



FOR IMMEDIATE RELEASE

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**STEADY FLOW OF MEDICAL DEVICE DEALS AND SURGE IN FUNDING
INDICATE SECTOR STABILITY, ACCORDING TO IRVING LEVIN ASSOCIATES**

NORWALK, CONNECTICUT – July 14, 2005 – Medical device companies received more venture capital funding and announced more mergers and acquisitions during the six months ended June 30, 2005 than during the year-ago period, according to Irving Levin Associates, Inc. Already this year 79 mergers and acquisitions have been announced in the sector, and if that pace continues, 2005 potentially will be the fifth year in a row with more than 100 medical device deals closed. Venture capital funding for medical devices is picking up, with more venture capital committed to medical device firms during the first six months of 2005 than in all of 2004.

“High-quality medical devices are still in high demand,” remarked Sanford B. Steever, editor of *The Health Care M&A Monthly*. “Companies dedicated to the treatment of cardiovascular and musculoskeletal conditions, and providing surgical, diagnostic and dental supplies are still closing most of the deals.” Medical device deals account for approximately 18% of the total number of healthcare mergers and acquisitions announced during the six months ended June 30, 2005, marginally more than for the first half of last year.

Although activity is strong, less total spending has been committed this year to medical device

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mergers and acquisitions. Based on revealed prices for the first six months of 2005, approximately \$9 billion was spent to finance the deals, down from the first six months of last year, when approximately \$14 billion was spent.

Venture capital activity in the medical device sector picked up during the first half of the year. “The increase in the number of financings for medical device companies is in stride with an upturn in the total number of health care venture capital deals announced during the first six months of the year,” according to Gretchen S. Swanson, editor of *Healthcare Corporate Finance News*. Medical device companies raised approximately \$693 million in venture funding during the six months ended June 30, 2005, representing an increase of approximately 44%, compared with the same period in 2004. Medical device companies commanded about the same share of health care venture capital dollars this year, with approximately 12% of the total.

Medical device companies comprised approximately 20% of the total number of health care venture capital deals closed from January 1 to June 30, during both 2004 (35 deals) and 2005 (50 deals). At least one-half of the venture deals announced by device makers this year have been third or earlier rounds. Deal size is fairly consistent for both years, with a median deal size of approximately \$12 million for the first six months of 2005. The number of companies to announce larger rounds during the first half of the year is also about the same, with seven medical device companies closing deals for \$25 million or more in 2005.

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“In spite of the public equity market stalling during the first six months of 2005, the medical device sector continued to attract venture investors and acquirers,” said Ms. Swanson. “Most of the medical device companies that have gone public in the past 12 months are trading above their IPO price.”

Irving Levin Associates, Inc., a leading health care financial publisher established in 1948, is based in Norwalk, CT and is online at www.levinassociates.com. This privately held corporation publishes newsletters and annual and quarterly reports, and maintains merger and acquisition databases, on the health care and senior housing markets. Financial events in the health care venture capital, private equity, public equity and merger and acquisition markets are reported in publications including, *Healthcare Corporate Finance News*, *Health Care M&A Monthly* and *The SeniorCare Investor*. For more information on publications by Irving Levin Associates, Inc., please call 1-800-248-1668, or visit www.levinassociates.com.

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