

**9. What justifies BMG's purchase price? In 2013 Nuvasive purchased ANC, a contract manufacturer of complex spinal devices, that did ~\$20mm in sales, whose square footage and headcount were roughly 80% of BMG, for \$4.5mm. Why did BMG warrant \$63.5mm more than ANC in price tag?**

We evaluated the acquisition and the resulting purchase price based on information regarding other transactions of similar size and scope. Furthermore, an independent committee of our board of directors engaged Houlihan Lokey to issue a fairness opinion regarding the acquisition. The result of their analysis was that companies like BMG were being valued using 2014 EBITDA multiples between 5.5x and 7.0x. We acquired BMG for 5.7 times 2014 EBITDA.

We do not know anything about ANC or its business when Nuvasive bought it, but BMG was a profitable business, and the valuation we paid was at the low end of the range for businesses of its type.

To put the benefit of the transaction in perspective for you, Globus Medical is currently trading at approximately 11.6 times EBITDA.

**Follow up: Aren't fairness opinions often attached to transactions? Why isn't it in this case? A lesser point: In the transcript of Demski's 4Q14 CC, and other subsequent calls, I find no mention of the HL Fairness opinion. In 25 years working for and reporting on Wall St I don't think I've seen a serious company of GMEDs stripe/size not publicly reference a fairness opinion in discussing a material deal.**

**I know you weren't President at the time but surely there is a reason.**

I'm not sure what transactions you've evaluated in the past, but in my experience we took all of the steps that would be appropriate for an acquisition of this nature, including establishing an independent committee of the board of directors and engaging a quality investment bank like Houlihan Lokey to advise the committee on the transaction and to issue a fairness opinion regarding it.