



National Venture Capital Association

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2007 Predictions Survey

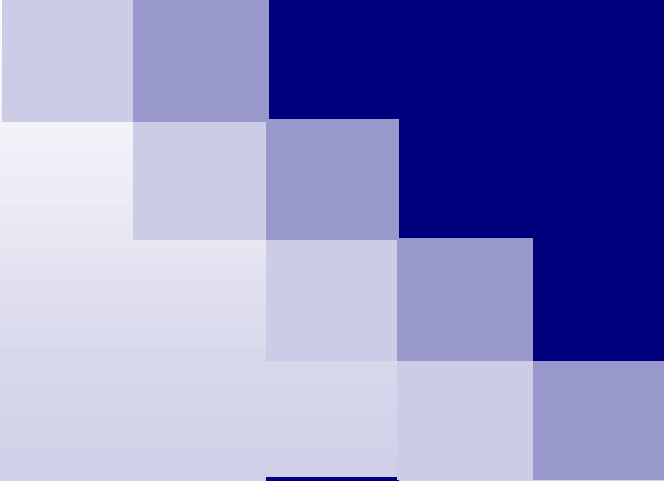
December 18, 2006



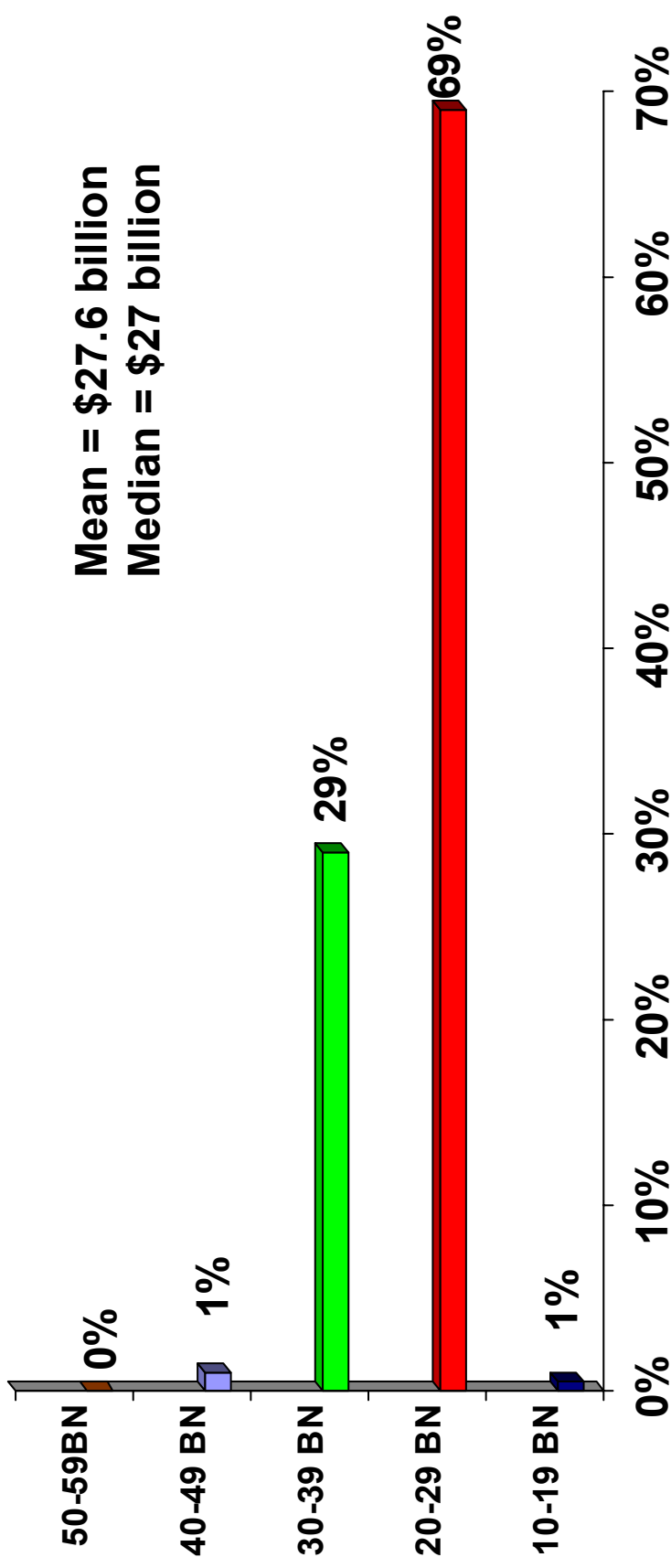
NVCA 2007 Venture Capital Predictions Survey

- **First predictions survey conducted by
NVCA**
- **Conducted in December 2006**
- **More than 200 respondents**
- **Quotes and press release available –
contact Emily Mendell (610-565-3905)**

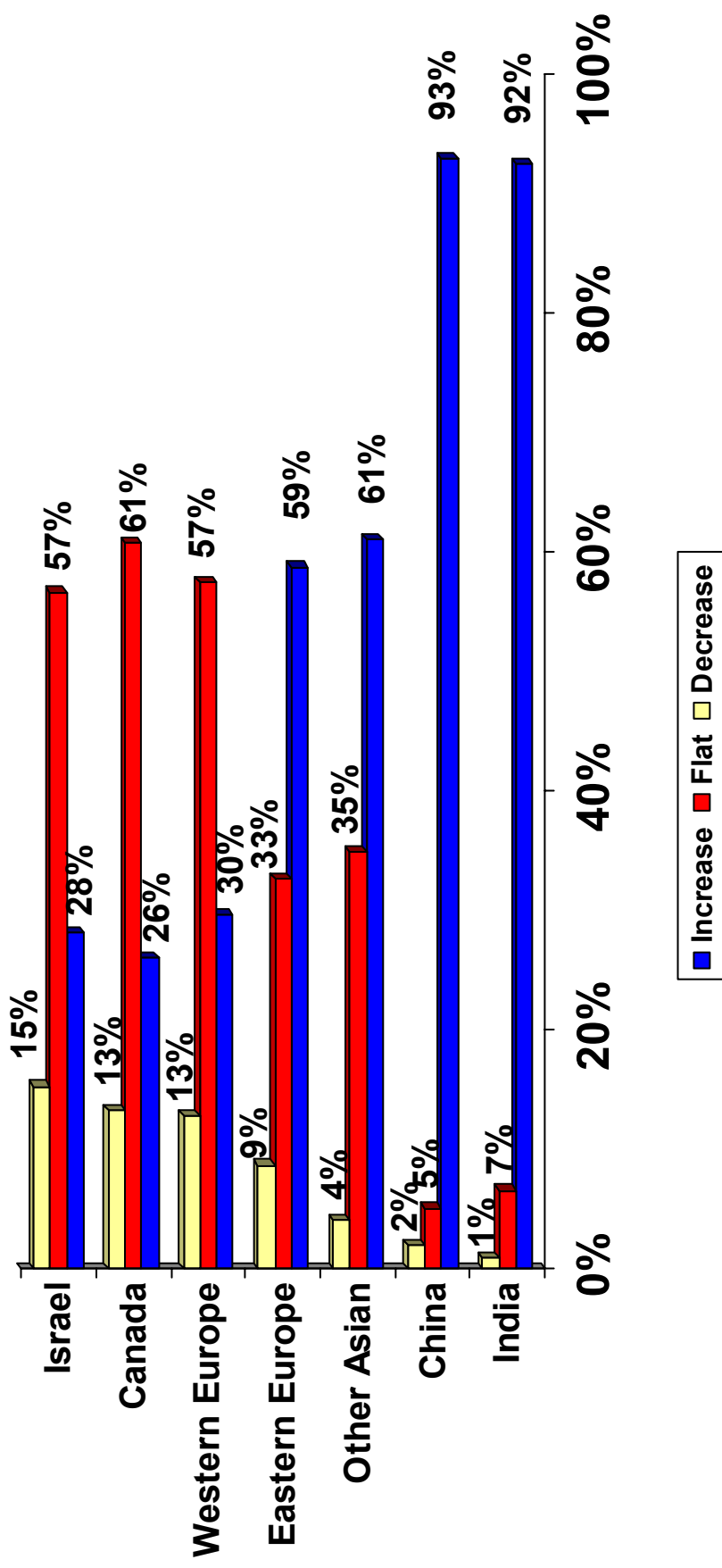
Venture Investment



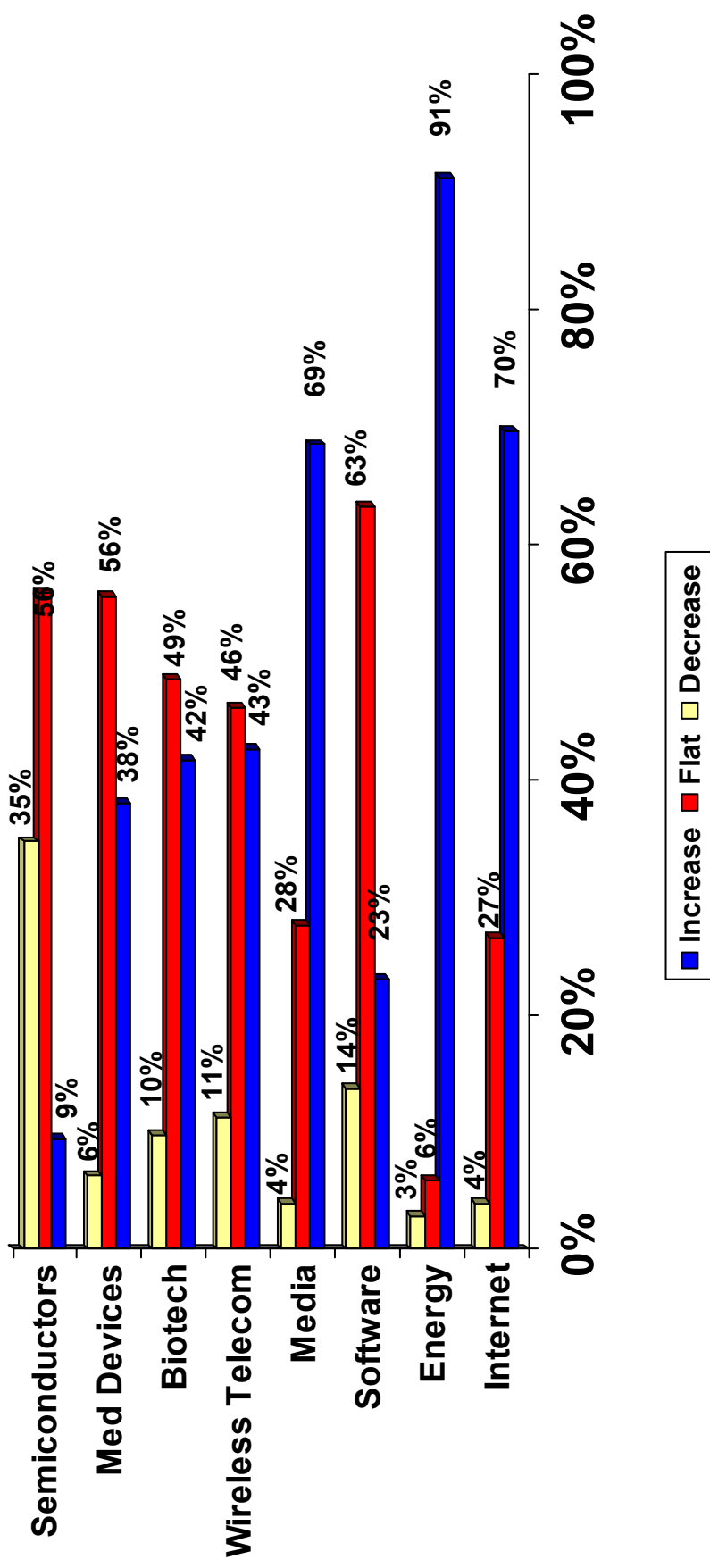
How much will venture capitalists invest in 2007?



Predict investment levels in 2007 for each global region.

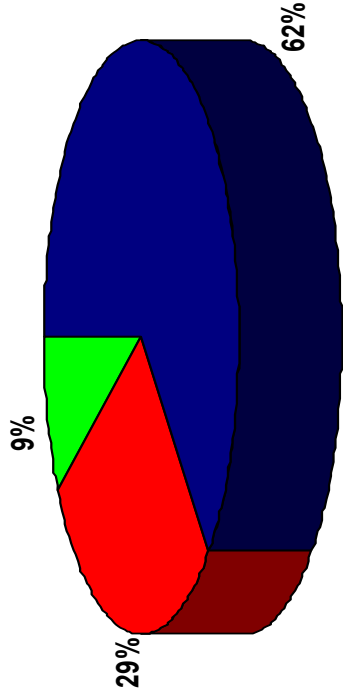


Predict investment levels in 2007 for each investment sector.

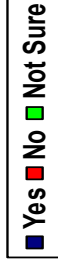
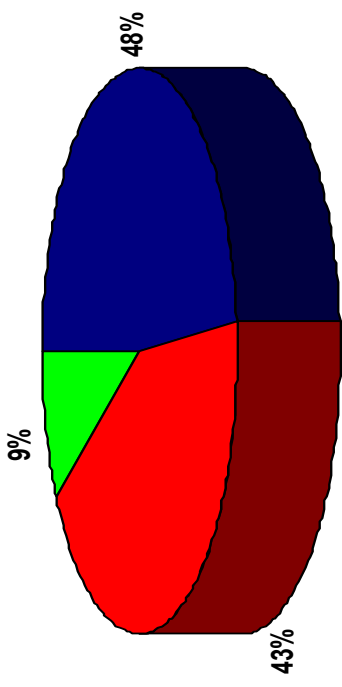


Do you think venture capital funds will compete more intensely for deals in 2007 with..

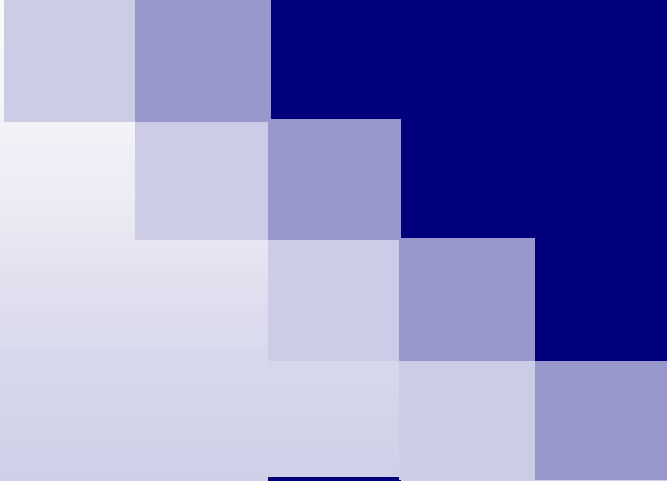
Hedge Funds



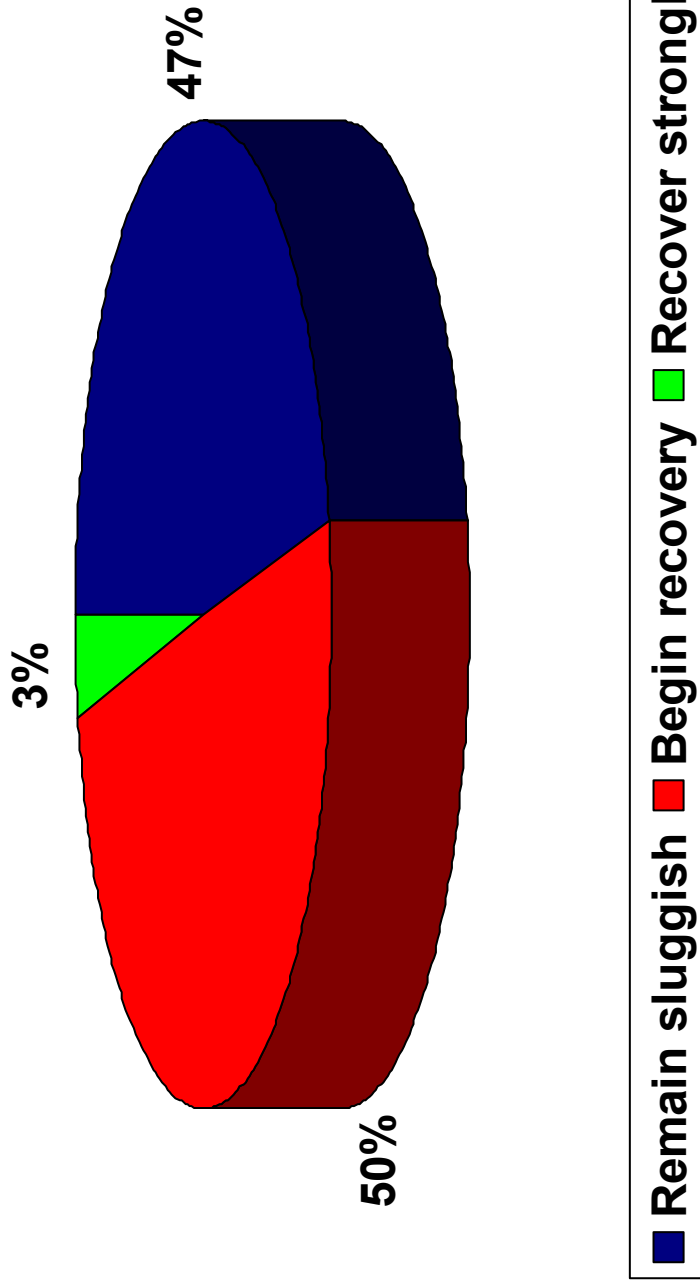
Buyout Firms



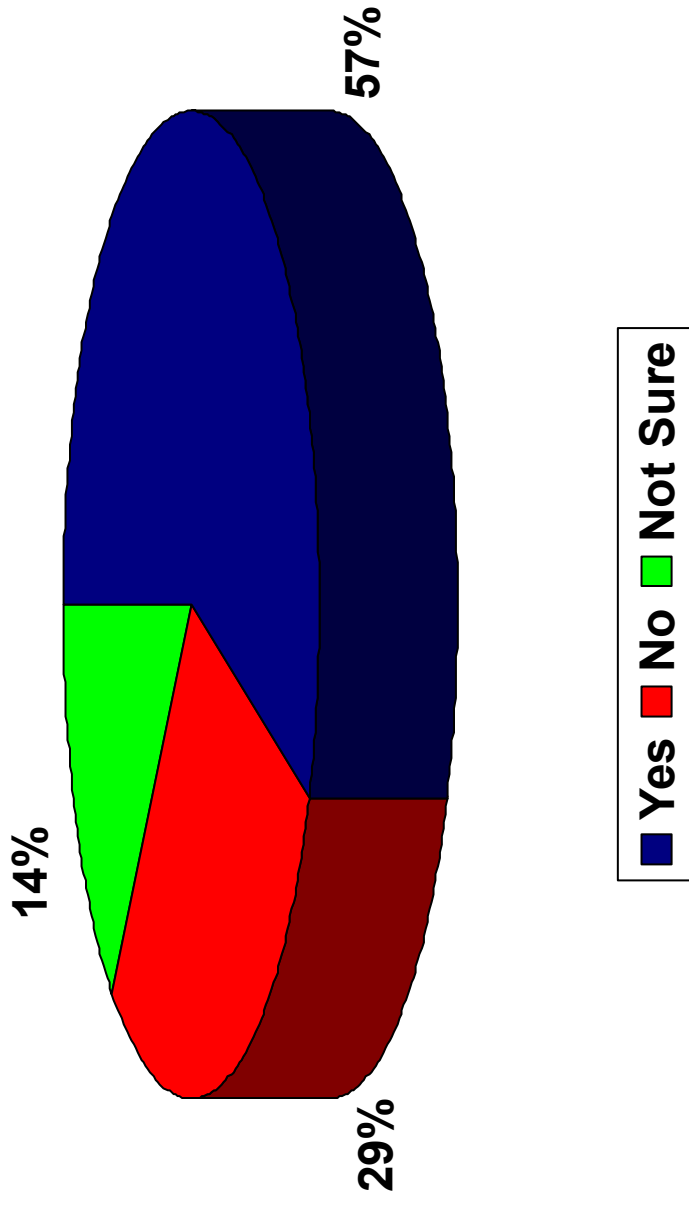
Venture Exits



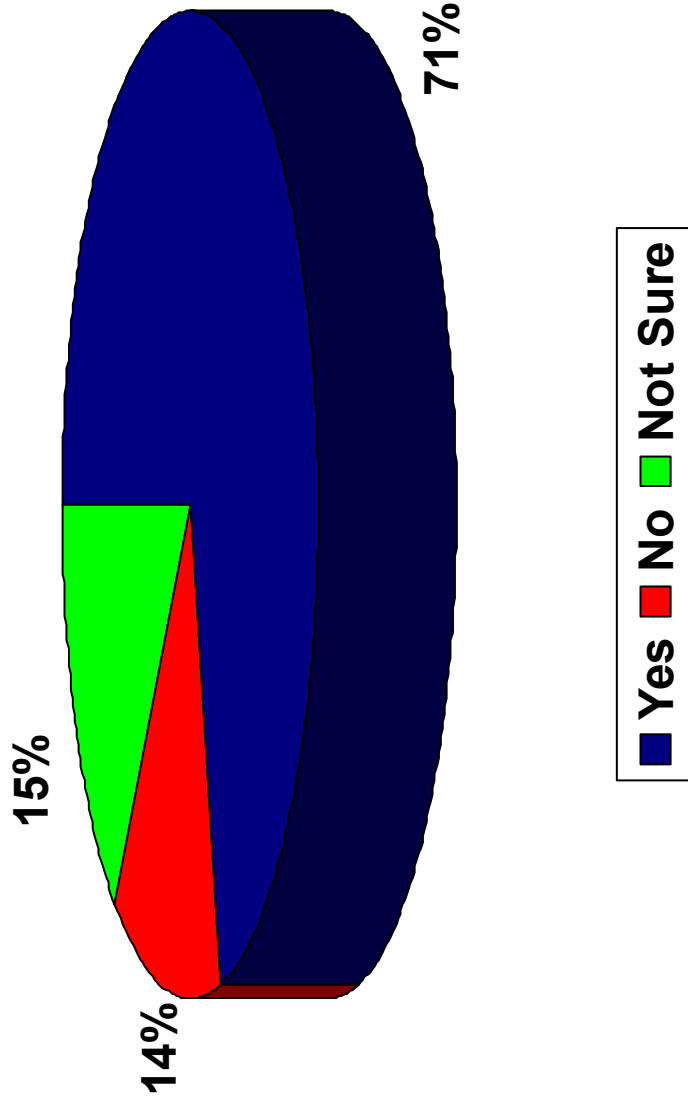
In 2007, the venture-backed U.S. IPO market will...



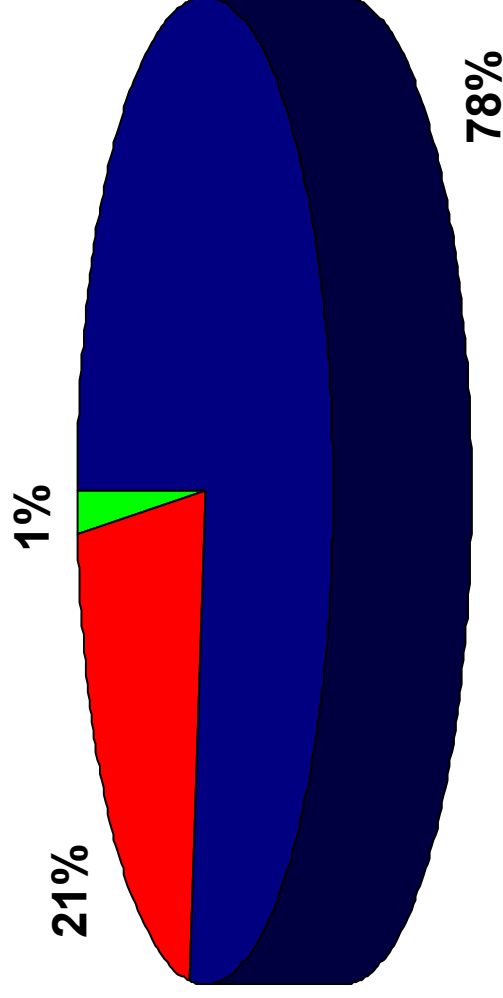
In 2007, will foreign exchanges become an increasingly attractive option for US portfolio companies?



In 2007, will the purchase of portfolio companies by private equity firms become an increasingly attractive exit option?

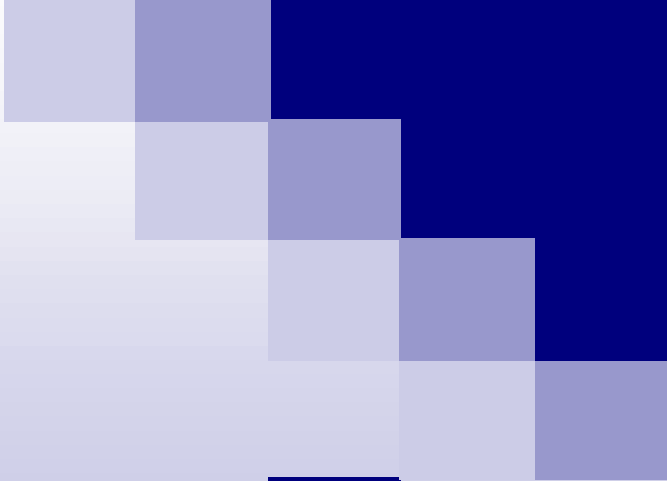


In 2007, the venture-backed M&A market will...

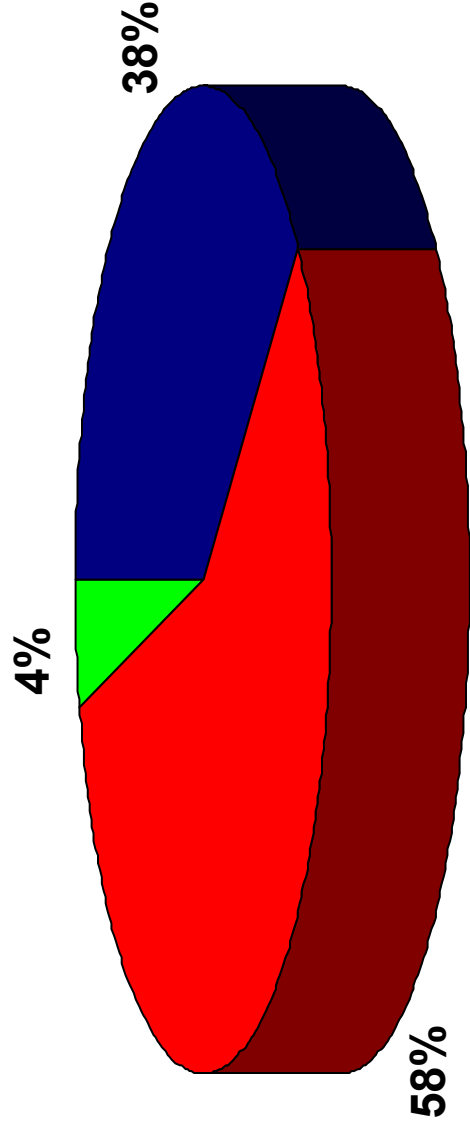


■ Be a robust exit of choice ■ Slow from 2006 ■ Dry up considerably

Venture Fundraising

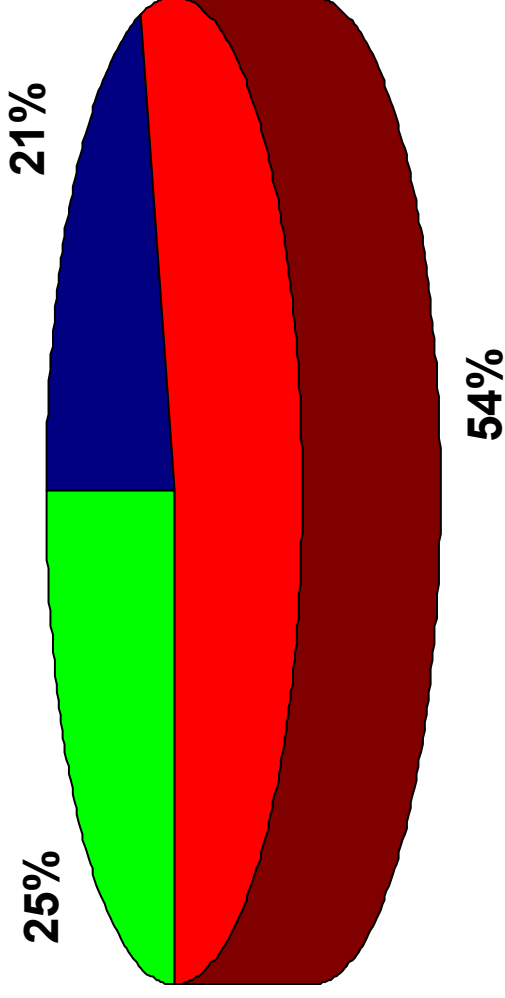


On average, venture capital funds will go out to raise their next fund in ...



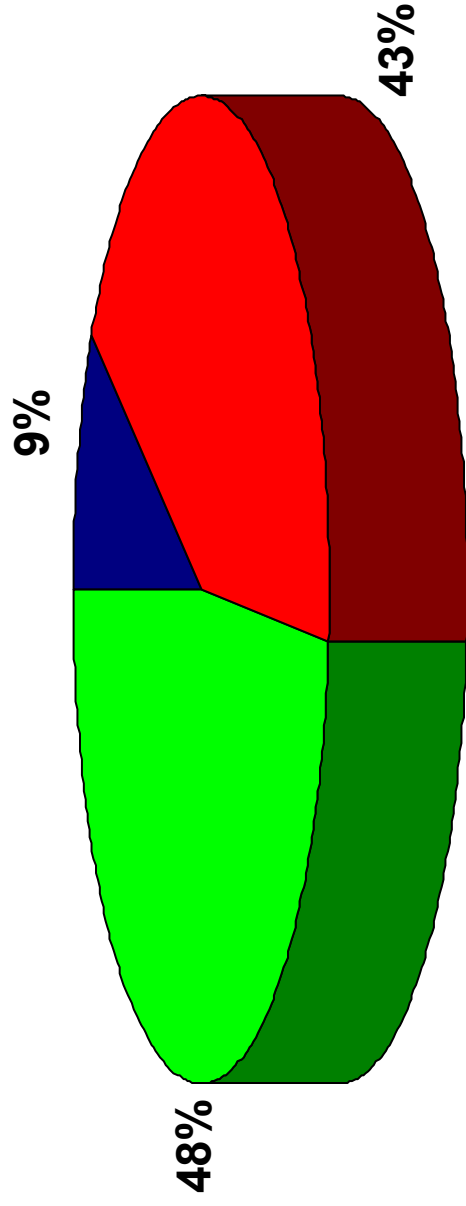
■ Less than 3 years ■ 3-4 years ■ 5 or more years

In the next fund raising cycle, venture capital firms will raise on average...



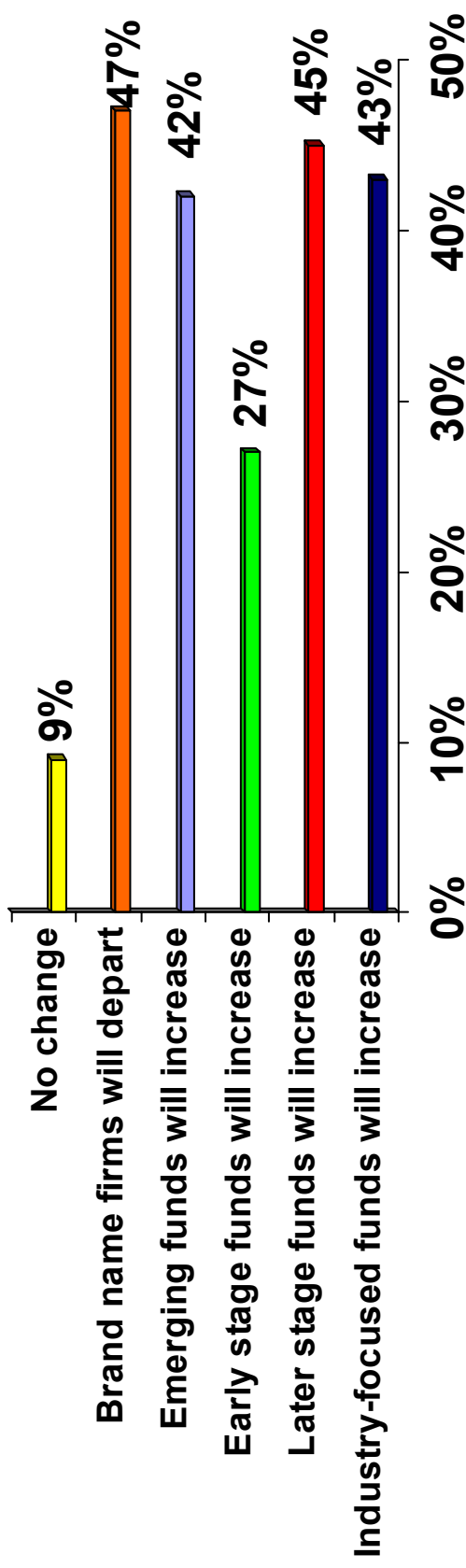
■ Smaller sized funds ■ Similar sized funds ■ Larger sized funds

After the next fund raising cycle, we will see the number of venture capital firms...

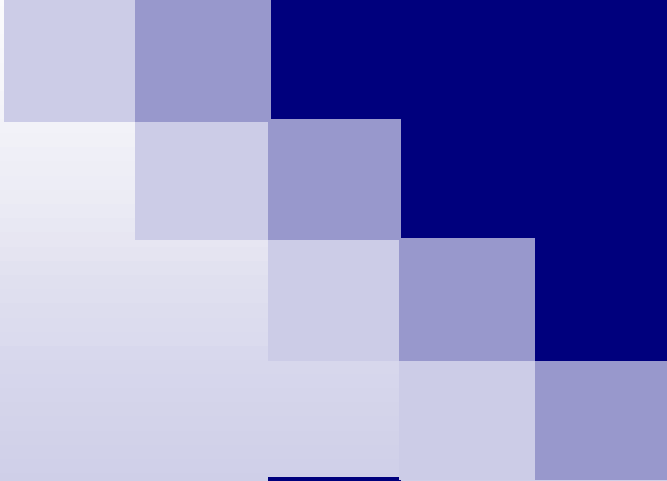


■ Increase ■ Stay the same ■ Decrease

How will the demographics of venture capital funds change in 2007?

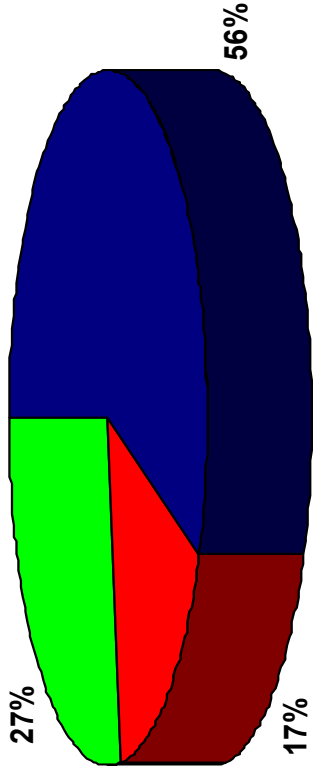


Venture Performance



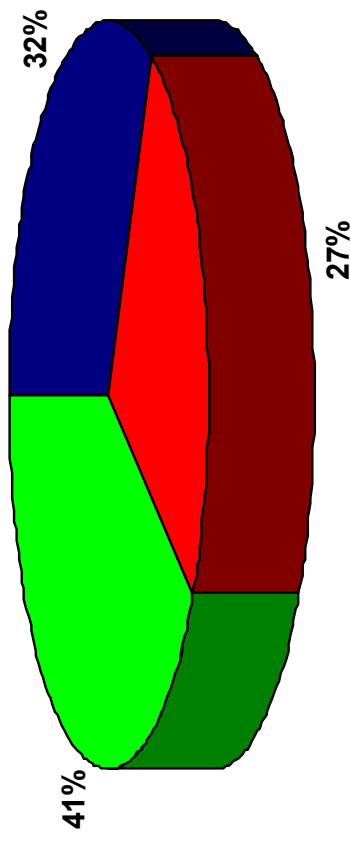
How will venture capital performance change in 2007

Short Term Returns (3-5 years)



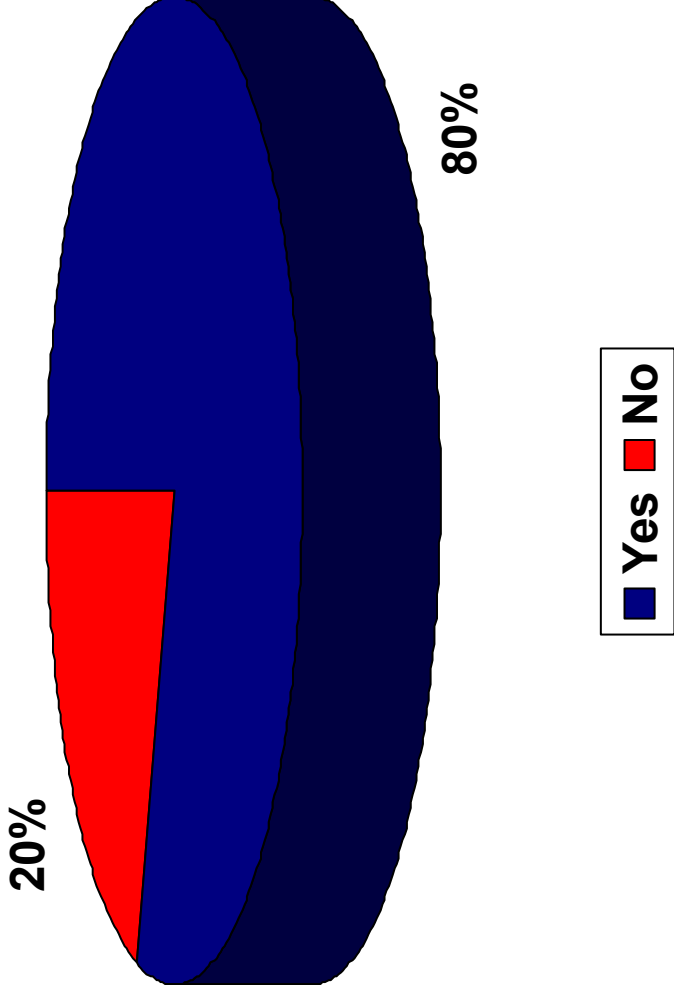
■ Improve ■ Decline ■ Remain Same

Long Term Returns (10-20 years)



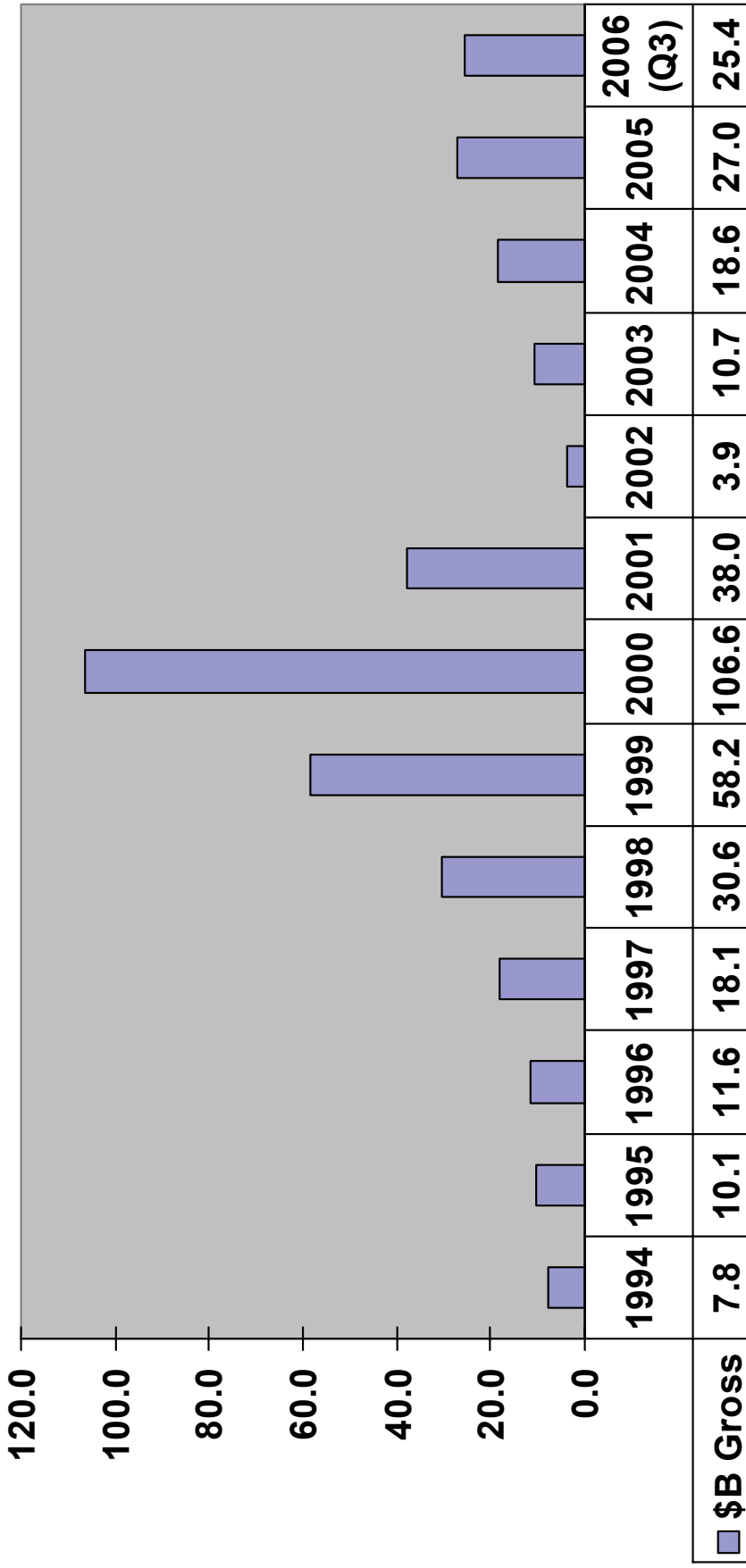
■ Improve ■ Decline ■ Stay Same

In 2007, will venture capital continue to outperform the public markets?



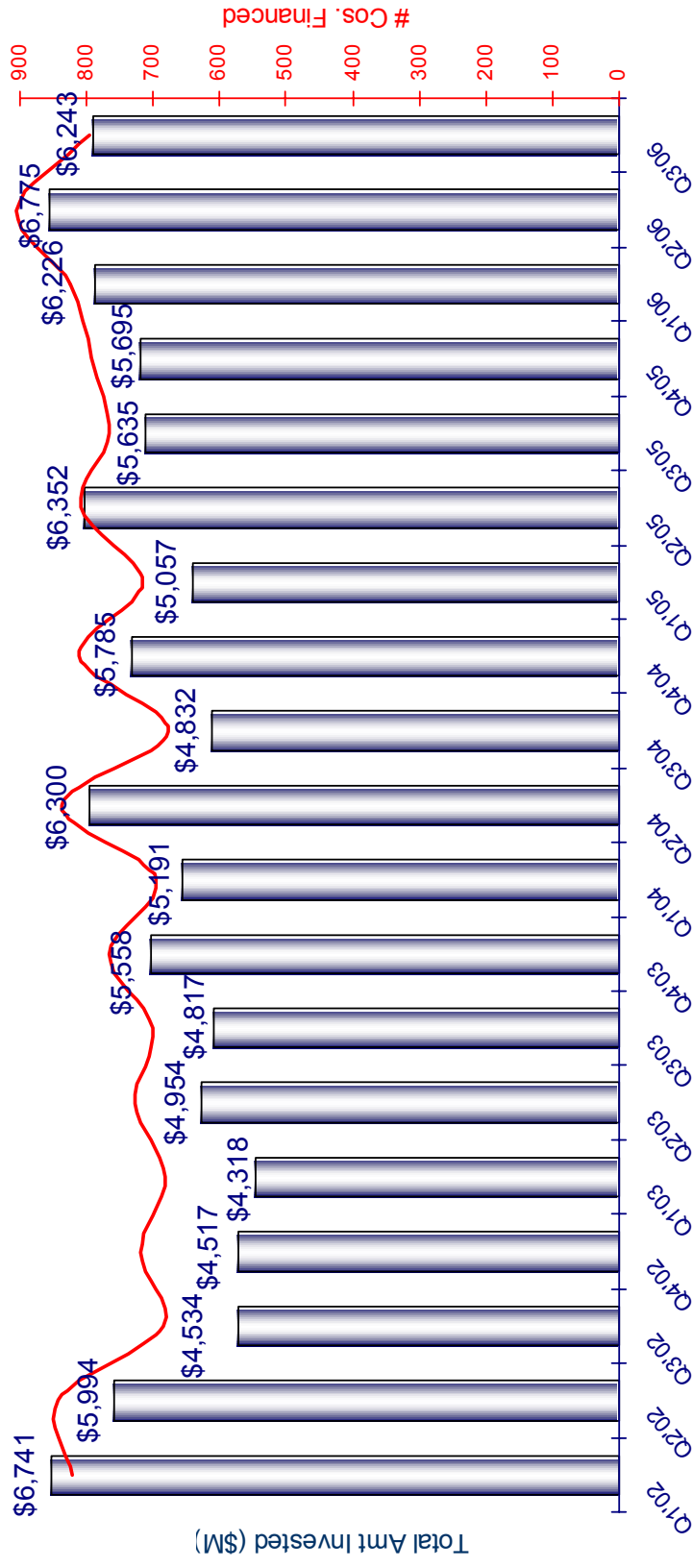
Venture Capital Historical Data

VC Fundraising 1996 – 2006 (thru Q3)

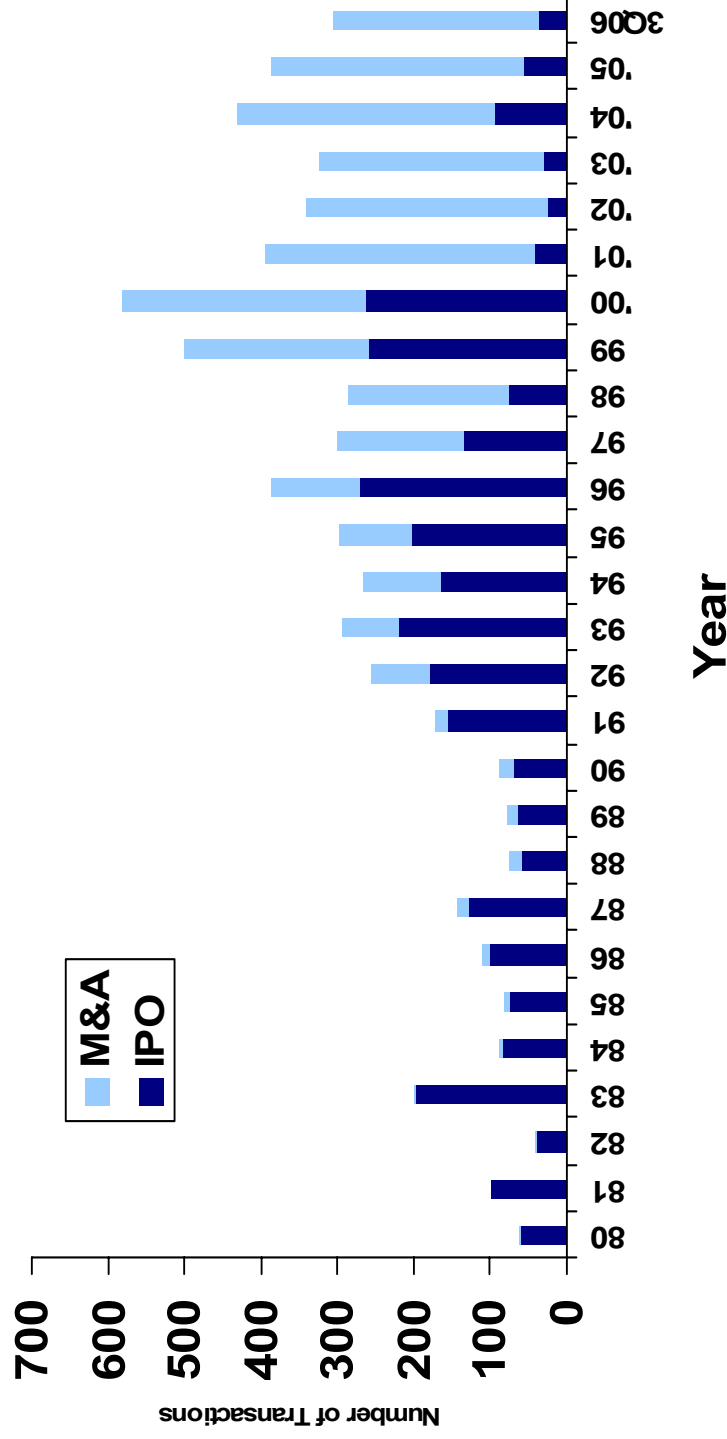


Source: VentureXpert™ Database by VE & NVCA

Venture Capital Investment Q1 2002 – Q3 2006



Venture Exit Counts- IPOs and M&A by Year



Source: Thomson Financial/National Venture Capital Association

Private Equity Returns As of 6/30/06

Fund Type	1yr	5 yr	10 yr	20 yr
Early VC	11.2%	-7.6%	36.9%	20.5%
Later VC	16.4%	-1.1%	9.5%	13.7%
All VC	16.2%	-3.5%	20.8%	16.5%
Buyouts	27.3%	6.6%	8.9%	13.4%
All PE	22.5%	3.6%	11.4%	14.2%
S&P 500	6.6%	0.7%	6.6%	9.8%
NASDAQ	5.6%	0.0%	6.25	11.7%

Source: Thomson Financial/National Venture Capital Association



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