COMPLIANCE PROGRAM OVERVIEW

Xtant Medical ("Xtant" or the "Company") is committed to compliance with the laws that govern our business, and we have implemented the following to assist us in meeting this commitment.

The Compliance Program is intended to apply to all officers, directors and employees, as well as independent contractors who provide services on behalf of the Company, and is a series of internal controls that promote the prevention, detection, and resolution of conduct that does not conform to the Company's Code of Conduct. The Program is intended to be an integral and routine part of the Company's operations and to demonstrate the Company's commitment to the highest standards of ethics and compliance.

COMPLIANCE COMMITTEE

The Compliance Program includes organizational support in the form of a Compliance Committee consisting of:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- General Counsel

The Compliance Committee is responsible for providing advice and guidance to the Board of Directors, and the senior management on matters relating to the operation of the Company's Compliance Program. The Committee's functions include analyzing the Company's legal and operational environment and implementing policy revisions and/or improvements in compliance training to minimize regulatory risks and ensure compliance with applicable laws.

TRAINING AND MONITORING

The Compliance Program also includes periodic training on the Code of Conduct, the legal and regulatory requirements applicable to our business and the Compliance Program's process for obtaining guidance on compliance issues and reporting possible violations.

In addition, the Company will undertake auditing and monitoring to help ensure that the Code of Conduct and other Company policies are adhered to as a routine part of our operations.

REPORTING AND INVESTIGATING MISCONDUCT

It is the responsibility of each employee to report possible violations of applicable laws or regulatory requirements or of the Code of Conduct. Employees are encouraged to raise their concerns with their supervisor first or, if more appropriate, with a manager or other appropriate personnel. Personnel and human resources issues should continue to be addressed through the Human Resources Department, and policies related to employment matters are contained in the Company's Employee Handbook.

Possible violations of the Code of Conduct also may be reported directly to the following dedicated e-mail address: compliance@xtantmedical.com. In addition, reports may be submitted anonymously in writing to the Compliance Committee at Xtant Medical's corporate offices at 664 Cruiser Lane, Belgrade, MT 59714. It should be recognized, however, that the submission of an anonymous report limits the Company's ability to obtain additional information that may be necessary or helpful to the investigation of a reported matter.

The Compliance Committee is responsible for ensuring that all reports are promptly investigated. Where appropriate or necessary, the Compliance Committee may refer such matters to appropriate management personnel for resolution.

The ability to discuss ethical and legal issues without fear of retribution is vital to the effectiveness of the Company's Compliance Program. Xtant Medical will make every effort to maintain, within the limits of the law, the

confidentiality of any individual who reports possible misconduct. Xtant Medical will not tolerate retaliation against any employee who, in good faith, reports an ethical or legal concern.

RESPONDING TO VIOLATIONS

Where an internal investigation substantiates a reported violation, it is our policy to initiate timely and appropriate corrective action. Such action may include, as appropriate and without limitation, notifying government agencies, imposing disciplinary action, terminating contracts or implementing training or systemic changes to prevent similar violations from recurring.

All managers should make consistent and reasonable attempts to identify misconduct committed by employees or others that they supervise. Managers may be sanctioned for failing to instruct their subordinates adequately or for failing to identify noncompliance with applicable policies or legal requirements where reasonable diligence on their part could have identified the problem.

CONTINUOUS DEVELOPMENT AND REFINEMENT OF COMPLIANCE POLICIES AND PROCEDURES

Because compliance is an ongoing process, the Compliance Program will be updated with new and amended policies and procedures that address specific areas of risk to the Company. Towards that end, the Compliance Committee shall be responsible for conducting periodic evaluations of the Compliance Program, and for implementing appropriate measures to enhance the Program's effectiveness.

In addition, all relevant corporate departments are responsible for developing and distributing written policies and procedures that address issues of compliance risk in their areas.

Questions concerning the Compliance Program should be directed to the Compliance Committee at (406) 388-0480 or compliance@xtantmedical.com.

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Summary of Key Regulatory Provisions

Xtant (the "Company") operates in a heavily regulated environment and is subject to a variety of legal and ethical standards. The Company is committed to operating in compliance with these laws and standards, some of which are summarized below:

Food, Drug, and Cosmetic Act (21 U.S.C. § 351 *et seq*.)

The Food Drug and Cosmetic Act gives the FDA authority to regulate and review design and manufacturing practices, labeling and record keeping, advertising and promotion, and required reports of adverse experiences and other information to identify potential problems with marketed medical devices, among other requirements.

The FDA also has authority to conduct periodic inspections for compliance with the FDA's quality system regulations, which govern the methods, facilities, and controls used for the design, manufacture, packaging, and servicing of all finished medical devices intended for human use.

The FDA's regulatory authority spans the entire lifecycle of a product, including the period before a device is approved or marketed, via the clinical study, pre-market notification [510(k)] and pre-market approval processes.

Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b); 42 C.F.R. § 1001.952)

The Anti-Kickback Statute prohibits knowingly and willfully offering, paying, soliciting, or receiving remuneration – meaning anything of value – in order to induce business for which payment may be made under a federal health care program, most notably including Medicare and Medicaid. It also prohibits offering remuneration intended to induce the purchase, lease, ordering, or arranging for any good, facility, service, or item paid for by a federal health care program.

The Anti-Kickback Statute is broadly worded and has been broadly interpreted by the federal courts to apply where only one purpose of a payment or financial arrangement is to induce federal health care program business. As a result, virtually any financial relationship the company has with hospitals, physicians and other health care professionals implicates the Anti-Kickback Statute, including discounts, free goods, meals, gifts, consulting arrangements, stock grants, educational and research grants, and charitable donations.

The Anti-Kickback Statute contains exceptions for certain arrangements that meet specific requirements, including properly disclosed discounts. Safe harbor regulations implementing the law also exempt certain arrangements from the scope of the statute; these include, among other things, some investment interests, personal service contracts, warranties, discounts and GPO fees, so long as they meet the regulatory requirements.

In addition, PhRMA and AdvaMed have developed voluntary ethical codes that generally are viewed as establishing guidelines for permissible interactions with health care professional under the Anti-Kickback Statute. The Company voluntarily adheres to the AdvaMed Code of Ethics.

Federal False Claims Act (31 U.S.C. § 3729-3731)

The False Claims Act prohibits knowingly submitting false or fraudulent claims or making a false record or statement to ensure that a false or fraudulent claim is paid by the government. "Knowingly" means having actual knowledge of the information that makes the claim false or fraudulent; acting in deliberate ignorance of the truth or falsity of the information; or acting in reckless disregard of the truth or falsity of the information.

Private parties with direct knowledge of a false or fraudulent claim may bring *qui tam* actions on behalf of the government. Penalties for violations of the False Claims Act include treble damages, penalties of up to $11,000 per claim, and exclusion from federal health care programs.

Company activities that may implicate the False Claims Act include the promotion of excessive, unnecessary, or off-label use of the company's products, the provision of faulty reimbursement advice to customers, or violation of the Anti-Kickback Statute, which can be pursued as a civil matter under the False Claims Act.

The Affordable Care Act's "Sunshine" Provisions (42 U.S.C. § 1320a-7h)

The Federal Physician Payment Sunshine provisions require applicable manufacturers to report certain payments or other transfers of value made to physicians and teaching hospitals.

The required disclosure of any payment or other transfer of value includes gifts, payments for meals, travel, honoraria, research, certain consulting and educational payments, ownership or investment interests, royalties and licenses, profit distributions, dividends, and option grants. Payments specifically exempted from the reporting requirement include payments of $10 or less, unless the aggregate annual payments or transfers to a recipient exceed $100; educational materials directly benefiting patients or intended for patient use; product samples; short-term evaluation loans of a covered device; and discounts (including rebates).

Insider Trading

Securities laws prohibit trading in the Company's securities while in possession of material nonpublic information. Information is "material" if it would influence an investor's decision to purchase or sell a security, or if the information could affect the price of the Company's securities. Examples of material information include, without limitation, financial results, strategic transactions, debt and equity offerings, changes in management, the gain or loss of a significant customer or supplier, new products or projects, and significant threatened or potential litigation. Information is not public if the Company has not issued a press release or disclosed the information in a document filed with the Securities and Exchange Commission. The Company has established regularly scheduled blackout periods beginning the last two weeks of every quarter and ending on the third day after earnings are released. The Company may also announce additional blackout periods from time to time.

Independent Directors

Our stock exchange rules require a majority of our Board of Directors and all members of the Audit Committee, Compensation Committee and Nominations and Corporate Governance Committee to be Independent Directors. "Independent Directors" may not be executive officers or employees of the Company or anyone with a relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

CODE OF CONDUCT

This Code of Conduct covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide the directors, officers, and employees of the Company. All Company directors, officers, and employees should conduct themselves accordingly and seek to avoid even the appearance of improper behavior in any way relating to the Company. In appropriate circumstances, this Code should also be provided to and followed by the Company's agents and representatives, including consultants.

Any director or officer who has any questions about this Code should consult with the Chief Executive Officer, the Chief Financial Officer, or the Compliance Committee, as appropriate in the circumstances. If an employee has any questions about this Code, the employee should ask his or her supervisor how to handle the situation.

1. Scope of Code

This Code is intended to deter wrongdoing and to promote the following:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents the Company files with, or submits to, the Securities and Exchange Commission (the "SEC") and in other communications made by the Company;
- compliance with applicable governmental laws, rules, and regulations;
- the prompt internal reporting of violations of this Code to the appropriate person or persons identified in this Code;
- accountability for adherence to this Code; and
- adherence to a high standard of business ethics.

2. Compliance with Laws, Rules, and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All directors, officers, and employees should respect and obey all laws, rules, and regulations applicable to the business and operations of the Company. Although directors, officers, and employees are not expected to know all of the details of these laws, rules, and regulations, it is important to know enough to determine when to seek advice from supervisors, managers, officers, legal counsel or other appropriate Company personnel.

3. Interactions with Health Care Professionals

The Company seeks to serve the interests of patients through beneficial collaborations with Health Care Professionals. To ensure that these collaborative relationships meet high ethical standards, the Company and its directors, officers and employees are required to comply with the AdvaMed Code of Ethics on Interactions with Health Care Professionals, which is attached as an appendix to this Code of Conduct.

4. Conflicts of Interest

A "conflict of interest" exists when an individual's private interest interferes in any way – or even appears to conflict – with the interests of the Company. A conflict of interest situation can arise when a director, officer, or employee takes actions or has interests that may make it difficult to perform his or her work on behalf of the Company in an objective and effective manner. Conflicts of interest may also arise when a director, officer, or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

Service to the Company should never be subordinated to personal gain or advantage. Conflicts of interest, whenever possible, should be avoided. In particular, clear conflict of interest situations involving directors, officers, and employees who occupy supervisory positions or who have discretionary authority in dealing with any third party may include the following:

- any significant ownership interest in any supplier or customer;
- any consulting or employment relationship with any customer, supplier, or competitor;
- any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities to the Company;
- the receipt of non-nominal gifts or excessive entertainment from any organization with which the Company has current or prospective business dealings;
- being in the position of supervising, reviewing, or having any influence on the job evaluation, pay, or benefit of any family member; and
- selling anything to the Company or buying anything from the Company, except on the same terms and conditions as comparable directors, officers, or employees are permitted to so purchase or sell.

It is almost always a conflict of interest for a Company officer or employee to work simultaneously for a competitor, customer, or supplier. No officer or employee may work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with the Company's customers, suppliers, and competitors, except on the Company's behalf.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut and further review and discussions may be appropriate. Any director or officer who becomes aware of a conflict or potential conflict should bring it to the attention of the Chief Executive Officer, the Chief Financial Officer, or the Compliance Committee, as appropriate in the circumstances. Any employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager, or other appropriate personnel.

5. Insider Trading

Directors, officers, and employees who have access to confidential information relating to the Company are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct

of the Company's business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical and against Company policy but is also illegal. Directors, officers, and employees also should comply with insider trading standards and procedures adopted by the Company. If a question arises, the director, officer, or employee should consult with the Company's Chief Financial Officer or General Counsel.

6. Corporate Opportunities

Directors, officers, and employees are prohibited from taking for themselves personally or directing to a third party any opportunity that is discovered through the use of corporate property, information, or position without the consent of the Board of Directors. No director, officer, or employee may use corporate property, information, or position for improper personal gain, and no director, officer, or employee may compete with the Company directly or indirectly. Directors, officers, and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

7. Competition and Fair Dealing

The Company seeks to compete in a fair and honest manner. The Company seeks competitive advantages through superior performance rather than through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each director, officer, and employee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, service providers, competitors, and employees. No director, officer, or employee should take unfair advantage of anyone relating to the Company's business or operations through manipulation, concealment, or abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

To maintain the Company's valuable reputation, compliance with the Company's quality processes and safety requirements is essential. In the context of ethics, quality requires that the Company's products and services meet reasonable customer expectations. All inspection and testing documents must be handled in accordance with all applicable regulations.

The Company adheres to the AdvaMed Code of Ethics, which, among other things, prohibits the provision of entertainment, recreational events, or non-educational gifts to Health Care Professionals, which is broadly defined to include anyone involved in purchasing, ordering or using the Company's products. This includes physicians and customer employees, purchasing agents, and representatives, among others.

No gift or entertainment should ever be accepted by a director, officer, or employee, family member of a director, officer, or employee, or agent relating to the individual's position with the Company unless it (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff, and (5) does not violate any laws or regulations. A director or officer should discuss with the Chief Executive Officer or Chief Financial Officer, and employees should discuss with their supervisors, any gifts or proposed gifts that may not be appropriate.

8. Discrimination and Harassment

The diversity of the Company's employees is a tremendous asset. The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment or any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

9. Health and Safety

The Company strives to provide each employee with a safe and healthful work environment. Each officer and employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries, and unsafe equipment, practices, or conditions.

Violence and threatening behavior are not permitted. Officers and employees should report to work in a condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

10. Record-Keeping

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions.

Many officers and employees regularly use business expense accounts, which must be documented and recorded accurately. If an officer or employee is not sure whether a certain expense is legitimate, the employee should ask his or her supervisor or the Company's controller. Rules and guidelines are available from the Accounting Department.

All of the Company's books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and the Company and its officers and employees in their capacity with the Company should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports.

The Company's records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, directors, officers, and employees should consult with the Company's Compliance Committee or legal counsel before taking any action because it is critical that any impropriety or possible appearance of impropriety be avoided.

11. Confidentiality

Directors, officers, and employees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, suppliers, joint venture partners, or others with whom the Company is considering a business or other transaction except when disclosure is authorized by an executive officer or required or mandated by laws or regulations. Confidential information includes all non-public information that might be useful or helpful to competitors or harmful to the Company or its customers and suppliers, if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

12. Protection and Proper Use of Company Assets

All directors, officers, and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company assets should be used for legitimate business purposes and should not be used for non-Company business.

The obligation to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property, such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information, and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

13. Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer, or delivery to an official or employee of the U.S. government of a gift, favor, or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

14. Corporate Disclosures

All directors, officers, and employees should support the Company's goal to have full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the Company with the SEC. Although most employees hold positions that are far removed from the Company's required filings with the SEC, each director, officer, and employee should promptly bring to the attention of the Chief Executive Officer, the Chief Financial Officer, or the Company's Audit Committee, as appropriate in the circumstances, any of the following:

- Any material information to which such individual may become aware that affects the disclosures made by the Company in its public filings or would otherwise assist the Chief Executive Officer, the Chief Financial Officer, and the Audit Committee in fulfilling their responsibilities with respect to such public filings.

- Any information the individual may have concerning (a) significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

- Any information the individual may have concerning any violation of this Code, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

- Any information the individual may have concerning evidence of a material violation of the securities or other laws, rules, or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of this Code.

15. Waivers of the Code of Conduct

Any waiver of this Code for directors or executive officers may be made only by the Board of Directors or a committee of the Board and will be promptly disclosed to stockholders as required by applicable laws, rules, and regulations, including the rules of the SEC and the NYSE MKT.

16. Publicly Available

This Code shall be posted on the Company's website.

17. Reporting any Illegal or Unethical Behavior

Directors and officers are encouraged to talk to the Chief Executive Officer, the Chief Financial Officer, or the Compliance Committee, and employees are encouraged to talk to supervisors, managers, other appropriate

personnel, or the Compliance Committee, when in doubt about the best course of action in a particular situation. Directors, officers, and employees should report any observed illegal or unethical behavior and any perceived violations of laws, rules, regulations, or this Code to appropriate personnel or to the Compliance Committee. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith. Directors, officers, and employees are expected to cooperate in internal investigations of misconduct.

The Company maintains a Whistleblower Policy for (1) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (2) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

18. Enforcement

The Board of Directors shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of this Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code and to these additional procedures, and may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board), and termination of the individual's employment or position. In determining the appropriate action in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action, and whether or not the individual in question had committed other violations in the past.

Appendix

AdvaMed Code of Ethics
On Interactions With Health Care Professionals

Visit www.advamed.org

CODE OF ETHICS FOR THE CEO AND SENIOR FINANCIAL OFFICERS

The Company has a Code Conduct applicable to all directors and employees of the company. The Chief Executive Officer and all senior financial officers, including the Chief Financial Officer and principal accounting officer, are bound by the provisions set forth therein relating to ethical conduct, conflicts of interest, and compliance with law. In addition to the Code of Conduct, the Chief Executive Officer and senior financial officers are subject to the following additional specific policies:

1. The Chief Executive Officer and all senior financial officers are responsible for full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the Company with the SEC. Accordingly, it is the responsibility of the Chief Executive Officer and each senior financial officer promptly to bring to the attention of the Disclosure Committee, if applicable, and to the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Disclosure Committee, if applicable, and the Audit Committee in fulfilling their responsibilities.

2. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the Disclosure Committee, if applicable, and the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

3. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the Audit Committee any information he or she may have concerning any violation of this Code or the Company's Code of Conduct, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

4. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the Disclosure Committee, if applicable, and the Audit Committee any information he or she may have concerning evidence of a material violation of the securities or other laws, rules, or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Conduct or of these additional procedures.

5. The Board of Directors shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of the Code of Conduct or of these additional procedures by the Chief Executive Officer and the Company's senior financial officers. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Conduct and to these additional procedures, and may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board), and termination of the individual's employment. In determining the appropriate action in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action, and whether or not the individual in question had committed other violations in the past.

WHISTLEBLOWER POLICY

The Company urges all employees promptly to discuss with or disclose to their supervisor, senior corporate officers, or the Chairman of the Audit Committee events of questionable, fraudulent, or illegal nature. In addition, the Company has adopted a Code of Ethics for the Chief Executive Officer and senior financial officers that, among other things, requires prompt internal reporting of violations of that Code, the Code of Conduct, fraud, and a variety of other matters.

As an additional measure to support our commitment to ethical conduct, the Audit Committee of our Board of Directors has adopted the following policies and procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

1. Reporting of Concerns or Complaints Regarding Accounting, Internal Controls, or Auditing Matters.

Taking action to prevent problems is part of the Company's culture. If you observe possible unethical or illegal conduct, you are encouraged to report your concerns. Employees and others involved with the Company are urged to come forward with any information, without regard to the identity of position of the suspected offender.

Employees and others may choose any of the following modes of communicating suspected violations of law, policy, or other wrongdoing, as well as any concerns regarding questionable accounting or auditing matters (including deficiencies in internal controls):

- Report the matter to your supervisor; or
- Report the matter to the Company's CEO, CFO, Internal Auditor, or Controller; or
- Report the matter to the Chairman of the Audit Committee.

2. Confidentiality.

The Company will treat all communications under this Policy in a confidential manner, except to the extent necessary (a) to conduct a complete and fair investigation, or (b) for reviews of Company operations by the Company's Board of Directors, its Audit Committee, and the Company's independent public accountants. Communications under this policy should be sent to whistleblower@xtantmedical.com, a dedicated e-mail address to the Audit Committee Chair, or by letter addressed to the attention of the Audit Committee Chair and sent to the following address: 863 Great Northern Blvd., Suite 202, Helena, MT 59601.

3. Retaliation.

Any individual who in good faith reports a possible violation of the Company's Code of Conduct, the Code of Ethics for the Chief Executive Officer and Senior Financial Officers, or of law, or any concerns regarding questionable accounting or auditing matters, even if the report is mistaken, or who assists in the investigation of a reported violation, will be protected by the Company. Retaliation in any form against these individuals will not be tolerated. Any act of retaliation should be reported immediately and will be disciplined appropriately.

Specifically, the Company will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate or retaliate against any employee in the terms and conditions of the employee's employment because of any lawful act done by that employee to either (a) provide information, cause information to be provided, or otherwise assist in any investigation regarding any conduct that the employee reasonably believes constitutes a violation of any Company code of conduct, law, rule, or regulation, including any rule or regulation of the Securities and Exchange Commission or any provision of Federal law relating to fraud against shareholders, or (b) file, cause to be filed, testify, participate in, or otherwise assist in a proceeding filed or, to the employee's knowledge, about to be filed relating to an alleged violation of any such law, rule, or regulation.

POLICY STATEMENT ON INSIDE INFORMATION AND INSIDER TRADING

In the course of your employment with the Company, you may have access to information about the Company that is not generally available to the public. Because of your relationship with the Company, you have certain responsibilities under the federal securities laws with respect to inside information. The purpose of this Policy Statement is to outline the Company's policies regarding the protection of material, non-public information and trading and tipping, as well as the expected standards of conduct of the Company's directors, officers, and employees with respect to these highly sensitive matters. This Policy Statement explains your obligations under the law and the Company's policies. You should read this Policy Statement carefully and comply with the policy at all times. While some of requirements of this policy may be waived by the Company in the event of hardship (death, divorce, etc), a waiver of this policy requires the signatures of two of the following: Chief Executive Officer, Chief Financial Officer and General Counsel.

I. SUMMARY OF POLICY STATEMENT

To avoid the appearance of impropriety, all rules set forth in this Policy Statement will apply not only to you, but also to all members of your family who reside in the same household.

The Company's policy regarding securities trading can be summarized by the following important rules:

- You may not trade (buy, sell, short, hedge or any other similar transaction) in securities of the Company (or any other entity, such as a customer, supplier, possible acquisition target, or competitor of the Company) at any time that you possess material, non-public (what is described below as "inside") information about the Company (or about such other entity).

- You may not convey to any other person ("tip") inside information regarding the Company (or any other entity).

- You may *only* trade in securities of the Company during the period beginning on the third trading day after the public release of the Company's quarterly and annual earnings and ending two weeks before the end of the Company's next fiscal quarter (the "trading window"). **However, keep in mind that directors, officers, and all employees may not trade (even during a trading window period) when in possession of inside information concerning the Company.**

- If you are an officer or a member of the Board of Directors of the Company, you may not trade until you have obtained clearance from the Company's General Counsel that such transaction would not violate this Policy Statement. (The Company's General Counsel must obtain approval from the Chief Financial Officer for his or her own trades). However, "blackout" periods and pre-clearance will not be required with respect to trading pursuant to the Rule 10b5-1 arrangements described in Annex A.

- The Company's Chief Executive Officer and Chief Financial Officer have been designated to handle all inquiries about the Company and communications on behalf of the Company with the media, securities analysts, investors, and other persons. Unless you have been expressly authorized to make such communications, if you receive any inquiry relating to the Company from the media, a securities analyst, an investor, or any other person, you should refer the inquiry to the Chief Executive Officer or Chief Financial Officer. Company personnel should not otherwise discuss internal information about the Company with anyone outside the Company, except as required in the performance of regular duties for the Company. The foregoing restrictions do not relate to routine customer and vendor inquiries.

- Care must be taken to safeguard the confidentiality of internal information. For example, sensitive documents should not be left lying on desks, and visitors should not be left unattended in offices containing internal Company documents.

- Except for or upon the specific instruction of the Chief Executive Officer or Chief Financial Officer, no one associated with the Company, including officers and directors, should disseminate any information concerning the Company's financial affairs and plans for future activities or release or issue any forecasts, projections, or predictions regarding revenue, income, or earnings of the Company.

- No one in the Company should initiate publicity for the purpose of, or that may have the effect of, impacting the price of the Company's publicly traded securities. All officers, directors, and employees of the Company should consult with the Chief Executive Officer or the Chief Financial Officer before engaging in public

statements. This includes granting interviews to the financial press, accepting invitations to speak at seminars, and appearing at industry conferences.

- All new types of advertisements or product announcements should be routed for review and approval to the Company's Chief Executive Officer, Chief Financial Officer and General Counsel and Nationwide EVP of Sales prior to being published. Any proposals to increase the amount of advertising placed by the Company should also be submitted to the Chief Financial Officer or General Counsel prior to implementation.

In summary, every employee of the Company is subject to trading restrictions when in possession of inside information regarding the Company. In addition, directors and officers are also subject to pre-clearance. The foregoing rules are only a summary. We have also attached a list of Frequently Asked Questions on Insider Trading for your convenience. You must comply with all of the policies set forth below in Section III, which contains the Company's complete Policy Statement on inside information and insider trading.

II. INSIDE INFORMATION

A. What is Inside Information?

"Inside" information is material information about the Company that is not available to the public. Information generally becomes available to the public when it has been disclosed by the Company or third parties in a press release or other public statement, including any filing with the Securities and Exchange Commission (the "SEC"). In general, information is considered to have been made available to the public 48 hours after the formal release of the information. In other words, there is a presumption that the public needs 48 hours to receive and absorb such information.

B. What is Material Information?

As a general rule, information about the Company is material if it could reasonably be expected to affect someone's decision to buy, hold, or sell the Company's securities. For example, information generally is considered to be "material" if its disclosure to the public would be reasonably likely to affect (1) an investor's decision to buy or sell the securities of the company to which the information relates, or (2) the market price of that company's securities. While it is not possible to identify in advance all information that will be deemed to be material, some examples of such information would include the following: earnings; dividend actions; mergers and acquisitions; major dispositions; major new customers, projects, or products; significant advances in research; major personnel changes; unusual gains or losses in major operations; and major marketing changes.

It can sometimes be difficult to know whether information would be considered "material." The determination of whether information is material is almost always clearer after the fact, when the effect of that information on the market can be quantified. Although you may have information about the Company that you do not consider to be material, federal regulators and others may conclude (with the benefit of hindsight) that such information was material. Therefore, trading in the Company's securities when you possess non-public information about the Company can be risky. When doubt exists, the information should be presumed to be material. If you are unsure whether information of which you are aware is material or non-public, you should consult with the Company's General Counsel.

C. What is the Penalty for Insider Trading?

Trading on inside information is a crime. The seriousness of insider trading is reflected in the penalties that it carries. The Company and its directors, officers, or employees may be liable. If an individual director's, officer's, or employee's insider trading is found to be a willful violation of SEC insider trading rules, he or she may be penalized up to $1,000,000 or imprisoned for up to 10 years.

The SEC also has the authority to seek a civil monetary penalty of up to three times the amount of the profit gained or loss avoided as a result of an individual's insider trading. The SEC may also impose control person liability on the Company for up to the greater of $1,000,000 or three times the amount of profit gained or loss avoided by insider trading. "Profit gained" or "loss avoided" is defined as the difference between the purchase or sale price of the security and its value as measured by the trading information. The SEC is authorized to pay a bounty of up to 10% of the amounts imposed on violators as a penalty to persons who provided the information leading to the imposition of such penalty. In addition to civil penalties, the SEC may seek other relief such as an injunction against future violations and disgorgement of profits resulting from illegal trading. Finally, private parties may bring actions against any person purchasing or selling a security while in the possession of material, non-public information.

Any director, officer, or employee who violates the prohibitions against insider trading or knows of such violation by any other persons must report the violation immediately to the Company's General Counsel or Chief Financial Officer. Upon learning of any such violations, the Company will determine whether it should publicly release any material, non-public information or whether the Company should report the violation to the appropriate governmental authority.

The SEC, the Department of Justice, and the NASD have committed large staffs, computer investigative techniques, and other resources to the detection and prosecution of insider trading cases. Criminal prosecution and the imposition of fines and/or imprisonment is commonplace.

For all of these reasons, both you and the Company have a significant interest in ensuring that insider trading is scrupulously avoided.

D. How Should Material Information be Safeguarded?

Before material information relating to the Company or its business has been disclosed to the general public, it must be kept in strict confidence. Such information should be discussed only with persons who are employed by or represent the Company who have a "need to know" and should be confined to as small a group as possible. The utmost care and circumspection must be exercised at all times. Therefore, conversations in public places, such as elevators, restaurants, and airplanes, as well as conversations on mobile phones, should be limited to matters that do not involve information of a sensitive or confidential nature. In addition, you should not transmit confidential information over the Internet or through any electronic mail system that is not secure.

To ensure the Company's confidences are protected to the maximum extent possible, no individuals other than specifically authorized personnel may release material information to the public or respond to inquiries from the media, analysts, or others outside the Company. If you are contacted by the media or by an analyst seeking information about the Company and if you have not been expressly authorized by the Company's Chief Executive Officer or Chief Financial Officer to provide information to the media or to analysts, you should refer the call to one of these senior officers.

In addition, to avoid improper conduct or the appearance of impropriety, officers, directors, and employees will be prohibited by the Company from buying or selling the Company's securities during times when the Company is most likely to have material, non-public information available. Finally, as and when circumstances require, the General Counsel will implement additional restrictions on other employees who are asked to work on sensitive projects or transactions, or who gain access to material, non-public information in connection with a specific project or transaction.

On occasion, it may be necessary for legitimate business reasons to disclose material, non-public information to persons outside the Company. Such persons might include commercial bankers, investment bankers, or other companies seeking to engage in a joint venture with the Company, or a merger, or a common investment or other joint goal. In such circumstances, the information should not be conveyed until an express understanding has been reached that such information is not to be used for trading purposes and may not be further disclosed other than for legitimate business reasons.

III. STATEMENT OF POLICY

1. For purposes of this Policy Statement, all references to "you" shall mean you, as well as any family members that reside in the same household as you.

2. You may not buy or sell the securities of the Company (or any other company, such as a customer, supplier, possible acquisition target, or competitor) when you are in possession of material, non-public information concerning the Company (or such other company). The insider trading rules apply both to securities purchases (to make a profit based on good news) and securities sales (to avoid a loss based on bad news), regardless of how or from whom the material, non-public information has been obtained.

3. Except for trades made in accordance with the Rule 10b5-1 arrangements described in Annex A, you may trade in securities of the Company only during the trading window, and if you are an officer or director, after you have obtained clearance from the Company's General Counsel that such transaction would not violate this Policy Statement. A form of Request for Clearance to Trade in the Securities of the Company is attached for your convenience. Of course, even if you receive clearance, you may make such trades only so long as you are not trading in violation of the policy set forth in paragraph 2 above.

4. In certain limited circumstances, the Company may waive the requirement that trades be made only during the trading window.

5. The Company from time to time may impose a trading freeze on all directors, officers, and employees, due to significant unannounced corporate developments. These trading freezes, known as "blackout periods," may vary in length.

6. You may not convey (or "tip") material, non-public information to any other person by providing them with material, non-public information regarding the Company or assisting them in any way. The concept of unlawful tipping includes passing on such information to friends, family members, or acquaintances under circumstances that suggest that you were trying to help them make a profit or avoid a loss. You may, of course, provide such information to other Company employees or representatives on a "need to know" basis in the course of performing your job with the Company.

7. All inquiries for information about the Company from any representative of the press or other media, an analyst, or other persons outside of the Company (other than routine customer and vendor inquiries) must be directed to the Company's Chief Executive Officer or Chief Financial Officer.

8. The foregoing restrictions apply to trading in call or put options involving the Company's securities, or other derivative securities, as well as "short sales" of the Company's securities. Because of the complexity of reporting puts, calls, derivatives, and shorts as well as the difficulty of ensuring that these types of transactions are managed in accordance with applicable securities laws and this Policy Statement, you may not engage in these types of transactions involving the Company's securities without the prior approval of the Company's General Counsel.

9. You must observe the foregoing policies and procedures at all times. Your failure to do so will be grounds for disciplinary action, up to and including dismissal.

10. You must promptly report to the Company's General Counsel any trading in the Company's securities by Company personnel or disclosure of material, non-public information by Company personnel that you have reason to believe may violate this Policy Statement or the securities laws of the United States.

IV. CERTIFICATION

Please sign, date, and return the attached Certification stating that you received the Company's Policy Statement regarding insider trading and the preservation of the confidentiality of material, non-public information and related procedures, and you agree to comply with it. The Company will deem you to be bound by the Policy Statement whether or not you sign the Certification.

CERTIFICATION

I hereby certify as follows:

a. I have read and understand the Policy Statement on Inside Information and Insider Trading for Officers, Directors, and Employees and related procedures, a copy of which was distributed with this Certificate;
b. I have complied with the foregoing policy and procedures;
c. I will continue to comply with the policy and procedures set forth in the Policy Statement;
d. I will request prior clearance of all proposed sales or acquisitions of securities of the Company; and
e. I will report all transactions in securities of the Company in writing to the General Counsel.

Signature: _____

Name: _____

(Please print)

Department or Title: _____

Date: _____

NOTE: Certifications "d" and "e" above relate only to officers and directors

Request by Officers and Directors for Clearance to Trade Xtant Stock

To: General Counsel

From:_____
Print Name

I hereby request clearance for myself (or a member of my immediate family or household) to execute the following transaction relating to the securities of Xtant Medical Holdings, Inc. ("Xtant")

Type of transaction (circle one):

PURCHASE

SALE

EXERCISE OPTION (AND SELL SHARES)

OTHER

Securities involved in transaction:_____

Number of Shares:_____

Other (please explain):_____

Beneficial ownership (if not applicable, please write N/A):

Name of beneficial owner if other than yourself:_____

Relationship of beneficial owner to yourself:_____

Signature:_____ Date:_____

This Authorization is valid until the earliest of five business days after the date hereof or until the commencement of a "blackout" period.

Approved by: _____
Name:_____

Date:_____ Time:_____

Frequently Asked Questions – Insider Trading

Transactions Subject to the Policy

Does the policy apply only to trades in the Company's common stock?

No. The policy also applies to any "equity equivalent" for the Company's common stock. This includes traded options (puts or calls) and any other security whose market value is tied to the value of the Company's common stock. In addition, this policy applies to the securities of the Company's customers, suppliers, possible acquisition targets, and competitors.

Does the policy apply to the exercise of employee stock options?

The exercise of employee stock options is exempt from the insider trading policy, because the exercise price of an option is fixed at the time of grant and does not fluctuate with the market. As a result, you may always adopt an "exercise and hold" strategy. However, the sale of the underlying stock is subject to the policy. Thus, the use of Company stock to pay the exercise price of an option and a "cashless exercise" of an option are also subject to the policy.

Can I trade in options or other derivative securities involving the Company's securities?

Trading in options or other derivative securities involving the Company's securities must be pre-approved by the Chief Financial Officer. The options we are referring to are "put" and "call" options, whether or not market-traded, and any similar instruments, and not the employee stock options granted to you by the Company.

Tipping

Tipping refers to the transmission of material non-public information from an insider to another person. Sometimes this involves a deliberate conspiracy in which the tipper passes on information in exchange for a portion of the "tipper's" illegal trading profits. Even if there is no expectation of profit, however, a tipper can have liability if he or she has reason to know that the information may be misused. Tipping inside information to another person is like putting your life in that person's hands. The safest choice is: Don't.

Materiality

I know all sorts of things about the Company. How do I know what's "material"?

The United States Supreme Court says that information is material if a reasonable investor would consider it important in deciding whether to buy or sell a security. At the Company we have determined that our quarterly earnings information is generally material. Other information -- acquisitions, new product announcements, etc. -- is evaluated by management on a case-by-case basis but could include the following:

- significant changes in financial results and/or financial condition and financial projections;
- news of major new contracts, technological breakthroughs, possible loss of business;
- dividends or stock splits, changes in business;
- changes in management or control;
- significant mergers, acquisitions, reorganizations, dispositions of assets, or joint ventures;
- changes in research and development funding or policy;
- significant litigation developments;
- significant increases or decreases in the amount of outstanding securities or indebtedness;
- transactions with directors, officers, or principal security holders; and

- the granting of options or payment of other compensation to directors or officers.

If you are at all unsure about whether you have material inside information, the safe approach is to discuss it with the Company's General Counsel.

Other Considerations

The Policy prohibits trading in the securities of the Company's customers, suppliers, potential acquisition targets, competitors, and other companies while in possession of material, non-public information about the Company or such other company. Will I be asked to sell shares I hold in these companies?

No. This is a trading restriction, not an ownership restriction. The Policy only prohibits trading in the securities of the Company's customers, suppliers, potential acquisition targets, and competitors. If you are privy to information and such information is not public knowledge, you should not trade in the securities of the other company until two trading days after the information has been announced.

You will not be required to sell securities of a corporation that you hold at any time simply because the Company establishes a relationship or otherwise commences negotiations with that company.

My spouse is employed by a publicly traded corporation, and we own stock in my spouse's employer. Does the Policy prohibit us from trading in stock of my spouse's employer?

The Policy would not prohibit you or your spouse from trading in securities of your spouse's employer, unless the Company is at that time engaged in negotiations with your spouse's employer to which you or your spouse are privy. However, you should carefully review the insider trading policy of your spouse's employer to be sure that you are complying with both policies in all of your trades. Furthermore, you should never trade in the securities of any company while in possession of material, non-public information about such company.

Enforcement Practices

I only own a few hundred shares. The SEC doesn't go after small fish like me, right?

Wrong. The SEC has prosecuted numerous cases involving relatively small amounts of money.

If I pass information to others but don't trade myself, no one will be able to figure it out, right?

Wrong again. The SEC has sophisticated and ingenious methods for identifying unusual trading patterns and tracing them to their source. They have the ability to subpoena telephone records, bank and brokerage statements, personal files, electronic mail files, and anything else that may help them to make a case. Whether it's your second cousin in New Jersey or your college roommate's stepfather, the SEC has the resources to establish the connection to you.

Further Information

Who should I contact if I have questions regarding our insider trading policy?

Please contact John Gandolfo, the Company's Chief Financial Officer

Where do I go for the most current version of the insider trading policy?

Please contact John Gandolfo, the Company's Chief Financial Officer.

MEMORANDUM

TO: Officers and Directors subject to the Insider Trading Policy of Xtant

RE: SEC Rule 10b5-1 Trading Arrangements

SEC Rule 10b5-1 protects officers and directors from insider trading liability under Rule 10b-5 for transactions under a previously established contract, plan, or instruction. The rule presents an opportunity for insiders to establish arrangements to purchase (or sell) company stock without the sometimes arbitrary restrictions imposed by windows and blackout periods—even when there is undisclosed material information. Such 10b5-1 arrangements may include blind trusts, other trusts, pre-scheduled stock option exercises and sales, pre-arranged trading instructions, and other brokerage and third party arrangements. A well-conceived program might also help reduce negative publicity that can result when key executives sell. But there can be pitfalls.

Potential Pitfalls

First, the arrangement must satisfy the requirements of Rule 10b5-1. The plan must be documented, bona fide, and previously established (at a time when the insider did not possess inside information), and must specify the price, amount, and date of trades or provide a formula or mechanism to be followed.
Secondly, Rule 10b5-1 only provides an "affirmative defense" (which must be proven) in the event there is an insider trading lawsuit. It does not prevent someone from bringing a lawsuit. And, it does not prevent the media from writing about the sales.

The Company's Insider Trading Policy permits transactions that comply with Rule 10b5-1. The Company does not want to impede your ability to engage in sales of company stock (e.g., for financial and estate planning purposes). However, in order to reduce the risk of litigation and bad press, and to preserve the hard-earned good name of our Company and our people, we are adopting procedural requirements that are essentially an extension of the Company's current pre-clearance procedure for transactions in Company stock:

The Company, acting through its General Counsel (or, in the case of arrangements proposed by those officers, the Company's Chairman of the Board), must pre-approve any plan, arrangement, or trading instructions involving potential sales (or purchases) of stock or option exercises and sales (including, but not limited to, blind trusts, discretionary accounts with banks or brokers, limit orders, and hedging strategies). You must still adhere to this prior approval procedure even when, for example, you are assured that a major law firm has blessed the trading arrangement that a brokerage firm or bank may be suggesting. (Note that the actual transactions effected pursuant to a pre-approved plan will not be subject to the Company's blackout periods or pre-clearance procedures for transactions in Company stock.)

We will want to:

1. Review the Proposed Arrangement. We must satisfy ourselves that the arrangement will not place the Company's good name or yours in jeopardy.

2. Add Additional Safeguards. To reduce exposure, we will need to make sure, for example, that at the time you enter into an arrangement (or at any time that you wish to terminate or modify a prior instruction or plan), there is no material information about the Company that has not been publicly disclosed. If there is undisclosed information (even if you aren't aware of it), you would need to wait until that information has been disclosed. It may also be advisable that there be an interval between establishment of the plan and the first transaction. In general, the plans should also be established only during the Company's released trading window periods (the period beginning two days after the public release of the Company's earnings and ending two weeks before the end of each quarter).

3. Consider a Public Announcement. We will consider in each case whether public announcement of a trading plan should be made (via press release, web site, or otherwise). In addition, when applicable, a statement should be included in your Forms 4 and 144 indicating that purchases or sales are pursuant to a pre-existing plan.

4. Establish Section 16, Rule 144, etc. Procedures with Parties. Also, we will need to establish a procedure with whomever is handling your transactions to ensure the following:

a. Prompt filings of SEC Form 4 after transactions take place. Failure to file on time results in unwanted proxy statement disclosure of filing violations by the selling executive or director;

b. Compliance with SEC Rule 144 at the time of any sale; and

c. Cessation of any sales during the pendency of material transactions or any other period when a lock-up is imposed on insiders.

Some of the Opportunities

A pre-arranged trading program (in which your instructions are irrevocable), properly structured, can be a safer way to insulate officers and directors from potential insider trading liability than our current system of trading windows and blackout periods.

An Ongoing Periodic Sale Program

With a trading plan, for example, it becomes clearer to the investing public (and potential plaintiffs) that your purchases (or sales) are simply part of a pre-established plan and are not being prompted by your knowledge of current developments within the Company, or your feelings about the Company's prospects. Indeed, for some executives who may have been reluctant to sell any stock for fear of the message it might send to the market, Rule 10b5-1 may well present an opportunity to establish an acceptable diversification program. Pre-arranged sales over a period of time would also reduce any argument by a plaintiff's attorney that there was incentive at a particular time for the Company to manipulate earnings or disclosures in connection with a key executive's sale.

Stock Option Exercises and Sales/RSU Stock Deliveries

A program could include instructions for periodic exercise/same-day sales of your stock options, which could be conditioned on a minimum stock price established in your instructions. For example, you could specify that sales be limited to the number of shares necessary to cover the option exercise price and taxes dues. A similar approach might be used in connection with the taxes due upon the Company's delivery of stock underlying an employee's restricted stock unit awards.

Discretionary Accounts and Other Arrangements with Brokers

A true discretionary account (like a blind trust where the trustee has complete discretion) should satisfy Rule 10b5-1. Good-until-canceled orders, as well as limit orders, should also work (as long as the instruction is not changed at a time when there is undisclosed material inside information). While discretionary accounts might work in theory, the Company would not be inclined to approve such an arrangement where the broker has a close relationship with the executive/client that could undermine the affirmative defense in the event of litigation.

Pledging Company Stock to Secure Margin or Other Loans

Problems often arise when there is a margin maintenance call and the broker seeks to liquidate the collateral. The broker's sales would be attributable to the executive under Section 16 and Rule 144. While a margin sale by the broker may be attributable to the executive under Rule 10b-5, the pledge arrangement may fall within Rule 10b5-1, provided at the time of the pledge the executive irrevocably instructs the broker to sell the shares in the event of a margin call (without substituting other collateral). Any pledges will be subject to our pre-clearance policy and must be approved on a case-by-case basis.

Put and Call Options and Other Hedging Transactions

Our Company is still opposed to our executives engaging in put and call options and other hedging instructions involving Company stock. Those types of transactions can send a poor message to the marketplace about your belief in, and commitment to, the Company's future.

A Final Word

There will be ongoing interpretations of what can and cannot be done. Some brokers, investment bankers, and advisors may approach you suggesting a variety of arrangements. Please do not forget: **Our prior approval is essential.** If you have any questions, please contact either our General Counsel or our Chief Financial Officer.

Acknowledgement of Receipt

I, _____, acknowledge that I have received a copy of Xtant's Compliance Program and have read the policies and procedures described within it.

Signature Date