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VENTURE-BACKED IPO EXIT ACTIVITY KEEPS MOMENTUM IN Q3 2013 WITH FIRST CONSECUTIVE QUARTERS OF 20+ OFFERINGS SINCE 2004

Strongest Quarter for M&A Disclosed Value since Q3 2012

New York, New York, October 1, 2013 – Twenty-six venture-backed initial public offerings (IPOs) raised \$2.7 billion during the third quarter of 2013, a 13 percent increase from the second quarter of this year and an 11 percent increase, by dollars, compared to the previous quarter according to the Exit Poll report by Thomson Reuters and the National Venture Capital Association (NVCA). This quarter also marked the first consecutive quarter to see 20 or more venture-backed IPOs since the fourth quarter of 2004. For the third quarter of 2013, 107 venture-backed M&A deals were reported, 31 of which had an aggregate deal value of \$4.9 billion. This represents a 45 percent increase in disclosed value from the second quarter of this year and marks the strongest quarter for M&A disclosed value since the third quarter of 2012.

“While the number of M&A deals this quarter remains below recent run rates, the jump in the value of the deals from Q2 2013 is encouraging. This is an indication that venture-backed companies - particularly in IT - are attracting increased interest from strategic buyers, weighing all options, and holding out for better terms,” said John Taylor, head of research for NVCA. “On the IPO side, favorable public market conditions and stronger valuations are contributing to better quality IPOs for venture-backed companies as evidenced by the jump in dollars raised on the public markets. However, we are still well below ideal levels as VCs are still investing at greater rates than they are exiting those investments. While many venture-backed companies are opting for confidential registration filing, venture capitalists are telling us that they have a number of companies moving toward a public offering in the next quarter or two.”



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)
2008	422	134	16,236.9	121.2	7	765.0	109.3
2009-1	81	19	830.5	43.7	0	0.0	0.0
2009-2	79	15	1,982.4	141.6	7	997.6	142.5
2009-3	100	30	2,224.3	74.1	2	522.5	261.3
2009-4	100	45	7,327.7	162.8	4	459.7	114.9
2009	360	109	12,364.9	114.5	13	1,979.8	152.3
2010-1	149	36	4,945.1	137.4	8	921.9	115.2
2010-2	109	30	2,681.4	89.4	18	1,548.4	86.0
2010-3	141	36	4,140.9	115.0	18	2,061.5	114.5
2010-4	145	47	5,932.8	126.2	26	3,242.6	124.7
2010	544	149	17,700.3	118.8	70	7,774.4	111.1
2011-1	138	51	5,966.8	117.0	14	1,526.9	109.1
2011-2	95	37	6,202.3	167.6	21	5,883.5	280.2
2011-3	141	43	6,934.5	161.3	5	475.9	95.2
2011-4	123	38	4,989.6	131.3	11	2,803.2	254.8
2011	497	169	24,093.2	142.6	51	10,689.5	209.6
2012-1	114	28	3,671.0	131.1	19	1,682.8	88.6
2012-2	123	34	6,304.4	191.0	12	17,227.9	1435.7
2012-3	125	37	8,437.6	228.0	10	1,140.7	114.1
2012-4	125	30	3,751.1	125.0	8	1,408.4	176.1
2012	487	129	22,164.2	173.2	49	21,459.9	438.0
2013-1	87	10	984.3	98.4	8	716.9	89.6
2013-2	92	17	3,367.3	198.1	23	2,413.7	104.9
2013-3	107	31	4,878.7	157.4	26	2,677.2	103.0
2013	286	58	9,230.3	159.1	57	5,807.8	101.9

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



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There were 26 venture-backed IPOs valued at \$2.7 billion in the third quarter of 2013. By number of deals, quarterly volume increased 13 percent from the second quarter of this year but registered an 11 percent increase, by dollars, compared to the previous quarter. Excluding the record \$16.0 billion Facebook IPO, the third quarter of 2013 marks the strongest quarter for dollars raised by venture-backed companies since the fourth quarter of 2011.

Led by the biotechnology sector, 16 of the 26 offerings during the quarter were Life Sciences IPOs, representing 62 percent of the total issues for the quarter. With 14 biotechnology offerings in the third quarter, this marks the second consecutive quarter for double-digit listings in the sector since the third quarter of 2000.

By location, 24 of the quarter's 26 IPOs were from U.S.-based companies. Montage Technology Group Limited, a Shanghai, China-based developer of mixed-signal integrated circuits, raised \$71 million on the NASDAQ stock exchange on September 25th, the largest non-U.S. offering of the quarter.

In the largest IPO of the quarter, FireEye, Inc. (FEYE), a California-based global security network company, raised \$349 million and began trading on the NASDAQ on September 19th. The company is currently trading at more than twice its \$20 offering price.

		Q3 2013	
Industry		*Number of Venture-Backed IPO's in the U.S.	Total Venture-Backed Offering Size (\$M)
Information Technology	Computer Software and Services	4	663.8
	Semiconductors/Other Elect.	3	269.0
	Internet Specific	1	219.5
	Computer Hardware	1	97.5
Life Sciences		9	1,249.8
	Biotechnology	14	1,206.7
	Medical/Health	2	147.1
		16	1,353.8
	Consumer Related	1	73.6
		1	73.6
TOTAL		26	2,677.3

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



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During the third quarter of 2013, 21 companies listed on the NASDAQ stock exchange and five companies listed on the New York Stock Exchange. Thirteen of this quarter's 14 biotechnology IPOs listed on the NASDAQ stock exchange.

Twenty-two of the 26 companies brought to market this quarter are currently trading at or above their offering price. There are 44 venture-backed companies currently filed publicly with the SEC for IPO. This figure does not include confidential registrations filed under the JOBS Act, where many observers believe the majority of venture-backed companies now file.

Mergers and Acquisitions Overview

As of September 30th, 107 venture-backed M&A deals were reported for the third quarter of 2013, 31 of which had an aggregate deal value of \$4.9 billion, the strongest quarter by disclosed deal value since the third quarter of 2012. The average disclosed deal value was \$157.4 million, a 21 percent decrease compared to the second quarter of 2013.

The information technology sector led the venture-backed M&A landscape with 78 of the 107 deals of the quarter and had a disclosed total dollar value of \$2.6 billion. Within this sector, Computer Software and Services and Internet Specific deals accounted for the bulk of the targets with 40 and 25 transactions respectively across these sector subsets.

		Q3 2013		
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	Computer Software and Services	40	7	634.0
	Internet Specific	25	5	726.1
	Computer Hardware	6	2	516.9
	Semiconductors/Other Elect.	5	4	429.0
	Communications and Media	2	1	267.5
		78	19	2,573.5
Life Sciences	Medical/Health	16	9	1,300.6
	Biotechnology	2	1	650.0
		18	10	1,950.6
Non-High Technology	Industrial/Energy	6	1	350.0
	Other Products	3	1	4.6
	Consumer Related	2	-	-
		11	2	354.6
TOTAL		107	31	4,878.7



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Source: Thomson Reuters & National Venture Capital Association

The largest venture-backed M&A transaction during the third quarter was in the biotechnology sector, with Johnson & Johnson's \$650 million purchase of Aragon Pharmaceuticals, a San Diego, California-based developer of anti-endocrine therapies. AOL's \$465 million acquisition of San Mateo, California-based Adap.tv, Inc., an online video advertising service, ranked as the second largest venture-backed M&A deal during the quarter.

Deals bringing in the top returns, those with disclosed values greater than four times the venture investment, accounted for 41 percent of the total disclosed transactions during third quarter of 2013, on par with the second quarter of this year. Venture-backed M&A deals returning less than the amount invested accounted for 21 percent of the quarterly total.

Analysis of Transaction Values versus Amount Invested

Relationship between transaction value and investment	Q1 13 M&A**	Q2 13 M&A**	Q3 13 M&A**
Deals where transaction value is less than total venture investment	1	3	6
Deals where transaction value is 1-4x total venture investment	9	5	11
Deals where transaction value is 4x-10x total venture investment	0	6	8
Deals where transaction value is greater than 10x venture investment	0	0	4
Total Disclosed Deals	10	14	29

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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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.



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job creation and economic growth. 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 nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.