

FOR IMMEDIATE RELEASE

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**HEALTH CARE VENTURE CAPITAL MARKET HEATS UP WITH MORE DEALS AND
MORE DOLLARS IN 2005, ACCORDING TO HEALTHCARE CORPORATE FINANCE NEWS**

NORWALK, CONNECTICUT – July 14, 2005 – Health care venture capital results for the six months ended June 30, 2005 primarily reveal rising trends, according to *Healthcare Corporate Finance News*, published by Irving Levin Associates, Inc. The total amount of venture funding committed to health care companies and the overall number of health care venture capital financings increased during the first half 2005. However, both the average and median sizes of health care venture capital deals decreased by approximately 16% during the first six months of the year ended June 30, 2005, compared with the first six months of the previous year.

Already this year, health care companies have secured approximately \$3.9 billion in venture funding, compared with about \$3.6 billion for the first six months of last year. So far, 235 venture financings in the health care sectors have been announced during 2005, compared with 186 that were announced during the first six months of 2004.

Health Care Venture Capital Investment Totals By Sector				
<u>Sector</u>	Six Months Ended June 30, 2005		Second Quarter Ended June 30, 2005	
	<i>Deal Volume</i>	<i>Dollar Total</i>	<i>Deal Volume</i>	<i>Dollar Total</i>
Biopharmaceuticals	49	\$986.5	23	\$519.0
Biotechnology	40	\$583.7	20	\$400.5
e-Health	18	\$150.1	14	\$108.3
Medical Devices	50	\$693.3	25	\$314.1
Health Care Services & Other	35	\$604.5	14	\$323.9
Pharmaceuticals	43	\$823.8	20	\$372.5

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“Spin-out companies emerging from universities and corporations account for a number of the smaller deals,” commented Gretchen S. Swanson, Editor of *Healthcare Corporate Finance News*, “and others may be accounted for by investors being skeptical of firms without proven products or seasoned management teams, but still willing to support specific initiatives such as clinical tests, FDA applications and product trials.” Forty-eight health care companies announced venture capital rounds of \$25 million or more during the first half of this year, compared with 55 for the first half of last year. Deals in this range account for approximately 54% of all venture capital committed to health care companies during the six months ended June 30, 2005, but by comparison, accounted for approximately 65% of all health care venture capital raised during the same period of 2004.

“The launch of new, smaller private venture capital funds and state-centric initiatives, with smaller target investment sizes, also influences the results,” continued Ms. Swanson. Large deals are still being made, with 10 VC deals for \$50 million or more announced in the past six months, accounting for about 20% of all health care venture capital funding, compared with 12 deals accounting for about 25% of the funding raised during the first half of last year.

Health care companies continue to exit through the public equity market, some with strong after-market performances. Only three of the 12 health care companies that have gone public in the past six months are trading below the IPO prices, and of the 38 that have gone public in the past 12 months, 24 are trading above the IPO prices.

Domain Associates and Alta Partners were the most active venture capital investors contributing to health care during the six months ended June 30, 2005. The health care venture capital firms that were most active during

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the second quarter, and for the first half of 2005, appear in the following chart, ranked by participation in number of investments.

Most Active Health Care Venture Capital Firms			
<i>Second Quarter ended June 30, 2005</i>	<i>Number of Investments</i>	<i>January 1 to June 30, 2005</i>	<i>Number of Investments</i>
Domain Associates	6	Alta Partners	9
Montreux Equity Partners	5	Domain Associates	9
Alta Partners	4	MPM Capital	8
Frazier Healthcare Ventures	4	Frazier Healthcare Ventures	7
MPM Capital	4	Novartis	7
Business Development Bankers of Canada	3	SV Life Sciences	7
CMEA Ventures	3	Three Arch Partners	7
Forward Ventures	3	Apax Partners	6
Mitsui & Co. Venture Partners	3	HealthCap	6
Morgenthaler Ventures	3	Montreux Equity Partners	6
New Enterprise Associates	3	S.R. One	6
Novo A/S	3		
Quaker BioVentures	3		
Sanderling Ventures	3		

Irving Levin Associates, Inc., a leading health care financial publisher established in 1948, is based in Norwalk, 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*. 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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TITLE: "More deals and more dollars heat up health care venture capital market during the first half of 2005"

DESCRIPTION: "June 2005 – Health care venture capital results for the six months ended June 30, 2005 reveal rising trends, according to Irving Levin Associates, Inc. The total amount of VC funding committed to health care companies and the overall number of health care venture capital financings increased during the first half 2005. Already this year, health care companies have secured approximately \$3.9 billion in venture funding, compared to just about \$3.6 for the first six months of last year."