

NUVASIVE INC
Form DEF 14A
April 17, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

NuVasive, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

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NOTICE OF Annual Meeting Of Stockholders

To Be Held May 24, 2006

The Annual Meeting of Stockholders of NuVasive, Inc. (the Company) will be held on May 24, 2006 at 8:00 AM local time at NuVasive's corporate offices located at 4545 Towne Centre Court, San Diego, California 92121 for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To elect two Class II directors to hold office until the 2009 Annual Meeting of Stockholders and until their successors are elected and qualified.
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006.
3. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on April 5, 2006 will be entitled to notice of, and to vote at, such meeting or any adjournments or postponements thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Alexis V. Lukianov
Chief Executive Officer and Chairman of the Board

San Diego, California
April 24, 2006

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YOUR VOTE IS IMPORTANT!

ALL STOCKHOLDERS ARE INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND MAIL PROMPTLY THE ACCOMPANYING PROXY CARD IN THE ENCLOSED RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS WILL ENSURE THE PRESENCE OF A QUORUM AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD.

**NuVasive, Inc.
4545 Towne Centre Court
San Diego, CA 92121
(858) 909-1800**

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 24, 2006

GENERAL

NuVasive, Inc. (the Company) is furnishing this Proxy Statement and the enclosed proxy in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting of Stockholders to be held on May 24, 2006, at 8:00 AM local time, at NuVasive's corporate offices located at 4545 Towne Centre Court, San Diego, California 92121, and at any adjournments or postponements thereof (the Annual Meeting). These materials were mailed to stockholders on or about April 24, 2006.

OUTSTANDING SECURITIES AND QUORUM

Only holders of the Company's common stock as of the close of business on April 5, 2006 (the Record Date) are entitled to notice of, and to vote at the Annual Meeting. Stockholders who hold shares of the Company in street name may vote at the Annual Meeting only if they hold a valid proxy from their broker. As of April 5, 2006, there were 33,062,321 shares of common stock outstanding.

A majority of the outstanding shares of common stock entitled to vote at the Annual Meeting must be present in person or by proxy in order for there to be a quorum at the meeting. Stockholders of record who are present at the meeting in person or by proxy and who abstain from voting, including brokers holding customers' shares of record who cause abstentions to be recorded at the meeting, will be included in the number of stockholders present at the meeting for purposes of determining whether a quorum is present.

PROXY VOTING

Each stockholder of record is entitled to one vote at the Annual Meeting for each share of common stock held by such stockholder on the Record Date. Stockholders do not have cumulative voting rights. Stockholders may vote their shares by using the proxy card enclosed with this Proxy Statement. All proxy cards received by the Company which

are properly signed and have not been revoked will be voted in accordance with the instructions contained in the proxy cards. If a signed proxy card is received which does not specify a vote or an abstention, the shares represented by that proxy card will be voted for the nominees to the Board of Directors listed on the proxy card and in this Proxy Statement and for the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006. The Company is not aware, as of the date hereof, of any matters to be voted upon at the Annual Meeting other than those stated in this

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Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders. If any other matters are properly brought before the Annual Meeting, the enclosed proxy card gives discretionary authority to the persons named as proxies to vote the shares represented by the proxy card in their discretion.

Under Delaware law and the Company's Amended and Restated Certificate of Incorporation and Bylaws, if a quorum exists at the meeting, the affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked "Withhold authority" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. For each other item, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked "Abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

For shares held in "street name" through a broker or other nominee, the broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if stockholders do not give their broker or nominee specific instructions, their shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such "broker non-votes" will, however, be counted in determining whether there is a quorum.

REVOCAION OF PROXY

A stockholder of record may revoke a proxy at any time before it is voted at the Annual Meeting by (a) delivering a proxy revocation or another duly executed proxy bearing a later date to the Secretary of the Company at 4545 Towne Centre Court, San Diego, CA 92121 or (b) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not revoke a proxy unless the stockholder actually votes in person at the meeting.

SOLICITATION AND COSTS

The proxy card accompanying this Proxy Statement is solicited by the Board of Directors of the Company. The Company will pay all of the costs of soliciting proxies. In addition to solicitation by mail, officers, directors and employees of the Company may solicit proxies personally, or by telephone, without receiving additional compensation. The Company, if requested, will also pay brokers, banks and other fiduciaries that hold shares of Common Stock for beneficial owners for their reasonable out-of-pocket expenses of forwarding these materials to stockholders.

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The name, age and year in which the term expires of each member of the Board of Directors of the Company is set forth below:

Name	Age	Position	Term Expires on the Annual Meeting held in the Year
Alexis V. Lukianov	50	Chairman of the Board and Chief Executive Officer	2007
Jack R. Blair	63	Audit Committee and Nominating and Corporate Governance Committee (Chairperson)	2007
James C. Blair, Ph.D.	66	Compensation Committee (Chairperson) and Nominating and Corporate Governance Committee	2007
Peter C. Farrell, Ph.D., AM	63	Nominating and Corporate Governance Committee	2006
Lesley H. Howe	61	Audit Committee (Chairperson)	2006
Robert J. Hunt	57	Audit Committee and Compensation Committee	2008
Hansen A. Yuan, M.D.	62	Compensation Committee and Nominating and Corporate Governance Committee	2008

At the Annual Meeting, the stockholders will vote on the election of Peter C. Farrell, Ph.D., AM and Lesley H. Howe as Class II directors to serve for a three-year term until the annual meeting of stockholders in 2009 and until their successors are elected and qualified. All directors will hold office until the annual meeting of stockholders at which their terms expire and the election and qualification of their successors. Any proxy granted with respect to the Annual Meeting cannot be voted on for greater than two nominees.

NOMINEES AND CONTINUING DIRECTORS

The following individuals have been nominated for election to the Board of Directors or will continue to serve on the Board of Directors after the Annual Meeting:

Alexis V. Lukianov

Alexis V. Lukianov has served as our President, Chief Executive Officer, and as one of our directors since July 1999, and as Chairman of our board of directors since February 2004. Mr. Lukianov has over 20 years of experience in the orthopedic industry with 15 years in senior management. From April 1996 to April 1997, Mr. Lukianov was a founder of and served as Chairman of the Board and Chief Executive Officer of BackCare Group, Inc., a spine physician practice management company. From January 1990 to October 1995, Mr. Lukianov held various positions with Sofamor Danek, Inc., a developer and manufacturer of medical devices to treat disorders of the cranium and spine, and

a subsidiary of Medtronic, Inc., a publicly traded medical technology company, and various of its predecessor entities, including as Vice President, Marketing, Senior Vice President, Sales and Marketing, Executive Vice President, Global Corporate Development and President.

Jack R. Blair

Jack R. Blair has served as a member of our board of directors since August 2001. From 1980 until his retirement in 1998, Mr. Blair served in various capacities with Smith & Nephew plc and Richards Medical Company, which was acquired by Smith & Nephew in 1986, most recently as group president of its North and South America and Japan operations from 1986 to 1998. From 1982 to 1986, he held the position of President of Richards

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Medical Company. Mr. Blair currently serves as chairman of the board of directors of dj Orthopedics, Inc., a medical device company. He also serves as a director of a privately-held orthopedic company and a privately-held specialty chemicals company. Additionally, Mr. Blair serves as a director/trustee of the open-end and closed-end funds in the Regions Morgan Keegan funds complex; three of these funds, RMK High Income Fund Inc., RMK Advantage Income Fund, Inc. and RMK Strategic Income Fund Inc., are publicly traded investment companies. Mr. Blair holds a B.A. in Government from Miami University and an M.B.A. from the University of California, Los Angeles.

James C. Blair, Ph.D.

James C. Blair, Ph.D. has served as a member of our board of directors since December 1999. Since 1985, he has served as a partner and managing member of Domain Associates, L.L.C., a venture capital management company focused on life sciences. Dr. Blair also serves on the board of directors of Pharmion Corporation, a pharmaceutical company focused on hematology and oncology, as well as several privately-held healthcare companies. Additionally, Dr. Blair serves on the board of directors of the Prostate Cancer Foundation, a philanthropic organization. Dr. Blair currently serves as an advisor to the Department of Molecular Biology at Princeton University and an advisor to the Department of Bioengineering at the University of Pennsylvania. He received a B.S.E. degree from Princeton University and an M.S.E. and Ph.D. degrees from the University of Pennsylvania.

Peter C. Farrell, Ph.D., AM

Peter C. Farrell, Ph.D., AM has served as a member of our board of directors since January 2005. Dr. Farrell is founding Chairman and Chief Executive Officer of ResMed, Inc., a leading developer and manufacturer of medical equipment for the diagnosis and treatment of sleep-disordered breathing. Dr. Farrell holds bachelor and masters degrees in chemical engineering from the University of Sydney and the Massachusetts Institute of Technology, a Ph.D. in bioengineering from the University of Washington, Seattle and a Doctor of Science from the University of New South Wales for research related to dialysis and renal medicine.

Lesley H. Howe

Lesley H. Howe has served as a member of our board of directors since February 2004. Mr. Howe has over 35 years of experience in accounting, finance and business management within a variety of industries. From December 2001 to present, he has served as Chief Executive Officer of Consumer Networks LLC, a San Diego-based Internet marketing and promotions company. From 1997 to December 2001, Mr. Howe was an independent financial and business consultant advising clients on acquisition due diligence and negotiation strategies, as well as financing strategies. From 1974 to 1997, he was an audit partner of KPMG Peat Marwick LLP, an international accounting and auditing firm, and had been employed by KPMG since 1967. He served as area managing partner/managing partner of the Los Angeles office of KPMG from 1994 to 1997. Mr. Howe currently serves on the board of directors of P.F. Chang's China Bistro, Inc., an owner and operator of restaurants, and dj Orthopedics, Inc., a medical device company. Mr. Howe received a B.S. in business administration from the University of Arkansas.

Robert J. Hunt

Robert J. Hunt has served as a member of our board of directors since January 2005. Mr. Hunt is the co-founder of the Mercury Investment Group, an investment advisory firm established in 2002. Mr. Hunt also oversaw the finance team at AutoZone, Inc., for eight years, serving as Executive Vice President and Chief Financial Officer and Director prior to his retirement in 2002. Mr. Hunt previously held senior financial management positions at The Price Company, Malone & Hyde, Inc. and PepsiCo, Inc. He has also served as a director of SCB Computer Technology, Inc. Mr. Hunt holds bachelor and masters degrees from Columbia University and is a certified public accountant.

Hansen Yuan, M.D.

Hansen Yuan, M.D. has served as a member of our board of directors since September 2005. Dr. Yuan has been a Professor of Orthopedic and Neurological Surgery at the State University of New York, Upstate Medical University in Syracuse, New York since 1990. Dr. Yuan also served as President of the North American Spine

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Society (NASS) from 1995 to 1996 and Second Vice President of NASS from 1993 to 1995. Dr. Yuan has served on the Associate Editorial Board at The Spine Journal since 2002 and the Department of Health and Human Services Orthopedic and Rehabilitation Devices Panel since 1994. Dr. Yuan holds an M.D. from the University of Michigan Medical School.

There are no family relationships among any of the Company's directors or executive officers.

DIRECTOR NOMINATION

Criteria for Board Membership. In selecting candidates for appointment or re-election to the Board of Directors (the Board), the Nominating and Corporate Governance Committee (the Nominating Committee) considers the appropriate balance of experience, skills and characteristics required of the Board, seeks to insure that at least a majority of the directors are independent under the rules of the Nasdaq Stock Market, and that members of the Company's Audit Committee meet the financial literacy and sophistication requirements under the rules of the Nasdaq Stock Market (including that at least one of them qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission). Nominees for director are selected on the basis of their depth and breadth of experience, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties.

Stockholder Nominees. The Nominating Committee will consider written proposals from stockholders for nominees for director. Any such nominations should be submitted to the Nominating Committee c/o the Secretary of the Company and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the names and addresses of the stockholders making the nomination and the number of shares of the Company's common stock which are owned beneficially and of record by such stockholders; and (c) appropriate biographical information and a statement as to the qualification of the nominee, and should be submitted in the time frame described in the Bylaws of the Company and under the caption, "Stockholder Proposals for Annual Meeting to be held in 2007" below.

Process for Identifying and Evaluating Nominees. The Nominating Committee believes the Company is well served by its current directors. In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Nominating Committee will re-nominate incumbent directors who continue to be qualified for Board service and are willing to continue as directors. If an incumbent director is not standing for re-election, or if a vacancy on the Board occurs between annual stockholder meetings, the Nominating Committee will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based on input from members of the Board, senior management of the Company and, if the Nominating Committee deems appropriate, a third-party search firm. The Nominating Committee will evaluate each candidate's qualifications and check relevant references; in addition, such candidates will be interviewed by at least one member of the Nominating Committee. Candidates meriting serious consideration will meet with all members of the Board. Based on this input, the Nominating Committee will evaluate which of the prospective candidates is qualified to serve as a director and whether the Nominating Committee should recommend to the Board that this candidate be appointed to fill a current vacancy on the Board, or presented for the approval of the stockholders, as appropriate.

The Company has never received a proposal from a stockholder to nominate a director. Although the Nominating Committee has not adopted a formal policy with respect to stockholder nominees, the Nominating Committee expects that the evaluation process for a stockholder nominee would be similar to the process outlined above. *Board Nominees for the 2006 Annual Meeting.* Each of the nominees listed in this Proxy Statement are current directors standing for re-election.

DIRECTOR COMPENSATION

Non-employee directors receive a director fee from the Company for their services as members of the Board and any committee of the Board. The table below sets forth the annual and per meeting cash compensation amounts

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for Board and Board committee service of non-employee directors. Directors are also reimbursed for reasonable expenses in connection with attending Board and committee meetings.

Board or Committee	Annual Retainer	Per Meeting Compensation
Board of Directors	\$25,000 to the Board Chairperson \$15,000 to each other director	\$3,000 for the Chairperson \$1,500 for other directors \$500 per meeting for all directors (in lieu of above amounts) for telephonic participation
Audit Committee	\$20,000 to the Committee Chairperson \$10,000 to each other committee member	\$2,000 for each member (including Committee Chairperson) \$1,000 for each member (including Committee Chairperson)
Compensation Committee	Not Applicable	\$1,000 for each member (including Committee Chairperson)
Nominating & Corporate Governance Committee	Not Applicable	\$1,000 for each member (including Committee Chairperson)

None of the above-referenced compensation is paid to any director who is also an employee of the Company.

The Company's 2004 Equity Incentive Plan, or the 2004 Plan, provides for an automatic grant of an option to purchase 24,000 shares of the Company's common stock (the Initial Option) to each non-employee director who first becomes a non-employee director after May 12, 2004. The 2004 Plan also provides for an automatic annual grant of an option to purchase 6,000 shares of our common stock (the Annual Option) to each non-employee director within 30 days after the date of each annual meeting of stockholders that occurs on or after May 12, 2004. However, a non-employee director granted an Initial Option on, or within a period of six months prior to, the date of the annual meeting of stockholders will not be granted an Annual Option with respect to that annual stockholders' meeting.

In January 2005, we granted a non-statutory option to purchase 6,000 fully vested shares of the Company's common stock at an exercise price of \$10.08 per share to each of the following non-employee directors (each, a Director Option): Jack R. Blair, James C. Blair, Ph.D. and Lesley H. Howe. In addition, in January 2005, in connection with their joining our Board of Directors, we granted a non-statutory stock option to purchase up to 18,000 shares of the Company's common stock at an exercise price of \$10.08 per share to each of Peter C. Farrell, Ph.D. and Robert J. Hunt. We also granted a non-statutory stock option to purchase up to 18,000 shares of the Company's common stock at an exercise price of \$17.91 per share to Hansen A. Yuan, M.D., upon his joining our Board of Directors. Each of these option grants was in addition to the Initial Grant described below.

Each Director Option, Initial Option and Annual Option will have an exercise price equal to the fair market value of a share of our common stock on the date of grant and will have a term of ten years. Each Initial Option and Director Option will vest in 48 equal installments on each monthly anniversary of the date of grant of the option for so long as the non-employee director continuously remains a director of, or a consultant to, the Company. However, in the event of retirement of a non-employee director during the vesting period of his or her Director Option or Initial Option, the Director Option or Initial Option shall automatically vest on an accelerated basis to the extent it would have vested if the non-employee director had remained a director of, or consultant to, the Company through the end of the calendar year in which he or she retired. The remaining unvested shares, if any, will be forfeited and returned to the 2004 Plan. The Annual Option will vest and become exercisable in 12 equal installments on each monthly anniversary of the date of grant of the option for so long as the non-employee director continuously remains a director of, or consultant to, the

Company. All automatic non-employee director options granted under the 2004 Plan will be non-statutory stock options. Options must be exercised, if at all, within three months after a non-employee director's termination of service, except in the case of death, in which event the director's estate shall have

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one year from the date of death to exercise the option. In no event, however, shall any option granted to a director be exercisable later than the expiration of the option's term. In the event of the Company's merger with another corporation or another change of control, all automatic non-employee director options will become fully vested and exercisable.

BOARD MEETINGS AND COMMITTEES

The Board met eight times during fiscal 2005 and action was taken via unanimous written consent four times. The Audit Committee met eight times. The Compensation Committee met five times and action was taken via unanimous written consent two times. The Nominating Committee met four times during fiscal 2005. Each member of the Board attended 75% or more of the Board meetings during 2005, and each member of the Board who served on either the Audit, Compensation or Nominating Committee attended at least 75% of the committee meetings during 2005.

The Board has determined that the following directors are independent under current Nasdaq Stock Market (Nasdaq) listing standards:

Jack R. Blair
James C. Blair, Ph.D.
Peter C. Farrell, PhD, AM
Lesley H. Howe
Robert J. Hunt
Hansen A. Yuan, M.D.

The Board of Directors has standing audit, compensation and nominating/corporate governance committees.

Audit Committee. The Audit Committee currently consists of Lesley H. Howe (chairperson), Jack R. Blair and Robert J. Hunt. The Board has determined that all members of the Audit Committee are independent directors under the Nasdaq listing standards and each of them is able to read and understand fundamental financial statements. The Board has determined that Lesley H. Howe qualifies as an audit committee financial expert as defined by the rules of the Securities and Exchange Commission. The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Company and audits of its financial statements and to address issues or complaints about the Company raised by stockholders. The responsibilities of the Audit Committee include appointing and providing the compensation of the independent registered public accounting firm to conduct the annual audit of our accounts, reviewing the scope and results of the independent audit, reviewing and evaluating internal accounting policies, and approving all professional services to be provided to the Company by its independent registered public accounting firm. The Audit Committee is governed by a written charter approved by the Board. The Audit Committee report is included in this Proxy Statement under the caption Report of the Audit Committee.

Compensation Committee. The Compensation Committee currently consists of James C. Blair, Ph.D. (chairperson), Hansen A. Yuan, M.D., and Robert J. Hunt. The Board has determined that all members of the Compensation Committee are independent directors under the Nasdaq listing standards. The Compensation Committee administers the Company's benefit and stock plans, reviews and administers all compensation arrangements for executive officers, and establishes and reviews general policies relating to the compensation and benefits of our officers and employees. The Compensation Committee report is included in this Proxy Statement under the caption Compensation Committee Report on Executive Compensation.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee currently consists of Jack R. Blair (chairperson), Peter C. Farrell, Ph.D., AM and Hansen A. Yuan, M.D., each of whom the Board has determined is an independent director under the Nasdaq listing standards. The Nominating and Corporate

Governance Committee's responsibilities include recommending to the Board of Directors nominees for possible election to the Board and providing oversight with respect to corporate governance and succession planning matters. The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors, a copy of which is available to the public at the Company's website at www.nuvasive.com.

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COMMUNICATIONS WITH DIRECTORS

Any stockholder who desires to contact any member of the Board or management can write to:

NuVasive, Inc.
Attn: Investor Relations
4545 Towne Centre Court
San Diego, CA 92121

or send an e-mail to investorrelations@nuvasive.com.

Your letter should indicate that you are a stockholder of the Company. Depending on the subject matter, our investor relations personnel will:

forward the communication to the director or directors to whom it is addressed;

forward the communication to the appropriate management personnel;

attempt to handle the inquiry directly, for example where it is a request for information about the Company, or it is a stock-related matter; or

not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

The Company has a policy of encouraging all directors to attend the annual stockholder meetings.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of our Compensation Committee is currently an officer or employee of the Company. There is no interlocking relationship between any of our executive officers and our Compensation Committee, on the one hand, and the executive officers and compensation committee of any other companies, on the other hand, nor has any such interlocking relationship existed in the past.

CODE OF ETHICS

The Company has adopted a code of ethics that applies to all officers and employees, including its principal executive officer, principal financial officer and controller. This code of ethics is included as Section 2 of the Company's Code of Conduct posted on the Company's website at www.nuvasive.com.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding ownership of our common stock as of February 28, 2006 (or such other date as provided below) based on information available to us and filings with the Securities and Exchange Commission by (a) each person known to the Company to own more than 5% of the outstanding shares of our common stock, (b) each director and nominee for director of the Company, (c) the Company's Chief Executive Officer and each other named executive officer and (d) all directors and executive officers as a group. Each stockholder's percentage ownership is based on 32,985,613 shares of our common stock outstanding as of

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February 28, 2006. The information in this table is based solely on statements in filings with the Securities and Exchange Commission (the "SEC") or other reliable information.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership(2)	Percent of Class
Principal Stockholders		
FMR Corp.(3) 82 Devonshire Street Boston, MA 02109	3,247,840	9.8%
Caisse de dépôt et placement du Québec Centre CDP Capital 1000 Place Jean-Paul Riopelle Montreal, Quebec Canada H2Z 2B3	2,048,081	6.2%
Kopp Investment Advisors, LLC(4) 7701 France Avenue South, Suite 500 Edina, MN 55435	1,928,944	5.8%
Directors and Executive Officers		
Alexis V. Lukianov(5)	879,821	2.7%
Jack R. Blair(6)	68,990	*
James C. Blair, Ph.D.(7)	572,714	1.7%
Peter C. Farrell, Ph.D, AM(8)	30,875	*
Lesley H. Howe(9)	57,500	*
Robert J. Hunt(10)	32,875	*
Hansen Yuan, M.D.(11)	21,375	*
Keith C. Valentine(12)	264,088	*
Kevin C. O Boyle(13)	203,729	*
Patrick Miles(14)	202,849	*
James J. Skinner(15)	106,500	*
All directors and executive officers as a group (15 persons)(16)	2,601,464	7.9%

* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

- (1) Unless otherwise indicated, the address of each beneficial owner is c/o NuVasive, Inc., 4545 Towne Centre Court, San Diego, CA 92121.
- (2) Beneficial ownership of shares and percentage ownership are determined in accordance with the rules of the SEC. In calculating the number of shares beneficially owned by an individual or entity and the percentage ownership of that individual or entity, shares underlying options or warrants held by that individual or entity that are either currently exercisable or exercisable within 60 days from February 28, 2006 are deemed outstanding. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other individual or entity. Unless otherwise indicated and subject to community property laws where applicable, the individuals and entities named in the table above have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

- (3) Based solely upon Amendment No. 1 to a Schedule 13G jointly filed on February 14, 2006 by FMR Corp. and Edward C. Johnson III (the FMR Reporting Persons) containing information as of December 31, 2005, Fidelity Management & Research Company (Fidelity), a registered investment adviser and wholly-owned subsidiary of FMR Corp. is the beneficial owner of 3,247,840 shares as a result of acting as investment adviser to various investment companies. Fidelity Aggressive Growth Fund, one of the investment companies, beneficially owns 2,206,640 of the shares. Each of the FMR Reporting Persons, through its control of Fidelity, has sole power to dispose of the 3,247,840 shares, but neither FMR Reporting Person has the sole power to vote or direct the voting of the 3,247,840 shares; such power resides with the individual funds boards of trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds boards of trustees.

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- (4) Based solely upon a Schedule 13G jointly filed on January 24, 2006 by Kopp Investment Advisors, LLC, Kopp Holding Company, LLC, Kopp Holding Company and LeRoy C. Kopp (the Kopp Reporting Persons) containing information as of December 31, 2005, the Kopp Reporting Persons are the beneficial owners of an aggregate of 1,928,944 shares. Kopp Investment Advisors, LLC, a registered investment adviser and wholly-owned subsidiary of Kopp Holding Company, LLC, has sole voting power over 1,719,684 shares, sole dispositive power with respect to 400,000 shares and shared dispositive power with respect to 1,524,044 shares. Although Kopp Investment Advisors, LLC exercises investment discretion as to the 1,524,044 shares, it disclaims ownership of them. Mr. Kopp has sole voting and dispositive power over 4,900 shares. Mr. Kopp controls Kopp Holding Company, LLC through Kopp Holding Company.
- (5) Includes 634,453 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (6) Includes 67,500 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (7) Consists of an aggregate of 527,214 shares beneficially owned by Domain Partners IV, L.P., DP IV Associates, L.P., Domain Associates L.L.C., and One Palmer Square Associates IV, L.L.C. (the Domain Funds) and 45,500 shares subject to options beneficially owned by James C. Blair, Ph.D. that are currently exercisable or exercisable within 60 days of February 28, 2006. Dr. Blair is a managing member of Domain Associates, L.L.C. and One Palmer Square Associates IV, L.L.C., which is the general partner of Domain Partners IV, L.P. and DP IV Associates, L.P. Domain Partners IV, L.P. has sole voting and dispositive power over 500,955 shares, DP IV Associates, L.P. has sole voting and dispositive power over 8,919 shares, Domain Associates L.L.C. has sole voting and dispositive power over 8,000 shares and One Palmer Square Associates IV, L.L.C. has sole voting and dispositive power over 9,340 shares. The beneficial ownership of Domain Partners IV, L.P., DP IV Associates, L.P. and Domain Associates L.L.C. is based solely upon a Schedule 13G jointly filed on January 19, 2006, containing information as of December 31, 2005. Dr. Blair disclaims beneficial ownership of the shares owned by the Domain Funds except to the extent of his proportionate pecuniary interest therein.
- (8) Consists of 30,875 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (9) Includes 54,500 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (10) Includes 30,875 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (11) Consists of 21,375 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (12) Includes 127,084 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (13) Includes 202,896 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (14) Includes 138,833 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.

- (15) Consists of 106,500 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006.
- (16) Includes 1,611,694 shares subject to options currently exercisable or exercisable within 60 days of February 28, 2006. See note 7 regarding shares attributed to Dr. Blair.

Table of Contents**EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES**

Set forth below are the name, age, position, and a brief account of the business experience of each of our executive officers and significant employees:

Name	Age	Position
Alexis V. Lukianov	50	Chief Executive Officer and Chairman of the Board
Keith C. Valentine	38	President
Kevin C. O Boyle	50	Chief Financial Officer and Executive Vice President
Patrick Miles	40	Senior Vice President of Marketing
Jeffrey Rydin	39	Senior Vice President of U.S. Sales
Jason M. Hannon	34	Vice President of Legal Affairs and Secretary
G. Bryan Cornwall, Ph.D., P.Eng	41	Vice President of Research and Development
Jonathan D. Spangler	38	Vice President and Chief Patent Counsel
James J. Skinner	44	Vice President of Strategic Sales Development

Alexis V. Lukianov has served as our Chief Executive Officer, and as one of our directors since July 1999, and as Chairman of our board of directors since February 2004. Mr. Lukianov has over 20 years of experience in the orthopedic industry with 15 years in senior management. From April 1996 to April 1997, Mr. Lukianov was a founder of and served as Chairman of the Board and Chief Executive Officer of BackCare Group, Inc., a spine physician practice management company. From January 1990 to October 1995, Mr. Lukianov held various positions with Sofamor Danek, Inc., a developer and manufacturer of medical devices to treat disorders of the cranium and spine, and a subsidiary of Medtronic, Inc., a publicly traded medical technology company, and various of its predecessor entities, including as Vice President, Marketing, Senior Vice President, Sales and Marketing, President and Executive Vice President, Global Corporate Development.

Keith C. Valentine has served as our President since December 2004. Between January 2002 and December 2004 he served as our Executive Vice President. Prior to that, he served as our Vice President of Marketing from January 2001 to January 2002. From January 2000 to December 2000, Mr. Valentine served as Vice President of Marketing at ORATEC Interventions, Inc., a medical device company which was acquired by Smith & Nephew plc, also a medical device company, in 2002. From January 1992 to January 2000, Mr. Valentine served in various capacities at Medtronic Sofamor Danek, including Vice President of Marketing for the Rods Division and Group Director for the BMP Biologics program, the Interbody Sales Development effort and International Sales and Marketing. Mr. Valentine received a B.B.A. in Management and Biomedical Sciences from Western Michigan University.

Kevin C. O Boyle has served as our Chief Financial Officer since January 2003 and our Executive Vice President since December 2004. From December 1996 to December 2002, Mr. O Boyle served in various positions at ChromaVision Medical Systems, Inc., a publicly traded medical device firm specializing in the oncology market, including as its Chief Financial Officer and Chief Operating Officer. From December 1989 to November 1996, Mr. O Boyle held various positions with Albert Fisher North America, Inc., a publicly traded international food company, including Chief Financial Officer and Senior Vice President of Operations. Mr. O Boyle is a CPA and received a B.S. in Accounting from the Rochester Institute of Technology and successfully completed the Executive Management Program at the University of California at Los Angeles, John E. Anderson Graduate Business School.

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Patrick Miles has served as our Senior Vice President of Marketing since December 2004. Prior to that he served as our Vice President, Marketing from January 2001 to December 2004. From April 2000 to January 2001, Mr. Miles served as Director of Marketing for ORATEC Interventions, Inc., a medical device company. From June 1997 to March 2000, he served as a Director of Marketing for Minimally Invasive Systems and Cervical Spine Systems for Medtronic Sofamor Danek. Mr. Miles received a B.S. in Finance from Mercer University.

Jeffrey P. Rydin has served as our Senior Vice President of U.S. Sales since December 2005. Prior to joining us, from January 2003 to December 2005, Mr. Rydin served as Area Vice President for DePuy Spine, Inc., a global

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designer, manufacturer and supplier of spinal devices and subsidiary of Johnson & Johnson, and as such he was responsible for building DePuy's Southeastern U.S. sales team. From December 2001 to January 2003, Mr. Rydin served as Vice President of Sales at Orquest, Inc., a developer of biologically-based implants for orthopaedics and spine surgery, which was acquired by DePuy in January 2003. From April 2000 to December 2001, Mr. Rydin served as Director of Sales at Symphonix Devices, Inc., a hearing technology company. From October 1996 to March 2000, he served as Director of Sales at General Surgical Innovations, Inc., a developer, manufacturer, and marketer of tissue dissection systems for minimally invasive surgical procedures, which was acquired by Tyco International Ltd. in November 1999. Mr. Rydin holds a B.A. in Social Ecology from the University of California, Irvine.

Jason M. Hannon has served as our Vice President of Legal Affairs and Secretary since June 2005. From February 2003 to April 2005, Mr. Hannon practiced corporate law at the law firm of Heller Ehrman LLP, specializing in mergers and acquisitions, public and private financing, licensing arrangements and corporate governance matters. From September 1999 to February 2003, Mr. Hannon practiced law at the law firm of Brobeck Phleger & Harrison LLP where he had a similar corporate practice. Mr. Hannon also served as a law clerk to the Honorable Jerome Farris of the U.S. Court of Appeals for the Ninth Circuit. Mr. Hannon is licensed to practice law in the State of California. Mr. Hannon received a B.A. degree from the University of California at Berkeley and a J.D. from Stanford Law School.

G. Bryan Cornwall, Ph.D., P.Eng. has served as our Vice President of Research and Development since January 2004. He also served in various capacities with us from April 1999 to February 2000, including as a Manager of Research and as a Project Engineer. Prior to re-