

Overall M&A activity within the Healthcare Equipment & Supplies sector increased 17% over the last twelve months (LTM) ending December 31, 2004, with 83 deals reported compared with 71 deals for the same period last year and with median valuation multiples at 2.6 times Revenue, 12.7 times EBITDA, 28.5 times EBIT and 3.5 times Book Value.

M&A Transactions - By Healthcare Equipment & Supplies Subsector

For the Last Twelve Months Ended December 31,

	00	01	02	03	04
Medical Consumables & Instruments	17 20%	19 28%	11 20%	13 18%	19 23%
Medical Treatment Equipment	26 31%	18 27%	17 31%	17 24%	18 22%
Testing, Analyzing & Diagnostic Equipment	24 28%	18 27%	14 26%	20 28%	18 22%
Therapeutic Devices	8 9%	6 9%	8 16%	11 16%	15 17%
Assistive, Corrective, Dental, Optical & Other	10 12%	6 9%	4 7%	10 14%	13 16%
Total	85 100%	67 100%	54 100%	71 100%	83 100%

Based on Mosaic Capital research and data provided by S&P, Thomson Financial, Dow Jones and Reuters. Data includes some diversified targets that focus on more than one Subsector.

Large national and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 130 portfolio companies and also are fueling demand. Buyers objectives include:

- Improve organic growth opportunities
- Capitalize on unmet clinical product demand
- Penetrate high growth markets (e.g. - drug coated stents, ICD/spinal implants, LVAD, etc.)
- Reduce product costs in light of shrinking healthcare reimbursements

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

Testing, Analyzing & Diagnostic Equipment:

- ▣ Pregnancy, Allergy, HIV & Diagnostic Kits
- ▣ Radiology Equipment (X-Ray/MRI/CT/Cat Scan)
- ▣ Rehabilitation Equipment & Accessories
- ▣ Ophthalmology Instruments & Appliances
- ▣ Gynecological and Obstetrical Instruments
- ▣ Electromedical Equip., ECGs & Cardioscopes
- ▣ Ultrasound/Sonogram Equip. & Fetal Monitors
- ▣ Blood Pressure Measuring Equipment
- ▣ Heart Monitoring & Intensive Care Systems

Medical Treatment Equipment, including:

- ▣ Hospital Facility Equipment
- ▣ Surgical & Lab Sterilizers & Anesthesia Equip.
- ▣ Resuscitators, Respirators & Breathing Masks

Therapeutic Devices, including:

- ▣ Interventional Radiology Devices
- ▣ Electrotherapeutic & Laparoscopic Devices
- ▣ Stents/Valves, Defibrillators & Pacemakers
- ▣ Ortho Devices, Prosthetics & Parts
- ▣ Crutches, Walkers, Wheelchairs
- ▣ Disability Comm. & Mobility Devices

Assistive, Corrective, Corrective, Dental, Optical & Other, including:

- ▣ Oral Cleaning, Surgical & Hygiene Equip.
- ▣ Cosmetic Dental Implants & Supplies
- ▣ Periodontic & Orthodontic Equipment
- ▣ Dental Diagnostic Equipment & Supplies
- ▣ Home Healthcare Equipment

Consumables & Instruments:

- ▣ Surgical Sets & Instruments
- ▣ Medical Disposal Containers
- ▣ Bandages & First Aid Kits
- ▣ Hypodermic Syringes & IV Tubes
- ▣ Eyewash Solutions
- ▣ Examination Gloves
- ▣ Bed Pads & Incontinence Products
- ▣ Medical Thermometers
- ▣ Stethoscopes & Stethographs
- ▣ Medical pumps & Valves
- ▣ Eyeglasses & Contact Lenses
- ▣ Other Consumables/Instruments

Sales & Divestitures ♦ **Mergers & Acquisitions** ♦ **Valuations** ♦ **Financing**

For more information contact Gordon Gregory, David Cohn, David Herman, Kevin Shultz, Chuck Troe, Stan Deakin or Jeff Shippy at 1.818.906.9800, or visit our website at www.mosaiccapital.com