



Venture Capital Funding Quarterly

Biotechnology • Pharmaceuticals Medical Devices

1st Quarter, 2012 – United States

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Summary

Life Science companies secured \$1.81 billion in venture capital financing during the first quarter of 2012, representing a decrease of 12% versus the previous quarter. The funding was allocated between 211 companies, a 1% decrease versus the previous quarter in the aggregate.

The Medical Devices sector received the most amount of funding, raising \$806 million among 91 companies. The Biotechnology sector came in second with \$604 million, representing a 21% decrease versus the previous quarter. Pharmaceutical startups received \$398 million between 41 companies, a 21% quarter over quarter decrease in amounts funded.

Funding Activity

Biotechnology

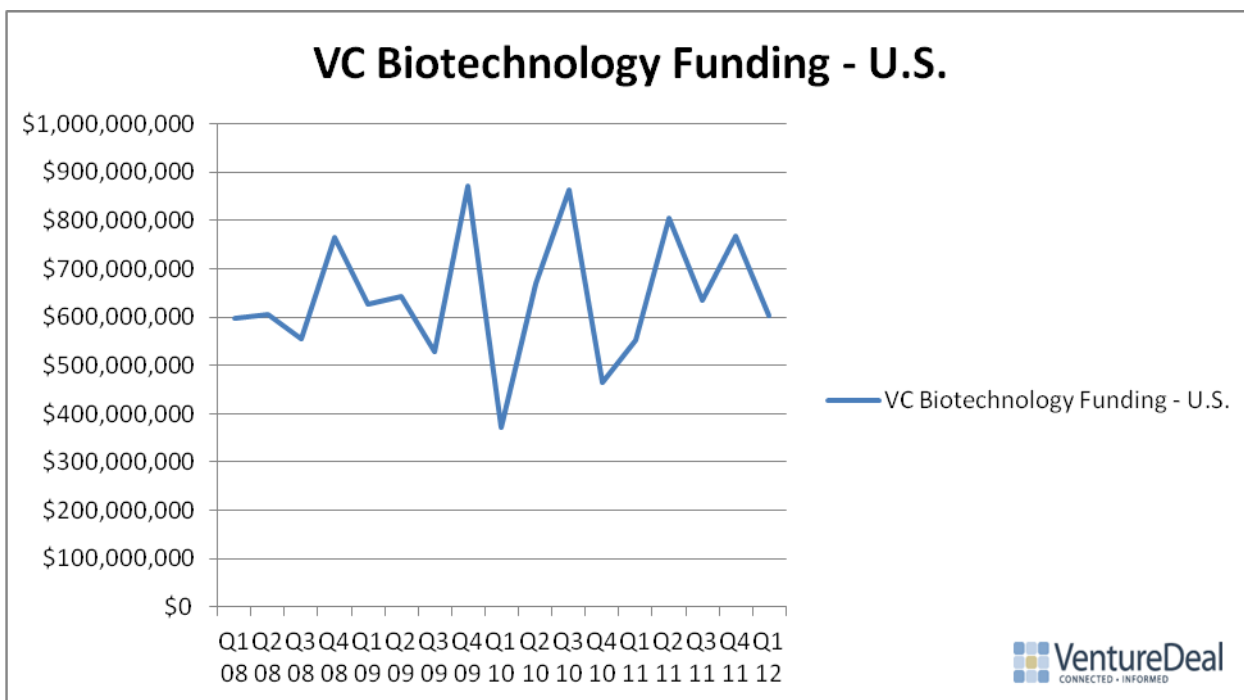
Biotechnology funding amounts showed a marked reversal versus the previous quarter, decreasing 21% during the quarter. The number of companies funded also increased, by 9% versus the previous quarter.

The largest venture financing during the quarter was for San Jose, California-based [Aria Diagnostics](#), which received \$52.7 million in its third round of top-tier institutional venture capital and private equity investment. The company said it would use the financing for continued product development and commercial preparation of its proprietary prenatal test to detect fetal trisomies such as Down syndrome.

Strategic investors Pfizer and Shire were active during the quarter, participating in separate financings. [Pfizer](#) participated in the \$43 million follow-on funding of [Celladon](#) and its continued development of treatments for cardiovascular diseases through discoveries in molecular cardiology.

[Shire](#) co-invested with [Merieux](#) in [NeuroPhage](#)'s \$9 million series B financing to fund further development of its NPT002 neurodegenerative disease drug candidate.

Chart 1 - Biotechnology Funding - See Next Page

Chart 1 - Biotechnology Funding


Pharmaceuticals

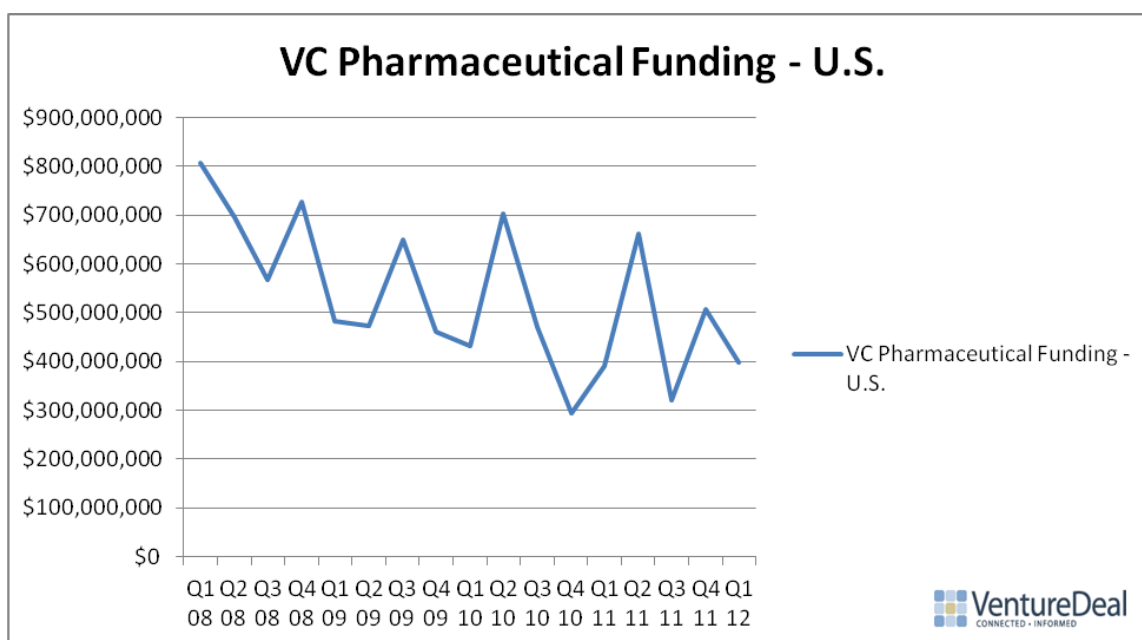
Pharmaceutical fundings decreased to \$398 million, representing a 21% decrease in amounts funded among 7% fewer companies versus the previous quarter. The average funding round size was \$9.7 million versus \$11.5 million in the previous quarter, a percentage decrease of 16%.

[Aragon Pharmaceuticals](#) of San Diego, California raised the largest financing of the quarter, garnering \$42 million from a syndicate of venture capital and private equity firms. The company is developing a pipeline of anti-endocrine therapies that target the biology of hormone resistant cancers. Aragon said it would use the proceeds to support

further clinical development of its candidates for the treatment of prostate and breast cancer.

Corporate investor [Celgene](#) invested \$15 million in [Acetylon Pharmaceuticals](#). Acetylon plans to use the financing to test its ACY-1215 selective small molecule Histone Deacetylase inhibitors that promise enhanced effectiveness and tolerability versus current alternatives.

Chart 2 – Pharmaceutical Funding



Medical Devices

Venture capital funding for Medical Device companies showed the only increase during the quarter, with 5% additional amount funded. The number of companies funded increased to 91, a 10% increase versus the previous quarter.

There were 6 disclosed early stage fundings (series A), totaling \$27.5 million and which included the following companies:

ImaginAb	\$12.5 million
Vascular Magnetics	\$7 million
Molecular Imaging Research	\$2.5 million
SPR Therapeutics	\$2.2 million
Alcyone Lifesciences	\$1.8 million
Thermedical	\$1.5 million

The largest financing of the quarter was \$89 million for [ConforMIS'](#) series E round from a syndicate of venture capital, corporate and private equity investors. The company said it would use the financing to support its ongoing sales and marketing efforts as well as R&D investment into new product lines.

In the vision space, [WaveTec Vision Systems](#) received \$1.5 million in venture capital debt, according to an SEC regulatory filing. The Aliso Viejo, CA-based company is developing a system to help improve patient outcomes after intraocular lens replacement procedures.

[ALung Technologies](#) secured \$10 million in its second institutional venture capital financing round. The company is developing gas exchange devices for treating acute and chronic respiratory disorders. ALung said it would use the financing to support the continued commercialization of its flagship product, the Hemolung Respiratory Assist System.

Chart 3 - Medical Device Funding

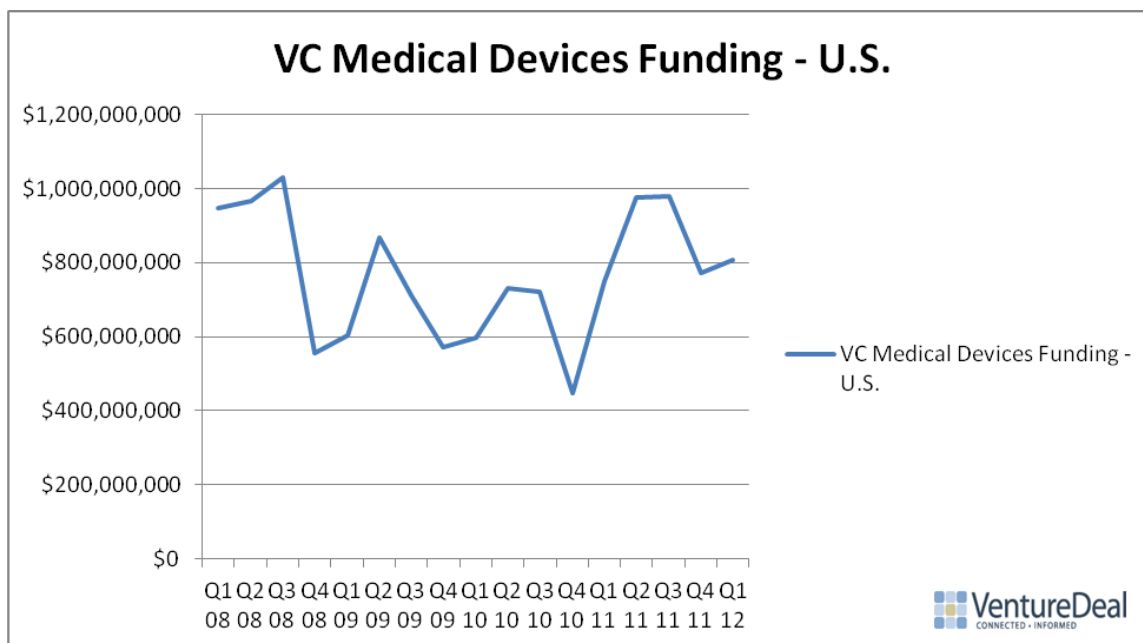


Table 1 - All Sectors

Venture Funding Activity – 1st Quarter 2012

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$604 million	- 21%	79	- 9%
Pharmaceuticals	\$398 million	- 21%	41	- 7%
Medical Devices	\$806 million	+ 5%	91	+ 10%
Total	\$1.81 billion	- 12%	211	- 1%

Notes

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