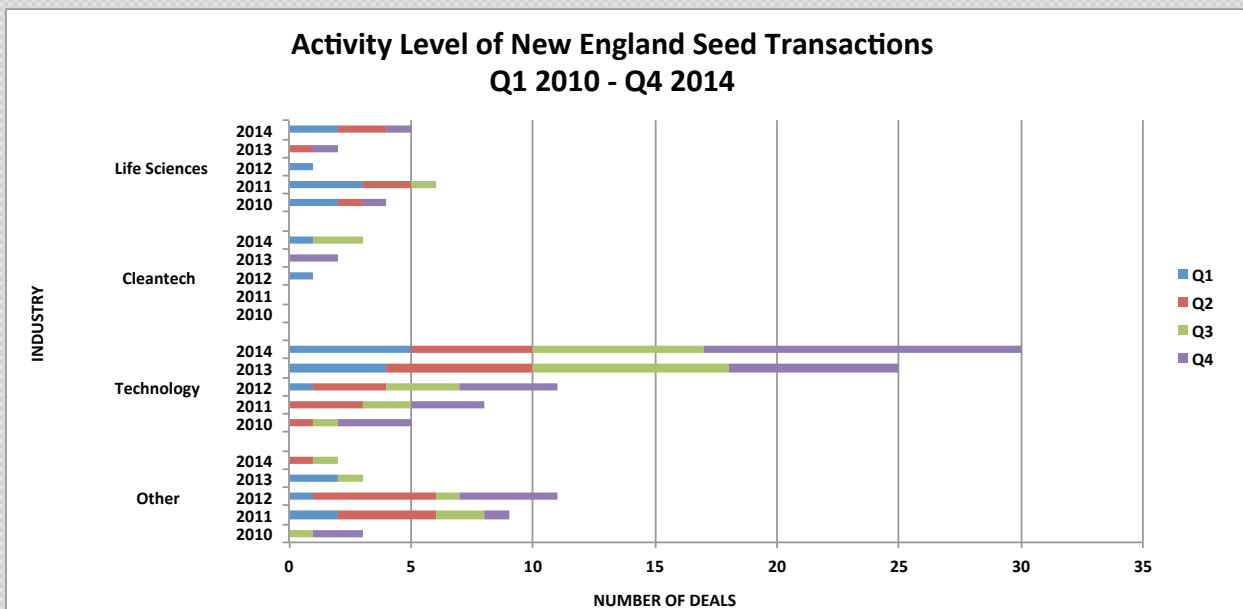
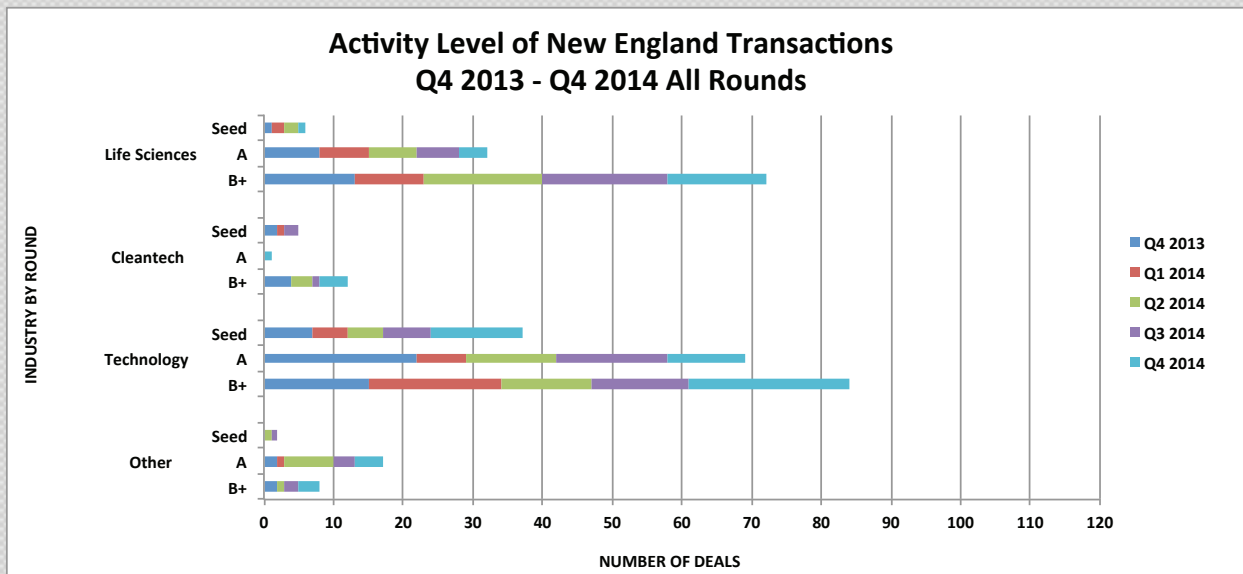


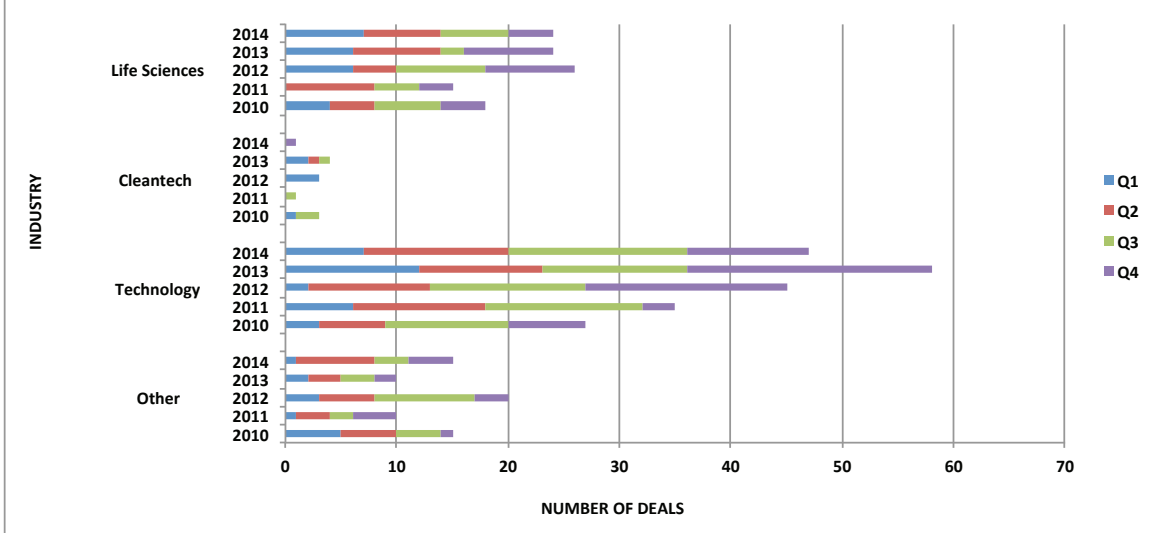


VENTURE PERSPECTIVES

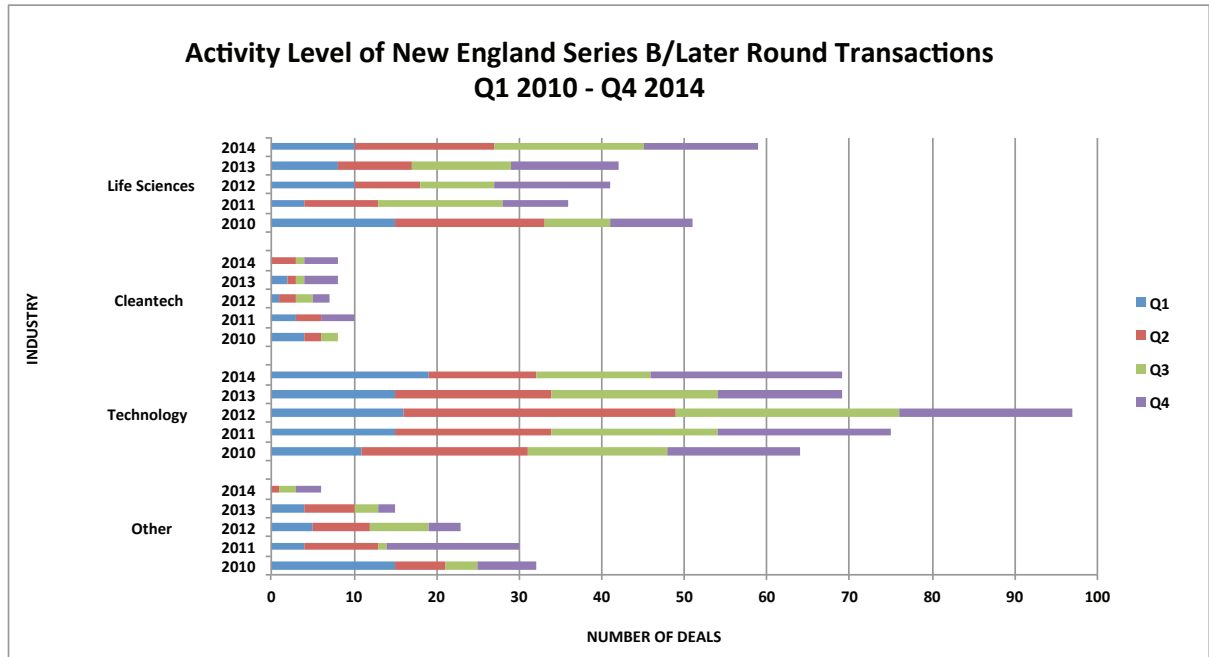
Quarterly Review of Seed, Series A and Series B/Later Round Financings: Fourth Quarter 2014



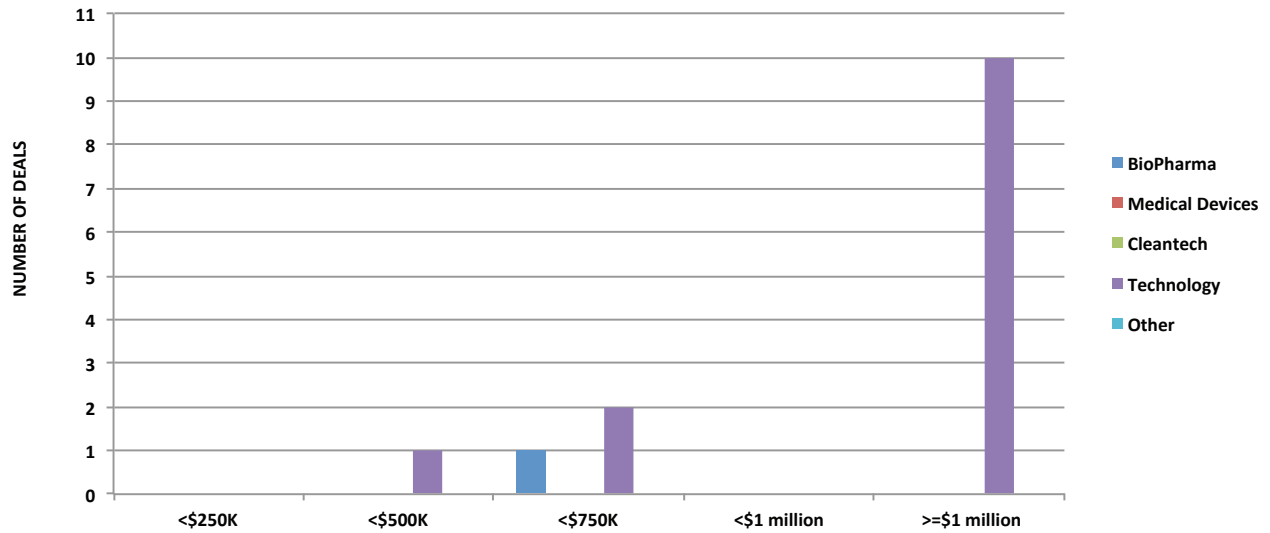
Activity Level of New England Series A Transactions Q1 2010 - Q4 2014



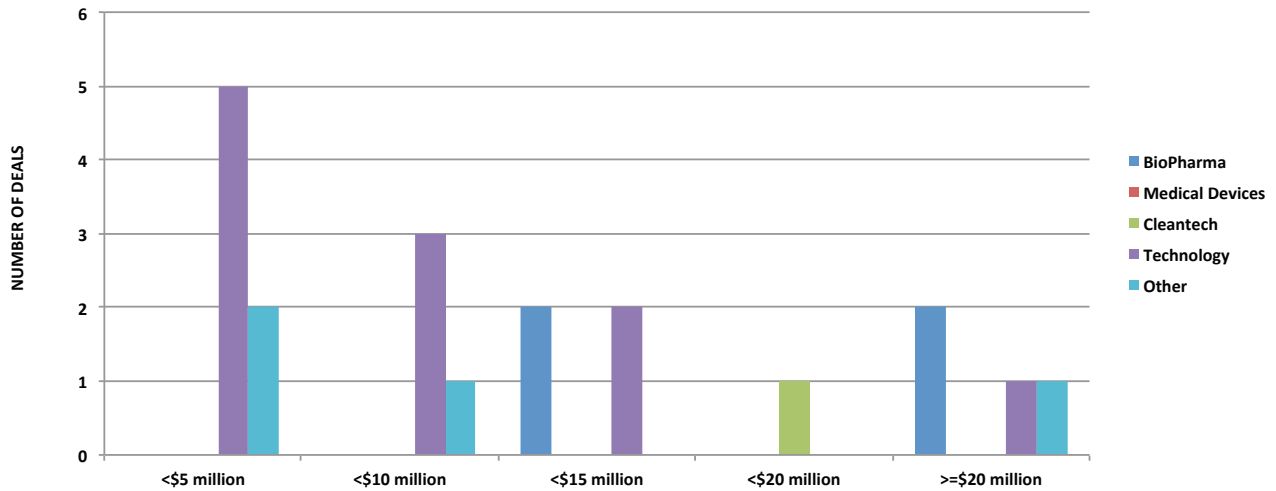
Activity Level of New England Series B/Later Round Transactions Q1 2010 - Q4 2014

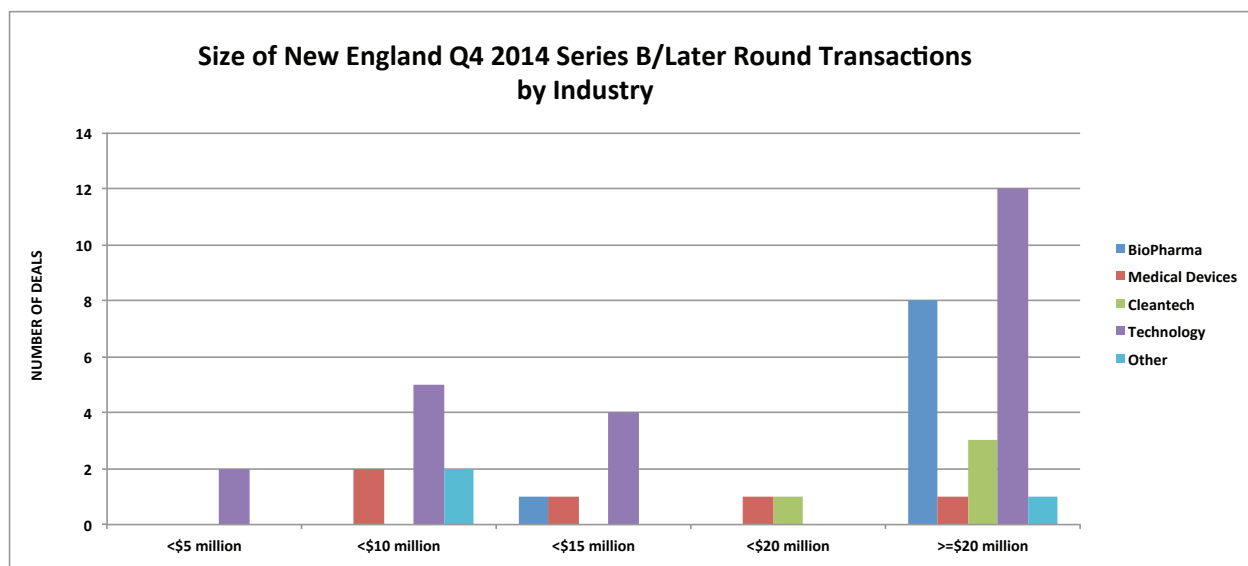


Size of New England Q4 2014 Seed Equity Transactions by Industry



Size of New England Q4 2014 Series A Transactions by Industry





The Numbers

Venture financing activity in New England increased modestly in the fourth quarter of 2014, with Seed and B/Later round activity increasing by 40% and 26%, respectively, over Q3 2014. For the second consecutive quarter, Series A activity was down, reflecting a 20% decrease from Q3 to Q4, despite an overall increase of 11% in venture financings in the aggregate over the same period.

In addition, the trends observed in Q4 2014 were representative of those observed for 2014 as a whole: Seed and B/Later round activity increased from 2013 to 2014 (25% for Seed rounds; 6% for B/Later rounds), and A rounds decreased over the same period (by 9%). Similarly, venture financing activity in New England in 2014 increased across all rounds by 3% over the previous year.

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

Q4 2014

During Q4 2014, the total number of reviewed New England Seed equity transactions increased 40% over Q3 2014 and by the same margin over Q4 2013 (in each case, an increase of four transactions). Technology companies received investment in 13 of these transactions and 1 involved a Life Sciences company (no Cleantech or “Other” Seed equity financings were reported during Q4).

As noted above, Series A transactions in New England during Q4 2014 decreased by 20% as compared to Q3 2014 and by an even greater margin as compared to Q4 2013 (38%). Technology companies accounted for just over half of Q4 2014 Series A deals, with Life Sciences and “Other” companies each representing 20% of these deals. In addition, we reviewed one Cleantech Series A transaction, the first and only of which to be reviewed in 2014.

The total number of New England Series B/Later Round transactions during Q4 2014 increased by 26% as compared to Q3 2014 and by 29% as compared to Q4 2013. More than half (52%) of all Series B/Later round transactions reviewed during Q4 involved Technology companies, with Life Sciences (32%), Cleantech (9%), and “Other” (7%) companies rounding out our four industry categories. As was the case in Q3 2014, Q4 observed a continued upward trend with respect to B/Later round transactions, which have increased in each of the previous 3 consecutive quarters.

At the national level¹, the total number of Seed (equity and non-equity) transactions in Q4 decreased by 35% from Q3 2014 (compared to a 40% increase in Seed equity transactions in New England, as reported above) and decreased by more than 50% over Q4 2013 (compared to a 40% increase in New England). The total number of Series A transactions nationally decreased by 6% over Q3 2014 (compared to a 20% decrease in New England) and was essentially flat over Q4 2013 (compared to a 38% decrease in New England). The total number of Series B/Later Round transactions nationally was essentially flat over both Q3 2014 (compared to a 26% increase in New England) and Q4 2013 (compared to a 29% increase in New England over the same period).

2014 Year

As noted above, for the year, the total number of transactions in New England increased slightly from 2013 to 2014 (3%), due in large part to a 25% increase in Seed equity transactions, while Series A deals decreased by 9% and B/Later round transactions increased by 6% 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 2013 and 2014: Seed transactions represented 15% of all transactions in 2014, up from 12% in 2013; Series A transactions represented 32% of all transactions in 2014, down from 37% in 2013; and Series B/Later Round transactions represented 53% in 2014, up from 51% in 2013.

At the national level, the overall number of transactions increased 9% from 2013 to 2014. Specifically, the number of Seed transactions decreased 27% from 2013 to 2014, Series A transactions increased 12%, and Series B/Later Round transactions also increased 12% over the same period. Seed, Series A, and Series B/Later round transactions were similarly distributed as portions of the whole between 2013 and 2014: Seed transactions represented 6% of the overall number of transactions at the national level in 2014 (compared to 9% in 2013), Series A transactions represented 36% (compared to 35% in 2013), and Series B/Later Round transactions represented 58% of these transactions (compared to 56% in 2013).

Deal Size

Of the New England Seed equity transactions we reviewed during Q4 2014, 71% involved investments of more than \$1 million.

Of the New England Series A transactions we reviewed during Q4 2014, 35% involved investments of less than \$5 million, and 20% involved investments of more than \$20 million.

Of the New England Series B/Later Round transactions we reviewed during Q4 2014, 25% involved investments of less than \$10 million and 57% involved investments of more than \$20 million.

Implied Pre-Money Valuations

Seed Round. In the fourteen selected New England Seed equity transactions we reviewed for Q4 2014, the implied pre-money valuations ranged from \$600,000 to \$10.4 million, with a median of \$5.6 million. The results by industry sector were as follows:

- *Life Sciences:* There was one Life Sciences transaction, with an implied pre-money valuation of \$1.4 million.
- *Cleantech:* There were no transactions reported.
- *Technology:* There were thirteen Technology transactions, with implied pre-money valuations ranging from \$600,000 to \$10.4 million, with a median of \$5.8 million.
- *Other:* There were no transactions reported.

Series A Round. In the fourteen selected New England Seed equity transactions we reviewed for Q4 2014, the implied pre-money valuations ranged from \$600,000 to \$10.4 million, with a median of \$5.6 million. The results by industry sector were as follows:

- *Life Sciences:* There was one Life Sciences transaction, with an implied pre-money valuation of \$1.4 million.
- *Cleantech:* There were no transactions reported.

¹National data as reported in Dow Jones VentureSource.

- *Technology*: There were eleven Technology transactions, with implied pre-money valuations ranging from \$5 million to \$41.1 million, with a median of \$12.7 million.
- *Other*: There were four transactions in the “Other” category, with implied pre-money valuations ranging from of \$4.3 million to \$15 million, with a median of \$11.5 million.

Series B/Later Round. In the forty-four selected New England Series B/Later Round transactions we reviewed for Q3 2014, the implied pre-money valuations ranged from \$9.6 million to \$659 million, with a median of \$78.9 million. 31 of these (70%) were “up” rounds; 7 (16%) were “down” rounds; and 6 (14%) were “even” rounds. The results by industry sector were as follows:

- *Life Sciences*: There were fourteen Life Sciences transactions, of which nine were “up” rounds, three were “down” rounds and two were “even” rounds. The implied pre-money valuations ranged from a low of \$32.3 million in a Series B round to a high of \$684 million in a Series D round, with a median valuation of \$62.85 million.
- *Cleantech*: There were four Cleantech transactions, of which three were “up” rounds and one was an “even” round. The implied pre-money valuations ranged from a low of \$38.9 million in a Series B round to a high of \$151.2 million in a Series C round, with a median valuation of \$101.65 million.
- *Technology*: There were twenty-three Technology transactions, seventeen of which were “up” rounds, three of which were “down” rounds, and three of which were “even” rounds. The implied pre-money valuations ranged from a low of \$31.3 million in a Series C round to a high of \$502 million in a Series D “up” round, with a median valuation of \$75.9 million.
- *Other*: There were three transactions in the “Other” sector, two of which were “up” rounds, and one of which was a “down” round. The implied pre-money valuations of the two “up” rounds were \$121.3 million in a Series C round and \$659 million in a Series B round, and the implied pre-money valuation of the one “down” round was \$9.6 million in a Series B round.

Terms

Terms for selected New England Seed equity transactions showed the following trends in Q4 2014 as compared to Q3 2014 and Q4 2013:

- An decrease in the percentage of transactions with cumulative dividends as compared to Q3 2014 (30% to 14%) and a decrease as compared to Q4 2013 (20% to 14%);
- A small decrease in the percentage of transactions with a participating liquidation preference as compared to Q3 2014 (10% to 7%) and an increase as compared to Q4 2013 (0% to 7%);
- An significant decrease in the number of deals with redemption provisions as compared to Q3 2014 (40% to 21%) and a slight increase as compared to Q4 2013 (20% to 21%);
- 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 Q4 2014 as compared to Q3 2014 and Q4 2013:

- A decrease in the percentage of transactions with cumulative dividends as compared to Q3 2014 (28% to 25%) and a decrease as compared to Q4 2013 (34% to 25%);
- A significant increase in the percentage of transactions with a participating liquidation preference as compared to Q3 2014 (28% to 60%), and an identical increase as compared to Q4 2013 (28% to 60%);
- A significant increase in the percentage of transactions with redemption provisions as compared to Q3 2014 (32% to 65%) and a similar increase as compared to Q4 2013 (44% to 65%);
- An increase in the percentage of transactions with pay to play provisions as compared to Q3 2014 (12% to 20%), and similar increase as compared to Q4 2013 (9% to 20%).

Terms for selected New England Series B/Later Round transactions showed the following trends in Q4 2014 as compared to Q3 2014 and Q4 2013:

- A decrease in the percentage of transactions with cumulative dividends as compared to Q3 2014 (54%

to 36%) and a similar decrease as compared to Q4 2013 (50% to 36%);

- A significant increase in the percentage of transactions with a participating liquidation preference as compared to Q3 2014 (31% to 48%) and a modest increase as compared to Q4 2013 (41% to 48%);
- A slight increase in the percentage of transactions with redemption provisions as compared to Q3 2014 (54% to 61%) and a similar increase as compared to Q4 2013 (56% to 61%);
- No change in the percentage of transactions with pay to play provisions as compared to Q3 2014 (9% in each case) and a slight decrease as compared to Q4 2013 (12% to 9%).

The National Activity Level Summary

National Seed Transactions by Industry*

Industry	2013				2014				Quarter ended December 31, 2013	Quarter ended December 31, 2014
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	2	1	1	2	3	2	1	1	2	1
Medical Device	2	1	3	2	2	2	5	1	2	1
Cleantech	3	1	0	0	1	0	0	0	0	0
Technology	25	23	25	22	3	13	19	14	22	14
Other	29	42	41	56	69	20	30	20	56	20
Total	61	68	70	82	78	37	55	36	82	36

* Source: Dow Jones VentureSource

National Series A Transactions by Industry*

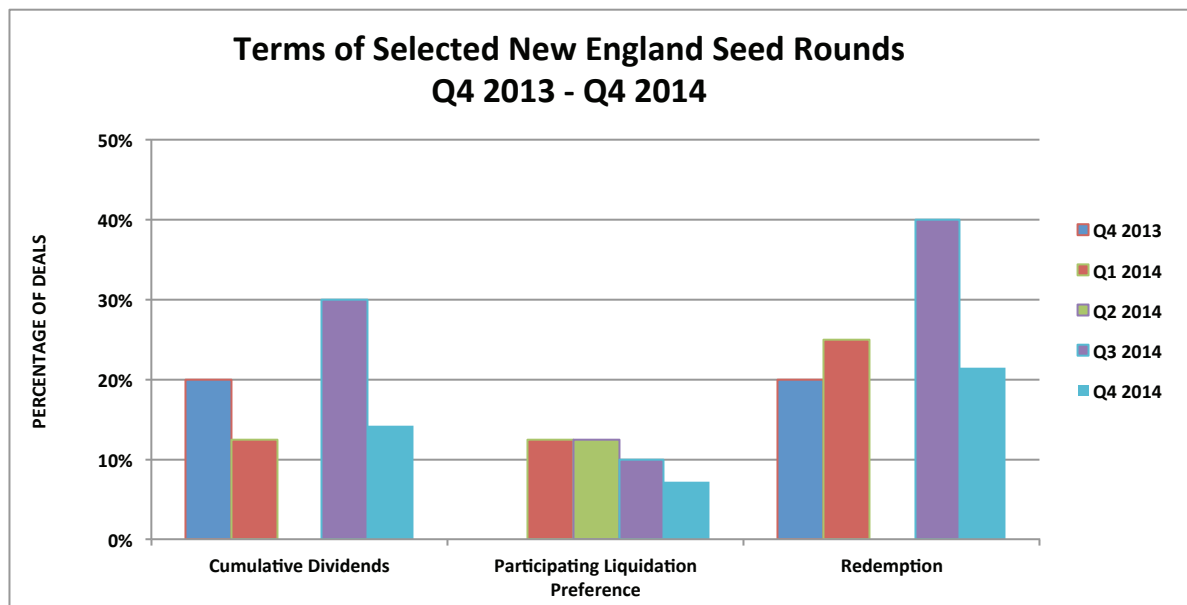
Industry	2013				2014				Quarter ended December 31, 2013	Quarter ended December 31, 2014
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	10	13	15	20	12	13	24	22	20	22
Medical Device	13	15	7	14	21	9	16	8	14	8
Cleantech	4	6	2	5	0	2	1	3	5	3
Technology	112	79	99	97	77	88	87	92	97	92
Other	116	142	148	158	176	189	191	176	158	176
Total	255	255	271	294	286	301	319	301	294	301

* Source: Dow Jones VentureSource

National Series B/ Later Round Transactions by Industry*

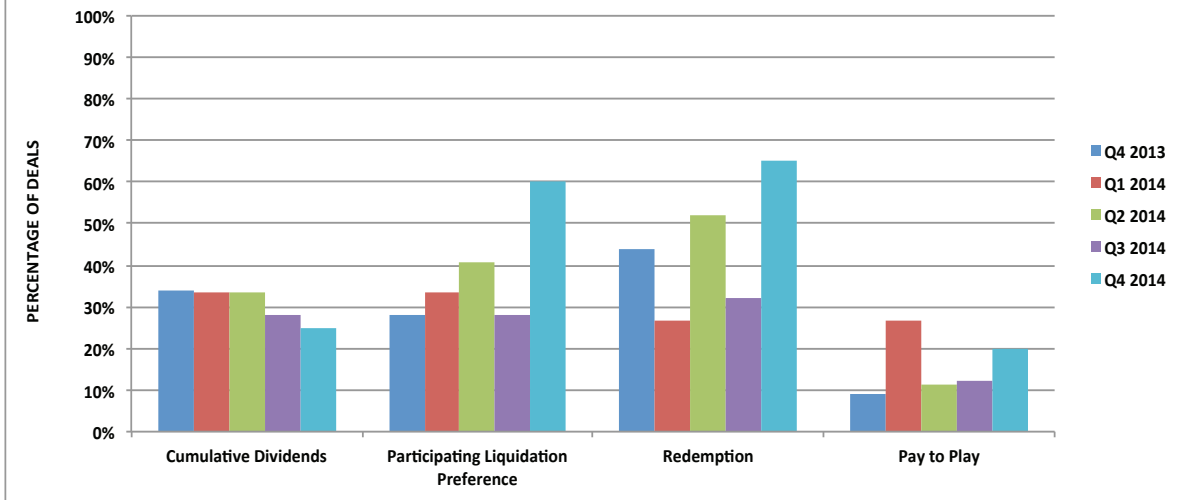
Industry	2013				2014				Quarter ended December 31, 2013	Quarter ended December 31, 2014
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Life Sciences										
Biopharma	40	43	47	48	41	57	35	38	48	38
Medical Device	46	37	30	50	38	56	50	38	50	38
Cleantech	12	14	5	11	10	9	10	11	11	11
Technology	104	136	125	121	127	147	135	139	121	139
Other	170	218	241	240	239	292	236	254	240	254
Total	372	448	448	470	455	561	466	480	470	480

* Source: Dow Jones VentureSource

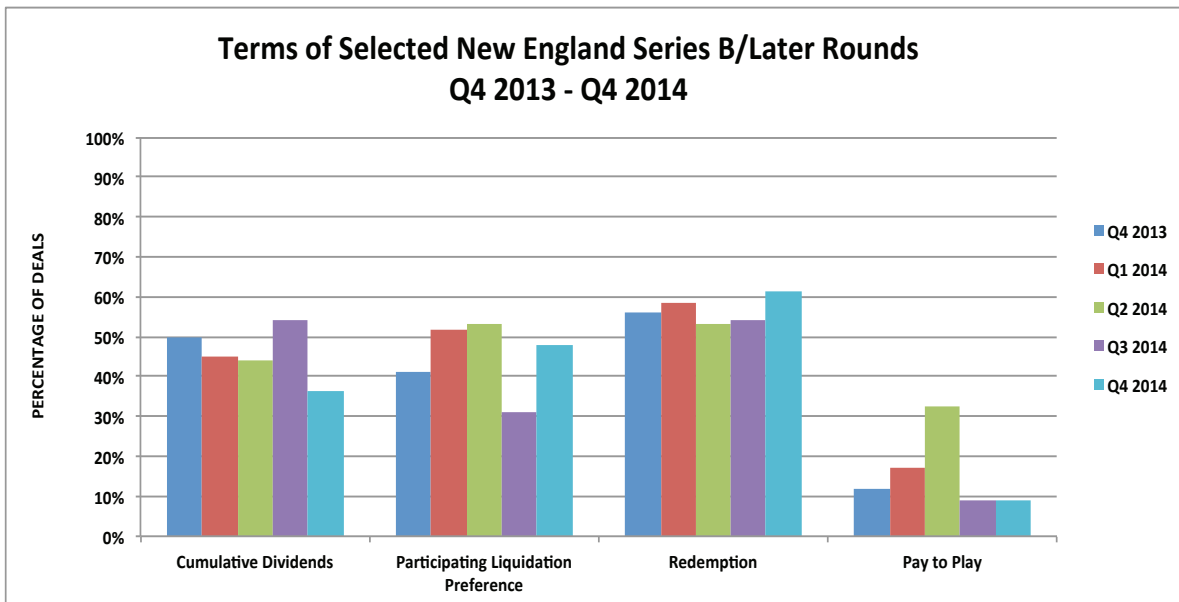


Note: No Pay to Play provisions in any quarter shown.

Terms of Selected New England Series A Transactions Q4 2013 - Q4 2014



Terms of Selected New England Series B/Later Rounds Q4 2013 - Q4 2014



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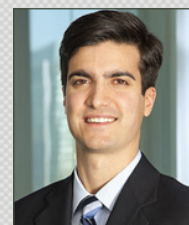
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