UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. BURTON DOUGLAS MORRISS, et al., Defendants, and MORRISS HOLDINGS, LLC, Relief Defendant.	)	Case No. 4:12-cv-00080-CEJ

RECEIVER'S MOTION FOR SALE OF
<u>PREFERRED AND COMMON SHARES OF POLLEN, INC.</u>

Receiver Claire M. Schenk ("Receiver") hereby respectfully moves the Court pursuant to 28 U.S.C. §§ 2001 and 2004 to authorize the sale of certain assets of the Receivership estate, as more particularly described in the contemporaneously filed *Memorandum of Law in Support of Receiver's Motion for Sale of Preferred and Common Shares of Pollen, Inc.* (the "Memorandum"). The Receiver relies on the Memorandum to support her request.

Respectfully submitted,

THOMPSON COBURN LLP

By <u>/s/ Kathleen E. Kraft</u>

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CERTIFICATE OF SERVICE

I hereby certify that on November 14, 2013, I electronically filed the foregoing with the Clerk of the Court through the Court's CM/ECF system which will send a notice of electronic filing to the following:

John R. Ashcroft, Esq.
Ashcroft Hanaway LLC
222 South Central Ave., Suite 110
St. Louis, Missouri 63105
Counsel for Defendant Burton Douglas Morriss

Robert K. Levenson
Brian T. James
Securities and Exchange Commission
801 Bricknell Avenue, Suite 1800
Miami, Florida 33131
Attorneys for Plaintiff

I further certify that I served the foregoing document on the following via U.S. mail, postage prepaid:

Morriss Holdings, LLC
P.O. Box 50416
St. Louis, MO 63105

Morriss Holdings, LLC
c/o CSC-Lawyers Incorporating Service Company
221 Bolivar Street
Jefferson City, MO 65101

I further certify that I served the foregoing document via electronic mail on all Interested Parties (as defined in the Motion).

/s/ Kathleen E. Kraft

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	Case No. 4:12-cv-00080-CEJ
BURTON DOUGLAS MORRISS, et al.,	)	
	)	
Defendants, and	)	
	)	
MORRISS HOLDINGS, LLC,	)	
	)	
Relief Defendant.	)	
	)	

MEMORANDUM OF LAW IN SUPPORT OF RECEIVER'S
MOTION FOR SALE OF PREFERRED AND COMMON SHARES OF POLLEN, INC.

In keeping with the principal objectives of the Receivership, *i.e.*, to administer and manage the business affairs, funds, assets, choses in action, and other property of the Receivership Entities, to marshal and safeguard the Receivership assets, and to take such actions as are necessary for the protection of the investors, the Receiver respectfully requests that the Court enter an Order[1] approving the Receiver's sale of certain preferred and common shares of Pollen, Inc. (the "Company") to Pollen, Inc. (the "Buyer").

I. Background

A. The Receivership

On January 17, 2012, the United States Securities and Exchange Commission (the "SEC") filed its *Complaint for Injunctive and Other Relief* (the "Complaint") against Burton Douglas Morriss ("Morriss"), Acartha Group, LLC ("Acartha"), Acartha Technology Partners,

[1] A proposed order is attached hereto as **Exhibit C**.

L.P. ("ATP"), MIC VII, LLC ("MIC"), Gryphon Investments III, LLC ("Gryphon" and together with Acartha, ATP and MIC, the "Receivership Entities") and Morriss Holdings, LLC ("Morriss Holdings")[2] in this Court as Case No. 4:12-cv-00080-CEJ (the "SEC Case"). *See* Complaint (Dkt. No. 1). In the Complaint and other papers filed by the SEC on January 17, 2012, the SEC alleged various securities laws violations by the SEC Defendants.

Also, on January 17, 2012, the SEC moved for the immediate appointment of a receiver over the Receivership Entities to (i) administer and manage the business affairs, funds, assets, choses in action and other property of the Receivership Entities, (ii) act as sole and exclusive managing member or partner of the Receivership Entities, (iii) maintain sole authority to administer any and all bankruptcy cases in the manner determined to be in the best interests of the Receivership Entities' estates, (iv) marshal and safeguard all of the assets of the Receivership Entities, and (v) take whatever actions are necessary for the protection of investors. The Court entered the requested relief by order dated January 17, 2012 (the "Receivership Order"). *See* Receivership Order (Dkt. No. 16).

As established in the Receivership Order, the Receiver is charged with

> tak[ing] immediate possession of all property, assets and estate of every kind of the [Receivership] Entities whatsoever and wheresoever located, including but not limited to all offices maintained by the [Receivership] Entities'[,] rights of action, books, papers, data processing records, evidence of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the [Receivership] Entities, wherever situated, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further Order of this Court…"

[2] Morriss, Acartha, ATP, MIC, Gryphon, and Morriss Holdings are collectively referred to as the "SEC Defendants."

Receivership Order, p. 2. The Receiver also is "authorized, solely and exclusively, to operate and manage the businesses and financial affairs of [the Receivership Entities] and the Receiver Estates." Receivership Order, p. 8.

B. Management of the Receivership's Portfolio Investments

One of the central activities of the Receiver has been the daily work of managing the Receivership's investment assets. These investment assets consist of illiquid interests in various portfolio concerns. Each of the portfolio concerns is in a different stage of development, and has continued to require additional venture capital investments or other financing to maintain and sustain growth. The Receiver has been engaged in the time consuming process of monitoring and facilitating the capital calls and financing needs of the portfolio concerns since the beginning of the Receivership. One of these portfolio concerns is the Company.

The Company is a developer, marketer, and operator of a software product and online marketplace for working capital. The Company provides C2FO, a web-based platform that allows companies to raise and supply working capital and manage cash flow positions. The Company was founded in 2008 and is based in Fairway, Kansas. ATP holds 1,656,299 shares of Series A Preferred Stock (the "Preferred Stock") and 31,764 shares of Series B Common Stock (the "Common Stock") in the Company (together, the "Shares").

Since July, the Receiver has been in discussions with the Buyer regarding the possibility of a purchase of the Shares. As a result of those discussions, the Buyer has offered to purchase the Shares for a Two Dollar and Twenty-Five Cent ($2.25) per share price for the Preferred Stock and a One Dollar ($1.00) per share price for the Common Stock, for an aggregate purchase price of Three Million Seven Hundred Fifty-Eight Thousand Four Hundred Thirty-Six Dollars and Seventy-Five Cents ($3,758,436.75) (the "Offer"). The proposed agreement pursuant to which the Buyer would purchase the Shares is attached hereto as **Exhibit A** and is incorporated by reference herein.

The Company is privately held and has advised the Receiver that it is not bound by any currently-effective letter of intent, term sheet, or agreement with respect to the sale of the Company or substantially all of the Company's assets or the offering of the Company's equity securities to the public pursuant to a registration statement under the Securities Act of 1933, as amended. Furthermore, the Company has advised the Receiver that it is not currently engaged in any negotiations or discussions with respect to such a sale or public offering. *See* Exhibit A, ¶ 5.

The Receiver believes that the consummation of the sale of the Shares to the Buyer under the terms and conditions of the Offer is in the best interests of the Receivership estate. This sale opportunity offers the most expedient and beneficial means of selling the Shares for the ultimate benefit of the hundreds of claimants, including investors and creditors, as disclosed through the Claims Bar Date process. Moreover, the funds obtained through this sale will help to finance Receivership operations which lack any other immediate source of funding. Ongoing operations include management of the portfolio investments, preparation of tax returns, the claims bar date and fund distribution process and the pursuit of prospective litigation.

II. Argument

Pursuant to the Receivership Order, the Court authorized the Receiver to, among other things, administer and manage the business affairs, funds, assets, choses in action, and other property of the Receivership Entities, marshal and safeguard the assets of the Receivership Entities, and take such actions as are necessary for the protection of investors. *See* Receivership Order, p. 1; *see also Scholes v. Lehmann*, 56 F.3d 750, 755 (7th Cir. 1995) (receiver's "object is to maximize the value of the [Receivership assets] for the benefit of their investors and any creditors"). The Court also authorized the Receiver to take immediate possession of all property, assets, and estates of every kind of the Receivership Entities whatsoever and wheresoever located, and hold such assets pending further order of the Court. *See* Receivership Order, p.2.

Now, in the execution of her duty to manage the assets of the Receivership Entities and maximize the value of those assets for the benefits of the investors and any creditors, the Receiver seeks Court approval to sell the Shares to the Buyer. The sale of the Shares will increase the liquid assets of the Receivership estate, maximize the possibility of a distribution to investors, and help fund the Receivership's pursuit of recoveries against third-parties. It also will reduce the cost to the Receivership estate of managing and monitoring the investment.

A receiver's sale of personal property is governed by 28 U.S.C. § 2004, which directs that any personalty (personal property) sold under order or decree of a court of the United States be sold in accordance with 28 U.S.C. § 2001, unless the court orders otherwise. Section 2001, in turn, provides that realty (real property) shall be sold either at public sale or private sale, on terms and conditions set by the statute.

Here, the Receiver is proposing to sell the Shares by private sale. Therefore, pursuant to Section 2004, the Receiver must follow the statutory procedures of Section 2001, unless the Court orders otherwise. Section 2001(b) permits property to be sold in a private sale, provided that three separate appraisals have been conducted, the terms are published in a circulated newspaper ten days prior to sale, and the sale price is not less than two-thirds of the valued price. Because of the circumstances of the proposed sale and the nature of the property being sold, the Receiver requests that the Court use its statutorily granted discretion and approve the proposed sale even though it does not follow the procedural dictates of Section 2001.

A court's "power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad. It is a recognized principle of law that the district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership." *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986); *Sec. & Exch. Comm'n v. Goldfarb*, No. C 11-00938 WHA, 2013 WL 4504271, at *2 (N.D. Cal. Aug. 21, 2013). When dealing with the sale of property, Sections 2001 and 2004 set out a "preferential course to be followed." *Tanzer v. Huffines*, 412 F.2d 221, 222 (3d Cir. 1969). For the sale of personal property, however, Section 2004 gives the receivership court discretion to authorize a sale outside of the statutory scheme. *See* 28 U.S.C. § 2004; *Tanzer*, 412 F.2d at 223 (court's decision to authorize sale of stock outside statutory scheme reviewed for abuse of discretion). Courts have exercised this discretion when the personalty for sale is stock or other similar asset. *See Tanzer*, 412 F.2d 221; *Goldfarb*, 2013 WL 4504271 (selling interest in limited liability company); *U.S. v. Kerner*, No. 00-75370, 2003 WL 22905202 (E.D. Mich. Oct. 24, 2003) (selling stock). When another sale procedure is proposed, the court should consider whether the price for which the asset is sold is the "best price under the circumstances." *Goldfarb*, 2013 WL 4504271, at *2, citing *Tanzer*, 412 F.2d at 223.

Here, the Receiver is selling shares in the Company, a private company. The bylaws of the Company generally prohibit any transfer of shares without board approval, with the exception that a major investor (ATP so qualifies) can transfer its shares so long as the transfer does not occur on the secondary market, is not to a competitor of the Company, and is pursuant to a form of transfer agreement approved by the board. Also, Company's founder holds a right of first refusal to match any offer that ATP wants to accept for the transfer of the Shares. As of the filing of this Motion, the Receiver has not received any other offers for the Shares.

The Receiver's ability to market the Shares is limited. The Receiver is subject to the limits set forth above. Furthermore, the Share are shares in a private company. A potential (and serious) buyer for the Shares would require information about the Company and diligence on the Company that the Company is under no obligation to provide. Thus, the pool of potential buyers consists of those individuals and entities who already have diligence on the Company or the right to request information sufficient to make an informed decision about the value of the Shares, *i.e.*, the current shareholders and the Company itself. It would be very difficult for the Receiver to interest a third party not already a stockholder or otherwise familiar with the Company in making an offer. Here, the proposed Buyer is the Company. The Buyer is the one of a limited number of conceivable buyers for the Shares.

The Receiver engaged an expert, H. Edward Morris, Jr. of CliftonLarsonAllen LLP, to assist the Receiver in determining the reasonableness of the Offer. Mr. Morris concluded that the price-per-share offered by the Buyer provides the Receivership estate with a rate of return commensurate with the expected returns of venture capitalists on investments in start-up and early development companies. Further, Mr. Morris concluded that the Offer provides liquidity for what would otherwise be an illiquid long-term investment. The analysis and conclusions of Mr. Morris can be found in his Valuation Report, which is attached hereto as **Exhibit B** in redacted form and incorporated by reference herein.[3] The Receiver submits that Mr. Morris's conclusions support a finding that the Offer represents the "best price" for the Shares "under the circumstances." *See Goldfarb*, 2013 WL 4504271, at *2, citing *Tanzer*, 412 F.2d at 223.

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[3] The Receiver contemporaneously is filing an unredacted version of the Valuation Report with the Court and requesting that the Court maintain the unredacted Valuation Report under seal. The Valuation Report contains sensitive financial and other nonpublic information about the Company that the Receiver is not authorized to disclose and may place the Company at a competitive disadvantage if made public through this filing.

Given the nature, quality, and value of the Shares, the Receiver believes that the terms and conditions of the Offer are the best available to the Receivership and will be beneficial to the investors and creditors of the Receivership Entities. The Receiver's expert has opined that the Offer is in line with expected returns on investments made in start-up companies like the Company. Moreover, the consummation of the sale of the Shares will enable the Receiver to obtain cash to fund the operations of the Receivership and make a distribution to investors. As such, the Receiver respectfully requests that the Court exercise its statutory discretion to exempt the proposed sale from the strictures of Section 2001's private sale requirements and authorize the Receiver to sell the Shares to the Buyer according to the terms and conditions set forth in the attached Stock Redemption Agreement. For the reasons summarized in the report prepared by Mr. Morriss, the sale of the Shares is in the best interests of the Receivership estate and this sale will further the objectives of the Receivership.

III. <u>Service of the Motion</u>

The Receiver is serving a copy of this motion on all counsel of record. Out of an abundance of caution, the Receiver also is serving certain interested parties (the "Interested Parties") via electronic mail. The Receiver considers the Interested Parties to be those Receivership Entity investors who filed proofs of claim with the Receiver. Furthermore, as she has done with previous motions, the Receiver will post a copy of the motion on the Receivership's website.

IV. <u>Conclusion</u>

For all the foregoing reasons, the Receiver respectfully requests that the Court enter an Order authorizing the sale of the Shares to the Buyer as proposed herein and granting the Receiver such other and further relief as is just and appropriate under the circumstances.

Dated: November 14, 2013

Respectfully Submitted,

THOMPSON COBURN LLP

By /s/ Kathleen E . Kraft

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Washington, DC 20006
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CERTIFICATE OF SERVICE

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John R. Ashcroft, Esq.
Ashcroft Hanaway LLC
222 South Central Ave., Suite 110
St. Louis, Missouri 63105
Counsel for Defendant Burton Douglas Morriss

Robert K. Levenson
Brian T. James
Securities and Exchange Commission
801 Bricknell Avenue, Suite 1800
Miami, Florida 33131
Attorneys for Plaintiff

I further certify that I served the foregoing document on the following via U.S. mail, postage prepaid:

Morriss Holdings, LLC
P.O. Box 50416
St. Louis, MO 63105

Morriss Holdings, LLC
c/o CSC-Lawyers Incorporating Service Company
221 Bolivar Street
Jefferson City, MO 65101

I further certify that I served the foregoing document via electronic mail on all Interested Parties (as defined in the Motion).

/s/ Kathleen E. Kraft

STOCK REDEMPTION AGREEMENT

THIS STOCK REDEMPTION AGREEMENT (this "**Agreement**") is entered into as of October ___, 2013 by and between Acartha Technology Partners, L.P. ("**Seller**") and Pollen, Inc., a Delaware corporation (the "**Company**").

PREAMBLE

WHEREAS, Seller owns 1,656,299 shares of Series A Preferred Stock in the Company (the "**Preferred Stock**") and 31,764 shares of Series B Common Stock in the Company (the "**Common Stock**" and collectively with the Preferred Stock, the "**Stock**"); and

WHEREAS, the Company desires to purchase and redeem the Stock from Seller, and Seller desires to have the Stock redeemed by the Company, subject to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. Redemption of Stock. The Company hereby redeems and purchases, and Seller hereby transfers and sells to the Company, the Stock, in exchange for the consideration outlined in Section 2 below.

2. Purchase Price. In consideration for the Company's redemption and purchase of the Stock from Seller, the Company will pay to Seller a Two Dollar and Twenty-Five Cent ($2.25) per share purchase price for the Preferred Stock and a One Dollar ($1.00) per share price for the Common Stock, for an aggregate purchase price of Three Million Seven Hundred Fifty-Eight Thousand Four Hundred Thirty-Six Dollars and Seventy-Five Cents ($3,758,436.75) (the "**Purchase Price**"). The Company shall pay the Purchase Price to Seller in immediately available funds via check or a wire transfer.

3. Closing Date; Deliveries. The closing of the redemption of the Stock hereunder shall be effective upon the payment of the Purchase Price by the Company to Seller (the "**Closing**"). At the Closing, Seller shall execute and deliver a stock power for the transfer of the Stock to the Company to effect the transfer and redemption by the Company. Upon receipt of such stock power, the Company will deliver to Seller the Purchase Price. The certificates in the name of Seller evidencing the Stock shall be delivered to the Company and cancelled upon the Closing.

4. Seller's Representations and Warranties. Seller has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder. Seller has received all necessary consents and/or approvals to enter into and perform this Agreement. Seller is the beneficial owner of 100% of the Stock and owns such Stock free and clear of any liens, claims, or encumbrances of any nature whatsoever (other than as set forth in the Bylaws, Right of First Refusal and Co-Sale Agreement, Voting Agreement, Certificate of Incorporation, and Investor Rights Agreement of the Company, each agreement, as amended (the "Company

Agreements")), and has entered into no agreements with respect to such Stock (other than the Company Agreements).

5. Company Representations and Warranties. Company has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder. Company has received all necessary consents and/or approvals to enter into and perform this Agreement. Company is not bound by any currently-effective letter of intent, term sheet or agreement with respect to the sale of the Company or substantially all of its assets or the offering of Company's equity securities to the public pursuant to a registration statement under the Securities Act of 1933, as amended, and Company is not currently engaged in any negotiations or discussions with respect to any of the foregoing.

6. Waiver. Upon the Closing, Seller hereby waives and releases any right or claim Seller may have to participate in the ownership of the Company, understanding that the redemption of the Stock terminates any such right or claim.

7. Access to Information and Fair Value. Seller has had access to the financial statements of the Company and other relevant Company information, and an opportunity to review such information. Seller also has access to senior management of the Company to discuss their projections and new business development activities. Seller acknowledges that the consideration set forth herein represents a fair and accurate value for the Stock as of the Closing, and that Seller has agreed to sell the Stock for said price of Seller's own free will and volition.

8. Miscellaneous.

(a) Governing Law; Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard for its conflicts of laws principles. Exclusive venue for any action brought in connection herewith shall be vested in the state or federal court sitting in Johnson County, Kansas.

(b) Benefit. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective legal representatives, successors, and permitted assigns.

(c) Notices. All notices, requests, demands, and other communications hereunder shall be in writing, and shall be deemed to have been duly given if delivered or mailed first class, postage prepaid, to the other parties as follows:

Seller: Acartha Technology Partners, L.P.
c/o Claire M. Schenk, Receiver
One US Bank Plaza
St. Louis, Missouri 63101

Company: Pollen, Inc.
c/o Alexander C. Kemper
4210 Shawnee Mission Parkway, Suite 400A
Fairway, KS 66205

(d) **Counterparts.** This Agreement may be executed simultaneously via facsimile, other electronic transmission, or otherwise in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other.

(e) **Actions Necessary to Complete Transaction.** Each party hereby agrees to execute and deliver all such other documents or instruments and to take any actions as may be reasonably required in order to effectuate the transactions contemplated by this Agreement.

(f) **Waiver.** Any waiver by any party of any breach of any term or condition of this Agreement shall not be deemed a waiver of any other breach of such term or condition, nor shall the failure of any party to enforce such provision constitute a waiver of such provision or of any other provision, nor shall such action be deemed a waiver or release of any other party for any claims arising out of or connected with this Agreement.

(g) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. There are no other restrictions, promises, representations, warranties, covenants or undertakings. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof, and may not be revised or amended in any respect without a written agreement signed by the parties hereto. Headings of paragraphs and sections of this Agreement are inserted for the convenience of the parties and shall not be construed as part of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the parties are signing this Stock Redemption Agreement with the intent to be legally bound as of the date first set forth above.

SELLER:

ACARTHA TECHNOLOGY PARTNERS, L.P.

By:______________________________________
Claire M. Schenk as Receiver

COMPANY:

POLLEN, INC.

By: ______________________________________
Name: ____________________________________
Title: _____________________________________

CliftonLarsonAllen

CliftonLarsonAllen LLP
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Oak Brook, IL 60523
630-573-8600 | fax 630-573-0798
www.claconnect.com

November 4, 2013

Ms. Claire M. Schenk
Receiver for Acartha Group, LLC, et al.
Thompson Coburn LLP
One US Bank Plaza
St. Louis, Missouri 63101

RE: Acartha Technology Partners' investment in Pollen, Inc.

Dear Ms. Schenk:

You have engaged CliftonLarsonAllen LLP ("we" or the "Firm"), to comment on the reasonableness of the offer by Pollen, Inc. ("Pollen") to purchase 1,656,299 Series A preferred shares and 31,764 common shares of Pollen, Inc. for a total purchase price of $3,758,436.75 ($2.25 per Series A preferred share and $1.00 per common share) from the Receivership of Acartha Technology Partners ("Acartha").

In summary, the $2.25 per Series A share and $1.00 per common share prices offered by Pollen if accepted would give Acartha a rate of return commensurate with the expected returns of venture capitalists on investments in start-up and early development companies. Further, the purchase provides liquidity for what would otherwise be an illiquid long-term investment. The purpose of this report is to document the basis for my opinion which is based on the available information as of the date of this report, my education, experience, and specialized training. I reserve the right to amend, revise, or update my opinions to account for information or analysis subsequently provided to the Court and/or me as part of this matter.

I have performed my engagement in accordance with the Statement on Standards for Consulting Services, No. 1, of the American Institute of Certified Public Accountants.

I may use portions of this report, including the documents cited in the report or the attached appendices and exhibits to this report, to supplement or highlight my testimony, if any, during depositions and/or trial. I may also prepare demonstrative exhibits based on this report for use as necessary in any such testimony to the Court.

This report is prepared in connection with the Receivership of Acartha Group, LLC, et al. and should not be used for any other purpose.

Respectfully submitted,

H. Edward Morris, Jr.

H. Edward Morris, Jr.
ASA, CPA/ABV/CFF
Managing Director
CliftonLarsonAllen LLP

TABLE OF CONTENTS

1. Qualifications and Other Disclosures

My professional qualifications include:

- I am a Certified Public Accountant (CPA) (1976) licensed in the state of Illinois;
- I have received the following accreditations in the areas of business valuation:
    - Accredited Senior Appraiser (ASA) awarded by the American Society of Appraisers;
    - Accredited in Business Valuation (ABV) awarded by the American Institute of Certified Public Accountants; and
    - Certified in Financial Forensics (CFF) awarded by the American Institute of Certified Public Accountants.

I am a current member of the American Society of Appraisers, the American Institute of Certified Public Accountants and the Midwest Business Brokers & Intermediaries.

I am an instructor of business valuation principles courses BV201 (Introduction to Business Valuation) and BV202 (The Income Approach to Value) for the American Society of Appraisers and was a contributing author of the BV202 course.

My professional and business experience includes:

- I am currently a Managing Director at CliftonLarsonAllen LLP, a national accounting firm. Immediately prior to joining CliftonLarsonAllen LLP, I was a Director at Grant Thornton, LLP; a Partner at Corbett Duncan & Hubly, PC; and a Manager at the Condon Group. Ltd.
- Prior to joining The Condon Group, I was self-employed for approximately 17 years as follows:
    - Founded an international distribution joint venture (1994);
    - Founded an Internet startup (1993) specializing in creating and hosting Internet web sites;
    - Purchased and functioned as the owner/operator of a series of manufacturing companies in the 1980's and early 1990's; and
    - Founded a consulting firm (1986) specializing in Leveraged Buyout (LBOs) transactions involving manufacturing and service companies primarily working with Private Equity Groups.

- I began my career as an auditor at Pricewaterhouse Coopers LLP (8 years) which included auditing large international companies while living in Johannesburg, South Africa (3 years).
- I have earned the following college degrees: Associate in Applied Science – Chemical Technology from Purdue University (1973) and Bachelor of Science in Accounting from Indiana University (1975).

My *curriculum vitae* and other disclosures are included in **Appendix A** to this report. My fees are not dependent or contingent in any way upon my opinions or the outcome of this litigation. My fees are rendered on an hourly basis. No final billing has been rendered at this time. My billing rate in this matter is $375 per hour.

2. Background

On January 17, 2012, the United States Securities and Exchange Commission (the "SEC") filed its Complaint for Injunctive and Other Relief (the "Complaint") against Burton Douglas Morriss ("Morriss"), Acartha Group, LLC ("Acartha Group"), Acartha Technology Partners, L.P. ("Acartha"), MIC VII, LLC ("MIC"), Gryphon Investments III, LLC ("Gryphon" and together with Acartha, ATP and MIC, the "Receivership Entities") and Morriss Holdings, LLC ("Morriss Holdings")[1] in this Court as Case No. 4:12-cv-00080-CEJ (the "SEC Case"). See Complaint (Dkt. No. 1). In the Complaint and other papers filed by the SEC on January 17, 2012, the SEC alleges various securities laws violations by the SEC Defendants.[2]

Also, on January 17, 2012, the SEC moved for the immediate appointment of a receiver over the Receivership Entities to (i) administer and manage the business affairs, funds, assets, chooses in action and other property of the Receivership Entities, (ii) act as sole and exclusive managing member or partner of the Receivership Entities, (iii) maintain sole authority to administer any and all bankruptcy cases in the manner determined to be in the best interests of the Receivership Entities' estates, (iv) marshal and safeguard all of the assets of the Receivership Entities, and (v) take whatever actions are necessary for the protection of investors. The Court entered the requested relief by order dated January 17, 2012 (the "Receivership Order"). See Receivership Order (Dkt. No. 16).[3]

Claire M. Schenk was appointed the Receiver over Acartha and its related entities and each of their subsidiaries, successors and assigns, and is authorized, empowered, and directed to:[4]

> "Take immediate possession of all property, assets and estates of every kind of the Investment Entities whatsoever and wheresoever located, including but not limited to all offices maintained by the Investment Entities' rights of action, books, papers, data processing records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the Investment Entities, wherever situated, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court;…"

Included in the assets of Acartha were Series A preferred shares and common shares of Pollen, Inc. which is the subject of this report. The Receiver retained CliftonLarsonAllen LLP ("CLA") to assist

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[1] Morriss, Acartha, Acartha Group, MIC, Gryphon and Morriss Holdings are collectively referred to as the "SEC Defendants."

[2] Memorandum of law in support of receiver's motion for sale of certain personal property, United States District Court, Eastern District of Missouri, Eastern Division, February 22, 2012.

[3] *Ibid.*

[4] Order appointing receiver, United States District Court, Eastern District of Missouri, Eastern Division, January 17, 2012.

in determining the reasonableness of the offer by Pollen, Inc. to purchase the shares of Pollen, Inc. owned by Acartha.

Pollen, Inc. has developed and marketed its software product and market place as C2FO (formerly known as Pollenware) and is a financial software company and the creator of the first market for working capital. It has received a large quantity of press coverage in many financial networks, such as Bloomberg TV.[5]

The company was founded in January 2008 by Alexander 'Sandy' Kemper, former CEO of UMB Financial Corporation. Kemper currently sits on the board of UMB Financial Corporation, NIC, AXA Art Insurance, and BATS Global Markets.[6]

In 2012, the company's software facilitated more than $3 billion of early payments, earning the attention and backing of venture firm Union Square Ventures who has previously invested in other fast growing companies like Twitter and FourSquare.[7]

The C2FO (Collaborative Cash Flow Optimization) marketplace allows companies to optimize their working capital positions in a live, bid/ask market. Companies use C2FO to increase their gross and net profit while simultaneously producing vital Early Cash Flow Delivery (ECFD) to their supply chain.[8]

The market doesn't actually hold onto the funds. With no intermediaries necessary to fund working capital, there is no incremental credit risk. Companies interface in a secure online environment to negotiate the value of early payment of invoices to increase cash flow and earn more income. Working capital is provided to the companies that own the account receivable and funding is provided by companies that owe the account payable. It is similar to your own private NASDAQ for cash flow between buyers and suppliers.[9]

In layman's terms, clients upload their accounts payable seeking discounts from its suppliers which will meet their predetermined return on investment objectives. C2FO software then matches the payments to those vendors providing the required return for payment early discounted payment terms.

It is our understanding that as of the date of this report Acartha owns 1,656,299 Series A preferred shares and 31,764 common shares of Pollen, Inc. with a total purchase cost of $1,656,299 purchased/granted on the following dates:

[5] Information obtained from Wikipedia and website www.c2fo.com.
[6] Ibid.
[7] Ibid.
[8] Ibid.
[9] Ibid.

DATE: May 1, 2008		DATE: May 15, 2009	
Series A-1		Series A-2	
Price / Share	$1.00	Price / Share	$1.00
Shares	Cost	Shares	Cost
500,000	$500,000	400,000	$400,000

DATE: Mar 10, 2010		DATE: Dec 6, 2010		DATE: Dec 6, 2010	
Series A-3		Series A-4		Common Shares	
Price / Share	$1.00	Price / Share	$1.00	Price / Share	$0.00
Shares	Cost	Shares	Cost	Shares	Cost
317,647	$317,647	438,652	$438,652	31,764	$0

The Series A salient terms and conditions are: a liquidation preference based on cost (Series A of $1.00); a one-to-one conversion ratio to common stock; and an 8% cumulative dividend. See **Appendix C** for a copy of the terms agreement.

3. Information Relied Upon or Considered

My opinions as set forth herein are based upon the information provided and research performed on or before the date of this report. A list of the information considered and/or relied upon is provided in **Appendix B**.

4. Valuation Considerations

Valuation is not an exact science subject to precise formula, but is based on relevant facts, elements of common sense, informed judgment, and reasonableness. Therefore, precise rules for determining the value of closely held business interests cannot be prescribed.

It is generally agreed that appraisal methods fall into three general categories: Asset Approach, Income Approach, and Market Approach. However, it is not unusual for each of the approaches to use elements of other approaches in order to reach a conclusion of value. Each of these methods will be discussed individually.

The Asset Approach is a method of determining a value of assets and/or equity interests using one or more methods based directly on the value of the assets of the business, less liabilities. It is analogous to the cost approach of other disciplines. This approach can include the value of both tangible and intangible assets. However, this approach is often unnecessary in the valuation of a profitable operating company as a going concern, as the tangible and intangible assets are automatically included, in aggregate, in the Market and Income Approaches to value.

It should not be the sole appraisal approach used in assignments relating to operating companies appraised as going concerns, but may be the only appropriate method in the case of a business that is not generating positive normalized earnings.

The Income Approach is a general method of determining a value indication of a business, asset, or equity interest using one or more methods wherein a value is determined by converting anticipated benefits. Depending on the nature of the business, asset, or security being appraised, as well as other factors, anticipated benefits may be reasonably represented by such items as net cash flow, dividends, and various forms of earnings. Conversion of those benefits may be accomplished by either capitalization or discounting techniques. A capitalized returns method tends to be the more appropriate valuation method when it appears that current operations are indicative of future operations, assuming a normal growth rate. However, if the earnings of a business, as adjusted for normalized income and expense items, are low or negative, the earnings approaches should not be used.

Alternatively, a discounted future returns method tends to be more appropriate when future returns can be estimated with reasonable accuracy and are expected to be substantially different from current operations.

The Market Approach is a general method of determining a value indication of a business or equity interest using one or more methods that compare the subject to similar investments that have been sold. It has its theoretical basis in the principle of substitution, which states that the value of an object tends to be determined by the cost of acquiring an equally desirable substitute. Market transactions in business, business ownership interests, or securities can provide objective, empirical data for developing value measures to apply in business valuation. Such comparisons provide a reasonable basis for estimation to the relative investment characteristics of the asset being valued. Ideal guideline assets are in the same industry and use as the asset being valued, but if there is insufficient transactional evidence available in the same industry or use, it may be necessary to consider assets with an underlying similarity of relevant investment characteristics such as markets, products, growth, cyclical variability, and other salient factors.

It is the evaluator's task to analyze the pertinent information regarding the subject interest and apply accepted methodologies, as well as experience and judgment, to reach a supportable conclusion. In this matter, each of the three commonly accepted approaches was considered in this analysis.

4.1. Asset Approach

The net asset value – going concern method (a method under the Asset Approach) develops a valuation indication by adjusting the reported book values of a subject company's assets to their actual or estimated fair market values and subtracting its liabilities (adjusted to fair market value, if appropriate). This method is also referred to as the net asset value ("NAV") method.

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[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

4.2. Income Approach

[redacted]

[redacted]

[redacted]

4.3. Market Approach

Methods under the Market Approach were reviewed to determine if third party transactions exist which would provide a meaningful indication of the value of the Subject Interest. The use of comparables requires the appraiser to quantify items of similarity and adjust the indicated prices to provide for a meaningful measurement of the subject entity's worth. The appraiser must show that the transactions are, in fact, comparable to the subject transaction.

We considered the following transactions in the methods under the Market Approach:

- Actual or proposed sales of shares of Pollen
- Transaction method
- Publicly-traded guideline company method
- Other considerations – return on investment

4.3.1. Actual or Proposed Stock Sales

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

4.3.2. Transaction Method

The transaction method is a method that uses multiples of comparable companies found in the marketplace to value the subject company. This method is difficult to use in valuing closely held companies because of the lack of public financial information for closely held companies and the differences that may exist in asset holdings and asset allocations. Factors that are considered in selecting comparative companies include the composition of assets, the dividends or distributions and the degree of leverage.

It should also be noted that most databases that have transactional information do not provide information pertaining to the motivation for the sale, price fluctuation due to bargaining, and/or if there were any synergies considered in the value paid for the company. Given these factors, the value indicated by this method could be different than those indicated by other methods (in particular, if there are synergies considered in the purchase price). Also, the value indicated by this method is considered to be on a controlling, non-marketable basis.

Pollen management provided the following information as comparable company pricing information:

[redacted]

[redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

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[redacted]

4.3.3. Publicly-Traded Guideline Company Method

Guideline companies are companies that provide a reasonable basis for comparison to the relevant investment characteristics of a company being valued. Guideline companies are most often publicly-traded companies in the same or similar business as the subject company. Guideline companies are used as a basis to develop valuation conclusions with respect to a subject company under the presumption that a similar market exists for the company, as exists for the guideline companies.

Ideal guideline companies are in the same business as the subject company being valued. However, if there is insufficient transaction evidence similar to the subject company, it may be necessary to consider companies with an underlying similarity of relevant investment characteristics, such as markets, products, growth, cyclical variability, and other salient factors. In this instance, we have considered those companies that are similar based upon their product line.

In performing our search for publicly-traded guideline companies, we followed *Business Valuation Standard-V* of the American Society of Appraisers. Our procedure for deriving group guideline companies involves the following steps:

- Identify the industry in which the Company operates.
- Identify the Standard Industrial Classification Code for the industry in which the Company operates.

- Using Internet search tools, search filings with the Securities & Exchange Commission for businesses that are similar to the Company.
- Screen the initial group of companies to eliminate those that have negative earnings, those with a negative long-term debt to equity ratio and those companies for which the price of their stock could not be obtained.
- Review in detail the financial and operational aspects of the remaining potential guideline companies eliminating those with business lines distinctly different from the Company.

Based on the above criteria, our search did not identify any publicly-traded companies that are sufficiently similar[11] to the Company. I have, therefore, not included this analysis in arriving at my opinions.

4.3.4. Other Considerations - Return on Investment

In my analysis to determine if the $2.25 price per share for the Series A preferred stock and $1.00 per share of common stock is reasonable, I considered the view point of an investor and the determination of a reasonable rate of return on an investment in the Series A preferred shares and common shares.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Based on the above analysis, it appears the offered price of $2.25 per shares for the Series A preferred and $1.00 per share of common stock results in a return on investment commensurate with the investment risks associated with a high risk investment in Pollen, Inc.

5. Discounts for Lack of Control and Lack of Marketability

When an ownership lacks elements of control and marketability, two discounts are generally appropriate. They are commonly referred to as the discount for lack of control ("DLOC") and discount for lack of marketability ("DLOM").

The Series A preferred shares and common shares ("Subject Interest") that are the subject of this report represent a minority interest in a closely-held company. Therefore, the Subject Interest cannot force the sale of the Company's assets in order to recognize a return on assets nor control the management of Pollen, Inc. Therefore, a DLOC is warranted. Furthermore, it is typically more difficult to market a minority interest in a company than it would be to sell the underlying assets, if owned outright. Accordingly, a DLOM is considered appropriate.

5.1. Discount for Lack of Control

A discount for lack of control represents a reduction from the pro rata share of an entire business to reflect the absence of the power of control. The concept of discounts for lack of control and control premiums can be validated by analyzing the transactions on the stock exchanges that involve the purchase of both minority interests and controlling interests of the common stock of various companies. As discussed above, the concept of a discount for lack of control also applies to the Subject Interest.

The value of control depends on the shareholder's ability to exercise any or all of a variety of rights typically associated with control. Listed below are the common prerogatives of control.

Common Prerogatives of Control

- Elect directors and appoint management.
- Determine management compensation and perquisites.
- Set policy and change the course of business.
- Acquire or liquidate assets.
- Select people with whom to do business and award contracts.
- Make acquisitions of other companies.
- Liquidate, dissolve, sell out, or recapitalize the Company.
- Sell or acquire treasury shares.
- Register the company's stock for public offering.
- Declare and pay dividends.
- Change the articles of incorporation or bylaws.

- Block any of the above actions.

Obviously, many factors can impact the degree of control an owner has over the operations of the Company. When any of the control elements are not available to the ownership interest, the value attributable to control must be reduced accordingly. Some of the factors that tend to influence the values of non-controlling shares relative to control shares are listed next.

Factors That May Increase a Discount for Lack of Control or a Control Premium:

a) The presence of non-voting shares.
b) An extreme lack of consideration for the interests of non-controlling shareholders on the part of the Company's management, board of directors, and/or majority owners.

Factors That May Decrease a Discount for Lack of Control or a Control Premium:

a) The presence of enough non-controlling interest votes to elect or have meaningful input on electing one or more directors in a company with cumulative voting.
b) The presence of enough non-controlling interest votes to block certain actions (subject to state statutes and/or articles of incorporation).
c) The presence of state statutes granting certain non-controlling stockholder rights.

As reflected in David Laro and Shannon Pratt's book entitled Business Valuation and Taxes, Procedures, Law, and Perspective:

> "For holding companies, the base from which minority discounts are applied is usually net asset value. The most common method for estimating the discount is to identify a group of publicly traded companies (e.g., closed-end mutual funds or real estate investment trusts [REITs]) that hold assets similar to the subject company, and to calculate the average discount at which their securities trade in the market relative to their net asset value. If the subject company has two or more classes of assets (e.g., marketable securities and real estate), two or more groups of publicly traded entities may be used for comparison, and the discount for the subject entity assigned in proportion to the net asset value for each class.
>
> Some analysts also use the secondary market for public limited partnerships as a basis for some holding companies, especially those that hold real estate as their primary asset. (There are more real estate limited partnerships that trade in the secondary market than all those that hold other types of assets, e.g. oil and gas interests, put together.)"[12]

This approach to using several sources for different classes of assets has been accepted by the Courts as well (See, Lappo v. Comm., T.C. Memo 2003-258, as an example of this

[12] David Laro and Shannon Pratt; Business Valuation and Taxes, Procedures, Law, and Perspective, page 315; (Copyright 2005 by John Wiley & Sons, Inc.)

approach being utilized and accepted by Tax Court). The following section addresses our approach to quantifying and applying the appropriate discount for lack of control.

5.1.1. Mergerstat® Review Data

A measure of the difference in value between a controlling interest and a non-controlling interest can be found in public tender offerings where a successful tender offer will give the acquirer a control position. The market value of publicly-traded securities reflects non-controlling interests being traded, that lack the ability to control the business, and incorporates a discount for lack of control from the enterprise value of a company. The market price of non-controlling interests in stock transactions prior to the tender is compared to the tender offer price to determine the premium paid for the control position.

The mathematical inverse of the premium paid for control is an indication of the non-controlling interest discount. Mergerstat® Review annually publishes the premium paid over the market price in acquisitions of publicly-traded companies. Over the past 10 years, the median premiums paid have generally fallen within the range of 30% to 40%, indicating median lack of control discounts in the range of 25% to 30%.

We analyzed the interest in the Company relative to the factors found to influence discounts for minority interests in the above studies. The data on premiums from the 2013 edition of *Mergerstat® Review* imply a weighted-average, five-year minority discount for the all industry average of 34.4%.

All Industry Average

Acquisition Year	Number of Companies	Average Control Premium	Implied* Minority Discount
2008	294	56.5%	36.1%
2009	239	58.7%	37.0%
2010	351	51.8%	34.1%
2011	321	50.9%	33.7%
2012	323	46.2%	31.6%
	1,528		
5 Year Weighted Average		52.4%	34.4%

SIC (All Industry Average)

* Formula: 1-(1/(1+Average Premium Paid))

After reviewing the Mergerstat® study, and considering factors specific to the interest being valued, we concluded that a 34% discount for lack of control is appropriate for the Company. We believe this is appropriate given the Company's ownership structure, the expected distribution yield, and the current economic environment, as compared to the above studies, as well as other factors discussed throughout the report.

5.2. Discount for Lack of Marketability

Marketability relates to the liquidity of an investment. Investments such as publicly traded stocks are highly liquid in that an investor can, under normal circumstances, sell their stock and obtain cash proceeds within three working days. Shares of stock in privately held companies are, in comparison to publicly traded securities, highly illiquid and usually warrant large discounts from their stated "marketable" price. According to *Business Valuation Discounts and Premiums*:

> *"Lack of marketability, more often than not, is the largest dollar discount factor in the valuation of a business interest, particularly a minority interest."*[13]

Pollen is a closely held entity. There is no public market for its preferred or common shares, as would be the case for a stock listed on the NASDAQ or NYSE. Due to this lack of market, a DLOM is appropriate. The application of a DLOM is a common and accepted practice within the valuation profession.

The allowance for a DLOM has been allowed consistently in case law as well. The IRS *Valuation Guide for Income, Estate and Gift Taxes, Valuation Training for Appeals Officer* (January 1994 edition) provides a list of over a dozen such cases in its training manual in Exhibit 9-3, pages 9-47 through 9-50. There are many other examples as well.

The DLOM is distinguishable from a discount for lack of control. The discount for lack of control reflects the inability of a non-controlling shareholder to compel liquidation and to realize a pro rata share of the corporation's net asset value. The discount for lack of marketability reflects the lack of a ready market for the shares of a closely held corporation. See, Andrew Est. v. Comr., 79 T.C. 938, 952-53 (1982). The discount for lack of marketability may apply even though the non-controlling interest discount does not. See, Newhouse Est. v. Comr., 94 T.C. 193 (1990), nonacq., 1991-1 C.B. 1.

This DLOM is appropriate whether the shares being valued are at a non-controlling interest or a control interest. The magnitude of such a discount may differ, however, depending on the circumstance in each individual case.

With the methods that we are analyzing, it is assumed that the Company will continue on as a going concern. The question to be addressed is what, if any, discount is appropriate from the calculated value to arrive at a value at which a willing buyer and a willing seller would be willing to transfer the interest. To determine this, it is necessary to analyze the particular characteristics of the Company and determine how the unique characteristics of the Company would affect its salability. In determining a discount for lack of marketability we have relied on the following:

1. Tax Court factors,
2. Fundamental factors, and
3. Empirical studies which comprise (i) Restricted stock studies, and (ii) Pre-IPO studies.

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[13] Shannon P. Pratt, CFA, FASA, MCBA; "Business Valuation Discounts and Premiums; John Wiley & Sons, Inc. © 2001

5.2.1. Tax Court on the Discount for Lack of Marketability

In a landmark case before the United States Tax Court, the Court listed the following 10 factors that should be considered by an appraiser when ascertaining the size of the discount for lack of marketability.[14]

1. Private versus public sales of the interest.
2. Financial statement analysis.
3. Entity's distribution policy.
4. Nature of the entity, its history, its position in the industry, and its economic outlook.
5. Amount of control in transferring interests.
6. Restrictions on transferability of interests.
7. Holding period for the interest.
8. Entity's redemption policy.
9. Entity's management.
10. Costs associated with making a public offering.

The Tax Court Factors relate primarily to specific restrictions on transfer, sales, and earnings. Control and transferability enhance the marketability of the interest. From the empirical studies, (discussed later in this report) we determined that longer holding periods, and lower sales and earnings contributed to higher discounts for lack of marketability. One factor addressed by the Tax Court and not addressed in the empirical studies is distribution capacity and policy. Total return to an investor includes both the capital appreciation of the interest, but also any distributions received during the holding period. All other factors equal, an interest with a greater distribution capacity would be more marketable than an interest with a lower distribution capacity.

5.2.2. Fundamental Factors

In addition to the Tax Court Factors, we considered the factors influencing the lack of marketability discounts in the empirical studies. According to *Business Valuation Discounts and Premiums*, the Fundamental Factors influencing the lack of marketability discounts in the studies are as follows (pp. 152-163):

- **Size of distributions:** Higher, predictable distributions tend to reduce the discount for lack of marketability. The marketplace does not discount privately placed bonds and preferred stock to publicly traded bonds and preferred stock due to the predictable and identical fixed income of these securities. The capacity to potentially make distributions may be a weaker proxy for actual distributions in assessing this factor.
- **Prospects for liquidity (probable length of holding period)**. Longer holding periods tend to increase the discount for lack of marketability. A non-controlling shareholder or non-voting shareholder may have a longer holding period due to the inability to cause the sale of the business and benefit from any capital appreciation. If the entity does not make any distributions, the holding period for realizing capital appreciation takes on greater significance.

[14] Mandelbaum v. Commissioner, 69 T.C.M. (CCH) 2852 (1995).

- **Pool of potential buyers (also affecting prospects for liquidity)**. Larger pools of potential buyers tend to decrease the discount for lack of marketability. Larger blocks of non-controlling stock tend to have smaller pools of buyers, and therefore, higher discounts for lack of marketability.
- **Risk factors (affecting the investors' required rate of return during the holding period, i.e., the discount rate)**. Higher levels of risk tend to increase the discount for lack of marketability. This influence of risk is not redundant with the risk factors affecting the discount rate in the income approach or multiples in the market approach. High risk also makes an interest more difficult to sell. Primary risk factors influencing the discount for lack of marketability include the level and volatility of earnings – high, stable earnings lower the discount, and size as measured by sales or capitalization – small size raises the discount.
- **Growth prospects (affecting the eventual potential sale price, i.e., terminal value)**. Higher growth prospects may tend to lower the discount for lack of marketability.

5.2.3. Empirical Studies on the Discount for Lack of Marketability

Over the last 25 years, there have been a number of empirical studies to determine, from a market perspective, the discount in value required to induce investors to purchase illiquid stocks. The studies have concentrated on analyzing the stock prices of "restricted" stock (also known as "letter" stock) and the stock prices of companies who underwent an initial public offering ("IPO").

Restricted Stock Studies

The restricted stock studies analyzed the difference in price between a company's restricted stock (i.e., stock held by investors who were precluded from selling the stock for up to two years) and its publicly traded stock. Because the restricted stock and the publicly traded stock were identical in all aspects except for marketability, the difference in the prices was due solely to marketability.

Rule 144 of the Securities Exchange Act of 1934. Restricted stock is subject to the restrictions under Rule 144 of the Securities Exchange Act of 1934 (SEC Rule 144). Under SEC Rule 144, restrictions generally lasted for two to three years. According to the Rule:

> (d)(1) General rule. A minimum of two years must elapse between the later of the date of the acquisition of the securities from the issuer or from an affiliate of the issuer, and any resale of such securities in reliance on this section for the account of either the acquirer of any subsequent holder of those securities, and if the acquirer takes the securities by purchase, the two-year period shall not begin until the full purchase price or other consideration is paid or given by the person acquiring the securities from the issuer or from an affiliate of the issuer.

In general, a purchaser of restricted shares of a public company had a minimum of a two-year holding period before the restrictions placed by Rule 144 would lapse. Investors in restricted shares must, therefore, consider themselves subject to the risks of equity ownership for at least two years without a practical means of selling those shares. Even when the two-year minimum holding period for restricted shares has elapsed, the shares are generally subject to additional restrictions on the volume of securities that can be sold.

Effective April 29, 1997, the SEC adopted the following new rules that effectively decreased the required holding period from a minimum of two years to a minimum of one year.

> The Commission is amending the holding period requirements contained in Rule 144 to permit the resale of limited amounts of restricted securities by any person after a one-year, rather than a two-year, holding period. Also, the amendments permit unlimited resales of restricted securities held by non-affiliates of the issuer after a holding period of two years, rather than three years.

A summary of the major restricted stock studies is shown in Table 1.

TABLE 1
Summary Results of Restricted Stock Studies

Study	# of Observed	Median	Mean	Std. Dev.	Range Low	Range High
Pre-1997 Studies						
1. SEC Institutional Investors Study	398	24%	26%	n.a.	(15%)	80%
2. Gelman Study	89	33%	33%	n.a.	<15%	>40%
3. Moroney Study	146	34%	35%	18%	(30%)	90%
4. Maher Study	34	33%	35%	18%	3%	76%
5. Trout Study	60	n.a.	34%	n.a.	n.a.	n.a.
6. Stryker/Pittock Study	28	45%	n.a.	n.a.	7%	91%
7. Willamette Management Study	33	31%	n.a.	n.a.	n.a.	n.a.
8. Silber Study	69	n.a.	34%	24%	(13%)	84%
9. FMV Opinions - Hall/Polacek Study	100+	n.a.	23%	n.a.	n.a.	n.a.
10. Management Planning Study	49	28%	28%	n.a.	0%	58%
11. Johnson/Park Study	72	n.a.	20%	n.a.	(10%)	60%
12. Columbia Financial Advisors Study						
1996-1997 Study	23	14%	21%	n.a.	1%	68%
Averages		30%	29%			
Post-1997 Study						
1. Columbia Financial Advisors Study						
1997-1998 Study	15	13%	9%	n.a.	0%	30%
Average		13%	9%			

As can be seen in Table 1, the median discount for lack of marketability was in the range of 13-45 percent with the average median discount being 30 percent and average mean discount being 29 percent for studies performed prior to the holding requirement change in 1997. The restricted stock studies indicate that investors in restricted stock demand a substantial discount from the prices of the freely traded stock due to the restricted stocks' lack of marketability.

IPO Studies

The IPO studies (summarized below) analyze the relationship between the prices of companies whose shares were sold in an IPO and their trading prices five months prior to the initial public offering. By comparing the price of the shares at the time the companies were privately held to the price of the shares at their initial public offering, inferences were made as to the size of the discount for lack of marketability required by investors.

TABLE 2
Summary of IPO Studies

Study	Period Reviewed	# of Transactions	Mean of Indicators
Baird IPO Studies	1980-2000	543	46%
Willamette Management Associates Studies	1975-1995	941	43%
Pearson Studies	1999-2000	1,292	55%
Weighted-Average			48%

As shown in the IPO studies (Table 2), the average or median discount for lack of marketability ranged from 43-55% with the weighted average median discount being 48%.

As with the restricted stock studies, the IPO studies clearly show that transactions involving closely-held stock, traded at prices substantially discounted from the prices obtained at initial public offerings.

There has been a good deal of information on how the DLOM is derived over the last 10-15 years including **new studies** (Bajaj (2001-2); Ashok Abbott (2006); FMV Restricted Stock Studies (2009)); **case law** (Peracchio (2003); Lappo (2003); McCord (2003); **new approaches** (Hedging methods), etc.

The IRS issued the "Discount for Lack of Marketability – Job Aid for IRS Valuation Professionals" in September of 2009. The job aid clearly states that "This Job Aid is not Official IRS position and was prepared for reference purposes only; it may not be used or cited as authority for setting any legal position." We will be citing this Job Aid in this report, but understand the IRS's position on being held to the content of that Job Aid.

For many years the main sources of discounts for the DLOM were the Pre-IPO Studies and the Restricted Stock Studies. Both of these sources were readily used by valuation experts and accepted sources in case law. The Pre-IPO studies have been under significant attack recently, but as pointed out in the document entitled Rebuttal to Bajaj: answers to criticisms of pre-IPO studies, Shannon Pratt notes that several Courts "universally have reacted favorably when actual pre-IPO transactions have been presented…" These cases included Estate of Gallo v. Commissioner (1985); Howard v. Shay (1996); and Okerlund v. Commissioner (2002); Mandelbaum v. Commissioner (1995); and Davis v. Commissioner (1998). The exact citations for these cases can be found in the article.

One of the first major cases to address the Bajaj work was Gross v. Commissioner (2001 U.S. App. LEXIS 24803 (6th Cir. Nov. 19, 2001)(T.C. Memo 1999-254, 78 T.C.M, (CCH) 201 (July 29, 1999)). Dr. Bajaj opined a DLOM of 25%, in that case. Dr. Bajaj and his discount approach was again front and center in McCord v. Commissioner (120 T.C. No. 13, 2003 U.S. Tax Ct. LEXIS 16 (May 14, 2003), where he concluded the DLOM to be 7% based upon his proprietary data and approach. In that case, the Court ultimately chose a 20% DLOM. As noted below, there has been significant criticism of Dr. Bajaj's findings by the valuation community.

Despite using Dr. Bajaj as an expert in its cases, the IRS has also raised significant issues regarding Dr. Bajaj's approach as noted on pages 51-52 of its "Job Aid for IRS Valuation Professionals – Discount for Lack of Marketability" (published September 25, 2009) (hereinafter also referred to as "Job Aid"):

> Weaknesses
> The potential weaknesses of the Bajaj study have been spotlighted by a number of its critics including Pratt, Hall, Mercer and Mitchell and Norwalk. These weaknesses are concentrated in the areas of concern over sample choice, the remaining presence of some uncertainty in actual registration status, the relatively low coefficient of determination or R2 factor[37] generated by the regression model used and the choice of a measurement date of 10 days after the announcement.
>
> - Certain writers have pointed to data errors in the sample and the failure to consider other transactions occurring within the analysis period that are considered to be logical choices with required data available.
> - There is some question among analysts as to what the 7.23% discount amount attributable to lack of marketability by Bajaj really measures and whether, even if it truly measures a pure marketability component of discount, it is the proper level of discount to be considered in a transactional analysis. Bajaj himself has been somewhat inconsistent in how he applies the results of the study using the 7.23% in certain cases and a larger discount that is said to include the effects of assessment and monitoring costs in other cases.
> - Another weakness of the Bajaj study in the view of his critics is it does not explicitly consider the length of the required holding period for an unregistered placement as a factor in the analysis. Not all unregistered placements are subject to the same holding period limitations and, accordingly, the analysis of registered

versus unregistered placements should not be treated as a binary variable as Bajaj has proposed.

- Finally, critics argue that simply because some private placement shares are registered does not automatically make them freely tradable such that no DLOM should apply to them.

[37] *The coefficient of determination is a measure of how well a regression model fits the data by indicating how much of the total data variation is explained by the model. If all the data were to fall directly on the model line then the coefficient would be 1.00. The lower the coefficient the less of the variability of the data is explained by the model.*

The Job Aid discusses the Courts' acceptance of Dr. Bajaj's methods (page 53):

> View of the Courts
> To date, only Bajaj and his colleague Dr. Shapiro have gone to Court with the analytical approach as their main support for a DLOM selection. Bajaj has testified in the *Estate of Gross* [39], *Litman and Diener v. USA* [40], *McCord et ux v. Commissioner*[41] and *Richie* C. *Heck v. Commissioner* [42] among others. Shapiro utilized the same approach in his testimony in *Lappo v. Commissioner* [43].
>
> In general, the Courts have given favorable treatment to Bajaj's general approach to DLOM citing the conceptual basis and the use of mathematical techniques to separate out contributing factors. However, no Court has accepted his 7.23% estimate as the proper DLOM at face value. In *McCord,* the Court instead chose to look at all of the Bajaj data and to select a DLOM based on the summary results from his middle strata of discount transactions arriving at a number of 20%. A similar approach has been taken in other cases where the 20% discount has been accepted as a starting point and then adjusted up to 23% or 25% based on factors that the Court thought were important. In *Gross,* Bajaj did not propose a strict DLOM based on his study but instead argued for *25%* which included a 20% original amount plus 5% to account for the S corp. effects on marketability. This total discount was accepted by the Court.

[39] *Estate o/Gross,* T.C. Memo 1999-254, 78 T.C.M. (CCH) 201, T.C.M. (RIA) 99254, 1999 Tax Ct. Memo LEXIS 290
[40] *David* S. *and Malia A. Litman* v. *The United States,* United States Court of Federal Claims, 2007 U.S.
Claims LEXIS 273, August 22, 2007
[41] *McCord* v. *Comr.,* 120 T.C. 358 (2003)
[42] *Heck v. Comr.,* T.C. Memo 2002-34
[43] *Clarisa W Lappo* v. *Comr.,* T.C. Memo 2003-258, Tax Ct. Memo LEXIS 257, 86 T.C.M. (CCH) 333

We cite these sources to provide the reader perspective on how the sources available at the date of valuation are currently viewed.

As noted below, we believe the IPO studies are a better source of this DLOM information than the restricted stock studies and we will rely on the IPO studies as a source of our DLOM conclusion, and citing the restricted stock studies as additional evidence of the DLOM in the market place.

There are other studies that were available as of the date of valuation including the Karen Hopper Wruck study (1989) and the Hertzel & Smith study (1993). These studies are classified as "analytical approaches" because they take an analytical approach to analyzing data. As noted in the Job Aid for IRS Valuation Professionals – Discount for Lack of Marketability the authors take data sets and "These data sets are analyzed statistically and through regression analyses to both determine the total amount of the discount and the breakdown of that discount across various postulated causal factors" (page 41). As noted in the IRS Job Aid, "The Wruck study has been cited by a number of practitioners but is basically utilized as background material to introduce the subject of investigating marketability discounts analytically" (page 45). The same conclusion is reached for the Hertzel & Smith study (page 48). The job aid also indicates that the discounts arrived at in these studies are "not offered as actual discount proposals" (pages 45 and 48). We have not relied upon these studies in the past and have not seen them widely accepted or relied upon in the business valuation community as of the date of the valuation. As a result, we will not be utilizing these studies in our analysis.

Further Analysis of FMV Opinions, Inc. Restricted Stock Study

While the above referenced restricted stock study performed by FMV Opinions, Inc. ("FMV") included transactions from 1979 through April 1992, FMV has continued to collect data regarding restricted stock transactions. The FMV Restricted Stock Study currently contains more than 430 total restricted stock transactions that occurred from 1980 through 2011 and includes transactions in manufacturing, business services, finance, insurance and real estate, transportation, communication, electric, gas and sanitary services, etc.

The IRS has been very critical of the FMV study and included as an Exhibit of its job aid, a Review of this study. The conclusion was that the study was not to be relied upon, citing a number of concerns. Lance Hall vigorously defended his study and attempted to answer the IRS's criticisms point by point and presented a Webinar (hosted by Business Valuation Resources, LLC on October 12, 2011). As with the restricted stock studies in general, we believe the FMV Opinions study has merit and does provide guidance on the DLOM issue. As with the other studies and methods, there are weaknesses and strengths as compared to other methods.

Establishing a base line discount for application to the Subject Interest

The discounts dealing with IPO's generally find a discount of 48%. We believe the IPO studies are better indicator of the DLOM in this case. In arriving at a DLOM for the Series A preferred and common shares owned by Acartha, we also took into consideration the following information:

- [redacted]

[redacted]

5.2.4. Discount for Lack of Marketability Conclusion

Recognizing the above, a lack of marketability discount of 35% percent is indicated. This is well within the range of the discounts observed in published IPO studies, and takes into consideration the specific facts and circumstances surrounding the Series A preferred and common shares in Pollen, Inc.

6. Summary and Conclusions

Based upon information provided and giving due consideration to the results of my analysis as described in this report, it is my opinion that the offer price of $2.25 per share of Series A preferred and $1.00 per common share of Pollen, Inc. owned by Acartha is reasonable.

7. Engagement Limitations

No portion of my report or work should be understood to contain legal opinions or advice. The scope of my work is limited and does not include an audit, examination, review, or compilation of financial statements as those terms are defined in standards promulgated by the American Institute of Certified Public Accountants and, accordingly, I express no such opinion on the financial information used or other information I received during the course of my work.

Other than the work documented in this report, I have not independently verified the accuracy of the information I considered or the underlying data.

Additional information may become available to me and/or I may be asked to consider additional report(s) of other expert(s) and comment on those reports relating to this matter. Consequently, I reserve the right to revise my opinions after consideration of any such additional information.

Respectfully submitted,

H. Edward Morris, Jr.

H. Edward Morris, Jr.
ASA, CPA/ABV/CFF
Managing Director
CliftonLarsonAllen LLP

APPENDIX A

APPENDIX A

H. Edward Morris, Jr., ASA, CPA/ABV/CFF

CliftonLarsonAllen LLP

National Managing Director 630-954-8151
Oak Brook, IL Ed.Morris@CLAconnect.com

Profile

Ed is the National Director of Transfer Pricing Group at CliftonLarsonAllen. He is a CPA in the State of Illinois, ABV – Accredited in Business Valuation, a CFF – Certified in Financial Forensics, and an ASA – Accredited Senior Appraiser. Ed is a former small-business owner, and has over 20 years of experience providing transfer pricing and business valuation services. He serves clients in a variety of industries, including: manufacturing; distribution; insurance; technology (Internet & software); construction; children's toys; and professional services.

Testimony experience

- 2013, Phillip Kile, Sr. Plaintiff, v. International Truck and Engine Corporation, Defendant
    - Circuit Court of the Eighteenth Judicial Circuit, Dupage County, Illinois
    - Defendant – purchase price dispute
- 2011, Lana Radakovic vs. Dusan Radakovic
    - Circuit Court of Cook County, Illinois
    - Defendant – divorce related valuation of a business
- 2010, Tracy Davis vs. Iowa Pacific Holdings, LLC
    - Circuit Court of Cook County Illinois, Chancery Division
    - Defendant – Shareholder dispute
- 2010, Gold Canyon Mining and Construction, et al. vs. American Asphalt & Grading Company, et al.,
    - Arbitration hearing testimony
    - Defendant – post acquisition dispute
- 2008, Marcia Roubik, et al. vs. V. Clint Mellen, et al.
    - Circuit Court of the 18th Judicial Circuit, Dupage County, Illinois
    - Plaintiff – lost profits and economic damages
- 2008, Michael R. Conners, vs. Wolverine Trading, LLC
    - Circuit Court of Cook County, Illinois
    - Plaintiff – employment compensation
- 2008, Thomas Bloom vs. Michelle Bloom
    - Circuit Court of Dupage County, Illinois
    - Defendant – divorce related valuation of a business
- 2004, Louis B. Williams, et al. vs. Edward G. Gardner, et al.
    - Circuit Court of Cook County, Illinois
    - Plaintiff – compensation for professional services
- 2004, Insure One Independent Insurance Agency, LLC, et al. vs. James P. Hallberg, et al.
    - Circuit Court of Cook County, Illinois
    - Defendant – lost profits and economic damages
- 2004, Collision Revision of Plainfield, Inc., et al., vs. International Refinishing Products, Inc.
    - Circuit Court of the 12th Judicial Circuit, Will County, Illinois
    - Defendant – lost profits

- 2004, Emery Associates, Inc. vs. Alexeter Technologies, LLC
  - Circuit Court for the 19th Judicial Circuit, Lake County, Illinois
  - Defendant – lost profits and economic damages
- 2003, Chicago District Council of Carpenters Pension Fund, et al., vs. Reinke Insulation Company
  - Northern District of Illinois, Eastern Division
  - Defendant (Counter Plaintiff) – lost business value and lost profits

Education/professional involvement

- Bachelor of Science in Accounting, magna cum laude, Indiana University
- Associate Degree in Chemical Technology, Purdue University.
- The American Society of Appraisers
- Midwest Business Brokers & Intermediaries
- American Institute of Certified Public Accountants
- Illinois CPA Society

Civic organizations

- Seven Bridges Courts Association, Board Member
- ACCION Chicago – Audit Committee Member

APPENDIX B

APPENDIX B

INFORMATION CONSIDERED AND/OR RELIED UPON

[redacted]

APPENDIX C

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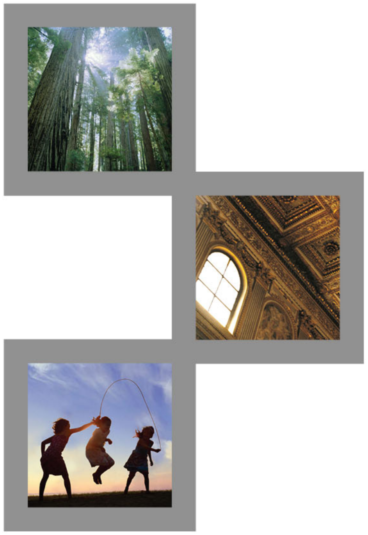
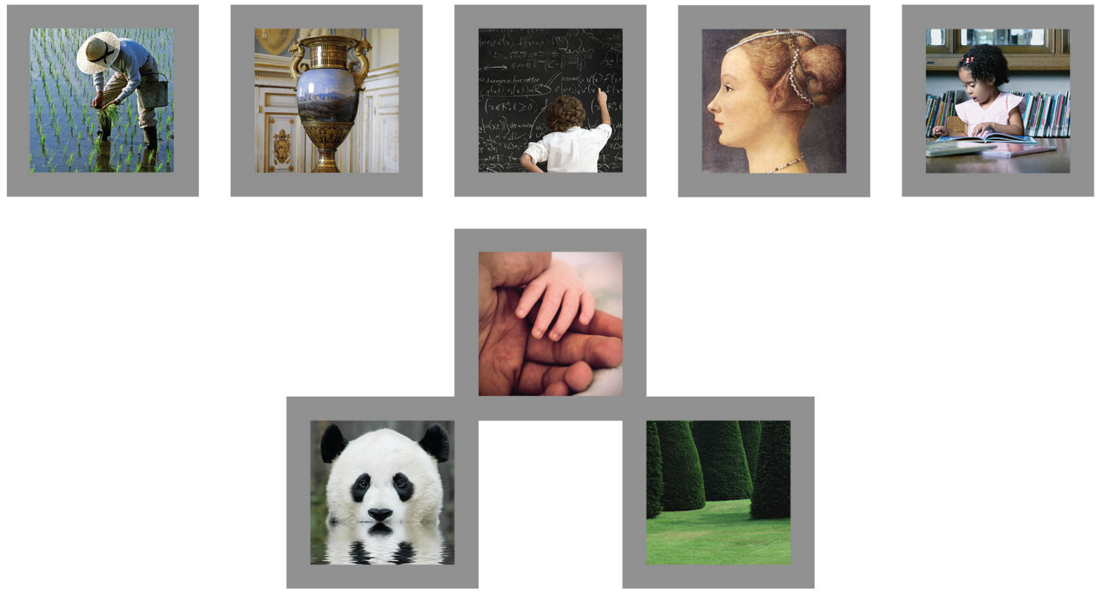
APPENDIX D



June 30, 2013

Cambridge Associates LLC
U.S. Venture Capital Index® and Selected Benchmark Statistics



C | A CAMBRIDGE ASSOCIATES LLC

Official Performance Benchmark of the

NATIONAL VENTURE CAPITAL ASSOCIATION

Funding innovation. Empowering entrepreneurs.

Introducing the Cambridge Associates Modified Public Market Equivalent (mPME):

One of the most important questions investors ask themselves is: "Was our decision to allocate capital to private investments a good one? Was it worth taking on the illiquidity?" Answering this question requires investors to know how their program has performed against public markets. While Cambridge Associates has for years provided a variety of public indices to compare against our private indices, beginning this quarter we have added **public market equivalent (PME)** analyses to all of our benchmark reports.

Our proprietary PME calculation, the "CA Modified Public Market Equivalent" or "**mPME**", is a private-to-public comparison that seeks to replicate private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and the mPME NAV (the value of the shares held by the public equivalent) is a function of mPME cash flows and public index returns. The mPME attempts to evaluate what return would have been earned had the dollars been deployed in the public markets instead of in private investments while avoiding the "negative NAV" issue inherent in some PME methodologies. "Value-Add" shows (in basis points) the difference between the actual private investment return and the mPME calculated return.

While Cambridge Associates has been using mPME for research, manager due diligence and selected client analyses for some time, including mPME in our benchmark books marks the beginning of our efforts to make mPME analyses and tools more widely available to our clients and to fund managers that participate in our benchmarks.

Table of Contents

U.S. Venture Capital: Fund Index Analysis

C|A

U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Fund Index Summary: End-to-End Pooled Return Compared to CA Modified Public Market Equivalent (mPME)

Net to Limited Partners

CA Index	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	25-Year	30-Year
Cambridge Associates LLC U.S Venture Capital Index®[1]	**8.89**	**13.52**	**5.68**	**7.80**	**22.79**	**30.07**	**19.77**	**17.06**
mPME Analysis[2]								
S&P 500 Index	20.60	18.46	7.96	7.63	5.31	7.90	9.21	9.84
Value-Add (bps)	-1,171	-495	-229	17	1,748	2,216	1,056	722
Russell 2000® Index	24.16	18.74	9.45	9.86	7.73	8.95	9.35	9.30
Value-Add (bps)	-1,526	-523	-378	-206	1,506	2,112	1,043	776
Russell 3000® Index	21.47	18.65	8.17	8.11	5.78	8.10	9.31	9.77
Value-Add (bps)	-1,257	-514	-249	-31	1,701	2,197	1,046	728

The Cambridge Associates LLC U.S. venture capital Index® is an end-to-end calculation based on data compiled from 1,439 U.S. venture capital funds (931 early stage, 160 late & expansion stage, 342 multi-stage and 6 venture debt funds), including fully liquidated partnerships, formed between 1981 and 2013.

[1] Pooled end-to-end return, net of fees, expenses, and carried interest.

[2] CA Modified Public Market Equivalent (mPME) replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME NAV is a function of mPME cash flows and public index returns. "Value-Add" shows (in basis points) the difference between the actual private investment return and the mPME calculated return. Refer to Methodology page for details.

Sources: Cambridge Associates LLC, Frank Russell Company, Standard & Poor's and Thomson Reuters Datastream.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital Fund Index Summary: End-to-End Pooled Return

Net to Limited Partners

Index	1-Quarter	YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	25-Year	30-Year
Cambridge Associates LLC U.S. Venture Capital Index®[1]	**4.30**	**7.05**	**8.89**	**13.52**	**5.68**	**7.80**	**22.79**	**30.07**	**19.77**	**17.06**
U.S. Venture Capital - Early Stage Index[1]	**3.51**	**6.08**	**8.62**	**14.31**	**5.36**	**6.87**	**77.14**	**43.27**	**25.59**	**20.40**
U.S. Venture Capital - Late & Expansion Stage Index[1]	**5.40**	**9.74**	**9.95**	**15.07**	**9.65**	**10.85**	**8.46**	**11.49**	**12.00**	**12.09**
U.S. Venture Capital - Multi-Stage Index[1]	**5.20**	**7.75**	**8.99**	**11.80**	**4.91**	**8.53**	**6.83**	**13.59**	**11.91**	**11.32**
Barclays Government/Credit Bond Index	-2.51	-2.67	-0.62	3.88	5.29	4.43	5.55	5.88	6.96	7.81
Dow Jones Industrial Average Index	2.92	15.20	18.87	18.23	8.64	7.91	5.88	10.00	10.86	11.80
Dow Jones U.S. Small Cap Index	1.39	14.23	24.25	19.36	9.61	10.63	8.47	10.36	NA	NA
Dow Jones U.S. TopCap Index	2.80	13.97	21.04	18.65	7.13	7.73	4.49	8.65	NA	NA
Nasdaq Composite Index*	4.15	12.71	15.95	17.29	8.22	7.69	3.98	8.20	9.00	8.21
Russell 1000® Index	2.65	13.91	21.24	18.63	7.12	7.67	4.61	8.80	9.89	10.50
Russell 2000® Index	3.08	15.86	24.21	18.67	8.77	9.53	6.60	8.88	9.34	8.83
S&P 500 Index	2.91	13.82	20.60	18.45	7.01	7.30	4.24	8.66	9.75	10.52
Wilshire 5000 Total Market Index	2.76	13.97	21.10	18.44	7.18	7.95	4.77	8.74	9.73	10.24

The Cambridge Associates LLC U.S. Venture Capital Index® is an end-to-end calculation based on data compiled from 1,439 U.S. venture capital funds (931 early stage, 160 late & expansion stage, 342 multi-stage and 6 venture debt funds), including fully liquidated partnerships, formed between 1981 and 2013.
[1]Pooled end-to-end return, net of fees, expenses, and carried interest.
Sources: Cambridge Associates LLC, Barclays, Dow Jones Indexes, Frank Russell Company, Standard & Poor's, Thomson Reuters Datastream, and Wilshire Associates, Inc.
*Capital change only.

C|A

U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital Fund Index Details: One Quarter End-to-End Pooled Return

Net to Limited Partners

Quarter Ending	End to End Return	Quarter Ending	End to End Return	Quarter Ending	End to End Return	Quarter Ending	End to End Return	Quarter Ending	End to End Return
1981 Q1	0.00	1988 Q1	0.60	1995 Q1	6.94	2002 Q1	-8.33	2009 Q1	-2.56
1981 Q2	1.38	1988 Q2	1.96	1995 Q2	8.54	2002 Q2	-10.91	2009 Q2	0.24
1981 Q3	1.13	1988 Q3	0.01	1995 Q3	11.32	2002 Q3	-9.97	2009 Q3	1.99
1981 Q4	1.03	1988 Q4	1.01	1995 Q4	13.56	2002 Q4	-9.80	2009 Q4	3.44
1982 Q1	1.18	1989 Q1	0.82	1996 Q1	8.77	2003 Q1	-4.16	2010 Q1	0.67
1982 Q2	0.30	1989 Q2	2.07	1996 Q2	16.53	2003 Q2	0.47	2010 Q2	0.51
1982 Q3	1.02	1989 Q3	1.39	1996 Q3	4.69	2003 Q3	-1.46	2010 Q3	3.82
1982 Q4	2.73	1989 Q4	2.32	1996 Q4	6.49	2003 Q4	0.99	2010 Q4	8.30
1983 Q1	3.32	1990 Q1	0.70	1997 Q1	-0.15	2004 Q1	1.54	2011 Q1	5.02
1983 Q2	8.86	1990 Q2	2.20	1997 Q2	14.30	2004 Q2	0.02	2011 Q2	7.01
1983 Q3	-1.05	1990 Q3	-3.06	1997 Q3	14.24	2004 Q3	6.77	2011 Q3	-0.86
1983 Q4	6.09	1990 Q4	1.78	1997 Q4	2.94	2004 Q4	6.12	2011 Q4	1.57
1984 Q1	-0.53	1991 Q1	4.51	1998 Q1	10.09	2005 Q1	-2.08	2012 Q1	4.66
1984 Q2	-0.58	1991 Q2	1.56	1998 Q2	5.33	2005 Q2	2.29	2012 Q2	0.55
1984 Q3	-0.44	1991 Q3	6.18	1998 Q3	-1.99	2005 Q3	4.26	2012 Q3	0.61
1984 Q4	0.43	1991 Q4	7.24	1998 Q4	15.08	2005 Q4	2.31	2012 Q4	1.15
1985 Q1	1.53	1992 Q1	4.31	1999 Q1	19.37	2006 Q1	4.51	2013 Q1	2.52
1985 Q2	-2.00	1992 Q2	-1.23	1999 Q2	38.62	2006 Q2	0.32	2013 Q2	4.30
1985 Q3	-0.18	1992 Q3	2.57	1999 Q3	28.99	2006 Q3	2.22		
1985 Q4	2.65	1992 Q4	7.22	1999 Q4	84.06	2006 Q4	9.56		
1986 Q1	-0.01	1993 Q1	1.90	2000 Q1	29.43	2007 Q1	2.18		
1986 Q2	1.59	1993 Q2	4.88	2000 Q2	3.68	2007 Q2	6.30		
1986 Q3	0.29	1993 Q3	6.79	2000 Q3	10.72	2007 Q3	2.67		
1986 Q4	5.15	1993 Q4	4.46	2000 Q4	-19.85	2007 Q4	3.40		
1987 Q1	5.13	1994 Q1	4.12	2001 Q1	-14.98	2008 Q1	-1.74		
1987 Q2	2.20	1994 Q2	0.74	2001 Q2	-7.22	2008 Q2	0.17		
1987 Q3	1.96	1994 Q3	7.16	2001 Q3	-17.20	2008 Q3	-2.77		
1987 Q4	-2.93	1994 Q4	4.25	2001 Q4	-7.78	2008 Q4	-12.44		

The Cambridge Associates LLC U.S. Venture Capital Index® is an end-to-end calculation based on data compiled from 1,439 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2013. Pooled end-to-end return, net of fees, expenses, and carried interest. Historic quarterly returns are updated in each year-end report to adjust for changes in the index sample.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital Fund Index Details: End-to-End Pooled Return
Net to Limited Partners

Multi-Year Returns

Years	End to End Return (%)	Years	End to End Return (%)
1 Year	8.89	21 Years	27.66
2 Years	7.38	22 Years	26.04
3 Years	13.52	23 Years	23.07
4 Years	11.74	24 Years	21.27
5 Years	5.68	25 Years	19.77
6 Years	5.49	26 Years	18.54
7 Years	7.42	27 Years	18.30
8 Years	7.87	28 Years	17.77
9 Years	8.38	29 Years	17.27
10 Years	7.80	30 Years	17.06
11 Years	5.61		
12 Years	2.41		
13 Years	0.19		
14 Years	11.85		
15 Years	22.79		
16 Years	26.69		
17 Years	26.68		
18 Years	35.79		
19 Years	34.03		
20 Years	30.07		

One Year Rolling Returns

One Year Ended	End to End Return (%)	One Year Ended	End to End Return (%)
6/30/2013	8.89	6/30/1993	17.51
6/30/2012	5.96	6/30/1992	17.40
6/30/2011	26.47	6/30/1991	4.74
6/30/2010	6.60	6/30/1990	6.77
6/30/2009	-16.73	6/30/1989	4.13
6/30/2008	4.45	6/30/1988	1.58
6/30/2007	21.77	6/30/1987	13.61
6/30/2006	11.75	6/30/1986	4.18
6/30/2005	13.53	6/30/1985	-0.78
6/30/2004	1.14	6/30/1984	3.12
6/30/2003	-21.20		
6/30/2002	-37.45		
6/30/2001	-29.02		
6/30/2000	238.02		
6/30/1999	84.92		
6/30/1998	37.31		
6/30/1997	26.67		
6/30/1996	59.46		
6/30/1995	29.53		
6/30/1994	17.30		

The Cambridge Associates LLC U.S. Venture Capital Index® is an end-to-end calculation based on data compiled from 1,439 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2013. Pooled end-to-end return, net of fees, expenses, and carried interest.

U.S. Venture Capital: Fund Since Inception Analysis

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Since Inception IRR & Multiples Compared to CA Modified Public Market Equivalent (mPME)

Net to Limited Partners

Vintage Year	Number of Funds	Pooled IRR (%) and IRR-Based Value-Add (bps)					Total Value to Paid In (TVPI)			Distributions to Paid In (DPI)		
		CA Benchmark	S&P 500 Index		Russell 2000® Index		CA Benchmark	S&P 500 Index	Russell 2000® Index	CA Benchmark	S&P 500 Index	Russell 2000® Index
		IRR	mPME IRR	Value-Add	mPME IRR	Value-Add	TVPI	mPME TVPI	mPME TVPI	DPI	mPME DPI	mPME DPI
1981	9	8.47	17.66	-918	13.32	-485	1.76	2.91	2.20	1.76	2.91	2.20
1982	11	7.38	17.25	-987	11.73	-435	1.79	3.22	2.24	1.79	3.22	2.24
1983	28	10.23	16.12	-589	10.47	-24	2.01	2.85	2.01	2.01	2.85	2.01
1984	32	8.65	15.46	-681	10.22	-157	1.77	2.53	1.88	1.77	2.53	1.88
1985	26	12.91	14.40	-148	9.98	293	2.69	2.53	1.93	2.69	2.53	1.93
1986	30	14.52	14.68	-16	11.69	283	2.90	2.85	2.29	2.89	2.84	2.29
1987	34	18.26	13.61	466	12.02	625	2.72	1.93	1.77	2.72	1.93	1.77
1988	26	18.89	15.20	369	13.66	524	2.49	2.02	1.85	2.41	1.98	1.81
1989	37	19.16	16.65	251	14.34	483	2.59	2.28	1.97	2.59	2.28	1.97
1990	17	33.11	15.81	1,730	15.48	1,763	3.15	1.71	1.65	3.15	1.71	1.65
1991	17	27.89	18.76	913	15.04	1,285	3.17	2.11	1.80	3.17	2.11	1.80
1992	22	32.59	20.45	1,214	14.17	1,842	3.09	1.94	1.58	3.08	1.94	1.58
1993	36	46.71	23.27	2,344	14.33	3,238	4.13	1.89	1.49	4.12	1.89	1.49
1994	42	59.26	22.03	3,723	12.64	4,661	5.40	1.79	1.43	5.39	1.78	1.43
1995	35	88.46	19.33	6,913	10.10	7,836	6.07	1.55	1.31	6.07	1.55	1.31
1996	42	100.73	12.09	8,863	8.25	9,248	4.91	1.36	1.30	4.89	1.33	1.27
1997	71	91.80	5.71	8,609	7.28	8,452	3.11	1.18	1.27	3.08	1.16	1.24
1998	81	11.94	1.29	1,065	7.40	454	1.49	1.06	1.40	1.42	1.01	1.32
1999	113	-0.75	1.46	-221	6.60	-735	0.95	1.09	1.45	0.83	0.95	1.26
2000	154	0.32	4.22	-390	7.41	-709	1.02	1.29	1.55	0.75	0.92	1.10
2001	54	2.34	5.64	-330	7.84	-551	1.13	1.35	1.51	0.76	0.86	0.96
2002	33	0.02	5.76	-574	7.41	-738	1.00	1.33	1.44	0.64	0.75	0.80
2003	37	7.71	5.60	212	6.49	123	1.46	1.32	1.38	0.75	0.69	0.71
2004	67	8.09	5.54	255	6.33	175	1.46	1.30	1.35	0.72	0.62	0.63
2005	63	5.53	6.96	-143	7.96	-243	1.25	1.33	1.39	0.35	0.36	0.37
2006	80	7.17	7.82	-65	8.93	-177	1.31	1.34	1.40	0.35	0.34	0.35
2007	63	12.28	10.13	215	11.37	91	1.43	1.35	1.40	0.34	0.30	0.31
2008	58	13.75	14.51	-76	15.42	-168	1.35	1.38	1.40	0.21	0.21	0.22
2009	20	15.68	15.46	22	15.99	-31	1.34	1.33	1.35	0.16	0.15	0.15
2010	37	14.73	15.71	-98	15.67	-93	1.24	1.25	1.25	0.07	0.06	0.06
2011	30	4.52	18.31	-1,379	20.29	-1,577	1.04	1.17	1.19	0.03	0.04	0.04

Notes: Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Internal rates of returns are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.
mPME Note: Refer to Methodology page for further details on Cambridge Associates Modified PME (mPME).
Sources: Cambridge Associates LLC, Frank Russell Company, Standard & Poor's and Thomson Reuters Datastream.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Since Inception IRR & Multiples Compared to CA Modified Public Market Equivalent (mPME)

Net to Limited Partners

Vintage Year	Number of Funds	Pooled IRR (%) and IRR-Based Value-Add (bps)			Total Value to Paid In (TVPI)		Distributions to Paid In (DPI)	
		CA Benchmark	Russell 3000® Index		CA Benchmark	Russell 3000® Index	CA Benchmark	Russell 3000® Index
		IRR	mPME IRR	Value-Add	TVPI	mPME TVPI	DPI	mPME DPI
1981	9	8.47	16.77	-830	1.76	2.76	1.76	2.76
1982	11	7.38	16.33	-894	1.79	3.04	1.79	3.04
1983	28	10.23	15.22	-499	2.01	2.71	2.01	2.71
1984	32	8.65	14.72	-607	1.77	2.43	1.77	2.43
1985	26	12.91	13.76	-85	2.69	2.44	2.69	2.44
1986	30	14.52	14.32	20	2.90	2.77	2.89	2.77
1987	34	18.26	13.57	469	2.72	1.92	2.72	1.92
1988	26	18.89	15.11	378	2.49	2.00	2.41	1.97
1989	37	19.16	16.37	279	2.59	2.23	2.59	2.23
1990	17	33.11	15.80	1,731	3.15	1.70	3.15	1.70
1991	17	27.89	18.13	976	3.17	2.05	3.17	2.05
1992	22	32.59	19.43	1,315	3.09	1.88	3.08	1.88
1993	36	46.71	21.94	2,478	4.13	1.82	4.12	1.82
1994	42	59.26	20.68	3,858	5.40	1.74	5.39	1.73
1995	35	88.46	18.04	7,042	6.07	1.52	6.07	1.52
1996	42	100.73	11.70	8,903	4.91	1.35	4.89	1.33
1997	71	91.80	6.19	8,561	3.11	1.19	3.08	1.17
1998	81	11.94	2.19	975	1.49	1.11	1.42	1.05
1999	113	-0.75	2.19	-295	0.95	1.14	0.83	0.99
2000	154	0.32	4.79	-447	1.02	1.34	0.75	0.95
2001	54	2.34	6.16	-382	1.13	1.39	0.76	0.88
2002	33	0.02	6.20	-618	1.00	1.36	0.64	0.76
2003	37	7.71	5.93	179	1.46	1.34	0.75	0.70
2004	67	8.09	5.82	227	1.46	1.32	0.72	0.62
2005	63	5.53	7.25	-172	1.25	1.35	0.35	0.36
2006	80	7.17	8.12	-95	1.31	1.36	0.35	0.34
2007	63	12.28	10.44	184	1.43	1.36	0.34	0.31
2008	58	13.75	14.78	-103	1.35	1.39	0.21	0.21
2009	20	15.68	15.62	6	1.34	1.34	0.16	0.15
2010	37	14.73	15.74	-101	1.24	1.25	0.07	0.06
2011	30	4.52	18.66	-1,414	1.04	1.18	0.03	0.04

Notes: Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1986 and 2011. Internal rates of returns are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.
mPME Note: Refer to Methodology page for further details on Cambridge Associates Modified PME (mPME).
Sources: Cambridge Associates LLC, Frank Russell Company, Standard & Poor's and Thomson Reuters Datastream.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Since Inception IRR & Multiples by Fund Vintage Year

Net to Limited Partners

Vintage Year	Pooled Return (%)	Arithmetic Mean (%)	Median (%)	Equal-Weighted Pooled Return (%)	Upper Quartile (%)	Lower Quartile (%)	Standard Deviation (%)	DPI	RVPI	TVPI	Number of Funds
1981	8.47	9.01	7.87	9.03	13.24	5.94	5.59	1.76	0.00	1.76	9
1982	7.38	7.20	7.90	7.36	9.11	4.87	3.29	1.79	0.00	1.79	11
1983	10.23	9.55	8.72	10.09	12.46	7.10	5.73	2.01	0.00	2.01	28
1984	8.65	7.76	6.27	8.11	12.92	3.78	8.82	1.77	0.00	1.77	32
1985	12.91	11.70	12.86	12.88	17.35	5.49	8.21	2.69	0.00	2.69	26
1986	14.52	8.82	9.43	9.11	12.90	5.27	5.13	2.89	0.01	2.90	30
1987	18.26	14.53	15.65	15.82	22.18	8.70	10.64	2.72	0.00	2.72	34
1988	18.89	14.31	11.87	14.71	21.65	6.59	13.77	2.41	0.08	2.49	26
1989	19.16	17.05	13.31	18.88	28.80	7.75	14.46	2.59	0.00	2.59	37
1990	33.11	24.07	21.54	26.28	31.19	14.28	19.60	3.15	0.00	3.15	17
1991	27.89	24.02	18.56	25.64	27.86	11.64	20.33	3.17	0.00	3.17	17
1992	32.59	28.21	19.65	37.25	35.86	10.85	30.52	3.08	0.00	3.09	22
1993	46.71	30.44	18.83	41.09	46.49	12.24	31.10	4.12	0.00	4.13	36
1994	59.26	34.24	26.45	44.87	46.45	6.78	47.15	5.39	0.01	5.40	42
1995	88.46	56.57	41.65	77.41	80.62	21.54	58.46	6.07	0.00	6.07	35
1996	100.73	60.42	37.05	87.55	81.49	7.20	78.04	4.89	0.02	4.91	42
1997	91.80	53.69	9.64	73.71	63.34	-2.52	102.11	3.08	0.03	3.11	71
1998	11.94	16.81	-0.46	15.75	15.19	-6.15	71.48	1.42	0.06	1.49	81
1999	-0.75	-3.18	-3.02	-1.14	3.23	-12.06	17.79	0.83	0.13	0.95	113
2000	0.32	-2.75	-2.08	-0.38	3.86	-7.59	12.18	0.75	0.27	1.02	154
2001	2.34	-0.99	-0.13	2.78	5.97	-5.42	18.88	0.76	0.38	1.13	54
2002	0.02	0.85	-0.35	2.20	7.64	-4.90	8.77	0.64	0.36	1.00	33
2003	7.71	-0.36	1.60	5.49	7.47	-4.34	21.36	0.75	0.71	1.46	37
2004	8.09	2.55	1.71	8.63	7.89	-6.68	20.62	0.72	0.74	1.46	67
2005	5.53	1.89	3.87	5.80	9.59	-2.33	18.73	0.35	0.90	1.25	63
2006	7.17	4.06	4.92	5.55	10.59	-3.90	9.62	0.35	0.96	1.31	80
2007	12.28	11.64	10.47	13.61	19.35	3.90	17.19	0.34	1.09	1.43	63
2008	13.75	10.88	11.04	12.77	19.01	1.81	14.27	0.21	1.14	1.35	58
2009	15.68	8.18	8.60	11.58	17.29	3.92	15.26	0.16	1.18	1.34	20
2010	14.73	11.62	8.64	14.06	21.79	-3.37	22.81	0.07	1.17	1.24	37
2011	4.52	-5.99	-11.77	-3.29	8.87	-21.59	21.82	0.03	1.01	1.04	30

Notes: Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Internal rates of return are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital: Total Value to Paid In Capital Multiple (TVPI)

Net to Limited Partners

Vintage Year	Pooled Return	Arithmetic Mean	Median	Upper Quartile	Lower Quartile	Number of Funds
1981	1.76	1.86	1.90	2.02	1.55	9
1982	1.79	1.94	1.74	2.20	1.54	11
1983	2.01	1.99	1.85	2.30	1.54	28
1984	1.77	1.70	1.71	2.04	1.27	32
1985	2.69	2.62	2.38	3.04	1.45	26
1986	2.90	1.83	1.87	2.07	1.46	30
1987	2.72	2.55	2.28	3.19	1.72	34
1988	2.49	2.14	2.12	2.52	1.47	26
1989	2.59	2.44	2.09	2.99	1.52	37
1990	3.15	2.72	2.44	2.80	1.60	17
1991	3.17	3.19	2.36	3.52	1.62	17
1992	3.09	3.49	2.22	3.18	1.55	22
1993	4.13	3.57	2.30	3.53	1.57	36
1994	5.40	3.78	2.16	4.43	1.34	42
1995	6.07	5.17	2.68	4.33	1.87	35
1996	4.91	4.44	2.18	4.61	1.27	42
1997	3.11	2.57	1.42	2.45	0.88	71
1998	1.49	1.56	0.99	1.58	0.63	81
1999	0.95	0.93	0.83	1.31	0.42	113
2000	1.02	0.98	0.88	1.27	0.61	154
2001	1.13	1.16	0.99	1.40	0.76	54
2002	1.00	1.12	0.98	1.46	0.79	33
2003	1.46	1.33	1.08	1.47	0.74	37
2004	1.46	1.48	1.11	1.44	0.73	67
2005	1.25	1.29	1.15	1.49	0.90	63
2006	1.31	1.23	1.20	1.50	0.86	80
2007	1.43	1.49	1.34	1.73	1.11	63
2008	1.35	1.34	1.26	1.53	1.05	58
2009	1.34	1.21	1.16	1.34	1.05	20
2010	1.24	1.21	1.13	1.35	0.95	37
2011	1.04	0.97	0.92	1.09	0.84	30

Notes: Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Internal rates of return are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Distribution to Paid In Capital Multiple (DPI)

Net to Limited Partners

Vintage Year	Pooled Return	Arithmetic Mean	Median	Upper Quartile	Lower Quartile	Number of Funds
1981	1.76	1.86	1.90	2.02	1.55	9
1982	1.79	1.94	1.74	2.20	1.54	11
1983	2.01	1.99	1.85	2.30	1.54	28
1984	1.77	1.70	1.71	2.04	1.27	32
1985	2.69	2.62	2.38	3.04	1.45	26
1986	2.89	1.83	1.87	2.07	1.46	30
1987	2.72	2.55	2.28	3.19	1.72	34
1988	2.41	2.11	2.08	2.52	1.43	26
1989	2.59	2.44	2.09	2.99	1.52	37
1990	3.15	2.72	2.44	2.80	1.60	17
1991	3.17	3.19	2.36	3.52	1.62	17
1992	3.08	3.48	2.22	3.18	1.55	22
1993	4.12	3.56	2.30	3.53	1.51	36
1994	5.39	3.76	2.13	4.43	1.32	42
1995	6.07	5.16	2.68	4.33	1.87	35
1996	4.89	4.41	2.15	4.58	1.27	42
1997	3.08	2.54	1.35	2.40	0.87	71
1998	1.42	1.49	0.95	1.52	0.62	81
1999	0.83	0.81	0.66	1.17	0.31	113
2000	0.75	0.70	0.64	1.01	0.39	154
2001	0.76	0.81	0.69	1.00	0.42	54
2002	0.64	0.68	0.56	1.02	0.33	33
2003	0.75	0.63	0.47	0.69	0.18	37
2004	0.72	0.76	0.35	0.75	0.14	67
2005	0.35	0.39	0.28	0.44	0.14	63
2006	0.35	0.30	0.26	0.50	0.11	80
2007	0.34	0.36	0.26	0.43	0.06	63
2008	0.21	0.25	0.16	0.34	0.01	58
2009	0.16	0.15	0.03	0.08	0.00	20
2010	0.07	0.07	0.00	0.10	0.00	37
2011	0.03	0.02	0.00	0.00	0.00	30

Notes: Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Internal rates of return are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital: Residual Value to Paid In Capital Multiple (RVPI)

Net to Limited Partners

Vintage Year	Pooled Return	Arithmetic Mean	Median	Upper Quartile	Lower Quartile	Number of Funds
1981	0.00	0.00	0.00	0.00	0.00	9
1982	0.00	0.00	0.00	0.00	0.00	11
1983	0.00	0.00	0.00	0.00	0.00	28
1984	0.00	0.00	0.00	0.00	0.00	32
1985	0.00	0.00	0.00	0.00	0.00	26
1986	0.01	0.00	0.00	0.00	0.00	30
1987	0.00	0.00	0.00	0.00	0.00	34
1988	0.08	0.04	0.00	0.00	0.00	26
1989	0.00	0.00	0.00	0.00	0.00	37
1990	0.00	0.00	0.00	0.00	0.00	17
1991	0.00	0.00	0.00	0.00	0.00	17
1992	0.00	0.01	0.00	0.00	0.00	22
1993	0.00	0.01	0.00	0.00	0.00	36
1994	0.01	0.01	0.00	0.00	0.00	42
1995	0.00	0.01	0.00	0.00	0.00	35
1996	0.02	0.03	0.00	0.04	0.00	42
1997	0.03	0.03	0.00	0.04	0.00	71
1998	0.06	0.07	0.02	0.11	0.00	81
1999	0.13	0.12	0.07	0.17	0.01	113
2000	0.27	0.27	0.20	0.31	0.09	154
2001	0.38	0.35	0.27	0.49	0.16	54
2002	0.36	0.44	0.33	0.66	0.16	33
2003	0.71	0.70	0.56	0.74	0.45	37
2004	0.74	0.73	0.64	0.88	0.44	67
2005	0.90	0.90	0.81	1.20	0.53	63
2006	0.96	0.93	0.90	1.09	0.65	80
2007	1.09	1.13	1.03	1.29	0.89	63
2008	1.14	1.08	1.08	1.25	0.85	58
2009	1.18	1.06	1.11	1.24	0.92	20
2010	1.17	1.14	1.07	1.23	0.92	37
2011	1.01	0.95	0.92	0.99	0.84	30

Notes: Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Internal rates of return are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Since Inception IRR Based on Fund Capitalization

Net to Limited Partners (%)

Vintage Year	All Funds[1]		Capitalization <=$50mm		Capitalization >$50mm<=$150mm		Capitalization >$150mm	
	Pooled Return	Number of Funds	Pooled Return	Number of Funds	Pooled Return	Number of Funds	Pooled Return	Number of Funds
1981	8.47	9	8.72	7	NA	2	NA	0
1982	7.38	11	7.17	8	NA	2	NA	1
1983	10.23	28	10.8	15	8.94	8	10.76	5
1984	8.65	32	8.25	19	10.51	10	4.91	3
1985	12.91	26	11.68	18	13.32	7	NA	1
1986	14.52	30	7.84	21	11.36	5	16.36	4
1987	18.26	34	13.66	17	19.62	11	19.95	6
1988	18.89	26	11.47	17	18.27	5	27.49	4
1989	19.16	37	14.65	22	24.38	9	18.94	6
1990	33.11	17	19.67	9	39.24	7	NA	1
1991	27.89	17	21.72	8	29.90	8	NA	1
1992	32.59	22	47.23	9	49.08	5	22.67	8
1993	46.71	36	14.90	16	57.22	15	43.32	5
1994	59.26	42	25.43	17	49.01	22	89.63	3
1995	88.46	35	42.42	9	103.29	24	NA	2
1996	100.73	42	48.15	9	105.35	18	101.49	15
1997	91.80	71	11.38	20	78.36	34	107.47	17
1998	11.94	81	107.31	15	8.06	34	12.01	32
1999	-0.75	113	1.85	13	-0.97	33	-0.77	67
2000	0.32	154	-1.51	21	-1.27	46	0.51	87
2001	2.34	54	2.13	16	1.86	10	2.38	28
2002	0.02	33	2.26	10	3.58	12	-1.21	11
2003	7.71	37	2.77	8	1.02	10	8.58	19
2004	8.09	67	3.14	11	21.05	12	7.05	44
2005	5.53	63	7.80	11	4.85	10	5.52	42
2006	7.17	80	4.70	10	4.43	27	7.59	43
2007	12.28	63	9.74	7	22.96	10	11.63	46
2008	13.75	58	13.68	12	10.47	10	13.89	36
2009	15.68	20	NA	2	0.50	4	16.53	14
2010	14.73	37	16.04	7	8.42	7	15.13	23
2011	4.52	30	12.64	3	-10.33	8	5.92	19

Notes: [1]Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Returns are net of fees, expenses and carried interest. To reflect fundraising environment, returns for vintage year 1981 through 1991 are represented by capitalization amounts of <$50mm, >$50mm and <$100mm, and >$100mm. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital: Since Inception IRR Based on Fund Initial Stage

Net to Limited Partners (%)

Vintage Year	All Funds[1]		Early Stage		Late & Expansion Stage		Multi-Stage	
	Pooled Return	Number of Funds	Pooled Return	Number of Funds	Pooled Return	Number of Funds	Pooled Return	Number of Funds
1981	8.47	9	10.74	6	NA	0	4.75	3
1982	7.38	11	7.67	10	NA	0	NA	1
1983	10.23	28	8.87	17	10.47	4	12.01	7
1984	8.65	32	8.42	21	NA	2	7.80	9
1985	12.91	26	13.65	18	NA	2	11.71	6
1986	14.52	30	9.25	21	NA	2	16.12	7
1987	18.26	34	17.34	20	20.90	6	17.14	8
1988	18.89	26	21.56	18	NA	1	14.52	7
1989	19.16	37	24.51	26	NA	2	15.58	9
1990	33.11	17	39.28	9	23.27	3	20.78	5
1991	27.89	17	29.61	13	NA	1	25.31	3
1992	32.59	22	36.78	15	20.20	3	25.71	4
1993	46.71	36	56.07	24	NA	2	19.82	10
1994	59.26	42	71.64	29	22.44	5	42.55	7
1995	88.46	35	102.19	24	33.82	3	17.51	8
1996	100.73	42	130.09	26	44.60	3	45.14	12
1997	91.80	71	117.22	54	106.40	6	6.73	11
1998	11.94	81	16.99	52	7.22	7	4.91	22
1999	-0.75	113	-5.84	70	3.89	20	6.32	22
2000	0.32	154	0.03	106	4.42	17	-0.52	30
2001	2.34	54	1.66	30	6.00	3	3.14	21
2002	0.02	33	-0.12	22	-0.09	6	-0.74	4
2003	7.71	37	8.21	27	8.70	3	2.81	7
2004	8.09	67	11.36	40	3.30	9	2.11	18
2005	5.53	63	3.93	42	22.48	7	3.61	14
2006	7.17	80	5.22	42	10.83	14	7.76	24
2007	12.28	63	13.58	34	11.14	6	11.46	22
2008	13.75	58	14.86	35	5.84	9	15.06	14
2009	15.68	20	19.48	12	NA	0	12.85	8
2010	14.73	37	15.57	22	10.62	6	15.88	9
2011	4.52	30	4.58	22	-6.47	4	9.11	4

Notes: [1]Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Excludes 6 Venture Debt stage funds. Returns are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Since Inception IRR Based on Fund Industry

Net to Limited Partners (%)

Vintage Year	All Funds[1]		Focused		Multi-Industry	
	Pooled Return	Number of Funds	Pooled Return	Number of Funds	Pooled Return	Number of Funds
1981	8.47	9	9.68	3	7.47	6
1982	7.38	11	6.98	6	8.31	5
1983	10.23	28	9.26	12	10.74	16
1984	8.65	32	10.86	14	7.02	18
1985	12.91	26	14.49	12	10.71	14
1986	14.52	30	9.55	14	16.36	16
1987	18.26	34	20.11	15	17.22	19
1988	18.89	26	21.86	17	15.24	9
1989	19.16	37	27.20	16	15.94	21
1990	33.11	17	37.26	9	20.07	8
1991	27.89	17	29.78	14	10.84	3
1992	32.59	22	38.49	15	18.39	7
1993	46.71	36	48.09	22	44.28	14
1994	59.26	42	63.63	32	40.08	10
1995	88.46	35	102.58	28	29.25	7
1996	100.73	42	97.42	35	126.25	7
1997	91.80	71	96.41	51	80.45	20
1998	11.94	81	15.69	68	-1.54	13
1999	-0.75	113	-0.91	95	0.61	18
2000	0.32	154	-0.07	134	3.69	20
2001	2.34	54	2.25	46	2.82	8
2002	0.02	33	-0.35	26	2.51	7
2003	7.71	37	8.29	34	-8.39	3
2004	8.09	67	9.07	59	2.08	8
2005	5.53	63	7.02	49	-1.18	14
2006	7.17	80	7.31	68	6.28	12
2007	12.28	63	14.64	48	6.86	15
2008	13.75	58	14.41	43	12.87	15
2009	15.68	20	17.75	14	13.14	6
2010	14.73	37	13.26	28	19.44	9
2011	4.52	30	5.64	21	0.53	9

Notes: [1]Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Returns are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of June 30, 2013

U.S. Venture Capital: Since Inception IRR Based on Fund Region

Net to Limited Partners (%)

Vintage Year	All Funds[1]		Focused		Multi-Region	
	Pooled Return	Number of Funds	Pooled Return	Number of Funds	Pooled Return	Number of Funds
1981	8.47	9	6.89	4	9.50	5
1982	7.38	11	8.37	4	6.80	7
1983	10.23	28	9.27	15	10.88	13
1984	8.65	32	9.48	15	7.97	17
1985	12.91	26	14.62	15	11.93	11
1986	14.52	30	9.23	13	15.35	17
1987	18.26	34	18.68	19	17.66	15
1988	18.89	26	16.85	12	20.90	14
1989	19.16	37	26.40	23	15.19	14
1990	33.11	17	27.76	9	35.91	8
1991	27.89	17	19.35	7	36.71	10
1992	32.59	22	52.43	9	18.87	13
1993	46.71	36	53.40	18	39.33	18
1994	59.26	42	78.40	25	28.47	17
1995	88.46	35	112.01	19	55.38	16
1996	100.73	42	161.38	18	34.78	24
1997	91.80	71	150.26	34	45.10	37
1998	11.94	81	23.98	41	3.90	40
1999	-0.75	113	0.78	58	-1.88	55
2000	0.32	154	-0.26	72	0.59	82
2001	2.34	54	1.93	20	2.57	34
2002	0.02	33	0.56	13	-0.15	20
2003	7.71	37	8.25	19	7.39	18
2004	8.09	67	7.23	27	8.51	40
2005	5.53	63	0.59	20	6.96	43
2006	7.17	80	4.66	34	8.28	46
2007	12.28	63	16.25	20	11.17	43
2008	13.75	58	17.53	21	12.47	37
2009	15.68	20	23.94	5	13.31	15
2010	14.73	37	18.08	19	11.23	18
2011	4.52	30	10.13	10	0.61	20

Notes: [1]Based on data compiled from 1,405 U.S. venture capital funds, including fully liquidated partnerships, formed between 1981 and 2011. Returns are net of fees, expenses and carried interest. Vintage year funds formed since 2010 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.

U.S. Venture Capital: Company Analysis

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital: Since Inception IRR by Company Initial Investment Year

By Industry

	Pooled Gross IRR (%) of Companies Receiving Initial Investment In:														
Industry	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Chemical/Materials	5.76	12.79	-8.70	-26.16	-15.85	-19.34	1.10	-17.97	9.09	-5.24	23.44	-3.48	-2.59	74.69	176.85
Consumer/Retail	-7.10	7.35	0.90	-0.88	11.32	3.65	7.25	13.04	4.02	1.12	-3.96	14.30	-6.85	14.75	14.16
Electronics	57.22	185.94	1.20	-14.96	-3.65	0.21	-6.83	3.38	-2.75	-3.76	1.12	4.55	10.97	18.63	25.89
Energy	10.33	6.50	-2.47	5.31	-4.13	13.97	38.92	1.72	-2.71	-6.94	14.19	-9.54	-3.90	-3.60	16.52
Environmental	-100.00	NA	NA	NA	-19.18	21.59	-74.06	-43.92	-99.58	-52.36	-8.25	3.79	-9.88	11.19	32.63
Financial Services	16.95	36.04	5.61	11.92	21.73	18.79	15.58	24.91	11.72	16.73	0.96	14.28	15.21	24.50	30.34
Hardware/Systems	50.95	153.40	2.79	-7.43	12.01	-12.59	2.30	18.16	-0.86	-2.10	46.57	9.99	63.72	66.48	70.29
Health Care/Biotech *	7.37	17.53	13.46	2.12	8.85	7.14	13.94	7.29	10.00	5.12	9.62	10.77	24.81	24.76	24.60
Industrial	-99.89	16.32	10.91	-36.44	-100.00	NA	42.88	70.67	1.97	13.70	2.51	35.53	NA	-0.03	78.57
Information Technology *	277.40	266.75	26.25	-3.17	-1.76	7.65	15.00	15.18	25.65	16.49	18.61	29.49	45.55	40.19	19.04
Manufacturing	58.55	-14.11	8.45	-4.11	16.86	-13.65	20.75	-1.46	-10.96	14.88	4.22	6.17	21.14	-1.90	34.76
Media/Communications	-0.81	187.49	14.31	0.85	3.89	4.25	11.60	14.96	7.16	-4.38	3.83	21.52	33.37	32.47	24.10
Software/Services	120.48	103.46	-4.38	-5.57	1.62	17.50	10.29	25.31	6.28	12.10	12.30	23.31	50.90	37.85	31.78
Other/Fund of Funds	32.54	4.29	-18.55	-9.54	3.32	-7.08	22.85	6.46	5.30	3.66	5.91	2.63	34.76	12.33	9.50
All Companies	136.39	146.21	12.98	-2.90	3.70	8.97	11.12	13.39	12.44	7.57	11.95	17.20	33.28	30.54	24.45
Number of Companies	1,046	1,517	2,336	3,026	1,519	1,292	1,297	1,528	1,464	1,679	1,771	1,560	994	1,362	1,618

* See following exhibit for industry subgroups.
NA indicates inadequate number of companies in sample.

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U.S. Venture Capital Index and Selected Benchmark Statistics

Data as of
June 30, 2013

U.S. Venture Capital: Since Inception IRR by Company Initial Investment Year

By Health Care/Biotech and Information Technology Subgroups

Pooled Gross IRR (%) of Companies Receiving Initial Investment In:															
Subgroup	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Biotechnology/Biopharm/R&D	10.27	50.56	70.72	-3.74	9.08	5.89	21.31	3.80	13.63	6.08	12.70	9.92	30.09	33.66	25.83
Health Care Devices	7.10	3.69	7.94	6.70	2.87	-0.34	3.52	0.36	7.41	1.46	0.99	6.70	2.62	11.68	16.90
Health Care Services	2.96	9.72	6.86	9.37	14.45	13.86	19.88	21.99	14.09	10.78	13.23	13.78	23.39	16.04	21.56
Health Care Software/Systems	9.14	4.58	2.52	-0.76	1.71	-2.92	-13.94	18.32	10.40	-5.23	23.37	37.55	17.95	18.05	29.90
Pharmaceuticals	6.64	23.64	19.57	18.03	15.85	29.73	17.67	16.90	-1.16	9.10	9.42	9.43	41.27	20.07	35.09
Internet-eBusiness	143.19	104.89	-6.53	-2.24	4.48	25.11	28.62	40.48	18.83	13.83	14.41	26.72	40.06	39.13	25.46
Internet-eCommerce	682.30	243.47	22.63	9.10	16.03	5.19	38.94	21.66	48.22	31.05	27.93	42.58	55.51	40.66	15.67
Telecom Network/Systems	243.90	362.14	284.52	-8.64	-2.02	12.80	5.48	4.66	1.01	-5.83	14.57	19.99	19.87	27.81	11.55
Telecom Products	241.18	261.06	69.66	-10.05	-8.76	-12.23	9.55	-7.66	-6.95	-20.66	-6.81	-4.66	56.56	52.48	6.40
Telecom Services	138.95	104.28	-11.26	-3.01	3.83	7.80	10.09	4.68	-1.16	7.09	12.71	-14.15	-68.43	46.14	11.44

NA indicates inadequate number of companies in sample.

Description of Performance Measurement Methodology

Cambridge Associates LLC (CA) has established a database to monitor investments made by venture capital and other alternative asset partnerships. On June 30, 2013, 1,439 U.S. venture capital funds from the years 1981 through 2013 were included in the sample. Users of the analysis may find the following description of the data sources and calculation techniques helpful to their interpretation of information presented in the report:

1. Partnership financial statements and narratives are the primary source of information concerning cash flows and ending residual/ net asset values (NAV) for both partnerships and portfolio company investments.
2. Recognizing the alternative asset community's sensitivity to the distribution of information pertaining to individual fund investments, as a matter of policy CA only releases aggregated figures in its benchmark report.
3. Vintage year is defined as the legal inception date as noted in a fund's financial statement.
4. CA uses both the internal rate of return and the end-to-end performance calculation in its benchmark reports:
    a. The internal rate of return (IRR) is a since inception calculation that solves for the discount rate, which makes the net present value of an investment equal to zero. The calculation is based on cash-on-cash returns over equal periods modified for the residual value of the partnership's equity or portfolio company's NAV. The residual value attributed to each respective group being measured is incorporated as its ending value. Transactions are accounted for on a quarterly basis, and annualized values are used for reporting purposes. Please note that all transactions are recorded on the 45th day or midpoint of the quarter.
    b. The end-to-end performance calculation is similar to the IRR, however it is measuring the return between two points in time. The calculation takes into account the beginning NAV as the initial investment. The subsequent quarterly cash flows and the ending NAV for the specified time period (i.e. one quarter, one year, etc.) are utilized in the same fashion as the IRR calculation. All returns greater than one year are annualized.
5. Additional Definitions:
    a. **Pooled return** aggregates all cash flows and ending NAVs in a sample to calculate a dollar-weighted return.
    b. **Arithmetic mean** averages the individual fund IRRs included in a vintage year.
    c. **Median** is the middle fund IRR of the group of individual fund IRRs included in a vintage year.
    d. **Equal-weighted pooled return** equally weights all cash flows and ending NAVs based on paid in capital to calculate a dollar-weighted return.
    e. **Upper/ lower quartile** are the thresholds for the upper (top 25%) and lower (bottom 25%) quartiles based on the individual fund IRRs included in a vintage year. Can be used in conjunction with the median to determine quartile placement.
6. **Realization ratio exhibits (TVPI, DPI, RVPI):** CA has independently calculated the proper realization ratio for each fund in each vintage year. Please note that each fund has been ranked within its respective vintage year by the corresponding realization ratio, as opposed to being ranked by IRR as they are ranked in the since inception IRR exhibit. As a result a fund's ranking within its vintage year may change. For example, it is possible that a vintage year can have a different median fund when ranked by IRR vs. when ranked by TVPI, DPI or RVPI.

Description of Performance Measurement Methodology (Continued)

7. **Cambridge Associates Modified Public Market Equivalent (mPME):** The mPME calculation is a private-to-public comparison that seeks to replicate private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and the mPME NAV (the value of the shares held by the public equivalent) is a function of mPME cash flows and public index returns. The mPME attempts to evaluate what return would have been earned had the dollars been deployed in the public markets instead of in private investments while avoiding the "negative NAV" issue inherent in some PME methodologies. "Value-Add" shows (in basis points) the difference between the actual private investment return and the mPME calculated return.
8. Exhibits detailing data for portfolio companies are grouped by year of the fund's initial investment in a company, as opposed to vintage year. Returns are gross returns.

This report is provided for informational purposes only. It is not intended to constitute an offer of securities of any of the issuers that may be described in the report. This report is provided only to persons that CA believes are: (i) "Accredited Investors" as that term is defined in Regulation D under the U.S. Securities Act of 1933; (ii) "Qualified Purchasers," as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940; (iii) of a kind described in Article 19 or Article 49 of the Financial Services and Markets Act 2000; and (iv) able to meet the requirements for investors as defined in the offering documents. Potential investors should completely review all Fund offering materials before considering an investment. No part of this report is intended as a recommendation of any firm or any security. Nothing contained in this report should be construed as the provision of tax or legal advice. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified. CA can neither assure nor accept responsibility for accuracy, but substantial legal liability may apply to misrepresentations of results made by a manager that are delivered to CA electronically, by wire or through the mail. Managers may report returns to CA gross (before the deduction of management fees), net (after the deduction of management fees) or both. Past performance is not indicative of future performance. Any information or opinions provided in this report are as of the date of the report and CA is under no obligation to update the information or communicate that any updates have been made.

Where referenced, the CA manager universe statistics, including medians, are derived from CA's proprietary database covering investment managers. These universe statistics and rankings exclude managers that exclude cash from their reported total returns, and for calculations including any years from 1998 to the present, those managers with less than US$50 million in product assets. Returns for inactive (discontinued) managers are included if performance is available for the entire period measured. CA does not necessarily endorse or recommend the managers in this universe.

Cambridge Associates, LLC is a Massachusetts limited liability company with offices in Arlington, VA; Boston, MA; Dallas, TX; and Menlo Park, CA. Cambridge Associates Limited is registered as a limited company in England and Wales No. 06135829 and is authorised and regulated by the Financial Services Authority in the conduct of Investment Business. Cambridge Associates Limited, LLC is a Massachusetts limited liability company with a branch office in Sydney, Australia (ARBN 109 366 654). Cambridge Associates Asia Pte Ltd is a Singapore corporation (Registration No. 200101063G). Cambridge Associates Investment Consultancy (Beijing) Ltd is a wholly owned subsidiary of Cambridge Associates, LLC and is registered with the Beijing Administration for Industry and Commerce (Registration No. 110000450174972).

C|A CAMBRIDGE ASSOCIATES LLC

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	)	
v.	)	Case No. 4:12-cv-00080-CEJ
BURTON DOUGLAS MORRISS, et al., Defendants, and	)	
MORRISS HOLDINGS, LLC, Relief Defendant.	)	

ORDER APPROVING RECEIVER'S
SALE OF PREFERRED AND COMMON SHARES OF POLLEN, INC.

Upon the *Motion for Sale of Preferred and Common Shares of Pollen, Inc.* and memorandum in support thereof (the "Motion") filed by Claire M. Schenk, the court-appointed receiver ("Receiver") for Acartha Group, LLC, Acartha Technology Partners, L.P., MIC VII, LLC and Gryphon Investments III, LLC (collectively, the "Receivership Entities"); and having fully considered the Motion and being duly advised as to the merits; and finding that the Offer[1] represents the best price for the Shares under the circumstances;

IT IS HEREBY ORDERED THAT

1. The Motion is **GRANTED** in its entirety; and

[1] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

EXHIBIT C

2. The Receiver is authorized to sell the Shares to the Buyer on the terms proposed in the Motion and on Exhibit A to the Motion.

SO ORDERED this the __ day of ____________, 2013.

____

THE HONORABLE CAROL E. JACKSON
UNITED STATES DISTRICT COURT JUDGE