

Questions For Arthrocare.

1. Does the company know of any current lawsuits or investigations by either regulatory agencies or insurance companies regarding Discocare?
2. Identify the key Discocare management personnel and key employees. Will they be staying on following the acquisition?
3. What percentage of reimbursements for Discocare is performed under “Letters of Protection” from insurance companies?
4. What percentage of recipients of the spine wand are minorities?
5. Is Discocare Arthrocare's largest spine wand customer?
6. Does Arthrocare sell PDD products to Discocare at a fixed price, or does it receive a percentage of whatever Discocare receives from insurance companies on sales of the wands?
7. Is it fair to say that Discocare is not only a third party biller but also the largest customer and distributor of the spine wand?
8. It was mentioned in the conference call that Arthrocare was not sure if the acquisition of Discocare will add anything to revenue. How can one do an acquisition of a billing company/distributor and not even be sure if it will add \$1 to top line revenue? Where is that money going?
9. Has the \$25 million to Discocare already been paid, and if so to whom? Who are the shareholders of Discocare? Are there any related party transaction components to this acquisition?
10. Can you give us a idea of the capital structure of the company? With \$75 million in stock recently bought and \$25 million to Discocare, is it fair to say that you drew down close to your complete credit line and is the company going to raise money in the near future?
11. Is Discocare's proprietary “algorithm” patent protected?
12. Six months ago the stock was trading in the mid 40's with future period revenue and earnings estimates equal to the present ... why did the company not buy back stock at that time ?