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Battelle Ventures Spins Out Medical Device Company from UPenn

Princeton, N.J., June 20, 2006 – Battelle Ventures, L.P., and its affiliate, Innovation Valley Partners, are the sole investors in a \$2.5 million Series A financing of Endovalve, Inc., a cardiovascular device company developing a *percutaneous* valve-replacement system to treat mitral regurgitation (MR) without open-heart surgery.

The patent-pending system to deal with this progressive, life-threatening condition was created by a University of Pennsylvania team headed by Dr. Howard Herrmann, a renowned interventional cardiologist at the university.

Explains Dr. Robert Wilkins, Endovalve's CEO: "Heart valves are flaps of tissue that ensure that blood entering or leaving the heart moves in the proper direction, with no backflow, or regurgitation. One of four heart valves, the mitral valve separates the left upper chamber of the heart from the left lower chamber; when it fails to properly close, blood regurgitates, resulting in decreased blood flow to the body, making the heart pump harder to try to compensate.

"Some degree of mitral regurgitation is found in almost 20 percent of men and women 55 years or older who undergo echocardiograms," continues Wilkins, who was tapped by Battelle Ventures to become Endovalve CEO after being a consultant to the firm for several years. "About four million people in the United States have significant mitral-valve insufficiency, and each year close to 40,000 patients undergo open-heart surgical repair or replacement of the valve.

"Because of the risks of open-heart surgery, the vast majority of sufferers, however, do nothing," adds Dr. Wilkins, who has been medical director in the Hospital Products Division of Abbott Laboratories and deeply involved in medical-device product development at Baxter Healthcare, Physiometrix and Datascope. "Even among those with severe cases, only about 25 percent undergo valve repair or replacement surgery."

Says Battelle Ventures General Partner Tracy Warren, "With Endovalve's new valve-replacement system, many more sufferers would not have to defer treatment until the disease becomes critical or a serious cardiac event takes place. The Endovalve 'percutaneous' approach will provide not only a better, safer alternative to current treatments, but also will provide a better alternative to doing nothing."

Percutaneous medical procedures, she explains, are performed by passing a variety of devices "through the skin," with no open surgery necessary. The mitral-valve-replacement procedure developed by Endovalve "will be done by inserting the valve through a groin vein, similar to a routine cardiac catheterization."

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The procedure, she continues, “will not require opening the chest cavity, mitigating the inherent risks of cardiac surgery and cardiopulmonary bypass, including death, stroke, heart attack and kidney failure. Recovery will be faster, hospital stays shorter and costs reduced.”

About competition and the market, Warren says, “Percutaneous *repairs* of the mitral valve, using currently available techniques, are not yet able to fully reproduce the complex techniques of surgery, and there is *no* current percutaneous procedure to *replace* the mitral valve.

“We see a large market opportunity because the Endo valve system would not only be used to treat thousands of patients who would otherwise undergo open-heart surgery today, but also would be used in patients who are too sick to undergo surgery, or who are not yet sick enough to justify the risks of cardiopulmonary bypass. So, that means a whole new market opportunity on top of the existing one,” she says, adding that Endo valve is in the process of demonstrating the system’s feasibility. This effort, she projects, could be completed in about a year.

“If all goes according to plan, we expect that by 2012 interventional cardiologists will be recommending Endo valve system to patients,” says Warren, who notes that during the early stages of development, Endo valve is operating out of Battelle Ventures’ offices. “We are acting as both funding source and incubator for the company.”

In addition to housing Endo valve and finding its CEO, Battelle Ventures also sourced the start-up’s R&D advisor. Warren explains: “Because Battelle Memorial Institute (BMI) is our sole limited partner we have access to significant engineering and project management talent. In this case, BMI has enabled the vice president of Medical Device Solutions in its Health and Life Sciences Division, Todd Tomba, to assist Endo valve in the selection of its contract R&D firm, and to continue to support Endo valve in a research and development supervisory capacity.

About Battelle Ventures

Battelle Ventures, L.P., is an independent \$150-million venture fund that invests in technology companies at many early stages of development. The fund, which is based in Princeton, N.J., and its affiliate fund, Innovation Valley Partners, which is based in Tennessee, actively seek to invest in companies in the following five key areas: life sciences; information technology; homeland security; energy; and advanced materials/nanotechnology.

Battelle Ventures enhances and adds value to its portfolio companies by leveraging the technologies and expertise of Battelle Memorial Institute and the National Laboratories it manages or co-manages for the U.S. Department of Energy.

For more information about Battelle Ventures, go to www.battelleventures.com.

Note: The Endo valve device is in the early stages of design development and has not been approved for clinical use nor has an Investigational Device Exemption (IDE) been filed. No clinical studies have yet been planned or initiated.

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