

Q4 2017 - A Strong Close to a Banner Year

Commentary from Michael Ronen



Michael Ronen from SoftBank Investment Advisers discusses his take on the state of venture capital investing.

On market fluctuations: Investing is a cyclical business, but we continue to feel good about our

outlook because we generally take a long-term view, backing seasoned management teams and differentiated technologies with significant capital to weather transitory fluctuations.

On SoftBank's position: The thrust of where we play the best, and where we are the best partner, is where we are going to become a patient, strategic shareholder and partner to management teams and earlier investors that are willing to take a long-term view with us.

On M&A: With tax reform and the repatriation of cash, M&A should continue to be robust. That's also an opportunity for us as we look for strategic partners for our portfolio companies.

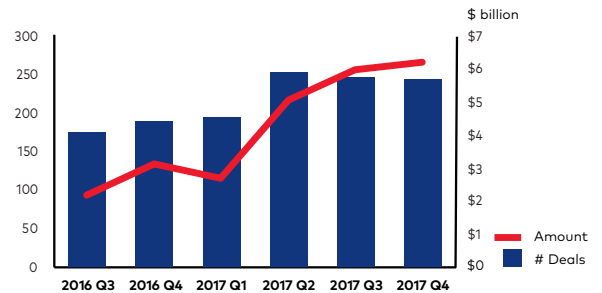
Read Cooley's full interview with Michael Ronen on Cooley GO. www.cooleygo.com

In the fourth quarter of 2017, both deal volumes and aggregate dollars raised remained robust and consistent with prior quarters. Cooley handled 246 disclosable deals representing more than \$6.2 billion of invested capital. The invested capital figure was the highest quarterly number we have seen since the inception of this report 14 years ago.

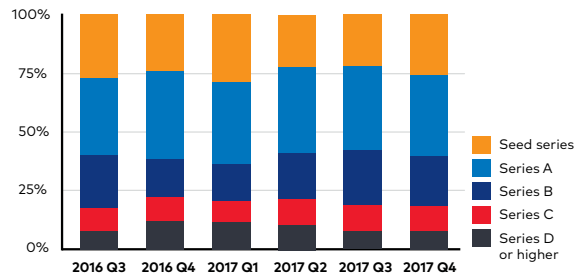
For the overall year, we handled 945 disclosable deals representing more than \$19 billion of invested capital. These numbers again reached levels not seen for 14 years of reporting.

In Q4 2017, transactions did show a slight decrease in median pre-money valuations from prior quarters. During the quarter, median pre-money valuations decreased across

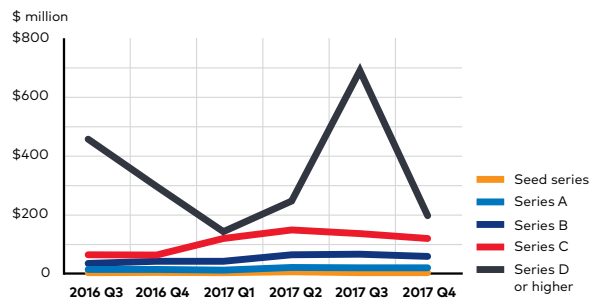
Total Deal Volume and Aggregate Dollars Raised



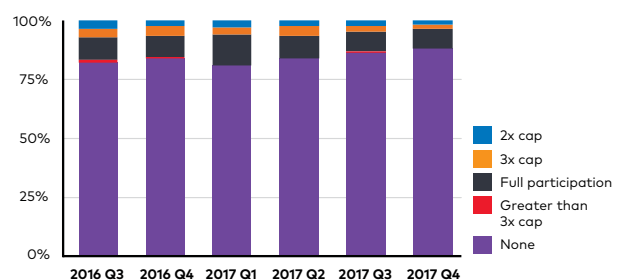
Deal Breakdown



Median Pre-Money Valuation



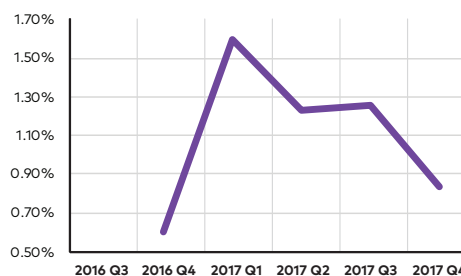
Liquidation Preference: Participation Features



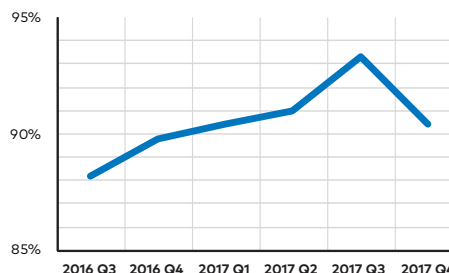
all deal stages with the exception of Series A transactions. Late-stage financings saw more significant valuation decreases from prior quarters. This may point to a cooling trend around late-stage private company valuations as we move into the new year.

Overall deal terms remained company-friendly. In Q4 2017, the percentage of deals with no participating liquidation preferences reached 88% of transactions. We also witnessed a decrease in recapitalization transactions and the utilization of drag-along provisions.

Recapitalization



Drag-Along



For more venture financing trends, view our interactive data visualization on Cooley GO:

www.cooleygo.com/trends

About the Cooley Venture Financing Report. This quarterly summary provides data reflecting Cooley's experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact the Cooley lawyers listed below.

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