



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

Q2 2014



NAVIDAR

Mergers & Acquisitions

Custom Capital Solutions

Corporate Finance Advisory










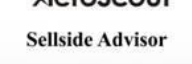
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About Navidar

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.

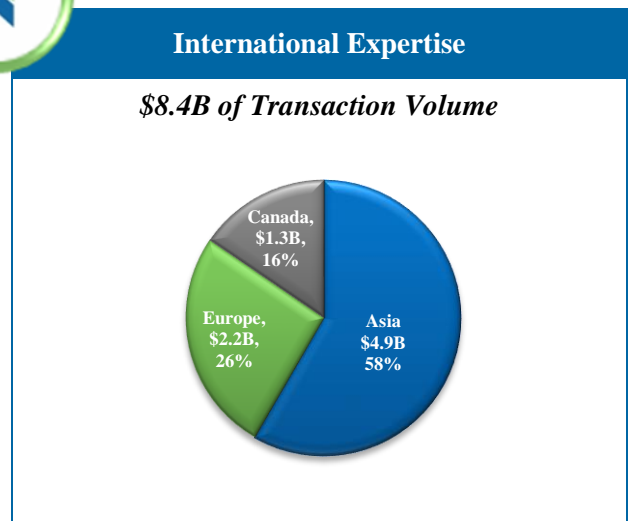
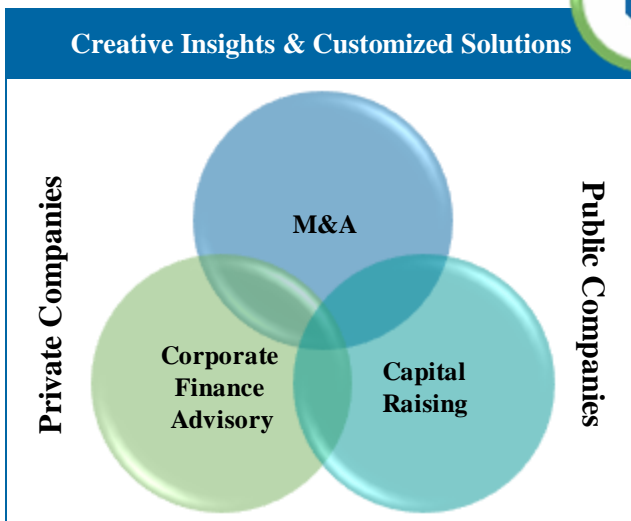
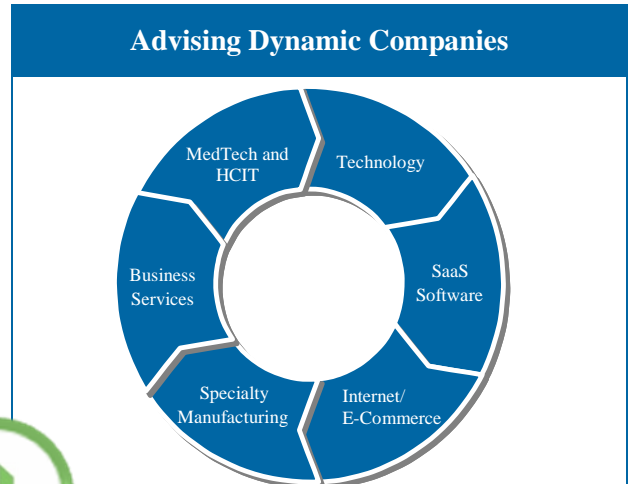
- Big Firm Experience Combined with Senior Banker Attention
- Global Relationships With Top Tier Investors and World-Leading Companies
- Greater Creativity & Customized Solutions
- Focused on the Middle Corridor of the United States

Selected Closed Transactions	
 <p>Has been acquired by</p>  <p>Sellside Advisor</p>	<ul style="list-style-type: none"> ■ <i>“Thoughtful process management and a rigorous analytical approach to demonstrating our value was integral to achieving an outstanding outcome.”</i> <p>Nathan Jones, CEO of ShipStation</p>
 <p>Has been acquired by</p>  <p>Sellside Advisor</p>	<ul style="list-style-type: none"> ■ <i>“We were impressed with the Navidar team’s understanding of our industry and software-as-a-service business model.”</i> <p>Marc Yagjian, CEO of FeedMagnet</p>
 <p>Has been acquired by</p>  <p>Sellside Advisor</p>	<ul style="list-style-type: none"> ■ <i>“Navidar’s global technology relationships, understanding of our business, cross-border deal experience and commitment to providing senior banker attention throughout the process were critical differentiators for us.”</i> <p>Gurvendra Suri, Founder and CEO of Optimal Solutions Integration</p>
 <p>Has been acquired by</p>  <p>Sellside Advisor</p>	<ul style="list-style-type: none"> ■ <i>“Navidar’s global reach, understanding of current technology trends and ability to navigate complex deal issues really sets them apart from the competition.”</i> <p>Eric Tobias, CEO of iGoDigital</p>
 <p>Has been acquired by</p>  <p>Sellside Advisor</p>	<ul style="list-style-type: none"> ■ <i>“Senior banker attention led to a creative deal structure which resulted in a better outcome for our shareholders.”</i> <p>Joel Haspel, Founder and CEO of Sentient Health</p>

Note: Transactions above only represent a sample of past transactions executed by Navidar.



Navidar at a Glance



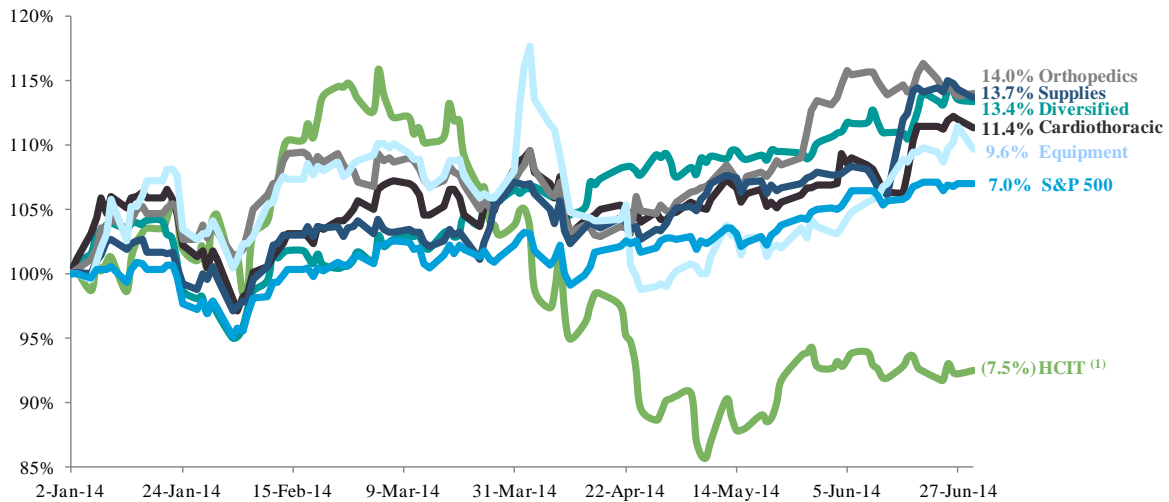
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Q2 2014 Medical Technology Sector Review

Relative Share Price Performance — YTD



MedTech Sector Share Price Performance

Sub-Sector	Q2 Return	YTD Return
Diversified	6.7%	13.4%
Supplies	6.3%	13.7%
Orthopedics	5.6%	14.0%
S&P 500	4.0%	7.0%
Cardiothoracic	2.4%	11.4%
Equipment	(3.4%)	9.6%
HCIT ⁽¹⁾	(11.8%)	(7.5%)

Top 5 Global M&A Deals in Q2 By Value

Date	Buyer	Target	Deal Value (\$M)
6/15/2014	Medtronic	COVIDIEN	48,056
4/24/2014	Zimmer	BIOMET	13,926
6/26/2014	MERZ	ulthera	600
6/16/2014	WEX	evolution	533
4/7/2014	Roche	IQ ^{um}	450

Key Takeaways From the Quarter:

- Performance in the Medical Technology sectors was mixed in Q2'14, with three sub-sectors outperforming the S&P 500 index, while an equivalent number of sub-sectors underperformed the S&P 500 index. Subsectors such as Diversified Supplies and Orthopedics outperformed the overall market, while subsectors such as Cardiothoracic, Equipment and HCIT underperformed the overall market.
- After a slight decline in Q1'14, Global MedTech M&A deal volume in Q2'14 continued its uptrend, which started in Q2'13. Global MedTech M&A deal volume in Q2'14 experienced an uptick on a quarter-over-quarter basis, with the number of M&A deals increasing to 153 from 137.
- Global MedTech M&A deal value increased significantly to reach \$67.0 billion in Q2'14, primarily driven by Medtronic's \$48.1 billion acquisition of Covidien, a developer, manufacturer and distributor of medical device and supply products.
- U.S. MedTech M&A deal value remained flat at 76 M&A deals, as compared to Q1'14. However, M&A deal value increased by more than 160% over the same period (\$6.9 billion to \$18.0 billion).
- Acquisitions by strategic acquirers accounted for more than 80% of total M&A deal volume in Q2'14 (128 out of 153 transactions).
- Over 65% of announced transactions in Q2'14 (with disclosed deal values) were below \$50 million.

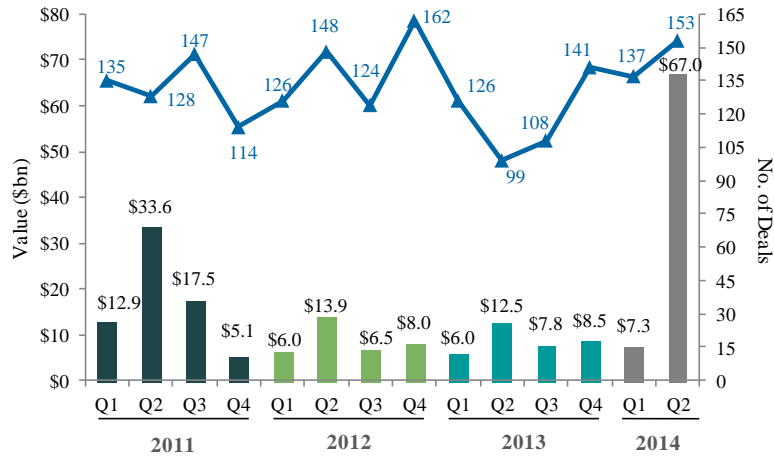
Source: CapitalIQ, Industry Research, Online Publications and Navidar Research.

(1) HCIT = Healthcare Information Technology.

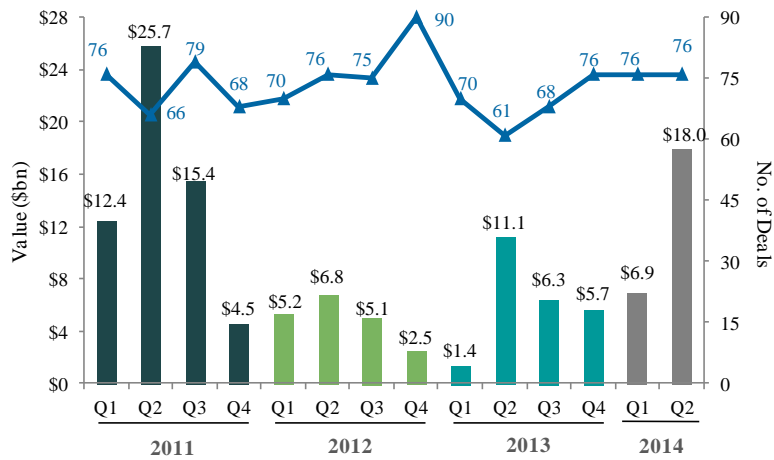


Medical Technology Sector M&A Review

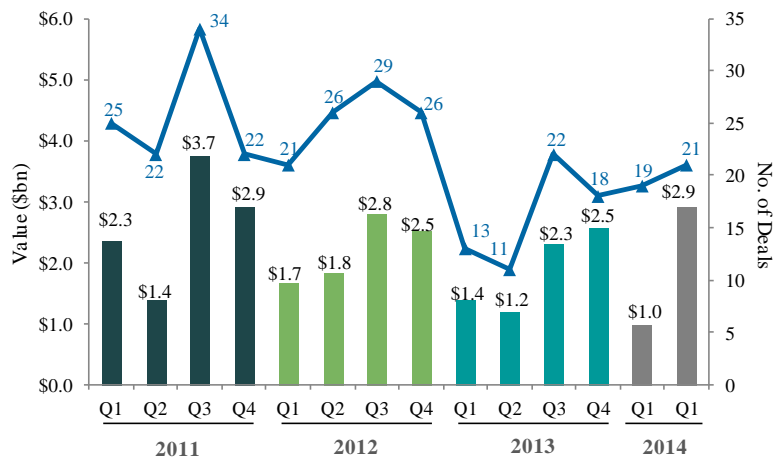
Global MedTech M&A Deals — Since 2011



U.S. MedTech M&A Deals — Since 2011



U.S. MedTech Middle Market M&A Deals — Since 2011⁽¹⁾



Commentary

After a slight downturn in Q1'14, M&A transaction volume in the Global MedTech sector increased in Q2'14 to reach 153 deals, the highest level since Q4'12. Global MedTech M&A deal value also reached a multi-year high of \$67.0 billion in Q2'14.

- Global M&A transaction volume increased 12% quarter-over-quarter (137 to 153 deals) and increased 55% year-over-year (99 deals to 153 deals).
- M&A deal value increased by more than 9x on a quarter-over-quarter basis, from \$7.3 billion to \$67.0 billion. It increased by more than 5x on a year-over-year basis, from \$12.5 billion to \$67.0 billion, due in large part to Medtronic's \$48.1 billion acquisition of Covidien.

U.S. M&A transaction volume in Q2'14 remained steady from Q1'14, but increased on a Year-over-Year basis.

- U.S. M&A transaction volume in Q2'14 increased 25% as compared to Q2'13, from 61 to 76 acquisitions. Deal value grew by 62% over the same period, from \$11.1 billion to \$18.0 billion. The surge in U.S. deal value was largely attributable to Zimmer Holdings' acquisition of Biomet for \$13.9 billion EV.

U.S. Middle Market M&A deal volume resumed its momentum in Q2'14 from 2013.

- Transaction volume on a year-over-year basis increased more than 90% in Q2'14, compared to Q2'13, from 11 to 21 acquisitions. Deal value in Q2'14 increased more than 140% over the same period.

Source: CapitalIQ, Navidar Research and Industry Research.

(1) Defined as deal value of \$500M EV and less.



Medical Technology Sector M&A Review (Cont.)

Top 10 Global MedTech M&A Transactions in Q2 2014

Announced Date	Buyer	Target	Trn. Value (\$USDmm)	LTM EV/Rev. (x)	LTM EV/EBITDA (x)
06/30/2014	Stryker Corporation (US)	Small Bone Innovations (US)	375.0	7.8x	NA
06/26/2014	Merz North America (US)	Ulthera (US)	600.0	6.6x	45.3x
06/25/2014	Owens & Minor (US)	Medical Action Industries (US)	286.8	1.0x	18.9x
06/16/2014	HR Europe and Hill-Rom Holdings (Netherlands)	TRUMPF Medical (Germany)	259.6	1.0x	NA
06/16/2014	WEX (US)	Evolution1 (US)	532.5	6.0x	20.0x
06/15/2014	Medtronic (US)	Covidien (Ireland)	48,056.4	4.5x	16.8x
05/28/2014	St. Jude Medical (US)	CardioMEMS (US)	375.0	NA	NA
05/15/2014	Boston Scientific (US)	Bayer HealthCare, Interventional Division (US)	415.0	3.5x	NA
04/24/2014	Zimmer Holdings (US)	LVB Acquisition (Biomet) (US)	13,926.1	NA	NA
04/07/2014	Roche Molecular Systems (US)	Iquum (US)	450.0	NA	NA

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

\$ in millions except #	Q2'2014		Q1'2014		Q2'2013	
	Number of Deals	Total Deal Value	Number of Deals	Total Deal Value	Number of Deals	Total Deal Value
< \$50M	11	101	13	199	3	26
\$50M to \$100M	1	65	4	303	3	255
\$100M to \$250M	3	515	1	160	3	344
\$250M to \$500M	6	2,222	1	315	2	565
\$500M to \$1000M	2	1,133	-	-	-	-
>1B	1	13,926	2	5880	2	9,940
Undisclosed	52	-	55	-	48	-
Total	61	11,130	76	17,961	76	6,857

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.) TBU

Review of Selected MedTech Transactions in Q2'14

Emdeon acquired Capario for \$115M.

- **Capario will extend Emdeon's ability to quickly reimburse healthcare providers accurately and cost effectively through its proprietary, Cloud-based application suite.**
- **The acquisition will further expand Emdeon's market-leading Intelligent Healthcare Network and accelerate and improve healthcare providers' revenue cycle management.**

Based in Santa Ana, Capario has provided industry-leading technology solutions to help healthcare providers get paid more quickly and more accurately. Through CaparioOne, its premiere web application, Capario offers customers the ability manage their entire revenue cycle with a single solution. Capario has connectivity to more than 5,000 payers, 88,000 providers and processes transactions for an additional 240,000 providers through vendor partners.

Quintiles acquired Encore Health Resources. Valuation was not disclosed.

- **Encore extends Quintiles' services suite and enables the Company to strengthen its solutions, adding expertise and capabilities in health-information analytics, clinical data and technology consulting.**

Based in Houston, TX, Encore Health Resources, LLC provides information technology consulting services for the healthcare market. The company offers clinical, strategy, and physician advisory services; EHR implementation and optimization; revenue cycle services, including system implementation and process improvement; and health analytics solutions, such as health analytics roadmap, data governance and design, data governance implementation, source data mapping, data capture optimization, and analytics implementation.

WEX acquired Evolution1 for \$532.5M, which implied an EV/EBITDA multiple of 20.0x.

- **Acquisition of Evolution1 will place WEX at the fore-front of payment-processing systems for the consumer side of the health care industry, which represents a \$1 billion+ annual revenue opportunity.**

Based in Simsbury, CT, Evolution1, Inc. provides electronic payment, on-premise, and cloud computing healthcare solutions that administers reimbursement accounts, including Health Savings Accounts, Health Reimbursement Arrangements, Flexible Spending Accounts, Voluntary Employee Beneficiary Associations, PRAs, and Wellness and Incentive Plans. It offers 1 cloud, a healthcare financial services platform; 1 direct, an on-premise healthcare financial services platform; 1 pay, a suite of payment solutions that enables simplified access to healthcare account funds; 1 mobile, a consumer portal that enables consumers to view account balances and details, submit healthcare account claims, and capture and send receipts anytime and anywhere on iPhone, Android, and tablet device; 1Plan, which delivers generation of consumer directed health plans in a multi-account defined contribution solution; and 1View, which provides consumers ready access to their healthcare-related accounts and expenses.

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.)

Healthcare Supplies

Owens & Minor acquired Medical Action for \$286.8M.

- Owens & Minor's leadership position in medical supply logistics, coupled with Medical Action's dedicated clinical sales force, creates an opportunity for enhanced growth in the domestic kit and tray market.
- The acquisition enhances Owens & Minor's strategic partnerships with manufacturers by providing continued market access and more robust opportunities to deliver products directly to the patient through Owens & Minor's unitized services.
- Medical Action's product choice flexibility for providers is complementary to Owens & Minor's logistics-focused supply chain services, where product choice is highly valued.

Headquartered in Brentwood, NY, Medical Action Industries Inc. develops, manufactures and distributes to Healthcare providers with a vast array of high-quality disposable medical products. Medical Action is the leading manufacturer/distributor of Operating Room Disposable supplies, Containment Systems for Medical Waste, Minor Procedure Kits and Trays, Bedside Products and Disposable Supplies for Medical Laboratories. Although our products have been primarily marketed to acute facilities in domestic and international markets, Medical Action over the recent years has expanded its end-user base to include physician, dental, veterinary offices and out-patient surgery centers and long-term care facilities.

Alliqua acquired Choice Therapeutics for \$11.9M.

- Choice Therapeutics' product suite, which incorporates TheraBond 3D Antimicrobial Barrier Systems technology, allows Alliqua to extend its current woundcare portfolio into burns, surgical site infections and chronic wounds.
- With the acquisition, Alliqua can provide a custom manufacturing solution to partners in the medical device and cosmetics industry, utilizing its proprietary hydrogel technology, which should drive margin expansion.

Based in Wrentham, MA, Choice Therapeutics, Inc. develops, manufactures, and commercializes medical devices for burns, advanced wound care, and surgical site infections. It offers TheraBond, a 3D antimicrobial contact and wrap barrier system for directional flow to transfer exudates and excess fluid away from the wound; superior fluid management to promote a moist healing environment; draping and conforming to body contours; airspace between struts to insulate the wound against heat loss; hydrating and staying hydrated; moist textured surface to minimize sticking; and providing gentle compression solutions, customized designs and third party solutions NANOCOOL™ and SILVERSKIN™. Cool Logistics has presence in countries such as the UK, India, Singapore and Australia.

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.)

Healthcare Equipment

Stryker Corp. acquired SmallBone Innovations for \$375M, which implied an EV/Revenue multiple of 7.81x.

- In addition to the STAR Ankle replacement system, Stryker also purchased finger, wrist and elbow products in a bid to expand its foot and ankle product portfolio into higher-margin segments.

Headquartered in Morrisville, PA, Small Bone Innovations, Inc. (SBi) is the sole source provider of products, technology, and education for small bone and joint surgeons, Hospitals/Ambulatory surgical centers, and third party customers of “Total Technology Solutions” for small bone & joint surgeons.

Cardinal Health acquired AccessClosure for \$320M, which implied an EV/Revenue multiple of 4.0x.

- Acquisition provides Cardinal Health with a scalable platform, strong customer base and cost-effective services model.
- Cardinal Health expects the acquisition to have minimal impact on non-GAAP earnings in FY 2014 and to be slightly accretive to non-GAAP earnings in FY 2015.

Based in Mountain View, CA, AccessClosure, Inc., a medical device company, designs, manufactures, and distributes access site management devices to address complex challenges in cardiovascular and peripheral vascular markets. The company offers MynxGrip Vascular Closure Device, an extravascular device that is used to seal femoral artery access sites; and Flash Ostial System Dual Balloon Angioplasty Catheter to help overcome the challenges of aorto-ostial stenting. It offers its products through its direct sales force in the United States; and a network of distributors internationally

Boston Scientific acquires Interventional Division of Bayer AG for \$415M, which implied an EV/Revenue multiple of 3.46x.

- The acquisition will accelerate the growth of Boston Scientific’s Peripheral Interventions business and strengthen its position as a global leader in peripheral therapies.
- With the sale, Bayer AG’s Medical Care division can focus on innovation and growth in its Radiology and Diabetes Care businesses.

Headquartered in Leverkusen, North Rhine-Westphalia, Germany, Bayer AG is a German management holding company with core competencies in the field of health care, nutrition and high-tech materials. Its business operations are organized into three subgroups: HealthCare, involved in the research, development and manufacture of health products for people and animals, CropScience, engaged in the crop protection and non-agricultural pest control, and MaterialScience that provides polymers, and develops solution for a range of applications, supported by the service companies Bayer Business Services, Bayer Technology Services and Currenta.

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.)

Healthcare Equipment

Medtronic merged with Covidien for \$48.05B, which implied an EV/EBITDA multiple of 16.8x.

- **Merger points to a trend sweeping health care: device companies are combining forces to gain leverage and prominence on hospitals' supplier lists, as medical centers cut costs by concentrating their purchases.**
- **Medtronic's merger with Covidien is the latest in a wave of inversions, as American companies seek foreign acquisition targets to lower their corporate tax rate.**

Headquartered in Dublin, Ireland, Covidien is a healthcare products company and manufacturer of medical devices and supplies. Covidien became an independent publicly traded company after being spun off from Tyco International in 2007. Medtronic, headquartered in suburban Minneapolis, is the world's fourth largest medical device company and is composed of six main business units which develop and manufacture devices and therapies to treat more than 30 chronic diseases.

Merz North America acquired Ulthera for \$600M, which implied an EV/EBITDA multiple of 45.3x.

- **Acquisition will accelerate Merz's growth in the aesthetics area and expand the Company's portfolio of treatment options in facial aesthetics.**
- **Merz North America expects to leverage Ulthera's global presence to expand their in-hour clinical expertise into the international marketplace.**

Based in Mesa, Arizona, Ulthera, Inc. is a global medical device company focused on developing and commercializing technologies for aesthetic and medical applications using its therapeutic ultrasound platform technology. The Ulthera System is the first and only energy-based device to receive U.S. FDA clearance for a non-invasive aesthetic lift indication. It is used in a procedure known as Ultherapy, which is an FDA-cleared treatment to lift skin above the eyebrow, on the neck and under the chin.

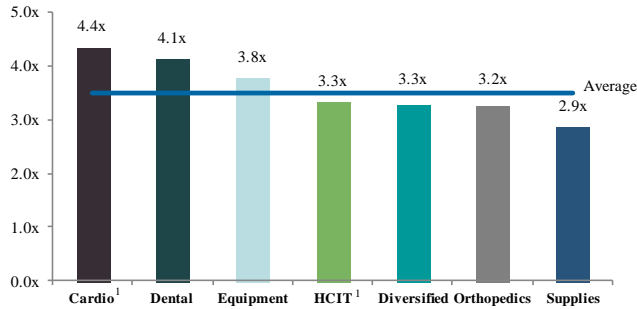
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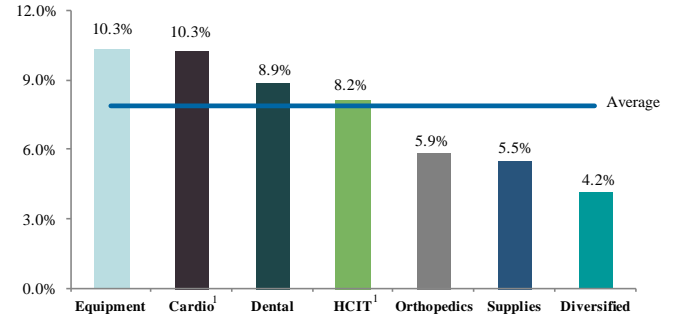


Comparable Public Company Valuation Metrics – MedTech Sector

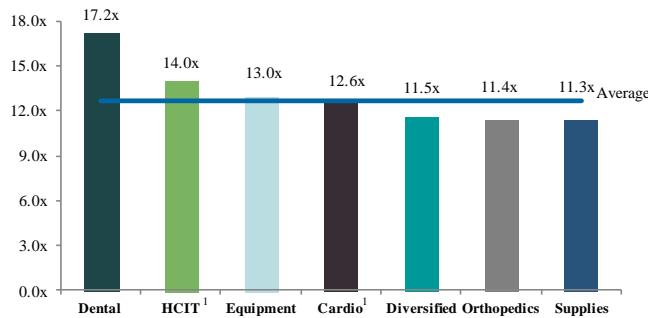
Enterprise Value/CY 2014E Rev.



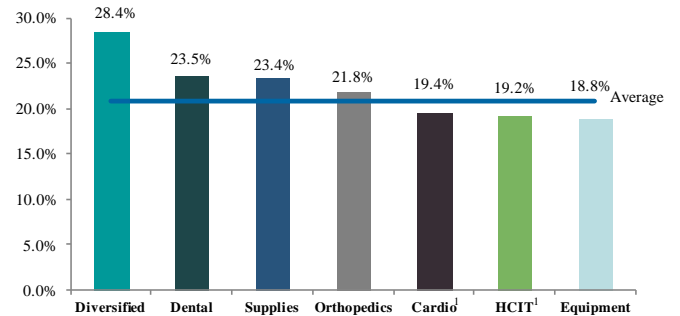
CY 2014E Rev. Growth%



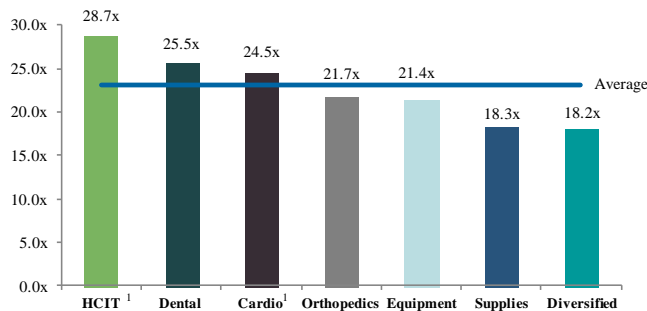
Enterprise Value/CY 2014E EBITDA



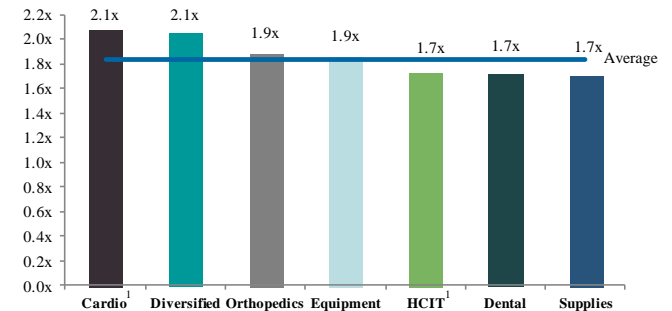
CY 2014E EBITDA Margin %



Price/Earnings 2014E



Price-to-Earnings Growth Ratio 2014E (PEG)



Source: CapitalIQ.

Note: Market Data as of Q2 2014 Quarter End.

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

Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, P/E > 50x, and PEG > 3x.

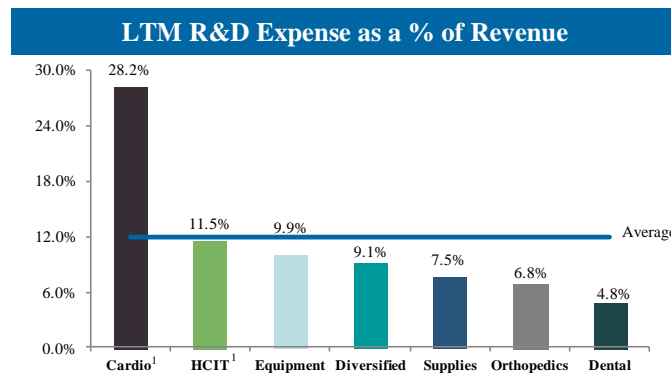
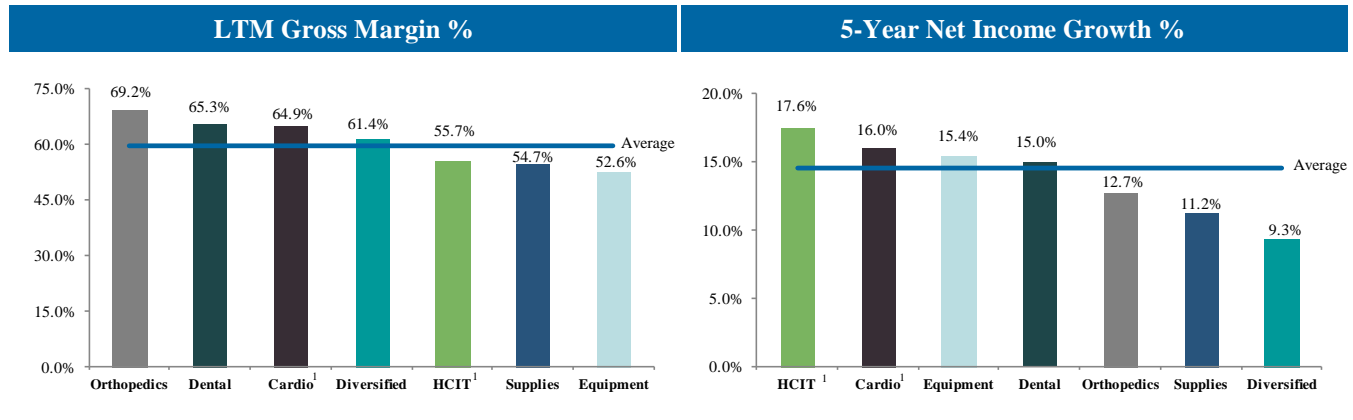
Note: CY=Calendar Year, LTM=Last Twelve Months and NTM = Next Twelve Months.

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

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



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



Source: CapitalIQ.

Note: Market Data as of Q2 2014 Quarter End.

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

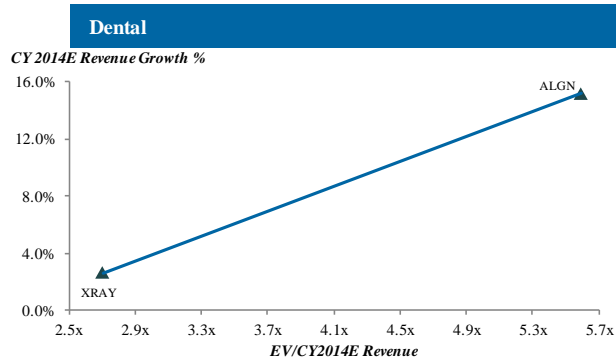
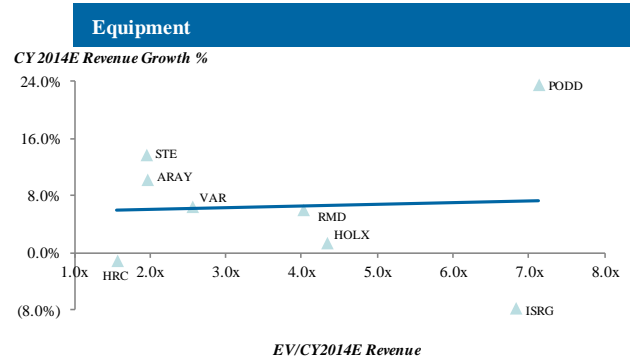
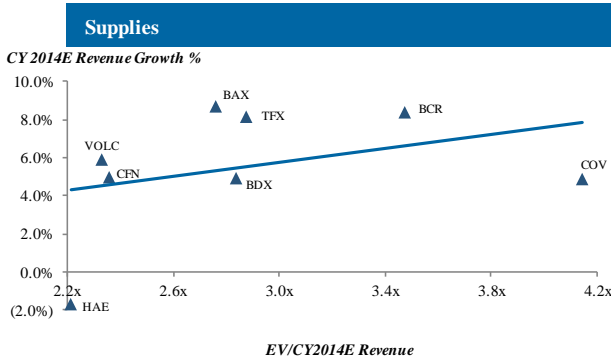
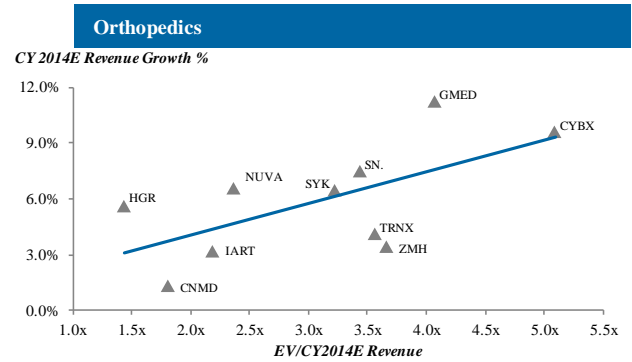
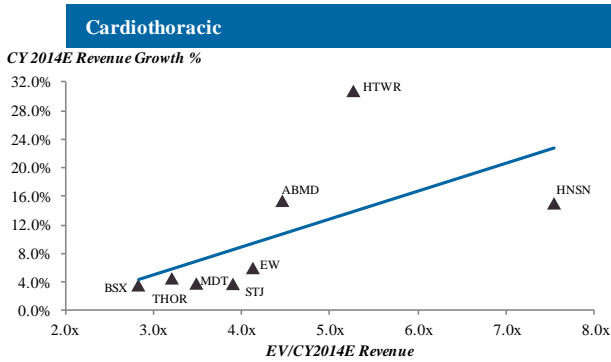
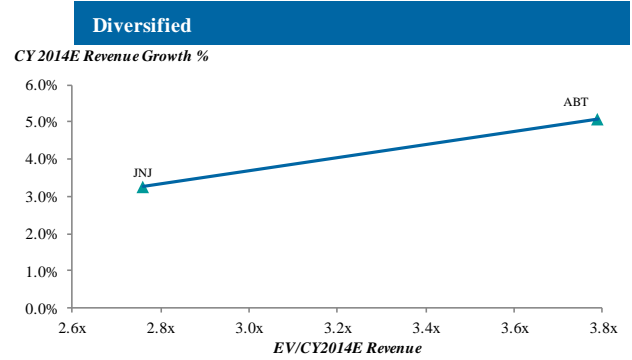
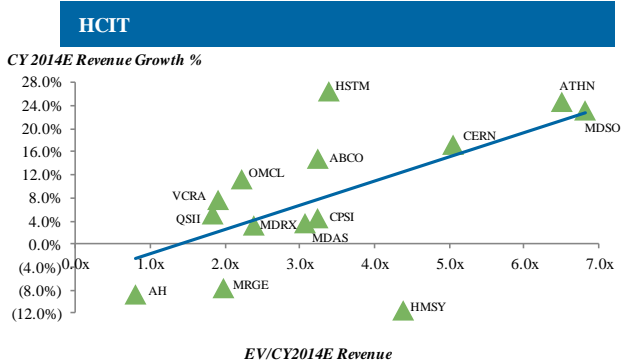
Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, P/E > 50x and PEG > 3x.

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

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



Valuation & Revenue Growth Correlation – Public MedTech Companies



Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.
 Note: Market Data as of Q2 2014 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

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
HCIT														
Cerner	\$51.58	82%	1.13x	\$17,711.1	(\$870.8)	\$16,840.4	5.1x	4.5x	14.4x	12.5x	31.3x	26.5x	1.80x	1.53x
Athenahealth	\$125.13	61%	1.50x	\$4,735.2	\$94.8	\$4,830.0	6.5x	5.3x	NM	NM	NM	NM	NM	NM
Allscripts Healthcare Solutions	\$16.05	82%	1.24x	\$2,880.7	\$507.6	\$3,388.3	2.4x	2.2x	15.4x	12.9x	40.1x	29.2x	1.81x	1.32x
Medidata Solutions	\$42.81	63%	1.33x	\$2,315.8	\$10.9	\$2,326.7	6.8x	5.6x	NM	22.3x	NM	43.6x	NM	2.03x
The Advisory Board Co.	\$51.85	73%	1.11x	\$1,897.8	(\$25.6)	\$1,872.1	3.2x	2.8x	19.1x	15.8x	43.4x	36.0x	2.60x	2.16x
HMS Holdings Corp.	\$20.41	76%	1.35x	\$1,789.3	\$121.5	\$1,910.8	4.4x	3.6x	17.7x	12.5x	39.3x	24.3x	2.12x	1.31x
MedAssets	\$22.84	86%	1.31x	\$1,392.9	\$775.8	\$2,168.8	3.1x	3.0x	9.2x	8.7x	16.7x	14.8x	1.41x	1.25x
Omniceil	\$28.71	95%	1.49x	\$1,051.0	(\$107.6)	\$943.4	2.2x	2.0x	11.7x	10.1x	23.5x	20.5x	1.40x	1.22x
Quality Systems	\$16.05	66%	1.14x	\$966.6	(\$113.8)	\$852.8	1.8x	1.7x	11.7x	9.9x	28.3x	22.6x	1.87x	1.49x
Accretive Health	\$7.80	70%	1.13x	\$901.7	(\$196.4)	\$705.3	0.8x	NM	10.1x	6.4x	19.3x	11.0x	0.96x	0.55x
Healthstream	\$24.30	61%	1.17x	\$669.8	(\$102.0)	\$567.8	3.4x	2.9x	22.6x	18.4x	NM	NM	NM	NM
Computer Programs & Systems	\$63.60	88%	1.35x	\$710.0	(\$29.3)	\$680.8	3.2x	3.1x	11.3x	10.7x	19.7x	18.7x	1.57x	1.49x
Vocera Communications	\$13.20	67%	1.13x	\$332.2	(\$121.1)	\$211.0	1.9x	1.7x	NM	NM	NM	NM	NM	NM
Merge Healthcare Incorporated	\$2.27	48%	1.15x	\$215.7	\$208.5	\$424.7	2.0x	1.9x	10.5x	9.2x	25.2x	11.9x	1.68x	0.80x
Average							3.3x	3.1x	14.0x	12.4x	28.7x	23.6x	1.72x	1.38x
Median							3.2x	2.9x	11.7x	11.6x	26.8x	22.6x	1.74x	1.32x

Healthcare Technology (HCIT) – Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
HCIT															
Cerner	\$51.58	82%	1.13x	\$17,711.1	(\$870.8)	\$16,840.4	17.2%	13.1%	35.1%	35.7%	17.3%	85.0%	42.1%	11.9%	10.7%
Athenahealth	\$125.13	61%	1.50x	\$4,735.2	\$94.8	\$4,830.0	24.7%	24.0%	17.8%	17.8%	22.8%	59.3%	25.3%	9.6%	16.0%
Allscripts Healthcare Solutions	\$16.05	82%	1.24x	\$2,880.7	\$507.6	\$3,388.3	3.3%	6.6%	15.6%	17.4%	22.1%	45.7%	NA	14.7%	NA
Medidata Solutions	\$42.81	63%	1.33x	\$2,315.8	\$10.9	\$2,326.7	23.2%	21.6%	23.5%	25.2%	21.4%	74.6%	25.0%	19.7%	23.7%
The Advisory Board Co.	\$51.85	73%	1.11x	\$1,897.8	(\$25.6)	\$1,872.1	14.8%	15.6%	17.0%	17.8%	16.7%	46.8%	18.5%	NA	14.2%
HMS Holdings Corp.	\$20.41	76%	1.35x	\$1,789.3	\$121.5	\$1,910.8	(11.5%)	21.2%	24.9%	29.0%	18.6%	35.5%	NA	NA	NA
MedAssets	\$22.84	86%	1.31x	\$1,392.9	\$775.8	\$2,168.8	3.6%	3.2%	33.4%	34.3%	11.9%	77.1%	9.3%	4.4%	33.7%
Omniceil	\$28.71	95%	1.49x	\$1,051.0	(\$107.6)	\$943.4	11.3%	10.6%	19.0%	19.9%	16.8%	53.8%	0.1%	6.8%	NA
Quality Systems	\$16.05	66%	1.14x	\$966.6	(\$113.8)	\$852.8	5.2%	8.5%	15.7%	17.1%	15.1%	55.0%	1.3%	9.3%	NA
Accretive Health	\$7.80	70%	1.13x	\$901.7	(\$196.4)	\$705.3	(8.7%)	NM	8.0%	NA	20.0%	20.7%	NA	NA	9.9%
Healthstream	\$24.30	61%	1.17x	\$669.8	(\$102.0)	\$567.8	26.5%	19.1%	15.0%	15.5%	17.3%	57.4%	18.3%	9.0%	11.5%
Computer Programs & Systems	\$63.60	88%	1.35x	\$710.0	(\$29.3)	\$680.8	4.5%	4.4%	28.7%	28.9%	12.5%	47.2%	7.4%	NA	14.2%
Vocera Communications	\$13.20	67%	1.13x	\$332.2	(\$121.1)	\$211.0	7.7%	14.2%	(3.9%)	2.6%	18.7%	62.4%	45.3%	14.7%	15.1%
Merge Healthcare Incorporated	\$2.27	48%	1.15x	\$215.7	\$208.5	\$424.7	(7.6%)	5.1%	18.8%	20.6%	15.0%	59.4%	15.6%	14.4%	15.6%
Average							8.2%	12.9%	19.2%	21.7%	17.6%	55.7%	18.9%	11.5%	16.5%
Median							6.4%	13.1%	18.3%	19.9%	17.3%	56.2%	18.3%	10.8%	14.6%

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

Note: Market Data as of Q2 2014 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, 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.)

Diversified – Valuation Metrics

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Diversified														
Johnson & Johnson	\$104.62	99%	1.22x	\$295,980.4	(\$12,100.0)	\$283,880.4	3.8x	3.6x	11.4x	10.6x	17.8x	16.5x	2.50x	2.32x
Abbott Laboratories	\$40.90	99%	1.25x	\$61,429.3	\$718.0	\$62,246.3	2.8x	2.6x	11.7x	10.7x	18.5x	16.6x	1.61x	1.44x
Average							3.3x	3.1x	11.5x	10.6x	18.2x	16.5x	2.06x	1.88x
Median							3.3x	3.1x	11.5x	10.6x	18.2x	16.5x	2.06x	1.88x

Diversified – Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
Diversified															
Johnson & Johnson	\$104.62	99%	1.22x	\$295,980.4	(\$12,100.0)	\$283,880.4	5.1%	4.0%	33.4%	34.5%	7.1%	68.9%	3.5%	11.4%	NA
Abbott Laboratories	\$40.90	99%	1.25x	\$61,429.3	\$718.0	\$62,246.3	3.3%	5.4%	23.5%	24.6%	11.5%	53.9%	NA	6.7%	NA
Average							4.2%	4.7%	28.4%	29.5%	9.3%	61.4%	3.5%	9.1%	NA
Median							4.2%	4.7%	28.4%	29.5%	9.3%	61.4%	3.5%	9.1%	NA

Cardiothoracic – Valuation Metrics

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Cardiothoracic														
Medtronic	\$63.76	97%	1.24x	\$63,517.3	(\$2,315.0)	\$61,202.3	3.5x	3.3x	9.8x	7.8x	15.9x	14.7x	2.19x	2.02x
St. Jude Medical	\$69.25	98%	1.53x	\$19,682.6	\$2,430.0	\$22,275.6	3.9x	3.7x	12.5x	11.7x	17.4x	16.1x	1.85x	1.72x
Boston Scientific	\$12.77	91%	1.41x	\$16,890.6	\$4,054.0	\$20,944.6	2.8x	2.7x	12.0x	11.0x	24.6x	20.9x	2.45x	2.08x
Edwards Lifesciences	\$85.84	97%	1.42x	\$9,055.6	(\$104.3)	\$8,951.3	4.1x	3.9x	17.5x	15.5x	27.3x	23.6x	2.07x	1.79x
Thoratec Corp.	\$34.86	80%	1.16x	\$1,983.0	(\$295.2)	\$1,687.8	3.2x	2.9x	11.2x	9.8x	19.7x	16.9x	1.90x	1.63x
Heartware International	\$88.50	84%	1.28x	\$1,503.3	(\$70.8)	\$1,432.4	5.3x	4.6x	NM	NM	NM	NM	NM	NM
ABIOMED	\$25.14	82%	1.39x	\$987.6	(\$76.6)	\$911.0	4.5x	3.9x	NM	NM	42.3x	29.8x	1.97x	1.38x
Hansen Medical	\$1.31	45%	1.19x	\$146.7	\$0.6	\$147.3	7.5x	5.8x	NM	NM	NM	NM	NM	NM
Average							4.4x	3.9x	12.6x	11.2x	24.5x	20.3x	2.07x	1.77x
Median							4.0x	3.8x	12.0x	11.0x	22.1x	18.9x	2.02x	1.75x

Cardiothoracic – Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
Cardiothoracic															
Medtronic	\$63.76	97%	1.24x	\$63,517.3	(\$2,315.0)	\$61,202.3	3.7%	4.2%	35.8%	42.8%	7.3%	75.1%	NA	8.7%	NA
St. Jude Medical	\$69.25	98%	1.53x	\$19,682.6	\$2,430.0	\$22,275.6	3.7%	4.6%	31.1%	32.0%	9.4%	72.0%	NA	12.7%	NA
Boston Scientific	\$12.77	91%	1.41x	\$16,890.6	\$4,054.0	\$20,944.6	3.5%	4.5%	23.7%	24.5%	10.0%	68.3%	NA	11.9%	NA
Edwards Lifesciences	\$85.84	97%	1.42x	\$9,055.6	(\$104.3)	\$8,951.3	5.9%	5.6%	23.6%	25.2%	13.2%	73.6%	NA	15.9%	NA
Thoratec Corp.	\$34.86	80%	1.16x	\$1,983.0	(\$295.2)	\$1,687.8	4.5%	10.1%	28.7%	29.7%	10.4%	67.0%	1.1%	18.6%	NA
Heartware International	\$88.50	84%	1.28x	\$1,503.3	(\$70.8)	\$1,432.4	30.7%	14.5%	(12.6%)	(5.5%)	40.5%	64.2%	NA	48.0%	NA
ABIOMED	\$25.14	82%	1.39x	\$987.6	(\$76.6)	\$911.0	15.3%	13.3%	5.8%	11.8%	21.5%	79.7%	NA	16.7%	NA
Hansen Medical	\$1.31	45%	1.19x	\$146.7	\$0.6	\$147.3	15.0%	30.7%	NM	NM	NM	19.3%	NA	92.7%	NA
Average							10.3%	10.9%	19.4%	22.9%	16.0%	64.9%	1.1%	28.2%	NA
Median							5.2%	7.9%	23.7%	25.2%	10.4%	70.1%	1.1%	16.3%	NA

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

Note: Market Data as of Q2 2014 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, 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.)

Orthopedics – Valuation Metrics

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Orthopedics														
Stryker Corp.	\$84.32	97%	1.32x	\$31,965.2	(\$983.0)	\$30,982.2	3.2x	3.1x	11.6x	10.8x	17.5x	15.9x	2.11x	1.92x
Zimmer Holdings	\$103.86	96%	1.39x	\$17,429.7	\$94.7	\$17,526.8	3.7x	3.5x	9.6x	9.1x	17.0x	15.9x	1.86x	1.73x
Smith & Nephew	\$17.77	91%	1.44x	\$15,868.5	\$216.0	\$16,090.6	3.4x	3.2x	11.8x	10.5x	21.2x	19.2x	2.25x	2.05x
Globus Medical	\$23.92	88%	1.47x	\$2,250.1	(\$280.8)	\$1,969.3	4.1x	3.6x	12.1x	10.7x	25.4x	22.5x	1.87x	1.65x
NuVasive	\$35.57	89%	1.59x	\$1,657.5	\$62.2	\$1,728.6	2.4x	2.2x	13.8x	11.8x	32.6x	25.4x	2.54x	1.98x
Cyberonics	\$62.46	85%	1.26x	\$1,666.1	(\$128.3)	\$1,537.7	5.1x	4.7x	13.8x	13.7x	27.6x	23.4x	1.63x	1.38x
Wright Medical Group ⁽²⁾	\$31.40	93%	1.32x	\$1,550.9	(\$75.4)	\$1,475.4	4.8x	4.1x	NM	NM	NM	NM	NM	NM
Integra LifeSciences Holdings ⁽¹⁾	\$47.06	94%	1.32x	\$1,532.6	\$502.1	\$2,034.7	2.2x	2.1x	10.7x	9.6x	15.9x	14.0x	1.39x	1.23x
Hanger	\$31.45	77%	1.10x	\$1,081.6	\$506.3	\$1,587.9	1.4x	1.3x	8.8x	7.9x	15.4x	13.1x	1.54x	1.31x
CONMED	\$44.15	87%	1.43x	\$1,201.6	\$186.3	\$1,387.9	1.8x	1.7x	10.3x	9.7x	22.8x	20.8x	1.75x	1.60x
Tornier N.V.	\$23.38	96%	1.54x	\$1,135.4	\$19.5	\$1,154.9	3.6x	3.3x	NM	NM	NM	NM	NM	NM
Average							3.2x	3.0x	11.4x	10.4x	21.7x	18.9x	1.88x	1.65x
Median							3.4x	3.2x	11.6x	10.5x	21.2x	19.2x	1.86x	1.65x

Orthopedics – Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
Orthopedics															
Stryker Corp.	\$84.32	97%	1.32x	\$31,965.2	(\$983.0)	\$30,982.2	6.5%	5.8%	27.9%	28.2%	8.3%	67.2%	NA	6.1%	NA
Zimmer Holdings	\$103.86	96%	1.39x	\$17,429.7	\$94.7	\$17,526.8	3.4%	4.1%	38.3%	38.5%	9.2%	72.2%	NA	4.3%	NA
Smith & Nephew	\$17.77	91%	1.44x	\$15,868.5	\$216.0	\$16,090.6	7.5%	8.7%	29.1%	30.0%	9.4%	75.1%	2.1%	5.4%	NA
Globus Medical	\$23.92	88%	1.47x	\$2,250.1	(\$280.8)	\$1,969.3	11.2%	12.4%	33.8%	33.8%	13.6%	77.3%	NA	6.2%	NA
NuVasive	\$35.57	89%	1.59x	\$1,657.5	\$62.2	\$1,728.6	6.6%	6.6%	18.9%	17.2%	18.9%	74.9%	NA	4.5%	NA
Cyberonics	\$62.46	85%	1.26x	\$1,666.1	(\$128.3)	\$1,537.7	9.6%	7.7%	36.8%	34.5%	17.0%	90.3%	NA	16.5%	NA
Wright Medical Group ⁽²⁾	\$31.40	93%	1.32x	\$1,550.9	(\$75.4)	\$1,475.4	NM	14.9%	(6.1%)	2.2%	13.5%	77.2%	NA	8.9%	NA
Integra LifeSciences Holdings ⁽¹⁾	\$47.06	94%	1.32x	\$1,532.6	\$502.1	\$2,034.7	3.2%	5.1%	20.4%	21.7%	11.4%	62.8%	NA	5.6%	NA
Hanger	\$31.45	77%	1.10x	\$1,081.6	\$506.3	\$1,587.9	5.6%	6.9%	16.4%	17.1%	10.0%	34.0%	0.4%	NA	NA
CONMED	\$44.15	87%	1.43x	\$1,201.6	\$186.3	\$1,387.9	1.3%	3.8%	17.6%	17.9%	13.0%	55.1%	NA	3.6%	NA
Tornier N.V.	\$23.38	96%	1.54x	\$1,135.4	\$19.5	\$1,154.9	4.1%	8.1%	8.3%	11.3%	21.7%	74.6%	NA	6.9%	NA
Average							5.9%	7.6%	21.8%	23.1%	12.7%	69.2%	1.3%	6.8%	NA
Median							6.0%	6.9%	20.4%	21.7%	12.9%	74.6%	1.3%	5.9%	NA

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

Note: Market Data as of Q2 2014 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, 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.

(2) CY 2014 Revenue Growth considered as "NM" due to Non-adjustments for Acquisitions/Divestiture.



Appendix– Comparable Public Company Analysis (Cont.)

Supplies– Valuation Metrics

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Supplies														
Baxter International	\$72.30	95%	1.15x	\$39,109.7	\$6,646.0	\$45,777.7	2.8x	2.7x	10.1x	9.7x	14.0x	13.3x	1.69x	1.60x
Covidien	\$90.18	97%	1.59x	\$40,686.8	\$3,843.0	\$44,589.8	4.1x	4.0x	15.0x	14.0x	22.1x	19.8x	2.20x	1.97x
Becton, Dickinson and Co.	\$118.30	98%	1.22x	\$22,856.0	\$1,340.0	\$24,196.0	2.8x	2.7x	10.4x	9.8x	18.5x	17.1x	1.96x	1.82x
CR Bard	\$143.01	95%	1.34x	\$10,905.5	\$464.9	\$11,370.4	3.5x	3.3x	12.0x	11.2x	18.3x	16.7x	1.35x	1.24x
CareFusion Corp. ⁽¹⁾	\$44.35	99%	1.27x	\$9,194.3	\$188.0	\$9,382.3	2.4x	2.3x	9.5x	9.0x	17.5x	15.7x	1.57x	1.41x
Teleflex Incorporated	\$105.60	96%	1.42x	\$4,368.4	\$867.6	\$5,238.7	2.9x	2.8x	12.4x	11.1x	19.2x	16.4x	1.65x	1.41x
Haemonetics Corp.	\$35.28	77%	1.18x	\$1,816.3	\$244.0	\$2,060.3	2.2x	2.1x	10.1x	8.7x	18.4x	16.4x	1.51x	1.35x
Volcano Corp.	\$17.61	72%	1.06x	\$902.1	\$62.2	\$964.3	2.3x	2.2x	NM	NM	NM	NM	NM	NM
Average							2.9x	2.8x	11.3x	10.5x	18.3x	16.5x	1.70x	1.54x
Median							2.8x	2.7x	10.4x	9.8x	18.4x	16.4x	1.65x	1.41x

Supplies– Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
Supplies															
Baxter International	\$72.30	95%	1.15x	\$39,109.7	\$6,646.0	\$45,777.7	8.7%	2.6%	27.4%	27.6%	8.3%	50.9%	0.7%	7.0%	NA
Covidien	\$90.18	97%	1.59x	\$40,686.8	\$3,843.0	\$44,589.8	4.9%	4.1%	27.6%	28.5%	10.1%	59.1%	0.6%	5.2%	NA
Becton, Dickinson and Co.	\$118.30	98%	1.22x	\$22,856.0	\$1,340.0	\$24,196.0	4.9%	4.7%	27.3%	27.5%	9.4%	51.6%	NA	6.2%	NA
CR Bard	\$143.01	95%	1.34x	\$10,905.5	\$464.9	\$11,370.4	8.4%	4.6%	29.0%	29.6%	13.5%	61.8%	0.1%	9.6%	NA
CareFusion Corp. ⁽¹⁾	\$44.35	99%	1.27x	\$9,194.3	\$188.0	\$9,382.3	5.0%	3.1%	24.7%	25.3%	11.1%	50.5%	NA	5.3%	NA
Teleflex Incorporated	\$105.60	96%	1.42x	\$4,368.4	\$867.6	\$5,238.7	8.1%	4.1%	23.2%	24.9%	11.6%	50.2%	NA	3.7%	NA
Haemonetics Corp.	\$35.28	77%	1.18x	\$1,816.3	\$244.0	\$2,060.3	(1.7%)	3.2%	22.0%	24.6%	12.2%	49.9%	0.4%	5.8%	NA
Volcano Corp.	\$17.61	72%	1.06x	\$902.1	\$62.2	\$964.3	5.9%	7.4%	5.8%	9.5%	13.3%	63.7%	NA	17.2%	NA
Average							5.5%	4.2%	23.4%	24.7%	11.2%	54.7%	0.4%	7.5%	NA
Median							5.4%	4.1%	26.0%	26.4%	11.4%	51.2%	0.5%	6.0%	NA

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

Note: Market Data as of Q2 2014 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, 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.)

Equipment– Valuation Metrics

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Equipment														
Intuitive Surgical	\$411.80	76%	1.19x	\$15,814.8	(\$1,559.3)	\$14,255.5	6.8x	6.1x	21.4x	17.3x	34.3x	27.5x	NM	2.44x
Varian Medical Systems	\$83.14	96%	1.27x	\$8,642.6	(\$549.7)	\$8,092.9	2.6x	2.4x	11.5x	10.6x	18.8x	17.1x	1.77x	1.61x
ResMed	\$50.63	88%	1.22x	\$7,105.0	(\$542.8)	\$6,562.2	4.0x	3.5x	12.7x	11.0x	19.8x	17.7x	1.55x	1.39x
Hologic	\$25.35	97%	1.37x	\$7,004.7	\$3,788.9	\$10,793.6	4.3x	4.1x	12.6x	10.4x	18.4x	16.0x	2.33x	2.04x
DexCom	\$39.66	80%	1.82x	\$2,971.2	(\$51.1)	\$2,920.1	NM	9.7x	NM	NM	NM	NM	NM	NM
Steris Corp.	\$53.48	97%	1.34x	\$3,168.3	\$340.7	\$3,511.5	1.9x	1.8x	10.9x	9.0x	19.2x	16.9x	1.64x	1.45x
Insulet Corp.	\$39.67	77%	1.31x	\$2,198.3	(\$21.9)	\$2,176.4	7.1x	5.8x	NM	NM	NM	NM	NM	NM
Hill-Rom Holdings	\$41.51	93%	1.26x	\$2,375.2	\$223.0	\$2,598.2	1.6x	1.5x	8.7x	8.3x	18.0x	16.0x	2.00x	1.78x
Accuray Incorporated	\$8.80	81%	1.64x	\$675.5	\$28.3	\$703.8	2.0x	1.8x	NM	18.9x	NM	NM	NM	NM
Average							3.8x	4.1x	13.0x	12.2x	21.4x	18.6x	1.86x	1.78x
Median							3.3x	3.5x	12.1x	10.6x	19.0x	17.0x	1.77x	1.69x

Equipment– Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
Equipment															
Intuitive Surgical	\$411.80	76%	1.19x	\$15,814.8	(\$1,559.3)	\$14,255.5	(7.8%)	12.6%	32.0%	35.0%	11.3%	69.6%	NA	8.0%	NA
Varian Medical Systems	\$83.14	96%	1.27x	\$8,642.6	(\$549.7)	\$8,092.9	6.4%	6.4%	22.2%	22.6%	10.7%	42.8%	NA	7.7%	NA
ResMed	\$50.63	88%	1.22x	\$7,105.0	(\$542.8)	\$6,562.2	6.0%	13.7%	31.6%	32.1%	12.8%	63.6%	NA	7.6%	NA
Hologic	\$25.35	97%	1.37x	\$7,004.7	\$3,788.9	\$10,793.6	1.3%	4.5%	34.4%	39.8%	7.9%	62.6%	13.0%	7.9%	10.0%
DexCom	\$39.66	80%	1.82x	\$2,971.2	(\$51.1)	\$2,920.1	40.5%	34.5%	(0.1%)	12.4%	32.5%	63.9%	NA	26.3%	NA
Steris Corp.	\$53.48	97%	1.34x	\$3,168.3	\$340.7	\$3,511.5	13.7%	10.0%	18.0%	19.8%	11.7%	40.7%	0.5%	3.0%	NA
Insulet Corp.	\$39.67	77%	1.31x	\$2,198.3	(\$21.9)	\$2,176.4	23.5%	22.0%	7.2%	14.2%	27.5%	46.4%	21.4%	9.3%	19.8%
Hill-Rom Holdings	\$41.51	93%	1.26x	\$2,375.2	\$223.0	\$2,598.2	(1.2%)	3.0%	17.9%	18.4%	9.0%	46.1%	NA	4.0%	NA
Accuray Incorporated	\$8.80	81%	1.64x	\$675.5	\$28.3	\$703.8	10.2%	11.1%	5.9%	9.3%	NM	37.4%	16.2%	15.6%	13.0%
Average							10.3%	13.1%	18.8%	22.6%	15.4%	52.6%	12.8%	9.9%	14.2%
Median							6.4%	11.1%	18.0%	19.8%	11.5%	46.4%	14.6%	7.9%	13.0%

Dental – Valuation Metrics

(\$Millions, except per share values)

	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	
							2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Dental														
DENTSPLY International	\$47.35	93%	1.16x	\$6,713.9	\$1,474.4	\$8,189.8	2.7x	2.6x	13.3x	12.3x	18.8x	17.1x	1.75x	1.59x
Align Technology	\$56.04	86%	1.52x	\$4,574.8	(\$366.4)	\$4,208.4	5.6x	4.9x	21.1x	17.8x	32.2x	27.4x	1.67x	1.42x
Average							4.1x	3.7x	17.2x	15.1x	25.5x	22.3x	1.71x	1.51x
Median							4.1x	3.7x	17.2x	15.1x	25.5x	22.3x	1.71x	1.51x

Dental – Operating Metrics

(\$Millions, except per share values)

	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.
							2014E	2015E	2014E	2015E	Growth %	LTM	LTM	LTM	LTM
Dental															
DENTSPLY International	\$47.35	93%	1.16x	\$6,713.9	\$1,474.4	\$8,189.8	2.6%	4.3%	20.4%	21.0%	10.7%	53.7%	NA	2.9%	NA
Align Technology	\$56.04	86%	1.52x	\$4,574.8	(\$366.4)	\$4,208.4	15.2%	14.0%	26.5%	27.6%	19.2%	77.0%	28.1%	6.8%	16.4%
Average							8.9%	9.2%	23.5%	24.3%	15.0%	65.3%	28.1%	4.8%	16.4%
Median							8.9%	9.2%	23.5%	24.3%	15.0%	65.3%	28.1%	4.8%	16.4%

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

Note: Market Data as of Q2 2014 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 10x, EV/CY EBITDA > 25x, 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 or Disclosed Multiples)

Date	Target	Acquirer	Transaction Value (\$USDmm)	Enterprise Value (\$USDmm)	Valuation Metrics	
					EV/LTM Revenues	EV/LTM EBITDA
Software Sector						
06/30/2014	Small Bone Innovations	Stryker Corp.	\$375	\$375	7.8x	NA
06/30/2014	Sauflon Pharmaceuticals	CooperVision	\$343	NA	NA	NA
06/26/2014	Ulthera	Merz North America	\$600	\$600	6.6x	NM
06/25/2014	Medical Action Industries	Owens & Minor	\$287	\$287	1.0x	18.9x
06/23/2014	Capario	Emdeon	\$115	\$115	NA	NA
06/23/2014	Shanghai Weicon Optics Co.	CDH Investments; Grand Pharm	\$79	\$111	NA	NA
06/16/2014	TRUMPF Medical	HR Europe; Hill-Rom Holdings Netherlands	\$260	\$254	1.0x	NA
06/16/2014	Evolution1	WEX	\$533	\$533	6.0x	20.0x
06/15/2014	Covidien	Medtronic	\$48,056	\$46,878	4.5x	16.8x
06/10/2014	e-Perfect IT	M Dream Inworld	\$6	\$6	3.1x	NA
06/02/2014	First Aid Only	Acme United Corp.	\$14	\$14	0.8x	NA
06/02/2014	eChannelling	Senior Marketing System Asia Pte	\$7	\$13	9.4x	23.2x
05/29/2014	Logi-D Holding	Tecsys	\$3	\$3	0.5x	NA
05/29/2014	NOEMALIFE	Maggioli	\$1	\$105	1.2x	NM
05/28/2014	CardioMEMS	St. Jude Medical	\$375	\$463	NA	NA
05/27/2014	Rx HealthCare Magic Pvt	A.D.A.M	\$19	\$19	NA	NA
05/27/2014	Lab21	Novacyt Société Anonyme	\$19	\$19	NA	NA
05/27/2014	AngioScore	The Spectranetics Corp.	\$230	NA	NA	NA
05/21/2014	DynaVox ., Substantially All Assets	Tobii Technology AB	\$18	\$18	NA	NA
05/19/2014	Fuji Medical Instruments Mfg.Co.	Japan Waste Corp.	\$77	\$95	0.6x	NA
05/15/2014	Bayer HealthCare, Interventional Division	Boston Scientific Corp.	\$415	\$415	3.5x	NA
05/12/2014	HealthPost	The Advisory Board Co.	\$26	\$26	NA	NA
05/09/2014	China Bright Group Co.	Golden Meditech Holdings	\$18	\$358	NA	NA
05/06/2014	Choice Therapeutics	Alliqua	\$12	\$12	NA	NA
05/06/2014	Iogyn	Boston Scientific Corp.	\$65	NA	NA	NA
05/04/2014	Shenzhen Dong Di Xin Technology Co.	Kingworld	\$32	\$58	NA	NA
04/30/2014	Cambridge Computed Imaging	Feedback plc	\$0	\$0	0.5x	NA
04/30/2014	TexRAD	Feedback plc	\$0	\$0	0.2x	NA
04/24/2014	LVB Acquisition (Biomet)	Zimmer Holdings	\$13,926	\$13,926	NA	NA
04/24/2014	Aimago SA	Novadaq Technologies	\$12	\$12	NA	NA
04/23/2014	Tenaxis Medical	The Medicines Company	\$170	\$170	NA	NA
04/17/2014	Inspiro Medical	Opko Health	\$10	\$10	NA	NA
04/15/2014	Silhouette Lift SL	Slair Holdings Iberia	\$23	\$31	NA	NA
04/14/2014	Servizi Italia Medical	Servizi Italia	\$1	\$2	0.1x	NA
04/11/2014	Prism UK Medical	LDC	\$47	\$47	NA	NA
04/07/2014	Iquum	Roche Molecular Systems	\$450	\$450	NA	NA
04/02/2014	AccessClosure	Cardinal Health	\$320	\$320	4.0x	NA
04/01/2014	BioPharm Systems	Perficient	\$18	\$18	NA	NA

Average ⁽¹⁾	3.0x	19.7x
Median ⁽¹⁾	1.2x	19.5x

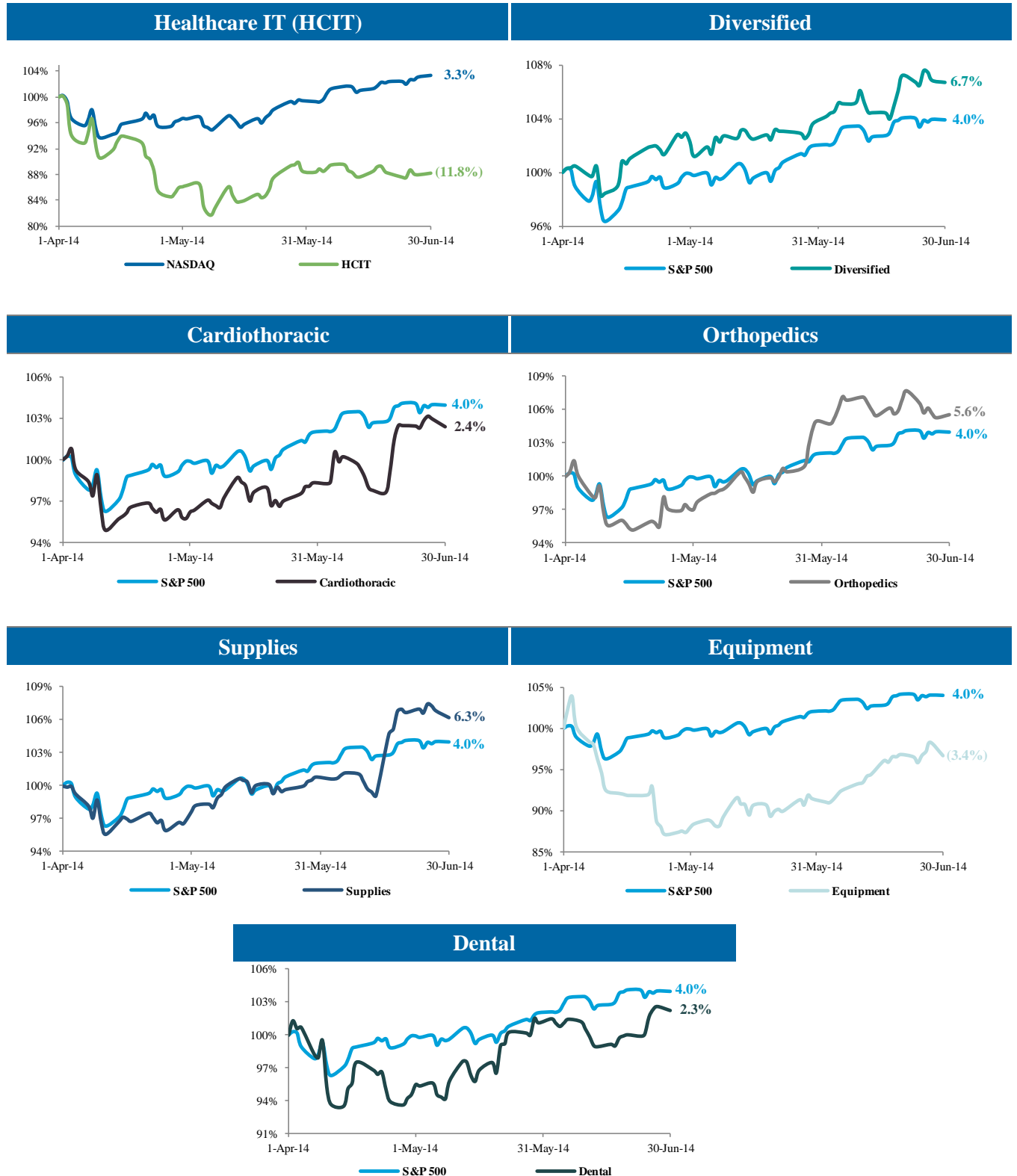
Source: CapitalIQ.

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

(1) Excludes Outlier Multiples for Transactions with EV/EBITDA > 30x.



Appendix – Medical Technology Public Equity Market Performance



Source: CapitalIQ.



Appendix – MedTech Public Company Groups

HCIT	
Company Name	Ticker
Cerner	CERN
Athenahealth	ATHN
Allscripts Healthcare	MDRX
Medidata Solutions	MDSO
HMS Holdings	HMSY
The Advisory Board	ABCO
Quality Systems	QSII
MedAssets	MDAS
Accretive Health	AH
Omniceil	OMCL
Healthstream	HSTM
Computer Programs & Systems	CPSI
Vocera Communications	VCRA
Merge Healthcare	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	THOR
Heartware International	HTWR
ABIOMED	ABMD
Hansen Medical	HTWR

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

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

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

Dental	
Company Name	Ticker
DENTSPLY International	XRAY
Align Technology	ALGN



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