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The Q1 and Q2 2009 Angel Market Analysis is available at
<http://www.unh.edu/news/docs/CVRQ1Q209.pdf>.

Angel Investor Market Declines in First Half of 2009

DURHAM, N.H. – Angel investors pulled back in the first half of 2009, although the overall market experienced a slight increase in the number of investments, according to the Angel Market Analysis for the first and second quarters of 2009 released by the Center for Venture Research at the University of New Hampshire.

According to the analysis, "The Angel Investor Market in Q1Q2 2009: A Halt in the Market Contraction," total investments in the first half of 2009 were \$9.1 billion, a decrease of 27 percent over the first half of 2008, according to the UNH Center for Venture Research. However, a total of 24,500 entrepreneurial ventures received angel funding in the period, a 6 percent increase from the first half of 2008. The number of active investors in the first half of 2009 was 140,200 individuals, virtually unchanged from the same period in 2008.

"The significant decline in total dollars, coupled with the small increase in investments, resulted in a smaller deal size for the first and second quarters of 2009. The decline in deal size of 31 percent from the first half of 2008 indicates that while angels have not significantly decreased their investment activity, they are committing less dollars resulting from lower valuations and a cautious approach to investing," said Jeffrey Sohl, director of the UNH Center for Venture Research at the Whittemore School of Business and Economics.

"While the market exhibited a decline from 2008 to 2009, when compared to the market correction that occurred in the second half of 2008, these data indicate that the angel market appears to have reached its nadir in the first half of 2009," Sohl said.

Healthcare services/medical devices and equipment accounted for the largest share of investments, with 28 percent of total angel investments in the first half of 2009, followed by software (14 percent), electronics/hardware (14 percent), industrial/energy (13 percent), which reflects a continued appetite for green technologies, and retail (8 percent) rounds out the top five investment sectors. Retail has solidified its presence in the top five sectors, mainly due to a continued interest in social networking ventures.

Angel investments continue to be a significant contributor to job growth. At the time of the angel investment the average size of the company was eight employees.

In the first half of 2009, angels have decreased their appetite for seed and start-up stage investing, with 27 percent of angel investments in the seed and start-up stage, a decrease

of 19 percent over the same period in 2008, which is the smallest percentage in seed and start-up investing for several years. This decline was reflected in an increase in post-seed/start-up investing with 58 percent of investments in this stage, an increase from the first half of 2008.

"This change in investment behavior is likely an indication of both a need to increase investments in existing portfolio companies and a change in angel's risk tolerance," Sohl said.

The Center for Venture Research has been conducting research on the angel market since 1980. The center's mission is to provide an understanding of the angel market and the critical role of angels in the early stage equity financing of high growth entrepreneurial ventures. Through the tenet of academic research in an applied area of study, the center is dedicated to providing reliable and timely information on the angel market to entrepreneurs, private investors and public policymakers. For more information visit www.unh.edu/cvr or contact the center at 603-862-3341.

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