

8. How come BMG contributes very little to Globus' pro forma bottom line, per the quarterly filings? Even after inter-company eliminations, shouldn't a company with \$9.1 million in Adjusted EBITDA add profits when it is purchased? Their margins were almost 300 basis points more than Globus' at purchase, shouldn't it have been accretive?

From a financial statement perspective, the cash benefits to Globus from the acquisition were immediate, but the profit and loss benefits would take time to realize based on accounting principles. As we've publicly stated on several occasions, BMG's profit becomes part of Globus Medical's inventory and is recognized on our income statement as that inventory is sold. As we stated during recent earnings calls, the income statement benefit to Globus Medical from the BMG acquisition was approximately \$900,000 in 2015 and is expected to be approximately \$5.5 million in 2016. From our perspective, the deal was accretive from day one and those benefits will continue to grow over time.