

CONNECT Springboard Program – Metrics

Graduate Tracking Survey Report for period
July 1 to December 31, 2009

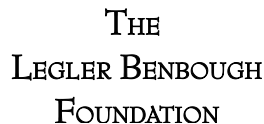
Prepared for:

The Benbough Foundation and
The Springboard Executive Committee

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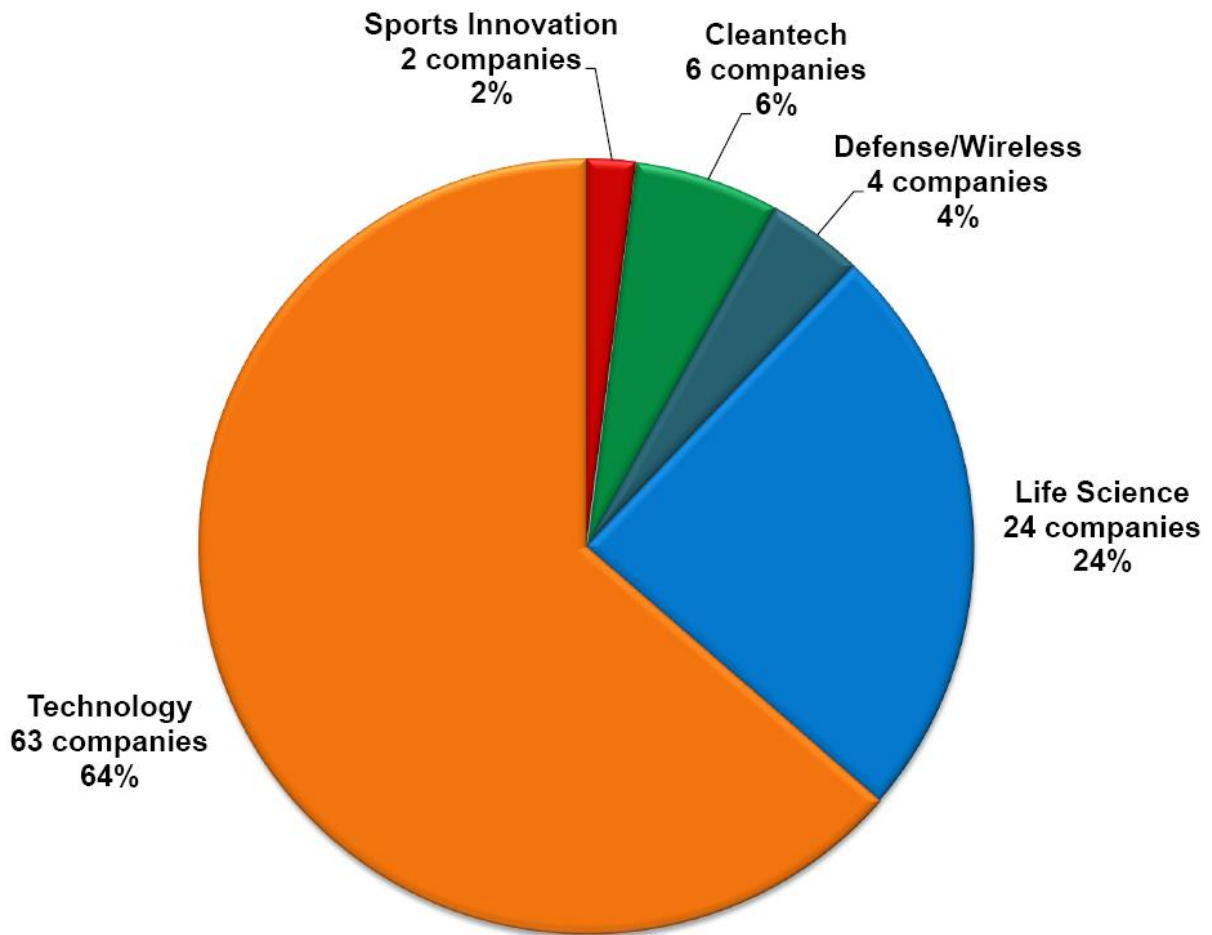


CONNECT Springboard Graduate Tracking Survey – Metrics July 1 – December 31, 2009 Report

The Springboard Graduate Tracking Survey tracks the success and metrics of companies that have completed the Springboard program since 2005. As of December 2009, 143 companies had graduated from the program. Based on our research, it was determined that at least 99 of the 143 companies (~70%) surveyed are still in business. [The most recent survey was sent to 112 companies in mid-December 2009].

The 99 surviving companies were distributed over the following industry clusters as shown in the chart below:

2005-2009 Springboard Graduates by Industry Cluster
99 Surviving Companies



Capital Formation

Sixty-seven graduates have raised a reported total of over \$142M* as of the end of December 2009. The top six graduates ranked by amount funded account for almost 50% or \$70M of the total. The top 17 companies account for 80% or \$114M of the total amount raised over the five-year period.

Note: Company names are not shown due to confidentiality of information. The numbers shown in the company column are rank order.

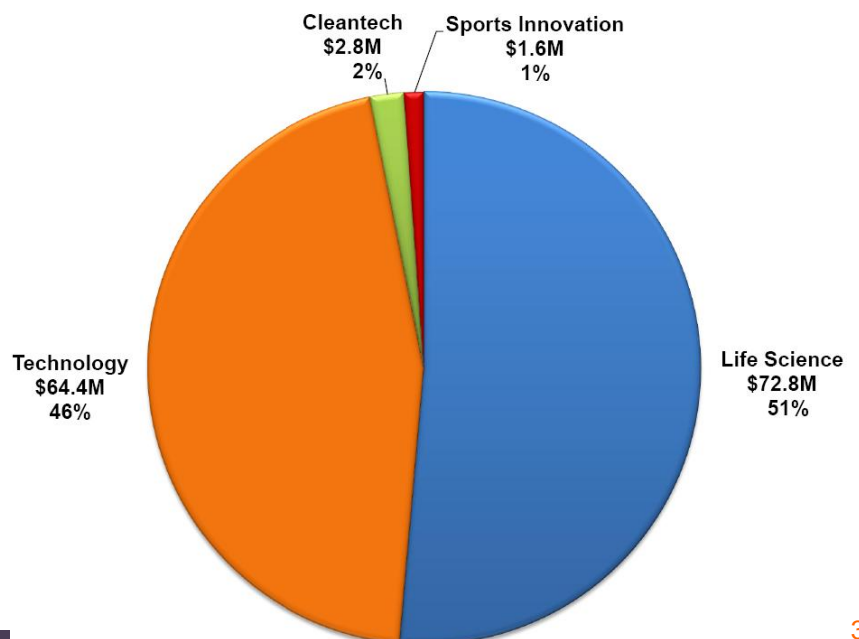
Top Ranked Funded Graduates 2005 - 2009

Company	Amount Raised* 2005-2009 in \$ Million	Percent of Total Funding Raised
1	\$15.5M	11%
2	\$12.0M	8%
3	\$11.0M	8%
4	\$11.0M	8%
5	\$10.3M	7%
6	\$ 9.8M	7%
7	\$ 7.0M	5%
8	\$ 5.5M	4%
9	\$ 4.5M	3%
10	\$ 4.4M	3%
11	\$ 4.0M	3%
12	\$ 4.0M	3%
13	\$ 4.0M	3%
14	\$ 3.4M	2%
15	\$ 2.6M	2%
16	\$ 2.3M	2%
17	\$ 2.3M	2%
17 Graduates account for:	\$114 M	80%
Total Amount Raised by All Graduates 2005-2009	\$142 M	100%

* excluding initial founder(s) investment

Life science companies received just over half of the \$142M raised by Springboard graduates between January 2005 and December 2009. Technology companies raised nearly \$65M. In the last year and a half, a small number of Cleantech and Sports Innovation sector companies raised over \$4M.

Funding Raised by Industry Sector 2005 – 2009



Graduates Receiving Funding in 2009

In 2009, \$30M was raised by 37 companies. In the first half of the year only \$6M of that was raised by 18 companies. In the last half of the year the pace intensified considerably with 26 Springboard graduates raising \$24M.

In the last six months of 2009, the top four companies raised 75% of the total. Fourteen companies raised over a quarter of a million dollars between July and December.

Eleven of the 26 graduates received some form of funding in the second half of 2009.

Graduates Receiving Funding in Second Half of 2009

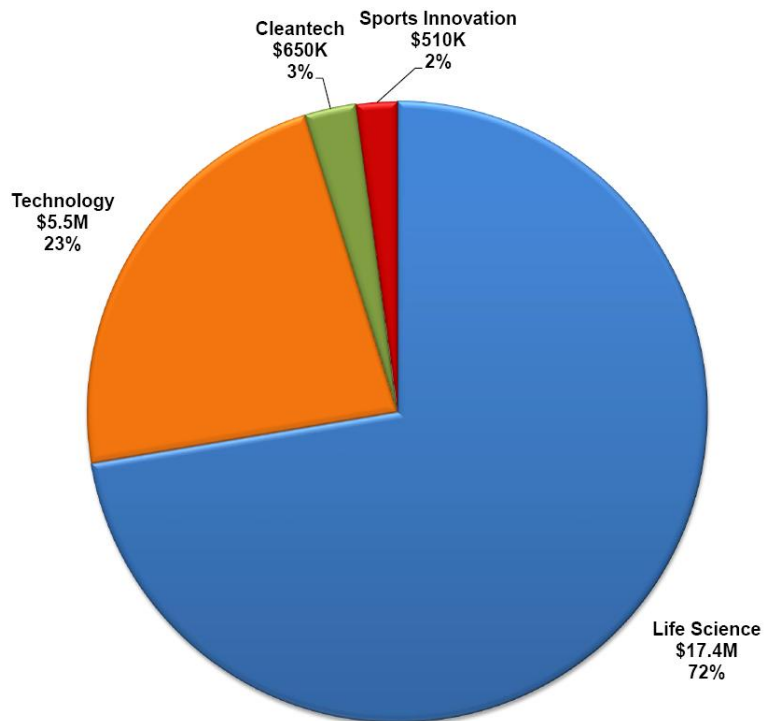
Company	Year Graduated	Amount Raised	% of Total Raised
1	2008	\$10.0M	42%
2	2006	\$5.0M	21%
3	2007	\$1.6M	7%
4	2005	\$1.5M	6%
5	2006	\$800K	3%
6	2009	\$625K	3%
7	2006	\$600K	2%
8	2008	\$600K	2%
9	2009	\$510K	2%
10	2009	\$500K	2%
11	2009	\$400K	2%
12	2009	\$350K	1%
13	2009	\$300K	1%
14	2008	\$275K	1%
15	2009	\$200K	1%
16	2008	\$110K	0.5%
17	2009	\$100K	0.4%
18	2009	\$ 95K	0.4%
19	2008	\$ 85K	0.4%
20	2008	\$ 80K	0.3%
21	2009	\$ 75K	0.3%
22	2007	\$ 55K	0.2%
23	2009	\$ 50K	0.2%
24	2008	\$ 50K	0.2%
25	2009	\$ 35K	0.1%
26	2007	\$ 20K	0.1%
Total		\$24M	100%

Company	Amount Raised in 2009	Percent of 2009 Funding
1	\$10.0M	31.4%
2	\$ 5.0M	15.7%
3	\$ 2.5M	7.8%
4	\$ 2.4M	7.5%
5	\$ 1.7M	5.3%
6	\$ 1.6M	5.0%
7	\$ 1.5M	4.7%
8	\$ 1.3M	4.0%
9	\$ 800K	2.5%
10	\$ 700K	2.2%
11	\$ 625K	2.0%
12	\$ 500K	1.6%
13	\$ 400K	1.3%
14	\$ 350K	1.1%
15	\$ 300K	0.9%
16	\$ 275K	0.9%
17	\$ 216K	0.7%
18	\$ 200K	0.6%
19	\$ 200K	0.6%
20	\$ 150K	0.5%
21	\$ 140K	0.4%
22	\$ 140K	0.4%
23	\$ 110K	0.3%
24	\$ 105K	0.3%
25	\$ 100K	0.3%
26	\$ 100K	0.3%
27	\$ 95K	0.3%
28	\$ 75K	0.2%
29	\$ 65K	0.2%
30	\$ 55K	0.2%
31	\$ 50K	0.2%
32	\$ 50K	0.2%
33	\$ 35K	0.1%
34	\$ 30K	0.1%
35	\$ 20K	0.1%
36	\$ 20K	0.1%
37	\$ 10K	0.03%
Total	\$ 32M	100%

Life science companies received over 70% of the \$24M raised by Springboard graduates between July 2009 and December 2009. Technology companies raised over \$5M. Cleantech and Sports Innovation sector companies raised nearly \$1M.

This mirrors results from the CONNECT Innovation Report for Q4 2009, which indicated that approximately 60% of the VC investment in San Diego in fourth quarter of the year went to life sciences companies.

Funding Raised by Industry Sector July 2009 – December 2009

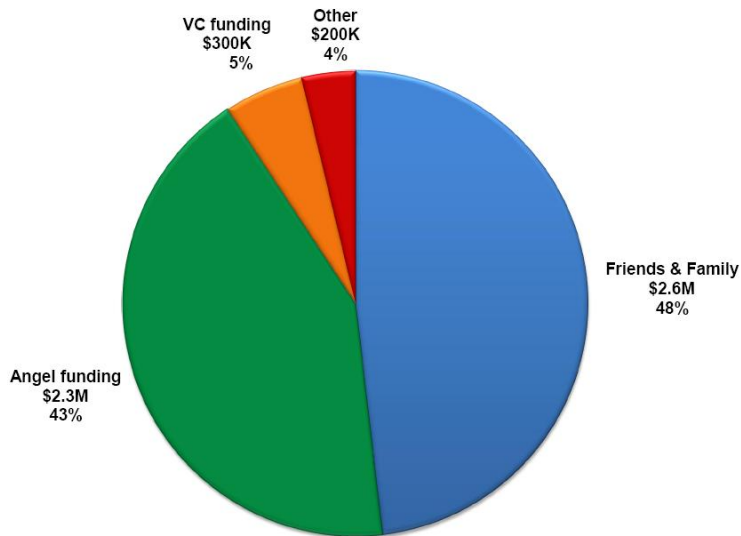


Capital Formation by Funding Source

The chart below shows the breakdown of the source of funding received. In the first half of the year, 90% of funding came from friends, family and angels. In the second half, 65% came from VCs. This major shift was due to two companies raising \$15.5M from VCs in the second half of 2009. Another notable jump was seen in the Angel category, which more than doubled. Eight companies raised over \$5.5M in angel funding – more than twice the \$2.3M raised in the first six months of 2009. The actual amount of Friends & Family funding remained consistent in the first and second halves of the year.

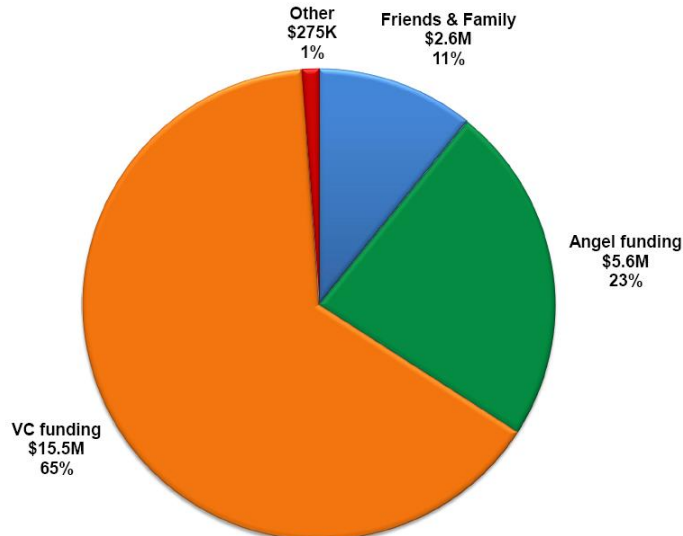
Incremental Funding by Source January 2009 through June 2009

January 2009 through June 2009



Incremental Funding by Source July 2009 through December 2009

July 2009 through December 2009

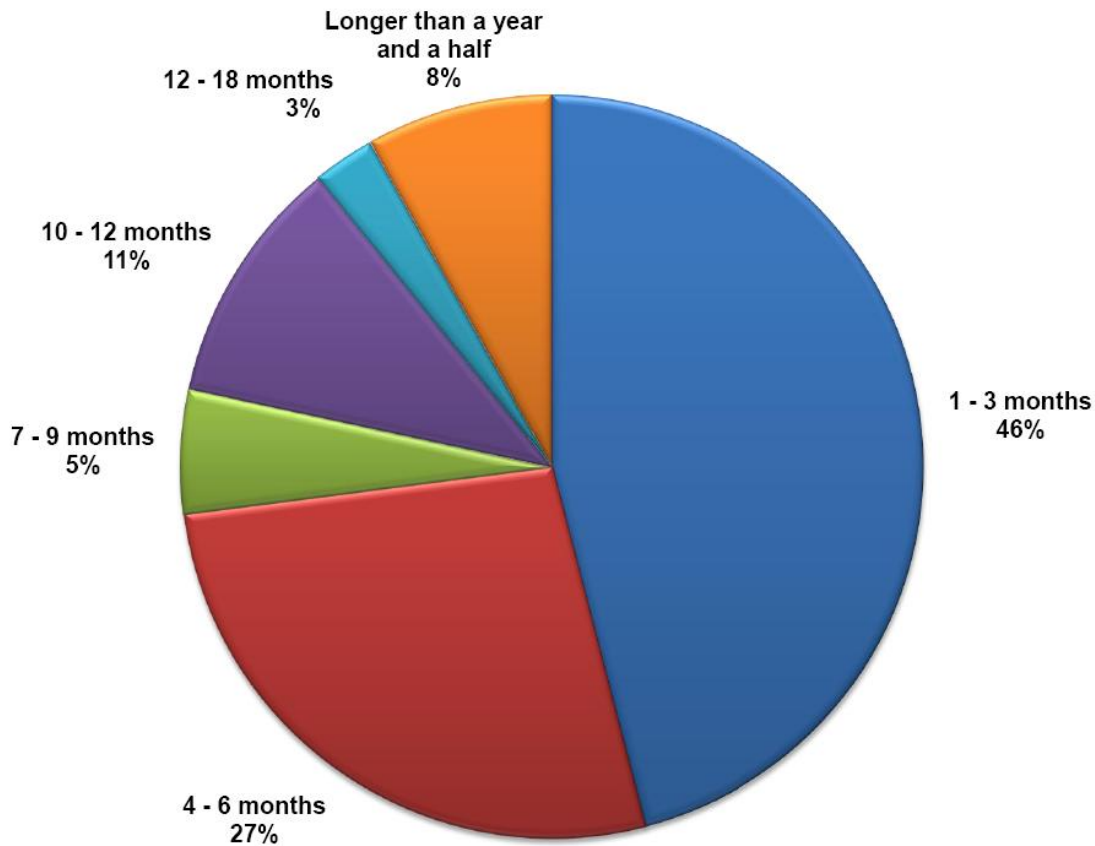


* Other funding (e.g., strategic partner)

Time Required to Raise Funds

In our most recent survey, Springboard graduates reported how long the fundraising process took from initial meeting to actually receiving the funding. In terms of funding secured in the second half of 2009, nearly half of the companies responding said it took them one to three months to secure financing. Over a quarter of the companies reported the fundraising process took them four to six months, and over 15% reported it took them between seven months and a year. Slightly more than 10% reported that it took longer than a year to secure the funding they received.

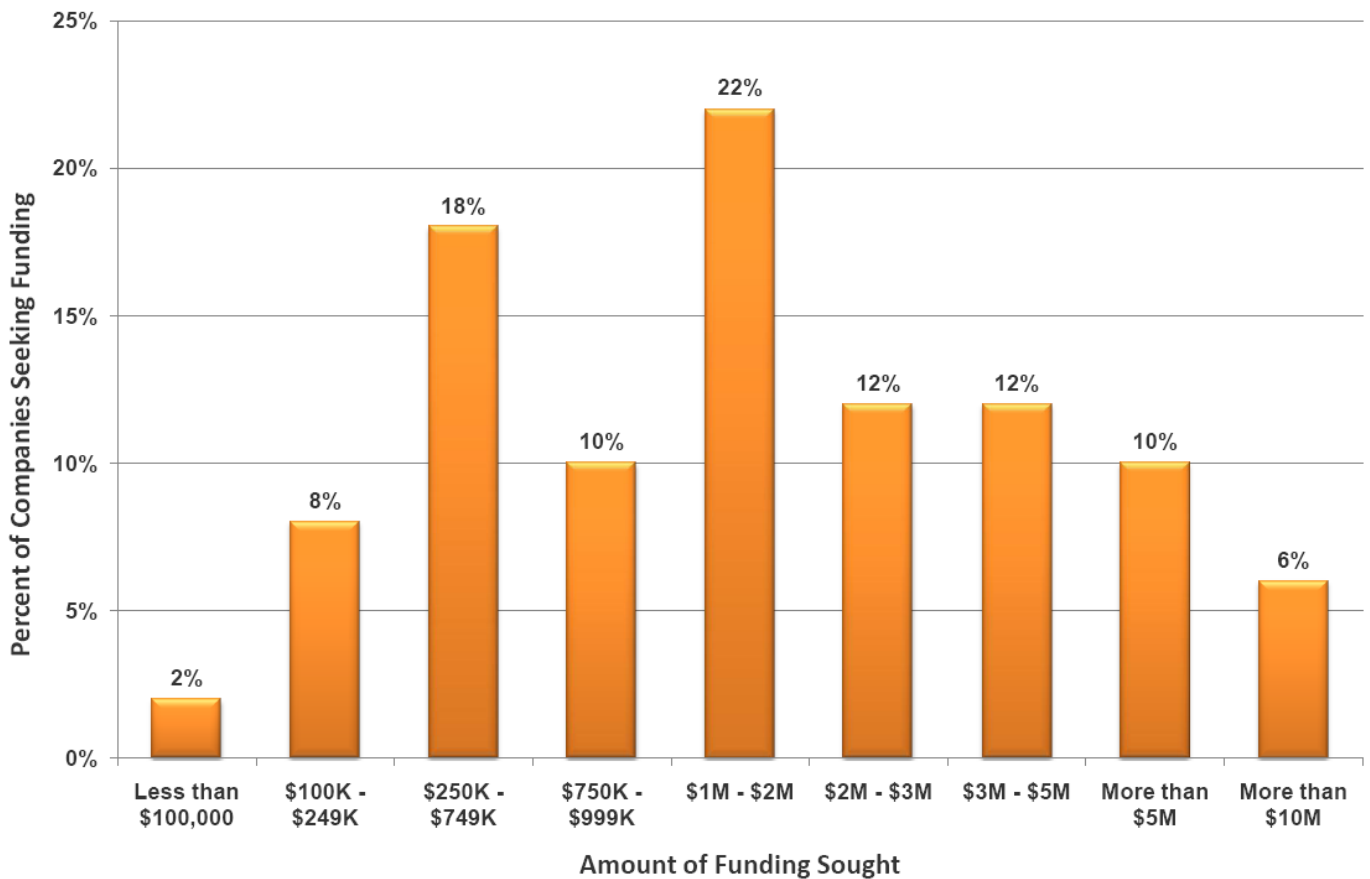
Time Required To Raise Latest Round of Funding



Current Funding Sought

Forty-five companies (68%) reported that they are actively seeking initial or follow-on investment. The distribution of amount of funding sought by the companies is shown in the chart below. Fifty percent are seeking angel funding between \$250K and \$2M. Forty percent are seeking more than \$2M.

Amount of Funding Sought



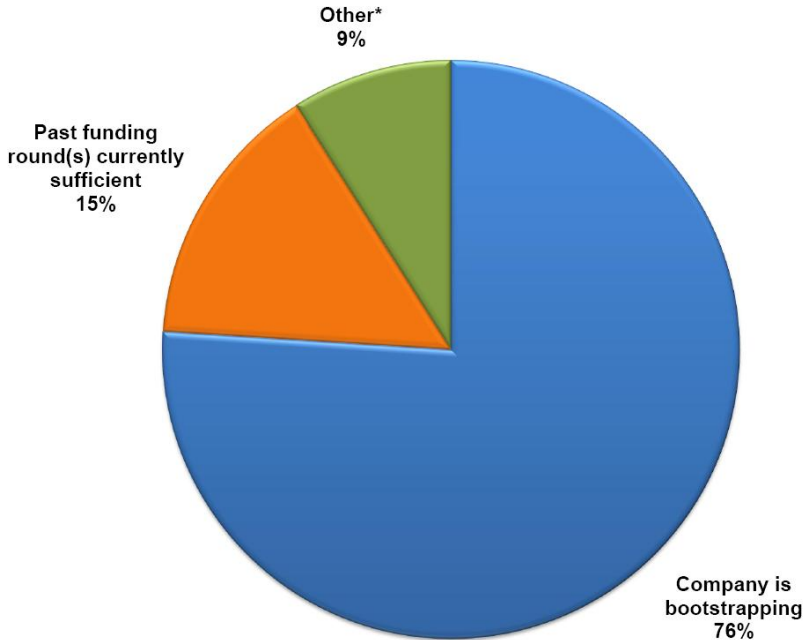
Source of Funding Sought

The majority of graduates are seeking angel and VC funding. Thirty-seven reported they were seeking angel funding and 29 were seeking VC funding. Fifteen are applying for federal grant funding.

Sources of Sought Funding	Companies
Debt (e.g., bank loans)	2
Friends & Family	11
Federal funding (grants)	15
Angel funding	37
VC funding	29
Institutional funding	9
Other	7

Of the 32 companies that responded that they did not require funding during the last half of 2009, 76% reported they were currently bootstrapping the company, 15% reported that their previous funding was sufficient for current operation, and 9% reported other reasons.

Reasons Why Funding Was Not Sought

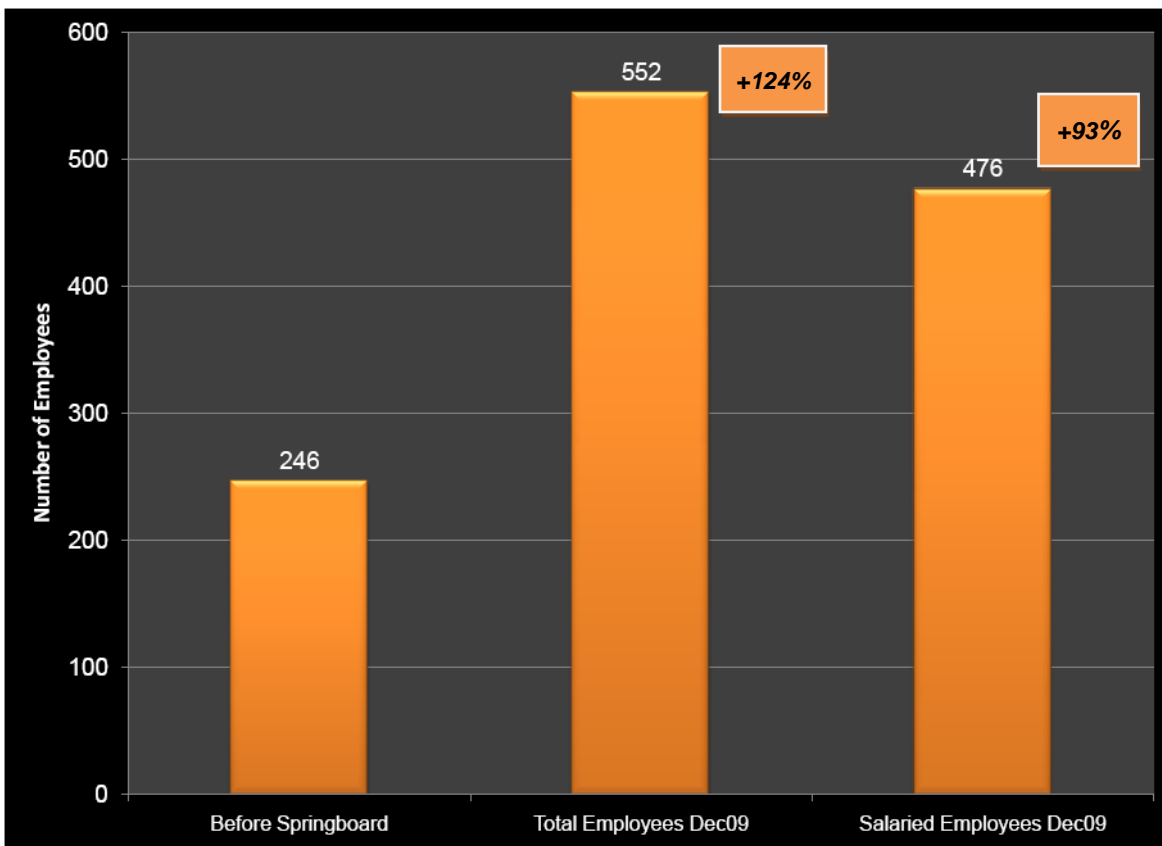


* Other reasons ...

- Attempting to find a sponsoring college campus and then raise \$1M
- Funding provided by mother company
- Looking for alternative funding source
- Already achieved breakeven; funding growth through current profit

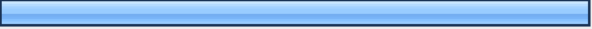
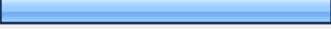

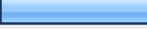

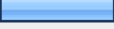
Economic Impact & Company Growth

The chart below shows the number of employees Springboard companies reported having on staff when they entered the program and the number they currently have on board. Springboard companies reported having over 550 people employed at the end of December 2009 – up 124% from the 246 employed before they entered the Springboard program. Salaried employee totals increased by 230, or 93%, after completing Springboard.



Management Team

Over 95% of the companies reported having a chief executive officer in place, and over half had a chief technology officer. Just under a quarter of the companies surveyed said they had a chief financial officer on their management teams. Just over 20% rounded out their teams with a chief marketing and/or chief operations officer(s).

		% of companies responding
Chief Executive Officer /President		95.8%
Chief Technology Officer/Chief Scientific Officer		53.5%
Chief Marketing Officer		21.1%
Chief Financial Officer		23.9%
Chief Operating Officer		21.1%
Other		18.3%

Milestones Achieved

Springboard graduates reported achieving the following milestones in their businesses:

Major Milestones Achieved	Companies
Established strategic partnerships	32
Launched new product/service	27
Attracted key employee(s)/team member(s)	21
Achieved sales targets	12
Achieved financial breakeven	10

Other reported achievements included:

- “...being listed in *Business Week* magazine as one of the 25 Most Intriguing Start-ups in the world (Freedom Meditech)”;
- “...achieved first revenue”, “achieved profitability and secured 2,000 square foot office space...landed several key accounts”;
- “...won San Diego Tech Coast Angels Quick Pitch 2009 and interested investors (Radical Therapeutics)”
- “...met our key development milestones”;
- “...[completed] focus group research with product users.”

Springboard Graduate Comments and Testimonials

Company Name	Please comment briefly on Springboard impact on your business:	Please provide a quote that describes the benefit received through participating in the Springboard program:
TongLab	Offers the founder/scientist new contacts, useful advice, diverse suggestions, and basic training in building a company.	The Springboard Program is very helpful to the founder/scientist. It offers new contacts, useful advice, diverse suggestions from a diverse group of EIRs
Sonic Boom Wellness	Great advice and mentorship from all, especially Steve Poludniak.	Springboard made a significant difference in honing our business strategy and gave us confidence to pursue our company on a self-funded basis.
Benchmark Revenue Management	Bringing focus for funding AND execution. Networking and credibility in the San Diego business and investor community.	Springboard gave us access to the next stage in our business. It was a catalyst for our success.
KaaM Inc	Springboard allowed us to fine tune our corporate presentation and product. They also helped building our financial model. So Springboard helped in all areas of our business.	Springboard is an excellent organization that gives the entrepreneur access to the expertise that he needs to build his company, grow his management team and ultimately to a successful exit.
eSUB Inc.	The Springboard program was great for helping us to streamline our plan, presentation and flesh out our go to market strategy.	Springboard provides a terrific network of individuals who have a "been there, done that" in the trenches perspective and are more than willing to share their insight and experience to push entrepreneurs to their optimal performance.
Malama Composites Corporation	Springboard encouraged the company to refine its strategic plan, focus on several large markets for its products, and deliver a compelling value proposition to potential investors. As a result, the plan and accompanying financial model are completed, the presentation refined, the legal structure of the company has been organized, and we are in active discussions with potential investors.	Springboard and their experienced panel of entrepreneurs provides mentorship and professional advise enabling early stage companies to refine their strategies, focus their fundraising efforts, and prepare for success.
Freedom Meditech		Helped create the foundation of what we are today
Excaliard Pharmaceuticals	Some VC contacts made, good practice for "road-show" presentations.	"CONNECT provided the support and encouragement I needed in getting my company up & running"
High Regard Software / RideGrid.com	Able to focus on what is needed for the next step. Great training and feedback in how to talk to capital providers.	Springboard helped me to move beyond the technology and vision and look at the business as a whole, and be able to succinctly communicate the value of the business to a variety of stakeholders.
ZuumCraft, Inc.	Springboard structured and staffed the company - effectively taking it from a partly developed product to a full-fledged early stage company.	Springboard created a company where there was only a partly developed product before.
Medipacs	I received helpful inputs on our presentation and I made a great connection to a resource who I believe will help us better understand and present the Biologics drug delivery opportunities and we plan to engage Mike at the company for this purpose.	Honing a presentation for a broad audience is difficult and the Springboard panel critique of my presentation was very helpful. We made a terrific connection via the Springboard process with a person who has an industry background we needed to flesh out one of the large market opportunities before us.
Lancell, L.L.C.	Springboard enabled us to conclude that the most likely source of funding for our company in its current stage of development is federal grant support.	Springboard enabled us to survey the funding landscape available to our company in its current stage of development and chart a realistic course to the next stage of development.
Ridge Diagnostics	Helped provide investor audience	Springboard provided Ridge an audience of potential investors that otherwise were unavailable to us.
SportsForce	The Springboard program provided an opportunity to improve our business plan, go to market strategy and allow our company to generate exposure to other local business contacts.	The Springboard program provided an opportunity to improve our business plan, go to market strategy and allow our company to generate exposure to other local business contacts.
PT Motion Works	Got us connected into the early-stage company development network in San Diego. Specifically helped us find a manufacturer in Taiwan for our product.	As a Springboard participant, we gained immediate legitimacy in the eyes of people who could connect us with the resources we needed to continue to move our company forward. For example, without the network that Springboard brought to us, it would have been impossible for us to find and vet a manufacturer for our product as quickly as we have.