CONTACTS:

Avantis Medical Systems
Jennifer Havlek
(408) 636-7200
jhavlek@avantismedical.com

Angelyn Lowe
Chase Communications
(858) 273-1805
alowe@chasepr.com

Avantis Medical Systems, Inc. Raises $10 Million in Series C Funding

Financing will support Level 1 evidence collection, U.S. commercial roll-out of Third Eye® Retroscope®

SUNNYVALE, California – January 16, 2009 – Avantis Medical Systems, Inc. announced today the closing of $10 million in Series C funding.

The funding was led by MC Silicon Valley / Mitsubishi International and joined by existing investors including Montreux Equity Partners, Thomas J. Fogarty, M.D. and CN Investment Partners. In connection with the Series C funding, Noboru Ohrui, Manager, Healthcare Solutions, Mitsubishi International has been elected to Avantis Medical's board of directors.

Avantis Medical plans to utilize the financing to establish selected Centers of Excellence across the U.S. to facilitate the commercial launch of the Third Eye® Retroscope®, to collect Level 1 evidence to further support its clinical utility, and to fund sales and marketing efforts.

"We are pleased to have raised this financing in an extremely tough market, and to have earned the confidence of Mitsubishi International as well as the continued trust and support of our existing investors," said Scott Dodson, president & CEO of Avantis Medical, Inc. "We are looking forward to this year's commercial launch, and to pursuing our mission of delivering cost-effective solutions for improved detection and prevention of cancers of the gastrointestinal (GI) tract."

"Avantis Medical has developed an effective and promising new technology to improve upon the gold standard procedure in colon cancer care," said Avantis Medical board member Noboru Ohrui, Manager, Healthcare Solutions, Mitsubishi International. "This is an exciting time in the life cycle of the company and we are proud to be a part of it."

Avantis Medical is the maker of the Third Eye® Retroscope®, an imaging device used in conjunction with a standard colonoscope that provides a retrograde (backward) view of the colon that complements the forward view of the colonoscope. Operating as a "rear view mirror," in conjunction with a standard colonoscope, the Third Eye Retroscope helps to visualize blind spots in the colon. The device is FDA 510(k) cleared for providing additional illumination and visualization during colonoscopy, and also has its CE mark for distribution in the EU.

- more -

"Used during colonoscopy, the Third Eye Retroscope helps visualize blind spots, allowing the physician to see more of the colon and potentially find more polyps and adenomas," said Dodson.

Recent Clinical Developments in Colorectal Cancer and Colonoscopy
Colorectal cancer is the second greatest cause of cancer death in the U.S. and in Europe.[1] However, most cancers of the lower gastrointestinal (GI) tract can be successfully treated if detected early. Even more cases can be prevented if pre-cancerous lesions can be removed before they become malignant.

Colonoscopy is widely regarded as the "gold standard" for detection of abnormalities in the colon. However, research has revealed that 12-24 percent of polyps and a significant number of cancers can be missed during colonoscopy. [2] [3] [4]

Furthermore, a recent large study analysis involving more than 10,000 cancer patients who died of colorectal cancer (Baxter, et al) indicated that colonoscopy missed about one-third of colorectal cancers (CRCs) on the left side of the colon and 40-67 percent of the CRCs on the right side of the colon. [5] The authors stated that, of the study patients who later passed away from CRC, more than twice the number of patients had lesions on the right-side of the colon vs. the left side.

"Even though these studies indicate that colonoscopy isn't perfect, we shouldn't get complacent," said Daniel DeMarco, MD, medical director of endoscopy and physician on the medical staff at Baylor University Medical Center at Dallas. "A possible reason cited by authors of the Baxter study for higher 'miss rates' with the right-sided lesions was because they are more likely to be flat, making them more difficult to detect and remove than raised lesions. Moreover, these hard-to-see flat lesions are nearly ten times more likely to be cancerous than the raised lesions. So if physicians see an opportunity to use equipment that may help do a better job in detection, we should take it."

Third Eye Retroscope Improves Rear & Right-Side Visualization During Colonoscopy
The most recent Third Eye Retroscope study (Waye, et al.) indicated that, when used in combination with a standard forward-viewing colonoscope, the device revealed areas that are often hidden from the standard colonoscope, and increased polyp detection rates by 13.0 percent by providing visualization of the colon behind folds and flexures. The same study showed a 10.9 percent increase over the colonoscope alone, in detection of adenomas.

Moreover, the study suggested that while the Third Eye Retroscope is effective in detecting additional polyps in the left colon, it is 10.6 percent *more* effective in detecting additional lesions in the right colon compared to the left colon.

"These results are important to both doctors and patients, because most cases of colon cancer arise from adenomas,'" said Dr. DeMarco. "The best way for patients to ensure that patients are getting the most benefit of their colonoscopy procedure -- and therefore, the best possible screening - is to make sure their procedure is performed by an experienced doctor working with the most up-to-date equipment, including advanced scopes and visualization tools."

---

[1] According to the European Cancer Patient Coalition, Health First Europe and the American Cancer Society.
[2] Pickhardt, P.J.; Nugent, P.A.; Mysliwiec, P.A.; et al. Location of adenomas missed by optical colonoscopy. *Annals of Internal Medicine* 141(5):352-360, 2004.
[3] Pabby, A.; Schoen, R.E.; Weissfeld, J.L.; et al. Analysis of colorectal cancer occurrence during surveillance colonoscopy in the dietary Polyp Prevention Trial. *Gastrointestinal Endoscopy* 61(3):385-391, 2005.
[4] Rex, D.K.; Cutler, C.S.; Lemmel, G.T.; et al. Colonoscopic miss rates of adenomas determined by back-to-back colonoscopies. *Gastroenterology* 112(1):24-28, 1997.
[5] Baxter, N.N.; Goldwasser, M.A.; Paszat, L.F.; Saskin, R.; Urbach, D.R.; Rabeneck, L. To evaluate the association between colonoscopy and CRC deaths. *Annals of Internal Medicine* 150:1-8, 2009

Avantis Medical Systems, Inc. Raises $10 million in Series C funding

About the Third Eye ® Retroscope ®
The Third Eye Retroscope is designed to complement, not to replace, standard colonoscopes. Therefore it does not alter existing procedural infrastructure or referral patterns, and does not require a major investment from the doctor or hospital for large medical equipment or systems. The device can be used with most adult colonoscopes currently produced by the leading manufacturers.

The “chip-on-catheter” platform for the Third Eye Retroscope is also the basis for a number of other products that Avantis Medical is developing for use in gastroenterology and in other medical and surgical specialties. Like the Third Eye Retroscope, most of these innovative devices are designed to be disposable, which eliminates the need for sterilization and the risk of cross-contamination.

About Avantis Medical Systems, Inc.
Avantis Medical Systems, Inc. is a visualization technology company focused on delivering cost effective solutions for the improved detection and prevention of cancers of the gastrointestinal (GI) tract.

The Avantis Medical team is developing solutions for the limitations associated with technologies that are currently used to screen, assess and treat cancer throughout the body. Avantis Medical has an extensive portfolio of patents covering innovative devices based on the convergent technologies of micro-chips, enhanced video processing and catheter based delivery systems. For more information, visit www.avantismedical.com or www.getthirdeye.com.

# # #