



Press Information

For Immediate release

25th September 2006

ApaTech announces UK distribution agreement for TranS1[®] AxiaLIF[®]

ApaTech, a global leader in synthetic bone graft technologies, today announces the signing of an exclusive agreement with TranS1, to distribute the AxiaLIF system in the UK and Ireland. The system represents a novel approach to spine fusion surgery and will be sold by ApaTech's direct UK spine sales force in addition to Actifuse[™], ApaTech's leading bone graft substitute.

AxiaLIF is the least minimally invasive fusion option for the lumbar sacral junction of the spine. The technique is performed through a 2 cm skin incision, through which specially designed instrumentation is inserted to conduct the procedure. Operative time is under an hour, compared to nearly 3 hours with conventional fusion surgery. Reduced surgical trauma, less blood loss and shorter operative time means that the patient will experience faster recovery. The goal of surgery, successful fusion, requires the use of a bone graft material such as Actifuse which can be inserted into the operative site through the AxiaLIF instrumentation.

Jon Arcos, VP Commercial Strategy at ApaTech commented "ApaTech are increasingly successful in convincing surgeons of the benefits of Actifuse, primarily its ability to produce more bone in less time than conventional bone graft materials. This has resulted in rapid levels of adoption by leading institutions. Allying Actifuse with the AxiaLIF technique will provide further cost effective, improved fusion solutions for spinal surgeons. We are very excited at the potential of this agreement."

Rick Simmons, Vice President of Marketing & Sales at TranS1 said "ApaTech's technology enhances the AxiaLIF approach to lumbar fusion and we look forward to rapid product adoption in the UK and Ireland. This is our inaugural international distribution agreement and we believe ApaTech's product range, relationships and expertise will assist TranS1 to successfully launch our technology platform in these important markets."

Ends

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Notes to Editors:

About ApaTech

ApaTech's technology is based on extensive research to design the optimum material and structure for safe, effective bone grafting.

ApaTech's research has created Actifuse, a product with unique silicate substituted calcium phosphate chemistry, produced as a scaffold with consistent interconnected micro- and macroporosity. As a result of its unique properties Actifuse outperforms traditional hydroxyapatite and β -tricalcium phosphate scaffolds in terms of the rate of new bone formation, the quantity of bone developed, and its quality. Actifuse also provides surgeons with a safe alternative to autograft without the complications associated with donor site surgery. Over 25 scientific publications are available to support the superior performance of Actifuse and to explain its mechanism of action.

ApaTech was spun out of Queen Mary University of London in 2001 and funded by 3i, who have participated in all funding rounds and are the Company's largest shareholder. The pivotal Series B round in April 2004 was lead by UK venture capital firm, MTI Partners.

ApaTech is based in Elstree, UK and Foxborough, MA, USA. The Company sells in the US, UK and 15 other countries around the world. In the UK ApaTech has a direct sales force selling Actifuse to spine surgeons, complemented by distribution partner selling in the orthopaedic and reconstruction markets. More details can be found at the website, www.apatech.com

About Lumbar Spinal Fusion

Spinal fusion is used to treat a range of diagnoses including degenerative disc disease, spondylolisthesis, scoliosis, or for traumatic injury. The objective of spine fusion is to improve patients' back pain by eliminating motion at the damaged level of the spine. In an instrumented posterolateral lumbar spine fusion, surgery is performed from the back with metal screws being placed through the pedicle bones of the spinal column. These screws are attached to rods or plates to rigidly fix the spinal motion segments. To ensure long-term immobilization, bone graft material is placed along the sides of the rear of the spine in order to stimulate bone growth across the motion segment, thereby "fusing" the spine. Alternatively surgeons can approach the spinal column from the front (or anterior), remove a disc and replace it with a cage to maintain separation of the vertebral bodies. These cages are usually filled with a bone graft substitute to encourage bone growth and hence achieve fusion. Both types of procedure result in prolonged hospital stay due to the magnitude of the surgical procedure.

About TranS1

Founded in 2000 by Andrew Cragg, MD, an interventional radiologist and entrepreneur/inventor, TranS1 has developed an innovative approach to spine surgery that centres on the ability to access certain segments of the spine without damaging surrounding tissues. In January 2005, the Company launched its ground-breaking product, the **Axial Lumbar Interbody Fusion (AxiaLIF™) System**, the least invasive approach to lumbar fusion surgery available. Using AxiaLIF™, the lumbar spine is accessed through a percutaneous opening in the sacral bone. This point of access alleviates the need for the surgeon to cut through soft tissues like muscles and ligaments, thus lessening patient pain and the likelihood of complications. This least invasive approach allows patients to be discharged

from the hospital the day after surgery, and on average return to work in 15 days. There is a dramatic reduction in hospital lengths of stay, which can otherwise be three to four nights, followed by a one- to two-month recovery period before returning to work.

The Company is also currently developing two more minimally invasive systems using this same novel approach to preserve motion in the lumbar spine: **Percutaneous Nucleus Replacement (PNR™)** and **Percutaneous Disc Reconstruction (PDR™)**. TranS1 has started pilot studies of these devices in 2005, expanding to four centres in Europe next year, with a pivotal study in the U.S., following in 2006. TranS1® is headquartered in Wilmington, North Carolina.

About AxiaLIF

AxiaLIF is a new approach to fusion of the L5-S1 and L4-L5 vertebrae. Access to the spinal column is via the trans-sacral route with a minor incision below the coccyx (tailbone). Probes are used to open a 1-2cm diameter channel through the fat pad at the back of the pelvis to the target vertebrae. A hole is drilled through the vertebral body; the diseased disc material is removed and replaced with bone graft material such as Actifuse. A further hole is drilled into the superior vertebra and a large bore screw inserted. This distracts the two vertebrae and secures them relative to each other. Over time new bone grows in the disc space to support the implant. Operative time is drastically reduced compared to standard techniques, as is blood loss, complications, rehabilitation time and return to work. The hope is that this procedure can deliver day case spine fusion and increase hospital throughput for this increasingly common surgical intervention.