



Inspire Medical Systems Completes \$17 Million Series B Financing

Second generation implantable device utilizes electrical stimulation to prevent airway closure during sleep

MINNEAPOLIS, June 8 /PRNewswire/ -- Inspire Medical Systems, Inc., a private medical device company, today announced it has completed a Series B financing of \$17 million. Earlier in 2009, Inspire announced the first human implant of its Inspire II system designed to treat Obstructive Sleep Apnea (OSA). Since this announcement, Inspire continued to implant patients into parallel clinical trials being conducted in the United States and in Europe with several implants in each location to date.

Synergy Life Science Partners were the lead investors. Other participants in the round included existing investors Kleiner Perkins Caufield & Byers, US Venture Partners, Medtronic, Inc., and Dr. Glen D. Nelson through GDN Holdings. The Series B financing is over two phases with the primary purpose to fund the on-going clinical activity.

It is estimated that one in fifteen adults has moderate to severe OSA(1). People with OSA experience recurrent blockage of their upper airway during sleep, resulting in frequent arousals from sleep and reduced oxygen levels in the blood. This happens in patients with OSA because the muscles that normally hold the airway open during wakefulness relax during sleep and allow the airway to collapse. When the airway is partially closed and/or the muscles relax too much, inhalation can completely close the airway, resulting in an obstructive sleep apnea event. Depending on the degree of severity, OSA is a potentially life-threatening condition. According to a recent report(2) from the National Center on Sleep Disorders Research and the National Institute of Health, someone who has undiagnosed or is non-compliant to treatment of their sleep apnea is significantly more likely to have a heart attack, a stroke, cardiac arrest during sleep, or a harmful accident.

"We are pleased to be part of the clinical trial of the Inspire system," said Tucker Woodson, M.D., Medical College of Wisconsin in Milwaukee. "There is a significant unmet need today for a device therapy that can be used consistently and effectively by patients with obstructive sleep apnea."

The Inspire system is an implantable device that delivers electrical stimulation to prevent the closure of the upper airway that can stop airflow in patients with OSA. The device is a unique closed-loop system that is able to sense respiratory effort and deliver stimulation to keep the airway open and breathing normal.

About the Inspire System

The Inspire system consists of an implantable pulse generator, a respiration pressure sensor and a stimulation lead that delivers the electrical impulses to the patient's hypoglossal nerve. The hypoglossal nerve is the twelfth cranial nerve that is located along the side of the neck and leads to the tongue. The unique closed-loop design of the Inspire system senses a patient's respiratory effort during sleep and provides hypoglossal nerve stimulation to maintain an open airway synchronous with respiration. Patients have a programming device that is used to turn the device on at bedtime and to turn the unit off during non-sleep periods. The stimulation delivered is sufficient enough to evoke a response from the nerve but at a low enough level to not disturb the patient's sleep. A physician controller unit, used during visits to the patient's treating physician, is used to monitor the therapy and make adjustments to the device as needed for the patient's unique physiology.

About Inspire Medical Systems: www.inspiremedicalsistemas.com

Inspire Medical Systems, Inc., based in Minneapolis, Minnesota, was created to be the world's leading provider of innovative and cost-effective implantable therapeutic devices for the treatment of Obstructive Sleep Apnea. The focus for the company is developing and commercially releasing the Inspire system for the treatment of Obstructive Sleep Apnea (OSA). The company was formed when the intellectual property for the Inspire System was licensed and spun out from Medtronic in 2007. Financing has been provided by blue-chip venture investors Kleiner Perkins Caufield & Byers, U.S. Venture Partners, Synergy Life Science Partners, and Glen D. Nelson, M.D., through GDN Holdings. Medtronic also invested in the company and maintains a minority ownership position. The leadership team of Inspire Medical Systems oversaw the development of the technology at Medtronic and managed the successful spin-out of the program as an independent enterprise.

(1) (Caples et al, Ann Intern Med. 2005;142:187-197)

(2) (Quan et al, Circulation, 2004;109:951-957)

SOURCE Inspire Medical Systems, Inc.