THOMSON REUTERS

NVCA
National Venture Capital Association

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACTS

Emily Mendell
NVCA
1.610.565.3904
emendell@nvca.org

Jeanette Volpi
Thomson Reuters
1.646.223.5517
jeanette.volpi@thomsonreuters.com

VENTURE-BACKED ACQUISITIONS BREAK ALL-TIME ANNUAL RECORD; DRIVEN BY CHINESE COMPANIES, NUMBER OF IPOS AT HIGHEST QUARTERLY LEVEL SINCE 2000

New York, New York, January 3, 2011 – Venture-backed company exit activity was driven by a record-breaking M&A market and the biggest quarter for IPOs since the third quarter of 2000, according to the Exit Poll report by Thomson Reuters and the National Venture Capital Association (NVCA). The fourth quarter ended with 32 venture-backed IPOs, more than double the number of IPOs seen during the third quarter of 2010 The quarterly volume was driven by 17 Chinese companies funded by U.S. venture capital funds that went public on US exchanges. For full-year 2010, there were 72 venture-backed IPOs, the biggest year for activity since 2007. Over 400 acquisitions were completed during full year 2010, the biggest year, by number of deals, for venture-backed M&A exits since records began in 1985.

“In 2010 we moved from "abysmal to viable" in the venture-backed IPO market,” said Mark Heesen, president of the NVCA. “The number of offerings has improved in large part due to Chinese venture-backed companies going public on U.S. exchanges. We would like to see U.S. company IPOs grow at this pace in the coming year.”

“The record acquisition level illustrates a recognition by larger corporations that there is considerable innovation within these venture-backed companies, while VCs and founders are acknowledging the acquisition as the smoother exit,” continued Heesen. “However, volume is not the only important measure of the health of the venture exit market. We are pleased to see improvements in IPO performance and acquisition prices at the end of 2010 as well. We believe this momentum will continue in 2011 and look forward to better returns.”

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	**378**	**167**	**19,141.8**	**114.6**	**57**	**5,117.1**	**89.8**
2007-1	88	32	4,734.9	148.0	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	94	45	9,645.8	214.4	31	3,043.8	98.2
2007	**380**	**169**	**29,554.5**	**174.9**	**86**	**10,326.3**	**120.1**
2008-1	109	42	4,983.2	118.7	5	282.7	56.6
2008-2	85	26	3,267.9	125.7	0	0.0	0.0
2008-3	89	33	3,235.2	98.0	1	187.5	187.5
2008-4	65	18	2,390.9	132.8	0	0.0	0.0
2008	**348**	**119**	**13,877.2**	**116.6**	**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**	**13,552.9**	**147.3**	**12**	**1,642.1**	**136.8**
2010-1	122	31	5,586.6	180.2	9	936.3	104.0
2010-2	99	23	3,022.2	131.4	17	1,274.9	75.0
2010-3	111	30	4,022.7	134.1	14	1,249.1	89.2
2010-4	88	36	5,675.7	157.7	32	3,557.3	111.2
2010	**420**	**120**	**18,307.2**	**152.6**	**72**	**7,017.5**	**97.5**

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 32 venture-backed IPOs valued at $3.6 billion in the fourth quarter of 2010, almost three times the number of IPOs seen during full year of 2009. Seventeen of the fourth quarter offerings were Chinese based venture-backed companies. The offerings spanned a diverse set of industries.

Half of the 32 IPO exits for the quarter were outside of Information Technology and Life Sciences, accounting for a total of $1.7 billion. Beijing, China-based SinoTech Energy, Ltd. (CTE), a provider of enhanced oil recovery services, was the largest offering outside of technology and life sciences, raising $167.8 million on NASDAQ.

FleetCor Technologies (FLT), a provider of credit card processing solutions for the business fleet marketplace based in Norcross, Georgia, began trading on December 15th and raised $291.5 million, marking the largest venture-backed IPO of the quarter.

Venture-Backed IPO Industry Breakdown

		Q4 2010	
	Industry	***Number of Venture-Backed IPO's in the U.S.**	**Total Venture-Backed Offering Size ($M)**
Information Technology	Internet Specific	4	662.1
	Communications and Media	3	206.3
	Computer Software	1	91.0
	Semiconductors	1	67.5
	Computer Hardware	1	291.5
		10	**1,318.3**
Life Sciences	Biotechnology	3	301.5
	Medical/Health	3	203.0
		6	**504.5**
Other	Other Products	7	757.9
	Consumer Related	6	643.5
	Industrial/Energy	3	333.0
		16	**1,734.4**
	TOTAL	**32**	**3,557.3**

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

For the full year 2010, 26 number of companies listed on the New York Stock Exchange (NYSE) and 46 listed on the NASDAQ stock exchange.

Of the 32 IPOs in the fourth quarter, 20 were trading at or above their offering prices as of 12/31/2010. 42 venture-backed companies are currently filed for an initial public offering with the SEC.

Mergers and Acquisitions Overview

As of December 31, 2010, 88 venture-backed M&A deals were reported for the fourth quarter, 36 which had an aggregate deal value of $5.7 billion. The average disclosed deal value was $157.7 million up 18 percent from Q3 2010. Fourth quarter volume marks a 21 percent decrease from the third quarter of 2010, but brings the total number of venture-backed M&A exits to 420 – the largest full year for M&A exits since records began in 1985. The previous record was set in 2007, when 380 venture-backed companies were sold.

The information technology sector led the venture-backed M&A landscape, with 72 deals and a disclosed total dollar value of $2.8 billion. Within this sector, internet specific and computer software companies accounted for the bulk of the targets with 32 and 21 transactions, respectively, across these sector subsets.

Venture-Backed M&A Industry Breakdown

		Q4 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	295.8
	Computer Software and Services	21	6	726.3
	Communications and Media	11	5	1,179.5
	Semiconductors/Other Elect.	7	3	583.9
	Computer Hardware	1	1	31.2
		72	**22**	**2,816.6**
Life Sciences	Medical/Health	7	5	1,227.0
	Biotechnology	3	3	766.6
		10	**8**	**1,993.6**
Non-High Technology	Other Products	4	4	520.5
	Industrial/Energy	2	2	345.0
		6	**6**	**865.5**
	TOTAL	**88**	**36**	**5,675.7**

Source: Thomson Reuters & National Venture Capital Association

In the biggest venture-backed deal of the quarter, HealthSpring Inc acquired Bravo Health, Inc, a Baltimore, Maryland-based provider of healthcare services, for $545.0 million.

Deals bringing in the top returns, those with disclosed values greater than four times the venture investment, accounted for 45 percent of the total during full year 2010. Venture-backed M&A deals returning less than the amount invested accounted for 22 percent of the annual total.

Analysis of Transaction Values versus Amount Invested

Relationship between transaction value and investment	Q1 10 M&A	Q2 10 M&A	Q310 M&A	Q410 M&A	Full Year 2010
Deals where transaction value is less than total venture investment	9	3	7	5	24
Deals where transaction value is 1-4x total venture investment	7	4	11	14	36
Deals where transaction value is 4x-10x total venture investment	9	9	4	9	31
Deals where transaction value is greater than 10x venture investment	4	4	5	5	18
Total Disclosed Deals	**29**	**20**	**27**	**33**	**109**

Source: Thomson Reuters & National Venture Capital Association

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

About Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, healthcare and science and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs 55,000 people and operates in over 100 countries. For more information, go to www.thomsonreuters.com.

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.