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Carbylan Announces \$20 Million Series B Financing

Capital to support continued development of medical devices for the osteoarthritis and rhinosinusitis markets

PALO ALTO, November 26, 2007 - BusinessWire -- Carbylan BioSurgery, Inc., a medical device company focused on development of bioresponsive medical products for osteoarthritis and chronic rhinosinusitis, today announced the closing of a \$20 million Series B preferred stock financing. The financing was led by Vivo Ventures and included existing investors Alta Partners and InterWest Partners. In connection with the financing, Albert Cha, MD PhD, Managing Partner at Vivo Ventures, will join Carbylan's board of directors.

Proceeds from this round of financing will be used to advance Carbylan's lead product candidates based on chemically engineered polymers of hyaluronic acid. Carbylan's proprietary technology allows delivery of biomaterial-based medical devices as injectable liquids that self-polymerize, covalently bind to tissues at the target delivery site and, when combined with appropriate therapeutic agents, uniquely enable controlled drug release. The Company currently is conducting post-approval clinical studies for its first product AdvaCoat™ Sinus Dressing, and a second generation device/drug combination product AdvaCoat™ Rx for chronic rhinosinusitis will enter the clinic early next year. The company's second product, ActaVisc™ - viscosupplement for intra-articular injection - will also enter the clinic early next year as a treatment for osteoarthritis.

"I am pleased to welcome Vivo Ventures and Albert Cha to our team," stated George Daniloff, MD PhD Carbylan's CEO and President. "This financing provides us sufficient capital to demonstrate the unique benefits of the Carbylan technology in significant clinical trials in two large markets."

"A strong technology platform coupled with the strength and experience of Carbylan's management team make the company an exciting investment," said Dr. Cha, Managing Partner at Vivo Ventures. "We believe the Carbylan product portfolio is uniquely suited to deliver tremendous value to patients suffering from osteoarthritis or rhinosinusitis."

About Carbylan Biosurgery:

Carbylan was founded in 2005 to develop and market medical devices and device/drug combination products based on chemically engineered polymers of hyaluronic acid, a well known polysaccharide widely present in the human body. Its initial market focus is therapeutic medical devices for rhinosinusitis and osteoarthritis. Carbylan's proprietary technology enables delivery of biomaterial-based medical devices as injectable liquids that self-polymerize inside the body to form therapeutic implants that covalently bind to tissues at the target delivery site. Physical properties and resorption rates of the implant can be tailored to a clinical indication by adjusting the degree of chemical modification of the hyaluronic acid. Carbylan biopolymers are biocompatible, non-immunogenic and, when combined with pharmaceutical agents, uniquely enable controlled drug release.

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