



Advanced Equities

Why late stage private placements offer an alternative to NASDAQ

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Sarbanes Oxley has shut the door on growth companies. The \$50 - \$80 million IPO is on constant life support.

Companies are taking longer to reach the IPO market.

Institutional investors want more liquidity in the IPO process. Companies can't trade by appointment. You need bigger floats. \$150 million+ IPO's get the best Institutional Sponsorship.

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Median time from initial equity funding to IPO.

2008	8.3
2007	7.1
2006	6.2
2005	5.6
2004	5.7
2003	5.7
2002	3.3
2001	4.5
This is Post Bubble	

Source: Dow Jones Venture Source

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Because companies are taking longer to go public they need more money.

In 1998 the average dollars invested in venture backed companies prior to IPO was \$22 million.

in 2007 \$66 million. 3x

Source: Dow Jones Venture Source

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Average IPO size in 2007 reached all time high for venture backed companies. \$120 million average raise at IPO.

In 1998 this was \$50 million

Source: NAVC Thompson

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We believe that an alternative to NASDAQ is needed.

One that can take inefficiency out of the market and process.

This alternative needs to preserve the NASDAQ option for a later date.

Allow CEO's should spend time running companies and not raising money.

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Late Stage Private Placements offer better economics to the VC, Company and Investor when compared to other alternatives.

Typical private placement fees 5%
cash 5% warrants

10% total vs. 20% cost structure
of hedge funds (20% incentive
fee).

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Private placements are not constrained by the size of a fund.

Advanced Equities has raised over \$200 million for several companies over several rounds and \$100 million rounds have been funded.



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Several examples of late stage private placements:

Company	Amount	Prior Investors
Motricity	\$300 million	NEA, TCV
Infinera	\$77.5 million	KP, Benchmark
Bloom Energy	\$65 million	KP, NEA
EASIC	\$40 million	Khosla, KP
RMI	\$60 million	Benchmark
Turin	\$90 million	Sequoia, DCM
Peregrine Semiconductor	\$20 million	Morganthaler
Force 10 Networks	\$130 million	NEA, Worldview, Morganthaler

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In May 2008 we launched Venture Gateway.

Today we have approximately 5000 unique investors with user IDs and passwords. With investors in 18 countries.

We are currently raising over \$5 million per day off of this platform.

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This platform will only provide capital to companies that are backed by Top Venture Firms.

