

Q. When the going gets tough,
who keeps you going?

A. Manatt.
Venture Capital.

**Forging
partnerships
to fund
strong ideas.**

Venture capital investors this year are in a glass-half-full mood. A recent survey by the National Venture Capital Association (NVCA) finds that 51 percent of VCs polled expect venture investments to pick up in 2011. M&A valuations are also on the rise, encouraging venture capitalists to part with companies. In 2010, venture firms shifted to offensive mode, selling 468 companies with a combined value of \$35.88 billion, vaulting past the prior year's total, according to *The Wall Street Journal*. The IPO market has had several recent high-profile winners, and the trend is positive for further public exits in coming months.

At the same time, some entrepreneurs have fretted about the reluctance to deploy investment capital in this generally adverse economic climate, which means it may be harder for early-stage companies to get the financing they need. Harvest and exit is also top of mind for a number of venture capitalists whose portfolio companies have persevered through difficult times waiting for the right opportunity to hit the markets.

Companies predicted to benefit are in the technology sector, where 82 percent of VCs expect a rise in investments, according to the NVCA's survey. Other sectors stoking optimism include healthcare, payment processing, and entertainment and media.

With momentum building across the VC landscape, it's important to have your advisory team in place. The venture capital attorneys at Manatt have helped our clients—some of whom have invested in the hottest online ventures around—in every stage of venture financing, from Series A to the secondary markets, no matter how complex.

Q. Who sees blue skies even from the deepest parts of the ocean?

A. Manatt.

Real technology innovation pushes boundaries—across all industries and geographies. Even in a vast setting like the ocean, Manatt helped keep an important maritime invention afloat.

VantagePoint Venture Partners invests in big ideas and transformative companies. Manatt counseled the venture capital firm, which was the lead investor in an \$18 million financing for Liquid Robotics Inc. An innovator in the marine technology market, Liquid Robotics developed state-of-the-art technology to observe the ocean and its climate and resources in detail with its patented Wave Glider unmanned maritime vehicle. The seacraft needs no fuel and uses waves to propel itself for up to a year without recharging its battery, providing a persistent ocean presence for commercial, scientific and defense users. VantagePoint relied on Manatt's patent, diligence and corporate experience to wade through the intricacies of intellectual property and venture financing issues. The result was a successful investment in a portfolio company now sought after by academic and government organizations and by players in the petroleum, wind power and fishing sectors.



Q. Who uncorked a regulatory bottleneck to help a wine investor breathe easier?

A. Manatt.
Venture Capital.

Managing the front end of any business is challenging. But back-office functions—from accounting to distribution—can be still tougher to administer. Manatt attorneys can provide strategic solutions to cut through red tape and pave the way to smoother operations.

The business model of My Wines Direct Inc., an online seller offering a tightly edited selection of high-quality, low-cost wines, appealed to **New Atlantic Ventures**. But directly investing in My Wines would have proven too onerous, since it shipped wines across state lines and would require New Atlantic to file regulatory reports in each jurisdiction. Manatt’s venture capital attorneys were able to address this unique dilemma by assisting New Atlantic in investing in My Wines’ sister entity. Structuring the deal required Manatt to perform due diligence and negotiate key provisions to ensure the security of New Atlantic’s right to the company’s wine inventory and related sales income. The transaction was just one example of how Manatt can break down barriers to close deals that result in win-win solutions.

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Q. Who turns deadlines into lifelines for companies in need of capital?

A. Manatt's Venture Capital attorneys.

When the clock is ticking, seconds can count. Manatt's attorneys don't waste a minute when negotiations, due diligence, risk/reward analyses and, ultimately, closing a deal hang in the balance.

Cell phone service tailored to kids? Kajeet Inc.'s breakthrough business model attracted investors **Draper Fisher Jurvetson Growth Fund** and **Gabriel Venture Partners** at a time when this start-up's cash was frozen in auction securities in early 2008. Both DFJ and Gabriel, along with a venture lender, chose to fund the company through August 2010, when UBS AG was ordered to reimburse Kajeet more than \$80 million in damages to its business. The court order put DFJ's and Gabriel's significant preferred investment at risk. Up against a December 31 deadline, the two venture firms turned to Manatt to implement their multitiered capital preservation strategy by negotiating extensive debt restructuring documentation, assisting with the equity component and managing tax issues. By working with Manatt client Silicon Valley Bank to buy out Kajeet's venture lender, Manatt venture capital attorneys helped DFJ and Gabriel preserve their liquidation preferences and increase their equity.



BetaWorks Studio, LLC
Series B Preferred Stock Financing

Counsel to the Investor,
Draper Fisher Jurvetson
March 2010



Charter School Growth Fund
acquisition of
DreamBox Learning, Inc.

Counsel to Buyer
April 2010



iWatt, Inc.
sale of IKOR subsidiary to
Integrated Device Technology, Inc.

Counsel to Seller
April 2010



Tremor Media, Inc.
Series D Preferred Stock Financing

Counsel to the Investor,
Draper Fisher Jurvetson
April 2010



Enterupt
(Product name is Twocents)
Series AA Preferred Stock Financing

Counsel to the Investor,
Draper Fisher Jurvetson
June 2010



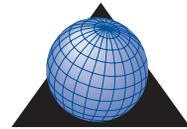
MyShape, Inc.
Convertible Promissory
Note Financing

Counsel to the Investor,
Draper Fisher Jurvetson
June 2010



BlueArc Corporation
Special Purpose Vehicle Formation

Counsel to the Investor,
Lucas Venture Group
July 2010



DRAPER FISHER JURVETSON

Draper Fisher Jurvetson
Formation of Fund X

Counsel to the Fund
July 2010 (Final Closing)



Pentalum Technologies Inc.
Series A Preferred Stock Financing

Counsel to the Investor,
Draper Fisher Jurvetson
July 2010



WiredBenefits, Inc.
Special-Purpose Vehicle Formation

Counsel to the Investor,
Lucas Venture Group
July 2010



Array Converter, Inc.
Series B Preferred Stock Financing

Counsel to the Investor,
Draper Fisher Jurvetson
August 2010



CloudCrowd Holdings, Inc.
Series B Preferred Stock Financing

Counsel to the Investor,
Draper Fisher Jurvetson
August 2010



My Wines Direct
Series A-1 Preferred Stock Financing

Counsel to the Investor,
New Atlantic Ventures
August 2010



Capella
Series AA Preferred Stock Financing

Counsel to the Investor,
Black Diamond Ventures
September 2010



Orca Systems, Inc.
Series B Preferred Stock Financing

Counsel to the Investor,
VentureEast
November 2010



Kajeet, Inc.
Capital and Debt Restructuring

Counsel to Investors,
Gabriel Venture Partners and
Draper Fisher Jurvetson
December 2010

Savvy counsel at every stage of financing.

In representing players on both sides of the table, the venture capital attorneys in Manatt's Private Equity and Venture Capital Group bring a high level of deal-making experience to companies at every stage of the business life cycle—from initial formation through market leadership.

We focus on the representation of emerging companies in the technology, entertainment and life sciences industries, and we maintain close working relationships with venture capital funds, investment banks and strategic investors that finance these companies.

When you involve Manatt, you have the full resources of one of the nation's leading full-service law firms behind you. With the strategic perspective that comes from decades of experience nurturing businesses in your category, we can help you build stability into your business model, advising you on which rights to keep—and which to release—in exchange for the start-up capital you need.

AREAS OF FOCUS:

- Fund formation and representation
- Equity financings with venture capital, angel and strategic investors
- IPOs and other public offerings
- Debt financing
- Intellectual property licensing and other commercial agreements
- Mergers and acquisitions
- Joint ventures and strategic partnerships
- Employment and equity compensation matters
- Corporate governance
- Tax and ERISA issues

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