



FOR IMMEDIATE RELEASE

Healionics Corporation Announces Partnership to Develop and Distribute STARcuff™

STARcuff designed to reduce catheter-related infections

Redmond, WA, (September 20, 2007)— Healionics Corporation, a provider of biomaterial solutions to enhance the biocompatibility and performance of current and next-generation medical devices, today announced a partnership deal with Strategic Applications Inc. (SAI), a leading manufacturer and supplier of specialty catheter and infusion devices. Healionics' deal with SAI will fully fund a catheter cuff study that will compare Healionics' STARcuff to other leading catheter cuffs currently available on the market. The deal also includes an Exclusive Supply and Distribution Option Agreement, which will give SAI the right to distribute STARcuff in specific global markets.

Additional terms of the deal include SAI's purchase of STARcuffs from Healionics for assembly on SAI catheters, and royalty payments to Healionics based on net sales. If STARcuff performs as expected, it has the potential to be the new standard for catheter cuffs.

"STARcuff is a very promising solution to reduce infections associated with long-term catheters," said Michel Alvarez, Chief Operating Officer of Healionics. "The STARcuff is designed to allow the patient's own tissue to grow into it and heal - providing a natural skin seal or barrier to help prevent bacteria from entering the body along the outside of the catheter."

Hospital-acquired infections that kill people are often catheter-related infections derived from long-term catheter use. The Center for Disease Control estimates that 1.7 million hospital-acquired infections occur each year that result in nearly 100,000 deaths. There are 250,000 cases of Central Venous Catheter-related infections each year that result in approximately 60,000 deaths. Catheter-related infections are an enormous burden to the health care system and cost on the average of \$25k to treat a patient per each occurrence. The long-term catheter market is approximately \$500M per year in the US alone and is expected to grow at a rate of over 4% per year.

STARcuffs are just one of the many potential uses for STAR Material™. STAR Material was invented by Andrew Marshall Ph.D. and by Buddy D. Ratner Ph.D. at UWEB

(University of Washington Engineered Biomaterials). Dr. Andrew Marshall recently joined the Healionics team as Lead Scientist.

About Healionics Corporation

Healionics is a privately held biomaterials company whose mission is to partner with medical device manufacturers to enhance the biocompatibility and performance of current and next- generation devices in order to dramatically reduce deaths that are related to biocompatibility issues. Healionics has licensed **STAR Material** – Sphere Templated Angiogenic Regenerative Material – that works with the body to promote healing and enables the biocompatibility of a wide range of medical devices that are implanted into the body. Healionics Corporation is headquartered in Redmond, Washington. For more information, please visit <http://www.healionicscorp.com>.

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