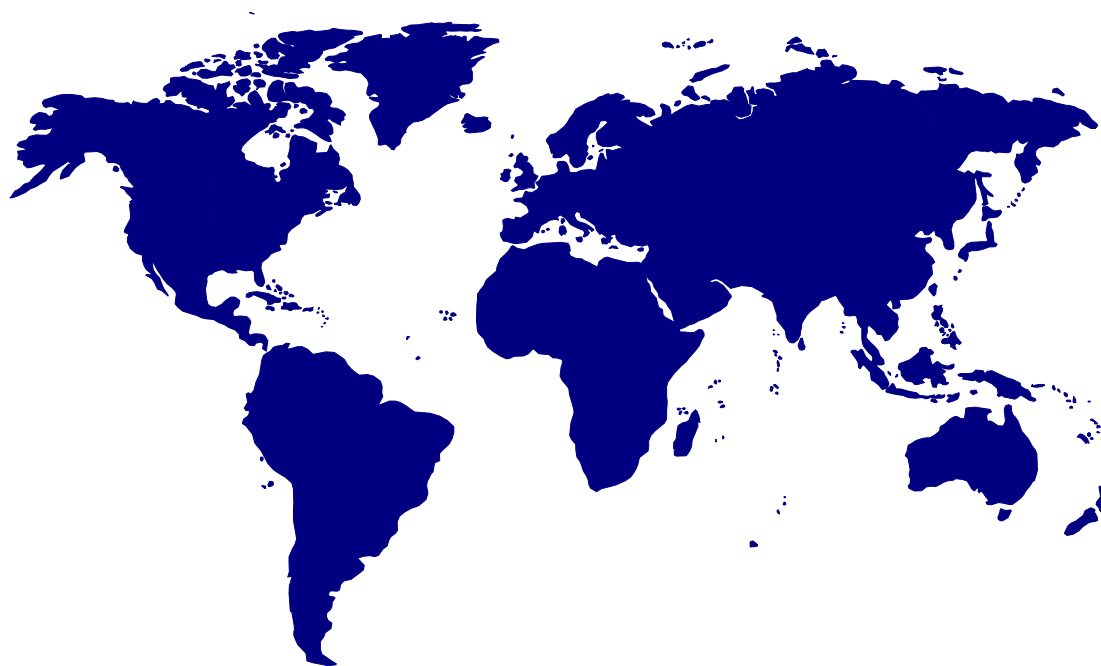


Global Private Equity Markets

Réseau Capital

April 6, 2000

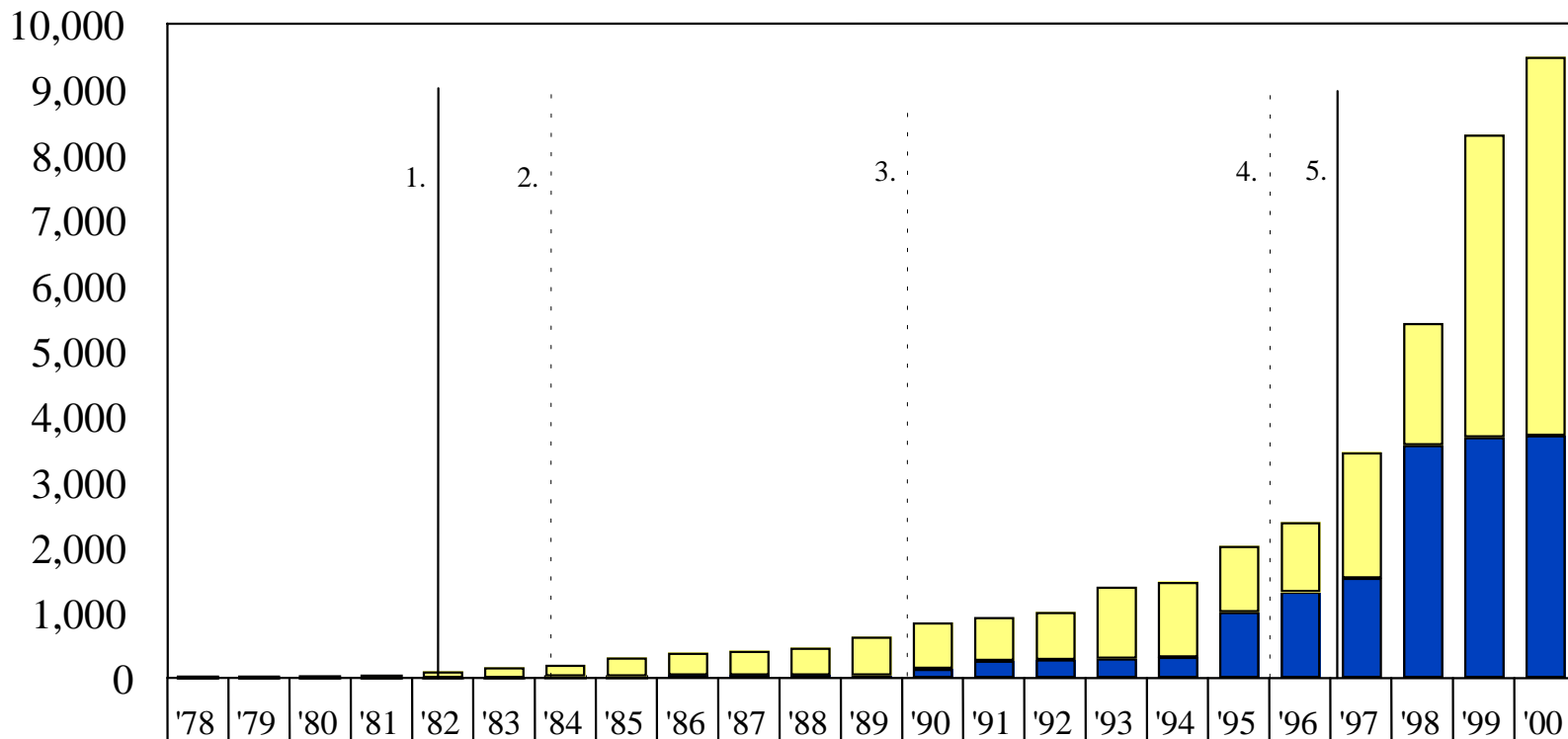


HarbourVest Partners, LLC

John M. Begg

HarbourVest Partners Committed Capital Under Management*

\$ Millions



Total Staff	1	2	2	2	3	6	9	11	16	20	24	29	30	30	35	39	43	44	49	54	68	76	76
Investment Staff	1	2	2	2	2	4	6	7	10	12	14	15	15	15	18	18	20	21	25	27	31	35	35

1. Hancock Venture Partners, Inc. formed (1982)

2. International investing initiated (1984)

3. London subsidiary established (1990)

4. Hong Kong subsidiary established (1996)

5. HarbourVest Partners, LLC formed, independently owned by its mgmt. team (1997)

■ Non U.S. ■ U.S.

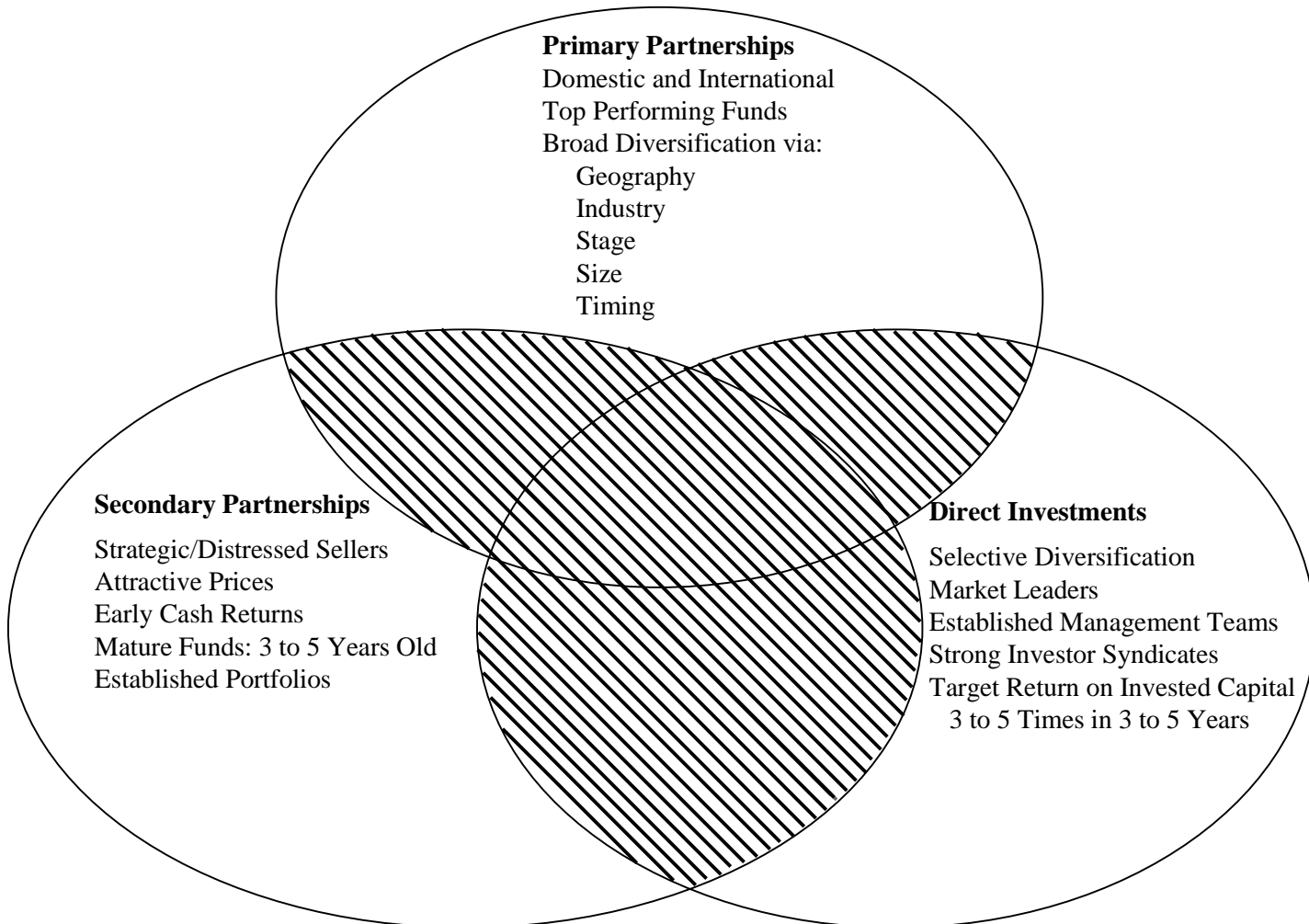
* Includes committed capital not yet drawn from investors.

HarbourVest Partners, LLC

HarbourVest Partners Investment Strategy

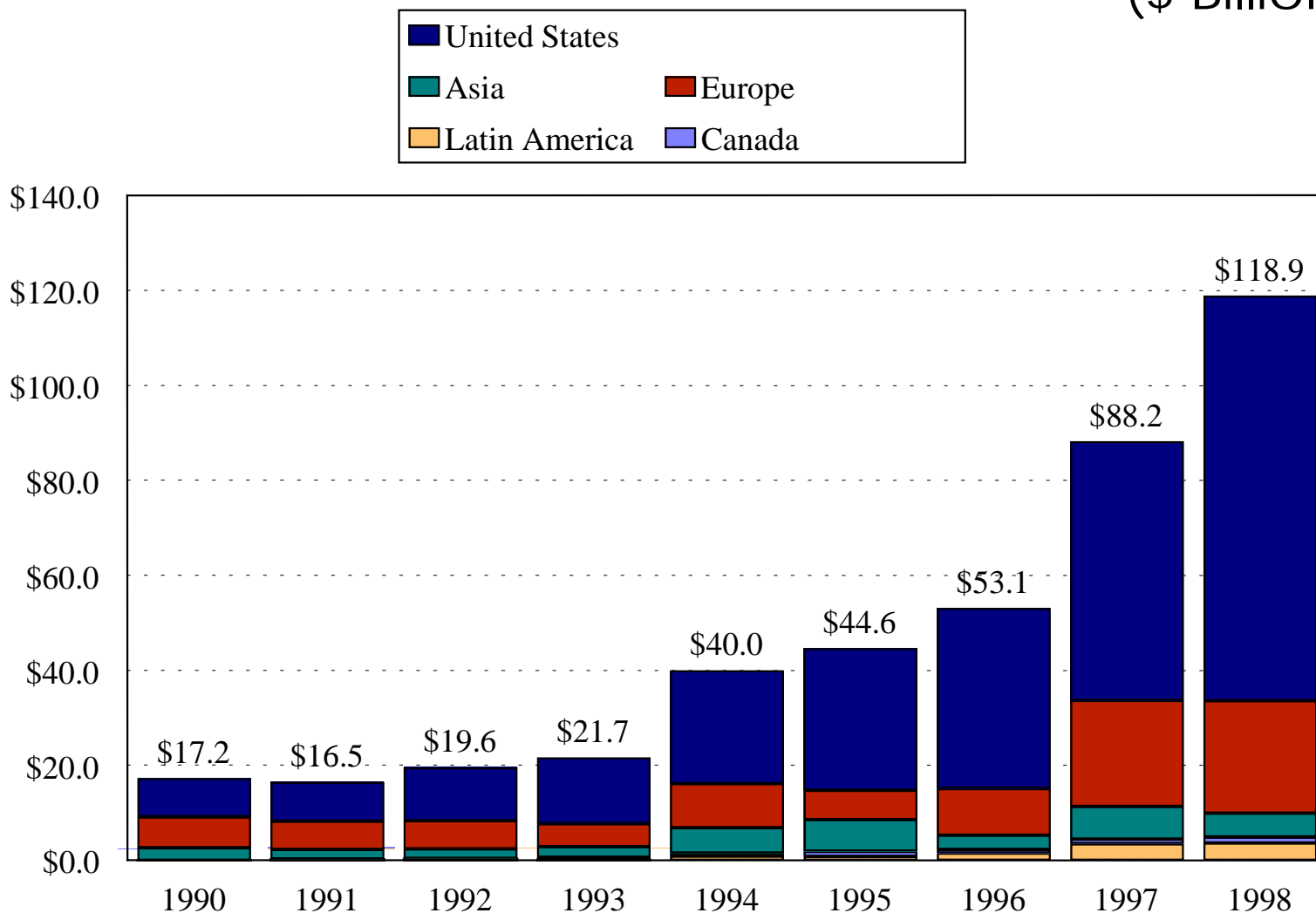
Private Equity Focus

We Seek to Build Portfolios with the Following Characteristics:



Private Equity Commitments Worldwide

(\$ Billions)

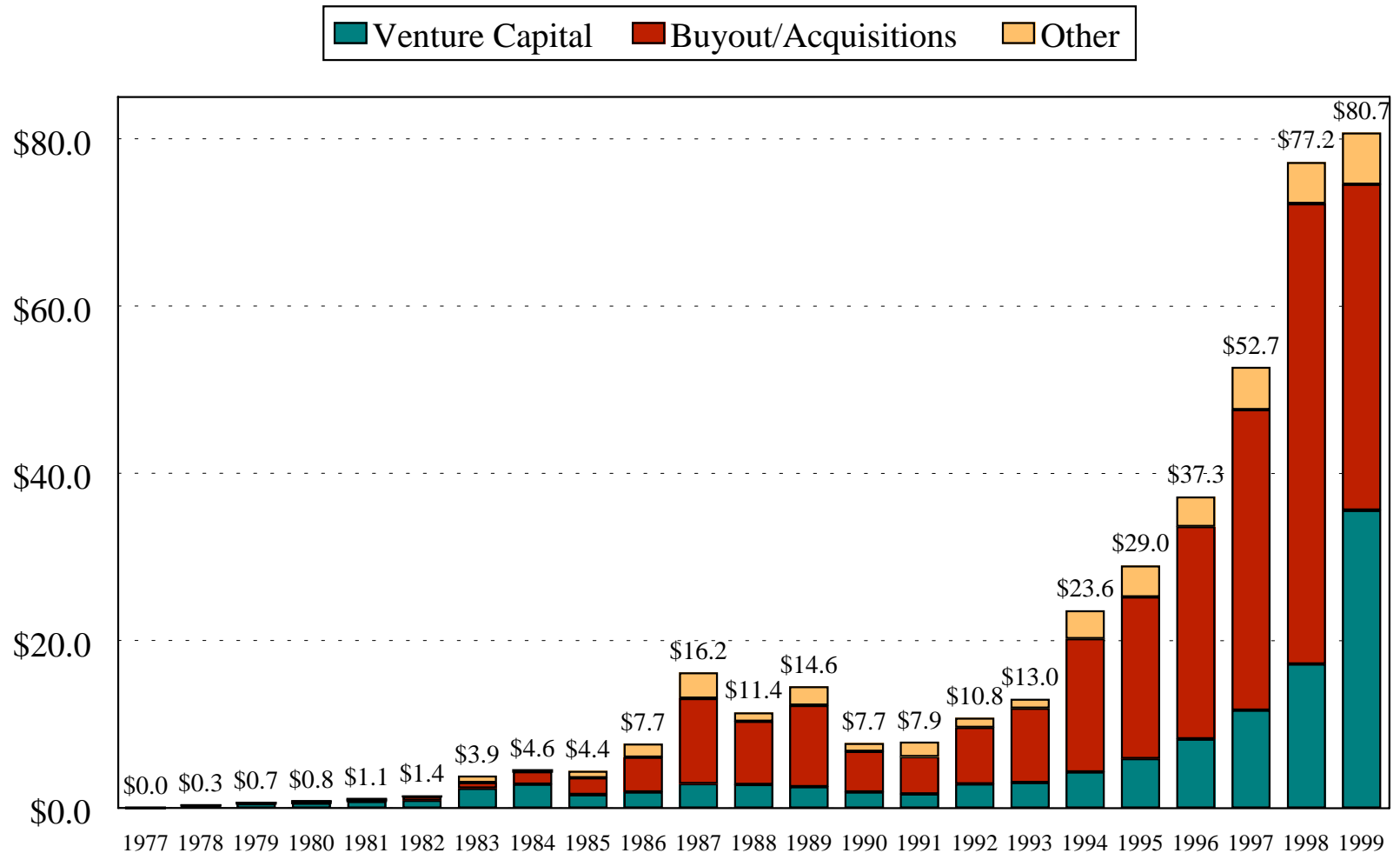


Source: Private Equity Analyst

HarbourVest Partners, LLC

US Private Equity Fund Commitments*

(\$ Billions)



Source: Private Equity Analyst

* Excludes fund of funds commitments

HarbourVest Partners, LLC

US Private Equity

Period I (1976-1981)

- Experienced general partners
- Limited funds available
- Low competition/valuations
- Technology focus
- Early stage venture capital

US Private Equity

Period II (1982-1987)

- Inexperienced industry entrants
- Too much capital
- High competition/valuations
- Primarily technology focus
- Buyouts gaining momentum

US Private Equity

Period III (1988-1992)

- Increasing experience levels
- Clear track records emerging
- Reduced capital
- Reasonable competition/valuations
- Wider investment focus

US Private Equity

Period IV (1993-1997)

- Significant amount of capital
- Shift from buyer's to seller's market for fund managers
- Broad experience level/strong track records
- Increased competition
- Higher public market valuations
- Broad industry focus

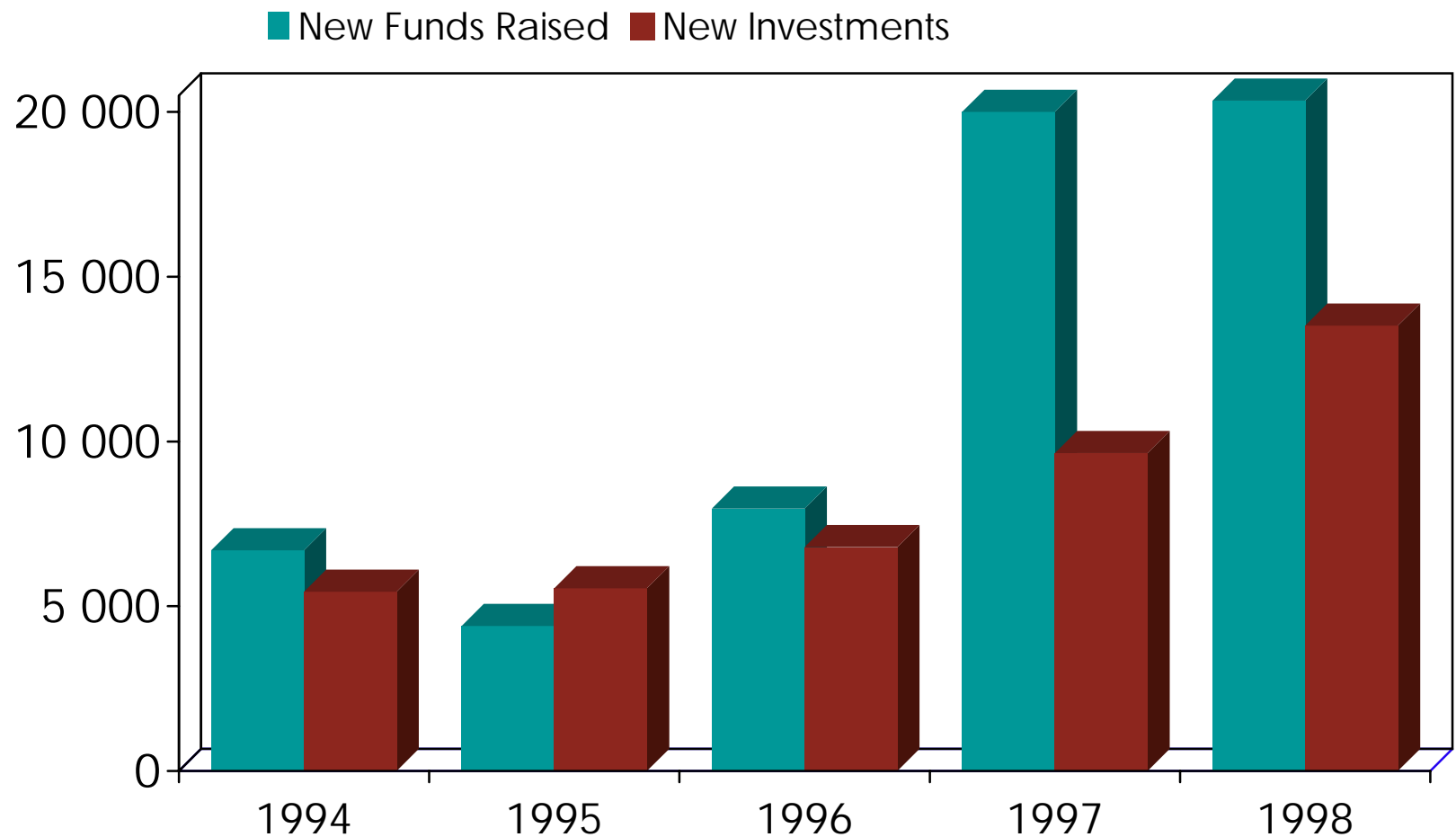
US Private Equity

Period V (1998-present)

- Tremendous increase in available capital
- Shortened investment cycle
- Continued seller's market for fund managers
- Longest IPO window ever
- Are the good times over?

European Private Equity Takes Off.....

(Euro Millions)

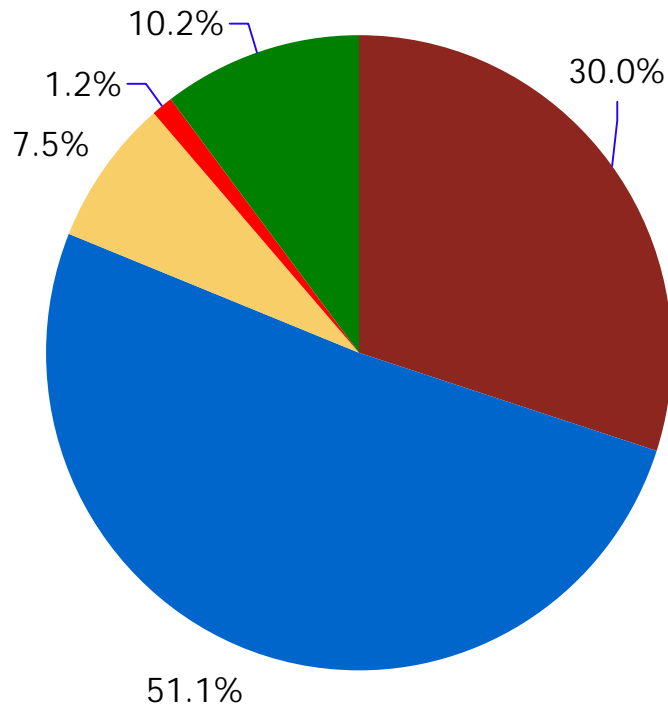


Source: EVCA 1999 Yearbook

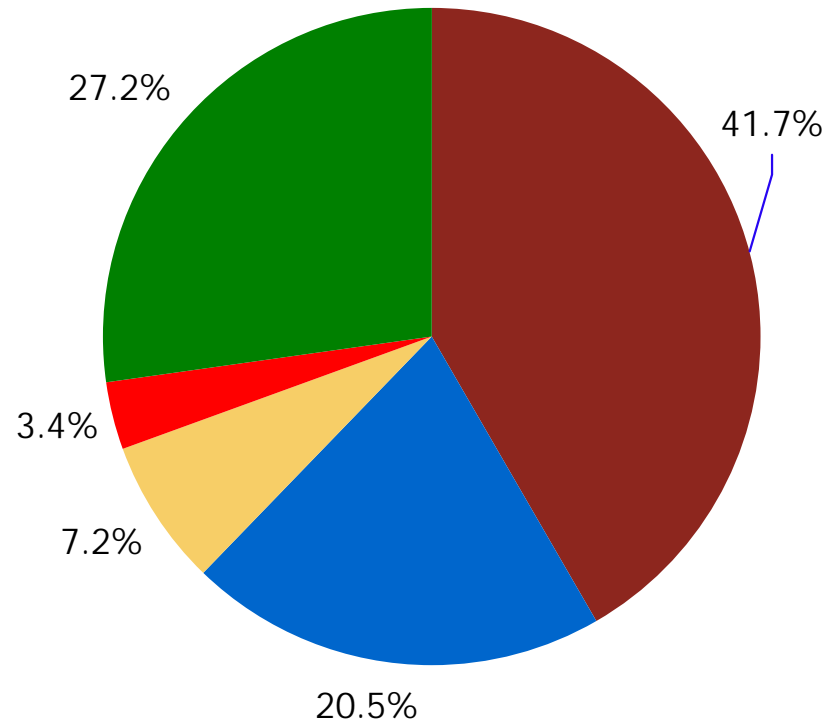
HarbourVest Partners, LLC

...But Remains Focused on Buy-Outs during 1998

Amounts Invested



Allocation of Investments

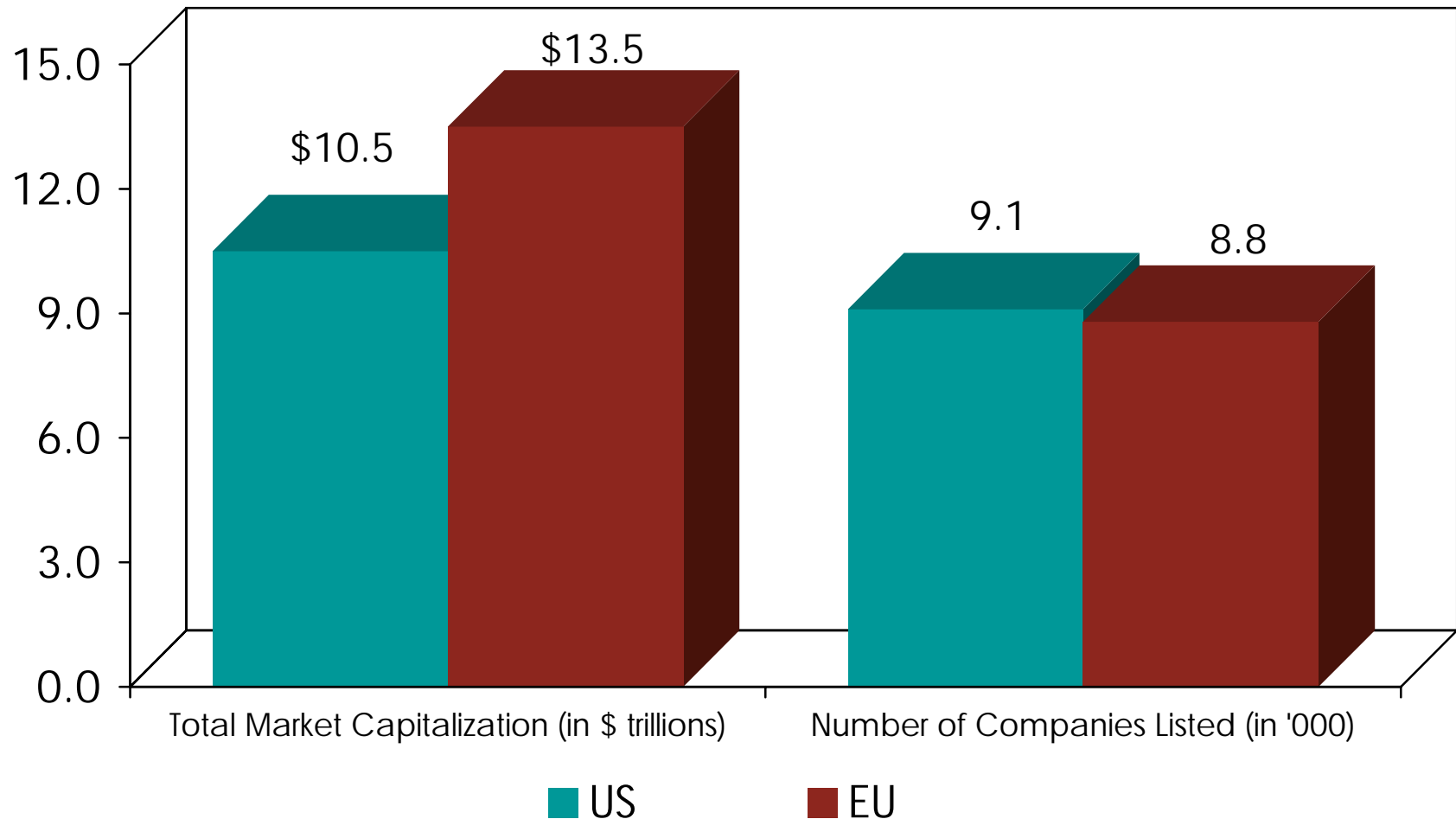


Buy-Outs Expansion Replacement Capital Start-up Seed

Source: EVCA 1999 Yearbook

The EU Financial Markets are Catching UP

As of December 31, 1998



Source: EVCA 1999 Yearbook

HarbourVest Partners, LLC

European Private Equity Issues

- Positives
 - Greater diversity of opportunity
 - Structures and pricing still attractive
 - More domestic investors emerging
 - More proven performers
- Concerns
 - Capital markets dependency
 - Track records still evolving
 - New entrants from the U.S.
 - Fierce competition for top-tier funds

European Private Equity Climate

- Economic
 - Modest growth forecast
 - Euro impact
 - Ongoing corporate restructuring
 - Domestic equity definitions changed
- Political
 - Social chapter implications
 - Liberal policies with conservative undertones
- Capital markets
 - Flight to quality
 - Broader and deeper markets
 - M&A activity still high
 - Second-tier public markets explosion

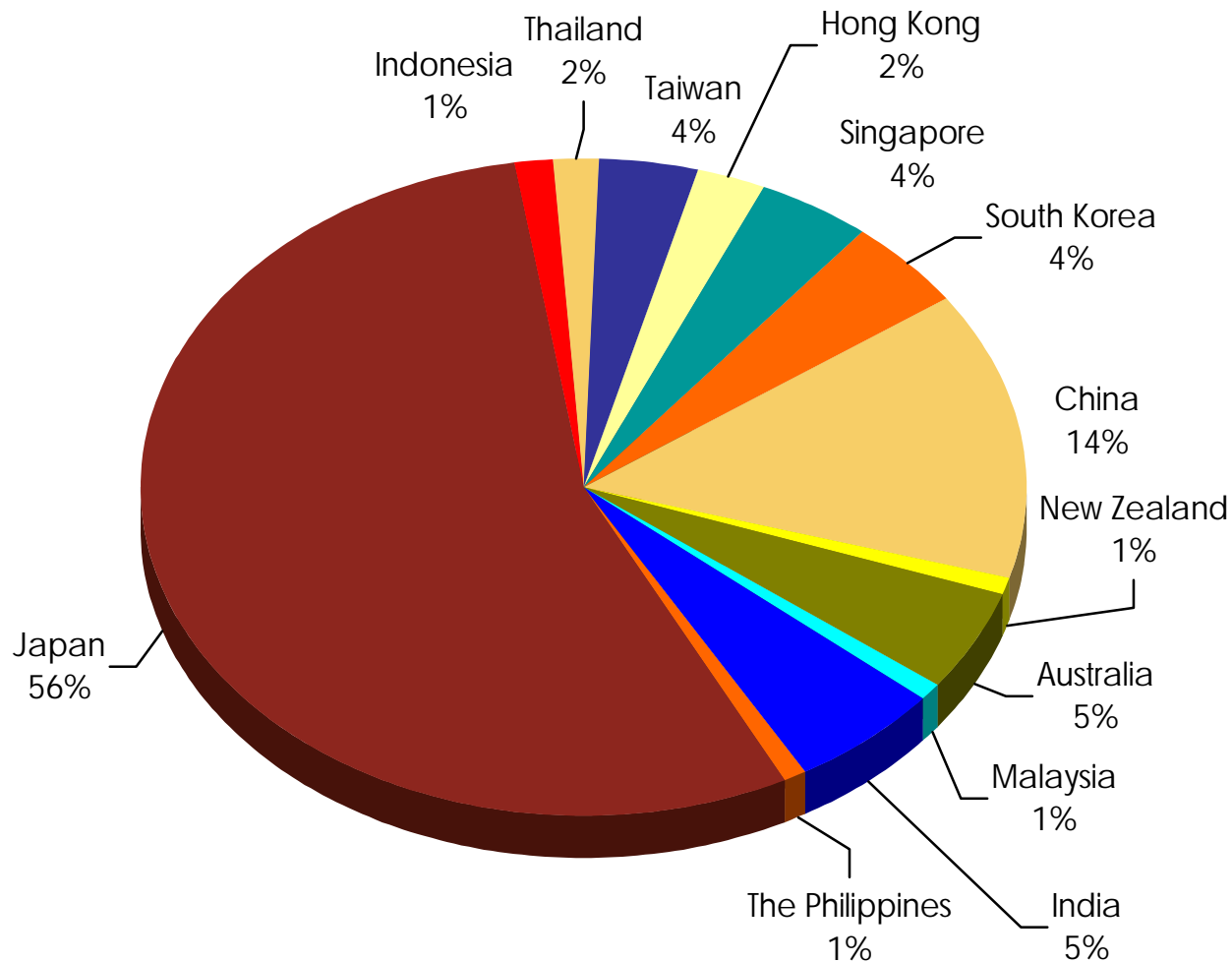
Factors Driving Growth of European Private Equity

- European convergence
- Focus on shareholder value in Europe
- Corporate restructuring
- Succession issues
- Privatization opportunities
- Increased credibility of financial buyers
- Technology enhancements
- Improved realization (exit) prospects

The Asian Economies

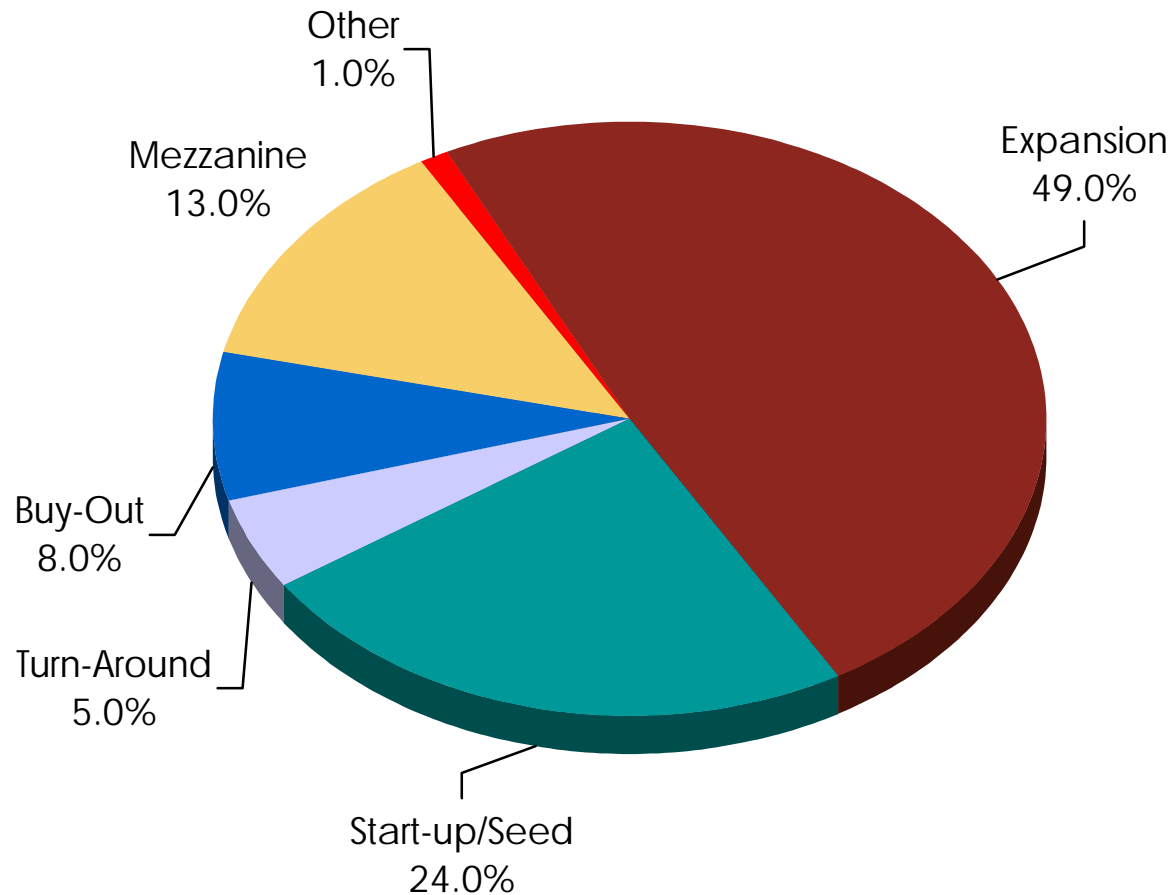
The Size of the Main Economies

1998 GDP



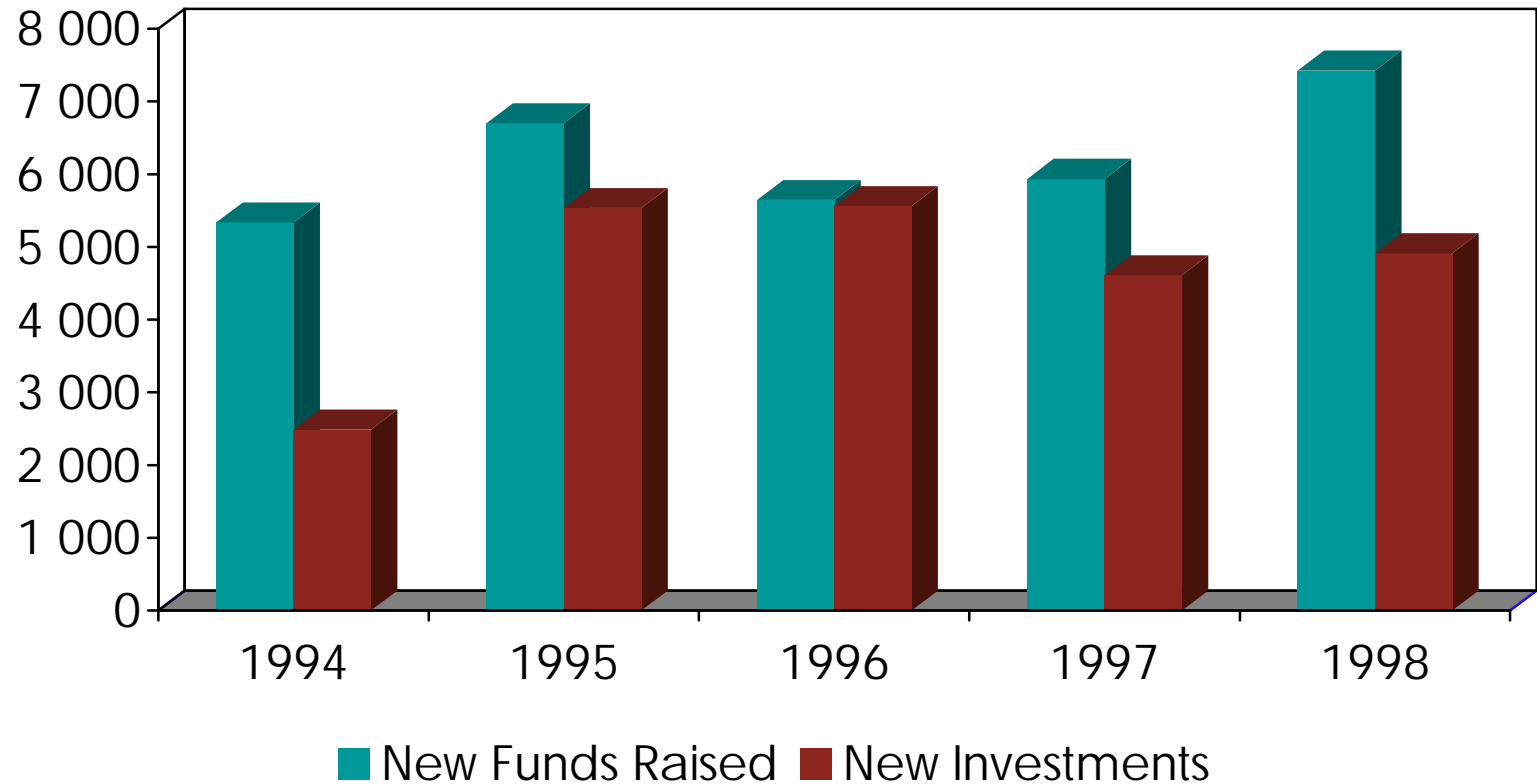
Private Equity Disbursements in Asia

Percent Invested by Stage during 1998



Asian Private Equity Fund Raising

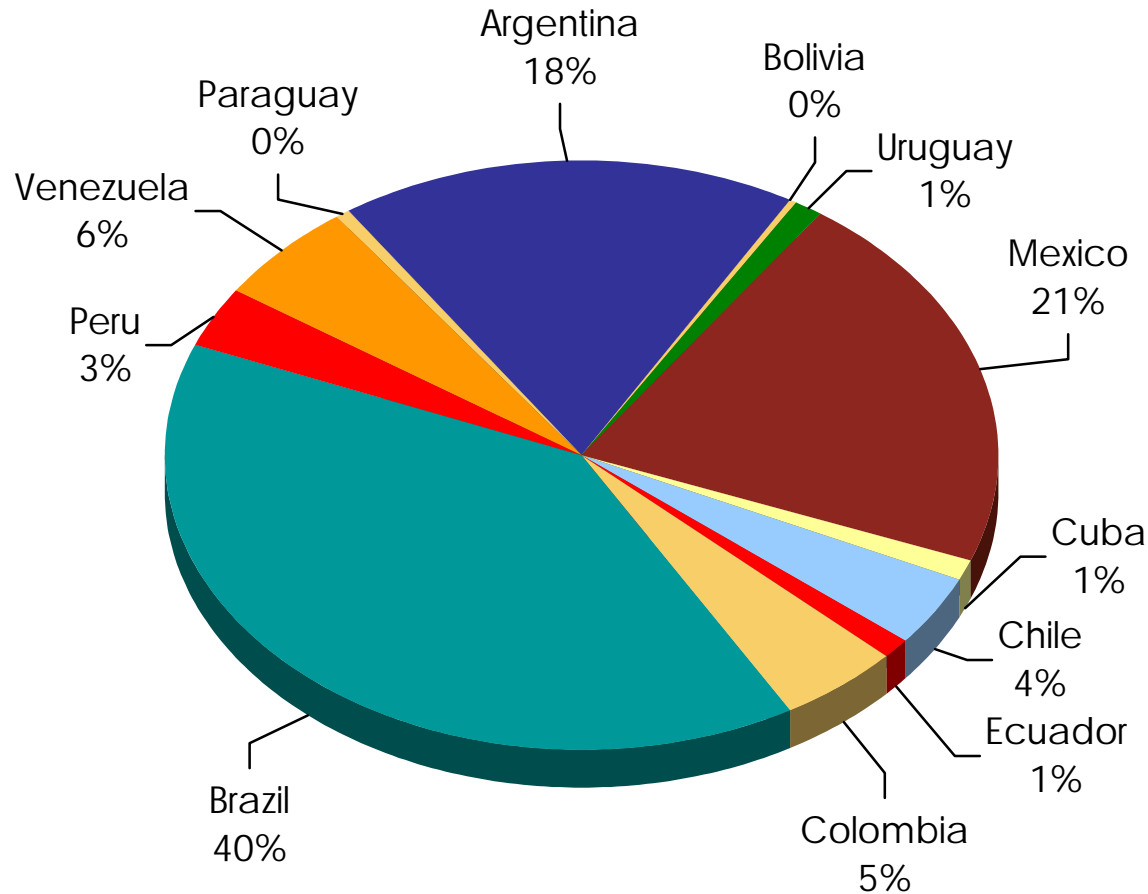
(\$ Millions)



The Latin American Economies

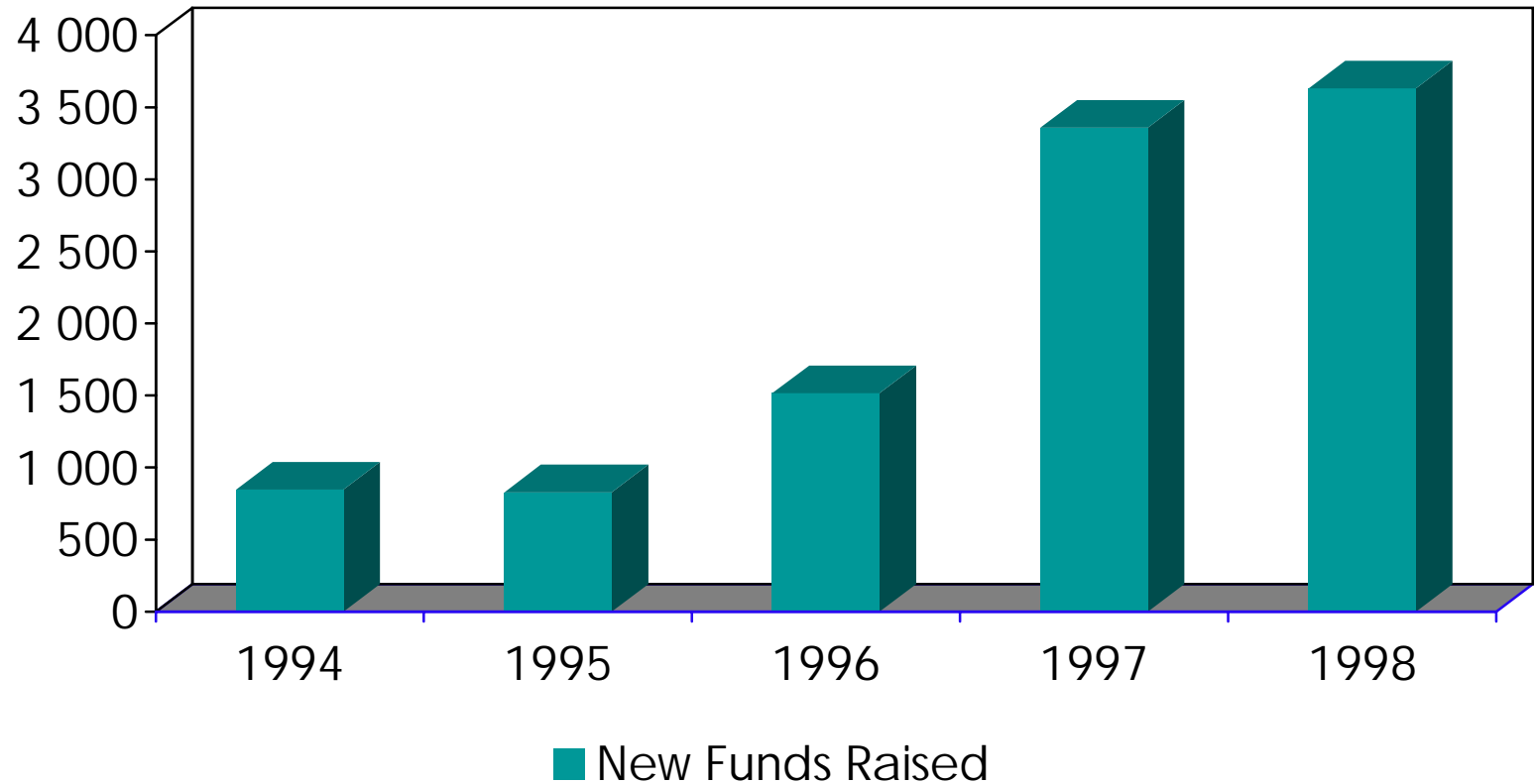
The Size of the Main Economies

1998 GDP



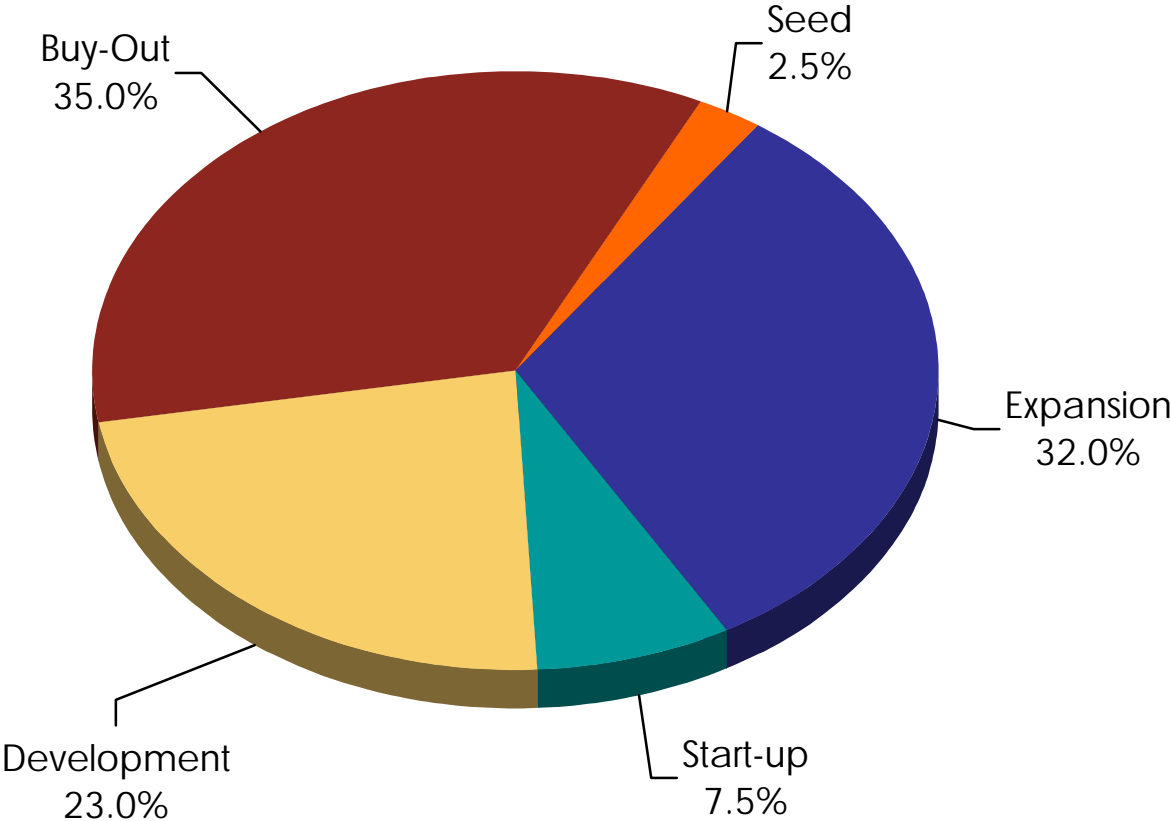
Latin America Private Equity Fund Raising

(\$ Millions)



Private Equity Disbursements in Latin America

Percent Invested by Stage during 1998



Source: HarbourVest Estimates

Private Equity in Asia, Latin America & Emerging Markets

Issues

- Management-intensive existing portfolios
- Up-grading manager skills: active vs. passive models
- Macroeconomic volatility and slower growth
- Management team turnover
- Asset allocations to under-performing managers
- Concentrated allocations create mega-funds
- “Spray & Pray” strategies (post-fund closings)

Private Equity in Asia, Latin America & Emerging Markets

Outlook

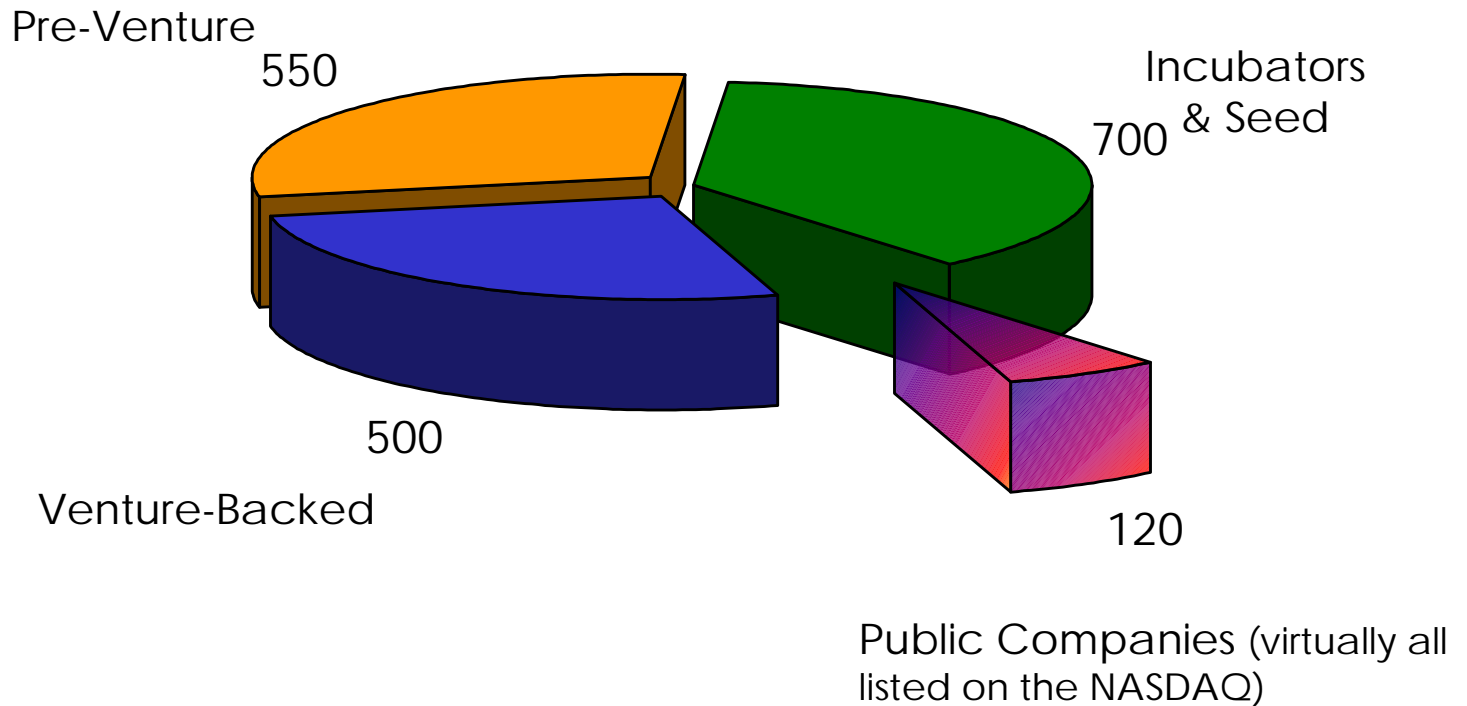
- Favorable post-crisis opportunities for later stage private equity
 - Control investments, buy-outs and restructurings
 - Newly accessible markets (Korea & Japan)
- Blurring of private and public deals
- Active management in portfolio companies
- Early stage venture capital model migrating fast due to internet/e-commerce
- New entrants and brand extensions from US & Europe
- Exits on NASDAQ; emergence of secondary exchanges & alliances

Private Equity in the Israeli Silicon Valley

Advantages

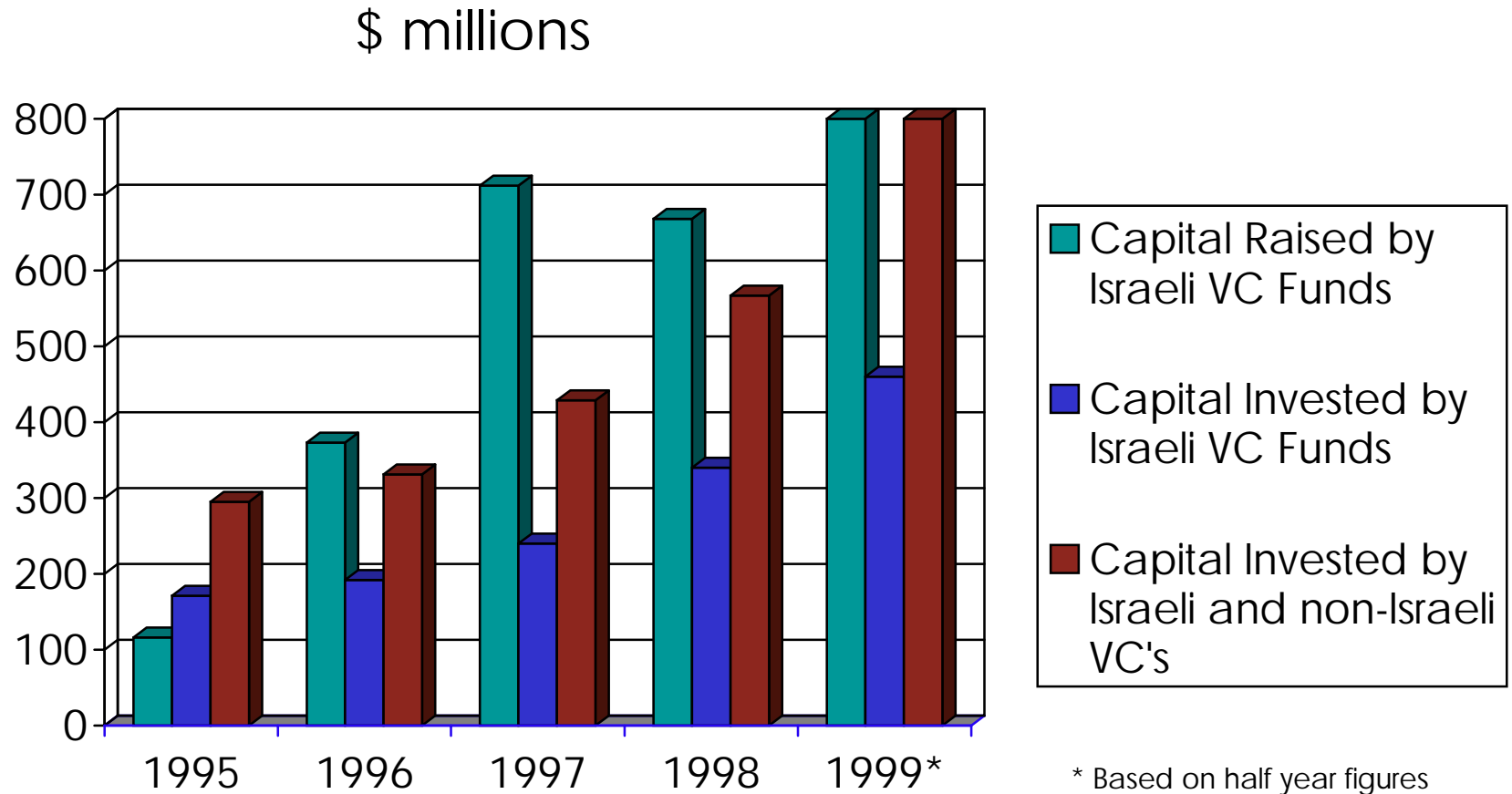
- Concentrated geographical area
- Extensive multinational involvement
- Wealth of human capital
- Growing number of high-tech companies
- Available exit avenues
 - IPO's and M&A's
- Defense technology spin off
- Availability of venture capital
- World class academic institutions
- Government incentives

Number of Israeli High-Tech Companies



Source: Giza Group

Capital Invested in Israeli Hi Tech Companies



Source: Giza Group

US Venture Capital Activity

	<u>1998</u>	<u>1999</u>
Investments	\$14.2B	\$35.6B
Number of companies	2,849	4,006
Average funding per company	\$5.2M	\$8.9M
Technology	62%	91%
Investment per capita	\$53	\$130

Trends in US Venture Capital

- Significance of Internet-related deals
 - \$3.4 billion in 1998
 - \$19.9 billion in 1999
- Growth across all regions, however, strong concentration in Silicon Valley (\$13.4 billion)
- Advances in technology will drive further investment
- Demand for Venture Capitalists with expertise

Private Equity in the US, Canada, and Quebec

	US <u>1999</u>	Canada <u>1998</u>	Quebec <u>1998</u>
Investment per capita	\$130	\$36	\$61
Number of companies	4,006	1,074	654
Average deal size	\$8.9M	\$1.0 M	\$0.7 M
Technology-related deals	91%	71%	61%