

CoAxia™ Reports Progress in Stroke Trial and Terms Reached on \$11M of Series C Financing



Minneapolis, MN, September 26, 2006 – CoAxia, Inc. of Maple Grove, MN, today announced that its SENTIS multi-center pivotal trial for treating ischemic stroke has enrolled its 30th patient, and that it signed a Term Sheet for an \$11M Series C financing. More than 30 major medical centers are now participating in SENTIS, and enrollment is expected to accelerate through 2007 as additional North American sites join the trial in the coming months. In addition, CoAxia also announced that it has reached terms with Canaan Venture Partners, Prism Venture Partners, Affinity Capital Management, and Baird Venture Partners on an \$11M Series C round of financing, designed to fund continued progress toward the approval of its NeuroFlo™ cerebral perfusion augmentation therapy for ischemic stroke. Each of the lead investors was a participant in CoAxia’s Series B Financing of September, 2004.

Regarding progress on CoAxia’s SENTIS (Safety and Efficacy of NeuroFlo Treatment for Ischemic Stroke) trial, Dr. Ashfaq Shuaib, Director of Stroke Services at the University of Edmonton and a principal investigator in the trial commented, “This important trial of a fundamentally new treatment for ischemic stroke is now on its way. Participation by nationally accredited stroke centers, as well as initial enrollment and safety results, confirm both the scientific validity and value of the SENTIS trial. The CoAxia NeuroFlo technology and its cerebral perfusion augmentation have the potential to become a new and simple-to-implement therapy, and we hope that it will prove to provide benefit to many thousands of stroke patients who present beyond the time windows of alternative treatments.”

The CoAxia SENTIS trial is a randomized evaluation of NeuroFlo™ treatment as compared to standard AHA guidelines for medical management of stroke. Patients are treated with NeuroFlo up to 10 hours after stroke onset and are evaluated neurologically at 90 days. The treatment is accomplished with CoAxia’s unique, dual-balloon catheter that works by increasing blood flow to the brain via restricting flow in the descending aorta. This cerebral perfusion augmentation utilizes the brain’s collateral circulation to treat the stroke periphery (penumbra) and may limit the size and damage of the stroke. If successful, NeuroFlo may become an important treatment option for hundreds of thousands of patients that arrive at hospitals beyond the time limit for delivery of present treatments.

In addition to the SENTIS trial, CoAxia has submitted a new study to the FDA, SafeFlo24, which is an initial safety study for treating ischemic stroke patients up to 24 hours after the onset of their symptoms. Current SENTIS sites UCLA, University of Pittsburgh, UNC-Chapel Hill, and University of Edmonton as well as Massachusetts General Hospital and Foothills Hospital in Calgary Alberta, have co-authored the protocol and, subject to FDA approval, will be participating in the study.

The Series C round of financing provides CoAxia with the capital necessary to continue to execute the SENTIS pivotal trial as well as initiate the SafeFlo24 study. Gordie Nye, General Partner at Prism Venture Partners commented, “We are pleased to see the SENTIS trial making headway, we believe in the NeuroFlo technology and are pleased to continue our involvement with CoAxia. Clearly, there is a large unmet medical need for interventions in acute ischemic stroke which strikes over half a million people per year in the US alone.”

“CoAxia has made great progress in the past 12 months. Given our initial success in SENTIS, the potential of our upcoming SafeFlo24 study, and our Series C Financing, we are poised to make further progress in stroke treatment and to create value for our shareholders,” commented Andrew M. Weiss, CoAxia President & CEO.

CoAxia, Inc. is a venture-backed, privately held, development-stage company focused on providing perfusion augmentation therapies that improve outcomes for patients with cerebral ischemia resulting from stroke, vasospasm and other conditions. In addition to the SENTIS trial for ischemic stroke, CoAxia’s NeuroFlo system has been approved by the US FDA via Humanitarian Device Exemption for the treatment of medically refractory ischemic vasospasm following repair of a subarachnoid hemorrhage and has secured the CE Mark for cerebral perfusion augmentation.

For further information contact Andrew M. Weiss, President & CEO (763-315-8393 or aweiss@coaxia.com) or Rick Schallhorn, Vice President, Marketing & Business Development (763-315-8396 or rschallhorn@coaxia.com).