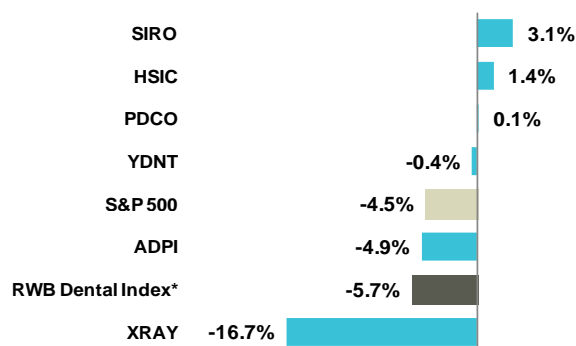


Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index down 5.7% vs. S&P down 4.5%. YTD leaders include SIRO (+3%), HSIC (+1%), PDCO (flat), and YDNT (flat), while laggards are XRAY (-17%) and ADPI (-5%).
- **Week ending July 16:** RWB Dental Index down 2.9% vs. S&P down 1.2%, with ADPI (+0.1%), PDCO (-2.4%), and HSIC (-2.8%) the top performers.
- **Valuation – vs. historical.** All six of our dental names under coverage currently trade at an NTM P/E multiple below their respective five-year averages.
- **Valuation – relative.** Relative to the S&P 500, the entire dental group trades at a 1.20x multiple vs. five-year average of 1.31x.

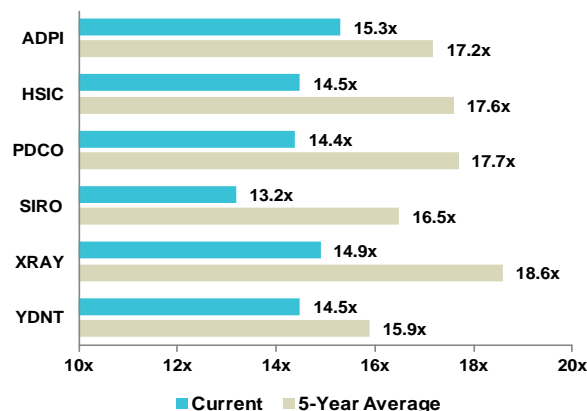
Dental YTD Performance



*RWB Dental Index includes ADPI, ALGN, BLTI, BDMS, HSIC, PDCO, SIRO, XRAY, & YDNT

Source: FactSet

Dental Valuation – NTM P/E



Source: FactSet

Dental Billings

Key Practice Metrics

- **Number of Patients Seen (2,500+ offices):** Week ending July 10 -3% y/y, trailing four weeks +6% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending July 10 flat y/y, trailing four weeks +11% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending July 10 +3% y/y, trailing four weeks +11% y/y.
- **Endodontics (1,000+ offices):** Week ending July 10 +6% y/y, trailing four weeks flat y/y.
- **Crowns (2,500+ offices):** Week ending July 10 -4% y/y, trailing four weeks +2% y/y.
- **Dental Implants (300+ offices):** Week ending July 10 -15% y/y, trailing four weeks +15% y/y.
- ******NOTE: We believe 4th of July timing likely negatively influenced this week's y/y results******

Calendar of Events

- July 21: YDNT reports Q2 results
- July 22: DHR & ZMH report Q2 results
- August 26-28: CEREC 25th Anniversary (Las Vegas)
- October 9-12: 2010 ADA annual session (Orlando)

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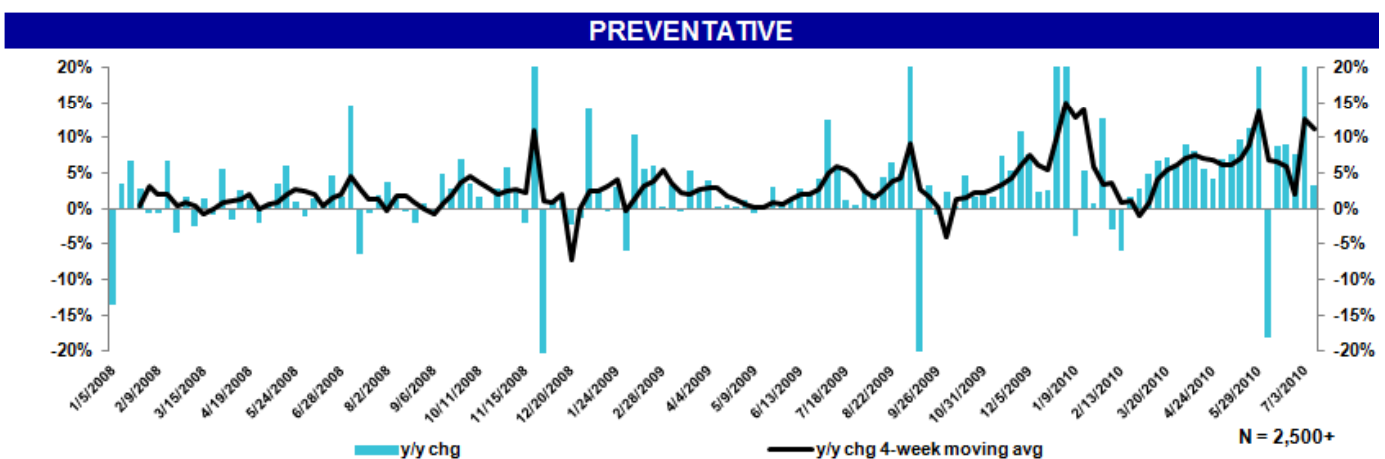
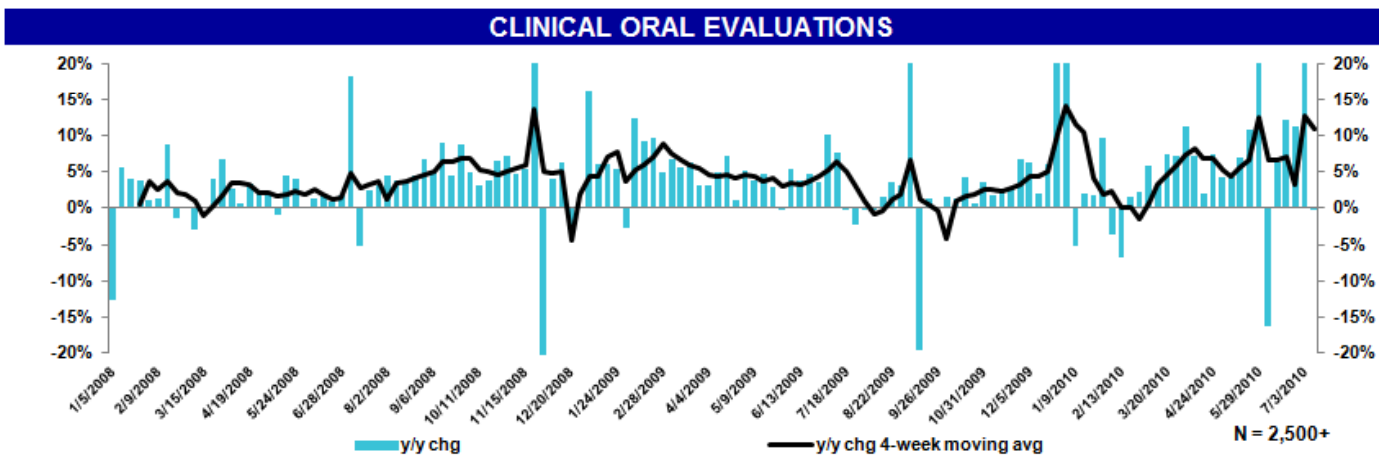
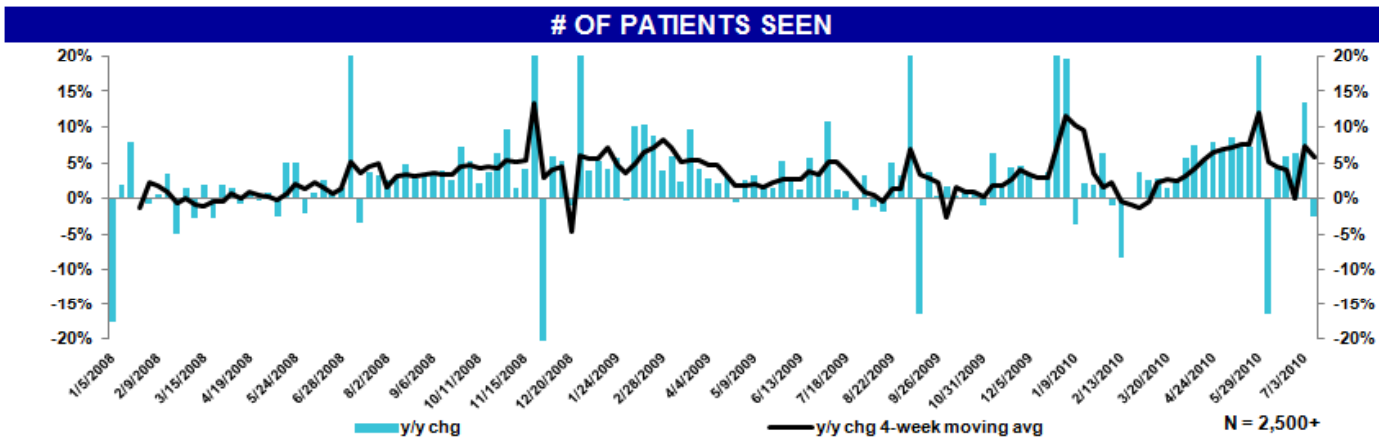
Recent News

- 7/14 – **1st Dental Laboratories**, a dental lab network in the UK, reported a 4.1% decline in revenue for the six months ended May 31, 2010. The company attributed a portion of the decline to the volcanic ash cloud that disrupted materials transport during April and May.
- 7/14 – **HSIC** will collaborate with Itamar Medical to develop the WatchPAT apnea and sleep disorder diagnostic device. If the device is successful and meets HSIC's expectations, HSIC may distribute the device to U.S. dentists.
- 7/14 – **Arseus**, provider of products and services to the European healthcare sector, released Q2 results that included a 0.9% decline in organic growth for its dental business. The company cited lower than expected sales of equipment in Belgium and France for the y/y decline as dentists deferred equipment purchases ahead of a number of H2-10 trade shows.
- 7/13 – **Biomet** reported FQ4 and FY'10 results, with management noting market growth that was beginning to show some signs of improvement. For the quarter-end May 31, Biomet reported 2% growth worldwide and 4% growth in the America's.
- 7/13 – **BLTI** announced it would eliminate 20 positions, an initiative that will save the company \$3 million on an annual basis. BLTI also announced CFO Brett Scott would be leaving the company as part of the restructuring.

General/Preventative Weekly Trends

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- **Number of Patients Seen:** -2.5% y/y for the week, trailing four-week average +5.7 y/y and down ~160bp on sequential basis.
- **Clinical Oral Evaluations:** -0.3% y/y for the week, trailing four-week average +11.0% y/y and down ~170bp on sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +3.3% y/y for the week, trailing four-week average +11.2% y/y and down ~140bp on sequential basis.

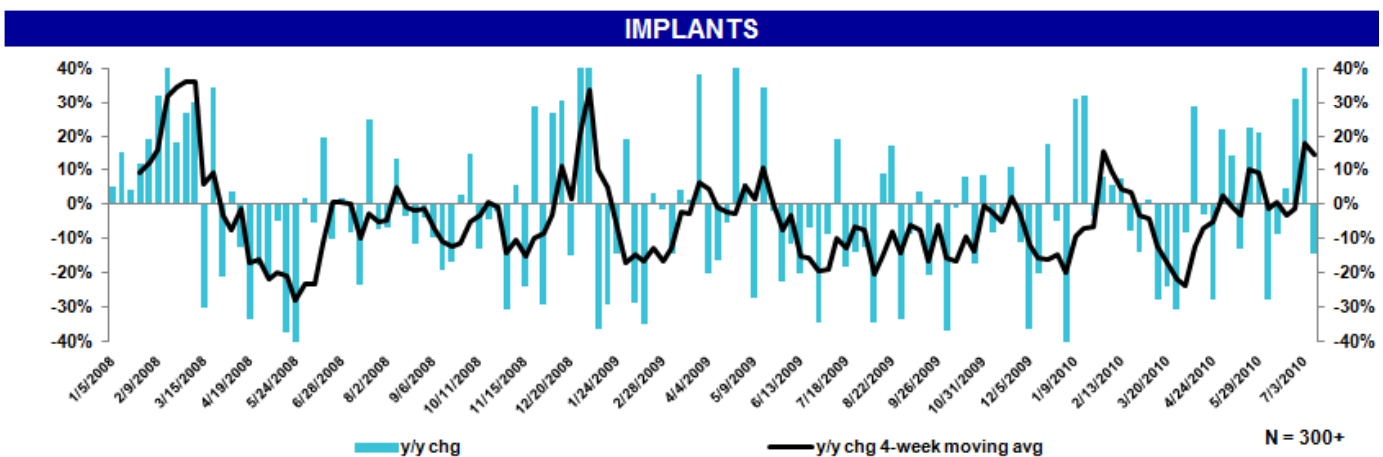
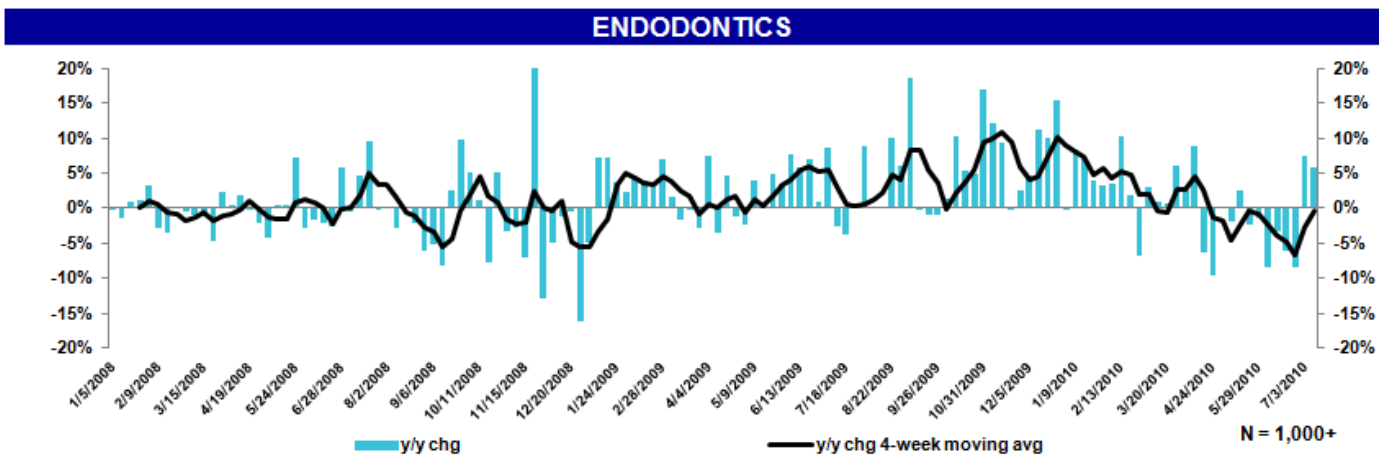
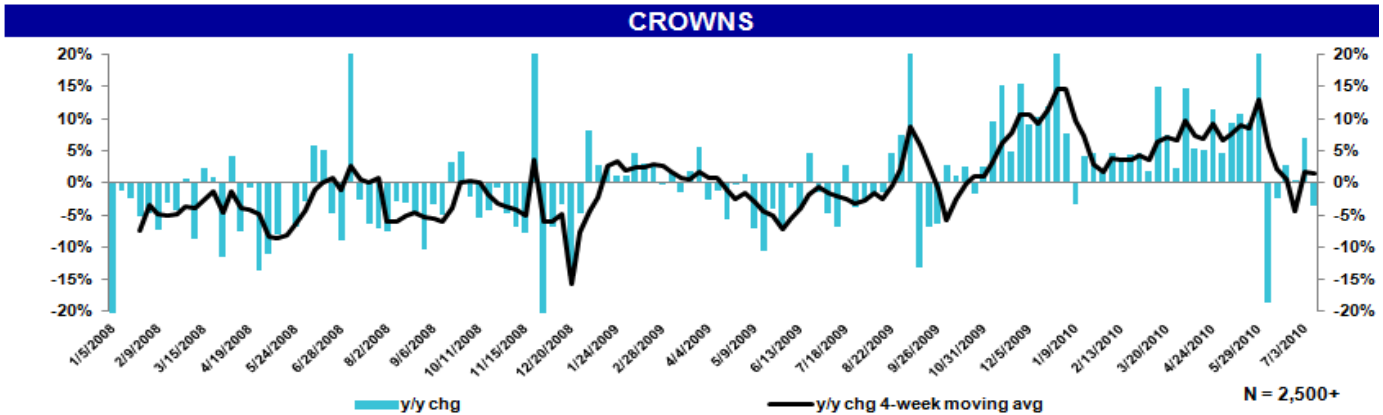


Source: Independent Data Source, Robert W. Baird & Co. Estimates

Restorative/Specialty Dental Trends

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- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; -3.6% y/y for the week, trailing four-week average +1.6% y/y and down ~20bp on sequential basis.
- **Endodontics (root canal procedures):** +5.8% y/y for the week, trailing four-week average -0.4% y/y and up ~230bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in dataset); -14.6% y/y for the week, trailing four-week average +14.5% y/y.



Source: Independent Data Source, Robert W. Baird & Co. Estimates

RWB Dental Coverage

Company Name	Ticker	Current Price	Rating
Dentsply Int'l.	XRAY	\$29.25	Outperform
Henry Schein	HSIC	\$53.34	Outperform
Patterson Dental	PDCO	\$27.92	Outperform
Sirona Dental Systems	SIRO	\$32.73	Outperform
American Dental Partners	ADPI	\$12.26	Outperform
Young Innovations	YDNT	\$24.63	Neutral

Source: Company Reports, Robert W. Baird & Co. Estimates

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Appendix – Important Disclosures and Analyst Certification



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