

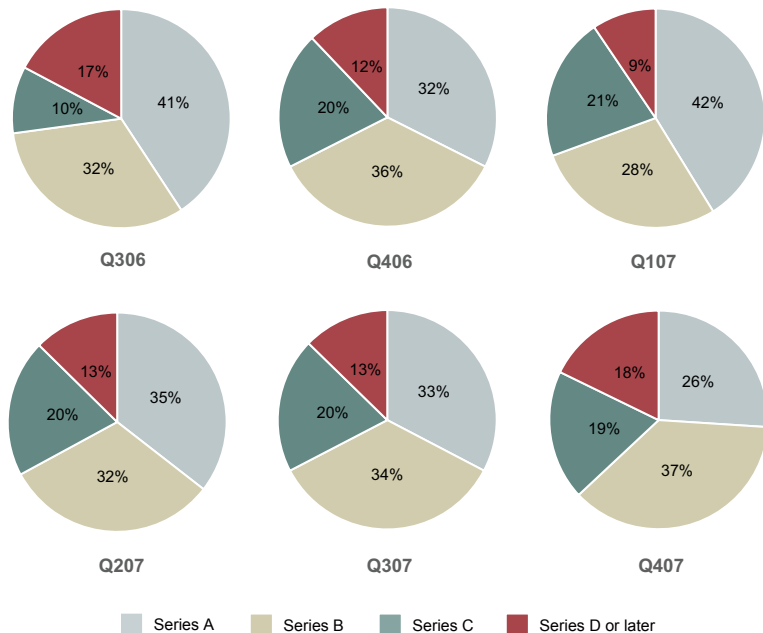
Executive summary on private company financings in the fourth quarter of 2007.

The overall investment climate for privately-held startups improved slightly in the fourth quarter of 2007 after cooling in the third quarter.* One sign of a stabilizing market is that the percentage of up-round financings increased, rising from 67% in the third quarter to 77% in the fourth quarter.

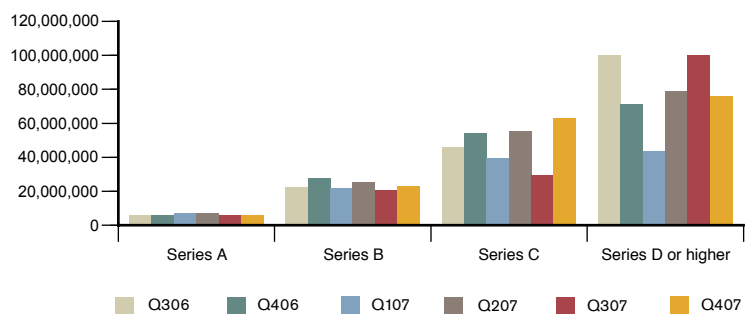
Further evidence of a healthy investing climate is that median pre-money valuations for all but Series D and later financings rose in the fourth quarter after falling in the third quarter. The median pre-money valuation for Series A financings rose from \$5.6 million in the third quarter to \$5.8 million in the fourth quarter, Series B financings rose from \$20.3 million to \$23.0 million in the comparable periods, and Series C jumped from \$29.5 million to \$62.8 million. The median pre-money valuation for Series D and later financings, on the other hand, fell from \$100.0 million in the third quarter to \$76.0 million in the fourth quarter.

Another notable change during the fourth quarter was that the percentage of later stage financings rose while the percentage of early stage financings declined from the previous quarter. Series D or higher financings accounted for 18% of all transactions in the fourth quarter, up from 13% in the third quarter. Series A financings accounted for just 26% of all transactions, the smallest percentage in two years, down from 33% in the third quarter.

DEAL BREAKDOWN—By Series. Later stage financings showed significant growth in the fourth quarter while early stage financings showed a relative decline. Series D or higher financings grew, accounting for 18% of all transactions, the largest percentage since the first quarter of 2006. Series A financings declined, accounting for just 26% of all financings, the smallest percentage since the fourth quarter of 2005.

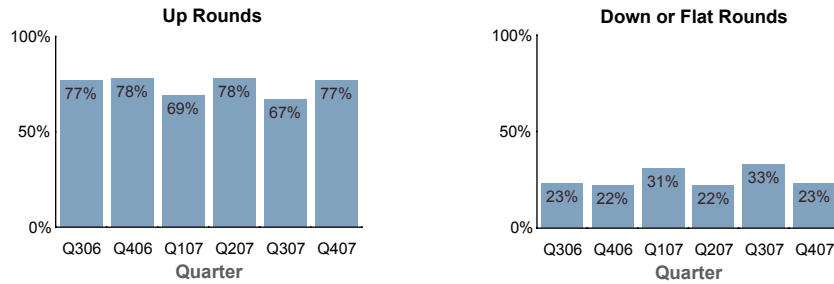


MEDIAN PRE-MONEY VALUATION (millions \$)—By Series. Median pre-money valuations showed continued volatility in the fourth quarter. After generally falling in the third quarter, median pre-money valuations of Series A, Series B, and Series C financings all increased in the fourth quarter. On the other hand, Series D financings, which had risen in the third quarter, dropped in the fourth quarter.

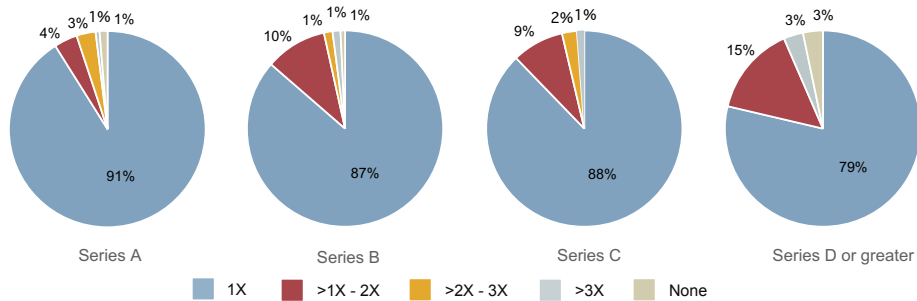


* Analysis is based on 78 completed deals in the fourth quarter of 2007.

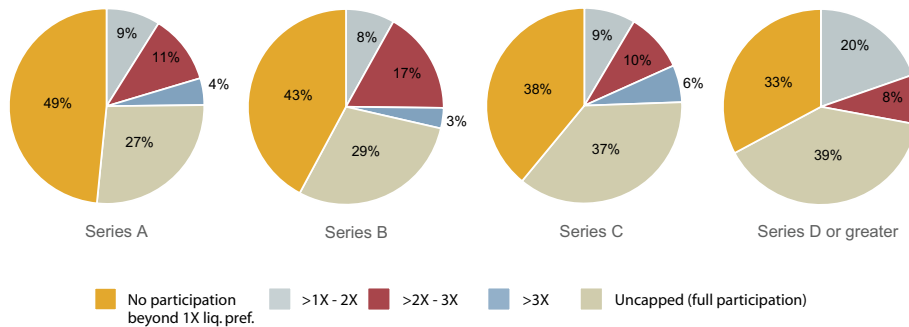
PERCENTAGE OF UP ROUNDS vs. DOWN OR FLAT ROUNDS. The percentage of up round financings rebounded in the fourth quarter, accounting for 77% of all transactions, up from just 67% in the third quarter.



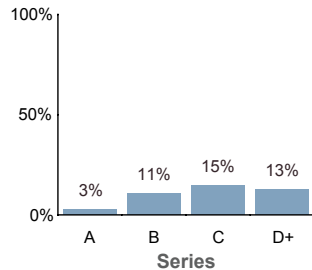
LIQUIDATION PREFERENCES—By Series. The vast majority of all transactions continued to contain a 1X liquidation preference across all stages of financings, with an increase in greater liquidation preferences in Series D or later financings.



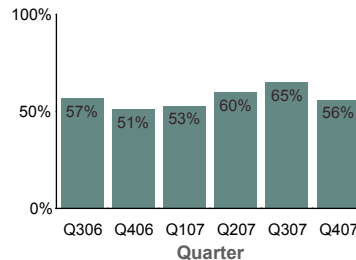
PREFERRED STOCK PARTICIPATION—By Series. Series A financings showed the highest percentage of non-participating preferred terms, while later stage financings showed a higher percentage of uncapped or high-capped participation.



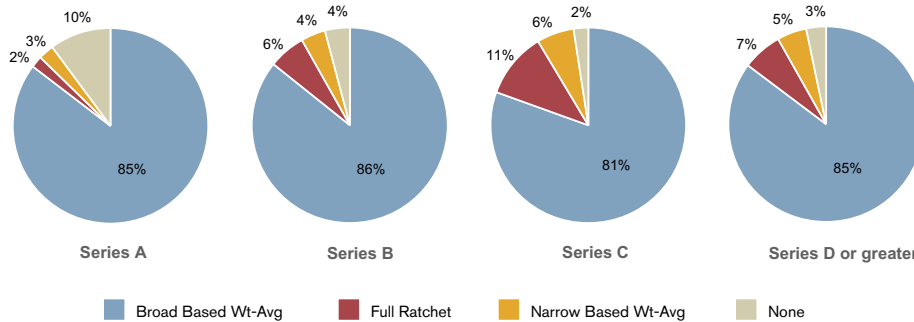
PERCENTAGE OF DEALS WITH PAY-TO-PLAY—By Series. Only 3% of Series A financings included a pay-to-play feature, compared to 11% of Series B, 15% of Series C, and 13% of Series D or higher transactions.



PERCENTAGE OF DEALS WITH DRAG ALONG—By Quarter. The percentage of deals that included a drag along feature declined in the fourth quarter to 56% of transactions after rising steadily during the previous year.



ANTIDILUTION PROTECTION—By Series. The vast majority of all transactions continued to have a broad-based, weighted average provision. Only a small percentage of Series B, Series C, and Series D or later transactions had no antidilution provision at all. Series A financings had the most, with 10% of all transactions having no antidilution provision.



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ABOUT THIS REPORT This quarterly report provides data from 2006 and 2007, reflecting Cooley Godward Kronish’s experience in venture capital financing terms and trends. Information is taken from transactions in which Cooley Godward Kronish served as counsel to either the issuing company or investors. For more information regarding this report, please contact the Cooley attorneys listed below.

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