



Venture Capital Funding Quarterly

Biotechnology • Pharmaceuticals Medical Devices

1st Quarter, 2013 – United States

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Contents

Summary	2
Funding Activity	2
Notes	6

Summary

Life Science companies secured \$2 billion in venture capital financing during the first quarter of 2013, representing a decrease of 19% versus the previous quarter. The funding was allocated between 249 companies, a 10% decrease versus the previous quarter in the aggregate.

The Medical Device sector received the most amount of funding, raising \$913 million among 113 companies. The Biotechnology sector came in second with \$768 million, representing a 14% decrease versus the previous quarter. Pharmaceutical startups received \$325 million between 38 companies, a 59% quarter over quarter decrease in amounts funded.

Funding Activity

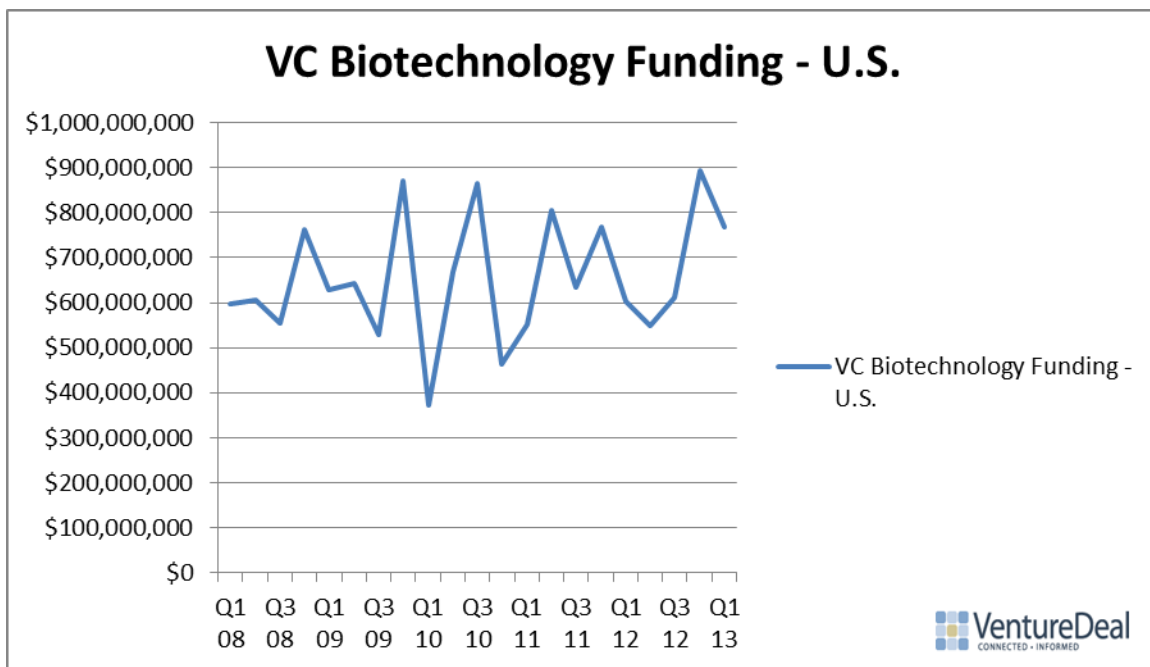
Biotechnology

Biotechnology funding amounts reversed an upward trend in previous quarters, decreasing 14% during the quarter. The number of companies funded also decreased, by 8% versus the previous quarter.

The largest venture financing during the quarter was \$64.4 million for Blacksburg, Virginia-based [Intrexon](#). Intrexon is developing synthetic biological products and processes across multiple industry sectors and has developed a proprietary, synthetic biological platform. The company raised the financing from new and existing investors in order to establish additional exclusive channel collaborations.

Foreign corporate investors were active during the quarter. [Shanghai Fosun Pharmaceutical](#) participated in a \$22.4 million funding round for [Saladax Biomedical](#). Saladax is using the financing to further develop and commercialize its fast and inexpensive immunoassays that enable blood level monitoring of anti-cancer drugs.

RNAi developer Solstice Biologics (no website) secured \$18 million in its Series A financing round from venture capital investors. The company is developing small cell-permeable RNAi pro-drugs that can enter many different cell types to deliver nucleic acid therapeutics. Specific proceeds purposes were not disclosed. Solstice was founded by Stephen Dowdy, PhD and colleagues at the UC San Diego School of Medicine.

Chart 1 - Biotechnology Funding


Pharmaceuticals

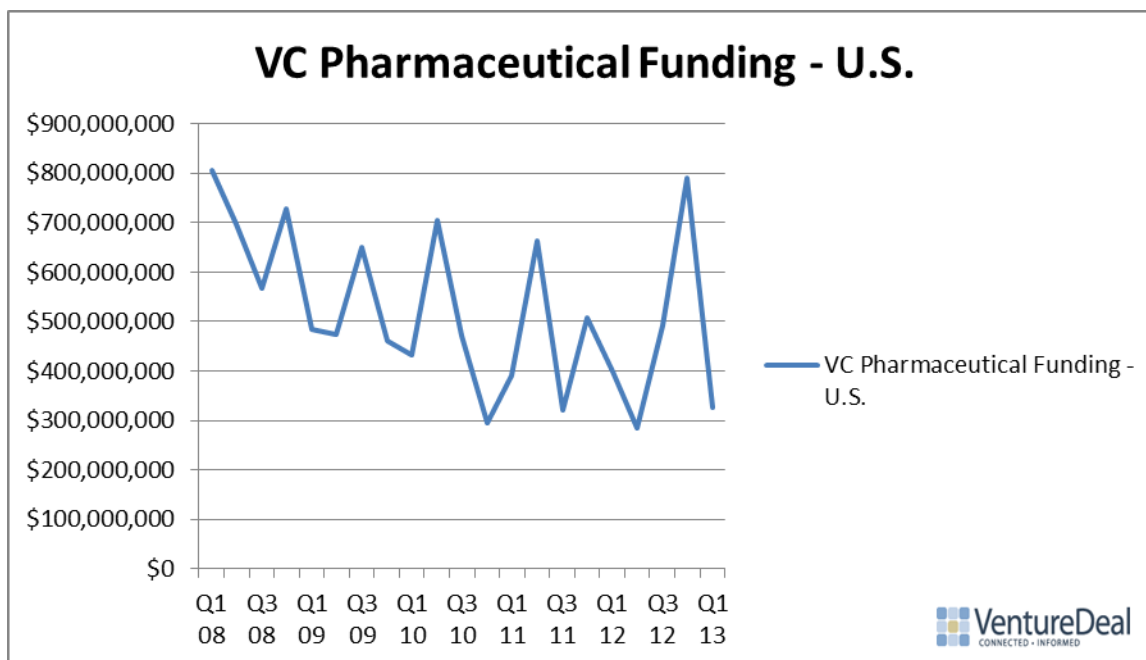
Pharmaceutical fundings decreased to \$325 million, representing a 59% decrease in amounts funded among 34% fewer companies versus the previous quarter. The average funding round size was \$8.6 million versus \$13.6 million in the previous quarter, a percentage decrease of 37%.

[Jounce Therapeutics](#) raised the largest financing of the quarter, garnering \$47 million Series A commitments in what was likely a tranching round. The company is developing cancer immunotherapies designed to work by empowering a patient's immune system to seek out and attack cancerous cells and tumors. Jounce is based in Cambridge, Massachusetts.

Corporate investor [MedImmune Ventures](#) participated in the \$8.75 million financing round for another Cambridge, Massachusetts-based

company, [Catabasis Pharmaceuticals](#). The company is developing what it calls “pathway pharmacology” to produce multiple treatments for individual inflammatory and metabolic diseases.

Chart 2 – Pharmaceutical Funding



Medical Devices

Venture capital funding for Medical Device companies increased by 17% in total amounts funded. The number of companies funded remained the same at 113.

There were 6 disclosed early stage fundings (Seed and Series A), totaling \$3.8 million and which included the following companies:

AthroCAD	\$ Undisclosed
Saphena Medical (no site)	\$3 million
MacuLogix	\$3.6 million
SPR Therapeutics	\$5 million
Novian Health	\$11.0 million

The largest financing of the quarter was \$70 million for [TearScience](#), a company that has developed diagnostic and treatment devices for

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evaporative dry eye conditions. The financing was provided by [HealthCare Royalty Partners](#) and will be used to fully commercialize the company's products on a global basis.

In the drug delivery space, Watertown, Massachusetts-based [480 Biomedical](#) received \$21.2 million in an unpublished round. The company has created a scaffold technology that it believes is ideal for the controlled delivery of drugs for up to several months. 480 is backed by a number of life science venture capital firms.

In the sleep apnea field, [ApniCure](#) secured \$5.1 million in new financing during the quarter from top-tier venture capital firms. The company has developed a through-the-mouth sleep apnea treatment that does not require a mask, increasing the comfort of patients. Proceeds purposes from the financing were not disclosed.

Chart 3 - Medical Device Funding

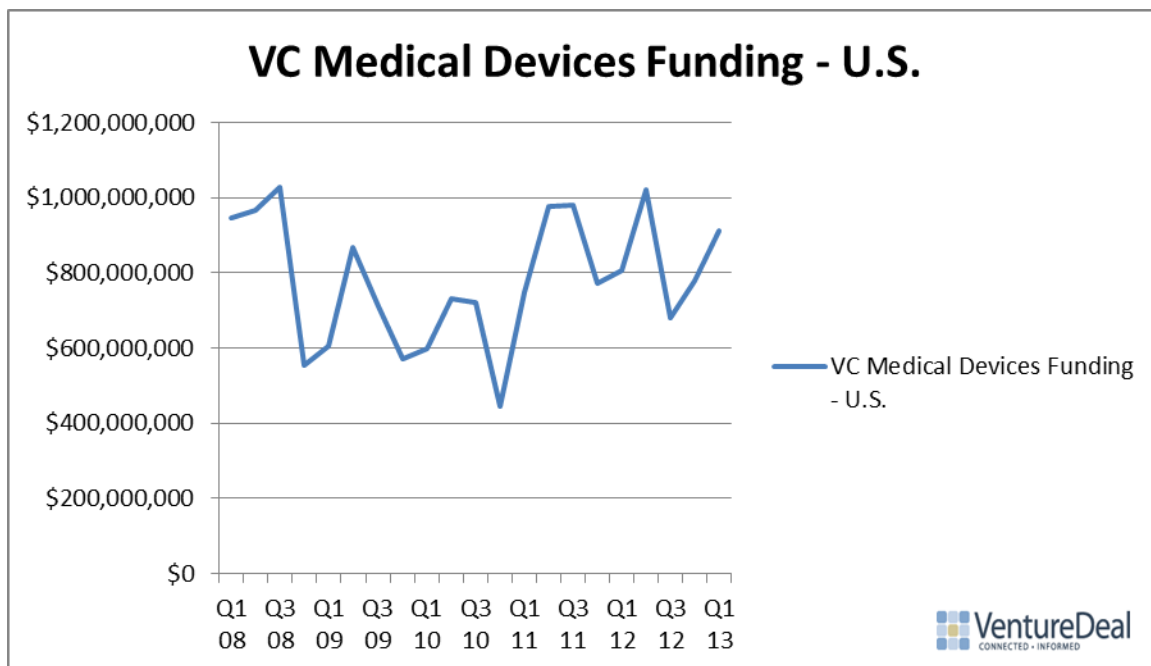


Table 1 - All Sectors

Venture Funding Activity – 1st Quarter 2013

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$768 million	- 14%	98	- 8%
Pharmaceuticals	\$325 million	- 59%	38	- 34%
Medical Devices	\$913 million	+ 17%	113	--
Total	\$2 billion	- 19%	249	- 10%

Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the VentureDeal.com database. VentureDeal is a curated venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

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