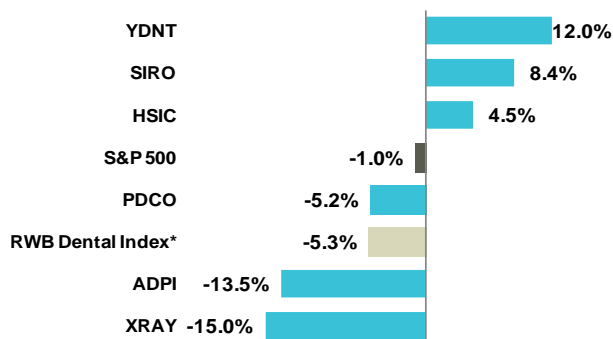




Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index down 5.3% vs. S&P down 1.0%. YTD leaders include YDNT (+12.0%), SIRO (+8.4%), and YDNT (+4.5%) while laggards are XRAY (-15.0%), ADPI (-13.5%), and PDCO (-5.2%).
- **Week ending September 3:** RWB Dental Index up 4.0% vs. S&P up 3.7%, with SIRO (+9.0%), YDNT (+5.9%), and PDCO (+4.2%) 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 1.20x multiple vs. five-year average of 1.30x.

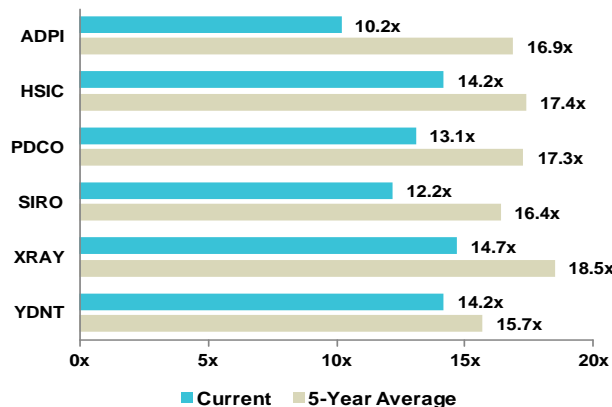
Dental YTD Performance



*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 August 28 +8.1% y/y, trailing four weeks +9.4% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending August 28 +12.0% y/y, trailing four weeks +15.1% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending August 28 +14.0% y/y, trailing four weeks +15.5% y/y.
- **Endodontics (1,000+ offices):** Week ending August 28 +0.8% y/y, trailing four weeks -5.7% y/y.
- **Crowns (2,500+ offices):** Week ending August 28 +7.4% y/y, trailing four weeks +6.9% y/y.
- **Dental Implants (300+ offices):** Week ending August 28 +50.4% y/y, trailing four weeks +3.2% y/y.

Calendar of Events

- September 14-15: Baird Health Care Conference
- September 17: PDCO's Institutional Investor's Day (NYC)
- October 9-12: 2010 ADA annual session (Orlando)

Recent News

- 8/31 – **DHR** CEO Larry Culp commented at a recent investor conference that growth in Kavo was trending at a high-single-digit core growth rate thus far in Q3-10.
- 9/1 – **STMN** launched a new lab-based dental CAD/CAM restoration system which includes advanced scanning technology, new design software, and an extended range of applications. The system is currently available to order in Europe and the U.S. and will be rolled out in the upcoming months.
- 9/3 – **ZMH** (\$49.28-Neutral) announced a licensing and servicing deal with Accentus Medical, a leading UK medical technology company that supplies advanced coatings and surface treatments to medical device industry. Terms of agreement state that ZMH will acquire exclusive global rights to utilize Agluna for joint recon and spine products, as well as an 18-month option to acquire exclusive rights for spinal devices, dental implants, and sports medicine products.
- 9/3 – **Nonfarm payrolls** for the private sector expanded 67,000 during August, greater than the 30,000 consensus and a potentially positive leading indicator for future dental market demand.

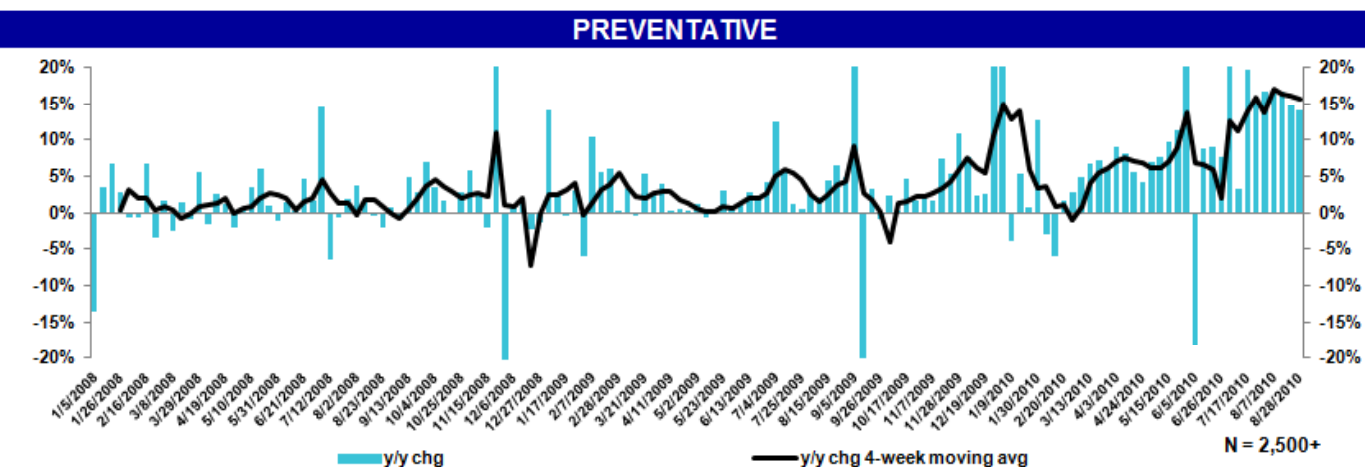
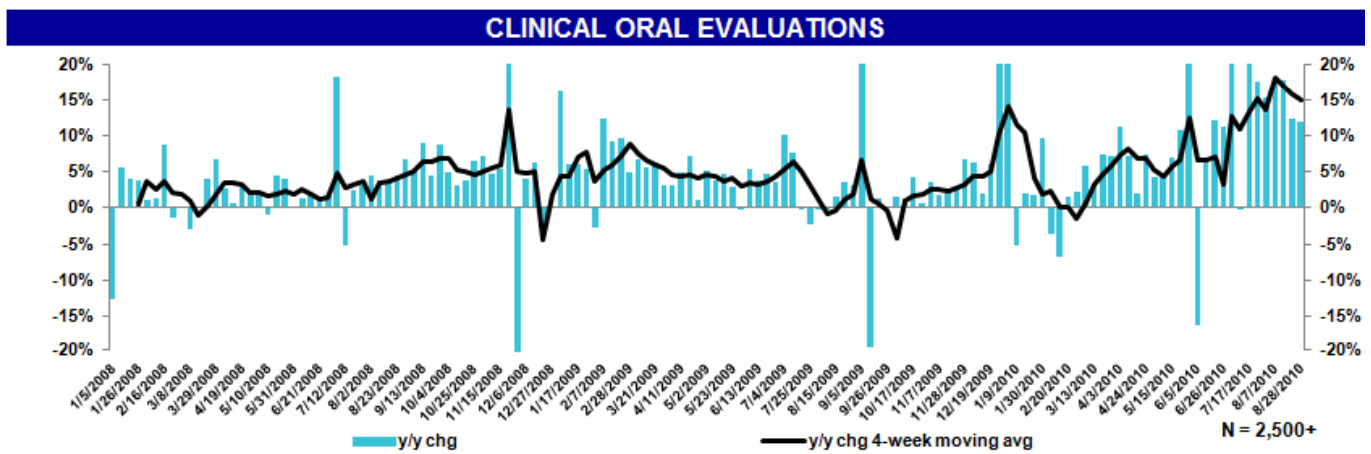
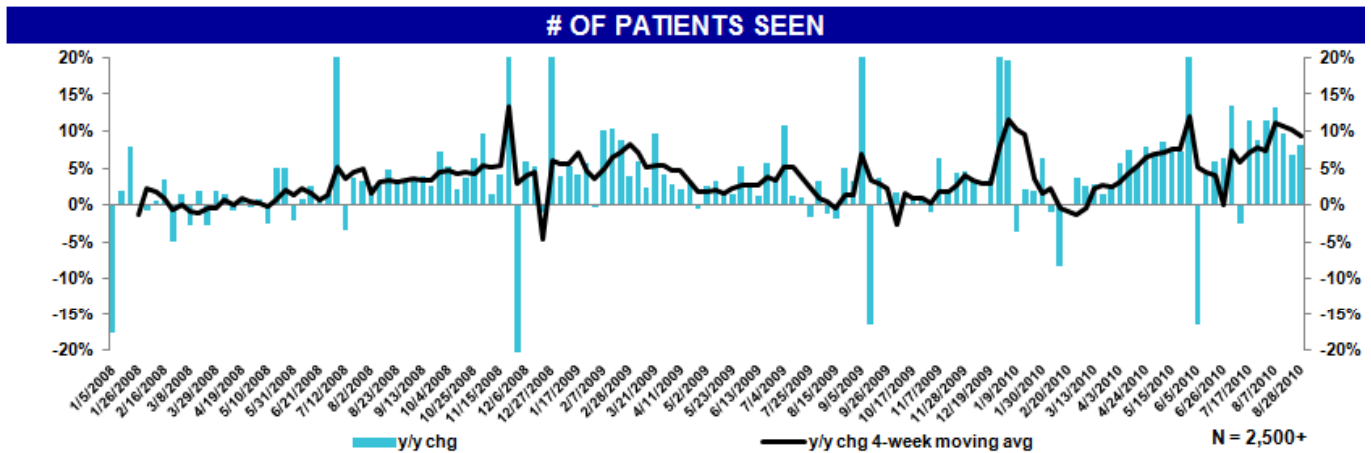
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General/Preventative Weekly Trends

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- **Number of Patients Seen:** +8.1% y/y for the week, trailing four-week average +9.4% y/y and up ~130bp on sequential basis.
- **Clinical Oral Evaluations:** +12.0% y/y for the week, trailing four-week average +15.1% y/y and down ~40bp on a sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +14.0% y/y for the week, trailing four-week average +15.5% y/y and down ~70bp on sequential basis.

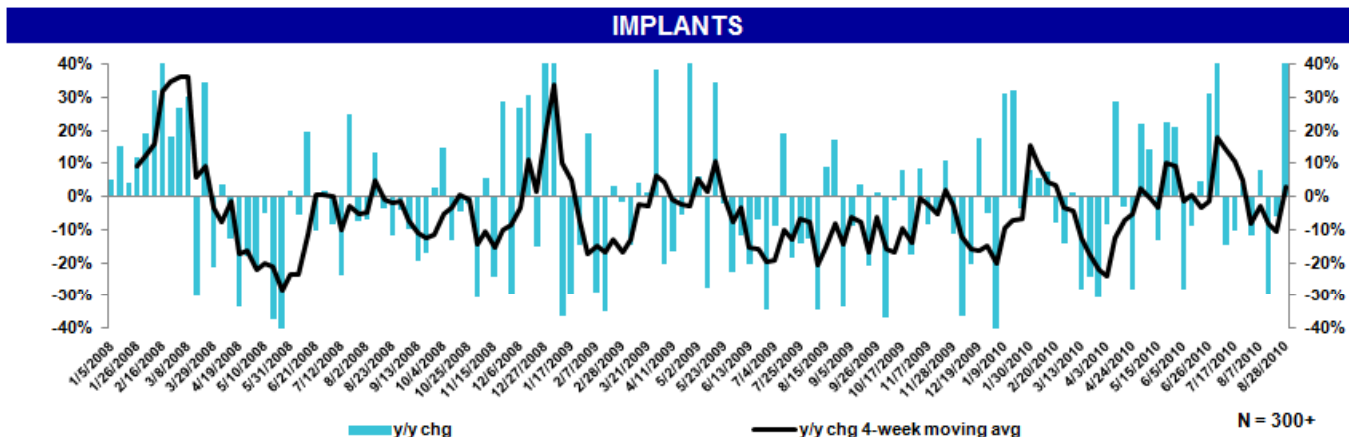
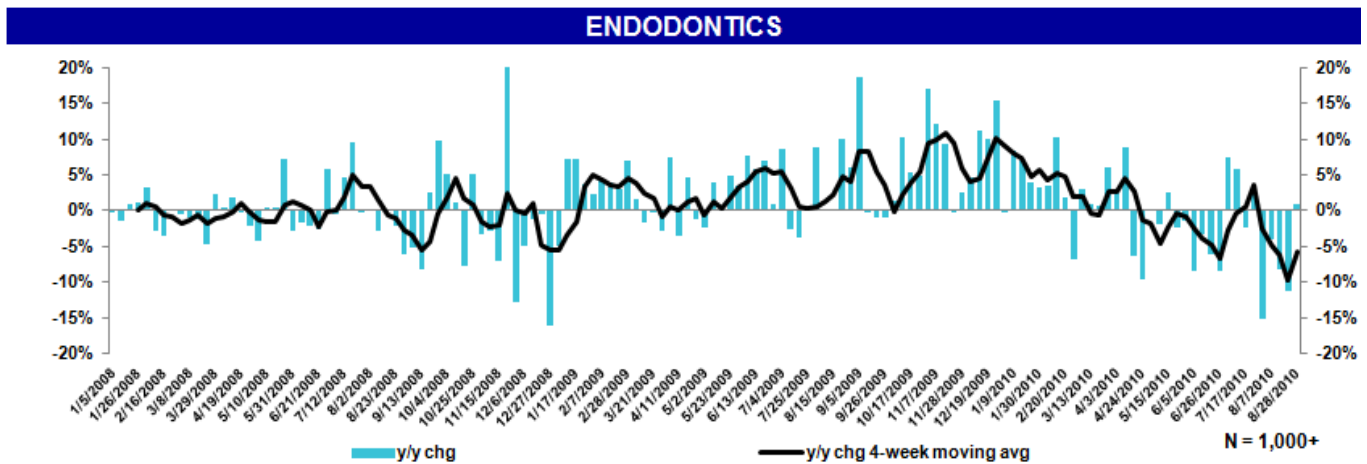
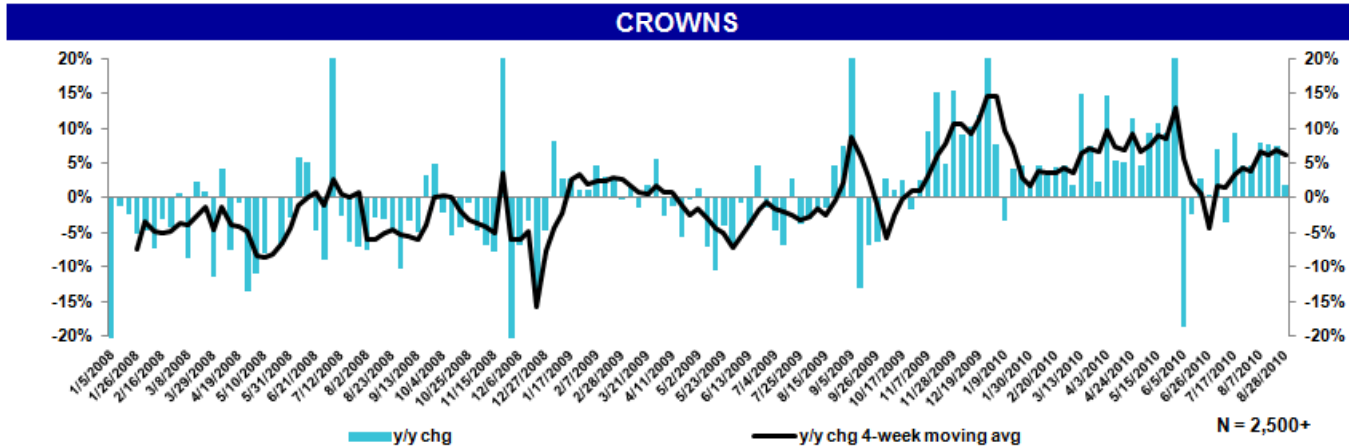


Source: Independent Data Source, Robert W. Baird & Co. Estimates

Restorative/Specialty Dental Trends

BAIRD

- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; +1.8% y/y for the week, trailing four-week average +6.1% y/y and down ~560bp on sequential basis.
- **Endodontics (root canal procedures):** +0.8% y/y for the week, trailing four-week average -5.7% y/y and up ~1210bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in dataset); +50.4% y/y for the week, trailing four-week average +3.2% y/y.



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

Robert W. Baird & Co. Dental Coverage



RWB Dental Coverage

Company Name	Ticker	Price (9/3/10)	Rating
Dentsply Int'l.	XRAY	\$29.84	Outperform
Henry Schein	HSIC	\$54.97	Outperform
Patterson Dental	PDCO	\$26.45	Outperform
Sirona Dental Systems	SIRO	\$34.40	Outperform
American Dental Partners	ADPI	\$11.15	Outperform
Young Innovations	YDNT	\$27.70	Neutral

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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