



FOR IMMEDIATE RELEASE

*To receive this press release via email, send a message to foss@levinassociates.com

Phone: (800) 248-1668
Fax: (203) 846-8300

Stephen M. Monroe, Partner
Gretchen S. Swanson, Associate Editor

**THIRD QUARTER SHOWS 30% INCREASE IN HEALTH CARE VENTURE
CAPITAL RAISED, HEALTHCARE CORPORATE FINANCE NEWS REVEALS**

NORWALK, CT—October 11, 2006—Total venture capital funding raised by health care companies during third quarter 2006 increased by close to 30%, compared with the year-ago quarter. In the three months ended September 30, 2006, a total of 110 health care venture capital investments with disclosed prices were confirmed, amounting to nearly \$2.2 billion in funding, according to *Healthcare Corporate Finance News*. Compared with the second quarter 2006, however, dollar volume increased only slightly. Esprit Pharmaceuticals announced the largest deal, a \$91 million Series B financing.

Health Care Venture Capital Investments Third Quarter Ended September 30, 2006		
<u>Sector</u>	<u>Number of Deals</u>	<u>Dollar Amount (in millions)</u>
Pharmaceuticals	19	\$685.5
Biopharmaceuticals	22	\$573.4
Medical Devices	35	\$520.2
Biotechnology	19	\$282.0
Other	10	\$114.5
E-Health	5	\$24.6

“This year may have the largest dollar amount of venture capital invested in health care so far this decade,” noted Stephen M. Monroe, Managing Editor. For the nine months ended September 30, 2006, health care companies have already raised \$6.39 billion, nearly the amount raised in all of 2004.

--- more ---

Several deals were announced concurrently with a licensing agreement, merger, acquisition, spin-out or product launch. “Corporate investors are taking an increasingly active role in funding start-up health care companies with late-stage product candidates, as well as nurturing research and development companies that have strategic potential,” commented Gretchen S. Swanson, Associate Editor. Corporations or corporate venture capital affiliates that contributed to venture financings during the third quarter include Roche Venture Fund, Teva Pharmaceuticals, Novo Nordisk, MedImmune Ventures, Lilly Ventures and Novartis Bioventures. In addition, Safeguard Scientific, Dow Chemical Company, Medtronic and Johnson & Johnson Development Corporation invested.

Medical device companies accounted for the most deals (32%) during the three months ended September 30, 2006, but pharmaceutical companies garnered the greatest amount of funding (31%) in one sector. Biopharmaceutical deals accounted for 26% of total dollars invested and 20% of the total number of deals announced. Biotechnology and Pharmaceuticals were each responsible for 17% of the number deals announced, but the biotechnology deals only account for 13% of the total funding for the quarter. Many of these companies are developing protein-based therapeutics to address major unmet medical needs, including cancer, inflammation and metabolic and autoimmune disorders, but a few are targeting specialized indications.

The most active venture capital firms for the third quarter ended September 30, 2006 were led HBM Partners and Sofinnova Partners, which each contributed to seven venture

--- more ---

financings, followed by Bio*One Capital and InterWest Partners, which each invested in six deals. New Enterprise Associates, BA Venture Partners and Domain Associates also participated in some of the largest rounds. Listed below are the top venture capital investors in health care for the quarter, ranked by participation in number of deals.

Third Quarter Ended September 30, 2006	
<u>Most Active Venture Capital Firms</u>	<u>Number of Investments</u>
HBM Partners	7
Sofinnova Partners	7
Bio*One Capital	6
InterWest Partners	6
Domain Associates	5
Novo A/S	5
Charter Life Sciences	4
GIMV	4
Prospect Venture Partners	4
Skyline Ventures	4
SV Life Sciences	4
Three Arch Partners	4
TVM Capital	4
Venrock Associates	4
Versant Ventures	4
Alta Partners	4
3i Group	4

Healthcare Corporate Finance News (www.hcfnews.com) reports weekly on financial events in the fast-paced venture capital, private and public equity, and merger and acquisition markets for health care companies, and provides subscribers with access to a searchable online database of health care venture capital deals. This monthly newsletter and weekly 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.

--- end ---