

# *Emerging-Trends:* **Executive Laser Report** **January 2006**

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**January 31, 2006**

It is our honor to continue Irving Arons' wonderful and informative newsletter, and our goal is to do it with the same level of service and expertise that he did. We asked for your input and nearly everyone said they would like to have the report organized by company, in alphabetical order. We plan to include some of our own reporting from conferences and meetings in future issues. We welcome your comments and suggestions – more than that, we solicit them. If you decide you prefer the old format, we will change it back. We also welcome news items that you would like to submit. Please contact us at [laser@emerging-trends.com](mailto:laser@emerging-trends.com).

## **GENERAL NEWS AND OVERVIEWS**

- **Advanced Medical Optics'** Tecnis foldable IOL has been designated a New Technology Intraocular Lens (NTIOL) by the Centers for Medicare and Medicaid Services (CMS).
- **AngioDynamics'** co-founder and former chairman Howard Stern died in December. The company also filed a patent infringement lawsuit against Diomed.
- **Bausch & Lomb** delayed reporting preliminary 4Q and full year 2005 earnings due to the ongoing investigation of its Korean subsidiary. B&L also said it must restate its financial statements because of the investigation into its Brazilian subsidiary.
- **Biolase Technology** predicted flat to slightly down revenues in 2006, but it still expects to be cash flow neutral in the first quarter. A class action suit against the company was dismissed.
- **BriteSmile** will appeal Nasdaq's decision to delist the company, calling BriteSmile a "public shell." BriteSmile is selling its teeth-whitening centers to Dental Spas and Discus Dental.
- **Cardiogenesis** got FDA approval for a Percutaneous Myocardial Channeling (PMC) trial.
- **Carl Zeiss Meditec** is going to acquire **Carl Zeiss Surgical** as part of its expansion into neurosurgery and ENT surgery.
- **Cutera** and **Palomar Medical Technologies** continue to battle over Cutera's alleged infringement of Palomar's patents, and a trial date is set for May 30, 2006.
- **IntraLase** announced the first successful corneal transplant cases using its IntraLase FS laser. Preliminary 4Q and 2005 figures were reported, and they were less than expected.
- **Laserscope** has been issued a patent related to the use of its PV method and technology for therapeutic treatment of BPH.
- **Regenera LTD** changed its name to **Advanced Ocular Systems**.

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- **SpectRX** announced its first successful pre-production, non-invasive cervical cancer detection device, which will be used to complete an ongoing FDA pivotal clinical trial.
- **STAAR Surgical** announced the first completed procedure using the VISIAN Implantable Collamer Lens (ICL). It said the patient saw better than 20/20 after the procedure. The company also settled a class action lawsuit for \$3.7 million, sending its shares up 38 cents.
- **Trimedyne** received FDA approval for its VaporMAX Fiber for use with Holmium Lasers for FDA-approved indications, including treatment of enlarged prostates.

### OTHER NEWS

Michael Lachman of Lachman Consulting LLC has published the third issue of *EyeQ Report*, his new ophthalmic business intelligence newsletter. The issue reports highlights of the Hawaiian Eye and Retina 2006 meeting January 15-20, including new technologies such as aspheric IOLs, wavefront-guided vision correction with advanced methods of registration, and femtosecond lasers.

Our own sister publication, *Trends-in-Medicine*, had a LASIK and multifocal IOL update in its January edition. Refractive surgeons said that:

- LASIK procedure volume for the last three months of 2005 was down an average of 8% year-to-year.
- 2006 is getting off to a slower start than surgeons expected, with 1Q06 volume down an average of 4% compared to 1Q05.
- An estimated 74% of LASIK procedures are custom LASIK (custom cornea or wavefront).
- LASIK prices remain stable.
- Cataract surgeons plan to use multifocal IOLs for about 15% of their patients in 2006. The breakdown of usage of currently available lenses among the sources was:
  - Alcon's ReStor: 55%
  - AMO's ReZoom: 31%
  - Eyeonics' Crystalens: 14%

For more information on Trends-in-Medicine, go to our website at [www.trends-in-medicine.com](http://www.trends-in-medicine.com). Executive Laser Report subscribers get a discount.

### PEOPLE IN THE NEWS

**Howard S. Stern**, co-founder and former chairman of **AngioDynamics**, died on December 28, 2005 at age 74. He had brain cancer. Mr. Stern co-founded AngioDynamics in 1988 as a division of E-Z-EM, Inc. He served as a director of the company from its inception until his death, and was chairman of the board of directors from the company's inception until February 2004, when it was spun off to E-Z-EM shareholders. He served as director of E-Z-EM from the company's founding until his death, and also served as E-Z-EM's chairman of the board from its founding until December 2004, when he was named Chairman Emeritus. Mr. Stern also served as CEO from E-Z-EM's founding until 1990, as president and CEO from 1990 to 1994, and again from 1997-2000. He was also instrumental in the founding and development of Surgical Dynamics, which was sold to US Surgical in 1996. Mr. Stern received his Bachelor of Science in chemical engineering in 1953 and a Master of Science in chemical engineering in 1954, both from MIT. He was also a lieutenant in the US Navy from 1955-1958. He is survived by his wife Linda, his children Rachel and Seth, his son-in-law Peter, and his daughter-in-law Trisha, and grandchildren William, Madeleine, and Alexander.

**Axcan Pharma** announced the appointment of **Steve Gannon** as senior vice president and CFO, effective April 3, 2006. Former CFO Jean Vezina will continue as vice president of finance.

## Stock Watch

Company	Company	01/27/06	12/23/05	Change
Dow Jones	DJI	10,907	10,883	0%
Advanced Medical Optics	EYE	44.50	42.10	6%
Advanced Refractive Technologies	ARFR.OB	0.022	0.01	120%
Alcon	ACL	128.48	132.45	-3%
Axcan Pharma	AXCA	18.27	15.19	20%
Bausch & Lomb	BOL	69.18	72.00	-4%
Biolase	BLTI	7.61	8.59	-11%
Biolitec	BIB.F	7.03	8.34	-16%
BriteSmile	BSML	1.35	0.72	88%
Candela	CLZR	15.18	14.99	1%
Cardiogenesis	CGCP.OB	0.50	0.37	35%
Carl Zeiss	CZMWF.PK	20.50	21.53	-5%
Cutera	CUTR	25.26	27.48	-8%
Cynosure	CYNO	20.06	20.69	-3%
Diomed	DIO	2.60	1.91	36%
DUSA	DUSA	10.52	9.99	5%
El.En.SPA	ELN.MI	30.00	36.47	-18%
IntraLase	ILSE	19.37	18.16	7%
Iridex	IRIX	8.29	8.00	4%
Laserex	ELXMF.PK	0.31	0.32	-3%
Laserscope	LSCP	26.56	22.84	16%
LaserSight	LRST.PK	0.05	0.05	0%
LCA-Vision	LCAV	54.57	49.54	10%
Lumenis	LUME.PK	2.52	2.15	17%
Miravant	MRVT.OB	0.18	0.23	-22%
Norwood Abbey	NABYF.PK	0.31	0.34	-9%
NovaMed	NOVA	7.30	6.39	14%
Palomar Medical	PMTI	38.81	38.27	1%
Photomedex	PHMD	2.13	1.68	27%
PLC	PLC	0.62	0.53	17%
QLT	QLTI	6.01	6.06	-1%
Refocus	RFCS.PK	0.25	---	---
Spectranetics	SPNC	10.97	11.52	-5%
Staar Surgical	STAA	7.12	8.51	-16%
Surgilight	SRGL.OB	0.017	0.01	70%
Syneron	ELOS	27.51	42.39	-35%
TLC	TLCV	7.56	6.76	12%
Trimedyn	TMED.OB	0.66	0.55	19%
WaveLight	WVLT.F.PK	17.40	18.53	-6%

**Cutera** announced the resignation of **Guy Nohra** from its board of directors. No replacement has yet been reported.

**Cynosure** chairman, president and CEO **Michael Davin** presided over the closing bell on January 3, 2006, to celebrate its initial public offering on the NASDAQ.

**Vascular Solutions** announced that, effective immediately, its CFO, **James Hennen**, will also be VP of finance and corporate secretary. **Timothy Slayton** will be controller and principal accounting officer. VP of sales, **Michael Nagel**, has left the company to pursue other interests.

## ADVANCED MEDICAL OPTICS (EYE)

## Jan. 26, 2006

Advanced Medical Optics (AMO) announced it will report 4Q and full year 2005 financial results before the market opens on Tuesday, February 14, 2006. The company will hold a conference call and live webcast at 10 a.m. ET. The webcast will be found at the company investors site at [www.amo-inc.com](http://www.amo-inc.com).

## Jan. 26, 2006

AMO announced that the Tecnis foldable intraocular lens (IOL) has been designated a New Technology Intraocular Lens (NTIOL) by the Centers for Medicare and Medicaid Services (CMS). The designation follows labeling claims (approved by the FDA in April 2004) that the IOL reduced postoperative spherical aberrations compared to lenses with spherical optics and improve night driving simulator performance. The NTIOL designation goes into effect February 27, 2006, and includes both the acrylic and silicone platform Tecnis lenses.

An NTIOL is defined as an IOL that CMS determines has been approved by the FDA for use in the labeling and advertising the IOL's claims of specific clinical advantages and superiority over existing IOLs with regard to reduced risk of intraoperative or postoperative complication or trauma, accelerated postoperative recovery, reduced induced astigmatism, improved postoperative visual acuity, more stable postoperative vision, or other comparable clinical advantages.

In its final notice published in the Federal Register, CMS stated, "CMS approves AMO's claims of clinical advantages and superiority of the Tecnis IOL

for ocular spherical aberrations and simulated night driving. We find the AMO Tecnis lenses models Z9000, Z9001, and ZA9003 meet the NTIOL definition and are to be given the new NTIOL classification of Reduced Spherical Aberration.”

The Tecnis IOL is the only lens approved for NTIOL reimbursement status, which provides for additional Medicare reimbursement of \$50 per lens for ambulatory surgical centers, which perform more than half of all cataract surgeries in the US.

Dr. Ralph Chu, a Minneapolis MN cataract/refractive specialist and early adopter of the Tecnis IOL technology, said, “Tecnis NTIOL status confirms the unique design of the lens and the very real benefits it provides to patients. The unique modified prolate technology increases the patient’s functional vision in varying light conditions, which is critical for every day tasks conducted in low-light conditions such as reading, driving at night or in the fog.”

Dr. Mark Packer, clinical assistant professor of ophthalmology at the University of Oregon and clinical study investigator for several Tecnis IOL studies, including a driving simulation study, said, “The Tecnis lens is the only IOL available that was specifically designed, based on wavefront measurements of a representative sample of the population, to fully compensate for the spherical aberration of the cornea.”

AMO president and CEO Jim Mazzo said, “This designation by CMS demonstrates the fact that not all aspheric lenses are created equal. AMO’s Tecnis IOL is the only aspheric lens that demonstrates improved functional vision with claims approved by the FDA and NTIOL approval from CMS. These approvals underscore the unique benefits of this superior technology and validate AMO’s commitment to provide truly differentiating technologies that help doctors deliver the best possible visual performance to their patients. From an industry perspective, it emphasizes the value of developing technologies that improve the quality of people’s lives.”

According to a November 2004 survey by ACNielsen BASES, 88 percent of adults between the ages of 55 and 75 said they were “extremely” or “very” concerned about not being able to drive, especially at night. The study also indicated that 91% of adults aged 55 to 75 felt it was “extremely” or “very” important that a lens implant allows them to see in both bright and low-light situations.

Dr. Michael Colvard, an Encino CA, eye surgeon said, “The Tecnis IOL, which takes into consideration the importance of the correction of spherical aberration with cataract surgery, is one of the few truly major advances in intraocular lens technology over the past two decades.”

#### **Jan. 6, 2006**

**Reuters** reported Harris Nesbitt has changed its EYE rating from Neutral to Outperform.

#### **Dec. 12, 2005**

Advanced Medical Optics issued an aggregate of 73,959 shares of its common stock to holders of its 3.5% Convertible Senior Subordinated Notes due 2023 (the “3.5% convertible notes”) in exchange for \$1,377,000 aggregate principal amount of the 3.5% convertible notes in privately negotiated transactions that closed on December 9, 2005 and December 12, 2005.

TheStreet.com’s Jim Cramer said, “I think that EYE is another one of these great plays on aging. I want it bad.”

### **ADVANCED OCULAR SYSTEMS (AOS) – also see *Regenera***

#### **Jan. 6, 2006**

Regenera Limited announced that it has changed its name to Advanced Ocular Systems Ltd. and will operate with the new ticker symbol AOS (previously RGA). The name change was approved by shareholders on December 30, 2005.

AOS executive chairman Tony Fitzgerald said, “The new name reflects the merged company’s coherent focus on ophthalmic technologies and represents the nature of its business and breadth of product offerings more accurately. We believe that there will be a progressive convergence of therapeutic and device approaches to major eye disorders with the aim of delivering more advanced, site specific treatments, hence the inclusion of the word ‘systems’ in the new name.”

The company said that on or about January 13, 2006, it expected to allocate AOS shares to the previous holders of Advanced Ocular Systems stock. The company also announced that from December 31, 2005, its financial year will end on December 31 rather than June 30. This is consistent with the standard US financial reporting year and supports the company's strategy of facilitating additional US investment including advancing to a Level 2 ADR program later this year.

### ALCON (ACL)

#### Jan. 16, 2006

Alcon plans to report its 4Q earnings Feb. 8, 2006, after the market close. Chairman, president and CEO Cary Rayment and senior VP and CFO Jacquelyn Fouse will hold a conference call Feb. 9, 2006.

#### Jan. 13, 2006

Analyst William Blair upgraded Alcon's stock from "Mkt Perform" to "Outperform."

### ANGIODYNAMICS (ANGO)

#### Jan. 3, 2006

AngioDynamics announced that co-founder and former chairman Howard S. Stern died of brain cancer December 28, 2005, at age 74. Stern co-founded AngioDynamics in 1988 as a division of E-Z-EM, Inc. He was chairman of the board of directors from its inception until February 2004, and the company's director until his death.

AngioDynamics president and CEO Eamonn P. Hobbs said, "We have lost a remarkable man. Howard's insight into the possibilities for the treatment of peripheral vascular disease has made a difference in the lives of patients, and in the physicians who treat them. He was instrumental in guiding AngioDynamics from a development stage company to its present position as a publicly-traded leader in innovative products for the PVD marketplace. We will miss Howard dearly and extend our deepest sympathies to his family."

#### Jan. 3, 2006

AngioDynamics filed a lawsuit against Diomed, Inc., claiming patent invalidity. AngioDynamics is seeking a judgment declaring that the claims of Diomed's recently issued 6,981,971 patent, entitled Medical Laser Device, are invalid, unenforceable, and that the patent was not infringed by the manufacture or sale of AngioDynamics' VenaCure system. The Diomed patent relates to a medical device that includes graduated markings along a sheath used in endovenous laser treatments. The AngioDynamics statement also said that Diomed stated in a recent public announcement that AngioDynamics is offering marked introducer sheaths embraced by the 6,981,971 patent. AngioDynamics president and CEO Eamonn P. Hobbs said, "With this action for a declaratory judgment, AngioDynamics is proactively responding to Diomed's allegations by seeking a swift ruling from the court that the patent in question is invalid, unenforceable, and not infringed by AngioDynamics. The declaratory judgment action supports our strong conviction that the patent is invalid and cannot be enforced, and we are confident of a favorable ruling by the court."

AngioDynamics markets the VenaCure endovenous laser system as a minimally invasive alternative for the treatment of varicose veins. In January 2004, Diomed filed a lawsuit against AngioDynamics alleging patent infringement related to AngioDynamics' VenaCure endovenous laser treatment system. This suit involves a single US patent, 6,398,777 covering a specific method of varicose vein treatment. The '777 lawsuit is a separate and ongoing case relating to the VenaCure system.

### AXCAN PHARMA (AXCA)

#### Jan. 20, 2006

Axcan Pharma announced the appointment of Steve Gannon as senior vice president and CFO, effective April 3, 2006. Former CFO Jean Vezina will continue as vice president of finance.

President and CEO Dr. Frank Verwiel said, “We are very pleased to welcome Gannon to the Axcan team. Steve brings significant capital market experience to the company, which will be invaluable as Axcan moves to the next phase of its growth. We look forward to Steve’s contribution to our activities. With the growth of the company, Jean Vezina will provide an increased focus on financial reporting excellence and compliance in response to the increasingly complex regulatory and geographical environment.”

Gannon joined Axcan in December, 1992. He has worked at AstraZeneca and most recently was CFO of CryoCath Technologies Inc. He received his Bachelor of Commerce from the University of Concordia, and his chartered accountant’s designation (CA) in 1985.

The company said that Vezina has been instrumental in managing Axcan’s financing activities through several rounds of private financing, as well as Axcan’s initial public offering in 1995 and the NASDAQ listing in 2000. He also implemented best practices in public company reporting, disclosure and financial control, and leads implementation of Sarbanes-Oxley compliance measures worldwide.

### **BAUSCH & LOMB (BOL)**

#### **Jan. 26, 2006**

Bausch & Lomb announced it will delay reporting preliminary 4Q and full year 2005 earnings, scheduled for February 1, until early March, dependant on the status of the independent investigation of the company’s Korean subsidiary. The company said it can’t predict when the investigation will be substantially complete, but it expects to be able to report preliminary results, including the estimated financial impact of the matters under investigation, by early March. B&L said it will announce the timing and the associated conference call information approximately one week prior to the expected release date.

#### **Jan. 5, 2006**

Bausch & Lomb announced it would present at two investor conferences: Thursday, January 5 at the Morgan Stanley Pharmaceutical CEOs Unplugged Conference in New York City, and Wednesday, January 11 at the 24th Annual JP Morgan Healthcare Conference in San Francisco.

#### **Jan. 3, 2006**

Forbes.com reported that Credit Suisse First Boston lowered its estimates on Bausch & Lomb, citing the restatement of financial results from the company’s Brazilian operations.

#### **Dec. 22, 2005**

B&L announced that it will have to restate certain prior-period financial statements after an internal investigation of its Brazilian subsidiary. The company said it has preliminarily identified a “material weakness in its controls over financial reporting relating to detection and prevention of local management’s fraudulent override of Brazil tax reporting controls.” B&L also announced an independent investigation into allegations of improper sales practices in its Korean subsidiary.

On October 26, 2005, B&L reported preliminary results of operations for 3Q and nine months ending September 24, 2005, pending the results of an investigation into allegations of improper conduct by management of the Company’s Brazilian subsidiary, BL Industria Otica Ltda., and past tax assessments against BLIO by Brazilian taxing authorities. BLIO accounted for approximately \$20 million in net sales in 2004, which is less than one percent of Bausch & Lomb’s consolidated revenues.

### **BIOLASE TECHNOLOGY INC (BLTI)**

#### **Jan. 18, 2006**

Biolase announced it won a motion to dismiss a shareholder class action lawsuit. Biolase reported that the US District Court for the Central District of California has dismissed without prejudice all claims against the company and its officers and directors in the consolidated shareholder class action lawsuits filed starting in August 2004.

The suits alleged that Biolase failed to disclose material information, made false statements and took actions to artificially inflate and maintain the market price of the company's common stock during the class period of October 29, 2003 to July 16, 2004. Biolase's motion to dismiss the second amended consolidated class action complaint was granted and the action was dismissed by the order of the Hon. David O. Carter, United States District Judge for the Central District of California. The court gave the plaintiffs 30 days to amend their complaint.

President and CEO Robert Grant said, "We are very pleased that this class action has been dismissed. We look forward to putting this litigation behind us."

**Jan. 17, 2006**

Biolase announced it is moving its corporate headquarters to Irvine, CA. The company expects the move to be completed by May 2006.

The new headquarters located near the Irvine Spectrum at 4 Cromwell in Irvine, will be just 18 miles north of the current Biolase corporate offices in San Clemente and will increase the square footage by 54% to approximately 57,000 square feet. The facility will house all operational and administrative functions.

The company's president and CEO, Robert Grant, said, "Biolase has been able to negotiate favorable lease terms that allow the company to provide a cohesive and productive corporate environment for employees without adding significant cost. Our rent expense per square foot will be reduced by approximately 30% and we expect to have a lower overall operating cost per square foot since the buildings are of modern construction and design with state-of-the-art energy conservation features and communication infrastructure platforms. This move will provide us with room to expand and increase our manufacturing capacity as well as bringing us all closer together in one building where we can work more effectively. Additionally, we believe our new headquarters located in Irvine, the economic heart of Orange County, will provide us with greater access to excellent employment talent."

**Jan. 10, 2006**

Biolase approved a new contract with vice chairman of the board and CTO Jeffrey Jones to replace the old contract, which expired Dec. 31, 2005. Jones' base salary is being reduced from \$275,000 to \$250,000 and his annual performance bonus is being reduced from \$160,000 to \$100,000. He will receive a housing allowance of \$3,500, which will be deducted from his bonus. He will also receive an allowance for a car and related expenses, four weeks paid vacation per year, reimbursement of reasonable business expenses and other executive benefits.

Under the terms of the employment agreement, Jones' employment is at will and not for a specific term, and may be terminated at any time by either the company or him, with or without cause, as defined in the employment agreement. If Jones' employment is terminated other than for cause or he resigns for good reason, he will be entitled to receive severance pay in an amount equal to one year of annual base salary.

On December 29, 2005, Jones received an option to purchase 50,000 shares of the company's common stock at an exercise price of \$8.11, which was the closing market price on December 29, 2005. The option expires ten years from the date of grant, subject to early termination should he leave the company. The terms of the option originally provided that the option would vest over a three-year period in equal quarterly increments. In connection with the option grant and in consideration for Jones executing a Resale Restriction Agreement which restricts the sale of the underlying shares of common stock before such time as vesting of the option would otherwise have taken place, the committee accelerated the vesting of the option and it became fully vested on the effective date.

**Jan. 9, 2006**

Biolase announced that the company expects revenue for the fourth quarter ended December 31, 2005 to be approximately \$19 million and it expects to be approximately cash flow neutral from operations for the quarter. The fourth quarter outlook announced today is unaudited and subject to change as a result of closing adjustments for the quarter. According to TheStreet.com, shares of Biolase rose 12% after the announcement.

**BRITE SMILE (BSML)****Jan. 27, 2006**

BriteSmile will be delisted from the Nasdaq SmallCap Market at the opening of business on February 3, 2006 because Nasdaq considers it to be a “public shell.” The company said the delisting will be pursuant to Marketplace Rule 4300, provided the company does not appeal the decision. BriteSmile said it plans to appeal.

Marketplace Rule 4300 provides Nasdaq with discretionary authority to apply more stringent criteria for continued listing and terminate the listing of particular securities based on any event, condition or circumstance which occurs that makes continued listing inadvisable or unwarranted, even though the securities meet all criteria for continued listing on Nasdaq.

The company announced last month that it entered into purchase agreements with Dental Spas, LLC and Discus Dental to buy its operating dedicated centers offering teeth-whitening procedures and products, as well as its existing independent dental offices operating teeth-whitening procedures. The Nasdaq notice states that the Nasdaq staff believes that the completion of the transactions with Dental Spas and Discus Dental will leave the company with only a nominal operating business, which would render it a “public shell.” Public shells are deemed to be potentially subject to market abuses or other violative conduct detrimental to the interests of the investing public.

BriteSmile said that it intends to appeal the Nasdaq staff’s decision to delist its common stock to a Nasdaq listing qualifications panel, and ask for a hearing on the matter. The hearing request will stay the delisting of the company’s common stock, which will continue to trade on The Nasdaq SmallCap Market pending the panel’s decision. The company said that if its common stock is delisted, it may become eligible for inclusion on the OTC Bulletin Board or in the “Pink Sheets.”

**Jan. 25, 2006**

BriteSmile received a letter from Nasdaq notifying it that it has regained compliance with Marketplace Rule 4310(c)(4), requiring that the company’s common stock maintain a closing bid price at \$1.00 per share or greater.

**Jan. 16, 2006**

BriteSmile announced it is selling its Spa Centers Business to Dental Spas, LLC, an Iowa limited liability company. The 17 centers whiten customers’ teeth using BriteSmile technology. The sale will include BriteSmile’s teeth whitening products, including its BriteSmile-to-Go whitening pen, toothpaste, and mouthwash products, directly and through third party retail channels.

Dental Spas will pay approximately \$20,000,000 for the Spa Centers Business and will assume certain continuing obligations of the company relating to the Spa Centers Business. BriteSmile said it plans to use the money to reduce debt, support working capital requirements, and continue to prosecute legal claims related to enforcement of certain proprietary teeth whitening rights.

BriteSmile previously disclosed an agreement to sell its Associated Center Business to Discus Dental, Inc. Through its Associated Center Business, teeth whitening procedures are performed by independent dentists using the Company’s whitening technology in more than 5,000 dental offices located in the United States and in more than 75 countries worldwide. As part of that sale, BriteSmile will be selling to Discus substantially all of the company’s intellectual property, consisting of patents, patent applications, trademarks and copyrights. In connection with the sale, Discus will grant an exclusive license to the Spa Centers Business of the intellectual property used to operate the Spa Centers Business.

The closing of the sale of the Spa Centers Business to Dental Spas is targeted for February, 2006 and is conditioned on, among other things, shareholder approval. Shareholders who control a majority of the voting power of the company necessary to approve the sale have already signed resolutions approving the transaction, to be effective 20 days after the company mails to all of its shareholders an information statement describing the transaction in detail.

**Jan. 3, 2006**

BriteSmile is selling its Associated Center Business to Discus Dental, Inc, of California. Through the Associated Center Business, teeth whitening procedures are performed by independent dentists using BriteSmile’s whitening technology in

more than 5,000 associated centers located in the United States and in more than 75 countries worldwide. The sale will also include substantially all of BriteSmile's intellectual property, consisting of patents, patent applications, trademarks and copyrights.

Discus Dental will pay \$35,000,000 for the Associated Centers Business and intellectual property and will assume certain operating liabilities of the company relating to the Associated Center Business. BriteSmile said it plans to use the money to reduce debt, operate or sell its Spa Centers Business, and continue to prosecute legal claims related to enforcement of certain proprietary teeth-whitening rights.

The closing of the sale of the Associated Center Business to Discus Dental is targeted for February 2006 and is conditioned on a customary financing contingency, dismissal of litigation proceedings pending between BriteSmile, its affiliates, and Discus Dental, and approval of the transaction by BriteSmile shareholders. Shareholders who control a majority of the voting power of the company necessary to approve the Associated Center sale have already signed resolutions approving the transaction, to be effective 20 days after BriteSmile mails to all of its shareholders an information statement describing the transaction in detail.

Following the close of the sale, Discus Dental will manufacture, market and distribute BriteSmile whitening products and accessory products to BriteSmile Associated Centers and provide ongoing support for the BriteSmile Associated Centers. Discus Dental will not be acquiring BriteSmile's current Spa Centers Business, consisting of its Professional Teeth Whitening Centers currently operating in 15 cities throughout the United States. Previously, BriteSmile announced that it had signed a binding letter of intent with Dental Spas LLC, of Fairfield, Iowa, pursuant to which Dental Spas would acquire the Spa Centers Business, including the right to operate BriteSmile branded centers worldwide. Negotiations continue towards a definitive sale agreement between BriteSmile and Dental Spas for the Spa Centers Business.

### **CANDELA (CLZR)**

#### **Jan. 24, 2006**

Candela will report financial results for its second quarter of fiscal year 2006 on Tuesday, January 31, 2006 at approximately 4:05 p.m. (ET), after the market closes. The company's management team will host a live conference call and webcast at 5:00 p.m. (ET) that same afternoon to discuss the financial results.

The conference call may be accessed by dialing (866) 837-9781. It will be simultaneously webcast on Candela Corporation's investor relations website, [www.candelalaser.com/irCorporate.cfm](http://www.candelalaser.com/irCorporate.cfm). A replay of the conference call will be available from approximately 8:30 p.m. (ET) on January 31 through 11:55 p.m. (ET) on February 3 by dialing (888) 266-2081 and referring to the pass code 846063. A replay of the webcast will also be available for an indefinite period, beginning approximately one hour after the call, on Candela Corporation's investor relations website.

### **CARDIOGENESIS (CGCP)**

#### **Jan. 23, 2006**

Cardiogenesis announced that the company expects a profitable fourth quarter and predicted that 2005 annual revenues would be at their highest level in the last five years. The company plans to release complete financial results for the fourth quarter and year-ended December 31, 2005 in February, 2006.

Strong hand piece sales combined with laser sales in the fourth quarter resulted in expected revenues in the range of \$4.0 - \$4.2 million for the fourth quarter and \$16.2 - \$16.4 million for the year. These results reflect the third consecutive quarter of revenues in excess of \$4 million and an estimated 6% increase in revenues from the prior year. Fourth quarter profitability is expected to be between \$300,000 and \$500,000, the company said. Cardiogenesis also announced the highest level of hand piece unit sales in four years, with hand piece unit sales increasing by 14% from the prior year to over 3,400 units in 2005.

Chairman and CEO Michael J. Quinn said, "The 2005 fourth quarter and year end results reflect the positive impact of the Company's actions over the last 12 months. For the first time in four years, our hand piece sales exceeded 800 units in three

out of four quarters. We focused our sales force on our core TMR business which contributed directly to an increased acceptance of TMR in the surgical community. We also renewed our focus on international sales in 2005 and we currently have 11 distributor partnerships in 32 countries. These successful distributor relationships led to a 40% increase in international revenue from 2004 to 2005. In the third quarter, we implemented a vigilant restructuring effort which resulted in two consecutive profitable quarters for the third and fourth quarter. These positive operating results have enabled us to make our most recent two monthly note payments, totaling \$250,000, to our primary lender (Luau) in cash rather than through the issuance of additional common stock.”

**Jan. 19, 2006**

Cardiogenesis announced that it has received approval from the FDA on the clinical trial protocol for the Percutaneous Myocardial Channeling (PMC) procedure. The protocol is approved under an Investigational Device Exemption (IDE).

PMC is a catheter-based procedure that uses laser energy to create channels in heart muscle to relieve severe angina. The procedure is performed by a cardiologist in the cardiac catheterization laboratory, using minimally invasive techniques and equipment. Patients who have severe life altering angina as a result of coronary artery disease are the primary candidates for this therapy. PMC can be performed as a stand-alone therapy or in combination with other percutaneous cardiac interventions.

Chairman and CEO Michael J. Quinn said, “This has been an extremely time consuming exercise that has taken nine months to complete, much longer than we initially anticipated. With the approved protocol, we can now enter into serious discussions with potential strategic partners in the interventional cardiology arena.”

Prior to receiving the protocol approval, Cardiogenesis entered into a binding letter of agreement with the FDA to ensure that key scientific and clinical issues regarding the PMC technology and trial are clearly understood and agreed to prior to commencing the study. Quinn said, “We felt the formal binding agreement process was essential to first clarifying, and then agreeing with the FDA on all of the key points needing to be addressed in the trial. As a result of working closely with the FDA, we now have a document which will consider both the safety and efficacy of this much needed percutaneous technology. This completes the migration of our technology along the continuum of care spectrum from surgical, to the minimally invasive and robotic platforms that are currently under FDA review, and finally to the percutaneous procedure. We are approaching 30,000 TMR procedures worldwide. The knowledge we have gained from this experience is invaluable in moving forward with the FDA on this platform.”

Following receipt of the protocol approval, the company plans to continue its search for a strategic partner and begin the US trial this year.

**CARL ZEISS MEDITEC [AFX.DE (Xetra), CZMWF (NYSE)]****Jan. 9, 2006**

Carl Zeiss Meditec said it plans to buy Carl Zeiss Surgical as part of its expansion into the fields of ophthalmic surgery and neuro/ENT surgery. The acquisition needs to be approved by the annual general meeting of Carl Zeiss Meditec AG in March, 2006. The company said in a statement that the acquisition was “another major strategic milestone...(which) will give rise to one of the most significant medical technology companies on the Frankfurt Stock Exchange, with sales of around 500 million euros..It will bolster the company’s core business in ophthalmology with surgical microscopes and visualization systems by Carl Zeiss Surgical.” Carl Zeiss Surgical is wholly owned by Carl Zeiss AG, Oberkochen, and is represented worldwide, generating around 29% of its sales in Europe, 46% in the Americas and 25 percent in Asia.

Carl Zeiss Meditec CEO Ulrich Krauss, said that the Jena-based company is also expanding into the growth markets of neurosurgery and ENT surgery. The products of Carl Zeiss Surgical are used, among other things, in spinal surgery and brain surgery.

The company’s announced that the business expansion accelerates Carl Zeiss Meditec’s strategy of expanding into selected, attractive market segments in medical technology, particularly the high-growth neuro/ENT business. Carl Zeiss Surgical president and CEO Dr. Ludwin Monz, said, “We offer hospitals, doctors and patients devices and systems that enable faster

recovery times and minimally invasive therapies, which in turn help to cut healthcare costs effectively. We are expecting a smooth integration of the two companies, due not least to their successful cooperation in various markets in the past. Our joint focus here is on accelerated growth.”

The acquisition is to take the form of a combined capital increase against cash and contributions in kind. Shareholders will have subscription rights in the ratio of 2:3 – “two old shares authorize the holder to subscribe for three new shares” at an issuing price of 10.10€. The acquisition of Carl Zeiss Surgical by Carl Zeiss Meditec is to take the form of a contribution in kind. Simultaneously, free float shareholders will be given the opportunity to maintain their shareholding through a cash component.

The company’s management and supervisory boards will present the plan for approval by the annual general meeting on March 10, 2006. Carl Zeiss Meditec CFO Bernd Hirsch said, “It was important to us to choose a transparent transaction structure that gives all shareholders the opportunity to participate in the capital increase at the same conditions. Furthermore, the expansion of business activities gives rise to a wealth of new investment opportunities.” The company said, “As the main shareholder of Carl Zeiss Meditec, Carl Zeiss AG supports this important step.”

Carl Zeiss Meditec CEO Ulrich Krauss said, “This organizational set-up puts Carl Zeiss Meditec AG in a new dimension. An ever-aging population means that we are faced with three major health concerns with a significant social and economic impact: loss of vision, loss of mobility and loss of cognitive abilities. Carl Zeiss Meditec AG offers now comprehensive solutions for all three.”

## CUTERA (CUTR)

### Jan. 23, 2006

Cutera plans to announce results for the fourth quarter and year ended December 31, 2005, on Monday, February 13, 2006 after market close. President and CEO Kevin Connors and CFO Ron Santilli will hold a teleconference and webcast that day at 5 p.m. ET. The call will be broadcast live over the internet on the investor relations section of [www.cutera.com](http://www.cutera.com). It will be archived online within one hour of the call’s completion. In addition, listeners can call 800-811-8824, and international callers can call 913-981-4903, to listen to the live broadcast. A telephonic playback will be available from 5:00 p.m. PST on February 13, 2006, through 9:00 p.m. PST on February 27, 2006 by calling 888-203-1112 and use pass code 6044919.

### Jan. 13, 2006

Cutera announced the resignation of Guy Nohra from its board of directors. No replacement has yet been reported. Nohra is a managing director of Alta Partners – one of Cutera’s early-stage VC investors – and had served on Cutera’s board since November 1999.

Cutera’s president and CEO said, “Nohra has contributed greatly to our company’s success, providing strong counsel and support especially during our formative years. We wish to thank him for helping position Cutera to becoming the market leader in the light-based aesthetic industry.”

### Jan. 12, 2006

Cutera announced it will go to trial May 30, 2006, in its patent lawsuit against Palomar Medical Technologies, Inc. Cutera expects the trial, to be held in the US District Court, District of Massachusetts, to last for approximately two to three weeks. In the lawsuit, Palomar is alleging that Cutera’s laser-based hair-removal products infringe three of the thirty-two claims of US Patent No. 5,735,844. Cutera said that it believes that its products do not infringe, and that the patent should be invalidated.

Cutera’s president and CEO Kevin Connors said, “Cutera is eager to get its story in front of a jury. We are an innovative leader in the light-based aesthetic industry, and have experienced tremendous growth in our business. We believe that we built a fundamentally different and higher-capability laser-based hair-removal system. We obtained an independent legal opinion that our product does not violate that patent. We even told the US Patent and Trademark Office about Palomar’s patent when applying for our own rights, and we still were granted our own patents for our product’s unique and novel design.”

Cutera's VP of R&D Dave Gollnick said, "We have the broadest range of product offerings in this industry. We use multiple technology platforms, and have product solutions for all the popular noninvasive applications, including vascular-, photorejuvenation-, skin-tightening- and pigmented-lesion treatments. And our hair-removal solutions are not limited to the laser-based product named in this lawsuit. Introduced early last year, our ProWave 770™ handpiece – available on our Solera Opus™ – and CoolGlide Xeo® platforms – is the first programmable wavelength solution for hair removal, and has quickly gained solid market acceptance. This selectable-wavelength feature allows our customers to treat the broadest range of patients."

### **CYNOSURE (CYNO)**

#### **Jan. 3, 2006**

Cynosure chairman, president and CEO Michael R. Davin presided over the closing bell to celebrate its initial public offering on the NASDAQ. The photo is archived at [www.nasdaq.com/reference/200601/market\\_close\\_010306.stm](http://www.nasdaq.com/reference/200601/market_close_010306.stm).

### **DIOMED HOLDINGS (DIO)**

#### **Jan. 3, 2006**

On January 3, 2006, through a press release issued by AngioDynamics Inc., a subsidiary of E-Z-EM, Inc., Diomed Holdings learned that a lawsuit had been filed against the company in the US Federal District Court for the District of Delaware by AngioDynamics, seeking a declaratory judgment that the claims of US Patent Number 6,981,971 are invalid, unenforceable and not infringed by AngioDynamics. The '971 patent relates to a particular introducer sheath/optical fiber arrangement that may be used in the endovascular laser treatment of varicose veins. The patent was issued by the US Patent and Trademark Office on January 3, 2006, the day AngioDynamics filed the lawsuit.

Diomed issued a statement, saying "Diomed believes AngioDynamics' declaratory judgment action regarding the '971 patent to be without merit, and intends to address and respond appropriately to the allegations contained in AngioDynamics' complaint in this action."

In a separate action that Diomed began in January, 2004, Diomed sued AngioDynamics in the US Federal District Court for the District of Massachusetts, seeking injunctive relief and damages for infringement of Diomed's US Patent No. 6,398,777. The issues raised in the AngioDynamics' '971 suit are unrelated to the '777 litigation, which is currently pending.

### **DUSA (DUSA)**

#### **Jan. 23, 2006**

DUSA Pharmaceuticals announced that it has filed additional lawsuits against physicians in California, Michigan, and Massachusetts, to prevent their continued infringement of DUSA's patents on methods of treating various disorders with photodynamic therapy (PDT). DUSA's patents cover the use of compounds such as aminolevulinic acid (ALA) with PDT to treat actinic keratosis, basal cell carcinoma, acne and other dermatological conditions. The suits allege that ALA obtained from sources other than DUSA Pharmaceuticals is being used by physicians, without license from DUSA, to perform treatments that are covered under patents exclusively licensed by DUSA, resulting in direct infringement of these patent(s).

In November 2005 DUSA filed similar patent infringement suits against doctors in California, Florida, and Tennessee. To date, DUSA has obtained consent judgments in two of these suits with the defendant physicians admitting to infringing DUSA's patents and agreeing to cease their illegal conduct. In one of these cases, the defendant physician also admitted to illegally using DUSA's Levulan trademark in connection with his infringing activities and agreed to cease this conduct as well. Of the two cases remaining active from November, 2005, one defendant failed to offer a defense and defaulted, and the other case is still pending.

DUSA's president and COO Robert Doman said, "We have an obligation to protect our Levulan franchise from illegal exploitation of our intellectual property and to protect our valued customers from unfair competition from those who infringe

our patents. It is unfortunate that we must take action against these physicians, but, even in the face of our patent position, compounding pharmacies continue to place physicians at risk of patent infringement by making ALA available. We will continue to actively monitor the situation with compounded ALA in the medical community and will take systematic action to prevent further infringement of our patents.”

**Jan. 18, 2006**

DUSA Pharmaceuticals announced that it has entered into an exclusive marketing, distribution and supply agreement for Latin America with Stiefel Laboratories, one of the world’s largest independent pharmaceutical company specializing in dermatology. The agreement covers current and future uses of DUSA’s proprietary Levulan Kerastick for photodynamic therapy (PDT) in dermatology.

The ten-year agreement will expand the distribution of Levulan beyond North America for the first time, into Mexico, Central and South America. DUSA has completed its portion of the Brazilian regulatory submission for the use of Levulan PDT for actinic keratoses. Stiefel will complete final integration and submission of the data to the Brazilian regulatory agency with market launch expected in late 2006 or early 2007. Stiefel will prepare and file the regulatory applications in other countries in the territory subject to the terms of the agreement.

DUSA’s president and COO Robert Doman said, “We are very pleased to be working with Stiefel as DUSA begins to expand the marketing and distribution of Levulan PDT beyond North America. Stiefel’s significant presence in the Latin American dermatology market puts them in an ideal position to maximize the opportunity for Levulan PDT. Our agreement with Stiefel is the next step in our business strategy to gain worldwide distribution of Levulan PDT by partnering with leading companies around the globe.”

Stiefel’s president and CEO Charles W. Stiefel said, “We are extremely pleased to enter into this business relationship with DUSA, the company that is pioneering the utilization of photodynamic therapy in the treatment of a myriad of dermatological disorders. We are proud to represent this important technological advance in Latin America, and we believe that our strong sales and marketing organization, coupled with our close relationships with physicians throughout this region, will optimize sales and profits from this product for both companies.”

Stiefel will make up to \$3,000,000 in milestone payments, based upon receipt of final pricing approval of the product from Brazilian regulatory authorities and achievement of pre-determined minimum purchase levels in the territory, subject to certain terms and conditions. DUSA will manufacture the Kerastick for Stiefel at its state of the art manufacturing facility in Wilmington, MA.

The parties have certain rights to terminate the agreement prior to the end of the initial term, and Stiefel has an option to extend the term for an additional ten years on mutually agreeable terms and conditions.

**Jan. 3, 2006**

DUSA Pharmaceuticals announced that it will acquire all of the common stock of Sirius Laboratories, Inc., of Vernon Hills, Illinois, in exchange for cash and common stock worth up to \$30,000,000. Sirius is a privately held dermatology specialty pharmaceuticals company with a primary focus on the treatment of acne vulgaris and acne rosacea. Closing of the transaction is expected in Q1, 2006, subject to the terms and conditions in the merger agreement.

DUSA’s chairman and CEO Dr. Geoffrey Shulman said, “We are very pleased to be able to announce the signing of this agreement, as we believe there is an excellent synergy between our products and companies. Upon closing of the transaction, we will be offering an expanded line of innovative products to dermatologists, while also enhancing our near-term development pipeline. The combination of Sirius and DUSA is a major step forward in DUSA’s plan to become a leading provider of dermatological pharmaceuticals.”

Sirius chairman, Dr. Stephen Mandy, a dermatologic surgeon, said, “We are excited to be joining forces with DUSA, and we look forward to bringing our products to more dermatologists enabling the combined enterprise to be stronger than either company prior to the merger.”

Of the up to \$30 million, \$8 million less certain expenses will be paid in cash upon closing, \$17 million will be paid in shares of DUSA’s common stock also upon closing in a private placement, and up to \$5 million in cash or common stock, as DUSA

determines, may be paid based on a combination of new product approvals or launches, and achievement of certain pre-determined total cumulative sales milestones for Sirius products.

### INTRALASE (ILSE)

#### Jan. 26, 2006

IntraLase announced the first successful corneal transplant cases using the IntraLase® FS laser, calling it the “first major technology advancement in corneal transplant surgery in more than five years. The use of IntraLase’s ultra-fast laser to create a contoured, full-thickness corneal resection in preparation for corneal transplant has the potential to make corneal transplantation a safer, more precise procedure as the all-laser approach gains favor among transplant surgeons, the company said. Full global launch of the new therapeutic application is expected in fall of 2006.

The IntraLase FS laser is the first femtosecond laser cleared for use in a variety of refractive and corneal surgeries including LASIK, and intrastromal incisions used with ring implants, lamellar keratoplasty, penetrating keratoplasty, and for the preparation of the donor tissue used in corneal transplants. The IntraLase FS laser has demonstrated its superior capability in creating corneal incisions with micron-level accuracy unmatched by hand-held or mechanical blades.

IntraLase president and CEO Robert J. Palmisano said, “The natural progression of our laser technology is to provide corneal surgeons with the ability to shape the full-thickness resection used in corneal transplants. With minor enhancements, our laser is capable of creating optimal incisional patterns for corneal transplants. Instead of the straight vertical cut performed in traditional full-thickness keratoplasty, the FS laser is programmed to create a stepped-edged incision that may enhance the sealing and stability of the transplanted tissue and allow for faster healing.”

Dr. Francis Price, director of the Corneal Research Foundation of America and Price Vision Group and first to perform corneal transplant surgery with the IntraLase laser said, “The early results are excellent. One of the patients had traditional full-thickness corneal transplant surgery three years ago on one eye. The day after her laser-assisted transplant surgery, she reported seeing better in the laser-treated eye. While the long-term outcome remains to be seen, the early results are very encouraging.” Bascom Palmer Eye Institute at the University of Miami and the University of California, Irvine ophthalmology department are also among the first in the US to adopt all-laser corneal transplant surgery.

In 2003, a scalpel was used to create modified-shaped tissue, resembling a top hat, during penetrating keratoplasty surgery. Dr. William Culbertson, of the Bascom Palmer Eye Institute, said, “The shaped top hat configuration never achieved widespread success because of the difficulty in manually creating the incision. The precision and safety of the IntraLase laser inspires the surgeon to perform the top hat incision with confidence. The overlapping wound edge seals better biomechanically requiring less suture tension than a traditional straight-edged incision. The potential result would be enhanced wound strength, less astigmatism and accelerated recovery of vision. We feel this is a huge step forward in the rehabilitation of vision for these patients.”

Latest findings on this and all other FS laser indications will be presented at this year’s American Society of Cataract and Refractive Surgery (ASCRS), March 18-22, 2006, in San Francisco.

#### Jan. 26, 2006

IntraLase’s preliminary unaudited results for the fourth quarter ended December 31, 2005 and calendar year 2005 were less than previously expected, but laser sales have been strong. The company said that it had 4Q revenues of approximately \$27.4 million, net income of approximately \$3.7 million, including approximately \$1.0 million in non-cash, stock-based compensation expense, and earnings per fully diluted share of approximately \$0.12. The company anticipates full year revenue to be approximately \$94.4 million, net income is expected to be approximately \$9.4 million, and earnings per fully diluted share are expected to be approximately \$0.30. In its previous guidance, the company said that it expected 2005 revenues to be greater than \$95 million, and that it expected to generate net income in a range of \$10 to \$12 million, or \$0.33 to \$0.37 per fully diluted share, including expected expenses associated with non-cash, stock-based compensation.

In the fourth quarter ended December 31, 2005 IntraLase sold or leased a record 44 IntraLase FS lasers, compared to 37 in the fourth quarter a year ago. During fiscal year 2005, a total of 156 lasers were sold or leased, compared to 111 in 2004, an

increase of 41%. Procedures sold, inclusive of a disposable patient interface, numbered 95,000 in 4Q, an increase of 81% from the fourth quarter of 2004. Total procedures sold in 2005, inclusive of a disposable patient interface, numbered 338,000, an increase of 76% year over year.

IntraLase president and CEO Robert J. Palmisano said, “We are extremely pleased with our fourth quarter laser sales and procedure volume, both of which represent new quarterly records for the company. Fourth quarter worldwide laser placements increased almost 30% sequentially, with US laser placements nearly doubling during that time. Our fourth quarter worldwide procedure volume grew 14% over the prior quarter, representing solid sequential growth. In 2005 we grew our revenue and earnings to record levels, we increased our US market share each quarter, and we expanded our global footprint. Furthermore, we boosted our worldwide installed laser base to 371, and introduced the 30 kHz laser. These tremendous achievements during the year enhance IntraLase’s position of strength as we enter 2006.”

IntraLase also announced that it entered into a new agreement with TLCVision Corporation which includes a laser commitment across all of their refractive service models over the next two years. Palmisano said, “We are very pleased to further strengthen our relationship with TLCVision, the largest provider of laser vision correction services in North America.”

IntraLase also issued 2006 revenue guidance of approximately \$130 million, net income guidance of approximately \$22 million, and earnings per fully diluted share guidance of approximately \$0.70 including estimated expenses of approximately \$6.5 million associated with non-cash, stock-based compensation. Palmisano said, “Our confidence in our 2006 guidance is bolstered by our recent agreement with TLCVision and our compelling worldwide opportunity. In addition to expanding our position in the US market with TLCVision and individual surgeons, the international LASIK markets represent a substantial opportunity for IntraLase. In particular, Asia has a large population, high rates of myopia and growing economies. China is expected to continue to drive demand for LASIK and our customers in Japan have been instrumental in building demand in their market.”

IntraLase hosted a conference call on January 26 to provide additional 2005 highlights and supporting detail on the earnings guidance for 2006. The call can be accessed on the IntraLase web site. A recorded version of the webcast will be available for a one-week period following the call.

Additionally, IntraLase is scheduled to report its official 2005 fourth quarter and fiscal year-end results on Thursday, February 16, 2006 before the US markets open. Also on February 16<sup>th</sup>, IntraLase will hold an investor conference call at 11:00 a.m. Eastern Time to discuss the company’s results.

## **IRIDEX (IRIX)**

### **Jan. 11, 2006**

IRIDEX, releasing preliminary 4Q and full year 2005 revenue results, said that its 4Q revenue is expected to increase more than 12% to a record level of between \$10.2 million and \$10.4 million, compared with revenue of \$9.1 million reported for the fourth quarter ended January 1, 2005. For the full-year ended December 31, 2005, revenue is expected to grow approximately 12% to \$36.8 million to \$37.0 million compared with \$32.8 million for the full-year ended January 1, 2005.

The company announced the preliminary results due to its scheduled presentation at the 8th Annual Needham & Company, LLC Growth Conference on Wednesday, January 11, 2006. IRIDEX plans to issue final results for the fourth quarter and full year 2005 in February.

IRIDEX president and CEO Barry G. Caldwell said, “We are pleased with our overall strong sales results which were supported by double-digit growth in both of our business segments. In 2005 we began to successfully execute our strategy of expanding our core business through new product introductions and growth of our disposable product sales. Our goal for 2006 is to again achieve double-digit revenue growth and to continue to expand our gross margin and operating income as we focus on increased operating efficiencies.”

## LASERSCOPE (LSCP)

### Jan. 26, 2006

Laserscope announced it has been issued a US patent related to the use of its Photoselective Vaporization (PV) method and technology for therapeutic treatment of benign prostatic hyperplasia (BPH) and other tissues in the human body. The company said that the patent “covers the unique and innovative methods and equipment of Laserscope that enable doctors to quickly vaporize targeted tissue while causing only minimal coagulation and heat damage to surrounding healthy tissue. The treatment method uses the GreenLight PV laser system, Laserscope’s leading surgical product, to perform the Photoselective Vaporization of the Prostate (“PVP”) procedure. The capabilities of this treatment method are fundamental to achieving the excellent clinical outcomes of procedures such as PVP. The newly issued patent covers a wide spectrum of applications where tissue vaporization without significant coagulation is important.”

Laserscope president and CEO Eric Reuter said, “We are pleased to have been issued this patent, which reinforces the intellectual property protection afforded to these core Laserscope methods and technologies used in our current GreenLight products. Clinical studies continue to validate that concentrated, powerful laser light at the 532 nanometer wavelength, used by our GreenLight PV laser system, has ideal characteristics to achieve both fast vaporization and hemostatic coagulation of tissue which results in superior clinical outcomes for the patient in many applications.”

### Jan. 25, 2006

The Motley Fool points to Laserscope as a good buy because of its superior Return on Investment (ROI):

	Market Cap	ROI
Laserscope	\$564	38%

### Jan. 10, 2006

Laserscope announced positive results of the first prospective study comparing Photoselective Vaporization of the Prostate (PVP) performed with its GreenLight PV laser system with the more traditional Transurethral Resection of the Prostate (TURP) for the treatment of obstructive Benign Prostatic Hyperplasia (BPH). The company said the European study highlights its Greenlight PV System, suggesting it is effective in relieving obstructive Benign Prostatic Hyperplasia with improved safety and at a lower cost than the more traditional T.U.R.P. procedure.

Investigators from the University of Basel and from Cantons Spital Baden in Switzerland reported their findings in the December issue of the European Urology journal. The authors of the study, which included data from 101 patients, found that “PVP provides excellent intraoperative safety, instant tissue removal, and immediate relief from obstructive voiding symptoms, similar to TURP.” Dr. Alexander Bachmann, the study’s lead investigator, said, “PVP has become the standard of care at the University of Basel.” Professor Tullio Sulser, head of the Urology Department at the University of Basel, and senior author of the study added that, “The GreenLight PV laser system has proven to be an extremely effective tool in our long-term experience of more than three years.”

### Jan. 5, 2006

Laserscope Inc. stock rose after an analyst upgraded its stock rating, citing new US Center for Medicare and Medicaid Services guidelines that should expedite the adoption of the company’s laser-surgery system.

The analyst also noted that PVP has the potential to reduce health care expenses for the treatment of obstructive BPH, “Although capital investment for the laser generator and disposable costs for the single-use laser fiber are significant, cost savings for insurers become evident once the shorter hospital stay, lower incidence and reduced severity of post-operative complications for PVP compared to TURP are taken into consideration.”

Laserscope president and CEO Eric Reuter said, “We are very excited to see published evidence of the significant advantages our GreenLight PV laser system offers over TURP, which has been the gold standard for the treatment of BPH over the last several decades. Although long-term, follow-up comparison trials are still needed to confirm the initial positive results of this study, we are convinced that PVP is becoming the new de-facto standard of care given the growing number of consistently positive reports from educational and medical centers around the world.”

### LCA-VISION (LCAV)

**Jan. 25, 2006**

LCA-Vision's chairman and CEO Stephen Joffe and executive VP and CFO Alan Buckey will present at the 2006 UBS Global Healthcare Services Conference on Tuesday, February 14, 2006, at 2:30 p.m. ET at the Grand Hyatt Hotel in New York City. The presentation and webcast will be available on the company website's investor relations section.

### LUMENIS (LUME)

**Jan. 10, 2006**

Lumenis announced that it has approval to market its Lumenis One aesthetic system in Korea and Taiwan. Lumenis' president and CEO Avner Raz said, "We are pleased that the clinical efficacy and product safety of our flagship Lumenis One aesthetic system has once again been stringently reviewed and publicly validated. The launch of our popular Lumenis One into Korea and Taiwan will further strengthen Lumenis' position as the leading aesthetic system supplier in the Asia region. Furthermore, recent industry estimates suggest the combined aesthetic laser and light device market in Korea and Taiwan is over \$38M and growing rapidly, with skin treatments driving the market. Our Lumenis One provides practitioners leading edge technology to address the vast majority of their aesthetic treatment needs in one sophisticated platform – better for their patients and their practice."

Lumenis' VP for China and Asia Pacific, Oiyng Zhai, said, "We are confident that Lumenis One will be as well received in Korea and Taiwan as it has been elsewhere in the region, where physicians report very safe and effective treatments on Asian skin, and demand for Lumenis One is growing steadily."

### MEDICALCV (MDCVU)

**Jan. 3, 2006**

MedicalCV announced its recent acquisition of previously issued 5% Series A Convertible Preferred Stock and the exercise of outstanding warrants for the purchase of 22,969,500 shares of common stock at \$0.325 per share. A cash exercise of warrants to purchase 18,517,500 shares provided \$5.6 million in new cash to the company. An additional warrant for 4,452,000 shares was exercised on a cashless basis. C.E. Unterberg, Towbin acted as exclusive advisor to MedicalCV in the negotiations and transaction.

MedicalCV president and CEO Marc Flores said, "The cash exercise of these warrants, which were redeemable by the warrant holders upon certain changes in control, improved our balance sheet considerably by both increasing our cash position approximately \$5.6 million and eliminating a major portion of our potential warrant liability, which totaled \$20 million on October 31, 2005. In addition, with the acquisition of the preferred stock, we eliminated close to 85 percent of the preferred stock in MedicalCV's capital structure as well as the associated dividend payment. As a result of the reduction of this dividend payment, we expect to generate nearly \$750,000 a year in savings. The new cash generated from this transaction increased our cash position to approximately \$12 million as of December 31, 2005, and further enhances our ability to launch our third generation minimally invasive system for cardiac tissue ablation and the potential treatment of atrial fibrillation, which is expected in the second half of 2006. Finally, this transaction simplifies our capital structure to be predominantly common stock and streamlines our balance sheet. We believe these achievements significantly strengthen our financial position moving into calendar year 2006."

### NORWOOD ABBEY (NABYF.PK)

**Dec. 28, 2005**

Norwood's primary focus is the development of technologies that solve drug delivery problems, and one of these is laser-based. According to the company website:

*Laser Assisted Drug Delivery (LAD)* is designed to painlessly and temporarily alter the stratum corneum, or outer layer of skin, to potentially enable drugs to be effectively delivered transdermally avoiding the gastric side effects associated with oral

drug administration. Our research has indicated that a wide range of drugs can potentially be better delivered via the use of Norwood's LAD technology. Clinical studies have shown that LAD ablation of the stratum corneum allows 4% lidocaine to more readily penetrate through the skin thus enhancing the delivery of dermal anesthesia.

Clinical studies conducted under FDA Investigational Device Exemption (IDE) showed the laser removal of the stratum corneum results in a significant increase in the permeation of a topically applied local anesthetic (4% lidocaine).

In a controlled, randomized, multicenter clinical study of 320 subjects, treatment with the LAD prior to a 5 minute application of 4% topical lidocaine (lignocaine) significantly reduced the pain associated with needle insertion. (Accepted for publication - Archives of Dermatology 2003.) The clinical study showed a low incidence of adverse events, all of which were minor in nature. The laser technology has been used safely in medicine for over 20 years. Norwood's safety features include contact activation of the laser and a disposable tip to ensure patient and operator safety.

- Painless alteration of the outer skin barrier
- Enhancing penetration of topical anesthetics
- Rapid onset of dermal anesthesia
- Clinically proven efficacy in just 5 minutes
- Simple and safe operation
- Handheld and portable

Key recent achievements for Norwood's LAD technology were cited as:

- Cleared for marketing in the USA and Australia with a topically applied anesthetic
- Pharmaceutical partner for the USA - Ferndale Laboratories
- Appointed LightMed Corporation (ISO 9001, ISO 13485 Certified and FDA registered medical device manufacturer) to manufacture LAD devices
- Appointed MedNet International as commercialization partner for Asia Pacific

### **NOVARTIS (NVS)**

#### **Jan. 19, 2006**

Novartis reported strong performance with record results in 2005, with group full-year net sales up 14% in US dollars and net income up 10% to \$6.1 billion. Pharmaceutical sales rose 10%, and group operating income rose 10%. Novartis chairman and CEO Dr. Daniel Vasella said, "It gives me great pleasure to present once again a strong performance and record results in 2005. We gained market share and concluded strategic acquisitions to strengthen our leadership position in areas with high growth potential and unmet patient needs. Our strong performance has allowed us to increase our access to medicines programs to reach 6.5 million people in 2005 with \$696 million of products donated or sold at cost. We are confident of delivering in 2006 another year of dynamic growth with record sales and earnings."

### **PALOMAR (PMTI)**

#### **Jan. 12, 2006**

The trial in the patent infringement lawsuit filed by Palomar and the Massachusetts General Hospital (MGH) against Cutera will begin on May 30, 2006. The trial will be held at the US District Court for the District of Massachusetts. The company estimates the trial will last about two weeks.

Palomar said that it is pleased that its request for the earliest possible trial date had been met. In this lawsuit, Palomar and MGH accuse Cutera's CoolGlide family of products of infringing US Patent No. 5,735,844. If Palomar wins its case, it said that Cutera may be ordered to pay millions in damages for past sales and ordered to stop selling infringing products. Palomar does not plan on licensing Cutera going forward. Palomar also alleges that Cutera's activities constitute willful infringement

of the '844 patent. If Palomar prevails on such a claim, Cutera could be forced to pay up to triple the amount of the original damages assessment.

Palomar's general counsel, Patricia Davis, said, "It has been almost four years since we filed this lawsuit and we are eager to bring it to completion." Palomar's CEO Joseph Caruso said, "We are pleased to have the trial date set. We continue to believe not only in the strength of our infringement position against Cutera but also in the overall strength of the '844 patent and its corresponding family members. We intend to continue our licensing and enforcement efforts with other parties." In addition to this lawsuit, on April 7, 2005, Palomar and MGH filed a second lawsuit against Cutera in the same court, accusing Cutera's new pulsed light products for hair removal, including the ProWave 770, of infringing both the '844 patent and related US Patent No. 5,595,568. This lawsuit is in its early stages.

#### **Jan. 5, 2006**

Investor's Business Daily had a flattering story on Palomar, which mentioned, among other things, a few advances in the consumer market. One is Palomar's deal with Proctor & Gamble's Gillette to work on getting a light-based hair removal product for women approved by the FDA. Should that happen, Gillette's mighty manufacturing, marketing and distribution arms would swing into action. Some industry watchers expect approval by August, which would set off a period of consumer testing.

Another attempt at penetrating the home market is considered further off. It would come from a similar deal with Johnson & Johnson for home-based skin rejuvenation, acne and cellulite products. Palomar's CFO Paul Weiner said, "There are no light-based devices currently in the consumer market. We have strong intellectual property or patents which should help fortify our position in the consumer market."

### **REGENERA/ADVANCED OCULAR SYSTEMS (RGA CHANGED TO AOS)**

#### **Jan. 6, 2006**

Regenera Limited announced that it has changed its name to Advanced Ocular Systems Ltd. and will operate with the new ASX ticker symbol AOS (previously RGA). The name change was approved by shareholders on December 30, 2005.

AOS executive chairman Tony Fitzgerald said, "The new name reflects the merged company's coherent focus on ophthalmic technologies and represents the nature of its business and breadth of product offerings more accurately. We believe that there will be a progressive convergence of therapeutic and device approaches to major eye disorders with the aim of delivering more advanced, site specific treatments, hence the inclusion of the word 'systems' in the new name."

The company said that on or about January 13, 2006 it expected to allocate AOS shares to the previous holders of Advanced Ocular Systems, Inc. stock. The company also announced that from December 31, 2005, its financial year will end on December 31 rather than June 30. This is consistent with the standard US financial reporting year and supports the company's strategy of facilitating additional US investment including advancing to a Level 2 ADR program later this year.

#### **Dec. 30, 2005**

Regenera Limited's shareholders approved a merger with Advanced Ocular Systems. The company said that shareholder approval was given for the following:

- Regenera will allot and issue to the AOS shareholders a maximum of 100,791,404 Regenera shares.
- AOS president and CEO Dr. Ken Taylor was appointed to the board of the company and will become CEO of the merged entity based in Massachusetts, USA.
- Regenera Ltd will change its name to Advanced Ocular Systems, Ltd. to reflect the global nature of the merged entity and will begin trading on the ASX under the new name on Jan. 3, 2006. The ASX ticker symbol will also change to AOS in that week.
- The international accounting firm of PricewaterhouseCoopers was appointed as the new auditors of the Company.

Regenera chairman Tony Fitzgerald said, "We are delighted that our shareholders recognize the inherent value in this transaction. The boards of both companies believe that the merger, combining the products, intellectual property, and

technologies of both companies will create a business well positioned to take advantage of high growth markets in the ophthalmology field. Our combined product pipeline now targets key ophthalmic growth markets in both refractive surgery and retinal disorders and the presence of our CEO, Dr. Ken Taylor, in the North American market will bring stronger relationships with existing partners and the US investment community.”

The ASX will continue to be the home exchange of the merged entity and the company’s Australian operations will be a key part of its success, the company said. The development of therapeutic products will continue in Australia in collaboration with Australian Universities and SERI in Singapore, as will the existing and future R&D efforts. The majority of the pharmaceutical product development initiatives will be run from Australia under chief scientific officer Simon Carroll, with the refractive device development work being spearheaded by Dr. Taylor in the US. Dr. Taylor said, “I am very excited to be leading the company towards the future success we all anticipate with the evident benefits of the merged company. I look forward to advancing the interests of our global shareholders and international partners as the company grows.”

### RELIANT TECHNOLOGIES

#### Jan. 9, 2006

ABC News aired a report about Reliant Technologies’ Fraxel Laser Treatment, which it said is growing in popularity. The report followed a satisfied patient and quoted Baylor University dermatologist Dr. Ramsey Markus, who said that Fraxel resurfacing is gentler to the skin than other procedures, can affect layers of sun-damaged skin, and can be used anywhere on the body.

### SPECTRANETICS CORPORATION (SPNC)

#### Jan. 26, 2006

Spectranetics president and CEO John G. Schulte is scheduled to speak February 1 at the Brean Murray, Carret Small Cap Institutional Investor Conference at the Grand Hyatt New York Hotel in New York City. The speech and slide presentation will be available on the internet at [www.spectranetics.com](http://www.spectranetics.com). An archived presentation will be available on the company website for 14 days.

#### Dec. 14, 2005

Spectranetics announced that VP of operations Larry Martel, 54, has adopted a stock trading plan in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. The trading plan provides for the sale of 48,000 shares of Spectranetics common stock over the next twelve months. After the sales within the trading plan, Martel’s beneficial ownership of company stock will be in excess of 270,000 shares. The transactions under this plan will be disclosed publicly as they occur through filings with the SEC.

The company said that Martel has worked for Spectranetics for nearly 15 years and the 10b5-1 plan reflects personal asset diversification strategies. Rule 10b5-1 allows officers and directors to adopt written, pre-arranged stock trading plans when such individuals are not in possession of material, non-public information. A 10b5-1 plan must either specify (including by formula) the amount, pricing and timing of transactions in advance, or delegate discretion on those matters to an independent third party. Once these plans are adopted, the officers and directors have no discretion over the timing, price or terms of any sales made pursuant to such plans. Using these plans, insiders can gradually diversify their investment portfolios, implement tax and estate planning strategies, spread stock trades over an extended period of time to reduce market impact, and avoid concerns about transactions occurring at a time when they might possess material, non-public information.

### SPECTRX, INC (OTCBB: SPRX)

#### Jan. 4, 2006

SpectRX announced that it successfully built and tested its first pre-production, non-invasive cervical cancer detection device. The next-generation device contains major components planned for use in commercial production. SpectRX plans to use the device to complete the ongoing FDA pivotal clinical trial.

Mark Faupel, president and COO of Guided Therapeutics, Inc., the SpectRX subsidiary company formed to commercialize the device, said, "Completion of this beta device, and single-patient-use disposables, is a major milestone in the process of bringing this unique technology to market. We are pleased with the initial technical performance of the pre-production device and single use disposable, both of which benefit from advances in our patented technology and component optimization. Additionally, we believe that this new-generation system will enable us to reach our price-of-production goals, thus making the technology affordable to the general Ob-Gyn and family practice physician." He added, "We anticipate placing the first new device in the pivotal clinical trial early this year followed by additional beta units. These new devices will allow us to close out the human data collection phase of the FDA trial and begin preparation of the important clinical data section of the premarket approval (PMA) application."

The beta non-invasive cervical cancer detection device is made up of components expected to be used in production units. The beta single-patient-use disposables are made of molded plastic and contain the calibration material expected to be used in the final commercial product.

The non-invasive cervical cancer detection device uses proprietary technology to identify cancers and precancers painlessly and non-invasively by analyzing light reflected from the cervix. The device creates an image of the cervix that highlights the location and severity of disease. The technology distinguishes between normal and diseased tissue by detecting biochemical and morphological changes at the cellular level. Unlike Pap or HPV tests, the non-invasive test does not require a tissue sample or laboratory analysis, and results are available immediately. To date, more than 1,600 women have been tested with prototypes of the non-invasive cervical cancer detection device. Research and commercialization of the product are being funded in part by grants from the National Cancer Institute.

According to published reports, cervical cancer is the third most common cancer among women worldwide. Worldwide, there are approximately 471,000 cases of cervical cancer diagnosed annually and approximately 233,000 deaths per year. Approximately 60 million Pap tests are performed annually in the United States. The company estimates the annual global market potential for a non-invasive cervical cancer test to be over \$1.3 billion.

#### **Dec. 13, 2005**

SpectRX Inc. announced that it was granted a patent for the unique method in which its non-invasive cervical cancer detection technology identifies disease. US Patent 6,975,899 recognizes that the technology measures both biochemical and structural changes in tissue in order to better detect diseases such as cancer.

"This patent is an important and fundamental part of our detection technology intellectual property," said Mark Faupel, president and COO of Guided Therapeutics, Inc., the SpectRX subsidiary company formed to commercialize the non-invasive cervical cancer detection device. "This unique technology looks not only for cellular abnormalities, but also biochemical markers that indicate the presence of disease. We believe that these two technologies used in tandem represent a powerful new tool in the fight against cervical and other cancers."

The patent claims the combined use of at least two spectroscopic methods for measuring biochemical and morphological, or structural, changes that occur with diseases such as cancer. The biochemical spectroscopic methods claimed include fluorescence, time resolved fluorescence and fluorescence anisotropy. The morphological spectroscopic methods include absorption, reflectance and polarized reflectance. The patent further claims the combining of spectroscopic measurements with the results of previous testing of the tissue including visual examination, cytology and other indicators of pathology.

### **STAAR SURGICAL (STAA)**

#### **Jan. 11, 2006**

STAAR Surgical announced the first procedure using the VISIAN Implantable Collamer Lens (ICL) was performed since FDA premarket approval in December, 2005. Dr. John Vukich, ophthalmic surgeon and medical director at the Davis Duehr Dean Medical Center in Madison, Wisconsin, performed the procedure on January 10, 2006. The company said that the patient's vision was dramatically improved. Before the operation, the patient could only count fingers when placed 12 inches in front of her. Dr. Vukich reported that post-operation, her vision is "better than 20/20." The Visian ICL is the only foldable, minimally invasive lens approved for the correction of myopia in adults.

During the six-minute, topical anesthetic procedure, Dr. Vukich made a micro incision to allow positioning of the implant behind the iris. He said, “The 36-year old female patient had -9.5 diopters of myopia before the procedure and was unable to see the largest letter on the standard vision chart. Post-operatively, the patient was able to see letters smaller than the 20/20 visual acuity would allow. She showed significant improvement instantaneously, and within one hour following the procedure was able to see better than 20/20 without eyeglasses.” He added, “Immediately after the ICL procedure, the patient sat up and read the time off the clock across the room...The Visian ICL is an exciting technological advancement and it will allow a great number of individuals suffering from nearsightedness to enjoy clear vision without glasses. The ICL has been shown to be a safe, minimally invasive procedure that has produced outstanding clinical outcomes, and it is a significant improvement to the ophthalmic surgeon’s arsenal.”

The company said that Dr. Stephen Slade, in Houston, Texas; Dr. David Schneider, in Cincinnati, Ohio; and Dr. Paul Dougherty, in Los Angeles, California, would also be performing Visian ICL surgeries this week.

#### **Dec. 30, 2005**

According to theStreet.com: “Shares were up after the company disclosed in an SEC filing that it reached an agreement to settle a class action lawsuit for \$3.7 million. The lawsuit, filed in April, alleged that the company and its CEO made false and misleading statements about the approval prospects of its Visian ICL product. The implantable lens was approved by the FDA last week. Staar Surgical, which didn’t admit liability, said it expects insurance will cover its payments. The company’s shares were up 38 cents, or 4.9%, to \$8.13.”

#### **Dec. 27, 2005**

Staar Surgical agreed to settle a class action lawsuit by paying \$3.7 million. The company said, “On December 27, 2005, a Joint Status Report and Notice of Settlement was filed with the Central District of California indicating that the parties to In re Staar Surgical Co. Securities Litigation, No. CV 04-8007 (the “Class Action Lawsuit”) had reached an agreement to settle all claims.

The company announced, “As previously reported, the company and its CEO are defendants in the Class Action Lawsuit. A consolidated amended complaint filed by the plaintiffs on April 29, 2005 generally alleged that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, by issuing false and misleading statements regarding the prospects for FDA approval of Staar’s Visian ICL, thereby artificially inflating the price of the company’s common stock. The plaintiffs generally seek to recover compensatory damages, including interest. As also previously reported, in an order dated September 19, 2005, the Court denied the defendants’ motion to dismiss the lawsuit, but effectively narrowed the class period to the period from October 6, 2003 to January 6, 2004 and narrowed the factual bases on which the plaintiffs may make their claim.

“In the notice, the parties to the class action lawsuit informed the court that they have reached an agreement to resolve the litigation, without admission of liability, and have signed a memorandum of understanding. The effectiveness of the agreement among the parties is subject to the parties’ negotiating and approving the terms of a stipulation of settlement, and to the court’s approval, after notice to the class, of the terms set forth in that stipulation.

“The memorandum of understanding provides, among other things, that in consideration of their agreement to settle the company will pay to the plaintiffs total consideration of \$3,700,000. The company expects that proceeds of insurance will cover those payments and all other costs related to settlement of the class Action lawsuit, except for approximately \$100,000 in administrative costs payable by the company as part of its retention under the terms of its insurance policy.”

### **SYNERON MEDICAL (ELOS)**

#### **Jan. 9, 2006**

Syneron announced strategic alliances with two of Canada’s leading medical equipment and supply distributors. The two agreements give Syneron across-the-board direct access to the broad market of both English-speaking and French-speaking physicians in Canada, the company said.

**Jan. 3, 2006**

TheStreet.com reported, “Shares tanked as Wall Street took a dim view of the company’s preliminary fourth-quarter sales estimate. Shares were down nearly 10% after the medical laser maker put sales in the just completed quarter at \$24 million, about \$4 million short of the Thomson First Call consensus. The company said more than \$3 million of product has been shipped but not yet received by customers, precluding its recognition as revenue in the period ended December 31. Shares fell \$3.04 to \$28.71.”

**Jan. 3, 2006**

Synernon announced preliminary 4Q revenue figures of approximately \$24 million; invoicing and shipments totaled more than \$27 million. The company said, “For the year ended December 31, 2005, preliminary results indicated revenues of approximately \$88 million, greater than a 50% increase from 2004. This recognized revenue does not include \$3-4 million that were invoiced and shipped, but not delivered due to logistical holiday limitations preventing the delivery and/or acceptance of deliveries during the abbreviated holiday week at the end of the last quarter...For Q4 '05, while preliminary results showed recognized revenue of approximately \$24 million, invoicing and shipments totaled over \$27 million.”

Synernon CEO David Schlachet said, “Since assuming the role of CEO in the second half of the fourth quarter, I have worked intensely with our sales teams worldwide to meet our sales targets. We have reorganized the structure of the North American sales force in a direction that we believe will increase further the efficiency of the organization over the long term. Our organization now consists of 45 salespeople in North America, organized in seven territories each with a dedicated regional manager. Previously, our North American sales team was grouped into only four territories which had become too cumbersome for each regional manager to lead effectively.”

Following the pre-announcement, CIBC World Markets lowered its 2005 and 2006 EPS estimates slightly to \$1.66 and \$2.02 from \$1.68 and \$2.04 per share, respectively, “to reflect the company preannouncing that 4Q '05 revenue would be below our recently lowered expectation of \$26 mm and the consensus of \$29mm.” CIBC said, “The company pre-announced preliminary revenue for 4Q '05 this morning at \$24mm, down sequentially despite what is usually a seasonally strong quarter and up 37% from a year ago. Management stated that \$3-4 mm in sales were not booked to revenue even though they were invoiced. We are revising our 4Q '05 revenue estimate to \$24.8 mm from \$26 mm as the company probably will be able to book a little more than \$24 mm. We are reducing our Velasmoth sales in North America by 10 units to 60 and international by 15 units to 55 to arrive at our new estimate. We are not changing our 2007 revenue and EPS outlook of \$153.8 mm and \$2.58 per share, but we would note that it does appear that competition is getting more difficult in the cosmetic laser space and want to wait it out for a quarter to see how it shakes out.”

**THERMAGE****Dec. 19, 2005**

Thermage announced the results of a study showing that the Thermage procedure can be used safely over soft-tissue fillers. The study, published in the December 2005 issue of *Lasers in Surgery and Medicine*, is the first part of a two-part study that evaluated the tissue interactions of monopolar capacitive radiofrequency (CRF) with five commonly injected fillers in an animal model.

Lead investigator Dr. Peter Shumaker of San Diego’s Naval Medical Center said, “This is the first study ever conducted that suggests that the Thermage procedure and fillers can be used as a combination therapy to improve skin laxity and volume. The results are significant for physicians who have patients that have or want filler injections, and would like to receive the Thermage procedure at the same time.”

The Thermage monopolar CRF treatment is used by physicians to tighten and contour the skin. Soft tissue filler augmentation, one of the fastest growing aesthetic procedures, is widely used for aesthetic improvement of deep facial lines and wrinkles. Since many people seeking aesthetic procedures may have had previous filler injections or may desire filler treatment and concurrent Thermage skin tightening and contouring, Thermage initiated a study to examine the safety and interaction of Thermage radiofrequency treatment over five commonly injected soft-tissue fillers.

Dr. Jeffrey Dover, of Yale School of Medicine, said, “Filler injections are one of the most popular non-surgical procedures that we perform in my practice and I feel comfortable using Thermage over these fillers. Using procedures in combination, like the use of fillers and Thermage, we are able to achieve wonderful results with no downtime.”

In the animal study, filled tissue areas were treated with the Thermage procedure immediately or one month following injections of fillers. Filler-injected skin was examined over a period of four months. Results showed no increase in the incidence of local side effects, and no negative impact on filler longevity or persistence in the tissue. In addition, an increase in collagen deposition with fillers and monopolar CRF treatment was observed with certain filler types.

Thermage president and CEO Stephen J. Fanning said, “Publication of this study in peer-reviewed literature is a significant milestone for Thermage as the scientific literature documents that the Thermage procedure, when used as a complementary treatment with fillers, has the potential to be the only treatment available to restore tissue volume and improve facial laxity. We are dedicated to safety and we now have evidence to communicate to our physician base that Thermage can be used safely over fillers in combination therapy or in patients previously injected with fillers.”

Thermage is a non-invasive cosmetic procedure performed in a single treatment with no downtime. It is clinically proven to tighten, contour and rejuvenate facial skin to help naturally restore a more youthful appearance. The Thermage procedure is administered in a doctor’s office using the Thermo-Cool system that utilizes a unique form of capacitive radiofrequency technology to tighten existing collagen and stimulate new natural collagen growth.

## TLCVISION (TLC)

### **Jan. 25, 2006**

TLCVision announced that president and CEO Jim Wachtman and VP finance and CFO Steve Rasche will present at the UBS Global Healthcare Services Conference in New York on Feb. 13, 2006. The conference will be held at the Grand Hyatt and the 1:30 p.m. presentation will review the company’s performance and new refractive growth strategy. The presentation will be webcast live and can be accessed under the Web Casts link in the investor relations section at [www.tlcv.com](http://www.tlcv.com).

### **Jan. 24, 2006**

TLCVision announced the opening of a LASIK Select center in Roanoke, Virginia. It is the second of five new centers expected to open in 1Q '06, and 10 centers total for 2006.

### **Jan. 17, 2006**

TLCVision announced its acquisition of a significant minority ownership interest in Liberty Eye Surgical Center, a six-physician owned ambulatory surgery center (ASC) in Philadelphia, Pennsylvania. The center is well recognized in its market place and currently performs over 4,000 procedures annually in a two-room operating facility. Liberty Eye Surgical Center becomes the 11th ASC for TLCVision.

TLCVision president and CEO Jim Wachtman said, “TLCVision continues to deliver on its eye care diversification strategy. This acquisition is expected to be immediately accretive to earnings and allows us the opportunity to work with six highly respected ophthalmologists in the Philadelphia area.”

Cataract procedures are most common among the senior population and, out of the top 10 major markets in the country, Philadelphia has the highest percentage of adults age 65 or older. These acquisitions, along with the Kremer ASC, acquired in July 2005, now provide TLCVision a strong presence in the large Philadelphia cataract market, according to the company.

TLCVision acquired 49% of the assets of Liberty Eye Surgical Center. The six ophthalmologist partners include Dr. Joanna Fisher, Dr. Dennis Khoury, Dr. Richard Naidis, Dr. John Siliquini, Dr. Mustapha Shayegan, and managing partner Dr. Dennis Slochower.

### **Jan. 9, 2006**

TLCVision announced the locations of its first six value-priced centers, part of its refractive expansion strategy. The company expects 15 centers to be operating by the end of 2006.

The company announced the opening of the first LASIK Select de novo center in Little Rock, Arkansas. A total of five de novo centers are expected to open in the next two months in Orlando, Florida; Chattanooga, Tennessee; Myrtle Beach, South Carolina; Sioux City, South Dakota; and Eau Claire, Wisconsin. The centers in Florida, Tennessee and South Carolina have successfully transitioned from TLCVision's purchase of TruVision in November 2005.

TLCVision president and CEO Jim Wachtman said, "The rollout of our new LASIK Select brand has gone very smoothly, and we are on schedule as previously announced. We have a distinct advantage in opening new centers, having successfully opened and managed 77 centers over our 10 years in this industry."

TLCVision also announced five additional value-priced centers. The first three of these centers have successfully transitioned from TLCVision's purchase of TruVision in mid-November. The last two centers were purchased in late 2005, in a separate transaction. All five centers are accepting TruVision referrals and performed surgeries in December. They are located in Orlando, Florida, Chattanooga, Tennessee, Myrtle Beach, South Carolina, Sioux City, South Dakota, and Eau Claire, Wisconsin.

"The TruVision integration is progressing as outlined in our original plan," said Wachtman. "We continue to receive very positive support from doctors and health plan partners, and have already begun additional marketing to health plans and health plan members, for increased penetration in select areas. TruVision will continue to be a key component of our refractive expansion strategy."

#### **Dec. 24, 2005**

TLCVision announced the accelerated vesting of all unvested and "out-of-the-money" stock options with an exercise price per share of \$8.75 or higher. As a result, options previously awarded to directors, officers and current employees for the purchase of approximately 662,000 shares of the Company's common stock vested immediately. Based upon the December 23 closing stock price on NASDAQ of \$6.23, none of these options has economic value at this time.

The decision to accelerate the vesting of these options was made primarily to reduce non-cash compensation expense that would have been recorded in its income statement in future periods upon the adoption of Financial Accounting Standard Board Statement No. 123R (Share-Based Payment) beginning in January, 2006. In addition, because these options have exercise prices well in excess of current market values, they are not achieving their original objectives of incentive compensation and retention.

As a result of these accelerations, the company expects to reduce the stock option expense it would otherwise be required to record in connection with the accelerated options by approximately \$2.2 million over the original vesting period.

### **TRIMEDYNE (TMED)**

#### **Jan. 13, 2006**

Trimedyne announced that its net revenue increased \$509,000 or 8.5% in fiscal 2005 to \$6,482,000 from \$5,973,000 in fiscal 2004, largely due to increased unit sales of lasers. Net revenues from service and rentals decreased by \$114,000 or 6.4% primarily due to decreased billable sales generated by the company's service department. International export revenues increased to \$1,822,000 for fiscal 2005 from \$1,298,000 for fiscal 2004. This increase was primarily due to increased sales in Asia...Net income in FY2005 was \$186,000, compared to a net income of \$1,001,000 in FY2004.

#### **Jan. 5, 2006**

Trimedyne announced it received FDA approval for its VaporMAX Fiber for use with its Holmium Lasers for their FDA cleared indications, including the treatment of enlarged prostates, technically called benign prostate hyperplasia (BPH). The clearance also covers marketing the new VaporMAX Fiber for use with Holmium Lasers with a compatible connector made by others.

BPH affects more than 50% of men over age 55, and approximately 200,000 procedures to treat BPH are performed each year in the United States. The new VaporMAX Fiber qualifies for reimbursement under the higher-paying APC Code Number 3525.

Trimedyne's new VaporMAX Side-Firing Laser Fibers vaporize an average of 3 grams of soft tissue per minute over 60 minutes of use, which is faster than other currently marketed laser devices, based on laboratory testing of animal tissue and published data. A faster vaporization rate minimizes both physician and operating room time. Testing also indicates the new VaporMAX Fibers are more durable than other side-firing laser fibers, meaning that one device should be sufficient to treat even large prostates.

### VASCULAR SOLUTIONS (VASC)

#### Jan. 4, 2006

Vascular Solutions announced preliminary 4Q sales, reporting that net sales for 4Q '05 were \$8.85 million, an increase of 32% over 4Q '04.

CEO Howard Root said, "While we see substantial annual growth in our sales across nearly all of our product lines, net sales during the end of the fourth quarter were less than the sales estimates prepared at the beginning of December by our sales management. Part of this shortfall was the result of several bulk orders for our D-Stat Dry being deferred by customers into 2006. In addition, our German sales subsidiary underperformed in the fourth quarter in relation to their previous sales estimates, an issue that we are currently addressing. Finally, while we are very encouraged by the clinical successes we've seen with our new Pronto V3 catheter, our manufacturing team was not able to ramp up production as quickly as forecasted in the fourth quarter, resulting in backorders for the Pronto V3 throughout December." He continued, "Looking forward, we continue to expect to see substantial sales growth into and throughout 2006. Sales in 2006 are expected to benefit from our recent ramp in manufacturing capacity for the Pronto V3 together with the planned launch of new products such as the Skyway and TwinPass catheters in the first quarter. While forecasting specific sales numbers with our rapidly growing product portfolio has always been difficult, we continue to believe that strong growth of between 25% to 40% in annual sales in 2006 will occur."

Full financial results for 4Q '05 and full year 2005, together with forecasts for the first quarter and full year of 2006 are expected to be announced after the close of trading on Thursday, January 26, 2006.

#### Dec. 29, 2005

Vascular Solutions announced that it has entered into an extension and expansion of its existing credit facility with Silicon Valley Bank. The newly extended credit facility renews the previous \$5 million revolving line of credit and adds a \$2 million equipment line of credit for 2006. The borrowing base of the revolving line is a percentage of the company's eligible domestic receivables and inventory. The purpose of the revolving line of credit is for general working capital needs. The purpose of the equipment line of credit is to finance equipment purchases, principally in the scale-up of the company's thrombin manufacturing operation.

CEO Howard Root said, "As we grow our sales and operations, we continue to view our relationship with Silicon Valley Bank as an integral part of our growth. Even though we did not borrow on our line of credit in 2005, with our investment in the new source of thrombin and new products planned for 2006, we believe that renewing the line of credit and adding the equipment line is beneficial."

#### Dec. 19, 2005

Vascular Solutions announced that, effective immediately, its CFO, James Hennen, will also be VP of finance and corporate secretary. Hennen joined Vascular Solutions in 2002. Timothy Slayton will be controller and principal accounting officer. Slayton is a CPA and joined Vascular Solutions from McGladrey & Pullen, LLP, where he most recently served as audit manager.

VP of sales, Michael Nagel, has left the company to pursue other interests. Mark Valls, who has been with the company since 2000 and was promoted to director of US Sales in July, 2005 will continue managing Vascular Solutions' entire US sales force across all of the company's product lines. Management of the company's international distributor network and German sales subsidiary will remain unchanged.

CEO Howard Root said, “Our management team must grow and change to respond to the current and planned rapid growth in our sales and products. With the additional requirements of Sarbanes-Oxley, our finance department required expansion going into 2006 and, with the addition of Tim, we have addressed this need. Likewise, our sales management team will continue to evolve as our worldwide product portfolio expands. In today’s transition of our sales management team we benefit from the presence of an existing director-level sales team that has already demonstrated its ability to direct our worldwide sales efforts. We have benefited greatly from Mike Nagel’s contributions to the formation of Vascular Solutions and its growth over the last eight years, and we wish him well in his future endeavors.”

Vascular Solutions also re-affirmed its previously issued guidance for sales in the fourth quarter of 2005. The company expects to report between \$9.2 million and \$9.5 million in net sales for the fourth quarter ending December 31, 2005, a greater than 35% growth over the fourth quarter of 2004 and greater than 7% sequential increase from the third quarter. Results for the fourth quarter and full year 2005 are expected to be announced after the close of trading on Thursday, January 26, 2006. ♦