

National Venture Capital Association 2009 Venture Capital Predictions Survey Results

December 17, 2008

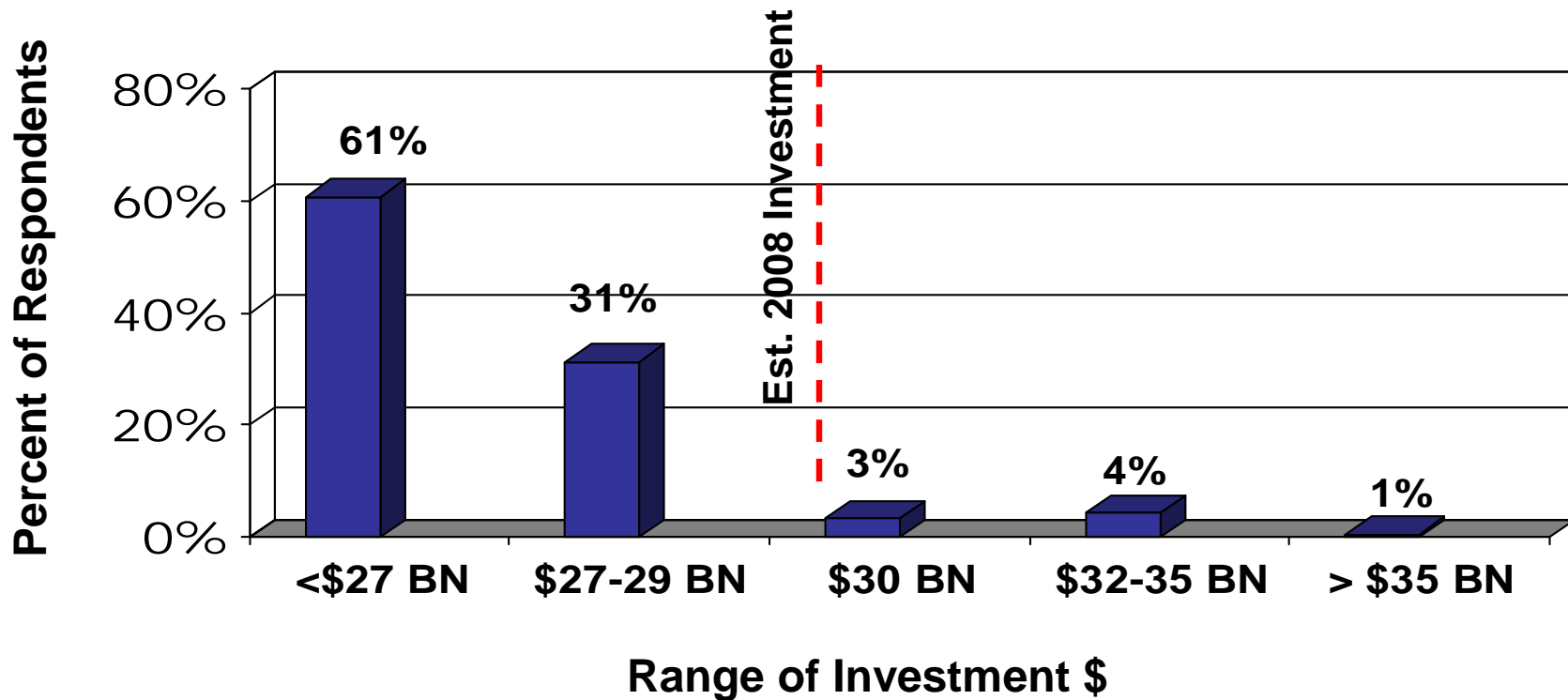


NVCA 2009 Venture Capital Predictions Survey

- n Third Annual Predictions Survey
- n Conducted in Nov. 24 – Dec. 12, 2008
- n More than 400 responses
- n Quotes and press release available:
 - n Contact: Emily Mendell (emendell@nvca.org)
 - n Contact: Laura Cruz (lcruz@weisergroup.com)

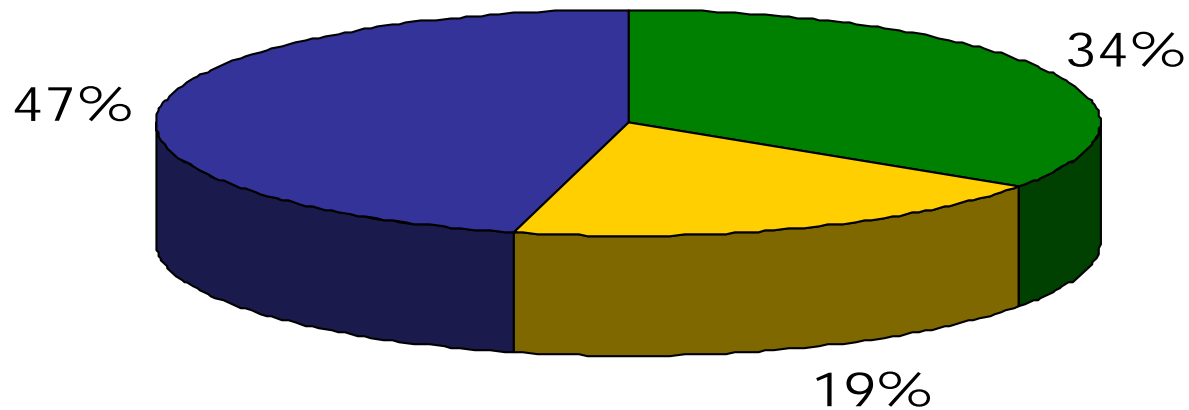
Ninety two percent of VCs predict venture investment to slow in 2009

What range will venture capital investment levels be in 2009?



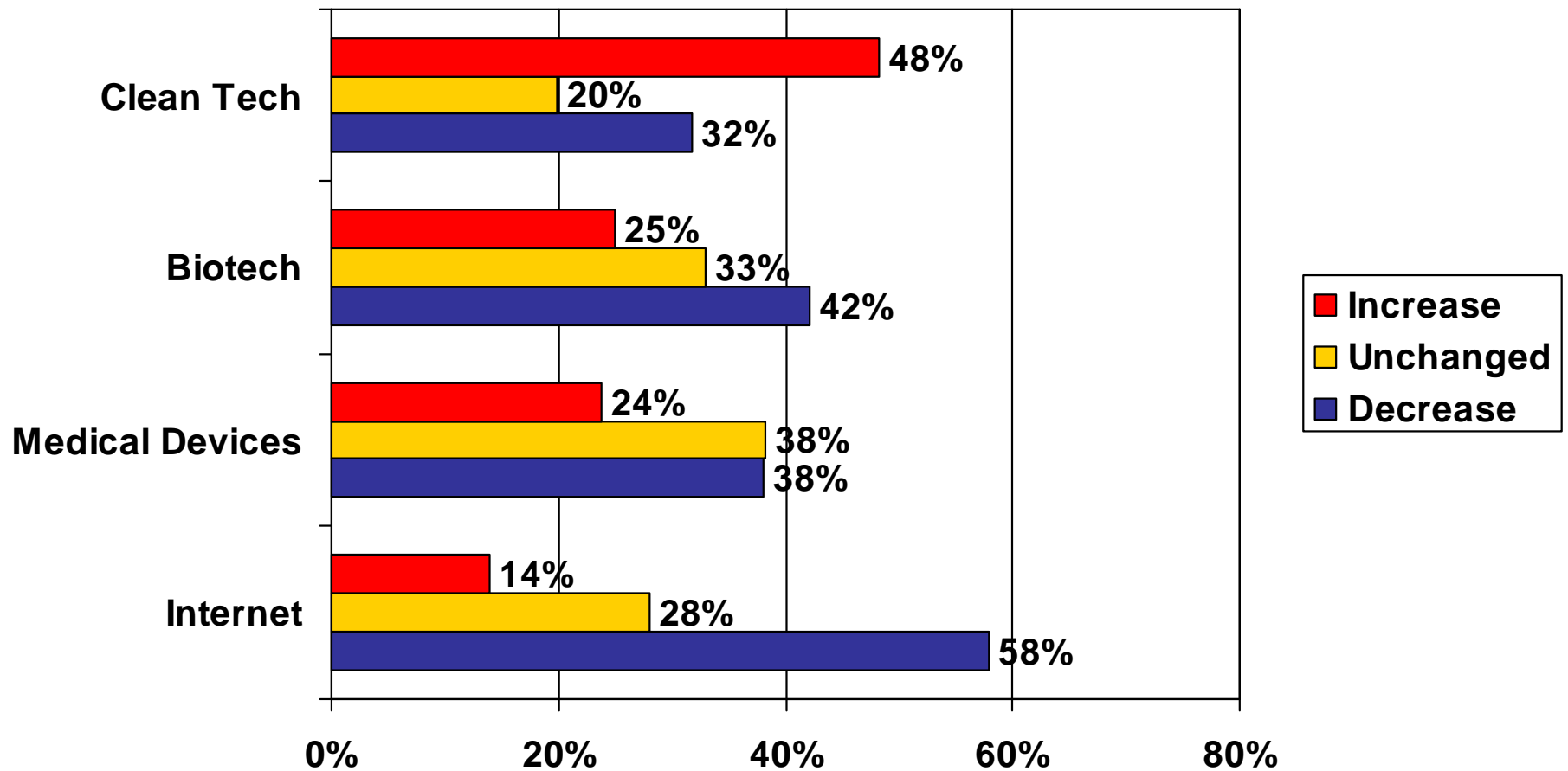
In 2009, 53 percent of VCs predict they will invest in the same or more companies.

In 2009, our firm will invest in:

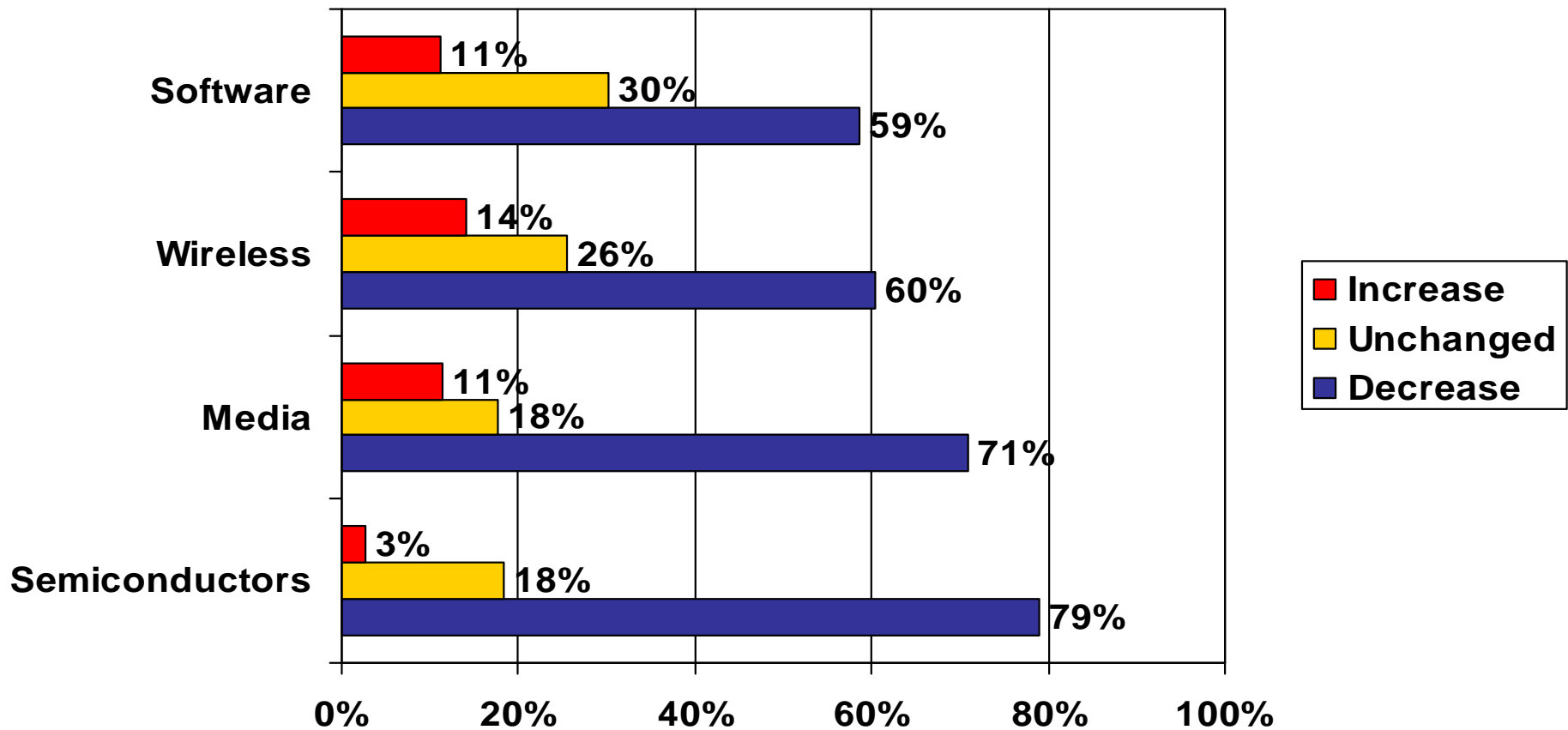


■ Same # of companies ■ More companies ■ Fewer companies

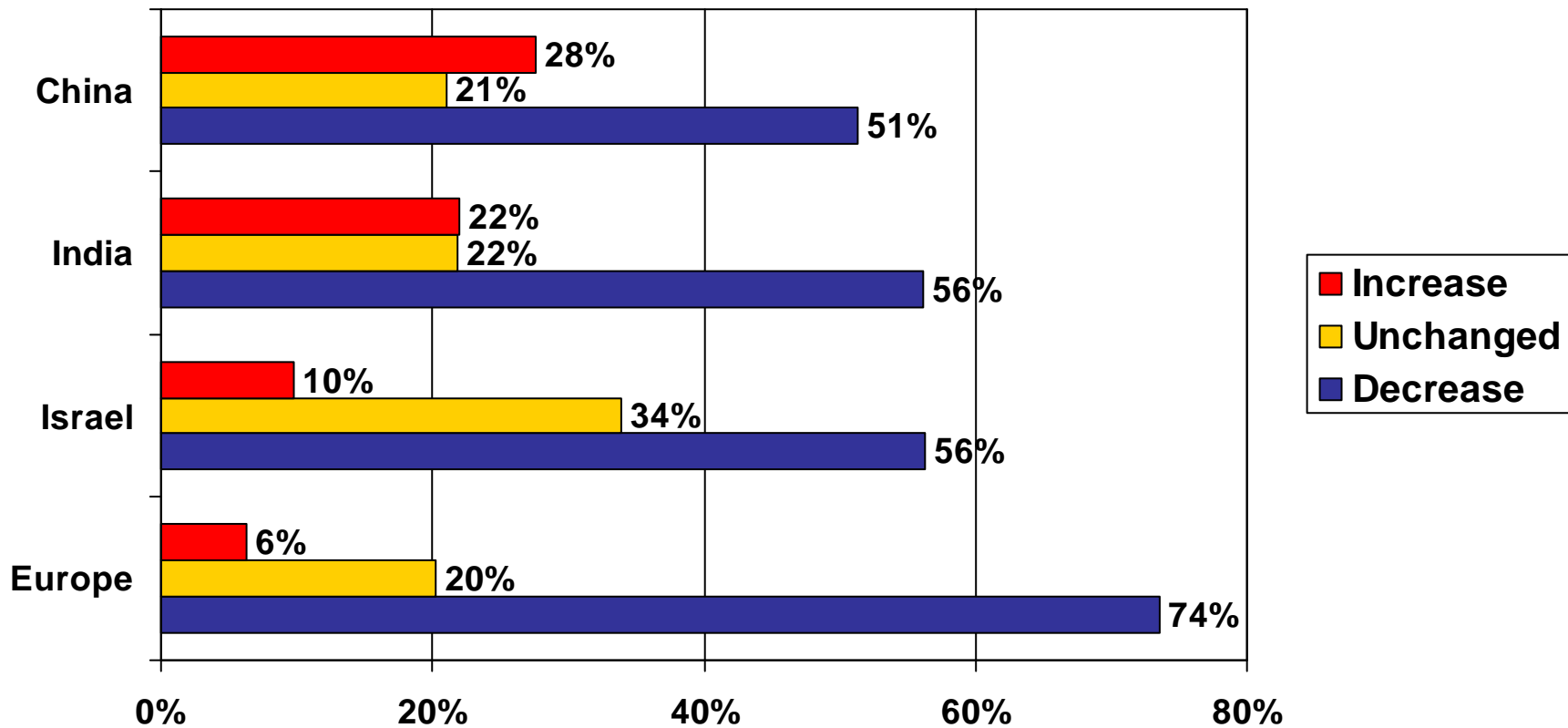
Clean technology and life sciences were predicted as having the highest potential for stability/growth.



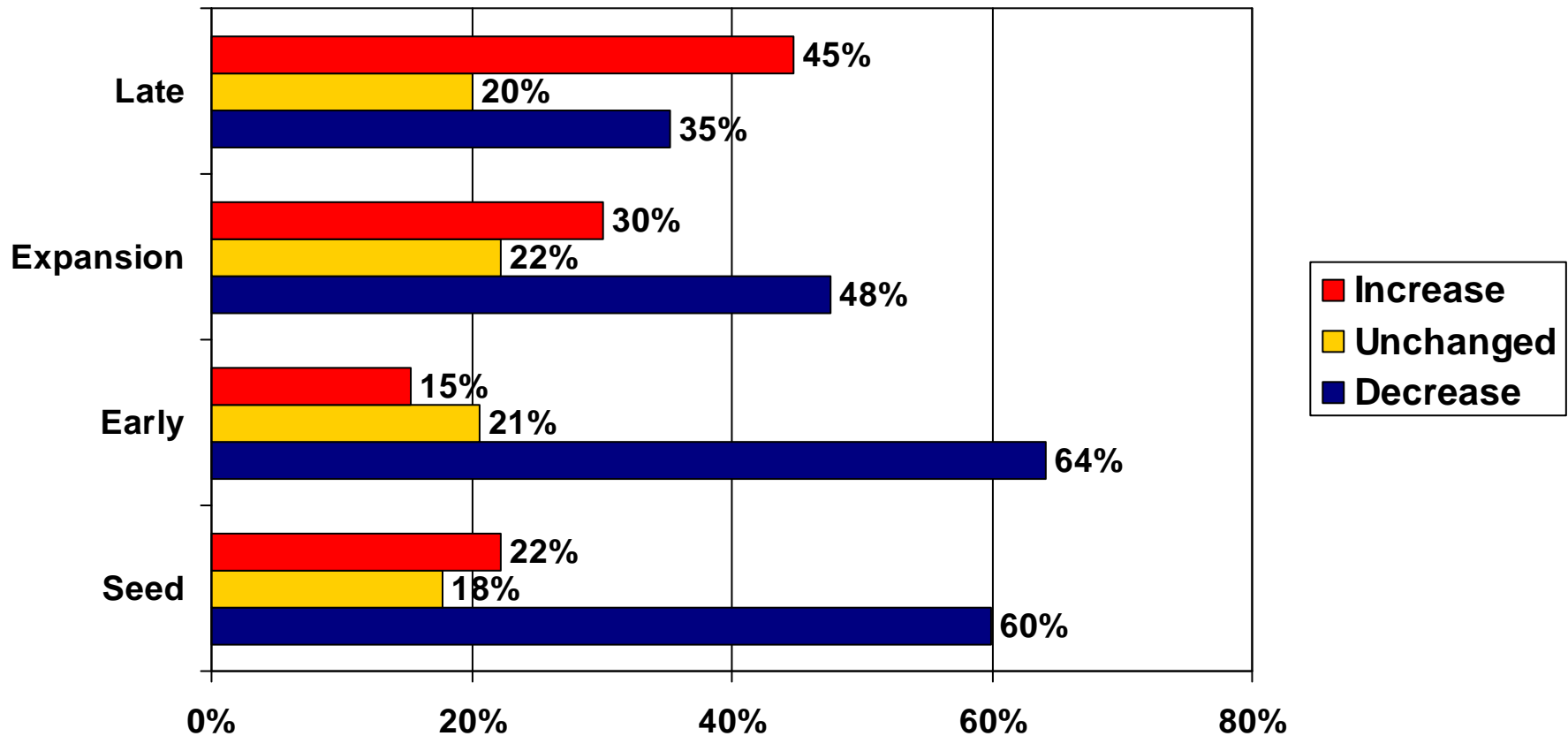
Semiconductors and Media were predicted by most VCs to see a slow down in investment.



Most VCs predict a slowdown of international investing in 2009.

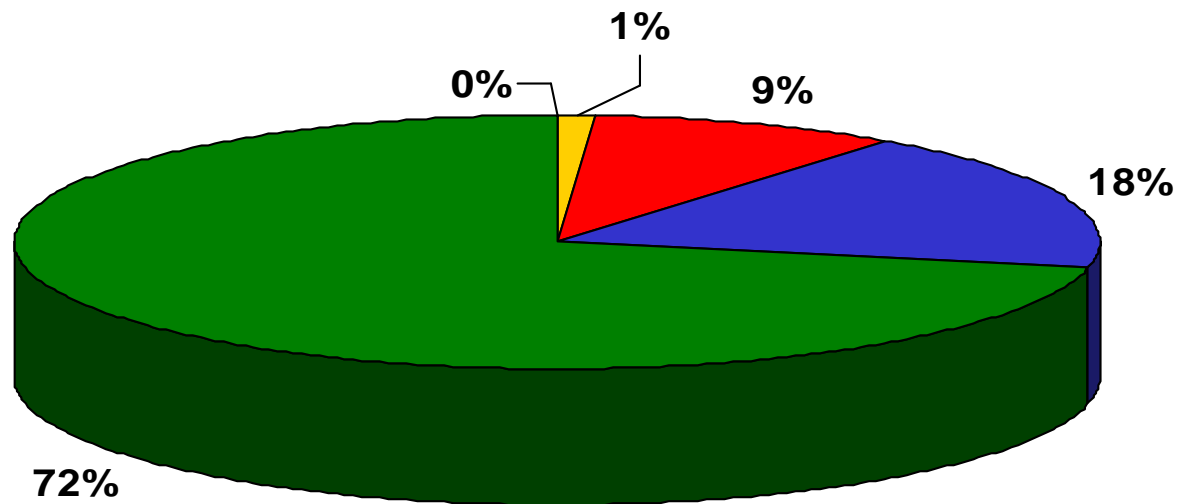


VCs predict a decrease in seed and early stage investment in 2009.



Most venture capitalists do not predict IPO relief until 2010 or beyond.

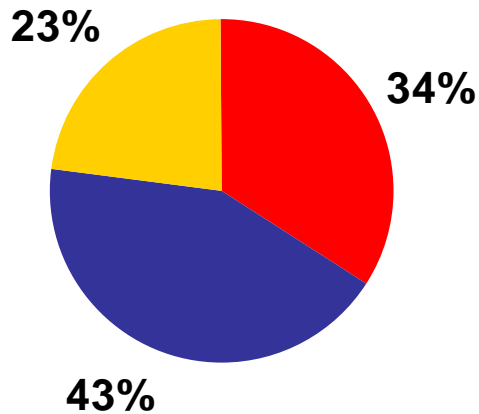
The venture backed IPO market will re-open in:



Q1 2009 Q2 2009 Q3 2009 Q4 2009 2010 or beyond

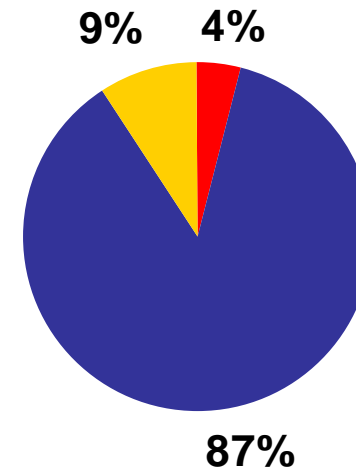
Acquisition volume may increase but values are predicted to decline.

In 2009 venture backed acquisition volume will:



■ Increase ■ Decrease ■ Same

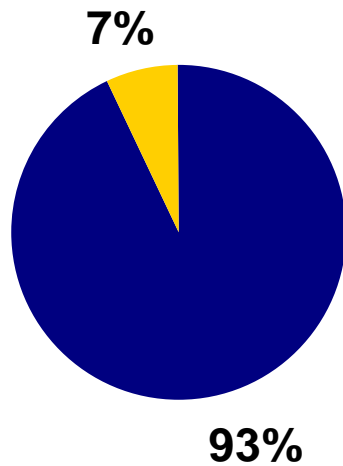
In 2009 venture backed acquisition values will:



■ Increase ■ Decrease ■ Same

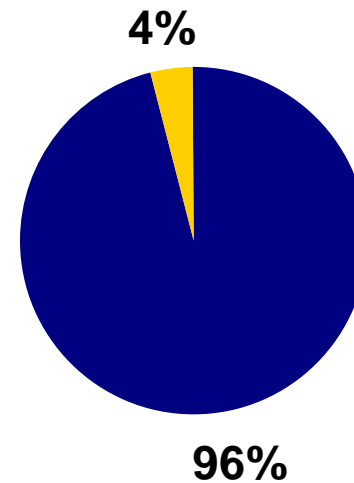
2009 will be a difficult year for entrepreneurs.

It will be harder to sustain existing portfolio companies.



■ Agree ■ Disagree

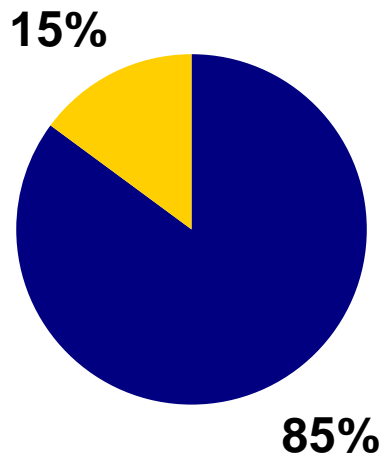
It will be harder for new companies to get funded.



■ Agree ■ Disagree

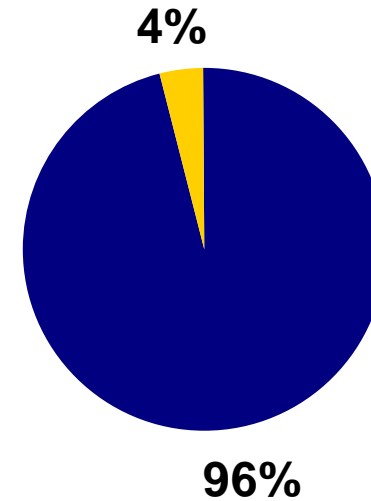
The reallocation of institutional funds will result in fewer venture capital firms going forward.

Institutional investors will reduce commitments to VC.



■ Agree ■ Disagree

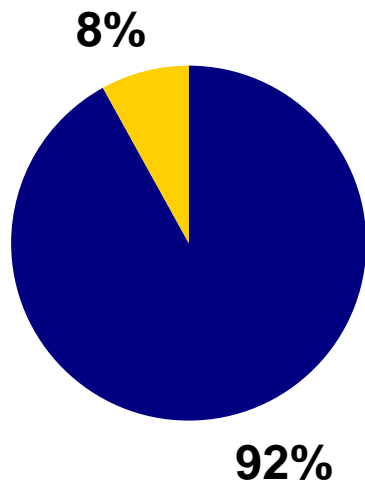
More VC firms will not be able to raise money.



■ Agree ■ Disagree

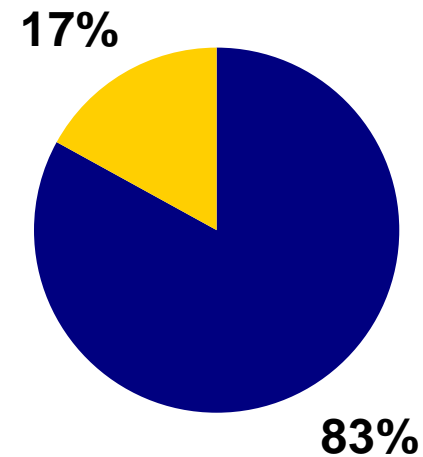
Venture capitalists expect collective overall returns to decline in the short and long term.

VC returns will decline in the short term (3-5 years)



■ Agree ■ Disagree

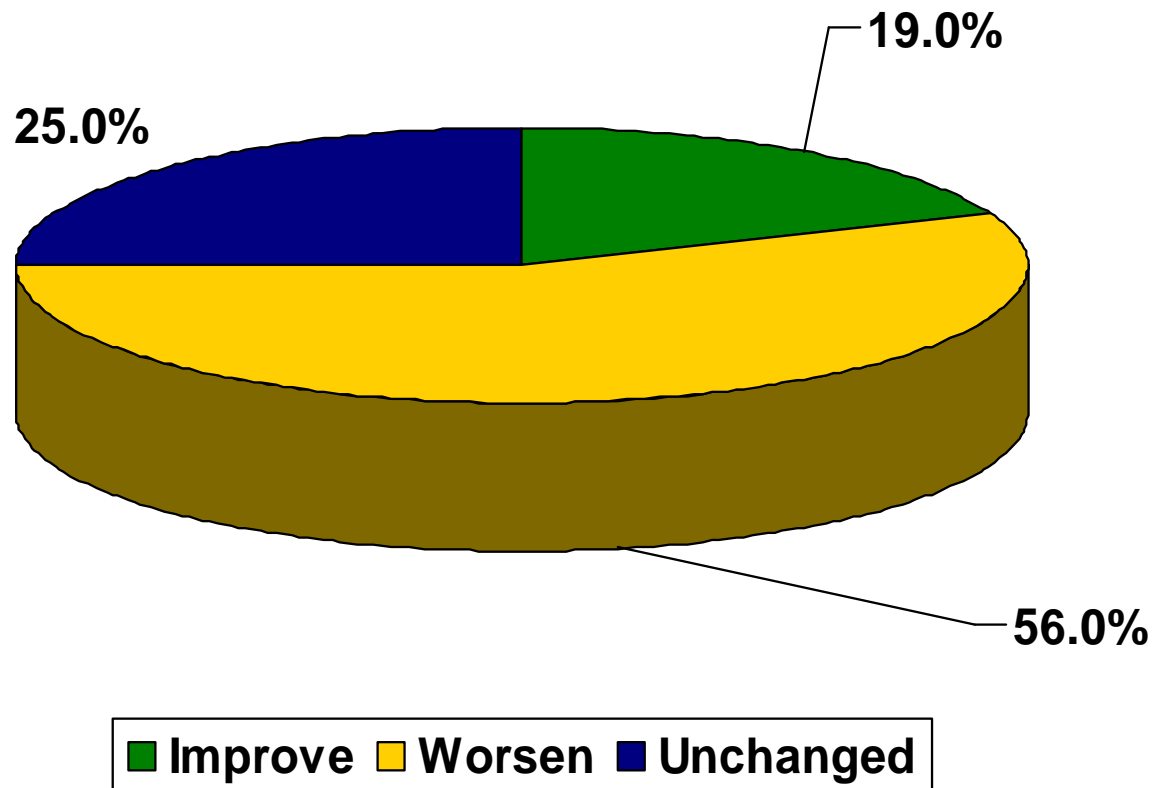
VC returns will decline in the long term (5 - 10 years)



■ Agree ■ Disagree

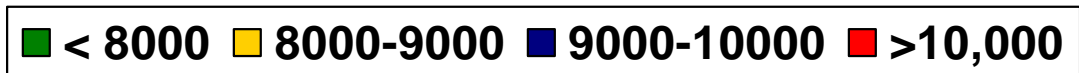
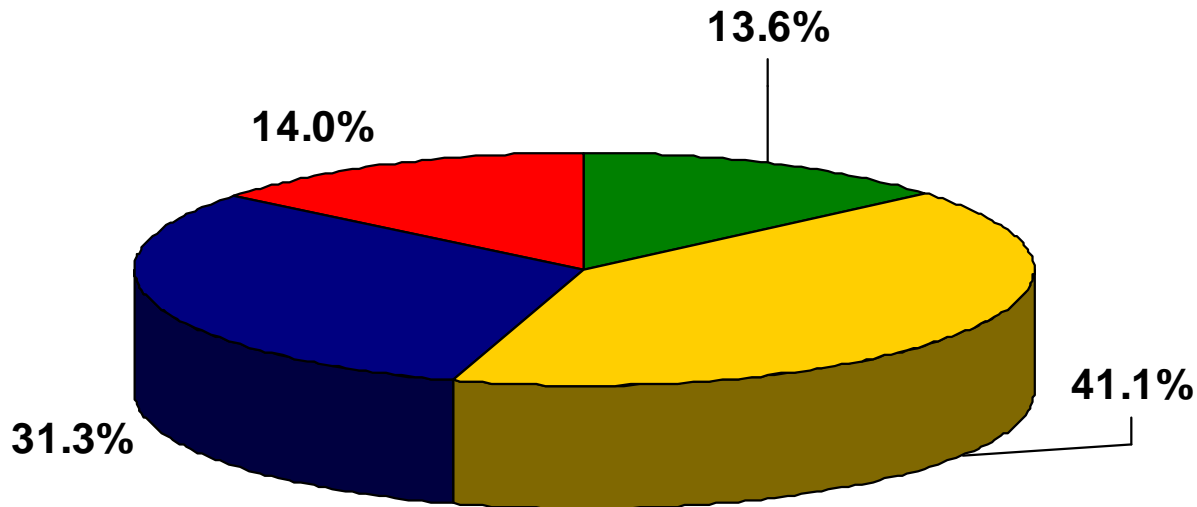
Most venture capitalists believe the economy will remain the same or worsen in 2009.

How will the U.S. economy fare in 2009?



Few VCs predict the Dow Jones to rise above 10,000 in 2009.

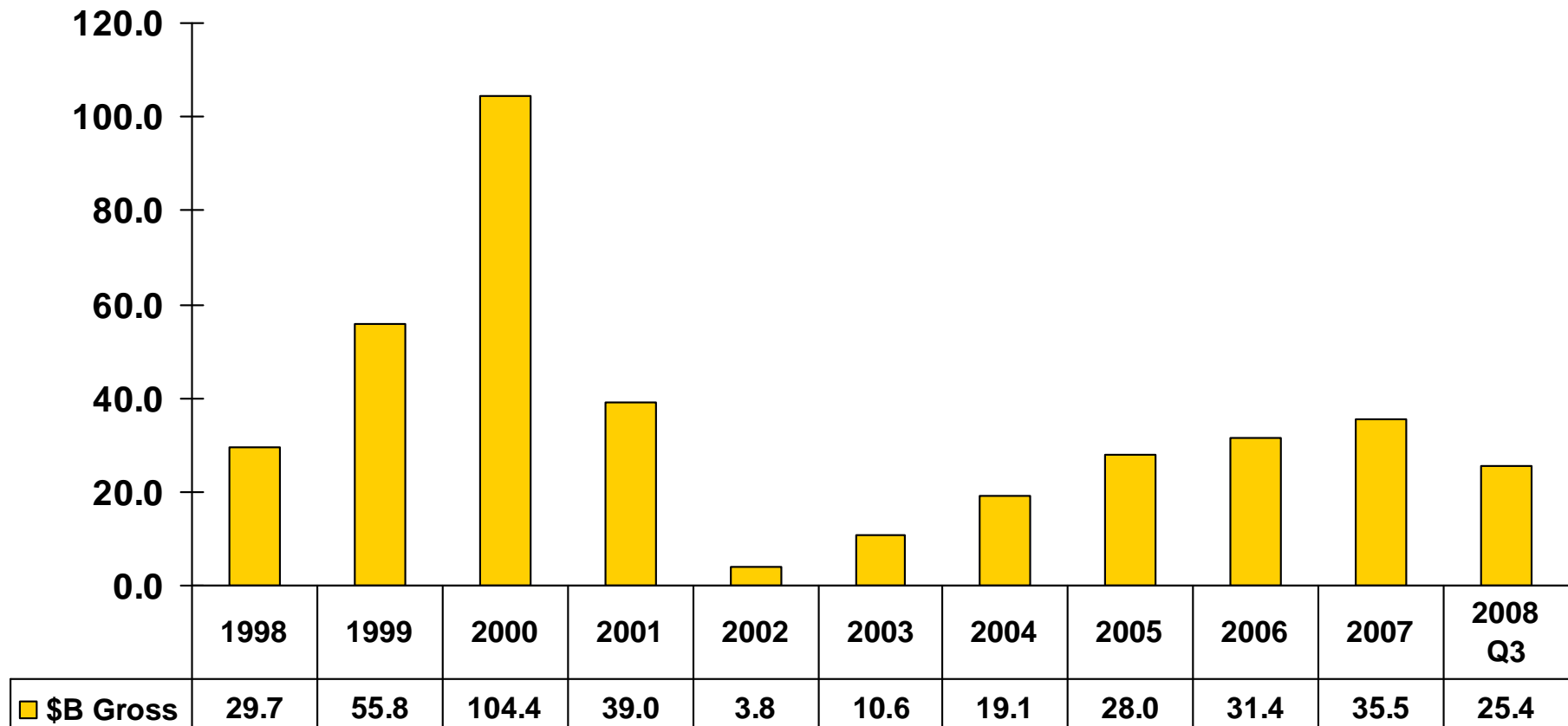
At what level will the DJIA be on December 31, 2009?





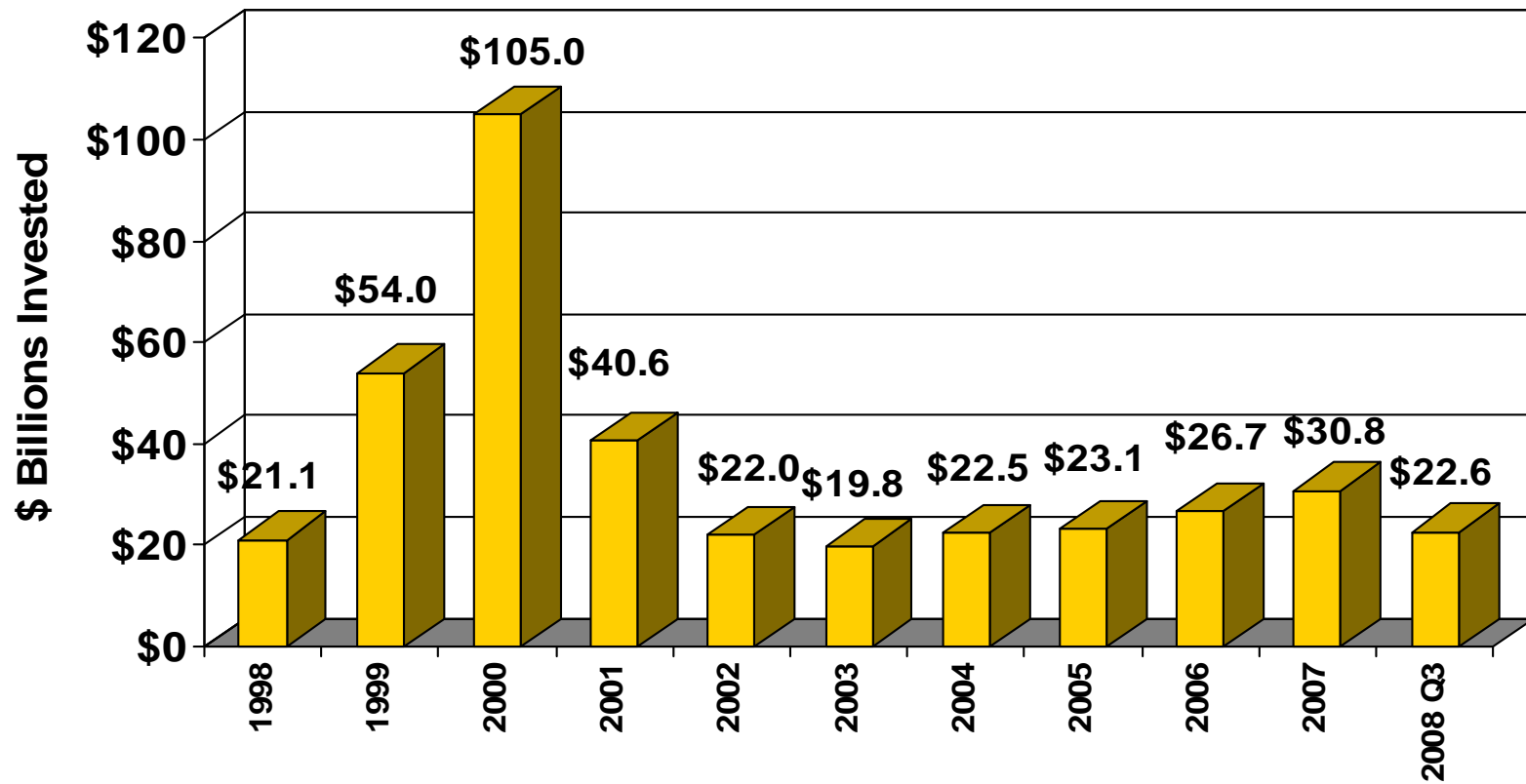
Historical Venture Capital Statistics

Venture Capital Fundraising 1998 – 2008 (thru Q3)



Source: NVCA and Thomson Reuters

Venture Capital Investment 1998 – Q3 2008



Source: The MoneyTree Report by PricewaterhouseCoopers/National Venture Capital Association; Data: Thomson Reuters

Venture Exit Counts- IPOs and M&A by Year 1993 – 2008 (Q3)

