



NUVASIVE®

Speed of Innovation®

Updated Non-GAAP Definition
February 24, 2015

Forward-Looking Statements

NuVasive, Inc. (“NuVasive,” “NUVA” or the “Company”) cautions you that statements included in this presentation that are not a description of historical facts are forward-looking statements that involve risks, uncertainties, assumptions and other factors which, if they do not materialize or prove correct, could cause the Company's results to differ materially from historical results or those expressed or implied by such forward-looking statements.

Further information on NuVasive’s disclaimer and forward-looking statements and the potential risks and uncertainties that could cause actual growth and results to differ materially are more fully described in the Company’s press releases and periodic filings with the Securities and Exchange Commission.

Reconciliation of Non-GAAP Information

Management uses certain non-GAAP financial measures such as non-GAAP earnings per share, non-GAAP gross margin, non-GAAP operating expenses, and non-GAAP operating margin, which, through December 31, 2014 results, exclude non-cash stock-based compensation, certain intellectual property litigation expenses, amortization of intangible assets, leasehold related charges, certain acquisition related items, non-cash interest expense on convertible notes, a litigation liability expense, an out-of-period royalty expense charge, and an intangible asset impairment charge. Beginning on January 1, 2015, management has updated the above definition of non-GAAP to include the impact of non-cash stock-based compensation as well as certain intellectual property expenses. Both measures are discussed in this presentation, with the definition of the Company's non-GAAP financial measures through the end of 2014 referred to as "non-GAAP" while the 2015 and beyond definition is referred to as "updated non-GAAP."

The Company also uses measures such as free cash flow, which represents cash flow from operations less cash used in the acquisition and disposition of capital. Additionally, the Company uses a commonly used measure as adjusted EBITDA which represents earnings before interest, taxes, depreciation and amortization as well as excludes the impact of stock-based compensation, a leasehold related charge, acquisition related items and an intangible asset impairment charge. Management calculates the non-GAAP financial measures excluding these costs and uses these non-GAAP financial measures to enable it to further and more consistently analyze the period-to-period financial performance of its core business operations. Management believes that providing investors with these non-GAAP measures gives them additional information to enable them to assess, in the same way management assesses, the Company's current and future continuing operations. These non-GAAP measures are not in accordance with, or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. Reconciliations of the non-GAAP financial measures to the comparable GAAP financial measures can be found on the Investor Relations section of the Company's website.

What Is Changing?

- Updating NUVA's non-GAAP definition for:
 - Cost of Goods Sold, Gross Margin, Operating Expenses, Operating Margin, EPS
 - Updated definition to include:
 - **Non-cash stock-based compensation**
 - **Certain intellectual property related litigation expenses**
- Non-GAAP EBITDA measure will continue to exclude stock-based compensation; however it will include certain intellectual property related litigation expenses
- No impact to reported revenue historically or on go-forward basis
- Effective as of first quarter 2015 reporting
- Providing historically adjusted financial results for 2012, 2013 and 2014 on Company's IR website in conjunction with this announcement

Why Now?

- Operating ahead of schedule on profitability improvements, having reached goal of delivering a 20% non-GAAP operating margin in fourth quarter 2014 and delivering 180 basis points of non-GAAP operating margin improvement in 2014, above the Company's stated plan of driving 100 basis points of improvement per year
- Business has reached a state of maturity where it is appropriate to shift non-GAAP reporting approach
- Committed to driving long-term shareholder value, which includes managing both stock-based compensation and certain intellectual property litigation expenses
- Believe these changes increase transparency and better reflect the underlying financial performance of the business
- In response to investor feedback and more aligned with peer practices

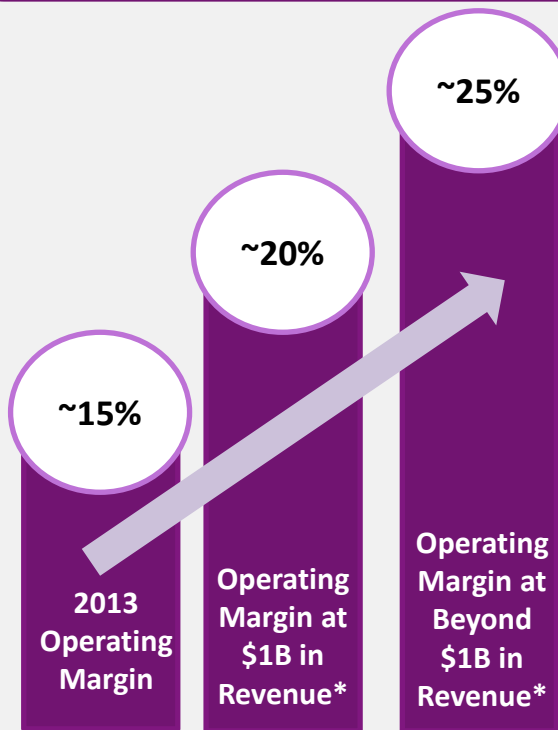
Overview of Updated Non-GAAP Definition Impact

Detailed Full Year 2012, 2013 and 2014 Adjusted Financial Results Available on NUVA Investor Relations Website

	<i>PRIOR</i>			<i>UPDATED</i>		
	2012	2013	2014	2012	2013	2014
Gross Margin	75.3%	74.8%	76.1%	75.3%	74.8%	76.1%
Sales, Marketing & Administrative	55.5%	55.9%	54.9%	59.8%	61.3%	59.9%
Research & Development	5.3%	4.1%	4.5%	5.6%	4.4%	4.8%
Operating Expenses	60.8%	60.0%	59.5%	65.4%	65.6%	64.7%
Operating Margin	14.5%	14.9%	16.7%	9.9%	9.2%	11.4%
Non-GAAP Earnings Per Share	\$1.04	\$1.23	\$1.16	\$0.65	\$0.73	\$0.67
EBITDA Margin	N/A	N/A	N/A	20.7%	21.0%	21.9%

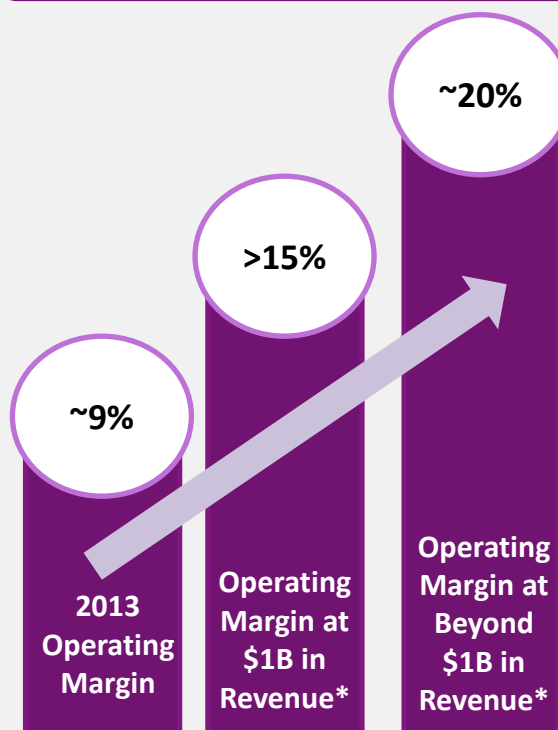
Increasing Scale and Profitability

PRIOR Operating Margin Performance Goals



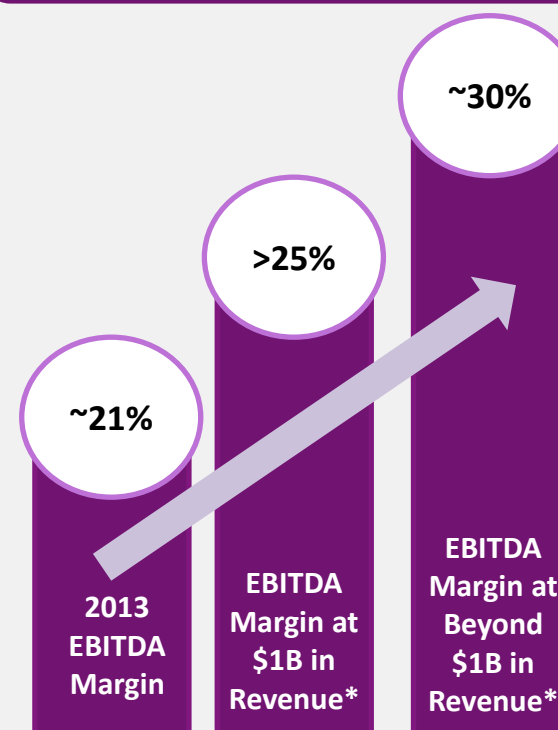
**Prior Non-GAAP Definition
Performance Goals**

UPDATED Operating Margin Performance Goals



**Updated Non-GAAP
Definition Performance Goals**

UPDATED EBITDA Margin Performance Goals

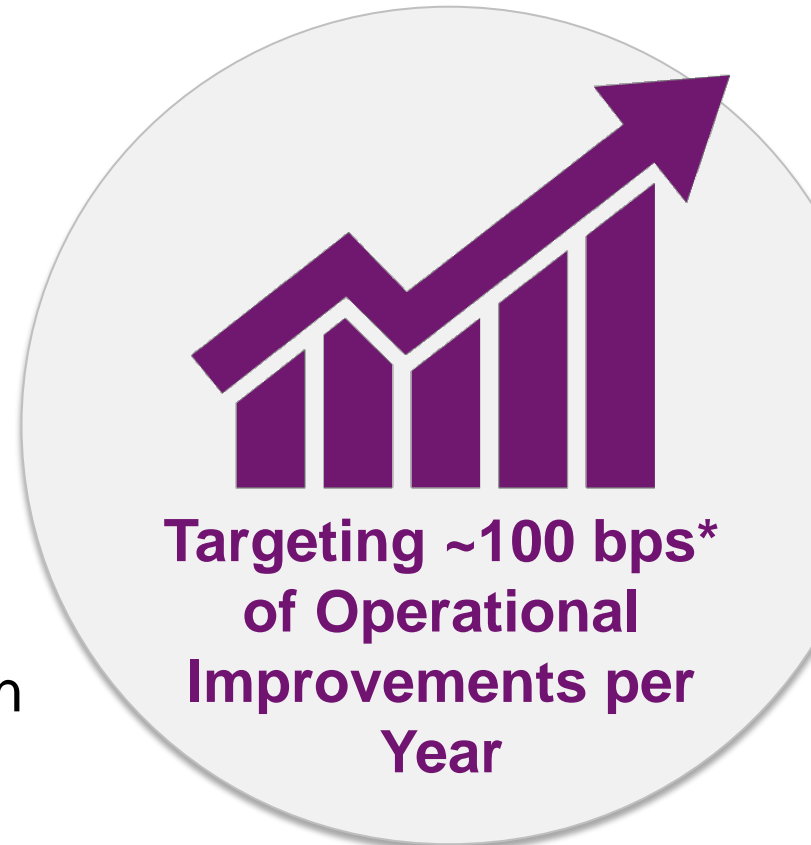


**Updated Non-GAAP
Definition Performance Goals**

Pursuing Operating Efficiencies to Drive Operating Margin Expansion

Driving Operating Margin Towards ~20% Beyond \$1 Billion* in Revenue with Well-Identified Long-Term Levers

- 1.** International scale
- 2.** In-sourcing manufacturing
- 3.** Improved asset efficiency
- 4.** Sales force efficiency
- 5.** Impact of MDT patent expiration



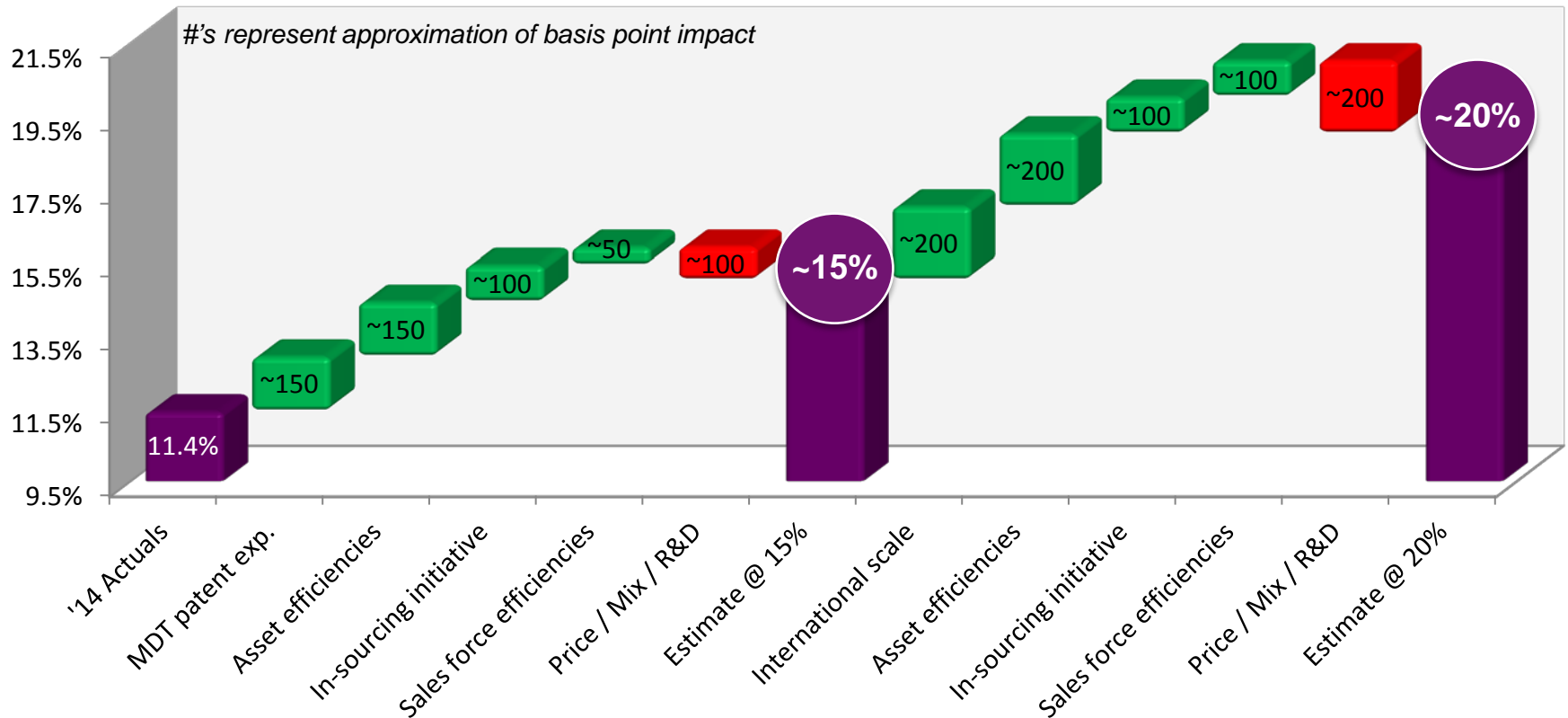
Focused on Operating Margin Expansion With Continued R&D Focus

Driving Operating Margin Towards ~20% Beyond \$1 Billion in Revenue with Well-Identified Long-Term Levers

	Prior Non-GAAP Definition	Updated Non-GAAP Definition	
	'14 Actual	'14 Actual	OM @ ~20%
<i>(all figures are approximations)</i>			
Gross Margin	~76.1%	~76.1%	~78.0%
Sales, Marketing & Admin.	~54.9%	~59.9%	~52.5%
Research & Development	~4.5%	~4.8%	~5.5%
Operating Expenses	~59.5%	~64.7%	~58.0%
Operating Margin	~16.7%	~11.4%	~20.0%
EBITDA Margin	n/a	~21.9%	~30.0%

Well-Identified Operating Levers Remain Unchanged

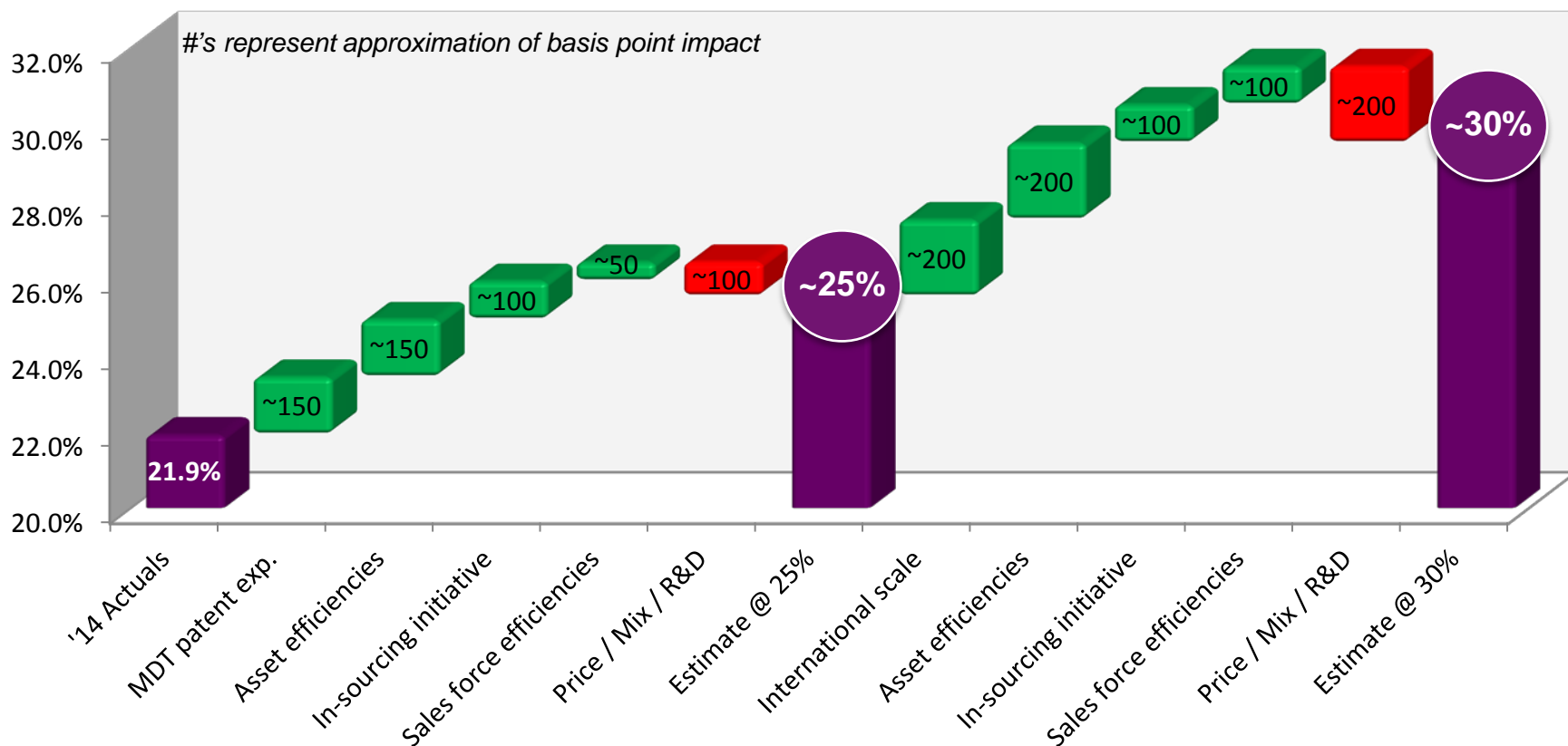
Driving Operating Margin Towards ~20% Beyond \$1 Billion in Revenue*



*NuVasive Guidance as of 2/24/15 as Posted on the Company's Investor Relations Website Under "IR Overview"

EBITDA Margin* Performance Remains Strong

**Driving EBITDA Margin Towards ~30%
Beyond \$1 Billion in Revenue[^]**



* Non-GAAP EBITDA Margin excludes the impact of stock-based compensation expense

[^]NuVasive Guidance as of 2/24/15 as Posted on the Company's Investor Relations Website Under "IR Overview"

Committed to Driving EPS Growth at ~ 2x the Rate of Revenue Growth

Globalization Initiative Designed to Drive ETR Lower

- Utilizing OUS infrastructure to drive long-term operational efficiencies
- ETR expected to gradually work from 2014 high point toward mid 30's as Company approaches \$1 billion in revenue*
- Managing for the long term

Additional EPS Lever Through Reduced Share Dilution

- Stockholders approved new equity incentive plan in 2014
- Reducing “burn rate” to < 2% in future years

*A Look at NuVasive Beyond \$1 Billion in Revenue**

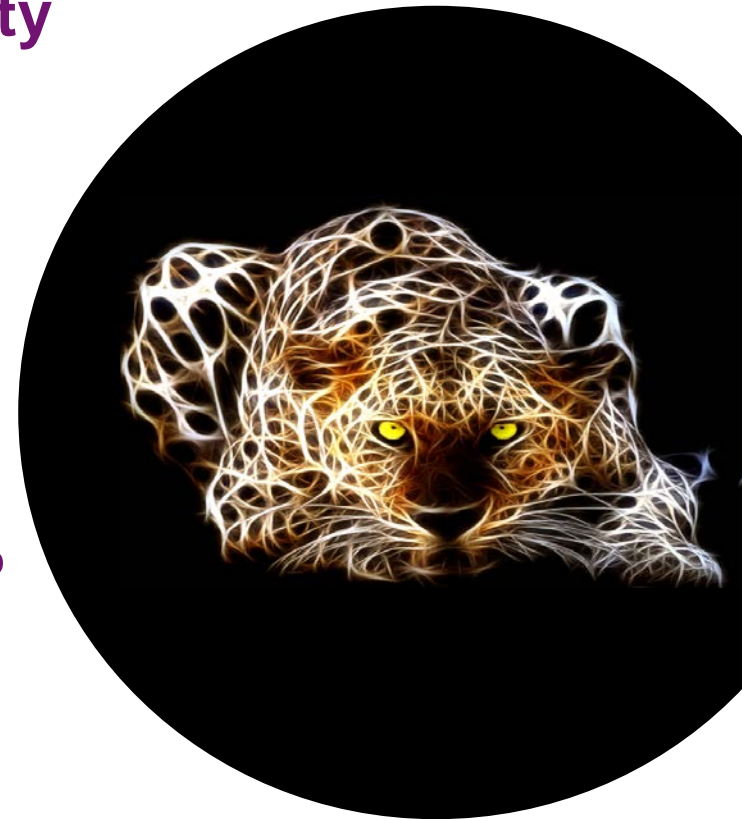
Evolving into a **Global Business**
With **Increasing Scale and Profitability**

By Driving **Mid to High Single-Digit**
Revenue Growth

Operating Margin Expansion
To ~20%

EBITDA Margin Expansion to ~30%

And **EPS Growth at ~2x the**
Rate of Revenue Growth





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