

BLOCKCHAIN CAPITAL, LLC

CRYPTO CURRENCY PARTNERS II, LP

NOVEMBER 2014



ONE FERRY BUILDING, SUITE 255 SAN FRANCISCO, CA 94111

EXPERIENCED TEAM IN INVESTING

	BART STEPHENS	BRAD STEPHENS	BROCK PIERCE	PAUL STEPHENS
EXPERIENCE	<ul style="list-style-type: none"> • Stephens Inv. Mgmt. • Ivanhoe Capital • E*Trade Group • Princeton 	<ul style="list-style-type: none"> • Stephens Inv. Mgmt. • Fidelity Ventures • CSFB • Furman Selz • Duke 	<ul style="list-style-type: none"> • Bitcoin Foundation Board Member • Founded 15x Startups • Raised > \$200M • Invested in > 25x Startups 	<ul style="list-style-type: none"> • Robertson Stephens & Co. • RS Investments • Duke Univ. Endowment • UC Berkeley Endowment
RECOGNITION	<p>#2 U.S. Long/Short Hedge Fund* 2.5x Venture Fund, 11.5% IRR</p>		<p>Founded 8 crypto currency startups and often referred to as the "father of digital currency"</p>	<p>40 Years in Silicon Valley Investment Management and Banking</p>

Leaders in Technology Investing

Incubated and Founded Dozens of Startups

100's of Silicon Valley Investments

*Absolute Return Magazine 2014



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ABOUT STEPHENS INVESTMENT MANAGEMENT LLC



STEPHENS
INVESTMENT MANAGEMENT

FOUNDED IN 2002 BY THE STEPHENS BROTHERS

INSTITUTIONAL HEDGE FUNDS & VENTURE FUNDS

ASSETS UNDER MANAGEMENT: \$150M

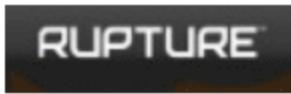
Decades of Successful Growth Investing



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SUCCESSFUL TRACK RECORD OF HOME RUNS

PRIVATE			PUBLIC		
 RelateIQ	2014	25.0x	 tencent.com	2014	77.0x
 ValueClick	2004	8.1x	 illumina	2009	39.0x
 sina	2008	6.9x	 US AUTOPARTS	2010	4.6x
 RUPTURE	2008	5.0x	 ISILON [®] SYSTEMS	2011	5.1x
 ADDEPAR	2014	TBD	 NCSoft	2007	3.4x

Private and Public Exits through Multiple Market Cycles

BROCK PIERCE – “FATHER OF DIGITAL CURRENCY”

INDUSTRY LEADER AND SPOKESPERSON

Singularity
University



MILKEN INSTITUTE

The New York Times

THE WALL STREET JOURNAL.



USA
TODAY

BITCOIN FOUNDATION BOARD MEMBER



Bitcoin Foundation

- Protocol Roadmap
- Global Regulatory Insight
- Thought leader exposure



PATRICK MURCK
GENERAL COUNSEL



GAVIN ANDRESEN
CHIEF SCIENTIST

Repeat Entrepreneur and Digital Currency Visionary



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BROCK PIERCE – SERIAL ENTREPRENEUR

FOUNDED CRYPTO

	GoCoin (payment processor)
	expresscoin (retail exchange)
	ZenBox (ATM / remittance network)
	Zoomhash (cloud / hardware mining)
	Blade Financial (Bitcoin debit card)
	Noble Markets (institutional exchange)
	Coin Congress (conference)
	Tether (fiat backed alt coin)

FOUNDED NON-CRYPTO

	IGE (2001–2007)
	Zam (2004–2012)
	IMI Exchange (2004–Present)
	Xfire 2.0 (2011–Present)
	Playsino (2011–Present)
	Five Delta (2012–2014)
	GamesTV (2005–2007)
	Evertune (2008–Present)

Extensive History of Defining Digital Currencies

CRYPTO CURRENCY PARTNERS I, LP



The First Dedicated Bitcoin Venture Fund

CRYPTO CURRENCY PARTNERS I, LP



khosla ventures

BENCHMARK

PANTERA

greylock
partners.



LIGHTSPEED
VENTURE PARTNERS



HIGHLAND
CAPITAL PARTNERS

Ribbit Capital

RADAR PARTNERS

Y Combinator



SVAngel

boost

PLUGANDPLAY
Silicon Valley in a Box™

RRE Ventures

Bitcoin Shop, Inc.

First Round
CAPITAL

Bitcoin Co-investments with Leading VCs



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USE CASES FOR “BLOCKCHAIN TECHNOLOGY”

Financial and Records

Bitcoin Private Equities Bonds Public Equities
Shareholder Voting Remittance Crowd-funding
Spending Records Micro-payments Commodities
Trading Records Derivatives Mortgage/loan records
Micro-finance Servicing records Micro-charity

Legal / Health / Education

Smart Contracts Signatures/identity Degrees
Wills Genome data Trusts Licensing
Medical Records Escrows Delivery records
Arbitration Grades Patents Copyrights
Certifications Academic Credits

Public Records

Land titles Birth certificates Vehicle registries
Business license Business Incorporation/dissolution
Business Ownership records Regulatory records
Criminal records Passports Death certificates
Voter IDs Building permits Health/safety inspections
Non-profit records Court records Gun permits Voting

Commercial / Media

HR Records Rental car keys Accounting records
Business transaction records Software licenses
Trademarks Betting records Hotel room keys
Safety deposit box keys Coupons Vouchers
Domain names Betting records Movie Tickets
DRM: Music/movie/book license GPS network identity

INDUSTRY GROWTH OVER THE PAST YEAR

Key Bitcoin Adoption Metrics

	Quarterly			Last 12 Months	
	Sep-14	Jun-14	Q/Q Δ	Sep-13	Δ
Commerce					
Wallets	6,559,978	5,427,688	21%	1,353,201	5x
Merchants	76,000	63,000	21%	10,000	8x
Merchants' annual revenue (\$bn)	86	29	196%	0	N/A
ATMs	251	103	144%	0	N/A
Unique bitcoin addresses	184,554	136,152	36%	61,734	3x
Industry					
All-time VC investment (\$m)	317.0*	225.3	41%	30.4	10x
Number of VC-backed startups	66*	50	32%	14	5x
Media					
Mainstream media mentions	9,398	9,024	4%	1,794	5x
Technology					
Network Hash Rate (billion/second)	261,900,382	111,194,683	136%	1,213,246	216x
Github no. of updated repositories	18,753	15,109	24%	1,573	12x
Valuation					
Bitcoin market capitalization (\$bn)	5.2	8.3	-37%	1.5	3x

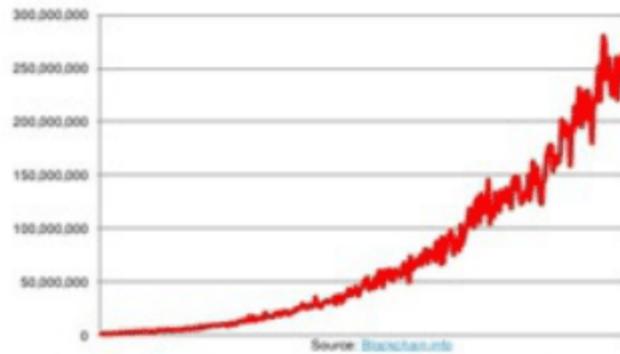
*Includes recent Q4 deals (eg Blockchain \$30.5m).

Sources: CoinDesk, [Blockchain.info](#), [BitcoinPulse](#), [Github](#), [Coin ATM Radar](#). Figures used are as of end of quarter.

HYPER GROWTH- ONE YEAR

The Mining Arms Race: A More Plausible Bitcoin Price Drop Theory?

Bitcoin Network Hash Rate (billions of hashes/second), 2010 – Present



- To remain competitive, miners – who possess perhaps the largest (and ever-growing) supply of bitcoins – must sell bitcoins to finance running costs and hardware upgrades

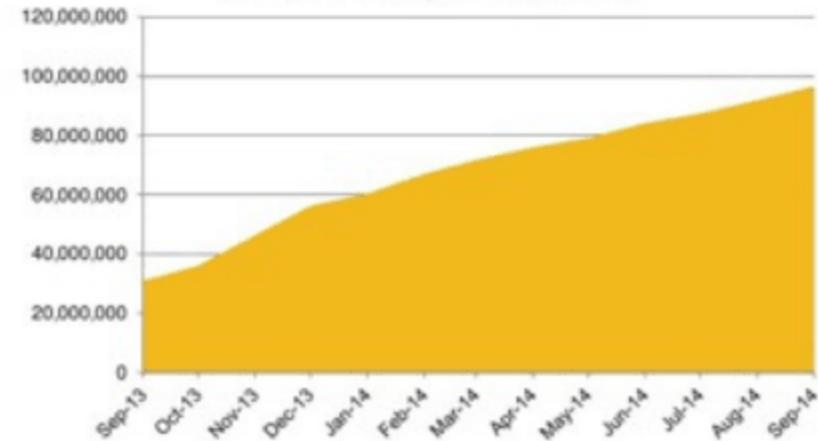
State of Bitcoin Q3 2014

CoinDesk

14

Total Exchange Trading Volume Sees Steady Growth

Cumulative Trading Volume (bitcoins)



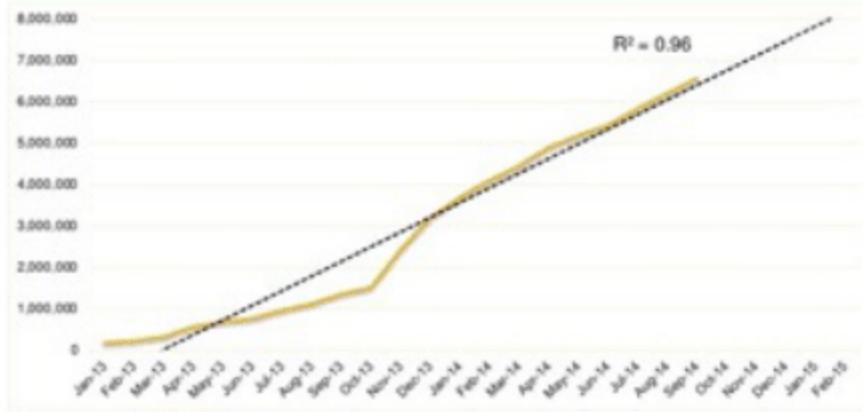
Source: CoinDesk, Bitstamp

State of Bitcoin Q3 2014

CoinDesk

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Approximately 8 Million Bitcoin Wallets Still Forecasted by End of Year



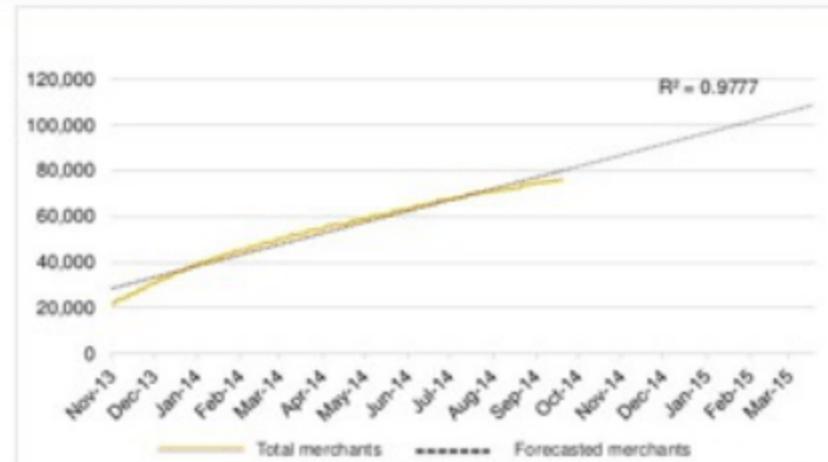
Sources and notes: total wallets based on data from Blockchain.info, MultiBit, Coinbase, Andreas Schildtach (Android Bitcoin Wallet developer). Historical Coinbase data provided by BitcoinPulse.

State of Bitcoin Q3 2014

CoinDesk

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Forecast Cut for Bitcoin-Accepting Merchants by 10K to 90K by End of Year



Sources and notes: total current merchant based on data from Coinbase and BitPay. Historical Coinbase data provided by BitcoinPulse. BitPay historical data between new merchant press release announcements of 10,000 (16th Sep 2013), 20,000 (13th Jan 2014) and 30,000 (29th May 2014), respectively, calculated using linear interpolation.

State of Bitcoin Q3 2014

CoinDesk

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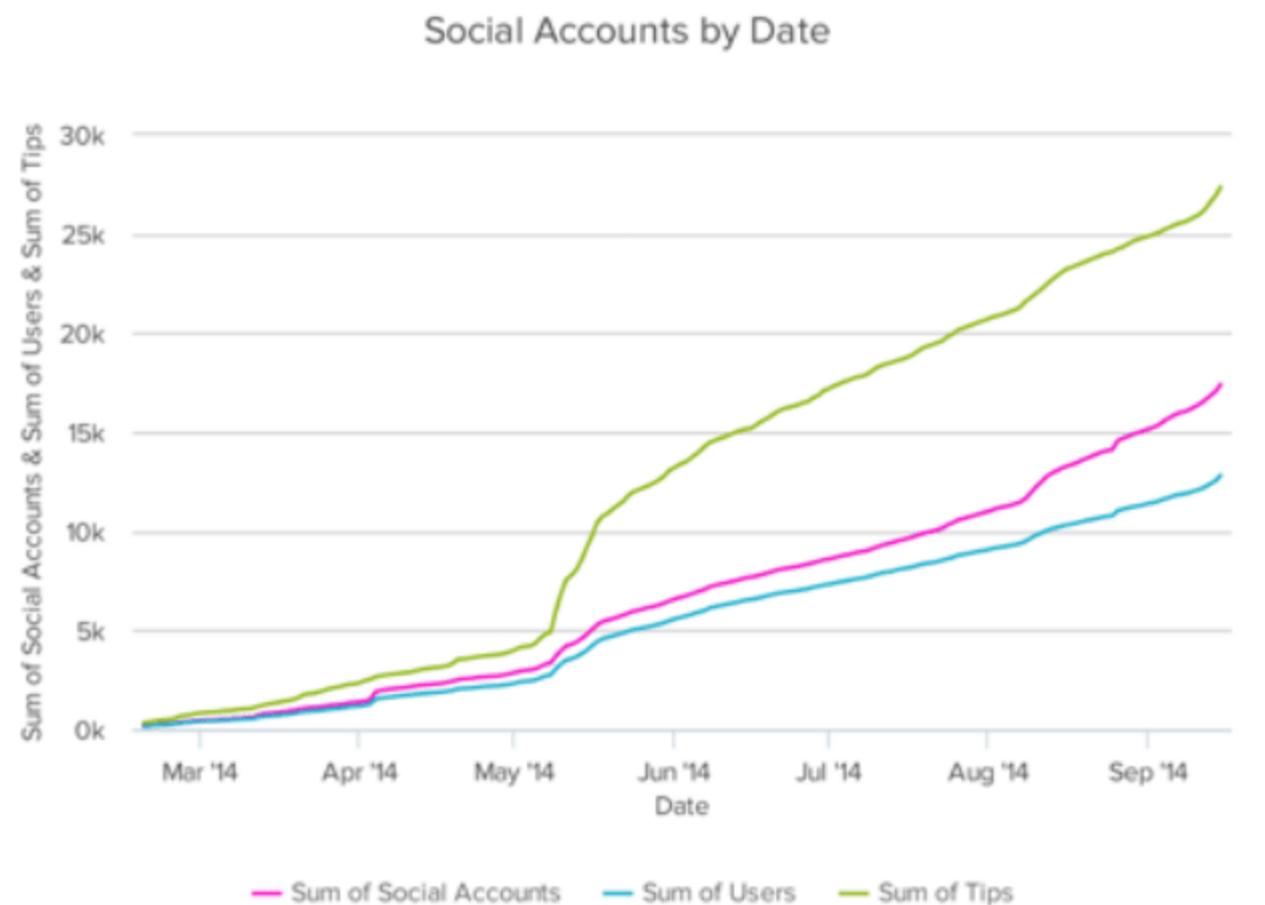
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CASE STUDY: ChangeCoin

ChangeTip enables a “tipping” feature using Bitcoin on other companies’ websites. It has built a Bitcoin micropayment platform that is currently integrated with Twitter, GitHub, Reddit, Google+, Tumblr, and YouTube.

We believe that ChangeCoin’s micro transaction platform is poised to be the financial equivalent of the “Like” button, and enabling new mechanisms for premium online content to be monetized

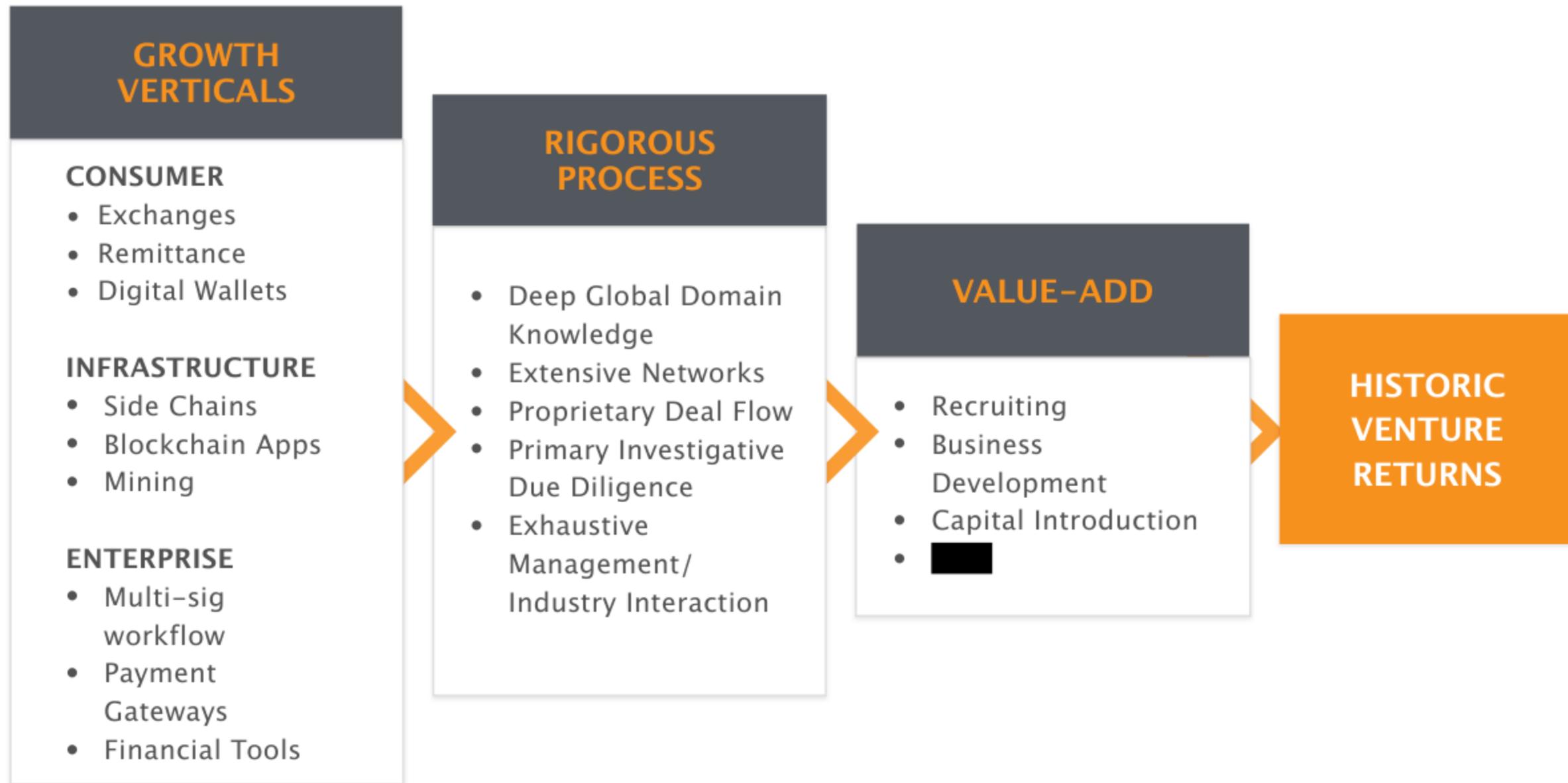


DataHero



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CCP II – INVESTMENT APPROACH



CCP II – STRATEGY AND MAKE-UP

FUND SIZE

\$20M

FUND POSITION
ALLOCATION

40% New CCP II investments

30% Reserves for CCP II follow-on rounds

30% Access to CCP follow-on rounds

FUND POSITION STRATEGY

Leverage our network and industry expertise to find investments that utilize Blockchain technologies and help these portfolio companies disrupt legacy industries.

Access to CCP's early seed deals as well as future deals



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CCP II – CONTRIBUTED INVESTMENTS

	DATE INVESTED	\$ AMOUNT	DETAILS
BitGo	June '14	\$75,000	Series A preferred
Coinsetter	December '13	\$50,000	Convert to Series A
expresscoin	November '13	\$25,000	Convert to Series A, \$2.5m Cap
GoCoin	October '13	\$20,000	Note converted 4.5x at Series A
GoCoin	October '13	\$80,000	Common at \$2.5m, 4.5x at Series A
Kraken	April '14	\$70,000	Series A preferred
LedgerX	July '14	\$50,000	Series A preferred
TOTAL		\$370,000	(current value ~\$730,000)

SIM and Brock contributing Bitcoin Co-Investments at cost to CCP II

CCP II – INVESTMENTS MADE

	DATE INVESTED	\$ AMOUNT	DETAILS
PeerNova	September '14	\$50,000	Note Discounted to Series A preferred
BitAccess	September '14	\$25,000	Note Discounted to Series A preferred
BitPesa	September '14	\$100,000	Note Discounted to Series A preferred
BlockStream	October '14	\$100,000	Series A preferred
ChangeCoin	October '14	\$100,000	Series A Preferred
BitNet	October '14	\$75,000	Series A Preferred
TOTAL		\$450,000	

Actively continuing to invest in the ecosystem

CCP – PARTNERS AND ADVISORY BOARD

BOBBY LEE		CEO, BTC China
WILL O'BRIEN		CEO, BitGo
VINNY LINGHAM		CEO, Gyft (acquired by First Data)
MALCOLM CASSELLE		CEO, Timeline Labs
STEVE BEAUREGARD		CEO, GoCoin
CHARLIE LEE		Coinbase, Founder of Litecoin
IFTIKAR AHMED		Partner, Oak Investment Partners
MATTHEW ROSZAK		Partner, Tally Capital
SCOTT WALKER		Founder, ZenBox and ZoomHash
ADAM ETTINGER		leading Bitcoin legal counsel
BILL LEE		prolific angel investor

Built a robust team of Advisors and LPs from Bitcoin ecosystem



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CCP II – SUMMARY OF TERMS

FUND SIZE	\$20M
TERM	6–8 Years
FEE/INCENTIVE	2.5% / 25%
GP CONTRIBUTION	+2.5% Fund or + \$500k
INVESTMENTS	30 (\$100k – \$500k per deal)
STRUCTURE	Called Capital, BTC Accepted

CCP II – SERVICE PROVIDERS

ADMINISTRATION / CFO	Kranz & Associates
LEGAL	Sidley Austin
TAX / AUDIT	Crawford Pimintel
BANK	Silicon Valley Bank
CUSTODIAN	Merrill Lynch
BTC VAULT	Xapo

SUMMARY



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FIRST DEDICATED BITCOIN VENTURE FUND

UNPARALLELED ACCESS TO DEAL-FLOW

PROVEN TRACK RECORDS

Building the Future Leaders in the Bitcoin Ecosystem



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