



Barrx Medical Swallows \$27.8M Series C Financing July 20, 2006

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Barrx Medical Inc., a maker of treatments for a precancerous condition of the lining of the esophagus, said it has raised \$27.8 million in Series C funding.

"This round should take us to cash flow positive," Barrx President and Chief Executive **Greg Barrett** said of the Series C up round that closed less than a week ago.

The Series C round was led by Montagu Newhall Associates, a venture fund of funds that also sometimes makes direct investments. Earlier this year, Montagu contributed to an \$11.2 million Series E round for SkinMedica Inc. and a \$12 million Series C round for Neutral Tandem Inc.

Returning to invest in Barrx were Delphi Ventures, Alloy Ventures, Frazier Healthcare Ventures and Sutter Hill Ventures. Other participants included one small private equity firm and individual investors, Barrett said.

Barrx is developing treatments for a precancerous condition of the lining of the esophagus, called Barrett's esophagus, which is caused by gastroesophageal reflux disease. The company has developed a system, **HALO360**, to use energy, or ablation, to remove the affected layers of cells from the esophagus. Barrx has also developed a second system, **HALO90**, to allow for smaller areas of the esophagus to be treated in an outpatient setting.

Barrx plans to use the Series C funding for the manufacturing of both of its systems, to complete the development of a new version of its HALO90 generator and to support increased clinical studies.

The Series C funding is expected to last through the end of 2008, Barrett said of the company, which is still working out of its Series B funding.

"We really don't have a specific plan, either for IPO or M&A," Barrett said of potential exit strategies for the company. Barrett said that while the company may look at longer term capitalization if the need for expansion in the marketplace arises, they are more focused right now on building a strong company than on an exit strategy.

VentureWire reported in March that Barrx had licensed intellectual property from medical device maker Curon Medical Inc. for \$3 million. The money that Barrx paid came out of the company's Series B funding, Barrett said. With the agreement, Curon was to assign one of its patents to Barrx for the use of an electrode to treat the cardia of the stomach. Barrx also received exclusive worldwide rights for other patents for the

treatment of Barret's esophagus.

Barrx raised \$25.6 million in Series B funding in July 2004. Frazier Healthcare led the round, with participation from Delphi, Alloy and Sutter Hill.

According to VentureWire records, Barrx raised \$6.8 million in Series A funding in April 2003. Investors in that round included lead investor Alloy, as well as Delphi, Charter Ventures and Stellartech Research, a firm incubated under Barrx.

Founded in 2000, Barrx is based in Sunnyvale, Calif. The company currently has more than 50 employees.

<http://www.barrx.com>