

**AxoGen, Inc. is Transforming and Revolutionizing the Way Surgeons Repair Nerves Injured in Trauma or Surgery with their Regenerative Medicine Products – the Avance<sup>®</sup> Nerve Graft, AxoGuard<sup>®</sup> Nerve Connector and AxoGuard<sup>®</sup> Nerve Protector**

**Healthcare  
Peripheral Nerve Reconstruction  
and Regeneration  
(AXGN-OTCBB)**

**AxoGen, Inc.**

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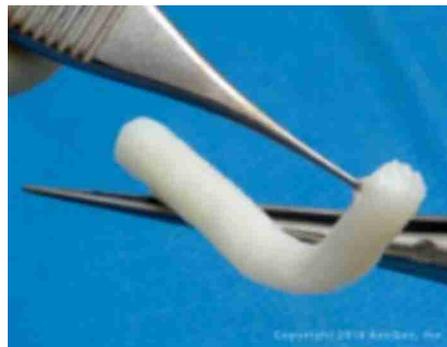


**Karen Zaderej  
Chief Executive Officer**

**BIO:**

Ms. Zaderej has served as President, Chief Executive Officer and a member of the board of directors of AxoGen, Inc. since September 2011. Karen has served as Chief Executive Officer and as a member of the board of directors of AxoGen Corporation since May 2010. Karen joined AxoGen in May 2006 and served as Vice President of Marketing and Sales from May 2006 to October 2007 and as Chief Operating Officer from

October 2007 to May 2010. From October 2004 to May 2006, Karen worked for Zaderej Medical Consulting, a consulting firm she founded, which assisted medical device companies to build and execute successful commercialization plans. From 1987 to 2004, Karen worked at Ethicon, Inc., a Johnson & Johnson company, where she held senior positions in marketing, business development, research & development, and manu-



facturing. Karen has a MBA from the Kellogg Graduate School of Business and a BS in Chemical Engineering from Purdue University.

**Company Profile:**

AxoGen (OTCBB: AXGN) is a regenerative medicine company with a portfolio of proprietary products and technologies for peripheral nerve reconstruction and regeneration. Every day people suffer traumatic injuries or undergo surgical procedures that impact the function of their peripheral nerves. Peripheral nerves provide the pathways for both motor and sensory sig-

nals throughout the body and their damage can result in the loss of function and feeling. In order to improve surgical reconstruction and regeneration of peripheral nerves, AxoGen has developed and licensed patented and patent-pending technologies, which are used in its portfolio of products. This portfolio includes Avance<sup>®</sup> Nerve Graft which AxoGen believes is the first and only commercially available allograft nerve for bridging nerve discontinuities (a gap created when the nerve is severed). AxoGen's portfolio also includes AxoGuard<sup>®</sup> Nerve Connector, a coaptation aid allowing for close approximation of severed nerves, and AxoGuard<sup>®</sup> Nerve Protector that protects nerves during the body's healing process after surgery. AxoGen is bringing the science of nerve repair to life with over 6,000 surgical implants of AxoGen products performed in hospitals and surgery centers across the United States, including military hospitals serving U.S. service men and women.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Ms. Zaderej, would you tell us about your recent merger with LecTec and how it changed AxoGen?

**Ms. Zaderej:** AxoGen and LecTec merged September 30<sup>th</sup>. AxoGen was a venture capital backed, privately held company focused in the area of regenerative medicine for peripheral nerves. We had been looking at various financing events and frankly we were looking more in the private realm. Along the way, we were introduced to LecTec, which was a public

company that was looking to invest some cash in a company like AxoGen. They were looking for a company that was in the commercialization stages of the product life cycle needing funding to realize their full commercial potential. This was a way for LecTec to leverage their cash and public shell to add value to a small company. It just looked like a good marriage, so we did decide to go forward with that merger, which was completed on September 30<sup>th</sup>.

**CEOCFO:** What does it mean when you say that AxoGen is bringing the science of nerve repair to life?

**Ms. Zaderej:** We are doing just that. We are working with surgeons to help them in repairing nerves that are injured either due to traumatic or surgical injury. We have three products that are available today. The first product is the Avance<sup>®</sup> Nerve Graft and it is used when a nerve is fully cut or transected in injury or surgery. Therefore, the surgeon needs to do something to help bridge the gap between those two nerve ends. What they typically do is an autograft—removing a nerve from somewhere else in the patient's own body and transplanting it. However, the patient obviously loses the function of that nerve when they do that, so there is the risk of complications, and it takes quite a bit of OR time. What we offer the surgeons is the opportunity to have comparable results as the autograft, but avoid the down side of an autograft by using our Avance<sup>®</sup> Nerve Graft. The second product that we have is AxoGuard<sup>®</sup> Nerve Connector and that is used when nerves are transected, but there is a 5mm or less gap between the nerve ends. You can think of it as duct tap for a nerve. It is a way to put the nerves together and seal them up, so that the nerve can regenerate appropriately. Lastly, we have AxoGuard<sup>®</sup> Nerve Protector. The surgeon would use this product when he is trying to protect the nerve

from soft tissue attachments or surrounding structures. For example, if a bone was broken and there is a plate put on it, it can abrade a nearby nerve. This can cause scarring of the nerve. We are trying to help surgeons solve problems for their patients by not having that tethering or scarring of the nerve.

**CEOCFO:** What is the competitive landscape for AxoGen and are there similar products on the market?

**Ms. Zaderej:** The nerve repair market is very underserved. There has not

**The nerve repair market is very underserved. There has not been products in many of the applications that fully meet the needs of patients and surgeons... We are working with surgeons to help them in repairing nerves that are injured either due to traumatic or surgical injury. We have three products that are available today. The first product is the Avance<sup>®</sup> Nerve Graft and it is used when a nerve is fully cut or transected in injury or surgery. Therefore, the surgeon needs to do something to help bridge the gap between those two nerve ends... The second product that we have is AxoGuard<sup>®</sup> Nerve Connector and that is used when nerves are transected, but there is a 5mm or less gap between the nerve ends. You can think of it as duct tap for a nerve. It is a way to put the nerves together and seal them up, so that the nerve can regenerate appropriately. Lastly, we have AxoGuard<sup>®</sup> Nerve Protector. The surgeon would use this product when he is trying to protect the nerve from soft tissue attachments or surrounding structures. - Karen Zaderej**

been products in many of the applications that fully meet the needs of patients and surgeons. Today, for our Avance<sup>®</sup> Nerve Graft, the primary competition is the autograft, which is not really a product, but it is your own nerve that is being moved by the surgeon. So it is really a technique. With regard to AxoGuard<sup>®</sup> Connector and AxoGuard<sup>®</sup> Protector, there are some synthetic polymer and collagen based products that are available in the marketplace. However, our product is different in that it is a regenerative medicine product. In other words, it uses the patient's regeneration system to allow the healing to occur, versus be-

ing a surgical implant that is put in and is dissolved over time. Therefore, it provides some benefits in terms of restoration of the natural tissue of the patients.

**CEOCFO:** Where is AxoGen in the commercialization process?

**Ms. Zaderej:** In the United States, we are regulatory approved, so we are commercially available and we had \$2.35m in revenue the first six months of 2011. We are still in the early stages of commercialization and getting the word out to surgeons and to patients that these options are available. Outside the United States we have done very little. From a regulatory standpoint we are just starting across Europe. We do have Canadian approval for our Avance<sup>®</sup> Nerve Graft product and are releasing it across Canada.

**CEOCFO:** How does AxoGen reach the surgeons who would use your products?

**Ms. Zaderej:** Surgeons today are extremely busy. Their time is very valuable and so the important thing for us or for any medical products company is to have something that really adds value for them and their patients. As I said, in nerve repair they really do not have a lot of options today, so we are coming in with something that is truly unique. We are offering a

portfolio of solutions that will help them have better options and alternatives for their patients and that is something that is interesting to them. The other thing that we do is to make sure that we are very science based; our motto is 'bringing the science of nerve repair to life.' We focus heavily on creating good preclinical and clinical data, so that the surgeons can make a very good decision about their patient care choices.

**CEOCFO:** What is the financial picture like for AxoGen today?

**Ms. Zaderej:** We completed \$3 million in sales last year, and we are

continuing to expand and grow this year. In addition, we are expanding our sales base. We are still not cash flow positive, but we are definitely working in that direction. The merger has brought the capital required to fund our business plan and growth.

**CEOCFO:** Where are your products manufactured?

**Ms. Zaderej:** We manufacture our Avance<sup>®</sup> product at LifeNet Health, a leading provider of tissue processing services located in Virginia Beach, Virginia. Our AxoGuard<sup>®</sup> products are manufactured by Cook Biotech in West Lafayette, Indiana.

**CEOCFO:** What will AxoGen be focusing on in the next year or two?

**Ms. Zaderej:** With this merger, we have a very strong cash position. We believe we are funded to push the market growth to cash flow break-even. A big part of what we are doing is expanding our sales team thru both independent and direct representatives. Along with that we will continue to build, the clinical data through the RANGER study, the largest multicenter study of peripheral nerves, as well as increase surgeon awareness of our products.

**CEOCFO:** In closing, why should po-

tential investors pay attention to AxoGen today?

**Ms. Zaderej:** We think we are poised well for growth. If investors are looking for something that is obviously new in the marketplace, unique in a category, in a market area that is primed for something new to come into it, and at that magic stage of having the clinical data and building the critical mass in sales; then we are the right investment for them. Our symbol is AXGN and additional information about the company is at our web site [www.axogeninc.com](http://www.axogeninc.com).

**AXO GUARD<sup>®</sup>**  
Nerve Connector



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