

Quarterly Industry Update

As of September 30, 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 September 30, 2013, the median 52-week share price return of the Neurological Equipment industry has increased by 9.1%. In the last quarter, the median price-to-earnings multiple increased from 26.2x to 29.4x.

Comparable Public Company Key Statistics

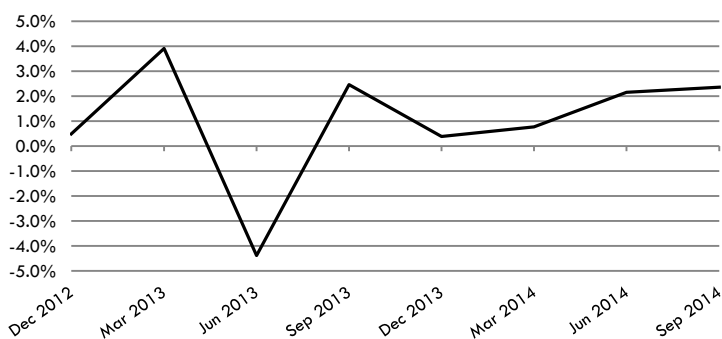
Median 52-Week Return	9.1%	Median EV/Revenue Multiple	2.5x	Median Price/Earnings Multiple	29.4x
Median 3-Year CAGR Return	6.3%	Median EV/EBITDA Multiple	13.1x	Median EV/Gross CF Multiple	24.4x

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

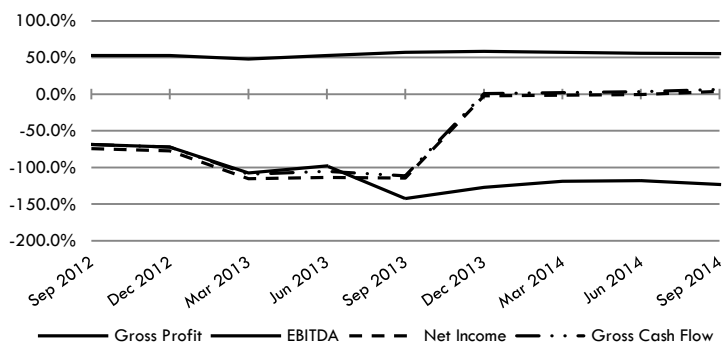
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2013	2012	2011	2010	2009
Integra LifeSciences Holdings Corporation	4.0%	5.5%	23.3%	9.9%	11.5%	7.8%	22.4%	26.4%	-34.8%	28.3%	3.7%
Cyberonics Inc.	-21.8%	-18.1%	0.8%	-1.2%	21.8%	26.3%	24.5%	56.8%	8.0%	51.8%	23.4%
ABIOMED, Inc.	-7.1%	-1.2%	30.3%	8.8%	31.1%	20.7%	99.0%	-27.2%	92.2%	10.1%	-46.8%
EnteroMedics Inc.	-39.7%	-21.2%	-1.2%	-41.9%	-10.4%	-46.8%	-27.1%	64.7%	-44.8%	-8.3%	-61.6%
Anacor Pharmaceuticals, Inc.	45.8%	38.0%	130.4%	92.8%	62.5%	N/A	222.7%	-16.1%	15.5%	N/A	N/A
Zogenix, Inc.	-66.6%	-42.8%	-37.9%	-34.0%	-14.3%	N/A	158.6%	-40.1%	-60.8%	N/A	N/A
AVEO Pharmaceuticals, Inc.	-39.3%	-39.3%	-46.1%	-67.3%	-58.4%	N/A	-77.3%	-53.2%	17.6%	N/A	N/A
Anthera Pharmaceuticals, Inc.	-37.5%	-43.4%	-52.2%	-50.9%	-63.1%	N/A	-38.1%	-89.9%	25.8%	N/A	N/A
Ironwood Pharmaceuticals, Inc.	11.6%	-15.5%	9.4%	0.7%	6.3%	N/A	4.8%	-7.4%	15.7%	N/A	N/A
NeuroMetrix Inc.	-38.4%	-7.2%	9.1%	-29.9%	-44.4%	-56.5%	12.5%	-65.4%	-69.4%	-72.5%	183.9%
Natus Medical Inc.	31.2%	17.4%	108.1%	50.3%	45.9%	13.8%	101.5%	18.4%	-33.5%	-4.1%	14.2%
Median of Industry Public Companies	-21.8%	-15.5%	9.1%	-1.2%	6.3%	10.8%	22.4%	-16.1%	8.0%	3.0%	8.9%

(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:	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	5.4x	2.9x	4.8x	4.9x	4.0x	3.8x	2.3x	3.7x	2.5x
EV/EBITDA Multiple	22.8x	14.7x	13.5x	10.9x	11.6x	13.4x	13.4x	12.2x	13.1x
Price/Earnings Multiple	38.8x	36.6x	43.1x	43.0x	26.3x	29.9x	30.3x	26.2x	29.4x
EV/Gross Cash Flows Multiple	32.8x	27.9x	31.5x	28.7x	24.8x	28.2x	28.2x	26.1x	24.4x

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: Neurological Equipment



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

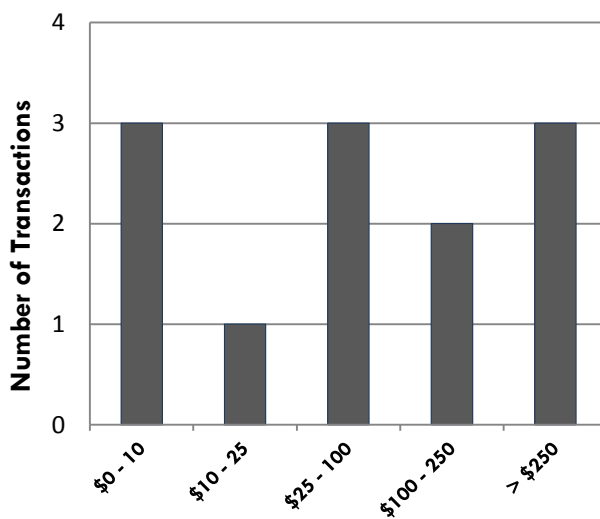
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/2/2012	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$367.3	\$0.0	\$363.0	\$127.1	\$67.0	\$145.0
6/27/2012	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$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)
11/14/2007	EnteroMedics Inc.	\$8.00	5.0	\$40.0	\$60.4	\$9.5	\$0.0	(\$24.6)	(\$25.1)	(\$24.2)
5/8/2007	IS Pharma Limited	\$0.20	80.0	\$15.9	N/A	N/A	N/A	N/A	N/A	N/A
Median of All IPOs		nm	nm	\$50.0	\$49.1	\$11.3	\$10.3	(\$13.9)	(\$14.8)	(\$11.8)

nm: not meaningful

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
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%
5/20/2011	IS Pharma plc	Sinclair Pharma	\$79.1	100%
Median of All Transaction Targets			\$92.4	100%

Size of Merger and Acquisition Transactions (dollars in millions)



Disclosures and Limitations: This research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from sources Cogent Valuation believes to be reliable. Cogent Valuation has accurately reflected such information in this research report; however, Cogent Valuation makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Cogent Valuation. Cogent Valuation's research is as of the date reported herein. Cogent Valuation has no affiliation with any of the companies comprising the industry used as a basis for research in this report, nor does Cogent Valuation hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Cogent Valuation performs for you in the future at the sole discretion of Cogent Valuation. THIS REPORT IS NOT TO BE USED OR CONSIDERED UNDER ANY CIRCUMSTANCE BY ANYONE AS INVESTMENT ADVICE. 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. Copyright © 2014 Cogent Valuation. All Rights Reserved.