

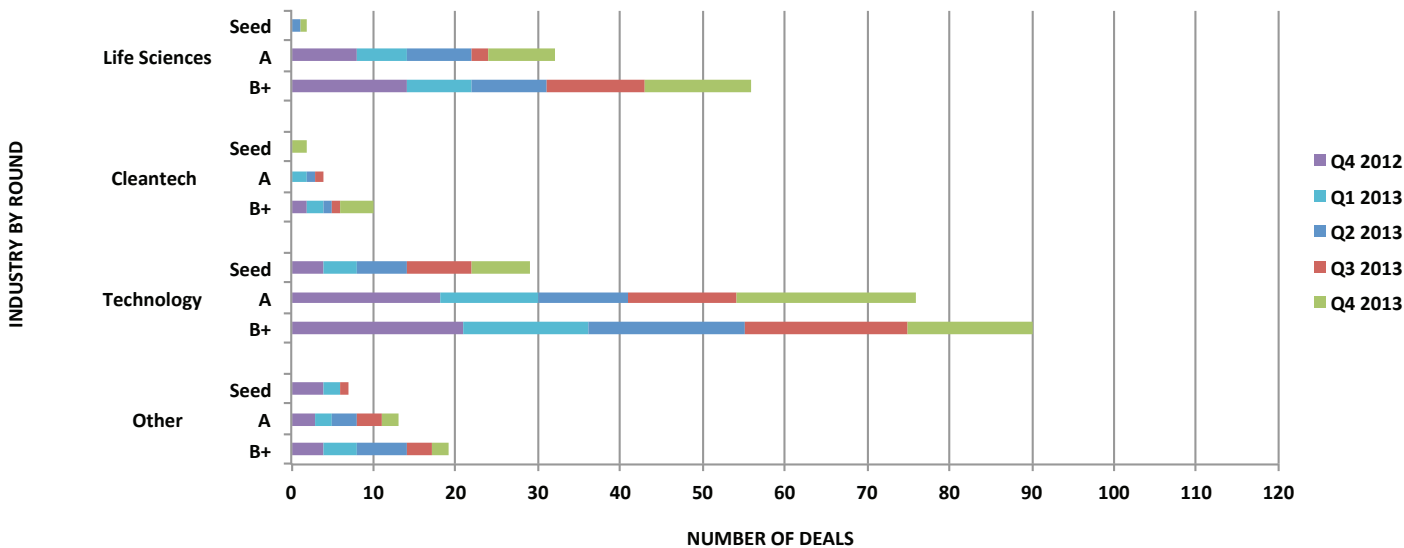


VENTURE PERSPECTIVES

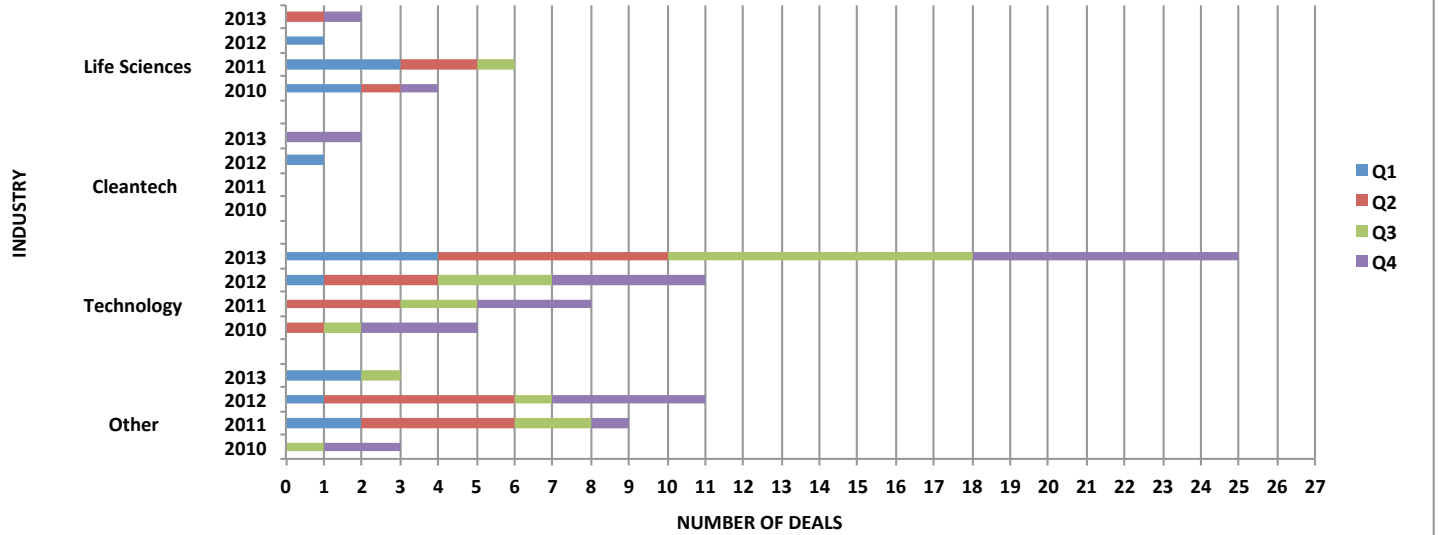
New England Outlook

Quarterly Review of Seed, Series A and Series B/Later Round Financings: Fourth Quarter and Year 2013

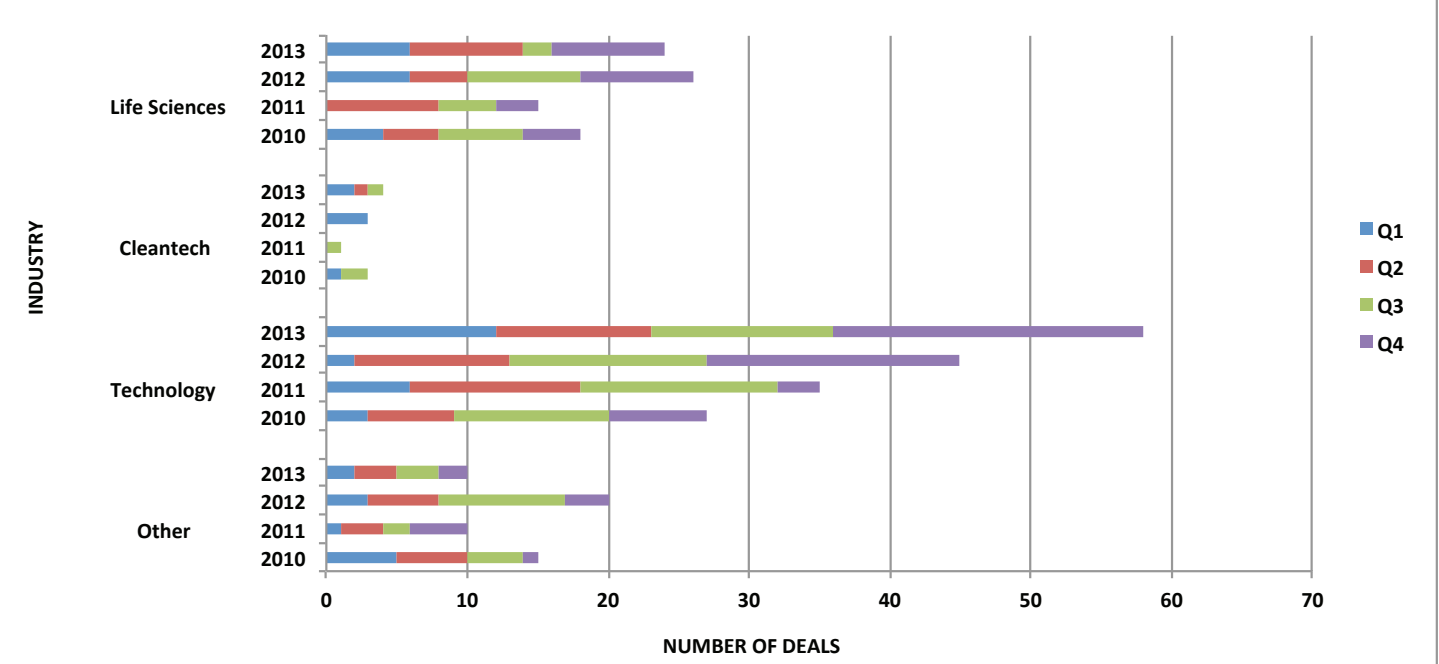
Activity Level of New England Transactions, Q4 2012 - Q4 2013 All Rounds



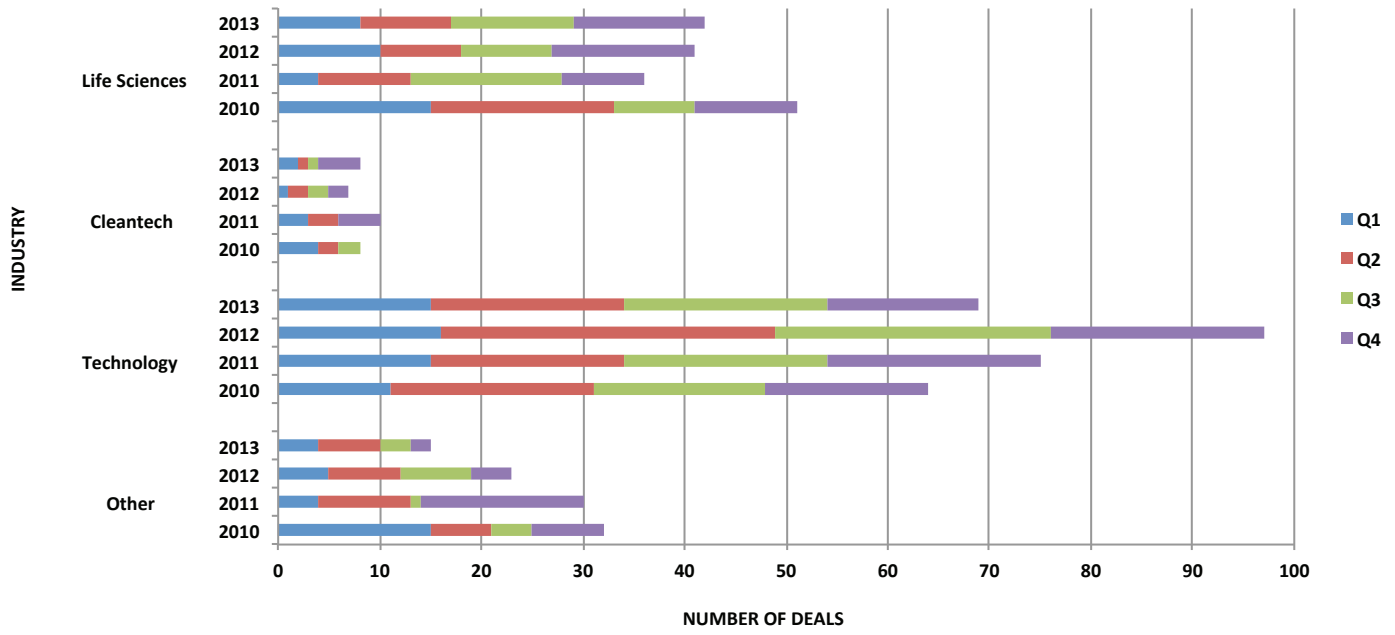
Activity Level of New England Seed Transactions, Q1 2010 - Q4 2013



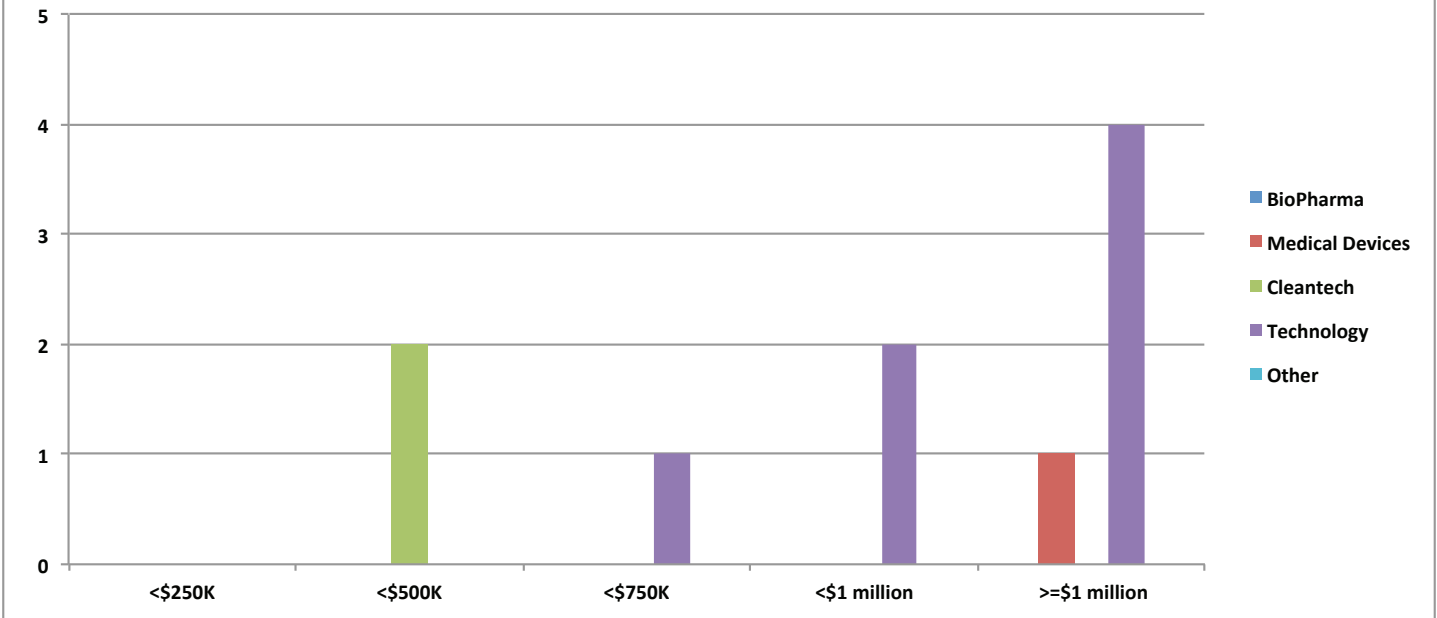
Activity Level of New England Series A Transactions, Q1 2010 - Q4 2013



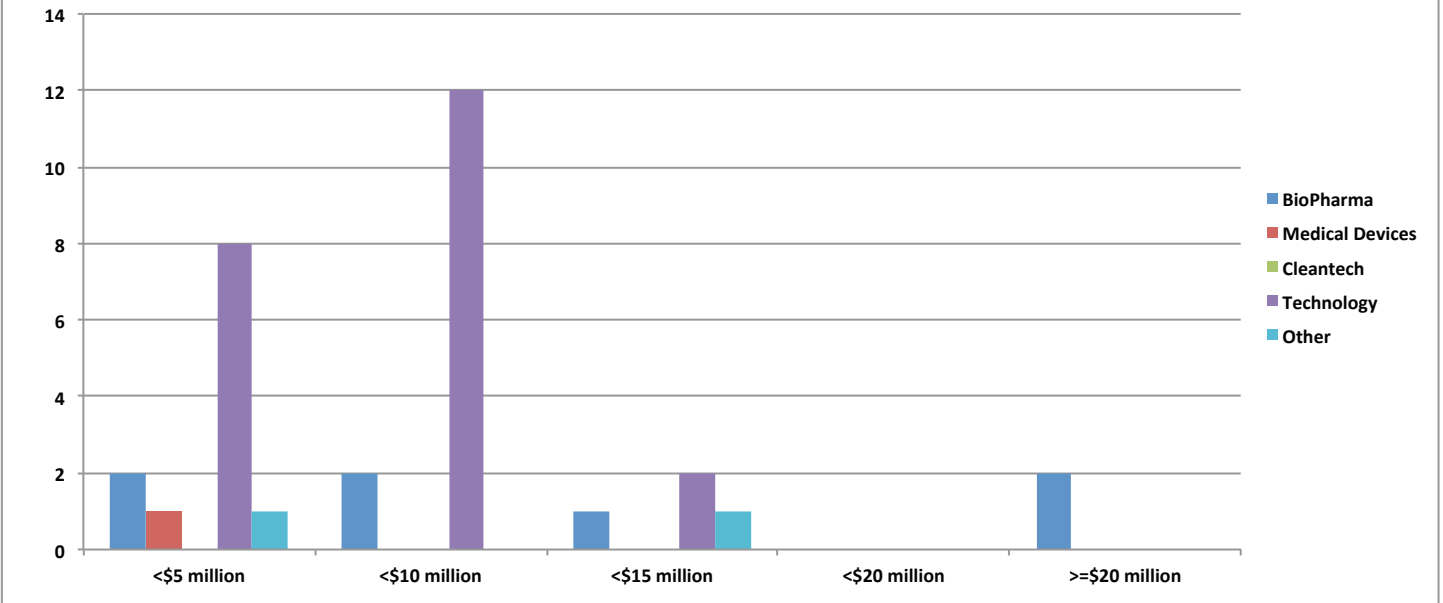
Activity Level of New England Series B/Later Round Transactions, Q1 2010- Q4 2013



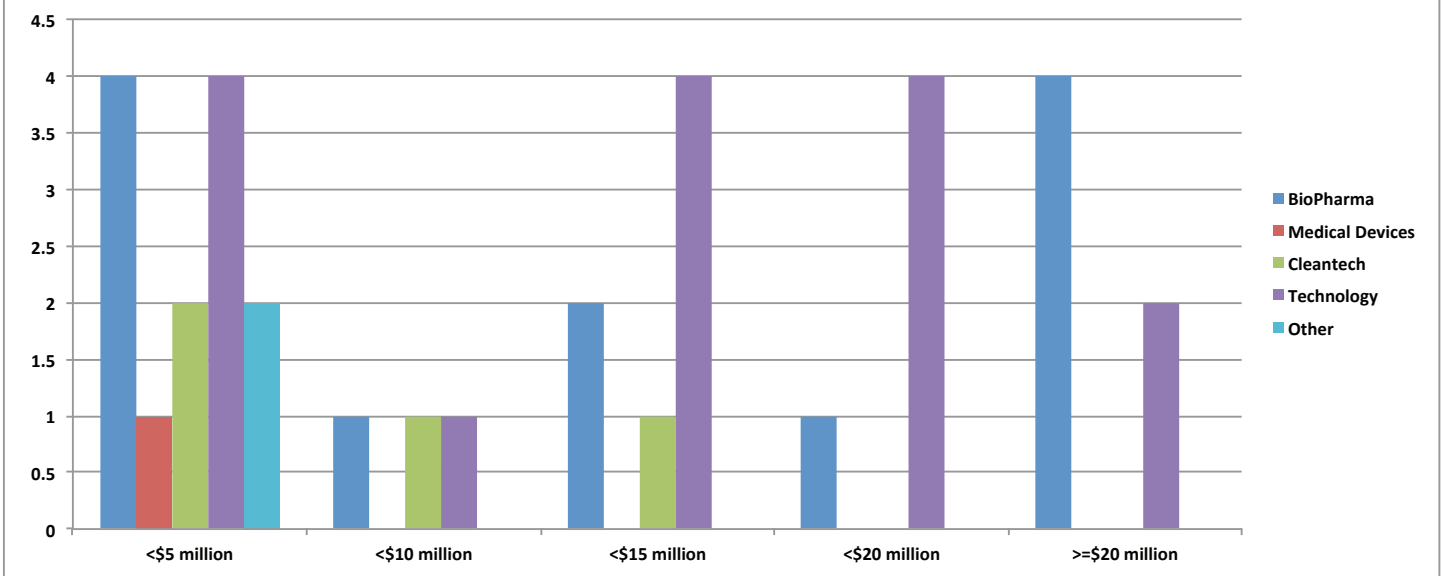
Size of New England Q4 2013 Series Seed Transactions by Industry



Size of New England Q4 2013 Series A Transactions by Industry



Size of New England Q4 2013 Series B/Later Round Transactions by Industry



The Numbers

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

Activity Levels

Q4 2013

During Q4 2013, the total number of New England Seed transactions increased 11% from Q3 2013 and 25% from Q4 2012. The technology sector represented 70% of the total Q4 2013 transactions, the life sciences and cleantech sectors accounted for 10% and 20%, respectively. There were no transactions in the “other” sector.

Series A transactions during Q4 2013 increased 68% from Q3 2013, but increased 10% compared to Q4 2012. The technology sector showed the strongest performance, accounting for 69% of the Q4 2013 total. The life sciences and “other” sectors represented 25% and 6%, respectively, of the Q4 2013 total, and there were no Series A cleantech transactions. In contrast, the technology, life sciences and “other” sectors represented 68%, 11% and 16%, respectively, of the Q3 2013 total and 62%, 28%, and 10%, respectively, of the Q4 2012 total. There was one Series A cleantech transaction in Q3 2013 and none in Q4 2013.

The total number of New England Series B/Later Round transactions during Q4 2013 decreased 6% from Q3 2013 and 36% from Q4 2012. The technology sector once again showed the strongest performance, accounting for 44% of the Q4 2013 total, followed by 38%, 6% and 12% for the life sciences, “other” and cleantech sectors, respectively. In contrast, the technology, life sciences, “other” and cleantech sectors represented 56%, 33%, 8% and 3%, respectively, of the Q3 2013 total and 51%, 34%, 10% and 5%, respectively, of the Q4 2012 total.

At the national level, the total number of Seed transactions increased 17% from Q3 2013 (compared to an 11% increase in New England) and 52% from Q4 2012 (compared to a 25% increase in New England). The total number of Series A transactions nationally increased 8% from Q3 2013 (compared to a 68% increase in New England) and 35% from Q4 2012 (compared to a 10% increase in New England). The total number of Series B/Later Round transactions nationally increased 5% from Q3 2013 (compared to a 6% decrease in New England) and 28% from Q4 2012 (compared to a 36% decrease in New England).

2013 YEAR

For the year, the total number of transactions in New England decreased 8% from 2012 to 2013, due in large part to a 20% drop in Series B/Later Round transactions, while Seed transactions increased 33% and Series A transactions increased 2% over the same period. In addition, there were modest shifts in the relative percentages of the whole represented by Seed transactions, Series A transactions and Series B/Later Round transactions between 2012 and 2013: Seed transactions represented 8% of all transactions in 2012 vs. 12% in 2013; Series A transactions represented 33% of all transactions in 2012 vs. 37% in 2013; and Series B/Later Round transactions represented 59% in 2012 vs. 51% in 2013.

At the national level, the overall number of transactions increased 10% from 2012 to 2013. Specifically, the number of Seed transactions increased 16% from 2012 to 2013, Series A transactions increased 9%, and Series B/Later Round transactions increased 10% over the same period. In both 2012 and 2013, Seed transactions represented 9% of the overall number of transactions at the national level, Series A transactions represented 35%, and Series B/Later Round transactions represented 56% of these transactions.

Deal Size

Of the New England Seed transactions during Q4 2013, none involved investments under \$250,000 and 50% involved investments of more than \$1 million.

Of the New England Series A transactions during Q4 2013, 38% involved investments under \$5 million and 6% involved investments over \$20 million.

Of the New England Series B/Later Round transactions during Q4 2013, 38% involved investments under \$5 million and 18% involved investments over \$20 million.

Implied Pre-Money Valuations

Seed Round. For Q4 2013 New England Seed transactions, the implied pre-money valuations ranged from \$3.1 million to \$10.4 million. The results by industry sector were as follows:

- *Life Sciences:* There was one life sciences transaction, with an implied pre-money valuation of \$5.6 million.
- *Cleantech:* There were two cleantech transactions, with implied pre-money valuations of \$3.2 million and \$3.4 million, respectively.
- *Technology:* There were seven technology transactions, with implied pre-money valuations of \$3.1 million to \$10.4 million.
- *Other:* There were no transactions in the “other” category.

Series A Round. For Q4 2013 New England Series A transactions, the implied pre-money valuations ranged from \$700 thousand to \$92.0 million. The results by industry sector were as follows:

- *Life Sciences:* There were eight life sciences transactions, with implied pre-money valuations ranging from \$2.3 million to \$92.0 million.
- *Cleantech:* There were no cleantech transactions.
- *Technology:* There were twenty-two technology transactions, with implied pre-money valuations ranging from \$700 thousand to \$30.4 million.
- *Other:* There were two transactions in the “other” category, with implied pre-money valuations of \$8.4 million and \$52.7 million, respectively.

Series B/Later Round. For Q4 2013 New England Series B/Later Round transactions, the implied pre-money valuations ranged from \$3.5 million to \$371.7 million. The results by industry sector were as follows:

- *Life Sciences:* There were thirteen life sciences transactions, of which seven were up rounds, three were even rounds and three were down rounds. The implied pre-money valuations ranged from a low of \$4.2 million in a Series B down round to a high of \$244.0 million in Series E up round.
- *Cleantech:* There were four cleantech transactions, of which two were Series B up rounds and the other two were Series B and Series C even rounds. The implied pre-money valuations ranged from a low of \$3.5 million to a high of \$34.7 million for the group.
- *Technology:* There were fifteen technology transactions, of which eight were up rounds, five were even rounds and two were down rounds. The implied pre-money valuations ranged from a low of \$6.7 million in a Series B down round to a high of \$371.7 million in a Series C up round.
- *Other:* There were two transactions in the “other” category, of which both were even rounds. The implied pre-money valuations were \$23.6 million and \$7 million, respectively.

Terms

The bar graph relating to terms for selected New England Series A transactions shows the following trends in Q4 2013 as compared to the immediately preceding quarter and the comparable prior year quarter:

- a decrease in the percentage of transactions with cumulative dividends (34% in Q4 2013 versus 42% in Q3 2013 and 41% in Q4 2012);
- a decrease in the percentage of transactions with a participating liquidation preference compared to the immediately preceding quarter and flat compared to the comparable prior year quarter (28% in Q4 2013 versus 47% in Q3 2013 and 28% in Q4 2012);
- a decrease in the percentage of transactions with a redemption provision (44% in Q4 2013 versus 58% in Q3 2013 and 52% in Q4 2012); and
- an increase in the percentage of transactions with a pay to play provision (9% in Q4 2013 versus 0% in Q3 2013 and 3% in Q4 2012).

The bar graph relating to terms for selected New England Series B/Later Round transactions shows the following trends in Q4 2013 as compared to the immediately preceding quarter and the comparable prior year quarter:

- no increase in the percentage of transactions with cumulative dividends compared to the immediately preceding quarter and a decrease compared to the comparable prior year quarter (50% in Q4 2013 versus 50% in Q3 2013 and 56% in Q4 2012);

- a decrease in the percentage of transactions with a participating liquidation preference (41% in Q4 2013 versus 47% in Q3 2013 and 46% in Q4 2012);
- a decrease in the percentage of transactions with a redemption provision (56% in Q4 2013 versus 64% in Q3 2013 and 66% in Q4 2012); and
- a decrease in the percentage of transactions with a pay to play provision (12% in Q4 2013 versus 25% in Q3 2013 and 22% in Q4 2012).

The National Activity Level Summary

National Seed Transactions by Industry*

Industry	2012				2013				Quarter ended December 31, 2012	Quarter ended December 31, 2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	1	1	2	2	2	1	1	1	2	1
Medical Device	6	2	6	3	2	1	3	0	6	0
Cleantech	2	1	0	2	3	1	0	2	0	2
Technology	18	28	29	20	25	23	25	7	29	7
Other	17	42	34	27	29	42	41	0	34	0
Total	44	74	71	54	61	68	70	10	71	10

* Source: Dow Jones VentureSource

National Series A Transactions by Industry*

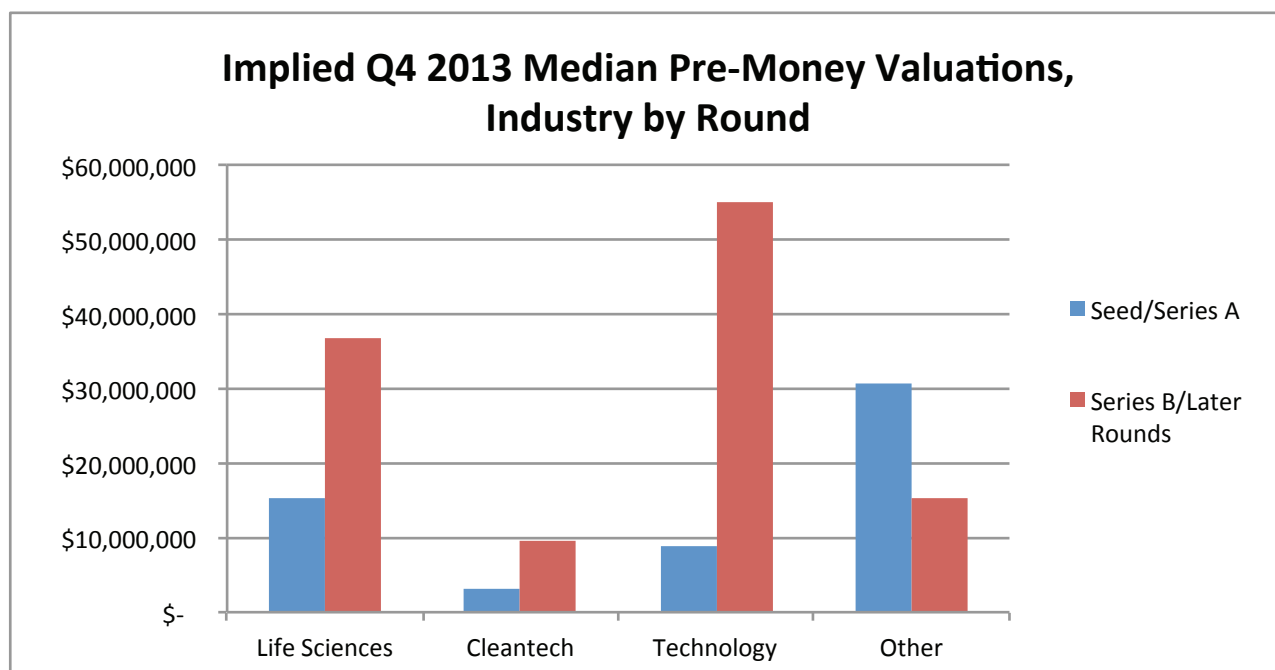
Industry	2012				2013				Quarter ended December 31, 2012	Quarter ended December 31, 2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	9	12	18	22	10	13	15	4	18	4
Medical Device	15	17	13	11	13	15	7	4	13	4
Cleantech	7	4	0	3	4	6	2	0	0	0
Technology	82	76	102	79	112	79	99	22	102	22
Other	110	162	142	103	116	142	148	2	142	2
Total	223	271	275	218	255	255	271	32	275	32

* Source: Dow Jones VentureSource

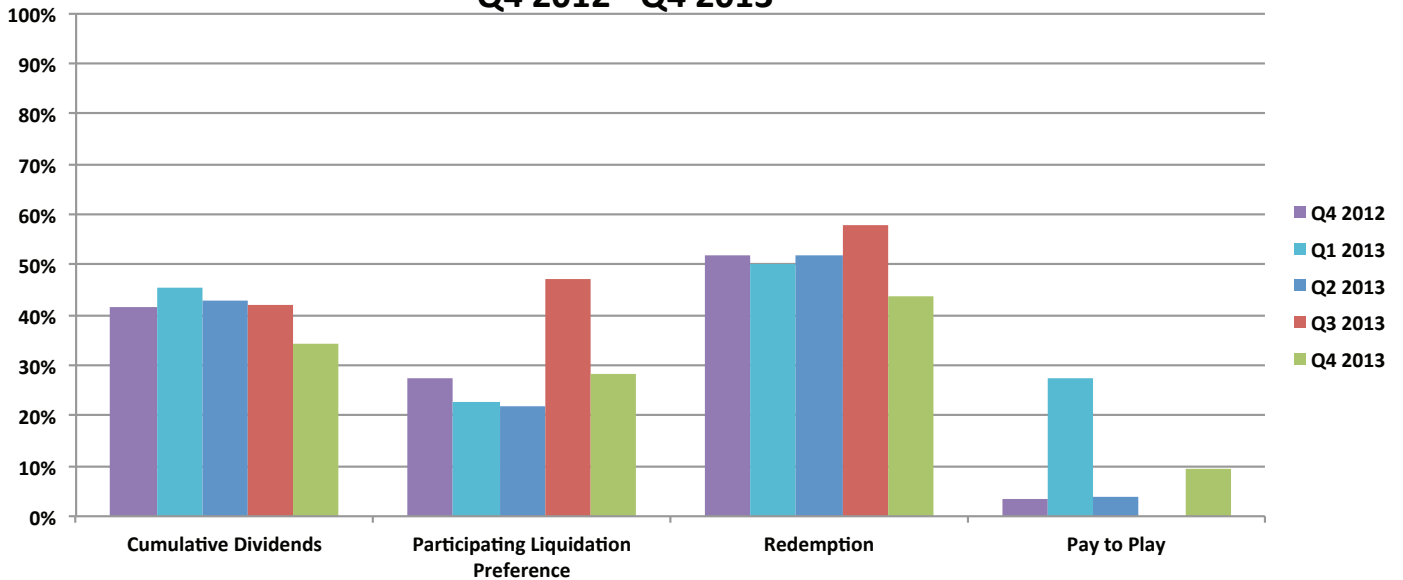
National Series B/ Later Round Transactions by Industry*

Industry	2012				2013				Quarter ended December 31, 2012	Quarter ended December 31, 2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	43	35	43	48	40	43	47	7	43	7
Medical Device	52	45	39	39	46	37	30	6	39	6
Cleantech	15	11	11	9	12	14	5	4	11	4
Technology	115	147	131	119	104	136	125	15	131	15
Other	143	209	178	152	170	218	241	2	178	2
Total	368	447	402	367	372	448	448	34	402	34

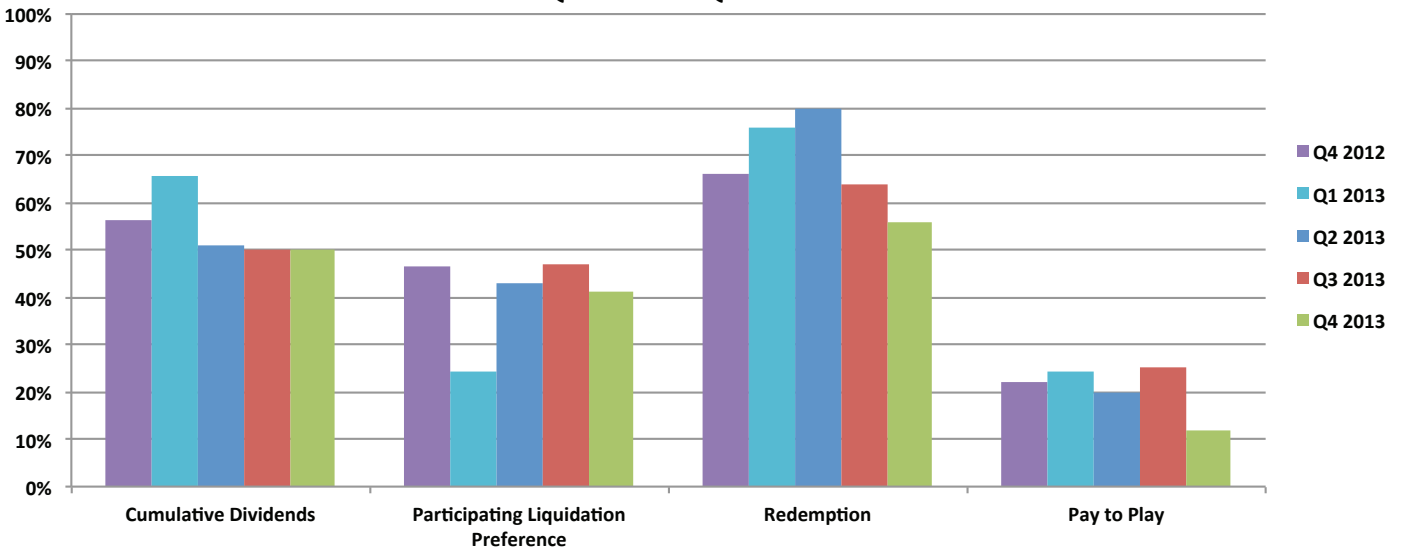
* Source: Dow Jones VentureSource



Terms of Selected New England Series A Rounds, Q4 2012 - Q4 2013



Terms of Selected New England Series B/Later Rounds, Q4 2012 - Q4 2013



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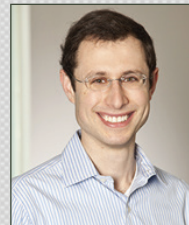
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