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MicroPhage Hunts For \$15M After Receiving CE Mark

By Jonathan Matsey

On the heels of receiving European Union regulatory clearance on its first bacteriophage-based test for bacteria, MicroPhage Inc. said it is planning a \$15 million Series C round to fund the company for a possible U.S. launch next year.

MicroPhage received the CE Mark for its proprietary Bacteriophage Amplification technology, which uses viruses that amplify in host bacteria, to test for the presence of *Staphylococcus aureus* and determine its resistance or susceptibility to methicillin, the cause of the often-deadly MRSA infections found in hospitals and other institutions.

Based in Longmont, Colo., MicroPhage was founded in 2002 to study bacteriophages, or phages, which are viruses with a particular affinity for bacteria. While much phage research to date has concentrated on using them as therapies by killing infectious organisms, companies like MicroPhage are using the same class of viruses for diagnosing bacterial infections and studying their response to antibiotics.

"We plan to submit our package to the FDA in January," said MicroPhage Chief Executive Steve Lundy on the company's U.S. commercialization plans. Clearance from the Food and Drug Administration could come in the first half of 2010, he said.

With the receipt of an undisclosed amount of Series B financing in November 2008 from Alpine Angels, CTEK Angels and individuals, the company had raised \$11 million total, Lundy said. At the time, the company said it was mulling a roughly \$20 million fund-raise from venture capital firms, but had to put its plans on hold as funding sources dried up, he said.

Instead, Lundy said, MicroPhage headed back to Alpine, CTEK and the individuals, who contributed another \$2.5 million since last November, for a total of \$4 million over the past 18 months. "That allowed us to move forward and secure the CE Mark and establish our manufacturing capacity," he said.

With the venture markets on the rebound, Lundy said he has begun talking to firms again, and has secured "soft commitments" from two smaller investors. He said he hopes to have the lead investor in place and the round wrapped up by the end of March or early April.

Lundy said that the company would require \$11.5 million to break even. "I'm looking for \$10 [million] to \$15 million," he said of the Series C. "The \$15 million would give us a little wiggle room."

MicroPhage has 16 employees, 11 of whom are employed in research and development, Lundy said.

<http://www.micro-phage.com>