

Executive summary on private company financings in the first quarter of 2008.*

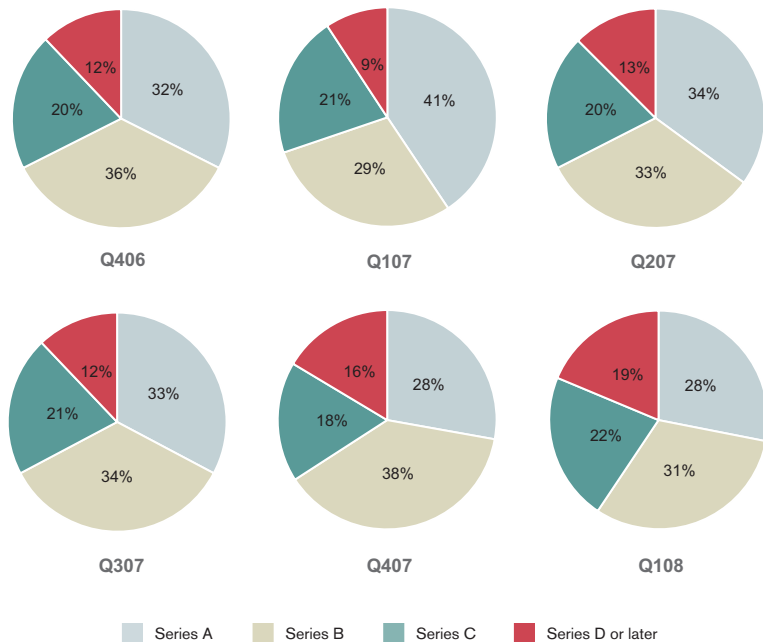
The overall investment climate for privately-held startups continued to show signs of cooling in the first quarter of 2008, after improving slightly in the previous fourth quarter of 2007. The aggregate amount of money raised by all types of financings dropped from \$1.25 billion in the fourth quarter of 2007 to \$877 million in the first quarter of 2008.

Median pre-money valuations for most types of financings declined in the first quarter of 2008, continuing the declines posted in the fourth quarter of 2007. Series B median pre-money valuations dropped from \$20.8 million in the fourth quarter of 2007 to \$19.1 million in the first quarter of 2008. During that same time period, Series C median pre-money valuations dropped from \$62.8 million to \$31.3 million, and Series D median pre-money valuations dropped from \$76.0 million to \$66.3 million.

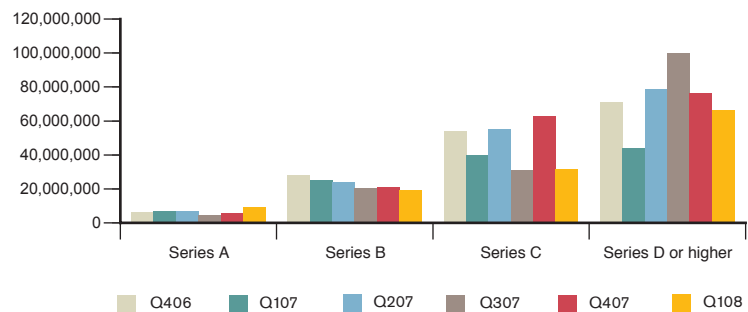
Early stage financings continued to decline in the first quarter of 2008, following a similar decline in the fourth quarter of 2007. Series A and Series B financings accounted for just 59% of all transactions, down from 63% the previous quarter, the lowest percentage in this survey since the fourth quarter of 2004. Series D or later financings accounted for 19% of all transactions, the highest percentage in two years.

One positive sign for the investment climate for privately-held startups is that the percentage of up round financings held strong in the first quarter of 2008, accounting for 76% of all transactions, the same as in the preceding quarter.

DEAL BREAKDOWN—By Series. Later stage financings continued to represent a larger percentage of deals in the fourth quarter while early stage financings continued to decline. Series D or later financings accounted for 19% of all transactions, the largest percentage since the first quarter of 2006. Series A and B financings, however, declined, accounting for just 59% of all financings, the smallest percentage since the fourth quarter of 2004.

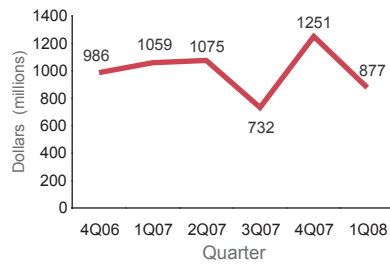


MEDIAN PRE-MONEY VALUATION (millions \$)—By Series. Pre-money valuations showed weakness across most types of financings. Series B, Series C, and Series D or later financings all showed a drop in pre-money valuations. Series B pre-money valuations have weakened steadily during the last one and one-half years. Series A pre-money valuations, on the other hand, have strengthened each of the last two quarters.

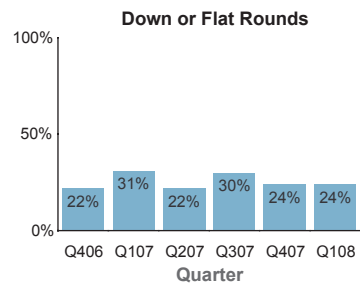
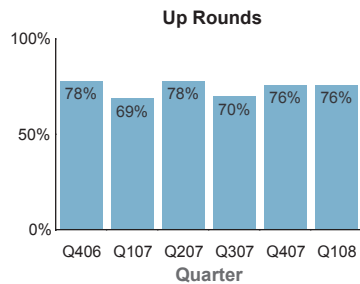


* Analysis is based on 66 completed deals in the first quarter of 2008.

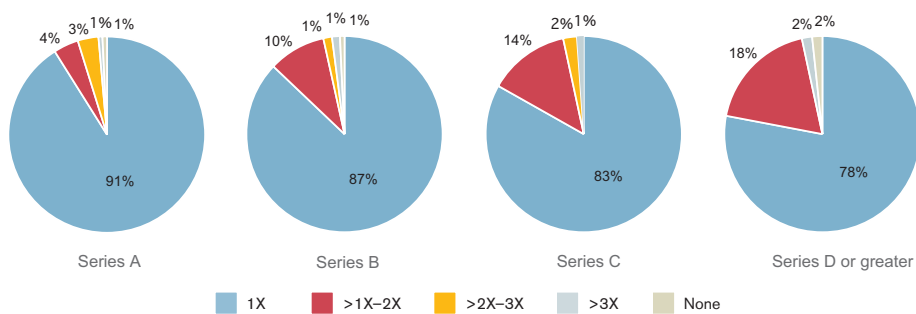
AGGREGATE AMOUNT RAISED (millions \$)—By Quarter. The aggregate amount of money raised in the first quarter totaled \$877 million, down significantly from the \$1.251 billion raised in the fourth quarter of 2007. The last three quarters have been particularly volatile, reflecting the uncertainty of the overall economy.



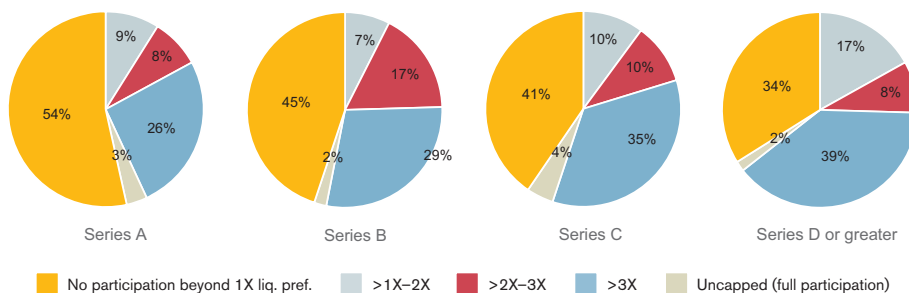
PERCENTAGE OF UP ROUNDS vs. DOWN OR FLAT ROUNDS. The percentage of up round financings in the first quarter remained strong, accounting for 76% of all transactions, virtually the same high level as in the preceding fourth quarter.



LIQUIDATION PREFERENCES—By Series. The vast majority of all transactions continued to contain a 1X liquidation preference across all stages of financings.

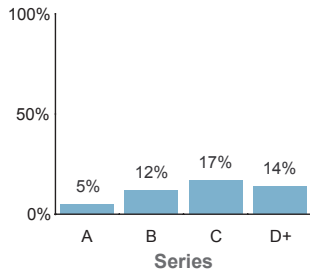


PREFERRED STOCK PARTICIPATION—By Series. Non-participating preferred terms accounted for a higher percentage of all Series financings in the most recent quarter. The biggest increase was Series A, where 54% of all financings had non-participating preferred terms.



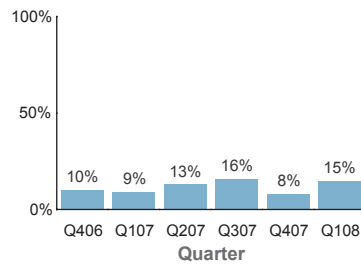
PERCENTAGE OF DEALS WITH PAY TO PLAY—

By Series. The percentage of deals with pay to play remained relatively small, particularly for early stage financings. Only 5% of Series A financings included a pay to play feature, compared to 12% of Series B, 17% of Series C, and 14% of Series D or later transactions.



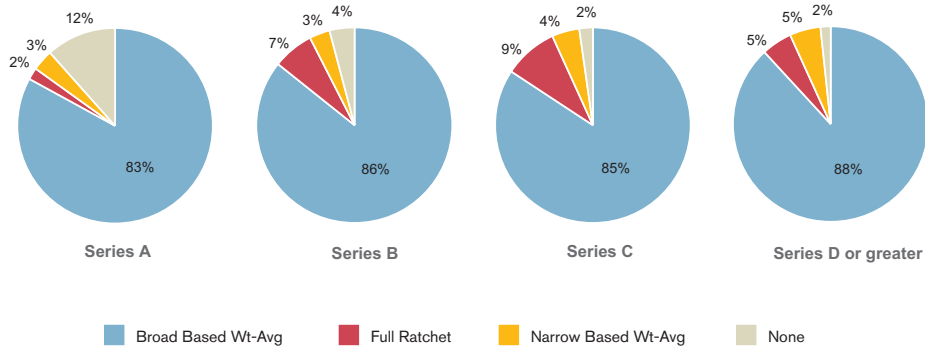
PERCENTAGE OF DEALS WITH PAY TO PLAY—

By Quarter. The percentage of deals with pay to play increased from just 8% in the fourth quarter of 2007 to 15% in the first quarter of 2008, which is consistent with an increased percentage of later stage deals in the first quarter.



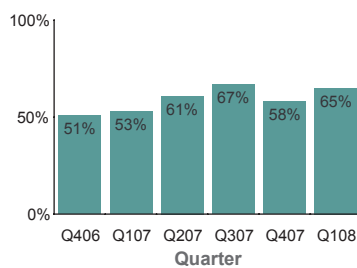
ANTIDILUTION PROTECTION—By Series.

The vast majority of all transactions continued to have a broad-based, weighted average antidilution provision. Consistent with historical norms, a small percentage of transactions had no antidilution provision at all. Series A financings had the most, with 12% of all transactions having no antidilution provision.

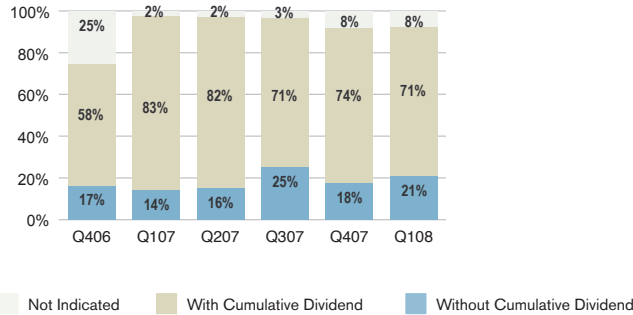


PERCENTAGE OF DEALS WITH DRAG ALONG—By Quarter.

The percentage of deals that included a drag along feature remained relatively constant over the quarters reported, although the trend is clearly moving towards increased utilization.



DEALS WITH ACCRUING DIVIDENDS—By Quarter. Over the last six quarters, we have witnessed a relatively steady climb in the number of deals with accruing dividends. In Q108, we saw the number rebound to a near six quarter high at 21.2%



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ABOUT THIS REPORT This quarterly report provides data from 2006–2008, 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.

PALO ALTO, CA	Jim Fulton	650/843-5103	RESTON, VA	Mark Spoto	703/456-8029
NEW YORK, NY	Alison Newman	212/479-6190	BROOMFIELD, CO	Brent Fassett	720/566-4025
SAN DIEGO, CA	Tom Coll	858/550-6013	WASHINGTON, DC	Ryan Naftulin	202/842-7822
SAN FRANCISCO, CA	Craig Jacoby	415/693-2147	BOSTON, MA	Lester Fagen	617/937-2311

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