



Overall M&A activity within the Healthcare Equipment and Supplies sector decreased 2% over the last twelve months (LTM) ending September 30, 2005 with 80 deals reported compared with 82 deals for the same period last year and with median valuation multiples at 2.4 x Revenue, 12.4 x EBITDA, 15 x EBIT and 2.8 x Book Value.

**M&A TRANSACTIONS BY SUBSECTOR**

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Testing, Analyzing & Diagnostic Equipment	25	30%	13	24%	19	26%	22	27%	22	28%
Medical Consumables & Instruments	17	20%	16	29%	16	22%	18	22%	18	23%
Therapeutic Devices	9	11%	5	9%	11	15%	13	16%	16	20%
Medical Treatment Equipment	24	29%	18	33%	18	25%	16	20%	14	18%
Assistive, Corrective, Dental, Optical & Other	9	11%	3	5%	9	12%	13	16%	10	13%
<b>Total</b>	<b>84</b>	<b>100%</b>	<b>55</b>	<b>100%</b>	<b>73</b>	<b>100%</b>	<b>82</b>	<b>100%</b>	<b>80</b>	<b>100%</b>

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

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, 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**

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