Q&A Session for SVB Analytics Life Science Online Seminar

Date: Wednesday, October 6, 2010

Q: In H2 09 and H1 10, how many of these equity rounds were Series A? Series B?

A: Of the 30 deals in H2 2009 and 22 deals in H1 2010, the following were Series A or Series B deals, respectively:

H2 2009 (n=30): Series A = 9, Series B = 12

H1 2010 (n=22): Series A = 4, Series B = 9

Q: On the Medical Device slide, is there any distinction between 510k vs. PMA Product?

A: No, there is not. Unfortunately the database used in this study doesn't track the distinction.

Q: Is the range of months to exit measured from seed round? Is the exit multiple based on the last round pricing?

A: The range of months to exit is measured starting with the first round of funding as opposed to the company inception date. The exit multiple is valued at the last round with the Acquisitions valued at the post-money and the IPOs at the pre-money.

Q: Could you explain again, how the annual net exit multiple was calculated? Does this include money in for companies that failed? Do you only consider the money that went into the companies that exit, or is it calculated annually?

A: Annual net exit multiple is calculated by taking the sum of all dollars returned from all exits that occurred during a given year divided by all the dollars that were ever invested into that exit. It does include companies that went out of business; unfavorably affecting the multiple by accounting for dollars invested in the denominator of the ratio.

Q: How were earn-outs and milestone payments treated for calculating exit valuations?

A: Earn outs were not factored into this analysis.

Q: Does the M&A analysis include earn-outs? If so, we need to be careful here. There is an increasing amount of total in earn-outs and the milestones are getting tougher.

A: Earn-outs were not factored into this analysis.

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Q: Referring to the biotech slide, showing time to exit based on stage, can someone explain why commercial exit time is not substantially longer than preclinical? Is it because those invested in the commercial stage are not the original investors?

A: Many of the commercial stage deals were later stage assets spun out of pharma companies. The clock starts for my analysis when the Series A closes. Many of these deals were Series A deals but were Phase II or later assets. Additionally, some of these deals were Orphan Indication deals that had expedited approval processes. I think you can distinguish between pre-clinical deals that were mostly technology focused and commercial stage that were mostly single asset focused.

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