

ONSET Ventures
2400 SAND HILL ROAD
SUITE 150
MENLO PARK, CALIFORNIA 94025
(650) 529-0700 FAX: (650) 529-0777
www.onset.com

For more press information contact:
Abigail Johnson/Paul Michelson
Roeder-Johnson Corporation
(650) 802-1850
<http://email.roeder-johnson.com>

*****FOR IMMEDIATE RELEASE*****

**REDUCING HEALTH CARE COSTS OFFERS REAL OPPORTUNITY FOR VENTURE CAPITALISTS, SAYS
ONSET VENTURES**

New Technologies Key to Reducing or Averting Crisis in the System in Coming Decade

MENLO PARK, CA - OCTOBER 6, 2008 - The partners at Onset Ventures believe that new medical technologies are crucial for helping to avert a crisis in health care in the U.S., and that in particular, technologies that directly reduce health care costs represent an outstanding opportunity for the venture capital community.

The crisis comes from dramatically rising demands for health care services, rapidly increasing costs, and the inability of the current system - particularly Medicare/Medicaid - to continue to pay these costs at the forecasted future levels.

Although health care has been a darling of U.S. venture capitalists in recent years, with investments hitting a record \$9.97 billion in 2007, new investments have been off sharply in the first half of 2008, with a 31% drop year over year, according to a July 19 Dow Jones Venture Capital Report. Moreover, investment in medical devices dropped 25% in the second quarter of 2008, when compared to the same quarter in 2007. ONSET believes that some of its colleagues in the industry may be overlooking a key opportunity.

"According to reports, health care spending in the United States reached \$2.3 trillion in 2007, and is forecast to reach \$4.2 trillion by 2016 - 20% of GDP," said Rob Kuhling, managing director at ONSET. "Over the same period, Medicare expenditures will increase faster than salaries and GDP. The Hospital Insurance trust fund, which at the end of 2007 stood at \$326 billion, is being increasingly eaten away by revenue shortfalls, such that it is expected to be bankrupt in slightly over ten years."

Simplistically, Kuhling said, there are two non-exclusive approaches to solving this crisis - increase funding to the programs, and/or decrease the cost of and need for services and procedures. Funding discussions Kuhling and his partners will happily leave to the legislators, but decreasing costs - there is an opportunity for innovation and investment, he said.

"Anything you can do to shorten the stay in a hospital, reduce complications, manage chronic disease more effectively, shave time off of high-volume procedures, or change care settings from a high-cost to a low cost environment, you have the opportunity to reduce the financial demand on the health care system," added Leslie Bottorff, managing director at ONSET. "This is a very appealing goal."

As a case in point, Bottorff described several recent ONSET investments.

One portfolio company, Apieron, came up with a way for physicians to instantly measure the level of inflammation in a chronic asthma patient's lungs, with a conceptually-simple breath monitor. The information obtained then allows the physician to fine tune the patient's medication. "When you consider that fully 25% of all emergency room visits in the United States are for asthma attacks," said Bottorff, "the opportunity for cost savings are profound." Bottorff expects that the technology will eventually result in home-use devices, so that asthma sufferers will be able to self-regulate their meds, much as diabetics do with previous technology breakthroughs, and significantly reduce costly office and emergency room visits.

Another ONSET company, Access Closure, has focused upon the nearly instant closure of an artery after catheterization, using an injectable sealant. Mechanical closure devices, first introduced in the mid 90's, helped to get patients ambulatory and on their way home in an hour, versus up to a half-day of inpatient, supervised bed rest. But Access Closure's technology can cost even less, and reduce the post procedure observation to mere minutes with greater patient safety and comfort.

Finally, technology from a third ONSET investment eliminates the need to open a patient's chest to replace a calcified aortic valve, a disease that has a one-year mortality rate, if untreated, from the onset of symptoms of 50-60 percent. Instead, a device developed by portfolio company Sadra will allow the surgery to be performed through an artery with a catheter. Commented Bottorff: "The significant risk reduction and simpler procedure will result in substantial reductions in surgical and support costs, complications, and hospital stays."

Agreement among politicians on solutions to the Federal health insurance problem may be in short supply, they both agreed, but definitely not lacking are innovative ideas from entrepreneurs. "Pulse oximeters, implantable defibrillators, angioplasty balloons, blood glucose monitors, and embolic protection devices were all products of entrepreneurs and were developed by venture capital startups," said Kuhling. "At ONSET, we are amazed by the non-stop creativity and entrepreneurship among medical and technology professionals in this country, and when that is combined with a profound market need - such as significant health care cost reduction, it is a real formula for success."

A formula that ONSET is dedicated to follow.

About Onset Ventures

ONSET Ventures specializes in providing an ideal mix of start-up, follow-on, and intellectual capital to entrepreneurs and early-stage technology ventures, to help transform world-class ideas into sustainable and valuable businesses, through a process of "venture craftsmanship." The firm has backed over 100 companies since 1984 and now has more than \$1 billion under management.

ONSET's venture craftsmanship, refined over 24 years, includes a highly-optimized tool set for risk and capital management, and a *shirt-sleeves style* of active collaboration with entrepreneurs that leverages the firm's substantial operating experience. That collaboration frequently begins before the closing of any financing, and typically continues throughout the life of the venture. This approach, which has become the hallmark of the firm, has resulted in a crafting of ventures that have consistently met their operational and financing milestones. In addition, it has resulted in a franchise that not only brings successful, serial entrepreneurs back to ONSET Ventures time and again, but also attracts investors who want the increasingly rare opportunity to participate in very early stage venture investing.

ONSET Ventures focuses exclusively on information and medical technology-based start-ups, and has a long history of successful ventures in each of these sectors.

-30-

Editors, note: All trademarks and registered trademarks are those of their respective companies.

Additional background information is available at www.roeder-johnson.com.