

# TCN CleanTech Capital Program:

**Exploring Angel, VC, Strategic, and Government  
Funding Options**

May 12, 2010

# An Improving CleanTech Picture

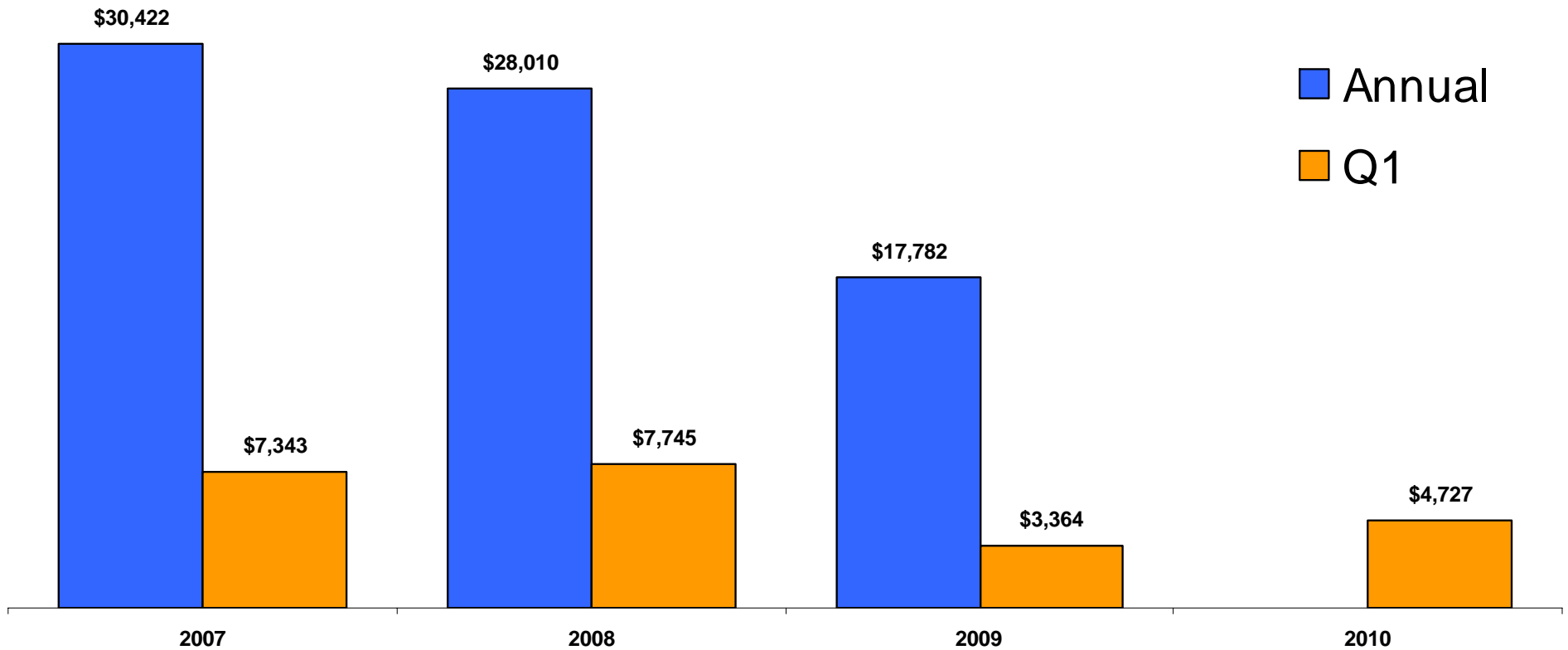
# An Improving CleanTech Picture

- Q1 2010 VC investments across industries:
  - \$4.7 billion in 681 deals
    - 9% decrease from Q4 2009
- Q1 2010 CleanTech VC investments:
  - \$773 million in 69 deals
    - 87% increase from Q4 2009

# Historical Perspective

VC investment fell sharply in 2009

(Millions)



Source: *Point of View Cleantech Nation*, PwC, February 2009;  
MoneyTree™ 2010

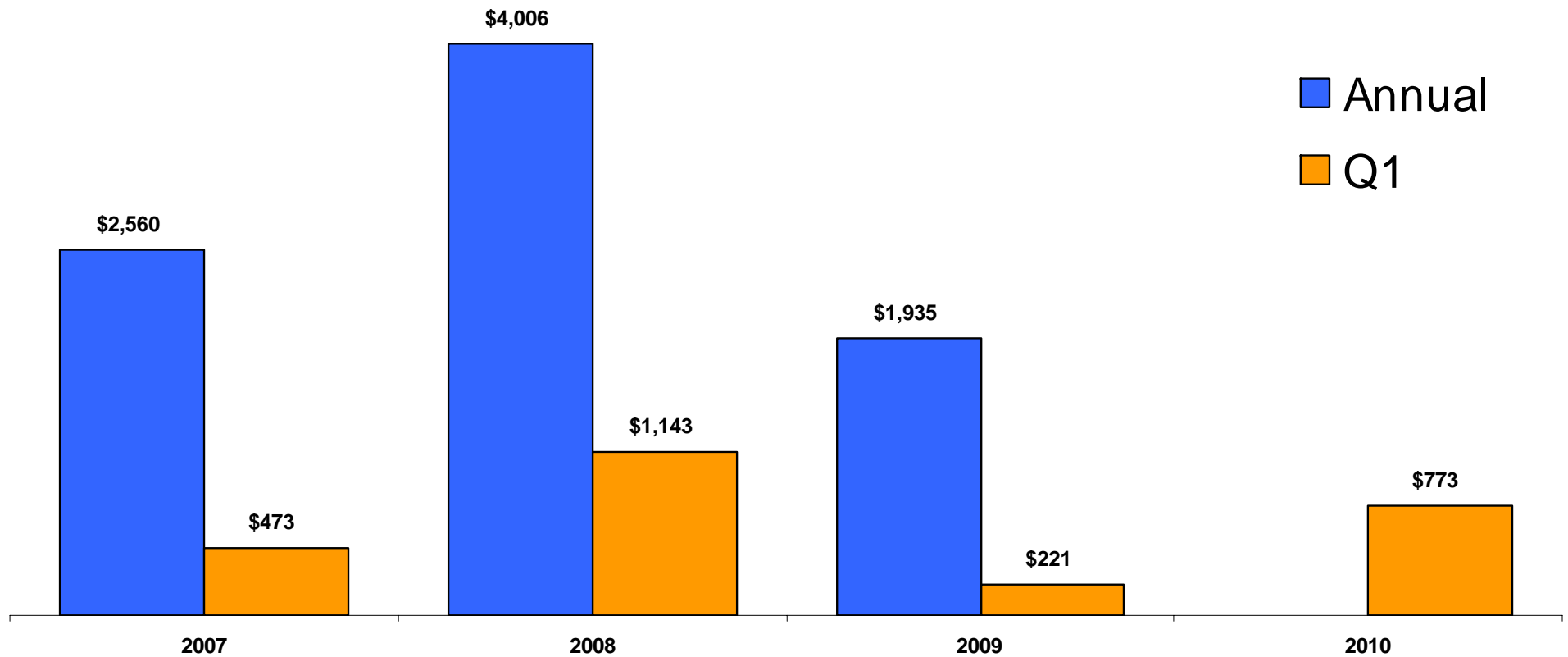
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# Historical Perspective

CleanTech VC investment also fell sharply in 2009

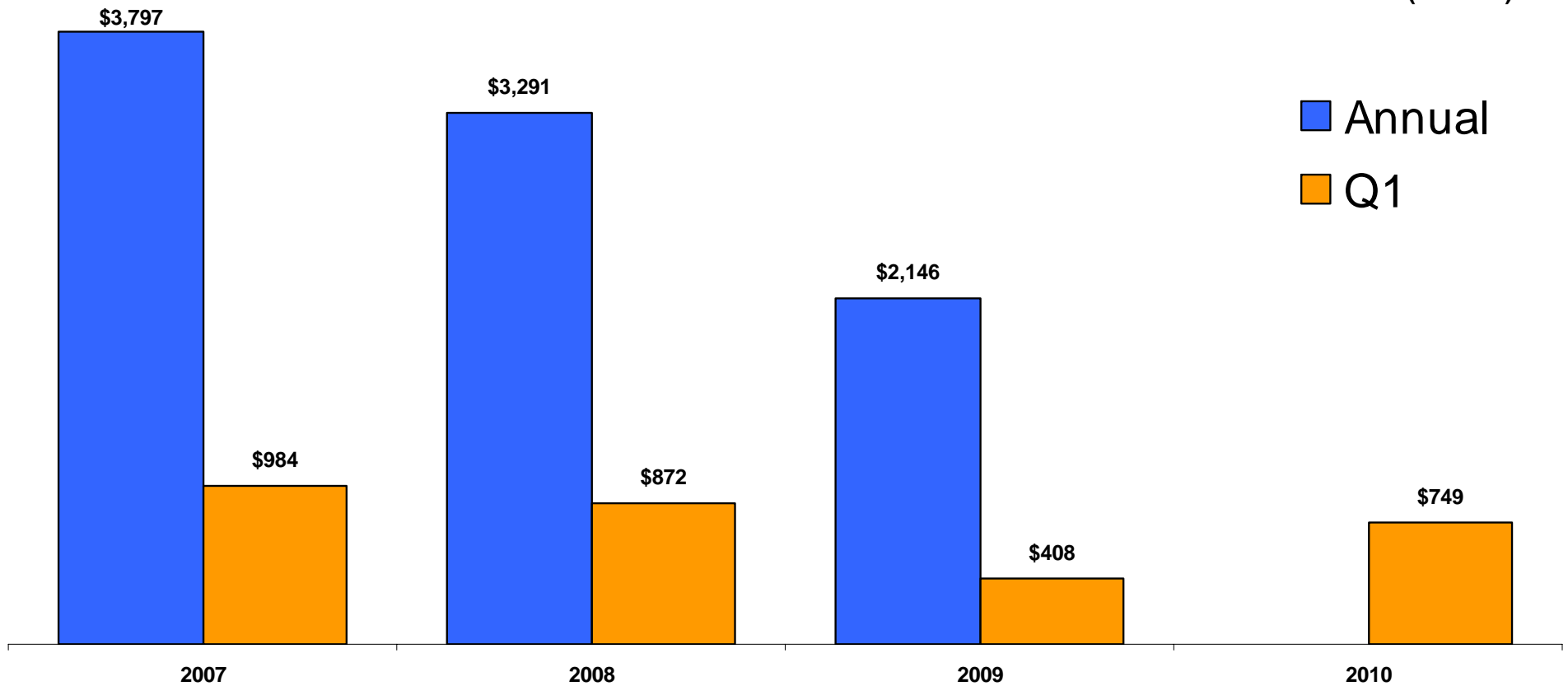
(Millions)



Source: *Point of View Cleantech Nation*, PwC, February 2009;  
MoneyTree™ 2010

# Regional Perspective

New England VC investment dropped in 2009 as well (Millions)



Source: MoneyTree™ 2010

# What's Been Hot in CleanTech

Solar companies have received large investments

2008

- 8 of the top 10 CleanTech VC investments were in the solar sector
- The top 7 VC investments were in CleanTech
  - 1) Nanosolar, Inc.     \$300M
  - 2) Solyndra, Inc.     \$219M

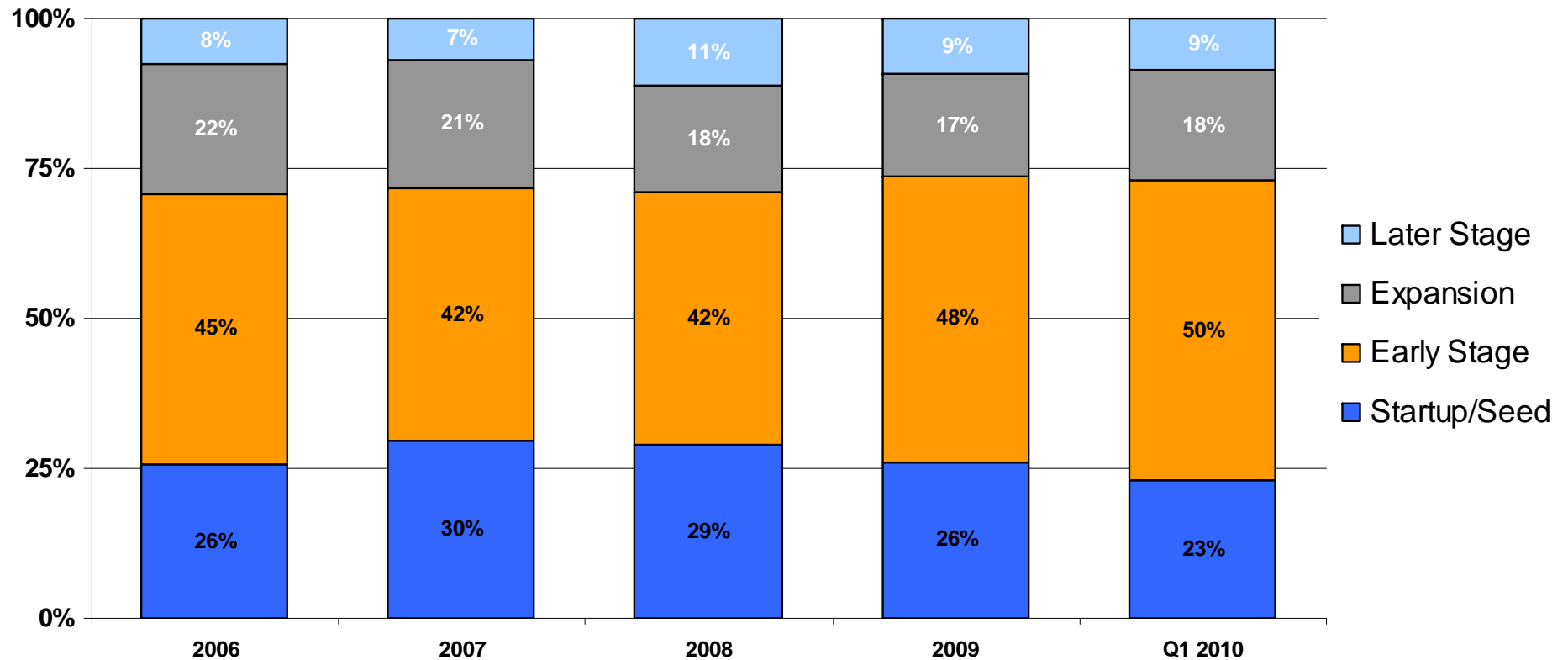
2009

- The top 3 CleanTech venture-backed companies were in the solar sector
  - Solyndra, Inc.
  - Suniva, Inc.
  - eSolar, Inc.
- 2 of the top 10 VC investments were in CleanTech
  - 1) Solyndra, Inc.     \$286M
  - 7) Tesla Motors, Inc. \$82.5M

# First Rounds and Exits

# First Rounds

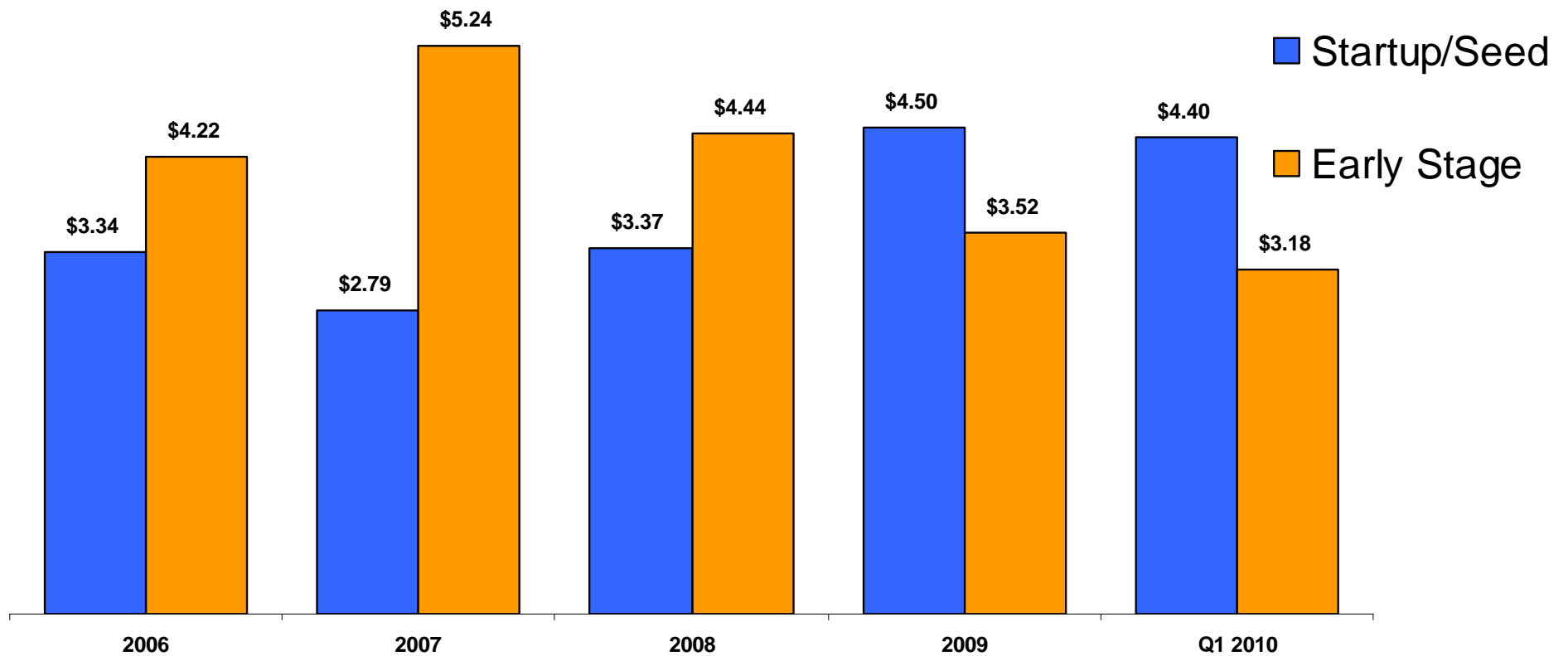
Most VC first-rounds go to startup and early stage companies



Source: PwC/NVCA MoneyTree™ Report based on data from Thompson Reuters, May, 2010

# First Rounds

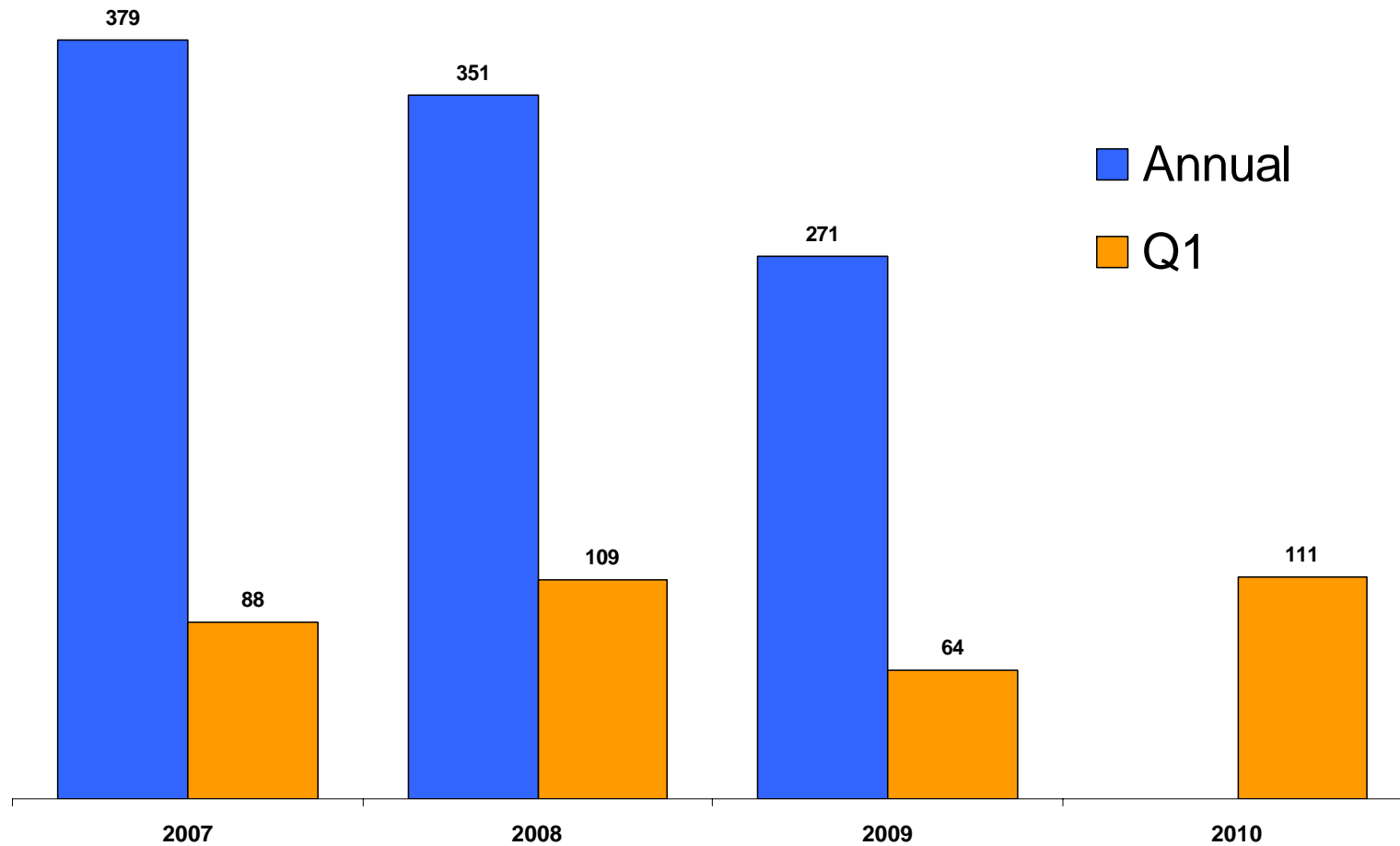
Average VC first rounds range from \$2.5 to \$5.5M



Source: PwC/NVCA MoneyTree™ Report based on data from Thompson Reuters, May, 2010

# Exits

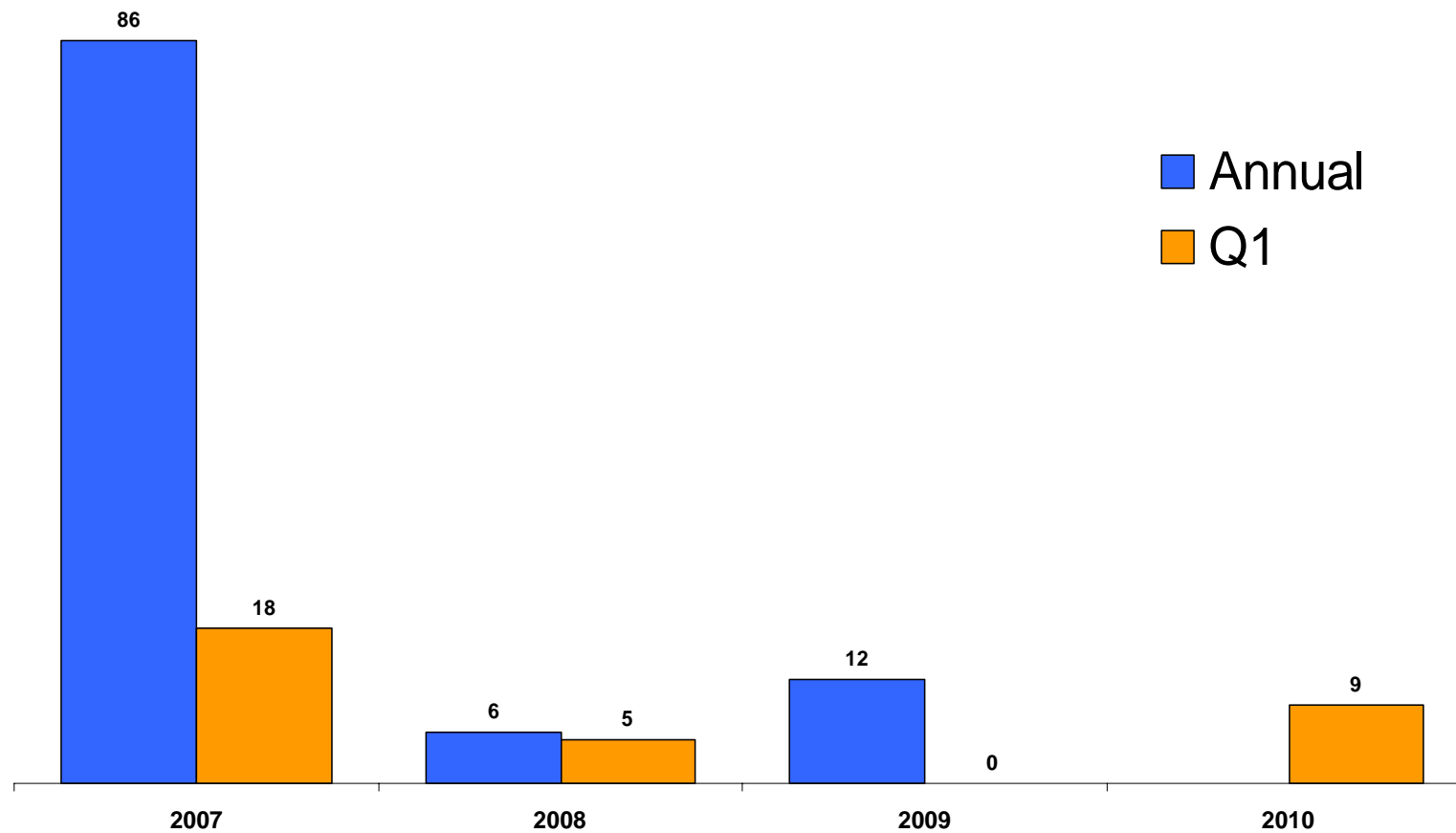
Venture-backed M&A exits declined in 2009



Source: NVCA: Venture Backed Exit Activity Shows Improved Signs of Life in Q1 2010, April 1, 2010.

# Exits

Venture-backed IPO activity has been slow since 2008



Source: NVCA: Venture Backed Exit Activity Shows Improved Signs of Life in Q1 2010, April 1, 2010.

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# Looking Forward

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# Looking Forward

- NVCA December 2009 Survey:
  - 54% of VCs predict CleanTech investments will increase in 2010.
  - 91% of VCs see more venture-backed M&A deals in 2010
  - 74% of VCs see more venture-backed IPOs in 2010
  - Only 10% of VCs see more than 50 IPOs in 2010

# The Government Funding Picture

# The Government Funding Picture

- Proposed 2011 Federal Budget
  - \$300 million for ARPA-E granting agency
  - \$3-5 billion in loan guarantees for innovative efficiency and renewable generation projects
  - \$5 billion in investment tax credits such as IRC§48C Qualifying Advanced Energy Projects
- 2009 Stimulus
  - \$4 billion in loan guarantees for renewable generation
  - \$46.5 billion was appropriated for energy efficiency and renewable generation
    - Only \$18.5 billion has been committed through Q1 2010

## Discussion Points

- What is CleanTech?
- Who is being funded?
- What are the hottest areas in CleanTech?
- How are trends in the broader VC market impacting CleanTech investment?
- How are VCs adapting to the changing market?
- How should CleanTech entrepreneurs react?
- What sources of early-stage capital are available in CleanTech?
- What exit strategies are preferred by VCs and entrepreneurs?

## Discussion Points

- When should companies pursue angel, government and strategic funding?
- What government programs are available for CleanTech startups?
- What trends in strategic investments should early-stage companies pay attention to?
- What companies are most attractive to strategic investors?
- When and how should companies reach out to strategic investors?
- Which management teams are most desirable?

# TCN CleanTech Capital Program:

## Exploring Angel, VC, Strategic, and Government Funding Options

### Panelists:

Philip Giudice – Commissioner, Massachusetts Dept. of Energy Resources

David Kopans – Co-Founder and CFO, EnergyClimate Solutions

Dave Power - President, Power Strategy

Bard Salmon - Chairman of the Board, Perillon Software

### Moderator:

Matt Cushing - Partner, Bingham McCutchen LLP