



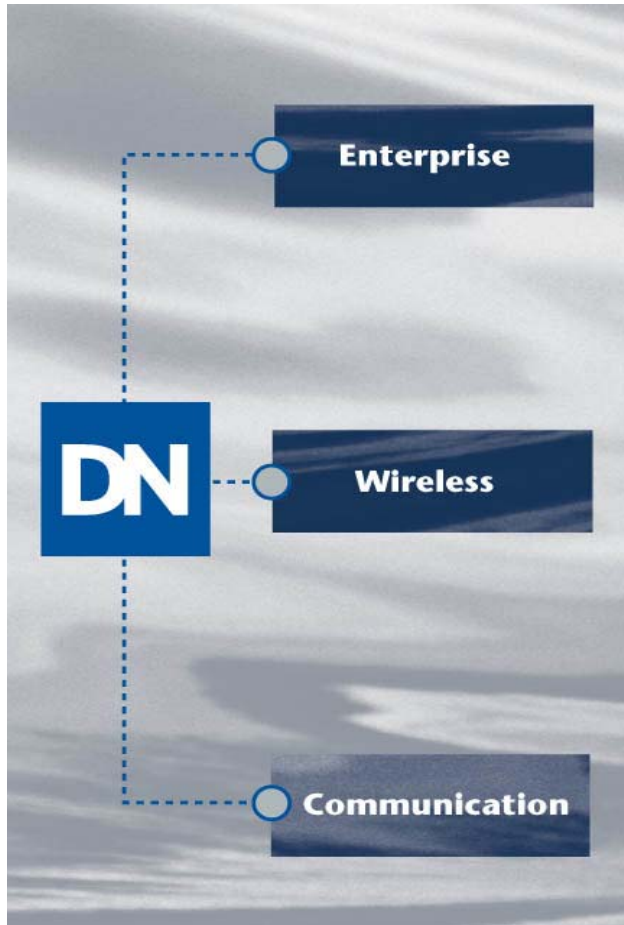
What to Expect from your Friendly Venture Capitalist



DN Capital – briefly about us

- 47.5 million euro fund raised in June 2001
- 2 Partners, 2 other Investment Professionals, 1 Entrepreneur-in-Residence
- London-based
- 10 year Jersey Limited Partnership
- 50% invested, managing 8 software companies in Europe and the U.S.

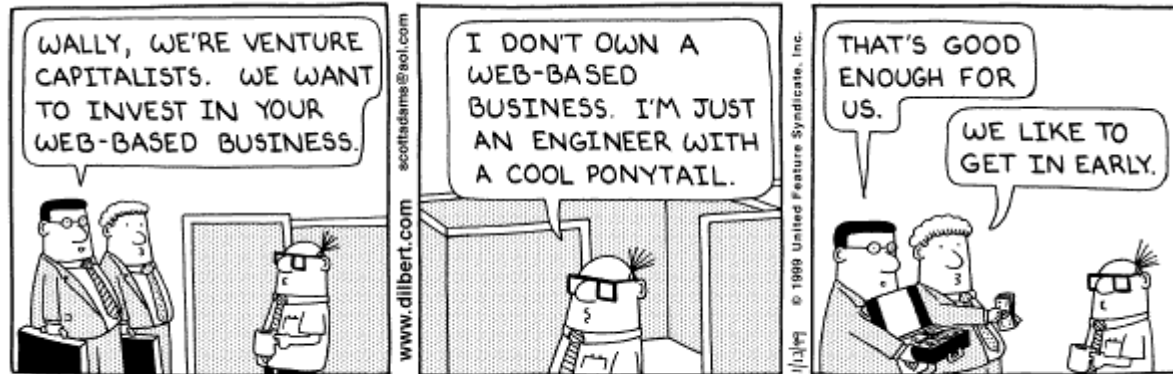
DN Capital - Our Vision



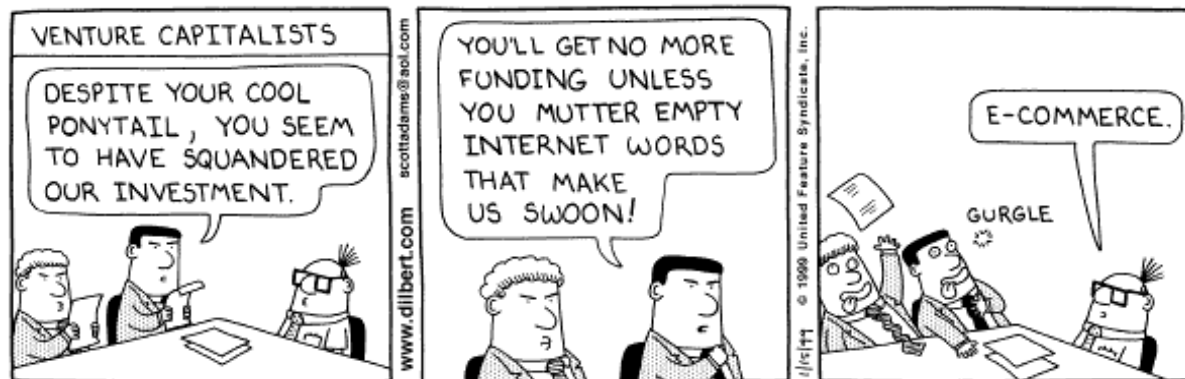
DN Capital's objective is to identify and actively support leading European software, services and IT companies

- ~ Focused on Series A and B investments in Software and IT
- ~ London-based team with Pan-European investment focus and strong US connections
- ~ Dynamic investment approach - active participation
- ~ Significant relevant investment experience
- ~ Extensive global network at all levels of the technology value chain – entrepreneurs, managers, co-investors, etc.

VENTURE CAPITAL – THEN

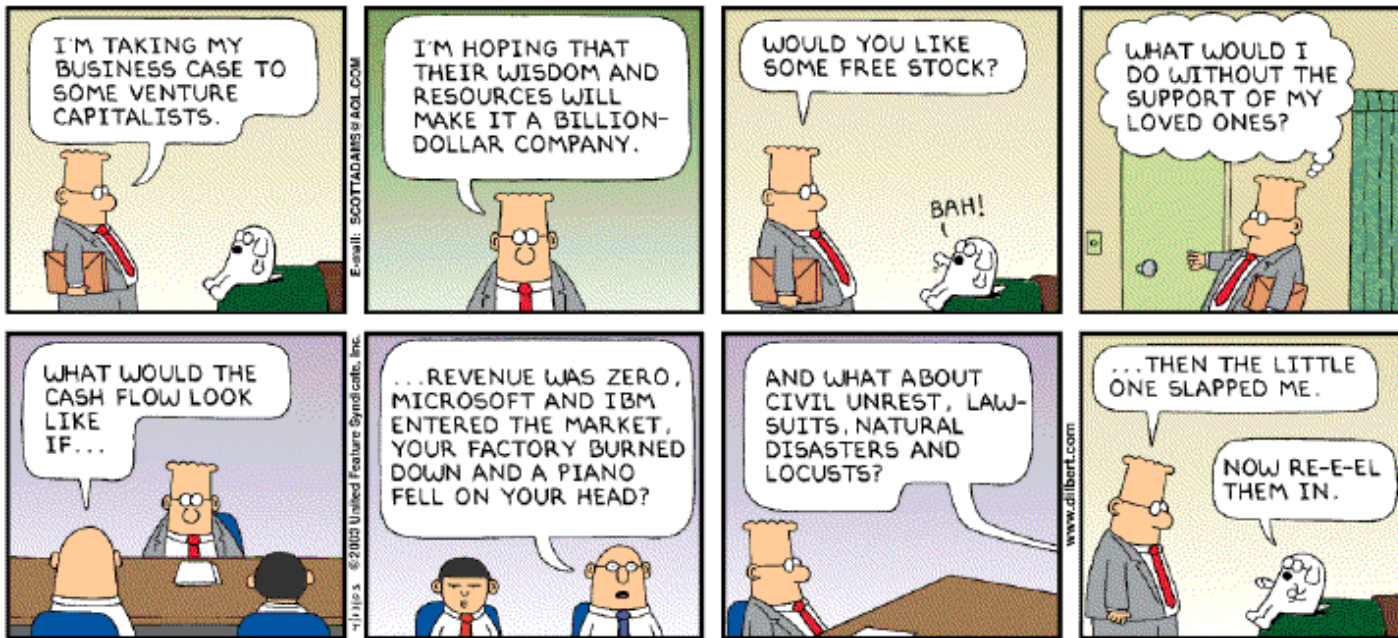


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VENTURE CAPITAL – NOW



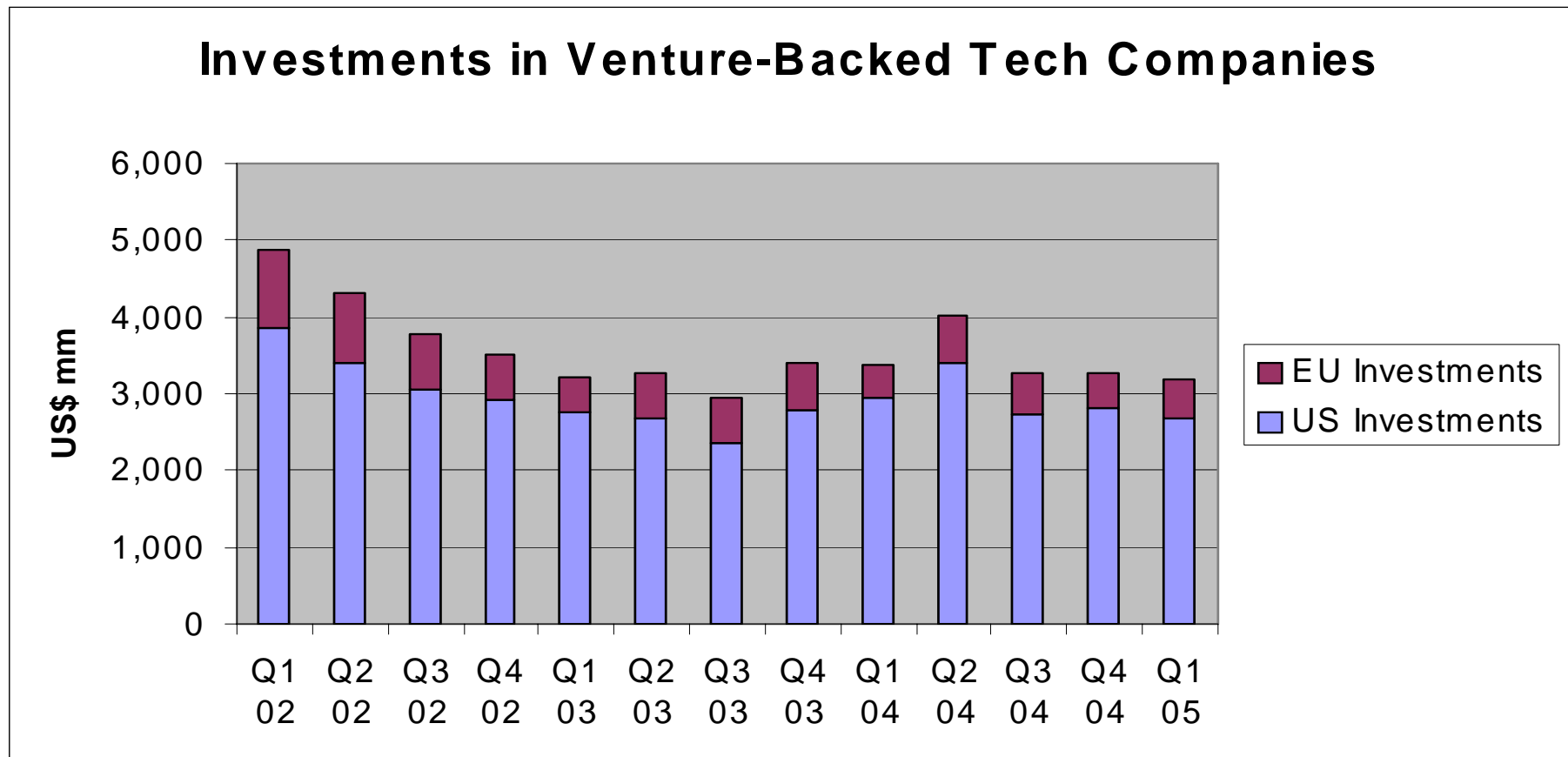
WHAT HAPPENED 2001-2002?

	01/02/01	01/02/02	12/18/02
 NASDAQ Composite	2,292	1,979	1,362
 Dow Jones Industrials	10,646	10,073	8,447
 10-yr US Treasury Rate	4.91%	5.15%	3.84%
 2-yr US Treasury Rate	4.83%	3.17%	1.75%
 Federal Funds Rate	6.50%	1.75%	1.25%
 Unemployment Rate	4.20%	5.60%	6.00%

2003 START OF A TURN-AROUND?



HAS IT IMPROVED? MAYBE...



WHERE HAVE ALL THE VC TOURISTS GONE?

DN Capital estimates that:

- The number of active Scandinavian Venture Capital firms have declined 90% from 2001 to 2005
- The number of active UK funds have declined 75% from 2001 to 2005
- The number of new funds raised in Europe for IT in the 5 years since summer 2000 combined is less than one quarter of the number of funds raised in 18 months before hand
- European secondary funds more active than ever...

European VC Landscape

UK

3i (€4.0bn)*
 Accel (€500m)*
 ADD (€180m)
 Advent Ventures (€200m)
 Alta Berkeley (€100m)
 Amadeus (€200m)
 Argo (€460m)*
 Atlas (€600m)*
 Benchmark (€375m)*
 Blue Run Ventures (€600m)*
 Cambridge Gateway (€36m)*
 Carlyle (€700m)*
 Cazenove (€300m)
 DN Capital (€50m)
 DFJ EPlanet
 Doughty Hanson (€300m)
 Eden Ventures (€40m)
 Elderstreet (€75m)
 Favonius (€80m)
 Fidelity Ventures (€250m)*
 IDG Ventures (€125m)*
 Intel Ventures (€500m)*
 Index (€300m)*
 JVP (€400m)*
 Kennet (€200m)*
 Matrix VCT (€20m)
 MC Venture Partners
 MTI (€100m)*
 Pond Ventures (€90m)*
 Quester (€250m)
 SEER (€40m)

* DN Capital Presence

Ireland

ACT (€30m)
 Crescent (€15m)
 Cross Atlantic (€200m)
 Delta (€70m)
 Trinity (€160m)

France

Auriga (€120m)
 Banexi Ventures (€150m)
 Galileo (€165m)
 Innovacom (€200m)
 Partech (€600m)*
 Sofinnova (€350m)*
 Iris (€176m)

Scotland

Pentech (€45m)
 SEP (€110m)

Denmark

Nordic Ventures (€320m)

Luxembourg

Mangrove (€50m)

Switzerland

Endeavour (€45m)
 Index (€300m)*
 Vision (€60m)*

Norway

Four Seasons (€60m)
 Northzone (€55m)

Finland

Capman IT (€m)
 Equitek
 Nexit Ventures (€65m)

Sweden

Brainheart (€200m)
 InnovationsKapital (€200m)
 IT Provider (€325m)
 Capman ()

Germany

AdAstra (€100m)
 Early Bird (€200m)
 Polytechnos (€120m)
 Target Partners
 TVM (€700m)*
 Viewpoint
 Wellington (€150m)

Austria

Gamma €40m

Italy

Net Partners (€250m)

TYPICAL VC CAREER PATH

Top-Tier U.S. Venture Firms:

1st Successfully started and sold
Technology Company

2nd Bored of Golf

3rd Became Venture Capitalist

TYPICAL VC CAREER PATH

Most Other Quality U.S. Venture Firms:

- 1st Technology Degree
- 2nd 1-2 years at top Investment Bank
- 3rd 3-5 years at Silicon Valley Start-up
- 4th Harvard/Stanford/MIT MBA (top of class)
- 5th Became Venture Capitalist

TYPICAL VC CAREER PATH

European Venture Firms:

- 1st Tinkered with computers/computer games growing up
- 2nd Business/liberal arts degree
- 3rd Joined Investment Bank/Consulting Firm
- 4th Bored of Investment Banking/Consulting
- 5th Became Venture Capitalist

WHY VENTURE CAPITAL?

Since investing, DN Capital has:

Endeca increased European sales from 0% of revenue to 15% while revenues have grown 30x

Datanomic recruited entire management team and brought in £2.5 million of follow-on investment on an up-round

Lagan helped recruit U.S. entry team and reinvigorate existing management, exceeding forecasts for revenue and cash

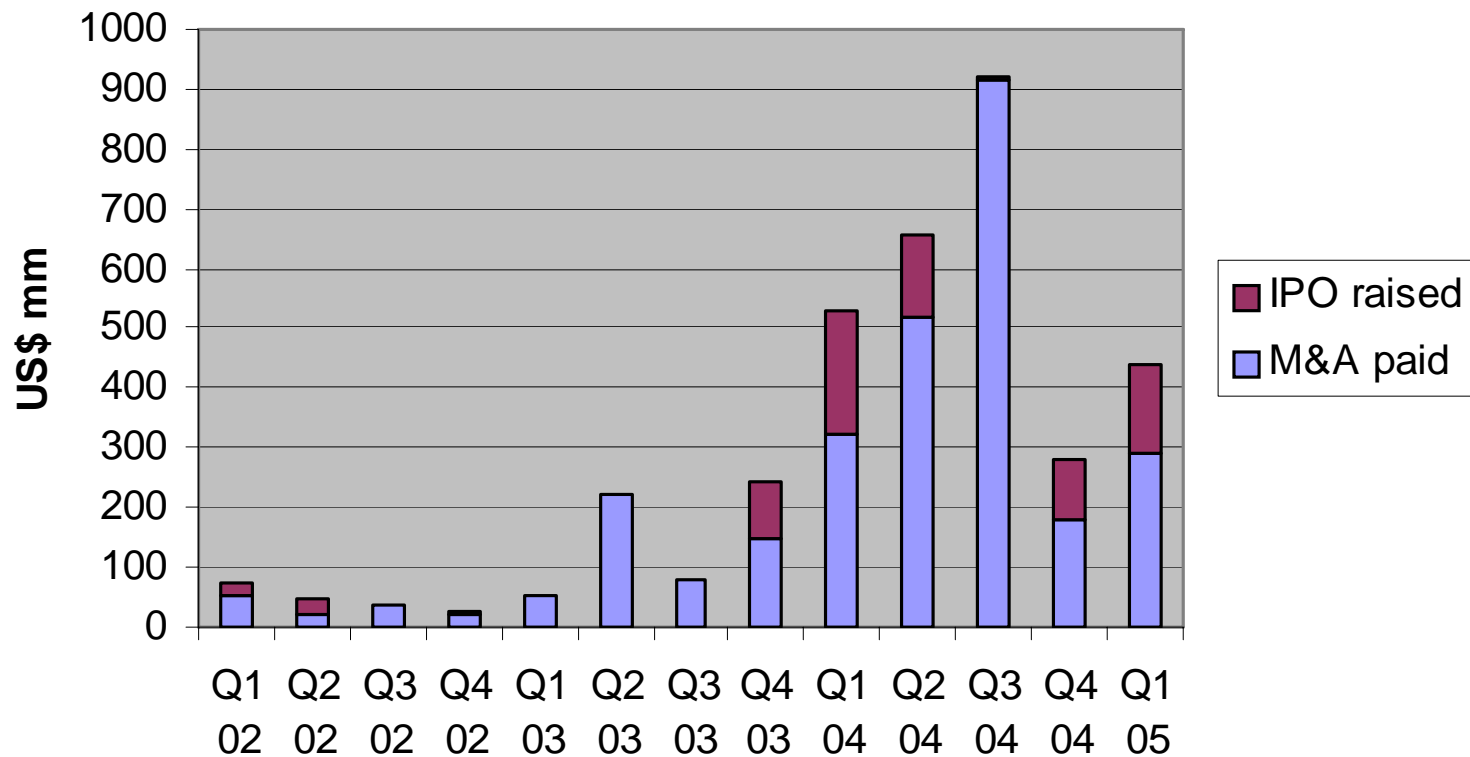


VENTURE CAPITAL WORKS WHERE THERE IS...

- A big market opportunity
- A defensible competitive advantage
- Growth that demands external capital
- A founding team willing to bring in external talent
- A collective vision that is ambitious enough to build a large (usually global) company

REASON FOR OPTIMISM

Amounts Raised in European Tech Venture Exits



SUMMARY

- Venture Capital goes through cycles (like most industries)
- Choose investors who have been through cycles before
- If you are just starting to build your company, choose the VC, not the VC firm (if you are exiting, the opposite may be true).
- Ask to speak with a Venture Capitalist's existing portfolio company CEO's, they can tell you what value that particular VC really brings

Never forget the VC motto: Investment is the willing suspension of disbelief. You get them to believe, you will get their investment and their support

Questions?

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