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VENTURE CAPITAL FUNDING RISES FOR HEALTH CARE IN FIRST QUARTER 2006, ACCORDING TO IRVING LEVIN ASSOCIATES, INC.

Norwalk, CT—April 5, 2006—During the first quarter of 2006, increased activity in the health care venture capital market pushed both dollar total and deal volume to levels that rival the late nineties. In total, 136 health care companies raised \$2.2 billion in venture capital funding during the three months ended March 31, 2006. Most of the capital was raised in four sectors: Medical Devices, with \$605 million; followed by Pharmaceuticals, with \$571 million; then Biopharmaceuticals, with \$373 million; and Biotechnology with \$347 million.

Health Care Venture Capital Investments, First Quarter Ended March 31, 2006		
<u>Sector</u>	<u>Number of Deals</u>	<u>Dollar Amount (in millions)</u>
Medical Devices	38	\$605.40
Pharmaceuticals	16	\$570.95
Biopharmaceuticals	28	\$372.76
Biotechnology	35	\$346.87
Other	19	\$290.20
Total	136	\$2,186.18

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Compared with the year-ago period, total funding increased by 15% and the total number of deals announced increased by 14%. And compared with the previous quarter, the increase was even more dramatic, with deal volume up by 40% and total funding up by 37%.

Among all health care venture capital deals announced during the first quarter of 2006, the average investment size was \$16.1 million, relatively unchanged from the year-ago quarter. The median investment size was \$9.3 million, down from \$11.2 million in the first quarter of 2005 and widening the spread between average and median deal size.

The largest deal was announced by Graceway Pharmaceuticals, a newly formed entity that secured its first equity commitment of \$200 million from GTCR Golder Rauner, LLC. The second-largest deal was announced by Take Care Health Systems, a company that administers the provision of primary care for adults and children through store-within-a-store clinics, with \$77 million in funding primarily from Beecken Petty O'Keefe & Company. Also among the top five deals of the quarter, and also principally backed by a private equity firm, Salick Cardiovascular Centers secured a \$75 million commitment from Warburg Pincus.

The venture capitalists most active in the health care sectors during the first quarter ended March 31, 2005 invested at least four times. These firms, led by Pequot Capital, are

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ranked below by participation in number of deals.

<u>Top Health Care Venture Capital Investors, First Quarter 2006</u>	
Venture Capital Firm	Number of Investments
Pequot Capital	7
Versant Ventures	6
Atlas Ventures	5
Domain Associates	5
MPM Capital	5
Novartis Venture Fund	5
Prism Venture Partners	5
3i Group	4
Burrill Associates	4
MedVenture Associates	4
Morgenthaler Ventures	4
New Enterprise Associates	4
Sofinnova Ventures	4

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 for health care companies. This monthly newsletter and mid-monthly email update 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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