



BAXANO, INC. ANNOUNCES CLOSE OF \$30 MILLION SERIES C FUNDING

Proceeds Support US Commercial Launch of the iO - Flex™ System for Decompression of Lumbar Spinal Stenosis

June 22, 2010

Baxano, Inc. (www.baxano.com) today announced the closing of a \$30 million Series C round of venture funding, led by new investor CMEA Capital. Funds were also contributed by new investors Kaiser Permanente Ventures and Affinity Capital Management and existing investors Prospect Venture Partners, Three Arch Partners, and Kearny Venture Partners.

The Baxano™ iO-Flex™ System is FDA-cleared and commercially available in selected markets. Proceeds from the Series C round of funding will support the US commercial launch and additional post-clearance clinical study of the iO-Flex System.

"We were very impressed by the progress that Baxano has made in making the iO-Flex System available to patients suffering from lumbar spinal stenosis. Complete decompression of involved nerve roots while preserving spinal stability can be clinically challenging with current surgical tools, often leading to suboptimal clinical outcomes and reoperations," stated Rod Altman, MD, Senior Partner, CMEA Capital. "Baxano's iO-Flex System is a unique opportunity to bring a safe and effective less-invasive solution to patients, physicians and payers."

"The closing of this round of financing launches the next phase of growth for Baxano. Adding our new investors to our extremely strong venture capital partners demonstrates our value proposition as a company," said Tony Recupero, President and CEO of Baxano, Inc. "We believe this round of investment further validates the potential value of the iO-Flex System for all stakeholders in today's cost-effective healthcare environment."

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.