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MORGENTHALER CLOSSES NINTH FUND AT \$400 MILLION

Increases Fund Size for Venture Team by 30%

Menlo Park, CA. Nov. 12, 2008. Morgenthaler Ventures (www.morgenthaler.com/ventures), a leading venture capital firm celebrating 40 years of venture investing, announced today that it has exceeded its fundraising goal and closed its ninth fund at slightly more than \$400 million. This brings the firm's total capital under management to \$2.6 billion. Morgenthaler Venture Partners IX, L.P is an early-stage venture capital fund focused on investments in information technology and life science companies.

"We are pleased by the response of our limited partners and their trust in our ability to invest successfully and steadily through up and down cycles," said Robert "Robin" Bellas, partner at Morgenthaler Ventures. Bellas added that some of the industry's most valuable companies were started during economic downturns.

During the last liquidity cycle, Morgenthaler had five IPOs, including the top-performing life science IPO of 2008 - IPC The Hospitalist Company. It also had ten noteworthy acquisitions ranging in value from \$100 million to over \$1 billion. The firm's track record helped place it on *Forbes'* Midas List of 2008, which ranks the best dealmakers in high tech and life sciences.

Notable companies in Morgenthaler's current portfolio include: NexTag, the largest independent online comparison-shopping site in the US; imeem, the world's largest music-streaming site with 30 million unique visitors; OncoMed Pharmaceuticals, a leading biotechnology company which announced a \$1.4 billion strategic agreement with GlaxoSmithKline; Satiety, a medical device company offering an incision-less stomach volume-reduction solution for treating obesity; and Cortina Systems, a leading supplier of intelligent communication IC solutions for worldwide markets.

Morgenthaler will continue to focus on early-stage investing with its new fund. Since 2001, more than two-thirds of its venture investments have been made in the seed or Series A rounds. Going forward, Bellas said that Morgenthaler will broaden its focus to include more Series B and Series C financings for companies that have achieved significant milestones.

MVP IX is a strategic change for the firm. Previous Morgenthaler funds have made both venture and private equity investments out of the same fund. MVP IX is the first Morgenthaler fund to focus solely on venture capital investments. The firm's Venture Team was allocated approximately \$315 million to invest in the previous fund (MP VIII). MVP IX therefore represents roughly a 30% increase in fund size for the Venture Team.

Morgenthaler's Buyout Team – which announced the sale of its portfolio company, Mark Andy, to American Industrial Partners in mid October – is based in Cleveland, OH and Boston, MA. The firm has a policy that it will not comment on current and future fundraising plans.

IT Investing – Rebecca Lynn and Guido Appenzeller Join IT Team

Morgenthaler has added two young entrepreneurs to its Information Technology Team. It has named Rebecca Lynn as principal and Guido Appenzeller as entrepreneur-in-residence (EIR). Both are based in Menlo Park, CA. Lynn was the vice president of marketing at NextCard, the first issuer of online credit cards and one of the top-five largest online marketers of that time. Lynn recently earned a joint JD/MBA degree from the Haas School of Business and Boalt Hall School of Law at the University of California at Berkeley. She also holds a B.S. in chemical engineering from the University of Missouri. Lynn is also an inventor and holds several issued patents. At Morgenthaler, she will focus on investments in mobile communications, Internet services, digital media and financial services.

Appenzeller is a co-founder of Voltage Security, a Morgenthaler portfolio company, where he served as chief technology officer and engineering manager, and helped grow the company to over 400 enterprise customers and over 1 million licensed users. He also currently serves as a consulting assistant professor at Stanford University in the Computer Systems Lab. Appenzeller holds 15 issued or pending patents and was named a Technology Pioneer by the World Economic Forum in 2006. He holds a degree in physics from the University of Karlsruhe in Germany and M.S. and Ph.D. degrees in computer science from Stanford University.

Lynn and Appenzeller join the IT Team that now includes partners Ken Gullicksen, Drew Lanza, Gary Little, Gary Morgenthaler and Bob Pavey. “Adding Rebecca and Guido to our team will strengthen our ties to emerging entrepreneurs in the Bay Area,” said Gary Little. “Despite entrepreneurial efforts elsewhere in the world, we believe the best place to build major new ventures with international scope continues to be Silicon Valley.”

Life-Science Investing – Doug Treco Joins LS Team

Morgenthaler's Life Science Team has named Doug Treco, Ph.D., as an EIR in its Boston office. Treco co-founded Transkaryotic Therapies, a multi-platform biopharmaceutical company which was acquired in 2005 by Shire plc. He also currently serves as a visiting scientist at the Department of Molecular Biology at Massachusetts General Hospital. Treco has authored numerous peer-reviewed publications and holds 35 US and European patents in

the areas of protein production, gene mapping and gene therapy. He received a Ph.D. in biochemistry and molecular biology from the State University of New York at Stony Brook and performed his post-doctoral studies at Massachusetts General Hospital.

Treco joins the Life Science Team that now includes partners, Robin Bellas, Jim Broderick, M.D., Ralph “Chris” Christoffersen, Ph.D., Nassim Usman, Ph.D. (EIR) and Hank Plain. Plain joined Morgenthaler in 2007 after more than 25 years in the life science industry, including co-founding eight medical device start-ups and directing the exits of four companies with a combined value well in excess of \$1 billion.

According to partner, Chris Christoffersen, “The truly game-changing opportunities we see tend to be early stage. OncoMed Pharmaceuticals, for example, offers so much potential as a new approach to cancer treatment that it has attracted a \$1.4 billion deal from GlaxoSmithKline, which we think is the largest pre-clinical biotech licensing deal to date.”

About Morgenthaler Ventures

Morgenthaler Ventures is a leading, national venture capital team with offices in Menlo Park, CA; Boston, MA; and Boulder, CO. It concentrates its investments in life sciences and information technology. Morgenthaler’s Life Science Team focuses on biotechnology and medical devices. Recent investments include: Ardian, Avidia, Cabochon, CardioMind, Catalyst Biosciences, Emphasys, ForSight Labs, IPC The Hospitalist Company, Morphotek, Moximed, OncoMed Pharmaceuticals, Optiscan, Orexigen, Promedior, Satiety, Vertiflex and XTENT.

Morgenthaler’s IT Team focuses on Internet, mobile, software and clean tech investments. Recent investments include BlueArc, Brion, Cortina, imeem, JasperSoft, Netli, NexTag, Nominum, Overture Networks, Peregrine Semiconductor, Unity Semiconductors and Voltage Security. The firm has approximately \$2.6 billion under management and has funded more than 300 companies over its 40-year history. For more information on Morgenthaler and its portfolio companies, please visit: www.morgenthaler.com/ventures.

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