

**THE VIEW FROM SILICON VALLEY:  
Building Companies in 2008 &  
Building the Venture Firm**

**IBF VENTURE CAPITAL INVESTING CONFERENCE**

June 11, 2007

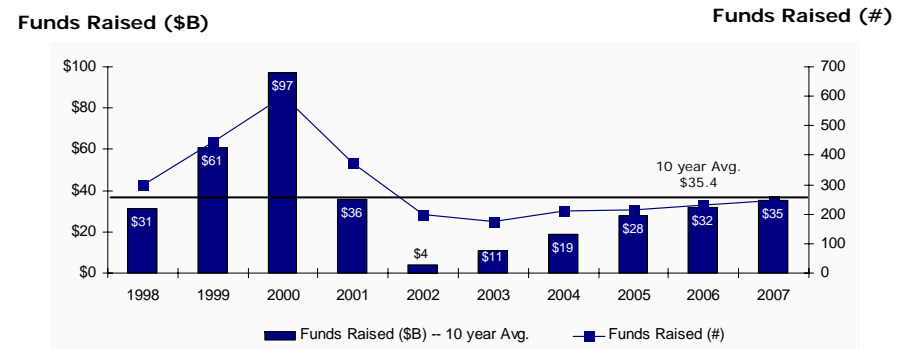


# 2007 VC Fundraising

- **VCs raised \$34.7 billion in 2007**
  - Most since 2001 (\$35.8 billion)
    - 9.4% increase over 2006
  - 235 funds raised in 2007
    - 2.6% increase from 2006
- **Number of venture firms on a steady decline since 2001**
  - 946 in 2001 v. 798 in 2006, a decline of 16%\*
- **Early stage funds dominated – 47% of all funds in 2007**

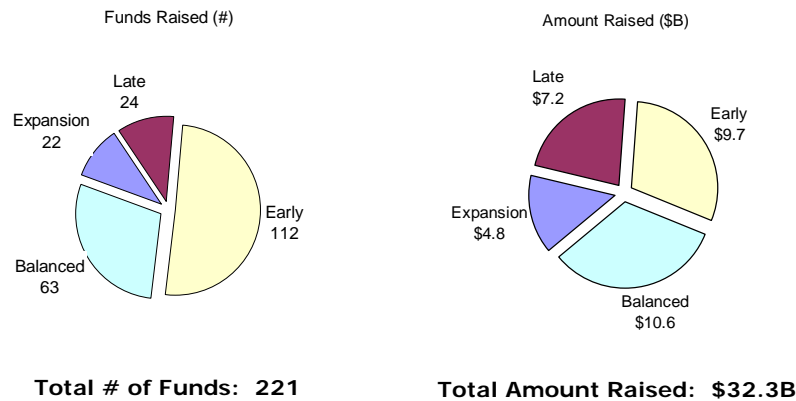
\* Source: NVCA Yearbook 2007.

## Commitments to Venture Capital Funds



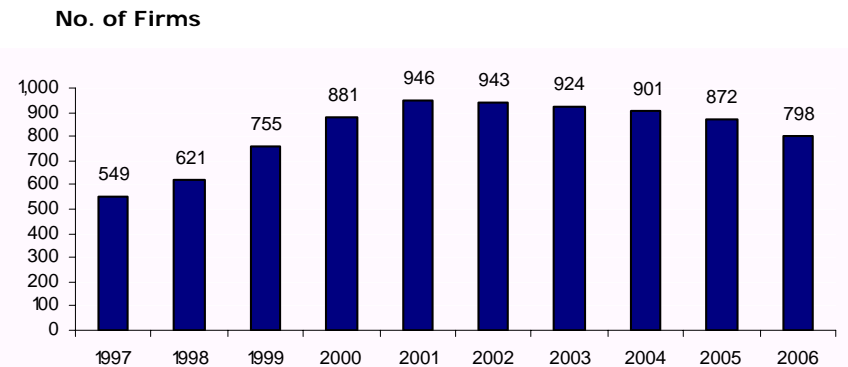
Source: Thomson Venture Economics & NVCA

## 2007 Funds Raised by Stage



Source: Thomson Venture Economics & NVCA.

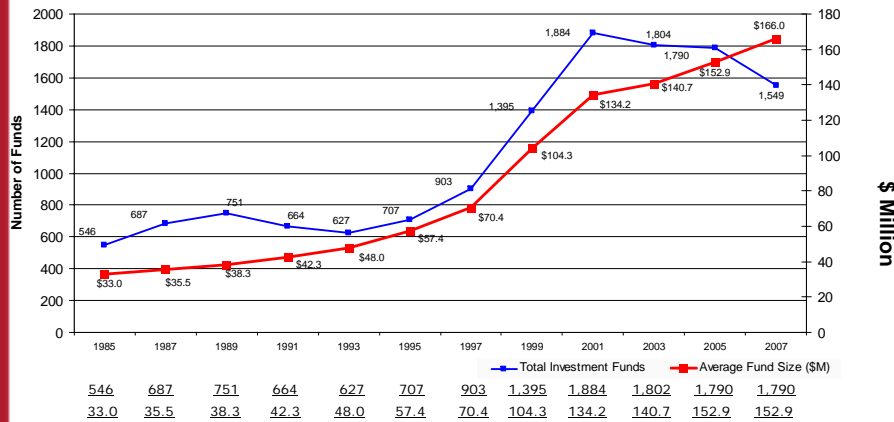
## Number of Venture Firms 1997-2006



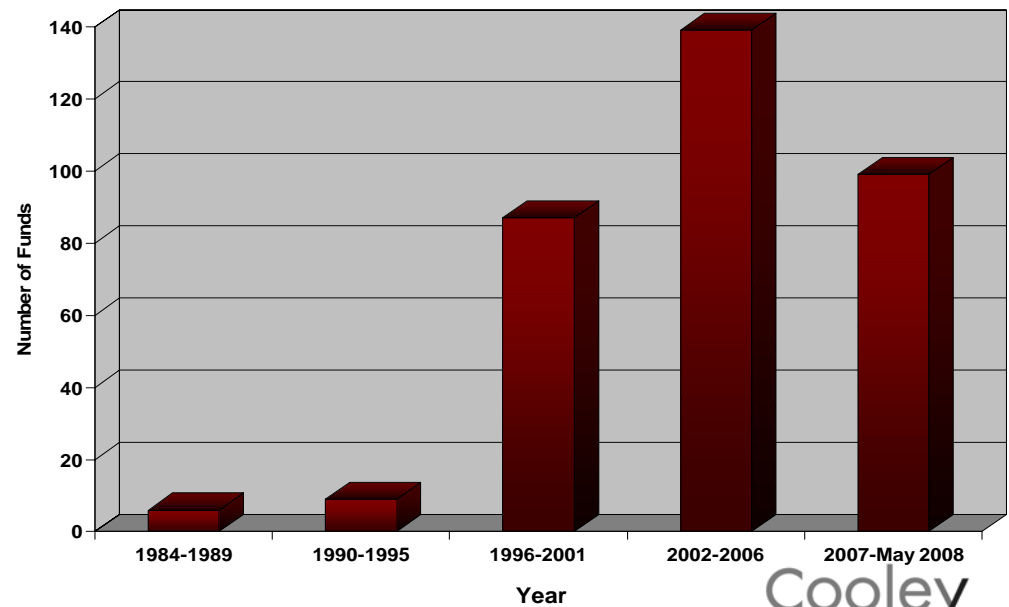
Source: NVCA Yearbook 2007.

# VC Fund Size

U.S. Fund Analysis\*



Number of VC Funds Raised > \$1 Billion\*



\* Source: Dow Jones - VentureSource

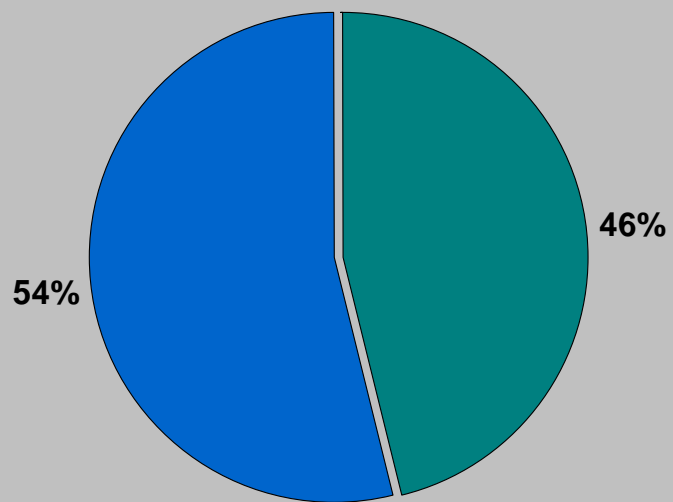
## Total Venture Investment as a % of U.S. GDP (\$ Millions)

YEAR	1985	1987	1989	1991	1993	1995	1997	1999	2001	2003	2005	2007
Total VC Investment	2,771	3,266	3,279	2,243	3,687	8,031	14,882	54,072	40,630	19,750	22,992	29,880
Domestic GDP	4,220	4,739	5,484	5,995	6,657	7,397	8,304	9,268	10,128	1,096	12,433	1,384
<b>% Difference</b>	65.66%	68.92%	59.79%	37.41%	55.39%	108.57%	179.21%	583.43%	401.17%	1802.01%	184.93%	2158.96%

Source: Thomson Financial & BEA  
(Bureau of Economic Analysis)

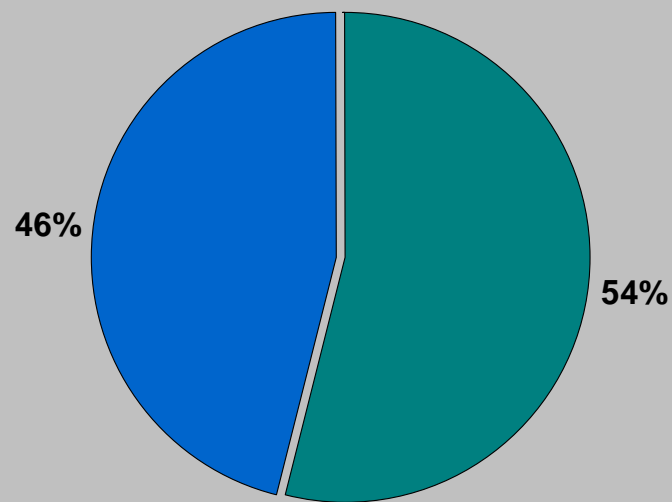
# Trends In Global VC Investments: Reality, Hype or Stratification?

Percentage of venture capitalists currently investing outside their home country (U.S. respondents)



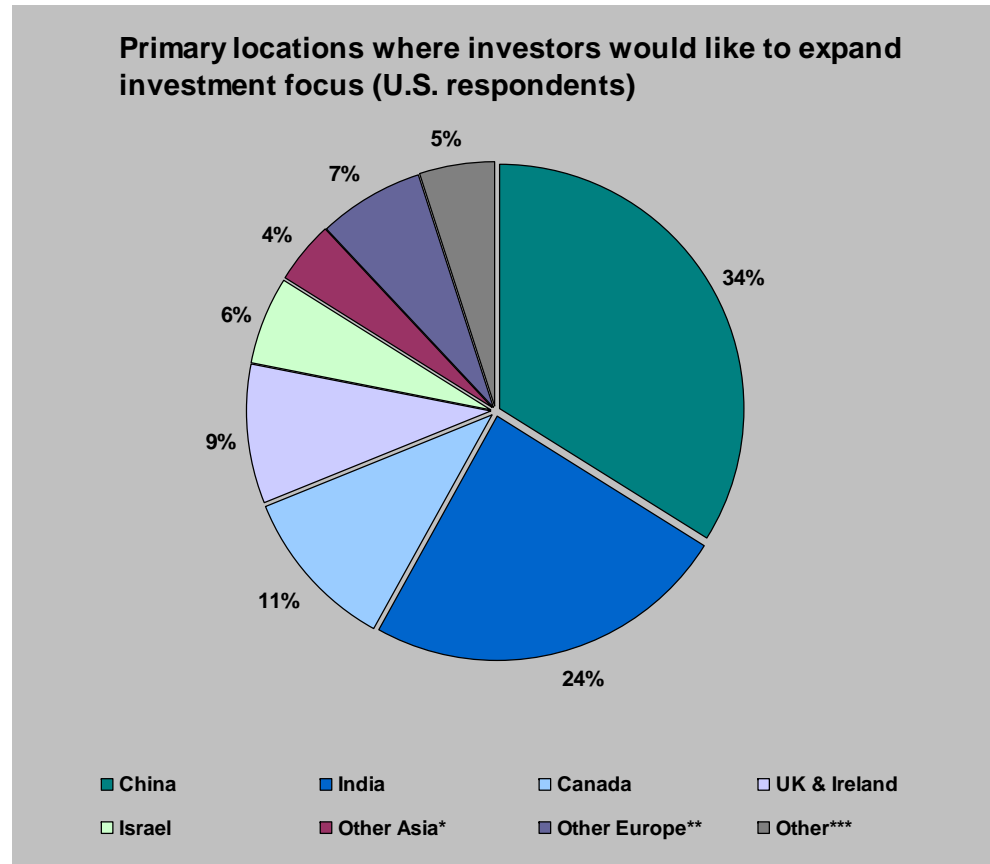
■ Yes  
■ No

Percentage of venture capitalists indicating an increase in expanding global investment focus (U.S. respondents)



■ Expand  
■ Not Expand

# Geographies of Focus



\*Australia/New Zealand, Other Asia, South Korea

\*\* Austria, Germany, Liechtenstein, Switzerland, Central & Eastern Europe, Nordic Countries

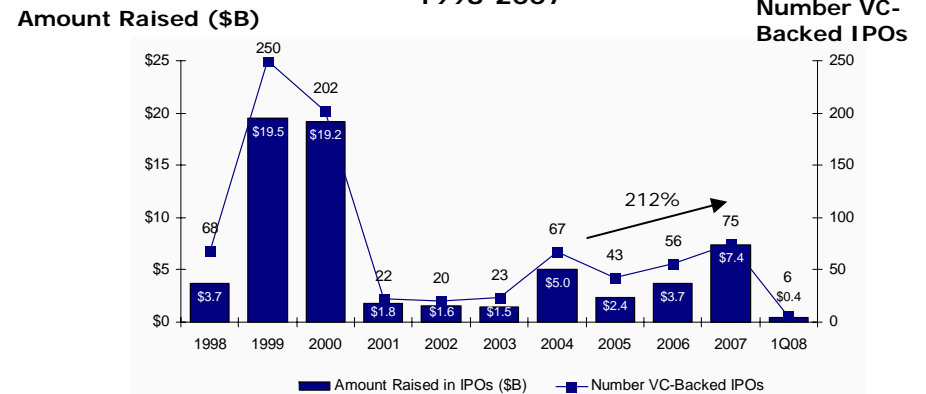
\*\*\* Africa, Latin America, Middle East (excl. Israel)

Source: National Venture Capital Association:  
Global Trends in Venture Capital 2007 Survey

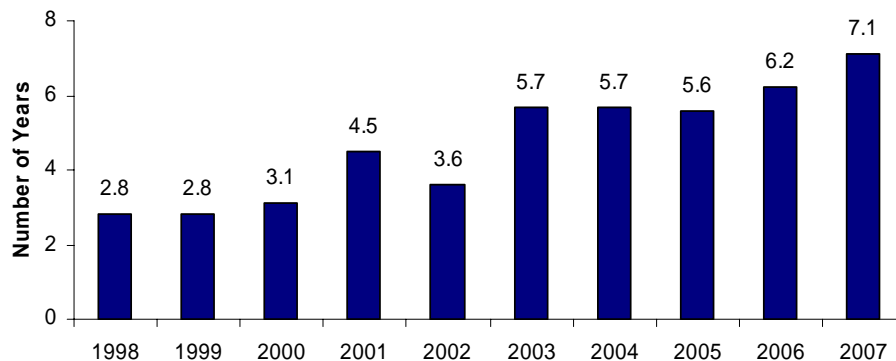
# Liquidity – U.S. IPOs

- More IPOs and more money raised in 2007 – since the 2000 bubble
- Amount of money raised pre-IPO and time to IPO continue to increase
- Dramatic fall-off in 2008 from 2007 pace

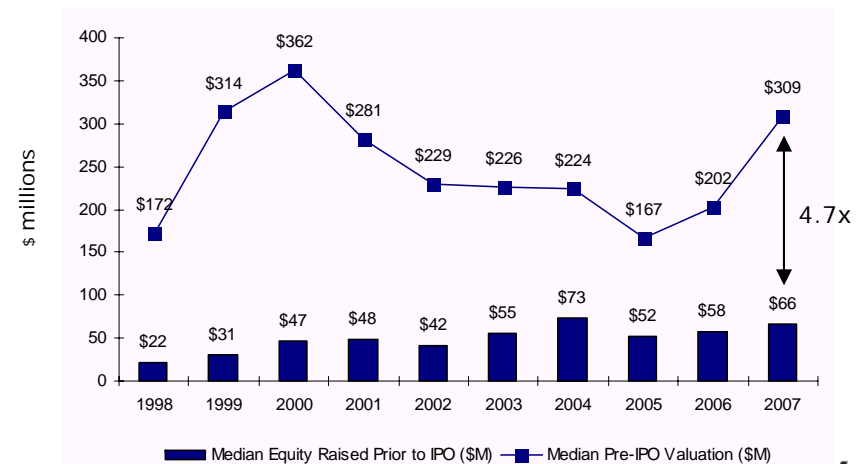
**Exit Environment: VC-Backed IPOs  
1998-2007\***



**Median Time from Initial Equity Funding to IPO  
1998-2007\***



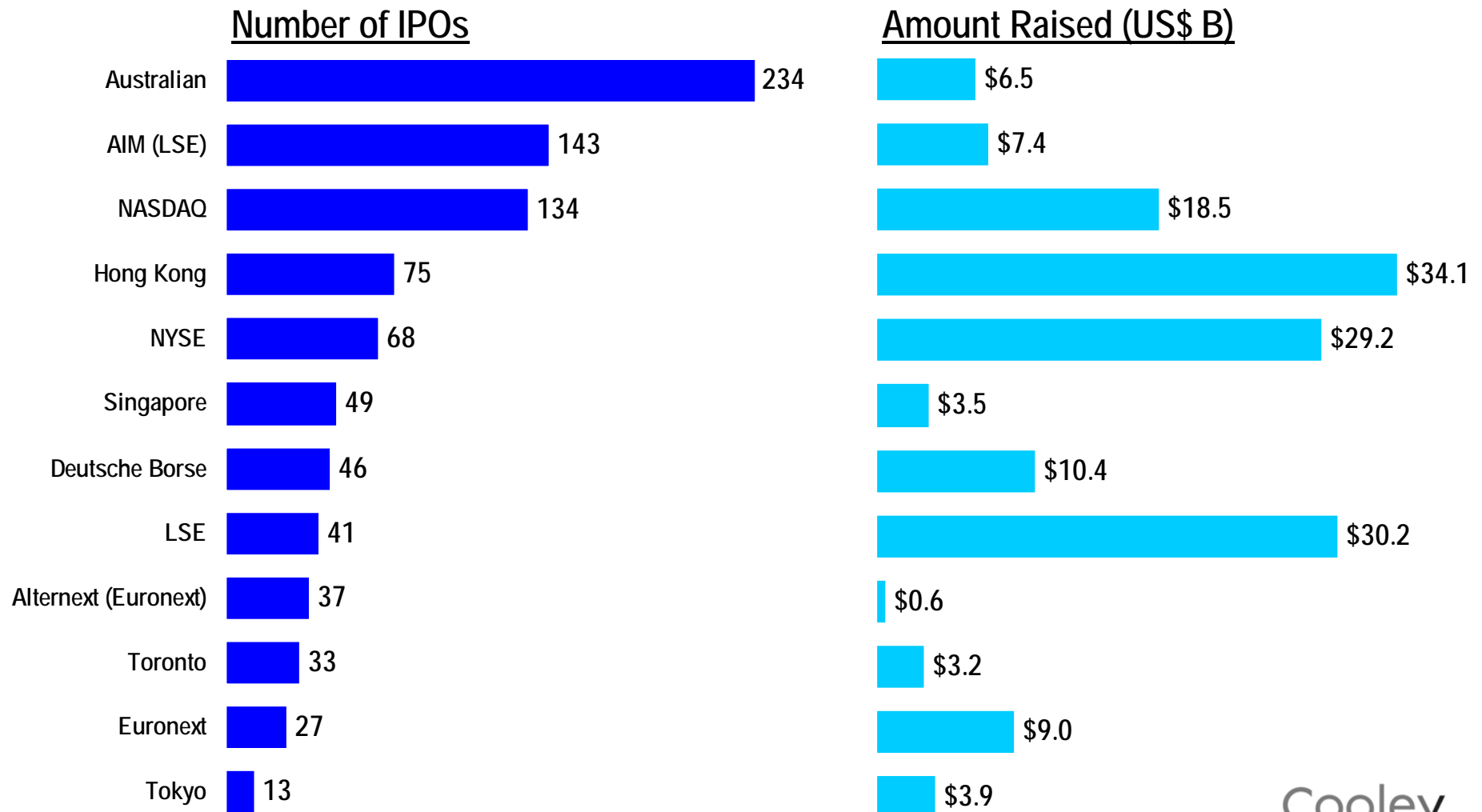
**Median Equity Raised Prior to IPO vs. Median Pre-IPO Valuation\***



\* Source: Dow Jones VentureOne/Ernst & Young.

# 2007 IPO Activity in Leading Global Exchanges

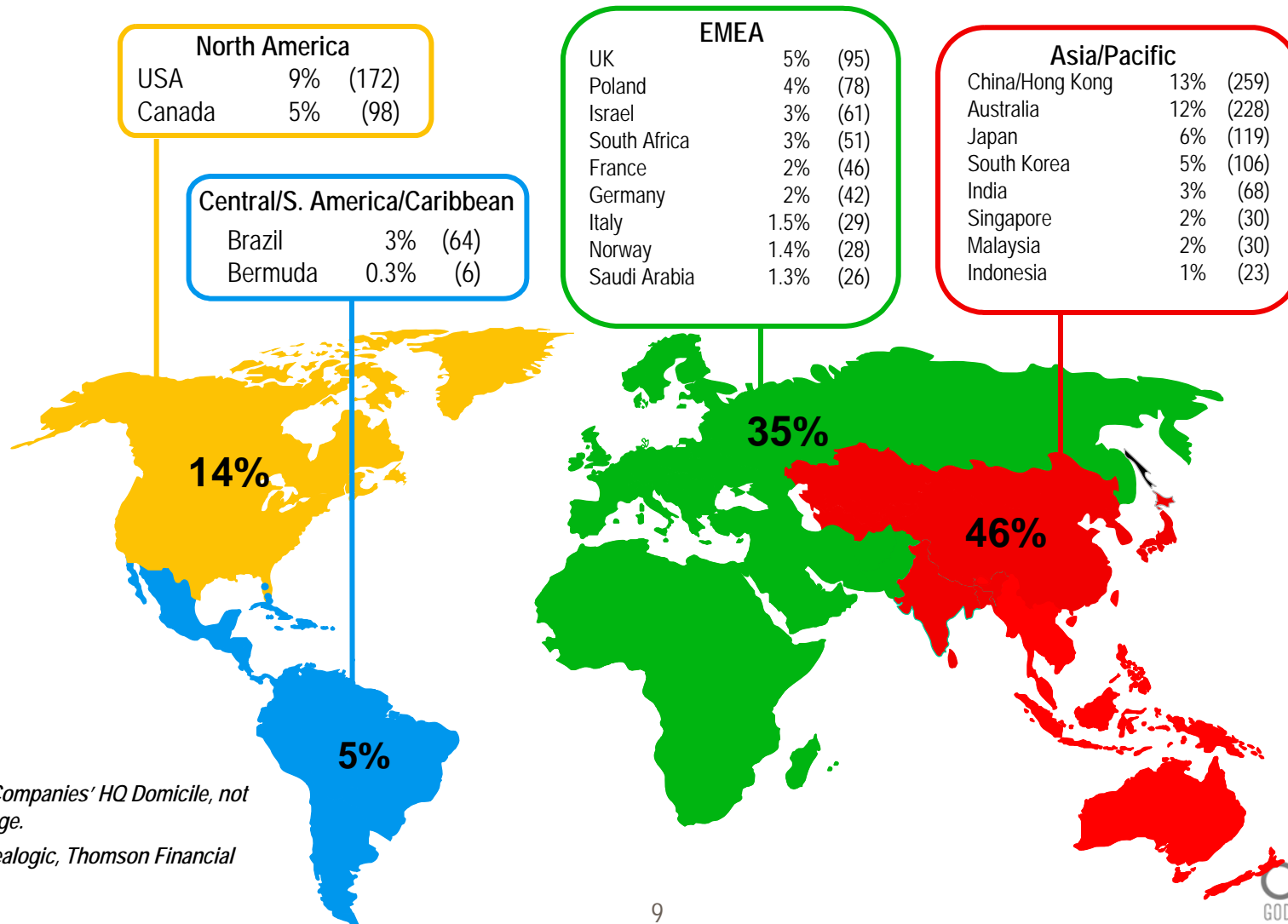
*HKSE, NYSE, LSE and NASDAQ Lead Capital Raised*



Source: Dealogic, Thomson Financial, Ernst & Young (via E&Y)

# 2007 Global IPOs: Number of Deals by Company Domicile Country\*

## Asia/Pacific Companies Driving New Listings



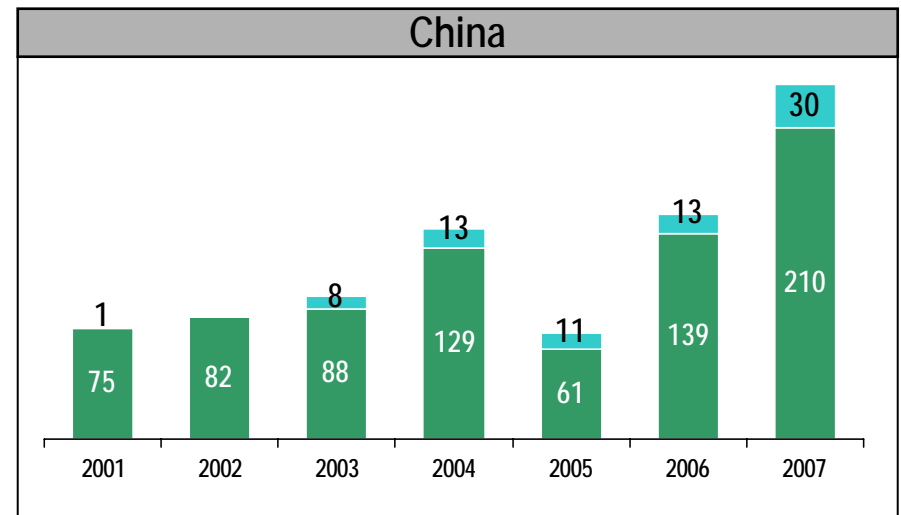
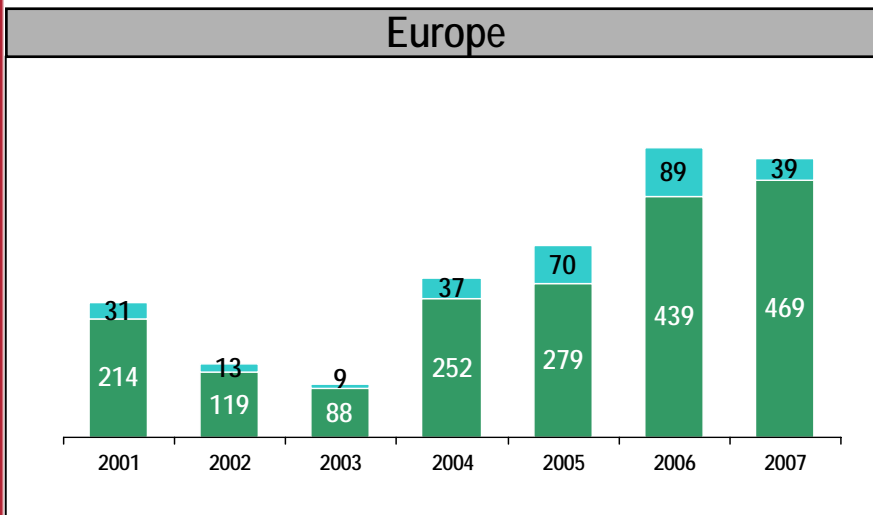
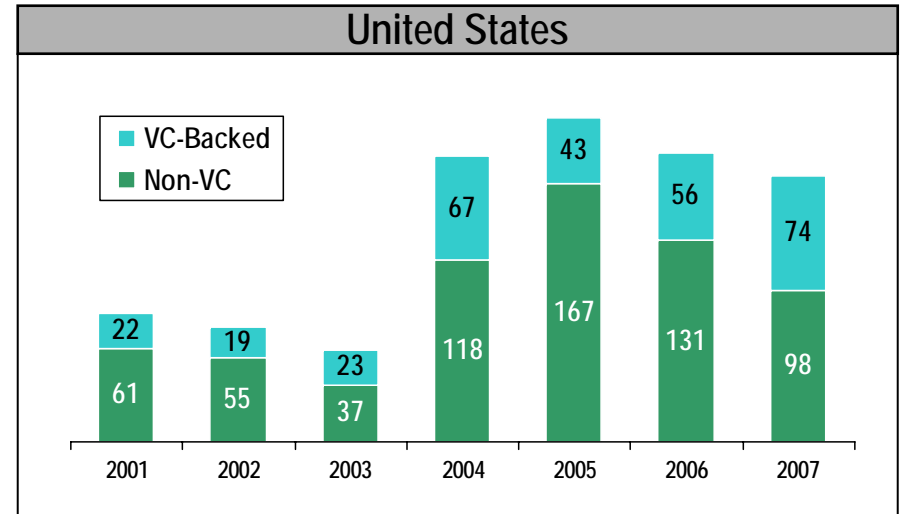
\*IPOs by Companies' HQ Domicile, not by exchange.

Source: Dealogic, Thomson Financial (via E&Y)

# Global IPOs: VC Backed vs. Non-VC Backed

*U.S. with Highest Proportion of VC-Backed Company IPOs\**

- 43% of U.S. IPOs in 2007 were venture-backed, compared to 13% in China and 8% in Europe



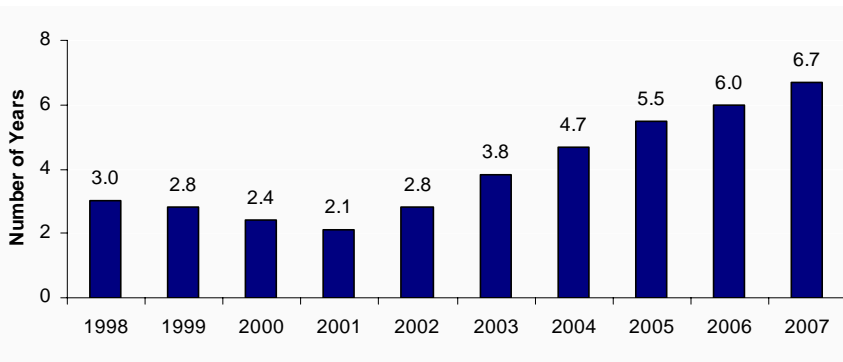
Source: Dealogic, Thomson, Dow Jones VentureOne (via E&Y)

\*Based on company country of domicile

# Liquidity – U.S. M&A

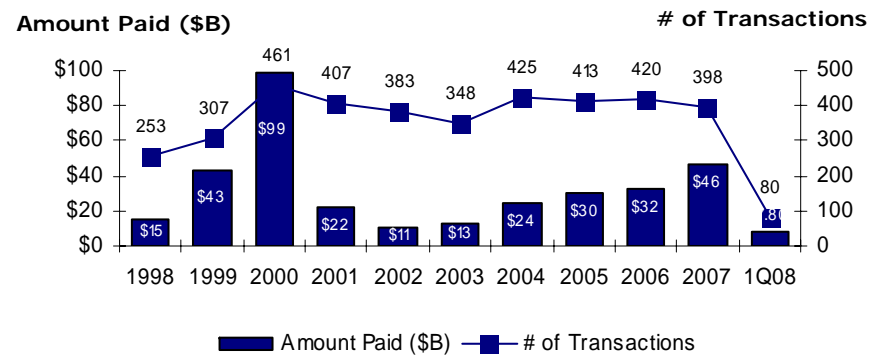
- 43% increase in total dollars (\$46 million from \$32 million) from M&A in 2007
- 74% increase in median amount paid (\$51 million to \$89 million) in 2007
- 5% decrease in total transactions (398 from 420) in 2007
- Annualized 2008 to 2007 pace, not a significant decrease

Median Time from Initial Equity Funding to M&A  
1998-2007



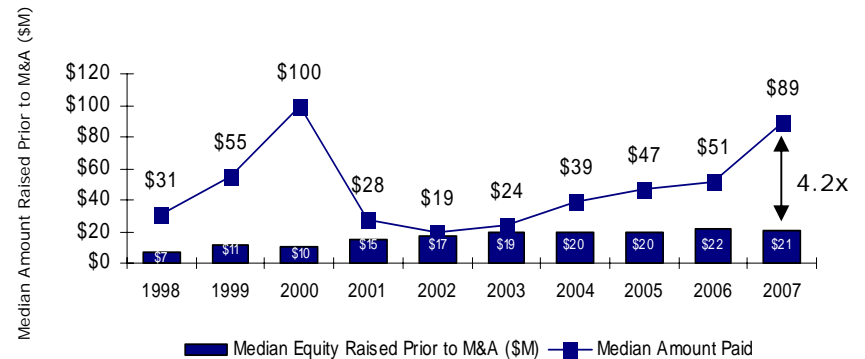
Source: Dow Jones VentureOne/Ernst & Young.

Exit Environment: VC-Backed M&A  
1998-2007



Source: Dow Jones VentureOne/Ernst & Young.

Median Amount Paid in M&As vs. Median Amount Raised Prior to M&A



Source: Dow Jones VentureOne/Ernst & Young. Data as of 3Q07.