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EDF Ventures Portfolio Company Direct Flow closes on \$40 Million Financing

Ann Arbor, MI -- Direct Flow Medical, an EDF Ventures-backed company, has raised a \$40 million Series C financing to help pay for additional human trials aimed at getting their prosthetic aortic valve approved for the European market in 2011.

EDF Ventures, who provided the initial seed financing for Direct Flow in 2004, was joined by New Leaf Venture Partners, Spray Venture Partners, Foundation Medical Partners, VantagePoint Venture Partners, ePlanet Venture Partners and other investors who funded Direct Flow in the past.

“This financing confirms our belief in the strategy of helping early-stage healthcare firms,” said Mike DeVries, Managing Director of EDF Ventures and Chairman of the Board. “Based on the initial clinical trial in Europe, Direct Flow appears to have a device that provides a number of clinical benefits.”

Direct Flow’s valve is delivered on the tip of a catheter, a thin tube inserted into a patient’s artery. The device is snaked through the artery to the heart, where it is expanded in place of the old valve. The technique avoids open-heart surgery, which stops the heart, carries risk of complications and requires long recuperation.

Analysts predict a multi-billion-dollar global market for such products, which could be used to repair the heart valves of thousands of patients who are too sick for more invasive procedures.

Two large medical device makers — Medtronic and Edwards Lifesciences — have similar products for sale in Europe. But so far, the technology hasn’t been approved for the U.S. market. Medtronic, which has a cardiovascular facility in Santa Rosa, is hoping to have two versions ready for U.S. approval in 2014. Edwards, which is conducting the only clinical trial so far in the U.S., could have a device on the domestic market in two years.

Direct Flow was founded in 2004 and has 75 employees at its Santa Rosa headquarters and a second location in Orange County.

The startup has raised \$75 million to date.

“The private equity deal is a vote of confidence for Direct Flow’s technology — especially in today’s tough economy,” said Bernie Lyons, Direct Flow’s CEO. “It shows we’re on track with our development and that we have a very unique and proprietary solution,” he added.

Direct Flow’s valve is supported by an inflatable fabric cuff that fits snugly in the aortic opening, minimizing leaks, the company said. It’s also easy to place in the right position, Lyons said. The valve itself is made from bovine tissue.

The device performed well in its initial human trial with 31 patients in Europe, doctors said at a medical conference in September. The company hasn’t set a target date for getting approval in the U.S., Lyons said.

About EDF Ventures

EDF Ventures provides capital and leadership assistance to entrepreneurs with proprietary technology and a passion for building a company to uniquely meet the needs of a sector of the healthcare market. Located in Michigan, EDF invests throughout the country and is proud of its ability to attract as syndicate members several of the nation’s leading healthcare venture investors. The EDF portfolio includes companies developing medical devices, clinical diagnostics and pharmaceuticals. Several of the EDF companies have their roots in universities. EDF manages three funds with approximately \$175 million under management. Visit www.edfvc.com for more information.

About Direct Flow Medical, Inc.

Founded in 2004, the Company is headquartered in Santa Rosa, California, has a second manufacturing facility in Lake Forest, CA and employs approximately 75 people. The Company’s unique implant design is not limited to aortic valve disease but is readily applicable to mitral and other heart valve anatomical sites as its placement and security in an annulus is not dependent on calcium. Direct Flow Medical has raised a total of \$75M to date and is funded by EDF Ventures, New Leaf Venture Partners, Spray Venture Partners, Foundation Medical Partners, Johnson & Johnson Development Corporation, Vantage Point Venture Partners and ePlanet Ventures. Visit www.directflowmedical.com for more information.