

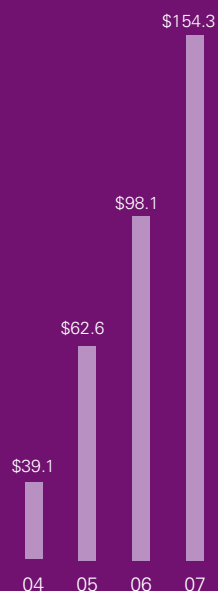
STRENGTH IN NUMBERS



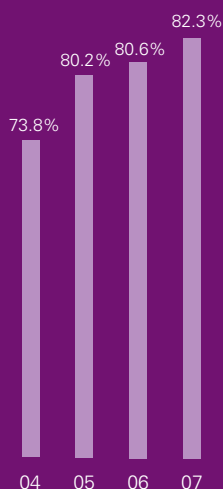
2007 NUVASIVE® ANNUAL REPORT

## TO OUR SHAREOWNERS, CUSTOMERS, AND SHAREHOLDERS,

Revenue  
in millions



Gross Margin



**Strength in Numbers.** NuVasive®'s accomplishments in 2007 were driven by our people. Striving to produce outstanding results, the NuVasive family made major contributions this year designing innovative spine products, working tirelessly to ensure safe and reproducible results for patients, providing responsive solutions to our customers, and managing our operations to ensure NuVasive is an easy company to do business with. Our highly educated sales force, the face of our company to customers, demonstrated an outstanding commitment to execution. The collective NuVasive family is comprised of our employees, whom we refer to as shareowners, and our sales force of both shareowners and exclusive agents who represent solely our spine surgery products. The strength of this group is the major reason we achieved robust revenue growth, captured increased surgeon mindshare, drove product penetration further into the marketplace, and improved our technological lead over the competition.

### 2007 Highlights: Strong Performance

- **Generated total revenues of \$154 million, a year-over-year increase of approximately 57%**
- **Acquired innovative biologic product platform FormaGraft®, aiding bone growth in fusion and bringing incremental revenues**
- **Grew exclusive sales force to 230 sales professionals**
- **Generated significant momentum enrolling patients in the NeoDisc® clinical trial, with enrollment 72% complete**
- **Launched 10 innovative products across our product lines, all of which received positive surgeon feedback**
- **Committed to the relocation of our corporate headquarters to a new, campus-style environment**

#### NEUROVISION® JJB

##### Nerve Monitoring System

Provides real-time feedback utilizing dynamically stimulated and free-run EMG to monitor nerves during spine surgery



#### NEUROVISION

##### 1.1.04

Proprietary Nerve Avoidance System provides real-time continuous feedback to assist the surgeon in monitoring nerve activity during the surgical procedure

#### MAXCESS®

##### 3.1.04

Unique retractor system with split blade design and fiber optic lighting allows customizable surgical exposure

#### NUVA

##### 5.13.04

Completed initial public offering with net proceeds of \$68.1 million



**Alexis V. Lukianov**  
Chairman and  
Chief Executive Officer

**SPHERX®**  
**9.30.04**

Launched Pedicle Screw System for less disruptive posterior fixation

**HEADQUARTERS**  
**1.24.05**

Relocated to an expanded facility, including a state-of-the-art Cadaver Operating Theatre and Custom Instrument Machine Shop

**MAS™ MOMENTUM**  
**3.15.05**

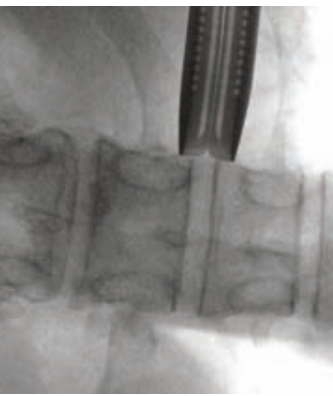
Maximum Access Surgery platform combines NeuroVision® Nerve Monitoring, MaXcess® Access System, and Specialized Implants

**SPHERX DBR®**  
**5.17.05**

Launched SpheRx Dual Ball Rod (DBR) Minimally Disruptive Fixation System for percutaneous posterior spinal fixation

# BUILDING TRUST – FROM THE O.R. TO WALL STREET

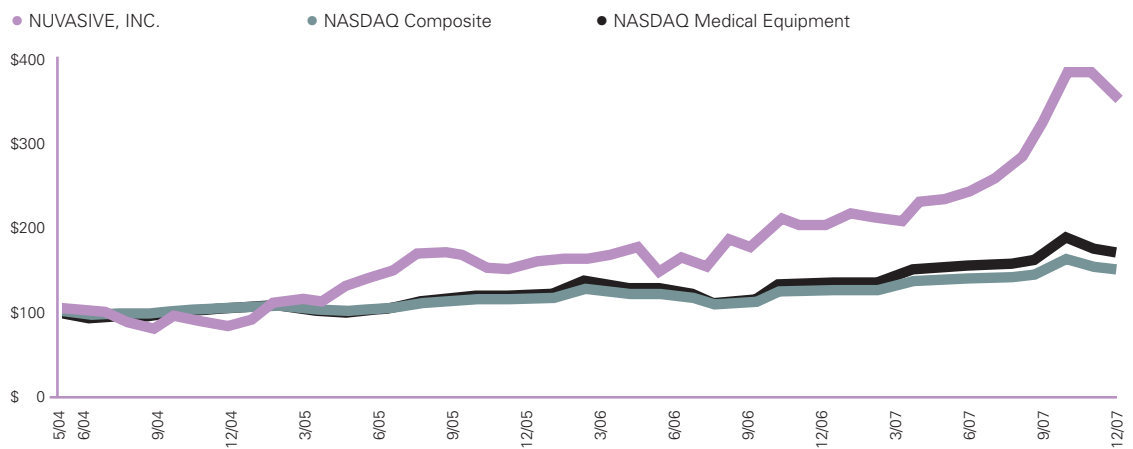
NuVasive® has clearly demonstrated its capability for innovation. Our pioneering XLIF® lateral approach and innovative implants are an example of the type of revolutionary thinking that has the power to shape the spine industry. Together, they are quickly becoming a major factor in changing the way many spine surgeons practice. The outcomes are also becoming a topic of discussion in the patient community. A number of spine surgeons have grown their XLIF businesses during 2007 on patient referrals alone. This endorsement is based on the benefits patients experience in their postoperative conditions. This trust we have developed with the surgeon and patient communities has translated to Wall Street, enabling us to meet or exceed analyst expectations for 15 straight quarters. But this is just the beginning for NuVasive. We are working to continue our growth and bring our pioneering technologies to surgeons and patients in even greater numbers – all while focused on our core cultural values of Absolute Responsiveness® to our customers and superior outcomes for patients. These have been our guiding principles since the company was started and helped fuel our growth in 2007.



## XLIF® a revolutionary approach

NuVasive created rapid-recovery spine surgery by combining tissue-sparing access instruments, neuromonitoring technology, and unique implants to be applied from the side of the patient's body. Readily adopted by surgeons, cost-effective for hospitals, and very easy on patients, XLIF is making outpatient spine surgery a reality.

### 2007 Highlights: Comparative Cumulative Total Return



## THE STRENGTH OF OUR SOLUTIONS

Our continued innovation provides the instruments necessary for our sales force to increase market awareness and drive product penetration. It is this revolutionary thinking that enabled us to launch 10 new products in 2007, addressing more clinical indications and more vertebral levels. An indispensable component to the success of our sales force is our commitment to developing innovative spine products and obsoleting our own products. These 10 new product launches in 2007 further broaden our product platform and allow us to stay a step ahead of the competition. Many of the new products we introduced this year address the demands of our more experienced users who are expanding their clinical use of XLIF. Through the introduction of a thoracic application of MaXcess®, surgeons are now able to apply the minimally disruptive benefits of our lateral approach into the thoracic region of the spine to treat indications such as adult degenerative scoliosis and trauma. This approach utilizes specifically designed implants together with a range of specialized instruments.

Many of the new products we introduced in 2007 address the growing desire of surgeons to expand their clinical use of our MAST™ platform. Surgeons have broadened the lateral approach from the lumbar to the thoracic region of the spine, as well as within adult degenerative scoliosis procedures. Our ability to move up the spine and provide surgeons with product systems to increase operative levels is extremely important

### MAXCESS® Access System

Allows the surgeon to customize surgical access to the spine



#### XLIF

7.18.05

Announced results of U.S. surgeon study of XLIF showing procedure to provide safe and effective access with economic and patient benefits

#### NEODISC®

8.4.05

Acquired NeoDisc cervical disc replacement device from Pearsalls Limited

#### #1 IN FAST 50

9.27.05

Named San Diego's fastest growing technology company in Deloitte Fast 50 Program





#### **MAS™**

**9.27.05**

Launched 5 new products within the MAS Platform, including MaXcess® II retraction system

#### **COROENT®**

**9.30.05**

Family of radiolucent implants for partial vertebral body replacement, offered in a variety of sizes to meet the surgeon's need

#### **#1 IN FAST 500**

**10.19.05**

Named the fastest growing technology company in North America in *Deloitte Technology Fast 500*

#### **NEODISC® IDE**

**10.24.05**

Filed for Investigational Device Exemption (IDE) from the FDA for NeoDisc

"For me, XLIF® means I can live  
my life the way I want to."

Nate "Rock" Quarry  
UFC Professional Fighter

**SPHERX® DBR® II**  
Patented Dual Ball Rod  
design enables instrument-free  
compression



**OPERATING CAPITAL**  
**2.7.06**

Completed an underwritten public offering  
with net proceeds of \$142 million

**GRADIENT PLUS™**  
**3.14.06**

Launched Gradient Plus Anterior  
Cervical Plating System, offering  
surgeons three intraoperative fixation  
options in one system

**EXCLUSIVITY**  
**6.5.06**

Achieved over 90% sales force  
exclusivity ahead of stated guidance



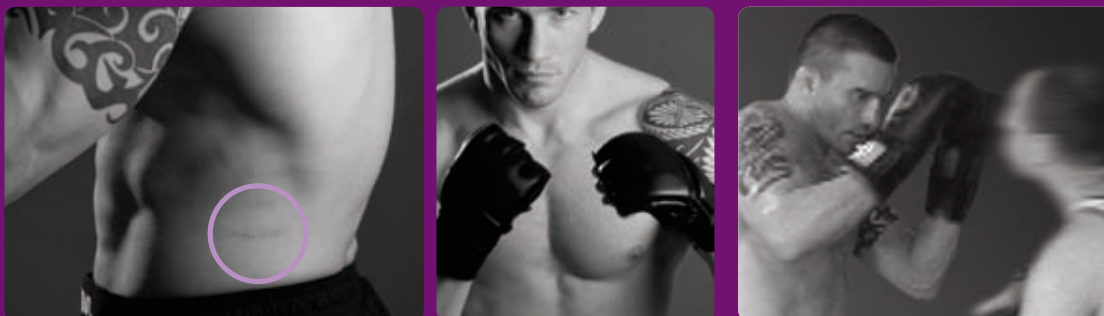
for surgeon retention, in concert with rapidly expanding indications. In addition, the three products that were fully launched in the second quarter – SpheRx® II, XLP™ Lateral Plate, and FormaGraft® biologic – have experienced strong adoption since their launches and will continue to fuel our growth.

Products for the cervical spine are an increasing part of our business. As part of our strategy to expand our cervical offering, we introduced the NuVasive® Helix ACP™ anterior cervical plate and the NuVasive Helix Mini ACP at the very end of the year. Both are designed to offer flexible and elegant solutions for the differing preferences for cervical fusion among surgeons and further ensure that our sales force has the necessary products to address a wide surgeon population and to help surgeons grow their businesses.

While the move to a new campus headquarters is a cultural priority, it's also a strategic initiative that will ensure further innovation. The NuVasive campus will include much more in the way of training and R&D facilities, with expanded capabilities in our six-suite operating room, an upgraded machine shop, and an R&D-dedicated building complete with an expanded biomechanics testing facility. The new campus will also allow us to add more shareowners to our family, while providing more space to properly train our future leaders and develop current managers.

## 2007 Comeback: Nate Quarry Wins after XLIF® Procedure

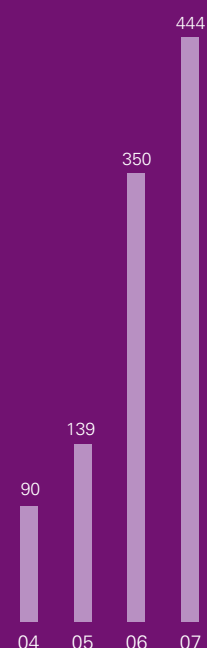
Nate Quarry's XLIF surgical scar is barely visible as he maintains his training regimen.



## REAL SOLUTIONS, REAL LIVES

While our technologies have demonstrated the power to shape an industry, the exceptional outcomes they provide are shaping lives. Nate Quarry was an Ultimate Fighting Championship (UFC) fighter who had a damaged disc in his lumbar spine. The pain was so intense it not only stopped him from training to fight and pursuing his dream, he could no longer hold his young daughter. Following failed conservative care and pain medications, Nate decided to explore surgery. When he learned about the XLIF procedure and the dramatically reduced complications associated with it compared to traditional methods, he was intrigued. Nate spoke with his surgeon and decided XLIF was his best chance of getting back into the Octagon quickly. The choice between an invasive, traumatic approach and one with minimal blood loss and hospital time was obvious. The results were dramatic. Within three weeks, Nate began light weight training and exercise and in one month was able to lift his daughter. Six months later, he was boxing against an opponent and in 15 months won his comeback fight. The result was a convincing win with a ferocious knockout punch. Nate went from a state of chronic pain to competing at the highest level of the sport.

### Shareowners



NuVasive shareowners represent **Strength in Numbers**

(2006 and 2007 include exclusive sales force)

#### COST REDUCTION

7.5.06

Announced 20% hospital cost savings when using XLIF procedure for lumbar spine fusion surgery compared to a traditional ALIF approach

#### MEMPHIS

9.11.06

Opened global distribution facility in Memphis, Tennessee

#### CLINICAL STUDY

9.15.06

First-in-human U.S. use of the NeoDisc® cervical disc replacement device

#### MAXCESS® III

9.26.06

MaXcess III Access System includes a removable fourth blade, which provides greater posterior surgical options



#### **XLP™ Lateral Plate System**

Designed to integrate seamlessly with the XLIF® technique, allowing fixation delivery through a single approach



#### **\$0.02 12.31.06**

Achieved goal of breakeven with first non-GAAP quarter of profitability

#### **RAPID GROWTH 12.31.06**

Achieved 45% vertical integration of hospitals; trained 569 surgeons in 2006; sales force grows to 175; full year revenue of \$98.1 million, an annual increase of 58.7%

#### **FORMAGRAFT® ACQUISITION 1.25.07**

Biologic used as bone void filler to facilitate fusion



# A CULTURE OF PERFORMANCE

Our people and our culture of Absolute Responsiveness® have been behind our success and performance. At NuVasive® shareowners are our strongest asset and our greatest competitive differentiator. We call them shareowners because since day one, everyone has had direct ownership in NuVasive, or “skin in the game,” as we like to say. Much more than just employees, shareowners are partners working together toward achieving our next major milestone: reaching \$500 million in revenues as we build a dominant company in spine. Each shareowner is committed with laser-like focus to achieving this goal.

Our culture continues to be the major ingredient in all we do at NuVasive. We work very hard to make certain this culture permeates through every level of our organization. The NuVasive family understands that being excellent is simply not good enough – we all have to be outstanding. When anyone walks into NuVasive, they can feel this drive and dedication. We reinforce it with special recognition of those who truly go above and beyond. In addition to periodic rewards and coveted parking spots, our annual Cheetah Award is the ultimate in peer recognition. To be chosen by a group who prides itself on pushing each other and surpassing excellence every day, winning this award means you represent what our family of about 450 people stand for. The trip to Hawaii and a 12-month reserved parking spot are nice as well. Our culture is a major reason why we continue to innovate, why we are so responsive to customer and market needs, why our sales force continues to gain market share, and why we continue to meet our financial performance objectives.

## 2007 Highlights: Generating Outstanding Numbers

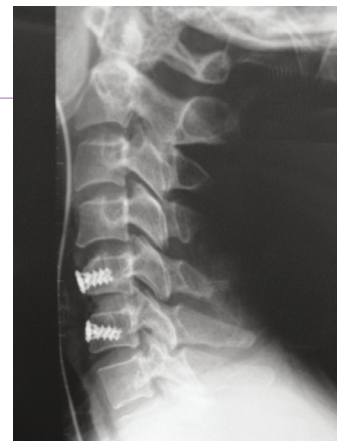
Top Performers for 2007 from our elite group of over 200 dedicated sales professionals were recognized in January 2008 at the annual NuVasive National Sales Meeting.

From left to right:  
Terry Rich  
Joe Loy  
Craig Mathieson  
Bayne MacKenzie  
Jon Blackman  
Joe Orlich



One of the challenges of growing into a larger organization is keeping the fabric of this culture as strong as when we were a much smaller company. We spend a great amount of time ensuring that Absolute Responsiveness is maintained as we grow toward \$500 million. Our relocation to a campus-style headquarters in 2008 directly supports this strategic initiative. In addition to the physical need for additional operating space, we view keeping all of our shareowners in a single location as a very important aspect of maintaining our culture as the driving force behind our innovative and robust growth.

One recent example of how dedicated our shareowners are to each other is their action during the Southern California wildfires of October 2007, which caused the evacuation of over 500,000 people in San Diego County. Our shareowners and sales force raised funds for members of the NuVasive family who had suffered losses and also contributed to the San Diego Fire Fighters Fund, which served to help local fire fighters who had also suffered many losses including their own homes. The strength, support, and teamwork displayed was impressive. And it didn't stop in San Diego – it continued in Memphis when tornadoes in January 2008 brought havoc to the region. In spite of the circumstances, our Memphis distribution facility experienced no disruption in production. Each and every shareowner was consistently looking for ways to help both their co-workers and community members in these difficult times.



## Embroidery a revolutionary technology

Beginning with the NeoDisc® Cervical Disc Replacement, NuVasive is pioneering the revolutionary new technology of embroidery fixation. Combining a solid silicone core for cushioning, an encapsulating polyester textile, and standard titanium alloy fixation screws, the embroidered NeoDisc device provides fixation without fusion, preserving a natural range of motion.

*NeoDisc is not available for sale in the U.S.*

### NEUROVISION® MEP 1.27.07

NeuroVision MEP (Motor Evoked Potentials) provides efficiency in monitoring the safety and function of the descending motor pathways of the spinal cord

### XLP™ LATERAL PLATE 6.1.07

XLIF with XLP allows large interbody implant and fixation to be delivered through a single approach

### SPHERX® II 6.1.07

Designed and dedicated to multi-level pedicle screw fixation

### MAXCESS® XLIF® THORACIC 10.24.07

Instrumentation and implant systems facilitate minimally disruptive lateral access to the thoracic spine

## THE ROAD TO \$500 MILLION AND BEYOND

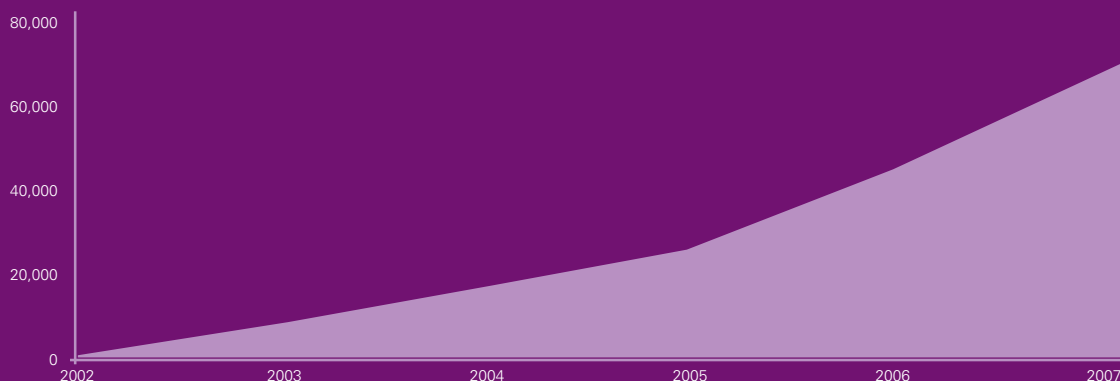
When NuVasive® began its journey toward product commercialization as a small company with a passion to find the safest, most reproducible way to approach the spine laterally, we were already thinking big. Our metrics for success were to be more innovative, move more quickly, and stay more responsive than the competition. We have traveled quite a distance so far. We now have nearly 450 people, including our sales force of 230 and over 30 products in our portfolio. That is quite a growth trajectory, although we believe we have only just scratched the surface. Now more than ever, the road map for getting to \$500 million and beyond is clear. In perspective, the global spine market NuVasive participates in is projected to reach \$7 billion in 2008, compared to our revenues of \$154 million in 2007, almost all of which came from the U.S.



### NeuroVision® JJB a revolutionary view

By adding the capability of remote monitoring to the world's leading surgeon-controlled neuromonitoring system, NuVasive has again demonstrated its dual commitment to patients and surgeons. Delivering real-time intraoperative data, NeuroVision JJB and NeuroVision Remote Monitoring ensure that the right expertise is always in the OR.

### NeuroVision® JJB: Total Cumulative Cases



Looking into 2008, there are a significant number of U.S. markets where we have only an initial presence. We plan to build out concentrically in those markets as they mature and build newly established sales regions. We will make our entrance into the international markets by launching components of our innovative product offering in Europe and Latin America. Our product goals for 2008 are also ambitious. We plan to expand our conventional and cervical offerings, further address segment motion, and expand our XLIF® thoracic offering even further.

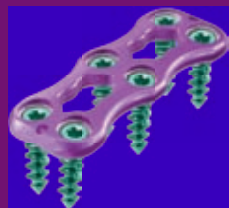
We believe that during 2008, we will become the world's fifth largest spine company by market share. We believe we can continue to change the spinal world by keeping focused on our culture, remaining the spine company that is "EZ2DOBIZ" with and bringing innovative products to the market. As always, we will continue to race forward toward achieving these goals with "Cheetah Speed."

Thank you for your continued confidence,

Alexis V. Lukianov  
Chairman and Chief Executive Officer

### NuVasive® HELIX ACP™

Low-profile leading edge allows plate to sit flush against the anterior cervical spine



### COROENT® XLT COROENT REVISION PEEK 10.24.07

Implants designed specifically for thoracic applications

### SPHERX® DBR® II 10.24.07

Minimally disruptive pedicle screw system utilizes a unique "Dual Ball Rod" design

### NUVASIVE HELIX ACP 10.24.07

Both the anterior cervical plate and NuVasive Helix Mini ACP are designed for flexible solutions for cervical fusion



# Corporate Information

## Board of Directors

Alexis V. Lukianov  
Chairman & Chief Executive Officer

Jack R. Blair  
Retired Group President & Director,  
Smith & Nephew, Inc.

Peter C. Farrell, PhD, AM  
Executive Chairman of the Board,  
ResMed, Inc.

Lesley H. Howe  
Retired Partner,  
KPMG Peat Marwick L.L.P.

Robert J. Hunt  
Retired Chief Financial Officer,  
AutoZone, Inc. and Co-founder Mercury  
Investment Group

Eileen (Ginger) More  
Retired Partner, Oak Investment  
and Chairman Emeritus,  
Connecticut Venture Group

Hansen A. Yuan, MD  
Professor of Orthopedic and  
Neurological Surgery, State University  
of New York, Syracuse and Past President  
of North American Spine Society

## Senior Management

Alexis V. Lukianov  
Chairman & Chief Executive Officer

Keith C. Valentine  
President & Chief Operating Officer

Kevin C. O'Boyle  
Executive Vice President &  
Chief Financial Officer

Patrick S. Miles  
Executive Vice President of  
Product Marketing & Development

Jeffrey P. Rydin  
Senior Vice President, U.S. Sales

Jason M. Hannon  
Senior Vice President & General Counsel

G. Bryan Cornwall, PhD, P.Eng  
Vice President, Research and  
Clinical Resources

Jonathan D. Spangler  
Vice President & Chief Patent Counsel

Lisa K. Brockman  
Vice President, Accounting

## Investor Relations

Kevin C. O'Boyle  
Executive Vice President &  
Chief Financial Officer  
NuVasive, Inc.  
858.909.1800  
investorrelations@nuvasive.com

The Ruth Group  
757 Third Avenue  
22nd Floor  
New York, NY 10017  
646.536.7000

## Form 10-K

The Form 10-K is available on the internet  
by accessing NuVasive's website at  
[www.nuvasive.com](http://www.nuvasive.com).

A copy of the Company's most recent  
Form 10-K, as filed with the Securities and  
Exchange Commission (including  
consolidated financial statements and  
schedules thereto) will be provided to  
shareholders upon written request to the  
Company's Investor Contact.

## Annual Meeting


May 22, 2008  
8:00 a.m. (PDT)  
4545 Towne Centre Court  
San Diego, CA 92121

## Corporate Headquarters

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F: 858.909.2000  
[www.nuvasive.com](http://www.nuvasive.com)

## Forward-Looking Statements

NuVasive cautions you that statements included in this annual report that are not a description of historical facts are forward-looking statements that involve risks, uncertainties, assumptions and other factors which, if they do not materialize or prove correct, could cause NuVasive's results to differ materially from historical results or those expressed or implied by such forward-looking statements. The potential risks and uncertainties that could cause actual growth and results to differ materially include, but are not limited to: the risk that NuVasive may be unable to successfully integrate new products or technologies into its business; the uncertain process of seeking regulatory approval or clearance for NuVasive's products or devices, including risks that such process could be significantly delayed; the possibility that the FDA may require significant changes to NuVasive's products or clinical studies; the risk that additional clinical experience may demonstrate that NuVasive's products do not provide the intended safe and reproducible results; risks related to NuVasive's ability to effectively manage the growth of its business; risks related to NuVasive's ability to successfully develop, obtain regulatory approval for, and commercialize new products; and other risks and uncertainties more fully described in NuVasive's annual report and periodic filings with the Securities and Exchange Commission. NuVasive's public filings with the Securities and Exchange Commission are available at [www.sec.gov](http://www.sec.gov). NuVasive does not intend to update any forward-looking statement to reflect events or circumstances arising after the date on which it was made.

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