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Afferent Corporation Receives \$750,000 Phase II SBIR Grant *NIH provides funding for new technology aimed at stroke rehabilitation*

Providence, RI, July 20, 2004—Afferent Corporation today announced that it has recently been awarded a Phase II Small Business Innovation Research (SBIR) grant of \$750,000 from the National Institute of Neurological Disorders and Stroke (NINDS). NINDS is part of the National Institutes of Health (NIH) and is the primary supporter of biomedical research on the brain and nervous system in the U.S.

The grant will be used to advance product development and clinical testing of the Company's neurostimulation technology aimed at improving sensory motor rehabilitation in stroke patients. Human trials in post-stroke rehabilitation patients will be carried out at Northwestern University and the Rehabilitation Institute of Chicago (RIC), along with animal studies at Brown University and the Canadian Centre for Behavioural Neuroscience (CCBN).

"Stroke survivors constitute one of the largest groups of patients receiving rehabilitation services in the United States," said Jason D. Harry, Ph.D., President and CEO of Afferent Corporation. "This most recent funding from the NIH will allow us to work with internationally acclaimed stroke researchers with the goal of demonstrating the utility of our proprietary neurostimulation technology in accelerating recovery of sensorimotor function for post-stroke patients."

According to the American Stroke Association, more than 700,000 Americans have a stroke each year in the U.S. Stroke is a leading cause of severe, long-term disability, costing U.S. health insurers and society some \$45 billion annually in care and loss of productivity. Approximately 85% of stroke patients survive the incident, resulting in a population of some 4.5 million Americans who have enduring effects of a loss of brain function.

David A. Brown, PT, Ph.D., assistant professor of Physical Therapy and Human Movement Science at The Feinberg School of Medicine, Northwestern University stated, "Based on research done in our laboratory and elsewhere, it is now well understood that individuals not only can regain motor abilities after a stroke, but that sensory information is one of the key drivers of the recovery process. Our early experience with Afferent's technology, along with evidence from other studies, leads us to expect that this adjunct to therapy may be able to provide enhanced ability to recover motor abilities after stroke."

Richard L. Harvey, M.D., Medical Director of the Center for Stroke Rehabilitation of RIC said, "Loss of sensorimotor function is one of the most persistent problems facing individuals who have had a stroke, and presents one of the biggest challenges to the clinicians who treat them. We are keenly interested in helping to develop new therapeutic options, and are eager to assist in testing Afferent's technology in this patient population."

The Department of Physical Therapy and Human Movement Sciences at Northwestern University is a leading center of research into post-stroke interventions. RIC operates one of the largest and most prestigious physical medicine residency programs in the United States. The Rehabilitation Institute of Chicago has been recognized as the “Best Rehabilitation Hospital in America” since 1991 by *U.S. News & World Report*.

The grant will also be used to gather further illustrative data in animal studies. Following preliminary work at Brown University with George E. Goslow, Ph.D., the technology will be tested in sophisticated models of stroke rehabilitation by Jeffrey A. Kleim, Ph.D., of the CCBN at the University of Lethbridge. Located in Alberta, Canada, CCBN conducts basic and applied research on the brain science and behavior.

Since its inception in 2000, Afferent has been awarded both Phase I and II SBIR grants totaling \$1.8 million from three institutes within the NIH (National Institute of Child Health & Human Development, National Institute of Diabetes & Digestive & Kidney Diseases, and National Institute of Neurological Disorders and Stroke). The Company has also raised \$1.3 million in private equity financing to further pursue development and commercialization of its technology, which originated at Boston University’s Center for BioDynamics.

About Afferent Corporation

Afferent Corporation, based in Providence, Rhode Island, is pioneering the development of a new class of medical devices to treat chronic neurological dysfunction. Its lead technology enhances the function of mechanoreceptor cells involved in sensory perception as a means of restoring brain function following stroke, improving elderly balance, and addressing complications resulting from diabetic neuropathy. Afferent’s development efforts are being pursued in collaboration with leading biomedical and clinical researchers throughout the United States and Canada. Building on this technology platform, Afferent aims to establish a leadership position in the emerging field of neurotherapeutic devices.

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