



Arterioocyte Medical Systems, Inc.

For Immediate Release:  
October 25, 2007

**Arterioocyte Medical Systems, Inc., Launched by DW Healthcare Partners**

*Building on Leading Stem Cell Therapy Platform, Company Raises \$10 Million in New Capital*

**Cleveland, OH, October 25, 2007** – Arterioocyte, Inc. and DW Healthcare Partners, today announced the formation of Arterioocyte Medical Systems, Inc., launching the company with a \$10 million growth capital investment. Building on Arterioocyte’s stem cell therapy platform, the new company will develop and market novel medical products to improve patient outcomes in cardiac, orthopedic and vascular surgeries; in addition, the new company will acquire market-leading products that have significant growth potential beyond their current use.

Don Brown will serve as the Chief Executive Officer for Arterioocyte Medical Systems. Mr. Brown has over 16 years of accomplishments in the health care industry including running a \$2.5 billion dollar prescription allergy franchise at Schering Plough. He brings to the company extensive P&L management experience including business development and operations management, as well as sales and marketing, disease management, and managed care contracting.

Since June of 2004, Mr. Brown has served as Chief Executive Officer of Arterioocyte, a leading stem cell therapy company founded in collaboration with Case Western Reserve University and the National Center for Regenerative Medicine. The company is the first stem cell therapy company in the U.S. to gain FDA clearance to enter human clinical evaluation of catheter-based delivery of adult derived stem cells (hemangioblasts) to treat chronic ischemia. He has built Arterioocyte’s cell therapy intellectual property portfolio, and successfully funded Arterioocyte’s pre-clinical and clinical development. Arterioocyte has attracted \$3.8 million to date in seed investments and development grants, including significant support from the State of Ohio’s Third Frontier Program. Prior to joining Arterioocyte, Mr. Brown worked at Viacell, where he successfully grew the company’s family cord blood preservation business into the market leading service, quadrupling sales in less than two years.

“Arterioocyte Medical Systems represents a significant expansion of our continuing strategy to acquire and develop leading clinical technologies for the medical marketplace,” said Mr. Brown. “We are excited to partner with one of the country’s leading healthcare private equity firms—DW Healthcare Partners. With their support, we can pursue a more aggressive growth and development strategy.”

In addition to Mr. Brown’s appointment, the company announced that Jay Benear, M.D., Rod Boone, and Doug Schillinger from DW Healthcare Partners will join the Board of Directors at Arterioocyte Medical Systems, immediately bringing significant healthcare management and investment experience to the company. Doug Schillinger, Arterioocyte Medical System’s Board Chairman, stated “We are excited to be partnering with a seasoned health care executive of Don Brown’s caliber to lead this new company to develop and drive the rapid adoption of the company’s products. We are very impressed with Arterioocyte’s product and technology portfolio, and the development of the company under his leadership.”

Jay Benear, MD is a founder and Managing Director at DW Healthcare Partners. He is a clinically trained oncologist who worked for and then led Cancer Care Associates merger with US Oncology in 1995. Under his leadership, CCA and then US Oncology grew from 15 to 42 doctors in four cancer centers, to almost 900 physicians treating 9000 patients and generating over \$100 Million in net revenue in 2000. From 1975 until the creation of DW Healthcare Partners, Dr. Benear has worked on more than thirty investments in various healthcare sectors. Dr. Benear is a trustee of DreamWeaver Foundation, and has served as a trustee or board member for the Leukemia Society of America and the American Cancer Society.

Rod Boone brings over 20 years of experience growing, building and operating healthcare companies. Prior to joining DW Healthcare Partners, Rod was President and CEO of Royce Medical Holdings, a private equity owned orthopedics manufacturer with multiple manufacturing sites in New Jersey, Taiwan, China and California. In August of 2005, Royce Medical was sold to Ossur, a European orthopedics company for \$216M in a cash transaction. Before, Royce Medical, Rod was President and CEO of Syncor Pharmaceutical Services a \$700M division of Syncor International with over 2200 employees. While CEO of Syncor Pharmaceutical Services, Mr. Boone launched five new businesses and grew the division from \$489M to \$700M in two years. In January 2003, Cardinal Health acquired Syncor for \$1 Billion. Prior to Syncor, Rod also held senior leadership positions at Allegiance Healthcare, and Baxter Healthcare.

Before joining DW Healthcare Partners in March 2005, Doug Schillinger worked for Bain & Company, a leading international strategy consulting firm. While there, he led strategic due diligence efforts as part of Bain's Private Equity Group. He evaluated investment opportunities in a number of industries and functions including healthcare services, consumer products and industrial manufacturing and assessed potential deals ranging in size from \$20 million to \$2 billion. Prior to Bain & Company, Mr. Schillinger worked with Accenture, an international consulting firm focused on information technologies and process reengineering where he led several large scale IT implementations and reengineering projects for Fortune 500 clients.

### **About DW Healthcare Partners**

DW Healthcare Partners is a leading private equity firm focused exclusively on the healthcare industry. DW has over \$200 Million under management and is led by five seasoned healthcare executives with more than 100 years of combined industry experience. DW provides the capital, strategic guidance and acquisition expertise to accelerate the growth of leading healthcare products and businesses with proven management teams. DW has invested in numerous life science companies, and has successfully leveraged the extensive research, operating, and financial expertise and experience of its team of investment professionals. DW's current portfolio investments include Pentec Health, Hill Top Research, Tandem Labs, and Verathon.

### **About Arterioocyte, Inc.**

Arterioocyte, a clinical stage biotechnology company located in Cleveland, Ohio and Hopkinton, Massachusetts, is developing proprietary, cellular-based therapeutics. The Company spun out of Case Western Reserve University in 2004 and is based upon research utilizing stem cells to stimulate angiogenesis (new vessel growth). Arterioocyte develops cellular therapies using multiple sources of adult derived stem cells (marrow, peripheral blood and umbilical cord blood) to treat diseases where ischemia is the cause or a contributing factor in the disease progression.

**ARTERIOCYTE**  
*MEDICAL SYSTEMS*

Roberts Mitani, LLC ([www.robertsmitani.com](http://www.robertsmitani.com)) acted as investment banker and placement agent on behalf of Arterioocyte in this transaction.

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