



NuVasive, Inc

Updated Q414 Supplementary Financial Information
 Reconciliation of GAAP to Non-GAAP EPS and Operating Margin
 Results as of December 31, 2014; Guidance as of Q4 2014 Earnings Report on February 24, 2015
 in thousands except per share data

Financial Highlights

- Updated NUVA's non-GAAP definition to include non-cash share-based compensation and certain intellectual property related litigation expenses in the first quarter 2015
- Impacts key measures including cost of goods sold, gross margin, operating expenses, operating margin and EPS; Non-GAAP EBITDA measure will continue to exclude share-based compensation, however it will include certain intellectual property related litigation expenses
- Business has reached a state of maturity where it is appropriate to shift non-GAAP reporting approach; achieved goal of delivering 20% non-GAAP operating margin in the fourth quarter 2014 and delivered 180 basis points of improvement in 2014 -- above the Company's stated plan of 100 basis points of annual improvement
- Changes increase transparency and better reflect the underlying financial performance of the business, while providing investors with a meaningful non-GAAP measurements that emphasize the cash earnings potential of the business
- Intend to deliver approximately 300 basis points of operating margin and approximately 270 of EBITDA margin expansion in 2015, and continue to target at least 100 basis points of operating margin improvement per year thereafter driven by well-identified operating levers
- Also updated NUVA's categories of revenue reporting to better align with the key growth areas of the business, including: 1) U.S. Implants and Services, 2) U.S. Biologics, and 3) International

GAAP EPS to Non-GAAP EPS Bridge:

	Q112 A	Q212 A	Q312 A	Q412 A	2012 FY	Q113 A	Q213 A	Q313 A	Q413 A	2013 FY A	Q114 A	Q214 A	Q314 A	Q414 A	2014 FY A
GAAP EPS	\$ 0.02	\$ 0.06	\$ 0.05	\$ (0.06)	\$ 0.07	\$ 0.02	\$ (0.15)	\$ 0.16	\$ 0.13	\$ 0.17	\$ (0.40)	\$ (0.09)	\$ (0.04)	\$ 0.15	\$ (0.36)
<i>Per share impacts of:</i>															
Amortization of intangible assets	0.07	0.07	0.07	0.08	0.28	0.10	0.11	0.11	0.11	0.41	0.08	0.07	0.06	0.06	0.27
Leasehold related charges											0.13	0.01	0.04	0.03	0.21
1x and acquisition related items	0.01	0.01	0.01	0.01	0.05	0.05	0.00	0.00	0.00	0.06	0.03	0.02	0.01	0.02	0.08
Non-cash interest exp on convertible notes	0.07	0.07	0.07	0.07	0.29	0.07	0.07	0.07	0.07	0.29	0.07	0.07	0.07	0.07	0.30
Intangible asset impairment charge	-	-	-	0.03	0.03	-	-	-	-	-	-	0.22	-	-	0.22
Royalty True Up for Periods Q311 - Q113	-	-	-	-	-	-	0.17	-	-	0.17	-	-	-	-	-
Litigation Liability											0.61	-	-	-	0.60
Tax related to exclusions	(0.06)	(0.06)	(0.06)	(0.09)	(0.26)	(0.09)	(0.13)	(0.07)	(0.07)	(0.37)	(0.37)	(0.17)	(0.08)	(0.07)	(0.67)
Goodwill impairment charge	-	-	-	0.19	0.19	-	-	-	-	-	-	-	-	-	-
Share count impact											0.03	0.01	-	-	0.02
Non-GAAP EPS	\$ 0.10	\$ 0.15	\$ 0.14	\$ 0.24	\$ 0.65	\$ 0.15	\$ 0.07	\$ 0.27	\$ 0.23	\$ 0.73	\$ 0.18	\$ 0.15	\$ 0.08	\$ 0.26	\$ 0.67

For Non-GAAP Only P&L Modeling

GAAP & Non-GAAP Pre-Tax Income with NCI	7,652	12,600	13,088	15,505	48,845	10,246	9,706	16,806	17,385	54,144	11,852	17,345	16,840	27,018	73,053
Non-GAAP P&L Modeling Tax Rate	41.2%	45.7%	51.4%	29.7%	41.5%	32.2%	66.2%	25.2%	35.7%	37.2%	25.3%	56.1%	43.0%	51.9%	54.3%
Non-GAAP Income Tax Expense	3,150	5,757	6,732	4,610	20,251	3,299	6,424	4,234	6,208	20,167	2,995	9,738	7,248	14,029	39,681
Non-GAAP Net Income	4,502	6,843	6,356	10,895	28,595	6,946	3,281	12,572	11,177	33,978	8,858	7,607	9,592	12,990	33,372

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