

## **Wright Medical Group, Inc. Contingent Value Rights Anticipated to Begin Trading on NASDAQ on March 4, 2013**

---

**To:** Head Traders, Compliance Officers

**From:** William Slattery, Vice President, NASDAQ Listing Qualifications Department

**DATE:** March 4, 2013

**Re:** Wright Medical Group, Inc. Contingent Value Rights to Begin Trading on NASDAQ Today

---

### **Summary**

- Wright Medical Group, Inc. Contingent Value Rights to commence trading on NASDAQ today, March 4, 2013
- Each Contingent Value Right entitles its holder to receive additional cash payments if certain milestones are met
- Member responsibility
- Contact information

### **Overview**

Wright Medical Group, Inc. (the "Company" or "Wright") Contingent Value Rights (the "CVRs") have been approved for listing on The Nasdaq Stock Market, Inc., and will commence trading on March 4, 2013. The CVRs will trade with the ticker symbol WMGIZ and the CUSIP number is 98235T115.

### **Description**

The CVRs have certain unique characteristics. The CVRs are being issued in connection with the merger between the Company and BioMimetic Therapeutics, Inc. ("BioMimetic"). Each CVR will entitle its holder to receive additional cash payments if certain U.S. regulatory approval milestones with respect to Augment<sup>®</sup> Bone Graft are achieved and/or if aggregate annual net sales of specified products exceed \$40 million during a consecutive 12-month period (milestone#1) and/or if aggregate sales of specified products exceed \$70 million during a consecutive 12-month period (milestone#2). Members must make sure that investors receive an explanation of such special characteristics and risks, including, but not limited to, the following:

- The right to receive any future payment on the CVRs will be contingent upon the achievement by BioMimetic and Wright of certain agreed upon U.S. regulatory milestones and net sales (calculated in accordance with the CVR agreement) in excess of the thresholds specified in the CVR agreement within the time periods specified in the CVR agreement. If the milestones specified in the CVR agreement are not achieved for any reason within the time periods specified in the CVR agreement, and if net sales do not exceed the thresholds set forth in the CVR agreement for any reason within the time periods specified in the CVR agreement, no payment will be made under the CVRs and

the CVRs will expire valueless. Accordingly, the value, if any, of the CVRs is speculative, and the CVRs may ultimately have no value.

- If any payment is made on the CVRs, it will not be made until the achievement of certain agreed upon milestones, and the amount of any payment will not be paid until after the achievement of such milestones. Within 15 days after the end of each calendar month during a calendar year other than the last calendar month (and, for the last calendar month within a calendar year, within 30 days after that month), Wright is required to provide a product sales statement to the trustee that includes a calculation of the aggregate product sales for the Products during that calendar month and the 11 immediately preceding calendar months. The milestone payments, if any, will be paid 20 business days after the achievement of the relevant milestone. However, if product sales milestone #1 is achieved prior to the second anniversary of the closing of the merger, the payment related to such milestone will be payable on the later of the second anniversary of the closing of the merger or 20 business days following notice of achievement of such milestone. If product sales milestone #2 is achieved prior to the third anniversary of the closing of the merger, the payment related to such milestone will be payable on the later of the third anniversary of the closing of the merger or 20 business days following notice of achievement of such milestone. Amounts payable by Wright in respect of the CVRs will be considered paid on the date due if on such date the trustee or the paying agent holds money sufficient to pay all such amounts then due in accordance with the CVR Agreement. Wright, the trustee or the paying agent shall be entitled to deduct and withhold, or cause to be deducted and withheld, from amounts payable to holders of CVRs amounts that are required to be deducted and withheld under the Code or the treasury regulations thereunder. If the trustee or the paying agent intends to withhold amounts, then the trustee or the paying agent will provide 30 days advance notice of the intended withholding to the payee explaining the basis therefor in order to give the payee an opportunity to provide any information or documentation that may be necessary in order to prevent the withholding.
- The CVRs are unsecured obligations of Wright and the CVR payments and all other obligations under the CVR Agreement, together with the CVRs and any rights or claims relating thereto, are subordinated in right of payment to the prior payment in full of certain of Wright's senior obligations specified in the CVR Agreement.
- The CVR Agreement does not prohibit Wright or any of its subsidiaries or affiliates from acquiring the CVRs, whether in open market transactions, private transactions or otherwise. However, prior to any acquisition of CVRs, Wright must publicly disclose the amount of CVRs which it has been authorized to acquire and Wright must report in each of its annual and quarterly reports the amount of CVRs it has been authorized to acquire as well as the amount of CVRs it has acquired as of the end of the quarterly or annual period reported in such quarterly or annual report.
- Wright has agreed to use diligent efforts to achieve the approval milestone and the product sales milestones through the sales of marketed products, subject to certain limitations. Wright will have no obligation to pursue the approval milestone if the FDA issues an order under 21 CFR 814.45 denying FDA approval of the Augment Bone Graft pre-market approval. Furthermore, if the FDA requires any additional clinical efficacy trial(s), post-marketing study(ies) (other than customary post-approval patient registries) or otherwise requests additional information that cannot be derived from BioMimetic's completed clinical studies, Wright, its affiliates and/or licensees will not be required to undertake any of the foregoing. Additional safety trials such as pharmacokinetic studies and similar studies with non-efficacy based endpoints that are

reasonably capable of being performed in less than 18 months will not be considered clinical efficacy trials. Wright's obligation to use diligent efforts to achieve the product sales milestones with respect to Augment Bone Graft do not require Wright, its affiliates and/or licensees to seek or obtain approval to market and sell Augment Bone Graft (1) in any jurisdiction other than the U.S., nor (2) for any indication other than the indications approved by the FDA in the first FDA Approval of Augment Bone Graft (assuming any such approval is obtained). Except for specific obligations set forth in the CVR Agreement with respect to Augment Bone Graft, Wright shall have no obligation (i) to seek new or expanded regulatory approvals for any Product, (ii) to develop or introduce new Products or (iii) to commercialize any Product in any jurisdiction where such Product was not legally commercialized as of the date of the CVR Agreement.

### **Suitability**

Trading in the CVRs on NASDAQ will be subject to the provisions of [NASDAQ Rule 2111A](#). Members recommending transactions in the CVRs to customers should make a determination that the recommendation is suitable for the customer. Members must have a reasonable basis to believe that the recommendation is suitable for a customer based on information obtained through reasonable diligence to ascertain the customer's investment profile. A customer's investment profile includes, but is not limited to: the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation. Members must also consider the complexity of, and risks associated with, the Shares. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules ([NASDAQ Rule 2090A](#)).

Members also should review [NASD Notice to Members 03-71](#) for guidance on trading these securities. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these securities.

### **Contact Information**

For additional information regarding the Common Stock, please see:

- Wright Medical Group, Inc.'s Form 424B3 filed with the SEC on January 23, 2013.

Any additional questions can be directed to:

- [William Slattery](#), Vice President, NASDAQ Listing Qualifications at 301.978.8088.