

ENDOLOGIX INC /DE/  
Form DEFA14A  
November 17, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**ENDOLOGIX, INC.**

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

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x No fee required

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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- .. Fee paid previously with preliminary materials.
  
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**EXPLANATORY NOTE**

**Filed Documents**

This filing consists of the following document relating to the proposed acquisition of Nellix, Inc. by Endologix, Inc.:

Exhibit A: PowerPoint slide presentation used at conferences held on November 16, 2010 and November 17, 2010.

**Additional Information About the Proposed Transaction and Where to Find It**

This presentation may be deemed soliciting material relating to the proposed transaction between Endologix, Inc. and Nellix, Inc. In connection with the proposed transaction, Endologix, Inc. filed a preliminary proxy statement with the Securities and Exchange Commission on November 9, 2010. When completed, a definitive proxy statement will be filed with the Securities and Exchange Commission and mailed to the stockholders of Endologix, Inc. **INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE PRELIMINARY PROXY STATEMENT, THE DEFINITIVE PROXY STATEMENT (WHEN AVAILABLE) AND OTHER RELEVANT DOCUMENTS BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT ENDOLOGIX, INC. AND THE PROPOSED TRANSACTION.** Investors and security holders may obtain a free copy of the preliminary proxy statement, the definitive proxy statement (when available) and other relevant documents filed by Endologix, Inc. with the Securities and Exchange Commission at the Securities and Exchange Commission's Web site at [www.sec.gov](http://www.sec.gov).

The preliminary proxy statement, the definitive proxy statement (when available) and other relevant documents may also be obtained for free on Endologix, Inc.'s website at [www.endologix.com](http://www.endologix.com) under Investor Relations/Financial Information/SEC Filings or by directing such request to Investor Relations, Endologix, Inc., (949) 595-7283.

Endologix, Inc. and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Endologix, Inc. in connection with the proposed transaction. Information concerning the interests of Endologix, Inc.'s participants in the solicitation is set forth in Endologix, Inc.'s proxy statements and Annual Reports on Form 10-K, previously filed with the Securities and Exchange Commission, in the preliminary proxy statement relating to the proposed transaction, and in the definitive proxy statement relating to the proposed transaction when it becomes available.

1  
Investor Presentation  
November 2010  
Nasdaq: ELGX  
[www.endologix.com](http://www.endologix.com)

2  
Safe Harbor  
This presentation contains forward-looking statements within the meaning of the Private  
Securities  
Litigation  
Reform  
Act

of  
1995,  
regarding,  
among  
other  
things,  
statements  
relating  
to  
the potential benefits of Endologix, Inc.'s proposed acquisition of Nellix, Inc., including expected operating synergies, the strength of Nellix, Inc.'s technology and the potential for long-term growth and expanded market share. Endologix, Inc. intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. These statements are based on the current estimates and assumptions of Endologix, Inc.'s management as of the date of this presentation and are subject to risks, uncertainties, changes in circumstances and other factors that may cause actual results to differ materially from the forward-looking statements made in this presentation. Important factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, risks relating to the ability to consummate the proposed acquisition, the ability to successfully integrate the Nellix technology with its current and future product offerings, the scope of potential use of the Nellix technology, the ability to obtain and maintain required U.S. Food and Drug Administration and other regulatory approvals of the Nellix technology, the scope and validity of intellectual property rights applicable to the Nellix technology, the ability to build a direct sales and marketing organization in Europe, competition from other companies, the ability to successfully market and sell its products, plans for developing new products and entering new markets and additional factors that may affect future results which are detailed in Endologix, Inc.'s Annual Report on Form 10-K filed with the SEC on March 3, 2010, and in Endologix, Inc.'s other periodic reports filed with the SEC. Endologix, Inc. undertakes no obligation to revise or update information herein to reflect events or circumstances in the future, even if new information becomes available.

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Executive Summary  
Strategically Positioned For Leadership of \$1+ Billion  
Aortic Stent Graft Market  
Innovative Product Portfolio with Robust New Product  
Pipeline



Nellix Acquisition Announced October 27, 2010  
Strong Financial Performance

3Q 2010 Revenue Growth of 30%

79% Gross Margin  
Significant Continued Growth Potential

Expanding Sales Force in US and Going Direct in Europe

Multiple New Product Launches Over Next 5 Years

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Endologix AAA Repair

Minimally Invasive Endovascular Stent Graft

13th Leading Cause of Death in the U.S.

Affects ~1.2 Million People in U.S.

Age Related Disease (mostly men)

200,000 New Diagnoses Annually

~65,000 AAA Procedures Annually in U.S.

60% EVAR

40% Open Surgery  
Extremely Invasive  
High Mortality and  
Morbidity  
Long Operating Times  
Long Hospital  
Recovery  
Numerous  
Complications  
VS

5  
Competitive Landscape  
Powerlink -  
Endologix  
Talent  
Medtronic  
Excluder

WL Gore  
Zenith  
Cook  
Proximal Fixation  
Anatomical  
Fixation

6  
Stent Grafts

7  
Low Profile AAA  
Delivery System  
Launched in 2009  
Integrated Sheath and  
Hemostasis  
Valve to

Simplify Procedure,  
Lower Blood Loss and  
Reduce OR time



8  
Clinical Results  
Combined Results of Three  
Prospective, Multicenter  
Clinical  
Trials  
(up

to  
5  
yr  
follow-up)

157 Patients at 28 U.S. Centers

0% Aneurysm Ruptures

0% Conversion to Open Repair

0% Device Migration

0% Stent Fractures

0% Graft Fatigue

0% Aneurysm-Related Mortality

Reduced or Stable Aneurysm Sacs  
in 93% of Patients at One Year

J. ENDOVASC THER. 2010;17:153-152

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Historical Revenue Growth

Annual CAGR = 57%

\*Mid-point of 2010 Guidance

10  
EVAR Unmet Needs  
Ability to Treat Short Aortic  
Necks and Juxtarenal AAAs  
Fully Percutaneous  
Secondary Interventions

20% of EVAR patients

Endoleaks

Lifetime Surveillance

11  
First ever Randomized Multi-Center Trial to  
Compare Percutaneous  
EVAR to Surgical Cut  
Down EVAR  
20 sites Enrolling 210 Patients  
Collaboration with Abbott on Closure Devices

Complete Enrollment 2011

Approval Anticipated in 2012

12  
New Low Profile EVAR Device  
Expected U.S. Approval in 2011



13  
Device to Treat Short Necks  
and Juxtarenal Aneurysms

Represents ~20% of Diagnosed  
AAAs

Provides a Better Solution for  
Patients Currently Treated Off-Label

Adjustable Branches Accommodate  
a Variety of Renal Anatomies  
First Patients Treated in  
November 2010 with positive  
Results  
Ventana Stent Graft

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Nellix Technology Overview  
Disruptive New AAA Therapy

Endobags are filled with a biostable  
polymer to seal and stabilize the AAA

Integrated Endoframes pave blood flow  
lumens to the legs  
Potential to Improve Outcomes  
and Expand the EVAR Market

Expected to reduce secondary  
interventions, long-term surveillance,  
radiation exposure and healthcare costs

Broadest expected indication of all  
EVAR devices

15  
Nellix  
Implant Procedure

16

Nellix

Exceptional Clinical Results

34 Patients (*follow up to 2 years*)

Over 50% of implants are outside the indications for other EVAR devices

Minimal endoleaks

and secondary  
interventions with 1  
st  
generation device  
100% freedom from AAA-related  
mortality  
No aneurysm ruptures  
No stent graft migration  
Strong physician feedback

17  
AAA Competitive Landscape  
Company  
Device  
Profile  
Neck  
Length



Neck

Diameter

ELGX

AFX

19F

15mm

32mm

MDT

Endurant

18F -

20F

10mm

32mm

Cook

Zenith LP

16F -

18F

15mm

32mm

Gore

Repositionable

18F -

20F

15mm

29mm

Trivascular

Ovation

14F -

15F

7mm

32mm

Nellix

Nellix\*

18F -

19F

5mm

34mm

JNJ

Incraft

14F

15mm

32mm

Terumo

Anaconda

21F -

23F

15mm

32mm

Nellix can treat more AAA anatomies than other EVAR devices and is the only device that completely seals the aneurysm sac

\*Expected profile and neck capabilities in IDE device

18  
Nellix  
Acquisition  
Agreement  
All stock transaction  
At closing Essex Woodlands will invest \$15M

2 ELGX board seats

Estimated 11% dilution at initial deal closing

Deal Structure

Upfront Stock at Closing

\$15M

30%

Milestones

\$10M OUS sales (TTM)

\$20M\*

40%

PMA Approval

\$15M

30%

Total

\$50M

100%

70%

of

consideration

based

upon

commercial

and

regulatory

success

\* Ranges from \$24M to \$10M based on time to achieve

19  
Nellix  
Milestones  
2011  
2012  
2013  
2014

2015

Technology transfer to ELGX

Build EU direct sales organization

Nellix

International launch

U.S. IDE clinical trial

PMA approval

US launch

Enrollment

EU Launch

Anticipated Timing:

20  
2011  
2012  
2013  
2014  
IntuiTrak  
New Sizes

Europe  
Nellix  
Europe  
IntuiTrak  
New  
Sizes  
International  
AFX  
U.S.  
2015  
ELGX Planned New Product Pipeline  
PEVAR  
U.S.  
Ventana  
Europe  
IntuiTrak  
Japan  
Nellix  
International  
Xpand  
Europe  
Ventana  
International  
AFX2  
U.S.  
Xpand  
International  
Aortic  
Stent  
International  
Xpand  
U.S.  
Nellix  
U.S.  
17 new product launches planned over the next 4-5 years  
Aortic  
Stent  
Europe  
Ventana  
U.S.



21  
Potential EVAR Market Expansion  
~60% Potential  
EVAR Market  
Increase  
0%  
10%

20%

30%

40%

50%

60%

70%

80%

90%

100%

Current EVAR

Future EVAR

Nellix

Ventana

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Global Sales Force

U.S. Direct Sales Force

61 Territories at the end of Q3 2010

~260 Years of EVAR Experience

30% Expansion Planned For 2010

Reps are Highly Trained Aortic Specialists

Profile = Top Performing Cardiovascular Reps

Extensive Training Program

Provide Direct Physician Support in 95% of Procedures

International Direct & Distributor Sales Force

Transitioning to Direct Sales Force in Europe in 2011

Currently 13 Distributors Covering 22 Countries

Includes Europe, Asia and South America

23  
ELGX Market Opportunities  
\$1B  
\$300M  
\$400M  
Infrarenal  
Juxtarenal

Thoracic  
2015  
Aortic Stent  
Ventana  
\$1.7B  
AFX  
TAA Stent Graft  
Xpand  
PEVAR  
Nellix

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Financial Guidance

2010 Global Revenue of \$66M -  
\$67M

Increase over 2009 of 26% -  
28%

2011 Global Revenue of \$78M -  
\$82M

2011 loss of \$0.25 -  
\$0.30 per share

Nellix R&D: ~\$13.0M or (\$0.23)

EU Sales Force: ~\$5.7M or (\$0.10)

Deal Amortization & Integration: ~\$2.2M or (\$0.04)

Expect core business profitability in 2011

Expect total company profitability by Q4 2012

Operating margins of 25% -

30% by 2015

Forecasted Sales CAGR of 25%+ (2011-2015)



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ELGX Growth Drivers

U.S. Sales Force Expansion

Transition to Direct Sales Force in Europe

New Product Pipeline

Expanded Size Range (2010)

AFX Endovascular System

PEVAR

Fenestrated Device (Ventana)

Nellix Endovascular System

BX Covered Stent (Xpand)

Aortic Stent

Thoracic Stent Graft

26  
Post Acquisition Balance Sheet  
ASSETS  
Cash  
\$40M  
Total Current Assets  
\$60M

Net Fixed Assets

\$3M

Goodwill & Intangibles

\$47M

TOTAL ASSETS

\$110M

LIABILITIES & EQUITY

Total Current Liabilities

\$12M

Long Term Liabilities

\$1M

Total Liabilities

\$13M

Total Equity

\$97M

TOTAL LIABILITIES & EQUITY

\$110M

Strong cash

position to

execute

growth

strategy

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Executive Summary

Strong Core Business + Nellix Acquisition Creates a  
Company with Market Leadership Potential

Multiple Growth Drivers in \$1.7 Billion Market by 2015

Robust New Product Pipeline

Potential to Expand the EVAR Market from 60% up to 95% of  
Diagnosed AAAs

EU Direct Sales Force  
Strong Financial Performance

3Q 2010 Revenue Growth of 30%

79% Gross Margin