

Quarterly Industry Update

As of December 31, 2014

Industry: Neurological Equipment

Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Neurological Equipment industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since December 31, 2013, the median 52-week share price return of the Neurological Equipment industry has increased by 13.7%. In the last quarter, the median price-to-earnings multiple increased from 26.5x to 30.0x.

Comparable Public Company Key Statistics

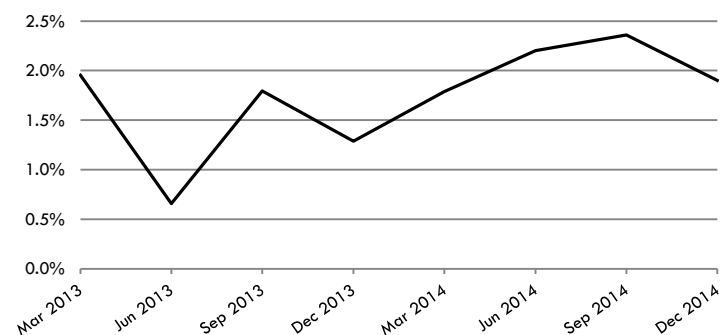
Median 52-Week Return	13.7%	Median EV/Revenue Multiple	3.0x	Median Price/Earnings Multiple	30.0x
Median 3-Year CAGR Return	19.6%	Median EV/EBITDA Multiple	13.5x	Median EV/Gross CF Multiple	19.6x

Comparable Public Company Market Price Returns (As of December 31, 2014)

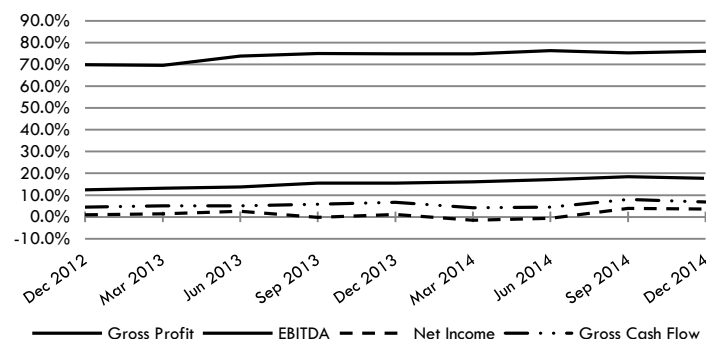
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
NeuroMetrix Inc.	-33.2%	8.3%	-33.2%	-13.3%	-36.2%	-53.4%	-33.2%	12.5%	-65.4%	-69.4%	-72.5%
NuVasive, Inc.	45.9%	35.2%	45.9%	74.7%	55.3%	8.1%	45.9%	109.1%	22.8%	-50.9%	-19.8%
Cogentix Medical, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cyberonics Inc.	-14.9%	8.8%	-14.9%	3.0%	18.5%	22.2%	-14.9%	24.5%	56.8%	8.0%	51.8%
EnteroMedics Inc.	-30.4%	15.4%	-30.4%	-28.8%	-5.8%	-15.8%	-30.4%	-27.1%	64.7%	-44.8%	-8.3%
Medovex Corp.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Globus Medical, Inc.	17.8%	20.8%	17.8%	50.5%	N/A	N/A	17.8%	92.4%	N/A	N/A	N/A
Natus Medical Inc.	60.2%	22.1%	60.2%	79.7%	56.3%	19.5%	60.2%	101.5%	18.4%	-33.5%	-4.1%
Integra LifeSciences Holdings Corporation	13.7%	9.2%	13.7%	18.0%	20.7%	8.0%	13.7%	22.4%	26.4%	-34.8%	28.3%
Median of Industry Public Companies	13.7%	15.4%	13.7%	18.0%	19.6%	8.1%	13.7%	24.5%	24.6%	-39.8%	-6.2%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Neurological Equipment Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Neurological Equipment Industry

Date:	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
EV/Revenues Multiple	1.8x	1.8x	2.0x	1.9x	2.2x	2.5x	2.4x	2.4x	3.0x
EV/EBITDA Multiple	8.8x	10.5x	10.6x	11.6x	13.0x	14.3x	12.7x	12.3x	13.5x
Price/Earnings Multiple	30.6x	33.5x	34.4x	23.8x	29.9x	35.8x	27.2x	26.5x	30.0x
EV/Gross Cash Flows Multiple	21.6x	25.0x	26.8x	18.3x	21.5x	25.2x	21.8x	19.2x	19.6x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact [Steven Kam](mailto:Steven.Kam@CogentValuation.com) at 415-392-0888 for additional information or questions in connection with this research report.

Quarterly Industry Update

As of December 31, 2014

Industry: Neurological Equipment

Industry Initial Public Offerings (dollars in millions, except share prices)

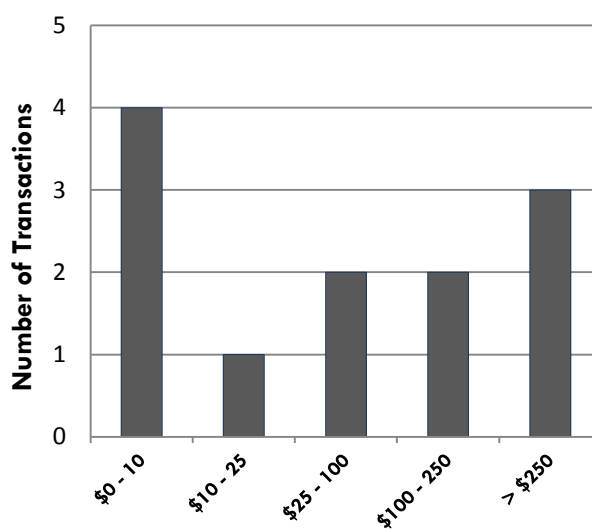
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/2/2012	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$367.3	\$0.0	\$363.0	\$127.1	\$67.0	\$145.0
6/27/2012	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$23.2)	(\$23.2)
4/30/2012	Supernus Pharmaceuticals, Inc.	\$5.00	3.4	\$50.0	\$43.2	\$29.1	\$1.0	(\$35.5)	\$55.6	(\$34.9)
2/10/2011	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$6.2	\$0.0	\$0.2	(\$8.6)	(\$10.9)	(\$8.6)
2/2/2011	Tornier N.V.	\$19.00	8.8	\$166.3	\$491.2	\$138.1	\$227.4	\$12.4	(\$39.5)	\$28.0
11/23/2010	Anacor Pharmaceuticals, Inc.	\$5.00	12.0	\$60.0	\$20.4	\$9.1	\$31.1	(\$4.3)	(\$6.5)	(\$3.6)
11/22/2010	Zogenix, Inc.	\$4.00	7.1	\$56.0	\$55.0	\$35.9	\$14.6	(\$55.4)	(\$77.6)	(\$54.1)
8/13/2010	Electromed, Inc.	\$4.00	1.7	\$6.8	\$14.1	\$4.2	\$14.3	\$2.1	\$0.9	\$2.4
8/2/2010	Trius Therapeutics, Inc.	\$5.00	10.0	\$50.0	\$15.6	\$20.2	\$6.3	(\$16.1)	(\$17.4)	N/A
3/24/2010	CorMedix, Inc.	\$6.50	1.9	\$12.5	\$2.2	\$13.8	\$0.0	(\$6.0)	(\$8.1)	(\$6.0)
3/11/2010	AVEO Pharmaceuticals, Inc.	\$9.00	9.0	\$81.0	\$59.8	\$19.7	\$20.7	(\$39.9)	(\$44.1)	(\$38.6)
3/1/2010	Anthera Pharmaceuticals, Inc.	\$7.00	6.0	\$42.0	\$5.9	\$13.1	\$0.0	(\$11.8)	(\$12.2)	(\$11.8)
2/2/2010	Ironwood Pharmaceuticals, Inc.	\$11.25	10.1	\$187.5	\$162.5	\$2.0	\$34.3	(\$56.1)	(\$71.2)	(\$51.3)
Median of All IPOs		nm	nm	\$56.0	\$43.2	\$13.1	\$14.3	(\$11.8)	(\$12.2)	(\$10.2)

nm: not meaningful

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
10/1/2014	Triangle BioSystems, Inc.	Harvard Bioscience Inc.	\$2.1	100%
2/20/2014	NuPathe, Inc.	Teva Pharmaceutical Industries	\$280.6	100%
4/26/2013	Victhom Human Bionics	Ergoresearch Ltd.	\$3.0	100%
1/28/2013	NeuroLogica Corp.	Samsung Electronics	\$153.7	100%
11/1/2012	Surpass Medical Ltd.	Stryker Corporation	\$135.0	100%
3/9/2012	NeuroDyne Medical, Corp.	Zynex NeuroDiagnostic	\$0.8	100%
2/16/2012	NeuroNexus Technologies	QiG Group, LLC	\$13.5	100%
2/14/2012	Synovis Life Technologies Inc.	Baxter International Inc.	\$312.7	100%
8/31/2011	PEAK Surgical, Inc.	Medtronic, Inc.	\$96.0	81%
8/31/2011	Salient Surgical Technologies	Medtronic, Inc.	\$452.0	91%
6/30/2011	ArthroCare, Parallax	NeuroTherm, Inc.	\$5.5	100%
5/23/2011	SeaSpine, Inc.	Integra LifeSciences	\$88.7	100%
Median of All Transaction Targets			\$92.4	100%

Size of Merger and Acquisition Transactions (dollars in millions)



Quarterly Industry Update
As of December 31, 2014
Medical Device Industry Aggregates



Comparable Public Company Key Statistics

Median 52-Week Return	2.2%	Median EV/Revenue Multiple	3.3x	Median Price/Earnings Multiple	28.9x
Median Year-to-Date Return	2.2%	Median EV/EBITDA Multiple	13.2x	Median EV/Gross CF Multiple	22.1x

Comparable Public Company Market Price Returns (As of December 31, 2014)

	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
ABIOMED, Inc.	42.3%	53.3%	42.3%	68.3%	27.3%	34.2%	42.3%	99.0%	-27.2%	92.2%	10.1%
AngioDynamics Inc.	10.8%	38.6%	10.8%	31.5%	8.7%	3.4%	10.8%	56.1%	-25.8%	-3.6%	-4.2%
Atossa Genetics, Inc.	-38.4%	5.9%	-38.4%	-39.4%	N/A	N/A	-38.4%	-40.5%	N/A	N/A	N/A
AtriCure, Inc.	6.9%	35.6%	6.9%	70.1%	21.6%	27.0%	6.9%	170.7%	-37.8%	8.1%	70.0%
Becton, Dickinson and Company	25.9%	22.3%	25.9%	33.4%	23.0%	12.0%	25.9%	41.3%	4.6%	-11.6%	7.2%
BIOLASE, Inc.	-6.6%	5.6%	-6.6%	20.7%	2.3%	8.4%	-6.6%	56.1%	-26.6%	52.8%	-8.4%
Boston Scientific Corporation	10.2%	12.2%	10.2%	52.1%	35.4%	8.0%	10.2%	109.8%	7.3%	-29.5%	-15.9%
Cardiovascular Systems Inc.	-12.3%	27.3%	-12.3%	54.8%	45.1%	45.6%	-12.3%	173.2%	27.4%	-15.5%	154.0%
CAS Medical Systems Inc.	-2.9%	-14.9%	-2.9%	-12.4%	-1.9%	-4.9%	-2.9%	-20.9%	23.0%	-45.4%	50.9%
CryoLife Inc.	2.2%	14.8%	2.2%	34.9%	33.1%	12.0%	2.2%	78.0%	29.8%	-11.4%	-15.6%
Cutera, Inc.	4.9%	5.7%	4.9%	8.9%	12.8%	4.6%	4.9%	13.1%	20.8%	-10.1%	-2.6%
Cyberonics Inc.	-14.9%	8.8%	-14.9%	3.0%	18.5%	22.2%	-14.9%	24.5%	56.8%	8.0%	51.8%
Cytosorbents Corporation	218.4%	73.1%	218.4%	75.0%	35.5%	15.9%	218.4%	-3.8%	-18.8%	14.4%	-26.3%
Daxor Corp.	2.2%	12.8%	2.2%	-4.2%	-8.5%	-10.3%	2.2%	-10.1%	-16.5%	-1.6%	-23.2%
Delcath Systems, Inc.	-70.3%	-38.9%	-70.3%	-75.2%	-70.8%	-56.9%	-70.3%	-79.3%	-59.7%	-68.9%	91.8%
DexCom, Inc.	55.5%	37.7%	55.5%	101.3%	80.8%	46.8%	55.5%	160.6%	46.0%	-31.8%	69.1%
Endologix Inc.	-12.3%	44.2%	-12.3%	3.6%	10.0%	23.7%	-12.3%	22.5%	24.0%	60.6%	35.4%
EnteroMedics Inc.	-30.4%	15.4%	-30.4%	-28.8%	-5.8%	-15.8%	-30.4%	-27.1%	64.7%	-44.8%	-8.3%
Escalon Medical Corp.	-18.3%	6.6%	-18.3%	30.2%	17.2%	0.5%	-18.3%	107.3%	-5.0%	-33.3%	-4.5%
Globus Medical, Inc.	17.8%	20.8%	17.8%	50.5%	N/A	N/A	17.8%	92.4%	N/A	N/A	N/A
Greatbatch, Inc.	11.4%	15.7%	11.4%	45.6%	30.7%	20.7%	11.4%	90.4%	5.2%	-8.5%	25.6%
Heartware International Inc.	-21.8%	-5.4%	-21.8%	-6.5%	2.1%	15.7%	-21.8%	11.9%	21.7%	-21.2%	146.9%
InspireMD, Inc.	-68.4%	-64.7%	-68.4%	-55.4%	-55.3%	N/A	-68.4%	-36.9%	-55.3%	N/A	N/A
LDR Holding Corporation	38.9%	5.3%	38.9%	N/A	N/A	N/A	38.9%	N/A	N/A	N/A	N/A
LeMaitre Vascular, Inc.	-4.5%	11.2%	-4.5%	15.4%	8.9%	8.9%	-4.5%	39.5%	-3.0%	-12.6%	35.4%
MELA Sciences, Inc.	-81.3%	-30.2%	-81.3%	-74.1%	-68.1%	-59.0%	-81.3%	-64.2%	-51.5%	10.1%	-67.5%
Merit Medical Systems, Inc.	10.1%	45.9%	10.1%	11.7%	9.0%	2.4%	10.1%	13.2%	3.9%	5.7%	-17.7%
MGC Diagnostics Corporation	-49.4%	-2.3%	-49.4%	4.2%	7.0%	9.4%	-49.4%	114.6%	13.0%	0.4%	27.1%
NeuroMetrix Inc.	-33.2%	8.3%	-33.2%	-13.3%	-36.2%	-53.4%	-33.2%	12.5%	-65.4%	-69.4%	-72.5%
NuVasive, Inc.	45.9%	35.2%	45.9%	74.7%	55.3%	8.1%	45.9%	109.1%	22.8%	-50.9%	-19.8%
Nxstage Medical, Inc.	79.3%	36.6%	79.3%	26.2%	0.3%	16.5%	79.3%	-11.1%	-36.7%	-28.5%	198.0%
St. Jude Medical Inc.	5.0%	8.1%	5.0%	34.1%	23.8%	12.1%	5.0%	71.4%	5.4%	-19.8%	16.2%
Stryker Corporation	25.5%	16.8%	25.5%	31.2%	23.8%	13.4%	25.5%	37.1%	10.3%	-7.4%	6.6%
Sunshine Heart Inc.	-56.3%	-24.8%	-56.3%	-16.6%	N/A	N/A	-56.3%	59.4%	N/A	N/A	N/A
Tandem Diabetes Care, Inc.	-50.7%	-5.4%	-50.7%	N/A	N/A	N/A	-50.7%	N/A	N/A	N/A	N/A
The Cooper Companies Inc.	30.9%	4.1%	30.9%	32.4%	32.0%	33.6%	30.9%	33.9%	31.1%	25.2%	47.8%
Thoratec Corp.	-11.3%	21.4%	-11.3%	-7.0%	-1.1%	3.8%	-11.3%	-2.5%	11.8%	18.5%	5.2%
TransEnterix, Inc.	-64.7%	-33.3%	-64.7%	N/A	N/A	N/A	-64.7%	N/A	N/A	N/A	N/A
Utah Medical Products Inc.	5.1%	23.2%	5.1%	29.1%	30.5%	15.4%	5.1%	58.6%	33.5%	0.4%	-8.3%
Varian Medical Systems, Inc.	11.4%	8.0%	11.4%	11.0%	8.8%	13.1%	11.4%	10.6%	4.6%	-3.1%	47.9%
Vascular Solutions Inc.	17.3%	10.0%	17.3%	31.1%	34.6%	26.5%	17.3%	46.5%	42.0%	-5.0%	39.7%
Median of Industry Public Companies	2.2%	11.2%	2.2%	23.5%	12.8%	12.0%	2.2%	38.3%	5.4%	-8.0%	8.6%

(Multiple year periods are calculated as the average annual return.)

Quarterly Industry Update

As of December 31, 2014

Medical Device Industry Aggregates



Median Public Company Multiples of the Medical Device Industry

Date:	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
EV/Revenues Multiple	2.1x	2.5x	2.6x	2.6x	2.9x	3.1x	3.0x	2.7x	3.3x
EV/EBITDA Multiple	10.3x	10.9x	11.1x	12.2x	13.6x	13.8x	12.9x	11.8x	13.2x
Price/Earnings Multiple	19.8x	19.4x	23.0x	25.2x	28.2x	31.2x	27.0x	23.7x	28.9x
EV/Gross Cash Flows Multiple	18.2x	16.9x	18.8x	20.5x	23.1x	22.6x	22.1x	19.5x	22.1x

Industry Initial Public Offerings - Medical Device Industry (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
1/30/2015	Avinger, Inc.	\$13.00	5.0	\$65.0	\$24.8	\$29.1	\$11.2	(\$23.6)	(\$32.0)	(\$22.1)
11/5/2014	Nevro Corp.	\$18.00	7.0	\$126.0	\$56.1	\$0.0	\$29.1	(\$27.7)	(\$29.1)	(\$27.6)
12/19/2014	Medovex Corp.	\$5.75	1.4	\$8.0	\$2.6	\$0.0	\$0.0	(\$0.7)	(\$0.7)	(\$0.7)
5/7/2014	K2M Group Holdings, Inc.	\$15.00	8.8	\$132.4	\$301.9	\$57.9	\$162.7	(\$9.3)	(\$41.8)	(\$1.9)
4/15/2014	TriVascular Technologies, Inc.	\$12.00	6.5	\$78.0	\$58.6	\$47.7	\$23.6	(\$46.0)	(\$53.4)	(\$45.3)
11/13/2013	Tandem Diabetes Care, Inc.	\$15.00	8.0	\$120.0	\$48.6	\$29.3	\$21.0	(\$38.2)	(\$48.1)	(\$35.0)
10/8/2013	LDR Holding Corporation	\$15.00	5.0	\$75.0	\$77.7	\$53.2	\$104.6	\$2.6	(\$15.3)	\$6.2
8/2/2012	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$367.3	\$0.0	\$363.0	\$127.1	\$67.0	\$145.0
6/27/2012	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$23.2)	(\$23.2)
4/30/2012	Supernus Pharmaceuticals, Inc.	\$5.00	3.4	\$50.0	\$43.2	\$29.1	\$1.0	(\$35.5)	\$55.6	(\$34.9)
2/10/2011	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$6.2	\$0.0	\$0.2	(\$8.6)	(\$10.9)	(\$8.6)
2/2/2011	Tornier N.V.	\$19.00	8.8	\$166.3	\$491.2	\$138.1	\$227.4	\$12.4	(\$39.5)	\$28.0
11/23/2010	Anacor Pharmaceuticals, Inc.	\$5.00	12.0	\$60.0	\$20.4	\$9.1	\$31.1	(\$4.3)	(\$6.5)	(\$3.6)
11/22/2010	Zogenix, Inc.	\$4.00	7.1	\$56.0	\$55.0	\$35.9	\$14.6	(\$55.4)	(\$77.6)	(\$54.1)
8/13/2010	Electromed, Inc.	\$4.00	1.7	\$6.8	\$14.1	\$4.2	\$14.3	\$2.1	\$0.9	\$2.4
8/2/2010	Trius Therapeutics, Inc.	\$5.00	10.0	\$50.0	\$15.6	\$20.2	\$6.3	(\$16.1)	(\$17.4)	N/A
3/24/2010	CorMedix, Inc.	\$6.50	1.9	\$12.5	\$2.2	\$13.8	\$0.0	(\$6.0)	(\$8.1)	(\$6.0)
3/11/2010	AVEO Pharmaceuticals, Inc.	\$9.00	9.0	\$81.0	\$59.8	\$19.7	\$20.7	(\$39.9)	(\$44.1)	(\$38.6)
3/1/2010	Anthera Pharmaceuticals, Inc.	\$7.00	6.0	\$42.0	\$5.9	\$13.1	\$0.0	(\$11.8)	(\$12.2)	(\$11.8)
2/2/2010	Ironwood Pharmaceuticals, Inc.	\$11.25	10.1	\$187.5	\$162.5	\$2.0	\$34.3	(\$56.1)	(\$71.2)	(\$51.3)
Median of All IPOs		nm	nm	\$70.0	\$51.8	\$16.8	\$17.7	(\$13.9)	(\$20.3)	(\$11.8)

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