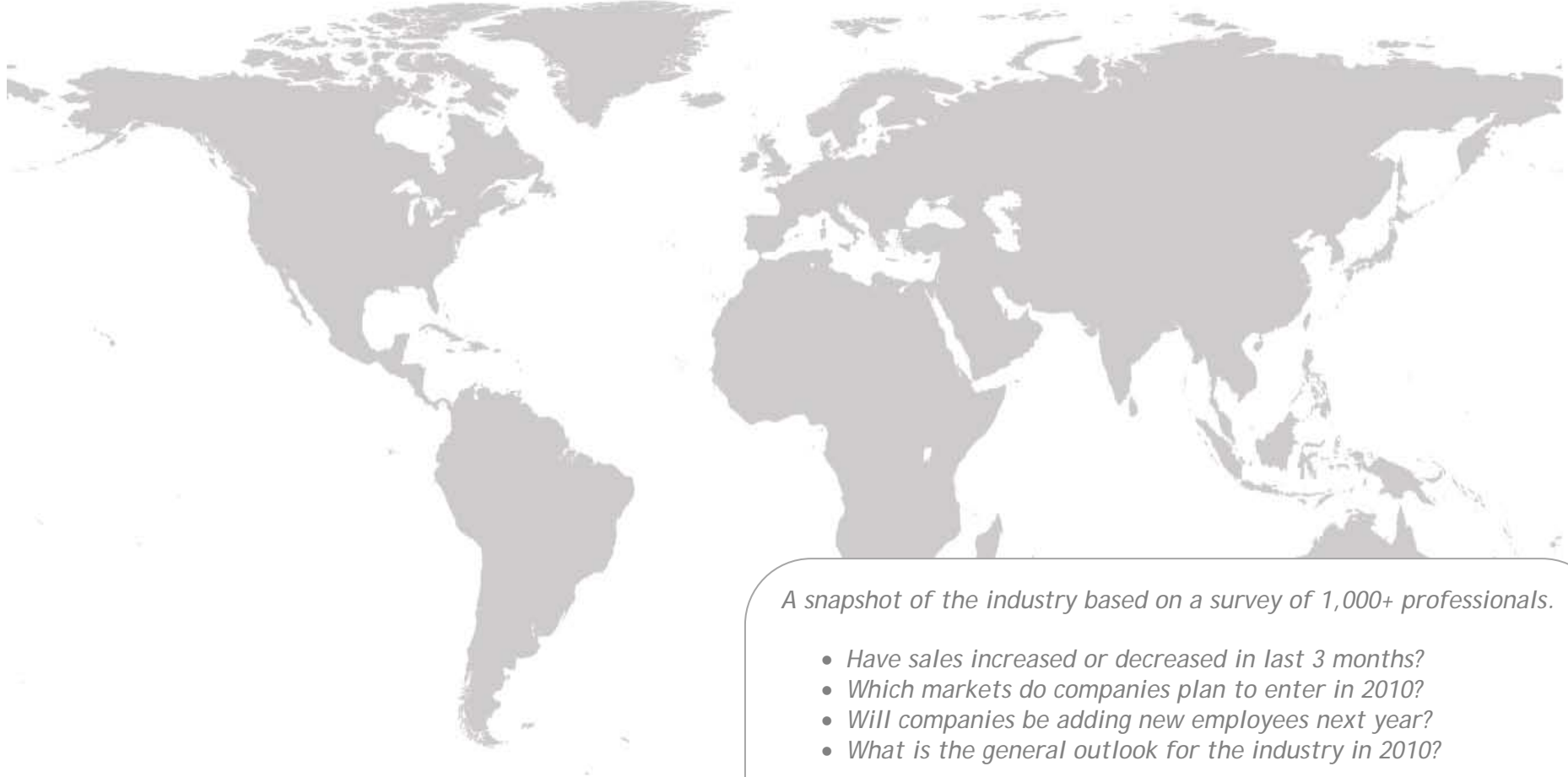


2nd Annual Survey of the Medical Device/IVD Industry

November 2009



A snapshot of the industry based on a survey of 1,000+ professionals.

- *Have sales increased or decreased in last 3 months?*
- *Which markets do companies plan to enter in 2010?*
- *Will companies be adding new employees next year?*
- *What is the general outlook for the industry in 2010?*

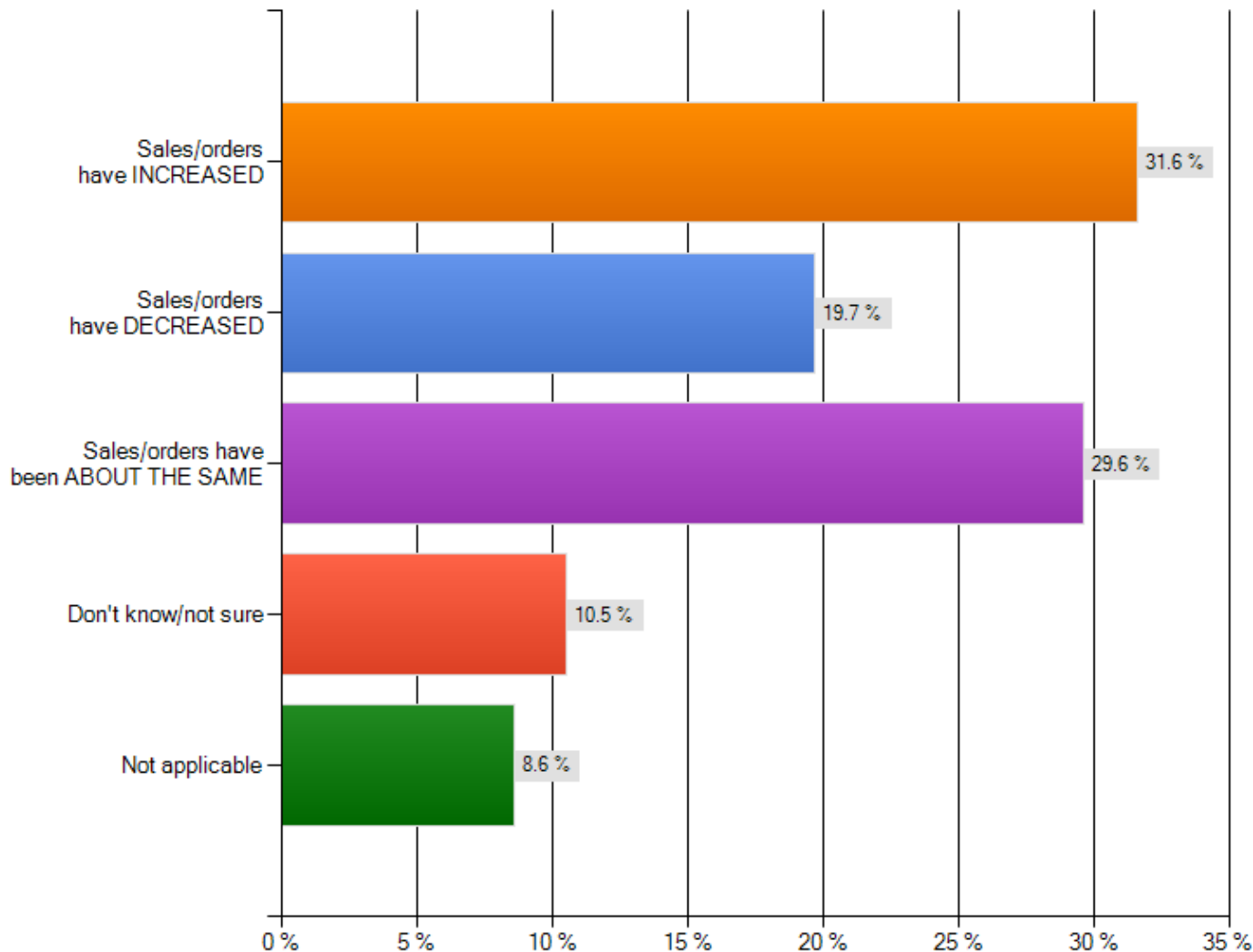
Conducted by:

In cooperation with:

EMERGO  GROUP



Have you noticed a change in DOMESTIC sales/orders for your company during the last three months?



Commentary:

We specifically asked about company sales during the last three months to get a sense of trending going into 2010. The data would seem to indicate that domestic sales for medical device and IVD related companies remain solid. As seen on the chart at left, approximately 50% more respondents indicated that their sales have increased rather than decreased in the last three months.

Notably, we also sorted companies by geography and found that companies located in Europe were less likely to indicate an increase in sales (perhaps due in part to the Euro/Dollar exchange rate) and Asian companies were most likely to indicate an increase in recent sales/orders.

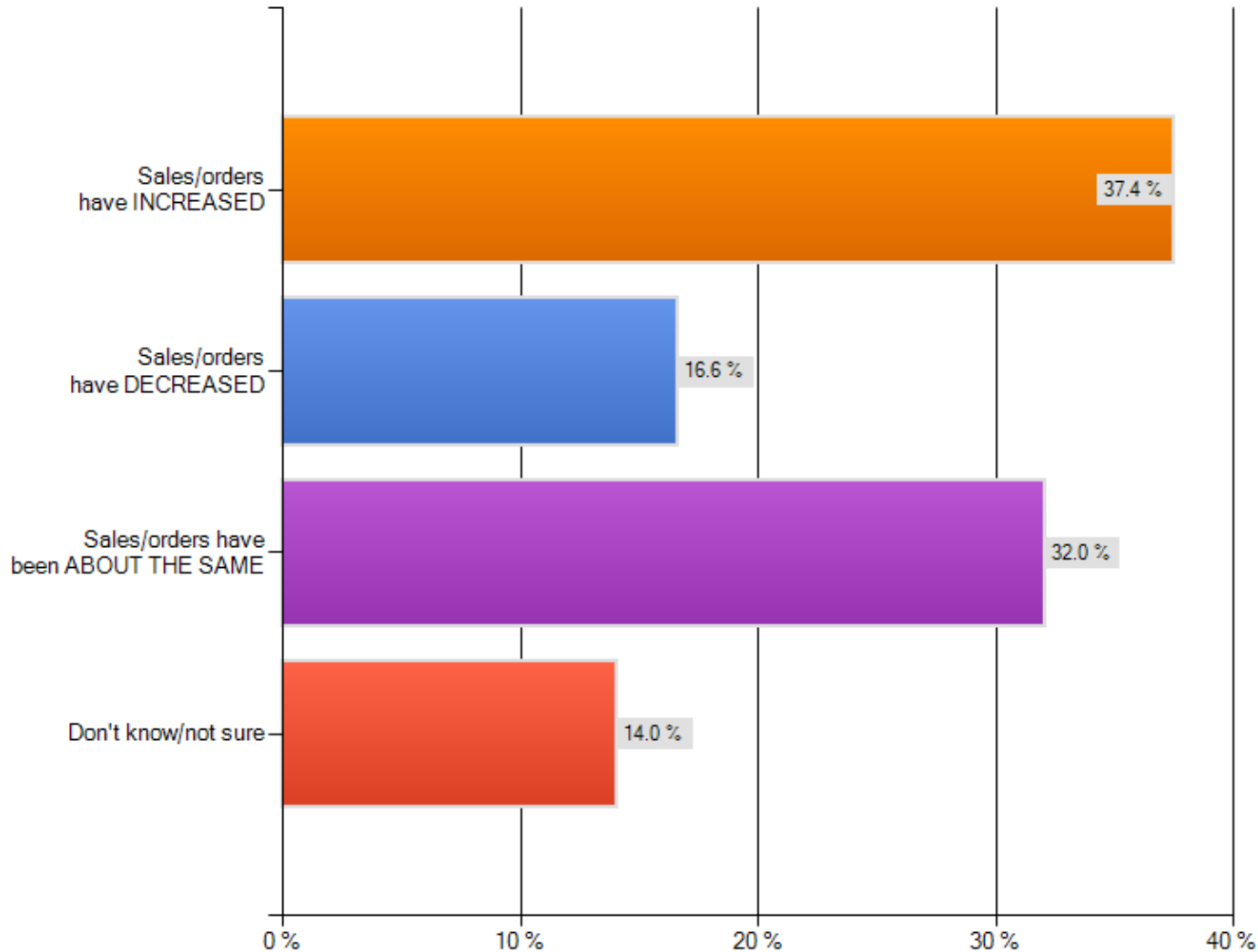
When we asked the same question in late 2008, significantly fewer companies had seen their domestic sales rise in the previous three months. Oddly, significantly more companies indicated a drop in sales in the previous three months compared to the same period in 2008.

One year ago people said...

- 23.8% - Sales/orders have INCREASED
- 17.5% - Sales/orders have DECREASED
- 37.7% - Sales/orders THE SAME
- 11.9% - Don't know/not sure

Based on 810 responses.
November 2009

Have you noticed a change in INTERNATIONAL sales/orders for your company during the last three months?



Commentary:

Overall, companies have seen positive growth from international markets during the previous three months. Not surprisingly, an analysis of the results shows that companies from Asia are seeing especially strong growth in international sales. European companies, despite their domestic woes, seem to have been more successful at increasing their international sales. Australia/New Zealand based companies have seen an especially large increase in 2009.

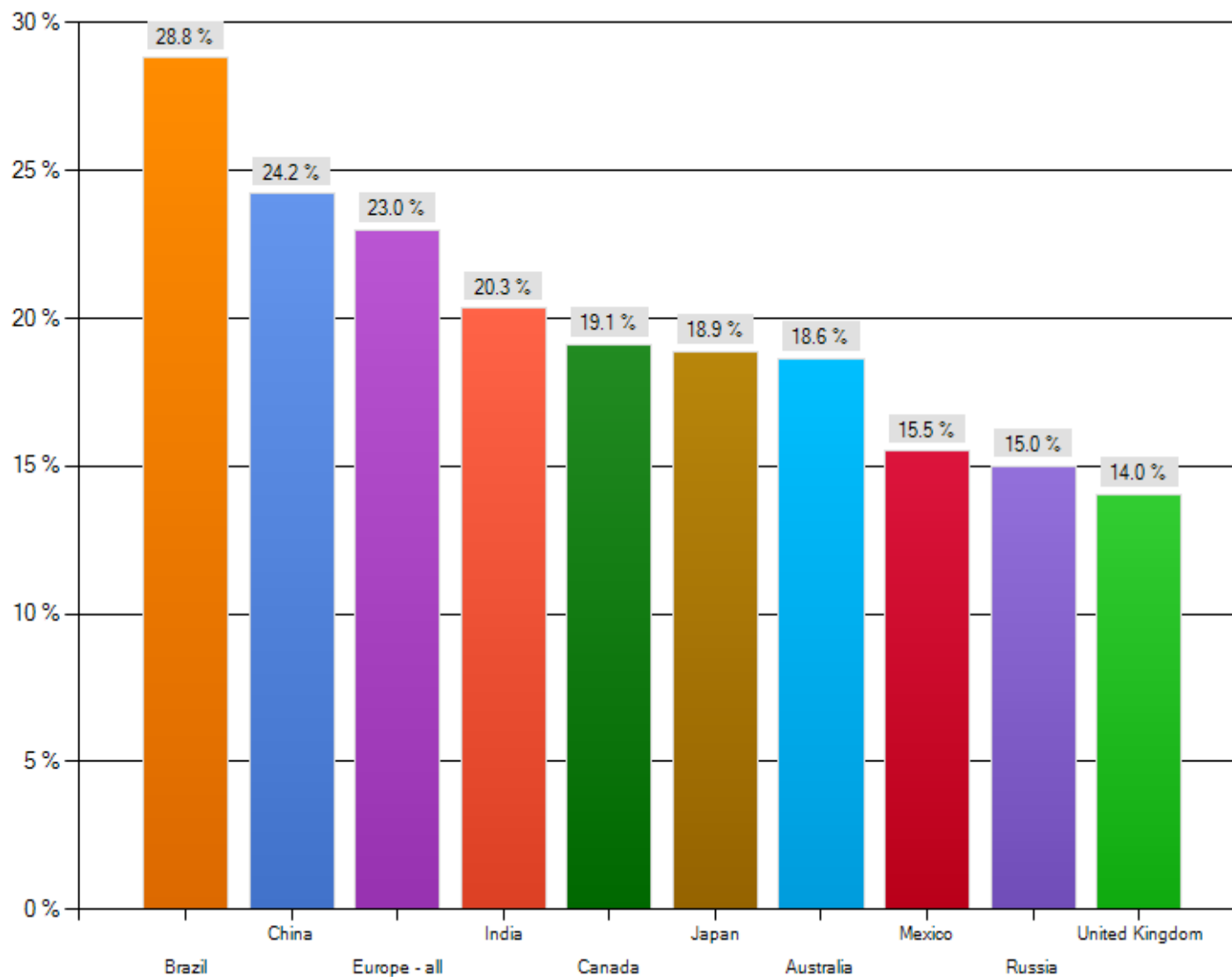
More than 60% of the respondents were based in North America, specifically the United States. Thus, the modest increase (compared to 2008) in exports from North American companies could be attributable in part to the weak US dollar compared to one year ago.

One year ago people said...

- 30.6% - Sales/orders have INCREASED
- 16.0% - Sales/orders have DECREASED
- 35.3% - Sales/orders THE SAME
- 18.1% - Don't know/not sure

Based on 702 responses
November 2009

In 2010, does your company plan to enter any new INTERNATIONAL markets for the first time?



Commentary:

Nearly 64% of companies that export said they plan to enter at least one new international market in 2010. Many companies are showing strong interest in emerging markets such as Brazil, China, India and Mexico. Naturally, established markets such as the US, Europe and Japan continue to dominate.

However, per capita health care expenditures in many emerging markets are increasing and as the regulatory framework in these markets advances and becomes more widely understood, medical device manufacturers will continue to look to these secondary markets to supplant their existing domestic and international sales.

Top targets by company size:

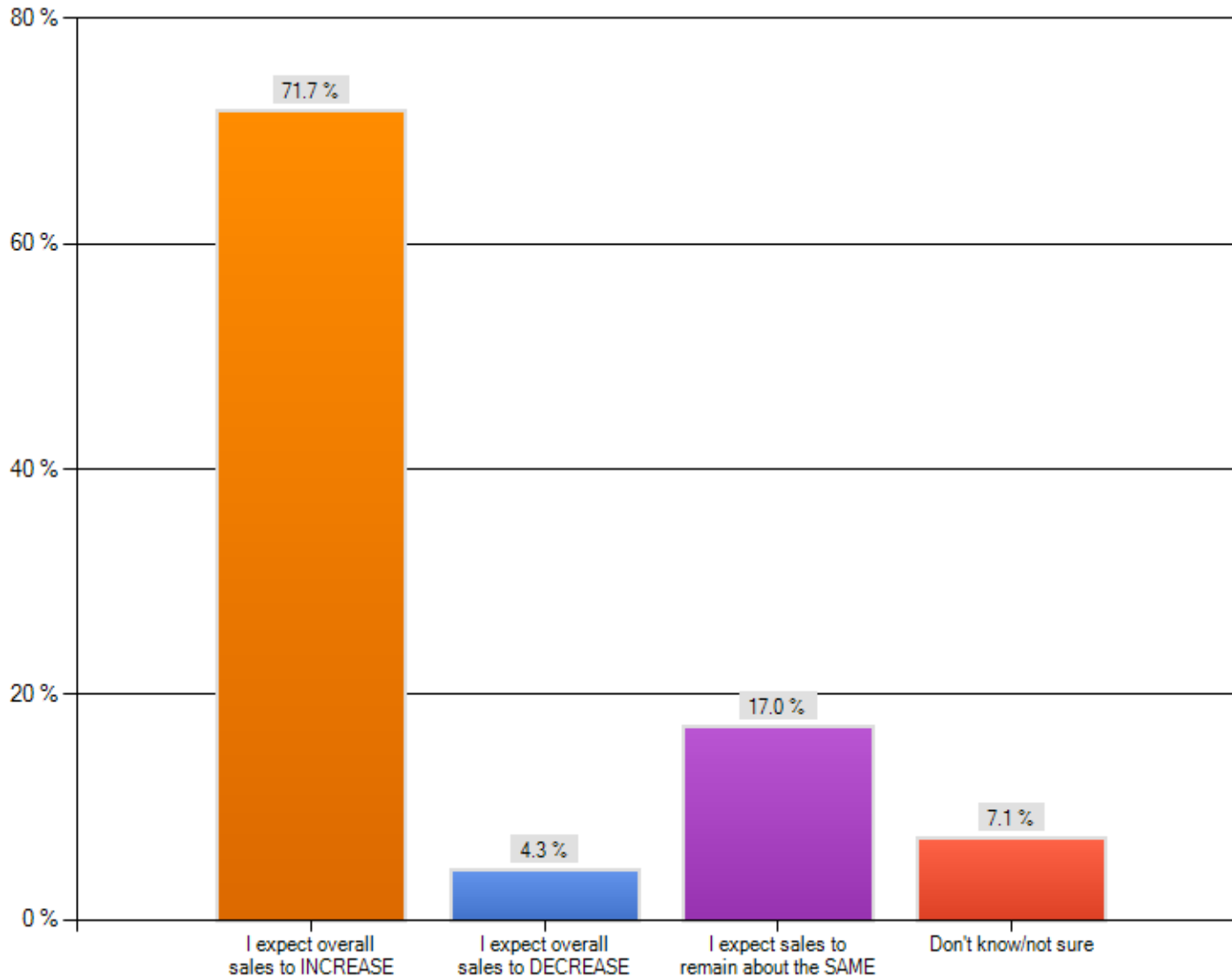
- < 50: Europe, Canada
- 50-500: Brazil, China, Japan
- 500+: India, China, Japan, Russia

Other export markets of interest:

- South Korea – 13.6%
- Saudi Arabia – 13.1%
- USA – 13.1%
- Argentina – 11.9%
- Germany – 11.6%

Based on 413 responses.
November 2009

Compared to 2009, how do you feel about the prospects for your company in 2010?



Commentary:

Despite an uncertain global economy, the medical device industry remains very optimistic about prospects for 2010. Per capita healthcare expenditures continue to rise and industry seems to think this will benefit their company throughout 2010 with 7 out of every 10 people expecting sales to increase next year.

One thing is clear: companies are even more bullish going into 2010 than they were going into 2009 just one year ago. At the time, credit markets were frozen and the international economy was in the midst of an upheaval. People were very uncertain about the future at that time.

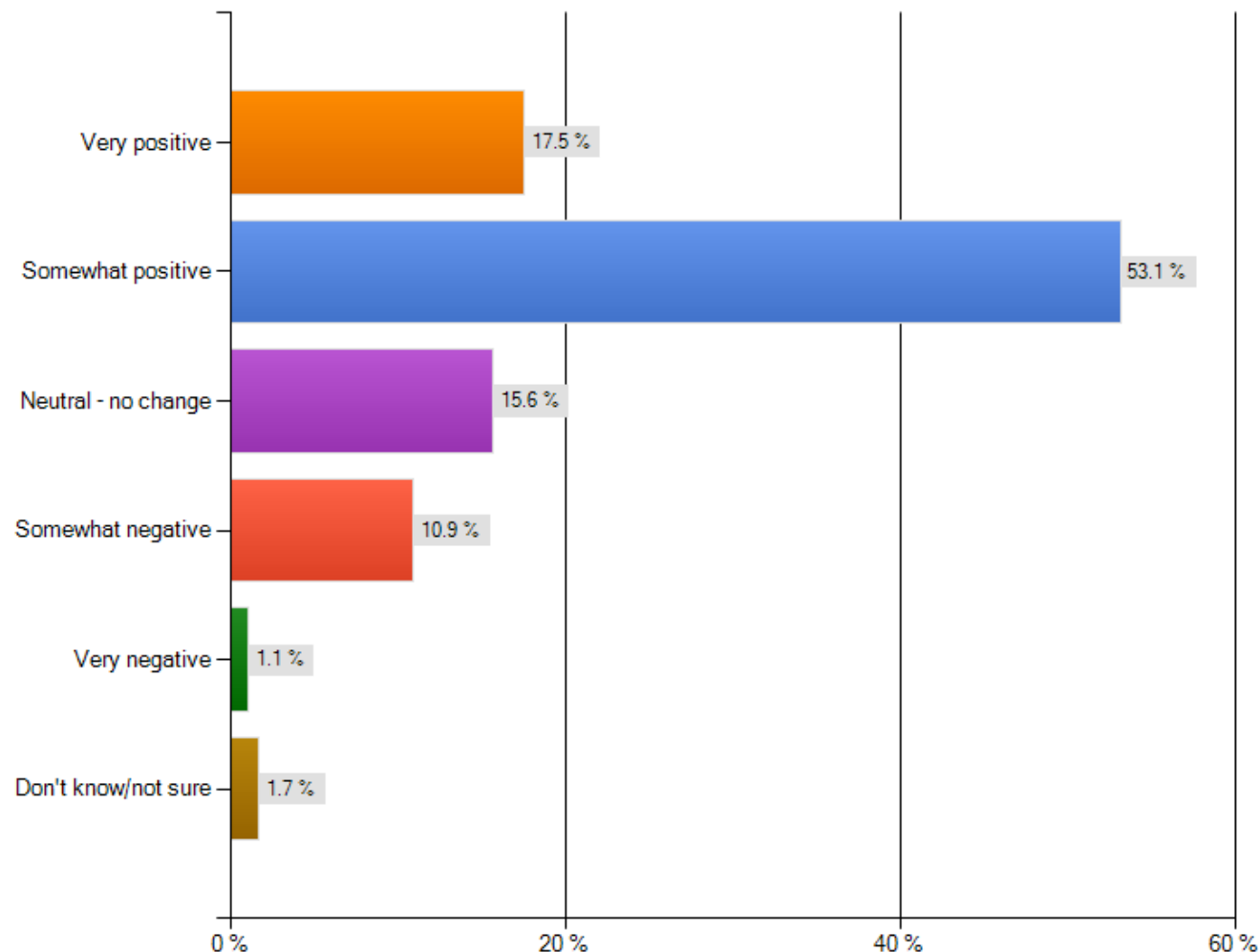
Interestingly, respondents from IVD companies are extremely positive about the prospects for their company in 2010 with nearly everyone expecting sales to increase.

One year ago people said...

61.3% expected sales to INCREASE
 9.1% expected sales to DECREASE
 20.4% expected sales to BE THE SAME
 9.3% were NOT SURE

Based on 1,037 responses.
 November 2009

When you think about the overall business environment for the medical device/IVD industry, which statement best describes your personal outlook for 2010?



Commentary:

More than 70% of respondents to the survey were generally optimistic about the overall prospects for the device industry in 2010, compared to 56% last year.

While the number of people who indicated they are “very positive” dropped three percentage points from last year, there was a substantial increase in people who indicated they are “somewhat positive” about 2010.

This data is in line with the previous question that asked the respondents whether they thought their company sales would increase in 2010.

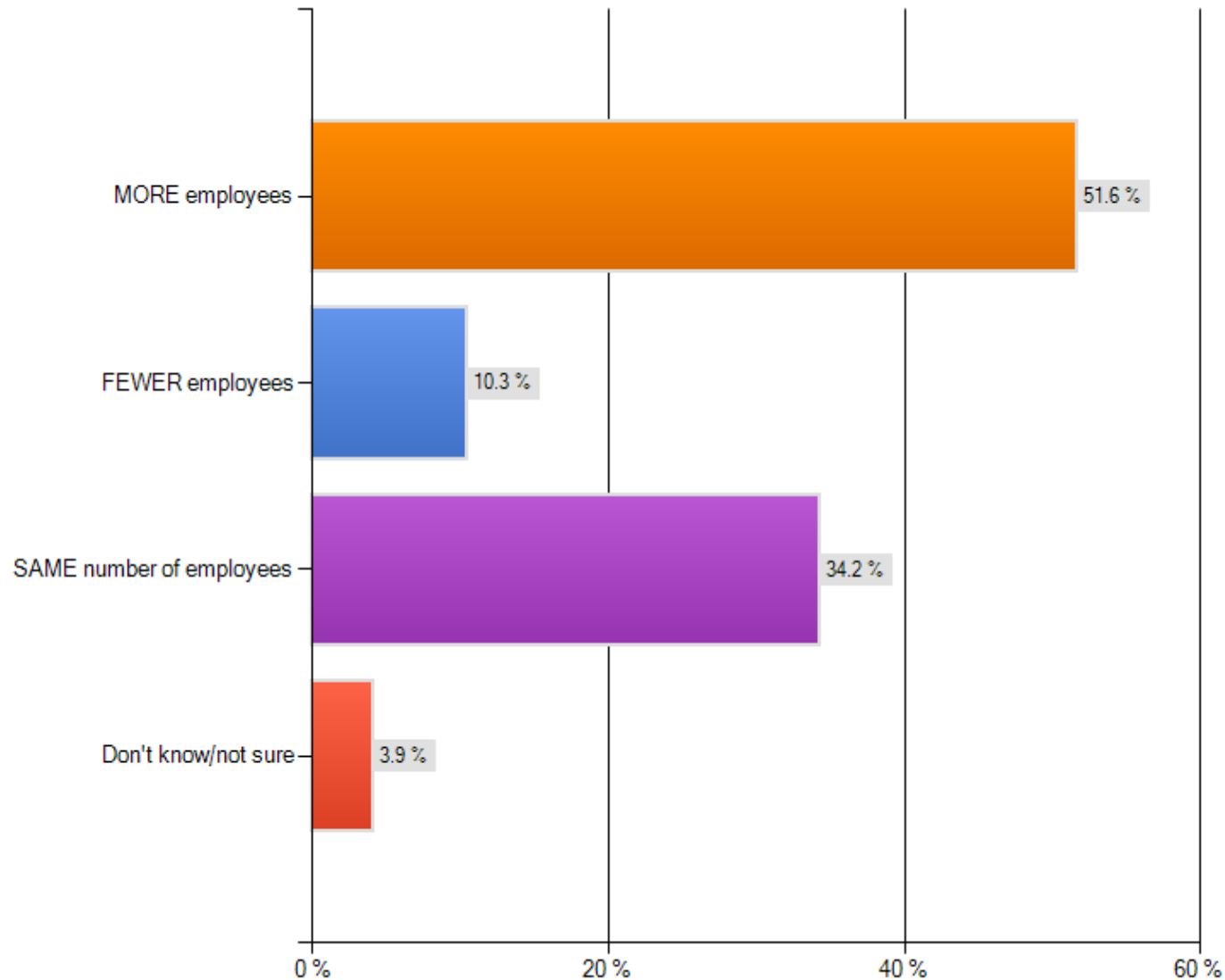
Both questions seem to indicate that people in the medical device industry feel the economy is more stable now than one year ago and are cautiously optimistic.

One year ago people said...

- 20.8% - VERY POSITIVE
- 35.5% - SOMEWHAT POSITIVE
- 21.8% - NEUTRAL/NO CHANGE
- 15.9% - SOMEWHAT NEGATIVE
- 0.9% - VERY NEGATIVE

Based on 1,043 responses
November 2009

Do you think your company will have MORE or FEWER employees one year from now?



Commentary:

The results of this question are interesting. While 72% of medical device companies expect their company sales to increase in 2010, less than 52% expect their company to hire more employees. This would seem to indicate that, while optimistic, companies are reluctant to ramp up hiring until they are sure the economy will not sink into recession again. The lag in hiring is common in many industries.

Results to this question varied by company size. Only 39% of companies with more than 1,000 employees expect their companies to have more employees one year from now compared to about 55% for smaller companies with fewer than 100 employees.

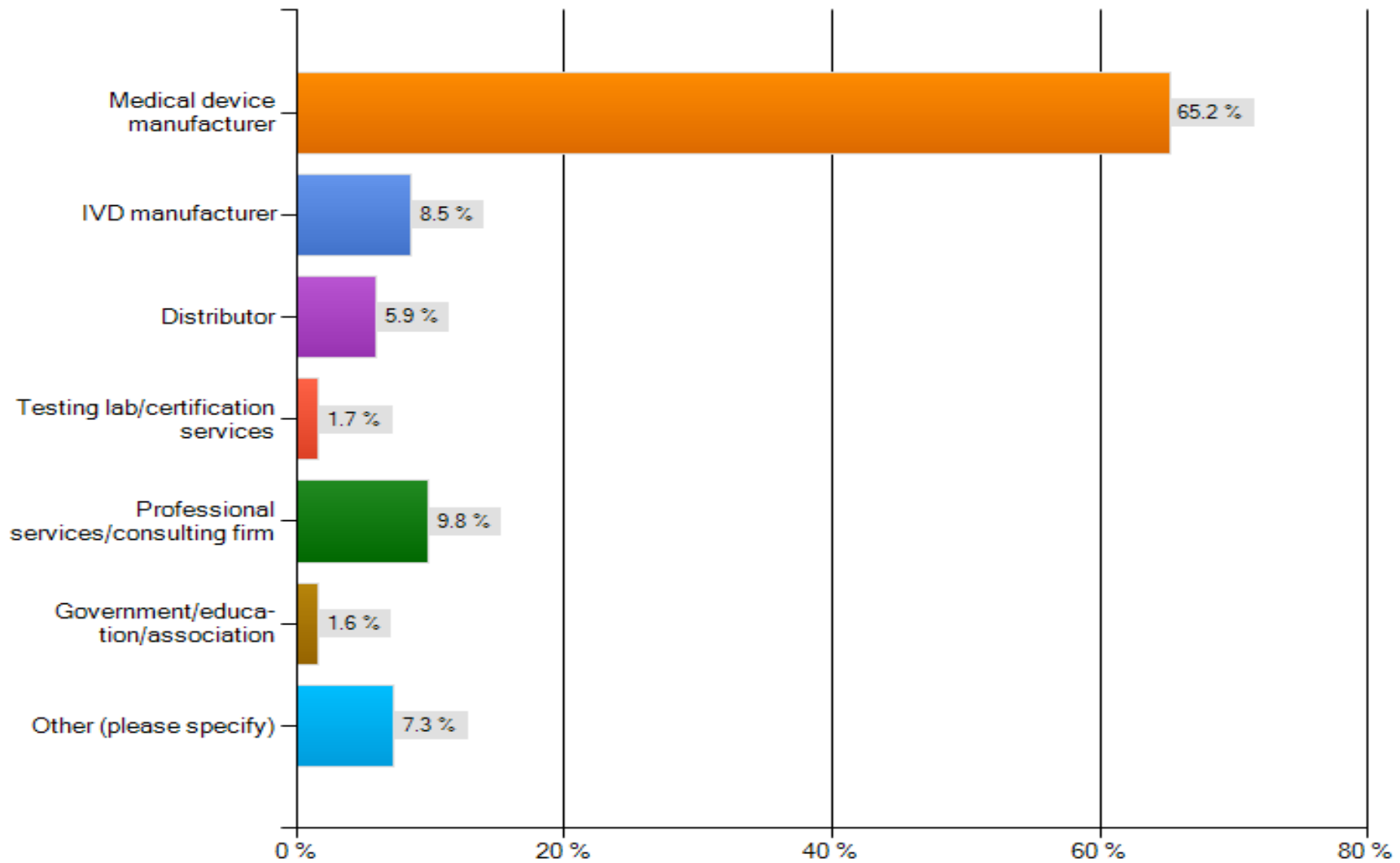
Results for this question did not vary much from 2009.

One year ago people said...

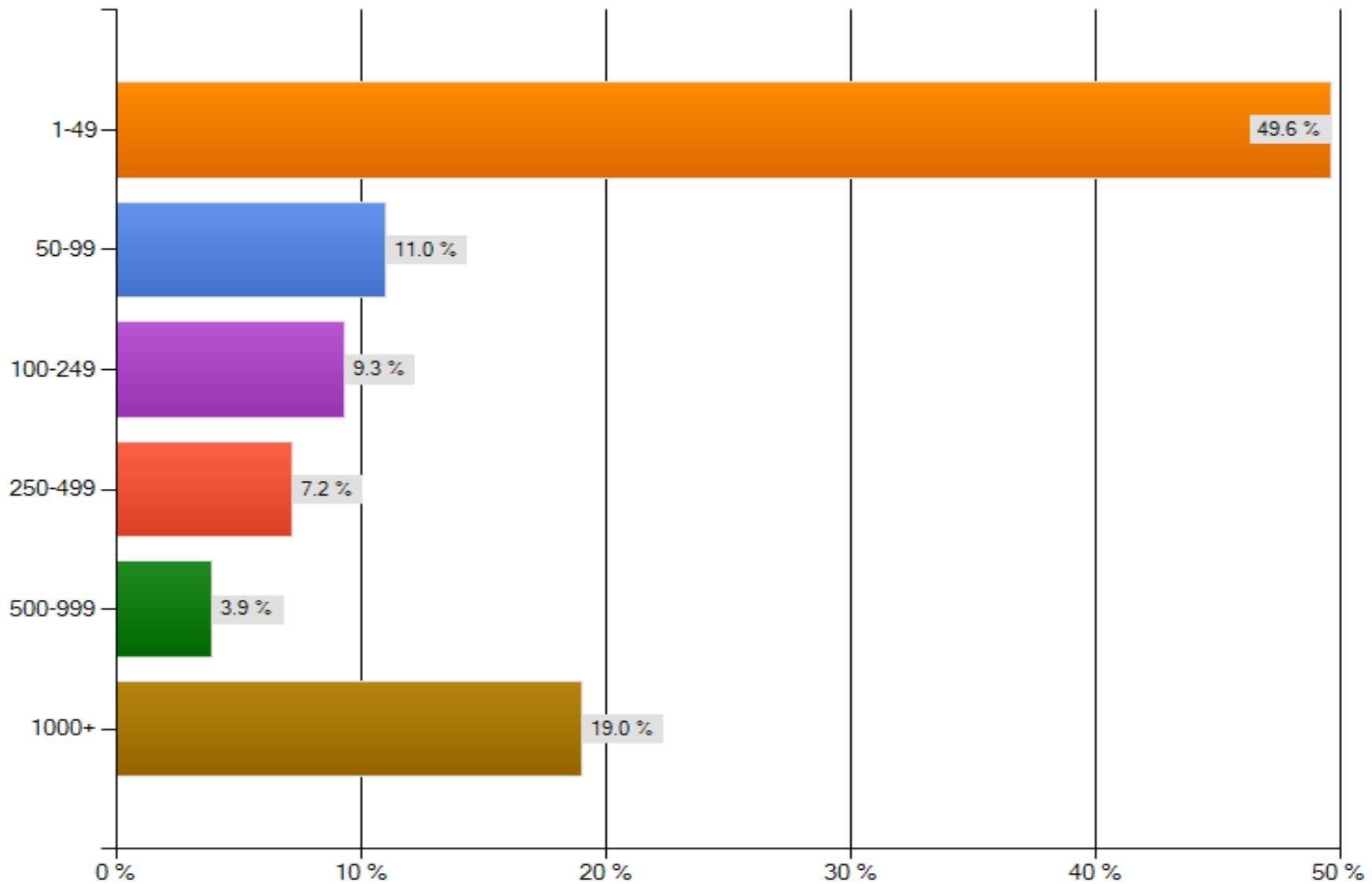
- 48.8% - MORE employees
- 12.3% - FEWER employees
- 34.9% - SAME NUMBER of employees

Based on 1,039 responses.
November 2009

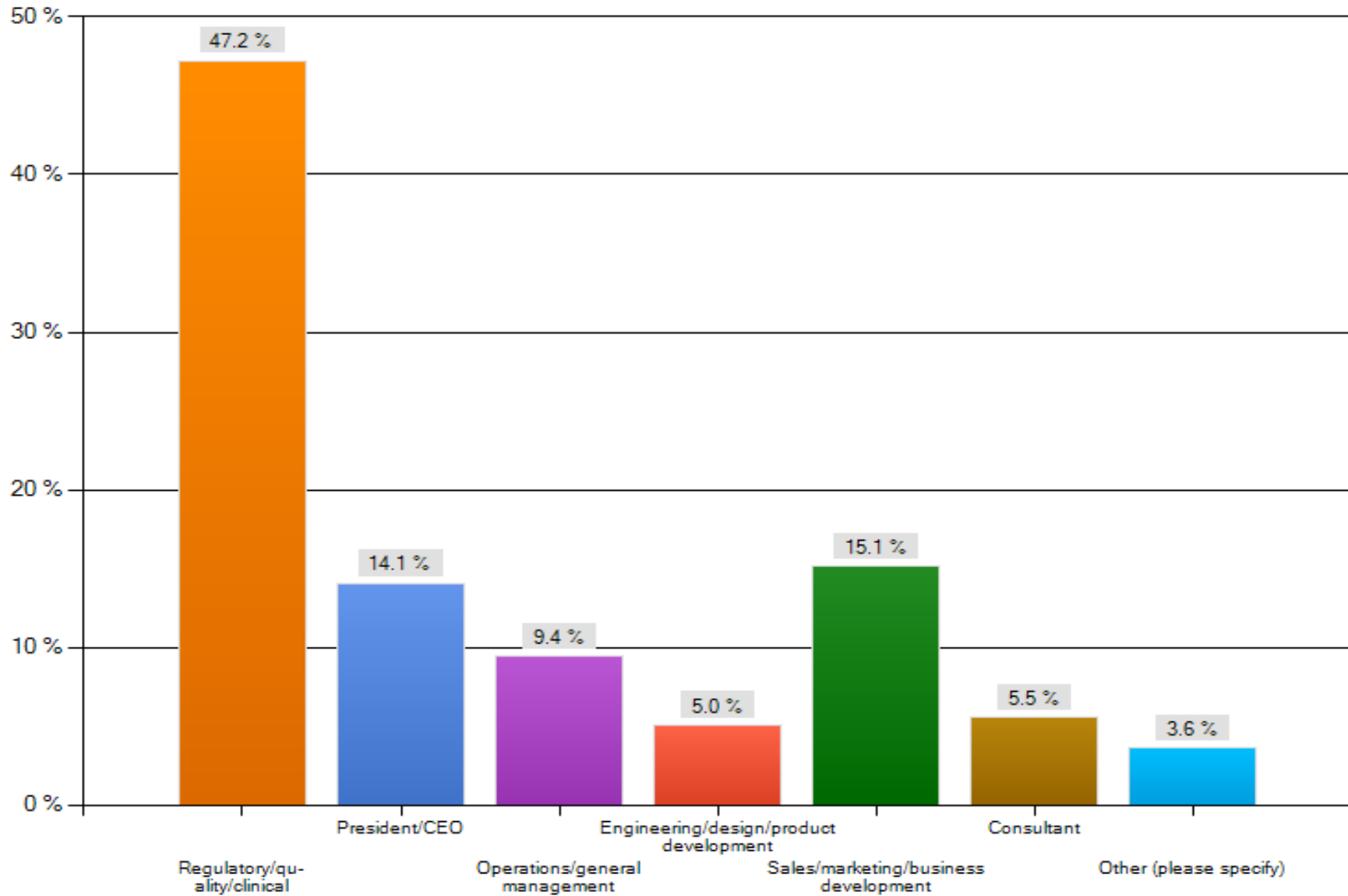
Survey participants: Type of organization



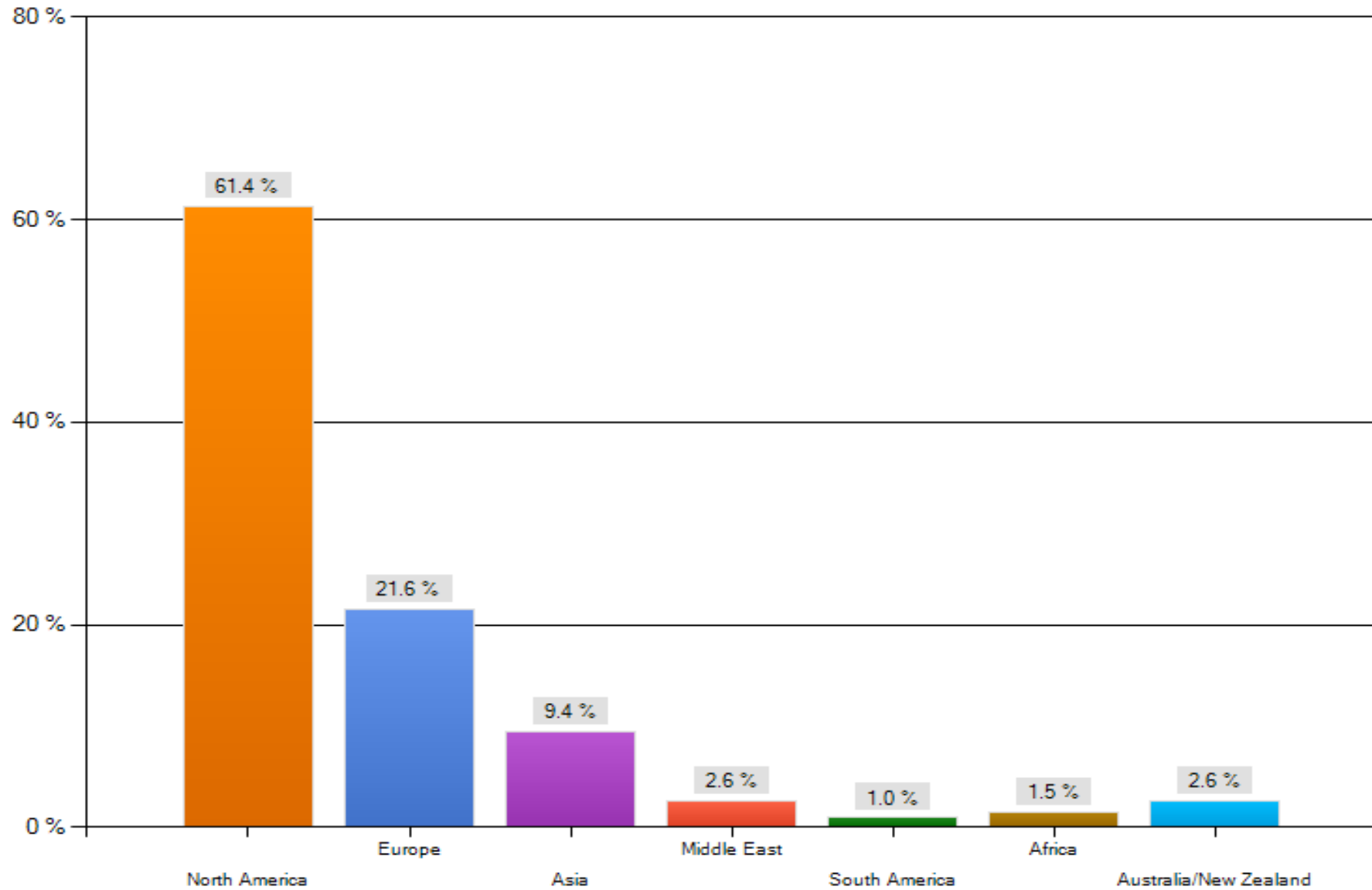
Survey participants: Number of employees worldwide



Survey participants: Job title



Survey participants: Geographic location



What is the biggest challenge facing the medical device industry?

A sample of the 250 responses received to this question:

"With growing demands from a regulation standpoint, it's difficult to find qualified personnel to carry out these responsibilities, on top of the challenging economy we are in. This will be the biggest challenge - gaining efficiencies without increasing resources."

"The US generating unprecedented debt while simultaneously pushing for expanded health care seems likely to be associated with great uncertainty for the future, and changing buying patterns, for health care providers. I think this will ripple out to affect the rest of the world health care market."

"As the Obama Administration moves toward a public option or national health care program, it has its sights on pharmaceutical, medical device and biotech companies, as well as private health care insurance providers as a source of tax income to offset the programs 10 year costs. We saw this recently with the proposed medical device tax that, allow halved by the Congress, still will have an effect on B2B pricing of the devices, as well as the overall cost of medical care. There is an underlying current in the Obama Administration of forcing pharmaceutical companies to lower their drug prices which will have the effect of forcing them not to continue expensive drug discovery and development."

"Private equity funding (VC and Investment Banking) for pre-revenue development stage companies remains sluggish and highly competitive. However, there are small signs that the climate is positively changing."

"The new directives and regulations we will have to follow will increase costs to us as manufacturers, which could affect the end user and buyer of our product. We may have to increase our prices to compete with the market demands of the regulations changes for example clinical trials and research which was not required before, when we have been in business for 15 plus years and our industry is very small compared to other medical device manufacturers. The costs may not allow sales to continue when the economy is starting to pick up causing us to have another economic hardship to meet sales."

"How to effectively reduce the cost of products and procedures in a continually more demanding Regulatory environment and also the ability to launch new products given the increasing barriers, time, and cost to do so."

"Potential changes in US healthcare policies that will drive prices down and thus impact the amount of investment in device companies."

About this survey.

This survey was conducted between November 1-15, 2009. A total of 1,141 people participated in the survey, which was sent via email to in-house lists maintained by Emergo Group and BSI, plus responses from industry professionals accessed through a publicly available online link to the survey. Only one response was allowed per person.

Because of the nature of the lists maintained by Emergo Group and BSI, respondents are heavily skewed toward regulatory and quality assurance titles, and people located in North America. Therefore, you should interpret the results with this in mind. Questions about domestic and international sales were only posed to medical device and IVD manufacturers, while other questions about the 2010 industry outlook and employee hiring were asked of all respondents.

We fully understand that this research was not conducted in a scientific manner. Rather, the purpose of the research is to provide a quick snapshot to gain some understanding of how the industry has been doing recently and where the respondents think it is headed. We hope you find it to be interesting.

If you have questions about the survey results, please contact:

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