



ADVANCED BIONICS, LLC COMPREHENSIVE COMPLIANCE PROGRAM

(Adopted Pursuant to Cal. Health & Safety Code § 119402)

I. INTRODUCTION

Advanced Bionics (the "Company") is committed to establishing and maintaining an effective comprehensive compliance program in accordance with the compliance program guidance published by the Office of Inspector General, U.S. Department of Health and Human Services (the "HHS-OIG Guidance"). Our comprehensive compliance program (the "Corporate Integrity Program") is one of the key components of our commitment to the highest standards of corporate conduct.

In conjunction with the Corporate Integrity Program, the Company has adopted various compliance policies and standards, many of which are included in the Company's Code of Conduct; other policies and standards are included in other documents including the Local HR Policies and Financial Arrangements with Health Care Providers policies binder. The Code of Conduct and other policies and standards adopted by the Company are collectively referred to as the "Policies."

The primary purpose of our Corporate Integrity Program is to seek to prevent and detect violations of law and the Policies. As the HHS-OIG Guidance recognizes, however, the implementation of such a program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is the Company's expectation that employees will comply with the Policies we have adopted. In the event that the Company becomes aware of violations of law or any Policy, we will investigate the matter and, as appropriate, take disciplinary action and implement corrective measures designed to prevent future violations.

We described below the fundamental elements of our Corporate Integrity Program. In accordance with the voluntary standards established by the HHS-OIG Guidance, we have tailored our Compliance Program to fit the unique environment and size of our Company. Moreover, this document is a *description* of our Corporate Integrity Program. Our Corporate Integrity Program is dynamic, involving not only multiple policies, procedures and programmatic activities, but also the commitment of senior management and the support of all employees, vendors and agents to make the program effective. We regularly review and enhance our Corporate Integrity Program to meet our evolving compliance needs.

II. OVERVIEW OF COMPLIANCE PROGRAM

1. Written Standards

The Code of Conduct is our statement of essential ethical and compliance principles that guide our daily operations. The Code of Conduct makes it clear that we expect

management, employees, vendors and agents of the Company to act in accordance with law and applicable Policies. The Code of Conduct articulates our fundamental principles, values and framework for action within our organization. In addition, the Company has adopted the Financial Arrangements with Health Care Providers policies, which are largely derived from the Code of Ethics on Interactions with Healthcare Professionals of the Advanced Medical Technology Association (the "AdvaMed Code").

The HHS-OIG has identified several potential risk areas for manufacturers, and called on companies to develop compliance policies in these risk areas. As relevant to device manufacturers, these risks include (1) data integrity pertaining to government reimbursement policies, and (2) kickbacks and other illegal remuneration. The Company has adopted policies based on the AdvaMed Code as part of its Corporate Integrity Program, as well as the compliance leadership and structure described below.

We have established annual spending limits as per California Health & Safety Code §119402(d)(1) for certain promotional activities directed toward health care professionals in California. These limits are consistent with the limitations of the AdvaMed Code, and which do not pertain to branded promotional items of de minimus value generally made available at trade shows and other sales or marketing events. Spending limits are established as the maximum boundaries for spending and do not represent a spending "goal" or "average". In most cases, the Company spends significantly less per physician than the listed spending limit.

2. Leadership and Structure.

Compliance Officer. We have selected a Compliance Officer to serve as the focal point for compliance activities. We are committed to ensuring that our Compliance Officer has the ability to effectuate change within the organization as necessary and to exercise independent judgment. The Compliance Officer is charged with the responsibility for developing, operating and monitoring the Corporate Integrity Program.

Compliance Committee. The Company has established the Compliance Committee to evaluate and take actions on matters brought to its attention, including allegations of criminal conduct or violations of the Policies. The membership of the Committee consists of the members of the senior management team.

3. Education and Training.

A critical element of our Corporate Integrity Program is the education and training of our employees on their legal and ethical obligations under applicable laws, regulations and policies (including those under federal health care program requirements). The Company is committed to taking all necessary and appropriate steps to effectively communicate our standards and procedures to all affected personnel. Additionally, the Company regularly reviews and updates its training program, as well as identifies additional areas of training as needed based on new developments.

4. Internal Lines of Communication.

The Company is committed to fostering dialogue between management and employees through multiple channels. Our goal is that all employees, when seeking answers to questions or reporting potential instances of fraud and abuse, should know who to turn to for a meaningful response and should be able to do so without fear. To

that end, we have adopted open-door policies, as well as confidentiality and non-retaliation.

5. Auditing and Monitoring.

The Company's Corporate Integrity Program includes efforts to monitor, audit and evaluate compliance with the Policies, including efforts to monitor the activities of sales force personnel. We note that, in accordance with the HHS-OIG Guidance, the nature of our reviews as well as the extent and frequency of our compliance monitoring and auditing varies according to a variety of factors, including new regulatory requirements, changes in business practices and other considerations. We will utilize an ongoing assessment of our compliance programs to identify new and emerging risk areas and address these risks.

6. Responding to Past and Potential Violations.

The Company's Corporate Integrity Program includes clear disciplinary policies that set out the consequences of violating the law, regulations, or Policies. Although each situation is considered on a case-by-case basis, the Company consistently undertakes appropriate disciplinary action to address inappropriate conduct and to deter future violations.

7. Corrective Action Procedures.

A compliance program increases the likelihood of preventing unlawful and unethical behavior. However, HHS-OIG recognizes that even an effective compliance program may not prevent all violations. As such, our Corporate Integrity Program requires the Company to respond promptly by investigating potential violations of law and Policies, taking appropriate disciplinary action when necessary, and taking action to prevent future violations including assessing whether the violation is in part due to gaps in our policies, practices or internal controls, and repairing such gaps, if any.

Members of the public may request a copy or copies of this document and the Company's annual written declaration of compliance by calling the following toll-free telephone number: 1-800-678-2575 x7793.