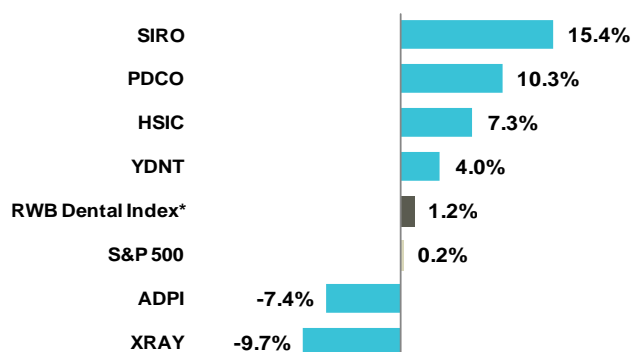


Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index up 1.2% vs. S&P up 0.2%. YTD leaders include SIRO (+15%), PDCO (+10%), and HSIC (+7%), while YTD laggards include XRAY (-10%) and ADPI (-7%).
- **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 1.24x multiple vs. five-year average of 1.32x.
- **Week ending June 18:** RWB Dental Index up 3.5% vs. S&P up 2.4%, with SIRO (+8.2%) and YDNT (+5.5%) the top performers.

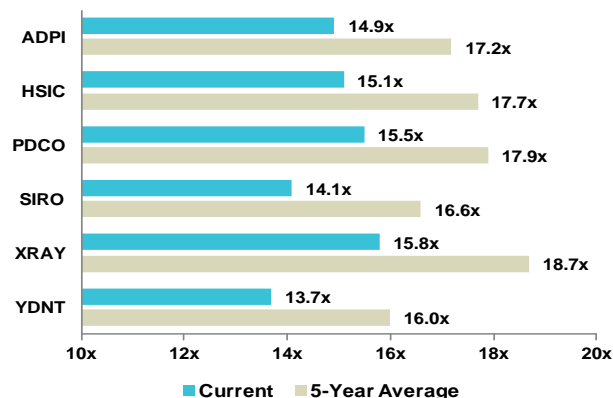
Dental YTD Performance



*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 June 12 +4% y/y, trailing four weeks +4% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending June 12 +6% y/y, trailing four weeks +7% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending June 12 +9% y/y, trailing four weeks +7% y/y.
- **Endodontics (1,000+ offices):** Week ending June 12 -3% y/y, trailing four weeks -4% y/y.
- **Crowns (2,500+ offices):** Week ending June 12 -2% y/y, trailing four weeks +2% y/y.
- **Dental Implants (300+ offices):** Week ending June 12 down 9% y/y, trailing four weeks +1% y/y.

Calendar of Events

- *Late July/Early August: Q2 Earnings Season*
- *August 26-28: CEREC 25th Anniversary (Las Vegas)*

Recent News

- 6/18 – Our field visit to **ADPI's** Associated Dental and Arizona Tooth Doctors offices in Phoenix gave us greater conviction that business trends are showing signs of stabilization, while risk to the company's Medicaid business may be less than we had been anticipating and future cash flow generation may prove greater than we originally thought.
- 6/17 – **PDCO** announced that it acquired the rehab business of DCC Healthcare, which operates and sells to customers in U.K., Australia, New Zealand, and other parts of continental Europe. The acquired businesses generate roughly \$70 million in annualized sales and will be neutral in PDCO's FY'11 and accretive thereafter.
- 6/16 – The **U.S. Senate** voted down a bill that would have further extended COBRA and increased Medicaid payments to states. Without this assistance, individual states may have to begin or continue cutting dental benefits for adults.
- 6/14 – **ADPI** announced its Board of Directors has approved a \$10 million share repurchase program, which based on a \$12 share price would represent ~5% of outstanding shares.

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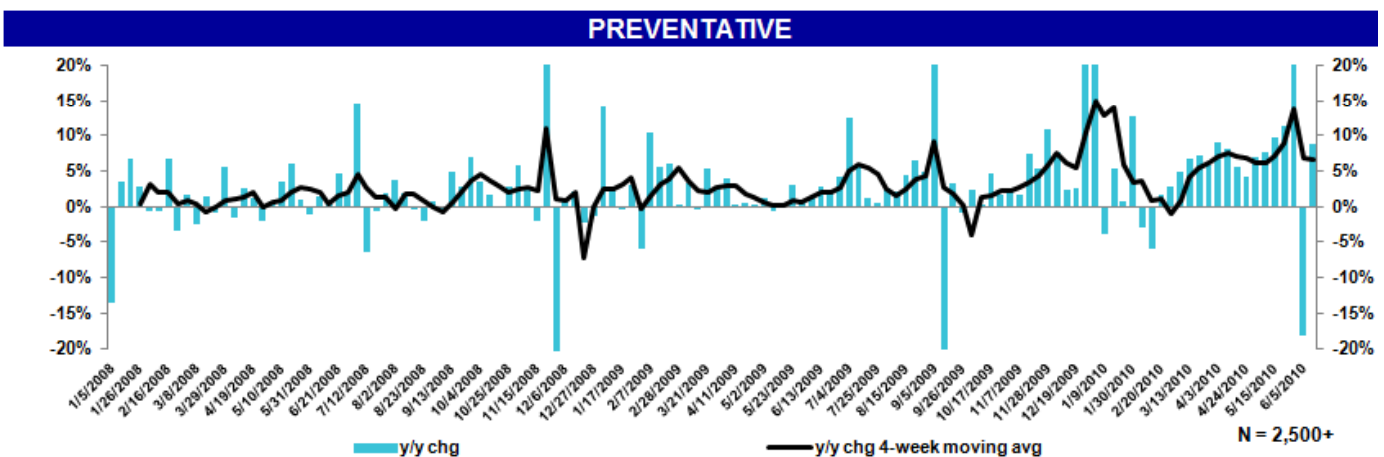
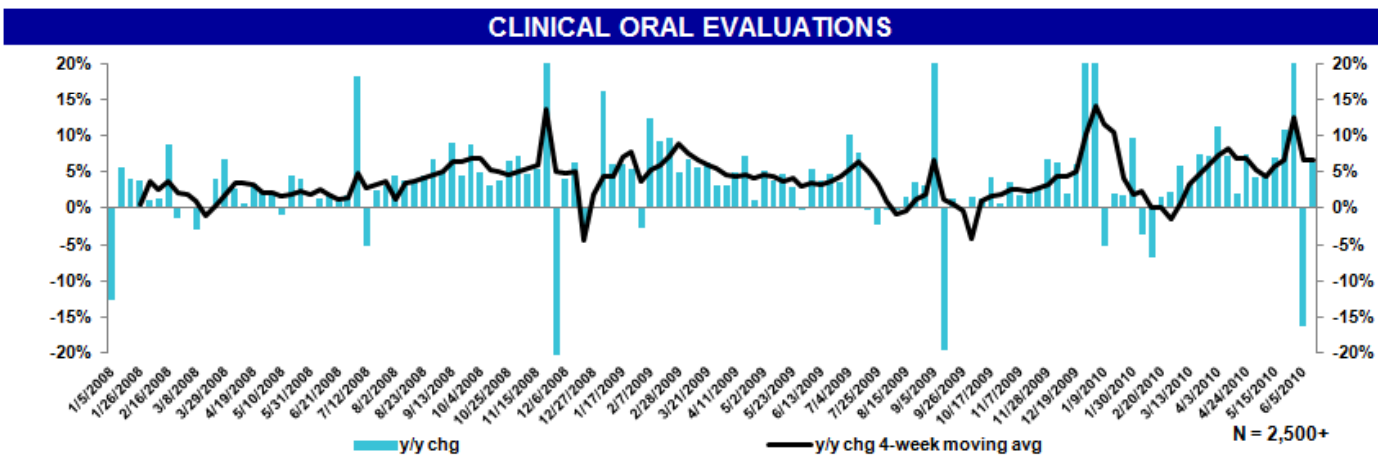
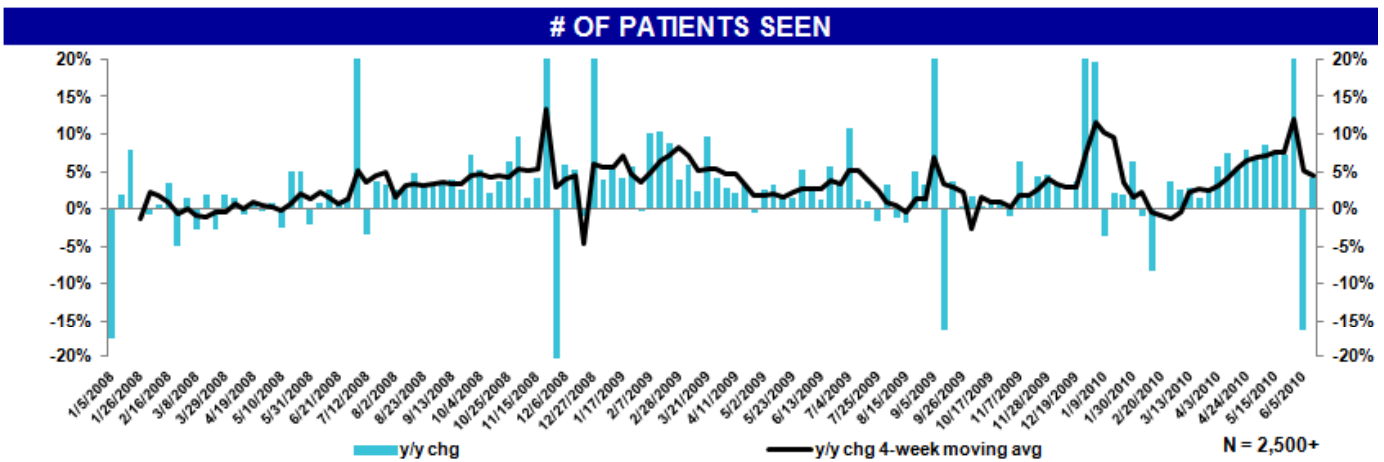
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Please refer to Appendix – Important Disclosures and Analyst Certification

General/Preventative Weekly Trends

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- **Number of Patients Seen:** +4.1% y/y for the week, trailing four-week average +4.4% y/y and down ~80bp on sequential basis.
- **Clinical Oral Evaluations:** +6.3% y/y for the week, trailing four-week average +6.6% y/y and down ~20bp on sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +8.7% y/y for the week, trailing four-week average +6.5% y/y and down ~20bp on sequential basis.



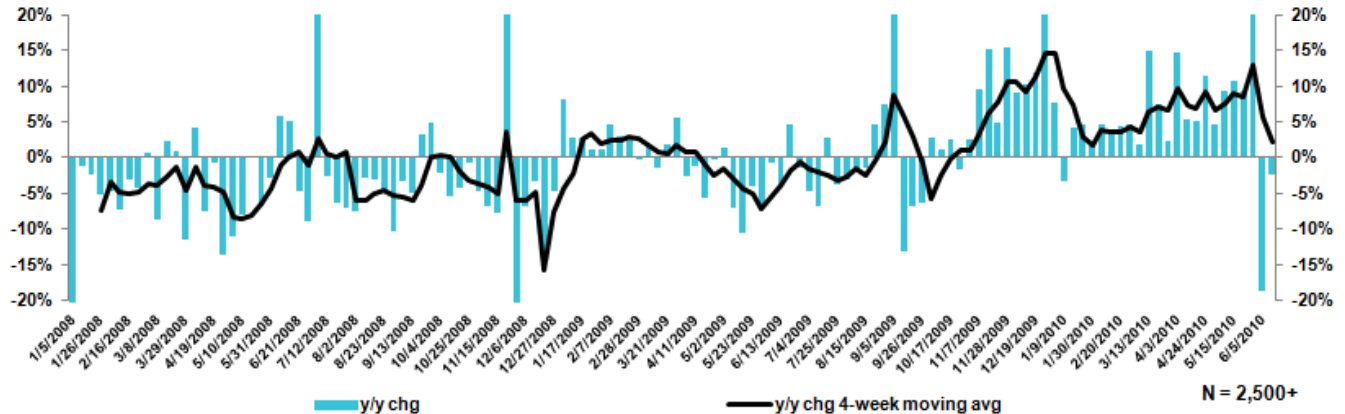
Source: Independent Data Source, Robert W. Baird & Co. Estimates

Restorative/Specialty Dental Trends

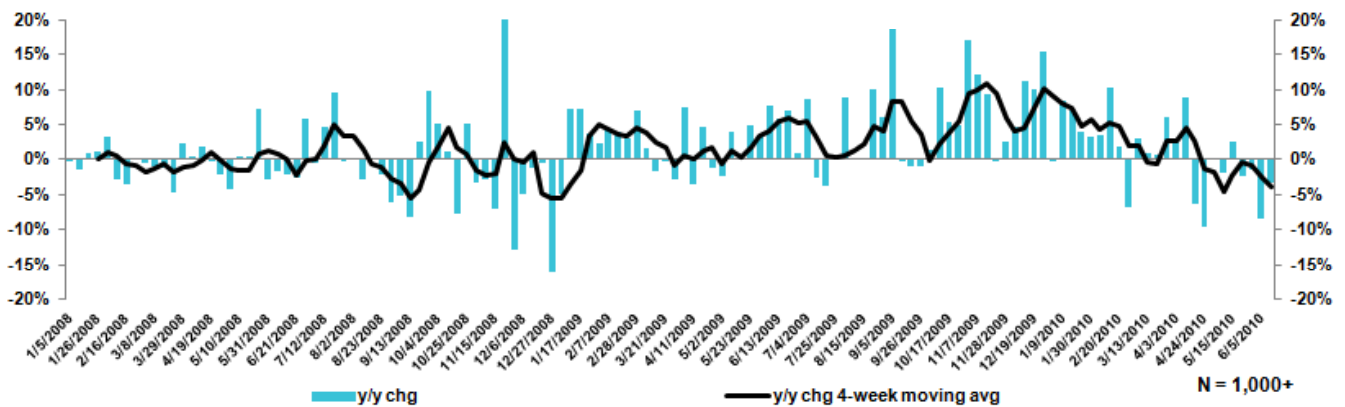
BAIRD

- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; -2.3% y/y for the week, trailing four-week average +2.3% y/y and down ~330bp on sequential basis.
- **Endodontics (root canal procedures):** -3.4% y/y for the week, trailing four-week average -4.0% y/y and down ~150bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in dataset); -8.9% y/y for the week, trailing four-week average +0.6% y/y.

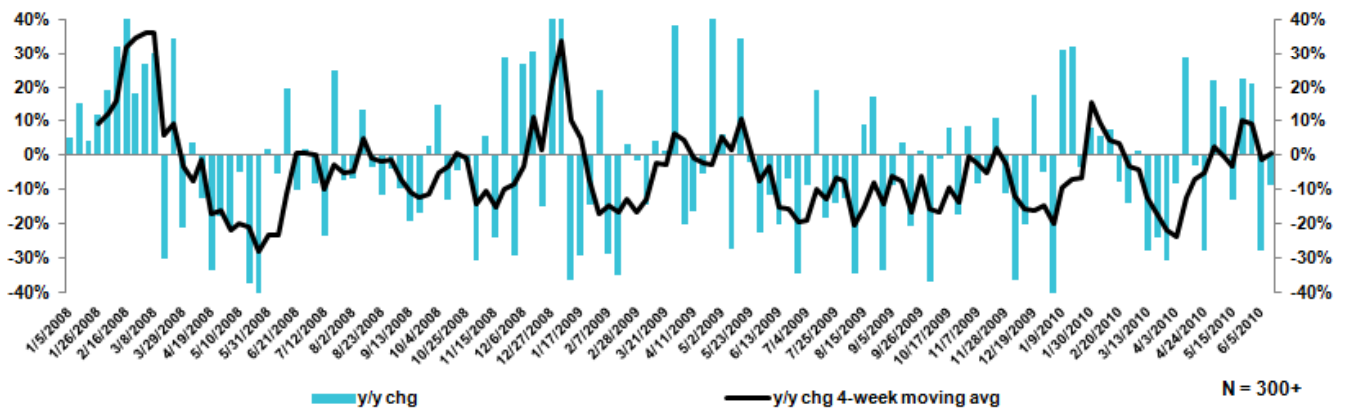
CROWNS



ENDODONTICS



IMPLANTS



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

RWB Dental Coverage

Company Name	Ticker	Current Price	Rating
Dentsply Int'l.	XRAY	\$31.72	Outperform
Henry Schein	HSIC	\$56.42	Outperform
Patterson Dental	PDCO	\$30.75	Outperform
Sirona Dental Systems	SIRO	\$36.63	Outperform
American Dental Partners	ADPI	\$11.94	Outperform
Young Innovations	YDNT	\$25.73	Outperform

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

Appendix – Important Disclosures and Analyst Certification



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Appendix – Important Disclosures and Analyst Certification



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