



Debt Restructuring Supplemental Presentation

FEBRUARY 24, 2020

SAFE HARBOR

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Rx only.

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EXECUTIVE SUMMARY

DEERFIELD FACILITIES AMENDMENT⁽¹⁾

50% of 2021 amortization payment (\$10.8M) equitized and remainder redistributed to remaining two payments⁽²⁾.

April 2020 interest in PIK and subsequent interest paid in equity for 18 months.

April 2022 and 2023 payments extended to April and December 2023, respectively.

Additional \$90M of potential deleveraging through various equitization features.

2020 NOTE EXCHANGE

\$11.1M exchanged for new second lien 5.0% convertible senior notes due 2024⁽³⁾.

Exchanged at par.

Voluntarily convertible
subject to certain conditions.

(1) See following pages for Conditions Precedent and other required transaction milestones.

(2) Prior to Conditions Precedent being met, the 2021 amortization payment will be extended to 7/1/21.

(3) Amount represents 98.7% of principal and associated accrued interest as of closing date.

TRANSACTION SUMMARY

Endologix, Inc. (“ELGX” or the “Company”) has signed transaction agreements in connection with a recapitalization transaction that addresses the 2020-2023 maturities / amortization payments, provides a clear path to cash flow breakeven in 2021, and allows for substantial deleveraging over time.

- **Extends maturity of 3.25% convertible notes due 2020 (“2020 Notes”):**
 - 98.7% of the outstanding 2020 Notes were exchanged, at par, into new 5.00% second lien notes due April 3, 2024 (“Second Lien Notes”).
- **Addresses \$21.6M April 2021 amortization payment due on first out waterfall loan due 2023 (“First Out Loan”):**
 - 50% (\$10.8M) of amortization payment to be exchanged into non-voting preferred equity⁽¹⁾ upon meeting the Conditions Precedent⁽²⁾.
 - Remaining portion due to be redistributed pro rata to remaining mandatory amortization payments⁽³⁾.
 - Prior to the Conditions Precedent⁽²⁾ being met, the 2021 amortization payment will be extended to July 1, 2021.
- **Provides for liquidity / maturity relief on First Out Loan and last out waterfall loan due 2023 (“Last Out Loan” and together with the First Out Loan (the “Deerfield Facilities”)):**
 - April 2020 interest payment (\$2.1M cash interest payment) on the Deerfield Facilities will be paid in-kind.
 - Interest payments on the Deerfield Facilities will be paid monthly in preferred equity⁽¹⁾ for 18 months upon meeting the Conditions Precedent⁽²⁾.
 - April 2022 and 2023 amortization payments will be extended to April and December 2023, respectively, subject to the Conditions Precedent⁽²⁾ and reaching \$142.5M of revenue for fiscal year 2020.
- **Additional potential deleveraging of Deerfield Facilities through further exchanges into preferred equity⁽¹⁾, a key design principal of the transaction.**
 - \$20M upon completion of 3 Nellix-related milestones⁽²⁾.
 - \$60M voluntary / forced conversion feature subject to share price appreciation requirements⁽²⁾.
 - \$40M forced conversion feature at the Company’s option.
 - \$60M voluntary conversion feature at Deerfield’s option (less amounts mandatorily converted).

(1) Preferred equity does not have any associated interest rate or dividend.

(2) Conditions Precedent as defined on the following page.

(3) Subject to meeting the Conditions Precedent and achieving \$142.5M of revenue for fiscal year 2020, the April 2022 and 2023 amortization payments will be extended to April 2023 and December 2023, respectively.

CONDITIONS PRECEDENT

The following conditions precedent must be met (the “Conditions Precedent”):

- ✓ 98.7% of 2020 Notes exchanged into the Second Lien Notes⁽¹⁾.
- \$1M of Alto sales within the earlier of i) 3 months of approval or ii) 6/30/20.

Upon meeting the Conditions Precedent the Company will receive:

- + 2021 amortization payment relief.
- + 18 months of interest payments paid monthly in preferred equity.
- + Additional Nellix-linked and forced conversion equitizations upon meeting certain other conditions precedent.

CURRENT AND FUTURE EQUITIZATION

- **Equity conversions will be satisfied in shares of common stock or shares of convertible non-voting preferred equity.**
 - New preferred equity does not have any associated interest rate or dividend and has de minimis liquidation preference.
 - Preferred equity convertible at any time subject to a 4.985% ownership blocker.

CONVERSION AT TRANSACTION CLOSE	CONVERSIONS UPON MEETING CONDITIONS PRECEDENT (ALTO APPROVAL + \$1M IN SALES)	CONVERSIONS SUBJECT TO EVENTS / MILESTONES
<p>\$2M restructuring fee payable in common equity shares or shares of convertible non-voting preferred at \$0.8282.</p>	<p>\$10.8M of April 2021 amortization payment, converted at \$0.8282.</p> <p>Interest on the Deerfield Facilities paid monthly in equity for 18 months following date Conditions Precedent are met at 10% discount to the market price at time of payment⁽¹⁾.</p>	<p>\$40M mandatorily convertible at the Company's option (less voluntary conversion amounts) (greater of \$4.00 or 15% discount to market price at time of conversion)⁽¹⁾.</p> <p>\$20M total for 3 Nellix milestones, convertible at a 15% discount to the market price at time milestone is met⁽¹⁾.</p> <p>At least \$20M voluntarily convertible at Deerfield's option (\$60M total, less amounts mandatorily converted) (greater of \$2.00 or 15% discount to market price at time of conversion)⁽¹⁾.</p>

2020 AND 2021 RELIEF SUMMARY

	Amount	Description	Conversion Price ⁽¹⁾
2020 Maturity	\$11.1M	<ul style="list-style-type: none"> 98.7% of the 2020 Notes maturing in November 2020 have exchanged into Second Lien Notes due on April 3, 2024. 	\$2.25
Interest Payments	\$14.0M	<ul style="list-style-type: none"> April 2020 interest payment (\$2.1M cash interest payment) will be paid in kind and is not subject to the Conditions Precedent. Following satisfaction of the Conditions Precedent, the Company will pay interest on the Deerfield Facilities monthly in preferred equity rather than a combination of cash and PIK interest⁽¹⁾⁽²⁾. <ul style="list-style-type: none"> Represents ~\$11.9M in cash interest over the period based on estimated debt balances. 	10% Discount to Market @ Time of Payment
Mandatory Amortization	\$21.6M ⁽³⁾	<ul style="list-style-type: none"> Subject to Conditions Precedent, amortization payment due April 2021 on the First Out Loan will be 50% equitized (approximately \$10.8M) with the remainder extended pro rata between the two remaining amortization payments in April 2022 and 2023. 	\$0.8282
Total Relief	~\$46.7M	<ul style="list-style-type: none"> The transaction is expected to provide the Company with meaningful runway through fiscal year 2021. 	

(1) All conversions are subject to conversion price exceeding \$0.8282.

(2) If share price is below \$0.8282, the interest payments will revert to current cash / PIK combination.

(3) Figure excludes additional PIK interest that would have accrued from Conditions Precedent effective date (assumed 6/30/20 for illustrative purposes) to April 2021.

2022 AND 2023 RELIEF SUMMARY

Illustrative Amortization Schedule Summary

(In Millions)

	Current Schedule ⁽¹⁾	Revised Schedule ⁽¹⁾⁽²⁾
April 2021 Amortization Payment	\$ 20.0	\$ -
April 2022 Amortization Payment	70.0	-
April 2023 Amortization Payment	70.0	75.0
December 2023 Amortization Payment	-	75.0
Total	\$ 160.0	\$ 150.0

Upon (i) meeting the Conditions Precedent and (ii) achieving at least \$142.5M of revenue for fiscal year 2020, the April 2022 and 2023 payments will be extended to April and December 2023, respectively.

- Subject to the Conditions Precedent, April 2021 amortization 50% equitized with remaining balance split between two remaining payments.
- If the Conditions Precedent are not met, the 2021 amortization payment will be July 1, 2021.

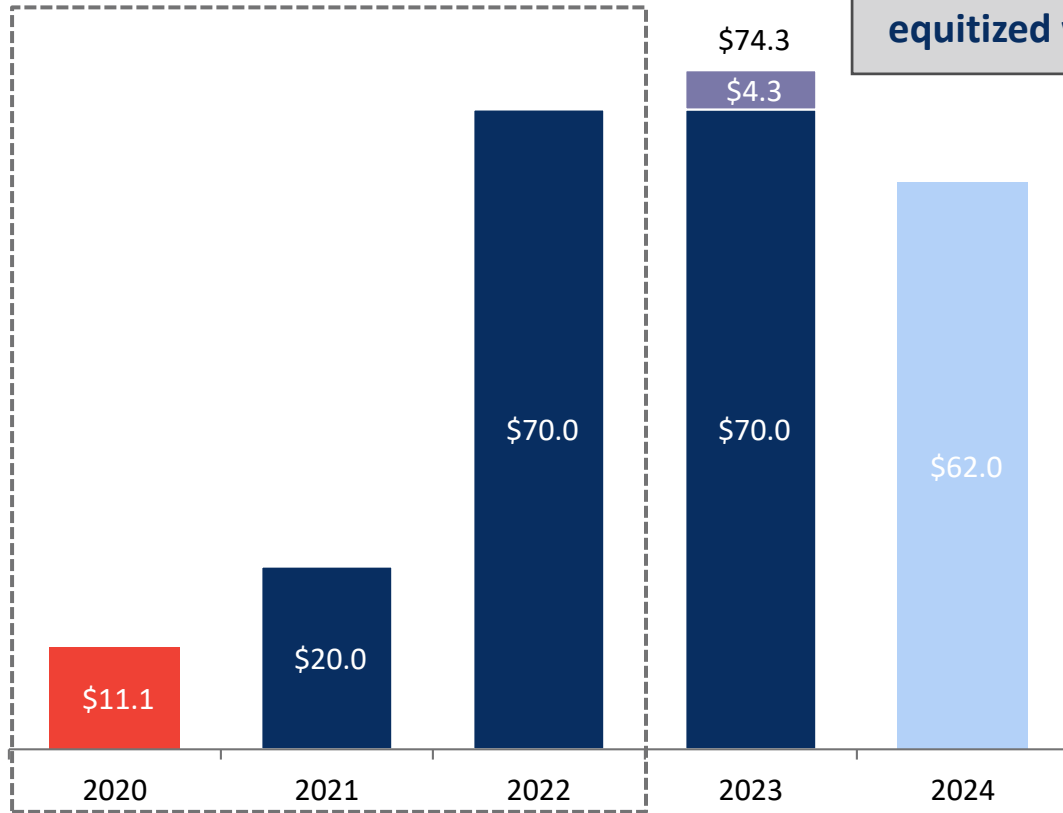


(1) Excludes all PIK interest.
 (2) Subject to the Conditions Precedent and achieving \$142.5M of revenue in fiscal year 2020.

MATURITY / AMORTIZATION RELIEF

December 31, 2019

(In Millions)

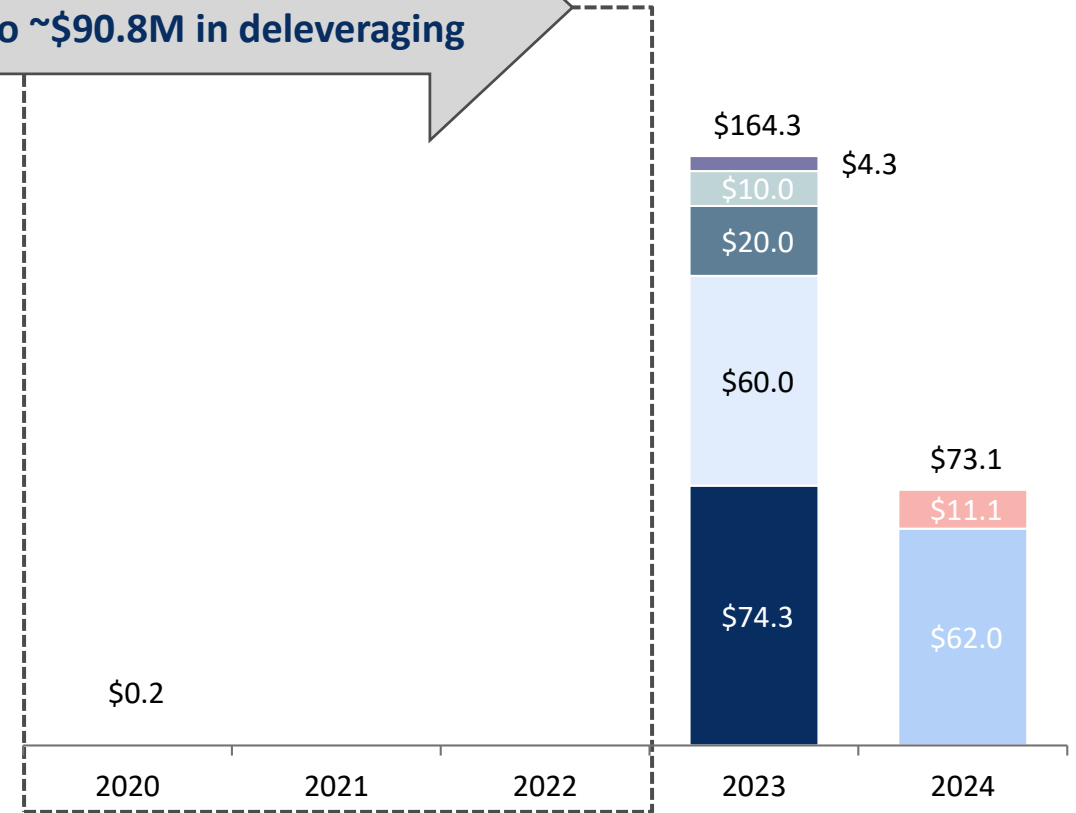


3.25% Convertible Notes due 2020 ■ Deerfield Facilities ■ 5.0% Convertible Notes due 2024 ■ JLL Note

February 24, 2020

(In Millions)

~\$100M of 2020 - 2022 maturities extended / equitized with up to ~\$90.8M in deleveraging



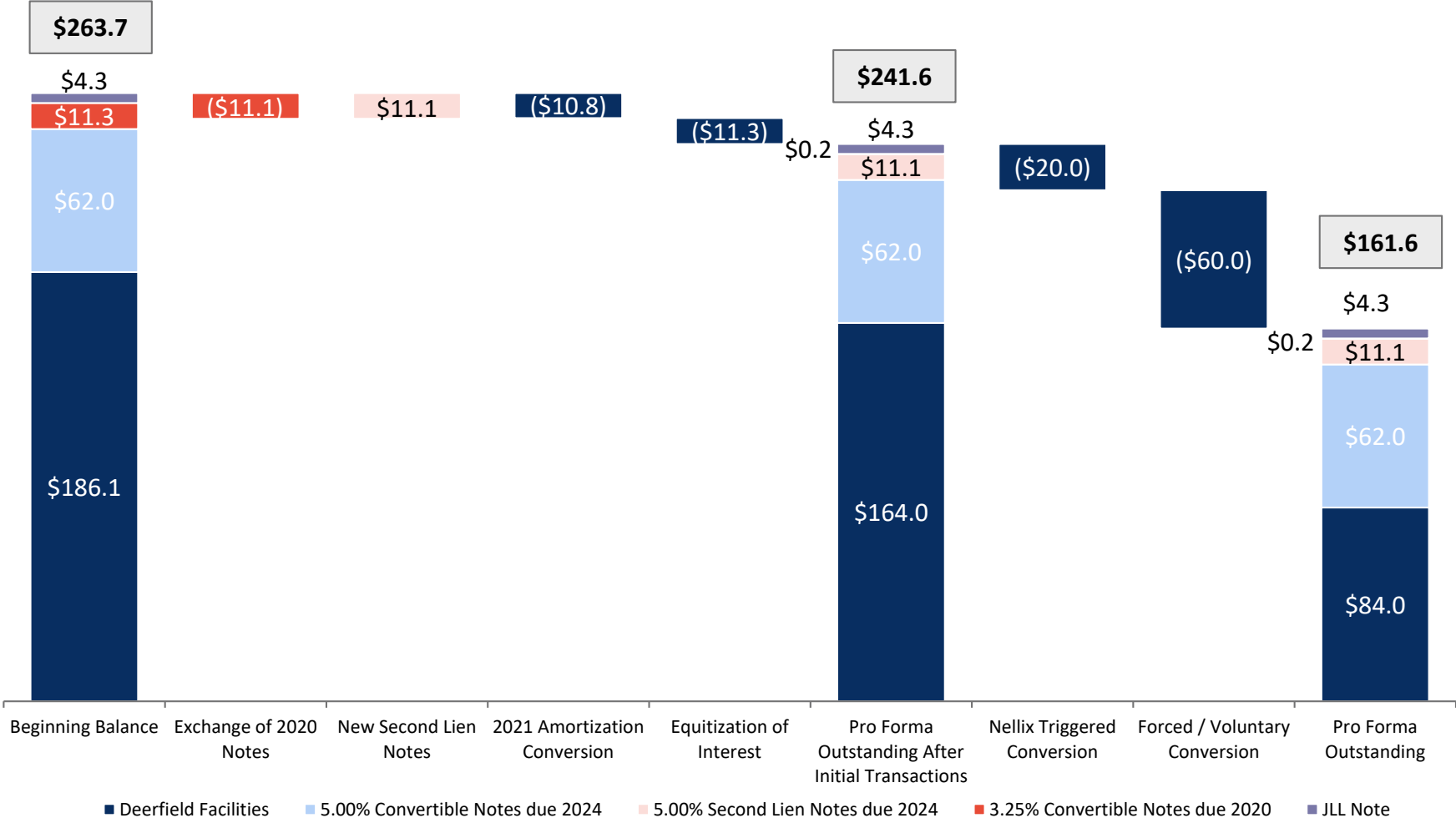
3.25% Convertible Notes due 2020 ■ Pro Forma Deerfield Facilities ■ Voluntary / Forced Conversion
 ■ Nellix Triggered Conversion ■ 2021 Amortization Conversion ■ JLL Note
 ■ 5.0% Convertible Notes due 2024 ■ 5.0% Second Lien Notes due 2024



Note: Deerfield amortization payments exclude impact from PIK.

ENDOLOGIX DEBT STACK

Illustrative Pro Forma Debt⁽¹⁾
(In Millions)



PATH TO UP TO ~\$90.8M⁽²⁾ OF POTENTIAL DEBT REDUCTION

- \$10.8M equitized upon satisfaction of conditions precedent, representing 50% of the previously scheduled 2021 amortization payment.
- Up to \$60M of voluntary / mandatory conversions⁽³⁾.
- Up to \$20M triggered upon 3 Nellix milestones.



(1) Including an estimate of PIK interest through the 18 months following the Conditions Precedent effective date (assumed 6/30/20) for illustrative purposes.
 (2) Excludes an additional ~\$11.3M of principal from interest that would have been paid in kind.
 (3) Up to a maximum of \$60M total, of which the Company can mandatorily convert \$40M, subject to minimum price conditions.

POTENTIAL DELEVERAGING DETAILS

	Amount	Description	Conversion Price ⁽¹⁾
2021 Mandatory Amortization	\$10.8M	<ul style="list-style-type: none"> 50% of the scheduled April 2021 amortization payment on the First Out Loan will be converted to preferred equity upon satisfaction of the Conditions Precedent. <ul style="list-style-type: none"> Remaining 50% of the payment will be extended to the two remaining amortization payments pro rata. 	\$0.8282
Nellix-Linked	\$20.0M	<ul style="list-style-type: none"> Deerfield will convert \$2.5M, \$7.5M and \$10.0M of its loans upon Nellix PMA submission, PMA approval, and the date Nellix sales reach \$10M, into preferred equity, subject to certain timing requirements and achievement of Conditions Precedent. <ul style="list-style-type: none"> Applied to First Out Loan. 	15% Discount to Market @ Time of Milestone
Forced / Voluntary Conversion	\$60.0M	<ul style="list-style-type: none"> Endologix has a \$40M forced conversion option on the First Out Loan if the common equity exceeds \$4.00 / share, to be convertible into preferred equity, subject to a maximum of \$3.5M in a 31-day period (greater of \$4.00 or 15% discount to market price at time of conversion). Deerfield has a voluntary conversion option of \$20M at \$2.00 / share (\$60M in total, less any forced conversion amounts) (greater of \$2.00 or 15% discount to market price at time of conversion). 	15% Discount to Market @ Time of Conversion
Total	~\$90.8M	<ul style="list-style-type: none"> In total, the current transactions could provide for a reduction of up to \$90.8M in current principal balances. <ul style="list-style-type: none"> The transaction will also result in reducing ~\$11.3M in future principal as a result of PIK interest potentially paid in preferred equity over 18 months. 	

DEERFIELD FACILITY FINANCIAL COVENANTS

Financial Covenant	Amount
TTM Minimum Net Revenue	\$129M
Quarterly Minimum Net Revenue	\$27M
Minimum Global Excess Liquidity	\$17.5M
Maximum Capital Expenditures	2020: \$5M / 2021: \$2M
Fixed Charged Coverage Ratio (Commencing on Trigger Date)	Less than 1.00 to 1.00

Deerfield's covenants will remain unchanged, allowing the Company to continue operational de-risking.

