

Alphatec Holdings, Inc.
Form DEF 14A
April 25, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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 Under Rule
14a-12

ALPHATEC HOLDINGS, INC.

(Exact 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)(1) 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:

5) Total fee paid:

Fee paid previously with preliminary materials

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No:

3) Filing Party:

4) Date Filed:

ALPHATEC HOLDINGS, INC.

5818 El Camino Real

Carlsbad, CA 92008

(760) 431-9286

April 24, 2018

Dear Stockholder:

We cordially invite you to attend our 2018 Annual Meeting of Stockholders to be held at 10:00 a.m., Pacific Time, on Thursday, May 17, 2018, at our corporate headquarters, which are located at 5818 El Camino Real, Carlsbad, CA 92008.

Details regarding the meeting, the business to be conducted at the meeting, and information about Alphatec Holdings, Inc. that you should consider when you vote your shares are described in this proxy statement.

We are asking stockholders of Alphatec Holdings, Inc.:

- to elect eleven persons to our Board of Directors;
- to ratify the selection of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
- to approve an amendment of our 2016 Equity Incentive Plan to increase the number of shares authorized for issuance under the plan;
- to approve, on an advisory basis, the compensation of our named executive officers; and
- to approve, as required by and in accordance with the listing rules of The Nasdaq Stock Market, the issuance of shares of our common stock (or securities convertible into or exercisable for common stock):
 - (A) representing more than 19.99% of our outstanding common stock or voting power in connection with: (i) the acquisition of SafeOp Surgical, Inc. by merger, (ii) our issuance of shares of Series B Convertible Preferred Stock and warrants in a private placement pursuant to a Securities Purchase Agreement dated March 8, 2018 with certain investors, and (iii) a Warrant Exercise Agreement dated March 8, 2018 with an existing warrant holder; and
 - (B) in connection with the Securities Purchase Agreement to insiders at less than market prices; and
 - (C) in connection with the above merger, the Securities Purchase Agreement, and the Warrant Exercise Agreement that could result in a Nasdaq Change of Control.

The Board of Directors recommends the approval of each of the proposals. Such other business will be transacted as may properly come before the annual meeting.

Pursuant to rules promulgated by the U.S. Securities and Exchange Commission, we are sending to you the accompanying full set of proxy materials, as well as providing access to those proxy materials on a publicly-accessible website. Our Notice of Annual Meeting of Stockholders, Proxy Statement, form of proxy card and our most recent Annual Report on Form 10-K are available free of charge at www.proxyvote.com.

We hope you will be able to attend the annual meeting. Whether you plan to attend the annual meeting or not, it is important that you cast your vote either in person or by proxy. You may vote over the Internet as well as by telephone or by mail. When you have finished reading the proxy statement, you are urged to vote in accordance with the instructions set forth in this proxy statement. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend. Thank you for your continued support of Alphatec Holdings, Inc.

Sincerely,

Patrick S. Miles
Chief Executive Officer and Chairman of the Board of Directors

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ALPHATEC HOLDINGS, INC.

5818 El Camino Real

Carlsbad, CA 92008

(760) 431-9286

April 24, 2018

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

TIME: 10:00 a.m. Pacific Time

DATE: Thursday, May 17, 2018

PLACE: Alphatec Holdings, Inc., 5818 El Camino Real, Carlsbad, CA 92008

NOTICE IS HEREBY GIVEN that the annual meeting of Alphatec Holdings, Inc. will be held on Thursday, May 17, 2018 (the "Annual Meeting"), for the following purposes:

1. To elect eleven directors to serve until the 2019 annual meeting of stockholders;
2. To ratify the selection of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
3. To approve the amendment of our 2016 Equity Incentive Plan to increase the number of shares authorized for issuance under the plan;
4. To approve, on an advisory basis, the compensation of our named executive officers;
5. To approve, as required by and in accordance with the listing rules of The Nasdaq Stock Market, the issuance of shares of our common stock (or securities convertible into or exercisable for common stock):
 - (A) representing more than 19.99% of our outstanding common stock or voting power in connection with: (i) the acquisition of SafeOp Surgical, Inc. by merger, (ii) our issuance of shares of Series B Convertible Preferred Stock and warrants in a private placement pursuant to a Securities Purchase Agreement dated March 8, 2018 with certain investors, and (iii) a Warrant Exercise Agreement dated March 8, 2018 with an existing warrant holder; and
 - (B) in connection with the Securities Purchase Agreement to insiders at less than market prices; and
 - (C) in connection with the above merger, the Securities Purchase Agreement, and the Warrant Exercise Agreement that could result in a Nasdaq Change of Control; and
6. To transact such other business as may be properly presented at the Annual Meeting and any adjournments or postponements thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

Our Board of Directors has fixed the close of business on March 23, 2018, as the record date for the Annual Meeting. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment or postponement thereof. A total of 25,548,990 shares of our common stock were issued and outstanding as of that date. Each share of common stock entitles its holder to one vote. Cumulative voting of shares of common stock is not permitted.

At the Annual Meeting and for the ten-day period immediately prior to the Annual Meeting, the list of our stockholders entitled to vote at the Annual Meeting will be available for inspection at our corporate headquarters,

which are located at 5818 El Camino Real, Carlsbad, CA 92008 for such purposes as are set forth in the General Corporation Law of the State of Delaware.

At least a majority of all issued and outstanding shares of common stock entitled to vote at a meeting is required to constitute a quorum for the conduct of business at the Annual Meeting. Accordingly, whether you plan to attend the Annual Meeting or not, we ask that you vote by following the instructions in the accompanying proxy statement and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum. You may change or revoke your proxy at any time before it is voted at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Patrick S. Miles

Chief Executive Officer and Chairman of the Board of Directors

ALPHATEC HOLDINGS, INC.

5818 El Camino Real

Carlsbad, CA 92008

(760) 431-9286

PROXY STATEMENT FOR THE ALPHATEC HOLDINGS, INC.

2018 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION ABOUT THE ANNUAL MEETING

This proxy statement, along with the accompanying Notice of 2018 Annual Meeting of Stockholders, contains information about the 2018 annual meeting of stockholders of Alphatec Holdings, Inc. (the “Annual Meeting”), including any adjournments or postponements thereof. We are holding the Annual Meeting at 10:00 a.m., Pacific Time, on Thursday, May 17, 2018, at our corporate headquarters, which are located at 5818 El Camino Real, Carlsbad, CA 92008.

In this proxy statement, we refer to Alphatec Holdings, Inc. as “the Company,” “we” and “us.”

This proxy statement relates to the solicitation of proxies by our Board of Directors (the “Board of Directors”) for use at the Annual Meeting.

On or about April 27, 2018, we will begin sending this proxy statement, our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the “Annual Report”) and a proxy card for the Annual Meeting to all stockholders entitled to vote at the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 17, 2018

This proxy statement, our Annual Report and the proxy card for the Annual Meeting are available for viewing, printing and downloading at www.proxyvote.com/. To view these materials, please have your 12-digit control number available that appears on your proxy card. On this website, you can also elect to receive future distributions of our proxy statements, annual reports to stockholders and proxy cards by electronic delivery.

Additionally, you can find a copy of our Annual Report, which includes our financial statements, for the fiscal year ended December 31, 2017 on the website of the Securities and Exchange Commission (the “SEC”) at www.sec.gov, or in the “Financial Information” section of the “Investor Relations” section of our website at www.atecspine.com.

IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Will I receive any other proxy materials?

Rules adopted by the SEC allow companies to send stockholders a notice of Internet availability of proxy materials rather than mail them full sets of proxy materials. This year, we chose to mail a full set of proxy materials to stockholders. However, in the future we may take advantage of the Internet distribution option as we have in the past.

If in the future we choose to send such notices, they would contain instructions on how stockholders can access our notice of annual meeting and proxy statement, annual report to stockholders and proxy card via the Internet. They would also contain instructions on how stockholders could request to receive their materials electronically or in printed form on a one-time or ongoing basis.

Why is the Company Soliciting My Proxy?

The Board of Directors is soliciting your proxy to vote at the Annual Meeting to be held at our corporate headquarters, located at 5818 El Camino Real, Carlsbad, CA 92008 on Thursday, May 17, 2018 at 10:00 a.m., Pacific Time, and any adjournments or postponements of the meeting. The proxy statement along with the accompanying Notice of 2018 Annual Meeting of Stockholders summarizes the purposes of the Annual Meeting and the information you need to know in order to vote at the Annual Meeting.

We have made available to you on the Internet or have sent you this proxy statement, the Notice of 2018 Annual Meeting of Stockholders, the proxy card and a copy of our Annual Report for the fiscal year ended December 31, 2017 because you owned shares of our common stock on the record date. We intend to commence distribution of this full set of proxy materials to stockholders on or about April 27, 2018.

Who Can Vote?

Only stockholders who owned our common stock at the close of business on March 23, 2018 are entitled to vote at the Annual Meeting. However, as noted below, the holders of the 3,265,132 Merger Closing Shares (as defined in Proposal 5 below) acquired under the Merger Agreement (as defined in Proposal 5 below) as described in this proxy statement will not be entitled to vote on Proposal 5.

On the record date, there were 25,548,990 shares of our common stock outstanding and entitled to vote. Our common stock is our only class of voting stock.

You do not need to attend the Annual Meeting to vote your shares. Shares represented by valid proxies, received in time for and not revoked prior to the Annual Meeting, will be voted at the Annual Meeting. For instructions on how to change or revoke your proxy, see “May I Change or Revoke My Proxy?” below.

How Many Votes Do I Have?

Each share of our common stock that you own entitles you to one vote.

How Do I Vote?

Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet or telephone. You may specify whether your shares should be voted for or withheld for each nominee for director and whether your shares should be voted for, against or abstain with respect to each of the other proposals. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board of Directors’ recommendations as noted below. Voting by proxy will not affect your right to attend the Annual Meeting. If your shares are registered directly in your name through our stock transfer agent, Computershare, Inc. (“Computershare”), 480 Washington Ave., Jersey City, NJ 07310, or you have stock certificates registered in your name, you may vote:

By Internet or by telephone. Follow the instructions included in the proxy card to vote by Internet at www.proxyvote.com or telephone.

By mail. If you received a proxy card by mail, you can vote by mail by completing, signing, dating and returning the proxy card as instructed on the card. If you sign the proxy card but do not specify how you want your shares voted, they will be voted in accordance with the recommendation of our Board of Directors as noted below.

In person at the meeting. If you attend the Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the Annual Meeting.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. Eastern Time on Wednesday, May 16, 2018.

If your shares are held in “street name” (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Telephone and Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at

the meeting, you should contact the broker or agent to obtain a legal proxy or broker's proxy card and bring it with you to the Annual Meeting in order to vote. You will not be able to vote at the Annual Meeting unless you have a proxy card from your broker.

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How Does the Board of Directors Recommend That I Vote on the Proposals?

The Board of Directors recommends that you vote as follows:

- “FOR” the election of each of the nominees for director;
- “FOR” the ratification of the selection of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
- “FOR” the approval of the amendment of our 2016 Equity Incentive Plan (the “2016 Plan”) to increase the number of shares authorized for issuance under the 2016 Plan;
- “FOR” the approval, on an advisory basis, of the compensation of our named executive officers; and
- “FOR” the approval, as required by and in accordance with the listing rules of The Nasdaq Stock Market (“Nasdaq”), of the issuance of shares of our common stock (or securities convertible into or exercisable for common stock): (A) representing more than 19.99% of our outstanding common stock or voting power in connection with: (i) the acquisition of SafeOp Surgical, Inc. by merger, (ii) our issuance of shares of common stock upon the conversion of the Series B Convertible Preferred Stock and the exercise of the warrants sold in a private placement pursuant to the Securities Purchase Agreement (as defined in Proposal 5 below), and (iii) the Warrant Exercise Agreement dated March 8, 2018 with an existing warrant holder; and (B) in connection with the Securities Purchase Agreement to insiders at less than market prices; and (C) in connection with the above merger, the Securities Purchase Agreement, and the Warrant Exercise Agreement that could result in a Nasdaq Change of Control.

If any other matter is presented at the Annual Meeting, your proxy provides that your shares will be voted by the proxy holder listed in the proxy in accordance with his or her best judgment. At the time this proxy statement was first made available to our stockholders, we knew of no matters that needed to be acted on at the Annual Meeting, other than those discussed in this proxy statement.

May I Change or Revoke My Proxy?

If you give us your proxy, you may change or revoke it at any time before the Annual Meeting. Stockholders of record may change or revoke your proxy in any one of the following ways:

- if you received a proxy card, by signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;
- by re-voting by Internet or by telephone as instructed above;
- by notifying us at 5818 El Camino Real, Carlsbad, CA 92008, Attention: Craig Hunsaker, Executive Vice President, People & Culture and General Counsel, in writing before the Annual Meeting that you have revoked your proxy; or
- by attending the Annual Meeting in person and voting in person.

Beneficial owners of shares held in street name must follow the instructions provided by your bank, broker, trustee or other nominee if you wish to change your vote.

Attending the Annual Meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the Annual Meeting that the proxy be revoked.

Your most current vote, whether by telephone, Internet or proxy card is the one that will be counted.

What if I Receive More Than One Proxy Card?

You may receive more than one proxy card if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described above under “How Do I Vote?” for each account to ensure that all of your shares are voted.

Will My Shares be Voted if I Do Not Vote?

If your shares are registered in your name or if you have stock certificates, they will not be counted if you do not vote as described above under “How Do I Vote?”

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under “How Do I Vote?,” the bank, broker or other nominee that holds your shares has the authority to vote your uninstructed shares only on the ratification of the appointment of our independent registered public accounting firm (Proposal 2) if it does not receive instructions from you, as this is considered a routine matter on which the bank, broker or other nominee has discretionary authority to vote. Therefore, we encourage you to provide voting instructions to your bank, broker or other nominee. This ensures your shares will be voted at the Annual Meeting and in the manner you desire. A “broker non-vote” will occur if your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your broker chooses not to vote on a matter for which it does have discretionary voting authority.

Your bank, broker or other nominee does not have the ability to vote your uninstructed shares in respect of Proposal 1, Proposal 3, Proposal 4 or Proposal 5. Thus, if you hold your shares in street name, it is critical that you cast your vote if you want your vote to be counted for the foregoing proposals. If you do not instruct your bank, broker or other nominee how to vote with respect to the foregoing proposals, no votes will be cast on these proposals on your behalf.

What Vote is Required to Approve Each Proposal and How are Votes Counted?

- | | |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proposal 1:
Election of
Directors | The nominees for director who receive the most votes (also known as a “plurality” of the votes cast) will be elected. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Brokerage firms do not have authority to vote customers’ uninstructed shares held by the firms in street name for the election of directors. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote. |
| Proposal 2: Ratify
Selection of
Independent
Registered Public
Accounting Firm | The affirmative vote of a majority of the votes cast affirmatively or negatively for this proposal is required to ratify the selection of our independent registered public accounting firm. Abstentions will have no effect on the results of this vote. Brokerage firms have authority to vote customers’ uninstructed shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the selection of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ended December 31, 2018, the Audit Committee of our Board of Directors will reconsider its selection. |

Proposal 3: Approval of the Amendment of our 2016 Equity Incentive Plan to Increase the Amount of Shares Authorized for Issuance
The affirmative vote of a majority of the votes cast affirmatively or negatively for this proposal is required to amend our 2016 Plan. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' uninstructed shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

Proposal 4: Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers
The affirmative vote of a majority of the votes cast affirmatively or negatively for this proposal is required to approve, on an advisory basis, the compensation of our named executive officers. Abstentions have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' uninstructed shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote. Although the advisory vote is non-binding, the Compensation Committee and the Board of Directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal 5: Nasdaq Stockholder Approval
The affirmative vote of a majority of the votes cast affirmatively or negatively for this proposal, excluding the 3,265,132 Merger Closing Shares acquired under the Merger Agreement as described in this proxy statement, is required to approve, as required by and in accordance with the listing rules of Nasdaq, the issuance of shares of our common stock (or securities convertible into or exercisable for common stock): (A) representing more than 19.99% of the outstanding common stock or voting power of the Company; (B) to insiders at less than market prices; and (C) that could result in a Nasdaq Change of Control. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' uninstructed shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

Where Can I Find the Voting Results of the Annual Meeting?

The preliminary voting results will be announced at the Annual Meeting and we will publish preliminary results, or final results if then available, by filing a Current Report on Form 8-K within four business days after the Annual Meeting. If final results are unavailable at the time we file the Form 8-K, then we will file an amended Current Report on Form 8-K to disclose the final voting results within four business days after the final voting results are known.

If we Solicit Proxies, What are the Costs of Soliciting these Proxies?

If we solicit proxies, we will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. If we ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies, then we will reimburse them for their expenses. We have not engaged and do not currently intend to engage a proxy solicitor to assist us with the solicitation of proxies. If we later determine to engage a proxy solicitor, then we will pay the costs of the solicitor, including its fee and the reimbursement of its expenses.

What Constitutes a Quorum for the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the meeting. Votes of stockholders of record who are present at the Annual Meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

Attending the Annual Meeting

The Annual Meeting will be held at 10:00 a.m., Pacific Time, on Thursday, May 17, 2018 at our corporate headquarters, which are located at 5818 El Camino Real, Carlsbad, CA 92008. When you arrive at our headquarters, signs will direct you to the appropriate meeting room. You need not attend the Annual Meeting in order to vote.

Householding of Annual Disclosure Documents

SEC rules concerning the delivery of annual disclosure documents allow us or your broker to send a single notice of Internet availability of proxy materials or, if applicable, a single set of our Annual Report and proxy materials to any household at which two or more of our stockholders reside, if we or your broker believe that the stockholders are members of the same family. This practice, referred to as “householding,” benefits both you and us. It reduces the volume of duplicate information received at your household and helps to reduce our expenses. The rule applies to our notices of Internet availability of proxy materials, annual reports, proxy statements and information statements. Once you receive notice from your broker or from us that communications to your address will be “household,” the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If your household received a single set of proxy materials this year, but you would prefer to receive your own copy, please contact our transfer agent, Computershare, by calling their toll free number, 1-866-265-1875.

If you do not wish to participate in “householding” and would like to receive your own notice of Internet availability of proxy materials or, if applicable, set of our proxy materials in future years, follow the instructions described below. Conversely, if you share an address with another Alphatec Holdings, Inc. stockholder and together both of you would like to receive only a single notice of Internet availability of proxy materials or, if applicable, set of proxy materials, follow these instructions:

¶ If your shares of our common stock are registered in your own name, please contact our transfer agent, Computershare, and inform them of your request by calling them at 1-866-265-1875 or writing them at 480 Washington Ave., Jersey City, NJ 07310.

¶ If a broker or other nominee holds your shares of our common stock, please contact the broker or other nominee directly and inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 23, 2018 for (a) each of our named executive officers, (b) each of our directors, (c) all of our current directors and executive officers as a group and (d) each stockholder known by us to own beneficially more than 5% of our common stock. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders.

The share amounts set forth in the column below entitled “Number of Shares of Common Stock Beneficially Owned” represent the number of shares of common stock beneficially owned by such holder as of April 23, 2018. Applicable percentage of ownership in the column below entitled “Percentage of Outstanding Common Stock” is based on 26,582,332 shares of common stock outstanding on April 23, 2018.

The share amounts set forth in the column below entitled “Number of Shares Beneficially Owned Assuming Stockholder Approval” represent the number of shares of common stock beneficially owned by such holder as of April 23, 2018, including shares of common stock underlying the Merger Warrants, the Private Placement Warrants and/or the Series B Convertible Preferred Stock held by such holder, assuming Stockholder Approval (as defined in Proposal 5 below) is obtained within 60 days of April 23, 2018, and assuming conversion of all Series B Convertible Preferred Stock on April 23, 2018, subject to the limitations set forth below.

Applicable percentage ownership in the column below entitled “Percentage of Shares Beneficially Owned Assuming Stockholder Approval” is based on 26,582,332 shares of common stock outstanding as of April 23, 2018, and includes all shares of common stock underlying the Merger Warrants, the Private Placement Warrants and/or the Series B Convertible Preferred Stock held by such holder, assuming Stockholder Approval is obtained within 60 days of April 23, 2018, subject to the limitations set forth below.

Under the terms of the Private Placement Warrants, following Stockholder Approval, certain of the warrant holders will be restricted from exercising such Private Placement Warrants to the extent such exercise would cause such holder, together with its affiliates and attribution parties, to beneficially own a number of shares of common stock which would exceed 4.99% of our then outstanding common stock following such exercise (subject to adjustment up to 9.99% upon the fulfillment of certain conditions), excluding for purposes of such determination shares of common stock issuable upon exercise of the Private Placement Warrants which have not been exercised. The disclosures contained in the columns below entitled “Number of Shares Beneficially Owned Assuming Stockholder Approval” and “Percentage of Shares Beneficially Owned Assuming Stockholder Approval” and in the footnotes to the table below reflect these limitations.

Except as otherwise indicated in the table below, addresses of named beneficial owners are in care of Alphatec Holdings, Inc., 5818 El Camino Real, Carlsbad, California 92008.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(1)	Percentage of Outstanding Common Stock	Number of Shares of Common Stock Beneficially Owned Assuming Stockholder Approval(1)	Percentage of Outstanding Common Stock Assuming Stockholder Approval
Directors and Named Executive Officers				
Evan Bakst Mortimer Berkowitz III	1,081,420 (2)	4.01 %	1,081,420 (2)	2.60 %
	3,449,911 (3)	12.79 %	3,919,755 (3)(4)	9.39 %
	442,478	1.66 %	442,478	1.08 %

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Quentin Blackford							
Jason Hochberg	0		*	0		*	
Patrick S. Miles	1,827,434	(5)	6.81	%	2,414,737	(5)(6)	5.80 %
R. Ian Molson	74,696	(7)	*		74,696	(7)	*
David H. Mowry	12,343	(8)	*		12,343	(8)	*
Terry M. Rich	636,821	(9)	2.36	%	930,473	(9)(10)	2.23 %
Jeffrey P. Rydin	300,434	(11)	1.12	%	300,434	(11)	* %
James L.L. Tullis	2,192,283	(12)	8.25	%	3,751,555	(12)(13)	8.36 %
Donald A. Williams	21,589	(14)	*		21,589	(14)	*
Ward W. Woods(15)	1,000,000	(16)	3.69	%	2,174,604	(16)(17)	5.16 %
Craig Hunsaker	639,345	(18)	2.37	%	932,997	(18)(19)	2.24 %
All current executive officers and directors as a group (16 persons)	11,925,316	(20)	44.40	%	16,391,740	(20)(21)	38.65 %

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Five Percent Stockholders HealthpointCapital Partners, L.P.(22)	898,098	3.38 %	898,098	2.18 %
505 Park Avenue, 12 th Floor				
New York, NY 10022				
HealthpointCapital Partners II, L.P.(23)	1,750,880	6.59 %	1,750,880	4.26 %
505 Park Avenue, 12 th Floor				
New York, NY 10022				
John H. Foster(24)	2,648,978	9.97 %	2,648,978	6.44 %
c/o HealthpointCapital Partners, L.P.				
505 Park Avenue, 12 th Floor				
New York, NY 10022				
Niraj Gupta(25)	1,067,469	4.02 %	1,622,469	3.92 %
1350 Avenue of the Americas, 4 th Floor				
New York, NY 10019				
Armistice Capital, LLC(26)	2,550,361	9.59 %	4,290,000	9.99 %
510 Madison Avenue, 22 nd Floor				
New York, NY 10022				
Armistice Capital Master Fund	2,550,361	9.59 %	4,290,000	9.99 %

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Ltd.(26)
c/o dms Corporate
Services Ltd.

20 Genesis Close

P.O. Box 314

Grand Cayman
KY1-1104

Cayman Islands

Steven Boyd(26)	2,550,361	9.59%	4,290,000	9.99%
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c/o Armistice
Capital, LLC

510 Madison
Avenue, 22nd Floor

New York, NY
10022

L-5 Healthcare Partners, LLC	0	*	14,682,540 (27)	30.66%
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c/o LS Power
Development, LLC

1700 Broadway,
35th Floor

New York, NY
10019

Paul Segal	0	*	14,682,540 (27)	30.66%
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c/o LS Power
Development,
LLC

1700
Broadway,
35th Floor

New York,
NY 10019

Tullis
Dickerson
Capital Focus
III, L.P.
11770 U.S.
Highway 1,
Suite 503

1,239,985 (28) 4.66% 2,121,931 (28) 5.16%

Palm Beach
Gardens, FL
33408

Tullis Growth,
L.P.
11770 U.S.
Highway 1,
Suite 503

900,734 (28) 3.39% 1,541,385 (28) 3.75%

Palm Beach
Gardens, FL
33408

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

- (1) Beneficial ownership is determined in accordance with the rules promulgated by the SEC and includes sole or shared voting or investment power with respect to the securities. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options, warrants, preferred stock and restricted stock units held by that person or entity that are currently exercisable or convertible or that will become exercisable, convertible or will otherwise vest within 60 days of April 23, 2018. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person shown in the table. The inclusion in this table of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.
- (2) Includes 400,000 shares of common stock issuable upon the exercise of warrants that have vested or will vest within 60 days of April 23, 2018.
- (3) Includes 898,098 shares held by HealthpointCapital Partners, L.P. and 1,750,880 shares held by HealthpointCapital Partners II, L.P. Mr. Berkowitz is a managing member of HGP, LLC, which is the general partner of HealthpointCapital Partners, L.P. and he is a managing member of HGP II, LLC, which is the general partner of HealthpointCapital Partners II, L.P., and therefore Mr. Berkowitz may be deemed to beneficially own the shares held by HealthpointCapital Partners, L.P. and HealthpointCapital Partners II, L.P. Mr. Berkowitz disclaims

beneficial ownership of such shares except to the extent of his pecuniary interest in such shares. Also includes 200,000 shares held by Porcupine Investment Partners, LLC, of which Mr. Berkowitz is the managing member. Also includes 933 shares owned by Mr. Berkowitz's spouse. Also includes 400,000 shares issuable upon the exercise of warrants that have vested or will vest within 60 days of April 23, 2018, half of which are held directly by Mr. Berkowitz and half of which are held by Porcupine Investment Partners, LLC.

- (4) Includes 253,970 shares of common stock issuable upon the conversion of Series B Convertible Preferred Stock and 215,874 shares issuable upon the exercise of Private Placement Warrants, half of which are held by Mr. Berkowitz directly and half of which are held by Porcupine Investment Partners, LLC.
- (5) Includes 250,000 shares of common stock held by MOM, LLC as well as 250,000 shares of common stock issuable upon the exercise of warrants held by MOM, LLC. Mr. Miles is the manager of MOM, LLC and therefore may be deemed to beneficially own such shares.
- (6) Includes 317,461 shares of common stock issuable upon the conversion of Series B Convertible Preferred Stock and 269,842 shares of common stock issuable upon the exercise of Private Placement Warrants.
- (7) Includes 16,665 shares held by the Swiftsure Trust. Mr. Molson controls Nantel Investment, Ltd., which is the beneficiary of the Swiftsure Trust. Mr. Molson disclaims beneficial ownership of the shares held by the Swiftsure Trust except to his proportionate pecuniary interest in such shares. Also, includes 39,488 shares of common stock issuable upon exercise of options that have vested or will vest within 60 days of April 23, 2018. Also includes 18,543 restricted stock units that will vest within 60 days of April 23, 2018.
- (8) Includes 7,608 shares of common stock issuable upon exercise of options that have vested or will vest within 60 days of April 23, 2018. Also includes 4,735 restricted stock units that will vest within 60 days of April 23, 2018.

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- (9) Includes 75,000 shares of common stock issuable upon exercise of options or warrants that have vested or will vest within 60 days of April 23, 2018. Also includes 50,000 restricted stock units that will vest within 60 days of April 23, 2018.
- (10) Includes 158,731 shares of common stock issuable upon the conversion of Series B Convertible Preferred Stock and 134,921 shares of common stock issuable upon the exercise of Private Placement Warrants.
- (11) Includes 100,000 shares of common stock issuable upon exercise of options or warrants that have vested or will vest within 60 days of April 23, 2018.
- (12) Includes 1,239,985 shares of common stock held by Tullis Dickerson Capital Focus III, LP and 900,734 shares held by Tullis Growth Fund, L.P. Mr. Tullis controls the general partner of each of Tullis Dickerson Capital Focus III, LP and Tullis Growth Fund, L.P., and therefore may be deemed to beneficially own the shares held by Tullis Dickerson Capital Focus III, LP and Tullis Growth Fund, L.P. Mr. Tullis disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such shares.
- (13) Includes 1,559,272 shares of common stock issuable upon exercise of Merger Warrants. The Merger Warrants are held as follows: 36,675 by Mr. Tullis directly, 881,946 by Tullis Dickerson Capital Focus III, LP, and 640,651 by Tullis Growth Fund, L.P.
- (14) Includes 14,214 shares of common stock issuable upon exercise of options that have vested or will vest within 60 days of April 23, 2018. Also includes 7,375 restricted stock units that will vest within 60 days of April 23, 2018.
- (15) All shares are held by Woods 1994 Family Partnership, LP. Mr. Woods is the president of North Hailey Corporation, the general partner and managing member of Woods 1994 Family Partnership, LP, and therefore may be deemed to beneficially own such shares.
- (16) Includes 500,000 shares of common stock issuable upon exercise of warrants that have vested or will vest within 60 days of April 23, 2018.
- (17) Includes 634,921 shares of common stock issuable upon the conversion of Series B Convertible Preferred Stock and 539,683 shares of common stock issuable upon the exercise of Private Placement Warrants.
- (18) Includes 70,477 shares of common stock issuable upon exercise of options that have vested or will vest within 60 days of April 23, 2018. Also includes 57,774 restricted stock units that will vest within 60 days of April 23, 2018. Also includes 250,000 shares of common stock issuable upon exercise of warrants.
- (19) Includes 158,731 shares common stock issuable upon the conversion of Series B Convertible Preferred Stock and 134,921 shares of common stock issuable upon the exercise of Private Placement Warrants.
- (20) Includes 2,451,131 shares of common stock issuable upon exercise of options or warrants that have vested or will vest within 60 days of April 23, 2018. Also includes 175,927 restricted stock units that will vest within 60 days of April 23, 2018.
- (21) Includes 1,571,435 shares of common stock issuable upon the conversion of Series B Convertible Preferred Stock and 1,335,719 shares of common stock issuable upon the exercise of Private Placement Warrants.
- (22) This information is based on a Schedule 13D/A filed jointly by HealthpointCapital Partners, L.P., HGP, LLC, HealthpointCapital Partners II, L.P., HCPII Co-Invest Vehicle II, L.P., HGP II, LLC, and Mortimer Berkowitz III on March 19, 2012 and the Form 4 filed by HealthpointCapital Partners L.P. on November 30, 2012. Includes shares held by HealthpointCapital Partners, L.P. Mr. Berkowitz is a managing member of HGP, LLC, which is the general partner of HealthpointCapital Partners, L.P. Mr. Berkowitz and HGP, LLC may be deemed to beneficially own the shares held by HealthpointCapital Partners, L.P., but disclaim beneficial ownership of such shares except to the extent of their respective pecuniary interest in such shares.
- (23) This information is based on a Schedule 13D/A filed jointly by HealthpointCapital Partners, L.P., HGP, LLC, HealthpointCapital Partners II, L.P., HCPII Co-Invest Vehicle II, L.P., HGP II, LLC, and Mortimer Berkowitz III on March 19, 2012 and the Form 4 filed by HealthpointCapital Partners II L.P. on November 30, 2012. Includes shares held by HealthpointCapital Partners, II L.P. Mr. Berkowitz is a managing member of HGP II, LLC, which is the general partner of HealthpointCapital Partners II, L.P. Mr. Berkowitz and HGP II, LLC may be deemed to beneficially own the shares held by HealthpointCapital Partners II, L.P., but disclaim beneficial ownership of such shares except to the extent of their respective pecuniary interest in such shares.
- (24)

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Includes 898,098 shares held by HealthpointCapital Partners, L.P. and 1,750,880 shares held by HealthpointCapital Partners II, L.P. Mr. Foster, our former director, is a managing member of HGP, LLC, which is the general partner of HealthpointCapital Partners, L.P. and he is a managing member of HGP II, LLC, which is the general partner of HealthpointCapital Partners II, L.P., and therefore Mr. Foster may be

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deemed to beneficially own the shares held by HealthpointCapital Partners, L.P. and HealthpointCapital Partners II, L.P. Mr. Foster disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such shares.

- (25) This information is based on a Schedule 13G/A filed with the SEC on February 14, 2018 by Mr. Gupta. Pursuant to the Schedule 13G/A, Mr. Gupta reports sole voting power and sole dispositive power with respect to 1,067,469 shares.
- (26) This information is based on a Schedule 13G filed with the SEC on March 19, 2018 jointly by Armistice Capital, LLC, Armistice Capital Master Fund Ltd. and Steven Boyd. Pursuant to the Schedule 13G, each of Armistice Capital, LLC, Armistice Capital Master Fund Ltd. and Steven Boyd reports shared voting power and dispositive power with respect to 2,550,561 shares.
- (27) This information is based on a Schedule 13D filed with the SEC on March 19, 2018 jointly by L-5 Healthcare Partners, LLC and Paul Segal. Assumes (i) the issuance of 7,936,508 shares of common stock upon the automatic conversion of the Series B Convertible Preferred Stock held by L-5 Healthcare Partners, LLC and (ii) the exercisability of the Private Placement Warrants held by L-5 Healthcare Partners, LLC for an aggregate of 6,746,032 shares of common stock, in each case, following the Stockholder Approval. Paul Segal is the manager of L-5 Healthcare Partners, LLC and accordingly may be deemed to beneficially own the shares held by L-5 Healthcare Partners, LLC. Mr. Segal disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such shares.
- (28) This information is based on a Form 3 filed by James L.L. Tullis on March 13, 2018 reporting the ownership of 1,239,985 shares of common stock by Tullis Dickerson Capital Focus III, L.P. and 2,121,931 shares of common stock issuable upon exercise of options or warrants owned by Tullis Dickerson Capital Focus III, L.P. that have vested or will vest within 60 days of April 23, 2018 and the ownership of 900,734 shares of common stock by Tullis Growth, L.P. and 2,121,931 shares of common stock issuable upon exercise of options or warrants owned by Tullis Dickerson Capital Focus III, L.P. that have vested or will vest within 60 days of April 23, 2018.

MANAGEMENT

Board of Directors

As of April 23, 2018, our Board of Directors consisted of twelve directors: Evan Bakst, Mortimer Berkowitz III, Quentin Blackford, Jason Hochberg, Patrick S. Miles, R. Ian Molson, David H. Mowry, Terry M. Rich, Jeffrey P. Rydin, James L.L. Tullis, Donald A. Williams and Ward W. Woods. Set forth below are their ages, their offices in the Company, if any, their principal occupations or employment for the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold or have held directorships during the past five years. Each nominated director is elected to serve until our next annual meeting of stockholders or the sooner of his or her resignation or the date when his or her successor is duly appointed and qualified. Additionally, set forth below is information about the specific experience, qualifications, attributes or skills that led to our Board of Directors' conclusion at the time of filing of this proxy statement that each person listed below should serve as a director.

Under our Bylaws, our Board of Directors can fix the number of directors that serve on the Board of Directors. On March 6, 2018, the Board of Directors fixed the number of directors to serve on the Board of Directors at twelve members and appointed Messrs. Tullis, Hochberg and Bakst to serve as directors for a term commencing with respect to Mr. Tullis on the effectiveness of the Merger and continuing until the Annual Meeting and with respect to Messrs. Hochberg and Bakst on the consummation of the sale of unregistered securities pursuant to the Securities Purchase Agreement and expiring at the Annual Meeting and until their respective successor are duly elected and qualified, except in the case of their respective earlier death, retirement or resignation. Mr. Tullis was appointed to the Board of Directors pursuant to the terms of the Merger Agreement and as a condition of closing the Merger. Messrs. Hochberg and Bakst were appointed to the Board of Directors by L-5 Healthcare Partners, LLC ("L-5 Healthcare") pursuant to the terms of the Securities Purchase Agreement, which provides L-5 Healthcare the right to appoint up to two members of the Board of Directors so long as L-5 Healthcare and its affiliates beneficially own at least 12.5% of our common stock on a fully diluted basis. In compliance with Nasdaq Rule 5640, the number of directors L-5 Healthcare is entitled to appoint is to be reduced to one if the beneficial ownership of L-5 Healthcare and its affiliates falls below 12.5% but is at least 7.5%. Notwithstanding anything set forth above, L-5 Healthcare shall not have the right to appoint any directors directly unless it and its affiliates beneficially own at least 7.5% of our common stock on a fully diluted basis.

Name	Age
Evan Bakst (4)	51
Mortimer Berkowitz III, Lead Director (1)(4)	64
Quentin Blackford (2)(3)(4)	39
Jason Hochberg (4)	46
Patrick S. Miles, Chief Executive Officer and Chairman of the Board of Directors	52
R. Ian Molson (1)(2)(4)	63
David H. Mowry (2)(4)	55
Terry M. Rich	50
Jeffrey P. Rydin (1)	51
James L.L. Tullis (4)	71
Donald A. Williams (2)(4)	59
Ward W. Woods (3)(4)	75

(1) Member of the Nominating and Governance Committee. Mr. Berkowitz is Chairman of the Committee.

(2) Member of the Audit Committee. Mr. Williams is Chairman of the Committee.

(3) Member of the Compensation Committee. Mr. Woods is the Chairman of the Committee.

(4) Independent director under Nasdaq rules.

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Evan Bakst has served as a Director since March 2018. Mr. Bakst is the Founder and Portfolio Manager of Treetop Capital since 2013, a fundamental, value-oriented investment firm focused primarily on small to midcap healthcare companies. Before launching Treetop, Mr. Bakst spent seven years (2005-2012) at Tremblant Capital, a long/short equity hedge fund, most recently as a Partner where he led the healthcare group. Prior to joining Tremblant, Mr. Bakst was a Principal at JPMorgan Partners, LLC (2000-2005), where he shared the day-to-day responsibility for managing the healthcare buyout practice. Previously, Mr. Bakst was a Managing Director at The Beacon Group, a private equity/M&A boutique and, prior to that, Mr. Bakst worked as a Consultant at Bain and Company, providing strategic and operational advice to a major healthcare company. Mr. Bakst is currently on the Board of Sonacare Medical, LLC, and was formerly on the Boards of Accordant Health Services, Cadent Holdings, Inc., FundsXpress Inc., Iasis Healthcare, MedQuest Associates, National Surgical Care, Quality Tubing Inc. and ValueOptions. Mr. Bakst earned a B.A. in Economics from the University of California, Berkeley, and an M.B.A. from the Harvard Business School.

The Board of Directors selected Mr. Bakst to serve on the Board of Directors because it believes his investment and financial expertise and experience in the healthcare industries contribute to the breadth of knowledge of the Board of Directors.

Mortimer Berkowitz III has served as Lead Director since October 2017 and as a Director since March 2005. Mr. Berkowitz served as the Chairman of the Board of Directors from April 2007 through July 2011 and again from December 2016 to October 2017. He is President and Chief Executive Officer of InnovaHealth Partners, LP, a private equity firm he founded in January 2017. Mr. Berkowitz also is a Managing Member of HGP, LLC - the general partner of HealthpointCapital Partners, LP, a private equity firm — and President, a member of the Board of Managers and a Managing Director of HealthpointCapital, LLC. He has held the position with HGP, LLC from its formation in August 2002, the positions of Managing Director and member of the Board of Managers of HealthpointCapital, LLC from its formation in July 2002 and the position of President of HealthpointCapital, LLC beginning February 2005. From 1990 to 2002, Mr. Berkowitz was Managing Director and co-founder of BPI Capital Partners, LLC, a private equity firm. Prior to 1990, Mr. Berkowitz spent 11 years in the investment banking industry with Goldman, Sachs & Co. (1979-1982), Lehman Brothers Incorporated (1982-1987) and Merrill Lynch & Co. (1987-1990). Since 2011 he has served as Chairman of the Board of Directors of Blue Belt Holdings, Inc., a surgical robotics company, a director of BioHorizons, Inc., a dental implant company since 2006, and a director of MicroDental Inc., a leading dental laboratory company since 2006, all of which are or were (prior to acquisition) HealthpointCapital portfolio companies. He also serves on the Leadership Council of the Harvard School of Public Health. Mr. Berkowitz earned an M.B.A. degree from the Columbia Graduate School of Business and a B.A. degree from Harvard.

The Board of Directors selected Mr. Berkowitz to serve on the Board of Directors because it believes his investment and financial expertise and experience in the orthopedics and spine industries contribute to the breadth of knowledge of the Board of Directors.

Quentin Blackford has served as a Director since October 2017. He currently serves as the Chief Financial Officer of DexCom, Inc., a company focused on developing and marketing continuous glucose monitoring systems for ambulatory use by people with diabetes and by healthcare providers. Prior to joining DexCom, Inc. in August 2017, Mr. Blackford served since August 2016 as the Executive Vice President, Chief Financial Officer, Head of Strategy and Corporate Integrity of NuVasive, Inc., a medical device company focused on developing minimally disruptive surgical products and procedures for the spine. In this role, Mr. Blackford was responsible for leading NuVasive, Inc.'s Finance, Strategy and Corporate Development, Compliance and Regulatory functions. From August 2014 until August 2016, Mr. Blackford served as NuVasive, Inc.'s Executive Vice President and Chief Financial Officer. From July 2012 to August 2014, Mr. Blackford served as NuVasive, Inc.'s Executive Vice President of Finance and Investor Relations, and from January 2011 to June 2012, he served as NuVasive, Inc.'s Vice President, Finance. Mr. Blackford joined NuVasive, Inc. in 2009 as its Corporate Controller and was previously employed at Zimmer Holdings, Inc.,

including most recently as the Director of Finance and Controller for Zimmer's Dental Division. He obtained his Certified Public Accounting license (currently inactive) following the achievement of dual B.S. degrees in Accounting and Business Administration, with an emphasis in Accounting, from Grace College.

The Board of Directors selected Mr. Blackford to serve on the Board of Directors because it believes that his knowledge and experience in the areas of finance, strategy and corporate development, along with his knowledge and experience in the medical device industry contribute to the breadth of knowledge of the Board of Directors.

Jason Hochberg has served as a Director since March 2018. Mr. Hochberg is a partner with L-5 Healthcare, and founded SJS Beacon in 2013, an investment company focused on real estate and private equity investments. From 1999 until 2013, Mr. Hochberg was employed at LS Power, an energy development and investment company, serving most recently as its Chief Operating Officer. During his tenure at LS Power, he also served as General Counsel of LS Power and as a principal in LS Power's private equity group which managed over \$3 billion in equity capital. He started his professional career at the law firm of Latham & Watkins in 1996 as an associate. Mr. Hochberg has a B.A. from SUNY Albany, a J.D., magna cum laude, from Yeshiva University, Benjamin Cardozo Law School and a M.B.A. in finance from NYU, the Stern School of Business.

The Board of Directors selected Mr. Hochberg to serve on the Board of Directors because it believes that his legal, operating, investment and financial expertise contribute to the breadth of knowledge of the Board of Directors.

Patrick S. Miles has served as the Chairman and Chief Executive Officer since March 2018. He served as the Executive Chairman from October 2017 to March 2018. Mr. Miles has over 20 years of experience in the orthopedic industry and most recently served, from September 2016 to September 2017, as the Vice Chairman of NuVasive, Inc. where he was responsible for enhancing the Company's strategic plans for the future of spine surgery and supporting technology development. Mr. Miles also served as a member of NuVasive, Inc.'s Board of Directors from August 2016 until his resignation in September 2017. From February 2015 to August 2016, Mr. Miles served as NuVasive Inc.'s President and Chief Operating Officer. He previously served as NuVasive Inc.'s President of Global Products and Services from October 2011 to January 2015, President of the Americas from January 2010 to September 2011, Executive Vice President of Product Marketing and Development from January 2007 to December 2009, Senior Vice President of Marketing from December 2004 to January 2007, and as its Vice President, Marketing from January 2001 to December 2004. Prior to those positions, he served as Director of Marketing for ORATEC Interventions, Inc., a medical device company, and as a Director of Marketing for Minimally Invasive Systems and Cervical Spine Systems for Medtronic Sofamor Danek, and held several positions with Smith & Nephew. Mr. Miles received a B.S. in Finance from Mercer University.

The Board of Directors selected Mr. Miles to serve on the Board of Directors because it believes that he possesses specific attributes, perspective and experience gained as an executive and director of both private and publicly-traded medical device companies, as well as the perspective and experience he brings as Chairman and Chief Executive Officer of the Company, that qualify him to serve as the Chairman of the Board of Directors.

R. Ian Molson has served as a Director since July 2005. Mr. Molson has served as a director of Cayzer Continuation PCC, an investment company, since September 2004. Mr. Molson has served as a director of HealthpointCapital, LLC since 2004. Mr. Molson has served as a director since December 2009 and Deputy Chairman since December 2010 of Central European Petroleum Ltd. Since October 2013, Mr. Molson has also served as Chairman of RM2. Since December 2010, Mr. Molson has also served as Chairman of the Royal Marsden NHS Foundation Trust and the Royal Marsden Hospital Charity. From 1996 until 2004, Mr. Molson served as a director of Molson, Inc., a leader in the brewing industry, and from 1999 until 2004, he also served as Deputy Chairman and Chairman of the Executive Committee at Molson, Inc. Between 1977 and 1997, he was employed by Credit Suisse First Boston in various capacities, including Managing Director. From 1993 to 1997, Mr. Molson served as Co-Head of the Investment Banking Department in Europe, a position which encompassed corporate finance, corporate advisory, mergers and acquisitions businesses in Europe, Russia, Africa and the Middle East. Mr. Molson earned a B.A. degree from Harvard.

The Board of Directors selected Mr. Molson to serve on the Board of Directors because it believes his experience in the investment banking field, his investment and financial expertise and his experience as a director of other public companies contribute to the breadth of knowledge of the Board of Directors.

David H. Mowry has served as a Director since February 2017. Mr. Mowry is President and Chief Executive Officer, as well as a member of the Board of Directors, of Vyair Medical, a global leader in the respiratory diagnostics, ventilation, and anesthesia delivery and patient monitoring market segments, a position he has held since May 2016. From October 2015 to May 2016 he served as Executive Vice President and Chief Operating Officer and member of the Board of Directors of Wright Medical Group N.V., a global medical device company focused on extremities and biologics products, and during this time period he was also a member of the Board of

Directors of EndoChoice Holdings, Inc., a company focused on the manufacturing and commercialization of platform technologies relating to the treatment of gastrointestinal conditions. Prior to Wright Medical Group, Mr. Mowry served as President and Chief Executive Officer and member of the Board of Directors of Tornier N.V. from February 2013 until October 2015, at which time Tornier and Wright Medical Group merged, and prior to that, as Chief Operating Officer of Tornier from 2011 to 2013. Within the spine industry, Mr. Mowry served as Vice President of Operations and Logistics at Zimmer Spine from February 2002 until October 2006. Prior to this, Mr. Mowry held executive leadership positions at Covidien plc, ev3, Inc. and Zimmer Spine, Inc. Mr. Mowry received a B.S. degree in Engineering from the United States Military Academy at West Point.

The Board of Directors selected Mr. Mowry to serve on the Board of Directors because it believes his knowledge and expertise in the medical device industry contribute to the breadth of knowledge of the Board of Directors.

Terry M. Rich has served as our President and Chief Operating Officer since March 2018 and has served as a Director since December 2016. He served as the Chief Executive Officer from December 2016 to March 2018. Mr. Rich has over 25 years of orthopedic, spine and medical device business experience. Prior to joining us, from October 2015 to June 2016, Mr. Rich was the President, Upper Extremities of Wright Medical Group, N.V., a global medical device company focused on extremities and biologics products. Prior to that, Mr. Rich served as Senior Vice President of U.S. Commercial Operations of Tornier, N.V., from March 2012 to October 2015, at which time Tornier and Wright Medical Group merged. Prior to joining Tornier, Mr. Rich held increasingly senior sales leadership positions at NuVasive, Inc., a San Diego-based spinal implant medical device company, from December 2005 until leaving the company in March 2012 as Senior Vice President, Sales, West. Prior to joining NuVasive, Mr. Rich served as Partner/Area Sales Manager of Bay Area Spine, a distributor of DePuy Spine, Inc.'s products. Mr. Rich earned a B.S. degree in Labor and Industrial Relations from Rutgers University.

The Board of Directors selected Mr. Rich to serve on the Board of Directors because it believes his knowledge and experience in the medical device industry, in particular in the spine industry, and his prior experience as an executive of both private and publicly-traded medical device companies, as well as the perspective and experience he brings as President and Chief Operating Officer of the Company, will contribute to the breadth of knowledge of the Board of Directors.

Jeffrey P. Rydin has served as a Director since June 2017. Prior to joining the Board of Directors, Mr. Rydin served as a Special Advisor to the Board of Directors from September 2016 to June 2017. Mr. Rydin has spent more than 28 years in the medical device and healthcare industries. Prior to joining Alphatec as Special Advisor to the Board of Directors, Mr. Rydin served as Chief Sales Officer of Ellipse Technologies, Inc., a medical technology company, from September 2015 until its purchase by NuVasive, Inc. in February 2016. Before joining Ellipse, Mr. Rydin served as President of Global Sales at NuVasive, Inc. (October 2011 to March 2013), where he was responsible for NuVasive, Inc.'s worldwide sales efforts, including the oversight of strategic sales development, sales administration, divisional sales directors and sales training. Prior to his position of President of Global Sales, he served as Executive Vice President of Sales—Americas and Senior Vice President, U.S. Sales since joining NuVasive, Inc. in December 2005. Prior to joining NuVasive, Mr. Rydin served as Area Vice President, Sales (US Southeast region) at DePuy Spine, Inc. from January 2003 to December 2005. Mr. Rydin also served as Vice President of Sales at Orquest, Inc. from December 2001 to January 2003, Director of Sales at Symphonix Devices, Inc. from April 2000 to December 2001 and Director of Sales at General Surgical Innovations, Inc. from October 1996 to March 2000. Mr. Rydin also has served in various executive and leadership sales roles at General Surgical Innovations, Baxter Healthcare, US Surgical Corporation and Xerox. He currently serves as director of Minimally Invasive Devices, LLC, which develops laparoscopic visualization systems. Mr. Rydin received a B.A. degree in Social Ecology from the University of California, Irvine.

The Board of Directors selected Mr. Rydin to serve on the Board of Directors because it believes his experience and expertise in the medical device and spine industries contribute to the breadth of knowledge of the Board of Directors.

James L.L. Tullis has served as a Director since March 2018. With a career of over 40 years in health-care investing, he currently serves as the Chairman and Chief Executive Officer at Tullis Health Investors, a position he has held since 1985. Prior to founding Tullis Health Investors, Mr. Tullis was senior vice president of E.F. Hutton & Co. from 1983 to 1986 and a principal at Morgan Stanley & Co. where he worked from 1974 to 1983 and led healthcare investment research and, later, healthcare investment banking. During his tenure at Morgan Stanley, he received recognition 14 times on the Institutional Investor All-Star list of Wall Street's top securities analysts and

was twice named #1 Drug Analyst and was featured on the Wall Street Week television program. He also serves as a Chairman of the Board of the Lord Abbett family of mutual funds; and is a director of Crane Corporation. Mr. Tullis earned an M.B.A. from Harvard Business School and B.A. from Stanford University.

The Board of Directors selected Mr. Tullis to serve on the Board of Directors because believes his experience and expertise in the health-care industries contribute to the breadth of knowledge of the Board of Directors.

Donald A. Williams has served as a Director since April 2015. Mr. Williams is a 36-year veteran of the public accounting industry, having spent 18 years as a Partner with Ernst & Young LLP and seven years as a Partner with Grant Thornton LLP. Mr. Williams' career focused on private and public companies in the technology and life sciences sectors. During his time at Grant Thornton from 2007 to 2014, he served as the national leader of Grant Thornton's life sciences practice and the managing partner of the San Diego Office. He was the lead partner for both Ernst & Young and Grant Thornton on multiple initial public offerings, secondary offerings, private and public debt financings, as well as numerous mergers and acquisitions. From 2001 to 2014, Mr. Williams served on the Board of Directors and is past President and Chairman of the San Diego Venture Group. Mr. Williams also serves as a director of Akari Therapeutics Plc, a clinical stage biopharmaceutical company, ImpediMed Ltd, a company that develops bioimpedance devices, Marina Biotech, Inc., a biotechnology company focused on the development of therapeutics for certain disease intersections, and Proove Biosciences, Inc., a research company focused on personalized medicine. Mr. Williams earned a B.S. degree from Southern Illinois University.

The Board of Directors selected Mr. Williams to serve on the Board of Directors because it believes that his knowledge and experience as a partner in the public accounting industry and his knowledge in the medical device industry contribute to the breadth of knowledge of the Board of Directors.

Ward W. Woods has served as a Director since October 2017. He currently serves as Chairman of the Advisory Board of the Stanford Woods Institute and has been a director of such board since 2005, as Chair Emeritus and trustee of the Wildlife Conservation Society and has been a member of such society since 2000, and as a trustee of the David & Lucille Packard Foundation and has been a member of such foundation since 2009. He is also a member of the Council on Foreign Relations. He is former President and Chief Executive Officer of Bessemer Securities Corporation and Founding Partner of Bessemer Holdings, L.P. (1989-2003), a private equity firm. From 1978 to 1989, Mr. Woods was a senior partner and member of the Management Committee of Lazard Freres & Company. Prior to joining Lazard, Mr. Woods was a Managing Director and a Partner of Lehman Brothers and was co-head of the Corporate Finance Department. He joined Lehman Brothers in 1967 and was elected partner in 1973. Upon graduation from Stanford University in 1964, Mr. Woods joined the Fay Improvement Company, an engineering construction and real estate firm in San Francisco and in 1966 became its general manager, acting in that capacity until the company was sold in 1967. He is a former Trustee of Stanford University, former Chairman of The Stanford Management Company and a former trustee of the National Fish and Wildlife Foundation. Mr. Woods has also served as former Governor and Treasurer of The Nature Conservancy, Vice-Chair and trustee of The Asia Society and a trustee of The Boys Club of New York.

The Board of Directors selected Mr. Woods to serve on the Board of Directors because it believes that his knowledge and experience in the areas of financial management and services, strategy and growth and special situation opportunities contribute to the breadth of knowledge of the Board of Directors.

Executive Officers

Set forth below is certain information, as of April 23, 2018, regarding our executive officers who are not also directors. We have entered into employment agreements with all of our executive officers. All executive officers are at-will employees, subject to the termination provisions of their respective employment agreements.

Name	Age	Position
Jeffrey G. Black	49	Executive Vice President and Chief Financial Officer
Craig E. Hunsaker	54	Executive Vice President, People & Culture and General Counsel
Brian R. Snider	40	Executive Vice President, Strategic Marketing and Product Development
Kelli M. Howell	44	Executive Vice President, Clinical Strategies

Jeffrey G. Black has served as Executive Vice President and Chief Financial Officer since March 2017. Prior to joining us, from September 2015 until March 2017, Mr. Black was Chief Financial Officer of Applied Proteomics, Inc., a privately-held, non-invasive, proteomics-based diagnostics company. From April 2014 until September 2015, Mr. Black was Chief Financial Officer of AltheaDx, Inc., a privately-held pharmacogenetics diagnostics company. Before joining AltheaDx, Mr. Black was employed by Verenum Corporation (formerly Diversa Corporation), a clean technology company, where he served as Chief Accounting Officer from April 2005 until February 2011 and Chief Financial Officer from February 2011 through December 2013. He also served as Executive Director of Accounting and Corporate Controller of Ionis Pharmaceuticals (formerly ISIS Pharmaceuticals), a drug discovery company, as well as in finance and controller roles at Lightspan, Inc., TriTeal Corporation and Chiron Mimotopes Peptide Systems, LLC. He is a Certified Public Accountant (inactive), and is a member of the Board of Directors of Cellana, Inc., a San Diego-based algae bioproducts company. Mr. Black received a B.S. degree in Business from the University of Arizona.

Craig E. Hunsaker joined us in September 2016 as Executive Vice President, People & Culture, and added the role of General Counsel in March 2017. Prior to joining us, from April 2014 until September 2016, Mr. Hunsaker was a consultant in the areas of human resources and employment law including, from April 2014 to September 2014, Senior Advisor, Human Resources, for General Atomics, a San Diego-based defense contractor. Prior to that, from August 2009 until March 2014, he served as Senior Vice President, Global Human Resources and Vice President, Legal Affairs at NuVasive, Inc. Before joining NuVasive, Inc., Mr. Hunsaker was a practicing lawyer, specializing in trade secret protection and employment law. He was a partner in, and Managing Member of, the San Diego offices of law firms Mintz, Levin, Cohn, Ferris Glovsky and Popeo, P.C., and Fish & Richardson, P.C., and an associate in the San Diego offices of law firms Brobeck, Phleger & Harrison, LLP and Cooley LLP, and the Los Angeles office of Morgan, Lewis and Bockius. LLP. He received his Juris Doctorate from Columbia University School of Law, and a B.S. degree in Finance and International Business from Brigham Young University. He is admitted to practice law in all state and federal courts in the State of California.

Brian R. Snider has served as Executive Vice President, Strategic Marketing and Product Development since March 2017. Prior to joining us, from February 2008 until March 2017, Mr. Snider held various marketing leadership and global product management roles within NuVasive, Inc. Most recently, from September 2014 to March 2017, he served as Sr. Director and Business Lead of Thoracolumbar Anterior, which included overall responsibility for the anterior spinal column business, including XLIF®, NuVasive, Inc.'s lateral surgery procedure. From June 2006 to February 2008, Mr. Snider held marketing leadership roles with Alveolus, Inc., a device company focused on interventional stent technologies. He also worked, from June 2001 to June 2006, at KPMG Consulting, in various business units, including Life Sciences. Mr. Snider received an M.B.A. degree from the Fuqua School of Business at Duke University and a B.A. degree in Marketing and Information Systems from George Washington University.

Kelli M. Howell has served as Executive Vice President, Clinical Strategies since March 2018. For the 18 years prior to joining us, she held various management positions at NuVasive, Inc., including Vice President, Research & Health Informatics from January 2017 to March 2018, Vice President, Research & Education of NuVasive, Inc. from February 2015 to January 2017, and Vice President, Research at NuVasive, Inc. from April 2012 to February 2015. Prior to joining NuVasive, Inc., Ms. Howell was involved in research at Orthopedic Biomechanics Laboratory (OBL), Beth Israel Deaconess Medical Center in Boston. Ms. Howell received a M.S. degree in Biomedical Engineering from Boston University and a B.A. degree in Engineering Sciences from Dartmouth College.

Family Relationships

None of the directors or executive officers is related to any other director or executive officer of the Company by blood, marriage or adoption.

CORPORATE GOVERNANCE MATTERS

Board of Directors Independence

The Board of Directors has determined that the following directors are independent directors within the meaning of the applicable Nasdaq listing requirements: Evan Bakst, Mortimer Berkowitz III, Quentin Blackford, Jason Hochberg, R. Ian Molson, David H. Mowry, James L.L. Tullis, Donald A. Williams and Ward W. Woods.

Board of Directors Leadership Structure

The Board of Directors has no written policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. Our bylaws and corporate governance guidelines provide the Board of Directors with the flexibility to change the structure of the Chairman and Chief Executive Officer positions as and when appropriate. Our Board of Directors makes determinations about leadership structure based on what it believes is best for the Company given specific circumstances. This flexibility allows the Board of Directors to review the structure of the Board of Directors periodically and determine whether to separate the two roles of Chairman and Chief Executive Officer based upon the Company's needs and circumstances from time to time. The Board of Directors' decision to recently combine such roles by appointing Mr. Miles as our Chief Executive Officer and Chairman is based on Mr. Miles' experience successfully serving as both an executive and a director of both private and publicly-traded medical device companies and on what the Board of Directors believes is best for the Company.

Under our current governance guidelines, if the director holding the Chairman position is not independent, a Lead Director may be appointed by the independent directors. The Lead Director, among other things, works with the Chairman to set and approve agendas and schedules for meetings of the Board of Directors, serves as a liaison between the Chairman and the independent directors, presides at any meetings of the Board of Directors at which the Chairman is not present, including executive sessions of the independent directors and monitors conflicts of interests of all directors. Our governance guidelines provide that independent directors will meet in executive session without management present at the time of each regular Board of Directors meeting and additionally as deemed appropriate or necessary. The Board of Directors believes that this leadership structure helps provide a well-functioning and effective balance between strong company leadership, an independent Lead Director and oversight by active, independent directors. The Board of Directors believes that given the Company's corporate governance structures and processes, a combined Chairman and Chief Executive Officer position in conjunction with an independent Lead Director provides effective oversight of management by the Board of Directors and results in a high level of management accountability to stockholders. The Board of Directors believes the current leadership structure is appropriate for the company and promotes the development of long-term strategic plans and facilitates the implementation of such plans.

We believe that we have a strong governance structure in place, including independent directors, to help ensure the powers and duties of each of the Chairman, Chief Executive Officer and Lead Director roles are handled responsibly. Furthermore, consistent with Nasdaq listing requirements, the independent directors regularly have the opportunity to meet as an independent group, with Mr. Berkowitz serving as the Lead Director.

Mr. Miles has served as Chairman of the Board of Directors and Chief Executive Officer since March 2018, prior to which he served as the Executive Chairman since October 2017. In October 2017, when Mr. Miles was appointed as the Executive Chairman, in accordance with our governance guidelines, the Board of Directors appointed Mr. Berkowitz as the Lead Director, which position he presently holds. The Chairman of the Board of Directors, with the aid of the Lead Director, provides leadership to the Board of Directors and works with the Board of Directors to define its activities and the calendar for fulfillment of its responsibilities. The Chairman of the Board of Directors approves the meeting agendas after input from management, facilitates communication among members of the Board of Directors and presides at meetings of our Board of Directors and stockholders.

The Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of the Nominating and Governance Committee, the Chairman of the Compensation Committee and the other members of the Board of Directors work in concert to provide oversight of our management and affairs. The leadership of Mr. Miles fosters a collaborative culture of open discussion and deliberation, with a thoughtful evaluation of risk, to support our decision-making. Our Board of Directors encourages communication among its members and between

management and the Board of Directors to facilitate productive working relationships. Working with the Lead Director and other members of the Board of Directors, Mr. Miles also strives to ensure that there is an appropriate balance and focus among key Board of Directors responsibilities such as strategic development, review of operations and risk oversight.

The Board of Directors' Role in Risk Oversight

The Board of Directors plays an important role in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by the Board of Directors and its committees. In particular, the Board of Directors administers its risk oversight function through: (1) the review and discussion of regular reports to the Board of Directors from its committees and our management team on topics relating to the risks that we face; (2) the required approval by the Board of Directors (or a committee of the Board of Directors) of significant transactions and other decisions; (3) the direct oversight of specific areas of our business by the Audit Committee, the Nominating and Governance Committee and Compensation Committee; and (4) regular reports from our auditors and outside advisors regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board of Directors also relies on management to bring significant matters impacting us to the Board of Directors' attention.

Pursuant to the Audit Committee's charter, the Audit Committee is responsible for discussing the guidelines and policies that govern the process by which our exposure to risk is assessed and managed by management. As part of this process, the Audit Committee discusses our major financial risk exposures and steps that management has taken to monitor and control such exposure. In addition, we, under the supervision of the Audit Committee, have established procedures available to all employees for the anonymous and confidential submission of complaints relating to any matter in order to encourage employees to report questionable activities directly to our senior management and the Audit Committee.

Because of the role of the Board of Directors in risk oversight, the Board of Directors believes that any leadership structure that it adopts must allow it to effectively oversee the management of the risks relating to our operations. The Board of Directors recognizes that there are multiple leadership structures that could allow it to effectively oversee the management of the risks relating to our operations. The Board of Directors believes its current leadership structure enables it to effectively provide oversight with respect to such risks.

Committees of the Board of Directors and Meetings

Our Board of Directors currently has a standing Audit Committee, Nominating and Governance Committee and Compensation Committee as well as a special purpose Special Finance Committee formed on October 19, 2017 as described below. As of November 7, 2017, our prior Nominating, Governance and Compensation Committee was replaced with a separate Nominating and Governance Committee and a separate Compensation Committee, neither of which new committees met during the 2017 fiscal year. Other than with respect to Mr. Rydin, who was appointed to the Nominating and Governance Committee pursuant to the exceptional and limited circumstance independence exemption under Nasdaq Rule 5605(e)(3) on November 7, 2017, only independent directors serve on the committees. The table below indicates the members of each board committee:

	Nominating and			
Director	Governance	Compensation	Special Finance	
	Audit Committee	Committee	Committee	

Mortimer Berkowitz
III,

Lead Director

Chair

Quentin Blackford

R. Ian Molson

David H. Mowry

Jeffrey P. Rydin

*

Donald A. Williams Chair

Ward W. Woods

Chair

Chair

* Appointed pursuant to Nasdaq Rule 5606(e)(3) exception to independence.

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Meeting Attendance. During the 2017 fiscal year, there were eight meetings of our entire Board of Directors. In addition, the Audit Committee met seven times and the Nominating, Governance and Compensation Committee met five times. During 2017, no director attended fewer than 75% of the total number of meetings of the Board of Directors or committees of the Board of Directors on which he served that were held during the periods in which such director served. The Board of Directors has adopted a policy under which each member of the Board of Directors is strongly encouraged, but not required, to attend each annual meeting of our stockholders. Four directors attended our annual meeting of stockholders held in 2017.

Audit Committee. This committee currently has four members: Donald A. Williams (Chairman), Quentin Blackford, R. Ian Molson and David H. Mowry. Siri Marshall and Stephen O'Neil served as members of this committee during 2017 until their retirement from the Board of Directors in February 2017 and October 2017, respectively. Mr. Mowry joined the committee in April 2017 and Mr. Blackford joined the committee in November 2017. Our Audit Committee's role and responsibilities are set forth in the Audit Committee's written charter and include the authority to retain and terminate the services of our independent registered public accounting firm, review annual and quarterly financial statements, consider matters relating to accounting policy and internal controls and review the scope of annual audits.

All members of the Audit Committee satisfy the current independence standards promulgated by the SEC and Nasdaq, as such standards apply specifically to members of audit committees. The Board of Directors has designated Mr. Williams as the "audit committee financial expert," as the SEC has defined that term in Item 407 of Regulation S-K.

A copy of the Audit Committee's written charter is publicly available on our website at www.atecspine.com under "Investor Relations-Corporate Governance." Please also see the report of the Audit Committee set forth elsewhere in this proxy statement.

Nominating and Governance Committee. This committee currently has three members: Mortimer Berkowitz III (Chairman), R. Ian Molson and Jeffrey P. Rydin. Our Nominating and Governance Committee's role and responsibilities are set forth in the committee's written charter and include, among other things: (i) evaluating and making recommendations to the full Board of Directors as to the size and composition of the Board of Directors and its committees and (ii) evaluating and making recommendations to the full Board of Directors as to potential director candidates.

With respect to nominations for persons to be elected to our Board of Directors, the committee may consider Board of Directors candidates recommended by our stockholders as well as from other appropriate sources, such as other directors or officers, or third-party search firms. For all potential candidates, the committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board of Directors, and concern for the long-term interests of our stockholders. Although the Board of Directors has no formal policy regarding diversity, the committee seeks a broad range of perspectives and considers both the personal characteristics (such as gender, ethnicity, and age) and experience (such as industry, professional, and public service) of directors and prospective nominees to the Board of Directors. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources.

If a stockholder wishes to nominate a candidate to be considered for election as a director at the 2019 Annual Meeting of Stockholders, it must comply with the procedures set forth in our Bylaws and described under "Stockholder Proposals and Nominations for Directors," including giving timely notice of the nomination in writing to our Corporate Secretary not less than 45 nor more than 75 days prior to the date that is one year from the date on which we first mail our proxy statement relating to our 2018 Annual Meeting of Stockholders. If a stockholder wishes simply to propose a

candidate for consideration as a nominee by the Nominating and Governance Committee, it must make such proposal for such candidate in writing, addressed to the Nominating and Governance Committee in care of our Corporate Secretary, 5818 El Camino Real, Carlsbad, CA 92008. Submissions must be made by mail, courier or personal delivery and must contain the information set forth in our Nominating and Governance Committee's written charter.

Other than Mr. Rydin, all members of the Nominating and Governance Committee qualify as independent directors under the standards promulgated by Nasdaq. Mr. Rydin is currently serving as a non-independent member of this Committee pursuant to the exceptional and limited circumstances exemption under Nasdaq Rule 5605(e)(3). Nasdaq Rule 5605(e)(3) permits one non-independent director to serve on the Nominating and Governance Committee for a period of up to two years if the Board of Directors has determined that it is in the best interests of the Company and its stockholders. Mr. Rydin served as Special Advisor to the Board from September 2016 through September 2017 and was compensated by the Company during that time pursuant to a Consulting Services Agreement with the Company. While that agreement and the consulting services ended in September 2017, and while Mr. Rydin currently receives no compensation from the Company other than as a non-employee director described herein, Mr. Rydin is deemed not to be an independent director pursuant to Nasdaq Listing Rule 5605 for three years following termination of his consulting services. Nevertheless, pursuant to Nasdaq List Rule 5605(e)(3), the Board of Directors has determined that, due to Mr. Rydin's experience and expertise in the medical device and spine industries, he is uniquely positioned to assist the Board in identifying qualified candidates for director and Board committees, to assist the Board in its review of Board performance, and to otherwise serve on the Nominating and Governance Committee, and it is in the best interests of the Company and its stockholders for him to serve as a member of the Nominating and Governance Committee.

A copy of the Nominating and Governance Committee's written charter is publicly available on our website at www.atecspine.com under "Investor Relations-Corporate Governance."

Compensation Committee. This committee currently has two members: Ward W. Woods (Chairman) and Quentin Blackford. Our Compensation Committee's role and responsibilities are set forth in the committee's written charter and include, among other things, reviewing, approving, and making recommendations regarding our compensation policies, practices and procedures to ensure that legal and fiduciary responsibilities of the Board of Directors are carried out and that such policies, practices and procedures contribute to our success. The Compensation Committee is responsible for the determination of the compensation of our Chief Executive Officer, and conducts its decision-making process with respect to that determination without the presence of the Chief Executive Officer. This committee also administers our equity compensation plans.

A copy of the Compensation Committee's written charter is publicly available on our website at www.atecspine.com under "Investor Relations-Corporate Governance."

Special Finance Committee. On October 19, 2017 the Board of Directors appointed a Special Finance Committee, consisting of Mr. Woods (Chairman) and Messrs. Blackford, Mowry and Williams, to review, consider, evaluate and make recommendations to the Board of Directors with respect to possible strategic transactions, including, without limitation, debt and equity financing transactions, including with respect to the Company's outstanding credit facilities and any other debt restructuring activities.

Stockholder Communications to the Board of Directors

Stockholders may communicate with the Board of Directors by sending a letter to the following address: Attn: Security Holder Communication, Corporate Secretary, Alphatec Holdings, Inc., 5818 El Camino Real, Carlsbad, CA 92008. The Corporate Secretary will receive the correspondence and forward it to the Chairman of the Board of Directors, or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Company or its business or is similarly inappropriate. The Corporate Secretary has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

Communications should not exceed 500 words in length and must be accompanied by the following information:

- A statement of the type and amount of the securities of the Company that the person holds;
- Any special interest, meaning an interest not in the capacity as a security holder of the Company, that the person has in the subject matter of the communication; and
- The address, telephone number and e-mail address, if any, of the person submitting the communication.

A copy of the Policy on Security Holder Communications with Directors is publicly available on our website at www.atecspine.com under “Investor Relations-Corporate Governance.”

Compensation Practices and Policies Relating to Risk Management

We believe that we do not utilize compensation policies or practices that create risks that are reasonably likely to have a material adverse effect on us. We use common variable compensation designs across all of our business units and divisions, with a significant focus on corporate and business financial performance.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Summary Compensation Table

The following table sets forth information concerning compensation paid or accrued during the fiscal years ended December 31, 2017 and 2016, for services rendered to us by our Chief Executive Officer, and two other most highly compensated executive officers in 2017, our President and Chief Operating Officer and our Executive Vice President, People & Culture and General Counsel. We refer to these executive officers as our “Named Executive Officers” elsewhere in this report.

Name and Principal Position	Year	Non-Equity					All Other Compensation (\$)(3)	Total Compensation (\$)
		Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Incentive Plan Compensation (\$)(2)		
Patrick S. Miles (4) Chief Executive Officer	2017	116,346	—	3,220,000	—	90,000	4,755	3,431,101
Terry M. Rich (5) President and Chief Operating Officer	2017	450,000	—	—	444,672	150,000	31,365	1,076,037
	2016	8,654	—	886,000	651,220	—	22	1,545,896
Craig E. Hunsaker (6) Executive Vice President, People & Culture and General Counsel	2017	350,000	—	—	526,935	95,000	31,303	1,003,238

(1) In accordance with SEC rules, this column represents the aggregate grant date fair value of these awards granted during 2017 and 2016 computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718 for stock-based compensation transactions (ASC 718). Assumptions and methodologies used in the calculation of these amounts are included in the notes to our audited financial statements for the fiscal year ended December 31, 2017, included in our Annual Report on Form 10-K filed with the SEC on March 9, 2018, and for the fiscal year ended December 31, 2016, included in our Annual Report on Form 10-K filed with the SEC on March 31, 2017, respectively. These amounts do not reflect the actual economic value that will be realized by the named executive officer upon the vesting of the stock awards, the vesting of the stock options, the exercise of the stock options, or the sale of the common stock underlying such stock awards or stock options.

(2) Non-Equity Incentive Plan Compensation includes bonus amounts earned as of December 31, 2017 but paid in 2018.

(3) All Other Compensation for 2017 includes health and health related benefits, disability insurance premiums and matching contributions under our 401(k) plan paid by the Company. All Other Compensation for 2016 consists of matching contributions under our 401(k) plan and long-term disability insurance premiums paid by us.

(4) Mr. Miles was appointed our Executive Chairman on October 1, 2017 and our Chief Executive Officer on March 6, 2018.

(5) Mr. Rich was appointed our Chief Executive Officer on December 10, 2016 and our President and Chief Operating Officer on March 6, 2018.

(6) Mr. Hunsaker was appointed our Executive Vice President, People & Culture on September 15, 2016 and General Counsel on March 1, 2017.

Narrative Disclosure to Summary Compensation Table

Employment and Separation Agreements

Patrick S. Miles

In connection with his appointment, we entered into an employment letter agreement with Mr. Miles, effective as of October 2, 2017, setting forth Mr. Miles' compensation and certain other terms. Mr. Miles' employment is at-will. Pursuant to his employment letter agreement, Mr. Miles will be paid an annual base salary of \$550,000 and he will be eligible to receive an annual target cash bonus equal to 110% (prorated to 50% for fiscal 2017) of his annual base salary upon the Company's and his achievement of goals to be established by the Board of Directors each fiscal

year. Mr. Miles is also entitled to participate in all of the Company's benefits programs available to management employees and to receive reimbursement of reasonable expenses he incurs in connection with his service to the Company.

Pursuant to the employment letter agreement, in connection with the commencement of his employment on October 2, 2017, Mr. Miles will receive restricted stock units ("RSUs") covering 1,000,000 shares of the Company's common stock under the Company's 2016 Employment Inducement Award Plan, as amended (the "Inducement Plan"), for which the Board approved an amendment in order to increase the shares reserved thereunder by 1,000,000 shares to 2,550,000 shares, effective October 2, 2017. Such awards were granted to Mr. Miles as a material inducement to his entering into employment with the Company, pursuant to Nasdaq rules. The RSUs will vest in equal installments on each of the first three anniversaries of Mr. Miles' first date of employment, subject to Mr. Miles' continued service with the Company through the applicable vesting date. In addition, the RSUs will fully vest upon a change in control (as defined in the Inducement Plan) of the Company.

We and Mr. Miles also entered into a severance agreement and a change in control agreement, each effective October 2, 2017. The severance agreement provides that in the event Mr. Miles' employment is terminated without cause, he will be eligible to receive the following severance and other benefits, subject to his execution of a release of claims against the Company and certain other conditions: (a) the payment of cash severance in a lump sum equal to one and one half times the sum of (x) his regular annual base salary and (y) his annual target bonus in effect in the calendar year in which the termination of employment occurs; (b) the Company will pay premiums for the continuation of his health and dental insurance coverage pursuant to COBRA for a period of 18 months; and (c) the post-termination exercise period for any vested stock options held by Mr. Miles at the date of termination will be extended through the later of (i) 90 days after his date of termination or (ii) the remaining term of such awards.

Under the change in control agreement, in the event Mr. Miles' employment is terminated without cause or for good reason (as defined in the agreement), and such termination occurs within 24 months following a change in control (as defined in the agreement), he will be eligible to receive the following severance and other benefits, subject to his execution of a release of claims against the Company: (a) the payment of cash severance in a lump sum equal to the sum of (x) two times his annual compensation; (y) the product of (i) a prorated portion (based on the number of calendar months that have elapsed during the calendar year in which the date of termination occurs, up to a maximum of 6 months) of the highest grant date fair value of any long-term incentive award (cash and/or equity-based) granted to Mr. Miles in the three calendar year period prior to the calendar year in which the termination date occurs; and (z) a prorated portion (based on the number of calendar months that have elapsed during the calendar year in which the date of termination occurs) of the greater of (i) the annual target bonus in effect in the calendar year in which the termination of employment occurs or (ii) the highest annual bonus paid to Mr. Miles of the three bonuses paid to him prior to his termination; (b) the Company will pay premiums for the continuation of his health and dental insurance coverage pursuant to COBRA for a period of 18 months; and (3) all of his outstanding equity awards will become fully vested to the extent that such vesting is based on service with the Company.

Terry M. Rich

In connection with his appointment, we entered into an employment letter agreement with Mr. Rich, effective as of December 10, 2016, setting forth Mr. Rich's compensation and certain other terms. Mr. Rich's employment is at-will. Pursuant to his employment letter agreement, Mr. Rich will be paid an annual base salary of \$450,000 and he will be eligible to receive an annual target cash bonus equal to 100% of his annual base salary upon the Company's and his achievement of goals to be established by the Board of Directors each fiscal year. Mr. Rich is also entitled to participate in all of the Company's benefits programs available to management employees and to receive reimbursement of reasonable expenses he incurs in connection with his service to the Company.

We and Mr. Rich also entered into a severance agreement and a change in control agreement, each effective December 10, 2016. The severance agreement provides that in the event Mr. Rich's employment is terminated without cause, he will be eligible to receive the following severance and other benefits, subject to his execution of a release of claims against the Company and certain other conditions: (a) the payment of cash severance in a lump sum equal to one and one-half times the sum of (x) his regular annual base salary and (y) his annual target bonus in effect in the calendar year in which the termination of employment occurs; (b) the Company will pay premiums for

the continuation of his health and dental insurance coverage pursuant to COBRA for a period of 18 months; and (c) the post-termination exercise period for any vested stock options held by Mr. Rich at the date of termination will be extended through the later of (i) 90 days after his date of termination or (ii) the remaining term of such awards.

Under the change in control agreement, in the event Mr. Rich's employment is terminated without cause or for good reason (each as defined in the agreement), and such termination occurs within 24 months following a change in control (as defined in the agreement), he will be eligible to receive the following severance and other benefits, subject to his execution of a release of claims against the Company: (a) the payment of cash severance in a lump sum equal to the sum of (w) two times his regular annual base salary, (x) two times his annual target bonus in effect in the calendar year in which the termination of employment occurs, (y) a prorated portion (based on the number of calendar months that have elapsed during the calendar year in which the date of termination occurs, up to a maximum of 6 months) of the highest grant date fair value of any long-term incentive award (cash and/or equity-based) granted to Mr. Rich in the three calendar year period prior to the calendar year in which the termination date occurs, and (z) a prorated portion (based on the number of calendar months that have elapsed during the calendar year in which the date of termination occurs) of the greater of (i) the annual target bonus in effect in the calendar year in which the termination of employment occurs or (ii) the highest annual bonus paid to Mr. Rich of the three bonuses paid to him prior to his termination; (b) the Company will pay premiums for the continuation of his health and dental insurance coverage pursuant to COBRA for a period of 18 months; (c) all of his outstanding equity awards will vest (with any performance awards vesting as set forth in the applicable award agreements); and (d) the post-termination exercise period for any vested stock options held by Mr. Rich at the date of termination will be extended through the later of (x) 24 months after his date of termination or (y) the remaining term of such awards (provided that if his stock options are terminated or cashed-out in connection with a change in control, he shall receive a lump sum cash payment equal to the time value of such stock options (i.e., as determined under the Black-Scholes method) inclusive of the economic value for the extended post-termination exercise period).

Craig E. Hunsaker

In connection with his appointment, we entered into an employment letter agreement with Mr. Hunsaker, effective as of September 14, 2016, setting forth Mr. Hunsaker's compensation and certain other terms. Mr. Hunsaker's employment is at-will. Pursuant to his employment letter agreement, Mr. Hunsaker will be paid an annual base salary of \$350,000 and he will be eligible to receive an annual target cash bonus equal to 70% of his annual base salary upon the Company's and his achievement of goals to be established by the Board of Directors each fiscal year. Mr. Hunsaker is also entitled to participate in all of the Company's benefits programs available to management employees and to receive reimbursement of reasonable expenses incurred in connection with his service to the Company. In the event Mr. Hunsaker's employment is terminated without cause, he will be eligible to receive, subject to his execution of a release of claims against the Company and certain other conditions: (a) an amount equal to one times his regular annual base salary; (b) the Company will pay premiums for the continuation of his health and dental insurance coverage pursuant to COBRA for a period of 12 months; and (c) the post-termination exercise period for any vested stock options held by Mr. Hunsaker at the date of termination will be extended through the later of (i) 90 days after his date of termination or (ii) the remaining term of such awards.

Pursuant to the employment letter agreement, in connection with the commencement of his employment on September 14, 2016, Mr. Hunsaker received 173,322 RSUs, as well as performance-based RSUs with an aggregate target value of \$750,000. The number of performance-based RSUs will be determined upon the earlier of (i) the third anniversary of September 14, 2016 and (ii) a change in control of the Company (as defined in the 2016 Plan), at which time the performance-based RSUs will cliff vest in the dollar amount of 0% to 260% of the target value, and will be settled in shares of Company common stock based on the fair market value of such shares based on the then current market capitalization of the Company and in accordance with the table and terms set forth in Mr. Hunsaker's employment agreement. Such awards were granted to Mr. Hunsaker pursuant to the 2016 Plan. The RSUs that are not

performance-based will vest in equal installments on each of the first three anniversaries the date of grant (October 5, 2016), subject to Mr. Hunsaker's continued service with the Company through the applicable vesting date. In addition, the RSUs will fully vest upon a change in control (as defined in the 2016 Plan) of the Company.

We and Mr. Hunsaker also entered into a change in control agreement, effective September 14, 2016. Under the change in control agreement, in the event Mr. Hunsaker's employment is terminated without cause or for good

reason (each as defined in the agreement), and such termination occurs within 24 months following a change in control (as defined in the agreement), he will be eligible to receive the following severance and other benefits, subject to his execution of a release of claims against the Company: (a) a payment of cash severance in a lump-sum equal to the sum of (x) two times his annual compensation; (y) the product of (i) a prorated portion (based on the number of calendar months that have elapsed during the calendar year in which the date of termination occurs, up to a maximum of 6 months) of the highest grant date fair value of any long-term incentive award (cash and/or equity-based) granted to Mr. Hunsaker in the three calendar year period prior to the calendar year in which the termination date occurs; and (z) a prorated portion (based on the number of calendar months that have elapsed during the calendar year in which the date of termination occurs) of the greater of (i) the annual target bonus in effect in the calendar year in which the termination of employment occurs or (ii) the highest annual bonus paid to Mr. Rich of the three bonuses paid to him prior to his termination; (b) the Company will pay premiums for the continuation of his health and dental insurance coverage pursuant to COBRA for a period of 18 months; and ; (c) all of his outstanding equity awards will vest (with any performance awards vesting as set forth in the applicable award agreements); and (d) the post-termination exercise period for any vested stock options held by Mr. Hunsaker at the date of termination will be extended through the later of (x) 24 months after his date of termination or (y) the remaining term of such awards (provided that if his stock options are terminated or cashed-out in connection with a change in control, he shall receive a lump sum cash payment equal to the time value of such stock options (i.e., as determined under the Black-Scholes method) inclusive of the economic value for the extended post-termination exercise period).

Outstanding Equity Awards at December 31, 2017

The following table sets forth information regarding grants of stock options and unvested stock awards that were outstanding and held by our Named Executive Officers as of December 31, 2017.

Name	Grant Date	Option Awards (1)		Option Price (\$)	Expiration Date	Stock Awards Market Value of	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable			Number of Shares or Units of Stock That Have Not Vested	Value of Shares or Units of Stock That Have Not Vested (\$)(2)
Patrick S. Miles	10/02/2017	—	—	—	—	1,000,000(3)	2,660,000
Terry M. Rich	07/26/2017	—	234,861	1.68	07/26/2027	—	—
	07/26/2017	—	151,139	1.68	07/26/2027	—	—
	12/10/2016	50,000	150,000	4.90	12/10/2026	—	—

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	12/12/2016	—	—	—	—	150,000	(4)	399,000
Craig E. Hunsaker	07/26/2017	—	120,248	1.68	07/26/2027	—	—	
	07/26/2017	—	72,752	1.68	07/26/2027	—	—	
	06/15/2017	9,326	22,384	(6) 1.93	06/15/2027	—	—	
	06/15/2017	—	1,866	(6) 1.93	06/15/2027	—	—	
	02/21/2017	2,360	18,609	(6) 3.09	02/21/2027	—	—	
	02/21/2017	32,362	71,669	(6) 3.09	02/21/2027	—	—	
	10/05/2016	—	—	—	—	173,322	(5)	461,037
	10/05/2016	—	—	—	—	115,548	(4)	307,358

(1) Except as described below, all unvested option awards vest over four years, with 25% of such option vesting on the anniversary of the grant date, and the remainder of the options vesting monthly over the subsequent three years, provided that the executive remains employed as of the applicable vesting date. In addition, the stock options will fully vest upon a change in control of the company and shall be subject to certain accelerated vesting in the event of the executive's death or disability. All option awards have a term of ten years from the date of grant.

(2) Amount based on the December 29, 2017 closing price of \$2.66 per share of our common stock on Nasdaq.

(3) The RSUs vest ratably over 3 years with automatic vesting upon a change in control event.

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- (4) The RSUs vest in four equal installments on each of the first four anniversaries of the date of grant, subject to the executive's continuous service to the Company on each such vesting date. The award shall fully vest upon a change in control of the company and shall be subject to certain accelerated vesting in the event of the executive's death or disability.
- (5) The performance-based RSUs, if earned, vest in a single installment on the third anniversary of September 14, 2016 (the settlement date) with automatic vesting upon a change in control event.
- (6) These awards vest over 36 months and automatically upon a change in control event.

Pension Benefits

We do not have any qualified or non-qualified defined benefit plans.

Nonqualified Deferred Compensation

We do not have any non-qualified defined contribution plans or other deferred compensation plans.

Director Compensation

The following table shows the total compensation paid or accrued during the fiscal year ended December 31, 2017 to each of our current directors and to former directors, Leslie H. Cross, Stephen E. O'Neil and Siri S. Marshall. There was no compensation paid to former directors Rohit Desai and Tom C. Davis in 2017. In addition, there was no compensation paid to Mr. Miles and Mr. Rich for their service as directors in 2017, and as a result, there was no director compensation included in the executive compensation tables above for Mr. Miles and Mr. Rich.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Total (\$)
Mortimer Berkowitz III (1)	—	—	—	—
R. Ian Molson	94,642	37,499	38,009	170,150
Donald Williams	50,292	37,499	38,009	125,800
David Mowry	26,750	37,499	38,009	102,258
Jeffrey P. Rydin	208,024	(4)—	—	208,024
Quentin Blackford	12,250	—	—	12,250
Ward W. Woods	16,250	—	—	16,250
Leslie H. Cross	29,000	37,499	48,854	115,353
Stephen E. O'Neil	24,750	37,499	38,009	100,258
Siri Marshall	—	—	—	—

(1) Mr. Berkowitz was not paid any compensation for service as a director during 2017.

(2) Amounts represent the aggregate grant date fair value of stock awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions and methodologies used in the valuation of these awards are discussed in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on March 9, 2018.

(3) Amounts represent the aggregate grant date fair value of option awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions and methodologies used in the valuation of these awards are discussed in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on March 9, 2018.

(4) Represents consulting fees of \$193,296 paid to Mr. Rydin in 2017 and \$14,728 earned as a result of his service as a board member.

In conjunction with Leslie Cross' departure from the Board effective June 15, 2017, the vesting associated with 88,436 of his options were accelerated and the period of time during which Mr. Cross may exercise the vested options was extended through the earlier of June 15, 2019 or the options original termination date. In conjunction with Stephen O'Neil's departure from the Board effective October 1, 2017, the vesting associated with 29,223 of his options and 18,939 restricted stock awards were accelerated and the period of time during which Mr. O'Neil may exercise the vested options was extended through the earlier of October 1, 2019 or the options original termination date.

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Our non-employee directors receive the following annual compensation: (i) an annual grant of nonqualified options equivalent in value to \$30,000 (\$50,000 in the case of the non-employee Chairman of the Board) on the date of grant with three-year vesting; (ii) an annual grant of shares of restricted stock equivalent in value to \$45,000 (\$75,000 in the case of the non-employee Chairman of the Board) on the date of grant with one-year vesting; (iii) an annual cash retainer of \$25,000, which is paid quarterly; (iv) each non-employee director who serves as Chairman of a committee will receive an annual payment of \$20,000, paid quarterly; and (v) each non-employee director who serves as a member of a Board committee will receive an annual payment of \$8,000, paid quarterly.

Equity Compensation Plan Information

The following table provides certain aggregate information with respect to all of our equity compensation plans in effect as of December 31, 2017:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)(2)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders(1)	2,791,474	(2) \$ 4.35	610,911 (3)
Equity compensation plans not approved by security holders(4)	2,363,870	(5) 4.12	28,356
Total	5,155,344	\$ 4.31	639,267

(1)Includes awards outstanding under our Amended and Restated 2005 Employee, Director and Consultant Stock Plan (our “2005 Plan”), which expired by its terms in April 2016, and our 2016 Plan.

(2)Excludes 210,650 shares subject to unvested RSU and restricted stock awards under our 2005 Plan and our 2016 Plan as of December 31, 2017.

(3)Includes 450,401 shares remaining available for issuance under our 2016 Plan as of December 31, 2017 and 160,510 shares remaining available for issuance under our 2007 Employee Stock Purchase Plan as of December 31, 2017.

(4)The material features of our Inducement Plan are described in Note 9 to our consolidated financial statements included in our Form 10-K.

(5)Excludes 1,788,870 shares subject to unvested RSU awards under our Inducement Plan as of December 31, 2017.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our records reflect that all reports which were required to be filed pursuant to Section 16(a) of the Exchange Act, were filed on a timely basis, except that 9 reports, in the aggregate, consisting of one initial report of beneficial ownership on Form 3 (Ward W. Woods) and 8 reports of changes in beneficial ownership on Form 4 were filed late by each of the following directors and executive officers: Leslie H. Cross and Jeffrey Black (each with one report

regarding one transaction); Leslie H. Cross, Stephen O'Neil, David Mowry, Donald Williams, R. Ian Molson and Craig E. Hunsaker (each with one report regarding two transactions).

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Except as set forth below or under the heading “Executive Officer and Director Compensation,” there were no transactions to which we were a party since January 1, 2017 through the date of this proxy statement in which the amount involved exceeds \$120,000 and in which our directors, executive officers and, to our knowledge, beneficial owners of more than 5% of our voting securities, or their immediate family members or affiliates, had or will have a direct or indirect material interest.

Agreements with our Officers, Directors and Principal Stockholders

For the year ended December 31, 2017, we incurred costs of less than \$0.1 million related to reimbursement of travel and administrative expenses to HealthpointCapital, LLC. John H. Foster, our former director, is a significant equity holder of HealthpointCapital, LLC, and an affiliate of HealthpointCapital Partners, L.P. and HealthpointCapital Partners II, L.P., which are significant stockholders. In addition, for the year ended December 31, 2017, we paid less than \$0.1 million in connection with the indemnification obligations of our affiliates, Scient’x S.A.S. and Surgiview S.A.S., all of which was related to a litigation matter in which indemnification was provided by us to certain directors of our affiliates that are also our directors.

We have entered into indemnification agreements with all of our directors. The indemnification agreements require us to indemnify these individuals to the fullest extent permitted by Delaware law and to advance expenses incurred by them in connection with any proceeding against them with respect to which they may be entitled to indemnification by us.

On October 2, 2017, we entered into securities purchase agreements with two of our Directors in connection with their joining the Board of Directors, Patrick Miles and Quentin Blackford, pursuant to which Messrs. Miles and Blackford agreed to purchase from the Company, collectively, between 1,520,000 and 1,740,000 shares of its common stock at a purchase price of \$2.26 per share, which was the current market value of the shares purchased as defined by Nasdaq based on the consolidated closing bid price on September 29, 2017, the last trading day before execution of such Securities Purchase Agreement. The Securities Purchase Agreement executed by the Company and Mr. Miles also provided for the issuance by the Company to Mr. Miles at the closing of the share purchase of a warrant to purchase up to 1,327,434 shares of its common stock at an exercise price of \$5.00 per share, which warrant will expire and no longer be exercisable, and its provisions shall have no further force or effect, upon the earlier of (a) the date on which the warrant has been exercised for the maximum amount of shares available for issuance thereunder and (b) the fifth anniversary of the issuance of the warrant. The aggregate gross proceeds of the issuance and sale of the shares to Messrs. Miles and Blackford pursuant to the securities purchase agreements was \$4 million. Assuming exercise of all of the shares of common stock issuable under the Warrant, the Company will receive additional proceeds of approximately \$6.6 million. The Company intends to use the net proceeds from the issuance and sale of the shares and the exercise of the shares of common stock issuable under the Warrant for general corporate and working capital purposes.

In our March 2018 private placement, the following directors and executive officers of the Company (or their affiliates) purchased an aggregate of \$5.0 million of shares of Series B Convertible Preferred Stock, which shares are convertible into approximately 1,587,302 shares of common stock, and Warrants to purchase up to approximately 1,349,206 shares of common stock: Ward W. Woods (\$2,000,000), Patrick S. Miles (\$1,000,000), Mortimer Berkowitz III (\$800,000), Terry M. Rich (\$500,000), Craig Hunsaker (\$500,000), Brian R. Snider (\$100,000), Jeffrey Black (\$50,000).

PROPOSALS TO BE VOTED UPON BY STOCKHOLDERS

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors has nominated Evan Bakst, Mortimer Berkowitz III, Quentin Blackford, Jason Hochberg, Patrick S. Miles, David H. Mowry, Terry M. Rich, Jeffrey P. Rydin, James L.L. Tullis, Donald A. Williams and Ward W. Woods for election at the Annual Meeting. If they are elected, they will serve on our Board of Directors for a term of one year until the 2019 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified, or until their earlier death or resignation.

Unless authority to vote for any of these nominees is withheld, the shares represented by the enclosed proxy will be voted FOR the election as directors of Evan Bakst, Mortimer Berkowitz III, Quentin Blackford, Jason Hochberg, Patrick S. Miles, David H. Mowry, Terry M. Rich, Jeffrey P. Rydin, James L.L. Tullis, Donald A. Williams and Ward W. Woods. In the event that any nominee becomes unable or unwilling to serve, the shares represented by the enclosed proxy will be voted for the election of such other person as the Board of Directors may recommend in that nominee's place. We have no reason to believe that any nominee will be unable or unwilling to serve as a director.

A plurality of the shares voted FOR each nominee at the Annual Meeting is required to elect each nominee as a director.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF EVAN BAKST, MORTIMER BERKOWITZ III, QUENTIN BLACKFORD, JASON HOCHBERG, PATRICK S. MILES, DAVID H. MOWRY, TERRY M. RICH, JEFFREY P. RYDIN, JAMES L.L. TULLIS, DONALD A. WILLIAMS AND WARD W. WOODS AS DIRECTORS, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors is seeking stockholder ratification of its selection of Mayer Hoffman McCann P.C. (“Mayer Hoffman”) to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2018. Representatives of Mayer Hoffman are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Mayer Hoffman as our independent registered public accounting firm is not required under the laws of the State of Delaware, by our Bylaws or otherwise. However, the Audit Committee is submitting the selection of Mayer Hoffman to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Mayer Hoffman. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and those of our stockholders.

The affirmative vote of a majority of the shares cast affirmatively or negatively on this proposal at the Annual Meeting will be required to ratify the selection of Mayer Hoffman. Abstentions will not be counted toward the tabulation of votes cast on this proposal and will have no effect on the results of the vote. Brokerage firms have authority to vote customers’ uninstructed shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote.

Changes in Certifying Accountant

As previously disclosed in the Company’s Current Report on Form 8-K filed with the SEC on September 5, 2017, the Audit Committee approved the engagement of Mayer Hoffman as the Company’s independent registered public accounting firm for the Company’s fiscal year ending December 31, 2017. Also, the Audit Committee informed Ernst & Young LLP (“Ernst & Young”) that it had been dismissed, effective August 29, 2017, as the Company’s independent registered public accounting firm. The report of Ernst & Young on the Company’s consolidated financial statements for the fiscal year ended December 31, 2016, did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles. The report of Ernst & Young on the Company’s consolidated financial statements for the fiscal year ended December 31, 2015, did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to audit scope or accounting principles, but was modified to include an explanatory paragraph regarding uncertainty of the Company’s ability to continue as a going concern.

During the fiscal years ended December 31, 2016 and 2015, and the subsequent interim period through the date of the filing of the Company’s Form 8-K on September 5, 2017, there were no disagreements, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K, with Ernst & Young on any matters of accounting principles or practices, financial statement disclosure or auditing scope and procedures which, if not resolved to the satisfaction of Ernst & Young, would have caused Ernst & Young to make reference to the matter in their report. During the fiscal years ended December 31, 2016 and 2015, and the subsequent interim period through the date of the filing of the Company’s Form 8-K on September 5, 2017, there were no reportable events, as that term is described in Item 304(a)(1)(v) of Regulation S-K, except with respect to the material weaknesses in internal control over financial reporting identified by management in connection with its assessment of the Company’s internal control over financial reporting at June 30, 2015, September 30, 2015 and December 31, 2015.

Fees of Principal Accounting Firm

The following table presents fees for professional audit services rendered by Ernst & Young and Mayer Hoffman for the audit of our annual financial statements for the fiscal years ended December 31, 2017 and 2016, as applicable, and fees billed for other services rendered by our certifying principal accountant during those periods.

	Mayer		
	Ernst & Young		Hoffman
	Fiscal Year	Fiscal Year	Fiscal Year
	2016	2017	2017
Audit fees (1)	\$2,032,616	\$273,882	\$290,000
Audit-related fees	—	—	—
Tax fees	—	—	—
All other fees	—	—	—
Total	\$2,032,616	\$273,882	\$290,000

(1) Represents aggregate fees for professional services rendered for the audit of the Company's annual consolidated financial statements and review of financial statements included in the Company's periodic filings, and other services that are normally provided in connection with statutory and regulatory filings or engagements. All fees described above were pre-approved by the Audit Committee.

Mayer Hoffman leases substantially all its personnel, who work under the control of Mayer Hoffman shareholders, from wholly-owned subsidiaries of CBIZ, Inc., in an alternative practice structure. All of the hours expended on Mayer Hoffman's engagement to audit our financial statements for the 2017 fiscal year were attributed to work performed by such leased personnel.

Pre-Approval Policies and Procedures

Pursuant to its charter, it is a primary duty and responsibility of the Audit Committee to pre-approve all audit and non-audit services rendered by our independent registered public accounting firm, and all such services were pre-approved in accordance with its charter during the fiscal years ended December 31, 2017 and 2016. Pursuant to its authorized responsibilities, the Audit Committee generally pre-approves specified services in the defined categories of audit services, tax services and other permissible non-audit services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual case-by-case basis before the independent registered public accounting firm is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of non-audit services by Ernst & Young and Mayer Hoffman was compatible with maintaining the independence of Ernst & Young and Mayer Hoffman and all such services had been preapproved.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and shall not be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this report by reference.

Audit Committee Report

The Audit Committee of the Board of Directors operates under a written charter adopted by the Board of Directors. In accordance with its written charter, the Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company’s accounting, auditing and financial reporting practices.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from Mayer Hoffman a formal written statement describing all relationships between the Company and Mayer Hoffman that might bear on Mayer Hoffman’s independence consistent with applicable requirements of the Public Company Accounting Oversight Board (United States) regarding Mayer Hoffman’s communications with the Audit Committee concerning independence. The Audit Committee discussed with Mayer Hoffman any relationships that may impact their objectivity and independence and satisfied itself as to Mayer Hoffman’s independence.

The Audit Committee discussed with Mayer Hoffman the matters required to be communicated under Auditing Standards No. 1301, as amended, “Communication with Audit Committees.” In addition, with and without management present, the Audit Committee discussed and reviewed the results of Mayer Hoffman’s examination of the Company’s 2017 financial statements.

Based upon the Audit Committee’s discussion with management and Mayer Hoffman and the Audit Committee’s review of the representation of the Company’s management and the independent registered public accounting firm’s report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the Company include the audited financial statements and management’s assessment of the effectiveness of the Company’s internal control over financial reporting in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for filing with the SEC. The Audit Committee has also recommended, subject to stockholder approval, the ratification of the appointment of Mayer Hoffman as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018.

Audit Committee

Donald A. Williams (Chairman)
Quentin Blackford
R. Ian Molson
David H. Mowry

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF MAYER HOFFMAN MCCANN P.C. AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING

FIRM, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR OF SUCH RATIFICATION UNLESS A STOCKHOLDER INDICATES OTHERWISE ON THE PROXY.

PROPOSAL 3: APPROVAL OF AMENDMENT OF THE 2016 EQUITY INCENTIVE PLAN

Our Board of Directors believes that equity incentives are important tools in motivating the performance of our officers, key employees and directors. As of April 23, 470,894 shares are available for grant of future equity awards under the 2016 Plan. Upon the recommendation of the Compensation Committee, the Board of Directors has approved, subject to stockholder approval, an amendment to the 2016 Plan to increase the number of shares authorized for issuance under the 2016 Plan by 3,000,000 shares for a total number of shares authorized for issuance thereunder equal to 6,083,333 shares of common stock. In addition to the foregoing the amendment also corrects a typographical error contained in the 2016 Plan. The proposed amendment to the 2016 Plan is attached hereto as Appendix B.

New 2016 Plan Benefits

All awards to directors, executive officers, employees and consultants are made at the discretion of the plan administrator.

Except as may otherwise be described in this proxy statement, benefits and amounts that will be received or allocated under the 2016 Plan are not determinable at this time because future awards to our officers, employees and consultants under the 2016 Plan are discretionary. Additionally, awards to non-employee directors may differ from the awards described herein.

Vote Required; Recommendation of the Board of Directors

The affirmative vote of the holders of a majority of the votes cast affirmatively or negatively on this proposal at the Annual Meeting is required to approve the amendment to the 2016 Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE AMENDMENT OF OUR 2016 EQUITY INCENTIVE PLAN, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR OF SUCH APPROVAL UNLESS A STOCKHOLDER INDICATES OTHERWISE ON THE PROXY.

PROPOSAL 4: ADVISORY VOTE TO APPROVE

THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

As required by Section 14A of the Exchange Act, we are seeking your advisory vote of the compensation of our Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including in the section of this proxy statement titled “Executive Officer and Director Compensation.” You are being asked to vote on the following advisory resolution:

“RESOLVED, that the compensation paid to the Named Executive Officers of Alphatec Holdings, Inc., as disclosed pursuant to the compensation disclosure rules of the SEC including the compensation tables, and the related material disclosed in this proxy statement is hereby APPROVED.”

The compensation of our Named Executive Officers is based on a design that ties a substantial percentage of an executive’s compensation to the attainment of financial and other performance measures that, the Board of Directors believes, promote the creation of long-term stockholder value and position the Company for long-term success. As described more fully in the “Executive Officer and Director Compensation” section of this proxy statement, the mix of fixed and performance based compensation and the terms of long-term incentive awards, as well as the terms of executives’ employment agreements, are all designed to enable the Company to attract, motivate and retain key executives who are crucial to our long-term success while, at the same time, creating a close relationship between performance and compensation. The Compensation Committee and the Board of Directors believe that the design of the program, and hence the compensation awarded to our Named Executive Officers under the current program, fulfills this objective.

Stockholders are urged to read the “Executive Officer and Director Compensation” section of this proxy statement, which discusses in detail how our compensation policies and procedures implement our compensation philosophy.

The affirmative vote of a majority of the votes cast affirmatively or negatively on this proposal at the Annual Meeting is required to approve, on an advisory basis, this resolution. Although the vote is non-binding, the Board of Directors and the Compensation Committee will review the voting results and take them into consideration in connection with their ongoing evaluation of the Company’s compensation program and when making future decisions regarding executive compensation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS SET FORTH IN THIS PROXY STATEMENT, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR OF SUCH APPROVAL UNLESS A STOCKHOLDER INDICATES OTHERWISE ON THE PROXY.

PROPOSAL 5: APPROVAL OF THE ISSUANCE OF SHARES OF OUR COMMON STOCK (OR SECURITIES CONVERTIBLE INTO OR EXERCISABLE FOR COMMON STOCK): (A) REPRESENTING MORE THAN 19.99% OF THE OUTSTANDING COMMON STOCK OR VOTING POWER OF THE COMPANY; (B) TO INSIDERS AT LESS THAN MARKET PRICES; AND (C) THAT COULD RESULT IN A NASDAQ CHANGE OF CONTROL

Background

Acquisition of SafeOp Surgical, Inc. by Merger

On March 6, 2018, the Company and its newly-created wholly-owned subsidiary, Safari Merger Sub, Inc. (“Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with SafeOp Surgical, Inc., a Delaware corporation (“SafeOp”), certain key stockholders of SafeOp and a stockholder representative. The Merger Agreement provides for a reverse triangular merger (the “Merger”), which was consummated on March 8, 2018, in which Sub was merged into SafeOp, with SafeOp being the surviving corporation and a wholly-owned subsidiary of the Company. Under the terms of the Merger Agreement, the Company paid to the former stockholders of SafeOp \$15 million in cash, 3,265,132 shares of common stock (the “Merger Closing Shares”), \$3 million of notes (the “Merger Notes”) that are convertible into 986,578 shares of common stock, assuming conversion of principal and accrued interest at maturity (the “Merger Note Shares”), and warrants to purchase 2.2 million shares of common stock (the “Merger Warrants”) at an exercise price of \$3.50 per share (the “Merger Warrant Shares”). An additional 443,421 shares of common stock are issuable to the former stockholders of SafeOp upon achievement of certain post-closing milestones (the “First Milestone Merger Shares”), and 886,842 shares of common stock are issuable upon achievement of certain additional post-closing milestones (the “Second Milestone Merger Shares”). The Merger Closing Shares, Merger Note Shares, Merger Warrant Shares, First Milestone Merger Shares, and Second Milestone Merger Shares are referred to collectively as the “Merger Shares.”

Private Placement

On March 8, 2018, the Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) pursuant to which the Company sold in a private placement (the “Private Placement”) to certain institutional and accredited investors (collectively, the “Purchasers”), including certain directors and executive officers of the Company, at a purchase price of \$1,000 per share, 45,200 shares (the “Preferred Shares”) of its newly designated Series B Convertible Preferred Stock (the “Series B Convertible Preferred Stock”), and warrants (the “Private Placement Warrants”) to purchase up to 12,196,851 shares of common stock (the “Private Placement Warrant Shares”) at an exercise price of \$3.50 per share.

The Preferred Shares will be converted automatically into approximately 14,349,236 shares of the Company’s common stock (“Preferred Conversion Shares”), at a conversion price of \$3.15 per share (subject to adjustment as described below and in the Series B Designation of Rights (as defined below)), upon approval by the Company’s stockholders (“Stockholder Approval”) of this Proposal 5, as required in accordance with Nasdaq rules as further described below. The Private Placement Warrants will become exercisable following Stockholder Approval, are subject to certain ownership limitations in certain cases, and expire five years after the date of such Stockholder Approval. The Preferred Conversion Shares and the Private Placement Warrant Shares are referred to collectively as the “Private Placement Shares.”

The aggregate gross proceeds for the Private Placement were approximately \$45.2 million. The Company intends to use the net proceeds from the Private Placement for general corporate and working capital purposes and to fund strategic initiatives, including funding a portion of the cash consideration paid in the Merger.

Warrant Exercise and New Warrants

On March 8, 2018, the Company entered into a Warrant Exercise Agreement (the “Warrant Exercise Agreement”) with an existing holder of an outstanding warrant (the “Warrant Holder”) to purchase up to an aggregate of 2,400,000 shares of common stock, at an exercise price of \$2.00 per share (the “Original Warrant”). Pursuant to the terms of the Warrant Exercise Agreement, the Warrant Holder agreed to exercise, from time to time

and in accordance with the terms of the Original Warrant, including certain beneficial ownership limitations set forth therein, the Original Warrant for cash (the “Warrant Exercise”). As a result of the Warrant Exercise, the Company received gross proceeds of \$3.4 million on March 8, 2018 from the exercise of 1.7 million shares of the Original Warrant, and expects to receive additional gross proceeds of up to \$1.4 million thereafter from additional exercises of the remaining shares under the Original Warrant following Stockholder Approval. The Company expects to use the net proceeds from the exercise of the Original Warrant for general corporate and working capital purposes and to fund strategic initiatives.

Pursuant to the terms of the Warrant Exercise Agreement, and in order to induce the Warrant Holder to exercise the Original Warrant, the Company has issued to the Warrant Holder new warrants (the “New Warrants”) to purchase a number of shares of common stock equal to 75% of the number of shares of common stock received by the Warrant Holder upon the cash exercise of the Original Warrant. The terms of the New Warrants are substantially similar to the terms of the Private Placement Warrants, and have an exercise price of \$3.50 per share.

The New Warrants will become exercisable following Stockholder Approval, are subject to certain ownership limitations, and expire five years after the date of Stockholder Approval.

The Merger Warrants, the Private Placement Warrants, and the New Warrants are sometimes referred to herein collectively as the “Warrants.”

Registration Rights Agreements

In connection with the Private Placement, the Merger and the Warrant Exercise Agreement, the Company is party to a registration rights agreement (the “Registration Rights Agreement”) with the Purchasers, the recipients of the Merger Shares and the Warrant Holder (collectively, the “Holders”). Pursuant to the Registration Rights Agreement, the Company was obligated to prepare and file a registration statement (the “Resale Registration Statement”) with the SEC by April 16, 2018 for purposes of registering the resale of the Private Placement Shares, the Merger Shares and the shares of common stock issuable upon exercise of the New Warrants. The Company also agreed to use its best efforts to cause the Resale Registration Statement to be declared effective by the SEC by May 7, 2018 (by June 5, 2018 in the event the Resale Registration Statement is reviewed by the SEC). If the Company fails to meet the specified filing deadlines or keep the Resale Registration Statement effective, subject to certain permitted exceptions, the Company will be required to pay liquidated damages to the Holders. Pursuant to the Registration Rights Agreement, the Company gave certain rights to the Holders to require the Company to cooperate with an underwritten offering of their registered securities, and to “piggyback” on certain offerings by the Company. The Company also agreed, among other things, to indemnify the selling holders under the registration statements from certain liabilities and to pay all fees and expenses incident to the Company’s performance of or compliance with the Registration Rights Agreement.

Support Agreements

Prior to the closing of the Private Placement and the Merger (the “Closing”), and as a condition to Closing, certain stockholders comprising a majority of the outstanding shares of common stock of the Company entered into support agreements (“Support Agreements”) pursuant to which such stockholders agreed to vote all shares of common stock owned by them in favor of this Proposal 5. Accordingly, a sufficient number of stockholders have signed such Support Agreements to ensure approval of this Proposal 5.

Reasons for Stockholder Approval

Our Board of Directors is seeking the approval of our stockholders under applicable Nasdaq Rules, including Rules 5635(a), (b) and (d), with respect to the issuance of shares of our common stock (or securities convertible into or

exercisable for common stock):

(A) representing more than 19.99% of our outstanding common stock or voting power in connection with: (i) the acquisition of SafeOp Surgical, Inc. by the Merger, (ii) our issuance of shares common stock upon the conversion of the Series B Convertible Preferred Stock and exercise of the Private Placement Warrants, and (iii) the Warrant Exercise Agreement; and

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(B) in connection with the Securities Purchase Agreement to insiders at less than market prices, and

(C) in connection with the Merger, the Securities Purchase Agreement, and the Warrant Exercise Agreement that could result in a Nasdaq Change in Control.

Common stock issuances referred to in (A) through (C) above would occur with respect to:

- the conversion of the Merger Notes, the exercise of the Merger Warrants, and the potential issuance of the Second Milestone Merger Shares, all in connection with the Merger,
- the automatic conversion of the Series B Convertible Preferred Stock and the exercise of the Private Placement Warrants in connection with the Private Placement, and
- the exercise of the New Warrants.

Our common stock is listed on Nasdaq and, as such, we are subject to the Nasdaq Listing Rules.

Nasdaq Listing Rule 5635(a) (the “20% Acquisition Rule”) requires that an issuer obtain stockholder approval prior to the issuance of common stock in connection with the acquisition of the stock or assets of another company if, due to the present or potential issuance of common stock, including shares issued pursuant to an earn-out provision or similar type of provision, or securities convertible into or exercisable for common stock: (i) the common stock has or will have upon issuance voting power equal to or in excess of 20% of the voting power outstanding before the issuance of stock or securities convertible into or exercisable for common stock; or (ii) the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the stock or securities. The issuance of the Merger Closing Shares, and the potential issuance of the First Milestone Merger Shares, represent issuances by the Company of less than 19.99% of our issued and outstanding common stock, and thus could be effected prior to and without Stockholder Approval. However, for purposes of analyzing application of the Nasdaq stockholder approval rules, and compliance with Nasdaq Rule 5635(a) in particular, the Company is aggregating the Merger Shares, the Private Placement Shares, and the New Warrants. The proceeds from the sale of the Series B Convertible Preferred Stock and the Private Placement Warrants were used, in part, to finance the Merger, and the Merger Shares were issued as part of the consideration paid to the former stockholders of SafeOp in connection with the Merger. Thus, the conversion of the Merger Notes, the exercise of the Merger Warrants, and the potential issuance of the Second Milestone Merger Shares (all in connection with the Merger), the automatic conversion of the Series B Convertible Preferred Stock and the exercise of the Private Placement Warrants in connection with the Private Placement, and the exercise of the New Warrants, will result in the issuance of our common stock representing in excess of 20% of the voting power, and 20% of the number of shares of our common stock, in each case, outstanding, before the Merger and the Private Placement.

Nasdaq Listing Rule 5635(d) (the “20% Private Placement Rule”) requires that an issuer obtain stockholder approval prior to the issuance of common stock if such issuance is for less than the greater of book or market value of the common stock and would equal 20% or more of the common stock or voting power of the issuer outstanding before the issuance. The maximum conversion price of the Series B Convertible Preferred Stock is less than the greater of the book or market value of our common stock immediately before we entered into the Securities Purchase Agreement. In addition, the terms of the Series B Convertible Preferred Stock and the Securities Purchase Agreement include anti-dilution adjustments that could result in a reduction of the conversion price, or the issuance of additional shares of common stock, in the future. Furthermore, if this Proposal 5 is approved, the issuance of our common stock upon conversion of the Series B Convertible Preferred Stock and exercise of the Private Placement Warrants will exceed 20% of our common stock currently outstanding. We seek your approval of this Proposal 5 in order to satisfy the requirements of the 20% Private Placement Rule with respect to the issuance of the common stock upon conversion of the Series B Convertible Preferred Stock and exercise of the Private Placement Warrants.

Nasdaq Listing Rule 5635(c)(the “Insider Equity Compensation Rule”) requires that we obtain stockholder approval prior to issuing shares of common stock to insiders of the Company (i.e., officers, directors, employees or consultants) at less than market price, including issuance of our common stock upon conversions of the Series B

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Convertible Preferred Stock at the current conversion price of \$3.15 per share, and potential anti-dilution issuances of common stock to any such insiders pursuant to the provisions of the Securities Purchase Agreement. We are therefore seeking your approval at the Annual Meeting to issue the Preferred Conversion Shares, the Private Placement Warrant Shares, and shares of common stock pursuant to any anti-dilution protection provisions of the Securities Purchase Agreement or Series B Preferred Designation of Rights, to insiders of the Company, when common stock is issued in such transactions at less than market price.

In addition, Nasdaq Listing Rule 5635(b) requires prior stockholder approval for issuances of securities that could result in a “change of control” of the issuer (the “Change of Control Rule”). Nasdaq may deem a change of control to occur when, as a result of an issuance, an investor or a group would own, or have the right to acquire, 20% or more of the outstanding shares of common stock or voting power, and such ownership or voting power of an issuer would be the largest ownership position of the issuer (a “Nasdaq Change of Control”). Upon obtaining Stockholder Approval of this Proposal 5, thereby triggering the automatic conversion of the Series B Convertible Preferred Stock, L-5 Healthcare, as the lead purchaser in the Private Placement, would own or have the right to acquire more than 20% of the Company’s outstanding shares of common stock. We seek your approval of this Proposal 5 in order to satisfy the requirements of the Change of Control Rule, as that rule would be triggered by adoption of Proposal 5 and the resulting issuance of common stock upon conversion of the Series B Convertible Preferred Stock and the exercise of the Private Placement Warrants. Removal of these restrictions would result in L-5, or potentially could result in other Purchasers securing ownership of the Company that could constitute a Nasdaq Change of Control.

The Securities Purchase Agreement require us to submit this Proposal 5 to our stockholders at the Annual Meeting. Approval of this Proposal will constitute approval pursuant to the 20% Acquisition Rule, the 20% Private Placement Rule, the Insider Equity Compensation Rule, and the Change of Control Rule. The information set forth in this Proposal 5 is qualified in its entirety by reference to the actual terms of the Securities Purchase Agreement (substantially in the form of Appendix G), the Series B Designation of Rights (substantially in the form of Appendix F), the form of Warrants (substantially in the form of Appendix H), and the form of Merger Notes (substantially in the form of Appendix I), attached hereto, and which are incorporated herein by reference. Stockholders are urged to carefully read these documents.

We are not seeking Stockholder Approval of the Merger itself, or the use of proceeds from the sale of the Series B Convertible Preferred Stock and Private Placement Warrants. Approval of those transactions by Company stockholders is not required under Delaware law or Nasdaq regulations. For additional information about the Merger, including a summary of the terms of the Merger Agreement entered into in connection with the Merger, see the sections entitled “Background of the Merger” and “The Merger Agreement.”

Also, this Proposal 5 is not seeking authorization or approval of our stockholders to enter into the Securities Purchase Agreement, to enter into the Merger Agreement, to consummate the sale of the Series B Convertible Preferred Stock, or to complete the Merger with SafeOp. The Securities Purchase Agreement for the sale of \$45.2 million of Series B Convertible Preferred Stock has already been executed and 45,200 shares of Series B Convertible Preferred Stock and the Private Placement Warrants and New Warrants have already been issued by the Company. In addition, in connection with the Merger, the Merger Closing Shares, the Merger Notes, and the Merger Warrants, have been issued to the former stockholders of SafeOp. Upon approval of this Proposal 5 at the Annual Meeting, the Series B Convertible Preferred Stock will be automatically converted into the Preferred Conversion Shares, and the Private Placement Warrants and New Warrants will become exercisable. In addition, the Merger Note becomes convertible, the Merger Warrants become exercisable, and the Company may issue the Second Milestone Merger Shares if and when the conditions underlying those milestones are satisfied.

Description of the Series B Convertible Preferred Stock

The following is a summary of the terms of the Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock (the “Series B Designation of Rights”) filed with the Secretary of State of the State of Delaware on March 8, 2018 in connection with closing the Private Placement. We encourage you to read the Series B Designation of Rights thoroughly; the following summary is qualified in its entirety by reference to the actual terms contained in the Series B Designation of Rights.

A total of 45,200 shares of Series B Convertible Preferred Stock are authorized for issuance under the Series B Designation of Rights. Each share of Series B Convertible Preferred Stock has a stated value of \$1,000 and is convertible into approximately 317 shares of the Company's common stock at a conversion price per share of \$3.15. Until the date that Stockholder Approval is obtained, the Purchasers will be unable to convert their Preferred Shares into common stock, in accordance with Nasdaq rules and regulations. Upon Stockholder Approval, the Preferred Shares will automatically convert into shares of common stock.

The Series B Convertible Preferred Stock will be entitled to dividends on an as-if-converted basis in the same form as any dividends actually paid on shares of common stock or other securities.

The initial conversion price of \$3.15 is subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification or other recapitalization affecting the common stock. In addition, until the earlier of the date there are no shares of Series B Convertible Preferred Stock outstanding, or one year from the effective date of the Resale Registration Statement, the conversion price is also subject to anti-dilution protection adjustment in the event the Company issues securities at an effective price less than the initial conversion price, subject to certain exceptions. If the Company's stockholders do not approve the conversion feature of the Series B Convertible Preferred Stock, the shares of Series B Convertible Preferred Stock will not become convertible, and will remain outstanding in accordance with the terms of the Series B Designation of Rights.

Except as otherwise required by law, the holders of Series B Convertible Preferred Stock will have no right to vote on matters submitted to a vote of the Company's stockholders. Without the prior written consent of 75% of the outstanding shares of Series B Convertible Preferred Stock, however, the Company may not: (a) alter or change adversely the powers, preferences or rights given to the Series B Convertible Preferred Stock or alter or amend the Series B Designation of Rights, (b) amend the Company's certificate of incorporation or other charter documents in any manner that adversely affects any rights of the holders of Series B Convertible Preferred Stock, (c) increase the number of authorized shares of Series B Convertible Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

In the event of the dissolution and winding up of the Company, the proceeds available for distribution to the Company's stockholders shall be distributed *pari passu* among the holders of the shares of common stock and Series B Convertible Preferred Stock, *pro rata* based upon the number of shares held by each such holder, as if the outstanding shares of Series B Convertible Preferred Stock were convertible, and were converted, into shares of common stock.

Description of the Warrants

Each of the Merger Warrants, Private Placement Warrants and New Warrants entitles the holder thereof to purchase one share of common stock for cash at an exercise price of \$3.50 per share, subject to customary anti-dilution adjustments. The Warrants become exercisable upon receipt of Stockholder Approval of this Proposal 5, for a period of five years after Stockholder Approval.

At the election of a particular warrant holder, Warrants held by that holder are subject to a provision prohibiting the exercise of such Warrants to the extent that, after giving effect to such exercise, the holder of such Warrant (together with the holder's affiliates, and any other persons acting as a group together with the holder or any of the holder's affiliates), would beneficially own in excess of 4.99% (or, at the election of the holder, 9.99%) of the outstanding common stock. Again, such restriction does not apply to a holder unless that holder elects to be bound by the limitation. L-5 Healthcare did not elect to be bound by the limitation.

Interests of Related Parties

Certain of our officers, directors and affiliates hold shares of Series B Convertible Preferred Stock and will receive shares of common stock upon conversion of their shares of Series B Convertible Preferred Stock (approximately 317 shares of common stock for each share of Series B Convertible Preferred Stock held by such stockholder) immediately upon approval of Proposal 5 at the Annual Meeting, as indicated in the following table:

Name of Stockholder	No. of Shares of Series B	No. of Private Placement
	Convertible Preferred Stock	Warrants
Ward W. Woods	2,000	539,683
Mortimer Berkowitz III	800	215,874
Patrick S. Miles	1,000	269,842
Terry Rich	500	134,921
Craig Hunsaker	500	134,921
Mike Dendinger	80	21,588
Brian Snider	100	26,984
Scott Lish	50	13,493
Tyson Marshall	40	10,794
Lance Denardin	236.25	63,750
Greg Rhinehart	42	11,334
Jeff Black	50	13,493
Jon Allen	50	13,493

Potential Adverse Effects of Proposal 5

If the Company does not receive approval of this Proposal 5, the Series B Convertible Preferred Stock will continue to be non-voting stock, entitled to payment of dividends if and when dividends are paid on shares of Company common stock, but will not be convertible until Stockholder Approval can be obtained at a future meeting of the stockholders.

Similarly, if our stockholders do not approve this Proposal 5 at the Annual Meeting, the Merger Notes may not be converted into shares of common stock, no Merger Warrants, Private Placement Warrants, or New Warrants may be exercised, and the Second Milestone Merger Shares may not be issued. In addition, we have agreed to hold special meetings of stockholders and to seek approval of a similar proposal (and to incur all related expenses) until the required approvals have been obtained to allow issuances of the Merger Shares, the Private Placement Shares, and the New Warrant Shares. Your approval of this Proposal 5 will permit us to continue with the transition and integration of the Merger and assist us in meeting the obligations of the Company under our agreements with these parties and continue to pursue our growth strategy. Approval of this Proposal 5 will constitute approval pursuant to the Nasdaq Listing Rules set forth above.

If Proposal 5 is approved, existing stockholders will suffer immediate substantial dilution in voting rights and in ownership interests upon the issuance of common stock upon the automatic conversion of the Series B Convertible Preferred Stock and possible future dilution upon conversion of the Merger Notes, issuance of the Second Milestone Merger Shares, and exercise of the Merger Warrants, Private Placement Warrants, and New Warrants. The sale into the public market of these shares of common stock also could materially and adversely affect the market price of our common stock. The table below summarizes the dilution to our existing stockholders immediately following the

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approval of Proposal 5. The table does not include options and grants under the Company's incentive award plans as described below. Numbers and percentages in the table are approximate due to rounding.

	No. Common Stock Equivalents	Fully Diluted Percentage
Description of Securities	(in 000s)	Ownership
Outstanding Common Stock (1)	33,963	48.5%
Merger Shares (2)	7,783	11.1%
Private Placement Shares (3)	26,546	37.9%
New Warrants (4)	1,800	2.6%
Totals	70,092	100.0%

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- (1) Represents shares of common stock, including common stock issuable upon exercise or conversion of outstanding securities, existing prior to the issuance of common stock pursuant to the conversion or exercise of other securities noted in this table.
- (2) Includes the issuance of Merger Closing Shares, Merger Note Shares, Merger Warrant Shares, First Milestone Merger Shares and Second Milestone Merger Shares.
- (3) Includes the issuance of Preferred Conversion Shares and Private Placement Warrant Shares.
- (4) Includes the issuance of shares of common stock upon exercise of the New Warrants.

In addition to the above securities, there are issued and outstanding or commitments to issue options and grants under the Company's incentive awards plans for the purchase of a total of 5,090,853 shares of common stock. The table does not give effect to the exercise of any of these options and grants or the potential exercise thereof. The number of shares of common stock described above also does not give effect to (i) the issuance of additional shares of common stock due to potential future anti-dilution adjustments on the Company's common stock, Series A Convertible Preferred Stock, or Series B Convertible Preferred Stock, (ii) the issuance of shares of our common stock pursuant to other outstanding options and warrants or (iii) any other future issuances of our common stock.

Required Vote

Proposal 5 will be approved if the total votes cast on the proposal in person or by proxy voted "FOR" such approval exceed the number of votes cast against the proposal.

Board Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF PROPOSAL 5.

INFORMATION ABOUT THE MERGER

The following is a summary of the material provisions of the Merger Agreement, but does not purport to describe all of its terms. The following summary is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached hereto as Appendix E. This summary may not contain all of the information about the Merger Agreement that is important to you. You should refer to the full text of the Merger Agreement for details of the transaction and the terms and conditions of the Merger Agreement.

Additionally, representations, warranties and covenants described in this section and contained in the Merger Agreement have been made only for the purpose of the Merger Agreement and, as such, are intended solely for the benefit of the Company, SafeOp, and the other parties thereto. In many cases, these representations, warranties and covenants are subject to limitations agreed upon by the parties and are qualified by certain disclosures exchanged by the parties in connection with the execution of the Merger Agreement. Furthermore, the representations and warranties in the Merger Agreement are the result of a negotiated allocation of contractual risk among the parties and, taken in isolation, do not necessarily reflect facts about the Company or SafeOp, their respective subsidiaries and affiliates or any other party. Likewise, any references to materiality contained in the representations and warranties may not correspond to concepts of materiality applicable to investors or stockholders. Finally, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreement or may change in the future and these changes may not be fully reflected in the public disclosures made by the Company and/or SafeOp.

Background of the Merger

Discussions between the Company and SafeOp commenced in November 2017. On December 31, 2017, the Company and SafeOp executed a non-binding letter of intent for the Merger. The non-binding offer was conditioned

upon the achievement of financial, legal and technical due diligence. The Special Finance Committee of the Board of Directors, which the Board of Directors authorized to consider, analyze, and negotiate the Merger met and discussed the potential Merger on six occasions from December 2017 through March 2018. On March 6, 2018, the Special Finance Committee recommended to the Board of Directors that it approve the Merger. By written consent

resolutions dated March 6, 2018, and upon the recommendation of the Special Financing Committee, the Board of Directors authorized the Company's executive officers to finalize and execute all transaction documents related to the Merger.

Regulatory Approvals

Neither the Company nor SafeOp is aware of any federal or state regulatory approval required in connection with the Merger, other than compliance with relevant federal securities laws.

The Merger Agreement

On March 6, 2018, the Company and Sub signed the Merger Agreement with SafeOp, certain key stockholders of SafeOp, and a stockholder representative. The Merger Agreement provides for a reverse triangular merger which was consummated on March 8, 2018, in which Sub was merged into SafeOp, with SafeOp being the surviving corporation and a wholly-owned subsidiary of the Company. Under the term of the Merger Agreement, the Company paid to the former stockholders of SafeOp \$15 million in cash, 3,265,132 Merger Closing Shares, \$3 million in Merger Notes that are convertible into 987,578 Merger Note Shares, assuming conversion of principal and accrued interest at maturity, and Merger Warrants to purchase 2.2 million Merger Warrant Shares at an exercise price of \$3.50 per share. An additional 886,842 First Milestone Merger Shares are issuable upon achievement of post-closing milestones, with an additional 443,421 Second Milestone Merger Shares issuable upon achievement of additional milestones.

The Merger Agreement contains representations and warranties of each of the Company and SafeOp which relate to, among other things, the authorization to enter into and carry out the obligations in the Merger Agreement and the enforceability of the Merger Agreement. The Merger Agreement contains additional representations and warranties of the Company, Merger Sub, and SafeOp subject to certain disclosure schedules of exceptions, which relate to, among other things, the following:

- Organization and qualifications to do business;
- Capitalization;
- Power and authorization to enter into the Merger Agreement and to consummate the transaction;
- The absence of conflicts or violations of governing documents, contracts, applicable law or regulations;
- The Company's issuance of shares;
- The Company's SEC documents and related representations and warranties;
- SafeOp's Required Company Stockholder Vote (as defined in the Merger Agreement);
- The Company's Required Parent Stockholder Consent (as defined in the Merger Agreement);
- No subsidiaries or investments of SafeOp;
- The accuracy of financial statements and their preparation in accordance with historical accounting methodologies;
- SafeOp's absence of Material Adverse Effects (as defined in the Merger Agreement);
- Good and transferable title to the assets, free of encumbrances;
- SafeOp's Bank Accounts and receivables;

- SafeOp's leases and leased real property;
- Intellectual property;
- Material contracts;
- The Company's and Merger Sub's liabilities;
- SafeOp's compliance with legal requirements and governmental authorizations;
- Business practices;
- Tax matters;
- Employment and labor matters and benefit plans;
- Environmental matters;
- Insurance;
- SafeOp's related party transactions;
- Absence of legal proceedings and claims;
- SafeOp's inventories;
- Absence of SafeOp product warranties;
- Absence of the Company and SafeOp product liability and recalls;
- Customers and suppliers;
- Compliance with export control laws;
- Absence of government contracts;
- Financial advisors;
- SafeOp's transaction expenses; and
- The Company's and SafeOp's full disclosure.

All of the representations and warranties survive the Closing and remain in full force and effect following the Closing until performance or the expiration of the applicable statute of limitations.

The Merger Agreement is governed by the laws of the state of Delaware, without giving effect to any conflict of law principles which would result in the application of the laws of any other jurisdiction.

The business formerly operated by SafeOp continues to be operated by SafeOp as a wholly-owned subsidiary of the Company.

We have filed with the SEC Current Reports on Form 8-K disclosing terms and conditions of the Merger, the Private Placement, and related transactions. Those reports included or incorporated by reference as exhibits, the Merger and Private Placement transaction documents, including the Merger Agreement, the Securities Purchase Agreement, the Series B Designation of Rights, the Form of Warrant and the Form of Merger Note. The summary of

the Merger Agreement in this Proxy Statement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of such agreements and documents, which are attached as appendices hereto.

SafeOp Description and Overview

The following description of SafeOp is as of the time of the Merger, except as indicated.

SafeOp is a Delaware corporation formed in 2011. SafeOp is focused on providing cost effective neuro-monitoring, particularly for detection of peripheral nerve damage caused by nerve compression, ischemia or stretching during surgery. SafeOp currently produces the EPAD™ neuromonitoring device which entered the market in late 2016.

SafeOp Surgical, Inc. was organized to fill the need for focused cost effective neuro-monitoring, and particularly for detection of peripheral nerve damage caused by nerve compression, ischemia or stretching during surgery.

Net revenue for SafeOp for the years ended December 31, 2016 and December 31, 2017 was approximately \$61,000 and \$247,000, respectively. Net loss for the years ended December 31, 2016 and December 31, 2017 was approximately \$3.7 million and \$3.4 million, respectively.

SafeOp's principal executive offices are located at 5818 El Camino Real, Carlsbad, CA and its telephone number is (760) 431-9286

Employees

SafeOp currently has 12 full-time and part-time employees, located primarily in Maryland, Arizona and Toronto, Canada. In addition, SafeOp contracts with 4 individuals for consulting services, in the IT, Quality, and Medical Director areas. The SafeOp executives have change-in-control provisions in their employment agreements, ranging from 9 months to 1 year in base salary. SafeOp believes that the skills, know how, and dedication of its employees separate its products from those of its competitors.

SafeOp's CEO and CFO did not remain employed by SafeOp following the Merger, but are subject to contractual prohibitions from competing with SafeOp for a period of one (1) year post-Merger. In connection with their release from SafeOp, the CEO and CFO received \$465,846 and \$129,073, respectively, in connection with change of control and severance provisions of their employment agreements with SafeOp. These payments were paid by SafeOp from the merger consideration. All other leadership, as well as all key technical (engineering) employees remained with SafeOp following the Merger.

Products

All of SafeOp's revenues are generated from the sales of goods and services associated with the EPAD™ neuromonitoring device. A description of the EPAD™ neuromonitoring device can be found at <http://www.safeop.net>. Reference to SafeOp's website is not intended to incorporate by reference any of the material or information contained on such website in this Proxy Statement.

RISK FACTORS

An investment in us involves a high degree of risk and should not be made by persons who cannot afford the loss of their entire investment. Our subsequent filings with the SEC may contain amended and updated discussions of significant risks. Alphatec cannot predict future risks or estimate the extent to which they may affect financial performance. Please also read carefully the section entitled "Special Note Regarding Forward-Looking Information" in

this Proxy Statement.

Certain risk factors relating to the business and industry of the Company and its securities can be found in Part I, Item 1A —“Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. In

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addition, you should carefully consider additional risks that relate to the Merger and the business of SafeOp, including but not limited to, the risks set forth below.

Risks Relating to the Merger

Uncertainty about the Merger may adversely affect relationships with our customers, suppliers and employees, whether or not the transaction is completed.

In response to the announcement of the Merger, the Company's and/or SafeOp's existing or prospective customers or suppliers may:

- delay, defer or cease purchasing products or services from us or the combined company, or providing products or services to us or the combined company;
- delay or defer other decisions concerning us or the combined company; or
- otherwise seek to change the terms on which they do business with us or the combined company.

Any such delays or changes to terms could materially harm our business or, if the Merger is completed, the combined business. In addition, as a result of the proposed Merger, the employees to be acquired from SafeOp could experience uncertainty about their future with us following the Closing. As a result, key employees may depart because of issues relating to such uncertainties, or a desire not to remain with us following the Merger. Losses of customers, employees or other important strategic relationships could have a material adverse effect on our business, operating results, and financial condition. Such adverse effects could also be exacerbated by a delay in the completion of the Merger for any reason.

We may incur substantial expenses related to the integration of SafeOp.

We may incur substantial expenses in connection with the integration of the business, policies, procedures, operations, technologies and systems of SafeOp. There are a large number of systems and functions that must be integrated, including, but not limited to, management information, accounting and finance, billing, payroll and benefits and regulatory compliance. Mergers are particularly challenging because their prior practices may not meet the requirements of the Sarbanes-Oxley Act and/or generally accepted public accounting standards. While we have assumed that a certain level of expenses would be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of all of the expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time.

We may be unable to successfully integrate our business with the business of SafeOp and realize the anticipated benefits of the Merger.

The Merger involves the combination of the businesses of two companies that currently operate as independent companies. Our management has limited integration experience and will be required to devote significant attention and resources to integrating our business practices and operations with those of SafeOp. Potential difficulties we may encounter as part of the integration process include, but are not limited to, the following:

- inability to successfully combine our business with the business of SafeOp in a manner that permits us to achieve the full synergies anticipated from the Merger;
- complexities associated with managing our business and the business of SafeOp following the Merger, including the challenge of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- integrating the workforces of the two companies while maintaining focus on providing consistent, high quality customer service; and

potential unknown liabilities and unforeseen increased expenses or delays associated with the Merger, including costs to integrate the two companies that may exceed anticipated costs.

Any of the potential difficulties listed above could adversely affect our ability to maintain relationships with customers, suppliers, employees, lenders and other constituencies or our ability to achieve the anticipated benefits of the Merger or otherwise adversely affect our business and financial results following completion of the Merger.

Our actual financial and operating results after the Merger could differ materially from any expectations or guidance provided by us concerning future results, including (without limitation) expectations or guidance with respect to the financial impact of any cost savings and other potential synergies.

We currently expect to realize an increase in sales and other synergies as a result of the proposed Merger. These expectations are subject to numerous assumptions, however, including assumptions derived from our diligence efforts concerning the status of and prospects for SafeOp's business, which we do not currently control, and assumptions relating to the near-term prospects for our industry generally and the markets for SafeOp's products in particular. Additional assumptions that we have made include, without limitation, the following:

- projections of SafeOp's future revenues;
- anticipated financial performance of SafeOp's products and products currently in development;
- anticipated cost savings and other synergies associated with the Merger, including potential revenue synergies;
- our expected capital structure after the Merger;
- amount of goodwill and intangibles that will result from the Merger;
- certain other purchase accounting adjustments that we expect to record in our financial statements in connection with the Merger;
- merger costs, including transaction costs payable to our financial, legal and accounting advisors;
- our ability to maintain, develop and deepen relationships with SafeOp's customers; and
- other financial and strategic risks of the Merger.

We cannot provide any assurances with respect to the accuracy of our assumptions, including our assumptions with respect to future revenues or revenue growth rates, if any, of SafeOp, and we cannot provide assurances with respect to our ability to realize any cost savings that we currently anticipate. Risks and uncertainties that could cause our actual results to differ materially from currently anticipated results include, but are not limited to, risks relating to our ability to integrate SafeOp successfully; currently unanticipated incremental costs that we may incur in connection with integrating the two companies; risks relating to our ability to realize incremental revenues from the Merger in the amounts that we currently anticipate; risks relating to the willingness of SafeOp's customers and other partners to continue to conduct business with us following the Merger; and numerous risks and uncertainties that affect our industry generally and the markets for our products and those of SafeOp, specifically. Any failure to integrate SafeOp successfully and to realize the financial benefits we currently anticipate from the Merger would have a material adverse impact on our future operating results and financial condition and could materially and adversely affect the trading price or trading volume of our common stock.

The combined businesses may not perform as we expect, or as the market expects, which could have an adverse effect on the price of our Common Stock.

Risks associated with the combined company following the Merger include:

Integrating businesses is a difficult, expensive, and time-consuming process, and the failure to integrate successfully our business with the businesses of SafeOp in the expected time frame would adversely affect our financial condition and results of operations;

- the Merger will significantly increase the size of our operations, and if we are not able to effectively manage our expanded operations, our stock price may be adversely affected;

It is possible that key employees of SafeOp might decide not to remain with us after the Merger, and the loss of such personnel could have a material adverse effect on the financial condition, results of operations and growth prospects of the Company;

The current sales rates of SafeOp as combined with the Company may dilute the observed growth rates of the Company;

The success of the Company following the Closing will also depend upon relationships with third parties and pre-existing customers of us and SafeOp, which relationships may be affected by customer preferences or public attitudes about the Merger. Any adverse changes in these relationships could adversely affect our business, financial condition and results of operations; and

- the price of our common stock after the Merger may be affected by factors different from those currently affecting the price of our common stock.

If any of these events were to occur, the price of our common stock could be adversely affected.

Risks Related to the Operation of the SafeOp Business Following the Merger

Uncertain or weakened global economic conditions may adversely affect SafeOp's industry, business and results of operations.

The overall performance of the SafeOp division will depend on domestic and worldwide economic conditions, which may remain challenging for the foreseeable future. Financial developments seemingly unrelated to SafeOp or its industry may adversely affect it. The U.S. economy and other key international economies have been impacted by threatened sovereign defaults and ratings downgrades, falling demand for a variety of goods and services, restricted credit, threats to major multinational companies, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, acts of terrorism and overall uncertainty. Healthcare reform in the United States has created a great deal of confusion and reduced capital expenditures for medical equipment and products such as those manufactured and distributed by SafeOp. These conditions affect the rate of medical or therapeutic equipment spending and could adversely affect our ability to sell SafeOp's products, or delay prospective purchasing decisions, any of which could adversely affect our operating results. We cannot predict the timing, strength or duration of the economic recovery or any subsequent economic slowdown worldwide, in the United States, or in SafeOp's industry.

SafeOp's failure or inability to enforce its trademarks or other proprietary rights could adversely affect its competitive position or the value of its brand.

SafeOp owns certain federal trademark registrations but also relies on unregistered proprietary rights, including common law trademark protection. Third parties may oppose SafeOp's trademark applications, or otherwise challenge its use of the trademarks, and may be able to use its trademarks in jurisdictions where they are not registered or otherwise protected by law. If SafeOp's trademarks are successfully challenged or if a third party is using confusingly similar or identical trademarks in particular jurisdictions before SafeOp, SafeOp could be forced

to rebrand its products, which could result in loss of brand recognition, and could require additional resources for marketing new brands. If others are able to use SafeOp's trademarks, its ability to distinguish its products may be impaired, which could adversely affect its business. Further, we cannot assure you that competitors will not infringe upon SafeOp's trademarks, or that we will have adequate resources to enforce its trademarks.

SafeOp may be unable to effectively develop and market products against the products of its competitors in a highly competitive industry.

The present or future products of SafeOp could be rendered obsolete or uneconomical by technological advances by its competitors. Competitive factors include price, customer service, technology, innovation, quality, reputation and reliability. SafeOp's competition may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing and other resources than SafeOp, or be more successful in attracting potential customers, employees and strategic partners. Given these factors, we cannot guarantee that we will be able to continue the current level of success of SafeOp in the industry.

The cost of complying with complex governmental regulations applicable to the SafeOp business, sanctions resulting from non-compliance, or reduced demand resulting from increased regulations, could affect our operating results.

SafeOp's operations and facilities may be subject to the requirements of the Occupational Safety and Health Act and comparable state statutes that regulate the protection of the health and safety of workers, and the proper design, operation and maintenance of equipment.

Failure to comply with these requirements, including general industry standards, record keeping requirements and monitoring and control requirements, may result in significant fines or compliance costs, which could have a material adverse effect on our results of operations, financial condition and cash flows.

ADDITIONAL INFORMATION ABOUT SAFEOP

Historical Financial Information

This summary information should be read in conjunction with the historical financial information prepared by the management of SafeOp, including SafeOp's audited Balance Sheets and Income Statements as of December 31, 2017 and December 31, 2016, attached to this Proxy Statement as Appendix C. Financial information about the Company for the year ended December 31, 2017, including our audited financial statements for the two years then ended, and the notes thereto, is available on our Annual Report on Form 10-K, filed March 9, 2018, incorporated herein by reference.

As discussed above, in connection with our Annual Meeting, we are not seeking stockholder approval of the Merger and there are no regulatory requirements that we obtain stockholder approval of the Merger. We are seeking stockholder approval, in accordance with the Nasdaq Listing Rules, of the issuance of securities in excess of 19.99% of the outstanding common stock of the Company in connection with the Merger, including the Private Placement. The risks and uncertainties described above are not the only ones related to the Merger. Additional risks and uncertainties regarding SafeOp not presently known to us or that our management currently deems immaterial also may impair our business operations. Following the closing of the Merger, the business of SafeOp is now the business of the Company, operated by SafeOp as a wholly owned subsidiary of the Company. If any of the risks described above were to occur, our business, financial condition, operating results and cash flows could be materially adversely affected. In such an event, the trading price of our common stock could decline and you could be materially and adversely impacted. The risks discussed above also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SAFEOP

Set forth below is management's discussion and analysis of financial condition and results of operations for SafeOp for the year ended December 31, 2017 compared to the year ended December 31, 2016.

The following discussion and analysis of SafeOp's financial condition and results of operations should be read in conjunction with the audited financial statements of SafeOp, as of and for the years ended December 31, 2017 and 2016 and the notes thereto, provided to the Company in connection with the Merger by SafeOp.

Overview

SafeOp was incorporated in the State of Delaware on September 30, 2011. SafeOp is focused on the commercialization of a medical device that automatically monitors and detects nerve abnormalities during surgeries. SafeOp's corporate office are located in Hunt Valley, Maryland and its executive offices are located in Carlsbad, California.

In January 2014, SafeOp received clearance from the Food and Drug Administration of the U.S. Department of Health and Human Services, to market its Evoked Potential Assessment Device (EPAD™). The device is portable and intended for use in monitoring neurological status by recording somatosensory evoked potentials (SSEPs).

In 2016, SafeOp officially launched its product and began recording revenues. Prior to 2016, SafeOp's primary activities since incorporation were to establish its offices, recruit personnel, conduct research and development, perform business and financial planning, and raise capital.

Critical Accounting Policies and Estimates

Revenue Recognition

Revenue is derived from sale of goods and services associated with the EPAD device, and recognized upon delivery of such goods and services. Revenue is recorded at the fair value of the consideration received or receivable, excluding any trade discounts.

Accounts Receivable

Accounts receivable are stated at realizable value. Allowance for uncollectible amounts are based upon prior experience and aging. Receivables are reduced by this allowance, if any. All allowances and offsets are charged against revenue.

Inventories

Inventories consists primarily of finished goods, which includes specialized medical devices, and are stated at the lower of cost or market using the first-in, first-out cost method. SafeOp evaluates inventories for obsolescence and excess quantities based on changes in market demand or introduction of competing technologies.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from such estimates, and any difference could be material to the financial statements and accompanying notes.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, which include cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses generally approximate their respective fair value because of the short-term maturities.

Income Taxes

Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the tax bases of assets and liabilities and their reported amounts in the financial statements, as well as the operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets and liabilities are measured at the balance sheet date using the enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period such tax rate changes are enacted. SafeOp has incurred losses since September 30, 2011 (inception), and therefore has incurred no income tax liability and has not recorded any provision for income taxes.

SafeOp recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon review by the relevant tax authorities. An uncertain income tax position will not be recognized if it is less than 50 percent likely of being sustained.

Year Ended December 31, 2017 Compared to Year December 31, 2016

Results of Operations

Revenue. Revenue was approximately \$247,000 for the year ended December 31, 2017 compared to approximately \$61,000 for the year ended December 31, 2016, representing an increase of \$186,000, or 305%. The increase in revenue was attributed to increased customer adoption of the EPAD device, which SafeOp launched in July 2016.

Cost of goods sold. Cost of goods sold was approximately \$123,000 for the year ended December 31, 2017 compared to approximately \$184,000 for the year ended December 31, 2016, representing a decrease of \$61,000, or 33%. This decrease was attributable to the write-off of approximately \$115,000 of expiring product in December of 2016, offset by an increase on cost of goods sold related to the increase in sales volume.

Gross profit. Gross profit was approximately \$123,000 for the year ended December 31, 2017 compared to a negative gross profit of approximately \$122,000 for the year ended December 31, 2016. The increase in gross profit was attributable to write-off of expiring product in December of 2016 of \$115,000 and the increase in sales volume.

Operating expenses. Operating expenses were approximately \$3.5 million in each of the years ended December 31, 2017 and 2016, and include research and development costs to design, develop, test, deploy and enhance the EPAD device, costs to market and sell the EPAD device, and general and administrative expenses to support operations.

Other expenses, net. Other expenses, net, were approximately \$13,000 for year ended December 31, 2017 compared to approximately \$95,000 for the year ended December 31, 2016 representing a decrease of \$82,000. The majority of the expenses represent interest expense of the Company. The decrease was attributable to a decrease in the weighted average debt for the year.

Liquidity and Capital Resources

SafeOp has incurred significant net losses since inception and has relied on its ability to fund operations primarily through debt financings and equity financings. At December 31, 2017, SafeOp had a cash balance of approximately \$300,000 and an accumulated deficit of approximately \$13.8 million.

SafeOp used net cash of \$3.3 million from operating and investing activities for the year ended December 31, 2017, primarily to fund the net loss, working capital requirements, and equipment purchases. Financing activities provided net cash of approximately \$2.4 million, attributable to proceeds from the issuance of convertible promissory notes.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2017 (the “Pro Forma Statements”), which combine the historical consolidated statements of operations of the Company and SafeOp for those periods, giving effect to the Merger as if it had been consummated on January 1, 2017, the beginning of the full year period presented are included with this Proxy Statement as Appendix D. The Pro Forma Statements were derived from, and should be read in conjunction with:

•The audited consolidated financial statements of the Company as of and for the year ended December 31, 2017, as contained on Form 10-K filed on March 9, 2018;

•The audited financial statements of SafeOp as of and for the year ended December 31, 2017 can be found at Appendix C within this document.

CODE OF CONDUCT AND ETHICS

We have adopted a code of business conduct that applies to all of our employees, including our Chief Executive Officer, who is our principal executive officer, our Chief Financial Officer, who is our principal financial officer and our principal accounting officer. The text of the code of business conduct is posted on our website at www.atecspine.com under “Investor Relations-Corporate Governance,” and is available to stockholders without charge, upon request, in writing to the Corporate Secretary, Alphatec Holdings, Inc., at 5818 El Camino Real, Carlsbad, CA 92008. Disclosure regarding any amendments to, or waivers from, provisions of the code of business conduct that apply to our directors, principal executive officer and principal financial officer will be included in a Current Report on Form 8-K within four business days following the date of the amendment or waiver, unless website posting or the issuance of a press release of such amendments or waivers is then permitted by the rules of Nasdaq and the SEC, in which case we intend to post such amendments and waivers on our website at www.atecspine.com.

OTHER MATTERS

The Board of Directors knows of no other business that will be presented to the Annual Meeting. If any other business is properly brought before the Annual Meeting, proxies in the enclosed form will be voted in accordance with the judgment of the persons voting the proxies.

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR DIRECTORS

To be considered for inclusion in the proxy statement relating to our 2019 Annual Meeting of Stockholders, we must receive stockholder proposals (other than for director nominations) no later than December 28, 2019, which is 120 days prior to the date that is one year from this year's mailing date of April 27, 2018, unless the date of the 2019 Annual Meeting of Stockholders is changed by more than 30 days from the anniversary of the 2018 Annual Meeting, in which case the deadline for such proposals will be a reasonable time before we begin to print and send our proxy materials. These proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement. In addition, our Bylaws establish an advance notice procedure with regard to certain matters, including stockholder proposals and director nominations not requested to be included in our proxy statement, to be brought before an annual meeting of stockholders. In general, the notice must meet the requirements in our Bylaws and be received at our principal executive offices not less than 45 days before nor more than 75 days prior to the one year anniversary of the date on which we first mailed our proxy statement to stockholders in connection with the previous year's annual meeting. Therefore, to be presented at the 2019 Annual Meeting of Stockholders, such a proposal must be received no earlier than February 11, 2019 and no later than March 13, 2019. However, if the date of the annual meeting is more than 30 days before or more than 30 days after the one year anniversary date of the 2018 Annual Meeting, notice must be received not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the 60th day prior to such annual meeting or, if later, ten days following the date on which public announcement of the date of the meeting is first made. Proposals that are not received in a timely manner will not be voted on at the 2019 Annual Meeting. If a proposal is timely received, the proxies that management solicits for the meeting may still exercise discretionary voting authority on the proposal under circumstances consistent with the proxy rules of the SEC. All stockholder proposals should be marked for the attention of Corporate Secretary, Alphatec Holdings, Inc., 5818 El Camino Real, Carlsbad, CA 92008. Stockholders are advised to review our Bylaws which also specify requirements as to the form and content of a stockholder's notice.

WHERE YOU CAN FIND MORE INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC's website at www.sec.gov and the Company's website at www.akceatx.com. References to these websites do not constitute incorporation by reference of the information contained therein and should not be considered part of this proxy statement. You may also read and copy any document the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the public reference room.

As permitted by Item 14(e) of Schedule 14A of Regulation 14A under the Securities Exchange Act of 1934, as amended, the Company is "incorporating by reference" into this proxy statement its Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2017, which means that it is disclosing important information to you by referring you to those documents that are considered part of this proxy statement.

Carlsbad, CA
April 24, 2018

Our Annual Report (other than exhibits thereto) filed with the SEC, which provides additional information about us, is available on the Internet at www.atecspine.com and is available in paper form to beneficial owners of our common stock without charge upon written request to Alphatec Holdings, Inc., 5818 El Camino Real, Carlsbad, CA 92008, Attention: Corporate Secretary.

APPENDIX A

ALPHATEC HOLDINGS, INC. ATTN: TYSON E. MARSHALL 5818 EL CAMINO REAL CARLSBAD, CA 92008 VOTE BY INTERNET - www.proxyvote.com Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. **ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS** If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years. **VOTE BY PHONE** - 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. **VOTE BY MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. **TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:** E44938-Z72305 KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. ALPHATEC HOLDINGS, INC. The Board of Directors recommends you vote FOR the following proposals: 1. Election of Directors Nominees: For Withhold 1a. Evan Bakst 2. Ratification of the selection of Mayer Hoffman McCann P.C. as our For Against Abstain 1b. Mortimer Berkowitz III 1c. Quentin Blackford 1d. Jason Hochberg 1e. Patrick S. Miles independent registered public accounting firm for our fiscal year ending December 31, 2018. 3. Approval of an amendment of our 2016 Equity Incentive Plan. 4. Approval, on an advisory basis, of our compensation of our named executive officers. 5. Approval of the issuance of shares of our common stock (or securities convertible into or exercisable for common stock): 1f. David H. Mowry 5a. representing more than 19.99% of our outstanding common stock or voting power in connection with: (i) the acquisition of SafeOp Surgical, Inc., (ii) the issuance of shares of Series B Convertible Preferred Stock 1g. Terry M. Rich and warrants pursuant to a Securities Purchase Agreement, and (iii) a Warrant Exercise Agreement with an existing warrant holder; 1h. Jeffrey P. Rydin 1i. James L.L. Tullis 1j. Donald A. Williams 1k. Ward W. Woods 5b. in connection with the Securities Purchase Agreement to insiders at less than market prices; and 5c. in connection with the acquisition, the Securities Purchase Agreement, and the Warrant Exercise Agreement that could result in a Nasdaq change of control. The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Stockholder(s). If no direction is made, this proxy will be voted FOR the election of each Director in Proposal 1 and FOR Proposals 2-5. If any other matters properly come before the meeting, or if cumulative voting is required, the persons named in this proxy will vote in their discretion. Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com. E44939-Z72305 Annual Meeting of Alphatec Holdings, Inc. to be held on Thursday, May 17, 2018 for Holders as of March 23, 2018 This proxy is being solicited on behalf of the Board of Directors The undersigned hereby appoints Jeffrey G. Black and Terry M. Rich, and each or either of them, as the true and lawful attorneys of the undersigned, with full power of substitution and revocation, and authorizes them, and each of them, to vote all the shares of capital stock of Alphatec Holdings, Inc. which the undersigned is entitled to vote at said meeting and any adjournment or postponement thereof upon the matters specified and upon such other matters as may be properly brought before the meeting or any adjournment or postponement thereof, conferring authority upon such true and lawful attorneys to vote in their discretion on such other matters as may properly come before the meeting and revoking any proxy heretofore given. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, SHARES WILL BE VOTED FOR THE ELECTION OF EACH DIRECTOR IN PROPOSAL 1 AND FOR PROPOSALS 2-5. Continued and to be signed on reverse side

APPENDIX B

FIRST AMENDMENT TO THE

ALPHATEC HOLDINGS, INC.

2016 EQUITY INCENTIVE PLAN

(As Amended and Restated Effective June 15, 2017)

This First Amendment (this “Amendment”) to the Alphatec Holdings, Inc. 2016 Equity Incentive Plan as amended and restated effective June 15, 2017 (the “Plan”) is made and adopted by Alphatec Holdings, Inc. (the “Company”), a corporation organized under the laws of State of Delaware. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

1. Section 3(a) of the Plan is hereby amended to read as follows:

“(a) Subject to Paragraph 25, the number of Shares which may be issued from time to time pursuant to this Plan shall be 6,083,333 shares of Common Stock.”

2. Section 31 of the Plan, which contained a typographical error in setting forth the year in which the Plan shall terminate, is hereby amended to read as follows:

“This amended and restated Plan will terminate on April 24, 2027, the date which is ten years from the earlier of the date of its adoption by the Board of Directors and the date of its approval by the stockholders of the Company. The Plan may be terminated at an earlier date by vote of the stockholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.”

3. This Amendment is effective as of [], 2018.

4. This Amendment shall be and is hereby incorporated in and forms a part of the Plan. All other terms and provisions of the Plan shall remain unchanged except as specifically modified herein. The Plan, as amended by this Amendment, is hereby ratified and confirmed.

* * * * *

I hereby certify that the foregoing Amendment was duly adopted by the Board of Directors of the Company on March 30, 2018.

ALPHATEC
HOLDINGS,
INC.

By:
Name:
Its:

APPENDIX C

SafeOp Surgical, Inc.

Financial Statements With Independent Auditor's Report

Year Ended December 31, 2017

SafeOp Surgical, Inc.

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Independent Auditor's Report

The Board of Directors

SafeOp Surgical, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of SafeOp Surgical, Inc. which comprise the balance sheet as of December 31, 2017, and the related statements of operations, convertible preferred stock and stockholders' deficit, and cash flows for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SafeOp Surgical, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Nanavaty, Nanavaty & Davenport, LLP

February 5, 2018

(April 16, 2018 as to Note 11)

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SafeOp Surgical, Inc.

Balance Sheet

As of December 31, 2017

Assets

Assets:

Cash and cash equivalents	\$ 300,581
Accounts receivable	55,467
Inventory	217,790
Prepaid expenses and other	41,332
Equipment, net of accumulated depreciation	22,905
Intangible asset, net of accumulated amortization	240,625
Total assets	\$ 878,700

Liabilities, Convertible Preferred Stock and Stockholders' Deficit

Liabilities:

Accounts payable and accrued expenses	\$ 221,428
Accrued compensation expense	163,780
Convertible promissory notes	2,400,858
Total liabilities	2,786,066
Series A Preferred Stock, \$0.0001 par value per share; 4,340,000 shares authorized, issued and outstanding	4,340,000
Series B Preferred Stock, \$0.0001 par value per share; 1,097,783 shares authorized, issued and outstanding	2,470,012
Series C Preferred Stock, \$0.0001 par value per share; 12,455,767 shares authorized, 7,096,900 shares issued and outstanding	4,511,018

Stockholders' deficit:

Common stock, 0.0001 par value; 50,000,000 shares authorized, 8,274,708 shares issued and outstanding	827
Stock warrants	450
Additional paid-in-capital	531,962
Retained deficit	(13,761,635)
Total stockholders' deficit	(13,228,396)
Total liabilities, convertible preferred stock and stockholders' deficit	\$ 878,700

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Statement of Operations

Year Ended December 31, 2017

Revenue	\$246,485
Cost of goods sold	123,038
Gross profit	123,447
Research and development	801,498
Sales and marketing	1,342,701
General and administrative	1,351,680
Total operating expenses	3,495,879
Loss from operations	(3,372,432)
Interest expense	(13,358)
Total other expense, net	(13,358)
Net loss	\$(3,385,790)

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Statement of Convertible Preferred Stock and Stockholders' Deficit

Convertible Preferred Stock						Stockholders' Deficit				
Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock			Additional paid-in	Retained
Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Warrants	Capital	deficit
4,340,000	\$4,340,000	1,097,783	\$2,470,012	7,096,900	\$ 4,511,018	8,274,708	\$827	\$450	\$340,830	\$(10,375,845)
-	-	-	-	-	-	-	-	-	191,132	-
-	-	-	-	-	-	-	-	-	-	(3,385,790)
4,340,000	\$4,340,000	1,097,783	\$2,470,012	7,096,900	\$ 4,511,018	8,274,708	\$827	\$450	\$531,962	\$(13,761,635)

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Statement of Cash Flows

Year Ended December 31, 2017

Operating activities:	
Net loss	\$(3,385,790)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	33,580
Stock-based compensation	191,132
Noncash interest expense on convertible promissory notes	13,358
Change in operating assets and liabilities:	
Accounts receivable	(46,164)
Inventory	17,902
Prepaid expenses	92,817
Accounts payable and accrued expenses	(20,023)
Accrued compensation expense	(203,448)
Net cash used in operating activities	(3,306,636)
Investing activities:	
Acquisition of equipment	(6,822)
Net cash used in investing activities	(6,822)
Financing activities:	
Proceeds from issuance of convertible promissory notes	2,387,500
Net cash provided by financing activities	2,387,500
Net decrease in cash and cash equivalents	(925,958)
Cash and cash equivalents, beginning of period	1,226,539
Cash and cash equivalents, end of period	\$ 300,581

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Notes to Financial Statements

1. Description of Business

SafeOp Surgical, Inc., (the “Company”) was incorporated in the state of Delaware on September 30, 2011. The Company is a private biotech company focused on the commercializing of a medical device that automatically monitors and detects nerve abnormalities during surgeries. The Company’s corporate office is in Hunt Valley, Maryland.

In January 2014, the Company received clearance from the Food and Drug Administration of the U.S. Department of Health and Human Services, to market its Evoked Potential Assessment Device (EPAD™). The device is portable and intended for use in monitoring neurological status by recording somatosensory evoked potentials (SSEPs).

In 2016, the Company officially launched its product and began recording revenues. Prior to 2016, the Company’s primary activities since incorporation were to establish its offices, recruit personnel, conduct research and development, perform business and financial planning, and raise capital.

2. Liquidity

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Since inception the Company has reported losses from operations and is expected to generate losses and consume significant cash resources in the foreseeable future as the Company continues development of modules around the core product and continues to expand its sales channels. The Company has cash and cash equivalents of \$300,581 and an accumulated deficit of \$13,761,635 as of December 31, 2017. During 2017, the Company received bridge note financing of \$2,387,500 in the form of convertible promissory notes. These promissory notes are convertible to Series D preferred stock. As part of the Series D Closing, the Company also plans to issue an additional 1,795,342 shares of Series D Preferred Stock raising \$1,172,678 in additional funds. Management believes that cash and cash equivalents on hand at December 31, 2017 of \$300,581, the funds raised by the Series D Closing, and cash flows from sales in 2018, will be sufficient to fund planned expenditures and meet the Company’s obligations through part of 2018. However, there can be no assurance that additional financing will be available on satisfactory terms at all.

3. Significant Accounting Policies

Basis of Presentation

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate the continued existence of the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from such estimates, and any difference could be material to the financial statements and accompanying notes.

Fair Value of Financial Instruments

The carrying amounts of the Company’s financial instruments, which include cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses generally approximate their respective fair value because of the

short-term maturities.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

3. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents are stated at fair value. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in depository accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts.

Sources of Supply

Many of the purchased components used to manufacture the Company's products are single-sourced due to technology, price, or other considerations. Some of these single-sourced components are manufactured to the Company's design and specifications. Most of these items, however, may be sourced from other suppliers, often after a requalification process. In the event that the Company's supply of critical components was interrupted due to the time required to requalify materials or modify product designs, the Company's ability to manufacture the related product in desired quantities and in a timely manner could be adversely affected. The Company attempts to mitigate these risks by working closely with key suppliers to coordinate product plans and the transition to replacement components for critical parts.

Inventories

Inventories consists primarily of finished goods, which includes specialized medical devices, and are stated at the lower of cost or market using the first-in, first-out cost method. The Company evaluates inventories for obsolescence and excess quantities based on changes in market demand or introduction of competing technologies.

Equipment and Depreciation

Equipment consists of computers, office equipment and furniture and is stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Expenditures for maintenance and repairs, which do not improve or extend the useful lives of the respective assets, are expensed as incurred.

Research and Development Expenses

Research and development costs are charged to expense as incurred. Research and development costs include the costs to design, develop, test, deploy and enhance its product. Costs incurred under agreements with third parties are charged to expense as incurred in accordance with the specific contractual performance terms of such agreements. Milestone payments incurred are charged to expense in accordance with the specific contractual performance terms of such agreements.

Intangible Asset

Intangible asset consists of purchased developed technology, which is amortized over a period of 20 years.

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

3. Significant Accounting Policies (continued)

Income Taxes

Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the tax bases of assets and liabilities and their reported amounts in the financial statements, as well as the operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets and liabilities are measured at the balance sheet date using the enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period such tax rate changes are enacted. The Company has incurred losses since September 30, 2011 (inception). Therefore, the Company has incurred no income tax liability and has not recorded any provision for income taxes.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon review by the relevant tax authorities. An uncertain income tax position will not be recognized if it is less than 50 percent likely of being sustained.

The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions, and generally remain open for the last three years, as applicable.

Revenue Recognition

Revenue is derived from sale of goods and services associated with the EPAD device, and recognized upon delivery of such goods and services. Revenue is recorded at the fair value of the consideration received or receivable, excluding any trade discounts.

Accounts Receivable

Accounts receivable are stated at realizable value. Allowance for uncollectible amounts are based upon prior experience and aging. Receivables are reduced by this allowance, if any. All allowances and offsets are charged against revenue.

Stock-Based Compensation

The Company measures and recognizes the cost of employee services received in exchange for awards of equity instruments based on the grant date fair value of those awards. Stock-based compensation expense is recognized ratably using the straight-line attribution method over the expected vesting period, which is considered to be the requisite service period. In addition, the Company is required to estimate the amount of expected forfeitures when calculating compensation expense. The Company accounts for nonemployee equity-based awards, in which services are the consideration received for the equity instruments issued, at their fair value.

For purposes of calculating the stock-based compensation expense, the fair value of the options granted by the Company in 2012 through 2016 was determined giving appropriate analysis to the preference of the Company's outstanding preferred stock, the Company's cash position and prior to 2016, its stage of development. Stock-based compensation expense recognized in the accompanying statements of operations for the year ended December 31,

2017, was further based on awards ultimately expected to vest and is reduced for estimated forfeitures, if any.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model and straight-line amortization of compensation expense over the requisite service period of the grant.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

Subsequent Events

Management has evaluated transactions and events that occurred through February 5, 2018, the date that these financial statements were available to be issued, for recognition and/or disclosure in these financial statements.

4. Equipment

Computer equipment	\$40,596
Furniture	15,309
Subtotal	55,905
Less: Accumulated depreciation	(33,000)
Equipment, net	\$22,905

5. Intangible Asset

Intangible asset consists of the following at December 31, 2017:

	Weighted Average Useful Life (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	20	\$350,000	\$ (109,375)	\$240,625

6. Convertible Preferred Stock

In April 2016, the Company amended and restated its Certificate of Incorporation and certain Stockholders Agreements, to among other things increase the aggregate number of shares of all classes of stock of which the Corporation has the authority to issue to 67,893,550, designated as follows: (i) 50,000,000 shares of common stock, par value \$0.0001 per share, and (ii) 17,893,550 shares of preferred stock, par value \$0.0001 per share, of which 4,340,000 are designated Series A Preferred Stock, 1,097,783 are designated Series B Preferred Stock and 12,455,767 are designated Series C Preferred Stock. See Note 11 for more information on the January 2018 amendment to the Certificate of Incorporation.

Series A

The Company issued a total of 4,340,000 shares of Series A preferred stock with a price of \$1 per share. The net cash proceeds of this financing was \$4,340,000. The Company's Series A preferred stock has been classified as mezzanine on the balance sheet instead of stockholder's equity in accordance with Accounting Standard Codification (ASC) 480-10-S99-3, Classification and Measurement of Redeemable Securities, under which if the preferred security holders control a majority of the votes of the Board of Directors through direct representation on the Board of

Directors or through other rights, the preferred security is redeemable at the option of the holder, and its classification outside of permanent equity is appropriate. Accordingly, the Series A preferred stock is classified as other than permanent equity or mezzanine equity.

Conversion

Each share of Series A preferred stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of consideration by the holder thereof, into fully-paid and non-assessable shares of common stock, subject to anti-dilution adjustments. The number of shares of common stock which a Series A holder shall be entitled to receive upon conversion of its Series A preferred stock shall be equal to the product obtained by multiplying (a) the number of shares of Series A preferred stock being converted at any time by, (b) the conversion rate then in effect; or (c) upon a qualified public offering; or (d) upon the affirmative vote or consent of, and written notice to, the Company by the holders of at least a majority of the then outstanding shares of Series A preferred stock.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

Effective April 2016, in connection with the issuance of the Series C preferred stock, the conversion rights of the Series A preferred stock was changed from a 1:1 conversion rate to a 1:2.8868 conversion rate. At December 31, 2017, the total preferred stock issued and outstanding of 4,340,000 shares equals 12,528,868 common stock shares upon conversion.

The rights, preferences, and privileges of the preferred stock are as follows:

6. Convertible Preferred Stock (continued)

Voting

Each Series A preferred stock holder shall be entitled to vote together with the common stock and all other series and classes of stock permitted to vote with the common stock on all matters submitted to a vote of the holders of the common stock (including election of directors). For each vote in which the Series A holders are entitled to participate, each Series A holder shall be entitled to that number of votes per share to which such Series A holder would have been entitled had each share of Series A preferred stock held by such Series A holder then been converted into shares of common stock as specified in the Company's certificate of incorporation. The approval of Series A preferred stockholders is required for a number of significant changes to the Company, including creation of new classes of shares and amendments to the Company's Articles of Incorporation, election of the Company's board members, in addition to other corporate actions.

Dividends

Holders of Series A preferred stock shall be entitled to receive dividends out of any assets legally available only when as, and if declared by the Board of Directors, prior to and in preference to any declaration or payment of any dividend on the common stock, at a rate equal to 8% per annum (based upon a 365-day year) of \$1.00 per share. Effective April 2016, the accreted value of such undeclared dividends were added to the liquidation value of the shares, and all further accretion has been cancelled. To date, the Board of Directors has not declared any dividends.

Liquidation

In the event of liquidation, dissolution, or winding up, whether voluntarily or involuntarily, and upon certain other defined events, the holders of the Series A preferred stock are also entitled to receive liquidation preferences in an amount per share of Series A preferred stock equal to (a) the Series A Issue Price plus, (b) an amount equal to all accrued and unpaid Series A dividends (whether or not declared) on such shares of Series A preferred stock. Liquidation payments are made in preference to any payments to the holders of common stock. At December 31, 2017, the total liquidation value of the Series A preferred stock is \$5,698,512. If, upon liquidation, the available assets shall be insufficient to pay the full amount of the Series A liquidation preference, the Series A holders shall share in any distribution or payment of available assets pro rata in proportion to the respective Series A liquidation preference which would otherwise be payable upon a liquidation with respect to the outstanding shares of the Series A preferred stock if the Series A liquidation preference payable with respect to such shares were paid in full.

After payment in full of the Series A liquidation preference, the remaining available assets, if any, shall be distributed among the holders of the common stock pro rata in proportion to the number of shares of common stock then held by

such holders.

Series B

In July through November 2014, the Company issued a total of 1,097,783 shares of Series B preferred stock with a price of \$2.25 per share. The net cash proceeds received were \$2,470,012. The Company's Series B preferred stock has been classified as mezzanine on the balance sheet instead of stockholder's equity in accordance with Accounting Standard Codification (ASC) 480-10-S99-3, Classification and Measurement of Redeemable Securities, under which if the preferred security holders control a majority of the votes of the Board of Directors through direct representation on the Board of Directors or through other rights, the preferred security is redeemable at the option of the holder, and its classification outside of permanent equity is appropriate. Accordingly, the Series B preferred stock is classified as other than permanent equity or mezzanine equity.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

6. Convertible Preferred Stock (continued)

Conversion

Each share of Series B preferred stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of consideration by the holder thereof, into fully-paid and non-assessable shares of common stock, subject to anti-dilution adjustments. The number of shares of common stock which a Series B holder shall be entitled to receive upon conversion of its Series B preferred stock shall be equal to the product obtained by multiplying (a) the number of shares of Series B preferred stock being converted at any time by, (b) the conversion rate then in effect; or (c) upon a qualified public offering; or (d) upon the affirmative vote or consent of, and written notice to, the Company by the holders of at least a majority of the then outstanding shares of Series B preferred stock.

Effective April 2016, in connection with the issuance of the Series C preferred stock, the conversion rights of the Series B preferred stock was changed from a 1:1 conversion rate to a 1:3.96 conversion rate. At December 31, 2017, the total preferred stock issued and outstanding of 1,097,783 shares equals 4,347,082 common stock shares upon conversion.

The rights, preferences, and privileges of the preferred stock are as follows:

Voting

Each Series B preferred stock holder shall be entitled to vote together with the common stock and all other series and classes of stock permitted to vote with the common stock on all matters submitted to a vote of the holders of the common stock (including election of directors). For each vote in which the Series B holders are entitled to participate, each Series B holder shall be entitled to that number of votes per share to which such Series B holder would have been entitled had each share of Series B preferred stock held by such Series B holder then been converted into shares of common stock as specified in the Company's certificate of incorporation. The approval of Series B preferred stockholders is required for a number of significant changes to the Company, including creation of new classes of shares and amendments to the Company's Articles of Incorporation, election of the Company's board members, in addition to other corporate actions.

Dividends

Holders of Series B preferred stock shall be entitled to receive dividends out of any assets legally available only when as, and if declared by the Board of Directors, prior to and in preference to any declaration or payment of any dividend on the Series A preferred stock and the common stock, at a rate equal to 8% per annum (based upon a 365-day year) of \$2.25 per share. Effective April 2016, the accreted value of such undeclared dividends were added to the liquidation value of the shares, and all further accretion has been cancelled. To date, the Board of Directors has not declared any dividends.

Liquidation

In the event of liquidation, dissolution, or winding up, whether voluntarily or involuntarily, and upon certain other defined events, the holders of the Series B preferred stock are also entitled to be paid out of the assets of the Company available for distribution or payment to holders of the Company's capital stock of all classes, before any distribution or payment is made to any holders of Series A preferred stock or common stock, an amount per share of Series B

Preferred Stock equal to (a) the Series B Issue Price plus, (b) an amount equal to all accrued and unpaid Series B dividends (whether or not declared) on such shares of Series B preferred stock. Liquidation payments are made in preference to any payments to the holders of common stock. At December 31, 2017, the total liquidation value of the Series B preferred stock is \$2,819,448. If, upon liquidation, the available assets shall be insufficient to pay the full amount of the Series B liquidation preference, the Series B holders shall share in any distribution or payment of available assets pro rata in proportion to the respective Series B liquidation preference which would otherwise be payable upon a liquidation with respect to the outstanding shares of the Series B preferred stock if the Series B liquidation preference payable with respect to such shares were paid in full.

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

6. Convertible Preferred Stock (continued) Series C

In April and June 2016, the Company issued a total of 7,096,900 shares of Series C preferred stock for net cash proceeds of \$4,511,018. The Company's Series C preferred stock has been classified as mezzanine on the balance sheet instead of stockholder's equity in accordance with Accounting Standard Codification (ASC) 480-10-S99-3, Classification and Measurement of Redeemable Securities, under which if the preferred security holders control a majority of the votes of the Board of Directors through direct representation on the Board of Directors or through other rights, the preferred security is redeemable at the option of the holder, and its classification outside of permanent equity is appropriate. Accordingly, the Series C preferred stock is classified as other than permanent equity or mezzanine equity.

Conversion

Each share of Series C preferred stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of consideration by the holder thereof, into fully-paid and non-assessable shares of common stock, subject to anti-dilution adjustments. The number of shares of common stock which a Series C holder shall be entitled to receive upon conversion of its Series C preferred stock shall be equal to the product obtained by multiplying (a) the number of shares of Series C preferred stock being converted at any time by, (b) the conversion rate then in effect, as defined in the Purchase Agreement.

The rights, preferences, and privileges of the preferred stock are as follows:

Voting

Each Series C preferred stock holder shall be entitled to vote together with the common stock and all other series and classes of stock permitted to vote with the common stock on all matters submitted to a vote of the holders of the common stock (including election of directors). For each vote in which the Series C holders are entitled to participate, each Series C holder shall be entitled to that number of votes per share to which such Series C holder would have been entitled had each share of Series C preferred stock held by such Series C holder then been converted into shares of common stock as specified in the Company's certificate of incorporation. The approval of Series C preferred stockholders is required for a number of significant changes to the Company, including creation of new classes of shares and amendments to the Company's Articles of Incorporation, election of the Company's board members, in addition to other corporate actions.

Dividends

Holders of Series C preferred stock shall be entitled to receive dividends out of any assets legally available only when as, and if declared by the Board of Directors. To date, the Board of Directors has not declared any dividends.

Liquidation

In the event of liquidation, dissolution, or winding up, whether voluntarily or involuntarily, and upon certain other defined events, the holders of the Series C preferred stock are also entitled to be paid out of the assets of the Company available for distribution or payment to holders of the Company's capital stock of all classes, before any distribution or

payment is made to any holders of Series A or Series B preferred stock or common stock, an amount per share of Series C Preferred Stock held by such Series C holder equal to \$4,511,018, subject to adjustment for any stock dividends, stock splits, and other subdivisions. If, upon liquidation, the available assets shall be insufficient to pay the full amount of the Series C liquidation preference, the Series C holders shall share in any distribution or payment of available assets pro rata in proportion to the respective Series C liquidation preference which would otherwise be payable upon a liquidation with respect to the outstanding shares of the Series C preferred stock if the Series C liquidation preference payable with respect to such shares were paid in full.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

7. Stockholders' Deficit

Common Stock: In connection with the sale of the Company's Series A preferred shares in the year ended December 31, 2012, the Company entered in an Award Agreement for Restricted Shares (the "Agreement") with several common stockholders, including one employee/officer. In March 2012 a total of 900,000 shares of common stock were issued under the Agreement. At December 31, 2015, the entire 900,000 restricted shares granted became fully vested. During 2016, an additional 7,215,541 shares of common stock were issued under the Agreement. None of the awarded shares or any beneficial interest therein shall be transferred, encumbered, pledged or otherwise alienated or disposed of in any way until they have become non-forfeitable in accordance with the Agreement. Even after any of the awarded shares become transferable pursuant to this Agreement, they will remain subject to the transfer restrictions set forth in the Stockholders Agreement.

Common Stock Warrants: In connection with the April and June 2016 sale of the Company's Series C preferred shares, the Company granted 3,540,950 warrant shares to the Series C shareholders for the purchase of the Company's common stock at an exercise price of \$.01 per share. The number of shares of common stock purchasable upon the exercise of this warrant is subject to adjustment from time to time upon the occurrence of certain events as described in the Warrant Agreement. The warrants allow for either a cash or share settlement at the sole discretion of the Company, and are only exercisable, whether in whole or in part, concurrently with the consummation of the Company's first firm commitment underwritten public offering of Warrant Shares which occurs before the expiration time of the warrants. The warrants expire upon the first to occur of (a) on June 30, 2026 and (b) the consummation of a liquidation of the Company.

The Company has a total of 50,000,000 shares of common stock authorized. The following shares of stock are issued or are reserved for future issuance:

Common stock outstanding under restricted stock awards	8,274,708
Reserved for conversion of Series A preferred stock	12,528,868
Reserved for conversion of Series B preferred stock	4,347,082
Reserved for conversion of Series C preferred stock	7,096,900
Reserved for exercise of stock options issued and outstanding	582,203
Reserved for common stock warrants issued and outstanding	3,540,950
Reserved for shares available for 2012 Equity Incentive Plan	1,343,089
Common stock available for future issuance	12,286,200
Total authorized shares	50,000,000

Stock Option Plan and Stock-Based Compensation

Stock Option Plan - Under the 2012 Equity Incentive Plan (the Plan) including amendments, 10,200,000 shares of common stock have been reserved for the issuance of incentive stock options (ISOs) and non-qualified stock options (NSOs). Employees, Directors, consultants, and other individuals who provide services to the Company are eligible to be granted Awards under the Plan; provided, however, that only employees of the Company are eligible to be granted ISOs. ISOs and NSOs may be granted with an exercise price no lesser than the fair market value of the common stock on the date of grant. Options granted to a 10% stockholder shall be at no less than 110% of the fair value, and ISO

grants to such 10% stockholders expire five years from the date of grant. ISOs granted under the Plan generally vest 25% after completion of the first year of service, and the balance vest in equal monthly installments over the next 36 months of service and expire ten years from the grant date, unless subject to provisions regarding 10% stockholders. NSOs vest per the specific agreement and expire ten years from the date of grant.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

7. Stockholders' Deficit (continued)

The fair value of stock options granted was estimated using the following weighted average assumptions:

Expected dividend yield	0.00 %
	10
Expected term (in years)	years
Risk-free interest rate	2.019 %
Expected stock price volatility	100 %

The Company has not paid dividends on its common shares in the past nor does it expect to pay dividends in the future. As such, the company used a dividend yield percentage of zero. Additionally, because the Company does not have a publicly traded common stock, the expected volatility was estimated by the Company to be 100% consistent with the historical changes in the fair value of its stock price. The risk-free rates approximated the rate of treasury securities with the same term as the options on the date of the respective grant.

For the year ended, December 31, 2017, the Company recorded \$191,132 of compensation expense related to stock options. As of December 31, 2017, there was \$433,039 of total unrecognized cost related to non-vested stock option grants which is expected to be recognized over the next four years.

A summary of the 2012 Equity Incentive Plan activity is as follows:

	Available	Outstanding	Outstanding	Weighted
	for	Options	restricted	Average
	Grant		shares	Exercise
				Price
Balance at December 31, 2017	1,343,089	582,203	8,274,708	\$ 0.0882

8. Income Taxes

At December 31, 2017, the Company had federal and state net operating loss carryforwards of approximately \$13,714,000 and \$7,614,000, respectively. The difference between the federal and the state tax loss carryforwards is primarily attributable to the apportionment of income to various states. The Company also has federal research and development tax credit carryforwards of approximately \$227,000 available to reduce future income subject to income taxes.

Significant components of the Company's deferred tax assets are shown below. A valuation allowance of \$3,467,000 has been established as of December 31, 2017, to offset the deferred tax assets as realization of such assets does not meet the more likely than not threshold set forth in the standards.

Deferred tax assets:	
Research and development credits	\$48,000
State taxes	(1,000)
Depreciation and amortization	(8,000)
Net operating loss carryforwards	3,428,000
Total deferred tax assets	3,467,000
Valuation allowance for deferred tax assets	(3,467,000)
Total net deferred tax assets	\$-

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

9. Commitments

The Company has entered into employment agreements with 5 of its key employees. The terms of the agreement include provisions for salary, bonuses, and benefits when certain measurable targets are achieved. In addition, the agreements include provisions that provide severance payments ranging from 75% to 100% of the employee's annual base pay plus a pro rata portion of the performance bonus through the date of termination if the employee's employment is terminated by the employer without cause or by the employee for good reason, or if there is a change in control (defined as greater than 50% of the Company's stock sold).

The Company has entered into a lease agreement for office space in Maryland. The initial lease term is for 37 months commencing December 2014, with an option for one additional 3-year term. Rent was initially \$5,069 per month with scheduled increases of 3% per year. As an incentive to lease the office space the Company received 1 month rent-free. On November 17, 2017, the Company signed an amendment to the lease to extend the lease to March 31, 2021, at an annual rental of \$60,817.85 paid in 12 equal monthly installments. The amendment includes a free-rental period of one month.

10. Convertible Promissory Notes

During 2017, the Company issued a series of bridge notes in the form of convertible promissory notes (the "notes") totaling \$2,387,500. The notes accrue interest at various rates ranging from 1.01% to 1.52% per annum and mature in March 2018. The notes also have a conversion feature of 90% of the lowest price per share of the next equity securities in a Qualified Financing. At December 31, 2017, the Company has recorded \$13,358 of interest expense on the notes. See Note 11 for more information on the issuance of the Series D preferred shares in exchange for the notes, subsequent to year-end.

11. Subsequent Events

In January 2018, the Company issued a total of 4,082,528 shares of Series D preferred stock with an issue price of \$.653178 per share, in exchange for principal and interest accrued through and including December 22, 2017 outstanding under the convertible promissory notes issued in 2017. The Company also sold 1,686,165 shares of Series D preferred stock for net cash proceeds of \$1,101,366. The proceeds received by the Company from the sale of the shares at the Closings shall be used to fund the continued development of the Company's business and for general working capital purposes. Holders of the Series D preferred stock shall be entitled to dividends only when and if declared by the Board of Directors. Upon liquidation, holders of the Series D preferred stock are also entitled to be paid before holders of the Series C, B, or A Series preferred stock. Series D shares are convertible into shares of the Company's common stock at a rate 1:1.

As part of the Series D issue, the Company amended and restated its Certificate of Incorporation and certain Stockholders Agreements, to among other things increase the aggregate number of shares of all classes of stock of which the Corporation has the authority to issue to 68,412,553, designated as follows:

(i) 50,000,000 shares of common stock, par value \$0.0001 per share, and (ii) 18,412,553 shares of preferred stock, par value \$0.0001 per share, of which 4,340,000 are designated Series A Preferred Stock, 1,097,783 are designated Series B Preferred Stock, 7,096,900 are designated Series C Preferred Stock, and 5,877,870 are designated as Series D Preferred Stock.

On December 31, 2017, The Company received a Non-Binding Preliminary Indication of Interest to acquire all of its outstanding equity through a reverse triangular merger with a wholly-owned subsidiary of Alphatec Holdings, Inc.

(“Alphatec”). The Company will be acquired on a cash-free and debt-free basis for total consideration of \$34 million, subject to a Working Capital true-up, in cash, common stock, warrants, and a series of convertible promissory notes. The closing is contingent on due diligence procedures and expected to take place in the first quarter of 2018. During the due diligence period the Company will receive a daily ticking fee equal to \$11,000 per day up to a maximum amount of \$1 million.

On March 9, 2018, Alphatec announced its acquisition of the Company. Under the terms of the definitive merger agreement, Alphatec paid \$15 million in cash, agreed to issued 3,265,132 shares of common stock, issued \$3 million of convertible notes that are convertible into 931,667 shares of common stock and issued warrants to purchase 2.2 million shares of common stock at an exercise price of \$3.50 per share. An additional 1,330,263 shares of common stock are issuable upon achievement of post-closing milestones.

SafeOp Surgical, Inc.

Financial Statements with Independent Auditor's Report

Year Ended December 31, 2016

SafeOp Surgical, Inc.

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Independent Auditor's Report

The Board of Directors

SafeOp Surgical, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of SafeOp Surgical, Inc. which comprise the balance sheet as of December 31, 2016, and the related statements of operations, convertible preferred stock and stockholders' deficit, and cash flows for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SafeOp Surgical, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Nanavaty, Nanavaty & Davenport, LLP

February 16, 2017

SafeOp Surgical, Inc.

Balance Sheet

As of December 31, 2016

Assets	
Assets:	
Cash and cash equivalents	\$1,226,539
Accounts receivable	9,303
Inventory	235,692
Prepaid expenses and other	134,149
Equipment, net of accumulated depreciation	32,163
Intangible asset, net of accumulated amortization	258,125
Total assets	\$1,895,971
Liabilities, Convertible Preferred Stock and Stockholders' Deficit	
Liabilities:	
Accounts payable and accrued expenses	\$241,451
Accrued compensation expense	367,228
Total liabilities	608,679
Series A Preferred Stock, \$0.0001 par value per share; 4,340,000 shares authorized, issued and outstanding	4,340,000
Series B Preferred Stock, \$0.0001 par value per share; 1,097,783 shares authorized, issued and outstanding	2,470,012
Series C Preferred Stock, \$0.0001 par value per share; 12,455,767 shares authorized, 7,096,900 shares issued and outstanding	4,511,018
Stockholders' deficit:	
Common stock, 0.0001 par value; 50,000,000 shares authorized, 8,274,708 shares issued and outstanding	827
Stock warrants	450
Additional paid-in-capital	340,830
Retained deficit	(10,375,845)
Total stockholders' deficit	(10,033,738)
Total liabilities, convertible preferred stock and stockholders' deficit	\$1,895,971

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Statement of Operations

Year Ended December 31, 2016

Revenue	\$61,143
Cost of goods sold	183,582
Gross profit	(122,439)
Research and development	522,587
Sales and marketing	985,073
General and administrative	1,977,163
Operating expenses	3,484,823
Loss from operations	(3,607,262)
Interest income	133
Interest expense	(95,506)
Total other expense, net	(95,373)
Net loss	\$(3,702,635)

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Statement of Convertible Preferred Stock and Stockholders' Deficit

Convertible Preferred Stock				Stockholders' Deficit							
Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock		Warrants	Additional paid-in capital	Retained deficit	
Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
4,340,000	\$4,340,000	1,097,783	\$2,470,012	-	\$-	900,000	\$90	\$-	\$166,570	\$(6,673,210))
-	-	-	-	1,708,032	1,001,248	-	-	-	99,939		
-	-	-	-	2,686,934	1,750,000	-	-	-	-	-	
-	-	-	-	2,686,934	1,750,000	-	-	-	-	-	
-	-	-	-	-	-	7,215,541	721	-	-	-	7

-	-	-	-	-	-	-	-	450	-	-	4
-	-	-	-	15,000	9,770	-	-	-	-	-	-
-	-	-	-	-	-	100,000	10	-	9,990	-	-
-	-	-	-	-	-	59,167	6	-	586	-	5
-	-	-	-	-	-	-	-	-	63,745	-	-
-	-	-	-	-	-	-	-	-	-	(3,702,635)	-
4,340,000	\$4,340,000	1,097,783	\$2,470,012	7,096,900	\$4,511,018	8,274,708	\$827	\$450	\$340,830	\$(10,375,845)	\$

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Statement of Cash Flows

Year Ended December 31, 2016

Operating activities:	
Net loss	\$(3,702,635)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	31,408
Stock-based compensation	63,745
Noncash issuance of restricted common stock grant	10,000
Noncash interest expense on convertible promissory notes	95,506
Change in operating assets and liabilities:	
Accounts receivable	(9,303)
Inventory	44,783
Prepaid expenses	(119,139)
Accounts payable and accrued expenses	(103,885)
Accrued compensation expense	224,990
Net cash used in operating activities	(3,464,530)
Investing activities:	
Acquisition of equipment	(18,976)
Write-off of computer software	7,535
Net cash used in investing activities	(11,441)
Financing activities:	
Proceeds from issuance of promissory notes	500,000
Issuance of common stock	727
Issuance of common stock warrants	450
Additional paid in capital	100,525
Issuance of Series C convertible preferred stock	3,409,830
Net cash provided by financing activities	4,011,532
Net increase in cash and cash equivalents	535,561
Cash and cash equivalents, beginning of period	690,978
Cash and cash equivalents, end of period	\$1,226,539
Supplemental Disclosure on Noncash Items:	
Conversion of promissory notes and accrued interest into	
Series C convertible preferred stock	\$1,001,248
Issuance of Series C convertible preferred stock	\$9,770

See accompanying notes to the financial statements.

SafeOp Surgical, Inc.

Notes to Financial Statements

1. Description of Business

SafeOp Surgical, Inc., (the “Company”) was incorporated in the state of Delaware on September 30, 2011. The Company is a private biotech company focused on the commercializing of a medical device that automatically monitors and detects nerve abnormalities during surgeries. The Company’s corporate office is in Hunt Valley, Maryland.

In January 2014, the Company received clearance from the Food and Drug Administration of the U.S. Department of Health and Human Services, to market its Evoked Potential Assessment Device (EPAD™). The device is portable and intended for use in monitoring neurological status by recording somatosensory evoked potentials (SSEPs).

In 2016, the Company officially launched its product and began collecting revenues. Prior to 2016, the Company’s primary activities since incorporation were to establish its offices, recruit personnel, conduct research and development, perform business and financial planning, and raise capital.

2. Liquidity

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Since inception the Company has reported losses from operations and is expected to generate losses and consume significant cash resources in the foreseeable future as the Company continues development of modules around the core product and begins to expand its business. The Company has cash and cash equivalents of \$1,226,539 and an accumulated deficit of \$10,375,845 as of December 31, 2016. During 2016, the Company completed the first two tranches of its Series C Closing raising \$4,500,000 from the issuance of 7,096,900 shares of convertible Series C preferred stock. A total of \$8,000,000 is planned to be raised from the Series C preferred stock financing. The remaining \$3,500,000 is expected to close on or before December 31, 2017. Prior to 2016, the Company had completed its Series A and Series B Closings and received \$4,340,000 and \$2,470,012 in net proceeds from the sale of 4,340,000 and 1,097,783 shares of convertible Series A and B convertible preferred stock, respectively. Management believes that cash and cash equivalents on hand at December 31, 2016 of \$1,226,539 in addition to \$3,500,000 from the remainder of the Series C transaction in 2017, will be sufficient to fund planned expenditures and meet the Company’s obligations through 2017. However, there can be no assurance that additional financing will be available on satisfactory terms at all.

3. Significant Accounting Policies

Basis of Presentation

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate the continued existence of the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from such estimates, and any difference could be material to the financial statements and accompanying notes.

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

3. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses generally approximate their respective fair value because of the short-term maturities.

Cash and Cash Equivalents

Cash and cash equivalents are stated at fair value. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in depository accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts.

Sources of Supply

Many of the purchased components used to manufacture the Company's products are single-sourced due to technology, price, or other considerations. Some of these single-sourced components are manufactured to the Company's design and specifications. Most of these items, however, may be sourced from other suppliers, often after a requalification process. In the event that the Company's supply of critical components was interrupted due to the time required to requalify materials or modify product designs, the Company's ability to manufacture the related product in desired quantities and in a timely manner could be adversely affected. The Company attempts to mitigate these risks by working closely with key suppliers to coordinate product plans and the transition to replacement components for critical parts.

Inventories

Inventories consists primarily of finished goods, which includes specialized medical devices, and are stated at the lower of cost or market using the first-in, first-out cost method. The Company evaluates inventories for obsolescence and excess quantities based on changes in market demand or introduction of competing technologies.

Equipment and Depreciation

Equipment consists of computers, office equipment and furniture and is stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Expenditures for maintenance and repairs, which do not improve or extend the useful lives of the respective assets, are expensed as incurred.

Research and Development Expenses

Research and development costs are charged to expense as incurred. Research and development costs include the costs to design, develop, test, deploy and enhance its product. Costs incurred under agreements with third parties are charged to expense as incurred in accordance with the specific contractual performance terms of such agreements. Milestone payments incurred are charged to expense in accordance with the specific contractual performance terms of such agreements.

Intangible Asset

Intangible asset consists of purchased developed technology, which is amortized over a period of 20 years.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

3. Significant Accounting Policies (continued)

Income Taxes

Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the tax bases of assets and liabilities and their reported amounts in the financial statements, as well as the operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets and liabilities are measured at the balance sheet date using the enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period such tax rate changes are enacted. The Company has incurred losses since September 30, 2011 (inception). Therefore, the Company has incurred no income tax liability and has not recorded any provision for income taxes.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon review by the relevant tax authorities. An uncertain income tax position will not be recognized if it is less than 50 percent likely of being sustained.

The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions, and generally remain open for the last three years, as applicable.

Stock-Based Compensation

The Company measures and recognizes the cost of employee services received in exchange for awards of equity instruments based on the grant date fair value of those awards. Stock-based compensation expense is recognized ratably using the straight-line attribution method over the expected vesting period, which is considered to be the requisite service period. In addition, the Company is required to estimate the amount of expected forfeitures when calculating compensation expense. The Company accounts for nonemployee equity-based awards, in which services are the consideration received for the equity instruments issued, at their fair value.

For purposes of calculating the stock-based compensation expense, the fair value of the options granted by the Company in 2012 through 2016 was determined giving appropriate analysis to the preference of the Company's outstanding preferred stock, the Company's cash position and prior to 2016, its stage of development. Stock-based compensation expense recognized in the accompanying statements of operations for the year ended December 31, 2016, was further based on awards ultimately expected to vest and is reduced for estimated forfeitures, if any.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model and straight-line amortization of compensation expense over the requisite service period of the grant.

Subsequent Events

Management has evaluated transactions and events that occurred through February 16, 2017, the date that these financial statements were available to be issued, for recognition and/or disclosure in these financial statements.

4. Equipment

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Computer equipment	\$33,774
Furniture	15,309
Subtotal	49,083
Less: Accumulated depreciation	(16,920)
Equipment, net	\$32,163

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

5. Intangible Asset

Intangible asset consists of the following at December 31, 2016:

	2015 Weighted			
	Average	Gross		Net
	Useful Life	Carrying	Accumulated	Carrying
	(In Years)	Amount	Amortization	Amount
Developed technology	20	\$350,000	\$ (91,875)	\$258,125

6. Convertible Preferred Stock

In April 2016, the Company amended and restated its Certificate of Incorporation and certain Stockholders Agreements, to among other things increase the aggregate number of shares of all classes of stock of which the Corporation has the authority to issue to 67,893,550, designated as follows: (i) 50,000,000 shares of common stock, par value \$0.0001 per share, and (ii) 17,893,550 shares of preferred stock, par value \$0.0001 per share, of which 4,340,000 are designated Series A Preferred Stock, 1,097,783 are designated Series B Preferred Stock and 12,455,767 are designated Series C Preferred Stock.

Series A

The Company issued a total of 4,340,000 shares of Series A preferred stock with a price of \$1 per share. The net cash proceeds of this financing was \$4,340,000. The Company's Series A preferred stock has been classified as mezzanine on the balance sheet instead of stockholder's equity in accordance with Accounting Standard Codification (ASC) 480-10-S99-3, Classification and Measurement of Redeemable Securities, under which if the preferred security holders control a majority of the votes of the Board of Directors through direct representation on the Board of Directors or through other rights, the preferred security is redeemable at the option of the holder, and its classification outside of permanent equity is appropriate. Accordingly, the Series A preferred stock is classified as other than permanent equity or mezzanine equity.

Conversion

Each share of Series A preferred stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of consideration by the holder thereof, into fully-paid and non-assessable shares of common stock, subject to anti-dilution adjustments. The number of shares of common stock which a Series A holder shall be entitled to receive upon conversion of its Series A preferred stock shall be equal to the product obtained by multiplying (a) the number of shares of Series A preferred stock being converted at any time by, (b) the conversion rate then in effect; or (c) upon a qualified public offering; or (d) upon the affirmative vote or consent of, and written notice to, the Company by the holders of at least a majority of the then outstanding shares of Series A preferred stock.

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Effective April 2016, in connection with the issuance of the Series C preferred stock, the conversion rights of the Series A preferred stock was changed from a 1:1 conversion rate to a 1:2.8868 conversion rate. At December 31, 2016, the total preferred stock issued and outstanding of 4,340,000 shares equals 12,528,868 common stock shares upon conversion.

The rights, preferences, and privileges of the preferred stock are as follows:

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

6. Convertible Preferred Stock (continued)

Voting

Each Series A preferred stock holder shall be entitled to vote together with the common stock and all other series and classes of stock permitted to vote with the common stock on all matters submitted to a vote of the holders of the common stock (including election of directors). For each vote in which the Series A holders are entitled to participate, each Series A holder shall be entitled to that number of votes per share to which such Series A holder would have been entitled had each share of Series A preferred stock held by such Series A holder then been converted into shares of common stock as specified in the Company's certificate of incorporation. The approval of Series A preferred stockholders is required for a number of significant changes to the Company, including creation of new classes of shares and amendments to the Company's Articles of Incorporation, election of the Company's board members, in addition to other corporate actions.

Dividends

Holders of Series A preferred stock shall be entitled to receive dividends out of any assets legally available only when as, and if declared by the Board of Directors, prior to and in preference to any declaration or payment of any dividend on the common stock, at a rate equal to 8% per annum (based upon a 365-day year) of \$1.00 per share. Effective April 2016, the accreted value of such undeclared dividends were added to the liquidation value of the shares, and all further accretion has been cancelled. To date, the Board of Directors has not declared any dividends.

Liquidation

In the event of liquidation, dissolution, or winding up, whether voluntarily or involuntarily, and upon certain other defined events, the holders of the Series A preferred stock are also entitled to receive liquidation preferences in an amount per share of Series A preferred stock equal to (a) the Series A Issue Price plus, (b) an amount equal to all accrued and unpaid Series A dividends (whether or not declared) on such shares of Series A preferred stock.

Liquidation payments are made in preference to any payments to the holders of common stock. At December 31, 2016, the total liquidation value of the Series A preferred stock is \$5,698,512. If, upon liquidation, the available assets shall be insufficient to pay the full amount of the Series A liquidation preference, the Series A holders shall share in any distribution or payment of available assets pro rata in proportion to the respective Series A liquidation preference which would otherwise be payable upon a liquidation with respect to the outstanding shares of the Series A preferred stock if the Series A liquidation preference payable with respect to such shares were paid in full.

After payment in full of the Series A liquidation preference, the remaining available assets, if any, shall be distributed among the holders of the common stock pro rata in proportion to the number of shares of common stock then held by such holders.

Series B

In July through November 2014, the Company issued a total of 1,097,783 shares of Series B preferred stock with a price of \$2.25 per share. The net cash proceeds received were \$2,470,012. The Company's Series B preferred stock has been classified as mezzanine on the balance sheet instead of stockholder's equity in accordance with Accounting Standard Codification (ASC) 480-10-S99-3, Classification and Measurement of Redeemable Securities, under which if the preferred security holders control a majority of the votes of the Board of Directors through direct representation

on the Board of Directors or through other rights, the preferred security is redeemable at the option of the holder, and its classification outside of permanent equity is appropriate. Accordingly, the Series B preferred stock is classified as other than permanent equity or mezzanine equity.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

6. Convertible Preferred Stock (continued)

Conversion

Each share of Series B preferred stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of consideration by the holder thereof, into fully-paid and non-assessable shares of common stock, subject to anti-dilution adjustments. The number of shares of common stock which a Series B holder shall be entitled to receive upon conversion of its Series B preferred stock shall be equal to the product obtained by multiplying (a) the number of shares of Series B preferred stock being converted at any time by, (b) the conversion rate then in effect; or (c) upon a qualified public offering; or (d) upon the affirmative vote or consent of, and written notice to, the Company by the holders of at least a majority of the then outstanding shares of Series B preferred stock.

Effective April 2016, in connection with the issuance of the Series C preferred stock, the conversion rights of the Series B preferred stock was changed from a 1:1 conversion rate to a 1:3.96 conversion rate. At December 31, 2016, the total preferred stock issued and outstanding of 1,097,783 shares equals 4,347,082 common stock shares upon conversion.

The rights, preferences, and privileges of the preferred stock are as follows:

Voting

Each Series B preferred stock holder shall be entitled to vote together with the common stock and all other series and classes of stock permitted to vote with the common stock on all matters submitted to a vote of the holders of the common stock (including election of directors). For each vote in which the Series B holders are entitled to participate, each Series B holder shall be entitled to that number of votes per share to which such Series B holder would have been entitled had each share of Series B preferred stock held by such Series B holder then been converted into shares of common stock as specified in the Company's certificate of incorporation. The approval of Series B preferred stockholders is required for a number of significant changes to the Company, including creation of new classes of shares and amendments to the Company's Articles of Incorporation, election of the Company's board members, in addition to other corporate actions.

Dividends

Holders of Series B preferred stock shall be entitled to receive dividends out of any assets legally available only when as, and if declared by the Board of Directors, prior to and in preference to any declaration or payment of any dividend on the Series A preferred stock and the common stock, at a rate equal to 8% per annum (based upon a 365-day year) of \$1.00 per share. Effective April 2016, the accreted value of such undeclared dividends were added to the liquidation value of the shares, and all further accretion has been cancelled. To date, the Board of Directors has not declared any dividends.

Liquidation

In the event of liquidation, dissolution, or winding up, whether voluntarily or involuntarily, and upon certain other defined events, the holders of the Series B preferred stock are also entitled to be paid out of the assets of the Company available for distribution or payment to holders of the Company's capital stock of all classes, before any distribution or payment is made to any holders of Series A preferred stock or common stock, an amount per share of Series B

Preferred Stock equal to (a) the Series B Issue Price plus, (b) an amount equal to all accrued and unpaid Series B dividends (whether or not declared) on such shares of Series B preferred stock. Liquidation payments are made in preference to any payments to the holders of common stock. At December 31, 2016, the total liquidation value of the Series B preferred stock is \$2,819,448. If, upon liquidation, the available assets shall be insufficient to pay the full amount of the Series B liquidation preference, the Series B holders shall share in any distribution or payment of available assets pro rata in proportion to the respective Series B liquidation preference which would otherwise be payable upon a liquidation with respect to the outstanding shares of the Series B preferred stock if the Series B liquidation preference payable with respect to such shares were paid in full.

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

6. Convertible Preferred Stock (continued) Series C

In April and June 2016, the Company issued a total of 7,096,900 shares of Series C preferred stock for net cash proceeds of \$4,511,018. The Company's Series C preferred stock has been classified as mezzanine on the balance sheet instead of stockholder's equity in accordance with Accounting Standard Codification (ASC) 480-10-S99-3, Classification and Measurement of Redeemable Securities, under which if the preferred security holders control a majority of the votes of the Board of Directors through direct representation on the Board of Directors or through other rights, the preferred security is redeemable at the option of the holder, and its classification outside of permanent equity is appropriate. Accordingly, the Series C preferred stock is classified as other than permanent equity or mezzanine equity.

Conversion

Each share of Series C preferred stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of consideration by the holder thereof, into fully-paid and non-assessable shares of common stock, subject to anti-dilution adjustments. The number of shares of common stock which a Series C holder shall be entitled to receive upon conversion of its Series C preferred stock shall be equal to the product obtained by multiplying (a) the number of shares of Series C preferred stock being converted at any time by, (b) the conversion rate then in effect, as defined in the Purchase Agreement.

The rights, preferences, and privileges of the preferred stock are as follows:

Voting

Each Series C preferred stock holder shall be entitled to vote together with the common stock and all other series and classes of stock permitted to vote with the common stock on all matters submitted to a vote of the holders of the common stock (including election of directors). For each vote in which the Series C holders are entitled to participate, each Series C holder shall be entitled to that number of votes per share to which such Series C holder would have been entitled had each share of Series C preferred stock held by such Series C holder then been converted into shares of common stock as specified in the Company's certificate of incorporation. The approval of Series C preferred stockholders is required for a number of significant changes to the Company, including creation of new classes of shares and amendments to the Company's Articles of Incorporation, election of the Company's board members, in addition to other corporate actions.

Dividends

Holders of Series C preferred stock shall be entitled to receive dividends out of any assets legally available only when as, and if declared by the Board of Directors. To date, the Board of Directors has not declared any dividends.

Liquidation

In the event of liquidation, dissolution, or winding up, whether voluntarily or involuntarily, and upon certain other defined events, the holders of the Series C preferred stock are also entitled to be paid out of the assets of the Company available for distribution or payment to holders of the Company's capital stock of all classes, before any distribution or

payment is made to any holders of Series A or Series B preferred stock or common stock, an amount per share of Series C Preferred Stock held by such Series C holder equal to \$4,511,018, subject to adjustment for any stock dividends, stock splits, and other subdivisions. If, upon liquidation, the available assets shall be insufficient to pay the full amount of the Series C liquidation preference, the Series C holders shall share in any distribution or payment of available assets pro rata in proportion to the respective Series C liquidation preference which would otherwise be payable upon a liquidation with respect to the outstanding shares of the Series C preferred stock if the Series C liquidation preference payable with respect to such shares were paid in full.

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SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

7. Stockholders' Deficit

Common Stock: In connection with the sale of the Company's Series A preferred shares in the year ended December 31, 2012, the Company entered in an Award Agreement for Restricted Shares (the "Agreement") with several common stockholders, including one employee/officer. In March 2012 a total of 900,000 shares of common stock were issued under the Agreement. At December 31, 2015, the entire 900,000 restricted shares granted became fully vested. During 2016, an additional 7,215,541 share of common stock were issued under the Agreement. None of the awarded shares or any beneficial interest therein shall be transferred, encumbered, pledged or otherwise alienated or disposed of in any way until they have become non-forfeitable in accordance with the Agreement. Even after any of the awarded shares become transferable pursuant to this Agreement, they will remain subject to the transfer restrictions set forth in the Stockholders Agreement.

Common Stock Warrants: In connection with the April and June 2016 sale of the Company's Series C preferred shares, the Company granted 3,540,950 warrant shares to the Series C shareholders for the purchase of the Company's common stock at an exercise price of \$.01 per share. The amount of shares of common stock purchasable upon the exercise of this warrant is subject to adjustment from time to time upon the occurrence of certain events as described in the Warrant Agreement. The warrants allow for either a cash or share settlement at the sole discretion of the Company, and are only exercisable, whether in whole or in part, concurrently with the consummation of the Company's first firm commitment underwritten public offering of Warrant Shares which occurs before the expiration time of the warrants. The warrants expire upon the first to occur of (a) on June 30, 2026 and (b) the consummation of a liquidation of the Company.

The Company has a total of 50,000,000 shares of common stock authorized. The following shares of stock are issued or are reserved for future issuance:

Common stock outstanding under restricted stock	
awards	8,274,708
Reserved for conversion of Series A preferred stock	12,528,868
Reserved for conversion of Series B preferred stock	4,347,082
Reserved for conversion of Series C preferred stock	7,096,900
Reserved for exercise of stock options issued and	
outstanding	582,203
Reserved for common stock warrants issued and	
outstanding	3,540,950
Reserved for shares available for 2012 Equity	
Incentive Plan	1,343,089
Common stock available for future issuance	12,286,200
Total authorized shares	50,000,000

Stock Option Plan and Stock-Based Compensation

Stock Option Plan - Under the 2012 Equity Incentive Plan (the Plan) including amendments, 10,200,000 shares of common stock have been reserved for the issuance of incentive stock options (ISOs) and non-qualified stock options (NSOs). Employees, Directors, consultants, and other individuals who provide services to the Company are eligible to be granted Awards under the Plan; provided, however, that only employees of the Company are eligible to be granted ISOs. ISOs and NSOs may be granted with an exercise price no lesser than the fair market value of the common stock on the date of grant. Options granted to a 10% stockholder shall be at no less than 110% of the fair value, and ISO grants to such 10% stockholders expire five years from the date of grant. ISOs granted under the Plan generally vest 25% after completion of the first year of service, and the balance vest in equal monthly installments over the next 36 months of service and expire ten years from the grant date, unless subject to provisions regarding 10% stockholders. NSOs vest per the specific agreement and expire ten years from the date of grant.

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

7. Stockholders' Deficit (continued)

The fair value of stock options granted was estimated using the following weighted average assumptions:

Expected dividend yield	0.00 %
Expected term (in years)	10 years
Risk-free interest rate	2.13 %
Expected stock price volatility	100 %

The Company has not paid dividends on its common shares in the past nor does it expect to pay dividends in the future. As such, the company used a dividend yield percentage of zero. Additionally, because the Company does not have a publicly traded common stock, the expected volatility was estimated by the Company to be 100% consistent with the historical changes in the fair value of its stock price. The risk-free rates approximated the rate of treasury securities with the same term as the options on the date of the respective grant.

For the year ended, December 31, 2016, the Company recorded \$63,745 of compensation expense related to stock options. As of December 31, 2016, there was \$624,171 of total unrecognized cost related to non-vested stock option grants which is expected to be recognized over the next four years.

A summary of the 2012 Equity Incentive Plan activity is as follows:

	Available for Grant	Outstanding Options	Outstanding restricted shares	Weighted Average Exercise Price
Balance at December 31, 2015	403,552	246,448	900,000	\$ 0.0477
Reserved	8,650,000	-	-	\$ 0.1000
Granted	(7,790,244)	474,703	7,315,541	\$ 0.1000
Exercised	-	(59,167)	59,167	\$ 0.1000
Forfeited or voided	79,781	(79,781)	-	\$ 0.0477
Balance at December 31, 2016	1,343,089	582,203	8,274,708	\$ 0.0882

8. Income Taxes

At December 31, 2016, the Company had federal and state net operating loss carryforwards of approximately \$10,347,000 and \$4,762,000, respectively. The difference between the federal and the state tax loss carryforwards is primarily attributable to the apportionment of income to various states. The Company also has federal research and

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development tax credit carryforwards of approximately \$168,000 available to reduce future income subject to income taxes.

Significant components of the Company's deferred tax assets are shown below. A valuation allowance of \$4,021,000 has been established as of December 31, 2016, to offset the deferred tax assets as realization of such assets does not meet the more likely than not threshold set forth in the standards.

Deferred tax assets:	
Research and development credits	\$59,000
State taxes	(2,000)
Depreciation and amortization	(12,000)
Net operating loss carryforwards	3,976,000
Total deferred tax assets	4,021,000
Valuation allowance for deferred tax assets	(4,021,000)
Total net deferred tax assets	\$-

SafeOp Surgical, Inc.

Notes to Financial Statements (continued)

9. Commitments

The Company has entered into employment agreements with 5 of its key employees. The terms of the agreement include provisions for salary, bonuses, and benefits when certain measurable targets are achieved. In addition, the agreements include provisions that provide severance payments ranging from 75% to 100% of the employee's annual base pay plus a pro rata portion of the performance bonus through the date of termination if the employee's employment is terminated by the employer without cause or by the employee for good reason, or if there is a change in control (defined as greater than 50% of the Company's stock sold).

The Company has entered into a lease agreement for office space in Maryland. The initial lease term is for 37 months commencing December 2014, with an option for one additional 3-year term. Rent was initially \$5,069 per month with scheduled increases of 3% per year. As an incentive to lease the office space the Company received 1 month rent-free.

APPENDIX D

Alphatec Holdings, Inc.

Unaudited Pro Forma Condensed Combined Financial Statements

On March 6, 2018, Alphatec Holdings, Inc. (the “Company”) and its newly-created wholly-owned subsidiary, Safari Merger Sub, Inc. (“Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with SafeOp Surgical, Inc., a Delaware corporation (“SafeOp”), certain Key Stockholders of SafeOp and a Stockholder Representative. The Merger Agreement provides for a reverse triangular merger (the “Merger”), which was consummated on March 8, 2018, in which Sub was merged into SafeOp, with SafeOp being the surviving corporation and a wholly-owned subsidiary of the Company. Under the term of the Merger Agreement, the Company paid \$15 million in cash, agreed to issue 3,265,132 shares of Common Stock, issued \$3 million of notes that are convertible into 931,667 shares of Common Stock (the “Notes”), and issued warrants to purchase 2.2 million shares of Common Stock at an exercise price of \$3.50 per share (the “Merger Warrants”). An additional 1,330,263 shares of Common Stock are issuable upon achievement of post-closing milestones.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2017 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2017 are based on the historical financial statements of the Company and SafeOp using the acquisition method of accounting.

The unaudited condensed combined pro forma balance sheet as of December 31, 2017 is based on the Company’s consolidated balance sheet as of December 31, 2017 and SafeOp’s balance sheet as of December 31, 2017. The unaudited condensed combined pro forma balance sheet gives effect to the Merger and the completed and anticipated financing as if it had occurred on December 31, 2017, and includes all adjustments that give effect to events that are directly attributable to the Merger and are factually supportable. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017 gives effect to the Merger and the completed and anticipated financing as if it had occurred on January 1, 2017 and includes all adjustments that give effect to events that are directly attributable to the Merger and the completed and anticipated financing, are expected to have a continuing impact, and are factually supportable.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only and are not intended to represent or to be indicative of the results of operations and financial position that the Company would have reported had the Merger been completed as of the date set forth in the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements reflect certain adjustments based on management’s preliminary estimates of the fair values of tangible and intangible assets acquired. Upon completion of detailed valuation studies the Company may make additional adjustments to the fair values, and these valuations could change significantly from those used to determine certain adjustments in the pro forma condensed combined financial statements.

In addition to the Merger, the pro forma financial statements include the effect of entering into a securities purchase agreement dated March 8, 2018, pursuant to which the Company sold in a private placement (the “Private Placement”) to certain institutional and accredited investors (collectively, the “Purchasers”), including certain directors and executive officers of the Company, at a purchase price of \$1,000 per share, 45,200 shares (the “Preferred Shares”) of newly designated Series B Convertible Preferred Stock (the “Series B Convertible Preferred Stock”) (which Preferred Shares will be converted into approximately 14,349,236 shares (subject to adjustment as described below and in the Certificate of Designations) of the Company’s common stock (“Common Stock”) upon approval by the Company’s

stockholders (“Stockholder Approval”), and warrants to purchase up to 12,196,851 shares of Common Stock at an exercise price of \$3.50 per share (the “Private Offering Warrants”). The Private Offering Warrants will become exercisable following Stockholder Approval, are subject to certain ownership limitations in certain cases, and expire five years after the date of such Stockholder Approval. The aggregate gross proceeds from the Private Placement were \$45.2 million. The Company intends to use the net proceeds from the Private Placement for general corporate and working capital purposes and to fund strategic initiatives, including a portion of the Merger consideration described above.

The pro forma financial statements also include the effect of the Company entering into a Warrant Exercise Agreement (the “Exercise Agreement”) with Armistice Capital Master Fund, Ltd. (“Armistice”) on March 8, 2018, a holder of an outstanding warrant to purchase up to an aggregate of 2,400,000 shares of Common Stock, at an exercise price of \$2.00 per share (the “Original Warrant”). Pursuant to the terms of the Exercise Agreement, Armistice has agreed to exercise, from time to time and in accordance with the terms of the Original Warrant, including certain beneficial ownership limitations set forth therein, the Original Warrant for cash (the “Warrant Exercise”). As a result of the Warrant Exercise, the Company received gross proceeds of \$3.4 million on March 8, 2018 from the exercise of the 1.7 million shares of the Original Warrant, and expects to receive additional gross proceeds of up to \$1.4 million thereafter from additional exercises of the remaining shares under the Original Warrant following Stockholder Approval. The Company expects to use the net proceeds from the exercise of the Original Warrant for general corporate and working capital purposes and to fund strategic initiatives.

These unaudited pro forma condensed combined financial statements should be read in conjunction with:

- The Company’s historical consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 9, 2018;
 - The Company’s Current Report on Form 8-K filed with the SEC on March 6, 2018;
 - SafeOp Surgical Inc.’s Financial Statements with Independent Auditor’s report for the year ended December 31, 2017 included in Appendix C.
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Alphatec Holdings, Inc.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of December 31, 2017 (In thousands)

			Pro Forma		
			Pro Forma	Adjustments	
	Alphatec	SafeOp	Adjustments	SafeOp	Pro Forma
	Historical	Historical	Financing	Acquisitions	Combined
Assets					
Current assets:					
Cash and cash equivalents	\$22,466	\$ 301	\$ 47,797	A \$ (16,622)E	\$53,942
Accounts receivable, net	14,822	55			14,877
Inventories	27,292	218			27,510
Prepaid expenses and other current assets	1,767	41			1,808
Current assets of discontinued operations	131				131
Total current assets	66,478	615	47,797	(16,622)	98,268
Property and equipment, net	12,670	23			12,693
Intangible assets, net	5,248	241		21,560 F (241)G	26,808
Goodwill				14,085 H	14,085
Other assets	208				208
Noncurrent assets from discontinued operations	56				56
Total assets	\$84,660	\$ 879	\$ 47,797	\$ 18,782	\$152,118
Liabilities And Stockholders' Equity					
Current liabilities:					
Accounts payable	\$3,878	\$ 221	\$ 102	B \$ 138 I (62)J	\$4,277
Accrued expenses	22,246	164		62 J	22,472
Current portion of long-term debt	3,306				3,306
Commitments and contingencies				3,200 K	3,200
Current liabilities of discontinued operations	312				312
Total current liabilities	29,742	385	102	3,338	33,567
Long-term debt less current portion	37,767			3,000 L	40,767
Other long-term debt	20,206				20,206
Deferred tax liabilities				2,189 M	2,189
Convertible promissory note		2,401		(2,401)N	—
Total liabilities	87,715	2,786	102	6,126	96,729
Redeemable preferred stock	23,603	11,321		(11,321)N	23,603
Stockholders' equity:					
+Series A convertible preferred stock	—	—			—
Series B convertible preferred stock	—	—	—	C	—

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Common stock	2	1	—	D	(1)O	2
					—	P	
Treasury Stock, 2 shares, at cost	(97)					(97
Additional paid in capital	436,803	532	35,246	C	(532)O	487,605
			4,800	D	10,756	P	
Stock warrants		1	7,649	C	(1	)O	9,299
					1,650	Q	
Shareholder note receivable	(5,000	)					(5,000
Accumulated other comprehensive income	1,093						1,093
Accumulated deficit	(459,459)	(13,762	)		13,762	O	(461,117)
					(1,658	)R	
Total stockholders' equity	(26,658	)	(13,228	)	47,695		31,785
Total liabilities and stockholders' equity	\$84,660	\$ 879	\$ 47,797		\$ 18,781		\$152,117

Alphatec Holdings, Inc.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the year ended December 31, 2017

(In thousands, except per share amounts)

			Pro Forma		
			Pro Forma	Adjustments	Pro
	Alphatec	SafeOp	Adjustments	SafeOp	Forma
	Historical	Historical	Financing	Acquisitions	Combined
Revenues	\$ 101,739	\$ 246	\$ —	\$ —	\$ 101,985
Cost of Revenues	39,406	123			39,529
Gross Profit	62,333	123			62,456
Operating Expenses:					
Research and development	4,920	801			5,721
Sales and marketing	41,158	1,343			42,501
General and administrative	23,220	1,352		(168)S	24,404
Amortization of intangibles	688			715 F	1,403
Restructuring expenses	2,206				2,206
Impairment on intangible assets	(856)				(856)
Total costs and expenses	71,336	3,496	—	547	75,379
Operating loss	(9,003)	(3,373)	—	(547)	(12,923)
Interest expense, net	(7,482)	(13)		(180)L	(7,675)
Gain on change of fair value of warrants	12,044				12,044
Other expenses, net	(133)				(133)
Loss from continuing operations before tax	\$ (4,574)	\$ (3,386)	\$ —	\$ (727)	\$ (8,687)
Income tax benefit	(34)				(34)
Loss from continuing operations	(4,540)	(3,386)	—	(727)	(8,653)
Income from discontinued operations, net	2,246				2,246
Net loss	\$ (2,294)	\$ (3,386)	\$ —	\$ (727)	\$ (6,407)
(Loss) Income per share, basic:					
Continuing operations	\$ (0.36)				\$ (0.47)
Discontinued operations	0.18				0.12
Net loss per share, basic:	\$ (0.18)				\$ (0.35)
(Loss) Income per share, diluted:					
Continuing operations	\$ (1.25)				\$ (0.43)
Discontinued operations	0.17				0.05
Net loss per share, diluted	\$ (1.08)				\$ (0.38)
Weighted average number of shares outstanding:					
Basic	12,788		2,400 T	3,265 T	18,453
Diluted	13,282		28,946 U	6,397 U	48,625

See the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements, which are an integral part of these financial statements.

Alphatec Holdings, Inc.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Description of Transaction and Basis of Presentation

Description of Transaction

On March 6, 2018, Alphatec Holdings, Inc. (the “Company”) and its newly-created wholly-owned subsidiary, Safari Merger Sub, Inc. (“Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with SafeOp Surgical, Inc., a Delaware corporation (“SafeOp”), certain Key Stockholders of SafeOp and a Stockholder Representative. The Merger Agreement provides for a reverse triangular merger (the “Merger”), which was consummated on March 8, 2018, in which Sub was merged into SafeOp, with SafeOp being the surviving corporation and a wholly-owned subsidiary of the Company. Under the terms of the Merger Agreement, the Company paid \$15 million in cash, agreed to issue 3,265,132 shares of Common Stock, issued \$3 million of notes that are convertible into 931,667 shares of Common Stock (the “Notes”), and issued warrants to purchase 2.2 million shares of Common Stock at an exercise price of \$3.50 per share (the “Merger Warrants”). An additional 1,330,263 shares of Common Stock are issuable upon achievement of post-closing milestones.

In addition to the Merger, the pro forma financial statements include the effect of entering into a securities purchase agreement dated March 8, 2018, pursuant to which the Company sold in a private placement (the “Private Placement”) to certain institutional and accredited investors (collectively, the “Purchasers”), including certain directors and executive officers of the Company, at a purchase price of \$1,000 per share, 45,200 shares (the “Preferred Shares”) of newly designated Series B Convertible Preferred Stock (the “Series B Convertible Preferred Stock”) (which Preferred Shares will be converted into approximately 14,349,236 shares (subject to adjustment as described below and in the Certificate of Designations) of the Company’s common stock (“Common Stock”) upon approval by the Company’s stockholders (“Stockholder Approval”), and warrants to purchase up to 12,196,851 shares of Common Stock at an exercise price of \$3.50 per share (the “Private Offering Warrants”). The Private Offering Warrants will become exercisable following Stockholder Approval, are subject to certain ownership limitations in certain cases, and expire five years after the date of such Stockholder Approval. The aggregate gross proceeds from the Private Placement were approximately \$45.2 million. The Company intends to use the net proceeds from the Private Placement for general corporate and working capital purposes and to fund strategic initiatives, including a portion of the Merger consideration described above.

The pro forma financial statements also include the effect of the Company entering into a Warrant Exercise Agreement (the “Exercise Agreement”) with Armistice Capital Master Fund, Ltd. (“Armistice”) on March 8, 2018, a holder of an outstanding warrant to purchase up to an aggregate of 2,400,000 shares of Common Stock, at an exercise price of \$2.00 per share (the “Original Warrant”). Pursuant to the terms of the Exercise Agreement, Armistice has agreed to exercise, from time to time and in accordance with the terms of the Original Warrant, including certain beneficial ownership limitations set forth therein, the Original Warrant for cash (the “Warrant Exercise”). As a result of the Warrant Exercise, the Company received gross proceeds of \$3.4 million on March 8, 2018 from the exercise of the 1.7 million shares of the Original Warrant, and expects to receive additional gross proceeds of up to \$1.4 million thereafter from additional exercises of the remaining shares under the Original Warrant following Stockholder Approval. The Company expects to use the net proceeds from the exercise of the Original Warrant for general corporate and working capital purposes and to fund strategic initiatives.

Basis of Presentation

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The unaudited pro forma condensed combined financial statement have been prepared based on the Company's and SafeOp's historical financial information, giving effect to the Merger and related adjustments described in these notes. The Company and SafeOp prepares its financial statement in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Certain note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted as permitted by the Securities and Exchange Commission rules and regulations.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017, gives effect to the Merger and the completed and anticipated financing as if they were completed on January 1, 2017

and the unaudited pro forma condensed combined balance sheet as of December 31, 2017, gives effect to the Merger and the completed and anticipated financing as if they had occurred on that date.

The historical financial information is adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events and are based on (i) the historical consolidated results of operations and financial condition of the Company; (ii) the historical consolidated results of operations and financial condition of SafeOp; and (iii) pro forma events directly attributable to the proposed merger and with respect to the unaudited condensed combined statements of operations are expected to have a continuing impact on the combined results, as further described below.

The Company accounts for business combinations in accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 805, “Business Combinations.” The purchase price for the Merger has been allocated to the assets and liabilities acquired based on management’s preliminary estimates of the fair values of tangible and intangible assets acquired. Upon completion of detailed valuation studies the Company may make additional adjustments to the fair values, and these valuations could change significantly from those used to determine certain adjustments in the pro forma condensed combined financial statements.

Certain reclassifications have been made to the historical presentation of SafeOp to conform to the presentation used in the unaudited pro forma condensed combined financial information. These reclassifications have no net impact on the historical operating loss, loss from continuing operations, total assets, liabilities, or shareholders’ equity reported by the Company or SafeOp.

2. Purchase Price

In connection with the Merger, the Company agreed to pay \$15 million in cash (subject to a working capital adjustment), agreed to issue 3,265,132 shares of Common Stock, issued Notes for \$3 million, and issued Merger Warrants to purchase 2.2 million shares of Common Stock at an exercise price of \$3.50 per share. In accordance with the terms of the Merger Agreement, the price per share of the Common Stock was based on the per share price at the time of entering into the Letter of Intent and the volume weighted average price per share of the Company’s Common Stock for the period commencing on December 31, 2017 and ending March 5, 2018. For accounting purposes, such shares were valued as of March 12, 2018, the date of issuance, at a per share price of \$3.30; a total of \$10.8 million. The Merger Warrants were fair valued at \$1.6 million using the Black-Scholes valuation model. Additionally, a portion of the consideration transferred was to pay for certain SafeOp transaction costs incurred related to the Merger. As such, payments related to these reimbursements are included in the purchase price below.

The Company agreed to issue additional shares of Common Stock for up to \$4.3 million upon achievement of post-closing milestones (the “Contingent Consideration”). The first milestone includes payment of up to \$1.4 million 10 days after 501(k) submission of an application for regulatory clearance for an indication for use of a product that includes specifically recording of muscle activity, also known as electromyography (“EMG”). The second milestone includes a payment of up to \$2.9 million 10 days after the receipt of 501(k) clearance from any regulatory authority for an indication for use of a product specifically EMG. The Contingent Consideration is recorded as a liability and measured at fair value using a probability-weighted income approach, utilizing significant unobservable inputs including the probability of achieving each of the potential milestones and an estimated discount rate related to the risks of the expected cash flows attributable to the milestones. The material factors that may impact the fair value of the Contingent Consideration, and therefore, this liability, are the probabilities of achieving the related milestones and the discount rate. Significant increases or decreases in any of the probabilities of success would result in a significantly higher or lower fair value, respectively. The fair value of the Contingent Consideration, and the associated liability relating to the Contingent Consideration at each reporting date, will be re-estimated with the changes in fair value reflected in earnings.

The total estimated purchase price is presented below (in thousands):

Cash	\$ 15,103
Common Stock (	10,756
Note (	3,000
Warrants (	1,650
Contingent Consideration	3,200
Total	\$33,709

Pro Forma Adjustments

A. Reflects the consideration received from the Private Placement and the Warrant Exercise, net of issuance costs paid to date summarized as follows (in thousands):

Private Placement	\$45,200
Issuance Costs	(2,203)
Warrant Exercise	4,800
Total	\$47,797

B. Reflects the amount of the Private Placement issuance costs that were incurred but not yet paid as of the issuance date.

C. Reflects the issuance of 45,200 shares of Series B Convertible Preferred Stock with a par value of \$0.0001 and the Private Offering Warrants, net of issuance costs. The total consideration received of \$45.2 million and the issuance costs incurred of \$2.3 million is allocated to the Series B Convertible Preferred Stock and the Private Offering Warrants on a relative fair value basis.

	Par
	Value APIC
Series B Convertible Preferred Stock	\$ —\$37,140

Series B Convertible Preferred Stock Issuance Costs