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**VENTURE CAPITAL INVESTMENT OUTSIDE THE U.S. UP 5%
TO \$13.4 BILLION IN 2008 AS MORE MONEY GOES TO
ENERGY, NEW REGIONS**

Dow Jones VentureSource: Annual Investment in Europe Down 15% after Slow 4Q; China, India & Israel Set Annual Investment Records; Energy Segment Growing Fast

LONDON and SHANGHAI (18 February 2009)—Venture capitalists continued to seek out investment opportunities outside the United States in 2008 as they put more than \$13.4 billion to work in 1,416 deals for emerging companies in Europe, Israel, Mainland China and India last year, according to Dow Jones VentureSource (www.venturecapital.dowjones.com). That marks nearly a 5% increase over the \$12.8 billion that venture capitalists invested in 1,711 deals outside the U.S. in 2007 and comes despite a 15% drop in annual venture investment in Europe. Still, the U.S. remains the world's leading destination for venture capital, accounting for 2,550 deals and \$28.8 billion in investment in 2008.

“The venture capital industry continues to rapidly globalize as investors are eager to find and tap new areas of innovation, especially in emerging economies like China and India,” said Jessica Canning, Director of Global Research for Dow Jones VentureSource. “What's most notable is that the growth in international investment is not being fueled solely by information technology (IT), which is traditionally the sweet spot for venture capitalists, but also by energy-related investments. Investments in energy totaled nearly \$1.4 billion in 2008 and now account for more than 10% of international venture investment. Much of this can be attributed to the

global spike in energy prices we saw in 2008 and the venture community's championing of renewable and clean energy technologies."

Europe Overview*

According to VentureSource, Europe saw a late-year pullback in venture investment which led to an overall annual decline of 15% as investment fell from \$7.6 billion in 1,107 deals in 2007 to \$6.5 billion in 881 deals in 2008. This marks Europe's lowest deal count since VentureSource began tracking the region in 1999. Much like in the U.S., Europe started off with a strong first quarter, only to see investments and deals slide downward over the course of the year. The region ended the year on a low note as investment fell 38% from \$2.1 billion in the fourth quarter of 2007 to \$1.3 billion in 2008, its lowest quarterly total in more than four years.

Specifically, Europe's IT industry saw its overall investment slide 26% from \$3.4 billion invested in 560 deals in 2007 to \$2.5 billion in 410 deals in 2008. The majority of this decline was in the last six months of the year as the number of IT deals and amount of investment reached their lowest levels on record in the third and fourth quarter.

Likewise, the data showed a late-year slowdown in health care deals and investment in Europe. Venture capitalists invested \$1.8 billion in 215 health care deals in 2008, down 28% from the nearly \$2.5 billion the region saw invested in 245 such deals in 2007. Both the decline in health care and IT investment in Europe closely mirror trends seen in the U.S. in 2008.

One of Europe's few bright spots was a surge in energy and utilities investment. The data shows that venture capitalists put a record \$816 million to work in 59 of these deals in 2008, up 89% from the \$431 million invested in 52 such deals in 2007.

The median amount invested in a venture capital deal in Europe reached a record \$4 million in 2008.

By Major European Country

- In the United Kingdom, VC investment fell 24% from \$2.5 billion invested in 337 deals in 2007 to \$1.9 billion in 258 deals in 2008. The last quarter of 2008 saw investment drop 54% from the prior year to \$320 million, the lowest quarterly total since 2003.
- For the first time since 2003, Germany outpaced France as the second-most popular destination of venture capital in Europe with \$1.2 billion invested in 160 deals.
- France saw its annual investment slide 29% from \$1.4 billion in 2007 to just over \$1 billion in 2008 as the number deals completed fell from 239 to 188.
- Capital investment in Sweden grew 33% in 2008 as \$496 million was invested in 63 deals.
- In Denmark, venture investment fell only 6% from \$308 million in 2007 to \$289 million in 2008 even though the country saw its annual deal count plummet from 62 to 28.
- The Netherlands saw its annual venture investment fall 34% from a record \$376 million in 2007 to \$249 million in 2008.

**NOTE: All currency conversions are based on the 2008 weighted average of 1.4726 as set by the U.S. Federal Reserve.*

China Overview

According to VentureSource, venture capitalists invested a record \$4.2 billion in 245 deals in China in 2008, up from \$2.8 billion in 290 deals in 2007. The region saw investment top \$1 billion every quarter in 2008 except for the fourth quarter, which saw investment tumble to \$716 million in 54 deals, 9% below the \$787 million put into 84 deals in the last quarter of 2007.

IT investments led the way in China as investors put \$1.6 billion into 86 such deals in 2008, up 60% over the \$1 billion invested in 117 IT deals in 2007. China's consumer services

industry saw record investment in 2008 with \$1 billion put into in 50 deals, up 57% from \$652 million invested in 51 deals in 2007.

According to the data, the median deal size in China is now the highest in the world – reaching a record \$10 million in the region in 2008.

Israel Overview

VentureSource found that investors put a record \$1.9 billion into 210 deals for companies in Israel in 2008, up 19% over the \$1.6 billion put into 227 deals in the region in 2007. Of that, some \$1.3 billion, or 68% of all capital investment, went into 132 IT deals, nearly 30% more than the \$1 billion invested in 153 such deals in 2007.

Health care companies in Israel attracted \$331 million in 2008, an increase of 4% over 2007. Energy and utilities companies garnered a record \$167 million, up 149% over the \$67 million invested in the industry in 2007.

The data showed that the median size of a venture deal in Israel also set a record in 2008 and now stands at \$5 million.

India Overview

Venture capital investment in India also set a record in 2008, though its growth was minimal compared to prior years, according to VentureSource data. Investment in India-based companies reached \$864 million in 2008 with 80 deals completed, up some 3% from \$842 million invested in 85 deals in 2007.

Unlike China and Israel, which have more firmly established business infrastructures, India saw the majority of venture investment go to its business and financial services companies, which garnered a record \$368 million in 26 deals in 2008. That's more than double the \$144 million the industry saw invested in 20 deals in 2007.

India's IT industry saw investment fall 45% from \$319 million invested in 32 deals in 2007 to \$176 million in 22 deals in 2008. Energy and utilities investment in India climbed some 75% in 2008 to \$70 million.

According to VentureSource, India was the only region to see its deal size hold firm year-over-year, remaining unchanged at \$8 million in 2008.

For more information or to arrange a personal demonstration of Dow Jones VentureSource, visit <http://venturecapital.dowjones.com> or call +1 866 291 1800 (in the U.S.) or +44 (0) 203 217 5176 (in Europe).

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*The investment figures included in this release are based on aggregate findings of Dow Jones proprietary European research. This data was collected by surveying professional venture capital firms, through in-depth interviews with company CEOs and CFOs, and from secondary sources. These venture capital statistics are for equity investments into early-stage, innovative companies and do not include companies receiving funding solely from corporate, individual, and/or government investors. No statement herein is to be construed as a recommendation to buy or sell securities or to provide investment advice.
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