IlluminOss Medical Secures $28 Million Series C Financing for Minimally Invasive Bone Fracture Repair

IlluminOss Medical Inc.

Alongside Existing Investors, Round Includes Six New Investors and Is Co-led by Tekla Capital Management and Life Sciences Partners

IlluminOss Medical, Inc. [1], the company pioneering photodynamic orthopedic implants, announced today that it has secured a $28 million Series C round of venture capital financing. Tekla Capital Management, the registered investment advisor to H&Q Life Sciences Investors and H&Q Healthcare Investors (together, the "H&Q Funds"), based in Boston, MA, and Life Sciences Partners, a global healthcare and life science investment firm based in Amsterdam, Munich and Boston, co-led the round with the full participation of existing investors Foundation Medical Partners, Mieza Capital and New Leaf Venture Partners. Four additional new investors also joined this latest round, including SR One, Excel Venture Management, Pappas Ventures, and the Slater Technology Fund.

"We are pleased to have attracted such an experienced and knowledgeable syndicate in this financing," said Dr. Scott Rader, president & CEO of IlluminOss Medical. "We view this financing as both a validation of the revolutionary nature of the core IlluminOss technology, as well as the critical addition of the financial and strategic expertise necessary to help the company rapidly grow and transform how patients' fractured bones are treated."

The minimally invasive IlluminOss Photodynamic Bone Stabilization System is used to treat fractures through a small entry into the bone. A flexible balloon catheter is inserted into the bone, placed across the fracture site, and infused with a proprietary liquid monomer. The monomer then expands the balloon to assist in the alignment of the fractured bone, and surgeons use a visible light source to illuminate it and convert it into a hardened polymer implant. The result is an exceptionally tough, customized orthopedic implant that provides strength and stabilization to the bone during the healing process.

"IlluminOss Medical has brought an exceptionally versatile and powerful bone repair system to the market," says Dr. Fouad Azzam, general partner at Life Sciences Partners. "With compelling clinical proof and an underlying platform technology, the company is poised for exponential growth in the large worldwide market for the repair of fractures."

"This significant investment in IlluminOss will advance the most minimally invasive surgical system for the benefit of patients and surgeons," continued Dr. Daniel Omstead, president and CEO of Tekla Capital Management. "Fouad and I look forward to joining with the company's team to extend commercial operations in

Europe and expand its clinical research programs."

Joining the Company's Board of Directors are Dr. Daniel Omstead of Tekla Capital Management, Dr. Fouad Azzam of Life Sciences Partners, Dr. Rajeev Dadoo of SR One, and Dr. Enrico Petrillo of Excel Venture Management.

About IlluminOss Medical (http://www.illuminoss.com/ **[1])**
IlluminOss Medical is a privately held medical device company dedicated to the development of minimally invasive orthopedic systems for the stabilization and treatment of bone fractures. The IlluminOss Photodynamic Bone Stabilization System utilizes a photodynamic (light-curable) polymer system designed to eliminate the need for traditional methods of bone fixation with external pins, plates and screws.

The company has developed the IlluminOss Photodynamic Bone Stabilization System for treating fractures, and has CE Mark approval for the use of its product in low load bearing bones in the metacarpal, radius, ulna, distal radius, olecranon, clavicle and fibula. This product is not approved in the United States.

The IlluminOss platform technology is presently being extended to applications in weight bearing bones, spine, sports medicine, cranial-maxillofacial fields and site-specific therapeutic drug delivery.

Founded in 2007, IlluminOss is headquartered in East Providence, RI, and funded by Foundation Medical Partners, New Leaf Venture Partners, Mieza Capital, the H&Q Funds, Life Sciences Partners, SR One, Excel Venture Management, Pappas Ventures, and the Slater Technology Fund of Rhode Island. For more information about IlluminOss Medical, please visit www.illuminoss.com [2].

About Tekla Capital Management (http://teklacap.com/ **[3])**
Tekla Capital Management is a registered investment adviser based in Boston, Massachusetts, and is currently the investment adviser for two closed-end equity funds, H&Q Healthcare Investors (NYSE: HQH) and H&Q Life Sciences Investors (NYSE: HQL). The H&Q Funds invest in growth equities, both public and private, in the healthcare and life sciences industries.

About Life Sciences Partners (http://www.lspvc.com/ **[4])**
LSP (Life Sciences Partners) is a leading independent investment firm providing financing for private and public life-science companies. Since the late 1980s, LSP's management has invested in a large number of highly innovative enterprises, many of which have grown to become leaders of the global life-science industry. For example, LSP was a founding investor in Movetis, Crucell, DNage, Qiagen, Rhein Biotech and Pharming. With over EUR 650 million under management and offices in Amsterdam, Munich and Boston, LSP is one of Europe's largest and most experienced specialist life-science investors.

LSP's newest fund, LSP Health Economics Fund (LSP-HEF), was launched in partnership with leading European insurance companies and invests primarily in advanced innovative medical technology, diagnostic, and health IT companies that

have the ability to reduce costs in the health care system, while providing high quality of care to patients. The partnership enables LSP-HEF to uniquely position its portfolio companies by providing a close collaboration with care providers and other insurance groups.

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Links:
[1] http://www.illuminoss.com/
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