

Quarterly Industry Update

As of September 30, 2014

Industry: Cardiovascular Device



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Cardiovascular Device 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 September 30, 2013, the median 52-week share price return of the Cardiovascular Device industry has increased by 23.9%. In the last quarter, the median price-to-earnings multiple increased from 21.8x to 22.8x.

Comparable Public Company Key Statistics

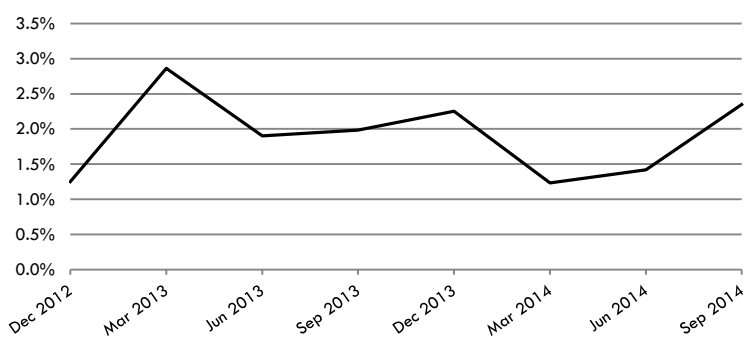
| | | | | | |
|---------------------------|-------|----------------------------|-------|--------------------------------|-------|
| Median 52-Week Return | 23.9% | Median EV/Revenue Multiple | 3.3x | Median Price/Earnings Multiple | 22.8x |
| Median 3-Year CAGR Return | 26.0% | Median EV/EBITDA Multiple | 12.8x | Median EV/Gross CF Multiple | 19.4x |

Comparable Public Company Market Price Returns (As of September 30, 2014)

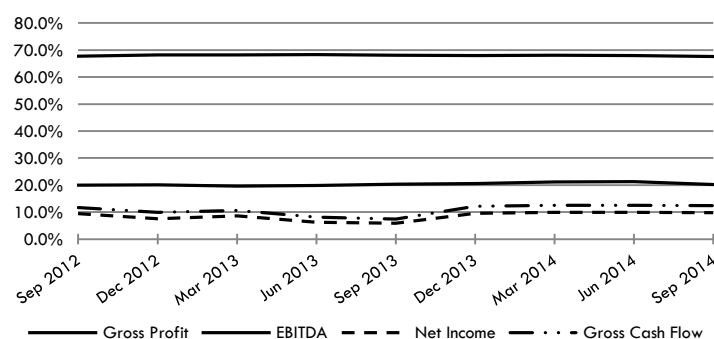
| | YTD | 3 Month | 1 Year | 2 Year | 3 Year | 5 Year | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Vascular Solutions Inc. | 6.7% | 11.3% | 47.0% | 29.2% | 29.2% | 24.5% | 46.5% | 42.0% | -5.0% | 39.7% | -7.0% |
| BioTelemetry, Inc. | -15.5% | -6.4% | -32.3% | 63.2% | 30.8% | 0.0% | 248.2% | -3.8% | -49.4% | -21.2% | -75.9% |
| ABIOMED, Inc. | -7.1% | -1.2% | 30.3% | 8.8% | 31.1% | 20.7% | 99.0% | -27.2% | 92.2% | 10.1% | -46.8% |
| Edwards Lifesciences Corp. | 55.3% | 19.0% | 46.7% | -2.5% | 12.7% | 23.9% | -27.1% | 27.5% | -12.5% | 86.2% | 58.1% |
| Thoratec Corp. | -27.0% | -23.3% | -28.3% | -12.1% | -6.4% | -2.5% | -2.5% | 11.8% | 18.5% | 5.2% | -17.1% |
| The Spectranetics Corporation | 6.3% | 16.1% | 58.2% | 34.2% | 55.0% | 32.9% | 69.3% | 104.6% | 39.9% | -25.9% | 166.7% |
| CryoLife Inc. | -11.0% | 10.3% | 41.0% | 21.2% | 30.0% | 4.4% | 78.0% | 29.8% | -11.4% | -15.6% | -33.9% |
| Boston Scientific Corporation | -1.7% | -7.5% | 0.6% | 43.4% | 26.0% | 2.2% | 109.8% | 7.3% | -29.5% | -15.9% | 16.3% |
| Medtronic plc | 7.9% | -2.8% | 16.3% | 19.9% | 23.1% | 11.0% | 39.9% | 7.2% | 3.1% | -15.7% | 40.0% |
| CR Bard Inc. | 6.5% | -0.2% | 23.9% | 16.8% | 17.7% | 12.7% | 37.0% | 14.3% | -6.8% | 17.8% | -7.5% |
| St. Jude Medical Inc. | -2.9% | -13.2% | 12.1% | 19.5% | 18.4% | 9.0% | 71.4% | 5.4% | -19.8% | 16.2% | 11.6% |
| Teleflex Incorporated | 11.9% | -0.5% | 27.7% | 23.5% | 25.0% | 16.8% | 31.6% | 16.3% | 13.9% | -0.1% | 7.6% |
| Cardiovascular Systems Inc. | -31.1% | -24.2% | 17.9% | 43.0% | 27.5% | 26.6% | 173.2% | 27.4% | -15.5% | 154.0% | N/A |
| Median of Industry Public Companies | -1.7% | -1.2% | 23.9% | 21.2% | 26.0% | 12.7% | 69.3% | 14.3% | -6.8% | 5.2% | 0.3% |

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

Median Quarterly Revenue Growth of All Cardiovascular Device Companies



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



Median Public Company Multiples of the Cardiovascular Device Industry

| Date: | 9/30/2012 | 12/31/2012 | 3/31/2013 | 6/30/2013 | 9/30/2013 | 12/31/2013 | 3/31/2014 | 6/30/2014 | 9/30/2014 |
|------------------------------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| EV/Revenues Multiple | 2.7x | 2.7x | 2.9x | 3.1x | 3.2x | 3.4x | 3.7x | 3.5x | 3.3x |
| EV/EBITDA Multiple | 9.7x | 11.2x | 10.3x | 10.9x | 11.8x | 13.3x | 13.7x | 13.5x | 12.8x |
| Price/Earnings Multiple | 23.8x | 23.8x | 25.1x | 23.4x | 22.4x | 21.9x | 25.6x | 21.8x | 22.8x |
| EV/Gross Cash Flows Multiple | 18.2x | 20.5x | 21.0x | 21.9x | 21.1x | 21.6x | 21.7x | 21.1x | 19.4x |

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 at 415-392-0888 for additional information or questions in connection with this research report.

Quarterly Industry Update

As of September 30, 2014

Industry: Cardiovascular Device

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

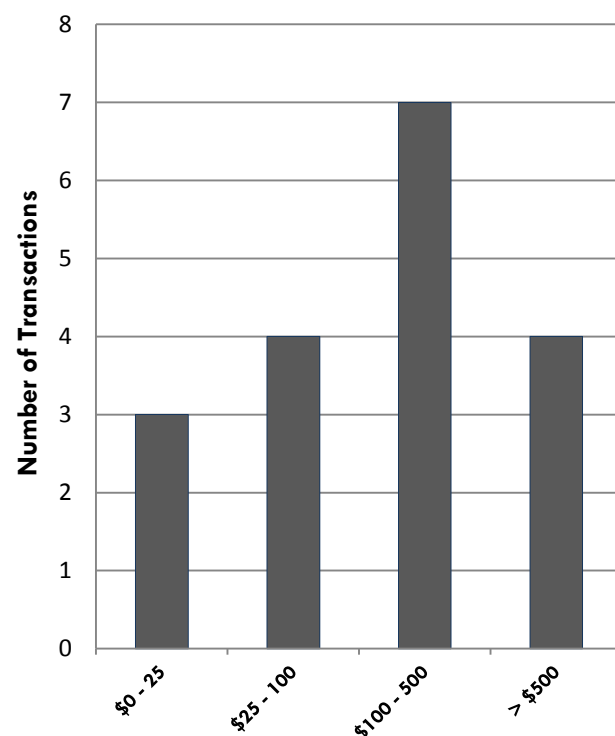
| Offer Date | Company Name | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|---------------------------|--------------------------------------|-------------|----------------|---------------|---------------|--------------|--------------|----------------|-----------------|----------------|
| 11/17/2011 | Sphere Medical Holding PLC | \$1.46 | 15.1 | \$22.1 | \$19.4 | \$0.0 | \$0.0 | (\$7.0) | (\$8.1) | (\$6.7) |
| 4/18/2011 | InspireMD, Inc. | \$1.50 | 7.0 | \$10.4 | \$12.7 | \$1.5 | \$4.5 | (\$3.3) | (\$4.6) | (\$3.2) |
| 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) |
| 3/18/2008 | BioTelemetry, Inc. | \$18.00 | 3.4 | \$81.0 | \$103.0 | \$2.8 | \$64.9 | \$4.8 | (\$0.4) | \$8.5 |
| 6/14/2006 | Volcano Corporation | \$8.00 | 6.8 | \$54.4 | \$62.0 | \$31.1 | \$95.3 | (\$4.2) | (\$17.8) | \$0.6 |
| 12/12/2005 | Lombard Medical Technologies Limited | \$2.82 | 14.4 | \$47.0 | \$11.8 | \$7.4 | \$0.1 | (\$9.0) | (\$13.0) | (\$8.6) |
| 8/5/2005 | AtriCure, Inc. | \$12.00 | 4.0 | \$48.0 | \$12.5 | \$0.0 | \$25.5 | (\$5.8) | (\$10.9) | (\$4.7) |
| 8/11/2004 | Stereotaxis Inc. | \$8.00 | 5.0 | \$44.0 | \$41.1 | \$6.0 | \$9.9 | (\$29.8) | (\$30.5) | (\$29.2) |
| Median of All IPOs | | nm | nm | \$45.5 | \$16.1 | \$2.1 | \$7.2 | (\$6.4) | (\$10.9) | (\$5.7) |

nm: not meaningful

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

| Transaction Date | Target | Acquirer | Transaction Size | % Bought |
|--|-------------------------------|-------------------------|------------------|-------------|
| 5/30/2014 | CardioMEMS, Inc. | St. Jude Medical Inc. | \$375.0 | 81% |
| 2/20/2014 | Oscar Inc., Lead Business | Sorin SpA | \$20.0 | 100% |
| 12/1/2013 | CircuLite, Inc. | Heartware International | \$401.8 | 100% |
| 8/11/2013 | Cardiacom | Medtronic | \$200.0 | 100% |
| 7/3/2012 | eResearchTechnology | Genstar Capital | \$423.5 | 100% |
| 5/31/2012 | SunTech Medical Group | Halma | \$57.0 | 100% |
| 4/25/2012 | ZOLL Medical | Asahi Kasei | \$2,216.2 | 100% |
| 8/31/2011 | Salient Surgical Technologies | Medtronic | \$452.0 | 91% |
| 8/31/2011 | PEAK Surgical | Medtronic | \$96.0 | 81% |
| 12/21/2010 | Clariant | GE Healthcare | \$597.9 | 100% |
| 12/21/2010 | Biotel | CardioNet | \$11.6 | 100% |
| 12/3/2010 | Cardiac Science | Opto Circuits | \$56.3 | 100% |
| 11/30/2010 | Beijing Star Medical Devices | Lepu Medical Technology | \$22.6 | 100% |
| 11/17/2010 | AGA Medical Holdings | St. Jude Medical | \$1,310.9 | 100% |
| 11/4/2010 | International Technidyne | Nexus Dx | \$55.0 | 100% |
| 8/12/2010 | ATS Medical | Medtronic | \$358.8 | 100% |
| 4/21/2010 | Invatec | Medtronic | \$500.0 | 100% |
| 4/19/2010 | Facet Biotech | Abbott Laboratories | \$747.4 | 100% |
| Median of All Transaction Targets | | | \$366.9 | 100% |

Size of Merger and Acquisition Transactions (dollars in millions)



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