I. What is the Laser Spine Institute

- Founded in 2005
- We specialize in minimally invasive endoscopic spine surgery
- Performed 15,000+ surgeries
- We maintain our commitment to continued advancement of excellence in innovation, cutting edge technology, and process perfection to deliver the most productive and efficient working environment for our staff, while providing the most customer friendly environment to our patients.

Surgical experience

Formation → Present

2001 2002 2003 2004 2005 2006 2007 2008 2009
Setting LSI apart

Integrated medical, business process and service innovations yield breakthrough patient results

- **Medical Breakthrough:**
  - Laser "Spray" procedures address "80/20" of spine pathologies
  - Endoscopic/Micro
  - Outpatient
  - Local/Twilight anesthesia

- **Integrated Continuum of Spine Care:**
  - Internal capabilities "cover" life cycle
  - Diagnosis – Ancillary – Surgery – Therapy
  - Medical clinic
  - Physical therapy
  - Dental care
  - Orthopedic
  - Therapy

- **Employee Friendly:**
  - St. Petersburg Times best places to work
  - Becker's best places to work
  - Upward Mobility
  - Executive training programs
  - Tuition Assistance

- **Direct Patient Relationships:**
  - Healthcare "disintermediation"
  - Global, multi-channel online and offline sales and marketing platforms
  - Central call center, > 10,000 campaigns
  - "B2B" executive circuit, touching 10,000 prospective patients/month
  - Marketing determines success vs. reimbursement

- **Five-Star Hospitality Experience:**
  - Service leaders devoted to the patient experience
  - Internet café, catering, media center, transportation
  - Low wait times

87% vs. 60% success rate @ 65% lower cost @ 25% of alternative recovery time

LSI deployed rare process services, leading the market faster

...Our People
- 300 "family members" Service leaders devoted to the patient experience in Tampa, FL; Scottsdale, AZ; Valley Forge, PA; San Diego, CA; Beverly Hills, CA; The Village, FL; Ft. Lauderdale, FL locations.

...Innovators
- "Alchemy" of medical and business breakthroughs driving LSI leadership

...Service
- Service-driven "culture of hospitality" defining the patient experience

LSI Service Excellence Rating ≥ 90%
National Average = 63%

...Proven
- Industry leading Safety and Success Rates
- 120% growth in surgery volume over 5 years

...Leaders
- "Consumer Health" segment pioneer – Spine surgery market leader
  (Spine is #7 health condition spend – #1 health care growth sector)

II. PROCESS EVALUATION
Innovation through Process - Positional Statement

- New procedure advancement and portfolio additions à Early Adopters
  - The Laser Spine Institute has acknowledged the practical connotation of the adoption of Procedural Advancement incubation cycle, equating to alignment and optimization of corporate focal points such as the delivery of an optimal patient care delivery platform, all while continuing an “early adopters” approach to new procedure portfolio advancement and growth. Process oriented practices must assertively manage their new procedure incubation cycle by initiating and implementing a conclusion oriented, development creation cycle that will serve as a reliable slave to the introduction of appropriate procedural advancements.

- Conversation Points
  - Identifying a best practices opportunity
  - Evaluating the opportunity for fit into your system
  - Standardizing through a philosophy of integration
  - Deploying the cycle to seek results.

5 day patient experience – Integrated “Turnkey” patient care cycle

- Patient Discharged Home (Day 5)
- History & Physical and Medical Clearance And Patient Education Seminar (Day 1)
- MRI Discussion/Surgical Order (Day 2)
- Diagnostic Testing/Surgical Order (Day 2)
- Surgery (Day 3)
- Post Operative Immediate and Postoperative Care (Day 4)
- Education (Day 4)
- Inpatient Discharge Home (Day 5)

New process achievement – How it works

Conceptualization → Evaluation → Execution → Implementation

- Inspiration → Assessment → Recommendation → Approval → Make it happen!
Goal: Sustainable leadership through innovation-driven differentiation
Continue to take more of the spine surgery market

A. NEW PRODUCT/TREATMENT INNOVATION

Identify → Evaluate → Appraise

* Outcomes assessment and surgical strategy shift
The Vision/Mission/Goals of “Sustaining the Surgical Advantage (SSA)” Enhancement Vs. Advancement

**Vision**
- Advancing Innovation w/in LSI to achieve/maintain leadership position

**Mission**
- Align:...the leadership team
- Address:...opportunities and challenges
- Advance:...the patient experience
- Inspire:...the leadership team to put LSI first and commit themselves to each other and to our patients

**Goal**
- Collaboration:...between thought leaders
- Exploration:...of opportunities
- Alignment:...of agenda for implementation

**Enhancement**
- 15,000+ surgeries:...increase outcome
- Intra- operative procedure improvement
- Post operative procedure improvement

**Advancement**
- New procedures and surgical approach
- Philosophical/strategic shift

---

How do we do it: R&D Process

1. **Step 1:** Brainstorming/idea generation
2. **Step 2:** Planning Session: Broad evaluation/Narrow the focus SSA Symposium
3. **Step 3:** Symposium: Presentation of due diligence SSA Committee
4. **Step 4:** Final decision SSA Committee

LSI LABS
Implementation/Planning/Execution

- Implementation w/o LSI LABS
- Needs further investigation
- No go

---

The Cycle to Portfolio Advancement

**Step 1:** Idea generation
**Step 2:** Planning Session
**Step 3:** Symposium
**Step 4:** Final decision

---

5/24/2010
**LSI Labs “Portfolio Advancement”**  
Integration Strike Team

Providing Resource support to portfolio advancement

- Physician Director
- Legal & Compliance Integration Champion
- Sales/Marketing Integration Champion
- Operations Integration Champion
- ROI Champion
- Research Champion
- Billing Integration Champion
- New Product Engineering Champion

---

**THE RESULTS**

Deployed ➔ Standardized

**The Results**

**Procedure Growth**

- 2005: 9%
- 2006: 8%
- 2007: 7%
- 2008: 4%
- 2009: 3%
- 2010: 2%

**Volume Acceleration**

- 2005: 4%
- 2006: 15%
- 2007: 20%
- 2008: 25%
- 2009: 30%
- 2010: 35%

**Growth Facts**

- Created career opportunities for 300+ Teammates
- 9 Teammates ➔ 300+
- 15 surgeries ➔ 450+
- Successfully treated over 15,000 spinal patient with industry leading success
The Results
Diverse patient population... Powerful patient value

- "Super-regional" footprint
  - 63% Balance of U.S.
  - 15% Balance of Florida
  - 11% Tampa Bay
  - 6% Phoenix
  - 2% Balance of Arizona
  - 5% International
- Age profile: 16 to 100 w/ mean = 59
- 76% "virgin" backs / 34% previous surgery
- Average pre-LSI pain duration = 9 years

Patient Outcome Advantage

<table>
<thead>
<tr>
<th></th>
<th>Incidence</th>
<th>Infection</th>
<th>Morbidity</th>
<th>Hospital ADMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSI</td>
<td>2.3%</td>
<td>0.1%</td>
<td>3.9%</td>
<td>0.18%</td>
</tr>
<tr>
<td>Average</td>
<td>9.5%</td>
<td>7.8%</td>
<td>7.9%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

*Comparative ASC national average

The Results
Leaders in service excellence

Exemplary ASC patient satisfaction leader...

Service Excellence Rating

Spine patient volumes (2009)

Quality Advantage

The Results
Patient Satisfaction Continues to Climb
In our quest to become the world leader in spine care, employee engagement and morale are fundamental and LSI begins very strong.

LSI Employee morale rivals or outperforms morale levels measured at the world’s most established, highest regarded, care & service-focused institutions.

V. SUMMARY & CLOSING

In Summary, LSI, through a detail oriented approach to new process and product innovation, continues to sustain its core values and competitive advantage by creating and deploying a project oriented environment conducive to continuous stimulation based innovation and optimization.

THANK YOU FOR YOUR TIME