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HEALTH CARE VENTURE CAPITAL SPENDING RISES 19% IN FIRST QUARTER 2005, ACCORDING TO IRVING LEVIN ASSOCIATES, INC.

NEW CANAAN, CT — April 8, 2005 — During the first quarter ended March 31, 2005, total spending on health care venture capital transactions increased by approximately 19%, compared with the previous quarter, according to Irving Levin Associates, Inc. In the past three months approximately \$1.9 billion in venture funding was invested in a total of 119 health care companies, representing a nearly 23% increase in deal volume compared with the both previous and the year-ago quarters. The greatest concentration of capital and the largest number of deals occurred in the Biopharmaceutical sector, in which 26 companies raised \$609.5 million. Pharmaceuticals captured the second-greatest share of the dollar total, with 23 companies that raised \$479.7 million, and the third-greatest amount, \$344.2 million, was raised by 25 companies in Medical Devices.

Health Care Venture Capital Investments, First Quarter Ended March 31, 2005		
<i>Sector</i>	<i>Deal Volume</i>	<i>Dollar Total</i>
Biopharmaceuticals	26	\$609.5
Pharmaceuticals	23	\$479.7
Medical Devices	25	\$344.2
Biotechnology	20	\$215.4
e-Health	4	\$33.8
Other, Consulting and Laboratories/MRI/Dialysis	21	\$237.0

The average size of health care venture capital investments during the past quarter was approximately \$16.1 million and the median size was approximately \$11.2 million. Of the companies that disclosed a round, approximately 58% were completing their second or third round of funding. Four venture capital deals for \$50 million or more were closed this quarter, three of those by companies based in California: biopharma FibroGen raised \$100 million in its third round; pharma Perlegen Sciences, Inc. raised \$74 million in its D round; and

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biotech Alexza Molecular Delivery Corp. raised \$52 million in its D round. North Carolina-based Constella Group, in its first institutional round, raised \$61 million. Biotechnology, biopharmaceutical and pharmaceutical companies together accounted for approximately 58% of the total deal flow and approximately 68% of the dollar volume during the past three months. “Health care IPOs were generally reduced in size, priced below range or delayed this quarter, but venture investors are still committing capital to private companies for the research, development, clinical trials and commercialization of new drug products,” remarked Stephen M. Monroe, the managing editor of Irving Levin Associates, Inc.

The most active venture capital firms for the quarter, ranked by participation in number of investments, are listed below. HealthCap, SV Life Sciences and Three Arch Partners, each contributed to six health care deals.

<u>Top 15: Most Active VC Firms, Q1:05</u>	
Venture Capital Firm	Number of Investments
HealthCap	6
SV Life Sciences	6
Three Arch Partners	6
Novartis	5
Apax Partners	5
Alta Partners	5
Life Sciences Partners	4
Techno Venture Management	4
Sofinnova Partners	4
S.R. One	4
MPM Capital	4
HBM funds	4
Burrill & Company	4
BankInvest	4
Atlas Venture	4

Irving Levin Associates, Inc., a leading health care financial publisher established in 1948, is based in New Canaan, CT and is online at www.levinassociates.com. This privately held corporation publishes newsletters and annual and quarterly reports, and maintains merger and acquisition databases, on the health care and senior housing markets. Financial events in the health care venture capital, private equity, public equity and merger and

acquisition markets are reported twice monthly in the publication *Healthcare Corporate Finance News*, formerly known as *Jenks Healthcare Business Report*. For more information on publications by Irving Levin Associates, Inc., please call 1-800-248-1668, or visit www.levinassociates.com.

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