



SAFEGUARD SCIENTIFICS LEADS \$2.5M SERIES A FINANCING FOR LUMESIS

Financial Technology Company Supports Market Participants during Transformation of Municipal Bond Market

Platform Efficiently and Effectively Delivers Analytical, Visualization and Notification Tools

Wayne, PA, February 22, 2012 — [Safeguard Scientifics, Inc.](#) (NYSE: SFE), a holding company that builds value in growth-stage [life sciences](#) and [technology](#) companies, today announced that it deployed \$2.2 million of a \$2.5 million Series A financing for [Lumesis, Inc.](#), a Stamford, CT-based financial technology company that is dedicated to delivering timely data and robust analytical tools for the fixed income marketplace. [NextStage Capital, L.P.](#), an early stage investor in Mid-Atlantic-based technology companies, and angel investor Jim Ashton, Managing Partner, JA3Partners, LLC, also participated in the round. Proceeds will be used for product development and commercialization, as well as sales and marketing.

“Prior to the recent financial crisis, the muni bond market was widely considered to be the safest and least in need of detailed analysis beyond a bond’s rating,” said [Peter J. Boni](#), President and CEO of Safeguard. “Declining tax bases, opaque pension obligations, shifting bond rating criteria, and a decrease in insured bonds—from 50% to less than 5% today—have changed the dynamics in this marketplace. Additionally, increased scrutiny is revealing a variety of compliance and risk management issues. Lumesis, an initial revenue stage company—as categorized by Safeguard’s revenue stages—and its products are specifically addressing these risk and compliance demands faced by muni bond credit analysts, portfolio managers, registered investment advisors (RIAs), issuers and underwriters.”

Lumesis weaves together over 130 data sets and brings to market the first platform of comprehensive economic and demographic data to help municipal fixed income professionals identify risks in their portfolio, recognize opportunities in the market, and significantly enhance decision-making. Through its product [DIVER](#) (Demographic Information Visualization for Economic Research) and its unique CDM (Continuing Disclosure Management) service, Lumesis offers clients an interactive, web-based research tool that offers visualization, analytics and notifications. This technology allows users to evaluate their portfolios or a single [CUSIP](#) (Committee on Uniform Securities Identification Procedures) number against an aggregated database of demographic and economic indicators providing clients meaningful insights into the underlying financial health of an issuer. Ultimately, DIVER does the heavy data lifting so credit analysts, portfolio managers, RIAs and issuers/underwriters can spend their time producing superior results for their constituents.

“The past few years have fundamentally changed the dynamics of the municipal market and the needs of its participants,” said [Gregg Bienstock](#), Co-Founder and CEO of Lumesis. “Credit and research analysts, risk managers and others are under significant pressure to perform more in-depth analysis, more frequently, in response to investors’ heightened sensitivity to credit risk, and an increased demand for yield in a market suffering from declining supply and declining returns. This change is occurring as market participants continue to adapt to an environment that faces a decline in the availability of bond insurance, the fiscal reality that tax receipts have become more volatile, and the prospect of waning support for municipalities from the Federal government.”

“The fundamental changes that have taken place in the municipal bond market, coupled with a challenging economy and evolving regulatory environment, support the need for new products and services that respond to these changes,” said Tim Stevens, Co-Founder, President and COO of Lumesis. “The financial and operational support from Safeguard and our other investors will enable us to deliver exciting new enhancements to DIVER,

as well as provide the marketplace with a unique and focused service to help clients meet their compliance obligations.”

“The municipal bond market is rapidly moving to treat muni bonds like all other credits,” said [Philip D. Moyer](#), Managing Director in the [Technology Group](#) at Safeguard, who joined Lumesis’ Board of Directors. “However, today, there are simply no commercial fundamental economic analysis or compliance tools in the market—it’s like the 1980s in the equity markets. Safeguard has been actively looking for a company that fills this void. We are excited to partner with Lumesis. They bring to the muni market a single, powerful and scalable tool that dramatically improves the analysis and communication of risks and opportunities for everyone in the market—portfolio managers, RIAs, issuers, and underwriters.”

About Safeguard Scientifics

Founded in 1953 and based in Wayne, PA, Safeguard Scientifics, Inc. (NYSE: SFE) provides growth capital for entrepreneurial and innovative life sciences and technology companies. Safeguard targets life sciences companies in Molecular and Point-of-Care Diagnostics, Medical Devices, Regenerative Medicine, Specialty Pharmaceuticals and selected healthcare services, and technology companies in Internet / New Media, Financial Services IT, Healthcare IT and selected business services with capital requirements of up to \$25 million. Safeguard participates in expansion financings, corporate spin-outs, management buyouts, recapitalizations, industry consolidations and early-stage financings. For more information, please visit our website at www.safeguard.com, our blog at blog.safeguard.com, download our web app at app.safeguard.com, or you can follow us on Twitter (twitter.safeguard.com), SlideShare (slideshare.safeguard.com), LinkedIn (linkedin.safeguard.com), and YouTube (youtube.safeguard.com).

About Lumesis

Lumesis is dedicated to delivering timely data, robust visualization and analytical tools and time-sensitive notifications for the fixed income marketplace. We strive to enhance our client’s success by providing relevant and timely information, data and analytical tools that enrich their analysis and decision-making. Our experienced professionals bring a unique set of skills in credit analysis, portfolio management, finance, banking and law. Lumesis combines these disciplines with a talented team of developers to generate cutting-edge tools for use by portfolio managers, credit analysts, risk managers, investment bankers, academia and other industry professionals. DIVER brings our clients more than 130 data sets from more than 30 distinct sources. DIVER provides timely and meaningful demographic and economic data that impact the fiscal well-being of States, counties and other municipalities. DIVER includes Data and Portfolio Visualization tools, Data and Portfolio Analytics and a series of Notification Applications to keep you abreast of continuing disclosure filings as well as data updates keyed to a user’s unique interests. For more information, please visit our website at www.lumesis.com or call us at 203.274.8615.

Forward-looking Statements

Except for the historical information and discussions contained herein, statements contained in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements are subject to risks and uncertainties. The risks and uncertainties that could cause actual results to differ materially, include, among others, managing rapidly changing technologies, limited access to capital, competition, the ability to attract and retain qualified employees, the ability to execute our strategy, the uncertainty of the future performance of our companies, acquisitions and dispositions of companies, the inability to manage growth, compliance with government regulations and legal liabilities, additional financing requirements, the effect of economic conditions in the business sectors in which our companies operate, and other uncertainties described in the Company's filings with the Securities and Exchange Commission. Many of these factors are beyond our ability to predict or control. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. The Company does not assume any obligation to update any forward-looking statements or other information contained in this news release.

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