



RTI Surgical Acquires Paradigm Spine

11/1/2018



PARADIGM SPINE
the movement in spine care

Legal Disclosure

This Investor Presentation is for informational purposes only and does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation to purchase any equity, debt or other financial instruments of RTI Surgical, Inc. ("RTI" or the "Company") or any of its affiliates' securities (as such term is defined under the U.S. Federal Securities Laws). This Investor Presentation has been prepared to assist interested parties in making their own evaluation with respect to RTI's proposed acquisition of Paradigm Spine, LLC. The information contained in this presentation is derived from various internal and external sources. Please refer to the master transaction agreement for the full terms of the transaction. No representation is made as to the reasonableness of the assumptions made in this presentation or the accuracy or completeness of any projections, modeling, or any other information contained in this presentation. Any data on past performance is no indication as to future performance. RTI assumes no obligation to update the information in this Investor Presentation except as required by law.

Forward Looking Statements

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations, estimates and projections about our industry, our management's beliefs and certain assumptions made by our management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, except for historical information, any statements made in this communication about anticipated financial results, the impact of the transaction on the complexity of RTI's operations, any benefits of scaling caused by the transaction, the impact of the transaction on RTI's growth rates, potential long-term growth for colflex® products, the impact of the transaction on RTI's market share, and the retention of current customers or the acquisition of additional customers also are forward-looking statements. Many factors could affect our actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements, including those set forth in this document. These statements are not guarantees of future performance and are subject to risks and uncertainties. These risks and uncertainties include, among other things: the failure to obtain RTI shareholder approval of the proposed transaction; the possibility that the closing conditions to the proposed transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant a necessary regulatory approval and any conditions imposed in connection with consummation of the proposed transaction; delay in closing the proposed transaction or the possibility of non-consummation of the proposed transaction; the risk that the cost savings and any other synergies from the proposed transaction may not be fully realized or may take longer to realize than expected, including that the proposed transaction may not be accretive within the expected timeframe or to the extent anticipated; the occurrence of any event that could give rise to termination of the definitive agreement; the risk that shareholder litigation in connection with the proposed transaction may affect the timing or occurrence of the proposed transaction or result in significant costs of defense, indemnification and liability; risks related to the disruption of the proposed transaction to us and our management; the effect of the announcement of the proposed transaction on our ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties; the ability and timing to obtain required regulatory approvals and satisfy other closing conditions; and other risks described in public filings with the U.S. Securities and Exchange Commission (SEC). Our actual results may differ materially from the anticipated results reflected in these forward-looking statements. Copies of the company's SEC filings may be obtained by contacting the company or the SEC or by visiting RTI's website at www.rtx.com or the SEC's website at www.sec.gov.

Industry and Market Data

In this Investor Presentation, RTI relies on and refers to information and statistics regarding industry data. RTI obtained this information and statistics from third-party sources, including reports by market research firms, such as **[Note to RTI: include any market research firms used to provide information on the LSS market.]** RTI has not verified the accuracy of the data obtained from third-party sources, and RTI makes no representations as to the accuracy of such information.

Important Additional Information and Where to Find It

In connection with the proposed transaction, RTI will file a registration statement on Form S-4 with the SEC. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended. INVESTORS AND SECURITY HOLDERS ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS THAT WILL BE PART OF THE REGISTRATION STATEMENT, WHEN SUCH DOCUMENTS BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The final proxy statement/prospectus will be mailed to stockholders of RTI. Investors and security holders will be able to obtain the documents free of charge at the SEC's website, www.sec.gov, from RTI at its website, www.rtx.com, or by contacting RTI Investor Relations at (847) 530-0249.

Participants in Solicitation

The Company and its respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information concerning the Company's participants is set forth in the proxy statement, filed March 26, 2018, for the Company's 2018 annual meeting of stockholders as filed with the SEC on Schedule 14A. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the proposed transaction will be included in the registration statement and proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

RTI STRATEGY



BUSINESS STRATEGY

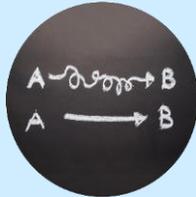
APPROACH

DESIRED OUTCOME } Build a growing and sustainably profitable business that will treat more patients, create growth opportunities for us and value for investors

Executing Our Strategic Transformation

Achieved significant progress across the three pillars of our strategic transformation highlighted by our recent strong financial performance

Reduce Complexity



- ✓ Enhanced focus on optimizing core competencies
- ✓ Completed portfolio analysis to support divestiture of non-core assets

Drive Operational Excellence



- ✓ Initiated \$25M of cost reduction program in tissue manufacturing
- ✓ Implemented lean manufacturing concepts across global manufacturing

Accelerate Growth



- ✓ Returned all franchises to growth
- ✓ Rebuilt product pipeline across all franchises
- ✓ Refocused international on targeted markets with key products
- ✓ Strengthened balance sheet to enable investments in growth

Differentiated Portfolio Expansion

Advancing a full line of high-quality hardware, interbody and orthobiologic options



Acquisition accelerates RTI's Spine strategy focused on differentiation and scale

Acquiring Paradigm Spine

RTI is acquiring Paradigm Spine, a leader in motion preservation and non-fusion spinal implant technology



RTI to acquire Paradigm Spine in a cash and stock transaction valued at up to \$300 million, consisting of \$150 million at closing plus potential future milestone payments



Fund cash portion with approximately \$100 million in new, fully committed debt financing



Expected to close in the first quarter of 2019 subject to customary closing conditions



EBITDA accretive within 12 months of closing



Approved by the RTI Board of Directors and Paradigm Spine Board of Managers



Next step: proxy vote to obtain RTI shareholder approval

Transaction Rationale

Investment in differentiated technology that closely aligns with RTI's M&A strategy



Paradigm Spine Overview

Founded in
2004

~100
Full-time employees

\$40M
2018 TTM
global revenues


Headquartered in
New York with
operations in
Germany

160,000+
Patients served worldwide


~90%
Gross margin

Vision:

Create the #1
company for
addressing Lumbar
Spinal Stenosis (LSS)

Mission:

Drive coflex® toward
standard of care and
treatment of choice
for LSS

What's Next:

Expand payor coverage,
clinical evidence, drive
to #1 market share in
motion preservation

Coflex[®]: Product Differentiation

First and only PMA motion preserving stabilization implant for the treatment of moderate to severe spinal stenosis in conjunction with decompression



\$3.3 Billion estimated market opportunity in LSS



Clinical evidence established non-inferiority to fusion and superiority to decompression



High margin product profile



~1,300 trained surgeons and implanters



Approximately **50 Million** lives covered by Medicare and private coverage in Michigan, South Carolina, Pennsylvania and North Dakota



Coverage policy recommendations for relevant procedure from major spinal societies



Expanding coverage from payors sets stage for acceleration of growth



Significant clinical heritage and brand recognition

Lumbar Spinal Stenosis Market Overview



Diagnosed spine condition and reason for spine surgery amongst elderly in North America



Leads to faster recovery times with improved patient outcomes compared to current standard of care



Cutting edge solution that pairs MIS with motion preservation



Patients already getting treated surgically = Established patient referral



~1.6 Million
patients diagnosed
annually

~380,000
surgical procedures
annually

Coflex[®]: Deep Clinical Heritage

Strong base of clinical evidence supports acceleration of third party coverage

Demonstrated effectiveness based on 12+ years of clinical heritage

90+ peer reviewed studies

Coverage policy recommendations for relevant procedure from major spinal societies

High quality FDA premarket approved study



RTI's Commitment to Products Supported by Clinical Data Ongoing Clinical Studies

- SImmetry – EvoluSlon, evaluating the impact of the SImmetry System on SI joint function; 250 patients participating in trial across 23 sites
- Fortilink – Initiating FORTE trial to study Fortilink with TETRAfuse; 150 patients across 25 sites

Transaction Summary

Acquiring Paradigm Spine, a leader in the field of non-fusion spinal implant technology

- 1 Significant \$3.3B market opportunity for LSS
- 2 Addresses #1 diagnosed spine condition and reason for spine surgery amongst elderly in North America
- 3 Adds differentiated, proven, high margin asset to Spine portfolio
- 4 Supported by strong clinical data and brand recognition
- 5 Significant anticipated growth through reimbursement approval
- 6 Disciplined M&A; Paying fair market value for today's revenue for a high margin product
- 7 Accretive to EBITDA within 12 months of close

Unique Growth Strategy Coming to Life



Acquiring Paradigm Spine accelerates RTI's growth strategy in spine



Underscores significant ongoing progress toward completing strategic transformation



Deal closely aligns with RTI's M&A strategy



Focusing on differentiation and scale in Spine supported by OEM cash generation

Transaction highlights RTI's commitment to accelerating growth and driving shareholder value