

nContact Surgical, Inc Raises \$16 Million in Equity Financing

Funds to Support Ongoing Clinical Trials and Advance Leadership Position in Development of Closed Chest Ablation Techniques

Morrisville, NC – November 10, 2010 – nContact Surgical, Inc. (nContact), a cardiac ablation device manufacturer, announced today that it has closed a \$16 million Series D round of equity financing, bringing the company's total financing since inception to \$42.4 million. The financing was led by existing investors, Harbert Venture Partners, and included new investors, ZMV Associates. The company expects this financing to support its three ongoing clinical trials, further product development, and enable hiring for new positions.

nContact, founded in 2005, manufactures a guided epicardial ablation device that uniquely integrates suction, perfusion, and RF-energy to create visible, continuous, non-conductive, bi-atrial lesions. Lesions are applied endoscopically on a beating heart, without chest incisions or ports. The technology is currently FDA cleared for endoscopic cardiac coagulation in the U.S. and is being further studied through IDE clinical trials for the treatment of atrial fibrillation (AF) in both open and closed chest procedures.

nContact President and CEO, John Funkhouser, stated, "This new round of funding will further strengthen nContact's leadership position in developing technologies with the capability to access the heart and treat cardiac arrhythmias with a 'subtle' (**sub**-thoracic **total** endoscopic) procedure. nContact's current technology has enabled physicians to develop the Convergent Procedure, which brings together the best techniques of the cardiac surgeon and electrophysiologist into a single, comprehensive procedure that may provide an effective, completely closed chest treatment option for even the most difficult to treat AF patients."

During the Convergent Procedure, a cardiac surgeon and an EP work as a team to perform a closed chest epicardial ablation and endocardial catheter-based ablation procedure to treat a patient's AF. The procedure, usually performed in an EP Catherization Lab, does not require chest incisions or ports and incorporates mapping and diagnostic endpoints, as measured by the EP, to determine procedure completion. The cardiac surgeon utilizes the nContact guided ablation device for the epicardial portion of the procedure.

Will Brooke, Managing Partner from Harbert Venture Partners, stated, "The advance of nContact's clinical trials has served to build considerable momentum behind nContact and its revolutionary approach to treating arrhythmias. As evidenced by this new round of funding, investors and industry leaders see considerable value in nContact's technological platform and believe the company offers the potential to create a fundamentally new and effective way for EPs and cardiac surgeons to treat all forms of AF."

In addition to raising equity financing, nContact was recently awarded \$244,479 through the Qualifying Therapeutic Discovery Project, a federal grant program created as part of the Patient Protection and Affordable Care Act of 2010 to advance research in areas of unmet medical need.

About nContact Surgical, Inc.

nContact is a medical device company founded in 2005 with a mission to develop devices for the endoscopic treatment of arrhythmias, including atrial fibrillation (AF). The Numeris[®] Coagulation System with VisiTrax[®] is based on the unique integration of suction, perfusion, and RF energy to ensure the creation of visible, non-conductive, continuous, bi-atrial lesions on the epicardium of a beating heart.

To date, the Numeris[®] Coagulation System with VisiTrax[®] is indicated for endoscopic coagulation of cardiac tissue in the United States. nContact has initiated IDE clinical studies for the treatment of AF in both open and closed chest procedures. The Numeris Coagulation System with VisiTrax has CE Mark approval in Europe for the coagulation of cardiac tissue for the treatment of AF and atrial flutter.

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