

COLSON
ASSOCIATES

2015



innovation

Our innovative product strategic focus is underpinned with the driving objective of being fast but good—extremely good in all things we do!

To our Associates,

Thank you! 2014 was another excellent year for the Colson Associates family of companies! We are stronger than ever and we are in a very enviable position in terms of financial strength, operational resources, performance excellence, dedicated and talented employees, and the record number of product development projects underway within our companies. I want to thank each of you for your continuing dedication and contributions to the overall success of the Colson Associates Medical Companies which led again, during 2014, to the introduction of products that provided significant advancements in patient care.

As we think about the milestones and successes achieved and the challenges faced and overcome by our companies during 2014 and as we eagerly look forward to 2015, I want to discuss the importance of the strategic focus of the Colson Associates' Medical Companies. Our companies are by no means the largest medical products companies nor do we necessarily aspire to ever be the largest.

Our focus is to be quick to market with innovative medical products that significantly improve the standard of care for patients around the world.

Our innovative product strategic focus is underpinned with the driving objective of being fast but good—extremely good in all things we do!

As I continually think of this objective and as we continue at all levels within our companies to be focused on the critical importance of each day achieving progress in research and development of innovative new products, I am reminded of the phrase "Be Quick—But Don't Hurry!"* I hope that each of our Associates around the world would take this phrase to heart as each of us renew our dedication to continually bringing new and exciting products to market.

We have created something (the Colson Associates' Medical Companies) and are part of something that is exactly like nothing else! We are thriving and successful because we are unique and because we have creative, skilled and caring employees who together are truly making a difference. Let's never lose sight of what has been and is being accomplished and continually be proud and celebrate the opportunity to be part of this rewarding adventure called the Colson Associates Medical Companies.

But we are continually being presented by market challenges which require quick, nimble and thoughtful responses including the continued introduction of innovative products. Our definition of innovation in its simplest form is "the action of creating novel solutions to resolve existing and or future needs and problems". In the markets we serve, that means finding ways to significantly improve patient outcomes, to provide more efficient procedures and processes for surgeons, and to provide more cost efficient solutions for hospitals and surgery centers. We love these challenges and have demonstrated a wonderful track record of providing unique and very beneficial solutions that have been embraced with high adoption levels by orthopedic surgeons and other healthcare providers within the medical community.

For those of you who are sports fans and especially avid college basketball fans with a good recollection, you probably recall and greatly appreciate the wisdom and insights of John Wooden, UCLA coach during the 1960s and 1970s and arguably the best and most successful college basketball coach in history—but, as importantly, a great teacher whose lessons taught on and off the court were applicable not only to his players but translate extremely well today to life as well as business. Wooden's teams always won with team effort, quickness and with class (that is to say they did things the right way!—please think back to our conversation in the 2013 brochure regarding accountability to one another, respect for one another and doing business the right way).

I would like to share with you some observations from John Wooden. His observations provide anyone who is on a journey of achieving competitive greatness (and in reality, business and sports have similar objectives) a wonderful pathway to success. Some of his insights to success coincide with the key factors underpinning our drive for innovative success:

- 1 Quickness under control (in our case, quick to market with a spirit of urgency but where we are always challenging our efforts with the objectives of developing products with high levels of efficacy).
- 2 Train, practice and empower.
- 3 Be honest, direct and willing to take a risk for your beliefs.
- 4 The more you make things complicated, the more you have to learn—keep things as simple as you can and you have a chance to do them better.
- 5 When you learn something, you must be quick to implement.
- 6 You must have top-notch talent to win.

*From the book "Be Quick-But Don't Hurry" authored by Andrew Hill with John Wooden

When Coach Wooden was asked who he thought were the best coaches he had faced over the years, it is told that he would smile and say “the coach with the best players!” I want you to know that the Colson Associates Medical Companies have a deep bench of great players!

It’s great to say we want to be successful through innovation and it is easy for many organizations to say this, but the landscape is littered with companies that have been unable to achieve the objective of creatively achieving on-going innovation. One-time wonders (those who create one or two new products but are unable to create an on-going environment that nurtures, fosters, encourages and supports creative thinking in the development of new ideas and products with a sense of urgency in bringing those ideas to market with the highest level of quality) are far too numerous. Companies that can harness creativity and consistently develop new ideas and quickly and efficiently bring those ideas to market in the form of innovative products will be dynamic companies—we are, and intend to be long into the future, one such company.

We must, within each of the Colson Associates’ Medical Companies, continually and aggressively work each day to insure we have the environment of creativity and an environment where it is understood that we must convert ideas into innovative products and make those products available to patients as quickly as possible—always in accordance with robust testing and worldwide regulatory requirements.

I am so pleased to have seen the progress made during 2014 but we must see even greater levels of success during 2015 in order to not only protect our market position in the face of growing competition but to increase our stature as a leading and well-respected innovator of highly beneficial medical products. I am convinced we will continue to be successful, albeit not without challenges, because of our commitment to an increased level of investment during 2015 in new product research and development but, even more importantly, because of our increased numbers of creative, skilled and caring employees dedicated to finding effective solutions leading to improved patient care.

To Our Customers, Distributors, Suppliers and Friends,

To our customers, distributors, suppliers and friends, on behalf of all of the employees of the Colson Associates companies throughout the world we want to express our greatest appreciation for the confidence you have in our products, our services and in us. We appreciate your continued support and we sincerely value each of you. 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.

I am pleased to tell you that our investments in new product development are yielding innovative and exciting new products at an ever increasing pace.

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 beneficially 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. 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 again are hopeful that we will be key contributors to your success!

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
Colson Associates, Inc.
Chicago, Illinois
March 2015

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 patient care. We continue to discharge this responsibility through our extensive new product research and development programs 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.

The encouragement of education is also strongly supported. As one important example of our commitment to education, during 2014 Colson Associates, through the support of our Shareholders, implemented the Robert A.

Pritzker Scholarship Program for children of the Colson Associates Medical Companies. We have been very pleased with the reception to the program and we are very pleased to be able to provide the benefits available under the program to promote higher education.

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



Acumed LLC	Apex (Guangzhou) Tools & Orthopedics Company	MicroAire Surgical Instruments LLC	OsteoMed LLC	Precision Edge Surgical Products Company LLC	Skeletal Kinetics LLC
www.acumed.net	www.apexitool.net	www.microaire.com	www.osteomed.com	www.precisionedge.com	www.skeletalkinetics.com
Hillsboro, Oregon Beijing, China Andover, England Madrid, Spain	Yonghe, Guangzhou, China	Charlottesville, Virginia	Addison, Texas	Sault Ste. Marie, Michigan Boyne City, Michigan	Cupertino, California
468 employees 166,403 square feet	114 employees 100,000 square feet	161 employees 97,000 square feet	238 employees 61,000 square feet	216 employees 74,100 square feet	22 employees 16,500 square feet

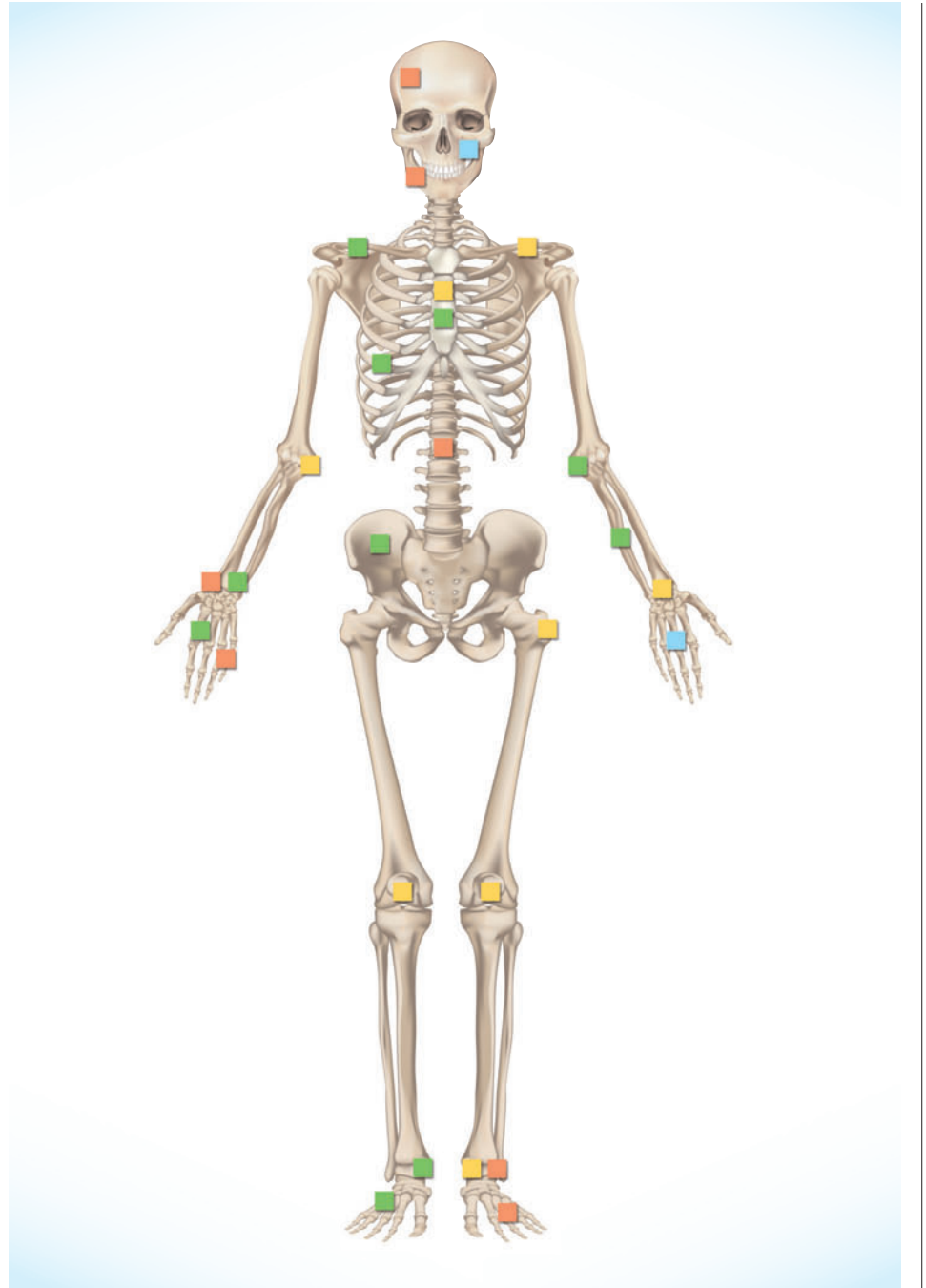
Code of Business Conduct

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.

With the foregoing in mind, Colson Associates implemented a Confidential Reporting Hotline to provide a confidential and, if desired, anonymous avenue for employees to report any real, perceived or potential matters of ethical concern to Colson Associates.



Acumed LLC

Orthopedic implants, instrumentation and bone biologics for upper and lower extremities

OsteoMed LLC

Oral maxillofacial, neuro, plastic reconstructive, otolaryngology, podiatry and spine

Apex (Guangzhou) Tools & Orthopedics Company

Implantable plates, screws, and other products

MicroAire Surgical Instruments LLC

Extremities, aesthetics, carpal tunnel, power equipment

Skeletal Kinetics LLC

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

Precision Edge Surgical Products Company LLC

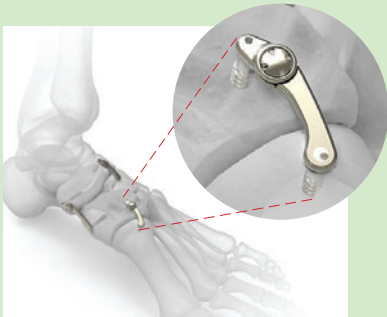
Blades, burs, drills, reamers, rasps and instruments for orthopedic procedures used throughout the body

Acumed LLC

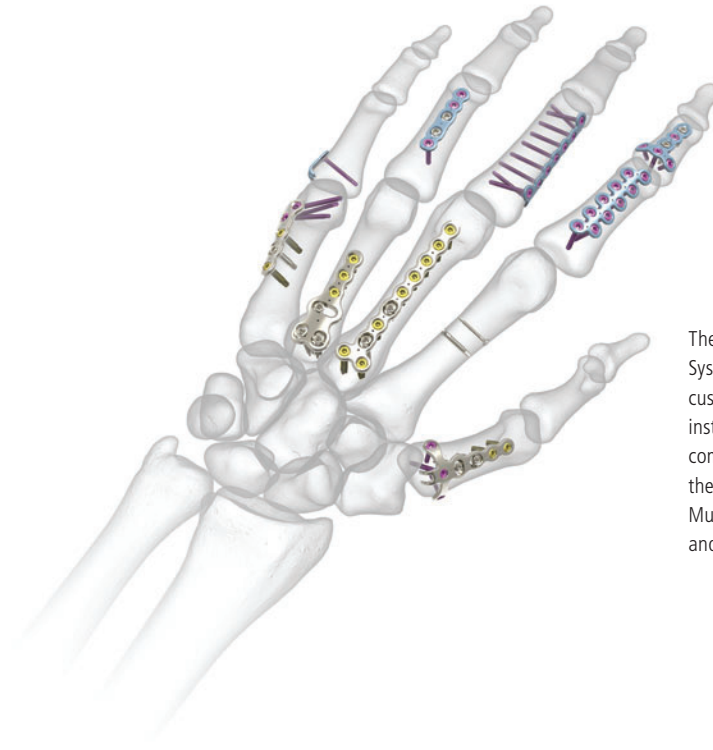
Innovation With Purpose

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. Acumed constantly seeks to advance the field of orthopedics, designing every product to best serve the patient, surgeon, and hospital. Working together, these solutions have the power to support more than just the individual—they can transform the whole healthcare community.

INNOVATION



The Acumed Ratcheting Compression Plating System addresses joint stabilization, initial and retained compression, cyclic loading, and ease of application. The Ratchet Plate solution allows the user to incrementally adjust, generate, and retain compression through the unique ratcheting feature of the device.



The Acumed Hand Fracture System contains versatile screws, customizable plates, and dedicated instrumentation to offer a comprehensive system to streamline the surgical experience. Hexalobe MultiScrews act as both nonlocking and variable angle locking screws.

The Acumed Polarus 3 Solution provides plate and nail options for the proximal humerus in one comprehensive system. Designed to make for a streamlined operating room experience, all plates and nails use the same 4.3 mm screws and instruments.



Acumed Headquarters, Hillsboro, Oregon

Brookwood facility, Hillsboro, Oregon

Acumed Learning Center for surgeon bioskills training



Apex (Guangzhou) Tools & Orthopedics Company

Helping People to a Better Life

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.

INNOVATION



Apex's avascular necrosis core decompression (AVN) kit is designed to decompress the necrosis bone mostly found in the hip. The core decompression blade is designed to be expanded and retracted at ease to selectively remove the necrosis bones. The good bone is collected using the specially-designed device and then is autografted back to the decompressed areas to help quick growth of the new bones in the diseased areas.



APEXSUTURE™ Skin Stapler is an ergonomically designed tool used to close lacerations and incisions similar to traditional needle sutures, reducing task time by 66 percent.

Apex flexible medical grade tubing.



Apex patented avascular necrosis core decompression (AVN) kit.

Apex rigid medical grade tubing.



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.

INNOVATION



The LipoFilter™ from MicroAire Aesthetics is a next-generation tissue filtration system used to harvest adipocytes (fat cells). The adipose tissue can be washed to remove impurities and then a patent-pending double-chamber design allows the waste fluids to be drained away, leaving the freshly processed adipocytes. Surgeons are increasingly using adipose tissue in place of implants to correct contour deformities in both aesthetic and reconstructive surgery.



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



MicroAire fully-disposable pulse lavage.



Del Vecchio harvesting cannulas.

MicroAire Surgical Instruments, Headquarters,
Charlottesville, Virginia

BioSkills Training Center with 24 surgeon capacity

Manufacturing facility, Charlottesville, Virginia



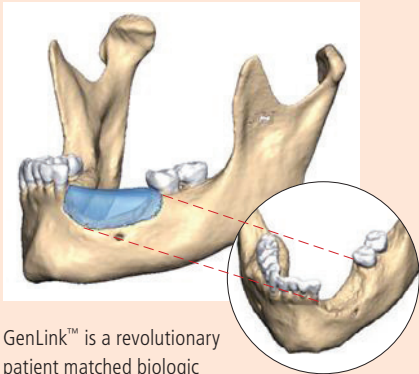


OsteoMed LLC

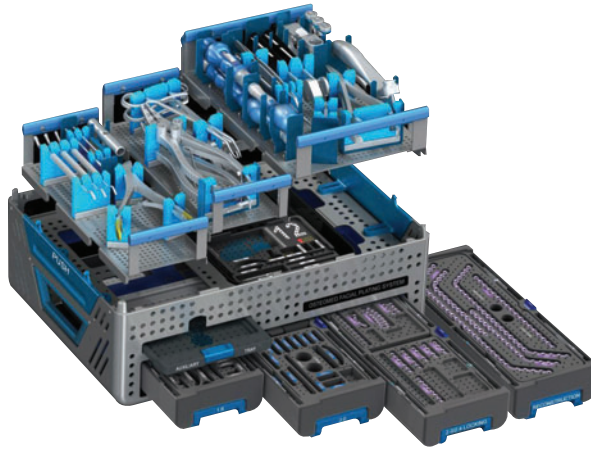
***Rethinking Possibilities,
Reshaping Lives***

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 specialities.

INNOVATION

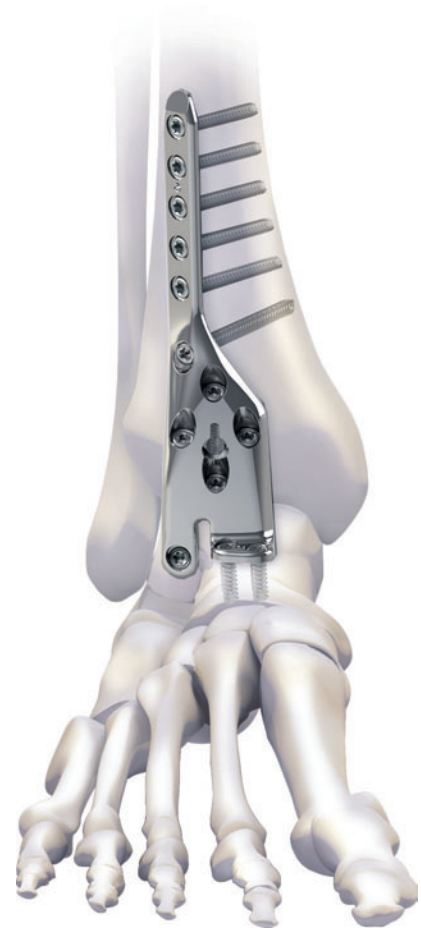


GenLink™ is a revolutionary patient matched biologic implant for craniomaxillofacial reconstruction that provides optimal aesthetics and functional results while reducing operating room time. The GenLink™ implant offers optimal bone regeneration while minimizing or mitigating the need for an additional surgical site to harvest bone. The GenLink™ system complements the use of OsteoMed's ICON™ titanium plates and screws as well as various biologic materials.



ICON™, OsteoMed's exciting new plating system includes all the features of a comprehensive craniomaxillofacial trauma system with the ability of customization for each customer. ICON™ upgrades include improved instrumentation, integrated mesh drawer and a multipurpose auxiliary bin. The entire system is housed in a lighter-weight, sleek case with intuitive plating blocks and screw modules.

The new ExtremiLOCK™ Ankle Fusion Plating System utilizes a unique combination of polyaxial locking, double lead screw technology and anatomic plate designs to allow both anterior and posterior surgical approaches. The fusion system is a component of the comprehensive ExtremiLOCK™ Ankle Fracture Plating System, which consists of six different types of fracture plates. The ExtremiLOCK™ Ankle Plating System is intended for fixation of fractures, arthrodesis, osteotomies, and nonunions of the tibia and fibula.



OsteoMed Headquarters, Addison, Texas

BioSkills Lab and training facility

Manufacturing floor



**Precision Edge Surgical
Products Company LLC**

***World Class People...
World Class Product***

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

INNOVATION



A valued Precision Edge customer worked with the product development team to create the Oxford Partial Knee Replacement kit. The three piece blade kit features a Precision Edge designed keel cut center blade to remove bone, creating a keel shaped channel to seat the implant.



Cheek Retractor



Wedge-shaped sagittal blade used in hammertoe corrective surgery.



Bone screws created at the Boyne City facility.

Precision Edge Surgical Products Headquarters and manufacturing facility, Sault Ste. Marie, Michigan

Boyne City, Michigan manufacturing facility

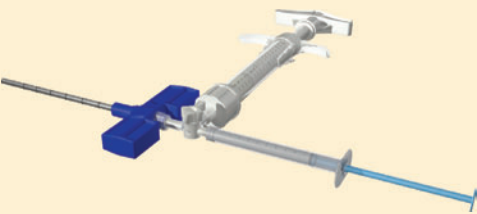


Skeletal Kinetics LLC

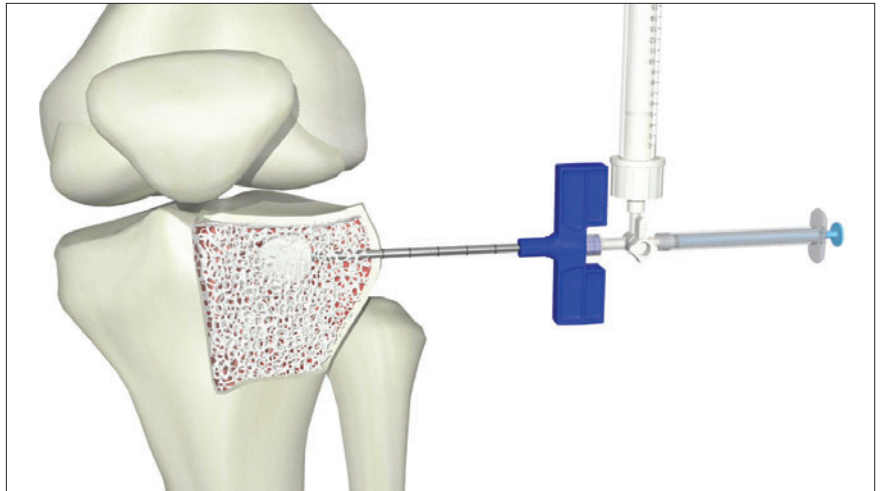
*Engineering the Future
of Osteobiologics™*

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.

INNOVATION



The InjectionPlasty 1.0 Procedure Kit is an innovative and fast growing segment of the Skeletal Kinetics product portfolio. The company's proprietary kit allows surgeons to treat challenging pathology in the bone related to bone marrow lesions in subchondral bone. These lesions are proven to be painful and destructive to the articular surface. Skeletal Kinetics is a leader in this technology with more innovation expected in 2015.



InjectionPlasty 1.0 Procedure Kit, a high density delivery kit that allows for a novel way to increase pressure and penetration of the proprietary InjectionPlasty bone void filler into lesions around the skeletal anatomy.

Skeletal Kinetics provides surgeons with many options to deliver calcium phosphate into voids. These customized cannulas allow for optimal application and implantation of their bone void fillers depending on the goals of the surgeon.



Skeletal Kinetics Headquarters, Cupertino, California



Tissue culture lab



Furnaces used in production of biologic products





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