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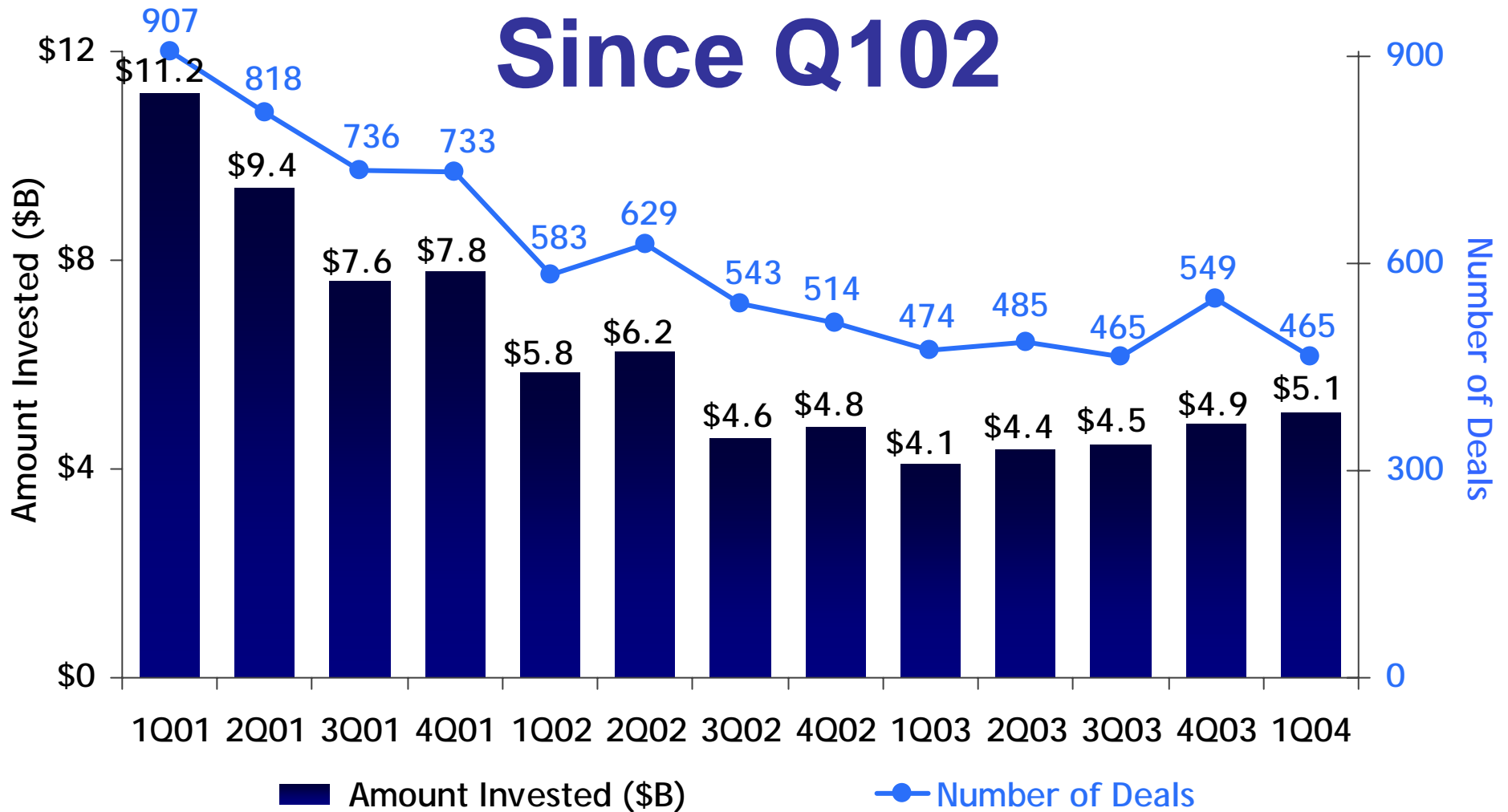
A Quick Overview of the VC Industry

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Venture Investments Steady Since Q102

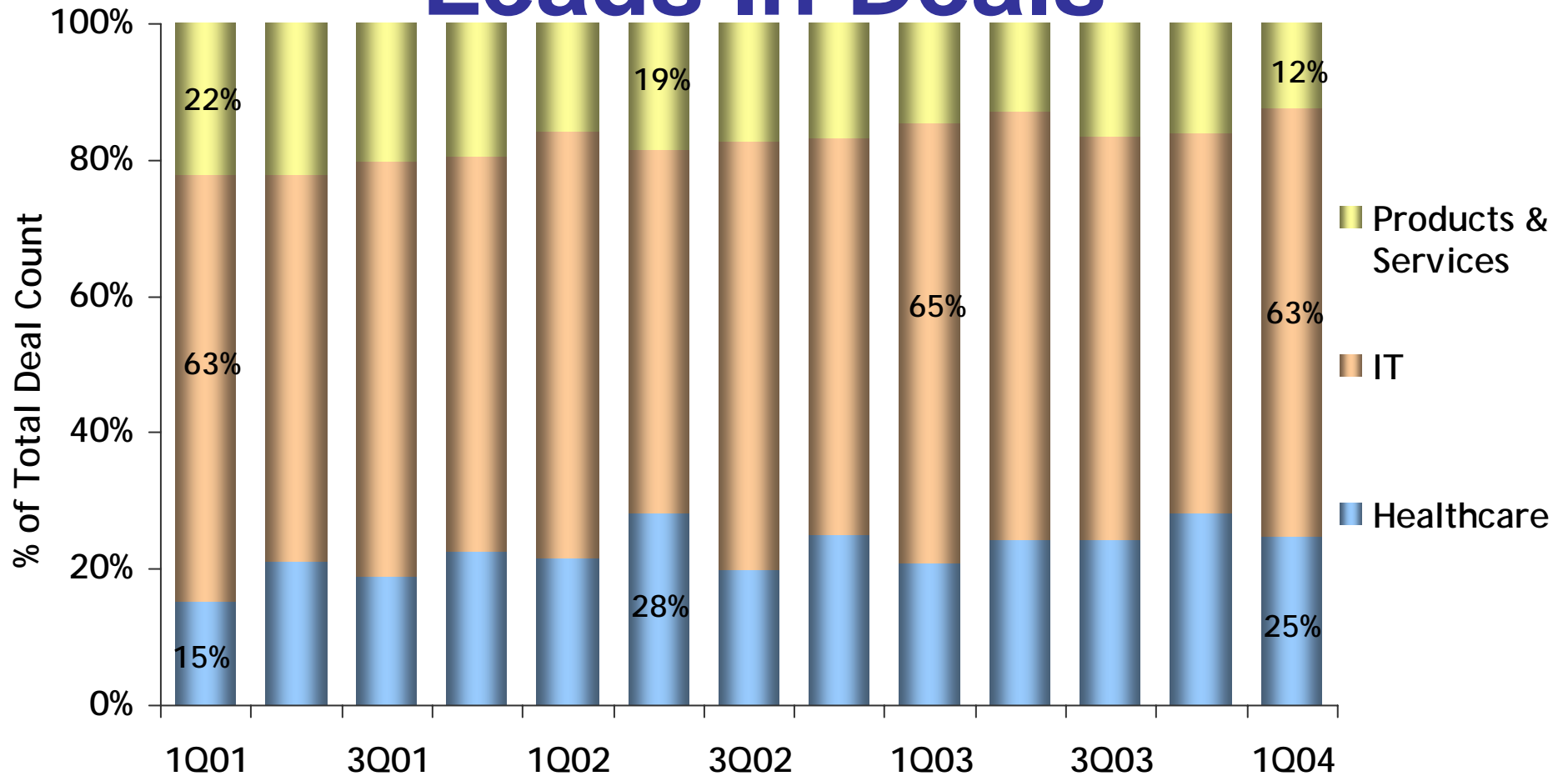


Source: VentureOne/Ernst & Young

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Information Technology Leads In Deals



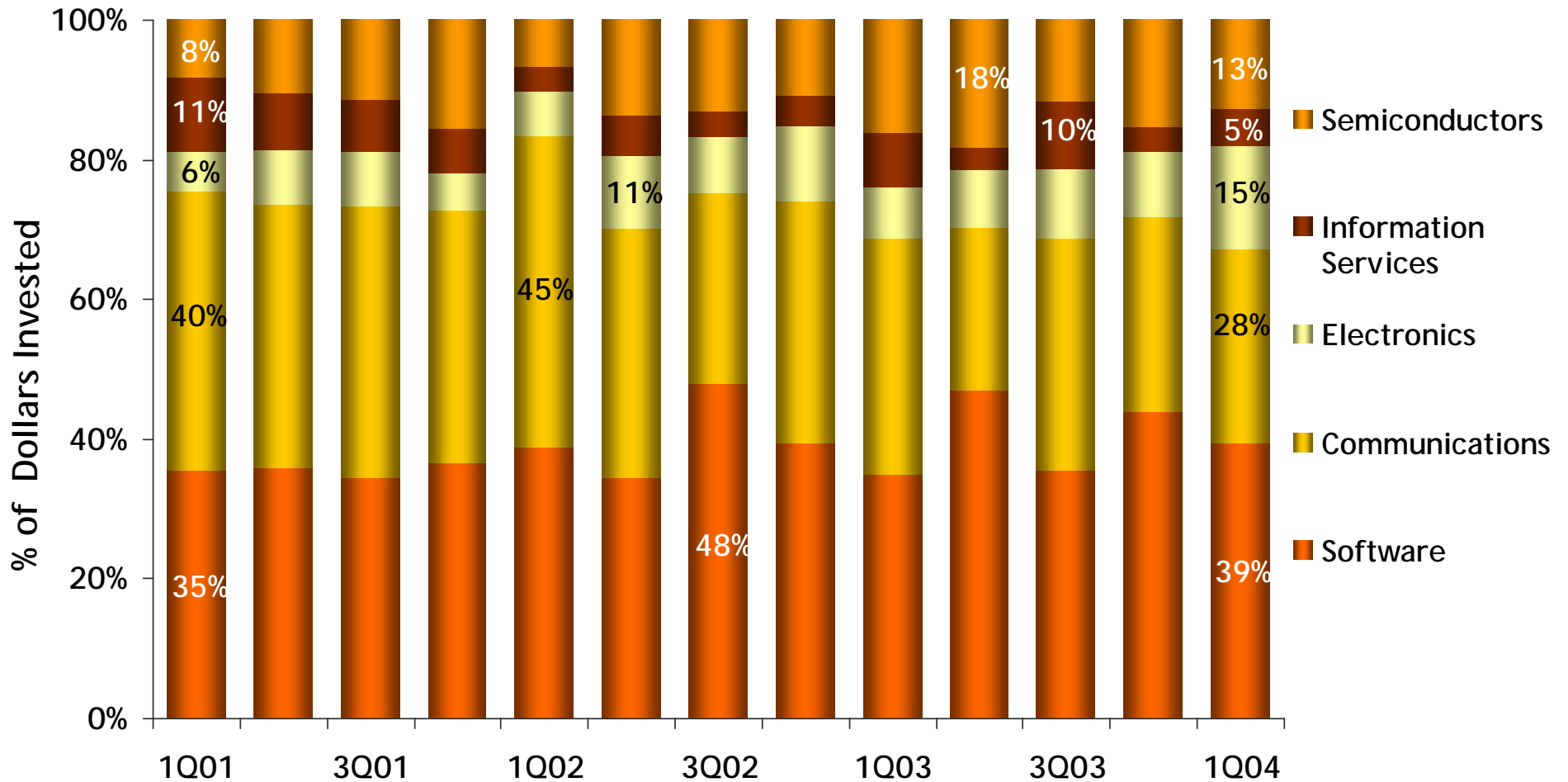
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Software Drives IT Investment

IT Investment Allocation by Sector

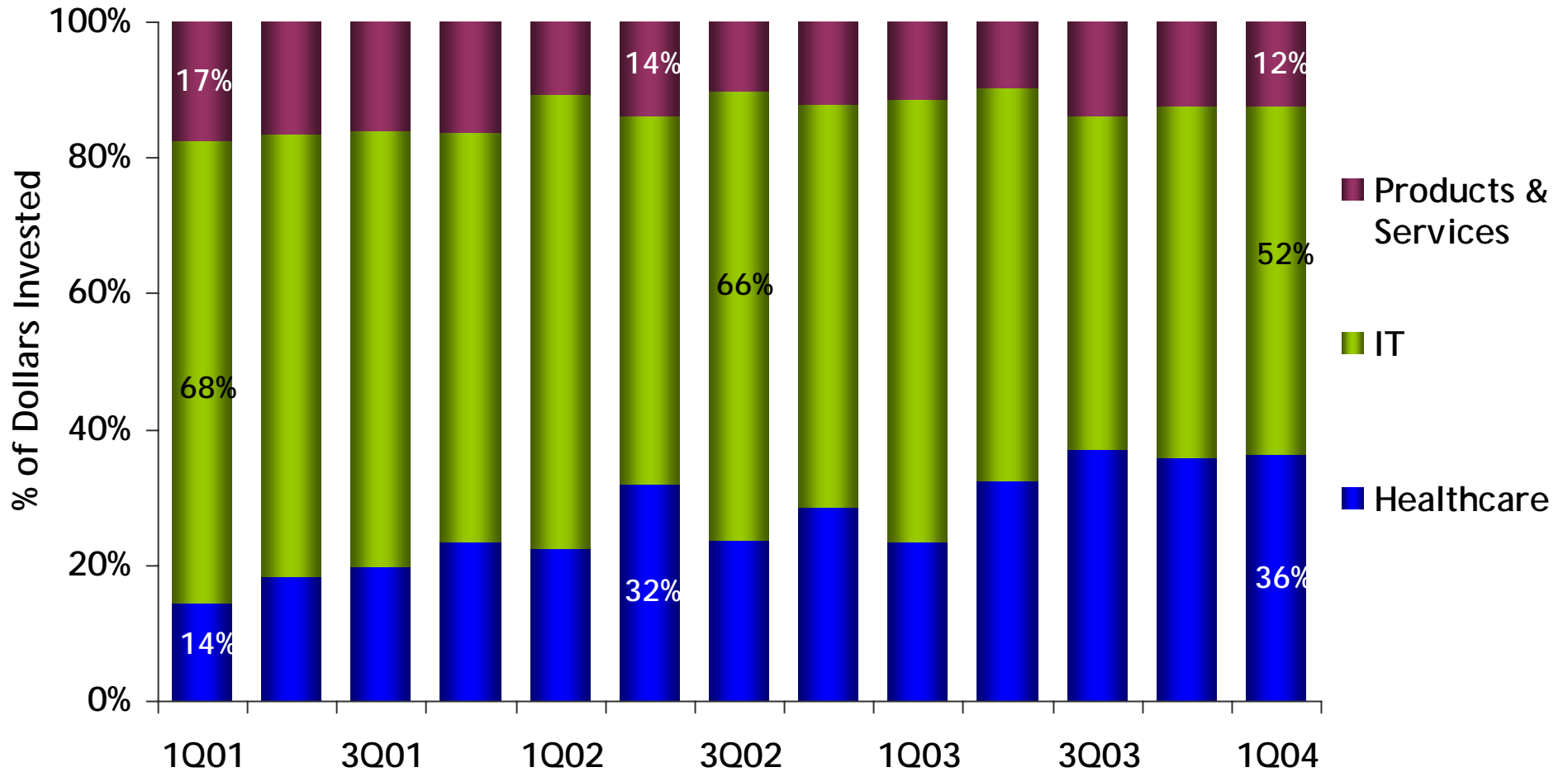


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Healthcare's Share of Dollars Holds Strong



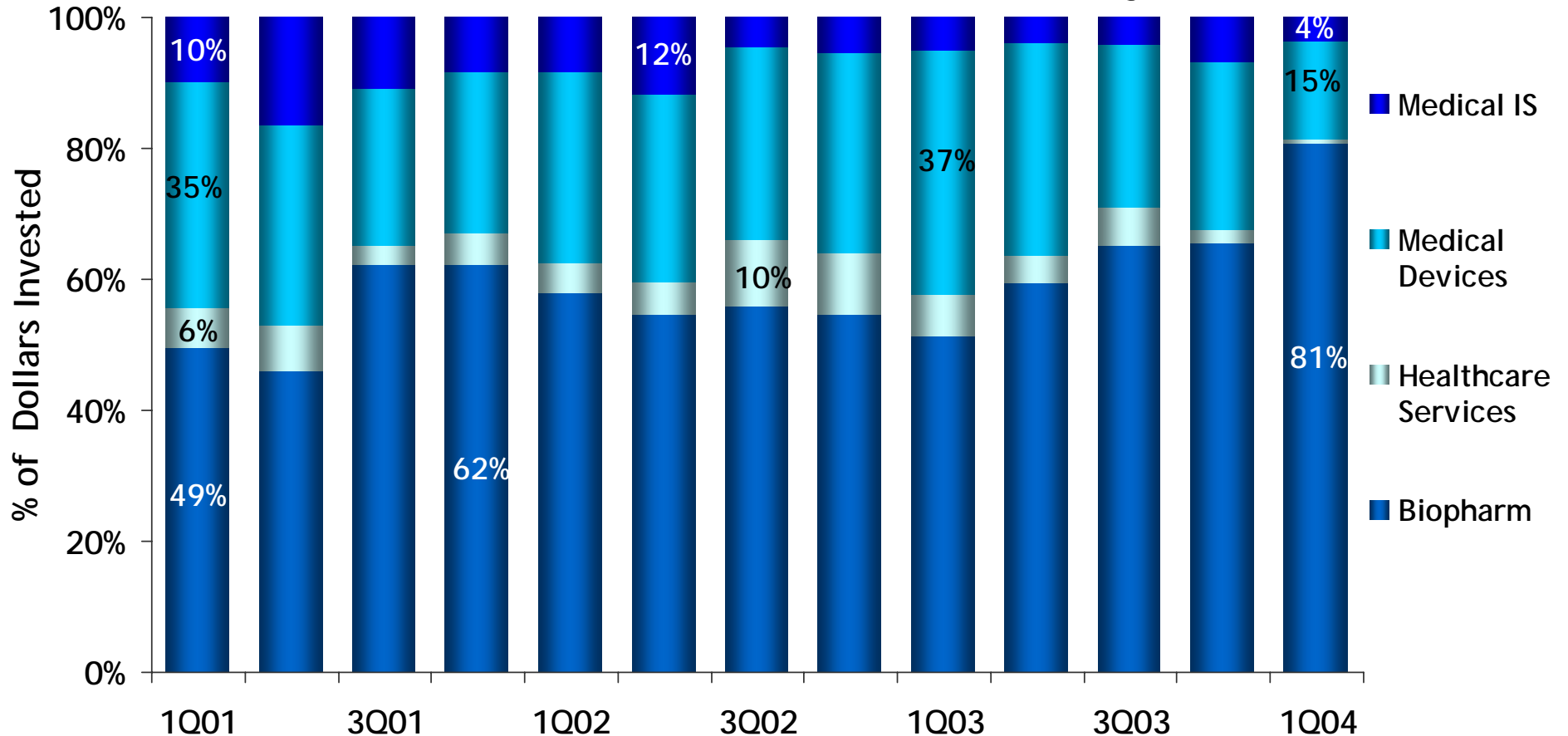
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Biopharmaceuticals Drive Healthcare Investment

Healthcare Investment Allocation by Sector

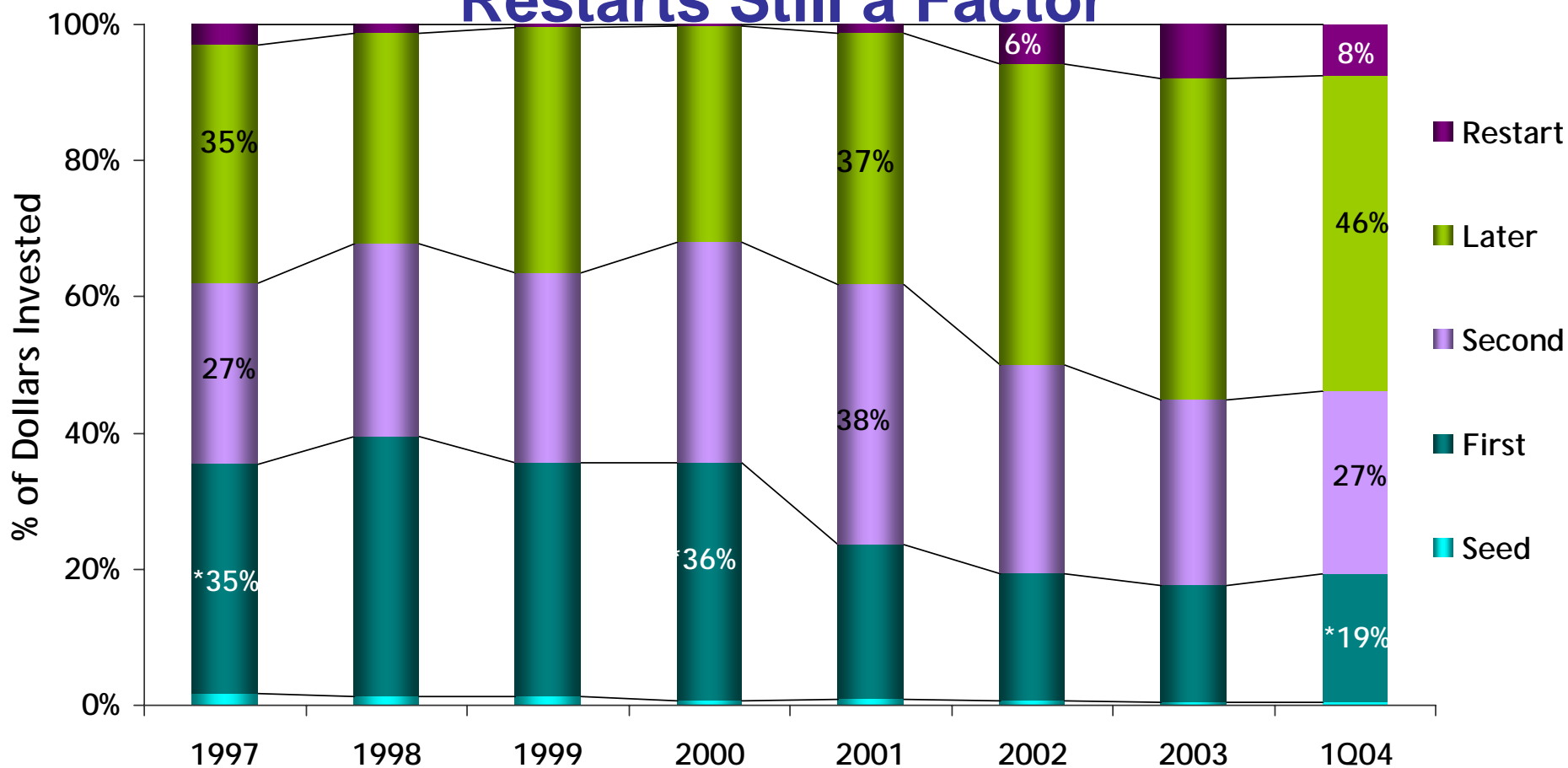


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80% of Dollars Directed at 2nd & Later Rounds Restarts Still a Factor



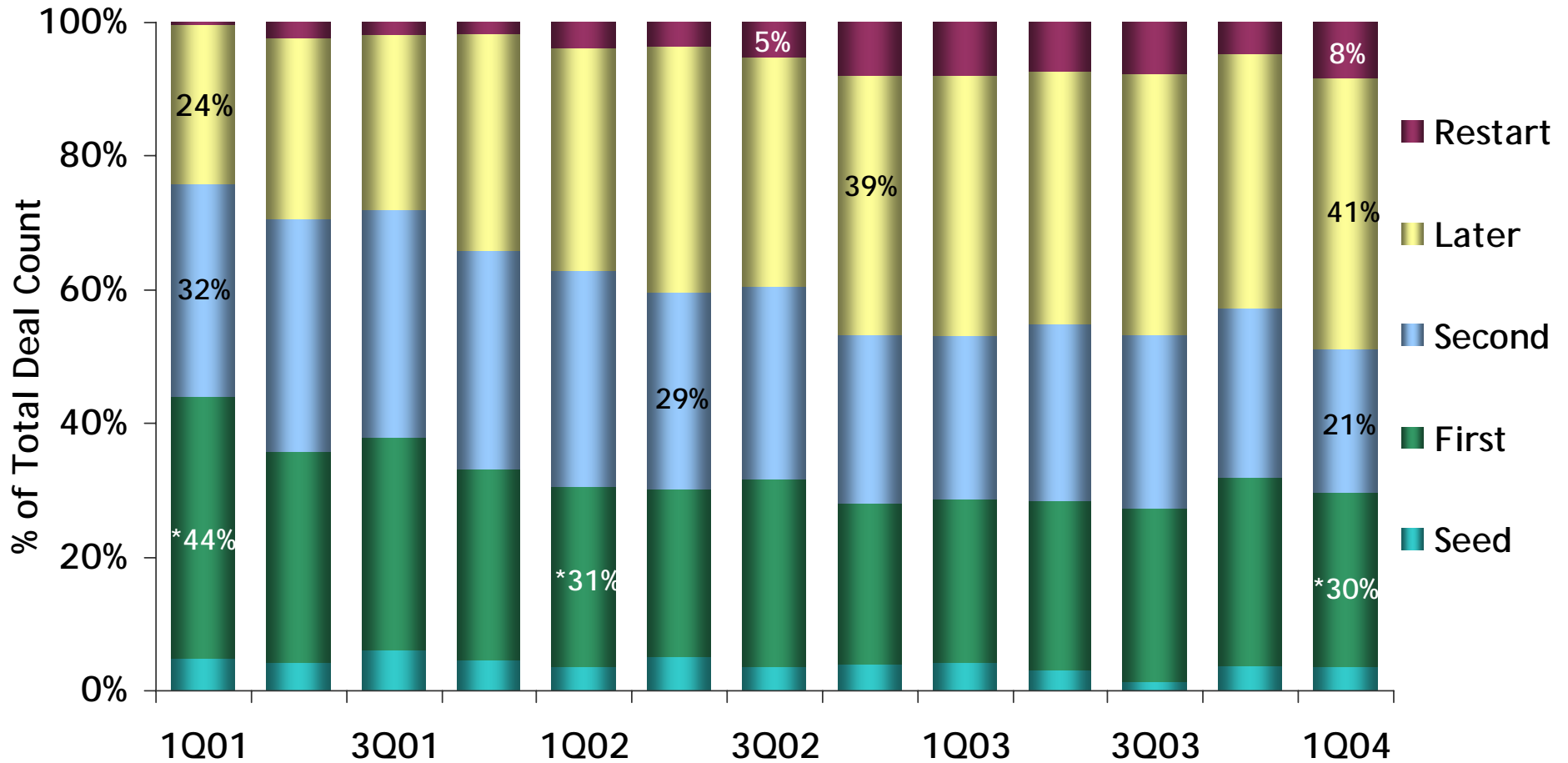
*Seed and First Rounds Combined

Source: VentureOne/Ernst & Young

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Startups Still Competing With Restarts



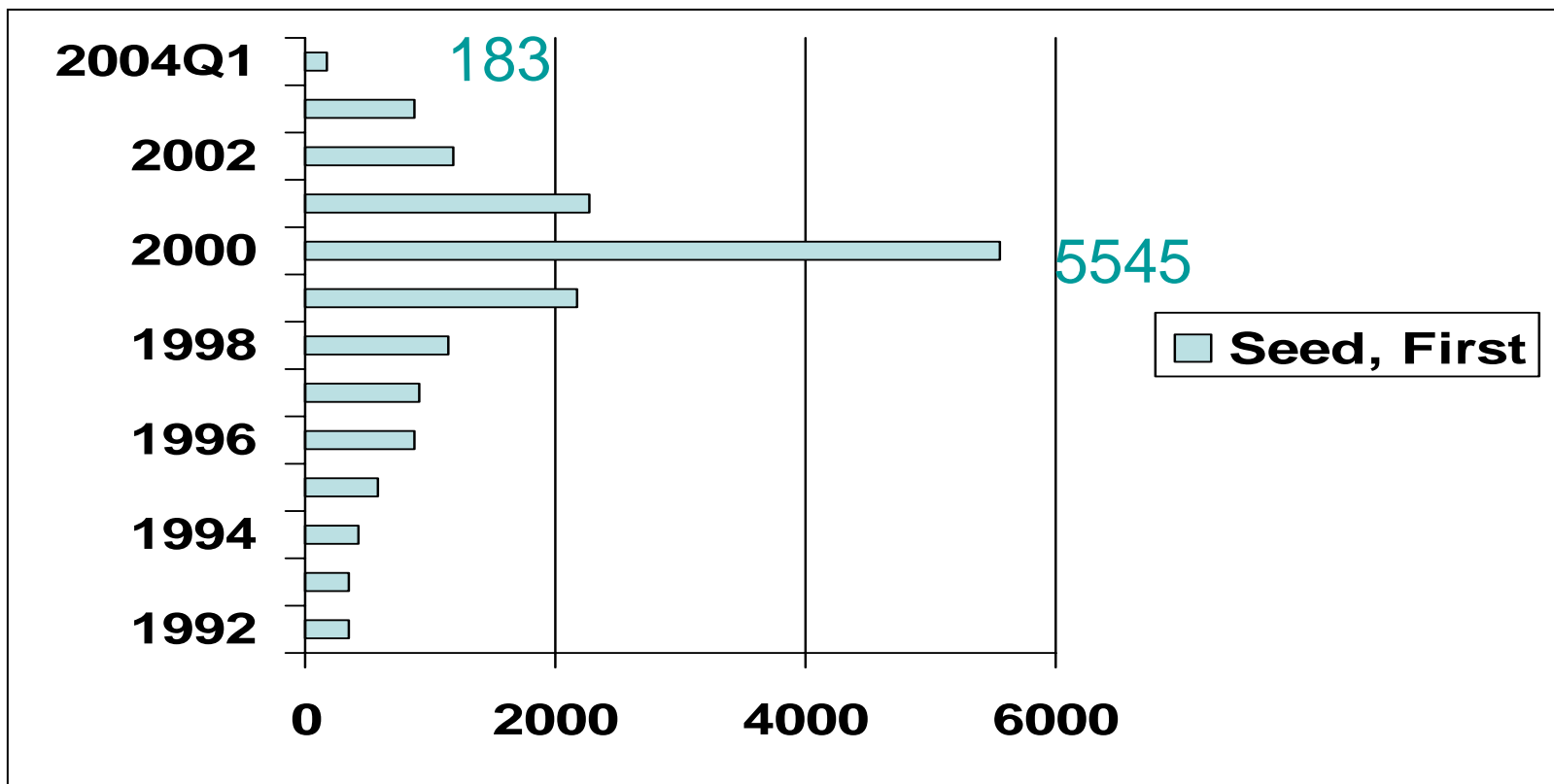
*Seed and First Rounds Combined

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Seed and First Round Deals Scarce



Q1 2004: New Software Companies Funded

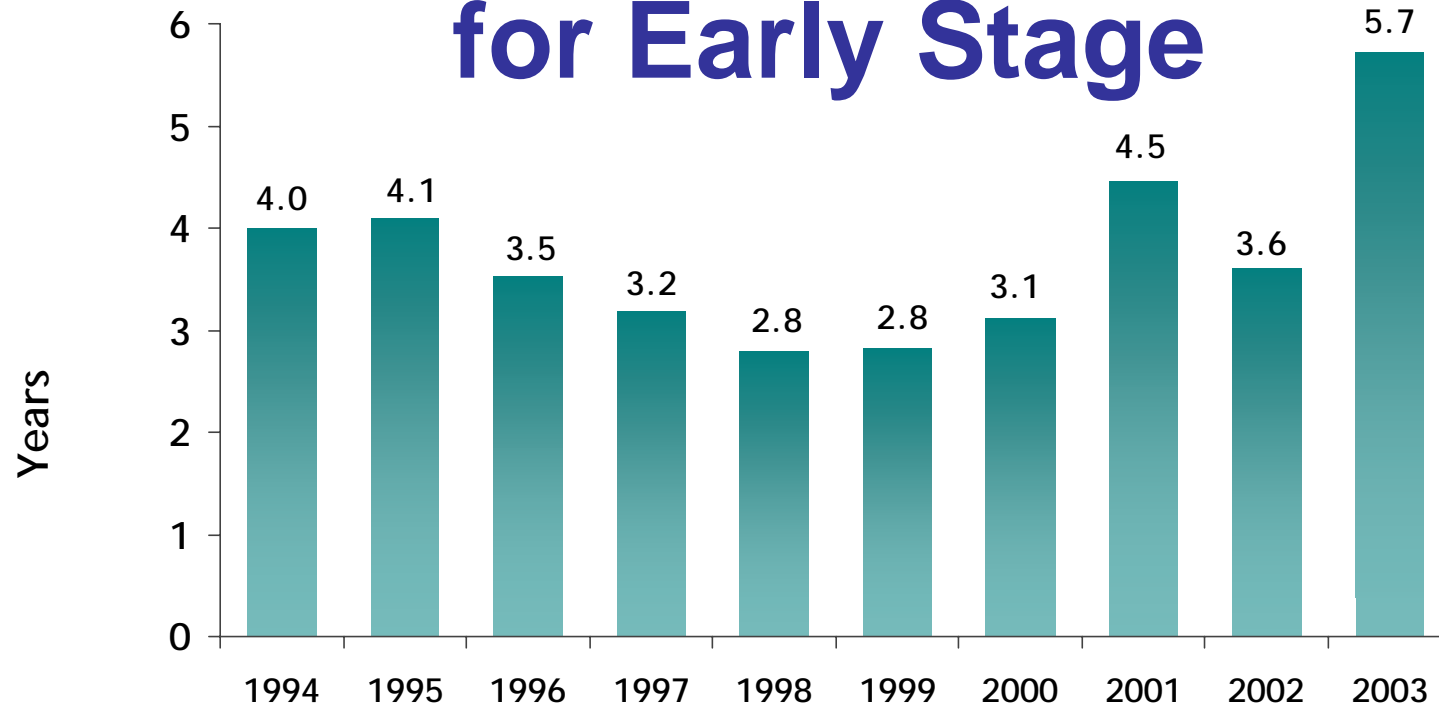
- 49 'seed or first round'
 - Horizontal Apps: 13
 - Vertical Apps: 10
 - Communications/Connectivity: 10
 - Networking, Systems Mgmt: 7
 - Development Tools: 4
 - Other: 5

**Examples: Strongmail, Ciphertrust,
Gluecode, JBoss**

Fewer Investors, Better Companies?

- Corporate/Strategic investors have abandoned the sector
 - \$211M in 2003 versus \$6B in 2000
- Individual investors have abandoned the sector
 - \$84M in 2003 versus \$2.4B in 2000
- VCs syndicating most deals
 - Multiple VCs in most rounds

Long Term View Required for Early Stage

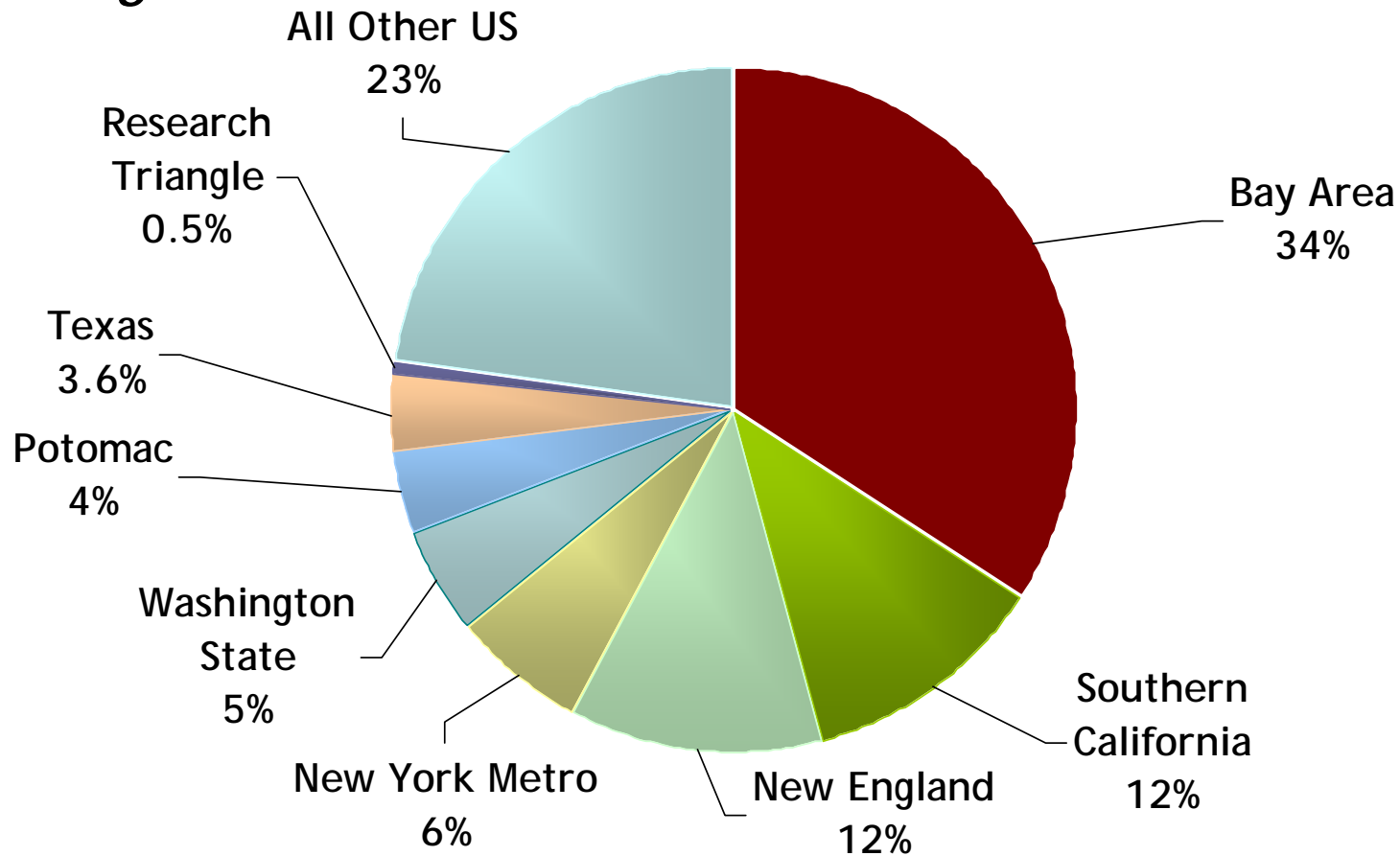


Time From Initial Equity Funding to IPO

Note: pre 1994: 6.7 years to IPO

West Coast Dominates Venture Investment

Regional Investment in the United States 1Q'04

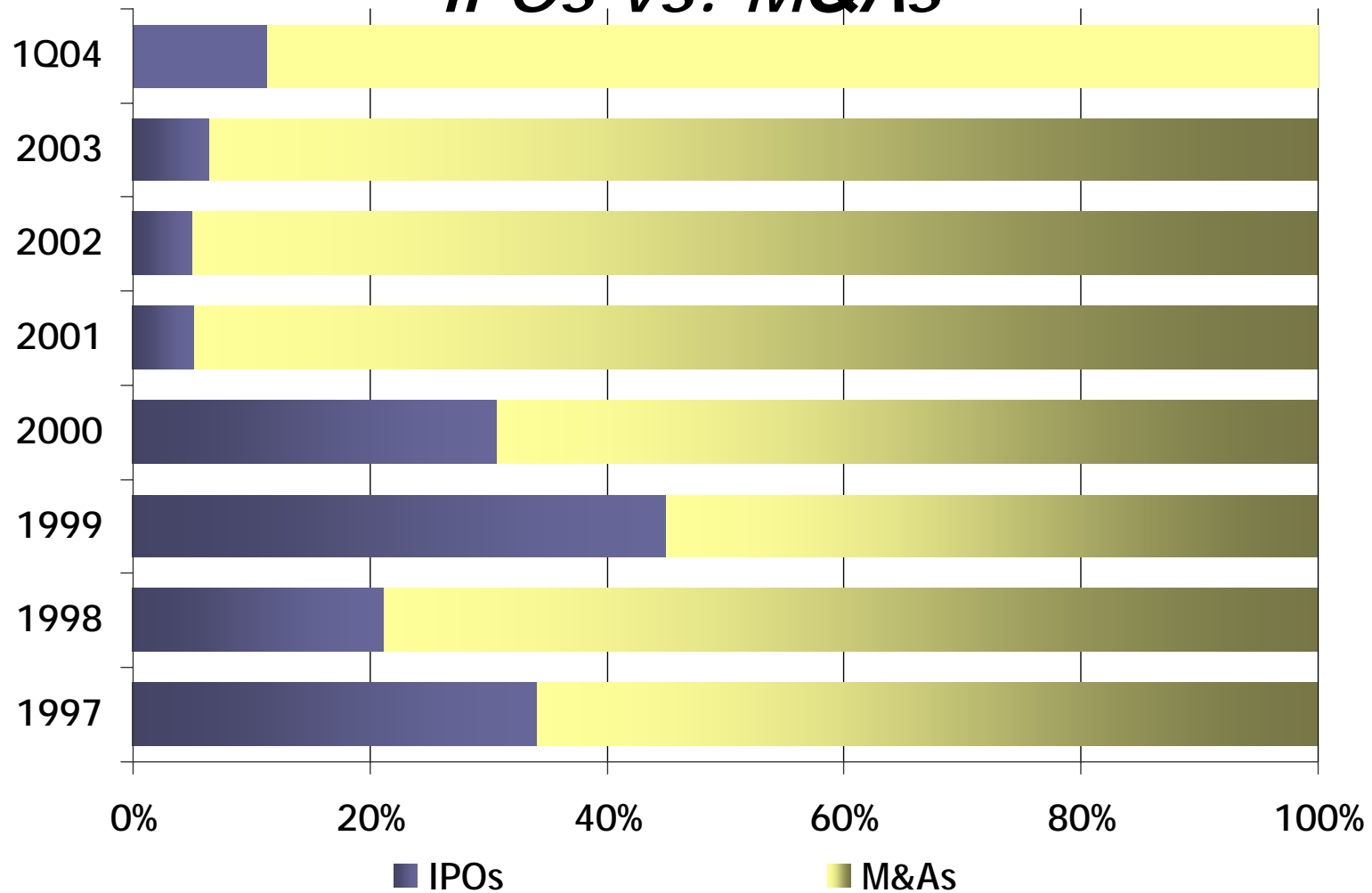


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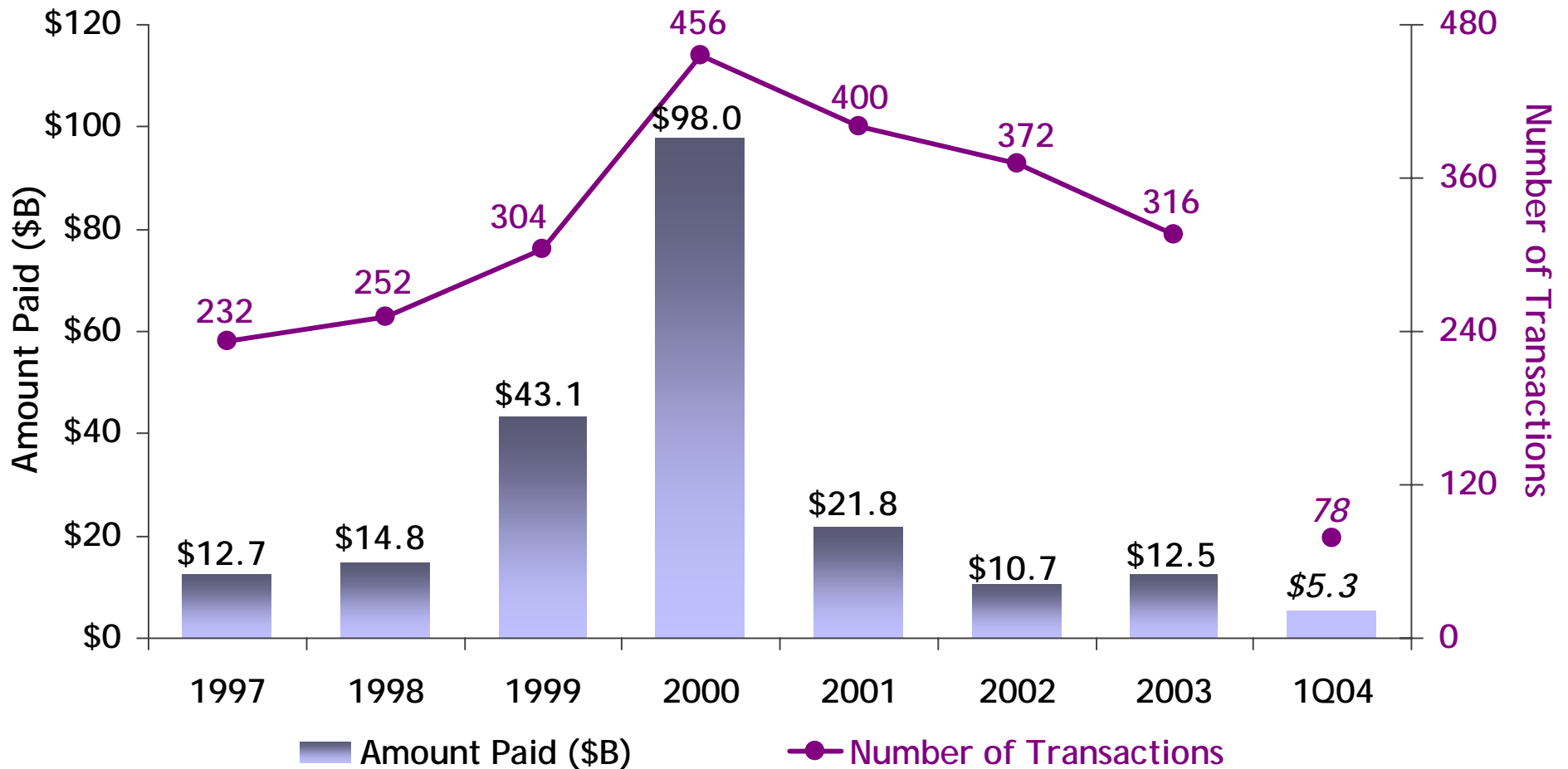
Primary Venture-Backed Liquidity Option: M&A

IPOs vs. M&As



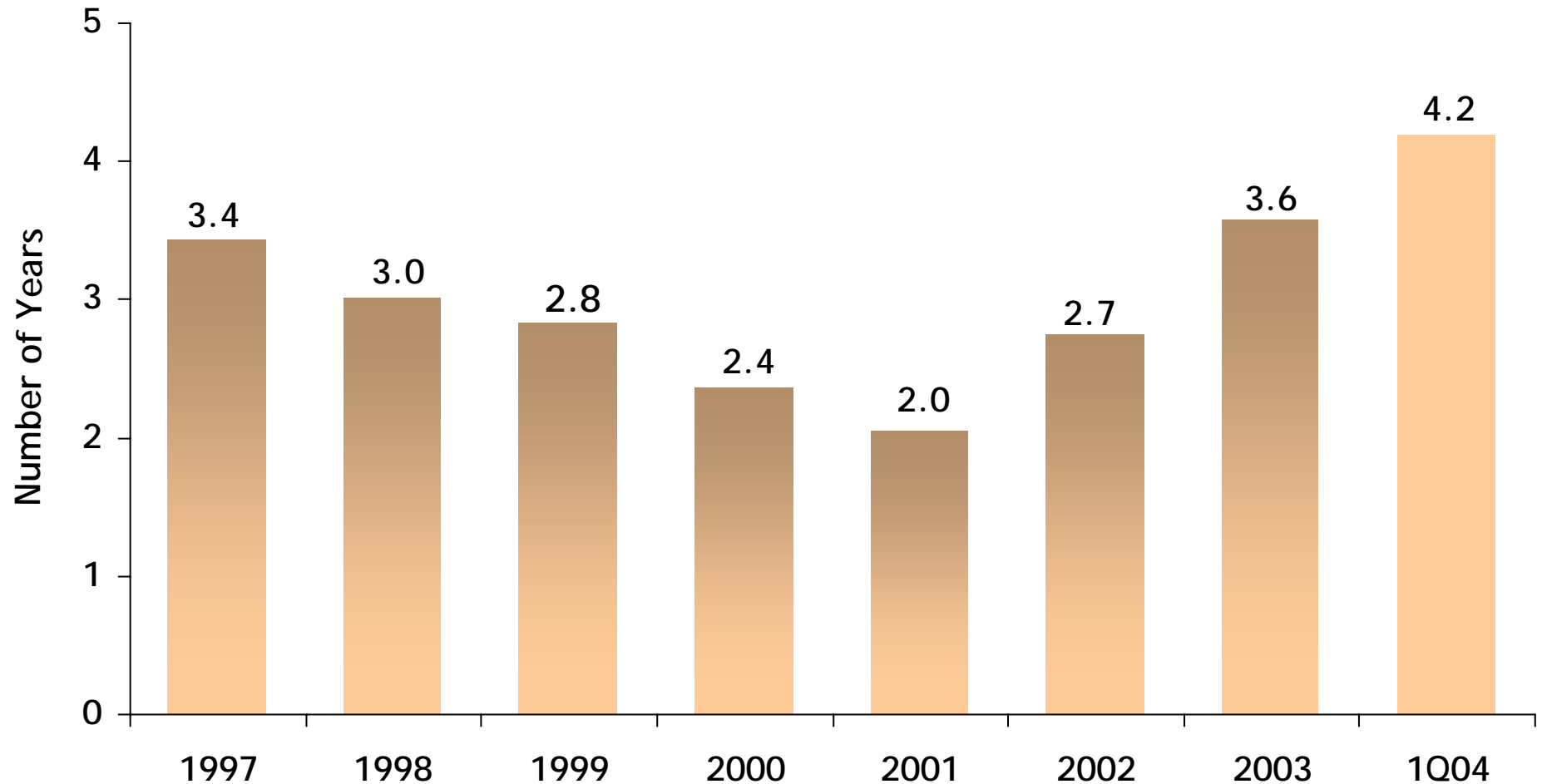
M&A Activity Returning

Transactions and Amount Paid in M&As



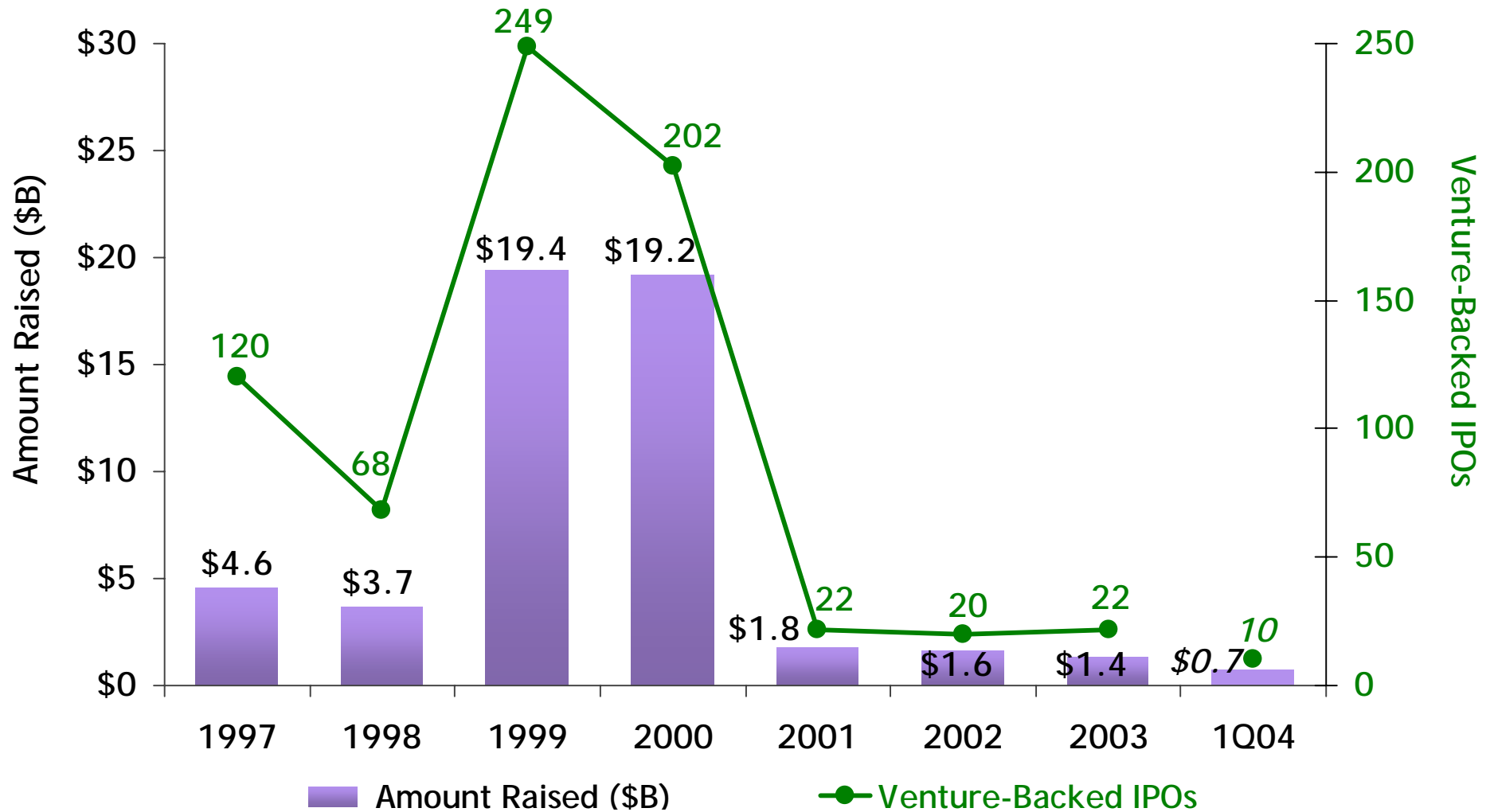
Time to M&A Lengthens

Median Time From Initial Equity Funding to M&A



IPO Market at Historic Lows

Deals and Amount Raised Through IPOs



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