

Xhale Completes Spin-Off of New Patient Monitoring Business

New wholly owned subsidiary, Assurance Biosense, Inc., will focus on PPG related products in rapidly evolving patient monitoring segment.

Gainesville, FL – October 5, 2012 - Xhale, Inc. announced today the completion of the spin-off of Assurance Biosense, Inc., a wholly owned subsidiary of Xhale, Inc. The company is located in Glastonbury Connecticut, and is focused on the commercialization of an extensive IP portfolio centered on pulse oximetry and photoplethysmography (PPG). The first product being developed is a novel pulse oximetry sensor that is positioned on the side of the nose.

Richard Allen, CEO of Xhale, commented, “We are excited to see the launch of our new subsidiary, Assurance Biosense, Inc. We believe this to be an important milestone on the path to the rapid commercialization of this product line. We are pleased to have the group lead by Andrew Kersey and David Rich, both of whom have extensive experience in all aspects of pulse oximetry design, development and commercialization.”

The Assurance™ pulse oximetry sensor is innovative on several counts. It provides monitoring from a convenient single-point-of-contact sensor on the fleshy portion of the nostril, or the nasal ala. It is designed to stay in place with no patient discomfort. Its placement on the nose, and the resulting central signal source, provide more convenient, robust and dependable measurement of oxygenation, with fewer false alarms. And the underlying technology can provide critically needed cardiorespiratory parameters that are not currently available from any other non-invasive monitoring technologies.

“We are confident that the Assurance™ sensor will move us into the future of patient monitoring by more reliably tracking a broader range of physiologic parameters, while providing greater comfort for the patient at a lower cost,” says Andrew Kersey, President of Assurance Biosense, Inc. “The false alarms associated with conventional finger pulse oximetry, many of which are due to placement of the sensor on the finger, and related issues of sympathetic tone and patient movement, are significantly reduced with the Assurance™ sensor, which directly monitors the blood supply to the brain.” Assurance Biosense intends to file for 510(k) clearance later this year with commercialization planned for next year.

About Assurance Biosense:

Assurance Biosense, a wholly owned subsidiary of Xhale, Inc. is committed to providing clinicians with easy to use, cost effective diagnostic solutions that improve patient safety and reduce false alarms. Its Assurance™ line of PPG/oximetry sensors monitors central blood flow to the brain through placement on the nasal ala, a region rich in vasculature, fed by the external and internal carotid arteries. The unique physiology of the site provides a much stronger signal than that from a fingertip or extremity, delivering more robust pulse oximetry signals, while simultaneously enabling the monitoring of a range of critical physiologic parameters which cannot be monitored via conventional pulse oximetry.

About Xhale:

Xhale is a medical technology innovator, developing products that transform healthcare and save lives. The company is a world leader in the use of sensors that analyze vapor and exhaled breath and is focused on novel patient-centric monitoring solutions. Its two current product lines under development include SMART™, the world's only definitive medication adherence monitoring system, and Assurance™, a replacement for conventional finger-based pulse oximetry which will monitor multiple patient parameters from a single-point-of-contact sensor, more comfortably and conveniently than finger-based pulse oximetry with fewer false alarms.

(Note: Certain applications described above have not been reviewed by the FDA, and are therefore labeled for investigational use only).

For more information, please visit www.Xhale.com or contact Investor Relations at the company at abir@xhale.com or 352.371.8488.
