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ANNUAL VENTURE INVESTMENT DOLLARS RISE 7% AND EXCEED 2012 TOTALS, ACCORDING TO THE MONEYTREE REPORT

Dollars Invested in Internet-Specific Companies Reaches Highest Total Since 2001; Software Companies Capture More than a Third of Total VC in 2013

Washington, D.C., January 17, 2014 – Venture capitalists invested $29.4 billion in 3,995 deals in 2013, an increase of 7 percent in dollars and a 4 percent increase in deals over the prior year, according to the MoneyTree Report by PricewaterhouseCoopers LLP and the National Venture Capital Association (NVCA), based on data from Thomson Reuters. In Q4 2013, $8.4 billion went into 1,077 deals.

Internet-specific companies captured $7.1 billion in 2013, marking the highest level of Internet investment since 2001. Additionally, annual investments into the Software industry also reached the highest level since 2000 with $11.0 billion flowing into 1,523 deals in 2013. Dollars going into Software companies accounted for 37 percent of total venture capital invested in 2013, the highest percentage since the inception of the MoneyTree Report in 1995.

“Advances in technology continue to revolutionize how companies engage their customers on nearly every level and has changed the landscape of virtually every industry,” said Mark McCaffrey, global software leader and technology partner at PwC. “Consumers can see how innovation is changing their lives in the internet and software spaces and are eager to embrace technology at a faster and faster rate. Combined with the high ROI being driven by the success of recent IPOs and an active acquisition market, it is no surprise that more venture capital dollars are flowing into early stage software and internet companies. In fact, investments in software companies accounted for more than one-third of all VC investing in 2013.”

"The fourth quarter and 2013 year end numbers show that there is a lot of energy around internet-specific companies and stronger interest in biotechnology. We are hearing that this optimism is being fueled by a strong exit market, an improved economy, and as always, innovative entrepreneurs. VC investment is also being bolstered by the continued involvement of corporations in VC deals,” said Bobby Franklin, president and CEO of NVCA. "There has been some public discussion about recent high valuation levels in private technology companies. Private company valuations follow the public markets and market-leading venture-backed companies are seeing strong interest from investors across the board. We are not hearing concerns of a return to bubble values of the late 1990s," Franklin added.

Sector and Industry Analysis

The Software industry maintained its status as the single largest investment sector for the year, with dollars rising 27 percent over 2012 to $11.0 billion, which was invested into 1,523 deals, a 10 percent rise in volume over the prior year. This represented the highest level of investment and the largest number of deals the Software sector since 2000. Software remained the number one sector in Q4 for both dollars invested and number of deals with $2.9 billion going into 397 companies, nearly three times the number of deals than the second highest volume sector, Media & Entertainment.

Biotechnology investment dollars rose 8 percent while volume decreased 2 percent in 2013 to $4.5 billion going into 470 deals, placing it as the second largest investment sector for the year in terms of deals and dollars invested. The Medical Device industry fell 17 percent in dollars and 4 percent in deals in 2013, finishing the year with $2.1 billion going into 308 deals. In the fourth quarter of 2013, $1.3 billion went into 134 Biotechnology companies while $460 million went into 94 Medical Device deals. The Life Sciences sector (Biotech and Medical Devices combined) accounted for 23 percent of all venture capital dollars invested in 2013 compared to 25 percent in 2012.

Internet-specific companies experienced a 7 percent increase in dollars and a 6 percent increase in deals for the full year 2013 with $7.1 billion going into 1,059 rounds compared to 2012 when $6.7 billion went into 995 deals. This marked the highest level of Internet investment since 2001. For the fourth quarter, $2.4 billion went into 273 Internet-specific deals. '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. These companies accounted for 24 percent of all venture capital dollars in 2013.

Ten of the 17 industry categories experienced increases in dollars invested for the year. Industry sectors experiencing some of the biggest dollar increases for 2013 included: Networking & Equipment (111 percent); Financial Services (100 percent); and Business Products and Services (61 percent).

Stage of Development

Investments into Seed Stage companies increased 14 percent in terms of dollars but fell 26 percent in deals with $943 million going into 218 companies in 2013, the lowest number of seed deals since 2003. In the fourth quarter, venture capitalists invested $320 million into 67 seed stage companies. Seed Stage companies attracted 3 percent of dollars and 5 percent of deals in

2013 compared to 3 percent of dollars and 8 percent of deals in 2012. The average Seed stage round in 2013 was $4.3 million, up from $2.8 million in 2012.

Early Stage investments experienced a 17 percent increase in dollars and a 15 percent increase in deal volume in 2013 with $9.8 billion going into 2,003 deals. For the fourth quarter, $2.9 billion flowed into 530 Early Stage companies. Early Stage companies attracted 33 percent of dollars and 50 percent of deals in 2013 compared to 30 percent of dollars and 45 percent of deals in 2012. The average Early Stage deal in 2013 was $4.9 million, up from $4.8 million in 2012.

Expansion Stage investments increased in 2013 by 4 percent in dollars and were flat in terms of deals with $9.8 billion going into 984 deals. In the fourth quarter, 275 Expansion Stage companies captured $3.0 billion. Expansion Stage companies attracted 34 percent of dollars and 25 percent of deals in 2013 compared to 35 percent of dollars and 26 percent of deals in 2012. The average Expansion Stage deal size in 2013 was $10.0 million compared to $9.6 million in 2012.

In 2013, $8.8 billion was invested into 790 Later Stage deals, a 1 percent increase in dollars and a 6 percent decrease in deals for the year. In the fourth quarter, $2.2 billion went into 205 deals. Later Stage companies attracted 30 percent of dollars and 20 percent of deals in 2013 compared to 32 percent of dollars and 22 percent of deals in 2012. The average size of a Later Stage deal rose from $10.4 million in 2012 to $11.2 million in 2013.

First-Time Financings

First-time financings in 2013 rose 14 percent in dollars while the number of deals increased 3 percent compared to 2012, with $5.0 billion going into 1,314 companies. However, while dollars going into companies receiving venture capital for the first time rose in Q4 compared to the third quarter, the number of companies dropped 4 percent to 345. First-time financings accounted for 17 percent of dollars and 33 percent of deals in 2013 compared to 16 percent of dollars and 33 percent of deals in 2012.

Industries receiving the most dollars in first-time financings in 2013 were Software, Biotechnology and Media & Entertainment. Industries with the most first-time deals in 2013 were Software, Media & Entertainment, and IT Services. Fifty-seven percent of dollars invested in first-time deals in 2013 were in the Early Stage of development, followed by the Expansion Stage of development at 16 percent, Seed Stage companies at 14 percent and Later Stage companies at 13 percent.

MoneyTree Report results are available online at www.pwcmoneytree.com and www.nvca.org.

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 Reuters" or "PwC/NVCA MoneyTree™ Report based on data from Thomson Reuters." 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 Reuters." 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 Reuters. The survey includes the investment activity of professional venture capital firms with or without a U.S. 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 U.S. 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 Reuters. 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.

About the National Venture Capital Association

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. According to a 2012 Global Insight study, venture-backed companies accounted for 12 million jobs and $3.1 trillion in revenue in the United States in 2010. As the voice of the U.S. venture capital community, **the National Venture Capital Association (NVCA)** empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites its nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.

The **PwC 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. PwC is a recognized leader in each industry segment with services for technology clients in all stages of growth.

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