



Russian Venture Company

*creating venture capital solutions
with an ambitious public-private partnership*

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Russian economy - a snapshot



- Balance sheet
 - FDI shoots to \$26 billion (H1 2006)
 - foreign reserves nearing \$300 billion
 - fully convertible ruble
 - early repayment of \$22 billion of debt to Paris Club
- Income statement
 - budget surplus \approx 6.5% of GDP (2006)
 - GDP growth \geq 6% for past several years
- Cash flow statement
 - stabilization fund nearing \$89 billion
 - state investment fund financing investment projects

High technology in Russia



- World's third-largest software developer population
- Highly-educated engineers and IT designers
- IT sector accounts for only 5% of national GDP
- Problem: no high-technology entrepreneurship

Venture capital finance in Russia - 2005



- Capitalization of all private equity funds - \$5 billion
- Amount of money raised by new funds - \$1 billion
- From Russian sources - 22% (up 250% over 2004)

among Russian sources

- | | |
|---------------------------|-----|
| - government agencies | 45% |
| - institutional investors | 34% |
| - corporate investors | 13% |
| - private individuals | 7% |
| - commercial banks | 1% |

Venture capital finance in Russia - 2005



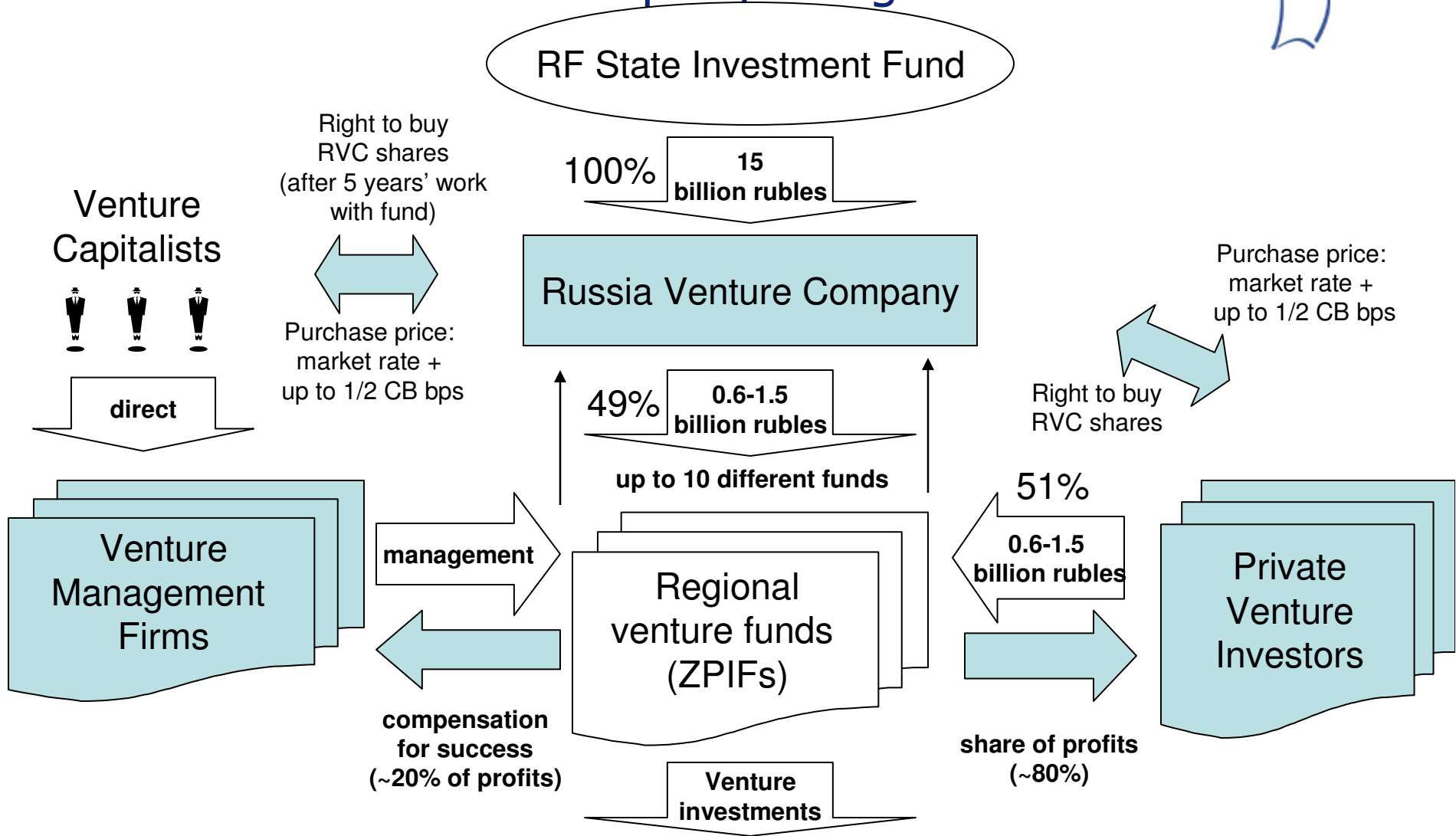
- Seed, start-up and early-stage investments:
 - \$28.7 million invested into 14 companies
- Companies funded each year:
 - 2,000 in US and 1,200 in Europe
- US VC firms investing outside US (H1 2006)
 - 150 investments, but just 1 of these in Russia
- Need to support high-technology entrepreneurship
 - *How many companies could be helped by \$ 1 billion?*

Russian Venture Company



- Joint stock company
- Five directors on the board
 - three state directors
 - two independent directors
- Public-private partnership
 - state
 - private venture investors
 - venture management firms

Russian Venture Company - organization



Russian Venture Company - tech business



- Investments in high-technology companies
- High-technology hot topics
 - security
 - IT and telecommunications
 - biotech
 - alternative energy
- Fund objectives:
 - at least 8 companies over the next 5 years
 - exit in 10 years

Russian Venture Company - expectations



- Government stimulus
 - develop high-tech industry
 - develop venture financing
 - minimize risk
- Integration with other initiatives
 - regional venture funds
 - MinComm venture fund
 - special economic zones
 - technoparks
- Change laws and regulations

Questions



- Who will create the companies?
- Who will manage the funds?
- Who will manage the companies?

About Starboard Ventures LLC



- commercializing technologies from Russia

- collaborating with IFTI

- Russian technology commercialization leader



- building Sparsix Corporation

- US-Russia technology start-up



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