

### Q1 2019 - Deal Volumes and Valuations Decrease Slightly in the New Year

#### Commentary from Lux Capital's Zack Schildhorn

**On the current market:** "It's an ebullient time with plenty of cash in the ecosystem, rising valuations and – importantly – a huge wave of liquidity."



**On the future:** "It feels like a gold rush mentality amongst investors right now, who are willing to fund pretty much anything that moves. What matters is how long that lasts, and it certainly can't last forever."

**On Lux's strategy:** "Our preference is to invest in areas where we can maintain some price discipline. This means pursuing ideas that may be unpopular or outside others' domains or, in some cases, ideating and funding companies at inception."

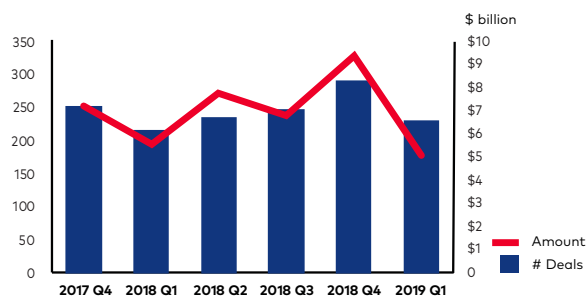
**On the proliferation of venture capital:** "It's not just a great time to be an entrepreneur, but a great time to be a new GP, in that you're seeing thousands of new firms get started with individual partners from larger organizations branching off on their own or angel investors starting to institutionalize."

Read Cooley's full interview with Zack Schildhorn on Cooley GO. [cooleygo.com](http://cooleygo.com)

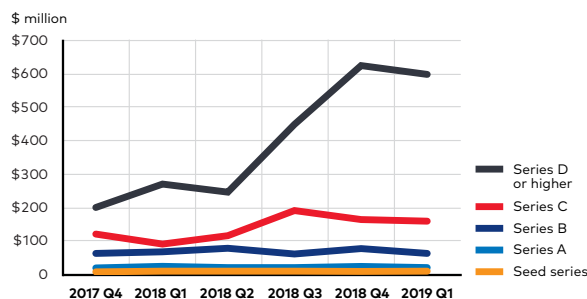
In the first quarter of 2019, deal volumes and aggregate dollars raised decreased from the historical highs of the final quarters of 2018. In Q1 2019, Cooley handled 232 disclosable deals representing more than \$5.1 billion of invested capital.

During Q1, median pre-money valuations also declined across all deal stages from prior quarters. Despite this decrease, valuations remain robust when compared to levels over the last several years. Transactions with a median pre-money valuation greater than \$100 million rose to 27% of deals. As another signal of the strong financing environment, the percentage of up rounds reached 89% of all deals – a level not seen since Q3 2015.

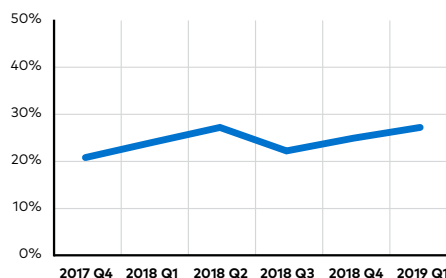
Total Deal Volume and Aggregate Dollars Raised



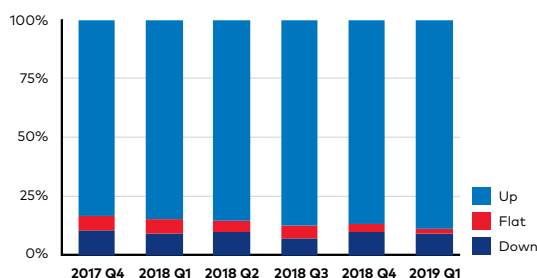
Median Pre-Money Valuation



Pre-Money >\$100M



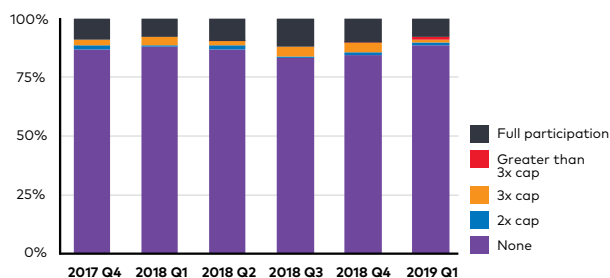
Up, Down and Flat Rounds



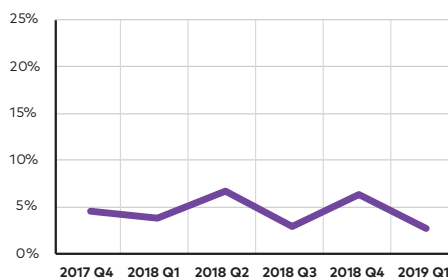
Deal terms continued to favor companies. In Q1, the percentage of deals using full participating liquidation preferences decreased to 8% of transactions. Cooley also saw a decrease in the percentage of deals involving pay-to-play provisions.

For more venture financing trends, view our interactive data visualization on Cooley GO: [cooleygo.com/trends](http://cooleygo.com/trends)

### Liquidation Preference: Participation Features



### Pay-to-Play



#### About the Cooley Venture Financing Report

This quarterly summary provides data reflecting Cooley’s experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact one of our Cooley lawyers.

#### About Cooley

Cooley’s lawyers solve legal issues for entrepreneurs, investors, financial institutions and established companies. Clients partner with Cooley on transformative deals, complex IP and regulatory matters, and bet-the-company litigation, often where innovation meets the law.

Cooley has 1,000+ lawyers across 15 offices in the United States, China and Europe.

[cooley.com](http://cooley.com)

#### Practice co-chairs

Matthew Bartus..... +1 650 843 5756  
 Pat Mitchell ..... +1 617 937 2315

Beijing ..... Henry Yin ..... +86 10 8540 0699  
 Boston ..... Joshua Rottner ..... +1 617 937 2338  
 Colorado ..... Noah Pittard..... +1 720 566 4240  
 London..... Aaron Archer ..... +44 (0) 20 7556 4366  
 Los Angeles ..... Nick Hobson..... +1 310 883 6413  
 New York..... Stephane Levy ..... +1 212 479 6838  
 Palo Alto ..... Danielle Naftulin..... +1 650 849 7118  
 Reston..... Andrew Lustig ..... +1 703 456 8134  
 San Diego ..... Karen Anderson ..... +1 858 550 6088  
 San Francisco ..... Rachel Proffitt ..... +1 415 693 2031  
 Seattle..... Sonya Erickson..... +1 206 452 8753  
 Shanghai ..... James Lu ..... +86 21 6030 0603  
 Washington, DC ..... Brooke Nussbaum ..... +1 202 728 7115