

**News - April 14, 2003**

## Neothermia Corporation Announces Lead Product Milestone And Completion Of Venture Backed Financing Round

- 700th Procedure Using en-bloc® Biopsy System Performed at Oklahoma Breast Care Center -  
- \$13.1 Million Raised in Series D Round of Financing -

NATICK, Mass., April 14 /PRNewswire/ -- Neothermia Corporation, an emerging leader in the development and marketing of minimally invasive systems for the diagnosis of cancer, announced today that the Oklahoma Breast Care Center in Oklahoma City has successfully completed its 700th patient procedure utilizing the Company's en-bloc® biopsy system. Since the market introduction of the en-bloc®, more than 1,200 procedures have been completed at an increasing number of centers in the U.S.

Neothermia also announced today that it has closed an additional round of equity financing for \$13.1 million.

The en-bloc® biopsy system is being received as a significant advance in the science of diagnostic breast biopsy procedures as it provides the clinician with the greatest volume of intact tissue from the target lesion, while incurring the minimum amount of trauma and disfigurement to the patient. Larry K. Killebrew, MD is Medical Director of the Oklahoma Breast Care Center, and was one of the first physicians in the United States to adopt the en-bloc® system into his clinical practice.

"In 1996, I was one of the first physicians to perform the vacuum-assisted core needle procedure," commented Dr. Killebrew. "At the time, it was a welcome advance in sparing many patients from open surgical biopsies. Today, I conduct most of my breast biopsy procedures with the en-bloc® system. The en-bloc® is a significant advancement over the vacuum-assisted core procedure, sparing even more women from unnecessary open surgical biopsies. Among its many advantages, compared to the vacuum-assisted core needle approach, is the en-bloc® system's ability to harvest the maximum amount of intact tissue from the target lesion, providing the pathologist with the best possible sample for review. As a result, the en-bloc® has enabled us to more confidently acquire tissue from the suspect area and more accurately diagnose the patient's condition with the initial biopsy. This often allows us to forgo an additional confirmatory, and invasive, surgical procedure."

Dr. Killebrew continued, "In the cases which are diagnosed as cancer, en-bloc® has shown a greater accuracy in distinguishing between the invasive form of the disease and the stage where the cancer is still confined to the ductal system. This improvement enables us to better prepare the patient and more accurately plan the appropriate treatment. There are also a number of benign conditions that cannot be accurately diagnosed with any type of core procedure. In the past, these cases have required a second open surgical procedure to clarify the uncertain diagnosis from the core procedure. The en-bloc® gives me the result of an open surgical procedure through an incision the size of a core procedure. By using the en-bloc®, I am more confident in the first diagnosis and less likely to send my patients for unnecessary surgery to confirm those findings."

"The en-bloc® is an exciting advancement in breast biopsy procedures," said Ruth H. Oneson, MD, a partner at Heartland Pathology Consultants, P.C., the pathology laboratory which has analyzed most of Dr. Killebrew's en-bloc® biopsy specimens. "The en-bloc® gives us more tissue from the target zone of the lesion, something pathologists are always looking for from their clinicians. As important, the en-bloc® gives us that tissue in one, solid piece. By contrast, the core procedure gives us several strips of tissue. With en-bloc®, we can see all the tissue that would have been between those strips -- making a

diagnosis that much easier."

The Company's \$13.1 million Series-D Round, completed in March 2003, was led by new investor The Wellcome Trust, in London, and priced at a premium to previous financings. Joining in the financing were the following earlier investors: ABS Ventures in San Francisco, California; MedVenture Associates in Emeryville, California; Morgenthaler Partners in Menlo Park, California; Origin Partners in Natick, Massachusetts; Sapient Capital in Wilson, Wyoming, and; Saratoga Ventures in Saratoga, California.

"We view the completion of this financing as a direct result of the success we have had in introducing the en-bloc® system," said Thomas M. Tully, President and Chief Executive Officer of Neothermia. "Our goal was to provide a significant improvement in breast biopsy that would dramatically improve diagnostic results and clinical outcomes. The data being generated by Dr. Killebrew and others is confirming the success of our efforts. The feedback we have received from the medical and patient communities, particularly from those with prior biopsy experience with other procedures, has confirmed the need for us to move forward aggressively with the marketing effort so that every patient undergoing a breast biopsy in this country has awareness of -- and access to -- the en-bloc® option."

Neothermia has raised more than \$35 million in venture capital to date. The funds from the Series-D financing will be used to support continued sales and marketing initiatives for the en-bloc® and to continue research and development to evaluate the system for the diagnosis of other types of cancer. The product is currently being utilized at an increasing number of centers across the United States.

#### 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.