



CO-CAPITAL PARTNERS

**Private Equity Funds
in
Transition**

Presented by:

Co-Capital Partners
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Co-Capital Advisory presents the transaction process necessary to transition the venture capital funds and their manager to a larger firm:

Your Management Associates

a venture capital fund manager operating since 1997.



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Your Ventures Fund Summary

Your Ventures, its sister fund, Your Ventures Equity Fund and their manager are entertaining bids to join a bigger firm bringing a mature portfolio and potentially new limited partners. It is helpful to ascertain the transaction process from initial search to liquidation. This presentation will highlight the broad issues that need to be addressed in order to achieve the desired result.



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Transaction Process

The steps to be taken to achieve liquidity are:

- Evaluate the Portfolio and the Fund Manager.
- Identify secondary buyer market.
- Prepare written portfolio information.
- Identify and contact appropriate Investors.
- Identify due diligence material necessary for bidders.
- Issues affecting ultimate transaction price.
- Obtain term sheet.
- Obtain liquidity.



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Evaluate Portfolio and Fund Manager

The probability of success will depend upon the quality of the portfolio and the manager. Assess the following factors:

Manager:

- Track Record.
- Knowledge of the portfolio assets.
- Potential impact of the manager on successful asset liquidation.

Portfolio:

- Investment risk profile ranked on size, quality and time to liquidity.
- Known market and industry risk.
- Additional capital requirements before liquidity.

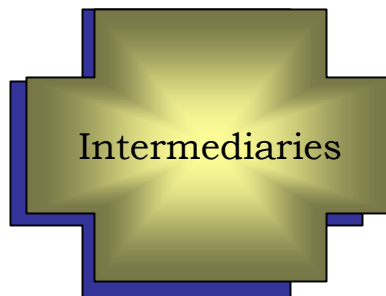


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Secondary Buyer Market



\$ 230 B Capital under management.
High minimum purchases.
Purchase only, no upside sharing.
Managers can or not accompany assets.
Steep portfolio asset discount.



Access to secondary buyers and direct funds.
Represents the seller.
Current market view.
Fee-based.



Unknown Capital under management for this purpose.
Flexible upside arrangements as assets liquidate.
Managers can accompany portfolio.
Steep portfolio asset discount.



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Portfolio Information

Eventually, the following information will be necessary to consummate any transaction:

- Overall fund statistics: cost, FMV, liquidation value, follow-on commitments.
- Identify liquidity events for each portfolio company to include timing, return metrics and crucial execution factors.
- Prepare written deal sheet for each portfolio company.
- Identify and prepare package of due diligence material necessary for bidders.
- Issues affecting ultimate transaction price.
- Obtain, negotiate and finalize price and structure term sheet and documents with all interested parties (General Partner, Limited Partners, Acquirers, Portfolio Company Management and legal counsel for each).
- Obtain liquidity.



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Appropriate Investors

Finding the right merger partner or party that acquires the assets is crucial to the successful liquidation of the portfolio. There are several perspectives that need to be kept in mind when identifying the potential partner or acquiring party.

- General Partners.
- Limited Partners.
- Underlying portfolio company management teams.
- Acquirer.

Co-Capital has the experience to arrange an equitable agreement for each of the four parties, thereby hastening a successful transaction close.



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Necessary Due Diligence Material

There are two types of material that may be necessary depending upon the transaction, fund agreements and closing documents for investment transactions.

Fund Due Diligence:

- Limited partner agreements.
- General partner agreements.
- Annual audited and quarterly company prepared financial statements.
- Tax returns for all entities.
- Written reports to limited partners.

Portfolio Company Due Diligence:

- Closing documents for each financing of each company.
- Current board package to include business plan, strategic marketing plan, budget(include comparison to actual), financial statements.
- Manager's assessment of technology, market, competition, growth potential, management team and path to liquidity.
- Detailed exit plan to include timing, return potential, exit vehicle and steps that may impede execution.



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Issues affecting price

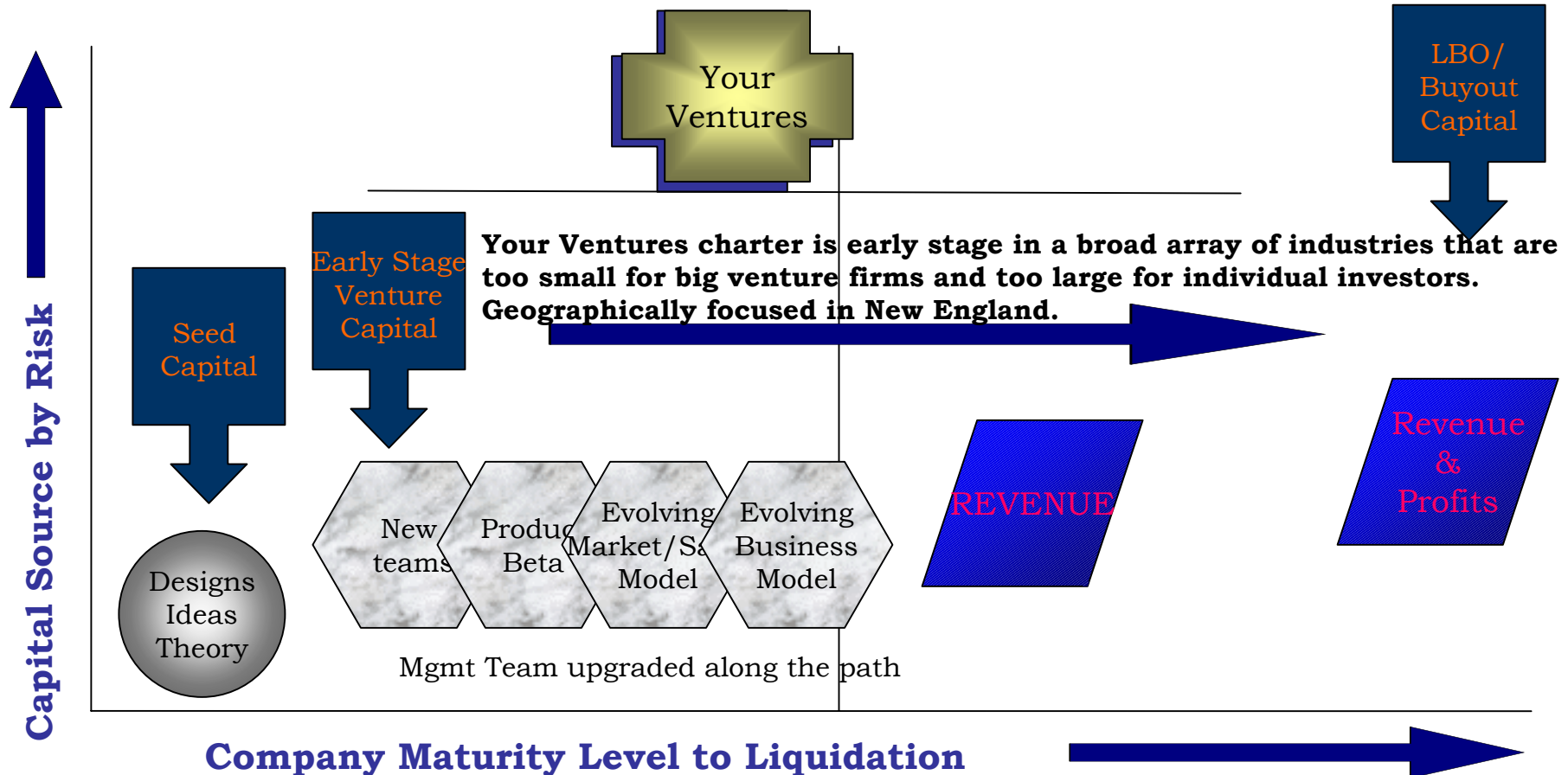
The following issues can arise that will affect the transaction close that revolve around pricing:

- Buyers need low valuations in order to generate expected returns.
- Sellers need high valuations in order to satisfy existing partners.
- General market conditions affecting public market.
- General conditions affecting a particular industry or niche.
- Additional capital requirements for portfolio liquidation.
- Time to liquidity for individual portfolio companies or entire portfolio.
- Co-investor or capital structure issues that may impede liquidity.



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Portfolio Company Profile





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About Co-Capital Advisory

Co-Capital Advisory actively advises a broad universe firms on mission critical business and financial matters. As an independent, relationship practice we help devise strategies that maximize value for all constituencies.

A representative list of the specialized services we provide include the following:

- Strategic Consulting and Partnership Management
- Fund Restructuring and Repositioning
- Portfolio Management and Analysis
- Portfolio Monitoring
- Risk Management
- Mergers, Acquisitions and Divestitures
- Capital Raising
- Secondary Market Transactions
- Due Diligence and Research
- SBIC Consulting



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