



Alphatec Spine, Inc.'s Comprehensive Compliance Program

Introduction

Committed to establishing and maintaining the highest standards of ethical practice, Alphatec, in conjunction with its board of directors and senior management, has created a compliance program that is designed in accordance with the Compliance Program Guidance published by the Office of Inspector General, U.S. Department of Health and Human Resources (the "HHS-OIG Guidance"), and the AdvaMed Code on Interactions with Healthcare Professionals (the "AdvaMed Code") (collectively the HHS-OIG Guidance and the AdvaMed Code shall be referred to as the "Guidance").

1. Purpose

The purpose of the Comprehensive Compliance Program ("CCP") is to prevent and detect any violations of law or company policy, which accords with California Health and Safety Code § 119402. Consistent with the Guidance, Alphatec has tailored its business as a medical device manufacturer and implemented the CCP to deal with any such violations. As the Guidance recognizes, however, the implementation of such a program cannot guarantee that improper conduct will be entirely eliminated. Nonetheless, Alphatec expects its employees and agents (collectively, the "Alphatec Representatives") to comply with its Code of Conduct (the "Code") and the policies established in support of the Code.

The Code promotes ethical and professional behavior by the Alphatec Representatives. In the event that Alphatec becomes aware of potential violations of law or company policy, Alphatec will, where appropriate, investigate the matter and take disciplinary action and implement corrective measures to prevent future violations.

2. Description

Alphatec has provided below a description of its CCP. Alphatec regularly reviews and enhances its CCP to meet its evolving compliance needs, the voluntary standards established by the Guidance, and its unique environment and size of the company.

Overview of Comprehensive Compliance Program

1. Written Standards

The Code is Alphatec's statement of ethical and compliance principles that guide its daily operations. The Code establishes that Alphatec expects all Alphatec Representatives, to act in accordance with the Guidance and applicable company policy. The company's fundamental principles, values, and framework are articulated throughout the Code.

The Guidance has identified several potential risk areas for medical device manufacturers, and called on companies to develop compliance policies in these risk areas. As relevant to medical device manufacturers, these risk areas include: (1) data integrity pertaining to government reimbursement practices, and (2) kickbacks and other illegal remuneration. Furthermore, a specific annual dollar limit of \$1,500 has been imposed on gifts, promotional materials, items or activities provided by Alphatec Representative to healthcare providers located in California.

2. Leadership and Structure

Alphatec's General Counsel acts as its corporate compliance officer with respect to the Code. He or she shall serve as the focal point for compliance activities; however, Alphatec expects every Alphatec Representative to operate with the professional and ethical responsibilities designated within the Code. Alphatec is committed to ensuring that its corporate compliance officer has the ability of effectuate change as necessary and to exercise independent judgment.

3. Education and Training

A critical element of the CCP is the education and training of Alphatec Representatives on their legal and ethical obligations in connection with the Guidance. Alphatec is committed to effectively communicating its standards and procedures to all Alphatec Representatives.

4. Internal Lines of Communication

Alphatec is committed to fostering dialogue between management and Alphatec Representatives. The company's goal is that all Alphatec Representatives, when seeking answers to questions or reporting potential instances of compliance violations, should know whom to turn to for a meaningful response. In order to further encourage open lines of communication regarding potential violations, we have established both a toll-free compliance line, and a web-based reporting system, both of which allow for anonymous reporting and are listed at the bottom of this document.

5. Auditing and Monitoring

The CCP includes efforts to monitor and evaluate compliance with the company's compliance policies and procedures. In accordance with the Guidance, the nature of the company's reviews as well as the extent and frequency of its compliance monitoring and auditing varies according to a variety of factors, including new regulatory requirements, changes in business practices, and other considerations.

6. Responding to Past and Potential Violations

Alphatec requires a prompt and diligent response to potential violations of the Code. Actions in response to detected problems may include improving policies, procedures, training, communications and monitoring and may require disciplinary action to prevent future violations.

7. Corrective Action Procedures

A compliance program increases the likelihood of preventing, or at least identifying unlawful and unethical behavior. However, government agencies recognize that even an effective compliance program may not prevent all violations. As such, the CCP requires the company to respond promptly to potential violations of law or company policy, take appropriate disciplinary action, assess whether the violation is in part due to gaps in the company's policies, practices, or internal controls, and take action to prevent future violations.

Alphatec's Declaration of Compliance

As described herein, Alphatec has established, adopted and is actively implementing its CCP with the use of the Guidance. The CCP incorporates the material elements from the Guidance that are fundamental to an effective compliance program. To the best of the company's knowledge, as of January 1, 2009, Alphatec is effectively operating under the CCP, which is in compliance with California Health and Safety Code § 119402.

By making this declaration, Alphatec is not asserting that in all circumstances it can prevent individual Alphatec Representatives from conduct that deviates from its policies, but it will make a good faith effort to develop and enforce its CCP, prevent violations, and address any inappropriate conduct that may occur.

Compliance Hotline

In order to anonymously contact Alphatec to report any violations of the CCP, you may but you may do so by using the Compliance Telephone Hotline at 866-352-2788.