



## SmartPill Secures \$20 Million Series 2 Financing

Buffalo, N.Y., July 22, 2008 - SmartPill Corporation, a leading developer of capsule-based medical devices that aid in the diagnosis, definition and therapeutic intervention of gastrointestinal motility disorders, announced the completion of a Series 2 financing that will provide \$20 million to support plans for continued growth and new market penetration. The current round of funding was led by Oxford Bioscience Partners and Psilos Group with participation by Kimberly-Clark Ventures and High Peaks Venture Partners.

"This financing will fuel the growth of SmartPill as we conduct further clinical trials to expand our indications for use and increase our sales and reimbursement efforts," said David Barthel, President & CEO of SmartPill Corporation. "We are extremely pleased to have attracted investors of this caliber and we look forward to working with them as we expand our presence in the rapidly growing diagnostic GI healthcare arena."

The potential for significant impact for gastroenterologists utilizing SmartPill was noted by Jeff Barnes, General Partner of Oxford Bioscience Partners. "In addition to providing significant clinical benefits, the SmartPill technology allows diagnostic procedures to remain under the control of gastroenterologists, who are ultimately responsible for their patients' therapy," said Barnes.

Jeffrey Krauss, Managing Partner of Psilos Group, explained why SmartPill was identified as a solid candidate for investment. "By improving quality of diagnosis and therefore quality and efficacy of treatment, SmartPill adds a valuable tool to the physician's arsenal, while eliminating needless testing and expense from the healthcare system," Krauss said. "This opportunity fits squarely in line with our investment philosophy of backing healthcare technologies that simultaneously advance the best interests of patients, payers and providers."

Bela Musits, Managing Director of High Peaks Venture Partners, expressed his firm's ongoing support. "We have been working with the SmartPill team for several years and we are consistently impressed by their ability to develop technology-based products to improve patient health," he stated. "High Peaks is excited to be part of SmartPill and we are confident that the company will continue to grow in the months and years ahead."

About SmartPill Corp.

SmartPill Corporation is a leading developer of capsule-based medical devices that aid in the diagnosis, definition and therapeutic intervention of gastrointestinal (GI) motility disorders and diseases. The company's flagship product – the SmartPill GI Monitoring System – features the SmartPill Capsule, an ingestible medical device that provides data, heretofore unavailable, that can assist physicians and researchers in the evaluation of GI motility disorders. SmartPill Corporation's SmartPill GI Monitoring System was granted 510(k) release from the U.S. Food and Drug Administration (FDA) in July 2006. Visit [www.SmartPillCorp.com](http://www.SmartPillCorp.com) for more information.

About SmartPill's Investors

Oxford Bioscience Partners (OBP), established in 1992, is a venture capital firm that provides equity financing and management assistance to emerging, entrepreneurial-driven companies within the life sciences and healthcare sectors. Experienced partners, who bring together deep domain knowledge in life sciences, have established a proven track record of identifying, validating, and backing emerging trends and technologies. While willing to consider an investment in a company at almost any stage, OBP brings unique value and expertise to early-stage situations. With approximately \$1B of committed capital under management, OBP has invested in over 140 life science companies worldwide, and has successfully leveraged the extensive research, operating, and financial expertise and experience of its team of investment professionals.

Psilos Group has been a successful healthcare venture capital and private equity firm since its founding in 1998. With more than \$550 million under management, Psilos focuses its investments across the healthcare services, healthcare information technology, and medical technology sectors. Psilos invests nationwide in businesses that are poised to create enduring market value by fundamentally improving the U.S. healthcare system. Its portfolio companies have a demonstrated ability to reduce the costs of healthcare delivery, improve clinical quality, and advance the alignment of payer, patient, and provider incentives. Psilos has offices in New York, the San Francisco Bay Area and Santa Fe, New Mexico.

High Peaks Venture Partners is a venture capital firm focused on investments in market leading, early stage technology companies. High Peaks closed its inaugural fund in 2004 and is actively investing in New York City and throughout Upstate New York, focusing primarily on companies in the digital media, internet-enabled business services, telecomm, advanced materials, and medical technology markets. High Peaks is one of 15 affiliates of Village Ventures, a nationwide network of regionally focused, early-stage venture capital funds.