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AxoGen, Inc. Receives Department of Defense Funding for Next Generation Peripheral Nerve Repair Research

\$1.9 Million in Grant funding will explore application of novel stem cells and development of branched grafts for complex nerve repair

ALACHUA, FL - June 4, 2014 AxoGen, Inc. (NASDAQ: AXGN), the emerging leader of the \$1.6 billion U.S. peripheral nerve repair market, announced today that it would share in the award of two Department of Defense Grants totaling approximately \$1.9 million with Brigham and Women's Hospital in Boston (BWH).

The grants, awarded to Principal Investigators Charles Vacanti, MD and Bohdan Pomahac, MD, both of Brigham and Women's Hospital, will support development of next generation commercial solutions to help the nearly 1 million people in the United States who undergo surgical repair for peripheral nerve injuries annually.

"I am excited about the potential to address challenging nerve repair cases through the use of regenerative medicine and stem cell therapies," said Vacanti, who is chairman of Anesthesiology at BWH and Principal Investigator on the first grant of approximately \$700,000.

The grant will explore the promise of stem cell therapies in combination with Avance® Nerve Graft, a processed human nerve allograft currently marketed by AxoGen, to enhance nerve regeneration.

Pomahac, director of Plastic Surgery Transplantation at BWH, will serve as Principal Investigator for the second grant of approximately \$1.2 million to study the development of branched peripheral nerve allografts to help improve the aesthetic and functional outcomes of complex facial injuries.

"During complex reconstructions, manually recreating branching nerve segments is both time consuming and technically challenging. This grant provides us the opportunity to develop a branched nerve allograft product for implantation," said Pomahac.

"As a leader in the surgical repair and regeneration of peripheral nerves, AxoGen is committed to the development of innovative products to serve the needs of surgeons and their patients," commented AxoGen CEO Karen Zaderej. "The Department of Defense recognizes the importance of innovation in this area and we are excited to partner with Brigham and Women's Hospital to develop additional options for complex nerve

reconstructions."

The two grants will be funded through the Congressionally Directed Medical Research Program.

About AxoGen, Inc.

AxoGen (NASDAQ: AXGN) is a leading medical technology company dedicated to peripheral nerve repair. AxoGen's portfolio of regenerative medicine products is available in the United States, Canada and several European countries and includes Avance® Nerve Graft, the only off-the-shelf commercially available processed nerve allograft for bridging severed nerves without the comorbidities associated with a second surgical site, AxoGuard® Nerve Connector, a porcine submucosa extracellular matrix ("ECM") coaptation aid for tensionless repair of severed nerves, and AxoGuard® Nerve Protector, a porcine submucosa ECM product used to wrap and protect injured peripheral nerves and reinforce the nerve reconstruction while preventing soft tissue attachments.

Avance® Nerve Graft is processed in the United States by AxoGen. AxoGuard® Nerve Connector and AxoGuard® Nerve Protector are manufactured in the United States by Cook Biotech Incorporated, and are distributed exclusively by AxoGen. AxoGen maintains its corporate offices in Alachua, Florida and is the parent of its wholly owned operating subsidiary, AxoGen Corporation

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", "continue", "may", "should", "will" 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 our growth, our 2014 revenue estimate, product development, product potential, financial performance, sales growth, product adoption, market awareness of our products, data validation, our visibility at and sponsorship of conferences and educational events. 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, except as required by law, AxoGen assumes no responsibility to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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