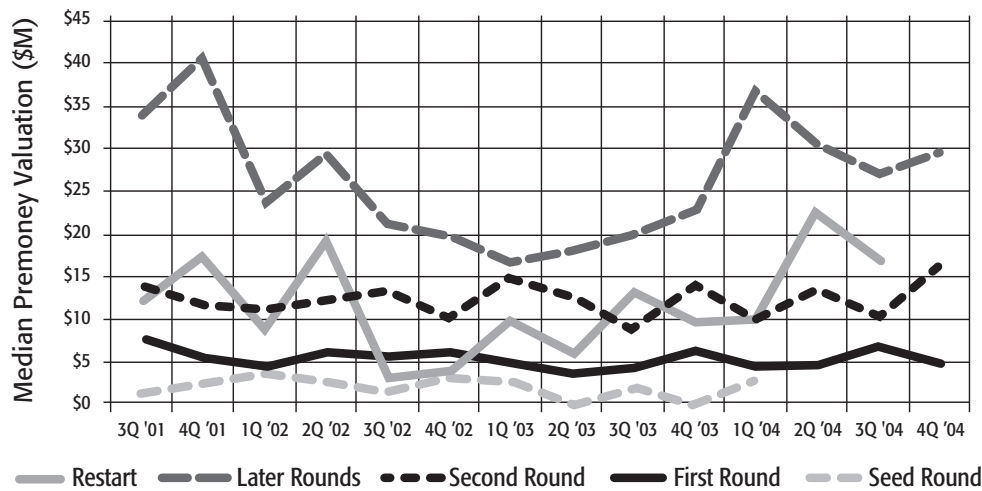


N.H. venture activity remains flat at start of 2005

FAIRLY STABLE VALUATIONS



Source: Chartworth/Venture One

VENTURE CAPITAL OUTLOOK

By Susan Woods

There were three venture financings in New Hampshire in the first quarter of 2005 — exactly the same number as seen in the first quarter of 2004.

One was a first-round financing, and the others were third rounds. All three are technology companies: Nutfield Technology Inc.; NitroSecurity; and Rivulet Communications.

Nutfield, located in Windham, received its third round of venture financing during the quarter. The round was led by The Venture Capital Fund of New England which had invested in the company's second round of financing in the first quarter of 2004. Nutfield makes components and software used in scanners.

NitroSecurity of Portsmouth also closed its third round of financing during the quarter. The financing was led by First Analysis of Chicago, which invested alongside the company's previous individual investors. NitroSecurity sells network

intrusion protection solutions.

The third firm to receive venture financing during the quarter was Portsmouth-based Rivulet Communications. This was the company's first round of financing and was received from Menlo Ventures of Menlo Park, Calif. Rivulet sells networking equipment that allows companies to send high bandwidth data over their IP networks.

We are often asked about average valuations that companies can expect to receive. There is insufficient data among New Hampshire companies to develop any meaningful conclusions, but if we look at data collected nationally it is possible to get a sense of the relative valuations by financing round. The accompanying chart shows valuation by round of financing by quarter since the latter half of 2001 through the end of 2004. **NHR**

Susan Woods is a principal of Chartworth LLC, an investment banking and strategy consulting firm with offices in Portsmouth and Manchester. For more information visit chartworth.com.