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Battelle Ventures Invests in BioNanomatrix, Leading the DNA-Analysis Company's \$5.1-million Series A Funding Round

PRINCETON, N.J., March 26, 2008 – Battelle Ventures, LP, has led the \$5.1-million Series A funding round of BioNanomatrix, Inc., a Philadelphia-based company developing and commercializing nanoscale, single-molecule imaging and analytic platforms designed to dramatically reduce the time and cost needed to analyze the genome.

The round was joined by Battelle Ventures' affiliate fund, Innovation Valley Partners, and by KT Venture Group (the investment partner of KLA-Tencor). Seed investors Ben Franklin Technology Partners and 21Ventures also participated in the financing, through debt conversion.

“By applying its nanotechnology-based, single-molecule detection capabilities to the development of innovative products for genetic analysis and clinical diagnostics, BioNanomatrix has the potential to successfully commercialize a truly disruptive technology – one that could significantly reduce the time, complexity and cost dynamics of sequencing the genome and carrying out genetic analyses,” said Battelle Ventures General Partner Tracy Warren.

“Today, the high cost and complexity of obtaining and analyzing these data have greatly limited their broad utility for gene discovery, clinical diagnostics and pharmaceutical research and development, as well as for applying individual genomic data to disease prevention, diagnosis and treatment,” she continued.

“We believe that the breakthrough BioNanomatrix technology has the potential to fundamentally change the current marketplace dynamic, enabling widespread adoption of genomics-based medicine,” she said.

“BioNanomatrix's whole genome imaging and analysis technology enables nanoscale identification and analysis of the entire genome, delivering single-molecule sensitivity in a highly parallel, high-throughput format,” explained BioNanomatrix CEO Michael Boyce-Jacino. “We are developing analytic platforms based on this technology that will rapidly and cost-effectively provide ultra-high-resolution analyses of genomic, epigenomic and proteomic information.”

Dr. Boyce-Jacino noted that the company has received several federal product-development grants and also is collaborating with a leading global life sciences firm to apply its analytic technology for near-term R&D applications.

“The most exciting application for BioNanomatrix’s technology, though, may be its potential to dramatically slash the cost of whole genome sequencing and analysis,” said Warren.

“The marketplace has been clamoring for significant reductions in genome sequencing and analysis costs, with such publicly declared targets as *the \$1,000 genome*,” she said. “But BioNanomatrix has the potential to significantly leapfrog these ambitious cost goals, targeting a system that can sequence the genome in eight hours at a cost of just \$100.”

Warren noted that BioNanomatrix was recently awarded an \$8.8-million federal grant with its collaborator Complete Genomics, Inc., to develop a system capable of producing *the \$100 genome*.

“Achieving this combination of speed, accuracy and cost reduction could transform the use of genomic analysis,” she continued, “making it a practical vehicle for a widely expanded range of applications.”

“BioNanomatrix’s nanoscale technologies make possible the cost-efficient manufacture of nanochips that are compatible with off-the-shelf optics,” explained Dr. Boyce-Jacino, “allowing the company to develop advanced analytic systems at a moderate cost.”

A key contributor to the company’s advanced technology is its proprietary chips, he said. “Their tiny nanochannels make it possible to individually observe, identify and assess long, intact molecules of DNA, epigenetic markers and other proteins on a single-molecule basis,” he said. “At the same time, the technology also is designed to operate in massively parallel formats, allowing for large-scale multiplexing and ultra-high-throughput capacity.”

Said Warren, who joins the company’s Board of Directors: “The wonderful thing about BioNanomatrix from an early-stage investor’s point of view is that, in the short term, the company should have viable commercial products and, in the next few years, it has a compelling potential to play a critical role in the coming transformation of this underserved genomic marketplace.”

Also joining the BioNanomatrix Board is Edward Erickson, a well-known industry executive with senior management experience at more than a dozen biotechnology companies, three of which he helped take public.

About Battelle Ventures and Innovation Valley Partners

Battelle Ventures and its Knoxville, Tenn.-based affiliate fund, Innovation Valley Partners (IVP), have a combined \$255 million under management to create and accelerate the development of early-stage technology companies with breakthrough solutions to multiple marketplace problems. The funds enjoy unique relationships with the technology transfer offices of six U.S. Department of Energy (DOE) National Laboratories and have established similar associations with a number of university tech transfer and commercialization departments. Battelle Ventures was established in August 2003 with a sole limited partner – Columbus, Ohio-based Battelle Memorial Institute (Battelle), the world’s largest nonprofit independent research and development organization, which manages/co-manages six National Laboratories for the U.S. DOE. The \$220-million Battelle Ventures fund and the \$35-million IVP fund backed by Eastern Tennessee business leaders invest side by side in all deals. For information about the funds’ joint health & life sciences portfolio, go to www.battelleventures.com/health_life_sciences.html. To learn more about BioNanomatrix,

go to www.bionanomatrix.com. For information about San José, Calif.óbased KT Venture Group, which identifies, invests in and supports promising start-ups in the semiconductor and related high-technology microelectronics areas, see www.ktventuregroup.com.

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