

European Technology VC Headline Transactions Index® Methodology

Go4Venture's European Tech VC Headline Transactions Index® (the "Headline Transactions Index") is an index compiled on a monthly and annual basis by Go4Venture as an early indicator of the evolutions in the venture capital funding market for European information technology companies.

What Does the Headline Transactions Index Measure

Based on the deals reported in major trade publications and news feeds, the Headline Transactions Index is a derivative index, which measures both:

- The actual level of investment activity in the European Technology sector; and
- The level of reporting ("the hype factor" – even though each transaction is only recorded once).

Since its inception in August 2002, the Headline Transactions Index has also proven a **good early indicator of the actual level of VC investment in Europe** as reported by established industry surveys (e.g. VentureOne and Ernst & Young Quarterly Venture Capital Statistics).

Sources of Information

The index tracks the deals reported the major trade publications and news feeds, including:

- AltAssets' Private Equity Newsletter
- Computerwire's Computergram (daily)
- Financial Times newspaper (daily)
- Infoconomy's Bulletin (weekly)
- PrivateEquityOnline.com's Newsletter (weekly)
- Tornado Insider's News in Europe (weekly)
- VentureSource News (daily)
- VentureWire (daily)
- ZDNet Week (weekly)

Geographical Coverage

The Headline Transactions Index covers all VC investments made in Europe by investors, regardless of their geography or investor status. Transactions therefore include investments made by non-European players and investors other than VCs. Europe is defined as including all of Western and Eastern Europe, but excluding Israel.

Investment Stage Coverage

All stages are reported, from seed to pre-IPO investments. Late stage deals (Series C and up) are also included, with the exception of MBO/MBIs (which tend to involve investments of a different order, c. EUR 50+ mn) and PIPE/P2P transactions (which involve publicly-quoted companies).

Sector Coverage

From a sector standpoint, the Headline Transactions Index currently only covers Information Technology deals, defined as follows:

- Computer hardware (semiconductors, computer equipment and application-specific hardware, including medical devices)
- Computer software (consumer/personal productivity software, enterprise system software, enterprise application software)
- IT services (unusual as VC investments)
- Telecoms (hardware, software and technology-based alternative operators)
- Internet Services (content portals, Web 2.0, and other companies which use the Web as the primary delivery platform for products or services)
- Digital Media (gaming, IPTV, internet video)

The Headline Transactions Index currently excludes Life Sciences deals (except for medical devices).

Accounting for Transactions

Transactions are included in the month of the first announcement to appear in the news.

Amounts are reported in Euros. Any exchange rate conversions are done using the average value of the Euro against the reported currency in the month the transaction is first reported.

Where amounts are undisclosed, the transaction is included in the number of transactions but (by definition) does not count towards the total size of investments. Average deal size is calculated by reference to the number of transactions where amounts are reported.

About Go4Venture

Go4Venture (www.go4venture.com) is a London-based independent corporate finance advisory firm focused on providing equity private placement and M&A services to Europe's leading technology companies and their investors. Our services encompass financing strategies, buy and build strategies, exit strategies (trade sale and IPO advisory), strategic advisory and valuation.

Definitions

VC	Venture Capital
MBO	Management Buy-Out
MBI	Management Buy-In
PIPE	Private Investment in Public Equity
P2P	Public to Private