

# SECURITIES AND EXCHANGE COMMISSION

## FORM 425

Filing under Securities Act Rule 425 of certain prospectuses and communications in connection with business combination transactions

Filing Date: **2005-05-02**  
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### SUBJECT COMPANY

#### **CSQ Holding CO**

CIK: **1323115** | IRS No.: **000000000** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **425** | Act: **34** | File No.: **333-124514** | Film No.: **05792049**  
SIC: **3841** Surgical & medical instruments & apparatus

Mailing Address	Business Address
3303 MONTE VILLA PARKWAY BOTHELL WA 98021	3303 MONTE VILLA PARKWAY BOTHELL WA 98021 425-402-2206

### FILED BY

#### **CARDIAC SCIENCE INC**

CIK: **876188** | IRS No.: **330465681** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **425**  
SIC: **3845** Electromedical & electrotherapeutic apparatus

Mailing Address	Business Address
1900 MAIN STREET SUITE 700 IRVINE CA 92614	1900 MAIN STREET SUITE 700 IRVINE CA 92614 (949) 797-3800

Filed by Cardiac Science, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

under the Securities Exchange Act of 1934

Subject Company: CSQ Holding Company

Registration No. 333-124514



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The NewCardiac Science

# Forward Looking Statements

*This presentation includes forward-looking statements. These statements may be identified by the use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "should," or "will," or the negative thereof or other variations thereon or comparable terminology. In particular, forward-looking statements include, without limitation, statements related to the expected synergies of the combined companies, the anticipated cost savings resulting from the business combination, the ability of the combined company to achieve significantly greater size and scale, the ability of the combined company to achieve sustainable profitability and to continue to develop competitive new products, the timing of the completion of the proposed business combination, the pro forma combined revenues for the two companies and all other statements related to the future operating results or financial condition of the combined company. Quinton and Cardiac Science have based these forward-looking statements on the current expectations, assumptions, estimates and projections. While Quinton and Cardiac Science believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These risks include: the risk that the combined company may not achieve the benefits expected from the transaction, which may have a material adverse effect on the combined company's business and could result in loss of key personnel, the risk that the transaction may be completed even though material adverse changes may result from the announcement of the transaction, industry-wide changes and other causes, the risk that the combined company may not be able to develop new competitive products and the risk that the transaction may not be completed or that the closing of the transaction may be delayed due to failure to obtain regulatory or other approvals or the occurrence of a material adverse change in one or both of the parties. These and other important factors, including those discussed in Quinton's Annual Report on Form 10-K for the year ended December 31, 2004, under the heading "Certain Factors That May Affect Future Results," and in Cardiac Sciences' Annual Report on Form 10-K for the year ended December 31, 2004, under the heading "Risk Factors," may cause the actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. We do not undertake any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments.*

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# Merger Information

*Under the terms of the merger agreement, the parties have formed a new corporation, CSQ Holding Company and two wholly-owned acquisition subsidiaries of CSQ that will merge with and into Quinton Cardiology Systems, Inc. and Cardiac Science, Inc. respectively. CSQ Holding Company has filed a registration statement on Form S-4 containing a preliminary joint proxy statement/prospectus in connection with the merger transaction. Investors and security holders are urged to read this filing because it contains important information about the transaction. Investors and security holders are also urged to read the definitive joint proxy statement/prospectus when it become available. Investors and security holders may obtain free copies of these documents (when they are available) and other documents filed with the Securities and Exchange Commission at the Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents filed with the Securities and Exchange Commission by Cardiac Science by contacting Cardiac Science Investor Relations at (949)-474-4300. Investors and security holders may obtain free copies of the documents filed with the Securities and Exchange Commission by Quinton by contacting Quinton Investor Relations at (425) 402-2009.*

*Cardiac Science and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Cardiac Science in connection with the mergers. Information regarding the special interests of these directors and executive officers in the transaction described herein will be included in the joint proxy statement/prospectus of Cardiac Science and Quinton described above. Additional information regarding the directors and executive officers of Cardiac Science is also included in the Cardiac Science proxy statement for its 2004 Annual Meeting of Stockholders, which was filed with the Securities and Exchange Commission on or about November 22, 2004 and Cardiac Science's Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on or about March 16, 2005. This document is available free of charge at the Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov) and from Cardiac Science by contacting Cardiac Science Investor Relations at (949) 474-4300.*

*Quinton and its directors and executive officers also may be deemed to be participants in the solicitation of proxies from the stockholders of Quinton in connection with the mergers. Information regarding the special interests of these directors and executive officers in the transaction described herein will be included in the joint proxy statement/prospectus of Cardiac Science and Quinton described above. Additional information regarding these directors and executive officers is also included in Quinton's proxy statement for its 2004 Annual Meeting of Stockholders, which was filed with the Securities and Exchange Commission on or about April 14, 2004 and Quinton's Annual Report on Form 10-K/A, which was filed with the Securities and Exchange Commission on or about April 22, 2005. These documents are available free of charge at the Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov) and from Quinton by contacting Quinton Investor Relations*

*at (425) 402-2009.*

## Reasons for the Merger

- Similar missions, technology, and business models
- More sustainable sources of revenue growth
- Enhanced distribution in domestic and international markets
- Cost savings from consolidating multiple functions
- Greater liquidity for investors
- Significant potential for value creation

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# Merger Overview

<b>TRANSACTION</b>	Combines <b>Cardiac Science</b> ( <i>Nasdaq: DFIB</i> ) and <b>Quinton Cardiology Systems</b> ( <i>Nasdaq: QUIN</i> )
<b>STRUCTURE</b>	Exchange of stock with new entity - Cardiac Science Corporation (Nasdaq: CSCX) 22.3 million shares will be issued and outstanding at close, with an additional 1.2 million shares in options and warrants (23.5 million total)
<b>EXCHANGE RATIOS</b>	Q shareholders receive 0.77 share for each current share CS shareholders receive 0.10 share for each current share
<b>ELIMINATION OF DEBT AND WARRANTS</b>	CS note holders exchange \$61 million of principal / interest plus 13.4 million warrants for \$20 million in cash and 2.8 million shares of CSCX ~ 13 percent of the new entity
<b>OWNERSHIP</b>	CS shareholders and note holders will own ~ 51 percent of the combined company Q shareholders will own ~ 49 percent of the combined company

*Expected close in Q3 2005.*

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## Board of Directors

Name	Position	From
Raymond W. Cohen	Chairman	Cardiac
Ruediger Naumann-Etienne, PhD.	Vice-Chairman	Quinton
Bruce J. Barclay	Director	Cardiac
W. Robert Berg	Director	Quinton
Jue-Hsien Chern, PhD.	Director	Quinton
Harvey N. Gillis	Director	Quinton
John R. Hinson	Director	Quinton
Ray E. Newton III	Director	Cardiac
Jeffrey F. O' Donnell	Director	Cardiac

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## Management Team

Name	Position	From	Background
John Hinson	President & CEO	Quinton	DAH, MiniMed
Mike Matysik	SVP & CFO	Quinton	DMX, Corning Nichols
Allan Criss	VP, Acute Care	Quinton	Philips / ATL
David Hadley, PhD.	VP, Research	Quinton	Primus, Halliburton
Pete Foster	VP, Public Access	Cardiac	Kerr, Procter & Gamble
Brian Lee	VP, Engineering	Quinton	Siemens, Philips
Darryl Lustig	VP, Primary Care	Quinton	Bergen Brunswig
Kurt Lemvigh	VP, International	Cardiac	GE / Marquette

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# Broad Range of Competitive Devices

**Electrocardiographs**



**Traditional Defibrillators**

**Cardiac Stress Testing**



**Automated External Defibrillators**

**ECG Data Management**



**Therapeutic Monitors**



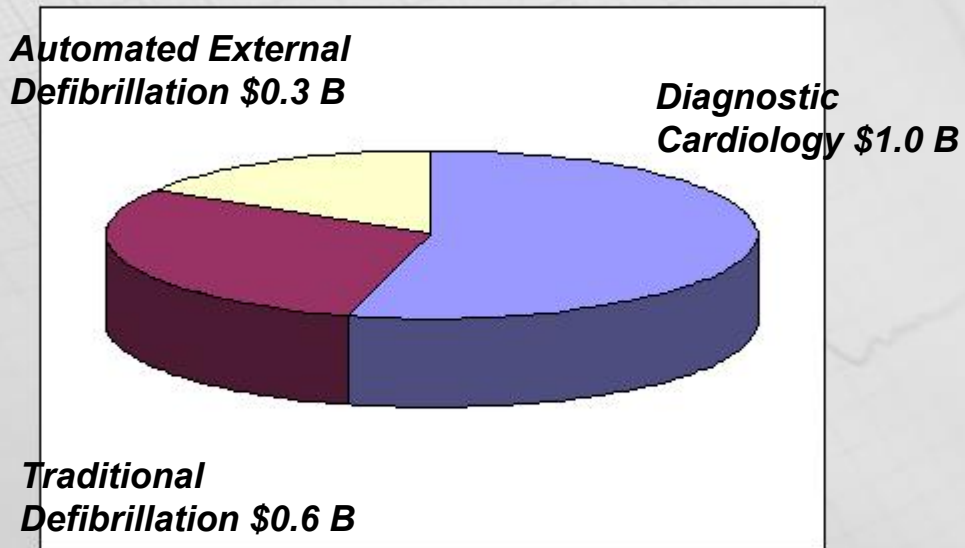
**Holter Monitors**



**Cardiac Rehab Telemetry**

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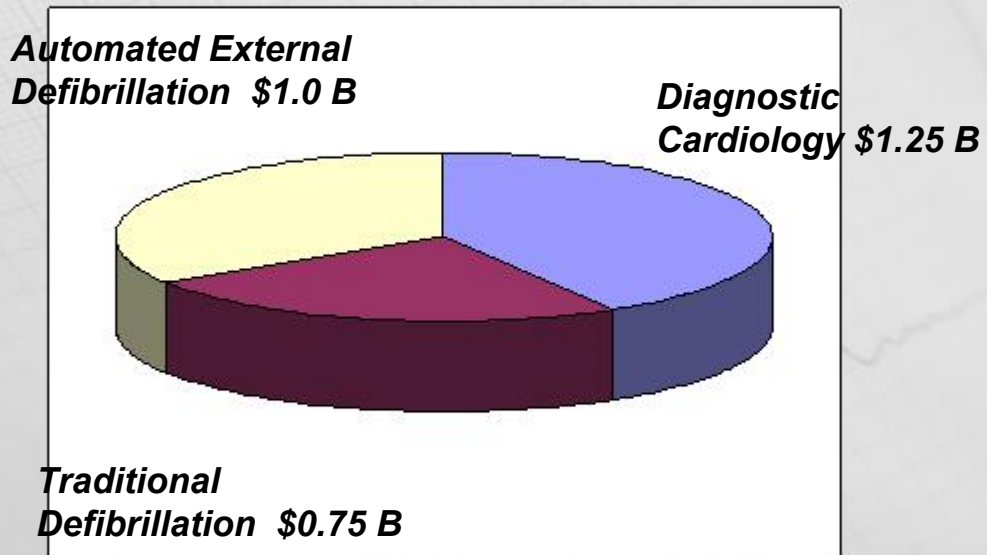
## Estimated Worldwide Market Size - 2004



*Annual demand approaching \$2 billion*

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## Estimated Worldwide Market Size - 2009



*Annual demand approaching \$3 billion*

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## Market Drivers

### AEDs

- Further AED penetration in multiple segments
- Federal / state legislation mandating AED deployment
- AED demand from individual consumers

### Traditional Defibrillation

- New applications for traditional markets

### Diagnostic Cardiology

- Expansion of cardiology data management
- Increase in procedures due to aging population, etc.
- New diagnostic cardiology screening tools

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## Specific Opportunities

### International

- Sell Electrocardiographs thru current Cardiac distribution
- Sell AEDs thru current Quinton distribution
- *Leverage expanded network for future products*

### Domestic Medical

- Sell AEDs more competitively to physician' s offices
- *Sell next-generation products to traditional defibrillation customers*

### Domestic AED

- Eliminate current sales challenges
- *Sell AEDs to emerging home market*

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## Business Model / Structure

### Model

- Use innovative product development to drive customer adoption and create the largest possible installed base to facilitate replacement sales, consumables use and service revenue

### Structure

- Sales Channels organized around Customers
- Service, Marketing, Development, Regulatory, Manufacturing and Administration functions consolidated

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# Business Structure Illustration

## Sales Channels

Quinton  
at IPO

Medical - Acute Care	
Medical - Primary Care	
International / Expanded	
Public Access Defib	

## Consolidated Activities

Service	
Marketing	
Development	
Regulatory	
Manufacturing	
Administration	



## Cost Savings

- **\$10 million in estimated annual cost savings**
- **Driven primarily by consolidation of administrative and manufacturing activities**
  - Reducing net headcount
  - Restructuring executive positions
  - Eliminating redundant facilities
  - Consolidating duplicate functions

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## 2005 Independent Financial Guidance

	<i>Quinton</i>	<i>Cardiac Science</i>
<i>Revenue</i>	\$93 - 96M	\$75 - 80M
<i>Gross Margin</i>	45 - 47%	55 - 58%
<i>Pre-tax Income (Loss)</i>	\$7.6 - 8.5M	\$(7.6) - (15.7)M
<i>Net Income (Loss)</i>	\$5.1-5.7M	\$(7.6) - (15.7)M
<i>EPS</i>	\$0.33 - 0.37	\$(0.09) - (0.18)
<i>Depreciation &amp; Amortization</i>	\$1.5 - \$1.7	\$4.0 - \$4.3
<i>Tax Rate</i>	33%	-

**Combined company expected to be immediately profitable and cash flow positive after closing, excluding one-time merger and acquisition costs**

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## 2006 Financial Guidance

**Integration substantially complete by beginning of 2006**

### **Income Statement**

- **Double-digit revenue growth**
- **Comparable blended gross margin to 2005 (pre-amortization)**
- **Operating expense growth rate about half of revenue rate (excluding stock based compensation charges)**
- **\$10 M in annual cost savings**
- **\$8 M in interest expense elimination**
- **\$3 M estimated incremental intangibles amortization**

### **Other**

- **\$3 - 5 M in anticipated cash tax benefits**
- **Approx. 22.3 M primary shares and 23.5 M fully diluted shares**

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## Summary

- Focused cardiology device growth company
- Experienced management team
- Large, expanding markets
- Competitive product portfolio
- Scalable business model and structure
- Larger platform from which to grow the business
- Significant potential for value creation

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The background of the top half of the page is a faded, light-colored ECG (heart rate) tracing on a grid. The tracing shows several distinct heartbeats with visible P waves, QRS complexes, and T waves.

**[www.cardiacscience.com](http://www.cardiacscience.com) / Nasdaq: DFIB**  
**[www.quintoncardiology.com](http://www.quintoncardiology.com) / Nasdaq: QUIN**

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