

Venture Capital M&A Quarterly

1st Quarter, 2011 – United States

Prepared & Published by: [VentureDeal](#)

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 increased in the number of transactions by 38%, with 11 companies acquired during the first quarter versus 8 companies acquired in the fourth quarter, 2010. Biotech and Pharmaceutical companies accounted for seven of the acquisitions and four Medical Device companies were acquired during the quarter. 8 of the 11 transactions had disclosed amounts, totaling \$3.6 billion.

Biotechnology In the largest acquisition of the quarter, [BioVex](#) was acquired by publicly held industry leader [Amgen](#) (NASDAQ: AMGN). The consideration was composed of \$425 million in cash and up to \$575 million in additional payments upon the achievement of certain regulatory and sales milestones. BioVex is developing a new class of treatments for cancer and the prevention of infectious disease.

[Alexion Pharmaceuticals](#) paid \$111 million in an all cash deal for [Taligen Therapeutics](#). Taligen is developing technologies to reduce the body's inflammatory response. The company was backed by a syndicate of venture capital firms including [Alta Partners](#), [Clarus Ventures](#), [The Colorado Fund](#) and [Sanderling Ventures](#).

Pharmaceutical Three pharmaceutical companies changed hands this quarter, versus one during the previous quarter.

The largest acquisition price paid during the quarter was the [Daiichi Sankyo](#) acquisition of [Plexxikon](#) for a total consideration of \$935 million consisting of an upfront payment of \$805 million combined with \$130 million in earn outs. Plexxikon had developed a proprietary discovery platform to develop a portfolio of programs in a number of therapeutic areas including metabolic disease, oncology, inflammation CNS and cardiovascular disease.

Medical Devices Four Medical Device companies were acquired during the quarter, the same number as the previous quarter. The largest acquisition price was \$800 million that [Medtronic](#) (NYSE: MDT) paid for [Ardian](#). Ardian has developed a system to block the renal sympathetic nerves that contribute to hypertension and indirectly to the risk of heart attack,

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stroke, heart failure and kidney disease. In addition to the initial consideration, additional payments will be equal to the annual revenue growth through the end of Medtronic’s fiscal year 2015.

Plymouth, Minnesota-based [Atritech](#) was acquired by [Boston Scientific](#) (NYSE: BSX) for its medical device technology focused on preventing atrial fibrillation related stroke. The purchase price was \$375 million, composed of an upfront payment of \$100 million plus additional potential milestone payments through 2015 of up to \$275 million, net of balance sheet cash and debt. Atritech was backed by a syndicate of venture capital and private equity firms.

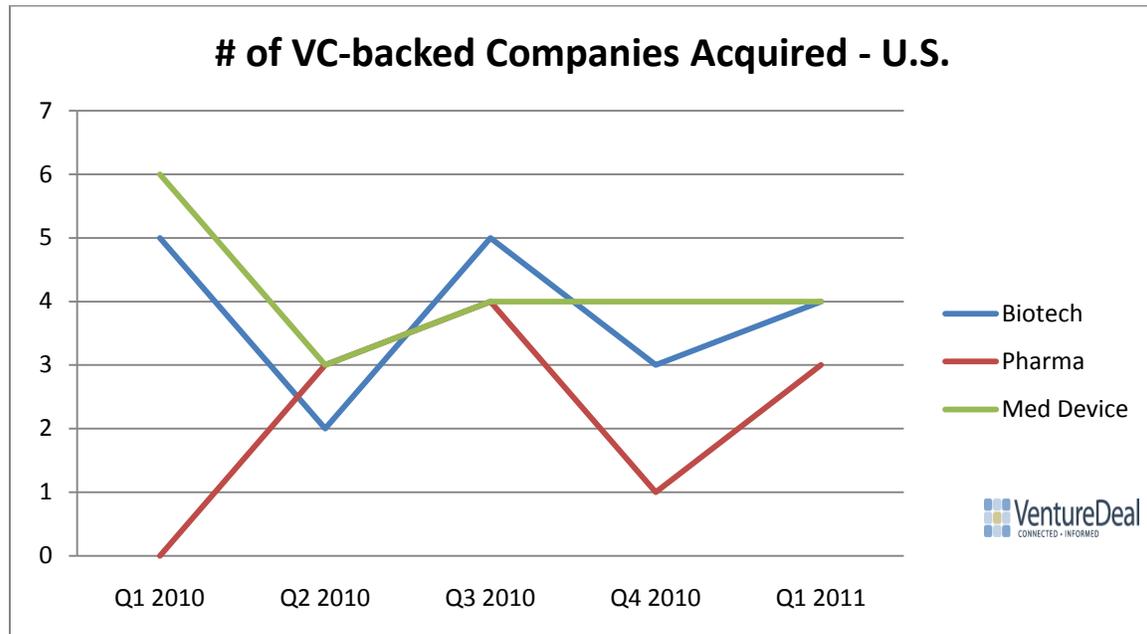
Table 1

Venture Capital M&A Activity – 1st Quarter 2011
 Biotechnology • Pharmaceutical • Medical Devices

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (9 of 11 Deals)
Biotechnology	4	+ 33%	\$1.1 billion
Pharmaceutical	3	+ 200%	\$1.8 billion
Medical Devices	4	--	\$692 million
Total	11	+ 38%	\$3.6 billion

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Chart 1

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

Internet • Digital Media • eCommerce • Software

Summary Sector M&A activity increased by 13%, with 36 companies purchased during the quarter versus 32 in the previous quarter. Only 12 of the 36 transactions disclosed deal consideration, totaling \$2.2 billion.

Internet M&A activity in the Internet sector increased by 6%, from 17 deals in Q4 2010 to 18 deals in Q1 2011. 10 of the 18 companies acquired were based in California. 3 of the 18 companies acquired were based in New York or Massachusetts.

Contact management company [Gist](#) was acquired by [Research In Motion](#) (NASDAQ: RIM) for an undisclosed sum. Gist had created an online service for users to keep track of all their contacts and updates.

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The company was backed by noted Internet venture capital firms [Foundry Group](#) and [Vulcan Ventures](#).

In the online retailing space, bricks and mortar company [Nordstrom](#) (NYSE: JWN) acquired fashion site [HauteLook](#) for a total consideration of \$270 million composed of \$180 million in stock upon closing and \$90 million in performance earn-out stock.

VoIP company [Skype](#) acquired [Qik](#) for \$121 million in cash and up to \$29 million in contingent payments. Qik had developed a to allow users to stream live video from their cell phone.

Digital Media Four digital media companies changed hands this quarter, a rebound from only one in Q4 2010. For VentureDeal's purposes, digital media companies are generally either advertising networks or game developers.

In the largest transaction during the quarter, Culver City, California-based video game developer [Riot Games](#) was acquired by Chinese portal and gaming giant [Tencent Holdings](#). Tencent said that it intends to continue to operate Riot Games as an independent subsidiary with its current management in place. The acquisition price was \$400 million for the company that was founded in 2006.

eCommerce There were no eCommerce acquisitions during the quarter, the same as in the previous quarter. This continues a trend of extremely low M&A activity in the sector, with only a total of three acquisitions for all of 2010 and Q1 2011.

Software Software M&A activity was unchanged when compared to the previous quarter, with 14 venture capital-backed companies being acquired. Four of the 14 companies acquired were located in California and four were located in Massachusetts. The state of Virginia was represented with two acquisition targets headquartered there.

[Teradata](#) continued on its recent acquisition spree, acquiring acquiring the remaining 89% of [Aster Data](#) that it did not already own for \$263 million in consideration, net of data and other closing adjustments. Aster developed technologies that enhances off-the-shelf commodity hardware so that it can handle demanding data warehousing environments.

Also in the data space, [Vertica Systems](#) was acquired by [HP](#) (NYSE: HPQ) for an undisclosed sum. Vertica developed technology for storing and querying very large databases. The company was backed by four top-tier venture capital firms.

Table 2

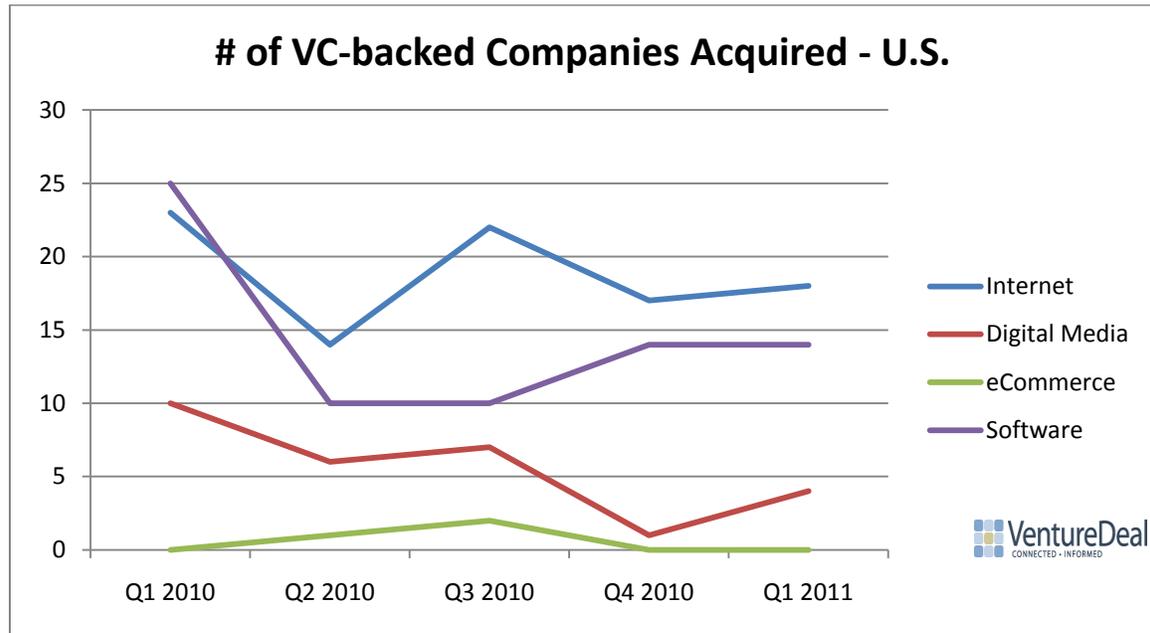
Venture Capital M&A Activity – 1st Quarter 2011
 Internet • Digital Media • eCommerce • Software

Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts <small>(12 of 36 Deals)</small>
Internet	18	+ 6%	\$1.4 billion
Digital Media	4	+ 300%	\$495 million
eCommerce	0	- 100%	--
Software	14	--	\$344 million
Total	36	+ 13%	\$2.2 billion

Chart 2 Located on Next Page

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Chart 2

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

Telecom • Wireless • Mobile • Communications

- Summary** Aggregate M&A activity for Telecom, Wireless, Mobile and Communications companies maintained the same level versus the previous quarter, with five companies being acquired. Two of the five companies were based in 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.
- Wireless** There no Wireless sector companies acquired during the quarter.

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Mobile

Four Mobile companies were acquired in the quarter versus three in the fourth quarter, 2011.

In the mobile video space, [Transpera](#) was acquired by [Tremor Media](#) for \$40 million. Transpera's Bridge System enables users to program their own channels and share videos with friends and family. The purchase price was paid for with all stock. Transpera was backed by a syndicate of venture capital firms and strategic investors that included [Intel Capital](#) and the [BlackBerry Partners Fund](#).

Vienna, Virginia-based enterprise wireless company [MobileAccess Networks](#) was acquired for an undisclosed sum by [Corning](#). MobileAccess has developed what it calls the first 4G in-building solution to deliver cellular services over a LAN infrastructure via its distributed antenna system solutions. Terms of the transaction were not disclosed.

Communications

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

Mobile broadcasting technology company [SayNow](#) was acquired by [Google](#) for an undisclosed amount. SayNow says that its mobile broadcasting and voice services are being used for entertainment, educational and marketing purposes. The company was backed by [Shasta Ventures](#) and had received in excess of \$7.5 million in venture capital funding.

Table 3 and Chart 3 on Following Pages

Table 3

Venture Capital M&A Activity – 1st Quarter 2011
 Telecom • Wireless • Mobile • Communications

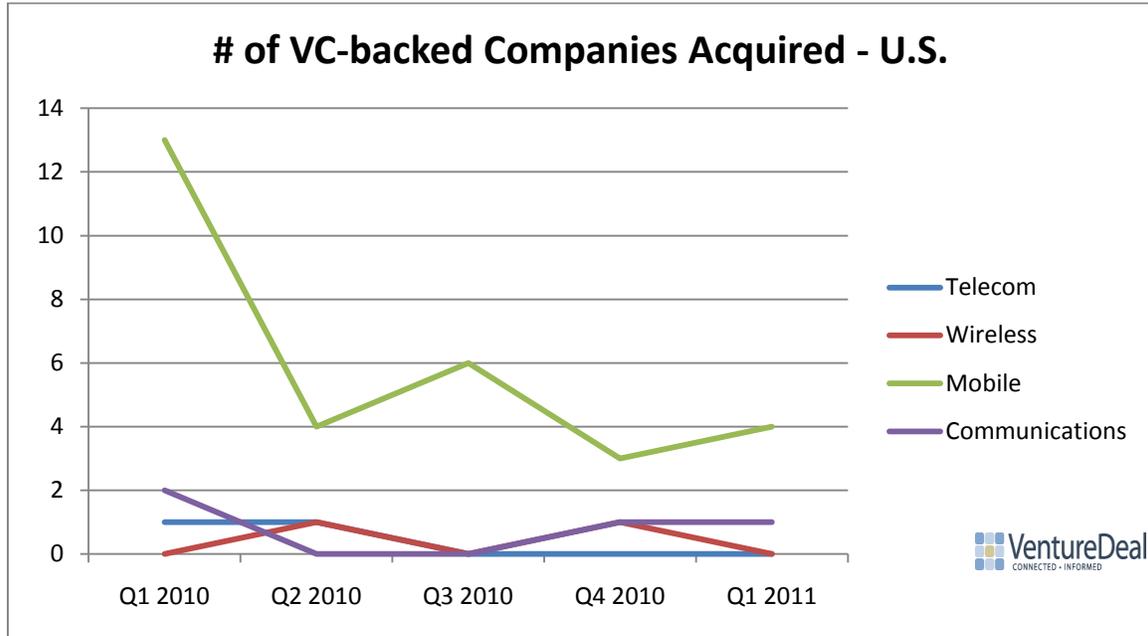
Industry Sector	Number of Transactions	% Change vs. Prior Quarter	Disclosed Transaction Amounts (2 of 5 Deals)
Telecom	0	--	--
Wireless	0	--	--
Mobile	4	+33%	\$190 million
Communications	1	--	--
Total	5	--	\$190 million

Chart 3 on Following Page

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Chart 3

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



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Notes

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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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