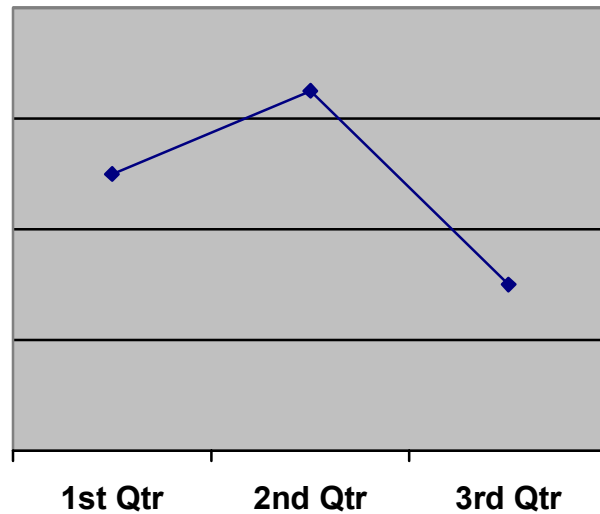


Q3 2005 Industry Report
Web Services

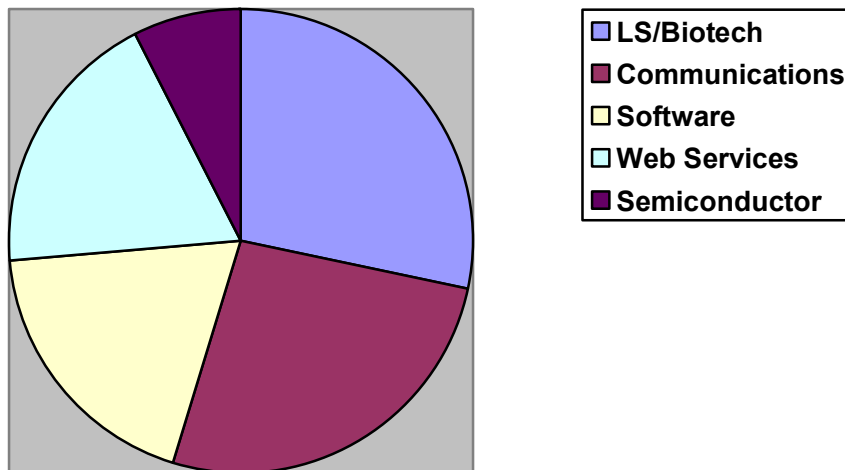
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Industry Highlights:

- Since inception, Financing Partners has reviewed 104 Web Services deals. Year to date the number of deals reviewed within the industry stands at 52, a 140% increase from 2004.
- Q2 was the highest quarter for reviewed deals in the Web Services industry with 17 deals reviewed. Q3 saw a greater than 58% decrease in submitted deals within this industry.



- In Q3, the greatest numbers of submitted deals were Life Science/Biotech companies, followed closely by Communications deals.



- 55% of submitted companies received a passing grade of 3.00 or above and 45% of submitted companies were passed on.

- The highest score received this quarter averaged 2.33; the lowest score received was 3.67.
- The average number of prescreen reviews per deal was five.
- The largest amount of capital sought during the 3rd Quarter was a \$5mm Series A round. The smallest round sought was \$500k.
- The average valuation of deals that received a “passing score” was \$4.5mm pre-money.

Summary of Top Prescreened Deals:

Company	Background	Amount Sought	Valuation	Score
XYZ	Comprehensive digital distribution service for independent labels, distributors, and artists.	\$1.5mm	\$8mm pre	2.33
XYZ	Provide state-of-the-art solutions in all areas of personal privacy, with special emphasis on the threats to privacy posed by the free flow of information on the internet	\$500k	Seed	2.50
XYZ	Technology that deeply understands individual music usage "after the download" and creates new and significant relationships within content distributor and social networking communities.	\$1.2mm	\$4mm pre	2.75
XYZ	Algorithmic optimization and intelligent monitoring solutions to systematically improve performance.	\$2mm	\$4.5mm pre	2.83
XYZ	New voice application company that is developing consumer voice services. The company's service lets people create and manage their own intelligent, interactive phone numbers using the Internet.	\$5mm	\$5mm pre	2.86
XYZ	Automated news website which focuses on technology news and culture.	\$3mm	Seed	3.00

- All of the above six companies had experienced management teams with strong startup and operations backgrounds.
- 3 of the 6 deals were pre-revenue.
- 2 of the 6 deals presented at Financing Partners Investor Symposium program.