

JANUARY 7, 2008

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

THE FOLLOWING REPORT IS EXCERPTED FROM
THE WALL STREET TRANSCRIPT

COMPANY INTERVIEW

WALTER A. CUEVAS
Interventional Spine, Inc.

NOTICE

The Wall Street Transcript does not in any way endorse or guarantee the accuracy or reliability of any of the information, statements or opinions expressed in the reports or comments of other firms or individuals. We take due care to report or transcribe accurately what has been written or said by others but because of the possibility of human or mechanical error, we cannot assume any liability for the correctness of the transcription. We point out further that, of course, all opinions expressed are subject to change without notice. Neither the information or any opinion which may be expressed constitutes a solicitation for the purchase or sale of any securities referred to herein. For further information, contact the individual or investment organization concerned.

CHIEF EXECUTIVE OFFICER FORUMS/INTERVIEWS

Important Note: Wall Street Transcript forums and interviews with Chief Executive Officers are published verbatim as editorial content and include "forward-looking statements" (as such term is defined in the United States Private Securities Litigation Reform Act of 1995). These "forward-looking statements" may be subject to and be made pursuant to the "safe-harbor" provisions of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. Since these statements are based on factors that

involve risks and uncertainties, actual results may differ materially from those expressed or implied by such "forward-looking statements". Such factors are often included in the company's filings of reports with the United States Securities and Exchange Commission, including Forms 10-K, 10-Q, 8-K and Proxy Statements; the company's annual and interim reports to shareholders and similar documents. In carrying out our responsibilities to our readers and to the Chief Executive Officers selected for forums or interviews, we are required to offer, and we offer, each Chief Executive Officer an opportunity to back-up the interview and provide our readers and potential investors with specific financial data, including earnings statements, balance sheet statements and other material business and financial data, through the sponsored publication of such reports or highlights therefrom, with meaningful information.

Founded 1963
Published by Wall Street Transcript Corporation
48 West 37th Street, 8th Floor, New York, NY 10018
Copyright 2008 Wall Street Transcript Corporation
All Rights Reserved

Interventional Spine, Inc.



WALTER A. CUEVAS, Chief Executive Officer of International Spine, Inc., has over 29 years of experience in medical device companies. He has held executive positions with multinational medical device companies, having served as Vice President and Corporate Officer of Medtronic, Inc., in charge of their heart valve business in Irvine, California, President and General Manager of Allergan's main intraocular lens facility in Puerto Rico, and Project

Manager for Edwards Lifesciences. Prior to joining Interventional Spine, Mr. Cuevas was President and CEO of 3F Therapeutics, a developmental stage cardiovascular company that he sold to publicly held ATS Medical. Mr. Cuevas holds a Bachelor's degree in Mechanical Engineering from the University of Puerto Rico as well as an MBA from National University in San Diego. He is a past member of the Board of Directors of the California Healthcare Institute, the American Heart Association, Orange County, California, chapter, and of the Keck's Graduate Institute (part of The Claremont Colleges) Corporate Advisory Committee.

SECTOR – MEDICAL DEVICES

(AHU604) TWST: May we start with a short introduction to your company?

Mr. Cuevas: Interventional Spine as a company has had a presence in the orthopedics field for about seven years. It used to be called Triage Medical and about two years ago, the Board of Directors decided to change the focus of the company from trauma to spine. Since then, we have developed what I consider to be extremely innovative percutaneous products for the treatment of debilitating pain of the lumbar spine. We have the first and only percutaneous transfacet-pedicular compression system for posterior stabilization during a fusion procedure of the lower spine. We also have the first and only percutaneous bilateral facet augmentation system for treating degenerative disc disease (DDD), which maintains movement of the spine and avoids fusion.

TWST: What is the technology behind the product set and how does it differ from alternatives?

Mr. Cuevas: The technology is based on patented percutaneous compression technologies, which we call CLASP. This technology provides axial compression, locking our devices in the lower spine in a manner that is different from all our competitors. For example, during fusion, our competitors use constructs comprised of screws and rods to stabilize the lower spine. We don't do that. Our devices perform their function on the spine using an axial ratcheting mechanism. In addition, all of our devices are 100% percutaneous. That is, they are implanted through a patented device we call the TELEPORT, which requires an extremely small incision of less than 15 mm and is done utilizing fluoroscopy. All of our devices

use the TELEPORT as the access to the spine. We also use a guide wire to ensure they are implanted in the proper position. As an analogy, we like to see our company driving changes, if you will, in a similar fashion as the changes driven in the cardiology field by companies like Guidant, Boston Scientific and Medtronic in the late 1980s. Those companies helped in changing the market from invasive surgery to least invasive or percutaneous approaches, achieving similar clinical results. Everything we do is percutaneous, everything we do is done over-the-wire, and everything we do is intended to reduce the patient's blood loss, trauma and overall pain. It also provides for a far faster procedure than existing surgery, translating in lower costs to the system.

“The beauty of PercuDyn is that it requires only two 15mm incisions for implantation and could be done on an outpatient basis. Presently in the United States, very few, if any, procedures related to surgical treatment of DDD are outpatient. So what we are trying to do is move the continuum toward a less invasive procedure, with less blood loss, with less trauma to the patient and in a manner where the overall costs to the system are lower.”

TWST: Would you describe the product features and the procedure involved?

Mr. Cuevas: We have two products in the marketplace. Our first product is approved both in the United States and outside the United States, and it's our PERPOS posterior stabilization system. PERPOS is the first and only percutaneous, transfacet-pedicular compression system, which provides the surgeon the ability to accelerate the posterior stabilization portion of the fusion surgery and reduce procedural time by at least 30 minutes — again, all done via a percutaneous approach over a guide wire. Our second product, the

PercuDyn System, is the first and only percutaneous bilateral facet augmentation system, achieving decompression of the disc, preventing impingement on the nerve and eliminating pain. That product is presently sold outside the United States, but we are in the process of conducting a clinical study in the United States under FDA guidelines.

TWST: Do these instruments perform any common function?

Mr. Cuevas: No, they are used for completely different indications. The PERPOS is used during a fusion procedure, which means that they fuse two vertebrae together. PercuDyn is indicated to avoid or significantly delay the need for fusion.

TWST: Which of these two has the bigger potential?

Mr. Cuevas: I would say the PercuDyn, which is the product that we are selling outside the United States. Let me give you an idea of why that is. Say you have mild to moderate degenerative disc disease. Presently, the gold standard for treatment for this condition is fusion surgery. There are over 300,000 fusion surgeries performed in the United States every year. What we are trying to do with PercuDyn is to provide an alternative interventional option and the same level of pain relief, without having to undergo fusion of the spine. In other words, we limit the motion of the spine, but we don't completely eliminate the motion in the treated segment. The beauty of PercuDyn is that it requires only two 15mm incisions for implantation and could be done on an outpatient basis. Presently in the United States, very few, if any, procedures related to surgical treatment of DDD are outpatient. So what we are trying to do is move the continuum toward a less invasive procedure, with less blood loss, with less trauma to the patient and in a manner where the overall costs to the system are lower.

TWST: Will all DDD patients qualify for this procedure?

Mr. Cuevas: Probably not. I think there will always be a percentage of DDD patients where the doctor will conclude that fusion is warranted. At the same time, there is a large segment of DDD patients where the selected option will be conservative care, simply because they do not want to have surgery. PercuDyn, we believe, bridges the gap between surgery and conservative care.

TWST: So where fusion is warranted, PERPOS comes into play?

Mr. Cuevas: That's correct, that's absolutely correct. Now, we are also developing a percutaneous interbody system, which will be in the market by the third quarter of 2008, and complements our PERPOS System. With this combination, we look forward to revolutionizing how fusion procedures are performed. I say revolutionize, as then the complete fusion procedure can be done percutaneously, under fluoroscopy, reducing trauma and pain to the patient.

TWST: What is the patient population that you are addressing and the total spend on spinal care area that you are focused on?

Mr. Cuevas: The present lumbar fusion market in the United States exceeds \$1.2 billion. That is over 300,000 procedures. All the companies that are in the spine field have products addressing this market. The so-called "motion limiting" market is in its infancy, but we estimate it to be around \$500 million. We believe, though, that the motion limiting market will exceed the fusion market within five years.

TWST: What are the costs and the potential revenue per procedure?

Mr. Cuevas: It varies by hospital and it varies by agreements that our distributors have with the hospitals, both in the United States and

abroad. Our list price in the United States for PERPOS, however, is \$6,500 per system.

TWST: Would you comment on the number of patients who have been treated with your devices?

Mr. Cuevas: We estimate that over 1,000 patients have benefited from our PERPOS System worldwide and over 200 from our PercuDyn System to date.

TWST: How would you characterize the outcome for patients who have used PercuDyn?

Mr. Cuevas: Again, based on the 200 patients, I can tell you the results to date have been outstanding. There will be various papers being presented in 2008 that corroborate our experience.

TWST: Are there any follow-up routines pursuant to the procedure?

Mr. Cuevas: The normal follow-up done after any interventional procedure. Our experience with PercuDyn shows that the patients go home two or three hours after the intervention and the actual procedure takes less than 25 minutes. Typically, the patient can go back to normal life within a week.

TWST: How many orthopedic surgeons have trained and qualified to use your devices and what initiatives have you taken to reach out to them?

Mr. Cuevas: For the PERPOS System in the United States, we have trained over 200 surgeons, and are targeting over 400 for 2008. Outside the United States, for both PercuDyn and PERPOS — we're also selling PERPOS outside the United States — we have trained about 45 surgeons since September.

TWST: Would you share with us the approximate timetable for commercialization of PercuDyn in the US?

Mr. Cuevas: Typically, the complete process for an IDE takes about 36 months, so we are looking at sometime around late 2011 to get PercuDyn introduced in the United States.

TWST: Looking ahead, what is the strategy for success?

Mr. Cuevas: In the spine market, you see companies that have revenue and basically no technology, and you also have companies that have technology but no revenue. The really successful ones have both revenue and technology. That's where we see ourselves. We have worldwide revenue this year. We will have a significant increase in revenue next year. We have products in clinical studies and in the R&D pipeline. Our focus is to grow the business under this formula.

TWST: What are your business challenges?

Mr. Cuevas: Continuing to apply the appropriate resources in generating revenue, completing the IDE study for PercuDyn, and introducing the percutaneous interbody system into market.

TWST: Will the US be your primary market?

Mr. Cuevas: Absolutely. The United States is the number one market for spine technologies in the world.

TWST: Would you comment on the key expertise of your management team, including yourself?

Mr. Cuevas: We have assembled a great team. All have prior experience in medical device companies, large and small. Some have taken development stage companies through a liquidity event. We have an MD, previous CEOs and previous senior managers of multibillion dollar spine companies.

TWST: How does the intellectual property look to you?

Mr. Cuevas: We have over 27 published or in-process patents in the United States covering our delivery systems, as well as the devices. We also have very strong patent strategies that we believe protect us from, if you will, predatory approaches by other companies.

TWST: How is your company financed? Would you comment on your business plans to take you to your goals?

Mr. Cuevas: In May 2007 we raised \$24 million from new investors as well as existing investors. We believe that, combined with our projected revenues, this money is more than enough to carry us to our financial goals.

TWST: When do you anticipate a liquidity event to materialize?

Mr. Cuevas: It's very hard for me to predict that at this time. Clearly, we believe that the company fundamentals are very strong. So an IPO is very much possible within the next 24 months.

TWST: Are there particular milestones you need to reach before you pursue that plan aggressively?

Mr. Cuevas: Absolutely. I think we need to generate over \$10 million in revenue in 2008. I think that is a key milestone, but we also need to have the IDE study for PercuDyn in the United States well underway in 2008.

TWST: Why is the FDA regulatory process to clear PercuDyn more involved?

Mr. Cuevas: Motion limiting devices are, by definition from the FDA, different from fusion devices. Fusion devices are what they call predated devices, which require a 510(k), an approval process far easier than an IDE. Motion limiting devices are defined by the FDA as devices that require an IDE Clinical Study and a PMA for market release.

TWST: What initiatives have you taken toward marketing?

Mr. Cuevas: We market our products worldwide by showing the benefits of a percutaneous therapeutic approach versus surgery. From a sales point of view, in the United States we have agent distributors and direct sales representatives. Our intent is that, by the end of 2008, at least 50% of our revenue is done through our direct sales force. Outside the United States, we sell our products via stocking distributors.

TWST: Do you have any final thoughts?

Mr. Cuevas: I think that if you look at our Website, you will be impressed by what I'd call the simplicity of our products. We believe that we will have a big impact in the way spine interventions

are performed in the next 10 years.

TWST: Thank you. (WT)

WALTER A. CUEVAS

CEO

Interventional Spine, Inc.

13700 Alton Parkway

Suite 160

Irvine CA 92618

(949) 472-0006

(800) 497-0484 – TOLL FREE

(949) 472-0016 - FAX

www.i-spineinc.com

e-mail: ir@I-spineinc.com
