



Oxira Medical, Inc.
9 Bartlet Street, #311
Andover, MA 01810

February 28, 2013

Dear Oxira Shareholder,

As you know from my previous two letters, we have been in negotiations with a Chinese medical device firm since October to raise \$1.5 million to fund the continuing operations of Oxira Medical. As you may recall, while traveling privately in Asia last summer, Dick Spencer met with Eric Chien, MD, Ph.D, a consultant to Coronado Medical Co.'s Chairman and Board of Directors. Dick and I later met with Dr. Chien in Miami and we were all encouraged by what seemed to be a genuine opportunity for both companies.

However, I regret to inform you that that Coronado's Board of Directors has decided, after considerable deliberation, that Oxira does not fit into their 2013 capital expenditure plan.

As a result, Oxira's Board of Directors has made the decision to close down the Company on April 15, 2013. Upon doing so, all Oxira Medical shareholders will then receive a copy of the *Certificate of Dissolution* from the State of Florida, which can subsequently be used for your tax purposes.

Between now and April 15, our priority is to try and sell Oxira Medical's patent portfolio in an effort to return as much capital as possible to our investors. Based on feedback from experts in selling assets, we should know where we stand within the first four (4) weeks after starting this process. But I must caution that only rarely is a company in Oxira's position able to provide much of a return, if any, to its shareholders.

In addition to the formidable and ongoing fund-raising support from Dick Spencer and Bruce Carson, we went to great lengths during the last four years to raise the additional capital necessary for Oxira to succeed:

- In 2009, we retained a top-notch private placement firm that specializes in raising capital for early stage companies through a global network of U.S. and European venture capital companies. Overall, Oxira and the Oxilute™ PCI Catheter System were introduced to 129 venture capital companies.
- In 2011, we were referred to and retained a highly regarded Consulting CFO with a longstanding reputation of helping young companies get funded. Through mid-2012, he introduced Oxira to 14 diversified Boston venture capital firms and 36 VCs focused on medical technology in an effort to fund development of the Oxilute PCI Catheter.
- In 2012, we were invited to present Oxira and the NeurOx™ System to a mid-sized investment bank in Boston, with the objective of seeking private funding from a number of qualified investors.

- Finally in 2012, we also retained an LLC that introduced Oxira and the NeurOx System to its ultra-high net worth backers, any one of whom was capable of funding Oxira's most recent financing goal of \$1.5 million.

All of these fundraising efforts followed the global financial crisis. In particular, we learned that the investment landscape for venture capital firms had changed dramatically:

- *Oxira is very interesting, but too early stage*
- *We're struggling with our existing medical device portfolio companies*
- *We need to save our "dry powder" for our portfolio companies.*
- *We have no bandwidth within our firm to make any new investments*
- *We need a \$10 million runway of sales revenue*
- *We're concerned with exceedingly costly and long regulatory pathways that delay time-to-market, especially in the U.S.*
- *We're no longer active in the medical device space*

The Board does not believe the Company will be able to raise any venture capital in the future. As a prominent Minneapolis venture firm that just raised \$48 million toward a new fund stated last week, "Our investment strategy is focused on later stage medical device companies that have a near-term clarity of exit and provide the best opportunity for risk-adjusted returns in today's medical device industry." It was further stated that "This fund doesn't appear poised to help early-stage med-tech companies starving for capital."

Additional resistance to med-tech venture funding includes new U.S. Federal taxes singling out medical device manufacturers, which will compress their profit margins and/or cause them to severely limit or abandon acquisitions of early stage companies with new technologies; the anticipated cuts in Medicare; and the unknowns related to medical insurance coverage and reimbursement with the implementation of the *Affordable Care Act* in the U.S.

On behalf of our Board members, all of whom are Oxira investors, we greatly appreciate the confidence you have expressed in us, the risks you have taken, and the life blood you provided Oxira through all of the very hard-earned money you have invested. It is with enormous regret and disappointment that we have not been able to provide you with the handsome financial reward you so well deserve.

Sincerely,



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President & CEO

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