

Investor update

THE FOLLOWING IS AN UPDATE ON THE MILESTONES WE'RE PURSUING WITH OUR CURRENT ROUND OF SEED FUNDING.

PleuraFlow was founded in 2006 to develop technology to address the problem of medical tube clogging. The company closed its initial round of seed funding in August, 2007, with investments from the Cleveland Clinic and the Bend Venture Angel Investors.

The company closed its initial round of seed funding in August, 2007 with investments from the Cleveland Clinic and the Bend Venture Angel Investors. Medical tube clogging can occur in a number of clinical settings, including in drains used after surgery. The company's lead initiative is to develop technology that will effectively eliminate clogging and clotting in surgical drainage tubes used after heart, lung and trauma surgery, reducing the need for painful and ineffective manipulations of the chest tubes

intended to keep them open when they become blocked. Solving the issue of clogging will allow chest tubes to function with increased safety and with less nursing care. The ultimate byproduct of the product will be that smaller, more minimally invasive chest tubes can be utilized, since the reason to use the larger diameter tubes is to facilitate evacuation of blood and clots that tend to more easily obstruct the smaller tubes. The following is an update on the milestones that the company is pursuing with its current round of seed funding.

PleuraFlow Changes its Name

The company is changing its name to Clear Catheter Systems. The company initially chose the name PleuraFlow to represent its initial focus on the heart and lung surgery markets. As the company has progressed in the last 6 months, it has become clear that the potential for this technology goes far beyond the heart and lung surgery market focus that originally drove the creation of the company. It is now better appreciated that our research endeavors and intellectual property platform development will allow us to pursue



CLEAR CATHETER
SYSTEMS

other markets where clogging of medical tubes is problem. These markets include the enteral feeding market (feeding and gastrointestinal tubes), the urologic market (bladder drainage), and the closed surgical

drainage market (drains used after general surgery, orthopedic, plastic surgery, etc). To

reflect this change, the board approved changing the name of the company from PleuraFlow to Clear Catheter Systems to better represent its expanded



focus on the broader medical tube clogging markets beyond those encounter following heart and lung surgery. Our lead product for the heart and lung surgery market will retain the name PleuraFlow.

Board Update

The board has been meeting regularly to map out the strategy and milestones for the company for the coming year. The founding board members include:

Edward Boyle, MD (MDI)

Andrew Firlik, MD (MDI)

Sam Kiderman (Cleveland Clinic Innovations)

Tim Lynch (BVC 2006 investors)

The board agreed to add an additional outside board member and sought a candidate with considerable industry experience in this medical device sector. After considering several candidates for an outside board

position, the board offered the position to George Trutza in October, 2008. Mr. Trutza has considerable experience in this market space, having served as President of the Kendall Medical & Surgical Division (now Covidien) and President of Tyco Healthcare Group Canada with annual sales of \$600M and \$150M respectively. He spent 11 years at US Surgical in a number of senior sales and marketing management roles. As Vice President of Marketing, George took over the Suture business driving it to over \$200M in sales and successfully laid the foundation for the integration of the acquisition of Davis&Geck suture products. He left Tyco to join

Surgicon Inc. a Connecticut based turnaround minimally invasive medical device company. From there he joined Accellent, Inc a medical device contract manufacturing company as EVP & GM of the companies Endo Division, and recently has been evaluating medical device opportunities and serving as an Executive in Residence at the Cleveland Clinic Innovation Center. Mr. Trutza accepted the offer to join the board and is actively advising the company on issues related to developing its product to the state where it will be feasible for them to be introduced clinically and marketed and sold worldwide.

Clinical Advisory Board

The company held its first clinical advisory board meeting at the recent Society of Thoracic Surgeons (STS) meeting in January, 2008.

This group includes:

Marc Gillinov, MD (chairman)

Cardiac Surgeon, Cleveland Clinic

William Cohn, MD

Cardiac Surgeon, Texas Heart Institute

John Puskas, MD

Cardiac Surgeon, Emory University

Robert Cerfolio, MD

Thoracic Surgeon, University of Alabama

Also in attendance was Dr. Louis Perrault, cardiac surgeon from the Montreal Heart Institute who was invited to discuss being the lead investigator on the first human implantation. The company conferred with these experts regarding its current development efforts, plans for laboratory testing and first in man implantations, and received valuable input from this leading group of surgeons.

Manufacturing

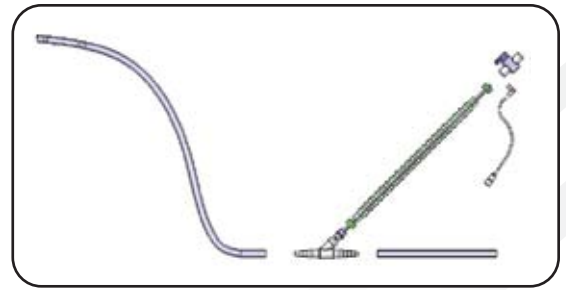
The board identified that an important milestone is to sort out the manufacturing issues early so that a production run of product can be completed during the seed round of financing. Dr. Boyle considered a number of options last fall and is currently meeting with manufacturing representatives to select a group to contract with the company to create a first production run of PleuraFlow and MicroFlow catheters that can be used in our first human implantation of the devices. This will require a number of quality assurance methodologies demonstrating good manufacturing processes (GMP) that that these groups can complete throughout their production process to ultimately prepare sterilized and packaged catheters that are ready for human use.

Disclaimer

This release contains certain forward-looking statements. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation. Given inherent risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements and information, which are qualified in their entirety by this cautionary statement. All forward-looking statements and information made herein are based on our current expectations and we undertake no obligation to revise or update such forward-looking statements and information to reflect subsequent events or circumstances, except as required by law.

Design and Engineering

The company engaged Carbon Design (Bothell, WA) Group to formally design its catheters and build prototypes. The process started by compiling the formal design specifications for the PleuraFlow and MicroFlow catheters and building initial prototypes. Once this was done, they built the first formal alpha prototypes, which were delivered in late January, 2008. It is anticipated that the company will have completed beta prototypes ready for formal laboratory testing by March, 2008.



Feasibility Testing

The company's lead products (the PleuraFlow and MicroFlow catheters) are designed to more effectively clear blood from the chest in the setting of bleeding after heart and lung surgery or trauma (known as a hemothorax). The company has helped develop a laboratory model of acute hemothorax which will be performed at the Lerner Research Institute at the Cleveland Clinic Foundation. Dr. Marc Gillinov, a leading heart surgeon at the Cleveland Clinic, is serving as the Principle Investigator. A pilot experiment was performed in November, 2007. It was noted that the model performed as there was considerable clogging in the control group tubes. The company is scheduled to begin formal testing of the PleuraFlow and

MicroFlow catheters in March, 2008. The goal of these studies will be to evaluate the hypothesis that active clearance of a chest tube is superior to no clearance at all (the current market standard), and that active clearance allows the reduction in diameter of chest tubes in the setting of bleeding. It is anticipated that this will allow for the data to be submitted in the form of publications which will aid investors and potential acquirers in the due diligence process, as well as facilitate future marketing activities. In addition, it is anticipated that these studies will contribute in the preparation of regulatory filings as the company prepares to move towards human clinical implantation of its devices.

First Human Use

The first human implantation of a new medical device is a major milestone that the board identified as a goal for the company for 2008. In reviewing the possibilities, Dr. Boyle is currently investigating the possibility of a first human implantation in Canada in late 2008. Dr. Boyle has been in contact with CanReg, a regulatory consulting firm that facilitates this process, and has met with heart surgeons at the Montreal Heart Institute, one of the world's top heart hospital as a possible site for the first human implantation. The company expects to apply for US FDA 510K applications for the PleuraFlow and MicroFlow catheters in mid 2008.

Exit Options

The company expects to build a market for its first generation of chest drainage products inside and outside the US for the \$1.16 Billion chest drainage market beginning in early 2009. Prior to that point it will be logical to look at exit options such as an acquisition by an existing medical device market leader in the surgical space. Alternatively, the company is exploring options to raise Series A funds to facilitate expansion and commercialization of its product beyond chest drainage to the billion dollar gastrointestinal and enteral tubes, surgical drainage and bladder drainage markets.

Pursuing this direction, the company plans to become a dominant player in the surgical drainage space and beyond as a fully integrated medical device company.

Intellectual Property

The core concepts of keeping drainage catheters clear by mechanically cleaning the internal diameter of the tubes are based on intellectual property licensed from the Cleveland Clinic Foundation and Medical Device Innovations. The company has been focusing on expanding its intellectual property platform as it designs and develops its initial products. Additional filings are in process which add additional intellectual property to more firmly establish the company's goal of having the strongest patent portfolio on the subject of medical tube clogging ever assembled.

Global Cardiovascular Innovation Center (GCIC) Grant

The company applied for and was awarded a GCIC grant for \$250,000 to further develop its technology. These are 2:1 matching funds. The Global Cardiovascular Innovation Center (GCIC) is a state of Ohio \$250 million research and product development consortium established by the Cleveland Clinic to significantly accelerate the commercialization of cardiovascular products. The GCIC has enlisted a team of prominent national leaders in cardiovascular (CV) research, technology development, industry representatives and healthcare venture capital investing to help evaluate and select recipients for its funding. In December, 2007, Dr. Boyle presented to a panel of GCIC advisory board and awarded this grant. For more information:

<http://www.clevelandclinic.org/gcic/news.htm>