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**Peter**

Thank you, and good afternoon, everyone. Welcome to Alphatec Spine's conference call to discuss our announcement to acquire Scient'x Groupe SAS. With me today are Dirk Kuyper, President and Chief Executive Officer, Eburn Garner, General Counsel and Oliver Burckhardt, President and Chief Executive Officer of Scient'x.

By now, you should have seen a copy of today's press release announcing the execution of a definitive agreement to acquire Scient'x Groupe SAS. If you do not have a copy of today's press release, you can find it in the Investor Relations section on our Website at [www.alphatecspine.com](http://www.alphatecspine.com).

Before we start there are a couple of items we would like to cover. I'd like to remind you that this call is being webcast live and recorded. A replay of the event will be available on our website and will remain available for at least 30 days after it is posted on our website.

We would like to remind you that our discussions today include forward-looking statements. These statements are based on certain assumptions made by us based on historical trends, current conditions, expected future developments, including business prospects, product development objectives; future financial performance, and other factors we believe to be appropriate in the circumstances. Risks and uncertainties may cause our actual results to differ materially from those projected in these forward-looking statements. You can find a discussion of these factors and more information about us in our filings with the SEC, including the risk factors section on our annual report on Form 10-K, and subsequent quarterly reports on Form 10-Q and periodic filings on Form 8-K.

These forward-looking statements are made as of the date of this call and we assume no obligation to update these statements publicly, even if new information becomes available in the future. This broadcast is covered by U.S. copyright laws and any use or rebroadcast of all or in any portion of this conference call may only be done with our express written permission.

I'll now hand the call over to Dirk Kuyper, Alphatec Spine's President and CEO.

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**Dirk**

Thank you, Peter. Good afternoon and thank you for joining us today.

We are pleased to announce that Alphatec Spine has entered into a definitive agreement to acquire Scient'x Groupe SAS. Scient'x is the largest independent spine company outside of the United States. We believe the acquisition creates global scale and presence, allowing us to compete across all major markets with a substantial and established international distribution platform. This will allow Alphatec to rapidly capitalize on the significant pipeline of products we have developed. In addition, Scient'x complements our current product portfolio with key products in dynamic fusion, non-fusion and cervical disc arthroplasty, all of which are current holes in our product portfolio. Importantly, Scient'x complements our focus on the underserved and fast growing aging spine segment of the market, marrying Alphatec's innovative products in development to address the aging spine with Scient'x's emphasis on dynamic solutions for fusion and non fusion.

The acquisition provides immediate cross selling opportunities and significant cost synergies that we intend to capitalize on immediately upon closing the transaction. The combined entity pro-forma estimates its revenues for 2009 to be \$180-182 Million, with 25% year over year revenue growth. We believe the transaction will be accretive to Adjusted EBITDA for the full year 2010, as well as non-GAAP EPS, excluding amortization of intangible assets, transaction expenses and related restructuring charges.

Alphatec Spine's mission is to be the leading independent full-line spine company, with a focus on solutions for the aging spine. The Scient'x acquisition moves Alphatec into a strong position

to execute on that mission, creating on a global market share basis, the third largest independent spine company and eighth largest spine company overall.

First I will briefly describe the terms of the transaction and then I will review the strategy and rationale for the transaction. Next, I will then turn the call over to Peter to discuss the financial implications of the transaction. Oliver will describe certain Scient'x's products, and then I will return for closing remarks and questions.

The transaction is structured such that the shareholders of Scient'x will exchange 100% of the outstanding shares of Scient'x for Alphatec common stock at a fixed exchange rate of 24 million shares. On a pro forma basis, Alphatec's current shareholders will own approximately 69% of the combined entity and Scient'x's current shareholders will own approximately 31% of the combined entity. The transaction is subject to customary closing conditions including Alphatec shareholder approval and antitrust clearances. The transaction is expected to close by the end of the first quarter of 2010. We have been absorbing transaction related costs and expenses in the third and fourth quarters of 2009, and we expect to absorb additional expenses in the first quarter of 2010. The agreement was executed following the unanimous recommendation of a special committee comprised entirely of independent directors. Following such recommendation, Alphatec's Board of Directors unanimously approved the acquisition agreement. Thomas Weisel Partners acted as the exclusive financial advisor to the Special Committee and delivered a fairness opinion to the Board of Directors that the transaction was fair from a financial point of view as of the date of the agreement.

As I stated earlier, subject to the closing of the transaction, estimated pro forma revenue for 2009 is expected to be in a range of \$180 to \$182 million, representing 25% growth year over year. We expect pro forma full year revenues for 2010 to be between \$220 and \$225 million, and full year adjusted EBITDA to be between \$32 and \$35 million. We expect the transaction to be accretive to adjusted EBITDA and accretive to EPS excluding amortization of intangible assets, transaction-related expenses, and related restructuring charges in 2010.

I would like to take some time and go into more detail about the strategy and rationale behind our decision to acquire Scient'x. As we contemplated Alphatec's long-term strategic plan, we identified four key imperatives for sustained growth. These are scale, global presence, a complete and broad product portfolio, and continued focus on differentiated products. I firmly

believe that the acquisition of Scient'x greatly enhances each of these imperatives and allows us to realize our vision through global scale and product differentiation.

First - SCALE - We expect the combined company to have over \$220 to 225 million in pro forma full year revenue in 2010, representing year-over-year growth of 25%, excluding any potential cross-selling revenue synergies. The combined company will have an extensive U.S. and international distribution network with close to 450 sales agents distributing products in over 50 countries. We expect to realize near term SG&A cost synergies through the elimination of redundant costs and increased manufacturing scale and efficiencies that will, in turn, enhance our profit and cash flow going forward. We believe that the combined entity creates scale that will enhance our ability to execute on our mission of being the leading independent spine company. The financial strength of the combined company will also provide us with enhanced access to capital, allow us to continue to invest in innovation, and enable us to maximize profitability and shareholder value going forward.

Second - GLOBAL PRESENCE - With Scient'x's distribution network, we will gain immediate access to markets for key technologies that we currently sell in the U.S. as well as the innovative technologies we have invested in during the last 2 and a half years. Scient'x has built a significant international presence with a #2 market position in France and #5 market position in each of Spain, Italy and the UK. In addition, we believe Scient'x is a leader in scientific education and surgeon training. We expect to immediately leverage this strong presence by accelerating the distribution of our Aging Spine product portfolio and other core products as well as introduce key Scient'x products into the U.S. through the Alphatec distribution network.

Third - PRODUCT BREADTH - We believe that the combined product portfolios will be extremely competitive with the market leaders in the spine industry. We believe that this broad product portfolio will increase our ability to compete for contracts and tenders, top tier sales agents, and will allow us to maximize our revenue per surgical procedure. Over the last couple of years Alphatec has created a strong core fusion product portfolio, differentiation through our focus on the aging spine, and a solid and growing U.S. distribution team. Scient'x offers key products that complement our product portfolio, such as Scient'x's dynamic fusion and non fusion products as well as a cervical disc that already has been implanted in over 3,000

procedures worldwide.

Fourth - DIFFERENTIATED PRODUCTS -We believe that our continued focus on differentiated and proprietary products is essential in achieving sustained growth within the spine market. Scientx's product portfolio complements our product line and provides the combined company with one of the most differentiated and complete product portfolios in the industry. The product development efforts of the combined company will be focused on taking advantage of Scient'x's strong scientific standing with key international opinion leaders as we look to continue to innovate, especially with respect to MIS, Aging spine solutions, non fusion technologies and biologics.

Scient'x was founded in 1988 in France and currently has 150 employees with extensive worldwide distribution. The company is headquartered in Guyancourt, France, which is near Paris, with wholly owned-subsiidiaries distributing directly in each of the UK, Italy, the US and France, and regional distributor offices in each of the Middle East, Asia Pacific and Latin America. Scient'x's product portfolio includes a full line of core spinal offerings, a cervical disc and dynamic solutions for fusion and non-fusion procedures. In addition, Scient'x has invested significantly in surgeon training and education with over 3,000 surgeons having been trained during its Inspiration symposiums. In addition, Scient'x has global alliances with key opinion leaders as well as a distinguished and international scientific advisory board.

The acquisition of Scient'x further strengthens our aging spine strategy. We are eager to continue to build our aging spine brand by introducing new technologies into the global market earlier than is currently possible with our limited, but growing international sales presence and to capitalize on the current successful market adoption of OsseoFix. In 2010 we are looking forward to the introduction of OsseoScrew, Illico SE and HeliFix into additional international markets. Scient'x has pioneered semi-rigid fixation, and we believe that dynamic fusion has potential clinical benefits for the aging patient and could represent a unique addition to our Aging Spine product portfolio.

We look forward to beginning the process of integrating Scient'x with Alphatec and working towards our combined vision as a new team. We are looking forward to working with the 150 global Scient'x employees to build the largest independent and most dynamic spine company in the global market.

I'd now like to turn the call over to Peter to discuss financial information related to the transaction in more detail. Following Peter, Oliver will give a description of some of Scient'x's products, and then I will return for closing remarks and then open the call to questions.

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**Peter**

Thank you, Dirk. The following remarks are about both Alphatec's and Scient'x's standalone financials as well as the combined entity on a pro forma basis.

The pro forma financials are as follows: excluding the potential effects of both revenue and cost synergies, we anticipate 2009 pro forma combined revenues to be in a range of \$180 to \$182 million, and 2009 pro forma adjusted EBITDA to be in a range of \$10.5 to \$12.5 million after accounting for the negative Scient'x EBITDA for 2009. The total number of shares of common stock issued and outstanding post-closing will be approximately 76.5 million. On a pro forma basis, current Alphatec shareholders will own approximately 69% of the combined company and approximately 31% will be held by current Scient'x shareholders. The transaction is currently expected to close by the end of the first quarter of 2010 and is subject to the approval of the Company's shareholders and customary closing conditions. Subject to the closing of the transaction, the Company expects 2010 pro forma full-year revenues to be in a range of \$220 to \$225 million, and pro forma full-year 2010 adjusted EBITDA to be in a range of \$32 to \$35 million. The transaction is expected to be neutral to slightly positive to 2010 EPS and accretive to 2011 EPS, excluding amortization of intangible assets, transaction expenses and related restructuring charges. We have absorbed transaction-related costs that had a negative impact to EPS in the third quarter and we expect such costs to negatively impact previously issued EPS guidance for the fourth quarter of 2009. We also expect to absorb additional transaction-related expenses in the first quarter of 2010.

The combined pro forma company will bring 2009 international sales as a percentage of total sales to 36% from 19% for standalone Alphatec. Pro Forma 2009 European sales are expected to be nearly 20% of the combined company's revenues versus 3% of Alphatec's standalone revenues. Importantly, Scient'x adds 180 sales agents, bringing the combined total to almost 450 sales agents, with a significantly enhanced global presence in all major geographic markets.

We expect significant opportunity for synergies as we begin the integration process. Upon closing, we expect immediate cross selling opportunities both in the U.S. and internationally. We expect to consolidate the U.S. operations as well as consolidate functions within Sales and Marketing and G&A. As a result of these consolidation efforts in the US, we anticipate potential annual costs savings of more than \$2 million. Longer term, we anticipate further cost savings and elimination of redundancies related to manufacturing, vendor supply contracts and supply chain management. We also anticipate, but have not included in our pro forma forecasts, revenue synergies from cross selling Alphatec and Scient'x products internationally and in the U.S., respectively. Most importantly, through this acquisition, we intend to accelerate the market adoption of our Aging Spine products outside of the U.S. and drive increased sales in the U.S. of certain Scient'x products

Due to the adoption of FAS141R in 2009, certain costs previously accounted for as part of the purchase price are now expensed, Such costs include transaction related expenses and acquisition-related restructuring expenses that will be incurred after closing. After closing, we will also record future expense of amortization of acquired intangible assets and acquisition-related restructuring expenses. Due to these factors, we are suspending guidance on GAAP-based EPS until closing and finalization of the purchase accounting. However, we intend to continue to provide financial guidance on revenues and adjusted EBITDA, as we have done so in the past.

I would now like to turn the call back over to Oliver Burckhardt, President and CEO of Scient'x for a description of certain Scient'x products.

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## **Oliver**

Thank you Peter and Dirk. I am pleased to be able to share with you my own and the Scient'x' team's excitement about joining forces with Alphatec. I am also personally looking forward to working together with Dirk as we look to build the largest independent spine company in the market.

First, I would like to provide a short background on myself. I have been in the Spine business for more than 11 years and started in this industry with Aesculap Spine in Germany. Over the years I assumed various leadership positions with increasing responsibility, all of it related to

spinal technology. I gained the majority of my management experience in the United States with companies such as Aesculap, Orthofix and now Scient'x. Because my initial start in Spine was in Europe, I had the opportunity to become exposed to a variety of spinal technologies that are now being launched in the United States. In the second quarter 2009 I joined Scient'x and immediately started to implement a new strategy consisting of re-positioning the company towards Dynamic Solutions for the Spine, and I restructured the makeup of Scient'x's global distribution. In the last 11 years I gained significant experience in international distribution and global marketing with Spinal technologies. I think I have a broad and versatile background that will be helpful to Alphatec in its mission to become one of the leading global spine companies. As mentioned before, I am extremely excited about working again with Dirk, his team in Carlsbad, and the rest of the Alphatec employees.

While working on the repositioning of Scient'x's, the natural fit with Alphatec became quickly apparent. Today, Scient'x sells into more than 50 countries around the globe and we have strong distributor relationships in place in all of the major markets. In a highly competitive marketplace such as spine, the continuous flow of differentiated technology is imperative. While Scient'x today is a full-line spine company, the added and differentiated technology from Alphatec will allow the combined company to immediately leverage cross-selling opportunities by taking advantage of Scient'x's distribution channel.

However, it is important to note that it is not only Scient'x's international distribution channel that makes this transaction extremely beneficial for both companies. The combination of Scient'x's and Alphatec's product offerings is incredibly complimentary and focuses on similar market segments.

I would like to highlight certain of the core Scient'x technologies that I believe complement the Alphatec portfolio:

The first technology I would like to describe is Isobar, our semi-rigid rod for lower lumbar spine fusions. Isobar was introduced some years ago and has demonstrated positive and predictable clinical outcomes. Isobar is a critical component of our Dynamic Solutions for the Spine strategy. Isobar is a fusion device that allows for constant compression of the fused level, and thus promotes a concept that we call Dynamic Fusion. Dynamic Fusion is based on the principle of Wolff's Law, a concept that was implemented into Orthopedics, Trauma and Spinal surgery many years ago. Wolff's Law states that with constant compression on the fusion level, bony

fusion will occur faster and in a more physiological profile, which will then lead to a better clinical outcome. Isobar has been used in fusion for numerous years around the globe. At Scient'x we believe that Dynamic Fusion will be extremely beneficial for elderly patients where mobility and return to normal social functions are critical.

Today we sell Isobar in more than 35 countries and the product is approved for fusion procedures in the US, Europe, Latin America and Asia, including Japan and China. In the US, Isobar is already approved with Alphatec's Zodiac polyaxial pedicle screw, which will allow the combined company to introduce the concept of dynamic fusion to Alphatec's U.S. distribution network.

The second product that is important for our Dynamic Solution strategy is DiscoCerv, our ceramic on ceramic cervical artificial disc replacement device. The current version of DiscoCerv was introduced into international markets in 2006. To date over 3,000 cases have been performed using this technology, and in numerous countries DiscoCerv is considered to be a leading technology. While total disc replacement in the lower lumbar spine is yet to show clinical benefits, cervical disc replacement has been accepted into the continuum of care of spinal pathologies. The benefit of ceramic articulating surfaces in joint replacement was established many years ago. DiscoCerv is the only commercially available ceramic on ceramic cervical disc replacement device in the world. We currently are selling DiscoCerv in dozens of countries today and in 2010 we expect to expand the markets in which DiscoCerv is sold, with particular attention towards expansion in Asia.

My role in the combined company will be to oversee and implement the international growth strategy for company and to provide strategic marketing direction for the entire company.

I will now turn the call back to Dirk for closing remarks

**Dirk**

Thank you Oliver.

In conclusion, we are pleased to announce the combination of Alphatec and Scient'x. It is the perfect fit at the perfect time for Alphatec. With global scale, a complete product portfolio and one of the most differentiated product pipelines in the industry we can maximize our opportunity to accelerate growth and profitability. After an exhaustive search and diligence of various acquisition opportunities within the spine sector, we believe that Scient'x offers an unmatched and complementary strategic fit with significant cost synergies and earnings leverage potential.

As we review the strategic rationale for the acquisition of Scient'x, we believe there are opportunities beyond just enhancing our growth initiatives that result from this transaction. They are as follows:

First -- Positioning. The merger of Scient'x and Alphatec enhances our aging spine platform. Dynamic fusion is an opportunity to expand our aging spine portfolio and we look forward to its potential contribution to our business. The addition of a widely accepted cervical disc fills a hole in our international product portfolio and provides a future opportunity in the US market. More broadly, we see the immediate opportunity to compete globally in multiple segments of the spine industry.

Second -- Increased distribution. We are meaningfully increasing our global market presence with the addition of new exclusive distribution networks and positioning Alphatec as one of the leading international spine companies in the market.

Third -- Increased product breadth. With the addition of Scient'x, we are able to offer a complete portfolio of spinal products and compete with the market leaders in all segments of the spine market. This will also help to maximize our revenue per procedure and revenue per sales representative.

Fourth -- The combined management team. Oliver Burkhardt and I have worked together in the past at Aesculap and agree upon critical concepts such as corporate culture, ethical responsibility and product quality. We expect little to no ramp up time in incorporating Oliver and his senior team into the management team at Alphatec.

Fifth -- Competence. At Alphatec we have worked hard to optimize our manufacturing and R&D, which we will leverage as we integrate Scient'x's products into our product offerings.

Conversely, Scient'x has an international focus on scientific education and surgeon training that we expect to leverage.

Sixth -- Ownership. Given each company's history and ownership, we believe that both Alphatec and Scient'x are based on shared values and ethos. Based on the inherent knowledge each company has of the other, we do not expect any surprises to delay the integration process.

Finally, seventh -- Synergies. We anticipate significant cost synergies and earnings leverage as we integrate Scient'x into Alphatec, stemming from the elimination of redundant U.S. operations and SG&A expenses, as well as future efficiencies related to manufacturing costs. We are optimistic that we will see incremental revenue synergies as well through immediate cross selling opportunities.

In conclusion, we are pleased to announce the acquisition of Scient'x and look forward to being an entity with global presence and scale as we continue to introduce disruptive technologies to the spine market.

Thank you. Now I'd like to open it up to your questions.

**Concluding Remarks after Q&A.** Our mission is to be the leading independent, full-line spine company with a focus on solutions for the aging spine, and our goal is to improve the aging patient's quality of life. We expect surgeons to continue to see a shift in their practices to increasingly older patients in line with global demographics.

As such, we have invested heavily in proprietary products that are designed to outperform current standards in patients with poor bone quality, and which position the company for a market leadership position in what we believe represents the fastest growing segment of the spine market. We believe Scient'x adds significant value to our ability to execute on our strategy to become the leading independent spine company.

We anticipate filing a proxy statement related to this transaction in the near future, and such proxy statement will describe the transaction in greater detail. We look forward to our shareholders endorsing and voting for this transaction as they understand the value that it bring to them long term.