



ANGEL CAPITAL ASSOCIATION
THE PROFESSIONAL ALLIANCE OF ANGEL GROUPS

Angel Group Confidence Report

Survey Results

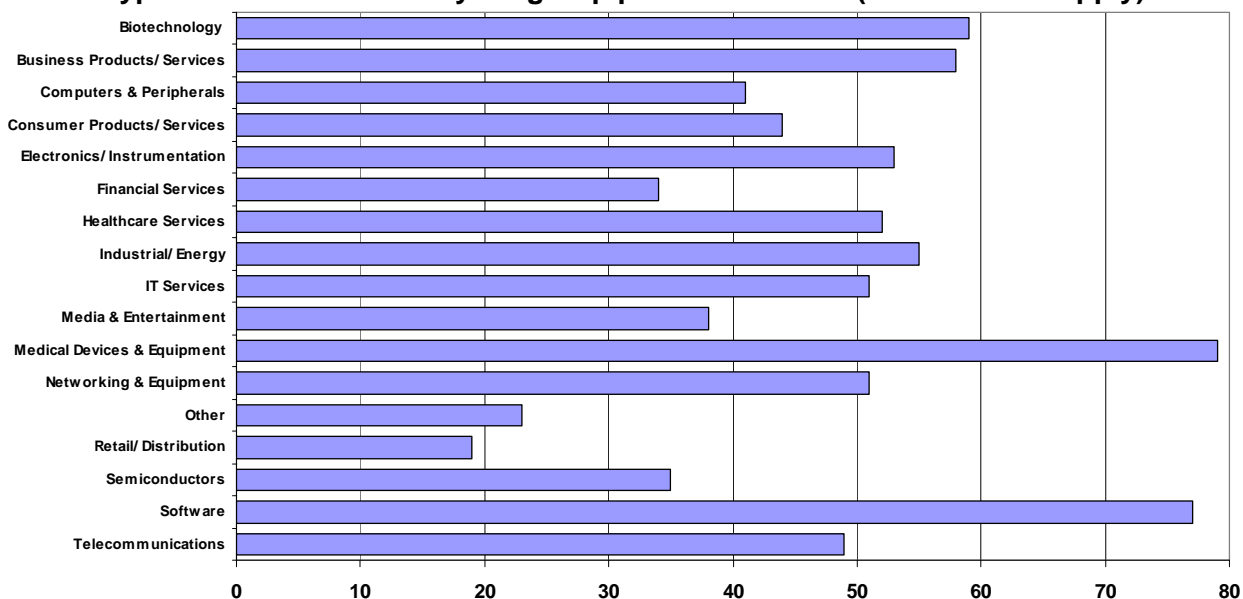
March 27, 2007

INVESTMENT PREFERENCES

In which stage of venture does your group prefer to invest (check all that apply):

Seed & start-up	80.6%
Early stage	85.5%
Expansion	21.0%
Later stage	4.8%

In which types of industries does your group prefer to invest? (check all that apply)



In what geographic region does your group invest? (check all that apply):

Within two-hours drive of the center of the group's metropolitan area	29%
Within four-hours drive of the center of the group's metropolitan area	21%
Only within our state or province	19.4%
Within a region (i.e. Midwest or Southeast)	29%
No geographical restrictions	12.9%

Has your group ever co-invested with another angel group?

Yes	64.5%
No	35.5%

Have any of your group's portfolio companies received investment from a Venture Capital firm?

Yes	72.6%
No	27.4%

How many plans on average does your group screen per month?

1 to 5	27.9%
6 to 15	42.6%
16 to 25	16.4%
26+	13.1%

How many companies presented investment opportunities to your full group last year?

1 to 4	4.9%
5 to 10	31.1%
11 to 20	34.4%
21+	29.5%

2006 INVESTMENT DATA

How much total capital did your group invest in calendar 2006?

Average	\$1.78 million
Median	\$1.06 million

Number of new companies funded by your group in calendar 2006?

Average
Median

Number of follow-on investments in existing portfolio companies by your group in calendar 2006:

Average
Median

Average size of group investment per round:

< \$150,000	21.1%
\$150,000 to \$250,000	28.1%
\$250,000 to \$500,000	42.1%
\$500,000 to \$750,000	8.8%
\$750,000 and above	0%

Average dollars invested per round = \$241,528

Did any of your group-led investments have an exit (M&A, IPO, or other positive exit) in 2006?

Yes	29.8%
No	70.2%

How would you describe any change in the number of accredited investors that belong to your group in 2006?

The number grew significantly	31.7%
The number grew slightly	40%
It stayed the same	25%
The number decreased slightly	3.3%
The number decreased significantly	0%

2007 OPINIONS – ANGEL GROUP CONFIDENCE

How many new companies do you think your group will invest in during 2007?

None	3.4%
1 to 2	13.8%
3 to 5	53.4%
6 to 9	24.1%
10 or more	5.2%

How would you generally characterize the pre-money valuations in the local deals you see currently and in the last quarter of 2006?

Considerably over-valued	8.6%
Slightly over-valued	56.9%
On target	29.3%
Slightly under-valued	3.4%
Considerably under-valued	1.7%

Compared to prior years, how would you describe the relative state of your deal flow in 2006?

Quantity increased, but quality decreased	10.5%
Quantity decreased, but quality increased	19.3%
Quantity and quality increased	54.4%
Quantity and quality decreased	3.5%
Remained the same	12.3%

What is your prediction for deal flow for your group in 2007?

Quantity will increase, but quality will decrease	10.5%
Quantity will decrease, but quality will increase	7%
Quantity and quality will increase	57.9%
Quantity and quality will decrease	0%
Remain the same	24.6%

What percent of your group's prior investments are likely to exit in 2007?

Less than 20%	91.1%
20 to 40%	5.4%
40 to 60%	1.8%
60 to 80%	0%
80 to 100%	1.8%

How do you expect overall liquidity activity in your region (through IPO, M&A, or other method) to shift in 2007, taking into account both the number of exits and their value?

Overall exit activity should strengthen significantly	10.5%
Overall exit activity should strengthen slightly	40.4%
Do not foresee any visible change	47.4%
Overall exit activity should decrease slightly	0%
Overall exit activity should decrease significantly	1.8%

Do you anticipate changing the stage of businesses that receive consideration and investment by your angel group in 2007?

Yes, we plan for more later stage deals in our first investments	1.8%
Yes, we plan to offer more follow-on investments	7%
Yes, we plan to make more early-stage investments	8.8%
No, we don't expect any changes	82.5%

Since your angel group began making investments, do you see any change in the risk tolerance in investment decisions for your group as a whole?

Yes, we are comfortable with an increasing amount of risk	5.3%
Our risk tolerance has stayed about the same	77.2%
Yes, our group appears to be more risk averse	17.5%

Will your group work with any of the following types of investors for co-investment or follow-on funding in 2007? (check all that apply)

Individual angels in my region	73.7%
Other angel groups	98.2%
Early-stage venture capital firms	82.5%
Later-stage venture capital firms	22.8%
Family offices	28.1%
Other private equity	31.6%
We do not plan to co-invest with others	1.8%

Do you plan any major changes to your group structure or investment process in 2007?

Significantly grow the number of member investors	38.6%
Significantly decrease the number of member investors	0%
Establish a sidecar fund for our network	24.6%
Raise a new fund	15.8%
Change the group's legal structure	5.3%
Update industry preferences for investment	3.5%
We do not plan any changes at this time	29.8%
We plan other changes	19.3%

What one word would you use to describe any group investing in 2007? (open)

active (2), aggressive, brisk, busy, cautious (2), challenging (3), cowabunga, developing, encouraging, energizing, essential (2), exciting (4), expanding (2), flourishing, fun, good, growing, hopeful, improving, interesting, liquidations (2), luck, opportunity, optimistic (2), professionalizing, profitable, proliferating, promising, purposeful, quality, risky (4), sophisticated, strengthening, stable, strong (2)

DEMOGRAPHIC INFORMATION

Year angel group was established:

2007	1%
2006	11.7%
2005	19.8%
2004	13.5%
2003	9.9%
2002	11.7%
2001	5.4%
1998-2000	19.8%
1997 & earlier	7.2%

Number of individuals that are members of your group as of December 31, 2006:

2 to 10	10.2%
11 to 25	27.8%
26 to 50	34.3%
51 to 75	16.7%
76 to 100	4.6%
101+	6.5%

Average:	44
Median:	38

Which of the following investment structures best describes your group?

Network (each individual chooses whether they will invest in a deal)	77.4%
Fund (money is pooled and members take a majority vote on a deal)	8.1%
Network with a sidecar fund	14.5%

In what region is your group located?

California	11.9%
Canada	5.1%
Mid-Atlantic	6.8%
Midwest	22.0%
Northeast	15.3%
Northwest	10.2%
Southeast	20.3%
Southwest	8.5%