



CardioMag Imaging



CardioMag Imaging, Inc.
450 Duane Avenue
Schenectady, NY 12304
Phone (518) 381-1000
Fax (518) 381-4400
cardiomag@cardiomag.com

FOR IMMEDIATE RELEASE

**Contact: Carl H. Rosner
President and CEO
(518) 381-1000**

CARDIOMAG IMAGING RECEIVES \$500,000 NEW YORK STATE INVESTMENT

**Company Installs Its Heart Health Scan Diagnostic System
At Johns Hopkins Hospital in Baltimore, MD.**

Schenectady, NY, January 14, 2003 – CardioMag Imaging, Inc. (CMI), located in Schenectady, NY, announced the receipt of a \$500,000.00 investment in the Company from the New York State Urban Development Corporation d/b/a Empire State Development (ESD). The Empire State Development Corporation thus joins a number of individuals who have provided equity funds to privately held CardioMag Imaging since the Company's founding in 1999.

When Governor Pataki announced the equity investment to CardioMag Imaging from the New York Small Business Technology Investment Fund (SBTIF) he stated: "Programs like the Small Business Technology Investment Fund are an important part of our ongoing efforts to further strengthen New York's role as an international leader in high technology-based economic development."

Charles A. Gargano, Chairman of ESD, also pointed out that due to the Fund's successful performance, it is able to, "continue making investments in promising companies at no expense to taxpayers."

Carl H. Rosner, CMI's President and CEO, in accepting the \$500,000 check, expressed the Company's appreciation to the New York Empire State Development Corporation for the investment. In welcoming the new shareholder, the Company views it as a vote of confidence in its future prospects and expects substantial growth, as well as success in the global medical diagnostic marketplaces.

Rosner also indicated that this investment is part of the Company's efforts to raise \$5.6 million in second stage financing. This will help to cover costs associated with the Company's ongoing efforts to obtain final FDA approval, anticipated in 2003, and commencement of sales for its equipment to clinics and hospitals around the world.

- more -

CardioMag moved from Springfield, Massachusetts to Schenectady, New York in 2000 and has already added more than 20 employees to its payroll.

In a related development, Johns Hopkins Hospital joins the Klinikum Hoyerswerda Hospital (Germany) as key participant in multicenter trials of patients. In these and other hospitals, the CMI magnetocardiograph will generate clinical data to demonstrate the system's safety and efficacy in accordance with FDA approved patient protocols

Substantial technical advances in hardware and software over the past several years have now progressed to a point where global R&D efforts in Magnetocardiography carried out over 30 years, have been transformed by CMI into cost effective commercial diagnostic systems. The Company expects that these unique cardiac systems will provide the worldwide cardiology community with early and more reliable detection of heart disease. The major benefits expected to accrue to patients and hospitals, is that CardioMag's diagnostic system can measure *non-invasively* the magnetic fields generated by the heart's electrical activity. This technique, generically called Magnetocardiography (MCG) relies on extremely sensitive detectors called "SQUIDS (Superconducting Quantum Interference Detectors), is expected to determine rapidly and effectively whether chest pain is caused by heart disease. Likewise, tests for the efficacy of pharmacological drug treatments represent another major market opportunity for CMI's diagnostic systems.

CardioMag Imaging, Inc. was formed in 1999 to transform the results from over 30 years of worldwide MCG research and development into commercially useful and attractive products. CardioMag expects to provide lifesaving and medical cost containment solutions to the cardiac health care community by designing, manufacturing and marketing innovative imaging and medical diagnostic devices for early detection of heart disease.

Safe Harbor Statement: The statements presented in this press release which are not historical fact are forward looking statements which involve various important assumptions, risks, uncertainties and other factors set forth herein, including but not limited to, obtaining FDA approval, market acceptance, insurance companies reimbursement policies on particular diagnostic applications and the growth of customer acceptance.

####