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FOR IMMEDIATE RELEASE

Pioneer[®] Surgical Technology, Inc. Closes \$15 Million Series B Financing

***New Investment to Fund IDE Pivotal Study of the
NuBac[™] Nucleus Replacement Device for the Spine***

Marquette, MI – December 16, 2008 – Pioneer Surgical Technology, Inc., a leading innovator in the design and manufacture of spinal and orthopedic implants and instruments, today announced the closing of Series B financing totaling \$15 million. Pioneer attracted new participation from InvestMichigan! Growth Capital Fund (IMGCF). Previous investors Pharos Capital Group, LLC; Highlander Partners, LP; Hopewell Ventures; and River Cities Capital Funds also participated in the round.

Pioneer's CEO and Chairman of the Board, Matthew N. Songer, MD, MBA says, "This capital will fund our FDA pivotal study for the NuBac nucleus replacement device, enabling us to bring this innovative **P3[™]** technology to the U.S. market."

Pioneer is the first and only company to receive FDA approval to start the IDE pivotal study for lumbar nucleus replacement. The NuBac is a minimally-invasive device and is the first in a family of PEEK-on-PEEK articulating discs and implants developed by Pioneer.

IMGCF co-manager Charles Rothstein, of Beringea, Inc., commented. "With its focus on one of the largest, fastest growing and most profitable segments in the medical device industry, we feel confident Pioneer Surgical will be a valuable addition to the IMGCF portfolio."

The NuBac implant system is the only Nucleus Replacement device that utilizes an articulating inner ball and socket design that seeks to achieve load sharing and uniform stress distribution under various physiological loading conditions while minimizing extrusion risk. The NuBac implant is made of PEEK-OPTIMA[®] material which offers well established biocompatibility, bi durability, excellent wear resistance, and radiolucency.

San Francisco, California-based Thomas Weisel Partners served as sole financial advisor to Pioneer in connection with the Series B financing.

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About Pioneer Surgical Technology

Pioneer Surgical Technology, Inc., headquartered in Marquette, Michigan, is a dynamic medical device firm with a full line of cutting-edge motion preservation devices, either available commercially in Europe or under clinical evaluation in the U.S. Pioneer's signature articulating **P3™ Technology - Pioneer PEEK-on-PEEK**, in its NuBac™ disc arthroplasty system, BacJac™ interspinous decompression system, and NuNec™ artificial cervical disc, is the most technologically advanced in the industry. Currently, Pioneer offers a diverse portfolio of next generation spinal fusion devices. Pioneer's focus on innovation has resulted in over 100 U.S. and foreign patents with numerous patents pending. The company established a Biologics Division following two acquisitions in 2007. Pioneer Orthobiologics is developing a rich pipeline of products indicated for a variety of spinal and orthopaedic applications. Pioneer focuses on developing products which are easier and faster for the surgeon, cost effective for the health care system, and provide better patient outcomes. www.pioneersurgical.com

About InvestMichigan! Growth Capital Fund

The Invest Michigan! Fund is an economic development initiative created by Michigan Governor Jennifer Granholm. The fund is designed to retain and attract businesses to the State of Michigan and further develop the State's entrepreneurial ecosystem. The Growth Capital Program is co-managed by Beringea, a Michigan-based venture capital firm experienced in geographically targeted investment programs, and Credit Suisse's Customized Fund Investment Group, a highly-respected global network of funds and co-investments. info@beringea.com

About Pharos Capital Group, LLC

Based in Dallas and Nashville, Pharos Capital Group currently has approximately \$600 million in capital under management. Pharos primarily invests \$10 to \$30 million in companies seeking later stage equity funding for internal growth, acquisitions, management buyouts or recapitalizations across industry sectors, with particular focus on health care, business services, and applied technology. www.pharosfunds.com

About Highlander Partners, LP

Highlander Partners is a private investment firm located in Dallas, Texas. The firm's core industries of interest and expertise are healthcare services, medical devices, specialized food ingredients, and building products and services. The principals of Highlander bring extensive operating and financial experience to bear in their investments. Highlander is also the majority general partner of Highlander Partners Healthcare Fund, a long/short healthcare services and medical device hedge fund. aguiva@highlander-partners.com

About Hopewell Ventures

Hopewell Ventures is a Chicago- and Peoria, IL-based venture capital and private equity firm providing growth and buyout capital to Midwestern businesses in a broad range of industries and stages of development. With more than a century of experience, Hopewell's team makes initial investments of \$2 to \$7 million. www.hopewellventures.com

About River Cities Capital Funds

River Cities Capital Funds provides growth equity to companies primarily in healthcare and information technology. With offices in Cincinnati and Raleigh and over \$390 million in capital



under management, River Cities actively seeks expansion stage companies throughout the Midwest and Southeast United States. www.rccf.com.

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