RTI BIOLOGICS® & PIONEER® SURGICAL TECHNOLOGY
ACQUISITION FACT SHEET
Creating a diversified global surgical implant company positioned for growth in orthopedics and biologics
RTI Biologics Inc. (Nasdaq: RTIX) announced on June 12, 2013 its intent to acquire privately held Pioneer Surgical Technology, headquartered in Marquette, Mich. The acquisition creates a diversified global surgical implant company positioned for growth in orthopedics and biologics.

**TERMS OF THE DEAL**

- RTI will pay $130 million in cash to acquire Pioneer.
- The transaction will be funded through a combination of:
  - Cash on hand
  - A new credit facility with TD Bank, N.A. and Regions Bank
  - A concurrent private placement of $50 million of convertible preferred equity with Water Street Healthcare Partners
- Acquisition will be accretive to cash earnings per share\(^1\) and free cash flow, excluding one-time, transaction-related items in 2014.
- The merger is subject to customary closing conditions and regulatory approvals.
- Expect to close in third quarter of 2013.

\(^1\)Cash earnings per share excludes one-time transaction expenses and integration costs, GAAP inventory write-up, amortization of acquired intangibles and amortization of financing fees.

**ACQUISITION BENEFITS**

The acquisition of Pioneer fits into RTI’s strategic plan through:

- **Diversification of Implant Portfolio**
  - Expands current allograft and xenograft biologics portfolio with metal and synthetic implants
  - Adds attractive next generation synthetic biologics platform

- **Expansion of Direct Distribution**
  - Meaningful addition to existing distribution network with opportunities for cross distribution
  - Additional distribution capability for upcoming launch of map3™ cellular allogeneic bone graft

- **Enhances Current International Business**
  - Provides a platform for new growth opportunities

- **Improved Margin Profile and Revenue Growth Opportunities**
  - Raises RTI’s organic growth rate and provides revenue growth opportunities for distribution of the combined portfolio across multiple channels
  - Addition of Pioneer’s medical devices will improve RTI’s current gross margin profile

**COMBINED COMPANY**

- Headquarters: Alachua, Fla., with manufacturing facilities in the United States and Germany and offices in The Netherlands
- Approx.: 1,100 employees
- Combined company will have a new name to reflect its expanded portfolio

**LEADERSHIP OF THE COMBINED COMPANY**

- Brian Hutchison, President & CEO
- Rob Jordheim, EVP & CFO
- The remainder of the executive management team will be made up of the current RTI management team and some members of the current Pioneer senior leadership
- 10 Board of Directors – all eight directors from RTI’s current board as well as the addition of two directors designated by Water Street, effective at the closing of the merger transaction
COMBINED COMPANY OVERVIEW

DIVERSIFIED IMPLANT PORTFOLIO

spine ✓ ✓ ✓ ✓
sports medicine ✓ ✓ ✓ ✓
surgical specialties ✓ ✓ ✓ ✓
orthopedics ✓ ✓ ✓ ✓
dental ✓ ✓ ✓ ✓
trauma ✓ ✓ ✓ ✓
cardiothoracic ✓ ✓ ✓ ✓

ADDITION OF SYNTHETICS & METALS

(Dollars in millions)

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<thead>
<tr>
<th></th>
<th>RTI 2006</th>
<th>RTI 2010</th>
<th>RTI LTM 3/31/13</th>
<th>PRO FORMA LTM 3/31/13</th>
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<tbody>
<tr>
<td>Allograft &amp; Xenograft</td>
<td>$147</td>
<td>$166</td>
<td>$175</td>
<td>$263</td>
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<tr>
<td>Synthetic &amp; Metal</td>
<td></td>
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EXPANDED DIRECT DISTRIBUTION

(Direct revenue as a percentage of total revenue)

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<th>RTI 2008</th>
<th>RTI 2010</th>
<th>RTI LTM 3/31/13</th>
<th>PRO FORMA LTM 3/31/13</th>
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<tr>
<td></td>
<td>33%</td>
<td>37%</td>
<td>39%</td>
<td>47%</td>
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ENHANCED INTERNATIONAL PLATFORM

+ Combined companies offer implants in 47 countries
+ European distribution platform in Germany & The Netherlands
+ Growing China distribution footprint

COMBINED OPERATIONS HIGHLIGHTS

+ Provides immediate scale
+ Strong growth profile
+ Enhances RTI’s margin profile

LTM MARCH 31, 2013

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<thead>
<tr>
<th></th>
<th>RTI BIOLOGICS</th>
<th>PIONEER SURGICAL</th>
<th>COMBINED</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$175</td>
<td>$88</td>
<td>$263</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$84 (48%)</td>
<td>$62 (70%)</td>
<td>$146 (56%)</td>
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<tr>
<td>Margin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>$19 (11%)</td>
<td>$13 (15%)</td>
<td>$32 (12%)</td>
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CONTACT INFORMATION

RTI MEDIA CONTACT:
Corporate Communications
Tel: 386.418.8888

RTI INVESTOR CONTACTS:
Robert Jordheim
Executive Vice President, Chief Financial Officer

Wendy Crites Wacker, APR
Executive Director, Global Corporate & Marketing Communications
Tel: 386.418.8888
IR@rtx.com

RTI BIOLOGICS
CORPORATE HEADQUARTERS:
11621 Research Circle
Alachua, FL 32615
Tel: 386.418.8888
Toll-Free: 877.343.6832
www.rtx.com

CORPORATE HEADQUARTERS:
375 River Park Circle
Marquette, MI 49855
Tel: 906.226.9909
Fax: 906.226.4443
www.pioneersurgical.com
Forward Looking Statement

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 growth rates, new product introductions, future operational improvements and results or regulatory actions or approvals or changes to agreements with distributors also are forward-looking statements. These statements are not guarantees of future performance and are subject to risks and uncertainties, including the risks described in public filings with the U.S. Securities and Exchange Commission (SEC). In addition, these statements are subject to risks associated with the Pioneer’s financial condition, business and operations and the integration of Pioneer’s business with ours. 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.rtix.com or the SEC’s website at www.sec.gov.

This fact sheet shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction.