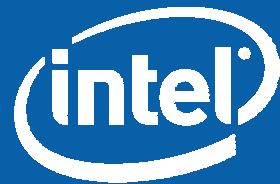


David E. Thomas
Managing Director
Intel Capital – Latin America

LAVCA 2006 Annual Summit
April 1, 2006



Advantages of Venture Capital

Companies that took advantage of Venture Capital in the US in the last 30 years:

- Employ 12.5 million of workers
- Generated US\$1.1 trillion in wealth (11% US GNP)
- Each US Dollar invested generated US\$6.5 in wealth
- A new job created per every US\$13.775 invested
- Companies funded by VC have higher sales, have higher investments in R&D for new technologies and collected a higher amount of taxes than public companies and other entities

High-Tech Cluster Growth in Israel

In the early 90's the Israeli gov't created a plan to stimulate the local VC industry. This plan, plus some other pre-existing conditions, like the influence of the military industry in high-tech R&D, capital market opening, governmental investment in high-tech R&D, and the world economic scenario, helped the great increase in the high-tech industry in the country.

Development of the Israeli High-Tech Cluster in the last 20 years			
	1980	1990	2000
Start-ups	~150	~300	~3000
VC funds	0	2	~100
Amount raised by VC funds (US\$ Mi)	0	~49	3400
Amount invested by VC funds (US\$ Mi)	0	~45	1270
IPOs of High-Tech Companies	1	9	~130
IPOs of High-Tech companies funded by VC	1	3	~70
"Start-ups" funded by international investments (%)	NA	NA	67%
% of high-tech exports over all industrial exports	~20%	~33%	45.70%
Amount raised in the capital market (US\$ Bi)	NA	NA	~10
Value of M&A in the high-tech industryI (US\$ Bi)	NA	NA	~10



The Latin American Venture Capital Association (LAVCA)

Building the Venture Capital and Private Equity Industry in Latin America and the Caribbean

LAVCA promotes the industry through programs of:

- **Research**
- **Networking**
- **Education**
- **Best Practices**
- **Advocacy**

Visit www.lavca.org!

2006 activities include:

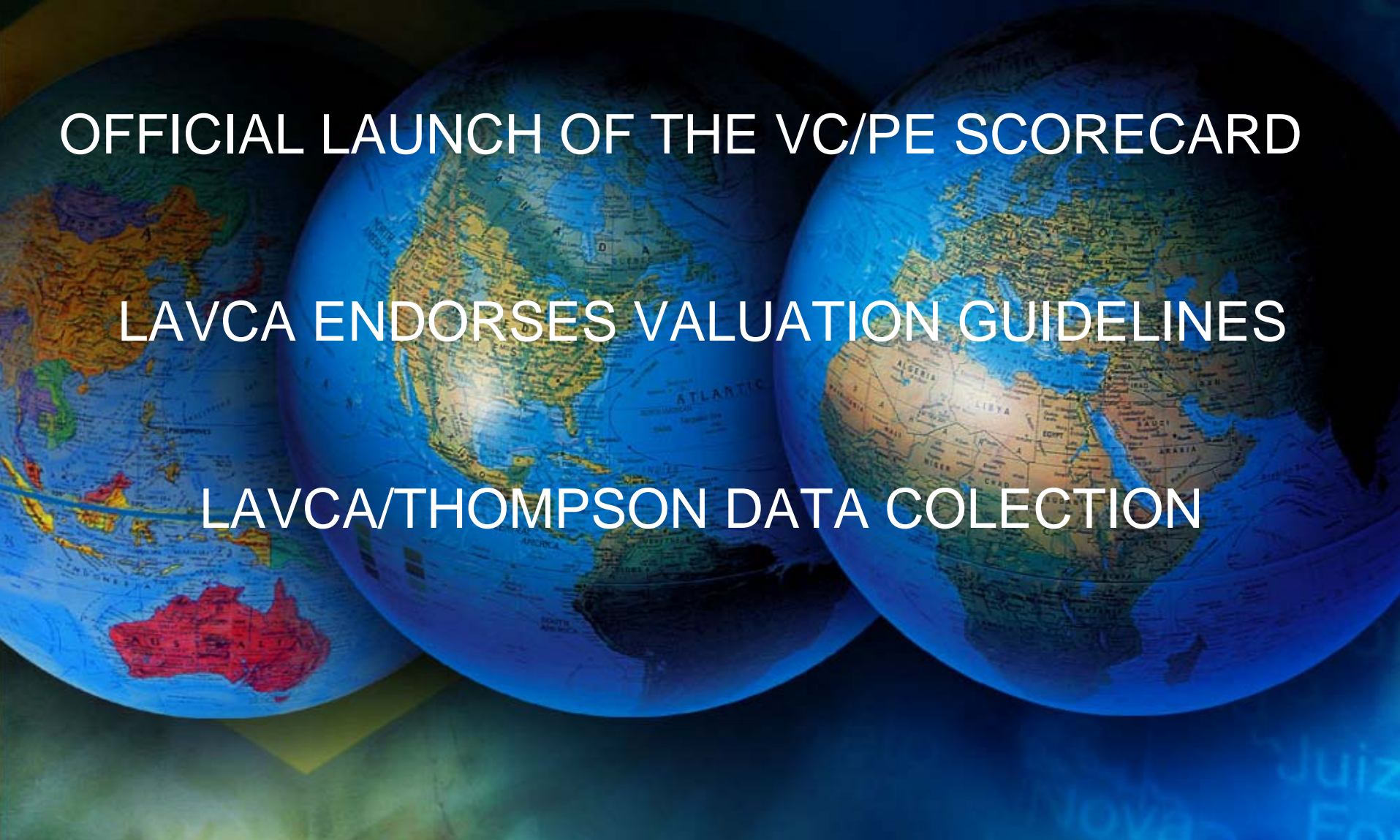
- **Industry Scorecard** by EIU
- **Data collection** by Thomson VE
- **Annual Summit** – April 1st in Brazil
- **MIF Venture Capital Network** – LAVCA-administered network of MIF fund managers
- **Monthly newsletter** – *The LAVCA Reporter*
- **Guide to Fund Managers** active in Latin America and the Caribbean

LAVCA DEVELOPMENTS

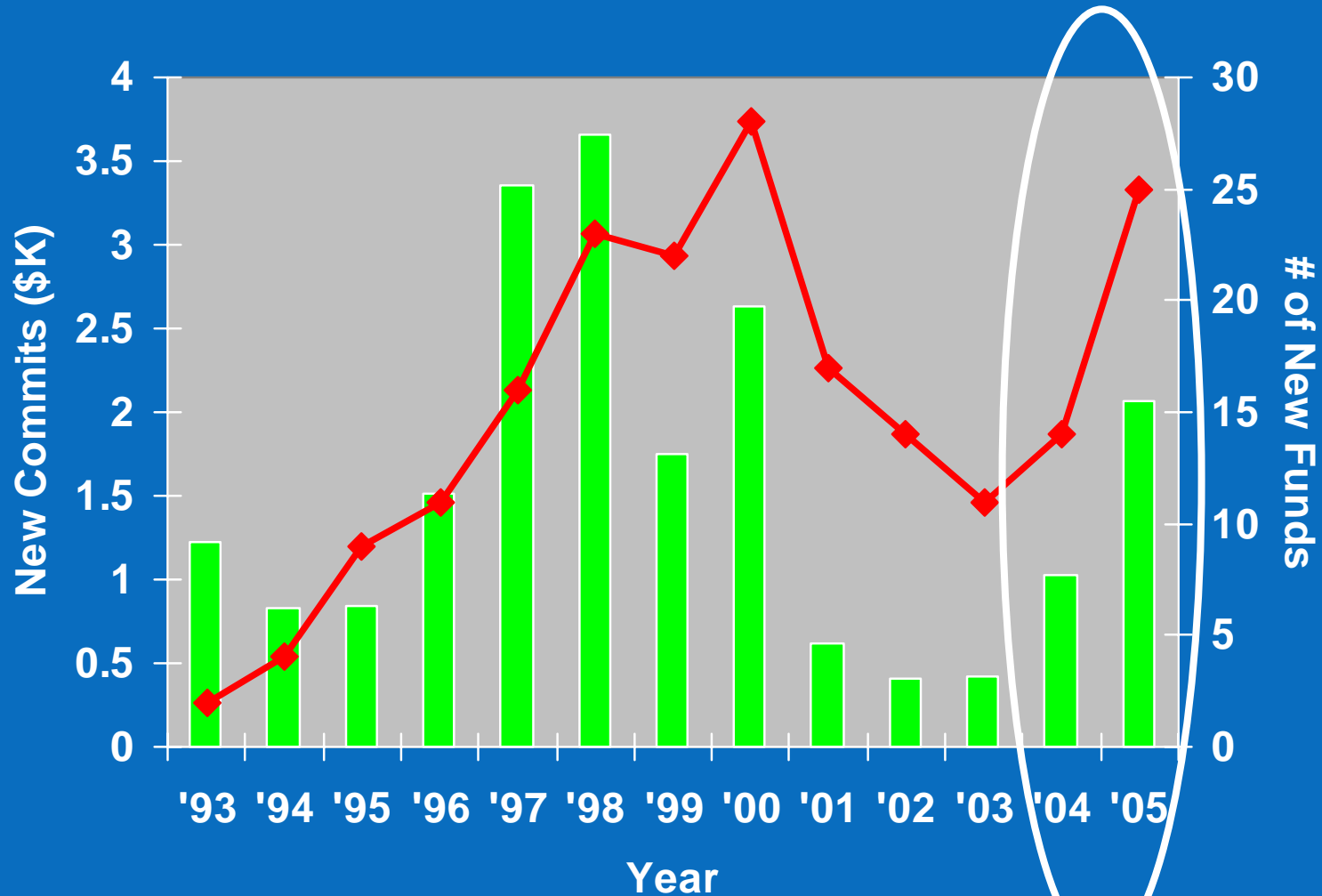
OFFICIAL LAUNCH OF THE VC/PE SCORECARD

LAVCA ENDORSES VALUATION GUIDELINES

LAVCA/THOMPSON DATA COLLECTION

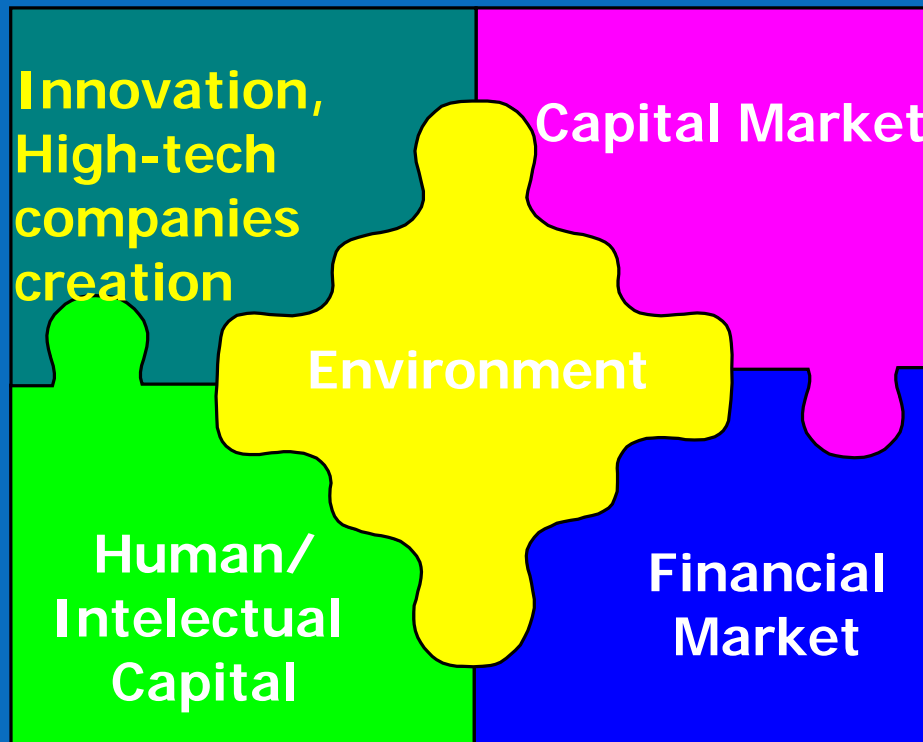


Session 1: Fund Raising



Source: Venture Equity Latin America

Session #2: Regulatory Environment



Session 3: Corporate Governance

Innovation

Technological innovation transference and production

- IP commercialization → creation of “start ups”

Intellectual Capital

- Entrepreneurs, experts administrators, investors, other specialized professionals (consultants, lawyers, accountants)

Financing/Markets

Financial Capital

- Seed investors (Angel), Venture Capital, Private Equity, Mezzanine

Exits

- M&A , IPOs

Administrative and Legal Structure

- Enterprising (culture), easiness and low costs to start a company, tax incentives, financial stability, transparence, contract enforcement

CORPORATE GOVERNANCE

Session 4: Competitive Sectors

Country Specific

Infrastructure

Natural Resources

Mining

Agricultural

LAVCA Networking Lunch

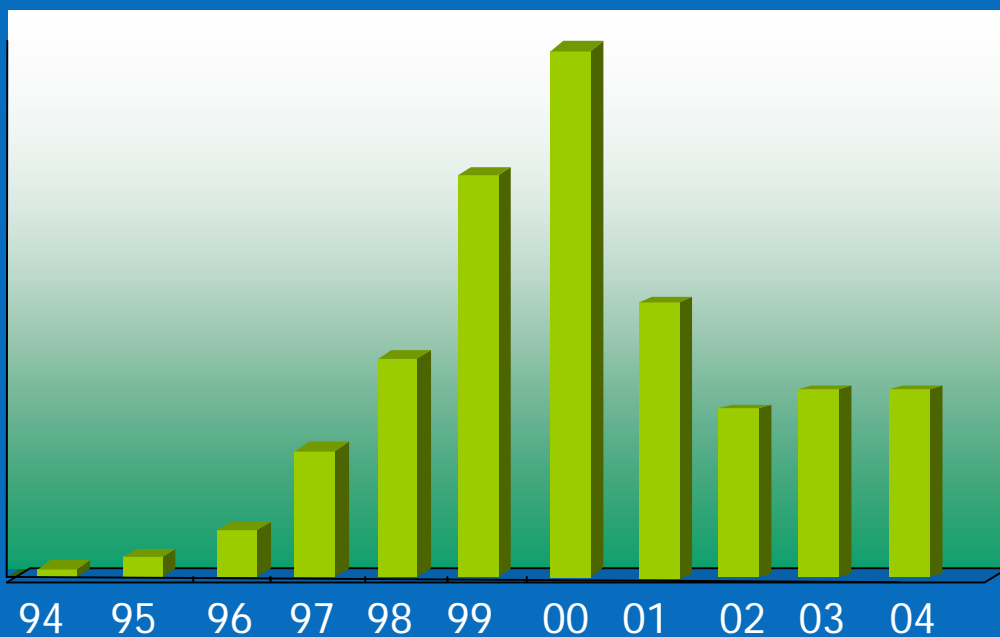
Cocktail Reception

*Sponsored by:
Rio Bravo & Intel Capital*

Thank you!

Intel Capital Investing Experience

of Transactions



Summary of 2005

~ 140 transactions

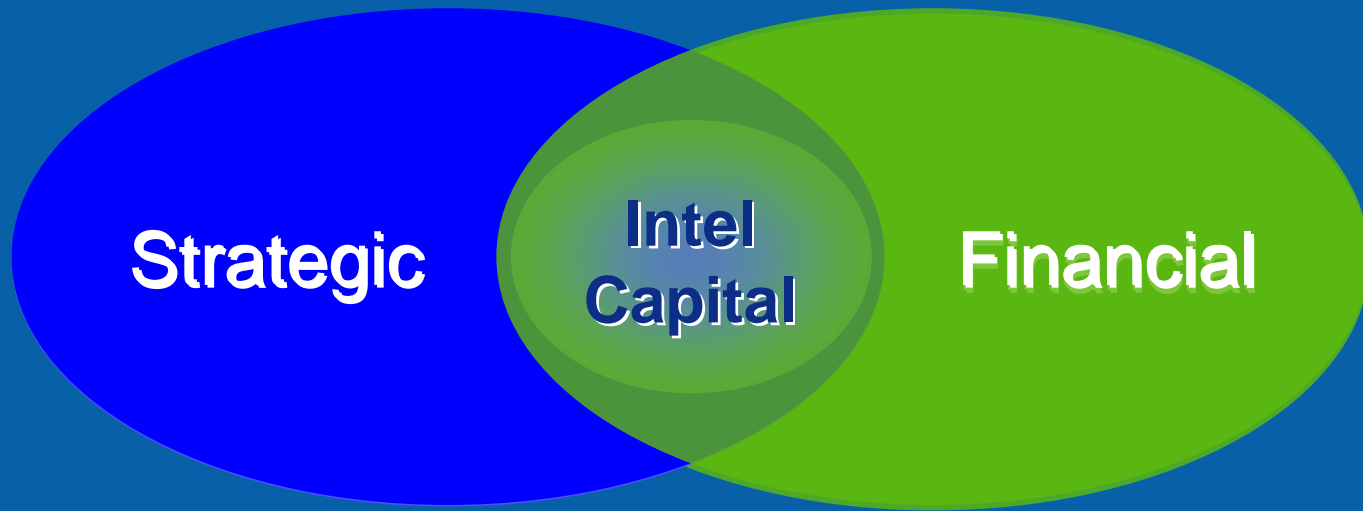
~\$265M invested

~22 exits via acquisitions

~55% of new deals outside
NA

~invested in 19 countries

Intel Capital Investment Rational



Some of Intel Capital's support programs

- Global networking opportunities
 - With > 350 companies in the portfolio world wide
 - Introductions to potential qualified customers w/ exposure to key executives and decision makers
 - Programs to provide access to our extensive reseller network
- Provide insights into future technologies
- Technical assistance
- Relationships w/ Intel Business Units
- In some cases, access to engineering and manufacturing knowledge
- Intel Technology Days
- CEO Summit

Intel Capital in LAR

Broadband penetration

- accelerate the adoption of broadband with an emphasis on wireless offerings (Wi-Fi e WiMAX)

Computing/Communications

- the transmission of data and rich content to any device, any where, anytime (cellular, PDA's, device in the home)

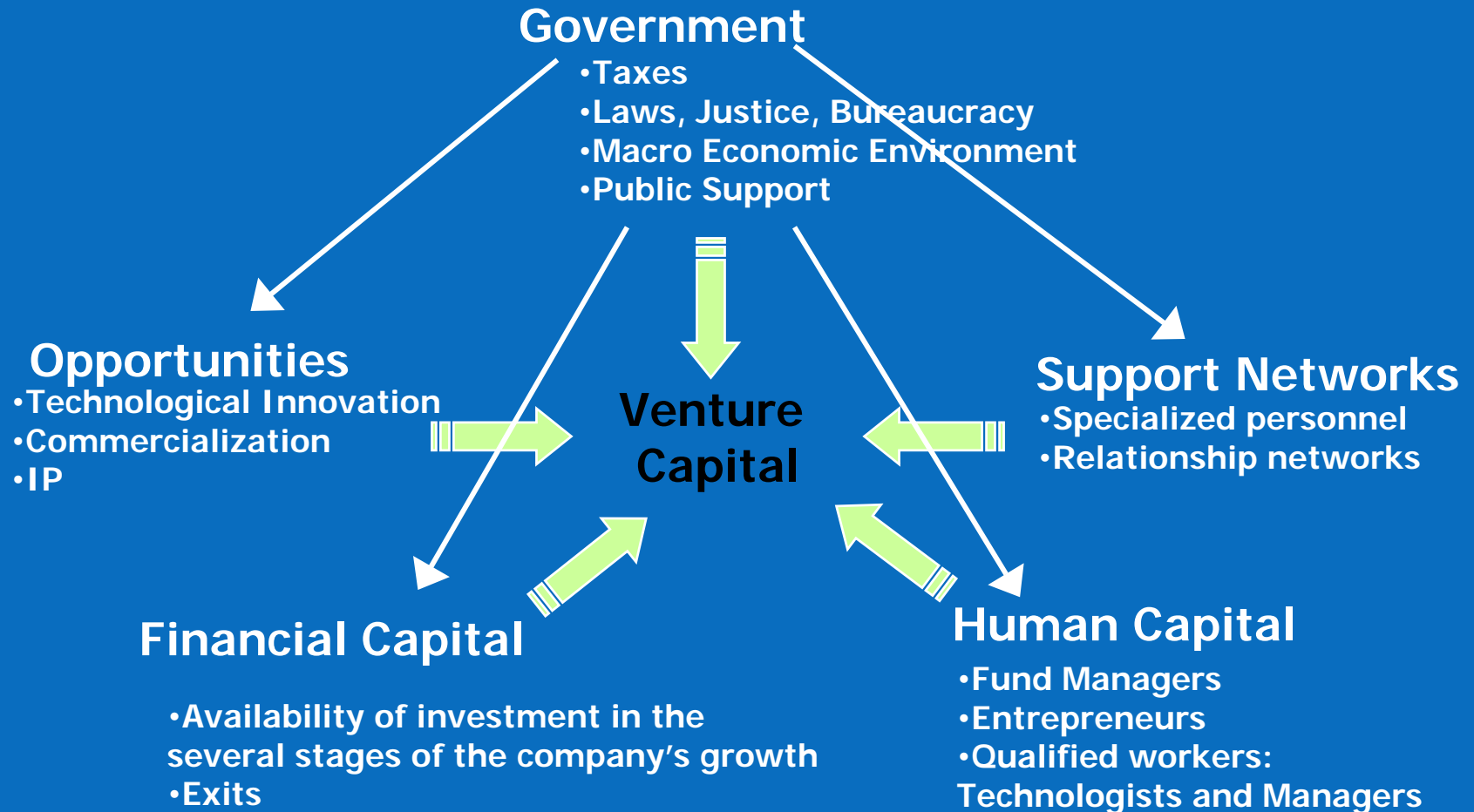
IT infrastructure

- for SME's (i.e. security; improved productivity)

Local manufacturing

- support the local ecosystem for the manufacturing of PC's and other technology products

VC Industry Ecosystem



The Government can influence all the vectors

“High Tech” cluster evolution in Israel

Among the Israeli governmental programs focused on attracting venture capital, the most successful were:

- **Inbal (1992) – Venture Capital funds guaranteed up to 70% of the total capital: Small success, only 4 funds were formed**
- **Yozma (93-97) – US\$ 100M governmental capital dedicated to 10 Israeli funds: Great success, these funds are leading today the Israeli venture capital market**
- **Magnet (92- present day) US\$ 60 to 70M per year dedicated to universities and private companies cooperation in Research: Great Success**
- **IT Company’s Incubators (92- present day) – 1 to 3 years program for seed stage companies in private incubators. Both the company and the incubator are financed by the govern: Great success in the industry transform in the early 90’s.**

Production, Income and Exportation Evolution in IT/High-Tech in Israel				
Year	Total Income (US\$Mi)	Exportation (US\$Mi)	Employees (US\$Mi)	Income per employee (US\$)
1995	5,890	4,300	40,000	147
1996	6,500	4,880	42,000	155
1997	7,200	5,700	43,000	166
1998	8,030	6,550	44,700	180
1999	8,580	7,130	45,800	187
2000	12,500	11,000	53,800	232