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Exclusive, world-wide Distribution Agreement signed between SomnoMed Limited and Zephyr Sleep Technologies Inc.

22nd December 2010, Sydney: SomnoMed Limited (ASX:SOM)

SomnoMed announced today the signing of an exclusive, world–wide distribution agreement with Zephyr Sleep Technologies Inc. ("Zephyr") for MATRx, a new product based on remote controlled mandibular positioner technology ("RCMP"). MATRx is anticipated to improve patient care by enabling Physicians to identify and characterize patients suitable for the SomnoDent[®] sleep apnea therapy. MATRx will be distributed by SomnoMed to sleep laboratories, clinics and other testing centers.

MATRx was developed by Zephyr Sleep Technologies Inc ("Zephyr") and is based on proprietary and patented RCMP technology invented at the University of Calgary by Zephyr's Chief Medical Officer, Dr. John Remmers. This medical device will be used in sleep laboratories and allows sleep technologists to measure and control protrusion of the mandible during a polysomnographic study ("PSG test"). Using MATRx in this environment will not only enable sleep physicians to ascertain the effectiveness of oral appliance therapy ("OAT") for their patients, but it will also help them determine the optimum settings for OAT.

A MATRx study uses very similar methods to those currently used to determine the effectiveness of continuous positive airway pressure ("CPAP"). As the same testing for the widely accepted CPAP treatment will now be used for OAT patients, sleep physicians will be more comfortable prescribing the SomnoDent[®] oral sleep apnea appliance. "This is another milestone in our company's history and addresses a strategic objective of ours within the sleep medical market," said Mr Ralf Barschow, SomnoMed Limited's CEO. "It re-affirms our commitment in the medical arena of treatment solutions for Sleep Disordered Breathing and answers the ongoing demand for the SomnoDent[®] sleep apnea treatment solution as opposed to surgery or CPAP. Non compliant CPAP patients have an alternative that is non-invasive, comfortable and effective that can now be shown during a split-night sleep test in the sleep laboratory. This gives the Sleep Physician comfort in the third generation OSA treatment solution, the SomnoDent[®]," he said.

SomnoMed has signed this agreement with Zephyr Sleep Technologies Inc., a company linked to the University of Calgary and again adds to the global leadership positioning of SomnoMed in this Sleep Disordered Breathing specialty and field.

For more information contact:

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About Zephyr Sleep Technologies Inc.

Based in Calgary Alberta, Zephyr is a creator and technology innovator in the areas of sleep: analytics, diagnostics, therapeutics and health. The company's product portfolio is based on the groundbreaking research findings of Dr. John Remmers and his colleagues. Zephyr's research, technology and product development focuses on physiological and environmental aspects of sleep performance.

About SomnoMed

SomnoMed, Limited is the world's leading company in dental sleep medicine with expanding operations in North America, Europe, Asia-Pacific and Japan. As the Gold Standard oral sleep apnea appliance, the SomnoDent[®] offers a clinically proven, effective and patient compliant alternative treatment for the majority of patients experiencing mild to moderate Obstructive Sleep Apnea (OSA) – and for existing CPAP therapy patients looking for improved comfort and compliance. North America is the largest worldwide market in Sleep Medicine, with more than 40 million Americans suffering from sleep disorders, according to the National Sleep Foundation.

SomnoMed provides the sleep apnea appliance SomnoDent[®], a Class II Medical Device that is FDA cleared, ISO certified & clinically validated to effectively treat OSA. Each custom SomnoDent[®] goes through FDA/ISO approved quality control process.