



HEMOSPHERE, INC. CLOSES \$9.3M FINANCING – KAISER PERMANENTE VENTURES IS LEAD INVESTOR

Proceeds to Advance Domestic Expansion of HeRO Product Sales and Position the Company for Future Growth and Profitability

March 31, 2010

Hemosphere, Inc., a private medical device company, has completed a late round of venture capital financing totaling \$9.3 million. The company has developed the HeRO[®] Vascular Access Device, which provides access for hemodialysis – the process of filtering waste products from blood when kidneys are in renal failure – similar to a conventional graft. The device is surgically implanted completely under the skin: its innovative design bypasses central venous damage caused by catheters. The HeRO device significantly reduces the risk of catheter related bacteremia, a potentially fatal infection. Kaiser Permanente Ventures, Oakland, Calif., is lead investor, and Mutual Capital Partners, Cleveland, is the second largest new investor.

"We are excited to complete another successful round of financing, and position the company for future growth and profitability," said Doris Engibous, President and CEO of Hemosphere, Inc. "The additional capital will allow us to market HeRO to more U.S. physicians and continue to improve the quality of life for patients who suffer from kidney disease. Strong investor support contributes to our momentum from positive clinical results. We had solid participation from our previous investors in the just-completed financing, and are pleased to have the support from our newest investors, Kaiser Permanente Ventures and Mutual Capital Partners."

"Hemosphere's HeRO product facilitates better treatment and lower rates of infection for a significant number of kidney failure patients," said Bill Trainor, Co-Founder and Managing Director of Mutual Capital Partners. "We see a great deal of opportunity in Hemosphere, and look forward to HeRO's adoption by more physicians across the country."

Previous institutional investors also participating in this round include Affinity Capital Management, Minneapolis; Sapien Capital, Wilson, Wyo.; Cutlass Capital, Boston; and Ascension Health Ventures, St. Louis.

HeRO Vascular Access Device: Improved, Less Costly Dialysis

HeRO has the potential to establish a new high standard of vascular access care and reduce long-term catheter use. The device improves a patient's quality of life by increasing the effectiveness of hemodialysis treatment and reducing the risk of systemic infections, which are often fatal.

Engibous continued, "Before HeRO, patients with kidney disease received a tunneled dialysis catheter when the damage to their central venous systems prevented them from supporting a fistula or graft. HeRO is a huge benefit over catheters – which can present patients with high rates of life-threatening infection, and inadequate dialysis compared to fistulas and grafts."

HeRO is made up of two pieces that are surgically implanted under the skin. During surgery, a reinforced tube (called the outflow component) is inserted directly into a large vein in the neck. X-ray is used to direct the tube past any blockages that have caused trouble for other access sites. A regular dialysis graft is sewn to an artery, just like a conventional graft. The graft is then joined to the outflow component with a special proprietary connector. Once the system is in place, blood will flow from the artery through the graft and outflow component into the heart. Unlike a catheter, there is continuous blood flow even when a patient is not receiving dialysis treatment.

Two separate clinical studies, led by surgeon investigators Marc Glickman MD, Howard Katzman MD, Jeffrey Lawson MD and John Ross MD, evaluated the safety and effectiveness of the HeRO Vascular Access Device. More than 220 U.S. hospitals are using the device since the company received FDA 510(k) marketing clearance. In February 2010, the company announced the 1,000th HeRO implant. Dr. Brad Grimsley, vascular access surgeon at Texas Vascular Associates in Dallas, performed the implant.



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About Kaiser Permanente Ventures:

Kaiser Permanente Ventures, the corporate venture capital arm of Kaiser Permanente, makes investments in medical devices, healthcare services and information technology companies. Kaiser Permanente Ventures is dedicated to partnering with entrepreneurial companies to build innovative and enduring businesses that advance the quality and affordability of health care. Since its inception in 1997, Kaiser Permanente Ventures has invested in more than 25 venture-capital backed companies at all stages of development, and contributed organizational expertise, time and resources to the success of these companies. For additional information please visit www.kpventures.com.