



**Greatbatch<sup>®</sup>**

**March 27, 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.

## 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.

# 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

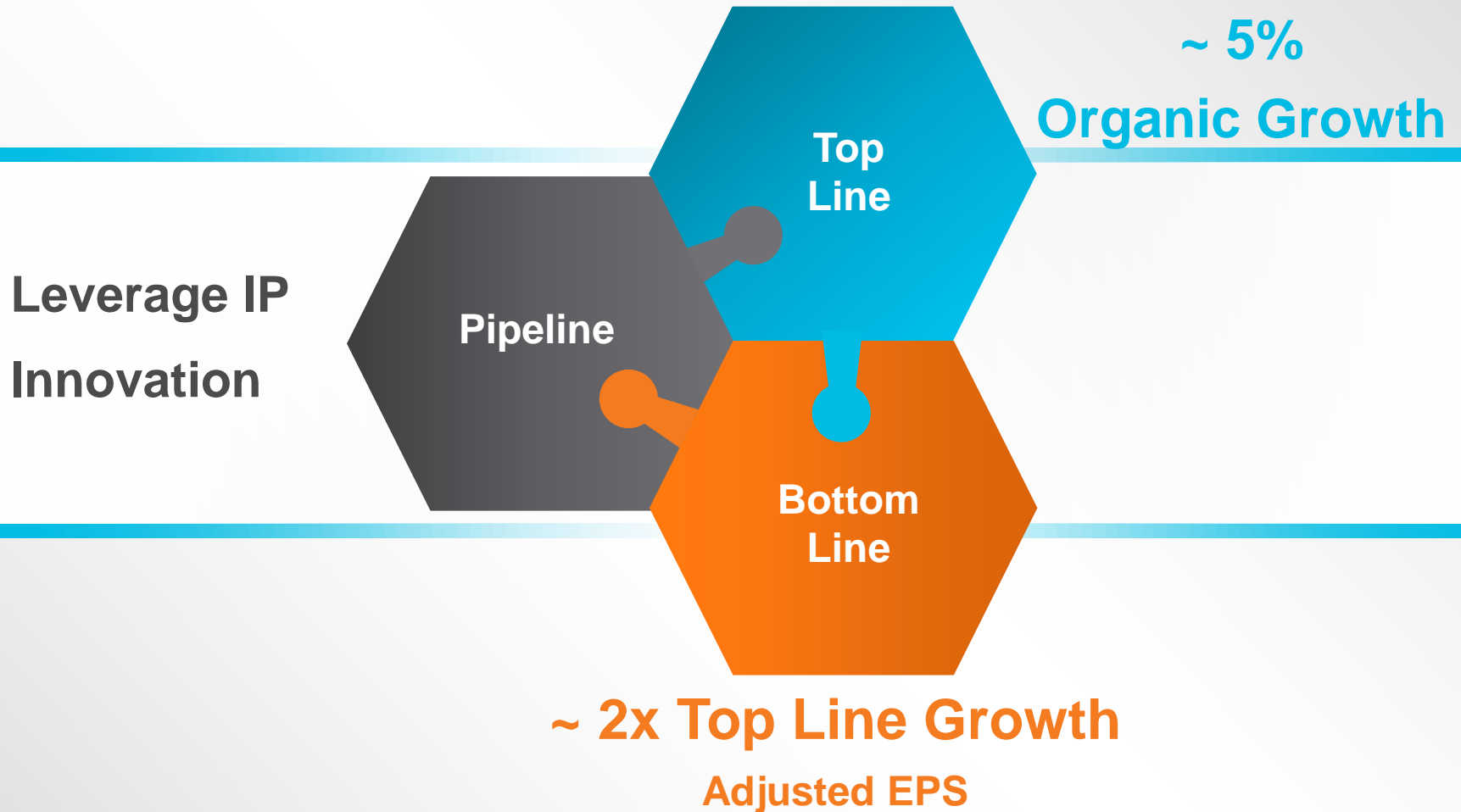
## Commercialize Medical Device Innovation

- Algostim 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



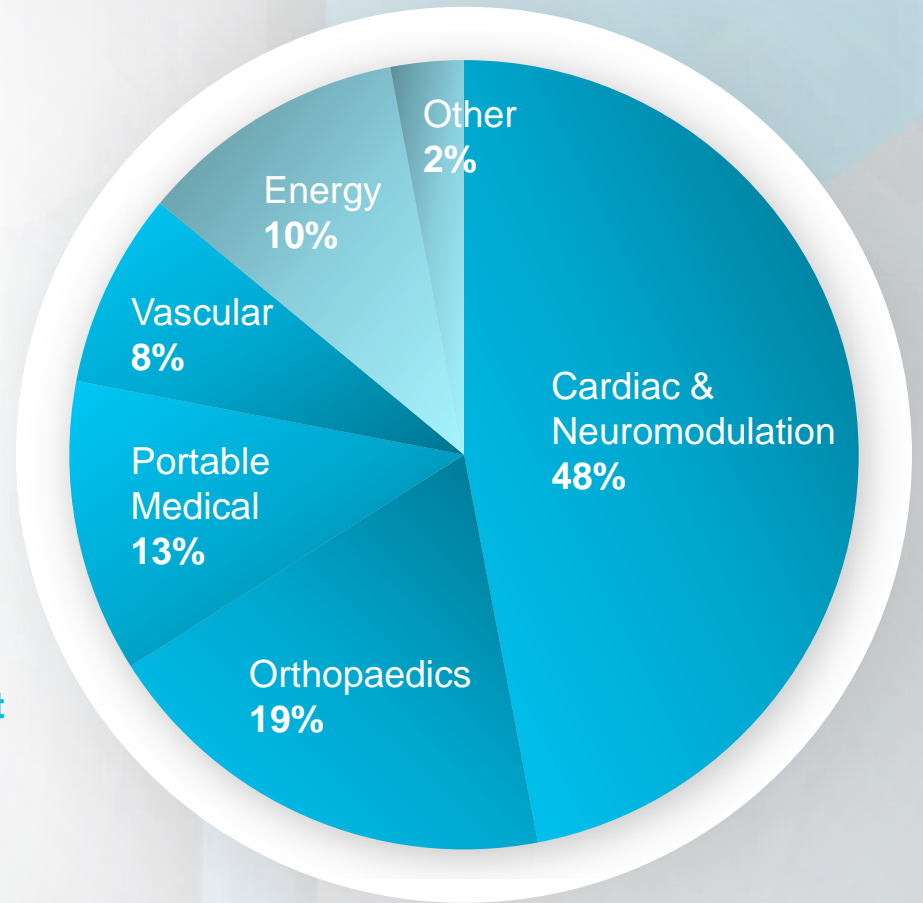
# Greatbatch Today

**\$646M**

**2012 Revenue**

**88%**

Revenues from  
Medical Device Market



## Cardiac & Neuromodulation

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



Header



Battery



Feedthrough



Enclosure



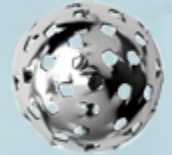
Stimulation Leads

## Orthopaedics

Implants | Instruments | Delivery Systems



Reamer Handle



Reamer



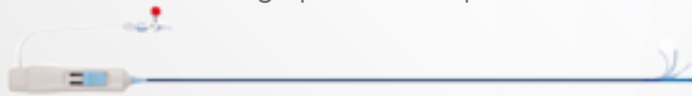
Delivery System



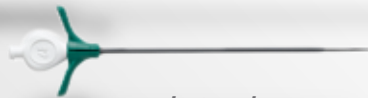
Handles

## Vascular

Advanced Coatings | Catheters | Introducers



Steerable Sheath



Introducers

## Portable Medical

Powered External Medical Devices



Battery Packs



Charging Stations



Integrated Power Supplies

# 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





# Sustainable Organic Growth



**Targeted  
Markets**

**Sales Force  
Emphasis**



**Supported  
Business Model**

**Strategic  
Investments**



# 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

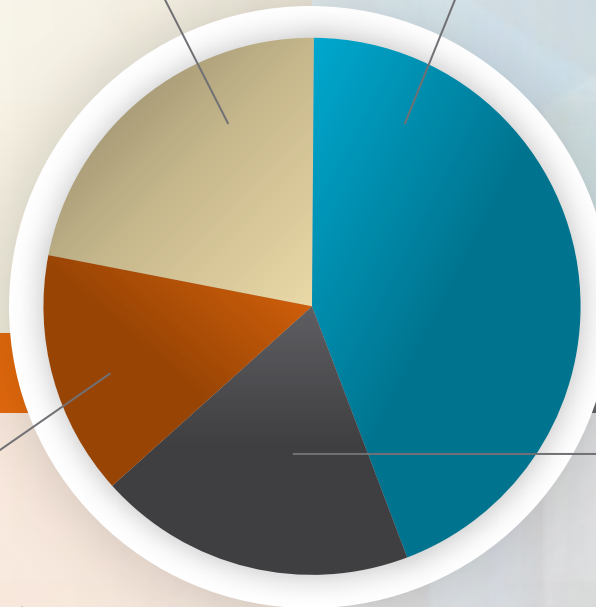
**GB Opportunity: \$1B**  
**GB Revenue: \$82M**  
**Avg. Market CAGR: 6%**

- 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

# 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

Sales Force  
Emphasis

Supported  
Business Model

Strategic  
Investments

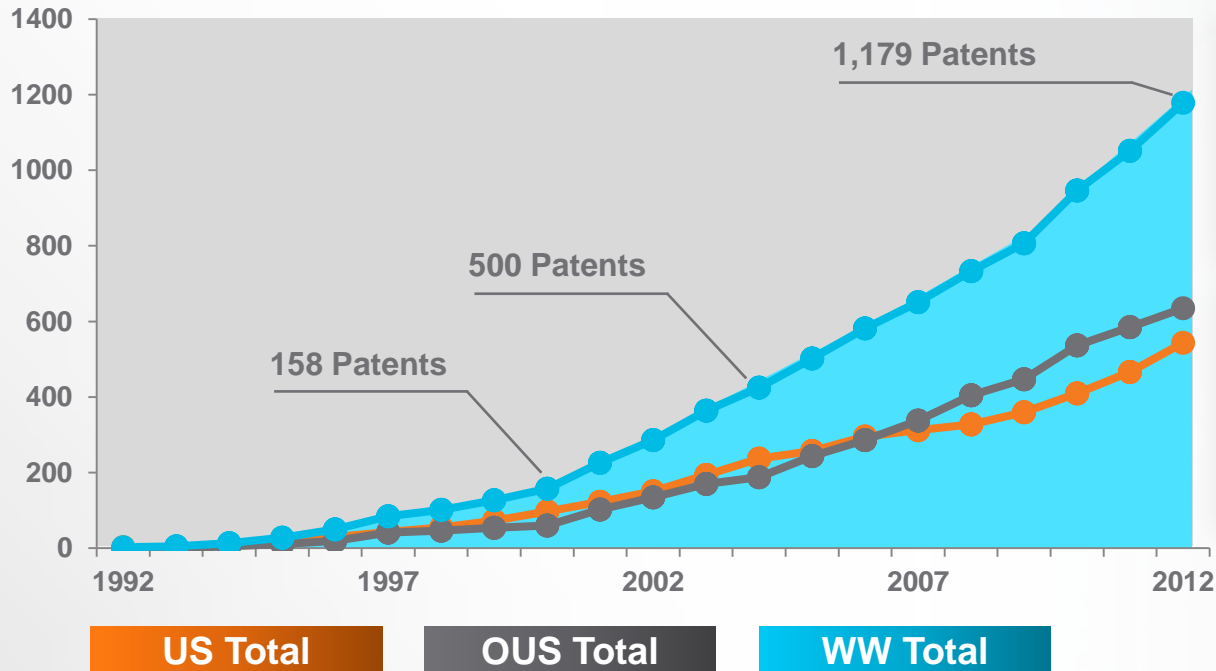


# Blue Chip Customer Base



# Expanding Intellectual Property

## Issued Patents: 1990 to 2012



### Med Device Patents

Issued: 160

Pending: 57

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



Greatbatch

# Long-Term Agreements

71%

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

## Terms

65% - 70%

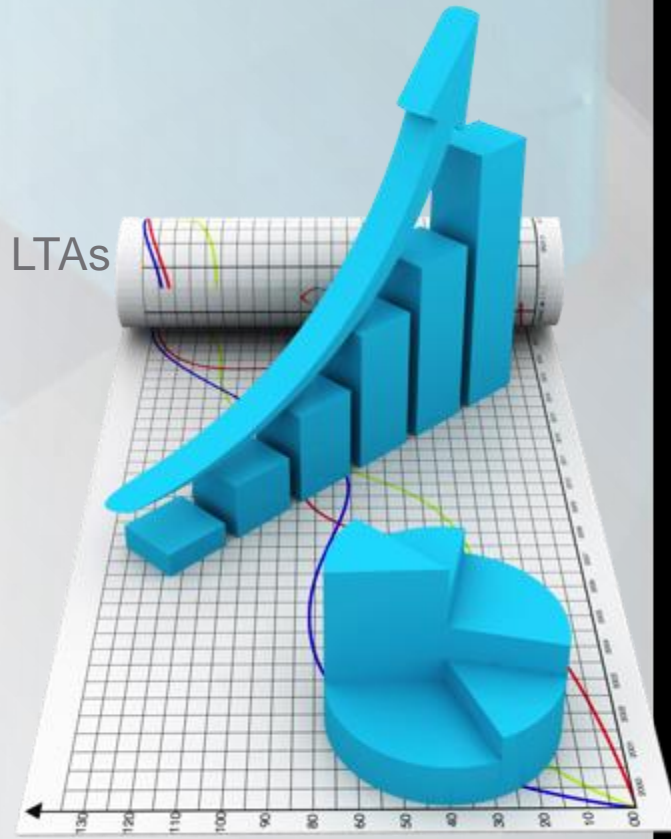
Through 2014

50%+

Through 2015

35% - 40%

Beyond



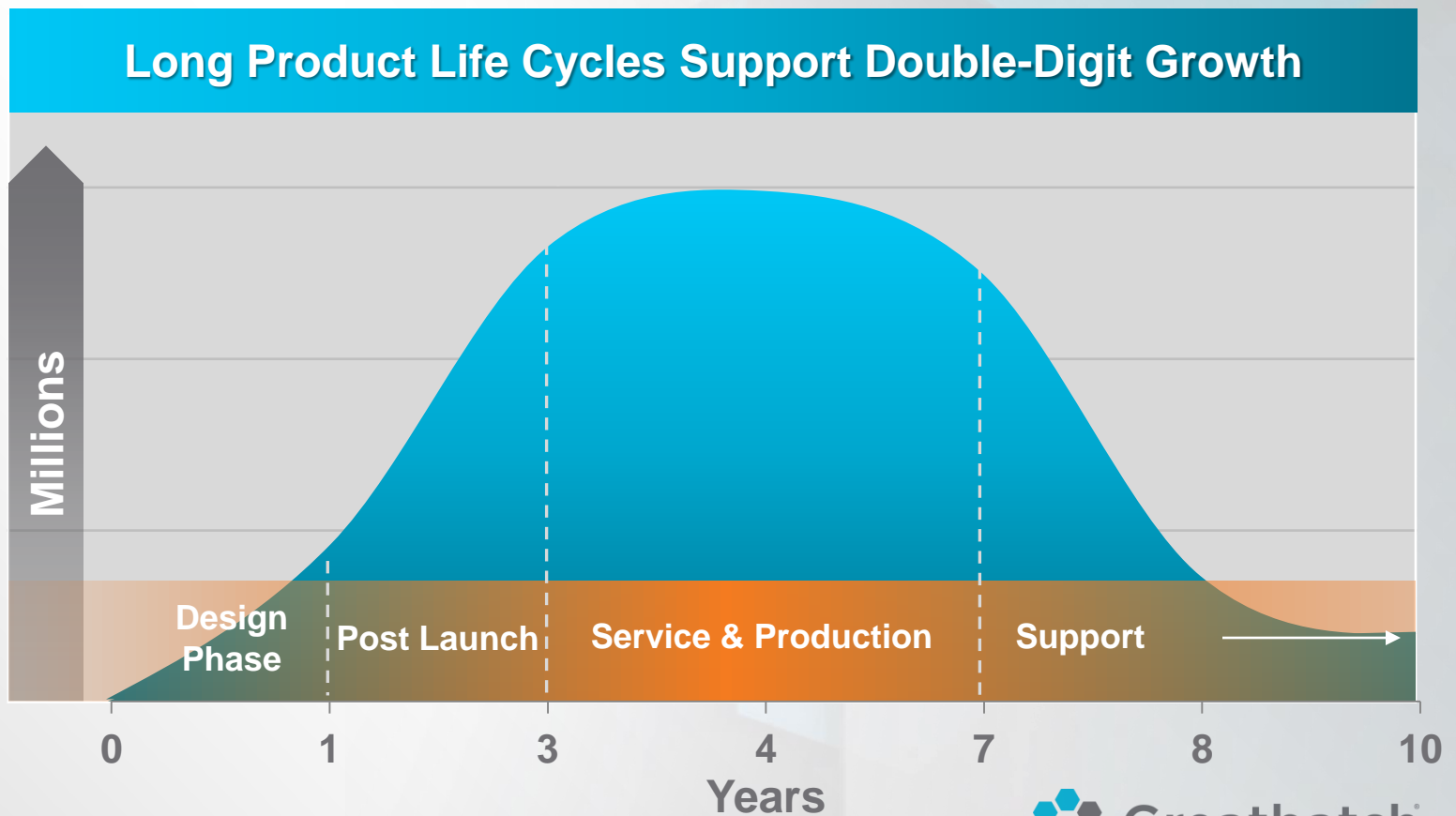
*... in addition, product lifecycle / replacements drive core growth and protection*

# 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

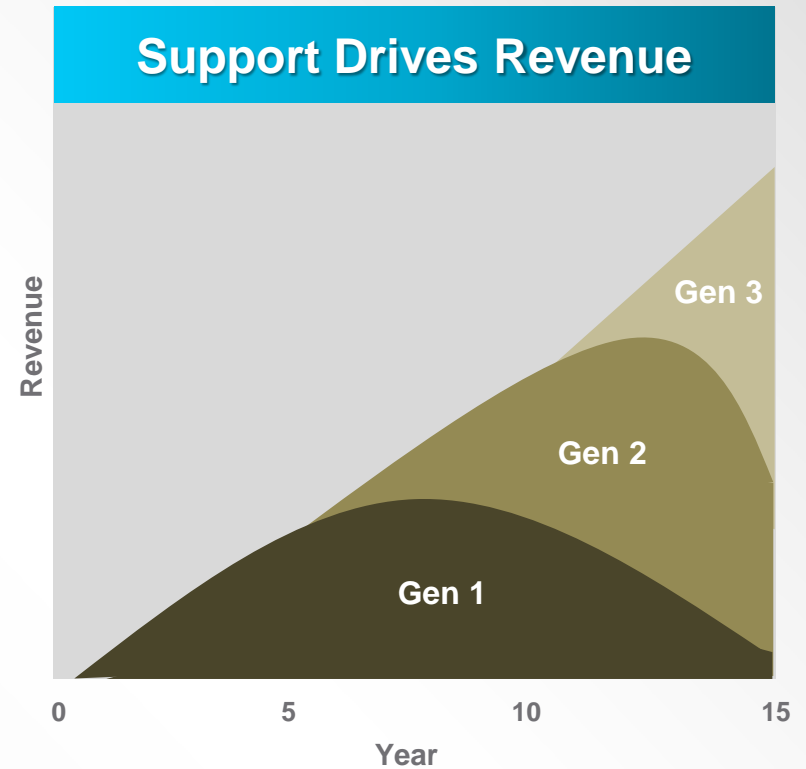
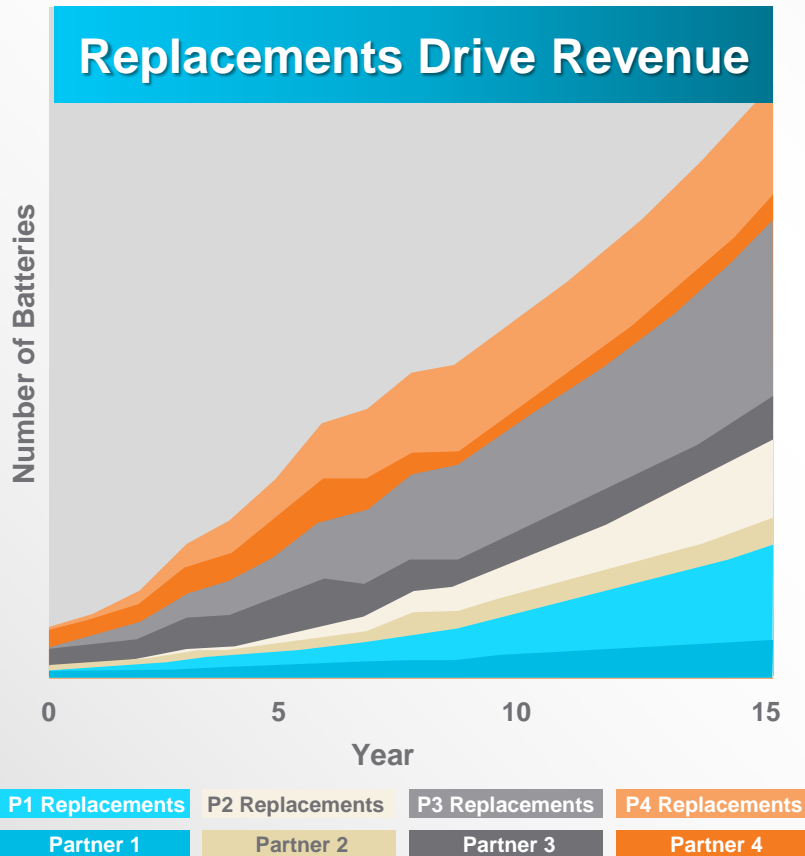




# Portable Medical: Long Product Life Cycles

*Focus on Portfolio Management and IP wins generational development*

Growth of AED and Defibrillator Battery Markets



# Strategic Investments



Targeted  
Markets



Sales Force  
Emphasis

Supported  
Business Model

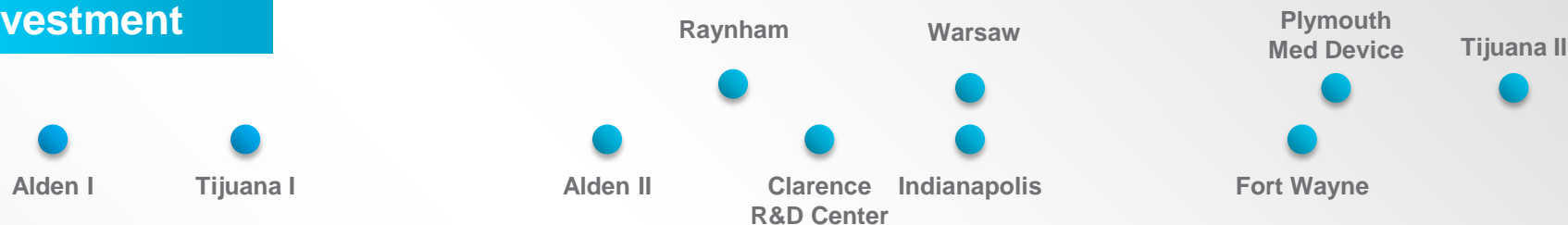
Strategic  
Investments



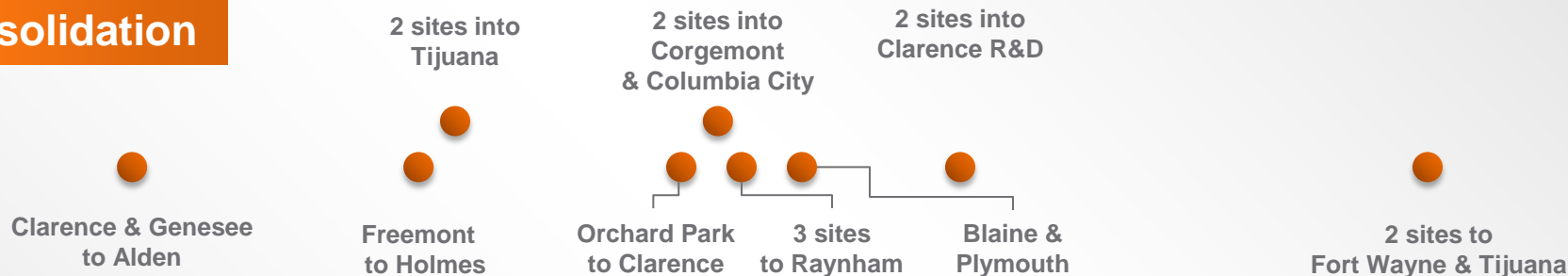
# Operations Efficiency & Investment

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

## 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



# 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

# 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

Sales Force  
Emphasis

Supported  
Business Model

Strategic  
Investments



# 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

# Commercialize Medical Device Innovation

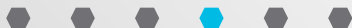
Leverage Capabilities

Strong Value Proposition

Technology Innovation

Addressing Unmet Needs

Future Opportunities





# Algostim System

Patient Feedback Tool  
PFT



Clinician Programmer  
CP



Patient Programmer  
Charger  
PPC



Pocket  
Programmer  
PoP



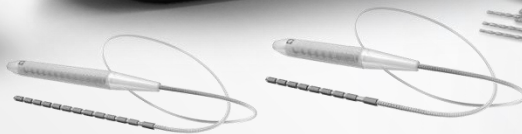
Paddle  
Leads



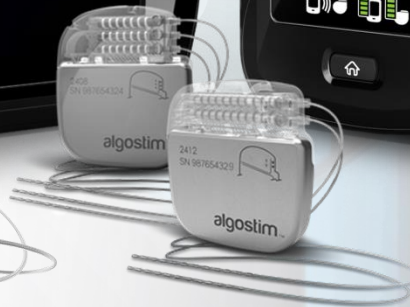
Perc Leads



External  
Pulse  
Generator  
EPG



Extensions



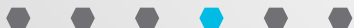
Implantable Pulse Generators  
IPG



Anchors



Trial Cable

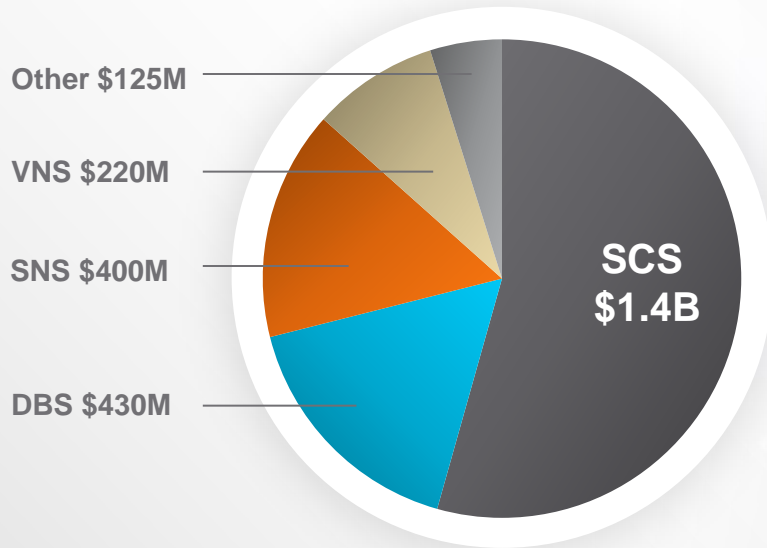


# Neurostimulation Market Sizes

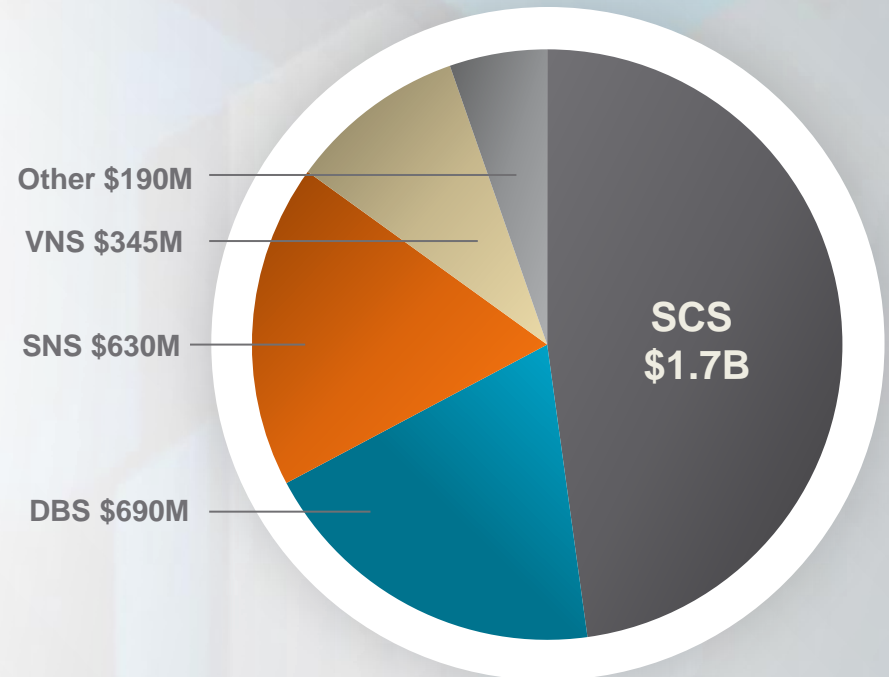
## Market Revenues (W.W.)

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

2012: \$2.6 B

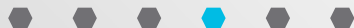


2015: \$3.6B

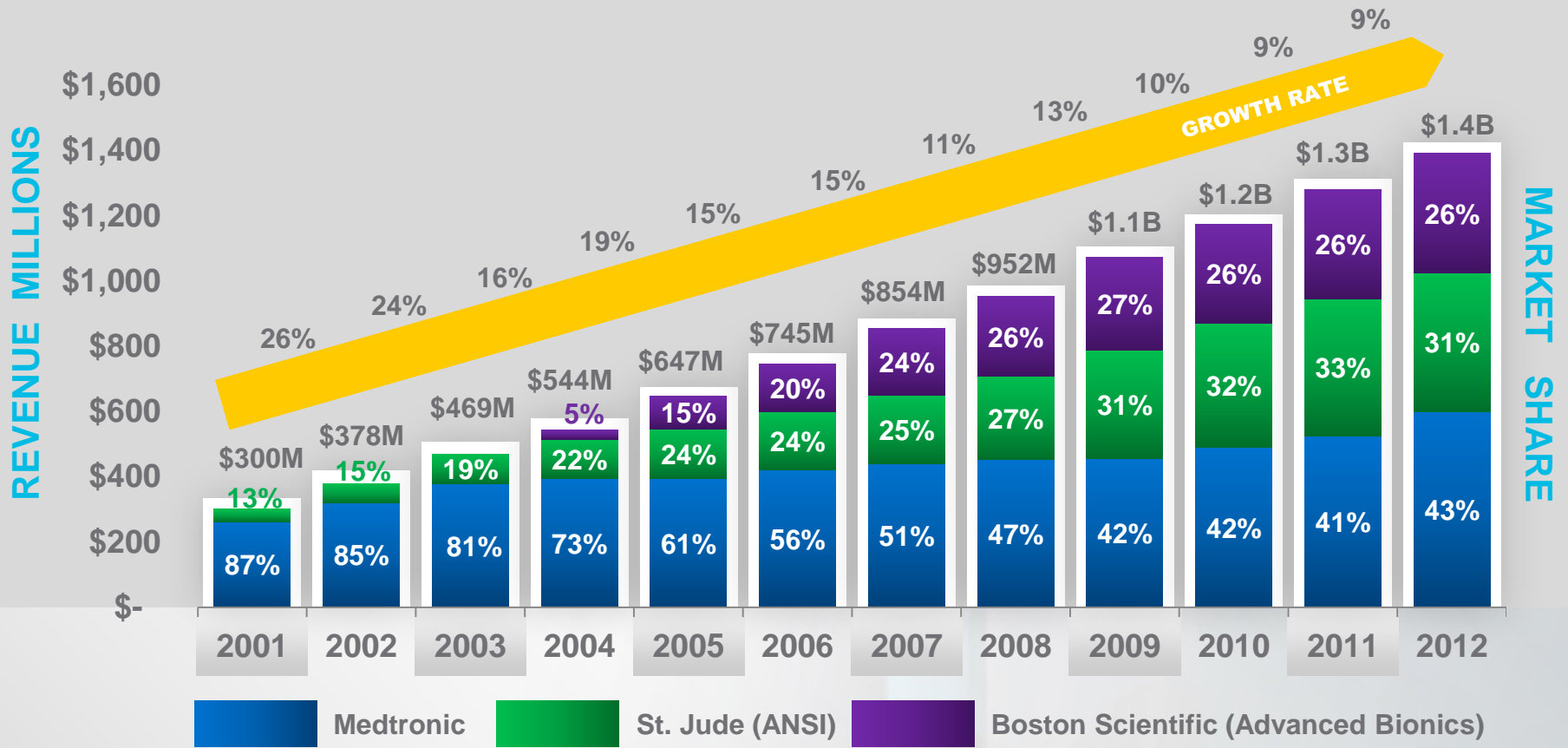


Source: Neuromodulation company earnings releases and internal estimates. Excludes cochlear, drug pumps, external stimulation

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



# SCS 12 Year Market Growth & Share



Source: Neuromodulation company earnings releases and internal estimates

# Algostim Timeline

2013

2014

2015

## DVT

- Development completion
- Animal Study

## Regulatory Cycle

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

Screening  
Commercialization  
Partners

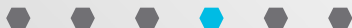
ROI

## Manufacturing Revenue

- Greatbatch

## Commercialization

- By partner



# Impact to Customer Groups

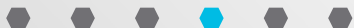


## Physicians

- 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

# Drive Profitable Growth



Increasing  
Margins

~ 5% Organic  
Revenue Growth

Strong  
Balance Sheet  
&  
Cash Flow

Targeted  
M&A

Med Device  
Upside



# Selected Total Year Highlights

(\$ in millions except for EPS)

	2012	2011	Change
Sales	\$646	\$569	14%
Adjusted Operating Margin	11.4%	11.9%	-50bps
Adjusted Diluted EPS	\$1.77	\$1.68	5%
Adj. Operating Cash Flows(a)	\$80	\$93	(14%)
Capex	\$41	\$22	86%
ROIC	7.4%	7.3%	10bps

(a) Excludes Other Operating Expense and DVT expenses impact of \$15m (2012) and \$4m (2011).



# 2012 Variance Analysis

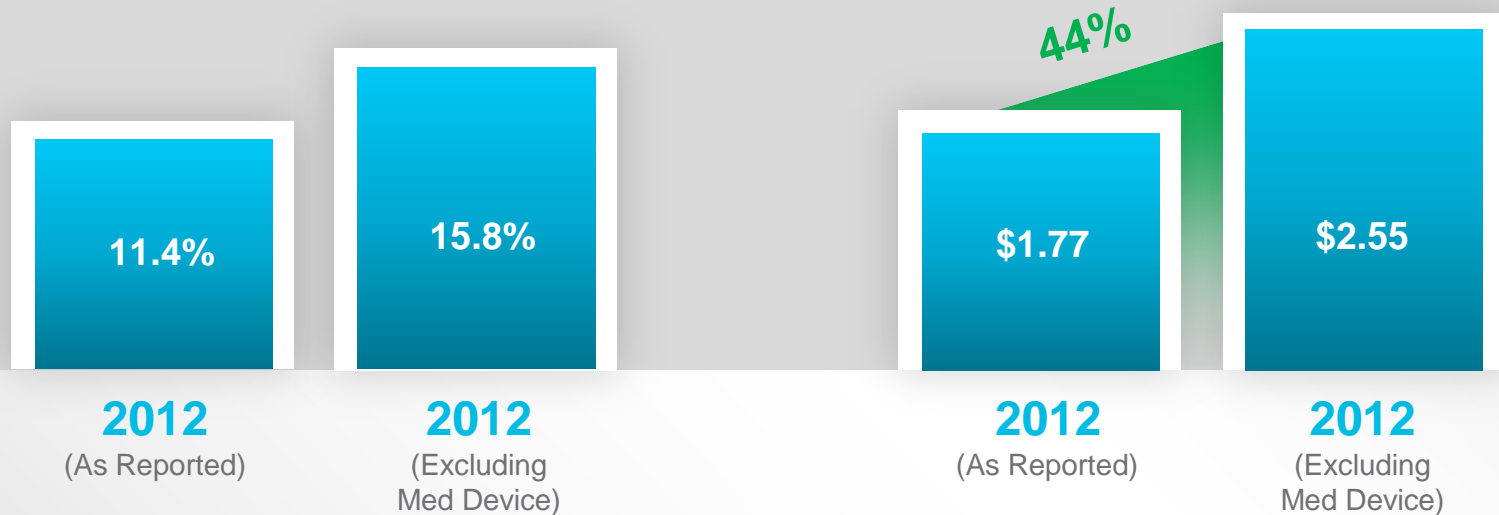
	<u>Adj EPS</u>
<b>2011 Results</b>	<b>\$ 1.68</b>
Medical Devices Initiatives	(0.17)
Swiss Ortho Operating Issues	(0.16)
Investment in Sales & Marketing	(0.10)
Other	0.06
Performance Based Compensation	0.08
Volume/Productivity*	0.38
<b>2012 Results</b>	<b><u><u>\$ 1.77</u></u></b>

\* Includes Impact of Acquisitions

# 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

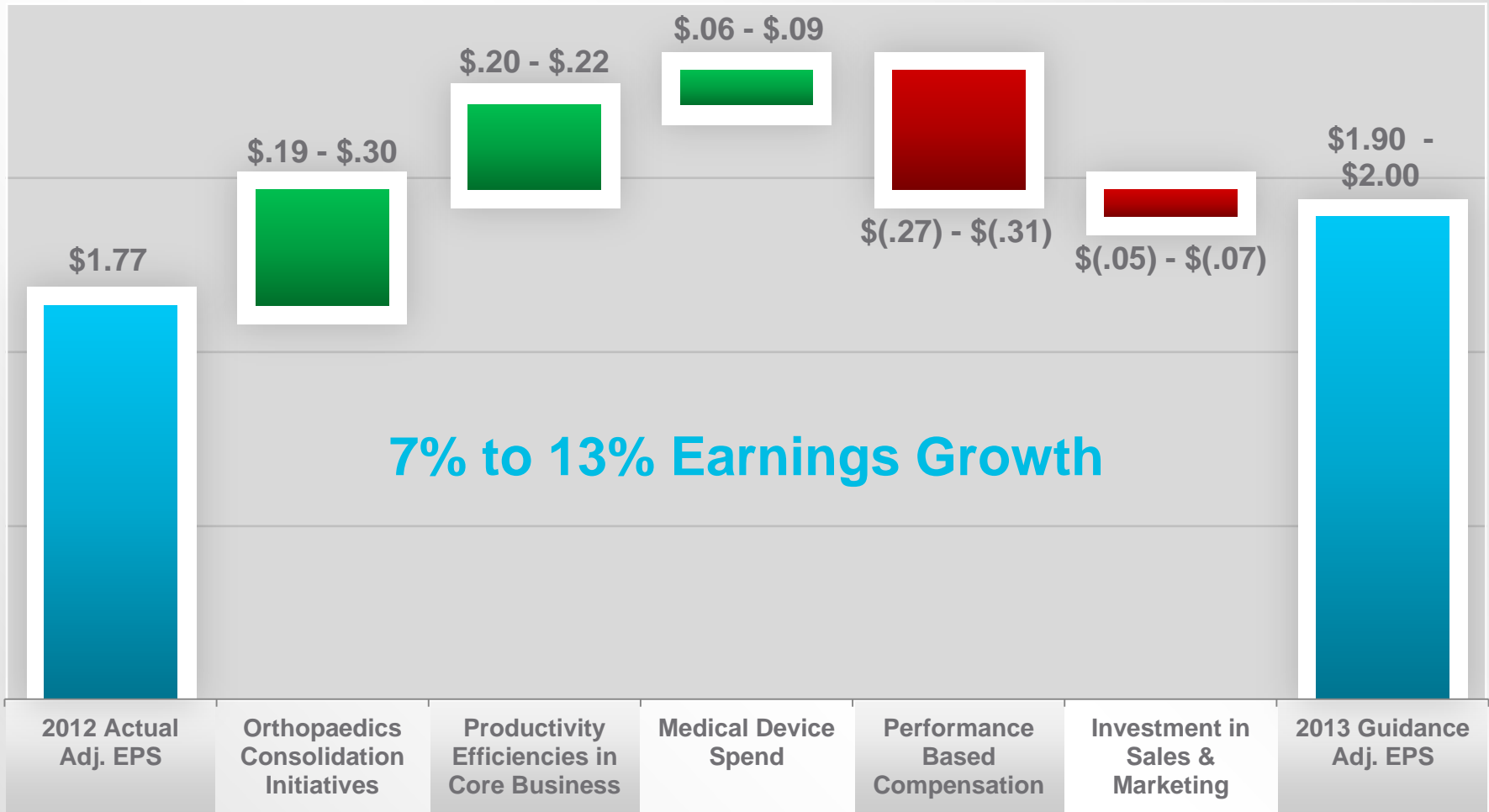
(\$ in millions except for EPS)

	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.

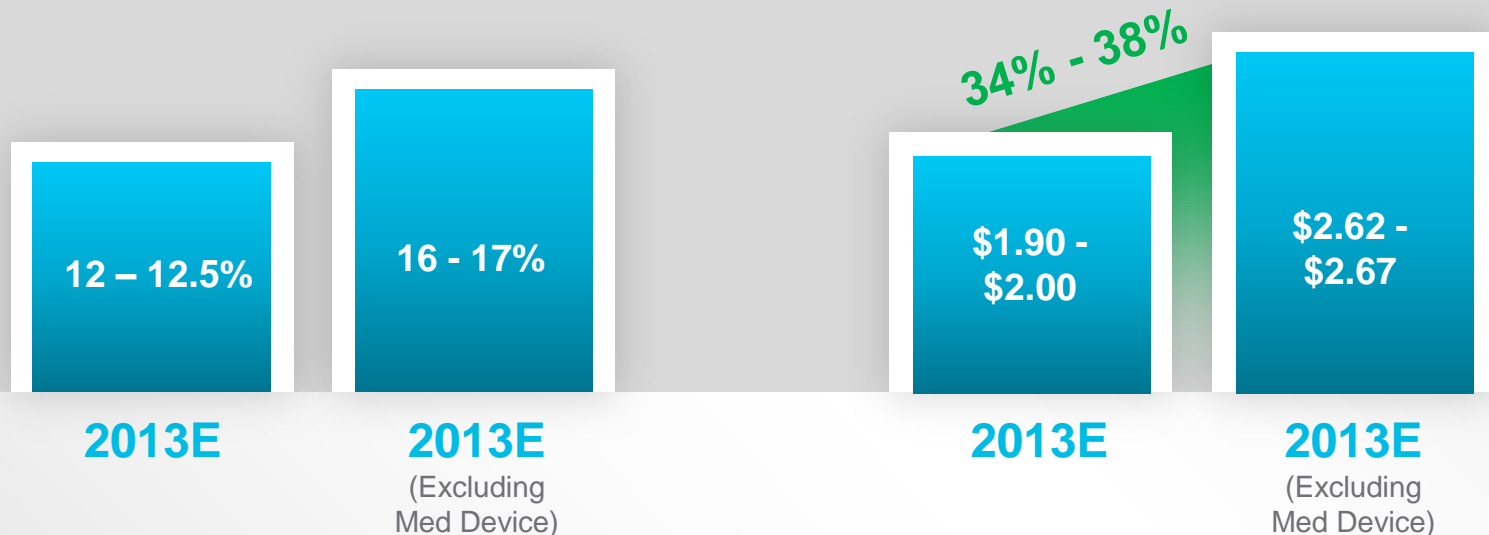
# EPS Improvement



# Strength of Core Business

## 2013 Estimate of Core Business

Algotim & targeted M&A represent additional upside



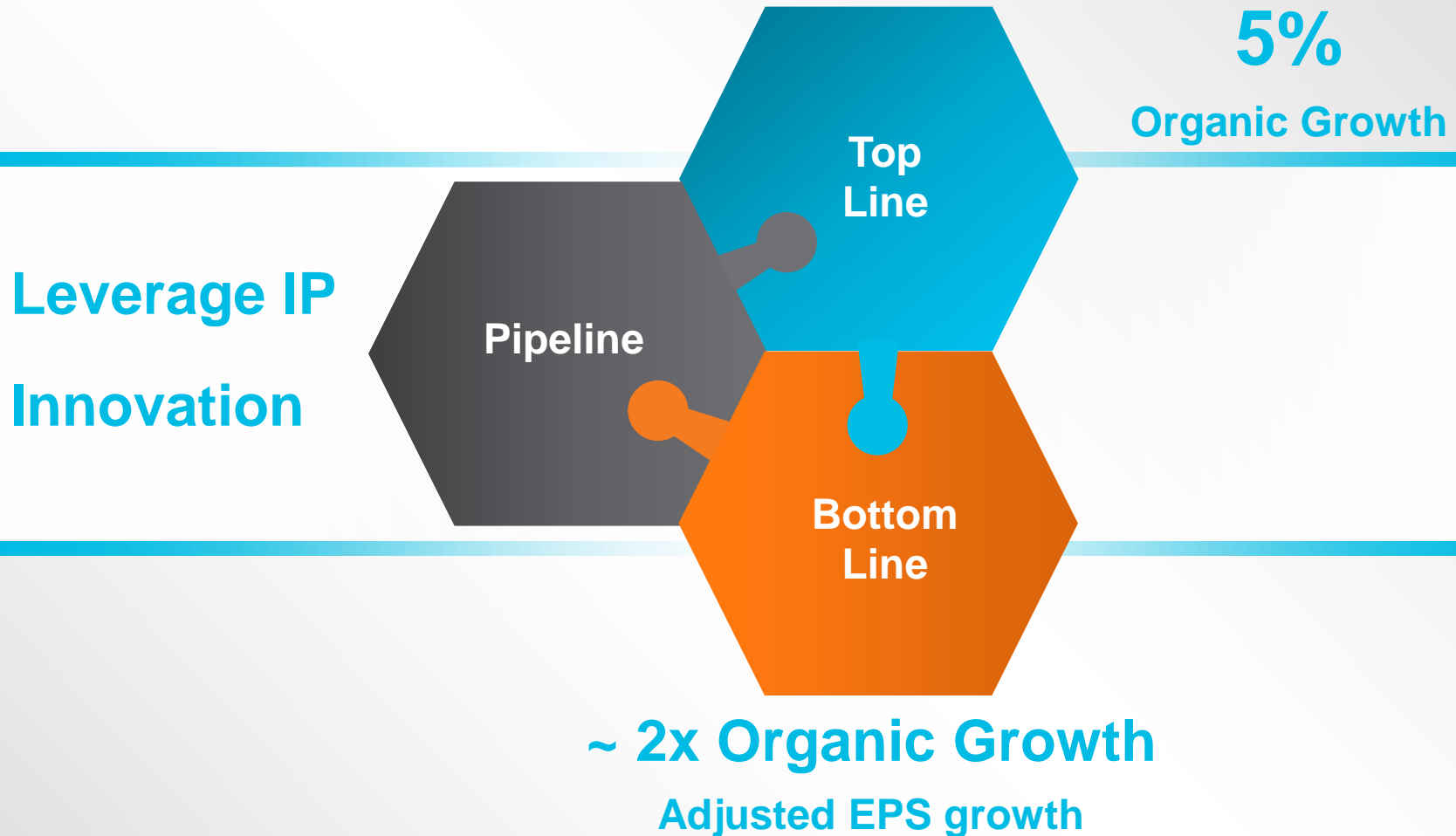
Adjusted Op Margin\*

Adjusted EPS\*

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



# Sustainable Long Term Growth



# Contact Information

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# Appendix

# 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

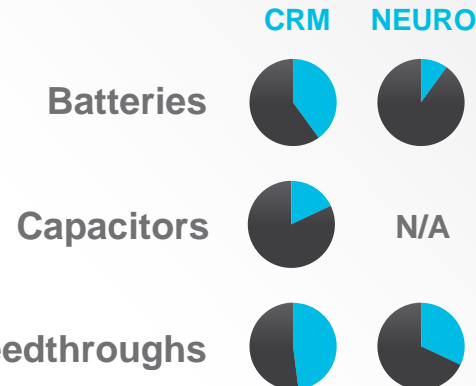
- Implantable Monitors \$0.2B / 9%
- Deep Brain Stim \$0.4B / 17%
- Sacral Nerve Stim \$0.4B / 16%
- LVAD \$0.6B / 13%
- Cochlear \$0.8B / 12%

### 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



## 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'

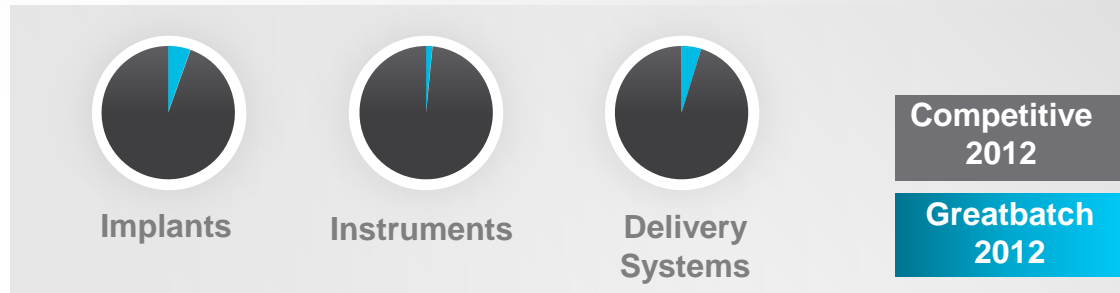
# Orthopaedics

**\$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%

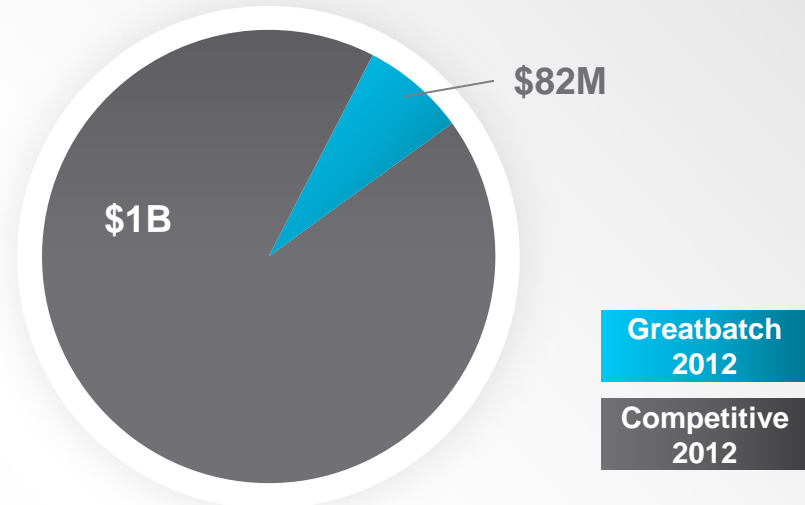
## Adjacent GB Market Opportunities

- 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

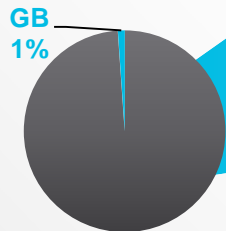
# Vascular

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

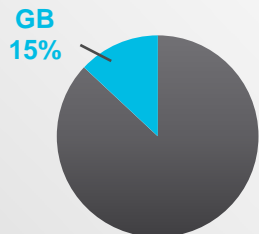
## Greatbatch Participation

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

# 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)



# 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



# Organic Sales

(\$ in thousands)

<b>Product Lines</b>	<b>2011</b>	<b>2012</b>	<b>% Change</b>	<b>FX &amp; Acquisition 2012</b>	<b>2012</b>	<b>% Change</b>
Implantable Medical						
CRM/Neuromodulation	\$303,690	\$309,124	2%	\$2,455	\$306,669	1%
Vascular	45,098	51,980	15%	-	51,980	15%
Orthopaedics	140,277	122,061	-13%	(6,300)	128,361	-8%
Total	489,065	483,165	-1%	(3,845)	487,010	0%
Electrochem						
Portable Medical	9,609	81,659	750%	71,807	\$9,852	3%
Energy/Environmental	58,934	67,046	14%	4,837	62,209	6%
Other	11,214	14,307	28%	5,731	8,576	-24%
Total	79,757	163,012	104%	82,375	80,637	1%
Total Sales	\$568,822	\$646,177	14%	\$78,530	\$567,647	0%

# 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.