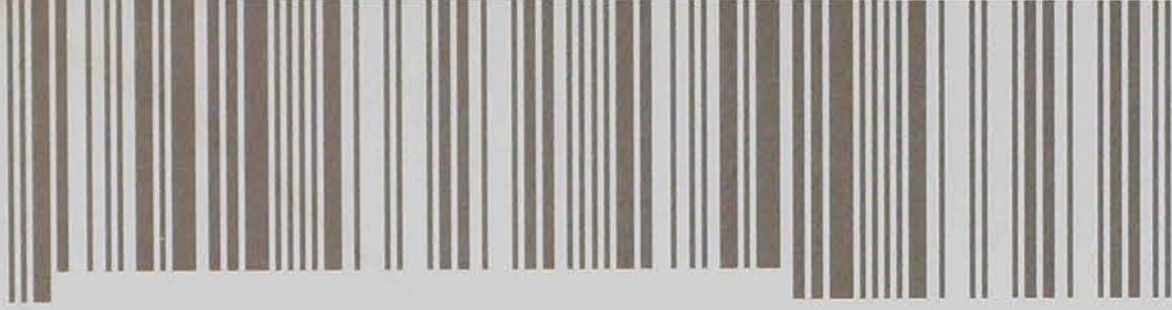




Accelerating
Innovation
in San Diego



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Annual Report Sponsor



Where Innovation meets Investment

Enterprise Partners was founded in 1985 and is the largest venture capital firm headquartered in Southern California. Since its founding, the firm has invested in more than 150 companies, representing over \$1.1 billion and currently has \$750 million in active capital under management. Enterprise focuses on seed, early stage and promising later stage companies across a broad spectrum of technologies and the life sciences.

Enterprise Partners salutes CONNECT and its 20 year history of recognizing the Most Innovative Products developed by San Diego companies. We are proud to be a part of this vibrant high tech and life science community.



Bob Conn
BOB CONN



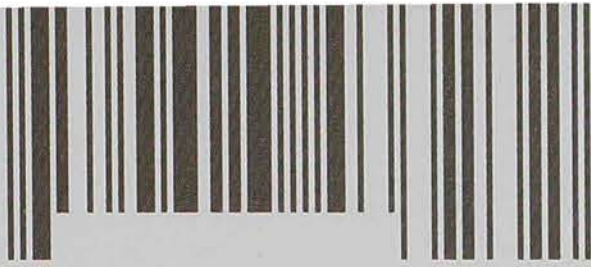
Carl Eibl
CARL EIBL



Drew Senyei
DREW SENYEI

ON THE COVER BIOMATRICA®

Biomatrix offers innovative technologies for stabilizing biological samples at room temperature. The company's products preserve DNA and RNA without requiring refrigeration and avoiding sample degradation, thus enabling labs to decrease their reliance on freezers and drastically reduce shipping costs. President & CEO, Judy Muller-Cohn, Ph.D. and Chief Scientific Officer, Rolf Muller, Ph.D. graduated from CONNECT's Springboard Program in 2006 and received first angel funding while they were in the Springboard program. Judy and Rolf also presented to the venture capital community at CONNECT's Venture Roundtable Program. Biomatrix received the Most Innovative New Product Award in their category at the end of 2006. Judy is now a member and active participant in CONNECT's CEO Strategy Forum.



CONNECT

San Diego's Innovation Pipeline



Twenty years ago, the University of California at San Diego, local businesses, and the city government created CONNECT, to transform San Diego based institutional research into a center for commercializing technological innovation. Our scope of work includes outreach to the regional universities and research institutions, helping innovators evaluate the commercial potential of their discoveries, negotiating licensing deals and launching companies.

Over the course of the last two decades, CONNECT has played a leading role in creation of a flourishing ecosystem that consists of several thousand high tech, software and life sciences companies. San Diego is now considered a world leader in wireless and one of the top centers for biotech in the world. Due to its successes, the CONNECT model has been replicated around the world, in countries like Scotland, Denmark, Norway, Sweden and Taiwan. Recently, British Chancellor Gordon Brown decided to model England's science and innovation system on CONNECT, in an effort to create a more dynamic and innovative, knowledge-based economy.

Today, CONNECT and the CONNECT Foundation are independent organizations serving San Diego's entire research and development community. We continue to help scientists and engineers to successfully commercialize technology, while simultaneously generating jobs, creating wealth and accelerating innovation in the San Diego region. We are currently accelerating initiatives in clean technology, wireless-life sciences convergence, stem cells, peptide therapeutics, action and sports innovation, and aerospace and aviation.

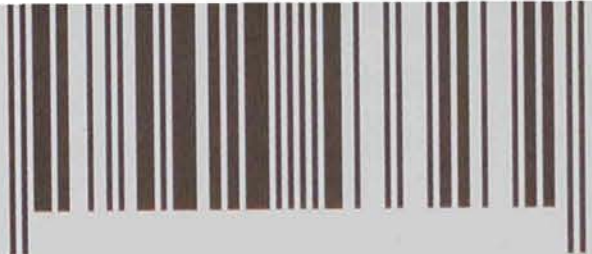
In all, CONNECT delivers more than 300 events and programs each year, that touch more than 1,000 CEOs and companies. None of our work is possible without the generous support of almost 200 members, and 2,000 volunteers who mentor companies and serve on our boards and planning committees. The financial support and hands-on participation by CONNECT's premier partners – from all areas of high technology, life sciences, law, accounting, angel and venture investment, investment banking, marketing, and communications – brings invaluable expertise to start-up companies.

Join CONNECT and become part of this unique and vibrant collaborative community.

DUANE ROTH

CEO

CONNECT



Access to Capital

CONNECT's number one mandate is advancing San Diego's leadership position as a world renowned innovation center. Competition is fierce in today's environment. Regions across the country and around the world are vying for top human, financial and natural resources; the necessary ingredients of a thriving innovation ecosystem.

In response to these market forces, CONNECT organizes programs like **Springboard**, **Venture Roundtable**, **Tech Coast Angels Pitchfest** and **Wireless-Life Sciences Investors' Meetings**, all designed to facilitate technology transfer, educate innovators and connect them with the resources necessary to create successful companies.

"The CONNECT Springboard program is very impressive. The level of commitment of the administrators, panelists, and, above all, EIRs was beyond any expectation. The quality of coaching is second to none. Springboard matched us with EIRs that were both passionate and very sharp, allowing us to move through the process with great speed. We are actively seeking funding, and Springboard definitely accelerated our preparation for that process. But more than that, the Springboard program has given us a significant advantage, by making our business, our pitch, and our confidence more than they could have been without it. We are certain to look back on our Springboard experience as a significant milestone in our business."

TYSON MCDOWELL

CEO

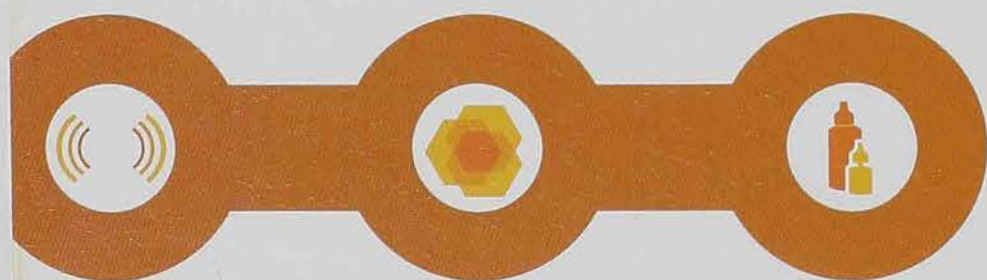
BENCHMARK REVENUE MANAGEMENT

"The Wireless-Life Sciences Investor Meeting and Summit truly were the most intellectually stimulating two and half days I have spent in the last two years of involvement in this industry, so a lot of credit goes to you all for your careful selection of topics and invitees...your event was (also) an excellent showcase for European companies looking to US markets..."

CONOR HENEGHAN, PH.D.

CEO

BIANCAMED LTD.



Awards and Recognition

CONNECT recognizes outstanding leadership, innovation and technological excellence with our awards and recognition programs. These include the **Most Innovative New Products Awards**, now in its 20th year, and **Entrepreneur Hall of Fame**.

Recognition can be a crucial step to help a start-up company achieve traction in the marketplace. We also believe in recognizing the architects of San Diego's innovation economy in order to inspire the next generation of leaders and entrepreneurs.

*"The **CONNECT Hall of Fame** is a significant honor, as it recognizes the elite group of individuals who led the transformation of our local economy."*

DAVID HALE

Chairman
Hale BioPharma Ventures LLC
former President and CEO
Hybritech

Frontiers in Science and Technology, Peptide Therapeutics Symposium and **Stem Cell on the Mesa** are symposiums designed to create a dialogue between San Diego's leading innovators, researchers and the business community.

"The companies and individuals honored exhibit the best qualities of the entrepreneurial spirit that established San Diego's reputation as a leader in innovative products," says Duane Roth, chief executive officer of CONNECT. "They confirm the region's position at the vanguard of innovation."

Dr. Irwin Mark Jacobs
Hall of Fame Inductee
2005



Dr. Ivor Royston
Hall of Fame Inductee
2006



Walter J. Zable
Hall of Fame Inductee
2006



William H. Rastetter
Hall of Fame Inductee
2007



Dr. J. Robert Beyster
Hall of Fame Inductee
2008

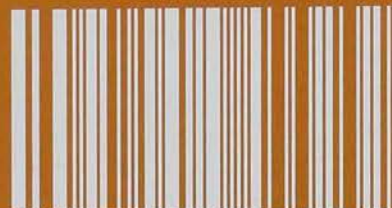


Networking

Since networking is so crucial to the business development process, CONNECT offers "**Connect with CONNECT**" and the **MIT Enterprise Forum Wine Tasting Social**, now recognized as the premier networking events for San Diego's tech and biotech communities.

Public Policy

CONNECT plays a critical leadership role in shaping public policy on behalf of the region's innovation economy. CONNECT gives innovators a voice that is heard at the local, state and federal levels. We proactively identify legislative issues that will impact the region, act as advocates for innovators and companies, and build coalitions to express the potential impact of changes in the economy to policy makers. In addition, our new regional economic indicator **CONNECT-dex**, helps us stay in touch with the health of the start-up community.





Entrepreneur Education

Company founders need a powerful vision and a clear business strategy to be credible with capital providers and to successfully bring products and services to market. First time entrepreneurs often need serious coaching to develop the wide range of primary business skills needed to succeed.

To help transform inventors and founders into successful entrepreneurs CONNECT offers **Frameworks Workshops** on management, financing, strategy, human resources, sales and marketing, operations and other topics. **CEO Strategy Forum** brings together business leaders in a confidential setting, to discuss core challenges and explore actionable solutions. Our **Leadership Dinners** bring together thought leaders with CEOs, capital providers and leading academics to discuss major technology trends and issues.

MIT Enterprise Forum is managed by CONNECT and focuses on the business challenges faced by all aspiring entrepreneurs: financial, marketing, technology development, commercialization, environmental, operations, management, growth, diversification and more.

"The CEO Strategy Forum breakfast meetings make you want to go to work and do something significant."

MARK LOVETT

President & CEO (2004-2007) Chassis Plans
Currently a CONNECT
Entrepreneur-in-Residence

"The Entrepreneur Frameworks Workshops are some of the best, most highly valued events in San Diego."

MIKE MCKEEVER

Managing Director
Founders Capital Partners

"I think the Leadership Dinner was a HUGE success. The conversation was lively and the guests seemed especially engaged... Bottomline, this was a 10 out of 10 for everyone involved."

MARCO THOMPSON

Managing Director
Express Ventures



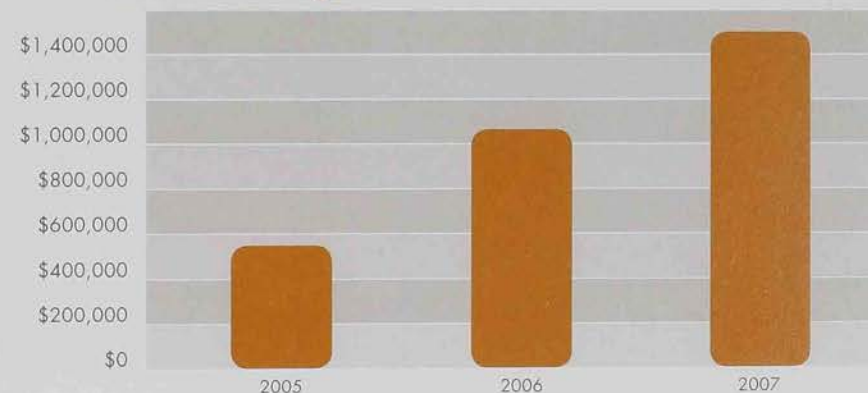
Membership Numbers

As of June 30, 2007

Membership Dues

	2005	2006	2007
New Members	\$330,000	\$511,800	\$248,000
Renewal Members	\$220,000	\$556,500	\$1,069,491
TOTAL MEMBERSHIP DUES	\$550,000	\$1,068,300	\$1,317,491
Number of Members	55	151	191

Total Membership Dues



CONNECT Membership Demographics

Professional and Service Providers	75
Industry Members	96
Capital Providers	27
Research Affiliates	12



THE CONNECT STORY

CONNECT is a non-profit organization dedicated to creating and sustaining the growth of innovative technology and life science businesses in San Diego. Serving as a proven neutral broker, CONNECT directly addresses the critical business needs of companies ranging from start-ups to large public corporations as well as university and research entrepreneurs.

Originally founded by the University of California San Diego at the urging of the business community, CONNECT is widely regarded as the nation's most successful regional program linking high-technology and life science entrepreneurs with the resources they need for success: technology, money, markets, management, partners, and support services.

CONNECT's services are tailored to meet the varying needs of San Diego entrepreneurs at all stages of their business life cycles and growth. Since its inception, CONNECT has assisted more than 1200 technology companies. Its programs serve as a catalyst for the development and exchange of ideas, a forum to explore new business avenues and partnerships, and an opportunity to network with peers.

CONNECT's success is directly attributable to the generous, unfailing support of its friends and supporters. Its multifaceted network of business and university resources form the platform for its award-winning programs and events. The active, hands-on participation by its premier partners, vendors, and providers from the areas of high technology, life sciences, law, accounting, investment banking, marketing, and communications brings invaluable expertise. The business professionals and capital providers who serve as CONNECT management fellows and form its various committees round out CONNECT's circle of resources. The result is an energetic, resource-rich environment for honing ideas, pursuing personal growth and professional development, and exploring innovative business opportunities.

CONNECT is entirely self-supporting. It is supported through membership dues, course fees, and corporate underwriting for specific programs.

For more information on CONNECT or its programs, contact us at (858) 964-1300 or visit www.connect.org.

CONNECT
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La Jolla, CA 92037
858.964.1300 main
858.964.1301 fax
www.connect.org

CONNECT is the globally recognized public benefits organization fostering entrepreneurship in the San Diego region by catalyzing, accelerating, and supporting the growth of the most promising technology and life sciences businesses.



CONNECT[®] PROGRAMS & AFFILIATES OVERVIEW

ACCESS TO CAPITAL	Springboard & Springboard Spotlights	Mentoring for one to three months by Entrepreneurs-in-Residence to companies in all stages of development. Quarterly Spotlights profile graduates to investor community.
	Venture Roundtable	Connecting venture capitalists to early stage venture opportunities in technology, life sciences and clean technology.
	Tech Coast Angels	Network of private investors in early-stage Southern California companies.
ENTREPRENEUR EDUCATION	FrameWorks	Half-day workshops, in-depth sessions on practical business skills.
	CEO Strategy Forum	Exclusive community of CEOs, board members and VCs who share success strategies.
	MIT[®] Enterprise Forum & MIT[®] Enterprise Forum Wine Tasting Social	CEOs present current challenges and obtain feedback from local business leaders. MIT Enterprise Forum Wine Tasting Social is the premier technology networking event attended by more than 700 business leaders.
NETWORKING, AWARDS & RECOGNITION	Most Innovative New Product Awards	"Oscars" for local technology innovation.
	Entrepreneur Hall of Fame Awards	Recognizes pioneers who have helped architect our local innovation economy.
	Frontiers in Science & Technology	Lecture series showcases ground-breaking research efforts from San Diego's research institutions.
	Leadership Dinners	Private dinner discussions with thought leaders, regional CEOs, capital providers and leading academics.
	Connect with CONNECT	Twice a year, up to 300 technology leaders meet in a relaxed setting to expand their networks and create new partnerships.
PUBLIC POLICY	Public Policy Committee	Identifies legislative issues and advocates on behalf of innovation.
	CONNECT-dex	Regional economic indicator tracks the number of start-ups in San Diego each quarter.
	Cluster Development	Special initiatives created to accelerate emerging San Diego clusters including stem cell and therapeutic peptides research and the clean technology, wireless-life sciences convergence, action & sports and aerospace sectors.



For membership information,
please call 858.964.1352
or email: membership@connect.org

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GMT Ventures
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Research Affiliates

Agouron Institute
Rady School of Management
Institute for Drug Development



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