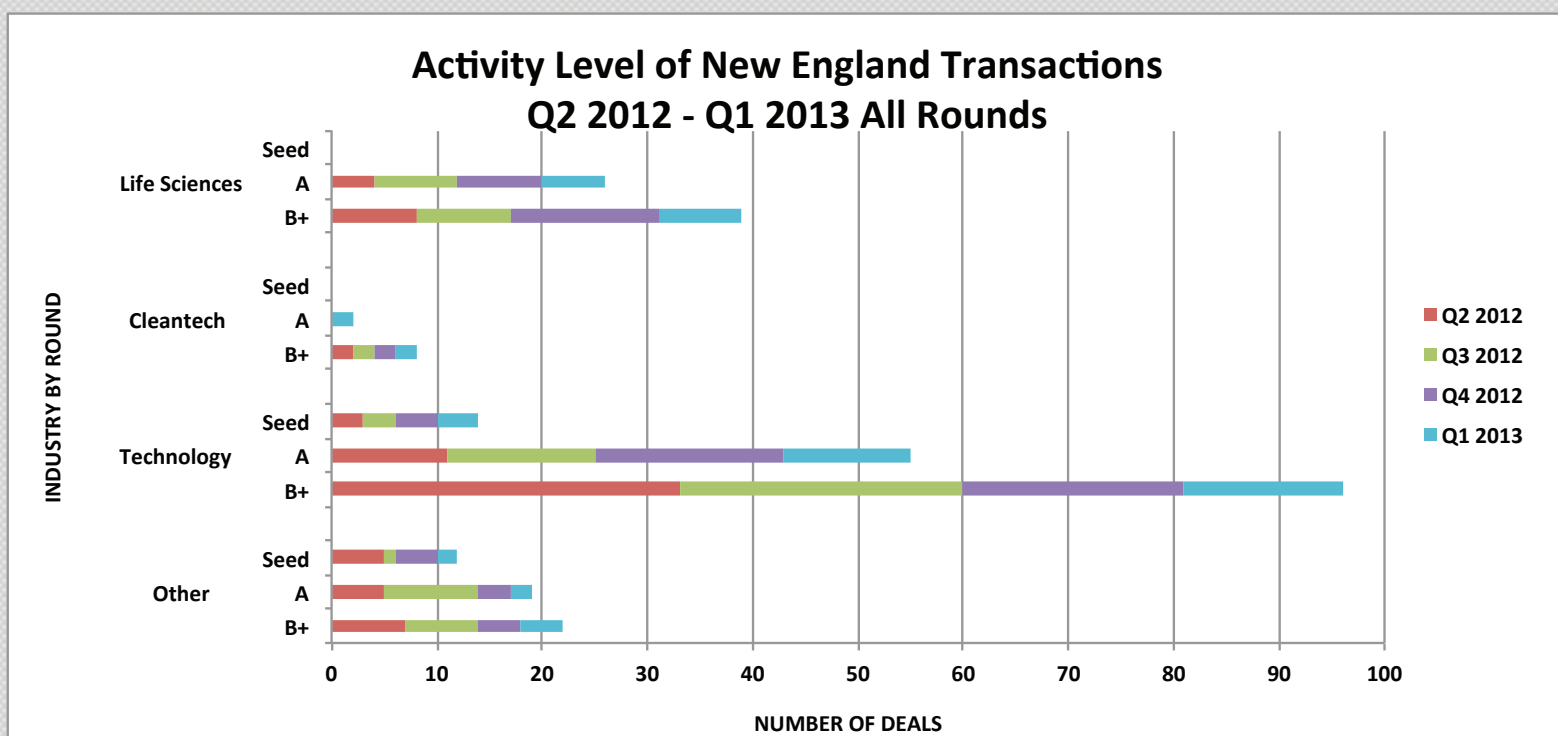




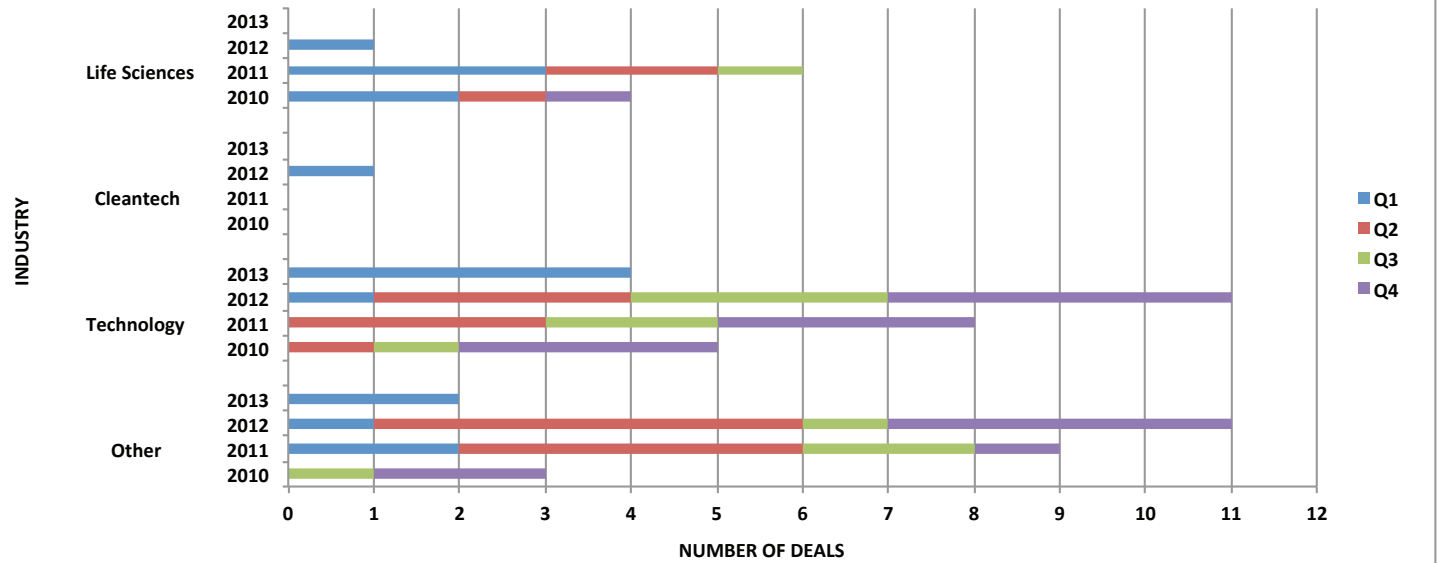
VENTURE PERSPECTIVES

New England Edition

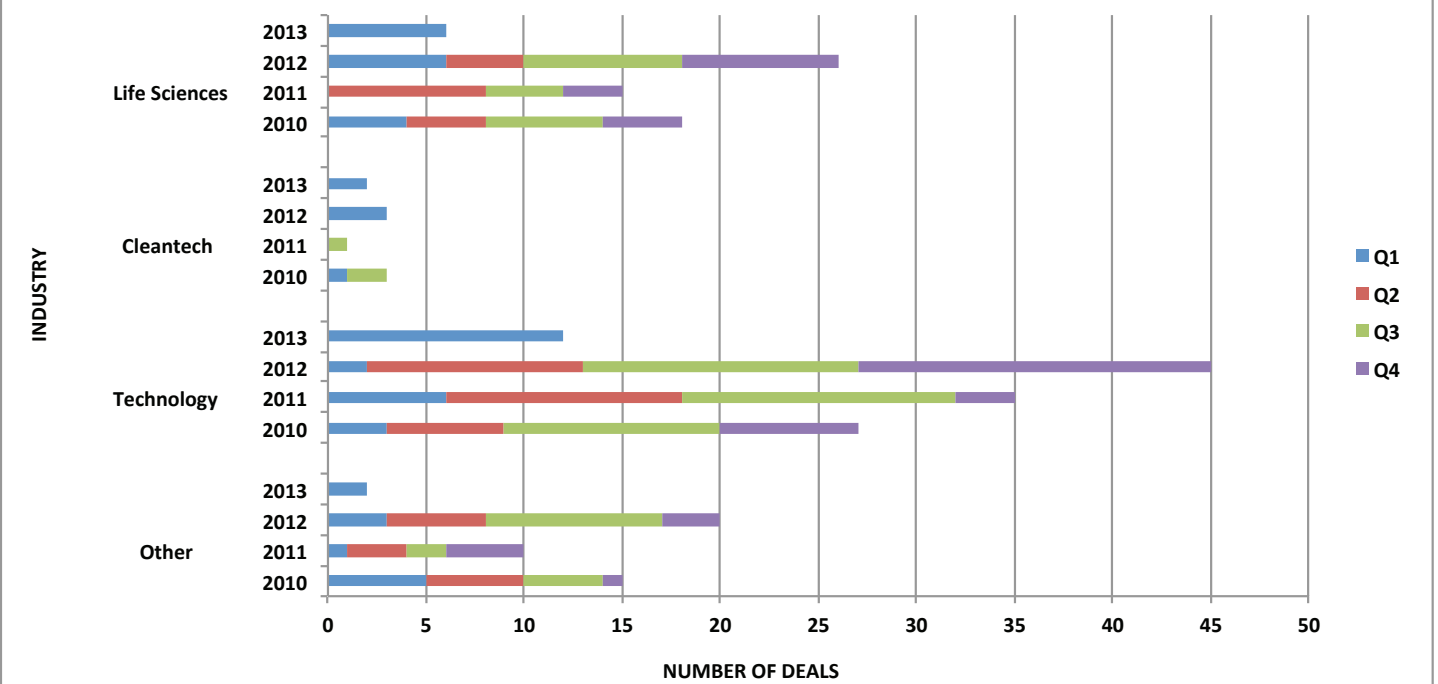
Quarterly Review of Seed, Series A and Series B/Later Round Financings: First Quarter 2013



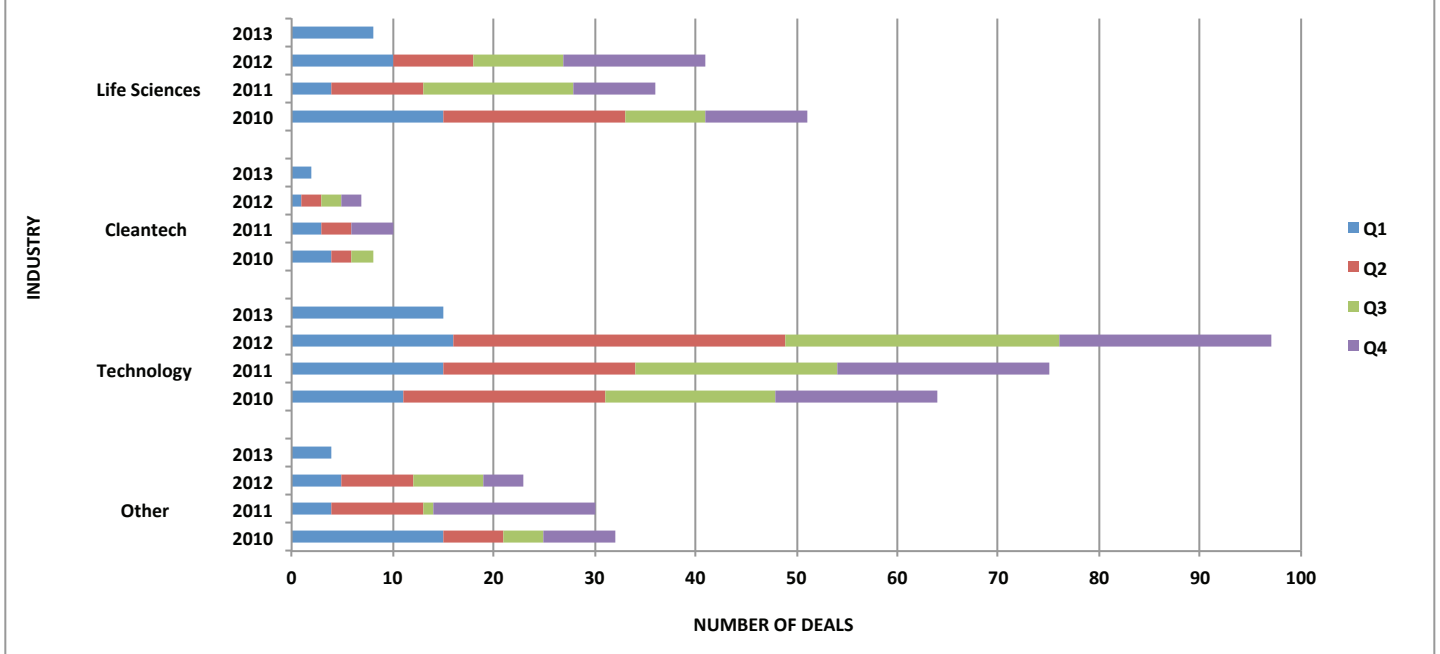
Activity Level of New England Seed Transactions



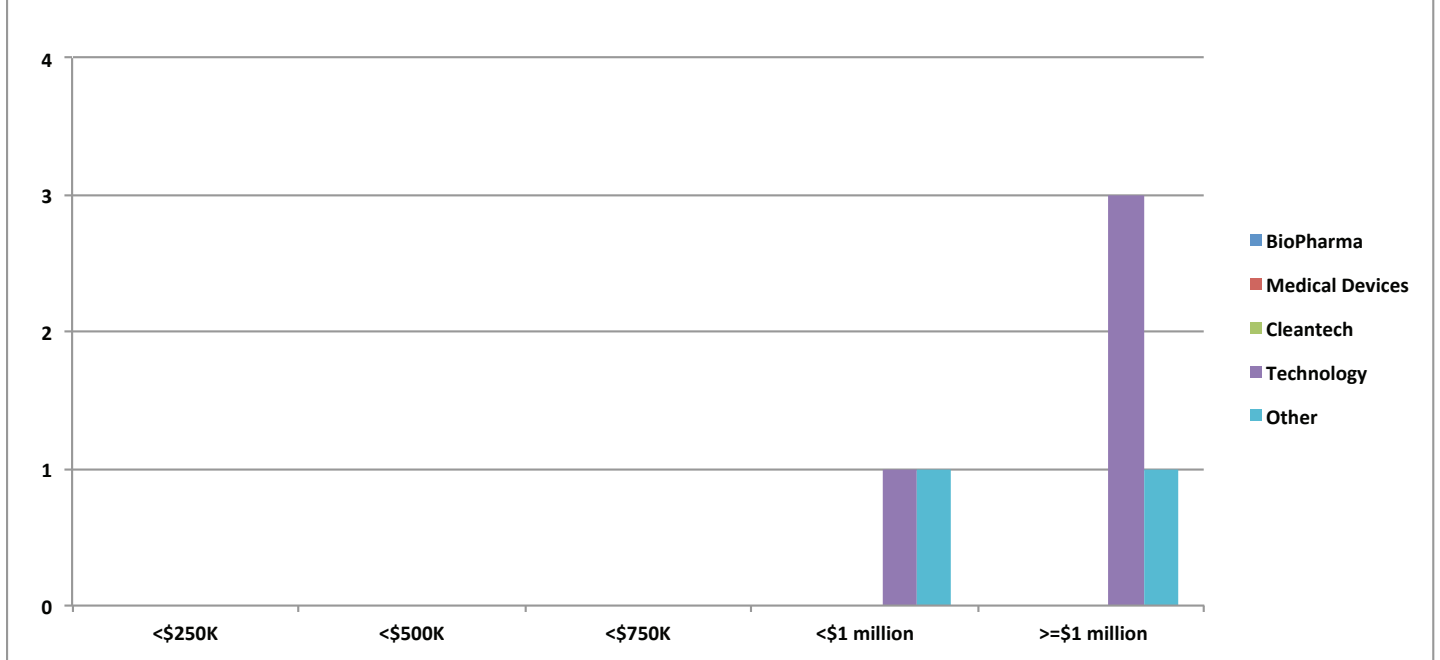
Activity Level of New England Series A Transactions



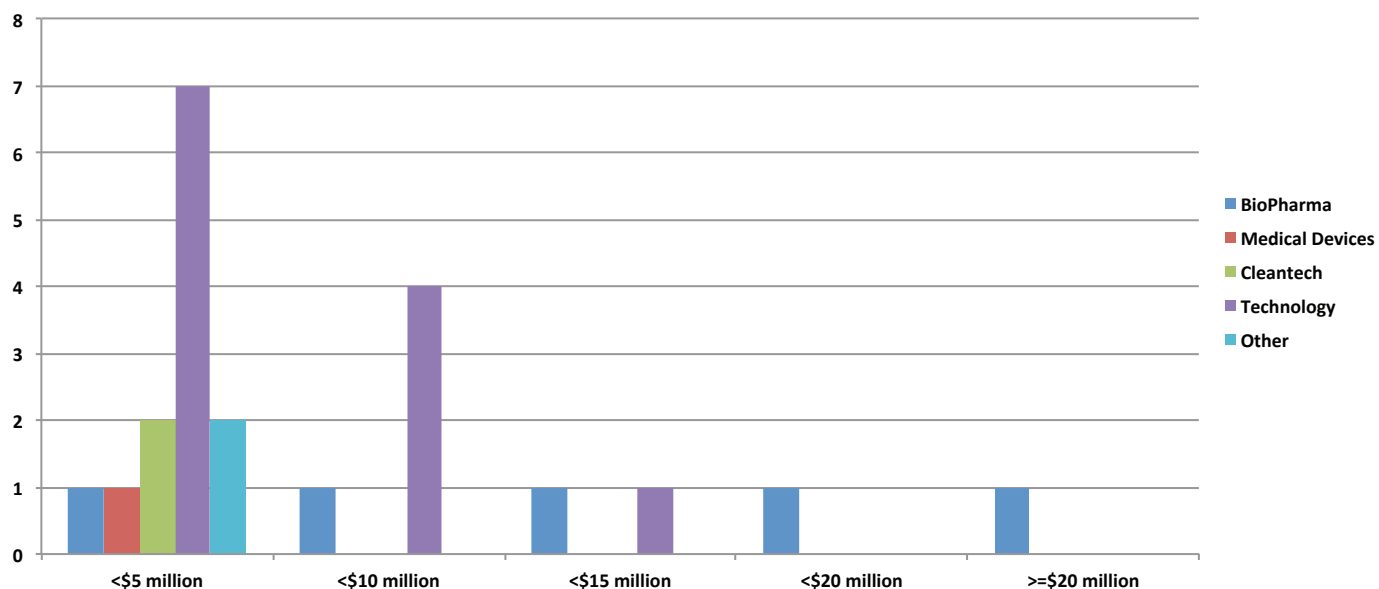
Activity Level of New England Series B/Later Round Transactions, Q1 2010- Q1 2013



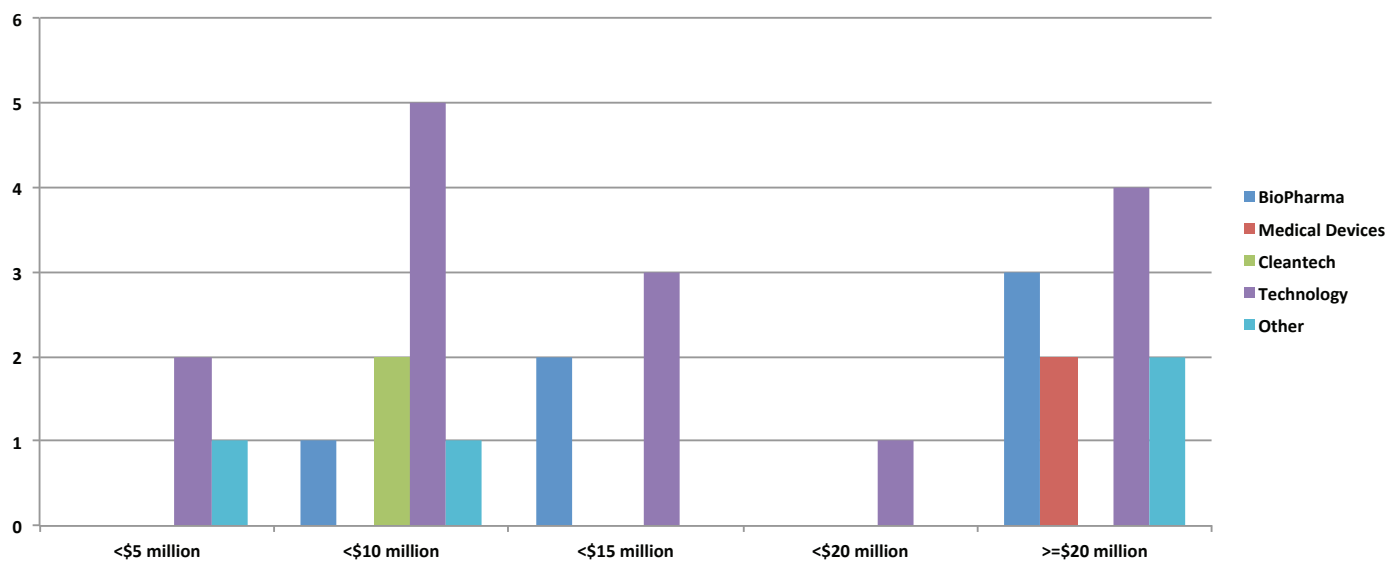
Size of New England Q1 2013 Series Seed Transactions by Industry



Size of New England Q1 2013 Series A Transactions by Industry



Size of New England Q1 2013 Series B/Later Round Transactions by Industry



The Numbers

Venture financing activity in New England declined in the first quarter of 2013. The total number of deals declined by 27%, with activity declining in Seed, A and B/Later rounds, and in the technology, life sciences and “other” sectors. The size of deals increased over the previous quarter, especially in the B/Later rounds. Implied valuations stayed relatively consistent, 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 Q1 2013, the total number of New England Seed transactions decreased 25% from Q4 2012 and increased 50% from Q1 2012. The technology sector represented 67% of the total Q1 2013 transactions and the “other” sector accounted for the balance. There were no transactions in the life sciences or cleantech sectors.

Series A transactions during Q1 2013 decreased 24% from Q4 2012 and increased 57% from Q1 2012. The technology sector represented 55% of the Q1 2013 total, with the life sciences, “other” and cleantech sectors representing 27%, 9% and 9%, respectively, of the Q1 2013 total. This distribution is largely consistent with Q4 2012, during which the technology, life sciences, “other,” and cleantech sectors represented 62%, 28%, 10%, and 0%, respectively, of the total and contrasts sharply with Q1 2012, during which the technology, life sciences, “other,” and cleantech sectors represented 14%, 21%, 21% and 43%, respectively, of the total.

The total number of New England Series B/Later Round transactions during Q1 2013 decreased 29% from Q4 2012 and 3% from Q1 2012. The technology sector accounted for 51% of the Q1 2013 total compared to 28%, 14% and 7% for the life sciences, “other” and cleantech sectors. This distribution is largely consistent with Q4 2012, during which the technology, life sciences, “other,” and cleantech sectors represented 51%, 34%, 10% and 5%, respectively, of the total, and Q1 2012, during which the technology, life sciences, “other,” and cleantech sectors represented 50%, 33%, 13% and 3%, respectively, of the total.

At the national level, the total number of Seed transactions increased 13% from Q4 2012 (compared to a 25% decrease in New England) and increased 39% over Q1 2012 (compared to a 50% increase in New England). The total number of Series A transactions nationally increased 17% over Q4 2012 (compared to a 24% increase in New England) and 14% over Q1 2012 (compared to a 57% increase in New England). The total number of Series B/Later Round transactions nationally increased 1% from Q4 2012 (compared to a 29% decrease in New England) and 1% from Q1 2012 (compared to a 3% increase in New England).

Deal Size

Of the New England Seed transactions during Q1 2013, none involved investments under \$750,000 and 67% involved investments of more than \$1 million.

Of the New England Series A transactions during Q1 2013, 59% involved investments under \$5 million and 5% involved investments over \$20 million.

Of the New England Series B/Later Round transactions during Q1 2013, 10% involved investments under \$5 million and 38% involved investments over \$20 million.

Implied Pre-Money Valuations

Seed Round

In the five transactions reported in the implied valuation table for selected Q1 2013 New England Seed transactions, the implied pre-money valuations ranged from \$2.8 million to \$6.9 million. The results by industry sector were as follows:

- *Life Sciences*: There were no life sciences transactions.
- *Cleantech*: There were no cleantech transactions.
- *Technology*: There were three technology transactions, with implied pre-money valuations ranging from \$2.8 million to \$6.1 million.
- *Other*: There were two transactions in the “other” category, with an implied pre-money valuation of \$2.9 million to \$6.9 million.

Series A Round

In the seventeen transactions reported in the implied valuation table for selected Q1 2013 New England Series A transactions, the implied pre-money valuations ranged from \$2.2 million to \$30.8 million. The results by industry sector were as follows:

- *Life Sciences*: There were four life sciences transactions, with implied pre-money valuations ranging from \$7.0 million to \$30.8 million.
- *Cleantech*: There were two cleantech transactions, with implied pre-money valuations ranging from \$2.4 million to \$4.0 million.
- *Technology*: There were ten technology transactions, with implied pre-money valuations ranging from \$2.2 million to \$22.3 million.
- *Other*: There was one transaction in the “other” category, with an implied pre-money valuation of \$4.2 million.

Series B/Later Round

In the twenty-six transactions reported in the implied valuation table for selected Q1 2013 New England Series B/Later Round transactions, the implied pre-money valuations ranged from \$5.9 million to \$483.9 million. The results by industry sector were as follows:

- *Life Sciences*: There were six life sciences transactions, of which three were up rounds, two were down rounds and one was an even round. The implied pre-money valuations ranged from a low of \$15.0 million in two Series B up rounds to a high of \$122.9 million in Series E up round.
- *Cleantech*: There were two cleantech transactions, Series B up rounds with implied pre-money valuations of \$15.0 million and \$24.6 million.
- *Technology*: There were fifteen technology transactions, of which thirteen were up rounds, one was an even round and one was a down round. The implied pre-money valuations ranged from a low of \$5.9 million in a Series B even round to a high of \$483.9 million in a Series D up round.
- *Other*: There were three transactions in the “other” category, of which one was an even round, and two were down rounds. The implied pre-money valuations ranged from a low of \$11.5 million in a Series C-2 down round to a high of \$83.3 million in a Series B down round.

Terms

The bar graph relating to terms for selected New England Series A transactions shows the following trends in Q1 2013 as compared to the immediately preceding quarter and the comparable prior year quarter:

- a slight increase in the percentage of transactions with cumulative dividends (45% in Q1 2013 versus 41% in Q4 2012 and 43% in Q1 2012);
- a decrease in the percentage of transactions with a participating liquidation preference (23% in Q1 2013 versus 28% in Q4 2012 and 50% in Q1 2012);
- a slight decrease in the percentage of transactions with a redemption provision (50% in Q1 2013 versus 52% in Q4 2012 and 57% in Q1 2012); and
- an increase in the percentage of transactions with a pay to play provision (27% in Q1 2013 versus 3% in Q4 2012 and 14% in Q1 2012).

The bar graph relating to terms for selected New England Series B/Later Round transactions shows the following trends in Q1 2013 as compared to the immediately preceding quarter and the comparable prior year quarter:

- an increase in the percentage of transactions with cumulative dividends (66% in Q1 2013 versus 56% in Q4 2012 and 36% in Q1 2012);
- a decrease in the percentage of transactions with a participating liquidation preference (24% in Q1 2013 versus 46% in Q4 2012 and 63% in Q1 2012);
- an increase in the percentage of transactions with a redemption provision (76% in Q1 2013 versus 66% in Q4 2012 and 72% in Q1 2012); and
- an increase in the percentage of transactions with a pay to play provision as compared to the immediately preceding quarter and a decrease in the percentage of transactions with a pay to play provision as compared to the comparable prior year quarter (24% in Q1 2013 versus 22% in Q4 2012 and 34% in Q1 2012).

Selected New England Seed Round Transactions

First Quarter 2013

Implied Pre-Money and Post-Money Valuations*

Company	Amount Raised	Percentage Ownership of Seed	Implied Pre-Money Valuation	Implied Post-Money Valuation
TECHNOLOGY				
Input Factory Inc.	\$1,200,000	19%	\$5,200,000	\$6,400,000
Luminoso Technologies, Inc.	\$1,900,000	24%	\$6,100,000	\$8,000,000
Shuttersong Incorporated	\$800,000	23%	\$2,800,000	\$3,600,000
OTHER				
Dragon Innovation, Inc.	\$2,200,000	24%	\$6,900,000	\$9,100,000
Wellcoin, Inc.	\$800,000	20%	\$2,900,000	\$3,700,000

Selected New England Series A Round Transactions

First Quarter 2013

Implied Pre-Money and Post-Money Valuations*

Company	Amount Raised	Percentage Ownership of Series A	Implied Pre-Money Valuation	Implied Post-Money Valuation
LIFE SCIENCES				
Hemera Biosciences, Inc.	\$8,100,000	21%	\$30,800,000	\$38,900,000
Jounce Therapeutics, Inc.	\$47,000,000	72%	\$18,000,000	\$65,000,000
Kala Pharmaceuticals, Inc.	\$15,000,000	39%	\$23,700,000	\$38,700,000
Saphena Medical, Inc.	\$3,000,000	30%	\$7,000,000	\$10,000,000
TECHNOLOGY				
CloudPercept, Inc.	\$4,500,000	44%	\$5,800,000	\$10,300,000
CounterTack, Inc.	\$5,000,000	21%	\$19,200,000	\$24,200,000
DataTamer, Inc.	\$4,000,000	37%	\$6,700,000	\$10,700,000
EverTrue, Inc.	\$5,200,000	36%	\$9,600,000	\$14,800,000
GameMetrix Solutions, Inc.	\$500,000	13%	\$3,800,000	\$4,300,000
Intelligent Business Entertainment, Inc.	\$3,000,000	17%	\$15,000,000	\$18,000,000

Company	Amount Raised	Percentage Ownership of Series A	Implied Pre-Money Valuation	Implied Post-Money Valuation
Lucidity Lights, Inc.	\$10,500,000	32%	\$22,300,000	\$32,800,000
Mosaic Storage Systems, Inc.	\$1,000,000	32%	\$2,200,000	\$3,200,000
N12 Technologies, Inc.	\$2,300,000	36%	\$4,200,000	\$6,500,000
Plastiq Inc.	\$6,100,000	32%	\$12,900,000	\$19,000,000
CLEANTECH				
kWhOURS, Inc.	\$2,400,000	22%	\$8,600,000	\$11,000,000
Retroficiency, Inc.	\$4,000,000	25%	\$12,000,000	\$16,000,000
OTHER				
clypd, inc.	\$3,400,000	45%	\$4,200,000	\$7,600,000

Selected New England Series B/Later Round Transactions

First Quarter 2013

Implied Pre-Money and Post-Money Valuations*

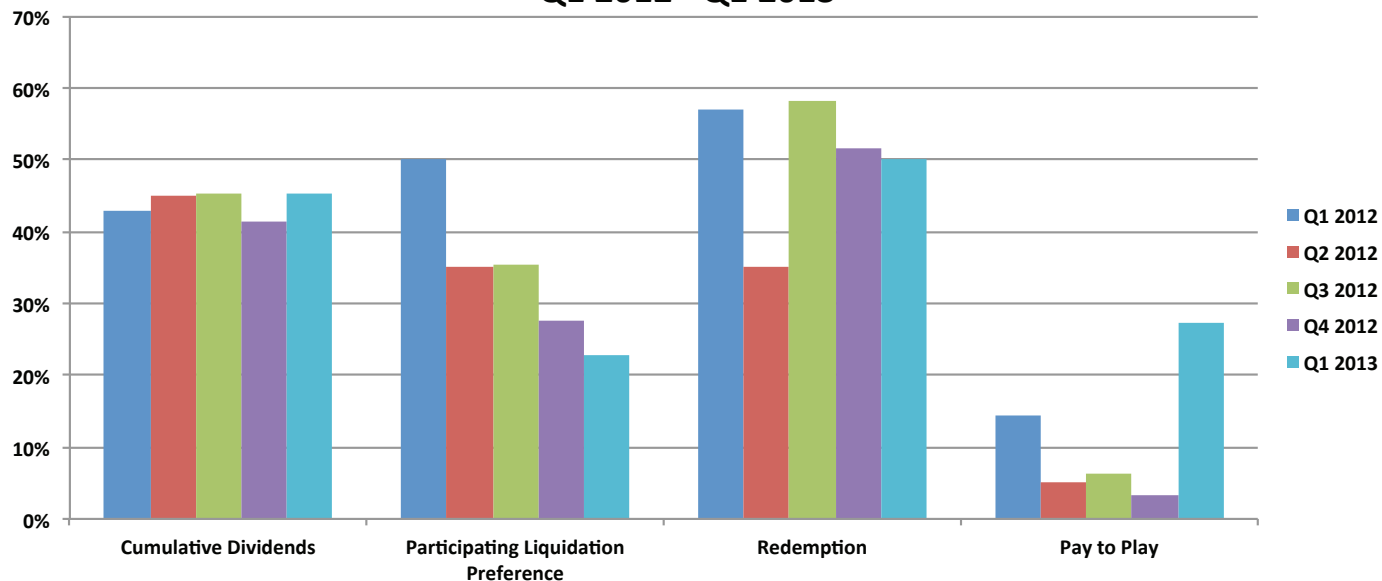
Company	Most Recent Series of Preferred Stock (B, C, etc.)	Amount Raised	Percentage Ownership of Most Recent Series	Implied Pre-Money Valuation	Implied Post-Money Valuation	Up or Down Round
LIFE SCIENCES						
Avedro, Inc.	D	\$43,600,000	43%	\$57,900,000	\$101,500,000	Down
Fractyl Laboratories Inc.	B	\$14,300,000	49%	\$15,000,000	\$29,300,000	Up
Nabsys, Inc.	D	\$35,500,000	40%	\$54,200,000	\$89,700,000	Up
NeuroPhage Pharmaceuticals, Inc.	C	\$8,300,000	16%	\$42,100,000	\$50,400,000	Down
T2 Biosystems, Inc.	E	\$40,200,000	25%	\$122,900,000	\$163,100,000	Up
TARIS Biomedical, Inc.	B-1	\$14,200,000	22%	\$50,600,000	\$64,800,000	Even
CLEANTECH						
Rypos, Inc.	B	\$7,400,000	23%	\$24,600,000	\$32,000,000	Up
XL Hybrids, Inc.	B	\$6,000,000	28%	\$15,000,000	\$21,000,000	Up
TECHNOLOGY						
ActiFio, Inc.	D	\$50,000,000	9%	\$483,900,000	\$533,900,000	Up
AltioStar Networks, Inc.	B	\$10,500,000	15%	\$59,500,000	\$70,000,000	Up
Appneta, Inc.	C	\$16,400,000	17%	\$79,500,000	\$95,900,000	Up

Company	Most Recent Series of Preferred Stock (B, C, etc.)	Amount Raised	Percentage Ownership of Most Recent Series	Implied Pre-Money Valuation	Implied Post-Money Valuation	Up or Down Round
Aveksa, Inc.	D-1	\$3,000,000	4%	\$70,400,000	\$73,400,000	Up
CallMiner, Inc.	1	\$12,900,000	42%	\$17,700,000	\$30,600,000	Down
Cloudant, Inc.	B	\$12,600,000	23%	\$41,900,000	\$54,500,000	Up
DataGravity, Inc.	B	\$30,000,000	24%	\$96,000,000	\$126,000,000	Up
Dataxu, Inc.	D	\$30,000,000	12%	\$225,000,000	\$255,000,000	Up
DC Devices, Inc.	C	\$9,200,000	24%	\$29,200,000	\$38,400,000	Up
Pixability, Inc.	B	\$7,000,000	43%	\$9,200,000	\$16,200,000	Up
Pneuron Corp.	B	\$6,100,000	27%	\$16,600,000	\$22,700,000	Up
ProcessUnity.com, Inc.	C	\$5,000,000	19%	\$22,000,000	\$27,000,000	Up
QD Vision, Inc.	F	\$20,000,000	12%	\$142,700,000	\$162,700,000	Up
Spectra Analysis Instruments, Inc.	B	\$2,100,000	27%	\$5,900,000	\$8,000,000	Even
VMTurbo, Inc.	C	\$7,500,000	3%	\$234,100,000	\$241,600,000	Up
OTHER						
Emerging Travel Inc.	B	\$33,700,000	29%	\$83,300,000	\$117,000,000	Down
Isis Parenting, Inc.	C-2	\$9,800,000	46%	\$11,500,000	\$21,300,000	Down
SavingStar, Inc.	D-1	\$2,000,000	3%	\$66,300,000	\$68,300,000	Even

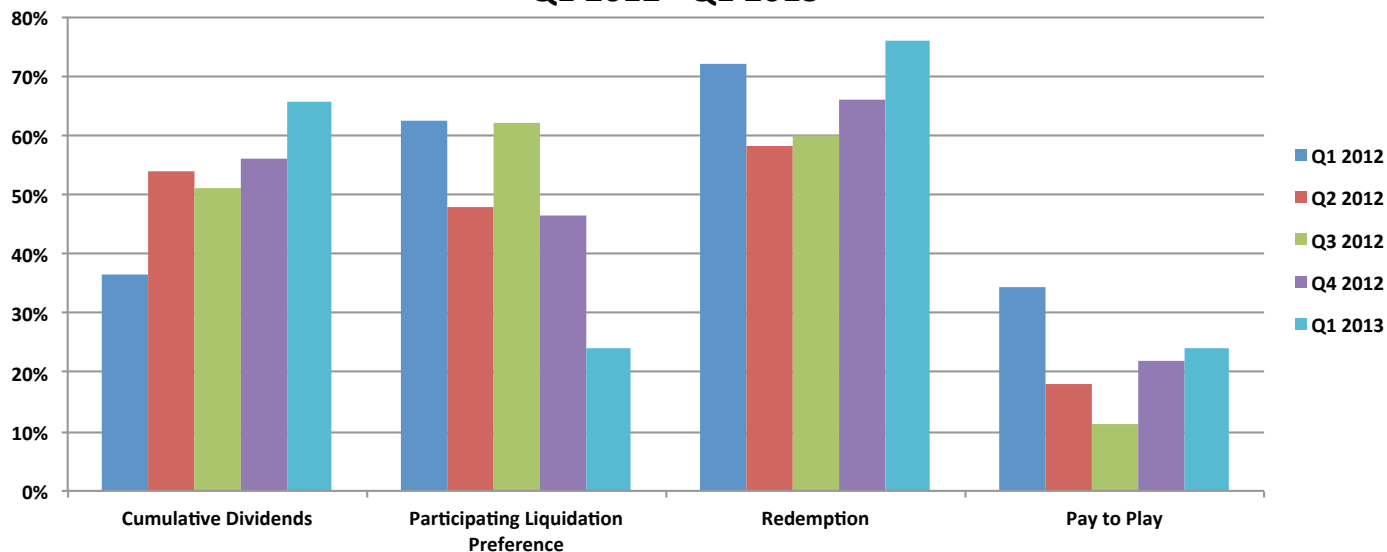
**The numbers in the three tables above are estimates. This analysis is inherently imprecise and is based on a number of general assumptions which may or may not be applicable to a given transaction. Accordingly, the data in the tables for a particular transaction may not accurately reflect the actual circumstances of the transaction. In a typical situation, however, we believe that our analysis yields an approximation of the valuation placed on the company at the time of financing, and therefore may be of interest to our readers.*

We can prepare a similar analysis across any group of transactions that our clients are interested in. For example, we could prepare an analysis for a group of competitive companies so you can see what the implied valuations of your competitors are. If you would like additional information on this service, please contact your lawyer at Foley Hoag or one of the lawyers listed at the end of this publication.

Terms of Selected New England Series A Rounds Q1 2012 - Q1 2013



Terms of Selected New England Series B/Later Rounds Q1 2012 - Q1 2013



The National Activity Level Summary

National Seed Transactions by Industry*

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

* Source: Dow Jones VentureSource

National Series A Transactions by Industry*

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

* Source: Dow Jones VentureSource

National Series B/ Later Round Transactions by Industry*

	2012				2013					
Industry	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Quarter ended March 31, 2012	Quarter ended March 31, 2013
Life Sciences										
Biopharma	43	35	43	48	40				43	40
Medical Device	52	45	39	39	46				52	46
Cleantech	15	11	11	9	12				15	12
Technology	115	147	131	119	104				115	104
Other	143	209	178	152	170				143	170
Total	368	447	402	367	372				368	372

* Source: Dow Jones VentureSource

If you have any questions about this publication or about how we can help your entrepreneurial venture, please feel free to contact any of the following members of the Foley Hoag legal team:



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