WRIGHT MEDICAL GROUP INC
Form 10-Q
April 30, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

T QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015
or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-35823
WRIGHT MEDICAL GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	13-4088127
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
1023 Cherry Road Memphis, Tennessee	38117
(Address of Principal Executive Offices)	(Zip Code)

(901) 867-9971
(Registrant's Telephone Number, Including Area Code)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes T No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes T No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer T	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes T No

As of April 27, 2015, there were 51,401,197 shares of common stock outstanding.

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SAFE-HARBOR STATEMENT

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This Quarterly Report may contain “forward-looking statements” as defined under United States federal securities laws. These statements reflect management's current knowledge, assumptions, beliefs, estimates, and expectations and express management's current view of future performance, results, and trends. Forward-looking statements may be identified by their use of terms such as anticipate, believe, could, estimate, expect, intend, may, plan, predict, project, will, and other similar terms. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to materially differ from those described in the forward-looking statements. The reader should not place undue reliance on forward-looking statements. Such statements are made as of the date of this Quarterly Report, and we undertake no obligation to update such statements after this date. Risks and uncertainties that could cause our actual results to materially differ from those described in forward-looking statements are discussed in our filings with the Securities and Exchange Commission (including in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our Quarterly Reports on Form 10-Q, including this Quarterly Report for the quarter ended March 31, 2015, in each case under the heading “Risk Factors” and elsewhere in such filings). By way of example and without implied limitation, such risks and uncertainties include:

- future actions of the SEC, the United States Attorney's office, the FDA, the Department of Health and Human Services or other U.S. or foreign government authorities, including those resulting from increased scrutiny under the Foreign Corrupt Practices Act and similar laws, that could delay, limit or suspend our development, manufacturing, commercialization and sale of products, or result in seizures, injunctions, monetary sanctions or criminal or civil liabilities;
- completion of our proposed business combination with Tornier N.V. (Tornier) is subject to several closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, as amended (HSR Act), the failure of which could delay or prevent completion or reduce anticipated benefits;
- cash costs associated with our proposed business combination with Tornier may negatively impact our financial condition, operating results, and cash flow;
- in connection with the proposed business combination with Tornier, our and Tornier’s business may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected;
- the proposed business combination with Tornier may not achieve the intended benefits or may disrupt our operations;
- the shares issued to our stockholders in connection with the proposed business combination with Tornier are subject to a fixed exchange ratio, and will have different rights and may be impacted by different factors as compared to our existing shares;
- continued liability for product liability claims on hip/knee (OrthoRecon) products sold prior to the divestiture of our OrthoRecon business;
- failure to realize the anticipated benefits from our acquisitions or from the divestiture of our OrthoRecon business;
- adverse outcomes in existing product liability litigation;
- new product liability claims;
- inadequate insurance coverage;
- copycat claims against our modular hip systems resulting from a competitor's recall of its modular hip product;
- failure or delay in obtaining FDA approval of Augment® Bone Graft for commercial sale in the United States;
- challenges to our intellectual property rights or inability to defend our products against the intellectual property rights of others;
- loss of key suppliers;
- failures of, interruptions to, or unauthorized tampering with, our information technology systems;
- failure or delay in obtaining FDA or other regulatory approvals for our products;
- any actual or alleged breach of the Corporate Integrity Agreement to which we are subject through September 2015, which could expose us to significant liability, including exclusion from Medicare, Medicaid and other federal healthcare programs, potential criminal prosecution, and civil and criminal fines or penalties;

- the potentially negative effect of our ongoing compliance enhancements on our relationships with customers and on our ability to deliver timely and effective medical education, clinical studies, and new products;
- the possibility of private securities litigation or shareholder derivative suits;
- insufficient demand for and market acceptance of our new and existing products;
- recently enacted healthcare laws and changes in product reimbursements, which could generate downward pressure on our product pricing;
- potentially burdensome tax measures;
- lack of suitable business development opportunities;
- inability to capitalize on business development opportunities;
- product quality or patient safety issues;

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- geographic and product mix impact on our sales;
- inability to retain key sales representatives, independent distributors and other personnel or to attract new talent;
- inventory reductions or fluctuations in buying patterns by wholesalers or distributors;
- ability to generate sufficient cash flow to satisfy our existing debt, including the conversion feature of the 2017 Notes and 2020 Notes, or refinance our existing debt as it matures; and
- the negative impact of the commercial and credit environment on us, our customers and our suppliers.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited).

WRIGHT MEDICAL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(unaudited)

	March 31, 2015	December 31, 2014
Assets:		
Current assets:		
Cash and cash equivalents	$465,249	$227,326
Marketable securities	—	2,575
Accounts receivable, net	52,763	57,190
Inventories	101,876	88,412
Prepaid expenses	9,765	11,161
Deferred income taxes	4,885	3,437
Other current assets	50,662	50,355
Total current assets	685,200	440,456
Property, plant and equipment, net	108,852	104,235
Goodwill	184,724	190,966
Intangible assets, net	64,649	69,025
Deferred income taxes	730	815
Other assets	157,153	87,179
Total assets	$1,201,308	$892,676
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	$22,703	$16,729
Accrued expenses and other current liabilities	170,415	170,204
Current portion of long-term obligations	733	718
Total current liabilities	193,851	187,651
Long-term debt and capital lease obligations	548,502	280,612
Deferred income taxes	12,977	11,566
Other liabilities	198,920	134,044
Total liabilities	954,250	613,873
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, $.01 par value, authorized: 100,000,000 shares; issued and outstanding: 51,328,856 shares at March 31, 2015 and 51,326,696 shares at December 31, 2014	509	509
Additional paid-in capital	778,062	751,061
Accumulated other comprehensive income	(6,599)	2,398
Accumulated deficit	(524,914)	(475,165)
Total stockholders' equity	247,058	278,803

Total liabilities and stockholders' equity	$1,201,308	$892,676

The accompanying notes are an integral part of these condensed consolidated financial statements.

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WRIGHT MEDICAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2015	2014
Net sales	$77,934	$71,062
Cost of sales [1]	19,125	17,417
Gross profit	58,809	53,645
Operating expenses:		
Selling, general and administrative [1]	82,199	68,648
Research and development [1]	7,117	5,856
Amortization of intangible assets	2,614	2,187
Total operating expenses	91,930	76,691
Operating loss	(33,121)	(23,046)
Interest expense, net	7,649	4,136
Other expense (income), net	5,312	15,286
Net loss from continuing operations before income taxes	(46,082)	(42,468)
Provision (benefit) for income taxes	166	(12,170)
Net loss from continuing operations	$(46,248)	$(30,298)
Loss from discontinued operations, net tax (Note 2)	(3,500)	(122)
Net loss	$(49,748)	$(30,420)
Net loss from continuing operations per share (Note10):		
Basic	$(0.91)	$(0.62)
Diluted	$(0.91)	$(0.62)
Net loss per share (Note10):		
Basic	$(0.98)	$(0.63)
Diluted	$(0.98)	$(0.63)
Weighted-average number of shares outstanding-basic	50,868	48,625
Weighted-average number of shares outstanding-diluted	50,868	48,625

[1] These line items include the following amounts of non-cash, stock-based compensation expense for the periods indicated:

	Three Months Ended March 31,	
	2015	2014
Cost of sales	$3	$111
Selling, general and administrative	2,072	2,004
Research and development	262	205

The accompanying notes are an integral part of these condensed consolidated financial statements.

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WRIGHT MEDICAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2015	2014
Net loss	$(49,748)	$(30,420)
Other comprehensive (loss) income, net of tax:		
Changes in foreign currency translation	(8,997)	(430)
Reclassification of gain on equity securities, net of taxes of $1	—	2
Reclassification of currency translation adjustment (CTA) write-off to earnings related to liquidation of Japanese subsidiary	—	2,628
Reclassification of minimum pension liability to earnings	—	(344)
Other comprehensive (loss) income	(8,997)	1,856
Comprehensive loss	$(58,745)	$(28,564)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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WRIGHT MEDICAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2015	2014
Operating activities:		
Net loss	$(49,748)	$(30,420)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	5,280	4,346
Stock-based compensation expense	2,337	2,320
Amortization of intangible assets	2,614	2,187
Amortization of deferred financing costs and debt discount	1,297	2,676
Write off of deferred financing costs and debt discount	24,746	—
Deferred income taxes	2	574
Non-cash adjustments to derivative fair value	(6,935)	1,000
Gain on sale of OrthoRecon business	—	(24,277)
Mark-to-market adjustment for CVRs (Note 1)	(13,454)	14,295
Other	929	570
Changes in assets and liabilities (net of acquisitions and dispositions):		
Accounts receivable	3,149	(1,493)
Inventories	(13,166)	(3,911)
Prepaid expenses and other assets	7,437	4,776
Accounts payable	6,351	6,747
Accrued expenses and other liabilities	3,915	(6,630)
Net cash used in operating activities	(25,246)	(27,240)
Investing activities:		
Capital expenditures	(11,854)	(7,836)
Acquisition of businesses	—	(80,547)
Purchase of intangible assets	(79)	(755)
Sales and maturities of available-for-sale marketable securities	2,566	1,745
Proceeds from sale of assets	—	278,602
Net cash provided by (used in) investing activities	(9,367)	191,209
Financing activities:		
Issuance of common stock	73	10,690
Proceeds from 2020 Warrants	86,400	—
Payment for 2020 Notes hedge option	(144,843)	
Repurchase of 2017 warrants	(59,803)	—
Payment of 2017 Notes premium	(49,152)	—
Proceeds from 2017 Notes hedge option	69,764	—
Proceeds from convertible 2020 notes	632,500	—
Redemption of convertible 2017 notes	(240,000)	—
Payments of deferred financing and equity issuance costs	(20,081)	—
Payments of capital leases	(186)	(26)
Net cash provided by financing activities	274,672	10,664
Effect of exchange rates on cash and cash equivalents	(2,136)	484
Net increase in cash and cash equivalents	237,923	175,117

Cash and cash equivalents, beginning of period	227,326	168,735
Cash and cash equivalents, end of period	$465,249	$343,852

The accompanying notes are an integral part of these condensed consolidated financial statements.

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WRIGHT MEDICAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Summary of Significant Accounting Policies

Basis of Presentation. The unaudited condensed consolidated interim financial statements of Wright Medical Group, Inc. have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States (U.S.) for interim financial statements and the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. have been condensed or omitted pursuant to these rules and regulations. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the U.S. Securities and Exchange Commission (SEC) on February 26, 2015.

In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments necessary for a fair presentation of our interim financial results. All such adjustments are of a normal and recurring nature. The results of operations for any interim period are not indicative of results for the full fiscal year. Certain prior year amounts have been reclassified to conform with the current year presentation, including amounts related to discontinued operations.

The accompanying unaudited condensed consolidated interim financial statements include our accounts and those of our domestic and international subsidiaries, all of which are wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the dates of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates.

Fair Value of Financial Instruments. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate the fair values of these financial instruments as of March 31, 2015 and December 31, 2014 due to their short maturities or variable rates.

The outstanding $632.5 million of our 2.00% Convertible Senior Notes maturing in 2020 (2020 Notes) are carried at cost, net of unamortized discount. The estimated fair value of the 2020 Notes was approximately $664.5 million at March 31, 2015, based on a quoted price in an active market (Level 1).

The remaining outstanding $60 million of our 2.00% Convertible Senior Notes maturing in 2017 (2017 Notes) are carried at cost, net of unamortized discount. The estimated fair value of the 2017 Notes was approximately $69.4 million at March 31, 2015, based on a quoted price in an active market (Level 1).

FASB Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement, requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

We use a third-party provider to determine fair values of our available-for-sale debt securities. The third-party provider receives market prices for each marketable security from a variety of industry standard data providers, security master files from large financial institutions and other third-party sources with reasonable levels of price transparency. The third-party provider uses these multiple prices as inputs into a pricing model to determine a

weighted average price for each security. We have controls in place to review the third party provider's qualifications and procedures used to determine fair values and to validate the prices used in their determination of fair value. We classify our investment in U.S. Treasury bills and bonds and corporate equity securities as Level 1 based upon quoted prices in active markets. All other marketable securities are classified as Level 2 based upon the other than quoted prices with observable market data. These include U.S. agency debt securities, certificates of deposit, commercial paper, and corporate debt securities.

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WRIGHT MEDICAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

During the third quarter of 2012, we issued $300 million of the 2017 Notes, and we recorded a derivative liability for the conversion feature (2017 Notes Conversion Derivative) of such 2017 Notes. Additionally, we entered into convertible notes hedging transactions (2017 Notes Hedges) in connection with the issuance of our 2017 Notes. On February 13, 2015, in connection with our issuance of the $632.5 million of the 2020 Notes, we used approximately $292 million of the net proceeds from the offering to repurchase approximately $240 million aggregate principal amount of our outstanding 2.00% cash convertible senior notes due 2017 in privately negotiated transactions, and settled all of the 2017 Notes Hedges. The 2017 Notes Conversion Derivative is measured at fair value using Level 3 inputs. These instruments are not actively traded and are valued using an option pricing model that uses observable and unobservable market data for inputs.

On February 13, 2015, we issued $632.5 million of the 2020 Notes, and we have recorded a derivative liability for the conversion feature (2020 Notes Conversion Derivative) of such 2020 Notes. Additionally, we entered into convertible notes hedging transactions (2020 Notes Hedges) in connection with the issuance of the 2020 Notes. The 2020 Notes Hedges and the 2020 Notes Conversion Derivative are measured at fair value using Level 3 inputs. These instruments are not actively traded and are valued using an option pricing model that uses observable and unobservable market data for inputs.

To determine the fair value of the embedded conversion option in the 2017 Notes Conversion Derivative and 2020 Notes Conversion Derivative, a trinomial lattice model was used. A trinomial stock price lattice generates three possible outcomes of stock price - one up, one down, and one stable. This lattice generates a distribution of stock prices at the maturity date and throughout the life of the 2017 Notes and 2020 Notes. Using this stock price lattice, a convertible note lattice was created where the value of the embedded conversion option was estimated by comparing the value produced in a convertible note lattice with the option to convert against the value without the ability to convert. In each case, the convertible note lattice first calculates the possible convertible note values at the maturity date, using the distribution of stock prices, which equals to the maximum of (x) the remaining bond cash flows and (y) stock price times the conversion price. The values of the 2017 Notes Conversion Derivative and 2020 Notes Conversion Derivative at the valuation date was estimated using the values at the maturity date and moving back in time on the lattices (both for the lattice with the conversion option and without the conversion option). Specifically, at each node, if the 2017 Notes or 2020 Notes are eligible for early conversion, the value at this node is the maximum of (i) converting to stock, which is the stock price times the conversion price, and (ii) holding onto the 2017 Notes and 2020 Notes, which is the discounted and probability-weighted value from the three possible outcomes at the future nodes plus any accrued but unpaid coupons that are not considered at the future nodes. If the 2017 Notes or 2020 Notes are not eligible for early conversion, the value of the conversion option at this node equals to (ii). In the lattice, a credit adjustment was applied to the discount for each cash flow in the model as the embedded conversion option, as well as the coupon and notional payments, is settled with cash instead of shares.

To estimate the fair value of the 2020 Notes Hedges, we used the Black-Scholes formula combined with credit adjustments, as the bank counterparties have credit risk and the call options are cash settled. We assumed that the call options will be exercised at the maturity since our common stock does not pay any dividends and management does not expect to declare dividends in the near term.

The following assumptions were used in the fair market valuations of the 2017 Notes Conversion Derivative and 2020 Notes Conversion Derivative and 2020 Notes Hedges as of March 31, 2015:

	2017 Notes Conversion	2020 Notes Conversion	2020 Notes Hedge

	Derivative	Derivative		
Stock Price Volatility (1)	35	%	35	%
Credit Spread for Wright (2)	4.9	%	4.5	%
Credit Spread for Deutsche Bank AG (3)	N/A	N/A	0.8	%
Credit Spread for Wells Fargo Securities, LLC (3)	N/A	N/A	0.6	%

(1) Volatility selected based on historical and implied volatility of common shares of Wright Medical Group, Inc.
(2) Credit spread implied from traded price.
(3) Credit spread of each bank is estimated using CDS curves. Source: Bloomberg.

As part of the acquisitions of EZ Concepts Surgical Device Corporation, d/b/a EZ Frame™ and CCI® Evolution Mobile Bearing Total Ankle Replacement system (CCI acquisition), completed in 2010 and 2011, respectively, we have recorded $0.2 million of contingent liabilities for potential future cash payments related to these transactions as of March 31, 2015. The fair value of the contingent consideration associated with each of the acquisitions noted above as of March 31, 2015, was determined using a discounted cash flow model and probability adjusted estimates of the future earnings and is classified in Level 3. Changes in the

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WRIGHT MEDICAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

fair value of contingent consideration are recorded in "Other expense (income), net" in our condensed consolidated statements of operations.

As part of the acquisition of WG Healthcare in 2013, we have recorded contingent consideration of approximately $1.4 million as of March 31, 2015. The fair value of the contingent consideration associated with this acquisition as of March 31, 2015, was determined using a discounted cash flow model, utilizing a 12% discount rate and probability adjusted estimates of the future earnings and is classified in Level 3.

On March 1, 2013, as part of the acquisition of BioMimetic Therapeutics, Inc. (BioMimetic), we issued Contingent Value Rights (CVRs) as part of the merger consideration. Each CVR entitles its holder to receive additional cash payments of up to $6.50 per share, which are payable upon receipt of FDA approval of Augment® Bone Graft and upon achieving certain revenue milestones. The fair value of the CVRs outstanding at March 31, 2015 of $120.5 million was determined using the closing price of the security in the active market (Level 1). For the three months ended March 31, 2015, the change in the value of the CVR resulted in a $13.5 million gain, which was recorded in Other expense (income) in the condensed consolidated statements of operations.

The following table summarizes the valuation of our financial instruments measured at fair value on a recurring basis (in thousands):

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At March 31, 2015				
Assets				
Cash and cash equivalents	$465,249	$465,249	$—	$—
Available-for-sale marketable securities				
Corporate debt securities	—	—	—	—
U.S. government debt securities	—	—	—	—
Total available-for-sale marketable securities	—	—	—	—
2020 Notes Hedges	135,560	—	—	135,560
Total	$600,809	$465,249	$—	$135,560
Liabilities				
2017 Notes Conversion Derivative	$13,431	$—	$—	$13,431
2020 Notes Conversion Derivative	136,748	—	—	136,748
Contingent consideration	1,632	—		1,632
Contingent consideration (CVR)	120,527	120,527	—	—
Total	$272,338	$120,527	$—	$151,811

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WRIGHT MEDICAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At December 31, 2014				
Assets				
Cash and cash equivalents	$227,326	$227,326	$—	$—
Available-for-sale marketable securities				
Corporate debt securities	566	—	566	—
U.S. Government debt securities	2,009	2,009	—	—
Total available-for-sale marketable securities	2,575	2,009	566	—
2017 Notes Hedges	80,000	—	—	80,000
Total	$309,901	$229,335	$566	$80,000
Liabilities				
2017 Notes Conversion Derivative	$76,000	$—	$—	$76,000
Contingent consideration	1,705	—	—	1,705
Contingent consideration (CVR)	$133,981	133,981	$—	$—
Total	$211,686	$133,981	$—	$77,705

The following is a roll forward of our assets and liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3):

	Balance at December 31, 2014	Transfers into Level 3	Gain/(Losses) included in Earnings	Currency	Settlements	Balance at March 31, 2015
2017 Notes Hedges	$80,000	—	(10,236)	—	(69,764)	$—
2017 Notes Conversion Derivative	$(76,000)	—	13,417	—	49,152	$(13,431)
2020 Notes Hedges	$—	144,843	(9,283)	—	—	$135,560
2020 Notes Conversion Derivative	$—	(149,784)	13,036	—	—	$(136,748)
Contingent Consideration	$(1,705)	—	—	73	—	$(1,632)

2. Discontinued Operations

On January 9, 2014, we completed our divestiture and sale of the OrthoRecon business to MicroPort Scientific Corporation (MicroPort). Pursuant to the terms of the asset purchase agreement (Purchase Agreement), the purchase price (as defined in the Purchase Agreement) for the OrthoRecon business was approximately $283 million (including a working capital adjustment), which MicroPort paid in cash. As a result of the transaction, we recognized

approximately $24.3 million as the gain on disposal of the OrthoRecon business, before the effect of income taxes for the year ended December 31, 2014.

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All current and historical operating results for the OrthoRecon business are reflected within discontinued operations in the condensed consolidated financial statements. In addition, costs associated with corporate employees and infrastructure transferred as a part of the sale were included in discontinued operations. The following table summarizes the results of discontinued operations (in thousands):

	Three Months Ended March 31,	
	2015	2014
Revenue	$—	$2,942
(Loss) income before tax (including $24.3 million gain from disposal in 2014)	(3,500)	15,334
Income tax (benefit) provision	—	15,456
(Loss) income from discontinued operations, net of tax	(3,500)	(122)

The 2014 effective tax rate within the results of discontinued operations reflects the sale of non-deductible goodwill of $25.8 million associated with the OrthoRecon business.

Certain liabilities associated with the OrthoRecon business, including product liability claims associated with hip and knee products sold prior to the closing, were not assumed by MicroPort. Charges associated with these product liability claims, including legal defense, settlements and judgments, income associated with product liability insurance recoveries, and changes to any contingent liabilities associated with the OrthoRecon business have been reflected within results of discontinued operations, and we will continue to reflect these within results of discontinued operations in future periods. We will incur continuing cash outflows associated with legal defense costs and the ultimate resolution of these contingent liabilities, net of insurance proceeds, until these liabilities are resolved.

3. Inventories

Inventories consist of the following (in thousands):

	March 31, 2015	December 31, 2014
Raw materials	$8,435	$6,910
Work-in-process	20,216	13,849
Finished goods	73,225	67,653
	$101,876	$88,412

4. Marketable Securities

Our investments in marketable securities are classified as available-for-sale securities in accordance with FASB ASC Topic 320, Investments — Debt and Equity Securities. These securities are carried at their fair value, and all unrealized gains and losses are recorded within other comprehensive income. Marketable securities are classified as current for those expected to mature or be sold within 12 months and the remaining portion is classified as non-current. The cost of investment securities sold is determined by the specific identification method.

As of March 31, 2015, we had no marketable securities. As of December 31, 2014, we had current marketable securities totaling $2.6 million, respectively, consisting of investments in corporate and government bonds, all of which are valued at fair value using a market approach.

The following tables present a summary of our marketable securities as of December 31, 2014 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
At December 31, 2014				
Available-for-sale marketable securities				
Corporate debt securities	566	—	—	566
U.S. government debt securities	2,009	—	—	2,009

Total available-for-sale marketable securities	$2,575	$—	$—	$2,575

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5. Property, Plant and Equipment, Net

Property, plant and equipment consist of the following (in thousands):

	March 31, 2015	December 31, 2014
Property, plant and equipment, at cost	$199,599	$191,094
Less: Accumulated depreciation	(90,747)	(86,859)
	$108,852	$104,235

6. Long-Term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations consist of the following (in thousands):

	March 31, 2015	December 31, 2014
Capital lease obligations	$8,492	$8,678
2017 Notes	55,012	272,652
2020 Notes	485,731	—
	549,235	281,330
Less: current portion	(733)	(718)
	$548,502	$280,612

2017 Notes

On August 31, 2012, we issued $300 million aggregate principal amount of the 2017 Notes pursuant to an indenture, dated as of August 31, 2012 between us and The Bank of New York Mellon Trust Company, N.A., as Trustee. The 2017 Notes will mature on August 15, 2017, and we pay interest on the 2017 Notes semi-annually on each February 15 and August 15 at an annual rate of 2.00%. We may not redeem the 2017 Notes prior to the maturity date, and no "sinking fund" is available for the 2017 Notes, which means that we are not required to redeem or retire the 2017 Notes periodically. The 2017 Notes are convertible at the option of the holder, during certain periods and subject to certain conditions as described below, solely into cash at an initial conversion rate of 39.3140 shares per $1,000 principal amount of the 2017 Notes, subject to adjustment upon the occurrence of specified events, which represents an initial conversion price of $25.44 per share. The holder of the 2017 Notes may convert their notes at any time prior to February 15, 2017 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending December 31, 2012 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events, including during the period beginning 35 scheduled trading days prior to the anticipated effective date of our proposed merger with Tornier N.V. and ending 35 trading days after the actual effective date of such merger. While we currently do not expect significant conversions because the notes currently trade at a premium to the as-converted value, and a converting holder would forego future interest payments, any conversions would reduce our cash resources. On or after February 15, 2017 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2017 Notes solely into cash, regardless of the foregoing circumstances. Upon

conversion, a holder will receive an amount in cash, per $1,000 principal amount of the 2017 Notes, equal to the settlement amount as calculated under the indenture relating to the 2017 Notes. If we undergo a fundamental change, as defined in the indenture relating to the 2017 Notes, subject to certain conditions, holders of the 2017 Notes will have the option to require us to repurchase for cash all or a portion of their notes at a purchase price equal to 100% of the principal amount of the 2017 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date, as defined in the indenture relating to the 2017 Notes. In addition, following certain corporate transactions, we, under certain circumstances, will pay a cash make-whole premium by increasing the applicable conversion rate for a holder that elects to convert its 2017 Notes in connection with such corporate transaction. The 2017 Notes are senior unsecured obligations that rank: (i) senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the 2017 Notes; (ii) equal in right of payment to any of our unsecured indebtedness that is not so subordinated; (iii) effectively junior in right of payment to any secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) structurally junior to all indebtedness and other liabilities (including

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trade payables) of our subsidiaries. As a result of this transaction, we recognized deferred financing charges of approximately $8.8 million, which are being amortized over the term of the 2017 Notes using the effective interest method.

The 2017 Notes Conversion Derivative requires bifurcation from the 2017 Notes in accordance with ASC Topic 815, Derivatives and Hedging, and is accounted for as a derivative liability. The fair value of the 2017 Notes Conversion Derivative at the time of issuance of the 2017 Notes was $48.1 million and was recorded as original debt discount for purposes of accounting for the debt component of the 2017 Notes. This discount is amortized as interest expense using the effective interest method over the term of the 2017 Notes. For the three months ended March 31, 2015, the Company recorded $1.4 million of interest expense related to the amortization of the debt discount based upon an effective rate of 6.47%.

In connection with the 2020 Notes Offering, on February 13, 2015, we purchased and extinguished $240 million aggregate principal amount of the 2017 Notes. As a result of this transaction, we recognized approximately $24.7 million for the write off of related pro-rata unamortized deferred financing fees and debt discount within "Other expense (income), net" in our condensed consolidated statements of operations. As of March 31, 2015, $60 million aggregate principal amount of the 2017 Notes remain outstanding and is included within long-term obligations on the consolidated balance sheet.

The components of the 2017 Notes were as follows (in thousands):

	March 31, 2015	December 31, 2014
Principal amount of 2017 Notes	$60,000	$ 300,000
Unamortized debt discount	(4,988)	(27,348)
Net carrying amount of 2017 Notes	$55,012	$ 272,652

2020 Notes

On February 13, 2015, we issued $632.5 million aggregate principal amount of the 2020 Notes pursuant to an indenture, dated as of February 13, 2015 between us and The Bank of New York Mellon Trust Company, N.A., as Trustee. The 2020 Notes will pay interest semi-annually on each February 15 and August 15 at an annual rate of 2.00%, and will mature on February 15, 2020 unless earlier converted or repurchased. The 2020 Notes will be convertible, subject to certain conditions, solely into cash. The initial conversion rate for the 2020 Notes will be 32.3939 shares of common stock (subject to adjustment as provided in the Indenture) per $1,000 principal amount of the 2020 Notes (subject to, and in accordance with, the settlement provisions of the Indenture), which is equal to an initial conversion price of approximately $30.87 per share of common stock. We may not redeem the 2020 Notes prior to the maturity date, and no “sinking fund” is available for the 2020 Notes, which means that we are not required to redeem or retire the 2020 Notes periodically.

The holders of the 2020 Notes may convert their notes at any time prior to August 15, 2019 solely into cash, in multiples of $1,000 principal amount, upon satisfaction of one or more of the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2015 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of 2020 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. Our proposed merger with Tornier N.V. will not result in a conversion right for holders

of the 2020 Notes. On or after August 15, 2019 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2020 Notes solely into cash, regardless of the foregoing circumstances. Upon conversion, a holder will receive an amount in cash, per $1,000 principal amount of the 2020 Notes, equal to the settlement amount as calculated under the indenture relating to the 2020 Notes. If we undergo a fundamental change, as defined in the indenture relating to the 2020 Notes, subject to certain conditions, holders of the 2020 Notes will have the option to require us to repurchase for cash all or a portion of their notes at a purchase price equal to 100% of the principal amount of the 2020 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date, as defined in the indenture relating to the 2020 Notes. In addition, following certain corporate transactions, we, under certain circumstances, will increase the applicable conversion rate for a holder that elects to convert its 2020 Notes in connection with such corporate transaction. The 2020 Notes are senior unsecured obligations that rank: (i) senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the 2020 Notes; (ii) equal in right of payment to any of our unsecured indebtedness that is not so subordinated; (iii) effectively junior in right of payment to any secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. As a result of this transaction, we recorded deferred financing charges of approximately $18 million, which are being amortized over the term of the 2020 Notes using the effective interest method.

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The 2020 Notes Conversion Derivative requires bifurcation from the 2020 Notes in accordance with ASC Topic 815, Derivatives and Hedging, and is accounted for as a derivative liability. The fair value of the 2020 Notes Conversion Derivative at the time of issuance of the 2020 Notes was $149.8 million and was recorded as original debt discount for purposes of accounting for the debt component of the 2017 Notes. This discount is amortized as interest expense using the effective interest method over the term of the 2017 Notes. For the three months ended March 31, 2015, we recorded $3 million of interest expense related to the amortization of the debt discount based upon an effective rate of 8.54%.

The components of the 2020 Notes were as follows (in thousands):

	March 31, 2015	December 31, 2014
Principal amount of 2020 Notes	$632,500	$—
Unamortized debt discount	(146,769)	—
Net carrying amount of 2020 Notes	$485,731	$—

We entered into 2020 Notes Hedges in connection with the issuance of the 2020 Notes with three counterparties (the Option Counterparties). The 2020 Notes Hedges, which are cash-settled, are intended to reduce our exposure to potential cash payments that we would be required to make if holders elect to convert the 2020 Notes at a time when our stock price exceeds the conversion price. However, in connection with certain events, including a merger other than our proposed merger with Tornier, the Option Counterparties have the discretion to make certain adjustments to the 2020 Note Hedges and warrant transactions, which may reduce the effectiveness of the 2020 Note Hedges or increase our obligations under the warrant transactions. The aggregate cost of the 2020 Notes Hedges was $144.8 million and is accounted for as a derivative asset in accordance with ASC Topic 815. See Note 7 of the condensed consolidated financial statements for additional information regarding the 2020 Notes Hedges and the 2020 Notes Conversion Derivative.

We also entered into warrant transactions in which we sold warrants for an aggregate of 20.5 million shares of our common stock to the Option Counterparties, subject to adjustment. The strike price of the warrants was initially $40.00 per share, which was 59% above the last reported sale price of our common stock on February 9, 2015. The warrants are net-share settled and are exercisable over the 200 trading day period beginning on May 15, 2020. The warrant transactions will have a dilutive effect to the extent that the market value per share of our common stock during such period exceeds the applicable strike price of the warrants.

Aside from the initial payment of the $144.8 million premium to the Option Counterparties, we do not expect to be required to make any cash payments to the Option Counterparties under the 2020 Notes Hedges and expect to be entitled to receive from the Option Counterparties cash, generally equal to the amount by which the market price per share of common stock exceeds the strike price of the convertible note hedging transactions during the relevant valuation period. The strike price under the 2020 Notes Hedges is equal to the conversion price of the 2020 Notes. Additionally, if the market value per share of our common stock exceeds the strike price on any day during the 200 trading day measurement period under the warrant transaction, we will be obligated to issue to the Option Counterparties a number of shares equal in value to one percent of the amount by which the then-current market value of one share of our common stock exceeds the then-effective strike price of each warrant, multiplied by the number of shares of common stock into which the 2020 Notes are then convertible at or following maturity. We will not receive any additional proceeds if warrants are exercised.

7. Derivative Instruments and Hedging Activities

We account for derivatives in accordance with FASB ASC Topic 815, which establishes accounting and reporting standards requiring that derivative instruments be recorded on the balance sheet as either an asset or liability measured at fair value. Additionally, changes in the derivative's fair value shall be recognized currently in earnings unless specific hedge accounting criteria are met.

2017 Conversion Derivative and Notes Hedging

On August 31, 2012, we issued the 2017 Notes. The 2017 Notes Conversion Derivative requires bifurcation from the 2017 Notes in accordance with ASC Topic 815, and is accounted for as a derivative liability. The fair value of the 2017 Notes Conversion Derivative at the time of issuance of the 2017 Notes was $48.1 million. See Note 6 of the condensed consolidated financial statements for additional information regarding the 2017 Notes.

We also entered into the 2017 Notes Hedges in connection with the issuance of the 2017 Notes with certain counterparties. The 2017 Notes Hedges, which are cash-settled, are intended to reduce our exposure to potential cash payments that we are required

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to make upon conversion of the 2017 Notes in excess of the principal amount of converted notes if our common stock price exceeds the conversion price. The aggregate cost of the 2017 Notes Hedges was $56.2 million and was accounted for as a derivative asset in accordance with ASC Topic 815.

On February 13, 2015, we issued $632.5 million of the 2020 Notes, which generated proceeds of approximately $613 million net of issuance costs. We used approximately $292 million of the net proceeds from this offering to repurchase and extinguish approximately $240 million aggregate principal amount of the 2017 Notes, settle the associated portion of the 2017 Notes Conversion Derivative, approximately $49 million, and to satisfy the accrued interest of $2.4 million. We also settled all of the 2017 Notes Hedges and repurchased all of the warrants associated with the 2017 Notes, generating net proceeds of approximately $10 million. See Note 6 of the condensed consolidated financial statements for additional information regarding the 2020 Notes.

The following table summarizes the fair value and the presentation in the condensed consolidated balance sheet (in thousands):

	Location on condensed consolidated balance sheet	March 31, 2015	December 31, 2014
2017 Notes Hedges	Other assets	$—	$80,000
2017 Notes Conversion Derivative	Other liabilities	$13,431	$76,000

Neither the 2017 Notes Conversion Derivative nor the 2017 Notes Hedges qualify for hedge accounting, thus any change in the fair value of the derivatives is recognized immediately in the condensed consolidated statements of operations. The following table summarizes the gain (loss) on changes in fair value (in thousands):

	Three Months Ended March 31,	
	2015	2014
2017 Notes Hedges	$(10,236)	$1,000
2017 Notes Conversion Derivative	13,417	(2,000)
Net gain (loss) on changes in fair value	$3,181	$(1,000)

2020 Conversion Derivative and Notes Hedging

On February 13, 2015, we issued the 2020 Notes. The 2020 Notes Conversion Derivative requires bifurcation from the 2020 Notes in accordance with ASC Topic 815, and is accounted for as a derivative liability. The fair value of the 2020 Notes Conversion Derivative at the time of issuance of the 2020 Notes was $149.8 million. See Note 6 of the condensed consolidated financial statements for additional information regarding the 2020 Notes.

We also entered into the 2020 Notes Hedges in connection with the issuance of the 2020 Notes with the Option Counterparties. The 2020 Notes Hedges, which are cash-settled, are intended to reduce our exposure to potential cash payments that we are required to make upon conversion of the 2020 Notes in excess of the principal amount of converted notes if our common stock price exceeds the conversion price. The aggregate cost of the 2020 Notes Hedges was $144.8 million and is accounted for as a derivative asset in accordance with ASC Topic 815.

	Location on condensed consolidated balance sheet	March 31, 2015	December 31, 2014
2020 Notes Hedges	Other assets	$135,560	$—
2020 Notes Conversion Derivative	Other liabilities	$136,748	$—

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Neither the 2020 Notes Conversion Derivative nor the 2020 Notes Hedges qualify for hedge accounting, thus any change in the fair value of the derivatives is recognized immediately in the condensed consolidated statements of operations. The following table summarizes the gain (loss) on changes in fair value (in thousands):

	Three Months Ended March 31,	
	2015	2014
2020 Notes Hedges	$(9,283)	$—
2020 Notes Conversion Derivative	13,036	—
Net gain on changes in fair value	$3,753	$—

Derivatives not Designated as Hedging Instruments

We employ a derivative program using 30-day foreign currency forward contracts to mitigate the risk of currency fluctuations on our intercompany receivable and payable balances that are denominated in foreign currencies. These forward contracts are expected to offset the transactional gains and losses on the related intercompany balances. These forward contracts are not designated as hedging instruments under FASB ASC Topic 815. Accordingly, the changes in the fair value and the settlement of the contracts are recognized in the period incurred in the accompanying condensed consolidated statements of operations. At March 31, 2015, we had no foreign currency contracts outstanding.

8. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill occurring during the three months ended March 31, 2015, are as follows (in thousands):

	U.S.	International	BioMimetic	Total
Goodwill at December 31, 2014	$173,589	$16,041	$1,336	$190,966
Foreign currency translation	—	(6,242)	—	(6,242)
Goodwill at March 31, 2015	$173,589	$9,799	$1,336	$184,724

Goodwill is recognized for the excess of the purchase price over the fair value of net assets of businesses acquired. Goodwill is required to be tested for impairment at least annually. Unless circumstances otherwise dictate, the annual impairment test is performed in the quarter ended December 31.

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The components of our identifiable intangible assets are as follows (in thousands):

	March 31, 2015		December 31, 2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Indefinite life intangibles				
In-process research and development technology	$4,266		$4,266	
Tradename	3,915		4,004	
Total indefinite life intangibles	8,181		8,270	
Finite life intangibles				
Distribution channels	250	200	250	194
Completed technology	32,496	9,982	33,253	9,185
Licenses	8,233	1,801	8,234	1,637
Customer relationships	26,845	5,095	27,946	4,636
Trademarks	2,737	2,009	2,798	1,850
Non-compete agreements	6,766	2,425	8,508	3,397
Other	771	118	771	106
Total finite life intangibles	78,098	$ 21,630	81,760	$ 21,005
Total intangibles	86,279		90,030	
Less: Accumulated amortization	(21,630)		(21,005)	
Intangible assets, net	$64,649		$69,025	

Based on total finite life intangible assets held at March 31, 2015, we expect to amortize approximately $9.9 million for the full year of 2015, $7.5 million in 2016, $6.9 million in 2017, $5.4 million in 2018, and $4.9 million in 2019.

Accumulated Other Comprehensive Income (AOCI)

Other comprehensive income (OCI) includes certain gains and losses that under GAAP are included in comprehensive income but are excluded from net income as these amounts are initially recorded as an adjustment to stockholders' equity. Amounts in OCI may be reclassified to net income upon the occurrence of certain events.

Our OCI is comprised of foreign currency translation adjustments, unrealized gains and losses on available-for-sale securities, and adjustments to our minimum pension liability. Foreign currency translation adjustments are reclassified to net income upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. Unrealized gains and losses on available-for-sale securities are reclassified to net income if we sell the security before maturity or if the unrealized loss in a security is considered to be other-than-temporary.

Changes in and reclassifications out of AOCI, net of tax, for the three months ended March 31, 2015 were as follows (in thousands):

	Currency Translation Adjustment (CTA)	Unrealized Gain(Loss) on Marketable Securities	Minimum Pension Liability Adjustment	Total
Balance December 31, 2014	$2,398	$—	$—	$2,398
Other comprehensive income (loss), net of tax	(8,997)	—	—	(8,997)

Balance March 31, 2015	$(6,599)	$—	$(6,599)

10. Earnings Per Share

FASB ASC Topic 260, Earnings Per Share, requires the presentation of basic and diluted earnings per share. Basic earnings per share is calculated based on the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated to include any dilutive effect of our common stock equivalents. Our common stock equivalents consist of stock options, non-vested shares of common stock, stock-settled phantom stock units, restricted stock units, 2.625% Convertible Senior Notes maturing on December 1, 2014 (2014 Notes), and warrants. The dilutive effect of the stock options,

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non-vested shares of common stock, stock-settled phantom stock units, restricted stock units and warrants is calculated using the treasury-stock method. The dilutive effect of the 2014 Notes is calculated by applying the "if-converted" method. This assumes an add-back of interest, net of income taxes, to net income as if the securities were converted at the beginning of the period. During the three month period ended March 31, 2014, the 2014 Notes had an anti-dilutive effect on earnings per share and we therefore excluded them from the dilutive shares calculation. In addition, approximately 0.8 million common stock equivalents have been excluded from the computation of diluted net loss from continuing operations per share for the three month period ended March 31, 2015, because their effect is anti-dilutive as a result of our net loss in that period. In addition, approximately 1.9 million common stock equivalents have been excluded from the computation of diluted net loss from continuing operations per share for the three month period ended March 31, 2014, because their effect is anti-dilutive as a result of our net loss in that period.
The weighted-average number of shares outstanding for basic and diluted earnings per share is as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014
Weighted-average number of shares outstanding, basic	50,868	48,625
Common stock equivalents	—	—
Weighted-average number of shares outstanding, diluted	50,868	48,625

Net-share settled warrants were anti-dilutive for the three month period ended March 31, 2015 and 2014. Additionally, the following potential common shares were excluded from common stock equivalents as their effect would have been anti-dilutive (in thousands):

	Three Months Ended March 31,	
	2015	2014
Stock options	1,923	159
Non-vested shares, restricted stock units, and stock-settled phantom stock units	9	31
2014 Notes	—	115

11. Commitments and Contingencies
Legal Contingencies
As described below, our business is subject to various contingencies, including patent and other litigation, product liability claims and a government inquiry. These contingencies could result in losses, including damages, fines, or penalties, any of which could be substantial, as well as criminal charges. Although such matters are inherently unpredictable, and negative outcomes or verdicts can occur, we believe we have significant defenses in all of them, are vigorously defending all of them, and do not believe any of them will have a material adverse effect on our financial position. However, we could incur judgments, pay settlements, or revise our expectations regarding the outcome of any matter. Such developments, if any, could have a material adverse effect on our results of operations in the period in which applicable amounts are accrued, or on our cash flows in the period in which amounts are paid. Our contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss or the measurement of a loss can be complex. We have accrued for losses that are both probable and reasonably estimable. Unless otherwise indicated, we are unable to estimate the range of reasonably possible loss in excess of amounts accrued. Our assessment process relies on estimates and assumptions that may prove to be incomplete or inaccurate.

Unanticipated events and circumstances may occur that could cause us to change our estimates and assumptions.

Governmental Inquiries

On September 29, 2010, we entered into a five year Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the United States Department of Health and Human Services (OIG-HHS). The CIA was filed as Exhibit 10.2 to our current report on Form 8-K filed on September 30, 2010. The CIA will expire on September 29, 2015.

The CIA imposes on us certain obligations to maintain compliance with U.S. healthcare laws, regulations and other requirements. Our failure to do so could expose us to significant liability, including, but not limited to, exclusion from federal healthcare program participation, including Medicaid and Medicare, potential prosecution, civil and criminal fines or penalties, as well as additional litigation cost and expense.

Both we and MicroPort, who purchased our OrthoRecon business in January 2014, will continue to be subject to the CIA.

In addition to the U.S. Attorney's Office (USAO) and OIG-HHS, other governmental agencies, including state authorities, could conduct investigations or institute proceedings that are not precluded by the CIA. In addition, the matters that gave rise to the CIA could increase our exposure to lawsuits by potential whistleblowers, including under the federal false claims acts, based on new theories or allegations arising from these matters.

On August 3, 2012, we received a subpoena from the USAO for the Western District of Tennessee requesting records and documentation relating to our PROFEMUR® series of hip replacement devices. The subpoena covers the period from January 1, 2000 to August 2, 2012. We continue to respond to the subpoena.

Patent Litigation

In 2011, Howmedica Osteonics Corp. and Stryker Ireland, Ltd. (collectively, “Stryker”), each a subsidiary of Stryker Corporation, filed a lawsuit against Wright Medical Technology, Inc. (WMT) in the United States District Court for the District of New Jersey alleging that we infringed Stryker's U.S. Patent No. 6,475,243 related to our LINEAGE® Acetabular Cup System and DYNASTY® Acetabular Cup System. The lawsuit seeks an order of infringement, injunctive relief, unspecified damages, and various other costs and relief. On July 9, 2013, the Court issued a claim construction ruling. On November 25, 2014, the Court entered judgment of non-infringement in our favor. On January 7, 2015, Howmedica and Stryker filed a notice of appeal to the Court of Appeals for the Federal Circuit.

In 2012, Bonutti Skeletal Innovations, LLC (Bonutti) filed a patent infringement lawsuit against us in the United States Court for the District of Delaware. Subsequently, Inter Partes Review (IPR) of the Bonutti patents was sought before the U.S. Patent and Trademark Office. On April 7, 2014, the Court stayed the case pending outcome of the IPR. Bonutti originally alleged that the Link Sled Prosthesis infringes U.S. Patent 6,702,821. The Link Sled Prosthesis is a product we distributed under a distribution agreement with LinkBio Corp, which expired on December 31, 2013. In January 2013, Bonutti amended its complaint, alleging that the ADVANCE® knee system, including ODYSSEY® instrumentation, infringes U.S. Patent 8,133,229, and that the ADVANCE® knee system, including ODYSSEY® instrumentation and PROPHECY® guides, infringes U.S. Patent 7,806,896, which was issued on October 5, 2010. All of the claims of the asserted patents are directed to surgical methods for minimally invasive surgery. As a result of the arguments submitted in the IPR, Bonutti abandoned the claims subject to the IPR from U.S. Patent 8,133,229, leaving one claim from U.S. Patent 7,806,896 still pending before the Patent Office Board that administers IPR’s. On February 18, 2015, the Patent Office Board held that remaining claim invalid.

In June 2013, Orthophoenix, LLC filed a patent lawsuit against us in the United States District Court for the District of Delaware alleging that the X-REAM® product infringes two patents. In June 2014, we filed a request for IPR with the U.S. Patent and Trademark Office. In October 2014, the Court stayed the case pending outcome of the IPR. On December 16, 2014, the Patent Office Board denied our petitions requesting IPR. As a result, the District Court will lift the stay, and we will continue with our defense.

In June 2013, Anglefix, LLC filed suit in the United States District Court for the Western District of Tennessee, alleging that our ORTHOLOC® products infringe Anglefix’s asserted patent. On April 14, 2014, we filed a request for IPR with the U.S. Patent and Trademark Office. In October 2014, the Court stayed the case pending outcome of the IPR.

In September 2013, ConforMIS, Inc. filed suit against us in the United States District Court for the District of Massachusetts, alleging that our PROPHECY® knee and ankle systems infringe four ConforMIS’ patents. On February 19, 2014, ConforMIS filed an amended complaint asserting four additional patents against us relating to alleged infringement by our PROPHECY® knee and ankle systems and naming MicroPort Orthopedics as an additional defendant. On October 9, 2014, the parties jointly advised the Court that they had reached an agreement in principle to

settle the matter. In connection with the reported settlement, we recorded expenses of $0.9 million in continuing operations and $13.8 million in discontinued operations. In addition we recorded a $4.6 million asset in connection with the fully paid non-exclusive foot and ankle license as part of the reported settlement. $10.7 million of the $13.8 million recorded in discontinued operations reflects estimated royalty payments based on future sales by MicroPort Orthopedics, which will be paid through 2026. During April 2015, final license agreements were executed and the litigation has been dismissed with prejudice.

In February 2014, Biomedical Enterprises, Inc. filed suit against Solana Surgical, LLC in the United States District Court for the Western District of Texas alleging Solana's FuseForce Fixation system infringes U.S. Patent No. 8,584,853 entitled “Method and Apparatus for an Orthopedic Fixation System.” On February 20, 2015, we filed a request for IPR with the U.S. Patent and Trademark Office. On February 27, 2015, Biomedical Enterprises filed an amended complaint to add us and WMT as parties to the litigation. On April 3, 2015, the parties filed a stipulation of dismissal without prejudice as to us.

On September 23, 2014, Spineology filed a patent infringement lawsuit, Case No. 0:14-cv-03767, in the U.S. District Court in Minnesota, alleging that Wright’s X-REAM® bone reamer infringes U.S. Patent No. RE42,757 entitled “EXPANDABLE

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REAMER." In January 2015, as the deadline for service of its complaint, Spineology dismissed its complaint without prejudice and filed a new, identical complaint. We filed an answer to the new complaint with the court on April 27, 2015.

On January 13, 2015, we received a notice from Corin Limited claiming a portion of the INFINITY® Total Ankle System infringes their patent rights in France, Germany, Italy, Spain, the Netherlands, and the United Kingdom. We are currently investigating the merits of this claim.

On April 17, 2015, Dr. Rama E. Chandran filed a patent infringement lawsuit against WMT in the United States District Court for the Central District of California, alleging that the Valor® Hindfoot Fusion System infringes U.S. Patent No. 6,579,293, entitled "INTRAMEDULLARY ROD WITH INTERLOCKING OBLIQUE SCREW FOR TIBIO-CALCANEAL ARTHRODESIS." Plaintiff has not yet served the complaint.

Subject to the provisions of the asset purchase agreement with MicroPort for the sale of our OrthoRecon business, we will continue to be responsible for defense of pre-existing patent infringement cases relating to our OrthoRecon business, and for resulting liabilities, if any.

Product Liability

We have received claims for personal injury against us associated with fractures of our PROFEMUR® long titanium modular neck product (PROFEMUR® Claims). The overall fracture rate for the product is low and the fractures appear, at least in part, to relate to patient demographics. Beginning in 2009, we began offering a cobalt-chrome version of our PROFEMUR® modular neck, which has greater strength characteristics than the alternative titanium version. Historically, we have reflected our liability for these claims as part of our standard product liability accruals on a case-by-case basis. However, during the quarter ended September 30, 2011, as a result of an increase in the number and monetary amount of these claims, management estimated our liability to patients in North America who have previously required a revision following a fracture of a PROFEMUR® long titanium modular neck, or who may require a revision in the future. Management has estimated that this aggregate liability ranges from approximately $15 million to $25 million. Any claims associated with this product outside of North America, or for any other products, will be managed as part of our standard product liability accruals.

Due to the uncertainty within our aggregate range of loss resulting from the estimation of the number of claims and related monetary payments, we have recorded a liability of $15 million, which represents the low-end of our estimated aggregate range of loss. We have classified $6 million of this liability as current in "Accrued expenses and other current liabilities" and $9 million as non-current in "Other liabilities" on our consolidated balance sheet. We expect to pay the majority of these claims within the next three years.

We have maintained product liability insurance coverage on a claims-made basis. During the quarter ended March 31, 2013, we received a customary reservation of rights from our primary product liability insurance carrier asserting that present and future claims related to fractures of our PROFEMUR® titanium modular neck hip products and which allege certain types of injury (Modular Neck Claims) would be covered as a single occurrence under the policy year the first such claim was asserted. The effect of this coverage position would be to place Modular Neck Claims into a single prior policy year in which applicable claims-made coverage was available, subject to the overall policy limits then in effect. Management agrees with the assertion that the Modular Neck Claims should be treated as a single occurrence, but notified the carrier that it disputed the carrier's selection of available policy years. During the second quarter of 2013, we received confirmation from the primary carrier confirming their agreement with our policy year determination. Based on our insurer's treatment of Modular Neck Claims as a single occurrence, we increased our estimate of the total probable insurance recovery related to Modular Neck Claims by $19.4 million, and recognized such additional recovery as a reduction to our selling, general and administrative expenses for the three-months ended March 31, 2013, within results of discontinued operations. In the quarter ended June 30, 2013, we received payment

from the primary insurance carrier of $5 million. In the quarter ended September 30, 2013, we received payment of $10 million from the next insurance carrier in the tower. As of March 31, 2015, our insurance receivable related to Modular Neck Claims totals $25 million, which consists of $25 million for cash spending to date associated with defense and settlement costs. We have classified $25 million within current receivables. We have requested, but not yet received, payment of this amount from the third insurance carrier in the tower for that policy period. That carrier has continued to seek information related to the Modular Neck Claims in order to complete its investigation, and has reserved its rights with respect to a number of terms and conditions in its policy that could limit or preclude coverage. We have responded to those requests. While we expect the excess carrier ultimately will adopt the coverage position taken by the two underlying carriers, it is possible it will assert that the terms and conditions identified in its reservation of rights will preclude coverage for the Modular Neck Claims. If that were to occur, we would dispute that position and seek recourse in the appropriate forum.

During the quarter ended September 30, 2013, we reached the maximum insurance coverage for Modular Neck Claims of $40 million, when previous spending on legal defense costs and claim settlements are combined with our estimated product liability

for future settlements. As a result, we recognized approximately $2.7 million of expense within results from discontinued operations for 2015 for legal expenses and adjustments to our estimated liabilities for future settlements recognized in excess of the $40 million insurance recovery limit. Future expenses associated with defense costs and revisions to our estimated product liability will be recognized as incurred within results of discontinued operations. As noted above, our insurance receivable for cash spending is $25 million, and all remaining cash spending will be in excess of this maximum.

Claims for personal injury have also been made against us associated with our metal-on-metal hip products (primarily our CONSERVE® product line). The pre-trial management of certain of these claims has been consolidated in the federal court system under multi-district litigation, and certain other claims in state courts in California, collectively the “Consolidated Metal-on-Metal Claims,” as further discussed in Part II Item I of this Quarterly Report. The number of these lawsuits presently exceeds 1,000. We have also entered into an excess of 700 so called "tolling agreements" with potential claimants who have not yet filed suit. We believe we have data that supports the efficacy and safety of our metal-on-metal hip products. While continuing to dispute liability, we are participating in court supervised non-binding mediation in the multi-district federal court litigation. This mediation is continuing. The supervising judge in the Federal Court consolidated proceedings has advised the parties that he may set a bellwether trial date in August or September 2015, and the supervising judge in the California state court proceeding has set a trial date in March 2016.

We have maintained product liability insurance coverage on a claims-made basis. During the quarter ended September 30, 2012, we received a customary reservation of rights from our primary product liability insurance carrier asserting that certain present and future claims which allege certain types of injury related to our CONSERVE® metal-on-metal hip products (CONSERVE® Claims) would be covered as a single occurrence under the policy year the first such claim was asserted. The effect of this coverage position would be to place CONSERVE® Claims into a single prior policy year in which applicable claims-made coverage was available, subject to the overall policy limits then in effect. Management agrees that there is insurance coverage for the CONSERVE® Claims, but has notified the carrier that it disputes the carrier's characterization of the CONSERVE® Claims as a single occurrence.

Management has recorded an insurance receivable for the probable recovery of spending in excess of our retention for a single occurrence. During the first quarter of 2015, we received $5 million of insurance proceeds, which represent the amount undisputed by the carrier for the policy year the first claim was asserted. Our acceptance of these proceeds was not a waiver of any other claim that we may have against the insurance carrier. As of March 31, 2015, this receivable totaled $10.9 million, and is solely related to defense costs incurred through March 31, 2015. However, the amount we ultimately receive may differ depending on the final conclusion of the insurance policy year or years and the number of occurrences. We believe our contracts with the insurance carriers are enforceable for these claims and, therefore, we believe it is probable that we will receive recoveries from our insurance carriers. However, our insurance carriers could still ultimately deny coverage for some or all of our insurance claims.

Every metal-on-metal hip case involves fundamental issues of science and medicine that often are uncertain, that continue to evolve, and which present contested facts and issues that can differ significantly from case to case. Such contested facts and issues include medical causation, individual patient characteristics, surgery specific factors, and the existence of actual, provable injury. Given these complexities, we do not believe a loss is probable. Although we continue to contest liability, based upon currently available information, we estimate a reasonably possible range of liability for the Consolidated Metal-on-Metal Claims, before insurance recoveries, averaging from zero to $250,000 per case.

Based upon the information we have at this time, we do not believe our liabilities, if any, in connection with these matters will exceed our available insurance. However, as described below, we are currently litigating coverage issues

with certain of our carriers. As the litigation moves forward and circumstances continue to develop, our belief we will be able to resolve the Consolidated Metal-on-Metal Claims within available insurance coverage could change, which could materially impact our results of operations and financial position. Further, and notwithstanding our present belief we will be able to resolve these Claims within available insurance proceeds, we would consider contributing a limited amount to the funding of an acceptable, comprehensive, mediated settlement among claimants and insurers. To this end, we have indicated a willingness to contribute up to $30 million to achieve such a comprehensive settlement. Due to continuing uncertainty around (i) whether a multi-party comprehensive settlement can be achieved, (ii) the outcome of our coverage litigation with insurers which could impact the ability to reach a settlement and (iii) the case by case outcomes of any Metal-on-Metal claims ultimately litigated (and which we expect to contest vigorously), we do not believe a loss is probable and, therefore, no amounts have been accrued.

In June 2014, St. Paul Surplus Lines Insurance Company (“Travelers”), which was an excess carrier in our coverage towers across multiple policy years, filed a declaratory judgment action in Tennessee state court naming us and certain of our other insurance carriers as defendants and asking the court to rule on the rights and responsibilities of the parties with regard to the CONSERVE® Claims. Among other things, Travelers appears to dispute our contention that the CONSERVE® Claims arise out

of more than a single occurrence thereby triggering multiple policy periods of coverage. Travelers further seeks a determination as to the applicable policy period triggered by the alleged single occurrence. We filed a separate lawsuit in state court in California for declaratory judgment against certain carriers and breach of contract against the primary carrier, and have moved to dismiss or stay the Tennessee action on a number of grounds, including that California is the most appropriate jurisdiction. During the third quarter of 2014, the California Court granted Travelers' motion to stay our California action.

In February 2014, Biomet, Inc. (Biomet) announced it had reached a settlement in the multi-district litigation involving its own metal-on-metal hip products. The terms announced by Biomet include: (i) an expected base settlement amount of $200,000; (ii) an expected minimum settlement amount of $20,000; (iii) no payments to plaintiffs who did not undergo a revision surgery; and (iv) a total settlement amount expected to be within Biomet’s aggregate insurance coverage. We believe our situation involves facts and circumstances that differ significantly from the Biomet cases.

In addition to the Consolidated Metal-on-Metal Claims discussed above, there are currently certain other pending claims related to our metal-on-metal hip products for which we are accounting in accordance with our standard product liability accrual methodology on a case by case basis.

Certain liabilities associated with the OrthoRecon business, including product liability claims associated with hip and knee products sold prior to the closing, were not assumed by MicroPort. Liabilities associated with these product liability claims, including legal defense, settlements and judgments, income associated with product liability insurance recoveries, and changes to any contingent liabilities associated with the OrthoRecon business have been reflected within results of discontinued operations, and we will continue to reflect these within results of discontinued operations in future periods. MicroPort is responsible for product liability claims associated with products it sells after the closing.

Employment Litigation

In 2012, two former employees, Frank Bono and Alicia Napoli, each filed separate lawsuits against WMT in the Chancery Court of Shelby County, Tennessee, which asserted claims for retaliatory discharge and breach of contract based upon his or her respective separation pay agreement. In addition, Mr. Bono and Ms. Napoli each asserted a claim for defamation related to the press release issued at the time of their terminations and a wrongful discharge claim alleging violation of the Tennessee Public Protection Act. Mr. Bono and Ms. Napoli each claimed that he or she was entitled to attorney fees in addition to other unspecified damages. On October 23, 2013, Ms. Napoli moved to voluntary dismiss her lawsuit, without prejudice. On April 4, 2014, Ms. Napoli refiled her case in the United States District Court for the Eastern District of Missouri. In July 2014, we were successful in having the case that was refiled in Missouri transferred to the U.S. District Court for the Western District of Tennessee.

Other

In addition to those noted above, we are subject to various other legal proceedings, product liability claims, corporate governance, and other matters which arise in the ordinary course of business.

12. Segment Information

During the first quarter of 2014, our management, including our chief executive officer, who is our chief operating decision maker, began managing our operations as three operating business segments: U.S., International and BioMimetic, based on management's change to the way it monitors performance, aligns strategies, and allocates resources results in a change in our reportable segments. We determined that each of these operating segments represented a reportable segment.

Our U.S. and International segments represent the commercial, administrative and research & development activities dedicated to the respective geographies. The BioMimetic segment represents the administrative and research & development activities of the acquired BioMimetic business (international sales and associated expenses for Augment® products are included within the International segment). The Corporate category shown in the table below primarily reflects general and administrative expenses not specifically associated with the U.S., International or BioMimetic segments. These non-allocated corporate expenses relate to global administrative expenses that support all segments, including salaries and benefits of executive officers and expenses such as: information technology administration and support; corporate headquarters; legal, compliance, and corporate finance functions; insurance; and all stock-based compensation.

Management measures segment profitability using an internal operating performance measure that excludes the impact of inventory step-up amortization, charges associated with distributor conversions and related non-competes, and due diligence, transaction and transition costs associated with acquisitions.

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Selected financial information related to our segments is presented below for the three-months ended March 31, 2015 and 2014 (in thousands):

	Three Months Ended March 31, 2015				
	U.S.	International	BioMimetic	Corporate	Total
Sales	$57,486	$20,448	$—	$—	$77,934
Depreciation expense	3,020	768	37	1,455	5,280
Amortization expense	2,059	470	61	—	2,590
Segment operating income (loss)	$2,371	$(3,125)	$(3,244)	$(18,047)	$(22,045)
Other:					
Inventory step-up amortization					(28)
Distributor conversion and non-compete charges					(24)
Due diligence, transaction and transition expenses					(11,024)
Operating loss					(33,121)
Interest expense, net					7,649
Other (income) expense, net					5,312
Loss before income taxes					$(46,082)
Capital expenditures	$10,746	$1,055	$28	$25	$11,854

	Three Months Ended March 31, 2014				
	U.S.	International	BioMimetic	Corporate	Total
Sales	$48,951	$22,111	$—	$—	$71,062
Depreciation expense	2,297	641	108	1,195	4,241
Amortization expense	1,096	577	77	—	1,750
Segment operating income (loss)	$5,679	$803	$(3,391)	$(17,589)	$(14,498)
Other:					
Inventory step-up amortization					(604)
Distributor conversion and non-compete charges					(542)
Due diligence, transaction and transition expenses					(7,402)
Operating loss					(23,046)
Interest expense, net					$4,136
Other (income) expense, net					$15,286
Loss before income taxes					$(42,468)
Capital expenditures	$5,200	$733	$2	$1,901	$7,836

Assets in the U.S., International and BioMimetic segments are those assets used exclusively in the operations of each business segment or allocated when used jointly. Assets in the Corporate category are principally cash and cash equivalents, marketable securities, derivative asset, property, plant and equipment associated with our corporate headquarters, assets associated with OrthoRecon insurance receivables, and assets associated with income taxes. Total assets by business segment as of March 31, 2015 and December 31, 2014 are as follows (in thousands):

	March 31, 2015				
	U.S.	International	BioMimetic	Corporate	Total
Total assets	$449,283	$98,425	$19,885	$633,715	$1,201,308

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	December 31, 2014				
	U.S.	International	BioMimetic	Corporate	Total
Total assets	$450,055	$ 94,412	$17,924	$330,285	$892,676

Our principal geographic regions consist of the United States, Europe (which includes the Middle East and Africa), and Other (which principally represents Asia, Australia, Canada, and Latin America). The following table presents net sales by geographic area for the three months ended March 31, 2015 and 2014 (in thousands):

	Three Months Ended			
Geographic	March 31, 2015	March 31, 2014	% change	
United States	$57,486	$48,951	17.4	%
Europe	12,248	13,742	(10.9	%)
Other	8,200	8,369	(2.0	%)
Total net sales	$77,934	$71,062	9.7	%

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General

The following management's discussion and analysis of financial condition and results of operations describes the principal factors affecting the results of our operations, financial condition, and changes in financial condition for the three month period ended March 31, 2015. This discussion should be read in conjunction with the accompanying unaudited financial statements, our Annual Report on Form 10-K for the year ended December 31, 2014, which includes additional information about our critical accounting policies and practices and risk factors, and Note 1 of Part I of this Quarterly Report and Part II, Item 1A of this Quarterly Report.

Executive Overview

Company Description. We are a global orthopaedic company that provides solutions that enable clinicians to alleviate pain and restore their patients' lifestyles. We are a recognized leader of surgical solutions for the foot and ankle market and market our products in over 60 countries worldwide.

Our business includes products that are used primarily in foot and ankle repair, upper extremity products, and biologics products, which are used to replace damaged or diseased bone, to stimulate bone growth and to provide other biological solutions for surgeons and their patients. Extremity hardware includes implants and other devices to replace or reconstruct injured or diseased joints and bones of the foot, ankle, hand, wrist, elbow and shoulder, which we generally refer to as either foot and ankle or upper extremity products. We are a leading provider of surgical solutions for the foot and ankle market. Our extensive foot and ankle product portfolio, our large direct sales force, and our increasing level of training of foot and ankle surgeons has resulted in us being a recognized leader of surgical solutions for the foot and ankle market. Biologics are used to repair or replace damaged or diseased bone, to stimulate bone growth and to provide other biological solutions for surgeons and their patients.

We have been in business for over 60 years and have built a well-known and respected brand name.

Our corporate headquarters and U.S. operations are located in Memphis, Tennessee, where we conduct research and development, sales and marketing administration and administrative activities. Our manufacturing and warehousing activities are located in Arlington, Tennessee. Our products are sold primarily through a network of employee sales representatives and independent sales representatives in the U.S. and by a combination of employee sales representatives, independent sales representatives and stocking distributors outside the U.S. We promote our products in approximately 60 countries with principal markets in the U.S., Europe, the Middle East, Africa, Asia, Canada, Australia and Latin America.

Principal Products. We specialize in foot and ankle and other extremity and biologic products used by extremity focused surgeon specialists for the reconstruction, trauma, and arthroscopy markets. Our biologics sales encompass a broad portfolio of products designed to stimulate and augment the natural regenerative capabilities of the human body.

Significant Quarterly Business Developments. Net sales increased 10% in the quarter ended March 31, 2015 to $77.9 million, compared to net sales of $71.1 million in the quarter ended March 31, 2014, driven primarily by a 17% increase in global foot and ankle sales.

Our U.S. sales increased 17% in the first quarter of 2015, as result of a 27% increase in foot and ankle sales, while upper extremities sales increased 6% and biologics sales were relatively flat. Total Ankle Replacement sales increased 44%, a key driver of the increase in U.S. foot and ankle sales.

Our international sales decreased 8% to $20.4 million in the first quarter of 2015, compared to $22.1 million in the first quarter of 2014, due entirely to unfavorable currency exchange rates which had a negative $2.7 million impact on our first quarter 2015 sales as compared to the first quarter of 2014. Before the impact of currency, our international sales grew 5%, driven by growth in direct markets in Europe and Canada.

In February 2015, we refinanced our convertible debt outstanding, resulting in net cash proceeds of approximately $275 million (including the settlement and issuance of certain hedging transactions). See Note 6 and Note 7 to our condensed consolidated financial statements for additional information regarding the refinancing transactions.

In the first quarter of 2015, we recorded a net loss from continuing operations of $46.2 million, compared to a net loss from continuing operations of $30.3 million for the first quarter of 2014. The increase in net loss from continuing

operations was driven by:

- $25.2 million write-off of deferred financing costs associated with the convertible debt refinancing;
- $5.9 million increase in transition and transaction costs, due to spending in 2015 related to the Tornier merger;
- $2.2 million increase in non-cash interest expense, driven by the incremental debt issued during the first quarter of 2015;

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- reduced profitability in our U.S. and International segments due to investments in sales and marketing and distribution initiatives for growth opportunities; and
- a $12.2 million tax benefit recorded in continuing operations in the first quarter of 2014 to offset the tax benefit in discontinued operations resulting from the gain on the sale of the OrthoRecon business.

These unfavorable impacts were partially offset by items favorably impacting the net loss in the first quarter of 2015 that included:

- $27.7 million year-over-year favorability from mark-to-market adjustments on the Contingent Value Rights (CVRs) issued in connection with the acquisition of BioMimetic; and
- $7.9 million increase in net gain associated with the mark-to-market adjustments on our derivative assets and liabilities.

Opportunities and Challenges. We are well positioned and committed to accelerating growth in our foot and ankle business and increasing U.S. foot and ankle sales productivity. Over the past several years, we have made changes to attempt to realize these opportunities, including aggressively converting a portion of our U.S. independent distributor foot and ankle territories to direct employee sales representation, substantially increasing our investment in foot and ankle medical education to drive market adoption of new products and technologies, and divesting our OrthoRecon business.

Business continuity, investments in innovation, and a seamless customer experience are top priorities, and we are highly focused on ensuring that no business momentum is lost during the transition period following the OrthoRecon business divestiture. We have had inefficiencies following the sale of the OrthoRecon business, but will have an excellent opportunity to improve efficiency and leverage fixed costs in the business going forward. Additionally, there have been expense dis-synergies as a result of the transaction, and we had short-term revenue dis-synergies as we worked through the separation of some of the remaining full-line distribution channels both in the U.S. and outside the U.S.

Following the sale of the OrthoRecon business, we are a high growth business. However, we do anticipate having operating losses until we are able to grow our revenue to a sufficient level to support our current cost structure, including the inherent infrastructure costs of our industry.

On October 27, 2014, we entered into a definitive merger agreement with Tornier under which Wright and Tornier will combine in an all stock transaction with a combined equity value of approximately $3.3 billion as of the date of the announcement. Under the terms of the merger agreement, each outstanding share of our common stock will be exchanged for 1.0309 ordinary shares of Tornier. Upon completion of the merger, our shareholders will own approximately 52% of the shares of the combined company on a fully diluted basis and Tornier shareholders will own approximately 48%. The transaction is subject to the customary closing conditions, including the HSR Act, as well as Wright and Tornier stockholder approval. Following the closing of the transaction, the combined company will conduct business as Wright Medical Group N.V. and will leverage the global strengths of both product brands as a pure play Extremities-Biologics business. The combined company will have its U.S. headquarters in Memphis, Tennessee, where our current headquarters is located. Wright Medical Group N.V. will be led by Robert Palmisano, who will become president and chief executive officer of the combined company. David Mowry, Tornier’s president and chief executive officer, will become executive vice president and chief operating officer of the combined company. Wright Medical Group N.V.’s board of directors will be comprised of five representatives from Wright’s existing board and five representatives from Tornier’s existing board, including Robert Palmisano and David Mowry. The merger of Wright and Tornier will create a mid-sized growth company uniquely positioned with leading technologies and specialized sales forces in three of the fastest growing areas of orthopaedics - Upper Extremities, Lower Extremities and Biologics. The highly complementary nature of the two businesses will give the combined company significant diversity and scale across a range of geographies and product categories.

Wright and Tornier have agreed to use their commercially reasonable efforts to obtain as promptly as practicable applicable federal, state and other antitrust regulatory approvals, and any other approval required under any applicable federal or state law. Under the HSR Act, Wright and Tornier must file notifications with the Federal Trade Commission and the Antitrust Division and observe a mandatory pre-merger waiting period before completing the merger. On November 25, 2014, each of Wright and Tornier filed its notification under the HSR Act. Wright and

Tornier have determined that no foreign regulatory approvals are required in connection with the merger. During December 2014, Tornier voluntarily withdrew its HSR notification and then refiled. On January 28, 2015, Wright and Tornier each received a request for additional information and documentary materials, often referred to as a "second request," from the Federal Trade Commission in connection with the merger relating to overlap in certain of Wright's and Tornier's lower extremity products. Issuance of the second request extends the waiting period under the HSR Act until 30 days after both parties have substantially complied with the second request, unless the waiting period is terminated earlier by the FTC. Both companies are cooperating with the FTC staff in the review of the merger. In connection with the resolution of the HSR review, Wright and Tornier currently expect that Tornier will divest the U.S. Tornier Salto Talaris and Salto XT ankle replacement products and the Tornier silastic toe replacement products. Wright and Tornier intend to retain OUS rights for these products. Collectively, these products generated revenue in the United States of less than $15 million in the 12 months ended September 30, 2014 and $15.5 million in the 12 months ended December 28, 2014. At this time, we have received bids from several interested parties. Both Wright and Tornier believe that the economic effect of and the strategic rationale for the proposed merger will not materially be affected by the proposed divestiture.

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Significant Industry Factors. Our industry is affected by numerous competitive, regulatory, and other significant factors. The growth of our business relies on our ability to continue to develop new products and innovative technologies, obtain regulatory clearance and maintain compliance for our products, protect the proprietary technology of our products and our manufacturing processes, manufacture our products cost-effectively, respond to competitive pressures specific to each of our geographic markets, including our ability to enforce non-compete agreements, and successfully market and distribute our products in a profitable manner. We, and the entire industry, are subject to extensive governmental regulation, primarily by the FDA. Failure to comply with regulatory requirements could have a material adverse effect on our business.

Results of Operations

On January 9, 2014, we completed the sale of the OrthoRecon business to MicroPort. The historical financial results of the OrthoRecon business, along with on-going expenses associated with contingent liabilities associated with that business, have been reflected within discontinued operations for all periods presented.

Comparison of three months ended March 31, 2015 to three months ended March 31, 2014

The following table sets forth, for the periods indicated, our results of operations expressed as dollar amounts (in thousands) and as percentages of net sales:

	Three Months Ended March 31,					
	2015			2014		
	Amount	% of Sales		Amount	% of Sales	
Net sales	$77,934	100.0	%	$71,062	100.0	%
Cost of sales [1]	19,125	24.5	%	17,417	24.5	%
Gross profit	58,809	75.5	%	53,645	75.5	%
Operating expenses:						
Selling, general and administrative [1]	82,199	105.5	%	68,648	96.6	%
Research and development [1]	7,117	9.1	%	5,856	8.2	%
Amortization of intangible assets	2,614	3.4	%	2,187	3.1	%
Total operating expenses	91,930	118.0	%	76,691	107.9	%
Operating loss	(33,121)	(42.5	%)	(23,046)	(32.4	%)
Interest expense, net	7,649	9.8	%	4,136	5.8	%
Other expense, net	5,312	6.8	%	15,286	21.5	%
Loss from continuing operations before income taxes	(46,082)	(59.1	%)	(42,468)	(59.8	%)
Provision (benefit) from income taxes	166	0.2	%	(12,170)	(17.1	%)
Net loss from continuing operations	(46,248)	(59.3	%)	(30,298)	(42.6	%)
Loss from discontinued operations, net of tax [1]	(3,500)			(122)		
Net loss	$(49,748)			$(30,420)		

(1) These line items include the following amounts of non-cash, stock-based compensation expense for the periods indicated:

	Three Months Ended March 31,					
	2015	% of Sales		2014	% of Sales	
Cost of sales	$3	—	%	$111	0.2	%
Selling, general and administrative	2,072	2.7	%	2,004	2.8	%
Research and development	262	0.3	%	205	0.3	%

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The following table sets forth our net sales by product line for the periods indicated (in thousands) and the percentage of year-over-year change:

	Three Months Ended			
	March 31, 2015	March 31, 2014	% change	
U.S.				
Foot and Ankle	41,988	33,127	26.7	%
Upper Extremity	3,874	3,653	6.0	%
Biologics	11,133	11,143	(0.1	%)
Other	491	1,028	(52.2	%)
Total U.S.	$57,486	$48,951	17.4	%
International				
Foot and Ankle	11,796	12,874	(8.4	%)
Upper Extremity	1,917	2,825	(32.1	%)
Biologics	4,492	4,497	(0.1	%)
Other	2,243	1,915	17.1	%
Total International	$20,448	$22,111	(7.5	%)
Total Sales	$77,934	$71,062	9.7	%

Net Sales

U.S. Segment. Net sales in our U.S. segment totaled $57.5 million in the first quarter of 2015, as compared to $49.0 million in the first quarter of 2014, a 17% increase.

Our U.S. foot and ankle net sales increased to $42.0 million in the first quarter of 2015, representing growth of 27% over the first quarter of 2014. This increase was driven by sales of our Total Ankle Replacement products, as well as continued growth of our ORTHOLOC® 3Di Plating System and increased sales of our PHALINX® Hammertoe System acquired during the first quarter of 2014.

Our U.S. upper extremities sales increased to $3.9 million in the first quarter of 2015, representing growth of 6%, primarily driven by sales from our Hunter Tendon™ hand product.

Our U.S. biologics sales were relatively flat with net sales of $11.1 million in the first quarter of 2015.

International Segment. Net sales in our International segment totaled $20.4 million in the first quarter of 2015, as compared to $22.1 million in the first quarter of 2014, an 8% decrease due to unfavorable currency exchange rates as compared to 2014.

Our international foot and ankle sales decreased 8% to $11.8 million in the first quarter of 2015. The decrease is primarily attributable to the $2.7 million unfavorable impact of foreign currency exchange rates as compared to the first quarter of 2014. Before the impact of foreign currency, international foot and ankle sales grew 5%, driven by increased sales in our direct markets in Australia (60% growth), Canada (35% growth) and the United Kingdom (34% growth).

Our international upper extremities sales decreased 32.1% to $1.9 million in the first quarter of 2015. The decrease is primarily attributable to the $0.3 million unfavorable impact of foreign currency exchange rates as compared to the first quarter of 2014.

Our international biologics sales were relatively flat with net sales of $4.5 million in the first quarter of 2015.

Cost of Sales

Our cost of sales were flat as a percentage of net sales, totaling $19.1 million or 24.5% of sales in the first quarter of 2015, compared to $17.4 million or 24.5% of sales in the first quarter of 2014, as lower expense associated with inventory step-up amortization was offset by the unfavorable impact of foreign currency exchange rates on net sales.

Our cost of sales and corresponding gross profit percentages can be expected to fluctuate in future periods depending

upon changes in our product sales mix and prices, distribution channels and geographies, manufacturing yields, period expenses, levels of production volume, cost of raw materials, and currency exchange rates.

Selling, General and Administrative

Our selling, general and administrative expenses as a percentage of net sales totaled 105.5% in the first quarter of 2015, compared to 96.6% in the first quarter of 2014. Selling, general and administrative expense for the first quarter of 2015 and 2014 included

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$11.0 million (14.1% of net sales) and $7.4 million (10.4% of net sales) of transition and transaction costs, respectively. The remaining selling, general and administrative expenses increase as a percentage of sales was driven primarily by certain dis-synergies as a result of the sale of the OrthoRecon business, as we had not fully rebuilt our domestic and international infrastructure in Q1 of 2014.

Research and Development

Our investment in research and development activities represented approximately 9.1% of net sales in the first quarter of 2015, as compared to 8.2% of net sales in the first quarter of 2014. Research and development costs increased as a percentage of net sales primarily due to spending to support our product portfolio and recent launches.

Amortization of Intangible Assets

Charges associated with the amortization of intangible assets were $2.6 million in the first quarter of 2015 compared to $2.2 million in the first quarter of 2014. The increase is primarily driven by the first quarter of 2015 having a full quarter of amortization of the intangible assets acquired in our 2014 acquisitions of Solana and OrthoPro, versus a partial quarter during the first quarter of 2014.

Based on the intangible assets held as of March 31, 2015, we expect to recognize amortization expense of approximately $9.9 million for the full year of 2015, $7.5 million in 2016, $6.9 million in 2017, $5.4 million in 2018, and $4.9 million in 2019.

Interest Expense, Net

Interest expense, net, consists of interest expense of $7.7 million during the first quarter of 2015 and $4.2 million during the first quarter of 2014, offset by interest income of $0.1 million during the first quarter of 2015 and 2014. Increased interest expense was driven by the increase in debt outstanding following the issuance of the 2020 Notes in the first quarter of 2015. Our 2015 interest expense during the first quarter relates primarily to non-cash interest expense associated with the amortization of the discount on the 2020 Notes and 2017 Notes of $3.0 million and $1.4 million, respectively, as well as interest expense on the 2020 Notes and 2017 Notes totaling $1.6 million and $0.9 million, respectively. Our 2014 interest expense relates primarily to non-cash interest expense associated with the amortization of the discount on the 2017 Notes of $2.3 million, as well as interest expense on the 2017 Notes totaling $1.5 million. Our interest income is generated by our invested cash balances and investments in marketable securities. The amounts of interest income we expect to realize in 2015 and beyond are subject to variability, dependent upon both the rate of invested returns we realize and the amount of excess cash balances on hand.

We expect that interest expense will increase in 2015 due to the increased debt outstanding following the issuance of the 2020 Notes in February 2015.

Other (Income) Expense, Net

Other (income) expense, net was $5.3 million of expense in the first quarter of 2015, compared to $15.3 million of expense in the first quarter of 2014. For the first quarter of 2015, other (income) expense, net includes a $25.2 million charge for the write-off of pro-rata unamortized deferred financing fees and debt discount associated with the repayment of $240 million of the 2017 Notes, as well as an unrealized gain of $13.5 million for the mark-to-market adjustment on CVRs issued in connection with the acquisition of BioMimetic and a gain of $6.9 million for the net mark-to-market adjustments on and settlements of our derivative assets and liabilities. For the first quarter of 2014, other (income) expense, net includes an unrealized loss of $14.3 million for the mark-to-market adjustment on CVRs issued in connection with the acquisition of BioMimetic, and a net unrealized loss of $1.0 million for mark-to-market adjustments on our derivative assets and liabilities.

Provision from Income Taxes

We recorded an income tax provision of $0.2 million in the first quarter of 2015, compared to a tax benefit of $12.2 million in the first quarter of 2014. During the first quarter of 2015, our effective tax rate was approximately (0.4%) as compared to 28.7% in the first quarter of 2014. The decrease in the effective tax rate is primarily related to the tax benefit we recognized as a result of the gain generated in discontinued operations in the first quarter of 2014.

Loss from Discontinued Operations, Net of Tax

Loss from discontinued operations, net of tax, consists of the operations of the OrthoRecon business that was sold to MicroPort. For 2015, net loss results from costs associated with legal defense and changes to any contingent liabilities

associated with the OrthoRecon business. The effective tax rate within results of discontinued operations for the quarter ended March 31, 2015 was approximately 0%. For 2014, net income includes operations from January 1 through January 9, 2014, which was the closing date of the transaction, costs associated with legal defense and changes to any contingent liabilities associated with the OrthoRecon business, as well as the after tax impact of the $24.3 million gain on the sale of the OrthoRecon business. The 2014 effective tax rate of 100.8% within results of discontinued operations reflects the sale of non-deductible goodwill of $25.8 million associated with the OrthoRecon segment.

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Reportable Segments

The following table sets forth, for the periods indicated, sales, gross profit and operating income of our reportable segments expressed as dollar amounts (in thousands) and as a percentage of net sales:

	U.S.		International		BioMimetic	
	Three Months Ended September 30,					
	2015	2014	2015	2014	2015	2014
Net Sales	$57,486	$48,951	$20,448	$22,111	$—	$—
Gross Profit	46,505	39,853	12,335	14,507	—	—
Gross Profit as a percent of net sales	80.9%	81.4%	60.3%	65.6%	N/A	N/A
Operating Income (Loss)	$2,371	$5,679	$(3,125)	$803	$(3,244)	$(3,391)
Operating Income as a percent of net sales	4.1%	11.6%	(15.3)%	3.6%	N/A	N/A

U.S. Segment - Gross profit as a percent of net sales declined from 81.4% to 80.9% due to increased manufacturing expenses associated with absorption of dis-synergies associated with fixed overhead manufacturing costs following the sale of our OrthoRecon business, while operating income decreased due to continued expenses associated with investments in sales and marketing and distribution initiatives that were implemented in the latter part of 2014.

International Segment - The decrease in gross profit as a percent of net sales is primarily due to unfavorable currency exchange rates. The decline in operating profitability is due to timing associated with certain dis-synergies for the replacement of certain employee-related and facility expenses as a result of the sale of the OrthoRecon business, as well as continued expenses associated with certain international growth initiatives implemented in the latter part of 2014.

BioMimetic Segment - The operating loss was relatively flat, as the benefits captured with certain expense synergies were offset by incremental spending to support the anticipated approval and launch of Augment® Bone Graft.

Liquidity and Capital Resources

The following table sets forth, for the periods indicated, certain liquidity measures (in thousands):

	As of March 31, 2015	As of December 31, 2014
Cash and cash equivalents	$465,249	$227,326
Short-term marketable securities	—	2,575
Working capital	491,349	252,805

We have historically invested in certain long-term marketable securities with original maturity dates ranging up to 36 months, consisting of investments in government, agency, and corporate bonds. As of March 31, 2015, we held no marketable securities.

Operating Activities. Cash used in operating activities was $25.2 million for the first three months of 2015 as compared to cash used in operating activities of $27.2 million for the first three months of 2014, as favorable changes in working capital were mostly offset by lower profitability.

Investing Activities. Our capital expenditures totaled approximately $11.9 million and $7.8 million in the first three months of 2015 and 2014, respectively. The increase is primarily related to spending related to surgical instruments and corporate initiatives for enhancements to certain information technology systems. Our industry is capital intensive, particularly as it relates to surgical instrumentation. Historically, our capital expenditures have consisted of purchased surgical instruments, manufacturing equipment, research and testing equipment, computer systems, and office furniture and equipment. We expect to incur capital expenditures of approximately $36 million in 2015.

Financing Activities. During the first three months of 2015, cash provided by financing activities totaled $274.7 million compared to the first three months of 2014 when cash provided in financing activities totaled $10.7 million. The change is primarily attributable to the proceeds received from the issuance of our 2020 Notes, partially offset by the principal payment on the 2017 Notes (see Note 6 to our condensed consolidated financial statements for further discussion).

As of March 31, 2015, we had less than 15% of our consolidated cash and cash equivalents held in jurisdictions outside of the U.S., which are expected to be indefinitely reinvested for continued use in foreign operations.

Repatriation of these assets to the U.S. would have negative tax consequences. We do not intend to repatriate these funds.

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Discontinued Operations. Cash flows from discontinued operations are combined with cash flows from continuing operations in the Condensed Consolidated Statement of Cash Flows. During the first three months of 2015, cash used from discontinued operations was approximately $1.5 million associated with legal defense costs, net of insurance proceeds, as compared to cash inflows from discontinued operations was approximately $270 million, driven by the cash received from the sale of the OrthoRecon business during the first three months of 2014.
We do not expect that the absence of cash flows from discontinued operations will have an impact on our ability to meet contractual cash obligations, fund our working capital requirements, operations, and anticipated capital expenditures.

In-process research and development. In connection with our BioMimetic acquisition, we acquired in-process research and development (IPRD) technology related to projects that had not yet reached technological feasibility as of the acquisition date, which included Augment® Bone Graft, which was undergoing the FDA approval process, and Augment® Injectable Bone Graft. The acquisition date fair values of the IPRD technology was $61.2 million for Augment® Bone Graft and $27.1 million for Augment® Injectable Bone Graft. The fair value of the IPRD technology was $4.3 million as of September 30, 2014, which reflects the impairment charges recognized in 2013 after receipt of the not approvable letter from the FDA in response to our PMA application for Augment® Bone Graft for use as an alternative to autograft in hindfoot and ankle fusion procedures. The fair value of the research and development projects was determined using the income approach, which discounts expected future cash flows from the acquired in-process technology to present value. The discount rate applied to the expected future cash flows included a premium to the base required rate of return, in consideration of the risks associated with the FDA approval process.
On March 10, 2014, we reached an agreement with the Office of Device Evaluation (ODE) of the U.S. Food and Drug Administration (FDA) under which ODE will accept a further amendment to the Pre-Market Approval application (PMA) for Augment® Bone Graft in lieu of proceeding with the Dispute Resolution Panel (DRP) that was scheduled for the week of May 19, 2014.
On October 24, 2014, we received an Approvable Letter from the FDA for Augment® Bone Graft. The Approvable Letter indicated that FDA determined Augment® Bone Graft to be safe and effective as an alternative to autograft for ankle and/or hindfoot fusion indications and is approvable subject to customary preapproval facilities inspections. On February 2, 2015, we announced that an Augment® Bone Graft vendor received a Form 483 at completion of an FDA pre-approval facility inspection, which occurred in January of 2015. The 483 cited several observations. Although we believed the vendor satisfactorily addressed the FDA's observations, on March 25, 2015, the FDA issued the vendor a so-called Official Action Indicated (OAI) Letter which indicated that the vendor's facility will be reinspected and must be in substantial compliance with the current Good Manufacturing Practice (cGMP) regulation as a condition for approval of the Augment® Bone Graft Premarket Approval Application. The reinspection will not be limited to any particular area or subject matter. We have notified the FDA that the vendor is prepared for the reinspection and asked that it be scheduled for a date on or after May 4, 2015. Assuming a satisfactory inspection result, the Company believes final approval of Augment® Bone Graft now appears more likely in the second half of 2015.
The IPRD projects acquired are as follows:
•Augment® Bone Graft (Augment) is based on our platform regenerative technology, which combines an engineered version of recombinant human platelet-derived growth factor BB (rhPDGF-BB), one of the principal wound healing and tissue repair stimulators in the body, with tissue specific matrices, when appropriate. This product is intended to offer physicians advanced biological solutions to actively stimulate the body's natural tissue regenerative process. Augment is targeted to be used in the open (surgical) treatment of fusions. Additionally, Augment may be useful in the future to be used in open fractures. We have evaluated Augment in several open clinical applications, including foot and ankle fusions and distal radius fractures. We believe we have demonstrated that our technology is safe and effective in stimulating bone regeneration with the Canadian regulatory approval of Augment in 2009 and the Australian and New Zealand regulatory clearance of Augment in 2011. A PMA application for the use of Augment in the U.S. as an alternative to autograft in hindfoot and ankle fusion procedures was submitted to the FDA prior to this acquisition. In October 2014, we received an Approvable Letter from the FDA in regard to our Augment PMA. The approvable letter indicates the FDA determined Augment to be safe and effective as an alternative to autograft for

ankle and/or hindfoot fusion indications and is approvable subject to customary preapproval facilities inspections. We've incurred expenses of approximately $15.6 million for Augment since the date of acquisition and approximately $2.1 million in the three months ended March 31, 2015. We do not expect material additional spending to obtain FDA approval for Augment.

Augment® Injectable Bone Graft (Augment Injectable) combines rhPDGF-BB with an injectable bone matrix, and is targeted to be used in either open (surgical) treatment of fusions and fractures or closed (non-surgical) or minimally invasive treatment of fractures. Augment Injectable can be injected into a fusion or fracture site during an open surgical procedure, or it can be injected through the skin into a fracture site, in either case locally delivering rhPDGF-BB to promote fusion or fracture repair. Our initial clinical development program for Augment Injectable has focused on securing regulatory approval for open indications in the United States and in several markets outside the U.S. Recently, we have focused our efforts on securing FDA approval of Augment. The amount of time and cost to complete the Augment

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Injectable project depends upon the nature of the approval we ultimately receive for Augment, but we currently estimate it could take one to three years. We've incurred expenses of approximately $2.9 million for Augment Injectable since the date of acquisition and approximately $0.4 million in the three months ended March 31, 2015. We are currently evaluating future costs related to Augment Injectable following the recent Approvable Letter from the FDA on the Augment PMA.

Other Liquidity Information

In February 2015, we issued $632.5 million of the 2020 Notes, which generated net proceeds of approximately $613 million. In connection with the offering of the 2020 Notes, we entered into convertible note hedging transactions with three counterparties (the Option Counterparties). We also entered into warrant transactions in which we sold warrants for an aggregate of 20,489,142 shares of our common stock to the Option Counterparties. We used approximately $58 million of the net proceeds from the offering to pay the cost of the convertible note hedging transactions (after such cost was partially offset by the proceeds we received from the sale of the warrants). We also used approximately $292 million of the net proceeds from the offering to repurchase approximately $240 million aggregate principal amount of the 2017 Notes in privately negotiated transactions.

Although it is difficult for us to predict our future liquidity requirements, we believe that our current cash balance of approximately $465.2 million will be sufficient for the foreseeable future to fund our working capital requirements and operations, permit anticipated capital expenditures in 2015 of approximately $36 million, and meet our contractual cash obligations in 2015. Furthermore, we intend to use our cash balance to fund transaction and transition costs associated with the pending Tornier merger, and to meet our contractual cash obligations underlying the CVRs associated with the BioMimetic acquisition (including approximately $98 million which will be payable shortly after receipt of final approval from the FDA for Augment® bone graft), fund growth opportunities for our Extremities and Biologics business and pay certain retained liabilities of the OrthoRecon business.

Critical Accounting Policies and Estimates

Information on judgments related to our most critical accounting policies and estimates is discussed in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 26, 2015. Certain of our more critical accounting estimates require the application of significant judgment by management in selecting the appropriate assumptions in determining the estimate. By their nature, these judgments are subject to an inherent degree of uncertainty. We develop these judgments based on our historical experience, terms of existing contracts, our observance of trends in the industry, information provided by our customers, and information available from other outside sources, as appropriate. Actual results may differ from these judgments under different assumptions or conditions. Different, reasonable estimates could have been used for the current period. Additionally, changes in accounting estimates are reasonably likely to occur from period to period. Both of these factors could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations. All of our significant accounting policies are more fully described in Note 2 to our consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 26, 2015.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Equity Price Risk

The 2017 Notes includes conversion and settlement provisions that are based on the price of our common stock at conversion or at maturity of the notes. In addition, the hedges and warrants associated with these convertible notes also include settlement provisions that are based on the price of our common stock. The amount of cash we may be required to pay, or the number of shares we may be required to provide to note holders at conversion or maturity of these notes, is determined by the price of our common stock. The amount of cash that we may receive from hedge counterparties in connection with the related hedges and the number of shares that we may be required to provide warrant counterparties in connection with the related warrants are also determined by the price of our common stock. On February 13, 2015, we issued $632.5 million of the 2020 Notes, which generated net proceeds of approximately $613 million. We used approximately $292 million of the net proceeds from the offering to repurchase approximately $240 million aggregate principal amount of the 2017 Notes in privately negotiated transactions. We also settled all of the 2017 Notes Hedges and repurchased all of the warrants associated with the 2017 Notes, generating net proceeds of approximately $10 million. Following these activities, we have approximately $60 million outstanding debt under the 2017 Notes. The following table shows the amount of cash that we would be required to provide holders of the 2017 Notes at upon maturity assuming various closing stock prices at the date of maturity:

Stock Price		Cash payment in excess of principal (in thousands)
$27.98	(10% greater than conversion price)	$6,001
$30.53	(20% greater than conversion price)	$12,002
$33.07	(30% greater than conversion price)	$18,003
$35.62	(40% greater than conversion price)	$24,004
$38.16	(50% greater than conversion price)	$30,004

The fair value of our 2017 Notes Conversion Derivative is directly impacted by the price of our common stock. The following table presents the fair values of our 2017 Notes Conversion Derivative as a result of a hypothetical 10% increase and decrease in the price of our common stock. We believe that a 10% change in the stock price is reasonably possible in the near term:

(in thousands)

	Fair Value of Security Given a 10% decrease in stock price	Fair Value of Security as of March 31, 2015	Fair Value of Security Given a 10% increase in stock price
2017 Notes Conversion Derivative (Liability)	$9,391	$13,431	$18,001

The 2020 Notes includes conversion and settlement provisions that are based on the price of our common stock at conversion or at maturity of the notes. In addition, the hedges and warrants associated with these convertible notes also include settlement provisions that are based on the price of our common stock. The amount of cash we may be required to pay, or the number of shares we may be required to provide to note holders at conversion or maturity of these notes, is determined by the price of our common stock. The amount of cash that we may receive from hedge counterparties in connection with the related hedges and the number of shares that we may be required to provide warrant counterparties in connection with the related warrants are also determined by the price of our common stock. Upon the expiration of our warrants issued in connection with the 2020 Notes, we will issue shares of common stock to the purchasers of the warrants to the extent our stock price exceeds the warrant strike price of $40.00 at that time. The following table shows the number of shares that we would issue to warrant counterparties at expiration of the warrants assuming various closing stock prices on the date of warrant expiration:

Stock Price		Shares (in thousands)
$44.00	(10% greater than strike price)	1,863
$48.00	(20% greater than strike price)	3,415
$52.00	(30% greater than strike price)	4,728
$56.00	(40% greater than strike price)	5,854

$60.00	(50% greater than strike price)	6,830

The fair value of the 2020 Notes Conversion Derivative and the 2020 Notes Hedge is directly impacted by the price of our common stock. We entered into the 2020 Notes Hedges in connection with the issuance of the 2020 Notes with the Option Counterparties.

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The 2020 Notes Hedges, which are cash-settled, are intended to reduce our exposure to potential cash payments that we are required to make upon conversion of the 2020 Notes in excess of the principal amount of converted notes if our common stock price exceeds the conversion price. The following table presents the fair values of the 2020 Notes Conversion Derivative and 2020 Notes Hedge as a result of a hypothetical 10% increase and decrease in the price of our common stock. We believe that a 10% change in the stock price is reasonably possible in the near term:
(in thousands)

	Fair Value of Security Given a 10% decrease in stock price	Fair Value of Security as of March 31, 2015	Fair Value of Security Given a 10% increase in stock price
2020 Notes Hedges (Asset)	$106,206	$135,560	$167,490
2020 Notes Conversion Derivative (Liability)	$102,871	$136,748	$174,060

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ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Our disclosure controls and procedures are designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our principal executive officer and principal financial officer by others within our organization. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2015 to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2015.

Changes in Internal Control Over Financial Reporting

During the three month period ended March 31, 2015, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we are subject to lawsuits and claims that arise out of our operations in the normal course of business. We are the plaintiff or defendant in various litigation matters in the ordinary course of business, some of which involve claims for damages that are substantial in amount.

Governmental Inquiries

On September 29, 2010, we entered into a five year Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the United States Department of Health and Human Services (OIG-HHS). The CIA was filed as Exhibit 10.2 to our current report on Form 8-K filed on September 30, 2010. The CIA will expire on September 29, 2015.

The CIA imposes on us certain obligations to maintain compliance with U.S. healthcare laws, regulations and other requirements. Our failure to do so could expose us to significant liability, including, but not limited to, exclusion from federal healthcare program participation, including Medicaid and Medicare, potential prosecution, civil and criminal fines or penalties, as well as additional litigation cost and expense.

Both we and MicroPort, which completed the purchase of our OrthoRecon business in January 2014, will continue to be subject to the CIA.

In addition to the U.S. Attorney's Office (USAO) and OIG-HHS, other governmental agencies, including state authorities, could conduct investigations or institute proceedings that are not precluded by the CIA. In addition, the matters which gave rise to the CIA could increase our exposure to lawsuits by potential whistleblowers, including under the federal false claims acts, based on new theories or allegations arising from these matters.

On August 3, 2012, we received a subpoena from the USAO for the Western District of Tennessee requesting records and documentation relating to our PROFEMUR® series of hip replacement devices. The subpoena covers the period from January 1, 2000 to August 2, 2012. We continue to respond to the subpoena.

Patent Litigation

In 2011, Howmedica Osteonics Corp. and Stryker Ireland, Ltd. (collectively, Stryker), each a subsidiary of Stryker Corporation, filed a lawsuit against WMT in the United States District Court for the District of New Jersey (District Court) alleging that we infringed Stryker's U.S. Patent No. 6,475,243 related to our LINEAGE® Acetabular Cup System and DYNASTY® Acetabular Cup System. The lawsuit seeks an order of infringement, injunctive relief, unspecified damages, and various other costs and relief. On July 9, 2013, the Court issued a claim construction ruling. On November 25, 2014, the Court entered judgment of non-infringement in our favor. On January 7, 2015, Howmedica and Stryker filed a notice of appeal to the Court of Appeals for the Federal Circuit.

In 2012, Bonutti Skeletal Innovations, LLC (Bonutti) filed a patent infringement lawsuit against us in the United States Court for the District of Delaware. Subsequently, Inter Partes Review (IPR) of the Bonutti patents was sought before the U.S. Patent and Trademark Office. On April 7, 2014, the Court stayed the case pending outcome of the IPR. Bonutti originally alleged that the Link Sled Prosthesis infringes U.S. Patent 6,702,821. The Link Sled Prosthesis is a product we distributed under a distribution agreement with LinkBio Corp, which expired on December 31, 2013. In January 2013, Bonutti amended its complaint, alleging that the ADVANCE® knee system, including ODYSSEY® instrumentation, infringes U.S. Patent 8,133,229, and that the ADVANCE® knee system, including ODYSSEY® instrumentation and PROPHECY® guides, infringes U.S. Patent 7,806,896, which was issued on October 5, 2010. All of the claims of the asserted patents are directed to surgical methods for minimally invasive surgery. As a result of the arguments submitted in the IPR, Bonutti abandoned the claims subject to the IPR from U.S. Patent 8,133,229, leaving one claim from U.S. Patent 7,806,896 still pending before the Patent Office Board that administers IPR’s. On February 18, 2015, the Patent Office Board held that remaining claim invalid.

In June 2013, Orthophoenix, LLC filed a patent lawsuit against us in the United States District Court for the District of Delaware alleging that the X-REAM® product infringes two patents. In June 2014, we filed a request for IPR with the U.S. Patent and Trademark Office. In October 2014, the Court stayed the case pending outcome of the IPR. On December 16, 2014, the Patent Office Board denied our petitions requesting IPR. As a result, the District Court will lift the stay, and we will continue with our defense.

In June 2013, Anglefix, LLC filed suit in the United States District Court for the Western District of Tennessee, alleging that our ORTHOLOC® products infringe Anglefix's asserted patent. On April 14, 2014 we filed a request for IPR with the U.S. Patent and Trademark Office. In October 2014, the Court stayed the case pending outcome of the IPR.

In September 2013, ConforMIS, Inc. filed suit against us in the United States District Court for the District of Massachusetts, alleging that our PROPHECY® knee and ankle systems infringe four ConforMIS' patents. On February 19, 2014, ConforMIS filed

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an amended complaint asserting four additional patents against us relating to alleged infringement by our PROPHECY® knee and ankle systems and naming MicroPort Orthopedics as an additional defendant. On October 9, 2014, the parties jointly advised the Court that they had reached an agreement in principle to resolve the matter. In connection with the reported settlement, we recorded expenses of $0.9 million in continuing operations and $13.8 million in discontinued operations. In addition, we recorded a $4.6 million asset in connection with the fully paid non-exclusive foot and ankle license contemplated by the reported settlement. $10.7 million of the $13.8 million recorded in discontinued operations reflects estimated royalty payments based on future sales by MicroPort Orthopedics, which will be paid through 2026. During April 2015, final license agreements were executed and the litigation has been dismissed with prejudice.

In February 2014, Biomedical Enterprises, Inc. filed suit against Solana Surgical, LLC in the United States District Court for the Western District of Texas alleging Solana's FuseForce Fixation system infringes U.S. Patent No. 8,584,853 entitled “Method and Apparatus for an Orthopedic Fixation System.” On February 20, 2015, we filed a request for IPR with the U.S. Patent and Trademark Office. On February 27, 2015, Biomedical Enterprises filed an amended complaint to add us and WMT as parties to the litigation. On April 3, 2015, the parties filed a stipulation of dismissal without prejudice as to us.

On September 23, 2014, Spineology filed a patent infringement lawsuit, Case No. 0:14-cv-03767, in the U.S. District Court in Minnesota, alleging that Wright’s X-REAM® bone reamer infringes U.S. Patent No. RE42,757 entitled “EXPANDABLE REAMER.” On January 28, 2015, as the deadline for service of its complaint, Spineology dismissed its complaint without prejudice and filed a new, identical complaint. We filed an answer to the new complaint with the court on April 27, 2015.

On April 17, 2015, Dr. Rama E. Chandran filed a patent infringement lawsuit against WMT in the United States District Court for the Central District of California, alleging that the Valor® Hindfoot Fusion System infringes U.S. Patent No. 6,579,293, entitled “INTRAMEDULLARY ROD WITH INTERLOCKING OBLIQUE SCREW FOR TIBIO-CALCANEAL ARTHRODESIS.” Plaintiff has not yet served the complaint.

Subject to the provisions of the asset purchase agreement with MicroPort for the sale of our OrthoRecon business, we will continue to be responsible for defense of pre-existing patent infringement cases relating to our OrthoRecon business, and for resulting liabilities, if any.

Product Liability

WMT has been named as a defendant, in some cases with multiple other defendants, in lawsuits in which it is alleged that as yet unspecified defects in the design, manufacture or labeling of certain metal-on-metal hip replacement products rendered the products defective. The lawsuits generally employ similar allegations that use of the products resulted in excessive metal ions and particulate in the patients into whom the devices were implanted, in most cases resulting in revision surgery. We anticipate that additional lawsuits relating to metal on metal hip replacement products may be brought.

Because of the similar nature of the allegations made by several plaintiffs whose cases were pending in federal courts, upon motion of one plaintiff, Danny L. James, Sr., the United States Judicial Panel on Multidistrict Litigation in February 2012 transferred certain actions pending in the federal court system related to metal on metal hip replacement products to the United States District Court for the Northern District of Georgia, for consolidated pre-trial management of the cases before a single United States District Court Judge (the MDL). The consolidated matter is known as In re: Wright Medical Technology, Inc. Conserve Hip Implant Products Liability Litigation.

Certain plaintiffs have elected to file their lawsuits in state courts in California. In doing so, most of those plaintiffs have named a surgeon involved in the design of the allegedly defective products as a defendant in the actions, along with his personal corporation. Pursuant to contractual obligations, Wright Medical has agreed to indemnify and defend the surgeon in those actions. Similar to the MDL proceeding in federal court, because the lawsuits generally employ similar allegations, certain of those pending lawsuits in California were consolidated for pretrial handling on May 14, 2012 pursuant to procedures of California state Judicial Counsel Coordinated Proceedings. The consolidated matter is known as In re: Wright Hip Systems Cases, Judicial Counsel Coordination Proceeding No. 4710.

There are other individual lawsuits related to metal on metal hip products pending in various state courts.

Additionally, as of February 15, 2015, we are a defendant in 34 lawsuits in various state and federal courts involving claims for damages for personal injury associated with fractures of our PROFEMUR® long titanium modular neck product.

Insurance Litigation

In June 2014, St. Paul Surplus Lines Insurance Company ("Travelers"), which was an excess carrier in our coverage towers across multiple policy years, filed a declaratory judgment action in Tennessee state court naming us and certain of our other insurance carriers as defendants and asking the court to rule on the rights and responsibilities of the parties with regard to the CONSERVE® Claims. Among other things, Travelers appears to dispute our contention that the CONSERVE® Claims arise out

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of more than a single occurrence thereby triggering multiple policy periods of coverage. Travelers further seeks a determination as to the applicable policy period triggered by the alleged single occurrence. We filed a separate lawsuit in state court in California for declaratory judgment against certain carriers and breach of contract against the primary carrier, and have moved to dismiss or stay the Tennessee action on a number of grounds, including that California is the most appropriate jurisdiction. During the third quarter of 2014, the California Court granted Travelers' motion to stay our California action.

Employment Litigation

In 2012, two former employees, Frank Bono and Alicia Napoli, each filed separate lawsuits against WMT in the Chancery Court of Shelby County, Tennessee, which asserted claims for retaliatory discharge and breach of contract based upon his or her respective separation pay agreement. In addition, Mr. Bono and Ms. Napoli each asserted a claim for defamation related to the press release issued at the time of their terminations and a wrongful discharge claim alleging violation of the Tennessee Public Protection Act. Mr. Bono and Ms. Napoli each claimed that he or she was entitled to attorney fees in addition to other unspecified damages. On October 23, 2013, Ms. Napoli moved to voluntary dismiss her lawsuit, without prejudice. On April 4, 2014, Ms. Napoli refiled her case in the United States District Court for the Eastern District of Missouri. In July 2014, we were successful in having the case that was refiled in Missouri transferred to the U.S. District Court for the Western District of Tennessee.

Shareholder Litigation

On November 25, 2014, two purported Wright shareholders, Anthony Marks (as Trustee for Marks Clan Super) and Paul Parshall, filed class action complaints challenging the proposed merger with Tornier in the Chancery Court of Shelby County Tennessee, for the Thirtieth Judicial District, at Memphis and the Court of Chancery of the state of Delaware, respectively. On November 26, 2014, a third purported Wright shareholder, City of Warwick Retirement System, filed a class action complaint challenging the proposed merger in the Circuit Court of Tennessee, for the Thirtieth Judicial District, at Memphis. On December 2, 2014, a fourth purported Wright shareholder, Paulette Jacques, filed a class action complaint challenging the proposed merger in the Chancery Court of Shelby County Tennessee, for the Thirtieth Judicial District, at Memphis.

The four complaints name as defendants, among others, Wright, Tornier, and the members of the board of directors of Wright. The complaints seek, among other relief, an order enjoining or rescinding the merger and an award of attorneys' fees and costs on the grounds that the Wright board or directors breached their fiduciary duty in connection with entering into the merger agreement and approving the merger. The complaints further allege that Wright, Tornier, and certain of their respective subsidiaries aided and abetted the alleged breaches of fiduciary duties by the Wright board of directors. It is possible that these complaints will be amended to make additional claims and/or that additional lawsuits making similar or additional claims relating to the merger will be brought.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors that were discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC on February 26, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

(a) Exhibits.

The following exhibits are filed as a part of this quarterly report on Form 10-Q or are incorporated herein by reference:

Exhibit No.	Description
3.1	Fourth Amended and Restated Certificate of Incorporation of Wright Medical Group, Inc., (1) as amended by Certificate of Amendment of Fourth Amended and Restated Certificate of Incorporation of Wright Medical Group, Inc. (2) and Certificate of Amendment for Fourth Amended and Restated Certificate of Incorporation of Wright Medical Group, Inc. (3)
3.2	Third Amended and Restated By-laws of Wright Medical Group, Inc. (4)
4.1	Form of Common Stock certificate. (1)
4.2	Indenture, dated as of November 26, 2007, between Wright Medical Group, Inc. and The Bank of New York as trustee (including form of 2.625% Convertible Senior Notes due 2014). (5)
4.3	Underwriting Agreement, dated as of November 19, 2007, among Wright Medical Group, Inc. and J.P. Morgan Securities Inc., Piper Jaffray & Co. and Wachovia Capital Markets, LLC. (5)
4.4	Indenture, dated as of August 31, 2012, between Wright Medical Group, Inc. and The Bank of New York, as trustee (including form of 2.000% Cash Convertible Senior Notes due 2017).(23)
4.5	Purchase Agreement, dated as of August 22, 2012, among Wright Medical Group, Inc. and J.P. Morgan Securities LLC, as Representative of the Initial Purchasers. (22)
4.6	Indenture, dated as of February 13, 2015, between Wright Medical Group, Inc. and Bank of New York Mellon Trust Company, N.A. (including the form of the 2.00% Cash Convertible Senior Note due 2020).(47)
10.1	Credit Agreement dated as of February 10, 2011, among Wright Medical Group, Inc., as the Borrower; the U.S. subsidiaries of the Borrower, as the Guarantors; the Lenders named therein; Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer; SunTrust Bank and Wells Fargo Bank, N.A., as Co-Syndication Agents; and US Bank National Association, as Documentation Agent. (17)
10.2*	Fifth Amended and Restated 1999 Equity Incentive Plan (the 1999 Plan), (7) as amended by First Amendment to the 1999 Plan. (8)
10.3*	Second Amended and Restated 2009 Equity Incentive Plan (2009 Plan) (9)
10.4*	Form of Executive Stock Option Agreement pursuant to the 2009 Plan.(26)
10.5*	Form of Non-US Employee Stock Option Agreement pursuant to the 2009 Plan.(26)

10.6*	Form of Non-Employee Director Stock Option Agreement (one year vesting) pursuant to the 2009 Plan.(26)
10.7*	Form of Non-Employee Director Stock Option Agreement (four year vesting) pursuant to the 2009 Plan.(26)
10.8*	Form of Executive Restricted Stock Grant Agreement pursuant to the 2009 Plan.(44)
10.9*	Form of Non-Employee Director Restricted Stock Grant Agreement (one year vesting) pursuant to the 2009 Plan.(26)
10.10*	Form of Non-Employee Director Restricted Stock Grant Agreement (four year vesting) pursuant to the 2009 Plan.(26)
10.11*	Form of Non-US Employee Restricted Stock Unit Grant Agreement pursuant to the 2009 Plan.(26)
10.12*	Form of Executive Stock Option Agreement pursuant to the 1999 Plan. (10)

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10.13*	Form of Non-US Employee Stock Option Agreement pursuant to the 1999 Plan. (10)
10.14*	Form of Non-Employee Director Stock Option Agreement (one year vesting) pursuant to the 1999 Plan. (10)
10.15*	Form of Non-Employee Director Stock Option Agreement (four year vesting) pursuant to the 1999 Plan. (10)
10.16*	Form of Executive Restricted Stock Grant Agreement pursuant to the 1999 Plan. (10)
10.17*	Form of Non-US Employee Phantom Stock Unit Grant Agreement pursuant to the 1999 Plan. (10)
10.18*	Form of Non-Employee Director Restricted Stock Grant Agreement (four year vesting) pursuant to the 1999 Plan.(11)
10.19*	Wright Medical Group, Inc. Executive Performance Incentive Plan. (12)
10.20*	Wright Medical Group, Inc. 2010 Executive Performance Incentive Plan. (13)
10.21*	Form of Indemnification Agreement between Wright Medical Group, Inc. and its directors and executive officers. (14)
10.22*	Separation Pay Agreement dated as of November 6, 2012 between Wright Medical Technology, Inc. and Lance A. Berry. (15)
10.23*	Separation Pay Agreement dated as of November 6, 2012 between Wright Medical Technology, Inc. and William L. Griffin, Jr. (15)
10.24*	Separation Pay Agreement dated as of November 6, 2012 between Wright Medical Technology, Inc. and Eric A. Stookey.(15)
10.25*	Separation Pay Agreement dated as of November 6, 2012 between Wright Medical Technology, Inc. and Daniel J. Garen.(26)
10.26*	Employment Agreement dated as of September 17, 2011 between Wright Medical Technology, Inc. and Robert J. Palmisano. (20)
10.27*	Separation Pay Agreement dated as of January 1, 2014 between Wright Medical Technology, Inc. and Peter S. Cooke. (45)
10.28*	Separation Pay Agreement dated as of November 29, 2012 between Wright Medical Technology, Inc. and Pascal E.R. Girin.(26)
10.29*	Inducement Stock Option Grant Agreement dated as of September 17, 2011 between Wright Medical Technology, Inc. and Robert J. Palmisano. (20)
10.30*	Inducement Stock Option Grant Agreement between the Registrant and Julie D. Tracy dated October 17, 2011. (21)
10.31*	Inducement Stock Option Grant Agreement between Registrant and James A. Lightman dated December 29, 2011(21)

10.32*	Inducement Stock Option Grant Agreement between Registrant and Daniel Garen dated January 30, 2012. (21)
10.33*	Inducement Stock Option Grant Agreement between Registrant and Pascal E.R. Girin dated November 26, 2012.(26)
10.34	Settlement Agreement dated September 29, 2010, among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General of the Department of Health and Human Services, and Wright Medical Technology, Inc. (16)
10.35	Corporate Integrity Agreement dated September 29, 2010, between Wright Medical Technology, Inc. and the Office of Inspector General of the Department of Health and Human Services. (16)
10.36	Deferred Prosecution Agreement dated September 29, 2010, between Wright Medical Technology, Inc. and the United States Attorney's Office for the District of New Jersey. (16)

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10.37	Amendment to the Corporate Integrity Agreement dated September 14, 2011, between Wright Medical Technology, Inc. and the Office of Inspector General of the Department of Health and Human Services. (19)
10.38	Addendum and Amendment to the Deferred Prosecution Agreement dated September 15, 2011, between Wright Medical Technology, Inc. and the United States Attorney's Office for the District of New Jersey. (19)
10.39†	Amended and Restated Supply and Development Agreement dated January 28, 2011 between Wright Medical Technology, Inc. and LifeCell Corporation. (18)
10.40†	Trademark License Agreement dated January 28, 2011 between Wright Medical Technology, Inc. and KCI Medical Records. (18)
10.41	Base Call Option Transaction Confirmation, dated as of August 23, 2012, between Wright Medical Group, Inc. and Bank of America, N.A. (22)
10.42	Base Call Option Transaction Confirmation, dated as of August 23, 2012, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch, through its agent Deutsche Bank Securities Inc. (22)
10.43	Base Call Option Transaction Confirmation, dated as of August 23, 2012, between Wright Medical Group, Inc., and Wells Fargo Bank, National Association through its agent Wells Fargo Securities, LLC (22)
10.44	Base Warrants Confirmation, dated as of August 23, 2012, between Wright Medical Group, Inc. and Bank of America, N.A. (22)
10.45	Base Warrants Confirmation, dated as of August 23, 2012, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch, through its agent Deutsche Bank Securities Inc. (22)
10.46	Base Warrants Confirmation, dated as of August 23, 2012, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association through its agent Wells Fargo Securities, LLC (22)
10.47	Additional Call Option Transaction Confirmation, dated as of August 28, 2012, between Wright Medical Group, Inc. and Bank of America, N.A. (23)
10.48	Additional Call Option Transaction Confirmation, dated as of August 28, 2012, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch, through its agent Deutsche Bank Securities Inc. (23)
10.49	Additional Call Option Transaction Confirmation, dated as of August 28, 2012, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association through its agent Wells Fargo Securities, LLC (23)
10.50	Additional Warrants Confirmation, dated as of August 28, 2012, between Wright Medical Group, Inc. and Bank of America, N.A. (23)
10.51	Additional Warrants Confirmation, dated as of August 28, 2012, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch, through its agent Deutsche Bank Securities Inc. (23)
10.52	Additional Warrants Confirmation, dated as of August 28, 2012, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association through its agent Wells Fargo Securities, LLC (23)
10.53†	

	Agreement and Plan of Merger by and among BioMimetic Therapeutics, Inc., Wright Medical Group, Inc., Achilles Merger Subsidiary, Inc. and Achilles Acquisition Subsidiary, LLC, dated as of November 19, 2012 (24)
10.54†	Contingent Value Rights Agreement by and between Wright Medical Group, Inc. and American Stock Transfer & Trust Company, LLC, dated as of March 1, 2013 (25)
10.55†	Supply Agreement, dated as of November 2, 2012, by and between Wright Medical Technologies, Inc. and Orchid MPS Holdings, LLC.(23)
10.56	Asset Purchase Agreement by and among MicroPort Medical B.V., MicroPort Scientific Corporation and Wright Medical Group, Inc., dated as of June 18, 2013 (27)
10.57†	License Agreement between BioMimetic Therapeutics, Inc. and President and Fellows of Harvard College, dated as of April 10, 2001. (28)

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10.58†	Exclusive Patent License Agreement between BioMimetic Therapeutics, Inc. and ZymoGenetics, Inc., dated as of March 28, 2001. (28)
10.59†	Second Exclusive Patent License Agreement between BioMimetic Therapeutics, Inc. and ZymoGenetics, Inc., dated as of January 21, 2003. (28)
10.60†	Letter Agreement between BioMimetic Therapeutics, Inc. and ZymoGenetics, Inc., dated October 17, 2005. (28)
10.61†	Supply Agreement between BioMimetic Therapeutics, Inc. and Orthovita, Inc. dated as of August 2, 2002. (28)
10.62†	Development, Manufacturing and Supply Agreement between BioMimetic Therapeutics, Inc. and Kensey Nash Corporation, dated as of June 28, 2005. (28)
10.63†	Patent Purchase Agreement by and among BioMimetic Therapeutics, Inc. and Institute of Molecular Biology, Inc. dated November 4, 2005. (28)
10.64	Amendment No. 1 to Exclusive Sublicense Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated as of December 21, 2005. (28)
10.65	Amendment No. 1 to Manufacturing and Supply Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated as of December 21, 2005. (28)
10.66†	Letter Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated as of December 21, 2005. (28)
10.67	Lease Agreement between BioMimetic Therapeutics, Inc. and Noblegene Development, LLC effective January 1, 2007. (29)
10.68	Lease Agreement between BioMimetic Therapeutics, Inc. and Noblegene Development, LLC dated August 17, 2007. (30)
10.69†	Asset Purchase Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated December 14, 2007. (31)
10.70†	Amended and Restated Exclusive Sublicense Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated January 4, 2008. (31)
10.71†	Exclusive License Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated January 4, 2008. (31)
10.72†	Supply Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated January 4, 2008. (31)
10.73	Agreement Terminating Research, Development and Marketing Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated January 4, 2008. (31)
10.74	Agreement Terminating Manufacturing and Supply Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated January 4, 2008. (31)

10.75	Amendment and Waiver Agreement with respect to Asset Purchase Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated January 4, 2008. (31)
10.76	Amendment to Lease Agreement between BioMimetic Therapeutics, Inc. and Noblegene Development, LLC dated January 22, 2008. (32)
10.77†	Distribution Agreement between BioMimetic Therapeutics, Inc. and Joint Solutions Alliance Corporation dated April 18, 2008. (33)
10.78	Second Amendment to Lease Agreement between BioMimetic Therapeutics, Inc. and Noblegene Development, LLC dated January 9, 2009. (34)
10.79†	Release and Settlement Agreement, effective as of December 21, 2009, between BioMimetic Therapeutics, Inc. and Deutsche Bank Securities, Inc. (35)

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10.80†	Amended and Restated Manufacturing and Supply Agreement, effective as of December 1, 2009, between BioMimetic Therapeutics, Inc. and Novartis Vaccines and Diagnostics, Inc. (35)
10.81†	First Amendment to Development, Manufacturing and Supply Agreement, effective August 15, 2006, between BioMimetic Therapeutics, Inc. and Kensey Nash Corporation. (36)
10.82†	Second Amendment to Development, Manufacturing and Supply Agreement, effective November 1, 2006, between BioMimetic Therapeutics, Inc. and Kensey Nash Corporation. (36)
10.83†	Third Amendment to Development, Manufacturing and Supply Agreement, effective April 2, 2008, between BioMimetic Therapeutics, Inc. and Kensey Nash Corporation. (36)
10.84†	Fourth Amendment to Development, Manufacturing and Supply Agreement, effective September 30, 2010, between BioMimetic Therapeutics, Inc. and Kensey Nash Corporation. (37)
10.85	Amendment No. 1 to Amended and Restated Exclusive Sublicense Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated November 1, 2010. (38)
10.86	Amendment No. 1 to Asset Purchase Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated November 1, 2010. (38)
10.87	Amendment No. 1 to Agreement Terminating Research, Development and Marketing Agreement between BioMimetic Therapeutics, Inc. and Luitpold Pharmaceuticals, Inc. dated November 1, 2010. (38)
10.88	Logistical Support Agreement between BioMimetic Therapeutics, Inc. and Joint Solutions Alliance Corporation dated November 3, 2010. (37)
10.89†	Supply Agreement between BioMimetic Therapeutics, Inc. and Integra LifeSciences Corporation dated July 15, 2010. (37)
10.90	Third Amendment to Lease Agreement between BioMimetic Therapeutics, Inc. and Noblegene Development, LLC dated April 8, 2011. (39)
10.91	Amendment to Patent License Agreements between BioMimetic Therapeutics, Inc. and Bristol-Myers Squibb Company dated June 30, 2011. (40)
10.92†	Amendment to Amended and Restated Manufacturing and Supply Agreement, effective as of January 1, 2012, between BioMimetic Therapeutics, Inc. and Novartis Vaccines and Diagnostics, Inc. (41)
10.93	Sales and Purchase Agreement between Upperside SA, Naxicap Rendement 2018, and Banque Populaire Developpement as Sellers and Wright Medical Group, Inc. as Purchaser, dated as of October 16, 2013.(42)
10.94	Agreement of Lease, dated December 28, 2013, by and between Wright Medical Technology, Inc. and RBM Cherry Road Partners. (44)
10.95	Agreement and Plan of Merger, dated as of January 30, 2014, by and among Wright Medical Group, Inc., WMMS, LLC, OrthoPro, L.L.C. and OP CHA, Inc., as Company Holders' Agent.(43)

10.96	Agreement and Plan of Merger, dated as of January 30, 2014, by and among Wright Medical Group, Inc., Winter Solstice LLC, Solana Surgical, LLC, and Alan Taylor, as Members' Representative.(43)
10.97	Consulting Agreement, dated as of August 20, 2014, by and between Wright Medical Group, Inc. and Eric Stookey (46)
10.98†	Third Amendment to Amended and Restated Manufacturing and Supply Agreement, dated as of September 1, 2014, by and between Novartis Vaccines and Diagnostics, Inc. and BioMimetic Therapeutics, LCC (46)
10.99†	Technology Transfer Agreement, dated as of September 1, 2014, by and between Novartis Vaccines and Diagnostics, Inc. and BioMimetic Therapeutics, LLC (46)
10.100†	Amendment No. 2 to the Supply Agreement, dated as of September 1, 2014, by and between Luitpold Pharmaceuticals, Inc. and BioMimetic Therapeutics, LLC (46)

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10.101†	Amendment No. 3 to the Supply Agreement, dated as of September 1, 2014, by and between Luitpold Pharmaceuticals, Inc. and BioMimetic Therapeutics, LLC (46)
10.102	Base Call Option Transaction Confirmation, dated as of February 9, 2015, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch.(47)
10.103	Additional Call Option Transaction Confirmation, dated as of February 10, 2015, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch. (47)
10.104	Base Call Option Transaction Confirmation, dated as of February 9, 2015, between Wright Medical Group, Inc. and JPMorgan Chase Bank, National Association. (47)
10.105	Additional Call Option Transaction Confirmation, dated as of February 10, 2015, between Wright Medical Group, Inc. and JPMorgan Chase Bank, National Association. (47)
10.106	Base Call Option Transaction Confirmation, dated as of February 9, 2015, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association. (47)
10.107	Additional Call Option Transaction Confirmation, dated as of February 10, 2015, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association. (47)
10.108	Base Warrants Confirmation, dated as of February 9, 2015, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch. (47)
10.109	Additional Warrants Confirmation, dated as of February 10, 2015, between Wright Medical Group, Inc. and Deutsche Bank AG, London Branch. (47)
10.110	Base Warrants Confirmation, dated as of February 9, 2015, between Wright Medical Group, Inc. and JPMorgan Chase Bank, National Association. (47)
10.111	Additional Warrants Confirmation, dated as of February 10, 2015, between Wright Medical Group, Inc. and JPMorgan Chase Bank, National Association. (47)
10.112	Base Warrants Confirmation, dated as of February 9, 2015, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association. (47)
10.113	Additional Warrants Confirmation, dated as of February 10, 2015, between Wright Medical Group, Inc. and Wells Fargo Bank, National Association. (47)

10.114	License Agreement, dated as of April 13, 2015, by and between ConforMIS, Inc. and Wright Medical Technology, Inc.
10.115*	Separation Pay Agreement dated as of September 29, 2014 between Wright Medical Technology, Inc. and Kevin D. Cordell.
10.116*	Separation Pay Agreement dated as of January 15, 2014 between Wright Medical Technology, Inc. and Jason R. Senner.
11	Computation of earnings per share (included in Note 10 of the Notes to Consolidated Financial Statements in Financial Statements and Supplementary Data).
14	Code of Business Conduct[6]
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) Under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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101	The following materials from Wright Medical Group, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 formatted in XBRL (Extensible Business Reporting Language): (1) the Condensed Consolidated Balance Sheets; (2) Parenthetical Data to the Condensed Consolidated Balance Sheets; (3) the Condensed Consolidated Statements of Operations; (4) Parenthetical Data to the Condensed Consolidated Statements of Operations; (5) the Condensed Consolidated Statements of Comprehensive Income; (6) Parenthetical Data to the Condensed Consolidated Statements of Comprehensive Income; (7) the Condensed Consolidated Statements of Cash Flows; and (8) Notes to Condensed Consolidated Financial Statements.

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(1) Incorporated by reference to our Registration Statement on Form S-1 (Registration No. 333-59732), as amended.
(2) Incorporated by reference to our Registration Statement on Form S-8 (Registration No. 333-115541) filed on May 14, 2004.
(3) Incorporated by reference to our current report on Form 8-K filed on May 17, 2013 (Commission file number 001-35823).
(4) Incorporated by reference to our current report on Form 8-K filed on February 20, 2014 (Commission file number 000-32883).
(5) Incorporated by reference to our current report on Form 8-K filed on November 26, 2007 (Commission file number 000-32883).
(6) Incorporated by reference to our current report on Form 8-K filed July 8, 2011 (Commission file number 000-32883).
(7) Incorporated by reference to our definitive Proxy Statement filed on April 14, 2008 (Commission file number 000-32883).
(8) Incorporated by reference to our quarterly report on Form 10-Q for the quarter ended September 30, 2008 (Commission file number 000-32883).
(9) Incorporated by reference to our definitive Proxy Statement filed on April 4, 2013 (Commission file number 000-335823).
(10) Incorporated by reference to our quarterly report on Form 10-Q for the quarter ended June 30, 2009 (Commission file number 000-32883).
(11) Incorporated by reference to our Registration Statement on Form S-8 (Registration No. 333-151756) filed on June 18, 2008.
(12) Incorporated by reference to our current report on Form 8-K filed on February 10, 2005 (Commission file number 000-32883).
(13) Incorporated by reference to our current report on Form 8-K filed on March 25, 2010 (Commission file number 000-32883).
(14) Incorporated by reference to our current report on Form 8-K filed on April 7, 2009 (Commission file number 000-32883).
(15) Incorporated by reference to our current report on Form 8-K filed on November 6, 2012 (Commission file number 000-32883).
(16) Incorporated by reference to our current report on Form 8-K filed on September 30, 2010 (Commission file number 000-32883).
(17) Incorporated by reference to our annual report on Form 10-K for the fiscal year ended December 31, 2010 (Commission file number 000-32883).
(18) Incorporated by reference to our current report on Form 8-K/A filed on May 18, 2011 (Commission file number 000-32883).
(19) Incorporated by reference to our current report on Form 8-K filed September 15, 2011 (Commission file number 000-32883).
(20) Incorporated by reference to our current report on Form 8-K filed on September 22, 2011 (Commission file number 000-32883).
(21)

Incorporated by reference to our annual report on Form 10-K for the fiscal year ended December 31, 2011 (Commission file number 000-32883).

(22) Incorporated by reference to our current report on Form 8-K filed on August 28, 2012 (Commission file number 000-32883).

(23) Incorporated by reference to our current report on Form 8-K filed on September 4, 2012 (Commission file number 000-32883).

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(24) Incorporated by reference to our current report on Form 8-K filed on November 19, 2012 (Commission file number 000-32883).

(25) Incorporated by reference to our current report on Form 8-K filed on March 1, 2013 (Commission file number 000-32883).

(26) Incorporated by reference to our annual report on Form 10-K for the fiscal year ended December 31, 2012 (Commission file number 000-32883).

(27) Incorporated by reference to our current report on Form 8-K filed on June 21, 2013 (Commission file number 001-35823).

(28) Incorporated by reference to BioMimetic Therapeutics, Inc.'s Registration Statement on Form S-1 (Registration No. 333-131718), as amended.

(29) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K filed on May 7, 2007 (Commission file number 000-51934).

(30) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K filed on August 21, 2007 (Commission file number 000-51934).

(31) Incorporated by reference to BioMimetic Therapeutics, Inc.'s annual report on Form 10-K for the fiscal year ended December 31, 2007 (Commission file number 000-51934).

(32) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K file on January 25, 2008 (Commission file number 000-51934).

(33) Incorporated by reference to BioMimetic Therapeutics, Inc.'s quarterly report on Form 10-Q for the quarter ended June 30, 2008 (Commission file number 000-51934).

(34) Incorporated by reference to BioMimetic Therapeutics, Inc.'s annual report on Form 10-K for the fiscal year ended December 31, 2008 (Commission file number 000-51934).

(35) Incorporated by reference to BioMimetic Therapeutics, Inc.'s annual report on Form 10-K for the fiscal year ended December 31, 2009 (Commission file number 000-51934).

(36) Incorporated by reference to BioMimetic Therapeutics, Inc.'s annual report on Form 10-K/A for the fiscal year ended December 31, 2009 (Commission file number 000-51934).

(37) Incorporated by reference to BioMimetic Therapeutics, Inc.'s annual report on Form 10-K for the fiscal year ended December 31, 2010 (Commission file number 000-51934).

(38) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K filed on November 19, 2010 (Commission file number 000-51934).

(39) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K filed on April 14, 2011 (Commission file number 000-51934).

(40) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K filed on July 1, 2011 (Commission file number 000-51934).

(41) Incorporated by reference to BioMimetic Therapeutics, Inc.'s current report on Form 8-K filed on February 27, 2012 (Commission file number 000-51934).

(42) Incorporated by reference to our current report on Form 8-K filed October 18, 2013 (Commission file number 001-35823).

(43) Incorporated by reference to our current report on Form 8-K filed January 31, 2014 (Commission file number 001-35823).

(44) Incorporated by reference to our annual report on Form 10-K filed February 26, 2014 (Commission file number 001-35823).

(45) Incorporated by reference to our quarterly report on Form 10-Q filed April 30, 2014 (Commission file number 001-35823).

(46) Incorporated by reference to our annual report on Form 10-K filed February 26, 2015 (Commission file number 001-35823).

(47) Incorporated by reference to our current report on Form 8-K filed February 13, 2015 (Commission file number 001-35823).

*Denotes management contract or compensatory plan or arrangement.

[1] Confidential treatment granted under 17 CFR 24b-2. The confidential portions of this exhibit have been omitted and are marked accordingly. The confidential portions have been filed separately with the Securities and Exchange Commission pursuant to the Confidential Treatment Request.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 29, 2015

WRIGHT MEDICAL GROUP, INC.

By: /s/ Robert J. Palmisano
Robert J. Palmisano
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Lance A. Berry
Lance A. Berry
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT INDEX

Exhibit No.	Description
10.114	License Agreement, dated as of April 13, 2015, by and between ConforMIS, Inc. and Wright Medical Technology, Inc.
10.115	Separation Pay Agreement dated as of September 29, 2014 between Wright Medical Technology, Inc. and Kevin D. Cordell.
10.116	Separation Pay Agreement dated as of January 15, 2014 between Wright Medical Technology, Inc. and Jason R. Senner.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) Under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101	The following materials from Wright Medical Group, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 formatted in XBRL (Extensible Business Reporting Language): (1) the Condensed Consolidated Balance Sheets; (2) Parenthetical Data to the Condensed Consolidated Balance Sheets; (3) the Condensed Consolidated Statements of Operations; (4) Parenthetical Data to the Condensed Consolidated Statements of Operations; (5) the Condensed Consolidated Statements of Comprehensive Income; (6) Parenthetical Data to the Condensed Consolidated Statements of Comprehensive Income; (7) the Condensed Consolidated Statements of Cash Flows; and (8) Notes to Condensed Consolidated Financial Statements.