

Adopted by action of the Board of Directors: July 25, 2007
Revised: April 23, 2008
Adopted by action of the Board of Directors: May 13, 2009
Effective Date: July 1, 2009

INTERVENTIONAL SPINE, INC. COMPREHENSIVE COMPLIANCE PROGRAM

PURPOSE OF THIS PROGRAM

The Policies in this Comprehensive Compliance Program enable Interventional Spine, Inc. to ethically and legally promote its products and to avoid activities that may be viewed as improper inducements to increase the purchase or use of products. All references to “Company,” “we,” “us” or “our” refer to Interventional Spine, Inc. All references to “employees,” “you,” or “your” refer to Interventional Spine’s officers, directors, employees, agents, representatives, and consultants.

Interventional Spine’s Code of Ethics on Interactions with Health Care Professionals, which is an integral part of this Compliance Program, should be used by you as a daily reference tool. If you have questions about this Compliance Program, or our policies in general, do not hesitate to contact your supervisor, or **Carol Emerson**, our Compliance Officer, for clarification. We will use every reasonable effort to treat your questions confidentially.

We are committed to complying with all applicable laws governing the sale and marketing of, and price reporting for, our products, and to maintaining the privacy of patient health information. Failure to comply with the legal requirements referenced in this Compliance Program can subject you and/or the Company to criminal and civil penalties, money damages and regulatory sanctions, including exclusion of the Company from government reimbursement programs such as Medicare and Medicaid. In addition, failure to comply with this Compliance Program can subject you to disciplinary action by the Company, which may include, but is not limited to, demotion or termination of your relationship with the Company.

FUNDAMENTAL GUIDELINES

INDEPENDENT JUDGMENT OF HEALTH CARE PROFESSIONALS

Your interactions with health care professionals should serve to benefit patients and to enhance the practice of medicine by providing Company-approved scientific and educational information about our products. The independent judgment of health care professionals must be respected at all times. You must avoid even the appearance of interfering with any health care professional’s purchasing or clinical use decisions. “Health care professionals” includes all individual and entities involved in the product purchase decision, including persons licensed by state law to prescribe drugs for patients, medical students, members of a drug formulary committee, office and hospital staff, governmental agencies and group purchasing entities.

ANTI-KICKBACK LAWS

The purpose of the “anti-kickback” laws is to prevent improper inducements to health care professionals that could result in the referral of business reimbursable under Federal or State health care programs. The “anti-kickback” laws generally make it illegal to offer remuneration or payment of any kind, direct or indirect, if any one purpose of the remuneration or payment is to encourage or

reward the prescribing or purchase of any reimbursable product. Remuneration can be almost anything of value, including grants, referral fees, cash, frequent flier miles, lottery tickets, entertainment or gifts. There are a limited number of exceptions (or “safe harbors”) to the anti-kickback laws that allow us to offer certain price concessions to customers without violating the law. Please contact the Compliance Officer for a more comprehensive explanation of the “anti-kickback” laws or if you have any questions regarding their application.

ADMINISTRATION

ADMINISTRATION OF THE COMPLIANCE PROGRAM

Our Board of Directors (the “Board”) is committed to the standards contained in this Compliance Program and oversees the Company’s implementation and administration of this Compliance Program. The Compliance Committee of the Board is responsible for ensuring that these standards are reviewed and updated as appropriate to reflect changes in the legal and regulatory framework applicable to the Company, the business practices within the Company’s industry as well as the Company’s own business practices, and the prevailing ethical standards of the communities in which the Company operates.

Carol Emerson has been designated as the Compliance Officer, reports to the Compliance Committee of the Board, and is initially responsible for providing interpretive guidance in applying these policies to specific situations and for generally overseeing implementation and enforcement of the policies set forth in this Compliance Program. In addition to leading by example, the Chief Executive Officer and other members of senior management will lend their full support to the efforts of the Board and the Compliance Officer in this regard.

We recognize that rapid changes in business and its regulatory framework constantly pose new ethical and legal considerations. No set of guidelines, therefore, should be considered the absolute last word under all circumstances. We encourage you to consult with your supervisor, the Compliance Officer, other members of senior management, or any member of the Compliance Committee of the Board if there is any doubt as to the proper course of action under this Compliance Program. We are committed to an open and constructive environment in which compliance with this Compliance Program and the Company’s best interests are paramount. A shared willingness to raise concerns in good faith is essential to such an environment. We are confident each of you shares our sense of determination in this regard.

TRAINING

Proper education of the Company’s employees and agents is critical for maintaining compliance with the laws and regulations affecting the Company. The Compliance Officer, with the oversight of the Compliance Committee of the Board will work to implement training programs both on adoption of this Compliance Programs and on a periodic basis thereafter. Such training shall include all employees and other agents of Interventional Spine that have direct or indirect contact with health care professionals, whether or not such employees or agents are involved in sales or marketing functions. Employees with more direct involvement with sales and marketing to health care professionals may receive more intensive, specialized training.

The Compliance Officer shall maintain records of training, which shall be available to management, including Human Resources, to aid in the periodic evaluation of this Compliance Program and the employees participating in the training.

REPORTING VIOLATIONS OF THE COMPLIANCE PROGRAM

It is the responsibility of each of us to maintain this Compliance Program. We are all required to assist the Compliance Officer and the Compliance Committee of Board in ensuring adherence by everyone with this Compliance Program. Whenever you have information regarding any possible violation that has taken place, is taking place, or is anticipated to take place, you shall promptly report that information consistent with this Compliance Program. We will not tolerate any retaliation for any reason against anyone who has reported a suspected violation or concern in good faith. We will use every reasonable effort to protect the identity of those making reports to the extent possible consistent with applicable law and the need to conduct an adequate investigation.

Whenever you have information regarding any possible violation or incipient violation, you should first consider bringing such information to an immediate supervisor, Human Resources, the Compliance Officer or the Chief Executive Officer, as appropriate. Management is responsible for maintaining a workplace environment that encourages and solicits frank and open communication regarding compliance. However, if you do not feel comfortable bringing such information to management or the Compliance Officer, or if the possible violation involves the activities of management, you may report the information directly to any member of the Compliance Committee of the Board.

The Company encourages anyone who reports information to the Compliance Officer, management or the Board to identify themselves when making such a report in order to facilitate the investigation of the possible violations. The Compliance Officer and the Board will use every reasonable effort to protect the confidentiality of the identities of persons reporting information to the Compliance Officer or the Board consistent with the need to perform an adequate investigation of any reported matter. However, you may also report information directly and confidentially to the Compliance Officer or Board on an anonymous basis, by:

- Submitting the information to the Company's Compliance Officer by email at cemerson@i-spine.com. Persons desiring to report anonymously via e-mail who want to ensure their anonymity should (i) set up an account with a third-party provider, and (ii) inform that third-party provider that the account holder information is confidential and should not be disclosed to anyone.
- Submitting the information to the attention of the Compliance Officer, the Compliance Committee of the Board or one of its members, as applicable, in writing at the following address:

Interventional Spine, Inc.
13700 Alton Parkway, Suite 160
Irvine, CA 92618

Each employee is obligated to cooperate fully with investigations by management, the Compliance Officer or the Compliance Committee of the Board of possible violations of this Compliance Program. Any employee who has information relevant to an investigation of possible violations of this Compliance Program must not discuss or disclose such information to any person not authorized

by the Compliance Officer or the Compliance Committee of the Board, except as may be required by law or for the purpose of obtaining legal advice.

TREATMENT OF REPORTED VIOLATIONS

All reported possible violations will be forwarded to the Compliance Officer for recordation in the log as provided below. Upon receipt of a reported possible violation, the Chief Compliance Officer will when possible, acknowledge receipt of the report to the sender, unless the reported violation has been submitted anonymously.

Possible violations of the Compliance Program will be investigated and reviewed under the Compliance Committee of the Board's direction and oversight by the Compliance Officer, or such other person as the Compliance Committee determines to be appropriate.

Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Compliance Officer under the oversight of the Compliance Committee of the Board to ensure consistent enforcement of this Compliance Program. Such action shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Compliance Program. Except as prohibited by applicable law, appropriate corrective action may include, among other things, written notice of violations, censure, demotion or reassignment, suspension (with or without pay/benefits) and termination of the individual's employment. In determining what action is appropriate in a particular case, the Compliance Officer under the oversight of the Compliance Committee of the Board shall take into account all information, he or she deems relevant, which may include the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question has been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

The Compliance Officer will maintain a log of all reported violations, tracking their receipt, investigation and resolution and shall prepare a periodic summary reporting thereof for the Board. Copies of reported violations and such log will be maintained in accordance with the Company's document retention policy.

MONITORING AND PERIODIC REVIEW

The Compliance Committee of the Board, with the assistance of the Compliance Officer and other members of management shall monitor the implementation and administration of the Compliance Program. As part of that oversight, the Compliance Committee of the Board shall review the operations of the Company, and developments in the Company's industry, to identify new and emerging risk factors for the Company in its relationships with health care professionals. The Compliance Officer will report at least annually to the Board as to the status of the Compliance Program, including its implementation and an assessment as to its effectiveness and any areas that need improvement or any changes that can be made to improve compliance.

INTERVENTIONAL SPINE, INC.
CODE OF ETHICS
ON INTERACTIONS WITH HEALTH CARE PROFESSIONALS

Adopted: July 25, 2007
Revised: April 23, 2008
Revised: TBD

Goal and Scope of Code

Interventional Spine, Inc. is dedicated to the development and commercialization of innovative spine technologies that provide a meaningful improvement in patient lives. As part of this mission, we are further committed to adhere to ethical and legal standards in our relationships with Health Care Professionals (as defined below). This Code of Ethics is intended to govern, on a world-wide basis, our interactions with those Health Care Professionals.

Note that in this Code, “Health Care Professionals” include all individual and entities involved in the product purchase decision, including persons licensed by state law to prescribe drugs or medical devices for human patients, medical students, members of a drug formulary committee, office and hospital staff, governmental agencies and group purchasing entities. All references to “Company,” “we,” “us” or “our” refer to Interventional Spine, Inc. All references to “Employees,” “you,” or “your” refer to Interventional Spine’s officers, directors, employees, agents, representatives, and consultants.

Our interactions with Health Care Professionals cover a broad range of activities:

- *Promotional Activities.* We promote the sale and use of our products directly and indirectly through representatives and distributors, to Health Care Professionals.
- *Training and Product Related Education.* We offer training on safe and effective use and education and information directly concerning or associated with the use of our products to Health Care Professionals.
- *Research and Education.* We support *bona fide* medical research and continuing medical education for Health Care Professionals to increase access to new technology and enhance the delivery of safe, efficacious and cost-effective health care.
- *Advancement of Medical Technology.* We collaborate with Health Care Professionals to demonstrate the effectiveness of our products, to improve the utility and applications of our products and to create new products. These collaborations may include consulting arrangements for *bona fide* services, and royalty and other compensation arrangements for novel, significant or innovative contributions to our products and business.

Our reputation for honesty, integrity and fair dealing with our customers, others we do business with, our Employees and the communities we serve is our most important asset. Accordingly, we require that you act in a manner consistent with the letter and intent of this Code and the underlying policies. While this Code addresses many of the interactions we have with Health Care Professionals, it is impossible to provide specific guidance for every situation. Matters not specifically addressed in this Code, should be addressed in light of the following principle:

Interventional Spine, Inc. insists on ethical business practices and socially responsible conduct and shall not use any unlawful inducement in order to sell, recommend, or arrange for the sale or use of its products.

Our failure to adhere to this Code could subject us to severe penalties, including disqualification of Interventional Spine as a vendor, civil fines and injunctions, and criminal prosecution, fines and imprisonment.

Each of you is expected to become familiar with these policies and to affirm your agreement to comply with these policies by signing the Compliance Certificate that appears at the end of this Code. Any questions regarding this Code or matters not covered by this Code should be referred to your immediate supervisor, Compliance Officer or the Compliance Committee of the Board.

Promotional Activities

We interact with Health Care Professionals to discuss product features, contract negotiations, and sales terms, both in the Health Care Professionals' offices and at meetings and conferences.

- *Patient Benefit and Educational Items.* We may provide items that benefit patients or serve a genuine educational function, such as subscriptions to relevant scientific journals, textbooks, copies of clinical treatment guidelines and anatomical models. Other than medical textbooks or anatomical models, no such item should have a fair market value of more than \$100. Non-educational, branded promotional items (pens, notepads, mugs, "reminder" items) are prohibited.
- *Meals.* We may pay for modest meals and receptions for Health Care Professional that are incidental to the exchange of educational or scientific information, in locations conducive to the exchange of such information. It is not appropriate to pay for meals of guests of Health Care Professionals or any other person who does not have a *bona fide* professional interest in the information being shared at the meeting.
- *Entertainment and recreation.* We may not provide theater tickets, sporting events, golf, skiing, sporting equipment, vacations and similar items. *Gifts* We may not provide gifts of any kind to a Health Care Professional or to his or her office staff.

The total value of items or activities that we provide to a Health Care Professional shall not exceed two thousand dollars (\$2,000.00) per calendar year. This total applies to Interventional Spine, Inc. as a company, not to an individual salesperson. This total does not include evaluation and demonstration products, financial support for continuing medical education forums, including Company training events, financial support for health educational scholarships, compensation for *bona fide* consulting services, and royalty and other *bona fide* compensation for scientific, clinical contributions to our products and business.

Evaluation and Demonstration Product

We may provide products to Health Care Professionals for evaluation and demonstration purposes at no charge. The number of single use products provided should not exceed the amount reasonably necessary for the adequate evaluation of the products. These demonstration products should be

marked as “Sample”, “Demo”, “Not for Human Use”, or other suitable designation on the product, packaging or documentation accompanying the product.

Product Training and Education

We conduct and sponsor programs focused on education and training in the safe and effective use of our products. Our sponsored programs can include hands-on sessions, lectures and presentations.

- *Location.* Programs should be conducted in clinical, educational, conference, or other settings, including hotel or other commercially available meeting facilities, conducive to the effective transmission of knowledge. Programs requiring “hands on” training in medical procedures should be held at training facilities, medical institutions, laboratories, or other appropriate facilities. It is appropriate to provide training and education at the Health Care Professional’s location.
- *Training Staff.* The training staff should have the proper qualifications and expertise to conduct such training. Training staff can include qualified field sales employees who have the technical expertise necessary to perform the training.
- *Meals.* We may provide Health Care Professional attendees with modest meals and refreshments incidental to these programs. Any such meals and receptions should be modest in value and subordinate in time and focus to the educational or training purpose of the meeting.
- *Travel and Lodging.* We may pay for reasonable travel and modest lodging costs incurred by attending Health Care Professionals.
- *Guests.* It is not appropriate for us to pay for the meals, travel, or other expenses for guests of Health Care Professionals or for any other person who does not have a bona fide professional interest in the information being shared at the meeting.

Third-Party Educational Conferences

We support independent, educational or scientific conferences to promote scientific knowledge, medical advancement and the delivery of effective health care. These typically include conferences sponsored by national, regional, or specialty medical associations; and conferences sponsored by accredited continuing medical education providers.

- *Educational Grants.* We may provide educational grants when: (1) the gathering is primarily dedicated to promoting objective scientific and educational activities and discourse; and (2) the training institution or the conference sponsor selects the attending Health Care Professionals who are in training. Such grants should be paid only to organizations with a genuine educational purpose or function, and may be used only to reimburse the legitimate expenses for *bona fide* educational activities. Such grants also should be consistent with relevant guidelines established by professional societies or organizations. The conference sponsor should be responsible for and control the selection of program content, faculty, educational methods, and materials. We may provide grants either directly to the conference sponsor to reduce conference costs, or to a training institution or the conference sponsor to

allow attendance by medical students, residents, fellows, and others who are Health Care Professionals in training.

- *Meals and Refreshments.* We may provide funding to the conference sponsor to support the conference's meals and refreshments. Also, we may provide meals and receptions for all Health Care Professional attendees, but only if it is provided in a manner that is also consistent with the sponsor's guidelines and the body accrediting the educational activity. Meals and refreshments may be provided to fewer than all Health Care Professionals provided such meals and refreshments are conducive to the exchange of scientific, educational or business information and do not include any non-attendee guests.. Any meals, receptions, and refreshments should be modest in value and should be subordinate in time and focus to the purpose of the conference.
- *Faculty Expenses.* We may make grants to conference sponsors for reasonable honoraria, travel, lodging, and meals for Health Care Professionals who are *bona fide* conference faculty members.
- *Advertisements and Demonstration.* We may purchase advertisements and lease booth space our displays at conferences.

Arrangements with Consultants, Clinical Investigators

We may engage Health Care Professionals to serve as consultants (including as clinical investigators) to provide valuable *bona fide* consulting services, including research, participation on advisory boards, presentations at our training meetings, and product collaboration. It is appropriate to pay Health Care Professionals reasonable compensation for performing these services.

- *Need and Qualification.* Consulting agreements may be entered into only where a legitimate need and purpose for the services is identified in advance. Selection of consultants should be on the basis of the consultant's qualifications and expertise to address the identified purpose, and may not be on the basis of the past or potential volume or value of business generated by the consultant. The number of consultants we engage should be limited to that necessary to fulfill our needs.
- *Written Agreement and Protocol.* All consulting arrangements must be written, signed by the parties, and specify all services to be provided. Where research services are provided, the agreement must contain a statement of work or research protocol. All agreements must be signed by the Chief Executive Officer or Chief Financial Officer, or another officer specifically designated by them.
- *Compensation.* Compensation paid to consultants must be consistent with the fair market value for the services provided.
- *Meetings.* The venue and circumstances for meetings with consultants should be appropriate to the subject matter of the consultation. These meetings should be conducted in clinical, educational, conference, or other setting, including hotel or other commercially available meeting facilities, conducive to the effective exchange of information.

- *Meals.* Meals and refreshments that occur in conjunction with a consultant meeting should be modest in value and should be subordinate in time and focus to the primary purpose of the meeting. Recreation and entertainment may not be provided.
- *Travel and Lodging.* We may pay for reasonable and actual expenses incurred by consultants in carrying out the subject of the consulting arrangement, including reasonable and actual travel, modest meals and lodging costs incurred by consultants attending meetings with, or on our behalf.
- *FDA and other Regulatory Restrictions for Clinical Investigators.* Our relationships with clinical investigators in trials to be submitted to the FDA or other regulatory agencies is governed by conflict of interest, disclosure and other rules. Nothing in this Code is intended to supersede or modify our strict compliance with such regulations.

Provision on Payment of Royalties

We may enter into royalty arrangements only when the Health Care Professional is expected to make, or has made, a novel, significant, or innovative contribution. This may include a contribution to the development of a product, technology, process or method. We should appropriately document a significant contribution of an individual or group if that contribution is the basis for compensation.

Royalties should be calculated based on factors that preserve the objectivity of medical decision-making and avoid improper influence and consistent with the fair market value of the benefits we receive. Royalties should not be conditioned on the Health Care Professional's purchases, orders, marketing or recommendations of our products. All royalty arrangements must be written, signed by the parties and specify the basis of payment of the royalties to be provided. All royalty agreements must be approved by the Chief Executive Officer and signed by the Chief Executive Officer or Chief Financial Officer.

Provision of Reimbursement and Other Economic Information

We may support accurate and responsible billing and coverage decisions for Medicare and other payors by providing accurate, objective reimbursement information to Health Care Professionals regarding our products. Permissible information includes identifying the clinical value of technology, identifying appropriate coverage, coding, or billing options, and assisting Health Care Professionals with obtaining patient coverage decision from payors. However, this is only acceptable if (a) the information provided is accurate, (b) the information is of a general nature, and (c) the reimbursement information is of insubstantial fair market value. We may not provide reimbursement support as an unlawful inducement or a means to otherwise interfere with a health care professional's decision making process.

Grants and Other Charitable Donations

We may make donations for a charitable purpose, such as supporting genuine independent medical research for the advancement of medical science or education, indigent care, patient education, public education, or the sponsorship of events where proceeds are intended for charitable purposes. We may not make such donations for the purpose of unlawfully inducing Health Care Professionals to purchase, recommend, use, or arrange for the purchase or use of our products. Grants and

donations should not be provided based on the volume or value of purchases made by, or anticipated from, the recipient.

- *Recipients.* Donations should be made only to charitable organizations or, in rare instances, to individuals engaged in genuine charitable missions for the support of that mission.
- *Advancement of Medical Education.* We may make grants to support the genuine medical education of medical students, residents, and fellows participating in fellowship programs, which are charitable or have an academic affiliation or, where consistent with the preamble to this section, other medical personnel.
- *Support of Research with Scientific Merit.* We may make research grants to support genuine medical research. The purpose of the grant must be clearly documented.
- *Public Education.* We may make grants for the purpose of supporting education of patients or the public about important health care topics.
- *Authorization.* Any request for charitable donations must be made to and approved by the Compliance Officer.

International Interactions with Health Care Professionals

We recognize that customs, practices, laws and regulations vary throughout the world. However, it is our intent that this Code be equally applicable inside and outside the United States. Interactions that may be customary and not illegal in a particular country may still be unlawful under U.S. law and subject Interventional Spine, Inc. and the persons involved to criminal liability. Any questions regarding the applicability of this Code, or exceptions to this Code, for international operations should be addressed to the Compliance Officer.

Interventional Spine, Inc.

**COMPLIANCE PROGRAM AND CODE OF ETHICS
COMPLIANCE CERTIFICATE**

I have read and understand the Interventional Spine, Inc. Comprehensive Compliance Program and Code of Ethics on Interactions with Health Care Professionals (the "Code"). I will adhere in all respects to the ethics and standards of conduct described in the Code. I further confirm my understanding that any violation of the Code will subject me to appropriate disciplinary action, which may include, but is not limited to, demotion or discharge.

I certify to the Company that I am not in violation of the Code, and I am not aware of any violation by others.

Date: _____

Name:
Title/Position: