



Overview of the Aesthetic Medical Device Market

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Brocair Partners Industry Survey Series

Table of Contents

1. Market Overview.....	3
2. Competitive Matrix	4
3. Profiles of Select Participants in Aesthetic Medical Devices Market.....	5
4. Comparable Companies Analysis	12
5. Comparable Credit Analysis.....	13
6. Recent Transactions	14
7. Indexed Stock Price Performance	18
8. Disclaimer	19
9. Contact Information	20

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1. Market Overview



- According to the American Society for Aesthetic Plastic Surgery (ASAPS), Americans spent \$13.2 billion on aesthetic treatments in 2007.
- The market for energy-based aesthetic devices is estimated to exceed \$1 billion by 2011, and it has been growing by 20% annually, although the slump in retail spending is likely to reduce that rate in the short/medium term.
- Clustering: There are three important geographic areas where innovation has been occurring in this industry - the Boston, Massachusetts, region, the Silicon Valley region in Northern California, and Israel.
- The fastest growing segments are skin resurfacing and skin tightening, which together account for 36.6% of sales.
- Aesthetic medical devices are used in body contouring, dermal tightening, dermal resurfacing, acne prevention, the reduction of skin pigmentation blemishes, and age-related vascular/dermal lesions as well as hair removal.
- There are a wide range of devices and tools for addressing the above conditions, including: micro-dermal abraders, dermal lasers, light emitting diodes (LEDs), intense pulsed light devices, infrared devices, radio frequency-based devices, dermal fillers, and implants.
- Factors influencing the adoption of aesthetic medical devices include the aging of the large Baby Boomer population which continues to demand anti-aging medical techniques. Cosmetic procedures are also gaining acceptance as a respected subsector within the large and quickly developing health and wellness sector.

2. Competitive Matrix

Company	Dermal Lasers	Dermal Devices	Dermal Abraders	Dermal Fillers	Implants	Hair Removal Products
Allergan, Inc.						
Alma Lasers, Ltd.						
BioForm Medical, Inc.						
Biolitec AG						
Candela Corp.						
Carol Cole Company						
Chromogenex plc						
Cutera Inc.						
CyDen Limited						
Cynosure, Inc.						
Dornier MedTech						
DUSA Pharmaceuticals Inc.						
Dynatronics Corp.						
EI.En.						
General Project S.r.L.						
IRIDEX Corp.						
Johnson & Johnson						
LPG Systems S.A.						
Light BioScience LLC						
Light Dimensions, LLC						
Lumenis, Inc.						
Lutronic Corporation						
Medicis Pharmaceutical						
Meridian						
Miramar Labs, Inc.						
Palomar Medical Technologies Inc.						
PhotoMedex Inc.						
Quantel S.A.						
Radiancy, Inc.						
Sciton, Inc.						
Sientra, Inc.						
Solta Medical						
Syneron Medical Ltd.						
VNUS Medical Technologies, Inc.						



Source: Brocair Partners research.

3. Profiles of Select Participants in the Aesthetic Medical Device Market

Company	Description	Key Financial Data								
 (San Mateo, California)	<ul style="list-style-type: none"> Founded in 1999, BioForm Medical, Inc., focuses on developing and commercializing medical aesthetic devices. BioForm's core product is RADIESSE, an injectable dermal filler used for facial aesthetic applications. BioForm also makes women's focused products which target peri-urethral bulking for poorly functioning urethral and sphincter muscles. Other lines of products include injectable drugs for varicose vein, surgical adhesives and a medical device that targets nerves. BioForm markets its products to dermatologists, facial plastic surgeons and other physicians who perform cosmetic procedures. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008A	2008LTM	2009E	
		Sales	NA	\$16.2	\$22.7	\$47.4	\$67.5	\$66.0	\$62.8	
		Sales growth	NA	NA	39.6%	109.3%	42.3%	7.2%	(6.9%)	
		EBITDA	NA	(\$8.1)	(\$10.3)	(\$13.1)	(\$18.6)	(\$28.2)	NA	
		EBITDA Margin	NA	(49.8%)	(45.6%)	(27.7%)	(27.5%)	(42.7%)	NA	
		Market Cap	\$59.3							
		Enterprise Value	\$14.6							
		FYE: June 30 LTM: 31 Dec. 2008								
 (Jena, Germany)	<ul style="list-style-type: none"> biolitec was founded in 1988 and is based in Jena, Germany. It maintains operations in Europe, North America and Asia. biolitec engages in the production of photo sensitizers for use in photodynamic therapy as well as offering diode lasers, optical fibers and accessories for use in a wide range of medical fields. biolitec laser systems include: <ul style="list-style-type: none"> – ELVeSrange system which is bioletic's clinically proven vein laser system and mainly targets venous insufficiency. – EVOLVE laser system which targets the removal of bladder tumors, ureterostenosis, circumcisions, condyloma removal, hemorrhoid treatment and cyst removal. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008A	2008LTM	2009E	
		Sales	\$30.1	\$ 30.2	\$37.0	\$52.7	\$55.7	\$47.2	NA	
		Sales growth	35.5%	0.7%	16.9%	34.1%	(9.3%)	(18.2%)	NA	
		EBITDA	\$5.6	\$3.6	\$5.0	\$11.2	\$3.9	\$1.6	NA	
		EBITDA Margin	18.6%	12.0%	13.4%	21.2%	6.9%	3.4%	NA	
		Market Cap	\$38.5							
		Enterprise Value	\$39.8							
		FYE: June 30 LTM: 30 Sept. 2008								



Source: Company filings and selected institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

Profiles of Select Participants in the Aesthetic Medical Device Market (cont'd.)

Company	Description	Key Financial Data							
 (Wayland, Massachusetts)	<ul style="list-style-type: none"> Founded in 1969 and headquartered Wayland, Massachusetts. Candela Laser Systems: <ul style="list-style-type: none"> GentleLASE for permanent hair reduction, vascular lesions, wrinkle reduction and treatment of pigmented lesion. GentleYAG for hair reduction on various skin types, including tanned or dark skin, facial veins and general skin tightening. Vbeam which eliminates vascular lesions, including birthmarks, rosacea, legand facial veins as well as reduction redness, pigmentation, scars, warts and psoriasis, etc. Smoothbeam, a laser for treatment of acne and acne scars. Other Candela systems include: <ul style="list-style-type: none"> GentleMax, an aesthetic treatment workstation. AlexTriVantage which treats pigmented lesions and tattoo color removal. Serenity Pro which flattens skin with less pain versus traditional laser and intense light. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008A	2008LTM	2009E
		Sales	\$104.4	\$123.9	\$149.5	\$148.6	\$148.2	\$132.8	\$115.1
		Sales growth	32.8%	18.6%	20.6%	(0.6%)	(0.2%)	(11.0%)	(22.4%)
		EBITDA	\$14.6	\$14.4	\$21.2	\$5.0	(\$3.7)	(\$15.3)	NA
		EBITDA Margin	13.9%	11.7%	14.2%	3.4%	(2.5%)	(11.5%)	NA
		Market Cap	\$10.1						
		Enterprise Value	(\$16.7)						
		FYE: June 30							
		LTM: 31 Dec. 2008							
		 (Brisbane, California)	<ul style="list-style-type: none"> Founded in 1998, Cutera designs, manufactures and services lasers and light-based devices worldwide. Cutera offers products with three platforms: <ul style="list-style-type: none"> CoolGlide is a laser application used for hair removal, treatment of vascular lesions and Laser Genius, a skin rejuvenation technique. Xeo, a platform that can combine pulsed light and laser in a single device to enable hair removal and the treatment of vascular lesions and discoloration of the skin. Solera, a platform that is a compact tabletop system which uses either (Solera Titan) or pulsed light (Solera Opus). 	(\$ in millions)	2004A	2005A	2006A	2007A	2008A
Sales	\$52.6			\$75.6	\$100.7	\$101.7	\$83.4	\$91.9	\$82.6
Sales growth	34.7%			43.7%	33.2%	1.0%	(18.0%)	(13.1%)	(3.9%)
EBITDA	\$6.1			\$17.4	\$20.4	\$10.6	(\$4.1)	\$1.1	NA
EBITDA Margin	11.7%			23.0%	20.3%	10.4%	(4.9%)	1.2%	NA
Market Cap	\$76.9								
Enterprise Value	(\$20.3)								
FYE: Dec. 31									
LTM: 31 Dec. 2008									



Source: Company filings and selected institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

Profiles of Select Participants in the Aesthetic Medical Device Market (cont'd.)

Company	Description	Key Financial Data							
 (Westford, Massachusetts)	<ul style="list-style-type: none"> Founded in 1991, Cynosure develops and markets aesthetic treatment systems used by physicians and other licensed practitioners. Cynosure products are used for non-invasive procedures including hair removal, the treatment of vascular lesions, skin rejuvenation, and to reduce the appearance of cellulite, as well as other body contouring procedures. Cynosure products use a wide range of laser and other light-based energy sources within its 16 different aesthetic product systems. Cynosure Product Systems Include: <ul style="list-style-type: none"> – Apogee hair removal system – TriActive Lasers Dermology system targeting cellulite. – Cynergy System used on vascular lesions. – SmartLipo system for body sculpting. Cynosure is 60% owned by El.En. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM	2008E	2009E
		Sales	\$41.6	\$56.3	\$78.4	\$124.3	\$150.7	\$139.6	\$111.0
		Sales growth	53.5%	35.1%	39.3%	58.6%	34.2%	12.3%	(20.5%)
		EBITDA	\$2.5	\$6.4	\$8.0	\$22.4	\$27.9	NA	NA
		EBITDA Margin	6.1%	11.3%	10.2%	18.0%	18.5%	NA	NA
		Market Cap	\$106.8						
		Enterprise Value	\$34.9						
		FYE: Dec. 31 LTM: 30 Sept. 2008							
 (Wilmington, Massachusetts)	<ul style="list-style-type: none"> Founded in 1991, DUSA is an integrated dermatology pharmaceutical company that markets Levulan photodynamic therapy (PDT) and other products for common skin conditions. Its products include light-based products for acne treatment as well as a wide range of topical lotions which target inflammatory skin conditions. Its Levulan Kerastick 20% Topical Solution with PDT and its BLU-U brand light source is used to treat non-hyperkeratotic actinic keratoses affecting the scalp and the face. BLU-U is used without Levulan to treat acne and other dermatological conditions. DUSA topical solutions focus on acne prevention as well as general dermatological conditions. It also offers Nicomide, a prescription vitamin supplement for inflammatory skin conditions and ClindaReach, an applicator. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM	2008E	2009E
		Sales	\$8.0	\$11.3	\$25.6	\$27.7	\$30.1	\$29.4	\$33.6
		Sales growth	723.4%	41.9%	125.7%	8.1%	9.6%	6.1%	14.4%
		EBITDA	(\$12.8)	(\$15.3)	(\$10.9)	(\$9.1)	(\$5.3)	NA	NA
		EBITDA Margin	(158.8%)	(135.0%)	(42.7%)	(32.9%)	(17.7%)	NA	NA
		Market Cap	\$31.1						
		Enterprise Value	\$10.8						
		FYE: Dec. 31 LTM: 30 Sept. 2008							



Source: Company filings and selected institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

Profiles of Select Participants in the Aesthetic Medical Device Market (cont'd.)

Company	Description	Key Financial Data							
 (Salt Lake City, Utah)	<ul style="list-style-type: none"> Founded in 1983, Dynatronics provides physical medicine products and a wide range of aesthetic products in the United States and internationally. Its line of aesthetic products are marketed under the brand name of Synergie: <ul style="list-style-type: none"> – Synergie Elite Aesthetic Massage System - reduces cellulite through the use of vacuum technology. – Synergie Elite micro-derm abrasion device - focuses on improving skin and circulation in the neck and face regions. – Synergie Elite LT - enhances circulation, reduces puffiness and rejuvenates the skin's texture with light therapy. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008A	2008LTM	2009E
		Sales	\$20.6	\$20.4	\$19.5	\$17.8	\$32.6	\$32.7	NA
		Sales growth	21.8%	(0.9%)	(4.4%)	(8.6%)	82.7%	51.5%	NA
		EBITDA	\$1.9	\$1.6	\$0.7	\$0.3	(\$2.2)	(\$1.3)	NA
		EBITDA Margin	9.0%	8.0%	3.4%	1.4%	(6.8%)	(3.9%)	NA
		Market Cap	\$4.9						
		Enterprise Value	\$13.5						
		FYE: June 30 LTM: 30 Sept. 2008							
 (Goyang, Gyeonggi-do, South Korea)	<ul style="list-style-type: none"> Founded in 1997, Lutronic manufactures medical lasers in South Korea. MOSAIC fractional laser system delivers various arrays of randomized microscopic laser beams to the skin. This laser system targets acne scars, reducing wrinkles, repairing sun damaged skin and generally restoring skin tone. Spectra VRM K/II has a wide application for dermatological and aesthetic procedures. VRM K/II has shown great success with benign pigmented lesions and the removal of unwanted tattoos. Spectra QT is used for epidermal and dermal lesions as well as for photo rejuvenations, non-ablative resurfacing, fine wrinkles, acne scars and reduction in pore size. Spectra ACTION is used to removal wrinkles, acne scars and de-pigmentation of benign epidermal lesions. Spectra SP offers precision accuracy for bloodless microsurgical procedures. Lutronic also produces a line of oral lasers marketed towards dentists. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM	2008A	2009E
		Sales	NA	\$5.6	\$6.5	\$16.9	\$20.9	NA	NA
		Sales growth	NA	NA	16.5%	159.5%	38.7%	NA	NA
		EBITDA	NA	\$1.0	\$1.2	\$4.6	\$5.0	NA	NA
		EBITDA Margin	NA	17.9%	17.9%	27.2%	23.9%	NA	NA
		Market Cap	\$25.4						
		Enterprise Value	\$26.5						
		FYE: Dec. 31 LTM: 30 Sept. 2008							



Source: Company filings and selected institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

Profiles of Select Participants in the Aesthetic Medical Device Market (cont'd.)

Company	Description	Key Financial Data							
 Palomar (Burlington, Massachusetts)	<ul style="list-style-type: none"> Founded in 1987, Palomar and its subsidiaries research, develop, manufacture and distribute lasers and light-based products along with disposable items and accessories used in conjunction with proprietary lasers. Palomar produces devices for hair removal, removal of vascular lesions, and the reduction of benign pigmented lesions, sun spots, freckles, tattoos, and acne. Its products are also used for skin resurfacing, the treatment of verrucae, skin tags, seborrheic keratosis, warts, and the reduction of the appearance of scars. Palomar jointly develops products with other aesthetic companies: <ul style="list-style-type: none"> Palomar has a license agreement with Gillette to develop and commercialize a home-use light-based hair removal device. Palomar has a license agreement with Johnson & Johnson to develop, clinically test and commercialize a home-use light-based device used to reduce body fat as well as fight acne. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008A	2008LTM	2009E
		Sales	\$54.4	\$76.2	\$126.5	\$122.9	\$87.3	\$87.3	\$76.1
		Sales growth	56.5%	39.9%	66.2%	(2.9%)	(29.0%)	(29.0%)	(13.1%)
		EBITDA	\$10.0	\$17.1	\$34.6	\$24.4	\$2.9	\$2.9	NA
		EBITDA Margin	18.5%	22.5%	27.3%	19.9%	3.4%	3.4%	NA
		Market Cap	\$168.1						
		Enterprise Value	\$51.4						
		FYE: Dec. 31 LTM: 31 Dec. 2008							
 PhotoMedex Dermatology (Montgomeryville, Alabama)	<ul style="list-style-type: none"> Founded in 1987, PhotoMedex and its subsidiaries focus on medical devices as well as specialty pharmaceutical products. The company operates in five main areas, Domestic XTRAC, International Dermatology Equipment, Skin Care (ProCyte), Surgical Services and Surgical Products. The Domestic XTRAC segment develops, manufactures and markets the XTRAC excimer laser systems as well as researching techniques for the treatment of inflammatory skin disorders. The International Dermatology Equipment segment sells dermatology laser systems to distributors as well as directly to physicians. PhotoMedex markets the VTRAC, a lamp-based ultraviolet B therapy for psoriasis and vitiligo. ProCyte segment sells skin health care products. The surgical segments sells lasers used in contact and non-contact procedures. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM	2008E	2009E
		Sales	\$17.7	\$28.4	\$33.2	\$38.7	\$43.7	NA	NA
		Sales growth	23.9%	60.0%	16.9%	16.6%	45.0%	NA	NA
		EBITDA	(\$3.1)	(\$1.7)	(\$2.8)	(\$0.6)	(\$0.1)	NA	NA
		EBITDA Margin	(17.4%)	(5.9%)	(8.4%)	(1.5%)	(0.2%)	NA	NA
		Market Cap	\$19.8						
		Enterprise Value	\$23.3						
		FYE: Dec. 31 LTM: 30 Sept. 2008							


Source: Company filings and selected institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

Profiles of Select Participants in the Aesthetic Medical Device Market (cont'd.)

Company	Description	Key Financial Data							
 SOLTAMEDICAL (Hayward, California)	<ul style="list-style-type: none"> In December 2008, Thermage Inc. and Reliant Technologies merged to form Solta Medical, focusing on delivering top quality aesthetic devices to physicians and patients. Thermage, founded in 1995, was a pioneer in non-invasive skin tightening and contouring. Reliant Technologies Inc., founded in 2001, focused on fractional laser technology used to resurface and was the developer of the Fraxel platform of lasers. Solta markets the Thermage radiofrequency technology focusing on skin tightening. The Thermage system is the only device using monopolar capacitive radiofrequency (RF) energy. The Fraxel laser system uses laser technology for skin resurfacing and rejuvenation. The Fraxel system treats the skin's surface with thousands of microscopic laser columns. The Fraxel system reduces the appearance of wrinkles, age spots, acne scars, discoloration and other signs of aging. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM	2008E	2009E
		Sales	\$50.4	\$40.7	\$54.3	\$63.1	\$63.7	\$60.4	\$104.8
		Sales growth	102.3%	(19.3%)	33.6%	16.2%	4.0%	(4.4%)	73.6%
		EBITDA	\$6.0	(\$6.0)	(\$2.5)	\$1.9	\$0.7	NA	NA
		EBITDA Margin	11.9%	(14.7%)	(4.7%)	3.0%	1.1%	NA	NA
		Market Cap	\$55.3						
		Enterprise Value	\$9.4						
		FYE: Dec. 31							
		LTM: 30 Sept. 2008							
		 Syneron™ Powered by eILOS (Yokneam Illit, Israel)	<ul style="list-style-type: none"> Founded in 2000, Syneron designs and develops a wide range of aesthetic products based on its ELOS technology which uses bi-polar radio frequency. The company is based in Israel, but maintains a strong presence in the United States, Canada, Germany and Hong Kong. The company's products are used in non-invasive aesthetic medical procedures including hair removal, skin rejuvenation, as well as in the use of laser-assisted lipolysis, treatment for temporary reduction in the appearance of cellulite and thigh circumference, reduction in general body circumference as well as in dental laser products. Syneron Products Include: <ul style="list-style-type: none"> VelaSmooth - cellulite reduction, contouring. eLight - skin rejuvenation, hair removal, ablative fractional skin resurfacing. eLaser - wrinkle reduction, hair removal, leg veins and vascular problems. Syneron also makes lasers for dermal applications. 	(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM
Sales	\$57.9			\$87.4	\$117.0	\$141.0	\$138.9	\$126.3	\$101.6
Sales growth	65.4%			50.9%	33.8%	20.5%	0.7%	(10.4%)	(19.5%)
EBITDA	\$25.7			\$39.3	\$35.4	\$32.3	\$26.1	\$16.5	\$16.2
EBITDA Margin	44.4%			45.0%	30.2%	22.9%	18.8%	13.1%	16.0%
Market Cap	\$205.3								
Enterprise Value	\$85.2								
FYE: Dec. 31									
LTM: 30 Sept. 2008									

Source: Company filings and institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

Profiles of Select Participants in the Aesthetic Medical Device Market (cont'd.)

Company	Description	Key Financial Data							
		(\$ in millions)	2004A	2005A	2006A	2007A	2008LTM	2008E	2009E
 (San Jose, California)	<ul style="list-style-type: none"> • Founded in 1995, VNUS provides medical devices for the minimally invasive treatment of venous reflux disease which affects the vein valves in the legs of patients. • VNUS Medical's flagship product remains the VNUS Closure system. The device consists of a proprietary radio-frequency (RF) generator and disposable endovenous catheter to close diseased veins through the introduction of RF energy. • VNUS offers other devices for use in the minimally invasive treatment of other peripheral vascular diseases including peripheral arterial bypass and arteriovenous access procedures. • VNUS maintains a product line focused on removal of varicose veins which includes vein access equipment along with catheters. 	Sales	\$38.2	\$49.2	\$51.7	\$70.9	\$94.5	\$98.9	\$103.8
		Sales growth	74.8%	28.8%	5.1%	37.2%	48.5%	39.4%	5.0%
		EBITDA	\$3.1	\$4.5	(\$8.8)	(\$7.7)	\$11.1	\$17.9	\$17.2
		EBITDA Margin	8.0%	9.1%	(17.1%)	(10.9%)	11.8%	18.1%	16.6%
		Market Cap	\$271.9						
		Enterprise Value	\$193.7						
		FYE: Dec. 31							
		LTM: 30 Sept. 2008							

Source: Company filings and selected institutional research.
 Note: Market Cap and Enterprise Value as of 2/10/2009.
 Thomson Consensus Estimates.

4. Comparable Companies Analysis

- Most pure-play aesthetic medical device companies are relatively small, with market capitalizations generally below \$270 million.
- Two companies, Cutera and Candela have negative enterprise values, which indicate large cash reserves that could be used for acquisitions.
- However, negative enterprise values imply that these companies could be vulnerable to unsolicited bids by hostile acquirers, since the market indicates their businesses are worth less than their cash reserves.

Company	Share Price	52 week		Market Cap.	Ent. Value	Enterprise Value Multiples						Price/Earning			Price/Sales			P/BV	EV/MCap
		High	Low			Net Sales			EBITDA										
						LTM	2008A	2009E	LTM	2008A	2009E	LTM	2008A	2009E	LTM	2008A	2009E		
BioForm Medical, Inc.	\$1.34	\$6.50	\$0.74	\$58.8	\$14.2	0.2x	0.2x	0.2x	NM	NM	NM	NM	NM	NM	0.9x	0.9	0.9x	0.9x	0.2x
Biolitec AG	\$3.36	\$17.33	\$2.88	\$34.1	\$35.3	0.7	0.6	NM	22.3	9.2	NM	22.8	13.2	20.0	0.7	0.6	NM	0.5	1.0
Candela Corp.	\$0.42	\$4.65	\$0.31	\$9.8	(\$16.9)	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.1	0.1	0.1	0.1	-1.7
Cutera Inc.	\$6.53	\$14.38	\$5.90	\$78.6	(\$19.7)	NM	NM	NM	NM	NM	NM	80.7	NM	NM	0.9	0.9	1.0	0.7	-0.3
Cynosure, Inc.	\$7.69	\$27.66	\$6.64	\$101.6	\$29.6	0.2	0.2	0.3	1.1	NM	NM	5.7	10.6	36.2	0.7	0.7	0.9	0.7	0.3
DUSA Pharma, Inc.	\$1.26	\$2.58	\$0.87	\$30.3	\$10.1	0.3	0.3	0.3	NM	NM	NM	NM	0.0	0.0	1.0	1.0	0.9	1.6	0.3
Dynatronics Corporation.	\$0.43	\$1.20	\$0.17	\$5.9	\$14.5	0.4	0.4	NM	NM	NM	NM	NM	NM	0.0	0.2	0.2	NM	1.0	2.5
Lutronic Corporation	\$2.73	\$6.57	\$1.46	\$22.2	\$23.2	1.0	NM	NM	4.1	NM	NM	5.7	0.0	0.0	0.9	NM	NM	1.0	1.0
Palomar Medical Technologies	\$8.84	\$16.04	\$7.43	\$162.8	\$46.2	0.5	0.5	0.6	15.7	15.7	NM	NM	NM	94.5	1.9	1.9	2.1	1.1	0.3
PhotoMedex, Inc.	\$2.02	\$8.05	\$0.91	\$18.2	\$21.7	0.5	NM	NM	NM	NM	NM	NM	0.0	0.0	0.4	NM	NM	0.5	1.2
Syneron Medical Ltd.	\$1.25	\$4.88	\$1.08	\$54.4	\$8.4	0.1	0.1	0.1	12.5	NM	NM	NM	NM	24.7	0.9	0.9	0.5	0.5	0.2
Solta Medical	\$7.26	\$18.04	\$5.88	\$208.2	\$88.1	0.6	0.7	0.9	3.4	5.3	5.4	7.7	8.8	16.5	1.5	1.6	2.0	0.8	0.4
VNUS Medical Technologies	\$18.05	\$24.44	\$10.81	\$266.6	\$188.4	2.0	1.9	1.8	17.0	10.5	10.9	24.8	23.6	30.4	2.8	2.7	2.6	3.0	0.7

High	2.0x	1.9 x	1.8x	22.3x	15.7x	10.9x	80.7x	23.6x	94.5x	2.8x	2.7x	2.6x	3.0x	2.5x
Median	0.5	0.4	0.3	12.5	9.8	8.2	15.3	8.8	18.3	0.9	0.9	0.9	0.8	0.3
Mean	0.6	0.6	0.6	10.9	10.2	8.2	24.6	8.0	22.2	1.0	1.0	1.2	1.0	0.5
Low	0.1	0.1	0.1	1.1	5.3	5.4	5.7	0.0	0.0	0.1	0.1	0.1	0.1	(1.7)

Source: Company filings and Capital IQ.
 Note: Market Cap, Enterprise Value & Share Price as of 2/10/2009
 Thomson Consensus Estimates

5. Comparable Credit Analysis

- None of the pure-play companies in this sector have rated debt.
- Most companies have strong cash reserves, and given current market weakness we could see a drive for industry consolidation.

Company	Credit Rating S&P	Cash & Short Term Investments	Total Debt/EBITDA LTM	Net Debt/EBITDA LTM	EBITDA/Interest LTM	Debt/Equity ^(a) LTM
Bioform Medical, Inc.	NR	\$44.7	NM	NM	NM	NM
Biolitec AG	NR	\$10.8	3.0	0.7	169.1	0.2
Candela Corporation	NR	\$26.8	NM	NM	NM	NM
Cutera Inc.	NR	\$98.3	NM	NM	NM	NM
Cynosure, Inc.	NR	\$72.9	0.1	NM	NM	NM
DUSA Pharmaceuticals Inc.	NR	\$20.2	NM	NM	NM	NM
Dynatronics Corp.	NR	\$0.3	NM	NM	NM	1.5
Lutronic Corporation	NR	\$2.1	0.1	0.2	94.4	0.1
Palomar Medical Technologies Inc.	NR	\$122.6	2.0	NM	NM	NM
PhotoMedex, Inc.	NR	\$6.7	NM	NM	NM	0.3
Syneron Medical Ltd.	NR	\$45.9	NM	NM	NM	NM
Solta Medical, Inc.	NR	\$120.0	NM	NM	10.0	NM
Vnus Medical Technologies Inc.	NR	\$78.2	NM	NM	NM	NM

High	3.0x	0.7x	169.1x	1.5x
Median	1.1	0.5	94.4	0.2
Mean	1.3	0.5	91.2	0.5
Low	0.1	0.2	10.0	0.1

Source: Company filings and Capital IQ.

6. Recent Transactions

- Recent M&A activity in this space was capped off with Johnson & Johnson's \$1 billion acquisition of Mentor Corporation, which signals a significant move by J&J into the aesthetic medicine space - it is now one of the two chief manufacturers of breast implants, along with Allergan, which acquired Inamed Corporation in December 2005 for \$3.2 billion.
- This points to a long term trend towards market consolidation by large cap buyers, which could drive valuation higher in the longer term, especially when the current economic climate improves and retail spending returns to growth.
- There has been significant private equity and venture capital interest in this space. Recent investors include Perseus, Domain Associates, Split Rock Partners, Morgenthaler, Essex Woodlands Health Ventures, Vivo Ventures, Teknoinvest, Goldman Sachs Asset Management, Orbimed, and TIAA-CREF.

Announcement Date	Target/Issuer	Target Description	Transaction Type	Total Value (\$ millions)	Acquiror/ Investors	Sellers
12/1/2008	Mentor Corp.	Mentor engages in the development, manufacture, licensing and marketing of various products for the aesthetic and general surgery markets. Its products for the aesthetic surgery markets include various types of breast implants, capital equipment and consumables used for soft tissue aspiration or body contouring, extremity tissue expanders as well as facial rejuvenation products.	Acquisition	1,047.1	Johnson & Johnson	Vontobel Invest, etc.
11/4/2008	Inlight Corporation	Inlight engages in the research and technology development of lasers.	Acquisition	NA	Syneron Medical Ltd.	
10/23/2008	BaroNova, Inc.	BaroNova is focused on developing non-surgical, non-pharmacologic therapies for the treatment of obesity.	Private Placement	7.5	Allegan, Inc.	
8/4/2008	Photo Therapeutics Limited	Photo Therapeutics, Ltd. researches, develops and manufactures non-laser light sources for use in medical and cosmetic applications.	Acquisition	20.2	PhotoMedex, Inc.	Sigma Capital Group plc
8/4/2008	PhotoMedex, Inc.	PhotoMedex operates as a specialty medical device company and specialty pharmaceutical company. The company's medical devices are used for dermatological procedures.	Private Placement	18.0	Perseus Partners VII, L.P., Perseus, L.L.C.	

Source: Company filings and Capital IQ.

Recent Transactions (cont'd.)

Announcement Date	Target/Issuer	Target Description	Transaction Type	Total Value (\$ millions)	Acquiror/ Investors	Sellers
7/7/2008	Reliant Technologies, Inc.	Reliant engages in the development, design and marketing of non-surgical therapies for the treatment of various skin conditions under the brand name of Fraxel.	Acquisition	104.7	Thermage, Inc. (nka Solta Medical)	Delphi Ventures, MeriTech Capital Partners, Three Arch Partners
6/16/2008	LipoSonix, Inc.	LipoSonix is a medical device company which develops non-invasive body sculpting products for aesthetic applications.	Acquisition	300.0	Medicis Pharmaceutical Corp.	The Carlyle Group, Versant Ventures, SV Life Sciences, Accuitive Medical Ventures, Delphi Ventures, Essex Woodlands Health Ventures and Pinnacle Ventures
5/12/2008	CyDen Limited	CyDen is a medical device company focused on the design and manufacture of products using intense pulsed light technology.	Private Placement	5.5	Longbow Capital, LLP, Unilever Ventures	
4/29/2008	Advanced Cosmetic Intervention, Inc.	Advanced Cosmetic Intervention develops medical devices using bipolar radio frequency.	Acquisition	19.7	BioForm Medical, Inc.	Advanced Cosmetic Intervention, Inc.
3/14/2008	Diomed Holdings, Inc.	Diomed engages in the development and commercialization of minimally invasive medical procedures that use laser technologies with disposable products.	Acquisition of certain operating assets	7.0	biolitec AG	Diomed Holdings Inc.
2/1/2008	Miramar Labs, Inc.	Miramar manufactures medical devices and electromechanical solutions for cosmetic surgeries.	Private Placement	22.0	Domain Associates, L.L.C., Morgenthaler, Split Rock Partners, LLC	
12/20/2007	Grupo Laser Idroseme SL	Based in Spain, Grupo Laser Idroseme S.L. distributes states lasers, laser systems and OEM tailored laser sources and systems.	51% acquisition of equity	1.1	Quanta System SpA	Grupo Laser Idroseme S.L.

Source: Company filings and Capital IQ.

Recent Transactions (cont'd.)

Announcement Date	Target/Issuer	Target Description	Transaction Type	Total Value (\$ millions)	Acquiror/ Investors	Sellers
10/29/2007	DUSA Pharmaceuticals Inc.	DUSA is an integrated dermatology company, developing and marketing devices and products focused on combating inflammatory skin disorders.	Private Placement	11.0	Cranshire Capital L.P., Deerfield Management Company L.P., Deerfield Special Situations Fund International Limited, Downsview Capital, Inc., SRB Greenway Capital	
8/31/2007	IRIDEX Corp.	IRIDEX provides therapeutic based laser systems and delivery devices to treat eye diseases as well as dermatological conditions.	Private Placement	5.0	Blueline Capital Partners L.P.	
6/26/2007	WaveLight Aesthetic GmbH	WaveLight Aesthetic produces and develops dermatology and aesthetic laser devices. The company is based in Germany and was a subsidiary of WaveLight AG.	Acquisition	6.2	Quantel Medical SA	WaveLight AG
6/4/2007	Lumenis Ltd.	Lumenis designs, manufactures and markets medical devices which employ laser, light and radiofrequency based systems for the aesthetic, surgical, dental and veterinary markets.	Private Placement	23.4	Ofer Hi-Tech Investment Ltd.	
5/4/2007	BioForm Medical, Inc.	BioForm is a medical aesthetics company, focused on the development and commercialization of aesthetic products used by physicians.	Private Placement	12.0	BioAsia Crossover Fund, L.P., Biotechnology Development Fund IV, L.P., Carruthers Dermatology Centre Inc., Essex Woodlands Health Ventures VI, L.P., PTV Sciences L.P., Teknoinvest AS, Vivo Ventures LLC, WS Investments	

Source: Company filings and Capital IQ.

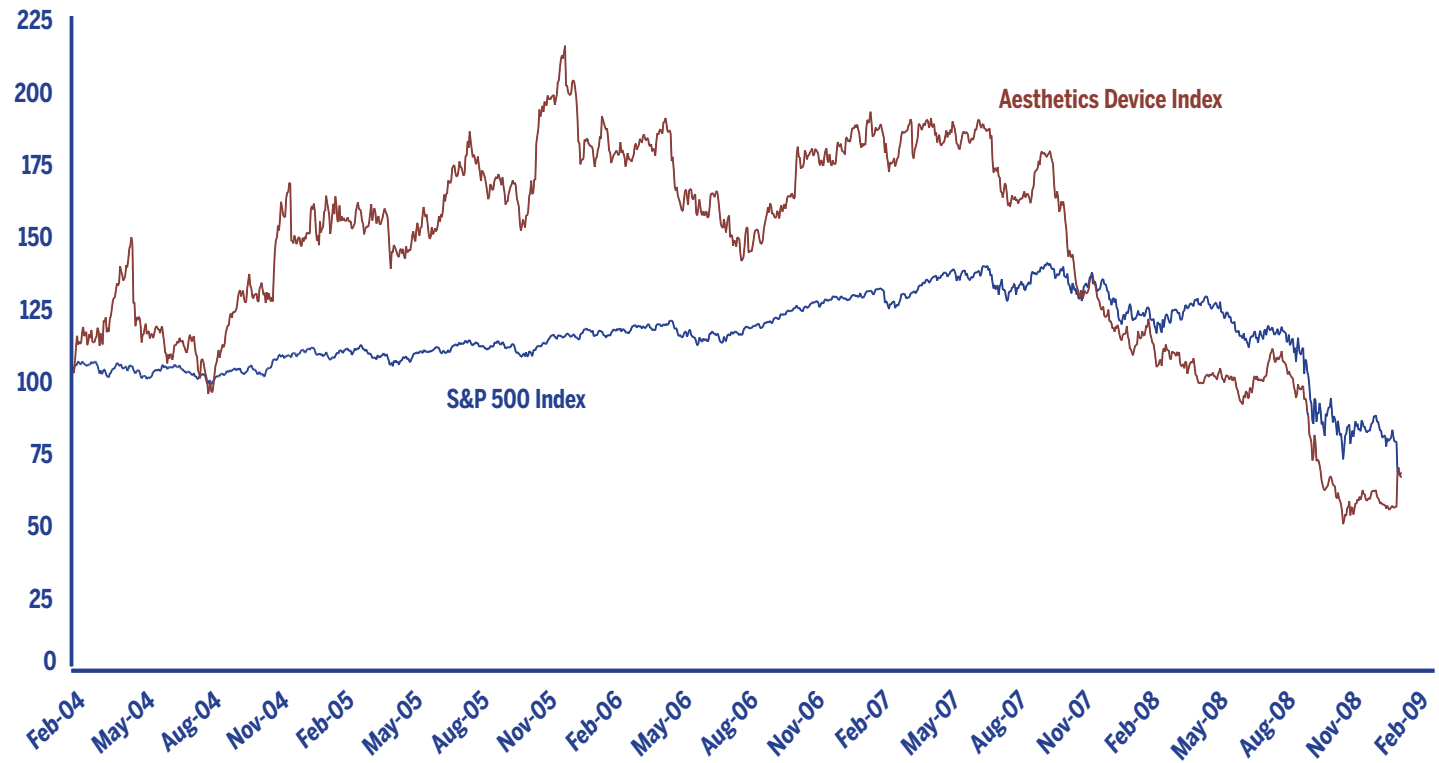
Recent Transactions (cont'd.)

Announcement Date	Target/Issuer	Target Description	Transaction Type	Total Value (\$ millions)	Acquiror/ Investors	Sellers
4/18/2007	Sientra Inc.	Sientra Inc. develops and markets medical devices for the plastic surgery and aesthetics markets.	Private Placement	85.0	Clarus Ventures, Goldman Sachs Group - Merchant Banking Division, OrbiMed Advisors, L.L.C., Teachers Insurance and Annuity Association College Retirement Equities Fund	
4/18/2007	Silimed, Inc.	Silimed is a plastic surgery company focused on implants, such as breast, cranial and pectoral reconstruction for both the aesthetic and reconstructive markets.	Acquisition	NA	Sientra, Inc.	
3/6/2007	Inolase Ltd.	Inolase develops pneumatic skin flattening technology using high energy lasers and IPLs.	Acquisition	16.5	Candela Corporation	Inolase Ltd.
12/7/2006	Cynosure China	Cynosure China engages in the development, manufacture and marketing of aesthetic treatment systems that are used by physicians and other practitioners in noninvasive procedures.	Acquisition	NA	Cynosure, Inc.	Suzhou 66 Vision-Tech Co., Ltd.
11/30/2006	Laserscope	Laserscope develops, manufactures and markets medical laser systems and related energy delivery devices for urology, dermatology and aesthetic surgery.	Acquisition	28.0	IRIDEX Corporation	American Medical Systems Holdings, Inc.
10/3/2006	Lumenis Ltd.	Lumenis designs, manufactures and markets medical devices which employ laser, light and radiofrequency based systems for the aesthetic, surgical, dental and veterinary markets.	Private Placement	120.0	Ofer Hi-Tech Investment Ltd.	
3/23/2006	Alma Lasers, Ltd.	Alma Lasers, Ltd. is a medical technology company, engaging in design, development and manufacture of non-invasive, energy-based aesthetic treatment systems.	Recapitalization	90.0	TA Associates, Inc.	

Source: Company filings and Capital IQ.

7. Indexed Stock Price Performance

- The chart below shows the Brocair synthetic index comprised of the thirteen profiled public companies. The index is market cap weighted and normalized to a base figure of 100.



Source: Capital IQ.

8. Disclaimer

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9. Contact Information

Brocair Partners LLC, based in New York, was formed in 2004 to provide mergers & acquisitions advisory services, equity and debt placement services, and strategic advice to middle-market public and private healthcare companies. Brocair Partners has advised a range of public and private companies across healthcare segments that include pharmaceuticals, medical devices, nutrition and pharmacosmetics, healthcare business services and information technology, and pharmaceutical ingredients and intermediates, both in the United States and abroad. Brocair Partners is the exclusive healthcare sector member firm covering the United States within Mergers Alliance.

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Brocair Partners LLC

Healthcare Investment Banking
317 Madison Avenue, 21st Floor
New York, NY 10017
Main: 212.500.5015
Fax: 917.591.3200

Gregg Blake, Managing Partner

Direct: 212.500.5020
gblake@brocair.com

Rusty Ray, Partner

Direct: 212.500.5016
rray@brocair.com

Michael Gleeson, Vice President

Direct: 212.500.5019
mgleeson@brocair.com

Joan Cruells, Associate

Direct: 212.500.5018
jcruells@brocair.com

Joshua Giesey, Associate

Direct: 212.500.5017
jgiesey@brocair.com