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## News Release

### **Galil Medical Announces \$52 Million Financing**

*Financing will support expansion of Galil Medical sales and clinical programs and exit from Oncura joint venture*

**Yokneam, Israel and Plymouth Meeting, PA, December 11, 2006** - Galil Medical, a market leader in cryotherapy systems to treat cancer and non-cancerous tumors, announced today the completion of a \$52 million financing led by Thomas, McNerney & Partners and The Vertical Group, and joined by Investor Growth Capital. The financing and related transactions will permit Galil Medical to exit its joint venture with Oncura, and to expand its sales, marketing, and clinical programs in both the United States and Europe. Galil Medical is a pioneer in cryotherapy technology with annual revenues in excess of \$20 million.

James Thomas, Partner of Thomas, McNerney & Partners, comments, "As an established market and technology leader in the field of cryotherapy, Galil Medical represents an exciting investment opportunity for our investor group. This financing and related transactions truly set the stage for a new phase of growth for Galil Medical."

Galil Medical has been a leader in cryotherapy technology for the minimally invasive ablation of cancerous and non-cancerous tumors. The company's proprietary 17-gauge cryoneedle family is the thinnest needle available on the market, and its recently launched Presice™ platform offers an unmatched array of features including temperature monitoring and "ice ball" control.

Galil Medical has a dedicated direct sales organization serving its urology, interventional radiology, and gynecology customers in the United States and major European markets. The company plans to expand these sales organizations during 2007. The recent financing also will allow Galil Medical to expand clinical programs to support existing prostate and renal cancer indications as well as new gynecology indications.

Chen Barir, Chairman and CEO adds, "This financing and related transactions are major milestones for Galil Medical. We are now well positioned both organizationally and financially, to expand our global sales and marketing activities as well as to invest in R&D and clinical programs required to support existing and new applications for our cryotherapy technology."

James Thomas of Thomas, McNerney & Partners, Richard Emmitt of The Vertical Group, and Stephen Campe of Investor Growth Capital will join the Board of Directors of Galil Medical in connection with the financing.

**About Cryotherapy**

Cryotherapy is the application of extreme cold to freeze and destroy tumors and has proven to be an effective and minimally invasive technology that results in minimal pain, rapid recovery and high quality of life for patients.

**About Galil Medical**

Galil Medical is a global medical device company that develops, manufactures and markets an innovative cryotherapy platform incorporating powerful freezing technology and revolutionary needle design as a minimally invasive alternative to surgery for various clinical applications. Galil Medical cryotherapy products provide physicians with an easy-to-use solution to precisely ablate tissue while protecting adjacent structures, ensuring rapid recovery and increased quality of life for patients. Galil Medical, founded in 1996, has offices in Yokneam, Israel; Plymouth Meeting, Pennsylvania; and London, United Kingdom. For more information, please visit [www.galilmedical.com](http://www.galilmedical.com).

**About the Investors**

The \$52 million investment in Galil Medical was led by Thomas, McNerney & Partners and The Vertical Group, and joined by Investor Growth Capital. Thomas, McNerney Partners is a health care venture capital firm with approximately \$600 million under management focused on investing in life science and medical technology companies at all stages of development. The firm has offices in Stamford, Minneapolis and San Francisco. The Vertical Group is one of the largest venture capital firms in the United States focused on medical devices and biotechnology. The firm and its partners have founded or led investments in many of the most successful medical device companies of the past two decades including: SciMed Life Systems, Kyphon Inc. (NASDAQ: KYPH), ev3 Inc. (NASDAQ: EVVV), Ventana Medical Systems (NASDAQ: VMSI), Xomed Surgical Products, and American Medical Systems (NASDAQ: AMMD). Investor Growth Capital ("IGC") invests in healthcare and information technology companies in the US, Northern Europe and Asia and is the wholly owned venture capital arm of Investor AB. IGC's 25 investment professionals manage a portfolio whose value exceeds USD \$800 million from offices located in New York, Menlo Park, Beijing, Hong Kong, Tokyo, Stockholm and Amsterdam. The founding investors of Galil Medical are Elron Electronic Industries Ltd. (TASE & NASDAQ: ELRN), Discount Investment Corporation Ltd. (DIC) (TASE: DISI), and RDC - Rafael Development Corporation Ltd., each of whom will remain significant shareholders post transaction.