the quarter compared with the fourth quarter of 2006, indicating venture capitalists' willingness to put more dollars into each round.

The Life Sciences sector had an extremely strong quarter, with Biotechnology ranking as the number one industry for investment, while Medical Devices was at an all-time high. Later Stage investing also jumped in the quarter to the highest dollar level since the fourth quarter of 2000. First time financings remained relatively steady, increasing slightly over last quarter.

Tracy Lefteroff, global managing partner of the venture capital practice at PricewaterhouseCoopers, observed, "This quarter, the breadth of investing in a wide variety of industry segments and in companies across varying stages of maturity indicates a healthy balance between short- and long-term opportunities. We're seeing solid levels of investing in traditional industries that are being complemented by renewed interest in promising, fast-growing niches. Entrepreneurs in any area can look forward to a more receptive -- though no less demanding -- market for their ideas."

And Mark Heesen, president of the National Venture Capital Association, added, "As investment levels inch upwards, it is important to watch where the money is going. The Life Sciences sector is receiving a lot of attention right now but it is an industry that is indeed scalable. Biotech and medical device companies require a substantial amount of capital to get through the regulatory process and the VC industry is responding to this demand. The quarterly increase in later stage investing may be reflective of an improving exit market as venture capitalists are now willing to invest an additional later stage round with the hopes that an IPO or a robust acquisition is around the corner. "

Sector and Industry Analysis

Medical Device investing skyrocketed to an all-time high in the first quarter, with \$1.08 billion going into 96 deals, a 60 percent increase in dollars over Q4 2006. Biotechnology was the single largest industry sector with \$1.5 billion going into 102 deals, unseating software, which is traditionally the largest sector. Life Sciences (Biotechnology and Medical Devices together) accounted for 36 percent of the quarter's dollars, an all-time high.

Software investments fell 10 percent from Q1 of 2006 to \$1.1 billion into 193 deals in Q1 2007. The decrease can be attributed to lower deal volume. However, Software still had the highest deal level of all industries and was the second largest industry sector for dollar value this quarter.

The Media and Entertainment sector increased 16 percent in dollars to \$489 million into 72 deals. Telecommunications increased 27 percent in dollars over Q4 2006 with \$588 million going into 63 deals. Within the Telecom sector, Wireless Communications captured \$356 million for the quarter.

Internet-specific companies captured \$1.3 billion going into 167 deals, a 31 percent increase in investment dollars over Q4 2006 and the highest quarterly level in five years. However, the number of Internet Specific deals decreased since the fourth quarter indicating more dollars being invested in each round. 'Internet-specific' is a discrete classification assigned to a company whose business model is fundamentally dependent on the Internet, regardless of the company's primary industry category such as Software or Telecommunications.

A new Clean Tech category, which crosses traditional MoneyTree sectors and comprises alternative energy, pollution and recycling, power supplies and conservation will be reported going forward. In the first quarter, venture capitalists invested \$264 million dollars into 23 deals in the Clean Tech category, a 41 percent increase in dollar value over the fourth quarter. For the full year 2006, Clean Tech investments were \$1.5 billion or an average of \$383 million per quarter.

Other major industry categories that experienced dollar increases in Q1 2007 include IT Services, Networking and Equipment, Retailing/Distribution, Industrial/Energy, Electronics/Instrumentation, and Computers/Peripherals. Other industries experiencing declines were Semiconductors and Consumer Products.

Stage of Development and 12-Month Average Valuations

Investments in Later Stage companies increased significantly in the first quarter of 2007 with \$3.0 billion dollars going into 245 deals. This was the highest dollar level in over six years. Average post-money valuations were \$95.33 million for the 12-month period ending Q4 2006. (Note: Valuation data lags investment data by one quarter and is as of April 16, 2007.)

Funding dollars for Seed and Early Stage companies declined 30 percent in Q1 to \$1.1 billion in 259 companies, a 26 percent decline in deals. Average post-money valuations of Early Stage companies were \$11.13 million for the 12 months ending Q4 2006.

Investments in Expansion Stage companies experienced a modest dollar increase in Q1, rising nearly 9 percent to \$2.9 billion invested into 274 deals. The average post-money valuation for an Expansion Stage company was \$68.9 million for the full-year 2006.

Overall for Q1 the number of deals was spread relatively evenly among the stages. Seed/Early Stage companies accounted for 33 percent of the deal volume; Expansion Stage for 35 percent; and Later Stage for 32 percent.

First-Time Financings

Fewer companies received funding for the first-time in Q1 2007 compared with the previous quarter. However, the dollar value of the rounds was collectively higher. A total \$1.5 billion went into 223 deals this quarter compared with \$1.4 billion going into 266 deals in Q4 2006. Seed/Early Stage deals continued to represent the bulk of first-time deals and dollars with 72 percent and 48 percent of the total, respectively, which is in line with historical norms.

Software companies continued to attract the most first time deals at 48 followed by Media and Entertainment companies at 31 and Medical Devices & Equipment at 27. Another industry sector where venture capitalists placed more bets this quarter was Industrial/Energy.

International Investing

In the first quarter of 2007, U.S.-based venture capitalists invested \$137 million into 18 deals in China and just \$83 million into 2 deals in India. Both countries had slower quarters than those seen in 2006. These figures are reported separately and are not included in the aggregate totals above.

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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.

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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.

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