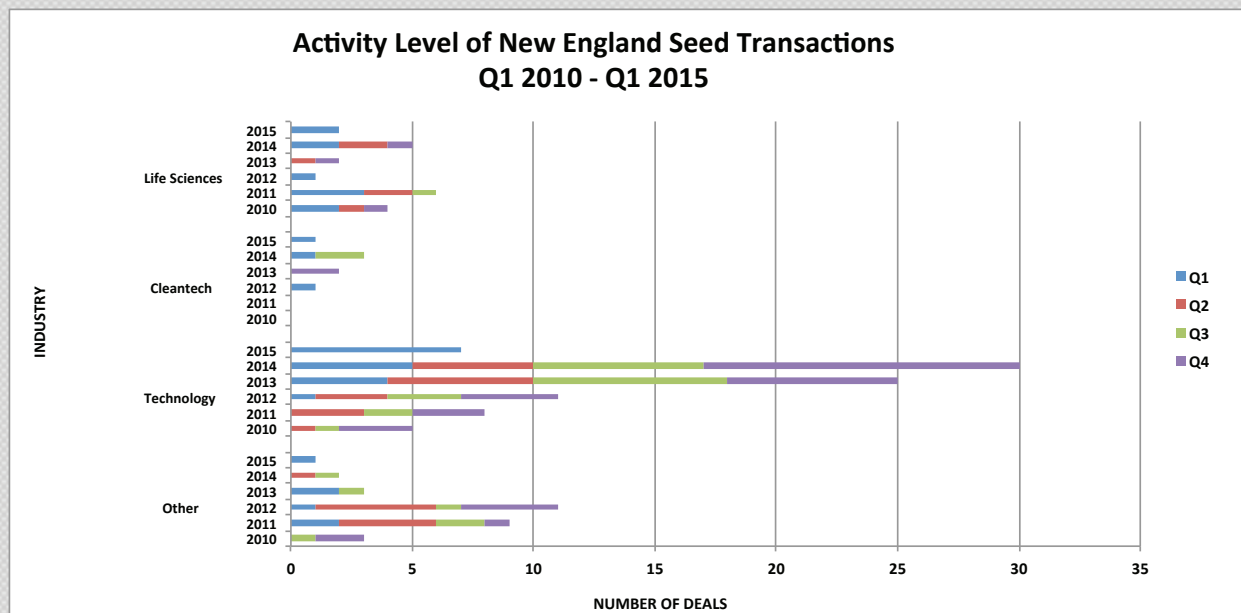
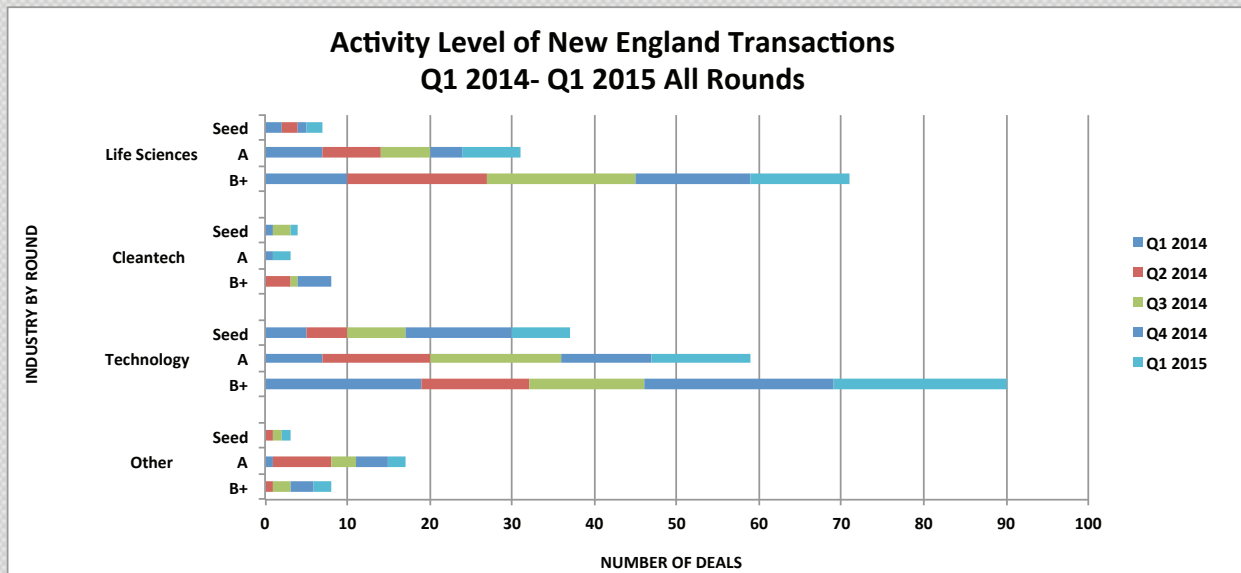




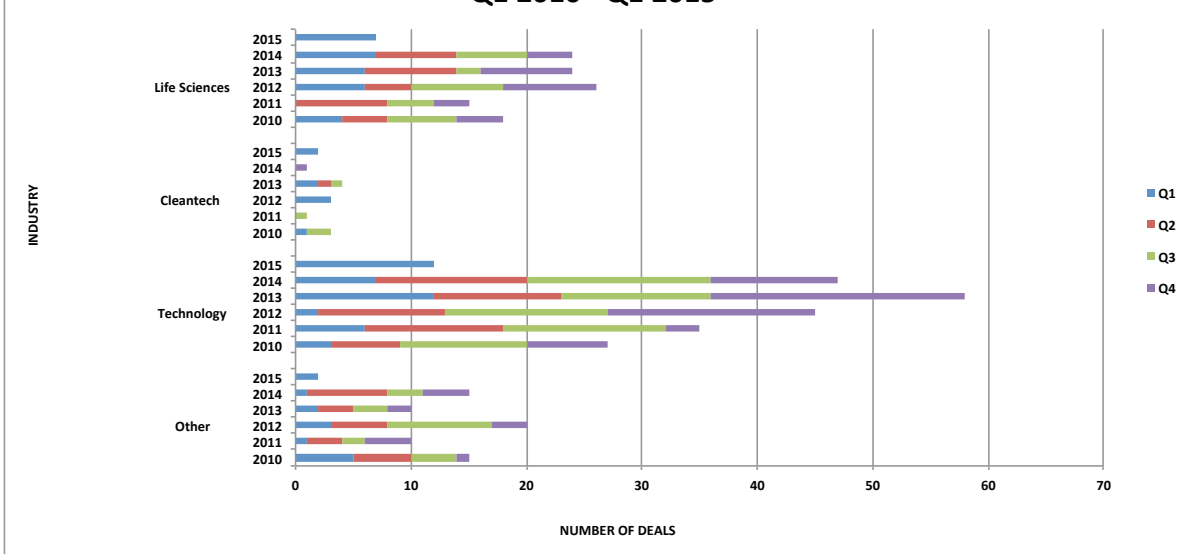
VENTURE PERSPECTIVES

New England Outlook

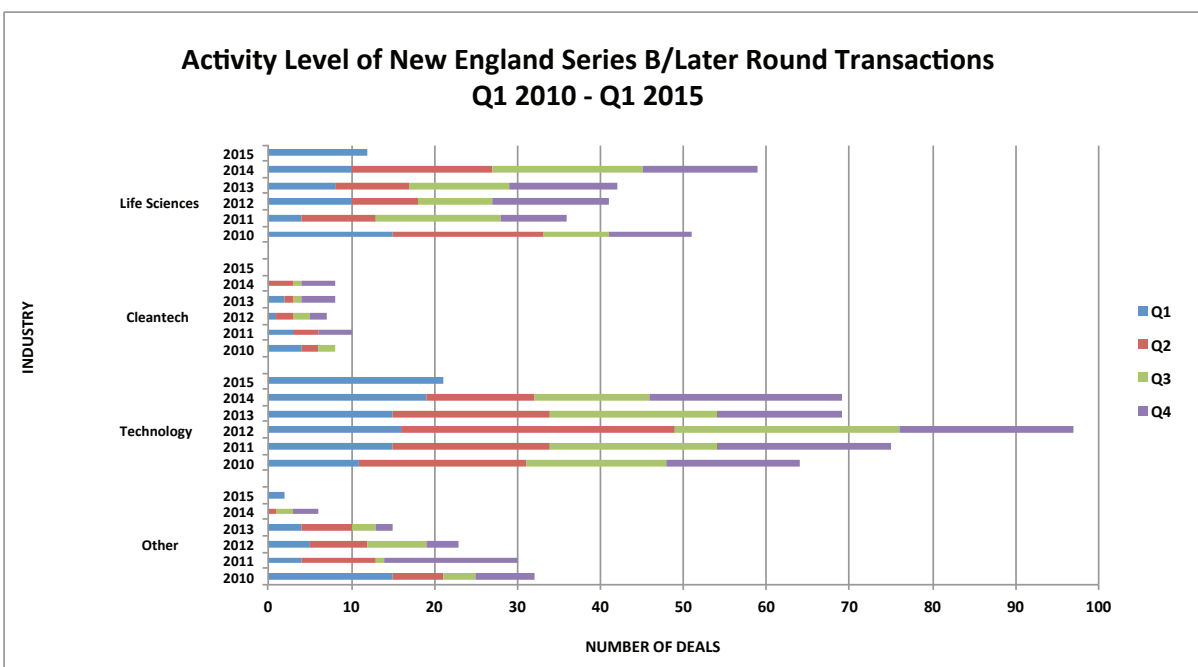
Quarterly Review of Seed, Series A and Series B/Later Round Financings: First Quarter 2015



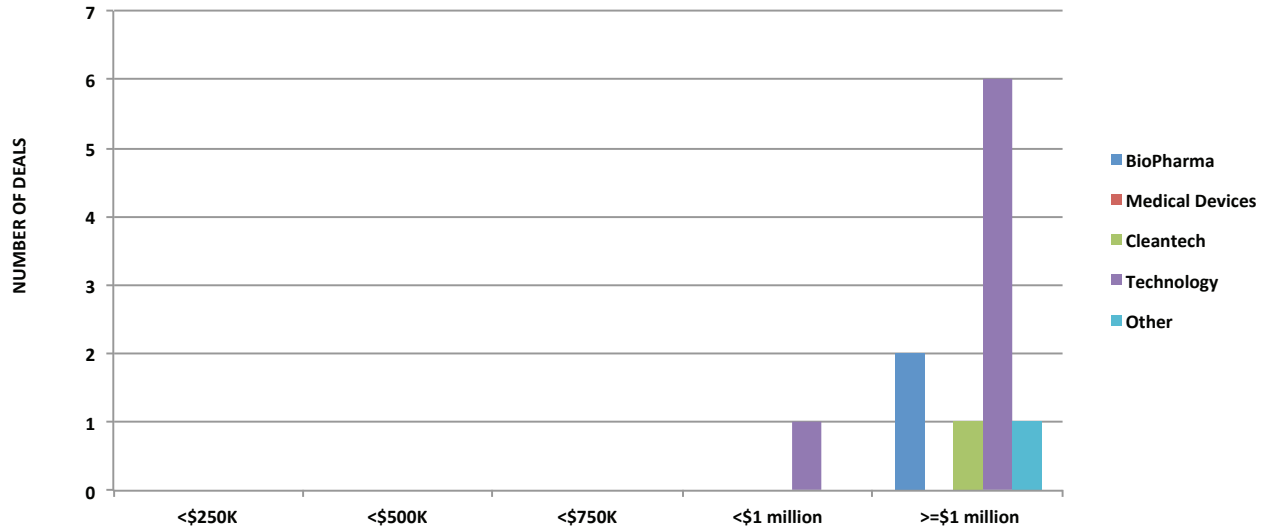
Activity Level of New England Series A Transactions Q1 2010 - Q1 2015



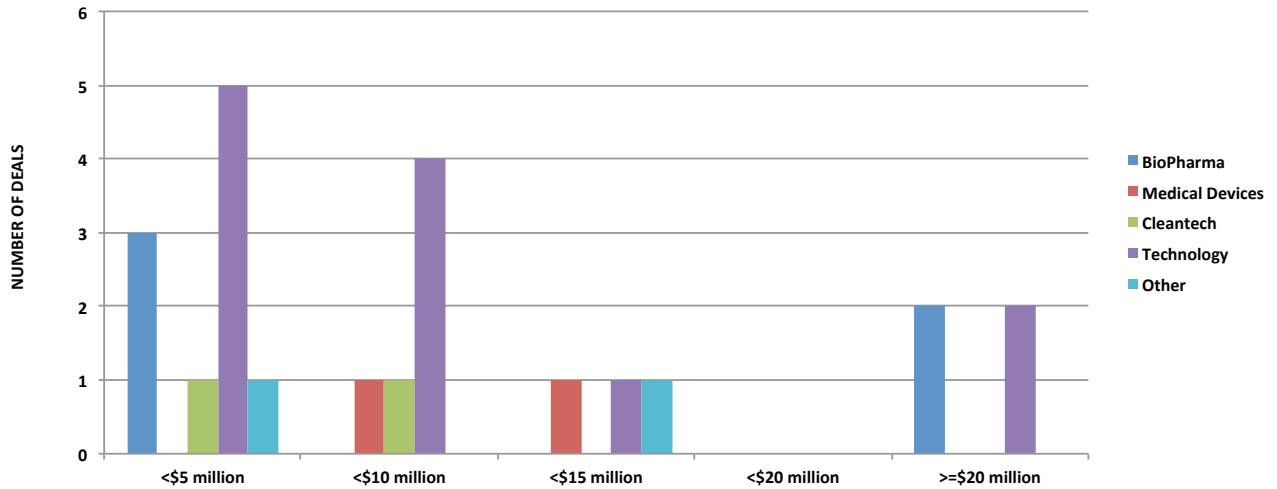
Activity Level of New England Series B/Later Round Transactions Q1 2010 - Q1 2015

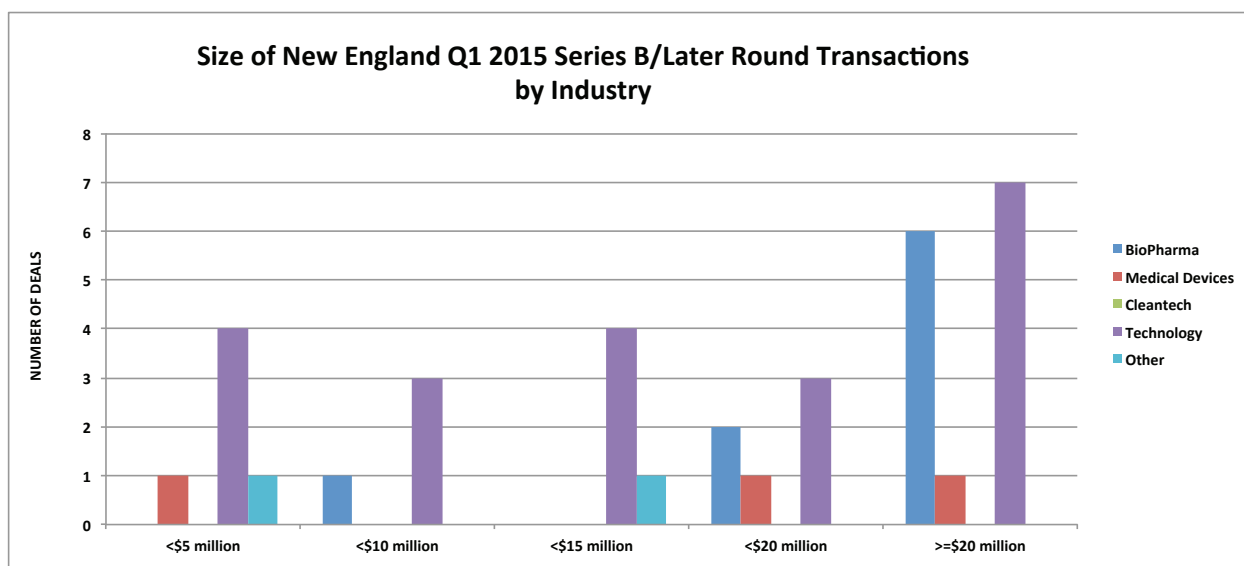


Size of New England Q1 2015 Seed Equity Transactions by Industry



Size of New England Q1 2015 Series A Transactions by Industry





The Numbers

Venture financing activity in New England decreased modestly in the first quarter of 2015 (-12%) with Seed and B/Later round activity each decreasing by roughly 20% over Q4 2014. Despite this overall downward trend, Series A transactions in Q1 2015 were up 15% over Q4, following two consecutive quarters of decreased activity.

Set forth below are more detailed analysis and commentary regarding the information reported in the various tables throughout this issue of *Venture Perspectives*.

Activity Levels

During Q1 2015, the total number of reviewed New England Seed equity transactions decreased 21% over Q4 2014 but increased by 38% over Q1 2014. Of the 11 Seed equity transactions we reviewed in Q1 2015, 7 involved Technology companies, 2 involved Life Sciences companies, 1 involved a Cleantech company, and 1 involved an “Other” company.

As noted above, Series A transactions in New England during Q1 2015 increased by 15% as compared to Q4 2014 and by an even greater margin as compared to Q1 2014 (53%). As in the previous quarter, Technology companies accounted for just over half of Q1 2015 Series A deals, with Life Sciences accounting for 30%, and Cleantech and “Other” companies each representing 9% of these deals.

Following three consecutive quarters of increased activity, Series B/Later Round transactions decreased in Q1 2015. The total number of New England Series B/Later Round transactions during Q1 2015 decreased by 20% as compared to Q4 2014, but increased by 21% as compared to Q1 2014. More than half (60%) of all Series B/Later Round transactions reviewed during Q1 involved Technology companies, with Life Sciences (34%) and “Other” (6%), companies rounding out our industry categories (no Cleantech Series B/Later Round transactions were reviewed in Q1).

At the national level¹, the total number of Seed (equity and non-equity) transactions in Q1 increased slightly (up 6%) over Q4 2014 (compared to a 21% decrease in Seed equity transactions in New England, as reported above) but decreased by more than 50% over Q1 2014 (compared to a 38% increase in New England). The total number of Series A transactions nationally decreased by 11% over Q4 2014 (compared to a 15% increase in New England) and decreased slightly (7%) over Q1 2014 (compared to a 53% increase in New England). The total number of Series B/Later Round transactions nationally was up 11% over Q4 2014 (compared to a 20% decrease in New England) and up 18% over Q1 2014 (compared to a 21% increase in New England over the same period).

¹National data as reported in Dow Jones VentureSource.

Deal Size

Of the New England Seed equity transactions we reviewed during Q1 2015, 91% involved investments of more than \$1 million.

Of the New England Series A transactions we reviewed during Q1 2015, 43% involved investments of less than \$5 million, and 17% involved investments of more than \$20 million.

Of the New England Series B/Later Round transactions we reviewed during Q1 2015, 28% involved investments of less than \$10 million and 40% involved investments of more than \$20 million.

Implied Pre-Money Valuations

Seed Round. In the 11 selected New England Seed equity transactions we reviewed for Q1 2015, the implied pre-money valuations ranged from \$2.5 million to \$12.6 million, with a median of \$5.5 million. The results by industry sector were as follows:

- *Life Sciences:* There were 2 Life Sciences transactions with implied pre-money valuations of \$4.8 million and \$7 million, respectively.
- *Cleantech:* There was 1 Cleantech transaction with an implied pre-money valuation of \$5.5 million.
- *Technology:* There were 7 Technology transactions, with implied pre-money valuations ranging from \$3 million to \$12.6 million, with a median of \$8.5 million.
- *Other:* There was 1 "Other" transaction with an implied pre-money valuation of \$2.5 million.

Series A Round. In the 23 selected New England Series A transactions we reviewed for Q1 2015, the implied pre-money valuations ranged from \$1.5 million to \$112 million, with a median of \$12.7 million. The results by industry sector were as follows:

- *Life Sciences:* There were 7 Life Sciences transactions, with implied pre-money valuations ranging from \$1.5 million to \$45 million, with a median of \$13.5 million.
- *Cleantech:* There were 2 Cleantech transactions, with implied pre-money valuations of \$5 million and \$28.9 million, respectively.
- *Technology:* There were 12 Technology transactions, with implied pre-money valuations ranging from \$3 million to \$112 million, with a median of \$11.3 million.
- *Other:* There were 2 transactions in the "Other" category, with implied pre-money valuations of \$12.7 million and \$22.6 million, respectively.

Series B/Later Round. In the 35 selected New England Series B/Later Round transactions we reviewed for Q1 2015, the implied pre-money valuations ranged from \$5.7 million to \$1.17 billion, with a median of \$42.1 million. 26 of these (74%) were "up" rounds; 7 (20%) were "down" rounds; and 2 (6%) were "even" rounds. The results by industry sector were as follows:

- *Life Sciences:* There were 12 Life Sciences transactions, of which 8 were "up" rounds, 2 were "down" rounds and 2 were "even" rounds. The implied pre-money valuations ranged from a low of \$9.8 million in a "down" Series D round to a high of \$307.8 million in an "up" Series C round, with a median valuation of \$46.2 million.
- *Cleantech:* There were no Cleantech Series B/Later Round transactions reported.
- *Technology:* There were 21 Technology transactions, 16 of which were "up" rounds and 5 of which were "down" rounds. The implied pre-money valuations ranged from a low of \$10.4 million in a Series D "down" round to a high of \$1.17 billion in a Series D "up" round, with a median valuation of \$39.9 million.
- *Other:* There were two transactions in the "Other" sector, both of which were "up" rounds, with implied pre-money valuations of \$5.7 million (Series B) and \$42.3 million (Series C), respectively.

Terms

Terms for selected New England Seed equity transactions showed the following trends in Q1 2015 as compared to Q4 2014 and Q1 2014:

- A decrease in the percentage of transactions with cumulative dividends as compared to Q4 2014 (14% to 0%) and a decrease as compared to Q1 2014 (13% to 0%);
- A small increase in the percentage of transactions with a participating liquidation preference as compared to Q4 2014 (7% to 9%) and a similar decrease as compared to Q1 2014 (13% to 9%);
- An small decrease in the number of deals with redemption provisions as compared to Q4 2014 (21% to 18%) and a relatively larger decrease as compared to Q1 2014 (25% to 18%);
- We have not observed any Seed equity transactions that included pay to play provisions in any issue of *Venture Perspectives* to date.

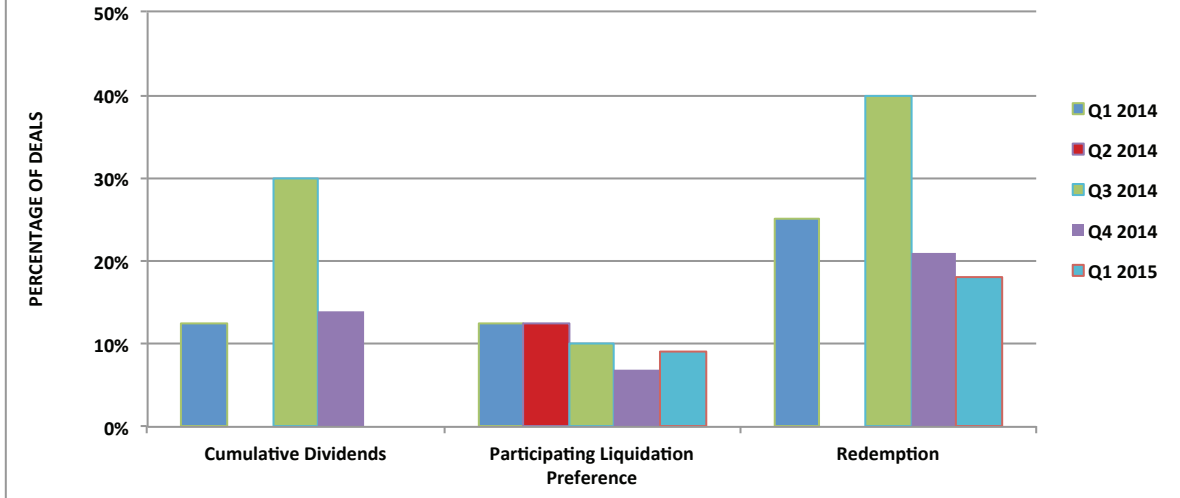
Terms for selected New England Series A transactions showed the following trends in Q1 2015 as compared to Q4 2014 and Q1 2014:

- A significant increase in the percentage of transactions with cumulative dividends as compared to Q4 2014 (25% to 61%) and a similar increase as compared to Q1 2014 (33% to 61%);
- A decrease in the percentage of transactions with a participating liquidation preference as compared to Q4 2014 (60% to 43%), and an increase as compared to Q1 2014 (33% to 43%);
- A small decrease in the percentage of transactions with redemption provisions as compared to Q4 2014 (65% to 61%) and a significant increase as compared to Q1 2014 (27% to 61%);
- A small increase in the percentage of transactions with pay to play provisions as compared to Q4 2014 (20% to 22%), and small decrease as compared to Q1 2014 (27% to 22%).

Terms for selected New England Series B/Later Round transactions showed the following trends in Q1 2015 as compared to Q4 2014 and Q1 2014:

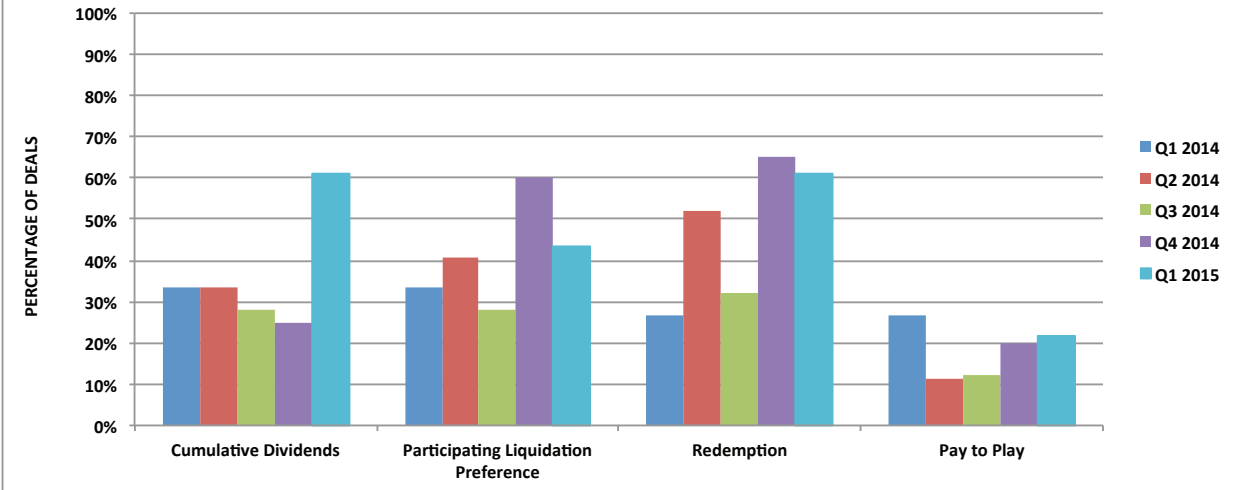
- An increase in the percentage of transactions with cumulative dividends as compared to Q4 2014 (36% to 46%) and a slight increase as compared to Q1 2014 (45% to 46%);
- A decrease in the percentage of transactions with a participating liquidation preference as compared to Q4 2014 (48% to 34%) and a similar decrease as compared to Q1 2014 (52% to 34%);
- A significant decrease in the percentage of transactions with redemption provisions as compared to Q4 2014 (61% to 31%) and a similar decrease as compared to Q1 2014 (59% to 31%);
- An increase in the percentage of transactions with pay to play provisions as compared to Q4 2014 (9% to 20%) and a modest increase as compared to Q1 2014 (17% to 20%).

Terms of Selected New England Seed Rounds Q1 2014 - Q1 2015

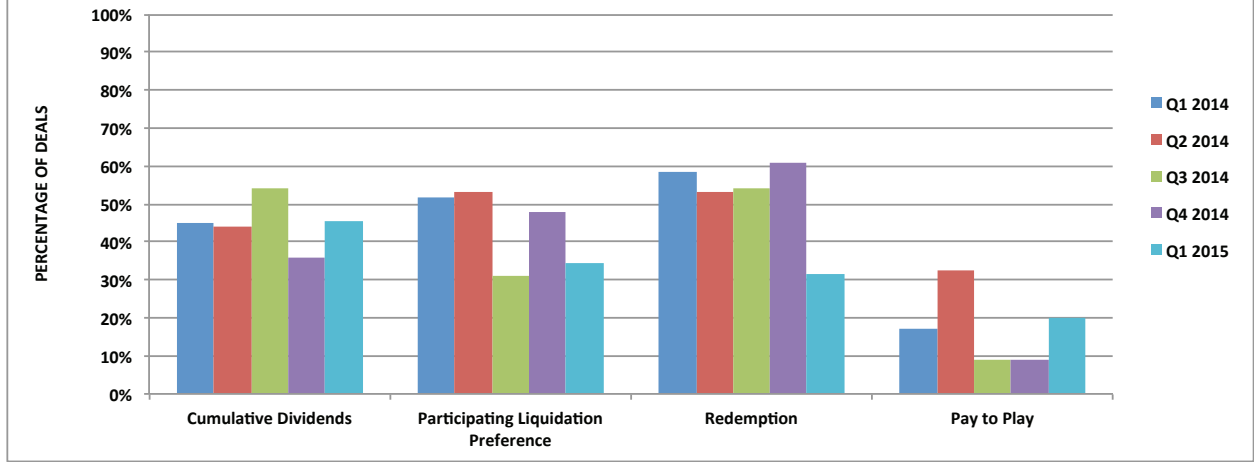


Note: No Pay to Play provisions in any quarter shown.

Terms of Selected New England Series A Transactions Q1 2014 - Q1 2015



Terms of Selected New England Series B/Later Rounds Q1 2014 - Q1 2015



The National Activity Level Summary

National Seed Transactions by Industry*

Industry	2014				2015				Quarter Ended March 31, 2014	Quarter Ended March 31, 2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	3	2	1	1	1				3	1
Medical Device	2	2	5	1	2				2	2
Cleantech	1	0	0	0	0				1	0
Technology	3	13	19	14	12				3	12
Other	69	20	30	20	23				69	23
Total	78	37	55	36	38				78	38

* Source: Dow Jones VentureSource

National Series A Transactions by Industry*

Industry	2014				2015				Quarter Ended March 31, 2014	Quarter Ended March 31, 2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	12	13	24	22	21				12	21
Medical Device	21	9	16	8	10				21	10
Cleantech	0	2	1	3	5				0	5
Technology	77	88	87	92	84				77	84
Other	176	189	191	176	147				176	147
Total	286	301	319	301	267				286	267

* Source: Dow Jones VentureSource

National Series B/ Later Round Transactions by Industry*

Industry	2014				2015				Quarter Ended March 31, 2014	Quarter Ended March 31, 2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	41	57	35	38	49				41	49
Medical Device	38	56	50	38	35				38	35
Cleantech	10	9	10	11	10				10	10
Technology	127	147	135	139	158				127	158
Other	239	292	236	254	283				239	283
Total	455	561	466	480	535				455	535

* Source: Dow Jones VentureSource

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