Present the HALO Report
Angel Group Update
2012 Year in Review
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2012 Highlights
2012 Highlights

• Median Angel Round Size is $600K, a dip from 2011, but trending up at year end

• Early Stage Pre-Money Valuations Remain Steady from 2011

• Mobile Sector Gains Share, Healthcare Drops in Deals and Dollars

• Angels Diversify: Northwest and Southwest Regions Gain Share of Deals and Dollars, California Loses Share

Most Active Angel Groups

<table>
<thead>
<tr>
<th>Rank</th>
<th>Group</th>
<th>Hometown</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York Angels</td>
<td>New York, NY</td>
</tr>
<tr>
<td>2</td>
<td>Tech Coast Angels</td>
<td>Southern CA</td>
</tr>
<tr>
<td>3</td>
<td>Launchpad Venture Group</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>4</td>
<td>Central Texas Angel Network</td>
<td>Austin, TX</td>
</tr>
<tr>
<td>5</td>
<td>Golden Seeds</td>
<td>CA, MA, NY</td>
</tr>
<tr>
<td>6</td>
<td>Sand Hill Angels</td>
<td>Sunnyvale, CA</td>
</tr>
<tr>
<td>7</td>
<td>Investors’ Circle</td>
<td>National Group</td>
</tr>
<tr>
<td>8</td>
<td>Alliance of Angels</td>
<td>Seattle, WA</td>
</tr>
<tr>
<td>9</td>
<td>CommonAngels</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>10</td>
<td>Maine Angels</td>
<td>Portland, ME</td>
</tr>
</tbody>
</table>
National Trends
Median Angel Round Size Dips Slightly for the Year…

*Angel rounds include angels & angel groups only
... But Trending Up at Year End
Median Angel Round Size Reaches Five Quarter High in Q4 2012

*Angel rounds include angels & angel groups only
Median Early Stage Pre-Money Valuation Stays the Same in 2012

- **Median**: $2.5M
- **1st Quartile**: $1.5M
- **3rd Quartile**: $3.7M
- **6th Quartile**: $6.6M

*Including all rounds with angel groups before Series A*
Median Round Size Dips to $1.5M when Angel Groups Co-Invest with Other Types of Investors

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Round Size</th>
<th>Mean Round Size</th>
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<tbody>
<tr>
<td>2010</td>
<td>$1.92</td>
<td>$3.58</td>
</tr>
<tr>
<td>2011</td>
<td>$1.63</td>
<td>$3.39</td>
</tr>
<tr>
<td>2012</td>
<td>$1.50</td>
<td>$2.97</td>
</tr>
</tbody>
</table>
Share of Co-Invested Angel Group Deals Increases

- 2010: 58.6% Not Co-Invested, 41.4% Angel Group Co-Investment
- 2011: 36.5% Not Co-Invested, 63.5% Angel Group Co-Investment
- 2012: 30.7% Not Co-Invested, 69.3% Angel Group Co-Investment
Also of Note

**More Convertible Debt Deals in 2012**
11% of 2012 Deals were Convertible Debt; up from 6% in 2011

**Majority of Invested Companies Have Revenue**
63% of 2012 angel group deals were in companies with revenue

**Angel Groups Invest in New Companies in 2012**
56% of 2012 angel group deals are in new companies; stable with 55% in 2011
Top Ten Angel Groups 2012
Most Active Angel Groups 2012 - Deals

1st: New York Angels
   New York, NY
   New 2011

2nd: Tech Coast Angels
     Southern California
     1st 2011

3rd: Launchpad Venture Group
     Boston, MA
     2nd 2011

4th: Central Texas Angel Network
     Austin, TX
     6th 2011

5th: Golden Seeds
     NY, MA, CA
     5th 2011

6th: Sand Hill Angels
     Sunnyvale, CA
     New 2011

7th: Investors’ Circle
     National Group
     9th 2011

8th: Alliance of Angels
     Seattle, WA
     4th 2011

9th: CommonAngels
     Boston, MA
     7th 2011

10th: Maine Angels
      Portland, ME
      New 2011
Most Active Angel Groups in Each Region 2012 - Deals
Angel Investment Deals Distributed Nationally
Share of Angel Group Deals by Region 2012

- California: 18.1%
- Northwest: 9.3%
- Southwest: 13.3%
- Great Plains: 5%
- Great Lakes: 12.2%
- Southeast: 13.5%
- Mid-Atlantic: 8.3%
- New York: 7.2%
- New England: 12.7%
Regional Deal Activity Stable: Some growth in Southeast, Southwest & Northwest
Share of Angel Group Deals by Region 2012 vs 2011
Investment Dollars Spreading Further Outside of California
Share of Angel Group Dollars by Region 2012

- California: 23.1%
- Northwest: 6.3%
- Southwest: 11%
- Great Plains: 4.4%
- Great Lakes: 12.3%
- Southeast: 10.8%
- New York: 7.2%
- New England: 14.8%
- Mid-Atlantic: 14.8%

- Indicates a drop in share from 2011
- Indicates an increase in share from 2011
- Indicates no change from 2011
Regional Share of Investment Dollars Up For Most; Declines in California & Southeast Share of Angel Group Dollars by Region 2012 vs 2011

New York
Great Plains
Mid-Atlantic
Northwest
Southwest
Great Lakes
Southeast
New England
California

Regional Share of Investment Dollars Up For Most; Declines in California & Southeast Share of Angel Group Dollars by Region 2012 vs 2011
Sector Trends
Share of Mobile Deals Grows, Healthcare Shrinks
Share of Angel Group Deals by Sector 2012 vs 2011

- Internet: 32.8% in 2011, 31.9% in 2012
- Mobile & Telecom: 24.6% in 2011, 20.9% in 2012
- Industrial: 9.3% in 2011, 13.3% in 2012
- Consumer Pdcts & Svcs: 4.6% in 2011, 5.3% in 2012
- Software: 3.5% in 2011, 3.8% in 2012
- Other: 16.2% in 2011, 14.2% in 2012
- Healthcare: 1.5% in 2011, 6.0% in 2012

Data Source: Halo Report™
Mobile Doubles Share of Dollars, Healthcare Moves to #2
Share of Angel Group Dollars by Sector 2012 vs 2011

- Mobile & Telecom:
  - 2011: 34.8%
  - 2012: 26.5%
- Healthcare:
  - 2011: 27.9%
  - 2012: 27.3%
- Internet:
  - 2011: 3.9%
  - 2012: 4.2%
- Other:
  - 2011: 1.4%
  - 2012: 3.2%
- Software:
  - 2011: 1.9%
  - 2012: 5.5%
- Consumer Pdcts & Svcs:
  - 2011: 5.5%
  - 2012: 6.5%
- Mobile & Telecom:
  - 2011: 17.9%
  - 2012: 12.6%
- Electronics:
  - 2011: 20%
  - 2012: 22
Super Regional – State Trends
California 2012 Deals: Internet Down Slightly & Mobile Moves to #2

- **Internet**: 35.1% (2012), 37.9% (2011)
- **Mobile & Telecom**: 16.8% (2012), 11.2% (2011)
- **Healthcare**: 14.5% (2012), 19.0% (2011)
- **Electronics**: 7.6% (2012), 4.3% (2011)
- **Consumer Pdcts & Svcs**: 5.3% (2012), 4.3% (2011)
- **Industrial**: 3.1% (2012), 3.4% (2011)
- **Other**: 11.5% (2012), 16.4% (2011)
New England 2012 Deals: Internet Deals are 40% of Activity

- **Internet**: 40.2% (2012), 33.3% (2011)  
- **Healthcare**: 16.3% (2012), 17.9% (2011)  
- **Mobile & Telecom**: 15.2% (2012), 12.8% (2011)  
- **Energy & Utilities**: 6.5% (2012), 9.0% (2011)  
- **Industrial**: 4.3% (2012), 6.4% (2011)  
- **Software**: 3.3% (2012), 7.7% (2011)  
- **Other**: 14.1% (2012), 12.8% (2011)
Great Lakes 2012 Deals: Internet Grows a Bit, Healthcare & Industrial Cool

Internet: 30.3% (2012) vs. 28.2% (2011)
Healthcare: 27.0% (2012) vs. 32.4% (2011)
Industrial: 14.1% (2012) vs. 9.0% (2011)
Mobile & Telecom: 7.9% (2012) vs. 4.2% (2011)
Software: 5.6% (2012) vs. 4.2% (2011)
Consumer Pdcts & Svcs: 1.4% (2011) vs. 5.6% (2012)
Other: 14.6% (2012) vs. 15.5% (2011)
Southwest 2012 Deals: Regional Investments Diversify, Healthcare & Internet are Down

- Healthcare: 31.6% (2012), 42.9% (2011)
- Internet: 20.0% (2012), 28.6% (2011)
- Food & Beverages: 9.5% (2012), 4.8% (2011)
- Mobile & Telecom: 8.4% (2012), 4.8% (2011)
- Consumer Pdcts & Svcs: 7.4% (2012), 4.8% (2011)
- Energy & Utilities: 4.2% (2012), 1.6% (2011)
- Other: 18.9% (2012), 15.9% (2011)
Southeast 2012 Deals: Internet Deals Replace Healthcare at #1, Mobile Deals Double
About the Halo Report™
What is the Halo Report™?

**Angel Group Investment Trends:** The Angel Resource Institute, Silicon Valley Bank and CB Insights set out to raise awareness of early stage investment activities by angel investment groups. The Halo Report is the result. The research series highlights angel investment activity and trends in North America and provides much sought after data that has not been previously available to entrepreneurs or early stage investors.

The Halo Report includes aggregate analysis of investment activity by angels and angel groups and highlights trends in round sizes, location and industry preferences. The data is collected via survey and aggregation of public data using CB Insights innovative data analyses.

**Get Involved:** Angel groups and individual angel investors interested in including their data in the Halo Report should contact Sarah Dickey, ARI Research Director: 913-894-4700 and sdickey@angelcapitalassociation.org.
Understanding the Data: 
Special Round Types and Industry Sectors

The Halo Report™ provides analysis and trends on US angel and angel group activity.

Angels and angel groups invest alone, together, and with many other types of investors. Unless otherwise noted the Halo Report data includes all rounds that have at least one angel group participating and may include other types of investors in those rounds.

This report discusses angel group investment trends for 2012 representing a total of 783 deals and $1.1B in total rounds including co-investors.

A few slides report on an “Angel Round”, a special classification of investment for when angel groups invest alone or just with other angels and angel groups.

Unless otherwise noted, values of less than <1% are included, but are not labeled or noted as a change in activity.

Halo Report Industry Sectors

- Internet
- Mobile & Telecom
- Software
- Energy & Utilities
- Computer Hardware & Services
- Healthcare
- Industrial
- Automotive & Transportation
- Business Products & Services
- Consumer Products & Services
- Electronics
- Environmental Services & Equipment
- Financial Services
- Food & Beverages
- Leisure
- Media
- Metals & Mining
- Retail
- Risk & Security
Halo Report Contacts

Angel Resource Institute
**Sarah Dickey, sdickey@angelcapitalassociation.org**
The Angel Resource Institute (ARI) is a charitable organization devoted to education, mentoring and research in the field of angel investing, a growing driver of our entrepreneurial economy. ARI was founded by the Ewing Marion Kauffman Foundation. The programs of ARI include educational workshops and seminars, research projects and reports, and information about angel investing for the general public. ARI is affiliated with the Angel Capital Association, the professional association of angel groups in North America. More information is available at [www.angelresourceinstitute.org](http://www.angelresourceinstitute.org).

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**Anand Sanwal, asanwal@cbinsights.com**
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