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VENTURE-BACKED ACQUISITIONS CONTINUE AT RECORD PACE AS IPO ACTIVITY HOLDS STEADY IN Q3 2010

New York, New York, October 1, 2010 – Venture-backed company exit activity was driven by an active M&A market and level of IPOs consistent with a slow and steady recovery during the third quarter of 2010, according to the Exit Poll report by Thomson Reuters and the National Venture Capital Association (NVCA). The quarter ended with 14 venture-backed IPOs, marking slight declines in the number and total value of offerings from the second quarter of 2010. Notably, 104 acquisitions were completed in the quarter, as the venture industry continues to access the M&A market at a record pace.

"The sustained strength of the acquisitions market has been the quiet, untold exit story of 2010," said Mark Heesen, president of the NVCA. "While those following the industry have been focused on the IPO market recovery, venture-backed companies have been selling at record levels, generating very respectable returns for investors. We expect this momentum to continue, and perhaps even accelerate after the November elections as large corporations put cash to work by making strategic purchases."

Venture-Backed Liquidity Events by Year/Quarter, 2004-2010

Quarter/Year	Total M&A Deals	M&A Deals with Disclosed Values	*Total Disclosed M&A Value ($M)	*Average M&A Deal Size ($M)	**Number of IPO's	Total Offer Amount ($M)	Average IPO Offer Amount ($M)
2004	**349**	**188**	**16,043.8**	**85.3**	**94**	**10,481.6**	**111.5**
2005	**350**	**163**	**17,324.7**	**106.3**	**57**	**4,482.4**	**78.6**
2006	**377**	**164**	**19,034.8**	**116.1**	**57**	**5,117.1**	**89.8**
2007-1	88	31	4,640.3	149.7	18	2,190.6	121.7
2007-2	90	37	3,912.1	105.7	25	4,146.8	165.9
2007-3	108	55	11,261.7	204.8	12	945.2	78.8
2007-4	93	45	9,645.8	214.4	31	3,043.8	98.2
2007	**379**	**168**	**29,460.0**	**175.4**	**86**	**10,326.3**	**120.1**
2008-1	109	42	4,983.2	118.7	5	282.7	56.6
2008-2	87	27	3,321.2	123.0	0	0.0	0.0
2008-3	89	32	3,080.2	96.3	1	187.5	187.5
2008-4	66	18	2,390.9	132.8	0	0.0	0.0
2008	**351**	**119**	**13,775.4**	**115.8**	**6**	**470.2**	**78.4**
2009-1	65	15	666.0	44.4	0	0.0	0.0
2009-2	65	13	2,570.1	197.7	5	720.7	144.1
2009-3	69	23	1,392.4	60.5	3	572.1	190.7
2009-4	74	41	8,924.3	217.7	4	349.3	87.3
2009	**273**	**92**	**13,552.7**	**147.3**	**12**	**1,642.1**	**136.8**
2010-1	121	31	5,586.6	180.2	9	936.2	104.0
2010-2	97	22	2,932.2	133.3	17	1,274.9	75.0
2010-3	104	27	3,843.0	142.3	14	1,249.1	89.2

Source: Thomson Reuters & National Venture Capital Association

*Only accounts for deals with disclosed values

**Includes all companies with at least one U.S. VC investor that trade on U.S. exchanges, regardless of domicile.

IPO Activity Overview

There were 14 venture-backed IPOs valued at $1.2 billion in the third quarter of 2010, a 2% decrease in total value from the second quarter of 2010, but more than doubling the amount raised in the third quarter of 2009. The offerings spanned a diverse set of industries.

Eight of the 14 IPO exits for the quarter were in the Information Technology sector, accounting for a total of $749.3 million. Within this sector, Beijing, China-based Camelot Information Systems, Inc. (CIS), a provider of financial industry Information Technology services, raised $67.5 million on the New York Stock Exchange.

Green Dot Corporation (GDOT), a provider of retail-based financial debt card services based in Monrovia, California, began trading on July 22nd and raised $164.1 million, marking the largest venture-backed IPO of the quarter.

Venture-Backed IPO Industry Breakdown

		Q3 2010	
	Industry	***Number of Venture-Backed IPO's in the U.S.**	**Total Venture-Backed Offering Size ($M)**
Information Technology	Computer Software	3	315.7
	Internet Specific	3	190.5
	Computer Hardware	1	135.3
	Semiconductors	1	107.8
	TOTAL	**8**	**749.3**
Life Sciences	Biotechnology	2	134.8
	Medical/Health	2	118.4
	TOTAL	**4**	**253.2**
Other	Other Products	1	164.1
	Consumer Related	1	82.5
	TOTAL	**2**	**246.6**
	TOTAL	**14**	**1249.1**

Source: Thomson Reuters & National Venture Capital Association

*Includes all companies with at least one U.S. VC investor that trade on U.S. exchanges, regardless of domicile

SKS Microfinance, Ltd, a Hyderabad, India-based non-banking financial services company, raised $358.3 million on the Bombay Stock Exchange on August 3rd – the only company backed by US venture capital investors to go public on a foreign exchange in the third quarter.

Of the 14 IPOs in the third quarter, 11 were trading at or above their offering prices as of 9/30/2010. Forty-nine venture-backed companies are currently filed for an initial public offering with the SEC.

Mergers and Acquisitions Overview

As of September 30, 2010, 104 venture-backed M&A deals were reported for the second quarter, 27 which had an aggregate deal value of $3.8 billion. The average disclosed deal value was $142.3 million up 7% from Q2 2010 and more than double the average disclosed transaction value in Q3 2009. This acquisitions volume marks a 7% increase from the second quarter of 2010 and puts this year on track to hit record levels. M&A volume in the first three quarters of 2010 has already nearly doubled full year 2009 transactions.

The information technology sector led the venture-backed M&A landscape, with 82 deals and a disclosed total dollar value of $1.0 billion. Within this sector, computer software and internet specific companies accounted for the bulk of the targets with 33 and 32 transactions, respectively, across these sector subsets.

Venture-Backed M&A Industry Breakdown

		Q3 2010		
	Industry	**Number of Venture-Backed M&A deals**	**Number of Venture-Backed M&A deals with a disclosed value**	**Total Disclosed Venture-Backed Deal Value ($M)**
Information Technology	Internet Specific	32	7	339.5
	Computer Hardware	5	1	306.1
	Computer Software	33	3	151.5
	Semiconductors/Other Elect.	5	2	131.0
	Communications and Media	7	2	93.0
		82	**15**	**1,021.1**
Life Sciences	Biotechnology	9	8	1,364.3
	Medical/Health	5	2	954.0
		14	**10**	**2,318.3**
Non-High Technology	Other Products	4	1	400.0
	Industrial/Energy	2	1	103.6
	Consumer Related	2	0	0.0
		8	**2**	**503.6**
	TOTAL	**104**	**27**	**3,843.0**

Source: Thomson Reuters & National Venture Capital Association

In the biggest venture-backed deal of the quarter, Alcon acquired LenSx Lasers, Inc, an Aliso Viejo, California-based developer of surgical lasers for $744 million.

Deals bringing in the top returns, those with disclosed values greater than four times the venture investment, accounted for 33 percent of the total in the third quarter of 2010. Venture-backed M&A deals returning less than the amount invested accounted for 26 percent of the quarter's total, compared to 15 percent last quarter.

Analysis of Transaction Values versus Amount Invested

Relationship between transaction value and investment	Q1 10 M&A **	Q2 10 M&A **	Q310 M&A **
Deals where transaction value is less than total venture investment	9	3	7
Deals where transaction value is 1-4x total venture investment	7	4	11
Deals where transaction value is 4x-10x total venture investment	9	9	4
Deals where transaction value is greater than 10x venture investment	4	4	5
Total Disclosed Deals	**29**	**20**	**27**

Source: Thomson Reuters & National Venture Capital Association

** Disclosed deals that do not have a disclosed total investment amount are not included.

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About National Venture Capital Association

The National Venture Capital Association (NVCA) represents more than 400 venture capital firms in the United States. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy and support entrepreneurial activity and innovation. According to a 2008 Global Insight study, venture-backed companies accounted for 12.1 million jobs and $2.9 trillion in revenue in the United States in 2008. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org.