

NuVasive, Inc.

Acquisition of Ellipse Technologies, Inc.

January 5, 2016



Safe Harbor Statements

Forward-looking information and non-GAAP measures

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Management also uses certain non-GAAP financial measures in this presentation which constitute “non-GAAP financial measures” as defined by the Securities and Exchange Commission. Management 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.

Ellipse at a Glance

Committed to innovation, passion for improved clinical outcomes

Business Description

- Privately held medical technology company focused on revolutionizing procedural solutions for complex skeletal deformity
 - Developer and marketer of disruptive, magnetically adjustable implant systems for use in spine and niche orthopedic surgery
 - Founded in 2005 and headquartered in Aliso Viejo, CA (~120 employees)

Core Products & Solutions

- Products based on the MAGnetic External Control (“MAGEC”) technology platform and consist of two commercial product families:
 - MAGEC-EOS spinal bracing and distraction system for treatment of early onset scoliosis (“EOS”)
 - PRECICE limb lengthening system for treatment of limb length discrepancy
- Key features of revolutionary technology platform
 - Minimally invasive implantation with precise, non-invasive incremental adjustments via External Remote Controller (“ERC”)
 - Reduces need for repeat surgeries and creates meaningful improvements in patient quality of life, while generating cost savings to healthcare system
 - Substantial reduction in complication rates as a result of avoided surgeries, offering a strong value proposition and gaining rapid surgeon adoption

Market Opportunity

- Accelerate Ellipse’s go-to-market strategy
- Pull through opportunities through utilization of NuVasive’s product line in combination with MAGEC offering
- Creates new market opportunities for other applications of technology

Strategic Rationale

Reinforces NuVasive's focus on transformative spine solutions

- Accelerates NuVasive's transition from spine implant company to **spine solutions company**, offering broad range of integrated capabilities to deliver improved clinical and economic outcomes for patients and hospitals
- Complementary offerings to NuVasive that further **diversify revenue mix** and present new and large market opportunities for growth
- Builds on entry into adult deformity market with Integrated Global Alignment (iGA™) platform and aggressively inserts NuVasive into early onset and idiopathic adolescent scoliosis applications for non-elective procedures – an important and attractive part of the spinal deformity market with **tremendous opportunities for accelerated growth**
- **Expands NuVasive's footprint** into new spine and niche orthopedic markets with highly differentiated technology that can be broadened to additional areas like degenerative spine disease, and through partnership in trauma and knee osteoarthritis
- **Robust product pipeline** enhances internal development and licensing opportunities, particularly through integration of NuVasive's iGA platform and neuromonitoring expertise
- **Accelerates revenue and earnings growth – enhancing NuVasive's longer-term stated revenue target and non-GAAP EPS performance, while supporting five-year, double-digit ROIC goal**

Transaction Overview

\$380mm acquisition with \$30mm potential milestone payment, financed with cash on hand

- *\$380mm upfront +\$30mm in a potential milestone payable in 2017 related to achievement of specific revenue targets*
- *Closing expected by end of February 2016, subject to customary closing conditions and regulatory approvals*

Revenue

- Accelerates revenue growth toward the high single-digit range
- New applications of existing technology represent further upside opportunity

Synergies

- Near-term annual operating cost synergies of ~\$5mm identified, with even greater ability longer term to leverage NuVasive's existing infrastructure

Non-GAAP EPS

- Accretive to NuVasive's non-GAAP EPS – slightly within first 12 months and significantly thereafter

ROIC

- Supports NuVasive's five-year, double-digit return on invested capital goal

Balance Sheet & Cash Flow

- Maintains balance sheet flexibility and NuVasive's attractive financial profile
- Strengthens NuVasive's cash flow generation over near term

Value Proposition

Ellipse's technology rapidly becoming standard of care in spine and orthopedics

- ✓ **Builds on NuVasive's reputation as leading technology provider and innovator for integrated spine procedure solutions**
 - Integrate highly regarded, differentiated and disruptive magnetic growing rod technology platform with NuVasive product offerings
 - Accelerate new product opportunities based on existing and future Ellipse technology programs
 - Integrate and optimize R&D programs across multiple application areas outside of core NuVasive spine channel

- ✓ **Gains direct entry point for NuVasive in key markets**
 - Capture pediatric deformity opportunity with magnetic rod technology enhanced through integration of leading iGA alignment capabilities
 - Penetrate new niche orthopedic markets with highly differentiated technology applied to trauma and knee osteoarthritis
 - Exploit expansive technology platform to develop additional applications for further utility

- ✓ **Expands International presence immediately with opportunities for greater penetration globally**
 - Ellipse's commercialized products currently marketed and sold in the U.S. and 29 other countries globally

Ellipse's Attractive Growth Profile

U.S. dollar amounts in millions, except surgeon count

Revenues by Region

2013A-2015E CAGR

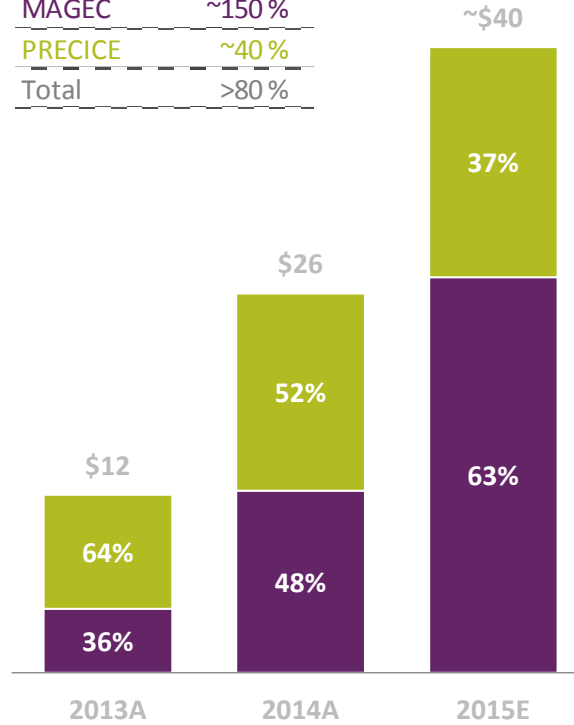
U.S.	~140 %
International	~46 %
Total	>80 %



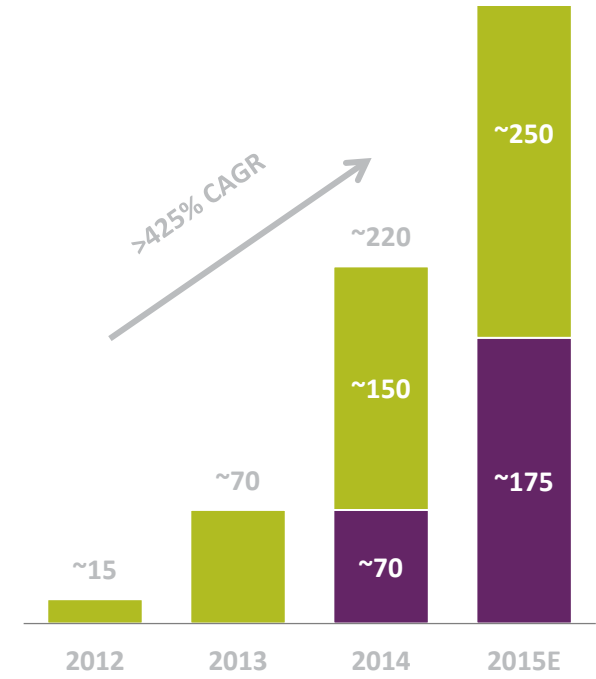
Revenues by Product

2013A-2015E CAGR

MAGEC	~150 %
PRECICE	~40 %
Total	>80 %



U.S. Surgeon Adoption



■ US ■ International

■ MAGEC ■ PRECICE

■ MAGEC ■ PRECICE

**2016 revenues expected to be ~\$60 million on pro forma basis;
Go forward gross margins to range in low to mid ~70%**

Focused on Revolutionizing Surgery

Addressing sizable market opportunities with proprietary technology

New, Large Market Opportunities

- \$1.2 billion* current addressable market opportunity
- Highly scalable business with growth prospects both geographically and in addressable segments

Proprietary Technology

- Non-invasively adjustable implants expected to have significant economic benefits over current implant technologies
- Favorable reimbursement across current products
- Robust IP portfolio with unique material engineering and design 'know-how'

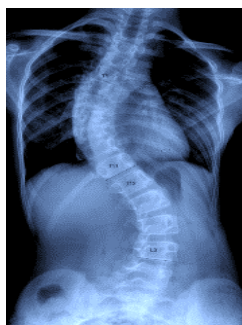


*Source: Life Science Intelligence, Inc.

MAGEC

Paradigm shift in the treatment of early onset scoliosis

- **Proprietary MAGEC-EOS system developed using MAGEC technology to treat children suffering from EOS**
 - Expandable spinal rods coupled with ERC allow for periodic, non-invasive adjustment of the implant
 - Clear opportunity for application in idiopathic adolescent scoliosis, as well as adult spinal deformity and degeneration cases



Before



After

Revolutionary Therapy

- Eliminates lengthening surgeries
- Fewer complications
- More frequent adjustment to accommodate growth
- Improved patient outcomes and quality of life



Highly Scalable Product

- ~\$570mm* global market opportunity
- Rapid training cycle: same initial procedure as traditional rods
- Single implant: fewer trays, less instrumentation
- Additional applications for further utility



PRECICE

Innovative limb lengthening system

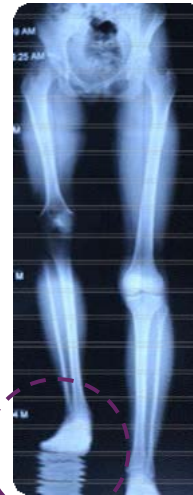
- **Proprietary PRECICE LLD system developed using MAGEC technology to treat limb length discrepancies**
 - Non-invasive, adjustable intramedullary nail coupled with ERC
 - Designed to internally lengthen the long bones of leg with precision and control, and without need for external fixation

- **Innovative technique with rapidly growing clinical paper support and significant benefits over traditional procedures**
 - ~\$700mm* global market opportunity
 - Pre-programmed for at-home use
 - Improved socioeconomic benefits

Traditional Lengthening



PRECICE Revolutionizes Approach



PRECICE

Summary

Extending leadership in MIS with market-making, category leading technology

- ✓ Reinforces focus on transformative spine solutions to improve patient outcomes
- ✓ Extends position as global spine leader with comprehensive approach to fast-growing complex deformity market
- ✓ Provides new innovation platforms to strategically address broader spine and niche orthopedic applications
- ✓ Immediately expands International presence with opportunities for greater penetration globally
- ✓ Accelerates stated revenue growth to high single-digit
- ✓ Slightly accretive to non-GAAP EPS in first 12 months and significantly thereafter
- ✓ Supports five-year, double-digit return on invested capital goal

Questions & Answers

