

Midwest Health Care Startups Attract Record Level of Venture Dollars in Third Quarter, 2008

Minnesota and Ohio Are Leading States

CLEVELAND, October 21, 2008 - Midwest health care startups reported a record-breaking \$455 million in new investments in the third quarter of 2008, according to the [BioEnterprise Midwest Health Care Venture Investment Report](#). The previous quarterly record was \$418 million in the second quarter of 2007. Year-to-date, 113 Midwest health care start-ups have attracted nearly \$900 million in venture investments.

"Despite the broader economic downturn, Midwestern health care start-ups continue to attract record levels of venture," said Baiju R. Shah, President of BioEnterprise. "The Midwest continues to thrive because the region has a strong health care technology and talent base that is just starting to be discovered by national investors. In addition, the health care sector is seen as recession-proof."

Minnesota and Ohio led all Midwestern states in health care investment, followed by Western Pennsylvania and Michigan. Minneapolis, Cleveland, and Pittsburgh led all regions. "States that have made substantial investments in growing their biomedical clusters are, not surprisingly, attracting the highest level of venture investments," said Shah. "Ohio, Michigan, and Pennsylvania have each invested several hundred millions in funding and plan to continue investing the same again to seed, build, and attract biomedical businesses."

By industry sub sector, the investment funding breaks down as follows:

- Medical device companies: \$462 million (52%)
- Biopharmaceutical companies: \$272 million (30%)
- Health care software and service companies: \$163 million (18%)

The Midwest Health Care Venture Investment Report includes all reported numbers. For complete state and Midwest region results, see the attached table.

To view additional data about Midwest health care business activity visit <http://www.bioenterprise.com/reports/index.html>.

Table: Midwest Health Care Venture Investment (By State)

State	Through Q3 2008		Through Q3 2007		Through Q3 2006	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.
Illinois	78.2	7	100.5	4	101.6	11
Indiana	69.1	5	129.3	8	25.6	8
Iowa	4.0	1	-	-	-	0
Kansas	15.4	5	-	-	-	0
Kentucky	17.9	4	31.6	4	51.4	4
Michigan	90.0	10	64.9	5	38.9	5
Minnesota	289.9	20	212.7	17	181.8	18
Missouri	25.8	6	69.6	7	39.2	9
Ohio	178.0	37	261.2	35	67.8	19
Western Pennsylvania	101.1	12	91.2	15	46.4	19
West Virginia	-	-	-	-	-	0
Wisconsin	27.5	6	39.7	9	11.5	5
Total	896.7	113	1,000.4	104	563.6	98

Table: Midwest Health Care Venture Investment (By Region)

Region	Through Q3 2008		Through Q3 2007		Through Q3 2006	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.
Chicago	78.2	7	100.5	4	101.6	11
Indianapolis	69.1	5	107.3	6	7.9	6
West Lafayette, IN	-	-	22.0	2	17.7	2
Iowa	4.0	1	-	-	-	-
Lexington, KY	4.5	1	0.9	1	40.0	1
Louisville, KY	13.4	3	5.7	2	11.4	3
Detroit-Ann Arbor	74.0	8	64.9	5	38.9	4
SW Michigan	16.0	2	-	-	N/A	1
Minneapolis	289.9	20	212.7	17	181.8	18
St. Louis	25.8	6	57.6	7	20.2	8
Kansas City	15.4	5	12.0	1	19.0	1
Cincinnati	19.2	2	61.0*	7	10.6	3
Cleveland	152.4	26	212.0	22	51.9	16
Columbus	6.4	9	13.2	7	5.3	10
Pittsburgh	101.1	12	91.2	15	46.4	19
West Virginia	-	-	-	0	-	0
Wisconsin	27.5	6	39.7	9	11.5	5
Total	896.7	113	1,000.4	104	563.6	98

*Includes a deal from Kentucky that is still in the Cincinnati metro region.

Sources: Compiled by BioEnterprise from Venture Wire, Private Equity Week, Wall Street Journal, Venture Source, SEC Filings, company press releases, www.biospace.com, and Midwest bioscience organizations and institutions.

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