

FOR IMMEDIATE RELEASE

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HEALTH CARE VENTURE CAPITAL FUNDING REACHES HIGHEST LEVEL IN THREE YEARS, ACCORDING TO HEALTHCARE CORPORATE FINANCE NEWS

NORWALK, CT – January 12, 2005 – During the year ended December 31, 2005, the size of the health care venture capital market grew to nearly \$7.3 billion invested, according to Irving Levin Associates, Inc. Compared with 2004, the amount of total dollars invested increased by more than 5%, but compared with 2003, it increased by close to 32%. The total number of health care venture capital deals increased by 11% in 2005, compared with 2004.

Biopharmaceuticals accounted for the greatest amount of venture capital invested in a single sector, with nearly \$2.1 billion committed during the year, based on 102 deals with disclosed prices. Medical Devices and Pharmaceuticals each accounted for approximately \$1.4 billion in venture capital. There were 97 investments with disclosed prices in Medical Devices, and 70 in Pharmaceuticals. Biotechnology secured nearly \$1.3

Health Care Venture Capital Deal and Dollar Volume, Q4:03 to Q4:05		
Quarter/Year	Number of Deals	Total Funding, in Billions
Q4:03	81	\$1.8
<i>Year-End Total, 2003</i>	386	\$5.5
Q1:04	97	\$2.0
Q2:04	111	\$2.0
Q3:04	94	\$1.3
Q4:04	97	\$1.6
<i>Year-End Total, 2004</i>	399	\$6.9
Q1:05	122	\$2.0
Q2:05	116	\$1.9
Q3:05	97	\$1.7
Q4:05	108	\$1.7
<i>Year-End Total, 2005</i>	443	\$7.3

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billion in 86 venture capital transactions announced during 2005.

For the year ended December 31, 2005, the median investment size was \$11.3 million, representing a slight decrease from 2004, when the median investment size was \$12.0 million. However, the median investment size increased by nearly 19% in 2005, compared with 2003.

“Strategic corporate investors account for some of the health care venture capital funding recorded last year,” commented Stephen M. Monroe, Senior Editor. “The IPO market may be lackluster, but big pharma is hungry for novel, proprietary therapies.”

Results for the fourth quarter indicate that more health care venture capital deals were closed during the fourth quarter of last year than in either of the corresponding quarters of the two preceding years. For the quarter ended December 31, 2005, there were 108 health care venture capital investments announced, representing an 11% increase over both the previous and year-ago quarters. The amount of total dollars invested during the fourth quarter of 2005—more than \$1.7 billion—shows an increase of 6%, compared with the year-ago quarter, but almost no change compared with the third quarter of 2005.

“Investments in biotechnology are trailing off as more pharmaceuticals are developed using biological compounds and processes or biotechnology platforms, leading to a proliferation of investments in the development of biopharmaceuticals,” noted Gretchen S. Swanson, Associate Editor, “but the health care market in general is still appealing to venture capitalists and even spawning new venture firms.”

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For the year ended December 31, 2005, MPM Capital led the top ten venture firms by number of investments, having participated in 17 investments, followed by Alta Partners, Domain Associates and HealthCap, each with 15 investments. The most active venture capital investors in the health care sectors during the fourth quarter ended December 31, 2005 were 3i Group and Abingworth Management, each with five investments.

Top Ten Venture Capital Firms, by Participation in Number of Health Care Investments			
<i>For the Quarter ended December 31, 2005</i>		<i>For the Year ended December 31, 2005</i>	
Firm	Investments	Firm	Investments
3i	5	MPM Capital	17
Abingworth	5	Alta	15
Alta Partners	4	Domain	15
Canaan Partners	4	HealthCap	15
CDIB	4	3i	11
InterWest Partners	4	HBM funds	11
MPM Capital	4	Montreux	11
ProQuest Investments	4	SV Life Sciences	11
Venrock Associates	4	Abingworth	10
HBM funds	4	Frazier Healthcare	10

Healthcare Corporate Finance News (www.hcfnews.com) reports bi-weekly on financial events in the fast-paced venture capital, private and public equity, and merger and acquisition markets. This well-researched newsletter is published by Irving Levin Associates, Inc., a leading financial publisher and source of market intelligence since 1948. For more information, please call 1-800-248-1668.

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