



Inspire Medical Systems Raises \$40 Million in Series E Funding

Investment Capital will Fund U.S. Commercialization of the FDA-approved Inspire therapy

Minneapolis, MN – May 15, 2014 – Inspire Medical Systems, Inc. announced today that it has completed a Series E financing of \$40 million. The financing round was strategically timed to coincide with the commercial launch of the Inspire® Upper Airway Stimulation (UAS) therapy in the United States.

Last month, the [FDA approved Inspire therapy](#), a first of its kind fully implanted device for use in a subset of patients with moderate to severe Obstructive Sleep Apnea (OSA) who are unable to use Continuous Positive Airway Pressure (CPAP) devices. Inspire therapy uses mild stimulation of the hypoglossal nerve to maintain an open airway during sleep.

The financing was led by OrbiMed in New York. Other new investors in this round are the Johnson & Johnson Development Corporation and Aperture Venture Partners. Existing investors of Inspire Medical Systems also participated in the round, including Kleiner Perkins Caufield & Byers, US Venture Partners, Synergy Life Science Partners, Medtronic, GDN Holdings and TGap Ventures. OrbiMed Private Equity Partner, Chau Q. Khuong, will join the Inspire Medical Systems' Board of Directors.

“We are pleased to have the support and confidence of this esteemed group of investors,” said Tim Herbert, Inspire Medical Systems president and CEO. “This round of funding will enable Inspire Medical Systems to invest in the people and programs necessary to make this much needed treatment available to patients and physicians.”

“Inspire therapy fills an important and significant gap in the OSA treatment continuum,” said Chau Q. Khuong, OrbiMed private equity partner. “We believe that both physicians and patients will have great interest in this innovative new therapy.”

As part of the growth strategy of the company, Inspire also today announced that Richard Buchholz has been appointed as the Chief Financial Officer (CFO). Mr. Buchholz is a veteran medical device CFO most recently serving as CFO of superDimension, which was acquired in May 2012. He brings a broad experience base in both privately-held and public companies. Prior to joining superDimension, Mr. Buchholz served as CFO of Vascular Solutions. He started his career at Ernst & Young. Mr. Buchholz is a licensed certified public accountant and was named the 2012 CFO of the Year by the *Minneapolis/St. Paul Business Journal*.

More than 18 million Americans have sleep apnea. Depending on the degree of severity, OSA can be a potentially life-threatening condition. Recent research shows that a person with poorly managed sleep apnea is at increased risk for heart attack, stroke, weight gain, high blood pressure and heart failure.

Current treatments for OSA include weight loss, CPAP, oral appliances and anatomy altering surgeries. While these treatments are often successful, studies show that roughly half of all patients that start CPAP therapy, the current standard of care, eventually become non-compliant. Inspire therapy offers a proven treatment option for OSA patients who have not found relief from traditional treatment options. Inspire therapy is commercially available to patients at several centers in the United States, and additional U.S. clinical centers will have the therapy available in the second half of 2014.

About Inspire therapy

[Inspire® Upper Airway Stimulation \(UAS\)](#) is an FDA approved treatment for a subset of people with moderate to severe OSA who are unable to use CPAP. Inspire therapy is a fully implanted system, the first of its kind for sleep apnea, consisting of three components: a small generator, a sensing lead and a stimulation lead. The single external component, a small handheld Inspire sleep remote, is used to turn the therapy on before bed and off upon waking. When activated, Inspire therapy senses breathing patterns and delivers mild stimulation to key airway muscles, which keeps the airway open during sleep.

Patients implanted with Inspire therapy who participated in the company's STAR (Stimulation Therapy for Apnea Reduction) pivotal clinical trial experienced a 68 percent reduction in apnea events, a 70 percent reduction in oxygen desaturation events, and significant improvements in daytime functioning as measured by two validated questionnaires. These results were published in the January 9, 2014 issue of the *New England Journal of Medicine*.

About Inspire Medical Systems

Inspire Medical Systems based in Minneapolis, Minn., was formed in 2007 when the technology and a significant intellectual property portfolio was spun-out of Medtronic (NYSE: MDT). Inspire Medical Systems has developed the world's first fully implanted and FDA approved neurostimulation system for the treatment of Obstructive Sleep Apnea (OSA). The Inspire system uses well established neurostimulation technologies and incorporates a propriety algorithm which stimulates key airway muscles based on a patient's unique breathing patterns. Inspire therapy is designed to reduce OSA severity and improve quality of life for patients living with this challenging condition. Privately held, investors include Aperture Venture Partners, GDN Holdings, Johnson & Johnson Development Corporation, Kleiner Perkins Caufield & Byers, Medtronic, OrbiMed Advisors, Synergy Life Science Partners, TGap Ventures and US Venture Partners.

Visit Inspire Medical Systems on the web at www.inspiresleep.com.

About OrbiMed

OrbiMed is a leading investment firm dedicated exclusively to the healthcare sector, with approximately \$11 billion in assets under management. OrbiMed invests globally across the spectrum of healthcare companies, from venture capital start-ups to large multinational companies. OrbiMed's team of more

than 80 employees manages a series of private equity funds, public equity funds, royalty/debt funds and other investment vehicles. OrbiMed maintains its headquarters in New York City, with additional offices in San Francisco, Shanghai, Mumbai and Herzliya.

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