

FOR IMMEDIATE RELEASE

Pioneer Surgical Technology Closes \$30.5 Million Preferred Equity Private Placement

Marquette, MI, December 19, 2006 – Pioneer Surgical Technology (“Pioneer” or “the Company”), a leading innovator in the design and manufacture of spinal and orthopaedic implants, announced today that it has closed a \$30.5 million Preferred Equity private placement. Pharos Capital Group, LLC led the syndicate of investors and was joined by Highlander Partners, LP; Hopewell Ventures; and River Cities Capital Funds.

The capital will be used to fund Pioneer’s ongoing Investigation Device Exemption (IDE) study of its NUBAC™ Intradiscal Device; global distribution expansion; and aggressive project development programs including motion preservation devices, biologics, and minimally invasive surgical approaches.

Founded in 1992, Pioneer began as an orthopaedic medical device company. After establishing its spinal division in 2004 and launching its initial spinal products, the Company has experienced rapid revenue growth and market acceptance of its novel implants including a full development pipeline and the NUBAC™ Intradiscal System. Pioneer recently began implanting NUBAC™, the only intradiscal arthroplasty device utilizing articulating PEEK-on-PEEK material, as part of its IDE study. The device is designed to preserve most of the annular tissue while being less invasive than Total Disc Replacement (TDR) and fusion.

“The depth and breadth of expertise gained from our venture capital syndicate partners creates tremendous synergies that, along with the new capital, will propel Pioneer to a new frontier in the spinal medical device marketplace,” stated Matthew N. Songer, M.D., President and CEO of Pioneer Surgical Technology.

Joel Goldberg, a Principal at Pharos Capital Group said, “We are impressed by the Company’s business model for developing innovative products that will dramatically raise the standard of care for the large number of people afflicted with spinal disorders. The NUBAC™ device truly exemplifies the management team’s commitment to using advanced technology to improve daily life for these patients.”

Pioneer was advised by P&M Corporate Finance, LLC, a boutique investment bank providing private placement, merger and acquisition advisory services to life science companies in North America and Europe.

About Pioneer Surgical Technology

Pioneer Surgical Technology, headquartered in Marquette, Michigan, is a leading innovator in the design and manufacture of spinal and orthopedic implants. Founded in 1992, Pioneer has positioned itself as a true surgeon-driven spinal device company that

promotes responsiveness through customer intimacy, surgeon-to-surgeon relationships, and a commitment to long-term innovation. In 2005 Pioneer launched the following spinal implant systems in addition to receiving the CE mark for the NUBAC™ Intradiscal System: Quantum Spinal Rod, Pioneer Anterior Cervical Plate and its PEEK-Plus Vertebral Replacement Devices.

The company is expanding its 70,000 square foot facility in Marquette as it continues to grow its spinal and orthopaedic products. Pioneer currently employs over 200 employees worldwide and has been awarded 30 patents. For more information, visit www.pioneersurgical.com.

About Pharos Capital Group, LLC

Based in Dallas and Nashville, Pharos Capital Group (www.pharosfunds.com) currently has approximately \$500 million in capital under management. Pharos primarily invests \$10 to \$20 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.

About Highlander Partners, LP

Highlander Partners is a private investment firm managing over \$300 million 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.

About Hopewell Ventures

Hopewell Ventures (www.HopewellVentures.com) is a \$110 million 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 \$1.5 to \$5 million.

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 \$300 million in capital under management, River Cities actively seeks expansion stage companies throughout the Midwest and Southeast United States. For more information, visit www.rccf.com.

About P&M Corporate Finance

P&M Corporate Finance, LLC is a boutique investment bank providing merger and acquisition services to middle-market companies in North America and Europe. PMCF provides a broad range of services including sale advisory, acquisition advisory, capital raising and strategic advisory. The organization has dedicated industry teams focused on

providing services to the life sciences, business services, building products and industrial industries. PMCF is headquartered in Southfield, Michigan with additional offices in Chicago, Illinois and Cleveland, Ohio. For additional information, visit www.pmcf.com.

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