



**MEDICAL CAPITAL  
GROUP**

Singular focus.  
Interdisciplinary approach.





# Medical. Healthcare. Period.

**MEDICAL CAPITAL GROUP** provides capital and investment banking services to investors and entrepreneurs in the medical and healthcare industry, and only that industry. Our specialized knowledge allows us to identify opportunities based on strength of technology, competitive advantage, size of market, and potential margin upon commercialization. With an interdisciplinary team approach – financial, clinical, scientific, and business – we create the optimal environment for a medical innovation’s long-term success.

More people are living longer, and expect those years to be active. This well-documented shift in demographics makes the medical industry ripe for investment. Medical Capital Group offers two opportunities to invest with intelligence in this highly-technical market. Our Incite Medical Funds are venture capital and private equity vehicles that allow you to participate in a select handful of proprietary nascent stage investments. Or you can invest in Medical Capital Group the company to participate in all our funds and investment banking activities.

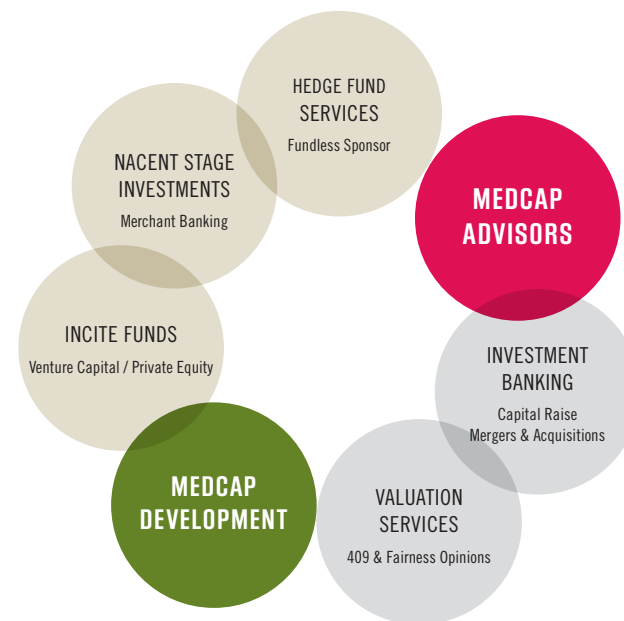
MedCap Group develops opportunities at every stage of the investment lifecycle, but our goals are always the same: reliable returns for investors, widespread product adoption for innovative firms, and improved health and quality of life for patients. We believe that when medicine moves forward, everybody wins.

### Success in the medical industry demands expertise.

On one hand, medical innovations are often greeted with widespread enthusiasm. On the other hand, they face many daunting challenges on their way to market. It is a business like no other. That is why in



Medical Capital Group services the entire investment lifecycle

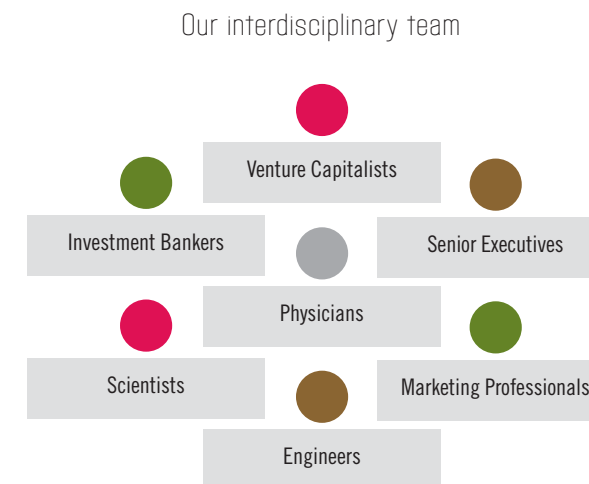


a world of “one-stop-shopping” investment banks, Medical Capital Group’s expertise gives investors such a tremendous advantage.

Our singular focus gives us unique insight into the business, science, and financial strategies of the medical marketplace. Our deep understanding of diseases, treatments, standards of care, the regulatory environment, and intellectual property completely sets us apart. At MedCap we are specialists. And because of that we capitalize on opportunities others miss, get results where others fail, and make superior decisions on behalf of our investors.

### An Interdisciplinary approach to getting results.

Much like a tree, there are many factors that must be in place for a medical innovation to properly develop and thrive. Success in this market requires more than just investment of money, but also time, resources, and expertise.



We are highly regarded as the only firm of our kind staffed by such a diversity of talented specialists. Many are experienced entrepreneurs who have founded and run medical technology companies. So when you work with MedCap, you are able to see the same opportunity from multiple expert points of view.



The MedCap team is lead by founder Christopher Velis, Chairman and Chief Executive Officer, and John Brooks III, President and Managing Director. Combined they

have nearly fifty years of healthcare and technology investment experience and have executed hundreds of transactions. Their experience proves invaluable for the most complex and challenging projects.

Beyond our leadership and stellar team, we are in constant contact with a global network of doctors, scientists, engineers, division heads, and senior executives; leaders whose decisions impact our investments and investors. In short, we don’t just observe the market, we take an active role in defining it.

We pride ourselves on bringing this interdisciplinary approach to the entire lifecycle of our investments. Because no matter how much potential an innovation has to improve health and quality of life, it needs all the pieces in place – capital, resources, expertise – at every step of the way in order to succeed. This is the Medical Capital Group advantage.



# We build businesses around innovations.

**MEDICAL CAPITAL DEVELOPMENT** forms collaborative, equitable partnerships with individuals and institutions who have discovered effective therapies and technologies that completely disrupt the market.



## Genuine partnerships, in word and deed.

There is a simple reason top hospitals, universities, scientists, physicians, and engineers come to MedCap to turn their discoveries into businesses – fear.

Here's an example, a university lab makes a truly significant medical discovery. Think of what that could mean to the institution's future in terms of money, prestige, grants, and its ability to recruit students and notable faculty. They are terrified of not getting it right. What's more, they're not in the business of building businesses, so they need to find a partner. Of course that decision is based upon a proven record, but a pristine reputation is key. In both regards, MedCap excels.



Our relationships operate in mutual interest with economic equality and transparency. We want our partners to profit from their discoveries, and we put it writing. Why are we the only firm that does this? We have no idea. But because we do, we've forged lasting relationships with many of the most gifted innovators and prominent institutions. Being ethical is smart business that creates a flow of outstanding opportunities for MedCap's investors.

## We work hard. Then we work more.

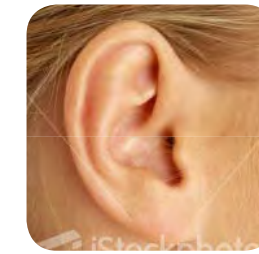
At MedCap, our partners get one-on-one attention. We are not an incubator of shared resources. Far from it. To work with us, we must accept the project – and the criteria is extremely stringent. But once accepted, we will give it everything we've got.

Our interdisciplinary team explores and analyzes how best to bring the product to market. We are adept at the entire process, including establishing solid IP and patent positions, as well as recruiting CEOs, management teams, and board members. Product development and marketing strategies are written and rewritten. Business models are built, torn down, and built again until finally we have a comprehensive business plan. Then we get feedback from our proprietary network of medical and business leaders and revise some more. We don't stop working until all the partners, and the best minds we know, agree it is perfect.

## Resources to focus on "R," while we work on "D."

Innovators come to us to handle the business side. That includes seed financing, but also all the distracting details that can bring research and cash flow to a grinding halt. We have all the practical infrastructure in place: office space, laboratory access, IT support, investment banking, support staff, payroll, etc. Everything. From day-one the business hits the ground running with its innovators focused on their discovery.

## Auris Surgical Robotics



Auris is a joint venture with Columbia University's Department of BioEngineering. Columbia has committed IP, engineers, and lab space to the development of robotic

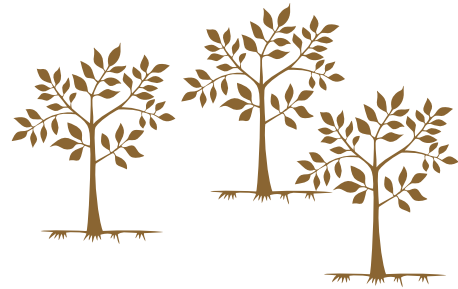
devices for precision ear and eye surgery. This technology enables surgeons to perform procedures that would otherwise be extremely high risk or even impossible.

MedCap Development has provided seed financing, recruited experienced senior executives, and developed comprehensive strategic and commercialization plans. This project is well on the way to being a success for Columbia and MedCap's investors, and a near miracle for patients who've lost their hearing or are at risk for blindness.



# An intelligent way to invest in a complex industry.

**THE INCITE MEDICAL FUNDS** are private equity and venture investment funds designed to give investors access to an industry full of opportunity and complexity. Medical technology is a \$500 billion global industry growing in excess of 10% per year. Even in a weak economy, the strength in demand for new products has pushed acquisition prices to ever-higher levels. The challenge for investors is that to understand the technologies and recognize the opportunities. That takes the insights of doctors, scientists, and engineers. And that's exactly what MedCap's Incite Funds give you.



## A market rich with opportunities, if you can find them.

Over the past ten years, much of the innovation in this market has been achieved by smaller, widely scattered, privately held companies. Very little information is publicly available about these companies, and only a few are followed in an organized manner by the investment banking community or other private equity funds. Often, the first investors hear of them is when they are acquired by larger strategic companies. Then it's too late. In fact, 90% of exits are M&A rather than IPO.

Due to our reputation, expertise and global network of contacts, Medical Capital Group enjoys significant high-quality deal flow. Many come to us for preliminary advice. That puts us in the position to seize undervalued opportunities that no other firms

know about because they haven't even happened yet. MedCap has direct access to management teams, owners, detailed business plans and management projections. We maintain a propriety database of more than 6,500 private firms. We participate in more than 30 professional meetings and conferences every year. We understand this industry from the inside.

## We know these are great investments because we helped make them great.

Action not algorithms. We are deeply engrained in every company the funds will invest in. There is nothing passive about our approach. We cultivate our proprietary investments with capital, resources and interdisciplinary expertise to ensure they bear fruit. For us private equity is sweat equity.

Yes, we have an exceptional track record in selecting investments. But investments don't garner a return until they are sold. So each investment is driven by an exit strategy with a strategic partner with whom we have an open dialogue. What sets MedCap Incite Funds apart is how we are constantly paving the way to a premium exit throughout the entire lifecycle of the investments.



## Focus within focus.

These funds are being established to primary target effective treatments of degenerative diseases for a growing and aging world population. Unlike other venture funds, the Incite Funds will define 50% of their portfolios before the first dollar is invested. Companies will cross subsectors of devices and healthcare services, and each will be proprietary to MedCap. However, investors will have the opportunity to review principle investments prior to capital commitment.

## Insulet



In true entrepreneurial fashion, John Brooks and a colleague conceived of a disposable insulin delivery system on a napkin during a flight from the West Coast in

Spring of 2000. A business plan was created, and Prism, the venture capital firm that John is a founder of, made an initial seed investment in August of 2000.

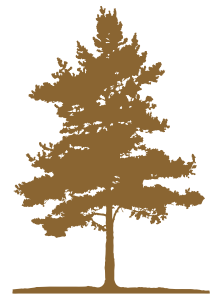
The company raised over \$100M in five rounds of financing as it matured into a major player in the insulin pump business. Insulet went public in the spring of 2007, resulting in an over 600% return to the Prism investors.





# Invest in our unique approach to investing.

**INVESTING IN MEDICAL CAPITAL GROUP** the company is another way you can benefit from our unique approach and respected position in the medical industry. You will participate in all iterations of the Incite Medical Funds. But you will also be part of all our business activities, including our well-established and highly successful investment banking and consulting practice, Medical Capital Advisors.



## Medical Capital Advisors – the core of our business.

MedCap Advisors provides sophisticated strategic and investment banking advice to leaders in the medical technology sector. It is a full-service practice that provides the highest level of market insight to firms who wish to gain access to capital through merger, acquisition, private equity/venture capital financing, valuation services, or strategic partnership. In short, we help generate premiums for companies seeking exits and shareholder liquidity.

Because of our reputation as industry specialists, and track record for results, we enjoy tremendous deal flow. Clients know we understand their company's technology, strategy, and industry position. They also know that we have wide-spread and deep relationships with major strategic buyers around the globe.

We are expert matchmakers, aligning objectives and completing even the most complex transactions.

## A hands-on approach to self-generating growth.

We believe the result of a transaction takes shape long before the transaction occurs. Our interdisciplinary approach puts a company in the best possible position. Working so closely, quite often bonds are stuck between us and the exiting management team. When the transaction is complete, it is not unusual for us to place this proven CEO into one of MedCap Development's investments. And they build success again. Only this time with more experience, and much to the benefit of MedCap investors.

## All the elements of a smart investment.

A unique and effective approach that disrupts the industry. A stellar reputation. Proven management backed by a team with diverse expertise. A broad base of clients and services. An established and rapidly growing revenue stream. A clearly mapped path to industry leadership. Every element that you look for to judge an investment you'll find in Medical Capital Group. Invest in us and grow with us.

### STRATEGIC BUYERS

- . ArthroSurface
- . Biomet
- . Covidien
- . Genzyme
- . Johnson & Johnson
- . Medtronic
- . Olympus
- . Orthofix
- . Stryker
- . Synthes
- . Zimmer

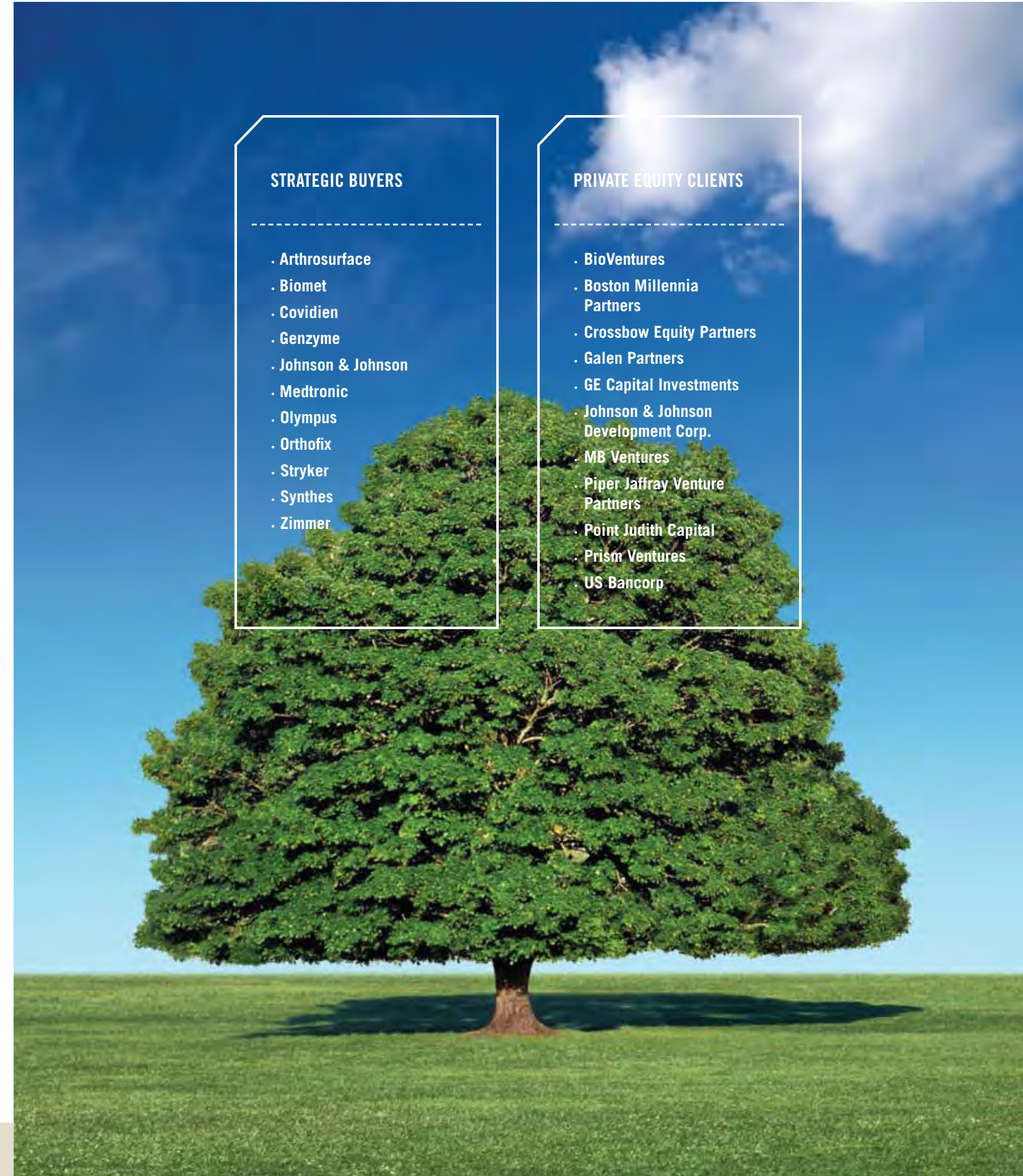
### PRIVATE EQUITY CLIENTS

- . BioVentures
- . Boston Millennia Partners
- . Crossbow Equity Partners
- . Galen Partners
- . GE Capital Investments
- . Johnson & Johnson Development Corp.
- . MB Ventures
- . Piper Jaffray Venture Partners
- . Point Judith Capital
- . Prism Ventures
- . US Bancorp



MEDICAL CAPITAL  
ADVISORS

INVESTMENT BANKING AND CONSULTING



### Christopher J.P. Velis

Founder, Chairman & CEO



Prior to founding Medical Capital Group, Mr. Velis was a founding partner, board member, and managing director at HealthpointCapital, a \$200M private equity fund and merchant bank specializing in medical technology investments. Prior to that, he was head of Medical Technology Investment Banking at Brown Brothers Harriman & Co. There, he was instrumental in the creation and growth of that practice as well as sourcing and structuring the firm's three private equity and mezzanine funds. Previous to Brown

Brothers, he was a Partner at Mirus Capital Advisors, and began his career in Corporate Finance at Merrill Lynch.

Mr. Velis holds series 7 and 24 licenses with the NASD, and a BA in Economics from the University of Massachusetts at Amherst. He has an MBA from the Boston University Graduate School of Management, where he has been a guest lecturer on strategy and entrepreneurship for seven years. He is also frequent speaker at international medical industry conferences.

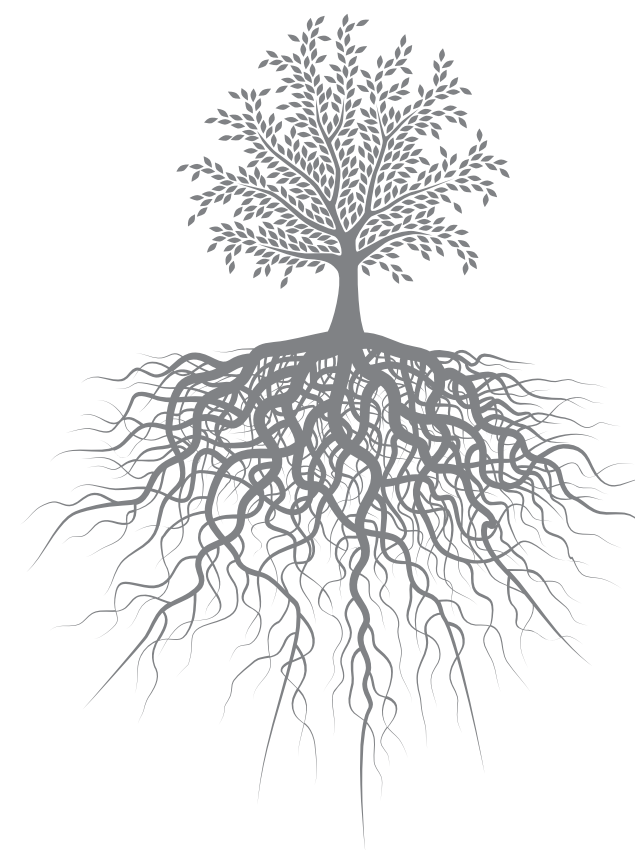
### John L. Brooks III

President and Managing Director

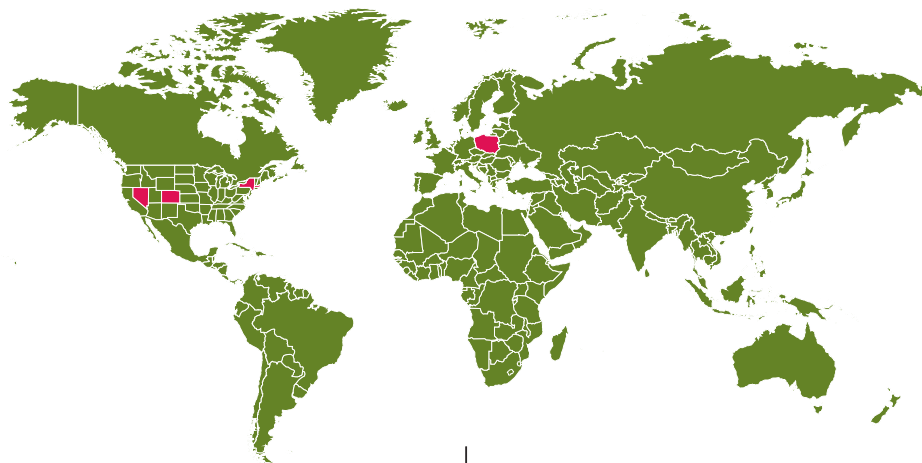


Prior to Medical Capital Group, Mr. Brooks was a founder of PrismVentureworks. He was responsible for healthcare investments for Prism's six funds, aggregating over \$1.25B. Mr. Brooks is currently on the Board of Directors of Confirma, MedManage Systems, Uptake Medical, and Optiscan. Previous to Prism, Mr. Brooks served as a General Manager at Pfizer/Valleylab where he developed and executed a strategy for minimally invasive surgery. With Pfizer/Strato, he led the growth of an evolving vascular access business.

Mr. Brooks has co-founded three paradigm-shifting life sciences start-ups -- Songbird Hearing, Locus Pharmaceuticals, and Insulet. He is a member of the Board of Associates for the Whitehead Institute, is on the Draper BioAdvisory Board, and is the Vice Chair and Finance Chair of the Joslin Diabetes Clinic. He is also a member of MassMedic's Ignite board, as well as the M2D2 Medical technology initiative. Mr. Brooks holds an MS in Business and a BBA cum laude from the University of Massachusetts at Amherst. He is a CPA and a Certified Financial Planner.







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