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Ellipse Technologies Successfully Completes \$17.6 Million Series C Financing

Irvine, California — Tuesday, August 2, 2011 — Ellipse Technologies, Inc. (“Ellipse”) announced today the closing of its Series C private equity financing. The Company raised \$17.6 million from new shareholders HBM BioVentures and BioStar Ventures. Current investors Wexford Capital and the MedFocus Funds, which “incubated” Ellipse as an early-stage company, also participated in this financing.

Commenting on the financing, Ellipse Chairman, Michael Henson said, “The interest from potential investors in Ellipse was very positive, which led us to increase this round of funding from earlier goals. We are grateful to both our new and current investors who participated in this financing. This funding will enable Ellipse to initiate commercialization of the MAGEC and PRECICE products as well as invest in expanded uses of these patented technologies to new markets.”

MAGEC™ Remote Control Spinal Deformity System

Ellipse has developed the MAGEC (**MAG**netic **E**xpansion **C**ontrol) Technology for minimally invasive, and ultimately non-invasive, orthopedic deformity prevention and management. MAGEC Technology is a breakthrough medical device technology capable of *non-invasively adjusting* implants within the human body from outside the body via remote control. The adjustment of the device can also be reversed. The first application for this technology is for the treatment of spinal scoliosis in children.

With the MAGEC Technology, a single minimally invasive surgical procedure is completed. Then, during a series of routine outpatient visits, the physician will dynamically adjust the MAGEC Technology from outside the body via the MAGEC System’s External Remote Controller (“ERC”), thus eliminating the need for multiple highly invasive surgical procedures which are required with currently marketed, conventional products.

The MAGEC System is CE-Marked and Ellipse recently initiated a product launch at the International Meeting for Advanced Spine Therapies (IMAST) in Copenhagen, Denmark. Commenting on this launch, Ed Roschak, Ellipse Chief Operating Officer, said, “The response to MAGEC from the international spine community at IMAST was profoundly positive. The vast majority of physicians told us the Ellipse breakthrough technology will be of great benefit to their patients with spinal deformity. Now, we can move forward with the international rollout of the MAGEC System.”

PRECICE™ Remote Control Limb Lengthening System

The PRECICE devices are unique intramedullary rods which provide physicians with a new method of treating orthopedic conditions. The initial PRECICE devices will be used in leg limb lengthening procedures of the femur and tibia bones. Limb Lengthening procedures are used to treat a number of medical conditions, including shortened legs due to congenital abnormalities, major fractures of one of the legs and shortened leg bones due to other medical diseases, such as cancer. Rather than using

adjustable external fixation systems which are attached to the leg bone through long-term openings in the skin, the Ellipse device uses the PRECICE REMOTE CONTROL TECHNOLOGY, an internal implant adjusted to lengthen the leg bones via non-invasive methods from outside the body. Ellipse and its scientific advisors believe the PRECICE devices will not only provide a less-invasive approach to these procedures but also significantly reduce the potential for complications (e.g., infections) during the healing and recuperation period.

Ellipse has initiated the clinical use of this device outside of the United States and plans an international product launch in countries that accept CE-Mark approval in early 2012. The PRECICE System is CE-Marked and Ellipse recently displayed the product at the Limb Lengthening and Reconstruction Society (LLRS) Annual Meeting in Chicago. "Again, our technology was a huge hit among attendees. The PRECICE System is easily recognized as a game-changer for patients suffering from limb deformities." said Mr. Roschak.

The unique Ellipse technologies are surrounded by a number of issued and filed patent applications for a broad range of clinical applications. Ellipse continues to develop additional Remote Control devices for other orthopedic fracture management, deformity, and trauma applications.

Ellipse Technologies, Inc. is a privately-held medical device company located in Irvine, California. The Company is focused on developing its implantable remote control technology platforms to include innovative and state-of-the-art treatments for a broad spectrum of spinal and orthopedic deformity applications, orthopedic trauma and fracture management.

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The MAGEC™ System is not currently available for distribution in U.S.

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