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VENTURE-BACKED IPO EXITS FALL TO THREE-YEAR LOW

Life Sciences M&A Tops Largest Deals During First Quarter

New York, New York, April 1, 2013 – Venture-backed initial public offering (IPO) activity raised \$672.0 million from eight offerings during the first quarter of 2013, a 52 percent decline in dollars raised from the fourth quarter of 2012 but on par with the number of listings during the previous quarter, according to the Exit Poll report by Thomson Reuters and the National Venture Capital Association (NVCA). The number of venture-backed IPO exits during the first quarter of 2013 fell 58 percent compared to the first quarter of last year. For the first quarter of 2013, 77 venture-backed M&A deals were reported, 10 of which had an aggregate deal value of \$984.3 million, a 73 percent decrease from the first quarter of 2012. This marks the slowest quarter for number of disclosed deals since the first quarter of 1995, when eight disclosed deals were completed.

“First quarter IPO and acquisitions activity is often subdued as year-end reporting and forward planning take priority, but this year political, taxation, and sequestration concerns weighed even more heavily on the exit market for emerging growth companies. Therefore, activity was especially slow,” said John Taylor, head of research for NVCA. “That said, public market valuations have been up recently, 2012 financial statements are being finalized now, and quality companies tell us they are starting the process toward an exit later in the year. Despite having waited for the right opportunity to move forward, the 2013 class of companies that goes public or gets acquired will have to be solid. Barring significantly adverse events, we expect stronger volume in the second and third quarters.”



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	132.2	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	113.4	13	1,979.8	152.3
2010-1	150	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	140	36	4,140.9	115.0	17	1,996.0	117.4
2010-4	146	47	5,932.8	126.2	26	3,242.6	124.7
2010	545	149	17,700.3	118.8	69	7,708.9	111.7
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	124	38	4,989.6	131.3	11	2,803.2	254.8
2011	498	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	120	33	6,185.7	187.4	12	17,219.1	1434.9
2012-3	118	35	8,088.8	231.1	10	1,140.7	114.1
2012-4	117	28	3,581.2	127.9	8	1,408.4	176.1
2012	469	124	21,526.7	173.6	49	21,451.2	437.8
2013-1	77	10	984.3	98.4	8	672.0	84.0
2013	77	10	984.3	98.4	8	672.0	84.0

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 eight venture-backed IPOs valued at \$672 million in the first quarter of 2013. By number of deals, quarterly volume was on par with the fourth quarter of last year but declined 58 percent compared to the number of deals listed during the first quarter of 2012.



Six of the eight IPOs of the quarter were IT-related IPOs representing 75 percent of the total issues for in the quarter. By location, all of the quarter's eight IPOs were by U.S.-based companies.

In the largest IPO of the quarter, Model N (MODN), a Redwood City, California-based provider of revenue management solutions for the life science and technology industries, raised \$120 million and began trading on the New York Stock Exchange on March 19th.

		Q1 2013	
Industry		*Number of Venture-Backed IPO's in the U.S.	Total Venture-Backed Offering Size (\$M)
Information Technology	Computer Software and Services	3	318.0
	Internet Specific	3	201.0
		6	519.0
Life Sciences	Biotechnology	1	101.2
	Medical/Health	1	51.8
		2	153.0
TOTAL		8	672.0

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

During the first quarter of 2013, five companies listed on the NASDAQ stock exchange and three companies listed on the New York Stock Exchange.

Seven of the eight companies brought to market this quarter are currently trading above their offering price. There are 25 venture-backed companies currently filed publicly for IPO with the SEC. 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 March 28th, 77 venture-backed M&A deals were reported for the first quarter of 2013, 10 of which had an aggregate deal value of \$984.3 million. The average disclosed deal value was \$98.4 million, a 23 percent decrease from the fourth quarter of 2012.

The information technology sector led the venture-backed M&A landscape with 58 of the 77 deals of the quarter and had a disclosed total dollar value of \$360 million. Within this sector, Computer Software and Services and Internet Specific deals accounted for the bulk of the targets with 30 and 18 transactions, respectively, across these sector subsets.

		Q1 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	30	2	175.0
	Internet Specific	18	3	185.0
	Computer Hardware	5	-	-
	Communications and Media	2	-	-
	Semiconductors/Other Elect.	2	-	-
	58	5	360.0	
Life Sciences	Medical/Health	6	2	195.0
	Biotechnology	3	2	399.3
	9	4	594.3	
Non-High Technology	Other Products	7	-	-
	Industrial/Energy	2	1	30.0
	Consumer Related	1	-	-
	10	1	30.0	
TOTAL		77	10	984.3

Source: Thomson Reuters & National Venture Capital Association

By disclosed value, the life sciences sector led all venture-backed merger activity, with \$594.3 million in deals. The largest venture-backed M&A transaction during the quarter was in the biotechnology sector, with Illumina Inc's \$350 million purchase of Verinata Health, Inc, a Redwood City California-based developer of non-invasive tests for fetal chromosomal abnormalities. The \$185 million purchase of pharmaceutical manufacturer Incline Therapeutics by Parsippany, New Jersey-based Medicines Co was the second largest M&A deal this quarter.



Deals disclosed values between one and four times the venture investment, accounted for 90 percent of the total disclosed transactions during first quarter of 2013. Venture-backed M&A deals returning less than the amount invested accounted for 10 percent of the quarterly total.

Analysis of Transaction Values versus Amount Invested

Relationship between transaction value and investment	Q4 12 M&A**	Q1 13 M&A**
Deals where transaction value is less than total venture investment	6	1
Deals where transaction value is 1-4x total venture investment	5	9
Deals where transaction value is 4x-10x total venture investment	10	0
Deals where transaction value is greater than 10x venture investment	4	0
Total Disclosed Deals	25	10

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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