



Contact:

Neothermia Corporation

Thomas M. Tully, President & CEO
508-655-7820

Rx Communications Group

Paula Schwartz (investors) 917-322-2216
Tony H. Loke (media) 917-322-2164

**NEOTHERMIA CORPORATION ANNOUNCES SETTLEMENT
OF PATENT LITIGATION**

NATICK, MA, January 27, 2005 -- Neothermia Corporation today announced that it has reached an agreement with Rubicor Medical Corporation for the dismissal of patent infringement and breach of contract litigation filed against Rubicor by Neothermia. Under the terms of the agreement, both companies have agreed to dismiss their claims and counter claims relating to the litigation. The agreement is limited to U.S. Patent No. 6,514,248 B1 (the '248 patent') and its related patents, which remain valid, and has no affect on the remainder of Neothermia's patent portfolio.

Thomas M. Tully, Chief Executive Officer of Neothermia, commented, "This limited agreement allows us to focus our resources on marketing and sales efforts to further accelerate the growth of our business for the advanced en-bloc® Breast Biopsy System. Growing clinical evidence continues to demonstrate that the en-bloc® procedure can result in a significantly more accurate diagnosis than percutaneous core biopsy. Our extensive, powerful patent portfolio remains intact and enforceable."

About Neothermia Corporation

Founded in 1998, and based in Natick, Massachusetts, Neothermia is a privately held company focused on the design, development and marketing of innovative, minimally invasive systems for the volumetric excision of tissue for diagnostic and therapeutic applications in select cancer markets. The Company's lead product, the en-bloc® biopsy system, received approval from the Food and Drug Administration in June 2001. Initial products are targeted at breast biopsy and tumor excision.

For more information about Neothermia, please visit the Company's website at www.neothermia.com.

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