Table of Contents

Q2 2014 Highlights p. 3
National Trends p. 5
Most Active Angels p.11
Regional Trends p.13
Sector Trends p.18
About the Halo Report p.21
Angel Group Update: Halo Report 2014

Highlights
• Angel only round sizes jump in 2014. Mean up 60%, median up 40%.

• Median pre-money valuation increases to $3.0M, Highest in the HALO Report, up 20% from 2013.

• TX and NY boast multiple angel groups on the list of most active for 2014.

• Great Lakes does the largest share of angel dollars (17.2%) in 2014, just past California (17%).

• Internet sector down nearly 20% from 2013, as a % of total U.S. deals.

Most Active Angel Groups
Total Deals 2014 (descending order)
• Houston Angel Network
• Tech Coast Angels
• Desert Angels
• Launchpad Venture Group
• New York Angels
• Golden Seeds
• Central Texas Angel Network
• Maine Angels
• Wisconsin Investment Partners
• Baylor Angel Network
• Atlanta Technology Angels
• Keiretsu Forum
National Trends
Median and Mean Round Sizes – Angels Only
2014 Sees Both Mean & Median Angel Round Size Increase Significantly

Millions USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Round Size</th>
<th>Mean Round Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$0.3</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>$0.5</td>
<td>$0.73</td>
</tr>
<tr>
<td>2012</td>
<td>$0.5</td>
<td>$0.83</td>
</tr>
<tr>
<td>2013</td>
<td>$0.6</td>
<td>$1.00</td>
</tr>
<tr>
<td>2014</td>
<td>$0.8</td>
<td>$1.64</td>
</tr>
</tbody>
</table>
Median and Mean Round Sizes – Angel Co-Investments

Rounds Also Trending Up When Angel Groups Co-Invest With Non-Angels
Median Round Sizes Up Across Industries
Deal Size Up Across The Board, Healthcare Deals Show Largest Increase

<table>
<thead>
<tr>
<th>Industry</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>$1.00</td>
<td>$1.57</td>
<td>$2.00</td>
</tr>
<tr>
<td>Internet</td>
<td>$0.75</td>
<td>$1.10</td>
<td>$1.20</td>
</tr>
<tr>
<td>Mobile / Telecom</td>
<td>$0.81</td>
<td>$1.12</td>
<td>$1.23</td>
</tr>
</tbody>
</table>
Median Seed Stage Pre-Money Valuation
Median Valuation Up 20% From 2013, Highest Ever Top Valuation In HALO

2013

$9.3M

3rd Quartile: $4.2M

MEDIAN: $2.5M

1st Quartile: $1.4M

$0.50M

2014

$13.5M

3rd Quartile: $4.4M

MEDIAN: $3.0M

1st Quartile: $2.0M

$0.30M
Active Angel Groups
Most Active Angel Groups 2014 – Total Deals (Alpha Order)

- Atlanta Technology Angels (ATA)
- Baylor Angel Network (BAN)
- Central Texas Angel Network
- Desert Angels
- Golden Seeds
- Houston Angel Network
- Keiretsu Forum
- Launchpad Venture Group
- Maine Angels
- New York Angels
- Tech Coast Angels
- Wisconsin Investment Partners
- Angel Resource Institute
- HALO Report
- PitchBook

Locations:
- Waco, TX
- Austin, TX
- Tucson, AZ
- New York, NY
- Houston, TX
- Boston, MA
- Washington, DC
- Portland, ME
- New York, NY
- Southern CA
- Madison, WI
Regional Trends
2014 Share of Angel Group Deals by Region

- California: 19.8%
- Northwest: 4.3%
- Southwest: 6.6%
- Great Plains: 4.1%
- Great Lakes: 13.0%
- New York: 10.7%
- New England: 11.5%
- Mid-Atlantic: 7.7%
- Southeast: 11.0%
- Texas: 11.4%
## Yearly Share of Angel Group Deals by Region

Texas Gains 3.5% Share of Deals From 2013, Topping 11%

<table>
<thead>
<tr>
<th>Year</th>
<th>Texas</th>
<th>Southwest</th>
<th>Southeast</th>
<th>Northwest</th>
<th>New York</th>
<th>New England</th>
<th>Mid-Atlantic</th>
<th>Great Plains</th>
<th>Great Lakes</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>21.6%</td>
<td>19.8%</td>
<td>9.9%</td>
<td>5.8%</td>
<td>11.0%</td>
<td>13.0%</td>
<td>12.9%</td>
<td>10.3%</td>
<td>7.6%</td>
<td>14.7%</td>
</tr>
<tr>
<td>2011</td>
<td>19.8%</td>
<td>11.0%</td>
<td>9.1%</td>
<td>7.1%</td>
<td>11.0%</td>
<td>11.5%</td>
<td>10.5%</td>
<td>10.3%</td>
<td>6.5%</td>
<td>13.6%</td>
</tr>
<tr>
<td>2012</td>
<td>22.1%</td>
<td>11.3%</td>
<td>13.3%</td>
<td>7.1%</td>
<td>10.7%</td>
<td>11.5%</td>
<td>11.6%</td>
<td>8.0%</td>
<td>5.4%</td>
<td>12.8%</td>
</tr>
<tr>
<td>2013</td>
<td>22.2%</td>
<td>13.3%</td>
<td>8.7%</td>
<td>4.3%</td>
<td>10.7%</td>
<td>10.5%</td>
<td>7.7%</td>
<td>8.0%</td>
<td>5.9%</td>
<td>14.7%</td>
</tr>
<tr>
<td>2014</td>
<td>19.8%</td>
<td>11.3%</td>
<td>7.1%</td>
<td>11.0%</td>
<td>4.1%</td>
<td>11.5%</td>
<td>10.3%</td>
<td>4.1%</td>
<td>5.8%</td>
<td>8.6%</td>
</tr>
</tbody>
</table>
2014 Share of Angel Group Dollars by Region

- California: 17.0%
- Northwest: 3.6%
- Southwest: 4.4%
- Great Plains: 3.8%
- Great Lakes: 17.2%
- Southeast: 8.8%
- Mid-Atlantic: 10.5%
- New York: 14.3%
- New England: 14.2%
- Texas: 6.2%
Yearly Share of Angel Group Dollars by Region
Great Lakes Region Led 2014 With 9 Deals of $10M or Above
Sector Trends
Yearly Share of Angel Group Deals by Sector
Internet, Healthcare, Mobile & Telecom Account for 68% of Deals

Internet: 33.4% 36.1% 38.4% 42.6% 34.6%
Healthcare: 7.6% 11.3% 15.3% 17.9% 15.3%
Mobile & Telecom: 24.3% 20.1% 16.7% 16.0% 18.3%
Other: 3.4% 2.6% 2.6% 1.9% 3.2%
Food & Beverages: 5.3% 5.1% 3.8% 4.3% 4.2%
Software: 5.0% 5.4% 4.8% 4.2% 4.2%
Industrial: 3.4% 2.6% 2.6% 1.9% 3.2%

2010 2011 2012 2013 2014
Yearly Share of Angel Group Dollars by Sector
Internet & Healthcare Alone Account for 63% of Invested Capital
About the Halo Report™
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 2014, which represents a total of 870 deals and $1.65B in total rounds including co-investors.

A few charts report on an “Angel Round,” a special classification of investment 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

Liz Bruning, liz@angelresource.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.