

Calculation of Management's Probability-Adjusted Revenue Forecast for Valtech

Reference	Description	Maximum	Mean	Median	Minimum	Source & Calculation
A	6/30/2015 Value of Valtech Based on 2019 Probability-Weighted Revenue Forecast	\$1,504	\$788	\$582	\$338	HW Global S-4 dated 11/25/2015, Page 58
B	HTWR's WACC	10.3%	10.3%	10.3%	10.3%	HW Global S-4 dated 11/25/2015, Page 58
C	12/31/2019 Equity Value of Valtech	2,338	1,225	904	526	A x (1+B) ^4.5
D	Plus: Valtech Clinical Trial and Development Expenses through 2019	53	53	53	53	HW Global S-4 dated 11/25/2015, Page 58
E	12/31/2019 Enterprise Value of Valtech	2,390	1,278	957	579	C + D
F	Divided By: Assumed 2019 EV/Revenue Multiple	25.2x	13.6x	10.3x	6.3x	HW Global S-4 dated 11/25/2015, Page 58
G	Management's Probability-Weighted 2019 Revenue Forecast for Valtech	95	94	93	91	E / F
Average		93				
A	6/30/2015 Value of Valtech Based on 2020 Probability-Weighted Revenue Forecast	\$1,584	\$768	\$589	\$430	HW Global S-4 dated 11/25/2015, Page 58
B	HTWR's WACC	10.3%	10.3%	10.3%	10.3%	HW Global S-4 dated 11/25/2015, Page 58
C	12/31/2019 Equity Value of Valtech	2,462	1,194	915	669	A x (1+B) ^4.5
D	Plus: Valtech Clinical Trial and Development Expenses through 2019	53	53	53	53	HW Global S-4 dated 11/25/2015, Page 58
E	12/31/2019 Enterprise Value of Valtech	2,514	1,247	968	721	C + D
F	Divided By: Assumed 2020 EV/Revenue Multiple	17.6x	8.8x	6.9x	5.2x	HW Global S-4 dated 11/25/2015, Page 58
G	Management's Probability-Weighted 2020 Revenue Forecast for Valtech	143	142	141	139	E / F
Average		141				
A	6/30/2015 Value of Valtech Based on 2021 Probability-Weighted Revenue Forecast	\$1,958	\$728	\$585	\$405	HW Global S-4 dated 11/25/2015, Page 57
B	HTWR's WACC	10.3%	10.3%	10.3%	10.3%	HW Global S-4 dated 11/25/2015, Page 57
C	12/31/2021 Equity Value of Valtech	3,703	1,376	1,106	766	A x (1+B) ^6.5
D	Plus: Valtech Clinical Trial and Development Expenses through 2021	85	85	85	85	HW Global S-4 dated 11/25/2015, Page 57
E	12/31/2021 Enterprise Value of Valtech	3,788	1,461	1,192	851	C + D
F	Divided By: Assumed 2021 EV/Revenue Multiple	15.6x	6.2x	5.1x	3.7x	HW Global S-4 dated 11/25/2015, Page 57
G	Management's Probability-Weighted 2021 Revenue Forecast for Valtech	243	236	233	228	E / F
Average		235				
A	6/30/2015 Value of Valtech Based on 2022 Probability-Weighted Revenue Forecast	\$2,468	\$1,036	\$897	\$571	HW Global S-4 dated 11/25/2015, Page 57
B	HTWR's WACC	10.3%	10.3%	10.3%	10.3%	HW Global S-4 dated 11/25/2015, Page 57
C	12/31/2021 Equity Value of Valtech	4,667	1,958	1,697	1,080	A x (1+B) ^6.5
D	Plus: Valtech Clinical Trial and Development Expenses through 2021	85	85	85	85	HW Global S-4 dated 11/25/2015, Page 57
E	12/31/2021 Enterprise Value of Valtech	4,752	2,044	1,783	1,165	C + D
F	Divided By: Assumed 2022 EV/Revenue Multiple	12.1x	5.3x	4.6x	3.1x	HW Global S-4 dated 11/25/2015, Page 57
G	Management's Probability-Weighted 2022 Revenue Forecast for Valtech	394	386	384	376	E / F
Average		385				

Calculation of Future Value of HTWR

Value of Management's Forecast for VAD Franchise

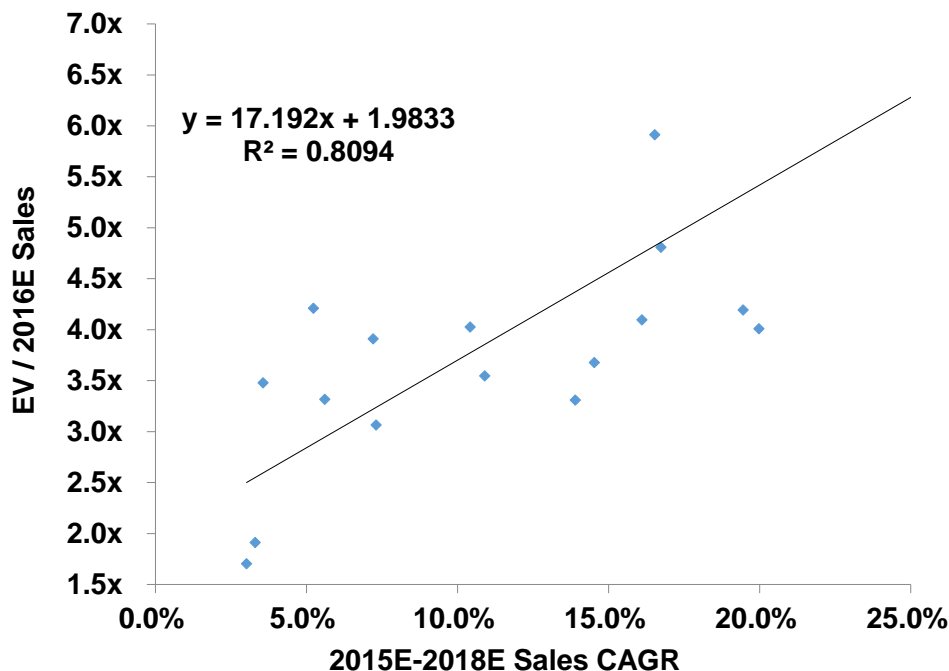
		Source & Calculation
2020 LVAD Revenue		524 HTWR Investor Day, Slide 266
Fwd. EV / Revenue Multiple		5.1x Derived from Peer Multiple Regression
12/31/19 Enterprise Value	2,672	
Current Cash & Cash Equivalents	185	Form 10Q dated 9/30/15, Page 21
Current Short Term Investments	63	Form 10Q dated 9/30/15, Page 21
VAD Cash Flow Generated Through 12/31/19	41	Estimate based on HTWR Investor Day, Slide 279
Principal Amount of 3.5% Convertible Notes due 2017	(42)	Form 10Q dated 9/30/15, Page 21
Principal Amount of 1.75% Convertible Notes due 2021	(202)	Form 10Q dated 9/30/15, Page 21
Conversion Premium on 2021 Convertible Notes	(82)	Assumes 2017 Notes are paid off
Equity Value	2,635	
12/31/19 Shares Outstanding	18.8	Engaged Assumption
12/31/2019 HTWR Share Price	\$141	

Value of Downside Forecast for VAD Franchise

		Source & Calculation
2020 LVAD Revenue	450	Engaged Assumption
Fwd. EV / Revenue Multiple	3.7x	Derived from Peer Multiple Regression
12/31/19 Enterprise Value	1,665	
Current Cash & Cash Equivalents	185	Form 10Q dated 9/30/15, Page 21
Current Short Term Investments	63	Form 10Q dated 9/30/15, Page 21
VAD Cash Flow Generated Through 12/31/19	10	Engaged Assumption
Principal Amount of 3.5% Convertible Notes due 2017	(42)	Form 10Q dated 9/30/15, Page 21
Principal Amount of 1.75% Convertible Notes due 2021	(202)	Form 10Q dated 9/30/15, Page 21
Conversion Premium on 2021 Convertible Notes	--	Assumes 2017 Notes are Paid Off
Equity Value	1,678	
12/31/19 Shares Outstanding	18.3	Engaged Assumption
12/31/2019 HTWR Share Price	\$92	

Derivation of HTWR Future Trading Multiple

Regression of Fwd. EV/Sales Multiple vs. Sales CAGR*



- ▶ Management's forecast (slide 272) for the VAD franchise projects a 2020-'25 sales CAGR of 18%
 - ▶ An 18% sales CAGR yields an expected fwd. EV / Sales multiple of 5.1x
- ▶ Our downside case assumes a 2020-'25 sales CAGR of 10%
 - ▶ A 10% sales CAGR yields an expected fwd. EV / Sales multiple of 3.7x

Calculation of Acquisition Value of HTWR

Value of VAD Franchise in an Acquisition

2020 LVAD Revenue

Fwd. EV / Revenue Acquisition Multiple

12/31/19 Acquisition Enterprise Value

Current Cash & Cash Equivalents

Current Short Term Investments

LVAD Cash Flow Generated through 12/31/19

Principal Amount of 3.5% Convertible Notes due 2017

Principal Amount of 1.75% Convertible Notes due 2021

Conversion Premium on 2021 Convertible Notes

Equity Value

12/31/19 Shares Outstanding

12/31/2019 HTWR Acquisition Price

Source & Calculation

524 Engaged Assumption
THOR's \$3.4B purchase price, divided by NTM
consensus revenue forecast of \$504M as of 7/22/15

6.7x

3,535

185 Form 10Q dated 9/30/15, Page 21

63 Form 10Q dated 9/30/15, Page 21

41 Estimate based on HTWR Investor Day, Slide 279

(42) Form 10Q dated 9/30/15, Page 21

(202) Form 10Q dated 9/30/15, Page 21

(157) Assumes 2017 Notes are paid off

3,422

19.3 Engaged Assumption

\$178

Reference Data for Dilution Calculation

Reference	Description	Value	Source & Calculation
A	Options Outstanding	0.111	10Q dated 9/30/15, Page 26
B	Avg. Exercise Price	\$48.66	10Q dated 9/30/15, Page 26
Diluted HTWR Shares Calculation - Standalone			
C	Basic Shares (millions)	17.32	10Q dated 9/30/15, Page 1
D	RSUs Outstanding	0.73	10Q dated 9/30/15, Page 27
E	Options Dilution	0.12	$((S-B)/B) \times A$
F	Diluted HTWR Shares	18.16	
Valtech Acquisition Terms			
G	HTWR Shares Issued Upon Close of Acquisition (millions)	4.40	8-K filed 9/1/15, Item 1.01
H	HTWR Shares Issued for Cardioband CE mark	0.80	8-K filed 9/1/15, Item 1.01
I	HTWR Shares Issued for FIM Cardioband Tricuspid or CardioValve	0.70	8-K filed 9/1/15, Item 1.01
J	HTWR Warrants Issued for Achieving \$75M in TTM Sales from Valtech	0.85	8-K filed 9/1/15, Item 1.01
K	Strike Price for HTWR Warrants	\$83.73	8-K filed 9/1/15, Item 1.01
L	Milestone Payment for Achieving \$450M in TTM Sales from Valtech (\$ million)	\$375	8-K filed 9/1/15, Item 1.01
HTWR Capital Structure			
M	Principal Amount of 3.5% Convertible Notes due 2017	42	Form 10Q dated 9/30/15, Page 21
N	Principal Amount of 1.75% Convertible Notes due 2021	202	Form 10Q dated 9/30/15, Page 21
O	Face Value of Outstanding Debt	245	
P	Conversion Price of Convertible Notes	\$100	Form 10Q dated 9/30/15, Page 23 and 24
Q	Current Cash & Cash Equivalents	185	10Q dated 9/30/15, Page 4
R	Short Term Investments	63	10Q dated 9/30/15, Page 4
S	HTWR Standalone Acquisition Price per Share	\$100	Illustrative Assumption



Dilution to HTWR Shareholders

Assuming \$300M Valuation for Valtech

Reference	Description	Value	Source & Calculation
S	HTWR Standalone Acquisition Price per Share	\$100	Illustrative Assumption
T	HTWR Standalone Acquisition Equity Value	1,816	S x F
Q	Less: Current Cash & Cash Equivalents	(185)	
R	Less: Short Term Investments	(63)	
M	Plus: Principal Amount of 3.5% Convertible Notes due 2017	42	
N	Plus: Principal Amount of 1.75% Convertible Notes due 2021	202	
U	Plus: Conversion Premium for Convertible Notes	--	(S-P)/P x O
V	HTWR Standalone Acquisition Enterprise Value	1,813	
V	HTWR Standalone Acquisition Enterprise Value	1,813	
W	HTWR Acquirer's Value for Valtech Assets	300	Illustrative Assumption
X	HTWR with Valtech Acquisition Enterprise Value	2,113	
Q	Plus: Current Cash & Cash Equivalents	185	
R	Plus: Short Term Investments	63	
M	Less: Principal Amount of 3.5% Convertible Notes due 2017	(42)	
N	Less: Principal Amount of 1.75% Convertible Notes due 2021	(202)	
Y	Less: Conversion Premium for Convertible Notes	--	(EE-P)/P x O
Z	Less: Accelerated Payment to Valtech for \$450M TTM Sales Milestone	(175)	8-K filed 9/1/15, Business Combination Agreement, Page 10
AA	Less: Present Value of Remaining \$200M in Payments to Valtech for \$450M TTM Sales Milestone	(72)	Assumes 90% and 40% POS for achieving \$75M and \$150M of sales
BB	HTWR with Valtech Acquisition Equity Value	1,869	
	Diluted HTWR Shares Calculation - With Valtech		
C	Basic Shares (millions)	17.32	
D	RSUs Outstanding	0.73	
CC	Options Dilution	0.07	((FF-B)/B) x A
G	HTWR Shares Issued Upon Close of Valtech Acquisition	4.40	
H	HTWR Shares Issued for Cardioband CE Mark	0.80	
I	Dilution from Accelerated FIM Cardioband Tricuspid or CardioValve Milestone	0.70	8-K filed 9/1/15, Business Combination Agreement, Page 10
DD	Dilution from Accelerated Vesting of HTWR Warrants	--	((FF-K)/K) x J
EE	Diluted HTWR Shares with Valtech	24.01	
FF	HTWR with Valtech Acquisition Price per Share	\$78	BB / EE
GG	Dilution to HTWR shareholders	22%	(S - FF) / S

Calculation of Breakeven Value of Valtech to HTWR Shareholders

Reference	Description	Value	Source & Calculation
HH	HTWR with Valtech Acquisition Price per Share	\$100	Illustrative Assumption
	Diluted HTWR Shares Calculation - With Valtech		
C	Basic Shares (millions)	17.32	
D	RSUs Outstanding	0.73	
II	Options Dilution	0.12	$((HH-B)/B) \times A$
G	HTWR Shares Issued Upon Close of Valtech Acquisition	4.40	
H	HTWR Shares Issued for Cardioband CE Mark	0.80	
I	Dilution from Accelerated FIM Cardioband Tricuspid or CardioValve Milestone	0.70	
JJ	Dilution from Accelerated Vesting of HTWR Warrants	0.17	$((HH-K)/K) \times J$
KK	Diluted HTWR Shares with Valtech	24.23	
LL	HTWR with Valtech Acquisition Equity Value	2,423	HH x KK
Q	Less: Current Cash & Cash Equivalents	(185)	
R	Less: Short Term Investments	(63)	
M	Plus: Principal Amount of 3.5% Convertible Notes due 2017	42	
N	Plus: Principal Amount of 1.75% Convertible Notes due 2021	202	
MM	Plus: Conversion Premium for Convertible Notes	--	$(HH-P)/P \times O$
Z	Plus: Accelerated Payment to Valtech for \$450M TTM Sales Milestone	175	
AA	Plus: Present Value of Remaining \$200M in Payments to Valtech for \$450M TTM Sales Milestone	72	
NN	HTWR with Valtech Acquisition Enterprise Value	2,666	
V	Less: HTWR Standalone Acquisition Enterprise Value	(1,813)	
OO	Acquirer's Implied Value of Valtech @ \$100 per HTWR Share	853	