



**Greatbatch<sup>®</sup>**

**Investor Day**

**March 18, 2013**



# Cautionary Statement

This presentation contains forward-looking statements, refers to non-GAAP financial measures and provides industry and market data. Please refer to the appendix to this presentation for more information and cautionary language regarding these statements, financial measures and data.

# Disclaimers

This presentation includes products that have not been approved or cleared by the U.S. Food and Drug Administration and are not available for sale in the U.S.

All future product approval and launch dates are based on estimates of completion of regulatory submissions, review and/or approval or clearance, as well as other business considerations.

# Greatbatch Presenters

**Thomas Hook**  
President & CEO

**Michael Dinkins**  
Senior VP & CFO

**Scott Drees**  
President Algostim, LLC



# Strategic Evolution



Experience the transformation from components & sub-assemblies to complete medical device system capabilities

# Agenda

Welcome



Time

1:00 PM

Presenter

Thomas Hook

Key Messages



1:05 PM

Thomas Hook

Sustainable Organic Growth



1:15 PM

Thomas Hook

Commercialize Medical  
Device Innovation



2:00 PM

Scott Drees

Break

2:40 PM

Drive Profitable Growth



2:50 PM

Michael Dinkins

Closing Summary



3:10 PM

Thomas Hook

Q&A

3:20 PM

Leadership Team

Concludes

4:00 PM



Welcome



Greatbatch

# Key Message Points

## Strong Foundational Business

- Long-term agreements cover large percentage of revenue
- Reputation for innovation & operational excellence
- Strong Blue Chip customer base

## Grow the Core

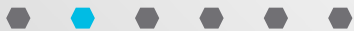
- Strong markets with significant growth opportunity
- Leveraging extensive Intellectual Property portfolio
- Investment in Sales & Marketing to execute growth
- Targeted acquisitions expanding capabilities & growth

## Commercialize Medical Device Innovation

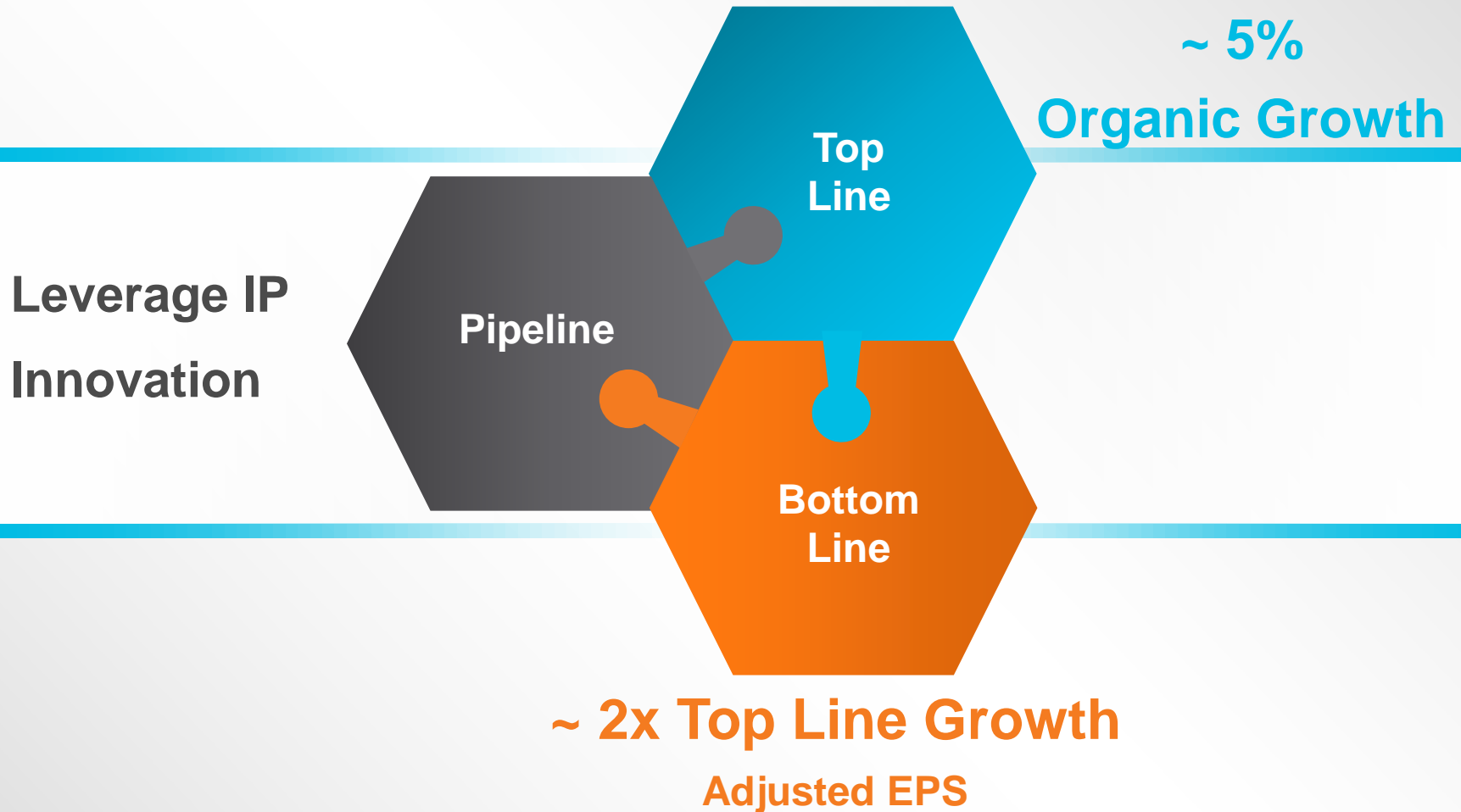
- Algotim development successfully concluding
- Compelling value proposition
- Deploy QiG business model
- Leverage capabilities, IP, KOLs & strategic partners

## Drive Profitable Growth

- Core medical business margins increasing
- Future medical device spend funded with partners
- Strong balance sheet & cash flows



# Sustainable Long-Term Growth



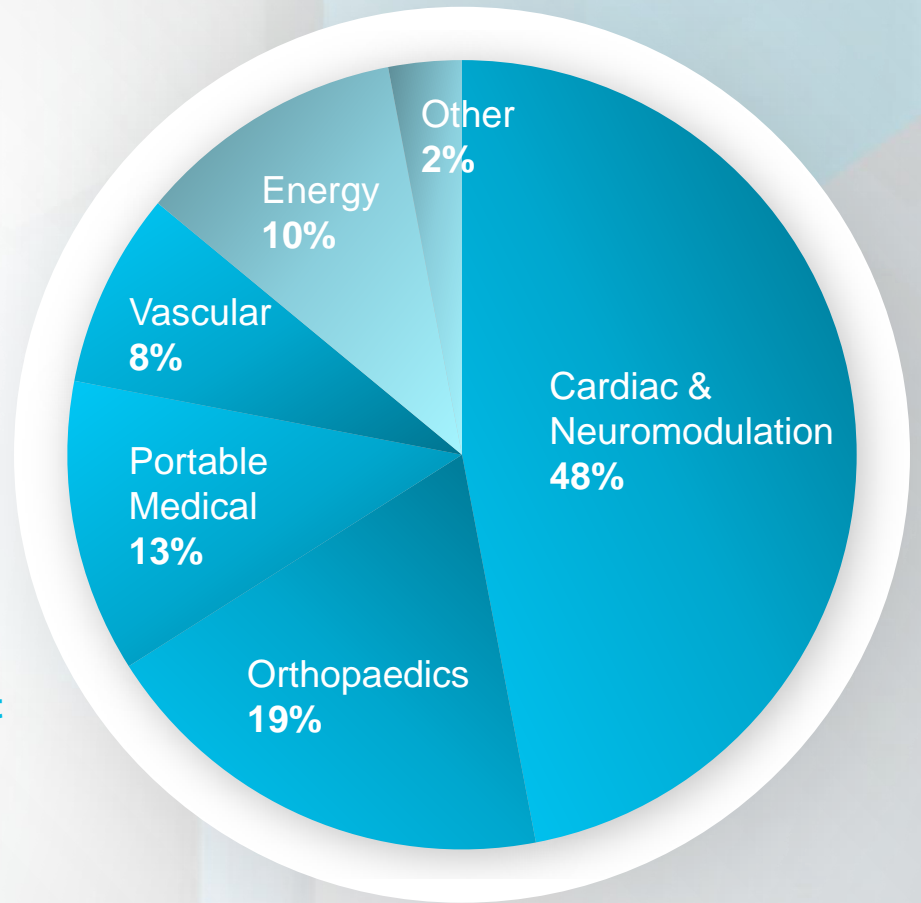
# Greatbatch Today

**\$646M**

**2012 Revenue**

**88%**

Revenues from  
Medical Device Market



## Cardiac & Neuromodulation

Batteries | Capacitors | Catheters | Stimulation Leads | Feedthroughs |  
Device Enclosures & Cases | Device Headers | Device Assembly



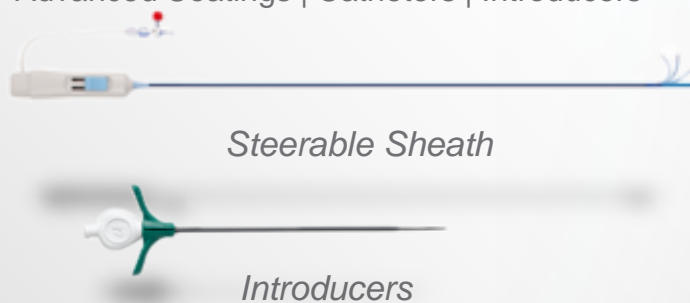
## Orthopaedics

Implants | Instruments | Delivery Systems



## Vascular

Advanced Coatings | Catheters | Introducers



## Portable Medical

Powered External Medical Devices



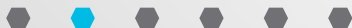
# Portable Medical to Greatbatch

## Portable Medical Devices

Powered, external medical devices which enable movement and portability for the medical professional, patient and / or caregiver

## Greatbatch's Focus

Greatbatch is committed to providing reliable, high quality power supplies, charging systems, and assembly to this market



## Our Vision

- Greatbatch will be the definitive leader in critical technologies by infusing integrity, innovation, and operational excellence into the medical device and commercial markets.

## Our Strategy

Extend partnerships with key OEM customers beyond discrete components to include medical device systems.

Welcome

Key Messages

# Sustainable Organic Growth

Commercialize Medical  
Device Innovation

Drive Profitable Growth

Closing Summary

# Sustainable Organic Growth



**Targeted  
Markets**

**Strategic  
Investments**

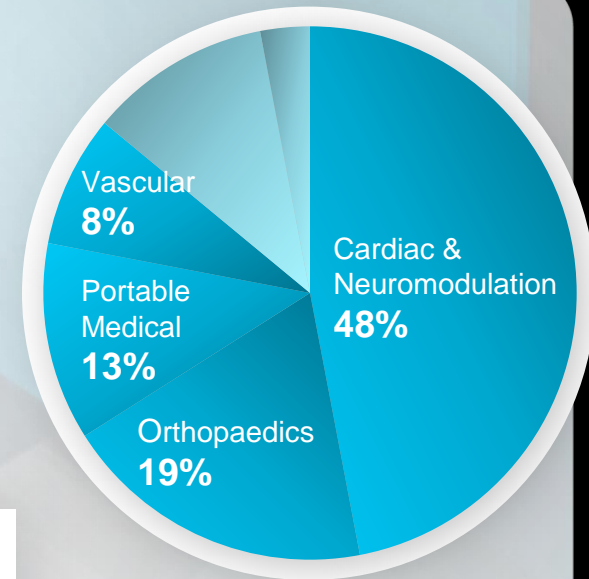


**Supported  
Business Model**

**Sales Force  
Emphasis**



# Targeted Market Revenue



( \$ in millions )

	2012 Revenue	% of Total
Cardiac & Neuromodulation	\$309	48%
Orthopaedics	\$122	19%
Portable Medical	\$82	13%
Vascular	\$52	8%

# 88%

Revenues from  
Medical Device Market

# Greatbatch Market Opportunities: Medical

## Cardiac & Neuromodulation

**GB Opportunity: \$1.5B**  
**GB Revenue: \$309M**  
**Avg. Market CAGR: 3%**

- Pacemakers
- ICDs and CRT-D
- Implantable Monitors
- Spinal Cord Stimulation
- Peripheral Nerve Stimulation
- Cochlear
- Cardiac Surgery
- Ventricular Assist Devices

## Orthopaedics

**GB Opportunity: \$3B**  
**GB Revenue: \$122M**  
**Avg. Market CAGR: 5.5%**

- Fracture Repair
- Joint Arthroscopy
- Spine
- Orthobiologics
- Joint Reconstruction
- Extremities
- Deformities
- Dental
- Maxillofacial

## Portable Medical

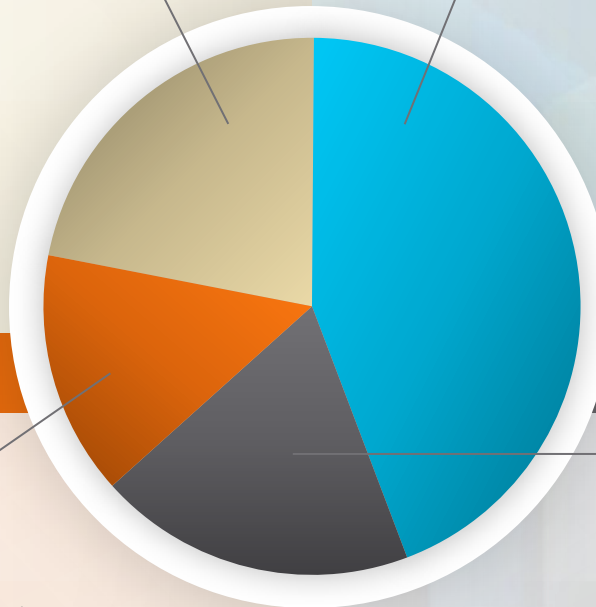
**GB Opportunity: \$1B**  
**GB Revenue: \$82M**  
**Avg. Market CAGR: 6%**

- Defibrillators
- Ultrasound
- Staplers / Clips
- Auto CPR
- Oxygen Concentrators
- Ventilators
- Orthotics & Prosthetics
- Patient Monitors

## Vascular

**GB Opportunity: \$1.3B**  
**GB Revenue: \$52M**  
**Avg. Market CAGR: 3.5%**

- Vascular Access
- Atrial Fibrillation
- Interventional Cardiology
- Peripheral Interventions
- Structural Heart
- Renal Denervation
- Dialysis
- Fluid Management
- Oncology



See appendix of this presentation for footnote on industry and market data

# Cardiac & Neuromodulation

GB Opportunity: \$1.5B Avg. Market CAGR: 3%

## Cardiac & Neuro Markets

Market Size / Estimated CAGR

### Established GB Market Participation

- Pacemaker \$3.5B / (2%)
- ICD \$5.9B / (2%)
- Spinal Cord Stim \$1.4B / 7%
- Vagal Nerve Stim \$0.2B / 16%

### Expanding GB Market Participation

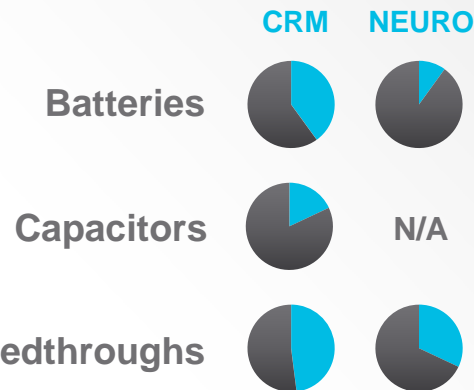
- Implantable Monitors \$0.2B / 9%
- Deep Brain Stim \$0.4B / 17%
- Sacral Nerve Stim \$0.4B / 16%
- LVAD \$0.6B / 13%
- Cochlear \$0.8B / 12%

### Adjacent GB Market Opportunities

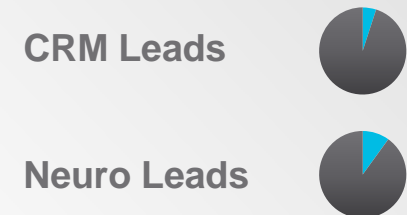
- Cardiac Surgery \$1.4B / (1%)

See appendix of this presentation for footnote on industry and market data

## Implantable Pulse Generator



## Leads & Lead Components



Greatbatch  
2012

Competitive  
2012

## Strategies

- Drive rechargeable battery offerings into broader neuromodulation markets
- Leverage existing technologies to drive growth in emerging & adjacent segments
- Increased customer focus to increase 'share of customer'

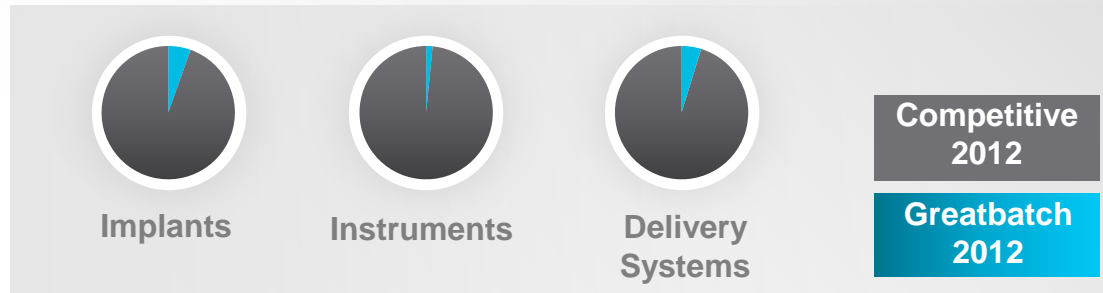
# Orthopaedics

**\$3B Greatbatch Opportunity**  
**Avg. Market CAGR: 5.5%**



**Greatbatch**  
**5<sup>th</sup> Largest Supplier**

## Greatbatch Participation



## Strategies

- Secure LTAs and improved pricing discipline
- Improved sales force productivity in core products & through product re-launches
- Portfolio mapping to drive new development initiatives
- Take advantage of consolidation opportunities among large number of segmented suppliers

See appendix of this presentation for footnote on industry and market data

# Portable Medical

## Portable Medical Markets:

Market Size / Estimated CAGR

## Established GB Market Participation

- Auto CPR \$50M / 13%
- Staplers / Clips \$1.8B / 4%
- Defib (AEDs) \$1.6B / 8%
- O<sub>2</sub> Concentrators \$0.8B / 7%

## Expanding GB Market Participation

- Patient Monitors \$2.3B / 5%
- Orthotics-Prosthetics \$3.5B / 7%
- Ventilators \$2.8B / 4%
- Portable Ultrasound \$0.3B / 20%

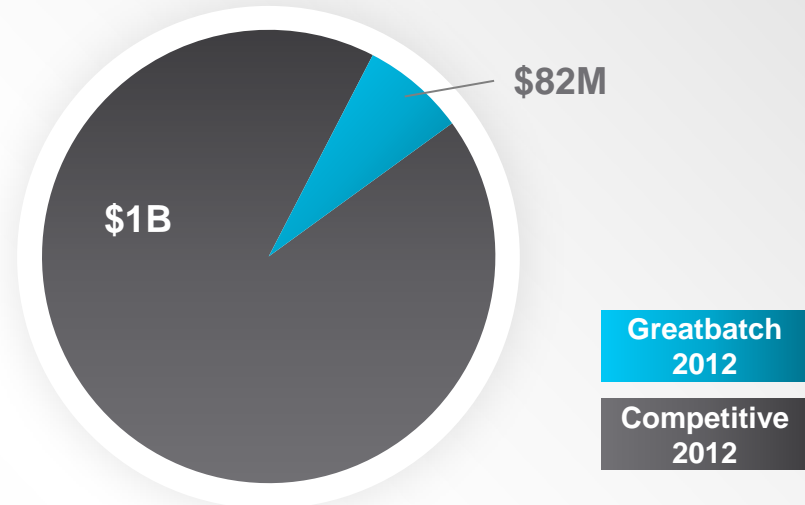
## Adjacent GB Market Opportunities

- Powered Ortho \$0.5B / 6%
- Anesthesia \$0.5B / 3%
- Wound Therapy \$0.4B / 8%

## Greatbatch Opportunity:

\$1B Power Supply Market

Avg. Market CAGR: 6%



## Strategies

- Target expanded opportunities within customer base
- Own more of the revenue for individual products
- Targeted M&A

See appendix of this presentation for footnote on industry and market data

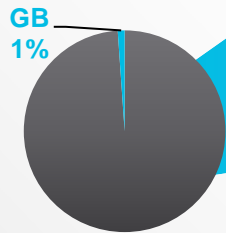
# Vascular

**\$1.3B Greatbatch Opportunity**  
**Avg. Market CAGR: 3.5%**

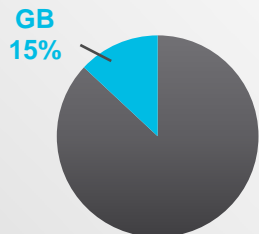
## Greatbatch Participation

Specialty Catheters  
 Vascular Introducers

Specialty Catheter  
 Market Opportunity:  
**\$1.1B**



Vascular Introducer  
 (venous) Market  
 Opportunity: **\$180M**



## Specialty Catheter Markets



### Electrophysiology

Market Size \$125M CAGR: 12%



### Peripheral Vascular

Market Size \$430M CAGR: 4%



### Interventional Cardiology

Market Size \$400M CAGR: 0%

**Greatbatch  
2012**

**Competitive  
2012**

## Strategies

- Leverage technologies to drive growth in adjacent clinical segments with existing customer base
- Portfolio mapping to drive new development initiatives
- Continued execution of introducers re-launch campaign

See appendix of this presentation for footnote on industry and market data

# Aggregate Opportunity



**Multi Billion Dollar end markets served**

**\$6.8B Total Greatbatch Opportunity**

**\$565M GB Share of Opportunity (8.7%)**

**Major growth opportunity through market share capture**

# Supported Business Model

Targeted  
Markets

Strategic  
Investments

Supported  
Business Model

Sales Force  
Emphasis

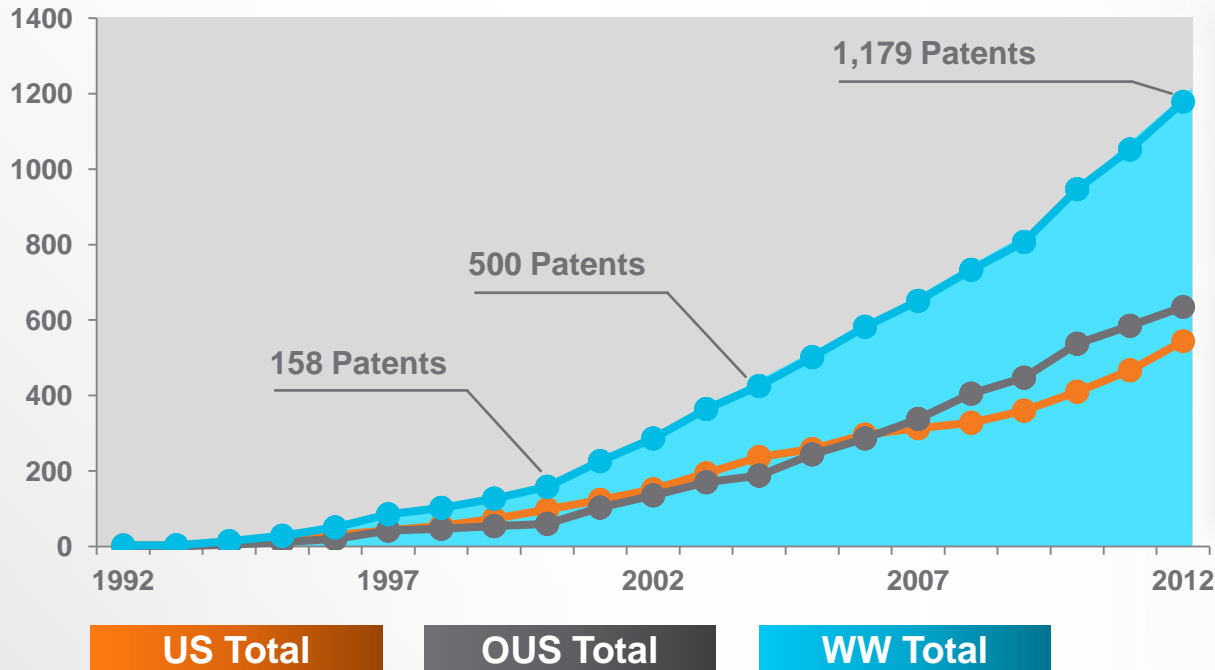


# Blue Chip Customer Base



# Expanding Intellectual Property

## Issued Patents: 1990 to 2012



### Med Device Patents

Issued: 160

Pending: 57

**593 (307 US)**  
**Patents Pending**

# Long-Term Agreements

71%

- Greatbatch Medical revenue under LTAs
  - › Current (*through 2013*)

## Terms

65% - 70%

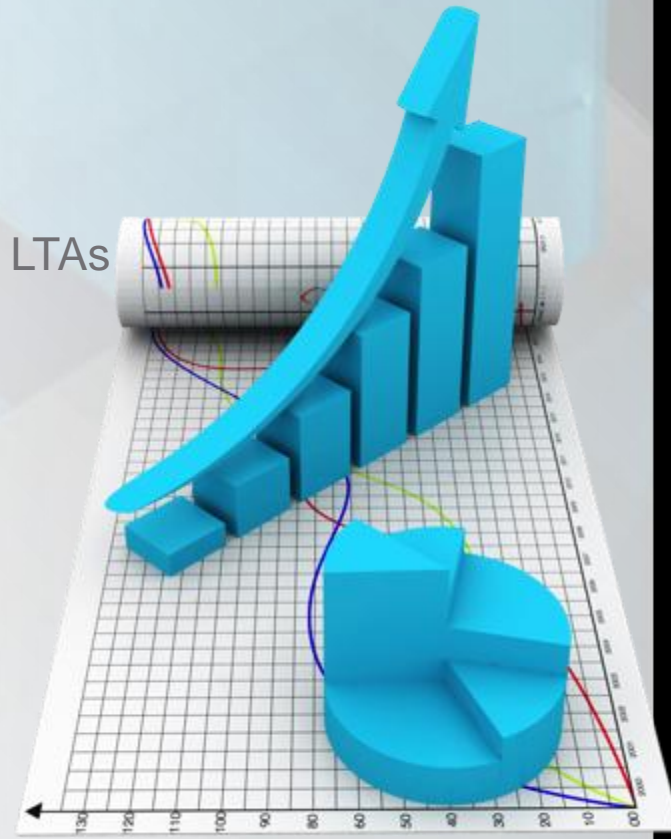
Through 2014

50%+

Through 2015

35% - 40%

Beyond



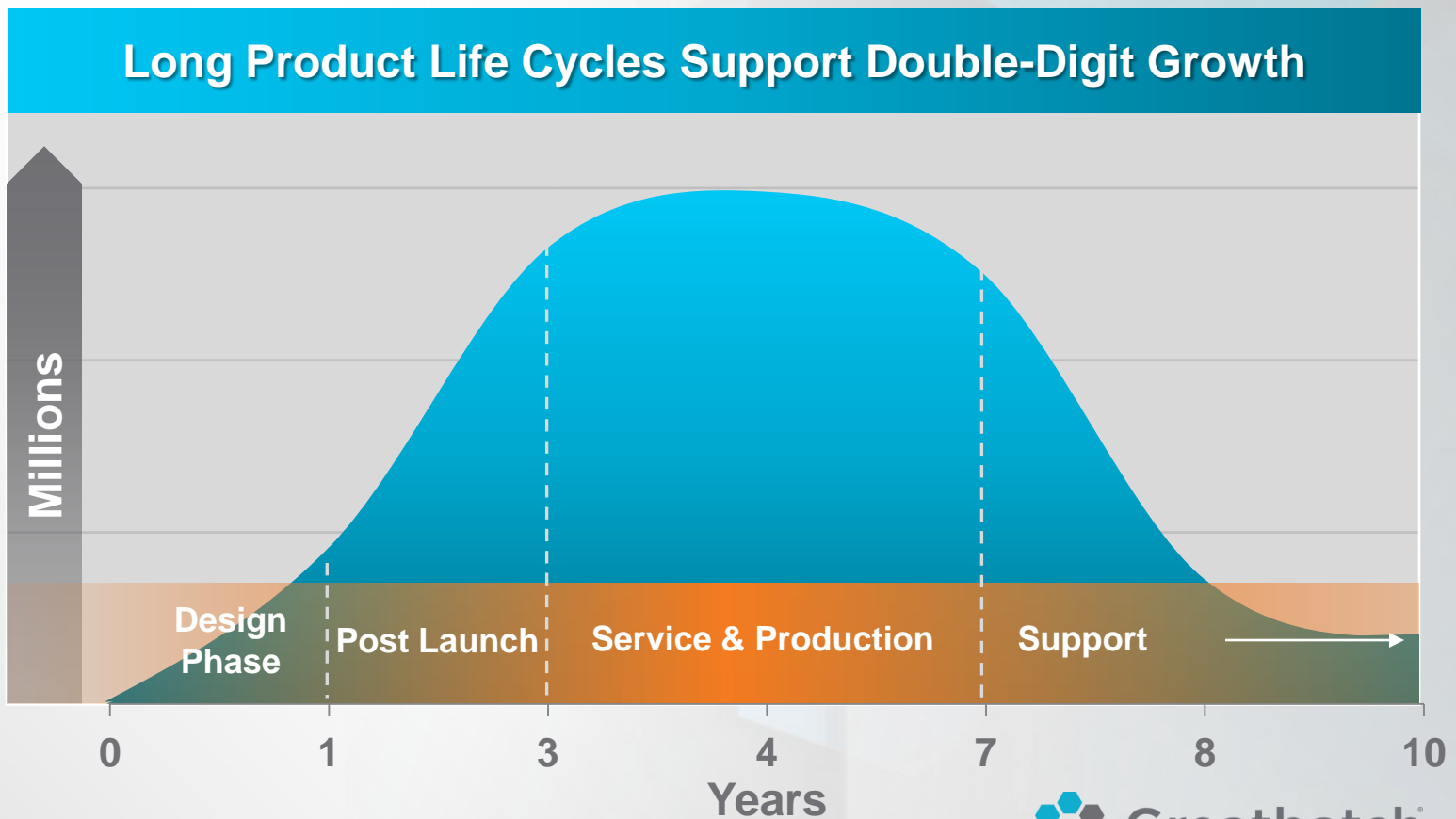
*... in addition, product lifecycle / replacements drive core growth and protection*

# Portable Medical: Long Product Life Cycles

*Design wins early with key OEMs & in emerging segments fuel long term growth*

## Long Product Life Cycles Support Double-Digit Growth

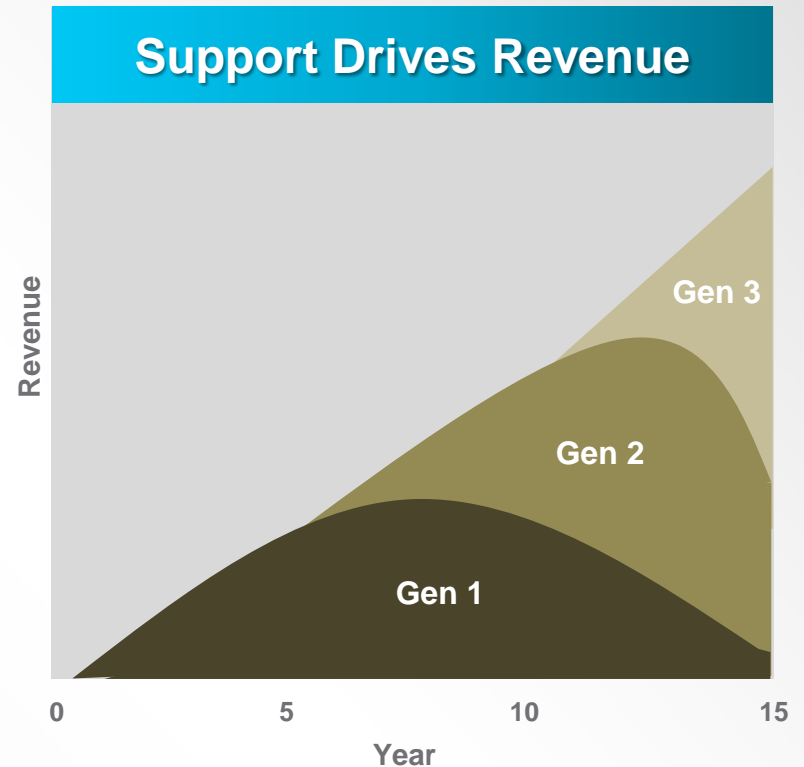
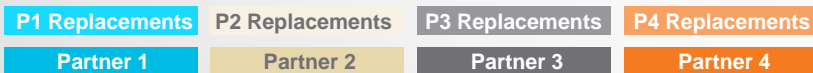
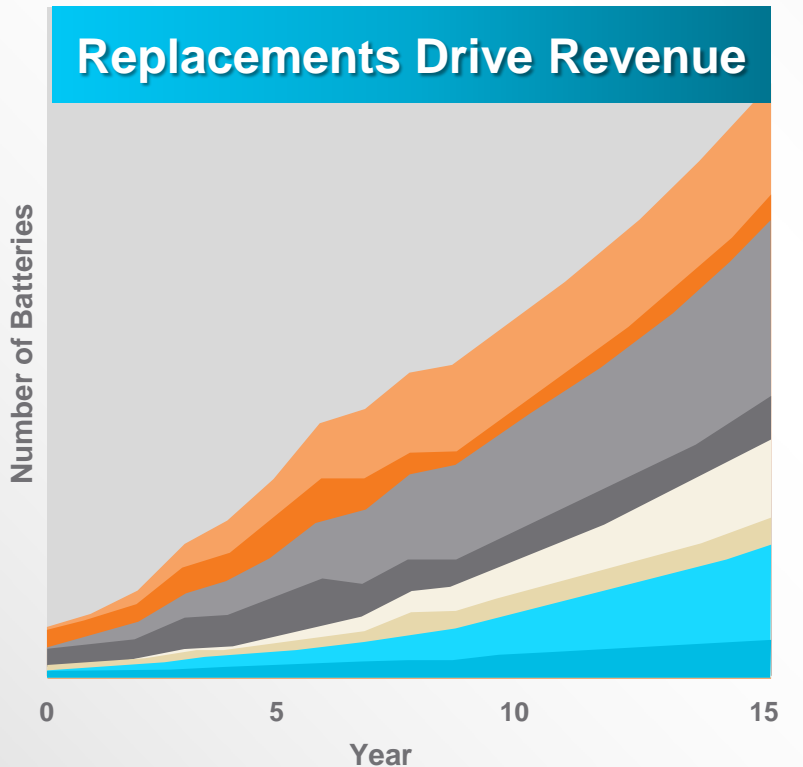
Product Revenue



# Portable Medical: Long Product Life Cycles

*Focus on Portfolio Management and IP wins generational development*

Growth of AED and Defibrillator Battery Markets



# Strategic Investments

Targeted  
Markets

Strategic  
Investments

Supported  
Business Model

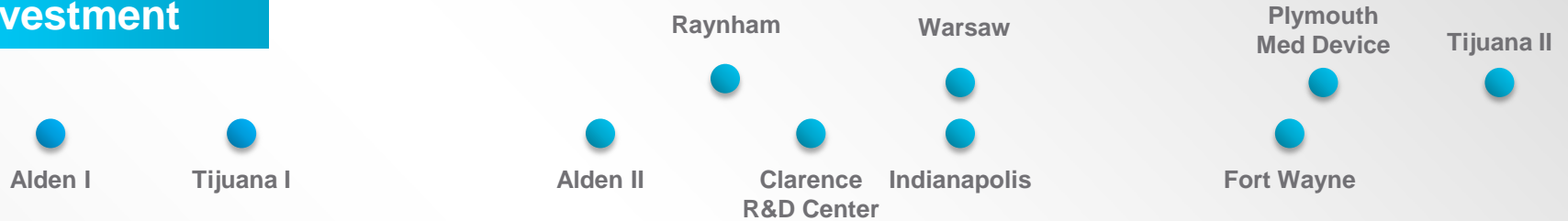
Sales Force  
Emphasis



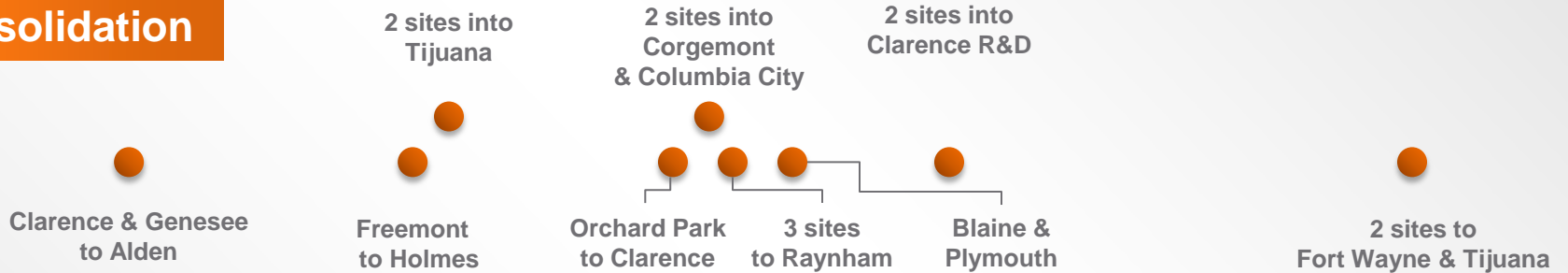
# Operations Efficiency & Investment

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

## Investment



## Consolidation



## Investment

- Low cost manufacturing operation established
- Medical device assembly capabilities
- Dedicated R&D centers

\*Investments & Consolidations represent only a partial listing during the period

**Sustainable Organic Growth**

## Consolidation

- Reduced operational burden
- Eliminated underperforming product lines
- Established unified resource locations
- Shed low margin programs
- Expanded capacity
- Enhanced Orthopaedics production environment
- Pursuing on-going cost reduction initiatives



# Orthopaedic Update

## Completed milestones

- Transferred instruments and reamers from Switzerland
  - › Net \$4M Gross Profit improvement
- Divested \$15M in non-profitable sales
- Successfully completed customer supplier certification audits at new manufacturing locations
- First production and shipment of transferred reamers Feb. 2013
  - › Tijuana & Fort Wayne

## Pending

- Additional transfers in process (consistent with guidance)

# Quality: A Competitive Advantage



Integrate > Harmonize > Optimize

Medical Device  
Infrastructure

- 
- 
- 
- Investment in leadership
  - Harmonized quality systems
  - Common enterprise quality metrics
  - Product quality & capable system focus
  - Talent & infrastructure development
- Over 100 years medical device quality leadership experience
  - Nine ISO 13485 certified facilities
  - Eight FDA registered facilities
  - Successful FDA inspections
  - On-going reduction in cost of quality

# Medical Device Investment

## Medical Device Manufacturing: Plymouth, MN

- Total Expansion: 27,000 sq ft
- Controlled Environment [Class 7]: 4,000 sq ft of space
- Adjacent Molding & Electrical Development Space
- FDA Registered Facility / Regulatory: ISO13485:2003, CMDCAS, AIMD & MDD



# Acquisition Strategy

*Focus on innovative technologies in our medical markets*

## Alignment with Strategy

- Aligned with therapy areas
- Technology to leverage and fill gaps
- Increasing market share via 'tuck-ins'

## Address Technology Needs

- Differentiated product or procedures
- Proprietary positioning of products
- Feasibility of concept

## Meet Financial Criteria

- Incremental revenue of \$10 - \$50M
- Profitable ROI (>20%)
- Accretive to sales growth, margins, and ROIC

## Minority Investments

- Targeted investments of \$5 - \$10M
- Equity positions ranging from 10 - 20% ownership
- Align with long-term M&A guidelines

# Sales Force Emphasis

Targeted  
Markets

Strategic  
Investments

Supported  
Business Model

Sales Force  
Emphasis



# Sales Leadership



## Andrew Holman VP Sales & Marketing, Greatbatch Medical

- 20 years experience working in medical device technologies
- Broad commercial medical technologies experience in urology/women's health, neurosciences, pain management and orthopaedics
- Prior experience includes: Boston Scientific, Johnson & Johnson, Smith & Nephew and DJO Global
- 4 Years B2B experience with Xerox Corporation



## Greg Webster VP Sales & Marketing, Electrochem

- 14 years experience working in Sales & Marketing providing power solutions
- Successful growth record with customers in medical, military and commercial markets
- Led sales teams to enable national and international expansion with Fortune 500 companies
- Implemented Strategic Account Program responsible for growing key accounts from \$1-3M to \$10-\$30M+

# Sales Force Optimization

## Organized for Excellence

- Investment in leadership
- Customer relationship enhancement
- Distinct technical sales & account executives
- Upstream & downstream marketing additions
- Unified sales operations
- Enhanced rep recruiting

## Equipped with Tools & Talent

- Focus on winning generational development programs
- Enhanced customer relationships & touch points
- Drive for additional LTAs
- New pay for performance structure; reps win when Greatbatch wins

## Impactful Results

Welcome

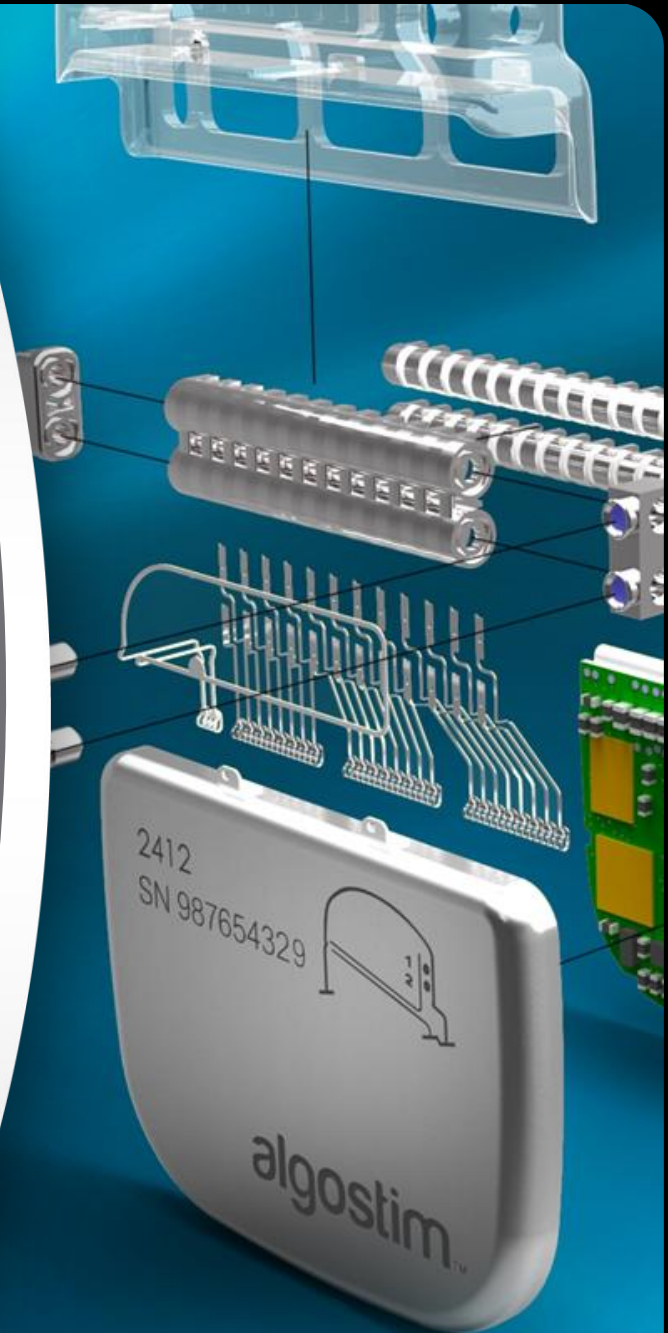
Key Messages

Sustainable  
Organic Growth

## Commercialize Medical Device Innovation

Drive Profitable Growth

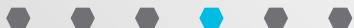
Closing Summary



# Scott Drees

## President Algostim, LLC

- 32 years of experience working with implantable medical devices
- 16 years of neuromodulation market experience
- Founding Division President, Advanced Neuromodulation Systems Inc. (ANSI)
- Prior experience includes: St. Jude Medical, Boston Scientific, and Johnson & Johnson
- Board member: John Oakley Pain Research Foundation and Neuros Medical Inc.



# Commercialize Medical Device Innovation

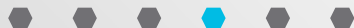
Leverage Capabilities

Strong Value Proposition

Technology Innovation

Addressing Unmet Needs

Future Opportunities



# Capabilities Required For Active Implantable Systems

## Leads & Accessories

- Mechanical Design
- Test Development
- Adhesive Processing
- Thermoplastic Molding
- Silicone Molding
- Extrusion
- Coil Winding
- Swiss Machining
- Tool and Die
- Laser Welding
- Resistance Welding
- Wire Coating & Cabling
- Center Less Grinding
- Thin Film Electrodes

## Implantable Pulse Generators

- Industrial Design
- Finite Element Analysis
- Injection Molding
- Header Design and Development
- Titanium Enclosure Forming
- Hermetic Assembly Design
- Ceramic Brazing
- Charging Coil Development
- Laser Seam and Spot Welding
- Swiss Mach Part Design and Fabrication
- Stimulation and Pulse Generator Circuits
- Low Power Circuits Analog/Digital Design
- Embedded Systems Design

- Microprocessor Design/Controls
- ASIC Design, Development, Layout
- ASIC Architecture Design
- ASIC Fabrication
- Telemetry
- Transcutaneous Power and Recharging
- Antenna Design
- PCB Layout and Prototyping
- PCB Fabrication
- Electrical Test Station Development
- Lab View and Test Stand
- Mechanical Stress Testing
- Shock and Vibration Testing
- Automated Testing

## Programmers & Software

- Microprocessor
- Firmware Design
- Power Management
- Battery Charging Software
- Wireless Communications
- Embedded Software Design
- Multiple Software Platform Development
- Graphical Interface Design
- 2D Modeling
- Software Coding Analysis
- Human Factors Engineering
- Device Driver Development
- Network Protocols

System Specs

System Design

ISO / Quality

Risk Mgmt

Labs

Tech Writing

Package Design

# Neurostimulation Markets

## FDA APPROVED

### Deep Brain Stim:

Parkinson's Disease, Dystonia, Essential Tremor, Epilepsy, Obsessive Compulsive Disorder

### Vagus Nerve Stim:

Depression, Epilepsy

### Spinal Cord Stim:

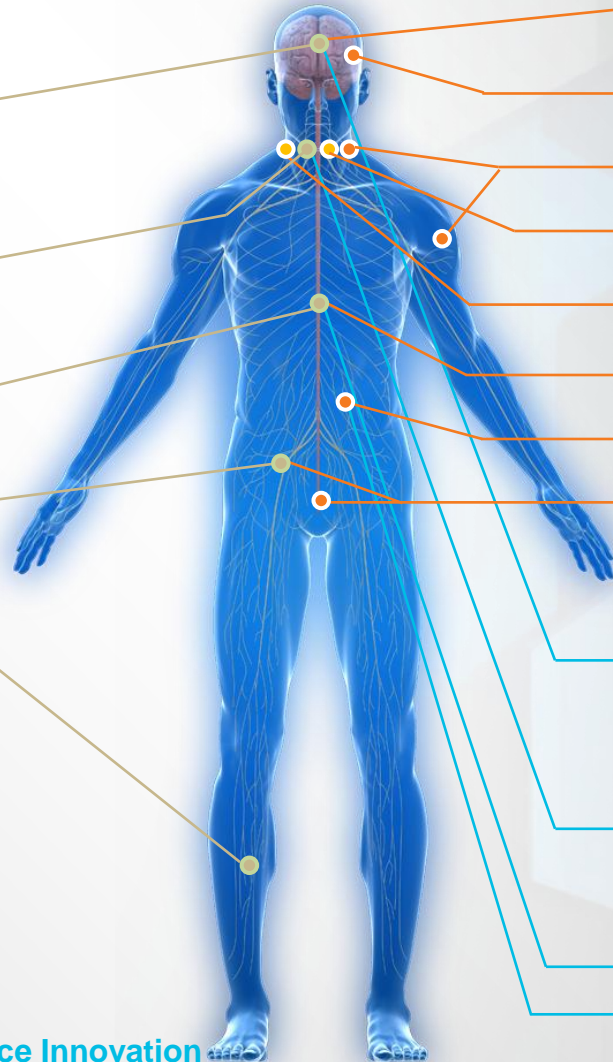
Pain

### Sacral Nerve Stim:

Urinary Incontinence, Fecal Incontinence

### Percutaneous Tibial Nerve Stim:

Urinary Incontinence



## EMERGING

**Deep Brain Stim:** Obesity, Stroke Recovery, Depression

**Cortical Stim:** Epilepsy

**Peripheral Nerve Stim:** Migraines, Extremity Pain

**Carotid Artery, Sinus Stim:** Hypertension

**Hypoglossal & Phrenic Nerve Stim:** Sleep Apnea

**Spinal Cord Stim:** Angina

**Gastric Stim:** Obesity

**Sacral & Pudendal Nerve Stim:** Interstitial Cystitis, Sexual Function, Pelvic Pain

## FUTURE

### Deep Brain Stim:

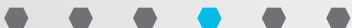
Alzheimer's, Anxiety, Bulimia, Tinnitus, Traumatic Brain Injury, Tourette's, Sleep Disorders, Autism, Bipolar

### Vagus Nerve Stim:

Alzheimer's, Anxiety, Obesity, Bulimia, Tinnitus, Obsessive Compulsive Disorder, Heart Failure

**Spinal Cord Stim:** Asthma

**Gastric Stim:** Bulimia, Interstitial Cystitis

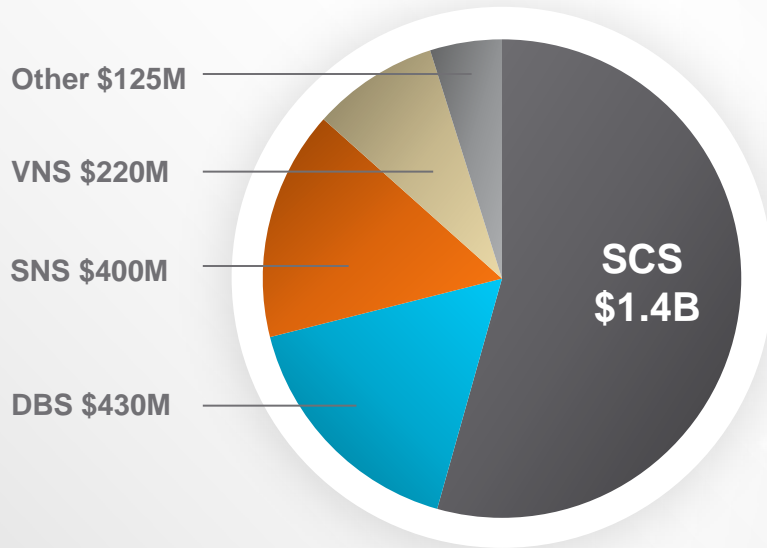


# Neurostimulation Market Sizes

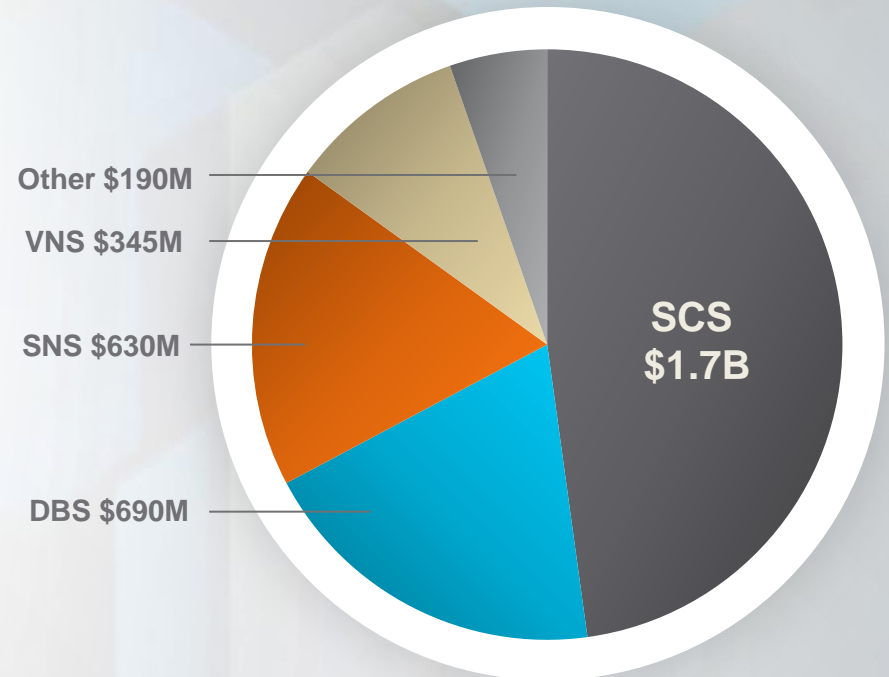
## Market Revenues (W.W.)

Average Market CAGR:  
11% (7% - 17%)

2012: \$2.6 B

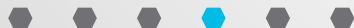


2015: \$3.6B



Source: Neuromodulation company earnings releases and internal estimates. Excludes cochlear, drug pumps, external stimulation

SCS: Spinal Cord    SNS: Sacral Nerve  
DBS: Deep Brain    VNS: Vagus Nerve



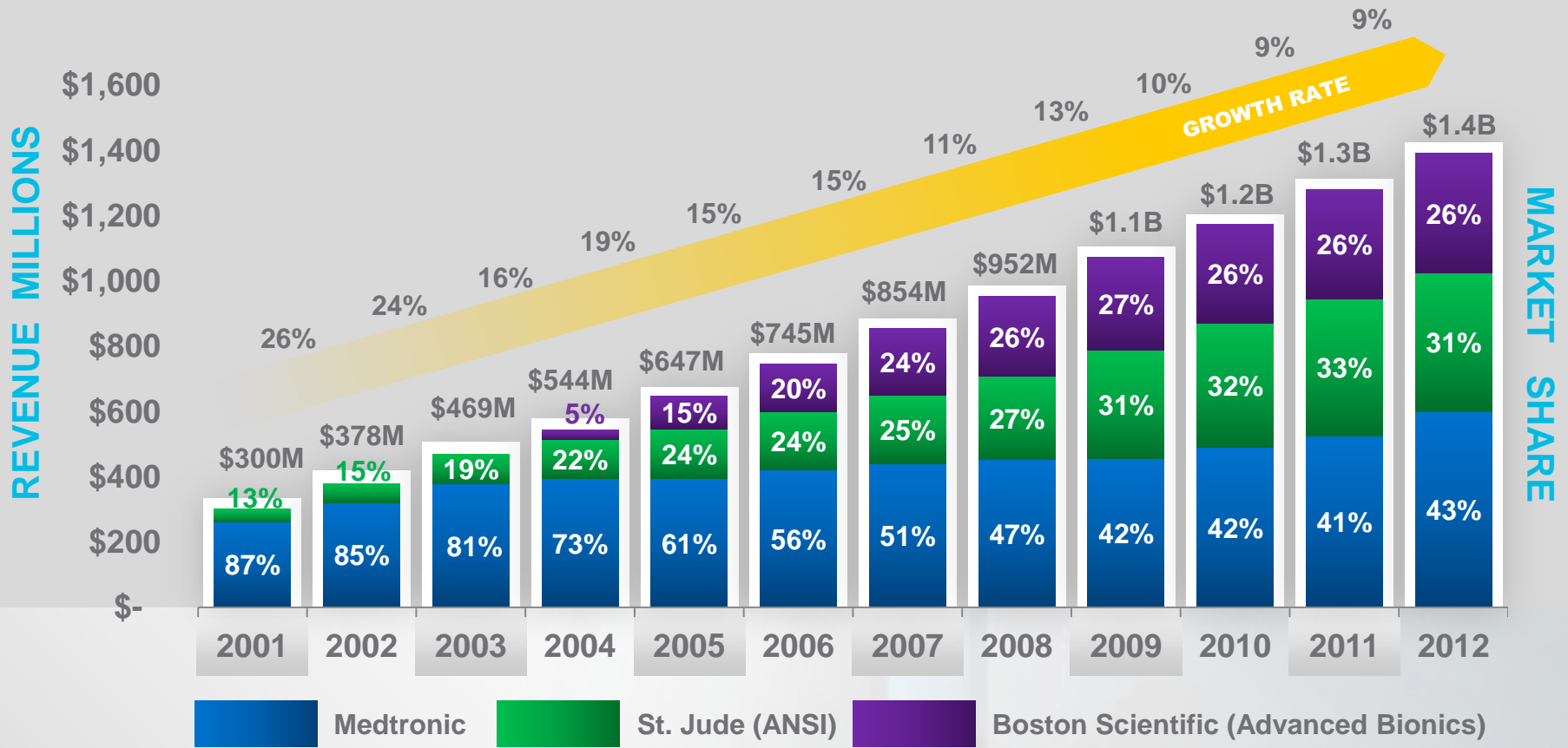
# SCS Market Acceleration

## Market Drivers

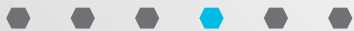
- Advancing technologies
- Improving implantation techniques
- Greater awareness and referrals
- More implanting physicians
- Strong reimbursement
- Insurance approval
- Patients comfort with electronic devices



# SCS 12 Year Market Growth & Share



Source: Neuromodulation company earnings releases and internal estimates



Commercialize Medical Device Innovation



# Market Research

## Physicians



- Ease of implant
- Clinical performance
- Lead options
- Reliability and longevity
- Simplified programming
- Service

## Patients

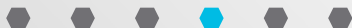


- Pain reduction
- Discrete device
- Easy to use
- Comfortable & convenient
- Covered by insurance
- Company they can trust

## Payers



- Cost effective products versus alternative therapies
- Efficacy
- Significant reduction in medication
- Minimal complications



# Physician Partners

## Richard North, MD | Chief Scientific Advisor

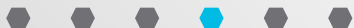


- Director, Neuromodulation, Sandra and Malcolm Berman Brain & Spine Institute of LifeBridge Health, Baltimore, MD (2007-present)
- Professor of Neurosurgery, Anesthesiology & Critical Care Medicine, John Hopkins University School of Medicine (1983-2007)
- Founder and President, Stimsoft, Inc. (sold to Medtronic in 2003)
- Founder and President, The Neuromodulation Foundation, Inc.
- Certified by the American Boards of Neurological Surgery and Pain Medicine
- Clinical experience with over 3,000 cases involving spinal cord stimulation during the last 28 yrs.
- 14 issued patents, 156 peer-reviewed publications, and over 500 lectures and presentations both nationally and internationally
- North American Neuromodulation Society's Lifetime Achievement Award

## Giancarlo Barolat, MD | Chief Medical Advisor



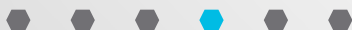
- Director, Barolat Neuroscience Center at Presbyterian St. Luke's Hospital, Denver, CO (2005-present) and Director of Barolat Neuromodulation Institute Europa (2011-present)
- Professor of Neurosurgery at Thomas Jefferson University, Philadelphia (1985-2005)
- Founding Member and Board Member- American Neuromodulation Society
- Certified by both the American and by the Italian Board of Neurosurgery
- Most clinical experience in the world with over 7,000 neuromodulation procedures in 35 yrs.
- 8 issued patents, 84 published peer reviewed articles and book chapters, along with over 285 lectures and presentations both nationally and internationally
- AANS Lifetime Achievement Award



# SCS Systems Today: Unmet Needs

IPG	Leads	Patient Programmers & Rechargers	Clinician Programmers
<ul style="list-style-type: none"> <li>Standardized configuration (2x8)</li> <li>Poor tri-pole capabilities</li> <li>Current steering</li> <li>Complete discharge recovery</li> <li>Limited parametric range</li> <li>Biphasic square waveform</li> <li>Inductive coupling</li> <li>Unidirectional recharge</li> <li>Restricted implant depth</li> </ul>	<p><b>Percutaneous Leads</b></p> <ul style="list-style-type: none"> <li>Lead migration (13%)*</li> <li>Lead breakage (9%)*</li> <li>Limited coverage 1 - 2 spine levels</li> <li>Inability to capture target</li> <li>Need for splitters to achieve tri-pole stim</li> </ul> <p><b>Paddle Leads</b></p> <ul style="list-style-type: none"> <li>Excessive volume</li> <li>Blind positioning</li> <li>Lack of steering control</li> </ul>	<ul style="list-style-type: none"> <li>Designed for in-home use</li> <li>Large and non-discrete</li> <li>Button sequences are confusing</li> <li>Small screens for feedback</li> <li>No color or touch screens</li> <li>Multiple devices for programmer/recharger</li> <li>Lack recharge feedback</li> <li>Inductive coupling required</li> </ul>	<ul style="list-style-type: none"> <li>Time consuming</li> <li>Non-intuitive</li> <li>Dependent on sales team</li> <li>Lack patient feedback mechanism</li> <li>Awkward size devices</li> <li>Lack visual clarity</li> <li>Stylus required in handhelds</li> <li>Inductive coupling required</li> </ul>

\*SOURCE: Cameron et al., 2003 & updated with 2009 AAPM poster



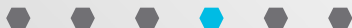
# Product Strategy



- Target unmet clinical needs
- Focus on product differentiation for all user groups
- Procedurally the same - but better
- Legacy free, proprietary system
- Design focused on safety
- Allows efficient regulatory approval
- Gen 1: Technology innovation drives market share
- Gen 2: Breakthrough technology enables market leadership

***“A product designed by doctors for doctors”***

Richard B. North, MD



# Algostim System

Patient Feedback Tool  
PFT



Clinician Programmer  
CP



Patient Programmer  
Charger  
PPC



Pocket  
Programmer  
PoP



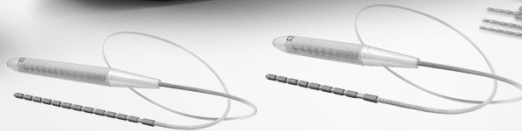
Paddle  
Leads



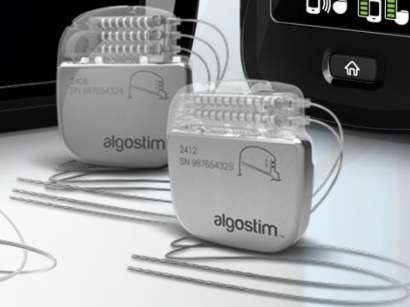
Perc Leads



External  
Pulse  
Generator  
EPG



Extensions



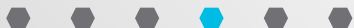
Implantable Pulse Generators  
IPG



Anchors

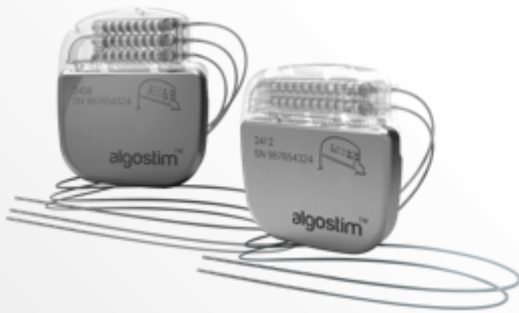


Trial Cable



# Algostim System Innovations

## IPG



- 24 Channels
- Two Configurations
- Tri-Pole Capability
- Smallest Volume
- Thinnest Implant
- Largest Battery Capacity
- Broadest Parametric Ranges
- Bi-Directional Recharge
- MICS Wireless Telemetry
- Embedded Program Memory

## Leads



### Perc Leads

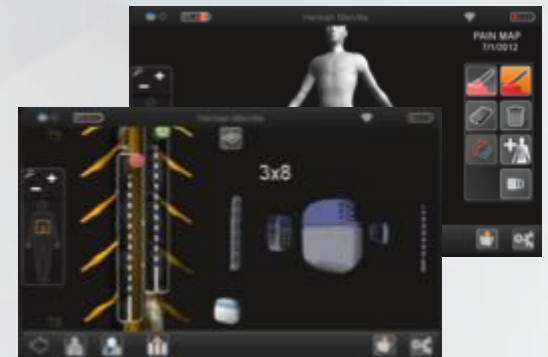
- 12 & 8 Contact Arrays
- Dual Coil Construction
- Body Compliant
- Lead ID System



### Paddle Leads

- Thinnest >50%
- Smallest Volume >50%
- Body Compliant
- Multi-Midline Positioning
- Stylet Steering

## Programmers/Software

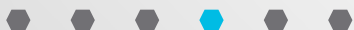


- Color Touch Screen
- 3D Pain Mapping
- 3D Stim Mapping
- 3D Overlap Scoring
- CASP Algorithm
- CASP Feedback Device
- Camera / Barcode Reader
- Monitor Mirroring
- Combined Programmer / Charger
- Key Fob Programmer

# Implantable Pulse Generator

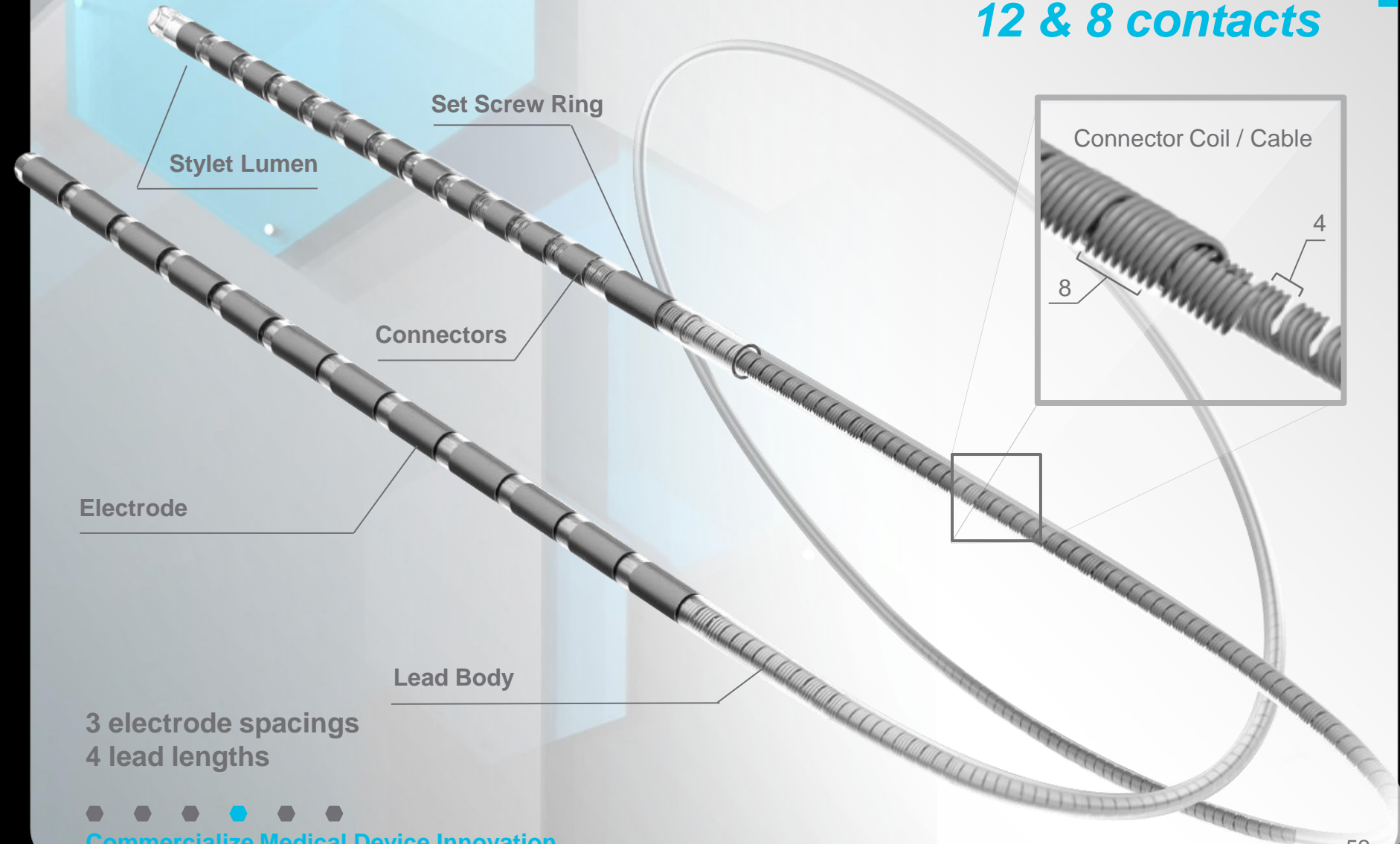
## Features

- 24 channels
- Two header configurations (2x12 & 3x8)
- Rechargeable battery
- Largest battery capacity
- Broadest parametric ranges
- Smallest & thinnest device
- Independent current sources
- Deep discharge recovery
- Constant current output
- MICS wireless telemetry
- Safety thermistor
- Bi-directional recharge
- Embedded memory



# Percutaneous Lead Anatomy

**12 & 8 contacts**



3 electrode spacings  
4 lead lengths

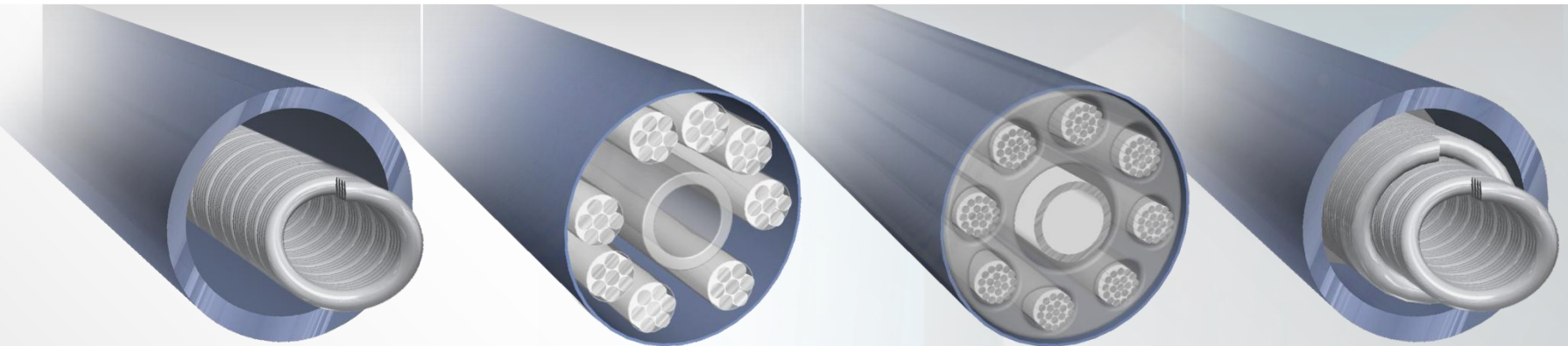


# Lead Design Progression

Past

Present

Future

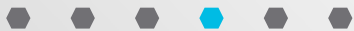


**COIL DESIGN**  
COIL STRUCTURE  
4-Electrode Leads

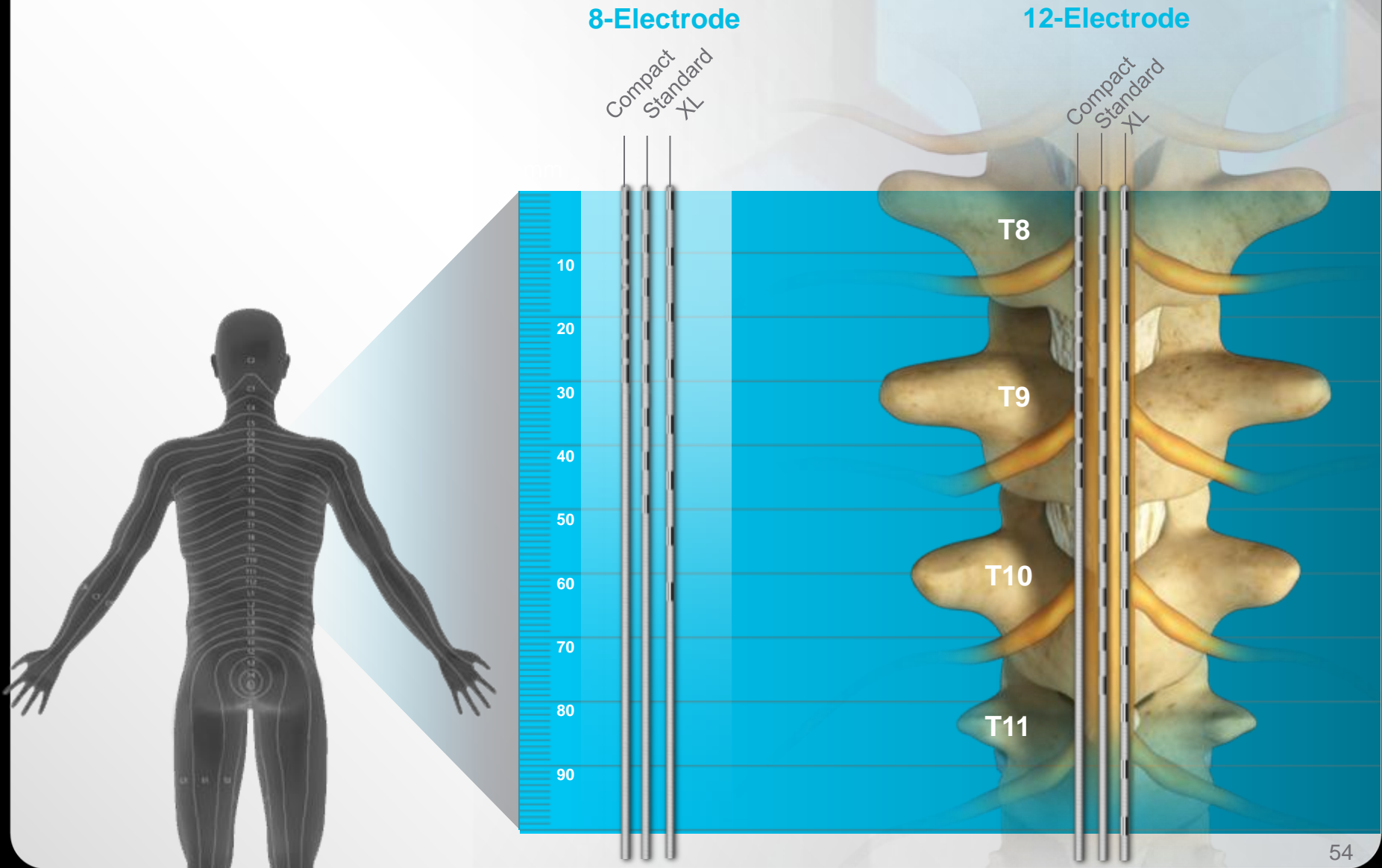
**UNCONSTRAINED**  
STRAIGHT WIRE  
8-Electrode Leads

**INDEPENDENT**  
STRAIGHT WIRE  
8 & 16-Electrode Leads

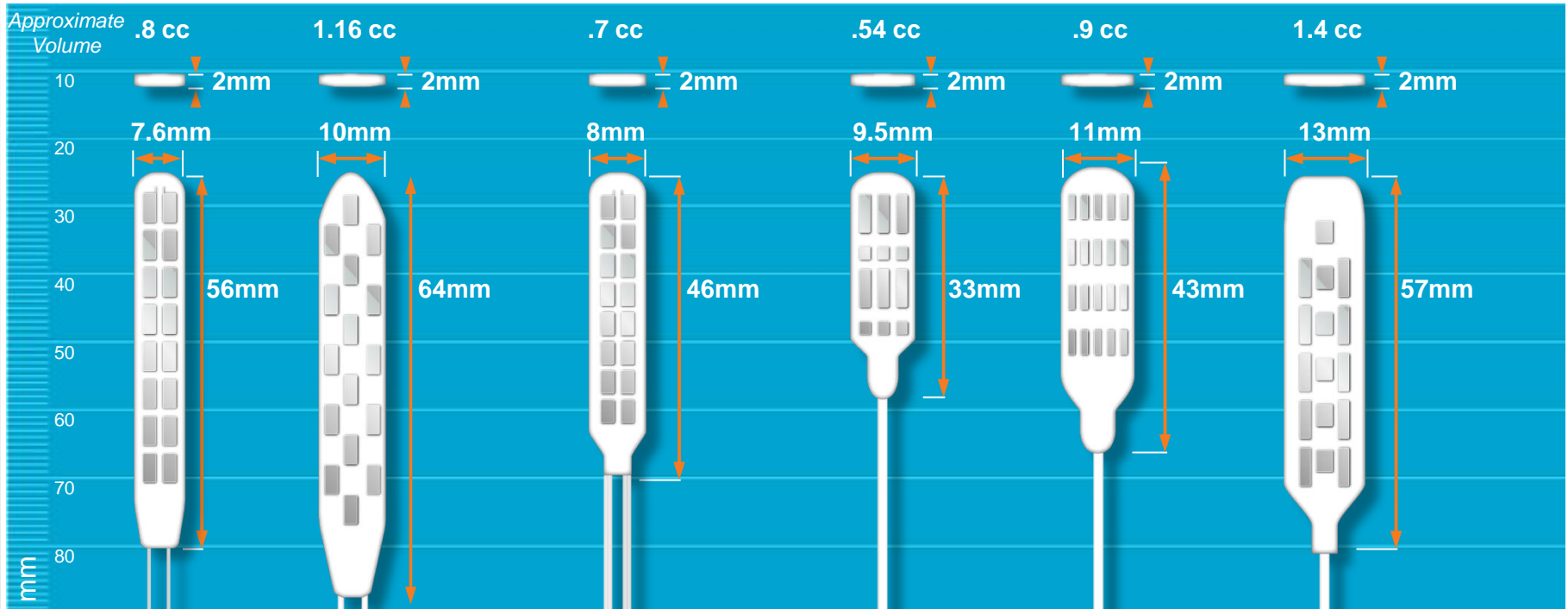
**alogstim**  
COIL IN COIL DESIGN  
COIL STRUCTURE  
8 & 12-Electrode Leads



# Broader Coverage

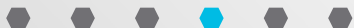


# Paddle Lead Standards

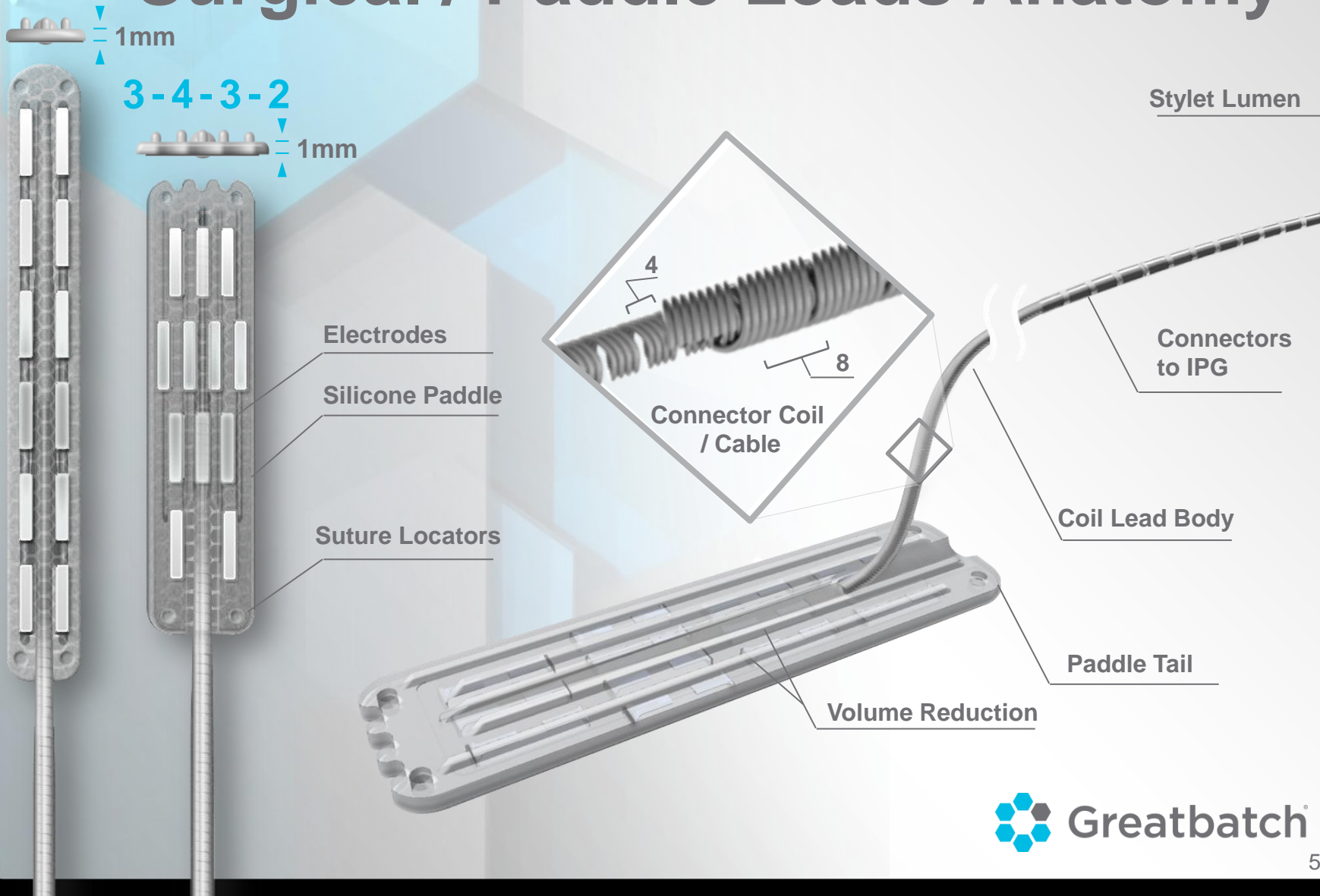


## Current product limitations

- Excessive volume
- Lack of steering control
- Blind positioning
- Have no / limited body compliance



# 2 x 6 Surgical / Paddle Leads Anatomy



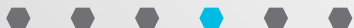
# Thin Profile Paddle Leads

Current Products

algostim  
TECHNOLOGIES



# Programmer Family



Commercialize Medical Device Innovation

# Patient Programmers



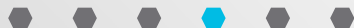
## Pocket Programmer

- Discrete key fob design
- Daily control functions
- Rechargeable device
- MICS wireless telemetry
- Quick stim-off



## Programmer Charger

- Programming and recharging device
- Full control programming options
- Color touch screen interface
- MICS wireless telemetry
- Recharge location visual feedback
- Rechargeable device
- Quick stim-off



# Clinician Programmers



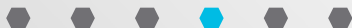
## Clinician Programmer

- Resistive color touch screen
- External monitor connection
- Embedded camera
- Rechargeable device
- SD card storage
- Bluetooth communication
- MICS wireless implant telemetry
- Quick stim-off

## Patient Feedback Tool

### *'Computer Assisted Stimulation Programming'*

- Automatic impedance check
- Stimulation threshold determination
- Patient identifies best stimulation coverage / optimal parasthesia patterns
- Bluetooth communication
- LED feedback
- Quick stim-off



# Clinician Programmer Software

## Software Features

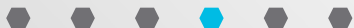
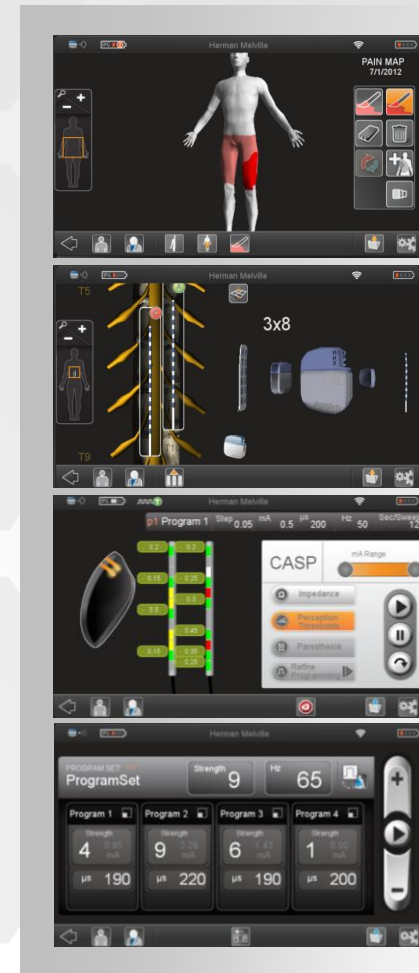
- 3D Virtual Environment
- 3D Pain Mapping
- 3D Stimulation Mapping
- 3D Overlap Scores
- Computer Assisted Stimulation Programming ('CASP')
- Presets for routine intra-operative trials
- Visual implant selector
- Patient programming history
- Secure log-ins
- Patient device emulator
- Auto report generation
- Bluetooth printer

Pain Mapping

Product Selection

CASP

Set Program



## Pulse Generators



### IPG

- Thermistor
- MICS Wireless Telemetry
- Deep Discharge Recovery Battery
- Bi-Directional Recharge
- High Voltage Protection Circuitry
- Independent Current Sources
- Internal Self-Checks
- Impedance Check
- Quick Stim-Off by External Devices



### EPG

- Internal Self-Checks
- Easy Trial Cable Connect / Disconnect
- Quick Stim-Off
- Program Memory

## Safety Features

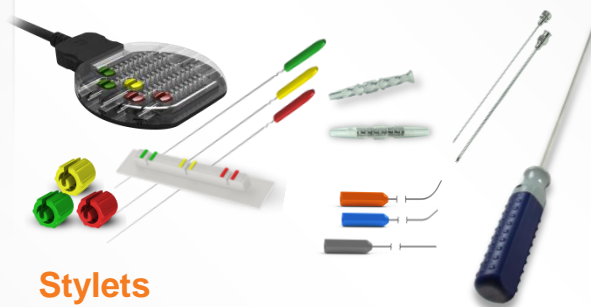
## Leads & Extensions



### Perc & Paddle Leads, Extensions

- Minimize Size
- Coil In Coil Design
- Multiple Electrodes
- Active Capture Set Screw (*Extension*)

### Accessories



### Stylets

- Multiple Tips

### Introducer Needle

- Flared & Radius Tip

### Tunneling Tool

- Malleable Rod & Tip
- 2 Length Options
- Accommodates 3 Leads

## Programmiers



### All Programmiers

- Battery Status of IPG
- Paired to Single IPG / EPG
- MICS Wireless Telemetry
- Quick Stim-Off

### Programmer Charger

- Rechargeable Device During IPG Recharge
- Recharge Location Feedback
- Recharge Temperature Sensing

### Clinician Programmer

- Log-Ins for Different Users
- Monitor Mirroring
- Camera / Image Storage
- Charge Density Limits
- Model Based Implant Selection

### Patient Feedback Tool

- 'CASP' (*Computer Assisted Stimulation Programming*)

# Regulatory Plan

## Proposed Indication

The Algostim Spinal Cord Stimulation (SCS) System is indicated as an aid in the management of chronic intractable pain of the trunk and/or limbs, including unilateral or bilateral pain associated with failed back surgery syndrome, intractable low back pain and leg pain.

## History

Company (Product)	Original PMA	Supplements
Medtronic (Itrel)	1984	233+
St. Jude (Genesis)	2001	65+
Boston Scientific (Precision)	2003	153+

## Plan

- Pursue PMA approval (*literature based PMA*)
- Utilize pre-IDE / PMA process
- Obtain CE mark
- TÜV (*notified body*) utilizing modular review process

# Next Generation

## IPG Embedded Capabilities

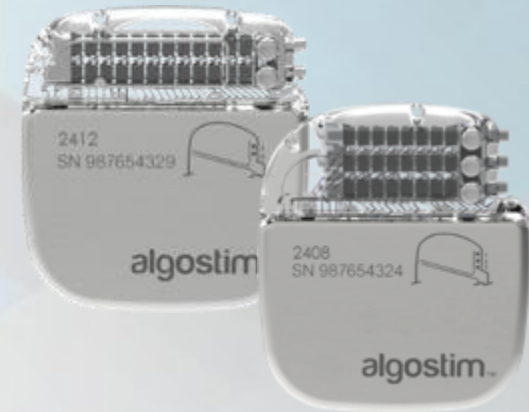
- High Frequency Stimulation
- 3-axis accelerometer
- Novel waveforms & wave shaping

## Lead Designs

- Thin-film perc lead designs
- 24+ electrode paddle leads

## System Level

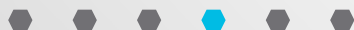
- MRI conditional system

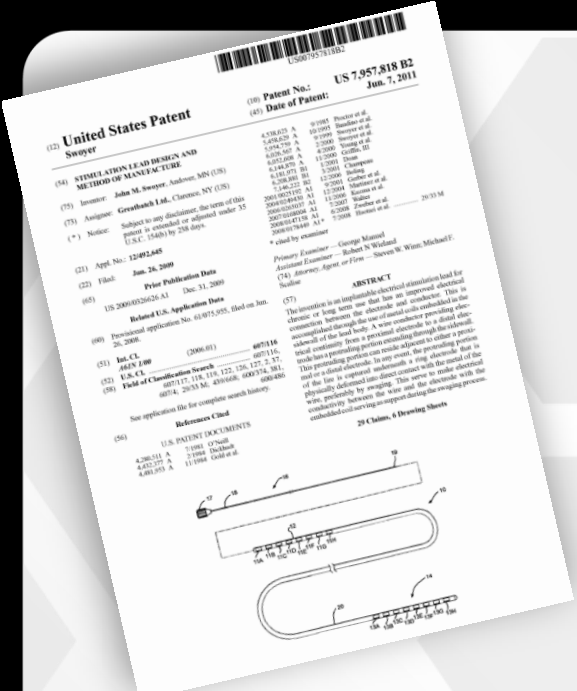


Thin-Film Paddle:  
24+ Electrodes

Planar

Cylindrical





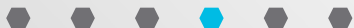
# Intellectual Property

- Greatbatch IP portfolio > 1000
- Algostim invention disclosures 135
- Filed patent applications 86
- Patent applications in draft 18
- Patents licensed Dr. North & Barolat 11
- Patents issued to date 6
- Patent opinions 77

## IP Product Distribution

	Leads	IPGs	Programmers & Software	Accessories	Total
Disclosures	26	44	51	14	135
Applications	19	23	36	8	86
Opinions	20	39	17	1	77

# Leveraging Our Capability



**Plymouth:**  
Header

**Plymouth:**  
Stackers

**Plymouth:**  
End Cap

**Clarence:**  
Set Screws

**Minneapolis:**  
Enclosure

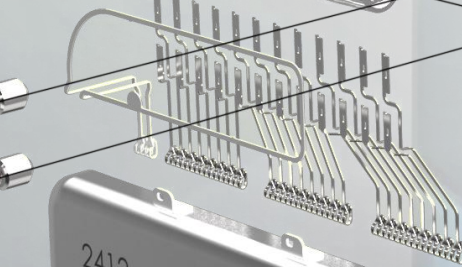
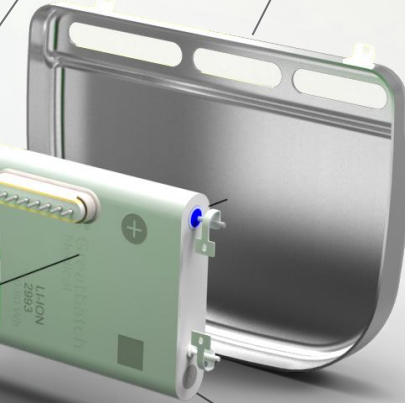
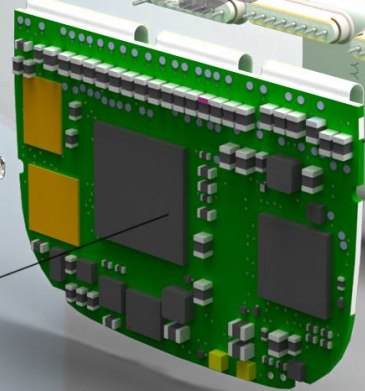
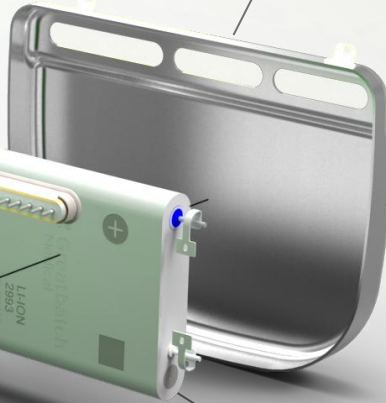
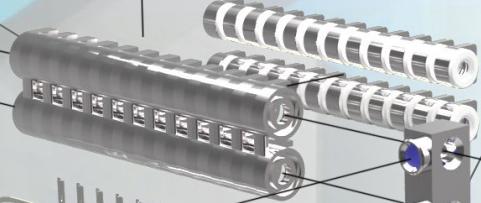
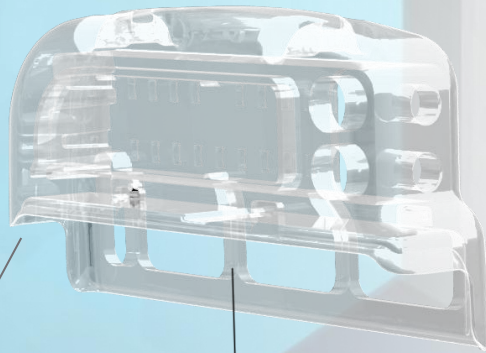
**Clarence:**  
Set Screw Block

**Tijuana:**  
Multi-pin  
Feedthrough  
Assemblies

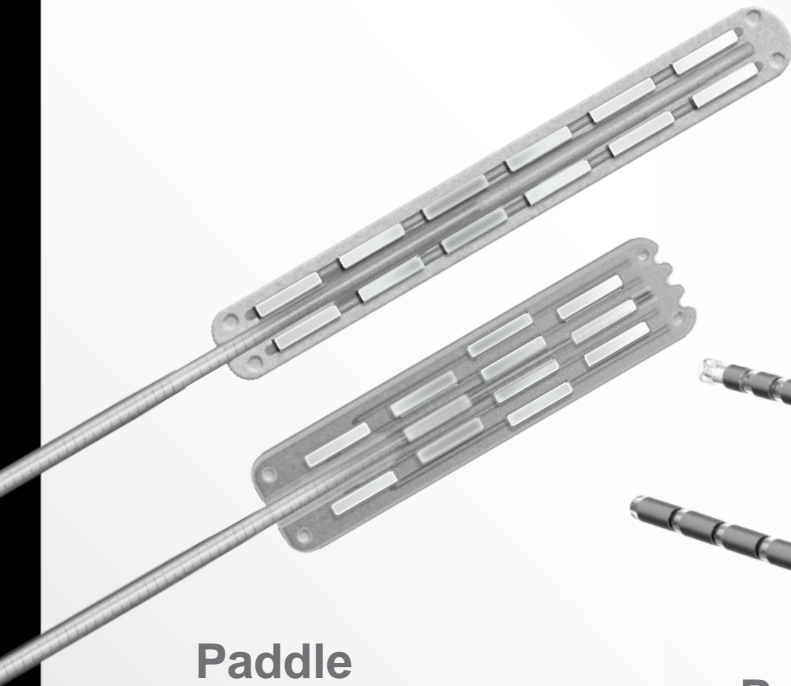
**Minneapolis:**  
Enclosure

**Alden:**  
Battery

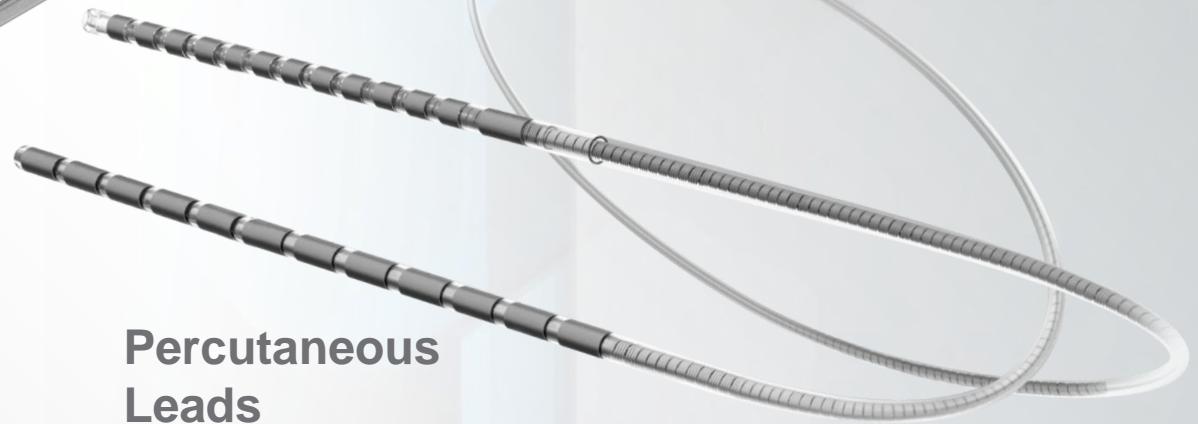
**Final Assembly: Plymouth**



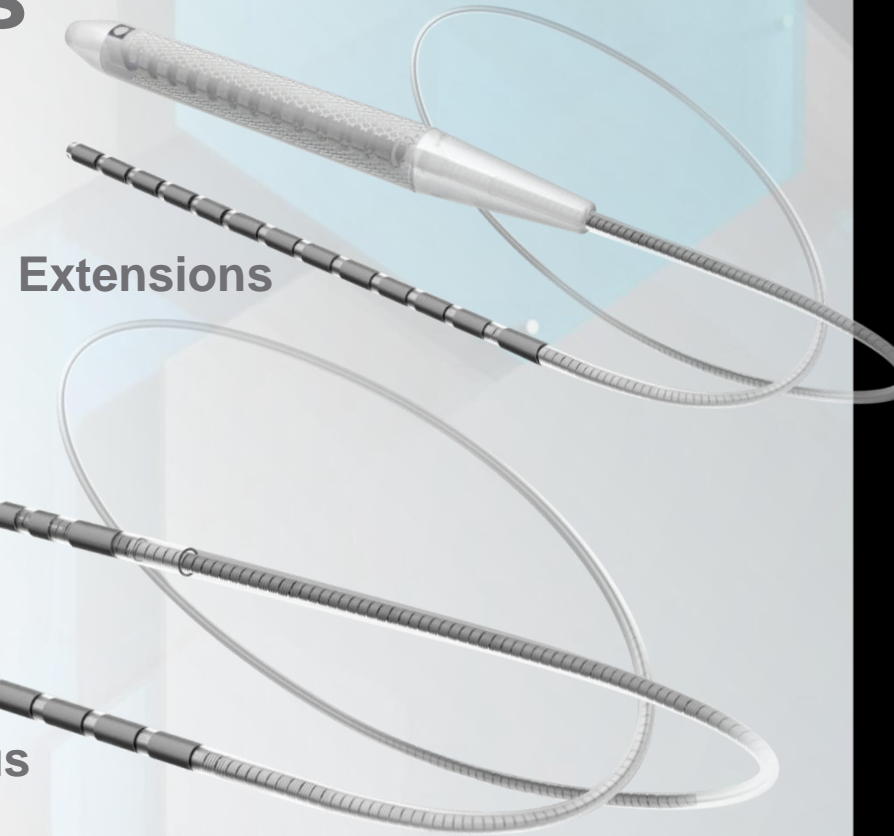
# Leads & Extensions



Paddle Leads

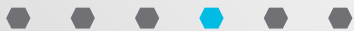


Percutaneous Leads



Extensions

Manufacturing: Plymouth



# Programmers



Software

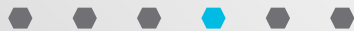


Batteries for Programmers



Software: Denver

Portable Medical: Raynham



# Algostim Timeline

2013

2014

2015

## DVT

- Development completion
- Animal Study

## Regulatory Cycle

- Phased approach (*CE mark*)
- PMA process (*FDA*)

Screening  
Commercialization  
Partners

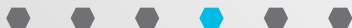
ROI

## Manufacturing Revenue

- Greatbatch

## Commercialization

- By partner



# Strong Value Proposition

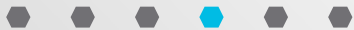
Leverage Capabilities

Strong Value Proposition

Technology Innovation

Addressing Unmet Needs

Future Opportunities



# Impact to Customer Groups

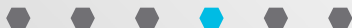


## Physicians

- No change to implant procedures
- Improved body compliant lead design & steering control
- Broader stimulation coverage
- Multiple IPG options
- Long list of Safety Features
- Highly visual & intuitive programmers
- Intraoperative visibility and engagement of surgical staff
- Patient interactive programming

## Patients

- Portable & Discrete External Products
- Simple and familiar user interfaces
- Comfortable system for screening, recharge and daily transport
- Fits existing reimbursement standards



# Value Proposition



***“A highly differentiated complete SCS system and platform with extensive offering of innovation, IP, advanced safety features, and future generation capabilities in the fast growing \$1.4B SCS market”***

- 1% market share represents \$17M revenue to partner in 2015
- Highly under penetrated market (<10%)
- History of large market share shifts with technology innovation
- Strong SCS growth rate (7%+ CAGR)
- Extensive IP portfolio
- Gen 1: Technology innovation will drive market share
- Gen 2: Breakthrough technology can enable market leadership

# Leverage Medical Device System Capabilities

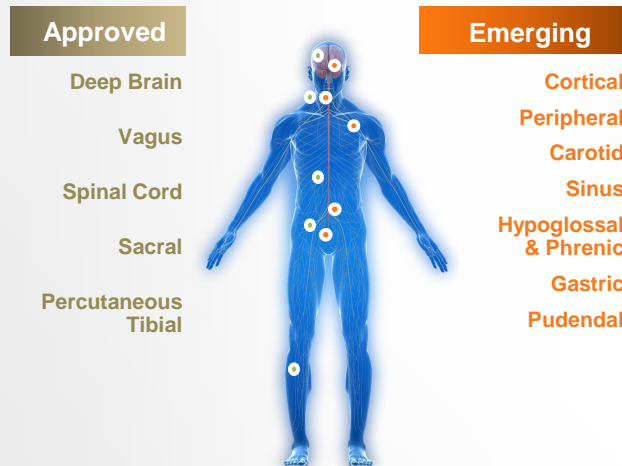


## Future NewCo's

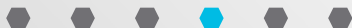


- Deliver on complete system initiative
- Investment in capabilities
- Platform technology for additional opportunities

- Approved & emerging indications



- Entry into cardiac systems
- Implantable Loop Recorder
- Address unmet needs
  - > Remote monitoring
  - > High quality data



Welcome

Key Messages

Sustainable  
Organic Growth

Commercialize Medical  
Device Innovation

**Drive Profitable Growth**

Closing Summary

# Drive Profitable Growth



Increasing  
Margins

~ 5% Organic  
Revenue Growth

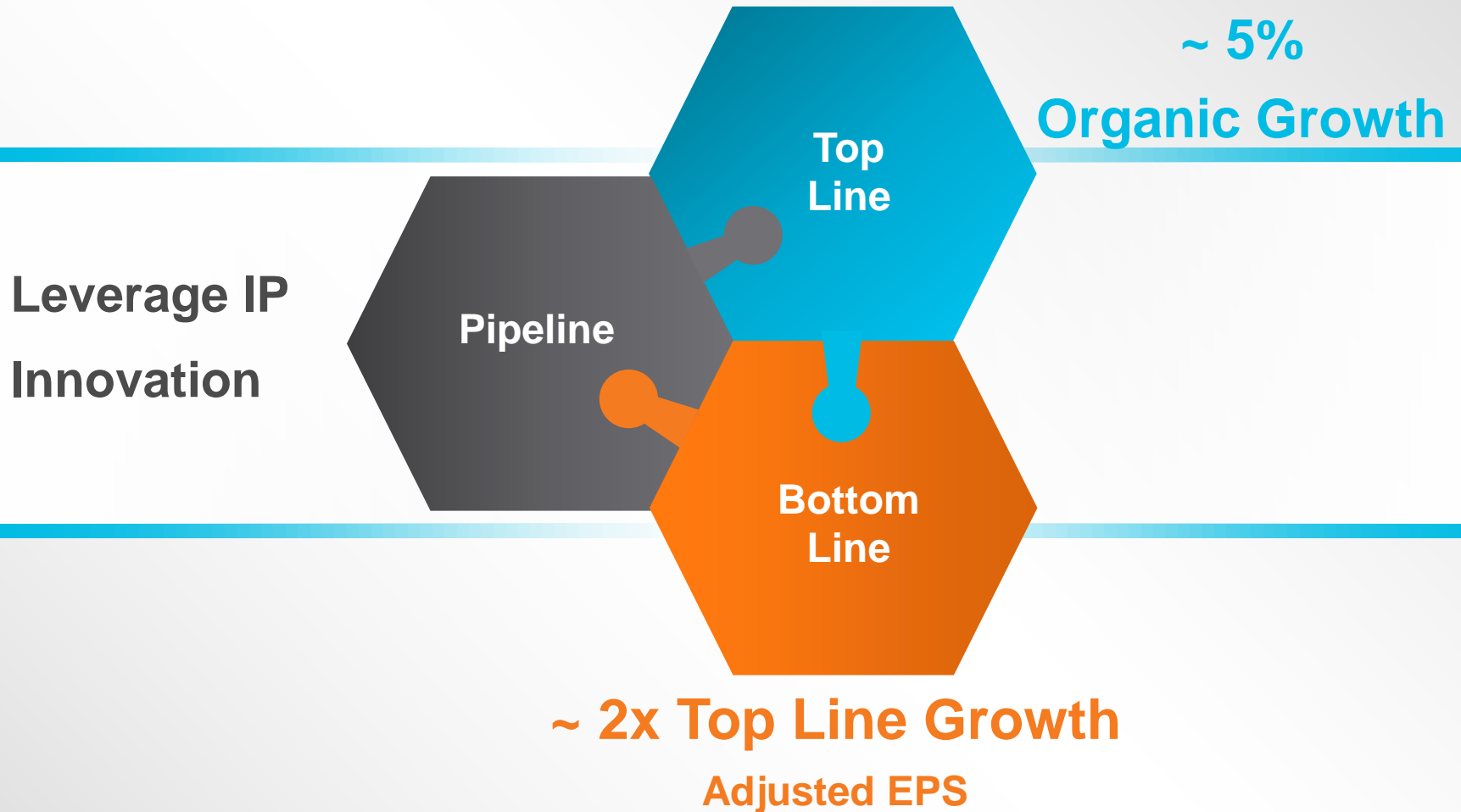
Strong  
Balance Sheet  
&  
Cash Flow

Targeted  
M&A

Med Device  
Upside



# Sustainable Long-Term Growth



# Aggregate Opportunity



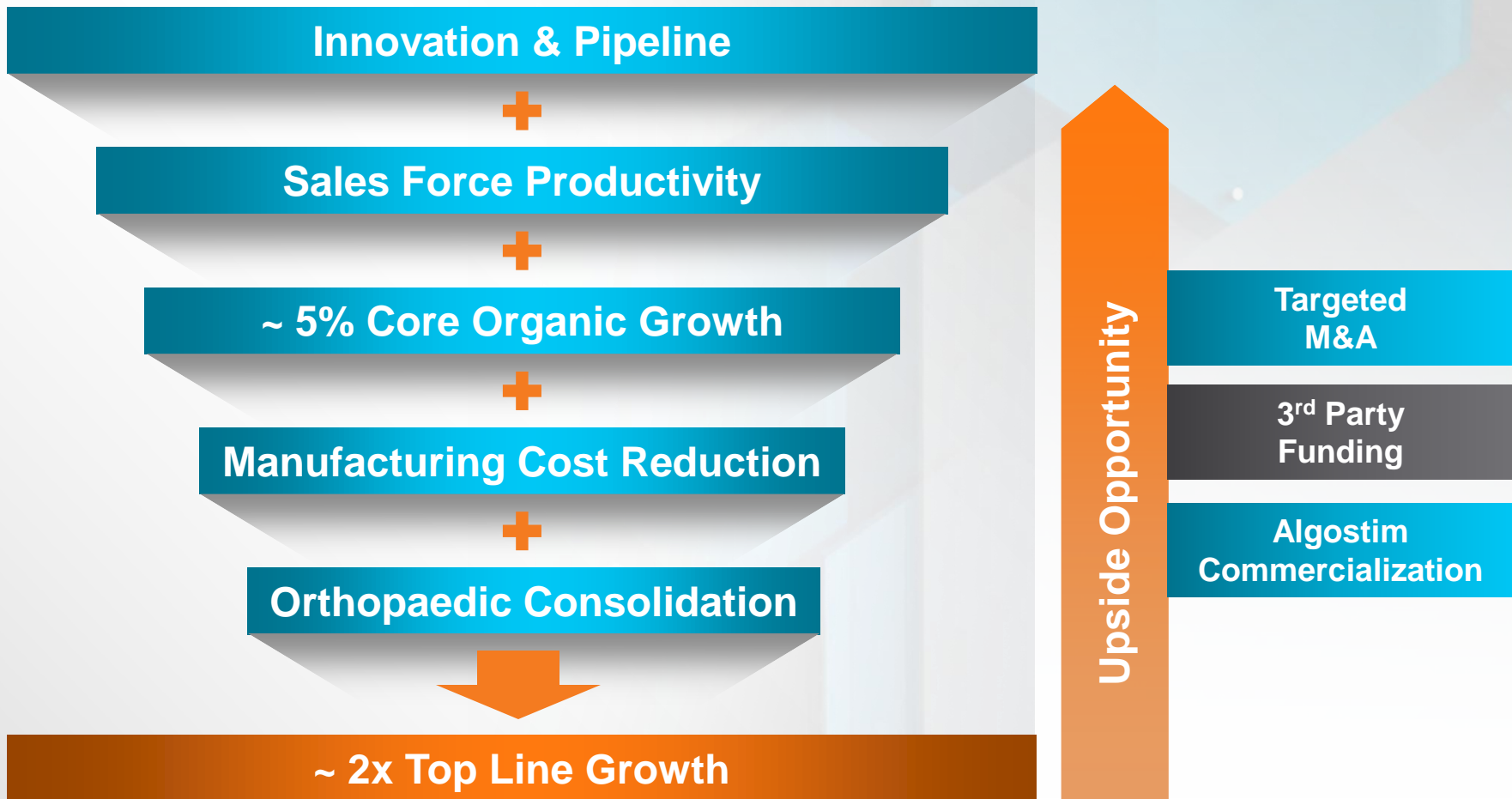
**Multi Billion Dollar end markets served**

**\$6.8B Total Greatbatch Opportunity**

**\$565M GB Share of Opportunity (8.7%)**

**Major growth opportunity through market share capture**

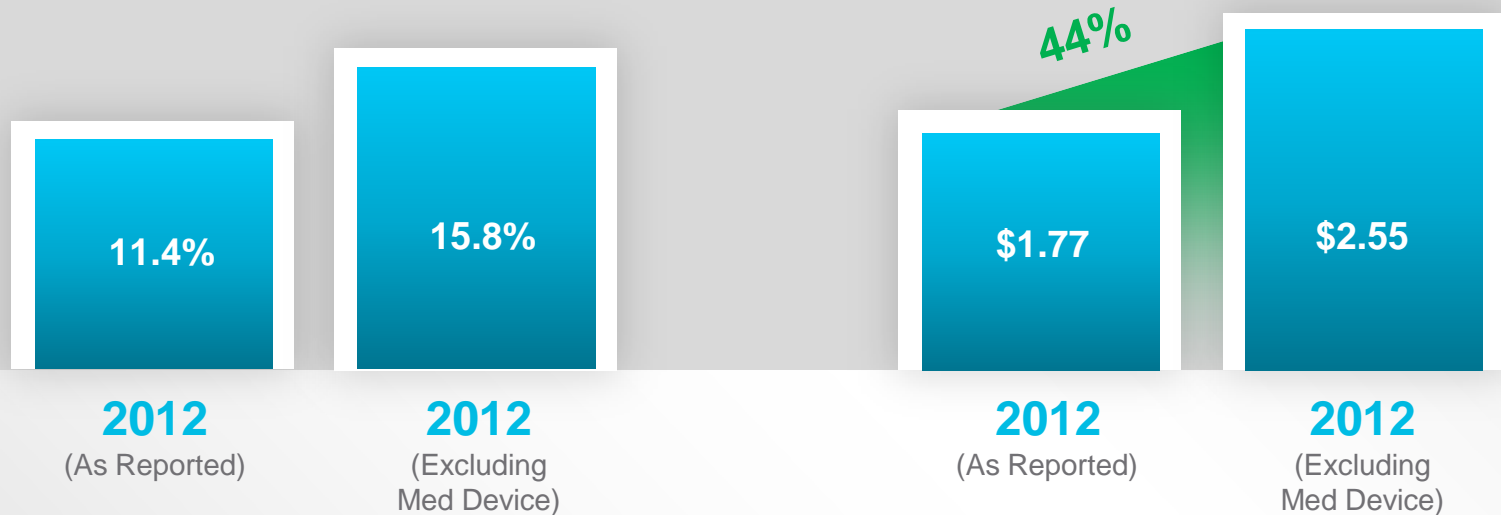
# Core Business Growth Drivers



# Strength of Core Business

## 2012 Performance of Core Business

Exclusive of Medical Device Initiative Spend



Adjusted Op Margin\*

Adjusted EPS\*

\*See appendix of this presentation for a reconciliation to GAAP amounts.

# 2013 Guidance

Increasing  
Margins

~ 5% Organic  
Revenue Growth

Strong  
Balance Sheet  
&  
Cash Flow

Targeted  
M&A

Med Device  
Upside



# 2013 Assumptions

## Assumptions

- Completion of Swiss Consolidation in Q1 2013
- No acquisitions are included although we are actively engaged in looking for accretive deals that will improve our operating revenue growth performance
- Impact of R&D commercialization not included in guidance (Algostim, MRI, Sensor)
- Medical Device Tax estimated impact on Gross Profit \$1.5M to \$2.5M
- Estimated 33% to 35% tax rate (includes only the 2013 benefit of the recently reenacted R&D tax credit)

# Revenue Growth

(\$ in millions)

	2012 Revenue	2013E Annual Growth Revenue	2013E Revenue
Cardiac & Neuromodulation	\$309	0 – 2%	\$309 – 315
Orthopaedic <sup>(1)</sup>	\$122	(5) – 0%	\$116 – 122
Portable Medical	\$82	15 – 20%	\$94 – 98
Vascular Access	\$52	7 – 13%	\$55 – 59
Energy & Other	\$81	6%	\$86 – 86
<b>Total Sales</b>	<b>\$646</b>	<b>2 – 5%</b>	<b>\$660 – 680</b>

(1) Organic growth for orthopaedic product line is 8% - 14% due to disposition of \$15 million of non-core product lines at the end of 2012. Total company organic growth is expected to be 5% - 8%.

# 2013 Guidance

(\$ in millions except for EPS)

	2012	2013E	Change	2013E w/o Device Spend
Sales	\$646	\$660 – 680	2 – 5%	\$660 – 680
Adjusted Operating Margin <sup>(1)</sup>	11.4%	12 – 12.5%	60 – 110 bps	16 – 17%
Adjusted Diluted EPS <sup>(1)</sup>	\$1.77	\$1.90 – 2.00	7 – 13%	\$2.62 – 2.67
Adj. Operating Cash Flows <sup>(2)</sup>	\$80	~\$90	12 – 13%	
Capex	\$41	\$20 – 30	(51) – (27)%	
ROIC	7.4%	~8%	~60 bps	

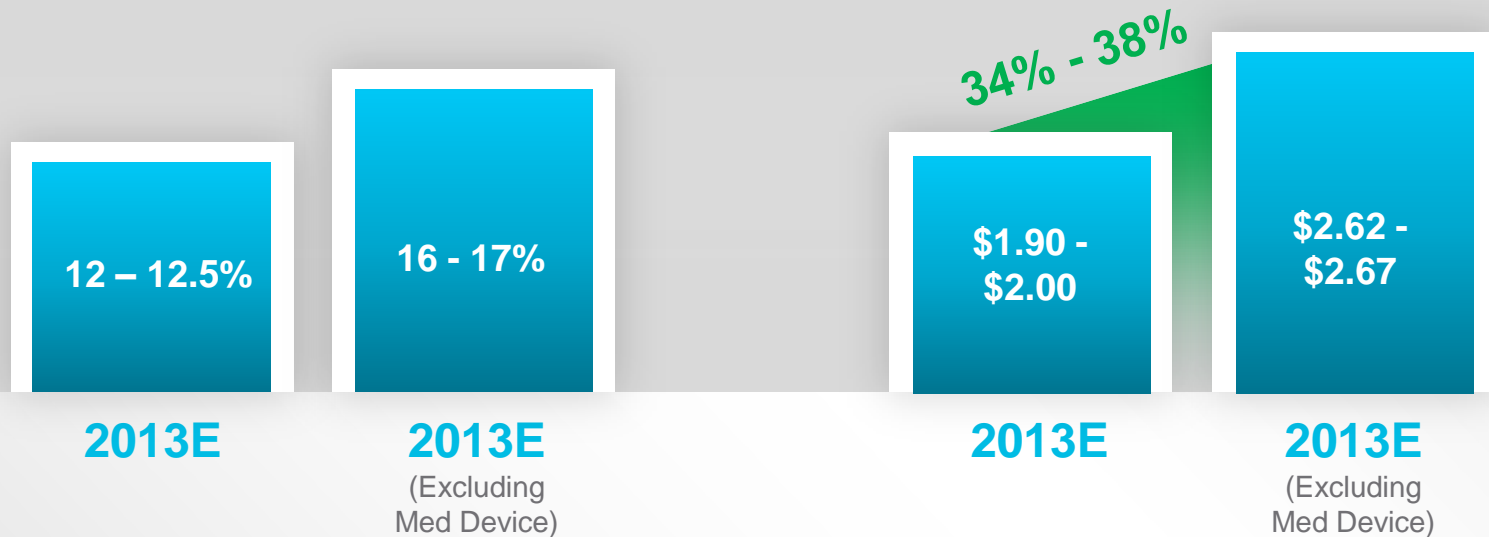
(1) See appendix of this presentation for a reconciliation to GAAP amounts.

(2) Excludes the impact of other operating and DVT expenses of \$10M (2013) and \$15M (2012) and the deferred tax payment on the redemption of our convertible debt in 2013 of \$30M.

# Strength of Core Business

## 2013 Estimate of Core Business

Algotim & targeted M&A represent additional upside

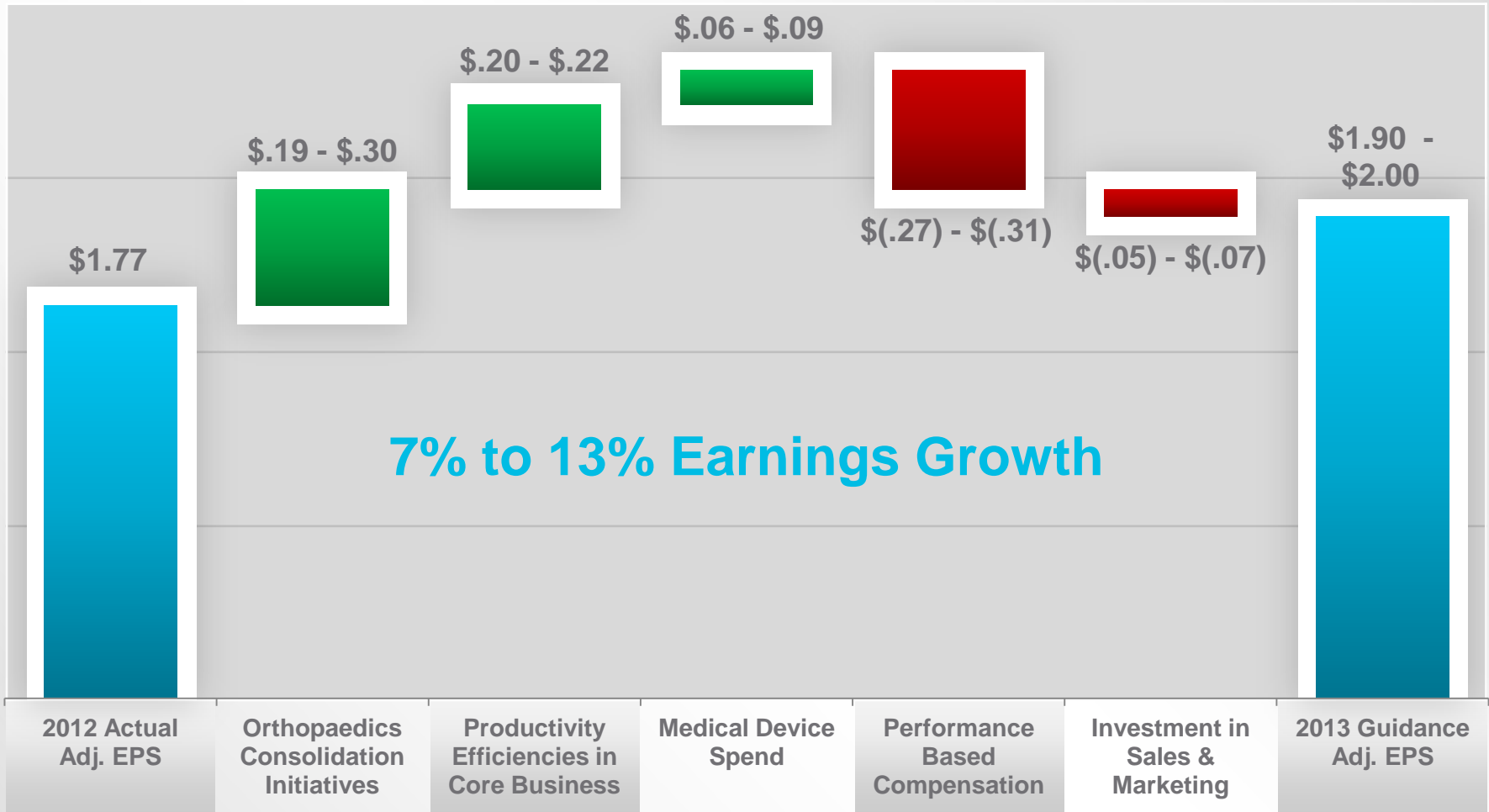


Adjusted Op Margin\*

Adjusted EPS\*

\*See appendix of this presentation for a reconciliation to GAAP amounts.

# EPS Improvement

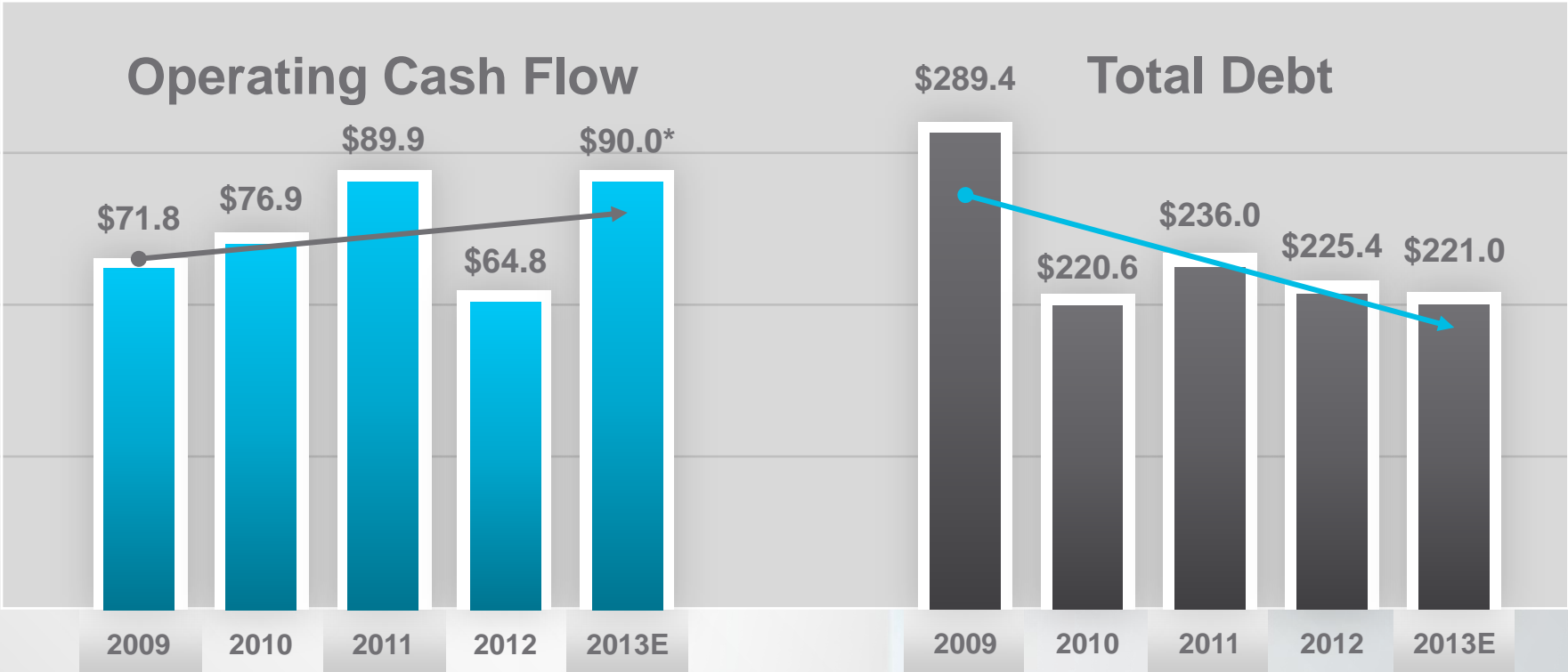


# Strong Operating Cash Flow



\*Excludes the impact of other operating and DVT expenses of \$10M and the deferred tax payment on the redemption of our convertible debt in 2013 of \$30M.

# Consistent Cash Flow Drives Lower Leverage



5 year annual average of \$79M

Debt repayment of \$129M from 2009 to 2012

\*Excludes the impact of other operating and DVT expenses of \$10M and the deferred tax payment on the redemption of our convertible debt in 2013 of \$30M.

# Capacity for Growth Opportunities



Credit facility matures June 2016

Utilized Line of Credit to finance converts redeemed Feb 2013

# QiG Business Model



Increasing  
Margins

~ 5% Organic  
Revenue Growth

Strong  
Balance Sheet  
&  
Cash Flow

Targeted  
M&A

Med Device  
Upside



# Avenues of Development

Investment Mechanism	Partner	Funded	Examples
Strategic Investments	Entrepreneur / Early Stage Company	Balance Sheet	<ul style="list-style-type: none"> <li>• Intelect</li> <li>• Sapiens</li> <li>• DeCheng</li> </ul>
OEM Initiated Medical Device Development	Partner Customers	NRE Non-Recurring Engineering	<p><i>8 In-process</i> <i>14 Complete</i> <i>(since 2010)</i></p>
Market Driven Medical Device & System Development	Clinicians (KOLs) & Distribution Partners	Historically P&L Transitioning to 3 <sup>rd</sup> Party	<ul style="list-style-type: none"> <li>• Coatings</li> <li>• MRI</li> <li>• Algostim</li> <li>• CardiomoniX</li> </ul>

# Development Model



Greatbatch & 3<sup>rd</sup> Party Funded

*Enhanced Margin*

Phase

**Design & Development**

**Commercialization  
3<sup>rd</sup> Party**

**Manufacturing  
& Continuation**

CONCEPT

DETAILED  
DESIGN

VERIFICATION  
& VALIDATION

REGULATORY

SALES AND  
DISTRIBUTION  
BY OEM  
PARTNERS

DEVICE  
MANUFACTURING

FINAL STERILE PRODUCT

**Markets:**



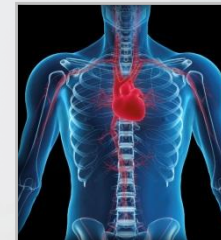
Cardiac



Neuromodulation



Orthopaedics

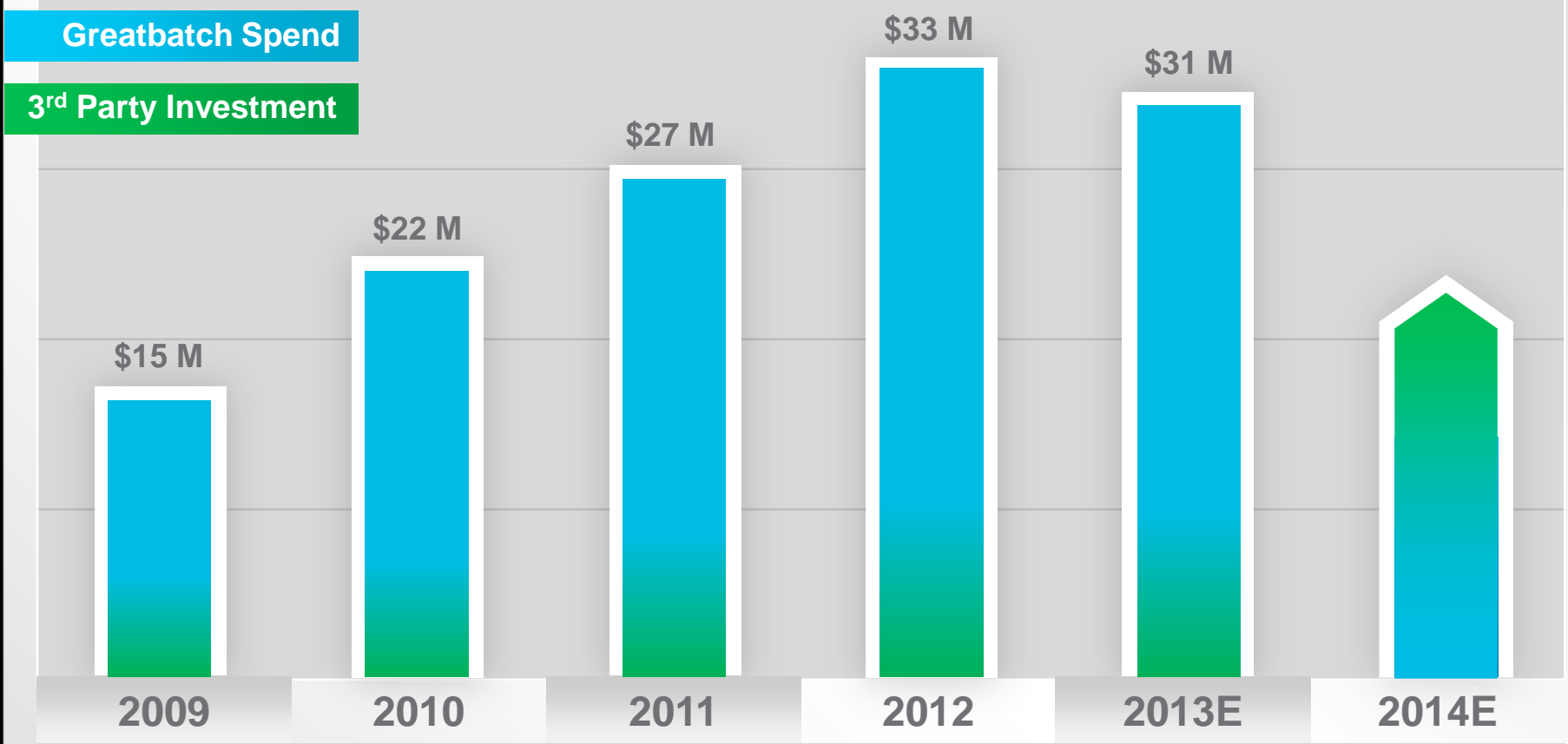


Vascular



Portable  
Medical

# Medical Device Spend Reducing *Total QiG Spend*



Welcome

Key Messages

Sustainable  
Organic Growth

Commercialize Medical  
Device Innovation

Drive Profitable Growth

**Closing Summary**

# Key Message Points

## Strong Foundational Business

- Long-term agreements cover large percentage of revenue
- Reputation for innovation & operational excellence
- Strong Blue Chip customer base

## Grow the Core

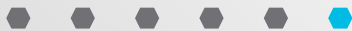
- Strong markets with significant growth opportunity
- Leveraging extensive Intellectual Property portfolio
- Investment in Sales & Marketing to execute growth
- Targeted acquisitions expanding capabilities & growth

## Commercialize Medical Device Innovation

- Algotim development successfully concluding
- Compelling value proposition
- Deploy QiG business model
- Leverage capabilities, IP, KOLs & strategic partners

## Drive Profitable Growth

- Core medical business margins increasing
- Future medical device spend funded with partners
- Strong balance sheet & cash flows





Greatbatch®

# Q&A Panel

**Thomas J. Hook**

President & CEO



**Michael Dinkins**

Senior Vice President & CFO



**Scott Drees**

President Algostim



**Susan M. Bratton**

President Electrochem



**Daniel R. Kaiser**

Vice President & CTO



# Contact Information

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# Appendix

# Forward Looking Statement

The statements made in this presentation and in the oral remarks accompanying these slides that are not statements of current or historical fact are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations, and these statements are subject to known and unknown risks, uncertainties and assumptions. These forward-looking statements include statements relating to:

- future sales, expenses and profitability;
- future development and expected growth of our business, industries and markets;
- our ability to execute our business model and our business strategy;
- our ability to identify trends within our industries and markets and to offer products and services that meet the changing needs of those markets; and
- projected capital and other expenditures.

You can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or “variations” or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially from those stated or implied by these forward-looking statements. We are under no duty to update any of these forward-looking statements or to conform these statements to actual results. In evaluating these statements and our prospects, you should carefully consider the factors set forth below. Although it is not possible to create a comprehensive list of all factors that may cause actual results to differ from the results expressed or implied by the forward-looking statements contained in this presentation or that may affect our future results, some of these factors include the following: our dependence upon a limited number of customers; customer ordering patterns; product obsolescence; our inability to market current or future products; pricing pressure from customers; our ability to timely and successfully implement cost reduction and plant consolidation initiatives; our reliance on third party suppliers for raw materials, products and subcomponents; fluctuating operating results; our inability to maintain high quality standards for our products; challenges to our intellectual property rights; product liability claims; our inability to successfully consummate and integrate acquisitions and to realize synergies and to operate these acquired businesses in accordance with expectations; our unsuccessful expansion into new markets; our failure to develop new products including system and device products; our inability to obtain licenses to key technology; regulatory changes or consolidation in the healthcare industry; global economic factors including currency exchange rates and interest rates; the resolution of various legal actions brought against the Company; those risks set forth in our 2012 Form 10-K filed with the SEC on February 27, 2013; and other risks and uncertainties that arise from time to time.

# Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. In this presentation: "adjusted" amounts consist of GAAP amounts (or forecasted GAAP amounts) excluding (i) acquisition-related charges, (ii) facility consolidation, optimization, manufacturing transfer and system integration charges, (iii) asset write-down and disposition charges, (iv) severance charges in connection with corporate realignments or a reduction in force (v) litigation charges and gains, (vi) the impact of non-cash charges to interest expense due to the accounting change governing convertible debt, (vii) unusual or infrequently occurring items, (viii) certain RD&E expenditures, such as design verification testing ("DVT") expenses incurred in connection with the development of our neuromodulation platform, (ix) gain/loss on the sale of investments, (x) the income tax (benefit) related to these adjustments and (xi) certain tax charges related to the consolidation of our Swiss Orthopaedic facility. We believe that reporting these amounts provides important supplemental information to our investors and creditors seeking to understand the financial and business trends relating to our financial condition and results of operations. Please see our 2012 Form 10-K filed with the SEC on February 27, 2013 for a reconciliation of the non-GAAP measures contained in this presentation.

# Industry and Market Data

The industry and market data used in this presentation was obtained from our own research, internal surveys and studies conducted by third parties, independent industry associations or general publications and other publicly available information. Third party providers of this data generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Forecasts are subject to change and are particularly likely to be inaccurate, especially over long periods of time.

# Trademarks / Tradename

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# GAAP Reconciliation

A reconciliation of GAAP operating income to adjusted amounts is as follows (dollars in millions):

	<b>2013 Estimate</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total sales	\$ 660.0 - 680.0	\$ 646.2	\$ 568.8	\$ 533.4
Operating income as reported	\$ 65.2 - 73.5	\$ 25.8	\$ 61.7	\$ 69.0
Adjustments:				
Inventory step-up amortization (COS)	-	0.5	0.2	-
Executive death benefits (SG&A)	-	-	-	0.9
Medical device DVT expenses (RD&E)	4.8 - 5.8	5.2	5.1	-
Electrochem litigation gain	-	-	-	(9.5)
Consolidation and optimization costs	6.2 - 7.2	39.0	0.4	1.6
Integration expenses	-	1.5	-	-
Asset dispositions, severance and other	0.5 - 1.0	1.9	0.2	2.9
Adjusted operating income	\$ 79.2 - 85.0	\$ 73.9	\$ 67.6	\$ 64.9
Adjusted operating margin	12.0% - 12.5%	11.4%	11.9%	12.2%
Medical device related adjusted expenses (excluding DVT)	\$ 25.0 - 27.0	\$ 28.4	\$ 22.1	\$ 21.9
Adjusted operating income excluding medical device initiatives	\$ 106.2 - 110.0	\$ 102.3	\$ 89.7	\$ 86.8
Adjusted operating margin excluding medical device initiatives	16.1% - 16.2%	15.8%	15.8%	16.3%

# GAAP Reconciliation

A reconciliation of GAAP net income (loss) and diluted EPS to adjusted amounts is as follows (in millions, except per share amounts):

	2013 Estimate		2012		2011		2010	
	Net Income (Loss)	Impact per Diluted Share	Net Income (Loss)	Impact per Diluted Share	Net Income (Loss)	Impact per Diluted Share	Net Income (Loss)	Impact per Diluted Share
Net income (loss) as reported	\$ 35.1 - 39.3	\$ 1.44 - 1.62	\$ (4.8)	\$ (0.20)	\$ 33.1	\$ 1.40	\$ 33.1	\$ 1.40
Adjustments (a):								
Inventory step-up amortization (COS)	-	-	0.3	0.01	0.1	-	-	-
Executive death benefits (SG&A)	-	-	-	-	-	-	0.6	0.02
Medical device DVT expenses (RD&E)	3.1 - 3.8	0.13 - 0.16	3.4	0.14	3.3	0.14	-	-
Electrochem litigation gain	-	-	-	-	-	-	(6.2)	(0.26)
Consolidation and optimization costs	4.0 - 4.7	0.16 - 0.19	28.9	1.21	0.3	0.01	1.0	0.04
Integration expenses	-	-	1.0	0.04	-	-	-	-
Asset dispositions, severance and other	0.3 - 0.7	0.01 - 0.03	1.2	0.05	0.2	-	2.0	0.08
(Gain) loss on cost and equity method investments, net (b)	-	-	0.1	-	(2.8)	(0.12)	0.1	-
CSN conversion option discount amortization (c)	3.4	0.14	6.2	0.26	5.5	0.23	5.1	0.22
Swiss tax impact/R&D Tax Credits (d)	(1.5)	(0.06)	6.2	0.26	-	-	-	-
Adjusted net income and diluted EPS (e)	<u>\$ 46.2 - 48.6</u>	<u>\$ 1.90 - 2.00</u>	<u>\$ 42.5</u>	<u>\$ 1.77</u>	<u>\$ 39.7</u>	<u>\$ 1.68</u>	<u>\$ 35.7</u>	<u>\$ 1.51</u>
Medical device related adjusted expenses (excluding DVT)	16.2 - 17.5	0.67 - 0.72	18.5	0.77	14.4	0.61	14.2	0.60
Adjusted net income and diluted EPS excluding medical device initiatives (e)	<u>\$ 63.7 - 64.8</u>	<u>\$ 2.62 - 2.67</u>	<u>\$ 61.0</u>	<u>\$ 2.55</u>	<u>\$ 54.1</u>	<u>\$ 2.29</u>	<u>\$ 49.9</u>	<u>\$ 2.10</u>
Adjusted diluted weighted average shares	24.3		23.9		23.6		23.8	

(a) Net of tax amounts computed using U.S. and foreign statutory tax rates of 35% and 22.5%, respectively, for items incurred in those geographic locations.

(b) Pre-tax amounts are a loss of \$106 thousand for 2012, a gain of \$4.2 million for 2011 and a loss of \$150 thousand for 2010.

(c) Pre-tax amounts are \$5.2 million for 2013, \$9.6 million for 2012, \$8.5 million for 2011 and \$7.9 million for 2010.

(d) 2013 relates to the reinstatement of the R&D tax credits for 2012 and 2012 relates to the loss of our Swiss tax holiday due to our decision to transfer manufacturing out of Switzerland, as well as the establishment of a valuation allowance on our Swiss deferred tax assets as it is more likely than not that they will not be fully realized.

(e) The per share data in this table has been rounded to the nearest \$0.01 and therefore may not sum to the total.