

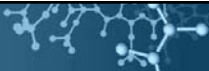


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Trends, What Investors Look For,
and Valuation

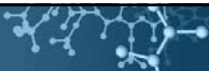
Prepared for The Brown Forum for Enterprise March 22, 2007



Agenda


- Trends in Life Sciences Investing
 - Biopharmaceuticals
 - Medical Devices
 - Software & IS
 - HC Services
- What VCs Look For
 - Example
- Valuation
 - Example
- Introduction to BioVentures Investors

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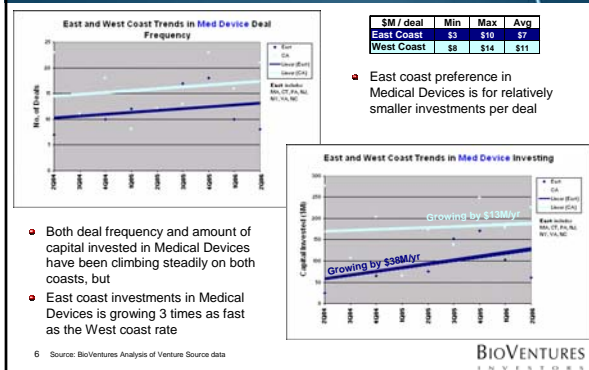
Definitions for Trend Analysis

- Geographic
 - East Coast includes MA, CT, PA, NJ, NY, VA, NC
 - West Coast includes CA
- Industry
 - Medical Devices
 - > i.e. cardiovascular devices, respiratory devices, optical devices, devices for orthopedics and physical therapy, also includes diagnostics
 - Biopharmaceuticals
 - > i.e. small molecules, protein therapeutics, cell therapy, biomaterials, kits and reagents
 - Healthcare Services
 - > i.e. practice management products, elder care services, lab services, outpatient and ambulatory care services
 - Medical Software & Information Systems
 - > i.e. drug discovery, bioinformatics, outcomes management systems, decision support software, imaging software

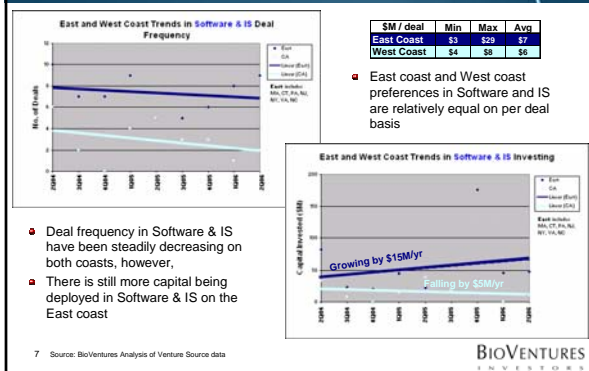


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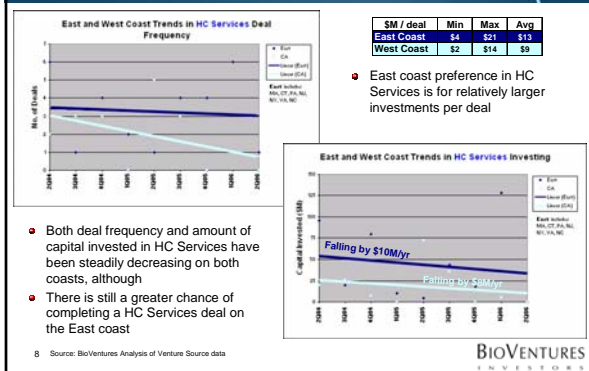
Trends in Medical Device investing on both coasts



Trends in Software and IS investing on both coasts



Trends in HC Services investing on both coasts



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What we look for

- Clear statement of problem and why it's important
- Your solution
- Simple summary of data collected so far
- Clearly defined next milestone and timeline
 - Inflection in value of company
- Capital needs and allocation to achieve next milestone
 - Fastest route to this milestone as time is money

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What we look for: Med device example (Illustrative)

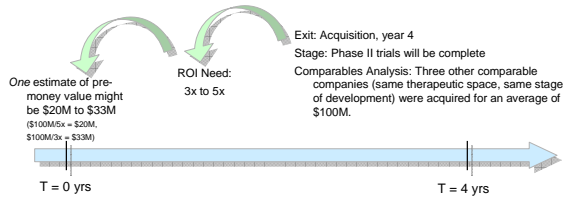
- Problem:
There is currently no way to continuously monitor pressure in the carotid artery, and this is important because....
- Solution:
We are developing a device, to be placed in a minimally invasive manner, that will allow for wireless continuous monitoring of carotid arterial pressure
- Data collected so far:
30 day sheep study (n=6) showed device was well tolerated, was able to provide steady data streams to the receiver, and was non-thrombogenic (no clots formed)
- Next significant milestone & timeline that leads to inflection in value:
Completing Phase I/IIa safety and efficacy trial with 60 pts across 3 sites
- Capital needs and fastest route to milestone:
 - See next page

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Valuation: Example (illustrative)

- In reality, valuation is the result of both 'art and science'.
 - 'Science': usually several quantitative methods are used to 'triangulate' on the appropriate range for premonney value
 - 'Art': softer factors such as negotiating ability of the management team, the ability to generate interest from more than one bidder, etc, also affect valuation



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• Introduction to BioVentures Investors

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BioVentures Investors

- Venture capital fund focused on life sciences companies
- \$134M under management across 3 funds
 - BVI I \$18M
 - BVI II \$54M
 - BVI III \$62M
- Managed by:
 - Peter Feinstein
 - Walter Gilbert
 - Marc Goldberg
 - Anthony Coia

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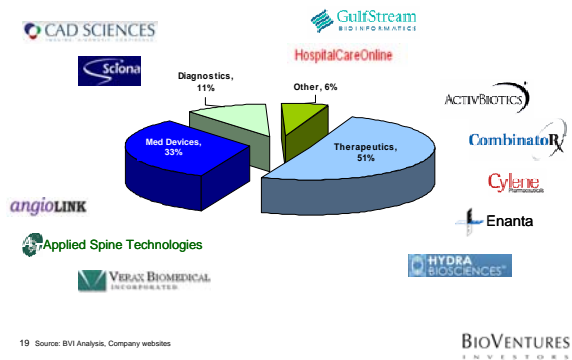
BioVentures' Sweet Spot

- First professional round
- \$5M to \$7M total commitment
- Indications of efficacy and utility
- Entrepreneurial advantage
- Paradigm shifting technology
- Economic incentives for all players

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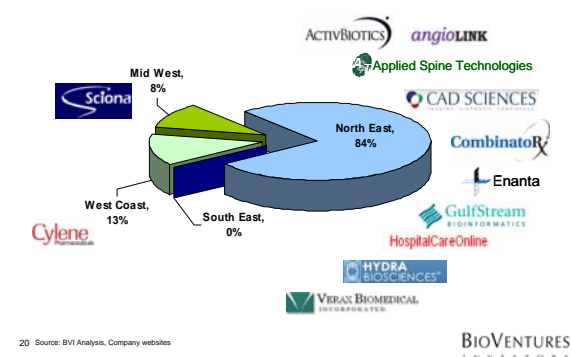
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BVI Capital Allocation by Investment Category – Fund II



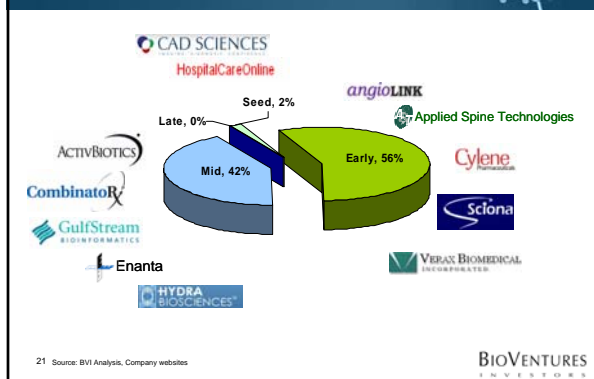
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BVI Capital Allocation by Geography – Fund II



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BVI Capital Allocation by Stage – Fund II



21 Source: BVI Analysts, Company websites

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