



**Quarterly
Review of the
Medical
Technology
Industry
(MedTech)**

Q2 2013



Mergers & Acquisitions

Custom Capital Solutions

Corporate Finance Advisory

Member: FINRA/SIPC



About Navidar

Navidar is an **investment banking firm**, providing companies and investors, in dynamic industries with **strategic M&A advice, capital raising solutions**, vital insights and breakthrough opportunities.

- Big Firm Experience Combined with Senior Banker Attention
- Global Relationships With Top Tier Investors and World-Leading Companies
- Greater Creativity & Customized Solutions
- Focused on Middle Corridor of the United States

Navidar's Differentiation

December 2012



Has been acquired by



Sellside Advisor

- *“Navidar consistently provided sound, unbiased advice and we felt that they always put Techniks’ interests ahead of their own,”*
John Stagge, Co-President of Techniks

October 2011



Has been acquired by



Sellside Advisor

- *“Senior banker attention led to a creative deal structure which resulted in a better outcome for our shareholders.”*
Joel Haspel, Founder and CEO of Sentient Health

October 2012



Has been acquired by



Sellside Advisor

- *“Navidar’s global reach, understanding of current technology trends, and ability to navigate complex deal issues really sets them apart from the competition,”*
Eric Tobias, CEO of iGoDigital

July 2011



Has been acquired by

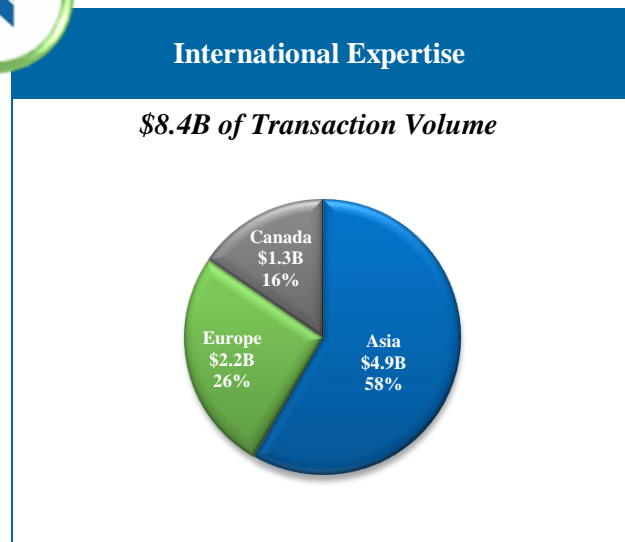
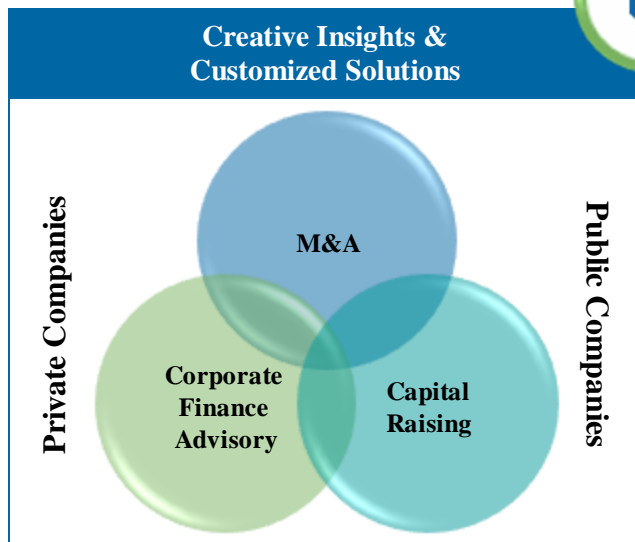
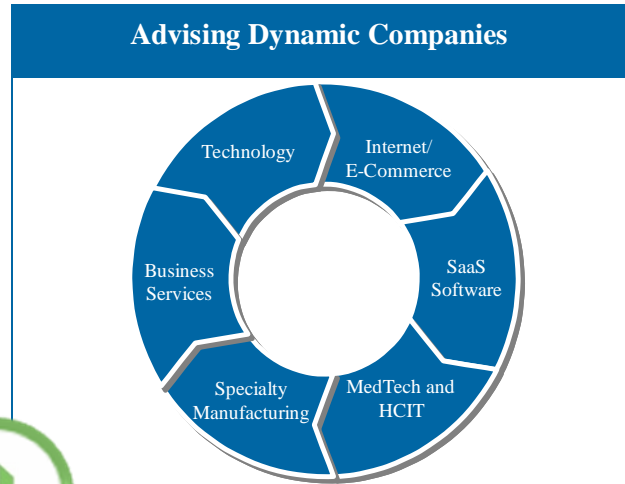


Sellside Advisor

- *“Navidar’s ability to quickly understand our business and its drivers, deal-savvy banking team and global reach set them apart,”*
Chris Welsh, General Manager, MWM Acoustics



Navidar at a Glance



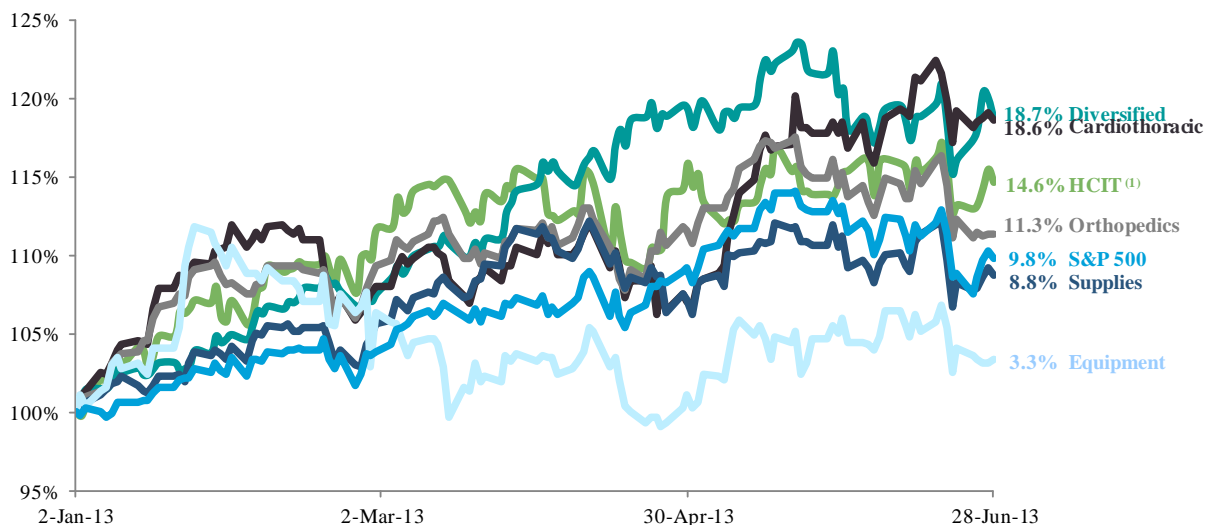
Contact Us

Austin Office	New York Office	Indianapolis Office	Minneapolis Office
400 W. 15 th Street, Suite 325 Austin, TX 78701	1350 Avenue of the Americas, 2nd Floor New York, NY 10019	11711 N. Meridian Street, Suite 325 Carmel, IN 46032	120 Sixth Street South, Suite 1200 Minneapolis, MN 55402
(T) 512-765-6970	(T) 212-994-7500	(T) 317-559-3910	(T) 612-314-0010
Stephen Day <i>Managing Principal</i>	Tim Walsh <i>Managing Principal</i>	Christopher Day <i>Managing Principal</i>	Steve Schmidt <i>Managing Director</i>



Q2 2013 Medical Technology Sector Review

Relative Share Price Performance - YTD



MedTech Sector Share Price Performance

Sub-Sector	Last Quarter	YTD Return
Diversified	3.6%	18.7%
Cardiothoracic	7.5%	18.6%
HCIT ⁽¹⁾	(0.2%)	14.6%
Orthopedics	(0.4%)	11.3%
S&P 500 Index	2.8%	9.8%
Supplies	(2.4%)	8.8%
Equipment	0.2%	3.3%

Before millions of Americans gain access to health insurance in 2014, the Medical Technology industry is focusing on increasing efficiencies, developing new business models, and improving patient outcomes.

- Technology is giving rise to new therapies that address a greater number of ailments, aid in early diagnosis, and increase prevention.
- Minimally invasive surgery, spinal products, and sport medicine solutions are attractive growth opportunities.
- Innovations in trauma, extremities, and orthobiologics have been the largest contributors of growth in medical devices.
- Healthcare exchanges shift spending power to consumers, forcing the industry to compete in a “retail” environment.

Top 5 Global M&A Deals in Q2 By Size

Date	Buyer	Target	Deal Value (\$M)
5/27/2013	VALEANT Pharmaceuticals International	BAUSCH+LOMB	8,775
4/29/2013	Bayer HealthCare	Conceptus Inc.	1,165
4/4/2013	Mitsui Chemicals	Heraeus Kulzer (Dental Div.)	579
6/19/2013	MicroPort	WRIGHT. (OrthoRecon Bus.)	290
6/28/2013	Boston Scientific (EP Technologies)	BARD ELECTROPHYSIOLOGY	275

Growth drivers in the MedTech industry include the shifting in demographics, adoption of Cloud Health Records, new disease definitions, and increasing use of mHealth and Big Data.

- The U.S. Census Bureau predicts that 28% of the total U.S. population will turn 65 between 2013-2020, which will drive additional demand for medical services.
- Consumer expectations for access to improved healthcare services is increasing in developed and developing nations.
- mHealth platforms and Big Data analytics allow for time-sensitive data to be widely communicated and actionable.

Growth in R&D spending to accelerate innovation is resulting in MedTech firms having to raise additional capital.

- Medical Device industry continues to garner the largest share of healthcare venture capital, nearly 42% in the last quarter.
- Acquisitions are replacing R&D as a source of innovation for large MedTech acquirers.

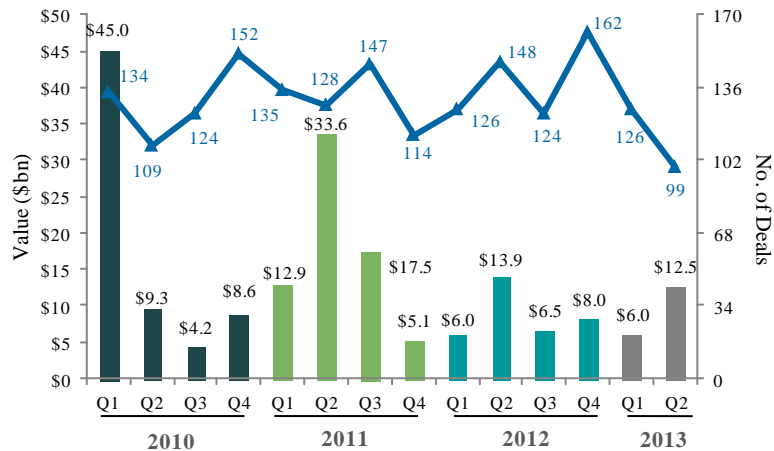
Source: CapitalIQ, Industry Research, Online Publications, and Navidar Research.

(1) HCIT = Healthcare Information Technology.



Medical Technology Sector M&A Review

Global MedTech M&A Deals — Since 2010

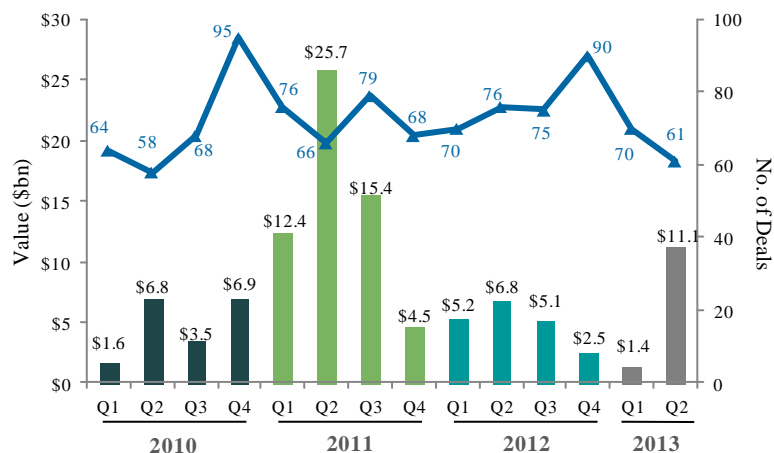


Commentary

Despite a drop in global M&A deal volume, Q2 2013 experienced the highest quarterly transaction value over the last 12 months.

- Global transaction volume decreased 33% in Q2 2013, as compared to Q2 2012, from 148 to 99 acquisitions. Deal value fell 11%, from \$13.9 billion in Q2 2012 to \$12.5 billion last quarter, but rose 108% from \$6.0 billion in Q1 2013.

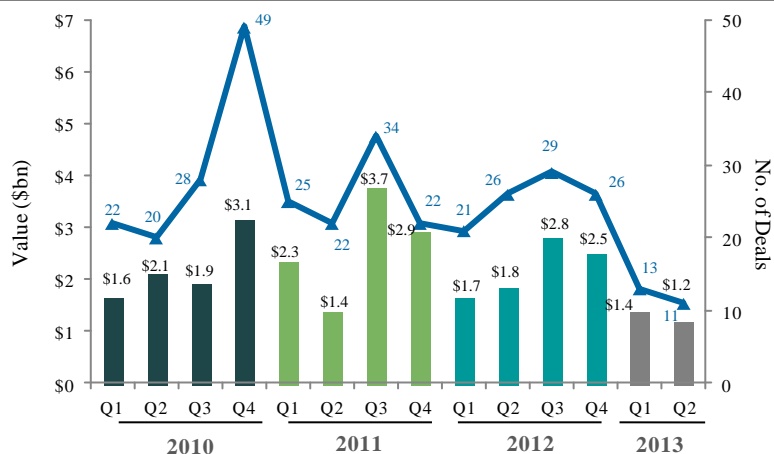
U.S. MedTech M&A Deals — Since 2010



U.S. transaction value in Q2 2013 was at its peak over the past 18 months.

- U.S. transaction volume decreased 20% in Q2 2013, as compared to Q2 2012, from 76 to 61 acquisitions. Deal value grew by 63% over the same time period, from \$6.8 billion to \$11.1 billion.
 - The increase in U.S. deal value was largely attributable to the \$8.7 billion acquisition of Bausch and Lomb by Valeant Pharmaceutical.

U.S. MedTech Middle Market M&A Deals — Since 2010⁽¹⁾



U.S. Middle Market transaction activity remains in a downward trend since Q3 2012.

- Transaction volume decreased 57% in Q2 2013, compared to Q2 2012, from 26 to 11 acquisitions. Deal value fell 33%, from \$1.8 billion to \$1.2 billion.
- Many analysts expect a resurgence of acquisition activity in the 2H of 2013, as MedTech M&A tends to be driven by positive demographic trends and product innovation, rather than by economic cycles.

Source: CapitalIQ, Navidar Research, and Industry Research.
 (1) Less than \$500M of transaction value.



Medical Technology Sector M&A Review (Cont.)

Top 10 MedTech M&A Transactions in Q2 2013

Announced Date	Buyer	Target	Trn. Value (\$USDmm)	LTM EV/Rev. (x)	LTM EV/EBITDA (x)
6/28/2013	EP Technologies (US)	Bard Electrophysiology (US)	275.0	2.5x	NA
6/19/2013	Microport Medical (Netherlands)	Wright Medical Grp. OrthoRecon Bus. (US)	290.0	1.1x	NA
6/12/2013	RTI Biologics (US)	Pioneer Surgical Technology (US)	130.0	NA	NA
6/12/2013	Mindray Medical Int. (China)	ZONARE Medical Systems (US)	105.0	1.6x	NA
5/27/2013	Valeant Pharmaceuticals Int. (US)	Bausch & Lomb Holdings (US)	8,775.0	2.8x	14.6x
5/23/2013	BTG plc (UK)	Nordion , Targeted Therapies Div. (Canada)	200.0	4.2x	NA
4/29/2013	Bayer HealthCare (US)	Conceptus (US).	1,165.1	7.5x	36.6x
4/29/2013	Qiagen NV (Netherlands)	Ingenuity Systems (US)	109.4	5.5x	NA
4/26/2013	Chindex Medical (Hong Kong)	Alma Lasers (Israel)	240.0	NA	NA
4/4/2013	Mitsui Chemicals (Japan)	Heraeus Kulzer (Germany)	578.8	1.3x	NA

U.S. MedTech M&A Deal Volume by Size

\$ in millions except #	Q2 2012		Q2 2013		Q1 2013	
	Number of deals	Total deal value	Number of deals	Total deal value	Number of deals	Total deal value
< \$50M	15	\$135	3	\$26	8	\$158
\$50M to \$100M	5	361	3	255	2	178
\$100M to \$250M	4	653	3	344	-	-
\$250M to \$500M	2	673	2	565	3	1,042
\$500M to \$1000M	1	730	-	-	-	-
>\$1B	1	4,204	2	9,940	-	-
Undisclosed	48	-	48	-	57	-
Grand Total	76	\$6,757	61	\$11,130	70	\$1,377

Source: CapitalIQ and Industry Research.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



Medical Technology Sector M&A Review (Cont.)

Selected HCIT M&A Transactions in Q2 2013

Qiagen Acquired Ingenuity Systems for \$109M EV.

- Acquisition allows Qiagen to further expand into genetic sequencing technology.
- Improves Qiagen's molecular diagnostics capabilities to interpret biological information.
- Highly complementary, as Qiagen develops genetic sequencing devices and Ingenuity makes software that helps researchers analyze genetic data.

Ingenuity, based in Redwood City, CA, provides information solutions and services for life science researchers in the United States and internationally. Ingenuity has a number of new product innovations, including its Ingenuity Knowledge Base database, which organizes data around genetic variations in human diseases. In addition, Ingenuity's software helps guide clinical trials and medical treatment decisions. Ingenuity reported 2012 net revenues of approximately \$20 million, and recently raised \$15.4 million of growth capital from investors including Accel Partners, Industry Ventures, QuestMark Partners, Rho Ventures, and Three Arch Partners.

Instem acquired Logos Holdings for \$7.7M EV.

- Acquisition helps Instem move into the early phase clinical market and provides greater access to clinical data to both healthy and patient populations.
- Further advances Instem's strategy of developing translational informatics technologies.

Logos Holdings, based in London, operates as a healthcare technology company that offers server-based electronic data capture (EDC) solutions and related value-added services. The deal is structured to include an upfront cash consideration of £550,000 (~\$820,000) and a performance-based earn-out of £4.5million (~\$6.7 million).

Harris Computer Systems acquired QuadraMed. Valuation was not disclosed.

- With the acquisition, Harris bolsters its healthcare business product portfolio, adds many blue-chip clients, and obtains a platform for entry into the U.S. HCIT market.

QuadraMed, based in Reston, VA, is a provider of mission-critical IT solutions for the healthcare information technology market (HCIT). It specializes in electronic document management as a repository for downloaded and scanned documents, which assists healthcare providers in improving productivity, ensuring regulatory and legal compliance, and enhancing the quality of patient care and safety. Prior to the acquisition, QuadraMed was a portfolio company of Francisco Partners, and as a part of Harris, will continue to be operated as a stand-alone business.

IMS Health acquired Incential Software. Valuation was not disclosed.

- Expands IMS Health's portfolio of SaaS solutions, which enable it to transform commercial client models to meet the changing demands in the marketplace and enhance ROI.

Incential, based in Raleigh, N.C., is an industry leading SaaS provider of sales performance management optimization tools to pharmaceutical, biotech, and medical device companies. The Company's suite of incentive compensation, and business intelligence products, combined with its extensive life sciences consulting experience, provide the healthcare industry with solutions to drive sales performance.

*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research, and Navidar Research.
Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)
and NTM = Next Twelve Months.*



Medical Technology Sector M&A Review (Cont.)

Selected Medical Device M&A Transactions in Q2 2013

Vertical Health acquired Mobile Health Interventions. Valuation was not disclosed.

- **This acquisition will help Vertical Health introduce tailored, interactive programs that integrate online content and user-completed assessments with personalized messaging to improve outcomes for a variety of chronic medical conditions.**

Mobile Health Interventions, based in New York, provides a mobile health intervention platform that allows individuals, academic institutions, and industries to create comprehensive health interventions. The Company's mobile health interventions integrate online assessments and content, text messages, and interactive voice recordings.

Valeant Pharmaceuticals International acquired Bausch & Lomb for \$8.7B EV.

- **Acquisition enables Valeant to capture the growing global demand for eye care solutions generated by an aging population and rising rates of diabetes.**
- **Valeant is aiming to strengthen its dermatology, OTC, and branded generics drugs businesses.**

Headquartered in Rochester, NY, Bausch & Lomb engages in development, manufacturing, and marketing of eye health products. Its core businesses include ophthalmic pharmaceuticals, contact lenses and lens care products, and ophthalmic surgical devices and instruments. Out of the total cash consideration of \$8.7 billion, Valeant will pay approximately \$4.5 billion to an investor group led by Warburg Pincus, and approximately \$4.2 billion will be used to repay Bausch & Lomb's outstanding debt.

Bayer acquired Conceptus for \$1.2B EV, which implied 6.9x NTM revenue and 30.7x NTM EBITDA.

- **Acquisition will broaden Bayer's portfolio of contraceptive products, allowing it to offer short-term, long-term, and permanent contraception options.**

Headquartered in Mountain View, CA, Conceptus designs, develops, and markets minimally invasive devices for reproductive medical applications primarily in the U.S., France, and Europe. The Company's primary offering is the Essure system, a permanent birth control system that delivers an insert into a woman's fallopian tubes. Bayer successfully completed a public tender offer, acquiring approximately 96.4% of the outstanding shares of Conceptus.

Mitsui Chemicals acquired Heraeus Kulzer for \$579M EV.

- **Mitsui Chemicals is strategically targeting the emerging healthcare market and intends for Heraeus to serve as the cornerstone of its efforts in the international dental business.**

Heraeus Kulzer, based in Germany, provides prosthetics and systems for the conservation and restoration of natural teeth. Its Dental Materials and Digital Services divisions supply dentists and dental technicians with an extensive product range, covering cosmetic dentistry, tooth preservation, prosthetics, periodontology, and digital dentistry.

*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research, and Navidar Research.
Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)
and NTM = Next Twelve Months.*



Medical Technology Sector M&A Review (Cont.)

Selected Medical Device M&A Transactions in Q2 2013

Microport Medical B.V acquired Wright Medical Group's OrthoRecon Business for \$290M EV.

- **Divestiture transforms Wright Medical into a high-growth extremities and biologics pure-play.**
- **This acquisition extends Microport Medical's global reach and deepens penetration of its products in key international markets.**

Wright Medical Group's OrthoRecon Business, located in Arlington, Tennessee, develops hip and knee implant products. Its brands include DYNASTY and CONSERVE hips, PROFEMUR modular stems, SUPERPATH minimally invasive hip surgical instrumentation, and ADVANCE and EVOLUTION medial-pivot knee implants.

Zimmer acquired NORMED Medizin-Technik. Valuation was not disclosed.

- **The acquisition will strengthen Zimmer's Extremities and Trauma product portfolios.**
- **Adds product development tools in the fast growing foot and ankle, and hand and wrist segments.**

Headquartered in Germany, Normed Medizin-Technik is an innovative global medical company that provides a broad range of plates, screws, and specialized instruments for extremity surgeries.

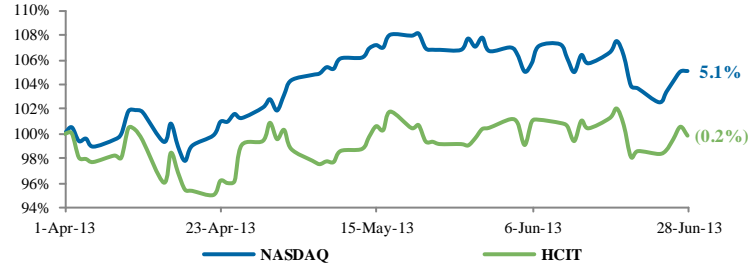
*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research, and Navidar Research.
Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)
and NTM = Next Twelve Months.*



Medical Technology Sub-Sector – Public Company Equity Market Performance

Healthcare IT (HCIT)

Selected segment participants underperformed the overall equity market by 5.3%. Concerns have arisen regarding the end of stimulus that is driving EHR purchases (over \$9 billion in government subsidies for practitioners to purchase technologies to automate hospitals and integrate health systems has already been spent), and how demand for HCIT technologies will shift as a result.



Significant Share Price Fluctuations:

Medidata Solutions	37.2%	↑	<ul style="list-style-type: none"> Strong Q1 EPS results beat Street expectations, driven by accelerating platform momentum and an increasing competitive gap.
Merge Healthcare	20.0%	↑	<ul style="list-style-type: none"> Q1 total backlog increased significantly, driven by the strength of DNA backlog. The recently announced senior debt tender offer is positive for debt savings and ongoing EPS accretion.
Omnicell	11.3%	↑	<ul style="list-style-type: none"> Posted solid Q1 results in line with Street expectations, benefitting from a lower tax rate in the quarter, increased EPS guidance, and an exclusive contract win with Vanguard Health worth \$30M.
HealthStream	10.6%	↑	<ul style="list-style-type: none"> Revenue and EPS in Q1 exceeded Street expectations and increased Q1 guidance. Quarter was driven by strength in the Learning segment and double-digit growth in the historically volatile Research business.
Vocera Communications	(37.3%)	↓	<ul style="list-style-type: none"> Revenue and EPS in Q1 missed Street expectations. Q2 guidance was reduced because of weak hospital spending from Medicare cuts, and lengthened sales cycles in large expansion projects.
Greenway Medical Tech.	(23.4%)	↓	<ul style="list-style-type: none"> Q1 results missed Street expectations and FY13 guidance was reduced. Customers are choosing SaaS solutions over its license-based software.
HMS Holdings Corp.	(15.2%)	↓	<ul style="list-style-type: none"> Reduced FY13 revenue and EPS guidance, as low-margin Medicare COB revenue was removed from the core business.
Athenahealth	(11.1%)	↓	<ul style="list-style-type: none"> Q1 revenue and non-GAAP EBIT missed Street expectations, as same-store revenue growth decelerated and pricing continued to deteriorate in the athenaCollector segment.

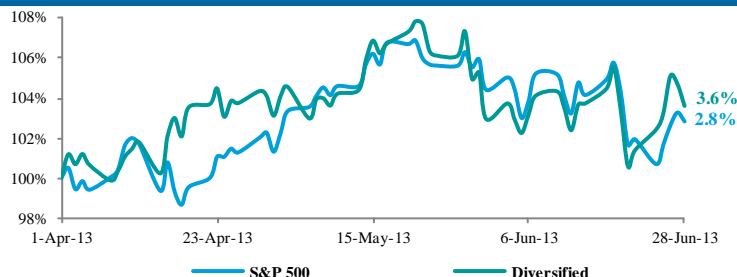
Source: CapitalIQ, Equity Research, Industry Research, and Navidar Research.



Medical Technology – Public Company Equity Market Performance (Cont.)

Diversified

Selected segment participants outperformed the overall equity market by 0.8%. Primary care segments, including cardiovascular, allergy, and therapeutics, are experiencing pricing pressure as competition from generic drugs continues to intensify, placing reliance on manufacturing and supply chain improvements to strengthen the bottom-line.

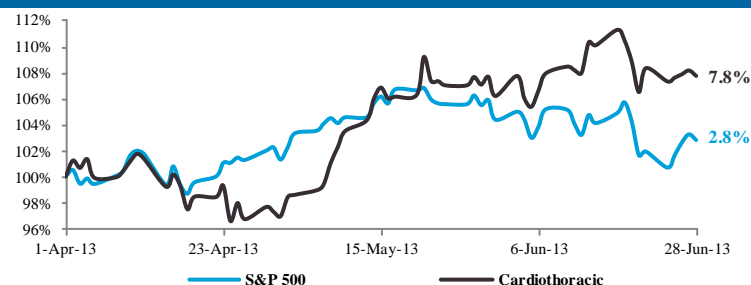


Significant Share Price Fluctuations:

Johnson & Johnson	4.8%	↑	<ul style="list-style-type: none"> Q1 revenue and EPS beat Street expectations, driven by strength in the Pharma segment from strong performance of the immunology and oncology drug offerings.
Abbott Laboratories	(1.2%)	↓	<ul style="list-style-type: none"> Revenues in Q1 missed Street expectations, as medical devices and pharmaceutical sales were weak, due largely to European austerity measures and Japanese price cuts.

Cardiothoracic

Selected segment participants outperformed the overall equity market by 5.0%. Innovation in sensor technologies has increased the capability to remotely monitor for complex dysrhythmia, and ST segment and QT interval changes. In addition, new endovascular surgery techniques have greatly reduced open surgical bypasses, as preference for less-invasive procedures continues to expand.



Significant Share Price Fluctuations:

Boston Scientific	18.8%	↑	<ul style="list-style-type: none"> Despite lower FY13 revenue guidance from FX headwinds, EPS beat Street expectations on improving operating leverage from ongoing restructuring efforts.
ABIOMED	17.8%	↑	<ul style="list-style-type: none"> Reported FQ4 results and guidance above Street expectations, due to strength in the Impella business, and a lower risk profile in the Impella PMA process.
Hansen Medical	(28.6%)	↓	<ul style="list-style-type: none"> Posted disappointing Q1 revenue and EPS results, due to weak systems and catheter sales. A declining cash balance and overhang from an upcoming costly litigation settlement have also impacted the shares.
Edwards Lifesciences	(18.3%)	↓	<ul style="list-style-type: none"> Q1 results missed Street expectations. Unimpressive FY13 guidance was driven by muted U.S. TAVI and surgical values growth, from postponed TA training sites, FX headwinds, and variable regional reimbursements.

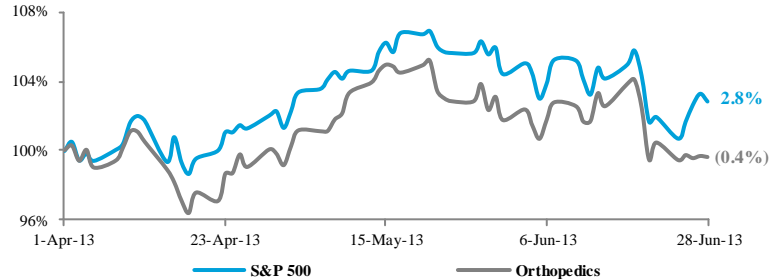
Source: CapitalIQ, Equity Research, Industry Research, and Navidar Research.



Medical Technology – Public Company Equity Market Performance (Cont.)

Orthopedics

Selected segment participants underperformed the overall equity market by 3.2%. The effects of a 2.3% medical device excise tax, established by the Affordable Care Act, is estimated to cost the industry \$20 billion over the next 10 years. Aging demographics support the long-term growth projections in trauma fixation devices, estimated to grow at a 6% CAGR to \$6.7 billion by 2017.

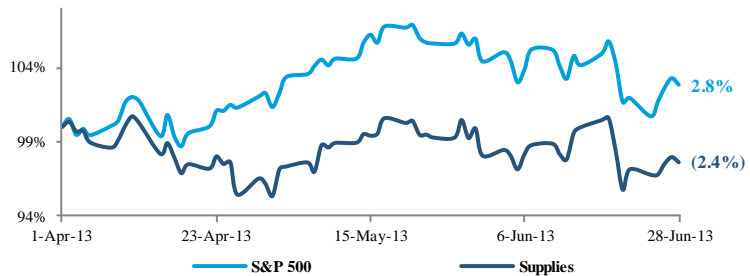


Significant Share Price Fluctuations:

NuVasive	17.2%	↑	<ul style="list-style-type: none"> Q1 EPS beat Street expectations on expanding gross margins and a lower tax rate. Acquisition of ANC is resulting in cost efficiencies, improving operating leverage and international margins, and the easing of patent royalty accruals.
Globus Medical	15.8%	↑	<ul style="list-style-type: none"> Double-digit sales growth and above-average margins in Q1 were driven by strong spine performance in the Disruptive Technologies business.
CONMED	(7.6%)	↓	<ul style="list-style-type: none"> Q1 revenue missed Street expectations, due to fewer selling days in the quarter, FX headwinds, and weak global healthcare utilization.
Tornier	(6.6%)	↓	<ul style="list-style-type: none"> Q1 struggles in foot and ankle, sports medicine, and large joints were due to European weakness, Turkey supplier termination, and multiple operational and product challenges.

Supplies

Selected segment participants underperformed the overall equity market by 5.2%. Revenue in the disposable medical supplies industry has contracted by 0.5% over the last year and more than 2% sequentially. As product innovation has recently waned, improved profitability has relied on manufacturing efficiencies to develop the highest quality products at the lowest cost to consumers.



Significant Share Price Fluctuations:

C.R. Bard	8.5%	↑	<ul style="list-style-type: none"> Q1 sales and EPS beat Street expectations, as management noted that increasingly stable trends in U.S. end-markets and progress in several key investment initiatives drove the quarter's gains.
CareFusion	6.0%	↑	<ul style="list-style-type: none"> Gross margins and EPS in Q1 came in above Street expectations. Positive results were driven by higher ASPs, a positive mix shift, ongoing cost reduction initiatives, and declining operating expenses.
Volcano	(17.7%)	↓	<ul style="list-style-type: none"> Revenue missed Street expectations in Q1. Lowered revenue guidance for Q2 was driven by FX headwinds and degradation of U.S. PCI procedure volumes, further pressuring the IVUS business.
Teleflex	(8.0%)	↓	<ul style="list-style-type: none"> Muted Q1 organic growth, fewer selling days, utilization, and European tender concerns pressured revenues in all four segments.

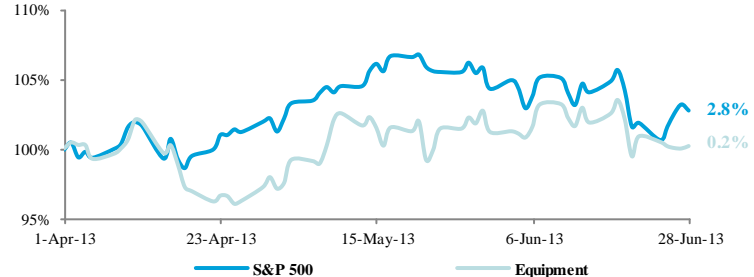
Source: CapitalIQ, Equity Research, Industry Research, and Navidar Research.



Medical Technology – Public Company Equity Market Performance (Cont.)

Equipment

Selected segment participants underperformed the overall equity market by 2.6%. Medicare's Durable Medical Equipment, Prosthetics, Orthotics, and Supplies Competitive Bidding Program (DMEPOS) will reduce reimbursements for home medical equipment on average by 45%, with diabetic testing strips falling over 70%. This places pressure on providers to reduce costs.

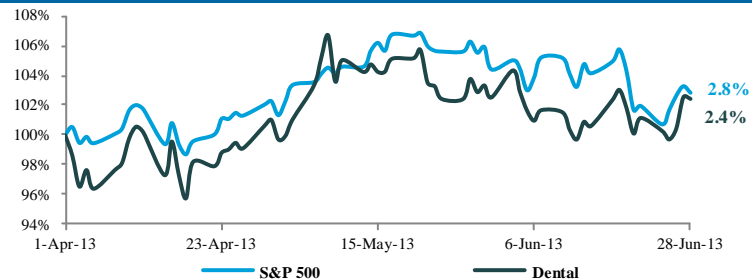


Significant Share Price Fluctuations:

DexCom	31.1%	↑	<ul style="list-style-type: none"> Q1 saw strong G4 Platinum system adoption with a full, built-in product pipeline. These factors drove a strong quarter, with revenue beating Street expectations.
Accuray	27.6%	↑	<ul style="list-style-type: none"> Despite a significant FQ3 revenue and EPS Street expectation miss, which was as a result of the timing of product shipments, the quarter saw a very strong uptick in backlog across all four sales regions, with service GMs increasing in-tandem.
Hologic	(15.4%)	↓	<ul style="list-style-type: none"> FQ2 results and guidance came in below Street expectations on pressures from the mature ThinPrep business in both U.S. and China, and poor 2-D mammography sales.
Varian Medical Systems	(6.2%)	↓	<ul style="list-style-type: none"> FQ2 orders declined significantly, as key Oncology segment experienced continued uncertainty around healthcare reform, and potential reimbursement changes negatively impacted capital expenditures.

Dental

Selected segment participants underperformed the overall equity market by 0.4%. Suppliers instituted price increases at the beginning of the year, leading to above-average channel inventories and reduced sales expectations. The Affordable Care Act will include dental coverage offerings for children by insurers, although adult provisions continue to be in question.



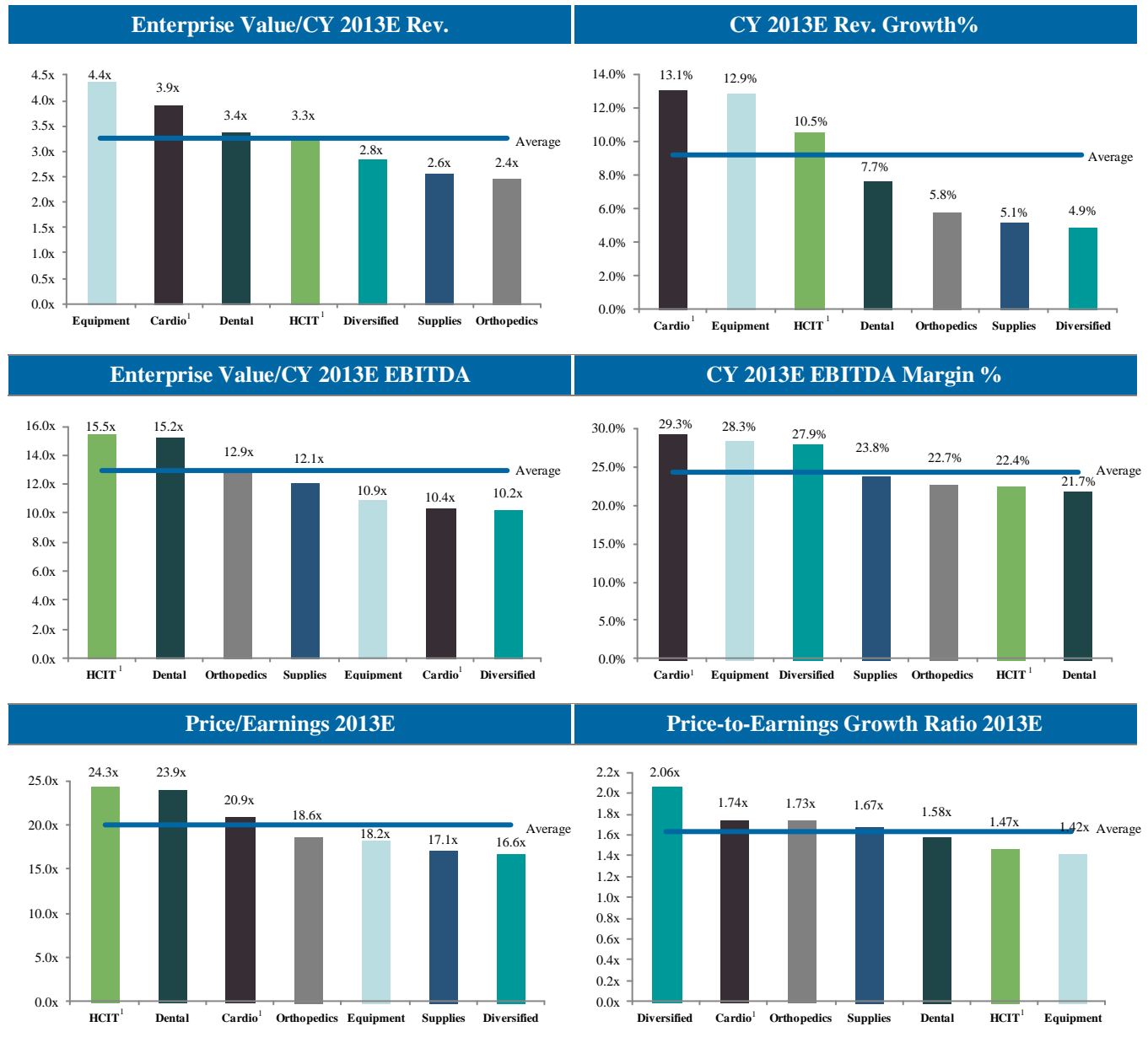
Significant Share Price Fluctuations:

Align Technology	14.2%	↑	<ul style="list-style-type: none"> Revenue and EPS beat Street expectations, as Invisalign case volume and 3-D scanner revenues positively impacted the quarter.
DENTSPLY International	(2.7%)	↓	<ul style="list-style-type: none"> Q1 margin weakness and lowered FY13 EPS guidance reflect a difficult dental market environment, especially in Europe.

Source: CapitalIQ, Equity Research, Industry Research, and Navidar Research.



Comparable Public Company Operating Metrics – Medical Technology Sector



Source: CapitalIQ.

Note: Market Data as of Q2 2013 Quarter End.

Note: Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

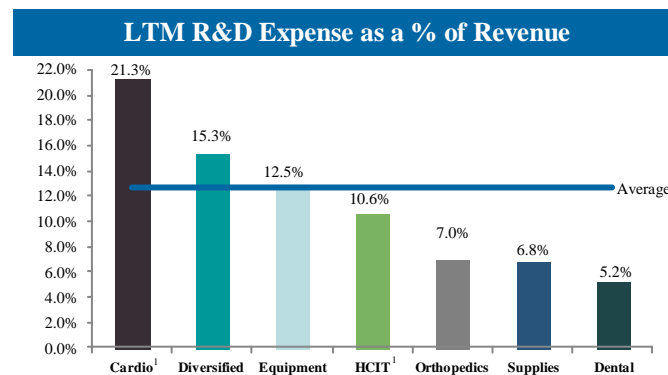
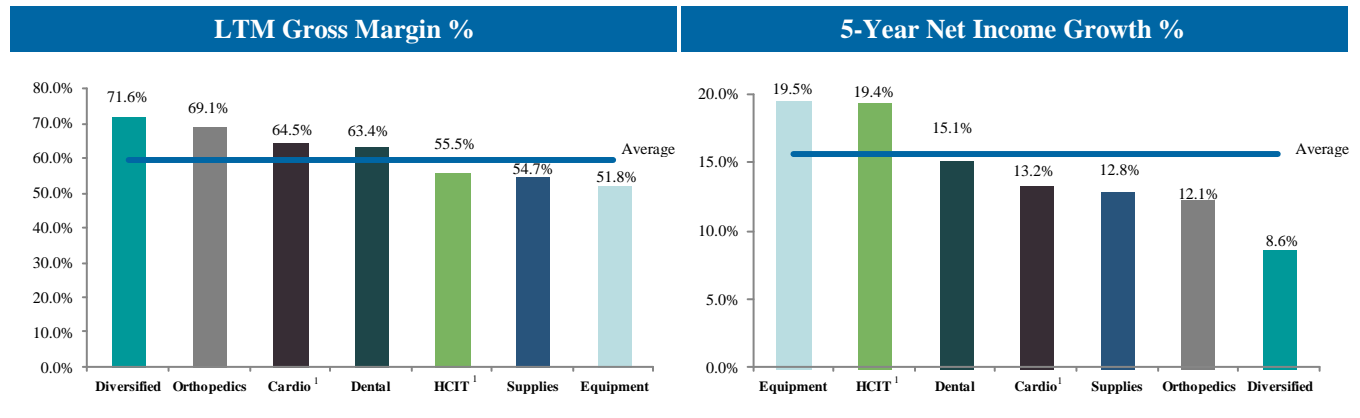
Note: CY=Calendar Year, LTM=Last Twelve Months, and NTM = Next Twelve Months.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) Cardio = Cardiothoracic and HCIT = Healthcare Information Technology.



Comparable Public Company Operating Metrics – Medical Technology Sector (Cont.)



Source: CapitalIQ.

Note: Market Data as of Q2 2013 Quarter End.

Note: Estimates Based on Consensus of Equity Research Analyst Estimates.

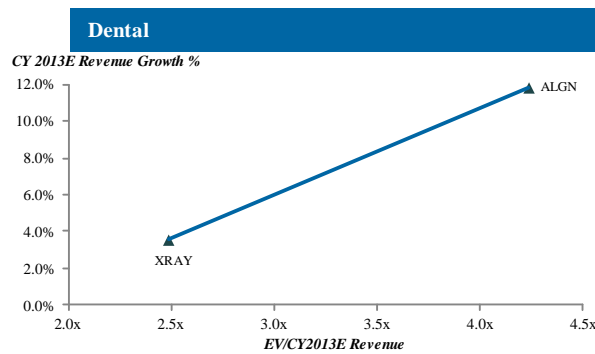
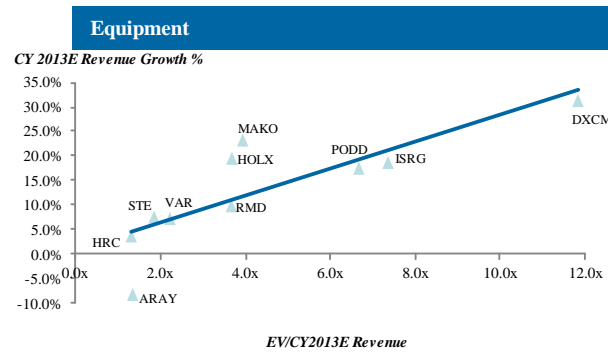
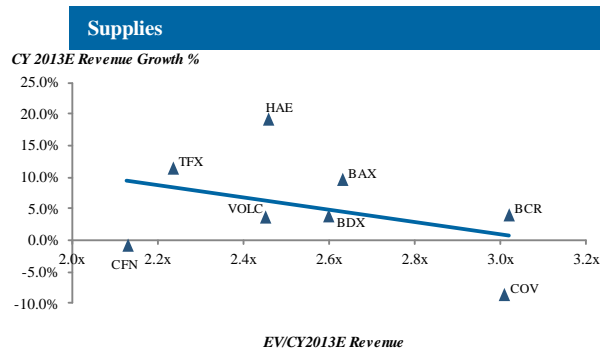
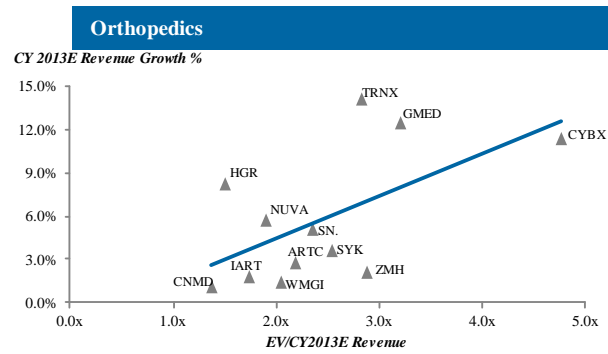
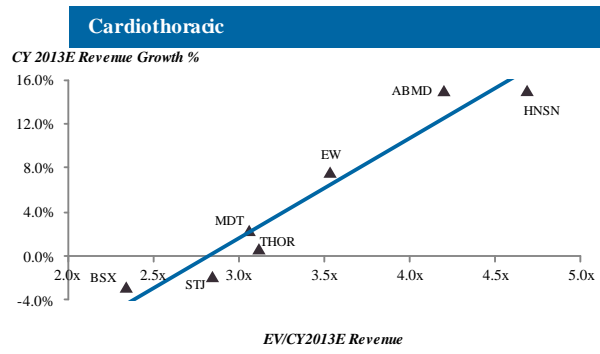
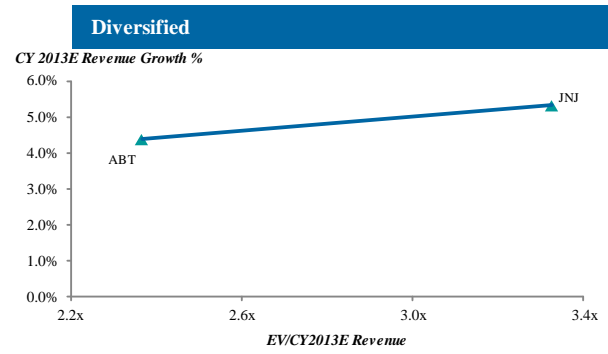
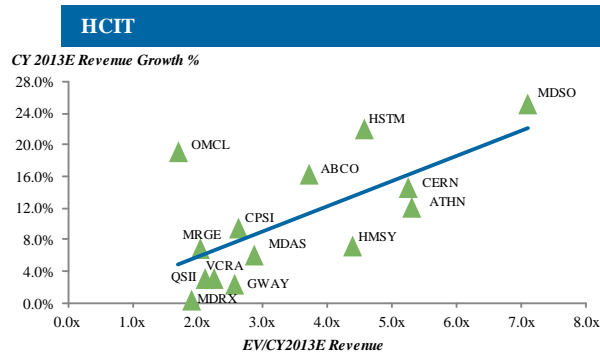
Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: CY=Calendar Year and LTM=Last Twelve Months.

(1) Cardio = Cardiothoracic and HCIT = Healthcare Information Technology.



Valuation & Revenue Growth Correlation – Public Medical Technology Companies



Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.
 Note: Market Data as of Q2 2013 Quarter End.
 Note: CY=Calendar Year.
 Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



Appendix



Appendix– Comparable Public Company Analysis

Healthcare Technology (HCIT) – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
HCIT														
Cerner	\$48.05	96%	1.42x	\$16,515.9	(\$822.8)	\$15,693.1	5.25x	4.7x	16.1x	13.8x	34.1x	29.1x	1.86x	1.59x
Athenahealth ⁽¹⁾	\$84.73	85%	1.50x	\$3,113.0	\$57.2	\$3,170.2	5.30x	4.1x	28.5x	20.9x	NM	NM	NM	NM
Allscripts Healthcare Solutions	\$12.94	91%	1.46x	\$2,284.4	\$475.3	\$2,759.7	1.90x	1.8x	11.2x	9.6x	25.1x	17.7x	1.75x	1.24x
Medidata Solutions	\$77.45	99%	2.57x	\$2,059.3	(\$120.2)	\$1,939.1	7.09x	5.9x	30.9x	24.2x	NM	49.4x	NM	2.27x
HMS Holdings Corp.	\$23.30	63%	1.26x	\$2,043.5	\$184.5	\$2,228.0	4.39x	3.8x	13.4x	11.1x	26.2x	21.5x	1.30x	1.06x
The Advisory Board Co.	\$54.65	99%	1.38x	\$1,940.0	(\$74.4)	\$1,865.6	3.72x	3.2x	20.3x	17.0x	45.0x	37.2x	2.31x	1.91x
Quality Systems	\$18.71	66%	1.24x	\$1,114.2	(\$118.0)	\$996.2	2.11x	2.0x	8.6x	7.3x	19.1x	17.2x	1.62x	1.46x
MedAssets	\$17.74	89%	1.40x	\$1,080.8	\$866.8	\$1,947.6	2.87x	2.7x	8.8x	8.0x	13.8x	12.0x	1.03x	0.90x
Accretive Health	\$10.81	76%	1.26x	\$1,051.5	(\$196.4)	\$855.1	0.80x	0.7x	9.6x	7.2x	23.2x	18.0x	0.96x	0.74x
Omnicell	\$20.55	98%	1.67x	\$705.5	(\$69.8)	\$635.7	1.70x	1.5x	9.8x	7.6x	19.8x	17.7x	1.19x	1.06x
Healthstream	\$25.32	82%	1.30x	\$674.1	(\$95.6)	\$578.5	4.57x	3.8x	24.7x	19.7x	NM	NM	NM	NM
Computer Programs & Systems	\$49.14	83%	1.09x	\$544.5	(\$17.5)	\$527.0	2.63x	2.5x	10.1x	9.3x	17.3x	16.3x	1.37x	1.29x
Greenway Medical Technologies	\$12.34	63%	1.12x	\$367.1	(\$13.2)	\$353.9	2.57x	2.3x	NM	NM	NM	NM	NM	NM
Vocera Communications	\$14.70	45%	1.23x	\$360.2	(\$126.1)	\$234.1	2.25x	1.9x	NM	24.3x	NM	49.0x	NM	1.65x
Merge Healthcare Incorporated	\$3.60	89%	1.59x	\$336.5	\$205.0	\$541.9	2.04x	1.9x	9.2x	8.3x	18.9x	12.0x	1.31x	0.83x
Average							3.3x	2.9x	15.5x	13.5x	24.3x	24.8x	1.47x	1.33x
Median							2.6x	2.5x	11.2x	10.4x	21.5x	17.9x	1.34x	1.26x

Healthcare Technology (HCIT) – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
HCIT															
Cerner	\$48.05	96%	1.42x	\$16,515.9	(\$822.8)	\$15,693.1	14.6%	12.8%	32.5%	33.6%	18.4%	80.4%	39.4%	11.8%	6.5%
Athenahealth ⁽¹⁾	\$84.73	85%	1.50x	\$3,113.0	\$57.2	\$3,170.2	12.1%	28.9%	18.6%	19.7%	26.3%	59.8%	21.2%	7.2%	13.1%
Allscripts Healthcare Solutions	\$12.94	91%	1.46x	\$2,284.4	\$475.3	\$2,759.7	0.3%	4.7%	17.0%	19.0%	14.3%	41.3%	NM	12.4%	NM
Medidata Solutions	\$77.45	99%	2.57x	\$2,059.3	(\$120.2)	\$1,939.1	25.2%	19.5%	22.9%	24.6%	21.8%	71.8%	22.4%	19.1%	17.7%
HMS Holdings Corp.	\$23.30	63%	1.26x	\$2,043.5	\$184.5	\$2,228.0	7.2%	14.7%	32.8%	34.3%	20.2%	38.3%	NM	NM	NM
The Advisory Board Co.	\$54.65	99%	1.38x	\$1,940.0	(\$74.4)	\$1,865.6	16.3%	16.2%	18.3%	18.8%	19.5%	47.8%	18.9%	NM	13.7%
Quality Systems	\$18.71	66%	1.24x	\$1,114.2	(\$118.0)	\$996.2	3.1%	7.9%	24.7%	26.8%	11.8%	58.8%	1.4%	6.7%	NM
MedAssets	\$17.74	89%	1.40x	\$1,080.8	\$866.8	\$1,947.6	6.0%	6.7%	32.6%	33.5%	13.4%	78.6%	9.0%	4.5%	33.5%
Accretive Health	\$10.81	76%	1.26x	\$1,051.5	(\$196.4)	\$855.1	NA	13.8%	8.3%	9.8%	24.3%	20.7%	NM	NM	9.9%
Omnicell	\$20.55	98%	1.67x	\$705.5	(\$69.8)	\$635.7	19.1%	10.9%	17.3%	20.1%	16.7%	54.0%	0.1%	6.9%	NM
Healthstream	\$25.32	82%	1.30x	\$674.1	(\$95.6)	\$578.5	22.0%	19.6%	18.5%	19.4%	19.7%	59.3%	17.8%	8.5%	11.0%
Computer Programs & Systems	\$49.14	83%	1.09x	\$544.5	(\$17.5)	\$527.0	9.5%	3.8%	25.9%	27.1%	12.7%	44.3%	7.6%	NM	14.3%
Greenway Medical Technologies	\$12.34	63%	1.12x	\$367.1	(\$13.2)	\$353.9	2.3%	12.6%	NA	NA	28.0%	54.5%	1.6%	13.6%	NM
Vocera Communications	\$14.70	45%	1.23x	\$360.2	(\$126.1)	\$234.1	3.1%	17.7%	NA	7.9%	29.7%	63.8%	36.0%	12.7%	14.6%
Merge Healthcare Incorporated	\$3.60	89%	1.59x	\$336.5	\$205.0	\$541.9	6.9%	6.3%	22.0%	23.0%	14.5%	59.3%	17.2%	13.3%	17.2%
Average							10.5%	13.1%	22.4%	22.7%	19.4%	55.5%	16.1%	10.6%	15.1%
Median							8.3%	12.8%	22.0%	21.5%	19.5%	58.8%	17.5%	11.8%	14.0%

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q2 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) CY Revenue Growth and EV/CY Revenue Multiple Adjusted for Acquisitions.



Appendix– Comparable Public Company Analysis (Cont.)

Diversified – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Diversified														
Johnson & Johnson	\$85.86	95%	1.28x	\$241,171.0	(\$5,776.0)	\$235,395.0	3.3x	3.2x	10.3x	9.6x	15.9x	14.9x	2.52x	2.35x
Abbott Laboratories ⁽¹⁾	\$34.88	48%	1.10x	\$54,373.2	(\$1,414.9)	\$53,053.4	2.4x	2.2x	10.1x	9.3x	17.4x	15.6x	1.61x	1.44x
Average							2.8x	2.7x	10.2x	9.4x	16.6x	15.2x	2.06x	1.90x
Median							2.8x	2.7x	10.2x	9.4x	16.6x	15.2x	2.06x	1.90x

Diversified – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
Diversified															
Johnson & Johnson	\$85.86	95%	1.28x	\$241,171.0	(\$5,776.0)	\$235,395.0	5.3%	4.1%	32.3%	33.1%	6.3%	68.1%	3.4%	11.4%	NM
Abbott Laboratories ⁽¹⁾	\$34.88	48%	1.10x	\$54,373.2	(\$1,414.9)	\$53,053.4	4.4%	6.0%	23.5%	24.1%	10.8%	75.2%	NM	19.3%	NM
Average							4.9%	5.1%	27.9%	28.6%	8.6%	71.6%	3.4%	15.3%	NA
Median							4.9%	5.1%	27.9%	28.6%	8.6%	71.6%	3.4%	15.3%	NA

Cardiothoracic – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Cardiothoracic														
Medtronic	\$51.47	96%	1.39x	\$51,851.5	(\$402.0)	\$51,449.5	3.1x	3.0x	8.3x	8.1x	13.7x	12.7x	2.01x	1.87x
St. Jude Medical	\$45.63	96%	1.51x	\$12,929.9	\$2,351.0	\$15,368.9	2.8x	2.8x	9.0x	8.6x	12.3x	11.6x	1.39x	1.31x
Boston Scientific	\$9.27	95%	1.94x	\$12,506.1	\$3,986.0	\$16,492.1	2.3x	2.3x	10.6x	9.8x	22.6x	19.6x	2.61x	2.27x
Edwards Lifesciences	\$67.20	61%	1.08x	\$7,591.0	(\$365.2)	\$7,225.8	3.5x	3.2x	13.7x	11.7x	22.0x	18.5x	1.40x	1.18x
Thoratec Corp.	\$31.31	79%	1.05x	\$1,795.0	(\$252.0)	\$1,543.0	3.1x	2.9x	10.3x	9.0x	17.5x	15.6x	1.78x	1.59x
Heartware International	\$2.64	99%	1.42x	\$1,512.7	(\$127.0)	\$1,401.1	7.5x	6.1x	NM	NM	NM	NM	NM	NM
ABIOMED	\$21.56	86%	1.83x	\$810.2	(\$76.7)	\$733.5	4.2x	3.6x	NM	29.8x	37.2x	26.6x	1.25x	0.90x
Hansen Medical	\$1.44	52%	1.02x	\$96.9	(\$1.8)	\$95.1	4.7x	3.6x	NM	NM	NM	NM	NM	NM
Average							3.9x	3.4x	10.4x	12.8x	20.9x	17.4x	1.74x	1.52x
Median							3.3x	3.1x	10.3x	9.4x	19.8x	17.0x	1.59x	1.45x

Cardiothoracic – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
Cardiothoracic															
Medtronic	\$51.47	96%	1.39x	\$51,851.5	(\$402.0)	\$51,449.5	2.4%	3.6%	36.8%	36.6%	6.8%	75.2%	NM	9.4%	NM
St. Jude Medical	\$45.63	96%	1.51x	\$12,929.9	\$2,351.0	\$15,368.9	(1.8%)	3.2%	31.7%	32.0%	8.9%	73.4%	NM	12.1%	NM
Boston Scientific	\$9.27	95%	1.94x	\$12,506.1	\$3,986.0	\$16,492.1	(2.7%)	1.9%	22.1%	23.3%	8.7%	65.9%	NM	12.2%	NM
Edwards Lifesciences	\$67.20	61%	1.08x	\$7,591.0	(\$365.2)	\$7,225.8	7.7%	10.5%	25.8%	27.3%	15.7%	74.7%	NM	15.6%	NM
Thoratec Corp.	\$31.31	79%	1.05x	\$1,795.0	(\$252.0)	\$1,543.0	0.7%	8.8%	30.1%	31.8%	9.8%	69.7%	1.2%	19.2%	NM
Heartware International	\$2.64	99%	1.42x	\$1,512.7	(\$127.0)	\$1,401.1	68.0%	22.6%	NA	NA	NM	55.9%	NM	64.0%	NM
ABIOMED	\$21.56	86%	1.83x	\$810.2	(\$76.7)	\$733.5	15.1%	15.5%	NA	12.2%	29.7%	80.0%	NM	16.2%	NM
Hansen Medical	\$1.44	52%	1.02x	\$96.9	(\$1.8)	\$95.1	15.1%	31.5%	NA	NA	NM	21.0%	NM	NM	NM
Average							13.1%	12.2%	29.3%	27.2%	13.2%	64.5%	1.2%	21.3%	NA
Median							5.0%	9.6%	30.1%	29.5%	9.3%	71.6%	1.2%	15.6%	NA

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q2 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) CY Revenue Growth and EV/CY Revenue Multiple Adjusted for Acquisitions.



Appendix – Comparable Public Company Analysis (Cont.)

Orthopedics – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Orthopedics														
Stryker Corp.	\$64.68	92%	1.29x	\$24,452.7	(\$1,715.0)	\$22,737.7	2.5x	2.4x	8.7x	8.1x	15.1x	13.8x	1.78x	1.63x
Zimmer Holdings	\$74.94	91%	1.30x	\$12,617.2	\$501.6	\$13,123.6	2.9x	2.8x	7.6x	7.2x	13.0x	12.0x	1.40x	1.29x
Smith & Nephew	\$11.17	92%	1.18x	\$10,063.5	\$138.0	\$10,201.6	2.3x	2.2x	8.2x	7.5x	14.5x	13.1x	2.05x	1.86x
Globus Medical	\$16.86	85%	1.64x	\$1,552.2	(\$162.3)	\$1,389.9	3.2x	2.8x	9.5x	8.3x	20.3x	18.1x	1.53x	1.36x
Cyberonics	\$51.96	92%	1.23x	\$1,428.1	(\$135.7)	\$1,292.4	4.8x	4.2x	13.5x	13.5x	27.9x	24.1x	1.51x	1.30x
Hanger	\$31.63	94%	1.41x	\$1,092.6	\$503.5	\$1,596.1	1.5x	1.4x	8.6x	7.8x	15.4x	13.5x	1.17x	1.03x
NuVasive	\$24.79	95%	2.01x	\$1,096.5	\$135.4	\$1,241.6	1.9x	1.8x	12.6x	11.6x	24.5x	21.7x	2.44x	2.16x
Integra LifeSciences Holdings	\$36.63	82%	1.19x	\$1,028.0	\$435.3	\$1,463.4	1.7x	1.6x	10.7x	8.2x	14.5x	11.4x	1.62x	1.27x
Wright Medical Group	\$26.21	95%	1.45x	\$1,019.3	(\$18.2)	\$1,001.1	2.0x	1.9x	33.0x	17.7x	NM	NM	NM	NM
ArthroCare	\$34.53	93%	1.27x	\$973.7	(\$230.0)	\$825.4	2.2x	2.1x	9.0x	8.3x	24.3x	22.5x	2.32x	2.14x
CONMED	\$31.24	90%	1.26x	\$866.3	\$193.5	\$1,059.8	1.4x	1.3x	7.7x	7.1x	16.8x	14.9x	1.53x	1.36x
Tornier N.V.	\$17.50	76%	1.20x	\$812.4	\$81.9	\$894.2	2.8x	2.6x	25.4x	17.9x	NM	NM	NM	NM
Average							2.4x	2.3x	12.9x	10.3x	18.6x	16.5x	1.73x	1.54x
Median							2.3x	2.2x	9.3x	8.3x	16.1x	14.4x	1.58x	1.36x

Orthopedics – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		S-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
Orthopedics															
Stryker Corp.	\$64.68	92%	1.29x	\$24,452.7	(\$1,715.0)	\$22,737.7	3.5%	4.6%	29.1%	29.9%	8.5%	68.0%	NM	5.6%	NM
Zimmer Holdings	\$74.94	91%	1.30x	\$12,617.2	\$501.6	\$13,123.6	2.0%	3.9%	38.0%	38.5%	9.3%	74.9%	NM	4.9%	NM
Smith & Nephew	\$11.17	92%	1.18x	\$10,063.5	\$138.0	\$10,201.6	5.0%	4.7%	28.5%	29.8%	7.1%	74.2%	1.8%	4.4%	NM
Globus Medical	\$16.86	85%	1.64x	\$1,552.2	(\$162.3)	\$1,389.9	12.4%	12.5%	33.6%	34.3%	13.3%	79.7%	NM	7.1%	NM
Cyberonics	\$51.96	92%	1.23x	\$1,428.1	(\$135.7)	\$1,292.4	11.3%	12.4%	35.2%	31.3%	18.5%	91.4%	NM	16.3%	NM
Hanger	\$31.63	94%	1.41x	\$1,092.6	\$503.5	\$1,596.1	8.2%	6.5%	17.4%	17.9%	13.2%	35.9%	NM	NM	NM
NuVasive	\$24.79	95%	2.01x	\$1,096.5	\$135.4	\$1,241.6	5.7%	7.2%	15.1%	15.2%	10.1%	75.2%	NM	5.6%	NM
Integra LifeSciences Holdings	\$36.63	82%	1.19x	\$1,028.0	\$435.3	\$1,463.4	1.7%	5.4%	16.2%	19.9%	9.0%	63.8%	NM	6.2%	NM
Wright Medical Group	\$26.21	95%	1.45x	\$1,019.3	(\$18.2)	\$1,001.1	1.3%	7.7%	6.2%	10.7%	13.0%	68.3%	NM	5.8%	NM
ArthroCare	\$34.53	93%	1.27x	\$973.7	(\$230.0)	\$825.4	2.7%	3.9%	24.2%	25.3%	10.5%	70.2%	31.6%	9.0%	8.7%
CONMED	\$31.24	90%	1.26x	\$866.3	\$193.5	\$1,059.8	1.0%	5.8%	17.8%	18.2%	11.0%	54.5%	NM	3.5%	NM
Tornier N.V.	\$17.50	76%	1.20x	\$812.4	\$81.9	\$894.2	14.1%	9.5%	11.1%	14.4%	22.5%	72.8%	NM	8.1%	NM
Average							5.8%	7.0%	22.7%	23.8%	12.1%	69.1%	16.7%	7.0%	8.7%
Median							4.3%	6.1%	21.0%	22.6%	10.7%	71.5%	16.7%	5.8%	8.7%

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q2 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



Appendix– Comparable Public Company Analysis (Cont.)

Supplies– Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Supplies														
Baxter International	\$69.27	94%	1.30x	\$37,640.5	\$3,177.0	\$40,857.5	2.6x	2.4x	9.7x	8.7x	14.9x	13.3x	1.65x	1.48x
Covidien	\$62.84	91%	1.25x	\$29,564.6	\$3,394.0	\$32,958.6	3.0x	3.0x	11.0x	10.6x	16.0x	15.0x	1.66x	1.56x
Becton, Dickinson and Co.	\$98.83	96%	1.36x	\$19,197.8	\$1,748.6	\$20,946.4	2.6x	2.5x	9.7x	8.9x	17.0x	15.1x	1.93x	1.71x
CR Bard	\$108.68	97%	1.16x	\$8,746.8	\$529.3	\$9,276.1	3.0x	2.9x	10.4x	9.3x	17.3x	14.1x	1.78x	1.45x
CareFusion Corp.	\$36.85	96%	1.54x	\$8,100.0	(\$458.0)	\$7,642.0	2.1x	2.0x	8.6x	8.0x	17.2x	14.7x	1.64x	1.40x
Teleflex Incorporated	\$77.49	89%	1.29x	\$3,185.7	\$666.2	\$3,854.7	2.2x	2.1x	10.0x	8.8x	16.1x	14.1x	1.54x	1.35x
Haemonetics Corp.	\$41.35	93%	1.23x	\$2,122.4	\$301.0	\$2,423.3	2.5x	2.3x	10.4x	8.9x	21.4x	17.0x	1.50x	1.20x
Volcano Corp.	\$18.13	59%	1.11x	\$988.8	(\$20.5)	\$968.3	2.4x	2.2x	27.1x	15.7x	NM	NM	NM	NM
Average							2.6x	2.4x	12.1x	9.9x	17.1x	14.8x	1.67x	1.45x
Median							2.5x	2.4x	10.2x	8.9x	17.0x	14.7x	1.65x	1.45x

Supplies– Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
Supplies															
Baxter International	\$69.27	94%	1.30x	\$37,640.5	\$3,177.0	\$40,857.5	9.5%	9.5%	27.1%	27.5%	9.0%	51.8%	NM	7.0%	NM
Covidien	\$62.84	91%	1.25x	\$29,564.6	\$3,394.0	\$32,958.6	(8.8%)	(0.6%)	27.4%	28.6%	9.6%	57.3%	0.5%	5.1%	NM
Becton, Dickinson and Co.	\$98.83	96%	1.36x	\$19,197.8	\$1,748.6	\$20,946.4	3.7%	5.3%	26.9%	27.8%	8.8%	51.7%	NM	6.2%	NM
CR Bard	\$108.68	97%	1.16x	\$8,746.8	\$529.3	\$9,276.1	3.9%	4.7%	29.0%	31.0%	9.7%	61.6%	0.1%	7.2%	NM
CareFusion Corp.	\$36.85	96%	1.54x	\$8,100.0	(\$458.0)	\$7,642.0	(0.9%)	4.0%	24.9%	25.6%	10.5%	51.5%	NM	5.2%	NM
Teleflex Incorporated	\$77.49	89%	1.29x	\$3,185.7	\$666.2	\$3,854.7	11.3%	4.4%	22.4%	24.4%	10.5%	48.4%	NM	3.8%	NM
Haemonetics Corp.	\$41.35	93%	1.23x	\$2,122.4	\$301.0	\$2,423.3	19.0%	4.9%	23.7%	26.2%	14.2%	49.3%	0.5%	5.0%	NM
Volcano Corp.	\$18.13	59%	1.11x	\$988.8	(\$20.5)	\$968.3	3.5%	10.6%	9.0%	14.1%	30.4%	65.6%	NM	14.9%	NM
Average							5.1%	5.3%	23.8%	25.6%	12.8%	54.7%	0.4%	6.8%	NA
Median							3.8%	4.8%	25.9%	26.8%	10.1%	51.8%	0.5%	5.7%	NA

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q2 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



Appendix– Comparable Public Company Analysis (Cont.)

Equipment– Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Equipment														
Intuitive Surgical	\$506.13	86%	1.11x	\$20,326.8	(\$1,358.2)	\$18,968.6	7.3x	6.4x	17.8x	15.5x	28.3x	24.6x	1.70x	1.48x
Varian Medical Systems	\$67.45	89%	1.28x	\$7,313.4	(\$557.7)	\$6,755.7	2.2x	2.1x	9.6x	8.8x	16.0x	14.4x	1.37x	1.23x
ResMed	\$45.13	88%	1.49x	\$6,429.5	(\$671.9)	\$5,757.6	3.7x	3.3x	12.1x	11.0x	19.1x	15.8x	1.28x	1.06x
Hologic	\$19.30	81%	1.09x	\$5,197.6	\$4,259.7	\$9,457.3	3.7x	3.5x	10.0x	9.2x	12.1x	10.8x	1.09x	0.97x
Steris Corp.	\$42.88	92%	1.43x	\$2,527.6	\$350.3	\$2,879.9	1.8x	1.7x	9.1x	8.2x	17.8x	15.4x	1.40x	1.21x
Hill-Rom Holdings	\$33.68	90%	1.36x	\$2,012.8	\$239.9	\$2,252.7	1.3x	1.3x	6.9x	6.9x	15.8x	14.9x	1.66x	1.57x
Insulet Corp.	\$31.41	98%	1.75x	\$1,678.4	(\$27.1)	\$1,651.2	6.7x	5.5x	NM	NM	NM	NM	NM	NM
DexCom	\$22.45	98%	2.11x	\$1,587.2	(\$38.3)	\$1,548.9	11.8x	9.3x	NM	NM	NM	NM	NM	NM
MAKO Surgical Corp.	\$12.05	45%	1.21x	\$565.7	(\$69.9)	\$495.8	3.9x	3.3x	NM	NM	NM	NM	NM	NM
Accuray Incorporated	\$5.74	77%	1.53x	\$425.4	\$16.1	\$441.6	1.3x	1.1x	NM	13.0x	NM	NM	NM	NM
Average							4.4x	3.7x	10.9x	10.4x	18.2x	16.0x	1.42x	1.25x
Median							3.7x	3.3x	9.8x	9.2x	16.9x	15.2x	1.38x	1.22x

Equipment– Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
Equipment															
Intuitive Surgical	\$506.13	86%	1.11x	\$20,326.8	(\$1,358.2)	\$18,968.6	18.5%	14.7%	41.4%	41.3%	16.6%	71.8%	NM	7.5%	NM
Varian Medical Systems	\$67.45	89%	1.28x	\$7,313.4	(\$557.7)	\$6,755.7	7.1%	7.2%	23.0%	23.3%	11.7%	42.7%	NM	6.6%	NM
ResMed	\$45.13	88%	1.49x	\$6,429.5	(\$671.9)	\$5,757.6	9.7%	11.0%	30.2%	30.0%	14.9%	61.6%	NM	7.9%	NM
Hologic	\$19.30	81%	1.09x	\$5,197.6	\$4,259.7	\$9,457.3	19.4%	5.3%	36.7%	37.8%	11.1%	62.3%	15.2%	7.6%	9.4%
Steris Corp.	\$42.88	92%	1.43x	\$2,527.6	\$350.3	\$2,879.9	7.4%	6.0%	20.1%	21.1%	12.7%	41.4%	0.5%	2.8%	NM
Hill-Rom Holdings	\$33.68	90%	1.36x	\$2,012.8	\$239.9	\$2,252.7	3.5%	2.1%	18.7%	18.4%	9.5%	45.1%	NM	4.2%	NM
Insulet Corp.	\$31.41	98%	1.75x	\$1,678.4	(\$27.1)	\$1,651.2	17.3%	20.5%	NA	NA	NA	44.0%	24.4%	10.6%	22.5%
DexCom	\$22.45	98%	2.11x	\$1,587.2	(\$38.3)	\$1,548.9	31.1%	27.7%	NA	NA	31.7%	49.1%	NM	35.5%	NM
MAKO Surgical Corp.	\$12.05	45%	1.21x	\$565.7	(\$69.9)	\$495.8	23.1%	19.8%	NA	NA	17.5%	67.7%	2.1%	18.9%	NM
Accuray Incorporated	\$5.74	77%	1.53x	\$425.4	\$16.1	\$441.6	(8.4%)	20.5%	NA	8.5%	50.0%	32.2%	16.8%	23.8%	16.0%
Average							12.9%	13.5%	28.3%	25.8%	19.5%	51.8%	11.8%	12.5%	16.0%
Median							13.5%	12.9%	26.6%	23.3%	14.9%	47.1%	15.2%	7.8%	16.0%

Dental – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Dental														
DENTSPLY International	\$40.96	93%	1.17x	\$5,868.9	\$1,633.3	\$7,538.1	2.5x	2.4x	12.5x	11.7x	17.3x	15.7x	1.54x	1.39x
Align Technology	\$37.04	93%	1.58x	\$3,020.9	(\$366.7)	\$2,654.2	4.2x	3.8x	17.9x	14.2x	30.6x	24.7x	1.62x	1.31x
Average							3.4x	3.1x	15.2x	13.0x	23.9x	20.2x	1.58x	1.35x
Median							3.4x	3.1x	15.2x	13.0x	23.9x	20.2x	1.58x	1.35x

Dental – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
Dental															
DENTSPLY International	\$40.96	93%	1.17x	\$5,868.9	\$1,633.3	\$7,538.1	3.6%	4.1%	19.8%	20.4%	11.3%	52.7%	NM	2.9%	NM
Align Technology	\$37.04	93%	1.58x	\$3,020.9	(\$366.7)	\$2,654.2	11.8%	12.6%	23.7%	26.4%	18.9%	74.2%	26.9%	7.5%	17.7%
Average							7.7%	8.3%	21.7%	23.4%	15.1%	63.4%	26.9%	5.2%	17.7%
Median							7.7%	8.3%	21.7%	23.4%	15.1%	63.4%	26.9%	5.2%	17.7%

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q2 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



Appendix– Q2 Selected MedTech M&A Transactions

Selected Global MedTech M&A Comparables (Deals > \$ 10 million)

Date	Target	Acquirer	Transaction Value (\$USDmm)	Enterprise Value (\$USDmm)	Valuation Metrics		
					EV/LTM Revenues	EV/LTM EBITDA	
Medical Technology Sector							
06/28/2013	Bard Electrophysiology	EP Technologies	\$275	\$275	2.48x	NA	
06/25/2013	Peters Surgical	Eurazeo PME	NA	\$59	1.22x	NA	
06/19/2013	Wright Medical Grp.(OrthoRecon Bus.)	Microport Medical	\$290	\$290	1.08x	NA	
06/18/2013	Bionostics Holdings	Research And Diagnostic Systems	\$104	\$104	3.55x	11.1x	
06/12/2013	Pioneer Surgical Technology	RTI Biologics	\$130	\$130	NA	NA	
06/12/2013	ZONARE Medical Systems	Mindray Medical Int.	\$105	\$105	1.64x	NA	
06/12/2013	Flowsense Medical	Baxter Int.	\$8	\$8	NM	NA	
06/11/2013	Stille, (Assets Related to Sonesta Business)	ADDvise Lab Solutions	\$3	\$3	1.08x	NA	
05/27/2013	Bausch & Lomb Holdings	Valeant Pharmaceuticals Int.	\$8,775	\$8,416	2.77x	14.6x	
05/23/2013	Nordion	BTG	\$200	\$200	4.17x	NA	
05/13/2013	Spectrum Dynamics	Biosensors Int.	\$70	\$70	NA	NA	
05/13/2013	Logos Holdings	Instem	\$8	\$8	6.67x	NM	
05/13/2013	Theragenics Corp.	Juniper Investment Co.	\$88	\$59	0.74x	5.9x	
05/02/2013	Adler Mediequip Private	Smith & Nephew	\$70	\$70	NA	NA	
04/30/2013	Inverclyde Biologicals	Source BioScience	\$2	\$2	1.86x	NA	
04/30/2013	Melly Sichte Co.	SHO-BI Corp.	\$11	\$11	1.82x	NA	
04/29/2013	Conceptus	Bayer HealthCare	\$1,165	\$1,089	7.49x	NM	
04/29/2013	Ingenuity Systems	Qiagen NV	\$109	\$109	5.47x	NA	
04/29/2013	Nfocus Neuromedical	Covidien	\$96	\$95	NA	NA	
04/26/2013	Alma Lasers	Chindex Medical	\$240	\$251	NA	NA	
04/24/2013	M.I.Tech Co.	Dong-A Socio Holdings Co.	\$11	\$11	1.28x	NA	
04/17/2013	Zywiecka Fabryka Sprzetu Szpitalnego FAMED S.A and Zywiec Medical Trading Sp. z o. o.	EMSA Capital	\$15	\$15	NA	NA	
04/04/2013	Heraeus Kulzer	Mitsui Chemicals	\$579	\$579	1.27x	NA	
04/02/2013	Neurelec	William Demant Holding	\$74	\$74	3.11x	NA	
04/02/2013	HertART ApS	Vitrolife AB	\$1	\$1	3.67x	NA	
04/01/2013	Cardiac Science Corporation, Diagnostic Cardiology Product Line Except Certain Assets	Mortara Instrument	\$21	\$21	NA	NA	
					Average⁽¹⁾	2.85x	10.5x
					Median⁽¹⁾	2.17x	11.1x

Source: CapitalIQ.

Note: (1) Excludes Outlier Multiples for Transactions with EV/Rev. > 8x, and EV/EBITDA > 24x.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



Appendix – Public MedTech Groupings

HCIT	
Company Name	Ticker
Cerner	CERN
Athenahealth	ATHN
Allscripts Healthcare Solutions	MDRX
Medidata Solutions	MDSO
HMS Holdings Corp.	HMSY
The Advisory Board Co.	ABCO
Quality Systems	QSII
MedAssets	MDAS
Accretive Health	AH
Omicell	OMCL
Healthstream	HSTM
Computer Programs & Systems	CPSI
Greenway Medical Technologies	GWAY
Vocera Communications	VCRA
Merge Healthcare Incorporated	MRGE

Diversified	
Company Name	Ticker
Johnson & Johnson	JNJ
Abbott Laboratories	ABT

Cardiothoracic	
Company Name	Ticker
Medtronic	MDT
St. Jude Medical	STJ
Boston Scientific	BSX
Edwards Lifesciences	EW
Thoratec Corp.	THOR
Heartware International	HIN
ABIOMED	ABMD
Hansen Medical	HNSN

Orthopedics	
Company Name	Ticker
Stryker Corp.	SYK
Zimmer Holdings	ZMH
Smith & Nephew	SN.
Globus Medical	GMED
Cyberonics	CYBX
Hanger	HGR
NuVasive	NUVA
Integra LifeSciences Holdings	IART
Wright Medical Group	WMGI
ArthroCare	ARTC
CONMED	CNMD
Tornier N.V.	TRNX

Supplies	
Company Name	Ticker
Baxter International	BAX
Covidien	COV
Becton, Dickinson and Co.	BDX
CR Bard	BCR
CareFusion Corp.	CFN
Teleflex Incorporated	TFX
Haemonetics Corp.	HAE
Volcano Corp.	VOLC

Equipment	
Company Name	Ticker
Intuitive Surgical	ISRG
Varian Medical Systems	VAR
ResMed	RMD
Hologic	HOLX
Steris Corp.	STE
Hill-Rom Holdings	HRC
Insulet Corp.	PODD
DexCom	DXCM
MAKO Surgical Corp.	MAKO
Accuray Incorporated	ARAY

Dental	
Company Name	Ticker
DENTSPLY International	XRAY
Align Technology	ALGN



Disclaimer

This Quarterly Report (the “Quarterly”) has been prepared solely for informational purposes and may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with us.

This Quarterly is not intended to provide the sole basis for evaluating, and should not be considered a recommendation with respect to, any transaction or other matter. This Quarterly does not constitute an offer, or the solicitation of an offer, to buy or sell any securities or other financial product, to participate in any transaction or to provide any investment banking or other services, and should not be deemed to be a commitment or undertaking of any kind on the part of Navidar Group LLC (“Navidar”) or any of its affiliates to underwrite, place or purchase any securities or to provide any debt or equity financing or to participate in any transaction, or a recommendation to buy or sell any securities, to make any investment or to participate in any transaction or trading strategy.

Although the information contained in this Quarterly has been obtained or compiled from sources deemed reliable, neither Navidar nor any of its affiliates make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein is, or shall be relied upon as, a promise or representation whether as to the past, present or future performance. The information set forth herein may include estimates and/or involve significant elements of subjective judgment and analysis. No representations are made as to the accuracy of such estimates or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realized. The information contained herein does not purport to contain all of the information that may be required to evaluate a participation in any transaction and any recipient hereof should conduct its own independent analysis of the data referred to herein. We assume no obligation to update or otherwise revise these materials.

Navidar and its affiliates do not provide legal, tax or accounting advice. Prior to making any investment or participating in any transaction, you should consult, to the extent necessary, your own independent legal, tax, accounting and other professional advisors to ensure that any transaction or investment is suitable for you in the light of your financial capacity and objectives.