

FOR IMMEDIATE RELEASE

Media Contacts:

Tom Gibson
216-881-9376
tgibson1@ameritech.net

MORGENTHALER TO EXPAND HEALTH CARE INVESTING WITH LATEST FUND

NAMES NEW BIOTECH VENTURE PARTNER

Menlo Park, California. August 6, 2001. Morgenthaler, a leading venture capital and buyout firm, announced today that its new \$850-million Morgenthaler VII Fund is targeting a significantly higher number of health care investments than made by its previous fund.

In the decade of the 1990s Morgenthaler committed \$139-million to health care ventures, including five in its previous fund of \$570-million. The firm expects to at least double the number of early stage venture investments, as well as to increase the level of managed buyout investment activity in the health care sector.

"Morgenthaler has remained consistent in its belief that health care investing adds an important dimension to a balanced fund," notes Robert (Robin) C. Bellas, the Morgenthaler general partner who heads the firm's venture health care practice. "While many firms abandoned health care during the years of dot.com excess, Morgenthaler continued to identify and invest in a select group of health care companies with well above average potential. These include pharmaceutical companies like Ancile Pharmaceuticals, medical device companies like Thermage and NeoThermia and health care service providers like Third Millennium and Inpatient Consultants."

Bellas noted that key trends now favor additional health care investing. These range, he said, from more powerful genomic tools that could provide the technological foundation for new companies to the growing push by health care providers to outsource non-core functions that could form the basis for both early stage ventures and later stage consolidations.

"The combination of our higher capital allocation, our ability to invest independent of stage, and the addition of our new venture partner," Bellas said, "will enable us to expand our health care position."

The new venture partner is Ralph "Chris" E. Christoffersen, former CEO of Ribozyme Pharmaceuticals, a Morgenthaler portfolio company based in Boulder, Colorado. Christoffersen will help expand the firm's investments in biotechnology.

Before his CEO role at Ribozyme, Christoffersen served as senior vice president of research at SmithKline Beecham, as well as vice president of discovery research at The Upjohn Company, and president of Colorado State University. Christoffersen received an honorary doctor of law degree from Cornell College in 1983, the "Outstanding Research of Year" Award from the International Society of Quantum Biology in 1981, and the "W. E. Upjohn Award" for contributions in biotechnology in 1988. He received his bachelor's degree in chemistry and mathematics from Cornell College, and Ph.D. in chemistry from Indiana University.

About Morgenthaler

Morgenthaler, a leading venture capital and buyout firm, was founded in 1968. The firm focuses on early-stage technology investments as well as later-stage management-led buyouts. The firm has been actively investing in healthcare since the 1980s. Past healthcare investments include Perclose, Medaphis, Vical, CardioThoracic Systems, and Ribozyme Pharmaceuticals. Current investments include Ancile Pharmaceuticals, Calyx Therapeutics, Coalescent Surgical, Inpatient Consultants, NeoThermia, Thermage, and Third Millennium Healthcare Systems. With its new fund, the firm will have a total of \$1.8 billion under management