

Venture Capital Funding Quarterly

Alternative Energy · Clean Technology Energy · Environmental

4th Quarter, 2008 – United States

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Summary

During the third quarter of 2008, a total of 56 companies received \$651 million in new venture capital financing, representing a 14% increase in the number of companies being funded, but a 50% decrease in the total amount funded to the four sectors of Alternative Energy, Clean Tech, Energy and Environmental.

Clean Technology companies showed the largest deal funding volume decrease of the four categories, with a \$600 million decrease quarter over quarter. The Energy sector showed the biggest increase, with a 62 % increase in amounts funded. Alternative Energy funding amounts were also down sharply with a 60 % decrease, though the number of companies funded increased by 28 %.

Funding Activity

Alternative Energy

Alternative Energy companies, which usually include solar, biofuels, wind power, hydrogen and other non-fossil fuel energy developers, continued to receive the largest share of funding of the four industry sectors. 32 companies received \$400 million in venture capital financing, which represented a 28 % increase in the number of companies being funded and a 60% funding reduction versus the third quarter of 2008.

Solar energy company [Ausra](#), based in Mountain View, California, raised the largest round, receiving \$60.6 million in its series C round to allow it to complete its 5 MW solar thermal power project near Bakersfield, California, the first power plant in North America to incorporate its core technology.

In the wind energy space, [UpWind Solutions](#) received \$1 million in new funding from [MissionPoint Capital](#). UpWind assists utility scale wind projects with their operations and maintenance needs.

Clean Technology

Clean Technology deal volume sharply reversed its previous upward trend by showing a 76% decrease to \$22.5 million in total funding among only four companies. The two major fundings during the quarter were for diesel related technologies.

The main funding event accounting for most of the dollars going into this space was for [NxtGen Emission Controls](#), which received \$15.4 million for its series B round of venture capital financing. NxtGen provides retrofitted diesel emission reduction systems for vehicles. The company said that the funds would be used to commercialize its first products in North America, Asia and Europe.

The other significant funding event during the quarter was for [EcoMotors](#). The \$5.25 million series A round will help it in its development of what it calls "next generation diesel engines, with a focus on fuel efficiency, low emissions and cost-effective solutions for developing markets."

Energy

Venture-backed Energy company fundings increased dramatically by 62 % compared to the previous quarter. The number of companies funded also rose 42 %, from 12 the previous quarter to 17 in the current quarter.

Rechargeable thin-film technology company [Cymbet Corporation](#) raised \$14 million from the [Ignite Group](#) and other undisclosed investors. The company manufactures power backup devices such as thin-film batteries for sensor, medical, semiconductor and related electronic applications.

On the international front, [Kosmos Energy](#) secured another \$53.9 million from [Warburg Pincus](#), which was the largest funding round during the quarter. Kosmos is focused on finding and developing oil reserves in the west African region.

[Ice Energy](#) garnered \$33 million from Energy Ventures and other undisclosed investors. Ice Energy said it would use the investment to support the "immediate expansion of its development and manufacturing capacity to enable the large-scale deployment of the company's energy storage technology by utilities nationwide."

Environmental

The environmental sector tallied three transactions totaling \$5.5 million for the quarter versus \$30 million in the previous quarter, for an 82% decline. [Project Frog](#) received \$4 million series B financing round from [Rockport Capital Partners](#). The company said it "integrates sustainability and customization into quick-to-deploy, high-performance building environments."

Table 1

Venture Funding Activity – 4th Quarter 2008

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Alternative Energy	\$400 Million	- 60 %	32	+ 28 %
Clean Technology	\$22.5 Million	- 76 %	4	- 50 %
Energy	\$223 Million	+ 62 %	17	+ 42 %
Environmental	\$5.5 Million	- 82 %	3	- 25 %
Total	\$651 Million	- 50 %	56	+ 14 %

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Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the VentureDeal.com database. VentureDeal is a venture capital database that provides the latest information about venture-backed technology companies, venture capital funds and venture capital financing in the United States.

The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

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