

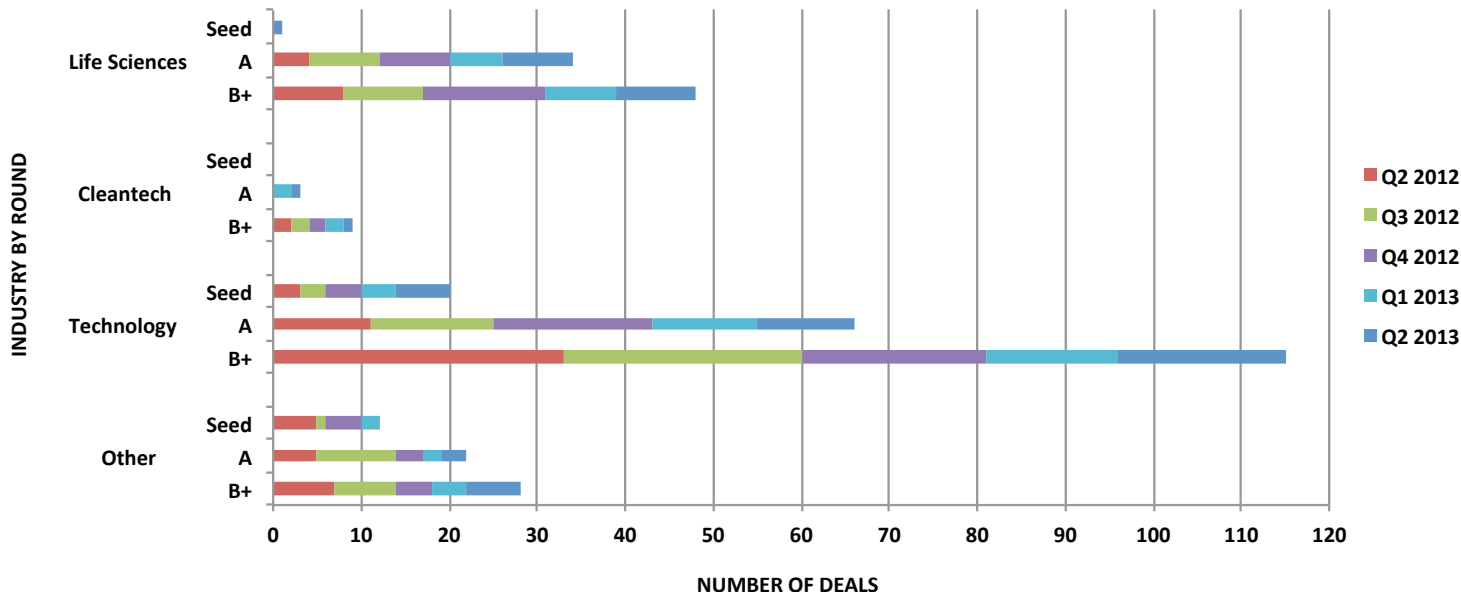


VENTURE PERSPECTIVES

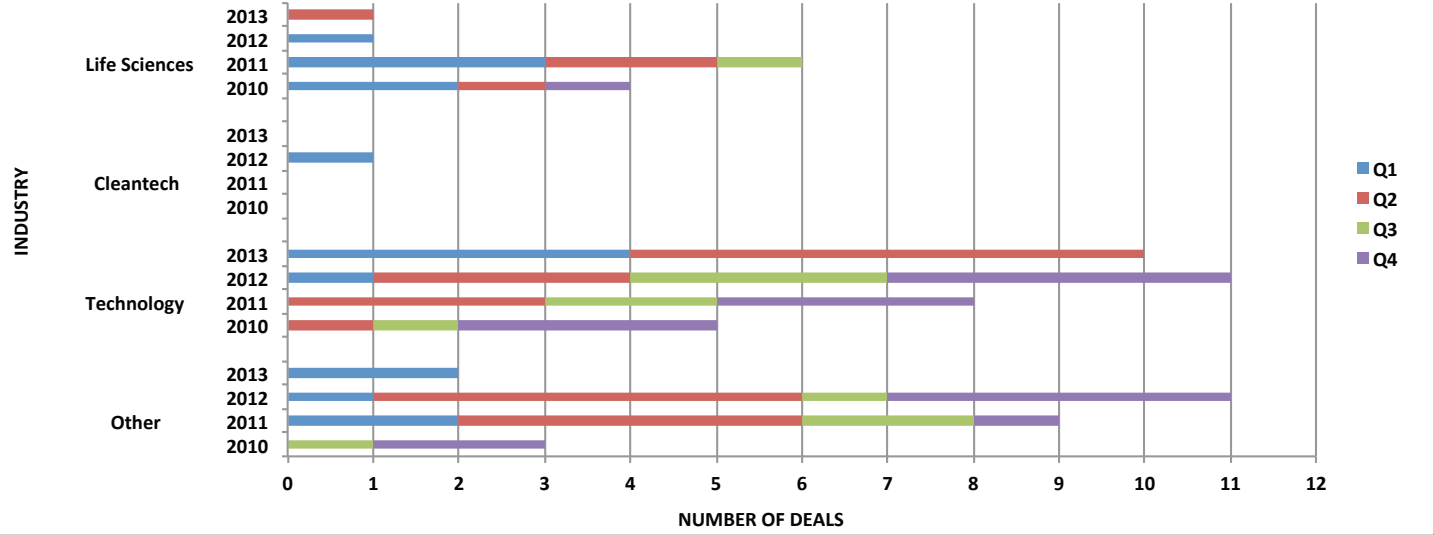
New England Outlook

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

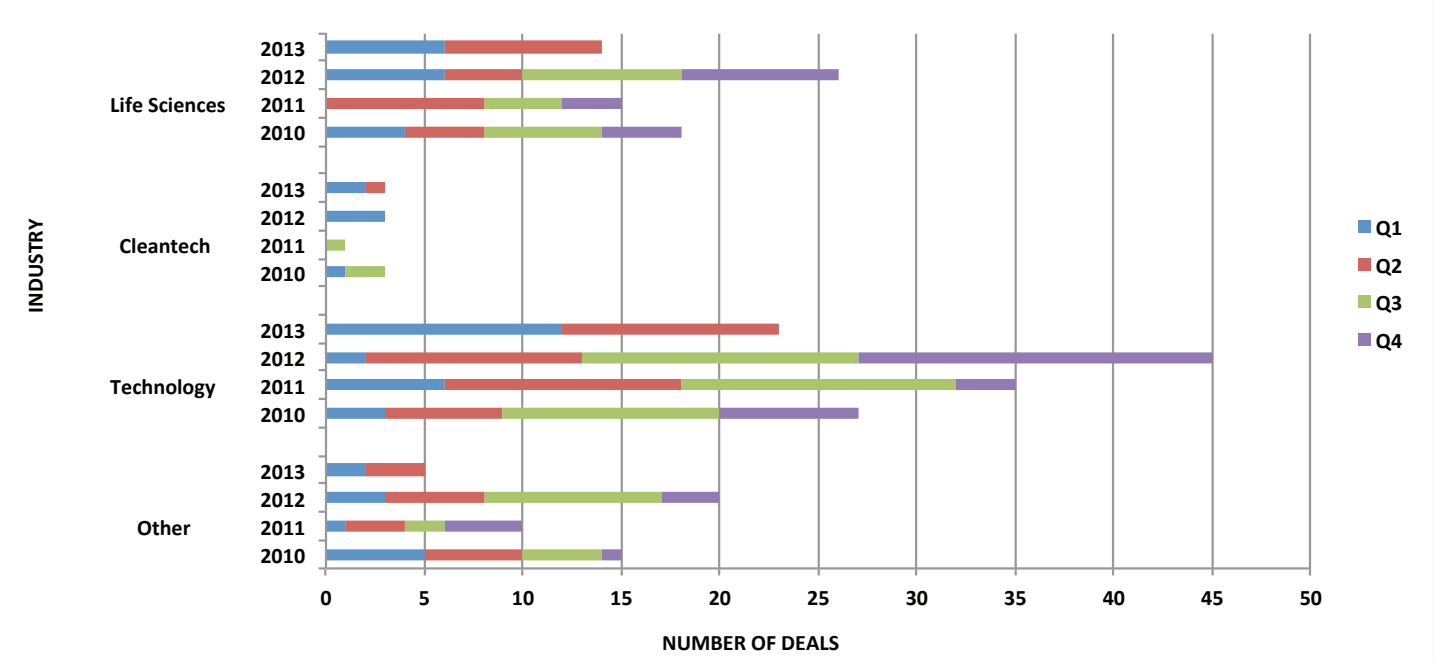
Activity Level of New England Transactions, Q2 2012 - Q2 2013 All Rounds



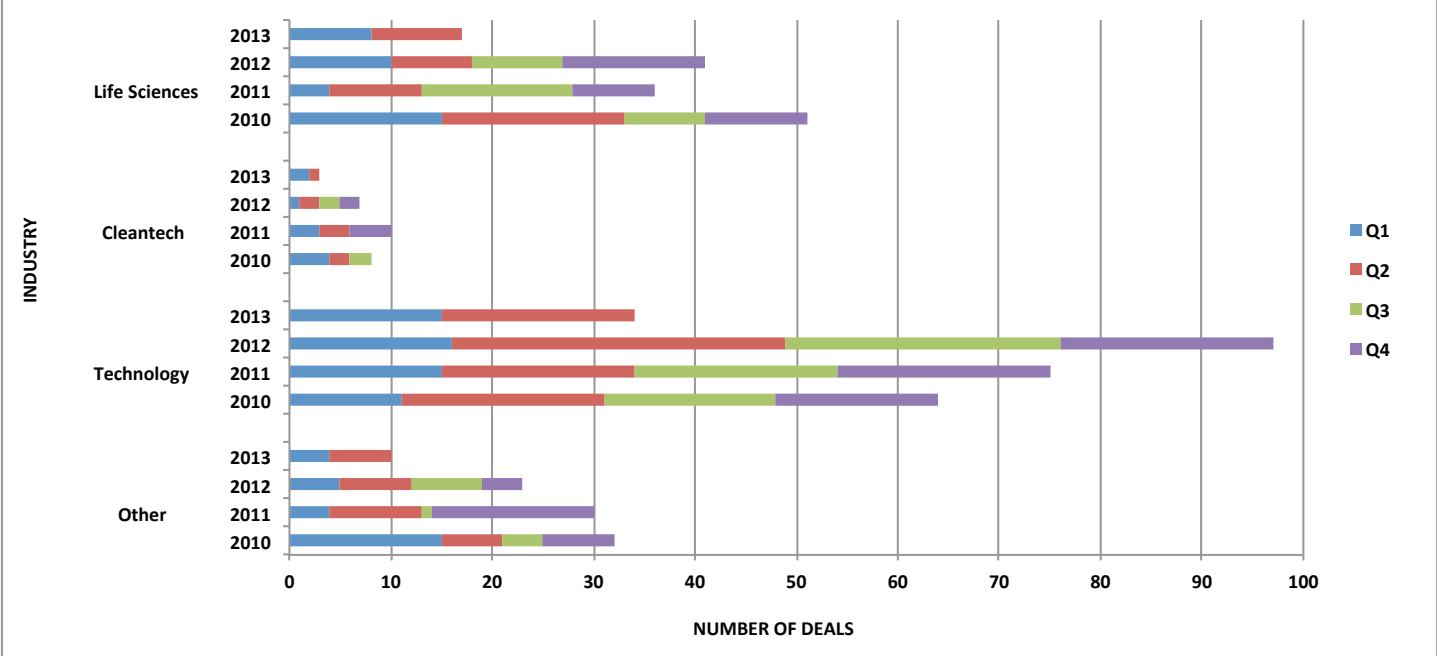
Activity Level of New England Seed Transactions, Q1 2010 - Q2 2013



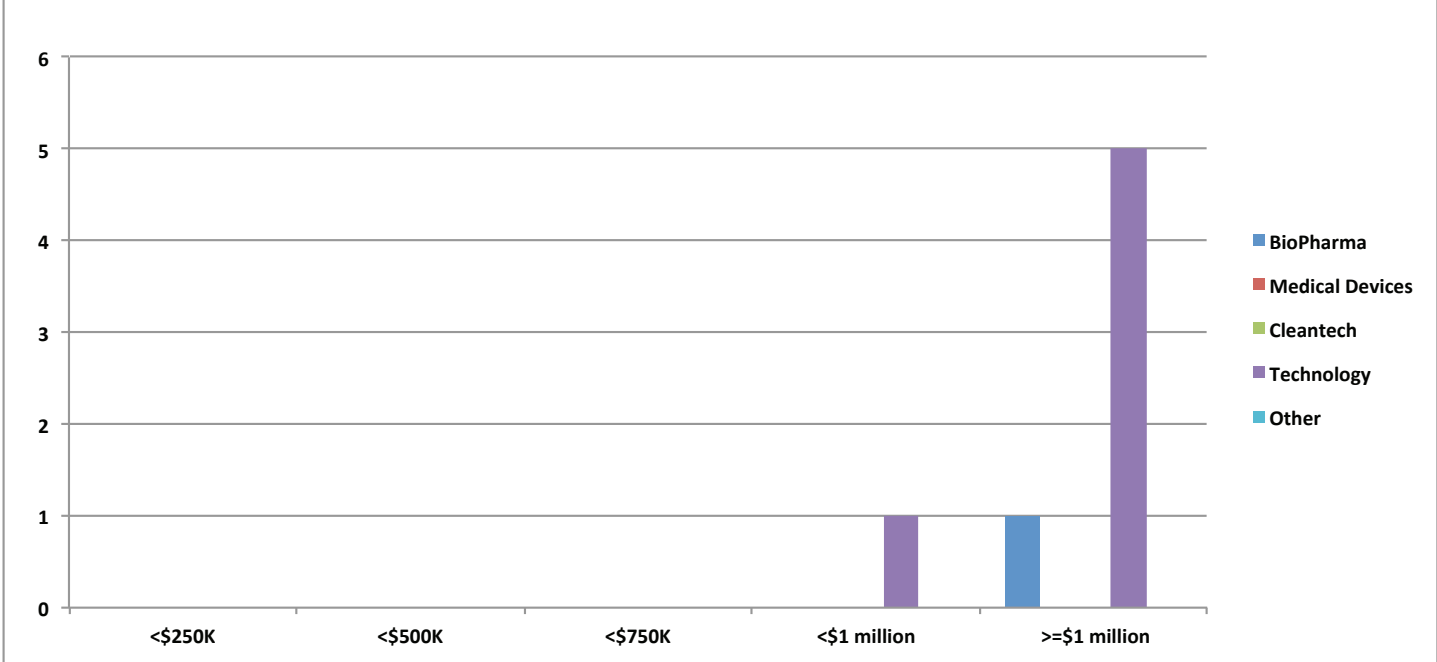
Activity Level of New England Series A Transactions, Q1 2010 - Q2 2013



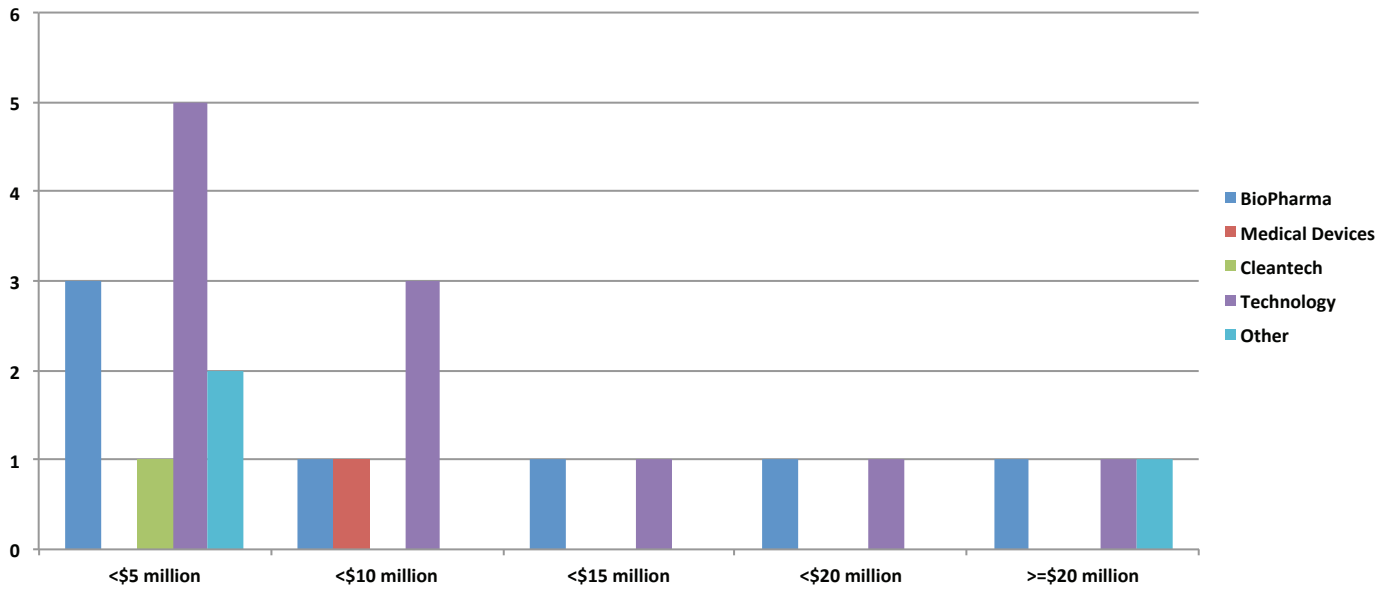
Activity Level of New England Series B/Later Round Transactions, Q1 2010- Q2 2013



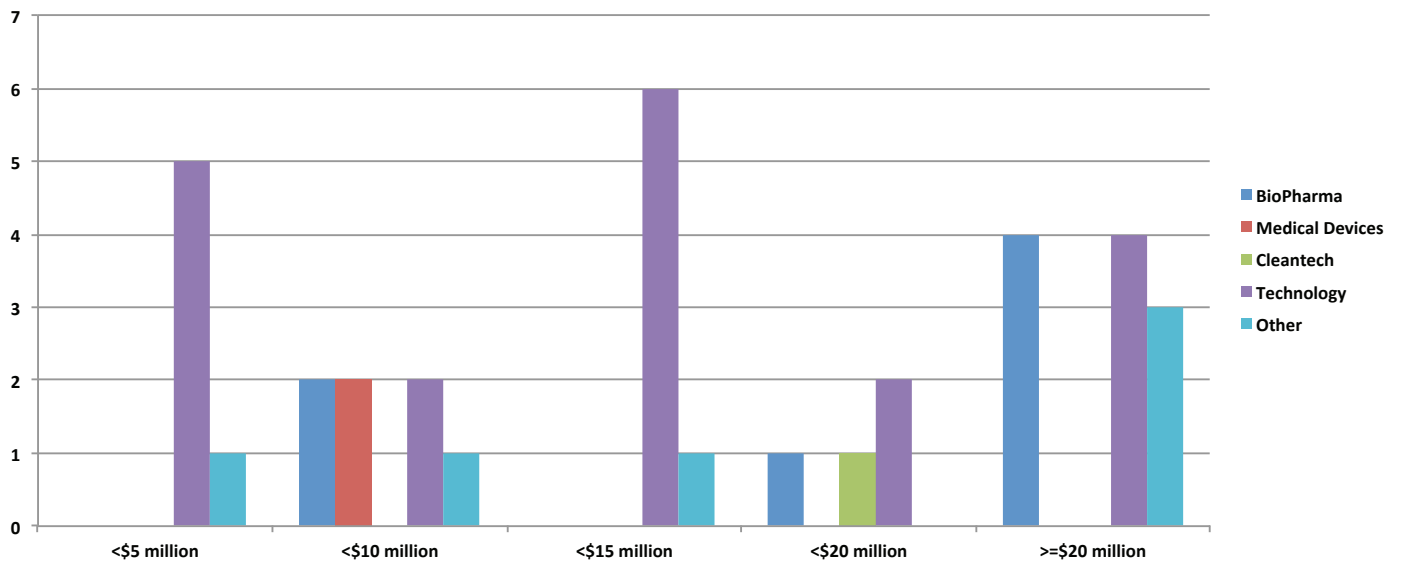
Size of New England Q2 2013 Series Seed Transactions by Industry



Size of New England Q2 2013 Series A Transactions by Industry



Size of New England Q2 2013 Series B/Later Round Transactions by Industry



The Numbers

Venture financing activity in New England increased in the second quarter of 2013. The total number of deals increased by 14%, with activity accelerating in Seed, A and B/Later rounds, and in the technology, life sciences and “other” sectors. The size of deals also increased over the previous quarter. Implied pre-money valuations declined across all rounds from the first quarter and, although there was some fluctuation in the frequency of key deal terms, there was no discernible aggregate loosening or tightening of terms.

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 Q2 2013, the total number of New England Seed transactions increased 17% from Q1 2013 and decreased 13% from Q2 2012. The technology sector represented 86% of the total Q2 2013 transactions and the life sciences sector accounted for the balance. There were no transactions in the other or cleantech sectors.

Series A transactions during Q2 2013 increased 5% from Q1 2013 and increased 15% from Q2 2012. The technology sector represented 48% of the Q2 2013 total, with the life sciences, “other” and cleantech sectors representing 35%, 13% and 4%, respectively, of the Q2 2013 total. This distribution is relatively consistent with Q1 2013, during which the technology, life sciences, “other,” and cleantech sectors represented 55%, 27%, 9%, and 9%, respectively, of the total and with Q2 2012, during which the technology, life sciences, “other,” and cleantech sectors represented 55%, 20%, 25% and 0%, respectively, of the total.

The total number of New England Series B/Later Round transactions during Q2 2013 increased 21% from Q1 2013 and decreased 8% from Q2 2012. The technology sector accounted for 54% of the Q2 2013 total compared to 26%, 17% and 3% for the life sciences, “other” and cleantech sectors. This distribution is largely consistent with Q1 2013, during which the technology, life sciences, “other,” and cleantech sectors represented 51%, 28%, 14% and 7%, respectively, of the total, and Q2 2012, during which the technology, life sciences, “other,” and cleantech sectors represented 50%, 21%, 24% and 5%, respectively, of the total.

At the national level, the total number of Seed transactions increased 11% from Q1 2013 (compared to a 17% increase in New England) and decreased 8% over Q2 2012 (compared to a 13% decrease in New England). The total number of Series A transactions remained flat from Q1 2013 (compared to a 5% increase in New England) and decreased 6% over Q2 2012 (compared to a 15% increase in New England). The total number of Series B/Later Round transactions nationally increased 20% from Q1 2013 (compared to a 21% increase in New England) and remained flat from Q2 2012 (compared to an 8% decrease in New England).

Deal Size

Of the New England Seed transactions during Q2 2013, none involved investments under \$750,000 and 86% involved investments of more than \$1 million.

Of the New England Series A transactions during Q2 2013, 48% involved investments under \$5 million and 13% involved investments over \$20 million.

Of the New England Series B/Later Round transactions during Q2 2013, 17% involved investments under \$5 million and 31% involved investments over \$20 million.

Implied Pre-Money Valuations

Seed Round. Q2 2013 New England Seed transactions had a median implied pre-money valuation of \$4.1 million, with a median implied pre-money valuation of \$3.95 million in the technology category, which comprised the majority of the Q2 2013 New England Seed transactions.

Series A Round. Q2 2013 New England Series A transactions had a median implied pre-money valuation of \$7.0 million, with the highest median pre-money valuation of \$13.05 million in the Life Sciences category and the lowest median pre-money valuations of \$4 million in the Cleantech category and \$4.75 million in the “other” category.

Series B/Later Round. Q2 2013 New England Series B/Later Round transactions had a median implied pre-money valuation of \$45.2 million, with the highest median pre-money valuation of \$71.3 million in the Life Sciences category and the lowest median pre-money valuation of \$35.2 million in the Technology category.

Terms

The bar graph relating to terms for selected New England Series A transactions shows the following trends in Q2 2013 as compared to the immediately preceding quarter and the comparable prior year quarter:

- a slight decrease in the percentage of transactions with cumulative dividends (43% in Q2 2013 versus 45% in Q1 2013 and in Q2 2012);
- a decrease in the percentage of transactions with a participating liquidation preference (22% in Q2 2013 versus 23% in Q1 2013 and 35% in Q2 2012);
- an increase in the percentage of transactions with a redemption provision (52% in Q2 2013 versus 50% in Q1 2013 and 35% in Q2 2012); and
- a decrease in the percentage of transactions with a pay to play provision (4% in Q2 2013 versus 27% in Q1 2013 and 5% in Q2 2012).

The bar graph relating to terms for selected New England Series B/Later Round transactions shows the following trends in Q2 2013 as compared to the immediately preceding quarter and the comparable prior year quarter:

- a decrease in the percentage of transactions with cumulative dividends (51% in Q2 2013 versus 66% in Q1 2013 and 54% in Q2 2012);
- an increase in the percentage of transactions with a participating liquidation preference as compared to the immediately preceding quarter and a decrease in the percentage of transactions with a participating liquidation preference as compared to the comparable prior year quarter (43% in Q2 2013 versus 24% in Q1 2013 and 48% in Q2 2012);
- an increase in the percentage of transactions with a redemption provision (80% in Q2 2013 versus 76% in Q1 2013 and 58% in Q2 2012); and
- a decrease in the percentage of transactions with a pay to play provision as compared to the immediately preceding quarter and an increase in the percentage of transactions with a pay to play provision as compared to the comparable prior year quarter (20% in Q2 2013 versus 24% in Q1 2013 and 18% in Q2 2012).

The National Activity Level Summary

National Seed Transactions by Industry*

Industry	2012				2013				Quarter ended June 30, 2012	Quarter ended June 30, 2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	1	1	2	2	2	1			1	1
Medical Device	6	2	6	3	2	1			2	1
Cleantech	2	1	0	2	3	1			1	1
Technology	18	28	29	20	25	23			28	23
Other	17	42	34	27	29	42			42	42
Total	44	74	71	54	61	68			74	68

* Source: Dow Jones VentureSource

National Series A Transactions by Industry*

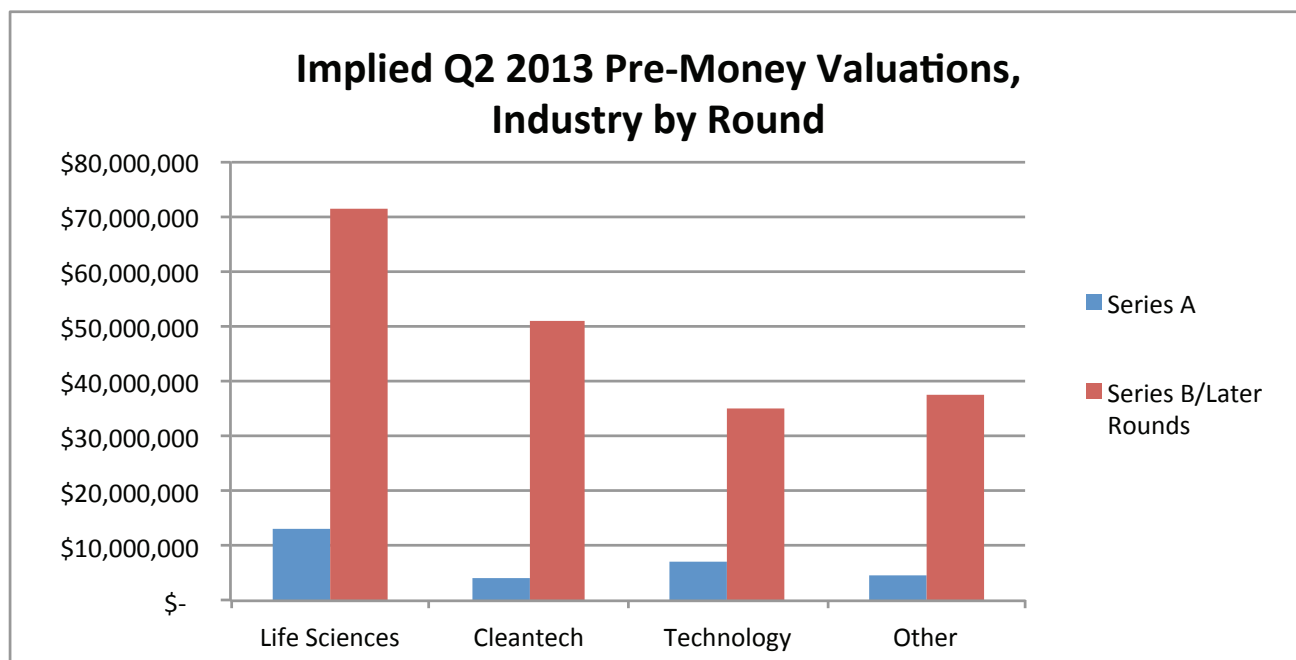
Industry	2012				2013				Quarter ended June 30, 2012	Quarter ended June 30, 2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	9	12	18	22	10	13			12	13
Medical Device	15	17	13	11	13	15			17	15
Cleantech	7	4	0	3	4	6			4	6
Technology	82	76	102	79	112	79			76	79
Other	110	162	142	103	116	142			162	142
Total	223	271	275	218	255	255			271	255

* Source: Dow Jones VentureSource

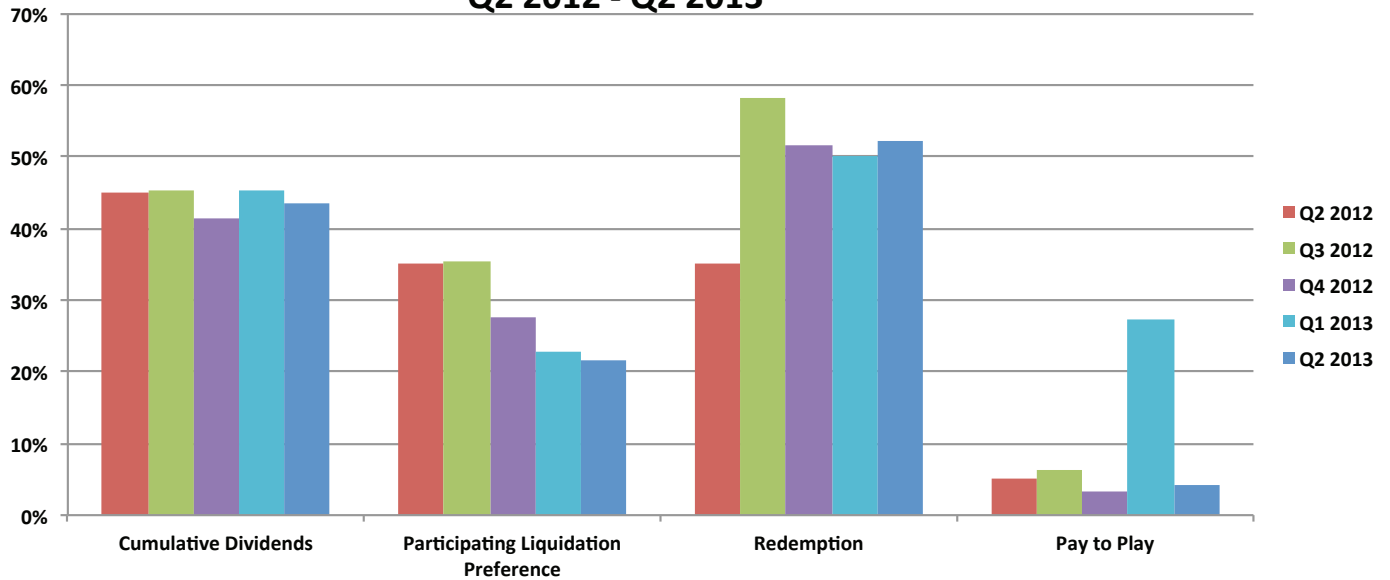
National Series B/ Later Round Transactions by Industry*

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

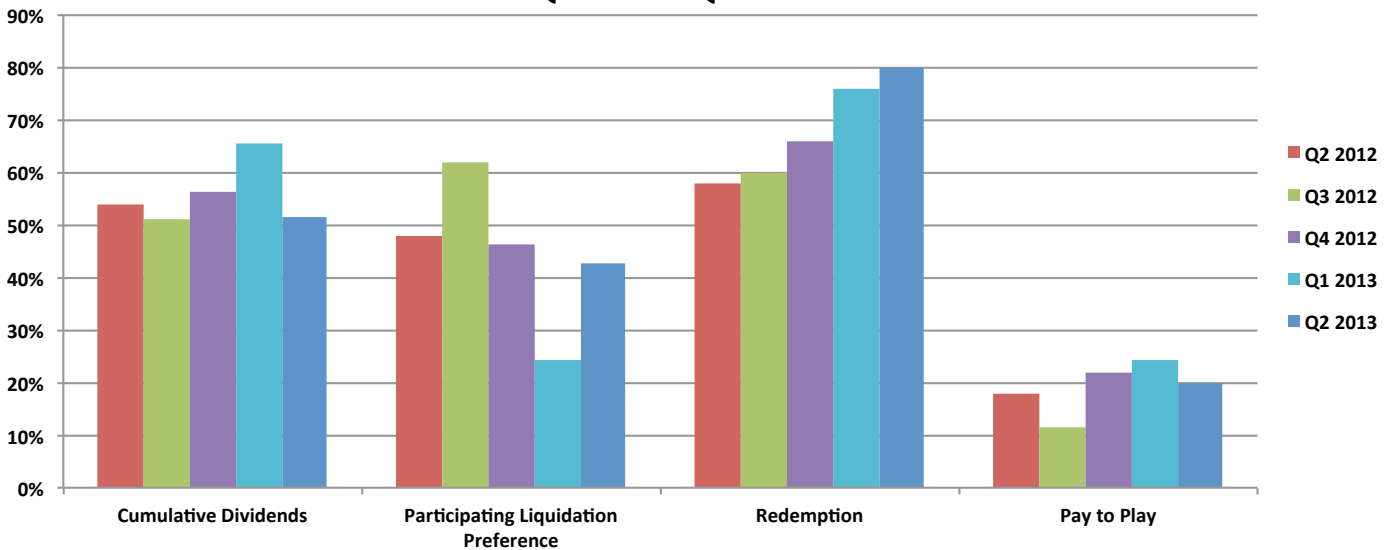
* Source: Dow Jones VentureSource



Terms of Selected New England Series A Rounds, Q2 2012 - Q2 2013



Terms of Selected New England Series B/Later Rounds, Q2 2012 - Q2 2013



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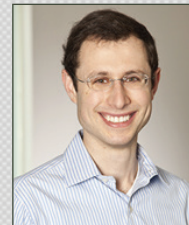
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