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VENTURED-BACKED IPO MARKET ACTIVITY CONTINUES TO IMPROVE IN Q2 2011

New York, New York, July 1, 2011 – Driven by internet specific companies, venture-backed IPO exit activity showed marked volume increases over the second quarter of last year as the number of M&A exits returned to 2009 levels with disclosed dollar value remaining in line with recent quarterly volume. Twenty-two venture-backed IPOs valued at \$5.5 billion came to market in the second quarter of 2011, according to the Exit Poll report by Thomson Reuters and the National Venture Capital Association (NVCA). By dollars this quarter marked the strongest three-month period for venture-backed IPOs since the third quarter of 2000. For the second quarter 79 venture-backed M&A deals were reported, 36 which had an aggregate deal value of \$5.4 billion.

"When assessing the health of the venture-backed exit markets, it is important to differentiate between hype and reality," said Mark Heesen, president of the NVCA. "You need to look beyond the handful of high profile companies that have gone public or registered this quarter and examine what is happening with the broader market. If you do so, what you will see is an IPO market that is gradually improving from one of the most challenging exit environments ever faced by the venture industry and an acquisitions market that remains strong and is realigning itself with a new reality. We are not experiencing an IPO bubble and these numbers certainly do not suggest that one is forming. In fact, we would like to see more public offerings and continued improvements in post IPO performance over the rest of 2011 in order to remain on the road towards recovery."





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Venture-Backed Liquidity Events by Year/Quarter, 2005-2011

| Venture-Backed Liquidity Events by Year/Quarter, 2005-2011 | | | | | | | |
|--|-----------------------|---|--|---------------------------------------|----------------------|-----------------------------------|---|
| 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) |
| 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 | 382 | 170 | 29,556.6 | 173.9 | 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 | 2,550.1 | 196.2 | 5 | 720.7 | 144.1 |
| 2009-3 | 69 | 23 | 1,362.4 | 59.2 | 3 | 572.1 | 190.7 |
| 2009-4 | 74 | 41 | 8,614.7 | 210.1 | 4 | 349.3 | 87.3 |
| 2009 | 273 | 92 | 12,525.6 | 136.2 | 12 | 1,642.1 | 136.8 |
| 2010-1 | 122 | 31 | 5,586.6 | 180.2 | 10 | 1,110.3 | 111.0 |
| 2010-2 | 99 | 23 | 3,022.2 | 131.4 | 17 | 1,274.9 | 75.0 |
| 2010-3 | 113 | 30 | 4,022.7 | 134.1 | 14 | 1,249.1 | 89.2 |
| 2010-4 | 97 | 41 | 5,997.5 | 146.3 | 34 | 3,972.3 | 116.8 |
| 2010 | 436 | 129 | 18,752.5 | 145.4 | 75 | 7,017.5 | 101.4 |
| 2011-1 | 123 | 49 | 5,898.4 | 120.4 | 14 | 1,375.8 | 98.3 |
| 2011-2 | 79 | 36 | 5,410.3 | 150.3 | 22 | 5,454.2 | 247.9 |
| 2011 | 203 | 85 | 11,308.7 | 133.0 | 36 | 6,830.1 | 189.7 |

Source: Thomson Reuters & National Venture Capital Association

IPO Activity Overview

There were 22 venture-backed IPOs valued at \$5.5 billion in the second quarter of 2011, more than triple the dollar value seen during the second quarter of 2010 and a 29 percent increase by number of offerings compared to last year at this time. Fourteen of this quarter's offerings were from companies based in the United States while companies in France, Canada and Russia added one IPO each. Five of this quarter's IPOs were from companies based in China.

^{*}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.





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Fourteen of the 21 IPO exits for the quarter came from the Information Technology sector accounting for a total of \$3.9 billion. Eleven of the companies to go public in the IT sector were Internet Specific raising \$3.5 billion, the largest quarterly total for this sub-sector on record. By number of deals this quarter was the strongest three-month period for internet specific new listings since the third quarter of 2000 when 15 companies also went public.

In the largest IPO of the quarter Russian internet provider Yandex (YNDX) raised \$1.3 billion on NASDAQ on May 24th. The offering was the second largest IPO in the Internet Specific sector on record behind Google's \$1.7 billion IPO in 2004.

Beijing-based Renren Inc (RENN), a social networking Internet platform in China, raised \$743 million on the New York Stock Exchange NASDAQ on May 4th ranking as third biggest venture-backed internet specific IPO on record.

Venture-Backed IPO Industry Breakdown

| | | Q2 2011 | | |
|---------------------------|--------------------------------|---|---|--|
| | Industry | *Number of Venture- Backed IPO's in the U.S. | Total Venture- Backed Offering Size (\$M) | |
| Information Technology | Internet Specific | 11 | 3,491.9 | |
| | Computer Hardware | 1 | 233.7 | |
| | Computer Software and Services | 1 | 89.1 | |
| | Communications and Media | 1 | 77.0 | |
| | | 14 | 3,891.7 | |
| | Biotechnology | 3 | 343.6 | |
| Life Sciences | | 3 | 343.6 | |
| | Industrial/Energy | 2 | 744.0 | |
| | Other Products | 3 | 474.9 | |
| | | 5 | 1,218.9 | |
| | TOTAL | 22 | 5,454.2 | |

Source: Thomson Reuters & National Venture Capital Association

For the second quarter of 2011, 10 companies listed on the New York Stock Exchange (NYSE) and 12 listed on the NASDAQ stock exchange.

Of the 22 IPOs in the second quarter, 15 are trading at or above their offering prices as of June 30, 2011. Forty-six U.S. venture-backed companies are currently filed for an initial public offering with the SEC.

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





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Mergers and Acquisitions Overview

As of June 30, 2011, 79 venture-backed M&A deals were reported for the second quarter, 36 which had an aggregate deal value of \$5.4 billion. The average disclosed deal value was \$150.3 million, up 24 percent from Q1 2011. By total disclosed deal value second quarter volume marks a 56 percent increase from the second quarter of 2010.

The information technology sector led the venture-backed M&A landscape with 56 deals and a disclosed total dollar value of \$2.7 billion. Within this sector, Internet specific and Computer software and services accounted for the bulk of the targets with 21 and 20 transactions, respectively, across these sector subsets. For the first half of 2011, venture-backed M&A activity is up 31 percent by disclosed value and down eight percent by number of deals, compared to the first half of 2010.

Venture-Backed M&A Industry Breakdown

| | | Q2 2011 | | | |
|------------------------|--------------------------------|--|--|---|--|
| | 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) | |
| | Computer Software and Services | 20 | 5 | 1,020.0 | |
| | Internet Specific | 21 | 10 | 591.7 | |
| | Computer Hardware | 4 | 2 | 517.0 | |
| | Semiconductors/Other Elect. | 4 | 3 | 353.5 | |
| Information | Communications and Media | 7 | 5 | 240.8 | |
| Technology | | 56 | 25 | 2,723.0 | |
| | Biotechnology | 7 | 6 | 2,061.5 | |
| | Medical/Health | 10 | 5 | 625.8 | |
| Life Sciences | | 17 | 11 | 2,687.3 | |
| | Industrial/Energy | 2 | - | 1 | |
| Non-High Technology | Other Products | 4 | - | 1 | |
| | | 6 | | - | |
| | TOTAL | 79 | 36 | 5,410.3 | |

Source: Thomson Reuters & National Venture Capital Association

In the biggest venture-backed M&A deal of the quarter, Japan's Daiichi Sankyo acquired Plexxikon Inc, a Berkeley-based biopharmaceutical company, for \$805 million.





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Deals bringing in the top returns, those with disclosed values greater than four times the venture investment, accounted for 38 percent of the total during second quarter 2011. Venture-backed M&A deals returning less than the amount invested accounted for 26 percent of the quarterly total.

Analysis of Transaction Values versus Amount Invested

| Relationship between transaction value and investment | Q4 10 M&A ** | Q1 11 M&A ** | Q2 11 M&A ** |
|--|--------------------|--------------------|--------------------|
| Deals where transaction value is less than total venture investment | 6 | 9 | 9 |
| Deals where transaction value is 1-4x total venture investment | 15 | 16 | 12 |
| Deals where transaction value is 4x-10x total venture investment | 11 | 14 | 9 |
| Deals where transaction value is greater than 10x venture investment | 6 | 8 | 4 |
| Total Disclosed Deals | 38 | 47 | 34 |

Source: Thomson Reuters & National Venture Capital Association

"While we are anticipating increases in the number of venture-backed exits in the second half of the year, we can not stress the importance of stability right now," Heesen said. "The on-going debt limit debate combined with continuing uncertainty regarding governments and economies in many regions of the world could impact the capital markets and corporate spending on acquisitions in the second half of the year. We hope that will not be the case, but need to be prepared for it nonetheless."

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About National Venture Capital Association

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. According to a 2009 Global Insight study, venture-backed companies accounted for 12.1 million jobs and \$2.9 trillion in revenue in the United States in 2008. As the voice of the U.S. venture capital community, the National Venture Capital Association (NVCA) empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites its 400 plus members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.

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