

FOR IMMEDIATE RELEASE:

Contact:

Christine Gibbons

HistoSonics, Inc.

517-294-1594

chris.gibbons@histosonics.com

HistoSonics, Inc. Announces Series A Financing

Ann Arbor, Michigan, January 4, 2010 — HistoSonics, Inc. today announced it has secured \$11 million in a Series A financing led by Venture Investors of Ann Arbor, Michigan and Madison, Wisconsin. Venture Investors worked closely with Fletcher Spaght Ventures, Hatteras Venture Partners, Early Stage Partners, and TGap Ventures to assemble an outstanding investment syndicate. The company (based in Ann Arbor) will use the capital to develop its Histotripsy technology, licensed from the University of Michigan and developed by scientists in the Department of Biomedical Engineering and the Department of Urology. Histotripsy is a non-invasive, image guided system that ablates tissue with robotic precision. The first clinical application will be treatment of Benign Prostatic Hyperplasia (BPH), a prevalent condition in senior men. The condition affects over two million men in the US and approximately 400,000 are treated surgically each year. The company founders and co-inventors of Histotripsy are Charles Cain, Ph.D., Brian Fowlkes, Ph.D., Tim Hall, Ph.D., Zhen Xu, Ph.D. and William Roberts, MD, all from the University of Michigan. Management co-founders are Tom Davison, Ph.D., Chairman & CEO of HistoSonics, M. Christine Gibbons, President & COO and Jim Bertolina, Ph.D., V.P. of R&D & CTO.

While most of ultrasound products on the market today use heat to destroy unwanted tissue, Dr. Cain and his colleagues took an alternative approach in using cavitation, or, the production of tiny energetic bubbles to create a surgical scalpel that liquefies tissues without heat. “The conventional wisdom was that cavitation should be avoided,” Cain says, “but no one could tell me why. So I decided to study it as a possible mechanism for non-invasive surgery.” Dr. Cain, with support from an outstanding team of U of M scientists (Drs. Fowlkes, Hall and Xu), and long-term funding from the National Institutes of Health, developed Histotripsy, a non-invasive form of therapeutic ultrasound that employs cavitation rather than heat to ablate tissues and uses ultrasound imaging to monitor the treatment in real time.

In collaboration with Dr. William Roberts of the U of M Department of Urology, Dr. Cain also obtained funding from the Coulter Foundation to develop Histotripsy as a method to treat BPH. With the support from the University’s Technology Transfer Office and other University resources the science attracted the attention of serial entrepreneur, Tom Davison, Ph.D. who was the co-founder of UltraCision and co-

inventor of the Harmonic Scalpel and Shears, the most successful commercial device that employs therapeutic ultrasound technology (UltraCision and the Harmonic line were acquired by Ethicon EndoSurgery – J&J). “I was most impressed with the solid scientific foundation and broad platform potential to create a significant company based on Dr. Cain’s Histotripsy technology,” noted Davison. Dr. Davison was joined by Jim Bertolina, Ph.D. and Chris Gibbons to round out the founding management team. Ms. Gibbons was the Entrepreneur in Residence (EIR) at Venture Investors when she met Dr. Bertolina, who furthered her interest in HistoSonics. Ms. Gibbons explained, “The EIR program at Venture Investors was partially sponsored by the Michigan Venture Capital Association with the objective to help stimulate the Michigan economy by identifying venture investment opportunities where the EIR could become a part of the executive management team. I was drawn to the outstanding platform technology and large market opportunity at HistoSonics and I am delighted to be joining such an outstanding management and scientific team.”

“We think HistoSonics’ novel non-invasive ultrasound procedure has the potential to be a huge game-changer in treating BPH now and many other tumors in the future. They’ve assembled a great team to launch this product, and we’ve assembled a great syndicate of venture capital firms to fund and guide the Company to success,” stated Jim Adox, Managing Director and head of the Ann Arbor office for Venture Investors.

About Fletcher Spaght:

Fletcher Spaght Ventures, L.P. (FSV) is a venture capital fund investing in emerging growth high technology and healthcare companies. Fletcher Spaght Ventures is located in Boston, MA with an office in Ann Arbor, MI. Established by Fletcher Spaght, Inc. (FSI), a strategy consulting firm focusing on the high technology and healthcare industries, FSV capitalizes on the strengths of FSI’s resources, deep expertise and deal flow. www.fletcherispaght.com

About Hatteras Venture Partners:

Hatteras Venture Partners is based in Research Triangle Park, NC, with a focus on biopharmaceuticals, medical devices, diagnostics, and related opportunities in human medicine. Founded in 2000, the firm consists of an experienced team with a broad and complementary skill set that is particularly relevant to building successful new biomedical companies. The Hatteras Venture Partners team brings operational experience, a successful track record, and a proven ability to enhance the value of the companies in which it invests. With three funds, the firm has more than \$120 million under management. www.hatterasvp.com

About Venture Investors:

Venture Investors is one of the leading venture capital firms in the Midwest and is focused on making seed and early stage healthcare and technology investments, with offices in Madison, Wisconsin and Ann Arbor, Michigan. The firm is currently investing out of its fifth fund and has over \$200 million under management. Venture Investors is a leader in identifying and investing in university technology transfer start-ups throughout the Midwest. www.ventureinvestors.com

About Early Stage Partners:

Early Stage Partners is an early stage venture capital firm with offices in Cleveland, Ohio and Ann Arbor, Michigan. The company invests in promising opportunities in life sciences, technology, and cleantech. The company's principals have over one hundred years combined experience in early stage company formation, operations, and development, with a significant network of relationships throughout the United State that can be used to attract management, develop strategic partnerships, and provide later stage funding. ESP has \$100 million in capital under management and is now investing from its second fund. www.esplp.com

About TGap Ventures:

TGap Ventures, LLC is a venture capital firm with headquarters in Western Michigan. The firm's general partners, Jack Ahrens and Pete Farner, have been involved in over 75 growth companies since 1979. They have functioned as lead investor, CEO or senior executive with many of these companies. TGap Ventures focuses primarily on early-stage investments throughout the Midwest, including medical devices, software, specialty manufacturing, Internet, telecommunications, health-care, and other high growth companies. www.tgapventures.com

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