

F A I R V I E W

■ C A P I T A L ■

Fairview Hosts:

Elements of Excellence Series

A Web Conference on Successful Private Equity Business Practices

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Introduction - JoAnn Price and Aakar Vachhani

5 Minutes

Brand Building

25 Minutes + 10 Minute Q&A

Creating and Sustaining a Private Equity Franchise

Moderator: Matt Schaefer

Panelists:

Ron Hunt - Managing Director, New Leaf Venture Partners

Brian Jacobs - General Partner, Emergence Capital Partners

Saurabh Srivastava - General Partner, Artiman Ventures

Portfolio Construction and Lifecycle Management

20 Minutes + 5 Minute Q&A

Successfully Managing Funds Through Market Cycles

Moderator: Alan Mattamana

Panelists:

Nina Saberi - Managing General Partner, Castile Ventures

Willie Woods - Managing Director, ICV Capital Partners

Investor Communications

20 Minutes + 5 Minute Q&A

Mastering Strategies and Tools for LP Interaction

Moderator: Lesley Nettles

Panelists:

Robert Greene - Principal, Syncom Venture Partners

Michelle R. Westfall - Director of Investor Relations, 21st Century Group

Closing Remarks - JoAnn Price

Brand Building

Creating and Sustaining a Private Equity Franchise 25 Minutes + 10 Minute Q&A

Moderator:

Matt Schaefer



FAIRVIEW
CAPITAL

Panelists:

Brian Jacobs



EMERGENCE
CAPITAL PARTNERS

Ron Hunt



NEW LEAF VENTURE
PARTNERS

Saurabh
Srivastava



ARTIMAN
VENTURES

Brand awareness is a competitive advantage in most industries. Does brand building by private equity firms provide similar advantages? This panel will discuss several ways that GPs think about their firms' brands, strategies they have implemented to build, extend and communicate their own unique brands, and the benefits they have derived from having done so.

Panelists

Brian Jacobs, General Partner, Emergence Capital Partners



Brian Jacobs is a Founder and General Partner of Emergence. He has over 20 years of venture capital experience, a deep national network and broad experience helping both consumer and business startups become market leaders. Prior to founding Emergence, Brian was an early General Partner at St. Paul Venture Capital. During his 10 years with St. Paul, Brian helped to grow the firm to one of the 15 largest venture investors in the country, while he led the firm's Silicon Valley investing activities. His prior venture capital experience was at Security Pacific Venture Capital. Brian also worked for the Raychem Corporation, where he developed and marketed advanced software and electronic components. He also has engineering and new product development experience with RCA, Westinghouse, and Polaroid, and he holds several patents.

Brian has a MS and BS in mechanical engineering from M.I.T. and an MBA from Stanford.

Ron Hunt, Managing Director, New Leaf Venture Partners



Ron Hunt is a Managing Director at New Leaf Venture Partners, and focuses on investments in biopharmaceuticals and laboratory infrastructure companies. Ron joined Sprout in January 1998, and was part of the team that spun out of the Sprout Group (the venture capital affiliate of Credit-Suisse) in 2005 to form New Leaf.

Ron is a graduate of The Wharton School (M.B.A.) and Cornell University (B.S.). Ron was the lead investor and served on the boards of Cerexa, Inc. and Aspreva Pharmaceuticals up until their recent acquisitions by Forest Laboratories and Gallenica Group, respectively. Ron has served on a number of other boards for companies in a broad range of healthcare sectors including biotech, laboratory services, health care information technology, and laboratory instrumentation.

Saurabh Srivastava, General Partner, Artiman Ventures



Saurabh Srivastava focuses on early-stage technology investments in systems and software. As a Partner of Artiman Ventures, he is currently on the boards of airwide Solutions, Digital Radio Express, Dyyno, Lightwire (formerly SiOptical), Kasenna, OpSource and Ortiva Wireless. Prior to joining Artiman in 2000, Saurabh was a Director of Mergers and Acquisitions for Cisco Systems' Corporate Business Development group, where he led the technology strategy for VoIP and wireless mobility teams, focusing on Cisco's technology and acquisition strategies in the voice-over IP, wireless/mobility and VPN areas. At Cisco he led 18 acquisitions and 10+ investments.

Saurabh holds a B.S.E.E. from BITS, India, an M.S.C.S. from SUNY @ Stony Brook and an MBA from Stanford University, where he was an Arjay Miller scholar.

Emergence Capital Partners



Founded: 2003
Location: San Mateo, CA
Investment Focus: Venture Capital - Technology-Enabled Services



History

- **Founded in 2003 by Brian Jacobs, Jason Green and Gordon Ritter**
 - **Brian Jacobs:** Previous a general partner with St. Paul
 - **Jason Green:** Previous a general partner at U.S. Venture Partners
 - **Gordon Ritter:** Successful entrepreneur and operating executive
- **Closed on Emergence Capital Partners I in 2004 with \$125 million in capital commitments**
- **Closed on Emergence Capital Partners II in 2007 with \$200 million in capital commitments**

Brand

- **Focused on early and growth-stage Technology-Enabled Services investing. Technology-Enabled Services or "TES" includes Software-as-a-Service, Information Services, Utility or Cloud Computing, Consumer and Business Services - all service businesses that use technology to scale efficiently.**
- **Mission is to help build market-leading, TES businesses in partnership with great entrepreneurs.**
- **Because of a singular focus on TES, all partners bring expertise that is relevant to each portfolio company. This allows Emergence to bring value and leverage from every member of their team to every one of their companies.**
- **Entrepreneur Focused: The Emergence Capital team has a reputation for strong partnerships with management teams.**

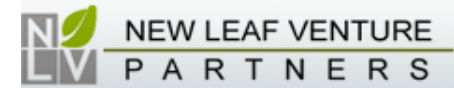
New Leaf Venture Partners



Founded: 2005

Location: Menlo Park, CA and New York, NY

Investment Focus: Venture Capital - late stage biopharmaceuticals, early stage medical devices, diagnostics and infrastructure at a variety of stages



History

- The New Leaf Ventures team originated within Sprout Group
- In 2005, the entire healthcare technology team of Sprout spun out into New Leaf Ventures
- This team continues to manage the healthcare technology portfolio of the Sprout funds
- Closed on New Leaf Ventures I in 2005 with \$310 million in capital commitments
- Closed on New Leaf Ventures II in 2007 with \$450 million in capital commitments

Brand

- The New Leaf Venture Partners team has been built over 15 years into an established brand in healthcare technology investing.
- Unique blend of scientific, operational and entrepreneurial experiences.
- The firm employs a differentiated investment strategy with a focus on taking leadership positions in financings of: later stage biopharmaceutical companies, early stage medical device companies and molecular diagnostics and laboratory infrastructure companies at a variety of stages.
- Investment portfolio demonstrates focus on large unmet or underserved market opportunities, active monitoring of investments with a view toward value creation and long term commitment to the healthcare sector.

Artiman Ventures



Founded: 2000

Location: East Palo Alto, CA

Investment Focus: Venture Capital - early stage investment in platform or enabling technologies, applied technologies and technology-based services

ARTIMAN
VENTURES

History

- Saurabh Srivastava founded Artiman Ventures in 2000 along with Amit Shah
- Saurabh and Amit had worked together beginning in 1998 at Cisco Systems
- In 2004, Yatin Mundkur joined Amit and Saurabh as a partner from TeleSoft Partners
- Closed on Artiman Ventures I in 2004 with \$165 million in capital commitments
- Closed on Artiman Ventures II in 2007 with \$181 million in capital commitments

Brand

- Focus on helping talented entrepreneurs commercialize leading edge technologies to create world class companies.
- Actively involved with entrepreneurs from the earliest stages of company creation in distilling ideas and opportunities, brainstorming, refining business plans, building high energy teams, developing channel partners and customers, and syndicating venture financings
- The cornerstone of Artiman's technology-diversified investment strategy is investing in 'white spaces', which is defined as large opportunities where a company has no identifiable competitors, and a market or technology lead of at least twelve months.

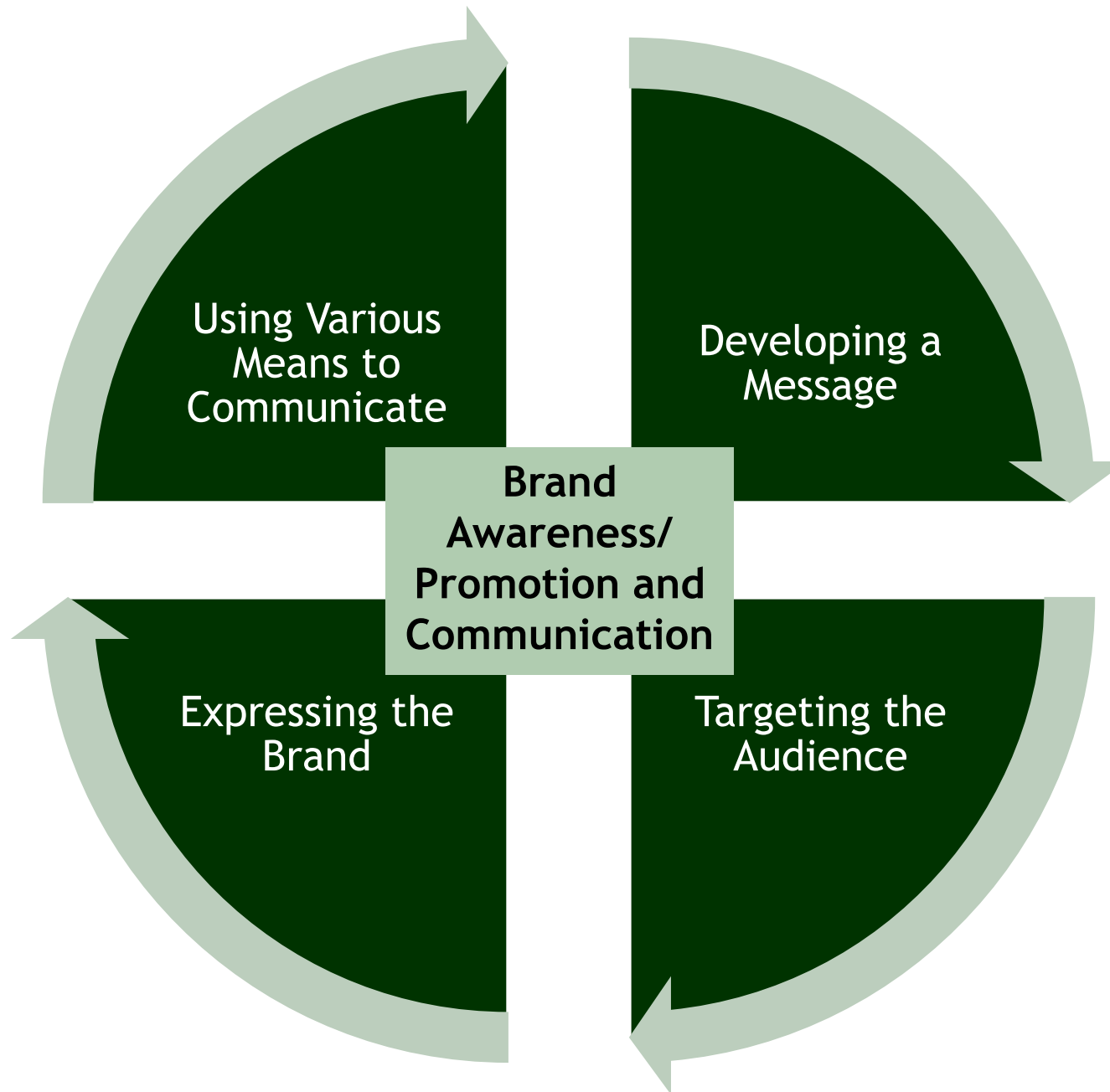
Importance and Benefits

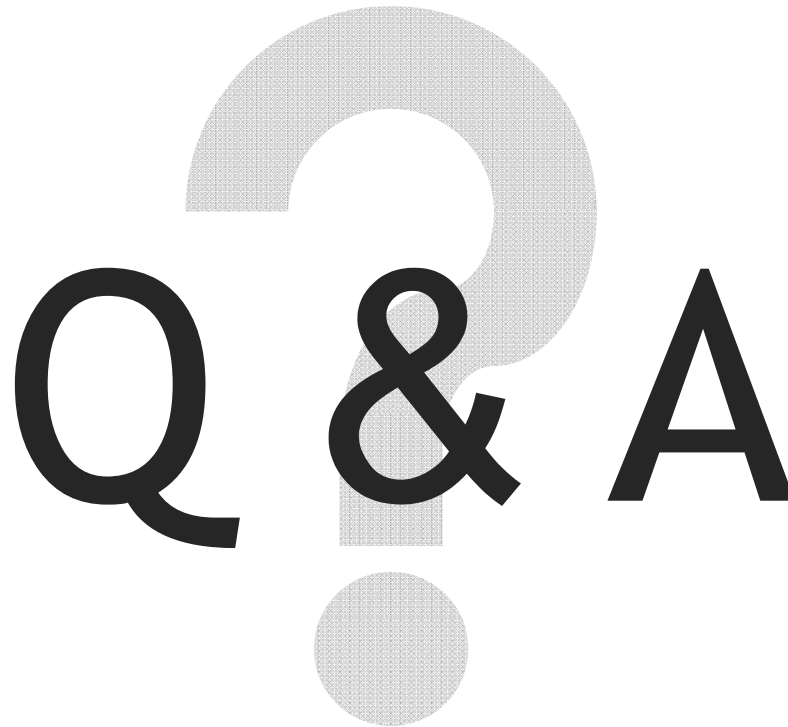
Reasons for Brand Creation

Differentiation

Competitive Advantage

Other Considerations





Questions can be asked by clicking on the question mark icon located on the lower part of the panel on the right side of your screen

Portfolio Construction and Lifecycle Management

Successfully Navigating Funds Through Market Cycles 20 Minutes + 5 Minute Q&A

Moderator:

Alan Mattamana



FAIRVIEW
CAPITAL

Panelists:

Nina Saberi



CASTILE
VENTURES

Willie Woods



ICV
ICV Capital Partners

GPs at private equity firms have to juggle multiple competing interests as they prosecute their business, including those of their limited partners, employees and portfolio company managers. GPs must manage these interests as they construct their portfolios and shepherd their investments through the private equity life cycle.

- ➔ How does people development dovetail with a fund's lifecycle?
- ➔ What are successful portfolio triage processes and in the event additional capital is needed to sustain portfolio companies, what is the best way to raise it?
- ➔ What are the milestones required for a relatively new fund to be able to raise its next fund?

Panelists

Nina Saberi, Managing General Partner, Castile Ventures

Nina Saberi



Nina Saberi currently serves on the boards of Agilance, Ahura Scientific, Aurora Networks, ChosenSecurity, North End Technologies, and Saberi founded Castile Ventures in 1998. She currently has an investment focus on enterprise and consumer networking; information security; and e-business infrastructure. She led Castile's investment in Sonus (NASDAQ:SONS), Brix Networks (acquired by EXFO), GeoTrust (acquired by VeriSign), Network Intelligence (acquired by EMC), Trapeze Networks (acquired by Belden) and was the chairman of Quantiva (acquired by NetScout) and of Stargus (acquired by C-COR).

Ms. Saberi started her venture capital career as a general partner at OneLiberty Ventures after a tenure as president and CEO of Netlink, Inc. Under her leadership this venture-backed company grew to become a leading global provider of network infrastructure and was ultimately acquired by Cabletron, ranking among the top three acquisitions of its year. Ms. Saberi joined Cabletron as a senior executive.

In 2006, Ms. Saberi was selected as a Massachusetts All Star by Mass High Tech in the Finance category. She was the past Chairman (2004-2006) of the Massachusetts Network Communications Council. Ms. Saberi is the Chair of the Advisory Council at the University of Rhode Island's College of Engineering where she received her BS in Electrical Engineering. URI honored Ms. Saberi with the 2007 President's Distinguished Achievement Award.

Willie Woods, Managing Director, ICV Capital Partners

Willie Woods



Prior to founding ICV in 1998, Mr. Woods was a Vice President in investment banking at Deutsche Bank Alex Brown.

Prior thereto, Mr. Woods worked in private equity at Levmark Capital, investment banking at Lehman Brothers and corporate banking at NBD Bank. Mr. Woods is on the Board of Directors of Press A Print International LLC, Entertainment Cruises, Sterling Foods, Innovative Folding Carton Company, the Upper Manhattan Empowerment Zone, The Initiative for a Competitive Inner City and is Chairman of the National Association of Investment Companies and a founder of the Council of Urban Professionals.

Mr. Woods holds a BA degree cum laude in accounting from Morehouse College and a Masters in Business Administration from Harvard Business School.

Factors To Consider In Choosing A Syndicate Partner

Will the fund be wrapping up as the investment is going through a critical development?

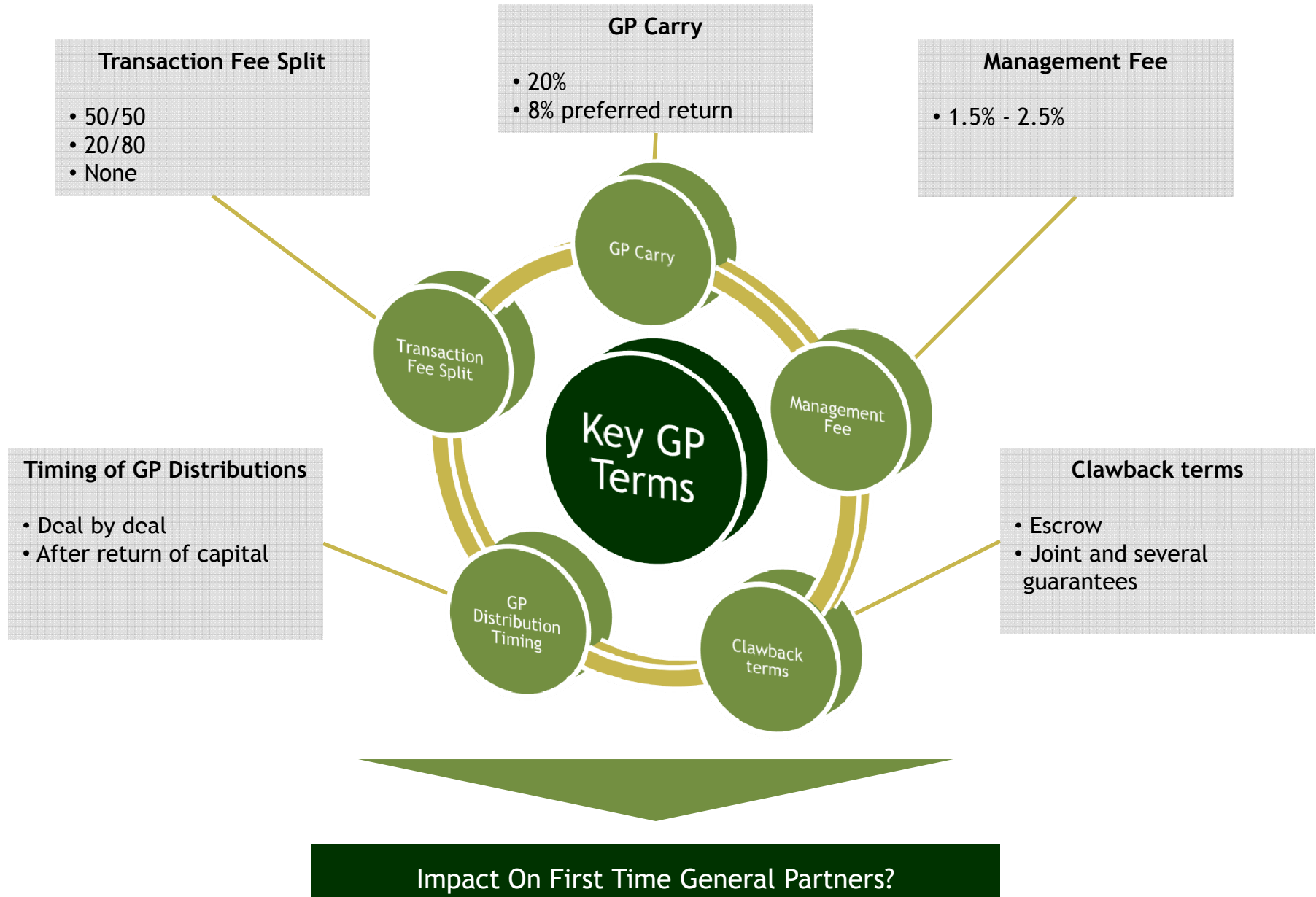
Will the investor (advocate) remain at the firm throughout the investment?

Compatibility
Between the Stage of
the Investment
and the Life Cycle of
the Syndicate Partner

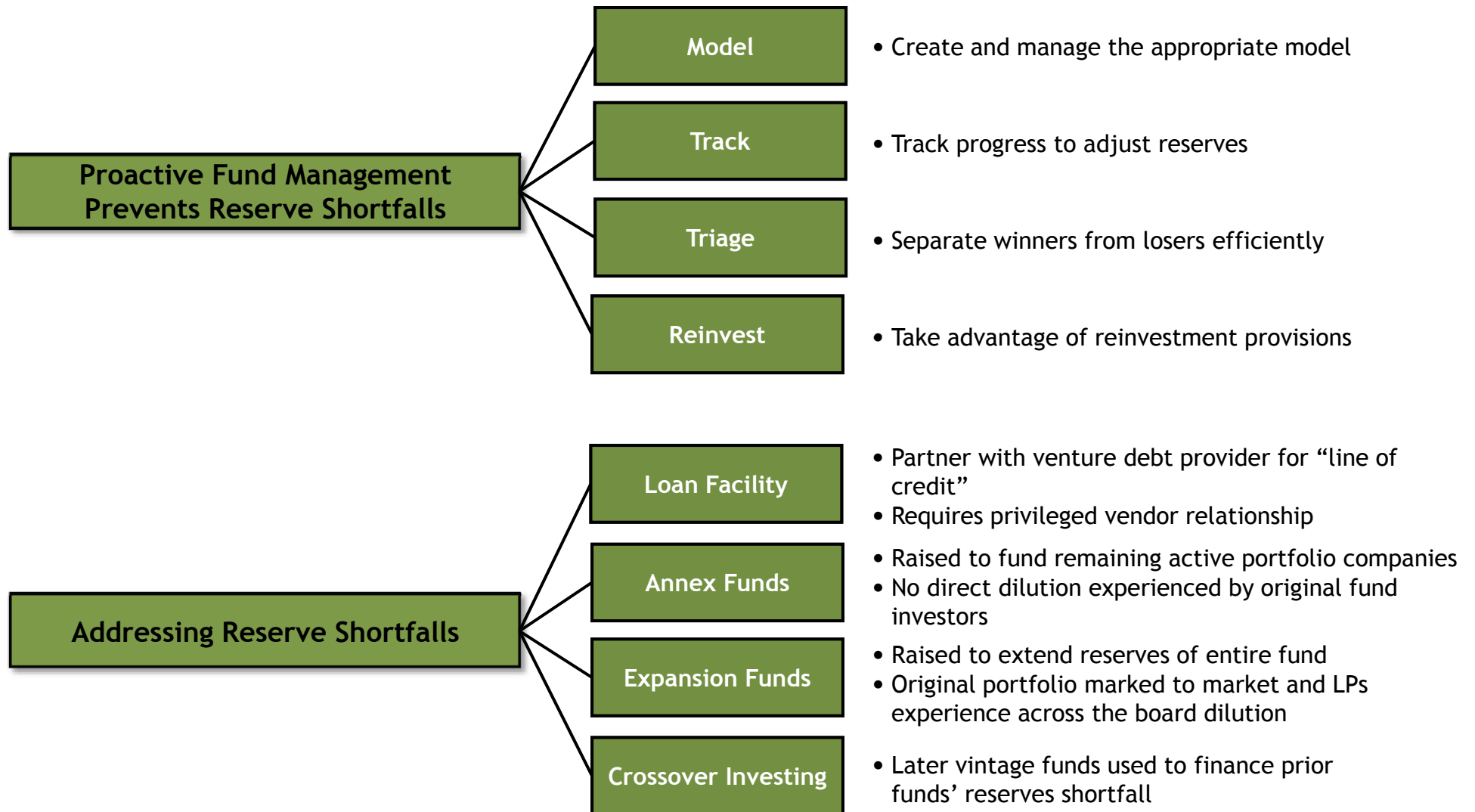
Is there investor fatigue due to missed milestones?

Will there be available capital for follow-on investments?

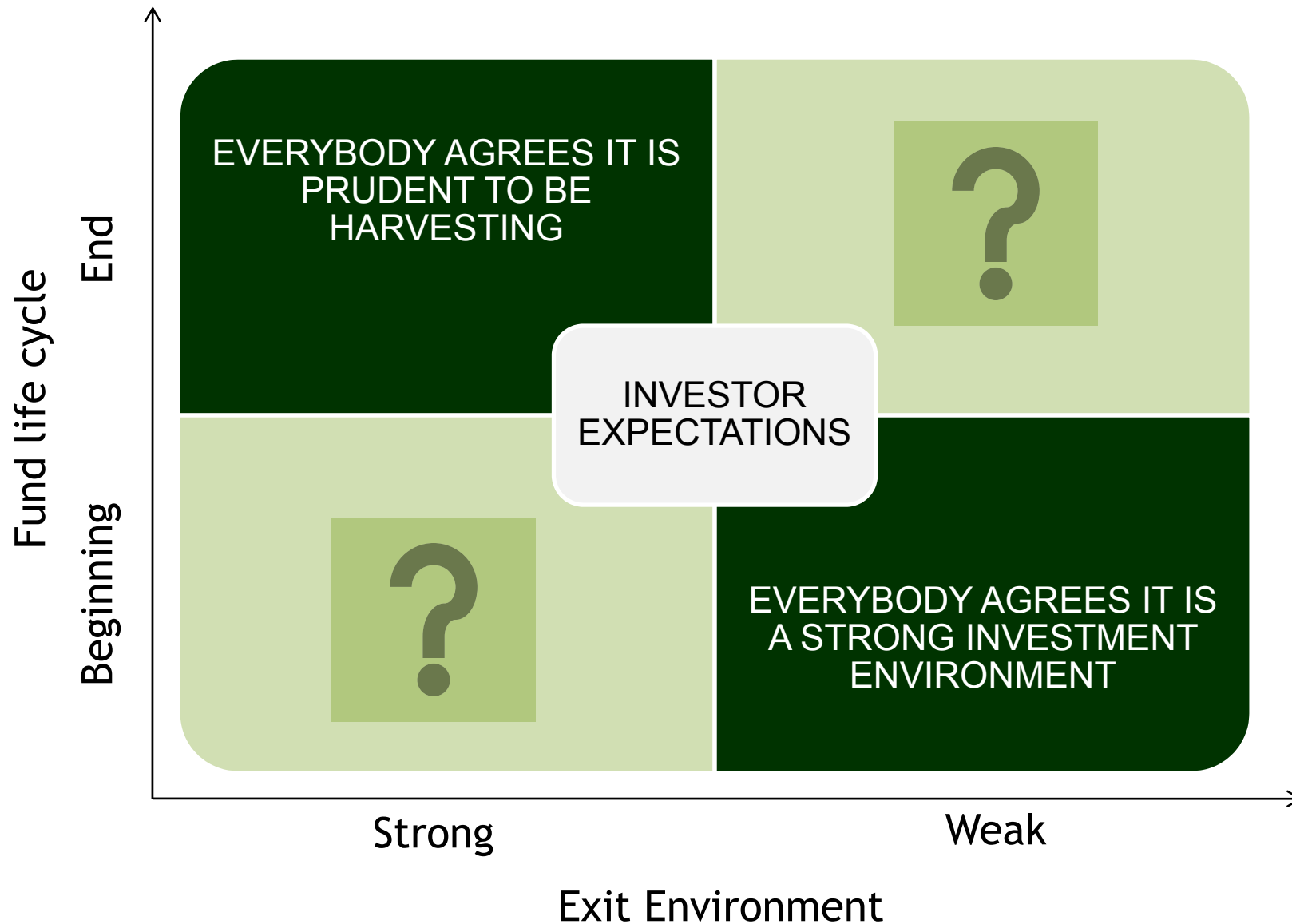
How Do “First Time” GP Terms Impact The Fund’s Portfolio Development?



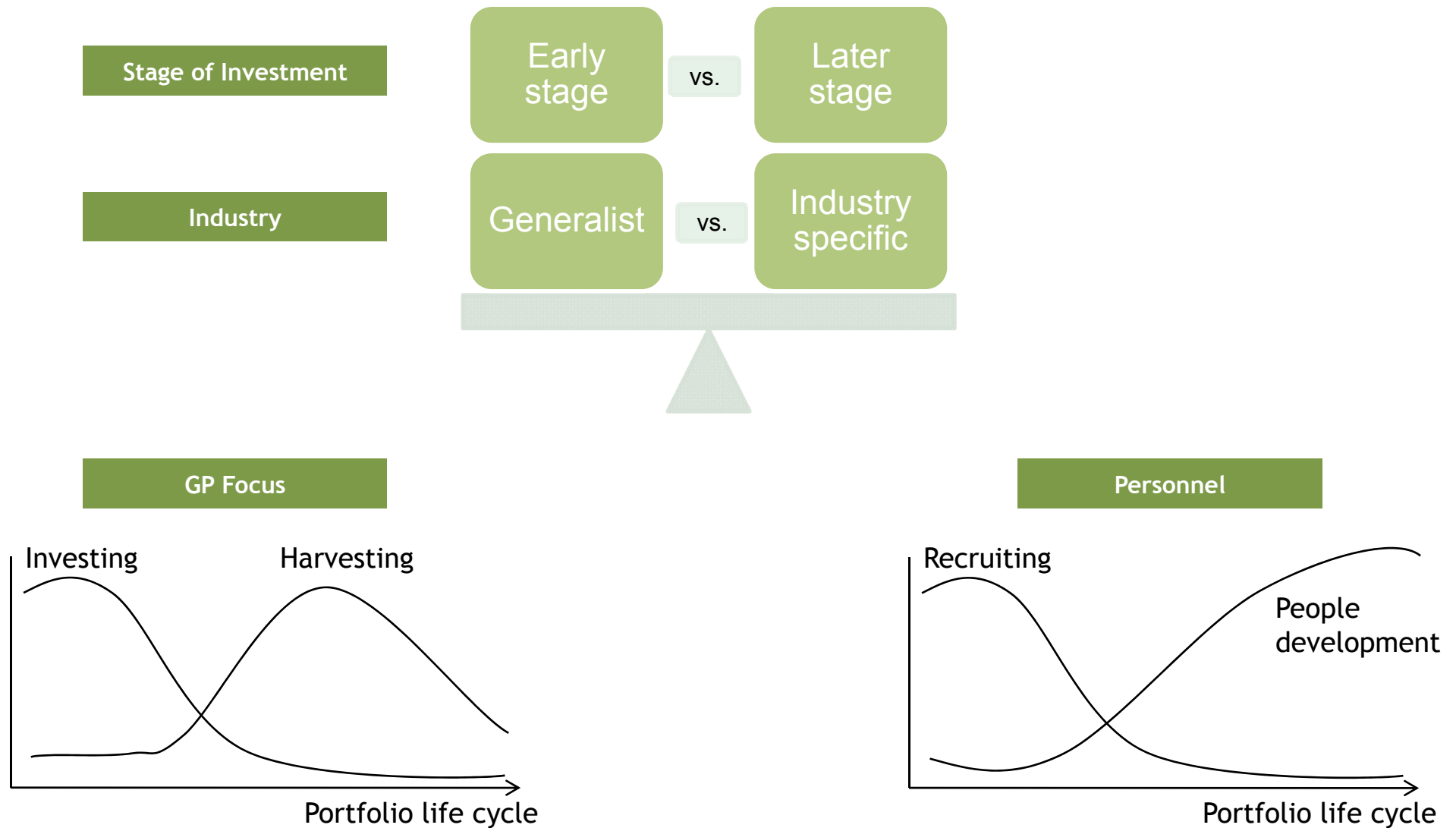
How Do You Avoid Getting Into A Reserve Shortfall Situation? What Are The Pros And Cons Of Common Strategies To Address A Reserve Shortfall?



How Do You Manage Mismatches Between LP And GP Views On The Investing Environment?



How Do You Manage Portfolio Balance At Various Stages In The Fund Cycle?



Processes to manage portfolio balance?

How Has The Difficulty in Accessing Debt Markets Affected Your Portfolio Lifecycle Planning?

Direct vs. Indirect Effects

- Pace on new investment activity
- Timing of portfolio exit opportunities
- Management of seller expectations
- Market competition

Impact on Valuations

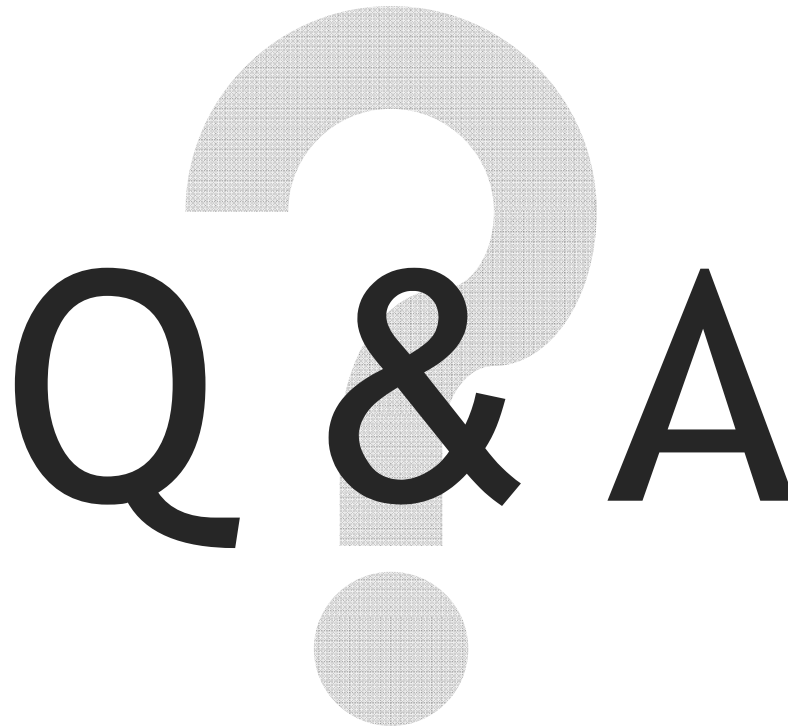
- Leverage and valuation multiples generally correlate
- Higher leverage multiples lead to higher valuations with the opposite effect from lower leverage multiples

Impact on Potential Acquirers

- Limits on what potential acquirers can pay for companies
- Creates a certain psychology around valuations

Syndication Concerns

- Deal flow slow down
- Sellers defer transactions



Questions can be asked by clicking on the question mark icon located on the lower part of the panel on the right side of your screen

Investor Communications

Mastering Strategies and Tools for LP Interaction

20 Minutes + 5 Minute Q&A

Moderator:

Lesley Nettles



FAIRVIEW
CAPITAL

Panelists:

Robert Greene



SYNCOM
VENTURE PARTNERS

Michelle Westfall



21ST CENTURY
21ST CENTURY GROUP, LLC

Are dedicated in-house communications professionals a luxury or a necessity? Private equity firms are confronted with this question in light of a more competitive global private equity industry, tougher fundraising environments, the specter of greater regulation and LPs with increased information needs in a detailed, timely fashion. This panel will explore the need for, and benefits of, an investor relations professional and successful strategies to introduce this type of role into a firm's culture including various tools that have been developed and implemented for impactful LP interaction.

- ➔ Do firms need a dedicated investor relations specialist or is it sufficient to allocate a portion of an investment professional's time? What are the considerations for one or the other?
- ➔ What level of importance should be given to investor relations, and where does communications rank among the other aspects of managing a private equity firm?
- ➔ What are some of the successful strategies that have been employed to maintain effective relationships with current and prospective LPs?

Panelists

Robert Greene, Principal, Syncom Venture Partners

Robert Greene



Robert L Greene is a Principal with Syncom Venture Partners, a leading venture capital firm based in Silver Spring, Maryland. Syncom Venture Partners manages over \$400 million of capital on behalf of a blue chip list of the nation's largest institutional investors. Bob's primary responsibilities include deal sourcing, investor relations and portfolio company development.

Bob is the former President of the National Association of Investment Companies (NAIC), the industry association for private equity firms that invest in America's Emerging Domestic Markets. He is also the co-founder and served as the inaugural President of The Marathon Club, a partnership comprised of many of the most prominent African American and Hispanic American business professionals in the United States; including The Executive Leadership Council, NAIC and New America Alliance.

Bob is a Trustee for the Virginia Retirement System (VRS), a \$40 billion Pension Plan Sponsor serving Virginia's Public Employees and Teachers. He also serves as a member of VRS's Audit & Compliance Committee.

Bob holds a Bachelor of Science Degree in Economics from Virginia Commonwealth University, in Richmond, Virginia. He is a recipient of the University's Distinguished Service Award and served as a Virginia Governor's Fellow.

Michelle Westfall, Director of Investor Relations, 21st Century Group

Michelle Westfall



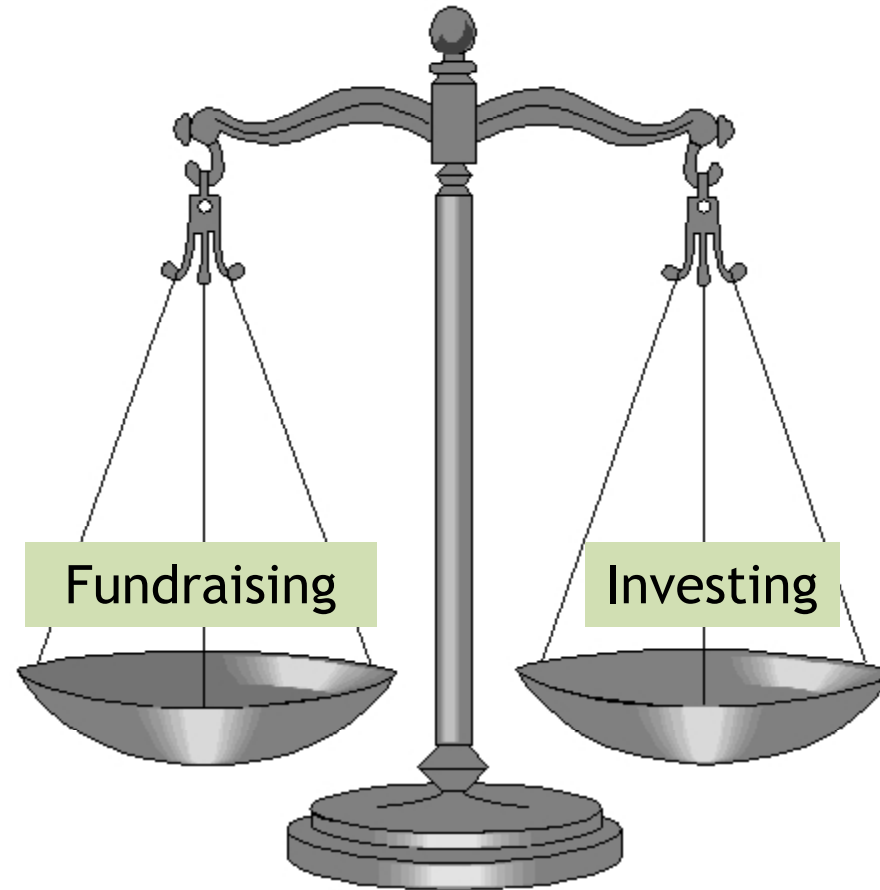
Ms. Westfall joined 21st Century Group in March 2006. Ms. Westfall is responsible for the fundraising activities and investor relations of the Firm. Ms. Westfall manages all aspects of current and potential investor relationships including investor communications, investment reporting and the marketing of new funds.

Prior to joining 21st Century Group, Ms. Westfall spent more than eight years with HM Capital, formerly Hicks, Muse, Tate & Furst. At HM Capital, Ms. Westfall provided client services in Investor Relations/Fundraising. Additionally, Ms. Westfall implemented and maintained the fundraising and investor relations tracking database and monitored all contact information for limited partners, prospects, and key decision makers. Ms. Westfall also researched macroeconomic and market trends and compiled principal terms and key statistics of competing funds.

Before joining HM Capital, Ms. Westfall worked for Bain & Company Inc., where she managed multiple Case Team Assistants, acted as a liaison to the consulting staff, created and designed final presentation materials, researched and analyzed industry data through interviews and literature searches and interfaced directly with clients to provide status updates.

Ms. Westfall has a BS in Business Administration from Slippery Rock University.

Successful Private Equity Firms Must Effectively Balance Fundraising and Investing Activities



- Lead investor communication when the firm is seeking to raise a new fund and when it is not
- Ensure continuous communication with existing investors
- Identify potential new investors and cultivate relationships with these institutions over time
- Provide input to the investment professionals on current trends in the market relating to LP issues



Evolution of the IR Role at 21st Century Group

- ❖ During the mid-1990's, HM Capital hired a VP (later promoted to Partner) to focus specifically on Fundraising & Investor Relations
 - Needed one point of contact for all Limited Partners, consultants and advisors
 - Needed one dedicated person to focus all time and attention on these activities
- ❖ Built a small in-house team
 - Decreased necessity to hire a placement agent
 - Provided IR/Fundraising services across all funds, as well as to all affiliates
- ❖ Developed "Best Practices" in industry
 - Implemented an investor relations tracking system
 - Refined high quality due diligence materials, reports and communications
 - Executed strategic marketing plan and branding practices
- ❖ Seamless transition to 21st Century Group, an affiliate of HM Capital
 - "Lift out" of existing relationship - natural progression
 - Continuation of best practices and communications



The Case for an Investor Relations Professional at Syncom

Historical

- ❖ 30 Years of Experience (1977-2007), Investor relations processes evolved over 4 previous funds
- ❖ Three Partners each investing a portion of their time on investor relations responsibilities.
- ❖ Attractive Returns were viewed as the primary relationship tool for Limited Partners
- ❖ Sporadic if any marketing communications utilized
- ❖ Interaction with LPs largely a function of fund operations (Capital Calls, Quarterly Reports, Distributions)
- ❖ Annual Meeting Agenda focused primarily on portfolio performance (2-3 hours).
- ❖ Fifth Fund (\$275MM) significantly larger than Fourth Fund (\$135MM)
- ❖ General Partners wanted to maintain and grow relationships developed during fundraising.

Present

- ❖ Hired Principal to work with GP's to support Investor Relations and Business Development (June 2007).
- ❖ Each LP "touched" seven to eight times per year.
- ❖ Capacity to interface with a greater number of professionals at each LP.
- ❖ Variety of marketing communications tools used to assist LPs with understanding investment strategy and fund performance.
- ❖ Able to provide custom interaction for LPs that desire it (i.e. monthly briefing conference calls for one LP)
- ❖ Expanded agenda and invitee list for Annual Meeting, that includes relationship development activities, increased portfolio company exposure and inclusion of prospective clients.
- ❖ Future fundraising will require little if any support from third party marketers.



The IR Role

- ❖ Relationship Management
 - Acts as a liaison between the firm and limited partners, prospective limited partners, portfolio companies, consultants, advisors, service providers, etc.
- ❖ Information Distribution
 - Provides timely information on the firm's performance, portfolio investments and significant events
 - Responds to direct inquiries by LPs and consultants
- ❖ Fundraising Activities
 - Defines and implements a fundraising/marketing strategy
 - Prepares all due diligence materials and manages the fundraising process
 - Continuously markets the firm , especially in the “off season”
- ❖ Communication/Press/Branding
 - Develops clear, consistent and effective communications
 - Implements press strategy and establishes relationships with members of the press
 - Constantly promotes brand of the firm



Why the IR Role is Important

- ❖ One point of contact at the firm for Limited Partners
 - Invaluable service provided to LPs
 - Allows for communication of a clear and consistent message
- ❖ IR professional is solely focused on effective investor relations
 - Frees up time and attention of investment professionals within the firm
- ❖ Provides an additional face of the firm who is able to speak to the investment strategy
- ❖ Maintains effective relationships with current and prospective LPs
 - Addresses all inquiries and requirements of existing LPs
 - Establishes consistent and personal communications to the LP community
 - Increases firm's ability to market or raise subsequent funds
- ❖ IR professional positions the firm to stand out in the market place
 - Direct focus on marketing and branding initiatives



Syncom Investor Relations

Investor Relations Philosophy: Syncom Venture Partners believes that high quality investor relations is a central component to the success of our private equity funds. Through effective investor relations, we engage in an ongoing dialogue with our limited partners that has a valuable impact on each investment we make.

Investor Relations Objectives

- ➔ To provide timely and accurate information on Syncom's investments, critical issues related to their operation and their ongoing performance.
- ➔ To leverage the community of support surrounding Syncom to further enable the success of our portfolio companies.
- ➔ To enhance the firm's ability to raise future funds by creating an environment in which investors realize value from their affiliation with Syncom in addition to attractive returns.
- ➔ To increase the number of institutions and the amount of capital invested in traditionally underserved markets by providing exposure to the investment potential and opportunity to generate attractive returns.

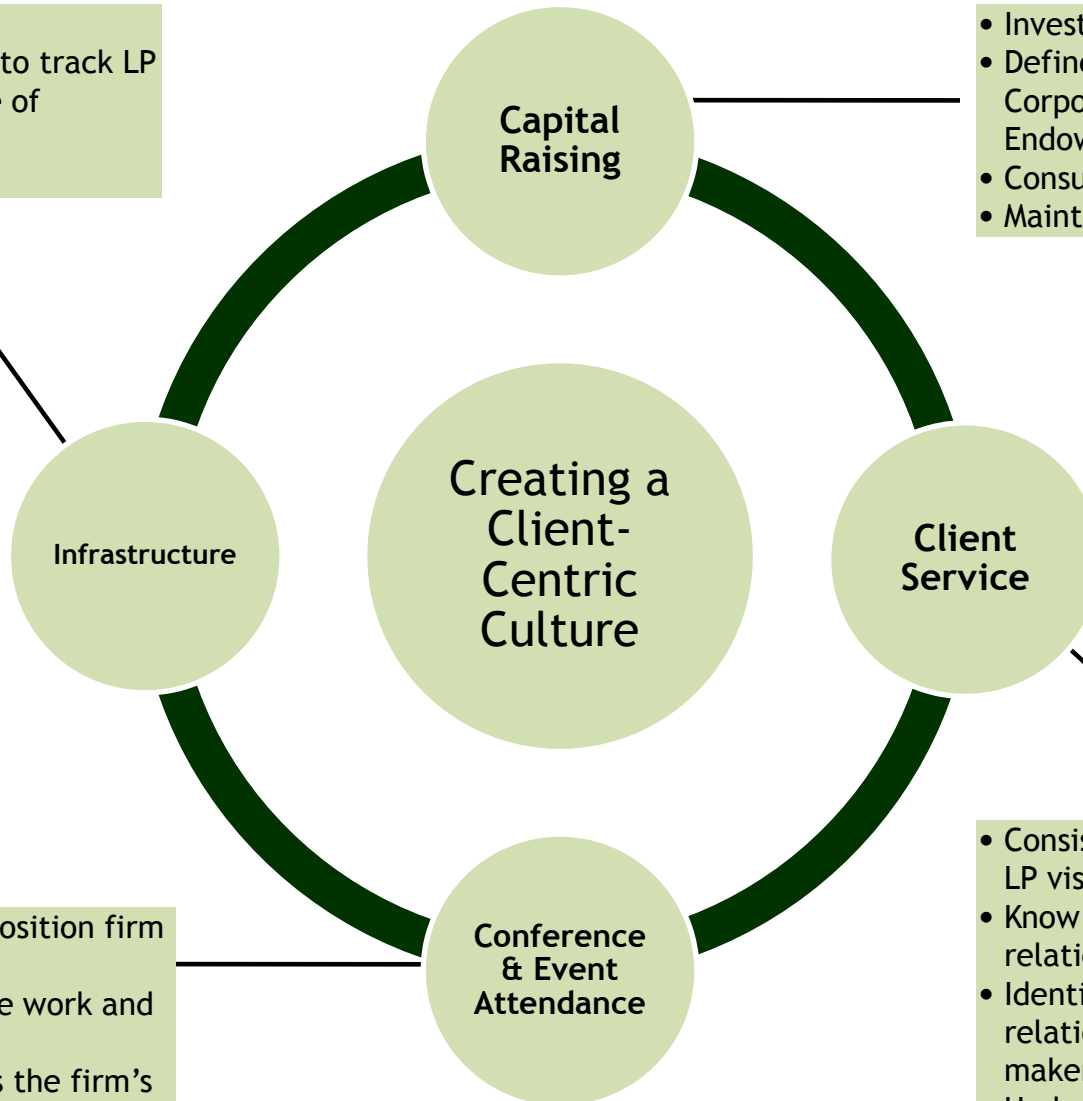


Investor Relations Process & Calendar

<i>Initiative</i>	<i>Description</i>	<i>Schedule</i>
Newsletter	On a periodic basis, the general partners will publish a newsletter that will update key stake holders on the limited partners on various aspects of the fund. The newsletter will include highlights on particular portfolio companies, update on new deals and trends in the market place.	Periodically
GP/LP Briefing Meetings	Conducted in person by the Investor Relations Principal and members of the GP, these briefings provide an interactive opportunity to discuss pertinent fund activities, general partner initiatives and the performance of various portfolio companies.	Q1- Q4
Fund Valuation Report	Provides approved valuation related information for each portfolio company and the fund as a whole. Distributed four times per year 45 - 60 days following the end of each quarter.	Q1 - Q4
Portfolio Company Summit	Syncom's Portfolio Company Summit brings together the CEOs and Senior Business Development Executive of each of portfolio company to discuss topics of mutual interest and to develop opportunities to business value.	May
Annual Investors Conference	Held annually to update limited partners on the performance of the fund and discuss specific successes and challenges experienced by each portfolio company. This meeting also provides an opportunity to interact with key executives and learn more about various products and services of each portfolio company.	September

How an IR Professional Develops Enduring LP Relationships and Creates Lasting Results

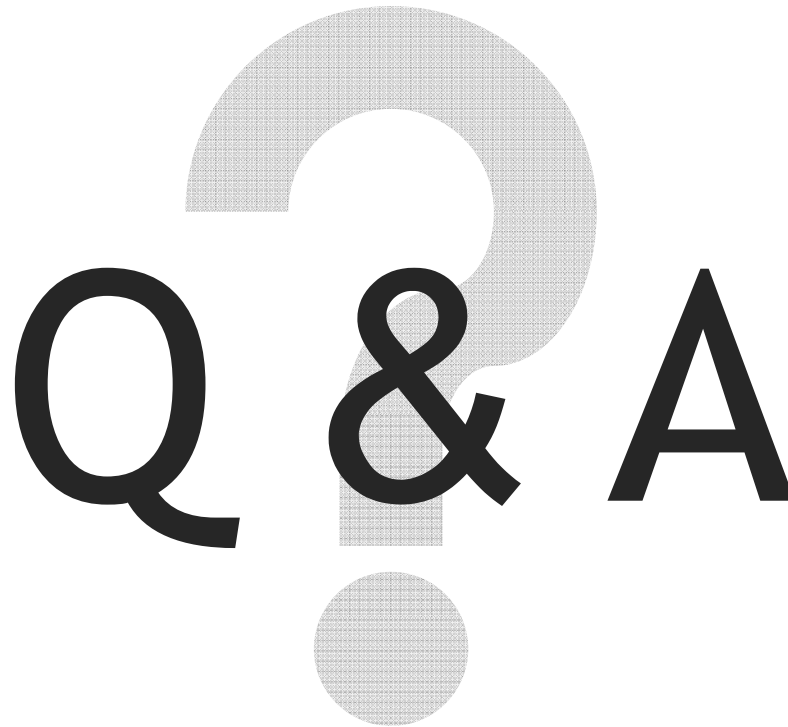
- Create and maintain the infrastructure necessary to track LP relationships (a database of investor information)
- Document touch points



- Investor expansion and new clients
- Define LP targets (Public Funds, Corporate, Endowments/Foundations)
- Consultant strategy
- Maintain minimum activity level

- Target conferences to position firm and build visibility
- Focus on pre-conference work and follow-up
- Speak at conferences as the firm's representative

- Consistent touch points - calendar LP visits
- Know the relationship - cover whole relationship
- Identify and develop strong relationship with key decision makers
- Understand investor needs and develop programs to exceed expectations



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A Web Conference on Successful Private Equity Business Practices

THANK YOU

The Fairview team would like to thank you for joining us for today's web conference and looks forward to hosting similar events in the future

