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Avance Nerve Graft Clinical Results Published

ALACHUA, Fla.-- AxoGen, Inc. (OTCBB: AXGN), an emerging regenerative medicine company focused on the commercialization of proprietary products and technologies for peripheral nerve reconstruction and regeneration, today reported the publication of peer-reviewed clinical research conducted at twelve leading US surgical sites and led by the Buncke Clinic in San Francisco. The study, which is the first, multi-center clinical trial on processed nerve allografts, found that the Avance[®] Nerve Graft achieved meaningful recovery in 87 percent of patients with peripheral nerve injuries. A summary of the findings were published in the January 2012 issue of [*Microsurgery*](#).¹

Darrell Brooks, M.D., plastic surgeon, of The Buncke Clinic and the study's principal investigator said, "It is commonly accepted among surgeons who do peripheral nerve repair that success of surgery depends on the type of injury, length of nerve discontinuity, the patient's age and the type of nerve. Our study findings show that with processed nerve allograft, patients can have meaningful recovery regardless of these factors."

Karen Zaderej, President and CEO of AxoGen, Inc. stated, "This is monumental and exciting research. Previously surgeons had limited options for the repair of traumatic injuries with nerve defects. This data opens up opportunities for surgeons to restore both sensory and muscle function for their patients with peripheral nerve injuries. We are delighted that our products can provide new options for surgeons and their patients."

Dr. Brooks further commented, "Based on our findings, the information I use to counsel my patients prior to surgery will change — this is a paradigm shift."

About AxoGen, Inc.

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 signals 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[®] 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[®] Nerve Connector, a coaptation aid allowing for close approximation of severed nerves, and AxoGuard[®] Nerve Protector that protects nerves during the body's healing process after

surgery. AxoGen is bringing the science of nerve repair to life with thousands of 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.

AxoGen (formerly known as LecTec Corporation) is the parent of its wholly owned operating subsidiary, AxoGen Corporation. AxoGen's principal executive office and operations are located in Alachua, FL.

Cautionary Statements Concerning Forward-Looking Statements

This Press Release contains "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or predictions of future conditions, events or results based on various assumptions and management's estimates of trends and economic factors in the markets in which we are active, as well as our business plans. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "projects", "forecasts", "may", "should", variations of such words and similar expressions are intended to identify such forward-looking statements. The forward-looking statements may include, without limitation, statements regarding product development, product potential or financial performance. The forward-looking statements are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the statements. Forward-looking statements in this release should be evaluated together with the many uncertainties that affect AxoGen's business and its market, particularly those discussed in the risk factors and cautionary statements in AxoGen's filings with the Securities and Exchange Commission. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those projected. The forward-looking statements are representative only as of the date they are made, and AxoGen assumes no responsibility to update any forward-looking statements, whether as a result of new information, future events or otherwise.

¹ Brooks, D. et. al, Processed Nerve Allografts for Peripheral Nerve Reconstruction: A Multicenter Study of Utilization and Outcomes in Sensory, Mixed, and Motor Nerve Reconstructions. Microsurgery 2012: DOI 10.1002/micr.20975.

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