

## Reitler Brown & Rosenblatt Silicon Alley Venture Survey

Venture Financing Trends in the New York Metropolitan Area  
2005 First Quarter

**Background:** Our firm has collected data relating to 15 of the 37 reported venture investments made in the New York Metropolitan Area during the first quarter of 2005. We have analyzed the results to provide our clients, survey participants and other friends of our firm with valuable insight into venture financing trends and deal terms.

**Overview:** The results of our 1Q05 survey show positive trends. Some of the highlights are as follows:

- Of the reported investments, none were down rounds.
- The Reitler Brown Silicon Alley Venture Capital Price Index™ showed a 59.3% average price increase from companies' preceding rounds.
- Multiple liquidation preferences were utilized in only 27% of the reported transactions.
- In 20% of the reported transactions, venture capital investors did not receive a participating preferred security in that they were forced to decide on taking a 1x liquidation preference plus accrued and unpaid dividends or converting into a common stock on a realization event.

**Financings rounds broke down as follows:**

Series	Percentage
A	47%
B	27%
C	20%
D	6%

**Price Change:**

<b>Price Change</b>	<b>Percentage</b>
Up	47%
Flat	13%
Down	None
Not Applicable	40%

**Senior Liquidation Preferences:**

<b>Total</b>	33%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	67%
B	25%
C	None
D	None

**Multiple Liquidation Preferences:**

<b>Total</b>	27%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	50%
B	None
C	None
D	100%

**Participation in Liquidation:**

<b>Total</b>	80%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	83%
B	75%
C	100%
D	None

**Cumulative Dividends:**

<b>Total</b>	67%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	83%
B	100%
C	67%
D	None

**Anti-Dilution Provisions:**

<b>Total</b>	87%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	83%
B	100%
C	100%
D	100%

**Pay to Play:**

<b>Total</b>	7%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	17%
B	None
C	None
D	None

**Redemption Rights:**

<b>Total</b>	60%
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By Series:

<b>Series</b>	<b>Percentage</b>
A	50%
B	75%
C	33%
D	100%

**Corporate Reorganizations, Recapitalizations or Refinancings:**

<b>Total</b>	None
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For additional information about the Reitler Brown & Rosenblatt Silicon Alley Venture Survey, please feel free to contact Ed Reitler at (212) 209-3010 or [ereitler@reitlerbrown.com](mailto:ereitler@reitlerbrown.com). If you wish to participate in our survey in the future, or have any other questions or comments, contact Jaime Sorrentino at [jsorrentino@reitlerbrown.com](mailto:jsorrentino@reitlerbrown.com).

The total number of venture financings in the New York Metropolitan area was obtained from the PricewaterhouseCoopers Money Tree™ Survey.