

Venture Capital IPO Report

1st Half, 2011 – United States

Technology Venture Capital-Backed U.S. Company IPOs

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IPO Activity

Summary During the first half of calendar year 2011, 23 venture capital-backed U.S. technology companies went public, raising a total of \$3.79 billion in gross offering proceeds. This compares positively to the \$2.5 billion raised during the second half of 2010, resulting in a 51% increase in total amount raised.

10 Digital Media, Internet and IT venture-backed companies had IPOs resulting in \$1.67 billion total consideration. 5 life science companies raised \$282 million in gross proceeds. 8 companies in the remaining sectors of Semiconductors, Networking, Transportation, Alternative Energy, Wireless and Components garnered \$1.8 billion from public investors.

With respect to pricing, 10 IPOs priced above their expected range. 6 priced within the expected original or revised range and the remaining 7 companies priced below the original range sought. This represents a material improvement in pricing power versus the second half of 2010. As of 7/31/2011, 15 of 23 IPO share prices were higher than their initial flotation price, compared to 20 of 23 IPOs in the previous period.

Digital Media • Internet • IT

Digital Media One Digital Media company went public during the first half of 2011: [Responsys](#) (NASDAQ: MKTG).

Responsys raised \$74.2 million in its IPO, which priced at \$12 per share, above the original per share range. The company was funded by [Accel](#), [Foundation Capital](#), [Sigma Partners](#), and [Redpoint Ventures](#). Responsys is a digital media company with worldwide reach. It develops software for companies to enable relationship marketing with customers and network users.

Internet Five Internet companies went public during the first half of the year.

[Demand Media](#) (NYSE: DMD). The IPO for Demand Media raised funds totaling \$151.3 million with an original range of \$14-\$16 per share.

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Demand Media (NYSE:DMD) has traded at a 52-week high of 27.38 and low of \$10.14. The company creates timely context and video which sync with pertinent advertising. Demand Media collects user profiles, comments and discussion forums. Within its domain registry, it has 10 million unique domain names under control.

Business-oriented social networking company [LinkedIn](#) (NYSE: LNKD) went public with the second-largest IPO of the first half, raising \$352.8 million at a share price of \$45, which was within an upwardly revised range. The original range was \$32-\$35. LinkedIn was backed by prominent venture capital firms [Sequoia Capital](#), [Bessemer Venture Partners](#) and [Greylock Partners](#).

IT There were four IPOs during the second half of the year for the IT (Information Technologies) industry, with gross proceeds totaling \$502 million.

San Mateo, California-based [Epocrates](#) (NASDAQ: EPOC), which was founded in 1998 and raised \$86.4 million at a price of \$16 per share, above the original range of \$13-\$15. Epocrates says that more than 1.3 million healthcare professionals - 45% of US-based physicians - use its systems to improve their practice efficiency with its "drug reference, educational and clinical apps." The company was backed by a large syndicate of venture capital and private equity firms.

Biotechnology • Pharmaceutical

Biotechnology There were two biotechnology IPOs during the first half of the year, raising \$75 million each.

The [Fluidigm](#) (NASDAQ: FLDM) IPO raised \$75 million in gross proceeds for this high-tech nanotechnology company. The offering opened for trading within its expected range. The bioengineering products that Fluidigm has invented enable measurement of chemicals at the nanoliter scale. Venture capital firms that invested in the company include: [Alloy Ventures](#), [EuclidSR](#), [InterWest](#) and [Versant Ventures](#).

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Pharmaceutical Three venture capital-backed Pharmaceutical companies went public, raising \$132 million in aggregate gross proceeds, and represented the second most active VC backed industry for IPOs during 1H 2011.

[AcelRx Pharmaceuticals](#) (NASDAQ: ACRX) secured \$40 million in its IPO, which floated below the anticipated price range. AcelRx develops breakthrough medicines for acute pain management that can be administered within a physician's office. Venture capital firms that invested in the company included: [Three Arch Partners](#), [Skyline Ventures](#), [Alta Partners](#) and [Kaiser Permanente](#).

**Other
Technology**

There were 8 IPOs covering the remaining technology sectors of Semiconductors, Networking, Transportation, Alternative Energy, Wireless and Components. Aggregate gross proceeds totaled \$1.8 billion.

**Alternative
Energy**

[Solazyme](#) (NASDAQ: SZYM) transforms organic materials such as algae into oils and other bioproducts. Resulting products include fuel, skin-care, dietary supplements, and personal care. The IPO priced at \$18 per share, which was above the anticipated range of \$15-\$17. [Roda Group](#), [Lightspeed Venture Partners](#), and [Braemar Energy](#) were investors. Funds raised from the IPO totaled \$197.55 million.

Semiconductors [Freescale Semiconductor](#) (NYSE: FSL) floated the largest IPO of the six month period, raising \$783 million. The IPO went out significantly below its estimated range, pricing at \$18 per share versus a range of \$22-\$24 per share. [Blackstone](#), [The Carlyle Group](#), [Permira](#), and [TPG](#) were company investors. The company produces microcontrollers which are used in OEMs and by distributors that deploy embedded microprocessors.

Table 1 is on the following page

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Table 1

Venture Capital IPO Activity – 1st Half 2011

(Sorted by IPO date)

Company Name	Ticker	Industry	IPO Date	IPO Amount	IPO Price	7.31.11 Price	% Change
Demand Media	DMD	Internet	1/26/2011	\$151,300,000	\$17.00	\$10.14	-40%
NeoPhotonics	NPTN	Networking	2/2/11	\$82,500,000	\$11.00	\$7.38	-33%
Epocrates	EPOC	IT	2/2/2011	\$86,400,000	\$16.00	\$16.44	3%
Pacira Pharmaceuticals	PCRX	Pharmaceuticals	2/3/2011	\$42,000,000	\$7.00	\$10.02	43%
Endocyte	ECYT	Biotechnology	2/4/2011	\$75,000,000	\$6.00	\$13.33	122%
Gevo	GEVO	Alt. Energy	2/9/2011	\$107,250,000	\$15.00	\$16.53	10%
Fluidigm	FLDM	Biotechnology	2/10/2011	\$75,000,000	\$13.50	\$16.96	26%
AcelRx Pharmaceuticals	ACRX	Pharmaceuticals	2/11/2011	\$40,000,000	\$8.00	\$4.14	-48%
Cornerstone OnDemand	CSOD	IT	3/17/2011	\$136,500,000	\$13.00	\$16.40	26%
ServiceSource	SREV	IT	3/25/2011	\$119,400,000	\$10.00	\$18.66	87%
Tranzyme Pharma	TZYM	Pharmaceuticals	4/1/2011	\$54,000,000	\$4.00	\$3.97	-1%
Zipcar	ZIP	Transportation	4/13/2011	\$174,240,000	\$18.00	\$23.28	29%
Responsys	MKTG	Digital Media	4/20/2011	\$74,200,000	\$12.00	\$14.57	21%
RPX	RPXC	IT	5/4/2011	\$160,178,000	\$19.00	\$26.75	41%
Boingo Wireless	WIFI	Wireless	5/4/2011	\$77,895,000	\$13.50	\$8.77	-35%
LinkedIn	LNKD	Internet	5/18/2011	\$352,800,000	\$45.00	\$101.03	125%
Active Network	ACTV	Internet	5/24/2011	\$165,000,000	\$15.00	\$18.15	21%
Freescale Semiconductor	FSL	Semiconductors	5/25/2011	\$783,000,000	\$18.00	\$16.33	-9%
Solazyme	SZYM	Alt. Energy	5/27/2011	\$197,550,000	\$18.00	\$22.85	27%
Fusion-io	FIO	Components	6/8/2011	\$233,700,000	\$19.00	\$29.61	56%
Pandora	P	Internet	6/14/2011	\$235,200,000	\$16.00	\$15.09	-6%
Kior	KIOR	Alt. Energy	6/23/2011	\$150,000,000	\$15.00	\$14.45	-4%
HomeAway	AWAY	Internet	6/28/2011	\$216,000,000	\$27.00	\$39.31	46%
Total Tech VC IPOs	23			<u>\$3,789,113,000</u>			

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Notes

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The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

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