



MILLENNIUM  
TECHNOLOGY VALUE PARTNERS

## **MILLENNIUM REPORTS ON RECENT ACTIVITIES AND NEW TRENDS SHAPING THE FUTURE OF THE VENTURE CAPITAL ECOSYSTEM**

- **2011: "THE YEAR OF ALTERNATIVE LIQUIDITY"**
- **BEYOND 2011: "A TRILLION DOLLARS WORTH OF PUBLIC MARKET VALUE WILL BE CREATED BY 500 OF TODAY'S PRIVATE TECHNOLOGY COMPANIES"**
- **NEW MILLENNIUM FUND RAISED IN 2010**
- **MILLENNIUM HAS MADE 35 INVESTMENTS INTO 11 NEW PORTFOLIO COMPANIES IN THE LAST YEAR (INCLUDING CHEGG, TWITTER, PLAYSPAN, ACRONIS)**
- **7 RECENT IPOs AND SALES OF MILLENNIUM PORTFOLIO COMPANIES (INCLUDING GREEN DOT, NETSPEND, RIGNET, EPOCRATES, ARCSIGHT, AIRVANA, PLAYSPAN)**

**New York, February 22, 2011** – Millennium Technology Value Partners issued a statement today reviewing highlights of the firm's recent activities and offering several forecasts for the future development of private technology companies and the next generation venture capital ecosystem in which many of them will be operating.

"We are witnessing a new period of extraordinary growth and value creation by leading technology companies, yet more than any other time in recent capital markets history, the world's most promising technology companies are electing to remain private longer, and seeking alternate sources of liquidity to accomplish that goal," said Millennium Managing Partner Sam Schwerin. "Millennium's Funds have long been designed to supply these best-of-breed companies with flexible but wholesale solutions to all of their capital needs over the private and public company phases of their development and evolution. This includes growth capital, venture debt, and shareholder liquidity. We believe in serving as a long-term, fundamental partner to our portfolio companies in whatever capacity our companies most need."

Highlighting that Millennium's support for its portfolio companies does not end with the successful IPO of a company, Schwerin added: "We have had a strong flow of IPOs in the recent period. We have invested additional capital in every one of our portfolio company IPOs over the firm's history, in addition to making supportive share purchases in 60% of our public companies well after the actual IPO event."

Over the last decade, Millennium has completed 300 secondary transactions, including investments in world-leading technology companies such as Facebook, Chegg, Twitter, Green Dot, Zappos, eHarmony, ArcSight, Epocrates, Tellme Networks, NetSpend, PlaySpan, Wayport, Airvana, RigNet, Acronis, LiveOps, Datapipe, Rearden Commerce, iPass, HauteLook, and many others.

Schwerin went on to discuss the burgeoning interest in alternative liquidity on the part of companies, their boards, management teams, founders, and early investors:

"At Millennium, we have spent the last decade honing our skills and developing our leadership in providing alternative liquidity solutions for venture-backed companies and their shareholders. In the first six weeks of 2011 alone, we witnessed a greater volume of secondary transactions in venture-backed companies than in all of 2010--which was itself a record year. Today, every leading private technology company is considering the virtues of alternative liquidity and the *certainty* and *control* afforded to companies by strategic use of the secondary programs as opposed to the *uncertainty* and *lack of control* over valuation and timing in the IPO and M&A markets."

Schwerin continued: "Secondary liquidity has the potential to deliver significant benefits when used on 'offense,' as a powerful tool to attract, motivate, and retain talent. It can also help smooth the transition from founder-led to professionally-managed companies; it can solve capital structure problems and alignment of interest issues; and it can allow high-growth companies to stay private longer, developing their business models outside the fishbowl of the public markets. Given our track record of completing 300 liquidity-oriented transactions over the last decade, and our leadership in evangelizing for secondary liquidity and partnering with world-leading private companies from ArcSight to Zappos, we believe market conditions have provided us with a very attractive environment in which to implement our strategy."

Over Millennium's past decade of experience implementing secondary transactions, the firm has developed a company-friendly, programmatic approach to shareholder liquidity. Almost every company, and 83% of all selling shareholders, have returned to Millennium for additional liquidity transactions over time. Some of these programmatic approaches tailored to the current needs of the world's leading private technology companies include:

- **Large one-time shareholder and employee liquidity programs.**
- **Annual/Recurring structured liquidity programs designed to provide certainty to shareholders and attract, motivate, and retain top talent in private companies.**
- **Founder liquidity programs for shareholders with large ownership positions.**
- **"Permanent capital" facilities designed to empower companies with the ability to utilize shareholder liquidity proactively and to fuel acquisitions and other strategic initiatives of fast growing companies.**
- **Early employee option exercise programs and departing employee programs in special situations.**
- **Angel, Corporate, and Venture investor liquidity/extension solutions.**

## **Recent Millennium Highlights:**

- Four Millennium portfolio companies conducted successful IPOs in the last seven months. These include Green Dot (NYSE: GDOT), NetSpend (NASDAQ: NTSP), RigNet (NASDAQ: RNET) and, most recently, Epocrates (NASDAQ: EPOC). Each of these businesses is a leader in its respective space with fundamentally new technology and new business models that have allowed them to win acceptance from the public markets on the basis of demonstrable revenues, growth, and profitability.
- Three Millennium portfolio companies were acquired in the last year, including ArcSight (acquired by Hewlett-Packard), Airvana (acquired by private equity investors), and, most recently, PlaySpan, whose acquisition by Visa was announced earlier this month.
- Millennium raised its Millennium Technology Value Partners II fund in 2010, which represents the largest dedicated pool of capital in the market designed to address secondary direct investments in venture-backed companies.
- Millennium has made 35 investments into 11 new portfolio companies since the beginning of 2010. Some of the newer additions to the Millennium portfolio over the last year that were disclosed by the firm include: Twitter, Chegg, Acronis, and PlaySpan.

## **Forecasts for 2011 and Beyond**

Millennium Managing Partners Sam Schwerin and Dan Burstein offered five forecasts for 2011 and beyond:

**Forecast # 1: "A trillion dollars of new public market capitalization will be created over the next five years by today's top 500 private technology companies."** The velocity of value creation has accelerated as important new technologies have been commercialized and adopted rapidly across

a wide frontier of sectors, businesses, and global geographies. Fast as technological change has been in the last several decades, today's new technology is changing businesses and consumer's lives faster than ever before, while producing numerous innovative, valuable, and profitable new companies.

**Forecast #2: "2011 will be a record-breaking year for secondary venture capital investments."**

With several billion dollars invested in transactions that included large secondary components in Facebook, Groupon, and other companies in January alone, the year is already off to a strong start. Virtually every important private technology company will engage in some amount of secondary shareholder activity in 2011.

**Forecast #3: "Secondary investing in private technology companies will become a \$10 billion annual market sometime over the next three years."**

The size of this market will further cement the place of secondary liquidity as a fundamental, valuable, and newly permanent part of the venture capital ecosystem.

**Forecast #4: "Company executives, boards, and investors, will take more control of the alternative liquidity process and seek out high-quality institutional partners for their alternative liquidity needs."**

What were once small third-party transactions will become comprehensive solutions aimed at employee motivation, capital structure alignment of interests, and programmatic liquidity throughout the private phase of the lives of successful, high-growth companies.

**Forecast #5: "The IPO market will have a strong year in 2011, simultaneous with the growth in secondary market activity."**

Venture-backed technology IPOs will surpass the recent record year (2007) in dollar volume of new public offerings.

Dan Burstein concluded: "Traditional IPO success and pre-IPO secondary liquidity were once thought of as opposing trends. We believe that in 2011-12, they actually work together as different facets of the same set of market conditions. Millennium has been successful in providing alternative liquidity in both 'up' as well as 'down' markets. Even in a bull market, many strong, high-growth companies may elect not to go public for a variety of company-specific reasons. Alternative liquidity will continue to be seen as an attractive solution to a variety of strategic challenges. 2011 will be a record-breaking year for both the dollar volume of IPOs as well as the dollar volume of secondary transactions. These trends, along with the increasing sophistication of companies and their investors in their search for high-quality institutional liquidity partners, combine to augur well for a continued strong match between our strategy and the needs of the most exciting companies in the world."

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## **About Millennium**

Millennium Technology Value Partners has been a leading provider of growth capital to many of the world's best technology companies and their shareholders for more than a decade. With access to more than half a billion dollars for investments, Millennium is an active investor in growth equity and venture debt transactions, as well as in the emerging multibillion dollar market for institutional-quality shareholder liquidity programs.

Millennium's most recent fund is the largest fund focused specifically on providing alternative liquidity solutions to the shareholders of venture-backed companies. In total, Millennium has completed 300 investments involving leading technology companies. These include Facebook, Chegg, Twitter, Green Dot, Zappos, eHarmony, ArcSight, Epocrates, Tellme Networks, NetSpend, PlaySpan, Wayport, Airvana, RigNet, Acronis, LiveOps, Datapipe, Rearden Commerce, iPass, HauteLook, and many others.

Millennium is headquartered in New York City and managed by Sam Schwerin and Dan Burstein, who joined forces after working together at The Blackstone Group in order to create a family of funds designed to address the emerging needs of the venture capital ecosystem, including growth capital, venture debt and alternative shareholder liquidity. For more information, visit: [www.MTVLP.com](http://www.MTVLP.com)