


**Acumed**  *Innovative Solutions*

**Apex (Guangzhou) Tools & Orthopedics Company**  *Helping People to a Better Life*

**MicroAire Surgical Instruments**  *For Surgery, For Life.™*

**OsteoMed**  *Rethinking Possibilities, Reshaping Lives*

**Precision Edge Surgical Products Company**  *World Class People...World Class Product*

**Skeletal Kinetics**  *Engineering the Future of Osteobiologics™*



### **To our Associates,**

As I begin this letter, I first want to thank each of our associates around the world for another excellent year. I hope each of you are pleased with the many significant accomplishments this past year. Most importantly, I hope you are extremely proud to be part of the Colson Associates Group of Companies, regardless of where you may be located or what your role may be—because every role really is of great importance to our combined overall efforts. I am certainly proud of you and of what has been achieved during 2013 and, I am thankful every day for the privilege to have been afforded the opportunity to work with such a wonderful and ethical group of individuals. My sincerest thanks.

As I think about us—associates and friends—a couple of thoughts come to mind.

First, let's think for a moment. **What is it that we do and what are we about?** Well, it seems to me that beyond the need for most of us to have a safe and rewarding business home that can provide a living for our families, we are an organization committed to building shareholder value through the development of exciting, creative medical devices and other products that will aid the afflicted and improve the standard of medical care throughout the world. For each of us to know that our daily efforts are improving lives of individuals that we will, in almost all instances, never have the opportunity to meet is truly quite something. Just imagine if you or I or one of our friends or family members were benefiting from the products we are developing—how appreciative we would be to know that through the commitments of people within the Colson Associates Group of companies, quality innovative products have been developed that have allowed us to overcome a serious medical condition or perhaps have saved a life.

Second, we sometimes tend, because of the busy and hectic lives we live, to not step back and fully appreciate the cooperative environment of trust, respect and accountability that fosters and nurtures our relationships within the Colson Associates Companies.

I would like all of us to reflect, for a moment—when we say we are “associates”, **just what**

**does being an associate mean?** Webster's Dictionary seems to capture the essence of what all of us within Colson Associates should be striving to achieve and maintain and that is “*a person who shares actively in anything and all things as a business enterprise or an undertaking or achieving an objective—to be associated as a colleague or to join as a companion to associate oneself with a meaningful cause.*” Seems to me that this sums up very well what we are about—hope you agree.

Let's not ever lose sight of what it means to be an associate nor undervalue the benefits that flow from our cooperative efforts and our common responsibilities to serve and support one another. As I commented in my letter last year, I want you to always remember and cherish how blessed and fortunate we all are to be able to work in the environment of such high ethics and integrity that has been entrusted to us

and that is supported to the fullest extent by our Shareholders. With this legacy given to us comes the responsibility and commitment that we continue to “*always do the right thing*” in all aspects of how we do business and in how we treat one another.

Many times, I have been asked “**what is the culture of the Colson Associate Companies?**” and “**why have the companies enjoyed such success?**” In talking to many of our associates, I know you receive the same inquiry from time to time either from customers, suppliers, professional contacts or from friends and family members. First, we can never forget the loving support and encouragement we all enjoyed from Bob Pritzker who founded and nurtured the Colson Associates Group of Companies. Our “culture” is based upon metrics (as the old, but especially true saying goes, ‘you can't manage what you can't measure’) in our approach to running the businesses and accountability (we are accountable to everyone with whom we have a relationship and to one another) within an envi-

ronment where innovation and creativity are prized and encouraged together with a commitment to safety, quality and social responsibility based upon a foundation of trust, respect, integrity and fairness. This is how we have done business and how we will continue to do business no matter the challenges or opportunities. For those who embrace this approach to business and how we deal with one another, this is the place to be and your career aspirations will have the opportunity for fulfillment. For those, who do not subscribe or follow our commitment, including our commitment to one another and to compliance, their futures will lie elsewhere.

With the importance of the foregoing in mind, I am pleased to share with you some thoughts and observations about the markets we serve and the successes our companies have achieved as well as the challenges and opportunities that I and our senior managers believe lie ahead for our companies.

The Colson Associates' Companies have thrived because of the engaging culture, as I have just described, that attracts outstanding individuals and because of our commitment to customer service, quality and innovative products. However, the market is rapidly changing because of the Affordable Care Act and for many other reasons. Innovative technology alone will not ensure business success for medical device firms, such as our companies, in the future. To survive and thrive in the new healthcare landscape, medical device firms must recognize the changes that are occurring, embrace those changes, and be able to adapt to the changing environment.

What does all of this mean? Well, it is not all that clear at the moment to anyone within the medical device industry. But, there are several emerging indications and disruptive factors that provide some insights into what the near term future may be like and the strategic direction for medical device companies to be successful.

We must think of more than just products and new product development, although we will continue to commit significant resources to the identification and development of creative and innovative products through our interaction with the market and with world-leading orthopedic surgeons and

### **What is it that we do and what are we about?**

### **Just what does being an associate mean?**

### **What is the culture of the Colson Associate Companies?**

### **Why have the companies enjoyed such success?**



other healthcare providers. The needs and requirements of the changing market and the impact on the market brought about by the Affordable Care Act, will require that medical device companies focus efforts across the continuum of care—which we will be doing to an even greater degree. Our commitment to distributors will remain as strong as ever but our sales models will be changing and will now also include focus on health economists. In other words, we will have in-house health economics expertise. Our companies must, and will, partner with hospitals and with other users of our products to help them achieve greater efficiencies through our services and products. We will also invest to a greater level to demonstrate how the innovative products of the respective Colson Associates Companies provide ‘better patient outcomes’. One key trend that is clearly beginning to emerge is the value to be derived from being able to clearly and honestly demonstrate the efficacy of medical products with respect to improved patient outcomes. So, while our focus in the past has been keenly focused on bringing to market truly unique and innovative products, we will now be supplementing those successful efforts with investments in services and expertise that will be of benefit to our customers across the continuum of patient care.

While the changing market conditions will present challenges, those same changes will present opportunities for companies with strong foundations, that are cost efficient, and that have talented and ethical individuals who are excited to embrace and influence the future of medical care. We are extremely well-positioned and will be one of those companies, thanks to each of you!

### **To our Customers, Suppliers and Friends,**

To our customers, suppliers and business associates, all of whom we value as friends, on behalf of all of the employees of the Colson Associates companies throughout the world we want to express our greatest appreciation for your continued support. To our customers, you have our assurances that we are continuing to direct our talents, skills, resources and energy on further understanding and responding to your needs. Through integrity, honesty, creativity, uncompromising product quality, the highest level of service, innovative new products and compelling pricing, we intend to further strengthen our relationship as your

supplier of choice throughout the coming years.

Our investments in new product development are yielding innovative and exciting new products at an ever increasing pace. This pace accelerated at an even greater rate during calendar 2013.

Our policy is to recruit the very best people to execute our strategic priorities and to reflect the diverse nature of the global footprint of our businesses. Through a culture of accountability and an adherence to the philosophy *“that if you do the little things well, you’ll do the bigger things better”*, our businesses are achieving great successes, creating and building wonderful and mutually beneficial relationships at many levels, bringing to market products that dramatically improve patients’ lives and doing this all within an environment of efficiency and cost awareness. Just one example, among many during 2013, of the results of our focus on the development of leading-edge technology and efficient manufacturing processes and as further evidence of our companies’ commitment to excellence was Acumed’s prestigious recognition as the recipient of the 2013 Manufacturing Leadership Award for Operational Excellence awarded by the Manufacturing Leadership Council.

On behalf of all of the Colson Associates employees throughout the world, we wish all the best to our customers, suppliers, and friends for great success during the coming year. We are hopeful that we will be key contributors to your success!

I have discussed our approach to doing business (to always “do the right thing”) as well as the key metrics (based on the principle of “accountability”) and, hopefully, from my comments you have a sense for our culture and leadership (based upon “respect and fairness”). In the following pages of this report, you will see this reinforced.

Throughout this report, I hope our companies’ accelerated commitment to the development of innovative new products, our commitment to the continuum of patient care, our principles of doing business and our commitment to social responsibility and adherence to compliance continues to be clear and uncompromising.

Thank you again for the trust you are placing with each of our companies around the world.

Louhon Tucker  
President and Chief Executive Officer  
Chicago, Illinois  
March 2014

### **A Word About Colson Associates**

Colson Associates, Inc. and each of its member companies are privately owned by certain direct family members of Robert “Bob” Pritzker. Mr. Pritzker, who passed away in October 2011, created Colson Associates in early 2002 for the purpose of providing management and certain administrative services on a more efficient basis to the member companies of Colson Associates. Subsequent to the creation of Colson Associates, a number of medical-related companies were acquired and those companies now include Acumed Holding Company, Inc. and subsidiaries, Apex (Guangzhou) Tools & Orthopedics Company, MicroAire Holding Company LLC and subsidiaries, OsteoMed Holding Company, Inc. and subsidiaries, Precision Edge Holding Company LLC and subsidiaries, and Skeletal Kinetics Holding Company LLC and subsidiaries. Each of these member companies are independently operated and managed but with certain support services provided by Colson Associates.

While the member companies around the world operate independently, Colson Associates, Inc. (a professional organization in Chicago, Illinois) manages and invests the member companies’ non-operational financial resources and advises the companies on accounting, international and state tax, finance, legal, insurance and risk management, regulatory, real estate, acquisitions and other matters.

It is the objective and intent of the management of Colson Associates and that of the Shareholders of Colson Associates and of the respective member companies, that each of the companies operate with the highest level of ethics, full compliance with governmental and industry regulations and with a keen sensitivity toward social responsibility.

## Socially Responsible and Actively Involved

The member companies of Colson Associates are committed to social responsibility and community involvement. Such commitment is of fundamental importance to Colson Associates and to our shareholders and has been and continues to be evidenced in many ways by our companies and employees throughout the world. Our companies are encouraged to reaffirm these values in a tangible manner through support for humanitarian, educational and charitable activities locally and on a global basis. Colson Associates and our member companies firmly believe that we also have a deep responsibility, which we have embraced, to aid the afflicted through improving the standards of care. We continue to discharge this responsibility

through our extensive new product research and development and through providing training, supplies, modern equipment and other support to non-profit organizations. The mission of some of these organizations is to support surgeons in developing countries in order to offer immediate orthopedic surgical treatment to individuals who otherwise would not have access to the benefits of advanced medical treatments.

In order to help others, we must first always insure that our employees are provided with an environment of the highest levels of safety and care, that we have the greatest respect as an environmental custodian for the world in which we live, that our companies are strong financially so that we have the resources both for

reinvestment and to be able to identify and fund activities where assistance is meaningful.

But to make these socially responsible activities meaningful, all of our businesses around the world and all of our activities must be sustained globally by a continued focus on maintaining high ethical business practices. We take this extremely seriously and continually devote significant attention to further strengthening our business practices and controls so that we might better insure the future of our companies, our employees, our business relationships, our ability to improve the standards of care, our compliance with government and industry regulations, and our abilities to continue to fulfill our desires for innovative social responsibility.

### Colson Associates At-a-Glance

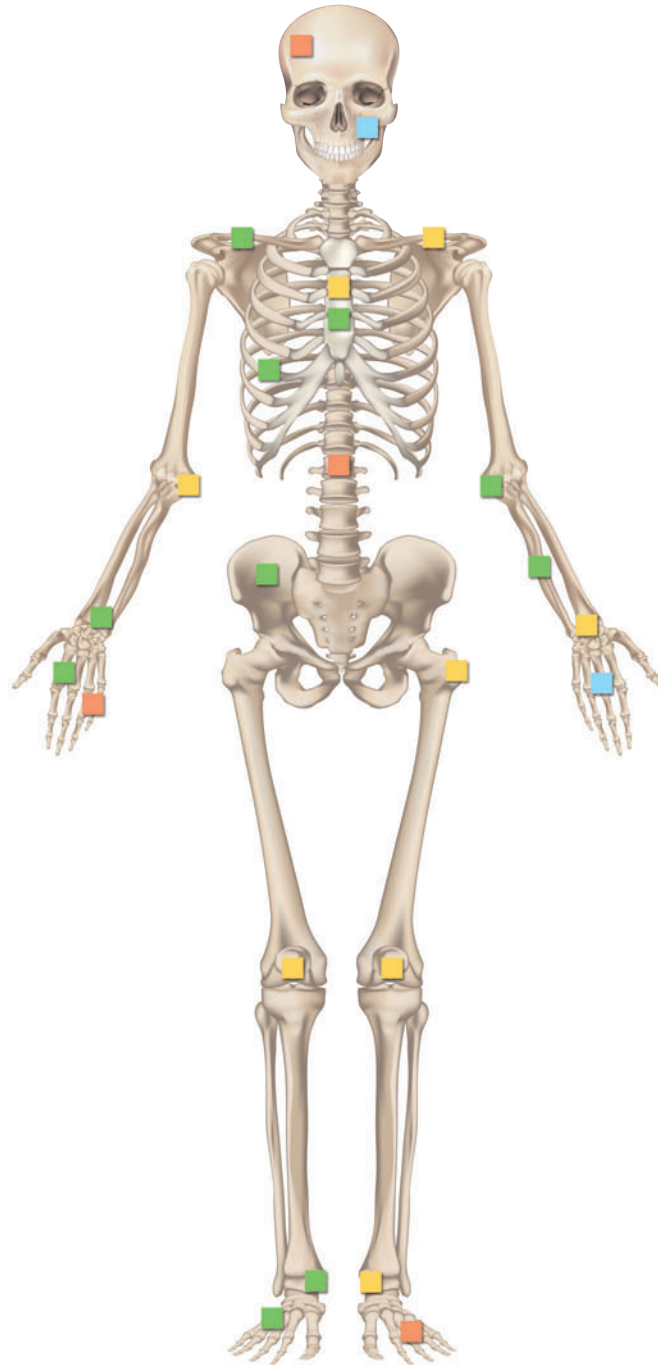


					
<b>Acumed LLC</b>	<b>Apex (Guangzhou) Tools &amp; Orthopedics Company</b>	<b>MicroAire Surgical Instruments LLC</b>	<b>OsteoMed LLC</b>	<b>Precision Edge Surgical Products Company LLC</b>	<b>Skeletal Kinetics LLC</b>
<a href="http://www.acumed.net">www.acumed.net</a>	<a href="http://www.apexitool.net">www.apexitool.net</a>	<a href="http://www.microaire.com">www.microaire.com</a>	<a href="http://www.osteomed.com">www.osteomed.com</a>	<a href="http://www.precisionedge.com">www.precisionedge.com</a>	<a href="http://www.skeletalkinetics.com">www.skeletalkinetics.com</a>
Hillsboro, Oregon Beijing, China Andover, England Madrid, Spain	Yonghe, Guangzhou, China	Charlottesville, Virginia	Addison, Texas	Sault Ste. Marie, Michigan Boyne City, Michigan	Cupertino, California
<i>470 employees</i>	<i>91 employees</i>	<i>156 employees</i>	<i>250 employees</i>	<i>204 employees</i>	<i>22 employees</i>
<i>166,403 square feet</i>	<i>100,000 square feet</i>	<i>73,000 square feet</i>	<i>61,000 square feet</i>	<i>74,100 square feet</i>	<i>16,500 square feet</i>

The Colson Associates Companies are dedicated to the advancement of medical science, the improvement of patient care, and in particular to the contribution that high quality, cost effective health care technology can make toward achieving those goals.

In pursuing this mission, the Colson Associates Companies recognize that adherence to ethical standards and compliance with applicable laws are critical to their ability to continue the collaboration with health care professionals. The Colson Associates Companies insist upon ethical business practices and socially responsible conduct related to their interactions with health care professionals.

Our companies also respect the obligation of health care professionals to make independent decisions regarding the Colson Associates Companies' products. Consequently, a Code of Ethics has been adopted to facilitate the Companies' ethical interactions with those individuals or entities that purchase, lease, recommend or use prescribed Colson Associates Companies' medical technology and products.



**Acumed LLC**  
Orthopedic implants, instrumentation and bone biologics for upper and lower extremities

**MicroAire Surgical Instruments LLC**  
Extremities, aesthetics, carpal tunnel, power equipment

**OsteoMed LLC**  
Oral maxillofacial, neuro, plastic reconstructive, otolaryngology, podiatry and spine

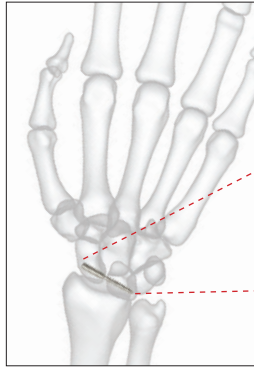
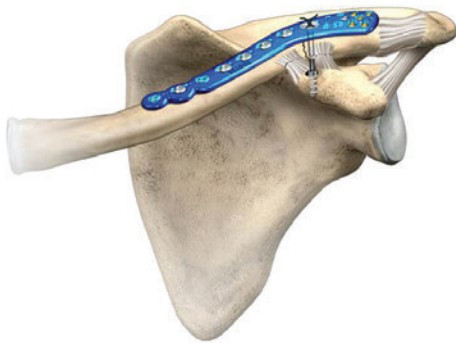
**Skeletal Kinetics LLC**  
Bone cements, sternum closure, spine, joint and craniofacial reconstruction and the attachment of soft tissues to bone

**Apex (Guangzhou) Tools & Orthopedics Company**  
Implantable plates, screws, and other products

**Precision Edge Surgical Products Company LLC**  
Blades, burs, drills, reamers, rasps and instruments for orthopedic procedures used throughout the body

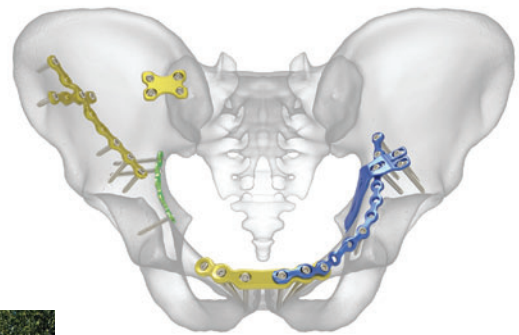
Designs, manufactures and markets orthopedic implants, instrumentation and bone biologics for the upper and lower extremities. The company is dedicated to the development of indication-specific products that provide superior fixation, anatomic restoration and early patient rehabilitation. Next-generation products are offered to surgeons worldwide.

Since its introduction as the orthopaedic industry's first precontoured resource for clavicle fixation, surgeons have utilized the versatility of the Acumed Clavicle Plating System along with the Acu-Sinch Repair System to treat simple and complex fractures and ligament injuries of the clavicle.



The Acumed Scapholunate Intercarpal Screw (SLIC Screw) System has a cannulated cylinder-in-cylinder design for treatment of wrist injuries.

The Acumed Pelvic Plating System is a comprehensive set of plates, screws, and instrumentation for the treatment of pelvic ring and acetabular fractures.



Brookwood facility, Hillsboro, Oregon



Acumed Headquarters  
Hillsboro, Oregon



Acumed Learning Center used  
for surgeon bioskills training

Designs and manufactures a wide array of medical devices including surgery drill bits, k wires, taps, reamers, rasps, saw blades, screw drivers, medical instruments including skin staplers, knee positioner, and bone mill for the North American, European and Asian Markets. Develops and manufactures custom designed surgical instruments and tools for surgeons and OEM buyers.



Apex rigid medical grade tubing.



Apex flexible medical grade tubing.



APEXSUTURE Skin Stapler is an ergonomically designed tool used to close lacerations and incisions similar to traditional needle sutures, saving time by up to two-thirds.



Apex (Guangzhou) Tools & Orthopedics Headquarters  
Guangzhou, China



Cleanroom tubing extrusion capabilities

MicroAire Surgical Instruments LLC

*For Surgery, For Life.™*

Designs, manufactures and markets powered surgical instruments for total joint replacement surgery, orthopedic surgery of the extremities, aesthetic and reconstructure surgery, endoscopic carpal tunnel release, and sterile orthopedic blades.



SmartRelease® System is now indicated for use in treating Cubital Tunnel Syndrome.

MicroAire fully-disposable pulse lavage.



StromaCell™ is a single-use collection and centrifugation canister, used for the rapid preparation of an autologous nucleated cell concentrate from a sample of lipoaspirate at the patient's point of care.



Del Vecchio harvesting cannulas.



MicroAire Surgical Instruments Headquarters  
Charlottesville, Virginia



Manufacturing at MicroAire's facility



BioSkills Lab and training facility





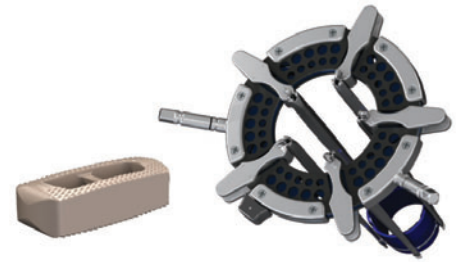
## OsteoMed LLC

*Rethinking Possibilities,  
Reshaping Lives*

An innovator in the development, design, manufacture and service of high quality and cost effective surgical products. The company specializes in the development of products for small bone reconstruction, distraction osteogenesis, spinal fusion and trauma surgical devices targeted primarily to the oral maxillofacial, neuro, spine, plastic reconstructive, otolaryngology (ENT), podiatry and small bone orthopedic surgical specialties.

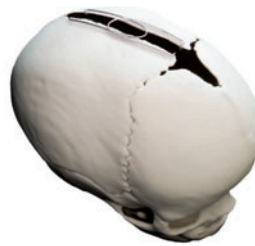
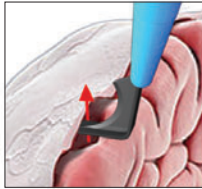
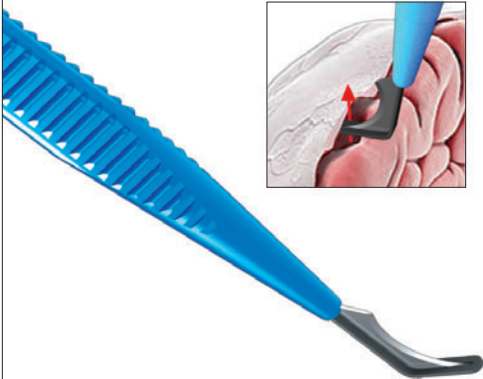


ExtremiLock Foot Plating System includes the latest in variable angled locking screw and plate technology to treat multiple reconstructive and trauma applications of the forefoot, midfoot and hindfoot.



OsteoMed's PrimaLIF lateral retractor system is used for minimally invasive, interbody spine fusion surgery and limits potential muscle and nerve damage.

The OsteoMed DuraKnife is a dural cutting instrument used in cranial procedures.



SmartFlex offers early minimally invasive surgical intervention to decrease the morbidity associated with an extensive decompression operation.



OsteoMed Headquarters  
Addison, Texas



Production floor



BioSkills Lab and training facility

An industry leading contract manufacturer of precision surgical components, cutting tools and instrumentation for use in the orthopedic industry.

Burs



Reamers



Blades



Instruments



Drills



Taps



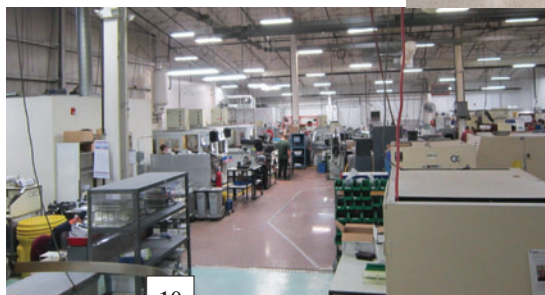
Precision Edge Surgical Products  
Headquarters  
Sault Ste. Marie, Michigan



Production floor at  
Boyne City, Michigan facility



Boyne City, Michigan



Production floor at  
Sault Ste. Marie facility

Skeletal Kinetics LLC

*Engineering the Future  
of Osteobiologics™*

A pioneer in orthopedic biomaterials, the company develops, manufactures and markets bone cements and related biologic products. The company has expanded products to new target audiences to include total joint revision, sternum closure, oncology, and continues to focus on orthopedic trauma fracture fixation, spinal, joint and craniofacial reconstruction and the attachment of soft tissues to bone.

Induce procedure kit combining beta TCP beads and a bone marrow aspirator. Used in general orthopedic applications in cases desiring potential for osteoinductive or osteogenic properties without as much structure.



InjectionPlasty 1.0 procedure kit with calcium phosphate bone void filling structural cement specifically engineered to fill bone marrow lesions in subchondral bone (near joint at the end of long bone).



Skeletal Kinetics Headquarters  
Cupertino, California



Tissue culture lab

Furnaces used in production of biologic products



**Colson Associates, Inc.**

**One North Franklin Street, Suite 2400 Chicago, Illinois 60606-3452  
Telephone 312.980.1100 Fax 312.980.1111 [www.colsonassociates.com](http://www.colsonassociates.com)**