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11
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF SAN DIEGO

14 NORTH COUNTY

15 In re ALPHATEC HOLDINGS, INC.) Case No. 37-2010-00058586-CU-BT-NC
16 DERIVATIVE SHAREHOLDER)
LITIGATION) (Consolidated with Case No. 37-2010-
00062262-CU-BT-NC)

17 This Document Relates To:) SUMMARY NOTICE OF PROPOSED
18 ALL ACTIONS.) SETTLEMENT

19)
20) Judge: Jacqueline M. Stern
21) Dept: N-27
Date Action Filed: August 25, 2010

1 **TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF THE**
2 **COMMON STOCK OF ALPHATEC HOLDINGS, INC. (“ALPHATEC” OR THE**
3 **“COMPANY”) AS OF MARCH 25, 2014 (“CURRENT ALPHATEC**
4 **STOCKHOLDERS”).**

5 YOU ARE HEREBY NOTIFIED, pursuant to the April 25, 2014 Order Preliminarily
6 Approving Settlement and Providing for Notice entered in the above-captioned consolidated
7 shareholder derivative action (the “Action”), that a Stipulation of Settlement dated March 25, 2014
8 (the “Stipulation” or “Settlement”)¹ has been entered to resolve all shareholder derivative claims
9 pending on behalf of nominal defendant Alphatec Holdings, Inc. (“Alphatec” or the “Company”) in
10 the Action, currently pending in the Superior Court of the State of California for the County of San
11 Diego (the “Court”).

12 The Action alleged claims on behalf of Alphatec against Defendants for, among other
13 things, breaching their fiduciary duties of candor, loyalty, and good faith owed to Alphatec by
14 acquiring Scient’x, S.A. from Alphatec’s alleged controlling shareholder, HealthpointCapital. More
15 specifically, the Complaint alleges that, in late 2009, Alphatec announced the acquisition of
16 Scient’x for \$120.4 million in stock, despite Scient’x’s lack of foreseeable profitability and its
17 offering no significant benefit to Alphatec and/or its ongoing business operations. In connection
18 with, and conditioned upon, the Settlement, Alphatec has agreed to implement and/or maintain
19 Corporate Governance Reforms, as defined and set forth in the Stipulation. The Corporate
20 Governance Reforms are designed to Alphatec’s internal controls and systems, as well as the
21 effectiveness and responsiveness of the Alphatec Board.

22 On August 15, 2014, at 1:30 p.m., a hearing (the “Settlement Hearing”) will be held before
23 the Honorable Jacqueline M. Stern in Department N-27 of the Court, located at 325 South Melrose
24 Drive, Vista, California 92081, to determine: (1) whether the terms of the Settlement, including an
25 award of \$5,250,000 in attorneys’ fees and expenses to Plaintiffs’ Counsel in the Action, upon the
26 terms and conditions set forth in the Stipulation should be approved as fair, reasonable, and

27 ¹ Except as otherwise defined herein, all capitalized terms shall have the same meaning as set
28 forth in the Stipulation.

1 adequate; and (2) whether the Action should be dismissed with prejudice pursuant to entry of
2 Judgment by the Court.

3 **PLEASE READ THIS SUMMARY NOTICE CAREFULLY AND IN ITS**
4 **ENTIRETY. IF YOU ARE A CURRENT ALPHATEC SHAREHOLDER,**
5 **YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THE**
6 **ACTION.**

7 This is a summary notice only. For additional information about the claims asserted in the
8 Action and the terms of the proposed Settlement, please refer to the documents filed with the Court
9 in the Action, the Stipulation (filed as an exhibit to the Company's Current Report on Form 8-K
10 filed with the Securities and Exchange Commission and available at www.sec.gov), and the full-
11 length Notice of Proposed Settlement (the "Notice"). The "Investors" section of Alphatec's website
12 (<http://www.Alphatec-spine.com>) provides hyperlinks to the Notice and to the Stipulation.

13 **PLEASE DO NOT CONTACT THE COURT REGARDING THIS SUMMARY**
14 **NOTICE.**

15 If you have any questions about matters in this Summary Notice you may contact Darnell R.
16 Donahue at the offices of Lead Counsel for Plaintiffs: Robbins Arroyo LLP, 600 B Street, Suite
17 1900, San Diego, CA 92101. You may contact Mr. Donahue in writing, or by telephone at (619)
18 525-3990.

19 If you are a current Alphatec shareholder, you will be bound by the Order and Final
20 Judgment of the Court granting final approval to the Settlement, and shall be deemed to have
21 waived the right to object (including the right to appeal) and forever shall be barred, in this
22 proceeding or in any other proceeding, from raising such objection. *Any objections to the*
23 *Settlement must be filed on or before August 1, 2014*, in accordance with the procedures set forth
24 in the Notice.

25 DATED May 1, 2014

26 BY ORDER OF THE COURT
27 SUPERIOR COURT OF THE STATE OF
28 CALIFORNIA FOR THE COUNTY OF SAN DIEGO