



PALYON MEDICAL CORPORATION SECURES \$21 MILLION SERIES A INVESTMENT

Palyon's Implantable Drug Delivery System Intended for Management of Chronic Pain, Spasticity and other Neurological Diseases

NEW YORK, APRIL 27, 2009 – Palyon Medical Corporation (Palyon), a New York-based medical device company, announced today it has raised \$21 million in Series A financing. The proceeds will be used to finance a multi-site clinical study and to commercialize Palyon's programmable implantable drug delivery system, which delivers targeted doses of pain medication directly to the spinal area. Baird Venture Partners led the round, with Hambrecht & Quist Capital Management, Fountain Healthcare Ventures, BB Biotech Ventures, Cross Atlantic Partners and Arcus Ventures also participating in the transaction. Rockport Venture Securities, LLC, a wholly-owned subsidiary of Rockport Venture Partners, acted as placement agent in connection with the offering.

Palyon focuses on the treatment of chronic pain, spasticity and other neurological diseases. Chronic pain, which is defined as pain lasting six months or longer, affects 76 million Americans -- more than heart disease, diabetes and cancer combined. Up to 20 percent of chronic pain patients do not respond to conventional medical management, such as oral medications and physical therapy, and may become candidates for interventional pain management therapies such as Palyon's implantable drug delivery system.

"We are very excited to team up with Baird Venture Partners and this group of investors to take Palyon to the next level," said David Present, M.D., CEO of Palyon. "We believe that our unique technology platform has led to the development of a next-generation device that will offer meaningful benefits to patients and physicians."

"There is a significant opportunity for Palyon to participate in and expand the size of this underserved market," said Michael Liang, Ph.D., Principal at Baird Venture Partners. "We are excited to help facilitate that progress by leading this successful financing syndicate, and believe that the oversubscribed demand for participation in this round speaks to the opportunity."

In addition, Glen Kashuba will join as a new member of Palyon's Board of Directors. Kashuba is President of Biomet Trauma and Biomet Spine and was previously President of Johnson & Johnson's Codman Neuroscience division, where he was responsible for overseeing the company's neuromodulation efforts. Michael Liang, Ph.D, of Baird Venture Partners, Daniel Omstead, Ph.D., of Hambrecht & Quist Capital Management, and Aidan King of Fountain Healthcare Ventures will also join the Board.

About Palyon Medical Corporation

Palyon Medical Corporation is a medical device company developing technologies for the treatment of chronic pain, spasticity and other neurological diseases.

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