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GI Dynamics Raises \$12 Million in Series B Financing To Address Unmet Needs in Obesity Market

Cutlass Capital Leads Round with Existing Investors

NEWTON, Mass., May 24, 2004 – GI Dynamics, Inc., an early stage medical device company developing novel approaches to treat obesity, today announced it secured \$12 million in Series B financing. Cutlass Capital led the round with current investors including Advanced Technology Ventures (ATV), Angel Healthcare Investors, Catalyst Health and Technology Partners, Domain Associates, Polaris Ventures, and Seedling Enterprises also participating. Proceeds from this financing will be used to continue product development and prepare for human clinical studies. Jonathan Osgood, Co-founder & Managing Member of Cutlass Capital joined GI Dynamics' Board of Directors.

Obesity rates in the U.S. have increased in epidemic proportions over the past 30 years. According to the Centers for Disease Control & Prevention (CDC), today, 31 percent of the U.S. adult population age twenty and over are obese, compared to 14.6 percent in 1971. The U.S. Surgeon General indicates that even moderate weight gain can significantly increase a person's chance of developing heart disease, Type-2 diabetes, sleep apnea, and a whole host of other medical conditions. Importantly, obesity is the second leading cause of preventable death in the U.S.

"The GI Dynamics team has shown considerable momentum in its ability to provide valuable solutions to the obesity market," said Jon Osgood, Co-founder & Managing Member, Cutlass Capital. "We look forward to taking an active role in helping the company address the unmet needs of the global obesity market."

Jon Osgood brings 25 years of healthcare experience to GI Dynamics' Board of Directors. He was the Global Head of Health Care Research at Deutsche Banc Alex. Brown and its predecessors from 1984 until 2000. At Deutsche Banc Alex. Brown, he headed one of the largest health care research departments on Wall Street with over 40 professionals worldwide. Currently, Jon also holds Director roles with TranS1, Inc., GRAFTcath, Inc., Nutron Medical, Inc., and is on the Board of Overseers at Beth Israel Deaconess Hospital in Boston.

"This financing round enables us to move closer to the reality of providing a solution to today's obesity problems," said Stuart Randle, CEO, GI Dynamics. "We look forward to working with Jon and his team as we continue our product development and move toward human clinical studies."

Stuart Randle recently was appointed CEO of GI Dynamics after having served as an Entrepreneur in Residence at ATV and as a member of GI Dynamics' Board of Directors. Prior to his work with ATV and GI Dynamics, Stuart was president and CEO of ACT Medical, Inc., and held a number of senior management positions at Baxter International and its spin-off, Allegiance Corporation. He will work very closely with company founder and CTO, Andy Levine to build GI Dynamics into a successful enterprise.

About GI Dynamics

GI Dynamics, Inc. is an early stage medical device company based in Newton, Mass. that is developing novel approaches to treat obesity.

About Cutlass Capital

Cutlass Capital is a private venture capital partnership investing exclusively in health care. Its goal is to partner with outstanding entrepreneurs to create the next generation of revolutionary and innovative health care companies.

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