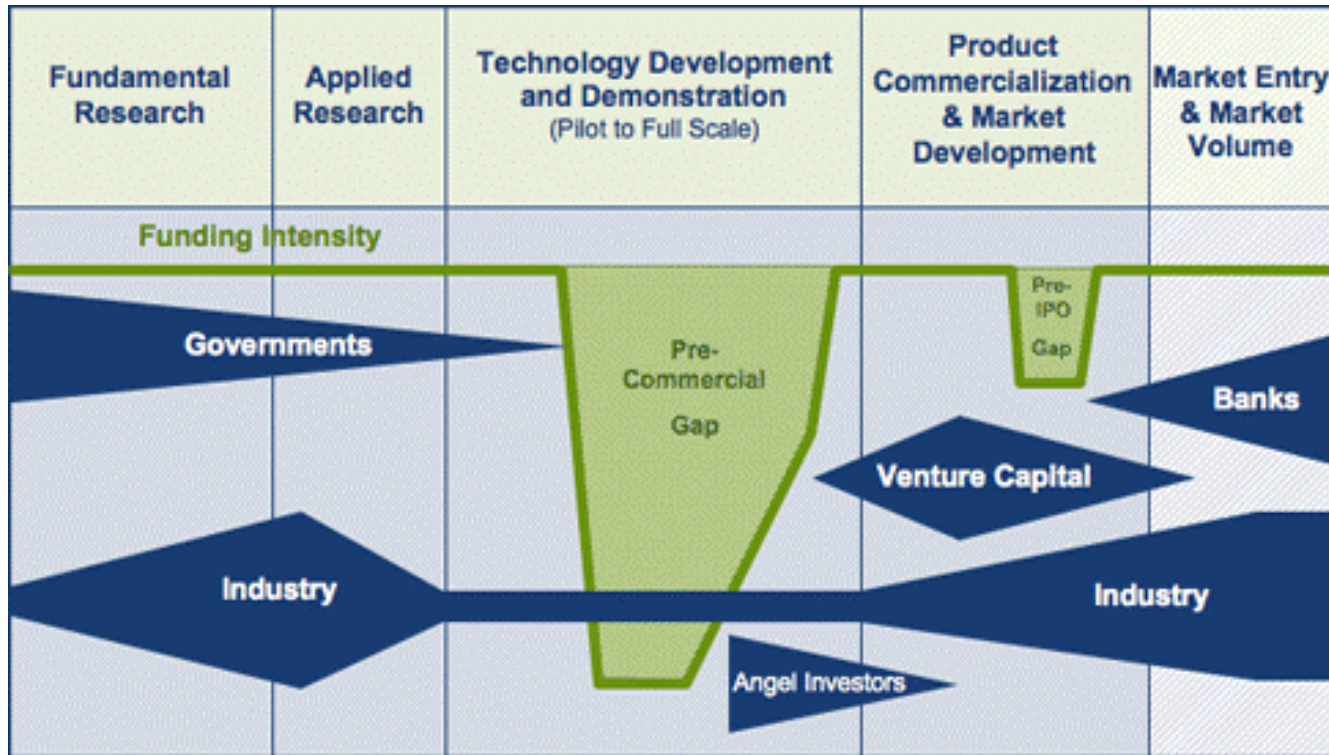




The Funding Gap



13 52 61 60
 # of energy & environment deals by stage: seed, start-up, other early stage & expansion From 2000 – Q2 2006
 Source: Thomson Financial, Oct 2006



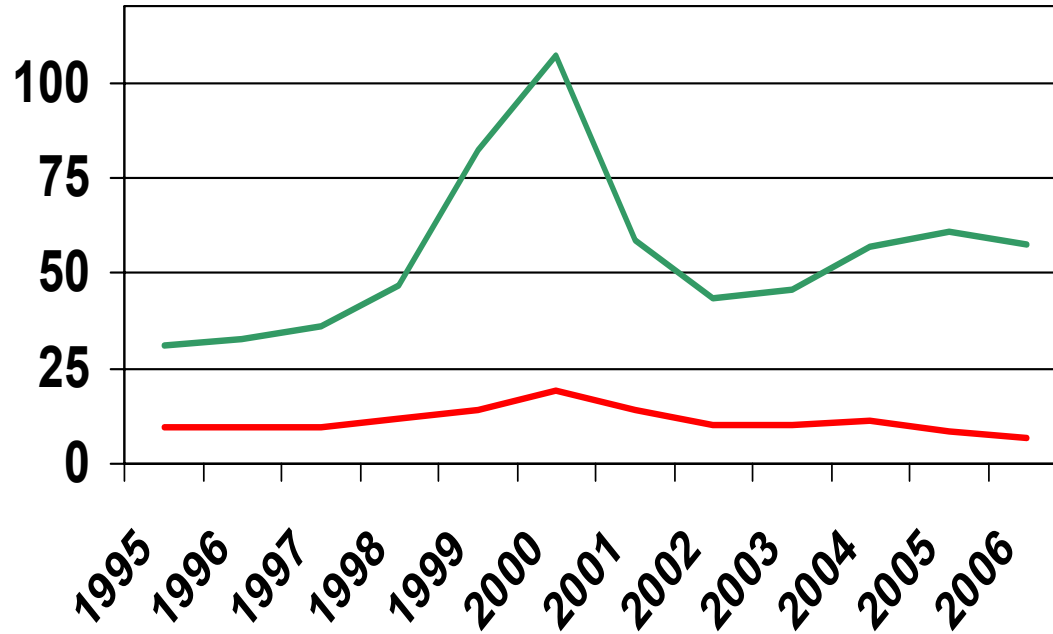
Effect of Successive Rounds of Financing

Value	\$ 2M	\$ 7M	\$15M	\$ 30M	\$100M	Value Realization
Revenue	\$ 0	\$ 2M	\$ 6M	\$ 15M	\$ 30M	
Targets	Mgt Team	Traction	Uptake	Dominance	Strategic Fit	
	Angel	VC Series A	VC Series B	VC Series C	Liquidity	
Investment	\$ 1M	\$ 3M	\$ 6M	\$ 10M	Payout of	
Angel Share	33%	23%	17%	13%	\$13M	



Effect of Later-Stage Trends on Early Round Valuations

Median Post Money Valuation \$M



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
— Seed/Startup/Early	9.4	9.5	9.7	11.7	14.0	19.4	14.0	10.1	10.1	11.3	8.6	6.7
— Later	30.9	32.8	36.1	46.6	82.0	107.3	58.4	43.3	45.6	56.9	61.0	57.3

Source: PricewaterhouseCoopers/National Venture Capital Association
MoneyTree™ Report, Data: Thomson Financial

Angel Valuation Methods

- Similar Company Transaction
- Replacement or All-In Method
- Modified Berkus Method
- Rule of Thirds - 20-40%
- Multiples of Revenue, Cash Flow
- Discount to Terminal Exit
 - Rates of Return
- Value Later (Discount to Next Round)



Modified Berkus Method

Valuation Metric – if you have this...	Add to Company's Value
Attractive Idea	\$500k - \$1M
Good Management in Place – Done it Before!!!	\$500k - \$2M
Strategic Alliances and Barriers to Entry Erected	Up to \$500k
Prototype Completed	\$500k - \$1M
Quality Board in Place	Up to \$1M
Product Sales	Up to \$1M
Total Potential Pre-Money Value of \$2.5M to \$6M USD depending on Author	