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Contact: Anne Lupardus, Office of the Governor, 608-261-2612

Governor Doyle Reports \$19 Million Invested into New Businesses by Angel Investors in 2005

Governor Jim Doyle today announced that 2005 data shows angel investing has increased significantly in Wisconsin thanks to the implementation of tax credits and the creation of the Wisconsin Angel Network (WAN). The 25 percent tax credits for qualified angel investments and WAN are key components of the Governor's *Grow Wisconsin* economic development plan.

"One of my top priorities as Governor has been to increase the amount of capital available to new, high-growth businesses, and it's now clear that tax credits are an important incentive to angel investors," Governor Doyle said. "By claiming the maximum allowable tax credits in the program's first year of operation – \$3 million – angel investors showed strong interest and confidence in Wisconsin's technology start-ups."

Angel investors claimed all of the 2005 tax credits available under Act 255, which resulted in investments of \$15.5 million in qualified new business ventures which were certified by the Department of Commerce (Commerce).

"The \$3 million in tax credits resulted in over \$15 million in investment in Wisconsin businesses," said Commerce Secretary Mary Burke. "These investments add octane to the economy and fuel the creation of high-paying jobs."

In addition to the tax credit information provided by Commerce, a report prepared by Dr. David J. Ward of NorthStar Economics, Inc. indicates that overall reported angel investing in Wisconsin in 2005 exceeded \$19 million. This represents a substantial increase over 2004 data, including a 65 percent increase in the amount invested by group angel investors, while the number of actual deals made by these same investors more than doubled from 9 deals in 2004 to 20 in 2005.

The NorthStar Economics, Inc. report indicates that these are conservative estimates of the total angel investing activity in Wisconsin in 2005, so while the data shows significant increases in angel investing in Wisconsin, the actual numbers are likely to be even higher.

"The role of the Wisconsin Angel Network is to serve as a resource for angel networks in the state and to connect angel investors to entrepreneurs," stated Tom Still, President of the Wisconsin Technology Council. "We know that WAN is fulfilling this role based on this data and the feedback we receive from our angel network members and entrepreneurs that use our online services." WAN is a program managed by the Wisconsin Technology Council, with financial assistance provided by the Wisconsin Departments of Commerce and Financial Institutions (DFI).

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"We knew that the number of angel networks and the number of deals circulated increased significantly through WAN. The data from Commerce and NorthStar Economics provides concrete evidence that WAN and Act 255 have made positive differences in growing Wisconsin's economy," said DFI Secretary Lorrie Keating Heinemann. Heinemann currently chairs the Wisconsin Technology Council's Angel Advisory Committee, which advises WAN.

The success of Mithridion, Inc. illustrates the success of Governor Doyle's *Grow Wisconsin* plan and Act 255 in particular. Mithridion, Inc. won the 2005 Governor's Business Plan Contest and is a "Qualified New Business Venture" as certified by Commerce. Today Mithridion, Inc. announced that it will be the recipient of \$1.6 million in early stage investments by a Wisconsin-based angel network and out-of-state private equity firm. Mithridion, Inc. was formed in November 2004 to develop drugs based on groundbreaking technology and research on Alzheimer's disease by Professor Jeffrey Johnson and Dr. Thor Stein at UW-Madison.

"This data is very strong evidence that the tax credits provided in Act 255, along with the founding of the Wisconsin Angel Network, have created an environment in Wisconsin that encourages and supports angel investing activity," said David Ward, author of the NorthStar Economics, Inc. report.

For more information on Act 255 technology commercialization programs and the Wisconsin Angel Network, visit <http://commerce.wi.gov/Act255/> and <http://www.wisconsinangelnetwork.com>.