Randy Mitchell, US Dept. of Commerce
Bob Ackerman, Allegis Capital
Susan Boedy, Knightsbridge Advisers
Victor Hwang, T2 Venture Capital
Matt McCall, New World Ventures &
DFJ Portage Venture Partners
John Taylor, NVCA

FRB Chicago
Global Venture Capital Environment

July 22, 2010
Many Options to Choose From

- Entrepreneur Personal Funds
- “Friends and Family”
- Personal credit card and other borrowings
- Angel investors
- Venture capital
- Corporate direct investment
- Venture leasing
- Mezzanine Financing
- Merger and Acquisition
- Initial Public Offering
- Secondary/Follow-on Public Offering
- Private Placements – Debt & Equity
- Buyout/Acquisition Financing
- Corporate Debt

US Venture Capital Investment in Perspective

Assets Under Management

Source: AIMA, Investment Company Institute, NYSE.com, Thomson Reuters, NVCA
Fundraising & Resources

US AUM peaked at $276B, now $179B; # Firms down from 1023 peak to 794

Source: NVCA 2010 Yearbook prepared by Thomson Reuters
Investment Marches On - Rumors that the Venture Industry has stopped investing are greatly exaggerated

VC Investment Peaked in 2000; 2008 Was Down 8%; 2009 was $18B

Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report, Data: Thomson Reuters
International Investment by US-Based Funds

Where US-domiciled venture funds invested in 2009

Source: ThomsonONE™ Database by Thomson Financial
US-domiciled venture funds invested in China – Recent years

Source: ThomsonONE™ Database by Thomson Financial

US-domiciled venture funds invested in India – Recent years

Source: ThomsonONE™ Database by Thomson Financial
The Exit Scene - the importance of acquisitions has become clear over the past several years

A Capital Crisis?
Few IPOS Post-Bubble; Many Good Companies in the Wings

Source: Thomson Reuters/National Venture Capital Association
What’s in the Venture-Backed IPO Pipeline?
IPOs During Period and Registration Counts at Period End; Did the 60 in Registration 12/31/2007 Evaporate?

Source: Thomson Reuters/National Venture Capital Association; Updated 5/6/2010

“Buy low… sell high” is easier if you really buy low!

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Venture Investment $M</th>
<th>Recent Market Cap/ Acq Price $M [5/2010]</th>
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<tbody>
<tr>
<td>Cisco</td>
<td>3</td>
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<td>eBay</td>
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<td>Amazon.com</td>
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<td>WebVan</td>
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</tbody>
</table>

Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report, Data: Thomson Reuters