

Venture Capital M&A Quarterly

2nd Quarter, 2011 – United States

M&A Activity for:

Venture Capital-Backed Technology Companies

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Biotechnology • Pharmaceutical • Medical Devices

Summary Biotechnology, Pharmaceutical and Medical Device venture capital-backed M&A activity decreased in the number of transactions by 73%, with 3 companies acquired during the first quarter versus 11 companies acquired in the first quarter, 2011. Biotech and Pharmaceutical companies accounted for the acquisitions and no venture backed Medical Device companies were acquired during the quarter. 2 of the 3 transactions had disclosed amounts, totaling \$1.1 billion.

Biotechnology 2 venture capital-backed Biotechnology companies were acquired during the quarter. Advanced Biohealing was acquired by Shire Pharmaceuticals plc for \$750 million, in an all-cash transaction. Advanced Biohealing develops living cell-based therapies to repair damaged human tissue. It currently markets Dermagraft, a bio-engineered skin substitute.

Surface Logix was recently acquired by Nano Terra, in a deal where the financial terms were not disclosed. Surface Logix is involved in creating new small molecule drugs that are optimized to meet the changing needs of human physiology. The company is also developing programs that cater to cardiovascular, fibrotic, inflammatory, and metabolic diseases.

Pharmaceutical Only one pharmaceutical company changed hands this quarter, versus three in the previous quarter.

Baxter International (NYSE: BAX) paid the second highest acquisition price this quarter, with their purchase of Prism Pharmaceuticals worth \$338 million. This consisted of an upfront cash payment of \$170 million, and \$168 million in future sales-based milestone payments. Prism was involved in the development of Nexterone (amiodarone HCl) which has received approval by the Food and Drug Administration. This also includes a ready-to-use formulation of premixed intravenous bags.

Medical Devices There were no publicized venture capital-backed Medical Device companies acquired during the quarter.

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Table 1

Venture Capital M&A Activity – 2nd Quarter 2011
 Biotechnology • Pharmaceutical • Medical Devices

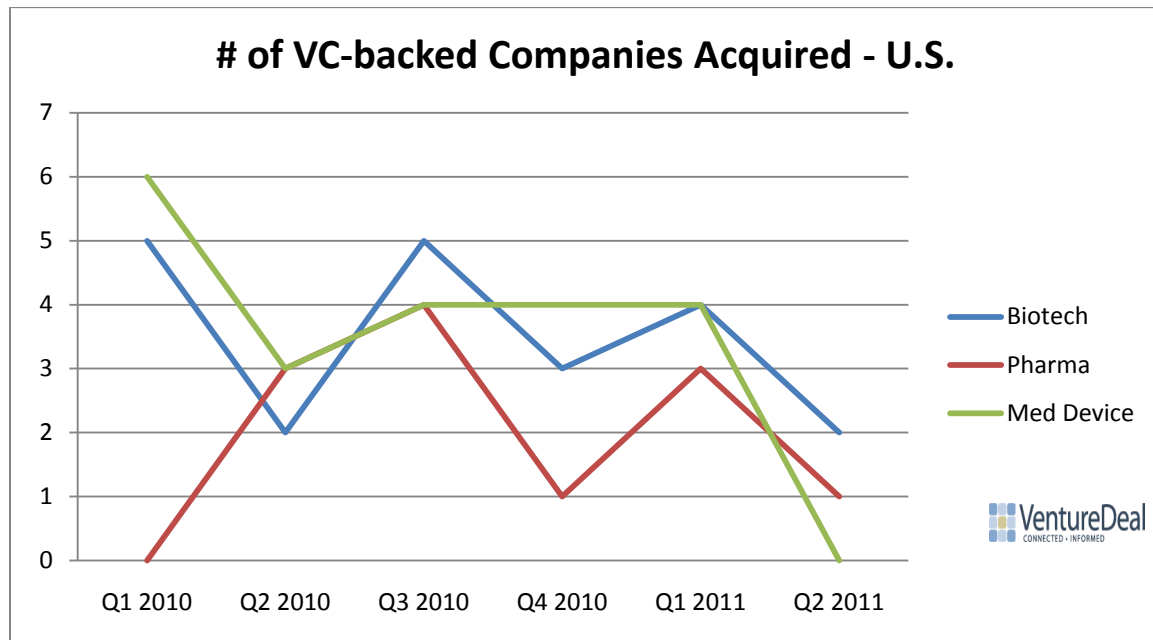
Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (2 of 3 Deals)
Biotechnology	2	- 50%	\$750 million
Pharmaceutical	1	- 67%	\$338 million
Medical Devices	0	- 100%	\$0
Total	3	- 73%	\$1.1 billion

Chart 1 - Located on Next Page

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Chart 1

Venture Capital M&A Activity: Q1 10 – Q2 11
 Biotechnology • Pharmaceutical • Medical Devices



Internet • Digital Media • eCommerce • Software

Summary Sector M&A activity decreased by 6%, with 34 companies purchased during the quarter versus 36 in the previous quarter. Only 8 of the 34 transactions disclosed deal consideration, totaling \$920 million.

Internet M&A activity in the Internet sector increased by 6%, from 18 deals in Q1 2011 to 19 deals in Q2 2011. 11 of the 19 companies acquired were based in California. 3 of the 19 companies acquired were based in New York or Massachusetts.

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Merchant Circle, one of the largest online networks for local business owners, was acquired by Reply.com in a deal worth \$60 million. This amount will be paid in both cash and stock. Merchant Circle combines social networking and customizable web listings that allow business owners to attract new customers and build ongoing relationships.

Clickability is now a part of Limelight Networks (NASDAQ: LLNW), after having been acquired for \$10 million. This transaction was done with a combination of both common stock and cash. Clickability is involved in the making of interactive web tools that help companies connect more with their site visitors.

Local.com brought Krillion into their fold with an acquisition worth \$3.5 million. This deal was all cash. Krillion helps shoppers connect with in-stock products at local stores, helping shoppers find goods wherever they are.

Digital Media Five digital media companies changed hands this quarter, a slight increase from four in Q1 2011. For VentureDeal's purposes, digital media companies are generally either advertising networks or game developers.

In one of the biggest transactions this quarter, Aurora Feint was acquired by GREE for the sum of \$104 million. What's more, GREE will pay it all in cash. Aurora Feint provides a social gaming network for both Android and iOS devices.

eCommerce There was one eCommerce acquisition during the quarter, up from zero in the previous quarter. This continues a trend of low to nonexistent M&A activity in the sector, with only a total of four acquisitions for all of 2010 through Q2 2011.

Software Software M&A activity dropped when compared to the previous quarter, with 9 venture capital-backed companies being acquired versus the previous quarter's 14. Three of the 9 companies acquired were located in California and five were located in the Northeast or mid-Atlantic regions. The state of Washington was represented with one acquisition target headquartered there.

FatWire, a software company, was acquired by Oracle in a deal where the financial details were not disclosed. FatWire provides web experience management solutions that help their clients have a better online experience and simplifies the management of their web presence.

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Also in software, Google expanded their advertising reach as they acquire Admeld. Again, the details of just how much were not disclosed. Admeld has developed a platform that provides insights into the composition and value of various audiences.

Table 2

Venture Capital M&A Activity – 2nd Quarter 2011

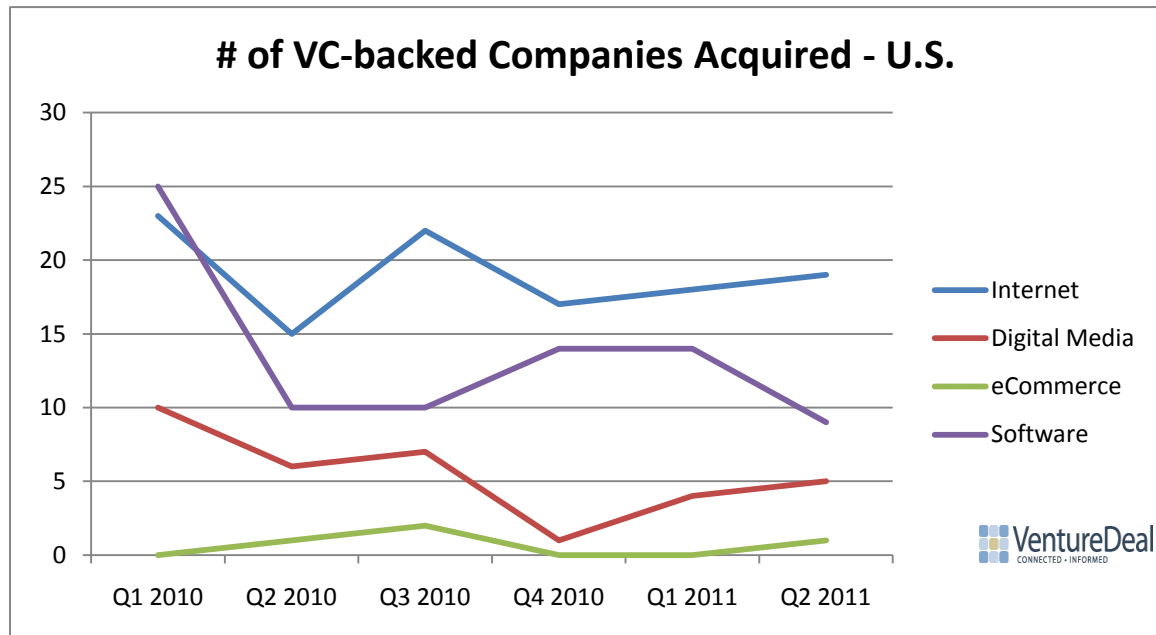
Internet • Digital Media • eCommerce • Software

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (8 of 34 Deals)
Internet	19	+ 6%	\$436 million
Digital Media	5	+ 20%	\$104 million
eCommerce	1	+ 100%	--
Software	9	- 36%	\$380 million
Total	34	- 6%	\$920 million

Chart 2 Located on Next Page

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Chart 2

Venture Capital M&A Activity: Q1 10 – Q2 11
 Internet • Digital Media • eCommerce • Software

Telecom • Wireless • Mobile • Communications

Summary Aggregate M&A activity for Telecom, Wireless, Mobile and Communications companies dropped versus the previous quarter, with only three companies being acquired, all in the Mobile industry. Two of the three companies were based in Massachusetts and the remaining company was located in Northern California.

Telecom There were no venture capital-backed companies acquired during the quarter in the Telecom sector. This continues the previously nonexistent level of M&A activity for the sector.

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Wireless There were no publicly-announced Wireless sector companies acquired during the quarter.

Mobile Three Mobile companies were acquired in the quarter versus four in the first quarter, 2011.

Sensobi, a company dedicated to the future of personal relationship management, was recently acquired by GroupMe in a transaction where financial details were not disclosed. Sensobi allows users to stay on top of important relationships by recording notes, setting up reminders and other features, all from their email inbox.

EBay made another acquisition this quarter with the purchase of Where. Where allows users to find new places in the city, and collect places they have been to. Details of the transaction were not revealed.

Communications There were no disclosed Communications M&A transactions during the quarter. The previous quarter showed one transaction, so M&A activity in the sector remains low to nonexistent.

Table 3

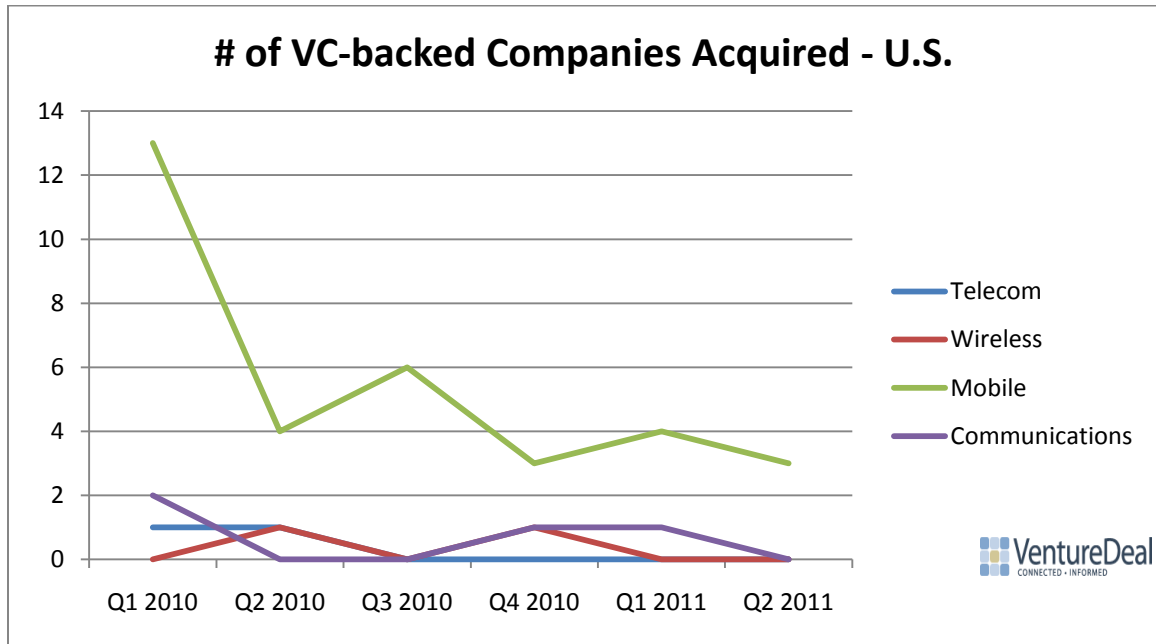
Venture Capital M&A Activity – 2nd Quarter 2011
 Telecom • Wireless • Mobile • Communications

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (2 of 5 Deals)
Telecom	0	--	--
Wireless	0	--	--
Mobile	3	- 25%	\$135 million
Communications	0	--	--
Total	3	- 40%	\$190 million

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Chart 3

Venture Capital M&A Activity: Q1 10 – Q2 11
Telecom • Wireless • Mobile • Communications



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Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the VentureDeal.com database. VentureDeal is a venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

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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