



Jeanne Metzger, NVCA, 703-524-2549 ext. 116, jmetzger@nvca.org
Taige Caldwell, Thomson Venture Economics, 212-806-3105, taige.caldwell@thomson.com

Venture-Backed IPO Activity Continues to Show Strength in Q1 2004

Pipeline Suggests Sustainable Pace for Remainder of Year

New York, NY- April 1, 2004—Thirteen venture-backed companies raised \$2.72 billion through Initial Public Offerings (IPOs) in the first quarter of 2004, representing the most money raised since the third quarter of 2000, according to Thomson Venture Economics and the National Venture Capital Association (NVCA). This value is more than double compared to last quarter's total of \$1.05 billion. The majority of the \$2.72 billion can be attributed to a single IPO, Semiconductor Manufacturing International Corp., which raised \$1.8 billion through their initial public offering. Nevertheless, thirteen venture-backed IPOs rank second for activity since the second quarter of 2002.

The largest IPO in Q1, Semiconductor Manufacturing International Corp, had an investor group comprised of Walden International, New Enterprise Associates, Doll Capital Management, Oak Investment Partners, and Shanghai Industrial Holdings. The next largest venture-backed IPOs were: EyeTech Pharmaceuticals, Inc., which raised \$136.5 million and was backed by J.P. Morgan Partners, BB Biotech AG, Schroder Ventures Life Sciences, Pfizer, MPM Capital, and Merrill Lynch; Atheros Communications, Inc., which raised \$126.0 million and was backed by Foundation Capital, August Capital Management, New Enterprise Associates, and Fidelity Investments; and Symbion, Inc., which raised \$108.0 million and was backed by Pacific Venture Group, ABS Capital Partners, Richland Ventures, South Atlantic Private Equity Fund, and J.H. Whitney.

The Biotechnology industry accounted for six of the thirteen venture-backed IPOs for the first quarter of 2004, but only accounted for \$433.2 million, or 15.9%, of the total \$2.72 billion raised. The largest IPO in the Biotechnology sector was EyeTech Pharmaceuticals. Two companies in the Semiconductor/Other Electronics industry category went public in the first quarter, Semiconductor Manufacturing International Corp. and Atheros Communications, Inc., accounting for \$1.93 billion of the \$2.72 billion total raised. The Medical/Health industry saw four companies go public during the first quarter, raising a total of \$272.9 million.

In addition to the IPOs completed this quarter, there are currently 50 venture-backed companies "in registration" with the Securities and Exchange Commission. These companies have filed with the SEC in 2003 or 2004 and are now preparing for their initial public offerings. With this solid "pipeline", a strong level of activity in venture-backed IPO market appears sustainable in the near future.

"A strong IPO market is essential for the long-term health of the venture capital industry. In the past two quarters we have witnessed increased strength in the IPO market, which is a positive sign. However, current IPO activity continues to significantly lag where we need to be in order to declare full recovery," remarked Mark Heesen, President of the National Venture Capital Association.

Analysis of Recent Quarters' IPOs						
Quarter Ending	Number of IPO's	Number of Venture Backed IPO's in the U.S.	Total Venture Backed Offering Size (\$Mill)	Avg. Venture Backed Offering Size (\$Mill)	Total Venture Backed Post Offering Value (\$Mill)	Avg. Venture Backed Post Offering Value (\$Mill)
03/31/2002	14	4	376.3	94.1	2,398.0	599.5
06/30/2002	34	15	1,836.1	122.4	5,917.6	394.5
09/30/2002	7	1	30.0	30.0	153.4	153.4
12/31/2002	26	4	231.2	57.8	523.8	130.9
03/31/2003	3	1	77.2	77.2	147.8	147.8
06/30/2003	5	2	164.0	82.0	695.3	347.6
09/30/2003	19	9	732.8	81.4	3,064.5	340.5
12/31/2003	48	17	1,048.7	61.7	4,349.9	255.9
03/31/2004	38	13	2,721.1	209.3	10,575.0	813.5

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Venture Economics Post-Venture Capital Index (PVCi) Annualized Return as of 3/31/2004						
	Index Value	Year to Date	One Year Return	Three Year Return	Five Year Return	Ten Year Return
PVCi	572.77	5.7%	78.3%	3.0%	-7.4%	8.0%
S&P	1,126.21	1.3%	32.8%	-1.0%	-2.6%	9.7%
NASDAQ	1,994.22	-0.5%	48.7%	2.7%	-4.1%	10.4%
DOW	10,357.70	-0.9%	29.6%	1.6%	1.0%	11.0%

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The Thomson Venture Economics Post-Venture Capital Index (PVCi) is a market cap weighted index of the performance of stock of all venture-backed companies taken public over the last 10 years. As the chart indicates, the PVCi has significantly outperformed the S&P, NASDAQ and the Dow Jones Industrial Average over the past year, but has slightly lagged its three counterparts over five and ten years.

The National Venture Capital Association (NVCA) represents approximately 450 venture capital and private equity firms. The NVCA's mission is to foster the understanding of the importance of venture capital to the vitality of the U.S. and global economies, to stimulate the flow of equity capital to emerging growth companies by representing the public policy interests of the venture capital and private equity communities at all levels of government, to maintain high professional standards, to facilitate networking opportunities, and to provide research data and professional development for its members. For more information about the NVCA, please visit www.nvca.org.

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