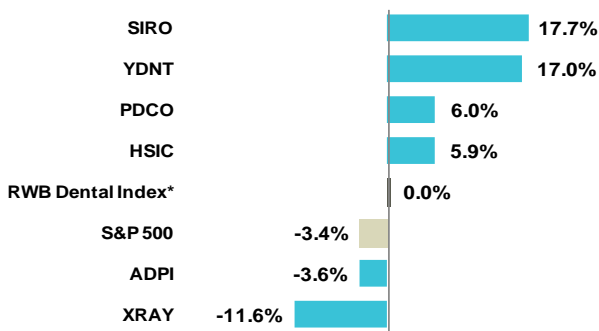


Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index flat vs. S&P down 3.4%. YTD leaders include SIRO (+18%), YDNT (+17%), PDCO (+6%), and HSIC (+6%), while the only YTD laggard is XRAY (-12%).
- **Week ending June 18:** RWB Dental Index down 1.2% vs. S&P down 3.6%, with YDNT (+13%), ADPI (+4%), and SIRO (+2%) 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 1.24x multiple vs. five-year average of 1.32x.

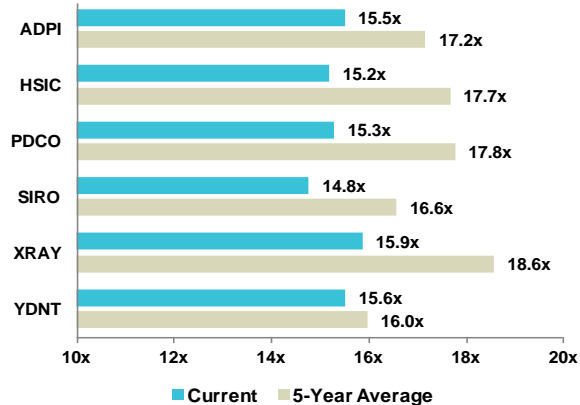
Dental YTD Performance



*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 19 +6% y/y, trailing four weeks +4% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending June 19 +12% y/y, trailing four weeks +7% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending June 19 +9% y/y, trailing four weeks +6% y/y.
- **Endodontics (1,000+ offices):** Week ending June 19 -6% y/y, trailing four weeks -5% y/y.
- **Crowns (2,500+ offices):** Week ending June 19 +3% y/y, trailing four weeks +1% y/y.
- **Dental Implants (300+ offices):** Week ending June 19 +7% y/y, trailing four weeks -3% y/y.

Calendar of Events

- *July 6-11: Academy Gen'l Dentistry meeting (New Orleans)*
- *Late July/Early August: Q2 Earnings Season*
- *August 26-28: CEREC 25th Anniversary (Las Vegas)*
- *October 9-12: 2010 ADA annual session (Orlando)*

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Recent News

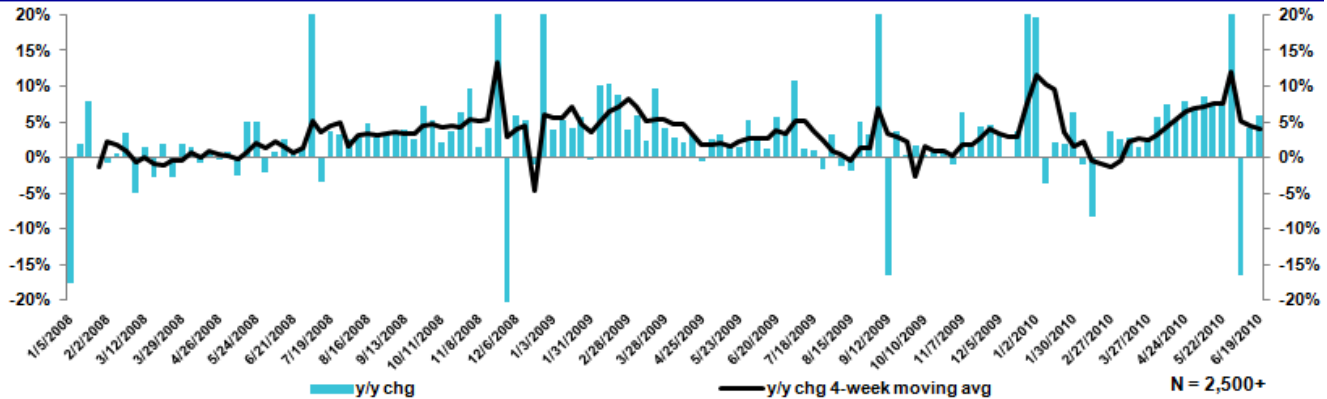
- 6/25 – Last Friday, shares of YDNT spiked 13%, ADPI was up 5%, and SIRO was up 4%, with trading volumes across all three names accelerating late in the day. It appears rebalancing of the Russell Indexes likely explained much of the late-day volume, with the Indexes being reconstituted after market close on the 25th.
- 6/24 – SIRO announced that CEREC Connect is now available for dentists in Great Britain and other international markets. CEREC Connect, which allows a digital impression to be taken in the dental office and digitally transmitted to a lab before the restoration is completed in the lab and returned 3-4 days later to the dental office, was previously available only in the U.S. and Germany.
- 6/23 – Dental implant manufacturer Biohorizons filed an S-1 with plans to raise \$100 million in a future IPO (proposed ticker BHZN). The company reported essentially flat revenues in 2009 (vs. what we estimate was a ~5% decline for the ww dental implant market in 2009) and 15% revenue growth in Q1-10 (vs. what we estimate was a flat ww dental implant market in Q1). Biohorizons estimates it is the sixth-largest dental implant manufacturer in North America, and we estimate the company has a low single-digit share of the U.S. dental implant market.

General/Preventative Weekly Trends

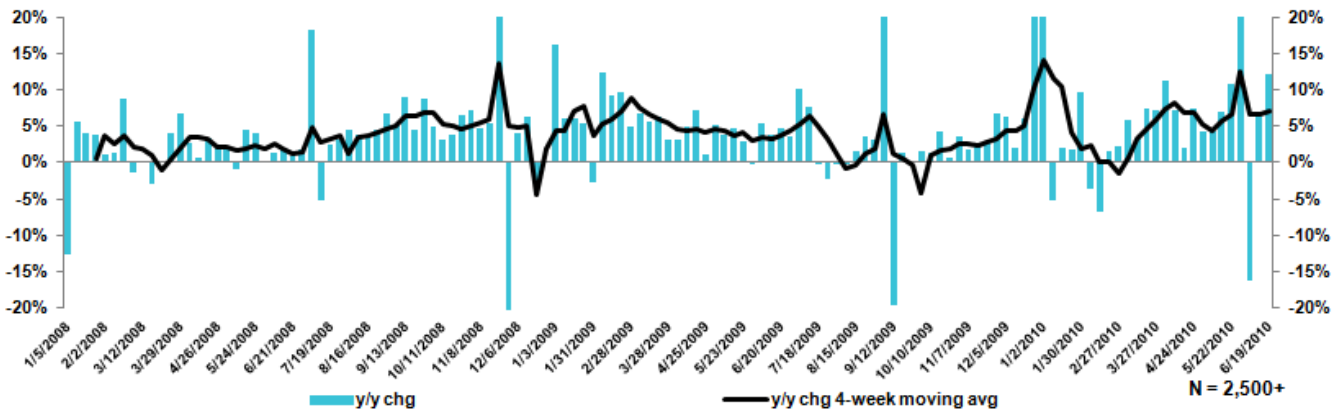
BAIRD

- **Number of Patients Seen:** +5.9% y/y for the week, trailing four-week average +4.1% y/y and down ~30bp on sequential basis.
- **Clinical Oral Evaluations:** +12.1% y/y for the week, trailing four-week average +7.0% y/y and up ~40bp on sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +8.9% y/y for the week, trailing four-week average +6.0% y/y and down ~50bp on sequential basis.

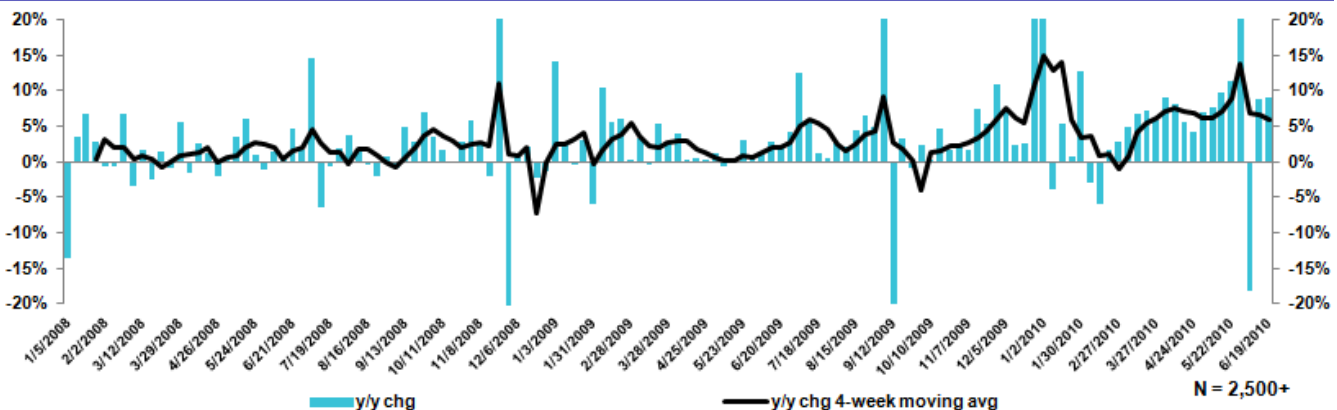
OF PATIENTS SEEN



CLINICAL ORAL EVALUATIONS



PREVENTATIVE

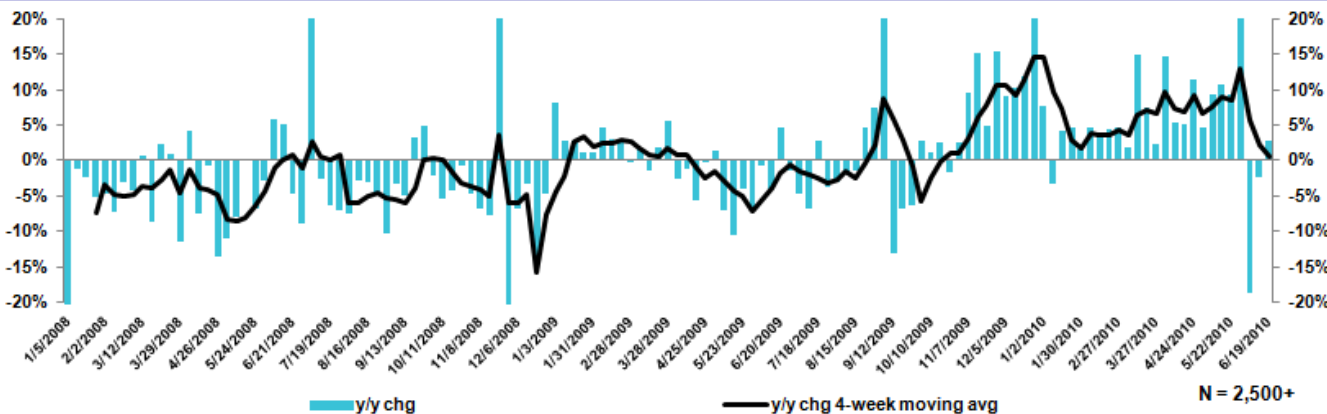


Source: Independent Data Source, Robert W. Baird & Co. Estimates

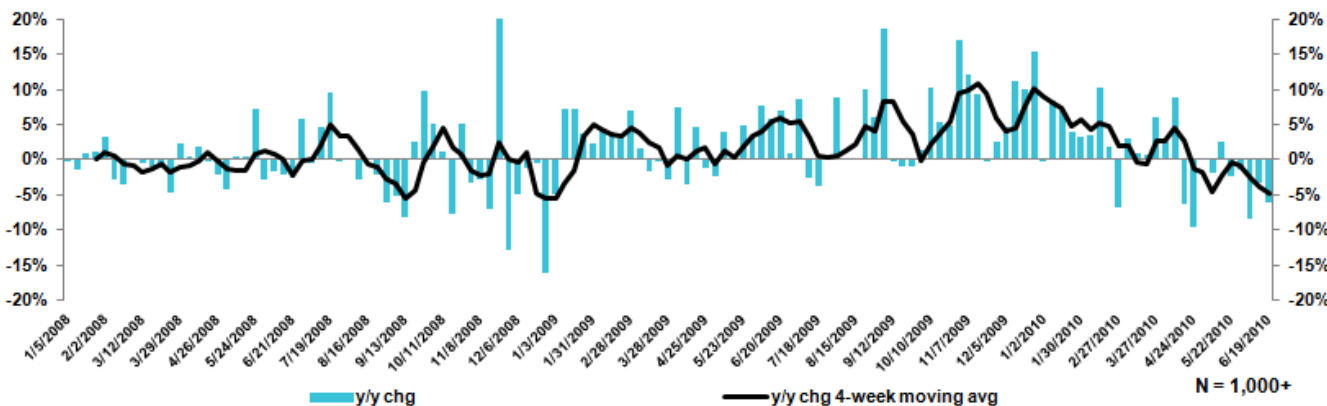
Restorative/Specialty Dental Trends

- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; +2.7% y/y for the week, trailing four-week average +0.6% y/y and down ~170bp on sequential basis.
- **Endodontics (root canal procedures):** -6.1% y/y for the week, trailing four-week average -4.9% y/y and down ~90bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in dataset); +4.7% y/y for the week, trailing four-week average -3.2% y/y.

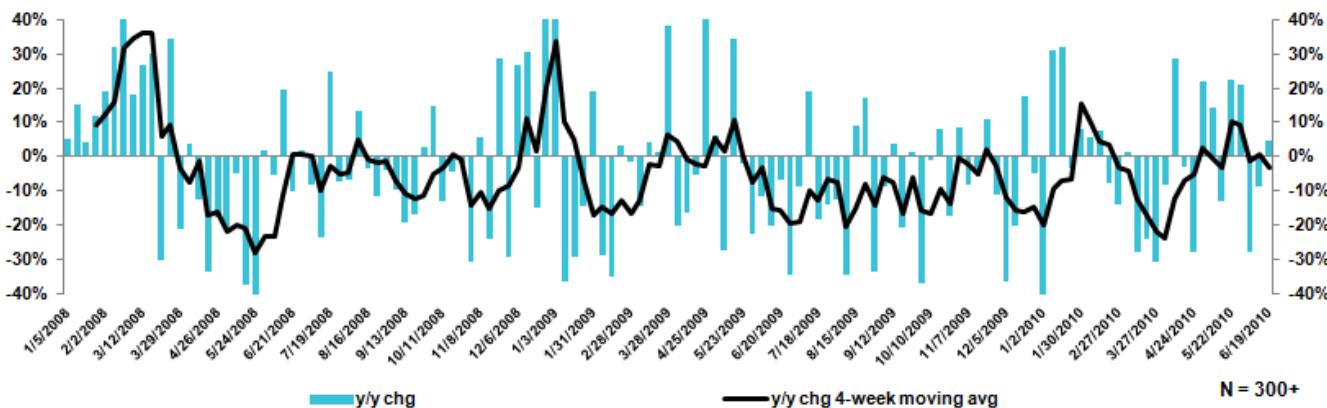
CROWNS



ENDODONTICS



IMPLANTS



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

RWB Dental Coverage

Company Name	Ticker	Current Price	Rating
Dentsply Int'l.	XRAY	\$31.03	Outperform
Henry Schein	HSIC	\$55.72	Outperform
Patterson Dental	PDCO	\$29.57	Outperform
Sirona Dental Systems	SIRO	\$37.37	Outperform
American Dental Partners	ADPI	\$12.43	Outperform
Young Innovations	YDNT	\$28.94	Outperform

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

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Appendix – Important Disclosures and Analyst Certification

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