Investor Presentation
June 12, 2013
Acquisition of Pioneer® Surgical Technology
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 presentation 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.
## Transaction Summary

### Acquisition
- RTI is acquiring Pioneer® Surgical Technology, a leading medical technology company that manufactures and distributes synthetic and metal products in the orthopedics, biologics, spine, trauma and cardiothoracic markets

### Purchase Price
- $130 million, all cash

### Financial Impact
- Accretive to cash earnings per share\(^{(1)}\) and free cash flow, excluding one-time, transaction-related items in 2014

### Financing
- Existing cash
- Fully committed senior debt financing
- Less than 1.5x net leverage at close
- Convertible preferred equity

### Additional Information
- Brian Hutchison, RTI's President & CEO and Rob Jordheim, RTI’s EVP & CFO, will continue to serve in their respective roles
- Approved by both Boards of Directors
- Hart-Scott-Rodino approval in process
- Expect to close in 3Q13

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\(^{(1)}\) 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.
Debt & Equity Financing

**Debt**

**TD Bank, N.A. and Regions Bank**
- 5 year, $80 million senior secured credit facility
  - $20 million revolver
  - $60 million Term Loan A
  - Cost of credit facility equal to LIBOR plus 100 – 175 bps, based on senior debt to EBITDA ratio

**Preferred Equity**

**Water Street Healthcare Partners**
- $50 million convertible preferred equity
  - 6.0% dividend
  - Converts to RTI common stock at a conversion price of $4.39
  - 16.8% ownership (as converted)
  - 2 new board seats
Water Street Healthcare Partners

- Strategic private equity firm focused exclusively on healthcare industry
- Strong track record of leading transformational acquisitions that have created market-leading healthcare companies of greater long-term value
- Expertise in integrating businesses to achieve synergies and maximize combined companies’ products and capabilities to drive results
- Extensive operating experience, industry knowledge and network of executive relationships in medical products sector
- History of successful partnerships with world’s leading healthcare corporations to invest in and grow their businesses
- Proven record of engaging team’s healthcare expertise, experience and network of relationships to accelerate companies’ growth and increase value
Strategic Rationale

RTI’S ACQUISITION OF PIONEER® CREATES A DIVERSIFIED GLOBAL SURGICAL IMPLANT COMPANY POSITIONED FOR GROWTH IN ORTHOPEDICS AND BIOLOGICS

- **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
Pioneer® Surgical Technology Overview

- Leading manufacturer of synthetic and metal products in the Orthopedics, Biologics, Spine, Trauma and Cardiothoracic markets
- Founded in 1992
- Headquartered in Marquette, MI with international headquarters in Houten, The Netherlands
- Two manufacturing facilities – Marquette, MI and Greenville, NC
- Approximately 300 employees in the U.S. and Europe
Pioneer® Surgical Technology Revenue

2012

- Cardiothoracic: 5%
- Biologics: 15%
- Trauma: 30%
- Spine: 50%

HISTORICAL

(Dollars in Millions)

- 2010: $70
- 2011: $77
- 2012: $88

‘10 – ’12 CAGR: 12%
### Pioneer® Business Segments

#### SPINE
- Broad product portfolio
- Cervical
  - Plate systems
  - PEEK interbody fusion
- Thoracolumbar
  - PEEK interbody fusion
  - Pedicle screws & rods
  - Spinal cable system
- Lateral
- Minimally Invasive Surgery

#### TRAUMA
- Cable system
- Cannulated screws

#### BIOLOGICS
- Diversified implant offering
  - 2nd generation bioactive synthetic
  - DBM
  - Allograft

#### CARDIOTHORACIC
- Leading sternal cable system
- Plating system
Combined Company Overview
Addition of Synthetics & Metals

(Dollars in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Allograft &amp; Xenograft</th>
<th>Synthetic / Metal</th>
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<tbody>
<tr>
<td>RTI 2008</td>
<td>$147</td>
<td></td>
</tr>
<tr>
<td>RTI 2010</td>
<td>$166</td>
<td></td>
</tr>
<tr>
<td>RTI LTM 3/31/13</td>
<td>$175</td>
<td></td>
</tr>
<tr>
<td>Pro Forma LTM 3/31/13</td>
<td>$263</td>
<td>32%</td>
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32% of the total is Synthetic / Metal, while 68% is Allograft & Xenograft.
Expanding Direct Distribution

(Direct Revenue as a percentage of Total Revenue)

- RTI 2008: 33%
- RTI 2010: 37%
- RTI LTM 3/31/13: 39%
- Pro Forma LTM 3/31/13: 47%
Enhance International Platform

- Combined companies will offer products in 47 countries

- Combined European distribution platform:
  - Neunkirchen, Germany
  - Houten, The Netherlands

- Growing China distribution footprint
Combined Operations

(Dollars in Millions)

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

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<tr>
<th></th>
<th>RTI</th>
<th>PIONEER</th>
<th>COMBINED</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$175</td>
<td>$88</td>
<td>$263</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$84</td>
<td>$62</td>
<td>$146</td>
</tr>
<tr>
<td><strong>Margin</strong> 48%</td>
<td>48%</td>
<td>70%</td>
<td>56%</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>$19</td>
<td>$13</td>
<td>$32</td>
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<tr>
<td><strong>Margin</strong> 11%</td>
<td>11%</td>
<td>15%</td>
<td>12%</td>
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Summary

ADVANCES RTI’S STRATEGIC GOALS

DIVERSIFIES PORTFOLIO/REVENUE/CUSTOMER BASE

BRINGS STRONG GROWTH OPPORTUNITIES

LEVERAGES EXPERTISE OF PREMIER HEALTHCARE-FOCUSED EQUITY INVESTOR