

MORGENTHALER CLOSES FUND VIII AT \$450 MILLION

Venture Capital Team Completes a Series of Liquidity Events

October 17, 2005. Menlo Park, California --- Morgenthaler (www.morgenthaler.com), a leading venture-capital and management-led buyout firm, today announced the closing of its eighth fund, MPVIII, with total committed capital at \$450 million.

"We are privileged to be supported by limited partners who are drawn to our 37-year track record and our company-building philosophy," said Bob Pavey, managing partner at Morgenthaler. "We have seen many cycles in this business, and feel fortunate to be investors at this time of great innovation, change, and opportunity."

Morgenthaler's new fund announcement comes on the heels of a number of successful liquidity events. In the last 4 months, the firm's venture capital team realized value from the following portfolio companies: Fiber Optics Network Solutions (FONS), TimesTen, Third Millennium Health Care Systems, and Threshold Pharmaceuticals.

With monies from its last fund MPVII (closed July 2001), Morgenthaler made 60 new investments and more than 200 follow-on investments.

Pavey said that the partners expect to invest the new fund over roughly a 3-year period. They plan to maintain their investment pace of approximately 1 to 1.5 deals per partner per year. The firm's venture capital team expects to invest an average of \$5 to \$15 million in each company and maintain an average of 5-7 board seats per partner.

Morgenthaler also announced today that it has made its first investment from the new fund in a company called SiPort. Based in Milpitas, California, SiPort provides wireless products for mobile devices.

Focus on IT and Life Sciences

Morgenthaler's venture-capital team will continue to focus on information technology and life sciences investments. The firm's venture-capital team is headquartered in Menlo Park, California with additional offices in Boulder, Colorado; Boston, Massachusetts; and Princeton, New Jersey.

Gary Morgenthaler, general partner, said, "Those of us on the IT team are particularly excited about opportunities in digital media, consumer Internet services, open source software, wireless and nanoproducts. We are working with passionate entrepreneurs whose innovations will have far-reaching impact." Morgenthaler cited Brion

Technologies, Cortina Systems, Crossbow Technology, Five Star Technologies, JasperSoft, NexTag, imeem and SNOCAP as current portfolio companies in these areas.

Robert (Robin) Bellas, general partner, said, "We have had a continuing life sciences thrust at Morgenthaler for two decades now. Today, we focus on biotechnology, medical devices, and health-care services. Our investing themes include biopharmaceuticals, devices, and services that promote "Graceful Aging" and "Surgery without Knives." Bellas cited Bayhill Therapeutics, CardioMind, GlobeImmune, IPC – The Hospitalist Company, Morphotek, Oncomed, Replidyne, Satiety, Spine Wave, Thermage, and Xtent as current portfolio company examples.

The new fund has 15 participating investment partners in addition to its CFO, Ted Laufik. The investment partners on the venture capital team include: Robert (Robin) Bellas, Greg Blonder, Jim Broderick, Ralph (Chris) Christoffersen, Ken Gullicksen, Drew Lanza, Paul Levine, Gary Little, Gary Morgenthaler, Bob Pavey, and Gary Shaffer.

Morgenthaler is a leading, national venture-capital and management-led buyout firm with offices in Boston, MA; Boulder, CO; Cleveland, OH; Menlo Park, CA; and Princeton, NJ. The firm has approximately \$2.5 billion under management. It has funded approximately 250 companies over its 37-year history.

For more information on Morgenthaler portfolio companies and the firm, please visit: www.morgenthaler.com <http://www.morgenthaler.com/>

Media Contacts: **Venture Capital**

Kate Wesson/415-365-0458
Tom Gibson/216-881-9376

Buyouts

Mark McCall 212.850.5641
Charles Armitstead 212.850.5691

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