



To our Shareowners, Customers, and Shareholders:

NuVasive's 2008 was a year characterized by tremendous success and execution on our strategy to become the fastest growing and most innovative company in the spine market. Our patented XLIF[®] procedure, a cutting-edge approach to spine fusion, continues to be an extraordinary competitive advantage. The XLIF procedure overcomes the obstacles of both anterior (front) and posterior (back) approaches to access the spine by utilizing a natural path from the side of the body. The lateral access provides significant benefits to patients, hospitals, and surgeons, including reduced surgery time, less blood loss, shorter hospital stays, and significantly faster recovery time. This competitive advantage has and will continue to be the driving force of NuVasive's growth.

With technological innovation as the fuel for our growth, NuVasive delivered revenue growth of over 60% to a record \$250 million in 2008 and achieved planned profitability, despite unprecedented macroeconomic conditions. Our goal to reach \$500 million in annual revenues with significant profitability may have sounded like a stretch goal only a short time ago, but is now well within reach. In fact, we believe that NuVasive is well positioned to achieve \$1 billion in revenues over the next several years and become the #4 spine company in the world. This will be accomplished by an expanding product pipeline, finding the best A Player talent, infrastructure investments, and adhering to our core values of Absolute Responsiveness,[®] unmatched customer service, and "being the easiest spine company to do business with."

Innovation has always been central to our culture, and in 2008, we introduced over 10 new products, increasing our product suite to over 45 product lines available to spine surgeons to treat their patients. We announced the arrival of our latest NeuroVision[®] platform, the M5,[™] which provides additional monitoring and guidance capabilities, and will further solidify our place as the leading lateral access company by enabling safe and reproducible approaches. Mid-year, we built upon our 2007 entry into the biologics space by acquiring Osteocele[®], the only viable bone matrix product on the market with donor-derived live stem cells, the building blocks for bone formation. Then, in early 2009, we further complemented the biologics unit with an investment in Progentix, which has a novel synthetic bone graft material that we believe has the potential to compete with anything on the market today. We are extremely pleased with our current biologics offering and anticipate that it will grow toward \$100 million over the next several years.

In addition to growing the depth of our product offering, we are also focused on driving growth by training more surgeons on NuVasive's unique technology and increasing the reach of our sales force. In 2008 and going forward, we remain committed to our goal of training 400-500 surgeons per year. We also continued to develop our elite U.S. sales force, growing to over 300 dedicated sales professionals, which allowed us to provide improved customer service. We continued our international expansion in 2008, as we further built our preliminary sales efforts in the United Kingdom, Germany, and other European countries. Sales from outside of the United States represented 3% of revenues in 2008 and we anticipate that this will continue to expand as our international presence grows.



With an eye on achieving \$1 billion in revenues longer term, we embarked upon critical investments into our infrastructure in 2008. We also completed a much needed move to our new corporate campus, which significantly expands the amount of space available to our shareowners and continues to house our state-of-the-art cadaver operating theatre, as well as an R&D dedicated facility complete with an expanded biomechanics testing lab and custom machine shop. We also successfully implemented a new Enterprise Resource Planning software system that will allow us to manage our growing information and personnel needs, and create new efficiencies company-wide. Our Memphis distribution center continues to allow us to respond to customer demands at "Cheetah Speed."

Moreover, we enhanced our strong financial position early in 2008 via a convertible debt offering that added over \$200 million in cash to the balance sheet. This allows us to make investments as needed to strengthen our business or to take advantage of opportunities that the market provides.

NuVasive remains well positioned on the path toward becoming the #4 spine company in the world. We continue to have a relentless focus on growing market share via innovation, speed, and a corporate culture of Absolute Responsiveness that evolves with our company's growth and accepts nothing short of striving to be outstanding in all aspects of our business.

Onward and Upward!



Alexis V. Lukianov
Chairman and Chief Executive Officer

