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Registration No. 333-192605

As filed with the Securities and Exchange Commission on December 23, 2013.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

INOGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware	5960	33-0989359
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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(Address, including ZIP code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, as amended, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated December 23, 2013

Prospectus

shares

Common stock

This is an initial public offering of common stock of Inogen, Inc. We are selling shares of common stock, and the selling stockholders are selling shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. The estimated initial public offering price is expected to be between $ and $ per share.

Prior to this offering, there has been no public market for our common stock. We intend to apply to list our common stock on the NASDAQ Global Market under the symbol "INGN."

We are an "emerging growth company" under applicable Securities and Exchange Commission rules and will be subject to reduced public company reporting requirements.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to Inogen, Inc., before expenses	$	$
Proceeds to selling stockholders	$	$

(1) See "Underwriting" for additional disclosure regarding underwriting discounts, commissions and estimated offering expenses.

We and the selling stockholders have granted the underwriters a 30-day option to purchase up to an additional and shares of common stock, respectively.

Investing in our common stock involves a high degree of risk. See "Risk factors" beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about , 2014.

J.P. Morgan

Leerink Swann

William Blair **Stifel**

, 2014

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Neither we, the selling stockholders nor the underwriters have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We, the selling stockholders and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Until , 2014 (25 days after the commencement of this offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside of the United States: Neither we, the selling stockholders nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

Prospectus summary

The items in the following summary are described in more detail later in this prospectus. This summary provides an overview of selected information and does not contain all of the information you should consider before buying our common stock. Therefore, you should read the entire prospectus carefully, especially the "Risk factors" section beginning on page 12 and our financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our common stock. In this prospectus, unless the context otherwise requires, references to "we," "us," "our" or "Inogen" refer to Inogen, Inc.

Overview

We are a medical technology company that develops, manufactures and markets innovative portable oxygen concentrators used to deliver supplemental long-term oxygen therapy to patients suffering from chronic respiratory conditions. Traditionally, these patients have relied on stationary oxygen concentrator systems for use in the home and oxygen tanks or cylinders for mobile use, which we call the delivery model. The delivery model limits lifestyle flexibility by requiring patients to plan their activities around a finite oxygen supply outside the home and to be tethered to a stationary concentrator in the home. Our proprietary Inogen One systems concentrate the air around the patient to offer a single source of supplemental oxygen anytime, anywhere with a portable device weighing approximately 4.8 or 7.0 pounds. Our systems reduce the patient's reliance on stationary concentrators and scheduled deliveries of tanks with a finite supply of oxygen, thereby improving patient quality of life and fostering mobility.

Although portable oxygen concentrators represent the fastest-growing segment of the Medicare oxygen therapy market, we estimate based on Medicare data from 2012 that patients using portable oxygen concentrators represent approximately 4% to 5% of the total addressable oxygen market in the United States. Based on 2012 industry data, we were the leading worldwide manufacturer of portable oxygen concentrators, as well as the largest provider of portable oxygen concentrators to Medicare patients, as measured by dollar volume. We believe we are the only manufacturer of portable oxygen concentrators that employs a direct-to-consumer strategy in the United States, meaning we market our products to patients, process their physician paperwork, provide clinical support as needed and bill Medicare or private payors on their behalf.

We believe our direct-to-consumer strategy has been critical to driving patient adoption of our technology. Other portable oxygen concentrator manufacturers access patients by selling through home medical equipment providers, which we believe are disincentivized to encourage adoption of portable oxygen concentrators due to their investments in the physical infrastructure and personnel required for the delivery model. Because portable oxygen concentrators eliminate the need for a physical distribution infrastructure, but have higher initial equipment costs than the delivery model, we believe converting to a portable oxygen concentrator model would require significant restructuring and capital investment for home medical equipment providers. Our direct-to-consumer marketing strategy allows us to sidestep the home medical equipment channel, appeal to patients directly and capture both the manufacturing and provider margin associated with long-term oxygen therapy. We believe our ability to capture this top-to-bottom margin, combined with our technology that eliminates most of the delivery model's infrastructure and service requirements, gives us a cost structure advantage over our competitors.

Since adopting our direct-to-consumer strategy in 2009, we have directly sold or rented our Inogen One systems to more than 40,000 patients, growing our revenue from $10.7 million in 2009 to $48.6 million in 2012. In 2012, approximately 60% of our total revenue came from our direct-to-consumer business and approximately 40% came from our business-to-business sales. Of our direct-to-consumer revenue of $29.0 million in 2012, $19.9 million came from our domestic rental business and $9.1 million came from domestic sales of our systems. Of our business-to-business revenue of $19.6 million in 2012, $13.0 million came from international markets, and $6.7 million came from domestic distributors. We have increased our proportion of both recurring revenue and international revenue in 2012 compared to 2011. In 2012, 26.8% of our revenue came from international markets (versus 25.9% in 2011) and 40.9% from oxygen rentals (versus 35.8% in 2011). Additionally, we have increased our gross margin from 48.0% in 2011 to 49.3% in 2012 by increasing rental mix, improving system reliability, reducing material cost per system and lowering overhead cost per system. Our net loss was $2.6 million in 2009 transitioning to net income of $0.6 million in 2012.

Our market

Overview of oxygen therapy market

We believe the current total addressable oxygen therapy market in the United States is approximately $3 billion to $4 billion, based on 2012 Medicare data and our estimate of the ratio of the Medicare market to the total market. We estimate that more than 2.5 million patients in the United States and more than 4.5 million patients worldwide use oxygen therapy, and more than 60% of oxygen therapy patients in the United States are covered by Medicare. The number of oxygen therapy patients in the United States is projected to grow by approximately 7% to 10% per year between 2013 and 2019, which we believe is the result of earlier diagnosis of chronic respiratory conditions, demographic trends and longer durations of long-term oxygen therapy.

Long-term oxygen therapy has been shown to be a cost-efficient and clinically effective means to treat hypoxemia, a condition in which patients have insufficient oxygen in the blood. Hypoxemic patients are unable to convert oxygen found in the air into the bloodstream in an efficient manner, causing organ damage and poor health. Chronic obstructive pulmonary disease, or COPD, is a leading cause of hypoxemia. Approximately 70% of our patient population has been diagnosed with COPD, which we believe is reflective of the long-term oxygen therapy market in general. Industry sources estimate that 24 million people in the United States suffer from COPD, of which one-half are undiagnosed.

According to our analysis of 2011 and 2012 Medicare data, approximately two-thirds of U.S. oxygen users require ambulatory oxygen and the remaining one-third require only stationary or nocturnal oxygen. Clinical data has shown that ambulatory patients that use oxygen twenty-four hours a day, seven days a week, or 24/7, regardless of whether such patients rely on portable oxygen concentrators or the delivery model, have approximately two times the survival rate and spend at least 60% fewer days annually in the hospital than non-ambulatory 24/7 patients. Of the ambulatory patients, we estimate that approximately 85% rely upon the delivery model that has the following disadvantages:

- limited flexibility outside the home, dictated by the finite oxygen supply provided by tanks and cylinders and dependence on delivery schedules;
- restricted mobility and inconvenience within the home, as patients must attach long, cumbersome tubing to a noisy stationary concentrator to move within their homes;
- products are not cleared for use on commercial aircraft and cannot plug into a vehicle outlet for extended use; and
- high costs driven by the infrastructure necessary to establish a geographically diverse distribution network to serve patients locally, as well as personnel, fuel and other costs, which have limited economies of scale and generally increase over time.

Portable oxygen concentrators were developed in response to many of the limitations associated with traditional oxygen therapy. Portable oxygen concentrators are designed to offer a self-replenishing, unlimited supply of oxygen that is concentrated from the surrounding air and to operate without the need for oxygen tanks or regular oxygen deliveries, allowing patients to enhance their independence and mobility. Additionally, because portable oxygen concentrators do not require the physical infrastructure and service intensity of the delivery model, we believe portable oxygen concentrators can provide long-term oxygen therapy with a lower cost structure. Despite the ability of portable oxygen concentrators to address many of the shortcomings of traditional oxygen therapy, we estimate based on 2012 Medicare data that the amount spent by patients with portable oxygen concentrators represents approximately 5% to 6% of total oxygen therapy spend. We believe the following has hindered the market acceptance of portable oxygen concentrators:

- to obtain portable oxygen concentrators, patients are dependent on home medical equipment providers, which have made significant investments in the physical distribution infrastructure to support the delivery model;

- constrained manufacturing costs of conventional portable oxygen concentrators, driven by home medical equipment provider preference for products that have lower upfront equipment cost; and
- limitations of conventional portable oxygen concentrators, including bulkiness, poor reliability and lack of suitability beyond intermittent or travel use.

Our solution

Our Inogen One systems provide patients who require long-term oxygen therapy with a reliable, lightweight, single solution product that improves quality-of-life, fosters mobility and eliminates dependence on both oxygen tanks and cylinders as well as stationary concentrators. We believe our direct-to-consumer strategy increases our ability to effectively develop, design and market our Inogen One solutions, as it allows us to:

- drive patient awareness of our portable oxygen concentrators through direct marketing, sidestepping the home medical equipment channel that other manufacturers rely upon and that is incentivized to continue to service oxygen patients through the delivery model;
- capture the manufacturer and home medical equipment provider margins, allowing us to focus on the total cost of the solution and to invest in the development of product features that improve patient satisfaction, product reliability, durability and longevity; and
- access and utilize direct patient feedback in our research and development efforts, allowing us to stay at the forefront of patient preference.

Our two product offerings, the Inogen One G3 and Inogen One G2, at approximately 4.8 and 7.0 pounds, respectively, offer portability without compromising or constraining other patient-friendly features. We believe our Inogen One solutions offer the following benefits:

- single solution for home, ambulatory, travel and nocturnal treatment, meaning our portable oxygen concentrators do not need to be used with another oxygen solution in the home;
- patented air-dryer and patent-pending user-replaceable sieve beds, both of which are critical to patient satisfaction, product performance, and our cost management;

- clinical validation for nocturnal use, demonstrating the efficacy of our Intelligent Delivery Technology in providing consistent levels of oxygen during sleep despite decreased patient respiratory rates;
- our 4.8 pound Inogen One G3 has at least 50% more flow capacity than other sub-5 pound portable oxygen concentrators, and our 7.0 pound Inogen One G2 has at least 15% more flow capacity than other sub-10 pound portable oxygen concentrators; and
- our systems are designed with multiple user friendly features, including long battery life and low noise-levels in their respective weight categories.

Our strengths

We believe our products and business model position us well to compete not only against other oxygen device manufacturers, but also to increase our share of the overall oxygen therapy market. We believe we have the following advantages relative to both traditional oxygen therapy providers and other oxygen device manufacturers:

- *Attractive economic model.* Our non-delivery model allows us to receive a premium monthly Medicare reimbursement for deployment of our devices to oxygen patients versus the delivery model. Standard Medicare reimbursement for ambulatory patients using the delivery model is $208.21 per month versus $229.87 per month for our portable oxygen concentrator model, representing a premium of $21.66 per month. A similar premium was maintained in the round one recompete ($19.09 per month) and in the round two ($23.30 per month) competitive bidding areas. In addition, we believe our portable oxygen concentrator technology and direct-to-consumer strategy allow us to provide our solutions through a more efficient cost structure. The delivery model requires ongoing gaseous or liquid oxygen container refills and regular home deliveries with accompanying costs, while our portable oxygen concentrator non-delivery model eliminates oxygen container refills and regular deliveries of oxygen containers and their associated costs. Following the first two rounds of competitive bidding and the round one recompete, we retained access to approximately 90% of the U.S. long-term oxygen therapy market, with the majority of contracts through mid-2016, while many providers were priced out of this market.
- *Direct-to-consumer capabilities*. We believe our direct-to-consumer strategy enables patient access and retention as well as innovation and investment in our product portfolio. Pursuing a direct-to-consumer strategy requires national accreditation, state-by-state licensing and Medicare billing privileges. Given that we are unaware of any manufacturing competitor that currently markets on a direct-to-consumer basis, we do not believe any of these manufacturers possesses the necessary qualification to do so. If any of our manufacturing competitors were to pursue a direct-to-consumer strategy, they would risk negative reaction from the home medical equipment providers that sell their other homecare products, which generally represent significantly larger portions of their businesses than oxygen therapy products.
- *Commitment to customer service.* We are focused on providing our patients with the highest quality of customer service. We guide them through the reimbursement and physician paperwork process, perform clinical titration and offer 24/7 telephone support, which includes clinical support as required. We have a sustained patient satisfaction rating of approximately 95%, as measured by our customer satisfaction surveys.
- *Patient-friendly, single-solution, sub-5 and sub-10 pound portable oxygen concentrators.*Our Inogen One G3 and Inogen One G2 portable oxygen concentrators are sub-5 and sub-10 pound portable oxygen concentrators that can operate reliably and cost-effectively to service long-term oxygen therapy patients on a 24/7 basis, similar to a stationary oxygen concentrator or replacement portable oxygen concentrators. We believe our Inogen One G3 and Inogen One G2 portable oxygen concentrators are differentiated as compared to other portable oxygen concentrators because the technology used in our systems is clinically validated for nocturnal use.
- *Commitment to research and development and developing intellectual property portfolio*. We have a broad patent portfolio covering the design and construction of our oxygen concentrators and system optimization. Additionally, we have made significant investments in research and development and have a robust product pipeline of next-generation oxygen concentrators.

- *Management team with proven track record and cost focus*. Our management team has built our direct-to-consumer capabilities and launched our two current primary product offerings, Inogen One G2 and Inogen One G3. We continue to realize meaningful product manufacturing cost savings of approximately 36% from our Inogen One G1 to our Inogen One G3 as a result of management's improvements in design, sourcing and reliability, as well as higher production volumes.
- *Revenue growth, profitability and recurring revenue* We have grown our revenue from $10.7 million in 2009 to $48.6 million in 2012, representing a year-over-year growth rate of 58.8%. In 2012, our recurring rental revenue represented 40.9% of sales. Our net loss was $2.6 million in 2009 transitioning to net income of $0.6 million in 2012.

Our strategy

Our goal is to design, build and market oxygen solutions that redefine how oxygen therapy is delivered. To accomplish this goal, we will continue to invest in our product offerings and our commercial infrastructure to:

- expand our sales and marketing channels, including more internal and physician-based salespeople, increased direct-to-consumer advertising and greater international distribution;
- develop innovative products, including next-generation oxygen concentrators and other innovations that improve quality of life;
- secure contracts with private payors and Medicaid in order to become in-network with non-Medicare payors, which represent at least 30% of our home oxygen therapy patients, and we believe represent a younger and more active patient population; and
- continue to focus on cost reduction through scalable manufacturing, reliability improvements, asset utilization and service cost reduction.

Risks associated with our business

Our ability to implement our business strategy is subject to numerous risks that you should be aware of before making an investment decision. These risks are described more fully in the section entitled "Risk factors" immediately following this prospectus summary. These risks include, among others:

- A significant majority of our customers have health coverage under the Medicare program, and recently enacted and future changes in the reimbursement rates or payment methodologies under Medicare and other government programs have and could continue to materially and adversely affect our business and operating results;
- The implementation of the competitive bidding process under Medicare could negatively affect our business and financial condition;
- We face intense national, regional and local competition and if we are unable to compete successfully, it could have an adverse effect on our revenue, revenue growth rate, if any, and market share;

- If we are unable to continue to enhance our existing products, develop and market new products that respond to customer needs and preferences and achieve market acceptance, we may experience a decrease in demand for our products and our business could suffer;
- If we fail to expand and maintain an effective sales force or successfully develop our international distribution network, our business, financial condition and operating results may be adversely affected; and
- If we are unable to secure and maintain patent or other intellectual property protection for the intellectual property used in our products, we will lose a significant competitive advantage.

Corporate history and information

We were incorporated in Delaware in November 2001. Our principal executive offices are located at 326 Bollay Drive, Goleta, California 93117. Our telephone number is (805) 562-0500. Our website address is *www.inogen.com*. Information contained on the website is not incorporated by reference into this prospectus, and should not be considered to be part of this prospectus.

We use “Inogen,” “Inogen One,” “Inogen One G2,” “Inogen One G3,” “oxygen.anytime.anywhere” and other marks as trademarks in the United States and other countries. This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

The offering

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares (or if the underwriters exercise their option to purchase additional shares in full)
Underwriters' option to purchase additional shares	shares
Use of proceeds	We intend to use the net proceeds from this offering for investments in rental assets; sales and marketing activities; research and product development activities; for facilities improvements or expansions and the purchase of manufacturing and other equipment; and for working capital and other general corporate purposes. We may also use a portion of our net proceeds to acquire and invest in complementary products, technologies or businesses; however, we currently have no agreements or commitments to complete any such transaction. We will not receive any of the net proceeds from the sale of shares of common stock by the selling stockholders. See "Use of proceeds."
Risk factors	You should read the "Risk factors" section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ Global Market symbol	"INGN"

The number of shares of common stock to be outstanding following this offering is based on 14,519,525 shares of common stock outstanding as of September 30, 2013 and excludes:

- 2,079,338 shares of common stock issuable upon exercise of options outstanding, 1,466,789 of which were vested and then exercisable, at a weighted average exercise price of $1.0876 per share;
- shares of common stock reserved for future issuance under stock-based compensation plans, including shares of common stock reserved for issuance under the 2014 Equity Incentive Plan, which will become effective on the date of this prospectus, and any future automatic increase in shares reserved for issuance under that plan, shares of common stock reserved for issuance under the 2014 Employee Stock Purchase Plan, and any future automatic increase in shares reserved for issuance under that plan and 530,427 shares of common stock available for issuance under the 2012 Equity Incentive Plan as of September 30, 2013, which shares will be added to the 2014 Equity Incentive Plan upon effectiveness of such plan; and
- 268,200 shares of common stock issuable upon the exercise of warrants outstanding as of September 30, 2013, at a weighted average exercise price of $1.4216 per share, after conversion of the convertible preferred stock.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 14,218,319 shares of common stock upon the closing of this offering;
- the cash exercise of warrants to purchase an aggregate of 24,588 shares of common stock at a weighted average exercise price of $10.1635 per share, which we expect will occur prior to the closing of this offering as the warrants will otherwise expire at that time;
- the filing of our amended and restated certificate of incorporation immediately upon the closing of this offering; and
- no exercise by the underwriters of their over-allotment option.

On November 12, 2013, we effected a three-for-one reverse stock split of the Company's outstanding common and preferred stock. This prospectus gives retroactive effect to the split for all periods presented.

Summary financial data

We have derived the following summary of statements of operations data for the years ended December 31, 2011 and 2012 from audited financial statements appearing elsewhere in this prospectus. We derived the following statements of operations data for the nine months ended September 30, 2012 and 2013 and the balance sheet data as of September 30, 2013 from unaudited interim financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited financial statements reflect all adjustments, which include only normal recurring adjustments necessary for a fair statement of results of operations and financial position. Historical results are not necessarily indicative of the results that may be expected in the future and the results for the nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the full year. The summary financial data set forth below should be read together with the financial statements and the related notes to those statements, as well as the sections of this prospectus captioned "Management's discussion and analysis of financial condition and results of operations."

(amounts in thousands, except share and per share amounts)	Year ended December 31,		Nine months ended September 30,	
	2011	2012	2012	2013
	(as restated)		(unaudited)	
Statements of operations:				
Total revenue	$ 30,634	$ 48,576	$ 34,735	$ 55,681
Total cost of revenue	15,930	24,627	17,821	26,865
Gross profit	14,704	23,949	16,914	28,816
Operating expenses				
Research and development	1,789	2,262	1,731	1,817
Selling, general and administrative	14,637	20,858	14,558	23,088
Total operating expenses	16,426	23,120	16,289	24,905
Income (loss) from operations	(1,722)	829	625	3,911
Total other income (expense), net	(267)	(247)	(149)	(296)
Provision for income taxes	13	18	20	151
Net (loss) income	$ (2,002)	$ 564	$ 456	$ 3,464
Less deemed dividend on redeemable convertible preferred stock	$ (3,027)	$ (5,781)	$ (4,119)	$ (5,359)
Net loss attributable to common stockholders	$ (5,029)	$ (5,217)	$ (3,663)	$ (1,895)
Net loss per share attributable to common stockholders—basic and diluted[1]	$ (20.15)	$ (19.97)	$ (14.02)	$ (6.91)
Weighted average shares used in computing basic and diluted net loss per share[1]	249,519	261,268	261,216	274,357
Unaudited pro forma net income per share attributable to common stockholders[1]:				
Basic:		$ 0.04		$ 0.24
Diluted:		$ 0.04		$ 0.22
Unaudited weighted average shares used in computing pro forma net income per share[1]:				
Basic:		14,601,861		14,516,523
Diluted:		15,486,487		15,733,279
Other financial data:				
EBITDA[2]	$ 1,357	$ 5,971	$ 4,224	$ 9,913
Adjusted EBITDA[2]	$ 1,620	$ 5,883	$ 4,124	$ 10,231

(1) See note 2 to each of our audited and unaudited financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per share attributable to common stockholders and pro forma net loss per share attributable to common stockholders.

(2) For a discussion of our use of EBITDA and Adjusted EBITDA and their calculations, please see "— Non GAAP financial measures" below.

(in thousands)	As of September 30, 2013 Actual	Pro forma(1)	Pro forma as adjusted (2)(3)
		(unaudited)	
Balance sheet data:			
Cash and cash equivalents	$ 17,059	$ 17,309	$
Working capital	12,352	12,602	
Total assets	60,862	61,112	
Preferred stock warrant liability	201	173	
Total liabilities	26,667	26,639	
Redeemable convertible preferred stock	116,744	—	
Preferred Stock	247	—	
Common Stock	1	15	
Additional paid in capital	—	117,255	
Total stockholders' (deficit) equity	(82,549)	34,473	

(1) Gives effect to (i) the conversion of all outstanding shares of convertible preferred stock into an aggregate of 14,218,319 shares of common stock upon the closing of this offering, (ii) the cash exercise of warrants to purchase an aggregate of 24,588 shares of common stock, which we expect will occur prior to the closing of this offering as the warrants will otherwise expire at that time, and (iii) the reclassification of our preferred stock warrant liability to additional paid-in-capital upon the closing of this offering.

(2) Gives further effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the range reflected on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range reflected on the cover page of this prospectus, would increase (decrease) each of pro forma as adjusted cash and cash equivalents, working capital, total assets and total stockholders' equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. A 1,000,000 share increase (decrease) in the number of shares offered by us would increase (decrease) each of pro forma as adjusted cash and cash equivalents, working capital, total assets and total stockholders' equity by approximately $ million after deducting estimated underwriting discounts and commissions and any estimated offering expenses payable by us.

Non-GAAP financial measures

EBITDA and Adjusted EBITDA are financial measures that are not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. We define EBITDA as net income or loss excluding interest income, interest expense, taxes and depreciation and amortization. Adjusted EBITDA also excludes the change in the fair value of our preferred stock warrant liability and stock-based compensation. Below, we have provided a reconciliation of EBITDA and Adjusted EBITDA to our net income or loss, the most directly comparable financial measure calculated and presented in accordance with GAAP. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income or loss or any other measure of financial performance calculated and presented in accordance with GAAP. Our EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other organizations because other organizations may not calculate EBITDA and Adjusted EBITDA in the same manner as we calculate these measures.

We include EBITDA and Adjusted EBITDA in this prospectus because they are important measures upon which our management assesses our operating performance. We use EBITDA and Adjusted EBITDA as key performance measures because we believe they facilitate operating performance comparisons from period to period by excluding potential differences primarily caused by variations in capital structures, tax positions, the impact of depreciation and amortization expense on our fixed assets, changes related to the fair value remeasurements of our preferred stock warrant, and the impact of stock-based compensation expense. Because EBITDA and Adjusted EBITDA facilitate internal comparisons of our historical operating performance on a more consistent basis, we also use EBITDA and Adjusted EBITDA for business planning purposes, to incentivize and compensate our management personnel, and in evaluating acquisition opportunities. In addition, we believe EBITDA and Adjusted

EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in our industry as a measure of financial performance and debt-service capabilities.

Our use of EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect our cash expenditures for capital equipment or other contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect capital expenditure requirements for such replacements;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness; and
- Other companies, including companies in our industry, may calculate EBITDA and Adjusted EBITDA measures differently, which reduces their usefulness as a comparative measure.

In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses similar to the adjustments in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider EBITDA and Adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to our net income or loss, the most comparable GAAP measure, for each of the periods indicated:

EBITDA and Adjusted EBITDA	**Year ended December 31,**		**Nine months ended September 30,**	
(in thousands)	**2011**	**2012**	**2012**	**2013**
Net income (loss)	$ (2,002)	$ 564	$ 456	$ 3,464
Non-GAAP adjustments:				
Interest income	(113)	(88)	(84)	(9)
Interest expense	261	493	381	312
Provision for income taxes	13	18	20	151
Depreciation and amortization	3,198	4,984	3,451	5,995
EBITDA	1,357	5,971	4,224	9,913
Change in fair value of preferred stock warrant liability	119	(148)	(148)	202
Stock-based compensation	144	60	48	116
Adjusted EBITDA	$ 1,620	$ 5,883	$ 4,124	$ 10,231

Risk factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our common stock could decline and you could lose part or all of your investment.

Risks related to our business and strategy

A significant majority of our customers have health coverage under the Medicare program, and recently enacted and future changes in the reimbursement rates or payment methodologies under Medicare and other government programs have affected and could continue to materially and adversely affect our business and operating results.

As a provider of oxygen product rentals, we have historically depended heavily on Medicare reimbursement as a result of the higher proportion of elderly persons suffering from chronic respiratory conditions. Medicare Part B, or Supplementary Medical Insurance Benefits, provides coverage to eligible beneficiaries that includes items of durable medical equipment for use in the home, such as oxygen equipment and other respiratory devices. We believe that more than 60% of oxygen therapy patients in the United States have primary coverage under Medicare Part B. In 2011 and 2012, we derived approximately 26% and 27%, respectively, of our revenue from Medicare. There are increasing pressures on Medicare to control health care costs and to reduce or limit reimbursement rates for home medical products.

Legislation, including the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, the Deficit Reduction Act of 2005, the Medicare Improvements for Patients and Providers Act of 2008, and the Patient Protection and Affordable Care Act, contain provisions that directly impact reimbursement for the durable medical equipment products provided by us:

- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 significantly reduced reimbursement for inhalation drug therapies beginning in 2005, reduced payment amounts for certain durable medical equipment, including oxygen, beginning in 2005, froze payment amounts for other covered home medical equipment items through 2008, established a competitive bidding program for home medical equipment and implemented quality standards and accreditation requirements for durable medical equipment suppliers.
- The Deficit Reduction Act of 2005 limited the total number of continuous rental months for which Medicare will pay for oxygen equipment to 36 months, after which time there is generally no additional reimbursement to the supplier (other than for periodic, in-home maintenance and servicing). The Deficit Reduction Act of 2005 also provided that title of the equipment would transfer to the beneficiary, which was later repealed by the Medicare Improvements for Patients and Providers Act of 2008. For purposes of the rental cap, the Deficit Reduction Act of 2005 provided for a new 36-month rental period that began January 1, 2006 for all oxygen equipment. After the 36th continuous month during which payment is made for the oxygen equipment, the supplier is generally required to continue to furnish the equipment during the period of medical need for the remainder of the useful lifetime of the equipment, provided there are no breaks in service due to medical necessity that exceed 60 days. The reasonable useful lifetime for portable oxygen equipment is 60 months. After 60 months, if the patient requests, the rental cycle starts over and a new 36-month capped rental period begins. There are no limits on the number of 60-month cycles over which a Medicare patient may receive benefits and an oxygen therapy provider may receive reimbursement, so long as such equipment continues to be medically necessary for the patient. We anticipate that the Deficit Reduction Act of 2005 oxygen payment rules will continue to negatively affect our net revenue on an ongoing basis, as each month additional customers reach the 36-month capped service period, resulting in potentially two or more years without rental income from these customers. We cannot state with certainty the number of patients in the capped rental period or the potential impact to revenue associated with patients in the capped rental period.

- Medicare Improvements for Patients and Providers Act of 2008 retroactively delayed the implementation of competitive bidding for 18 months from previously established dates and decreased the 2009 fee schedule payment amounts by 9.5% for product categories included in competitive bidding. In addition to the 9.5% reduction under Medicare Improvements for Patients and Providers Act of 2008, the Centers for Medicare & Medicaid Services implemented a reduction to the monthly payment amount for stationary oxygen equipment by 2.3% in 2009 and 1.5% in 2010, which reduced the monthly payment rate to $175.79 and $173.17 in 2009 and 2010, respectively. The stationary oxygen payment rate for 2011 and 2012 was increased by 0.1%, 1.6%, and 0.7% in 2011, 2012, and 2013, respectively, thereby increasing the monthly payment rate to $173.31, $176.06, and $177.36 in 2011, 2012, and 2013, respectively. The monthly payment rate for non-delivery ambulatory oxygen in the relevant period was flat at $51.63.
- The Patient Protection and Affordable Care Act includes, among other things, a deductible excise tax on any entity that manufactures or imports medical devices offered for sale in the United States, with limited exceptions including oxygen products such as ours, which began in 2013; new face-to-face physician encounter requirements for durable medical equipment and home health services; and a requirement that by 2016, the competitive bidding process must be nationalized or prices in non-competitive bidding areas must be adjusted to match competitive bidding prices.

These legislative provisions, as currently in effect and when fully implemented, have had and will continue to have a material and adverse effect on our business, financial condition and operating results.

Due to budgetary shortfalls, many states are considering, or have enacted, cuts to their Medicaid programs. These cuts have included, or may include, elimination or reduction of coverage for our products, amounts eligible for payment under co-insurance arrangements, or payment rates for covered items. Continued state budgetary pressures could lead to further reductions in funding for the reimbursement for our products which, in turn, would adversely affect our business, financial conditions, and results of operations.

The implementation of the competitive bidding process under Medicare could negatively affect our business and financial condition.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 required the Secretary of Health and Human Services to establish and implement programs under which competitive acquisition areas are established throughout the United States for purposes of awarding contracts for the furnishing of competitively priced items of durable medical equipment, including oxygen equipment.

The Centers for Medicare & Medicaid Services, the agency responsible for administering the Medicare program, conducts a competition for each competitive acquisition area under which providers submit bids to supply certain covered items of durable medical equipment. Successful bidders must meet certain program quality standards in order to be awarded a contract and only successful bidders can supply the covered items to Medicare beneficiaries in the acquisition area. There are, however, regulations in place that allow non-contracted providers to continue to provide products and services to their existing customers at the new competitive bidding payment amounts. The contracts are expected to be re-bid every three years. The Centers for Medicare & Medicaid Services is required to award contracts to multiple entities submitting bids in each area for an item or service, but has the authority to limit the number of contractors in a competitive acquisition area to the number it determines to be necessary to meet projected demand.

Although the Centers for Medicare & Medicaid Services concluded the bidding process for the first round of Metropolitan Statistical Areas in September 2007, in July 2008, Congress enacted Medicare Improvements for Patients and Providers Act of 2008, which retroactively delayed the implementation of competitive bidding. Medicare Improvements for Patients and Providers Act of 2008 also reduced Medicare prices nationwide by 9.5% beginning in 2009 for the product categories, including oxygen, that were initially included in competitive bidding.

In 2009, the Centers for Medicare & Medicaid Services implemented a new bidding process in nine Metropolitan Statistical Areas, covering approximately 9% of the Medicare oxygen market. Reimbursement rates from the re-bidding process were publicly released by the Centers for Medicare & Medicaid Services on June 30, 2010. The Centers for Medicare & Medicaid Services announced average savings of approximately 35% off the current standard Medicare payment rates in effect for the product categories included in competitive bidding. As of January 1, 2011, these payment rates were in effect in the nine markets only. We were offered six three-year contracts to provide oxygen equipment in six of the nine markets, and we accepted and signed those contracts.

The Centers for Medicare & Medicaid Services implemented the second phase of competitive bidding in an additional 100 Competitive Bidding Areas covering approximately 50% of the Medicare oxygen market, with three-year contracts effective July 1, 2013. The Centers for Medicare & Medicaid Services announced average savings of approximately 45% off the current standard Medicare payment rates in effect for the product categories included in competitive bidding. As of July 1, 2013, these payment rates were in effect in the 100 Competitive Bidding Areas. We were offered 89 contracts to provide oxygen equipment in 89 of the 100 Competitive Bidding Areas, and we accepted and signed those contracts.

Round one re-competes are expected or planned to go into effect in January 2014; reimbursement rates from the re-bidding process were publicly released by the Centers for Medicare & Medicaid Services on October 1, 2013. The Centers for Medicare & Medicaid Services announced average savings of approximately 37% off the current standard Medicare payment rates in effect from the product categories included in competitive bidding. We were offered 3 contracts to provide respiratory equipment in 3 of the 9 Competitive Bidding Areas, and we accepted and signed those contracts. We are required to be able to supply additional respiratory products such as sleep and aerosol therapy, which have lower margins than our existing products. This could have a negative impact on our financial conditions and results of operations.

The Patient Protection and Affordable Care Act legislation requires the Centers for Medicare & Medicaid Services to expand competitive bidding further to additional geographic markets or to use competitive bid pricing information to adjust the payment amounts otherwise in effect for areas that are not competitive acquisition areas by January 1, 2016.

Although we continue to monitor developments regarding the implementation of the competitive bidding program, we cannot predict the outcome of the competitive bidding program on our business when fully implemented, nor the Medicare payment rates that will be in effect in future years for the items subjected to competitive bidding, including our products. We expect that the stationary oxygen and non-delivery ambulatory oxygen payment rates will continue to fluctuate, and a large negative payment adjustment could adversely affect our business, financial conditions and results of operations.

We face intense national, regional and local competition and if we are unable to compete successfully, it could have an adverse effect on our revenue, revenue growth rate, if any, and market share.

The oxygen therapy market is a highly competitive industry. We compete with a number of manufacturers and distributors of portable oxygen concentrators, as well as providers of other oxygen therapy solutions such as home delivery of oxygen tanks or cylinders.

Our significant manufacturing competitors are Invacare Corporation, Respironics (a subsidiary of Koninklijke Philips N.V.), AirSep Corporation and SeQual Technologies (subsidiaries of Chart Industries, Inc.), Inova Labs, Inc. and DeVilbiss Healthcare. Given the relatively straightforward regulatory path in the oxygen therapy device manufacturing market, we expect that the industry will become increasingly competitive in the future. Manufacturing companies compete for sales to providers primarily on the basis of product features, service and price.

Lincare Inc., Apria Healthcare, Inc. Rotech Healthcare, Inc. and American HomePatient, Inc. are among the market leaders in providing oxygen therapy for many years, while the remaining oxygen therapy market is serviced by local providers. Because many oxygen therapy providers were either excluded from contracts in the Medicare competitive bidding process, or will have difficulty providing service at the prevailing Medicate reimbursement rates, we expect more industry consolidation. Oxygen therapy providers compete primarily on the basis of product features and service, rather than price, since reimbursement levels are established by Medicare and Medicaid, or by the individual determinations of private payors.

Some of our competitors are large, well-capitalized companies with greater resources than we have. As a consequence, they are able to spend more aggressively on product development, marketing, sales and other product initiatives than we can. Some of these competitors have:

- significantly greater name recognition;
- established relations with healthcare professionals, customers and third-party payors;

- established distribution networks;
- additional lines of products, and the ability to offer rebates or bundle products to offer higher discounts or other incentives to gain a competitive advantage;
- greater history in conducting research and development, manufacturing, marketing and obtaining regulatory approval for oxygen device products; and
- greater financial and human resources for product development, sales and marketing, patent litigation and customer financing.

As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standard regulatory and reimbursement development and customer requirements. In light of these advantages that our competitors maintain, even if our technology and direct-to-consumer distribution strategy is more effective than the technology and distribution strategy of our competitors, current or potential customers might accept competitor products and services in lieu of purchasing our products. We anticipate that we will face increased competition in the future as existing companies and competitors develop new or improved products and distribution strategies and as new companies enter the market with new technologies and distribution strategies. We may not be able to compete effectively against these organizations. Our ability to compete successfully and to increase our market share is dependent upon our reputation for providing responsive, professional and high-quality products and services and achieving strong customer satisfaction. Increased competition in the future could adversely affect our revenue, revenue growth rate, margins and market share.

Healthcare reform measures may have a material adverse effect on our business and results of operations.

In the United States, the legislative landscape, particularly as it relates to healthcare regulation and reimbursement coverage, continues to evolve. In March 2010, the Patient Protection and Affordable Care Act was passed, which has the potential to substantially change health care financing by both governmental and private insurers, and significantly impact the U.S. medical device industry. As discussed above, the Patient Protection and Affordable Care Act, among other things, imposes a new excise tax, which began in 2013, on entities that manufacture, produce or import medical devices in an amount equal to 2.3% of the price for which such devices are sold in the United States, however oxygen products such as ours were exempt. In addition, as discussed above, the Patient Protection and Affordable Care Act also expands the round two of competitive bidding to a total of 91 Competitive Bidding Areas, and by 2016, the process must be nationalized or prices in non-competitive bidding areas must be adjusted to match competitive bidding prices.

In addition, other legislative changes have been proposed and adopted in the United States since the Patient Protection and Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers up to 2% per fiscal year, which went into effect on April 1, 2013. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012 which, among other things, further reduced Medicare payments to certain providers, including physicians, hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products or additional pricing pressures.

If we are unable to continue to enhance our existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance, we may experience a decrease in demand for our products and our business could suffer.

We may not be able to compete as effectively with our competitors, and ultimately satisfy the needs and preferences of our customers, unless we can continue to enhance existing products and develop new innovative products. Product development requires significant financial, technological, and other resources. While we expended $1.8 million and $2.3 million for research and development efforts in 2011 and 2012, respectively, we cannot assure you that this level of investment in research and development will be sufficient to maintain a competitive advantage in product innovation, which could cause our business to suffer. Product improvements and new product introductions also require significant planning, design, development, and testing at the technological, product, and manufacturing process levels and we may not be able to timely develop product improvements or new products. Our competitors' new products may beat our products to market, be more effective with more features, obtain better market acceptance, or render our products obsolete. Any new products that we develop may not receive market acceptance or otherwise generate any meaningful sales or profits for us relative to our expectations based on, among other things, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development.

We depend upon reimbursement from Medicare, private payors and Medicaid for a significant portion of our revenue, and if we fail to manage the complex and lengthy reimbursement process, our business and operating results could suffer.

A significant portion of our revenue is derived from reimbursement by third-party payors. We accept assignment of insurance benefits from customers and, in a majority of cases, invoice and collect payments directly from Medicare, private payors and Medicaid, as well as from customers under co-payment provisions. In 2012, approximately 41% of our revenue was derived from Medicare, private payors and Medicaid, and the balance directly from individual customers and commercial entities.

Our financial condition and results of operations may be affected by the health care industry's reimbursement process, which is complex and can involve lengthy delays between the time that a product is delivered to the consumer and the time that the reimbursement amounts are settled. Depending on the payor, we may be required to obtain certain payor-specific documentation from physicians and other health care providers before submitting claims for reimbursement. Certain payors have filing deadlines and they will not pay claims submitted after such time. We are also subject to extensive pre-payment and post-payment audits by governmental and private payors that could result in material delays, refunds of monies received or denials of claims submitted for payment under such third-party payor programs and contracts. We cannot ensure that we will be able to continue to effectively manage the reimbursement process and collect payments for our products promptly. If we fail to manage the complex and lengthy reimbursement process, it would adversely affect our business, financial conditions, and results of operations.

Failure to obtain private payor contracts and future reductions in reimbursement rates from private payors could have a material adverse effect on our financial condition and operating results.

A portion of our revenue is derived from private payors. Based on our patient population, we estimate at least 30% of potential customers have non-Medicare insurance coverage, and we believe these patients represent a younger and more active patient population that will be drawn to the quality-of-life benefits of our solution. Failing to maintain and obtain private payor contracts from private insurance companies and employers and secure in-network provider status could have a material adverse effect on our financial condition and operating results. In addition, private payors are under pressure to increase profitability and reduce costs. In response, certain private payors are limiting coverage or reducing reimbursement rates for the products we provide. We believe that private payor reimbursement levels will generally be reset in accordance with the Medicare payment amounts determined by competitive bidding. We cannot predict the extent to which reimbursement for our products will be affected by competitive bidding or by initiatives to reduce costs for private payors. Failure to obtain or maintain private payor contracts or the unavailability of third-party coverage or inadequacy of reimbursement for our products would adversely affect our business, financial conditions, and results of operations.

We obtain some of the components, subassemblies and completed products included in our Inogen One systems from a single source or a limited group of manufacturers or suppliers, and the partial or complete loss of one of these manufacturers or suppliers could cause significant production delays, an inability to meet customer demand and a substantial loss in revenue.

We utilize single source suppliers for some of the components and subassemblies we use in our Inogen One systems. We have qualified alternate sources of supply sufficient to support future needs and we have taken other mitigating steps to reduce the impact of a change in supplier; however, there may be delays in switching to these alternative suppliers if our primary source is terminated without notice. Our dependence on single source suppliers of components may expose us to several risks, including, among other things:

- Our suppliers may encounter financial hardships as a result of unfavorable economic and market conditions unrelated to our demand for components, which could inhibit their ability to fulfill our orders and meet our requirements;
- Suppliers may fail to comply with regulatory requirements, be subject to lengthy compliance, validation or qualification periods, or make errors in manufacturing components that could negatively affect the efficacy or safety of our products or cause delays in supplying of our products to our customers;

- Newly identified suppliers may not qualify under the stringent regulatory standards to which our business is subject;
- We or our suppliers may not be able to respond to unanticipated changes in customer orders, and if orders do not match forecasts, we or our suppliers may have excess or inadequate inventory of materials and components;
- We may be subject to price fluctuations due to a lack of long-term supply arrangements for key components;
- We may experience delays in delivery by our suppliers due to changes in demand from us or their other customers;
- We or our suppliers may lose access to critical services and components, resulting in an interruption in the manufacture, assembly and shipment of our systems;
- Our suppliers may be subject to allegations by other parties of misappropriation of proprietary information in connection with their supply of products to us, which could inhibit their ability to fulfill our orders and meet our requirements;
- Fluctuations in demand for products that our suppliers manufacture for others may affect their ability or willingness to deliver components to us in a timely manner;
- Our suppliers may wish to discontinue supplying components or services to us; and
- We may not be able to find new or alternative components or reconfigure our system and manufacturing processes in a timely manner if the necessary components become unavailable.

In addition, we may be deemed to manufacture or contract to manufacture products that contain certain minerals that have been designated as “conflict minerals” under the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result, in future periods, we may be required to diligence the origin of such minerals and disclose and report whether or not such minerals originated in the Democratic Republic of the Congo or adjoining countries. The implementation of these new requirements could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of our products. In addition, we may incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products.

If any of these risks materialize, costs could significantly increase and our ability to meet demand for our products could be impacted. If we are unable to satisfy commercial demand for our Inogen One systems in a timely manner, our ability to generate revenue would be impaired, market acceptance of our products could be adversely affected, and customers may instead purchase or use alternative products. In addition, we could be forced to secure new or alternative components and subassemblies through a replacement supplier. Finding alternative sources for these components and subassemblies could be difficult in certain cases and may entail a significant amount of time and disruption. In some cases, we would need to change the components or subassemblies if we sourced them from an alternative supplier. This, in turn, could require a redesign of our Inogen One systems and, potentially, require additional FDA clearance or approval before we could use any redesigned product with new components or subassemblies, thereby causing further costs and delays that could adversely affect our business, financial condition and operating results.

We do not have long-term supply contracts with many of our third-party suppliers.

We purchase components and subassemblies from third-party suppliers, including some of our single source suppliers, through purchase orders and do not have long-term supply contracts with many of these third-party suppliers. Many of our third-party suppliers, therefore, are not obligated to perform services or supply products to us for any specific period, in any specific quantity or at any specific price, except as may be provided in a particular purchase order. We do not maintain large volumes of inventory from most of these suppliers. If we inaccurately forecast demand for components or subassemblies, our ability to manufacture and commercialize our Inogen One systems could be delayed and our competitive position and reputation could be harmed. In addition, if we fail to effectively manage our relationships with these suppliers, we may be required to change suppliers which would be time consuming and disruptive and could adversely affect our business, financial condition and operating results.

If we fail to comply with U.S. export control and economic sanctions or fail to expand and maintain an effective sales force or successfully develop our international distribution network, our business, financial condition and operating results may be adversely affected.

We currently derive the majority of our revenue from rentals or sales generated from our own direct sales force. Failure to maintain or expand our direct sales force could adversely impact our financial and operating performance. Additionally, we use international distributors to augment our sales efforts, certain of which are exclusive distributors in certain foreign countries. We cannot assure you that we will be able to successfully develop our relationships with third-party distributors internationally. In addition, we are subject to United States export control and economic sanctions laws relating to the sale of our products, the violation of which could result in substantial penalties being imposed against us. In particular, we have secured annual export licenses from the U.S. Treasury Department's Office of Foreign Assets Control to sell our products to a distributor and hospital and clinic end-users in Iran. The use of this license requires us to observe strict conditions with respect to products sold, end-user limitations and payment requirements. Although we believe we have maintained compliance with license requirements, there can be no assurance that the license will not be revoked, be renewed in the future or that we will remain in compliance. More broadly, if we fail to comply with export control laws or successfully develop our relationship with international distributors, our sales could fail to grow or could decline, and our ability to grow our business could be adversely affected. Distributors that are in the business of selling other medical products may not devote a sufficient level of resources and support required to generate awareness of our products and grow or maintain product sales. If our distributors are unwilling or unable to market and sell our products, or if they do not perform to our expectations, we could experience delayed or reduced market acceptance and sales of our products.

We may be subject to substantial warranty or product liability claims or other litigation in the ordinary course of business that may adversely affect our business, financial condition and operating results.

As manufacturers of medical devices, we may be subject to substantial warranty or product liability claims or other litigation in the ordinary course of business that may require us to make significant expenditures to defend these claims or pay damage awards. For example, our Inogen One systems contain lithium ion batteries, which, under certain circumstances, can be a fire hazard. We, as well as our key suppliers, maintain product liability insurance, but this insurance is limited in amount and subject to significant deductibles. There is no guarantee that insurance will be available or adequate to protect against all claims. Our insurance policies are subject to annual renewal and we may not be able to obtain liability insurance in the future on acceptable terms or at all. In addition, our insurance premiums could be subject to increases in the future, which may be material. If the coverage limits are inadequate to cover our liabilities or our insurance costs continue to increase as a result of warranty or product liability claims or other litigation, then our business, financial condition and operating results may be adversely affected.

Increases in our operating costs could have a material adverse effect on our business, financial condition and operating results.

Reimbursement rates are established by fee schedules mandated by Medicare, private payors and Medicaid are likely to remain constant or decrease due, in part, to federal and state government budgetary constraints. As a result, with respect to Medicare and Medicaid related revenue, we are not able to offset the effects of general inflation on our operating costs through increases in prices for our products. In particular, labor and related costs account for a significant portion of our operating costs and we compete with other

health care providers to attract and retain qualified or skilled personnel and with various industries for administrative and service employees. This competitive environment could result in increased labor costs. As such, we must control our operating costs, particularly labor and related costs, and failing to do so could adversely affect our financial conditions and results of operations.

We depend on the services of our senior executives and other key technical personnel, the loss of whom could negatively affect our business.

Our success depends upon the skills, experience and efforts of our senior executives and other key technical personnel, including certain members of our engineering staff, and our sales and marketing executives. Much of our corporate expertise is concentrated in relatively few employees, the loss of which for any reason could negatively affect our business. Competition for our highly skilled employees is intense and we cannot prevent the resignation of any employee. We do not maintain “key man” life insurance on any of our senior executives. None of our senior executive team is bound by written employment contracts to remain with us for a specified period. In addition, we have not entered into non-compete agreements with members of our senior management team. The loss of any member of our senior management team could harm our ability to implement our business strategy and respond to the market conditions in which we operate.

We have incurred losses since inception until fiscal year 2012, and we have only recently achieved profitability.

We have a limited operating history and have incurred significant net losses in each fiscal year until fiscal year 2012, when we achieved positive net income. As of September 30, 2013, we had an accumulated deficit of $82.5 million. These net losses have resulted principally from costs incurred in our research and development programs and from our selling, general and administrative expenses. We expect to incur increases in expenses for research and development and significant expansion of our sales and marketing capabilities. Additionally, following this offering, we expect that our selling, general and administrative expenses will increase due to the additional operational and reporting costs associated with being a public company. Because of the numerous risks and uncertainties associated with our commercialization efforts and future product development, we are unable to predict if we will maintain or increase our net income.

Our financial results may vary significantly from quarter-to-quarter due to a number of factors, which may lead to volatility in our stock price.

Our quarterly revenue and results of operations have varied in the past and may continue to vary significantly from quarter-to-quarter. This variability may lead to volatility in our stock price as research analysts and investors respond to these quarterly fluctuations. These fluctuations are due to numerous factors, including: fluctuations in consumer demand for our products; seasonal cycles in consumer spending; our ability to design, manufacture and deliver products to our consumers in a timely and cost-effective manner; quality control problems in our manufacturing operations; our ability to timely obtain adequate quantities of the components used in our products; new product introductions and enhancements by us and our competitors; unanticipated increases in costs or expenses; and fluctuations in foreign currency exchange rates. For example, we typically experience higher sales in the second quarter, as a result of consumers traveling and vacationing during the summer months. The foregoing factors are difficult to forecast, and these, as well as other factors, could materially and adversely affect our quarterly and annual results of operations. In addition, a significant amount of our operating expenses are relatively fixed due to our manufacturing, research and development, and sales and general administrative efforts. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations. Our results of operations may not meet the expectations of research analysts or investors, in which case the price of our common stock could decrease significantly.

The terms of our revolving credit and term loan agreement may restrict our current and future operations, and could affect our ability to respond to changes in our business and to manage our operations.

We are parties to an amended and restated revolving credit and term loan agreement with Comerica Bank as administrative agent, which we refer to as our revolving credit and term loan agreement. The agreement provides for a previously existing term loan in the amount of $3.0 million, another previously existing term loan in the amount of $8.0 million and a new term loan facility in the amount of $12.0 million. As of September 30, 2013, we had term loan borrowings outstanding under the agreement of $11.1 million, which included $0.7 million and $4.4 million under the pre-existing term loans, and $6.0 million under the new term loan. The agreement also provides for a $1.0 million revolving line of credit, none of which was outstanding as of September 30, 2013. The revolver expired on October 13, 2013 and we have no plans to renew or replace it. The agreement is secured by all or substantially all of our assets.

Pursuant to the agreement, we are subject to certain financial covenants relating to liquidity, debt service, and leverage ratios. The liquidity ratio is the ratio of (i) liquidity (cash plus eligible accounts receivable) to (ii) the current portion of all indebtedness owed to the lenders. The debt service coverage ratio is the ratio on a basis of (a) Adjusted EBITDA, less (i) cash capital expenditures (including rental equipment) and (ii) taxes paid or payable, to (b) the sum of cash principal payments plus interest expense paid or payable, all such items in clauses (a) and (b) measured on an annualized trailing six (6) months basis; provided that cash capital expenditures shall not be subtracted from clause (a) hereof so long as we maintain at least $1.5 million in unrestricted cash during the entire relevant fiscal period. The senior leverage ratio is the ratio of (a) funded debt basis to (b) Adjusted EBITDA measured on an annualized trailing six (6) months basis.

The agreement contains events of default customary for transactions of this type, including nonpayment, misrepresentation, breach of covenants, material adverse effect and bankruptcy. As of September 30, 2013, we had no outstanding balance under the revolving line of credit and an outstanding balance of $11.1 million under the term loan. In the event we fail to satisfy our covenants, or otherwise go into default, Comerica Bank has a number of remedies, including sale of our assets and acceleration of all outstanding indebtedness. Certain of these remedies would likely have a material adverse effect on our business. As of September 30, 2013, in order to be in compliance with the liquidity requirements, debt service ratios, and leverage ratios of existing debt obligations, we were required to maintain $2.5 million in unaudited Adjusted EBITDA in the previous six months, and we had $6.6 million in actual unaudited Adjusted EBITDA, and $7.8 million of cash and qualified

accounts receivable, and we had $17.1 million of actual cash.

An adverse outcome of a sales and use tax audit could have a material adverse effect on our results of operations and financial condition.

The California State Board of Equalization conducted a sales and use tax audit of our operations in California in 2008. As a result of the audit, the California State Board of Equalization confirmed that our sales are not subject to California sales and use tax. We believe that our sales in other states should not be subject to sales and use tax. There can be no assurance, however, that other states may agree with our position and we may be subject to an audit that may not be resolved in our favor. Such an audit could be expensive and time-consuming and result in substantial management distraction. If the matter were to be resolved in a manner adverse to us, it could have a material adverse effect on our results of operations and financial position.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2012, we had federal net operating loss carryforwards, or NOLs, of approximately $62.0 million, which expire in various years beginning in 2022, if not utilized. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. In general, an “ownership change” occurs if there is a cumulative change in our ownership by “5% shareholders” that exceeds 50 percentage points over a rolling three-year period. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if we undergo one or more ownership changes in connection with this offering or future transactions in our stock, our ability to utilize NOLs could be further limited by Section 382 of the Code. As a result of these limitations, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet and for this reason, we have fully reserved against the value of our NOLs on our balance sheet.

Risks related to the regulatory environment

We are subject to extensive federal and state regulation, and if we fail to comply with applicable regulations, we could suffer severe criminal or civil sanctions or be required to make significant changes to our operations that could adversely affect our business, financial condition and operating results.

The federal government and all states in which we currently operate regulate various aspects of our business. In particular, our sales and customer service centers are subject to federal laws that regulate interstate motor-carrier transportation. Our operations also are subject to state laws governing, among other things, distribution of medical equipment and certain types of home health activities, and we are required to obtain and maintain licenses in each state to act as a durable medical equipment supplier. Certain of our employees are subject to state laws and regulations governing the professional practices of respiratory therapy.

As a health care provider participating in governmental healthcare programs, we are subject to laws directed at preventing fraud and abuse, which subject our marketing, billing, documentation and other practices to government scrutiny. To ensure compliance with Medicare, Medicaid and other regulations, government agencies or their contractors often conduct routine audits and request customer records and other documents to support our claims submitted for payment of services rendered. Government agencies or their contractors also periodically open investigations and obtain information from health care providers. Violations of federal and state regulations can result in severe criminal, civil and administrative penalties and sanctions, including debarment, suspension or exclusion from Medicare, Medicaid and other government reimbursement programs, any of which would have a material adverse effect on our business.

Changes in healthcare laws and regulations and new interpretations of existing laws and regulations may affect permissible activities, the relative costs associated with doing business, and reimbursement amounts paid by federal, state and other third-party payors. There have been and will continue to be regulatory initiatives affecting our business and we cannot predict the extent to which future legislation and regulatory changes could have a material adverse effect on our business.

We are subject to burdensome and complex billing and record-keeping requirements in order to substantiate our claims for payment under Federal, state and commercial health care reimbursement programs, and our failure to comply with existing requirements, or changes in those requirements or interpretations thereof, could adversely affect our business, financial condition and operating results.

We are subject to burdensome and complex billing and record-keeping requirements in order to substantiate our claims for payment under federal, state and commercial health care reimbursement programs. Our records also are subject to routine and other reviews by third-party payors, which can result in delays in payments or refunds of paid claims. For example, we have also experienced a significant increase in pre-payment reviews of our claims by the Durable Medical Equipment Medicare Administrative Contractors, which has caused substantial delays in the collection of our Medicare accounts receivable as well as related amounts due under supplemental insurance plans.

Current law provides for a significant expansion of the government's auditing and oversight of suppliers who care for patients covered by various government health care programs. Examples of this expansion include audit programs being implemented by the Durable Medical Equipment Medicare Administrative Contractors, the Zone Program Integrity Contractors, the Recovery Audit Contractors, and the Comprehensive Error Rate Testing contractors, operating under the direction of the Centers for Medicare & Medicaid Services.

We have been informed by these auditors that health care providers and suppliers of certain durable medical equipment product categories are expected to experience further increased scrutiny from these audit programs. When a government auditor ascribes a high billing error rate to one or more of our locations, it generally results in protracted pre-payment claims review, payment delays, refunds and other payments to the government and/or our need to request more documentation from providers than has historically been required. It may also result in additional audit activity in other company locations in that state or Durable Medical Equipment Medicare Administrative Contractors jurisdiction. We cannot currently predict the adverse impact that these audits, methodologies and interpretations might have on our business, financial condition or operating results, but such impact could be material.

We are subject to significant regulation by numerous government agencies, including the U.S. Food and Drug Administration, or FDA. We cannot market or commercially distribute our products without obtaining and maintaining necessary regulatory clearances or approvals.

Our Inogen One systems are medical devices subject to extensive regulation in the United States and in the foreign markets where we distribute our products. The FDA and other U.S. and foreign governmental agencies regulate, among other things, with respect to medical devices:

- design, development and manufacturing;
- testing, labeling, content and language of instructions for use and storage;
- clinical trials;

- product safety;
- marketing, sales and distribution;
- pre-market clearance and approval;
- record keeping procedures;
- advertising and promotion;
- recalls and field safety corrective actions;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury;
- post-market approval studies; and
- product import and export.

Before we can market or sell a medical device in the United States, we must obtain either clearance from the FDA under Section 510(k) of the Federal Food, Drug, and Cosmetic Act, or the FDCA, or approval of a pre-market approval, application from the FDA, unless an exemption from pre-market review applies. In the 510(k) clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The pre-market approval pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The pre-market approval process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. Products that are approved through a pre-market approval application generally need FDA approval before they can be modified. Similarly, some modifications made to products cleared through a 510(k) may require a new 510(k). Both the 510(k) and pre-market approval processes can be expensive and lengthy and require the payment of significant fees, unless an exemption applies. The FDA's 510(k) clearance process usually takes from three to 12 months, but may take longer. The process of obtaining a pre-market approval is much more costly and uncertain than the 510(k) clearance process and generally takes from one to three years, or longer, from the time the application is submitted to the FDA until an approval is obtained. The process of obtaining regulatory clearances or approvals to market a medical device can be costly and time consuming, and we may not be able to obtain these clearances or approvals on a timely basis, if at all.

In the United States, our currently commercialized products are marketed pursuant to pre-market clearance under Section 510(k) of the FDCA. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, our product introductions or modifications could be delayed or canceled, which could cause our sales to decline. In addition, the FDA may determine that future products will require the more costly, lengthy and uncertain pre-market approval process. Although we do not currently market any devices under a pre-market approval, the FDA may demand that we obtain a pre-market approval prior to marketing certain of our future products. In addition, if the FDA disagrees with our determination that a product we currently market is subject to an exemption from pre-market review, the FDA may require us to submit a 510(k) or pre-market approval application in order to continue marketing the product. Further, even with respect to those future products where a pre-market approval is not required, we cannot assure you that we will be able to obtain the 510(k) clearances with respect to those products.

The FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- we may not be able to demonstrate to the FDA's satisfaction that our products are safe and effective for their intended users;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required; and
- the manufacturing process or facilities we use may not meet applicable requirements.

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may prevent or delay approval or clearance of our products under development or impact our ability to modify our currently approved or cleared products on a timely basis. For example, in response to industry and healthcare provider concerns regarding the predictability, consistency and rigor of the 510(k) regulatory pathway, the FDA initiated an evaluation of the program, and in January 2011, announced several proposed actions intended to reform the review process governing the clearance of medical devices. The FDA intends these reform actions to improve the efficiency and transparency of the clearance process, as well as bolster patient safety. Some of these proposals, if enacted, could impose additional regulatory requirements upon us which could delay our ability to obtain new 510(k) clearances, increase the costs of compliance or restrict our ability to maintain our current clearances. In addition, as part of the Food and Drug Administration Safety and Innovation Act, Congress reauthorized the Medical Device User Fee Amendments with various FDA performance goal commitments and enacted several "Medical Device Regulatory Improvements" and miscellaneous reforms which are further intended to clarify and improve medical device regulation bot pre- and post-market.

Medical devices may only be promoted and sold for the indications for which they are approved or cleared. In addition, even if the FDA has approved or cleared a product, it can take action affecting such product approvals or clearances if serious safety or other problems develop in the marketplace. Delays in obtaining clearances or approvals could adversely affect our ability to introduce new products or modifications to our existing products in a timely manner, which would delay or prevent commercial sales of our products. Additionally, the FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on us, could affect the perceived safety and efficacy of our products and dissuade our customers from using our products.

If we modify our FDA cleared devices, we may need to seek additional clearances or approvals, which, if not granted, would prevent us from selling our modified products.

Our Inogen One systems have received pre-market clearance under Section 510(k) of the FDCA. The modifications made to our Inogen One G2 and Inogen One G3 systems represent non-significant modifications to the original Inogen One system, have the same indications for use, and are covered under our initial Inogen One 510(k) clearance. Any modifications to a 510(k)-cleared device that could significantly affect its safety or effectiveness, or would constitute a major change in its intended use, manufacture, design, components, or technology requires the submission and clearance of a new 510(k) pre-market notification or, possibly, pre-market approval. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new clearances or approvals are necessary. We have modified some of our 510(k) cleared products, and have determined based on our review of the applicable FDA guidance that in certain instances new 510(k) clearances or pre-market approval are not required. If the FDA disagrees with our determination and requires us to submit

new 510(k) notifications or pre-market approval for modifications to our previously cleared products for which we have concluded that new clearances or approvals are unnecessary, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties.

Furthermore, the FDA's ongoing review of the 510(k) program may make it more difficult for us to make modifications to our previously cleared products, either by imposing more strict requirements on when a manufacturer must submit a new 510(k) for a modification to a previously cleared product, or by applying more onerous review criteria to such submissions. Specifically, pursuant to the Food and Drug Administration Safety and Innovation Act, which was signed into law in July 2012, the FDA is obligated to prepare a report for Congress on the FDA's approach for determining when a new 510(k) will be required for modifications or changes to a previously cleared device. After submitting this report, the FDA is expected to issue revised guidance to assist device manufacturers in making this determination. Until then, manufacturers may continue to adhere to the FDA's 1997 guidance on this topic when making a determination as to whether or not a new 510(k) is required for a change or modification to a device, but the practical impact of the FDA's continuing scrutiny of these issues remains unclear.

If we fail to comply with FDA or state regulatory requirements, we can be subject to enforcement action.

The regulations to which we are subject are complex and have become more stringent over time. Regulatory changes could result in restrictions on our ability to continue or expand our operations, higher than anticipated costs or lower than anticipated sales. Even after we have obtained the proper regulatory clearance or approval to market a product, we have ongoing responsibilities under FDA regulations. The FDA and state authorities have broad enforcement powers. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA or state agencies, which may include any of the following sanctions:

- warning letters, fines, injunctions, consent decrees and civil penalties;
- recalls, termination of distribution, or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- delays in the introduction of products into the market;
- refusal to grant our requests for future 510(k) clearances or approvals of new products, new intended uses, or modifications to exiting products;
- withdrawals or suspensions of current 510(k) clearances or approvals, resulting in prohibitions on sales of our products; and
- criminal prosecution.

Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our reputation, business, results of operations and financial condition.

A recall of our products, either voluntarily or at the direction of the FDA or another governmental authority, or the discovery of serious safety issues with our products that leads to corrective actions, could have a significant adverse impact on us.

Medical devices, such as our Inogen One systems, can experience performance problems in the field that require review and possible corrective action by us or the product manufacturer. We cannot provide assurance that component failures, manufacturing errors, design defects and/or labeling inadequacies, which could result in an unsafe condition or injury to the operator or the patient will not occur. The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. Manufacturers may also, under their own initiative, recall a product if any material deficiency in a device is found or withdraw a product to improve device performance or for other reasons. A government-mandated or voluntary recall by us or one of our distributors could occur as a result of an unacceptable risk to health, component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Similar regulatory agencies in other countries have similar authority to recall devices because of material deficiencies or defects in design or manufacture that could endanger health. Any recall would divert management attention and financial resources, could cause the price of our stock to decline and expose us to product liability or other claims and harm our reputation with customers. A recall involving our Inogen One systems could be particularly harmful to our business, financial and operating results.

In addition, under the FDA's medical device reporting regulations, we are required to report to the FDA any incident in which our product may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. Repeated product malfunctions may result in a voluntary or involuntary product recall. Depending on the corrective action we take to redress a product's deficiencies or defects, the FDA may require, or we may decide, that we will need to obtain new approvals or clearances for the device before we may market or distribute the corrected device. Seeking such approvals or clearances may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties, or civil or criminal fines. We may also be required to bear other costs or take other actions that may have a negative impact on our sales as well as face significant adverse publicity or regulatory consequences, which could harm our business, including our ability to market our products in the future.

Any adverse event involving our products, whether in the United States or abroad, could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection, mandatory recall or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

If we or our component manufacturers fail to comply with the FDA's Quality System Regulation, our manufacturing operations could be interrupted, and our product sales and operating results could suffer.

We and our component manufacturers are required to comply with the FDA's Quality System Regulation, or QSR, which covers the procedures and documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our devices. The FDA audits compliance with the QSR through periodic announced and unannounced inspections of manufacturing and other facilities. We and our component manufacturers have been, and anticipate in the future being, subject to such inspections. Although we believe our manufacturing facilities and those of our component manufacturers are in compliance with the QSR, we cannot provide assurance that any future inspection will not result in adverse findings. If our manufacturing facilities or those of any of our component manufacturers or suppliers are found to be in violation of applicable laws and regulations, or we or our manufacturers or suppliers fail to take satisfactory corrective action in response to an adverse inspection, the FDA could take enforcement action, including any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;

- customer notifications or repair, replacement, refunds, recall, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for 510(k) clearance or pre-market approval of new products or modified products;
- withdrawing 510(k) clearances or pre-market approvals that have already been granted;
- refusal to grant export approval for our products; or
- criminal prosecution.

Any of these sanctions could adversely affect our business, financial conditions and operating results.

Outside the United States, our products and operations are also often required to comply with standards set by industrial standards bodies, such as the International Organization for Standardization, or ISO. Foreign regulatory bodies may evaluate our products or the testing that our products undergo against these standards. The specific standards, types of evaluation and scope of review differ among foreign regulatory bodies. If we fail to adequately comply with any of these standards, a foreign regulatory body may take adverse actions similar to those within the power of the FDA. Any such action may harm our reputation and could have an adverse effect on our business, results of operations and financial condition.

If we fail to obtain and maintain regulatory approval in foreign jurisdictions, our market opportunities will be limited.

Approximately 28% of our revenue was from sales outside of the United States in 2012. We sell our products in 41 countries outside of the United States through distributors or directly to large “house” accounts. In order to market our products in the European Union or other foreign jurisdictions, we must obtain and maintain separate regulatory approvals and comply with numerous and varying regulatory requirements. The approval procedure varies from country to country and can involve additional testing. The time required to obtain approval abroad may be longer than the time required to obtain FDA clearance. The foreign regulatory approval process includes many of the risks associated with obtaining FDA clearance and we may not obtain foreign regulatory approvals on a timely basis, if at all. FDA clearance does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries. However, the failure to obtain clearance or approval in one jurisdiction may have a negative impact on our ability to obtain clearance or approval elsewhere. If we do not obtain or maintain necessary approvals to commercialize our products in markets outside the United States, it would negatively affect our overall market penetration.

We may be subject to fines, penalties or injunctions if we are determined to be promoting the use of our products for unapproved or “off-label” uses, resulting in damage to our reputation and business.

Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of a medical device for a use that has not been cleared or approved by the FDA. Use of a device outside its cleared or approved indications is known as “off-label” use. Physicians may use our products off-label, as the FDA does not restrict or regulate a physician’s choice of treatment within the practice of medicine. If the FDA determines that our promotional materials or training constitutes promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, which could have an adverse impact on our reputation and financial results.

Failure to comply with the Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Health Information Technology for Economic and Clinical Health Act, or HITECH Act, and implementing regulations (including the final omnibus rule published on January 25, 2013) affecting the transmission, security and privacy of health information could result in significant penalties.

Numerous federal and state laws and regulations, including HIPAA and the HITECH Act, govern the collection, dissemination, security, use and confidentiality of patient-identifiable health information. HIPAA and the HITECH Act require us to comply with standards for the use and disclosure of health information within our company and with third parties. The Privacy Standards and Security Standards under HIPAA establish a set of basic national privacy and security standards for the protection of individually identifiable health information by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services. Notably, whereas HIPAA previously directly regulated only these covered entities, the HITECH Act, which was signed into law as part of the stimulus package in February 2009, makes certain of HIPAA's privacy and security standards also directly applicable to covered entities' business associates. As a result, both covered entities and business associates are now subject to significant civil and criminal penalties for failure to comply with Privacy Standards and Security Standards.

HIPAA and the HITECH Act also include standards for common health care electronic transactions and code sets, such as claims information, plan eligibility, payment information and the use of electronic signatures, and privacy and electronic security of individually identifiable health information. Covered entities, such as health care providers, are required to conform to such transaction set standards pursuant to HIPAA.

HIPAA requires health care providers like us to develop and maintain policies and procedures with respect to protected health information that is used or disclosed, including the adoption of administrative, physical and technical safeguards to protect such information. The HITECH Act expands the notification requirement for breaches of patient-identifiable health information, restricts certain disclosures and sales of patient-identifiable health information and provides a tiered system for civil monetary penalties for HIPAA violations. The HITECH Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney fees and costs associated with pursuing federal civil actions. Additionally, certain states have adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA.

If we do not comply with existing or new laws and regulations related to patient health information, we could be subject to criminal or civil sanctions. New health information standards, whether implemented pursuant to HIPAA, the HITECH Act, congressional action or otherwise, could have a significant effect on the manner in which we handle health care related data and communicate with payors, and the cost of complying with these standards could be significant.

The 2013 final HITECH omnibus rule modifies the breach reporting standard in a manner that will likely make more data security incidents qualify as reportable breaches. Any liability from a failure to comply with the requirements of HIPAA or the HITECH Act could adversely affect our financial condition. The costs of complying with privacy and security related legal and regulatory requirements are burdensome

and could have a material adverse effect on our results of operations. These new provisions, as modified, will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us, as well as our clients and strategic partners. In addition, we are unable to predict what changes to the HIPAA Privacy Standards and Security Standards might be made in the future or how those changes could affect our business. Any new legislation or regulation in the area of privacy and security of personal information, including personal health information, could also adversely affect our business operations.

Regulations requiring the use of "standard transactions" for healthcare services issued under HIPAA may negatively impact our profitability and cash flows.

Pursuant to HIPAA, final regulations have been implemented to improve the efficiency and effectiveness of the healthcare system by facilitating the electronic exchange of information in certain financial and administrative transactions while protecting the privacy and security of the information exchanged.

The HIPAA transaction standards are complex, and subject to differences in interpretation by third-party payors. For instance, some third-party payors may interpret the standards to require us to provide certain types of information, including demographic information not usually provided to us by physicians. As a result of inconsistent application of transaction standards by third-party payors or our inability to obtain certain billing information not usually provided to us by physicians, we could face increased costs and complexity, a temporary disruption in accounts receivable and ongoing reductions in reimbursements and net revenue. In addition, requirements for additional standard transactions, such as claims attachments or use of a national provider identifier, could prove technically difficult, time-consuming or expensive to implement, all of which could harm our business.

If we fail to comply with state and federal fraud and above laws, including anti-kickback, false claims and anti-inducement laws, we could face substantial penalties and our business, operations, and financial condition could be adversely affected.

The federal anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce or in return for purchasing, leasing, ordering, or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid, or other federal financed healthcare programs. Although there are a number of statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution, the exceptions and safe harbors are drawn narrowly, and any remuneration to or from a prescriber or purchaser of healthcare products or services may be subject to scrutiny if they do not qualify for an exception or safe harbor. Our practices may not in all cases meet all of the criteria for safe harbor protection from anti-kickback liability.

Federal false claims laws prohibit any person from knowingly presenting or causing to be presented a false claim for payment to the federal government, or knowingly making or causing to be made a false statement to get a false claim paid. The majority of states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items or services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of payor. These false claims statutes allow any person to bring suit in the name of the government alleging false and fraudulent claims presented to or paid by the government (or other violations of the statutes) and to share in any amounts paid by the entity to the government in fines or settlement. Such suits, known as *qui tam* actions, have increased significantly in the healthcare industry in recent years. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment. In addition, the recently enacted Patient Protection and Affordable Care Act, among other things, amends the

intent requirement of the federal anti-kickback and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Patient Protection and Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Because of the breadth of these laws and the narrowness of the safe harbors and exceptions, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Such a challenge, regardless of the outcome, could have a material adverse effect on our business, business relationships, reputation, financial condition and results of operations.

The Patient Protection and Affordable Care Act also imposes new reporting and disclosure requirements on device and drug manufacturers for any "transfer of value" made or distributed to prescribers and other healthcare providers. Device and drug manufacturers will also be required to report and disclose any investment interests held by physicians and their immediate family members during the preceding calendar year. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per year (and up to an aggregate of $1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests not reported in an annual submission. As of August 1, 2013, manufacturers are required to collect data, and they will be required to submit their first data reports to the Centers for Medicare & Medicaid Services by March 31, 2014 and by the 90th day of each calendar year thereafter.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians. Certain states, mandate implementation of compliance programs and/or the tracking and reporting of gifts, compensation and other remuneration to physicians. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company many violate one or more of the requirements.

The Federal Civil Monetary Penalties Law prohibits the offering or giving of remuneration to a Medicare or Medicaid beneficiary that the person knows or should know is likely to influence the beneficiary's selection of a particular supplier of items or services reimbursable by a Federal or state governmental program. We sometimes offer customers various discounts and other financial incentives in connection with the sales of our products. While it is our intent to comply with all applicable laws, the government may find that our marketing activities violate the Civil Monetary Penalties Law. If we are found to be in noncompliance, we could be subject to civil money penalties of up to $10,000 for each wrongful act, assessment of three times the amount claimed for each item or service and exclusion from the Federal healthcare programs.

The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. If our operations are found to be in violation of any of the laws described above or any other government regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restricting of our operations. Any penalties, damages, fines, curtailment or restructuring or our operations could harm our ability to operate our business and our financial results. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from operation of our business. Moreover, achieving and sustaining compliance with applicable federal and state fraud laws may prove costly.

Foreign governments tend to impose strict price controls, which may adversely affect our future profitability.

We sell our products in 41 countries outside the United States through distributors or directly to large "house" accounts. In some foreign countries, particularly in the European Union, the pricing of medical devices is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to supply data that compares the cost-effectiveness of our Inogen One systems to other available oxygen therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, it may not be profitable to sell our products in certain foreign countries, which would negatively affect the long-term growth of our business.

Our business activities involve the use of hazardous materials, which require compliance with environmental and occupational safety laws regulating the use of such materials. If we violate these laws, we could be subject to significant fines, liabilities or other adverse consequences.

Our research and development programs as well as our manufacturing operations involve the controlled use of hazardous materials. Accordingly, we are subject to federal, state and local laws governing the use, handling and disposal of these materials. Although we believe that our safety procedures for handling and disposing of these materials comply in all material respects with the standards prescribed by state and federal regulations, we cannot completely eliminate the risk of accidental contamination or injury from these materials. In the event of an accident or failure to comply with environmental laws, we could be held liable for resulting damages, and any such liability could exceed our insurance coverage.

Risks related to our intellectual property

If we are unable to secure and maintain patent or other intellectual property protection for the intellectual property used in our products, we will lose a significant competitive advantage.

Our commercial success depends, in part, on obtaining and maintaining patent and other intellectual property protection for the technologies used in our products. The patent positions of medical device companies, including ours, can be highly uncertain and involve complex and evolving legal and factual questions. Furthermore, we might in the future opt to license intellectual property from other parties. If we, or the other parties from whom we would license intellectual property, fail to obtain and maintain adequate patent or other intellectual property protection for intellectual property used in our products, or if any protection is reduced or eliminated, others could use the intellectual property used in our products, resulting in harm to our competitive business position. In addition, patent and other intellectual property protection may not:

- prevent our competitors from duplicating our products;
- prevent our competitors from gaining access to our proprietary information and technology; or
- permit us to gain or maintain a competitive advantage.

Any of our patents may be challenged, invalidated, circumvented or rendered unenforceable. We cannot provide assurance that we will be successful should one or more of our patents be challenged for any reason. If our patent claims are rendered invalid or unenforceable, or narrowed in scope, the patent coverage afforded our products could be impaired, which could make our products less competitive.

As of November 15, 2013, we had 4 pending U.S. patent applications, 24 issued U.S. patents and 1 issued Canadian patent relating to the design and construction of our oxygen concentrators and our intelligent delivery technology. We cannot specify which of these patents individually or as a group will permit us to gain or maintain a competitive advantage. U.S. patents and patent applications may be subject to interference proceedings, and U.S. patents may be subject to re-examination *inter parte* review, post-grant review, and derivation proceedings in the U.S. Patent and Trademark Office. Foreign patents may be subject to opposition or comparable proceedings in the corresponding foreign patent offices. Any of these proceedings could result in loss of the patent or denial of the patent application, or loss or reduction in the scope of one or more of the claims of the patent or patent application. Changes in either patent laws or in interpretations of patent laws may also diminish the value of our intellectual property or narrow the scope of our protection. Interference, re-examination and opposition proceedings may be costly and time consuming, and we, or the other parties from whom we might potentially license intellectual property, may be unsuccessful in defending against such proceedings. Thus, any patents

that we own or might license may provide limited or no protection against competitors. In addition, our pending patent applications and those we may file in the future may have claims narrowed during prosecution or may not result in patents being issued. Even if any of our pending or future applications are issued, they may not provide us with adequate protection or any competitive advantages. Our patents and patent applications cover particular aspects of our products. Other parties may develop and obtain patent protection for more effective technologies, designs or methods for oxygen therapy. If these developments were to occur, it would likely have an adverse effect on our sales. Our ability to develop additional patentable technology is also uncertain.

Non-payment or delay in payment of patent fees or annuities, whether intentional or unintentional, may also result in the loss of patents or patent rights important to our business. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to other parties. In addition, many countries limit the enforceability of patents against other parties, including government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States, particularly in the field of medical products and procedures

Our products could infringe the intellectual property rights of others, which may lead to patent and other intellectual property litigation that could itself be costly, could result in the payment of substantial damages or royalties, prevent us from using technology that is essential to our products, and/or force us to discontinue selling our products.

The medical device industry in general has been characterized by extensive litigation and administrative proceedings regarding patent infringement and intellectual property rights. Our competitors hold a significant number of patents relating to oxygen therapy devices and products. From time to time, we have commenced litigation to enforce our intellectual property rights. For example, we have pursued litigation against Inova Labs for infringement of two of our patents seeking damages, injunctive relief, costs, and attorney fees. An adverse decision in this action or in any other legal action could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations.

Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property may have occurred or may occur in the future. Although we have taken steps to minimize the risk of this occurring, any such failure to identify unauthorized use and otherwise adequately protect our intellectual property would adversely affect our business. Moreover, if we are required to commence litigation, whether as a plaintiff or defendant as has occurred with Inova Labs, not only will this be time-consuming, but we will also be forced to incur significant costs and divert our attention and efforts of our employees, which could, in turn, result in lower revenue and higher expenses.

We cannot provide assurance that our products or methods do not infringe the patents or other intellectual property rights of third parties and if our business is successful, the possibility may increase that others will assert infringement claims against us.

Determining whether a product infringes a patent involves complex legal and factual issues, and the outcome of a patent litigation action is often uncertain. We have not conducted an extensive search of patents issued or assigned to other parties, including our competitors, and no assurance can be given that patents

containing claims covering our products, parts of our products, technology or methods do not exist, have not been filed or could not be filed or issued. Because of the number of patents issued and patent applications filed in our technical areas, our competitors or other parties may assert that our products and the methods we employ in the use of our products are covered by U.S. or foreign patents held by them. In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware and which may result in issued patents which our current or future products infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that we infringe. There could also be existing patents that one or more of our products or parts may infringe and of which we are unaware. As the number of competitors in the market for oxygen products and as the number of patents issued in this area grows, the possibility of patent infringement claims against us increases. In certain situations, we may determine that it is in our best interests or their best interests to voluntarily challenge a party's products or patents in litigation or other proceedings, including patent interferences or re-examinations. As a result, we may become involved in unwanted litigation that could be costly, result in diversion of management's attention, require us to pay damages and force us to discontinue selling our products.

Infringement and other intellectual property claims and proceedings brought against us, whether successful or not, could result in substantial costs and harm to our reputation. Such claims and proceedings can also distract and divert management and key personnel from other tasks important to the success of the business. We cannot be certain that we will successfully defend against allegations of infringement of patents and intellectual property rights of others. In the event that we become subject to a patent infringement or other intellectual property lawsuit and if the other party's patents or other intellectual property were upheld as valid and enforceable and we were found to infringe the other party's patents or violate the terms of a license to which we are a party, we could be required to do one or more of the following:

- cease selling or using any of our products that incorporate the asserted intellectual property, which would adversely affect our revenue;
- pay substantial damages for past use of the asserted intellectual property;
- obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all, and which could reduce profitability; and
- redesign or rename, in the case of trademark claims, our products to avoid infringing the intellectual property rights of third parties, which may not be possible and could be costly and time-consuming if it is possible to do so.

If we are unable to prevent unauthorized use or disclosure of trade secrets, unpatented know-how and other proprietary information, our ability to compete will be harmed.

We rely on a combination of trade secrets, copyrights, trademarks, confidentiality agreements and other contractual provisions and technical security measures to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. We require our employees and consultants to execute confidentiality agreements in connection with their employment or consulting relationships with us. We also require our employees and consultants to disclose and assign to us all inventions conceived during the term of their employment or engagement while using our property or which relate to our business. We also require our corporate partners, outside scientific collaborators and sponsored researchers, advisors and others with access to our confidential information to sign confidentiality agreements. We also have taken precautions to initiate reasonable safeguards to protect our information technology systems. However, these measures may not be adequate to safeguard our proprietary intellectual

property and conflicts may, nonetheless, arise regarding ownership of inventions. Such conflicts may lead to the loss or impairment of our intellectual property or to expensive litigation to defend our rights against competitors who may be better funded and have superior resources. Our employees, consultants, contractors, outside clinical collaborators and other advisors may unintentionally or willfully disclose our confidential information to competitors. In addition, confidentiality agreements may be unenforceable or may not provide an adequate remedy in the event of unauthorized disclosure. Enforcing a claim that a third party illegally obtained and is using our trade secrets is expensive and time consuming, and the outcome is unpredictable. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our products that we consider proprietary, and in such cases we could not assert any trade secret rights against such party. As a result, other parties may be able to use our proprietary technology or information, and our ability to compete in the market would be harmed.

We may be subject to damages resulting from claims that our employees or we have wrongfully used or disclosed alleged trade secrets of other companies.

Many of our employees were previously employed at other medical device companies focused on the development of oxygen therapy products, including our competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in defending against these claims, litigation could result in substantial costs, damage to our reputation and be a distraction to management.

Risks related to being a public company

We will incur increased costs as a result of operating as a public company and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and increasingly after we are no longer an “emerging growth company,” we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and the NASDAQ Global Market impose numerous requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Also, the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. Our management and other personnel will need to devote a substantial amount of time to compliance with these laws and regulations. These requirements have increased and will continue to increase our legal, accounting, and financial compliance costs and have made and will continue to make some activities more time consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers.

Overall, we estimate that our incremental costs resulting from operating as a public company, including compliance with these rules and regulations, may be between $1.5 million and $3.0 million per year. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

The Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404(a) of the Sarbanes-Oxley Act, or Section 404(a), will require us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting. Section 404(b) of Sarbanes-Oxley Act also requires our independent registered public accounting firm to attest to the effectiveness of our internal control over financial reporting. As an "emerging growth company" we expect to avail ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404(b). However, we may no longer avail ourselves of this exemption when we are no longer an "emerging growth company." When our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of our compliance with Section 404(b) will correspondingly increase. Our compliance with applicable provisions of Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements.

Furthermore, investor perceptions of our company may suffer if deficiencies are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these requirements effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal controls from our independent registered public accounting firm.

We have identified material weaknesses in our internal control over financial reporting. If we do not remediate the material weaknesses in our internal control over financial reporting, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in the market price of our stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports in a timely manner. In connection with the audits of our financial statements for the years ended December 31, 2011 and 2012, we concluded that there were material weaknesses in our internal control over financial reporting. A material weakness is a significant deficiency, or a combination of significant deficiencies, in internal control over financial reporting such that it is reasonably possible that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses that we identified related to (1) a lack of sufficient staff to deal with the various rules and regulations with respect to financial reporting, (2) accounting for revenue recognition as it relates to properly recording deferred revenue, estimated earned but unbilled revenue and billing adjustments and (3) accounting for warranty revenue and cost recognition with regard to lifetime warranties.

In an attempt to remediate our staff resource weakness, we have taken steps to hire additional finance and accounting personnel to augment our accounting staff and to provide more resources for complex GAAP accounting matters. In an attempt to remediate our revenue recognition weakness, we intend to review our revenue recognition policies and procedures, enhance training of our personnel with respect to such policies and procedures and devote additional resources to our revenue recognition, including adding additional accounting staff with technical experience in revenue recognition arrangements. However, we cannot assure you that these efforts will remediate our material weaknesses in a timely manner, or at all, or prevent restatements of our financial statements in the future. If we are unable to successfully remediate our material weaknesses, or identify any future significant deficiencies or material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports, and the market price of our stock may decline as a result.

Our management and independent registered public accounting firm did not perform an evaluation of our internal control over financial reporting during any period in accordance with the provisions of the Sarbanes-Oxley Act. Had we and our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional control deficiencies amounting to material weaknesses may have been identified. We cannot be certain as to when we will be able to implement the requirements of Section 404 of the Sarbanes-Oxley Act. If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory agencies such as the SEC. In addition, failure to comply with Section 404 or the report by us of a material weakness may cause investors to lose confidence in our financial statements, and the trading price of our common stock may decline. If we fail to remedy any material weakness, our financial statements may be inaccurate, our access to the capital markets may be restricted and the trading price of our ordinary shares may suffer.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups, or JOBS, Act enacted in April 2012, and may remain an "emerging growth company" for up to five years following the completion of this offering, although, if we have more than $1.0 billion in annual revenue, if the market value of our common stock that is held by non-affiliates exceeds $700 million as of June 30 of any year, or we issue more than $1.0 billion of non-convertible debt over a three-year period before the end of that five-year period, we would cease to be an "emerging growth company" as of the following December 31. For as long as we remain an "emerging growth company," we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not "emerging growth companies." These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's discussion and analysis of financial condition and results of operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;

- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. We have elected to avail ourselves of this exemption and, as a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be reduced or more volatile.

Risks related to our common stock and this offering

We expect that our stock price will fluctuate significantly, and you may not be able to resell your shares at or above the initial public offering price.

Prior to this offering, there has been no public market for shares of our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the NASDAQ Global Market or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our shares of common stock that you buy. We and the underwriters will determine the initial public offering price of our common stock through negotiation. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, the trading price of our common stock following this offering may be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include:

- actual or anticipated quarterly variation in our results of operations or the results of our competitors;
- announcements by us or our competitors of new commercial products, significant contracts, commercial relationships or capital commitments;
- issuance of new or changed securities analysts' reports or recommendations for our stock;
- developments or disputes concerning our intellectual property or other proprietary rights;
- commencement of, or our involvement in, litigation;
- market conditions in the oxygen therapy market;
- reimbursement or legislative changes in the oxygen therapy market;

- failure to complete significant sales;
- manufacturing disruptions that could occur if we were unable to successfully expand our production in our current or an alternative facility;
- any future sales of our common stock or other securities;
- any major change to the composition of our board of directors or management; and
- general economic conditions and slow or negative growth of our markets.

The stock market in general, and market prices for the securities of technology-based companies like ours in particular, have from time to time experienced volatility that often has been unrelated to the operating performance of the underlying companies. A certain degree of stock price volatility can be attributed to being a newly public company. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance. In several recent situations where the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and harm our operating results.

If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that equity research analysts publish about us and our business. We do not currently have and may never obtain research coverage by equity research analysts. Equity research analysts may elect not to provide research coverage of our common stock after the completion of this offering, and such lack of research coverage may adversely affect the market price of our common stock. In the event we obtain equity research analyst coverage, we will not have any control of the analysts or the content and opinions included in their reports. The price of our stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause our stock price or trading volume to decline.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately prior to this offering. Therefore, if you purchase our common stock in this offering, you will incur an immediate dilution of $ in pro forma as adjusted net tangible book value per share as of September 30, 2013 from the price you paid, based on an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus. In addition, new investors who purchase shares in this offering will contribute approximately % of the total amount of equity capital raised by us through the date of this offering, but will only own approximately % of the outstanding share capital and approximately % of the voting rights. In addition, we have issued options and warrants to acquire common stock at prices below the initial public offering price. To the extent outstanding options and warrants are ultimately exercised, there will be further dilution to investors who purchase shares in this offering. In addition, if the underwriters exercise their over-allotment option or if we issue additional equity securities, investors purchasing shares in this offering will experience additional dilution.

Future sales of shares of our common stock by existing stockholders could cause our stock price to decline.

Based on shares outstanding as of September 30, 2013, upon completion of this offering, we will have outstanding a total of shares of common stock, assuming no exercise of the underwriters' over-allotment option. Of these shares, only the shares of common stock sold in this offering by us will be freely tradable, without restriction, in the public market immediately after the offering. Each of our directors and officers, and certain of our stockholders, have entered into lock-up agreements with the underwriters that restrict their ability to sell or transfer their shares. The lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. Our underwriters, however, may, in their sole discretion, permit our officers, directors and other current stockholders who are subject to the contractual lock-up to sell shares prior to the expiration of the lock-up agreements. After the lock-up agreements expire, based on shares outstanding as of September 30, 2013, up to an additional shares of common stock will be eligible for sale in the public market, of which are held by our directors and executive officers and will be subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements. In addition, shares of our common stock that are subject to outstanding options as of September 30, 2013 will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements, the lock-up agreements and Rules 144 and 701 under the Securities Act. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities of ours at times and prices we believe appropriate.

Our directors, executive officers and principal stockholders will continue to have substantial control over us after this offering and could limit your ability to influence the outcome of key transactions, including changes of control.

Following the completion of this offering, our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock before this offering and their respective affiliates will beneficially own or control approximately % of the outstanding shares of our common stock, assuming no exercise of the underwriters' over-allotment option. Accordingly, these executive officers, directors and stockholders who owned more than 5% of our outstanding common stock before this offering and their respective affiliates, acting as a group, will have substantial influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transactions. These stockholders may also delay or prevent a change of control of us, even if such a change of control would benefit our other stockholders. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws, as amended and restated upon the closing of this offering, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws to become effective upon completion of this offering include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, up to 10,000,000 shares of undesignated preferred stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of the board of directors, or the Chief Executive Officer;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three year terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- specify that no stockholder is permitted to cumulate votes at any election of directors; and
- require a super-majority of votes to amend certain of the above-mentioned provisions.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. We intend to use the net proceeds from this offering for investments in rental assets; sales and marketing activities, including expansion of our sales force to support the ongoing commercialization of our products; for research and product development activities; for facilities improvements or expansions and the purchase of manufacturing and other equipment; and for working capital and other general corporate purposes. We may also use a portion of our net proceeds to acquire and invest in complementary products, technologies or businesses; however, we currently have no agreements or commitments to complete any such transaction. We have not allocated these net proceeds for any specific purposes. We might not be able to yield a significant return, if any, on any investment of these net proceeds. You will not have the opportunity to influence our management’s decisions on how to use the net proceeds from this offering, and our failure to apply these funds effectively could have a material adverse effect on our business and cause the price of our common stock to decline.

We have never paid dividends on our capital stock, and we do not anticipate paying any cash dividends in the foreseeable future.

We have paid no cash dividends on any of our classes of capital stock to date, have contractual restrictions against paying cash dividends and currently intend to retain our future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

Special note regarding forward-looking statements

This prospectus contains forward-looking statements that are based on management's beliefs and assumptions and on information currently available to management. Some of the statements under "Prospectus summary," "Risk factors," "Management's discussion and analysis of financial condition and results of operations" and "Business" and elsewhere in this prospectus contain forward-looking statements. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain.

In addition, you should refer to the "Risk factors" section of this prospectus for a discussion of other important factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if the forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933 do not protect any forward-looking statements that we make in connection with this offering.

This prospectus contains market data and industry forecasts that were obtained from industry publications. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise.

Use of proceeds

We estimate that the net proceeds to us from the sale of the shares of common stock in this offering will be approximately $, or approximately $ if the underwriters exercise their option to purchase additional shares in full, based upon an assumed initial price to the public of $ per share, the mid-point of the range reflected on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. We will not receive any proceeds from the sale of common stock by the selling stockholders. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately $, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to create a public market for our common stock, obtain additional capital, facilitate our future access to the public equity markets, increase awareness of our company among potential customers and improve our competitive position. We intend to use approximately $15 million of the net proceeds from this offering for investments in rental assets; approximately $5 million of the net proceeds for sales and marketing activities, including expansion of our sales force to support the ongoing commercialization of our products; approximately $3 million of the net proceeds for research and product development activities; and approximately $11 million of the net proceeds for facilities improvements or expansions and the purchase of manufacturing and other equipment; and the remainder of the net proceeds for working capital and other general corporate purposes. We may also use a portion of our net proceeds to acquire and invest in complementary products, technologies or businesses; however, we currently have no agreements or commitments to complete any such transaction. The amount and timing of these expenditures will vary depending on a number of factors, including competitive and technological developments and the rate of growth, if any, of our business. Accordingly, we will have broad discretion in using these proceeds.

Pending their use, we plan to invest our net proceeds from this offering in short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. Our management will have broad discretion in the application of the net proceeds from this offering to us, and investors will be relying on the judgment of our management regarding the application of the proceeds.

Dividend policy

We have never declared or paid any cash dividends on our common stock or any other securities. We anticipate that we will retain all available funds and any future earnings, if any, for use in the operation of our business and do not anticipate paying cash dividends in the foreseeable future. In addition, our revolving credit and term loan agreement materially restricts, and future debt instruments we issue may materially restrict, our ability to pay dividends on our common stock. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of current or then-existing debt instruments and other factors our board of directors deems relevant.

Capitalization

The following table summarizes our capitalization as of September 30, 2013:

- on an actual basis;
- on a pro forma basis, to reflect (i) the conversion of all outstanding shares of convertible preferred stock into an aggregate of 14,218,319 shares of common stock upon the closing of this offering, (ii) the cash exercise of warrants to purchase an aggregate of 24,588 shares of common stock, which we expect will occur prior to this offering as the warrants will otherwise expire at that time, (iii) the reclassification of our preferred stock warrant liability to additional-paid-in-capital upon the closing of this offering and (iv) the filing of our amended and restated certificate of incorporation; and
- on a pro forma as adjusted basis, to further reflect the sale and issuance by us of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the range reflected on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

You should read the information in this table together with the financial statements and related notes to those statements, as well as the sections of this prospectus captioned “Selected financial data” and “Management’s discussion and analysis of financial condition and results of operations.”

	As of September 30, 2013		
	Actual	Pro forma	Pro forma as adjusted[1]
	(in thousands, except per share and share amounts)		
Long-term debt, net of current portion	$ 6,648	$ 6,648	$
Redeemable convertible preferred stock, $0.001 par value per share; issuable in series, 9,606,450 authorized, 9,541,259 shares issued and outstanding, actual, and no shares issued and outstanding, pro forma; and no shares authorized, issued or outstanding, pro forma as adjusted	116,744	—	
Stockholders’ equity (deficit):			
Preferred stock, $0.001 par value per share; 66,666 shares authorized, 66,666 shares issued and outstanding, actual; 3,333,333 authorized, no shares issued or outstanding, pro forma and pro forma as adjusted	247	—	
Common stock, $0.001 par value per share, 18,333,333 shares authorized, 276,618 shares issued and outstanding, actual; 66,666,666 shares authorized, 14,519,524 shares issued and outstanding, pro forma and shares issued and outstanding pro forma as adjusted	1	15	
Additional paid-in capital	—	117,255	
Accumulated deficit	(82,797)	(82,797)	
Total stockholders’ (deficit) equity	(82,549)	34,473	
Total capitalization	$ 40,843	$ 41,121	$

(1) Each $1.00 increase (decrease) in the assumed initial price to the public of $ per share, the midpoint of the range reflected on the cover page of this prospectus, would increase (decrease) each of additional paid-in capital, total stockholders’ equity and total capitalization by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. We may also increase or decrease the number of shares we are

offering. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) each of additional paid-in capital, total stockholders' equity and total capitalization by approximately $, assuming that the assumed initial price to the public remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual initial price to the public and other terms of this offering determined at pricing.

The outstanding share information in the table above excludes as of September 30, 2013:

- 2,079,338 shares of common stock issuable upon exercise of options outstanding, 1,466,789 of which were vested and then exercisable, at a weighted average exercise price of $1.0876 per share;
- shares of common stock reserved for future issuance under stock-based compensation plans, including shares of common stock reserved for issuance under the 2014 Equity Incentive Plan, which will become effective on the date of this prospectus, and any future automatic increase in shares reserved for issuance under such plan, shares of common stock reserved for issuance under the 2014 Employee Stock Purchase Plan, and any future automatic increase in shares available for issuance under such plan and 530,427 shares of common stock reserved for issuance under the 2012 Equity Incentive Plan as of September 30, 2013, which shares will be added to the 2014 Equity Incentive Plan upon effectiveness of such plan; and
- 268,200 shares of common stock issuable upon the exercise of warrants outstanding as of September 30, 2013, at a weighted average exercise price of $1.4216 per share, after conversion of the convertible preferred stock.

Dilution

If you invest in our common stock in this offering you will experience immediate and substantial dilution in the pro forma as adjusted net tangible book value of your shares of common stock. Dilution in pro forma as adjusted net tangible book value represents the difference between the assumed initial price to the public per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after the offering.

Net tangible book value (deficit) per share represents our total tangible assets (total assets less intangible assets) less total liabilities and less preferred stock divided by the number of shares of outstanding common stock. The historical net tangible book value (deficit) of our common stock as of September 30, 2013 was $(83.2) million, or $(300.6) per share. Our pro forma net tangible book value as of September 30, 2013 was $ million, or $ per share, based on the total number of shares of our common stock outstanding as of September 30, 2013. Pro forma net tangible book value, before the issuance and sale of shares in this offering, gives effect to: (1) the automatic conversion of the outstanding convertible preferred stock into an aggregate of 14,218,319 shares of common stock immediately prior to the completion of this offering, (2) the cash exercise of warrants to purchase an aggregate of 24,588 shares of common stock, which we expect will occur prior to the closing of this offering as the warrants will otherwise expire at that time and (3) the reclassification of our preferred stock warrant liability to additional paid-in-capital upon the closing of this offering.

After giving effect to our sale of shares of common stock in this offering at an assumed initial public offering price $ per share, the midpoint of the range reflected on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2013 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to investors participating in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share	$
Historical net tangible book value (deficit) per share as of September 30, 2013, before giving effect to this offering	$ (300.6)
Increase per share attributable to conversion of redeemable convertible preferred stock	
Pro forma net tangible book value per share as of September 30, 2013, before giving effect to this offering	$
Increase per share attributable to this offering	
Pro forma net tangible book value, as adjusted to give effect to this offering	
Dilution in pro forma net tangible book value per share to new investors purchasing shares in this offering	$

Each $1.00 increase (decrease) in the assumed initial price to the public of $ per share, the midpoint of the range reflected on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value by approximately $, or approximately $ per share, and increase (decrease) the dilution per share to investors participating in this offering by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. We may also increase or decrease the number of shares we are offering. An increase of in the number of shares offered by us would increase the pro forma as adjusted net tangible book value by approximately $, or $ per share, and the dilution per share to investors participating in this offering would be $ per share, assuming that the assumed initial price to the public remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. Similarly, a decrease of shares in the number of shares offered by us would decrease the pro forma as adjusted net tangible book

value by approximately $, or $ per share, and the dilution per share to investors participating in this offering would be $ per share, assuming that the assumed initial price to the public remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual initial price to the public and other terms of this offering determined at pricing.

If the underwriters exercise their option to purchase additional shares in full, the pro forma as adjusted net tangible book value per share after the offering would be $ per share, the increase in the pro forma as adjusted net tangible book value per share to existing stockholders would be $ per share and the dilution to investors participating in this offering would be $ per share.

The following table summarizes, on the pro forma as adjusted basis as of September 30, 2013 described above, the differences between the number of shares of common stock purchased from us, the total consideration and the weighted-average price per share paid by existing stockholders and by investors participating in this offering. For purposes of this table, the shares to be sold by the selling stockholders in this offering are not included in shares held by existing stockholders and are included as shares held by investors participating in this offering.

	Shares purchased		Total consideration		Weighted average price per share
	Number	Percent	Amount	Percent	
Existing stockholders before this offering		%	$	%	$
Investors participating in this offering					
Total		%	$	%	

In addition, if the underwriters' option to purchase additional shares is exercised in full, the number of shares held by existing stockholders will be reduced to % of the total number of shares of common stock to be outstanding upon completion of this offering, and the number of shares of common stock held by investors participating in this offering will be further increased to % of the total number of shares of common stock to be outstanding upon completion of the offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) total consideration paid by new investors by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. We may also increase or decrease the number of shares we are offering. An increase (decrease) of 1,000,000 in the number of shares offered by us would increase (decrease) total consideration paid by new investors by $, assuming that the assumed initial price to the public remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses.

The outstanding share information in the tables above excludes as of September 30, 2013:

- 2,079,338 shares of common stock issuable upon exercise of options outstanding, 1,466,789 of which were vested and then exercisable, at a weighted average exercise price of $1.0876 per share;

- shares of common stock reserved for future issuance under stock-based compensation plans, including shares of common stock reserved for issuance under the 2014 Equity Incentive Plan, which will become effective on the date of this prospectus, and any future automatic increase in shares reserved for issuance under such plan, shares of common stock reserved for issuance under the 2014 Employee Stock Purchase Plan, and any future automatic increase in shares reserved for issuance under such plan and 530,427 shares of common stock available for issuance under the 2012 Equity Incentive Plan as of September 30, 2013, which shares will be added to the 2014 Equity Incentive Plan upon effectiveness of such plan; and
- 268,200 shares of common stock issuable upon the exercise of warrants outstanding as of September 30, 2013, at a weighted average exercise price of $1.4216 per share, after conversion of the convertible preferred stock.

Share reserves for the equity incentive plans will also be subject to automatic annual increases in accordance with the terms of the plans. To the extent that new options are issued under the equity benefit plans or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering.

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Selected financial data

You should read the following selected financial data below in conjunction with “Management’s discussion and analysis of financial condition and results of operations” and the financial statements, related notes and other financial information included elsewhere in this prospectus. The selected financial data in this section are not intended to replace the financial statements and are qualified in their entirety by the financial statements and related notes included elsewhere in this prospectus.

The statements of operations data for the years ended December 31, 2011 and 2012 and the balance sheet data as of December 31, 2011 and 2012 are derived from our audited financial statements included elsewhere in this prospectus. The statements of operations data for the nine months ended September 30, 2012 and 2013 and the balance sheet data as of September 30, 2013 are derived from our unaudited interim financial statements included elsewhere in this prospectus. Our unaudited interim financial statements were prepared on a basis consistent with our audited financial statements and include, in our opinion, all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in any future period, and our interim results are not necessarily indicative of the results that may be expected for the full year or any other period.

(amounts in thousands, except share and per share amounts)	Year ended December 31,		Nine months ended September 30,	
	2011	2012	2012	2013
Statements of operations data:	(as restated)		(unaudited)	
Total revenue				
Sales revenue	$ 19,076	$ 28,077	20,375	33,043
Rental revenue	10,977	19,872	13,898	21,901
Sales of used rental revenue	46	95	53	200
Other revenue	535	532	409	537
Total revenue	30,634	48,576	34,735	55,681
Cost of revenue				
Cost of sales revenue	12,127	17,359	12,679	18,309
Cost of rental revenue	3,783	7,243	5,122	8,459
Cost of used rental equipment sales	20	25	20	97
Total cost of revenue	15,930	24,627	17,821	26,865
Gross profit	14,704	23,949	16,914	28,816
Operating expenses:				
Research and development	1,789	2,262	1,731	1,817
Sales and marketing	9,014	12,569	8,753	13,292
General and administrative	5,623	8,289	5,805	9,796
Total operating expenses	16,426	23,120	16,289	24,905
Income (loss) from operations	(1,722)	829	625	3,911
Other expense, net	(267)	(247)	(149)	(296)
Income (loss) before provision for income taxes	(1,989)	582	476	3,615
Provision for income taxes	13	18	20	151
Net income (loss)	(2,002)	564	456	3,464
Less deemed dividend on redeemable convertible preferred stock	(3,027)	(5,781)	$ (4,119)	$ (5,359)
Net loss attributable to common stockholders	$ (5,029)	$ (5,217)	$ (3,663)	$ (1,895)
Net loss attributable to common stockholders:[1]				
Basic:	$ (20.15)	$ (19.97)	$ (14.02)	$ (6.91)
Diluted:	$ (20.15)	$ (19.97)	$ (14.02)	$ (6.91)
Weighted average shares used in computing net loss per share attributable to common stockholders:[1]				
Basic:	249,519	261,268	261,216	274,357
Diluted:	249,519	261,268	261,216	274,357
Unaudited pro forma net income (loss) per share attributable to common stockholders:[1]				
Basic:		$ 0.04		$ 0.24
Diluted:		$ 0.04		$ 0.22
Unaudited weighted average shares used in computing pro forma net income per share attributable to common stockholders:				
Basic:		14,601,861		14,516,523
Diluted:		15,486,487		15,733,279
Other financial data:				
EBITDA[2]	$ 1,357	$ 5,971	$ 4,224	$ 9,913
Adjusted EBITDA[2]	$ 1,620	$ 5,883	$ 4,124	$ 10,231

(1) See note 2 to each of our audited and unaudited financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per share attributable to common stockholders and pro forma net loss per share attributable to common stockholders.

(2) For a discussion of our use of EBITDA and Adjusted EBITDA and their calculations, please see "—Non GAAP financial measures."

(amounts in thousands)	Year ended December 31, 2011	Year ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
Balance sheet data:	(as restated)		(unaudited)	
Cash and cash equivalents	$ 3,906	$ 15,112	$ 17,098	$ 17,059
Working capital	1,302	12,880	15,297	12,352
Total assets	24,131	47,586	47,246	60,862
Total indebtedness	9,629	8,936	9,619	12,027
Deferred revenue	594	1,094	851	1,961
Total liabilities	16,575	19,011	19,043	26,667
Redeemable convertible preferred stock	83,122	109,345	107,431	116,744
Total stockholders' deficit	75,566	80,770	79,228	82,549

Non-GAAP financial measures

EBITDA and Adjusted EBITDA are a financial measures that are not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. We define EBITDA as net income or loss excluding interest income, interest expense, taxes and depreciation and amortization. Adjusted EBITDA also excludes the change in the fair value of our preferred stock warrant liability and stock-based compensation. Below, we have provided a reconciliation of EBITDA and Adjusted EBITDA to our net income or loss, the most directly comparable financial measure calculated and presented in accordance with GAAP. EBITDA and Adjusted EBITDA should not be considered alternatives to net income or loss or any other measure of financial performance calculated and presented in accordance with GAAP. Our EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other organizations because other organizations may not calculate EBITDA and Adjusted EBITDA in the same manner as we calculate these measures.

We include EBITDA and Adjusted EBITDA in this prospectus because they are important measures upon which our management assesses our operating performance. We use EBITDA and Adjusted EBITDA as key performance measures because we believe they facilitate operating performance comparisons from period to period by excluding potential differences primarily caused by variations in capital structures, tax positions, the impact of depreciation and amortization expense on our fixed assets, changes related to the fair value remeasurements of our preferred stock warrant, and the impact of stock-based compensation expense. Because EBITDA and Adjusted EBITDA facilitate internal comparisons of our historical operating performance on a more consistent basis, we also use EBITDA and Adjusted EBITDA for business planning purposes, to incentivize and compensate our management personnel, and in evaluating acquisition opportunities. In addition, we believe EBITDA and Adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in our industry as a measure of financial performance and debt-service capabilities.

Our use of EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect our cash expenditures for capital equipment or other contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect capital expenditure requirements for such replacements;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness; and
- Other companies, including companies in our industry, may calculate EBITDA and Adjusted EBITDA measures differently, which reduces their usefulness as a comparative measure.

In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses similar to the adjustments in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider EBITDA and Adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to our net income or loss, the most comparable GAAP measure, for each of the periods indicated:

EBITDA and Adjusted EBITDA (in thousands)	Year ended December 31,		Nine months ended September 30,	
	2011	2012	2012	2013
	(as restated)		(unaudited)	
Net income (loss)	$ (2,002)	$ 564	$ 456	$ 3,464
Non-GAAP adjustments:				
Interest income	(113)	(88)	(84)	(9)
Interest expense	261	493	381	312
Provision for income taxes	13	18	20	151
Depreciation and amortization	3,198	4,984	3,451	5,995
EBITDA	1,357	5,971	4,224	9,913
Change in fair value of preferred stock warrant liability	119	(148)	(148)	202
Stock-based compensation	144	60	48	116
Adjusted EBITDA	$ 1,620	$ 5,883	$ 4,124	$ 10,231

Management's discussion and analysis of financial condition and results of operations

You should read the following discussion and analysis of our financial condition and results of operations together with the financial statements and the related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the section of the prospectus entitled "Risk factors" and "Special note regarding forward-looking statements."

Overview

We are a medical technology company that develops, manufactures and markets innovative portable oxygen concentrators used to deliver supplemental long-term oxygen therapy to patients suffering from chronic respiratory conditions. Traditionally, these patients have relied on stationary oxygen concentrator systems for use in the home and oxygen tanks or cylinders for mobile use. The tanks and cylinders must be delivered regularly and have a finite amount of oxygen, which limits patient mobility and requires patients to plan activities outside of their homes around delivery schedules. Additionally, patients must attach long, cumbersome tubing to their stationary concentrators simply to enable mobility within their homes. We refer to this traditional delivery approach as the delivery model. Our proprietary Inogen One systems are portable devices that concentrate the air around them to offer a single source of supplemental oxygen anytime, anywhere. Using our systems, patients can eliminate their dependence on stationary concentrators and tank and cylinder deliveries, thereby improving quality-of-life and fostering mobility.

In May 2004, we received 510(k) clearance from the U.S. Food and Drug Administration, or the FDA, for our Inogen One G1. Since we launched the Inogen One G1 in 2004, through 2008, we derived our revenue almost exclusively from sales to healthcare providers and distributors. In December 2008, we acquired Comfort Life Medical Supply, LLC in order to secure access to the Medicare rental market and began accepting Medicare reimbursement for our oxygen solutions in certain states. At the time of the acquisition, Comfort Life Medical Supply, LLC had an active Medicare billing number but few other assets and limited business activities. In January 2009, following the acquisition of Comfort Life Medical Supply, LLC, we initiated our direct-to-consumer marketing strategy and began selling Inogen One systems directly to patients and building our Medicare rental business in the United States. In April 2009, we became a Durable, Medical Equipment, Prosthetics, Orthotics, and Supplies accredited Medicare supplier by the Accreditation Commission for Health Care for our Goleta, California facility for Home/Durable Medical Equipment Services for oxygen equipment and supplies. We believe we are the only portable oxygen concentrator manufacturer that employs a direct-to-consumer marketing strategy in the United States, meaning we advertise directly to patients, process their physician paperwork, provide clinical support as needed and bill Medicare or insurance on their behalf.

We believe our direct-to-consumer strategy has been critical to driving patient adoption of our technology. All other portable oxygen concentrator manufacturers access patients through home medical equipment providers, which we believe are disincentivized to encourage portable oxygen concentrator adoption. In order to facilitate the regular delivery and pickup of oxygen tanks, home medical equipment providers have invested in geographically dispersed distribution infrastructures consisting of delivery vehicles, physical locations, and delivery personnel within each area. Because portable oxygen concentrator technology eliminates the need for physical distribution infrastructure but has higher initial equipment costs than oxygen tanks and cylinders, we believe converting to a portable oxygen concentrator model would require both significant restructuring and capital investment for home medical equipment providers. Our direct-to-consumer marketing strategy allows us to sidestep the home medical equipment channel, appeal to patients directly, and capture both the manufacturing and provider margin. We believe our ability to capture this top-to-bottom margin, combined with our portable oxygen concentrator technology that eliminates the need for the costs associated with oxygen deliveries, gives us a cost structure advantage over our competitors using the delivery model.

We derive a majority of our revenue from the sale and rental of our Inogen One systems and related accessories to patients, insurance carriers, home healthcare providers and distributors. We sell multiple configurations of our Inogen One systems with various batteries, accessories, warranties, power cords, and language settings. We also rent our products to Medicare beneficiaries and patients with other insurance coverage to support their oxygen needs as prescribed by a physician as part of a care plan. Our goal is to design, build and market oxygen solutions that redefine how oxygen therapy is delivered. To accomplish this goal and to grow our revenue, we intend to continue to:

- *Expand our sales and marketing channels*. We will continue to hire additional internal sales representatives to drive our direct-to-consumer marketing efforts. During the first ten months of 2013, we increased our internal sales force from 93 to 112. Additionally, we are building a physician referral channel that currently consists of ten employees. Lastly, we are focused on building our international distribution capabilities.

- *Invest in our product offerings to develop innovative products* We expended $1.8 million and $2.3 million in 2011 and 2012, respectively, in research and development expenses, and we intend to continue to make such investments in the foreseeable future.
- *Secure contracts with healthcare payors and insurers*. Based on our patient population, we estimate that at least 30% of oxygen therapy patients are covered by non-Medicare payors, and that these patients often represent a younger, more active patient segment. By becoming an in-network provider with more insurance companies, we can reduce the co-pay for patients, which we believe will allow us to attract additional patients to our Inogen One solutions.

We have been developing and refining the manufacturing of our Inogen One Systems over the past eight years. While nearly all of our manufacturing and assembly processes were originally outsourced, assembly of the manifold, compressor, sieve bed and concentrator is now conducted in-house in order to improve quality control and reduce cost. Additionally, we use lean manufacturing practices to maximize manufacturing efficiency. We rely on third-party manufacturers to supply several components of our Inogen One Systems. We typically enter into supply agreements for these components that specify quantity, quality requirements and delivery terms. In certain cases, these agreements can be terminated by either party upon relatively short notice. We have elected to source certain key components from single sources of supply, including our batteries, bearings, carry bags, motors, pistons, valves, and molded plastic components. While alternative sources of supply are readily available for these components, we believe that maintaining a single-source of supply allows us to control production costs and inventory levels, and to manage component quality.

Historically, we have generated a majority of our revenue from sales and rentals to customers in the United States. In 2011 and 2012, approximately 26% and 27%, respectively, of our total revenue was from customers outside the United States, primarily in Europe. To date, all of our revenue has been denominated in United States dollars. We sell our products in 41 countries outside the United States through distributors or directly to large “house” accounts, which include gas companies and home oxygen providers. In this case, we sell to and bill the distributor or “house” accounts directly, leaving responsibility for the patient billing, support and clinical setup to the local provider. As of November 1, 2013, we have four employees who focused on selling our products to distributors and “house” accounts outside the United States.

Our total revenue increased to $48.6 million in 2012 from $10.7 million in 2009, due to growth in rental revenue associated with an increase in the number of patients using Medicare or private payors to rent our products, and growth in sales revenue associated with the increases in international sales and direct-to-consumer cash sales of our Inogen One systems and new product launches. In 2010 our total revenue was $23.6 million and in 2011 our total revenue was $30.6 million. We generated Adjusted EBITDA of $1.6 million and $5.9 million in 2011 and 2012, respectively. We generated a net loss of $2.0 million in 2011 and net income of $0.6 million in 2012. For the nine months ended September 30, 2013, we had total revenue and net income of $55.7 million and $3.5 million, respectively. As of September 30, 2013, our accumulated deficit was $82.6 million.

The vast majority of our revenue consists of sales revenue and rental revenue.

Sales revenue

Our future financial performance will be driven in part by the growth in sales of our Inogen One systems, and, to a lesser extent, sales of batteries and other accessories. We plan to grow our system sales in the coming years through multiple strategies, including: expanding our direct-to-consumer sales efforts through hiring additional sales representatives, investing in consumer awareness, expanding our sales infrastructure and efforts outside of the United States and enhancing our product offerings through additional product launches. As our product offerings grow, we solicit feedback from our customers and focus our research and development efforts on continuing to improve patient preference and reduce the total cost of the product, in order to further drive sales of our products.

Our direct-to-consumer sales process involves numerous interactions with the individual patient, the physician and the physician’s staff, and includes an in-depth analysis and review of our product, the patient’s diagnosis and prescribed oxygen therapy, including procuring an oxygen prescription, and assessing the patient’s available insurance benefits. The patient may consider whether to finance the product through an Inogen-approved third party or whether to purchase the equipment. Product is not deployed until both the prescription and payment are received. Once product is deployed, the patient has 30 days to return the product under a trial, subject to the patient payment of a minimal processing and handling fee. Approximately 5% to 10% of patients who purchase a system for cash return the system during this 30-day trial period. As a result, we have experienced fluctuations in our direct-to-consumer sales on a period-to-period basis in the past, a trend that we anticipate will continue in the future.

Our business-to-business efforts are focused on selling to home medical equipment distributors, oxygen providers and resellers who are primarily based outside of the United States. This process involves interactions with various key customer stakeholders, including sales, purchasing, product testing, and clinical personnel. Businesses that have patient demand that can be met

with our portable oxygen concentrator systems place purchase orders to secure product deployment. This may be influenced based on outside factors, including the result of tender offerings, changes in insurance plan coverage, and overall changes in the net oxygen therapy patient population. Products are shipped FOB Inogen, and based on financial history and profile, businesses may either prepay or receive extended terms. As a result of these factors, product purchases can be subject to changes in demand by customers. Given the potential for variability in ordering history that we have in the past experienced, and likely will in the future experience, there may be fluctuations in our business-to-business sales on a period-to-period basis.

We sold more than 7,300 Inogen One systems in 2011 and 11,900 Inogen One systems in 2012. Management focuses on system sales as an indicator of current business success.

Rental revenue

Our rental process involves numerous interactions with the individual patient, the physician and the physician's staff. The process includes an in-depth analysis and review of our product, the patient's diagnosis and oxygen needs, and their medical history to confirm the appropriateness of our product for the patient's oxygen therapy and compliance with Medicare and private payor billing requirements, which often necessitates additional physician evaluation and/or testing as well as a Certificate of Medical Necessity. Once the product is deployed, the patient receives direction on product use and receives a clinical titration from our trained staff to confirm the product meets the patient's needs prior to billing. As a result, the time from initial contact with a customer to billing can vary significantly and be up to one month or longer.

We plan to grow our rental revenue in the coming years through multiple strategies, including expanding our direct-to-consumer marketing efforts through hiring additional sales representatives and investing in patient awareness and physician-based sales, securing additional insurance contracts and continuing to enhance our product offerings through additional product launches. In addition, patients may come off of our services due to death, a change in their condition, a change in location, a change in provider or other factors. In each case, we maintain asset ownership and can redeploy assets as appropriate following such events. Given the length and uncertainty of our patient acquisition cycle and potential returns we have in the past experienced, and likely will in the future experience, there may be fluctuations in our net new patient setups on a period-to-period basis.

As the rental patient base increases, this rental model generates recurring revenue with minimal additional sales and general and administrative expenses. A portion of rentals include a capped rental period when no additional reimbursement will be allowed unless additional criteria are met. In this scenario, the ratio of billable patients to patients on service is critical to maintaining rental revenue growth as patients on service increases. As the rental base expands, we expect our rental revenue to increase and over time to become an increasingly important contributor to our total revenue. Over time, we believe that our rental revenue should be subject to less period-to-period fluctuation than our sales revenue.

As of December 31, 2012, we had over 13,500 oxygen rental patients, an increase from over 7,500 oxygen rental patients as of December 31, 2011. Management focuses on rental revenue as an indicator of current business success and a leading indicator of likely future rental revenue; however, actual rental revenue recognized is subject to a variety of other factors, including reimbursement levels by patient zip code, the number of capped patients, and adjustments for patients in transition.

Reimbursement

We rely heavily on reimbursement from Medicare, and secondarily from private payors and Medicaid, for our rental revenue. For the nine months ended September 30, 2013, approximately 73% of our rental revenue was derived from Medicare reimbursement. The U.S. Medicare list price for our stationary oxygen rentals (E1390) is $260 per month and for our oxygen generating portable equipment (OGPE) rentals (E1392) is $70 per month. The current standard Medicare allowable effective January 1, 2013 for stationary oxygen rentals (E1390) is $177.36 per month and for OGPE rentals (E1392) is $51.63 per month. These are the two primary codes that we bill to Medicare and other payors for our product rentals.

As of January 1, 2011, Medicare has phased in a program called competitive bidding. Competitive bidding impacts the amount Medicare pays suppliers of durable medical equipment, including portable oxygen concentrators. The program is defined geographically, with suppliers submitting bids to provide medical equipment for a specific product category within that geography. Once bids have been placed, an individual company's bids across products within the category are aggregated and weighted by each product's market share in the category. The weighted average price is then indexed against competitors. Medicare determines a "clearing price" out of these weighted average prices at which sufficient suppliers have indicated they will support patients in the category, and this threshold is typically designed to generate theoretical supply that is twice the expected demand. Bids for each modality among the suppliers that made the cut are then arrayed to determine what Medicare will reimburse for each product category. The program has strict

anti-collusion guidelines to ensure bidding is truly competitive. Competitive bidding contracts last three years once implemented, after which they are subject to a new round of bidding. Discounts off the standard Medicare allowable occur in competitive bidding Metropolitan Statistical Areas where contracts have been awarded as well as in cases where private payors pay less than this allowable. Current Medicare payment rates in competitive bidding areas are at 48-70% of the standard Medicare allowable for stationary oxygen rentals (average of $94.98 per month) and OGPE rentals are at 72-97% of the standard Medicare allowable (average of $42.65 per month). Competitive bidding rates are based on the zip code where the patient resides. Rental revenue includes payments for product, disposables, and customer service/support.

The following table sets forth the current Medicare standard allowable reimbursement rates and the weighted average reimbursement rates applicable in Metropolitan Statistical Areas covered by rounds one and two of competitive bidding. The round one re-compete was completed in the same Metropolitan Statistical Areas as round one for the next three year period starting 1/1/14 when the original contracts expire.

	Medicare standard allowable	Round one weighted average 1/1/11-12/11/13	Round two weighted average 7/1/13-6/30/16	Round one re-compete weighted average 1/1/14-12/31/16
E1390	177.36	116.16	93.10	95.74
E1392	51.63	41.89	42.69	38.08
Total	228.99	158.05	135.79	133.82
% of standard		*69%*	*59%*	*58%*

In addition to reducing the Medicare reimbursement rates in the Metropolitan Statistical Areas, the competitive bidding program has effectively reduced the number of oxygen suppliers that can participate in the Medicare program. We believe that more than 75% of existing oxygen suppliers were eliminated in round one of competitive bidding, which was implemented January 1, 2011 in 9 Metropolitan Statistical Areas. Round two of competitive bidding was implemented July 1, 2013 in 91 Metropolitan Statistical Areas and we believe the impact on the number of oxygen suppliers will be similar when released. We believe that 59% of the market was covered by round one and round two of competitive bidding.

Cumulatively in rounds one, two and round one re-compete, we were offered contracts for a substantial majority of the Competitive Bidding Areas and products for which we submitted bids. However, there is no guarantee that we will garner additional market share as a result of these contracts. The contracts include products that may require us to subcontract certain services or products to third parties, which must be approved by the Centers for Medicare & Medicaid Services.

Following round one of competitive bidding, we were excluded from the Kansas City-MO-KS, Miami-Fort Lauderdale-Pompano-FL, and Orlando – Kissimmee-FL competitive bidding areas and Honolulu-Hawaii, where we have never maintained a license. After round one recompete, we gained access to Kansas City-MO-KS and were excluded from the following competitive bidding areas: Cleveland-Elyria-Mentor-OH, Cincinnati-Middletown-OH, Miami-Fort Lauderdale-Pompano-FL, Orlando – Kissimmee-FL, Pittsburg-PA, Riverside-San Bernardino-Ontario-CA. After round two of competitive bidding, we were excluded from an additional 10 competitive bidding areas, including Akron-OH, Cape Coral-Fort Myers-FL, Deltona-Daytona Beach-Ormond Beach-FL, Jacksonville-FL, Lakeland-Winter Haven-FL, North Port-Bradenton-Sarasota-FL, Ocala, Palm Bay-Melbourne-Titusville-FL, Tampa-St. Petersburg-Clearwater-FL and Toledo-OH. Collectively, we have incrementally lost access to approximately seven percent of the Medicare market. As a result, on a going forward basis we will continue to have access to approximately 90% of the Medicare market. The incremental loss of access to approximately seven percent of the Medicare market is expected to have an adverse impact on the Company's rental business, which represented approximately 40% of our total revenue in the three and nine months ended on September 30, 2013. However, we expect the decline in total revenue resulting from the loss of competitive bidding contract in the areas that we were excluded from to be partially offset by the grandfathering of existing Medicare patients and direct sales to former Medicare patients with third party insurance coverage or who pay cash.

Under the Medicare competitive bidding program, oxygen therapy providers may "grandfather" existing patients on service up to the implementation date of competitive bidding program. This means oxygen therapy providers may retain all existing patients and continue to receive reimbursement for them so long as the new reimbursement rate is accepted and the applicable beneficiary chooses to continue to receive equipment from the provider. Providers must either keep or release all patients under this "grandfathering" arrangement in each competitive bidding area; specific individual selection of patients for retention or release is not allowed. Providers can continue to sell equipment in competitive bid areas where they were not awarded contracts to patients paying with cash or third-party insurance coverage.

We have elected to grandfather and retain all patients in competitive bid areas where contracts were not awarded to us. In addition, we plan to continue to accept patients in competitive bidding areas where we did not receive contracts through private insurance. We will also pursue retail sales of our equipment to patients in those areas.

For rental equipment, Medicare reimbursement for oxygen equipment is limited to a maximum of 36 months, after which time the equipment continues to be owned by the home oxygen provider for as long as the patient's medical need exists. The provider that billed Medicare for the 36th month continues to be responsible for the patient's care for months 37 through 60, and there is generally no additional reimbursement for oxygen generating portable equipment for these later months. The Centers for Medicare & Medicaid Services does not reimburse suppliers for oxygen tubing, cannulas and supplies that may be required for the patient. The provider is required to keep the equipment provided in working order and in some cases the Centers for Medicare & Medicaid Services will reimburse for repair costs. After the five year useful life is reached, the patient may request replacement equipment and, if he or she can be re-qualified for the Medicare benefit, a new maximum 36-month rental period

would begin. The supplier may not arbitrarily issue new equipment. We cannot state with certainty the number of patients in the capped rental period or the potential impact to revenue associated with patients in the capped rental period.

Our obligations to service assigned Medicare patients over the contract rental period include supplying working equipment that meets the patient's oxygen needs pursuant to their doctor's prescription and certificate of medical necessity form and supplying all disposables required for the patient to operate the equipment, including cannulas, filters, replacement batteries, carts and carry bags, as needed. If the equipment malfunctions, we must repair or replace the equipment. We determine what equipment the patient receives, and we can deploy existing used assets as long as the doctor's requirements are met. We must also procure a recertification certificate of medical necessity from the patient's doctor to confirm the patient's need for oxygen therapy one year after first receiving oxygen therapy and one year after each new 36 month reimbursement period begins. These contracts are cancellable by the patient at any time and by the provider at any time as long as the patient can transition to another provider.

In addition to the adoption of the competitive bidding program, oxygen rental services in non-competitive bidding Areas were eligible to receive mandatory annual Consumer Price Index for all Urban Consumers, or CPI-U updates, beginning in 2010. The CPI-U for 2012 was +3.6%, but the "multi-factor productivity adjustment" remained -1.2%, so the net result was a 2.4% increase in fee schedule payments in 2012 for items and services not included in an area subject to competitive bidding. For 2013, the CPI-U is +1.7%, but the adjustment is -0.9%, so the net result is a 0.8% increase in fee schedule payments in 2013. At this time, it is unclear if the current CPI-U method or a proposed inflation method included in President Obama's 2014 fiscal budget proposal would apply to future year's calculations.

As of September 30, 2013, we had 30 contracts with Medicaid and private payors. These contracts qualify us an in-network provider for these payors. As a result, patients can use our systems at the same cost as other in-network oxygen therapy solutions, including those utilizing the delivery model. Based on our patient population, we believe at least 30% of all oxygen therapy patients are covered by private payors. Private payors typically provide reimbursement at 60% to 100% of Medicare allowables for in-network plans, and private payor plans have 36-month caps similar to Medicare. We anticipate that private payor reimbursement levels will generally be reset in accordance with Medicare payment amounts established through competitive bidding.

We cannot predict the full extent to which reimbursement for our products will be affected by competitive bidding or by initiatives to reduce costs for private payors. We believe that we are well positioned to respond to the changing reimbursement environment because our product offerings are innovative, patient-focused and cost-effective. We have historically been able to reduce our costs through scalable manufacturing, better sourcing, continuous innovation, and reliability improvements, as well as innovations that reduce our product service costs by minimizing exchanges, such as user replaceable batteries and oxygen filtration cartridges. As a result of bringing manufacturing and assembly largely in-house and our commitment to driving efficient manufacturing processes, we have reduced our overall system cost by 36% since 2009. We intend to continue to seek ways to reduce our cost of revenue through manufacturing and design improvements.

Basis of presentation

The following describes the line items set forth in our statements of operations.

Revenue

We classify our revenue in four main categories: sales revenue, rental revenue, sale of used rental equipment and other revenue. There will be fluctuations in mix between business-to-business sales, direct-to-consumer sales and rentals from period to period. We expect rental revenue should constitute a larger percentage of total revenue, which would increase our gross margins. In addition, we expect both the average selling price and the manufacturing cost of our products to decrease following the introduction of future generations of our Inogen One systems. Inogen One system selling prices and gross margins for our Inogen One systems may fluctuate as we introduce new products and reduce our product costs.

Sales Revenue. Our sales revenue is derived from the sale of our Inogen One systems and related accessories to patients in the United States and to home healthcare providers, distributors and resellers worldwide. Sales revenue is classified into two areas: business-to-business sales and direct-to-consumer sales. Business-to-business sales were 67% of sales revenue in 2011 and 68% of sales revenue in 2012. For the nine months ended September 30, 2012 and 2013, business-to-business sales as a percentage of sales revenue were 69% and 61%, respectively. Generally, our direct-to-consumer sales have higher margins than our business-to-business sales.

Rental Revenue. Our rental revenue is derived from the rental of our Inogen One systems to patients through Medicare, private payors and Medicaid, which typically also include a patient responsibility component for patient co-insurance and deductibles. Generally, our product rentals have higher gross margins than our product sales.

Sales of used rental equipment. Our sales of used rental equipment revenue is derived from the sale of our Inogen One systems and related accessories to home healthcare providers and patients when the product has previously been sold or rented to another patient or business. Sales in this category are not material.

Other Revenue. Other revenue consists of service and freight revenue. Service revenue consists of fees associated with extended service contracts. Business-to-business sales include a three-year warranty with the sale of our product, and direct to consumer sales include either a three-year warranty or a lifetime warranty with the sale of our product. We offer extended service contracts, which are purchased by a small portion of our customer base.

Freight revenue consists of fees associated with the deployment of products internationally or domestically, when expedited freight options or minimum order quantities are not met. Freight revenue is a percentage markup of freight costs.

Cost of revenue

Cost of sales revenue and cost of used rental equipment sales consists primarily of costs incurred in the production process, including costs of component materials, assembly labor and overhead, warranty, provisions for slow-moving and obsolete inventory and delivery costs for items sold. Cost of rental revenue consists primarily of depreciation expense and service costs for rental assets, including material, labor, freight, consumable disposables and logistics costs. We provide a three-year or lifetime warranty on Inogen One systems sold, and we establish a reserve for warranty repairs based on historical warranty repair costs incurred. Provisions for warranty obligations, which are included in cost of sales revenue, are provided for at the time of shipment. We expect the average unit costs of our Inogen One systems to decline in future periods as a result of our ongoing efforts to develop lower-cost Inogen One systems and to improve our manufacturing processes, reduced rental service costs and expected increases in production volume and yields.

Operating expenses

Research and development

Research and development expenses consist primarily of personnel-related expenses, including salaries, benefits and stock-based compensation, allocated facility costs, laboratory supplies, consulting fees and related costs, costs associated with patent amortization costs, patent legal fees including defense costs and testing costs for new product launches. We have made substantial investments in research and development since our inception. Our research and development efforts have focused primarily on the tasks required to enhance our technologies and to support development and commercialization of new and existing products. We expect to have moderate increases in research and development expense over time.

Sales and marketing

Our sales and marketing expenses primarily support our direct-to-consumer strategy. Our sales and marketing expenses consist primarily of personnel-related expenses, including salaries, commissions, benefits, and stock-based compensation, for employees, and allocated facilities costs. They also include expenses for media and advertising, informational kits, public relations and other promotional and marketing activities, including travel and entertainment expenses, as well as customer service and clinical services. Sales and marketing expenses increased throughout 2012 primarily due to an increase in the sales force and the increasing number of rental patients and we expect a further increase in 2013 as we continue to increase sales and marketing activities.

General and administrative

General and administrative expenses consist primarily of personnel-related expenses, including salaries, benefits, and stock-based compensation for employees in our compliance, finance, medical billing, human resources, information technology, business development and general management functions, and allocated facilities costs. In addition, general and administrative expenses include professional services, such as legal, consulting and accounting services. We expect general and administrative expenses to increase in future periods as the number of administrative personnel grows and we continue to introduce new products, broaden our customer base and grow our business. We also expect legal, accounting and compliance costs to increase due to costs associated with our initial public offering and with being a public company.

Other income (expense), net

Other income (expense), net consists primarily of interest expense related to our revolving credit and term loan agreement and interest income driven by the interest accruing on cash and cash equivalents and on past due customer balances. Other income (expense) also includes the change in valuation of warrant liability based on the Monte Carlo valuation model.

Result of operations

Comparison of nine months ended September 30, 2012 and 2013 and selected three months ended September 30, 2012 and 2013

Revenue

(dollars in thousands)	Nine months ended September 30, 2012	2013	Change 2012 v. 2013 $	%
Revenue:				
Sales revenue	$ 20,375	$ 33,043	$ 12,668	62.2%
Rental revenue	13,898	21,901	8,003	57.6%
Sales of used equipment	53	200	147	277.4%
Other revenue	409	537	128	31.3%
Total revenue	$ 34,735	$ 55,681	$ 20,946	60.3%

(dollars in thousands)	Three months ended September 30, 2012	2013	Change 2012 v. 2013 $	%
Revenue:				
Sales revenue	$ 7,342	$ 11,917	$ 4,575	62.3%
Rental revenue	5,639	7,643	2,004	35.5%
Sales of used equipment	14	55	41	292.9%
Other revenue	156	162	6	3.8%
Total revenue	$ 13,151	$ 19,777	$ 6,626	50.4%

The increase in sales revenue in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2013 was attributable to an increase in the number of systems sold primarily related to the launch of the Inogen One G3, an increase in direct-to-consumer sales in the United States due to increased sales and marketing efforts, and an increase in business-to-business sales worldwide as the adoption of portable oxygen concentrators improved. The average selling price of our products was relatively flat at a 1% decrease period-to-period. We experienced price erosion of 5% in business-to-business sales and 6% in direct-to-consumer sales. This effects of this erosion were partially offset by increased sales volumes and an increased proportion of higher average selling price direct-to-consumer sales, which have a higher average selling price. The increase in sales revenue of 62.3% in the comparison of the three months ended September 30, 2012 and 2013 was consistent with the 62.2% increase seen in the comparison of the nine months ending September 30, 2012 versus 2013.

The increase in rental revenue in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2013 was attributable to the increase in rental patients from over 11,700 as of September 30, 2012 to over 20,300 as of September 30, 2013 due to additional marketing efforts and increased sales personnel. This increase was partially offset by the reduced reimbursement rates resulting from the associated with round two Competitive Bidding that became effective in 91 Metropolitan Statistical Areas on July 1, 2013. As a result of the reduced reimbursement rates, rental revenue for the three months ended September 30, 2013 was $7.6 million, compared to $5.6 million for the three months ended September 30, 2012, representing a period over period increase of approximately 35.5%. The period over period increase for the three month period was significantly less than the period over period increase for the nine month period of 57.6%. We expect this trend to continue for the next several fiscal quarters. As expected, the growth in sales revenue was not impacted by the reduced reimbursement rates resulting from competitive bidding. Sales revenue grew 62.3% for the three month period ended September 30, 2013 compared to the three month period ended September 30, 2012, compared to 62.2% for the nine month period ended September 30, 2013 compared to the nine month period ended September 30, 2012.

Cost of revenue and gross profit

(dollars in thousands)	Nine months ended September 30, 2012	2013	Change 2012 v. 2013 $	%
Cost of sales revenue	$ 12,679	$ 18,309	$ 5,630	44.4%
Cost of rental revenue	5,122	8,459	3,337	65.2%
Cost of used rental equipment sales	20	97	77	385.0%
Total cost of revenue	17,821	26,865	9,044	50.7%
Gross profit	$ 16,914	$ 28,816	$ 11,902	70.4%
Gross margin %	*48.7%*	*51.8%*		

Cost of revenue and gross profit

(dollars in thousands)	Three months ended September 30, 2012	2013	Change 2012 v. 2013 $	%
Cost of sales revenue	$ 4,723	$ 6,727	$ 2,004	42.4%
Cost of rental revenue	1,926	3,384	1,458	75.7%
Cost of used rental equipment sales	6	24	18	300.0%
Total cost of revenue	6,655	10,135	3,480	52.3%
Gross profit	$ 6,496	$ 9,642	$ 3,146	48.4%
Gross margin %	*49.4%*	*48.8%*		

We manufacture our Inogen One product line in our Goleta, California and Richardson, Texas facilities. Our manufacturing process includes final assembly, testing, and packaging to customer specifications. The increase in cost of sales revenue was attributable to an increase in the number of systems sold, partially offset by reduced bill of material and labor and overhead costs for our products associated with better sourcing and increased volumes. The increase in cost of rental revenue was attributable to an increase of rental patients and related rental assets, depreciation and product exchange and logistics costs. Cost of rental revenue includes depreciation of our rental assets of $4.9 million for the nine months ending September 30, 2013 versus $2.8 million for the nine months ending September 30, 2012.

Gross margin is defined as revenue less costs of revenue divided by revenue. The overall increase in sales and rental revenue and the continued shift towards rental revenue in our revenue mix, partially offset by declining rental reimbursement rates, account for the gross margin improvement from 48.7% to 51.8% in the nine months ending September 30, 2012 and 2013, respectively. The rental revenue gross margin was 61.4% in the nine months ended September 30, 2013 versus 63.1% in the nine months ended September 30, 2012 due to lower rental reimbursement rates resulting from round two Competitive Bidding that became effective July 1, 2013, partially offset by lower asset deployment costs per patient and also additional economies of scale of our servicing costs. The sales revenue gross margin was 44.2% in the nine months ended September 30, 2013 versus 37.8% in the nine months ended September 30, 2012 due to the reduction in average cost per unit sold and improved sales revenue mix towards direct-to-consumer sales.

The declining rental reimbursement rates, partially offset by increased revenue, and the continued shift towards rental revenue in our revenue mix, account for the gross margin decreases from 49.4% to 48.8% in the three months ending September 30, 2012 and 2013, respectively. The rental revenue gross margin was 55.7% in the three months ended September 30, 2013 versus 65.9% in the three months ended September 30, 2012 due to lower rental reimbursement rates associated with Competitive Bidding, partially offset by lower asset deployment costs per patient and also additional economies of scale of our servicing costs. The sales revenue gross margin was 43.6% in the three months ended September 30, 2013 versus 35.7% in the three months ended September 30, 2012 due to the reduction in average cost per unit sold and improved sales revenue mix towards direct-to-consumer sales.

Research and development expense

	Nine months ended September 30,		Change 2012 v. 2013	
(dollars in thousands)	**2012**	**2013**	**$**	**%**
Research and development expense	$ 1,731	$ 1,817	$ 86	5.0%

The increase was primarily attributable to an increase in personnel-related expenses of $0.2 million and product development materials and costs of $0.1 million, partially offset by decreasing patent litigation expenses of $0.2 million. Headcount increased due to our Inogen One G3 product launch in 2012 and Inogen At Home product development in 2013. Research and development expenses were $1.8 million, or 3.3% of total revenue, for the nine months ending September 30, 2013 compared to $1.7 million, or 5.0% of total revenue, for the nine months ending September 30, 2012.

General and administrative expense

	Nine months ended September 30,		Change 2012 v. 2013	
(dollars in thousands)	**2012**	**2013**	**$**	**%**
General and administrative expense	$ 5,805	$ 9,796	$ 3,991	68.8%

The increase was primarily attributable to a $1.9 million increase in personnel-related expenses as a result of increased administrative headcount in compliance, billing, human resources, information technology, and finance to support the growth of our business. To accommodate the higher headcount in 2013, we incurred higher facility costs of $0.4 million for rent, utilities, property taxes and maintenance. In addition, we incurred $0.2 million of costs associated with this offering.

In addition, bad debt expense increased $0.6 million primarily due to the significant growth of our rental patient population and the increase in aged patient copayment balances in our outstanding accounts receivables. The provision for doubtful accounts, expressed as a percentage of total net revenue, was 2.4% and 2.2% in the nine months ended September 30, 2013 and September 30, 2012, respectively.

General and administrative expenses were $9.8 million, or 17.6% of total revenue, for the nine months ending September 30, 2013 compared to $5.8 million, or 16.7% of total revenue, for the nine months ending September 30, 2012.

Sales and marketing expense

(dollars in thousands)	Nine months ended September 30, 2012	2013	Change 2012 v. 2013 $	%
Sales and marketing expense	$ 8,753	$ 13,292	$ 4,539	51.9%

The increase was primarily attributable to a $3.2 million increase in personnel-related expenses as a result of increased sales and marketing headcount to support the growth of our business, $0.6 million in primarily media-related marketing costs and licensing fees for software and patient support services to continue to grow our rental patient base and consumer cash sales, and a $0.5 million increase in personnel-related expenses for customer service and clinical services to support our increased rental patient base.

Sales and marketing expenses were $13.3 million, or 23.9% of total net revenue for, the nine months ending September 30, 2013 compared to $8.8 million, or 25.2% of total revenue, for the nine months ending September 30, 2012.

Other income (expense), net

(dollars in thousands)	Nine months ended September 30, 2012	2013	Change 2012 v. 2013 $	%
Interest income	$ 84	$ 9	$ (75)	(89.3)%
Interest expense	(381)	(312)	69	18.1%
(Increase) decrease in fair value of preferred stock warrant liability	148	(202)	(350)	(236.5)%
Other income	—	209	209	N/A
Total other expense, net	$ (149)	$ (296)	$ (147)	(98.7)%

The higher interest income in 2012 was associated with interest accruing on a past due customer balance that was not relevant in 2013. The decrease in interest expense was driven by the decrease in average debt balances under our revolving credit and term loan agreement compared to the prior period. The other income in 2013 was associated with investment income received in connection with the sale of our interest in our former product liability insurance company. This other income is not expected to recur in future periods.

The increase in preferred stock warrant liability was due to the revaluation of our preferred stock warrants outstanding through a Monte Carlo valuation model due to higher enterprise value and the increased likelihood of an initial public offering.

Comparison of years ended December 31, 2011 and 2012

Revenue

(dollars in thousands)	Year ended December 31, 2011	2012	Change 2011 v. 2012 $	%
Revenue:				
Sales revenue	$ 19,076	$ 28,077	$ 9,001	47.2%
Rental revenue	10,977	19,872	8,895	81.0%
Sales of used equipment	46	95	49	106.5%
Other revenue	535	532	(3)	(0.6)%
Total revenue	$ 30,634	$ 48,576	$ 17,942	58.6%

The increase in sales revenue was attributable to an increase in the number of systems sold, related to an increase in business-to-business sales and an increase in direct-to-consumer sales in the United States and worldwide due to increased sales and marketing efforts and the adoption of portable oxygen concentrators. We experienced a price erosion of 4% in business-to-business sales, which was partially offset by the shift towards direct-to-consumer sales, which experienced a 2% increase in the average selling price. This resulted in a 4% decrease in the average selling price of our products. The increase in rental revenue was related to our increased rental patients from over 7,500 as of December 31, 2011 to over 13,500 as of December 31, 2012 due to additional marketing efforts and increased sales personnel.

Cost of revenue and gross profit

(dollars in thousands)	Year ended December 31, 2011	2012	Change 2011 v. 2012 $	%
Cost of sales revenue	12,127	17,359	5,232	43.1%
Cost of rental revenue	3,783	7,243	3,460	91.5%
Cost of used rental equipment sales	20	25	5	25.0%
Total cost of revenue	$ 15,930	$ 24,627	$ 8,697	54.6%
Gross profit	14,704	23,949	9,245	62.9%
Gross margin %	*48.0%*	*49.3%*		

The increase in cost of revenue was attributable to an increase in the number of systems sold and increased bill of material costs for our products associated with the sales shift to the direct-to-consumer channel where system packages include higher accessories per order. Cost of revenue includes depreciation of our rental assets of $4.1 million for the year ended December 31, 2012 versus $2.4 million for the year ended December 31, 2011.

The continued shift towards rental revenue in our revenue mix accounts for the gross margin improvement from 48% to 49%. The gross margin on our rental revenue was 64% in the year ended December 31, 2012 versus 66% in the year ended December 31, 2011 due to lower reimbursement levels. The gross margin on our sales revenue including sales of used rental equipment was 39% in the year ended December 31, 2012 versus 36% in the year ended December 31, 2011 due to the improved revenue mix towards direct-to-consumer sales.

Research and development expense

(dollars in thousands)	Year ended December 31, 2011	2012	Change 2011 v. 2012 $	%
Research and development expense	$ 1,789	$ 2,262	$ 473	26.4%

The increase was primarily attributable to a $0.1 million increase in personnel related expenses as a result of increased headcount, a $0.3 million increase in patent and patent defense costs, and $0.1 million in additional research and development spend on new product development.

Research and development expenses were $2.3 million, or 4.7% of total net revenue, for the year ending 2012 compared to $1.8 million, or 5.8% of total net revenue, for the year ending 2011.

General and administrative expense

(dollars in thousands)	Year ended December 31, 2011	2012	Change 2011 v. 2012 $	%
General and administrative expense	$ 5,623	$ 8,289	$ 2,666	47.4%

The increase was primarily attributable to a $1.8 million increase in personnel-related expenses as a result of increased administrative headcount in compliance, billing, human resources, information technology, and finance to support the growth of our business and $0.2 million increase in facility costs associated with the leased additional space in Richardson, Texas, and $0.4 million increase in miscellaneous general and administrative costs including telecom costs, postage, supplies, and dues.

In addition, bad debt expense increased $0.06 million due to the growth of our patient population and associated rental revenue bad debt as well as increased bad debt from our business-to-business channel due to a single customer write off. The provision for doubtful accounts, expressed as a percentage of total net revenue, was 2.2% and 3.3% in the year ended December 31, 2012 and December 31, 2011, respectively.

General and administrative expenses were $8.3 million, or 17.1% of total net revenue, for the year ending 2012 compared to $5.6 million, or 18.4% of total net revenue, for the year ending 2011.

Sales and marketing expense

(dollars in thousands)	Year ended December 31, 2011	2012	Change 2011 v. 2012 $	%
Sales and marketing expense	$ 9,014	$ 12,569	$ 3,555	39.4%

The increase was primarily attributable to a $1.7 million increase in personnel-related expenses as a result of increased sales and marketing headcount to support the growth of our business, $0.9 million in primarily media-related marketing costs to continue to grow our rental patient base and consumer cash sales, and a $0.5 million increase in personnel-related expenses for customer service and clinical services to support our increased number of rental patients.

Sales and marketing expenses were $12.6 million, or 25.9% of total net revenue, for the year ending 2012 compared to $9.0 million, or 29.4% of total net revenue, for the year ending 2011.

Other income (expense), net

	Year ended December 31,		Change 2011 v. 2012	
(dollars in thousands)	**2011**	**2012**	**$**	**%**
Interest income	$ 113	$ 88	$ (25)	(22.1%)
Interest expense	(261)	(493)	(232)	88.9
Revaluation of preferred stock warrant liability	(119)	148	267	(224.4)
Other income (expense)	—	10	10	—
Total other income (expense), net	$ (267)	$ (247)	$ 20	(7.5)%

The increase in interest expense was driven by a $5.3 million increase in borrowings under our revolving credit and term loan agreement. The decrease in interest income was driven by the reduction of interest accruing on past due customer balances as a result of lower past due accounts receivable balances for business-to-business sales in 2012, as compared to 2011.

Liquidity and capital resources

As of September 30, 2013, we had cash and cash equivalents of $17.1 million, which consisted of highly-liquid investments with an original maturity of three months or less. Since inception, we have financed our operations primarily through the sale of equity securities and, to a lesser extent, from borrowings. As of September 30, 2013, we had $12.0 million secured debt outstanding including $11.1 million in bank financing and $0.9 million in patent licensing debt. Since inception, we have received net proceeds of $91.4 million from the issuance of redeemable convertible preferred stock. Our principal uses of cash are funding our capital expenditures including additional rental assets and debt service payments as described below.

We believe that our current cash and cash equivalents together with our short-term investments and available borrowings under our revolving credit and term loan agreement and the cash to be generated from expected product sales and rentals, will be sufficient to meet our projected operating and investing requirements for at least the next 12 months.

The following table shows a summary of our cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
(dollars in thousands)	**2011**	**2012**	**2012**	**2013**
Cash provided by operating activities	$ 1,859	$ 4,004	$ 2,173	$ 11,478
Cash used in investing activities	(8,918)	(12,475)	(9,101)	(14,497)
Cash provided by financing activities	5,176	19,677	20,120	4,966

Operating activities

We derive operating cash flows from cash collected from the sale of our products and services. These cash flows received are partially offset by our use of cash for operating expenses to support the growth of our business. Net income in each period has increased associated with increased sales and gross margin associated with product mix and lower costs. In addition, operating expense leverage has increased as expenses have not grown as quickly as sales due to improved operating efficiencies. The changes in cash related to operating assets and liabilities discussed below were primarily due to the following factors that occurred across all periods: an increase in cash used related to inventory and rental assets as we increased inventory and rental assets to support our growth in revenue; an increase in cash used by accounts receivable resulting from growth in sales of our systems which typically have a longer collection cycle; and an increase in cash related to accounts payable resulting from the higher level of operating expenses needed to support the higher sales level.

Net cash provided by operating activities for the nine months ended September 30, 2013 consisted of our net income of $3.5 million and non-cash expense items such as depreciation and amortization of our equipment and leasehold improvements of $6.0 million, provision for doubtful accounts of $1.4 million, loss on disposal of rental units of $0.4 million, loss on change in fair value of warrants of $0.2 million and stock-based compensation of $0.1 million. These items were partially offset by net changes in our operating assets and liabilities of $0.2 million.

Net cash provided by operating activities for the nine months ended September 30, 2012 consisted of our net income of $0.5 million and non-cash expense items such as depreciation and amortization of our equipment and leasehold improvements of $3.5 million, provision for doubtful accounts of $0.7 million, gain on change in fair value of warrants of $0.1 million, and stock-based compensation of $0.05 million. These items were partially offset by net changes in our operating assets and liabilities of $2.6 million.

Net cash provided by operating activities for 2012 consisted of our net income of $0.6 million and non-cash expense items such as depreciation and amortization of our equipment and leasehold improvements of $5.0 million, provision for doubtful accounts of $1.1 million, gain on change in fair value of warrants of $0.2 million, stock-based compensation of $0.1 million. These items were partially offset by net changes in our operating assets and liabilities of $1.4 million.

Net cash provided by operating activities for 2011 consisted of non-cash expense items such as depreciation and amortization of our equipment and leasehold improvements of $3.2 million, provision for doubtful accounts of $1.0 million, stock-based compensation of $0.1 million, loss on change in fair value of warrants of $0.1 million, These items were partially offset by net losses of $2.0 million and net changes in our operating assets and liabilities of $0.9 million.

Investing activities

Net cash used in investing activities for each of the periods presented was primarily for the purchase of rental assets, research and development laboratory, manufacturing and computer equipment and software to support our expanding business.

In the nine months ended September 30, 2013, we invested $11.9 million in rental assets. In the nine months ended September 30, 2012, we invested $7.4 million in rental assets. In 2012, we invested $10.4 million in rental assets deployed. In 2011, we invested $7.9 million in rental assets deployed.

During the year ended December 31, 2011, we acquired Breathe Oxygen Services, LLC mainly to acquire an accredited Medicare facility and a Medicare license to service patients located in Tennessee in compliance with applicable law. The acquisition resulted in recording an intangible asset in the amount of $0.1 million which amortizes over its estimated useful life of ten years. As of September 30, 2013, December 31, 2012 and 2011, there were no impairments recorded related to this intangible asset. In 2011, Breathe Oxygen Services, LLC merged with us, and was dissolved.

We expect to continue investing in property and equipment as we expand our operations. Other than the deployment of product for rental to our customers and the necessary manufacturing equipment/tooling for the launch of our next oxygen concentrator in development, we have no major capital expenditures planned for the remainder of 2013. Our operations are inherently capital intensive due to our portions of revenue derived from our rental business model; investments will continue to be required in order to grow rental revenue.

Financing activities

Historically, we have funded our operations through the issuance of preferred stock and the incurrence of indebtedness.

For the nine months ended September 30, 2013, net cash provided by financing activities consisted of $1.9 million received upon exercise of series D convertible preferred stock warrants and common stock options and $6.0 million of new debt issuance under our revolving credit and term loan agreement entered into in October 2012. This was partially offset by repayments of borrowings under our revolving credit and term loan agreement of $2.8 million as existing balances and payback terms were not changed.

For the nine months ended September 30, 2012, net cash provided by financing activities consisted of the issuance of 2,840,260 shares of series G convertible preferred stock for net proceeds of $19.9 million in March 2012, the incurrence of an aggregate of $2.0 million of borrowings under our revolving credit and term loan agreement, which were offset in part by repayment of $1.9 million of such borrowings, and the exercise of series B convertible and series C convertible preferred stock warrants for $0.2 million.

For 2012, net cash provided by financing activities consisted of the issuance of 2,840,260 shares of series G convertible preferred stock which generated net proceeds of $19.9 million in March 2012, the incurrence of an aggregate of $6.0 million of borrowings under our revolving credit and term loan agreement, which were offset in part by repayment of $6.5 million of such borrowings, and the exercise of series B convertible and series C convertible preferred stock warrants for $0.4 million.

For 2011, net cash provided by financing activities consisted of net incurrence of indebtedness under our revolving credit and term loan agreement of $5.3 million.

Sources of funds

Our cash provided in operations in the nine months ended September 30, 2013 was $11.5 million compared to $2.2 million in the nine months ended September 30, 2012. As of September 30, 2013 we had cash and cash equivalents of $17.1 million and available borrowing capacity under our revolving credit and term loan agreement totaling $6.0 million.

We believe, based on our current operating plan, that our existing cash and cash equivalents, cash generated from operating activities and available borrowings under our borrowing arrangements will be sufficient to fund capital expenditures, operating expenses and other cash requirements for at least the next 12 months. Although we are not currently a party to any agreement or letter of intent with respect to potential material investments in, or acquisitions of, complementary businesses, we may enter into these types of arrangements in the future, which could require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us, or at all.

Amended and restated revolving credit and term loan agreement

In October 2012, we entered into an amended and restated revolving credit and term loan agreement with Comerica Bank as the administrative agent, which we refer to as our revolving credit and term loan agreement. This agreement incorporated amounts outstanding under one prior loan agreement whereby the existing balances and the payback terms were not changed. This transaction did not result in any debt extinguishment losses or gains. We did not incur or defer any financing cost directly related to the amended loan and security agreement.

The revolving credit and term loan agreement also provides for a pre-existing term loan facility for rental assets amounting to up to $3.0 million, which we refer to as Term Loan A, a pre-existing term loan facility for rental assets amounting to up to $8.0 million, which we refer to as Term Loan B, a new term loan facility for rental assets amounting to up to $12.0 million, which we refer to as Term Loan C, and an accounts receivable revolving line of credit amounting to up to $1.0 million based on 80% of eligible accounts receivable, which we refer to as the revolver.

We had borrowings of $1.4 million, $2.3 million and $0.7 million outstanding under Term Loan A as of December 31, 2012 and 2011 and September 30, 2013, respectively. We had borrowings of $6.4 million, $6.0 million and $4.4 million outstanding under Term Loan B, as of December 31, 2012 and 2011 and September 30, 2013, respectively. There were no borrowings and borrowings of $6.0 million outstanding under Term Loan C as of December 31, 2012 and September 30, 2013, respectively. Future draws under Term Loan C will bear variable interest at the Base Rate. There were no borrowings under the revolver during 2011, 2012, or as of September 30, 2013. The revolver expired on October 13, 2013 and we have no plans to renew or replace it.

Payments of interest for the Term Loan are generally payable monthly. Payment of principal is payable monthly. Each term loan bears interest at the base rate, which is a rate equal to the applicable margin plus the greater of (i) the prime rate, (ii) the federal funds effective rate, as defined in the agreement, plus 1%, and (iii) the daily adjusting LIBOR rate, plus 1%. The applicable margins for Term Loans A, B and C are 1.25%, 2.50% and 2.25%, respectively. Upon the closing of an acquisition or initial public offering during the term of the revolving credit and term loan agreement, the lenders are entitled to a fee equal to $120,000.

The revolving credit and term loan agreement contains customary conditions to borrowing, events of default and covenants, including covenants that restrict our ability to dispose of assets, merge with or acquire other entities, incur indebtedness, incur encumbrances, make distributions to holders of our capital stock, make investments, engage in transactions with our affiliates. In addition, we must comply with certain financial covenants relating to liquidity, debt service, and leverage ratios. We were in compliance with all covenants as of December 31, 2012 and September 30, 2013. As of September 30, 2013, in order to be in compliance with the liquidity requirements, debt service ratios, and leverage ratios of existing debt obligations, we were required to maintain $2.5 million of unaudited Adjusted EBITDA in the previous six months, and we had $6.6 million in actual unaudited Adjusted EBITDA, and $7.8 million of cash and qualified accounts receivable, and we had $17.1 million of actual cash. Our obligations under the revolving credit and term loan agreement are secured by substantially all of our assets, including intellectual property.

We may from time to time, depending upon market conditions and financing needs, seek to refinance or repurchase our debt securities or loans in privately negotiated or open market transactions, by tender offer or otherwise.

Use of funds

Our principal uses of cash are funding our new rental asset deployments and other capital purchases, operations, satisfaction of our obligations under our debt instruments, and other working capital requirements. Over the past several years, our revenue has increased significantly from year to year and, as a result, our cash flows from customer collections have increased as have our profits. As a result, our cash used in operating activities has decreased over time and now is a source of capital to the business. We expect operating activities to continue to be a source of capital to the business in the future.

Due to the portion of our business that drives rental revenue, which needs continuing asset deployments to new patients, our cash used in investing activities has increased over time. We expect our investment cash requirements to increase in the future as we increase our rental patient base and deploy rental assets among Medicare and private payors.

We may need to raise additional funds to support our investing operations, and such funding may not be available to us on acceptable terms, or at all. If we are unable to raise additional funds when needed, our operations and ability to execute our business strategy could be adversely affected. We may seek to raise additional funds through equity, equity-linked or debt financings. If we raise additional funds through the incurrence of indebtedness, such indebtedness would have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations. Any additional equity financing may be dilutive to our stockholders.

Contractual obligations

The following table reflects a summary of our contractual obligations as of December 31, 2012.

	Payments due by period				
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
(in thousands)					
Operating lease obligations (1)	$ 3,605	$ 788	$1,864	$ 329	$ 624
Long-term debt obligations (2)(3)	8,936	3,879	5,057	—	—
Total	$12,541	$ 4,667	$6,921	$ 329	$ 624

(1) Operating lease costs are primarily for office and manufacturing space.

(2) Includes principal and accrued interest on long-term debt obligations.

(3) In 2011, we entered into an amendment of a licensing agreement whereby we were assigned the entire right, title and interest in a portfolio of patents in exchange for a non-interest bearing promissory note for $650,000, in addition to an $850,000 existing obligation to the original licensor, for a total of $1.5 million due to the original licensor in installments starting May 22, 2011, and ending October 31, 2016.

Critical accounting policies and significant estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue and expenses at the date of the financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates and such differences could be material to the financial position and results of operations.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include those related to:

- revenue recognition;
- stock-based compensation;
- inventory and rental asset valuation;
- accounts receivables and allowance for bad debts, returns and adjustments;
- fair value measurements; and
- income taxes.

Revenue recognition

We generate revenue primarily from sales and rentals of our products. Our products consist of our proprietary line of portable oxygen concentrators and related accessories. A small portion of our revenue comes from extended service contracts and freight revenue for product shipments.

Revenue from product sales is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price to the customer is fixed or determinable; and (4) collectability is reasonable assured. Revenue from product sales is recognized upon shipment of the product. Provisions for estimated returns and discounts are made at the time of shipment. Provisions for warranty obligations, which are included in cost of sales revenue, are also provided for at the time of shipment.

Accruals for estimated warranty expenses are made at the time that the associated revenue is recognized. We use judgment to estimate these accruals and, if we were to experience an increase in warranty claims or if costs of servicing our products under warranty were greater than our estimates, our cost of revenue could be adversely affected in future periods. The provisions for estimated returns, discounts and warranty obligations are made based on known claims and discount commitments and estimates of additional returns and warranty obligations based on historical data and future expectations. We accrued $0.4 million and $0.3 million to provide for future warranty costs at December 31, 2012 and 2011, respectively.

We recognize equipment rental revenue over the non-cancelable rental period, which is typically one month, less estimated adjustments. The rental period begins on the date products are shipped to patients and are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including Medicare, private payors, and Medicaid. Due to the nature of the industry and the reimbursement environment in which we operate certain estimates are required to record net revenue and accounts receivable at their net realizable values. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. Specifically, the complexity of many third-party billing arrangements and the uncertainty of reimbursement amounts for certain products may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of cash application, claim denial or account review. Accounts receivable are reduced by an allowance for doubtful accounts which provides for those accounts from which payment is not expected to be received, although product was delivered and revenue was earned. Upon determination that an account is uncollectible, it is written-off and charged to the allowance. Amounts billed but not earned due to the timing of the billing cycle are deferred and recognized in income on a straight-line basis over the monthly billing period. For example, if the first day of the billing period does not fall on the first day of the month, then a portion of the monthly billing period will fall in the subsequent month and the related revenue and cost would be deferred. Therefore, we defer income for the service days in the following month.

Rental revenue is recognized as earned, less estimated adjustments. Revenue not billed at the end of the period is reviewed for the likelihood of collections and accrued. The rental revenue stream is not guaranteed and payment will cease if the patient no longer needs oxygen or returns the equipment. Revenue recognized is at full estimated allowable; transfers to secondary insurances / patient responsibility have no net effect on revenue. Rental revenue is earned for that month if the patient is on service on the first day of the 30-day period commencing on the recurring date of service for a particular claim, regardless if there is a change in condition/death after that date. There is no refund for revenue collected in the 3 year period if the patient does not reach the end of the 5 year capped period. In the event that a third-party payor does not accept the claim for payment, the consumer is ultimately responsible for payment for the products and services. We have determined that the balances are collectable at the time of revenue recognition because the patient signs a notice of financial responsibility outlining their obligations.

Included in rental revenue are unbilled amounts that were earned but not able to be billed for various reasons. The criteria for recognizing revenue had been met as of period-end, but there were specific reasons why we were unable to bill Medicare and private insurance for these amounts. As a result, we create an unbilled rental revenue accrual based on these earned revenues not billed based on a percentage of unbilled amounts and historical trends and estimates of future collectability.

Revenue from the sale of used rental equipment is recognized upon delivery and when collectability is reasonably assured and other revenue recognition criteria are met. When a rental unit is sold, the related cost and accumulated depreciation are removed from their respective accounts, and any gains or losses are included in gross profit.

Revenue from the sales of our services is recognized when no significant obligations remain undelivered and collection of the receivables is reasonably assured, which is generally when shipment has occurred. We offer extended service contracts on our Inogen One systems for periods ranging from 12 to 24 months after the end of the standard warranty period. Revenue from extended service contracts and lifetime warranty is deferred and recognized in income over the contract period. To calculate the value associated with the lifetime warranties, management considered the profit margins of the overall company, the average cost of lifetime warranties and the price of extended warranties and created a best estimate. Lifetime warranty revenue is deferred and recognized after the standard three year warranty period, on straight-line basis, in year four and five. Under the lifetime warranty, the company will provide replacement equipment without any additional cost to the consumer for the duration of the patient’s life. Lifetime warranties are non-transferable.

Stock-based compensation

We measure and recognize compensation expense for the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value of options on the grant date is estimated using the Black-Scholes option-pricing model, which requires the use of certain subjective assumptions including expected term, volatility, risk-free interest rate and the fair value of our common stock. These assumptions generally require significant judgment.

The resulting costs, net of estimated forfeitures, are recognized over the period during which an employee is required to

provide service in exchange for the award, usually the vesting period. We amortize the fair value of stock-based compensation on a straight-line basis over the requisite service periods.

Currently, our equity awards consist only of stock options. However, in the future we may grant shares of restricted stock and restricted stock units under the terms of our equity incentive plans. We account for stock options issued to nonemployees at their estimated fair value determined using the Black-Scholes option-pricing model. The fair value of the options granted to nonemployees is re-measured as they vest, and the resulting change in value, if any, is recognized as a stock-based compensation expense during the period the related services are rendered. In the years ending December 31, 2011 and 2012 and the nine-month periods ending September 30, 2012 and 2013, we did not issue stock options to any non-employees and all previous stock options issued to non-employees were fully vested in previous periods.

The Black-Scholes option-pricing model requires the input of highly subjective assumptions, including the expected volatility of the price of our common stock, the expected term of the option, the expected dividend yield, and the risk-free interest rate. These estimates involve inherent uncertainties and the significant application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future. We determined weighted average valuation assumptions as follows:

Risk free rate. The risk free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options for each option group.

Expected term. Using the simplified method, the expected term is estimated as the midpoint of the expected time to vest and the contractual term, as permitted by the SEC. For out of the money option grants, we estimate the expected lives based on the midpoint of the expected time to a liquidity event and the contractual term.

Dividend yield. We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero.

Volatility. Our expected volatility is derived from the historical volatilities of several unrelated public companies in the medical manufacturing and healthcare service industries because we have little information on the volatility of the price of our common stock because we have no trading history. When making the selections of our industry peer companies to be used in the volatility calculation, we consider operational area, size, business model, industry and the business of potential comparable companies. These historical volatilities are weighted based on certain qualitative factors and combined to produce a single volatility factor.

The following table summarizes the assumptions relating to our stock options for the years ended December 31, 2011 and 2012 and the nine-month periods ended September 30, 2012 and 2013:

	Year ended December 31,		Nine months ended September 30,	
	2011	2012	2012	2013
Risk-free interest rates	1.18%-2.71%	0.73%-1.33%	0.92%-3.04%	0.73%-2.89%
Expected term	5.91-6.08 years	5.51-6.07 years	5.18-6.16 years	5.51-6.08 years
Expected dividend yield	0%	0%	0%	0%
Volatility	47.76-48.55%	48.95-50.52%	44.62-49.96%	46.58-50.52%

If in the future we determine that another method is more reasonable, or if another method for calculating these input assumptions is prescribed by authoritative guidance, and, therefore, should be used to estimate volatility or expected life, the fair value calculated for our stock options could change significantly. Higher volatility and longer expected lives result in an increase to stock-based compensation expense determined at the date of grant. Stock-based compensation expense affects our cost of revenue, research and development expense, and selling, general and administrative expense.

We estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior and other factors. Quarterly changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements. The effect of forfeiture adjustments was insignificant for the years ended December 31, 2011 and 2012 and the nine-month periods ended September 30, 2012 and 2013. We will continue to use significant judgment in evaluating the expected term, volatility and forfeiture rate related to our stock-based compensation.

We recorded stock-based compensation of $144,000 and $60,000 for the years ended December 31, 2011 and 2012, respectively, and $48,000 and $116,000 for the nine-month periods ended September 30, 2012 and 2013, respectively. As of September 30, 2013, we had $0.5 million of unrecognized stock-based compensation costs, which are expected to be recognized over an average period of four years. In future periods, we expect stock-based compensation to increase due in part to our existing unrecognized stock-based compensation and as we issue additional stock-based awards to continue to attract and retain employees.

Common stock valuation

It is also necessary to estimate the fair value of the common stock underlying our equity awards when computing the fair value calculation of options under the Black-Scholes option-pricing model. The fair value of the common stock underlying our equity awards was assessed on each grant date by our board of directors. Given the absence of an active market for our common stock prior to this offering, our board of directors determined the estimated fair value of our common stock based on an analysis of a number of objective and subjective factors that we believe market participants would consider, including the following:

- our results of operations, history of losses and other financial metrics;
- our capital resources and financial condition;
- the contemporaneous valuations of our common stock by Timan, LLC, an unrelated third-party valuation firm;
- the prices of our convertible redeemable preferred stock sold to outside investors in arms-length transactions;
- the rights, preferences and privileges of our convertible preferred stock relative to those of our common stock;

- the rights of freestanding warrants and other similar instruments related to our securities that are redeemable;
- the hiring of key personnel;
- the introduction of new products;
- the fact that the option grants involve illiquid securities in a private company;
- the risks inherent in the development and expansion of our products and services; and
- the likelihood of achieving a liquidity event, such as an initial public offering or sale of our company given prevailing market conditions.

We have historically granted stock options with exercise prices no less than the fair value of our common stock underlying the stock options, as determined at the date of grant by our board of directors, with input from our management and Timan, LLC, an independent third party valuation expert. The following table summarizes, by grant date, the number of stock options granted since January 1, 2012 and the associated per share exercise price:

Grant date	Common shares underlying options granted	Exercise price per share	Fair value per common share as determined by the board of directors at grant date	Fair value per common share for financial reporting purposes at grant date	Intrinsic value per underlying common share
March 28, 2012	209,967	$ 0.81	$ 0.81	$ 0.81	$ 0.00
June 6, 2012	10,122	0.81	0.81	0.81	0.00
September 18, 2012	8,403	0.81	0.81	0.81	0.00
December 7, 2012	20,104	0.81	0.81	0.81	0.00
February 12, 2013	376,660	1.17	1.17	1.17	0.00
May 14, 2013	63,333	1.17	1.17	6.24	5.07
October 11, 2013	276,334	8.37	8.37	8.37	0.00

Our board of directors intended that all options granted be exercisable at a price per share not less than the per share fair market value of our common stock underlying those options on the date of grant. The following is a discussion of all options we have granted since January 1, 2012 and the significant factors contributing to our board of director's determination of the fair value:

- *March 28, 2012, June 6, 2012, September 18, 2012, and December 7, 2012*— Options granted on these dates had an exercise price of $0.81 per share, which was equal to the fair value of our common stock as determined by our board of directors on each grant date. In anticipation of the March grants, our board of directors obtained a third-party valuation of our common stock in December 2011 and March 2012, described in more detail below, both of which assumed a $20.0 million financing event and suggested a fair value of $0.81 per share. Our board of directors considered these valuations together with the other objective and subjective factors described above in reaching its determination of the fair value of our common stock as of March 2012. In particular, our board of directors considered the price of its most recent round of financing, which occurred in March 2012 and involved the sale and issuance of an additional $20.0 million in Series G convertible preferred stock; the other rights, privileges and preferences associated with our convertible preferred stock relative to the common stock; the general financial condition of the business and its capital resources at that time; and the risks and uncertainties associated with further development and expansion of our products. For each of the grant dates subsequent to March 2012 through December 2012, our board of directors again considered the March 2012 third-party valuation together with additional changes that may have occurred within the business since March 2012. At each grant date, our board of directors considered the impact of the rights, privileges and preferences of our outstanding shares of convertible preferred stock, the continued illiquidity of our common stock given our status as a private company, the ongoing risks associated with further development of the company and generally low likelihood of a liquidity event, such as an initial public offering or a sale of the company, occurring during 2012. Our board of directors also noted the initial launch of the Inogen One G3 in September 2012, but given the limited nature of the launch and the inability to predict its impact on the business at that time our board of directors determined this did not constitute a significant change in the business. In particular, our board of directors considered that in December 2011 we decided to raise an additional $20.0 million in financing through the sale and issuance of our series G convertible preferred stock, the proceeds of which were used to continue to invest the business operations, in particular the capital intensive rental business. This financing closed on March 12, 2012 and was critical to the success of growing our revenue to $48.6 million in 2012. The amount of the financing was determined based on

the projections of capital necessary to achieve our goal of exceeding $100 million of sales in order to pursue a sale of the company or an initial public offering following the achievement of this goal. It was estimated that we would achieve this goal within a minimum of three years. Based on these considerations, our board of directors determined that no significant change in our business or expectations of future business had occurred as of each grant date since the March 31, 2012 valuation that would have warranted a materially different determination of the value of our common stock than that suggested by the board of directors' original determination in March 2012 and the corresponding contemporaneous independent third-party valuation.

- *February 12, 2013* — Options granted on this date had an exercise price of $1.17 per share, which was equal to the fair value of our common stock as determined by our board of directors on that date. In reaching this determination, our board of directors considered each of the objective and subjective factors described above, including our most recent independent third party valuation, described in more detail below, which suggested a fair value of our common stock of $1.17 per share as of December 31, 2012. In addition to the third-party valuation, our board of directors considered that in December 2012 the Inogen One G3 product manufacturing was at full capacity and that we had shown year-over-year improvement in our financial results due to the strength of our business to business and direct-to-consumer sales. However, the board of directors also noted that, while financial results had improved, they were still in line with expectations set in December 2011. The board of directors also considered the likelihood of a liquidity event. We had engaged an investment banking firm to consider a sale of the company, which increased this likelihood from 40% to 65% as that investment banking firm was not pursuing an initial public offering due to the board's direction and the firm's expertise being primarily in mergers and acquisitions. Due to our continued growth, the likelihood of an initial public offering had increased from 5% to 10% as well, although no immediate plans were made to pursue an initial public offering. Based on these considerations, our board of directors determined that no significant change in our business, financial results and trends, expected probabilities of various exit scenarios, or expectations of future business had occurred between the December 31, 2012 unrelated third-party valuation and the February 12, 2013 grant date that would have warranted a materially different determination of the value of our common stock than that suggested by the valuation, so as a result a new valuation was not performed. We believe that a retrospective valuation of our common shares as of February 12, 2013 would not result in a different value from the December 31, 2012 valuation previously performed and thus determined a new valuation was not necessary. The valuation approach used for December 31, 2012 was the Option-Pricing Method, which we and the valuation specialist determined to be the appropriate valuation method due to the low probability of an initial public offering at the time and our stage of development.
- *May 14, 2013* — Options granted on this date had an exercise price of $1.17 per share, which was equal to the fair value of our common stock as determined by our board of directors on that date. In reaching this determination, our board of directors considered each of the objective and subjective factors described above, including the most recent unrelated third-party valuation of our common stock as of December 31, 2012. Based on these considerations, our board of directors determined that no significant change in our business or expectations of future business had occurred between the December 31, 2012 independent third-party valuation and the May 14, 2013 grant date that would have warranted a materially different determination of the fair value of our common stock than that suggested by the valuation.

  In preparing for this offering, we determined that a retrospective valuation of the fair value of our common stock as of May 14, 2013 was appropriate for accounting purposes. In assessing the retrospective value of the common stock, our board of directors considered the unrelated-third party valuation it received as of July 31, 2013, described in more detail below, which suggested a fair market value at that date of $6.24 per share. Our board of directors noted that the primary drivers for increased value in the July 2013 third-party valuation were largely associated with increases in the likelihood of a potential liquidity event. Our board of directors determined that the likelihood of a strategic sale decreased and the likelihood of an initial public offering increased due to the fact that the initial public offering market was now accessible to companies with less than $100 million in sales, the valuations for similarly situated companies were increasing, and the JOBS Act was successfully allowing for a more streamlined initial public offering process. In addition, our board of directors noted that it had ended our relationship with the investment banking firm engaged in the fourth quarter of 2012 to sell the company and had engaged its current investment banking firm in May 2013 primarily to consider an initial public offering as the sales efforts undertaken with the assistance of the prior investment banking firm had not produced a strategic or financial investor that met our board of director's expectations. Management estimated that the probability of an initial public offering within 180 days was 40%. In July 2013, we held our organizational meeting in connection with this offering. As a result of these factors, the independent third-party valuation performed in July 2013 indicated a fair value of our common stock of $6.24 per share. Based on this analysis, our board of directors determined that for accounting purposes the retrospective fair value of our common stock on May 14, 2013 was $6.24 per share.

- October 11, 2013. Options granted on this date had an exercise price of $8.37 per share, which was equal to the fair value of our common stock as determined by our board of directors on that date. In reaching this determination, our board of directors considered each of the objective and subjective factors described above. Our board of directors also considered that sales and profits continued to grow in 2013 in line with our expectations. Our board of directors also considered the most recent independent third party valuation of our common stock as of September 30, 2013, described in detail below, which suggested a fair value of $8.37 per share. In addition to third-party valuation, our board of directors noted that over the past 12 months, we had consistently added new customers and improved efficiencies in operations, such that our revenue had grown as had our overall profits. This growth was experienced across the entire company, including rental, direct-to-consumer and business-to-business sales channels. Moreover, revenue growth and profits had slightly exceeded expectations. In addition, management estimated that the probability of an initial public offering within 180 days was 60%. Based on these considerations, our board of directors determined that the fair value of our common stock as of October 11, 2013 was $8.37 per share.

Contemporaneous independent third-party valuations

The independent third-party valuations described below were prepared by Timan, LLC using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants, or AICPA, Audit and Accounting Practice Aid Series: *Valuation of Privately Held Company Equity Securities Issued as Compensation,* or the AICPA Practice Guide. At the March 31, 2012 and December 31, 2012 valuation dates described below, we used the income approach to estimate our aggregate enterprise value. The income approach measures the value of a company as the present value of its future economic benefits by applying an appropriate risk-adjusted discount rate to expected cash flows, based on forecasted revenue and costs. We prepared a financial forecast for each valuation date to be used in the computation of the enterprise value for the income approach. The financial forecasts took into account our past experience and future expectations. The risks associated with achieving these forecasts were assessed in selecting the appropriate discount rate. There is inherent uncertainty in these estimates.

In order to arrive at the estimated fair value of our common stock, the indicated enterprise value of our company calculated at each valuation date using the income approach was allocated to the shares of convertible redeemable preferred stock and the warrants to purchase these shares, and shares of common stock and the options to purchase these shares using a Black Scholes option-pricing model. The Black-Scholes option-pricing model treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under the Black-Scholes option-pricing model, the common stock has value only if the funds available for distribution to stockholders exceed the value of the liquidation preference at the time of a liquidity event, such as a strategic sale, merger or initial public offering, assuming the enterprise has funds available to make a liquidation preference meaningful and collectable by the holders of preferred stock. The common stock is modeled as a call option on the underlying equity value at a predetermined exercise price. In the model, the exercise price is based on a comparison with the total equity value rather than, as in the case of a regular call option, a comparison with a per share stock price. Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock is liquidated. The Black-Scholes option-pricing model is then used to price the options. This model defines the securities' fair values as functions of the current fair value of a company and uses assumptions such as the anticipated timing of a potential liquidity event, marketability, cost of capital and the estimated volatility of the equity securities. The anticipated timing of a liquidity event utilized in these valuations was based on then-current plans and estimates of our board of directors and management regarding a liquidity event. Estimates of the volatility of our stock were based on available information on the volatility of capital stock of comparable publicly-traded companies. In addition, the valuation considers the fact that our stockholders cannot freely trade our common stock in the public markets. Therefore, the estimated fair value of our common stock at each grant date reflects a non-marketability discount.

December 31, 2011 and March 31, 2012 common stock valuation analyses

Our December 2011 and March 2012 unrelated third-party valuations used a Black-Scholes option pricing model to allocate our estimated enterprise value to the common stock. The valuations applied a risk-adjusted discount of 30%, a non-marketability discount of 15%, and an estimated time to a liquidity event of 3 years. The risk-adjusted discount was estimated to be 30% due to the assumption is that we were in the "Bridge / IPO" stage of development per AICPA valuation methodologies since we have product revenue and achieved positive EBITDA in 2012. Based on these considerations, the independent third-party valuations suggested that the fair market value of our common stock was $0.81 per share as of December 31, 2011 and March 31, 2012.

December 31, 2012 common stock valuation analysis

Our December 2012 independent third-party valuation analysis also used a Black-Scholes option pricing model to allocate our estimated enterprise value to the common stock. The analysis applied a risk-adjusted discount of 30%, a non-marketability discount of 15%, and an estimated time to a liquidity event of 1 to 3 years, with a weighted average time to exit estimated at 1.9 years. The risk-adjusted discount was estimated to be 30% due to the assumption is that we were in the "Bridge / IPO" stage of development per AICPA valuation methodologies since we have product revenue and achieved positive EBITDA in 2012. Based on these considerations, the third-party valuation suggested that the fair market value of our common stock was $1.17 per share as of December 31, 2012.

July 31, 2013 and September 30, 2013 common stock valuation analyses

Due to our decision to pursue this offering, along with our belief that we could reasonably estimate the form and timing of potential liquidity events, independent probability weighted expected return method, or PWERM, to allocate our estimated enterprise value to our common stock for purposes of our July 31, 2013 and September 30, 2013 common stock valuations. The values derived under the income or discounted cash flow approach were first used to determine an initial estimated enterprise value. The initial estimated enterprise value was then subjected to the PWERM model which produced the per share value utilizing a probability-weighted scenarios analysis. The following scenarios were assumed:

- *Initial Public Offering*. Estimates the value based on an estimated initial public offering, or IPO, value discounted to the present value based on both risk and timing.
- *Sale of the Company*. Estimates the value assuming the sale of the entire enterprise, based on estimates of future value in a potential sale transaction discounted to the present value.
- *Private company*. Uses both the market comparable approach and the income approach to estimate the equity value as of the valuation date, and then allocates that value using the option pricing model, assuming that the company remains private for longer than in either of the previous scenarios.
- *Liquidation*. Assumes we are dissolved, in which case the book value less the applicable liquidation preferences represents the amount available to the holders of common stock.

Over time, as we achieve certain milestones, the probabilities, likely exit values in an initial public offering and sale of the company scenarios, and current value in the private company scenario are adjusted accordingly, with the probability of a successful exit such as an initial public offering or sale of the company increasing over time.

The July 2013 independent third-party valuation used a risk-adjusted discount of 30%, a non-marketability discount of 12-16%, and an estimated time to liquidity event of 0.5 years to 3.0 years, with a weighted average time to exit estimated at 0.71 years. The risk-adjusted discount was estimated to be 30% due to the assumption that we were in the "Bridge / IPO" stage of development per AICPA valuation methodologies since we have product revenue and achieved positive EBITDA in 2012. The unrelated third-party valuation analysis used the following probability weighted scenarios:

Scenario	Weight
IPO within 180 days	40%
Sale of the Company within 1 year	30%
Private Company	0%
Liquidation	30%

Based on these considerations, the independent third-party valuation suggested that the fair market value of our common stock was $6.24 per share as of July 31, 2013.

The September 2013 valuation used a risk-adjusted discount of 30%, a non-marketability discount of 12-16%, and an estimated time to liquidity event of 0.5 years to 3.0 years, with a weighted average time to exit estimated at 0.63 years. The risk-adjusted discount was estimated to be 30% due to the assumption is that we were in the "Bridge / IPO" stage of development per AICPA valuation methodologies since we have product revenue and achieved positive EBITDA in 2012. The independent third-party valuation analysis used the following probability weighted scenarios:

Scenario	Weight
IPO within 180 days	60%
Sale of the Company within 1 year	20%
Private Company	0%
Liquidation	20%

Based on these considerations, the independent third-party valuation suggested that the fair market value of our common stock was $8.37 per share as of September 30, 2013.

We believe that it is reasonable to expect that the completion of an initial public offering will add value to the shares of our common stock because they will have increased liquidity and marketability. We believe that the estimates above are a reasonable description of the value that market participants would place on the common stock as of each valuation date. There is inherent uncertainty in these estimates and if we or the valuation firm had made different assumptions than those described above, the amount of our stock-based compensation expense, net loss and net loss per share amounts could have been significantly different.

Inventory and rental asset valuation

Inventory consists of raw materials, certain component parts to be used in manufacturing our products and finished goods. Inventory is stated at the lower of cost or market. Cost is determined using a standard cost method, including material, labor, and manufacturing overhead, whereby the standard costs are updated at least quarterly to approximate actual costs using the first-in, first-out ("FIFO") method and market represents the lower of replacement cost or estimated net realizable value. We record adjustments to inventory for potentially excess, obsolete, slow-moving or impaired items. The business environment in which we operate is subject to changes in technology and customer demand. We review inventory for excess and obsolete products and components at least quarterly, taking into account product life cycle and development plans, product expiration and quality issues, historical experience and our current inventory levels. If actual market conditions are less favorable than anticipated, additional inventory adjustments could be required.

Rental assets are valued at standard cost to manufacture or purchase the product, including appropriate labor and overhead. Costs are reviewed at least quarterly to confirm standard costs approximate actual costs using the first-in, first-out ("FIFO") method. Rental assets are depreciated over the life of the asset, typically 18 months to 60 months. Rental asset disposals or losses are recorded at net book value in cost of revenue.

Accounts receivable and allowance for bad debts, returns, and adjustments

Accounts receivable are customer obligations due under normal sales and rental terms. We perform continuing credit evaluations of the customers' financial condition and generally do not require collateral. The allowance for doubtful accounts is maintained at a level that, in our opinion, is adequate to absorb potential losses related to account receivables and is based upon our continuous evaluation of the collectability of outstanding balances. Our evaluation takes into consideration such factors as past bad debt experience, economic conditions, and information about specific receivables. Our evaluation also considers the age and composition of the outstanding amount in determining their net realizable values. The allowance is based on estimates and ultimate losses may vary from current estimates. As adjustments to these estimates become necessary, they are reported in earnings in the periods that they become known. The allowance is increased by bad debt provisions charged to operating expense and reduced by direct write-offs, net of recoveries. In the event that a third-party payor does not accept the claim for payment, the consumer is ultimately responsible for payment for the products and services.

In general, our allowance for doubtful accounts is higher for our rental revenue compared to our sales revenue. The nature of our rental business necessitates a larger bad debt reserve against billings, as a higher percentage of our billed revenue may never be collected as a result of the failure of some patients to pay their co-insurance and deductible obligations and some billing disputes with payors.

Provision for sales returns applies to direct-to-consumer sales only. We do not allow returns from providers. This reserve is calculated based on actual historical return rates under our 30-day return program and is applied to the current period's sales revenue for direct to consumer sales. We have experienced a small increase in the historical returns rate during the period, primarily due to increased competition among other providers and resellers and a slight increase in product failures in the relevant periods.

We also record an allowance for rental revenue adjustments and write-offs, which is recorded as a reduction of rental revenue and rental accounts receivable balances. These adjustments and write offs result from contractual adjustments, audit adjustments, untimely claims filings or billing not paid due to another provider performing same or similar functions for the patient in the same period, all of which prevent billed revenue to become realizable. The reserve is based on historical revenue adjustments as a percentage of rental revenue billed during the related period.

Included in accounts receivable are earned but unbilled receivables of $1.2 million in September 30, 2013 and $1.0 million at December 31, 2012. Delays in billing can occur between the date revenue is earned and when billing occurs due to delays in receiving the appropriate paperwork for each payor. Earned but unbilled receivables are aged from the date of service and are considered in our analysis of historical performance and collectability. A portion of revenue and related costs are deferred each month for monthly rental revenue based on the timing of the recurring billing and then recorded as revenue in the subsequent month.

Fair value measurements

Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, creates a single definition of fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing the asset or liability. Assets and liabilities adjusted to fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The warrant liability is marked to market each reporting date until the warrants are settled. The fair value of the warrant liability is estimated using a Monte Carlo option pricing model, which takes into consideration the market values of comparable public companies, considering among other factors, the use of multiples of earnings, and adjusted to reflect the restrictions on the ability of the company's securities to trade in an active market.

Income taxes

We use the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be in effect when such assets and liabilities are recovered or settled. The effect on deferred tax assets and liabilities of a change in

tax rates is recognized in the year that includes the enactment date. We determine deferred tax assets including net operating losses and liabilities, based on temporary differences between the book and tax bases of assets and liabilities. We believe that it is currently more likely than not that our deferred tax assets will not be realized, and as such, a full valuation allowance is required.

We utilize a two-step approach for evaluating uncertain tax positions. Step one, recognition, requires us to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. If a tax position is not considered "more likely than not" to be sustained, no benefits of the position are recognized. If we determine that a position is "more likely than not" to be sustained, then we proceed to step two, measurement, which is based on the largest amount of benefit which is more likely than not to be realized on effective settlement. This process involves estimating our actual current tax exposure, including assessing the risks associated with tax audits, together with assessing temporary differences resulting from the different treatment of items for tax and financial reporting purposes. If actual results differ from our estimates, our net operating loss and credit carryforwards could be materially impacted.

At December 31, 2012, we had federal net operating loss carryforwards, or NOLs, of approximately $62 million and federal research and experimentation credit carryforwards of approximately $0.6 million, which may be used to reduce future taxable income or offset income taxes due. These NOLs and credit carryforwards expire during the period 2022 through 2032.

Our realization of the benefits of the NOLs and credit carryforwards is dependent on sufficient taxable income in future fiscal years. We have established a valuation allowance against the carrying value of our deferred tax assets, as it is not currently more likely than not that we will be able to realize these deferred tax assets. In addition, utilization of NOLs and credits to offset future income subject to taxes may be subject to substantial annual limitations due to the "change in ownership" provisions of the Code and similar state provisions. We may have already experienced one or more ownership changes. Depending on the timing of any future utilization of our carryforwards, we may be limited as to the amount that can be utilized each year as a result of such previous ownership changes. However, we do not believe such limitations will cause our NOL and credit carryforwards to expire unutilized. We are in the process of determining whether this offering would constitute an ownership change resulting in further limitations on our ability to use our net operating loss and tax credit carryforwards. If an ownership change is deemed to have occurred as a result of this offering, potential near term utilization of these assets could be reduced.

We recognize interest and penalties on taxes, if any, within operations as income tax expense. No significant interest or penalties were recognized during the periods presented.

We operate in multiple states. The statute of limitations has expired for all tax years prior to 2009 for federal and 2008 to 2009 for various state tax purposes. However, the net operating loss generated on the federal and state tax returns in prior years may be subject to adjustments by the federal and state tax authorities.

We do not anticipate that the amount of our existing unrecognized tax benefits will significantly increase or decrease within the next 12 months. Due to the presence of NOLs in most jurisdictions, our tax years remain open for examination by taxing authorities back to the inception of the company.

Recent accounting pronouncements

We have reviewed recent accounting pronouncements and concluded that they are either not applicable to our business or that no material effect is expected on the financial statements as a result of future adoption.

As an "emerging growth company" the JOBS Act allows us to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies.

Internal controls and procedures

In connection with the audits of our financial statements for the years ended December 31, 2011 and 2012, we concluded that there were material weaknesses in our internal control over financial reporting. A material weakness is a significant deficiency, or a combination of significant deficiencies, in internal control over financial reporting such that it is reasonably possible that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses that we identified related to (1) a lack of sufficient staff to deal with the various rules and regulations with respect to financial reporting, (2) accounting for revenue recognition as it relates to properly recording deferred revenue, estimated earned but unbilled revenue and billing adjustments and (3) accounting for warranty revenue and cost recognition with regard to lifetime warranties. The lack of adequate staffing levels resulted in insufficient time spent on review and approval of certain information used to prepare our financial statements and the maintenance of effective controls to adequately monitor and review significant transactions for financial statement

completeness and accuracy. These control deficiencies, although varying in severity, contributed to the material weaknesses in the control environment. If one or more material weaknesses persist or if we fail to establish and maintain effective internal control over financial reporting, our ability to accurately report our financial results could be adversely affected.

Although remediation efforts are still in progress, management is taking steps to remediate the material weakness in our internal control over financial reporting, including the implementation of new accounting processes and control procedures and the identification of gaps in our skills base and expertise of the staff required to meet the financial reporting requirements of a public company. We have hired and plan to hire additional accounting personnel who are degreed accountants, which has enabled us to expedite our month-end close process, thereby facilitating the timely preparation of financial reports and strengthen our segregation of duties.

We will be required, pursuant to Section 404(a) of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the year following our first annual report required to be filed with the SEC. This assessment will need to include disclosure of any material weaknesses identified by management over our internal control over financial reporting. However, our independent registered public accounting firm will not be required to report on the effectiveness of our internal control over financial reporting pursuant to Section 404(b) until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an “emerging growth company” if we take advantage of the exemptions contained in the JOBS Act.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing or any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are designed and operating effectively, which could result in a loss of investor confidence in the accuracy and completeness of our financial reports. This could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC.

Off-balance sheet arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for any other contractually narrow or limited purpose. However, from time to time we enter into certain types of contracts that contingently require us to indemnify parties against third-party claims including certain real estate leases, supply purchase agreements, and directors and officers. The terms of such obligations vary by contract and in most instances a maximum dollar amount is not explicitly stated therein. Generally, amounts under these contracts cannot by reasonably estimated until a specific claim is asserted thus no liabilities have been recorded for these obligations on our balance sheets for any of the periods presented.

Inflation

We experience pricing pressures in the form of continued reductions in reimbursement rates, particularly from governmental payors such as Medicare or Medicaid but also private payors. We can also be impacted by rising costs for certain inflation-sensitive operating expenses such as labor and employee benefits. However, we do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases, especially in contracts where pricing is fixed over a specific period. Our inability or failure to do so could adversely affect our business, financial condition and results of operations.

Quantitative and qualitative disclosures about market risk

We are exposed to various market risks, including changes in commodity prices and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices. Prices for our products are denominated in U.S. dollars and, as a result, we do not face significant risk with respect to foreign currency exchange rates.

Interest rate fluctuation risk

The principal market risk we face is interest rate risk. We had cash and cash equivalents of $17.1 million as of September 30, 2013, which consisted of highly-liquid investments with an original maturity of three months or less. The goals of our investment policy are liquidity and capital preservation. We do not enter into investments for trading or speculative purposes. We believe that we do not have any material exposure to changes in the fair value of these assets as a result of changes in interest rates due to the short term nature of our cash and cash equivalents. Declines in interest rates, however, would reduce future investment income. A decline in interest rates of 1%, occurring on October 1, 2013 and sustained throughout the period ended September 30, 2014, would not be material.

As of September 30, 2013, the principal and accrued interest outstanding under our term borrowings was $11.1 million. The interest rates on our term borrowings under our revolving credit and term loan agreement are fixed. If overall interest rates had increased by 10% during the periods presented, our interest expense would not have been materially affected.

Foreign currency exchange risk

To date, our international customer and distributor agreements have been denominated almost exclusively in U.S. dollars. Accordingly, we have limited exposure to foreign currency exchange rates. The effect of a 10% adverse change in exchange rates on foreign denominated cash, receivables and payables would not have been material for the periods presented. As our operations in countries outside of the United States grow, our results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. To date, we have not entered into any material foreign currency hedging contracts although we may do so in the future.

Business

Overview

We are a medical technology company that develops, manufactures and markets innovative portable oxygen concentrators used to deliver supplemental long-term oxygen therapy to patients suffering from chronic respiratory conditions. Traditionally, these patients have relied on stationary oxygen concentrator systems for use in the home and oxygen tanks or cylinders for mobile use, which we call the delivery model. The tanks and cylinders must be delivered regularly and have a finite amount of oxygen, which requires patients to plan activities outside of their homes around delivery schedules and a finite oxygen supply. Additionally, patients must attach long, cumbersome tubing to their stationary concentrators simply to enable mobility within their homes. Our proprietary Inogen One systems concentrate the air around the patient to offer a single source of supplemental oxygen anytime, anywhere with a portable device weighing approximately 4.8 or 7.0 pounds. Our Inogen One G3 and G2 have up to 4.5 and 5 hours of battery life, respectively, with a single battery and can be plugged into an outlet when at home, in a car, or in a public place with outlets available. Our systems reduce the patient's reliance on stationary concentrators and scheduled deliveries of tanks with a finite supply of oxygen, thereby improving patient quality of life and fostering mobility.

Although portable oxygen concentrators represent the fastest-growing segment of the Medicare oxygen therapy market, we estimate based on 2012 Medicare data that patients using portable oxygen concentrators represent approximately 4% to 5% of the total addressable oxygen market in the United States. Based on 2012 industry data, we were the leading worldwide manufacturer of portable oxygen concentrators, as well as the largest provider of portable oxygen concentrators to Medicare patients, as measured by dollar volume. We believe we are the only manufacturer of portable oxygen concentrators that employs a direct-to-consumer strategy in the United States, meaning we market our products to patients, process their physician paperwork, provide clinical support as needed and bill Medicare or insurance on their behalf. To pursue a direct-to-consumer strategy, our manufacturing competitors would need to meet national accreditation and state-by-state licensing requirements and secure Medicare billing privileges, as well as compete with the home medical equipment providers that many rely on across their entire homecare business.

We believe our direct-to-consumer strategy has been critical to driving patient adoption of our technology. Other portable oxygen concentrator manufacturers access patients by selling through home medical equipment providers that we believe are disincentivized to encourage adoption of portable oxygen concentrators. In order to facilitate the regular delivery and pickup of oxygen tanks, home medical equipment providers have invested in geographically dispersed distribution infrastructure consisting of delivery vehicles, physical locations and delivery personnel within each area. Because portable oxygen concentrators eliminate the need for a physical distribution infrastructure, but have higher initial equipment costs than the delivery model, we believe converting to a portable oxygen concentrators model would require significant restructuring and capital investment for home medical equipment providers. Our direct-to-consumer marketing strategy allows us to sidestep the home medical equipment channel, appeal to patients directly and capture both the manufacturing and provider margin associated with long-term oxygen therapy. We believe our ability to capture this top-to-bottom margin, combined with our portable oxygen concentrators technology that eliminates the need for the service and infrastructure costs associated with the delivery model, gives us a cost structure advantage over our competitors.

Since adopting our direct-to-consumer strategy in 2009 following our acquisition of Comfort Life Medical Supply, LLC, which had an active Medicare billing number but few other assets and limited business activities, we have directly sold or rented our Inogen One systems to more than 40,000 patients, growing our revenue from $10.7 million in 2009 to $48.6 million in 2012. In 2012, 27.6% of our revenue came from our international markets and 40.9% of our revenue came from oxygen rentals. Our percentage of rental revenue increased from 35.8% in 2011, increasing our proportion of recurring revenue. Additionally, we have increased our gross margin from 48.0% in 2011 to 49.3% in 2012 by increasing rental mix, improving system reliability, reducing material cost per system and lowering overhead cost per system. Our net loss was $2.6 million in 2009 transitioning to net income of $0.6 million in 2012.

Our market

Overview of oxygen therapy market

We believe the current total addressable oxygen therapy market in the United States is approximately $3 billion to $4 billion, based on 2012 Medicare data and our estimate of the ratio of the Medicare market to the total market. We estimate that more than 2.5 million patients in the United States and more than 4.5 million patients worldwide use oxygen therapy, and more than 60% of oxygen therapy patients in the United States are covered by Medicare. The number of oxygen therapy patients in the United States is projected to grow by approximately 7% to 10% per year between 2013 and 2019, which we believe is the result of earlier diagnosis of chronic respiratory conditions, demographic trends and longer durations of long-term oxygen therapy.

Long-term oxygen therapy is used by patients with a variety of respiratory conditions that suffer from hypoxemia, a condition in which patients have insufficient oxygen in the blood. Hypoxemic patients are unable to convert oxygen found in the air into the bloodstream in an efficient manner. Sufficient oxygen in the blood is critical for healthy organ function. Air contains approximately 21% oxygen, which is sufficient to supply individuals with normal lung function, but for individuals suffering from hypoxemia, a high-purity oxygen stream, typically 85% to 99% pure, is used to supplement regular air to compensate for the inefficiencies of the lungs. Because long-term oxygen therapy patients are able to breathe on their own but with less lung function than non-oxygen patients, patients may disconnect from their oxygen source for short periods of time, such as to shower or change oxygen sources. However, optimal outcomes are associated with 24/7 oxygen therapy, and patients typically experience shortness of breath if they disconnect for too long, with the amount of time before they experience shortness of breath varying based on the severity of their disease and remaining lung function. A variety of conditions can cause breathing-related problems that lead to impaired lung function, including chronic obstructive pulmonary disease, or COPD, congestive heart failure and pulmonary fibrosis. COPD refers to a group of diseases including emphysema and chronic bronchitis, and is generally associated with long term tobacco use. Approximately 70% of our patient population has been diagnosed with COPD, which we believe is reflective of the long-term oxygen therapy market in general.

Long-term oxygen therapy has been shown to be a cost-efficient and clinically effective means to treat hypoxemia. For example, the cost of one year of home oxygen therapy costs less than one day in the hospital. Increasing emphasis on early diagnosis and more intensive management of respiratory conditions is driving increased diagnosis rates of COPD and other conditions that lead to hypoxemia. Industry sources estimate that 24 million people in the United States have COPD, and one-half are undiagnosed. We believe the increased emphasis on early diagnosis of respiratory conditions and awareness of the benefits of oxygen therapy will continue to drive growth in the oxygen therapy patient population.

Treatment alternatives

According to our analysis of 2011 and 2012 Medicare data, approximately two-thirds of U.S. oxygen users require ambulatory oxygen and the remaining one-third require only stationary or nocturnal oxygen. Clinical data has shown that ambulatory patients that use oxygen twenty-four hours a day, seven days a week, or 24/7, regardless of whether such patients rely on portable oxygen concentrators or the delivery model, have approximately two times the survival rate and spend at least 60% fewer days annually in the hospital than non-ambulatory 24/7 patients. Of the ambulatory patients, we estimate that approximately 85% rely upon the delivery model that has the following disadvantages:

- limited flexibility outside the home, dictated by the finite oxygen supply provided by tanks and cylinders and dependence on delivery schedules;
- restricted mobility and inconvenience within the home, as patients must attach long, cumbersome tubing to a noisy stationary concentrator to move within their homes;
- products are not cleared for use on commercial aircraft and cannot plug into a vehicle outlet for extended use; and
- high costs driven by the infrastructure necessary to establish a geographically diverse distribution network to serve patients locally, as well as personnel, fuel and other costs, which have limited economies of scale and generally increase over time.

The drawbacks of the delivery model and stationary concentrator systems have led to the emergence of a variety of oxygen therapy solutions, including home transfill systems, and most recently, portable oxygen concentrators. Home transfill systems attach to a stationary machine and allow patients to refill oxygen canisters at home, eliminating the need for deliveries but not the finite oxygen supply contraints or the need to use a bulky, noisy stationary concentrator in the home. Portable oxygen concentrators were developed in response to many of the limitations associated with traditional oxygen therapy and other sources. Portable oxygen concentrators are designed to offer a self-replenishing, unlimited supply of oxygen that is concentrated from the surrounding air and operate without the need for oxygen tanks or regular oxygen deliveries. With the exception of portable oxygen concentrators, we believe that none of the currently available oxygen therapy alternatives fully eliminate both the delivery and finite supply constraints that impede a patient's travel and mobility. The following table summarizes the current oxygen therapy alternatives.

Oxygen therapy solutions comparison

	Solutions	Approximate weight (product)	Eliminates delivery	Ambulatory	Unlimited supply out of house	Enables travel*
Stationary	Stationary concentrators	30–55 lbs	✓	✗	✗	✗
Ambulatory	Portable cylinders + Stationary concentrator	4–18 lbs (cylinder) 30–55 lbs (concentrator)	✗	✓	✗	✗
	Liquid oxygen systems	4–8 lbs (canister) >100 lbs (reservoir)	✗	✓	✗	✗
	Home Transfill systems	4–18 lbs (cylinder) 20–45 lbs (compressor) 30–55 lbs (concentrator)	✓	✓	✗	✗
	Single-solution POCs	5–20 lbs	✓	✓	✓	✓

* Cleared for use on commercial aircraft and can plug into a car outlet for extended use

Our Inogen One G3 and G2 have up to 4.5 and 5 hours of battery life, respectively, with a single battery and can be plugged into an outlet when at home, in a car, or in a public place with outlets available. By freeing patients from having to plan their activities around oxygen supply and deliveries, portable oxygen concentrators allow patients to enhance their independence and mobility. Additionally, because portable oxygen concentrators do not require the physical infrastructure and service intensity of the delivery model, we believe portable oxygen concentrators can provide oxygen therapy with a lower cost structure. As a result, we believe portable oxygen concentrators are well suited for Medicare's competitive bidding program, which is designed to reduce and control Medicare expenditures on select medical supplies used in the home, such as oxygen therapy, sleep apnea products, diabetic infusion supplies and other equipment. This program requires providers to compete on the price they can receive for servicing Medicare beneficiaries.

Despite the ability of portable oxygen concentrators to address many of the shortcomings of traditional oxygen therapy, we estimate based on 2012 Medicare data that the amount spent by patients with portable oxygen concentrators represents approximately 5% to 6% of total oxygen therapy spend. We believe the following has hindered the market acceptance of portable oxygen concentrators:

- *To obtain portable oxygen concentrators, patients are dependent on home medical equipment providers, which have made investments in the physical distribution infrastructure to support the delivery model.* In order to provide oxygen therapy using the delivery model, most home medical equipment providers have made significant investments in fleets of delivery vehicles, personnel, and physical locations required to provide traditional oxygen therapy and other homecare products in local markets. As a result, home medical equipment providers are somewhat disincentivized to drive patients to adopt portable oxygen concentrators, which do not require physical infrastructure but require higher upfront equipment costs.
- *Manufacturing cost of conventional portable oxygen concentrators is constrained by manufacturer reliance on home medical equipment channel.* In order to incentivize third-party home medical equipment providers to represent them, other portable oxygen concentrators manufacturers have to compete not only against portable oxygen concentrators, but also against other oxygen solutions that are highly commoditized, such as oxygen tanks, home transfill, liquid oxygen and stationary concentrators. Additionally, these portable oxygen concentrators manufacturers have to share the resulting top-to-bottom margin with the distribution channel. As a result, these portable oxygen concentrators manufacturers have been particularly focused on constraining manufacturing costs in order to enable them to compete effectively within the home medical equipment market.
- *Limitations of conventional portable oxygen concentrators*. We believe portable oxygen concentrators have historically suffered from a reputation of being bulky, unreliable, impractical, and suitable only for intermittent or travel use. The 5th Consensus Conference on Oxygen recommended that ambulatory oxygen products weigh less than 10 pounds. While in recent years several other manufacturers have introduced sub-10 pound portable oxygen concentrators, we believe that none are explicitly designed to provide a single oxygen solution for the patient's regular oxygen needs, and patients must generally use conventional portable oxygen concentrators for intermittent or travel purposes or with a stationary concentrator in the home. We believe this is because many other sub-10 pound portable oxygen concentrators on the market lack the durability and clinical validation to be used 24/7.

In spite of the home medical equipment channel resistance to portable oxygen concentrators and the limitations of conventional portable oxygen concentrators, patients continue to demand portable oxygen concentrators. According to Medicare data, the number of patients using portable oxygen concentrators grew by 109% from 2010 to 2012. As patients bear more of their healthcare costs and become more involved in their own healthcare decisions, we believe they will continue to demand portable oxygen concentrators in increasingly greater numbers, especially as the traditional technological and channel limitations break down.

Our solution

Our Inogen One systems provide patients who require long-term oxygen therapy with a reliable, lightweight single solution product that improves quality-of-life, fosters mobility and eliminates dependence on both oxygen tanks and cylinders as well as stationary concentrators. We believe our direct-to-consumer strategy increases our ability to effectively develop, design and market our Inogen One solutions, as it allows us to:

- drive patient awareness of our portable oxygen concentrator through direct marketing, sidestepping the home medical equipment channel that other manufacturers rely upon across their homecare businesses and that is incentivized to continue to service oxygen patients through the delivery model;

- capture the manufacturer and home medical equipment provider margins, allowing us to focus on the total cost of the solution and to invest in the development of product features instead of being constrained by the price required to attract representation from a distribution channel. For example, we have invested in features that improve patient satisfaction, product durability, reliability and longevity, which increase the cost of our hardware, but reduce the total cost of our solution by reducing our maintenance and repair cost; and
- access and utilize direct patient feedback in our research and development efforts, allowing us to innovate based on this feedback and stay at the forefront of patient preference. For example, we have integrated a double battery into our product offering based on direct patient feedback.

We believe the combination of our direct-to-consumer strategy with our singular focus on designing and developing oxygen concentrator technology has created the best-in-class portfolio of portable oxygen concentrators. Our two current product offerings, the Inogen One G3 and Inogen One G2, at approximately 4.8 and 7.0 pounds, respectively, are amongst the most lightweight portable oxygen concentrators on the market. We believe our Inogen One solutions offer the following benefits:

- *Single solution for home, ambulatory, travel and nocturnal treatment.*We believe our Inogen One solutions are the only portable oxygen concentrators marketed as a single solution, by which we mean a patient can use our Inogen One systems as their only supplemental oxygen source with no need to also use a stationary concentrator regularly. Our compressors are specifically designed to enable our patients to run our portable oxygen concentrators 24/7, whether powered by battery or plugged into an outlet at home or in a car while the battery is recharging.
- *Reliability.* We have made product performance a priority and have improved reliability with each generation. For example, we have introduced patented air-dryer and patent-pending user-replaceable sieve beds to our products, which have improved product performance and, as a result, patient satisfaction. Reliability is not only critical to patient satisfaction, but also cost management, as our minimal physical infrastructure makes product exchanges more costly to us than providers with greater local physical infrastructure.
- *Clinical validation for nocturnal use.* We have clinically validated, through independently commissioned patient studies, our Intelligent Delivery Technology, which enables our portable oxygen concentrators to provide consistent levels of oxygen during sleep despite decreased respiratory rates. As a result, patients can rely on the Inogen One G3 and Inogen One G2 portable oxygen concentrators overnight while sleeping. We are not aware of any other portable oxygen concentrators manufacturer that has clinically validated their technology for nocturnal use.
- *Unparalleled flow capacity.* Our 4.8 pound Inogen One G3 has at least 50% more flow capacity than other sub-5 pound portable oxygen concentrators, and our 7.0 pound Inogen One G2 has at least 15% more flow capacity than other sub-10 pound portable oxygen concentrators.
- *User friendly features.* Our systems are designed with multiple user friendly features, including long battery life and low noise-levels in their respective weight categories.

Our strengths

We believe our products and business model position us well to compete not only against other oxygen device manufacturers, but also to increase our share of the overall oxygen therapy market. We believe we have the following advantages relative to both traditional oxygen therapy providers and other oxygen device manufacturers:

- *Attractive economic model*. Our non-delivery model allows us to receive a premium monthly Medicare reimbursement for deployment of our devices to oxygen patients versus the delivery model. Standard Medicare reimbursement for ambulatory patients using the delivery model is $208.21 per month versus $229.87 per month for our portable oxygen concentrator model, representing a premium of $21.66 per month. A similar premium was maintained in the round one recompete ($19.09 per month) and in the round two ($23.30 per month) competitive bidding areas. In addition, we believe our portable oxygen concentrator technology and direct-to-consumer strategy allow us to provide our solutions through a more efficient cost structure. The delivery model requires ongoing gaseous or liquid oxygen container refills and regular home deliveries with accompanying costs, while our portable oxygen concentrator non-delivery model eliminates oxygen container refills and regular deliveries of oxygen containers and their associated costs. Following the first two rounds of competitive bidding and the round one recompete, we retained access to approximately 90% of the U.S. long-term oxygen therapy market, with the majority of contracts through mid-2016, while many providers were priced out of this market.
- *Direct-to-consumer capabilities*. We believe our direct-to-consumer strategy enables patient access and retention as well as innovation and investment in our product portfolio. Pursuing a direct-to-consumer strategy requires national accreditation, state-by-state licensing and Medicare billing privileges. Given that we are unaware of any manufacturing competitor that currently markets on a direct-to-consumer basis, we do not believe any of these manufacturers possesses the necessary qualification to do so. If any of our manufacturing competitors were to pursue a direct-to-consumer strategy, they would risk negative reaction from the home medical equipment providers that sell their other homecare products, such as sleep apnea and mobility products, which generally represent significantly larger portions of their businesses than oxygen therapy products.
- *Commitment to customer service.* We are focused on providing our patients the highest quality of customer service. We guide them through the reimbursement and physician paperwork process, perform clinical titration and offer 24/7 telephone support, which includes clinical support as required. We believe our focus on customer service has helped drive our sustained patient satisfaction rating of approximately 95%, as measured by our customer satisfaction surveys.
- *Patient-friendly, single-solution, sub-5 and sub-10 pound portable oxygen concentrators.*We have clinically validated the technology used in Inogen One G2 and Inogen One G3 for nocturnal use through independently commissioned patient studies. Additionally, we believe our products provide a unique combination of durability and reliability, ease-of-use and other user friendly-features.
- *Commitment to research and development and developing intellectual property portfolio*. As of November 15, 2013, we had 24 issued U.S. patents, 1 issued Canadian patent and 4 pending U.S. patent applications covering the design and construction of our oxygen concentrators and system optimization. Additionally, we have invested significantly in research and development and have a robust product pipeline of next-generation oxygen concentrators.
- *Management team with proven track record and cost focus*. Our management team has built our direct-to-consumer capabilities and launched our two current primary product offerings, Inogen One G2 and Inogen One G3. We continue to realize meaningful product manufacturing cost savings of approximately 36% from our Inogen One G1 to our Inogen One G3 as a result of management's improvements in design, sourcing and reliability, as well as higher production volumes.
- *Revenue growth, profitability and recurring revenue* We have grown our revenue from $10.7 million in 2009 to $48.6 million in 2012, representing a year-over-year growth rate of 58.8%. In 2012, our recurring rental revenue represented 40.9% of sales. Our net loss was $2.6 million in 2009 transitioning to net income of $0.6 million in 2012.

Our strategy

Our goal is to design, build and market oxygen solutions that redefine how oxygen therapy is delivered. To accomplish this goal, we will continue to invest in our product offerings and our commercial infrastructure to:

- *Expand our sales and marketing channels.* We plan to continue to expand our direct-to-consumer efforts and invest in advertising as well as internal and physician-based salespeople, as we have been able to drive growth through these investments historically. We intend to invest in additional distribution, particularly in our international markets.
- *Develop innovative products.* We intend to continue to invest in research and development to stay at the forefront of innovation and patient preference. Our product pipeline includes a stationary concentrator and a fourth-generation portable oxygen concentrator. The stationary concentrator, which we are calling Inogen At Home and expect to launch in 2014, will allow us to access the non-ambulatory patient group and serve as an emergency backup for our Inogen One patients. The fourth-generation portable oxygen concentrator will be an ultra-lightweight portable oxygen concentrator and we expect to launch this in the next several years.
- *Secure contracts with health care payors and insurers.* We are actively pursuing additional private payor and Medicaid contracts. Based on our patient population, at least 30% of our home oxygen therapy patients have non-Medicare coverage, and we believe these patients represent a younger and more active patient population that will be drawn to the quality-of-life benefits of our solution. By increasing the number of private payors for which we are an in-network provider, we believe we can expand oxygen patient access to our products and services at more favorable in-network terms.
- *Focus on cost reduction through scalable manufacturing, reliability improvements, asset utilization and service cost reduction.* Close interaction between our design engineering, manufacturing and materials teams has resulted in numerous design improvements that have enabled us to cut our material and labor costs by approximately 36% from our Inogen One G1 to our Inogen One G3. We intend to continue to reduce our cost basis through scalable manufacturing, better sourcing, continuous innovation and reliability improvements, as well as innovations that reduce our product service costs by minimizing exchanges, such as user-replaceable batteries and oxygen filtration cartridges.

Our Inogen One systems

We market our current product offerings, the Inogen One G3 and the Inogen One G2, as single solutions for oxygen therapy. This means our solutions can operate on a 24/7 basis for at least 60 months without a stationary concentrator. We have clinically validated the technology used in Inogen One G3 and the Inogen One G2 for nocturnal use through independently commissioned patient studies. We are unaware of any other portable oxygen concentrators that have achieved similar clinical validation. Our Inogen One G2 and the Inogen One G3 are sub-5 and sub-10 pound portable oxygen concentrators that can operate reliably and cost-effectively over the long period of time needed to service oxygen therapy patients without supplemental use of a stationary concentrator or a replacement portable oxygen concentrator. We believe our Inogen One G3 and Inogen One G2 portable oxygen concentrators are differentiated as compared to other portable oxygen concentrators because the technology used in our systems is clinically validated for nocturnal use. To the extent our competitors' portable oxygen solutions require supplemental use of a stationary oxygen concentrator, their solutions are less cost-effective and less convenient for patients. The following table summarizes our key product features:

Key Product Specifications

	Inogen One G3	Inogen One G2
Capacity (ml/min)	840	1,260
Weight (lbs)	4.8 (single battery) 5.8 (double battery)	7.0 (single battery) 8.4 (double battery)
Battery run-time	Up to 4.5 hours (single battery) Up to 9.0 hours (double battery)	Up to 5 hours (single battery) Up to 10 hours (double battery)
Maintenance prevention advantages	User replaceable oxygen filtration cartridges & battery	Air dryer & user replaceable battery
Technology clinically validated through independently commissioned patient studies for overnight use	Yes	Yes
Sound	42 dBA	38 dBA

We have focused our research and development efforts on creating solutions that we believe have overcome the reputation of portable oxygen concentrators as being limited in durability and reliability as well as unsuitable for nighttime or 24/7 use. We specifically designed our compressors for 24/7 use. We have worked to improve our reliability and reduce service costs by equipping our portable oxygen concentrators with features such as membrane air dryers and user replaceable filtration cartridges.

All of our Inogen One systems are equipped with Intelligent Delivery Technology, a form of pulse-dose technology from which the patient receives a bolus of oxygen upon inhalation. Pulse dose technology was developed to extend the number of hours an oxygen tank would last and is generally used on all ambulatory oxygen therapy devices. Our proprietary conserver technology utilizes differentiated triggering sensitivity to quickly detect a breath and ensure oxygen delivery within the first 400 milliseconds of inspiration, the interval when oxygen has the most effect on lung gas exchange. During periods of sleep, respiratory rates typically decrease. Our Inogen One systems actively respond to this changing physiology through the use of proprietary technology that increases bolus size. We have clinically validated, through independently commissioned patient studies, our Intelligent Delivery Technology in five published, peer-reviewed clinical studies, and we have demonstrated levels of blood oxygen saturation during sleep and all other periods of rest and activity that are substantially equivalent to continuous flow systems.

The Inogen One G3, our next-generation product, is among the most lightweight products on the market with substantially higher oxygen production capabilities than the other sub-5 pound portable oxygen concentrators on the market. We believe the performance parameters around the Inogen One G3 and Inogen One G2 allow us to serve approximately 95% of the ambulatory oxygen patients and enable us to address a patient's particular clinical needs, as well as lifestyle and performance preferences.

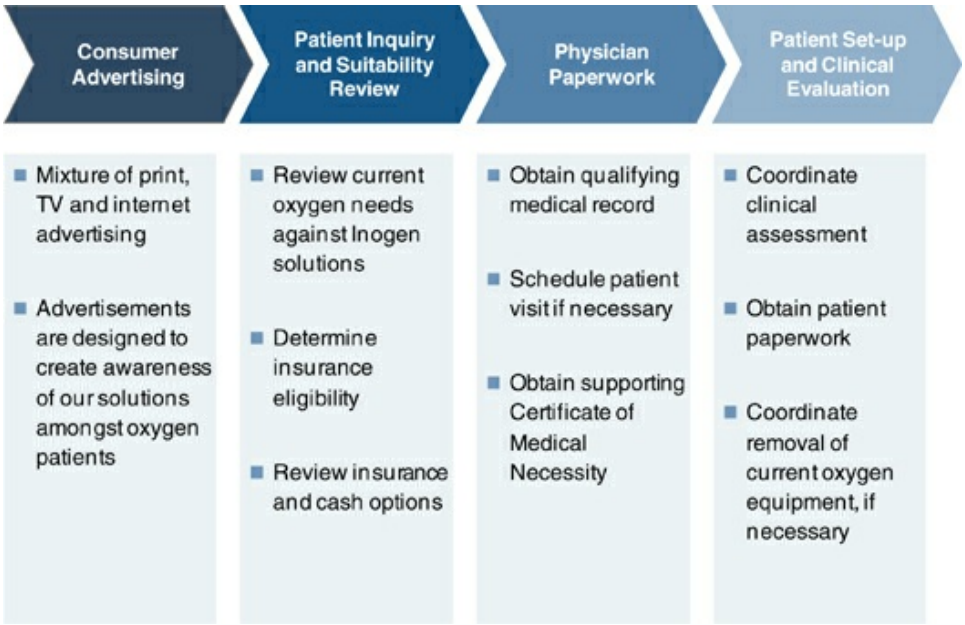
Our direct-to-consumer business model has enabled us to receive direct patient feedback, and we have used this feedback to create portable oxygen concentrators that address the full suite of features and benefits critical to patient preference and retention. Our products prevent patients from having to choose between lightweight size, suitability for 24/7 use, reliability, and key features such as battery life, flow and reduced noise levels.

Sales and marketing

Our direct-to-consumer sales and marketing efforts are focused on generating awareness and demand for our Inogen One systems among patients, physicians and other clinicians, and third-party payors. In the United States as of November 1, 2013 we employed a marketing team of six people, an in-house sales team of 112 people, and a field-based sales force of ten people. Of the $34.6 million of our 2012 revenue derived from the United States, approximately 57% represented direct-to-patient rentals through Medicare or private insurance, 26% represented cash pay sales to patients and 17% represented sales to third-party home medical equipment providers.

Our Medicare and private insurance patients rent our systems, while a portion of our patients choose to pay cash for our Inogen One solutions. Our ability to rent to patients directly, bill third-party payors on their behalf, and service patients in their homes requires that we hold a valid Medicare supplier number, are accredited by an independent agency approved by Medicare, and comply with the unique licensure and process requirements in the 49 states in which we serve patients.

We use a variety of direct-to-consumer marketing strategies to generate interest in our solutions among current oxygen therapy patients. After a patient contacts us, we guide them through product selection and insurance eligibility, and, if they choose to move forward, process the necessary reimbursement and physician paperwork on their behalf, as well as coordinate the shipping, instruction, and clinical setup process. In accordance with Medicare regulations we do not initially contact patients directly and contact them only upon an inbound inquiry. The below chart describes our United States direct-to-consumer sales process.



In addition to the direct-to-consumer sales model, we are increasingly utilizing a physician referral model as a complementary sales method. Under this model, our field sales representatives work with physicians in the representative's territory to help physicians understand our products and the value these products provide for patients. We believe that by educating physicians on our products, we can cost-effectively supplement our direct-to-consumer sales and capture a greater number of patients earlier in the course of their oxygen therapy.

We engage in a number of other initiatives to increase awareness, demand, and orders for Inogen One systems. These include attendance at oxygen therapy support groups, guest speaking arrangements at trade shows, and product demonstrations as requested. Additionally, we are targeting private payors to become an in-network provider of oxygen therapy solutions, which we expect will reduce or eliminate any additional patient co-pay associated with using our solution. We believe this will result in both increased conversion of our initial leads, as well as direct referrals from insurance companies in some cases.

International

Approximately 28% of our sales were from outside the United States in 2012. We sell our products in 41 countries outside the United States through distributors or directly to large "house" accounts, which include gas companies and home oxygen providers. In this case, we sell to and bill the distributor or "house" accounts directly, leaving the patient billing, support, and clinical setup to the local provider. As of November 1, 2013, we had four people who focused on selling our products to distributors and "house" accounts. In fiscal year 2012, an international distributor accounted for 12% of our revenue, however this distributor accounts for less than 10% of our revenue as of September 30, 2013.

International sales have been a rapidly growing portion of our business, and we estimate there are 2 million long-term oxygen therapy patients outside of the United States. We believe that the international market is attractive for the following reasons:

- More favorable reimbursement in certain countries, including France and the United Kingdom, where portable oxygen concentrators receive more favorable reimbursement than in the United States.
- Less developed oxygen delivery infrastructure in some countries. We believe that some countries outside the United States have less developed oxygen delivery infrastructure than in the United States. As a result, portable oxygen concentrators enable providers to reach and service patients they cannot economically reach with the delivery model.
- An absence of reimbursement for any ambulatory oxygen therapy modalities in some countries, resulting in patients bearing all of the cost of ambulatory oxygen therapy and therefore becoming more involved in the selection of the modality. In Australia, for example, patients shoulder the burden of all costs associated with ambulatory oxygen therapy. In these cases, they tend to choose products like portable oxygen concentrators that provide a higher level of personal freedom.

We will continue to focus on building out our international sales efforts.

Customer support and order fulfillment

Our procedures enable us to package and ship a system directly to the patient in the patient's preferred configuration the same day the order is received. This enables us to minimize the amount of finished goods inventory we keep on hand. Our primary logistics partner is United Parcel Service, or UPS. UPS supports both our domestic and international shipments and provides additional services that support our direct-to-consumer oxygen therapy program. The UPS pick up service is used to retrieve patient paperwork, products requiring repair and systems that are no longer needed by the patient. Additionally, UPS,

when necessary and requested by us, will go into a patient's home to remove a replacement product from the box, box the failed device and return it to us. In this manner, we are able to operate as a remote provider while maintaining the level of customer service of a local oxygen therapy provider.

We believe it is crucial to provide patients with the highest quality customer support to achieve satisfaction with our products and optimal outcomes. As of November 1, 2013, we had a dedicated client service team of 22 people who were trained on our products, a clinical support team of 18 people who were licensed nurses or respiratory therapists, and a dedicated billing services team of 50 people. We provide our patients with a dedicated 24/7 hotline that is only given to our Inogen One patients and is not published publicly. Via the hotline, patients have direct access to our client services representatives, who can handle product-related questions. Additionally, clinical staff is on call 24/7 and available to patients whenever either the patient or the client services representative deems appropriate. Our dedicated billing services team is available to answer patient questions regarding invoicing, reimbursement, and account status during normal business hours. We receive no additional reimbursement for patient support, but provide high-quality customer service to enhance patient comfort, satisfaction, compliance, and safety with our products. We believe our focus on providing the highest level of customer service has helped drive our sustained patient satisfaction rating of approximately 95%.

Third-party reimbursement

Medicare or private insurance rentals represented approximately 40.9% of our revenue in 2012. In cases where we rent our oxygen therapy solutions directly to patients, we bill third-party payors, such as Medicare or private insurance, for monthly rentals on behalf of our patients. We process and coordinate all physician paperwork necessary for reimbursement of our solutions. A common medical criterion for oxygen therapy reimbursement is insufficient blood oxygen saturation level. Our team in sales and sales administration are trained on how to verify benefits, review medical records and process physician paperwork. Additionally, an independent internal review is performed and our products are not deployed until after physician paperwork is processed and reimbursement eligibility is verified and communicated to the patient. As of November 1, 2013, our sales and sales administration consisted of 126 people.

We are authorized by Medicare to bill for oxygen therapy, and we believe that more than 60% of oxygen therapy patients have Medicare coverage. Our Inogen One systems are reimbursed under HCPCS codes E1390 and E1392. E1390 covers stationary/nocturnal oxygen therapy systems, while E1392 provides additional reimbursement for portable oxygen concentrators for the treatment of ambulatory patients. Currently, Medicare reimburses oxygen therapy as a monthly rental for up to 36 months. We retain equipment ownership at all times. After 36 months, payment is “capped,” meaning the monthly payment amounts are discontinued. After five years or another qualifying event, the patient is eligible for replacement equipment and a new capped rental period.

As of January 1, 2011, Medicare has phased in a program called competitive bidding. Competitive bidding impacts the amount Medicare pays suppliers for durable medical equipment, including portable oxygen concentrators. The program is defined geographically, with suppliers submitting bids to provide medical equipment for a specific product category within that geography. Once bids have been placed, an individual company’s bids across products within the category are aggregated and weighted by each product’s market share in the category. The weighted average price is then indexed against competitors. Medicare determines a “clearing price” out of these weighted average prices at which sufficient suppliers have indicated they will support patients in the category, and this threshold is typically designed to have theoretical supply two times greater than expected demand. Bids for each modality among the suppliers that made the cut are then arrayed to determine what Medicare will reimburse for each product category. The program has strict anti-collusion guidelines to ensure bidding is truly competitive. Competitive bidding contracts last three years once implemented, after which they are subject to re-bidding or competitive bidding re-compete.

The competitive bidding program effectively reduces the number of oxygen suppliers that can participate in the Medicare program. We believe that more than 75% of existing oxygen suppliers were eliminated in round one of competitive bidding implemented January 1, 2011 in 9 U.S. Metropolitan Statistical Areas. Round two of competitive bidding was implemented July 1, 2013 in 91 U.S. Metropolitan Statistical Areas and we believe the impact on the number of oxygen suppliers will be similar when released. Combined with the round one of competitive bidding, we believe that approximately 59% of the market was covered by round one and two. The following table sets forth the current standard Medicare reimbursement rates and the weighted average of reimbursement rates applicable in Metropolitan Statistical Areas covered by rounds one and two of competitive bidding. The round one re-compete was completed in the same Metropolitan Statistical Areas as round one for the next three year period starting January 1, 2014 when the original contracts expire.

	Medicare standard allowable	Round one weighted average 1/1/11-12/11/13	Round two weighted average 7/1/13-6/30/16	Round one recompete weighted average 1/1/14-12/31/16
E1390	$ 177.36	$ 116.16	$ 93.10	$ 95.74
E1392	51.63	41.89	42.69	38.08
Total	$ 228.99	$ 158.05	$ 135.79	$ 133.82
% of standard		69%	59%	58%

As of September 30, 2013, we had contracts with 30 non-Medicare payors. These contracts enable us to become an in-network provider for these payors, which enables patients to use our systems at the same cost as other in-network solutions, including the delivery model. Based on our patient population, we believe non-Medicare payors represent at least 30% of all oxygen therapy patients. We believe that private payor reimbursement levels will generally be reset in accordance with Medicare reimbursement level determined by competitive bidding.

We cannot predict the extent to which reimbursement for our products will be affected by competitive bidding or by initiatives to reduce costs for private payors. The unavailability of third-party coverage or inadequacy of reimbursement for our current or future products would adversely affect our business, financial conditions, and results of operations.

Manufacturing

We have been developing and refining the manufacturing of our Inogen One systems over the past eight years. While nearly all of our manufacturing and assembly process was originally outsourced, assembly of the manifold, compressor, sieve bed and concentrator is now conducted in-house in order to improve quality control and reduce cost. Additionally, we use lean manufacturing practices to maximize our manufacturing efficiency. Bringing manufacturing and assembly largely in-house, combined with our consistent focus on driving efficient manufacturing processes, has enabled us to reduce our cost of revenue per system by 36% over the past four years.

We rely on third party manufacturers to supply several components of our Inogen One systems. We typically enter into supply agreements for these components that specify quantity, quality requirements, and delivery terms, which, in certain cases, can be terminated by either party upon relatively short notice. We have elected to source certain key components from single sources of supply, including our batteries, bearings, carry bags, motors, pistons, valves, and molded plastic components. While alternative sources of supply are readily available for these components, we believe that maintaining a single-source of supply allows us to control production costs and inventory levels, and to manage component quality. In order to mitigate against the risks related to a single-source of supply, we qualify alternative suppliers and develop contingency plans for responding to disruptions. If any single-source supplier were no longer able to supply a component, we believe we would be able to promptly and cost-effectively switch to an alternative supplier without a significant disruption to our business and operations. We have adopted additional contingency plans to protect against an immediate disruption in supply of our battery and motor components, and any potential delay that may result from a switch to a new supplier. These contingency plans include our own inventory management, along with a requirement that each supplier maintains specified quantities of inventory in multiple locations, and our maintenance of back-up tooling that can easily be transferred to the new supplier. We believe that these contingency plans would limit any disruption to our business in the event of an immediate termination of either our battery or motor supply.

We currently manufacture in two leased buildings in Goleta, California and Richardson, Texas, which we have registered with the FDA and for which have obtained ISO 13485 certification. The Goleta, California facility is approximately 39,000 square feet.

The Richardson, Texas facility is approximately 31,000 square feet. Because we have two separate manufacturing facilities, in the event one facility is incapacitated, the other facility will enable us to continue manufacturing our products to meet our current level of demand. We believe we have sufficient capacity to meet anticipated demand.

Our entire organization is responsible for quality management. Our Quality Assurance department oversees this by tracking component, device and organization performance and by training team members outside the Quality Assurance department to become competent users of our Quality Management system. By measuring component performance, communicating daily with the production group and our suppliers, and reviewing customer complaints, our Quality Assurance department, through the use of our corrective action program, drives and documents continuous performance improvement of our suppliers and internal departments. Our Quality Assurance department also trains internal auditors to audit our adherence to the Quality Management system. Our Quality Management system has been certified to International Standards Organization, or ISO, 13485:2012 by Intertek, a Notified Body to ISO.

As a medical device manufacturer, our manufacturing facilities are subject to periodic inspection by the FDA and certain corresponding state agencies. We have been audited twice since April 2012 by the FDA and found to be in compliance with Good Manufacturing Practices guidelines. We have completed two surveillance audits by our notifying body over the same period and identified one minor non-conformance, which is currently being addressed through implementation of new training software. Additionally, we have had two unannounced inspections by state inspectors from California and Texas within the past year and were determined to be in complete compliance with state health and safety requirements.

As of November 1, 2013, we had approximately 78 employees in operations, manufacturing and quality assurance.

Research and development

We are committed to ongoing research and development to stay at the forefront of patient preference in the oxygen concentrator field. As of November 1, 2013, our research and development staff included 16 engineers and scientists with expertise in air separation, compressors, pneumatics, electronics, embedded software, mechanical design, sensors and manufacturing technologies. Our current research and development efforts are focused primarily on increasing functionality, improving design for ease-of-use, and reducing production costs of our Inogen One systems, as well as development of our next-generation oxygen concentrators. Over the last 3 fiscal years, Inogen has invested over $5 million to efficiently bring two new generations of portable oxygen concentrators to market, leveraging our 24 issued U.S. patents and one issued Canadian patent while also reducing the bill of product costs 36% from the original Inogen One G1.

Utilizing lean product development methodologies, we have released three generations of disruptive products over the last 10 years, including our Inogen One G1 in October 2004, our Inogen One G2 in March 2010, and our Inogen One G3 in September 2012. Our dedication to continuous improvement has also resulted in three mid-cycle product updates and numerous incremental improvements. Development projects utilize a combination of rapid prototyping and accelerated life testing methods to ensure products are taken from concept to commercialization in a fast and capital efficient manner. We leverage our direct patient expertise to rapidly gain insight from end users and to identify areas of innovation that lead to higher-quality products and lower total cost of ownership for its products.

Our product pipeline consists of both a stationary concentrator and a fourth generation, ultralightweight portable oxygen concentrators. The stationary concentrator, which we are calling Inogen At Home, will allow us to access non-ambulatory patients and will serve as a backup to our Inogen One patients. The Inogen At Home 510(k) submission was received by the FDA's Devices and Radiological Health Document Control Center on August 8, 2013 and is currently in process. We expect to commercialize Inogen At Home in 2014. Our fourth-generation portable oxygen concentrators will be smaller and lighter than our Inogen One G3 and we expect to commercialize this product in the next several years. Additionally, we continue to focus our efforts on other design and functionality improvements that enhance patient quality of life.

Competition

The oxygen therapy market is a highly competitive industry. We compete with a number of manufacturers and distributors of portable oxygen concentrators, as well as providers of other oxygen therapy solutions such as home delivery of oxygen tanks, or cylinders.

Our significant manufacturing competitors are Invacare Corporation, Respironics (a subsidiary of Koninklijke Philips N.V.), AirSep Corporation and SeQual Technologies (subsidiaries of Chart Industries, Inc.), Inova Labs, Inc. and DeVilbiss Healthcare. Given the relatively low barriers to entry in the oxygen therapy device manufacturing market, we expect that the industry will become increasingly competitive in the future. Manufacturing companies compete for sales to providers primarily on the basis of product features, service and price. We believe our manufacturing competitors' complete reliance on home medical equipment distribution compresses their margins and limits their ability to invest in product features that address consumer preferences. To pursue a direct-to-consumer strategy, our manufacturing competitors would need to meet national accreditation and state-by-state licensing requirements and secure Medicare billing privileges, as well as compete directly with the home medical equipment providers that many rely on across their entire homecare businesses. For our two largest medical device competitors, their entire oxygen business, including stationary and homefill, represents less than 13% percent of their billion-dollar plus homecare businesses.

Lincare Inc., Apria Healthcare, Inc. Rotech Healthcare, Inc. and American HomePatient, Inc. have been among the market leaders in providing oxygen therapy for many years, while the remaining oxygen therapy market is serviced by local providers. Because many oxygen therapy providers were either excluded from contracts in the Medicare competitive bidding process, or will have difficulty providing service at the prevailing Medicate reimbursement rates, we expect more industry consolidation. Oxygen therapy providers compete primarily on the basis of product features and service, rather than price, since reimbursement levels are established by Medicare and Medicaid, or by the individual determinations of private payors. We believe that the investment made by oxygen therapy providers in the physical distribution required for oxygen delivery limits their ability to easily switch their business model and employ a solution directly competitive to Inogen.

Some of our competitors are large, well-capitalized companies with greater resources than we have. As a consequence, they are able to spend more aggressively on product development, marketing, sales and other product initiatives than we can. Some of these competitors have:

- significantly greater name recognition;
- established relations with healthcare professionals, customers and third-party payors;
- established distribution networks;
- additional lines of products, and the ability to offer rebates or bundle products to offer higher discounts or other incentives to gain a competitive advantage;
- greater history in conducting research and development, manufacturing, marketing and obtaining regulatory approval for oxygen device products; and
- greater financial and human resources for product development, sales and marketing, patent litigation and customer financing.

As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. In light of these advantages that our competitors maintain, even if our technology and direct-to-consumer distribution strategy is more effective than the technology and distribution strategy of our competitors, current or potential customers might accept competitor products and services in lieu of purchasing our products. We anticipate that we will face increased competition in the future as existing companies and competitors develop new or improved products and distribution strategies and as new companies enter the market with new technologies and distribution strategies. We may not be able to compete effectively against these organizations. Our ability to compete successfully and to increase our market share is dependent upon our reputation for providing responsive, professional and high-quality products and services and achieving strong customer satisfaction. Increased competition in the future could adversely affect our revenue, revenue growth rate, if any, margins and market share.

Government regulation

Inogen One systems are medical devices subject to extensive and ongoing regulation by the FDA, as well as other federal and state regulatory bodies in the United States and comparable authorities in other countries. The FDA regulations govern the following activities that we perform, or that are performed on our behalf, to ensure that medical products distributed domestically or exported internationally are safe and effective for their intended uses: product design and development, pre-clinical and clinical testing, manufacturing, labeling, storage, pre-market clearance or approval, record keeping, product marketing, advertising and promotion, sales and distribution, and post-marketing surveillance.

FDA's pre-market clearance and approval requirements

Unless an exemption applies, each medical device we seek to commercially distribute in the United States will require either a prior 510(k) clearance or a pre-market approval from the FDA. Medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. Devices deemed to pose lower risks are placed in either Class I or II, which requires the manufacturer to submit to the FDA a premarket notification requesting permission to commercially distribute the device. This process is generally known as 510(k) clearance. Some low risk devices are exempted from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously cleared 510(k) device, are placed in Class III, requiring premarket approval.

510(k) clearance pathway

When a 510(k) clearance is required, we must submit a premarket notification to the FDA demonstrating that our proposed device is substantially equivalent to a previously cleared and legally marketed 510(k) device or a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of a pre-market approval application. By regulation, the FDA is required to clear or deny a 510(k) premarket notification within 90 days of submission of the application. As a practical matter, clearance often takes significantly longer. The FDA may require further information, including clinical data, to make a determination regarding substantial equivalence. If the FDA determines that the device, or its intended use, is not substantially equivalent to a previously-cleared device or use, the FDA will place the device, or the particular use, into Class III. We obtained 510(k) clearance for the original Inogen One system on May 13, 2004. We market the Inogen One G2 and G3 systems pursuant to the original Inogen One 510(k) clearance.

Pre-market approval pathway

A pre-market approval application must be submitted to the FDA if the device cannot be cleared through the 510(k) process. The pre-market approval application process is much more demanding than the 510(k) premarket notification process. A pre-market approval application must be supported by extensive data, including but not limited to technical, preclinical, clinical trials, manufacturing and labeling to demonstrate to the FDA's satisfaction reasonable evidence of safety and effectiveness of the device.

After a pre-market approval application is submitted and the FDA determines that the application is sufficiently complete to permit a substantive review, the FDA will accept the application for review. The FDA has 180 days to review an "accepted" pre-market approval application, although the review of an application generally occurs over a significantly longer period of time and can take up to several years. During this review period, the FDA may request additional information or clarification of the information already provided. Also, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. In addition, the FDA will conduct a preapproval inspection of the manufacturing facility to ensure compliance with quality system regulations.

Clinical trials

Clinical trials are almost always required to support pre-market approval and are sometimes required for 510(k) clearance. In the United States, these trials generally require submission of an application for an Investigational Device Exemption, or IDE, to the FDA. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE must be approved in advance by the FDA for a specific number of patients unless the product is deemed a non-significant risk device eligible for more abbreviated IDE requirements. Clinical trials for significant risk devices may not begin until the IDE application is approved by the FDA and the appropriate institutional review boards, or IRBs, at the clinical trial sites. We, the FDA or the IRB at each site at which a clinical trial is being performed may suspend a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the benefits. Even if a trial is completed, the results of clinical testing may not demonstrate the safety and efficacy of the device, may be equivocal or may otherwise not be sufficient to obtain approval or clearance of the product.

Pervasive and ongoing regulation by the FDA

Even after a device receives clearance or approval and is placed on the market, numerous regulatory requirements apply. These include:

- establishment registration and device listing;
- quality system regulation, which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- labeling regulations and the FDA prohibitions against the promotion of products for un-cleared, unapproved or "off-label" uses, and other requirements related to promotional activities;
- medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- corrections and removals reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the Federal Food, Drug and Cosmetic Act that may present a risk to health; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

After a device receives 510(k) clearance or a pre-market approval, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new clearance or approval. The FDA requires each manufacturer to make this determination initially, but the FDA can review any such decision and can disagree with a manufacturer's determination. We have modified various aspects of our Inogen One systems since receiving regulatory clearance, but we believe that new 510(k) clearances are not required for these modifications. If the FDA disagrees with our determination not to seek a new 510(k) clearance, the FDA may retroactively require us to seek 510(k) clearance or pre-market approval. The FDA could also require us to cease marketing and distribution and/or recall the modified device until 510(k) clearance or pre-market approval is obtained. Also, in these circumstances, we may be subject to significant regulatory fines and penalties.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions: Warning Letters, fines, injunctions, civil or criminal penalties, recall or seizure of our products, operating restrictions, partial suspension or total shutdown of production, refusing our request for 510(k) clearance or pre-market approval of new products, rescinding previously granted 510(k) clearances or withdrawing previously granted pre-market approvals.

We are subject to announced and unannounced inspections by the FDA, and these inspections may include the manufacturing facilities of our subcontractors. Inogen has been audited twice since April 2012 by the FDA and found to be in compliance with the Quality System Regulation. We cannot assure you that we can maintain a comparable level of regulatory compliance in the future at our facility.

International sales of medical devices are subject to foreign government regulations, which may vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for FDA approval, and the requirements may differ. There is a trend towards harmonization of quality system standards among the European Union, United States, Canada and various other industrialized countries.

Licensure

In April 2009, we became a Durable, Medical Equipment, Prosthetics, Orthotics, and Supplies accredited Medicare supplier by Accreditation Commission for Health Care for our Goleta, California facility for Home/Durable Medical Equipment Services for oxygen equipment and supplies. Our Medicare accreditation must be renewed every three years through passage of an on-site inspection. Our current accreditation with Medicare is due to expire in May 2015. Several states require that durable medical equipment providers be licensed in order to sell products to patients in that state. Certain of these states require that durable medical equipment providers maintain an in-state location. Most of our state licenses are renewed on an annual or bi-annual basis. Although we believe we are in compliance with all applicable state regulations regarding licensure requirements, if we were found to be noncompliant, we could lose our licensure in that state, which could prohibit us from selling our current or future products to patients in that state. In addition, we are subject to certain state laws regarding professional licensure. We believe that our certified clinicians are in compliance with all such state laws. If our clinicians were to be found non-compliant in a given state, we would need to modify our approach to providing education, clinical support and customer service in such state.

Federal anti-kickback and self-referral laws

The Federal Anti-Kickback Statute prohibits the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce the:

- referral of a person;
- furnishing or arranging for the furnishing of items or services reimbursable under Medicare, Medicaid or other governmental programs; or
- purchase, lease, or order of, or the arrangement or recommendation of the purchasing, leasing, or ordering of any item or service reimbursable under Medicare, Medicaid or other governmental programs.

The Federal Anti-Kickback Statute applies to our arrangements with sales representatives, customers and health care providers, as well as certain coding and billing information that we may provide to purchasers of Inogen One systems. Although we believe that we have structured such arrangements to be in compliance with the Anti-Kickback Statute and other applicable laws, regulatory authorities may determine otherwise. Noncompliance with the federal anti-kickback statute can result in exclusion from Medicare, Medicaid or other governmental programs, restrictions on our ability to operate in certain jurisdictions, as well as civil and criminal penalties, any of which could have an adverse effect on our business and results of operations.

Federal law also includes a provision commonly known as the “Stark Law,” which prohibits a physician from referring Medicare or Medicaid patients to an entity providing “designated health services,” including a company that furnishes durable medical equipment, in which the physician has an ownership or investment interest or with which the physician has entered into a compensation arrangement. Violation of the Stark Law could result in denial of payment, disgorgement of reimbursements received under a noncompliant arrangement, civil penalties, and exclusion from Medicare, Medicaid or other governmental programs. Although we believe that we have structured our provider arrangements to comply with current Stark Law requirements, these arrangements may not expressly meet the requirements for applicable exceptions from the law.

Additionally, as some of these laws are still evolving, we lack definitive guidance as to the application of certain key aspects of these laws as they relate to our arrangements with providers with respect to patient training. We cannot predict the final form that these regulations will take or the effect that the final regulations will have on us. As a result, our provider arrangements may ultimately be found to be not in compliance with applicable federal law.

Federal False Claims Act

The Federal False Claims Act provides, in part, that the federal government may bring a lawsuit against any person whom it believes has knowingly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim approved. In addition, amendments in 1986 to the Federal False Claims Act have made it easier for private parties to bring “qui tam” whistleblower lawsuits against companies. Although we believe that we are in compliance with the federal government’s laws and regulations, if we are found in violation of these laws, penalties include fines ranging from $5,500 to $11,000 for each false claim, plus three times the amount of damages that the federal government sustained because of the act of that person. We believe that we are in compliance with the federal government’s laws and regulations concerning the filing of reimbursement claims.

Civil monetary penalties law

The Federal Civil Monetary Penalties Law prohibits the offering or transferring of remuneration to a Medicare or Medicaid beneficiary that the person knows or should know is likely to influence the beneficiary's selection of a particular supplier of Medicare or Medicaid payable items or services. We sometimes offer customers various discounts and other financial incentives in connection with the sales of our products. While it is our intent to comply with all applicable laws, the government may find that our marketing activities violate the Civil Monetary Penalties Law. If we are found to be in noncompliance, we could be subject to civil money penalties of up to $10,000 for each wrongful act, assessment of three times the amount claimed for each item or service and exclusion from the Federal healthcare programs. In addition, to the extent we are found to not be in compliance, we may be required to curtail or restructure our operations. Any penalties, damages, fines, exclusions, curtailment or restructuring of our operations could adversely affect our ability to operate our business and our financial results.

State fraud and abuse provisions

Many states have also adopted some form of anti-kickback and anti-referral laws and false claims act that may apply to all payors. We believe that we are in compliance with such laws. Nevertheless, a determination of liability under such laws could result in fines and penalties and restrictions on our ability to operate in these jurisdictions.

HIPAA

In addition to creating the two new federal healthcare crimes, regulations implementing HIPAA also establish uniform standards governing the conduct of certain electronic healthcare transactions and protecting the security and privacy of individually identifiable health information maintained or transmitted by healthcare providers, health plans and healthcare clearinghouses, which are referred to as covered entities. Three standards have been promulgated under HIPAA's regulations: the Standards for Privacy of Individually Identifiable Health Information, which restrict the use and disclosure of certain individually identifiable health information, the Standards for Electronic Transactions, which establish standards for common healthcare transactions, such as claims information, plan eligibility, payment information and the use of electronic signatures, and the Security Standards, which require covered entities to implement and maintain certain security measures to safeguard certain electronic health information, including the adoption of administrative, physical and technical safeguards to protect such information.

In 2009, Congress passed the American Recovery and Reinvestment Act of 2009, or ARRA, which included sweeping changes to HIPAA, including an expansion of HIPAA's privacy and security standards. ARRA includes HITECH, which, among other things, made HIPAA's privacy and security standards directly applicable to business associates of covered entities effective February 17, 2010. A business associate is a person or entity that performs certain functions or activities on behalf of a covered entity that involve the use or disclosure of protected health information in connection with recognized health care operations activities. As a result, business associates are now subject to significant civil and criminal penalties for failure to comply with applicable standards. Moreover, HITECH creates a new requirement to report certain breaches of unsecured, individually identifiable health information and imposes penalties on entities that fail to do so. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney fees and costs associated with pursuing federal civil actions. The 2013 final HITECH omnibus rule modifies the breach reporting standard in a manner that will likely make more data security incidents qualify as reportable breaches.

In addition to federal regulations issued under HIPAA, some states have enacted privacy and security statutes or regulations that, in some cases, are more stringent than those issued under HIPAA. In those cases, it may be necessary to modify our planned operations and procedures to comply with the more stringent state laws. If we fail to comply with applicable state laws and regulations, we could be subject to additional sanctions. Any liability from failure to comply with the requirements of HIPAA, HITECH or state privacy and security statutes or regulations could adversely affect our financial condition. The costs of complying with privacy and security related legal and regulatory requirements are burdensome and could have a material adverse effect on our results or operations.

International regulation

International sales of medical devices are subject to foreign governmental regulations, which vary substantially from country to country. The time required to obtain clearance or approval by a foreign country may be longer or shorter than that required for FDA clearance or approval, and the requirements may be different.

The primary regulatory environment in Europe is that of the European Union, which has adopted numerous directives and has promulgated voluntary standards regulating the design, manufacture, clinical trials, labeling and adverse event reporting for medical devices. Devices that comply with the requirements of a relevant directive will be entitled to bear the CE conformity marking, indicating that the device conforms with the essential requirements of the applicable directives and, accordingly, can be commercially distributed throughout the member states of the European Union, and other countries that comply with or mirror these directives. The method of assessing conformity varies depending on the type and class of the product, but normally involves a combination of self-assessment by the manufacturer and a third-party assessment by a notified body, an independent and neutral institution appointed by a country to conduct the conformity assessment. This third-party assessment may consist of an audit of the manufacturer's quality system and specific testing of the manufacturer's device. Such an assessment may be required in order for a manufacturer to commercially distribute the product throughout these countries. ISO 9001 and ISO 13845 certifications are voluntary standards. Compliance establishes the presumption of conformity with the essential requirements for a CE Marking. We have the authorization to affix the CE Mark to our products and to commercialize our devices in the European Union. Our ISO 13485 certification was issued on April 21, 2005 and our EC-Certificate was issued on March 16, 2007.

Before we can sell our devices in Canada we must submit and obtain clearance of a license application, implement and comply with ISO Standard 13485, and undergo an audit by a registrar accredited by Health Canada. On January 25, 2006, we received our Medical Device License in Canada. In Australia, we must appoint an agent sponsor who will interact on our behalf with the Therapeutics Goods Administration (TGA). We must also prepare a technical file and declaration of conformity to essential requirements under Australian law, provide evidence of CE Marking of the device and submit this information via our agent sponsor to the TGA in a Medical Device Application. On June 4, 2007, we received our Certificate for Inclusion of a Medical Device in Australia.

Intellectual property

We believe that to maintain a competitive advantage, we must develop and preserve the proprietary aspect of our technologies. We rely on a combination of patent, trademark, trade secret and other intellectual property laws, non-disclosure agreements and other measures to protect our proprietary rights. Currently, we require our employees, consultants and advisors to execute non-disclosure agreements in connection with their employment, consulting or advisory relationships with us, where appropriate. We also require our employees, consultants and advisors who we expect to work on our current or future products to agree to disclose and assign to us all inventions conceived during the work day, developed using our property or which relate to our business. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of our Inogen One systems or to obtain and use information that we regard as proprietary.

Patents

As of November 15, 2013, we had 24 issued U.S. patents, 1 issued Canadian patent and 4 additional pending U.S. patent applications. We anticipate it will take several years for the most recent of these U.S. patent applications to result in issued patents.

Our patent portfolio contains three principal sets of patents and patent applications. The first set relates to the construction and design of specific Inogen products. For example, U.S. Patent Nos. 8,440,004; 8,366,815; 8,377,181; and 8,568,519 are directed to design elements of the Inogen One G2 portable oxygen concentrator. These patents expire in 2031 (without taking into account any patent term adjustments) and may serve to deter competitors from reverse engineering or copying our design elements. This set of patents and patent applications also contains a pending U.S. patent application that relates to the design of the Inogen One G3 portable oxygen concentrator.

The second set of patents and patent applications within our portfolio pertains to operating algorithms and design optimization techniques. U.S. Patent Nos. 7,841,343; 7,585,351; 7,857,894; 8,142,544; and 6,605,136 are directed to optimization of the Pressure Swing Adsorption oxygen generating system and the oxygen conserving technology used across all of our products. These patents expire in 2027, 2026, 2027, 2026 and 2022 respectively (without taking into account any patent term adjustments). These algorithms and optimization techniques are developed to facilitate the design and manufacturing of our products. These patents may prevent competitors from achieving the same levels of optimization as found in our products.

The third set of patents and patent applications includes system component designs that may be incorporated into our products. For example, U.S. Patent No. 8,580,015, which expires in 2027 (without taking into account any patent term adjustments), is directed to product improvements that have been utilized in the Inogen One and Inogen One G2 products. Also within this class of patents are U.S. Patent Nos. 7,686,870 and 7,922,789 that are directed to designs that may be utilized in future Inogen products to improve performance over current product offerings. These patents expire in 2027 and 2023 respectively (without taking into account any patent term adjustments).

Trademarks

We have registered the trademarks Inogen; Inogen One; Inogen One G2; Oxygenation; Live Life in Moments, not Minutes; Never Run Out of Oxygen; Oxygen Therapy on Your Terms; Oxygen.Anytime.Anywhere; Reclaim Your Independence; Intelligent Delivery Technology; and the Inogen design with the United States Patent and Trademark Office on the Principal Register. We have applied with the United States Patent and Trademark Office to register the trademark Inogen at Home.

Legal proceedings

On November 4, 2011, we filed a lawsuit in the United States District Court for the Central District of California against Inova Labs Inc., or Defendant, for infringement of two of our patents. The case, Inogen Inc. v. Inova Labs Inc., Case No. 8:11-cv-01692-JST-AN, or the Lawsuit, involves U.S. Patent Nos. 7,841,343, entitled “Systems and Methods For Delivering Therapeutic Gas to Patients”, or the ’343 patent, and 6,605,136 entitled “Pressure Swing Adsorption Process Operation And Optimization”, or the ’136 patent. We alleged in the Lawsuit that certain of Defendant’s oxygen concentrators infringe various claims of the ’343 and ’136 patents. The Lawsuit seeks damages, injunctive relief, costs and attorney fees.

The Defendant has answered the complaint, denying infringement and asserting various sets of defenses including non-infringement, invalidity and unenforceability, patent misuse, unclean hands, laches and estoppel. The Defendant also filed counterclaims against us alleging patent invalidity, non-infringement and inequitable conduct. We denied the allegations in the Defendant’s counterclaims. We have filed a motion to dismiss Defendant’s inequitable conduct counterclaim.

The Defendant filed a request with the U.S. Patent and Trademark Office seeking an inter partes reexamination of the ’343 and ’136 patents. The Defendant also filed a motion to stay the Lawsuit pending outcome of the reexamination. On March 20, 2012, the Court granted the Defendant’s motion to stay the Lawsuit pending outcome of the reexamination and also granted our motion to dismiss the Defendant’s inequitable conduct counterclaim.

Facilities and property

We lease approximately 39,000 square feet of manufacturing and office space at our corporate headquarters in Goleta, California under a lease that expires in September 2015, and approximately 31,000 square feet of manufacturing and office space in Richardson, Texas under a lease that expires in December 2019. In addition, we lease office space in Smyrna, Tennessee, and Corinth, Mississippi under leases expiring in August 2014 and May 2014, respectively. We believe that our existing facilities are adequate to meet our business requirements for the near-term and that additional space will be available on commercially reasonable terms, if required.

Employees

As of November 1, 2013 we had 348 full and part-time employees, including 172 in sales, marketing, clinical and client services, 78 in operations,manufacturing and quality assurance, 82 in general administration and 16 in research and development. None of our employees is represented by a collective bargaining agreement. We believe that our employee relations are good.

Corporate and available information

We were incorporated in Delaware in November 2001. Our principal executive offices are located at 326 Bollay Drive, Goleta, California 93117. Our telephone number is (805) 562-0500. Our website address is *www.inogen.com*. Information contained on our website is not incorporated by reference into this prospectus, and should not be considered to be part of this prospectus.

Environmental matters

Our research and development and manufacturing processes involve the controlled use of hazardous materials, including flammables, toxics, and corrosives. Our research and manufacturing operations produce hazardous chemical waste products. We seek to comply with applicable laws regarding the handling and disposal of such materials. Given the small volume of such materials used or generated at our facilities, we do not expect our compliance efforts to have a material effect on our capital expenditures, earnings, and competitive position. However, we cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. We do not currently maintain separate environmental liability coverage and any such contamination or discharge could result in significant cost to us in penalties, damages, and suspension of our operations.

Backlog

We have no material backlog of orders.

Geographic information

During the last two years, all of our long-lived assets were located within the United States. Approximately 28% of our 2012 revenue and 25% of our 2011 revenue came from international markets. Please see *Note 2* to each of our audited and unaudited financial statements included elsewhere in the prospectus for additional information related to our U.S. and non-U.S. revenue.

Seasonality

We believe our sales may be impacted by seasonal factors. For example, we typically experience higher sales in the second quarter, as a result of consumers traveling and vacationing during the summer months.

Management

Executive officers and directors

Our executive officers and directors, and their ages and positions as of November 15, 2013 are as set forth below:

Name	Age	Position
Raymond Huggenberger	54	President, Chief Executive Officer and Director
Scott Wilkinson	48	Executive Vice President, Sales and Marketing
Alison Bauerlein	32	Vice President, Finance and Chief Financial Officer, Secretary and Treasurer
Matt Scribner	46	Vice President, Operations
Brenton Taylor	32	Vice President, Engineering
Byron Myers	34	Vice President, Marketing
Heath Lukatch, Ph.D.(2)	46	Chairman of the Board
Stephen E. Cooper	67	Director
William J. Link, Ph.D.	67	Director
Charles E. Larsen(1)	62	Director
Timothy Petersen(1)(2)	49	Director
Benjamin Anderson-Ray(2)	59	Director
Loren McFarland(1)	55	Director

(1) Member of our audit committee.

(2) Member of our compensation, nominating and governance committee.

Executive officers

Raymond Huggenberger has served as our President, Chief Executive Officer and as a member of the board of directors of Inogen since 2008. Prior to joining our company, Mr. Huggenberger held various management positions with Sunrise Medical Inc., a global manufacturer and distributor of durable medical equipment, including: President of Marketing for Sunrise's German subsidiary from 1994 to 1996, President of Sunrise's German division from 1998 until 2000, President of the European Operating Group from 2000 to 2002, President and Chief Operating Officer from 2002 until 2004, and President of European Operations 2006 to 2007. Mr. Huggenberger also held various management positions with McDermott and Bull Inc., an executive search firm, from 2005 to 2006 and in the healthcare division of TA Triumph Adler AG, a document process management firm, from 1996 to 1998. Mr. Huggenberger currently serves on the board of directors of Wellfount Corporation, a pharmacy services company, and previously served on the board of IYIA Technologies, a healthcare company. Mr. Huggenberger graduated from AKAD University in Rendsburg, Germany in Economics and completed the Advanced Marketing Strategies Program at INSEAD, Fontainebleau, France. The board of directors believes that he is qualified to serve as a director of Inogen because of his deep understanding of our business, operations and strategy.

Scott Wilkinson has served as our Executive Vice President, Sales and Marketing since 2008. Previously, he served as our Director of Product Management from 2005 to 2006 and Vice President, Product Management from 2006 to 2008. From 2000 to 2005, Mr. Wilkinson worked for Invacare Corporation, a designer and manufacturer of oxygen products, as a Group Product Manager and helped launch their $100 million O_2 product line segment. From 1999 to 2000, Mr. Wilkinson served as a Product Line Director with Johnson & Johnson, a healthcare company. From 1988 to 1999, Mr. Wilkinson worked as a Research Scientist, Product Manager, and Project Leader at Kimberly Clark, a consumer products company. Mr. Wilkinson received a Bachelor's degree in Chemical Engineering from the University of Akron and an MBA from University of Wisconsin, Oshkosh.

Alison Bauerlein is a co-founder of Inogen and has served as our Chief Financial Officer since 2009 and Vice President, Finance since 2008. Prior to serving in these positions, Ms. Bauerlein also served as Controller with our company from 2001 to 2004 and 2008 to 2009, and Director of Financial Planning and Analysis from 2004 to 2008. Ms. Bauerlein has also served as Corporate Secretary and Corporate Treasurer since 2002. During her time with our company, Ms. Bauerlein has helped the company raise approximately $91 million in venture capital funding. Ms. Bauerlein currently serves on the board of directors of Active Life Scientific, Inc. Ms. Bauerlein received a Bachelor of Arts degree in Economics/Mathematics with high honors from the University of California, Santa Barbara.

Matthew Scribner has served as our Vice President, Operations since 2008. Previously, he served as our Director of Supply Chain from 2004 to 2007 and Director of Manufacturing from 2007 to 2008. From 1998 to 2004, Mr. Scribner worked for Computer Motion, a manufacturer of surgical robots that was acquired by Intuitive Surgical, in various executive capacities, including as a Manufacturing Manager and as a Project Manager. From 1989 to 2013, Mr. Scribner also served in the United States Navy as a helicopter pilot, on both active duty and as a reservist. He was mobilized and deployed to Iraq in 2003 to fly in support of Operation Iraqi Freedom. He achieved the rank of Commander and retired from the U.S. Navy in July 2013. Mr. Scribner received a Bachelor of Science degree in Ocean Engineering from the United States Naval Academy. Mr. Scribner also received an MBA from the University of San Diego.

Brenton Taylor is a co-founder of Inogen and has served as our Vice President, Engineering since 2008. Prior to serving in this position, Mr. Taylor served as Director of Technology with our company from 2003 to 2008. Mr. Taylor is listed as an inventor on 20 of the company's U.S. patents related to portable oxygen concentrator development. Mr. Taylor received a Bachelor of Science degree in Microbiology from the University of California, Santa Barbara.

Byron Myers is a co-founder of Inogen and has served as our Vice President, Marketing since 2011. Prior to serving in this position, Mr. Myers held various roles with our company, including: Product Manager from 2002 to 2006, Director of Marketing from 2006 to 2007 and 2008 to 2011, International Product Manager during 2007, and Director of International Product Management from 2007 to 2008. Mr. Myers received a Bachelor's degree in Economics/Mathematics from the University of California, Santa Barbara and an MBA from University of California, San Diego.

Board of directors

Heath Lukatch, Ph.D. has served as chairman of our board of directors since 2008, and as a director since 2006. Dr. Lukatch is a Partner at Novo Ventures (US) Inc., a health care and life sciences venture capital firm, which he joined in 2006. Prior to joining Novo Ventures (US) Inc., Dr. Lukatch was a Managing Director responsible for biotechnology venture investments at Piper Jaffray Ventures and SightLine Partners, a private equity firm and spin off of Piper Jaffray Ventures, from 2001 to 2006. Prior to joining Piper Jaffray Ventures, Dr. Lukatch worked as a strategy consultant with McKinsey & Company, a consulting firm, from 1997 to 2000. Dr. Lukatch also served as co-founder and chief executive officer of AutoMate Scientific, a biotechnology instrumentation company from 1991 to 1997, and held scientific positions with Chiron Corporation, a biotechnology company, from 1990 to 1991, Roche Bioscience, a healthcare company, from 1996 to 1997, and Cetus Corporation, a biotechnology company, in 1987. He currently serves on the boards of directors of AnaptysBio, Inc., Cianna Medical, Inc., Flexion Therapeutics, Inc., FLAPCo LLC, and Panmira Pharmaceuticals LLC. Dr. Lukatch previously served on the boards of directors of Amira Pharmaceuticals, Elevation Pharmaceuticals, Inc., FoldRx Pharmaceuticals, Inc., InSound Medical, Inc., NeuroTherapeutics Pharma, Inc., Synosia Therapeutics, Inc., and Verax Biomedical, Inc. Dr. Lukatch received his Ph.D. in Neuroscience from Stanford University where he was a DOD USAF Fellow, and his B.A. in Biochemistry from the University of California at Berkeley. The board of directors believes that he is qualified to serve as a director of Inogen because of his extensive industry experience and experience as a venture capital investor and a board member for several venture-backed healthcare companies.

Stephen Cooper has served as a member of the board of directors of Inogen since 2002 and previously served as chairman of the board of directors. Since 2012, Mr. Cooper has served as chief executive officer and co-founder of Solution Deposition Systems, Inc. and has owned High Tech CEO Advisor, a consulting firm, since 2010. From 2003 to 2010, Mr. Cooper was Chairman, chief executive officer and co-founder of Skyler Technology, Inc., a software company. From 1993 to 2000, Mr. Cooper worked for Etec Systems, a technology company, as its chairman, president and chief executive officer, which was sold to Applied Materials, an electronics company, in March of 2000. From 1987 to 1990, Mr. Cooper served as president and chief executive officer of Bipolar Integrated Technology, a manufacturer of bipolar semiconductors. From 1980 to 1987, Mr. Cooper held various positions, including president and chief operating officer, with Silicon Systems, Inc., a manufacturer of analog/digital semiconductors. From 1973 to 1980, Mr. Cooper worked for Intel, a semiconductor company, in various engineering and management positions, including as an engineering manager and wafer fabrication manager. He currently serves on the board of directors of Aurrion, Inc., Solution Deposition Systems, Inc., Built on Logic, Inc., and AgentBridge, LLC. Previously, Mr. Cooper served on the boards of directors of Active Scientific, Inc., and Skyler Technology, Inc. Mr. Cooper holds a BS in Electrical Engineering from the University of California, Santa Barbara, where he is a Trustee and former Chair of the Foundation, a member of the Dean's Cabinet of the College of Engineering, and a member of the Steering Committee for the Technology Management Program. The board of directors believes that he is qualified to serve as a director of Inogen because of his extensive industry and leadership experience with technology and medical device companies.

William J. Link, Ph.D. has served as a member of the board of directors of Inogen since 2003. Since 1999, Dr. Link has served as a managing director and co-founder of Versant Ventures, a venture capital firm investing in early-stage healthcare companies. Dr. Link has also served as a general partner at Brentwood Venture Capital, a venture capital firm, since 1998. From 1986 to 1997, Dr. Link was founder, chairman and chief executive officer of Chiron Vision, a healthcare company, which was later sold to Bausch & Lomb, Inc., a health products company. He also founded and served as president of American Medical Optics, Inc., a medical supply company, which was acquired by Allergan, Inc., a pharmaceutical company. Before entering the healthcare industry, Dr. Link was an assistant professor in the Department of Surgery at the Indiana University School of Medicine from 1973 to 1976. Dr. Link currently serves on the board of directors of Edwards Lifesciences Inc. (NYSE: EW), Glaukos, Inc., Neurotech Pharmaceuticals, Inc., Oculeve, Inc., Nexis Vision, Inc., ForSight VISION 4, Inc., ForSight VISION 5, Inc., Alpheon, Inc., and Second Sight Medical Products, Inc. Previously, Dr. Link served on the boards of Cameron Health, Inc., LenSx, Inc., NeoVista, Inc., and ROX, Inc. Dr. Link earned his Bachelor's, Master's, and Doctorate degrees in Mechanical Engineering from Purdue University. The board of directors believes that he is qualified to serve as a director of Inogen because of his extensive industry and leadership experience along with his experience as a venture capital investor.

Charles E. Larsen has served as a member of the board of directors of Inogen since 2006. Mr. Larsen is a co-founder of Accuitive Medical Ventures, a venture capital firm, where he has served as a managing director since 2003. Mr. Larsen also serves as vice chairman of The Innovation Factory, a medical device venture that he co-founded in 1999. Mr. Larsen was co-founder of Novoste Corporation, a medical technology company, in 1992 and held various management positions with the company, including chief operating officer from 1992 until 1997, and then as senior vice president and chief technical officer until 1999. Mr. Larsen co-founded and was vice president and director of Novoste Puerto Rico, Inc. from 1987 to May 1992. From 1983 through 1987, Mr. Larsen was a manager of manufacturing engineering at Cordis Corporation, a healthcare company. Mr. Larsen currently serves as a board member for Acufocus, Inc., CardioFocus, Inc. and Torax Medical, Inc. Previously, Mr. Larsen served on the boards of Novalign Orthopaedics, Inc., and Neovista, Inc. Mr. Larsen received a Bachelor of Science degree in Mechanical Engineering from New Jersey Institute of Technology. The board of directors believes that he is qualified to serve as a director of Inogen because of his extensive industry and leadership experience in the medical industry.

Timothy Petersen has served as a member of the board of directors of Inogen since 2010. He has been a managing director at Arboretum Ventures, a venture capital firm, since 2002. Prior to joining Arboretum, he was the managing director of the Zell Lurie Institute for Entrepreneurial Studies at the University of Michigan from 1999 to 2002. During his tenure at the University of Michigan, he also directed the Wolverine Venture Fund, the Institute's venture capital fund focusing on early-stage life science and technology investments. Prior to the University of Michigan, Mr. Petersen was a manager in the investment banking practice at Plante Moran Corporate Finance, a professional services and consulting firm, and served as a management consultant at Industrial Economics, Inc., a consulting firm. He currently serves on the boards of Advanced ICU Care, Inc., IntelliCyt Corp., Fidelis SeniorCare, Inc., Tangent Medical Technologies, Inc., My Health Direct, Inc., and CerviLenz, Inc. Previously, Mr. Petersen served on the boards of HealthMedia, Inc. (sold to Johnson & Johnson), KFx Medical Corp., PathCentral, Inc., and Accuri Cytometers, Inc (sold to Becton, Dickinson and Company). Mr. Petersen earned a BA in Economics from Williams College. He also holds an MS in Economics from the University of Wisconsin-Madison, and an MBA from the Ross School of Business at the University of Michigan. The board of directors believes that he is qualified to serve as a director of Inogen because of his extensive experience as an investor and board member for various healthcare companies.

Benjamin Anderson-Ray has served as a member of the board of directors since 2013. He has been a partner and advisor with Trinitas Advisors, a consulting firm, since 2009. Prior to joining Trinitas Advisors, he served as the chief executive officer of three manufacturing companies: Hubbardton Forge, LLC from 2008 to 2009, Chromcraft Revington, Inc. from 2005 to 2008 and Gravograph New Hermes from 2002 to 2004. Prior to that, Mr. Anderson-Ray held various senior leadership roles at Sunrise Medical, a medical equipment manufacturer, including president of the Global Business Group in 2001, president of the Continuing Care Group from 1998 to 2000, and president of the Mobility Products Division from 1996 to 2001. Earlier in his career, Mr. Anderson-Ray held management and marketing roles at GE Lighting, a lighting solutions company, from 1984 to 1993, Black & Decker Home Products, a product manufacturing company, from 1993 to 1994, and Rubbermaid Home Products, a manufacturer and distributor of household items, from 1994 to 1996. He currently serves on the boards of 5i Science, the Episcopal Church Foundation, and the Addison County Economic Development Corporation. Previously, Mr. Anderson-Ray served on the board of Briggs Plant Propagation. Mr. Anderson-Ray has Bachelor's degrees in Marketing and Horticulture from Michigan State University, an MBA from the University of Michigan, and is a Certified Advisor with The CEO Advantage. The board of directors believes that he is qualified to serve as a director of Inogen because of his leadership experience and his extensive industry experience.

Loren McFarland has served as a member of the board of directors of Inogen since 2013. He has been president and managing member of Santa Barbara Financial Services, LLC since 2008. Prior to founding Santa Barbara Financial Services, he served as the chief financial officer and treasurer of Mentor Corporation, a medical equipment company (now Ethicon, Inc., a Johnson & Johnson company), from 2004 to 2007. Prior to that, Mr. McFarland fulfilled various finance and accounting roles at Mentor from 1985 to 2004. He worked as a certified public accountant and audit supervisor with Touche Ross, an accounting firm, from 1981 to 1985 and served in the North Dakota Army National Guard from 1978 to 1984. He currently serves on the board of Cure Medical, LLC, a privately held manufacturer of disposable urology products, and on the board and executive committee of the MIT Enterprise Forum of the Central Coast. Previously, Mr. McFarland served on the board of directors of Patient Safety Technologies, Inc. (PSTX) as the financial expert on the audit committee and as a member of the compensation committee. Mr. McFarland has a Bachelor's degree in accounting from the University of North Dakota and an MBA from the University of California, Los Angeles. He completed an ISS Director Certification Program in October 1988 at the University of California, Los Angeles' Anderson School. The board of directors believes that he is qualified to serve as a director of Inogen because of his leadership experience and his extensive experience in finance and accounting.

Family relationships

There are no family relationships among any of our directors and executive officers.

Board composition and risk oversight

Our board of directors is currently composed of eight members. Upon the completion of this offering, Dr. Link and Mr. Cooper will voluntarily resign from our board of directors and our board of directors will be comprised of six directors. Five of the six directors that will comprise our board of directors upon the completion of this offering are independent within the meaning of the independent director guidelines of the NASDAQ Global Market. All of the directors were initially elected to our board of directors pursuant to a voting agreement that will terminate automatically by its terms upon the completion of this offering. The certificate of incorporation and bylaws to be in effect upon the completion of this offering provide that the number of directors shall be at least one and will be fixed from time to time by resolution of our board of directors.

During 2012, our board of directors met four times.

Immediately prior to this offering, our board of directors will be divided into three classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose term is then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during the years 2014 for the Class I directors, 2015 for the Class II directors and 2016 for the Class III directors.

The Class I directors will be Timothy Petersen and Charles E. Larsen.

The Class II directors will be Loren McFarland and Benjamin Anderson-Ray.

The Class III directors will be Heath Lukatch, Ph.D. and Raymond Huggenberger.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control. See the section of this prospectus captioned “Description of capital stock—Anti-takeover effects of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws” for a discussion of other anti-takeover provisions found in the certificate of incorporation.

Our board of directors has an active role, as a whole and also at the committee level, in overseeing the management of our risks. Our board of directors is responsible for general oversight of risks and regular review of information regarding our risks, including credit risks, liquidity risks and operational risks. Our compensation, nominating and corporate governance committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements and the risks associated with the independence of our board of directors and potential conflicts of interest. Our audit committee is responsible for overseeing the management of our risks relating to accounting matters and financial reporting. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors is regularly informed through discussions from committee members about such risks. Our board of directors believes its administration of its risk oversight function has not affected our board of directors’ leadership structure.

Director independence

Upon the completion of this offering, we anticipate that our common stock will be listed on the NASDAQ Global Market. Under the rules of the NASDAQ Global Market, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of this offering. In addition, the rules of the NASDAQ Global Market require that, subject to specified exceptions, each member of a listed company's audit and compensation, nominating and governance committee be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Under the rules of the NASDAQ Global Market, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered to be independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of our audit committee, our board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

In October 2013, our board of directors undertook a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that none of Mr. Anderson-Ray, Mr. Larsen, Dr. Lukatch, Mr. McFarland, and Mr. Petersen, representing five of our six directors that will be seated upon the completion of this offering, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of the NASDAQ Global Market. Our board of directors also determined that Messrs. McFarland (chairman), Petersen and Larsen, who comprise our audit committee, and Dr. Lukatch (chairman), Mr. Petersen, and Mr. Anderson-Ray, who will comprise our compensation, nominating and governance committee, upon the completion of this offering, satisfy the independence standards for those committees established by applicable Securities and Exchange Commission, or SEC, rules and the listing standards of the NASDAQ Global Market.

In making this determination, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances our board of directors deemed relevant in determining independence, including the beneficial ownership of our capital stock by each non-employee director.

Board committees

Our board of directors has an audit committee and a compensation, nominating and governance committee, each of which has the composition and the responsibilities described below.

Audit committee

The members of our audit committee are Messrs. McFarland, Petersen and Larsen, each of whom is a non-employee member of our board of directors. Our audit committee chairman, Mr. McFarland, is our audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication, as defined under the listing standards of the NASDAQ Global Market. Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems. Our audit committee will also:

- approve the hiring, discharging and compensation of our independent auditors;

- oversee the work of our independent auditors;
- approve engagements of the independent auditors to render any audit or permissible non-audit services;
- review the qualifications, independence and performance of the independent auditors;
- review our financial statements and our critical accounting policies and estimates;
- review the adequacy and effectiveness of our internal controls; and
- review and discuss with management and the independent auditors the results of our annual audit, our annual and quarterly financial statements and our publicly filed reports.

Our audit committee met one time during 2012.

Compensation, nominating and governance committee

The members of our compensation, nominating and governance committee upon the completion of this offering will be Dr. Lukatch and Messrs. Petersen and Anderson-Ray. Dr. Lukatch is the chairman of our compensation, nominating and governance committee. Our compensation, nominating and governance committee oversees our compensation policies, plans and benefits programs. Our compensation, nominating and governance committee will also:

- review and recommend policies relating to compensation and benefits of our officers and employees;
- review and approve corporate goals and objectives relevant to compensation of our chief executive officer and other senior officers;
- evaluate the performance of our officers in light of established goals and objectives;
- recommend compensation of our officers based on its evaluations;
- administer the issuance of stock options and other awards under our stock plans;
- evaluate and make recommendations regarding the organization and governance of our board of directors and its committees;
- evaluate and propose nominees for election to our board of directors;
- assess the performance of members of our board of directors and make recommendations regarding committee and chair assignments;
- recommend desired qualifications for board of directors membership and conduct searches for potential members of our board of directors; and
- review and make recommendations with respect to our corporate governance guidelines.

Our compensation, nominating and governance committee was recently formed and did not meet during 2012.

Our board of directors may from time to time establish other committees.

Director compensation

We did not pay cash or any other compensation to our directors during the year ended December 31, 2012. Compensation paid or accrued for services rendered to us by Mr. Huggenberger in his role as chief executive officer is included in our disclosures related to executive compensation in the section of this prospectus captioned "Executive compensation." Messrs. Anderson-Ray and McFarland joined the board in October 2013.

In October 2013, our board of directors, after reviewing data provided by our independent compensation consulting firm, Pearl Meyer & Partners, regarding practices at comparable companies, adopted a compensation program for non-employee directors to attract, retain and reward its qualified directors and align the financial interests of the non-employee directors with those of our stockholders. Pursuant to this compensation program, each member of our board of directors who is not our employee will receive the following cash and equity compensation for board services. We also will continue to reimburse our non-employee directors for expenses incurred in connection with attending board and committee meetings.

Cash compensation

Non-employee directors will be entitled to receive the following cash compensation for their services following the effective date of the registration statement of which this prospectus forms a part:

$35,000 per year for service as a board member;

$20,000 per year for service as chair of the board;

$20,000 per year for service as chair of the audit committee; and

$15,000 per year for service as chair of the compensation, nominating and governance committee.

All cash payments to non-employee directors will be paid quarterly in arrears.

Equity compensation

Within 90 days of the effective date of the registration statement of which this prospectus forms a part, we will grant each non-employee director an option to purchase 13,333 shares of our common stock, which will vest in twenty-four equal monthly installments beginning on the first monthly anniversary after the grant date, subject to the non-employee director continuing to provide services to us through any vesting date.

On the date of each annual meeting of stockholders beginning with the first annual meeting following this offering, each non-employee director will be granted an nonstatutory stock option to purchase 6,666 shares of our common stock, which grant will vest in twelve equal monthly installments beginning with the first monthly anniversary after the grant date, but will vest fully on the date of the next annual meeting held after the date of grant if not fully vested on such date, in each case, subject to the non-employee director continuing to be a service provider through each vesting date.

On the date of each annual meeting of stockholders beginning with the first annual meeting following this offering, each non-employee director who serves as chairman of our board of directors or one of its committees will be granted a nonstatutory stock option to purchase: 1,666 shares of our common stock (chairman of the board of directors), 1,666 shares of our common stock (chairman of the audit committee), and/or 1,166 shares of our common stock (chairman of the compensation, nominating and governance committee). Each of these grants will vest in twelve equal monthly installments beginning with the first monthly anniversary after the grant date, but will vest fully on the date of the next annual meeting held after the date of grant if not fully vested on such date, in each case, subject to the non-employee director continuing to be a service provider through each vesting date.

For further information regarding the equity compensation of our non-employee directors, see the section titled "Executive compensation—Employee benefit and stock plans."

Code of ethics and conduct

We have adopted a written code of ethics and conduct that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions that will become effective upon the completion of this offering. Following this offering, a current copy of the code will be posted on the investor section of our website, *www.inogen.com*.

Compensation committee interlocks and insider participation

During the past fiscal year, none of the members of our compensation, nominating and governance committee were an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation, nominating and governance committee. Our stockholder, Novo A/S, purchased shares of our series F convertible preferred stock in February 2010 through June 2010 and shares of our series G convertible preferred stock in March 2012. For additional information regarding Novo A/S and its equity holdings, see "Certain relationships and related party transactions" and "Principal and selling stockholders."

Limitation of liability and indemnification

Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the completion of this offering contain provisions that limit the personal liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;

- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation that will become effective upon the completion of this offering, provides that we indemnify our directors to the fullest extent permitted by Delaware law. In addition, our amended and restated bylaws, that will become effective prior to the completion of this offering, provide that we indemnify our directors and officers to the fullest extent permitted by Delaware law. Our amended and restated bylaws, that will become effective upon the completion of this offering, also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including, among others, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws, that will become effective upon the completion of this offering, and our indemnification agreements may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty of care. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

Executive compensation

2012 summary compensation table

The following table provides information regarding the compensation of our named executive officers during 2012, which consist of our principal executive officer and the next two most highly compensated executive officers.

Name and principal position	Year	Salary ($)	Bonus ($)(1)	Option awards ($)(2)	Non-equity incentive plan compensation ($)(3)	All other compensation ($)	Total ($)
Raymond Huggenberger President and Chief Executive Officer	2012	337,905	40,000	28,262	148,086	19,657(4)	573,910
Scott Wilkinson Executive Vice President, Sales and Marketing	2012	205,598	15,000	9,209	45,446	—	275,253
Alison Bauerlein Vice President, Finance and Chief Financial Officer, Treasurer and Secretary	2012	176,849	15,000	10,730	39,904	—	242,483

(1) The amounts reported for 2012 refer to special discretionary bonuses paid in 2013 related to 2012 services.

(2) The dollar amounts in this column represent the aggregate grant date fair value of stock option awards granted in 2012. These amounts have been computed in accordance with FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For a discussion of valuation assumptions, see the notes to our financial statements included elsewhere in this prospectus.

(3) The amounts reported in the Non-Equity Incentive Plan Compensation column represent the amounts earned and payable under the 2012 Bonus Plan, all of which were paid in 2013.

(4) Amount represents a housing allowance paid to Mr. Huggenberger.

Non-equity incentive plan compensation and bonus

2012 discretionary bonus payments

Mr. Huggenberger, Mr. Wilkinson, and Ms. Bauerlein received a discretionary one-time bonus during 2012 of $40,000, $15,000 and $15,000 respectively.

2012 non-equity incentive plan payments

For 2012, the target incentive amounts and the aggregate annual payments earned by our named executive officers were the following:

Named executive officer	Target award opportunity ($)	Actual award amount ($)
Raymond Huggenberger	133,600	148,086
Scott Wilkinson	41,000	45,446
Alison Bauerlein	36,000	39,904

Our 2012 incentive compensation plan, or 2012 Bonus Plan, provides our named executive officers with an annual incentive compensation payment, subject to our achievement of our corporate performance goals. For 2012, our corporate-level goals included achieving specified EBITDA targets for the year. For 2012, we achieved our corporate goals at a level of approximately 111%. The actual award amounts were calculated by multiplying the target bonus amounts by approximately 111%.

Executive employment agreements

Raymond Huggenberger

We entered into an amended and restated employment agreement with Raymond Huggenberger, our president and chief executive officer, effective October 1, 2013. Mr. Huggenberger's current base salary is $400,000 and he is eligible to receive an annual performance bonus of up to 50% of his base salary. Immediately following the effective date of this prospectus, Mr. Huggenberger's base salary will increase to $440,000 and his bonus opportunity will increase to 60% of his base salary.

Mr. Huggenberger is entitled under his employment agreement to the following severance and change of control benefits upon certain qualifying terminations.

If Mr. Huggenberger's employment is terminated without "cause" (excluding by reason of death or disability) or he resigns for "good reason" (as such terms are defined in the employment agreement), he will be eligible to receive the following benefits if he timely signs and does not revoke a release of claims:

- (a) if prior to the effective date of the registration statement of which this prospectus forms a part, continued payment of his base salary for a period of 12 months; or (b) if after the effective date of the registration statement of which this prospectus forms a part and outside the Change in Control Period, continued payment of his base salary for a period of 24 months (collectively, the "CEO Severance Payments"); and
- Throughout the period during which he would be able to obtain COBRA coverage, Mr. Huggenberger and his dependents will only be required to pay the portion of the costs of medical benefits as Mr. Huggenberger was required to pay as of the date of his termination, or Mr. Huggenberger will receive taxable monthly payments for the equivalent period in the event the Company determines that the COBRA subsidy could violate applicable law (the "CEO COBRA Benefits").

The Change in Control Period is the period beginning three months before a change in control, as defined in the employment agreement, and ending 12 months after a change in control.

If, following the effective date of this prospectus and during the Change of Control Period, Mr. Huggenberger's employment is terminated without "cause" (excluding by reason of death or disability) or he resigns for "good reason", he will be eligible to receive the CEO Severance Payments and CEO COBRA Benefits, however the CEO Severance Payments will continue for a period of 36 months.

In the event any of the amounts provided for under this employment agreement or otherwise payable to Mr. Huggenberger would constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code and could be subject to the related excise tax, Mr. Huggenberger would be entitled to receive either full payment of benefits under this employment agreement or such lesser amount which would result in no portion of the benefits being subject to the excise tax, whichever results in the greater amount of after-tax benefits to Mr. Huggenberger. The employment agreement does not require us to provide any tax gross-up payments.

Scott Wilkinson and Alison Bauerlein

We entered into an amended and restated employment agreement with each of Scott Wilkinson, our vice president, sales and marketing and Alison Bauerlein, our vice president, finance and chief financial officer, treasurer and secretary, effective October 1, 2013. Mr. Wilkinson's current base salary is $240,000 and he is eligible to receive an annual performance bonus of up to 35% of his base salary. Ms. Bauerlein's current base salary is $250,000 and she is eligible to receive an annual performance bonus of up to 35% of her base salary. Immediately following the effective date of this prospectus, Mr. Wilkinson's base salary will increase to $258,000 and his bonus opportunity shall increase to 40% of his base salary, and Ms. Bauerlein's base salary will increase to $270,000 and her bonus opportunity will increase to 40% of her base salary.

Each of Mr. Wilkinson and Ms. Bauerlein is entitled under their respective employment agreements to the following severance and change of control benefits upon certain qualifying terminations.

If the named executive officer's employment is terminated without "cause" (excluding by reason of death or disability) or the named executive officer resigns for "good reason" (as such terms are defined in the employment agreement), such named executive officer will be eligible to receive the following benefits if he or she timely signs and does not revoke a release of claims:

- (a) if prior to the effective date of the registration statement of which this prospectus forms a part, continued payment of his or her base salary for a period of six months or (b) if after the effective date of the registration statement of which this prospectus forms a part, and outside the Change in Control Period continued payment of his or her base salary for a period of 12 months (the "NEO Severance Payments"); and
- Throughout the period during which he would be able to obtain COBRA coverage, the named executive and his or her eligible dependents will only be required to pay the portion of the costs of medical benefits as he or she was required to pay as of the date of his termination, or he or she will receive taxable monthly payments for the equivalent period in the event the Company determines that the COBRA subsidy could violate applicable law, (the "NEO COBRA Benefits").

If, following the effective date of this prospectus and during the Change of Control Period, the named executive officer's employment is terminated without cause (excluding by reason of death or disability) or he or she resigns for good reason, he or she will be eligible to receive the NEO Severance Payments and NEO COBRA Benefits, however the NEO Severance Payments will continue for a period of 24 months.

In the event any of the amounts provided for under an employment agreement or otherwise payable to the named executive officer would constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code and

could be subject to the related excise tax, the named executive officer would be entitled to receive either full payment of benefits under the employment agreement or such lesser amount which would result in no portion of the benefits being subject to the excise tax, whichever results in the greater amount of after-tax benefits to the named executive officer. Neither employment agreement requires us to provide any tax gross-up payments.

Outstanding equity awards at 2012 fiscal year-end

The following table presents information concerning equity awards held by our named executive officers as of December 31, 2012.

				Option awards	
	Vesting commencement	Number of securities underlying unexercised options (#)		Option exercise	Option
Name	date	Exercisable	Unexercisable	price ($)	expiration date
Raymond Huggenberger	1/2/08	168,400(1)	0	2.40	1/17/2018
	2/10/09	56,133(2)	0	0.60	2/9/2019
	2/24/10	274,750(3)	0	0.60	2/23/2020
	4/1/12	12,268(4)	61,341	0.81	3/27/2022
Scott Wilkinson	11/21/05	6,666(5)	0	8.70	11/20/2015
	1/1/08	25,000(6)	0	2.40	3/26/2018
	2/10/09	25,555(7)	1,111	0.60	2/9/2019
	2/24/10	71,371(8)	0	0.60	2/23/2020
	2/24/10	10,834(9)	4,461	0.60	2/23/2020
	8/1/11	5,892(10)	11,785	0.75	10/10/2021
	4/1/12	3,997(4)	19,987	0.81	3/27/2022
Alison Bauerlein	1/1/08	32,799(6)	0	2.40	3/26/2018
	2/10/09	19,167(7)	833	0.60	2/9/2019
	2/24/10	93,147(8)	0	0.60	2/23/2020
	2/24/10	7,214(9)	2,971	0.60	2/23/2020
	8/1/11	3,368(10)	6,737	0.75	10/10/2021
	4/1/12	4,658(4)	23,288	0.81	3/27/2022

(1) The option fully vested on January 2, 2012.

(2) The option fully vested on February 10, 2009.

(3) The option fully vested on January 24, 2012.

(4) 1/48th of the shares subject to the option vest monthly from April 1, 2012 subject to continued service through each vesting date.

(5) The option fully vested on November 21, 2009.

(6) The option fully vested on January 1, 2012.

(7) The option fully vested on February 10, 2013.

(8) The option fully vested on August 24, 2012.

(9) The option vested with respect to 25% of the shares subject to the option on February 24, 2011, and 1/36 th of the remaining shares subject to the option vest monthly thereafter subject to continued service through each vesting date.

(10) 1/48th of the shares subject to the option vest monthly from August 1, 2011 subject to continued service through each vesting date.

Employee benefit and stock plans

2014 Equity Incentive Plan

Prior to the effectiveness of the registration statement, of which this prospectus forms a part, our board of directors intends to adopt a 2014 Equity Incentive Plan, or the 2014 Plan, and we expect that our stockholders will approve it prior to the completion of this offering. The 2014 Plan will become effective immediately prior to the effectiveness of this prospectus. Our 2014 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to our employees, directors and consultants and our parent and subsidiary corporations' employees and consultants.

Authorized shares

We expect to reserve a total of shares of our common stock for issuance pursuant to the 2014 Plan, of which no awards are issued and outstanding. In addition, the shares to be reserved for issuance under our 2014 Plan will also include shares returned to the 2012 Plan and 2002 Plan as the result of expiration or termination of awards (provided that the maximum number of shares that may be added to the 2014 Plan pursuant to such previously granted awards under the 2012 Plan and 2002 Plan is shares). The number of shares available for issuance under the 2014 Plan will also include an annual increase on the first day of each fiscal year beginning in 2015, equal to the least of:

- shares;
- 4% of the outstanding shares of common stock as of the last day of our immediately preceding fiscal year; or
- such other amount as our board of directors may determine.

Plan administration

Our board of directors or one or more committees appointed by our board of directors will administer the 2014 Plan. We anticipate that our compensation, nominating and governance committee of our board of directors will administer our 2014 Plan. In the case of awards intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code, the committee will consist of two or more "outside directors" within the meaning of Section 162(m). In addition, if we determine it is desirable to qualify transactions under the 2014 Plan as exempt under Rule 16b-3 of the Exchange Act, or Rule 16b-3, such transactions will be structured to satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of our 2014 Plan, the administrator has the power to administer the plan, including but not limited to, the power to interpret the terms of the 2014 Plan and awards granted under it, to create, amend and rescind rules and regulations relating to the 2014 Plan, including rules and regulations relating to sub-plans, and to determine the terms of the awards, including the exercise price, the number of shares subject to each such award, the exercisability of the awards, and the form of consideration, if any, payable upon exercise. The administrator also has the authority to amend existing awards to reduce or increase their exercise price, to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator, and to institute an exchange program by which outstanding awards may be surrendered in exchange for awards of the same type which may have a higher or lower exercise price or different terms, awards of a different type and/or cash.

Stock options

We may grant stock options under the 2014 Plan. The exercise price of options granted under our 2014 Plan will at least be equal to 100% of the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed seven years, except that with respect to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director or consultant, he or she may exercise his or her option, to the extent vested as of the termination date, for the period of time stated in his or her option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, the option will generally remain exercisable for three months following the termination of service. However, in no event may an option be exercised later than the expiration of its term. Subject to the provisions of our 2014 Plan, the administrator determines the other terms of options.

Stock appreciation rights

We may grant stock appreciation rights under our 2014 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Stock appreciation rights may not have a term exceeding seven years. After the termination of service of an employee, director or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her option agreement. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2014 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted stock

We may grant restricted stock under our 2014 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director or consultant and, subject to the provisions of our 2014 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture. Notwithstanding the foregoing, the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

Restricted stock units

We may grant restricted stock units under our 2014 Plan. Restricted stock units are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. Subject to the provisions of our 2014 Plan, the administrator determines the terms and conditions of restricted stock units, including the vesting criteria (which may include accomplishing specified performance criteria or continued service to us) and the form and timing of payment. Notwithstanding the foregoing, the administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

Performance units and performance shares

We may grant performance units and performance shares under our 2014 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish organizational or individual performance goals or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance units or performance shares. Performance units shall have an initial dollar value established by the administrator prior to the grant date. Performance shares shall have an initial value equal to the fair market value of our common stock on the grant date. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares or in some combination thereof.

Outside directors

Our 2014 Plan will provide that all outside directors will be eligible to receive all types of awards (except for incentive stock options) under the 2014 Plan. In connection with this offering, we intend to implement a formal policy pursuant to which our non-employee directors will be eligible to receive equity awards under the 2014 Plan. Our 2014 Plan provides that in any given fiscal year, an outside director will not receive awards covering more than shares (increasing to shares for the initial year of service as an outside director).

Non-transferability of awards

Unless the administrator provides otherwise, our 2014 Plan generally will not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

Certain adjustments

In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2014 Plan, the administrator will adjust the number and class of shares that may be delivered under the 2014 Plan and/or the number, class, and price of shares covered by each outstanding award, and the numerical share limits set forth in the 2014 Plan. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or change in control

Our 2014 Plan will provide that in the event of a merger or change in control, as defined under the 2014 Plan, each outstanding award will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will

then terminate upon the expiration of the specified period of time. If the service of an award holder is terminated on or within the 12 months following a change in control, as a result of an involuntary termination as defined in the 2014 Plan, his or her options, restricted stock units and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock will lapse, and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels, and all other terms and conditions met.

In addition, in the event of a change in control, options, stock appreciation rights, restricted stock, and restricted stock units held by our outside directors, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock will lapse, and all performance goals or other vesting for his or her performance shares and units will be deemed achieved at one hundred percent (100%) of target levels, and all other terms and conditions met.

Amendment, suspension or termination

The administrator will have the authority to amend, suspend or terminate the 2014 Plan provided such action does not impair the existing rights of any participant. Our 2014 Plan will automatically terminate in 2024, unless the administrator terminates it sooner.

2012 Equity Incentive Plan

Our board of directors adopted, and our stockholders approved, our 2012 Equity Incentive Plan, or the 2012 Plan, in March 2012 and the 2012 Plan was amended and restated in October 2013. Our 2012 Plan will be terminated in connection with this offering and, accordingly, no shares are available for issuance under this plan. The 2012 Plan will continue to govern outstanding awards granted thereunder.

Authorized shares

An aggregate of 1,219,027 shares of our common stock was reserved for issuance under the 2012 Plan. In addition, the shares reserved for issuance under our 2012 Plan also included shares returned to the 2002 Plan as the result of expiration or termination of awards (provided that the maximum number of shares that could be added to the 2012 Plan was 1,424,646 shares). The 2012 Plan provided for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, and stock appreciation rights to our employees, directors and consultants. As of September 30, 2013, options to purchase 688,589 shares of our common stock remained outstanding under the 2012 Plan.

Plan administration

Our board of directors or one or more committees appointed by our board of directors administers the 2012 Plan. Following this offering, we anticipate that our compensation, nominating and governance committee will administer the 2012 Plan. Subject to the provisions of our 2012 Plan, the administrator has the power to administer the plan, including but not limited to, the power to: (1) determine the fair market value of our common stock; (2) determine when an option may be settled in cash; (3) implement an exchange program; (4) adjust the vesting of an option; (5) construe and interpret the 2012 Plan; and (6) modify terms of grants to non-U.S. recipients in accordance with applicable laws. The administrator may also make all other determinations deemed necessary or advisable for administering the 2012 Plan.

Options

Under the 2012 Plan, the administrator had the power to grant options. The exercise price per share of options generally had to equal at least 100% of the fair market value per share of our common stock on the date of grant. The term of an option could not exceed ten years. An incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of our stock, or any parent or subsidiary corporations, could not have had a term in excess of ten years and must have had an exercise price of at least 110% of the fair market value per share of our common stock on the date of grant.

After the termination of service, a participant may generally exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in his or her option agreement. Generally, if termination is due to disability or death, the option will remain exercisable, to the extent vested as of such date of termination, for 6 months or such longer period of time as is specified in the option agreement. In all other cases, the option generally will remain exercisable for three months following termination of service. However, in no event may an option be exercised later than the expiration of its term.

Transferability of awards

Our 2012 Plan generally does not allow for the transfer of stock options and a stock option only may be exercised during the stock option recipient's lifetime.

Certain adjustments

In the event of certain changes in our capitalization without our receipt of consideration, the number of shares of our common stock covered by each outstanding option under the 2012 Plan and the exercise price per share of each outstanding option will be appropriately adjusted. In the event of our proposed liquidation or dissolution, all outstanding awards terminate immediately prior to such event.

Change in control

Our 2012 Plan provides that in the event of a merger or change in control (as defined in the 2012 Plan), each outstanding option will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for an outstanding option, then the vesting of such options will be accelerated in full, and the options will be terminated if not exercised prior to such event. If the service of an award holder is terminated on or within the 12 months following a change in control, as a result of an involuntary termination as defined in the 2014 Plan, his or her options, restricted stock units and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock will lapse, and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels, and all other terms and conditions met.

Amendment or termination

Our board of directors may amend the 2012 Plan at any time. As noted above, in connection with this offering, the 2012 Plan will be terminated and no further awards will be granted thereunder. All outstanding options will continue to be governed by their existing terms.

2002 Stock Incentive Plan, as most recently amended in February 2010

Our board of directors adopted and approved, and our stockholders approved, our 2002 Stock Incentive Plan, or the 2002 Plan, in May 2002. Our 2002 Plan was terminated in March 2012 in connection with the adoption of our 2012 Plan and, accordingly, no shares were available for issuance under this plan after that time. The 2002 Plan continues to govern outstanding stock options granted thereunder. An aggregate of 1,983,093 shares of our common stock was reserved for issuance under the 2002 Plan. The 2002 Plan provided for the grant of incentive stock options and nonqualified stock options. As of September 30, 2013, options to purchase 1,390,749 shares of our common stock remained outstanding under the 2002 Plan.

Plan administration

Our board of directors or one or more committees appointed by our board of directors administers the 2002 Plan. Following this offering, we anticipate that our compensation, nominating and governance committee will administer the 2002 Plan. Subject to the provisions of our 2002 Plan, the administrator has the power to administer the plan. Any action, decision, interpretation, or determination made in good faith by the administrator will be final and binding on us and all 2002 Plan participants.

Options

Under the 2002 Plan, the administrator had the power to grant options. The exercise price per share of options generally had to equal at least 100% of the fair market value per share of our common stock on the date of grant. The term of an option could not exceed 10 years. An incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of our stock, or any parent or subsidiary corporations, could not have had a term in excess of 5 years and must have had an exercise price of at least 110% of the fair market value per share of our common stock on the date of grant.

After the termination of service, a participant may generally exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in his or her option agreement. Generally, if termination is due to disability or death, the option will remain exercisable, to the extent vested as of such date of termination, for at least 6 months. If the termination is for a reason other than death, disability, or cause (as defined in the 2002 Plan), the option will remain exercisable, to the extent vested as of such date of termination, for at least 30 days.

Transferability of options

Our 2012 Plan generally does not allow for the transfer of stock options and a stock option only may be exercised during the stock option recipient's lifetime.

Certain adjustments

In the event of certain changes in our capitalization without our receipt of consideration, the number of shares of our common stock covered by each outstanding option under the 2002 Plan and the exercise price per share of each outstanding option will be appropriately adjusted.

Change in control

Our 2002 Plan provides that in the event of a change in control (as defined in the 2002 Plan), each outstanding option will accelerate automatically, effective as of immediately prior to the change in control unless the options are to be assumed by the acquiring or successor entity (or parent thereof) or new options are to be issued in exchange thereof.

Amendment or termination

Our board of directors may amend the 2002 Plan at any time, provided that such amendment generally may not affect or impair the rights of any holder of outstanding options without the option holder's consent. As noted above, in connection with this offering, the 2002 Plan will be terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

2014 Employee Stock Purchase Plan

Prior to the effectiveness of this offering, our board of directors intends to adopt a 2014 Employee Stock Purchase Plan, or the ESPP, and we expect our stockholders will approve it prior to the completion of this offer. The ESPP will become effective immediately prior to the effectiveness of this prospectus.

Authorized shares

We expect to make a total of shares of our common stock available for sale under the ESPP. In addition, our ESPP provides for annual increases in the number of shares available for issuance under the ESPP on the first day of each fiscal year beginning in 2015, equal to the least of:

- shares;
- 1.5% of the outstanding shares of our common stock on the last day of our immediately preceding fiscal year; or
- such other amount as may be determined by the administrator.

Plan administration

Our board of directors or a committee appointed by our board of directors will administer the ESPP. We anticipate that our compensation, nominating and governance committee of our board of directors will administer the ESPP. The administrator will have authority to administer the plan, including but not limited to, full and exclusive authority to interpret the terms of the ESPP, determine eligibility to participate subject to the conditions of our ESPP as described below, and to establish procedures for plan administration necessary for the administration of the ESPP, including adopting sub-plans.

Eligibility

Generally, all of our employees will be eligible to participate if they are employed by us, or any participating subsidiary, for at least 20 hours per week and more than five months in any calendar year. However, an employee may not be granted an option to purchase stock under the ESPP if such employee:

- immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or
- holds rights to purchase stock under all of our employee stock purchase plans that accrue at a rate that exceeds $25,000 worth of stock for each calendar year in which the option is outstanding.

Offering periods

Our ESPP is intended to qualify under Section 423 of the Code, and provides for six-month offering periods. The offering periods generally start on the first trading day on or after and of each year. The administrator may, in its discretion, modify the terms of future offering periods.

Payroll deductions

Our ESPP will permit participants to purchase common stock through payroll deductions of up to 15%% of their eligible compensation, which includes a participant's base straight time gross earnings, incentive compensation, bonuses, overtime and shift premium, but exclusive of payments for equity compensation and other similar compensation. A participant may purchase a maximum of shares during a purchase period.

Exercise of option

Amounts deducted and accumulated by the participant are used to purchase shares of our common stock at the end of each six-month offering period. The purchase price of the shares will be 85% of the lower of the fair market value of our common stock on the first trading day of each offering period or on the exercise date. Participants may end their participation at any time during an offering period, and will be paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Participation ends automatically upon termination of employment with us.

Non-transferability of options

A participant may not transfer rights granted under the ESPP other than by will, the laws of descent and distribution, or as otherwise provided under the ESPP.

Merger or change in control

In the event of our merger or change in control, as defined under the ESPP, a successor corporation may assume or substitute for each outstanding option. If the successor corporation refuses to assume or substitute for the option, the offering period then in progress will be shortened, and a new exercise date will be set. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment or termination

Our ESPP will automatically terminate in 2034, unless we terminate it sooner. The administrator has the authority to amend, suspend or terminate our ESPP, except that, subject to certain exceptions described in the ESPP, no such action may adversely affect any outstanding rights to purchase stock under our ESPP.

Executive incentive compensation plan

Prior to the effectiveness of this offering, our board of directors intends to adopt an Executive Incentive Compensation Plan, or the Bonus Plan. The Bonus Plan will allow our compensation, nominating and governance committee to provide cash incentive awards to selected employees, including our named executive officers, based upon performance goals established by our compensation, nominating and governance committee.

Under the Bonus Plan, our compensation, nominating and governance committee will determine the performance goals applicable to any award, which goals may include, without limitation: enrollments, business divestitures and acquisitions, cash flow, cash position, customer satisfaction, earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), earnings per share, adherence to budget, expenses, gross margin, growth in stockholder value relative to the moving average of

the S&P 500 Index or another index, innovation, internal rate of return, net income, net profit, net sales, new product development, new product invention or innovation, number of customers, operating cash flow, operating expenses, operating income, operating margin, overhead or other expense reduction, productivity, profit, reduce cost per enrollment, return on assets, return on capital, return on equity, return on investment, return on sales, revenue, revenue growth, sales results, sales growth, stock price, time to market, total stockholder return, working capital, and individual objectives such as peer reviews or other subjective or objective criteria and individual objectives such as peer reviews or other subjective or objective criteria. Performance goals that include the Company's financial results may be determined in accordance with U.S. generally accepted accounting principles, or GAAP, or such financial results may consist of non-GAAP financial measures and any actual results may be adjusted by our compensation, nominating and governance committee for one-time items or unbudgeted or unexpected items when determining whether the performance goals have been met. The goals may be on the basis of any factors our compensation, nominating and governance committee determines relevant, and may be adjusted on an individual, divisional, business unit or company-wide basis. The performance goals may differ from participant to participant and from award to award.

Our compensation, nominating and governance committee may, in its sole discretion and at any time, increase, reduce or eliminate a participant's actual award, and/or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, in our compensation, nominating and governance committee's discretion. Our compensation, nominating and governance committee may determine the amount of any reduction on the basis of such factors as it deems relevant, and it is not be required to establish any allocation or weighting with respect to the factors it considers.

Actual awards are paid in cash only after they are earned, which usually requires continued employment through the date a bonus is paid. Payment of bonuses occurs as soon as administratively practicable after they are earned, but no later than the dates set forth in the Bonus Plan.

Our board of directors has the authority to amend, alter, suspend or terminate the Bonus Plan provided such action does not impair the existing rights of any participant with respect to any earned bonus.

401(k) plan

We maintain a tax-qualified retirement plan that provides eligible employees with an opportunity to save for retirement on a tax advantaged basis. All participants' interests in their deferrals are 100% vested when contributed. In 2012, we made no matching contributions into the 401(k) plan. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and all contributions are deductible by us when made.

Certain relationships and related party transactions

The following is a summary of transactions since January 1, 2010 to which we have been a party in which the amount involved exceeded $120,000 and in which any of our executive officers, directors, promoters or beneficial holders of more than 5% of our capital stock had or will have a direct or indirect material interest, other than compensation arrangements which are described under the section of this prospectus captioned “Management—Director compensation” and “Executive compensation.”

Related person transaction policy

We have adopted a written Related Person Transactions Policy that sets forth our policies and procedures regarding the identification, review, consideration, approval and oversight of “related person transactions” and that will be effective upon the completion of this offering. For purposes of our policy only, a “related person transaction” is a past, present or future transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are participants, the amount involved exceeds $120,000 and a related person has a direct or indirect material interest. Transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person are not covered by this policy. A “related person,” as determined since the beginning of our last fiscal year, is any executive officer, director or nominee to become director, a holder of more than 5% of our common stock, including any immediate family members of such persons. Any related person transaction may only be consummated if approved or ratified by our audit committee in accordance with the policy guidelines set forth below.

Under the policy, where a transaction has been identified as a related person transaction, management must present information regarding the proposed related person transaction to our audit committee for review and approval. In considering related person transactions, our audit committee takes into account the relevant available facts and circumstances including, but not limited to whether the terms of such transaction are no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction. In the event a director has an interest in the proposed transaction, the director must recuse himself from the deliberations and approval process.

Private placements

Series F convertible preferred stock

In February 2010, we issued and sold an aggregate of 1,266,945 shares of series F convertible preferred stock at $3.57 per share, for aggregate proceeds of approximately $4,523,000, to a total of seven accredited investors, including Novo A/S, and entities affiliated with Arboretum Ventures, each of which hold 5% or more of our capital stock and is represented on our board of directors. In June 2010, we issued and sold an aggregate of 1,435,012 shares of series F convertible preferred stock at $3.57 per share, for aggregate proceeds of approximately $5,123,000, to a total of eight accredited investors, including Novo A/S, and entities affiliated with Arboretum Ventures, each of which hold 5% or more of our capital stock and is represented on our board of directors. In connection with the closing of the offering contemplated by this prospectus, such shares of series F convertible preferred stock will convert to common stock at a ratio of one to one.

Name of stockholder	Inogen director	Number of series F shares	Approximate purchase price
Novo A/S (1)	Heath Lukatch, Ph.D.	1,260,504	$ 4,499,999
Funds affiliated with Arboretum Ventures (2)(3)	Timothy Petersen	1,260,502	$ 4,499,999

(1) Consists of: (a) 630,252 shares of series F convertible preferred stock issued to Novo A/S in February 2010, at a price of $3.57 per share in exchange for an aggregate cash purchase price of approximately $2,250,000; and (b) 630,252 shares of series F convertible preferred stock issued to Novo A/S in June 2010, at a price of $3.57 per share in exchange for an aggregate cash purchase price of approximately $2,250,000.

(2) Arboretum Ventures affiliates holding our securities whose shares are aggregated for purposes of reporting share ownership information include Arboretum Ventures II, L.P., Arboretum Ventures IIa, L.P., Arboretum Ventures 1, LLC, and Arboretum Ventures 1-A, LLC.

(3) Consists of: (a) 630,251 shares of series F convertible preferred stock issued to Arboretum Ventures affiliates in February 2010, at a price of $3.57 per share in exchange for an aggregate cash purchase price of approximately $2,250,000; and (b) 630,251 shares of series F convertible preferred stock issued to Arboretum Ventures affiliates in June 2010, at a price of $3.57 per share in exchange for an aggregate cash purchase price of approximately $2,250,000.

Series G convertible preferred stock

In March 2012, we issued 2,840,260 shares of our series G convertible preferred stock at an issuance price of $7.0416 per share for aggregate monetary consideration of approximately $20,000,000, to a total of eight accredited investors, including Novo A/S, and entities affiliated with Arboretum Ventures, each of which hold 5% or more of our capital stock and is represented on our board of directors. In connection with the closing of the offering contemplated by this prospectus, such shares of series G convertible preferred stock will convert to common stock at a ratio of one to one. The following table summarizes purchases of series G convertible preferred stock by such investors:

Name of stockholder	Inogen director	Number of series G shares	Approximate purchase price
Novo A/S (1)	Heath Lukatch, Ph.D.	2,376,947	$ 16,738,000
Funds affiliated with Arboretum Ventures (2)(3)	Timothy Petersen	426,039	$ 3,000,000

(1) Consists of 2,376,947 shares of series G convertible preferred stock issued to Novo A/S in March 2012, at a price of $7.0416 per share in exchange for an aggregate cash purchase price of approximately $16,738,000.

(2) Arboretum Ventures affiliates holding our securities whose shares are aggregated for purposes of reporting share ownership information in this table include Arboretum Ventures II, L.P., and Arboretum Ventures IIa, L.P.

(3) Consists of 426,039 shares of series G convertible preferred stock issued to Arboretum Ventures affiliates in March 2012, at a price of $7.0416 per share in exchange for an aggregate cash purchase price of approximately $3,000,000.

Investors' rights agreement

We entered into an amended and restated investors' rights agreement with the holders of our preferred stock, including Novo A/S, entities affiliated with Arboretum Ventures, entities affiliated with Versant Ventures, Avalon Ventures VII, L.P and AMV Partners I, L.P, which each hold 5% or more of our capital stock and of which certain of our directors are affiliates, and entities affiliated with Stephen E. Cooper, a member of our board of directors. Such agreement provides, among other things, that the holders of our preferred stock are entitled to rights with respect to the registration of their shares. For a description of these registration rights, see the section of this prospectus captioned "Description of capital stock—Registration rights."

Voting agreement

The election of the members of our board of directors is governed by a voting agreement with certain of the holders of our outstanding common stock, convertible preferred stock and warrants to purchase our capital stock, including Novo A/S, entities affiliated with Arboretum Ventures, entities affiliated with Versant Ventures, Avalon Ventures VII, L.P, AMV Partners I, L.P., entities affiliated with Stephen E. Cooper, a member of our board of directors, and Alison Bauerlein, our Vice President, Finance and Chief Financial Officer. The parties to the voting agreement have agreed, subject to certain

conditions, to vote their shares so as to elect as directors (1) one nominee designated by Stephen E. Cooper, currently Stephen E. Cooper; (2) one nominee designated by Versant Venture Capital II, L.P. and its affiliates, currently William J. Link, Ph.D.; (3) one nominee designated by the AMV Partners I, L.P. and its affiliates, currently Charles E. Larsen; (4) one nominee designated by Novo A/S and its affiliates, currently Heath Lukatch, Ph.D.; and (5) one nominee designated by the Arboretum Ventures 1, LLC and its affiliates, currently Timothy Petersen. In addition, so long as Mr. Huggenberger is employed as our chief executive officer, the parties to the voting agreement have agreed to vote their shares so as to elect Mr. Huggenberger to our board of directors. Upon the consummation of this offering, the obligations of the parties to the voting agreement to vote their shares so as to elect as these nominees will terminate and none of our stockholders will have any special rights regarding the nomination, election or designation of members of our board of directors. Our existing certificate of incorporation contains provisions that correspond to the voting agreement; however, such provisions will be removed in the amended and restated certificate of incorporation that will be effective at the closing of the offering.

Other transactions

We have entered into separate indemnification agreements with each of our directors and certain of our officers. For a description of these agreements, see the section of this prospectus captioned “Management—Limitation of liability and indemnification.”

We have entered into employment agreements with certain of our executive officers that, among other things, provide for certain severance and change of control benefits. For a description of employment agreements with our named executive officers, see the section of this prospectus captioned “Executive compensation—Executive employment agreements.”

We have granted stock options to our named executive officers, other executive officers and certain of our directors. See the section of this prospectus captioned “Executive compensation—Executive employment agreements.”

Principal and selling stockholders

The following table sets forth certain information with respect to the beneficial ownership of our common stock at November 15, 2013, as adjusted to reflect the sale of common stock offered by us in this offering, for:

- each person who we know beneficially owns more than 5% of our common stock;
- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each selling stockholder.

The percentage of beneficial ownership prior to the offering shown in the table is based upon 14,499,975 shares outstanding as of November 15, 2013. The percentage of beneficial ownership after this offering shown in the table is based on shares of common stock outstanding after the closing of this offering, assuming no exercise of the underwriters' over-allotment option.

Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our common stock. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules take into account shares of common stock issuable pursuant to the exercise of stock options or warrants that are either immediately exercisable or exercisable within 60 days of November 15, 2013. These shares are deemed to be outstanding and beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o Inogen, Inc., 326 Bollay Drive, Goleta, California 93117.

Name of beneficial owner	Beneficial ownership prior to the offering Shares	%	Shares being offered Shares	Beneficial ownership after the offering Shares	%
5% stockholders:					
Novo A/S(1)	6,166,320	42.15%			
Entities affiliated with Versant Ventures(2)	3,798,950	26.08%			
Entities affiliated with Arboretum Ventures(3)	2,185,583	15.07%			
Avalon Ventures VII, L.P.(4)	942,961	6.50%			
AMV Partners I, L.P(5)	864,422	5.95%			
Directors and named executive officers:					
Raymond Huggenberger(6)	534,143	3.55%			
Scott Wilkinson(7)	167,616	1.14%			
Alison Bauerlein(8)	199,460	1.36%			
Heath Lukatch, Ph.D.	—	*			
Stephen E. Cooper(9)	148,115	1.02%			
William J. Link, Ph.D.(10)	3,798,950	26.08%			
Charles E. Larsen(11)	864,422	5.95%			
Timothy Petersen(12)	2,185,583	15.07%			
Benjamin Anderson-Ray(13)	416	*			
Loren McFarland(14)	520	*			
All directors and executive officers as a group (13 persons)(15)	8,437,420	52.89%			
Other selling stockholders:					
	—	—			
	—	—			
	—	—			
	—	—			
	—	—			
	—	—			
	—	—			
	—	—			
All other selling stockholders (persons)	—	—			

(*) Less than one percent.

(1) Consists of 6,036,449 shares held and 129,871 shares that may be acquired pursuant to the exercise of warrants held by Novo A/S. Novo A/S is a Danish limited liability company. The board of directors of Novo A/S has sole voting and investment control over the shares owned by Novo A/S. The board of directors of Novo A/S, which consists of Sten Scheibye, Göran Ando, Jørgen Boe, Jeppe Christiansen, Steen Risgaard and Per Wold Olsen, has sole voting and investment power with respect to the shares held by Novo A/S. None of the members of the board of directors of Novo A/S has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Dr. Lukatch, a member of our board of directors, is employed as a Partner of Novo Ventures (US) Inc. Dr. Lukatch disclaims beneficial ownership of shares held by Novo A/S, except to the extent of his pecuniary interest arising as a result of his employment with Novo Ventures (US) Inc. The address of each entity affiliated with Novo A/S is Tuborg Havnevej 19, 2900 Hellerup, Denmark.

(2) Consists of (i) 68,925 shares held and 1,196 shares that may be acquired pursuant to the exercise of warrants held of record by Versant Affiliates Fund II-A, L.P., a Delaware limited partnership ("VAF II-A"), (ii) 32,453 shares held and 560 shares that may be acquired pursuant to the exercise of warrants held of record by Versant Side Fund II, L.P., a Delaware limited partnership ("VSF II"), and (iii) 3,632,651 shares held and 63,165 shares that may be acquired pursuant to the exercise of warrants held of record by Versant Venture Capital II, L.P., a Delaware limited partnership ("VVC II"). Versant Ventures II, LLC, a Delaware limited liability company ("VV II") serves as the sole general partner of VAF II-A, VSF II and VVC II own no shares directly. Brian G. Atwood, Samuel D. Colella, Ross A. Jaffe, William J. Link, Ph.D., Donald B. Milder, Rebecca B. Robertson, Bradley J. Bolzon, Charles M. Warden, and Barbara N. Lubash are directors and/or members of VV II and

share voting and dispositive power over the shares held by VAF II-A, VSF II and VVC II; however, they disclaim beneficial ownership of the shares held by VAF II-A, VSF II and VVC II except to the extent of their pecuniary interests therein. The address for such entities and persons is c/o Versant Ventures, 3000 Sand Hill Road, Building 4, Suite 210, Menlo Park, California 94025. William J. Link, Ph.D., is a member of our board of directors.

(3) Consists of (i) 1,364,470 shares of common stock held of record by Arboretum Ventures II, L.P., (ii) 319,688 shares of common stock held of record by Arboretum Ventures IIa, L.P., (iii) 300,858 shares of common stock held of record by Arboretum Ventures 1, LLC, all of which are pledged as security for an outstanding credit facility, and (iv) 200,567 shares of common stock held of record by Arboretum Ventures 1-A, LLC, all of which are pledged as security for an outstanding credit facility. Arboretum Investment Manager II, LLC ("AIM II") serves as the general partner of Arboretum Ventures II, L.P. and serves as the sole manager of Arboretum Investment Manager IIa, LLC, which serves as the general partner of Arboretum Ventures IIa, L.P. Jan Garfinkle and Timothy Petersen are the managing members of AIM II and share the power to vote or dispose of these shares and therefore each of the foregoing managing members may be deemed to have voting and investment power with respect to such shares. Arboretum Investment Manager, LLC ("AIM") serves as the managing member of Arboretum Ventures 1, LLC and Arboretum Ventures 1-A, LLC. Jan Garfinkle and Timothy Petersen are the managing members of AIM and share the power to vote or dispose of these shares and therefore each of the foregoing managing members may be deemed to have voting and investment power with respect to such shares. The address for such entities and persons is c/o Arboretum Ventures, 303 Detroit Street, Suite 301, Ann Arbor, Michigan 48104. Timothy Petersen is a member of our board of directors.

(4) Represents 926,755 shares held and 16,206 shares that may be acquired pursuant to the exercise of warrants held of record by Avalon Ventures VII, L.P. Kevin J. Kinsella and Stephen L. Tomlin are the managing members of Avalon Ventures VII GP, LLC, which acts as the general partner of Avalon Ventures VII, L.P. As a result, Kevin J. Kinsella and Stephen L. Tomlin may be deemed to be the beneficial owners of the shares held by Avalon Ventures VII, L.P. However, Kevin J. Kinsella and Stephen L. Tomlin disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interest therein. The address for such entities and persons is c/o Avalon Ventures, 1134 Kline Street, La Jolla, CA 92037.

(5) Represents 844,809 shares held and 19,613 shares that may be acquired pursuant to the exercise of warrants held of record by AMV Partners I, L.P. ("AMV"). AMV has sole voting and dispositive power over the shares, except that (i) Accuitive Medical Ventures, LLC ("AMV LLC"), the general partner of AMV, may be deemed to have shared power to vote and dispose of these shares and (ii) Thomas Weldon, a managing member of AMV LLC, may be deemed to have shared power to vote and dispose of these shares and Charles E. Larsen, a managing member of AMV LLC, may be deemed to have shared power to vote and dispose of these shares. Each of Mr. Weldon and Mr. Larsen disclaims beneficial ownership of these shares, except to the extent of their pecuniary interest in such shares. AMV's address is Accuitive Medical Ventures LLC, 2905 Premiere Parkway, Suite 150, Duluth, GA 30097. Charles E. Larsen is a member of our board of directors.

(6) Includes 4,300 shares held and options to purchase 529,843 shares of common stock that are exercisable within 60 days of November 15, 2013.

(7) Consists of options to purchase 167,616 shares of common stock that are exercisable within 60 days of November 15, 2013.

(8) Includes 23,332 shares held and options to purchase 176,128 shares of common stock that are exercisable within 60 days of November 15, 2013.

(9) Consists of (i) 118,681 shares held and 3,100 shares that may be acquired pursuant to the exercise of warrants held of record by Stephen E. Cooper and Susan D. Cooper, as trustees of the Cooper Revocable Trust dated July 26, 1996, and (ii) 26,334 shares held by the Stephen E. Cooper Family Partnership in which Mr. Cooper is the General Partner and has voting and dispositive power over such shares.

(10) Consists of the shares described in Note (2) above. Dr. Link disclaims beneficial ownership of the shares held by VAF II-A, VSFII, and VVCII as described in Note (2) above, except to the extent of his pecuniary interest therein. The address for Dr. Link is c/o Versant Ventures, 3000 Sand Hill Road, Building 4, Suite 210, Menlo Park, California 94025.

(11) Consists of the shares described in Note (5) above. Mr. Larsen disclaims beneficial ownership of the shares held by AMV, as described in Note (5) above, except to the extent of his pecuniary interest therein.

(12) Consists of the shares described in Note (3) above.

(13) Consists of options to purchase 416 shares of common stock that are exercisable within 60 days of November 15, 2013.

(14) Consists of options to purchase 520 shares of common stock that are exercisable within 60 days of November 15, 2013.

(15) Includes 6,983,732 shares held, 87,634 shares that may be acquired pursuant to the exercise of warrants held of record and options to purchase 1,366,054 shares of common stock that are exercisable within 60 days of November 15, 2013.

Description of capital stock

General

The following is a summary of the rights of our common stock and preferred stock and of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon the completion of this offering. This summary is not complete. For more detailed information, please see the amended and restated certificate of incorporation and amended and restated bylaws which are filed as exhibits to the registration statement of which this prospectus is a part.

Immediately upon completion of this offering, our authorized capital stock will consist of shares, all with a par value of $0.001 per share, of which:

- 200,000,000 shares are designated as common stock; and
- 10,000,000 shares are designated as preferred stock.

Upon the closing of this offering, all the outstanding shares of our convertible preferred stock will automatically convert into an aggregate of 14,218,319 shares of our common stock. Additionally, warrants to purchase an aggregate of 24,588 shares of common stock (upon conversion of the convertible preferred stock) at a weighted average exercise price of $10.1635 will expire if they are not exercised prior to the closing of the offering. Additionally, upon the closing of this offering and after giving effect to the conversion of our convertible preferred stock into common stock, warrants to purchase an aggregate of 268,200 shares of common stock will remain outstanding if they are not exercised prior to closing of this offering at a weighted average exercise price of $1.4216.

Common stock

Based on 276,618 shares of common stock outstanding as of September 30, 2013, the conversion of convertible preferred stock outstanding as of September 30, 2013 into 14,218,319 shares of common stock upon the completion of this offering, the issuance of shares of common stock in this offering, and no exercise of options or warrants, there will be shares of common stock outstanding upon the closing of this offering. As of September 30, 2013, assuming the conversion of all outstanding convertible preferred stock into common stock upon the closing of this offering, we had approximately 71 record holders of our common stock.

As of September 30, 2013, there were 268,200 shares of common stock subject to outstanding warrants, assuming the cash exercise of warrants to purchase an aggregate of 24,588 shares of common stock on or prior to the closing of this offering at a weighted average exercise price of $10.1635 per share, after conversion of the convertible preferred stock upon the closing of this offering. There were also 2,079,338 shares of common stock subject to outstanding options.

The holders of our common stock are entitled to one vote per share on all matters to be voted on by our stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to the prior distribution rights of preferred stock then outstanding. Holders of common stock have no preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred stock

Though we currently have no plans to issue any shares of preferred stock, upon the closing of this offering and the filing of our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by our stockholders, to designate and issue up to 10,000,000 shares of preferred stock in one or more series. Our board of directors may also designate the rights, preferences and privileges of each such series of preferred stock, any or all of which may be greater than or senior to those of the common stock. Though the actual effect of any such issuance on the rights of the holders of common stock will not be known until our board of directors determines the specific rights of the holders of preferred stock, the potential effects of such an issuance include:

- diluting the voting power of the holders of common stock;
- reducing the likelihood that holders of common stock will receive dividend payments;
- reducing the likelihood that holders of common stock will receive payments in the event of our liquidation, dissolution, or winding up; and
- delaying, deterring or preventing a change-in-control or other corporate takeover.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. For more information, see the section of this prospectus captioned “Dividend policy.”

Liquidation

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and preferences

Holders of common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Fully paid and nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued pursuant to this offering, when paid for, will be fully paid and nonassessable.

Warrants

As of September 30, 2013, we had the following warrants outstanding:

- warrants exercisable for an aggregate of 233,611 shares of our common stock at an exercise price of $0.30 per share issued in connection with our 2007 convertible note financing and 2009 series E convertible preferred stock financing. These warrants have various expiration dates through February 26, 2019, but expire earlier upon a change in control of our company;
- warrants exercisable for an aggregate of 14,215 shares of our series C convertible preferred stock at an exercise price of $17.58 per share issued in connection with a 2005 financing. These warrants will expire upon the earliest of (1) May 31, 2015, (2) a change in control of our company, and (3) the offering contemplated by this prospectus. Upon completion of the offering contemplated by this prospectus, and assuming the exercise of these warrants, these warrants will convert into an aggregate of 24,588 shares of common stock;
- warrants exercisable for an aggregate of 942 shares of our series D convertible preferred stock at an exercise price of $21.90 per share issued to various purchasers in connection with our 2006 note and warrant financings. These warrants expire on various dates through November 8, 2013 unless a change in control of our company occurs prior to such expiration dates. To the extent that these warrants are not exercised prior to the offering contemplated by this prospectus, they will be exercisable for a maximum of 1,770 shares of common stock at the series D conversion rate of 1.8795056643:1;
- a warrant exercisable for 11,415 shares of our series D convertible preferred stock at an exercise price of $21.90 per share issued to Venture Lending and Leasing IV, LLC in 2006. This warrant will expire in February, 2014. To the extent that these warrants are not exercised prior to the offering contemplated by this prospectus, they will be exercisable for a maximum of 21,454 shares of common stock at the series D conversion rate of 1.8795056643:1; and
- warrants exercisable for an aggregate of 4,222 shares of our series E convertible preferred stock at an exercise price of $9.6120 per share issued to Square One Bank. These warrants will expire on various dates between July 10, 2015 and July 23, 2016; provided, however, that if the offering contemplated by this prospectus occurs within the three-year period immediately prior to the expiration date of any one of these warrants, the expiration date shall automatically be extended to third anniversary of our initial public offering. To the extent that these warrants are not exercised prior to the offering contemplated by this prospectus, they will be exercisable for a maximum of 11,365 shares of common stock at the series E conversion rate of 2.6924369748:1.

These warrants have a net exercise provision under which their holders may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of our stock at the time of exercise of the warrants after deduction of the aggregate exercise price. These warrants contain provisions for adjustment of the exercise price and number of shares issuable upon the exercise of warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications and consolidations.

Registration rights

Under our investors' rights agreement, following the closing of this offering, the holders of approximately shares of common stock (including the shares underlying the warrants described in "Shares Eligible for Future Sale—Warrants") or their transferees, have the right to require us to register the offer and sale of their shares, or to include their shares in any registration statement we file, in each case as described below.

Demand registration rights

At any time after February 16, 2014, or six months after the effective date of the offering contemplated under this prospectus, the holders of at least 50% of the shares having registration rights have the right to demand that we use best efforts to file a registration statement for the registration of the offer and sale of shares having registration rights that are requested to be registered. We are only obligated to file up to two registration statements in connection with the exercise of demand registration rights. These registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances and our ability to defer the filing of a registration statement with respect to an exercise of such demand registration rights for up to 90 days under certain circumstances.

Form S-3 registration rights

At any time after we are qualified to file a registration statement on Form S-3, a stockholder with registration rights will have the right to demand that we file a registration statement on Form S-3 so long as the aggregate amount of shares to be offered and sold under such registration statement on Form S-3 is at least $1.0 million (net of any underwriters' discounts or commissions). We are only obligated to file up to two registration statements on Form S-3 within a 12 month period. These registration rights are subject to specified conditions and limitations, including our ability to defer the filing of a registration statement with respect to an exercise of such Form S-3 registration rights for up to 90 days under certain circumstances.

Piggyback registration rights

At any time after the closing of this offering, if we propose to register the offer and sale of any of our securities under the Securities Act either for our own account or for the account of other stockholders, a stockholder with registration rights will have the right, subject to certain exceptions, to include their shares of common stock in the registration statement. These registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration statement under certain circumstances, but not below 25% of the total number of shares covered by the registration statement.

Expenses of registration

We will pay all expenses relating to any demand registrations, Form S-3 registrations and piggyback registrations, other than underwriting discounts and selling commissions.

Termination

The registration rights terminate upon the earliest of (1) the date that is five years after the closing of this offering, and (2) as to a given holder of registration rights, when such holder of registration rights can sell all of such holder's registrable securities in a 90-day period pursuant to Rule 144 promulgated under the Securities Act.

Voting rights

Under the provisions of our amended and restated certificate of incorporation to become effective upon completion of this offering, holders of our common stock are entitled to one vote for each share of common stock held by such holder on any matter submitted to a vote at a meeting of stockholders. In addition, our amended and restated certificate of incorporation provides that certain corporate actions require the approval of our stockholders. These actions, and the vote required, are as follows:

- the removal of a director requires the vote of a majority of the voting power of our issued and outstanding capital stock entitled to vote in the election of directors; and

- the amendment of provisions of our amended and restated certificate of incorporation relating to blank check preferred stock, the classification of our directors, the removal of directors, the filling of vacancies on our board of directors, cumulative voting, and annual and special meetings of our stockholders require the vote of 66 2/3% of our then outstanding voting securities.

Anti-takeover effects of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws

Delaware law

Certain provisions of Delaware law and our restated certificate of incorporation and bylaws that will become effective upon completion of this offering contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids. These provisions are also designed in part to encourage anyone seeking to acquire control of us to negotiate with our board of directors. We believe that the advantages gained by protecting our ability to negotiate with any unsolicited and potentially unfriendly acquirer outweigh the disadvantages of discouraging such proposals, including those priced above the then-current market value of our common stock, because, among other reasons, the negotiation of such proposals could improve their terms.

Amended and restated certificate of incorporation and amended and restated bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws to become effective in connection with this offering include provisions that:

- authorize our board of directors to issue, without further action by our stockholders, up to 10,000,000 shares of undesignated preferred stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors, the chief executive officer or the president;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- provide that directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- establish that our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered terms;
- specify that no stockholder is permitted to cumulate votes at any election of our board of directors; and
- require a super majority of the stockholders and a majority of the board to amend certain of the above-mentioned provisions.

Exclusive jurisdiction

Under the provisions of our amended and restated certificate of incorporation to become effective upon the completion of this offering, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or agents to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws; or (iv) any action asserting a claim against us governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

Delaware anti-takeover statute

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not for determining the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers, and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage business combinations or other attempts that might result in the payment of a premium over the market price for the shares of common stock held by our stockholders.

The provisions of Delaware law and our restated certificate of incorporation and amended and restated bylaws to become effective upon completion of this offering could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our

common stock that often result from actual or rumored takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer agent and registrar

The transfer agent and registrar for our common stock is Computershare. The transfer agent and registrar's address is P.O. Box 43006, Providence, RI 02940-3006. The transfer agent's telephone number is (888) 667-7671.

Listing

We intend to apply to have our common stock approved for listing on the NASDAQ Global Market under the symbol "INGN."

Shares eligible for future sale

Prior to this offering, there has been no public market for our common stock, and although we expect that our common stock will be approved for listing on the NASDAQ Global Market, we cannot assure you that there will be an active public market for our common stock following this offering. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of common stock in the public market, including shares issued upon exercise of outstanding options, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities at times and prices we believe appropriate.

Upon completion of this offering, based on our shares outstanding as of September 30, 2013 and after giving effect to (1) the automatic conversion of our outstanding convertible preferred stock into an aggregate of 14,218,319 shares of common stock immediately prior to the completion of this offering and (2) the cash exercise of warrants to purchase an aggregate of 24,588 shares of our common stock on or prior to the closing of this offering, shares of our common stock will be outstanding, or shares of common stock if the underwriters exercise their over-allotment option in full. All of the shares of common stock expected to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining outstanding shares of our common stock will be deemed "restricted securities" as that term is defined under Rule 144. Restricted securities may be sold in the public market only if their offer and sale is registered under the Securities Act or if the offer and sale of those securities qualify for an exemption from registration, including exemptions provided by Rules 144 and 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements and market stand-off provisions described below and the provisions of Rules 144 or 701, the shares of our common stock that will be deemed "restricted securities" will be available for sale in the public market following the completion of this offering as follows:

- no shares will be eligible for sale on the date of this prospectus; and
- shares will be eligible for sale upon expiration of the lock-up agreements and market stand-off provisions described below, beginning more than 180 days after the date of this prospectus, subject in some cases to applicable volume limitations under Rule 144.

We may issue shares of our common stock from time to time for a variety of corporate purposes, including in capital-raising activities through future public offerings or private placements, in connection with exercise of stock options, vesting of restricted stock units and other issuances relating to our employee benefit plans and as consideration for future acquisitions, investments or other purposes. The number of shares of our common stock that we may issue may be significant, depending on the events surrounding such issuances. In some cases, the shares we issue may be freely tradable without restriction or further registration under the Securities Act; in other cases, we may grant registration rights covering the shares issued in connection with these issuances, in which case the holders of the common stock will have the right, under certain circumstances, to cause us to register any resale of such shares to the public.

Lock-up agreements

We, the selling stockholders, our directors and officers and substantially all of the holders of our equity securities have agreed, subject to certain exceptions, not to offer, sell or transfer any common stock or securities convertible into or exchangeable or exercisable for common stock, for 180 days after the date of this prospectus without first obtaining the written consent of J.P. Morgan Securities LLC on behalf of the underwriters. These agreements are described in the section of this prospectus captioned “Underwriting.”

J.P. Morgan Securities LLC has advised us that they have no present intent or arrangement to release any shares subject to a lock-up, and will consider the release of any lock-up on a case-by-case basis. Upon a request to release any shares subject to a lock-up, J.P. Morgan Securities LLC would consider the particular circumstances surrounding the request, including, but not limited to, the length of time before the lock-up expires, the number of shares requested to be released, reasons for the request, the possible impact on the market of our common stock and whether the holder of our shares requesting the release is an officer, director or other affiliate of ours.

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, a person who is not our affiliate and has not been our affiliate for purposes of the Securities Act at any time during the preceding three months will be entitled to sell any shares of our common stock that such person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, subject only to the availability of current public information about us. Sales of our common stock by any such person would be subject to the availability of current public information about us if the shares to be sold were beneficially owned by such person for less than one year.

In addition, under Rule 144, a person may sell shares of our common stock acquired from us immediately upon the completion of this offering, without regard to the registration requirements of the Securities Act or the availability of public information about us, if:

- the person is not our affiliate and has not been our affiliate at any time during the preceding three months; and
- the person has beneficially owned the shares to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates.

Beginning 90 days after the date of this prospectus, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and
- the average weekly trading volume in our common stock on the NASDAQ Global Market during the four calendar weeks preceding the date of filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. To the extent that shares were acquired from one of our affiliates, a person’s holding period for the purpose of effecting a sale under Rule 144 would commence on the date of transfer from the affiliate.

Rule 701

In general, under Rule 701, an employee, director, officer, consultant or advisor of the Company who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days may sell these shares in reliance upon Rule 144, but without being required to comply with the notice, manner of sale or public information requirements or volume limitation provisions of Rule 144. Rule 701 also permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

As of September 30, 2013, 240,590 shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options. All of these shares, however, are subject to lock-up agreements or market stand-off provisions as discussed above, and, as a result, these shares will only become eligible for sale at the earlier of the expiration of the lock-up period or upon obtaining the consent of J.P. Morgan Securities LLC on behalf of the underwriters to release all or any portion of these shares from the lock-up agreements.

Stock options

As of September 30, 2013, options to purchase an aggregate 2,079,338 shares of our common stock were outstanding. We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of our common stock subject to outstanding stock options and all shares issuable under our stock plans. We expect to file the registration statement covering these shares after the date of this prospectus, which will permit the resale of such shares by persons who are non-affiliates of ours in the public market without restriction under the Securities Act, subject, with respect to certain of the shares, to the provisions of the lock-up agreements and market stand-off provisions described above.

Warrants

Upon completion of this offering, warrants entitling holders to purchase an aggregate of 268,200 shares of our common stock at a weighted average exercise price of $1.4216 per share, after conversion of the convertible preferred stock, will remain outstanding. See “Description of capital stock—Warrants” for additional information. Such shares issued upon exercise of the warrants may be able to be sold after the expiration of the lock-up period described above subject to the requirements of Rule 144 described above.

Registration rights

Upon completion of this offering, the holders of approximately shares of our common stock (including the shares underlying the warrants described in “Description of capital stock—Warrants” above), will be eligible to exercise certain rights to cause us to register their shares for resale under the Securities Act, subject to various conditions and limitations. These registration rights are described under the caption “Description of capital stock—Registration Rights.” Upon the effectiveness of a registration statement covering these shares, the shares would become freely tradable, and a large number of shares may be sold into the public market. If that occurs, the market price of our common stock could be adversely affected.

Material U.S. federal income tax consequences to non-U.S. holders of common stock

The following is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the ownership and disposition of our common stock, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof, all of which are subject to change, possibly with retroactive effect, which could result in U.S. federal income consequences different than those summarized below. We have not sought a ruling from the Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary does not address the tax considerations arising under the laws of any state, local, non-U.S. or other jurisdiction or under U.S. federal estate and gift tax laws, except to the limited extent set forth below, and is limited to investors who will hold our common stock as a capital asset for tax purposes. This summary does not address the potential application of the Medicare contribution tax or any tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special rules, such as:

- banks, insurance companies or other financial institutions;
- persons subject to the alternative minimum tax;
- tax-exempt organizations;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction; or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership (including any entity classified as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under other U.S. federal tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. holder defined

For purposes of this discussion, you are a non-U.S. holder if you are a holder other than a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) and not a (1) U.S. citizen or U.S. resident alien, (2) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) an estate whose income is subject to U.S. federal income taxation regardless of its source, or (4) a trust that either is subject to the supervision of a court within the United States and has one or more U.S. persons with authority to control all of its substantial decisions, or has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Distributions on common stock

We have not made any distributions on our common stock. However, if we make distributions on our common stock, these distributions generally will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent these distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock as described below.

Subject to the discussion below regarding backup withholding and recent legislation relating to foreign accounts, any dividend paid to you generally will be subject to U.S. withholding either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide the applicable withholding agent with an IRS Form W-8BEN or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. If you are eligible for a reduced rate of withholding pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If you hold our common stock through a financial institution or other agent acting on your behalf, you will be required to provide appropriate documentation to the agent, which then will be required to provide certification to the applicable withholding agent, either directly or through other intermediaries.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, attributable to a permanent establishment maintained by you in the United States) are exempt from such withholding tax. In order to claim this exemption, you must provide the applicable withholding agent with an IRS Form W-8ECI or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

Gain on disposition of common stock

Subject to the discussion below regarding backup withholding and recent legislation relating to foreign accounts, you generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by you in the United States);
- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of our common stock and your holding period for our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale at regular graduated U.S. federal income tax rates applicable to U.S. persons (net of certain deductions and credits), and if you are a corporate non-U.S. holder, you may also be subject to branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty. If you are a non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though you are not considered a resident of the United States).

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, our common stock will be treated as a U.S. real property interest only if you actually or constructively hold more than 5% of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of our common stock or your holding period for our common stock.

Federal estate tax

Our common stock beneficially owned by an individual who is not a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) at the time of death generally will be includable in the decedent's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup withholding and information reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends on, or the gross proceeds of a disposition of, our common stock may be subject to additional information reporting and backup withholding at a current rate of 28% unless you establish an exemption, for example by properly certifying your non-U.S. status on an IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax. Any amounts withheld from a payment to you under the backup withholding rules will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information or returns are furnished to the IRS in a timely manner.

Recent legislation relating to foreign accounts

Legislation enacted in 2010 generally will impose a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds of a disposition of, our common stock paid to a “foreign financial institution” (as specifically defined for this purpose) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which may include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. The legislation also will generally impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock to a non-financial foreign entity unless such entity provides the withholding agent with a certification identifying certain substantial direct and indirect U.S. owners of the entity, certifies that there are none or otherwise establishes an exemption. This withholding obligation under this legislation with respect to dividends on our common stock will not begin until July 1, 2014 and with respect to the gross proceeds of a sale or other disposition of our common stock will not begin until January 1, 2017. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph. Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of this legislation on their investment in our common stock.

Each prospective investor should consult its tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.

Underwriting

We and the selling stockholders are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC is acting as book-running manager of the offering and as representative of the underwriters. We and the selling stockholders have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders have severally agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Underwriter	Number of shares
J.P. Morgan Securities LLC	
Leerink Swann LLC	
William Blair & Company, L.L.C.	
Stifel, Nicolaus & Company, Incorporated	
Total	

The underwriters are committed to purchase all the common shares offered by us and the selling stockholders if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the common shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the common shares offered in this offering.

The underwriters have an option to buy up to additional shares of common stock from us and additional shares of common stock from the selling stockholders to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us and the selling stockholders per share of common stock. The underwriting fee is $ per share. The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by us	Without over-allotment exercise	With full over-allotment exercise
Per share	$	$
Total	$	$

Paid by the selling stockholders	Without over-allotment exercise	With full over-allotment exercise
Per share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We, all of our directors and executive officers and holders of substantially all of our common stock and securities exercisable for or convertible into our common stock outstanding immediately prior to this offering have agreed not to (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers and security holders in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any shares of our common stock or any such other securities (whether any such transactions described in clause (1) or (2) above is to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise) or (3) in the case of our directors, executive officers and holders of common stock and securities exercisable for or convertible into our common stock outstanding immediately prior to this offering, make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock, in each case without the prior written consent of J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus.

In our case, such restrictions shall not apply to:

- the shares of our common stock to be sold in this offering;
- any shares of our common stock issued upon the exercise of options or warrants or the conversion of a security outstanding on the date of the underwriting agreement and described in this prospectus;
- the grant of options or the issuance of shares of common stock by us to our employees, officers, directors, advisors or consultants pursuant to employee benefit plans in effect on the date of the underwriting agreement and as described in this prospectus;
- the filing by us of a registration statement with the Commission on Form S-8 in respect of any shares issued under or the grant of any award pursuant to an employee benefit plan described herein; or

- the sale or issuance of or entry into an agreement to sell or issue shares of our common stock or securities convertible into or exercisable or exchangeable for our common stock in connection with any (1) mergers, (2) acquisition of securities, businesses, property or other assets, (3) joint ventures, (4) strategic alliances, (5) partnerships with experts or other talent to develop or provide content, (6) equipment leasing arrangements or (7) debt financing, provided that the aggregate number of shares of our common stock or securities convertible into or exercisable for common stock (on an as-converted or as-exercised basis, as the case may be) that we may sell or issue or agree to sell or issue as described in this bullet point shall not exceed 5% of the total number of shares of our common stock issued and outstanding immediately following the completion of this offering, and provided, further, that each recipient of shares of our common stock or securities convertible into or exercisable for our common stock pursuant to this bullet point shall execute and deliver to J.P. Morgan Securities LLC a lock-up agreement.

In the case of our directors, executive officers and holders of our common stock, and subject to certain conditions, such restrictions shall not apply to:

- the sale of shares of our common stock to the underwriters;
- sales of shares of our common stock or other securities acquired in open market transactions after the completion of this offering, provided, that no filing under Section 16 of the Exchange Act or other public announcement is required or voluntarily made in connection with subsequent sales of the acquired securities;
- transfers of shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock (1) by bona fide gift, will or intestacy, (2) to the spouse, domestic partner, parent, child or grandchild of the director, executive officer or security holder, or to a trust for the benefit of such spouse, domestic partner, parent, child or grandchild, (3) if the director, executive officer or security holder is a corporation, partnership or other business entity (a) to another corporation, partnership or other business entity that controls, is controlled by or is under common control with it or (b) as part of a disposition, transfer or distribution without consideration by such director, executive officer or security holder to its equity holders, or (4) if the director, executive officer or security holder is a trust, to a trustee or beneficiary of the trust, provided that, in each case, the transferee agrees to be bound by the terms of the lock-up agreement and no filing under Section 16 of the Exchange Act reporting a reduction in beneficial ownership or other public announcement is required or voluntarily made;
- transfers of shares of our common stock or any security convertible into common stock to us upon a vesting event of our securities or upon the exercise of options or warrants to purchase our securities, in each case on a “cashless” or “net exercise” basis or to cover tax withholding obligations of the director, executive officer or security holder in connection with such vesting or exercise, but only to the extent that such right expires during the lock up period;
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of our common stock; provided that such plan does not provide for the transfer of common stock during the lock-up period and no public announcement or filing under the Exchange Act is required or made voluntarily by the director, executive officer, security holder or us; or
- transfers of shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of our common stock involving a change of control of our company.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We will apply to have our common stock approved for listing on the NASDAQ Global Market under the symbol “INGN.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the NASDAQ Global Market, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;

- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we, the selling stockholders, nor the underwriters can assure investors that an active trading market will develop for our common shares, or that the shares will trade in the public market at or above the initial public offering price.

Relationships with underwriters

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, and brokerage activities. The underwriters and their affiliates have not, during the 180-day period preceding the date of the initial filing of the Registration Statement on Form S-1 of which this prospectus forms a part, but may, in the future, provide from time to time certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they may receive customary fees and commissions. Except as disclosed in this prospectus, we have no present arrangements with any of the underwriters for any further services. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Selling restrictions outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The shares of common stock offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, referred to as the Order, or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order, all such persons together being referred to as relevant persons. The shares of common stock are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each referred to as a Relevant Member State, from and including the date, or Relevant Implementation Date, on which the European Union Prospectus Directive, or EU Prospectus Directive, was implemented in that Relevant Member State, an offer of shares of common stock described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities described in this prospectus may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of J.P. Morgan Securities LLC for any such offer; or

- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities described in this prospectus shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression "EU Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to prospective investors in the United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Notice to prospective investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or the CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to prospective investors in Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be

in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to prospective investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to prospective investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Legal matters

The validity of the shares of common stock offered hereby will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Los Angeles, California. Latham & Watkins LLP, Costa Mesa, California is representing the underwriters.

Experts

The financial statements as of and for the year ended December 31, 2012 included in this Registration Statement have been so included in reliance on the report of BDO USA, LLP, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of said firm as experts in auditing and accounting. The financial statements as of and for the year ended December 31, 2011 included in this Registration Statement have been so included in reliance on the report of Macias Gini & O'Connell LLP, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of said firm as experts in auditing and accounting.

Change in independent registered public accounting firm

Our audit committee previously engaged BDO USA, LLP to audit our financial statements for the year ended December 31, 2011 and 2012. In July 2013, our audit committee engaged Macias Gini & O'Connell LLP (MGO), solely to audit our financial statements for the year ended December 31, 2011 due to the fact that BDO USA, LLP was not independent with regard to our financial statements for the year ended December 31, 2011. MGO's report for our financial statements for the year ended December 31, 2011 did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

During the period in which MGO served as our independent accountant, there were no disagreements between MGO and us on any matter of accounting principles or practices, financial statements disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of MGO, would have caused MGO to make reference to such disagreements in the firm's reports on our financial statements for such periods. In addition, no reportable events, as defined in Item 304 (a)(1)(v) of Regulation S-K, occurred during our two most recent fiscal years or the interim period preceding MGO's resignation as our independent auditor.

We have provided MGO with a copy of the foregoing disclosure and have requested that MGO furnish us with a letter addressed to the SEC stating whether or not MGO agrees with the above statements and, if not, stating the respects in which it does not agree. A copy of the letter from MGO, in which MGO agrees with the above statements, is filed as an exhibit to the registration statement of which this prospectus is a part.

Where you can find additional information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits and schedules to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits and schedules filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are summaries and do not necessarily contain all of the terms or information set forth in such contract or document. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit.

You may read and copy the registration statement, including the exhibits and schedules thereto, at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*. We also maintain a website at *www.inogen.com*, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

Upon completion of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above.

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Inogen, Inc.

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As of and for the years ended
December 31, 2012 and 2011

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Report of independent registered public accounting firm

Board of Directors and Stockholders
Inogen, Inc.
Goleta, California

We have audited the accompanying balance sheet of Inogen, Inc. (Company) as of December 31, 2012 and the related statements of operations, redeemable convertible preferred stock and stockholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inogen, Inc. at December 31, 2012, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the financial statements as of and for the year ended December 31, 2012 have been restated to correct misstatements related to accounting for rental revenue and related expenses as well as the valuation of warrants.

/s/ BDO USA, LLP

Los Angeles, California
October 15, 2013, except for the reverse stock split disclosed in Note 11 which is as of November 12, 2013

Report of independent registered public accounting firm

Board of Directors and Stockholders
Inogen, Inc.
Goleta, California

We have audited the accompanying balance sheet of Inogen, Inc. (Company) as of December 31, 2011 and the related statements of operations, redeemable convertible preferred stock, stockholders' deficit, and cash flows for the year then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 10 the Company has restated its previously issued financial statements for the year ended December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Macias Gini & O'Connell LLP

Los Angeles, California

October 15, 2013, except for the reverse stock split disclosed in the fourth paragraph of Note 11 which is as of November 12, 2013

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Inogen, Inc.
Balance sheets
(amounts in thousands)

	As of December 31, 2012 (restated)	2011 (restated)
Assets		
Current assets		
Cash and cash equivalents	$ 15,112	$ 3,906
Accounts receivable, net of allowances of $2,061 and $1,882 at December 31, 2012 and 2011, respectively	7,031	4,369
Inventories	4,059	1,665
Deferred cost of rental revenue	159	70
Prepaid expenses and other current assets	309	433
Total current assets	26,670	10,443
Property and equipment		
Rental equipment	24,939	15,015
Manufacturing equipment and tooling	2,682	1,598
Computer equipment and software	2,290	1,280
Furniture and equipment	462	261
Leasehold improvements	499	408
Construction in process	46	421
Total property and equipment	30,918	18,983
Less accumulated depreciation and amortization	(10,639)	(6,140)
Property and equipment, net	20,279	12,843
Intangible assets, net	558	793
Other assets	79	52
Total assets	$ 47,586	$ 24,131

See accompanying notes to financial statements.

Inogen, Inc.
Balance sheets (continued)
(amounts in thousands, except share and per share amounts)

	As of December 31, 2012 (restated)	As of December 31, 2011 (restated)
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities		
Accounts payable and accrued expenses	$ 8,335	$ 5,737
Current portion of long-term debt	3,879	2,532
Warranty reserve	447	250
Deferred revenue	1,094	594
Income tax payable	25	21
Deferred income taxes, net	10	7
Total current liabilities	13,790	9,141
Long-term liabilities		
Preferred stock warrant liability	164	337
Long-term debt, net of current portion	5,057	7,097
Total liabilities	19,011	16,575
Commitments and contingencies (Note 6)		
Redeemable convertible preferred stock		
Preferred stock, $0.001 par value per share; 9,606,450 and 6,769,657 shares authorized; 9,455,730 and 6,590,986 shares issued and outstanding; liquidation preference of $134,779 and $94,362 at December 31, 2012 and 2011, respectively	109,345	83,122
Stockholders' deficit		
Preferred stock, $0.001 par value per share; 66,666 shares authorized; 66,666 shares issued and outstanding; liquidation preference of $250 at both December 31, 2012 and 2011	247	247
Common stock, $0.001 par value per share; 18,333,333 and 15,000,000 shares authorized; 272,096 and 250,440 shares issued and outstanding at December 31, 2012 and 2011, respectively	1	1
Accumulated deficit	(81,018)	(75,814)
Total stockholders' deficit	(80,770)	(75,566)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 47,586	$ 24,131

See accompanying notes to financial statements.

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Inogen, Inc.
Statements of operations
(amounts in thousands, except share and per share amounts)

	Year ended December 31,	
	2012 (restated)	**2011 (restated)**
Revenue		
Sales revenue	$ 28,077	$ 19,076
Rental revenue	19,872	10,977
Sales of used rental equipment	95	46
Other revenue	532	535
Total revenue	48,576	30,634
Cost of revenue		
Cost of sales revenue	17,359	12,127
Cost of rental revenue, including depreciation of $4,056 and $2,418, respectively	7,243	3,783
Cost of used rental equipment sales	25	20
Total cost of revenue	24,627	15,930
Gross profit	23,949	14,704
Operating expenses		
Research and development	2,262	1,789
Sales and marketing	12,569	9,014
General and administrative	8,289	5,623
Total operating expenses	23,120	16,426
Income (loss) from operations	829	(1,722)
Other (expense) income		
Interest expense	(493)	(261)
Interest income	88	113
Decrease (increase) in fair value of preferred stock warrant liability	148	(119)
Other income	10	—
Total other (expense) income	(247)	(267)
Income (loss) before provision for income taxes	582	(1,989)
Provision for income taxes	18	13
Net income (loss)	$ 564	$ (2,002)
Less deemed dividend on redeemable convertible preferred stock	(5,781)	(3,027)
Net loss attributable to common stockholders	$ (5,217)	$ (5,029)
Basic and diluted net loss per share attributable to common stockholders	$ (19.97)	$ (20.15)
Weighted average number of shares used in calculating loss per share attributable to common stockholders—basic and diluted	261,268	249,519
	(unaudited)	
Pro forma net income per share attributable to common stockholders		
Basic	$ 0.04	
Diluted	$ 0.04	
Shares used in computing pro forma net income per share		
Basic	14,601,861	
Diluted	15,486,487	

See accompanying notes to financial statements.

Inogen, Inc.
Statements of redeemable convertible preferred stock
(amounts in thousands, except share amounts)

	Series B redeemable convertible preferred stock		Series C redeemable convertible preferred stock		Series D redeemable convertible preferred stock		Series E redeemable convertible preferred stock		Series F redeemable convertible preferred stock		Series G redeemable convertible preferred stock		Total redeemable convertible preferred stock
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Balance, December 31, 2010	423,082	$ 5,026	341,294	$ 6,000	1,487,225	$32,571	1,634,874	$25,573	2,701,957	$10,877	—	$ —	$ 80,047
Warrants exercised	—	—	2,554	48	—	—	—	—	—	—	—	—	48
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	—	—	—	1,352	—	1,675	—	—	3,027
Balance, December 31, 2011	423,082	5,026	343,848	6,048	1,487,225	32,571	1,634,874	26,925	2,701,957	12,552	—	—	83,122
Series G financing	—	—	—	—	—	—	—	—	—	—	2,840,260	19,945	19,945
Accretion of Series G financing costs												55	55
Warrants exercised	2,429	30	22,055	412	—	—	—	—	—	—	—	—	442
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	—	—	—	1,119	—	1,503	—	3,159	5,781
Balance, December 31, 2012	425,511	$ 5,056	365,903	$ 6,460	1,487,225	$32,571	1,634,874	$28,044	2,701,957	$14,055	2,840,260	$23,159	$ 109,345

See accompanying notes to financial statements.

Inogen, Inc.
Statements of stockholders' deficit
(amounts in thousands, except share amounts)

	Series A convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount	(restated)	(restated)	(restated)
Balance, December 31, 2010 (restated)	66,666	$ 247	248,597	$ 1	$ —	$ (70,930)	$ (70,682)
Stock-based compensation	—	—	—	—	144	—	144
Stock options exercised	—	—	1,843	—	1	—	1
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	(145)	(2,882)	(3,027)
Net loss	—	—	—	—	—	(2,002)	(2,002)
Balance, December 31, 2011 (restated)	66,666	$ 247	250,440	$ 1	—	$ (75,814)	$ (75,566)
Stock-based compensation	—	—	—	—	60	—	60
Stock options exercised	—	—	4,270	—	3	—	3
Warrants exercised - common	—	—	17,386	—	5	—	5
Accretion of Series G financing costs	—	—	—	—	—	(55)	(55)
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	(68)	(5,713)	(5,781)
Net income	—	—	—	—	—	564	564
Balance, December 31, 2012 (restated)	66,666	$ 247	272,096	$ 1	$ —	$ (81,018)	$ (80,770)

See accompanying notes to financial statements.

Inogen, Inc.
Statements of cash flows
(amounts in thousands)

	Year ended December 31,	
	2012 (restated)	2011 (restated)
Cash flows from operating activities		
Net income (loss)	$ 564	$(2,002)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,984	3,198
Loss of rental units	263	83
Provision for sales returns	31	(10)
Provision for doubtful accounts and adjustments	1,071	1,016
Provision for inventory obsolescence	50	63
Stock-based compensation expense	60	144
(Decrease) Increase in fair value of preferred stock warrant liability	(148)	119
Changes in operating assets and liabilities:		
Accounts receivable	(3,764)	(1,565)
Inventories	(2,444)	65
Deferred costs of rental revenue expenses	(89)	(10)
Prepaid expenses and other current assets	124	(181)
Accounts payable and accrued expenses	2,598	673
Warranty reserve	197	—
Deferred revenue	500	253
Income tax payable	4	11
Deferred income taxes	3	2
Net cash provided by operating activities	4,004	1,859
Cash flows from investing activities		
Investment in intangible assets	(63)	(161)
Production of rental equipment	(10,361)	(7,890)
Purchases of property and equipment	(2,024)	(909)
(Refund) reimbursement of deposit	(27)	42
Net cash used in investing activities	(12,475)	(8,918)

See accompanying notes to financial statements.

Inogen, Inc.
Statements of cash flows (continued)
(amounts in thousands)

	Year ended December 31,	
	2012 (restated)	2011 (restated)
Cash flows from financing activities		
Net proceeds from issuance of Series G redeemable convertible preferred stock	19,945	—
Proceeds from redeemable convertible preferred stock warrants exercised	417	46
Proceeds from common stock warrants exercised	5	—
Proceeds from stock options exercised	3	1
Repayment of debt from investment in intangible assets	(213)	(213)
Proceeds from borrowings	6,000	6,000
Repayment of borrowings	(6,480)	(658)
Net cash provided by financing activities	19,677	5,176
Net increase (decrease) in cash and cash equivalents	11,206	(1,883)
Cash and cash equivalents, beginning of year	3,906	5,789
Cash and cash equivalents, end of year	$15,112	$ 3,906
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 462	$ 258
Cash paid during the year for income taxes	37	16
Non-cash transactions:		
Deemed dividend on redeemable convertible preferred stock	$ 5,781	$ 3,027
Acquisition of intangible asset with note payable	—	650

See accompanying notes to financial statements.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

1. Nature of business

Inogen, Inc. (Company or Inogen) was incorporated in Delaware on November 27, 2001. The Company is a medical technology company that develops, manufactures and markets innovative portable oxygen concentrators used for supplemental long-term oxygen therapy by patients with chronic obstructive pulmonary disease, or COPD, and other chronic respiratory conditions. Our proprietary Inogen One systems are designed to address the quality-of-life and other shortcomings of the traditional oxygen therapy model, which we call the delivery model. Traditionally, oxygen therapy patients have relied upon stationary oxygen concentrator systems in the home in conjunction with regular deliveries of oxygen tanks or cylinders for ambulatory, or mobile, use, limiting their mobility and requiring them to plan activities outside of their homes around delivery schedules and a finite oxygen supply. Our Inogen One systems concentrate the air around them to offer a single source of supplemental oxygen anytime, anywhere in devices weighing approximately five to seven pounds. Our products eliminate the need for oxygen deliveries, as well as regular use of a stationary concentrator, thereby improving patient quality-of-life and fostering patient mobility.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). As stated in Note 10, the Company has restated its previously issued financial statements as of and for the years ended December 31, 2012 and 2011.

Accounting estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates used in preparing these financial statements include accounts receivable reserves, inventory reserves, warranty reserves, warrant liability, stock-based compensation expense and income tax provision. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

Revenue recognition

The Company generates revenue primarily from sales and rentals of its products. The Company’s products consist of its proprietary line of oxygen concentrators and related accessories. Other revenue comes from extended service contracts and freight revenue for product shipments.

Revenue from product sales is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price to the customer is fixed or determinable; and (4) collectability is reasonably assured. Revenue from product sales is recognized upon shipment of the product. Provisions for estimated returns and discounts are made at the time of shipment. Provisions for standard warranty obligations, which are included in cost of sales revenue, are also provided for at the time of shipment.

Accruals for estimated standard warranty expenses are made at the time that the associated revenue is recognized. The provisions for estimated returns, discounts and warranty obligations are made based on known claims and discount commitments and estimates of additional returns and warranty obligations based on historical data and future expectations. The Company has accrued $447 and $250 to provide for future warranty costs at December 31, 2012 and 2011, respectively.

Lifetime warranty revenue is deferred and recognized after the standard three year warranty period, on straight-line basis, in year four and five. To calculate the revenue associated with the lifetime warranties, management considered the profit margins of the overall company, the average cost of lifetime warranties and the price of extended warranties and created a best estimate. Under the lifetime warranty, the company will provide replacement equipment without any additional cost to the consumer for the duration of the patient’s life. Lifetime warranties are non-transferable.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Revenue recognition (continued)

The Company recognizes equipment rental revenue over the non-cancelable rental period, which is typically one month, less estimated adjustments. The rental period begins on the date products are shipped to patients and are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including Medicare, private payors, and Medicaid. Due to the nature of the industry and the reimbursement environment in which the Company operates, certain estimates are required to record net revenue and accounts receivable at their net realizable values. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. Specifically, the complexity of many third-party billing arrangements and the uncertainty of reimbursement amounts for certain services from certain payors may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of cash application, claim denial or account review. Accounts receivable are reduced by an allowance for doubtful accounts which provides for those accounts from which payment is not expected to be received, although product was delivered and revenue was earned. Upon determination that an account is uncollectible, it is written-off and charged to the allowance. Amounts billed but not earned due to the timing of the billing cycle are deferred and recognized in income on a straight-line basis over the monthly billing period. For example, if the first day of the billing period does not fall on the first of the month, then a portion of the monthly billing period will fall in the subsequent month and the related revenue and cost would be deferred based on the service days in the following month.

Rental revenue is recognized as earned, less estimated adjustments. Revenue not billed at the end of the period are reviewed for the likelihood of collections and accrued. The rental revenue stream is not guaranteed and payment will cease if the patient no longer needs oxygen or returns the equipment. Revenue recognized is at full estimated allowable amounts; transfers to secondary insurances / patient responsibility have no net effect on revenue. Rental revenue is earned for that month if the patient is on service on the first day of the 30-day period commencing on the recurring date of service for a particular claim, regardless if there is a change in condition/death after that date.

Included in rental revenue are unbilled amounts for which the revenue recognition criteria had been met as of period-end but were not billed. The estimate of unbilled rental revenue accrual is based on historical trends and estimates of future collectability.

Revenue from the sales of used rental equipment is recognized upon delivery and when collectability is reasonably assured and other revenue recognition criteria are met. When a rental unit is sold, the related cost and accumulated depreciation are removed from their respective accounts, and any gains or losses are included in gross profit.

Revenue from the sales of the Company's services is recognized when no significant obligations remain undelivered and collection of the receivables is reasonably assured. The Company offers extended service contracts on its Inogen One concentrator line for periods ranging from 12 to 24 months after the end of the standard warranty period. The Company also offers a lifetime warranty for direct-to-consumer sales. Revenue from extended service contracts and lifetime warranty is deferred and recognized in income over the contract period.

Shipping and handling

Shipping and handling costs for sold products and rental assets, shipped to the Company's customers are included on the statements of operations as part of cost of sales revenue and cost of rental revenue, respectively. The Company's shipping and handling costs relating to sales revenue and rental revenue were $639 and $1,922, respectively, for the year ended December 31, 2012. The Company's shipping and handling costs relating to sales revenue and rental revenue were $388 and $978, respectively, for the year ended December 31, 2011. Income from shipping and handling fees charged to its customers is included in other revenue on the statements of operations. The Company earned $214 and $164 from shipping and handling fees for the years ended December 31, 2012 and 2011, respectively.

Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, debt and warrants. The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued expenses approximate fair values based on the short-term nature of these financial instruments.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Fair Value of financial instruments (continued)

The fair value of the Company's debt approximates carrying value based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. Imputed interest associated with the Company's non-interest bearing debt is insignificant.

The fair value of the Company's preferred stock warrant liability is estimated using a Monte Carlo valuation model.

Fair value accounting

Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, creates a single definition of fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing the asset or liability. Assets and liabilities adjusted to fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Fair value accounting (continued)

Level inputs, as defined by ASC 820, are as follows:

Level input	Input definition
Level 1	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level 2	Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes fair value measurements by level at December 31, 2012 for the liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Preferred stock warrant liability	$ —	$ —	$ 164	$ 164
Total liabilities	$ —	$ —	$ 164	$ 164

The following table summarizes fair value measurements by level at December 31, 2011 for the liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Preferred stock warrant liability	$ —	$ —	$ 337	$ 337
Total liabilities	$ —	$ —	$ 337	$ 337

The following table summarizes the fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2012 and 2011:

	Warrant liability
Balance as of December 31, 2010	$ 220
Fair value of preferred stock warrants exercised	(2)
Change in fair value	119
Balance as of December 31, 2011	337
Fair value of preferred stock warrants exercised	(25)
Change in fair value	(148)
Balance as of December 31, 2012	$ 164

The preferred stock warrant liability is marked to market each reporting date until the warrants are settled. The fair value of the preferred stock warrant liability is estimated using a Monte Carlo valuation model, which takes into consideration the market values of comparable public companies, considering among other factors, the use of multiples of earnings, and adjusted to reflect the restrictions on the ability of the Company's shares to trade in an active market.

Cash and cash equivalents

Cash equivalents are recorded at cost, which approximates market value. The Company considers all highly liquid investments with original maturities of 90 days or less at the time of purchase to be cash equivalents.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Accounts receivable and allowance for bad debts, returns, and adjustments

Accounts receivable are customer obligations due under normal sales and rental terms. The Company performs continuing credit evaluations of the customers' financial condition and generally does not require collateral. The allowance for doubtful accounts is maintained at a level that, in management's opinion, is adequate to absorb potential losses related to account receivables and is based upon the Company's continuous evaluation of the collectability of outstanding balances. Management's evaluation takes into consideration such factors as past bad debt experience, economic conditions and information about specific receivables. The Company's evaluation also considers the age and composition of the outstanding amounts in determining their net realizable value. The allowance is based on estimates, and ultimate losses may vary from current estimates. As adjustments to these estimates become necessary, they are reported in earnings in the periods that they become known. The allowance is increased by bad debt provisions charged to bad debt expense in operating expense and reduced by direct write-offs, net of recoveries.

Provision for sales returns applies to direct to consumer sales only. The Company does not allow returns from providers. This reserve is calculated based on actual historical return rates under our 30-day return program and is applied to the current period's sales revenue for direct to consumer sales.

The Company also records an allowance for rental revenue adjustments and write-offs, which is recorded as a reduction of rental revenue and rental accounts receivable balances. These adjustments and write offs result from contractual adjustments, audit adjustments, untimely claims filings or billings not paid due to another provider performing same or similar functions for the patient in the same period, all of which prevent billed revenue to become realizable. The reserve is based on historical revenue adjustments as a percentage of rental revenue billed during the related period.

When recording the allowance for doubtful accounts, the bad debt expense account (general & administrative expense account) is charged, when recording allowance for sales returns, the sales returns account (contra sales revenue account) is charged, and when recording the allowance for adjustments, the rental revenue adjustments account (contra rental revenue account) is charged.

At December 31, 2011 and 2012, included in accounts receivable on the balance sheets are earned but unbilled receivables of $0.7 million and $1.0 million, respectively.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and accounts receivable. At times, cash account balances may be in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC). However, management believes the risk of loss to be minimal. The Company performs periodic evaluations of the relative credit standing of these institutions and has not experienced any losses on its cash and cash equivalents and short-term investments to date.

Concentration of customers and vendors

The Company sells its products to home medical equipment providers in the United States and in foreign countries on a credit basis, which resulted in a customer concentration of a major customer that accounted for 12% of net revenue in 2012. This major customer is an international distributor of the Company's products. The accounts receivable balance from the major customer was $265 or 3% of total accounts receivable at December 31, 2012.

The same customer accounted for 7% of total revenue in 2011, along with another international customer that also accounted for 7% of net revenue in 2011. Accounts receivable balances were $436 or 7% of total accounts receivable for one of these customers and immaterial for the other as of December 31, 2011.

The Company also rents products directly to patients, which resulted in a customer concentration relating to Medicare's service reimbursement programs. Medicare's service reimbursement programs (net of patient co-insurance obligations) accounted for 66% and 72% of rental revenue in 2012 and 2011, respectively and based on total revenue were 27% and 26% for 2012 and 2011, respectively. Account receivable balances relating to Medicare's service reimbursement programs amounted to $3,043 or 33% of total accounts receivable at December 31, 2012, and $1,832 or 29% of total accounts receivable at December 31, 2011.

The Company currently purchases raw materials from a limited number of vendors, which resulted in a concentration of three major vendors that accounted for 19%, 14%, and 8%, respectively, of total raw material purchases in 2012. The three major vendors supply the Company with raw materials used to manufacture the Company's products. Accounts payable balances for the three major vendors were $598, $509, and $618, respectively, or 15%, 12%, and 15%, respectively, of total accounts payable at December 31, 2012.

For 2011, the Company's three major vendors accounted for 17%, 15%, and 12%, respectively, of total raw material purchases in 2011. Accounts payable balances for the three major vendors were $487, $84, and $550, respectively, or 15%, 3%, and 17%, respectively, of total accounts payable at December 31, 2011.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Concentration of customers and vendors (continued)

A portion of revenue is earned from sales outside the United States. Non-U.S. revenue is denominated in U.S. dollars. A breakdown of the Company's revenue from U.S. and non-U.S. sources for the years ended December 31, 2012 and 2011 is as follows (in thousands):

	2012	2011
U.S. revenue	$35,180	$22,843
Non-U.S. revenue	13,396	7,791
	$48,576	$30,634

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using a standard cost method, including material, labor and manufacturing overhead, whereby the standard costs are updated at least quarterly to reflect approximate actual costs using the first-in, first out (FIFO) method and market represents the lower of replacement cost or estimated net realizable value. The Company records adjustments at least quarterly to inventory for potentially excess, obsolete, slow-moving or impaired items. Inventories consist of the following:

	December 31,	
	2012	2011
Raw materials and work-in progress	$3,744	$1,436
Finished goods	413	337
Less: reserves	(98)	(108)
	$4,059	$1,665

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization are calculated using the straight-line method over the assets estimated useful lives as follows:

Rental equipment	1.5-5 years
Manufacturing equipment and tooling	5 years
Computer equipment and software	3 years
Furniture and equipment	3-5 years
Leasehold improvements	Shorter of 3-7 years or life of underlying lease

Expenditures for repairs and maintenance are charged to operations as incurred. Expenditures for additions, improvements and replacements are capitalized.

Rental equipment is recorded at cost and depreciated over the estimated useful life of the equipment using the straight-line method. The range of estimated useful lives for rental equipment is eighteen months to five years. Rental equipment is depreciated to a salvage value of zero. Repair and maintenance costs are included in cost of revenue in the statements of operations. Repair and maintenance expense, including both labor and parts, for the rental equipment was $392 and $239 for the years ended December 31, 2012 and 2011, respectively.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Property and equipment (continued)

Depreciation and amortization expense related to property and equipment and rental equipment is summarized below for the years ended December 31, 2012 and 2011, respectively (in thousands).

	December 31,	
	2012	**2011**
Rental equipment	$4,056	$2,418
Other property and equipment	630	500
	$4,686	$2,918

Accumulated depreciation related to property and equipment and rental equipment is summarized below for the years ended December 31, 2012 and 2011, respectively (in thousands).

	December 31,	
	2012	**2011**
Rental equipment	$ 7,549	$3,672
Other property and equipment	3,090	2,468
	$10,639	$6,140

Long-lived assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with ASC 360, Property, Plant, and Equipment. In accordance with ASC 360, long-lived assets to be held are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. The Company periodically reviews the carrying value of long-lived assets to determine whether or not impairment to such value has occurred. No impairments were recorded during the years ended December 31, 2012 and 2011.

Deferred rent

The Company's operating leases for its office facilities in California and Texas include a rent abatement period and scheduled rent increases. The Company has accounted for the leases to provide straight-line charges to operations over the life of the leases.

Research and development

Research and development costs are expensed as incurred.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Advertising costs

Advertising costs, which approximated $2,503 and $1,800 during the years ended December 31, 2012 and 2011, respectively, are expensed as incurred, excluding the production costs of direct response commercials. Advertising costs are included in sales and marketing expense in the accompanying statements of operations.

Income taxes

The Company accounts for income taxes in accordance with ASC 740,*Income Taxes*. Under ASC 740, income taxes are recognized for the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets are recognized for the future tax consequences of transactions that have been recognized in the Company's financial statements or tax returns. A valuation allowance is provided when it is more likely than not that some portion, or all, of the deferred tax asset will not be realized.

The Company accounts for uncertainties in income tax in accordance with ASC 740-10,*Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This accounting standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes interest and penalties on taxes, if any, within operations as income tax expense. No significant interest or penalties were recognized during the periods presented.

The Company operates in multiple states. The statute of limitations has expired for all tax years prior to 2009 for federal and 2008 to 2009 for various state tax purposes. However, the net operating loss generated on the federal and state tax returns in prior years may be subject to adjustments by the federal and state tax authorities.

Accounting for stock-based compensation

The Company accounts for its stock-based compensation in accordance with ASC 718,*Compensation—Stock Compensation*, which establishes accounting for share-based awards exchanged for employee services and requires companies to expense the estimated fair value of these awards over the requisite employee service period. Share–based compensation cost is determined at the grant date using the Black-Scholes option pricing model. The value of the award that is ultimately expected to vest is recognized as expense on a straight line basis over the employee's requisite service period.

As part of the provisions of ASC 718, the Company is required to estimate potential forfeitures of stock grants and adjust compensation cost recorded accordingly. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of stock compensation expense to be recognized in future periods.

Business segments

The Company operates in only one business segment-manufacturing and marketing of oxygen concentrators.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Earnings per share

Earnings per share, or EPS, is computed in accordance with ASC 260,*Earnings per Share*, and is calculated using the weighted average number of common shares outstanding during each period. Diluted EPS assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share. For purposes of this calculation, common stock subject to repurchase by the Company, options and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive.

The shares used to compute basic and diluted net income per share represent the weighted-average common shares outstanding, reduced by the weighted-average unvested common shares subject to repurchase. Further, as the Company's preferred stockholders have the right to participate in any dividend declared on the Company's common stock, basic and diluted EPS are potentially subject to computation using the two-class method, under which the Company's undistributed earnings are allocated amongst the common and preferred shareholders. However, as the company recorded a net loss attributable to common stockholders for the years ended December 31, 2012 and 2011, presentation of EPS using the two class method was not necessary.

The computation of EPS is as follows (amounts in thousands, except share and per share data):

Years ended December 31,	2012	2011
Numerator—basic and diluted:		
Net income (loss)	$ 564	$ (2,002)
Less deemed dividend on redeemable preferred stock	(5,781)	(3,027)
Net loss attributable to common stockholders	$ (5,217)	$ (5,029)
Denominator:		
Weighted-average common shares	261,268	249,519
Net loss per share—basic	$ (19.97)	$ (20.15)
Net loss per share—diluted	$ (19.97)	$ (20.15)
	(unaudited)	
Pro forma net income per share—basic	$ 0.04	
Pro forma net income per share—diluted	$ 0.04	
Weighted-average common shares—basic	14,601,861	
Weighted-average common shares—diluted	15,486,487	

The pro forma EPS calculations gives effect to: (1) the automatic conversion of the outstanding convertible preferred stock into a weighted average of 14,216,838 shares of common stock, (2) the cash exercise of warrants to purchase an aggregate of 142,495 shares of common stock, which we expect will occur prior to closing of this offering as the warrants will otherwise expire at that time and (3) the reclassification of our preferred stock warrant liability to additional paid-in-capital upon the closing of this offering.

The computations of diluted net income applicable to common shareholders exclude redeemable convertible preferred stock, warrants and common stock options which were anti-dilutive. Shares excluded from the computations of diluted net loss applicable to common shareholders amounted to 14,720,678 and 11,546,760 on December 31, 2012 and December 31, 2011 respectively.

Recently issued accounting guidance

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which generally represents clarifications of Topic 820,*Fair Value Measurements*, but also includes certain instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This ASU results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). The ASU was effective prospectively for interim and annual periods beginning after December 15, 2011 with earlier application not permitted. The adoption of this guidance did not have a material effect on the results of operations, financial position or cash flows of the Company.

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3. Intangible assets

During the year ended December 31, 2008, the Company acquired Comfort Life Medical, LLC (Comfort Life). The acquisition resulted in recording an intangible asset in the amount of $92 related to the Medicare license held by the acquired company. The Company amortizes this intangible asset over its estimated useful life of ten years. As of December 31, 2012 and 2011, there were no impairments recorded related to this intangible asset.

On April 1, 2009, Comfort Life Medical, LLC merged with Inogen, Inc., and was simultaneously dissolved.

During the year ended December 31, 2009, the Company was assigned four patents previously held as an exclusive license from Air Products & Chemicals (APC) in exchange for an increase in a long term liability due to APC of $250. The acquisition of these patents resulted in an intangible asset of $250. During the year ended December 31, 2011, the Company purchased additional patents from APC for a total value of $650. The Company amortizes these intangible assets over an estimated useful life of five years. As of December 31, 2012 and 2011, there were no impairments recorded related to these intangible assets.

During the year ended December 31, 2011, the Company acquired Breathe Oxygen Services, LLC. The acquisition resulted in recording an intangible asset in the amount of $66 related to the Medicare license held by the acquired company that allowed them to operate in the state of Tennessee as well as assets of the company. The Company amortizes this intangible asset over its estimated useful life of ten years. As of December 31, 2012 and 2011, there were no impairments recorded related to this intangible asset.

On August 29, 2011, Breathe Oxygen Services, LLC merged with Inogen, Inc., and was simultaneously dissolved.

The Company also capitalizes costs incurred for the production of direct response advertising commercials and amortizes these intangible assets over a useful life of two years. During the year ended December 31, 2011, the Company paid $95 for its G2 commercial and during the year ended December 31, 2012, the Company paid $63 for its G3 commercial.

Amortization expense for intangible assets for the years ended December 31, 2012 and 2011 was $298 and $280, respectively.

December 31, 2012	Average estimated useful lives (in years)	Gross carrying amount	Accumulated amortization	Net amount
Licenses	10.0	$ 158	$ 46	$ 112
Patents	5.0	900	509	391
Commercial	2.0	63	8	55
Total		$ 1,121	$ 563	$ 558

December 31, 2011	Average estimated useful lives (in years)	Gross carrying amount	Accumulated amortization	Net amount
Licenses	10.0	$ 158	$ 30	$ 128
Patents	5.0	900	286	614
Commercial	2.0	95	44	51
Total		$ 1,153	$ 360	$ 793

Inogen, Inc.
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3. Intangible assets (continued)

Annual estimated amortization expense for each of the succeeding fiscal years is as follows:

Years ending December 31,	Intangible amortization
2013	$ 270
2014	207
2015	16
2016	16
2017	16
Thereafter	33
	$ 558

4. Long-term debt

Revolving credit and term loan agreement

On May 19, 2011 the Company entered into an revolving credit and term loan agreement with its current lender and one additional lender whereby the existing balance of the revolving credit and term loan agreement with the predecessor lender outstanding at the time was split evenly in balance between the current lender and the new lender and the payback terms were not changed. This transaction did not result in any debt extinguishment losses or gains. The Company did not incur or defer any financing cost directly related to the amended loan and security agreement.

On October 12, 2012, the Company entered into an amended and restated revolving credit and term loan agreement with its current lenders whereby the existing balances and the payback terms were not changed. This transaction did not result in any debt extinguishment losses or gains. The Company did not incur or defer any financing cost directly related to the credit and term loan agreement. In the event that the Company enters into an acquisition or initial public offering (IPO) during the term of this Facility, Lenders shall receive a fee equal to 1.00% of the Facility Amount, or approximately $120.

The amended and restated revolving credit and term loan agreement with the Company's current lenders provides for new borrowings of up to $12,000, secured by substantially all of the Company's assets. The amended and restated revolving credit and term loan agreement provides for the existing term loan facility for rental assets amounting to up to $3,000 (Term Loan A), a term loan facility for rental assets amounting to up to $8,000 (Term Loan B), a new term loan facility for rental assets amounting to up to $12,000 (Term Loan C), and an accounts receivable revolving line of credit amounting to up to $1,000 based on 80% of eligible accounts receivable, as defined (AR Revolver).

Payments of interest for all the Term Loans are generally payable monthly. Payment of principal is payable monthly. Each term loan bears interest at the Base Rate, which is a rate equal to the applicable margin plus the greater of (i) the prime rate, (ii) the federal funds effective rate, as defined in the agreement, plus 1% and (iii) the daily adjusting LIBOR rate, plus 1%. The applicable margins for Term Loans A, B, and C are 1.25%, 2.5% and 2.25%, respectively.

The Term Loan A facility of $3,000 is presented net of principal payments that began in May 2011. The net balances of this term loan facility were $1,417 and $2,319 as of December 31, 2012 and 2011, respectively. The Term Loan B facility for $8,000 is presented net of principal payments that began in May 2012. The net balances of this term loan facility were $6,444 and $6,022 as of December 31, 2012 and 2011, respectively.

There were no borrowings under the Term Loan C facility in 2012. Payment of principal is payable monthly over a period of 36 months starting October 2013 for Term Loan C.

There were no borrowings under the AR Revolver during 2012; future draws will bear variable interest at the Base Rate, as defined, plus 1.00%. Payments of interest for the AR revolver are generally payable monthly. The AR Revolver expired on October 13, 2013.

The total balances owed were $7,861 and $8,341 as of December 31, 2012 and 2011, respectively. The interest rates were 4.5% for Term Loan A and 5.75% for Term Loan B at December 31, 2012 and 2011.

As of December 31, 2012 and 2011, the Company was in compliance with all covenants of the amended and restated credit and term loan agreement.

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Contractual obligation

During 2007, the Company entered into a licensing agreement to acquire a portfolio of patents relating to a continuous flow portable oxygen concentrator by issuing 3.4 million shares of Series D redeemable convertible preferred stock. Also as part of the licensing agreement the Company has accrued a one-time non-exclusive licensing fee of $850, which was originally payable January 1, 2011.

On March 22, 2011, the Company entered into an amendment of the licensing agreement whereby the Company was assigned the entire right, title and interest in the portfolio of patents in exchange for a non-interest bearing note for $650, in addition to the $850 existing obligation, for a total of $1,500, due to the original licensor in installments starting May 22, 2011, and ending October 31, 2016. As of December 31, 2012, the Company included $212 as current portion of long-term debt and $863 in long-term debt in the accompanying balance sheets. As of December 31, 2011, the Company included $213 as current portion of long-term debt and $1,075 in long-term debt in the accompanying balance sheets.

Long-term debt consists of the following:

	As of December 31,	
	2012	**2011**
Term loan, bearing interest at Base Rate, monthly payments of $83 beginning May 2011 through April 2014	$ 1,417	$ 2,319
Term loan, bearing interest at Base Rate, monthly payments of $222 beginning May 2012 through April 2015	6,444	6,022
Contractual obligation, non-interest, quarterly payments of $53 beginning May 2011 through October 2014 and quarterly payments of $81 beginning January 2015 through October 2016	1,075	1,288
Subtotal	8,936	9,629
Less: current maturities	(3,879)	(2,532)
Long-term debt, net of current portion	$ 5,057	$ 7,097

As of December 31, 2012, the minimum aggregate payments due under non-cancelable debt are summarized as follows:

Years ending December 31,	
2013	$3,879
2014	3,296
2015	1,436
2016	325
Total	$8,936

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5. Income taxes

The provision for income taxes consists of the following:

	As of December 31,	
	2012	2011
Current tax expense		
Federal	$ —	$ —
State	(15)	(11)
Total current tax expense	(15)	(11)
Deferred tax benefit		
Federal	523	676
State	88	132
Total deferred tax benefit	611	808
Less: valuation allowance	(614)	(810)
Total deferred tax expense, net	(3)	(2)
Income tax expense	$ (18)	$ (13)

The components of deferred tax assets and liabilities consist of the following:

	As of December 31,	
	2012	2011
Deferred tax assets (liabilities)		
Net operating losses	$ 27,100	$ 26,345
Other	(79)	579
Total deferred tax assets	27,021	26,924
Valuation allowance	(27,031)	(26,931)
Net deferred tax liabilities	$ (10)	$ (7)

As of December 31, 2012 and 2011, the Company has recorded a full valuation allowance against its net deferred tax assets. The allowance reduces the Company's deferred tax assets to that amount which management believes to be more likely than not that the Company will ultimately realize.

The Company is a C-Corporation for both Federal and State income tax purposes.

As of December 31, 2012, the Company had $62,020 and $92,523 of federal and state net operating loss carryforwards, respectively, that begin to expire in 2022 and 2013 for federal and state purposes, respectively, if not utilized.

As of December 31, 2011, the Company had $59,568 and $120,423 of federal and state net operating loss carryforwards, respectively, that begin to expire in 2022 and 2012 for federal and state purposes, respectively, if not utilized.

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6. Commitments and contingencies

Leases

The Company leases its offices and certain equipment under operating leases that expire through December 2019. At December 31, 2012, the minimum aggregate payments due under non-cancelable leases are summarized as follows:

	Year ending December 31,
2013	$ 788
2014	815
2015	718
2016	331
2017	329
Thereafter	624
Total	$ 3,605

Rent expense of $806 and $628 was included in the accompanying statements of operations for the years ended December 31, 2012 and 2011, respectively.

Warranty obligation

The following table identifies the changes in the Company's aggregate product warranty liabilities for the year ended December 31, 2012 and 2011 (in thousands):

	Year ended December 31,	
	2012	2011
Product warranty liability at beginning of year	$ 250	$ 250
Accruals for warranties issued	383	253
Adjustments related to pre-existing warranties (including changes in estimates)	134	211
Settlements made (in cash or in kind)	(320)	(464)
Product warranty liability at end of year	$ 447	$ 250

Legislation and HIPAA

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

The Company believes that it is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The Health Insurance Portability and Accountability Act (HIPAA) assures health insurance portability, reduces healthcare fraud and abuse, guarantees security and privacy of health information, and enforces standards for health information. The Health Information Technology for Economic and Clinical Health Act (HITECH Act) imposes notification requirements of certain security breaches relating to protected health information. The Company may be subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations.

Employment agreements

On January 2, 2008, the Company entered into an Employment Agreement with the Chief Executive Officer (CEO) including considerations for salary, bonus awards, stock options, and severance. The CEO is also entitled to a Liquidation Fee, as defined in the agreement, upon the occurrence of a deemed liquidation event, also as defined in the agreement.

The Company has entered into employment agreements with certain key employees providing for the payment of cash compensation and/or continuation of salary for a range of three to six months upon termination without cause. There are no guaranteed amounts due under those agreements as of December 31, 2012 and 2011, respectively.

The Company also has a bonus plan for all employees based on the Company's overall performance, the employees' performance, and level of responsibility. In addition, the Company has a management carve-out plan for a potential liquidation event based on the sales price per share.

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Legal proceedings

On November 4, 2011, we filed a lawsuit in the United States District Court for the Central District of California against Inova Labs Inc., or Defendant, for infringement of two of our patents. The case, Inogen Inc. v. Inova Labs Inc., Case No. 8:11-cv-01692-JST-AN, or the Lawsuit, involves U.S. Patent Nos. 7,841,343, entitled "Systems and Methods For Delivering Therapeutic Gas to Patients", or the '343 patent, and 6,605,136 entitled "Pressure Swing Adsorption Process Operation And Optimization", or the '136 patent. We alleged in the Lawsuit that certain of Defendant's oxygen concentrators infringe various claims of the '343 and '136 patents. The Lawsuit seeks damages, injunctive relief, costs and attorney fees.

The Defendant has answered the complaint, denying infringement and asserting various sets of defenses including non-infringement, invalidity and unenforceability, patent misuse, unclean hands, laches and estoppel. The Defendant also filed counterclaims against us alleging patent invalidity, non-infringement and inequitable conduct. We denied the allegations in the Defendant's counterclaims. We have filed a motion to dismiss Defendant's inequitable conduct counterclaim.

The Defendant filed a request with the U.S. Patent and Trademark Office seeking an inter partes reexamination of the '343 and '136 patents. The Defendant also filed a motion to stay the Lawsuit pending outcome of the reexamination. On March 20, 2012, the Court granted the Defendant's motion to stay the Lawsuit pending outcome of the reexamination and also granted our motion to dismiss the Defendant's inequitable conduct counterclaim.

The Company is party to various other legal proceedings arising in the normal course of business. The Company carries insurance, subject to deductibles under the specified policies, to protect against losses from certain types of legal claims. The Company does not anticipate that any of these proceedings will have a material impact on the Company.

7. Convertible preferred stock

A summary of the terms of the various types of redeemable convertible preferred stock at December 31, 2012 is as follows:

Series	B	C	D	E	F	G	Total
Shares authorized	425,527	380,142	1,619,441	1,639,117	2,701,959	2,840,264	9,606,450
Shares issued	425,511	365,903	1,487,225	1,634,874	2,701,957	2,840,260	9,455,730
Par value	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001	
Conversion rate	1.45108	1.73014	1.87951	2.69244	1.0000	1.0000	
Liquidation preference per share	11.880	17.580	21.900	19.224	7.140	14.083	
Dividend rate	5%	8%	8%	8%	8%	8%	
Issue date	July 2003	June 2004	July 2005 to July 2007	October 2007 to February 2009	February 2010 to June 2010	March 2012	
Redemption date	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	

A summary of the terms of non-redeemable convertible preferred stock at December 31, 2012 is as follows:

Series	A
Shares authorized	66,666
Shares issued	66,666
Par value	$ 0.001
Conversion rate	1.01709
Liquidation preference per share	3.750
Dividend rate	5%
Issue date	May 2002

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Dividends

Series G preferred stockholders are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on all existing series of preferred stock and common stock at the rate of 8% of its original issue price. Subject to the prior rights of the holders of Series G preferred stock, Series F preferred stockholders are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on all existing series of preferred stock and common stock at the rate of 8% of its original issue price.

Subject to the prior rights of the holders of Series G and F preferred stock, the Series E preferred stockholders are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on Series A, B, C, and D preferred stock and common stock at the rate of 8% of its original issue price.

Subject to the prior rights of the holders of Series G, F, and E preferred stock, the Series D preferred stockholders are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on Series A, B and C preferred stock and common stock at the rate of 8% of its original issue price.

Subject to the prior rights of the holders of Series G, F, E and D preferred stocks, the Series C preferred stockholders are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on Series A and B preferred stock and common stock at the rate of 8% of its original issue price. Subject to the prior rights of the holders of Series G, F, E, D and C preferred stocks, the Series A and B preferred stockholders are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on common stock at the rate of 5% of its original issue price. Dividends are only payable when, as and if declared and are not cumulative for all series. There were no dividends declared during the years ended December 31, 2012 and 2011.

Liquidation preferences

In the event of any liquidation, including deemed liquidation (as defined in the Company's Certificate of Incorporation), dissolution or winding up of the Company, the holders of Series G, F and E preferred stock are entitled to be paid out an amount per share of Series G, F and E preferred stock equal to two times the original Series G, F and E issue price, respectively, plus any declared but unpaid dividends before any amounts are paid to both holders of common stock and any other series of preferred stock. All other series of preferred stock are redeemed at their original issue price plus any declared, but unpaid dividends.

After preferential liquidation proceeds are paid or set aside for payment to all Series of preferred stock, the remaining assets and funds of the Company available for distribution to stockholders are distributable ratably among the holders of common and preferred stock on an as-converted to common stock basis.

Conversion

All series of preferred stock may be converted at any time after issuance, at the option of the holder, into shares of common stock as is determined by dividing the applicable issue price by the applicable conversion price of each as defined in the Company's Certificate of Incorporation. The conversion rate for all series will initially be one for one, subject to anti-dilution and other customary adjustments (see "Anti-dilution" below).

Each share of preferred stock will automatically convert into common stock, at the then applicable conversion rate, upon (i) the election of both the holders of a majority of the then-outstanding Series F preferred stock and Series G preferred stock, voting together as a single class provided, or (ii) the closing of an underwritten initial public offering of the Company's common stock pursuant to a registration statement under the Securities Act of 1933, as amended with aggregate proceeds of at least $40 million at an offering price of at least $17.85 per share (as adjusted for stock splits, stock dividends, recapitalizations, etc.). If the Series G preferred shares are converted to common stock in connection with an initial public offering in which shares are sold to the public at a price that is less than $14.0832 per share (as adjusted for stock splits, stock dividends, recapitalizations, etc.), then immediately prior to such conversion, the applicable conversion rate of the Series G preferred stock shall be increased to the extent necessary to make the Series G preferred holders whole as if the initial public offering price to the public had been equal to $14.0832 (as adjusted for stock splits, stock dividends, recapitalizations, etc.).

The Company expects that regardless of whether the offering has aggregate proceeds in excess of $40 million and an offering price in excess of $17.85 per share, that the requisite stockholders would voluntarily agree to the conversion of their preferred stock in connection with the offering because it is a condition to closing the offering that all preferred stock convert to common stock.

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Anti-dilution

Upon each issuance by the Company of any Additional Shares, as defined in the Company's Certificate of Incorporation, without consideration or for consideration less than the Series A to G conversion price in effect immediately prior to the issuance of such additional stock, then the Series A to G conversion price is reduced based on a defined formula.

The Series A to D and Series E to G preferred stock will be subject to adjustment on a partial ratchet basis and on a full ratchet basis, respectively, if the Company issues additional stock at a price per share less than the then Applicable Conversion Price, except for customary exceptions already set forth in the Company's Certificate of Incorporation.

On March 12, 2012, the Company issued and sold an aggregate of 2,840,260 shares of Series G Preferred Stock for $20,000, at a price of $7.0416 per share (March Issuance).

Immediately prior to such Issuance, the Series A Conversion Price was $3.687, the Series B Conversion Price was $8.436, the Series C Conversion Price was $10.836, the Series D Conversion Price was $12.651, the Series E Conversion Price was $3.570, and the Series F Conversion Price was $3.570.

According to the formula defined in the Certificate of Incorporation and simultaneous with the March Issuance, the Series A Conversion Price was not adjusted and remained at $3.687 per share, the Series B Conversion Price was adjusted to $8.187 per share, the Series C Conversion Price was adjusted to $10.161 per share, the Series D Conversion Price was adjusted to $11.652 per share, the Series E Conversion Price was not adjusted and remained at $3.570 per share, and the Series F Conversion Price was not adjusted and remained at $3.570 per share.

Voting rights

The holder of any share of preferred stock will have the right to a number of votes equal to the number of shares of common stock issuable upon conversion of each such share of preferred stock and has full voting rights and powers of the holders of common stock. The preferred stockholders will be entitled to vote with the holders of common stock on all matters except as specifically provided in the Certificate of Incorporation or as otherwise prohibited by law.

Protective provisions

The holders of at least 66 2/3% of preferred stock on an as converted to common stock basis are required to approve certain specified actions as outlined in the Company's Certificate of Incorporation. In addition, the holders of at least 60% of the Series D preferred stock are required to approve certain specified actions as outlined in the Company's Certificate of Incorporation. In addition, the Company cannot amend its Certificate of Incorporation without the approval of at least 66 2/3% of any series of preferred stock if such amendment would change any of the rights, preferences or privileges of such series.

Redemption

From and after January 1, 2016, each holder of the Series B, C, D, E, F, and G preferred stock, upon written approval of the holders of at least a majority of the related series shares then outstanding, may, at its option, at any time (and from time to time), require the Company to redeem all or part of the series held by such holder by delivery of a written notice requesting such redemption and the number of shares to be redeemed. The redemption price is equivalent to the liquidation preference for each series of preferred stock.

The redemption provisions of the Series B, C, D, E, F, and G preferred stock are not solely within the control of the Company. Therefore, the Company has presented these series of preferred stock as a component of redeemable convertible preferred stock and not stockholders' deficit. The Company initially recorded these series of preferred stock at their fair value. As the Series E and F preferred stock have redemption amounts greater than their initial fair value, the Company accretes the carrying value to the redemption value using the interest method. The accretion is treated in the same manner as dividends on nonredeemable stock and are recorded by charges against additional paid-in capital or accumulated deficit.

8. Stock incentive plan

The Company has a 2012 Stock Incentive Plan (2012 Plan) under which the Company has reserved 1,216,772 shares of common stock, to be issued in connection with stock options and other equity awards issued under the 2012 Plan. The 2012 Plan provides for option grants at exercise prices not less than 100% of the fair value of common stock on the date of grant.

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8. Stock incentive plan (continued)

Previously, the Company had a 2002 Stock Incentive Plan (2002 Plan), as amended. As of March 12, 2012, the 2002 Plan was terminated and the 2012 Plan was created in its place. On termination, the 2002 Plan had 1,424,540 shares of common stock outstanding. Any shares returned to the 2002 Plan as a result of expiration or termination of equity awards (up to 1,424,646 shares) are added to the 2012 Plan Share reserve.

Options typically expire ten years from the date of grant and vest over on to four year terms. Options have been granted to employees and consultants of the Company at the deemed fair market value, as determined by the Board of Directors, of the shares underlying the options at the date of grant.

The activity for stock options under the Plan is as follows:

	Options	Price per share	Weighted average exercise price	Weighted average contractual terms (in years)	Average intrinsic value
Outstanding at December 31, 2010	1,304,602	$0.90 - $8.70	$ 1.1715		
Granted	158,175	$0.75 - $0.75	0.7500		
Exercised	(1,845)	$0.60 - $2.10	0.8709		
Forfeited	(7,358)	$0.60 - $0.75	0.6138		
Expired	(28,045)	$0.60 - $8.70	2.4108		
Outstanding at December 31, 2011	1,425,529	$0.60 - $8.70	$ 1.1028		
Granted	248,596	$0.81 - $0.81	0.8100		
Exercised	(4,270)	$0.75 - $0.75	0.7500		
Forfeited	(19,779)	$0.60 - $0.75	0.7377		
Expired	(3,956)	$0.60 - $2.40	0.7668		
Outstanding at December 31, 2012	1,646,120	$0.60 - $2.40	$ 1.0647	21.1848	$ 174
Exercisable at December 31, 2012	1,318,522	$0.60 - $8.70	$ 1.1358	19.7358	$ 45

The number of equity awards available for grant under the Plan as of December 31, 2012 and 2011 was 1,216,772 and 354,890, respectively.

The following table summarizes information about stock options outstanding at December 31, 2012:

	Outstanding			Exercisable	
Exercise price per share	Shares	Weighted Average life (years)	exercise price	Shares	Weighted average exercise price
$0.60	928,032	6.9637	$ 0.60	902,883	$ 0.60
$0.75	133,753	8.7582	$ 0.75	46,055	$ 0.75
$0.81	248,596	9.3212	$ 0.81	33,845	$ 0.81
$2.10	66	1.0904	$ 2.10	66	$ 2.10
$2.40	316,089	5.1366	$ 2.40	316,089	$ 2.40
$3.60	4,864	1.2986	$ 3.60	4,864	$ 3.60
$4.50	965	1.7561	$ 4.50	965	$ 4.50
$6.00	2,298	2.0797	$ 6.00	2,298	$ 6.00
$8.70	11,457	3.1808	$ 8.70	11,457	$ 8.70
	1,646,120			1,318,522	

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8. Stock incentive plan (continued)

The following table summarizes information about stock options outstanding at December 31, 2011:

	Outstanding			Exercisable	
Exercise price per share	Shares	Weighted Average life (years)	exercise price	Shares	Weighted average exercise price
$0.60	931,511	7.9679	$ 0.60	802,607	$ 0.60
$0.75	158,069	9.7586	$ 0.75	9,365	$ 0.75
$2.10	66	2.0931	$ 2.10	66	$ 2.10
$2.40	316,299	6.1397	$ 2.40	309662	$ 2.40
$3.60	4864	2.3013	$ 3.60	4,864	$ 3.60
$4.50	965	2.7589	$ 4.50	965	$ 4.50
$6.00	2,298	3.0824	$ 6.00	2,298	$ 6.00
$8.70	11,457	4.1835	$ 8.70	11,457	$ 8.70
	1,425,529			1,141,284	

Employee stock-based compensation expense recognized in 2012 and 2011 was calculated based on awards ultimately expected to vest and has been reduced for estimated forfeitures at a rate of 5.7%, based on the Company's historical option cancellations. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

For the years ended December 31, 2012 and 2011, stock-based compensation expense recognized under ASC 718, included in cost of sales, sales and marketing expense, general and administrative expense, and research and development expense, totaled $60 and $144, respectively.

Valuation assumptions

The employee stock-based compensation expense recognized under ASC 718 was determined using the Black-Scholes method for the year ended December 31, 2012.

Option valuation models require the input of subjective assumptions and these assumptions can vary over time. The risk-free interest rate is the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term. The expected term of the options was based on the simplified method outlined in ASC 718. The volatility factors were based on five peer companies selected from Dow Jones Industry Classification Benchmark (ICB) codes 4535 and 4537. These codes include companies which are the same market categories as the Company, which is the medical equipment and supplies line of business. The peer companies were selected based on similarity of market capitalization, size and certain operating characteristics. The calculated volatility value was established by taking the historical daily closing values prior to grant date, over a period equal to the expected term, for each of the peer companies.

When the period of data available was less than the expected term, closing values for the longest period of time available were used. The calculated historical volatility of each of these companies was then averaged to determine the calculated value used by the Company.

The value of employee options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used:

	2012	2011
Expected term (years)	5.51 - 6.07	5.91 - 6.08
Risk free interest rate	0.73 - 1.33%	1.18 - 2.71%
Expected dividend yield	None	None
Volatility	48.95 - 50.52%	47.76 - 48.55%

Under these assumptions, the total fair value of the stock option grants during the years ended December 31, 2012 and 2011 was $85 and $38, respectively.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

Valuation assumptions (continued)

As of December 31, 2012 and 2011, there was $99 and $64, respectively, of total unrecognized compensation expense related to non-vested share-based compensation granted under the Plan.

Non-employee option grants

In accordance with ASC 505 and ASC 718, compensation expense related to non-employee option grants is recognized over the related vesting period as this method approximates the recognition of compensation expense over the service period. The Company had no compensation expense related to non-employee option grants for the years ended December 31, 2012 and 2011, as no non-employee options were granted and all previous grants were fully vested prior to 2011.

9. Warrants

In connection with certain of its redeemable convertible preferred stock issuances, convertible debt financings, and other financing arrangements the Company has issued warrants for shares of its common stock and various issues of its redeemable convertible preferred stock. Such warrants related to its redeemable convertible preferred stock have been recorded as liabilities as a result of non-standard anti-dilution rights and are carried at their estimated fair value using the Monte Carlo valuation model.

A summary of outstanding warrants at December 31, 2012 is as follows:

Security	Number of warrants	Exercise price/share	Expiration date
Series C preferred	14,215	$ 17.580	2015
Series D preferred	132,169	21.900	2013-2014
Series E preferred	3,120	9.612	2015
Series E preferred	1,102	9.612	2016
Common stock	233,611	0.300	2017-2019
	384,217		

A summary of outstanding warrants at December 31, 2011 is as follows:

Security	Number of warrants	Exercise price/share	Expiration date
Series B preferred	2,429	$ 11.880	2012
Series C preferred	22,055	17.580	2012
Series C preferred	14,215	17.580	2015
Series D preferred	132,169	21.900	2013-2014
Series E preferred	3,120	9.612	2015
Series E preferred	1,102	9.612	2016
Common stock	211,817	0.300	2017
Common stock	39,180	0.300	2019
	426,087		

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

9. Warrants (continued)

A rollforward of warrant activity from January 1, 2011 to December 31, 2012 is as follows:

	Issued and outstanding warrants as of January 1, 2011	Warrants exercised	Warrants expired	Issued and outstanding warrants as of December 31, 2011
Series B preferred	2,429	—	—	2,429
Series C preferred	42,298	2,554	3,474	36,270
Series D preferred	132,169	—	—	132,169
Series E preferred	4,222	—	—	4,222
Common stock	250,997	—	—	250,997
	432,115	2,554	3,474	426,087

	Issued and outstanding warrants as of January 1, 2012	Warrants exercised	Warrants expired	Issued and outstanding warrants as of December 31, 2012
Series B preferred	2,429	2,429	—	—
Series C preferred	36,270	22,055	—	14,215
Series D preferred	132,169	—	—	132,169
Series E preferred	4,222	—	—	4,222
Common stock	250,997	17,386	—	233,611
	426,087	41,870		384,217

The fair value of the preferred warrant liability was $164 and $337 at December 31, 2012 and 2011, respectively. During the years ended December 31, 2012 and 2011, the Company recorded a gain/(loss) of $148 and $(119), respectively, on the change in fair value of the preferred warrants.

10. Restatement of financial statements

The Company restated certain balances as of January 1, 2011 and for the years ended December 31, 2011 and 2012 to give effect to the following: (1) to record deferred revenue and related expense on a portion of our rental revenue billings that were previously recognized at the beginning of the month of the dates of service, (2) to recognize a portion of our earned but unbilled rental revenue that was previously not fully reported, (3) to record an allowance for various billing errors as a reduction to earned revenue.

The Company also restated the preferred stock warrant liability as of January 1, 2011 and December 31, 2011 and 2012 using the Monte Carlo valuation model whereas previously, the liability was valued using the Black Scholes method.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

10. Restatement of financial statements (continued)

The effect of the adjustments described above is presented in the following table.

December 31, 2012	As previously reported	Adjustments	Restated
Balance sheet data:			
Accounts receivable	$ 7,103	$ (72)	$ 7,031
Deferred cost of rental revenue	—	159	159
Accumulated depreciation and amortization	10,851	(212)	10,639
Deferred revenue	4	1,090	1,094
Preferred stock warrant liability	190	(26)	164
Accumulated deficit	(80,253)	(765)	(81,018)
Income statement data:			
Revenue	48,968	(392)	48,576
Cost of rental revenue	24,798	(171)	24,627
Change in fair value of warrant liability	46	(194)	(148)
Net income	$ 591	$ (27)	$ 564

December 31, 2011	As previously reported	Adjustments	Restated
Balance sheet data:			
Accounts receivable	$ 4,552	$ (183)	$ 4,369
Deferred cost of rental revenue	—	70	70
Accumulated depreciation and amortization	6,270	(130)	6,140
Deferred revenue	8	586	594
Preferred stock warrant liability	168	169	337
Accumulated deficit	(75,076)	(738)	(75,814)
Income statement data:			
Revenue	31,171	(537)	30,634
Cost of rental revenue	16,022	(92)	15,930
Change in fair value of warrant liability	11	108	119
Net loss	$ (1,449)	$ (553)	$ (2,002)

11. Subsequent events (after December 31, 2012)

In January 2013, the Company received notification from the Center for Medicare & Medicaid Services about pricing for the Competitive Bidding program that was expanded to 100 additional Metropolitan Statistical Areas. Pricing decreased on average approximately 45% from current Medicare allowable rates for oxygen products. The new payment rates went into effect July 1, 2013. The Company received notification that the Centers for Medicare & Medicaid Services was offering Inogen 89 non-exclusive contracts to continue to operate in these markets.

From February 2013 through June 2013, the Company issued 56,161 shares of Series D preferred stock for warrants that were exercised by existing shareholders at a purchase price of $21.90 per share, raising $1,230 in capital.

In February 2013, the Company granted a total of 376,600 common stock options at an exercise price of $1.17 per share, all of which vest over four years.

In May 2013, the Company granted a total of 63,333 common stock options at an exercise price of $1.17 per share, all of which vest over four years.

From July 2013 through September 2013, the Company issued 29,368 shares of Series D preferred stock for warrants that were exercised by existing shareholders at a purchase price of $21.90 per share, raising $644 in capital.

Inogen, Inc.
Notes to financial statements
(amounts in thousands, except share and per share amounts)

11. Subsequent events (continued)

In October 2013, the Company granted a total of 276,333 common stock options at an exercise price of $8.37 per share, of which 3,749 vest over twelve months and the remainder vest over four years.

In October 2013, the Board approved revised employment agreements for the executive team including the CEO, CFO, EVP, Sales & Marketing, VP, Engineering, and the VP, Operations which included revised compensation arrangements including severance.

In October 2013, the Company received notification from the Centers for Medicare and Medicaid Services about pricing for the Competitive Bidding program that was re-bid in 9 Metropolitan Statistical Areas as contracts would expire December 31, 2013. The Centers for Medicare & Medicaid Services announced average savings of approximately 37% off the current payments rates in effect from the product categories included in competitive bidding. Inogen currently has contracts in 6 of these Metropolitan Statistical Areas. The new contracts and payment rates would go into effect January 1, 2014. The Company was offered 3 contracts to provide respiratory equipment in 3 of the 9 Competitive Bidding Areas, and we accepted and signed those contracts. We are required to be able to supply additional respiratory products such as sleep and aerosol therapy, which have lower margins than our existing products.

On November 11, 2013, the Company’s Board of Directors and stockholders approved a 3:1 reverse stock split. This became effective as of November 12, 2013 and the effect of this event has been reflected in all of the share quantities and per share amounts throughout the financials. The shares of common stock retained a par value of $0.001.

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Inogen, Inc.

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September 30, 2013 and 2012
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Balance sheets
(unaudited)
(amounts in thousands)

	As of September 30,	
	2013	**2012**
Assets		
Current assets		
Cash and cash equivalents	$ 17,059	$ 17,098
Accounts receivable, net of allowances of $3,890 and $2,449 at September 30, 2013 and 2012, respectively	9,707	7,242
Inventories	4,097	3,174
Deferred costs of rental revenue	283	124
Prepaid expenses and other current assets	450	468
Total current assets	31,596	28,106
Property and equipment		
Rental equipment	36,282	22,117
Manufacturing equipment and tooling	2,568	2,550
Computer equipment and software	2,638	1,629
Furniture and equipment	616	449
Leasehold improvements	878	499
Construction in process	990	401
Total property and equipment	43,972	27,645
Less accumulated depreciation and amortization	(15,410)	(9,222)
Property and equipment, net	28,562	18,423
Intangible assets, net	362	638
Other assets	342	79
Total assets	$ 60,862	$ 47,246

See accompanying notes to financial statements.

Inogen, Inc.
Balance sheets (continued)
(unaudited)
(amounts in thousands, except share and per share amounts)

	As of September 30, 2013	2012
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities		
Accounts payable and accrued expenses	$ 11,500	$ 7,954
Current portion of long-term debt	5,379	3,561
Warranty reserve	843	395
Deferred revenue	1,387	851
Income tax payable	125	41
Deferred income taxes, net	10	7
Total current liabilities	19,244	12,809
Long-term liabilities		
Preferred stock warrant liability	201	176
Deferred revenue non-current	574	—
Long-term debt, net of current portion	6,648	6,058
Total liabilities	26,667	19,043
Commitments and contingencies (Note 5)		
Redeemable convertible preferred stock		
Preferred stock, $0.001 par value per share; 9,606,450 shares authorized; 9,541,259 and 9,442,083 shares issued and outstanding; liquidation preference of $136,652 and $134,539 at September 30, 2013 and 2012, respectively	116,744	107,431
Stockholders' deficit		
Preferred stock, $0.001 par value per share; 66,666 shares authorized; 66,666 issued and outstanding; liquidation preference of $250 at both September 30, 2013 and 2012	247	247
Common stock, $0.001 par value per share; 18,333,333 shares authorized; 276,618 and 271,992 shares issued and outstanding at September 30, 2013 and 2012, respectively	1	1
Accumulated deficit	(82,797)	(79,476)
Total stockholders' deficit	(82,549)	(79,228)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 60,862	$ 47,246

See accompanying notes to financial statements.

Inogen, Inc.
Statements of operations
(unaudited)
(amounts in thousands, except share and per share amounts)

	Nine months ended September 30,	
	2013	**2012**
Revenue		
Sales revenue	$ 33,043	$ 20,375
Rental revenue	21,901	13,898
Sales of used rental equipment	200	53
Other revenue	537	409
Total revenue	55,681	34,735
Cost of revenue		
Cost of sales revenue	18,309	12,679
Cost of rental revenue, including depreciation of $4,921 and $2,823, respectively	8,459	5,122
Cost of used rental equipment sales	97	20
Total cost of revenue	26,865	17,821
Gross profit	28,816	16,914
Operating expenses		
Research and development	1,817	1,731
Sales and marketing	13,292	8,753
General and administrative	9,796	5,805
Total operating expenses	24,905	16,289
Income from operations	3,911	625
Other (expense) income		
Interest expense	(312)	(381)
Interest income	9	84
(Increase) decrease in fair value of preferred stock warrant liability	(202)	148
Other income	209	—
Total other (expense) income	(296)	(149)
Income before provision for income taxes	3,615	476
Provision for income taxes	151	20
Net income	$ 3,464	$ 456
Less deemed dividend on redeemable convertible preferred stock	(5,359)	(4,119)
Net loss attributable to common stockholders	$ (1,895)	$ (3,663)
Basic and diluted net loss per share attributable to common stockholders	$ (6.91)	(14.02)
Weighted average number of shares used in calculating loss per share attributable to common stockholders—basic and diluted	274,357	261,216
Pro forma net income per share attributable to common stockholders		
Basic	$ 0.24	
Diluted	$ 0.22	
Shares used in computing pro forma net income per share		
Basic	14,516,523	
Diluted	15,733,279	

See accompanying notes to financial statements.

Inogen, Inc.
Statements of redeemable convertible preferred stock
(unaudited)
(amounts in thousands, except share amounts)

	Redeemable series B convertible preferred stock		Redeemable series C convertible preferred stock		Redeemable series D convertible preferred stock		Redeemable series E convertible preferred stock		Redeemable series F convertible preferred stock		Redeemable series G convertible preferred stock		Total redeemable convertible preferred stock
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Balance, December 31, 2011	423,082	$ 5,026	343,848	$ 6,048	1,487,225	$32,571	1,634,874	$26,925	2,701,957	$12,552	—	$ —	$ 83,122
Warrants exercised	2,429	30	8,408	160	—	—	—	—	—	—	—	—	190
Series G financing, net of issuance costs	—	—	—	—	—	—	—	—	—	—	2,840,260	19,945	19,945
Accretion of Series G financing costs	—	—	—	—	—	—	—	—	—	—	—	55	55
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	—	—	—	854	—	1,137	—	2,128	4,119
Balance, September 30, 2012	425,511	5,056	352,256	6,208	1,487,225	32,571	1,634,874	27,779	2,701,957	13,689	2,840,260	22,128	107,431
Warrants exercised	—	—	13,647	252	—	—	—	—	—	—	—	—	252
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	—	—	—	265	—	366	—	1,031	1,662
Balance, December 31, 2012	425,511	5,056	365,903	6,460	1,487,225	32,571	1,634,874	28,044	2,701,957	14,055	2,840,260	23,159	109,345
Warrants exercised	—	—	—	—	85,529	2,040	—	—	—	—	—	—	2,040
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	—	—	—	810	—	1,159	—	3,390	5,359
Balance, September 30, 2013	425,511	$ 5,056	365,903	$ 6,460	1,572,754	$34,611	1,634,874	$28,854	2,701,957	$15,214	2,840,260	$26,549	$ 116,744

See accompanying notes to financial statements

Inogen, Inc.
Statements of stockholders' deficit
(unaudited)
(amounts in thousands, except share amounts)

	Series A convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 2011	66,666	$ 247	250,440	$ 1	$ —	$ (75,814)	$ (75,566)
Stock-based compensation	—	—	—	—	48	—	48
Stock options exercised	—	—	4,166	—	3	—	3
Warrants exercised – common	—	—	17,386	—	5	—	5
Accretion of series G financing costs	—	—	—	—	—	(55)	(55)
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	(56)	(4,063)	(4,119)
Net income	—	—	—	—	—	456	456
Balance, September 30, 2012	66,666	247	271,992	1	—	(79,476)	(79,228)
Stock-based compensation	—	—	—	—	12	—	12
Stock options exercised	—	—	104	—	—	—	—
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	(12)	(1,650)	(1,662)
Net income	—	—	—	—	—	108	108
Balance, December 31, 2012	66,666	247	272,096	1	—	(81,018)	(80,770)
Stock-based compensation	—	—	—	—	116	—	116
Stock options exercised	—	—	4,522	—	—	—	—
Deemed dividend on redeemable convertible preferred stock	—	—	—	—	(116)	(5,243)	(5,359)
Net income	—	—	—	—	—	3,464	3,464
Balance, September 30, 2013	66,666	$ 247	276,618	$ 1	$ —	$ (82,797)	$ (82,549)

See accompanying notes to financial statements.

Inogen, Inc.
Statements of cash flows
(unaudited)
(amounts in thousands)

	Nine months ended September 30,	
	2013	2012
Cash flows from operating activities		
Net income	$ 3,464	$ 456
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,995	3,451
Loss of rental units	402	199
Loss on disposal of other fixed assets	13	—
Provision for sales returns	1,090	365
Provision for doubtful accounts and adjustments	1,353	748
Provision for inventory obsolescence	63	5
Stock-based compensation expense	116	48
Increase (decrease) in fair value of preferred stock warrant liability	202	(148)
Changes in operating assets and liabilities:		
Accounts receivable	(5,119)	(3,986)
Inventories	(101)	(1,514)
Deferred cost of rental revenue expenses	(124)	(54)
Prepaid expenses and other current assets	(141)	(35)
Other assets	(263)	—
Accounts payable and accrued expenses	3,165	2,217
Warranty reserve	396	145
Deferred revenue	867	256
Income tax payable	100	20
Net cash provided by operating activities	11,478	2,173
Cash flows from investing activities		
Investment in intangible assets	(7)	(63)
Production of rental equipment	(11,918)	(7,401)
Purchases of property and equipment	(2,572)	(1,611)
Payment of deposit	—	(26)
Net cash used in investing activities	(14,497)	(9,101)

See accompanying notes to financial statements.

Inogen, Inc.
Statements of cash flows (continued)
(unaudited)
(amounts in thousands)

	Nine months ended September 30,	
	2013	2012
Cash flows from financing activities		
Net proceeds from issuance of Series G redeemable convertible preferred stock	—	19,945
Proceeds from redeemable convertible preferred stock warrants exercised	1,875	177
Proceeds from common stock warrants exercised	—	5
Proceeds from stock options exercised	—	3
Repayment of debt from investment in intangible assets	(159)	(160)
Proceeds from borrowings	6,000	2,000
Repayment of borrowings	(2,750)	(1,850)
Net cash provided by financing activities	4,966	20,120
Net increase in cash and cash equivalents	1,947	13,192
Cash and cash equivalents, beginning of period	15,112	3,906
Cash and cash equivalents, end of period	$17,059	$17,098
Supplemental disclosures of cash flow information		
Cash paid during the period for interest	$ 307	$ 365
Cash paid during the period for income taxes	124	18
Non-cash transactions:		
Deemed dividend on redeemable convertible preferred stock	5,359	4,119

See accompanying notes to financial statements.

Inogen, Inc.
Notes to financial statements
(unaudited)
(amounts in thousands, except share and per share amounts)

1. Nature of business

Inogen, Inc. (Company or Inogen) was incorporated in Delaware on November 27, 2001. The Company is a medical technology company that develops, manufactures and markets innovative portable oxygen concentrators used for supplemental long-term oxygen therapy by patients with chronic obstructive pulmonary disease, or COPD, and other chronic respiratory conditions. Our proprietary Inogen One systems are designed to address the quality-of-life and other shortcomings of the traditional oxygen therapy model, which we call the delivery model. Traditionally, oxygen therapy patients have relied upon stationary oxygen concentrator systems in the home in conjunction with regular deliveries of oxygen tanks or cylinders for ambulatory, or mobile, use, limiting their mobility and requiring them to plan activities outside of their homes around delivery schedules and a finite oxygen supply. Our Inogen One systems concentrate the air around them to offer a single source of supplemental oxygen anytime, anywhere in devices weighing approximately five to seven pounds. Our products eliminate the need for oxygen deliveries, as well as regular use of a stationary concentrator, thereby improving patient quality-of-life and fostering patient mobility.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The accompanying balance sheets as of September 30, 2013 and 2012, and the statements of operations and cash flows for the nine months ended September 30, 2013 and 2012 and statements of redeemable preferred stock and stockholders' deficit are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments which include only normal reoccurring adjustments, necessary to present fairly our financial position as of September 30, 2013 and 2012, and the statements of operations and cash flows for the nine months ended September 30, 2012 and 2013 and statements of redeemable preferred stock and stockholders' deficit. The financial data and other information disclosed in these notes to the financial statements related to the nine-month periods are unaudited. The results for the nine months ended September 30, 2013 are not necessarily indicative of the results to be expected for the year ended December 31, 2013 or for any other interim period or for any other future year. These financial statements should be read in conjunction with our audited financial statements included elsewhere in this registration statement.

Accounting estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates used in preparing these financial statements include accounts receivable reserves, inventory reserves, warranty reserves, warrant liability, stock-based compensation expense and income tax provision. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

Revenue recognition

The Company generates revenue primarily from sales and rentals of its products. The Company's products consist of its proprietary line of oxygen concentrators and related accessories. Other revenue comes from extended service contracts and freight revenue for product shipments.

Revenue from product sales is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price to the customer is fixed or determinable; and (4) collectability is reasonably assured.

Revenue from product sales is recognized upon shipment of the product. Provisions for estimated returns and discounts are made at the time of shipment. Provisions for standard warranty obligations, which are included in cost of sales revenue, are also provided for at the time of shipment.

Inogen, Inc.
Notes to financial statements
(unaudited)
(amounts in thousands, except share and per share amounts)

Revenue recognition (continued)

Accruals for estimated standard warranty expenses are made at the time that the associated revenue is recognized. The provisions for estimated returns, discounts and warranty obligations are made based on known claims and discount commitments and estimates of additional returns and warranty obligations based on historical data and future expectations. The Company has accrued $843 and $395 to provide for future warranty costs at September 30, 2013 and 2012, respectively.

Lifetime warranty revenue is deferred and recognized after the standard three year warranty period, on straight-line basis, in year four and five. To calculate the revenue associated with the lifetime warranties, management considered the profit margins of the overall company, the average cost of lifetime warranties and the price of extended warranties and created a best estimate. Under the lifetime warranty, the company will provide replacement equipment without any additional cost to the consumer for the duration of the patient's life. Lifetime warranties are non-transferable.

The Company recognizes equipment rental revenue over the rental period, which is typically one month, less estimated adjustments. The rental period begins on the date products are shipped to patients and are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including Medicare, private payors, and Medicaid. Due to the nature of the industry and the reimbursement environment in which the Company operates, certain estimates are required to record net revenue and accounts receivable at their net realizable values. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. Specifically, the complexity of many third-party billing arrangements and the uncertainty of reimbursement amounts for certain services from certain payors may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of cash application, claim denial or account review. Accounts receivable are reduced by an allowance for doubtful accounts which provides for those accounts from which payment is not expected to be received, although product was delivered and revenue was earned. Upon determination that an account is uncollectible, it is written-off and charged to the allowance. Amounts billed but not earned due to the timing of the billing cycle are deferred and recognized in income on a straight-line basis over the monthly billing period. For example, if the first day of the billing period does not fall on the first of the month, then a portion of the monthly billing period will fall in the subsequent month and the related revenue and cost would be deferred based on the service days in the following month.

Rental revenue is recognized as earned, less estimated adjustments. Revenue not billed at the end of the period is reviewed for the likelihood of collections and accrued. The rental revenue stream is not guaranteed and payment will cease if the patient no longer needs oxygen or returns the equipment. Revenue recognized is at full estimated allowable amounts; transfers to secondary insurances / patient responsibility have no net effect on revenue. Rental revenue is earned for that month if the patient is on service on the first day of the 30-day period commencing on the recurring date of service for a particular claim, regardless if there is a change in condition/death after that date.

Included in rental revenue are unbilled amounts for which the revenue recognition criteria had been met as of period-end but were not billed. The estimate of unbilled rental revenue accrual is based on historical trends and estimates of future collectability.

Revenue from the sales of used rental equipment is recognized upon delivery and when collectability is reasonably assured and other revenue recognition criteria are met. When a rental unit is sold, the related cost and accumulated depreciation are removed from their respective accounts, and any gains or losses are included in gross profit.

Revenue from the sales of the Company's services is recognized when no significant obligations remain undelivered and collection of the receivables is reasonably assured. The Company offers extended service contracts on its Inogen One concentrator line for periods ranging from 12 to 24 months after the end of the standard warranty period. The Company also offers a lifetime warranty for direct-to-consumer sales. Revenue from extended service contracts and lifetime warranty is deferred and recognized in income over the contract period.

Shipping and handling

Shipping and handling costs for sold products and rental assets, shipped to the Company's customers are included on the statements of operations as part of cost of sales revenue and cost of rental revenue, respectively. The Company's shipping and handling costs relating to sales revenue and rental revenue were $562 and $2,214, respectively, for the nine months ended September 30, 2013. The Company's shipping and handling costs relating to sales revenue and rental revenue were $480 and $1,415, respectively, for the nine months ended September 30, 2012. Income from shipping and handling fees charged to its customers is included in other revenue on the statements of operations. The Company earned $299 and $155 from shipping and handling fees for the nine months ended September 30, 2013 and 2012, respectively.

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Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, debt and warrants. The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued expenses approximate fair values based on the short-term nature of these financial instruments.

The fair value of the Company's debt approximates carrying value based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

The fair value of the Company's preferred stock warrant liability is estimated using a Monte Carlo valuation model, as described below.

Fair value accounting

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, creates a single definition of fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing the asset or liability. Assets and liabilities adjusted to fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

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Fair value accounting (continued)

Level inputs, as defined by ASC 820, are as follows:

Level input	Input definition
Level 1	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level 2	Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes fair value measurements by level at September 30, 2013 for the liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Preferred stock warrant liability	$ —	$ —	$ 201	$ 201
Total liabilities	$ —	$ —	$ 201	$ 201

The following table summarizes fair value measurements by level at September 30, 2012 for the liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Preferred stock warrant liability	$ —	$ —	$ 176	$ 176
Total liabilities	$ —	$ —	$ 176	$ 176

The following table summarizes the fair value measurements using significant Level 3 inputs, and changes therein, for the nine months ended September 30, 2013 and 2012:

	Warrant liability
Balance as of January 1, 2013	$ 164
Fair value of preferred stock warrants exercised	(165)
Change in fair value	202
Balance as of September 30, 2013	$ 201
Balance as of January 1, 2012	$ 337
Fair value of preferred stock warrants exercised	(13)
Change in fair value	(148)
Balance as of September 30, 2012	$ 176

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Fair value accounting (continued)

The preferred stock warrant liability is marked to market each reporting date until the warrants are settled. The fair value of the preferred stock warrant liability is estimated using a Monte Carlo option pricing model, which takes into consideration the market values of comparable public companies, considering among other factors, the use of multiples of earnings, and adjusted to reflect the restrictions on the ability of the Company's shares to trade in an active market.

Cash and cash equivalents

Cash equivalents are recorded at cost, which approximates market value. The Company considers all highly liquid investments with original maturities of 90 days or less at the time of purchase to be cash equivalents.

Accounts receivable and allowance for bad debts, returns, and adjustments

Accounts receivable are customer obligations due under normal sales and rental terms. The Company performs continuing credit evaluations of the customers' financial condition and generally does not require collateral. The allowance for doubtful accounts is maintained at a level that, in management's opinion, is adequate to absorb potential losses related to account receivables and is based upon the Company's continuous evaluation of the collectability of outstanding balances. Management's evaluation takes into consideration such factors as past bad debt experience, economic conditions and information about specific receivables. The Company's evaluation also considers the age and composition of the outstanding amounts in determining their net realizable value. The allowance is based on estimates, and ultimate losses may vary from current estimates. As adjustments to these estimates become necessary, they are reported in earnings in the periods that they become known. The allowance is increased by bad debt provisions charged to operating expense and reduced by direct write-offs, net of recoveries.

Provision for sales returns applies to direct to consumer sales only. The Company does not allow returns from providers. This reserve is calculated based on actual historical return rates under our 30-day return program and is applied to the current period's sales revenue for direct to consumer sales.

The Company also records an allowance for rental revenue adjustments and write-offs, which is recorded as a reduction of rental revenue and rental accounts receivable balances. These adjustments and write offs result from contractual adjustments, audit adjustments, untimely claims filings or billings not paid due to another provider performing same or similar functions for the patient in the same period, all of which prevent billed revenue to become realizable. The reserve is based on historical revenue adjustments as a percentage of rental revenue billed during the related period.

When recording the allowance for doubtful accounts, the bad debt expense account (general & administrative expense account) is charged, when recording allowance for sales returns, the sales returns account (contra sales revenue account) is charged, and when recording the allowance for adjustments, the rental revenue adjustments account (contra rental revenue account) is charged.

At September 30, 2012 and 2013, included in accounts receivable on the balance sheets are earned but unbilled receivables of $0.7 million and $1.2 million, respectively.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and accounts receivable. At times, cash account balances may be in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC). However, management believes the risk of loss to be minimal. The Company performs periodic evaluations of the relative credit standing of these institutions and has not experienced any losses on its cash and cash equivalents and short-term investments to date.

Concentration of customers and vendors

The Company sells its products to home medical equipment providers in the United States and in foreign countries on a credit basis, which resulted in a customer concentration of a major customer that accounted for 8% of net revenue in the nine months ended September 30, 2013. This major customer is an international distributor of the Company's products. The accounts receivable balance from the major customer was $411 or 3% of total accounts receivable at September 30, 2013.

The same customer accounted for 13% of total revenue for the nine months ended September 30, 2012. The accounts receivable balance from the major customer was $1,026 or 11% of total accounts receivable at September 30, 2012.

The Company also rents products directly to patients, which resulted in a customer concentration relating to Medicare's service reimbursement programs. Medicare's service reimbursement programs (net of patient coinsurance obligations) accounted for 73% and 77% of rental revenue in the nine months ended September 30, 2013 and 2012, respectively and based on total revenue were 29% and 31% in the nine months ended September 30, 2013 and 2012, respectively. Account receivable balances relating to Medicare's service reimbursement programs amounted to $3,441 or 25% of total accounts receivable at September 30, 2013, and $2,865 or 30% of total accounts receivable at September 30, 2012.

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Concentration of customers and vendors (continued)

The Company currently purchases raw materials from a limited number of vendors, which resulted in a concentration of three major vendors that accounted for 16%, 15%, and 9%, respectively, of total raw material purchases in the nine months ended September 30, 2013. The three major vendors supply the Company with raw materials used to manufacture the Company's products. Accounts payable balances for the three major vendors were $1,065, $532, and $10, respectively, or 18%, 9%, and 0%, respectively, of total accounts payable at September 30, 2013.

For the nine months ended September 30, 2012, the Company's three major vendors accounted for 20%, 16%, and 9%, respectively, of total raw material purchases. Accounts payable balances for the three major vendors were $1,047, $516, and $407, respectively, or 24%, 12%, and 9%, respectively, of total accounts payable at September 30, 2012.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using a standard cost method, including material, labor and manufacturing overhead, whereby the standard costs are updated at least quarterly to reflect approximate actual costs using the first-in, first-out (FIFO) method and market represents the lower of replacement cost or estimated net realizable value. The Company records adjustments at least quarterly to inventory for potentially excess, obsolete, slow-moving or impaired items. Inventories consist of the following:

	September 30,	
	2013	**2012**
Raw materials and work-in-progress	$3,479	$2,872
Finished goods	773	415
Less: reserves	(155)	(113)
	$4,097	3,174

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization are calculated using the straight-line method over the assets estimated useful lives as follows:

Rental equipment	1.5-5 years
Manufacturing equipment and tooling	5 years
Computer equipment and software	3 years
Furniture and equipment	3-5 years
Leasehold improvements	Shorter of 3-7 years or life of underlying lease

Expenditures for repairs and maintenance are charged to operations as incurred. Expenditures for additions, improvements and replacements are capitalized.

Rental equipment is recorded at cost and depreciated over the estimated useful life of the equipment using the straight-line method. The range of estimated useful lives for rental equipment is eighteen months to five years. Rental equipment is depreciated to a salvage value of zero. Repair and maintenance costs are included in cost of revenue in the statements of operations. Repair and maintenance expense, including both labor and parts, for the rental equipment was $707 and $345 for the nine months ended September 30, 2013 and 2012, respectively.

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Property and equipment (continued)

Depreciation and amortization expense related to property and equipment and rental equipment is summarized below. for the nine months ended September 30, 2013 and 2012, respectively.

	September 30,	
	2013	**2012**
Rental equipment	$4,921	$2,823
Other property and equipment	871	410
	$5,792	$3,233

Accumulated depreciation related to property and equipment and rental equipment is summarized below for the nine months ended September 30, 2013 and 2012, respectively (in thousands).

	September 30,	
	2013	**2012**
Rental equipment	$12,225	$6,344
Other property and equipment	3,185	2,878
	$15,410	$9,222

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Long-lived assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with ASC 360,*Property, Plant, and Equipment*. In accordance with ASC 360, long-lived assets to be held are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. The Company periodically reviews the carrying value of long-lived assets to determine whether or not impairment to such value has occurred. No impairments were recorded during the nine months ended September 30, 2013 and 2012.

Deferred rent

The Company's operating leases for its office facilities in California and Texas include a rent abatement period and scheduled rent increases. The Company has accounted for the leases to provide straight-line charges to operations over the life of the leases. In addition, the landlord for the Texas facility has reimbursed the Company for $358 for tenant improvements which were capitalized during the nine months ended September 30, 2013. Deferred rent of $546 was included in accounts payable and accrued expenses on the balance sheets.

Research and development

Research and development costs are expensed as incurred.

Advertising costs

Advertising costs, which approximated $1,916 and $1,852 during the nine months ended September 30, 2013 and 2012, respectively, are expensed as incurred, excluding the production costs of direct response commercials. Advertising costs are included in sales and marketing expense in the accompanying statements of operations.

Income taxes

The Company accounts for income taxes in accordance with ASC 740,*Income Taxes*. Under ASC 740, income taxes are recognized for the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets are recognized for the future tax consequences of transactions that have been recognized in the Company's financial statements or tax returns. A valuation allowance is provided when it is more likely than not that some portion, or all, of the deferred tax asset will not be realized.

The Company accounts for uncertainties in income tax in accordance with ASC 740-10,*Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Accounting Standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes interest and penalties on taxes, if any, within operations as income tax expense. No significant interest or penalties were recognized during the periods presented.

The Company operates in multiple states. The statute of limitations has expired for all tax years prior to 2009 for federal and 2008 to 2009 for various state tax purposes. However, the net operating loss generated on the federal and state tax returns in prior years may be subject to adjustments by the federal and state tax authorities.

Accounting for stock-based compensation

The Company accounts for its stock-based compensation in accordance with ASC 718,*Compensation – Stock Compensation*, which establishes accounting for share-based awards exchanged for employee services and requires companies to expense the estimated fair value of these awards over the requisite employee service period. Share–based compensation cost is determined at the grant date using the Black-Scholes option pricing model. The value of the award that is ultimately expected to vest is recognized as expense on a straight line basis over the employee's requisite service period.

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Accounting for stock-based compensation (continued)

As part of the provisions of ASC 718, the Company is required to estimate potential forfeitures of stock grants and adjust compensation cost recorded accordingly. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of stock compensation expense to be recognized in future periods.

Business segments

The Company operates in only one business segment—manufacturing and marketing of oxygen concentrators.

Earnings per share

Earnings per share, or EPS, is computed in accordance with ASC 260,*Earnings per Share*, and is calculated using the weighted average number of common shares outstanding during each period. Diluted EPS assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share. For purposes of this calculation, common stock subject to repurchase by the Company, options and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive.

The shares used to compute basic and diluted net income per share represent the weighted-average common shares outstanding, reduced by the weighted-average unvested common shares subject to repurchase. Further, as the Company's preferred stockholders have the right to participate in any dividend declared on the Company's common stock, basic and diluted EPS are potentially subject to computation using the two-class method, under which the Company's undistributed earnings are allocated amongst the common and preferred shareholders. However, as the Company recorded a net loss attributable to common stockholders for the periods ended September 30, 2013 and 2012, presentation of EPS using the two class method was not necessary.

The computation of EPS is as follows (amounts in thousands, except share and per share data):

Nine months ended September 30,	2013	2012
Numerator—basic and diluted:		
Net income	$ 3,464	$ 456
Less deemed dividend on redeemable preferred stock	(5,359)	(4,119)
Net loss attributable to common stockholders	$ (1,895)	$ (3,663)
Denominator:		
Weighted-average common shares—basic and diluted	274,357	261,216
Net loss per share—basic and diluted	$ (6.91)	$ (14.02)
Pro forma net income per share		
Basic	$ 0.24	
Diluted	0.22	
Weighted-average common shares-basic	14,516,523	
Weighted-average common shares-diluted	15,733,279	

The pro forma EPS calculations gives effect to: (1) the automatic conversion of the outstanding convertible preferred stock into an aggregate of 14,218,319 shares of common stock immediately prior to the completion of this offering, (2) the cash exercise of warrants to purchase an aggregate of 24,588 shares of common stock, which we expect will occur prior to closing of this offering as the warrants will otherwise expire at that time and (3) the reclassification of our preferred stock warrant liability to additional paid-in-capital upon the closing of this offering.

The computations of diluted net loss applicable to common stockholders exclude convertible preferred stock, warrants and common stock options which were anti-dilutive. Shares excluded from the computations of diluted net loss applicable to common stockholders amounted to 15,892,508 and 14,573,442 for the nine months ended September 30, 2013 and 2012, respectively.

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Recently issued accounting guidance

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which generally represents clarifications of Topic 820, *Fair Value Measurements*, but also includes certain instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This ASU results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). The ASU was effective prospectively for interim and annual periods beginning after December 15, 2011 with earlier application not permitted. The adoption of this guidance did not have a material effect on the results of operations, financial position or cash flow of the Company.

3. Intangible assets

Amortization expense for intangible assets for the nine months ended September 30, 2013 and 2012 was $203 and $218, respectively.

The Company's intangible assets are summarized as follows:

September 30, 2013	Average estimated useful lives (in years)	Gross carrying amount	Accumulated amortization	Net amount
Licenses	10.0	$ 158	$ 58	$ 100
Patents	5.0	900	676	224
Commercial / website	2.0	70	32	38
Total		$ 1,128	$ 766	$ 362

September 30, 2012	Average estimated useful lives (in years)	Gross carrying amount	Accumulated amortization	Net amount
Licenses	10.0	$ 158	$ 43	$ 115
Patents	5.0	900	453	447
Commercial	2.0	158	82	76
Total		$ 1,216	$ 578	$ 638

Annual estimated amortization expense for each of the succeeding fiscal years is as follows:

Years ending December 31,	Intangible amortization
Remainder of 2013	$ 69
2014	211
2015	17
2016	16
2017	16
Thereafter	33
	$ 362

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4. Long-term debt

Amended and restated credit and term loan agreement

As of September 30, 2012, the Company had a credit and term loan facility that provided borrowings of up to $12,000, secured by substantially all of the Company's assets. This is comprised of a term loan facility for rental assets amounting up to $3,000 (Term Loan), an additional term loan facility for rental assets amounting up to $8,000 (New Term Loan) and an accounts receivable revolving line of credit amounting up to $1,000 based on 80% of eligible accounts receivable, as defined (AR Revolver).

On October 12, 2012, the Company entered into an amended and restated credit and term loan agreement with its current lenders whereby the existing balances and the payback terms were not changed. This transaction did not result in any debt extinguishment losses or gains. The Company did not incur or defer any financing cost directly related to the credit and term loan agreement. In the event that the Company enters into an acquisition or initial public offering (IPO) during the term of this facility, lenders shall receive a fee equal to 1% of the facility amount, or approximately $120.

The amended and restated credit and term loan agreement with the Company's current lenders provides for new borrowings of up to $12,000, secured by substantially all of the Company's assets. The amended and restated credit and term loan agreement provides for the existing term loan facility for rental assets amounting to up to $3,000 (Term Loan A), a term loan facility for rental assets amounting to up to $8,000 (Term Loan B), a new term loan facility for rental assets amounting to up to $12,000 (Term Loan C), and an accounts receivable revolving line of credit amounting to up to $1,000 based on 80% of eligible accounts receivable, as defined (AR Revolver).

Payments of interest for all the Term Loans are generally payable monthly. Payment of principal is payable monthly. Each term loan bears interest at the Base Rate, which is a rate equal to the applicable margin plus the greater of (i) the prime rate, (ii) the federal funds effective rate, as defined in the agreement, plus 1% and (iii) the daily adjusting LIBOR rate, plus 1% . The applicable margins for Term Loans A, B, and C are 1.25%, 2.5% and 2.25%, respectively.

The Term Loan A facility of $3,000 is presented net of principal payments that began in May 2011. The net balances of this term loan facility were $667 and $1,602 as of September 30, 2013 and 2012, respectively. The Term Loan B facility for $8,000 is presented net of principal payments that began in May 2012. The net balances of this term loan facility were $4,444 and $6,889 as of September 30, 2013 and 2012, respectively.

The Term Loan C facility for $12,000 is presented net of principal payments that begin October 2013. The net balance was $6,000 as of September 30, 2013 and $0 as of September 30, 2012. Payment of principal is payable monthly over a period of 36 months starting November 2013 for Term Loan C.

There were no borrowings under the AR Revolver as of and during the nine months ended September 30, 2013. The AR Revolver expired on October 13, 2013, and was not renewed by the Company.

The total balances owed were $11,111 and $8,491 as of September 30, 2013 and 2012, respectively. The interest rates were 4.5% for Term Loan A, 5.75% for Term Loan B, and 5.5% for Term Loan C at September 30, 2013 and 2012.

As of September 30, 2013, the Company was in compliance with all covenants of the amended and restated credit and term loan agreement.

Contractual obligation

During 2007, the Company entered into a licensing agreement to acquire a portfolio of patents relating to a continuous flow portable oxygen concentrator by issuing 3.4 million shares of Series D redeemable convertible preferred stock. Also as part of the licensing agreement the Company has accrued a one-time non-exclusive licensing fee of $850, which was originally payable January 1, 2011.

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Contractual obligations (continued)

On March 22, 2011, the Company entered into an amendment of the licensing agreement whereby the Company was assigned the entire right, title and interest in the portfolio of patents in exchange for a non-interest bearing note for $650, in addition to the $850 existing obligation, for a total of $1,500, due to the original licensor in installments starting May 22, 2012, and ending October 31, 2016. As of September 30, 2013, the Company included $213 as current portion of long-term debt and $703 in long-term debt in the accompanying balance sheets. As of September 30, 2012, the Company included $212 as current portion of long-term debt and $916 in long-term debt in the accompanying balance sheets.

Long-term debt consists of the following:

	Periods ending September 30,	
	2013	**2012**
Term loan, bearing interest at Base Rate, monthly payments of $83 beginning May 2011 through April 2014	$ 667	$ 1,602
Term loan, bearing interest at Base Rate, monthly payments of $222 beginning May 2012 through April 2015	4,444	6,889
Term loan, bearing interest at Base Rate, monthly payments of $167 beginning November 2013 through June 2015	6,000	—
Contractual obligation, non-interest, quarterly payments of $53 beginning May 2011 through October 2014 and quarterly payments of $81 beginning January 2015 through October 2016	916	1,128
Subtotal	12,027	9,619
Less: current maturities	(5,379)	(3,561)
Long-term debt, net of current portion	$ 6,648	$ 6,058

As of September 30, 2013, the minimum aggregate payments due under non-cancelable debt are summarized as follows:

	Years ending September 30,
2013 (Remainder)	$ 1,303
2014	5,296
2015	3,436
2016	1,992
Total	$ 12,027

5. Commitments and contingencies

Leases

The Company leases its offices and certain equipment under operating leases that expire through December 2019. At September 30, 2013, the minimum aggregate payments due under non-cancelable leases are summarized as follows:

Years ending December 31,	
Remainder of 2013	$ 200
2014	816
2015	718
2016	331
2017	329
Thereafter	624
Total	$3,018

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Leases (continued)

Rent expense of $690 and $579 was included in the accompanying statements of operations for the nine months ended September 30, 2013 and 2012, respectively.

Warranty obligation

The following table identifies the changes in the Company's aggregate product warranty liabilities for the nine months ended September 30, 2013 and 2012 (in thousands):

	Nine Months Ended September 30	
	2013	**2012**
Product warranty liability at beginning of year	$ 447	$ 250
Accruals for warranties issued	415	283
Adjustments related to pre-existing warranties (including changes in estimates)	268	96
Settlements made (in cash or in kind)	(287)	(234)
Product warranty liability at end of period	$ 843	$ 395

Legislation and HIPAA

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

The Company believes that it is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The Health Insurance Portability and Accountability Act ("HIPAA") assures health insurance portability, reduces healthcare fraud and abuse, guarantees security and privacy of health information, and enforces standards for health information. The Health Information Technology for Economic and Clinical Health Act ("HITECH Act") imposes notification requirements of certain security breaches relating to protected health information. The Company may be subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations.

Employment agreements

On January 2, 2008, the Company entered into an Employment Agreement with the Chief Executive Officer (CEO) including considerations for salary, bonus awards, stock options, and severance. The CEO is also entitled to a Liquidation Fee, as defined in the agreement, upon the occurrence of a deemed liquidation event, also as defined in the agreement.

The Company has entered into employment agreements with certain key employees providing for the payment of cash compensation and/or continuation of salary for a range of three to six months upon termination without cause. There are no guaranteed amounts due under those agreements as of September 30, 2013 and 2012, respectively.

The Company also has a bonus plan for all employees based on the Company's overall performance, the employees' performance, and level of responsibility. In addition, the Company has a management carve-out plan for a potential liquidation event based on the sales price per share.

Legal proceedings

On November 4, 2011, we filed a lawsuit in the United States District Court for the Central District of California against Inova Labs Inc., or Defendant, for infringement of two of our patents. The case, Inogen Inc. v. Inova Labs Inc., Case No. 8:11-cv-01692-JST-AN, or the Lawsuit, involves U.S. Patent Nos. 7,841,343, entitled "Systems and Methods For Delivering Therapeutic Gas to Patients", or the '343 patent, and 6,605,136 entitled "Pressure Swing Adsorption Process Operation And Optimization", or the '136 patent. We alleged in the Lawsuit that certain of Defendant's oxygen concentrators infringe various claims of the '343 and '136 patents. The Lawsuit seeks damages, injunctive relief, costs and attorney fees.

The Defendant has answered the complaint, denying infringement and asserting various sets of defenses including non-infringement, invalidity and unenforceability, patent misuse, unclean hands, laches and estoppel. The Defendant also filed counterclaims against us alleging patent invalidity, non-infringement and inequitable conduct. We denied the allegations in the Defendant's counterclaims. We have filed a motion to dismiss Defendant's inequitable conduct counterclaim.

The Defendant filed a request with the U.S. Patent and Trademark Office seeking an inter partes reexamination of the '343

and ’136 patents. The Defendant also filed a motion to stay the Lawsuit pending outcome of the reexamination. On March 20, 2012, the Court granted the Defendant’s motion to stay the Lawsuit pending outcome of the reexamination and also granted our motion to dismiss the Defendant’s inequitable conduct counterclaim.

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Legal proceedings (continued)

The Company is party to various other legal proceedings arising in the normal course of business. The Company carries insurance, subject to deductibles under the specified policies, to protect against losses from certain types of legal claims. The Company does not anticipate that any of these proceedings will have a material impact on the Company.

6. Convertible preferred stock

A summary of the terms of the various types of redeemable convertible preferred stock at September 30, 2013 is as follows:

Series	B	C	D	E	F	G	Total
Shares authorized	425,527	380,142	1,619,441	1,639,117	2,701,959	2,840,264	9,606,450
Shares issued	425,511	365,903	1,572,754	1,634,874	2,701,957	2,840,260	9,541,259
Par value	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001	
Conversion rate	1.45108	1.73014	1.87951	2.69244	1.0000	1.0000	
Liquidation preference per share	11.880	17.580	21.900	19.224	7.140	14.083	
Dividend rate	5%	8%	8%	8%	8%	8%	
Redemption date	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	
Issue date	July 2003	June 2004	July 2005 to July 2007	October 2007 to February 2009	February 2010 to June 2010	March 2012	

A summary of the terms of the non-redeemable convertible preferred stock at September 30, 2013 is as follows:

Series	A
Shares authorized	66,666
Shares issued	66,666
Par value	$ 0.001
Conversion rate	1.01709
Liquidation preference per share	3.750
Dividend rate	5%
Issue date	May 2002

7. Stock incentive plan

The Company has a 2012 Stock Incentive Plan (the 2012 Plan) under which the Company has reserved 1,219,027 shares of common stock, as amended, to be issued in connection with stock options and other equity awards issued under the 2012 Plan. The 2012 Plan provides for option grants at exercise prices not less than 100% of the fair value of common stock on the date of grant.

Previously, the Company had a 2002 Stock Incentive Plan (the 2002 Plan), as amended. As of March 12, 2012, the 2002 Plan was terminated and a new 2012 Plan was created in its place. On termination, the 2002 Plan had 1,424,540 shares of common stock outstanding. Any shares returned to the 2002 Plan as a result of expiration or termination of equity awards (up to 1,424,646 shares) are added to the 2012 Plan share reserve.

Options typically expire ten years from the date of grant and vest over one to four year terms. Options have been granted to employees and consultants of the Company at the deemed fair market value, as determined by the Board of Directors, of the shares underlying the options at the date of grant.

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7. Stock incentive plan (continued)

The activity for stock options under the Plan is as follows:

	Options	Weighted average exercise price	Weighted average remaining contractual term (in years)
Outstanding at December 31, 2012	1,646,120	$ 1.0647	
Granted	439,993	$ 1.1700	
Exercised	(4,522)	$ 0.5705	
Forfeited	(786)	$ 0.6595	
Expired	(1,467)	$ 1.7867	
Outstanding at September 30, 2013	2,079,338	$ 1.0876	6.968
Exercisable at September 30, 2013	1,466,789	$ 1.1140	6.113

The number of equity awards available for grant under the Plan as of September 30, 2013 and 2012 was 530,427 and 981,411, respectively. As of March 12, 2012, the 2002 Stock Plan was terminated and the 2012 Stock Plan was created reserving 1,194,078 shares for issuance.

Employee stock-based compensation expense recognized in 2013 and 2012 was calculated based on awards ultimately expected to vest and has been reduced for estimated forfeitures at a rate of 5.7%, based on the Company's historical option cancellations. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

For the nine months ended September 30, 2013 and 2012, stock-based compensation expense recognized under ASC 718, included in cost of sales, sales and marketing expense, general and administrative expense, and research and development expense, totaled $116 and $48, respectively.

Valuation assumptions

The employee stock-based compensation expense recognized under ASC 718 was determined using the Black-Scholes method for the year ended September 30, 2013.

Option valuation models require the input of subjective assumptions and these assumptions can vary over time. The risk-free interest rate is the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term. The expected term of the options was based on the simplified method outlined in ASC 718. The volatility factors were based on five peer companies selected from Dow Jones Industry Classification Benchmark (ICB) codes 4535 and 4537. These codes include companies which are the same market categories as the Company, which is the Medical Equipment and Supplies line of business. The peer companies were selected based on similarity of market capitalization, size and certain operating characteristics. The calculated volatility value was established by taking the historical daily closing values prior to grant date, over a period equal to the expected term, for each of the peer companies.

When the period of data available was less than the expected term, closing values for the longest period of time available were used. The calculated historical volatility of each of these companies was then averaged to determine the calculated value used by the Company.

The value of employee options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used:

Expected term (years)	5.5071 - 6.0823
Risk free interest rate	0.7325 – 2.8876 %
Expected dividend yield	None
Volatility	46.5786 - 50.5238%

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Valuation assumptions (continued)

Under these assumptions, the total fair value of the stock option grants during the nine months ended September 30, 2013 and 2012 was $481 and $78, respectively.

As of September 30, 2013 and 2012, there was $468 and $105, respectively, of total unrecognized compensation expense related to non-vested share-based compensation granted under the Plan.

Non-employee option grants

In accordance with ASC 505 and ASC 718, compensation expense related to non-employee option grants is recognized over the related vesting period as this method approximates the recognition of compensation expense over the service period. The Company had no compensation expense related to non-employee option grants for the nine months ended September 30, 2013 and 2012, as no non-employee options were granted and all previous grants were fully vested prior to 2012.

8. Warrants

From time to time, the Company issues warrants to purchase its common and preferred stock. These warrants have been issued in connection with the issuance of the Company's convertible debt financing as well as the expansion of its credit agreement.

The warrants issued by the Company are subject to the same anti-dilution rights as the underlying preferred stock.

Warrant activity is summarized as follows:

A summary of outstanding warrants at September 30, 2013 is as follows:

Security	Number of warrants	Exercise price/share	Expiration date
Series C preferred	14,215	$ 17.580	2015
Series D preferred	942	21.900	2013
Series D preferred	11,415	21.900	2014
Series E preferred	3,120	9.612	2015
Series E preferred	1,102	9.612	2016
Common stock	233,611	0.300	2017 - 2019
	264,405		

	Shares	Weighted average exercise price	Range of exercise prices
Outstanding at December 31, 2012	384,217	$ 8.46	$ 0.30-$21.90
Warrants issued	—	—	—
Warrants exercised	(85,529)	$ 21.90	$ 21.90
Warrants expired/forfeited	(34,283)	$ 21.90	$ 21.90
Outstanding at September 30, 2013	264,405	$ 7.17	$0.30 - $21.90
Exercisable at September 30, 2013	264,405	$ 7.17	$0.30 - $21.90

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8. Warrants (continued)

A rollforward of warrant activity from January 1, 2013 to September 30, 2013 is as follows:

	Issued and outstanding warrants as of January 1, 2013	Warrants exercised	Warrants expired	Issued and outstanding warrants as of September 30, 2013
Series C preferred	14,215	—	—	14,215
Series D preferred	132,169	85,529	34,283	12,357
Series E preferred	4,222	—	—	4,222
Common stock	233,611	—	—	233,611
	384,217	85,529	34,283	264,405

As of September 30, 2013, we had the following warrants outstanding:

- warrants exercisable for an aggregate of 233,611 shares of our common stock at an exercise price of $0.30 per share issued in connection with our 2007 convertible note financing and 2009 series E convertible preferred stock financing. These warrants have various expiration dates through February 26, 2019, but expire earlier upon a change in control of our company;
- warrants exercisable for an aggregate of 14,215 shares of our series C convertible preferred stock at an exercise price of $17.58 per share issued in connection with a 2005 financing. These warrants will expire upon the earliest of (1) May 31, 2015, (2) a change in control of our company, and (3) the offering contemplated by this prospectus. Upon completion of the offering contemplated by this prospectus, and assuming the exercise of these warrants, these warrants will convert into an aggregate of 24,588 shares of common stock;
- warrants exercisable for an aggregate of 942 shares of our series D convertible preferred stock at an exercise price of $21.90 per share issued to various purchasers in connection with our 2006 note and warrant financings. These warrants expire on various dates through November 8, 2013 unless a change in control of our company occurs prior to such expiration dates. To the extent that these warrants are not exercised prior to the offering contemplated by this prospectus, they will be exercisable for a maximum of 1,770 shares of common stock at the series D conversion rate of 1.8795056643:1;
- a warrant exercisable for 11,415 shares of our series D convertible preferred stock at an exercise price of $21.90 per share issued to Venture Lending and Leasing IV, LLC in 2006. This warrant will expire in February, 2014. To the extent that these warrants are not exercised prior to the offering contemplated by this prospectus, they will be exercisable for a maximum of 21,454 shares of common stock at the series D conversion rate of 1.8795056643:1;
- warrants exercisable for an aggregate of 4,222 shares of our series E convertible preferred stock at an exercise price of $9.6120 per share issued to Square One Bank. These warrants will expire on various dates between July 10, 2015 and July 23, 2016; provided, however, that if the offering contemplated by this prospectus occurs within the three-year period immediately prior to the expiration date of any one of these warrants, the expiration date shall automatically be extended to third anniversary of our initial public offering. To the extent that these warrants are not exercised prior to the offering contemplated by this prospectus, they will be exercisable for a maximum of 11,365 shares of common stock at the series E conversion rate of 2.6924369748:1.

These warrants have a net exercise provision under which their holders may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of our stock at the time of exercise of the warrants after deduction of the aggregate exercise price. These warrants contain provisions for adjustment of the exercise price and number of shares issuable upon the exercise of warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications and consolidations.

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8. Warrants (continued)

A rollforward of warrant activity from January 1, 2012 to September 30, 2012 is as follows:

	Issued and outstanding warrants as of January 1, 2012	Warrants exercised	Warrants expired	Issued and outstanding warrants as of September 30, 2012
Series B preferred	2,429	2,429	—	—
Series C preferred	36,270	8,408	—	27,862
Series D preferred	132,169	—	—	132,169
Series E preferred	4,222	—	—	4,222
Common stock	250,997	17,386	—	233,611
	426,087	28,223	—	397,864

9. Subsequent events (after September 30, 2013)

In January 2013, the Company received notification from the Center for Medicare & Medicaid Services about pricing for the Competitive Bidding program that was expanded to 100 additional Metropolitan Statistical Areas. Pricing decreased on average approximately 45% from current Medicare allowable rates for oxygen products. The new payment rates went into effect July 1, 2013. The Company received notification that the Centers for Medicare & Medicaid Services was offering Inogen 89 non-exclusive contracts to continue to operate in these markets.

In October 2013, the Company granted a total of 276,333 common stock options at an exercise price of $8.37 per share, of which 3,749 vest over twelve months and the remainder vest over four years.

In October 2013, the Board approved revised employment agreements for the executive team including the CEO, CFO, EVP, Sales & Marketing, VP, Engineering, and the VP, Operations which included revised compensation arrangements including severance.

In October 2013, the Company received notification from the Centers for Medicare and Medicaid Services about pricing for the Competitive Bidding program that was re-bid in 9 Metropolitan Statistical Areas as contracts would expire December 31, 2013. The Centers for Medicare & Medicaid Services announced average savings of approximately 37% off the current payments rates in effect from the product categories included in competitive bidding. Inogen currently has contracts in 6 of these Metropolitan Statistical Areas. The new contracts and payment rates would go into effect January 1, 2014. The Company was offered 3 contracts to provide respiratory equipment in 3 of the 9 Competitive Bidding Areas, and we accepted and signed those contracts. We are required to be able to supply additional respiratory products such as sleep and aerosol therapy, which have lower margins than our existing products.

On November 11, 2013, the Company's Board of Directors and stockholder approved a 3:1 reverse stock split. This became effective as of November 12, 2013 and, the effect of this event has been reflected in all of the share quantities and per share amounts throughout the financials. The shares of Common Stock retained a par value of $0.001.

On November 25, 2013, the Company entered into an amendment to its Amended and Restated Revolving Credit and Term Loan Agreement dated as of October 12, 2012 which will now permit the Company to engage in an Initial Public Offering without triggering an event of default.

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Inogen One G3 Carry Bag

The Carry Bag provides a protective cover with a handle and adjustable shoulder strap to enable you to carry the Inogen One® G3. No cart required!

AC Power Supply

The Inogen One® AC power supply (BA-301) is used to power the Inogen One® concentrator from an AC power source.

External Battery Charger

The Inogen One G3 External Battery Charger will charge your Inogen One G3 single and double batteries.

Single and Double Lithium Ion Batteries

The batteries will power the Inogen One® G3 without connection to an external power source. Extend mobility time.

Backpack

This full-size backpack features a main compartment for carrying the Inogen One G3 and a lower pocket for extra accessories. Its adjustable straps help provide comfort and proper fit.

DC Power Cable

The DC power cable is specifically designed for use with the Inogen One® G3. The DC power input cable connects directly to the automobile auxiliary DC power supply.

The Inogen One G2 and Inogen One G3 (pictured) can be powered by rechargeable lithium ion battery, AC, or DC power and can be plugged into a standard vehicle power source.

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Part II

Information not required in the prospectus

Item 13. Other expenses of issuance and distribution.

Estimated expenses, other than underwriting discounts and commissions, payable by the registrant in connection with the sale of the common stock being registered under this registration statement are as follows:

	Amount to be paid
SEC registration fee	$ 11,109
FINRA filing fee	13,438
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be completed by amendment

Item 14. Indemnification of directors and officers.

Section 145 of the Delaware General Corporation Law, or DGCL, empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of their capacity or status as directors and officers, provided that the person acted in good faith and in a manner the person reasonably believed to be in its best interests, and, with respect to any criminal action, had no reasonable cause to believe the person's actions were unlawful. The DGCL further provides that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's bylaws, any agreement, a vote of stockholders or otherwise. The certificate of incorporation of the registrant to be in effect upon the completion of this offering provides for the indemnification of the registrant's directors and officers to the fullest extent permitted under the DGCL. In addition, the bylaws of the registrant to be in effect upon the completion of this offering require the registrant to fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director, or officer of the registrant, or is or was a director or officer of the registrant serving at the registrant's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, to the fullest extent permitted by applicable law.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) for payments of unlawful

dividends or unlawful stock repurchases or redemptions or (4) for any transaction from which the director derived an improper personal benefit. The registrant's certificate of incorporation to be in effect upon the completion of this offering provides that the registrant's directors shall not be personally liable to it or its stockholders for monetary damages for breach of fiduciary duty as a director and that if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the registrant's directors shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Section 174 of the DGCL provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of our board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts

As permitted by the DGCL, the registrant has entered into separate indemnification agreements with each of the registrant's directors and certain of the registrant's officers which require the registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status as directors, officers or certain other employees.

The registrant expects to obtain and maintain insurance policies under which its directors and officers are insured, within the limits and subject to the limitations of those policies, against certain expenses in connection with the defense of, and certain liabilities which might be imposed as a result of, actions, suits or proceedings to which they are parties by reason of being or having been directors or officers. The coverage provided by these policies may apply whether or not the registrant would have the power to indemnify such person against such liability under the provisions of the DGCL.

These indemnification provisions and the indemnification agreements entered into between the registrant and the registrant's officers and directors may be sufficiently broad to permit indemnification of the registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended, or Securities Act.

The underwriting agreement between the registrant and the underwriters filed as Exhibit 1.1 to this registration statement provides for the indemnification by the underwriters of the registrant's directors and officers and certain controlling persons against specified liabilities, including liabilities under the Securities Act with respect to information provided by the underwriters specifically for inclusion in the registration statement.

Item 15. Recent sales of unregistered securities.

The following list sets forth information regarding all unregistered securities sold by us since January 1, 2010. No underwriters were involved in the sales and the certificates representing the securities sold and issued contain legends restricting transfer of the securities without registration under the Securities Act or an applicable exemption from registration.

(a) In February and June of 2010, the registrant issued and sold an aggregate of 2,701,957 shares of its series F convertible preferred stock at $3.57 per share, for aggregate proceeds of approximately $9,646,000, to a total of eight accredited investors. With respect to the February 2010 sale of series F convertible preferred stock, the registrant filed a Form D on March 2, 2010. With respect to the June 2010 sale of series F convertible preferred stock, the registrant filed a Form D/A on July 13, 2010.

(b) In March 2012, the registrant sold an aggregate of 2,840,260 shares of its series G convertible preferred stock at $7.0416 per share for aggregate proceeds of approximately $20,000,000 to a total of eight accredited investors.

(c) From February 24, 2010 through December 7, 2011, the registrant granted to certain of its employees, consultants, directors and other service providers under the registrant's 2002 Stock Incentive Plan options to purchase an aggregate of 923,609 shares of its common stock at exercise prices ranging from $0.60 to $0.75 per share.

(d) From March 28, 2012 through October 10, 2013, the registrant granted to certain of its employees, consultants, directors and other service providers under the registrant's 2012 Equity Incentive Plan options to purchase an aggregate of 964,922 shares of its common stock at exercise prices ranging from $0.81 to $8.37 per share.

(e) From May 10, 2010 through November 7, 2013, the registrant issued and sold an aggregate of 15,106 shares of its common stock upon the exercise of options issued to certain employees, directors and consultants under the registrant's 2002 Stock Incentive Plan at exercise prices ranging from $0.60 to $8.70, for aggregate consideration of approximately $17,000.

(f) On March 4, 2011, the registrant issued 2,554 shares of its series C convertible preferred stock upon exercise of warrants at an exercise price of $17.58 per share for aggregate proceeds of approximately $45,000.

(g) On February 28, 2012, the registrant issued 17,386 shares of its common stock upon exercise of warrants at an exercise price of $0.30 per share for aggregate proceeds of approximately $5,000.

(h) On April 18, 2012, the registrant issued 8,408 shares of its series C convertible preferred stock upon exercise of warrants at an exercise price of $17.58 per share for aggregate proceeds of approximately $148,000.

(i) On April 18, 2012, the registrant issued 2,429 shares of its series B convertible preferred stock upon exercise of a warrant at an exercise price of $11.88 per share for aggregate proceeds of approximately $29,000.

(j) On December 27, 2012, the registrant issued 13,647 shares of its series C convertible preferred stock upon exercise of warrants at an exercise price of $17.58 per share for aggregate proceeds of approximately $240,000.

(k) On February 14, 2013, the registrant issued 19,976 shares of its series D convertible preferred stock upon exercise of warrants at an exercise price of $21.90 per share for aggregate proceeds of approximately $437,000.

(l) On February 28, 2013, the registrant issued 19,539 shares of its series D convertible preferred upon exercise of warrants at an exercise price of $21.90 per share for aggregate proceeds of approximately $428,000.

(m) On May 20, 2013, the registrant issued 7,989 shares of its series D convertible preferred stock upon exercise of warrants at an exercise price of $21.90 per share for aggregate proceeds of approximately $175,000.

(n) On May 23, 2013, the registrant issued 2,951 shares of its series D convertible preferred stock upon exercise of a warrant at an exercise price of $21.90 per share for aggregate proceeds of approximately $65,000.

(o) On June 21, 2013, the registrant issued 5,706 shares of its series D convertible preferred stock upon exercise of warrants at an exercise price of $21.90 per share for aggregate proceeds of approximately $125,000.

(p) On July 3, 2013, the registrant issued 3,685 shares of its series D convertible preferred stock upon exercise of a warrant at an exercise price of $21.90 per share for aggregate proceeds of approximately $81,000.

(q) On August 28, 2013, the registrant issued 22,830 shares of its series D convertible preferred stock upon exercise of warrants at an exercise price of $21.90 per share for aggregate proceeds of approximately $500,000.

(r) On September 5, 2013, the registrant issued 2,853 shares of its series D convertible preferred stock upon exercise of a warrant at an exercise price of $21.90 per share for aggregate proceeds of approximately $62,000.

(s) On October 28, 2013, the registrant issued 372 shares of its series D convertible preferred stock upon exercise of a warrant at an exercise price of $21.90 per share for aggregate proceeds of approximately $8,000.

Unless otherwise indicated, the offers, sales and issuances of the securities described in Items 15(a) and (b) and 15(f) through (s) were exempt from registration under the Securities Act under Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited person and had adequate access, through employment, business or other relationships, to information about the registrant. No underwriters were involved in the offers, sales and issuances of the securities described in items 15(a) and (b) and 15(f) through (s).

The offers, sales and issuances of the securities described in Items 15(c), 15(d) and 15(e) were exempt from registration under the Section 4(2) of the Securities Act and/or Rule 701 of the Securities Act.

Item 16. Exhibits and financial statement schedules.

(a) Exhibits.

Exhibit number	Description
1.1*	Form of Underwriting Agreement.
3.1^	Twelfth Amended and Restated Certificate of Incorporation of the Registrant, as amended.
3.2^	Form of Thirteenth Amended and Restated Certificate of Incorporation, to be effective upon completion of the offering.
3.3^	Form of Amended and Restated Bylaws, to be effective immediately prior to the completion of the offering.
4.1*	Specimen Common Stock Certificate of the Registrant.
4.2*	Ninth Amended and Restated Investors' Rights Agreement, dated March 12, 2012, by and among the Registrant and the investors named therein, as amended.
4.3^	Form of Warrant to Purchase Common Stock issued in connection with the Registrant's 2007 convertible note financing.
4.4^	Form of Warrant to Purchase Common Stock issued in connection with the Registrant's Series E Preferred Stock Financing.
4.5^	Form of Warrant to Purchase Series C Convertible Preferred Stock.
4.6^	Form of Warrant to Purchase Series D Convertible Preferred Stock issued pursuant to the Registrant's Note and Warrant Purchase Agreement dated July 7, 2006.
4.7^	Form of Warrant to Purchase Series D Convertible Preferred Stock issued in connection with the Registrant's Note and Warrant Purchase Agreement dated September 1, 2006.
4.8^	Warrant to purchase Series D Convertible Preferred Stock, dated September 18, 2006, issued to Venture Lending and Leasing IV, LLC.
4.9^	Form of Warrant to Purchase Series E Convertible Preferred Stock.
4.10^	Form of Second Warrant to Purchase Series E Convertible Preferred Stock.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation.
10.1+^	Form of Director and Executive Officer Indemnification Agreement.
10.2+^	2002 Stock Plan, as amended.
10.3+^	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2002 Stock Plan, as amended.
10.4+^	2012 Equity Incentive Plan, as amended.
10.5+^	Form of Stock Option Agreement under the 2012 Equity Incentive Plan.
10.6+*	2014 Equity Incentive Plan, to be in effect upon completion of this offering.

Exhibit number	Description
10.7+*	Form of Stock Option Agreement under the 2014 Equity Incentive Plan.
10.8+*	2014 Employee Stock Purchase Plan.
10.9+^	Executive Incentive Compensation Plan.
10.10+	Employment Agreement, dated October 1, 2013, between the Registrant and Raymond Huggenberger.
10.11+	Employment Agreement, dated October 1, 2013, between the Registrant and Scott Wilkinson.
10.12+	Employment Agreement, dated October 1, 2013, between the Registrant and Alison Bauerlein.
10.13+	Employment Agreement, dated October 1, 2013, between the Registrant and Matt Scribner.
10.14+	Employment Agreement, dated October 1, 2013, between the Registrant and Brenton Taylor.
10.15*	Amended and Restated Revolving Credit and Term Loan Agreement, dated October 12, 2012, between the Registrant and Comerica Bank, as amended.
10.16*	Security Agreement, dated October 12, 2012, between the Registrant and Comerica Bank.
10.17^	Multi-Purpose Commercial Building Lease, dated February 1, 2010, between the Registrant and Rockbridge Investments, L.P., as amended.
10.18^	Lease Agreement, dated May 3, 2012, between the Registrant and Bayview (TX) Holding LLC.
10.19	License Agreement, dated July 23, 2007, between the Registrant and Air Products and Chemicals, Inc.
10.20^	Amendment to License Agreement, dated October 23, 2009, between the Registrant and Air Products and Chemicals, Inc.
10.21^	Amendment No. 2 to License Agreement, dated October 4, 2010, between the Registrant and Air Products and Chemicals, Inc.
10.22^	Amendment No. 3 to License Agreement, dated March 22, 2011, between the Registrant and Air Products and Chemicals, Inc.
10.23*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Alison Bauerlein.
10.24*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Brenton Taylor.
10.25*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Scott Wilkinson.
10.26*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Byron Myers.
10.27*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Matthew Scribner.
16.1^	Letter from Macias Gini & O'Connell LLP addressed to the Securities and Exchange Commission.
23.1	Consent of BDO USA, LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Macias Gini & O'Connell LLP, Independent Registered Public Accounting Firm.
23.3*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1).
23.4	Consent of Timan, LLC
24.1^	Powers of Attorney (included in page II-7-8 to the original filing of this registration statement).

^ Previously filed.
* To be filed by amendment.
+ Indicates a management contract or compensatory plan.
† Confidential treatment will be requested with respect to certain portions of this exhibit. Omitted portions will be filed separately with the Securities and Exchange Commission.

(b) Financial statement schedules.

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goleta, State of California, on December 23, 2013.

INOGEN, INC.

By: /s/ Raymond Huggenberger
Raymond Huggenberger
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Raymond Huggenberger Raymond Huggenberger	President, Chief Executive Officer and Director (Principal Executive Officer)	December 23, 2013
/s/ Alison Bauerlein Alison Bauerlein	Chief Financial Officer (Principal Accounting and Financial Officer)	December 23, 2013
* Heath Lukatch, Ph.D	Chairman of the Board	December 23, 2013
* Benjamin Anderson-Ray	Director	December 23, 2013
* Stephen E. Cooper	Director	December 23, 2013

Signature	Title	Date
*	Director	December 23, 2013
William J. Link, Ph.D.		
*	Director	December 23, 2013
Charles E. Larsen		
*	Director	December 23, 2013
Loren McFarland		
*	Director	December 23, 2013
Timothy Petersen		

By: /s/ Raymond Huggenberger
Raymond Huggenberger
Attorney-in-fact

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Exhibit index

Exhibit number	Description
1.1*	Form of Underwriting Agreement.
3.1^	Twelfth Amended and Restated Certificate of Incorporation of the Registrant, as amended.
3.2^	Form of Thirteenth Amended and Restated Certificate of Incorporation, to be effective upon completion of the offering.
3.3^	Form of Amended and Restated Bylaws, to be effective immediately prior to the completion of the offering.
4.1*	Specimen Common Stock Certificate of the Registrant.
4.2*	Ninth Amended and Restated Investors' Rights Agreement, dated March 12, 2012, by and among the Registrant and the investors named therein, as amended.
4.3^	Form of Warrant to Purchase Common Stock issued in connection with the Registrant's 2007 convertible note financing.
4.4^	Form of Warrant to Purchase Common Stock issued in connection with the Registrant's Series E Preferred Stock Financing.
4.5^	Form of Warrant to Purchase Series C Convertible Preferred Stock.
4.6^	Form of Warrant to Purchase Series D Convertible Preferred Stock issued pursuant to the Registrant's Note and Warrant Purchase Agreement dated July 7, 2006.
4.7^	Form of Warrant to Purchase Series D Convertible Preferred Stock issued in connection with the Registrant's Note and Warrant Purchase Agreement dated September 1, 2006.
4.8^	Warrant to purchase Series D Convertible Preferred Stock, dated September 18, 2006, issued to Venture Lending and Leasing IV, LLC.
4.9^	Form of Warrant to Purchase Series E Convertible Preferred Stock.
4.10^	Form of Second Warrant to Purchase Series E Convertible Preferred Stock.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation.
10.1+^	Form of Director and Executive Officer Indemnification Agreement.
10.2+^	2002 Stock Plan, as amended.
10.3+^	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2002 Stock Plan, as amended.
10.4+^	2012 Equity Incentive Plan, as amended.
10.5+^	Form of Stock Option Agreement under the 2012 Equity Incentive Plan.
10.6+*	2014 Equity Incentive Plan, to be in effect upon completion of this offering.
10.7+*	Form of Stock Option Agreement under the 2014 Equity Incentive Plan.
10.8+*	2014 Employee Stock Purchase Plan.
10.9+^	Executive Incentive Compensation Plan.
10.10+	Employment Agreement, dated October 1, 2013, between the Registrant and Raymond Huggenberger.
10.11+	Employment Agreement, dated October 1, 2013, between the Registrant and Scott Wilkinson.
10.12+	Employment Agreement, dated October 1, 2013, between the Registrant and Alison Bauerlein.
10.13+	Employment Agreement, dated October 1, 2013, between the Registrant and Matt Scribner.
10.14+	Employment Agreement, dated October 1, 2013, between the Registrant and Brenton Taylor.
10.15*	Amended and Restated Revolving Credit and Term Loan Agreement, dated October 12, 2012, between the Registrant and Comerica Bank, as amended.
10.16*	Security Agreement, dated October 12, 2012, between the Registrant and Comerica Bank.
10.17^	Multi-Purpose Commercial Building Lease, dated February 1, 2010, between the Registrant and Rockbridge Investments, L.P., as amended.
10.18^	Lease Agreement, dated May 3, 2012, between the Registrant and Bayview (TX) Holding LLC.
10.19	License Agreement, dated July 23, 2007, between the Registrant and Air Products and Chemicals, Inc.
10.20^	Amendment to License Agreement, dated October 23, 2009, between the Registrant and Air Products and Chemicals, Inc.
10.21^	Amendment No. 2 to License Agreement, dated October 4, 2010, between the Registrant and Air Products and Chemicals, Inc.
10.22^	Amendment No. 3 to License Agreement, dated March 22, 2011, between the Registrant and Air Products and Chemicals, Inc.
10.23*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Alison Bauerlein.
10.24*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Brenton Taylor.
10.25*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Scott Wilkinson.
10.26*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Byron Myers.

10.27*†+	Management Carve-Out Bonus Award, dated July 1, 2012, between the Registrant and Matthew Scribner.
16.1^	Letter from Macias Gini & O'Connell LLP addressed to the Securities and Exchange Commission.
23.1	Consent of BDO USA, LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Macias Gini & O'Connell LLP, Independent Registered Public Accounting Firm.
23.3*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1).
23.4	Consent of Timan, LLC
24.1^	Powers of Attorney (included in page II-7-8 to the original filing of this registration statement).

^ Previously filed.
* To be filed by amendment.
+ Indicates a management contract or compensatory plan.
† Confidential treatment will be requested with respect to certain portions of this exhibit. Omitted portions will be filed separately with the Securities and Exchange Commission.

Exhibit 10.10

INOGEN, INC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and effective as of October 1, 2013 (the "Effective Date"), by and between Inogen, Inc., a Delaware corporation (the "Company"), and Ray Huggenberger (the "Executive").

WITNESSETH:

WHEREAS, the Company and Executive previously entered into an employment agreement, dated January 2, 2007, and amended by addendum dated September 23, 2008 (the "Original Agreement").

WHEREAS, the Company desires to amend and restate the Original Agreement embodying the terms of Executive's employment from and after the Effective Date, and Executive desires to enter into this Agreement make such amendments.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. **Definitions**.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 below, (iii) any benefits provided under the Company's employee benefit plans, and (iv) any benefits under policies upon a termination of employment, in accordance with the terms contained therein, including, without limitation, rights with respect to accrued but unused vacation.

(b) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

(c) "Base Salary" shall mean the salary provided for in Section 4(a) below or any increased salary granted to Executive pursuant to Section 4(a).

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Cause" shall mean (i) Executive's conviction of any crime (A) constituting a felony or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of Executive's duties to the Company, or otherwise has, or could reasonably be expected to result in, an adverse impact to the business or reputation of the Company; (ii) conduct of the Executive, in connection with his employment, that has, or could reasonably be expected to result in, material injury to the business or reputation of the Company, including, without limitation, act(s) of fraud, embezzlement, misappropriation and breach of fiduciary duty; (iii) any material violation of the operating and ethics policies of the Company, including, but not limited to those relating to sexual harassment and the disclosure or misuse of confidential information; (iv) willful

neglect in the performance of Executive's duties or willful or repeated failure or refusal to perform such duties; or (v) Executive's breach of any material provision of this Agreement, including, without limitation, any provision of Section 9.

(f) "Change of Control" shall mean, following an IPO, the occurrence of any of the following events during the Post-IPO Period:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change of Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Change of Control Period" shall mean, following an IPO, the period beginning on the date three (3) months prior to, and ending on the date that is twelve (12) months following, a Change of Control.

(h) "Change of Control Severance Term" shall mean the thirty-six (36) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, provided such termination occurred within the Change of Control Period.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company" shall have the meaning set forth in the preamble hereto.

(k) "Compensation Committee" shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(l) "Competitive Activities" shall mean any business activities in which the Company is engaged (or has committed plans to engage) during the Term of Employment.

(m) "Confidential Information" shall mean confidential or proprietary trade secrets, client lists, client identities and information, information regarding service providers, investment methodologies, marketing data or plans, sales plans, management organization information, operating policies or manuals, business plans or operations or techniques, financial records or data, or other financial, commercial, business or technical information (i) relating to the Company, or (ii) that the Company may receive belonging to suppliers, customers or others who do business with the Company, but shall exclude any information that is in the public domain or hereafter enters the public domain, in each case without the breach by Executive of Section 9(a) below.

(n) "Developments" shall have the meaning set forth in Section 9(b) below.

(o) "Disability" shall mean any physical or mental disability or infirmity that prevents the performance (with or without reasonable accommodation) of Executive's performance

of the essential functions of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld).

(p) "Effective Date" shall have the meaning set forth in the preamble hereto.

(q) "Executive" shall have the meaning set forth in the preamble hereto.

(r) "Good Reason" shall mean, without Executive's consent, (i) a substantial and material diminution in Executive's duties or responsibilities (which shall exclude any diminution in connection with the change in Executive's position as contemplated in Section 3(a) hereof); (ii) a reduction in Base Salary or Annual Bonus opportunity of 10% or more; or (iii) the failure of the Company to pay any compensation when due.

(s) "Interfering Activities" shall mean directly or indirectly soliciting any individual employed by the Company, provided that the foregoing shall not be violated by general advertising not targeted at employees of the Company.

(t) "MIP" shall have the meaning set forth in Section 4(b) below.

(u) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(v) "Post-IPO Period" shall mean the period of time immediately following the occurrence of the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO").

(w) "Pre-IPO Period" shall mean the period of time beginning on the Effective Date and ending upon the effective date of an IPO.

(x) "Release Expiration Date" shall mean the date which is twenty-one (21) days following the date upon which the Company delivers Executive the release contemplated in Section 8(h) below, or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date which is forty-five (45) days following such delivery date.

(y) "Restricted Area" shall mean any State of the United States of America or any other jurisdiction in which the Company engages (or has committed plans to engage) in business during the Term of Employment.

(z) "Restricted Period" shall mean the period commencing on January 2, 2007 and extending to the nine (9) month anniversary of Executive's termination of employment for any reason.

(aa) "Severance Term" shall mean:

(i) During the Pre-IPO Period, the twelve (12) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(ii) During the Post-IPO Period, the twenty-four (24) months following the Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(bb) "Term of Employment" shall mean the period specified in Section 2 below.

Section 2. **Term of Employment**.

The Company agrees to employ Executive and Executive agrees to serve the Company on the terms and conditions set forth herein. The term of the Executive's employment hereunder shall continue until terminated as hereinafter specified in Section 8.

Section 3. **Position, Duties and Responsibilities; Place of Performance**.

(a) During the Term of Employment, Executive shall serve as the Chief Executive Officer of the Company, together with such other position or positions consistent with Executive's title as the Board shall specify from time to time, and shall have such duties typically associated with such title. Executive also shall serve as a member of the Company's Board, and as an officer and/or director of any subsidiary of the Company, in each case, without additional compensation.

(b) Executive shall devote his full business time, attention, skill and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment that (x) conflicts with the interests of the Company, (y) interferes with the proper and efficient performance of his duties for the Company, or (z) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the Board, as a member of the board of directors or advisory board (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs; *provided, however*, that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be in Goleta, California, although Executive understands and agrees that he may be required to travel from time to time for business reasons.

Section 4. **Compensation**. During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Salary.

(i) Commencing as of the Effective Date and continuing during the Pre-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of $400,000, less applicable withholdings.

(ii) During the Post-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regularly payroll practices of the Company, of not less than $440,000, less applicable withholdings.

The Base Salary shall be subject to annual review by the Board or the Compensation Committee for increase, but not decrease, based on both Executive and Company performance.

(b) Annual Bonus.

(i) Executive is eligible for an annual performance bonus award (the "Annual Bonus"), determined pursuant to the Company's Management Incentive Plan (the "MIP"). Executive's current year target Annual Bonus is 40% of Executive's Base Salary (the "Bonus Target") and is effective from January 1, 2013 through September 30, 2013.

(ii) Commencing as of the Effective Date and continuing during the Pre-IPO Period, the Bonus Target shall equal 50% of Executive's Base Salary.

(iii) During the Post-IPO Period, the Bonus Target shall equal 60% of Executive's Base Salary.

The actual Annual Bonus payable shall be between 0% and Executive's Bonus Target, with specific financial targets for the MIP which are mutually agreed upon between the Executive and the Board. To the extent that such targets are financial and quantifiable, such Annual Bonus is payable on a sliding scale mutually agreed upon between the Executive and the Board. The Annual Bonus, or installments thereof, is earned as of the end of any applicable fiscal year and paid to Executive following the annual audit for such fiscal year at such time as annual bonuses are paid to other senior executives of the Company.

(c) Liquidation Fee. In the event of a Change of Control, liquidation, dissolution, or winding up on the Company occurring prior to an IPO (a "Deemed Liquidation Event"), as described in Section 4.2.2 of the Company's Certificate of Incorporation, as amended and restated (the "Certificate"), which is consummated during the term of this Agreement, the Company shall pay to Executive on the closing of such Deemed Liquidation Event a cash bonus (the "Liquidation Bonus"), in the same form or forms of payment and in the same proportions paid by the purchaser(s) to the holders of the Company's equity securities upon the transaction, whether such distribution is at closing or a delayed distribution pursuant to the application of any escrow, earn-out or other similar arrangement. The Liquidation Bonus shall be calculated as follows:

(i) For a Deemed Liquidation Event in which the assets or funds available for distribution to the holders of the Company's capital stock following the payment of all expenses and indebtedness of the Company (the "Available Funds") is less than or equal to $30,000,000, the Liquidation Bonus shall be $100,000; and

(ii) For a Deemed Liquidation Event in which the aggregate Available Funds is greater than $30,000,000, the Liquidation Fee shall be an amount equal to the greater of (A) $100,000 or (B) an amount equal to one percent (1%) of the difference between the Available Funds and $30,000,000.

Section 5. **Executive Benefits**.

During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement and other benefits provided to other senior executives of the Company, including the same number of holidays, sick days and other benefits as are generally allowed to senior executives of the Company in accordance with the Company policy in effect from time to time. Executive also shall be entitled to four (4) weeks' paid vacation per each 12 month period. Unused vacation may be carried over from year to year, but at no time can Executive accrue more than seven (7) weeks of unused vacation at any one time. Once that limit is reached, Executive may not accrue any further vacation unless and until Executive has used some or all of his accrued vacation.

Section 6. **Key-Man Insurance**.

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Executive by any such documents.

Section 7. **Payment and Reimbursement of Business Expenses**.

Executive is authorized to incur reasonable business expenses in carrying out his duties and responsibilities under this Agreement and the Company shall pay, or if Executive shall have paid, shall promptly reimburse Executive for any and all such reasonable business expenses for business, entertainment, promotion, professional association dues and travel incurred by Executive in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy, as in effect from time to time, and subject to the consent of the Board.

Section 8. **Termination of Employment**.

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company. The payment hereunder of any deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall not be paid to Executive until such time as Executive has undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h).

(b) Termination due to Death or Disability. Executive's employment shall terminate automatically upon his death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to his death or Disability, Executive or his estate or his beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company; and

Following such termination of Executive's employment by the reason of death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon Executive's receipt of written notice of such termination; *provided, however,* that with respect to any termination for Cause which is described in clause (iv) or, to the extent capable of being cured, clause (v) of the definition of Cause set forth in Section 1(e) above, Executive shall be given not less than ten (10) days written notice by the Board of the intention to terminate him for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such ten (10) day notice period unless Executive has fully cured such acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event the Company terminates Executive's employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause Unrelated to a Change of Control. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) outside of the Change of Control Period, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company;

(iii) Continuation of payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code; and

(iv) Continuation, during the period of time permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986 (the "COBRA Period"), of the medical benefits provided to Executive and his covered dependants under the Company's health plans in effect as of the date of such termination, it being understood and agreed that Executive shall be required to pay that portion of the cost of such medical benefits as Executive was required to pay (including through customary deductions from Executive's paycheck) as of the date of Executive's termination of employment with the Company. Notwithstanding the foregoing, the Company's obligation to provide such continuation of benefits shall terminate prior to the expiration of the COBRA Period in the event that Executive becomes eligible to receive any such or similar benefits while employed by or providing service to, in any capacity, any other business or entity during the COBRA Period.

Notwithstanding anything in this Section 8(d)(iv) to the contrary, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit related to COBRA premiums without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act, the Patient Protection and Affordable Car Act, and the Health Care and Education Reconciliation Act of 2010), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month (except as provided by the following sentence), in an amount equal to the portion of the monthly COBRA premium that Executive would be required to pay to continue the group health coverage for Executive and his eligible dependents at coverage levels in effect immediately prior to Executive's termination (which amount will equal the excess of the full monthly COBRA premium cost Executive would be required to pay and the monthly medical premium costs that Executive was required to pay as of immediately prior to the date of Executive's termination of employment with the Company), which payments will be made regardless of whether

Executive or his eligible dependents elect COBRA continuation coverage on the first payroll date following Executive's termination of employment (subject to any delay as may be required by Section 13 of this Agreement) and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the end of the COBRA Period. For the avoidance of doubt, the taxable payments in lieu of COBRA subsidies may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii), (iii) and (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason Unrelated to a Change of Control. Executive may terminate his employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and, if such termination occurs outside of the Change of Control Period, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) above. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Company without Cause or by Executive with Good Reason in Connection with a Change of Control. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) or Executive terminates his employment with Good Reason (by providing thirty (30) days written notice to the Company and with such cure period as described in subsection 8(e), above) during the Change of Control Period, Executive shall be entitled to the same payments and benefits as described in Section 8(d) above, provided, however, that payment of Executive's of Base Salary shall continue through the Change of Control Severance Term, rather than the Severance Term. Such continuing payments shall be payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Any payments previously made to Executive under Section 8(d) or 8(e) above, shall offset the payments and benefits due to Executive under this Section 8(f), if any.

(g) Termination by Executive without Good Reason. Executive may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of

Executive's employment under this Section 8(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination and still have it treated as a termination without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations), Executive shall have executed, on or prior to the Release Expiration Date, a customary general release in favor of the Company in the form attached hereto as Exhibit A, and any waiting periods contained in such release shall have expired. To the extent that the Company requires execution of such release, the Company shall deliver such release to Executive within ten (10) business days following the termination of Executive's employment hereunder. In the event that Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations). Notwithstanding anything contained in this Section 8 to the contrary in any case where the date of termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year.

Section 9. **Restrictive Covenants**. Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the business and assets of the Company, and (B) by his employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the substantial detriment of the Company.

(a) Confidential Information. At any time during and after the end of the Term of Employment, without the prior written consent of the Board, except to the extent required by an order of a court having jurisdiction or under subpoena from an appropriate government agency, in which event, Executive shall use his best efforts to consult with the Board prior to responding to any such order or subpoena, and except as required in the performance of his duties hereunder, Executive shall not disclose to or use for the benefit of any third party any Confidential Information.

(b) Non-Competition. Executive covenants and agrees that during the Term of Employment, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(b) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly-held corporation, or serving as a member of the boards of directors of other companies; *provided* that such service does not create a conflict of interest with his employment with the Company.

(c) Non-Solicitation; Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for his own account or for the account of any other Person, engage in Interfering Activities.

(d) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of any nature and in whatever medium of the Company, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(e) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information and/or Company resources or in consultation with any personnel of the Company (collectively referred to as "Developments"). Executive hereby assigns all right, title and interest in and to any and all of these Developments to the Company. Executive agrees to assist the Company, at the Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship which are made by him (solely or jointly with others) within the scope of employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 USC Sec. 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(f) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

Section 10. **Injunctive Relief**.

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof.

Section 11. **Taxes**.

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. **Set Off; Mitigation**.

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Section 8(d)(v) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

Section 13. **Section 409A**.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code (as defined below) Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 13(c). Except as required by Section 13(c), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of subsection (a) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of subsection (a) above.

(f) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(g) For purposes of this Agreement, "Section 409A Limit" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of his or his separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's separation from service occurred.

Section 14. **Successors and Assigns; No Third-Party Beneficiaries**.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations or interests arising hereunder may be assigned by the Company without Executive's prior written consent (which shall not be unreasonably withheld, delayed or conditioned), to a person or entity other than an affiliate or parent entity of the Company, or their respective successors or assigns; *provided, however*, that, in the event of the merger, consolidation, transfer or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties and obligations of the Company hereunder, it being agreed that in such circumstances, the consent of Executive shall not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided, however*, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Company and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

Section 15. **Waiver and Amendments**.

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however,* that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 16. **Severability**.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction: (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 17. **Governing Law and Jurisdiction**.

This Agreement is governed by and is to be construed under the laws of the State of California, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof (other than claims for injunctive relief, which shall be governed by Section 10 hereof) shall be brought exclusively in the Federal court in the State of California. By execution of the Agreement, the parties hereto, and their respective affiliates, consent to the exclusive jurisdiction of such court, and waive any right to challenge jurisdiction or venue in such court with regard to any suit, action, or proceeding under or in connection with the Agreement. Each party to this Agreement also hereby waives any right to trial by jury in connection with any suit, action or proceeding under or in connection with this Agreement.

Section 18. **Notices**.

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given: (i) if delivered by hand, on the date of such delivery; (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing; and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 19. **Section Headings**.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 20. **Entire Agreement**.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement.

Section 21. **Survival of Operative Sections**.

Upon any termination of Executive's employment, the provisions of Section 8 through Section 23 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 22. **Limitation on Payments**.

In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 22, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such letter extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Notwithstanding the foregoing, to the extent the Company submits any payment or benefit payable to Executive under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Regulation Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by Executive and in the order prescribed by this Section 22.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 22 will be made in writing by an independent firm (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 22, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 22. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 22.

Section 23. **Counterparts**.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

Inogen, Inc.

/s/ Alison Bauerlein

By: Alison Bauerlein
Title: Chief Financial Officer

EXECUTIVE:

/s/ Raymond Huggenberger

Raymond Huggenberger

EXHIBIT A

FORM OF RELEASE

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is made by and between [EMPLOYEE NAME] ("Employee") and Inogen, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, Employee was employed by the Company;

WHEREAS, Employee signed an Amended and Restated Employment Agreement with the Company on [DATE] (the "Employment Agreement");

WHEREAS, the Company terminated Employee's employment with the Company effective [DATE] (the "Termination Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

COVENANTS

1. Consideration.

[PER TERMS OF SECTION 8 OF EMPLOYMENT AGREEMENT]

2. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Employee.

3. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Employee, on his/her own behalf and on behalf of his/her respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; and the California Fair Employment and Housing Act;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment,

against the Company (with the understanding that any such filing or participation does not give Employee the right to recover any monetary damages against the Company; Employee's release of claims herein bars Employee from recovering such monetary relief from the Company). Notwithstanding the foregoing, Employee acknowledges that any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with Paragraph 15, except as required by applicable law. Employee represents that he/she has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

4. Acknowledgment of Waiver of Claims under ADEA. **[delete this entire paragraph if Employee is UNDER 40].** Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that: (a) he/she should consult with an attorney prior to executing this Agreement; (b) he/she has twenty-one (21) days within which to consider this Agreement; (c) he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that he/she has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

5. California Civil Code Section 1542. Employee acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee, being aware of said code section, agrees to expressly waive any rights he/she may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee represents that he/she has no lawsuits, claims, or actions pending in his/her name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that he/she does not intend to bring any claims on his/her own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

7. Application for Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company. Employee further agrees not to apply for employment with the Company and not otherwise pursue an independent contractor or vendor relationship with the Company.

8. Confidentiality. Employee agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Employee may disclose Separation Information only to his/her immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Employee's attorney(s), and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Employee agrees that he/she will not publicize, directly or indirectly, any Separation Information.

9. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Employment Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and nonsolicitation of Company employees. Employee's signature below constitutes his/her certification under penalty of perjury that he/she has returned all documents and other items provided to Employee by the Company, developed or obtained by Employee in connection with his/her employment with the Company, or otherwise belonging to the Company.

10. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so [or as related directly to the ADEA waiver in this Agreement] **(<<delete this bracketed clause if Employee is UNDER 40>>)**. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that he/she cannot provide counsel or assistance.

11. Nondisparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Employee shall direct any inquiries by potential future employers to the Company's human resources department.

12. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, [unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA,] **(<<delete this bracketed clause if Employee is**

UNDER 40>>) or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, [except as provided by law] **[<<delete this bracketed clause if Employee is UNDER 40>>]**.

13. No Admission of Liability. Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN SANTA BARBARA COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on his/her behalf under the terms of this Agreement. Employee agrees and understands that he/she is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he/she has the capacity to act on his/her own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Employee represents that he/she has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

19. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

20. Attorneys' Fees. [Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA] **(<<delete this bracketed clause if Employee is UNDER 40>>)**, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

21. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Employment Agreement, except as modified herein.

22. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and the Company's Chief Executive Officer.

23. Governing Law. This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. Employee consents to personal and exclusive jurisdiction and venue in the State of California.

24. Effective Date. Employee understands that this Agreement shall be null and void if not executed by him/her within twenty one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

(<<OR, if Employee is UNDER 40, use the bracketed language>>)

[Employee understands that this Agreement shall be null and void if not executed by him/her within seven (7) days. This Agreement will become effective on the date it has been signed by both Parties (the "Effective Date").]

25. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. Employee understands and agrees that he/she executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his/her claims against the Company and any of the other Releasees. Employee acknowledges that:

(a) he/she has read this Agreement;

(b) he/she has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his/her own choice or has elected not to retain legal counsel;

(c) he/she understands the terms and consequences of this Agreement and of the releases it contains; and

(d) he/she is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

[EMPLOYEE NAME], an individual

Dated: _____, 201__

_____

[Employee Name]

INOGEN, INC.

Dated: _____, 201__

By _____

[Officer Name]
[Officer Title]

Exhibit 10.11

INOGEN, INC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and effective as of October 1, 2013 (the "Effective Date"), by and between Inogen, Inc., a Delaware corporation (the "Company"), and Mr. Scott Wilkinson (the "Executive").

WITNESSETH:

WHEREAS, the Company and Executive previously entered into an employment agreement, dated April 1, 2009 (the "Original Agreement").

WHEREAS, the Company and Executive previously entered into a Management Carve-Out Bonus Award Agreement, dated July 1, 2012 (the "Bonus Agreement").

WHEREAS, the Company desires to amend and restate the Original Agreement embodying the terms of Executive's employment from and after the Effective Date and to amend the Bonus Agreement, and Executive desires to enter into this Agreement to make such amendments.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. **Definitions**.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 below, (iii) any benefits provided under the Company's employee benefit plans, and (iv) any benefits under policies upon a termination of employment, in accordance with the terms contained therein, including, without limitation, rights with respect to accrued but unused vacation.

(b) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

(c) "Base Salary" shall mean the salary provided for in Section 4(a) below or any increased salary granted to Executive pursuant to Section 4(a).

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Cause" shall mean (i) Executive's conviction of any crime (A) constituting a felony or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of Executive's duties to the Company, or otherwise has, or could reasonably be expected to result in, an adverse impact to the business or reputation of the Company; (ii) conduct of the Executive, in connection with his employment, that has, or could reasonably be expected to

result in, material injury to the business or reputation of the Company, including, without limitation, act(s) of fraud, embezzlement, misappropriation and breach of fiduciary duty; (iii) any material violation of the operating and ethics policies of the Company, including, but not limited to those relating to sexual harassment and the disclosure or misuse of confidential information; (iv) willful neglect in the performance of Executive's duties or willful or repeated failure or refusal to perform such duties; or (v) Executive's breach of any material provision of this Agreement, including, without limitation, any provision of Section 9.

(f) "Change of Control" shall mean, following an IPO, the occurrence of any of the following events during the Post-IPO Period:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change of Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of our Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Change of Control Period" shall mean, following an IPO, the period beginning on the date three (3) months prior to, and ending on the date twelve (12) months following, a Change of Control.

(h) "Change of Control Severance Term" shall mean the twenty-four (24) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, provided such termination occurred within the Change of Control Period.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company" shall have the meaning set forth in the preamble hereto.

(k) "Compensation Committee" shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(l) "Competitive Activities" shall mean any business activities in which the Company is engaged (or has committed plans to engage) during the Term of Employment.

(m) "Confidential Information" shall mean confidential or proprietary trade secrets, client lists, client identities and information, information regarding service providers, investment methodologies, marketing data or plans, sales plans, management organization information, operating policies or manuals, business plans or operations or techniques, financial records or data, or other financial, commercial, business or technical information (i) relating to the Company, or (ii) that the Company may receive belonging to suppliers, customers or others who do business with the Company, but shall exclude any information that is in the public domain or hereafter enters the public domain, in each case without the breach by Executive of Section 9(a) below.

(n) "Developments" shall have the meaning set forth in Section 9(b) below.

(o) "Disability" shall mean any physical or mental disability or infirmity that prevents the performance (with or without reasonable accommodation) of Executive's performance of the essential functions of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld).

(p) "Effective Date" shall have the meaning set forth in the preamble hereto.

(q) "Executive" shall have the meaning set forth in the preamble hereto.

(r) "Good Reason" shall mean, without Executive's consent, (i) a substantial and material diminution in Executive's duties or responsibilities (which shall exclude any diminution in connection with the change in Executive's position as contemplated in Section 3(a) hereof); (ii) a reduction in Base Salary or Annual Bonus opportunity of 10% or more; or (iii) the failure of the Company to pay any compensation when due.

(s) "Interfering Activities" shall mean directly or indirectly soliciting any individual employed by the Company, provided that the foregoing shall not be violated by general advertising not targeted at employees of the Company.

(t) "MIP" shall have the meaning set forth in Section 4(b) below.

(u) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(v) "Post-IPO Period" shall mean the period of time immediately following the occurrence of the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO").

(w) "Pre-IPO Period" shall mean the period of time beginning on the Effective Date and ending on the effective date of an IPO.

(x) "Release Expiration Date" shall mean the date which is twenty-one (21) days following the date upon which the Company delivers Executive the release contemplated in Section 8(h) below, or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date which is forty-five (45) days following such delivery date.

(y) "Restricted Area" shall mean any State of the United States of America or any other jurisdiction in which the Company engages (or has committed plans to engage) in business during the Term of Employment.

(z) "Restricted Period" shall mean the period commencing on April 1, 2009 and extending to the 12 (twelve) month anniversary of Executive's termination of employment for any reason.

(aa) "Severance Term" shall mean:

(i) During the Pre-IPO Period, the six (6) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(ii) During the Post-IPO Period, the twelve (12) months following the Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(bb) "Term of Employment" shall mean the period specified in Section 2 below.

Section 2. **Term of Employment**.

The Company agrees to employ Executive and Executive agrees to serve the Company on the terms and conditions set forth herein. The term of the Executive's employment hereunder shall continue until terminated as hereinafter specified in Section 8.

Section 3. **Position, Duties and Responsibilities; Place of Performance**.

(a) During the Term of Employment, Executive shall serve as the Executive Vice President, Sales and Marketing of the Company, together with such other position or positions consistent with Executive's title as the CEO or Board shall specify from time to time, and shall have such duties typically associated with such title.

(b) Executive shall devote his full business time, attention, skill and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment that (x) conflicts with the interests of the Company, (y) interferes with the proper and efficient performance of his duties for the Company, or (z) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the CEO, as a member of the board of directors or advisory board (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs; *provided, however*, that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be in Goleta, California, although Executive understands and agrees that he may be required to travel from time to time for business reasons.

Section 4. **Compensation**. During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Salary.

(i) Commencing as of the Effective Date and continuing during the Pre-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of $240,000, less applicable withholdings.

(ii) During the Post-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regularly payroll practices of the Company, of not less than $258,000, less applicable withholdings.

The Base Salary shall be subject to annual review by the CEO for increase, but not decrease, based on both Executive and Company performance.

(b) Annual Bonus.

(i) Executive is eligible for an annual performance bonus award (the "Annual Bonus"), determined pursuant to the Company's Management Incentive Plan (the "MIP"). Executive's current year target Annual Bonus is 25% of Executive's Base Salary (the "Bonus Target") and is effective from January 1, 2013 through September 30, 2013.

(ii) Commencing as of the Effective Date and continuing during the Pre-IPO Period, the Bonus Target shall equal 35% of Executive's Base Salary.

(iii) During the Post-IPO Period, the Bonus Target shall equal 40% of Executive's Base Salary.

The actual Annual Bonus payable shall be between 0% and Executive's Bonus Target, with specific financial targets for the MIP which are mutually agreed upon between the Executive and the CEO. To the extent that such targets are financial and quantifiable, such Annual Bonus is payable on a sliding scale mutually agreed upon between the Executive and the CEO. The Annual Bonus, or installments thereof, is earned as of the end of any applicable fiscal year and paid to Executive following the annual audit for such fiscal year at such time as annual bonuses are paid to other senior executives of the Company.

Section 5. **Executive Benefits**.

During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement and other benefits provided to other senior executives of the Company, including the same number of holidays, sick days and other benefits as are generally allowed to senior executives of the Company in accordance with the Company policy in effect from time to time.

Section 6. **Key-Man Insurance**.

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Executive by any such documents.

Section 7. **Payment and Reimbursement of Business Expenses**.

Executive is authorized to incur reasonable business expenses in carrying out his duties and responsibilities under this Agreement and the Company shall pay, or if Executive shall have paid, shall promptly reimburse Executive for any and all such reasonable business expenses for business, entertainment, promotion, professional association dues and travel incurred by Executive in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy, as in effect from time to time, and subject to the consent of the CEO.

Section 8. **Termination of Employment**.

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company. The payment hereunder of any deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall not be paid to Executive until such time as Executive has undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h).

(b) Termination due to Death or Disability. Executive's employment shall terminate automatically upon his death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to his death or Disability, Executive or his estate or his beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company; and

Following such termination of Executive's employment by the reason of death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon Executive's receipt of written notice of such termination; *provided, however,* that with respect to any termination for Cause which is described in clause (iv) or, to the extent capable of being cured, clause (v) of the definition of Cause set forth in Section 1(e) above, Executive shall be given not less than ten (10) days written notice by the CEO of the intention to terminate him for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such ten (10) day notice period unless Executive has fully cured such acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event the Company terminates Executive's employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause Unrelated to a Change of Control. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) outside of the Change of Control Period, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company;

(iii) Continuation of payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code; and

(iv) Continuation, during the period of time permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986 (the "COBRA Period") of the

medical benefits provided to Executive and his covered dependants under the Company's health plans in effect as of the date of such termination, it being understood and agreed that Executive shall be required to pay that portion of the cost of such medical benefits as Executive was required to pay (including through customary deductions from Executive's paycheck) as of the date of Executive's termination of employment with the Company. Notwithstanding the foregoing, the Company's obligation to provide such continuation of benefits shall terminate prior to the expiration of the COBRA Period in the event that Executive becomes eligible to receive any such or similar benefits while employed by or providing service to, in any capacity, any other business or entity during the COBRA Period.

Notwithstanding anything in this Section 8(d)(iv) to the contrary, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit related to COBRA premiums without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act, the Patient Protection and Affordable Car Act, and the Health Care and Education Reconciliation Act of 2010), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month (except as provided by the following sentence), in an amount equal to the portion of the monthly COBRA premium that Executive would be required to pay to continue the group health coverage for Executive and his eligible dependents at coverage levels in effect immediately prior to Executive's termination (which amount will equal the excess of the full monthly COBRA premium cost Executive would be required to pay and the monthly medical premium costs that Executive was required to pay as of immediately prior to the date of Executive's termination of employment with the Company), which payments will be made regardless of whether Executive or his eligible dependents elect COBRA continuation coverage on the first payroll date following Executive's termination of employment (subject to any delay as may be required by Section 13 of this Agreement) and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the end of the COBRA Period. For the avoidance of doubt, the taxable payments in lieu of COBRA subsidies may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii), (iii) and (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason Unrelated to a Change of Control. Executive may terminate his employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and, if such termination

occurs outside of the Change of Control Period, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) above. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Company without Cause or by Executive with Good Reason in Connection with a Change of Control. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) or Executive terminates his employment with Good Reason (by providing thirty (30) days written notice to the Company and with such cure period as described in subsection 8(e), above) during the Change of Control Period, Executive shall be entitled to the same payments and benefits as described in Section 8(d) above, provided, however, that payment of Executive's of Base Salary shall continue through the Change of Control Severance Term, rather than the Severance Term. Such continuing payments shall be payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Any payments previously made to Executive under Section 8(d) or 8(e) above, shall offset the payments and benefits due to Executive under this Section 8(f), if any.

(g) Termination by Executive without Good Reason. Executive may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 8(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination and still have it treated as a termination without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations), Executive shall have executed, on or prior to the Release Expiration Date, a customary general release in favor of the Company in the form attached hereto as Exhibit A, and any waiting periods contained in such release shall have expired. To the extent that the Company requires execution of such release, the Company shall deliver such release to Executive within ten (10) business days following the termination of Executive's employment hereunder. In the event that Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations). Notwithstanding anything contained in this Section 8 to the contrary in any case where the date of termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year.

Section 9. **Restrictive Covenants**. Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the business and assets of the Company, and (B) by his employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the substantial detriment of the Company.

(a) Confidential Information. At any time during and after the end of the Term of Employment, without the prior written consent of the CEO, except to the extent required by an order of a court having jurisdiction or under subpoena from an appropriate government agency, in which event, Executive shall use his best efforts to consult with the CEO prior to responding to any such order or subpoena, and except as required in the performance of his duties hereunder, Executive shall not disclose to or use for the benefit of any third party any Confidential Information.

(b) Non-Competition. Executive covenants and agrees that during the Term of Employment, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(b) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly-held corporation, or serving as a member of the boards of directors of other companies; *provided* that such service does not create a conflict of interest with his employment with the Company.

(c) Non-Solicitation; Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for his own account or for the account of any other Person, engage in Interfering Activities.

(d) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of any nature and in whatever medium of the Company, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(e) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information

and/or Company resources or in consultation with any personnel of the Company (collectively referred to as "Developments"). Executive hereby assigns all right, title and interest in and to any and all of these Developments to the Company. Executive agrees to assist the Company, at the Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship which are made by him (solely or jointly with others) within the scope of employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 USC Sec. 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(f) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

Section 10. **Injunctive Relief**.

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof.

Section 11. **Taxes**.

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. **Set Off; Mitigation**.

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Section 8(d)(v) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

Section 13. **Section 409A**.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code (as defined below) Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 13(c). Except as required by Section 13(c), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of subsection (a) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of subsection (a) above.

(f) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(g) For purposes of this Agreement, "Section 409A Limit" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of his or his separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's separation from service occurred.

Section 14. **Successors and Assigns; No Third-Party Beneficiaries**.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations or interests arising hereunder may be assigned by the Company without Executive's prior written consent (which shall not be unreasonably withheld, delayed or conditioned), to a person or entity other than an affiliate or parent entity of the Company, or their respective successors or assigns; *provided, however*, that, in the event of the merger, consolidation, transfer or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties and obligations of the Company hereunder, it being agreed that in such circumstances, the consent of Executive shall not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided, however*, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Company and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

Section 15. **Waiver and Amendments**.

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however,* that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 16. **Severability**.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction: (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 17. **Governing Law and Jurisdiction**.

This Agreement is governed by and is to be construed under the laws of the State of California, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof (other than claims for injunctive relief, which shall be governed by Section 10 hereof) shall be brought exclusively in the Federal court in the State of California. By execution of the Agreement, the parties hereto, and their respective affiliates, consent to the exclusive jurisdiction of such court, and waive any right to challenge jurisdiction or venue in such court with regard to any suit, action, or proceeding under or in connection with the Agreement. Each party to this Agreement also hereby waives any right to trial by jury in connection with any suit, action or proceeding under or in connection with this Agreement.

Section 18. **Notices**.

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given: (i) if delivered by hand, on the date of such delivery; (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing; and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 19. **Section Headings**.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 20. **Entire Agreement**.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement.

Section 21. **Survival of Operative Sections**.

Upon any termination of Executive's employment, the provisions of Section 8 through Section 23 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 22. **Limitation on Payments**.

In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 22, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such letter extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Notwithstanding the foregoing, to the extent the Company submits any payment or

benefit payable to Executive under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Regulation Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by Executive and in the order prescribed by this Section 22.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 22 will be made in writing by an independent firm (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 22, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 22. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 22.

Section 23. **Amendment to the Bonus Agreement**.

The following Section 2(c) shall be added to the Bonus Agreement immediately following Section 2(b).

"You will only be eligible to receive your MCO Award if the Change in Control occurs prior to the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO"). If an IPO occurs prior to the occurrence of a Change in Control, the Management Carve Out Bonus Program shall terminate and you shall not be eligible to receive any portion of an MCO Award."

Section 24. **Counterparts**.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

Inogen, Inc.

/s/ Raymond Huggenberger

By: Raymond Huggenberger
Title: President & Chief Executive Officer

EXECUTIVE:

/s/ Scott Wilkinson

Scott Wilkinson

EXHIBIT A

FORM OF RELEASE

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is made by and between [EMPLOYEE NAME] ("Employee") and Inogen, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, Employee was employed by the Company;

WHEREAS, Employee signed an Amended and Restated Employment Agreement with the Company on [DATE] (the "Employment Agreement");

WHEREAS, the Company terminated Employee's employment with the Company effective [DATE] (the "Termination Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

COVENANTS

1. Consideration.

[PER TERMS OF SECTION 8 OF EMPLOYMENT AGREEMENT]

2. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Employee.

3. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Employee, on his/her own behalf and on behalf of his/her respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; and the California Fair Employment and Housing Act;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment,

against the Company (with the understanding that any such filing or participation does not give Employee the right to recover any monetary damages against the Company; Employee's release of claims herein bars Employee from recovering such monetary relief from the Company). Notwithstanding the foregoing, Employee acknowledges that any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with Paragraph 15, except as required by applicable law. Employee represents that he/she has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

4. Acknowledgment of Waiver of Claims under ADEA. **[delete this entire paragraph if Employee is UNDER 40].** Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that: (a) he/she should consult with an attorney prior to executing this Agreement; (b) he/she has twenty-one (21) days within which to consider this Agreement; (c) he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that he/she has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

5. California Civil Code Section 1542. Employee acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee, being aware of said code section, agrees to expressly waive any rights he/she may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee represents that he/she has no lawsuits, claims, or actions pending in his/her name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that he/she does not intend to bring any claims on his/her own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

7. Application for Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company. Employee further agrees not to apply for employment with the Company and not otherwise pursue an independent contractor or vendor relationship with the Company.

8. Confidentiality. Employee agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Employee may disclose Separation Information only to his/her immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Employee's attorney(s), and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Employee agrees that he/she will not publicize, directly or indirectly, any Separation Information.

9. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Employment Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and nonsolicitation of Company employees. Employee's signature below constitutes his/her certification under penalty of perjury that he/she has returned all documents and other items provided to Employee by the Company, developed or obtained by Employee in connection with his/her employment with the Company, or otherwise belonging to the Company.

10. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so [or as related directly to the ADEA waiver in this Agreement] **(<<delete this bracketed clause if Employee is UNDER 40>>)**. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that he/she cannot provide counsel or assistance.

11. Nondisparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Employee shall direct any inquiries by potential future employers to the Company's human resources department.

12. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, [unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA,] **(<<delete this bracketed clause if Employee is**

UNDER 40>>) or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, [except as provided by law] **[<<delete this bracketed clause if Employee is UNDER 40>>]**.

13. No Admission of Liability. Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN SANTA BARBARA COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on his/her behalf under the terms of this Agreement. Employee agrees and understands that he/she is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he/she has the capacity to act on his/her own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Employee represents that he/she has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

19. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

20. Attorneys' Fees. [Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA] **(<<delete this bracketed clause if Employee is UNDER 40>>)**, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

21. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Employment Agreement, except as modified herein.

22. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and the Company's Chief Executive Officer.

23. Governing Law. This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. Employee consents to personal and exclusive jurisdiction and venue in the State of California.

24. Effective Date. Employee understands that this Agreement shall be null and void if not executed by him/her within twenty one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

(<<OR, if Employee is UNDER 40, use the bracketed language>>)

[Employee understands that this Agreement shall be null and void if not executed by him/her within seven (7) days. This Agreement will become effective on the date it has been signed by both Parties (the "Effective Date").]

25. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. Employee understands and agrees that he/she executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his/her claims against the Company and any of the other Releasees. Employee acknowledges that:

(a) he/she has read this Agreement;

(b) he/she has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his/her own choice or has elected not to retain legal counsel;

(c) he/she understands the terms and consequences of this Agreement and of the releases it contains; and

(d) he/she is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

[EMPLOYEE NAME], an individual

Dated: _____, 201__

_____

[Employee Name]

INOGEN, INC.

Dated: _____, 201__

By _____

[Officer Name]
[Officer Title]

Exhibit 10.12

INOGEN, INC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), is made and effective as of October 1, 2013 (the "Effective Date"), by and between Inogen, Inc., a Delaware corporation (the "Company"), and Ms. Alison Bauerlein (the "Executive").

WITNESSETH:

WHEREAS, the Company and Executive previously entered into an employment agreement, dated April 1, 2008 (the "Original Agreement").

WHEREAS, the Company and Executive previously entered into a Management Carve-Out Bonus Award Agreement, dated June 29, 2012 (the "Bonus Agreement").

WHEREAS, the Company desires to amend and restate the Original Agreement embodying the terms of Executive's employment from and after the Effective Date and to amend the Bonus Agreement, and Executive desires to enter into this Agreement to make such amendments.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. **Definitions**.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 below, (iii) any benefits provided under the Company's employee benefit plans, and (iv) any benefits under policies upon a termination of employment, in accordance with the terms contained therein, including, without limitation, rights with respect to accrued but unused vacation.

(b) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

(c) "Base Salary" shall mean the salary provided for in Section 4(a) below or any increased salary granted to Executive pursuant to Section 4(a).

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Cause" shall mean (i) Executive's conviction of any crime (A) constituting a felony or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of Executive's duties to the Company, or otherwise has, or could reasonably be expected to result in, an adverse impact to the business or reputation of the Company; (ii) conduct of the Executive, in connection with her employment, that has, or could reasonably be expected to result in, material injury to the business or reputation of the Company, including, without limitation,

act(s) of fraud, embezzlement, misappropriation and breach of fiduciary duty; (iii) any material violation of the operating and ethics policies of the Company, including, but not limited to those relating to sexual harassment and the disclosure or misuse of confidential information; (iv) willful neglect in the performance of Executive's duties or willful or repeated failure or refusal to perform such duties; or (v) Executive's breach of any material provision of this Agreement, including, without limitation, any provision of Section 9.

(f) "Change of Control" shall mean the occurrence of any of the following events during the Post-IPO Period:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change of Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of our Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Change of Control Period" shall mean, following an IPO, the period beginning on the date three (3) months prior to, and ending on the date twelve (12) months following, a Change of Control.

(h) "Change of Control Severance Term" shall mean the twenty-four (24) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, provided such termination occurred within the Change of Control Period.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company" shall have the meaning set forth in the preamble hereto.

(k) "Compensation Committee" shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(l) "Competitive Activities" shall mean any business activities in which the Company is engaged (or has committed plans to engage) during the Term of Employment.

(m) "Confidential Information" shall mean confidential or proprietary trade secrets, client lists, client identities and information, information regarding service providers, investment methodologies, marketing data or plans, sales plans, management organization information, operating policies or manuals, business plans or operations or techniques, financial records or data, or other financial, commercial, business or technical information (i) relating to the Company, or (ii) that the Company may receive belonging to suppliers, customers or others who do business with the Company, but shall exclude any information that is in the public domain or hereafter enters the public domain, in each case without the breach by Executive of Section 9(a) below.

(n) "Developments" shall have the meaning set forth in Section 9(b) below.

(o) "Disability" shall mean any physical or mental disability or infirmity that prevents the performance (with or without reasonable accommodation) of Executive's performance of the essential functions of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld).

(p) "Effective Date" shall have the meaning set forth in the preamble hereto.

(q) "Executive" shall have the meaning set forth in the preamble hereto.

(r) "Good Reason" shall mean, without Executive's consent, (i) a substantial and material diminution in Executive's duties or responsibilities (which shall exclude any diminution in connection with the change in Executive's position as contemplated in Section 3(a) hereof); (ii) a reduction in Base Salary or Annual Bonus opportunity of 10% or more; or (iii) the failure of the Company to pay any compensation when due.

(s) "Interfering Activities" shall mean directly or indirectly soliciting any individual employed by the Company, provided that the foregoing shall not be violated by general advertising not targeted at employees of the Company.

(t) "MIP" shall have the meaning set forth in Section 4(b) below.

(u) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(v) "Post-IPO Period" shall mean the period of time immediately following the occurrence of the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO").

(w) "Pre-IPO Period" shall mean the period of time beginning on the Effective Date and ending on the effective date of an IPO.

(x) "Release Expiration Date" shall mean the date which is twenty-one (21) days following the date upon which the Company delivers Executive the release contemplated in Section 8(h) below, or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date which is forty-five (45) days following such delivery date.

(y) "Restricted Area" shall mean any State of the United States of America or any other jurisdiction in which the Company engages (or has committed plans to engage) in business during the Term of Employment.

(z) "Restricted Period" shall mean the period commencing on the April 1, 2008 and extending to the 12 (twelve) month anniversary of Executive's termination of employment for any reason.

(aa) "Severance Term" shall mean:

(i) During the Pre-IPO Period, the six (6) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(ii) During the Post-IPO Period, the twelve (12) months following the Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(bb) "Term of Employment" shall mean the period specified in Section 2 below.

Section 2. **Term of Employment**.

The Company agrees to employ Executive and Executive agrees to serve the Company on the terms and conditions set forth herein. The term of the Executive's employment hereunder shall continue until terminated as hereinafter specified in Section 8.

Section 3. **Position, Duties and Responsibilities; Place of Performance**.

(a) During the Term of Employment, Executive shall serve as the Vice President, Finance and Chief Financial Officer of the Company, together with such other position or positions consistent with Executive's title as the Board shall specify from time to time, and shall have such duties typically associated with such title.

(b) Executive shall devote her full business time, attention, skill and best efforts to the performance of her duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment that (x) conflicts with the interests of the Company, (y) interferes with the proper and efficient performance of her duties for the Company, or (z) interferes with the exercise of her judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the CEO, as a member of the board of directors or advisory board (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing her personal investments and affairs; *provided, however,* that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of her duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be in Goleta, California, although Executive understands and agrees that she may be required to travel from time to time for business reasons.

Section 4. **Compensation**. During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Salary.

(i) Commencing as of the Effective Date and continuing during the Pre-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of $250,000, less applicable withholdings.

(ii) During the Post-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regularly payroll practices of the Company, of not less than $270,000, less applicable withholdings.

The Base Salary shall be subject to annual review by the CEO for increase, but not decrease, based on both Executive and Company performance.

(b) Annual Bonus.

(i) Executive is eligible for an annual performance bonus award (the "Annual Bonus"), determined pursuant to the Company's Management Incentive Plan (the "MIP"). Executive's current year target Annual Bonus is 20% of Executive's Base Salary (the "Bonus Target") and is effective from January 1, 2013 through September 30, 2013.

(ii) Commencing as of the Effective Date and continuing during the Pre-IPO Period, the Bonus Target shall equal 35% of Executive's Base Salary.

(iii) During the Post-IPO Period, the Bonus Target shall equal 40% of Executive's Base Salary.

The actual Annual Bonus payable shall be between 0% and Executive's Bonus Target, with specific financial targets for the MIP which are mutually agreed upon between the Executive and the CEO. To the extent that such targets are financial and quantifiable, such Annual Bonus is payable on a sliding scale mutually agreed upon between the Executive and the CEO. The Annual Bonus, or installments thereof, is earned as of the end of any applicable fiscal year and paid to Executive following the annual audit for such fiscal year at such time as annual bonuses are paid to other senior executives of the Company.

Section 5. **Executive Benefits**.

During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement and other benefits provided to other senior executives of the Company, including the same number of holidays, sick days and other benefits as are generally allowed to senior executives of the Company in accordance with the Company policy in effect from time to time.

Section 6. **Key-Man Insurance**.

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Executive by any such documents.

Section 7. **Payment and Reimbursement of Business Expenses**.

Executive is authorized to incur reasonable business expenses in carrying out her duties and responsibilities under this Agreement and the Company shall pay, or if Executive shall have paid, shall promptly reimburse Executive for any and all such reasonable business expenses for business, entertainment, promotion, professional association dues and travel incurred by Executive in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy, as in effect from time to time, and subject to the consent of the CEO.

Section 8. **Termination of Employment**.

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company. The payment hereunder of any deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall not be paid to Executive until such time as Executive has undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h).

(b) Termination due to Death or Disability. Executive's employment shall terminate automatically upon her death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to her death or Disability, Executive or her estate or her beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year, which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company; and

Following such termination of Executive's employment by the reason of death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon Executive's receipt of written notice of such termination; *provided, however,* that with respect to any termination for Cause which is described in clause (iv) or, to the extent capable of being cured, clause (v) of the definition of Cause set forth in Section 1(e) above, Executive shall be given not less than ten (10) days written notice by the CEO of the intention to terminate her for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such ten (10) day notice period unless Executive has fully cured such acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event the Company terminates Executive's employment for Cause, she shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause Unrelated to a Change of Control. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) outside of the Change of Control Period, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company;

(iii) Continuation of payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code; and

(iv) Continuation, during the period of time permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986 (the "COBRA Period"), of the

medical benefits provided to Executive and her covered dependants under the Company's health plans in effect as of the date of such termination, it being understood and agreed that Executive shall be required to pay that portion of the cost of such medical benefits as Executive was required to pay (including through customary deductions from Executive's paycheck) as of the date of Executive's termination of employment with the Company. Notwithstanding the foregoing, the Company's obligation to provide such continuation of benefits shall terminate prior to the expiration of the COBRA Period in the event that Executive becomes eligible to receive any such or similar benefits while employed by or providing service to, in any capacity, any other business or entity during the COBRA Period.

Notwithstanding anything in this Section 8(d)(iv) to the contrary, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit related to COBRA premiums without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act, the Patient Protection and Affordable Car Act, and the Health Care and Education Reconciliation Act of 2010), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month (except as provided by the following sentence), in an amount equal to the portion of the monthly COBRA premium that Executive would be required to pay to continue the group health coverage for Executive and her eligible dependents at coverage levels in effect immediately prior to Executive's termination (which amount will equal the excess of the full monthly COBRA premium cost Executive would be required to pay and the monthly medical premium costs that Executive was required to pay as of immediately prior to the date of Executive's termination of employment with the Company), which payments will be made regardless of whether Executive or her eligible dependents elect COBRA continuation coverage on the first payroll date following Executive's termination of employment (subject to any delay as may be required by Section 13 of this Agreement) and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the end of the COBRA Period. For the avoidance of doubt, the taxable payments in lieu of COBRA subsidies may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii), (iii) and (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason Unrelated to Change of Control. Executive may terminate her employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and, if such termination

occurs outside of the Change of Control Period, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) above. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Company without Cause or by Executive with Good Reason in Connection with a Change of Control. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) or Executive terminates her employment with Good Reason (by providing thirty (30) days written notice to the Company and with such cure period as described in subsection 8(e), above) during the Change of Control Period, Executive shall be entitled to the same payments and benefits as described in Section 8(d) above, provided, however, that payment of Executive's of Base Salary shall continue through the Change of Control Severance Term, rather than the Severance Term. Such continuing payments shall be payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Any payments previously made to Executive under Section 8(d) or 8(e) above, shall offset the payments and benefits due to Executive under this Section 8(f), if any.

(g) Termination by Executive without Good Reason. Executive may terminate her employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 8(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination and still have it treated as a termination without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations), Executive shall have executed, on or prior to the Release Expiration Date, a customary general release in favor of the Company in the form attached hereto as Exhibit A, and any waiting periods contained in such release shall have expired. To the extent that the Company requires execution of such release, the Company shall deliver such release to Executive within ten (10) business days following the termination of Executive's employment hereunder. In the event that Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations). Notwithstanding anything contained in this Section 8 to the contrary in any case where the date of termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year.

Section 9. **Restrictive Covenants**. Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the business and assets of the Company, and (B) by her employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the substantial detriment of the Company.

(a) Confidential Information. At any time during and after the end of the Term of Employment, without the prior written consent of the CEO, except to the extent required by an order of a court having jurisdiction or under subpoena from an appropriate government agency, in which event, Executive shall use her best efforts to consult with the CEO prior to responding to any such order or subpoena, and except as required in the performance of her duties hereunder, Executive shall not disclose to or use for the benefit of any third party any Confidential Information.

(b) Non-Competition. Executive covenants and agrees that during the Term of Employment, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(b) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly-held corporation, or serving as a member of the boards of directors of other companies; *provided* that such service does not create a conflict of interest with her employment with the Company.

(c) Non-Solicitation; Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for her own account or for the account of any other Person, engage in Interfering Activities.

(d) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of any nature and in whatever medium of the Company, and she shall not take with her any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(e) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information

and/or Company resources or in consultation with any personnel of the Company (collectively referred to as "Developments"). Executive hereby assigns all right, title and interest in and to any and all of these Developments to the Company. Executive agrees to assist the Company, at the Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship which are made by her (solely or jointly with others) within the scope of employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 USC Sec. 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(f) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

Section 10. **Injunctive Relief**.

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof.

Section 11. **Taxes**.

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to her in connection with this Agreement and that she has been advised by the Company to seek tax advice from her own tax advisors regarding this Agreement and payments that may be made to her pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. **Set Off; Mitigation**.

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Section 8(d)(v) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

Section 13. **Section 409A**.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code (as defined below) Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 13(c). Except as required by Section 13(c), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of subsection (a) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of subsection (a) above.

(f) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(g) For purposes of this Agreement, "Section 409A Limit" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of her or her separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's separation from service occurred.

Section 14. **Successors and Assigns; No Third-Party Beneficiaries**.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations or interests arising hereunder may be assigned by the Company without Executive's prior written consent (which shall not be unreasonably withheld, delayed or conditioned), to a person or entity other than an affiliate or parent entity of the Company, or their respective successors or assigns; *provided, however,* that, in the event of the merger, consolidation, transfer or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties and obligations of the Company hereunder, it being agreed that in such circumstances, the consent of Executive shall not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided, however,* that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Company and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

Section 15. **Waiver and Amendments**.

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however,* that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 16. **Severability**.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction: (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 17. **Governing Law and Jurisdiction**.

This Agreement is governed by and is to be construed under the laws of the State of California, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof (other than claims for injunctive relief, which shall be governed by Section 10 hereof) shall be brought exclusively in the Federal court in the State of California. By execution of the Agreement, the parties hereto, and their respective affiliates, consent to the exclusive jurisdiction of such court, and waive any right to challenge jurisdiction or venue in such court with regard to any suit, action, or proceeding under or in connection with the Agreement. Each party to this Agreement also hereby waives any right to trial by jury in connection with any suit, action or proceeding under or in connection with this Agreement.

Section 18. **Notices**.

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given: (i) if delivered by hand, on the date of such delivery; (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing; and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 19. **Section Headings**.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 20. **Entire Agreement**.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement.

Section 21. **Survival of Operative Sections**.

Upon any termination of Executive's employment, the provisions of Section 8 through Section 23 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 22. **Limitation on Payments**.

In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 22, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such letter extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's

equity awards. Notwithstanding the foregoing, to the extent the Company submits any payment or benefit payable to Executive under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Regulation Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by Executive and in the order prescribed by this Section 22.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 22 will be made in writing by an independent firm (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 22, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 22. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 22.

Section 23. **Amendment to the Bonus Agreement**.

The following Section 2(c) shall be added to the Bonus Agreement immediately following Section 2(b).

"You will only be eligible to receive your MCO Award if the Change in Control occurs prior to the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO"). If an IPO occurs prior to the occurrence of a Change in Control, the Management Carve Out Bonus Program shall terminate and you shall not be eligible to receive any portion of an MCO Award."

Section 24. **Counterparts**.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

Inogen, Inc.

/s/ Raymond Huggenberger
By: Raymond Huggenberger
Title: President & Chief Executive Officer

EXECUTIVE:

/s/ Alison Bauerlein
Alison Bauerlein

EXHIBIT A

FORM OF RELEASE

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is made by and between [EMPLOYEE NAME] ("Employee") and Inogen, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, Employee was employed by the Company;

WHEREAS, Employee signed an Amended and Restated Employment Agreement with the Company on [DATE] (the "Employment Agreement");

WHEREAS, the Company terminated Employee's employment with the Company effective [DATE] (the "Termination Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

COVENANTS

1. Consideration.

[PER TERMS OF SECTION 8 OF EMPLOYMENT AGREEMENT]

2. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Employee.

3. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Employee, on his/her own behalf and on behalf of his/her respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; and the California Fair Employment and Housing Act;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment,

against the Company (with the understanding that any such filing or participation does not give Employee the right to recover any monetary damages against the Company; Employee's release of claims herein bars Employee from recovering such monetary relief from the Company). Notwithstanding the foregoing, Employee acknowledges that any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with Paragraph 15, except as required by applicable law. Employee represents that he/she has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

4. Acknowledgment of Waiver of Claims under ADEA. **[delete this entire paragraph if Employee is UNDER 40].** Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that: (a) he/she should consult with an attorney prior to executing this Agreement; (b) he/she has twenty-one (21) days within which to consider this Agreement; (c) he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that he/she has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

5. California Civil Code Section 1542. Employee acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee, being aware of said code section, agrees to expressly waive any rights he/she may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee represents that he/she has no lawsuits, claims, or actions pending in his/her name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that he/she does not intend to bring any claims on his/her own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

7. Application for Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company. Employee further agrees not to apply for employment with the Company and not otherwise pursue an independent contractor or vendor relationship with the Company.

8. Confidentiality. Employee agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Employee may disclose Separation Information only to his/her immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Employee's attorney(s), and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Employee agrees that he/she will not publicize, directly or indirectly, any Separation Information.

9. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Employment Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and nonsolicitation of Company employees. Employee's signature below constitutes his/her certification under penalty of perjury that he/she has returned all documents and other items provided to Employee by the Company, developed or obtained by Employee in connection with his/her employment with the Company, or otherwise belonging to the Company.

10. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so [or as related directly to the ADEA waiver in this Agreement] **(<<delete this bracketed clause if Employee is UNDER 40>>)**. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that he/she cannot provide counsel or assistance.

11. Nondisparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Employee shall direct any inquiries by potential future employers to the Company's human resources department.

12. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, [unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA,] **(<<delete this bracketed clause if Employee is**

UNDER 40>>) or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, [except as provided by law] **[<<delete this bracketed clause if Employee is UNDER 40>>]**.

13. No Admission of Liability. Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN SANTA BARBARA COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on his/her behalf under the terms of this Agreement. Employee agrees and understands that he/she is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he/she has the capacity to act on his/her own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Employee represents that he/she has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

19. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

20. Attorneys' Fees. [Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA] **(<<delete this bracketed clause if Employee is UNDER 40>>)**, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

21. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Employment Agreement, except as modified herein.

22. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and the Company's Chief Executive Officer.

23. Governing Law. This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. Employee consents to personal and exclusive jurisdiction and venue in the State of California.

24. Effective Date. Employee understands that this Agreement shall be null and void if not executed by him/her within twenty one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

(<<OR, if Employee is UNDER 40, use the bracketed language>>)

[Employee understands that this Agreement shall be null and void if not executed by him/her within seven (7) days. This Agreement will become effective on the date it has been signed by both Parties (the "Effective Date").]

25. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. Employee understands and agrees that he/she executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his/her claims against the Company and any of the other Releasees. Employee acknowledges that:

(a) he/she has read this Agreement;

(b) he/she has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his/her own choice or has elected not to retain legal counsel;

(c) he/she understands the terms and consequences of this Agreement and of the releases it contains; and

(d) he/she is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

[EMPLOYEE NAME], an individual

Dated: _____, 201__

_____

[Employee Name]

INOGEN, INC.

Dated: _____, 201__

By _____

[Officer Name]
[Officer Title]

Exhibit 10.13

INOGEN, INC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and effective as of October 1, 2013 (the "Effective Date"), by and between Inogen, Inc., a Delaware corporation (the "Company"), and Mr. Matt Scribner (the "Executive").

WITNESSETH:

WHEREAS, the Company and Executive previously entered into an employment agreement, dated April 1, 2009 (the "Original Agreement").

WHEREAS, the Company and Executive previously entered into a Management Carve-Out Bonus Award Agreement, dated July 1, 2012 (the "Bonus Agreement").

WHEREAS, the Company desires to amend and restate the Original Agreement embodying the terms of Executive's employment from and after the Effective Date and to amend the Bonus Agreement, and Executive desires to enter into this Agreement to make such amendments.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. **Definitions**.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 below, (iii) any benefits provided under the Company's employee benefit plans, and (iv) any benefits under policies upon a termination of employment, in accordance with the terms contained therein, including, without limitation, rights with respect to accrued but unused vacation.

(b) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

(c) "Base Salary" shall mean the salary provided for in Section 4(a) below or any increased salary granted to Executive pursuant to Section 4(a).

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Cause" shall mean (i) Executive's conviction of any crime (A) constituting a felony or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of Executive's duties to the Company, or otherwise has, or could reasonably be expected to result in, an adverse impact to the business or reputation of the Company; (ii) conduct of the Executive, in connection with his employment, that has, or could reasonably be expected to result in, material injury to the business or reputation of the Company, including, without limitation,

act(s) of fraud, embezzlement, misappropriation and breach of fiduciary duty; (iii) any material violation of the operating and ethics policies of the Company, including, but not limited to those relating to sexual harassment and the disclosure or misuse of confidential information; (iv) willful neglect in the performance of Executive's duties or willful or repeated failure or refusal to perform such duties; or (v) Executive's breach of any material provision of this Agreement, including, without limitation, any provision of Section 9.

(f) "Change of Control" shall mean, following an IPO, the occurrence of any of the following events during the Post-IPO Period:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change of Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of our Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Change of Control Period" shall mean, following an IPO, the period beginning on the date three (3) months prior to, and ending on the date twelve (12) months following, a Change of Control.

(h) "Change of Control Severance Term" shall mean the twenty-four (24) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, provided such termination occurred within the Change of Control Period.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company" shall have the meaning set forth in the preamble hereto.

(k) "Compensation Committee" shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(l) "Competitive Activities" shall mean any business activities in which the Company is engaged (or has committed plans to engage) during the Term of Employment.

(m) "Confidential Information" shall mean confidential or proprietary trade secrets, client lists, client identities and information, information regarding service providers, investment methodologies, marketing data or plans, sales plans, management organization information, operating policies or manuals, business plans or operations or techniques, financial records or data, or other financial, commercial, business or technical information (i) relating to the Company, or (ii) that the Company may receive belonging to suppliers, customers or others who do business with the Company, but shall exclude any information that is in the public domain or hereafter enters the public domain, in each case without the breach by Executive of Section 9(a) below.

(n) "Developments" shall have the meaning set forth in Section 9(b) below.

(o) "Disability" shall mean any physical or mental disability or infirmity that prevents the performance (with or without reasonable accommodation) of Executive's performance of the essential functions of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld).

(p) "Effective Date" shall have the meaning set forth in the preamble hereto.

(q) "Executive" shall have the meaning set forth in the preamble hereto.

(r) "Good Reason" shall mean, without Executive's consent, (i) a substantial and material diminution in Executive's duties or responsibilities (which shall exclude any diminution in connection with the change in Executive's position as contemplated in Section 3(a) hereof); (ii) a reduction in Base Salary or Annual Bonus opportunity of 10% or more; or (iii) the failure of the Company to pay any compensation when due.

(s) "Interfering Activities" shall mean directly or indirectly soliciting any individual employed by the Company, provided that the foregoing shall not be violated by general advertising not targeted at employees of the Company.

(t) "MIP" shall have the meaning set forth in Section 4(b) below.

(u) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(v) "Post-IPO Period" shall mean the period of time immediately following the occurrence of the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO").

(w) "Pre-IPO Period" shall mean the period of time beginning on the Effective Date and on the effective date of an IPO.

(x) "Release Expiration Date" shall mean the date which is twenty-one (21) days following the date upon which the Company delivers Executive the release contemplated in Section 8(h) below, or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date which is forty-five (45) days following such delivery date.

(y) "Restricted Area" shall mean any State of the United States of America or any other jurisdiction in which the Company engages (or has committed plans to engage) in business during the Term of Employment.

(z) "Restricted Period" shall mean the period commencing on April 1, 2009 and extending to the 12 (twelve) month anniversary of Executive's termination of employment for any reason.

(aa) "Severance Term" shall mean:

(i) During the Pre-IPO Period, the six (6) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(ii) During the Post-IPO Period, the twelve (12) months following the Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(bb) "Term of Employment" shall mean the period specified in Section 2 below.

Section 2. **Acceptance and Term of Employment**.

The Company agrees to employ Executive and Executive agrees to serve the Company on the terms and conditions set forth herein. The term of the Executive's employment hereunder shall continue until terminated as hereinafter specified in Section 8.

Section 3. **Position, Duties and Responsibilities; Place of Performance**.

(a) During the Term of Employment, Executive shall serve as Vice President, Operations of the Company, together with such other position or positions consistent with Executive's title as the CEO or Board shall specify from time to time, and shall have such duties typically associated with such title.

(b) Executive shall devote his full business time, attention, skill and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment that (x) conflicts with the interests of the Company, (y) interferes with the proper and efficient performance of his duties for the Company, or (z) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the CEO, as a member of the board of directors or advisory board (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs; *provided, however,* that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be in Goleta, California, although Executive understands and agrees that he may be required to travel from time to time for business reasons.

Section 4. **Compensation**. During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Salary.

(i) Commencing as of the Effective Date and continuing during the Pre-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of $210,000, less applicable withholdings.

(ii) During the Post-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regularly payroll practices of the Company, of not less than $238,000, less applicable withholdings.

The Base Salary shall be subject to annual review by the CEO for increase, but not decrease, based on both Executive and Company performance.

(b) Annual Bonus.

(i) Executive is eligible for an annual performance bonus award (the "Annual Bonus"), determined pursuant to the Company's Management Incentive Plan (the "MIP"). Executive's current year target Annual Bonus is 20% of Executive's Base Salary (the "Bonus Target") and is effective from January 1, 2013 through September 30, 2013.

(ii) Commencing as of the Effective Date and continuing during the Pre-IPO Period, the Bonus Target shall equal 25% of Executive's Base Salary.

(iii) During the Post-IPO Period, the Bonus Target shall equal 30% of Executive's Base Salary.

The actual Annual Bonus payable shall be between 0% and Executive's Bonus Target, with specific financial targets for the MIP which are mutually agreed upon between the Executive and the CEO. To the extent that such targets are financial and quantifiable, such Annual Bonus is payable on a sliding scale mutually agreed upon between the Executive and the CEO. The Annual Bonus, or installments thereof, is earned as of the end of any applicable fiscal year and paid to Executive following the annual audit for such fiscal year at such time as annual bonuses are paid to other senior executives of the Company.

Section 5. **Executive Benefits**.

During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement and other benefits provided to other senior executives of the Company, including the same number of holidays, sick days and other benefits as are generally allowed to senior executives of the Company in accordance with the Company policy in effect from time to time.

Section 6. **Key-Man Insurance**.

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Executive by any such documents.

Section 7. **Payment and Reimbursement of Business Expenses**.

Executive is authorized to incur reasonable business expenses in carrying out his duties and responsibilities under this Agreement and the Company shall pay, or if Executive shall have paid, shall promptly reimburse Executive for any and all such reasonable business expenses for business, entertainment, promotion, professional association dues and travel incurred by Executive in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy, as in effect from time to time, and subject to the consent of the CEO.

Section 8. **Termination of Employment**.

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company. The payment hereunder of any deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall not be paid to Executive until such time as Executive has undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h).

(b) Termination due to Death or Disability. Executive's employment shall terminate automatically upon his death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to his death or Disability, Executive or his estate or his beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company; and

Following such termination of Executive's employment by the reason of death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon Executive's receipt of written notice of such termination; *provided, however,* that with respect to any termination for Cause which is described in clause (iv) or, to the extent capable of being cured, clause (v) of the definition of Cause set forth in Section 1(e) above, Executive shall be given not less than ten (10) days written notice by the CEO of the intention to terminate him for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such ten (10) day notice period unless Executive has fully cured such acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event the Company terminates Executive's employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause Unrelated to a Change of Control. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability), outside of the Change of Control Period, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company;

(iii) Continuation of payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code; and

(iv) Continuation, during the period of time permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986 (the "COBRA Period"), of the

medical benefits provided to Executive and his covered dependants under the Company's health plans in effect as of the date of such termination, it being understood and agreed that Executive shall be required to pay that portion of the cost of such medical benefits as Executive was required to pay (including through customary deductions from Executive's paycheck) as of the date of Executive's termination of employment with the Company. Notwithstanding the foregoing, the Company's obligation to provide such continuation of benefits shall terminate prior to the expiration of the COBRA Period in the event that Executive becomes eligible to receive any such or similar benefits while employed by or providing service to, in any capacity, any other business or entity during the COBRA Period.

Notwithstanding anything in this Section 8(d)(iv) to the contrary, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit related to COBRA premiums without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act, the Patient Protection and Affordable Car Act, and the Health Care and Education Reconciliation Act of 2010), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month (except as provided by the following sentence), in an amount equal to the portion of the monthly COBRA premium that Executive would be required to pay to continue the group health coverage for Executive and his eligible dependents at coverage levels in effect immediately prior to Executive's termination (which amount will equal the excess of the full monthly COBRA premium cost Executive would be required to pay and the monthly medical premium costs that Executive was required to pay as of immediately prior to the date of Executive's termination of employment with the Company), which payments will be made regardless of whether Executive or his eligible dependents elect COBRA continuation coverage on the first payroll date following Executive's termination of employment (subject to any delay as may be required by Section 13 of this Agreement) and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the end of the COBRA Period. For the avoidance of doubt, the taxable payments in lieu of COBRA subsidies may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii), (iii) and (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason Unrelated to a Change of Control. Executive may terminate his employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and, if such termination

occurs outside of the Change of Control Period, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) above. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Company without Cause or by Executive with Good Reason in Connection with a Change of Control. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) or Executive terminates his employment with Good Reason (by providing thirty (30) days written notice to the Company and with such cure period as described in subsection 8(e), above) during the Change of Control Period, Executive shall be entitled to the same payments and benefits as described in Section 8(d) above, provided, however, that payment of Executive's of Base Salary shall continue through the Change of Control Severance Term, rather than the Severance Term. Such continuing payments shall be payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. Any payments previously made to Executive under Section 8(d) or 8(e) above, shall offset the payments and benefits due to Executive under this Section 8(f), if any.

(g) Termination by Executive without Good Reason. Executive may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 8(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination and still have it treated as a termination without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations), Executive shall have executed, on or prior to the Release Expiration Date, a customary general release in favor of the Company in the form attached hereto as Exhibit A, and any waiting periods contained in such release shall have expired. To the extent that the Company requires execution of such release, the Company shall deliver such release to Executive within ten (10) business days following the termination of Executive's employment hereunder. In the event that Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations). Notwithstanding anything contained in this Section 8 to the contrary in any case where the date of termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year.

Section 9. **Restrictive Covenants**. Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the business and assets of the Company, and (B) by his employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the substantial detriment of the Company.

(a) Confidential Information. At any time during and after the end of the Term of Employment, without the prior written consent of the CEO, except to the extent required by an order of a court having jurisdiction or under subpoena from an appropriate government agency, in which event, Executive shall use his best efforts to consult with the CEO prior to responding to any such order or subpoena, and except as required in the performance of his duties hereunder, Executive shall not disclose to or use for the benefit of any third party any Confidential Information.

(b) Non-Competition. Executive covenants and agrees that during the Term of Employment, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(b) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly-held corporation, or serving as a member of the boards of directors of other companies; *provided* that such service does not create a conflict of interest with his employment with the Company.

(c) Non-Solicitation; Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for his own account or for the account of any other Person, engage in Interfering Activities.

(d) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of any nature and in whatever medium of the Company, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(e) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information

and/or Company resources or in consultation with any personnel of the Company (collectively referred to as "Developments"). Executive hereby assigns all right, title and interest in and to any and all of these Developments to the Company. Executive agrees to assist the Company, at the Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship which are made by him (solely or jointly with others) within the scope of employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 USC Sec. 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(f) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

Section 10. **Injunctive Relief**.

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof.

Section 11. **Taxes**.

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. **Set Off; Mitigation**.

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Section 8(d)(v) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

Section 13. **Section 409A**.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code (as defined below) Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 13(c). Except as required by Section 13(c), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of subsection (a) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of subsection (a) above.

(f) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(g) For purposes of this Agreement, "Section 409A Limit" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of his or his separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's separation from service occurred.

Section 14. **Successors and Assigns; No Third-Party Beneficiaries**.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations or interests arising hereunder may be assigned by the Company without Executive's prior written consent (which shall not be unreasonably withheld, delayed or conditioned), to a person or entity other than an affiliate or parent entity of the Company, or their respective successors or assigns; *provided, however,* that, in the event of the merger, consolidation, transfer or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties and obligations of the Company hereunder, it being agreed that in such circumstances, the consent of Executive shall not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided, however,* that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Company and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

Section 15. **Waiver and Amendments**.

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however,* that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 16. **Severability**.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction: (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 17. **Governing Law and Jurisdiction**.

This Agreement is governed by and is to be construed under the laws of the State of California, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof (other than claims for injunctive relief, which shall be governed by Section 10 hereof) shall be brought exclusively in the Federal court in the State of California. By execution of the Agreement, the parties hereto, and their respective affiliates, consent to the exclusive jurisdiction of such court, and waive any right to challenge jurisdiction or venue in such court with regard to any suit, action, or proceeding under or in connection with the Agreement. Each party to this Agreement also hereby waives any right to trial by jury in connection with any suit, action or proceeding under or in connection with this Agreement.

Section 18. **Notices**.

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given: (i) if delivered by hand, on the date of such delivery; (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing; and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 19. **Section Headings**.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 20. **Entire Agreement**.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement.

Section 21. **Survival of Operative Sections**.

Upon any termination of Executive's employment, the provisions of Section 8 through Section 23 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 22. **Limitation on Payments**.

In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 22, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such letter extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Notwithstanding the foregoing, to the extent the Company submits any payment or

benefit payable to Executive under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Regulation Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by Executive and in the order prescribed by this Section 22.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 22 will be made in writing by an independent firm (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 22, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 22. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 22.

Section 23. **Amendment to the Bonus Agreement**.

The following Section 2(c) shall be added to the Bonus Agreement immediately following Section 2(b).

"You will only be eligible to receive your MCO Award if the Change in Control occurs prior to the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO"). If an IPO occurs prior to the occurrence of a Change in Control, the Management Carve Out Bonus Program shall terminate and you shall not be eligible to receive any portion of an MCO Award."

Section 24. **Counterparts**.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

Inogen, Inc.

/s/ Raymond Huggenberger

By: Raymond Huggenberger
Title: President & Chief Executive Officer

EXECUTIVE:

/s/ Matt Scribner

Matt Scribner

EXHIBIT A

FORM OF RELEASE

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is made by and between [EMPLOYEE NAME] ("Employee") and Inogen, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, Employee was employed by the Company;

WHEREAS, Employee signed an Amended and Restated Employment Agreement with the Company on [DATE] (the "Employment Agreement");

WHEREAS, the Company terminated Employee's employment with the Company effective [DATE] (the "Termination Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

COVENANTS

1. Consideration.

[PER TERMS OF SECTION 8 OF EMPLOYMENT AGREEMENT]

2. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Employee.

3. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Employee, on his/her own behalf and on behalf of his/her respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; and the California Fair Employment and Housing Act;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment,

against the Company (with the understanding that any such filing or participation does not give Employee the right to recover any monetary damages against the Company; Employee's release of claims herein bars Employee from recovering such monetary relief from the Company). Notwithstanding the foregoing, Employee acknowledges that any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with Paragraph 15, except as required by applicable law. Employee represents that he/she has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

4. Acknowledgment of Waiver of Claims under ADEA. **[delete this entire paragraph if Employee is UNDER 40].** Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that: (a) he/she should consult with an attorney prior to executing this Agreement; (b) he/she has twenty-one (21) days within which to consider this Agreement; (c) he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that he/she has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

5. California Civil Code Section 1542. Employee acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee, being aware of said code section, agrees to expressly waive any rights he/she may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee represents that he/she has no lawsuits, claims, or actions pending in his/her name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that he/she does not intend to bring any claims on his/her own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

7. Application for Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company. Employee further agrees not to apply for employment with the Company and not otherwise pursue an independent contractor or vendor relationship with the Company.

8. Confidentiality. Employee agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Employee may disclose Separation Information only to his/her immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Employee's attorney(s), and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Employee agrees that he/she will not publicize, directly or indirectly, any Separation Information.

9. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Employment Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and nonsolicitation of Company employees. Employee's signature below constitutes his/her certification under penalty of perjury that he/she has returned all documents and other items provided to Employee by the Company, developed or obtained by Employee in connection with his/her employment with the Company, or otherwise belonging to the Company.

10. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so [or as related directly to the ADEA waiver in this Agreement] **(<<delete this bracketed clause if Employee is UNDER 40>>)**. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that he/she cannot provide counsel or assistance.

11. Nondisparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Employee shall direct any inquiries by potential future employers to the Company's human resources department.

12. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, [unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA,] **(<<delete this bracketed clause if Employee is**

UNDER 40>>) or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, [except as provided by law] **[<<delete this bracketed clause if Employee is UNDER 40>>]**.

13. No Admission of Liability. Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN SANTA BARBARA COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on his/her behalf under the terms of this Agreement. Employee agrees and understands that he/she is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he/she has the capacity to act on his/her own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Employee represents that he/she has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

19. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

20. Attorneys' Fees. [Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA] **(<<delete this bracketed clause if Employee is UNDER 40>>)**, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

21. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Employment Agreement, except as modified herein.

22. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and the Company's Chief Executive Officer.

23. Governing Law. This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. Employee consents to personal and exclusive jurisdiction and venue in the State of California.

24. Effective Date. Employee understands that this Agreement shall be null and void if not executed by him/her within twenty one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

(<<OR, if Employee is UNDER 40, use the bracketed language>>)

[Employee understands that this Agreement shall be null and void if not executed by him/her within seven (7) days. This Agreement will become effective on the date it has been signed by both Parties (the "Effective Date").]

25. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. Employee understands and agrees that he/she executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his/her claims against the Company and any of the other Releasees. Employee acknowledges that:

(a) he/she has read this Agreement;

(b) he/she has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his/her own choice or has elected not to retain legal counsel;

(c) he/she understands the terms and consequences of this Agreement and of the releases it contains; and

(d) he/she is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

[EMPLOYEE NAME], an individual

Dated: _____, 201__

_____

[Employee Name]

INOGEN, INC.

Dated: _____, 201__

By _____

[Officer Name]
[Officer Title]

Exhibit 10.14

INOGEN, INC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and effective as of October 1, 2013 (the "Effective Date"), by and between Inogen, Inc., a Delaware corporation (the "Company"), and Mr. Brenton Taylor (the "Executive").

WITNESSETH:

WHEREAS, the Company and Executive previously entered into an employment agreement, dated April 1, 2009 (the "Original Agreement").

WHEREAS, the Company and Executive previously entered into a Management Carve-Out Bonus Award Agreement, dated July 1, 2012 (the "Bonus Agreement").

WHEREAS, the Company desires to amend and restate the Original Agreement embodying the terms of Executive's employment from and after the Effective Date and to amend the Bonus Agreement, and Executive desires to enter into this Agreement to make such amendments.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. **Definitions**.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 below, (iii) any benefits provided under the Company's employee benefit plans, and (iv) any benefits under policies upon a termination of employment, in accordance with the terms contained therein, including, without limitation, rights with respect to accrued but unused vacation.

(b) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

(c) "Base Salary" shall mean the salary provided for in Section 4(a) below or any increased salary granted to Executive pursuant to Section 4(a).

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Cause" shall mean (i) Executive's conviction of any crime (A) constituting a felony or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of Executive's duties to the Company, or otherwise has, or could reasonably be expected to result in, an adverse impact to the business or reputation of the Company; (ii) conduct of the Executive, in connection with his employment, that has, or could reasonably be expected to

result in, material injury to the business or reputation of the Company, including, without limitation, act(s) of fraud, embezzlement, misappropriation and breach of fiduciary duty; (iii) any material violation of the operating and ethics policies of the Company, including, but not limited to those relating to sexual harassment and the disclosure or misuse of confidential information; (iv) willful neglect in the performance of Executive's duties or willful or repeated failure or refusal to perform such duties; or (v) Executive's breach of any material provision of this Agreement, including, without limitation, any provision of Section 9.

(f) "Change of Control" shall mean, following an IPO, the occurrence of any of the following events during the Post-IPO Period:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change of Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of our Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Change of Control Period" shall mean, following an IPO, the period beginning on the date three (3) months prior to, and ending on the date twelve (12) months following, a Change of Control.

(h) "Change of Control Severance Term" shall mean the twenty-four (24) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, provided such termination occurred within the Change of Control Period.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company" shall have the meaning set forth in the preamble hereto.

(k) "Compensation Committee" shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(l) "Competitive Activities" shall mean any business activities in which the Company is engaged (or has committed plans to engage) during the Term of Employment.

(m) "Confidential Information" shall mean confidential or proprietary trade secrets, client lists, client identities and information, information regarding service providers, investment methodologies, marketing data or plans, sales plans, management organization information, operating policies or manuals, business plans or operations or techniques, financial records or data, or other financial, commercial, business or technical information (i) relating to the Company, or (ii) that the Company may receive belonging to suppliers, customers or others who do business with the Company, but shall exclude any information that is in the public domain or hereafter enters the public domain, in each case without the breach by Executive of Section 9(a) below.

(n) "Developments" shall have the meaning set forth in Section 9(b) below.

(o) "Disability" shall mean any physical or mental disability or infirmity that prevents the performance (with or without reasonable accommodation) of Executive's performance of the essential functions of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld).

(p) "Effective Date" shall have the meaning set forth in the preamble hereto.

(q) "Executive" shall have the meaning set forth in the preamble hereto.

(r) "Good Reason" shall mean, without Executive's consent, (i) a substantial and material diminution in Executive's duties or responsibilities (which shall exclude any diminution in connection with the change in Executive's position as contemplated in Section 3(a) hereof); (ii) a reduction in Base Salary or Annual Bonus opportunity of 10% or more; or (iii) the failure of the Company to pay any compensation when due.

(s) "Interfering Activities" shall mean directly or indirectly soliciting any individual employed by the Company, provided that the foregoing shall not be violated by general advertising not targeted at employees of the Company.

(t) "MIP" shall have the meaning set forth in Section 4(b) below.

(u) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(v) "Post-IPO Period" shall mean the period of time immediately following the occurrence of the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO").

(w) "Pre-IPO Period" shall mean the period of time beginning on the Effective Date and ending on the effective date of an IPO.

(x) "Release Expiration Date" shall mean the date which is twenty-one (21) days following the date upon which the Company delivers Executive the release contemplated in Section 8(h) below, or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date which is forty-five (45) days following such delivery date.

(y) "Restricted Area" shall mean any State of the United States of America or any other jurisdiction in which the Company engages (or has committed plans to engage) in business during the Term of Employment.

(z) "Restricted Period" shall mean the period commencing on April 1, 2009 and extending to the 12 (twelve) month anniversary of Executive's termination of employment for any reason.

(aa) "Severance Term" shall mean:

(i) During the Pre-IPO Period, the six (6) months following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(ii) During the Post-IPO Period, the twelve (12) months following the Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, assuming no such termination had occurred.

(bb) "Term of Employment" shall mean the period specified in Section 2 below.

Section 2. **Term of Employment**.

The Company agrees to employ Executive and Executive agrees to serve the Company on the terms and conditions set forth herein. The term of the Executive's employment hereunder shall continue until terminated as hereinafter specified in Section 8.

Section 3. **Position, Duties and Responsibilities; Place of Performance**.

(a) During the Term of Employment, Executive shall serve as the Vice President, Engineering of the Company, together with such other position or positions consistent with Executive's title as the CEO or Board shall specify from time to time, and shall have such duties typically associated with such title.

(b) Executive shall devote his full business time, attention, skill and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment that (x) conflicts with the interests of the Company, (y) interferes with the proper and efficient performance of his duties for the Company, or (z) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the CEO, as a member of the board of directors or advisory board (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs; *provided, however,* that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be in Goleta, California, although Executive understands and agrees that he may be required to travel from time to time for business reasons.

Section 4. **Compensation**. During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Salary.

(i) Commencing as of the Effective Date and continuing during the Pre-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of $220,000, less applicable withholdings.

(ii) During the Post-IPO Period, Executive shall be paid an annualized Base Salary, payable in accordance with the regularly payroll practices of the Company, of not less than $245,000, less applicable withholdings.

The Base Salary shall be subject to annual review by the CEO for increase, but not decrease, based on both Executive and Company performance.

(b) Annual Bonus.

(i) Executive is eligible for an annual performance bonus award (the "Annual Bonus"), determined pursuant to the Company's Management Incentive Plan (the "MIP"). Executive's current year target Annual Bonus is 20% of Executive's Base Salary (the "Bonus Target") and is effective from January 1, 2013 through September 30, 2013.

(ii) Commencing as of the Effective Date and continuing during the Pre-IPO Period, the Bonus Target shall equal 30% of Executive's Base Salary.

(iii) During the Post-IPO Period, the Bonus Target shall equal 40% of Executive's Base Salary.

The actual Annual Bonus payable shall be between 0% and Executive's Bonus Target, with specific financial targets for the MIP which are mutually agreed upon between the Executive and the CEO. To the extent that such targets are financial and quantifiable, such Annual Bonus is payable on a sliding scale mutually agreed upon between the Executive and the CEO. The Annual Bonus, or installments thereof, is earned as of the end of any applicable fiscal year and paid to Executive following the annual audit for such fiscal year at such time as annual bonuses are paid to other senior executives of the Company.

Section 5. **Executive Benefits**.

During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement and other benefits provided to other senior executives of the Company, including the same number of holidays, sick days and other benefits as are generally allowed to senior executives of the Company in accordance with the Company policy in effect from time to time.

Section 6. **Key-Man Insurance**.

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Executive by any such documents.

Section 7. **Payment and Reimbursement of Business Expenses**.

Executive is authorized to incur reasonable business expenses in carrying out his duties and responsibilities under this Agreement and the Company shall pay, or if Executive shall have paid, shall promptly reimburse Executive for any and all such reasonable business expenses for business, entertainment, promotion, professional association dues and travel incurred by Executive in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy, as in effect from time to time, and subject to the consent of the CEO.

Section 8. **Termination of Employment**.

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company. The payment hereunder of any deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall not be paid to Executive until such time as Executive has undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h).

(b) Termination due to Death or Disability. Executive's employment shall terminate automatically upon his death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to his death or Disability, Executive or his estate or his beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company; and

Following such termination of Executive's employment by the reason of death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon Executive's receipt of written notice of such termination; *provided, however,* that with respect to any termination for Cause which is described in clause (iv) or, to the extent capable of being cured, clause (v) of the definition of Cause set forth in Section 1(e) above, Executive shall be given not less than ten (10) days written notice by the CEO of the intention to terminate him for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such ten (10) day notice period unless Executive has fully cured such acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event the Company terminates Executive's employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause Unrelated to a Change of Control. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) outside of the Change of Control Period, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect to any completed fiscal year which has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company;

(iii) Continuation of payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code; and

(iv) Continuation, during the period of time permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986 (the "COBRA Period") of the

medical benefits provided to Executive and his covered dependants under the Company's health plans in effect as of the date of such termination, it being understood and agreed that Executive shall be required to pay that portion of the cost of such medical benefits as Executive was required to pay (including through customary deductions from Executive's paycheck) as of the date of Executive's termination of employment with the Company. Notwithstanding the foregoing, the Company's obligation to provide such continuation of benefits shall terminate prior to the expiration of the COBRA Period in the event that Executive becomes eligible to receive any such or similar benefits while employed by or providing service to, in any capacity, any other business or entity during the COBRA Period.

Notwithstanding anything in this Section 8(d)(iv) to the contrary, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit related to COBRA premiums without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act, the Patient Protection and Affordable Car Act, and the Health Care and Education Reconciliation Act of 2010), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month (except as provided by the following sentence), in an amount equal to the portion of the monthly COBRA premium that Executive would be required to pay to continue the group health coverage for Executive and his eligible dependents at coverage levels in effect immediately prior to Executive's termination (which amount will equal the excess of the full monthly COBRA premium cost Executive would be required to pay and the monthly medical premium costs that Executive was required to pay as of immediately prior to the date of Executive's termination of employment with the Company), which payments will be made regardless of whether Executive or his eligible dependents elect COBRA continuation coverage on the first payroll date following Executive's termination of employment (subject to any delay as may be required by Section 13 of this Agreement) and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the end of the COBRA Period. For the avoidance of doubt, the taxable payments in lieu of COBRA subsidies may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii), (iii) and (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason Unrelated to a Change of Control. Executive may terminate his employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and, if such termination

occurs outside of the Change of Control Period, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) above. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement. Any payments previously made to Executive under Section 8(d) or 8(e) above, shall offset the payments and benefits due to Executive under this Section 8(f), if any.

(f) Termination by Company without Cause or by Executive with Good Reason in Connection with a Change of Control. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability) or Executive terminates his employment with Good Reason (by providing thirty (30) days written notice to the Company and with such cure period as described in subsection 8(e), above) during the Change of Control Period, Executive shall be entitled to the same payments and benefits as described in Section 8(d) above, provided, however, that payment of Executive's of Base Salary shall continue through the Change of Control Severance Term, rather than the Severance Term. Such continuing payments shall be payable in accordance with the Company's regular payroll practices, it being agreed that each installment of Base Salary payable hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(g) Termination by Executive without Good Reason. Executive may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 8(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination and still have it treated as a termination without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations), Executive shall have executed, on or prior to the Release Expiration Date, a customary general release in favor of the Company in the form attached hereto as Exhibit A, and any waiting periods contained in such release shall have expired. To the extent that the Company requires execution of such release, the Company shall deliver such release to Executive within ten (10) business days following the termination of Executive's employment hereunder. In the event that Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to subsection (d), (e), or (f) of this Section 8 (other than the Accrued Obligations). Notwithstanding anything contained in this Section 8 to the contrary in any case where the date of termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year.

Section 9. **Restrictive Covenants**. Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the business and assets of the Company, and (B) by his employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the substantial detriment of the Company.

(a) Confidential Information. At any time during and after the end of the Term of Employment, without the prior written consent of the CEO, except to the extent required by an order of a court having jurisdiction or under subpoena from an appropriate government agency, in which event, Executive shall use his best efforts to consult with the CEO prior to responding to any such order or subpoena, and except as required in the performance of his duties hereunder, Executive shall not disclose to or use for the benefit of any third party any Confidential Information.

(b) Non-Competition. Executive covenants and agrees that during the Term of Employment, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(b) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly-held corporation, or serving as a member of the boards of directors of other companies; *provided* that such service does not create a conflict of interest with his employment with the Company.

(c) Non-Solicitation; Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for his own account or for the account of any other Person, engage in Interfering Activities.

(d) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of any nature and in whatever medium of the Company, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(e) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information

and/or Company resources or in consultation with any personnel of the Company (collectively referred to as "Developments"). Executive hereby assigns all right, title and interest in and to any and all of these Developments to the Company. Executive agrees to assist the Company, at the Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship which are made by him (solely or jointly with others) within the scope of employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 USC Sec. 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(f) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

Section 10. **Injunctive Relief**.

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof.

Section 11. **Taxes**.

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. **Set Off; Mitigation**.

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Section 8(d)(v) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

Section 13. **Section 409A**.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code (as defined below) Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following Executive's separation from service, or, if later, such time as required by Section 13(c). Except as required by Section 13(c), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixtieth (60th) day following Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of subsection (a) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of subsection (a) above.

(f) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(g) For purposes of this Agreement, "Section 409A Limit" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of his or his separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's separation from service occurred.

Section 14. **Successors and Assigns; No Third-Party Beneficiaries**.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations or interests arising hereunder may be assigned by the Company without Executive's prior written consent (which shall not be unreasonably withheld, delayed or conditioned), to a person or entity other than an affiliate or parent entity of the Company, or their respective successors or assigns; *provided, however*, that, in the event of the merger, consolidation, transfer or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties and obligations of the Company hereunder, it being agreed that in such circumstances, the consent of Executive shall not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided, however*, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Company and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

Section 15. **Waiver and Amendments**.

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however,* that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 16. **Severability**.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction: (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 17. **Governing Law and Jurisdiction**.

This Agreement is governed by and is to be construed under the laws of the State of California, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof (other than claims for injunctive relief, which shall be governed by Section 10 hereof) shall be brought exclusively in the Federal court in the State of California. By execution of the Agreement, the parties hereto, and their respective affiliates, consent to the exclusive jurisdiction of such court, and waive any right to challenge jurisdiction or venue in such court with regard to any suit, action, or proceeding under or in connection with the Agreement. Each party to this Agreement also hereby waives any right to trial by jury in connection with any suit, action or proceeding under or in connection with this Agreement.

Section 18. **Notices**.

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given: (i) if delivered by hand, on the date of such delivery; (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing; and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 19. **Section Headings**.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 20. **Entire Agreement**.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement.

Section 21. **Survival of Operative Sections**.

Upon any termination of Executive's employment, the provisions of Section 8 through Section 23 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 22. **Limitation on Payments**.

In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 22, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such letter extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Notwithstanding the foregoing, to the extent the Company submits any payment or

benefit payable to Executive under this Agreement or otherwise to the Company's stockholders for approval in accordance with Treasury Regulation Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by Executive and in the order prescribed by this Section 22.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 22 will be made in writing by an independent firm (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 22, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 22. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 22.

Section 23. **Amendment to the Bonus Agreement**.

The following Section 2(c) shall be added to the Bonus Agreement immediately following Section 2(b).

"You will only be eligible to receive your MCO Award if the Change in Control occurs prior to the effective date of the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission in connection with an initial public offering of the Company's securities (an "IPO"). If an IPO occurs prior to the occurrence of a Change in Control, the Management Carve Out Bonus Program shall terminate and you shall not be eligible to receive any portion of an MCO Award."

Section 24. **Counterparts**.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

Inogen, Inc.

/s/ Raymond Huggenberger

By: Raymond Huggenberger
Title: President & Chief Executive Officer

EXECUTIVE:

/s/ Brenton Taylor

Brenton Taylor

EXHIBIT A

FORM OF RELEASE

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is made by and between [EMPLOYEE NAME] ("Employee") and Inogen, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, Employee was employed by the Company;

WHEREAS, Employee signed an Amended and Restated Employment Agreement with the Company on [DATE] (the "Employment Agreement");

WHEREAS, the Company terminated Employee's employment with the Company effective [DATE] (the "Termination Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

COVENANTS

1. Consideration.

[PER TERMS OF SECTION 8 OF EMPLOYMENT AGREEMENT]

2. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Employee.

3. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Employee, on his/her own behalf and on behalf of his/her respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; and the California Fair Employment and Housing Act;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment,

against the Company (with the understanding that any such filing or participation does not give Employee the right to recover any monetary damages against the Company; Employee's release of claims herein bars Employee from recovering such monetary relief from the Company). Notwithstanding the foregoing, Employee acknowledges that any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with Paragraph 15, except as required by applicable law. Employee represents that he/she has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

4. Acknowledgment of Waiver of Claims under ADEA. **[delete this entire paragraph if Employee is UNDER 40].** Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that: (a) he/she should consult with an attorney prior to executing this Agreement; (b) he/she has twenty-one (21) days within which to consider this Agreement; (c) he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that he/she has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

5. California Civil Code Section 1542. Employee acknowledges that he/she has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee, being aware of said code section, agrees to expressly waive any rights he/she may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee represents that he/she has no lawsuits, claims, or actions pending in his/her name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that he/she does not intend to bring any claims on his/her own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

7. Application for Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company. Employee further agrees not to apply for employment with the Company and not otherwise pursue an independent contractor or vendor relationship with the Company.

8. Confidentiality. Employee agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Employee may disclose Separation Information only to his/her immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Employee's attorney(s), and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Employee agrees that he/she will not publicize, directly or indirectly, any Separation Information.

9. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Employment Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and nonsolicitation of Company employees. Employee's signature below constitutes his/her certification under penalty of perjury that he/she has returned all documents and other items provided to Employee by the Company, developed or obtained by Employee in connection with his/her employment with the Company, or otherwise belonging to the Company.

10. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so [or as related directly to the ADEA waiver in this Agreement] **(<<delete this bracketed clause if Employee is UNDER 40>>)**. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that he/she cannot provide counsel or assistance.

11. Nondisparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Employee shall direct any inquiries by potential future employers to the Company's human resources department.

12. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, [unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA,] **(<<delete this bracketed clause if Employee is**

UNDER 40>>) or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, [except as provided by law] **[<<delete this bracketed clause if Employee is UNDER 40>>]**.

13. No Admission of Liability. Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN SANTA BARBARA COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on his/her behalf under the terms of this Agreement. Employee agrees and understands that he/she is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he/she has the capacity to act on his/her own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Employee represents that he/she has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

19. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

20. Attorneys' Fees. [Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA] **(<<delete this bracketed clause if Employee is UNDER 40>>)**, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

21. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Employment Agreement, except as modified herein.

22. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and the Company's Chief Executive Officer.

23. Governing Law. This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. Employee consents to personal and exclusive jurisdiction and venue in the State of California.

24. Effective Date. Employee understands that this Agreement shall be null and void if not executed by him/her within twenty one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

(<<OR, if Employee is UNDER 40, use the bracketed language>>)

[Employee understands that this Agreement shall be null and void if not executed by him/her within seven (7) days. This Agreement will become effective on the date it has been signed by both Parties (the "Effective Date").]

25. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. Employee understands and agrees that he/she executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his/her claims against the Company and any of the other Releasees. Employee acknowledges that:

(a) he/she has read this Agreement;

(b) he/she has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his/her own choice or has elected not to retain legal counsel;

(c) he/she understands the terms and consequences of this Agreement and of the releases it contains; and

(d) he/she is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

[EMPLOYEE NAME], an individual

Dated: _____, 201__

_____

[Employee Name]

INOGEN, INC.

Dated: _____, 201__

By _____

[Officer Name]
[Officer Title]

Exhibit 10.19

203-304-P-A

LICENSE AGREEMENT

This Agreement is entered into as of 23 July 2007 ("Effective Date"), by and between AIR PRODUCTS AND CHEMICALS, INC. ("AIR PRODUCTS"), a corporation organized and existing under the laws of the State of Delaware and having its principal office at 7201 Hamilton Boulevard, Allentown, PA 18195, and INOGEN, INC. ("INOGEN"), a corporation organized under the laws of the State of Delaware and having a place of business at 326 Bollay Drive, Goleta, CA 93117.

WHEREAS, AIR PRODUCTS and INOGEN have entered into a Confidential Disclosure Agreement having an effective date of 6 November 2006, referred to herein as "CDA".

WHEREAS, AIR PRODUCTS has developed and acquired AP Technology for a portable medical oxygen concentrator, some of which AIR PRODUCTS has disclosed to INOGEN under the terms of the CDA;

WHEREAS, AIR PRODUCTS agrees to provide Technical Support to INOGEN for two years;

WHEREAS, INOGEN plans to use AP Technology and AIR PRODUCTS' Technical Support for new product development or to make improvements to INOGEN's existing products;

WHEREAS, INOGEN desires to exclusively license AP Technology in the Field;

WHEREAS, AIR PRODUCTS is under no obligation to a third party that would interfere with AIR PRODUCTS entering into this Agreement, and complying with all the terms and conditions of this Agreement;

WHEREAS, INOGEN is under no obligation to a third party that would interfere with INOGEN entering into this Agreement and complying with all the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth in this Section 1, or the meaning ascribed to them in the referenced Section.

1.1 **Affiliate** — as to either Party, means any other person or party which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Party. For purposes of this definition, control shall mean the power to direct or cause the direction of the management and policies of a Party, either by ownership of voting stock, by contract or otherwise.

1.2 **AP Developed Technology** — means Developed Technology that is created solely by employees, agents or contractors of AIR PRODUCTS with obligations to assign their rights to AIR PRODUCTS.

1.3 **AP Technology** — means the patents and patent applications and their foreign equivalents listed in Appendix A, including any divisionals, re-exams, continuations, continuations-in-part, reissues, renewals and extentions of those patents and patent applications, and the Know How listed in Appendix B. Know How disclosed by AIR PRODUCTS to INOGEN after the Effective Date shall be reduced to writing and added to Appendix B. Notwithstanding anything to the contrary in this Agreement, except for the Prototype described in Appendix B, disclosures of Know How after the Effective Date of this Agreement shall be made at AIR PRODUCTS' discretion.

1.4 **Contact Persons** — means the individual employees identified in Section 8.

1.5 **Developed Technology** — means any Technology created after the Effective Date of the CDA that is an Improvement to AP Technology.

1.6 **Field** — means the oxygen concentrator market for human respiratory use, wherein the oxygen concentrator produces up to 10 liters/minute oxygen-rich gas with an oxygen content of less than 96% by volume of the oxygen-rich gas.

1.7 **Improvement** — means a patented invention or idea, the practice of which infringes or would infringe one or more claims of the patents or patent applications (if issued) that are part of AP Technology.

1.8 **INOGEN Developed Technology** — means Developed Technology that is created solely by employees, agents or contractors of INOGEN.

1.9 **Jointly Developed Technology** — means Technology that is conceived by at least one employee, agent or contractor of each of the Parties.

1.10 **Party or Parties** — means either or both of AIR PRODUCTS and INOGEN.

1.11 **Technology** — means any invention, design, method, material, process, formula, know-how, algorithms, copyrightable works, whether patentable or not, or patented or not, and all intellectual property rights thereto and therein.

1.12 **Term** — defined in Section 12 herein.

1.13 **Territory** — means worldwide.

2. LICENSE

2.1 For the Term of this Agreement and subject to the terms and conditions of this Agreement, AIR PRODUCTS grants to INOGEN and its Affiliates a revocable, nontransferable, exclusive license to AP Technology with the right to grant sublicenses thereunder, to make, have made, use, sell, have sold, import and have imported products and processes inside the Field and within the Territory.

2.2 For the Term of this Agreement, as long as the license grant in Section 2.1 remains an exclusive license, AIR PRODUCTS grants to INOGEN and its Affiliates an exclusive revocable, nontransferable license to AP Developed Technology with the right to grant sublicenses thereunder, to make, have made, use, sell, have sold, import and have imported products and processes inside the Field and within the Territory. For the Term of this Agreement, if the license granted in Section 2.1 becomes a nonexclusive license, then the exclusive license that AIR PRODUCTS granted to INOGEN and its Affiliates to AP Developed Technology (in the first sentence of this Section 2.2) shall become a non-exclusive license.

2.3 AIR PRODUCTS shall maintain the patents and patent applications listed in Appendix A for the Term of the Agreement while the license in Section 2.1 remains exclusive; however, AIR PRODUCTS does not guarantee that any or all of the pending patent applications and/or pending claims in those patent applications will issue as patents. AIR PRODUCTS agrees to prosecute the pending applications listed in Appendix A through to a final rejection in the USPTO, or equivalent in another patent office, but shall not be obligated to continue the prosecution of a patent application after receipt of a final rejection, or equivalent, from any patent office. The foreign prosecution of the pending foreign patent applications listed in Appendix A shall be done solely within AIR PRODUCTS' discretion.

2.4 The aforesaid license grants of Section 2.1 and 2.2 are subject to the rest of the terms and conditions of this License Agreement and a reserved nonexclusive right of AIR PRODUCTS to AP Technology and AP Developed Technology inside the Field, within the Territory, for research and development purposes. As further consideration for AIR

PRODUCTS to disclose and license the AP Technology and AP Developed Technology to INOGEN, INOGEN warrants and represents that INOGEN will not use AP Technology and AP Developed Technology for any purpose other than in furtherance of improving, making, having made, using, selling, having sold, importing and/or having imported products and processes in the Field. Any unauthorized use hereunder shall constitute a material breach of this Agreement.

2.5 INOGEN grants to AIR PRODUCTS and its Affiliates a paid-up, royalty-free, perpetual, irrevocable, nonexclusive license to Jointly Developed Technology that is owned by INOGEN, and INOGEN Developed Technology, with the right to sublicense, to make, have made, use, sell, have sold, import and have imported products and processes, outside the Field and inside the Territory.

3. CONSIDERATION

3.1 In consideration of the licenses granted in Section 2 to INOGEN, INOGEN shall pay to AIR PRODUCTS ten thousand US dollars (US $10,000) due at the time of executing this Agreement.

3.2 Further, in consideration of the licenses granted in Section 2 to INOGEN, INOGEN shall issue and grant to AIR PRODUCTS 3,424,658 shares of INOGEN's Series D Convertible Preferred Stock (the "Shares"). Simultaneously with the execution of this Agreement, INOGEN shall cause AIR PRODUCTS to become party to a Joinder Agreement in the form attached hereto as Exhibit A (the "Joinder Agreement"), pursuant to which Air Products shall become a party to that certain Fifth Amended and Restated Investors' Rights Agreement, Fourth Amended and Restated Right of First Refusal and Co-Sale Agreement, and the Fourth Amended and Restated Voting Agreement (collectively, the "Investor Agreements"), each of which is attached hereto as Exhibit B, and pursuant to which AIR PRODUCTS will obtain certain investor rights (such as registration, information, right of first refusal and co-sale, drag-along, and other rights as described therein). INOGEN hereby represents and warrants to AIR PRODUCTS that the statements in the following subsections of this Section 3.2 are all true and correct as of the date hereof:

3.2.1. Immediately prior to the consummation of the transactions contemplated hereby, the authorized and outstanding capital stock of the Company will consist of the following:

(a) A total of 100,000,000 shares of common stock, $0.001 par value per share (the "Common Stock"), of which 7,134,254 shares are issued and outstanding.

(b) A total of 84,269,152 shares of preferred stock, $0.001 par value per share, of which (i) 2,000,000 shares are designated as Series A Preferred Stock, all of which are issued and outstanding; (ii) 12,765,693 shares are designated as Series B Preferred Stock, 12,692,823 of which are issued and outstanding; (iii) of which 11,508,230 shares are designated as Series C Preferred Stock, 10,238,908 of which are issued and outstanding; and (iv) of which 48,582,878 shares are designated as Series D Preferred Stock, 41,192,635 of which are issued and outstanding and (v) 9,412,351 shares are designated as Series D-1 Preferred stock, none of which are issued or outstanding. The rights, preferences and privileges of the preferred stock are as stated in the Amended and Restated Certificate of Incorporation attached hereto as Exhibit C (the "Charter").

(c) INOGEN has reserved 10,411,000 shares of Common Stock for issuance under the Company's Incentive Stock Option Plan (the "Incentive Plan"). Except as set forth on the capitalization table attached hereto as Exhibit D, there are no outstanding options, warrants, rights (including conversion, preemptive rights or similar rights), or agreements for the purchase or acquisition from INOGEN of any shares of its capital stock or any securities convertible into or ultimately exchangeable or exercisable for any shares of INOGEN's capital stock. Except as set forth on the capitalization table set forth on Exhibit D, and the Investor Agreements, no shares of INOGEN's outstanding capital stock, or stock issuable upon exercise or exchange of any outstanding options, warrants or rights, or other stock issuable by INOGEN, are subject to any rights of first refusal or other rights to purchase such stock (whether in favor of INOGEN or any other person), pursuant to any agreement or commitment of INOGEN.

(d) Except for the Investor Agreements, INOGEN is not a party or otherwise subject to any stockholders agreement or other agreement or understanding, and there is no such agreement or understanding between any persons or entities, which affects or relates to the registration of any securities of INOGEN or to the voting or giving of written consents by a director of INOGEN or with respect to any capital stock of INOGEN.

(e) The capitalization table set forth on Exhibit D includes a complete list of all stockholders, option holders, warrant holders, convertible note holders and other security holders of INOGEN as of immediately prior to the consummation of the transactions contemplated hereby, together with a description of the securities held by each such stockholder. The capitalization table includes complete list of all stockholders, option holders, warrant holders, convertible note holders and other security holders of INOGEN after giving effect to the transactions contemplated hereby.

3.3 If, prior to January 1, 2011, (i) there has not occurred a "Liquidation Event", as described in Section 4.2.2(g) of Inogen's Seventh Amended and Restated Certificate of Incorporation, as the same may be amended from time to time (the "Certificate of Incorporation"), pursuant to which AIR PRODUCTS receives gross proceeds of at least seven million five hundred thousand US dollars (US $7,500,000), or (ii) AIR PRODUCTS has not received the Base Amounts (as defined hereinafter) by the Payment Dates (as defined hereinafter), then, upon the request of AIR PRODUCTS, INOGEN (at its option) shall perform one of the following four options:

3.3.1 pay to AIR PRODUCTS a one-time fee of six hundred thousand US dollars (US $600,000), upon which this Agreement shall automatically terminate; or

3.3.2 pay to AIR PRODUCTS a one-time fee of eight hundred fifty thousand US dollars (US $850,000), upon which the license granted in Section 2.1 shall become a non-exclusive, paid-up license for the Term; or

3.3.3 repurchase the Shares from AIR PRODUCTS for seven million five hundred thousand US dollars (US $ 7,500,000), upon which the license granted in Section 2.1 shall be deemed paid-up for the Term; or

3.3.4 pay to AIR PRODUCTS an annual fee of seven hundred fifty thousand US dollars ($750,000) in advance (each, an "Annual Advance") on or before January 31st of each year beginning with January 31, 2011 for the remaining Term.

3.4 If INOGEN elects to pay the Annual Advances pursuant to Section 3.3.4, and, thereafter a Liquidation Event occurs pursuant to which AIR PRODUCTS receives gross proceeds of less than seven million five hundred thousand US dollars (US $7,500,000), then INOGEN shall have the right to fully pay up the exclusive license granted in Section 2.1 for the Term of the Agreement by making a one-time payment to AIR PRODUCTS equal to the positive difference between seven million five hundred thousand US dollars (US $7,500,000) and the sum of (i) the gross proceeds received by AIR PRODUCTS in connection with such Liquidation Event and (ii) any unused prorated portion of an Annual Advance.

3.5 INOGEN shall retain the exclusive license granted in Section 2.1 for the Term of this Agreement if on or before the dates set forth below (the "Payment Dates") either:

(i) there is a Liquidation Event pursuant to which AIR PRODUCTS receives gross proceeds of at least the "Base Amount" within the Payment Date ranges as defined in Table I below, or

(ii) Inogen elects to repurchase Air Products' Shares (the "Repurchase Option") for a purchase price equal to an amount which Air Products would receive gross proceeds of at least the Base Amounts according to the following Payment Dates (and in such event Air Products would be obligated and required to sell its Shares to Inogen or its assignees for such Base Amounts):

Table I

Base Amounts in US dollars	Payment Date
$5,400,000	On or before December 31, 2008
$6,400,000	At any time between January 1, 2009 and December 31, 2009
$7,500,000	At any time between Janaury 1, 2010 and December 31, 2010

If on or before the Payment Dates there is a Liquidation Event pursuant to which AIR PRODUCTS receives gross proceeds of less than the applicable Base Amounts, INOGEN shall have the right to pay up the exclusive license granted in Section 2.1 for the Term of the Agreement by making a one-time payment to AIR PRODUCTS equal to the positive difference between the applicable Base Amounts and the gross proceeds received by AIR PRODUCTS in connection with such Liquidation Event.

3.6 INOGEN shall have the right to repurchase the Shares at any time at a price of $2.92 per share, subject to proportionate investment if INOGEN consummates a stock split, stock combination, reorganization or similar event.

3.7 From and after the date of this Agreement, upon the request of AIR PRODUCTS, INOGEN shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Section 3.

3.8 Inogen may exercise its Repurchase Option by giving Air Products written notice thereof. The repurchase price for the Shares shall be equal to the applicable Base Amount, as determined pursuant to Section 3.5 above, and shall be payable by check in immediately available funds or wire transfer. In the event that INOGEN has elected to exercise the Repurchase Option as to the Shares, Air Products shall deliver to INOGEN certificate(s) representing the Shares to be acquired by Inogen within ten (10) days following the date of the notice from Inogen. Inogen shall deliver to Air Products against delivery of the Shares, checks or wire transfers of Inogen payable to Air Products obligated to transfer the Shares in the aggregate amount of the purchase price to be paid as set forth in Section 3.5 above. For

purposes of determining the applicable Base Rate, Inogen shall be deemed to have exercised its Repurchase Option at the time of providing written notice thereof to Air Products. All rights with respect to such Shares following the exercise of the Repurchase Option shall no longer be deemed to be outstanding and held by Air Products and all rights with respect to such Shares shall immediately cease and terminate, except only the right of Air Products to receive the applicable Base Amount. From and after the date of this Agreement, upon the request of Inogen, Air Products shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Section 3.

4. TECHNICAL SERVICES

4.1 Employees of INOGEN and AIR PRODUCTS shall attend two on-site meetings per year for two years from the Effective Date. One meeting per year will be held at AIR PRODUCTS in Allentown, PA and the other meeting per year will be held at INOGEN in Santa Barbara, CA. Each party is responsible for its own costs. The first meeting will be scheduled upon execution of this Agreement. AIR PRODUCTS shall deliver the Prototype described in Appendix B, to INOGEN at or prior to such first meeting. After the first two years from the Effective Date, subsequent meetings will be arranged upon mutual agreement by the Parties.

4.2 AIR PRODUCTS shall provide up to one hundred seventy (170) person-hours per year of technical support services to INOGEN for product development in the Field for the first 2 years of this Agreement for a maximum total of three hundred and forty (340) person-hours. Reasonable lead time will be necessary to schedule the technical support services.

4.3 Any additional technical services requested by INOGEN during the first 2 years of the Term of this Agreement may be provided by AIR PRODUCTS, at AIR PRODUCTS' discretion, at a rate of two hundred and fifty dollars (US $250) per person-hour.

5. DEVELOPED TECHNOLOGY

5.1 INOGEN shall own INOGEN Developed Technology and it shall be licensed to AIR PRODUCTS in accordance with Section 2.5.

5.2 AIR PRODUCTS shall own AP Developed Technology and it shall be licensed to INOGEN in accordance with Section 2.2.

5.3 INOGEN shall own and AIR PRODUCTS shall assign to INOGEN any and all of the Jointly Developed Technology with AIR PRODUCTS having the license rights granted in Section 2.5, provided that such ownership may shift to AIR PRODUCTS if INOGEN chooses

not to file patent applications and/or AIR PRODUCTS files patents or patent applications to protect some of the Jointly Developed Technology in accordance with this Section 5.3 or Section 5.4. Before INOGEN files any patent application(s) to protect Jointly Developed Technology, INOGEN shall provide AIR PRODUCTS with up to thirty (30) days to review each patent application. AIR PRODUCTS may elect to file its own patent application(s) to further protect the invention, e.g. for use of the invention outside the Field, and if so shall provide Notice to INOGEN of its desire to file patent application(s) prior to the end of the thirty (30) day review period. Upon receiving Notice, INOGEN shall provide AIR PRODUCTS with sixty (60) additional days to prepare its own patent application. The Parties shall coordinate the filing of their patent applications so that neither Party creates prior art against the other Party's patent application(s). INOGEN agrees to assign the patents filed by AIR PRODUCTS covering Jointly Developed Technology to AIR PRODUCTS. Alternatively, after AIR PRODUCTS' review of INOGEN's patent application(s), AIR PRODUCTS may suggest claims which improve the application, with the understanding that INOGEN is under no obligation to include the suggested claims in the patent filing.

5.4 If AIR PRODUCTS desires to file a patent covering Jointly Developed Technology which is not patented by INOGEN, AIR PRODUCTS shall provide Notice to INOGEN's Contact Person identifying the portion of the Jointly Developed Technology that AIR PRODUCTS desires to patent. INOGEN's Contact Person shall respond in writing to AIR PRODUCTS within 30 days of receiving the request whether or not it elects or does not elect to protect the portion of the Jointly Developed Technology. If INOGEN elects not to protect the portion of the Jointly Developed Technology that AIR PRODUCTS would like to protect, then AIR PRODUCTS may file patents or patent applications to protect that portion of the Jointly Developed Technology. (If INOGEN elects to file patent(s) to protect that portion of the Jointly Developed Technology, then Section 5.3 controls.) If INOGEN does not elect to protect that portion of the Jointly Developed Technology, AIR PRODUCTS shall give INOGEN an opportunity to review the application and suggest claims which improve the application, with the understanding that AIR PRODUCTS is under no obligation to include the suggested claims in the patent filing. INOGEN shall submit its comments on the application, if any, within 30 days of its receipt of the application for its review. INOGEN shall assign the patent application(s) filed by AIR PRODUCTS under this Section 5.4 to AIR PRODUCTS. AIR PRODUCTS hereby grants to INOGEN and its Affiliates a perpetual, irrevocable, paid-up, royalty free, non-exclusive license under these patents to make, have made, use, sell, have sold, import and have imported products and processes in the Field, and within the Territory, with the right to sublicense.

5.5 INOGEN and AIR PRODUCTS agree to promptly execute patent application documents and assignment(s) to vest title of patent application(s) in AIR PRODUCTS or INOGEN, as defined in Sections 5.3 and 5.4. Additionally the Parties agree to assist with prosecution of the patent application(s) if requested by the filing Party. The filing Party to whom the patent or patent application is assigned is responsible for all of the costs for preparing, filing, prosecuting and maintaining the patent and patent application.

5.6 Except as described earlier in this Section 5, each Party shall have the first option at its own cost as to whether it shall file, prosecute, institute suit for or defend against infringement, recover damages and/or maintain any patents, patent applications or other intellectual property registrations, in any country, for the Jointly Developed Technology owned by that Party. Both Parties shall maintain written records of its work for use as invention records and shall submit such records to the other Party when requested.

5.7 Except as expressly stated herein, each Party reserves all rights, title and interest in any of its Technology, without any obligation to account to the other Party. Without limiting the generality of the foregoing, except as expressly provided elsewhere in this Agreement, no right, license or interest of any kind is granted by either Party to the other with respect Technology owned by AIR PRODUCTS or Technology owned by INOGEN, respectively. Notwithstanding anything to the contrary herein, upon the termination of this Agreement, other than a termination in accordance with Section 12.1, AIR PRODUCTS and its Affiliates shall have the right to make, have made, use, import, have imported, sell and have sold AP Technology, or sublicense any or all of those rights to a third party in any field and any territory. If this Agreement is terminated other than in accordance with Section 12.1, any intellectual property rights owned by INOGEN created or filed after the execution of the CDA that are infringed by the making, using, selling or importing of AP Technology shall be automatically perpetually, and irrevocably licensed to AIR PRODUCTS, with the right to sublicense, for making, having made, using, selling, having sold, importing or having imported products and processes, within any field and territory, on a paid-up and royalty-free basis.

5.8 If either Party chooses to abandon any patent or patent application filed to protect the Jointly Developed Technology, that Party shall offer the patent or patent application to the other Party at least thirty (30) days prior to the abandonment of the patent or patent application. However, failure to offer the patent or patent application to the other Party shall not be considered a breach and shall incur no liability to either Party.

5.9 Technology that is developed solely by either Party that is not Developed Technology shall be solely owned by the inventing Party and may be disclosed to the other Party under terms of Confidentiality and be the subject of separate license negotiations between the Parties.

6. MARKING/OFFICIAL REGISTRATION

6.1 INOGEN shall mark its products with all applicable patent numbers for AP Technology, AP Developed Technology and Jointly Developed Technology. INOGEN shall make a good faith effort to keep the patent markings up to date and accurate.

6.2 INOGEN, at its expense, is fully responsible for the action(s) necessary for the purpose of obtaining clearance by the appropriate government agencies, also referred to as regulatory approval (e.g. FDA, EMEA), if needed, and obtaining certifications or markings (e.g., UL, CE), if needed, for sales of products.

7. CONFIDENTIALITY

7.1 The disclosure period in Section 3.1 of the CDA is extended until two years after the execution of this License Agreement, to protect the continued disclosure and exchange of confidential information (particularly during the provision of Technical Services) under this License Agreement. The disclosure period may be further extended by the written agreement of the two Parties. The purpose in Section 1 of the CDA is extended to cover the purposes of this License Agreement. All the other terms and conditions of the CDA continue in full, force and effect.

7.2 Jointly Developed Technology is AIR PRODUCTS and INOGEN's Confidential Information that shall not be disclosed by either Party except as necessary to protect the Jointly Developed Technology by filing patent applications, or except in the form of products when they are offered for sale and sold by either Party, provided both Parties agree not to file patent(s) to protect the Jointly Developed Technology prior to the sale of products.

7.3 The Parties agree that unless otherwise agreed to in writing or except as required by law or court order, they will not disclose any of the terms or conditions of this Agreement to third parties, and that the relationship between AIR PRODUCTS and INOGEN is considered Confidential Information. AIR PRODUCTS acknowledges that marking INOGEN's products with AIR PRODUCTS' patent numbers and patent application numbers, which will inherently disclose that there is a relationship between the Parties, is not in violation of this Section 7.3.

7.4 If this Agreement is terminated before INOGEN makes the total payments set forth in Section 3, INOGEN agrees to return to AIR PRODUCTS all documents, including copies containing AIR PRODUCTS' Confidential Information except that one copy may be maintained by INOGEN's legal department for compliance to this Section 7.

8. CONTACT PERSONS

8.1 Each Party shall designate one of its employees as "Contact Person". The persons initially designated as Contact Persons are as follows:

For AIR PRODUCTS:
Carrington Smith
Air Products and Chemicals, Inc.
7201 Hamilton Blvd
Allentown, PA 18195-1501
Fax No: (610) 481-8971

For INOGEN:
Geoff Deane
Inogen, Inc.
326 Bollay Drive
Goleta, CA 93117
Fax No: (805) 562-0516

8.2 Each Party may change its Contact Person by giving Notice to the other Party.

9. INFRINGEMENT OF TECHNOLOGY

9.1 AIR PRODUCTS and INOGEN shall promptly notify each other of suspected infringements and/or unauthorized use of AP Technology, INOGEN Developed Technology, and/or Jointly Developed Technology ("Infringement"), and shall inform the other Party of any evidence of such Infringement. Each Party, as also provided for in Section 5.6, may, but shall not be obligated to take such action to enforce its patents as it determines to be appropriate to abate Infringement, including, without limitation, instituting suit for Infringement, instituting

arbitration proceedings, or taking other action to abate the Infringement, with the costs and expenses of such action to be borne by the Party who takes the action, *provided* that where both Parties agree that action is appropriate, they will in good faith cooperate to jointly bring any such actions and shall share the costs of bringing such actions in such proportions as they may mutually agree. The Parties shall share any recovery of damages and other judgments resulting from all actions brought to abate Infringement in the same proportion as the Parties have respectively borne the expenses of prosecuting such actions.

9.2 If a competitor's product infringes AIR PRODUCTS' and/or INOGEN's patents, AIR PRODUCTS and INOGEN shall discuss strategies to address the infringement, and may agree that it would be better to negotiate a cross-license or license agreement with a competitor that would benefit both Parties.

10. INDEMNIFICATIONS

10.1 INOGEN shall defend and indemnify AIR PRODUCTS and its directors, officers, and employees against all claims, costs and expenses for damage to property of INOGEN, including loss of use thereof, and for bodily injury, including death resulting therefrom, sustained by an employee of INOGEN, whether or not resulting from the negligence of AIR PRODUCTS or its directors, officers or employees, provided however, to the extent such damage results from the gross negligence or willful misconduct of AIR PRODUCTS or its director, officers or employees, such damage shall be excepted from the foregoing obligations.

10.2 AIR PRODUCTS shall defend and indemnify INOGEN and its directors, officers, and employees against all claims, costs and expenses for damage to property of AIR PRODUCTS, including loss of use thereof, and for bodily injury, including death resulting therefrom, sustained by an employee of AIR PRODUCTS, whether or not resulting the negligence of INOGEN or its directors, officers or employees, provided however, to the extent such damage results from the gross negligence or willful misconduct of INOGEN or its director, officers or employees, such damage shall be excepted from the foregoing obligations.

10.3 INOGEN shall defend and indemnify AIR PRODUCTS and its directors, officers, and employees against all claims, costs and expenses for damage to property of third parties, including loss of use thereof, and for bodily injury, including death resulting therefrom, sustained by a third party arising out of the design, manufacture, and sale or other disposal of its products to that third party or the use of the product by that third party.

10.4 Each Party acknowledges that there are hazards associated with the use of oxygen concentrators, including the oxygen-enriched air and nitrogen gases produced thereby, that they understand such hazards, and that it is the responsibility of each Party to warn and protect its employees and others exposed to such hazards by coming into contact with oxygen concentrators.

10.5 INOGEN will maintain or cause others to maintain commercial general liability insurance in an amount of not less than two million US dollars ($2,000,000) covering bodily injury and property damage to third parties with an annual aggregate amount of not less than five million US dollars ($5,000,000). INOGEN shall obtain or cause the policy owner to obtain a waiver of subrogation from the insurer(s) in favor of AIR PRODUCTS, and INOGEN shall have no recourse against AIR PRODUCTS or the other insureds with respect to a loss that is uninsured. INOGEN shall furnish or cause the policy owners to furnish AIR PRODUCTS with Certificates of Insurance evidencing the coverage required by this Section.

11. INDEMNIFICATION FOR PATENT INFRINGEMENT

11.1 INOGEN agrees that it will, at its own expense and to the extent hereinafter stated, defend and hold AIR PRODUCTS free and harmless in any suit or proceeding insofar as the same is based on a claim that any of its products constitutes an infringement of any patent issued in the Territory.

11.2 AIR PRODUCTS offers no guarantee nor warranty that the AP Technology, AP Developed Technology or Jointly Developed Technology does not infringe any patent(s) or patent application(s) owned by one or more third parties in the Territory. It is INOGEN's sole responsibility to perform clearance searches and non-infringement studies, at INOGEN's option, prior to manufacturing and selling any of its products.

12. TERMINATION

12.1 This Agreement shall continue until the last patent included in the AP Technology set forth in Appendix A expires (the "Term") unless otherwise provided for in this Agreement. Upon expiration of the last patent in Appendix A if this Agreement has not been earlier terminated, the license to AIR PRODUCTS' Know How which is part of AP Technology for which the license was granted in Section 2.1 shall become nonexclusive, paid-up and irrevocable.

12.2 Additionally, this Agreement shall be terminable as follows:

(a) In the event either Party shall be in material breach in the performance of any provision of this Agreement ("Default") and such Default is not cured within sixty (60) days following Notice of such Default thereof from the other Party; or

(b) By either Party if the other Party is declared insolvent, bankrupt, or makes an assignment for the benefit of creditors, or a receiver is appointed or any such proceeding is demanded by, for, or against the other Party under any provision of the United States Bankruptcy Act (and if involuntary, such proceeding is not dismissed within sixty (60) days); or

(c) As provided for in Section 3.3.1.

12.3 **Effect of Termination** Upon termination of this Agreement in accordance with Section 12.1, or 12.2, or by operation of law, or otherwise:

(a) Unless otherwise indicated in this Agreement, upon termination, the license granted in Section 2.1 shall terminate.

(b) Sections 2.5, 3.1, 3.2, 5.3 through 5.7, 7, 10, 11, 13, 15.4, 15.10 shall survive such termination or expiration; and

(c) Notwithstanding anything to the contrary herein, upon termination of this Agreement for any reason, the license to AP Developed Technology granted in Section 2.2 automatically expires.

13. LIMITATION ON LIABILITY

13.1 AIR PRODUCTS SHALL NOT BE LIABLE IN CONTRACT OR IN TORT (INCLUDING BUT NOT LIMITED TO AIR PRODUCTS' NEGLIGENCE OR STRICT LIABILITY) FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND ARISING OUT OF THIS AGREEMENT, OR ANY BREACH THEREOF, OR ANY DEFECT IN OR FAILURE OR MALFUNCTION OF ANY PRODUCT INCORPORATING AP TECHNOLOGY, AP DEVELOPED TECHNOLOGY, AND JOINTLY DEVELOPED TECHNOLOGY LICENSED HEREIN, WHETHER AIR PRODUCTS HAS ADVANCE NOTICE OF THE POSSIBILITY OF SUCH DAMAGES, INCLUDING BUT NOT LIMITED TO INOGEN'S LOSS OF PROFITS, LOSS OF PRODUCTION OR LOSS OF PRODUCT, AND SUCH LIMITATION ON DAMAGES SHALL SURVIVE FAILURE OF AN EXCLUSIVE REMEDY.

13.2 NOTWITHSTANDING THE FOREGOING, BOTH PARTIES SHALL BE LIABLE TO THE OTHER PARTY FOR ALL DAMAGES AND COSTS CAUSED BY EACH PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OR BREACH OF CONFIDENTIALITY.

13.3 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT, THE TOTAL LIABILITY OF AIR PRODUCTS AND ITS DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES AND SUBCONTRACTORS UNDER THIS AGREEMENT FOR BREACH OF CONTRACT (INCLUDING BUT NOT LIMITED TO FAILURE TO MEET WARRANTIES) AND IN TORT, WHETHER IN CONNECTION WITH PERFORMANCE, NONPERFORMANCE OR OTHERWISE, SHALL BE LIMITED TO TEN THOUSAND US DOLLARS (US $10,000). WHEN THE LIABILITIES AND COSTS INCURRED BY AIR PRODUCTS AND ITS DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES AND SUBCONTRACTORS (INCLUDING BUT NOT LIMITED TO COSTS INCURRED IN CORRECTIVE ACTION IN AN EFFORT TO MEET WARRANTIES OR CURE ANY BREACH) EQUAL TEN THOUSAND US DOLLARS (US $10,000), AIR PRODUCTS' TOTAL LIABILITY UNDER THIS AGREEMENT SHALL TERMINATE AND INOGEN SHALL HAVE NO FURTHER RECOURSE AGAINST AIR PRODUCTS OR ITS DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES OR SUBCONTRACTORS.

14. WARRANTIES

14.1 AIR PRODUCTS warrants that as of the effective date, it owns the AP Technology, that it has the right to license the AP Technology to INOGEN.

14.2 AIR PRODUCTS makes no warranties of validity, non-infringement, merchantability nor fitness for a particular use.

15. GENERAL

15.1 **Non-Compete**

(a) During the Term of this Agreement without obtaining prior written permission from AIR PRODUCTS, INOGEN shall not work with another industrial gas company to develop products or technology.

(b) During the Term of this Agreement while the license in Section 2.1 remains exclusive, without obtaining prior written permission from INOGEN, AIR PRODUCTS shall not work with another person or company to develop products using the AP Technology within the Field.

15.2 **Relationship of the Parties** This Agreement shall in no way be construed to constitute either Party as the partner, employee or agent of the other Party nor shall either Party have the authority to bind the other in any respect, accept service of process or other notice on the other's behalf, or make any representation, statement or warranty by or on behalf of the other, it being intended that each shall remain an independent contractor responsible only for its own actions.

15.3 **Assignment** This Agreement and the rights, duties and obligations of the Parties hereto shall not be assignable, transferable or delegable by either Party hereto without the prior written consent of the other, and any purported assignment without such consent shall be void. Notwithstanding the foregoing, either Party may: (i) assign this Agreement to an Affiliate, provided that the assignment shall not constitute a release of the assigning Party and the assigning Party shall remain liable for all assigned obligations in the event of a breach of this Agreement by its assignee; and (ii) assign all of its rights and obligations under this Agreement, but not less than all of its rights and obligations, to an entity that acquires all or substantially all of the business of such Party, whether by way of stock sale, asset sale, reorganization or otherwise, except if such stock sale, asset sale, reorganization or other event involves a competitor of the other Party.

15.4 **Choice of Law; Choice of Forum** This Agreement shall be governed by the law of the Commonwealth of Pennsylvania, without regard to conflicts of law principles. The Parties hereto agree to accept the exclusive jurisdiction of the courts of the State of Delaware for the adjudication of any dispute arising hereunder.

15.5 **Force Majeure** Either Party shall be excused from performance of its obligations hereunder to the extent and for such period of time as such performance is prevented by an act of God, fire, flood, earthquake, transportation disruption, war, insurrection, labor dispute or other cause beyond the reasonable control of such Party, including inability to obtain parts required to perform the work contemplated by this Agreement. If the event of force majeure continues for a period of more than 60 consecutive days, either Party thereafter may terminate the Agreement upon giving at least 10 days prior Notice to the other Party. Each Party shall bear all of its own costs, expenses, losses and damages suffered and incurred as a result of force majeure.

15.6 **Counterparts** This Agreement may be executed in counterparts, each of which when so executed and delivered shall constitute a complete and original instrument but all of which together shall constitute one and the same agreement, and it shall not be necessary when making proof of this Agreement or any counterpart hereof to account for any other counterpart.

15.7 **Binding Nature** This Agreement shall be binding on upon and inure to the benefit of the Parties hereto, their successors and permitted assigns.

15.8 **Authority** Each Party represents that it has full power and authority to enter into and perform this Agreement, and that the person signing this Agreement on behalf of it has been duly authorized and empowered to execute this Agreement.

15.9 **Compliance with Laws** Both Parties will at all times conduct their activities (i) so as not to adversely affect any property or rights of the other Party, and (ii) in compliance with all laws and regulations applicable, including import, export, customs, unfair competition, antitrust, advertising and consumer laws. Specifically, each Party agrees that any technical information not in the public domain (whether written, or otherwise) first received from the other under this Agreement or developed using such technical information, will not, without the prior written permission of the transmitting Party, knowingly be transmitted to any of the countries designated in the United States Government Regulations (15 C.F.R. 370 and 10 C.F.R. 810.7, or their respective successor provisions) as issued from time to time relating to the exportation of technical data.

15.10 **Severability** In the event that any covenant, condition or other provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed to be severable from the remainder of this Agreement and shall in no way affect, impair, or invalidate any other covenant, condition, or other provision herein.

15.11 **Entire Agreement** The terms and provisions contained in this Agreement and the Exhibits and Appendices constitute the entire understanding of the Parties with respect to the transactions and matters contemplated hereby and supersede all previous communications, representations, agreements and understandings relating to the subject matter hereof. No representations, inducements, promises or agreements, whether oral or otherwise, between the Parties not contained herein or incorporated herein by reference will be of any force or effect.

15.12 **Waiver** No provision of or right under this Agreement will be deemed to be waived by any act or acquiescence on the part of either Party, its agents or employees, and may be waived only by an instrument in writing signed by an authorized officer of each Party. No waiver by either Party of any breach of this Agreement by the other Party will be effective as to any other breach, whether of the same or any other term or condition and whether occurring before or after the date of such waiver.

15.13 **Modifications** No modification, amendment, supplement to or waiver of this Agreement, or any of its provisions shall be binding upon the Parties hereto unless made in writing and duly signed by both Parties.

15.14 **Notices** Any Notice that may be given, or is required to be given, under this Agreement, will be in writing and will be sent by facsimile, express mail or sent by certified mail, postage prepaid, return receipt requested and addressed:

If to AIR PRODUCTS:	Air Products and Chemicals, Inc. 7201 Hamilton Blvd. Allentown, PA 18195-1501 Facsimile No.: 610-481-7803 Attn: Law Department
With a copy to:	Corporate Technology Partnerships Air Products and Chemicals, Inc. At the same address above
If to INOGEN:	INOGEN, Inc. 336 Bollay Drive Goleta, CA 93117 Fax No: (805) 562-0516 Attn: Kathy J. Odell
With a copy to:	INOGEN, Inc. 336 Bollay Drive Goleta, CA 93117 Fax No: (805) 562-0516 Attn: Geoff Deane

Each Party may at any time change its address for Notices by sending Notice to the other Party of such change in the manner for sending Notices provided herein. Notices shall be deemed to be given on: (i) the date received if sent by facsimile, if sending party has confirmation of receipt, (ii) the date received if sent by Express Mail or (iii) on the date received, if sent by certified mail, return receipt requested, if sent to the addresses specified above.

15.15 Any dispute between the Parties relating to this Agreement which cannot be resolved with reasonable promptness shall be referred to each Party's senior manager in an effort to obtain prompt resolution. Neither Party shall commence any action against the other until the expiration of 60 days from the date of referral to such senior managers; provided however, this shall not preclude a Party from instituting an action seeking injunctive relief to prevent irreparable damage to such Party.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by a duly authorized representative.

Inogen, Inc.		**AIR PRODUCTS and Chemicals, Inc.**	
By:	/s/ Kathy J. Odell	By:	/s/ John C. Tao
Name:	Kathy J. Odell	Name:	John C. Tao
Title:	CEO	Title:	Director, Corporate Technology Partnerships
Date:	7/23/07	Date:	7/23/07

APPENDIX A

LIST OF U.S. PATENTS AND U.S. PATENT APPLICATIONS AND THEIR FOREIGN EQUIVALENTS

U.S. Patent or Application Number	Air Products Docket Number	Title	Application or Grant Date	Status	Foreign Equivalents (Patent or Application number)
5,656,064	05322	Base Treated Alumina in Pressure Swing Adsorption	8/12/1997	Issued	Belgium (0766991), Canada (2186681), China (ZL96120134.7), France (0766991), Germany (69626913.9-08), G. Britain (0766991), Italy (0766991), Japan (2785870), Korea South (192691), Norway (316950), Spain(ES2194959), Taiwan (874780)
6,605,136	06249	Pressure Swing Adsorption Process Operation ad Optimization	8/12/2003	Issues in US and China. Others pending	China (03147620.1), EPC (03014498.4), Japan (2003-194365)
6,802,889	06251	Pressure Swing Adsorption System for Gas Separation	10/12/2004	Issued in US and others pending	EPC (03027736.2) and Japan (2003-4078287)
6,824,590	05990P	Use of Lithium Containing Faujasite in Air Separation Processes Including Water and/or Carbon Dioxide Removal	11/30/2004	Issued	N/A

11/542895	06869N	Performance Stability in Rapid Cycle Pressure Swing Adsorption Systems	8/28/2006	Pending	N/A
11/542948	06923N	Performance Stability in Shallow Beds in Pressure Swing Adsorption Systems	10/4/2006	Pending	N/A
11/197859	06735	Rotary Valve with Internal Leak Control System	7/31/2006	Pending	EPC (06015900.1) and Japan (2006-213507)
10/762785	06479	Dual Mode Medical Oxygen Concentrator	1/22/2004	Pending	N/A
10/851858	06502	Weight-Optimized Portable Oxygen Concentrator	5/21/2004	Pending	Canada (2507464), EPC (05010785.3), Japan (2005-148104)
11/034673	06479P	Simplified Dual Mode Medical Oxygen Concentrator	1/13/2005	Pending	Spain (05001233.5), Portugal (05001233.5), Japan (2005-15856), Great Britain (05001233.5), Germany (05001233.5), France (05001233.5), Canada (2493495)
11/312180	06828	Continuous Flow Portable Medical Oxygen Concentrator	12/20/2005	Pending	EPC (06025927.2) and Japan (2006-341649)

Appenix B – List of Know How

Attachment #	Document Title / Filename	Number of Pages
-	Beds for Portable Medical O2.doc	16
1	Beta Column Cyclic Testing.doc	3
2	Attrition Beds Update 20050729.doc	4
3	Vessel Loading.doc	6
4	Thomas Pump Stability Test 051123.doc	3
5	Thomas Stability BedLoad 051123.xls	1
6	Thomas Pump Stability Test 051128.xls	2
	- Test Log	(1)
	- Pulse Chart	(1)
	- P vs T Data	(Electronic File Only)
7	Thomas pump stability setup.jpg	1
8	Vessel_Filling_Tests_1 060123.xls	1
9	Comparison vib vs nonvib 060123.jpg	1
10	Fill Stability Tests 060201.xls	4
	- Test Notes	(1)
	- Test Data	(1)
	- Pulsation Chart	(1)
	- Pulsation Data	(Electronic File Only) (1)
	- Bed Springs	
11	Stability Test and Fix 060201.doc	3
12	Fill Stability Tests 060208.xls	5
	- Test Notes	(2)
	- Test Data	(1)
	- Wave Charts	(1)
	- Pulsation Data	(Electronic File Only) (1)
	- Fill Data	
13	bed_model_fmal_SW2006.zip	(Electronic File Only)
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	- cap-bayonet bed tube.SLDPRT	“
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	- cs112_l1_2.SLDASM	“
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	- diffuser-bottom-drafted.SLDPRT	“
	- diffuser-top.SLDASM	“
	- diffuser-top-drafted.SLDPRT	“
	- mesh-diffuser.SLDPRT	“
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	- BEDTUBE-A-BAYONET.SLDASM	“
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	- MESH-4-PORT.sldprt	“

	- SHIM CS112_L1_0_146-4-PORT.sldprt	“
	- BED-4-PORT-DRAFT_ASM.sldasm	“
	- BED-O-RING-4-PORT.sldprt	“
	- BED-TUBE-4-PORT-03_DRA.sldprt	“
	- BED-TUBE-CAP-4-PORT-03_DRA.sldprt	“
	- BED-TUBE-O-RING-4-PORT.sldprt	“
	- CS112_L1_0_146_2-4-PORT.sldprt	“
	- CS112_L1_2-4-PORT.sldprt	“
	- CS112 LI 2-4-PORT_ASM.sldasm	“
	- DIFFUSER-4-4-PORT_DRA.sldprt	“
-	Process Development	41
1	Process Feasibility of APCI Multi Bed VSA Medical Generator.doc	(Not included due to confidentiality agreement)
2	Update on Water Front Stability.doc	10
3	Update on Pretreatment Study.doc	19
4	Summary of Discussions with J. Kirner 6-2-03 and D. Graham 6-3-03.doc	4
5	Design Parameters for Portable Medical Generator.doc	8
6	PDU Evaluation of 4-Bed Process.doc	10
7	Evaluation of Beta Bed/Valve Assembly.doc	5
8	Product Rotor Passage Sizes for 4-Bed Process.doc	2
9	Equalization Passage Sizing Revision.doc	3
10	Improved Prototype Testing.doc	4
-	200511 AIChE Presentation Oxygen Process Final.pps	30
-	Pumps for Portable PVSA System.doc	16
1	Motor efficiency testing.xls	5
	- Data as Taken	(1)
	- Sorted Data	(3)
	- Charts	(1)
	- Data for Thin Gap	(Electronic File Only)
2	Air Squared pump performance.doc	6
3	Possible Pump Weight Reduction.doc	6
4	Weight reduction orbiting scroll.doc	3
5	Weight reduction fixed scroll.doc	5
6	Weight reduction bracket.doc	6
7	Beta pump summary.xls	4
	- Performance of Air Squared Beta Pumps	(1)
	- Compressor Capacity	(1)
	- Vacuum Capacity	(1)
	- Relative Pump Power	(1)
8	B012 Beta pump performance.xls	1
9	Scroll Labs pump performance.xls	2
10	Scroll Labs cooling test results.xls	3
	- Test Data	(2)
	- Charts	(1)
11	Iwata prototype test results 050912.xls	1
12	Thomas 2250 pump curve.xls	1

13	Pump noise measurements 040912.doc	5
14	Pump noise measurements 041017.doc	4
15	Pump noise measurements 041018.doc	1
16	Sound through case 041020.doc	1
17	Pump bracket noise 041022.doc	1
18	Inogen pump noise 041027.doc	2
19	Noise comparison 041029.doc	2
20	APCI Inogen noise test 041015.doc	2
21	Observations on scroll noise 041201.doc	3
22	Scroll Labs noise data 041214.xls	2
23’	Silencer Tests 050110.xls	5
	- Summary	(1)
	- Data	(3)
	- Charts	(1)
24	Feed Flow&Press Pulse_abridged 051205.xls	4
	- Pressure Detail	(1)
	- Vacuum Detail	(1)
	- Notes	(1)
	- Pressure-Time Data	(Electronic File Only)
	- Effect of Throttle Valve on Feed Flow and Pressure Pulsations	(1)
25	HiFreq Feed Pulse 051212.xls	4
	- Pulsation Plot	(1)
	- Frequency Components of Pulsation	(1)
	- Plot Data	(Electronic File Only)
	- Notes	(2)
	- Time-Pressure Data	(Electronic File Only)
26	Vac Press Pulse 051209.xls	4
	- Flow vs. Turns	(1)
	- Pulse vs. Turns	(1)
	- Notes	(2)
	- Archive (included in files)	(Electronic File Only)
27	Analysis to 12 Dec 2005 051213.doc	8
28	Recip-Scroll Compare 051115.xls	3
	- Data	(Electronic File Only)
	- Piezoelectric Transducer Data	(1)
	- Plot	(1)
	- Feed Pulsation Detail Plot	(1)
	- Vacuum Pulsation Detail Plot	
29	Effect of Compression on Humidity 060601.xls	1
-	Air Squared Design.jpg	1
-	Conventional BLDC.jpg	1
-	ThinGap Motor.jpg	1
-	Rotary Valve Development	23
1	Prod Port Plate 050317jpg	1
2	Valve shaft twist 050317jpg	1

3	Prod Rotor 050317.jpg	1
4	Ceramic bushing detail 050406jpg	1
5	Embedded debris 5120008.jpg	1
6	Product rotor 5120009.jpg	1
7	P5110005 Product stator.jpg	1
8	P5110024 Stainless brg bushing.jpg	1
9	rubbing area detail 050520jpg	1
10	eccentric rubbing pattern 050520.jpg	1
11	wear arc 050517.jpg	1
12	Rotor friction and radial loads.pdf	1
13	Brg radial load test rig.jpg	1
14	Test rig shaft wear.jpg	1
15	Test rig ceramic post test.jpg	1
16	Rotor_thrust_4bed.xls	1
	- Pressure Data	(Electronic File Only)
	- Valve Slot and Port Geometry	(Electronic File Only)
	- Thrust Chart	(1)
17	Rotor force equations.doc	2
18	Valve_leakage_data.xls	2
19	Prod Valve FEA Report.doc	8
20	Leakage measurements 060200.xls	4
21	Leakage Report 060215.doc	3
22	Leakage Report 060222.doc	4
23	Rotor and Spring Report.doc	14
24	New Rotor Spring Force Study.xls	4
	- Test Log	(3)
	- Motor Current Data	(Electronic File Only)
	- Feed Rotor Leak Data	(Electronic File Only)
	- Leak Test Photos	(1)
25	Spring Measurements.xls	7
	- Measured Data	(5)
	- Catalog Data	(1)
	- Bending Moment	(2)
26	Gearmotor run log.xls	6
	- M Series	(4)
	- Old Motors	(2)
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	- bed-o-ring.SLDPRT	“
	- BEDTUBE-A-BAYONET.SLDASM	“
	- bed-tube-BAYONET.SLDPRT	“
	- BEDTUBE-B-BAYONET. SLDASM	“
	- cap-bayonet bed tube.SLDPRT	“
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	- check-smart-132.sldprt	“

- cs112 l1_0_146_2. SLDPRT
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- cs112_l1_2.SLDPRT
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- diffuser-bottom-drafted. SLDPRT
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- diffuser-top-drafted. SLDPRT
- f-ceramic-disk-4-port.sldprt
- f-ceramic-disk-gasket-4-port. SLDPRT
- FEED-MANIFOLD-4-PORT.SLDASM
- f-manifold-motor-mount. SLDPRT
- f-manifold-valve-case.sldprt
- f-rotor-4-port.SLDASM
- f-rotor-4-port.SLDPRT
- f-rotor-back-plate.sldprt
- f-rotor-ceramic-disk.sldprt
- f-rotor-gasket.sldprt
- gearhead-31849a.sldprt
- M3X4-P-HD-SCR.SLDPRT
- manifold-tube-1.SLDPRT
- manifold-tube-2.SLDPRT
- mesh-diffuser.SLDPRT
- motor-bracket.sldprt
- motor-bushing.sldprt
- motor-coupling.SLDPRT
- MOTOR-MANIFOLD-ASSY.SLDASM
- Motor-mount.SLDPRT
- p-ceramic-disk-gasket.sldprt
- p-ceramic-disk.sldprt
- p-manifold-4-port.SLDASM
- p-manifold-4-port.SLDPRT
- prod-rotor-bushing-02.SLDPRT
- product-manifold-bushing.sldprt
- product-tank-bayonet-ASSY.SLDASM
- p-rotor-4-port.SLDASM p-rotor.SLDPRT
- p-rotor-ceramic-disc.SLDPRT
- p-rotor-gasket.SLDPRT
- seal-plate-4-port.sldprt
- SHIM_CS112_L1_0_146-4-PORT.sldprt
- shock-ear-mf-200-uc08-v.sldprt
- shroud-motor.sldprt
- ultrasert-8-32-long.sldprt
- ultrasert-8-32-short.sldprt

	- valve-0-ring.sldprt	
	- valve-shaft-seal_bb.sldprt	
	- valve-shaft.sldprt	
	- VALVE-W-WASHER.SLDPRT	
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	- 8-32X1 75PHMS.SLDPRT	
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29	Bressler_valve_bed_model.z02	(Electronic File Only)
30	Redesigned_rotors.zip	(Electronic File Only)
	- Product_backplate_GW_RA.SLDPRT	"
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	- Assem2.SLDASM	"
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	- Feed_backplate_GW.SLDPRT	"
	- f-rotor-ceramic-GW_RA.sldprt	"
	- p-ceramic-disk.sldprt	"
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- Cumulative Pore Size Distribution (1)
- Cumulative Mesopore Size Distribution (1)
- Cheat Sheet for Logbook entry (1)
- hg296-27.xls (1)
- Porosity summary (1)
- Mercury Cover Sheet (Electronic File Only)
- Mercury Intrusion Calculations
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- O2 Isotherm Data (2)

EXHIBIT A

Joinder Agreement

INOGEN, INC.

JOINDER TO
FOURTH AMENDED AND RESTATED RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT, FOURTH AMENDED AND RESTATED VOTING AGREEMENT AND SIXTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

THIS JOINDER TO FOURTH AMENDED AND RESTATED RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT, FOURTH AMENDED AND RESTATED VOTING AGREEMENT AND SIXTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (this "Joinder Agreement") is entered into as of July __, 2007, by and between INOGEN, INC., a Delaware corporation (the "Company"), and AIR PRODUCTS AND CHEMICALS, INC., a Delaware corporation ("Air Products"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in each of that certain Fourth Amended and Restated Right of First Refusal and Co-Sale Agreement dated November 28, 2006 (the "Co-Sale Agreement"), Fourth Amended and Restated Voting Agreement dated November 28, 2006 (the "Voting Agreement") and Sixth Amended and Restated Investor Rights Agreement, dated April 20, 2007 (the "Rights Agreement," and together with the Co-Sale Agreement and the Voting Agreement, the "Stockholder Agreements"), by and among the Company, certain investors in the Company's preferred stock (the "Investors") and the other parties signatory thereto.

RECITALS:

WHEREAS, the Company has previously sold to certain of the Investors shares of its Series D Preferred Stock, par value $0.001 per share ("Series D Stock") pursuant that certain Series D Convertible Preferred Stock Purchase Agreement dated as of November 28, 2006 and, in connection therewith, the Company, the Investors, and certain other holders of the Company's capital stock have entered Into each of the Stockholder Agreements;

WHEREAS, the Company and Air Products are entering into a License Agreement of even date herewith pursuant to which Air Products shall grant to the Company certain licenses in proprietary technology of Air Products, and, in partial consideration therefor, the Company shall issue and grant to Air Products 3,424,658 shares of Series D Stock; and

WHEREAS, Air Products desires to become a party to, and be bound by, the terms and conditions of each of the Stockholder Agreements with respect to the shares of Series D Stock to be issued to Air Products contemporaneously herewith, and the Company and each of the other parties to the Stockholder Agreements is willing to add Air Products as a party to such agreements in such capacity.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. The Company and Air Products hereby agree to incorporate, and be bound by, the terms and conditions of each of the Co-Sale Agreement, the Voting Agreement and the Rights Agreement, copies of which are attached hereto as Exhibit A, Exhibit B and Exhibit C, respectively. Air Products shall be deemed to be an "Investor" under each of the Stockholder Agreements. Air Products shall be bound by all the terms and conditions of, and entitled to the benefits of, an Investor with respect to shares of Series D Stock held by Air Products, with the same force and effect as if Air Product were originally a party thereto. The schedule of Investors attached to each of the Stockholder Agreements shall be amended to include Air Products and the shares of Series D Stock held thereby.

2. This Joinder Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one agreement.

3. Except as otherwise set forth herein, each of the Co-Sale Agreement, the Voting Agreement and the Rights Agreement is unmodified and shall remain in full force and effect.

4. This Agreement shall be governed by and construed under the laws of the State of California without regard for conflicts of laws principles.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Joinder Agreement as of the date first set forth above.

INOGEN, INC.

By: _____
Kathy Odell
President & Chief Executive Officer

AIR PRODUCTS AND CHEMICALS, INC.

By: _____
Name: John C. Tao
Title: Director, Corporate Technology Partnerships

EXHIBIT B

FIFTH AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT

THIS FIFTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (the "Agreement") is made as of the 28th day of November, 2006, by and among Inogen, Inc., a Delaware corporation (the "Company"), and the investors listed on Schedule A hereto (each, an "Investor" and collectively the "Investors").

RECITALS:

WHEREAS, the Company and certain of the Investors have entered into that certain Series D Preferred Stock Purchase Agreement of even date herewith (the " Purchase Agreement"), which provides for, among other things, the purchase by such Investors of shares of Series D Preferred Stock of the Company;

WHEREAS, the Company and certain of the Investors are parties to that certain Investors' Rights Agreement, dated July 21, 2006, (the "Prior Agreement"); and

WHEREAS, in order to induce certain of the Investors to enter into the Purchase Agreement and purchase shares of Series D Preferred Stock thereunder, the Company and the Investors have agreed to enter into this Agreement, which amends and restates the Prior Agreement in its entirety.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree that the Rights Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties hereto further agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "1934 Act" means the Securities Exchange Act of 1934, as amended.

(b) The term "Act" means the Securities Act of 1933, as amended.

(c) The term "Form S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(d) The term "Holder" means any person owning of record, or having the right to acquire, Registrable Securities that have not been sold to the public, or any assignee of record of such Registrable Securities in accordance with Section 1.12 hereof.

(e) The term "Initial Offering" means the Company's first firm commitment underwritten public offering of its Common Stock under the Act, with aggregate proceeds of at least fifteen million dollars ($15,000,000) (before deduction of underwriters commissions and expenses) at a public offering price of at least $3.65 (as adjusted for stock splits, stock dividends, combinations and the like).

(f) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(g) The term "Registrable Securities" means (i) the Series A Registrable Securities (as defined below), (ii) the Series B Registrable Securities (as defined below), (iii) the Series C Registrable Securities (as defined below), (iv) the Series D Registrable Securities (as defined below) and (v) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i), (ii), (iii), and (iv) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned or that have been sold by a person pursuant to a registration statement under the Act covering such Registrable Securities that has been declared effective by the SEC or in an open market transaction under Rule 144. The number of shares of Registrable Securities outstanding shall be determined by the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then-exercisable or convertible securities that are, Registrable Securities.

(h) The term "Rule 144" means Rule 144 under the Act.

(i) The term "Rule 144(k)" means subsection (k) of Rule 144 under the Act.

(j) The term "SEC" means the Securities and Exchange Commission.

(k) The term "Series A Registrable Securities" means the Common Stock issuable or issued upon conversion of the Series A Preferred Stock.

(l) The term "Series B Registrable Securities" means the Common Stock issuable or issued upon conversion of the Series B Preferred Stock.

(m) The term "Series C Registrable Securities" means the Common Stock issuable or issued upon conversion of the Series C Preferred Stock.

(n) The term "Series D Registrable Securities" means the Common Stock issuable or issued upon conversion of the Series D Preferred Stock.

1.2 Restrictions on Transfer.

(a) Each Holder agrees not to make any disposition of all or any portion of the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock (collectively, the "Preferred Stock") or Registrable Securities unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) The transferee has agreed in writing to be bound by the terms of this Agreement to the same extent as if such transferee were the original Holder hereunder, (B) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (C) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144, except in unusual circumstances.

(b) Notwithstanding the provisions of subsection (a) above, no such restriction shall apply to a transfer by a Holder that is (A) a partnership transferring to its partners or former partners in accordance with partnership interests, (B) a corporation transferring to a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of the Holder, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Holder, (C) a limited liability company transferring to its members, former members or equity holders in accordance with their interest in the limited liability company, (D) a venture capital fund that is transferring to an affiliated venture capital fund or (E) an individual transferring to the Holder's family member or trust for the benefit of an individual Holder; provided that in each case the transferee will agree in writing to be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

1.3 Request for Registration.

(a) Subject to the conditions of this Section 1.3, if the Company shall receive at any time after the earlier of (i) July 10, 2008, or (ii) six (6) months after the effective date of the Initial Offering, a written request from the Holders of fifty percent (50%) or more of the Registrable Securities then outstanding (for purposes of this Section 1.3, the "Initiating Holders") that the Company file a registration statement under the Act covering the registration of Registrable Securities, then the Company shall, within ten (10) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 1.3, use its best efforts to file, as soon as practicable, and in any event within ninety (90) days of the receipt of such request, a registration statement under the Act covering all Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company's notice pursuant to this Section 1.3(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.3 and the Company shall include such information in the written notice referred to in Section 1.3(a). In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by two-thirds in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.3, if the underwriter advises the Company that marketing factors require a limitation of the number of securities underwritten (including Registrable Securities), then the Company shall so advise all holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated as follows: first, to the holders of Registrable Securities on a pro rata basis based on the number of Registrable Securities by all such Holders (including the Initiating Holders) and second, to the other securities to be included in such registration. In no event shall any Registrable Securities be excluded from such underwriting unless all other securities are first excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 1.3:

(i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Act;

(ii) after the Company has effected two (2) registrations pursuant to this Section 1.3, and such registrations have been declared or ordered effective;

(iii) during the period starting with the date ninety (90) days prior to the Company's good faith estimate of the date of the filing of, and ending on a date ninety (90) days after the effective date of, a registration subject to Section 1.4 hereof, unless such offering is the Initial Offering, in which case, ending on a date one hundred eighty (180) days after the effective date of such registration subject to Section 1.4, provided that the Company is actively employing in good faith all commercially reasonable efforts to cause such registration statement to become effective and provided, in the case of a public offering other than the Initial Offering, that the Initiating Holders were permitted to register such shares as requested to be registered pursuant to Section 1.4 hereof without reduction by the underwriter thereof;

(iv) if the Initiating Holders propose to dispose of Registrable Securities that may be immediately registered on Form S-3 pursuant to Section 1.5 hereof; or

(v) if the Company shall furnish to Holders within thirty (30) days after requesting a registration statement pursuant to this Section 1.3, a certificate signed by the

Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, provided that such right shall be exercised by the Company not more than once in any twelve (12) month period.

1.4 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.4, the Company shall, subject to the provisions of Section 1.4(c), cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 1.8 hereof.

(c) Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under this Section 1.4 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters) and enter into an underwriting agreement in customary form with such underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion

will not jeopardize the success of the offering. If the Holders are so limited by the underwriters' determination, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a pro rata basis based on the total number of Registrable Securities held by the Holders; and third, to any stockholder of the Company (other than a Holder) on a pro rata basis. In the event that the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by all such selling Holders. Notwithstanding the foregoing, in no event shall the amount of Registrable Securities of the selling Holders included in the offering be reduced below twenty-five percent (25%) of the total amount of securities included in such offering, unless such offering is the Initial Offering, in which case the selling Holders may be excluded if the underwriters make the determination described above and no other stockholder's securities are included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For purposes of the preceding sentences concerning apportionment, for any selling stockholder that is a Holder of Registrable securities and that is a venture capital fund, partnership, limited liability company, or corporation, the affiliated venture capital funds, partners, retired partners, members and stockholders of such Holder, or the estates and family members of any such partners and retired partners, members and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals.

1.5 Form S-3 Registration. In case the Company shall receive from the Holders of Registrable Securities (for purposes of this Section 1.5, the " Initiating Holders") a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.5:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $1,000,000;

(iii) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.5, a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, provided that such right shall be exercised by the Company not more than once in any twelve (12) month period;

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 pursuant to this Section 1.5; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.5 and the Company shall include such information in the written notice referred to in Section 1.5(a). The provisions of Section 1.3(b) shall be applicable to such request (with the substitution of Section 1.5 for references to Section 1.3).

(d) Subject to the foregoing, the Company shall use its best efforts to file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Initiating Holders. Registrations effected pursuant to this Section 1.5 shall not be counted as requests for registration effected pursuant to Section 1.3.

1.6 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all commercially reasonable efforts to cause such registration statement to become effective, and, keep such registration statement effective for a period of up to one hundred eighty (180) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as

may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) use all commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement;

(f) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) cause all such Registrable Securities registered pursuant to this Section 1 to be listed on a national exchange or trading system and on each securities exchange and trading system on which similar securities issued by the Company are then listed;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration; and

(i) use its best efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

Notwithstanding the provisions of this Section 1, the Company shall upon written notice to the participating Holders be entitled to postpone or suspend, for a reasonable period of time (but in no event exceeding sixty (60) days from such notice) (the "Suspension Period"), the filing, effectiveness or use of, or trading under, any registration statement if the Company shall determine that any such filing or the sale of any securities pursuant to such registration statement would:

(i) in the good faith judgment of the Board of Directors of the Company, materially impede, delay or interfere with any material pending or proposed financing, acquisition, corporate reorganization or other similar transaction involving the Company for which the Board of Directors of the Company has authorized negotiations;

(ii) in the good faith judgment of the Board of Directors of the Company, materially adversely impair the consummation of any pending or proposed material offering or sale of any class of securities by the Company; or

(iii) in the good faith judgment of the Board of Directors of the Company, require disclosure of material nonpublic information that, if disclosed at such time, would be materially harmful to the interests of the Company and its stockholders; provided, however, that during any such period all executive officers and directors of the Company are also prohibited from selling securities of the Company (or any security of any of the Company's subsidiaries or affiliates).

In the event of the suspension of effectiveness of any registration statement pursuant to this Section 1.6, the applicable time period during which such registration statement is to remain effective shall be extended by that number of days equal to the duration of the Suspension Period. No more than one (1) such Suspension Period shall occur in any twelve (12) month period and, with respect to the filing of any registration statement, such Suspension Period may only be in lieu of any delay provided for in Section 1.3(c)(v) or Section l.5(b)(iii), as applicable.

1.7 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

1.8 Expenses of Registration. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Sections 1.3, 1.4 and 1.5, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one special counsel for the selling Holders shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.3 or Section 1.5 if the registration request is subsequently withdrawn at the request of the Holders of two-thirds of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless, in the case of a registration requested under Section 1.3 or

Section 1.5, the Holders of two-thirds of the Registrable Securities agree to forfeit their right to one (1) demand registration pursuant to Section 1.3 and provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.3.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors and stockholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act, any state securities laws, any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws; and the Company will reimburse each such Holder, underwriter, controlling person or other aforementioned person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling person or other aforementioned person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such registration statement or any of such other Holder's partners, members, directors or officers or

any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities to which any of the foregoing persons may become subject, under the Act, the 1934 Act, any state securities laws, any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any person intended to be indemnified pursuant to this subsection 1.10(b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), and provided that in no event shall any indemnity under this subsection 1.10(b) exceed the net proceeds from the offering received by such Holder. Without limiting the generality of the foregoing or the generality of the definition of "Violation" contained in subsection 1.10(a), for purposes of this subsection 1.10(b), the term "Violation" shall include the failure by or on behalf of the selling Holder, or any person controlling such Holder, to deliver to any person who purchased shares in the offering from such selling Holder a copy of the most current prospectus, if required by law so to have been delivered at or prior to the written confirmation of the sale of the shares to such person, and if the delivery of the prospectus (as so amended or supplemented) would have cured the defect giving rise to such Violation.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of liability to the indemnified party under this Section 1.10 to the extent of such prejudice, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such lass, liability, claim, damage or expense in such proportion

as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; provided, however, that no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 1.10(b), shall exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after ninety (90) days after the effective date of the Initial Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.12 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities that (i) is a subsidiary, parent,

partner, limited partner, retired partner, member, retired member or stockholder of a Holder, (ii) is a Holder's family member or trust for the benefit of an individual Holder, or (iii) after such assignment or transfer, holds at least 100,000 shares of the original Holder's Registrable Securities, or all of the original Holder's Registrable Securities, if less than 100,000 (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalizations), provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including, without limitation, the provisions of Section 1.14 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.

1.13 "Market Stand-Off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the effective date of the registration statement relating to the Company's Initial Offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days), (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held during such period, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing provisions of this Section 1.13 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and one percent (1%) stockholders of the Company enter into similar agreements. The underwriters in connection with the Company's Initial Offering are intended third party beneficiaries of this Section 1.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's Initial Offering that are consistent with this Section 1.13 or that are necessary to give further effect thereto.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

1.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 after five (5) years following the consummation of the Initial Offering; provided however that as to any Holder, such Holder shall not be entitled to registration rights during such earlier time at which such Holder can sell all Registrable Securities held by it during any three (3) month period without registration in compliance with Rule 144 including, without limitation, Rule 144(k).

1.15 Limitation on Subsequent Registration Rights. After the date of this Agreement, the Company shall not, without the prior written consent of the Holders of at least a

majority of the registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder registration rights on a parity with or senior to those granted to the Holders hereunder.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Holder (or transferee of a Holder) that holds at least 100,000 shares (as adjusted for stock splits, dividends, combinations and the like with respect to such shares) of Preferred Stock or Registrable Securities (each a "Major Investor"):

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholders' equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP") and certified by independent public accountants of recognized national standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter;

(c) with respect to the financial statements called for in subsection (b) of this Section 2.1, an instrument executed by the Chief Financial Officer or President of the Company certifying that such financials were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (with the exception of footnotes that may be required by GAAP) and fairly present the financial condition of the Company and its results of operation for the period specified, subject to year-end audit adjustment; and

(d) annually (and in any event no later than ten (10) days after adoption by the Board of Directors of the Company) the operating plan of the Company, in the form approved by the Board of Directors, which operating plan shall include at least a projection of income and a projected cash flow statement for each fiscal quarter in such fiscal year and a projected balance sheet as of the end of each fiscal quarter in such fiscal year. Any material changes in such operating plan shall be delivered to each Major Investor as promptly as practicable after such changes have been approved by the Board of Directors.

(e) such other information relating to the financial condition, business or corporate affairs of the Company as the Major Investor may from time to time reasonably request, provided, however, that the Company shall not be obligated under this subsection (e) or any other subsection of Section 2.1 to provide information that it deems in good faith to be a trade secret or similar confidential information.

2.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account

and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times during normal business hours as may be requested by the Major Investor; provided, however, that at the Company shall not be obligated pursuant to this Section 2.2 to provide access to any information that it deems in good faith to be a trade secret or similar confidential information.

2.3 Termination of Information and Inspection Covenants. The covenants set forth in Sections 2.1 and 2.2 shall terminate and be of no further force or effect (i) upon the Initial Offering, (ii) when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, or (iii) the Consummation of the merger or consolidation of the Company or a subsidiary of the Company with or into another entity (except one in which the holders of capital stock of the Company as constituted immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity in substantially the same relative proportions), whichever event shall first occur.

2.4 Right of First Offer. Subject to the terms and conditions specified in this Section 2.4, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). Except as otherwise set forth herein, each time the Company proposes to offer any shares of, or securities convertible into or exchangeable or exercisable for any shares of, any class of its capital stock ("Shares"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice in accordance with Section 3.4 ("Notice") to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms upon which it proposes to offer such Shares.

(b) By written notification received by the Company within fifteen (15) calendar days after receipt of the Notice, each Major Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares that equals the proportion that the number of shares of Registrable Securities issued and held by such Major Investor bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion and exercise of all convertible and exercisable securities then outstanding). The Company shall promptly, in writing, inform each Major Investor that elects to purchase all the shares available to it (a "Fully-Exercising Investor") of any other Major Investor's failure to exercise its rights hereunder to purchase its pro rata portion of the Shares. During the ten (10) day period commencing after such information is given, each Fully-Exercising Investor may elect to purchase that portion of the Shares for which Major Investors were entitled to subscribe but which were not subscribed for by the Major Investors that is equal to the proportion that the number of shares of Registrable Securities issued and held by such Fully-Exercising Investor bears to the total number of shares of Common Stock of the Company (assuming full conversion and exercise of all convertible and exercisable securities then outstanding) held by all Fully Exercising Investors.

(c) If all Shares that Major Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.4(b) hereof, the

Company may, during the forty-five (45) day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than that, and upon terms no more favorable to the offeree than those, specified in the Notice. If the Company does not sell the Shares within such period, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 2.4 shall not be applicable to (i) the shares of Common Stock reserved for issuances to directors, officers, employees and consultants pursuant to such arrangements, contracts or plans recommended by management and approved by the Board of Directors, (ii) the issuance of securities in connection with an acquisition of another business entity by the Company by merger, purchase of substantially all of the assets or other reorganization approved by the Company's Board of Directors whereby the Company will own more than fifty percent (50%) of the voting power of such business entity or business segment of such entity; (iii) the issuance of securities to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions approved by the Company's Board of Directors, (iv) the Series A Registrable Securities, Series B Registrable Securities, Series C Registrable Securities and Series D Registrable Securities, (v) the issuance of securities in a public offering, (vi) the issuance of securities pursuant to currently outstanding options, warrants, notes, or other rights to acquire securities of the Company, (vii) the issuance of securities in connection with corporate partnering transactions on terms approved by the Board of Directors (including at least the director elected by the holders of Series C Registrable Securities and the director elected by the holders of Series D Registrable Securities), or (viii) stock splits, stock dividends or like transactions. In addition to the foregoing, the right of first offer in this Section 2.4 shall not be applicable with respect to any Major Investor and any subsequent offering of Shares if the offer and sale to such Major Investor would cause the Company to be in violation of applicable federal or state securities laws by virtue of such offer or sale without any available exemption therefrom.

(e) The right of first offer under this Section 2.4 may not be assigned or transferred, except that (i) such right is assignable by each Major Investor to any affiliated venture capital fund or any wholly owned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Major Investor, and (ii) such right is assignable between and among Major Investors.

(f) The covenants set forth in this Section 2.4 shall terminate and be of no further force or effect (i) upon the Initial Offering, or (ii) upon the consummation of the merger or consolidation of the Company or any subsidiary of the Company with or into another entity (except one in which the holders of capital stock of the Company as constituted immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity in substantially the same relative proportions), (iii) whichever event shall first occur.

2.5 Proprietary Information and Inventions Agreements. The Company will cause each person now or hereafter employed or engaged by it or any subsidiary with access to

confidential information to enter into a proprietary information and inventions agreement substantially in the form approved by the Board of Directors.

2.6 Board of Directors.

(a) Each committee established by the Board of Directors shall include the director elected by the holders of Series D Registrable Securities, unless such director declines to participate. The Company will reimburse the reasonable out-of-pocket expenses (including travel, food and lodging expenses) of each non-employee member of the Board of Directors actually incurred in connection with such member's attendance of the meetings of the Company's Board of directors or any committee thereof. The Company shall enter into an indemnification agreement with each of its directors to indemnify such directors to the maximum extent permissible under applicable law in an amount and pursuant to such terms as are approved by the Company's Board of Directors, but in any event with coverage equal to at least $3,000,000.

(b) The Company and the Investors agrees that Arboretum Ventures ("Arboretum") shall have the right to have one observer attend all meetings of the Board of Directors in a nonvoting, observer capacity, to receive notice of such meetings and to receive the information provided by the Company to the Board of Directors (the "Observation Rights"). The Company may require as a condition precedent to the Observation Rights of Arboretum that each person proposing to attend any meeting of the Board of Directors as Arboretum's observer and each person to have access to any of the information provided by the Company to the Board of Directors shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so received during such meetings or otherwise; and, provided further, that the Company reserves the right not to provide information and to exclude Arboretum (or its representatives) from any meeting or portion thereof if delivery of such information or attendance at such meeting by Arboretum (or its representatives) would result in disclosure of trade secrets to such Investor or its representative or would adversely affect the attorney-client privilege between the Company and its counsel or if Arboretum (or its representatives) is a direct competitor of the Company.

2.7 Limitation on Drag Along Agreements. Any drag-along or equivalent agreement to which the Company and the Holders may become a party in the future shall provide that in no event will any Holder be required to agree to sell any capital stock of the Company unless the liability for indemnification, if any, of such Holder is several, not joint, is pro rata in accordance with such Holder's relative stock ownership of the Company as of the closing of such sale of the Company, and, except in the case of potential liability for fraud or willful misconduct by such Investor, will not exceed the consideration payable to such Holder, if any, in such sale of the Company.

2.8 Additional Issuances of Capital Stock. The Company will not, without the approval of the Board of Directors (including at least one director elected by the holders of the Series C Registrable Securities), issue any additional shares of Preferred Stock or Common Stock, except for issuances of Common Stock or options to purchase Common Stock under the Company's equity incentive plans that are approved by the Board of Directors (including at the director elected by the holders of Series C Registrable Securities and the director elected by the holders of Series D Registrable Securities).

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

3.3 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.4 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the addresses set forth on the signature pages or schedules attached hereto (or at such other addresses as shall be specified by notice given in accordance with this Section 3.4).

3.5 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.6 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules or exhibits hereto, if any) and the documents delivered pursuant thereto constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof and supersedes all other agreements with regard thereto, including the Prior Rights Agreement. This Agreement may be amended or terminated and the observance of any term of this Agreement may be waived with respect to all parties to this Agreement (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the holders of at least two-thirds of the Registrable Securities. Notwithstanding the foregoing, (x) this Agreement may not be amended or terminated and the observance of any term hereunder may not be waived with respect to any Holder without the written consent of such Holder unless such amendment, termination or waiver applies to all Holders in the same fashion (it being agreed that a waiver of the provisions of Section 2.4 with respect to a particular transaction shall be deemed to apply to all Major Investors in the same fashion, notwithstanding the fact that certain Major Investors may nonetheless, by agreement with the Company, purchase securities in such transaction) and does not treat holders of different series of Preferred Stock differently and (y) Section 2.7 hereof may not be amended without the consent of Novo A/S. Any amendment or

waiver effected in accordance with this paragraph shall be binding upon each Holder of any Registrable Securities, each future Holder of all such Registrable Securities, and the Company.

3.7 Severability. If any provision or set of provisions of this Agreement (or any portion thereof) is held by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision shall be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision and such modified provision shall be reduced to a writing and signed by the parties hereto; (b) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable.

3.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities (including affiliated venture capital funds) or persons or partners or former partners or members of a Major Investor shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.9 Facsimile and Counterparts. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

3.10 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any party's part of any breach, default or noncompliance under the Agreement or any waiver on such party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative

3.11 Further Assurances. Each party hereto agrees to execute and deliver, by the proper exercise of its corporate, limited liability company, partnership or other powers, all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Agreement.

3.12 Attorneys' Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover

from the losing party such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first above written.

INOGEN, INC.

/s/ Kathy Odell
Kathy Odell
Chief Executive Officer
Address: 120 Cremona Drive, Suite B
Goleta, CA 93117
Fax (805) 562-0516

[Signature Page to Inogen, Inc. Fifth Amended and Restated Investor Rights Agreement]

INVESTORS:

Novo A/S

By: /s/ Urlik Spork
Urlik Spork
Senior Partner

Avalon Ventures VII, L.P.

By: Avalon Ventures VII GP, L.L.C.
Its: General Partner

By: /s/ Kevin J. Kinsella
Kevin J. Kinsella
Managing Director

Versant Venture Capital II, L.P.
Versant Affiliates Fund II-A, L.P.
Versant Side Fund II, L.P.

By: Versant Ventures II, L.L.C.
Each of Its General Partner

By: /s/ William J. Link
William J. Link, Ph.D.
Managing Director

AMV Partners I, L.P.

By: Accuitive Medical Ventures, L.L,C.
Its: General Partner

By: /s/ Thomas D. Weldon
Name: Thomas D. Weldon
Managing Director

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Arboretum Ventures 1, LLC

By: /s/ Timothy B. Petersen
Timothy B. Petersen
Managing Director

Arboretum Ventures 1-A, LLC

By: /s/ Timothy B. Petersen
Timothy B. Petersen
Managing Director

Launch Point Technologies, LLC

By: /s/ Brad Paden
Brad Paden
President

Stephen E. Cooper Family Partnership
The Cooper Revocable Trust Dtd 7/26/96

By: /s/ Stephen E. Cooper
Stephen E. Cooper
Trustee

The UCSB Foundation
f/b/o The College of Engineering

By: /s/ Authorized Representative
Name:
Title:

The Delimit Family Revocable Trust, u/t/d 3/6/84

By: /s/ Charles L. DeHont
Charles L. DeHont
Trustee

/s/ Robert C. Bodine
Robert C. Bodine

/s/ Duard Enoch
Duard Enoch

Louis and Bernice Weider Family Trust, u/t/d 12/23/93

By: /s/ Louis Weider
Louis Weider
Trustee

Scar Family Trust u/t/d 1/4/78

By: /s/ Howard Scar
Howard Scar
Trustee

The Raymond Lawrence Henricksen and Susan Lynn Henricksen Living Trust u/t/d 9/17/90

By: /s/ Raymond Lawrence Henricksen
Raymond Lawrence Henricksen
Trustee

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Debcor Corp. Defined Benefit Pension Plan

By: /s/ Richard H. Childress
Richard H. Childress
Trustee

/s/ John Petote
John Petote

/s/ M. Lynn Brewer
M. Lynn Brewer

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SCHEDULE A

LIST OF INVESTORS

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
LAUNCH POINT TECHNOLOGIES, LLC (f/k/a Magnetic Moments, LLC) * *	400,000			39,569
AVALON VENTURES VII, L.P. * *				5,486,351
AMV PARTNERS, I, L.P. Accuitive Medical Ventures * *			4,266,212	3,577,266
VERSANT VENTURE CAPITAL II, L.P. * *		9,826,700	4,836,671	14,824,980
VERSANT AFFILIATES FUND II-A, L.P. * *		186,484	91,787	281,336
VERSANT SIDE FUND II, L.P. * *		87,826	43,228	132,497
DUARD ENOCH * *		131,877	34,130	42,469
THE DEHONT FAMILY REVOCABLE TRUST * *		290,641	137,153	
ROBERT C. BODINE * *		194,411		
LOUIS AND BERNICE WEIDER FAMILY TRUST * *		161,656	76,285	289,958
SCAR FAMILY TRUST * *		128,888		
THE HENRICKSEN LIVING TRUST DATED OCTOBER 20TH, 2003 * *		261,207		
DEBCOR CORP. DEFINED BENEFIT PENSION PLAN * *		128,417	60,599	71,806

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
JOHN PETOTE * *		127,559	60,195	75,110
M. LYNN BREWER * *		255,782	120,703	64,453
THE COOPER REVOCABLE TRUST DTD 7/26/96, STEPHEN E. COOPER AND SUSAN D. COOPER TRUSTEES * *	1,450,000	911,375	100,000	543,416
THE STEPHEN E. COOPER FAMILY PARTNERSHIP * *			406,945	10,000
DANIEL THOMAS * *			5,000	
THE UCSB FOUNDATION F/B/O THE COLLEGE OF ENGINEERING * *	150,000			
ARBORETUM VENTURES 1, LLC * *				1,438,356
ARBORETUM VENTURES 1-A, LLC * *				958,904
NOVO A/S * * *				10,958,904

FOURTH AMENDED AND RESTATED

RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT

THIS FOURTH AMENDED AND RESTATED RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (the Agreement") is entered into as of the 28th day of November, 2006, by and among Inogen, Inc., a Delaware corporation (the "Company"), the parties listed on the Schedule of Investors attached as Schedule A hereto (each, an "Investor" and, collectively, the "Investors"), and the parties listed on the Schedule of Founders attached as Schedule B hereto (the "Founders"). The Company, the Founders and the Investors are individually each referred to herein as a "Party" and are collectively referred to herein as the "Parties." The Company's Board of Directors is referred to herein as the "Board." The shares of the Company's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock may be referred to herein as the "Preferred Stock."

RECITALS:

WHEREAS, each Founder is the beneficial owner of the number of shares of Common Stock of the Company set forth opposite his/her name on Schedule B hereto; and

WHEREAS, the Company, the Founders, and certain of the Investors are parties to that certain Third Amended and Restated Right of First Refusal and Co-Sale Agreement, dated July 21, 2006 (the "Prior Agreement"); and

WHEREAS, pursuant to the Series D Preferred Stock Purchase Agreement, dated as of the date hereof, the Company has proposed to sell additional shares of Series D Preferred Stock to the Investors, and it is a condition to the parties' obligations under such agreement that the Company, the Founders, and the Investors enter into this Agreement, which amends and restates the Prior Agreement in its entirety.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties to the Prior Agreement hereby agree that the Prior Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties hereto agree as follows:

1. Definitions. For the purposes of this Agreement

(a) "Delivery" shall be deemed to have been made in accordance with Section 6 below.

(b) The term "Equity Securities" means any securities now owned or subsequently acquired by a Founder (or a transferee in accordance with Section 2.4 herein) having voting rights in the election of the Board of the Company, or any securities evidencing an ownership interest in the Company, or any securities convertible into or exercisable for any shares of the foregoing.

(c) The term "Holder" means any Investor who holds at least 200,000 shares of Preferred Stock, or 200,000 shares of Common Stock (issued or issuable upon conversion of the Preferred Stock of the Company (in each of the foregoing cases as adjusted for stock splits, dividends and the like with respect to such series or class of stock) and their permitted transferees pursuant to Section 3 hereof.

(d) The term "Parties" means the Company, the Investors and the Founders.

(e) The term "Transfer" shall include any sale, assignment, encumbrance, hypothecation, pledge, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, including, but not limited to, transfers pursuant to divorce or legal separation, transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary, involuntarily or by operation of law, directly or indirectly, of any of the Equity Securities.

2. Agreements Among the Company, the Investors and the Founders.

2.1 Rights of Refusal.

(a) Transfer Notice. If at any time a Founder proposes to Transfer Equity Securities (a "Selling Founder"), then the Selling Founder shall promptly give the Company and each Holder Written notice of the Selling Founder's intention to make the Transfer (the "Transfer Notice"). The Transfer Notice shall include (i) a description of the Equity Securities to be transferred ("Offered Shares'), (ii) the name(s) and address(es) of the prospective transferee(s), (iii) the consideration and (iv) the material terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Selling Founder has received a firm offer from the prospective transferee(s) and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer. In the event that the transfer is being made pursuant to the provisions of Section 2.4, the Transfer Notice shall state under which specific subsection the Transfer is being made.

(b) Company's Right of First Refusal. The Company shall have an option for a period of ten (10) days from Delivery of the Transfer Notice to elect to purchase the Offered Shares at the same price and subject to the same material terms and conditions as described in the Transfer Notice. The Company may exercise such purchase option and, thereby, purchase all (or any portion of) the Offered Shares by notifying the Selling Founder in writing before expiration of the ten (10) day period as to the number of such shares that it wishes to purchase. If the Company gives the Selling Founder notice that it desires to purchase such shares, then payment for the Offered Shares shall be by check or wire transfer, against delivery of the Offered Shares to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after Delivery to the Company of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Section 2.1(e). If the Company fails to purchase all of the Offered Shares by exercising the option granted in this Section 2.1(b) within the ten (10) day period, the remaining Offered Shares shall be subject to the options granted to the Holders pursuant to subsection 2.1(d).

(c) Additional Transfer Notice. Subject to the Company's right set forth in Section 2.1(b), if at any time the Selling Founder proposes a Transfer, then, within five (5) days after the Company has declined to purchase all, or a portion of, the Offered Shares, the Selling Founder shall give each Holder an "Additional Transfer Notice" that shall include all of the information and certifications required in a Transfer Notice and shall additionally identify the Offered Shares that the Company has declined to purchase and briefly describe the Holders' rights of first refusal and co-sale rights with respect to the proposed Transfer.

(d) Holders' Right of First Refusal.

(i) Each Holder shall have an option for a period of fifteen (15) days from the Delivery of the Additional Transfer Notice from the Selling Founder set forth in Section 2.1(c) to elect to purchase its respective pro rata share of the Offered Shares covered by the Additional Transfer Notice at the same price and subject to the same material terms and conditions as described in the Additional Transfer Notice. Each Holder may exercise such purchase option (a "Participating Holder" for the purposes of Section 2.1(d) and 2.1(e)) and, thereby, purchase all or any portion of his, her or its pro rata share of the Offered Shares covered by the Additional Transfer Notice, by notifying the Selling Founder and the Company in writing, before expiration of the fifteen (15) day period as to the number of such shares that he, she or it wishes to purchase (the "Participating Holder Notice"). Each Holder's pro rata share of the Offered Shares covered by the Additional Transfer Notice shall be a fraction of such shares, of which the number of shares of Common Stock (including shares of Common Stock issuable upon conversion of shares of Preferred Stock ("Preferred Shares") owned by such Holder on the date of the Transfer Notice shall be the numerator and the total number of shares of Common Stock (including shares of Common Stock issuable upon conversion of Preferred Shares) held by all Holders on the date of the Transfer Notice shall be the denominator.

(ii) Holder's Right of Oversubscription. In the event any Holder elects not to purchase its pro rata share of the Offered Shares available pursuant to its rights under subsection 2.1(d)(i) within the time period set forth therein, then the Selling Founder shall promptly give written notice to each of the Participating Holders (the "Overallotment Notice"), which shall set forth the number of Offered Shares not purchased by the other Holders, and shall offer the Participating Holders the right to acquire the unsubscribed shares. Each Participating Holder shall have five (5) days after Delivery of the Overallotment Notice to deliver a written notice to the Selling Founder (the "Participating Holders Overallotment Notice") of its election to purchase its pro rata share o the unsubscribed shares on the same terms and conditions as set forth in the Additional Transfer Notice. For purposes of this Section 2.1(d)(ii), the denominator described in clause (i) of this subsection 2.1(d) shall be the total number of shares of Common Stock (including shares of Common Stock issuable upon conversion of Preferred Shares) owned by all Participating Holders who elected to purchase their pro rata of unsubscribed shares. Each Participating Holder shall be entitled to apportion the Offered Shares to be purchased among its partners and affiliates (including in the case of a venture capital fund other venture capital funds affiliated with such fund), provided that such Participating Holder notifies the Selling Founder of such allocation.

(e) Payment.

(i) The Participating Holders shall effect the purchase of the Offered Shares with payment by check or wire transfer, against delivery of the Offered Shares to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after Delivery to the Company of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Section 2.1(e).

(ii) Should the purchase price specified in the Transfer Notice or Additional Transfer Notice be payable in property other than cash or evidences of indebtedness, the Company (or the Participating Holders) shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property. If the Selling Founder and the Company (or the Participating Holders) cannot agree on such cash value within ten (10) days after Delivery to the Company of the Transfer Notice (or the Delivery of the Additional Transfer Notice to the Holders), the valuation shall be made by an appraiser of recognized standing selected by the Selling Founder and the Company (or the Participating Holders) or, if they cannot agree on an appraiser within twenty (20) days after Delivery to the Company of the Transfer Notice (or the Delivery of the Additional Transfer Notice to the Holders), each shall select an appraiser of recognized standing and the two appraisers shall designate a third appraiser of recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by the Selling Founder and the Company (or the Participating Holders), with half of the cost borne by the Company and the Participating Holders pro rata by each, based on the number of shares such parties are purchasing pursuant to this Section 2. If the time for the closing of the Company's purchase or the Participating Holders purchase has expired prior to the determination of the value of the purchase price offered by the prospective transferee(s), then such closing shall be held on or prior to the fifth business day after such valuation shall have been made pursuant to this subsection.

2.2 Right of Co-Sale.

To the extent the Company and the Holders do not exercise their respective rights of refusal as to all of the Offered Shares pursuant to Section 2.1, then the Selling Founder shall deliver to the Company and each Holder written notice (the "Co-Sale Notice") and each Holder (a "Selling Holder" for purposes of this Section 2.2) that notifies the Selling Founder in writing within twenty (20) days after Delivery of the Co-Sale Notice shall have the right to participate in such sale of Equity Securities on the same terms and conditions as specified in the Transfer Notice. Such Selling Holder's notice to the Selling Founder shall indicate the number of shares of capital stock of the Comps y that the Selling Holder wishes to sell under his, her or its right to participate. To the extent one or more of the Holders exercise such right of participation in accordance with the terms and conditions set forth below, the number of shares of Equity Securities that the Selling Founder may sell in the Transfer shall be correspondingly reduced.

(a) Each Selling Holder may sell all or any part of that number of shares of capital stock of the Company equal to the product obtained by multiplying (i) the aggregate number of shares of Equity Securities covered by the Transfer Notice that have not been subscribed

for pursuant to Section 2.1 by (ii) a fraction, the numerator of which is the number of shares of Common Stock (including shares of Common Stock issuable upon conversion of Preferred Shares) owned y the Selling Holder on the date of the Transfer Notice and the denominator of which is the total n tuber of shares of Common Stock (including shares of Common Stock issuable upon conversion of Preferred Shares) owned by the Selling Founder and all of the Selling Holders on the date of the Transfer Notice.

(b) Each Selling Holder shall effect its participation in the sale by promptly delivering to the Selling Founder for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent:

(i) the type and number of shares of capital stock of the Company that such Selling Holder elects to sell; or

(ii) that number of shares of capital stock of the Company that are at such time convertible into the number of shares of Common Stock that such Selling Holder elects to sell; provided, however, that if the prospective third-party purchaser objects to the delivery of shares of capital stock of the Company in lieu of Common Stock, such Selling Holder shall convert such shines of capital stock of the Company into Common Stock and deliver Common Stock as provided in this Section 2.2. The Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser and contingent on such transfer.

(c) The stock certificate or certificates that the Selling Holder delivers to the Selling Founder pursuant to this Section 2.2(c) shall be transferred to the prospective purchaser in consummation of the sale of the Equity Securities pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Founder shall promptly thereafter remit to such Selling Holder that portion of the sale proceeds to which such Selling Holder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase shares or other securities from a Selling Holder exercising its rights of co-sale hereunder, the Selling Founder shall not sell to such prospective purchaser or purchasers any Equity Securities unless and until, simultaneously with such sale, the Selling Founder shall purchase such shires or other securities from such Selling Holder for the same consideration and on the same terms and conditions as the proposed transfer described in the Transfer Notice.

2.3 Non-Exercise of Rights. To the extent that the Company and the Holders have not exercised their rights to purchase the Offered Shares within the time periods specified in Section 2.1 and the Holders have not exercised their rights to participate in the sale of the Offered Shares subject to the Co-Sale Notice within the time periods specified in Section 2.2, the Selling Founder shall have a period of sixty (60) days from the expiration of such rights in which to sell the Offered Shares upon terms and conditions (including the purchase price) no more favorable than those specified in the Transfer Notice to the third-party transferee(s) identified in the Transfer Notice. The third-party transferee(s) shall acquire the Offered Shares free and clear of subsequent rights of first refusal and co-sale rights under this Agreement. In the event Selling Founder does not consummate the sale or disposition of the Offered Shares within the sixty (60) day period from the expiration of these rights, the Company's first refusal rights and the Holders' first refusal rights and

co-sale rights shall continue to be applicable to any subsequent disposition of the Offered Shares by the Selling Founder and the provisions of Sections 2.1 and 2.2 shall again be applicable until such right 1apses in accordance with the terms of this Agreement. Furthermore, the exercise or non-exercise of the rights of the Company and the Holders under this Section 2 to purchase Equity Securities from the Selling Founder or participate in sales of Equity Securities by the Selling Founder shall not adversely affect their rights to make subsequent purchases from the Selling Founder of Equity Securities or subsequently participate in sales of Equity Securities by the Selling Founder.

2.4 Limitations to Rights of Refusal and Co-Sale. Notwithstanding the provisions of Section 2.1 and 2.2 of this Agreement, the first refusal rights of the Company and first refusal and co-sale rights of the Holders shall not apply to (a) the Transfer of Equity Securities to another Founder, any spouse or member of Founder's immediate family or other close relatives of such Founder, or to or by a custodian, trustee (including a trustee of a voting trust), executor, or other fiduciary for the account of the Founder's spouse or members of the Founder's immediate family, or to a trust for the Founder's own self, or a charitable remainder trust, or any bona fide gift, (b) the sale by a Founder (as a selling stockholder) of any Equity Securities in a firm commitment underwritten initial public offering by the Company of shares of its common stock pursuant to an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in an offering with aggregate gross cash proceeds to the Company of not less than $15,000,000 (before deduction of underwriters' commissions and expenses) at a public offering price per share of not less than $3.65 (as adjusted for stock splits, stock dividends, combinations and the like) (a "Qualified IPO"), (c) any pledge of Equity Securities made pursuant to a bona fide loan transaction that creates a mere security interest, and (d) any transfer of Equity Securities pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations; *provided, however,* that in the event of any transfer made pursuant to one of the exemptions provided by clauses (a), (b) and (c), (i) the Founder shall inform the Investors of such Transfer prior to effecting it and (ii) each such transferee or assignee, prior to the completion of the Transfer, shall have executed documents assuming the obligations of the Founder under this Agreement with respect to the transferred Equity Securities. Such transferred Equity Securities shall remain "Equity Securities" hereunder, and such pledgee, transferee or donee shall be treated as the "Founder" for purposes of this Agreement.

2.5 Prohibited Transfers.

(a) Except as otherwise provided in this Agreement, each Founder will not sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way, all of or any part of or any interest in the Equity Securities. Any sale, assignment, transfer, pledge, hypothecation or other encumbrance or disposition of Equity Securities not made in conformance with this Agreement shall be null and void, shall not be recorded on the books of the Company and shall not be recognized by the Company.

(b) In the event the Founder should sell any Equity Securities in contravention of the rights of first refusal of the Holders under Section 2.1 (a "Prohibited Transaction"), the Holders shall have the option to purchase from the pledgee, purchaser or transfer e of the Equity Securities transferred in violation of Section 2.1, the number of shares that the

Holders would have been entitled to purchase had such Prohibited Transaction been effected in accordance with Section 2.1 hereof, on the following terms and conditions:

(i) the price per share at which the shares are to be purchased by the Holder shall be equal to the price per share paid to such Founder by the third party purchaser or purchasers of such Equity Securities that is subject to the Prohibited Transaction; and

(ii) the Founder effecting such Prohibited Transaction shall reimburse the Holder for any expenses, including legal fees and expenses, incurred in effecting such purchase.

(c) In the event the Founder should sell any Equity Securities in contravention of the co-sale rights of the Holders under Section 2.2 (a "Prohibited Transfer"), the Holders, in addition to such other remedies as may be available at law, in equity or hereunder, shall have the put option provided below under subsection (d), and the Founder shall be bound by the applicable provisions of such option.

(d) In the event of a Prohibited Transfer, each Holder shall have the right to sell to the Founder the type and number of shares of Equity Securities equal to the number of shares each Holder would have been entitled to transfer to the third-party transferee(s) under Section 2.2 hereof had the Prohibited Transfer been effected pursuant to and in compliance with the terms hereof. Such sale shall be made on the following terms and conditions:

(i) The price per share at which the shares are to be sold to the Founder shall be equal to the price per share paid by the third-party transferee(s) to the Founder in the Prohibited Transfer. The Founder shall also reimburse each Holder for any and all fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Holder's rights under Section 2.2.

(ii) Within ninety (90) days after the later of the dates on which the Holder (A) receives notice of the Prohibited Transfer or (B) otherwise becomes aware of the Prohibited Transfer, each Holder shall, if exercising the option created hereby, deliver to the Founder the certificate or certificates representing shares to be sold, each certificate to be properly endorsed for transfer.

(iii) The Founder shall, upon receipt of the certificate or certificates for the shares to be sold by a Holder, pursuant to this Section 2.5, pay the aggregate purchase price therefor and the amount of reimbursable fees and expenses, as specified in subparagraph 2.5(d)(i), in cash or by other means acceptable to the Holder.

3. Assignments and Transfers; No Third Party Beneficiaries. This Agreement and the rights and obligations of the parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of the Holders hereunder are only assignable (i) by each of such Holders to any other Holder, (ii) to a partner, former partner, member, affiliate or equity holder of such Holder, or the estate of such partner, former partner, member, affiliate or equity holder, (iii) to an

assignee or transferee who acquires all of the Preferred Shares, or all of the Common Stock issuable upon conversion of Preferred Shares, purchased by a Holder, or (iv) to an assignee or transferee who acquire at least 200,000 of Preferred Shares or Common Stock issuable upon conversion of Preferred Shares. For purposes of giving notice under Sections 2.1 and 2.2 hereunder, the holdings of transferees and assignees of a partnership or limited liability company who are limited partners, partner, or retired partners, members or retired members of such partnership or limited liability company (including spouses and ancestors, lineal descendants and siblings of such partners or spouses) who acquire such shares by gift, will or intestate succession) shall be aggregated together and need only be given to such partnership or limited liability company unless such entity or individual acquires at least 200,000 Preferred Shares or Common Stock issuable upon conversion of Preferred Shares.

4. Legend.

(a) Each existing or replacement certificate for shares now owned or hereafter acquired by any Founder shall bear the following legend upon its face:

"THE SALE, PLEDGE, HYPOTHECATION, ASSIGNMENT OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND BETWEEN THE CORPORATION AND CERTAIN HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION."

The legend referred to above shall be removed upon termination of this Agreement in accordance with the provisions of Section 8 below.

(b) The Founders agree that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 4(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed at the request of any Founder following termination of this Agreement.

5. Effect of Change in Company's Capital Structure. Appropriate adjustments shall be made in the number and class of shares in the event of a stock dividend, stock split, reverse stock split, combination, reclassification or like change in the capital structure of the Company. If, from time to time, the Company pays a stock dividend or effects a stock split or other change in the character or amount of any of the outstanding stock of the Company, then in such event any and all new, substituted or additional securities to which the Founder is entitled by reason of the Founder's ownership of Equity Securities shall be immediately subject to the rights and obligations set forth in Section12 with the same force and effect as the stock subject to such rights immediately before such event.

6. Notices. All notices and other communications given or made pursuant hereto shall be in Writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the addresses set forth on the signature pages or schedules attached hereto (or at such other addresses as shall be specified by notice given in accordance with this Section 6).

7. Further Instruments and Actions. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement. Each Founder agrees to cooperate affirmatively with the Company, the Investors and the Holders, and to the extent reasonably requested by the Company, the Investors or the Holders, to enforce rights and obligations pursuant hereto.

8. Term. This Agreement shall terminate and be of no further force or effect upon the earliest to occur of (a) the consummation of the Company's Qualified TO, (b) the consummation of the merger or consolidation of the Company or a subsidiary of the Company with or into another entity (except one in which the holders of capital stock of the Company as constituted immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity in substantially the same relative proportions), (c) a liquidation, dissolution or winding up of the Company or (d) with respect to each Investor, the point in time when such Investor, together with its permitted transferees and assigns, no longer Owns at least 200,000 shares of Common Stock issuable or issued upon conversion of the Preferred Stock of the Company.

9. Entire Agreement. This Agreement and any other documents delivered pursuant hereto contain the entire understanding of the parties hereto with respect to the subject matter hereof, supersedes all other agreements between or among any of the parties with respect to the subject matter hereof.

10. Governing Law. This Agreement shall be interpreted under the laws of the State of California without reference to California conflicts of law provisions.

11. Amendments and Waivers. This Agreement may be amended or terminated and the observance of any term of this Agreement may be waived with respect to all parties to this Agreement (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company, Founders holding at least a majority of the voting power of all Equity Securities of the Company then held by the Founders, and Investors holding at least two-thirds of the outstanding shares of Preferred Stock of the Company (or Common Stock issued upon the conversion thereof) held by all Investors, voting together as a single class on an as-converted to Common Stock basis. Notwithstanding the foregoing, (x) the consent of the Founders shall not be required for any amendment or waiver if such amendment or waiver does not apply to or otherwise materially increase the obligations or materially and adversely impact the rights of the Founders and (y) this Agreement may not be amended or terminated and the observance of any term hereunder

may not be waived with respect to any Investor without the written consent of such Investor unless such amendment, termination or waiver applies to all similarly situated Investors in the same fashion and does not treat holders of different series of Preferred Stock differently. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Founder and all Holders and their respective successors and assigns.

12. Severability. If any provision or set of provisions of this Agreement (or any portion thereof is held by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision shall be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision and such modified provision shall be reduced to a writing and signed by the parties hereto; (b) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable.

13. Attorney's Fees. In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

14. Aggregation of Stock. For the purposes of determining the availability of any rights under is Agreement, (a) the holdings of transferees and assignees of an individual, a partnership or a limited liability company who are spouses, ancestors, lineal descendants or siblings of such individual, partners or retired partners of such partnership or partnerships affiliated with such transferring or assigning partnership or members or retired members of such limited liability company or limited liability companies affiliated with such transferring or assigning limited liability company (including spouses and ancestors, lineal descendants and siblings of such partners or members or spouses who acquire Common Stock by gift, will or intestate succession) and (b) the holdings of entities or persons affiliated with such individual, partnership or limited liability company shall be aggregated together with the individual, partnership or limited liability company, as the case may be, for the purpose of exercising any rights or taking any action under this Agreement.

15. Conflict with Other Rights of First Refusal. Each of the Founder(s) has entered into a Restricted Stock Purchase Agreement with the Company, which agreement contains a right of first refusal provision in favor of the Company. For so long as this Agreement remains in existence, the right of first refusal provisions contained in this Agreement shall supersede the right of first refusal provisions contained in the Founder's Restricted Stock Purchase Agreement; *provided, however,* that the other provisions of the Founder's Restricted Stock Purchase Agreement shall remain in full force and effect. If, however, this Agreement shall terminate, the right of first refusal provisions contained in the Founder's Restricted Stock Purchase Agreement shall be in full force and effect in accordance with their terms.

16. Facsimile and Counterparts. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

17. Conditions to Exercise of Rights. Exercise of the Investors' rights under this Agreement shall be subject to and conditioned upon, and the Founders and the Company shall use their best efforts to assist each Investor in, compliance with applicable laws.

18. Further Assurances. Each party hereto agrees to execute and deliver, by the proper exercise of its corporate, limited liability company, partnership or other powers, all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amended and Restated Right of First Refusal and Co-Sale Agreement as of the date first written above.

INOGEN, INC.

/s/ Kathy Odell
Kathy Odell
Chief Executive Officer

FOUNDERS:

/s/ Byron Myers
Byron Myers

/s/ Alison Perry
Alison Perry

/s/ Brenton Taylor
Brenton Taylor

/s/ Kathy Odell
Kathy Odell

INVESTORS:

Novo A/S

By: /s/ Urlik Spork
Urlik Spork
Senior Partner

Avalon Ventures VII, L.P.

By: Avalon Ventures VII GP, L.L.C.
Its: General Partner

By: /s/ Kevin J. Kinsella
Kevin J. Kinsella
Managing Director

Versant Venture Capital II, L.P.
Versant Affiliates Fund II-A, L.P.
Versant Side Fund II, L.P.

By: Versant Ventures II, L.L.C.
Each of Its General Partner

By: /s/ William J. Link
William J. Link, Ph.D.
Managing Director

AMV Partners I, L.P.

By: Accuitive Medical Ventures, L.L.C.
Its: General Partner

By: /s/ Charles Larsen
Name:
Managing Director

[**Signature Page to Inogen, Inc. Fourth Amended & Restated Right of First Refusal and Co-Sale Agreement**]

Arboretum Ventures 1, LLC

By: /s/ Timothy B. Petersen
Timothy B. Petersen
Managing Director

Arboretum Ventures 1-A, LLC

By: /s/ Timothy B. Petersen
Timothy B. Petersen
Managing Director

Launch Point Technologies, LLC

By: /s/ Brad Paden
Brad Paden
President

Stephen E. Cooper Family Partnership
The Cooper Revocable Trust Dtd 7/26/96

By: /s/ Stephen E. Cooper
Stephen E. Cooper
Trustee

The UCSB Foundation f/b/o The College of Engineering

By: /s/ Authorized Representative
Name:
Title:

The DeHont Family Revocable Trust, u/t/d 3/6/84

By: /s/ Charles L. DeHont
Charles L. DeHont
Trustee

/s/ Robert C. Bodine
Robert C. Bodine

/s/ Duard Enoch
Duard Enoch

Louis and Bernice Weider Family Trust, u/t/d 12/23/93

By: /s/ Louis Weider
Louis Weider
Trustee

Scar Family Trust u/t/d 1/4/78

By: /s/ Howard Scar
Howard Scar
Trustee

The Raymond Lawrence Henricksen and Susan Lynn Henricksen Living Trust u/t/d 9/17/90

By: /s/ Raymond Lawrence Henricksen
Raymond Lawrence Henricksen
Trustee

Debcor Corp. Defined Benefit Pension Plan

By: /s/ Richard H. Childress
Richard H. Childress
Trustee

/s/ John Petote
John Petote

/s/ M. Lynn Brewer
M. Lynn Brewer

Numenor Ventures, LLC

By: /s/ R. Scott Greer
R. Scott Greer, Managing Director

[**Signature Page to Inogen, Inc. Fourth Amended & Restated Right of First Refusal and Co-Sale Agreement**]

SCHEDULE A

SCHEDULE OF INVESTORS

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
LAUNCH POINT TECHNOLOGIES, LLC (f/k/a Magnetic Moments, LLC) * *	400,000			39,569
AVALON VENTURES VII, L.P. * *				5,486,351
AMV PARTNERS, LLP Accuitive Medical Ventures * *			4,266,212	3,577,266
VERSANT VENTURE CAPITAL II, L.P. * *		9,826,700	4,836,671	14,824,980
VERSANT AFFILIATES FUND II-A, L.P. * *		186,484	91,787	281,336
VERSANT SIDE FUND II, L.P. * *		87,826	43,228	132,497
DUARD ENOCH * *		131,877	34,130	42,469
THE DEHONT FAMILY REVOCABLE TRUST * *		290,641	137,153	
ROBERT C. BODINE * *		194,411		

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
LOUIS AND BERNICE WEIDER FAMILY TRUST * *		161,656	76,285	289,958
SCAR FAMILY TRUST * *		128,888		
THE HENRICKSEN LIVING TRUST DATED OCTOBER 20th, 2003 * *		261,207		
DEBCOR CORP. DEFINED BENEFIT PENSION PLAN * *		128,417	60,599	71,806
JOHN PETOTE * *		127,559	60,195	75,110
M. LYNN BREWER * *		255,782	120,703	64,453
THE COOPER REVOCABLE TRUST DTD 7/26/96 STEPHEN E. COOPER AND SUSAN D. COOPER TRUSTEES * *	1,450,000	911,375	100,000	543,416
THE STEPHEN E. COOPER FAMILY PARTNERSHIP * *			406,945	10,000
DANIEL THOMAS * *			5,000	

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
THE UCSB FOUNDATION F/B/O THE COLLEGE OF ENGINEERING * * *	150,000			
ARBORETUM VENTURES 1-A, LLC * *				1,438,356
ARBORETUM VENTURES 1-A, LLC * *				958,904
NOVO A/S * * *				10,958,904
NUMENOR VENTURES, LLC * *				1,027,397

SCHEDULE B

SCHEDULE OF FOUNDERS

Founder	Number of Shares
Byron Myers	700,000
Alison Perry	700,000
Brenton Taylor	700,000
Kathy Odell	1,600,000

FOURTH AMENDED AND RESTATED VOTING AGREEMENT

THIS FOURTH AMENDED AND RESTATED VOTING AGREEMENT (the "Agreement") is made and entered into as of November 28, 2006, by and among Inogen, Inc., a Delaware corporation (the "Company"), the parties listed on the Schedule of Investors attached as Schedule A hereto (each, an "Investor" and collectively, the "Investors"), and the parties listed on the Schedule of Founders attached as Schedule B hereto (the "Founders"). The Company, the Founders and the Investors are individually each referred to herein as a "Party" and are collectively referred to herein as the "Parties." The Company's Board of Directors is referred to herein as the "Board." The shares of the Company's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock may be referred to herein as the "Preferred Stock."

WITNESSETH:

WHEREAS, the Company and certain of the Investors have entered into that certain Series D Preferred Stock Purchase Agreement of even date herewith (the " Purchase Agreement"), which provides for, among other things, the purchase by such Investors of shares of Series D Preferred Stock;

WHEREAS, the Company, the Founders and certain of the Investors are parties to that certain Third Amended and Restated Voting Agreement, dated July 21, 2006 (the "Prior Agreement"), which sets forth terms and provisions regarding the designation of individuals who will serve on the Board and the voting of shares for the purpose of electing directors of the Company; and

WHEREAS, in order to induce the Investors to enter into the Purchase Agreement and purchase shares of Series D Preferred Stock thereunder, the Company, the Founders, and the Investors have agreed to enter into this Agreement, which amends and restates the Prior Agreement, with the Investors.

NOW, THEREFORE, in consideration of the foregoing premises and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to the Prior Agreement hereby agree that the Prior Agreement shall be superseded and replaced in its entirety by this Agreement and the Parties further agree as follows:

1. Agreement to Vote. Each Investor, as a holder of Preferred Stock, hereby agrees to hold all of the shares of Preferred Stock and any other voting securities of the Company subsequently acquired by such Investor (and any securities of the Company issued with respect to, upon conversion of, or in exchange or substitution for such securities) (hereinafter collectively referred to as the "Investor Shares") subject to, and to vote the Investor Shares at a regular or special meeting of stockholders (or by written consent) in accordance with, the provisions of this Agreement. Each Founder, as a holder of Common Stock of the Company, hereby agrees to hold all of the shares of Common Stock and any other voting securities of the Company subsequently acquired by such Founder (and any securities of the Company issued with respect to, upon

conversion of, or in exchange or substitution for such securities) (collectively, the "Founder Shares") subject to, and to vote the Founder Shares at a regular or special meeting of stockholders (or by written consent) in accordance with, the provisions of this Agreement. The Investor Shares and the Founder Shares are sometimes collectively referred to herein as the "Shares."

2. Board Size. Each Investor and Founder shall vote at a regular or special meeting of stockholders (or by written consent) the Investor Shares or Founder Shares that they own (or as to which they have voting power) to ensure that the size of the Board shall be set at five (5), provided, however, that the Board of Directors may, upon unanimous consent, increase the size of the Board to be set at six (6), whereafter each Investor and Founder shall vote at a regular or special meeting of stockholders (or by written consent) the Investor Shares or Founder Shares that they own (or as to which they have voting power) to ensure that the size of the Board shall be set at six (6).

3. Election of Directors. On all matters relating to the election of directors of the Company, the Parties agree to vote all capital stock of the Company held by them (or the holders thereof shall consent pursuant to an action by written consent of the holders of capital stock of the Company) so as to elect members of the Company's Board as follows:

(a) Pursuant to the Company's Sixth Amended and Restated Certificate of Incorporation (the "Restated Certificate"), the holders of the Series A Preferred Stock, voting together as a separate class, are entitled to elect one (1) director of the Company (such director, the "Series A Director"). At each election of directors in which the holders of Series A Preferred Stock, voting as a separate class, are entitled to elect the Series A Director, and so long as Stephen Cooper continues to hold at least fifty percent (50%) of the total issued and outstanding shares of Series A Preferred Stock, the Parties shall vote all of their Shares so as to elect one individual nominated by Stephen Cooper, which individual initially shall be Stephen Cooper.

(b) Pursuant to the Company's Restated Certificate, the holders of the Series B Preferred Stock, voting together as a separate class, are entitled to elect one (1) director of the Company (such director, the "Series B Director"). At each election of directors in which the holders of Series B Preferred Stock, voting as a separate class, are entitled to elect the Series B Director, and so long, as Versant Venture Capital II, L.P., Versant Affiliates Fund II-A, L.P., and Versant Side Fund II, L.P. or their respective affiliates or transferees (collectively, "Versant") continue to hold more than fifty percent (50%) of the total issued and outstanding shares of Series B Preferred Stock, the Parties shall vote all of their Shares so as to elect one individual nominated by Versant, which individual initially shall be Bill Link.

(c) Pursuant to the Company's Restated Certificate, the holders of the Series C Preferred Stock, voting together as a separate class, are entitled to elect one (1) director of the Company (such director, the "Series C Director"). At each election of directors in which the holders of Series C Preferred Stock, voting as a separate class, are entitled to elect the Series C Director, and so long as AMV Partners I, L.P., or its affiliates or transferees (collectively, "Accuitive") continue to hold more than fifty percent (50%) of the shares of Series C Preferred Stock initially issued to Accuitive, the Parties shall vote all of their Shares so as to elect one individual nominated by Accuitive, which individual initially shall be Charles Larsen.

(d) Pursuant to the Company's Restated Certificate, the holders of the Series D Preferred Stock, voting together as a separate class, are entitled to elect one (1) director of the Company (such director, the "Series D Director"). At each election of directors in which the holders of Series D Preferred Stock, voting as a separate class, are entitled to elect the Series D Director, and so long, as Novo A/S, or its affiliates or transferees (collectively, "Novo") continue to hold more than fifty percent (50%) of the shares of Series D Preferred Stock initially issued to Novo, the Parties shall vote all of their Shares so as to elect one individual nominated by Novo, which individual initially shall be Heath Lukatch.

(e) Pursuant to the Company's Restated Certificate, the holders of Common Stock, the holders of Series A Preferred Stock, the holders of Series B Preferred Stock, the holders of Series C Preferred Stock and the holders of Series D Preferred Stock, voting together as a single class, on an as converted to common stock basis, have the right to elect the remaining directors (such directors, the "Remaining Directors"). At each election of directors in which the holders of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, voting together as a single class, are entitled to elect the Remaining Director, the Parties shall vote all of their respective Shares so as to elect:

(i) one (1) Remaining Director who shall be the individual then serving as the Company's Chief Executive Officer, which individual initially shall be Kathy Odell; and

(ii) in the event that the size of the Board is increased to six members as provided in Section 2 hereof, one (1) Remaining Director nominated jointly by the Series A Director, Series 13 Director, Series C Director, Series D Director and the other Remaining Director, which nominee shall be a non-employee director with industry knowledge and experience.

4. Removal; Vacancy. Each of the Parties agrees to vote his, her or its Shares and take such other actions as are necessary (including, without limitation, executing written consents of stockholders), for the removal of any director upon the request of the Party entitled under this Agreement to designate such director pursuant to the provisions of Sections 3(a), (b), (c), (d) and (e) hereof (collectively, the "Designees"). Any such removal shall create a vacancy and any such vacancy, as well as any vacancy created by the death or resignation of a director designated pursuant to the provisions of Sections 3(a), (b), (c), (d) and (e) hereof, shall be filled in accordance with Sections 3(a), (b), (c), (d) and (e) hereof.

5. Legend on Share Certificates. Each certificate representing any Shares shall be endorsed by the Company with a legend reading substantially as follows:

"THE SHARES EVIDENCED HEREBY ARE SUBJECT TO A VOTING AGREEMENT (A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST FROM THE ISSUER), AND BY ACCEPTING ANY INTEREST IN SUCH SHARES THE PERSON ACCEPTING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISIONS OF SAID VOTING AGREEMENT."

6. Covenants of the Company. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all of the provisions of this Agreement and in the taking of all such actions as may be necessary, appropriate or reasonably requested by the holders of a majority of the outstanding voting securities held by the Parties hereto assuming conversion of all outstanding securities in order to protect the rights of the Parties hereunder against impairment.

7. No Liability for Election of Recommended Directors. Neither any of the Parties nor any officer, director, stockholder, partner, member, employee or agent of any such Party, makes any representation or warranty as to the fitness or competence of the nominee of any Party hereunder to serve on the Company's Board by virtue of such Party's execution of this Agreement or by the act of such Party in voting for such nominee pursuant to this Agreement.

8. Specific Enforcement. It is agreed and understood that monetary damages would not adequately compensate an injured Party for the breach of this Agreement by any Party, that this Agreement shall be specifically enforceable, and that any breach or threatened breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each Party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

9. Execution by the Company. The Company agrees that it will cause all certificates evidencing the Shares to bear the legend required by Section 5 herein, and it shall supply, free of charge, a copy of this Agreement to any holder of a certificate evidencing the Shares upon written request from such holder to the Company at its principal office. The Parties hereby agree that the failure to cause the certificates evidencing the Shares to bear the legend required by Section 5 herein and/or failure of the Company to supply, free of charge, a copy of this Agreement as provided under this Section 5 shall not affect the validity or enforcement of this Agreement.

10. Cumulative Voting. In the event that any stockholder of the Company exercises any right to cumulate its votes in connection with any election of directors, the Parties shall coordinate their voting to ensure that the maximum number of Designees is elected to the Board of Directors. In determining the maximum number of Designees which may be ensured election, the parties hereto shall assume that all outstanding Shares are voted and shall assume that any Shares held by persons who are not parties to this Agreement will vote their Shares for candidates other than the Designees.

11. Irrevocable Proxy. To secure the Parties obligations to vote the Shares in accordance with this Agreement, each Party hereby appoints the Chief Executive Officer of the Company, or such other person as may be designated from time to time by a majority of the Board, as such Party's true and lawful proxy and attorney, with the power to act alone and with full power of substitution, to vote all of the Shares in favor of and consistent with the matters set forth in Section 3 hereof (as applicable) if, and only if, such Party fails to vote all of such Party's Shares in accordance with the applicable provisions of this Agreement. The proxy and power granted by each Party pursuant to this Section 11 are coupled with an interest and are given to secure the performance of such Party's duties under this Agreement. Each such proxy will be irrevocable for the term hereof. The proxy,

so long as any party hereto is an individual, will survive the death, incompetency and disability of such party or any other individual holder of Shares and, so long as any party hereto is an entity, will survive the merger or dissolution of such Party or any other entity holding any Shares.

12. Captions. The captions, headings and arrangements used in this Agreement are for convenience only and do not in any way limit or amplify the terms and provisions hereof.

13. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the addresses set forth on Schedule A hereto (or at such other addresses as shall be specified by notice given in accordance with this Section 13).

14. Term. This Agreement shall terminate and be of no further force or effect upon (a) the date of the closing of a Qualified Public Offering (as defined in the Restated Certificate as in effect on the date hereof), (b) the consummation of the merger or consolidation of the Company or a subsidiary of the Company with or into another entity (except one in which the holders of capital stock of the Company as constituted immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity), or (c) a liquidation, dissolution or winding up of the Company.

15. Manner of Voting. The voting of shares pursuant to this Agreement may be effected in person, by proxy, by written consent, or in any other manner permitted by applicable law.

16. Amendments and Waivers. This Agreement may be amended or terminated and the observance of any term of this Agreement may be waived with respect to all Parties to this Agreement (either generally or in a particular circumstance and either retroactively or prospectively) with the written consent of the Company, the Investors holding Investor Shares representing at least two-thirds of the voting power of all Investor Shares then held by the Investors, and Founders then employed by the Company holding at least a majority of the voting power of all Founder Shares then held by Founders then employed by the Company. Notwithstanding the foregoing, (a) this Agreement may not be amended or terminated and the observance of any term hereunder may not be waived with respect to any Investor or Founder without the written consent of such Investor or Founder unless such amendment, termination or waiver applies to all Investors and Founders, respectively, in the same fashion, (b) the right of Stephen Cooper to designate a director pursuant to Section 3(a) may not be amended, terminated or waived without the written consent of Stephen Cooper so long as Stephen Cooper continues to hold more than 50% of the total issued and outstanding shares of Series A Preferred Stock, (c) the right of Versant to designate a director pursuant to Section 3(b) may not be amended, terminated or waived without the written consent of Versant so long as Versant or its permitted transferees, affiliates, and assigns continues to hold more than 50% of the total issued and outstanding shares of Series B Preferred Stock, (d) the right of

Accuitive or its permitted transferees, affiliates, and assigns to designate a director pursuant to Section 3(c) may not be amended, terminated or waived without the written consent of Accuitive so long as Accuitive or its permitted transferees, affiliates, and assigns continues to hold more than 50% of the shares of Series C Preferred Stock initially issued to Accuitive, (e) the right of Novo or its permitted transferees, affiliates, and assigns to designate a director pursuant to Section 3(d) may not be amended, terminated or waived without the written consent of Novo so long as Novo or its permitted transferees, affiliates, and assigns continues to hold more than 50% of the shares of Series D Preferred Stock initially issued to Novo, and (f) the consent of the Founders shall not be required for any amendment or waiver if such amendment or waiver does not apply to or materially increase the obligations, or materially and adversely impact the rights, of the Founders. Any amendment or waiver so effected shall be binding upon all the Parties. No waivers of any breach of this Agreement extended by any Party hereto to any other party shall be construed as a waiver of any rights or remedies of any other Party hereto or with respect to any subsequent breach.

17. Stock Splits, Stock Dividends, etc. In the event of any issuance of shares of the Company's voting securities hereafter to any of the Parties hereto (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), such shares shall become subject to this Agreement and shall be endorsed with the legend set forth in Section 5.

18. Severability. If any provision or set of provisions of this Agreement (or any portion thereof) is held by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision shall be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision and such modified provision shall be reduced to a writing and signed by the parties hereto; (b) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable.

19. Transfers and Binding Effect. In addition to any restriction or transfer that may be imposed by any other agreement by which any Party hereto may be bound, this Agreement shall be binding upon the Parties, their respective heirs, successors, transferees and assigns, and to such additional individuals or entities that may become stockholders of the Company and that desire to become Parties hereto; provided that no transfer or assignment of any Shares shall be deemed effective unless and until the transferee or assignee, as applicable (the "Transferee"), shall have executed and delivered an Adoption Agreement substantially in the form attached hereto as Exhibit A (the "Adoption Agreement") and the transferor shall have given written notice of the transfer to the Company. Upon the execution and delivery of an Adoption Agreement by any Transferee reasonably acceptable to the Company, such Transferee shall be deemed to be a "Party" as if such Transferee's signature appeared on the signature pages hereto and an "Investor" or "Founder" as applicable based on whether the transferor or assignor was an "Investor" or a "Founder." By their execution hereof or an Adoption Agreement, each of the Parties hereto appoints

the Company as its attorney-in-fact for the purpose of executing any Adoption Agreement which may be required to be delivered hereunder.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of law principles thereof.

21. Entire Agreement. This Agreement and the exhibits hereto is intended to be the sole agreement of the Parties as it relates to this subject matter and does hereby supersede all other agreements of the Parties relating to the subject matter hereof including the Prior Agreement.

22. Facsimile and Counterparts. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

23. Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any Party, upon any breach, default or noncompliance by another Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any Party's part of any breach, default or noncompliance under this Agreement or any waiver on such Party's part of any provisions or conditions of the Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement by law, or otherwise afforded to any party, shall be cumulative and not alternative.

24. Attorney's Fees. In the event that any suit or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

25. Further Assurances. Each Party agrees to execute such further instruments and to take such further action as may be reasonably be requested by any other Party to carry out the intent of this Agreement. Each Party agrees not to vote any Shares, or to take any other actions, that would in any manner defeat, impair, be inconsistent with or adversely affect the stated intentions of the Parties hereunder.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have executed this Fourth Amended and Restated Voting Agreement as of the date first above written.

INOGEN, INC.

/s/ Kathy Odell
Kathy Odell
Chief Executive Officer

FOUNDERS:

/s/ Byron Myers
Byron Myers

/s/ Alison Perry
Alison Perry

/s/ Brenton Taylor
Brenton Taylor

/s/ Kathy Odell
Kathy Odell

[Signature Page to Inogen, Inc. Fourth Amended and Restated Voting Agreement]

INVESTORS:

Novo A/S

By: /s/ Urlik Spork
Urlik Spork
Senior Partner

Avalon Ventures VII, L.P.
By: Avalon Ventures VII GP, L.L.C.
Its: General Partner

By: /s/ Kevin J. Kinsella
Kevin J. Kinsella
Managing Director

Versant Venture Capital II, L.P.
Versant Affiliates Fund II-A, L.P.
Versant Side Fund II, L.P.

By: Versant Ventures II, L.L.C.
Each of Its General Partner

By: /s/ William J. Link
William J. Link, Ph.D.
Managing Director

AMV Partners I, L.P.
By: Accuitive Medical Ventures, L.L.C.
Its: General Partner

By: /s/ Charles Larsen

Name:
Managing Director

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Arboretum Ventures 1, LLC

By: /s/ Timothy B. Petersen
Timothy B. Petersen
Managing Director

Arboretum Ventures 1-A, LLC

By: /s/ Timothy B. Petersen
Timothy B. Petersen
Managing Director

Launch Point Technologies, LLC

By: /s/ Brad Paden
Brad Paden
President

Stephen E. Cooper Family Partnership
The Cooper Revocable Trust Dtd 7/26/96

By: /s/ Stephen E. Cooper
Stephen E. Cooper
Trustee

The UCSB Foundation f/b/o The College of Engineering

By: /s/ Authorized Representative

Name: _____

Title: _____

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The DeHont Family Revocable Trust, u/t/d 3/6/84

By: /s/ Charles L. DeHont
Charles L. DeHont
Trustee

/s/ Robert C. Bodine
Robert C. Bodine

/s/ Duard Enoch
Duard Enoch

Louis and Bernice Weider Family Trust, u/t/d 12/23/93

By: /s/ Louis Weider
Louis Weider
Trustee

Scar Family Trust u/t/d 1/4/78

By: /s/ Howard Scar
Howard Scar
Trustee

The Raymond Lawrence Henricksen and Susan Lynn Henricksen Living Trust u/t/d 9/17/90

By: /s/ Raymond Lawrence Henricksen
Raymond Lawrence Henricksen
Trustee

Debcor Corp. Defined Benefit Pension Plan

By: /s/ Richard H. Childress
Richard H. Childress
Trustee

/s/ John Petote
John Petote

/s/ M. Lynn Brewer
M. Lynn Brewer

Numenor Ventures, LLC

By: /s/ R. Scott Greer
R. Scott Greer
Managing Director

[Signature Page to Inogen, Inc. Fourth Amended and Restated Voting Agreement]

SCHEDULE A
SCHEDULE OF INVESTORS

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
LAUNCH POINT TECHNOLOGIES, LLC (f/k/a Magnetic Moments, LLC) * *	400,000			39,569
AVALON VENTURES VII, L.P. * *				5,486,351
AMV PARTNERS, I, L.P. Accuitive Medical Ventures * *			4,266,212	3,577,266
VERSANT VENTURE CAPITAL II, L.P. * *		9,826,700	4,836,671	14,824,980
VERSANT AFFILIATES FUND II-A, L.P. * *		186,484	91,787	281,336
VERSANT SIDE FUND II, L.P. * *		87,826	43,228	132,497
DUARD ENOCH * *		131,877	34,130	42,469
THE DEHONT FAMILY REVOCABLE TRUST * *		290,641	137,153	
ROBERT C. BODINE * *		194,411		
LOUIS AND BERNICE WEIDER FAMILY TRUST * *		161,656	76,285	289,958
SCAR FAMILY TRUST * *		128,888		
THE HENRICKSEN LIVING TRUST DATED OCTOBER 20TH, 2003 * *		261,207		

Investor Name and Address	No. of Shares of Preferred Stock			
	Series A	Series B	Series C	Series D
DEBCOR CORP. DEFINED BENEFIT PENSION PLAN * *		128,417	60,599	71,806
JOHN PETOTE * *		127,559	60,195	75,110
M. LYNN BREWER * *		255,782	120,703	64,453
THE COOPER REVOCABLE TRUST DTD 7/26/96, STEPHEN E. COOPER AND SUSAN D. COOPER TRUSTEES * *	1,450,000	911,375	100,000	543,416
THE STEPHEN E. COOPER FAMILY PARTNERSHIP * *			406,945	10,000
DANIEL THOMAS * *			5,000	
THE UCSB FOUNDATION F/B/O THE COLLEGE OF ENGINEERING * * *	150,000			
ARBORETUM VENTURES 1, LLC * *				1,438,356
ARBORETUM VENTURES 1-A, LLC * *				958,904
NOVO A/S * * *				10,958,904
NUMENOR VENTURES, LLC * *				1,027,397

SCHEDULE B

SCHEDULE OF FOUNDERS

Byron Myers
Alison Perry
Brenton Taylor
Kathy Odell

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned (the "Transferee") pursuant to the terms of that certain Third Amended and Restated Voting Agreement dated as of November 2006 (the "Agreement") by and among the Company and certain of its stockholders. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Transferee agrees as follows:

(a) Acknowledgment. Transferee acknowledges that Transferee is acquiring certain shares of the capital stock of the Company (the "Stock"), subject to the terms and conditions of the Agreement.

(b) Agreement. The Stock acquired by Transferee shall be bound by and subject to the terms of the Agreement, and Transferee shall be deemed to be a "Founder" or "Investor", as the case may be, under the Agreement and subject to the Agreement and the terms, conditions and restrictions thereof with the same force and effect as if Transferee were originally a Party thereto.

(c) Notice. Any notice required or permitted by the Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

EXECUTED AND DATED this _____ day of _____, _____.

TRANSFEREE:

Signature: _____

Print Name: _____

Title: _____

Address: _____

Fax: _____

Accepted and Agreed:

Inogen, Inc.

Signature: _____

Print Name: _____

Title: _____

EXHIBIT C

The Charter

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "INOGEN, INC.", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF APRIL, A.D. 2007, AT 4:52 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

3460984 8100

070461623

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 5612833

DATE: 04-20-07

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:53 PM 04/20/2007
FILED 04:52 PM 04/20/2007
SRV 070461623 – 3460984 FILE

SEVENTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
INOGEN, INC.

(Pursuant to Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware)

The undersigned, Kathy Odell, does hereby certify that:

FIRST: She is the Chief Executive Officer of Inogen, Inc. (the "Corporation").

SECOND: The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on November 27, 2001 under the name "Inogen, Inc."

THIRD: This Seventh Amended and Restated Certificate of Incorporation (the "Restated Certificate") restates and amends the Sixth Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on November 28, 2006.

FOURTH: The Sixth Amended and Restated Certificate of Incorporation of this Corporation is hereby amended and restated in its entirety as follows:

ARTICLE I

NAME

The name of this Corporation is Inogen, Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, County of New Castle. The name of the Corporation's registered agent at that address is the Corporation Service Company.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended from time to time.

ARTICLE IV
AUTHORIZED SHARES

4.1 Classes of Stock. This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is 177,733,513 shares. 100,000,000 shares shall be Common Stock, $0.001 par value per share, and 77,733,513 shares shall be Preferred Stock, $0.001 par value per share.

4.2 Rights, Preferences and Restrictions of Preferred Stock. The initial five series of Preferred Stock shall be designated "Series A Preferred Stock," consisting of 2,000,000 shares, "Series B Preferred Stock," consisting of 12,765,693 shares, "Series C Preferred Stock," consisting of 11,508,230 shares, "Series D Preferred Stock," consisting of 45,158,220 shares, and "Series D-1 Preferred Stock" consisting of 6,301,370 shares. The rights, preferences and restrictions granted to and imposed on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock are set forth below in this Section 4.2.

4.2.1 Dividends.

(a) The holders of shares of Series D-1 Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of this Corporation) on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Common Stock of this Corporation, at the annual rate of eight percent (8%) of the Original Series D-1 Issue Price (as such term is defined in Section 4.2.2 below). Dividends shall only be payable when, as and if declared by the Board of Directors and shall not be cumulative. If the assets legally available for payment of dividends shall be insufficient to satisfy the Company's payment obligations to the holders of Series D.-1 Preferred Stock under this Section 4.2.1(a), then the dividends to be paid shall be distributed among the holders of the Series D-1 Preferred Stock ratably in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series D-1 Preferred Stock.

(b) Subject to the prior rights of the holders of Series D-1 Preferred Stock set forth in subsection (a) above, the holders of shares of Series D Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of this Corporation) on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Common Stock of this Corporation, at the annual rate of eight percent (8%) of the Original Series D Issue Price (as such term is defined in Section 4.2.2 below). Dividends shall only be payable when, as and if declared by the Board of Directors and shall not be cumulative. If the assets legally available for payment of dividends shall be insufficient to satisfy the Company's payment obligations to the holders of Series D Preferred. Stock under this Section 4.2.1(b), then the dividends to be paid shall be distributed among the holders of the Series D

Preferred Stock ratably in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series D Preferred Stock.

(c) Subject to the prior rights of the holders of Series D-1 Preferred Stock and Series D Preferred Stock set forth in subsections (a) and (b) above, the holders of shares of Series C Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of this Corporation) on the Series A Preferred Stock, Series B Preferred Stock or Common Stock of this Corporation, at the annual rate of eight percent (8%) of the Original Series C Issue Price (as such term is defined in Section 4.2.2 below). Dividends shall only be payable when, as and if declared by the Board of Directors and shall not be cumulative. If the assets legally available for payment of dividends shall be insufficient to satisfy the Company's payment obligations to the holders of Series C Preferred Stock under this Section 4.2.1(c), then the dividends to be paid shall be distributed among the holders of the Series C Preferred Stock ratably in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series C Preferred Stock.

(d) Subject to the prior rights of the holders of Series D-1 Preferred Stock, Series D Preferred Stock and Series C Preferred Stock set forth in subsections (a), (b) and (c) above, respectively, the holders of shares of Series A Preferred Stock and Series B Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of this Corporation) on the Common Stock of this Corporation, at the annual rate of Five Percent (5%) of the Original Series A Issue Price or Original Series B Issue Price, respectively (as such terms are defined Section 4.2.2 below). Dividends shall only be payable when, as and if declared by the Board of Directors. If after payment of the dividends required by subsection (a) and (b) above, the assets legally available for payment of dividends shall be insufficient to satisfy the Company's payment obligations to the holders of Series A Preferred Stock and Series B Preferred Stock under this Section 4.2.1(d), then the dividends to be paid shall be distributed among the holders of Series A Preferred Stock and Series B Preferred Stock ratably in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series A Preferred and Series B Preferred Stock.

(e) So long as any shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock shall be outstanding, no dividend shall be paid or declared, nor shall any other distribution be made, on any shares of Common Stock until all dividends (set forth in Sections 4.2.1(a), 4.2.1(b), 4.2.1(c) and 4.2.1(d) above) on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall have been paid or declared and set apart. Subject to the foregoing sentence, in the event dividends are paid on any share of Common Stock, then such dividends shall be declared equally on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and

Common Stock, treating each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock Series D Preferred Stock and Series D-1 Preferred Stock as being equal to the number of shares of Common Stock (including fractions of a share) into which such share is then convertible.

4.2.2 Liquidation, Dissolution or Winding Up.

(a) Preference of Series D-1 Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, holders of each share of Series D-1 Preferred Stock shall be entitled to be paid out of the assets or funds of the Corporation available for distribution to holders of the Corporation's capital stock, whether such assets are capital, surplus or earnings, an amount per outstanding share of Series D-1 Preferred Stock equal to two (2) times the Original Series D-1 Issue Price (as defined below), plus any declared but unpaid dividends (collectively, the "Series D-1 Liquidation Preference") before any sums shall be paid or any assets distributed among the holders of shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock. The "Series D-1 Original Issue Price" shall mean $0.73 per share, as adjusted for any stock dividends, combinations or stock splits following the effectiveness of this Restated Certificate with respect to the Series D-1 Preferred Stock. If the assets and funds of the Corporation shall be insufficient to permit the payment in full to the holders of the Series D-1 Preferred Stock of the amount thus distributable, then the entire assets and funds of the Corporation available for such distribution shall be distributed ratably among the holders of the Series D-1 Preferred Stock in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series D-1 Preferred Stock.

(b) Preference of Series D Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after such payments shall have been made in full pursuant to subsection 4.2.2(a) above, holders of each share of Series D Preferred Stock shall be entitled to be paid out of the assets or funds of the Corporation available for distribution to holders of the Corporation's capital stock, whether such assets are capital, surplus or earnings, an amount equal to $0.730 per outstanding share (as adjusted for any stock dividends, combinations or stock splits following the effectiveness of this Restated Certificate with respect to such shares) (the "Original Series D Issue Price") plus any declared but unpaid dividends (collectively, the "Series D Liquidation Preference") before any sums shall be paid or any assets distributed among the holders of shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock, or Series C Preferred Stock. If the assets and funds of the Corporation shall be insufficient to permit the payment in full to the holders of the Series D Preferred Stock of the amount thus distributable, then, subject to the liquidation preferences of the Series D-1 Preferred Stock, the entire assets and funds of the Corporation available for such distribution shall be distributed ratably among the holders of the Series D Preferred Stock in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series D Preferred Stock.

(c) Preference of Series C Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after such payments shall have been made in full pursuant to subsection 4.2.2(a) and subsection 4.2.2(b) above, holders of each share of Series C Preferred Stock shall be entitled to be paid out of the assets or funds of the Corporation available for distribution to holders of the Corporation's capital stock, whether such assets are capital, surplus or earnings, an amount equal to $0.586 per outstanding share (as adjusted for any stock dividends, combinations or stock splits following the effectiveness of this Restated Certificate with respect to such shares) (the "Original Series C Issue Price") plus any declared but unpaid dividends (collectively, the "Series C Liquidation Preference") before any sums shall be paid or any assets distributed among the holders of shares of Common Stock, Series A Preferred Stock or Series B Preferred Stock. If the assets and funds of the Corporation shall be insufficient to permit the payment in full to the holders of the Series C Preferred Stock of the amount thus distributable, then, subject to the liquidation preferences of the Series D Preferred Stock and Series D-1 Preferred Stock, the entire assets and funds of the Corporation available for such distribution shall be distributed ratably among the holders of the Series C Preferred Stock in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series C Preferred Stock.

(d) Preference of Series B Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after such payments shall have been made in full pursuant to subsections 4.2.2(a), (b) and (c) above, holders of each share of Series B Preferred Stock shall be entitled to be paid out of the assets or funds of the Corporation available for distribution to holders of the Corporation's capital stock, whether such assets are capital, surplus or earnings, an amount equal to $0.396 per outstanding share (as adjusted for any stock dividends, combinations or stock splits following the effectiveness of this Restated Certificate with respect to such shares) (the "Original Series B Issue Price") plus any declared but unpaid dividends (collectively, the "Series B Liquidation Preference") before any sums shall be paid or any assets distributed among the holders of shares of Common Stock or Series A, Preferred Stock. If the assets and funds of the Corporation shall be insufficient to permit the payment in full to the holders of the Series B Preferred Stock of the amount thus distributable, then, subject to the liquidation preferences of the Series C Preferred Stock, Series D Preferred Stock and the Series D-1 Preferred Stock, the entire assets and funds of the Corporation available for such distribution shall be distributed ratably among the holders of the Series B Preferred Stock in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series B Preferred Stock.

(e) Preference of Series A Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after such payments shall have been made in full pursuant to subsections 4.2.2(a), (b), (c) and (d) above, holders of each share of Series A Preferred Stock shall be entitled to be paid out of the assets and funds of the Corporation available for distribution to holders of the Corporation's capital stock, whether such assets are capital, surplus or earnings, an amount equal to $0.125 per outstanding share (as adjusted for any stock dividends, combinations or stock splits following the effectiveness of this Restated Certificate with respect to such shares) (the "Original Series A Issue Price") plus any

declared but unpaid dividends (collectively, the "Series A Liquidation Preference") before any sums shall be paid or any assets distributed among the holders of shares of Common Stock. If the assets and funds of the Corporation shall be insufficient to permit the payment in full to the holders of the Series A Preferred Stock of the amount thus distributable, then, subject to the liquidation preferences of the Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, the entire assets and funds of the Corporation available for such distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full amounts to which they otherwise would be entitled in regards to each such holder's holdings of Series A Preferred Stock.

(f) After the payments shall have been made in full pursuant to subsections 4.2.2(a), (b), (c), (d) and (e) above, the remaining assets and funds of the Corporation available for distribution to stockholders shall be distributed ratably among the holders of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock in proportion to the shares of Common Stock then held by them (calculated assuming full conversion of the shares of Series A Preferred Stock, Series B Preferred Stock Series C Preferred Stock, Series D Prefer d Stock and Series D-1 Preferred Stock into Common Stock).

(g) Deemed Liquidation. For purposes of Section 4.2.2, the following shall be regarded as liquidation, dissolution or winding up of the affairs of the Corporation: (i) the closing of the sale, transfer, exclusive license or other disposition of all or substantially all of the Corporation's assets; (ii) the consummation of the merger or consolidation of the Corporation or a subsidiary of the Corporation with or into another entity (except one in which the holders of capital stock of the Corporation as constituted immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Corporation or the surviving or acquiring entity in substantially the same relative proportions); (iii) the closing of the acquisition, in one transaction or a series of related transactions, by a person or group of affiliated persons of 50% or more of the outstanding voting stock of the Corporation; provided, however, that a transaction shall not constitute a liquidation, dissolution or winding up of the affairs of the Corporation pursuant to this clause (iii): if its sole purpose is to change the domicile of the Corporation; and (iv) a liquidation, dissolution or winding up of the Corporation.

(h) Distributions Other Than Cash. Whenever the distribution provided for herein shall be paid in property other than cash, the value of such distribution shall be the fair market value of such property as determined in good faith by the Board of Directors and the holders of a majority of the outstanding shares of Series A Preferred Stock, Series B Preferred Stock Series C Preferred Stock and Series D Preferred Stock, voting together as a single class on an as-converted to Common Stock basis; provided however than in the event the holders of Series D Preferred Stock are to be distributed property that is different in nature than is distributed to holders of other series of Preferred Stock, then a determination of the fair market value of the property to be distributed shall require the approval of the holders of at least 60% of the Series D Preferred Stock, voting as a separate class.

(i) The Corporation shall give each holder of record of Preferred Stock written notice of any impending transaction which would be deemed a liquidation, dissolution or winding up of the affairs of the Corporation pursuant to subsection 4.2.2(g) not later than the earliest of (A) twenty (20) days prior to the stockholders' meeting called to approve such transaction, (B) twenty (20) days prior to the closing of such transaction, or (C) the date by which notice is required under applicable laws. The first of such notices shall describe the material terms and conditions of the impending transaction, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than ten (10) days after the Corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened or waived upon the written consent of the holders of Preferred Stock that are entitled to such notice rights or similar notice tights and that represent at least a majority of the voting power of all then outstanding shares of such Preferred Stock, voting together as a single class on an as-converted to Common Stock basis.

4.2.3 No Reissuance of the Preferred Stock. No share or shares of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock acquired by the Corporation by reason of purchase, conversion or otherwise shall be reissued. The Corporation may from time to time take such appropriate corporate action as may be necessary to reduce the authorized number of shares of the Series A Preferred Stock, Series B Preferred Stock Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock accordingly.

4.2.4 Conversion. The holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series B Preferred Stock shall have conversion rights as follows:

(a) Right to Convert. Each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Series A Issue Price, the Original Series B Issue Price, the Original Series C Issue Price, the Original Series D Issue Price or the Original Series D-1 Issue Price by the conversion price applicable to such shares (each a "Conversion Price"), as hereafter determined, in effect on the date of conversion. The initial conversion price per share for the Series A Preferred Stock (the "Series A Conversion Price") shall be the Original Series A Issue Price for such share; *provided*, *however* that the Series A Conversion Price shall be subject to adjustment as set forth in subsection 4.2.4(d). The initial conversion price per share for the Series B Preferred Stock (the "Series B Conversion Price") shall be the Original Series B Issue Price for such share; *provided*, *however* that the Series B Conversion Price shall be subject to adjustment as set forth in subsection 4.2.4(d). The initial conversion price per share for the Series C Preferred Stock (the "Series C Conversion Price") shall be the Original Series C Issue Price for such share; *provided*, *however* that the Series C Conversion Price shall be subject to adjustment as set forth in subsection 4.2.4(d). The initial conversion price per share for the Series D Preferred Stock (the "Series D Conversion Price") shall be the Original Series D Issue Price for such

share; *provided*, *however* that the Series D Conversion Price shall be subject to adjustment as set forth in subsection 4.2.4(d). The initial conversion price per share for the Series D-1 Preferred Stock (the "Series D-1 Conversion Price") shall be the Original Series D-1 Issue Price for such share; *provided*, *however* that the Series D-1 Conversion Price shall be subject to adjustment as set forth in subsection 4.2.4(d).

(b) Automatic Conversion. Each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall automatically be converted into shares of Common Stock at the conversion price per share applicable to such shares in effect upon (i) the closing of a firm commitment underwritten initial public offering by the Corporation of shares of its Common Stock pursuant to an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in an offering with aggregate gross cash proceeds to the Corporation of not less than $15,000,000 (before deduction of underwriters' commissions and expenses) at a public offering price per share of not less than five (5) times the Original Series D Issue Price, as adjusted from time to time (a "Qualified Public Offering"), or (ii) upon the vote or written consent of holders of at least a majority of the then-outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, voting together as a single class on an as-converted Common Stock basis; provided however that the approval of sixty percent (60%) of the outstanding shares of Series D Preferred Stock shall also be required under this clause (ii) unless the conversion shall be subject to the closing of a firm commitment underwritten initial public offering by the Corporation of shares of its Common Stock pursuant to an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in an offering with aggregate gross cash proceeds to the Corporation of not less than $15,000,000 (before deduction of underwriters' commissions and expenses) at a public offering price per share of not less than one (1) times the Original Series D Issue Price, as adjusted from time to time.

(c) Mechanics of Conversion. Before any holder of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock shall be entitled to convert the same into shares of Common Stock pursuant to subsection 4.2.4(a), such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of this Corporation or of any appointed transfer agent, and give written notice to this Corporation at its principal corporate office of such holder's election to convert the same, and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. This Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid and shall promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board of Directors as of the date of such conversion), any declared and unpaid dividends on the shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock being converted. Such conversion

shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. In the event of an automatic conversion pursuant to subsection 4.2.4(b), the outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall be converted automatically without further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, provided that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such automatic conversion unless the certificates evidencing such shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock are delivered to the Corporation or its transfer agent or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of the automatic conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall surrender the certificates representing such shares at the office of the Corporation or any appointed transfer agent. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and any declared and unpaid dividends shall be paid in accordance with the provisions above. If the conversion is in connection with a Qualified Public Offering, the conversion may, at the option of any holder tendering Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person or persons entitled to receive the Common Stock upon conversion of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock shall not be deemed to have ‘converted such Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Conversion Price Adjustments of Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The Series A Conversion Price, the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and the Series D-1 Conversion Price shall be subject to adjustment from time to time as follows:

(i) Adjustment for Certain Dilutive Issuances.

(A) Upon each issuance by this Corporation of any Additional Stock (as defined below) without consideration or for a consideration per share less than the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as applicable, in effect immediately prior to the issuance of such Additional Stock, then the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series 1) Conversion Price or Series D-1 Conversion Price, as applicable, in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this subsection 4.2.4(d)(i)) be adjusted to a price determined by multiplying the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as applicable, by a fraction, (x) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Stock plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of shares of Additional Stock so issued would purchase at Conversion Price in effect for such series immediately prior to such issuance, and (y) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance of Additional Stock plus the number of shares of such Additional Stock so issued. For the purpose of the above calculation, the number of shares of Common Stock outstanding immediately prior to such issuance of Additional Stock shall be calculated as if all outstanding shares of all series of Preferred Stock had been fully converted into shares of Common Stock immediately prior to such issuance, and any outstanding options, warrants or other rights for the purchase of shares of stock or convertible securities shall be treated in the manner set forth in subsection 4.2.4(d)(i)(E).

(B) No adjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price shall be made in an amount less than One Cent ($0.01) per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried forward, and upon such adjustment the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as applicable, shall be rounded up or down to the nearest cent. Except to the limited extent provided for in subsections 4.2.4(d)(i)(E)(3) and (4), no adjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price pursuant to this subsection 4.2.4(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Additional Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor after deducting any reasonable discounts or commissions, but before deducting any other expenses allowed, paid or

incurred by this Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of Additional Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined in good faith by the Board of Directors and the holders of a majority of the then outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, voting together as a single class on an as-converted to Common Stock basis.

(E) In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of this subsections 4.2.4(d)(i) and (ii):

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (whether or not then exercisable) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4.2.4(d)(i)(C) and (D)), if any, received by the Corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange (whether or not then convertible or exchangeable) for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of interest or dividends), plus the minimum additional consideration, if any, to be received by the Corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4.2.4(d)(i)(C) and (D)).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to this Corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 Conversion Price, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of

such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to subsections (i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 4.2.4(d)(i)(E)(3) or (4).

(ii) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 4.2.4(d)(i)(E) by this Corporation other than the following:

(A) Common Stock issued pursuant to a transaction described in subsection 4.2.4(d)(iii) hereof;

(B) Common Stock reserved for issuances to directors, officers, employees and consultants of the Corporation pursuant to arrangements, contracts or plans approved by the Board of Directors;

(C) Common Stock issued upon conversion of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, provided that in each case such shares of Preferred Stock were originally issued at the Original Issuance Price applicable to such series of Preferred Stock;

(D) Common Stock issued or issuable in a public offering;

(E) Common Stock issued or issuable to financial institutions or lessors in connection with commercial credit arrangements, equipment financings, real property leasing transactions or similar transactions, as approved by the Board of Directors, including the vote of the directors elected by the holders of Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock;

(F) Common Stock issued pursuant to options, warrants, notes, or other rights to acquire securities of the Corporation outstanding as of the effectiveness of this Restated Certificate;

(G) Common Stock issued or issuable upon the exercise of warrants issued pursuant to that certain Series D-1 Preferred Stock Convertible Promissory Note Purchase Agreement dated of even date herewith; or

(H) Any shares that the holders of a majority of the then outstanding shares of Preferred Stock for which the issuance of Additional Stock would otherwise result in an adjustment to the conversion price thereof, voting together as a single class on an as-converted to Common Stock basis, agree that such shares shall not constitute Additional Stock.

(iii) Adjustment for Splits and Dividends. In the event the Corporation should at any time or from time to time following the effectiveness of this Restated Certificate fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(iv) Adjustment for Combinations. If the number of shares of Common Stock outstanding at any time following the effectiveness of this Restated Certificate is decreased by a combination of the outstanding shares of Common Stock (without a corresponding proportional decrease in the number of shares of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock) then, following the record date of such combination, the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as applicable, shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall be decreased in proportion to such decrease in outstanding shares.

(e) Other Distributions. In the event this Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this Corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4.2.4(d)(iii), then, in each such case, the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock

shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

(f) Recapitalizations. If at any time or from time to time the Common Stock issuable upon the conversion of the Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, reorganization or otherwise (other than a subdivision, combination or merger, reorganization or sale of assets transaction provided for elsewhere in this Section 4.2.4 or Section 4.2.2 of this Article IV), provision shall be made so that the holders of Series A Preferred Stock, Series B Preferred Stock , Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock shall thereafter be entitled to receive upon conversion of such Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4.2.4 with respect to the rights of the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock after the recapitalization to the end that the provisions of this Section 4.2.4 (including adjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 Conversion Price, as applicable, then in effect and the number of shares purchasable upon conversion of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock) shall be applicable after that event as nearly equivalent as is practicable.

(g) No Impairment. This Corporation will not, by amendment of its Certificate of Incorporation (except in accordance with Section 4.2.6 hereof and applicable law) or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by this Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4.2.4 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock against dilution or other impairment.

(h) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock. In lieu of issuing any fractional shares to which such stockholder is entitled, the Corporation shall pay cash equal to the product of such fraction multiplied by the fair market value of the Common Stock (as determined in good faith by

the Board) on the date of conversion. Whether or not fractional shares would have been issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price pursuant to this Section 4.2.4, this Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as applicable, a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based including a statement of (A) such adjustment and readjustment, (B) the consideration received or deemed to be received by the Corporation for any Additional Stock issued or sold or deemed to have been issued or sold, (C) the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 Conversion Price at the time in effect, and (D) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, as applicable.

(iii) Reservation of Stock Issuable Upon Conversion. This Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred and Series D-1 Preferred Stock such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred and Series D-1 Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, in addition to such other remedies as shall be available to the holder of such Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, this Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Restated Certificate.

(iv) Notices. Any notice required by the provisions of Sections 4.2.2 and 4.2.4 to be given to the holders of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock shall be deemed given (A) upon personal delivery to the party to be notified, (B) when sent by confirmed facsimile if sent during normal business hours of the recipient (if not, then on the next

business day), (C) if sent and delivered within the United States, (1) five (5) days after deposit in the United States mail, by registered or certified mail, postage prepaid, return receipt requested or (2) the day after delivery to an overnight delivery service of national reputation, or (D) if sent or delivered outside the United States, three (3) days after deposit with a recognized international courier service. All such notices shall be delivered and addressed to each holder of record at his address appearing on the books of this Corporation.

4.2.5 Voting Rights.

(a) The holder of any share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock shall have the right to one vote for each share of Common Stock into which such share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of this Corporation, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote as a single class, unless otherwise prohibited by law; provided, however, that, notwithstanding anything to the contrary in this subsection 4.2.5(a), the rights of holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock to vote for directors shall be as set forth in subsection 4.2.5.(b). Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted), shall be disregarded.

(b) Until the closing of the Corporation's Qualified Public Offering, (i) one (1) of the members of the Board of Directors shall be elected, removed or replaced solely by the vote or written consent of the holders of the Series A Preferred Stock, voting as a separate class (approval by the vote or written consent of the holders of a majority of the shares of Series A Preferred Stock then outstanding shall constitute an action by the holders of Series A Preferred Stock pursuant to this subsection 4.2.5(b)), (ii) one (1) of the members of the Board of Directors shall be elected, removed or replaced solely by the vote or written consent of the holders of the Series B Preferred Stock, voting as a separate class (approval by the vote or written consent of the holders of a majority of the shares of Series B Preferred Stock then outstanding shall constitute an action by the holders of Series B Preferred Stock pursuant to this subsection 4.2.5(b)), (iii) one (1) of the members of the Board of Directors shall be elected, removed or replaced solely by the vote or written consent of the holders of the Series C Preferred Stock, voting as a separate class (approval by the vote or written consent of the holders of a majority of the shares of Series C Preferred Stock then outstanding shall constitute an action by the holders of Series C Preferred Stock pursuant to this subsection 4.2.5(b)), (iv) one (1) of the members of the Board of Directors shall be elected, removed or replaced solely by the vote or written consent of the holders of the Series D Preferred Stock, voting as a separate class (approval by the vote or written consent of the holders of a majority of the shares of Series D Preferred Stock then outstanding shall constitute an action by the holders of

Series D Preferred Stock pursuant to this subsection 4.2.5(b)), and (v) and all remaining members other Board of Directors will be elected, removed or replaced by a vote or written consent of the outstanding shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, voting together as a single class, with each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock being entitled to a number of votes equal to the number of shares of Common Stock into which such shares are then convertible, as provided for under subsection 4.2.5(a).

4.2.6 Protective Provisions of Preferred Stock.

(a) So long as any shares of Preferred Stock remain outstanding, this Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least 66 2/3% of the then outstanding shares of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, voting together as a single class on an as-converted to Common Stock basis), take any action, whether by merger, consolidation or otherwise, that:

(i) effects a sale, transfer, exclusive license or other distribution of all or substantially all of the Corporation's assets or which results in a merger, consolidation, other corporate reorganization, sale of control or other transaction or series of transactions where the stockholders of the Corporation before such transaction or transactions will hold following such transaction or transactions less than 50% of the voting power of the capital stock of the Corporation or the surviving or acquiring entity in substantially the same relative proportions) or liquidate, dissolve or wind up the Corporation;

(ii) creates (by new authorization, merger, reclassification, recapitalization or otherwise) or results in the issuance of any new class or series of shares or any other securities convertible into equity securities of this Corporation having rights, preferences or privileges senior to or on a parity with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as applicable;

(iii) increases or decreases (other than by conversion) the total number of authorized shares of Common Stock or Preferred Stock (whether by merger, amendment to the Certificate of Incorporation or Bylaws or otherwise);

(iv) results in the redemption, retirement, purchase or acquisition of any shares of Common Stock or Preferred Stock of the Corporation (other than (A) shares of Common Stock purchased from consultants, advisors, employees or directors pursuant to agreements under which the Corporation has the option to repurchase shares of its Common Stock, provided that (1) the purchase price for unvested shares is equal to the lower of the purchase price paid or the then current fair market value and (2) the total amount applied to the repurchase of shares of Common Stock shall not exceed $25,000 during any twelve (12) month period, or (B) pursuant to Section 4.2.7 below);

(v) results in the payment or declaration of any dividend or distribution on any shares of Common Stock;

(vi) permits, or results in, a subsidiary of the Corporation to sell, or results in such subsidiary selling, securities to a third party; or

(vii) increases or decreases the authorized number of directors of the Corporation.

(b) The Corporation shall not amend its Certificate of Incorporation or Bylaws, whether by merger, consolidation or otherwise, without the approval, by vote or written consent, by the holders of 66 2/3% of a series of Preferred Stock if such amendment would change any of the rights, preferences or privileges provided for herein or in the Bylaws, as applicable, for the benefit of any shares of that series of Preferred Stock.

(c) So long as any shares of Series D Preferred Stock remain outstanding, this Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least 60% of the then outstanding shares of the Series D Preferred Stock take any action, whether by merger, consolidation or otherwise, that

(i) amends, alters, waives or repeals any provision of the Certificate of Incorporation or Bylaws of the Corporation if such action would alter the rights, preferences, privileges or powers of, or restrictions provided for the benefit of the Series D Preferred Stock in a manner that is different from the impact of such action on the other series of Preferred Stock;

(ii) creates (by new authorization, merger, reclassification, recapitalization or otherwise) or results in the issuance of any new class or series of shares or any other securities convertible into equity securities of this Corporation having rights, preferences or privileges senior to or on a parity with the Series I) Preferred Stock, as applicable; or

(iii) increases or decreases (other than by conversion) the total number of authorized shares of Series D Preferred Stock (whether by merger, amendment to the Certificate of Incorporation or Bylaws or otherwise).

(d) This Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the shares of Series D-1 Preferred Stock issued or issuable upon the conversion of convertible promissory notes issued pursuant to that certain Series 1)-1 Preferred Stock Convertible Promissory Note Purchase Agreement dated of even date herewith take any action, whether by merger, consolidation or otherwise, that:

(i) amends, alters, waives or repeals any provision of the Certificate of Incorporation or Bylaws of the Corporation if such action would alter the rights, preferences, privileges or powers of, or restrictions provided for the benefit of the Series D-1

Preferred Stock in a manner that is different from the impact of such action on the other series of Preferred Stock;

(ii) creates (by new authorization, merger, reclassification, recapitalization or otherwise) or results in the issuance of any new class or series of shares or any other securities convertible into equity securities of this Corporation having rights, preferences or privileges senior to or on a parity with the Series D-1 Preferred Stock, as applicable;

(iii) increases or decreases (other than by conversion) the total number of authorized shares of Series D-1 Preferred Stock (whether by merger, amendment to the Certificate of Incorporation or Bylaws or otherwise); or

(iv) issues or commits to issue any shares of Series D-1 Preferred Stock other than upon the conversion of convertible promissory notes issued pursuant to that certain Series D-1 Preferred Stock Convertible Promissory Note Purchase Agreement dated of even date herewith.

4.2.7 Redemption.

(a) Redemption of Series D-1 Preferred Stock. From and after July 29, 2010, each holder of Series D-1 Preferred Stock, upon the written approval of the holders of at least a majority of the shares of Series D-1 Preferred Stock then outstanding, may, at its option, at any time (and from time to time), require the Corporation to redeem all or a part of the Series D-1 Preferred Stock held by such holder by delivery of a written notice requesting such redemption and the number of shares to be redeemed (the "Series D-1 Redemption Notice"). Within five (5) days after the date of receipt of a Series D-1 Redemption Notice (the "Series D-1 Date of Receipt"), the Corporation shall deliver written notice to all other holders of Preferred Stock informing each such holder of (1) the receipt of such Series D-1 Redemption Notice, (2) the Series D-1 Date of Receipt, (3) the number of shares of Series D-1 Preferred Stock requested to be redeemed in the Series D-1 Redemption Notice, and (4) the total number of shares of Series D-1 Preferred Stock outstanding as of the Series D-1 Date of Receipt. Any such holder desiring to have any of its Series D-1 Preferred Stock redeemed by the Corporation in accordance with the schedule below shall have until thirty (30) days after the Series D-1 Date of Receipt (such 30 day period, the "Series D-1 Exercise Period") in which to notify the Corporation of the number of shares of Series D-1 Preferred Stock which such holder desires the Corporation to redeem. The total number of shares of Series D-1 Preferred Stock which are so requested to be redeemed by all holders of Series D-1 Preferred Stock are referred to herein as the "Series D-1 Redemption Shares". The Corporation shall redeem such shares in three equal redemptions according to the following schedule: (i) one-third of the Series D-1 Redemption Shares within thirty (30) days of the end of the Series D-1 Exercise Period, (ii) one-third of the Series D-1 Redemption Shares on the first anniversary of the Series D-1 Redemption Notice; and (iii) one-third of the Series D-1 Redemption Shares on the second anniversary of the Series D-1 Redemption Notice (the "Series D-1 Redemption Dates"). Subject to subsection 4.2.7(f), the Corporation shall redeem the Series D-1 Redemption Shares at a price equal to the Series D-1 Liquidation Preference for each such share as of the applicable Series D-1 Redemption Date (the "Series D-1 Redemption Price"). The Corporation shall pay for shares redeemed hereunder by

delivery of cash in the amount of the Series D-1 Redemption Price for the shares to be so redeemed on the respective Series D-1 Redemption Dates.

(b) Redemption of Series D Preferred Stock. From and after July 29, 2010, each holder of Series D Preferred Stock, upon the written approval of the holders of at least a majority of the shares of Series D Preferred Stock then outstanding, may, at its option, at any time (and from time to time), require the Corporation to redeem all or a part of the Series D Preferred Stock held by such holder by delivery of a written notice requesting such redemption and the number of shares to be redeemed (the "Series D Redemption Notice"). Within five (5) days after the date of receipt of a Series D Redemption Notice (the "Series D Date of Receipt"), the Corporation shall deliver written notice to all other holders of Preferred Stock informing each such holder of (1) the receipt of such Series D Redemption Notice, (2) the Series D Date of Receipt, (3) the number of shares of Series D Preferred Stock requested to be redeemed in the Series D Redemption Notice, and (4) the total number of shares of Series D Preferred Stock outstanding as of the Series D Date of Receipt. Any such holder desiring to have any of its Series D Preferred Stock redeemed by the Corporation in accordance with the schedule below shall have until thirty (30) days after the Series D Date of Receipt (such 30 day period, the "Series D Exercise Period") in which to notify the Corporation of the number of shares of Series D Preferred Stock which such holder desires the Corporation to redeem. The total number of shares of Series D Preferred Stock which are so requested to be redeemed by all holders of Series D Preferred Stock are referred to herein as the "Series D Redemption Shares". The Corporation shall redeem such shares in three equal redemptions according to the following schedule: (i) one-third of the Series D Redemption Shares within thirty (30) days of the end of the Series D Exercise Period, (ii) one-third of the Series D Redemption Shares on the first anniversary of the Series D Redemption Notice; and (iii) one-third of the Series D Redemption Shares on the second anniversary of the Series D Redemption Notice (the "Series D Redemption Dates"). Subject to subsection 4.2.7(f), the Corporation shall redeem the Series D Redemption Shares at a price equal to the Series D Liquidation Preference for each such share as of the applicable Series D Redemption Date (the "Series D Redemption Price"). The Corporation shall pay for shares redeemed hereunder by delivery of cash in the amount of the Series D Redemption Price for the shares to be so redeemed on the respective Series D Redemption Dates.

(c) Redemption of Series C Preferred Stock. From and after July 29, 2010, each holder of Series C Preferred Stock, upon the written approval of the holders of at least a majority of the shares of Series C Preferred Stock then outstanding, may, at its option, at any time (and from time to time), require the Corporation to redeem all or a part of the Series C Preferred Stock held by such holder by delivery of a written notice requesting such redemption and the number of shares to be redeemed (the "Series C Redemption Notice"). Within five (5) days after the date of receipt of a Series C Redemption Notice (the "Series C Date of Receipt"), the Corporation shall deliver written notice to all other holders of Preferred Stock informing each such holder of (1) the receipt of such Series C Redemption Notice, (2) the Series C Date of Receipt, (3) the number of shares of Series C Preferred Stock requested to be redeemed in the Series C Redemption Notice, and (4) the total number of shares of Series C Preferred Stock outstanding as of the Series C Date of Receipt. Any such holder desiring to have any of its Series C Preferred Stock redeemed by the

Corporation in accordance with the schedule below shall have until thirty (30) days after the Series C Date of Receipt (such 30 day period, the "Series C Exercise Period") in which to notify the Corporation of the number of shares of Series C Preferred Stock which such holder desires the Corporation to redeem. The total number of shares of Series C Preferred Stock which are so requested to be redeemed by all holders of Series C Preferred Stock are referred to herein as the "Series C Redemption Shares". The Corporation shall redeem such shares in three equal redemptions according to the following schedule: (i) one-third of the Series C Redemption Shares within thirty (30) days of the end of the Series C Exercise Period, (ii) one-third of the Series C Redemption Shares on the first anniversary of the Series C Redemption Notice; and (iii) one-third of the Series C Redemption Shares on the second anniversary of the Series C Redemption Notice (the "Series C Redemption Dates"). Subject to subsection 4.2.7(f), the Corporation shall redeem the Series C Redemption Shares at a price equal to the Series C Liquidation Preference for each such share as of the applicable Series C Redemption Date (the "Series C Redemption Price"). The Corporation shall pay for shares redeemed hereunder by delivery of cash in the amount of the Series X Redemption Price for the shares to be so redeemed on the respective Series C Redemption Dates.

(d) Redemption of Series B Preferred Stock. From and after July 29, 2010, each holder of Series B Preferred Stock, upon the written approval of the holders of at least a majority of the shares of Series B Preferred Stock then outstanding, may, at its option, at any time (and from time to time), require the Corporation to redeem all or a part of the Series B Preferred Stock held by such holder by delivery of a written notice requesting such redemption and the number of shares to be redeemed (the "Series B Redemption Notice"). Within five (5) days after the date of receipt of a Series B Redemption Notice (the "Series B Date of Receipt"), the Corporation shall deliver written notice to all other holders of Preferred Stock informing each such holder of (1) the receipt of such Series B Redemption Notice, (2) the Series B Date of Receipt, (3) the number of shares of Series B Preferred Stock requested to be redeemed in the Series B Redemption Notice, and (4) the total number of shares of Series B Preferred Stock outstanding as of the Series B Date of Receipt. Any such holder desiring to have any of its Series B Preferred Stock redeemed by the Corporation in accordance with the schedule below shall have until thirty (30) days after the Series B Date of Receipt (such 30 day period, the "Series B Exercise Period") in which to notify the Corporation of the number of shares of Series B Preferred Stock which such holder desires the Corporation to redeem. The total number of shares of Series B Preferred Stock which are so requested to be redeemed by all holders of Series B Preferred Stock are referred to herein as the "Series B Redemption Shares". The Corporation shall redeem such shares in three equal redemptions according to the following schedule: (i) one-third of the Series B Redemption Shares within thirty (30) days of the end of the Series B Exercise Period, (ii) one-third of the Series B Redemption Shares on the first anniversary of the Series B Redemption Notice; and (iii) one-third of the Series B Redemption Shares on the second anniversary of the Series B Redemption Notice (the "Series B Redemption Dates"). Subject to subsection 4.2.7(f), the Corporation shall redeem the Series B Redemption Shares at a price equal to the Series B Liquidation Preference for each such share as of the applicable Series B Redemption Date (the "Series B Redemption Price"). The Corporation shall pay for shares redeemed hereunder by delivery of cash in the amount of the Redemption Price for the shares to be so redeemed on the respective Series B Redemption Dates.

(e) Surrender of Stock. On or before each applicable Redemption Date, each holder of shares of Preferred Stock to be redeemed, shall surrender the certificate or certificates representing such shares to the Corporation, and thereupon the applicable Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be cancelled and retired. In the event less than all of the shares represented by such certificate are redeemed, a new certificate representing the unredeemed shares shall be issued to the holder of such shares.

(f) Partial Redemption. From and after each applicable Redemption Date, unless there shall have been a default in payment of the applicable Redemption Price, all rights of the holders as to the shares of Preferred Stock to be redeemed (except the right to receive the applicable Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such redeemed shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever. If the funds of the Corporation legally available for redemption of shares of Preferred Stock on any applicable Redemption Date are insufficient to redeem the total number of such shares to be redeemed on such date, those funds which are legally available will be used to redeem (w) the maximum possible number of shares of Series D-1 Preferred Stock to be redeemed on such Redemption Date, (x) after paying or setting aside for payment amounts to be paid to the holders of Series D-1 Preferred Stock and Series D Preferred Stock under clause (w), the maximum possible number of shares of shares of Series D Preferred Stock to be redeemed on such Redemption Date, and, (y) after paying or setting aside for payment amounts to be paid to the holders of Series D-1 Preferred Stock and Series D Preferred Stock under clause (w) and clause (x), the maximum possible number of shares of Series A Preferred, Stock, Series B Preferred Stock, and Series C Preferred Stock proportionately among the holders of such shares to be redeemed based upon the aggregate applicable Redemption Price of their holdings of Preferred Stock as of the applicable Redemption Date. The shares of Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. Subject to the rights of any series of Preferred Stock that may from time to time come into existence, at any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Preferred Stock such funds will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any applicable Redemption Date but which it has not redeemed in accordance with the foregoing provisions.

(g) Deposit of Redemption Price. On or prior to each applicable Redemption Date, the Corporation shall deposit the applicable Redemption Price of all shares designated for redemption and not yet redeemed with a bank or trust company having aggregate capital and surplus in excess of $100,000,000 as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank or trust company to pay the applicable Redemption Price for such shares to their respective holders on or after the applicable Redemption Date upon receipt of notification from the Corporation that such holder has surrendered its share certificate to the Corporation. Such instructions shall also provide that any moneys deposited by the Corporation for the redemption of shares thereafter converted into shares of the Corporation's Common Stock prior to the applicable Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance

of any moneys deposited by the remaining unclaimed at the expiration of three (3) years following the applicable Redemption Date shall thereafter be returned to the Corporation upon its request expressed in a resolution of its Board of Directors.

4.3 Common Stock.

4.3.1 Dividend Rights. Subject to the prior rights of holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock and subject to subsection 4.2.1(e), the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

4.3.2 Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section 4.2.2 of this Article IV.

4.3.3 Voting Rights. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of this Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law, *provided*, *however*, that, notwithstanding anything to the contrary in this Section 4.3.3 the rights of holders of Common Stock to vote for directors shall be as set forth in subsection 4.2.5(b) above. Subject to compliance with subsection 4.2.6, the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by an affirmative vote of the holders of a majority of the Common Stock and Preferred Stock voting together as a single class on an as-if converted to Common Stock basis.

ARTICLE V

BOARD OF DIRECTORS AND MEETINGS OF STOCKHOLDERS

5.1 The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors and elections of directors need not be by written ballot unless otherwise provided in the Bylaws.

5.2 Meetings of the stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the Delaware Statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or by the Bylaws of the Corporation.

ARTICLE VI

LIMITATION OF DIRECTORS' LIABILITY

A director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director (i) for any breach of his duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve international misconduct or a knowing violation of the law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derives an improper personal benefit. If the General Corporation Law of the State of Delaware is hereafter amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of the directors of the Corporation shall be limited or eliminated to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended from time to time. Any repeal or modification of this Article VI by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE VII

INDEMNIFICATION

To the fullest extent permitted by applicable law, the Corporation hereby indemnifies (and agrees to advance expenses to) directors of the Corporation (and may agree to do the same for any of other persons to which General Corporation Law permits the Corporation to provide indemnification through bylaw provisions, agreements with such agents or other persons, vote of stockholders or otherwise), in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law, subject only to limits created by applicable General Corporation Law (statutory or non-statutory), with respect to actions for breach of duty to the Corporation, its stockholders, and others.

Any amendment, repeal or modification of the foregoing provisions of this Article VII shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.

ARTICLE VIII

AMENDMENT OF BYLAWS

Subject to subsection 4.2.6 above, the Board of Directors of the Corporation shall have the power to make, alter, amend, change, add to or repeal the Bylaws of the Corporation, subject to the right of stockholders entitled to vote with respect to such making, alteration, amendment change, addition or repeal.

ARTICLE IX

RENUNCIATION OF CERTAIN OPPORTUNITIES

In the event that a member of the Board of Directors of the Corporation who is also a partner or employee of an entity that is a holder of Preferred Stock and that is in the business of investing and reinvesting in other entities, or an employee of an entity that manages such an entity (each, a "Fund") acquires knowledge of a potential transaction or other matter in such individual's capacity as a partner or employee of the Fund or the manager or general partner of the Fund (and other than directly in connection with such individual's service as a member of the Board of Directors of the Corporation) and that may be an opportunity of interest for both the Corporation and such Fund (a "Corporate Opportunity"), then the Corporation (i) renounces any expectancy that such director or Fund offer an opportunity to participate in such Corporate Opportunity to the Corporation and (ii) to the fullest extent permitted by law, waives any claim that such opportunity constitute a Corporate Opportunity that should have been presented by such director or fund to the Corporation or any of its affiliates, *provided*, *however*, that such director acts in good faith. Neither any amendment nor repeal of this ARTICLE IX, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this ARTICLE IX, shall eliminate or reduce the effect of this ARTICLE IX, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this ARTICLE IX, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

AMENDMENT OF CERTIFICATE OF INCORPORATION

Subject to subsection 4.2.6 above, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

FIFTH: The foregoing Restated Certificate has been approved by the Board of Directors by written consent in accordance with Section 141(0 of the General Corporation Law of the State of Delaware.

SIXTH: The foregoing Restated Certificate has been approved by the stockholders of the Corporation by written consent in accordance with Section 228 of the General Corporation Law of the State of Delaware.

SEVENTH: The foregoing Restated Certificate has been duly adopted in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this certificate and does affirm the foregoing as true under penalty of perjury this 19th day of April, 2007.

/s/ KATHY ODELL
Kathy Odell
Chief Executive Officer

EXHIBIT D

Capitalization Tables

Inogen, Inc.
Fully Diluted Capitalization Table – Summary
As of 7/18/2007

	CSE Shares*	Total Fully Diluted Shares
COMMON STOCK (Authorized: 100,000,000)		
Issued and Outstanding	7,134,254	7,134,254
PREFERRED STOCK (Authorized: 80,844,494)		
SERIES A Preferred Stock (Authorized: 2,000,000)	2,000,000	
SERIES B Preferred Stock (Authorized: 12,765,693)	12,692,823	
SERIES C Preferred Stock (Authorized: 11,508,230)	10,238,908	
SERIES D Preferred Stock (Authorized: 45,158,220)	41,192,635	
SERIES D1 Preferred Stock (Authorized: 9,412,351)	0	66,124,366
WARRANTS		
COMMON Stock	4,278,405	
SERIES B Stock	72,870	
SERIES C Stock	1,269,322	
SERIES D Stock	3,965,585	9,586,182
2002 SIP (Reserved: 10,411,000)		
Shares Issuable Under Plan:		
Options and SPRs Issued and Outstanding	2,573,279	
Options and SPRs Committed for Issuance	0	
Shares Remaining for Issuance Under Plan	2,138,467	4,711,746
Reserved in Plan	10,411,000	
less: Options Exercised	116,323	
less: SPRs Exercised	6,032,931	
add: Repurchases	450,000	
	4,711,746	
NON PLAN SPRS		
Common Stock	0	0
CONVERTIBLE PROMISSORY NOTES		
Common Stock: $0 issuable at $.290000 per share	0	
SERIES D1 Preferred Stock: $5,940,258 issuable at $.73 per share	8,137,340	8,137,340
Total shares issued and outstanding, including shares committed for issuance and employee reserves, assuming Conversion of all convertible securities and exercise of ail outstanding options		***95,693,888***

CSE Shares* Common Stock Equivalent (CSE) shares reflects the Common Stock issuable for the security

Footnotes:

Fully-Diluted Ownership

	Number of Shares	%
Common Stock	7,134,254	7.46%
SERIES A Preferred Stock	2,000,000	2.09%
SERIES B Preferred Stock	12,692,823	13.26%
SERIES C Preferred Stock	10,238,908	10.70%
SERIES D Preferred Stock	41,192,635	43.05%
SERIES D1 Preferred Stock		0.00%
COMMON Warrants	4,278,405	4.47%
SERIES B Warrants	72,870	0.08%
SERIES C Warrants	1,269,322	1.33%
SERIES D Warrants	3,965,585	4.14%
Options and SPRs issued and outstanding under plan—2002 SIP	2,573,279	2.69%
Committed for Issuance—2002 SIP		0.00%
Unissued Reserve—2002 SIP	2,138,467	2.23%
Non Plan Common SPR		0.00%
Common CPN		0.00%
SERIES D1 Preferred CPN	8,137,340	8.50%
Total	***95,693,888***	***100%***

Inogen, Inc.
Detailed Capitalization Report for Company
As of 7/18/2007

Holder Name	Common Stock	SERIES A	SERIES B	SERFS C	SERIES D	Total Common Stock Equivalent	% of Total Common Stock Equivalent	Options/ $P Rs Issued and/or Commit-ted for Issuance	Warrant COMMON	Warrant SERIES B	Warrant SERIES C	Warrant SERIES D	CPN SERIES D1	Total Fully Diluted	% of Total Fully Diluted*
Versant Venture Capital II, L.P.			9,826,700	4,836,671	14,824,980	29,488,351	40.25		1,056,888		335,990	1,613,366	2,702,542	35,197,137	36.78
Novo A/S					10,958,904	10,958,904	14.96		1,909,240				2,657,062	15,525,206	16.22
AMV Partners I,-L.P.				4,266,212	3,577,266	7,843,478	10.71		341,253		76,019	461,840	975,006	9,692,599	10.13
Avalon Ventures VII, L.P.					6,856,214	6,856,214	9.36		347,441			805,051	896,956	8,905,662	9.31
The Cooper Revocable Trust Dtd 7/26/96		1,450,000	911,375	100,000	543,416	3,004,791	4.1				157,878	28,310		3,190,979	3.33
Arboretum Ventures I, LLC					1,438,356	1,438,356	1.96		249,513			359,589	348,739	2,396,197	2.5
Odell, Kathy	1,600,000					1,600,000	2.18							1,600,000	1.67
Arboretum Ventures 1-A, LLC					958,904	958,904	1.31		166,342			239,726	232,493	1,597,465	1.67
Numenor Ventures, LLC					1,027,397	1,027,397	1.4		178,224				249,099	1,454,720	1.52
LaunchPoint Technologies, LLC	700,000	400,000			39,569	1,139,569	1.56							1,139,569	1.19
Venture Lending & Leasing IV, LLC											409,552	342,466		752,018	0.79
Deane, Geoffrey Frank	700,000					700,000	0.96							700,000	0.73
Myers, Byron	700,000					700,000	0.96							700,000	0.73
Perry, Alison	700,000					700,000	0.96							700,000	0.73
Taylor, Brenton	700,000					700,000	0.96							700,000	0.73
Versant Affiliates Fund II-A, L.P.			186,484	91,787	281,336	559,607	0.76		20,058		6,375	30,617	51,288	667,945	0.7
Louis and Bernice Weider Family Trust u/t/d 12/23/93			161,656	76,285	289,958	527,899	0.72				4,240	55,202		587,341	0.61
Brewer, M. Lynn			255,782	120,703	64,453	440,938	0.6				6,709			447,647	0.47
The DeHont Family Revocable Trust u/t/d 3/6/84			290,641	137,153		427,794	0.58				7,623			435,417	0.46
The Stephen E. Cooper Family Partnership				406,945	10,000	416,945	0.57							416,945	0.44
Fary, Robert	400,000					400,000	0.55							400,000	0.42
Risinger, J. Daryl	375,000					375,000	0.51							375,000	0.39
Eby, Jim								350,000						350,000	0.37
Redard, Michael	350,000					350,000	0.48							350,000	0.37
Venture Lending & Leasing III, LLC										72,870	252,262			325,132	0.34
Versant Side Fund II, L.P.			87,826	43,228	132,497	263,551	0.36		9,446		3,002	14,419	24,153	314,571	0.33

Holder Name	Common Stock	SERIES A	SERIES B	SERFS C	SERIES D	Total Common Stock Equivalent	% of Total Common Stock Equivalent	Options/$P Rs Issued and/or Committed for Issuance	Warrant COMMON	Warrant SERIES B	Warrant SERIES C	Warrant SERIES D	CPN SERIES D1	Total Fully Diluted	% of Total Fully Diluted*
Lewarski, Joseph	285,000					285,000	0.39	12,500						297,500	0.31
Petote, John			127,559	60,195	75,110	262,864	0.36				3,346	5,137		271,347	0.28
DCE, Inc			128,417	60,599	71,806	260,822	0.36							260,822	0.27
Enoch, Duard			131,877	34,130	42,469	208,476	0.28				2,958			211,434	0.22
Wells, John	50,000					50,000	0.07	150,000						200,000	0.21
Wilkinson, Scott								200,000						200,000	0.21
Bodine, Robert C			194,411			194,411	0.27							194,411	0.2
Belinski, Steven								180,000						180,000	0.19
The UCSB Foundation f/b/o The College of Engineering	25,000	150,000				175,000	0.24							175,000	0.18
McCleerey, Daniel								150,000						150,000	0.16
Scribner, Matthew								140,000						140,000	0.15
Greer, R. Scott	137,931					137,931	0.19							137,931	0.14
Henricksen, Susan L			130,604			130,604	0.18							130,604	0.14
Henricksen, Raymond L			130,603			130,603	0.18							130,603	0.14
Scar Family Trust u/d/o 1/4/78			128,888			128,888	0.18							128,888	0.13
Gechter, Jay								100,000						100,000	0.1
Rowles, Craig	100,000					100,000	0.14							100,000	0.1
Home, Debbie								95,000						95,000	0.1
Moore, Lauren								85,000						85,000	0.09
The UCSB Foundation f/b/o the Center for Entrepreneurship and Engineering Management	75,000					75,000	0.1							75,000	0.08
Wright, John								75,000						75,000	0.08
Feemster, Anita								6,300						6,300	0
Garcia, Enrique								6,300						6,300	0
Garth, Erinn								6,300						6,300	0
Grigsby, Jarrett								6,300						6,300	0
Guillen, Barbara								6,300						6,300	0
Jimenez, Leticia								6,300						6,300	0
Kenlein, Charles								6,300						6,300	0
Knox, Valerie								6,300						6,300	0
Kusheryan, Lilit								6,300						6,300	0
Martinov, Ann								6,300						6,300	0
Mauro, Jill								6,300						6,300	0
Meza, Sandra								6,300						6,300	0
Niyathapala, Harshana								6,300						6,300	0
Olorenshaw, Mollie								6,300						6,300	0
Orozco, Leticia								6,300						6,300	0
Paredes, Jose								6,300						6,300	0
Phung, Ha								6,300						6,300	0
Ramirez, Teodoro								6,300						6,300	0

Holder Name	Common Stock	SERIES A	SERIES B	SERFS C	SERIES D	Total Common Stock Equivalent	% of Total Common Stock Equivalent	Options/$PRs Issued and/or Committed for Issuance	Warrant COMMON	Warrant SERIES B	Warrant SERIES C	Warrant SERIES D	CPN SERIES D1	Total Fully Diluted	% of Total Fully Diluted*
Rangel, Delia								6,300						6,300	0
Robledo, Julio								6,300						6,300	0
Vongpanya, Phaengdy								6,300						6,300	0
Waybright, Barrett								6,300						6,300	0
Zidek, Jason								6,300						6,300	0
Jenneve, Jeffrey R	6,250					6,250	0							6,250	0
Broocks, Elizabeth T								6,000						6,000	0
Powers, Matthew								6,000						6,000	0
Martinov(TERM), Ann	4,843					4,843	0							4,843	0
Palmer, Michael								4,500						4,500	0
Rodriguez, Luis								4,250						4,250	0
Pajarillo, Olivia	4,062					4,062	0							4,062	0
Casey Sr., Timothy								3,500						3,500	0
Glass, Shelly								3,500						3,500	0
Pangburn, Cathy	3,450					3,450	0							3,450	0
Valois, Kasey	3,281					3,281	0							3,281	0
Beltran, David								2,500						2,500	0
Sisson, Sean								1,968						1,968	0
Canosa, Eddie								1,837						1,837	0
Oliver, Lynda								1,837						1,837	0
Zablocki, Tomasz								1,837						1,837	0
Jamison, Jerry								1,575						1,575	0
Shares Remaining for Issuance under Plan(s):															
2002 SIP														2,138,467	2.23
Grand Total	7,134,254	2,000,000	12,692,823	10,238,908	41,192,635	73,258,620	100	2,573,279	4,278,405	72,870	1,259,322	3,965,585	8,137,340	95,693,888	100

Footnotes:

* Percentage shown as “0” reflects a true percentage value of less than 0.01.

Preferred Series of Stock shares reflect the Common Stock issuable after (a) the appropriate conversion ratio is applied to each individual outstanding security using standard rounding, and (b) such converted securities are aggregated by

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Inogen, Inc.
Goleta, California

We hereby consent to the use in the Prospectus, constituting a part of this Registration Statement file number 333-192605, of our report dated October 15, 2013, except for the reverse stock split disclosed in Note 11 which is as of November 12, 2013, relating to the financial statements of Inogen, Inc., which is contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ BDO USA, LLP
Los Angeles, California

December 23, 2013

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

Inogen, Inc.
Goleta, California

We hereby consent to the use in the Prospectus, constituting a part of this Amendment No. 1 to Registration Statement file number 333-192605, of our report dated October 15, 2013 (November 12, 2013 as to the fourth paragraph of Note 11), relating to financial statements of Inogen, Inc., which is contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/S/ Macias Gini & O’Connell LLP
Los Angeles, California

December 23, 2013

Exhibit 23.4

December 18, 2013

Raymond Huggenberger
President and Chief Executive Officer
Inogen, Inc.
326 Bollay Drive
Goleta, California 93117

RE: 409A Valuation Reports

Dear Mr. Huggenberger,

This letter acknowledges the authorization provided by Timan, LLC ("**Timan**") to Inogen, Inc. ("**Inogen**"), whereby Timan consents to the use of their reports titled "409A Valuation Report Prepared for Inogen, Inc. by Timan LLC Valuation Date December 31, 2011", "409A Valuation Report Prepared for Inogen, Inc. by Timan LLC Valuation Date March 31, 2012", "409A Valuation Report Prepared for Inogen, Inc. by Timan LLC Valuation Date December 31, 2012", "409A Valuation Report Prepared for Inogen, Inc. by Timan LLC Valuation Date July 31, 2013", and "409A Valuation Report Prepared for Inogen, Inc. by Timan LLC Valuation Date September 30, 2013" (collectively, "**Reports**") in the registration statement on Form S-1, including all amendments thereto, and related prospectus of Inogen for the registration of shares of Inogen's common stock (the "**Registration Statement**").

This letter further certifies that the references contained in the Registration Statement above are accurate depictions of the Reports and provides Timan's consent to the inclusion of this letter as an exhibit to the Registration Statement.

Sincerely,

Timan, LLC

Signature: /s/ Joshua W. Sommer

Print Name: Joshua W. Sommer

Title: Member

[WILSON SONSINI GOODRICH & ROSATI LETTERHEAD]

December 23, 2013

VIA EDGAR AND COURIER
Russell Mancuso
Branch Chief
United States Securities and Exchange Commission
Division of Corporation Finance
100 F St NE
Mail Stop 3030
Washington, D.C. 20549

Re: Inogen, Inc.
Registration Statement on Form S-1
Filed November 27, 2013
File No. 333-192605

Dear Mr. Mancuso:

This letter responds to the letter of the staff (the "Staff") of the Securities and Exchange Commission (the "Commission"), dated December 13, 2013, to Alison Bauerlein, Chief Financial Officer of Inogen, Inc. (the "Company"), regarding the Registration Statement on Form S-1, File No. 333-192605 (the "Registration Statement"), filed by the Company on November 27, 2013.

This letter sets forth the comment of the Staff in the comment letter (numbered in accordance with the comment letter) and, following each comment, the Company's response. Simultaneously with the filing of this letter, the Company is submitting via EDGAR this letter and Amendment No. 1 to the Registration Statement, responding to the Staff's comments. We are enclosing a copy of Amendment No. 1 to the Registration Statement, together with a copy that is marked to show the changes from the Registration Statement.

Overview, page 1

1. We note your disclosure on page 53 that your "business-to-business" sales are primarily outside of the United States and your disclosure on page 56 that business-to-business sales represented 69% of your 2012 revenue. You also indicate here that approximately 27.6% of your sales are from outside the United States. If so, it appears that a significant portion of your sales, including your sales in the United States, are not derived from the direct-to-consumer model highlighted in this Overview; please revise this

Overview and throughout your prospectus so that your disclosure does not give disproportionate significance to a model relative to its contribution to your business.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the Company's business-to-business revenue constituted 69% of 2012 sales revenue, and not 2012 total revenue. Additionally, the Company has revised page 1 of the Registration Statement to disclose its direct-to-consumer and business-to-business sales both in aggregate dollars and as a percentage of total revenue for our last full fiscal year.

Our Market, page 2

2. Please expand your response to prior comment 6 to tell us how you determined which numbers to include in the numerator and which numbers to include in the denominator when calculating the 66% that you disclose in his section. Also, we understand that you intend to revise the third paragraph of this section, and we may have further comment after you file the revisions.

Response: The Company respectfully acknowledges the Staff's comment and, with this letter, will supplementally provide the Staff with clarification regarding the calculation. Additionally, the Company has revised its disclosure on pages 2 and 79 of the Registration Statement to clarify that regardless of whether patients are using portable oxygen concentrators or other ambulatory oxygen therapies such as the delivery model, ambulatory patients live longer and spend fewer days in the hospital than non-ambulatory patients.

Our Solution, page 3

3. Refer to your last bullet point on page 3. Please clarify against what you are comparing the compressor life of your product.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on page 3 of the Registration Statement to further clarify the benefits of our Inogen One solutions.

Cost-efficient model, page 4

4. Please provide us support for the estimated range you disclosed in response to prior comment 36. Also, with a view toward clarification of your cost-efficiency, please show us your calculations of the cost of your model using the number of system sales and patients that you disclose on page 54 and the cost of revenue and other expenses shown in your financial statements.

Response: The Company respectfully acknowledges the Staff's comment has revised its disclosure on pages 4 and 84 of the Registration Statement. Additionally, the Company will supplementally provide the Staff support for its calculations contained in this section.

Patient-friendly, page 4

5. Please provide us support for you claims in this section.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on pages 4 and 86 of the Registration Statement. The Company believes that its technology is differentiated as compared to other portable oxygen concentrators because, based on an exhaustive search and the Company's knowledge of the market, it is not aware of any competing portable oxygen concentrator that incorporates technology that has been clinically validated for nocturnal use.

Balance Sheet Data, page 10

6. We note that you refer to your Preferred Stock Warrant Liability as "Warranty Liability". Please revise to correct.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on page 10 of the Registration Statement.

A significant majority of our customers, page 12

7. We note that the last sentence of your second bullet point regarding the negative effect of the 36-month cap. Based on your response to prior comment 9, it appears that you do not know the portion of your customers approaching that cap. If true, please say so clearly in the risk factor and Management's Discussion and Analysis of Financial Condition and Results of Operations as appropriate.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on pages 12 and 55 of the Registration Statement.

If we modify our FDA cleared devices, page 24

8. We note your response to prior comment 40. If the Inogen One G2 and G3 products represent modifications to the original Inogen One system, please revise the first sentence of this risk factor to clarify.

Response: The Company respectfully acknowledges the Staff's comment and has revised the its disclosure on page 24 of the Registration Statement.

Use of proceeds, page 42

9. We note your response to prior comment 13; however, you should disclose the approximate amount that you currently intend to use for each identified purpose. You may reserve the right to change the use of proceeds as described in Instruction 7 to Regulation S-K Item 504.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on pages 7, 39 and 42 of the Registration Statement.

Management's discussion and analysis, page 52

10. Please provide us the information requested by prior comment 16. Also, please expand your response to that comment to (1) address the margins on the Inogen One G2 and Inogen One G3 and (2) clarify your conclusion in the first clause of your response by providing your analysis of whether the information requested by prior comment 16 would be material to an understanding of your results, such as the acceptance rate of newly introduced products or the extent to which a newly introduced product reduces the sales of an existing product.

Response: The Company respectfully acknowledges the Staff's comment and will provide the requested information to the Staff supplementally. In addition, the Company advises the Staff that we do not believe that the acceptance rate of our Inogen One G3 system versus our Inogen One G2 system is material to an understanding of our sales and rental revenue. If the acceptance rate of our Inogen One G3 system increases, thereby reducing the revenue of our Inogen One G2 system, the Company's total revenue would not be affected because Medicare and private insurance reimbursement rates for our Inogen One G2 system and our Inogen One G3 system rentals are identical. Both Medicare and private insurance reimbursement rates are based on a product coding system, and all portable oxygen concentrators, including Inogen One G2 and Inogen One G3 systems, have the same reimbursement codes, E1390 and E1392. In addition, our Inogen One G2 system and our Inogen One G3 system retail for the same price in direct sales to patients. As a result, the Company does not believe the sales mix between the Inogen One G2 and Inogen One G3 would have a material effect on our sales and rental revenue.

Sales revenue, page 56

11. Please update the penultimate sentence of this paragraph to address the current 9-month period.

Response: The Company respectfully acknowledges the Staff's comment and has revised the disclosure on page 56 of the Registration Statement.

General and Administrative Expenses, pages 59 and 61

12. Please tell us why you believe that it is appropriate to disclose days' sales outstanding on a net accounts receivable basis. Consider the limitations of the ratio given the significant increase in your allowance for doubtful accounts and your consideration of providing additional disclosure to balance the discussion.

Response: The Company respectfully acknowledges the Staff's comment and has revised the Registration Statement on pages 59 and 61 to remove metrics for days' sales outstanding on a gross and net basis.

13. We note your response to prior comment 59. Please revise your MD&A to include a discussion of the significant causes of the increase in your allowance, similar to your response. Please also revise your critical accounting policies to explain the estimates and judgments that affect your determination of the allowance similar to your response.

Response: The Company respectfully acknowledges the Staff's comment and has revised its discussion on pages 59, 74, F-15 and F-46 of the Registration Statement.

Contemporaneous Independent Third-Party Valuations, page 71

14. We note your response to prior comment 27; however, you disclose in this section valuations of your common stock that you attribute to a third party. Therefore, it remains unclear why you have not filed a consent of the third party. Please revise your response to clarify.

Response: The Company respectfully acknowledges the Staff's comment and has filed the requisite consent as Exhibit 23.4 to the Registration Statement.

Business, page 78

15. We note your response to prior comment 28. Please clarify how an acquisition can achieve the goal of allowing you to service patients in a state in compliance with the state's law. Also, please disclose in your prospectus your response to prior comment 28 that Comfort Life had limited activities and few assets other than its active Medicare number.

Response: The Company respectfully advises the Staff that through the acquisition of Breathe Oxygen Services, the Company acquired an accredited Medicare facility and a Medicare license to service patients in Tennessee. The Company has revised its disclosure on pages 52, 63 and 78 of the Registration Statement as requested by the Staff.

16. Please address that part of prior comment 29 that sought information regarding why your stationary products are not described in the Business section of your prospectus or reflected in your graphics and prospectus summary with sufficient prominence relative to their significance to your business. Also, please provide the disclosure required by Regulation S-K Item 101(c)(1)(i).

Response: The Company respectfully acknowledges the Staff's comments and advises the Staff that when deploying the Inogen One portable oxygen concentrators, the Company bills Medicare and other payors for both the stationary oxygen concentrator code (code E1390) and the portable oxygen concentrator code (code E1392), regardless of whether a stationary oxygen concentrator is deployed, when the patient qualifies for both stationary and ambulatory oxygen. To protect the patient from product failure, the Company deploys a stationary oxygen concentrator as a back-up oxygen source. Since the stationary oxygen concentrator is used as a back-up source, it is not billed to the payor or the patient. The stationary oxygen concentrator is depreciated over its expected life and these costs are included in cost of rental revenue. Further, the Company sells a small portion of stationary oxygen concentrators that are manufactured by third parties, but these sales amount to less than 0.5% of total revenue and, are thus, immaterial to the Company's business.

Overview of oxygen therapy market, page 79

17. Please expand your response to prior comment 31 to tell us why you believe your assumptions are sufficiently reliable for the $4 billion figure to be included in your prospectus summary. Also, please tell us (1) how you ensured that the data you used is current, and (2) whether your product can satisfy the oxygen needs of all patients.

Response: The Company respectfully advises the Staff that the Company's assumptions are based on (i) the most current data published by Medicare, and (ii) the Company's belief that the insurance coverage plans of its patients and prospective patients requesting service are representative of the overall oxygen therapy market. The Medicare data used by the Company is widely used and relied upon in the Company's industry. The Company ensured that the Medicare data it used was current by confirming no more recent data had been published by Medicare. Additionally, 2012 Medicare data was recently released and the Company has updated its disclosure on pages 2 and 79 to reflect the 2012 data. The Company has revised its estimated market size to be a range of $3 billion to $4 billion due to our estimate that Medicare patients represent 60% to 65% of all oxygen therapy patients. Given the range of our estimate, we believe it is more appropriate to provide a range of our market size. Additionally, the Company's products are designed to satisfy the needs of more than 95% of oxygen therapy patients.

Clinical validation for nocturnal use, page 83

18. Please provide us your analysis of whether you must file the consent of the authors of the independently commissioned studies that you cite.

Response: The Company respectfully acknowledges the Staff's comment and will file the consent of the authors of the independently commissioned studies in a subsequent amendment to the Registration Statement.

Manufacturing, page 90

19. In an appropriate section of your Business disclosure, please describe the concentrators that you purchase from other manufacturers that you mention in your response to prior comment 63. Include the portion of your business represented from sales

of these products. In this regard, we note your disclosure on page 14 regarding the requirement that you supply respiratory products such as sleep and aerosol therapy. Please tell us whether these are products that you currently manufacture. If not, please tell us whether you have contracts in effect to acquire those products, and the material terms of those contracts, including duration and termination provisions. Also, please tell us the portion of your business represented by these products.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that its respiratory products business is not material, representing less than 0.5% of our revenue. We do not manufacture these products and we acquire them under purchase orders with standard terms that are not material.

Board Composition, page 104

20. We will continue to evaluate your response to prior comment 44 after you file the amended agreement.

Response: The Company respectfully acknowledges the Staff's comment and will file an amendment to Exhibit 4.2 in a subsequent amendment to the Registration Statement.

Compensation Committee Interlocks and Insider Participation, page 107

21. We note your response to prior comment 45; however, your prospectus when filed must address the proper fiscal year – that is currently the fiscal year ended December 31, 2012. Please revise accordingly.

Response: The Company respectfully acknowledges the Staff's comment and has revised the disclosure on page 107 of the Registration Statement.

Certain relationships and related party transactions, page 120

22. We note your response to prior comment 42 and the reference on page 6 of exhibit 10.19 to the licensor receiving proceeds from a liquidation event. Please tell us whether the licensor or an affiliate beneficially owns or owned more than five percent of any class of your voting securities; provide us your analysis of whether the transactions involving the license should be disclosed in this section.

Response: The Company respectfully advises the Staff that the licensor and its affiliates have never owned greater than five percent of any class of the Company's voting securities. As a result, we do not believe that the transactions involving the license should be disclosed in this section.

Shares eligible for future sale, page 133

23. Refer to the first sentence of your response to prior comment 49. Please tell us which section of which exhibit includes the market stand off agreement that binds all shareholders.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that Section 1.13 of the Ninth Amended and Restated Investors' Rights Agreement, previously filed as Exhibit 4.2, Section 15 of the Form of Notice of Grant of Stock Option and Stock Option Agreement under the 2002 Stock Plan, as amended, previously filed as Exhibit 10.3, and Section 4 of the Form of Stock Option Agreement under the 2012 Equity Incentive Plan, previously filed as Exhibit 10.5, contain market standoff provisions. In addition, the Company advises the Staff that approximately 98% of its security holders have signed a lock-up agreement with the underwriters. Any security holder that has not signed a lock-up agreement has signed an agreement that contains a market standoff provision.

Relationships with Underwriters, page 144

24. Refer to your revisions in response to prior comment 51. Please identify which of the "certain" underwriters had relationships with you, and provide more specific information regarding the nature of those relationships.

Response: The Company respectfully acknowledges the Staff's comment and has revised the disclosure on page 144 of the Registration Statement.

Financial Statements

Note 2. Summary of Significant Accounting Policies

Revenue Recognition, page F-11

25. In response to prior comment 9 you told us that the company does not track revenue by patient, including patients approaching the end of the 36-month capped rental period. You note that during any measurement period, large numbers of patients are being added, reaching Medicare rental caps and passing away from chronic disease and the company has imperfect insight into what is happening to patients. In response to prior comment 54, you told us that the company receives communications from the Social Security Administration weekly regarding deceased people and compares the Social Security Administration's listing with its own database to confirm if any patients have passed away. Please tell us the typical time period lag between when the patient dies and when you are notified by the Social Security Administration. Tell us whether you have any other methods of determining that the patient has died. Further, tell us how you determine

the occurrence of other events that necessitate cessation of billing such as a patient that no longer is on your service or no longer needs oxygen.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the typical lag time between the time of a patient's death and when the Social Security Administration notifies the Company is 1 to 3 weeks, depending on when the Social Security Administration is informed of the patient's death. Additionally, the Company may become informed of a patient's death in a variety of other ways, such as through insurance claim denials, notification from the patient's family after dialing the telephone number listed on the device or the Company reaching out to the patient in the normal course of service and determining that the patient has passed away. Of the claims that were submitted for payment for the twelve month period ended December 31, 2012 and the nine month period ended September 30, 2013, the Company received claim denials due to patient death with respect to 0.5% and 0.7% of the claims, respectively, which equates to reductions of $0.2 million and $0.3 million, respectively. The Company accrues for estimated adjustments including due to patient death, at the time that revenue is recognized in the allowance for rental revenue adjustments and write-offs.

In order to determine other events that necessitate cancellation of billing, such as the patient no longer being on our service or the patient no longer needing oxygen therapy, the Company receives communications from the patients, their doctors and/or their new providers. The Company reaches out to patients at least once a quarter to confirm that they are still using their equipment and that their oxygen needs, insurance and doctor have not changed. Patients are also informed upfront and with each monthly invoice to let the Company know if there is a change, and patients regularly call to inform the Company of such changes. If there is a change that requires either increased oxygen flow or cancellation of service, the Company reaches out to the patient's doctor, if applicable and necessary per Medicare guidelines, to receive a new Certificate of Medical Necessity or Discontinuance of Oxygen notification. If the patient chooses to stop using oxygen therapy against their doctor's recommendation, the patient must sign an Against Medical Advice form that notes they are choosing to discontinue oxygen against the recommendation of their doctor. Furthermore, if the patient switches to a new provider, the patient and/or the new therapy provider notifies the Company of the change so that the equipment can be reclaimed and all patient billing privileges can be released.

26. We also note from your response that at the termination of service, the company reclaims the unit and redeploys it to another patient. Giving that the company does not physically visit the patient, please quantify how often you are unable to reclaim the unit.

Response: The Company respectfully advises the Staff that as a percentage of net rental assets (rental assets minus accumulated depreciation), the Company experienced a loss rate of 1.7% for the year ended December 31, 2012 and 1.2% for the nine months ended September 30, 2013. These costs, which include all units lost, stolen, or damaged beyond repair, are included in the cost of rental revenue. While the Company does not physically visit the patient, the Company follows up with a series of phone calls, letters and potential outside collections in order to minimize rental equipment losses.

More specifically, for the year ended December 31, 2012, the Company was unable to reclaim approximately 200 units that had a net book value of $121,000. For the nine months ended September 30, 2013, the Company was unable to reclaim approximately 400 units which had a net book value of $169,000. The quantity and net book value of rental equipment that was lost or stolen in 2011 was insignificant.

As the total number of patients on service significantly grew from 2011 through the end of year 2012, the Company established a reserve for lost or stolen rental assets based on the historical loss rate times the number of patients with whom the Company had lost contact. As of December 31, 2012, the Company booked a reserve for approximately 100 units for a net book value of $76,000. As of September 30, 2013, the Company's reserve included approximately 200 units for a net book value of $174,000.

27. For the last month of each of the quarters in fiscal 2012 and 2013, please show us the total number of patients billed for rental and the total number of units under rental being depreciated.

Response: The Company respectfully acknowledges the Staff's comment and has provided the requested information in the table below. The number of patients billed in a certain month will always be less than the actual units being depreciated since a portion of patients are in a capped status, some rental assets are in-house and are being repaired before they can be re-deployed to rental patients, and also replacement units are sent out to patients in advance of them returning any faulty rental units.

Quarter Ended	# of Patients Billed	Total # of Units Being Depreciated
3/31/2012	8,820	9,158
6/30/2012	10,154	10,512
9/30/2012	11,187	12,166
12/31/2012	12,628	13,162
3/31/2013	14,134	14,814
6/30/2013	16,307	17,478
9/30/2013	17,805	20,309

28. We note your response to prior comment 54. Revise the filing to disclose your policy for deferring monthly revenue when the billing period does not commence on the first day of the month, consistent with the second sentence of your response to prior comment 54.

Response: The Company respectfully acknowledges the Staff's comment and has added additional clarification to our disclosure on pages 66, F-12, and F-43 of the Registration Statement.

29. To help us better evaluate your response to prior comment 54, please address the following:

- **Please summarize for us the terms of your contracts with the customers with whom you place your equipment.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the rental contracts signed by the patients contain the following generally described terms.

Inogen patients/clients have the right to:

- Be fully informed in advance about service/care to be provided, including the disciplines that furnish care and the frequency of visits as well as any modifications to the service/care plan.
- Participate in the development and periodic revision of the plan of service/care.
- Informed consent and refusal of service/care or treatment after the consequences of refusing service/care or treatment are fully presented.
- Be informed in advance of service/care being provided, both orally and in writing, of charges including payment for service/care expected from third parties and any charges for which the client/patient will be responsible.
- Have their property and person treated with respect, consideration and recognition of client/patient dignity and individuality.
- Be able to identify visiting staff members through proper identification.
- Voice grievances/complaints regarding treatment or care and lack of respect of property, or recommend changes in policy, staff or service/care without restraint, interference, coercion, discrimination, or reprisal.
- Have grievances/complaints regarding treatment or care that is (or fails to be) furnished and lack of respect of property investigated.
- Choose a health care provider, change providers at any time, and cancel the contract for convenience without reason.
- Maintain confidentiality and privacy of all information contained in the client/patient record and of Protected Health Information.
- Be advised on agency's policies and procedures regarding the disclosure of clinical records.
- Receive appropriate service/care without discrimination in accordance with physician orders.
- Be informed of any financial benefits when referred to an organization.
- Be fully informed of one's responsibilities.
- Be informed of provider service/care limitations.

Inogen patients/clients are responsible for:

- Notifying the Company of any change of address, phone number, or insurance status.
- Notifying the Company when service or equipment is no longer needed.
- Notifying the Company in a timely manner if extra equipment or services will be needed.
- Participating in the plan of care/treatment.
- Notifying the Company of any change in condition, physician orders, or physician.
- Notifying the Company of an incident involving equipment.
- Meeting the financial obligations of health care as promptly as possible.
- Providing accurate and complete information about present complaints, past illnesses, hospitalizations, medications, and other matters pertinent to their health.
- Damaged equipment due to user neglect or abuse.

Inogen has the right to:

- Terminate services to anyone who knowingly furnishes incorrect information to the Company to secure durable medical equipment.
- To refuse services to anyone under direct care who is threatening, intoxicated by alcohol, drugs and/or chemical substances and/or anyone who could potentially endanger the Company's staff and patients.

The patient also certifies the following:

- The payment of authorized benefits will be made to the Company (assignment of benefits), and the Company will be authorized to directly collect all public and private insurance coverage benefits due for durable medical equipment and supplies ordered by the patient's physician. If benefit payments due to the Company are paid directly to the client, the payee will immediately and without request from the Company, endorse and remit to the Company all benefit payment checks.
- Any holder of medical information about the patient will release to public and private insurance and its agencies any information needed to determine these benefits or the benefits payable for related services.
- The patient understands that their signature requests that payment be made and authorizes release of medical information necessary to pay the claim. If "other insurance" is indicated in item 9 of the CMS-1500 claim form, or elsewhere on the approved claim form or electronically submitted claims, the patient's signature authorizes releasing the information to the insurer or agency listed. In Medicare assigned cases, the supplier agrees to accept the charge of determination of the Medicare carrier as the full charge, and the patient is responsible only for the deductible, coinsurance and non-covered items. Coinsurance and the deductible are based upon the charge determination to the Medicare carrier.
- The patient has received all of the equipment and supplies listed above in excellent condition.
- The patient has been properly instructed on how to use and take care of the equipment and supplies.
- The patient understands that in the event that payment of their co-insurance or deductible amounts are not made by the patient's insurance carrier(s), they will be responsible for reimbursing to the Company any balance owed up to the allowed amount. The monthly balance due may include coinsurance, co-payment, deductible amounts, and payments due for non-covered items provided by the Company. Any such balance is due in full upon receipt of an invoice from the Company. If payment is not issued promptly, the Company may follow its standard collection policy or other applicable pursuits at its discretion.

- The patient authorizes any employee of the Company to contact the patient by the telephone number specified on-file regarding the equipment and supplies the patient has received and to discuss any billing and/or accounts receivable information.

In addition, if the patient is using their Medicare benefits for the oxygen rental, both the Company and the patient must comply with the supplier standards in order to obtain and retain their billing privileges.

The products and/or services provided are subject to the supplier standards contained in the Federal regulations shown at 42 Code of Federal Regulations Section 424.57(c). These standards concern business professional and operational matters (e.g., honoring warranties and hours of operation). The full text of these standards can be obtained at http://ecfr.gpoaccess.gov.

- **Clarify whether you enter into these contracts for a specified rental period of time, for example 36 months, or on a month-to-month/pay-as-you-go basis.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the rental contracts are for a month-to-month basis, for up to 36 months of reimbursement per patient or until the capped rental period has been satisfied. The 36 month period applies to total months paid to all suppliers. For example, if the Company brings a patient on service after another provider has already been paid for 3 months of oxygen services, the Company would only expect to receive up to 33 months of reimbursement for that patient, and then, only if the patient stays on service for the entire period. The patient and its insurance company is only obligated to pay in monthly service increments.

- **Confirm that your contracts are with the patients and not with their insurance companies or Medicare.**

Response: The Company respectfully advises the Staff that the contracts are with the patient and not with their insurance companies or Medicare. Furthermore, after discussing options with their doctors and after reviewing the product/service offerings of various oxygen providers, the patient chooses which supplier will provide their oxygen needs. As with other products/services reimbursable through insurance, the patient agrees to assign their insurance benefits to the Company so that payment is remitted to the Company directly.

30. Further with respect to your response to prior comment 54, please respond to the following:

- **Clearly describe to us your obligations under your contracts with assigned Medicare patients over the contracted rental period.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the obligations to service assigned Medicare patients over the contract rental period include the following:

- The Company must supply working equipment that meets the patients' oxygen needs pursuant to the doctor's prescription and certificate of medical necessity form, including the appropriate oxygen flow rate and an ambulatory solution (tanks, portable oxygen concentrator, liquid oxygen, etc.) if noted by their doctor that the patient will be ambulatory.
- The Company must supply all disposables required for the patient to operate the equipment including cannulas, filters, replacement batteries, carts, and carry bags, as needed.
- If the equipment malfunctions, the Company must repair or replace the equipment with a product that meets the patient's oxygen needs. It is up to the Company to determine what equipment the patient receives as long as the prescription is met. The equipment does not have to be new.
- The Company must procure a recertification certificate of medical necessity in the ninety days preceding the twelve month period after initially receiving oxygen and after all recurring five year periods to confirm the necessity of oxygen for the patient.

- **Clarify for us the period of time for which you are obligated to place the equipment with the assigned Medicare patient, including for example whether the contracts are cancellable by the company or by the patient only, and how long the patient may keep the equipment.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the contracts are cancellable by either the Company or the patient at any time except in the following circumstances:

- The patient wishes to continue on service with the Company and the Company has received reimbursement for the 36th month of service for oxygen. The Company is obligated to service the patient for the capped rental period if the patient does not want to switch providers.

- The Company wishes to cancel service (typically due to an inability to service the specific region where the patient is moving, due to a change in condition that requires a different type of oxygen that the Company does not regularly service, or due to a change in insurance that the Company does not accept), but the patient cannot find another provider to service their oxygen needs.

The patient can keep the equipment for as long as needed but transfer of ownership from the Company to the patient never occurs. However, the Company's obligation to service the patient's equipment ends at the end of the five year period. If a failure occurs or maintenance is required after the five year period, the patient must pay a repair fee or exercise their option to restart the capped rental period. In the Company's past experience, the large majority of patients who have reached the end of the five year period have chosen to restart the capped rental period.

- **Describe your responsibility for servicing the equipment and providing routine maintenance, if necessary, over the contracted rental period, about any required communications with the patient, and about any obligations to provide accessories or other supplies.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the provider is responsible for servicing the equipment and providing routine maintenance, if necessary, over the contracted rental period. The patient is also responsible for a portion of the routine maintenance, like cleaning filters and changing cannulas. However, it is the Company's experience that servicing and maintenance expenses are minimal in years four and five due to the low annual maintenance costs during the expected product life (due to product design) and also the number of patients who pass away before the capped period begins. The average rental period of patients no longer on service (due to death, change in condition, or change in provider) is 11 months. The average rental period of current rental patients placed on service between 2009 and 2012 is two years. The provider is required to communicate with the patient to confirm that the patient's oxygen needs are being met, the device is in working order (including the necessary accessories such as batteries and carts/carry bags), that the patient has the needed disposables, and that the patient has seen their doctor who prescribed the oxygen within in the last twelve months. Additionally, Medicare will pay for a maintenance and service visit not more than once every 6 months, beginning 6 months following the end of the 36 month reimbursement period. A provider must actually make a visit to bill the service, and the Company does not currently perform in-house maintenance and service. Instead, the product is returned to one of our locations for servicing. As a result, we do not currently bill for such services.

- **Revise the filing to ensure that your disclosure is clear regarding the terms of your sales and your obligations thereunder.**

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on page 55 of the Registration Statement.

31. We note the following from the Medicare.gov website indicating that "Medicare pays suppliers a monthly fee for providing all medically necessary oxygen and oxygen equipment, including accessories and supplies like tubing or a mouthpiece. After 36 months of continuous use, Medicare stops making rental payments for the oxygen equipment, but, in almost all circumstances, the patients continue to get the oxygen equipment, accessories, and supplies from the same supplier with no rental charge until the end of the reasonable useful lifetime of the oxygen equipment (generally 5 years after the date that the equipment was delivered to you). We also note the discussion on page 55 relating to Medicare reimbursements. Please explain to us how your revenue recognition policy for rental equipment reflects the possible placement of your equipment with assigned Medicare patients for an additional 24 months beyond the 36 months over which you receive payments from Medicare.

Response: The Company respectfully acknowledges the Staff's comments and advises the Staff that the Company considered the following when determining its revenue recognition accounting policy:

- FASB codification 840-20-25-1.
- The average life expectancy of oxygen patients, which is less than 3 years.
- The majority of our patients are not newly prescribed oxygen, which means that they may have already partially used their Medicare benefits and also are further along in their disease progression.
- Month-to-month nature of the lease agreement for the first 36 months.
- The average rental period of patients no longer on service (due to death, change in condition, or change in provider) is 11 months.
- The average rental period of current patients placed on service between 2009 and 2012 is two years.
- The percentage of current patients in the 37 to 60 month gap period, which the Company believes is less than 10 percent due to the difference between patients billed and depreciated in the appropriate period.

Based on the above considerations, less than 10% of the patients would be on the Company's service during months 37 to 60. As described in response #30 above the incremental cost to the Company is not considered to be material. Therefore, revenue is recognized on a month-to-month basis due to the operating lease having only a 30-day non-cancelable term.

32. Discuss for us the underlying accounting literature and how you applied that literature to your facts and circumstances in determining that your rental contracts are operating leases.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the Company believes it is within the leasing guidance since it has considered the lease classification criteria in FASB codification 840-10-25-1 and concluded its rental contracts are operating leases. Below is a discussion of the Company's facts and circumstances and how they were applied to codification 840-10-25-1:

The Company's facts and circumstances:

(1) The Company's title of ownership does not transfer at, or shortly after, the end of the lease term to the patient. Rather, the equipment is owned by the Company until it is returned to one of the Company's factories, repaired and sold at used equipment fair market value.

(2) The lease agreement between the Company and rental patients does not contain a bargain purchase option.

(3) Since the lease term for accounting purposes is 30 days (see additional discussion below), the Company does not consider the bargain renewal option in the lease term as its exercise is not reasonably assured at lease inception.

(4) The contract may be cancelled at any time by the lessee without penalty. Accordingly, the present value of minimum lease payments is one month's rental revenue, which is less than 90 percent of the fair market value of the asset.

- **Tell us how you concluded that the lease term is the 30-day non-cancellable period and discuss your consideration of the definition of lease term in the FASB Master Glossary.**

Response: The Company respectfully advises the Staff that it reviewed the definition of lease term in the FASB Master Glossary and noted that the following periods in the guidance are applicable to the Company's facts and circumstances: fixed non-cancelable lease term and the period covered by a bargain renewal period. The 30-day non-cancelable period represents the month-to-month agreement between the Company and its patients. Please see the response below for further discussion of our consideration of the bargain renewal option in the Company's lease term.

- **Discuss for us your consideration of whether the lessee's option to extend the lease in Medicare rental agreements represents a Bargain Renewal Option as defined in the FASB Master Glossary.**

Response: The Company respectfully advises the Staff that the Company has reviewed the bargain renewal option as defined in the FASB Master Glossary. Please see below for a discussion of the Company's facts and circumstances in relation to the bargain renewal option.

For convenience the Company has reproduced the definitions from FASB Master Glossary:

Lease Term

The fixed noncancelable lease term plus all of the following, except as noted in the following paragraph:

(a) All periods, if any, covered by bargain renewal options,

(b) All periods, if any, for which failure to renew the lease imposes a penalty on the lessee in an amount such that renewal appears, at the inception of the lease, to be reasonably assured,

(c) All periods, if any, covered by ordinary renewal options during which a guarantee by the lessee of the lessor's debt related to the leased property is expected to be in effect,

(d) All periods, if any, covered by ordinary renewal options preceding the date as of which a bargain purchase option is exercisable, and

(e) All periods, if any, representing renewals or extensions of the lease at the lessor's option; however, in no case shall the lease term extend beyond the date a bargain purchase option becomes exercisable.

Noncancelable Lease Term

That portion of the lease term that is cancelable only under any of the following conditions:

a. Upon the occurrence of some remote contingency

b. With the permission of the lessor

c. If the lessee enters into a new lease with the same lessor

d. If the lessee incurs a penalty in such amount that continuation of the lease appears, at inception, reasonably assured.

Bargain Renewal Option

A provision allowing the lessee, at his option, to renew the lease for a rental sufficiently lower than the fair rental of the property at the date the option becomes exercisable that exercise of the option appears, at lease inception, to be reasonably assured. Fair rental of a property in this context shall mean the expected rental for equivalent property under similar terms and conditions.

During the first 36 months that the patient receives oxygen, the patient may terminate the nontransferable rental contract at any time for any reason. This cancelation provision is not based on the occurrence of any contingency, does not need the Company's permission, the patient need not enter into another contract with the Company and there is no penalty or fee charged either to Medicare or the patient for terminating the agreement. Therefore, as per definition, the Noncancelable Lease Term is only one month.

Medicare oxygen rentals are subject to a 36 month payment limit or cap. After the 36 month cap has been reached, neither Medicare, nor the patient, are responsible for making payments to the Company for months 37-60. However, the Company is still required to service and maintain the oxygen equipment after those 36 months for up to the reasonable useful lifetime of 60 months. However, the Company believes that the exercise of the bargain renewal option is not reasonably assured at lease inception. This is supported by discussion previously about average patient life the average rental period of current patient is about two years and the average rental period for patients no longer on service due to death, change in condition or provider is 11 months.

- **Explain to us how you have concluded that the Medicare rental period of 60 months should not be considered in your assessment of the lease term and subject to the straight-line rental income provisions of FASB ASC 840-20-25-1.**

Response: The Company respectfully acknowledges the Staff's comments and advises the Staff that the Company considered the following when determining its revenue recognition accounting policy:

- FASB codification 840-20-25-1.
- The average life expectancy of oxygen patients, which is less than 3 years.
- The majority of our patients are not newly prescribed oxygen, which means that they may have already partially used their Medicare benefits and also are farther along in their disease progression.

- Month-to-month nature of the lease agreement for the first 36 months.
- The average rental period of patients no longer on service (due to death, change in condition, or change in provider) is 11 months.
- The average rental period of current patients placed on service between 2009 and 2012 is two years.
- The estimated percentage of current patients in the 37 to 60 month gap period, which is less than 10 percent due to the difference between patients billed and depreciated in the appropriate periods.

As described in response #30 above, the incremental cost to the Company is not considered to be material. Therefore, revenue in recognized on a month-to-month basis due to the operating lease having only a 30-day non-cancelable term.

- **Tell us how you have determined that the company's continuing obligations under the Medicare rental arrangements during months 37 through 60 are remote.**

Response: The Company respectfully advises the Staff that based on the factors indicated in the Company's response to the previous question, the Company considers it a small and infrequent obligation for a customer to be on service during the gap period. In addition, the costs to service a patient in months 37-60 are insignificant since minimal servicing and repair is needed. As such, expenses associated with maintaining the oxygen equipment are unlikely and insignificant.

- **Provide us with your estimate of the time period of the actual use of your units by patient and the basis for your answer to support your revenue recognition over the 36-month billable period.**

Response: The Company respectfully advises the Staff that the Company reviewed its rental patient listing from inception to the present date and noted that the average rental period for patients who are no longer on service (due to death, change in condition, or change in provider) is 11 months. We also noted the year-to-date average period of rental patients who are currently on service and who were added between 2009 and 2012, is approximately two years. Therefore, based on past experience, the Company believes that it is not typical for patients to use oxygen in excess of three years or 36 months. The Company began renting oxygen concentrators in 2009; however, half of our rental patients were brought onto service in 2013. In calculating average equipment usage life for rental patients currently on service, the Company has excluded new 2013 patients from this computation since including them would significantly reduce the average time period on service.

33. You told us that you recognize the revenue related to the two-year extended warranty for patients by recording 75% of the total in the first year of the extended warranty period and the remaining 25% in the second year. You also noted that the cost of providing the extended warranty service is primarily incurred in year one of the extended warranty period due to patient mortality. Please provide us with the amount of extended warranty revenue recognized for patients and your associated costs for fiscal years 2011, 2012 and the nine months ended September 30, 2013. Discuss and quantify the sufficient historical evidence which indicates that the costs of performing services under the contract are incurred 75% in the first year and 25% in the second year. Refer to FASB ASC 605-20-25-2 through 25-3.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the Company has considered FASB codification 605-20-25-2 and recognizes revenue related to lifetime warranties on a straight-line basis, over years four and five. This change in accounting will not have an effect on our financial statements as no deferred revenue related to lifetime warranties has been recognized to date. The Company also acknowledges that we sell extended warranties to businesses and consumers and we recognize revenue related to these extended warranties on a straight-line basis over the extended warranty period, either one year or two years. In all extended and lifetime warranties, cost of servicing these warranties are included in cost of good sold in the extended warranty period.

The amount of extended warranty revenue and related costs recognized during each of the fiscal years 2011, 2012 and the nine months ended September 30, 2013 was less than $0.05 million, thus immaterial to our financial results.

34. In this regard, you told us that you account for the lifetime warranty as a separate deliverable. Please revise the filing to disclose how you value this element of the arrangement and how you account for the associated revenue. Refer to FASB ASC 605-25-50-2 and SAB Topic 13.B. With respect to the period over which you recognize the lifetime extended warranty revenue, please explain to us how you determined the period.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on page 56 of the Registration Statement. The Company determined that the lifetime warranty should be recognized over years 4 and 5 due to the likelihood of patient death and thus the end of the lifetime warranty period. Chronic obstructive pulmonary disease, COPD, which is the leading diagnosis of our patients' need for oxygen, is a major cause of morbidity and mortality in the United States and is currently the third leading cause of death among Americans. There are a variety of factors that influence a patient's mortality including compliance with oxygen therapy, level of ambulation, diagnosis that led to the need for oxygen therapy, the stage of pulmonary disease and amount of oxygen required, smoking history, the existence of co-morbidities, age, sex, and other risk factors. In addition, when patients decide to buy an Inogen product with a lifetime warranty, they typically have already been on oxygen for a period of time, which can also have a large impact on their life expectancy from the time product is deployed. As a result, the Company estimates that the obligation will occur in years four and five (after the three year standard warranty) based on death rates seen in our rental fleets. We will continue to monitor this estimate over time and adjust as needed.

35. We note a 78% and 89% increase in your warranty accrual during the fiscal year ended December 31, 2012 and nine month period ended September 30, 2013, respectively. We also note that you consider the accrual to be a significant estimate. Please either revise the filing to provide the disclosures required by FASB 460-10-50-8(c) or tell us why you are not required to provide them.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure onpage F-24 and F-54 of the Registration Statement.

36. With respect to your response to prior comment 57 regarding your 30-day free trial period, please specifically address why you believe that there is persuasive evidence of an arrangement since no acceptance has occurred. Tell us why you believe a

sales agreement is in place prior to acceptance by the customer. Explain how you considered Question 1(a) of SAB Topic 13.A.3(b).

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the Company considered Question 1(a) of SAB Topic 13.A.3(b) in determining the appropriate revenue recognition for sales made with a 30-day free trial period before shipment of product. While the Company refers to the period as a 30-day free trial, it is solely done for marketing purposes. In completing a sale, the Company establishes payment terms, collects payment upfront, and ships the requested product to the patient, upon which time, title to the product is also transferred. Customer acceptance provisions within this 30-day trial period grant a right of return on the basis of subjective matters, such as dissatisfaction with the product. In addition, the products sold are standard off the shelf products, not customized products, and the products have a history of meeting the patients' oxygen needs based on the prescription from the patients' physician. Accordingly, the Company believes that the proper interpretation in this case is that the 30-day trial is no different than the general rights of return per FASB ASC Subtopic 605-15, Revenue Recognition – Products, and that the proper accounting methodology is to estimate the future returns prior to the expiration of the return rights and accrue for this as an adjustment against revenue in the current period. The Company has been selling products with a 30-day trial period since 2009. Therefore, the Company has sufficient historical experience to make reasonable estimates of products returned during this 30-day trial period.

As previously noted and in consideration of the appropriate revenue recognition guidelines, the Company recognizes the product returns against the current period's revenue. At each period end, the Company creates an allowance for the estimated returns in the next period associated with this period's shipments based on the past experience of the Company. The actual sales returns as a percentage of direct-to-patient sales were 6.5% for the year ended December 31, 2012 and 7.9% for the nine months ended September 30, 2013.

37. With respect to your response to prior comment 63, you told us that while the Inogen One G2 and G3 portable oxygen concentrators have a 5-year expected life, the related accessories (such as batteries, power supplies, carts, carry bags, etc.) only have a 1.5 year expected life. Since your standard warranty is for three years and you also offer one and two year and lifetime extensions to the standard warranty, please explain your warranty obligations with respect to the accessories. For example, tell us if you are required to replace the battery when it fails after 1.5 years. And further to your response to prior comment 63, please confirm that you depreciate the Inogen One G2 and G3 portable oxygen concentrators over their 5-year expected lives, while you depreciate the related accessories (such as batteries, power supplies, carts, carry bags, etc.) over their 1.5 years expected lives.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the Company's warranty obligations with respect to accessories are limited to 1 year from shipment. If a battery (or other accessory) fails after 1 year, the Company is not obligated to replace it under warranty and the purchaser can buy a replacement battery (or other accessory)

at the then current list price. Moreover, the Company's warranty obligations for accessories are insignificant since the Company has warranties with the accessory manufacturers that are equal to the 1 year warranty given to customers. As failures occur, the Company returns the accessories to the manufacturer for replacements under warranty.

The Inogen One G2 and G3 portable oxygen concentrators are depreciated over their 5 year expected lives. The Inogen One G2 and G3 accessories (such as batteries, power suppliers, carts, carry bags, etc.) are depreciated over their 1.5 year expected lives.

Accounts Receivable and Allowance for Bad Debts, Returns, and Adjustments, page F-15

38. While we note that your response to prior comment 59 cites growth of accounts receivable as a factor in the growth of the dollar amount of your allowance, we note that the percentage of your allowance to accounts receivable increased significantly from 25% as of December 31, 2012 to 29% as of September 30, 2013. Please respond to the following:

- **Please give us a revised rollforward for your allowance for doubtful accounts to show amounts on a gross basis. We note that the current presentation for your allowance for doubtful accounts nets recoveries into your column for additions.**

Response: The Company respectfully acknowledges the Staff's comment and has provided the revised rollforward for its allowance for doubtful accounts to show amounts on a gross basis below (in thousands).

	Balance at Beginning of Period	Additions	Recoveries	Deductions	Balance at End of Period
Year ended December 31, 2011	$ 144	$ 1,026	10	$ 295	$ 865
Year ended December 31, 2012	$ 865	$ 1,074	3	$ 1,194	$ 742
Nine months ended September 30, 2012	$ 865	$ 751	3	$ 226	$ 1,387
Nine months ended September 30, 2013	$ 742	$ 1,357	4	$ 196	$ 1,899

In addition, the Company respectfully notes that the growth in the percentage of the sum of all allowances against accounts receivables to the gross accounts receivables balance increased significantly from 23% (not 25%) as of December 31, 2012 to 29% as of September 30, 2013. A breakdown by reserve type which clearly highlights that the increased allowance in this timeframe was the allowance for doubtful accounts is directly below.

Percentage of Allowance to Accounts Receivable	12/31/2012	9/30/2013
Bad Debt Reserve	8%	14%
Rental Adjustments/Write-offs Reserve	14%	14%
Direct to Consumer Sales Returns Reserve	1%	1%
Total Percentage of Allowance to Accounts Receivable	23%	29%

- **Please provide us with an aging of your accounts receivable as of December 31, 2012 and September 30, 2013. If possible, provide a separate aging for each group (for example, rental accounts receivable).**

Response: The Company respectfully acknowledges the Staff's comment and has provided the requested information below (in thousands).

			Past Due					
As of 12/31/2012	Total	Current	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-360 Days	360+ Days
Sales Accounts Receivables	$ 1,738	$1,255	$ 421	$ 12	$ (0)	$ 17	$ 1	$ 33
Rental Accounts Receivables	6,391	1,849	1,105	567	529	1,092	1,056	193
Total Accounts Receivables	$ 8,129	$3,105	$1,527	$ 578	$529	$1,108	$1,057	$ 226
Unbilled Accounts Receivables	963							
Gross Accounts Receivables	$ 9,092							

			Past Due					
As of 9/30/2013	Total	Current	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-360 Days	360+ Days
Sales Accounts Receivables	$ 2,929	$1,758	$ 760	$ 343	$ (6)	$ 36	$ 13	$ 26
Rental Accounts Receivables	9,447	2,583	1,004	695	675	1,627	1,827	1,036
Total Accounts Receivables	$12,376	$4,341	$1,764	$1,038	$669	$1,663	$1,839	$1,062
Unbilled Accounts Receivables	1,221							
Gross Accounts Receivables	$13,597							

- **You told us that the current estimates for allowances required for rental adjustments has grown due to balances not being applied against the reserve.**

- **Please explain further what you mean by this statement and why you believe your current balance in the allowance account is appropriate and not overstated.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the comment made in its prior response to comment 59 was incorrect in this regard. The Company believes its estimates for allowances are appropriate and not overstated because the reserves in absolute dollars have grown since a large portion of the aged amounts have not yet been written off of the aging. As shown in the table above, the bad debt reserve as a percentage of total gross accounts receivable makes up the largest portion of the increase of the Company's total allowance as a percentage of gross accounts receivable from December 31, 2012 to September 30, 2013. See further discussion below regarding the significant causes for the increase in the allowance for doubtful accounts as a percentage of gross receivables as well as the measures that the Company has put in place in order to ensure that this trend will not continue.

- **Show us a revised rollforward schedule that reflects all of the rental adjustments made by the company, regardless of whether they were properly applied against the allowance.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that the actual rental adjustments made by the Company were already provided in the "Deductions" column of the rollforward of allowances that was provided in the response to prior comment 59. Therefore, a revised rollforward is not necessary since it will show the same result as the original rollforward.

- **Please explain why there has been an increase in your allowances for rental adjustments due to increased write offs of past due patient balances. Tell us the significant causes of the write offs. Tell us the nature of the significant reasons for the insurance denials.**

Response: The Company respectfully advises the Staff that the increase in write offs due to patient balances actually refers to the Company's allowance for doubtful accounts and not the allowances for rental adjustments. These amounts have aged considerably as shown in the summary rental aging provided above. The sheer volume of the receivables for patient balances has grown significantly from December 31, 2012 to September 30, 2013 which has made collection of these smaller balances much more difficult. However, significant internal resources, including outsourced collection activities, have been allocated to the account review, collection and write off activities, as necessary. Consequently, the Company should see a decrease in both the absolute dollar value of the allowance for doubtful accounts as well as the percentage of gross accounts receivable.

The Company respectfully advises the Staff that the increase in insurance denials, which affect the allowance for rental adjustments, has increased due to higher volumes of CMN (certificate of medical necessity) related denials, claims under audit, or instances in which the patient has switched insurance carriers without informing the Company. Typically the CMN related denials require administrative corrections to the billing system and/or documentation on

file before they can be appealed. However, this also significantly increases the time to collect from Medicare and other third party payors as these collections take at least 60 days from the invoice date and typically between 120 -150 days from the invoice date. Initial claims must be submitted within one year of the date of service and appeal claims must be submitted within 120 days of claim denial. Otherwise, the Company will likely receive a timely filing denial and write off the balances owed. The Company takes these factors into consideration when determining the proper amount of revenue to recognize and in calculating its reserve for rental adjustments that are associated with these insurance denials.

- **During the three months ended December 31, 2012, we note a $968,000 increase in "deductions" from the allowance for doubtful accounts. Please tell us the significant reasons for this increase.**

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that in the fourth quarter of 2012, the Company wrote off a large balance on a single customer for which the Company had reserved the entire amount of approximately $780,000. The Company and its legal advisors had exhausted all of its efforts to collect from the now defunct company and wrote off the remaining outstanding balance in the fourth quarter of 2012.

39. Please tell us why the company believes that it can make reasonable estimates of the allowance using historical trends given the rapidly increasing rate of reserves. Tell us what steps the company performs prior to the delivery of equipment to customers to ensure collection is reasonably assured. Also tell us the typical period of your billing delays. Tell us whether, in the event that a third-party payor does not accept the claim, the customer is ultimately responsible for payment for the products or services.

Response: The Company respectfully advises the Staff that the allowance estimates are based on historical data related to the age and composition of the receivables (bad debt allowance), sales volume of generally prepaid direct-to-patient sales (returns reserve) and a percentage of current rental revenue less actual amounts written off (allowance for rental adjustments). In the first case, the Company bases the collectability of its accounts receivable on the age and composition of its outstanding receivables. Over the course of the past year and a half, the Company's past due rental aging increase has been primarily due to the growth of the rental business as well as insufficient collection efforts by the Company's billing department. As a result of a recent personnel restructure in the department, the Company anticipates this trend to cease and then begin to reverse. However, the Company may not see a decrease in the percentage of gross accounts receivable until the end of the first quarter of 2014. In the second case, our direct-to-patient sales are primarily prepaid; therefore, any dollar value increase in the reserve will have a disproportionate effect on the reserve as a percentage of accounts receivable since there are virtually no accounts receivable for direct-to-patient sales.

Lastly, the calculation for the allowance of rental adjustments is based on the current period's revenue billings, less actual amounts written off during the period. If there is a delay in the actual write-offs and adjustments from the reserve, the allowance could possibly grow at a slower rate than the amount of additions to the reserve, which would result in an increase in the absolute dollar amount, and also an increase in the reserve as a percentage of net or gross accounts receivable balances. As such, the Company is confident that its estimates currently reflect historical data.

Prior to the delivery of equipment to a rental customer, our in-house sales representatives obtain extensive documentation from the patient, their physician and insurance company. The Company does not deploy a rental unit unless collection of rental income is reasonably assured. The patient receives an estimate of what their insurance will pay and the estimated patient responsibility. The patient confirms that they will be able to pay the balances owed and that they understand that they are responsible for the entire balance if their insurance does not pay. If the patient informs the Company that they cannot pay, the Company evaluates the patient to see if they meet our criteria for financial hardship, which includes income verification. If they qualify for financial hardship, no revenue is recognized for the patient responsibility. If they do not qualify and refuse to pay the patient balance, they are not brought onto our rental service. The typical period of billing delays varies by the type of delay. Denied claims can face a delay of up to 120 days depending on when responses to the first level of appeal are received. Moreover, all future claims for that patient are put on hold until the denial is resolved. The unbilled revenue is accrued based on management's estimates of collectability taking into consideration age, reason on hold, and historical trends. The allowance estimates are based on historical trends of accounts receivables of billed items. Billing delays affect the collectability of the unbilled amounts and are also subject to timely filing deadlines which are typically one year from the date of service.

In the event that a third-party payor does not accept the claim for payment, the consumer is ultimately responsible for payment for the products and services. The Company has determined that the balances are collectable at the time of revenue recognition because the patient signs a notice of financial responsibility outlining their obligations.

40. Further, in response to prior comment 54, you told us that you recognize revenue at the full estimated fee and that transfers to secondary insurance and patient responsibility have no net effect on revenue. Please explain further what you mean by this statement. Tell us whether the company establishes an allowance to account for sales adjustments that result from differences between the payment amount received and the expected realizable amount. That is, tell us whether net revenues are recorded at net realizable amounts estimated to be paid by patients and third-party payors.

Response: The Company respectfully advises the Staff that at the time of the initial billing to the primary payor, the net realizable value of the full amount of the allowable revenue (primary and secondary billings, less estimated adjustments) is recognized. The primary payor reviews the claim for accuracy and coverage, and then depending on the patient's plan design, pays all or a portion of the billed amount. For example, Medicare typically pays 80% of the billed allowable rates and the patient or their secondary insurance provider is responsible for the

additional 20% co-insurance balance as well as an annual deductible. If there is an amount that is considered by the primary payor to be the responsibility of the patient or another insurance plan (considered to be the secondary portion), the Company transfers the accounts receivable balance to the appropriate payor or patient responsibility with no impact on revenue. A difference in allowable rates from a primary payor to a secondary payor is considered a contractual adjustment which is accrued for when revenue is recognized. The Company has established an allowance for rental revenue adjustments (see comment 38 above) that result from various reasons including differences between the payment amount received and the allowable amount billed. Net rental revenue is recorded at net realizable amounts estimated to be paid by both the third-party payors and patients for services received.

Concentration of Customers and Vendors, page F-15

41. We note your disclosure with respect to Medicare. Please tell us how you considered FASB ASC 280-10-50-42 which states that you should consider a group of entities under common control as a single customer (for example, the federal government). This comment also applies to your interim information.

Response: The Company respectfully advises the Staff that the Company has considered FASB codification 280-10-50-42 and examined its reliance on major customers, which are defined as any single customer who provides 10 percent or more of total revenue. The Company notes that the service reimbursement programs of Medicare amount to a group of entities under the common control of the federal government and that they provide revenue in excess of 10 percent of total revenue. Therefore, the Company believes Medicare should be treated as a single customer and has expanded the disclosure on customer concentration in the Registration Statement on pages F-15 and F-46 accordingly.

Property and Equipment, page F-16

42. We did not see where your disclosure on page F-17 responded to prior comment 64. Please disclose the amount of accumulated depreciation of your rental assets as of December 31, 2012 consistent with FASB ASC 840-20-50-4(a).

Response: The Company respectfully acknowledges the Staff's comment and has made the necessary changes on pages F-17 and F-48 in the Registration Statement.

Note 7. Convertible Preferred Stock, page F-25

43. Please revise your disclosure similar to your response to prior comment 65 to explain why you have assumed that it is probable that the preferred stock will convert to common stock upon the closing of the underwritten initial public offering.

Response: The Company respectfully acknowledges the Staff's comment and has revised its disclosure on page F-26 of the Registration Statement.

Exhibits, page II-4

44. We may have further comment when you file the exhibits mentioned in response to prior comments 69 and 70. Also, please file exhibit A missing from exhibit 10.10, the Management Carve-Out Bonus Award Agreement mentioned in exhibit 10.11, and the attachments missing from exhibit 10. 19.

Response: The Company respectfully acknowledges the Staff's comment and advises the Staff that it has filed Exhibit A to Exhibits 10.10 - 10.14 and the attachments to Exhibit 10.19. We will file the Management Carve-Out Bonus Award Agreements in a subsequent amendment to the Registration Statement.

Exhibit 23.1, page II-5

45. Please have BDO USA, LLP revise their consent to refer to the dual dating of their report.

Response: The Company respectfully acknowledges the Staff's comment and BDO USA, LLP has revised its consent in Exhibit 23.1 of the Registration Statement.

If you require any additional information on these issues, or if we can provide you with any other information that will facilitate your continued review of this filing, please advise us at your earliest convenience. You may reach me at (858) 350-2393 or Martin J. Waters at (858) 350-2308.

Sincerely,

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

Daniel R. Koeppen

cc: Alison Bauerlein, Inogen, Inc.
Raymond Huggenberger, Inogen, Inc.
Martin J. Waters, Wilson Sonsini Goodrich & Rosati, P.C.
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