



3 May 2016

SomnoMed Limited ACN 003 255 221 (ASX:SOM) – Letter to Ineligible Shareholders for the ACCELERATED NON-RENOUNCEABLE ENTITLEMENTS OFFER

Dear Shareholder,

SomnoMed today announced an entitlement offer of approximately \$10.5 million, through a two tranche placement to both professional and sophisticated investors and retail shareholders, that is a 2 for 25 non-renounceable entitlement offer of approximately 4,200,935 fully paid ordinary shares.

The Entitlement Offer includes an institutional component (Institutional Entitlement Offer) and a retail component (Retail Entitlement Offer). Under the Institutional Entitlement Offer, eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Tuesday, 3 May 2016 to Wednesday, 4 May 2016. Eligible institutional shareholders may opt to take up all, part or none of their Entitlement.

The Retail Entitlement Offer will open on Tuesday, 10 May 2016 and close on Friday, 27 May 2016. Eligible retail shareholders may opt to take up all, part or none of their Entitlement.

The Entitlement Offer is being made by SomnoMed without a disclosure document or product disclosure statement in accordance with section 708AA of the Corporations Act 2001 (Cth) (Corporations Act).

Shareholder approval is not required for SomnoMed to make the offer under the Entitlement Offer.

Eligibility of shareholders to participate in the Entitlement Offer

SomnoMed has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3) Corporations Act, that it would be unreasonable to make offers to shareholders in all countries other than Australia and New Zealand, Singapore or Hong Kong in connection with the Entitlement Offer.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) Corporations Act, this letter is to inform you that SomnoMed has determined that you are not an Eligible Shareholder and therefore are ineligible to apply for New Shares under the Entitlement Offer.

You are not required to do anything in response to this letter. The Entitlement Offer is only available to Eligible Shareholders.

An Eligible Shareholder means a holder of SomnoMed shares at 7.00pm (Sydney time) on the Record Date who, has a registered address in Australia, New Zealand, Singapore or is a Shareholder that SomnoMed has otherwise determined is eligible to participate; and is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

As you do not satisfy the criteria for eligibility, SomnoMed is unfortunately unable to extend the Entitlement Offer to you. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder will be allocated as part of the shortfall at the Board's discretion or if not otherwise taken up in the bookbuild process placed by the Board to TDM Asset Management Pty Ltd.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a horizontal line extending to the right.

Terry Flitcroft
Company Secretary
SomnoMed Limited