

Access To Public Capital Markets For Small Companies

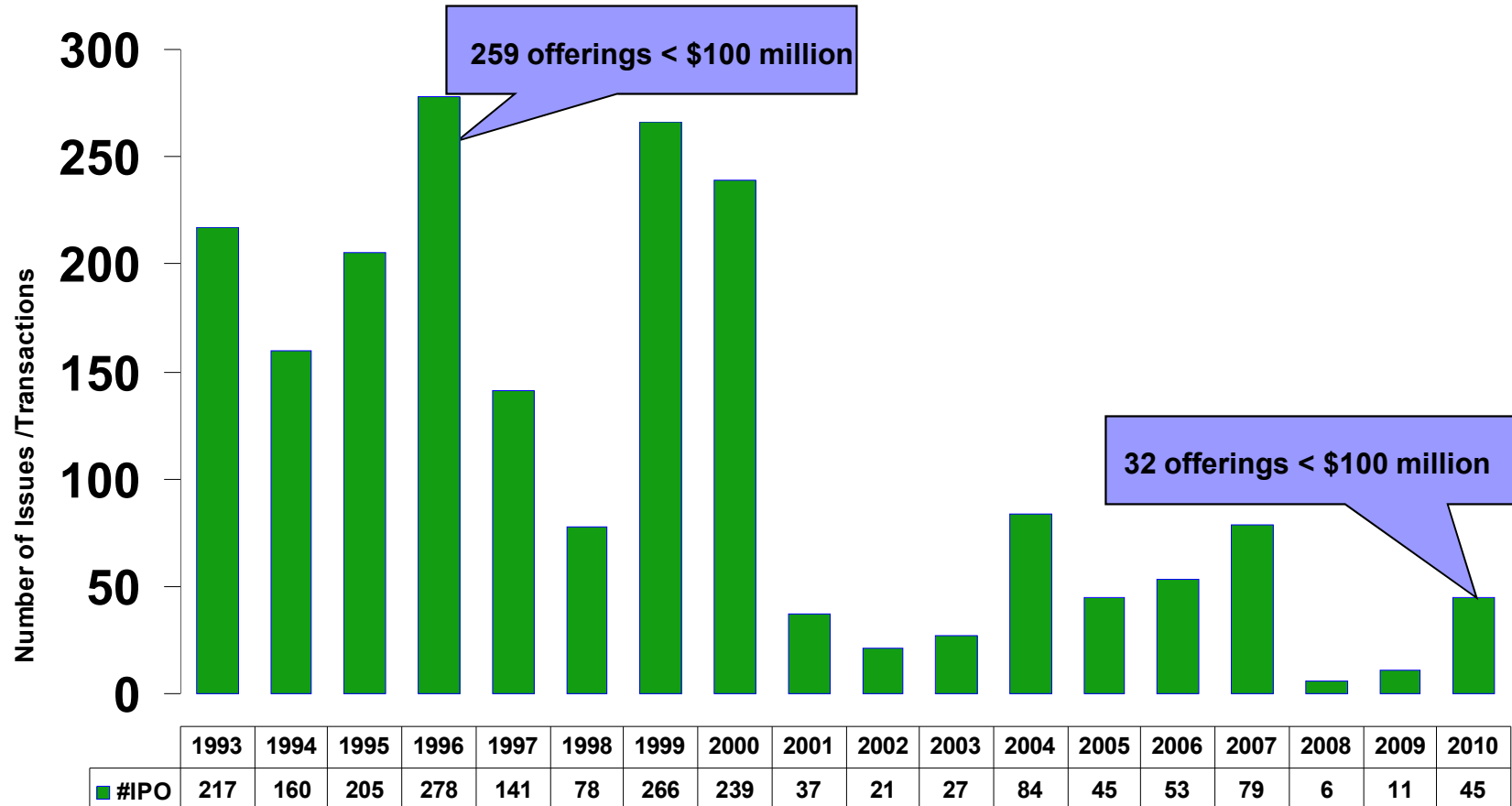


National Venture Capital Association



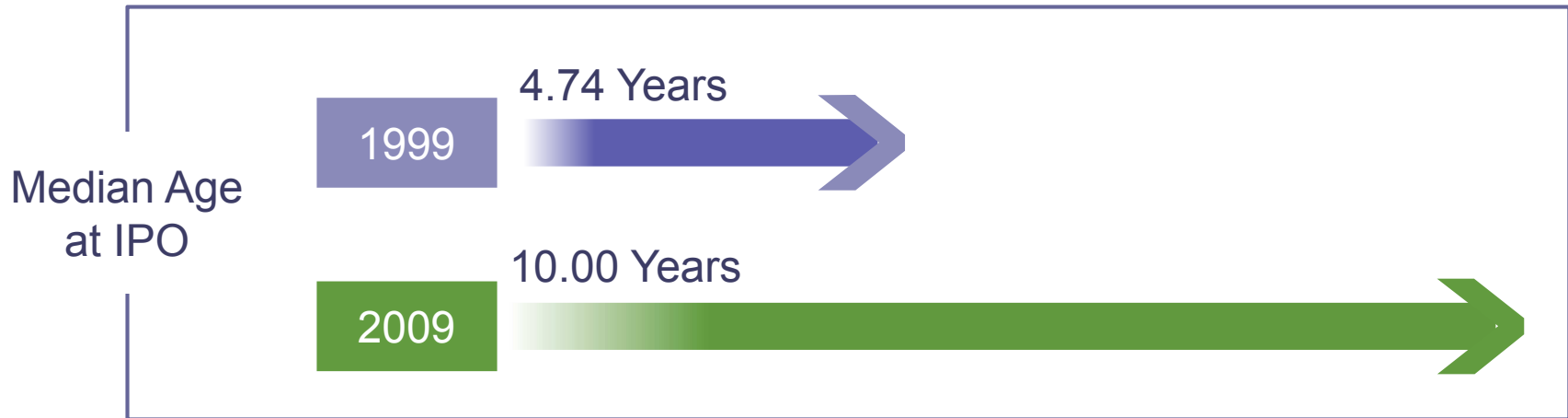
**Small Cap IPOs Have
Dropped Dramatically**

Significant Decline In U.S. Venture-Backed Company IPO's Over Last Decade



Source: Thomson Reuters/National Venture Capital Association

Time to Venture-Backed IPO Has Doubled for U.S. Companies



Source: Thomson Reuters/National Venture Capital Association



**Small Cap IPOs Are Critical To
U.S. Economy & Job Growth**

Great Venture-Backed Companies Built From Scratch

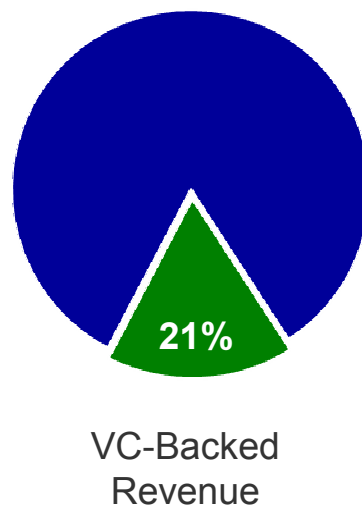
			Web	
		High tech		Retail/Services
		Life science		Cleantech

Small Companies Create Jobs & Grow Quickly...

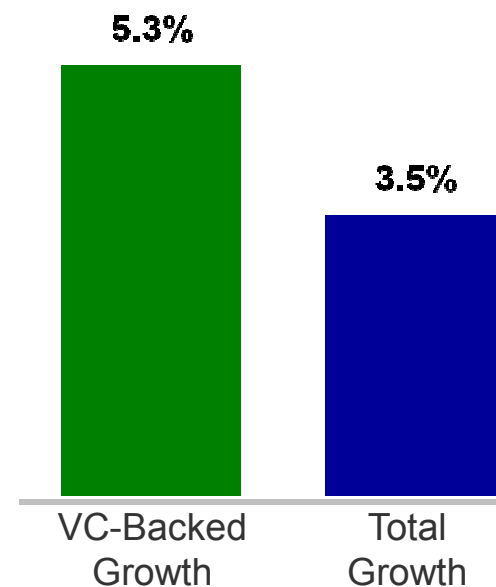
VC-Backed U.S. Revenues
(Trillions)



As a % of Total U.S. GDP
in 2008



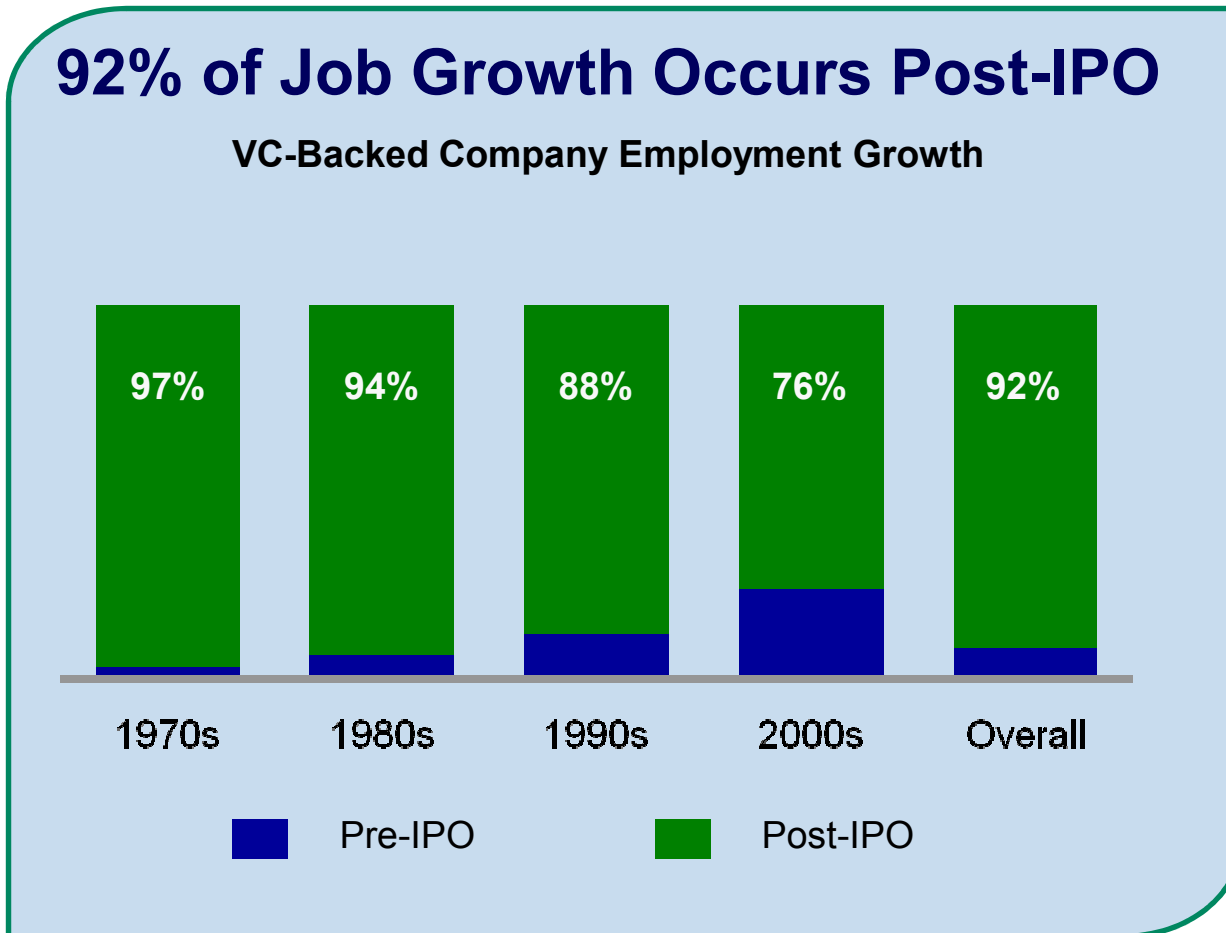
Outpaces 2006-2008
Total U.S. Sales Growth



**Venture Backed Companies Have Significant Economic Impact
Even Though Venture is Historically < 0.2% of GDP**

Source: Venture Impact 2007, 2008 & 2009 by Global Insight

IPO's Are Important For Job Creation

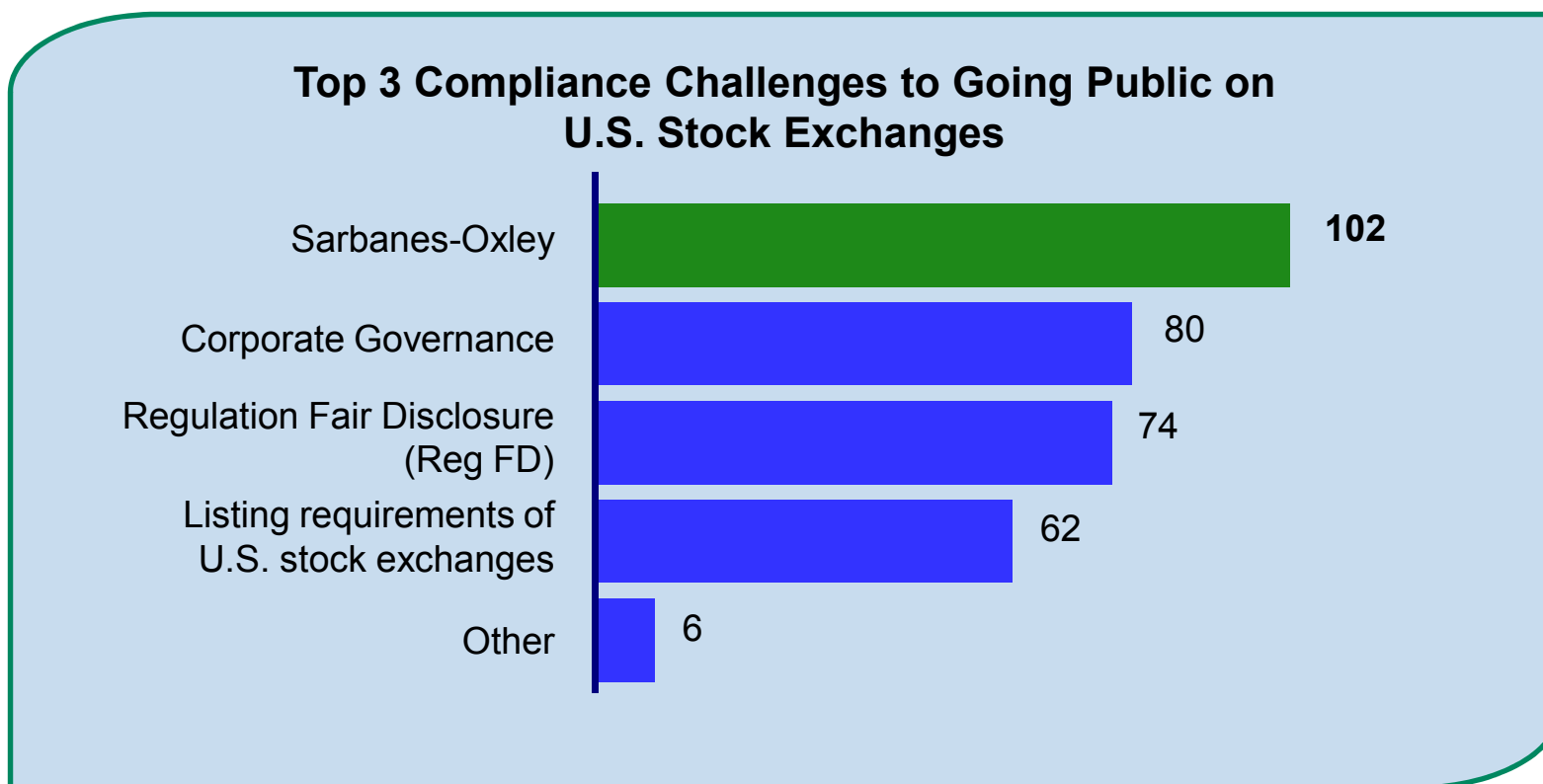


Source: NVCA, Global Insight and Survey of Top 136 VC-Based Companies That Went Public 1970–2005



**Small Cap IPOs Are
Challenged...But Can Be Fixed**

Regulatory Compliance Is Prohibitive for Small Companies



Emerging Companies Need Right-Sized Compliance Requirements to Thrive



Challenges for Small Cap IPO's

Supply Down

- Increased Regulation Makes IPO More Costly
- Sarbanes Oxley Compliance Is Hurdle for Small Companies

Channel Choked

- Boutique Banks With Small Cap Franchises Acquired
- Spitzer Decree
 - Shifted Economics to Trading
 - Drove Exodus of Research Analysts to Hedge Funds

Weak Demand

- Lower EBITDA Due To High SOX Costs Make Small Cap Stocks Unattractive
- Reg FD Resulted In Less Small Company Insight



Solutions To Stimulate Small Cap IPO's



Increase Supply

- *Adopt 2006 Donaldson Commission Recommendations*
- *Proportionally Scale Securities Regulations For Small Companies Defined By Market Capitalization*



Improve Channel

- Code of Conduct To Allow Banker-Analyst Relationship
- Allow Research To Receive Compensation For IPOs



Incent Demand

- One Time IPO Tax Incentive if Investor Holds Stock
- Allow Small Cap Companies Increased Disclosure Within Reg FD



For more information please contact

National Venture Capital Association
1655 Fort Myer Drive
Arlington, VA 22209
703-524-2549

Jennifer Connell Dowling, jcdowling@nvca.org
Mark Heesen, mheesen@nvca.org
Kate Mitchell, kate@scalevp.com