Tornier N.V.
Fred Roeskestraat 123
1076 EE Amsterdam, The Netherlands

The Tornier N.V. 2010 Employee Stock Purchase Plan

The Tornier N.V. 2010 Incentive Plan

Prospectus for the employees of the subsidiaries of Tornier N.V. in France and Ireland

This prospectus has been drafted and submitted for approval to the Autoriteit Financiële Markten (the "**AFM**") in accordance with section 5(2) and further of the Dutch Financial Supervision Act, (*Wet op het financieel toezicht*).

This prospectus (together with the French translation of its summary) will be made available to employees of the subsidiaries of Tornier N.V. in France and Ireland. It will be available on the website of the AFM, *www.afm.nl*, and in printed form at the offices of Tornier N.V., the address of which is: Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, and at the principal offices of the Tornier N.V. subsidiaries in France and Ireland, the addresses of which are:

Tornier SAS
161, rue Lavoisier
Montbonnot
38334 Saint-Ismier Cedex
France

Tornier Orthopedics Ireland Limited
Hartnett's Cross
Macroom
Co. Cork
Ireland

The date of this prospectus is September 8, 2011

NOTE TO THE PROSPECTUS

This prospectus, which contains material information concerning Tornier N.V., was established pursuant to in accordance with section 5(2) and further of the Dutch Financial Supervision Act, (*Wet op het financieel toezicht*). Pursuant to Article 25 of Commission Regulation (EC) No 809/2004 of 29 April 2004 (the "Prospectus Regulation"), this prospectus is composed of the following parts in the following order:

(1) a table of contents (page 3),

(2) the summary provided for in Article 5(2) of Directive 2003/71/EC (Sections I through III of Chapter A constitute the prospectus summary) (pages 5 – 10),

(3) the risk factors linked to the issuer and the type of security covered by the issue (pages 11 – 40), and

(4) excerpts from Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 of the Prospectus Regulation and question 71 of the European Securities and Markets Authority ("ESMA") Q&A,[1] are required for this offering of equity securities to employees of Tornier N.V. and its affiliates (pages 41 – 77).

This prospectus also contains supplemental information concerning the Tornier N.V. 2010 Employee Stock Purchase Plan, and the Tornier N.V. 2010 Incentive Plan, and the following documents (Exhibits):

- The Tornier N.V. 2010 Employee Stock Purchase Plan, as amended;
- The Tornier N.V. 2010 Incentive Plan; and
- Current Report on Form 8-K furnished by Tornier N.V. to the U.S. Securities and Exchange Commission (the "SEC") on August 9, 2011.

[1] Frequently Asked Questions, Prospectuses: Common positions agreed by ESMA Members 13th updated version – June 2011 (9 June 2011 | ESMA/2011/85).

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CHAPTER A: PROSPECTUS SUMMARY

NOTE TO THE PROSPECTUS SUMMARY

The issuer warns the reader that:

- this summary should be read as an introduction to the prospectus;
- any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor;
- where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and
- civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

I. TORNIER N.V. 2010 EMPLOYEE STOCK PURCHASE PLAN AND TORNIER N.V. 2010 INCENTIVE PLAN

Tornier N.V. ("Tornier" or the "Company"), a public limited liability company incorporated under the laws of The Netherlands, having its principal offices located at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands, will offer eligible employees of the Company and its subsidiaries in the EEA the right to purchase its ordinary shares, par value €0.03 per share ("Shares") under the Tornier N.V. 2010 Employee Stock Purchase Plan, as amended (as so amended, the "2010 ESPP") and the Tornier N.V. 2010 Incentive Plan (the "2010 Plan"). The 2010 ESPP and the 2010 Plan are collectively referenced herein as the "Plans". The Company's Shares are listed on the NASDAQ Global Select Market (the "Nasdaq") under the symbol "TRNX." When used in this prospectus, the terms "we," "us," "our" and "the Company" mean Tornier N.V. and its divisions and subsidiaries.

The offer of participation in the 2010 ESPP and/or offerings under the 2010 Plan may be considered a public offering of securities pursuant to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "Prospectus Directive") in the following EEA countries, subject to the applicable legislation in each country: France and Ireland. The total amount of the offering of the 2010 ESPP and/or the 2010 Plan in the EEA is more than €2.5 million during a 12-month period.

This prospectus will be made available to employees of the subsidiaries of Tornier based in the above-named countries where the offering of the Plans may be considered a public offering of securities at the respective head offices of their employers.

1.1 The 2010 ESPP

The 2010 ESPP and the issuance of Shares thereunder was adopted by Company's Board of Directors (the "Board") and approved by Tornier shareholders on October 28, 2010. The 2010 ESPP is administered by the Compensation Committee of the Board (the "Committee") and provides Tornier's employees, including its named executive officers, and employees of certain designated subsidiaries with an opportunity to purchase the Shares at a discount through payroll deductions. The Board amended the 2010 ESPP effective August 1, 2011, in order to authorize the Committee to establish one or more sub-plans of the 2010 ESPP which do not satisfy the requirements of Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") for purposes of effectuating the participation of eligible

employees of designated subsidiaries incorporated in countries outside of the United States ("Designated Subsidiaries").

The 2010 ESPP provides for consecutive six month offering periods commencing on January 1 and July 1 of each calendar year. Notwithstanding, it is currently expected that the first offering period under the ESPP will begin on October 1, 2011, and that the enrollment period for this first offering period will be between September 12 and September 23, 2011.

During each offering period, participating employees ("Participants") may elect to have between 1% and 10% of their compensation withheld and applied to the purchase of Shares at the end of the offering period. Unless otherwise determined by the Committee before an offering period, the purchase price will be 85% of the fair market value of the Shares at the end of the offering period.

The Board may amend the 2010 ESPP at any time, provided that no amendment may be made in such a way that would adversely affect the rights of any Participant without the Participant's consent or shareholder approval. Unless sooner terminated, the 2010 ESPP will terminate on the day before the tenth (10^{th}) anniversary of the date the 2010 ESPP was approved by the Board.

Participants in the 2010 ESPP may purchase Shares having a fair market value on the applicable offering date of not more than US$25,000 per calendar year. Certain other limitations may apply.

The Shares under the 2010 ESPP are offered pursuant to this prospectus to 560 eligible employees (as of July 1, 2011) in France and Ireland. As of July 1, 2011, 333,333 Shares are available for issuance under the 2010 ESPP on a worldwide basis. Such Shares can be either treasury shares or newly issued Shares at the Company's discretion.

1.2 The 2010 Plan

The 2010 Plan and the issuance of Shares thereunder was adopted by the Board and approved by Tornier shareholders on August 26, 2010. The 2010 Plan also is administered by the Committee and is designed to assist the Company in attracting and retaining Tornier's employees, directors, and consultants, to provide an additional incentive to such individuals to work to increase the value of the Shares, and to provide such individuals with a stake in Tornier's future which corresponds to the stake of each of our shareholders.

The 2010 Plan provides for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights and other awards (collectively, "Awards") that may be denominated in, payable in, valued in whole or in part by reference to or otherwise based on or related to Tornier Shares. Recipients of Awards are "Grantees."

In the event of a change in control (as defined in the 2010 Plan), unless otherwise provided by the Committee, any outstanding Awards, whether vested or unvested, will be accelerated as of the consummation of the change in control. Alternatively, the Committee may determine that outstanding Awards will be cancelled as of the consummation of the change in control and that holders of cancelled Awards will receive a payment in respect of such cancellation based on the amount of per-share consideration being paid in connection with the change in control less, in the case of options and other Awards subject to exercise, the applicable exercise price.

The Board may amend the 2010 Plan or any Awards granted thereunder at any time, provided that no amendment will be made that impairs the rights of the holder of any Award. The Board also may suspend or terminate the 2010 Plan at any time, and, unless sooner terminated, the 2010 Plan shall terminate on the day before the tenth (10^{th}) anniversary of the date the 2010 Plan was adopted by Tornier shareholders.

As of July 1, 2011, 473,807 Shares remained available for issuance under the 2010 Plan on a worldwide basis. Such Shares can be either treasury shares or newly issued Shares at the Company's discretion.

II. ORGANIZATION AND ACTIVITIES CONCERNING TORNIER N.V.

2.1 General Description of Tornier N.V.

Tornier is a global medical device company focused on surgeons that treat musculoskeletal injuries and disorders of the shoulder, elbow, wrist, hand, ankle and foot. The Company refers to these surgeons as extremity specialists. The Company sells to this extremity specialist customer base a broad line of joint replacement, trauma, sports medicine and biologic products to treat extremity joints. The Company's motto of "specialists serving specialists" encompasses this focus. In certain international markets, Tornier also offers joint replacement products for the hip and knee. The Company currently sells over 80 product lines in approximately 35 countries.

Net sales by product category were as follows (in thousands of US$):

	Year Ended		
	January 2, 2011	December 27, 2009	December 28, 2008
Net sales by product type:			
Upper extremities	$ 139,175	$ 125,454	$ 108,829
Lower extremities	23,629	20,417	18,167
Sports medicine and biologics	13,210	6,593	2,513
Total extremities	176,014	152,464	129,509
Large joints and other	51,364	48,998	47,861
Total	$ 227,378	$ 201,462	$ 177,370

2.2 General Information Concerning Tornier N.V.'s Share Capital

As of July 3, 2011, Tornier was authorized to issue 175,000,000 Shares and no shares of preferred stock. As of August 10, 2011, there were 39,170,863 Shares outstanding.

The following table shows, as of March 7, 2011, beneficial owners known to Tornier holding more than 5% of its Shares. The calculations in the table below assume that there are 39,039,994 Shares. Unless otherwise indicated, the address for each listed shareholder is c/o Tornier N.V., Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. None of the beneficial owners known to Tornier to hold more than 5% of its Shares have different voting rights.

	Shares Beneficially Owned	
	Number	%
Directors, Executive and Other Officers:		
Elizabeth H. Weatherman[2]	18,491,809	47.4%
Sean D. Carney[3]	18,799,507	48.2%

[2] Includes 18,491,809 shares held by affiliates of Warburg Pincus & Co., or WP. Ms. Weatherman is a Partner of WP and a Managing Director of Warburg Pincus LLC, or WP LLC. All shares indicated as owned by Ms. Weatherman are included because of her affiliation with the Warburg Pincus entities. Ms. Weatherman disclaims all beneficial ownership in such shares. Ms. Weatherman's address is c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017, USA.

	Shares Beneficially Owned	
	Number	%
Alain Tornier[4]	3,953,089	10.1%
Richard B. Emmitt[5]	3,383,101	8.7%
Principal Shareholders:		
Warburg Pincus entities (TMG Holdings Coöperatief U.A.)[6] 450 Lexington Avenue New York, New York 10017, USA	18,491,809	47.4%
KCH Stockholm AB[7] Hamilton Advokatbyrå Karlstad AB Kungsgatan 2A, Box 606 651 13 Karlstad, Sweden	3,485,292	8.9%
Vertical Group, L.P.[8] 25 DeForest Avenue Summit, New Jersey 07901, USA	3,383,101	8.7%

2.3. Risk Factors

Set forth below are summaries of certain of the risks, uncertainties and other factors that may affect Tornier's future results. The full description of these and other risk factors is included in Chapter B of this prospectus. The risk factors set forth below should be read in conjunction with the other risk factors in Chapter B.

- Tornier has a history of operating losses and negative cash flow.
- Tornier may be unable to compete successfully against its existing or potential competitors, in which case its sales and operating results may be negatively affected and Tornier may not grow.

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3 Includes 18,491,809 shares held by affiliates of WP and 307,698 Shares held by STAK. Mr. Carney is a Partner of WP and a Managing Director of WP LLC. All shares indicated as owned by Mr. Carney are included because of his affiliation with the Warburg Pincus entities. Mr. Carney disclaims all beneficial ownership in such shares. Mr. Carney is a member of the board of directors of STAK, which board is authorized to act by the affirmative vote of two of its members. All shares indicated as owned by Mr. Carney that are held by STAK are included because of his affiliation with STAK. Mr. Carney disclaims all beneficial ownership in such shares. Mr. Carney's address is c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017, USA.

4 Includes 3,485,292 shares held by KCH, and 467,797 shares held by Phil Invest ApS. Mr. Tornier wholly owns both KCH and Phil Invest ApS. All shares indicated as owned by Mr. Tornier are included because of his affiliation with these entities.

5 Includes 3,383,101 shares held by The Vertical Group. Mr. Emmitt is a Member and Manager of The Vertical Group GP, LLC, which controls The Vertical Group. All shares indicated as owned by Mr. Emmitt are included because of his affiliation with The Vertical Group. Mr. Emmitt disclaims all beneficial ownership in such shares. Mr. Emmitt's address is c/o The Vertical Group, L.P., 25 DeForest Avenue, Summit, New Jersey 07901, USA.

6 Includes 18,491,809 shares held by TMG. TMG is owned by WP Bermuda and PE One. The general partner of WP Bermuda is Warburg Pincus (Bermuda) Private Equity Ltd., or WPPE, a Bermuda company. Each of WP Bermuda, PE One and WPPE is managed by WP LLC. Charles R. Kaye and Joseph P. Landy are the Managing General Partners of WP, and Managing Members and Co-Presidents of WP LLC and may be deemed to control the Warburg Pincus entities. Each of Mr. Kaye and Mr. Landy disclaims beneficial ownership of all shares owned by Warburg Pincus entities. TMG, WP Bermuda, PE One, WPPE, WP LLC and WP are collectively referred to in Tornier's Proxy Statement as Warburg Pincus. The address of the Warburg Pincus entities is 450 Lexington Avenue, New York, New York 10017, USA.

7 KCH, a Swedish entity, is wholly owned by Alain Tornier, a member of our Board. The address of KCH is Hamilton Advokatbyrå Karlstad AB, Kungsgatan 2A, Box 606, 651 13 Karlstad, Sweden.

8 Includes 3,383,101 shares held by VFI and VFII. The Vertical Group is the sole general partner of each of VFI and VFII, and The Vertical Group GP, LLC controls The Vertical Group L.P. The sole members and managers of The Vertical Group GP, LLC are Messrs. Tony M. Chou, Richard B. Emmitt, Yue-Teh Jang, Jack W. Lasersohn and John E. Runnells, and these five individuals share voting and investment power over securities held by The Vertical Group, VFI and VFII. The address of The Vertical Group, The Vertical Group GP, LLC, VFI and VFII is 25 DeForest Avenue, Summit, New Jersey 07901, USA.

- Tornier derive a significant portion of its sales from operations in international markets that are subject to political, economic and social instability.

- If Tornier lose one of its key suppliers, it may be unable to meet customer orders for its products in a timely manner or within its budget.

- If Tornier is subject to any future intellectual property lawsuits, a court could require it to pay significant damages or prevent it from selling its products.

- The sale of Tornier's products is subject to regulatory clearances or approvals and its business is subject to extensive regulatory requirements. If Tornier fails to maintain regulatory approvals and clearances, or is unable to obtain, or experience significant delays in obtaining, U.S. Food and Drug Administration ("FDA") clearances or approvals for its future products or product enhancements, Tornier's ability to commercially distribute and market these products could suffer.

- Healthcare policy changes, including the recently enacted legislation to reform the U.S. healthcare system, may have a material adverse effect on Tornier.

- Tornier does not anticipate paying dividends on its Shares.

- WP Bermuda and its affiliates, a significant shareholder, control approximately 47% of Tornier's Shares, and this concentration of ownership may have an effect on transactions that are otherwise favorable to Tornier's shareholders.

2.4 Recent Developments

On August 9, 2011, Tornier reported sales of $65.2 million for the second quarter of 2011 compared to sales of $54.6 million for the second quarter 2010, an increase of 19.4% as reported and 12.2% in constant currency. Year to date sales were reported at $134.6 million compared to sales of $116.4 million in the first half of 2010, an increase of 15.6% as reported and 12.1% in constant currency. Second quarter 2011 sales of Tornier's extremity product categories increased 19.3% as reported, 14.4% in constant currency over the prior year's second quarter, and represented 78% of reported global sales.

2.5 Documents on Display

Tornier has adopted a Code of Business Conduct and Ethics, which applies to all of its directors, officers, and employees. Tornier's Code of Business Conduct and Ethics is available on its website free of charge at www.tornier.com, under Corporate Governance. Any person may request a copy free of charge by writing to Tornier at Tornier, Inc., 7701 France Avenue South, Suite 600, Edina, Minnesota 55435, USA. Tornier intends to disclose on its website any amendment to, or waiver from, a provision of its Code of Business Conduct and Ethics that applies to directors and executive officers and that is required to be disclosed pursuant to the rules of the SEC.

Tornier's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") are available, free of charge, on its web site at http://investor.tornier.com/financials.cfm as soon as reasonably practicable after Tornier electronically files such material with, or furnishes it to, the SEC. Tornier's SEC reports are also available free of charge on the SEC's website, www.sec.gov.

Tornier's Annual Report on Form 10-K for the fiscal year ended January 2, 2011, filed with the SEC on March 14, 2011 ("Tornier's Form 10-K"), Tornier's Quarterly Report on Form 10-Q for the quarter ended July 3, 2011, filed with the SEC on August 15, 2011 ("Tornier's Form 10-Q"), Tornier's Definitive Proxy Statement, filed with the SEC on May 6, 2011 ("Tornier's Proxy Statement"), and Tornier's 2010 Annual Report filed with the Amsterdam Chamber of Commerce on June 17, 2011 ("Tornier's 2010 Dutch Annual

Report"), referred to in this prospectus, are all available on its website. Tornier's 2010 Dutch Annual Report, Tornier's 2009 Annual Report filed with the Amsterdam Chamber of Commerce on November 10, 2010 ("Tornier's 2009 Dutch Annual Report"), and its Memorandum and Articles of Association ("Statuten") may be obtained from the Amsterdam Chamber of Commerce. All of the above documents may be obtained, free of charge, upon request by an employee by writing to Tornier at Tornier, Inc., 7701 France Avenue South, Suite 600, Edina, Minnesota 55435, USA, attention: Corporate Secretary.

Tornier expects to issue, on or about November 8, 2011, its earnings release for the quarter ended October 2, 2011. The quarterly report on Form 10-Q for such quarter will be filed with the SEC no later than November 16, 2011. These documents will be available on the websites of Tornier and the SEC, indicated above.

III. FINANCIAL INFORMATION CONCERNING TORNIER N.V. FOR THE FISCAL YEARS ENDED JANUARY 2, 2011, DECEMBER 27, 2009 AND DECEMBER 28, 2008 AND FOR THE QUARTERS ENDED JULY 3, 2011 AND JULY 4, 2010

Because Tornier is incorporated in the Netherlands, it prepares annual financial statements in accordance with Generally Accepted Accounting Principles in the Netherlands ("Dutch GAAP") pursuant to Part 9 of Book 2 of the Netherlands Civil Code. As the Company is not listed on an EEA regulated market, it is not required under either the Netherlands Civil Code or the Netherlands Financial Supervision Act to prepare interim accounts under either Dutch GAAP or International Financial Reporting Standards ("IFRS"), and in fact it does not do so.

Although the Company is incorporated in the Netherlands, more than 50 percent of its Shares are directly or indirectly owned of record by residents of the United States, and the majority of its executive officers and directors are United States citizens. Accordingly, the Company is considered pursuant to the rules of the SEC to be a domestic filer subject to the same rules as companies incorporated in the United States. One key effect of the Company being considered as a domestic filer under the SEC rules is that its financial statements filed with the SEC under Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q must be prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP").

As a result, selected financial data of Tornier under both Dutch GAAP and U.S. GAAP are set out in this prospectus.

The selected annual financial data of Tornier set out immediately below have been prepared in accordance with Dutch GAAP. They are derived from and should be read in conjunction with the consolidated financial statements and related notes thereto appearing on pages 84 – 117 of Tornier's 2010 Dutch Annual Report and pages 8 – 46 of Tornier's 2009 Dutch Annual Report.

SELECTED DUTCH GAAP THREE-YEAR FINANCIAL DATA
(in thousands of US$, except per share data)

	January 2, 2011	December 31, 2009	December 31, 2008
Statement of Operations Data:			
Net sales	$ 227,059	$ 201,781	$ 178,837
Cost of goods sold	(63,343)	(54,953)	(45,903)
Gross profit	163,716	146,828	132,934
Selling, marketing and research	(127,274)	(127,966)	114,697
General and administrative	(66,321)	(51,399)	42,755
Total operating expenses	(193,595)	(179,365)	157,452
Interest income (expense)	(21,446)	(19,193)	(10,086)

	January 2, 2011	December 31, 2009	December 31, 2008
Other financial income (expense)	3,308	(1,329)	328
Loss from ordinary activities	(48,017)	(53,059)	(34,276)
Income tax benefit/(charge) on loss	2,377	(5,692)	1,778
Loss after taxation	(45,640)	(58,751)	(32,498)
Balance Sheet Data:			
Cash	24,750	$ 37,272	$ 20,536
Total current assets	166,082	163,893	146,808
Total assets	487,424	496,315	482,331
Stockholders' equity	269,721	301,321	312,618
Provisions	31,746	30,977	3,738
Long term liabilities	109,728	94,424	85,065
Current liabilities	76,229	71,593	80,910
Other Financial Data:			
Net cash provided by (used in) operating activities	$ 9,855	$ 9,514	$ (8,743)
Net cash used in investing activities	(29,211)	(38,212)	(54,865)
Net cash provided by (used in) financing activities	7,427	44,857	66,487
Effect of exchange rate changes on cash and cash equivalents	(593)	577	310

The selected annual and quarterly financial data of Tornier set out immediately below have been prepared in accordance with U.S. GAAP. They are derived from and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Tornier's consolidated financial statements and related notes thereto appearing respectively on pages 70 – 80 and 86 – 115 of Tornier's Form 10-K, and its condensed consolidated financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing respectively on pages 4 – 15 and 16 – 24 of Tornier's Form 10-Q.

SELECTED U.S. GAAP THREE-YEAR FINANCIAL DATA
(in thousands of US$, except per share data)

	January 2, 2011	December 27, 2009	December 28, 2008
Statement of Operations Data:			
Revenue	$ 227,378	$ 201,462	$ 177,370
Cost of goods sold	(63,437)	(54,859)	(45,500)
Gross profit	163,941	146,603	131,870
Operating loss	(14,928)	(24,974)	(28,563)
Loss before income taxes	(44,630)	(70,099)	(39,404)
Income tax benefit	5,121	14,413	5,227
Net loss attributable to ordinary shareholders	$ (39,493)	$ (55,746)	$ (36,765)
Net loss per share: basic and diluted	$ (1.42)	$ (2.28)	$ (1.54)
Balance Sheet Data:			
Cash and cash equivalents	$ 24,838	$ 37,969	$ 21,348
Other current assets	148,376	133,179	122,167
Total assets	491,178	520,187	475,967
Total liabilities	220,939	277,140	212,442
Noncontrolling interest	—	23,259	23,200
Total shareholders' equity	270,239	219,788	240,325

	January 2, 2011	December 27, 2009	December 28, 2008
Other Financial Data:			
Net cash provided by (used in) operating activities	$ 2,889	$ 2,291	$ (19,482)
Net cash used in investing activities	(22,853)	(31,104)	(43,314)
Net cash provided by financing activities	7,427	44,857	66,487
Effect of exchange rate changes on cash and cash equivalents	(594)	577	310

SELECTED U.S. GAAP QUARTERLY FINANCIAL DATA
(in thousands of US$, except per share amounts – unaudited)

Condensed Consolidated Statements of Operations Data:

	Three Months Ended,		Six Months Ended,	
	July 3, 2011	July 4, 2010	July 3, 2011	July 4, 2010
Revenue	$ 65,158	$ 54,563	$ 134,593	$ 116,406
Cost of goods sold	18,017	14,725	38,058	32,001
Gross profit	47,141	39,838	96,535	84,405
Operating loss	(2,311)	(1,463)	(1,561)	(5,926)
Loss before income taxes	(2,539)	(9,996)	(33,840)	(22,369)
Income tax (expense) benefit	(330)	1,393	7,002	3,715
Net loss attributable to ordinary shareholders	$ (2,869)	$ (8,603)	$ (26,838)	$ (18,638)
Net loss per share: basic and diluted	$ (0.07)	$ (0.31)	$ (0.72)	$ (0.72)

Condensed Consolidated Balance Sheets Data:

	July 3, 2011	January 2, 2011*
Cash and cash equivalents	$ 59,733	$ 24,838
Other current assets	153,727	148,376
Total assets	545,365	491,178
Total liabilities	120,530	220,939
Shareholders' equity	424,835	270,239

* Derived from audited consolidated balance sheet.

Consolidated Statements of Cash Flows Data:

	Six Months Ended,	
	July 3, 2011	July 4, 2010
Net cash provided by operating activities	$ 12,465	$ 2,509
Net cash used in investing activities	(11,567)	(15,157)
Net cash provided by financing activities	32,301	9,082
Effect of exchange rate changes on cash and cash equivalents	1,696	(1,194)

CHAPTER B: RISK FACTORS

The following information contains specific risks that could potentially impact our business, financial condition or operating results. We may be subject to additional risks that are not currently known to us or those which we deem immaterial that may also impact our business operations.

I. RISKS RELATED TO TORNIER N.V.'S BUSINESS AND INDUSTRY

We have a history of operating losses and negative cash flow.

We have experienced operating losses since our acquisition by the Investor Group in July 2006 and at January 2, 2011, we had an accumulated deficit of $183.5 million. Our ability to achieve cash flow positive operations will be influenced by many factors, including the extent and duration of our future operating losses, the level and timing of future sales and expenditures, market acceptance of new products, the results and scope of ongoing research and development projects, competing technologies and market and regulatory developments. Additionally, we expect general and administrative expenses to increase due to the additional operational and reporting costs associated with being a public company. As a result, we may continue to incur operating losses for the foreseeable future. These losses will continue to have an adverse impact on shareholders' equity and we may never achieve or sustain profitability.

If we do not successfully develop and market new products and technologies and implement our business strategy, our business and results of operations will be adversely affected.

We may not be able to successfully implement our business strategy. To implement our business strategy we need to, among other things, develop and introduce new extremity joint products, find new applications for and improve our existing products, properly identify and anticipate our surgeons' and their patients' needs, obtain regulatory clearance or approval for new products and applications and educate surgeons about the clinical and cost benefits of our products.

We are continually engaged in product development and improvement programs, and we expect new products to account for a significant portion of our future growth. If we do not continue to introduce new products and technologies, or if those products and technologies are not accepted, we may not be successful. Moreover, research and development efforts may require a substantial investment of time and resources before we are adequately able to determine the commercial viability of a new product, technology, material or innovation. Demand for our products could also change in ways we may not anticipate due to evolving customer needs, changing demographics, slow industry growth rates, evolving surgical philosophies and evolving industry standards, among others. Additionally, our competitors' new products and technologies may precede our products to market, may be more effective or less expensive than our products or may render our products obsolete.

Our targeted surgeons are in areas such as shoulder, upper extremities, lower extremities, sports medicine and reconstructive and general orthopaedics, and our strategy of focusing exclusively on these surgeons may not be successful. In addition, we are seeking to increase our international sales and will need to increase our worldwide direct sales force and enter into distribution agreements with third parties in order to do so. All of this may result in additional or different foreign regulatory requirements, with which we may not be able to comply. Moreover, even if we successfully implement our business strategy, our operating results may not improve. We may decide to alter or discontinue aspects of our business strategy and may adopt different strategies due to business or competitive factors.

We rely on our independent sales agencies and their representatives to market and sell our products.

In the United States, we sell our products through a single sales channel primarily focused on our products and consisting of approximately 24 independent commission-based sales agencies, which in the aggregate utilized over 300 sales representatives as of January 2, 2011. Our sales agencies do not sell our products exclusively and may offer similar products from other orthopaedic companies. In fiscal 2010, no individual sales agency accounted for more than 3% of our global revenue. Our success depends largely upon our ability to motivate these sales agencies to sell our products. Additionally, we depend on their sales and service expertise and relationships with the surgeons in the marketplace. Our independent sales agencies may terminate their contracts with us at the end of each yearly term, may devote insufficient sales efforts to our products or may focus their sales efforts on other products that produce greater commissions for them. If our relationship with any of our sales agencies terminated, we could enter into agreements with existing sales agencies to take on the related sales, contract with new sales agencies or a combination of these options. A failure to maintain our existing relationships with our independent sales agencies and their representatives could have an adverse effect on our operations. We do not control our independent sales agencies and they may not be successful in implementing our marketing plans.

We may be unable to compete successfully against our existing or potential competitors, in which case our sales and operating results may be negatively affected and we may not grow.

The market for orthopaedic devices is highly competitive and subject to rapid and profound technological change. Our success depends, in part, on our ability to maintain a competitive position in the development of technologies and products for use by our customers. We face competition from large diversified orthopaedic manufacturers, such as DePuy Orthopaedics, Inc., or DePuy, a Johnson & Johnson subsidiary, Zimmer Corporation, or Zimmer, and Stryker Corporation, or Stryker, and established mid-sized orthopaedic manufacturers, such as Arthrex, Inc., or Arthrex, Wright Medical Group, Inc., or Wright Medical, and ArthroCare Corporation, or ArthroCare. Many of the companies developing or marketing competitive orthopaedic products are publicly traded or are divisions of publicly traded companies and may enjoy several competitive advantages, including:

- greater financial and human resources for product development and sales and marketing;
- greater name recognition;
- established relationships with surgeons, hospitals and third-party payors;
- broader product lines and the ability to offer rebates or bundle products to offer greater discounts or incentives to gain a competitive advantage;
- established sales and marketing and distribution networks; and
- more experience in conducting research and development, manufacturing, preparing regulatory submissions and obtaining regulatory clearance or approval for products.

We also compete against smaller, entrepreneurial companies with niche product lines. Our competitors may develop and patent processes or products earlier than we can, obtain regulatory clearance or approvals for competing products more rapidly than we can and develop more effective or less expensive products or technologies that render our technology or products obsolete or non-competitive. We also compete with other organizations in recruiting and retaining qualified scientific and management personnel, as well as in acquiring technologies and technology licenses complementary to our products or advantageous to our business. If our competitors are more successful than us in these matters, we may be unable to compete successfully against our existing or future competitors.

We derive a significant portion of our sales from operations in international markets that are subject to political, economic and social instability.

We derive a significant portion of our sales from operations in international markets. Our international distribution system consists of nine direct sales offices and approximately 32 distribution partners, who sell in approximately 35 countries. Most of these countries are, to some degree, subject to political, economic and social instability. For each of the years ended January 2, 2011 and December 27, 2009, approximately 44% of our revenue was derived from our international operations. Our international sales operations expose us and our representatives, agents and distributors to risks inherent in operating in foreign jurisdictions. These risks include:

- the imposition of additional U.S. and foreign governmental controls or regulations on orthopaedic implants and biologics products;
- the imposition of costly and lengthy new export license requirements;
- the imposition of U.S. or international sanctions against a country, company, person or entity with whom we do business that would restrict or prohibit continued business with that country, company, person or entity;
- economic instability, including currency risk between the U.S. dollar and foreign currencies, in our target markets;
- the imposition of restrictions on the activities of foreign agents, representatives and distributors;
- scrutiny of foreign tax authorities, which could result in significant fines, penalties and additional taxes being imposed upon us;
- a shortage of high-quality international salespeople and distributors;
- loss of any key personnel who possess proprietary knowledge or are otherwise important to our success in international markets;
- changes in third-party reimbursement policies that may require some of the patients who receive our products to directly absorb medical costs or that may require us to sell our products at lower prices;
- changes in tariffs and other trade restrictions;
- work stoppages or strikes in the healthcare industry;
- difficulties in enforcing and defending intellectual property rights; and
- exposure to different legal and political standards.

Not only are we subject to the laws of other jurisdictions, we are also subject to U.S. laws governing our activities in foreign countries, including various import-export laws, customs and import laws, anti-boycott laws and embargoes. For example, the FDA Export Reform and Enhancement Act of 1996 requires that, when exporting medical devices from the United States for sale in a foreign country, depending on the type of product being exported, the regulatory status of the product and the country to which the device is exported, we must ensure, among other things, that the device is produced in accordance with the specifications of the foreign purchaser; not in conflict with the laws of the country to which it is intended for export; labeled for export; and not offered for sale domestically. In addition, we must maintain records relevant to product export and, if requested by the foreign government, obtain a certificate of exportability.

In some instances, prior notification to or approval from the FDA is required prior to export. The FDA can delay or deny export authorization if all applicable requirements are not satisfied. Imports of approved medical devices into the United States are also subject to requirements including registration of establishment, listing of devices, manufacturing in accordance with the quality system regulation, medical device reporting of adverse events, and Premarket Notification 510(k) clearance or premarket approval, or PMA, among others and if applicable. If our business activities were determined to violate these laws, regulations or rules, we could suffer serious consequences.

In addition, a portion of our international sales is made through distributors. As a result, we are dependent upon the financial health of our distributors. If a distributor were to go out of business it would take substantial time, cost and resources to find a suitable replacement and the products held by such distributor may not be returned to us or to a subsequent distributor in a timely manner or at all.

Any material decrease in our foreign sales may negatively affect our profitability. We generate our international sales primarily in Europe, where healthcare regulation and reimbursement for orthopaedic medical devices vary significantly from country to country. This changing environment could adversely affect our ability to sell our products in some European countries.

Our business plan relies on assumptions about the market for our products, which, if incorrect, may adversely affect our sales.

We believe that the aging of the general population and increasingly active lifestyles will continue and that these trends will increase the need for our products. The projected demand for our products could materially differ from actual demand if our assumptions regarding these trends and acceptance of our products by the medical community prove to be incorrect or do not materialize, or if non-surgical treatments gain more widespread acceptance as a viable alternative to our orthopaedic implants.

We obtain some of our products through private-label distribution agreements that subject us to minimum performance and other criteria. Our failure to satisfy those criteria could cause us to lose those rights of distribution.

We have entered into private-label distribution agreements with manufacturers of some of our products. These manufacturers brand their products according to our specifications, and we may have exclusive rights in certain fields of use and territories to sell these products subject to minimum purchase, sales or other performance criteria. Though these agreements do not individually or in the aggregate represent a material portion of our business, if we do not meet these performance criteria, or fail to renew these agreements, we may lose exclusivity in a field of use or territory or cease to have any rights to these products, which could have an adverse effect on our sales. Furthermore, some of these manufacturers may be smaller, undercapitalized companies that may not have sufficient resources to continue operations or to continue to supply us sufficient product without additional access to capital.

If our private-label manufacturers fail to provide us with sufficient supply of their products, or if their supply fails to meet appropriate quality requirements, our business could suffer.

Our private-label manufacturers are sole source suppliers of the products we purchase from them. Given the specialized nature of the products they provide, we may not be able to locate or establish additional or replacement manufacturers of these products. Moreover, these private-label manufacturers typically own the intellectual property associated with their products, and even if we could find a replacement manufacturer for the product, we may not have sufficient rights to enable the replacement party to manufacture the product. While we have entered into agreements with our private-label manufacturers to provide us sufficient quantities of products, we cannot assure you that they will do so, or that any products they do provide us will not contain defects in quality. Our private-label manufacturing agreements have terms expiring between 2011 and 2015 and are renewable under certain conditions or by mutual agreement. The agreements also include some or all of the following provisions allowing for termination under certain circumstances: (i) either party's uncured material breach of the terms and conditions of the agreement, (ii) either party filing for bankruptcy, being bankrupt or becoming insolvent, suspending

payments, dissolving or ceasing commercial activity, (iii) our inability to meet market development milestones and ongoing sales targets, (iv) termination without cause, provided that payments are made to the distributor, (v) a merger or acquisition of one of the parties by a third party, (vi) the enactment of a government law or regulation that restricts either party's right to terminate or renew the contract or invalidates any provision of the agreement or (vii) the occurrence of a "force majeure," including natural disaster, explosion or war.

We also rely on these private-label manufacturers to comply with the regulations of the FDA, the competent authorities of the Member States of the European Economic Area, or EEA, or foreign regulatory authorities and their failure to comply with strictly enforced regulatory requirements could expose us to regulatory action including warning letters, product recalls, termination of distribution, product seizures or civil penalties. Any quality control problems that we experience with respect to products manufactured by our private-label manufacturers, any inability by us to provide our customers with sufficient supply of products or any investigations or enforcement actions by the FDA, the competent authorities of the Member States of the EEA or other foreign regulatory authorities could adversely affect our reputation or commercialization of our products and adversely and materially affect our business and operating results.

Failure to comply with the U.S. Foreign Corrupt Practices Act could subject us to, among other things, penalties and legal expenses that could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

Our U.S. operations, including those of our subsidiary, Tornier, Inc., are currently subject to the U.S. Foreign Corrupt Practices Act, or the FCPA. We are required to comply with the FCPA, which generally prohibits covered entities and their intermediaries from engaging in bribery or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business or other benefits. In addition, the FCPA imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of "off books" slush funds from which such improper payments can be made. We are also currently subject to similar anticorruption legislation implemented in Europe under the Organization for Economic Co-operation and Development's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. We operate in a number of jurisdictions that pose a high risk of potential violations of the FCPA and other anticorruption laws, such as Algeria, China and Oman, based on measurements such as Transparency International's Corruption Perception Index and we utilize a number of third-party sales representatives for whose actions we could be held liable under the FCPA. We inform our personnel and third-party sales representatives of the requirements of the FCPA and other anticorruption laws, including, but not limited to their reporting requirements. We have also developed and will continue to develop and implement systems for formalizing contracting processes, performing due diligence on agents and improving our recordkeeping and auditing practices regarding these regulations. However, there is no guarantee that our employees, third-party sales representatives or other agents have not or will not engage in conduct undetected by our processes and for which we might be held responsible under the FCPA or other anticorruption laws.

If our employees, third-party sales representatives or other agents are found to have engaged in such practices, we could suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures, including further changes or enhancements to our procedures, policies and controls, as well as potential personnel changes and disciplinary actions. The Securities and Exchange Commission, or SEC, is currently in the midst of conducting an informal investigation of numerous medical device companies over potential violations of the FCPA. Although we do not believe we are currently a target, any investigation of any potential violations of the FCPA or other anticorruption laws by U.S. or foreign authorities also could have an adverse impact on our business, financial condition and results of operations.

Certain foreign companies, including some of our competitors, are not subject to prohibitions as strict as those under the FCPA or, even if subjected to strict prohibitions, such prohibitions may be laxly enforced

in practice. If our competitors engage in corruption, extortion, bribery, pay-offs, theft or other fraudulent practices, they may receive preferential treatment from personnel of some companies, giving our competitors an advantage in securing business, or from government officials, who might give them priority in obtaining new licenses, which would put us at a disadvantage.

Fluctuations in foreign currency rates could result in declines in our reported sales and earnings.

A substantial portion of our foreign revenue is generated in Europe and other foreign countries in Latin America and Asia where the amounts are denominated in currencies other than the U.S. dollar. For purposes of preparing our financial statements, these amounts are converted into U.S. dollars, the value of which varies with currency exchange rate fluctuations. For sales not denominated in U.S. dollars, if there is an increase in the value of the U.S. dollar relative to the specified foreign currency, we will receive less in U.S. dollars than before the increase in the exchange rate, which could negatively impact our results of operations. Although we address currency risk management through regular operating and financing activities, those actions may not prove to be fully effective.

If we lose one of our key suppliers, we may be unable to meet customer orders for our products in a timely manner or within our budget.

We use a number of suppliers for raw materials and select components that we need to manufacture our products. These suppliers must provide the materials and components to our standards for us to meet our quality and regulatory requirements. We obtain some key raw materials and select components from a single source or a limited number of sources. For example, we rely on one supplier for raw materials and select components in several of our products, including Poco Graphite, Inc., which supplies graphite for our pyrocarbon products, CeramTec AG, or CeramTec, which supplies ceramic for ceramic heads for hips, and Heymark Metals Ltd., which supplies CoCr used in certain of our hip, shoulder and elbow products. Establishing additional or replacement suppliers for these components, and obtaining regulatory clearance or approvals that may result from adding or replacing suppliers, could take a substantial amount of time, result in increased costs and impair our ability to produce our products, which would adversely impact our business and operating results. We do not have contracts with our sole source suppliers (other than a Quality Assurance Agreement and Secrecy Agreement with CeramTec, which only relate to quality and confidentiality obligations of the parties and do not govern the purchase and receipt of CeramTec products) and instead rely on purchase orders. As a result, those suppliers may elect not to supply us with product or to supply us with less product than we need and we will have limited rights to cause them to do otherwise. In addition, some of our products, which we acquire from third parties, are highly technical and are required to meet exacting specifications, and any quality control problems that we experience with respect to the products supplied by third parties could adversely and materially affect our reputation or commercialization of our products and adversely and materially affect our business, operating results and prospects. Furthermore, some of these suppliers are smaller companies. To the extent that any of these suppliers are, or become, undercapitalized and do not otherwise have sufficient resources to continue operations or to supply us sufficient product without additional access to capital, we do not believe that any such failure would result in a material adverse effect on our business, particularly because these suppliers do not, individually or in the aggregate, represent a material portion of our business. We may also have difficulty obtaining similar components from other suppliers that are acceptable to the FDA, the competent authorities or notified bodies of the Member States of the EEA, or foreign regulatory authorities and the failure of our suppliers to comply with strictly enforced regulatory requirements could expose us to regulatory action including warning letters, product recalls, termination of distribution, product seizures or civil penalties. Furthermore, since many of these suppliers are located outside of the United States, we are subject to foreign export laws and U.S. import and customs regulations, which complicate and could delay shipments of components to us. For example, all foreign importers of medical devices are required to meet applicable FDA requirements, including registration of establishment, listing of devices, manufacturing in accordance with the quality system regulation, medical device reporting of adverse events, and Premarket Notification 510(k) clearance or PMA, if applicable. In addition, all imported medical devices must also meet Bureau of Customs and Border Protection requirements. While it is our policy to maintain sufficient inventory of materials and components so that our production will not be significantly disrupted even if a particular component or material is not available

for a period of time, we remain at risk that we will not be able to qualify new components or materials quickly enough to prevent a disruption if one or more of our suppliers ceases production of important components or materials.

Sales volumes may fluctuate depending on the season and our operating results may fluctuate over the course of the year.

Our business is seasonal in nature. Historically, demand for our products has been the lowest in our third quarter as a result of the European holiday schedule during the summer months. We have experienced and expect to continue to experience meaningful variability in our revenue and gross profit among quarters, as well as within each quarter, as a result of a number of factors, including, among other things:

- the number and mix of products sold in the quarter;
- the demand for, and pricing of, our products and the products of our competitors;
- the timing of or failure to obtain regulatory clearances or approvals for products;
- costs, benefits and timing of new product introductions;
- increased competition;
- the timing and extent of promotional pricing or volume discounts;
- the availability and cost of components and materials;
- the number of selling days;
- fluctuations in foreign currency exchange rates; and
- impairment and other special charges.

If product liability lawsuits are brought against us, our business may be harmed.

The manufacture and sale of orthopaedic medical devices exposes us to significant risk of product liability claims. In the past, we have had a small number of product liability claims relating to our products, none of which either individually, or in the aggregate, have resulted in a material negative impact on our business. In the future, we may be subject to additional product liability claims, some of which may have a negative impact on our business. Such claims could divert our management from pursuing our business strategy and may be costly to defend. Regardless of the merit or eventual outcome, product liability claims may result in:

- decreased demand for our products;
- injury to our reputation;
- significant litigation costs;
- substantial monetary awards to or costly settlements with patients;
- product recalls;
- loss of revenue; and

- the inability to commercialize new products or product candidates.

Our existing product liability insurance coverage may be inadequate to protect us from any liabilities we might incur. If a product liability claim or series of claims is brought against us for uninsured liabilities or in excess of our insurance coverage, our business could suffer. In addition, a recall of some of our products, whether or not the result of a product liability claim, could result in significant costs and loss of customers.

In addition, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against losses. Any claims against us, regardless of their merit, could severely harm our financial condition, strain our management and other resources and adversely affect or eliminate the prospects for commercialization or sales of a product or product candidate which is the subject of any such claim.

If our patents and other intellectual property rights do not adequately protect our products, we may lose market share to our competitors.

We rely on patents, trade secrets, copyrights, know-how, trademarks, license agreements and contractual provisions to establish our intellectual property rights and protect our products. These legal means, however, afford only limited protection and may not adequately protect our rights. The patents we own may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage, and competitors may be able to design around our patents or develop products that provide outcomes that are similar to ours. In addition, we cannot be certain that any of our pending patent applications will be issued. The USPTO may deny or require a significant narrowing of the claims in our pending patent applications and the patents issuing from such applications. Any patents issuing from the pending patent applications may not provide us with significant commercial protection. We could incur substantial costs in proceedings before the USPTO and the proceedings can be time-consuming, which may cause significant diversion of effort by our technical and management personnel. These proceedings could result in adverse decisions as to the priority of our inventions and the narrowing or invalidation of claims in issued patents. In addition, the laws of some of the countries in which our products are or may be sold may not protect our intellectual property to the same extent as U.S. laws or at all. We also may be unable to protect our rights in trade secrets and unpatented proprietary technology in these countries.

In the event a competitor infringes upon our patent or other intellectual property rights, enforcing those rights may be costly, difficult and time-consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time-consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents or other intellectual property rights against a challenge. If we are unsuccessful in enforcing and protecting our intellectual property rights and protecting our products, it could harm our business and results of operations.

We rely on our trademarks, trade names and brand names to distinguish our products from the products of our competitors, and have registered or applied to register many of these trademarks. However, our trademark applications may not be approved. Third parties may also oppose our trademark applications or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing these new brands. Further, our competitors may infringe our trademarks, or we may not have adequate resources to enforce our trademarks.

In addition, we hold licenses from third parties that are necessary to the design and manufacturing of some of our products. The loss of such licenses would prevent us from manufacturing, marketing and selling these products, which could harm our business.

In addition to patents, we seek to protect our trade secrets, know-how and other unpatented technology, in part, with confidentiality agreements with our vendors, employees, consultants and others who may

have access to proprietary information. We cannot be certain, however, that these agreements will not be breached, adequate remedies for any breach would be available or our trade secrets, know-how and other unpatented proprietary technology will not otherwise become known to or be independently developed by our competitors.

If we are subject to any future intellectual property lawsuits, a court could require us to pay significant damages or prevent us from selling our products.

The orthopaedic medical device industry is litigious with respect to patents and other intellectual property rights. Companies in the orthopaedic medical device industry have used intellectual property litigation to gain a competitive advantage. In the future, we may become a party to lawsuits involving patents or other intellectual property. A legal proceeding, regardless of outcome, could drain our financial resources and divert the time and effort of our management. A patent infringement suit or other infringement or misappropriation claim brought against us or any of our licensees may force us or any of our licensees to stop or delay developing, manufacturing or selling potential products that are claimed to infringe a third party's intellectual property, unless that party grants us or any licensees rights to use its intellectual property. In such cases, we may be required to obtain licenses to patents or proprietary rights of others in order to continue to commercialize our products. However, we may not be able to obtain any licenses required under any patents or proprietary rights of third parties on acceptable terms, or at all. Even if we or our licensees were able to obtain rights to the third party's intellectual property, these rights may be nonexclusive, thereby giving our competitors access to the same intellectual property. Ultimately, we may be unable to commercialize some of our potential products or may have to cease some of our business operations as a result of patent infringement claims, which could severely harm our business.

In any infringement lawsuit, a third party could seek to enjoin, or prevent, us from commercializing our existing or future products, or may seek damages from us, and any such lawsuit would likely be expensive for us to defend against. If we lose one of these proceedings, a court or a similar foreign governing body could require us to pay significant damages to third parties, seek licenses from third parties, pay ongoing royalties, redesign our products so that they do not infringe or prevent us from manufacturing, using or selling our products. In addition to being costly, protracted litigation to defend or prosecute our intellectual property rights could result in our customers or potential customers deferring or limiting their purchase or use of the affected products until resolution of the litigation.

We have received, and we may receive in the future, notifications of potential conflicts of existing patents, pending patent applications and challenges to the validity of existing patents. For example, we corresponded with DePuy in 2006 regarding a possible license granted by DePuy to us under a French patent in connection with one of our shoulder products. We did not come to any agreement with DePuy and last corresponded on this matter in early 2007. We were contacted by an individual in June 2010 regarding his French patent and his request that we explain our position regarding this patent with respect to our hip product Meije Duo. We analyzed the patent and our product and responded to the individual stating our belief the product falls outside the scope of his patent. The individual has not responded. We have searched and found that the individual has no corresponding patent outside of France. We do not believe that either notification will have a material adverse effect on our future business. In addition, we may, in the future, become aware of patent applications and issued patents that relate to our products or the surgical applications using our products and, in some cases, we may discuss with outside counsel the relevance of such issued patents to our products.

Our inability to maintain adequate working relationships with external research and development consultants and surgeons could have a negative impact on our ability to market and sell new products.

We maintain professional working relationships with external research and development consultants and leading surgeons and medical personnel in hospitals and universities who assist in product research and development. We continue to emphasize the development of proprietary products and product improvements to complement and expand our existing product lines. If we are unable to maintain these

relationships, our ability to market and sell new and improved products could decrease, and future operating results could be unfavorably affected.

We incur significant expenditures of resources to maintain relatively high levels of inventory, which can reduce our cash flows.

As a result of the need to maintain substantial levels of inventory, we are subject to the risk of inventory obsolescence. The nature of our business requires us to maintain a substantial level of inventory. For example, our total consolidated inventory balances were $77.5 million and $68.6 million at January 2, 2011 and December 27, 2009, respectively. In order to market effectively we often must maintain and bring our customers instrument kits, back-up products and products of different sizes. In the event that a substantial portion of our inventory becomes obsolete, it could have a material adverse effect on our earnings and cash flows due to the resulting costs associated with the inventory impairment charges and costs required to replace such inventory.

Recent acquisitions and efforts to acquire and integrate other companies or product lines could adversely affect our operations and financial results.

We may pursue acquisitions of other companies or product lines. A successful acquisition depends on our ability to identify, negotiate, complete and integrate such acquisition and to obtain any necessary financing. With respect to future acquisitions, we may experience:

- difficulties in integrating any acquired companies, personnel and products into our existing business;
- delays in realizing the benefits of the acquired company or products;
- diversion of our management's time and attention from other business concerns;
- challenges due to limited or no direct prior experience in new markets or countries we may enter;
- higher costs of integration than we anticipated; or
- difficulties in retaining key employees of the acquired business who are necessary to manage these acquisitions.

In addition, any future acquisitions could materially impair our operating results by causing us to incur debt or requiring us to amortize acquired assets.

If we cannot retain our key personnel, we will not be able to manage and operate successfully, and we may not be able to meet our strategic objectives.

Our success depends, in part, upon key managerial, scientific, sales and technical personnel, as well as our ability to continue to attract and retain additional highly qualified personnel. We compete for such personnel with other companies, academic institutions, governmental entities and other organizations. There is no guarantee that we will be successful in retaining our current personnel or in hiring or retaining qualified personnel in the future. Loss of key personnel or the inability to hire or retain qualified personnel in the future could have a material adverse effect on our ability to operate successfully. Further, any inability on our part to enforce non-compete arrangements related to key personnel who have left the business could have a material adverse effect on our business.

Fluctuations in insurance cost and availability could adversely affect our profitability or our risk management profile.

We hold a number of insurance policies, including product liability insurance, directors' and officers' liability insurance, property insurance and workers' compensation insurance. If the costs of maintaining adequate insurance coverage should increase significantly in the future, our operating results could be materially adversely affected. Likewise, if any of our current insurance coverage should become unavailable to us or become economically impractical, we would be required to operate our business without indemnity from commercial insurance providers.

If a natural or man-made disaster, including as a result of climate change or weather, strikes our manufacturing facilities or distribution channels, we could be unable to manufacture or distribute our products for a substantial amount of time and our sales could decline.

We principally rely on five manufacturing facilities, three of which are in France and two of which are in Ireland. The facilities and the manufacturing equipment we use to produce our products would be difficult to replace and could require substantial lead-time to repair or replace. For example, the machinery associated with our manufacturing of pyrocarbon in one of our French facilities is highly specialized and would take substantial lead-time and resources to replace. We also maintain warehouses in Stafford, Texas and Montbonnot, France, containing large amounts of our inventory. Our facilities, warehouses or distribution channels may be affected by natural or man-made disasters. Further, such may be exacerbated by climate change, as some scientists have concluded that climate change could result in the increased severity of and perhaps more frequent occurrence of extreme weather patterns. For example, in the event of a hurricane in Stafford, Texas, we may lose substantial amounts of inventory that would be difficult to replace. In the event our facilities, warehouses or distribution channels are affected by a disaster, we would be forced to rely on, among others, third-party manufacturers and alternative warehouse space and distribution channels, which may or may not be available, and our sales could decline. Although we believe we possess adequate insurance for damage to our property and the disruption of our business from casualties, such insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms or at all.

Recent turmoil in the credit markets and the financial services industry may negatively affect our business.

Recently, the credit markets and the financial services industry have been experiencing a period of unprecedented turmoil and upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from U.S. and foreign governments. While the ultimate outcome of these events cannot be predicted, they may have an adverse effect on our customers' ability to borrow money from their existing lenders or to obtain credit from other sources to purchase our products. In addition, the recent economic crises could also adversely affect our suppliers' ability to provide us with materials and components, either of which may negatively impact our business.

We may be unable to raise capital when needed, which would force us to delay, reduce, eliminate or abandon our commercialization efforts or product development programs.

There is no guarantee that our anticipated cash flow from operations will be sufficient to meet all of our cash requirements. We intend to continue to make investments to support our business growth and may require additional funds to:

- expand the commercialization of our products;
- fund our operations and clinical trials;
- continue our research and development;

- defend, in litigation or otherwise, any claims that we infringe third-party patents or other intellectual property rights;

- commercialize our new products, if any such products receive regulatory clearance or approval for commercial sale; and

- acquire companies and in-license products or intellectual property.

We believe that our existing cash and cash equivalent balances and cash receipts generated from sales of our products, will be sufficient to meet our anticipated cash requirements for the foreseeable future. However, our future funding requirements will depend on many factors, including:

- market acceptance of our products;

- the scope, rate of progress and cost of our clinical trials;

- the cost of our research and development activities;

- the cost of filing and prosecuting patent applications and defending and enforcing our patent and other intellectual property rights;

- the cost of defending, in litigation or otherwise, any claims that we infringe third-party patent or other intellectual property rights;

- the cost and timing of additional regulatory clearances or approvals;

- the cost and timing of expanding our sales, marketing and distribution capabilities;

- the effect of competing technological and market developments; and

- the extent to which we acquire or invest in businesses, products and technologies, although we currently have no commitments or agreements relating to any of these types of transactions.

If we raise additional funds by issuing equity securities, our shareholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our shareholders. If we do not have, or are not able to obtain, sufficient funds, we may have to delay development or commercialization of our products or license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize. We also may have to reduce marketing, customer support or other resources devoted to our products or cease operations.

Our operating results could be negatively impacted by future changes in the allocation of income to each of the entities through which we operate and to each of the income tax jurisdictions in which we operate.

We operate through multiple entities and in multiple income tax jurisdictions with different income tax rates both inside and outside the United States. Accordingly, our management must determine the appropriate allocation of income to each such entity and each of these jurisdictions. Income tax audits associated with the allocation of this income and other complex issues, including inventory transfer pricing and cost sharing and product royalty arrangements, may require an extended period of time to resolve and may result in income tax adjustments if changes to the income allocation are required. Since income tax adjustments in certain jurisdictions can be significant, our future operating results could be negatively impacted by settlement of these matters.

Future changes in technology or market conditions could result in adjustments to our recorded asset balance for intangible assets, including goodwill, resulting in additional charges that could significantly impact our operating results.

Our balance sheet includes significant intangible assets, including goodwill and other acquired intangible assets. The determination of related estimated useful lives and whether these assets are impaired involves significant judgments. Our ability to accurately predict future cash flows related to these intangible assets may be adversely affected by unforeseen and uncontrollable events. In the highly competitive medical device industry, new technologies could impair the value of our intangible assets if they create market conditions that adversely affect the competitiveness of our products. We test our goodwill for impairment in the fourth quarter of each year, but we also test goodwill and other intangible assets for impairment at any time when there is a change in circumstances that indicates that the carrying value of these assets may be impaired. Any future determination that these assets are carried at greater than their fair value could result in substantial non-cash impairment charges, which could significantly impact our reported operating results.

Our outstanding debt agreements contain restrictive covenants that may limit our operating flexibility.

The agreements relating to our outstanding debt contain some financial covenants limiting our ability to transfer or dispose of assets, merge with or acquire other companies, make investments, pay dividends, incur additional indebtedness and liens and conduct transactions with affiliates. We therefore may not be able to engage in any of the foregoing transactions until our current debt obligations are paid in full or we obtain the consent of the lenders. There is no guarantee that we will be able to generate sufficient cash flow or revenue to meet the financial covenants or pay the principal and interest on our debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or refinance any such debt.

For further information on these covenants, please see Section 5.2 of Chapter C of this prospectus, Net Indebtedness (in thousands of US$ – unaudited).

If reimbursement from third-party payors for our products becomes inadequate, surgeons and patients may be reluctant to use our products and our sales may decline.

In the United States, healthcare providers who purchase our products generally rely on third-party payors, principally federal Medicare, state Medicaid and private health insurance plans, to pay for all or a portion of the cost of joint reconstructive procedures and products utilized in those procedures. We may be unable to sell our products on a profitable basis if third-party payors deny coverage or reduce their current levels of reimbursement. Our sales depend largely on governmental healthcare programs and private health insurers reimbursing patients' medical expenses. To contain costs of new technologies, third-party payors are increasingly scrutinizing new treatment modalities by requiring extensive evidence of clinical outcomes and cost-effectiveness. Currently, we are aware of several private insurers who have issued policies that classify procedures using our Salto Talaris Prosthesis and Conical Subtalar Implants as experimental or investigational and denied coverage and reimbursement for such procedures. Surgeons, hospitals and other healthcare providers may not purchase our products if they do not receive satisfactory reimbursement from these third-party payors for the cost of the procedures using our products. Payors continue to review their coverage policies carefully for existing and new therapies and can, without notice, deny coverage for treatments that include the use of our products. If we are not successful in reversing existing non-coverage policies or other private insurers issue similar policies, this could have a material adverse effect on our business and operations.

In addition, some healthcare providers in the United States have adopted or are considering a managed care system in which the providers contract to provide comprehensive healthcare for a fixed cost per person. Healthcare providers may attempt to control costs by authorizing fewer elective surgical procedures, including joint reconstructive surgeries, or by requiring the use of the least expensive implant available. Additionally, there is a significant likelihood of reform of the U.S. healthcare system, and

changes in reimbursement policies or healthcare cost containment initiatives that limit or restrict reimbursement for our products may cause our revenue to decline.

If adequate levels of reimbursement from third-party payors outside of the United States are not obtained, international sales of our products may decline. Outside of the United States, reimbursement systems vary significantly by country. Many foreign markets have government-managed healthcare systems that govern reimbursement for orthopaedic medical devices and procedures. Additionally, some foreign reimbursement systems provide for limited payments in a given period and therefore result in extended payment periods.

Weakness in the global economy is likely to adversely affect our business until an economic recovery is underway.

Many of our products are used in procedures covered by private insurance, and some of these procedures may be considered elective. We believe the global economic downturn may reduce the availability or affordability of private insurance or may affect patient decisions to undergo elective procedures. If current economic conditions do not continue to recover or worsen, we expect that increasing levels of unemployment and pressures to contain healthcare costs could adversely affect the global growth rate of procedure volume, which could have a material adverse effect on our sales and results of operations.

Consolidation in the healthcare industry could lead to demands for price concessions or to the exclusion of some suppliers from certain of our markets, which could have an adverse effect on our business, financial condition or results of operations.

Because healthcare costs have risen significantly over the past decade, numerous initiatives and reforms initiated by legislators, regulators and third-party payors to curb these costs have resulted in a consolidation trend in the healthcare industry to create new companies with greater market power, including hospitals. As the healthcare industry consolidates, competition to provide products and services to industry participants has become and will continue to become more intense. This in turn has resulted and will likely continue to result in greater pricing pressures and the exclusion of certain suppliers from important market segments as group purchasing organizations, independent delivery networks and large single accounts continue to use their market power to consolidate purchasing decisions for some of our customers. We expect that market demand, government regulation, third-party reimbursement policies and societal pressures will continue to change the worldwide healthcare industry, resulting in further business consolidations and alliances among our customers, which may reduce competition, exert further downward pressure on the prices of our products and may adversely impact our business, financial condition or results of operations.

If we experience significant disruptions in our information technology systems, our business may be adversely affected.

We depend on our information technology systems for the efficient functioning of our business, including accounting, data storage, purchasing and inventory management. Currently, we have a non-interconnected information technology system; however, we have undertaken planning for the implementation of an upgrade of our systems. We expect that this upgrade will take two to three years to implement; however, when complete it should enable management to better and more efficiently conduct our operations and gather, analyze, and assess information across all of our business and geographic locations. We may experience difficulties in implementing this upgrade in our business operations, or difficulties in operating our business under this upgrade, either of which could disrupt our operations, including our ability to timely ship and track product orders, project inventory requirements, manage our supply chain, and otherwise adequately service our customers. In the event we experience significant disruptions as a result of the current implementation in our information technology system, we may not be able to fix our systems in an efficient and timely manner. Accordingly, such events may disrupt or reduce the efficiency of our entire operation and have a material adverse effect on our results of operations and cash flows.

II. RISKS RELATED TO REGULATORY ENVIRONMENT

The sale of our products is subject to regulatory clearances or approvals and our business is subject to extensive regulatory requirements. If we fail to maintain regulatory approvals and clearances, or are unable to obtain, or experience significant delays in obtaining, FDA clearances or approvals for our future products or product enhancements, our ability to commercially distribute and market these products could suffer.

Our medical device products and operations are subject to extensive regulation by the FDA and various other federal, state and foreign governmental authorities, such as those of the European Union and the competent authorities of the Member States of the EEA. Government regulation of medical devices is meant to assure their safety and effectiveness, and includes regulation of, among other things:

- design, development and manufacturing;
- testing, labeling, packaging, content and language of instructions for use, and storage;
- clinical trials;
- product safety;
- marketing, sales and distribution;
- premarket clearance and approval;
- recordkeeping procedures;
- advertising and promotion;
- recalls and field corrective actions;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury; and
- product import and export.

Before a new medical device, or a new use of, or claim for, an existing product can be marketed in the United States, it must first receive either premarket clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act, or FDCA, or PMA, from the FDA, unless an exemption applies. In the 510(k) clearance process, the FDA must determine that the proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The PMA pathway requires an applicant to demonstrate the safety and effectiveness of the device for its intended use based, in part, on extensive data including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. Products that are approved through a PMA application generally need FDA approval before they can be modified. Similarly, some modifications made to products cleared through a 510(k) may require a new 510(k). Both the 510(k) and PMA processes can be expensive and lengthy and entail significant user fees, unless exempt. The FDA's 510(k) clearance process usually takes from three to 12 months, but may take longer. The PMA pathway is much more costly and uncertain than the 510(k) clearance process and it generally takes from one to five years, or even longer, from the time the application is filed with the FDA until an approval is obtained. The process of obtaining regulatory clearances or approvals to market a medical device can be costly and time-consuming, and we may not be able to obtain these clearances or approvals on a timely basis, if at all.

Most of our currently commercialized products have received premarket clearance under Section 510(k) of the FDCA. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, our product introductions or modifications could be delayed or canceled, which could cause our sales to decline. In addition, the FDA may determine that future products will require the more costly, lengthy and uncertain PMA process. Although we do not currently market any devices under PMA, we cannot assure you that the FDA will not demand that we obtain a PMA prior to marketing or that we will be able to obtain the 510(k) clearances with respect to future products.

The FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- we may not be able to demonstrate to the FDA's satisfaction that our products are safe and effective for their intended users;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required;
- the manufacturing process or facilities we use may not meet applicable requirements; and
- changes in FDA clearance or approval policies or the adoption of new regulations may require additional data.

Any delay in, or failure to receive or maintain, clearance or approval for our products under development could prevent us from generating revenue from these products or achieving profitability. Additionally, the FDA and other governmental authorities have broad enforcement powers. Our failure to comply with applicable regulatory requirements could lead governmental authorities or a court to take action against us, including:

- issuing untitled letters or public warning letters to us;
- imposing fines and penalties on us;
- obtaining an injunction preventing us from manufacturing or selling our products;
- bringing civil or criminal charges against us;
- delaying the introduction of our products into the market;
- delaying pending requests for clearance or approval of new uses or modifications to our existing products;
- recalling, detaining or seizing our products; or
- withdrawing or denying approvals or clearances for our products.

If we fail to obtain and maintain regulatory approvals or clearances, our ability to sell our products and generate revenues will be materially harmed.

Outside of the United States, our medical devices must comply with the laws and regulations of the foreign countries in which they are marketed, and compliance may be costly and time-consuming.

To market and sell our products in other countries, we must seek and obtain regulatory approvals, certifications or registrations and comply with the laws and regulations of those countries. These laws and

regulations, including the requirements for approvals, certifications or registrations and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals, certifications or registrations are expensive, and we cannot be certain that we will receive regulatory approvals, certifications or registrations in any foreign country in which we plan to market our products. If we fail to obtain or maintain regulatory approvals, certifications or registrations in any foreign country in which we plan to market our products, our ability to generate revenue will be harmed.

In particular, in the EEA, which is composed of the 27 Member States of the EU plus Liechtenstein, Norway and Iceland, our medical devices must comply with the essential requirements of the EU Medical Devices Directives (Council Directive 93/42/EEC of 14 June 1993 concerning medical devices, as amended, and Council Directive 90/385/EEC of 20 June 2009 relating to active implantable medical devices, as amended). Compliance with these requirements entitles us to affix the CE conformity mark to our medical devices, without which they cannot be marketed in the EEA.

Further, the advertising and promotion of our products is subject to EEA Member States laws implementing Directive 93/42/EEC concerning Medical Devices, or the EU Medical Devices Directive, Directive 2006/114/EC concerning misleading and comparative advertising, and Directive 2005/29/EC on unfair commercial practices, as well as other EEA Member State legislation governing the advertising and promotion of medical devices. These laws may limit or restrict the advertising and promotion of our products to the general public and may impose limitations on our promotional activities with healthcare professionals.

Modifications to our marketed products may require new 510(k) clearances or PMAs, or may require us to cease marketing or recall the modified products until clearances are obtained.

Any modification to a 510(k)-cleared device that could significantly affect its safety or efficacy, or that would constitute a major change in its intended use, technology, materials, packaging and certain manufacturing processes, may require a new 510(k) clearance or, possibly, a PMA. The FDA requires every manufacturer to make the determination regarding the need for a new 510(k) clearance or PMA in the first instance, but the FDA may review the manufacturer's decision. The FDA may not agree with a manufacturer's decision regarding whether a new clearance or approval is necessary for a modification, and may retroactively require the manufacturer to submit a premarket notification requesting 510(k) clearance or an application for PMA. We have made modifications to our products in the past and may make additional modifications in the future that we believe do not or will not require additional clearances or approvals. No assurance can be given that the FDA would agree with any of our decisions not to seek 510(k) clearance or PMA. If the FDA requires us to cease marketing and recall the modified device until we obtain a new 510(k) clearance or PMA, our business, financial condition, results of operations and future growth prospects could be materially adversely affected. Further, our products could be subject to recall if the FDA determines, for any reason, that our products are not safe or effective. Any recall or FDA requirement that we seek additional approvals or clearances could result in significant delays, fines, increased costs associated with modification of a product, loss of revenue and potential operating restrictions imposed by the FDA.

Healthcare policy changes, including the recently enacted legislation to reform the U.S. healthcare system, may have a material adverse effect on us.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, collectively, the PPACA, which substantially changes the way health care is financed by both governmental and private insurers, encourages improvements in the quality of healthcare items and services, and significantly impacts the medical device industry. The PPACA includes, among other things, the following measures:

- an excise tax on any entity that manufactures or imports medical devices offered for sale in the United States;

- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research;

- new reporting and disclosure requirements on device manufacturers for any "transfer of value" made or distributed to prescribers and other healthcare providers, effective March 30, 2013;

- payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models, beginning on or before January 1, 2013;

- an independent payment advisory board that will submit recommendations to reduce Medicare spending if projected Medicare spending exceeds a specified growth rate; and

- a new licensure framework for follow-on biologic products.

These provisions could meaningfully change the way healthcare is delivered and financed, and may materially impact numerous aspects of our business.

In the future there may continue to be additional proposals relating to the reform of the U.S. healthcare system. Certain of these proposals could limit the prices we are able to charge for our products, or the amounts of reimbursement available for our products, and could limit the acceptance and availability of our products. The adoption of some or all of these proposals could have a material adverse effect on our financial position and results of operations.

Additionally, initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare costs, including price regulation and competitive pricing, are ongoing in markets where we do business. We could experience a negative impact on our operating results due to increased pricing pressure in the United States and certain other markets. Governments, hospitals and other third-party payors could reduce the amount of approved reimbursements for our products. Reductions in reimbursement levels or coverage or other cost-containment measures could unfavorably affect our future operating results.

Our financial performance may be adversely affected by medical device tax provisions in the health care reform laws.

The PPACA imposes a deductible excise tax equal to 2.3% of the price of a medical device on any entity that manufactures or imports medical devices offered for sale in the United States, with limited exceptions, beginning in 2013. Under these provisions, the total cost to the medical device industry is estimated to be approximately $20 billion over 10 years. These taxes would result in a significant increase in the tax burden on our industry, which could have a material, negative impact on our results of operations and our cash flows.

The use, misuse or off-label use of our products may harm our image in the marketplace or result in injuries that lead to product liability suits, which could be costly to our business or result in FDA sanctions if we are deemed to have engaged in such promotion.

Our currently marketed products have been cleared by the FDA's 510(k) clearance process for use under specific circumstances. Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition on the promotion of a medical device for a use that has not been cleared or approved by the FDA. Use of a device outside of its cleared or approved indication is known as "off-label" use. We cannot, however, prevent a surgeon from using our products or procedure for off-label use, as the FDA does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional

materials or subject us to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil fine and criminal penalties. Other federal, state or foreign governmental authorities might also take action if they consider our promotion or training materials to constitute promotion of an uncleared or unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, our reputation could be damaged and adoption of the products would be impaired. Although we train our sales force not to promote our products for off-label uses, and our instructions for use in all markets specify that our products are not intended for use outside of those indications cleared for use, the FDA or another regulatory agency could conclude that we have engaged in off-label promotion.

In addition, there may be increased risk of injury if surgeons attempt to use our products off-label. Furthermore, the use of our products for indications other than those indications for which our products have been cleared by the FDA may not effectively treat such conditions, which could harm our reputation in the marketplace among surgeons and patients. Surgeons may also misuse our products or use improper techniques if they are not adequately trained, potentially leading to injury and an increased risk of product liability. Product liability claims are expensive to defend and could divert our management's attention and result in substantial damage awards against us. Any of these events could harm our business and results of operations.

If our marketed medical devices are defective or otherwise pose safety risks, the FDA and similar foreign governmental authorities could require their recall, or we may initiate a recall of our products voluntarily.

The FDA and similar foreign governmental authorities may require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture or in the event that a product poses an unacceptable risk to health. Manufacturers may, on their own initiative, recall a product if any material deficiency in a device is found. In the past we have initiated voluntary product recalls. For example, in 2008, we recalled a small number of medical devices due to a mislabeled product. We requested FDA closure of the recall in January 2010. A government-mandated or voluntary recall by us or one of our sales agencies could occur as a result of an unacceptable risk to health, component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any of our products would divert managerial and financial resources and have an adverse effect on our financial condition and results of operations. Any recall could impair our ability to produce our products in a cost-effective and timely manner in order to meet our customers' demands. We may also be required to bear other costs or take other actions that may have a negative impact on our future sales and our ability to generate profits. We may initiate voluntary recalls involving our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, they could require us to report those actions as recalls. A future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA could take enforcement action for failing to report the recalls when they were conducted.

In the EEA we must comply with the EU Medical Device Vigilance System, the purpose of which is to improve the protection of health and safety of patients, users and others by reducing the likelihood of reoccurrence of incidents related to the use of a medical device. Under this system, incidents must be reported to the competent authorities of the Member States of the EEA. An incident is defined as any malfunction or deterioration in the characteristics and/or performance of a device, as well as any inadequacy in the labeling or the instructions for use which, directly or indirectly, might lead to or might have led to the death of a patient or user or of other persons or to a serious deterioration in their state of health. Incidents are evaluated by the EEA competent authorities to whom they have been reported, and where appropriate, information is disseminated between them in the form of National Competent Authority Reports, or NCARs. The Medical Device Vigilance System is further intended to facilitate a direct, early and harmonized implementation of Field Safety Corrective Actions, or FSCAs across the Member States of the EEA where the device is in use. An FSCA is an action taken by a manufacturer to reduce a risk of death or serious deterioration in the state of health associated with the use of a medical device that is already placed on the market. An FSCA may include the recall, modification, exchange, destruction or

retrofitting of the device. FSCAs must be communicated by the manufacturer or its legal representative to its customers and/or to the end users of the device through Field Safety Notices.

If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

Under the FDA medical device reporting regulations, or MDR, we are required to report to the FDA any incident in which our product has or may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. If we fail to report these events to the FDA within the required timeframes, or at all, the FDA could take enforcement action against us. Any adverse event involving our products could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection, mandatory recall or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results.

Our manufacturing operations require us to comply with the FDA's and other governmental authorities' laws and regulations regarding the manufacture and production of medical devices, which is costly and could subject us to enforcement action.

We and certain of our third-party manufacturers are required to comply with the FDA's Quality System Regulation, or QSR, which covers the methods of documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our products. We and certain of our suppliers are also subject to the regulations of foreign jurisdictions regarding the manufacturing process for our products marketed outside of the United States. The FDA enforces the QSR through periodic announced and unannounced inspections of manufacturing facilities. The failure by us or one of our suppliers to comply with applicable statutes and regulations administered by the FDA and other regulatory bodies, or the failure to timely and adequately respond to any adverse inspectional observations or product safety issues, could result in, among other things, any of the following enforcement actions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications or repair, replacement, refunds, recall, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for 510(k) clearance or PMA of new products or modified products;
- withdrawing 510(k) clearances or PMAs that have already been granted;
- refusal to grant export approval for our products; or
- criminal prosecution.

Any of these actions could impair our ability to produce our products in a cost-effective and timely manner in order to meet our customers' demands. We may also be required to bear other costs or take other actions that may have a negative impact on our future sales and our ability to generate profits. Furthermore, our key component suppliers may not currently be or may not continue to be in compliance with all applicable regulatory requirements, which could result in our failure to produce our products on a timely basis and in the required quantities, if at all.

We are subject to substantial post-market government regulation that could have a material adverse effect on our business.

The production and marketing of our products are subject to extensive regulation and review by the FDA and numerous other governmental authorities both in the United States and abroad. For example, in addition to other state regulatory requirements, Massachusetts, California and Arizona require compliance with the standards in industry codes such as the Code of Ethics on Interactions with Health Care Professionals issued by the Advanced Medical Technology Association (commonly known as AdvaMed), the Code on Interactions with Healthcare Professionals issued by MEDEC, the national association of Canada's medical technology companies, and international equivalents. The failure by us or one of our suppliers to comply with applicable regulatory requirements could result in, among other things, the FDA or other governmental authorities:

- imposing fines and penalties on us;
- preventing us from manufacturing or selling our products;
- delaying the introduction of our new products into the market;
- recalling or seizing our products;
- withdrawing, delaying or denying approvals or clearances for our products;
- issuing warning letters or untitled letters;
- imposing operating restrictions;
- imposing injunctions; and
- commencing criminal prosecutions.

Failure to comply with applicable regulatory requirements could also result in civil actions against us and other unanticipated expenditures. If any of these actions were to occur it would harm our reputation and cause our product sales to suffer and may prevent us from generating revenue.

The results of our clinical trials may not support our product candidate claims or may result in the discovery of adverse side effects.

Our ongoing research and development, pre-clinical testing and clinical trial activities are subject to extensive regulation and review by numerous governmental authorities both in the United States and abroad. We are currently conducting post-market clinical studies of some or our products to gather additional information about these products' safety, efficacy or optimal use. In the future we may conduct clinical trials to support approval of new products. Clinical studies must be conducted in compliance with FDA regulations or the FDA may take enforcement action. The data collected from these clinical trials may ultimately be used to support market clearance for these products. Even if our clinical trials are completed as planned, we cannot be certain that their results will support our product candidate claims or that the FDA or foreign authorities will agree with our conclusions regarding them. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful, and we cannot be sure that the later trials will replicate the results of prior trials and studies. The clinical trial process may fail to demonstrate that our product candidates are safe and effective for the proposed indicated uses, which could cause us to abandon a product candidate and may delay development of others. Any delay or termination of our clinical trials will delay the filing of our product submissions and, ultimately, our ability to commercialize our product candidates and generate revenues. It is also possible that patients enrolled in clinical trials will experience adverse side effects that are not currently part of the product candidate's profile.

If the third parties on which we rely to conduct our clinical trials and to assist us with pre-clinical development do not perform as contractually required or expected, we may not be able to obtain regulatory clearance or approval for or commercialize our products.

We often must rely on third parties, such as contract research organizations, medical institutions, clinical investigators and contract laboratories to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if these third parties need to be replaced, or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our pre-clinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize, our products on a timely basis, if at all, and our business, operating results and prospects may be adversely affected. Furthermore, our third-party clinical trial investigators may be delayed in conducting our clinical trials for reasons outside of their control.

Federal regulatory reforms may adversely affect our ability to sell our products profitably.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the clearance or approval, manufacture and marketing of a medical device. In addition, FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect our business and our products. It is impossible to predict whether legislative changes will be enacted or FDA regulations, guidance or interpretations changed, and what the impact of such changes, if any, may be.

We may be subject to or otherwise affected by federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, and could face substantial penalties if we are unable to fully comply with such laws.

Although we do not provide healthcare services, submit claims for third-party reimbursement, or receive payments directly from Medicare, Medicaid or other third-party payors for our products or the procedures in which our products are used, healthcare regulation by federal and state governments could significantly impact our business. Healthcare fraud and abuse and health information privacy and security laws potentially applicable to our operations include:

- the federal Anti-Kickback Law, which constrains our marketing practices and those of our independent sales agencies, educational programs, pricing policies and relationships with healthcare providers, by prohibiting, among other things, soliciting, receiving, offering or providing remuneration, intended to induce the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare or Medicaid programs;

- federal false claims laws which prohibit, among other things, knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, and its implementing regulations, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters and which also imposes certain regulatory and contractual requirements regarding the privacy, security and transmission of individually identifiable health information; and

- state laws analogous to each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws governing the privacy and security of certain health information, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

If our past or present operations, or those of our independent sales agencies, are found to be in violation of any of such laws or any other governmental regulations that may apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from federal healthcare programs and the curtailment or restructuring of our operations. Similarly, if the healthcare providers or entities with whom we do business are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on us. Any penalties, damages, fines, curtailment or restructuring of our operations could adversely affect our ability to operate our business and our financial results. The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Further, the recently enacted PPACA, among other things, amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the PPACA provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Any action against us for violation of these laws, even if we successfully defend against them, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

The PPACA also includes a number of provisions that impact medical device manufacturers, including new reporting and disclosure requirements on device and drug manufacturers for any "transfer of value" made or distributed to prescribers and other healthcare providers, effective March 30, 2013. Such information will be made publicly available in a searchable format beginning September 30, 2013. In addition, device and drug manufacturers will also be required to report and disclose any investment interests held by physicians and their immediate family members during the preceding calendar year. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per year (and up to an aggregate of $1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests not reported in an annual submission. The PPACA also imposes excise taxes on medical device manufacturers, permits the use of comparative effectiveness research to make Medicare coverage determinations in certain circumstances, creates an Independent Medicare Advisory Board charged with recommending ways to reduce the rate of Medicare spending and changes payment methodologies under the Medicare and Medicaid programs. All of these changes could adversely affect our business and financial results.

Governments and regulatory authorities have increased their enforcement of these healthcare fraud and abuse laws in recent years. For example, in 2007 five competitors in the orthopaedics industry settled a Department of Justice investigation into the financial relationships and consulting agreements between the companies and surgeons. The companies agreed to new corporate compliance procedures and federal monitoring. At issue were financial inducements designed to encourage physicians to use the payor company's products exclusively and the failure of physicians to disclose these relationships to hospitals and patients. Individual states may also be investigating the relationship between healthcare providers and companies in the orthopaedics industry. Many states have their own regulations governing the relationship between companies and healthcare providers. While we have not been the target of any investigations, we cannot guarantee that we will not be investigated in the future. If investigated we cannot assure that the costs of defending or resolving those investigations or proceedings would not have a material adverse effect on our financial condition, results of operations and cash flows.

Failure to obtain and maintain regulatory approval in foreign jurisdictions will prevent us from marketing our products abroad.

We currently market, and intend to continue to market, our products internationally. Outside the United States, we can market a product only if we receive a marketing authorization and, in some cases, pricing approval, from the appropriate regulatory authorities. The approval procedure varies among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA clearance or approval. The foreign regulatory approval process may include all of the risks associated with obtaining FDA clearance or approval in addition to other risks. For example, in order to market our products in the Member States of the EEA, our devices are required to comply with the

essential requirements of the EU Medical Devices Directives (Council Directive 93/42/EEC of 14 June 1993 concerning medical devices, as amended, and Council Directive 90/385/EEC of 20 June 2009 relating to active implantable medical devices, as amended). Compliance with these requirements entitles us to affix the CE conformity mark to our medical devices, without which they cannot be commercialized in the EEA. In order to demonstrate compliance with the essential requirements and obtain the right to affix the CE conformity mark we must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low risk medical devices (Class I), where the manufacturer can issue an EC Declaration of Conformity based on a self-assessment of the conformity of its products with the essential requirements of the Medical Devices Directives, a conformity assessment procedure requires the intervention of a Notified Body, which is an organization accredited by a Member State of the EEA to conduct conformity assessments. The Notified Body would typically audit and examine the quality system for the manufacture, design and final inspection of our devices before issuing a certification demonstrating compliance with the essential requirements. Based on this certification we can draw up an EC Declaration of Conformity, which allows us to affix the CE mark to our products.

We may not obtain foreign regulatory approvals or certifications on a timely basis, if at all. Clearance or approval by the FDA does not ensure approval or certification by regulatory authorities or Notified Bodies in other countries, and approval or certification by one foreign regulatory authority or Notified Body does not ensure approval by regulatory authorities in other foreign countries or by the FDA. We may be required to perform additional pre-clinical or clinical studies even if FDA clearance or approval, or the right to bear the CE mark, has been obtained. If we fail to receive necessary approvals to commercialize our products in foreign jurisdictions on a timely basis, or at all, our business, financial condition and results of operations could be adversely affected.

Our existing xenograft-based biologics business is and any future biologics products we pursue would be subject to emerging governmental regulations that could materially affect our business.

Some of our products are xenograft, or animal-based, tissue products. Our principal xenograft-based biologics offering is Conexa reconstructive tissue matrix. All of our current xenograft tissue-based products are regulated as medical devices and are subject to the FDA's medical device regulations.

While we do not currently offer any products based on human tissue, in the future we may offer biologics products based on human tissue. The FDA has statutory authority to regulate human cells, tissues and cellular and tissue-based products, or HCT/Ps. An HCT/P is a product containing or consisting of human cells or tissue intended for transplantation into a human patient, including allograft-based products. The FDA, EU and Health Canada have been working to establish more comprehensive regulatory frameworks for allograft-based, tissue-containing products, which are principally derived from cadaveric tissue.

Section 361 of the Public Health Service Act, or PHSA, authorizes the FDA to issue regulations to prevent the introduction, transmission or spread of communicable disease. HCT/Ps regulated as 361 HCT/Ps are subject to requirements relating to: registering facilities and listing products with the FDA; screening and testing for tissue donor eligibility; Good Tissue Practice, or GTP, when processing, storing, labeling and distributing HCT/Ps, including required labeling information; stringent recordkeeping; and adverse event reporting. The FDA has also proposed extensive additional requirements that address sub-contracted tissue services, tracking to the recipient/patient, and donor records review. If a tissue-based product is considered human tissue, the FDA requirements focus on preventing the introduction, transmission and spread of communicable diseases to recipients. A product regulated solely as a 361 HCT/P is not required to undergo premarket clearance or approval.

The FDA may inspect facilities engaged in manufacturing 361 HCT/Ps and may issue untitled letters, warning letters, or otherwise authorize orders of retention, recall, destruction and cessation of manufacturing if the FDA has reasonable grounds to believe that an HCT/P or the facilities where it is manufactured are in violation of applicable regulations. There are also requirements relating to the import of HCT/Ps that allow the FDA to make a decision as to the HCT/Ps' admissibility into the United States.

An HCT/P is eligible for regulation solely as a 361 HCT/P if it is: minimally manipulated; intended for homologous use as determined by labeling, advertising or other indications of the manufacturer's objective intent for a homologous use; the manufacture does not involve combination with another article, except for water, crystalloids or a sterilizing, preserving, or storage agent (not raising new clinical safety concerns for the HCT/P); and it does not have a systemic effect and is not dependent upon the metabolic activity of living cells for its primary function or, if it has such an effect, it is intended for autologous use or allogenetic use in close relatives or for reproductive use. If any of these requirements are not met, then the HCT/P is also subject to applicable biologic, device, or drug regulation under the FDCA or the PHSA. These biologic, device or drug HCT/Ps must comply both with the requirements exclusively applicable to 361 HCT/Ps and, in addition, with requirements applicable to biologics under the PHSA, or devices or drugs under the FDCA, including premarket licensure, clearance or approval.

Title VII of the PPACA, the Biologics Price Competition and Innovation Act of 2009, or BPCIA, creates a new licensure framework for follow-on biologic products, which could ultimately subject our biologics business to competition to so-called "biosimilars." Under the BPCIA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a referenced, branded biologic product. Previously, there had been no licensure pathway for such a follow-on product. While we do not anticipate that the FDA will license a follow-on biologic for several years, given the need to generate data sufficient to demonstrate "biosimilarity" to or "interchangeability" with the branded biologic according to criteria set forth in the BPCIA, as well as the need for the FDA to implement the BPCIA's provisions with respect to particular classes of biologic products, we cannot guarantee that our biologics will not eventually become subject to direct competition by a licensed "biosimilar."

Procurement of certain human organs and tissue for transplantation, including allograft tissue we may use in future products, is subject to federal regulation under the National Organ Transplant Act, or NOTA. NOTA prohibits the acquisition, receipt, or other transfer of certain human organs, including bone and other human tissue, for valuable consideration within the meaning of NOTA. NOTA permits the payment of reasonable expenses associated with the removal, transportation, implantation, processing, preservation, quality control and storage of human organs. For any future products implicating NOTA's requirements, we would reimburse tissue banks for their expenses associated with the recovery, storage and transportation of donated human tissue that they would provide to us for processing. NOTA payment allowances may be interpreted to limit the amount of costs and expenses that we may recover in our pricing for our products, thereby negatively impacting our future revenue and profitability. If we were to be found to have violated NOTA's prohibition on the sale or transfer of human tissue for valuable consideration, we would potentially be subject to criminal enforcement sanctions, which could materially and adversely affect our results of operations. Further, in the future, if NOTA is amended or reinterpreted, we may not be able to pass these expenses on to our customers and, as a result, our business could be adversely affected.

Our operations involve the use of hazardous materials, and we must comply with environmental health and safety laws and regulations, which can be expensive and may affect our business and operating results.

We are subject to a variety of laws and regulations of the countries in which we operate and distribute products, such as the European Union, or EU, France, Ireland, other European nations and the United States, relating to the use, registration, handling, storage, disposal, recycling and human exposure to hazardous materials. Liability under environmental laws can be joint and several and without regard to comparative fault, and environmental, health and safety laws could become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with violations, which could harm our business. In the EU, where our manufacturing facilities are located, we and our suppliers are subject to EU environmental requirements such as the Registration, Evaluation, Authorisation and Restriction of Chemicals, or REACH, regulation. In addition, we are subject to the environmental, health and safety requirements of individual European countries in which we operate such as France and Ireland. For example, in France, requirements known as the Installations Classées pour la Protection de l'Environnement regime provide for specific environmental standards related to industrial operations such as noise, water treatment, air quality and energy consumption. In Ireland, our manufacturing facilities are

likewise subject to local environmental regulations, such as related to water pollution and water quality, that are administered by the Environmental Protection Agency. We believe that we are in material compliance with all applicable environmental, health and safety requirements in the countries in which we operate and do not have reason to believe that we are responsible for any cleanup liabilities. In addition, certain hazardous materials are present at some of our facilities, such as asbestos, that we believe are managed in compliance with all applicable laws. We are also subject to greenhouse gas regulations in the EU and elsewhere and we believe that we are in compliance based on present emissions levels at our facilities. Although we believe that our activities conform in all material respects with applicable environmental, health and safety laws, we cannot assure you that violations of such laws will not arise as a result of human error, accident, equipment failure, presently unknown conditions or other causes. The failure to comply with past, present or future laws, including potential laws relating to climate control initiatives, could result in the imposition of fines, third-party property damage and personal injury claims, investigation and remediation costs, the suspension of production or a cessation of operations. In particular, in relation to our manufacturing facility located in Saint-Ismier, France, we require a formal agreement and/or authorization to discharge wastewater to the local community wastewater treatment system, or could be subject to fines, civil liability, and/or reduced throughput. As has been standard practice for business operations in the area, we believe that we obtained authorization from local authorities to connect to the wastewater discharge network at the time we first made our connection in 2003. When authority over such matters was assumed by an inter-community agency, the *Syndicat Intercommunal de la Zone Verte* (SIZOV), we applied for and received formal authorization as of October 28, 2010. We also expect that our operations will be affected by other new environmental and health and safety laws, including laws relating to climate control initiatives, on an ongoing basis. Although we cannot predict the ultimate impact of any such new laws, they could result in additional costs and may require us to change how we design, manufacture or distribute our products, which could have a material adverse effect on our business.

III. RISKS RELATING TO TORNIER N.V.'S SHARES

The trading prices of our Shares are likely to be volatile, which could result in substantial losses to investors.

The trading prices of our Shares are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in Europe that have listed their securities in the United States. A number of European companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these European companies' securities after their offerings may affect the attitudes of investors toward European companies listed in the United States in general and consequently may impact the trading performance of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenue, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- additions or departures of key personnel;

- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;

- potential litigation or regulatory investigations; and

- fluctuations in market prices for our products.

Any of these factors may result in large and sudden changes in the volume and price at which our Shares will trade. In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

We have in the past and may in the future experience deficiencies, including material weaknesses, in our internal control over financial reporting. Our business and our share price may be adversely affected if we do not remediate these material weaknesses or if we have other weaknesses in our internal controls.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. A material weakness, as defined in the standards established by the Public Company Accounting Oversight Board, is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the audit of our financial statements for 2009, we identified a material weakness in our internal control over financial reporting relating to our audited financial statements for fiscal years 2007 and 2008. Specifically, in our case, management and our independent registered accounting firm have determined that internal controls over identifying, evaluating and documenting accounting analysis and conclusions over complex non-routine transactions, including related-party transactions, required strengthening. Although we implemented initiatives aimed at addressing this material weakness, these initiatives may not remediate the identified material weakness. Our management and independent registered public accounting firm has not performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act. As a public company, absent an available exemption, we will be required to comply with Section 404 of the Sarbanes-Oxley Act by no later than December 31, 2011. Had we and our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional control deficiencies may have been identified by management or our independent registered public accounting firm, and those control deficiencies could have also represented one or more material weaknesses. We cannot be certain as to when we will be able to implement the requirements of Section 404 of the Sarbanes-Oxley Act. If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory agencies such as the SEC. In addition, failure to comply with Section 404 or the report by us of a material weakness may cause investors to lose confidence in our financial statements, and the trading price of our Shares may decline. If we fail to remedy any material weakness, our financial statements may be inaccurate, our access to the capital markets may be restricted and the trading price of our Shares may decline.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the market price for our Shares and trading volume could decline.

The trading market for our Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our Shares, the market price for our Shares would likely decline. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares to decline.

The sale or availability for sale of substantial amounts of our Shares could adversely affect their market price.

Sales of substantial amounts of our Shares in the public market, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our Shares.

We are party to a registration rights agreement with certain of our shareholders and officers, including TMG Holdings Coöperatief U.A., or TMG, Vertical Fund I, L.P., or VFI, Vertical Fund II, L.P., or VFII, KCH Stockholm AB, or KCH, Phil Invest ApS and Douglas W. Kohrs, which requires us to register up to 27,590,201 of our Shares held by these persons under the Securities Act, subject to certain restrictions and conditions described in "Description of Ordinary Shares—Registration Rights". The market price of our Shares could decline as a result of the registration of or the perception that registration may occur of a large number of our Shares.

We are a Netherlands company, and it may be difficult for you to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.

We were formed under the laws of the Netherlands and, as such, the rights of holders of our Shares and the civil liability of our directors will be governed by Dutch laws and our amended articles of association. The rights of shareholders under the laws of the Netherlands may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of the named experts referred to in Tornier's Form 10-K are not residents of the United States, and certain of our directors and our executive officers and most of our assets and some of the assets of our directors are located outside the United States. As a result, you may not be able to serve process on us or on such persons in the United States or obtain or enforce judgments from U.S. courts against them or us based on the civil liability provisions of the securities laws of the United States. There is doubt as to whether Dutch courts would enforce certain civil liabilities under U.S. securities laws in original actions or enforce claims for punitive damages.

Under our amended articles of association, we indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. Although there is doubt as to whether U.S. courts would enforce such provision in an action brought in the United States under U.S. securities laws, such provision could make enforcing judgments obtained outside of the Netherlands more difficult to enforce against our assets in the Netherlands or jurisdictions that would apply Dutch law.

Your rights as a holder of Shares will be governed by Dutch law and will differ from the rights of shareholders under U.S. law.

We are a public limited liability company incorporated under Dutch law. The rights of holders of Shares are governed by Dutch law and our amended articles of association. These rights differ from the typical rights of shareholders in U.S. corporations. For example, Dutch law significantly limits the circumstances under which shareholders of Dutch companies may bring an action on behalf of a company.

We do not anticipate paying dividends on our Shares.

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our Shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant.

WP Bermuda and its affiliates, a significant shareholder, control approximately 47% of our Shares, and this concentration of ownership may have an effect on transactions that are otherwise favorable to our shareholders.

WP Bermuda and its affiliates, or Warburg Pincus, beneficially own, in the aggregate, approximately 47% of our outstanding Shares. These shareholders could have an effect on matters requiring our shareholders' approval, including the election of directors. This concentration of ownership may also delay, deter or prevent a change in control, and may make some transactions more difficult or impossible to complete without the support of these shareholders, regardless of the impact of this transaction on our other shareholders. In addition, our Securityholders' Agreement, as amended on August 27, 2010, gives TMG, an affiliate of Warburg Pincus, the right to designate three of the eight directors to be nominated to our Board for so long as TMG beneficially owns at least 25% of the outstanding shares, two of the eight directors for so long as TMG beneficially owns at least 10% but less than 25% of the outstanding shares and one of the eight directors for so long as TMG beneficially owns at least 5% but less than 10% of the outstanding shares, and we have agreed to use our reasonable best efforts to cause the TMG designees to be elected.

IV. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, which may result in potential losses arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rate fluctuations. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We believe we are not exposed to a material market risk with respect to our invested cash and cash equivalents.

Interest Rate Risk

Borrowings under our various revolving lines of credit in the United States and in Europe generally bear interest at variable annual rates. Borrowings under our various term loans in the United States and Europe are mixed between variable and fixed interest rates. As of July 3, 2011, we had $4.7 million in borrowings under our revolving lines of credit and $36.1 million in borrowings under various term loans. Based upon this debt level, a 10% increase in the interest rate on such borrowings would not have a material impact on our interest expense.

At July 3, 2011, our cash and cash equivalents were $59.7 million. Based on our annualized average interest rate, a 10% decrease in the interest rate on such balances would result in an immaterial impact on an annual basis.

Foreign Currency Exchange Rate Risk

Fluctuations in the rate of exchange between the U.S. dollar and foreign currencies could adversely affect our financial results. In the first two quarters of 2011 and 2010, approximately 47% and 45% of our revenues, respectively, were denominated in foreign currencies. We expect that foreign currencies will continue to represent a similarly significant percentage of our revenues in the future. Operating expenses related to these revenues are largely denominated in the same respective currency, thereby limiting our

transaction risk exposure. However, for revenues not denominated in U.S. dollars, if there is an increase in the rate at which a foreign currency is exchanged for U.S. dollars, it will require more of the foreign currency to equal a specified amount of U.S. dollars than before the rate increase. In such cases and if we price our products in the foreign currency, we will receive less in U.S. dollars than we did before the rate increase went into effect. If we price our products in U.S. dollars and competitors price their products in local currency, an increase in the relative strength of the U.S. dollar could result in our prices not being competitive in a market where business is transacted in the local currency.

During the three and six months ended July 3, 2011, approximately 81% and 82%, respectively, of our revenues denominated in foreign currencies were derived from EU countries and was denominated in Euros. Additionally, we have significant intercompany payables and debt with certain European subsidiaries, which are denominated in foreign currencies, principally the Euro. Our principal exchange rate risk therefore exists between the U.S. dollar and the Euro. Fluctuations from the beginning to the end of any given reporting period result in the remeasurement of our foreign currency-denominated cash, receivables, payables and debt, generating currency transaction gains or losses that impact our non-operating income/expense levels in the respective period and are reported in foreign currency transaction gain (loss) in our consolidated financial statements. We recorded a foreign currency transaction gain of approximately $0.2 million and $0.1 million during the three and six months ended July 3, 2011, respectively, related to the translation of our foreign-denominated receivables, payables and debt into U.S. dollars. We do not currently hedge our exposure to foreign currency exchange rate fluctuations. We may, however, hedge such exposure to foreign currency exchange rates in the future.

CHAPTER C: ADDITIONAL INFORMATION

COMPANY REPRESENTATIVE FOR PROSPECTUS

1.1 Douglas W. Kohrs, President, Chief Executive Officer and Executive Director, acting for and on behalf of Tornier N.V.

1.2 Tornier N.V. accepts responsibility for the information contained in this prospectus. To the best of Tornier N.V.'s knowledge and belief, having taken all reasonable care to ensure that such is the case, it declares that the information contained in this prospectus is in accordance with the facts and contains no omission likely to affect its import. The delivery of this prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in Tornier N.V.'s affairs since the date hereof. The legal advisors to Tornier N.V. accept no responsibility whatsoever for the contents of this prospectus, or for its transaction, or for any other statement made or purported to be made by any of them or on their behalf in connection with the Issuer. The legal advisors to Tornier N.V. accordingly disclaim all and any liability whether arising in tort or contract which they might otherwise have in respect of this prospectus or any such statement.

/s/ Douglas W. Kohrs
Douglas W. Kohrs
President, Chief Executive Officer and Executive Director of Tornier N.V.

Amsterdam, The Netherlands, September 8, 2011

I. OVERVIEW

1.1 Purpose of the 2010 ESPP

The 2010 ESPP was established by Tornier to advance the interests of the Company and its stockholders by providing eligible employees of the Company and each subsidiary designated for participation with opportunities to acquire Shares on favorable terms through payroll deductions. The net proceeds of the offer of the 2010 ESPP will be used for general corporate purposes.

1.2 Shares Offered under the 2010 ESPP and the 2010 Plan

The 2010 ESPP and the issuance of Shares thereunder was adopted by the Board and approved by Tornier shareholders on October 28, 2010. The 2010 Plan and the issuance of Shares thereunder was adopted by the Board and approved by Tornier shareholders on August 26, 2010.

Subject to adjustment upon changes in capitalization of the Company as described below, a maximum of three hundred thirty-three thousand, three hundred thirty-three (333,333) Shares have been authorized for sale under the 2010 ESPP. If any purchase right granted under the 2010 ESPP for any reason terminates without having been exercised, the Shares not purchased under such purchase right will again become available for issuance under the 2010 ESPP. The Shares subject to the 2010 ESPP may be unissued shares or reacquired shares bought on the market or otherwise. As of July 1, 2011, 333,333 Shares are available for issuance under the 2010 ESPP.

The number of Shares that have been authorized for issuance under the 2010 ESPP but not yet placed under purchase right, the maximum number of Shares each participant may purchase in each Offering

Period (as defined in Section 1.3 below), as well as the price per Share and the number of Shares covered by each purchase right under the 2010 ESPP that has not yet been exercised will be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination, or reclassification of the Shares, or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company. Such adjustment will be made by the Committee, whose determination in that respect will be final, binding, and conclusive on all participants and the Company. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, will affect, and no adjustment by reason thereof will be made with respect to, the number or price of Shares subject to an purchase right.

In the event of a proposed merger or amalgamation of the Company with or into another corporation or a proposed sale of all or substantially all of the assets of the Company, each outstanding purchase right will be assumed or an equivalent purchase right substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation or a parent or subsidiary of the successor corporation refuses to assume or substitute for the purchase right, or in the event of the proposed dissolution, or liquidation of the Company, the Offering Period then in progress will be shortened by the Committee by setting a new Exercise Date (the "New Exercise Date"), which will occur no later than immediately prior to the effective date of such proposed merger, amalgamation, sale, dissolution or liquidation, as applicable. The Company will notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's purchase right has been changed to the New Exercise Date and that the participant's purchase right will be exercised automatically on the New Exercise Date, unless prior to such New Exercise Date the participant has withdrawn from the Offering Period.

A participant may not accrue the right to purchase more than $25,000 worth of Shares (based on the fair market value per Share on the applicable offering date) per calendar year his or her purchase right remains outstanding. Fair market value of a Share is determined as provided in Section 1.4 below.

1.3 Offering Periods

Purchase rights to purchase Shares will be offered to participants under the 2010 ESPP through a continuous series of six month offerings running from January 1 to June 30 and July 1 to December 31 of each year (each an "Offering Period"). Notwithstanding, the first Offering Period under the 2010 ESPP will have an enrollment date and Exercise Date (as further described below) as determined by the Committee in its sole discretion. It is currently expected that the first Offering Period under the 2010 ESPP will begin on October 1, 2011, and that the enrollment period for this first Offering Period will be between September 12 and September 23, 2011.

1.4 Purchase Price

The purchase price will equal eighty five percent (85%) of the Fair Market Value of one Share on the Exercise Date. "Fair Market Value" means the closing sale price of a Share as of such date at the end of the regular trading session, as reported by the Nasdaq Stock Market.

1.5 Purchase of Shares

Unless a participant withdraws from the 2010 ESPP or otherwise becomes ineligible to participate in the 2010 ESPP, such participant's purchase right for the purchase of Share will be exercised automatically on the last trading day of each Offering Period (the "Exercise Date"), and the maximum number of full Shares subject to the purchase right will be purchased for such participant at the applicable purchase price with the accumulated payroll deductions in his account. No fractional Shares will be purchased, and any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full Share will be retained in such participant's account for the subsequent Offering Period.

1.6 Term of 2010 ESPP

The 2010 ESPP was adopted by the Board and approved by Tornier shareholders on October 28, 2010. The 2010 ESPP will be in effect until the tenth (10th) anniversary of the date of the initial adoption of the 2010 ESPP by the Board, unless sooner terminated.

1.7 Termination or Amendment of 2010 ESPP

The Board may at any time and for any reason terminate or amend the 2010 ESPP; provided, no such termination will affect purchase rights previously granted unless the Board if the Board determines that the termination of an Offering Period or the 2010 ESPP is in the best interests of the Company and its shareholders. No amendment may make any change in any purchase right theretofore granted which adversely affects the rights of any participant without the consent of such participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation, or stock exchange rule), the Company will obtain shareholder approval of any amendment in such a manner and to such a degree as required. The Committee may establish one or more sub-plans of the 2010 ESPP which do not comply with Section 423 of the Code for eligible employees of designated subsidiaries incorporated in countries outside of the United States.

II. ELIGIBILITY

2.1 Eligible Employees

Any employee who is an Eligible Employee on the enrollment date for an Offering Period will be eligible to participate in the 2010 ESPP during such Offering Period. For purposes of the foregoing, "Eligible Employee" means an employee of a Designated Subsidiary on an enrollment date who would not, immediately after an purchase right is granted to him or her hereunder, own Shares possessing five percent (5%) or more of the total combined voting power or value of all classes of shares of the Company or any subsidiary.

2.2 Participation

Each Eligible Employee may become a participant with respect to any Offering Period by completing a subscription agreement authorizing payroll deductions in a form acceptable to the Committee and filing it with the Company (or its designated third-party stock plan administrator) fifteen (15) business days (or a different number of days as may be determined by the Committee, in its sole discretion) prior to the first day of such Offering Period. The subscription agreement will be posted on Tornier's intranet and is available upon request by an employee. A participant's completion of a subscription agreement with respect to any Offering Period will enroll such participant in the 2010 ESPP for each subsequent Offering Period on the terms contained therein until the participant either submits a new subscription agreement, withdraws from participation under the 2010 ESPP, or otherwise becomes ineligible to participate in the 2010 ESPP.

2.3 Payroll Deductions

At the time a participant files his subscription agreement, such participant will elect to have payroll deductions made on each payday (such amount to be deducted after any applicable deduction for tax and other withholding) during the Offering Period in an amount from one percent (1%) to ten percent (10%) of the compensation which he receives on each pay day during the Offering Period. All payroll deductions made for a participant will be credited to his account under the 2010 ESPP and will be withheld in whole percentages only, and a participant generally may not make any additional payments into such account.

2.4 Discontinuance of Participation in 2010 ESPP; Increase/Decrease of Payroll Deductions

A participant may discontinue his participation in the 2010 ESPP, or may increase or decrease the rate of his payroll deductions during the Offering Period by completing or filing with the Company (or its designated third-party stock plan administrator) a new subscription agreement authorizing a change in payroll deduction rate. The Committee may, in its discretion, limit the number of participation rate changes per participant during any Offering Period. The change in rate will be effective with the first full payroll period following five business (5) days (or a different number of days as may be determined by the Committee, in its sole discretion) after the Company's (or its designated third-party stock plan administrator's) receipt of the new subscription agreement.

2.5 Withdrawal of Payroll Deductions

At any time prior to the Exercise Date, a participant, by giving written notice to the Company (or its designated third-party stock plan administrator) in a form acceptable to the Committee, may withdraw all but not less than all of the payroll deductions credited to his account and not yet used to exercise an purchase right under the 2010 ESPP. All of the participant's payroll deductions credited to his account during the Offering Period, plus any balance retained in his account from a prior Offering Period, if any, will be paid to such participant as soon as reasonably practicable after receipt of notice of withdrawal, and such participant's purchase right for the Offering Period will be automatically terminated, and no further payroll deductions for the purchase of Share will be made for such Offering Period. A participant's withdrawal from an Offering Period will not have any effect upon his eligibility to participate in any similar plan which may hereafter be adopted by the Company or in Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

2.6 Termination of Employment

Upon a participant's ceasing to be an Eligible Employee, for any reason, such participant will be deemed to have elected to withdraw from the 2010 ESPP, and the payroll deductions credited to such participant's account during the Offering Period, plus any balance retained in his account from a prior Offering Period, if any, without interest, will be paid to him/her, or in the case of his/her death, to the person or persons entitled to his account soon as reasonably practicable, and such participant's purchase right for the Offering Period will be automatically terminated.

III. DELIVERY AND SALE OF THE SHARES

As promptly as practicable after each Exercise Date on which a purchase of Share occurs, the Company will arrange for the deposit, into each Participant's account with any broker designated by the Company to administer this Plan, of the number of Shares purchased upon exercise of each such Participant's purchase right. In the case of newly issued Shares, there issuance date will be as of the Exercise Date.

IV. RIGHTS RELATED TO THE SHARES

4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

Our initial public offering, or the Offering, was effected through a Registration Statement on Form S-1 (File No. 333-167370) that was declared effective by the SEC on February 2, 2011. An aggregate of 10,062,500 Shares were registered (including the underwriters' over-allotment of 1,312,500 Shares), of which we sold 8,750,000 Shares, at an initial price to the public of $19.00 per share (before underwriters' discounts and commissions). The Offering closed on February 8, 2011, and, as a result, we received net proceeds of approximately $155.4 million (after underwriters' discounts and commissions of approximately $10.8 million, but before additional offering related costs). Merrill Lynch, Pierce, Fenner &

Smith Incorporated and J.P. Morgan Securities LLC were the managing underwriters of the Offering. Subsequently, on March 7, 2011, we issued an additional 721,274 ordinary Shares at an offering price of $19.00 per Share (before underwriters' discounts and commissions) due to the exercise of the underwriters' overallotment option. We received proceeds of approximately $12.8 million (after underwriters' discounts and commissions of approximately $0.9 million).

As of July 3, 2011, Tornier was authorized to issue 175,000,000 Shares and no shares of preferred stock. As of August 10, 2011, there were 39,170,863 Shares outstanding.

The Shares are listed on the Nasdaq under the symbol “TRNX.” The CUSIP number for the Shares is N87237 108.

4.2 Legislation Under Which the Securities Have Been Created

The Shares were created under Book 2 of the Dutch Civil Code.

4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

Tornier issues its Shares in registered form and such shares are not certificated. Tornier has appointed American Stock Transfer & Trust Company, LLC (AST) as its agent in New York to maintain part of the shareholders' register and to act as transfer agent, registrar and paying agent for the Shares. Its registered Shares that are traded on the Nasdaq will be in book-entry form. The address and telephone number for AST are as follows:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
USA
+ 1-718-921-8293

Shares purchased by participants are currently held with Bank of America Merrill Lynch (BAML). The address and telephone number of BAML are:

Bank of America Merrill Lynch
Retirement Services Group
1400 Merrill Lynch Drive
M15 NJ2-140-03-04
Pennington, New Jersey 08534
USA
+ 1-866-977-8769

Fees and Commissions

The commission charged by BAML to Participating Employees on sales of Shares purchased under the 2010 ESPP is as follows:

Service	Fee
Sale Transaction Fee	**Web/Interactive Voice Recording Sales** US$0.03 per Share (US$29.95 minimum) **Live Representative Assisted Sales** US$0.03 per Share (US$29.95 minimum)

Service	Fee
Distribution Fee	US Dollar Check: Included Foreign Currency Check: US$7.50 US Dollar Wire: US$15.00 Non-US Dollar Wire: US $15.00 Overnight Check Delivery: $25.00
Share Delivery Fee	Direct Registration or Broker Transfers (**if trandferred to a non-Merrill Lynch brokerage account**): US$50.00

In addition, the SEC imposes a fee on the transfer of the Shares. This fee is paid to the SEC at the time of sale and is required for all equity trades. Upon selling the Shares, Participating Employees will be charged a fee equal to US$0.0000192 multiplied by the total principal amount of the sale proceeds. Effective October 1, 2011, or 30 days after the date on which the SEC receives its fiscal year 2012 regular appropriation, whichever date comes later, the fee rate will decrease from $19.20 per million dollars to $15.10 per million dollars.

4.4 Currency of the Securities Issue

The United States Dollar is the currency of the securities issue. Participants assume the risk of any currency fluctuations from the time of their contributions to the 2010 ESPP by payroll deductions through the selling of their Shares purchased under the 2010 ESPP.

4.5 Rights Attached to the Securities

No participant shall have any voting, dividend, or other stockholder rights with respect to any offering under the 2010 ESPP until the Shares have been purchased and delivered to the participant as provided in Section III above. Following such purchase and delivery, the participant shall be entitled to the rights attached to the Shares, as further described below:

Dividend Rights.

Tornier's amended articles of association provide that dividends may in principle only be paid out of profit as shown in the adopted annual accounts. Tornier will have power to make distributions to shareholders and other persons entitled to distributable profits only to the extent that its equity exceeds the sum of the paid and called-up portion of the Share capital and the reserves that must be maintained in accordance with provisions of Dutch law or its amended articles of association. The profits must first be used to set up and maintain reserves required by law and must then be set off against certain financial losses. Tornier may not make any distribution of profits on Shares that it hold. Tornier's Board determines whether and how much of the remaining profit they will reserve and the manner and date of such distribution and notifies shareholders. Dividends not claimed by shareholders within five (5) years of the date they are payable are forfeited and will be retained by Tornier.

Under Dutch law and the Articles of Association, there is no restriction on the ability of Tornier to pay dividends to non-Dutch shareholders and there are no special procedures applicable to the payment of dividends to non-Dutch shareholders. For information on taxation on dividends, see "*Tax Consequences*"

All calculations to determine the amounts available for dividends will be based on Tornier's Dutch annual accounts, which may be different from its consolidated financial statements filed with the SEC. Tornier's statutory accounts have to date been prepared and will continue to be prepared under Dutch GAAP and are deposited with the Commercial Register in Amsterdam, The Netherlands.

Tornier has not previously declared or paid cash dividends and it has no plan to declare or pay any dividends in the near future on its Shares. Tornier currently intends to retain most, if not all, of its available funds and any future earnings to operate and expand its business.

General Meetings of Shareholders

Each shareholder has a right to attend general meetings, either in person or by proxy, and to exercise voting rights in accordance with the provisions of our articles of association. We must hold at least one general meeting each year. This meeting must be convened at one of three specified locations in The Netherlands (Amsterdam, Haarlemmermeer (Schiphol airport) and Schiedam) within six months after the end of our fiscal year. Our board of directors may convene additional general meetings as often as they deem necessary. Pursuant to Dutch law, one or more shareholders representing at least 10% of our issued share capital may request the Dutch courts to order that a general meeting be held. Dutch law does not restrict the rights of holders of ordinary shares who do not reside in The Netherlands from holding or voting their shares. We will give notice of each meeting of shareholders by publication on our website and in any other manner that we may be required to follow in order to comply with applicable stock exchange and SEC requirements.

We will give notice no later than the fifteenth day prior to the day of the meeting. As deemed necessary by the Board, either the notice will include or be accompanied by an agenda identifying the business to be considered at the meeting. Shareholders representing at least 1% of the issued share capital or the equivalent of at least €50 million in aggregate market value have the right to request the inclusion of additional items on the agenda of shareholder meetings, provided that such request is received by us no later than 60 days before the day the relevant shareholder meeting is held. Our Board may decide that shareholders are entitled to participate in, to address and to vote in the general meeting by way of an electronic means of communication, in person or by proxy, provided the shareholder may by the electronic means of communication be identified, directly take notice of the discussion in the meeting and participate in the deliberations. Our Board may adopt a resolution containing conditions for the use of electronic means of communication in writing. If our board of directors has adopted such regulations, they will be disclosed with the notice of the meeting as provided to shareholders.

Voting Rights.

Each share is entitled to one vote. Voting rights may be exercised by shareholders registered in Tornier's share register or by a duly appointed proxy of a registered shareholder, which proxy need not be a shareholder. Tornier's articles of association do not limit the number of registered shares that may be voted by a single shareholder. Treasury shares, whether owned by Tornier or one of its majority-owned subsidiaries, will not be entitled to vote at general meetings. Resolutions of the general meeting are adopted by a simple majority of votes cast, except as described in the following two paragraphs.

Matters requiring a majority of at least two-thirds of the votes cast, which votes also represent more than 50% of our issued share capital include, among others:

- a resolution to cancel a binding nomination for the appointment of members of the Board;
- a resolution to appoint members of the Board, if the Board fails to use its right to submit a binding nomination, or if the binding nomination is set aside; and
- a resolution to dismiss or suspend members of the Board other than pursuant to a proposal by the Board.

Matters requiring a majority of at least two-thirds of the votes cast, if less than 50% of our issued share capital is represented include, among others:

- a resolution of the general meeting regarding restricting and excluding pre-emptive rights, or decisions to designate the Board as the body authorized to exclude or restrict pre-emptive rights;

- a resolution of the general meeting to reduce our outstanding share capital; and

- a resolution of the general meeting to have us merge or demerge.

Quorum for General Meetings

Under our articles of association, holders of at least one-third of the outstanding shares must be represented at a meeting to constitute a quorum.

Adoption of Annual Accounts and Discharge of Management Liability

Our board of directors must prepare annual accounts within five months after the end of our financial year, unless the shareholders have approved an extension of this period for up to six additional months due to certain special circumstances. The annual accounts must be accompanied by an auditor's certificate, an annual report and certain other mandatory information and must be made available for inspection by our shareholders at our offices within the same period. Under Dutch law, our shareholders must approve the appointment and removal of our independent auditors, as referred to in Article 2:393 Dutch Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders at the general meeting and will be prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. The adoption of the annual accounts by our shareholders does not release the members of our board of directors from liability for acts reflected in those documents. Any such release from liability requires a separate shareholders' resolution..

Pre-emptive Rights

Shareholders have a ratable pre-emptive right to subscribe for Shares that Tornier issues for cash unless the general meeting, or its designee, which in its case is its Board, limits or eliminates this right. Tornier's shareholders have no ratable pre-emptive subscription right with respect to the Shares issued (1) for consideration other than cash, (2) to its employees or the employees of its group of companies or (3) to a party exercising a previously obtained right to acquire shares.

The right of Tornier's shareholders to subscribe for Shares pursuant to this pre-emptive right may be eliminated or limited by the general meeting. If the general meeting delegates its authority to the Board for this purpose, then the Board will have the power to limit or eliminate the pre-emptive rights of holders of Shares. Such a proposal requires the approval of at least two-thirds of the votes cast by shareholders at a general meeting where less than half of the issued share capital is represented or a majority of the votes cast at the general meeting where more than half of the share capital is represented. Designations of authority to the Board may remain in effect for up to five years and may be renewed for additional periods of up to five years.

Tornier's Board is authorized to limit or eliminate the pre-emptive rights of holders of Shares until August 26, 2015 and its Board has eliminated that right with respect to the shares to be sold in this offering.

Capital Reductions; Cancellation

Upon a proposal of the board of directors, at a general meeting, our shareholders may vote to reduce our issued share capital by canceling shares held by us in treasury or by reducing the nominal value of the shares by amendment to our amended articles of association. In either case, this reduction would be subject to applicable statutory provisions. In order to be approved, a resolution to reduce the capital requires approval of a majority of the votes cast at a meeting if at least half the issued capital is represented at the meeting or at least two-thirds of the votes cast at the meeting if less than half of the

issued capital is represented at the meeting. A resolution that would result in the reduction of capital requires prior or simultaneous approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced by the reduction. A resolution to reduce capital requires notice to our creditors who have the right to object to the reduction in capital under specified circumstances.

Liquidation Rights

In the event of a dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed to the holders of Shares in proportion to their nominal possession of such Shares. All distributions referred to in this paragraph shall be made in accordance with the relevant provisions of the laws of The Netherlands.

Redemption, Conversion and Sinking Fund Rights

Holders of Shares have no redemption, conversion or sinking fund rights.

4.6 Transferability

The Shares offered under the 2010 ESPP are registered on a registration statement on Form S-8 with the SEC and are generally freely transferable, subject to compliance with any applicable securities laws, insider trading laws and company policy.

The 2010 ESPP is intended to provide Shares for investment and not for resale. The Company does not, however, intend to restrict or influence any participant in the conduct of his or her own affairs. A participant, therefore, may sell Shares purchased under the 2010 ESPP at any time he or she chooses, subject, as noted above, to compliance with any applicable securities laws, insider trading laws and company policy. THE PARTICIPANT ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE SHARES.

4.7 General Provisions Applying to Business Combinations

Netherlands Squeeze-Out Proceedings

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of Tornier's issued capital may institute proceedings against its other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber of the Amsterdam Court of Appeal and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he shall also publish the same in a newspaper with a national circulation.

Market Abuse

The Dutch Financial Supervision Act (*Wet op het financieel toezicht* or the "FSA"), implementing the EU Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, provides for specific rules that intend to prevent market abuse. Our investors are subject to the prohibitions on insider trading, divulging inside information and tipping, and market manipulation. Non-compliance with these prohibitions may lead to an administrative fine or, in the event of criminal proceedings, to imprisonment, community punishment or a criminal fine.

We are also subject to these Dutch market abuse rules. The Dutch prohibition on market manipulation may restrict our ability to buyback our shares. Pursuant to the FSA, we have adopt an internal code of conduct relating to the possession of and transactions by members of our Board and employees in the shares or in financial instruments the value of which is (co)determined by the value of the Shares, which is available on our website.

Anti-takeover provisions

Neither Dutch law nor Tornier's articles of association specifically prevent business combinations with interested shareholders. Under Dutch law various protective measures are as such possible and admissible, within the boundaries set by Dutch case law and Dutch law, in particular the Dutch Corporate Governance Code.

V. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS (AS OF JULY 3, 2011)

5.1 Capitalization and Indebtedness (in thousands of US$ – unaudited)

Total Current debt	$	13,572
- Guaranteed		-
- Secured	$	5,189
- Unguaranteed / Unsecured	$	8,383
Total Non-Current debt (excluding current portion of long-term debt)	$	27,272
- Guaranteed		-
- Secured	$	17,845
- Unguaranteed / Unsecured	$	9,427
Shareholders' equity		
a. Share Capital	$	1,550
b. Legal Reserve		-
c. Total Other Reserves	$	423,285
- Share premium reserve	$	601,872
- Accumulated deficit	$	(210,370)
- Accumulated other comprehensive income	$	31,783
Total	$	424,835

5.2 Net Indebtedness (in thousands of US$ – unaudited)

A.	Cash	$	14,000
B.	Cash equivalents		45,733
C.	Short-term investments		-
D.	**Liquidity** (A) + (B) + (C)	**$**	**59,733**
E.	**Current Financial Receivable**		-
F.	Current Bank debt		4,698
G.	Current portion of non-current debt		8,115
H.	Other current financial debt		759
I.	**Current Financial Debt** (F) + (G) + (H)	**$**	**13,572**
J.	**Net Current Financial Indebtedness** (I) – (E) – (D)	**$**	**(46,161)**
K.	Non-current Bank loans		-
L.	Bonds Issued		19,074

M.	Other non-current loans	8,198
N.	**Non-current Financial Indebtedness** (K) + (L) + (M)	**$ 27,272**
O.	**Net Financial Indebtedness** (J) + (N)	**$ (18,889)**

As of July 3, 2011, the Company's U.S. subsidiary was subject to a covenant to maintain no less than $39.0 million of tangible net worth. Also as of July 3, 2011, the Company was subject to a covenant to maintain a maximum debt to tangible net worth ratio of 1.50. The covenants relate to the U.S. subsidiary's ratios only. The Company was in compliance with all covenants as of July 3, 2011.

As of July 3, 2011, we had $40.8 million in short-term and long-term debt. Certain of these debt agreements include financial covenants that (i) require us to have a minimum level of tangible net worth in our U.S. operating subsidiary, (ii) have various levels of performance tests of debt to equity and debt to modified income specifically related to our French operating subsidiary and (iii) restrict our ability to borrow in our U.S. operating subsidiary if there is a default under the agreement, all of which may have an impact on our liquidity.

5.3 Indirect and Contingent Indebtedness

Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of January 2, 2011 for the categories set forth below, assuming only scheduled amortizations and repayment at maturity:

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
			($ in thousands)		
Amounts reflected in consolidated balance sheet:					
Bank debt	$ 50,356	$ 28,076	$ 11,915	$ 6,115	$ 4,250
Notes payable	95,538	—	95,538	—	—
Shareholder loan	2,356	—	—	—	2,356
Capital leases	1,148	316	665	167	—
Amounts not reflected in consolidated balance sheet:					
Interest on bank debt	3,782	1,886	1,290	606	—
Accrued paid-in-kind interest on notes payable	45,962	—	45,962	—	—
Interest on capital leases	161	81	74	6	—
Operating leases	17,523	4,691	5,138	3,572	4,122
Total	$ 216,826	$ 35,050	$ 160,582	$ 10,466	$ 10,728

In February 2011, the Company used approximately $116.1 million (€86.4 million) of the net proceeds from its initial public offering to repay all of the outstanding indebtedness under the notes payable, including accrued interest thereon. At the time of repayment, the Company recognized a loss on debt extinguishment of $29.5 million and related deferred tax benefit of $7.5 million to recognize the remaining balance of unamortized discount on the notes and to reverse the related deferred tax liability. There were no material changes to such information since that date through July 3, 2011, other than the repayment of our notes payable in February 2011.

VI. MAXIMUM DILUTION AND NET PROCEEDS

6.1 Maximum Dilution

The Shares under the 2010 ESPP are offered pursuant to this prospectus to 560 eligible employees (as of July 1, 2011) in France and Ireland. As noted above, there are other limitations on Share purchases

(such as no more than ten percent (10%) of eligible compensation may be contributed for Share purchases under the 2010 ESPP). Subject to adjustment upon changes in capitalization of the Company as described in the prospectus, a maximum of 333,333 Shares have been authorized for sale under the 2010 ESPP.

The holdings of a stockholder of Tornier currently holding 1% of the total outstanding Share capital of Tornier as of August 10, 2011 that is 391,708 Shares, and who would not participate in the offer, would be diluted as indicated in the following dilution table:

	Percentage of the total outstanding Shares	Total number of outstanding Shares
Before the offering (as of August 10, 2011)	1.00%	39,170,863
After issuance of 333,333 Shares under the 2010 ESPP	0.992%	39,504,196

6.2 Net Proceeds

Assuming that the maximum amount of Shares under the 2010 ESPP (i.e., 333,333 Shares) offered pursuant to this prospectus are purchased at a price per Shares of of $21.85 (85% of $25.70, the actual closing price on August 1, 2011), then the gross proceeds of Tornier in connection with the offering under the 2010 ESPP pursuant to this prospectus would be $7,283,326.05. After deducting legal and accounting expenses in connection with the offer, the net proceeds, based on the above assumptions, would be approximately $7,143,326.05.

VII. DIRECTORS AND EXECUTIVE OFFICERS

7.1 Board of Directors as of June 16, 2011*

Name	Age	Position
Sean D. Carney	42	Chairman, Non-executive Director
Douglas W. Kohrs	53	President, Chief Executive Officer and Executive Director
Richard B. Emmitt	66	Non-executive Director
Pascal E.R. Girin	50	Non-executive Director
Kevin C. O'Boyle	54	Non-executive Director
Alain Tornier	64	Non-executive Director
Richard F. Wallman	59	Non-executive Director
Elizabeth H. Weatherman	51	Non-executive Director

* Ages and biographical information as of January 2, 2011. The address for each listed director is c/o Tornier N.V., Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

Sean D. Carney is one of our directors and has served as a director since July 2006. Mr. Carney was appointed as a director in connection with the Securityholders' Agreement that we entered into with certain holders of our securities. Mr. Carney became the Chairman of the Company's Board in May 2010. For more information regarding the Securityholders' Agreement, please refer to the discussion below under "Certain Relationships and Related Transactions—Acquisitions and Other Corporate Transactions with Related Parties." Since 1996, Mr. Carney has been employed by Warburg Pincus LLC and has served as a Member and Managing Director of Warburg Pincus LLC and General Partner of Warburg Pincus & Co. since January 2001. Warburg Pincus LLC and Warburg Pincus & Co. are part of the Warburg Pincus entities, our stockholder that owns approximately 47% of our Shares as of January 2,

2011. Mr. Carney formerly served on the board of directors of Arch Capital Group Ltd., a publicly held company. He is a member of the board of directors of Bausch & Lomb Inc. and several other private companies. During the past five years, Mr. Carney previously served on the board of directors of DexCom, Inc., a publicly held medical device company. Mr. Carney received a Master of Business Administration from Harvard Business School and a Bachelor of Arts from Harvard College. Mr. Carney's substantial experience as an investor and director in medical device companies and his experience evaluating financial results have led our Board to the conclusion that he should serve as a director at this time in light of our business and structure.

Douglas W. Kohrs was appointed as our President, Chief Executive Officer and a director in July 2006. Mr. Kohrs was appointed as a director in connection with the Securityholders' Agreement that we entered into with certain holders of our securities. For more information regarding the Securityholders' Agreement, please refer to the discussion below under "Certain Relationships and Related Transactions—Acquisitions and Other Corporate Transactions with Related Parties." Mr. Kohrs has 29 years of experience in the medical device industry. Prior to joining us he served as President and Chief Executive Officer of American Medical Systems Holdings, Inc., a publicly held medical device company, from April 1999 until January 2005 and served as Chairman of the American Medical Systems Holdings, Inc. board of directors until May 2006. During the past ten years, Mr. Kohrs has also served on the board of directors of nine different medical device companies. Mr. Kohrs previously served on the boards of ev3 Inc., a publicly held medical device company that was recently acquired by a wholly owned subsidiary of Covidien Group S.a.r.l., and Kyphon, Inc., a medical device company. Prior to joining American Medical Systems Holdings, Inc., Mr. Kohrs was General Manager of Sulzer Spine-Tech Inc., an orthopaedic implant manufacturer of which he was a founding member beginning in August 1991. Mr. Kohrs holds a Master of Business Administration from Northeastern University, a Bachelor of Science in Bioengineering from Texas A&M University and a Bachelor of Arts in Engineering Sciences from Austin College. Mr. Kohrs' prior experience, including as Chief Executive Officer of American Medical Systems Holdings, Inc. at the time of its initial public offering, and his understanding of our business and industry have led our Board to the conclusion that he should serve as a director at this time in light of our business and structure.

Richard B. Emmitt is one of our directors and has served as a director since July 2006. Mr. Emmitt was appointed as a director in connection with the Securityholders' Agreement that we entered into with certain holders of our securities. For more information regarding the Securityholders' Agreement, please refer to the discussion below under "Certain Relationships and Related Transactions—Acquisitions and Other Corporate Transactions with Related Parties." Mr. Emmitt served as a General Partner of The Vertical Group, an investment management and venture capital firm focused on the medical device and biotechnology industries, from its inception in 1989 through December 2007. Commencing in January 2008, he has been a Member and Manager of The Vertical Group GP, LLC, which controls The Vertical Group. Mr. Emmitt currently serves on the board of directors of American Medical Systems Holdings, Inc., a publicly held company, as well as several privately held companies. During the past five years, Mr. Emmitt previously served on the board of directors of Wright Medical Group, Inc., a publicly held medical device company, Micro Therapeutics, Inc. and ev3 Inc. Mr. Emmitt holds a Master of Business Administration from the Rutgers School of Business and a Bachelor of Arts from Bucknell University. Mr. Emmitt's substantial experience as an advisor to numerous venture-backed growth companies and as an advisor to high-growth companies has led our Board to the conclusion that he should serve as a director at this time in light of our business and structure.

Pascal E.R. Girin is one of our directors and has served as a director since November 2010. Since February 2011, Mr. Girin has served as President and Chief Executive Officer of Keystone Dental Inc. Prior to that, from October 2010 to February 2011, Mr. Girin served as Executive Vice President and Chief Operating Officer of Keystone Dental Inc. From July 2010 to September 2010, Mr. Girin served as Chief Operating Officer of ev3 Inc. following its acquisition by a wholly owned subsidiary of Covidien Group S.a.r.l. Prior to that time, Mr. Girin served as Executive Vice President and Chief Operating Officer of ev3 Inc. from January 2010 to July 2010, as Executive Vice President and President, Worldwide Neurovascular and International of ev3 Neurovascular Inc. from July 2008 to January 2010, as Senior Vice President and President, International of ev3 International from July 2005 to July 2008, and as

General Manager, Europe of ev3 Inc. from September 2003 to July 2005. From September 1998 to August 2003, Mr. Girin served in various capacities at BioScience Europe Baxter Healthcare Corporation, most recently as Vice President. Mr. Girin received an Engineering Education at the French Ecole des Mines. Mr. Girin's substantial experience as an executive at other global medical device companies has led our Board to the conclusion that he should serve as a director at this time in light of our business and structure.

Kevin C. O'Boyle is one of our directors and has served as a director since June 2010. Since December of 2010, Mr. O'Boyle has served as Senior Vice President and Chief Financial Officer of Advanced BioHealing, Inc., a medical device company. From January 2003 until December 2009, Mr. O'Boyle served as the Chief Financial Officer of NuVasive, Inc., a medical device company that completed its initial public offering in May 2004. Prior to that time, Mr. O'Boyle served in various positions during his six years with ChromaVision Medical Systems, Inc., a publicly held medical device company specializing in the oncology market, including as its Chief Financial Officer and Chief Operating Officer. Mr. O'Boyle also held various positions during his seven years with Albert Fisher North America, Inc., a publicly held international food company, including Chief Financial Officer and Senior Vice President of Operations. He currently serves on the board of GenMark Diagnostics, Inc., a publicly traded molecular diagnostics company. Mr. O'Boyle is a Certified Public Accountant and received a Bachelor of Science in Accounting from the Rochester Institute of Technology and successfully completed the Executive Management Program at the University of California Los Angeles, John E. Anderson Graduate Business School. Mr. O'Boyle's executive experience in the healthcare industry, his experience with companies during their transition from a privately held to a public company and his financial and accounting expertise have led our Board to the conclusion that Mr. O'Boyle should serve as a director and on our audit committee at this time in light of our business and structure.

Alain Tornier is one of our directors and has served as a director since May 1976. Mr. Tornier assumed a leadership role in our predecessor entity in 1976, following the death of his father, René Tornier, our founder. He later served as our President and Chief Executive Officer until our acquisition by the Investor Group in September 2006, when he retired. Mr. Tornier holds a Master of Sciences degree from Grenoble University. Mr. Tornier's significant experience in the global orthopaedics industry and deep understanding of our company's history and operations have led our Board to the conclusion that he should serve as a director at this time in light of our business and structure.

Richard F. Wallman is one of our directors and has served as a director since December 2008. From 1995 through his retirement in 2003, Mr. Wallman served as the Senior Vice President and Chief Financial Officer of Honeywell International, Inc., a diversified technology company, and AlliedSignal, Inc., a diversified technology company (prior to its merger with Honeywell International, Inc.). Prior to joining AlliedSignal, Inc. as Chief Financial Officer, Mr. Wallman served Controller of International Business Machines Corporation. In addition to serving as one of our directors, he is also a member of the board of directors of Ariba, Inc., Charles River Laboratories International, Inc., Convergys Corporation, Dana Holding Corporation, and Roper Industries, Inc., all publicly held companies. He is also a member of the board of directors of Bausch & Lomb Inc. During the past five years, Mr. Wallman previously served on the board of directors of ExpressJet Holdings Inc. and Avaya Inc., as well as auto suppliers Lear Corporation and Hayes Lemmerz International, Inc., all publicly held companies. Mr. Wallman holds a Master of Business Administration from the University of Chicago Booth School of Business with concentrations in finance and accounting and a Bachelor of Science in Electrical Engineering from Vanderbilt University. Mr. Wallman's prior public company experience, including as Chief Financial Officer of Honeywell, and his financial experience and expertise, have led our Board to the conclusion that he should serve as a director at this time in light of our business and structure.

Elizabeth H. Weatherman is one of our directors and has served as a director since July 2006. Ms. Weatherman was appointed as a director in connection with the Securityholders' Agreement that we entered into with certain holders of our securities. For more information regarding the Securityholders' Agreement, please refer to the discussion below under "Certain Relationships and Related Transactions—Acquisitions and Other Corporate Transactions with Related Parties." Ms. Weatherman is a General Partner of Warburg Pincus & Co., a Managing Director of Warburg Pincus LLC and a member

of the firm's Executive Management Group. Ms. Weatherman joined Warburg Pincus in 1988 and is currently responsible for the firm's U.S. healthcare investment activities. Warburg Pincus LLC and Warburg Pincus & Co. are part of the Warburg Pincus entities collectively referred to elsewhere in Tornier's Proxy Statement as Warburg Pincus, our stockholder that owns approximately 47% of our Shares as of January 2, 2011. Ms. Weatherman currently serves on the board of directors of Bausch & Lomb Inc. and several other privately held companies. During the past five years, Ms. Weatherman previously served on the board of directors of American Medical Systems Holdings, Inc. and Wright Medical Group, Inc., both publicly held companies, as well as Kyphon, Inc., Micro Therapeutics, Inc. and ev3 Inc. Ms. Weatherman earned a Master of Business Administration from the Stanford Graduate School of Business and a Bachelor of Arts from Mount Holyoke College. Ms. Weatherman's extensive experience as a director of public companies in the medical device industry has led our Board to the conclusion that she should serve as a director at this time in light of our business and structure.

7.2 Executive Officers as of July 20, 2011

Name	Age*	Position
Douglas W. Kohrs	53	President, Chief Executive Officer and Executive Director
Carmen L. Diersen	50	Global Chief Financial Officer
Robert J. Ball	38	Vice President, Global Research and Development
Ralph E. Barisano, Jr.	50	Vice President, Global Quality Assurance and Regulatory Affairs
Stéphan Epinette	40	Vice President, International Commercial Operations
James C. Harber	41	Vice President, Distal Extremities Global Business Strategy
Andrew E. Joiner	49	Vice President and General Manager, U.S. Commercial Operations
Kevin M. Klemz	49	Vice President, Chief Legal Officer and Secretary
James E. Kwan	52	Vice President, Global Supply Chain
Gregory Morrison	47	Global Vice President, Human Resources
David H. Mowry	48	Chief Operating Officer
Jamal D. Rushdy	39	Vice President, Global Sports Medicine, Biologics and Business Development

* Age and biographical information as of January 2, 2011, except for Mr. Mowry, for whom it is as of June 28, 2011.

Douglas W. Kohrs – Information pertaining to Mr. Kohrs may be found in Section 7.1 above.

Carmen L. Diersen joined us in June 2010 as Global Chief Financial Officer. She has 18 years of experience in the medical device industry, including nine years in spinal orthopaedics. Prior to joining us, she served from September 2006 to June 2010 as the Chief Operating and Financial Officer of Spine Wave, Inc., a privately held developer of advanced materials, techniques, and implant systems for spinal surgery. From March 2004 to September 2006, Ms. Diersen served as Executive Vice President and Chief Financial Officer of American Medical Systems Holdings, Inc., a publicly held medical device company. Prior to American Medical Systems Holdings, Inc., Ms. Diersen spent 12 years in financial leadership positions at Medtronic, Inc., in the cardiac surgery, cardiac rhythm management and spinal surgery businesses, concluding her career there as the Vice President and General Manager of Musculoskeletal Tissue Services for Medtronic Sofamor Danek. Prior to Medtronic, Inc., she spent 10 years at Honeywell, Inc. Ms. Diersen earned a Master of Business Administration from the Carlson School of Management at the University of Minnesota and a Bachelor of Science in Accounting from the University of North Dakota. She became a Certified Public Accountant in 1983. Ms. Diersen has served on the board of directors of SonoSite, Inc., a publicly held leader in point of care ultrasound systems, since October 2005 and previously served on the board of directors of Memry Corporation, a publicly held medical specialty materials company, from December 2004 through September 2008 when the company was sold and Wright Medical Group, Inc., a publicly held medical device company, from December 2009 until June 2010 when she joined us.

Robert J. Ball joined us in September 2006 as Vice President, Global Research and Development. He has over 11 years of experience in the orthopaedic medical device industry. Prior to joining us he served as Vice President of Research Development of Kinetikos Medical Incorporated, or KMI, a medical device company, beginning in December 2002, and also assumed responsibility for Marketing and Product Development in May 2005, continuing in each capacity until August 2006, when KMI was acquired by Integra LifeSciences Holdings Corporation. Prior to joining KMI, Mr. Ball held positions at DePuy, where he oversaw the development and launch of orthopaedic products in the upper extremity. Prior to joining DePuy, he served in the automotive manufacturing industry with SPX Corporation as Program and Engineering Manager, overseeing construction and tooling of a large scale casting and machining facility. Mr. Ball has Bachelor of Science and Master of Science degrees in mechanical engineering from Kettering University (formerly GMI Engineering and Management Institute) and has over 30 issued and pending patents.

Ralph E. Barisano, Jr. joined us in April 2007 and leads our quality assurance and regulatory affairs programs as our Vice President, Global Quality Assurance and Regulatory Affairs. He has over 25 years of experience in the medical device industry. Prior to joining us he consulted for Axya, a medical device company, from November 2006 to April 2007, where he directed Quality Assurance and Regulatory Affairs including during its acquisition by us. Prior to joining Axya, he served as Director of Quality Assurance for Smith & Nephew Endoscopy, a manufacturer of surgical equipment and tools, from January 2002 to November 2006. Mr. Barisano has also held other Quality and Regulatory roles at a number of other medical device companies, including Hologic Systems Inc., C.R. Bard, Inc. and Allergan, Inc. Mr. Barisano earned a Master of Business Administration from the Isenberg School of Management, University of Massachusetts Amherst and a Bachelor of Science in Mechanical Engineering Technology from the University of Massachusetts, North Dartmouth.

Stéphan Epinette joined us in December 2008 and leads our international commercial operations (Europe, Asia Pacific, Latin America) and large joints business as Vice President of International Commercial Operations. He has over 17 years of experience in the orthopaedic medical device industry. Prior to joining us, he served in various leadership roles with Stryker Corporation, a medical device and equipment company, in its MedSurg and Orthopaedic divisions in France, the United States and Switzerland from 1993 to December 2008, including as Business Unit Director France from 2005 to 2008. His past functions at Stryker Corporation also included Marketing Director MedSurg EMEA, Assistant to the EMEA President and Director of Business Development & Market Intelligence EMEA. Mr. Epinette earned a Master's Degree in Health Economics from Sciences Politiques, Paris, a Master's Degree in International Business from Paris University XII and a Bachelor of Arts from EBMS Barcelona. He also attended the INSEAD executive course in Finance and in Marketing.

James C. Harber joined us in February 2007 following our acquisition of Nexa and leads our distal extremities organization as our Vice President, Distal Extremities Global Business Strategy, which consists of our foot, ankle, hand, wrist, and elbow joints and trauma products. He has over 20 years of experience in the orthopaedic medical device industry. At Nexa, he served as the Vice President of Marketing and Sales from March 2006 until June 2007. Prior to joining Nexa, Mr. Harber held the position of Vice President, Marketing at Hand Innovations LLC, an orthopaedic manufacturer from August 2003 to February 2006. He has also held marketing positions at Wright Medical Group, Inc. and Smith & Nephew plc, which are both medical device companies, and was Vice President of Sales and Marketing at a development stage computer-assisted surgery venture. Mr. Harber earned a Bachelor of Science in Marketing from Christian Brothers University.

Andrew E. Joiner joined us in April 2008 and leads our U.S. sales and marketing activities and the global shoulder business as our Vice President and General Manager, U.S. Commercial Operations. He has over 19 years of experience in the medical device industry. Prior to joining us, he served as the Vice President and General Manager of Women's Health at American Medical Systems Holdings, Inc. from January 2007 to April 2008, and as the Vice President of Global Marketing at American Medical Systems Holdings, Inc., from 2005 to December 2006. Prior to American Medical Systems Holdings, Inc., Mr. Joiner worked for ten years for United States Surgical Corporation, a surgical tools company, in a

variety of sales functions, concluding his career there as Director of Sales for the Southwest Region of the U.S. Mr. Joiner holds a Bachelor of Science in Telecommunications from the University of Georgia.

Kevin M. Klemz joined us in September 2010 as Vice President, Chief Legal Officer and Secretary. Prior to joining us, Mr. Klemz served as Senior Vice President, Secretary and Chief Legal Officer at ev3 Inc. from August 2007 to August 2010, and as Vice President, Secretary and Chief Legal Officer at ev3 Inc. from January 2007 to August 2007. Prior to joining ev3 Inc., Mr. Klemz was a partner in the law firm Oppenheimer Wolff & Donnelly LLP, where he was a corporate lawyer for approximately 20 years. Mr. Klemz has a Bachelor of Arts in Business Administration from Hamline University and a Juris Doctor from William Mitchell College of Law.

James E. Kwan joined us in September 2006 and leads our global supply chain organization as our Vice President, Global Supply Chain. Mr. Kwan has also served as Director of Tornier Orthopaedics Ireland Ltd., one of our subsidiaries, since March 2010. He has over 20 years of experience in the medical device industry. Prior to joining us, he served as the Vice President of Operations for the Cardiac Surgery Division for St. Jude Medical, Inc., a medical technology company, from 2004 to 2006. At St. Jude Medical, Inc., Mr. Kwan also served as the Director of Hybrid Microelectronics operations for the Cardiac Rhythm Management Division and managed the Pyrolytic Carbon Technology operations for the Heart Valve Division. Prior to joining St. Jude Medical, Inc., Mr. Kwan served as a Director of Manufacturing at SciMed Life Systems, an interventional cardiology company, and before that held various technical positions within the Defense Systems Division of Honeywell International, Inc., a diversified technology company. Mr. Kwan received a Bachelor of Science in Mechanical Engineering from South Dakota School of Mines & Technology and a Master of Business Administration from the University of St. Thomas.

Gregory Morrison joined us in December 2010 as Global Vice President, Human Resources. Prior to joining us, Mr. Morrison served as Senior Vice President, Human Resources at ev3 Inc. from August 2007 to December 2010, and as Vice President, Human Resources from May 2002 to August 2007. Prior to joining ev3 Inc., Mr. Morrison served as Vice President of Organizational Effectiveness for Thomson Legal & Regulatory from March 1999 to February 2002. Mr. Morrison has a Bachelor of Arts in English and Communications from North Adams State College and a Master of Arts in Corporate Communications from Fairfield University.

David H. Mowry joined us in July 2011 from Covidien plc, a global provider of healthcare products, where Mr. Mowry served as President of its Global Neurovascular Division since July 2010. From January 2010 to July 2010, Mr. Mowry served as Senior Vice President and President, Worldwide Neurovascular of ev3 Inc., a global endovascular device company acquired by Covidien in July 2010. From August 2007 to January 2010, Mr. Mowry served as Senior Vice President of Worldwide Operations of ev3. Prior to such position, Mr. Mowry was Vice President of Operations for ev3 Neurovascular from November 2006 to October 2007. Before joining ev3, Mr. Mowry served as Vice President of Operations and Logistics at the Zimmer Spine division of Zimmer Holdings Inc., a reconstructive and spinal implants, trauma and related orthopaedic surgical products company, from February 2002 to November 2006. Prior to Zimmer, Mr. Mowry was the President and Chief Operating Officer of HeartStent Corp., a medical device company. Mr. Mowry is a graduate of the United States Military Academy in West Point, New York with a degree in Engineering and Mathematics.

Jamal D. Rushdy joined us in February 2007 when we acquired Nexa, a medical device company, and leads our corporate strategic planning and acquisition, licensing and partnership programs and our sports medicine and orthobiologics businesses, serving as our Vice President, Global Business and Corporate Development from June 2007 to October 2010 and currently serving as our Vice President, Global Sports Medicine, Biologics and Business Development. He has over 15 years of experience in the orthopaedic medical device industry. At Nexa, he served from January 2006 to May 2007 as the Vice President of Operations and Business Development until its acquisition by us. Prior to Nexa, he served as Director of Marketing and Business Development for dj Orthopedics LLC, a medical device company, where he also served in various leadership roles in finance and operations from June 2001 to January 2006. Mr. Rushdy

earned a Master of Business Administration from the University of California, Irvine and a Bachelor of Science in Mechanical Engineering from the University of California, San Diego.

7.3 Fraudulent Offences and Bankruptcy, Etc.

For at least the last five years, none of the directors or executive officers of Tornier has:

(a) been convicted in relation to fraudulent offenses;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity as members of administrative, management or supervisory bodies or senior management; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There is no family relationship among any Tornier executive officers or directors.

7.4 Conflicts of Interest

Certain Relationships and Related Transactions

We describe below transactions and series of similar transactions that have occurred this year or during our last three fiscal years to which we were a party or will be a party in which:

- the amounts involved exceeded or will exceed $120,000; and
- a director, executive officer, holder of more than 5% of our Shares or any member of their immediate family had or will have a direct or indirect material interest.

The following persons and entities that participated in the transactions listed in this section were related persons at the time of the transaction:

KCH Stockholm AB and Alain Tornier. KCH, holds more than 5% of our outstanding shares. In addition, KCH is wholly owned by Mr. Tornier, a member of our Board.

TMG Holdings Coöperatief U.A., Warburg Pincus (Bermuda) Private Equity IX, L.P., Elizabeth H. Weatherman and Sean D. Carney. TMG, holds more than 5% of our outstanding shares. Our directors Ms. Weatherman and Mr. Carney are Managing Directors of Warburg Pincus LLC, which manages TMG as well as its parent entities WP Bermuda, WP (Bermuda) IX PE One Ltd. or PE One, a Bermuda company, and Warburg Pincus (Bermuda) Private Equity Ltd., or WPPE. Furthermore, Ms. Weatherman and Mr. Carney are Partners of Warburg Pincus & Co., the sole member of WPPE.

Vertical Fund I, L.P., Vertical Fund II, L.P. and Richard B. Emmitt. VFI and VFII together hold more than 5% of our outstanding shares. In addition, Mr. Emmitt, a member of our Board, is a Member and Manager of The Vertical Group, which is the sole general partner of each of VFI and VFII. Mr. Emmitt is also a Member and Manager of The Vertical Group GP, LLC, which controls The Vertical Group.

Douglas W. Kohrs. Mr. Kohrs is our Chief Executive Officer and a member of our Board.

Richard F. Wallman. Mr. Wallman is a member of our Board.

Private Placements

On February 29, 2008, we issued warrants and notes in a private placement transaction to related parties. The warrants were immediately exercisable and issued at an exercise price of $16.98 per share as partial consideration for loans in the amounts indicated below. The notes carry a fixed interest rate of 8.0% per annum with interest payments accrued semi-annually and mature on February 28, 2013. The related parties involved in the transaction included:

Related party	Number of warrants issued	Amount of note
WP Bermuda	2,211,072	€ 24,700,000
VFI and VFII	365,409	€ 4,082,000
KCH	313,310	€ 3,500,000
Douglas W. Kohrs	50,309	€ 562,000
Diane Doty(1)	14,860	€ 166,000

(1) Wife of Michael Doty, our Chief Financial Officer at the time.

On April 3, 2009, we issued immediately exercisable warrants in a private placement to related parties at an exercise price of $16.98 per share as partial consideration for loans in the amounts indicated below. The notes carry a fixed interest rate of 8.0% per annum with interest payments accrued semi-annually and mature on March 31, 2014. The related parties involved in the transaction included:

Related party	Number of warrants issued	Amount of note
WP Bermuda	890,777	€ 11,204,000
KCH	190,813	€ 2,400,000
Richard F. and Amy Wallman(1)	20,671	€ 260,000
Douglas W. Kohrs	20,512	€ 258,000

(1) Wife of Mr. Wallman.

On March 26, 2010, we sold 13,333 shares to Mr. Wallman for $300,000. Mr. Wallman's shares were purchased by Stichting Administratiekantoor Tornier, or STAK, on behalf of Mr. Wallman. STAK was established as a foundation under Dutch law to hold our Shares on behalf of certain shareholders.

In February 2011, we used a portion of the net proceeds received from our initial public offering to repay in full our outstanding notes, which totaled approximately $116.1 million, including accrued and unpaid interest thereon.

Warrant Exchange

On May 25, 2010, we completed agreements with 100% of the warrant holders that acquired warrants under the February 29, 2008, and April 3, 2009, private placement agreements listed above. Each warrant holder agreed to exchange their warrants under the February 29, 2008, and April 3, 2009, agreements for Tornier B.V. Shares at an exchange ratio of 0.6133 and 0.6410, respectively. We completed this exchange in order to avoid future variability in our statement of operations from revaluation of the warrants as they were required to be valued at fair value at each reporting period with changes in the fair value reported in current period earnings. The exchange ratio used was developed based on the ratio of our estimate of the fair value of each individual warrant to the fair value of each Share. We estimated the fair value of each warrant used in the calculation of the exchange ratio using a Black-Scholes option pricing model.

Acquisitions and Other Corporate Transactions with Related Parties

On July 18, 2006, Tornier N.V., formerly known as TMG B.V., entered into a Securityholders' Agreement with TMG, TMG Partners U.S. LLC, Mr. Kohrs, VFI, VFII, KCH, Mr. Tornier, WP Bermuda and (by

subsequent joinder agreements) TMG Partners II LLC, TMG Partners III LLC, Split Rock, STAK, Medtronic and DVO TH, or, collectively, the Securityholders. The agreement grants each of the Securityholders a right of first refusal with respect to shares sold by another Securityholder. The Securityholders are further obligated to observe certain limitations on the transfer of their shares, such as tag-along and drag-along rights. These limitations will terminate in the event of an initial public offering approved by our Board. In addition, on August 27, 2010, the agreement was amended to allow TMG to designate three of the eight directors to be nominated to our Board for so long as TMG beneficially owns at least 25% of the outstanding shares, two of the eight directors for so long as TMG beneficially owns at least 10% but less than 25% of the outstanding shares and one of the eight directors for so long as TMG beneficially owns at least 5% but less than 10% of the outstanding shares, and the Company has agreed to use its reasonable best efforts to cause the TMG designees to be elected. Further, Mr. Kohrs will continue to be entitled to be nominated for election to our Board until termination of his employment. The agreement terminates upon the written consent of all parties to the agreement. Mr. Kohrs serves as Manager of the Board of TMG Partners U.S. LLC, and as Managing Member of TMG Partners II LLC and TMG Partners III LLC.

On February 9, 2007, we signed an exclusive, worldwide license and supply agreement with Tepha for its poly-4-hydroxybutyrate polymer for a license fee of $110,000, plus an additional $750,000 as consideration for certain research and development. Tepha is further entitled to royalties of up to 5% of sales under these licenses. We paid $30,000 of minimum royalty payments in April of 2010 to Tepha under the terms of this agreement. VFI and VFII own approximately 20% of Tepha's outstanding common and preferred stock. In addition, Mr. Emmitt serves as a director to Tepha.

At the time of the Axya acquisition, TMG entered into an agreement with KCH, which held mandatorily convertible zero coupon bonds issued by us at the time of the acquisition by the Investor Group. The bonds had a par value of €29,600,000 and were convertible into Shares at a conversion price of €10.0629. In connection with the Axya transaction, TMG agreed that we would either issue to KCH additional mandatorily convertible zero coupon bonds or decrease the conversion price of the zero coupon bonds held by KCH to increase the number of shares issuable upon conversion, if the performance of Axya did not meet certain thresholds. Axya did not meet the performance thresholds within the prescribed time. On October 1, 2009, the mandatorily convertible zero coupon bonds were converted to Shares pursuant to their terms and we issued 2,941,498 Shares to KCH. Rather than adjust the notes or issue additional notes prior to conversion, we also issued KCH an additional 185,698 Shares in satisfaction of the obligation created by TMG.

On January 22, 2008, we signed an agreement with BioSET to develop, commercialize and distribute products incorporating BioSET's F2A synthetic growth factor technology in the field of orthopaedic and podiatric soft tissue repair. As amended on February 10, 2010, this agreement granted us an option to purchase an exclusive, worldwide license for such products in consideration for a payment of $1 million. We exercised this option on February 10, 2010. Upon FDA approval of certain products, an additional $2.5 million will become due. BioSET is entitled to royalties of up to 6% for sales of products under this agreement. We have not accrued or paid any royalties under the terms of this agreement. VFI and VFII own approximately 15% of BioSET's outstanding shares and Mr. Emmitt serves on its board of directors.

On June 4, 2010, we issued 43,633 Shares to KCH, having a value equal to €0.7 million. This amount equaled the total amount we owed to Mr. Tornier for past services performed under the terms of his consulting agreement, dated July 31, 2006, based on a per-share price of $22.50 and a foreign currency exchange rate of 1.3479 U.S. dollars for 1 Euro, the spot conversion rate on March 31, 2010. Mr. Tornier's consulting agreement was terminated effective as of March 31, 2010.

On July 29, 2008, we formed a real estate holding company (SCI Calyx) together with Mr. Tornier. SCI Calyx is owned 51% by us and 49% by Mr. Tornier. SCI Calyx was initially capitalized by a contribution of capital of €10,000 funded 51% by us and 49% by Mr. Tornier. SCI Calyx then acquired a combined manufacturing and office facility in Montbonnot, France, for approximately $6.1 million. The manufacturing and office facility acquired will be used to support the manufacture of certain of our current products and house certain of our operations already located in Montbonnot, France. This real estate purchase was

funded through mortgage borrowings of $4.1 million and $2.0 million cash borrowed from the two current shareholders of SCI Calyx. The $2.0 million cash borrowed from the SCI Calyx shareholders originally consisted of a $1.0 million note due to Mr. Tornier and a $1.0 million note due to Tornier SAS, which is our wholly owned French operating subsidiary. Both of the notes issued by SCI Calyx bear interest at the three month Euribor rate plus 0.5% and have no stated term. During 2009 and 2010, SCI Calyx borrowed approximately $1.2 million from Mr. Tornier and Tornier SAS in order to fund on-going leasehold improvements necessary to prepare the Montbonnot facility for its intended use. This cash was borrowed under the same terms as the original notes. As of October 3, 2010, SCI Calyx had related-party debt outstanding to Mr. Tornier of $2.4 million. The SCI Calyx entity is consolidated by us, and the related real estate and liabilities are included in the consolidated balance sheets. On September 3, 2008, Tornier SAS, our French operating subsidiary, entered into a lease agreement with SCI Calyx relating to these facilities. The agreement, which terminates in 2018, provides for an annual rent payment of €440,000, which has subsequently been increased and is currently €675,123 annually. As of October 3, 2010, future minimum payments under this lease were €3.5 million in the aggregate.

Since 2006, Tornier SAS has entered into various lease agreements with entities affiliated with Mr. Tornier or members of his family. On May 30, 2006, Tornier SAS entered into two lease agreements with Mr. Tornier and his sister, Colette Tornier, relating to our facilities in Saint-Ismier, France. The agreements provide for annual rent payments of €104,393 and €28,500, respectively, which have subsequently been increased and are currently €119,362 and €32,587 annually, respectively. On December 29, 2007, Tornier SAS entered into a lease agreement with Animus SCI, relating to our facilities in Montbonnot Saint Martin, France. The agreement provides for an annual rent payment of €252,545, which has subsequently been increased and is currently €288,756 annually. Animus SCI is wholly owned by Mr. Tornier. On December 29, 2007, Tornier SAS entered into a lease agreement with Cymaise SCI, relating to our facilities in Saint-Ismier, France. The agreement provides for an annual rent payment of €315,865, which has subsequently been increased and is currently €361,158 annually. Cymaise SCI is wholly owned by Mr. Tornier and his sister, Colette Tornier. On February 6, 2008, Tornier SAS entered into a lease agreement with Balux SCI, effective as of May 22, 2006, relating to our facilities in Montbonnot Saint Martin, France. The agreement provides for an annual rent payment of €480,000, which has subsequently been increased and is currently €548,828 annually. Balux SCI is wholly owned by Mr. Tornier and his sister, Colette Tornier. Each of the agreements will terminate in 2012. As of October 3, 2010, future minimum payments under these agreements were €2.3 million in the aggregate.

On June 17, 2008, we entered into an exclusive worldwide licensing agreement with C2M Medical, a medical device development company, under which we assumed the rights to certain intellectual property relating to bone anchor technology including the Cinch system. C2M had acquired the technology from Sapphire Medical, Inc., or Sapphire, in April 2007 for a purchase price of $7.5 million and milestone payments of $12.5 million, which C2M paid in 2008. In addition, we have committed, and are currently paying, to Sapphire quarterly earn-out fees of 25% of U.S. sales related to Cinch intellectual property for the first three years after launch, an obligation we assumed in the course of our agreement with C2M. The agreement also included an option to acquire C2M Medical. We exercised this option on March 26, 2010, when we purchased 100% of the stock of C2M Medical in exchange for approximately 1.0 million Shares, valued at $22.50 per share at the time. C2M Medical had been founded and was held in part by TMG, VFI, VFII and Mr. Kohrs. In addition, Mr. Carney, Mr. Emmitt and Mr. Kohrs were members of C2M Medical's board of directors. Prior to our exercise of the option C2M Medical was determined to be a variable interest entity in accordance with U.S. GAAP and we consolidated C2M Medical in our financial statements beginning in June of 2008, the date at which we signed an exclusive technology license with C2M Medical.

The transaction included:

Related party	Number of shares issued		Total consideration value of shares issued
TMG	504,876	$	11,359,714
VFI and VFII	504,876	$	11,359,714
Douglas W. Kohrs	15,466	$	348,000

Review, Approval or Ratification of Transactions with Related Persons

As provided in our Transactions with Related Persons Policies and Procedures, all related party transactions are to be reviewed and pre-approved by our audit committee. A "related party transaction" is defined to include any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may reasonably be expected to exceed $120,000 in any calendar year, (2) the Company or its subsidiaries or affiliates is a participant, and (3) any related person has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). Related persons would include our directors, nominees for director or executive officers (and immediate family members of our directors, nominees for director and executive officers) and persons controlling over five percent of our outstanding Shares. In determining whether to approve a related party transaction, the audit committee will take into account, among other factors it deems appropriate, whether the proposed transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances on an arm's length basis and the extent of the related person's interest in the transaction. In the event a transaction relates to a member of our audit committee, that member will not participate in the audit committee's deliberations.

Employment/Severance, Non-Competition and Non-Solicitation Agreements

Each of our named executive officers is entitled to receive severance benefits upon certain qualifying terminations of employment, pursuant to the provision of such executive's employment agreement. Additionally, pursuant to their agreements, each of our named executive officers is entitled to receive certain enhanced severance benefits upon certain qualifying terminations of employment occurring within twelve months of a Change in Control (as such term is defined in the employment agreements). These severance arrangements were initially offered to induce the named executive officers to accept or continue employment with the Company and are primarily intended to retain our named executives, provide consideration to an executive for certain restrictive covenants that apply following a termination of employment and to provide continuity of management in connection with a threatened or actual Change in Control transaction. Additionally, we entered into the employment agreements because they provide us valuable protection by subjecting the named executive officers to restrictive covenants that prohibit the disclosure of confidential information during and following their employment and limit their ability to engage in competition with us or otherwise interfere with our business relationships following their termination of employment. For more information on our employment agreements and severance arrangements with our named executive officers, see the discussions below under "Employment Agreements" and "Potential Payments Upon a Termination or Change in Control."

In connection with his termination of employment, which became effective on February 19, 2010, Mr. Doty and our U.S. operating subsidiary entered into a separation agreement pursuant to which, in exchange for his execution of a general release, Mr. Doty became entitled to the severance payments and benefits described below under "Separation Agreement with Michael Doty."

Perquisites

We provide our executive officers and certain other employees with perquisites, including, in the case of Mr. Epinette, an automobile allowance. Our Board does not believe that the perquisites we provide are excessive, or that they encourage employees to take unnecessary or excessive risks.

After considering the risk implications of each element of our overall compensation program, our Board determined that the only components of employee compensation that could pose risks are the annual bonus program and the incentive programs. These programs encourage some level of risk taking by our employees; however, we believe that the risk is well managed and the level of risk acceptable, particularly in light of the balanced mix of fixed and variable elements, and of short- and long-term elements, in our overall compensation program. For these reasons, our Board concluded that our overall compensation policies and practices are not likely to have a material adverse effect on us.

Employment Agreements

Tornier, Inc., our U.S. operating subsidiary, is a party to employment agreements with Messrs. Kohrs, Joiner, and Klemz, and Ms. Diersen, which agreements are substantially the same other than differences in base salary, target annual bonus percentages and severance. The agreements have specified terms of three years, subject to automatic renewal for one-year terms unless either party provides 60 days' advance notice of their desire not to renew. Under the agreements, each executive is entitled to an enumerated base salary, subject to increase but not decrease, is eligible to receive an annual bonus with a target bonus equal to an enumerated percentage of base salary (60% for Mr. Kohrs, 50% for Mr. Joiner, 50% for Ms. Diersen, and 40% for Mr. Klemz), and is entitled to participate in the employee benefit plans and arrangements that we generally maintain for our senior executives. If an executive's employment is terminated by Tornier, Inc. without "cause" (as such term is defined in the employment agreements), in addition to any accrued but unpaid salary and benefits through the date of termination, the executive will be entitled to base salary and health and welfare benefit continuation for twelve months following termination, and, in the event their employment is terminated without cause due to non-renewal of their employment agreements by Tornier, Inc., the executives will also be entitled to a payment equal to their pro-rata annual bonus for the year of termination. In the event any of Messrs. Kohrs, Joiner, Klemz's, or Ms. Diersen's, employment is terminated without cause or by the executive for "good reason" (as such term is defined in the employment agreements) within twelve months following a change in control, the executives will be entitled to receive accrued but unpaid salary and benefits through the date of termination, a lump-sum payment equal to their base salary plus target bonus for the year of termination, health and welfare benefit continuation for twelve months following termination and accelerated vesting of all unvested options. In addition, Mr. Kohrs' agreement provides that in the event the payments and benefits to which he is entitled pursuant to the agreement become subject to the excise tax under Section 4999 of the Code, as amended, he will be entitled to a "gross-up" payment in order to cover such tax liability. The agreements also contain covenants intended to protect against the disclosure of confidential information during and following an executive's employment, as well as restrictions on engaging in competition with Tornier, Inc. or otherwise interfering with our business relationships, which extend through the first anniversary of an executive's termination of employment for any reason.

Tornier SAS, our French operating subsidiary, is also a party to an employment agreement with Mr. Epinette, which does not have a specified term, but which may be terminated by either party in accordance with local law, and which is substantially similar to the employment agreements described above with respect to base salary, annual target bonus (30% of base salary), benefit participation and non-compete obligations. Pursuant to the agreement and French labor laws, Mr. Epinette is entitled to receive certain payments and benefits following a voluntary or involuntary termination of employment, including an amount equal to twelve months' gross monthly salary, which is payable as consideration for the restrictive covenants contained in the agreement, a payment equal to Mr. Epinette's French incentive compensation scheme payment for the year of his termination and, in the case of an involuntary termination of employment, a severance payment payable pursuant to French law, the amount of which is determined based on Mr. Epinette's gross monthly salary and years of service with Tornier SAS. If Mr. Epinette is terminated for reasons other than negligence or serious misconduct following a change in control (as such term is defined in the employment agreement), he is entitled to gross monthly salary continuation and health and welfare benefit continuation for twelve months following termination of employment, accelerated vesting of all unvested options, as well as a payment equal to Mr. Epinette's annual target bonus and French incentive compensation scheme payment for the year of his termination. Pursuant to French law, gross monthly salary represents the average salary Mr. Epinette received during the twelve-month period preceding his termination and includes the amount of any annual incentive bonus payable to Mr. Epinette during such period pursuant to our annual bonus program.

Separation Agreement with Michael Doty

Our U.S. operating subsidiary entered into a separation agreement with Mr. Doty in connection with his termination of employment, which became effective on February 19, 2010, pursuant to which, in exchange for his execution of a general release, Mr. Doty became entitled to the severance payments and benefits payable to him in the event of an involuntary termination of employment without cause

pursuant to the employment agreement to which he was a party with the Company prior to his termination of employment, which was substantially the same as the agreements with Messrs. Joiner and Klemz, and Ms. Diersen, other than differences in base salary, target annual bonus percentages and severance. The cost of the separation agreement includes $315,667 of base salary and continued coverage on our health plans through February 19, 2011, with the full cost of such coverage, $13,575, being borne by the Company. The exercise period applicable to Mr. Doty's vested, unexercised options was extended to August 19, 2011 pursuant to the agreement. Mr. Doty's severance payments totaling $315,667, less applicable withholding and related taxes, will be made semi-monthly over a period of one year from the date of termination. Mr. Doty is restricted from engaging in competition with us or otherwise interfering with our business until the first anniversary of his termination.

Potential Payments Upon a Termination or Change in Control

Pursuant to the employment agreements with our named executive officers, upon certain terminations of employment, our named executive officers are entitled to payments of compensation and benefits as described above under "Narrative Disclosure to Summary Compensation Table and Grant of Plan-Based Awards Table—Employment Agreements." The table below reflects the amount of compensation and benefits payable to each named executive officer in the event of (i) any termination (including for cause) or resignation, or a voluntary/for cause termination, (ii) an involuntary termination without cause, (iii) an involuntary termination without cause or a resignation for good reason within twelve months following a change in control, or a qualifying change in control termination, (iv) termination by reason of an executive's death and (v) termination by reason of an executive's disability. The amounts shown assume that the applicable triggering event occurred on January 2, 2011, and therefore are estimates of the amounts that would be paid to the named executive officers upon the occurrence of such triggering event. Mr. Doty is not included in the table below because he was not employed as of January 2, 2011. For more information regarding the amounts payable to Mr. Doty in connection with this termination, please refer to the discussion above under "Separation Agreement with Michael Doty."

		Triggering Events				
Name	**Type of payment**	**Voluntary/ for cause termination ($)**	**Involuntary termination without cause ($)**	**Qualifying change in control termination ($)**	**Death ($)**	**Disability ($)**
Douglas W. Kohrs	Cash Severance(1)	—	490,333	490,333	—	—
	Benefit Continuation(2)	—	13,575	13,575	—	—
	Target Bonus(3)	—	—	294,200	—	—
	Equity Acceleration(4)	—	—	738,984	—	—
	Gross-Up	—	—	0	—	—
	Total	—	503,908	1,537,092	—	—
Carmen L. Diersen	Cash Severance(1)	—	325,000	325,000	—	—
	Benefit Continuation(2)	—	13,575	13,575	—	—
	Target Bonus(3)	—	—	162,500	—	—
	Equity Acceleration(4)	—	—	0(5)	—	—
	Total	—	338,575	501,075	—	—
Andrew E. Joiner	Cash Severance(1)	—	327,417	327,417	—	—
	Benefit Continuation(2)	—	13,575	13,575	—	—
	Target Bonus(3)	—	—	163,708	—	—
	Equity Acceleration(4)	—	—	276,000	—	—
	Total	—	340,991	780,700	—	—
Stéphan Epinette(6)	Cash Severance					

Name	Type of payment	Triggering Events: Voluntary/ for cause termination ($)	Involuntary termination without cause ($)	Qualifying change in control termination ($)	Death ($)	Disability ($)
		360,628(8)	372,649(9)	721,256(10)	—	360,628(8)
	Benefit Continuation	—	—	6,975	—	—
	Target Bonus(7)	22,984	22,984	105,840	22,984	22,984
	Equity Acceleration(4)	—	—	207,000	—	—
	Total	383,612	395,633	1,041,071	22,984	383,612
Kevin J. Klemz	Cash Severance(1)	—	270,000	270,000	—	—
	Benefit Continuation(2)	—	13,575	13,575	—	—
	Target Bonus(3)	—	—	108,000	—	—
	Equity Acceleration(4)	—	—	0(5)	—	—
	Total	—	283,575	391,575	—	—

(1) Includes the value of salary continuation for twelve months or payment of a lump sum equal to twelve months' salary following the executive's termination, as applicable.

(2) Includes the value of medical, dental and vision benefit continuation for each executive and their family for twelve months following the executive's termination. With respect to a qualifying change in control termination, Tornier will bear the entire cost of coverage.

(3) Includes value of full target bonus for the year of the change in control.

(4) Includes the value of acceleration of all unvested shares that are subject to options, based on a per share price of $22.50, which is the value obtained in our most recent valuation.

(5) The value of acceleration of all unvested shares that are subject to options held by Ms. Diersen and Mr. Klemz, all of which have an exercise price of $22.50, is $0, based on a per share price of $22.50, which is the value obtained in our most recent valuation.

(6) The foreign currency exchange rate of 1.3278 U.S. dollars for 1 Euro, which reflects an average conversion rate for 2010, was used to calculate Mr. Epinette's payments and benefits upon termination of employment.

(7) Includes amounts payable pursuant to the French incentive compensation scheme maintained by Tornier SAS assuming 100% achievement of applicable performance metrics. Pursuant to French law, participants receive their annual incentive payment for the year of their termination of employment for any reason. Upon a qualifying termination following a change in control, Mr. Epinette will also receive his full target annual bonus for the year of the change in control.

(8) Reflects an amount equal to twelve months' gross monthly salary, which is payable as consideration for the restrictive covenants contained in Mr. Epinette's employment agreement (the "Restrictive Covenant Consideration"). Pursuant to French law, gross monthly salary represents the average salary Mr. Epinette received during the twelve-month period preceding his termination and includes the amount of annual incentive bonus payable to Mr. Epinette in 2010 in respect of 2009 performance pursuant to our annual bonus program.

(9) Reflects, in addition to the Restrictive Covenant Consideration, an amount equal to one-fifth of Mr. Epinette's gross monthly salary, multiplied by his number of years of service with Tornier SAS, which is intended to reflect an amount payable pursuant to French law in the event of Mr. Epinette's involuntary termination of employment. Mr. Epinette will receive these benefits following any involuntary termination of employment, except for a termination involving serious or gross misconduct.

(10) Reflects, in addition to the Restrictive Covenant Consideration, an amount equal to twelve months' gross monthly salary, which is intended to reflect an amount payable pursuant to Mr. Epinette's employment agreement in the event of an involuntary termination of employment within twelve months following a change in control.

VIII. EMPLOYEES

8.1 Directors' and Executive Officers' Holdings of Shares and Options

The following table sets forth certain information concerning the beneficial ownership of our Shares as of March 7, 2011, by:

- each of our directors, executive and other officers;

- all of our directors, executive and other officers as a group; and
- each person known by us to beneficially own more than 5% of our Shares.

The calculations in the table below assume that there are 39,039,994 Shares. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. The shares that a shareholder has the right to acquire within 60 days, however, are not included in the computation of the percentage ownership of any other person.

Unless otherwise indicated, the address for each listed shareholder is c/o Tornier N.V., Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

	Ordinary shares beneficially owned	
	number	%
Directors, Executive and Other Officers:		
Douglas W. Kohrs(1)	1,877,866	4.7%
Carmen L. Diersen	17,500	*
Robert J. Ball(2)	146,874	*
Ralph E. Barisano, Jr.(3)	63,095	*
Stéphan Epinette(4)	45,278	*
Andrew E. Joiner(5)	94,270	*
Jamal D. Rushdy(6)	88,051	*
James C. Harber(7)	68,438	*
James E. Kwan(8)	125,590	*
Kevin M. Klemz	—	—
Gregory Morrison	—	—
Michael J. Doty(9)	123,571	*
Elizabeth H. Weatherman(10)	18,491,809	47.4%
Sean D. Carney(11)	18,799,507	48.2%
Pascal E.R. Girin	—	—
Alain Tornier(12)	3,953,089	10.1%
Richard B. Emmitt(13)	3,383,101	8.7%
Kevin C. O'Boyle	—	—
Richard F. Wallman(14)	54,708	*
All Directors, Executive and Other Officers as a Group	28,514,740	69.7%
Principal Shareholders:		
Warburg Pincus entities (TMG Holdings Coöperatief U.A.)(15)	18,491,809	47.4%
KCH Stockholm AB(16)	3,485,292	8.9%
Vertical Group, L.P.(17)	3,383,101	8.7%

* Represents beneficial ownership of less than 1% of our stock.

(1) Includes 425,015 Shares, 307,698 Shares held by STAK and options exercisable for 1,145,153 Shares. Mr. Kohrs is a member of the board of directors of STAK, the board of which is authorized to act by the affirmative vote of two of its members. All shares indicated as owned by Mr. Kohrs that are held by STAK are included because of his affiliation with STAK. Mr. Kohrs disclaims all beneficial ownership in such shares.

(2) Includes options exercisable for 146,874 Shares.

(3) Includes 3,720 Shares and options exercisable for 59,375 Shares.

(4) Includes 1,528 Shares and options exercisable for 43,750 Shares.

(5) Includes options exercisable for 94,270 Shares.

(6) Includes 2,427 Shares and options exercisable for 85,624 Shares.

(7) Includes 1,043 Shares and options exercisable for 67,395 Shares.

(8) Includes 384 Shares and options exercisable for 125,206 Shares.

(9) Includes options exercisable for 113,541 shares held by Mr. Doty and 10,030 Shares held by STAK, on behalf of Mr. Doty's wife, Diane M. Doty.

(10) Includes 18,491,809 shares held by affiliates of Warburg Pincus & Co., or WP. Ms. Weatherman is a Partner of WP and a Managing Director of Warburg Pincus LLC, or WP LLC. All shares indicated as owned by Ms. Weatherman are included because of her affiliation with the Warburg Pincus entities. Ms. Weatherman disclaims all beneficial ownership in such shares. Ms. Weatherman's address is c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017, USA.

(11) Includes 18,491,809 shares held by affiliates of WP and 307,698 Shares held by STAK. Mr. Carney is a Partner of WP and a Managing Director of WP LLC. All shares indicated as owned by Mr. Carney are included because of his affiliation with the Warburg Pincus entities. Mr. Carney disclaims all beneficial ownership in such shares. Mr. Carney is a member of the board of directors of STAK, which board is authorized to act by the affirmative vote of two of its members. All shares indicated as owned by Mr. Carney that are held by STAK are included because of his affiliation with STAK. Mr. Carney disclaims all beneficial ownership in such shares. Mr. Carney's address is c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017, USA.

(12) Includes 3,485,292 shares held by KCH, and 467,797 shares held by Phil Invest ApS. Mr. Tornier wholly owns both KCH and Phil Invest ApS. All shares indicated as owned by Mr. Tornier are included because of his affiliation with these entities.

(13) Includes 3,383,101 shares held by The Vertical Group. Mr. Emmitt is a Member and Manager of The Vertical Group GP, LLC, which controls The Vertical Group. All shares indicated as owned by Mr. Emmitt are included because of his affiliation with The Vertical Group. Mr. Emmitt disclaims all beneficial ownership in such shares. Mr. Emmitt's address is c/o The Vertical Group, L.P., 25 DeForest Avenue, Summit, New Jersey 07901, USA.

(14) Includes 42,208 Shares held by STAK on behalf of Mr. Wallman and options exercisable for 12,500 Shares.

(15) Includes 18,491,809 shares held by TMG. TMG is owned by WP Bermuda and PE One. The general partner of WP Bermuda is Warburg Pincus (Bermuda) Private Equity Ltd., or WPPE, a Bermuda company. Each of WP Bermuda, PE One and WPPE is managed by WP LLC. Charles R. Kaye and Joseph P. Landy are the Managing General Partners of WP, and Managing Members and Co-Presidents of WP LLC and may be deemed to control the Warburg Pincus entities. Each of Mr. Kaye and Mr. Landy disclaims beneficial ownership of all shares owned by Warburg Pincus entities. TMG, WP Bermuda, PE One, WPPE, WP LLC and WP are collectively referred to in Tornier's Proxy Statement as Warburg Pincus. The address of the Warburg Pincus entities is 450 Lexington Avenue, New York, New York 10017, USA.

(16) KCH, a Swedish entity, is wholly owned by Alain Tornier, a member of our Board. The address of KCH is Hamilton Advokatbyrå Karlstad AB, Kungsgatan 2A, Box 606, 651 13 Karlstad, Sweden.

(17) Includes 3,383,101 shares held by VFI and VFII. The Vertical Group is the sole general partner of each of VFI and VFII, and The Vertical Group GP, LLC controls The Vertical Group L.P. The sole members and managers of The Vertical Group GP, LLC are Messrs. Tony M. Chou, Richard B. Emmitt, Yue-Teh Jang, Jack W. Lasersohn and John E. Runnells, and these five individuals share voting and investment power over securities held by The Vertical Group, VFI and VFII. The address of The Vertical Group, The Vertical Group GP, LLC, VFI and VFII is 25 DeForest Avenue, Summit, New Jersey 07901, USA.

None of our shareholders has informed us that he or she is affiliated with a registered broker-dealer or is in the business of underwriting securities. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

8.2 Stock Plans[9]

Stock Option Plan

We have historically maintained a stock option plan, in an effort to align the equity ownership of our employees with the long-term interests of our shareholders, under which, our named executive officers and other employees have been eligible to receive option grants. We believe that options effectively incentivize our employees to maximize Company performance, as the value of awards is directly tied to an appreciation in the value of our shares, and provide an effective retention mechanism as a result of the applicable vesting mechanics of the options. As of February 2, 2011, we will not make further grants under our stock option plan, and equity-based awards will instead be granted under our new stock incentive plan, as described below.

In 2010, each of our named executive officers (other than Mr. Doty) received a grant of options. The number of options granted to each named executive officer (other than Mr. Klemz and Ms. Diersen) was determined by our Board, based upon recommendations from Mr. Carney and, other than with respect to

[9] Information as of March 14, 2011, the date of Tornier's Form 10-K.

his grants, the Chief Executive Officer, based on each executive's position, role and responsibilities, and individual and overall Company performance as determined by the Board. In determining the actual number of options awarded to Mr. Kohrs during 2010, the Board considered our past grant practices and targeted an ownership rate appropriate for Mr. Kohrs' current equity held and the relative percentage of total equity that his current equity holdings and proposed option grant would represent, and determined that an award to Mr. Kohrs of 83,333 options was consistent with our overall compensation objectives. Those objectives include providing a substantial portion of named executive officer compensation in the form of equity-based compensation and aligning our named executive officers' interests with those of our shareholders. Historically (and in 2010) the Board has determined the actual number of options awarded to our named executive officers during a given fiscal year by assessing targeted long-term ownership levels and the relative percentage of total equity outstanding that each option grant represents. Consistent with past practices, Mr. Klemz was granted 83,333 options in 2010, and Ms. Diersen, 150,000 options, in connection with the commencement of their employment. The Board and our Chief Executive Officer determined the number of options awarded to Mr. Klemz and Ms. Diersen based upon their respective roles and responsibilities and based on a desire to align their interests with those of our shareholders at the outset of their employment by providing them with a grant of long-term equity-based compensation, As new hires, Mr. Klemz and Ms. Diersen received option grants that were larger than the grants made to our other named executive officers in 2010, which is consistent with our historical practice of providing new hires with larger grants than the annual grants provided to our other named executive officers, in order to provide such individuals with a stake in our future which corresponds to the stake of each of our shareholders at the outset of their employment. Our stock option plan provides that, except as may otherwise be determined by the Board, options vest over a four-year period, with 25% vesting on the first anniversary of the applicable vesting commencement date and the remaining 75% vesting on a pro-rata basis on each quarterly anniversary of the applicable vesting commencement date over the three-year period thereafter. Option holders will forfeit their outstanding options to the extent they, as determined by our Board, engage in competitive activities (as defined in the stock option plan) during the course of their employment or during the six-month period following their termination. Additionally, on February 2, 2011, the stock option plan was amended to provide that in the event a change in control occurs, unless otherwise provided by our compensation committee, any outstanding awards, whether vested or unvested, will be accelerated as of the consummation of the change in control. We believe that granting options subject to the vesting schedule described above provides us with an effective mechanism to incentivize and to retain our named executive officers and to align their interest with the long-term interests of our shareholders.

Stock Incentive Plan

At our general meeting of shareholders on August 26, 2010, our shareholders approved the 2010 Plan, a new stock incentive plan that will afford more flexibility to our compensation committee in 2011 by allowing grants of a wide variety of equity awards to our employees, including our named executive officers, directors, and consultants, including incentive and non-qualified options, stock appreciation rights, stock grants, stock unit grants, cash-based awards, and other stock based awards. The 2010 Plan is designed to assist us in attracting and retaining our employees, directors, and consultants, to provide an additional incentive to such individuals to work to increase the value of our Shares, and to provide such individuals with a stake in our future which corresponds to the stake of each of our shareholders.

As of February 2, 2011, we ceased making grants under our stock option plan. The 2010 Plan reserves for issuance a number of Shares equal to the sum of (i) the number of Shares available for grant under the stock option plan as of February 2, 2011 (not including issued or outstanding shares granted pursuant to options under the stock option plan as of such date) and (ii) the number of Shares forfeited upon the expiration, cancellation, forfeiture, cash settlement or other termination following February 2, 2011 of an option outstanding as of February 2, 2011 under the stock option plan. As of February 2, 2011, 1,199,296 Shares remained available for grant under the stock option plan, and there were 3,747,888 shares covering outstanding awards as of such date. For purposes of determining the remaining Shares available for grant under the 2010 Plan, to the extent that an award expires or is cancelled, forfeited, settled in cash, or otherwise terminated without a delivery to the participant of the full number of Shares to which the award related, the undelivered Shares will again be available for grant. Similarly, Shares

withheld or surrendered in payment of an exercise price or taxes relating to an award under the 2010 Plan shall be deemed to constitute shares not delivered to the participant and shall be deemed to again be available for awards under the 2010 Plan. The total number of Shares available for issuance under the 2010 Plan will be subject to adjustment in the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin off) or any other similar change in our corporate structure or Shares.

The 2010 Plan provides for the grant of both incentive stock options, within the meaning of Section 422(b) of the Code, and non-qualified stock options. The 2010 Plan also permits the grant of Shares subject to vesting restrictions, stock unit grants, which represent the right to receive cash based on the value of Shares in the future, stock appreciation rights grants, which are rights to receive an amount equal to the value in cash or in Shares of the appreciation in the Shares over a specified period, and grants of other awards that may be denominated in, payable in, valued in whole or in part by reference to or otherwise based on or related to our Shares.

In the event of a change in control (as defined in the 2010 Plan), unless otherwise provided by the compensation committee, any outstanding awards, whether vested or unvested, will be accelerated as of the consummation of the change in control. Alternatively, the compensation committee may determine that outstanding awards will be cancelled as of the consummation of the change in control and that holders of cancelled awards will receive a payment in respect of such cancellation based on the amount of per-share consideration being paid in connection with the change in control less, in the case of options and other awards subject to exercise, the applicable exercise price.

Our Board has the ability to amend the 2010 Plan or any awards granted thereunder at any time, provided that no amendment will be made that impairs the rights of the holder of any award. Our Board may also suspend or terminate the 2010 Plan at any time, and, unless sooner terminated, the 2010 Plan shall terminate on the day before the tenth (10^{th}) anniversary of the date the 2010 Plan was adopted by our shareholders.

Employee Stock Purchase Plan

At our general meeting of shareholders on October 28, 2010, our shareholders approved the 2010 ESPP, which provides our employees, including our named executive officers, and employees of certain designated subsidiaries with an opportunity to purchase our Shares at a discount on a tax-qualified basis through payroll deductions in 2011. The employee stock purchase plan has been designed to qualify as an "employee stock purchase plan" under Section 423 of the Code.

A total of 333,333 Shares are available for issuance under the 2010 ESPP, subject to adjustment in the event of certain changes in our corporate structure or Shares. The employee stock purchase plan provides for consecutive offering periods, during which participating employees may elect to have between 1% and 10% of their compensation withheld and applied to the purchase of Shares at the end of the period. Unless otherwise determined by our compensation committee before an offering period, the purchase price will be 85% of the fair market value of the Shares at the end of the offering period.

The 2010 ESPP is administered by our compensation committee. Our Board has the ability to suspend, terminate, or amend the employee stock purchase plan at any time, although the Board generally may not amend the employee stock purchase plan in such a way that would adversely affect the rights of any participating employee without that employee's consent or shareholder approval. Unless sooner terminated, the employee stock purchase plan will terminate on the day before the tenth (10^{th}) anniversary of the date the employee stock purchase plan is approved by the board.

IX. WORKING CAPITAL STATEMENT

Tornier is of the opinion that its cash balance of approximately $59.7 million and its existing available credit lines of $29.0 million as of July 3, 2011 is sufficient to fund its working capital requirements and operations and permit anticipated capital expenditures for the next 12 months.

X. SELECTED FINANCIAL INFORMATION

10.1 Selected Financial Data

Because Tornier is incorporated in the Netherlands, it prepares annual financial statements in accordance with Dutch GAAP pursuant to Part 9 of Book 2 of the Netherlands Civil Code. As the Company is not listed on an EEA regulated market, it is not required under either the Netherlands Civil Code or the Netherlands Financial Supervision Act to prepare interim accounts under either Dutch GAAP or IFRS, and in fact it does not do so.

Although the Company is incorporated in the Netherlands, more than 50 percent of its Shares are directly or indirectly owned of record by residents of the United States, and the majority of its executive officers and directors are United States citizens. Accordingly, the Company is considered pursuant to the rules of the SEC to be a domestic filer subject to the same rules as companies incorporated in the United States. One key effect of the Company being considered as a domestic filer under the SEC rules is that its financial statements filed with the SEC under Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q must be prepared in accordance with U.S. GAAP.

As a result, selected financial data of Tornier under both Dutch GAAP and U.S. GAAP are set out in this prospectus.

The selected annual financial data of Tornier set out immediately below have been prepared in accordance with Dutch GAAP. They are derived from and should be read in conjunction with the consolidated financial statements and related notes thereto appearing on pages 84 – 117 of Tornier's 2010 Dutch Annual Report and pages 8 – 46 of Tornier's 2009 Annual Report.

SELECTED DUTCH GAAP THREE-YEAR FINANCIAL DATA
(in thousands of US$, except per share data)

	January 2, 2011	December 31, 2009	December 31, 2008
Statement of Operations Data:			
Net sales	$ 227,059	$ 201,781	$ 178,837
Cost of goods sold	(63,343)	(54,953)	(45,903)
Gross profit	163,716	146,828	132,934
Selling, marketing and research	(127,274)	(127,966)	114,697
General and administrative	(66,321)	(51,399)	42,755
Total operating expenses	(193,595)	(179,365)	157,452
Interest income (expense)	(21,446)	(19,193)	(10,086)
Other financial income (expense)	3,308	(1,329)	328
Loss from ordinary activities	(48,017)	(53,059)	(34,276)
Income tax benefit/(charge) on loss	2,377	(5,692)	1,778
Loss after taxation	(45,640)	(58,751)	(32,498)
Balance Sheet Data:			
Cash	24,750	$ 37,272	$ 20,536
Total current assets	166,082	163,893	146,808

	January 2, 2011	December 31, 2009	December 31, 2008
Total assets	487,424	496,315	482,331
Stockholders' equity	269,721	301,321	312,618
Provisions	31,746	30,977	3,738
Long term liabilities	109,728	94,424	85,065
Current liabilities	76,229	71,593	80,910
Other Financial Data:			
Net cash provided by (used in) operating activities	$ 9,855	$ 9,514	$ (8,743)
Net cash used in investing activities	(29,211)	(38,212)	(54,865)
Net cash provided by (used in) financing activities	7,427	44,857	66,487
Effect of exchange rate changes on cash and cash equivalents	(593)	577	310

The selected annual and quarterly financial data of Tornier set out immediately below have been prepared in accordance with U.S. GAAP. They are derived from and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Tornier's consolidated financial statements and related notes thereto appearing respectively on pages 70 – 80 and 86 – 115 of Tornier's Form 10-K, and its condensed consolidated financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing respectively on pages 4 – 15 and 16 – 24 of Tornier's Form 10-Q.

SELECTED U.S. GAAP THREE-YEAR FINANCIAL DATA
(in thousands of US$, except per share data)

	January 2, 2011	December 27, 2009	December 28, 2008
Statement of Operations Data:			
Revenue	$ 227,378	$ 201,462	$ 177,370
Cost of goods sold	(63,437)	(54,859)	(45,500)
Gross profit	163,941	146,603	131,870
Operating loss	(14,928)	(24,974)	(28,563)
Loss before income taxes	(44,630)	(70,099)	(39,404)
Income tax benefit	5,121	14,413	5,227
Net loss attributable to ordinary shareholders	$ (39,493)	$ (55,746)	$ (36,765)
Net loss per share: basic and diluted	$ (1.42)	$ (2.28)	$ (1.54)
Balance Sheet Data:			
Cash and cash equivalents	$ 24,838	$ 37,969	$ 21,348
Other current assets	148,376	133,179	122,167
Total assets	491,178	520,187	475,967
Total liabilities	220,939	277,140	212,442
Noncontrolling interest	—	23,259	23,200
Total shareholders' equity	270,239	219,788	240,325
Other Financial Data:			
Net cash provided by (used in) operating activities	$ 2,889	$ 2,291	$ (19,482)
Net cash used in investing activities	(22,853)	(31,104)	(43,314)
Net cash provided by financing activities	7,427	44,857	66,487
Effect of exchange rate changes on cash and cash equivalents	(594)	577	310

SELECTED U.S. GAAP QUARTERLY FINANCIAL DATA
(in thousands of US$, except per share amounts – unaudited)

Condensed Consolidated Statements of Operations Data:

	Three Months Ended,		Six Months Ended,	
	July 3, 2011	July 4, 2010	July 3, 2011	July 4, 2010
Revenue	$ 65,158	$ 54,563	$ 134,593	$ 116,406
Cost of goods sold	18,017	14,725	38,058	32,001
Gross profit	47,141	39,838	96,535	84,405
Operating loss	(2,311)	(1,463)	(1,561)	(5,926)
Loss before income taxes	(2,539)	(9,996)	(33,840)	(22,369)
Income tax (expense) benefit	(330)	1,393	7,002	3,715
Net loss attributable to ordinary shareholders	$ (2,869)	$ (8,603)	$ (26,838)	$ (18,638)
Net loss per share: basic and diluted	$ (0.07)	$ (0.31)	$ (0.72)	$ (0.72)

Condensed Consolidated Balance Sheets Data:

	July 3, 2011	January 2, 2011*
Cash and cash equivalents	$ 59,733	$ 24,838
Other current assets	153,727	148,376
Total assets	545,365	491,178
Total liabilities	120,530	220,939
Shareholders' equity	424,835	270,239

* Derived from audited consolidated balance sheet.

Consolidated Statements of Cash Flows Data:

	Six Months Ended,	
	July 3, 2011	July 4, 2010
Net cash provided by operating activities	$ 12,465	$ 2,509
Net cash used in investing activities	(11,567)	(15,157)
Net cash provided by financing activities	32,301	9,082
Effect of exchange rate changes on cash and cash equivalents	1,696	(1,194)

10.2 Information about Tornier's Auditors

The independent registered public accounting firm of Tornier is Ernst & Young LLP, Minneapolis, Minnesota, U.S.A. Ernst & Young LLP is registered with the Public Company Accounting Oversight Board (United States) and a member of the American Institute of Certified Public Accountants. The statutory independent auditor of Tornier is Ernst & Young Accountants LLP, Cross Towers, Antionio Vivaldistraat 150, 1083 Amsterdam, the Netherlands. Ernst & Young Accountants LLP is a member of the Dutch Organization of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

XI. LITIGATION

On October 25, 2007, two of the Company's former sales agents filed a complaint in the U.S. District Court for the Southern District of Illinois, alleging that the Company had breached their agency agreements and committed fraudulent and negligent misrepresentations. The jury rendered a verdict on July 31, 2009, awarding the plaintiffs a total of $2.6 million in actual damages and $4.0 million in punitive damages. While the court struck the award of punitive damages on March 31, 2010, it denied the

Company's motion to set aside the verdict or order a new trial. The Company filed a notice of appeal with the U.S. Court of Appeals for the Seventh Circuit in respect of the remaining actual damages.

On August 24, 2011 the U.S. Court of Appeals for the Seventh Circuit issued its decision. The Court of Appeals affirmed the lower court's denial of punitive damages and reversed the lower court's award of $2.6 million in actual damages. The Court of Appeals found that the lower court erred in allowing a calculation of damages based upon speculative future profits. The Court of Appeals remanded the case to the lower court for a recalculation of damages consistent with its opinion.

The Company believes it must assess the probability of the incurrence of a loss, and the ability to reasonably estimate such loss, based on the possible outcomes of the entire legal process including the appeals process. The Company believes its legal appeal is strong and that the range of possible outcomes is between zero and $2.6 million. After assessing all relevant information, the Company does not believe there to be a reasonably estimable loss within the range of possible outcomes that is probable of occurring. As a result, the Company has not recorded an accrual for any loss related to this issue. The Company has determined that a loss is reasonably possible, and management estimates the range of loss to be between zero and $2.6 million, the amount of the initial jury verdict without punitive damages. The Company believes it has a strong defense against these claims and is vigorously contesting these allegations. As of July 3, 2011, no accrual was recorded relating to this case.

In addition to the item noted above, the Company is subject to various other legal proceedings, product liability claims and other matters which arise in the ordinary course of business. In the opinion of management, the amount of liability, if any, with respect to these matters will not materially affect the Company's consolidated results of operations or financial position.

XII. DOCUMENTS ON DISPLAY

Tornier has adopted a Code of Business Conduct and Ethics, which applies to all of its directors, officers, and employees. Tornier's Code of Business Conduct and Ethics is available on its website free of charge at www.tornier.com, under Corporate Governance. Any person may request a copy free of charge by writing to Tornier at Tornier, Inc., 7701 France Avenue South, Suite 600, Edina, Minnesota 55435, USA. Tornier intends to disclose on its website any amendment to, or waiver from, a provision of its Code of Business Conduct and Ethics that applies to directors and executive officers and that is required to be disclosed pursuant to the rules of the SEC.

Tornier's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act are available, free of charge, on its web site at http://investor.tornier.com/financials.cfm as soon as reasonably practicable after Tornier electronically files such material with, or furnishes it to, the SEC. Tornier's SEC reports are also available free of charge on the SEC's website, www.sec.gov.

Tornier's Form 10-K, Tornier's Form 10-Q, Tornier's Proxy Statement and Tornier's 2010 Dutch Annual Report, referred to in this prospectus, are all available on its website. Tornier's 2010 Dutch Annual Report, Tornier's 2009 Dutch Annual Report, and its Memorandum and Articles of Association ("Statuten") may be obtained from the Amsterdam Chamber of Commerce. All of the above documents may be obtained, free of charge, upon request by an employee by writing to Tornier at Tornier, Inc., 7701 France Avenue South, Suite 600, Edina, Minnesota 55435, USA, attention: Corporate Secretary..

Tornier expects to issue, on or about November 8, 2011, its earnings release for the quarter ended October 2, 2011. The quarterly report on Form 10-Q for such quarter will be filed with the SEC no later than November 16, 2011. These documents will be available on the websites of Tornier and the SEC, indicated above.

XIII. TAX CONSEQUENCES

13.1 French Tax Consequences

The following summary is based on the income tax and social security laws in effect in France as of the date of this prospectus.

The options are granted under a tax-qualified French plan and are intended to qualify for the French favorable tax and social security regime. However, Tornier does not make any undertaking that it will maintain this qualified status of any options granted to Grantees in France. Certain events could affect this qualified status of the options and Grantees are not entitled to any damages if the Awards no longer qualify as qualified options. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participant purchases Shares or sells Shares under the 2010 ESPP, or when a Grantee receives or vests in an option, exercises options or sells Shares acquired under the 2010 Plan.

The following applies only to Participants and Grantees who are French residents for tax purposes and/or subject to the French social security regime. If the Participant or Grantee is a citizen or resident of another country for local law purposes, the income tax and social security contribution information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant's or Grantee's particular tax or financial situation or specific employment arrangement, and Tornier is not in a position to assure him or her of any particular tax result.

The Participants and Grantees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their country apply to their specific situations.

THE 2010 ESPP

Enrollment in the ESPP

The Participant will not be subject to personal income tax or social security contributions when he or she enrolls in the ESPP or a new Offering Period begins.

Purchase of Shares

When Shares are purchased under the 2010 ESPP, the Participant will be subject to personal income tax and social security contributions on the difference between the fair market value of the Shares on the Exercise Date and the purchase price (i.e., the discount), which will be considered as an additional salary.

The Shares acquired under the 2010 ESPP must be included in the Participant's household estate for wealth tax purposes. French wealth tax will be due annually only if the Participant's household total taxable estate exceeds a certain threshold (€ 1.3M for 2011 and 2012) for the calendar year, and as valued on January 1.

Dividends

If Shares are acquired under the 2010 ESPP, dividends may be paid with respect to those Shares if Tornier, in its discretion, declares a dividend. Any dividends paid will be included in the Participant's French personal income tax basis after application of certain allowances. The employee may elect for a flat withholding tax on the gross amount of dividends received on a case by case basis. Since such an election triggers some additional, sometimes adverse, consequences and is subject to strict formalities, the employee should seek appropriate professional advices before electing for such withholding of tax.

Any tax withheld in the Netherlands should entitle the Participant to a tax credit in France up to the amount of Dutch taxes paid, if the required formalities are fulfilled pursuant to the March 16, 1973 convention, to eliminate double taxation, in force between France and the Netherlands.

Dividends are also subject to additional social security contributions computed on the gross amount of the dividends.

A Participant will be required to report the dividends as taxable income and pay the applicable tax and social security contributions directly to the local authorities.

Sale of Shares

When the Participant subsequently sells the Shares purchased under the 2010 ESPP, the gain (i.e., the difference between the net sale price and the fair market value of the Shares on the Purchase Date) if any, will be subject to personal income tax and 12.3% additional social taxes.

If the Participant realizes a capital loss, with respect to both personal income taxation and social taxes, such capital loss can be offset against capital gains realized on sales of stock during the year of sale and during the ten following years. Capital losses cannot be offset against other kind of income.

The Participant should review such rules with his/her personal tax advisor prior to selling the Shares and filing the relevant personal income tax return.

Withholding and Reporting

The Participant's employer will not withhold personal income tax when Shares are purchased under the 2010 ESPP but will withhold social security contributions. In addition, the Participant's employer will report the discount on the Participant's monthly pay slip and on its annual declaration of salaries which is filed with the tax and labor authorities.

The Participant is responsible for reporting and paying any personal income tax on the dividends and capital gains or losses when he or she files his or her personal tax return, for reporting the Shares in his or her wealth tax return if he or she is liable thereto, as well as for reporting any cash or shares account held abroad.

THE 2010 PLAN (QUALIFIED OPTIONS)

Options to be granted under the 2010 French Sub-Plan are intended to benefit from the French favorable tax and social security contributions regime applicable to options granted under plans that comply with Sections L. 225-117 to L. 225-186-1 of the French Commercial Code.

Grant

The Grantee will not be subject to personal income tax or to social security contributions when options are granted.

Exercise

Because the options have been granted under a qualified plan and assuming the exercise price satisfies certain pricing requirements, the plan continues to meet the requirements for French-qualified options and reporting obligations are satisfied, when the Grantee exercises options, he or she generally will not be subject to personal income tax or social security contributions (except in case of an excess discount, i.e., the exercise price is less than 95% of the average trading price of Tornier's Shares for 20 trading days prior to the date of grant, in which case the excess discount is treated as additional taxable salary at the time of the exercise).

The Shares acquired under the 2010 French Sub-Plan have to be included in the Grantee's household estate for wealth tax purposes. French wealth tax will be due annually only if the Grantee's household total taxable estate exceeds a certain threshold (€ 1.3M for 2011 and 2012) for the calendar year, and as valued on January 1.

Dividends

If Shares are acquired following an exercise of options granted under the 2010 French Sub-Plan, dividends may be paid with respect to those Shares if Tornier, in its discretion, declares a dividend. Any dividends paid will be included in the Grantee's French personal income tax basis after application of certain allowances. The Grantee may elect for a flat withholding tax on the gross amount of dividends received on a case by case basis. Since such an election triggers some additional, sometimes adverse, consequences and is subject to strict formalities, the Grantee should seek appropriate professional advices before electing for such withholding of tax.

Any tax withheld in the Netherlands should entitle the Grantee to a tax credit in France up to the amount of Dutch taxes paid, if the required formalities are fulfilled pursuant to the March 16, 1973 tax treaty to eliminate double taxation in force between France and the Netherlands.

Dividends are also subject to additional social security contributions computed on the gross amount of the dividends.

A Grantee will be required to report the dividends as taxable income and pay the applicable tax and social security contributions directly to the local authorities.

Sale of Shares

When the Grantee sells the Shares acquired under the 2010 French Sub-Plan, he or she will be subject to personal income tax. The amount subject to personal income tax upon the sale of Shares acquired upon exercise of an option granted under a qualified plan is divided into two portions: (i) the difference (or spread) between the fair market value of the Shares on the date of exercise of the options and the exercise price; and (ii) the capital gain (i.e., the difference between the net sale price of the Shares and the fair market value of the Shares on the date of exercise of the options). How the Grantee will be taxed and the applicable tax rate depends on whether the Grantee sells the Shares prior to the date that is four years after the option grant date or other applicable holding period as may be required under French tax law (the "Minimum Holding Period") and upon the amount of the spread.

- If the Participant sells the Shares prior to the expiration of the Minimum Holding Period, the spread (*i.e.,* the difference between the fair market value of the Shares on the date of exercise of the Options and the exercise price after deduction of the excess discount, if any) will be subject to personal income tax at the Participant's marginal tax rate as salary income and the Participant will be subject to social security contributions on this amount. In addition, the gain (*i.e.*, the difference between the net sale price and the fair market value of the Shares on the date of exercise of the Options) if any, will also be subject to personal income tax, and to 12.3% additional social taxes.

- If the Participant sells the Shares after the expiration of the Minimum Holding Period, the Participant will be subject to taxation on the spread and the capital gain under the following conditions:

    - The annual spread will be subject to taxation at a 42.3% rate (which includes 12.3% additional social taxes) if this amount does not exceed €152,500 for the relevant year, if it does, the exceeding portion will be subject to an increased taxation rate of 53.3% (which includes 12.3% additional social taxes). Alternatively, the Participant can elect to be taxed as a salary income at the Participant's marginal income tax rate plus 12.3% additional social taxes. In any case, for options granted on or after October 16, 2007, a

8% employee contribution applies on the option spread (to be paid upon sale), to be added to the above mentioned rates.

- The gain is also subject to capital gain tax at a 19% rate plus 12.3% additional social taxes.

- If the Participant waits an additional two years after the Options have been exercised to sell the Shares *(i.e.*, providing an aggregate period of 6 years between the grant of the Options and the sale of the Shares is satisfied), he/she will benefit from a more favorable tax treatment. The Participant will be subject to taxation on the spread and the capital gain under the following conditions:

    - The annual spread will be subject to taxation at a 30.3% rate (which includes 12.3% additional social taxes) if this amount does not exceed €152,500 for the relevant year, if it does, the exceeding portion will be subject to an increased taxation rate of 42.3% (which includes 12.3% additional social taxes). Alternatively, the Participant can elect to be taxed as a salary income at the Participant's marginal income tax rate plus 12.3% additional social taxes. In any case, for options granted on or after October 16, 2007, a 8% employee contribution applies on the option spread (to be paid upon sale), to be added to the above mentioned rates.

    - The gain is also subject to capital gain tax at a 19% rate plus 12.3% additional social taxes.

If the net sale price is less than the fair market value of the Shares on the date of exercise, the Grantee will realize a capital loss. With respect to both personal income taxation and social taxes, such capital loss can be offset against the spread at exercise and against capital gains realized on sales of stock during the year of sale and during the ten following years. The Grantee should review such rules with his/her personal tax advisor prior to selling the Shares and filing the relevant personal income tax return.

The Grantee is advised to contact his or her personal tax advisor to determine if the favorable treatment could apply to him or her.

Withholding and Reporting

If the Minimum Holding Period is not met (and in case of an excess discount), the Grantee's employer is required to report and withhold social security contributions due on the spread at the time of exercise of the options. In addition, the Grantee's employer will report the spread on the Grantee's pay slip and on its annual declaration of salaries.

If the Minimum Holding Period and the required conditions of a qualified French sub-plan are met, the Grantee's employer is not required to report or withhold personal income tax or social security contributions at the time of exercise (except in case of an excess discount, as explained below) or sale.

In case of an excess discount, the Grantee's employer is required to withhold social security contributions due on this excess discount. In addition, the Grantee's employer will report the excess discount on the Grantee's pay slip and on its annual declaration of salaries.

By February 15 of the year following the year in which the Grantee exercises his or her option, the Grantee's employer will send the Grantee a statement setting out his or her benefits under the French Sub-Plan and details of the Grantee's option grants and exercises. This statement will also be sent to the employer's tax office ("Direction des Services Fiscaux"). In order to benefit from the favorable tax regime, the Grantee must include this statement in the Grantee's personal income tax return for the year in which the Grantee exercises his/her options. In addition, in the event that the Grantee sells Shares prior to the expiration of the Minimum Holding Period, the employer will send him or her a separate statement relating to the sale of the Shares and a copy of this statement will also be sent to the competent tax office for the

Grantee by February 15 of the year following the year in which the Shares are sold. This reporting may change in the near future.

In either case, the Grantee is responsible for reporting and paying any personal income tax, additional social taxes and social contributions, if any, resulting from the exercise of the Grantee's options or the sale of the Grantee's Shares when he or she files his or her personal tax return, for reporting the Shares in his or her wealth tax return if he or she is liable thereto, as well as for reporting any cash or shares account held abroad. Furthermore, if the Grantee does not comply with the reporting obligations mentioned above, the favorable tax regime may be unavailable.

13.2 Irish Tax Consequences

The following summary is based on the income and social tax laws in effect in Ireland as of the date of this prospectus. Tax and other laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participant purchases Shares or when a Grantee receives or vests in an Award, exercises Options or sells Shares acquired under the 2010 Plan.

The following applies only to Participants and Grantees who are Irish residents for tax purposes. If the Participant or Grantee is a citizen or resident of another country for local law purposes, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant's or Grantee's particular tax or financial situation, and Tornier is not in a position to assure him or her of any particular tax result.

The Participants and Grantees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their country apply to their specific situations.

THE 2010 ESPP

Enrollment in the ESPP

The Participant will not be subject to income tax, USC or social security contributions when he or she enrolls in the 2010 ESPP or a new Offering Period begins.

Purchase of Shares

When the Participant purchases Shares under the 2010 ESPP and exercises the related option, the Participant will be subject to income tax and USC on the difference (or spread) between the fair market value of the Shares on the date of exercise and the exercise price. The Participant will be subject to social insurance contributions on this amount (at employee rates only) where the option was granted on or after 1 January 2011.

The Participant must pay income tax and USC on the spread at the higher tax rate (currently 41%) within 30 days of the date of exercise without an assessment by the tax inspector. If the Participant is subject to income tax at the lower tax rate (currently 20%), he or she may apply to pay at the lower rate. However, if permission to pay tax at the lower rate is not received within 30 days of the date of exercise, the Participant must pay tax at the higher rate and seek a refund on any overpayment.

Dividends

If Shares are acquired following an exercise of Options granted under the 2010 ESPP, dividends may be paid with respect to those Shares if Tornier in its discretion, declares a dividend. Any dividends paid will be subject to tax and USC in Ireland and to Netherlands tax withheld at source. The Participant may be entitled to a tax credit for the Netherlands tax withheld.

Sale of Shares

When the Participant subsequently sells the Shares acquired under the 2010 ESPP any gain (i.e., the difference between the sale price and the fair market value of the Shares on the date of exercise) will be subject to capital gains tax (currently 25%). However, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

Withholding and Reporting

The Participant's employer will not withhold income tax and USC but will withhold employee PRSI in relation to grants made on or after 1 January 2011 which are exercised during 2011 when the Shares are exercised and will report the grant and exercise of the related option to the Irish Revenue Commissioners. It is the Participant's responsibility to report and pay any tax due as a result of the exercise of the related option when acquiring Shares under the 2010 ESPP and the subsequent sale of Shares within the timeframes set forth by the Irish Revenue Commissioners.

THE 2010 PLAN (OPTIONS)

Grant

The Grantee will not be subject to tax when Options are granted.

Exercise

When the Grantee exercises the Options, the Grantee will be subject to income tax and USC on the difference (or spread) between the fair market value of the Shares on the date of exercise and the exercise price. The Grantee will be subject to social insurance contributions on this amount (at employee rates only) where the option was granted on or after 1 January 2011.

The Grantee must pay income tax and USC on the spread at the higher tax rate (currently 41%) within 30 days of the date of exercise without an assessment by the tax inspector. If the Grantee is subject to income tax at the lower tax rate (currently 20%), he or she may apply to pay at the lower rate. However, if permission to pay tax at the lower rate is not received within 30 days of the date of exercise, the Grantee must pay tax at the higher rate and seek a refund on any overpayment.

Dividends

If Shares are acquired following an exercise of Options granted under the 2010 Plan dividends may be paid with respect to those Shares if Tornier, in its discretion, declares a dividend. Any dividends paid will be subject to tax and USC in Ireland and to Netherlands tax withheld at source. The Grantee may be entitled to a tax credit for the Netherlands tax withheld.

Sale of Shares

When the Grantee subsequently sells the Shares acquired under the 2010 Plan any gain (i.e., the difference between the sale price and the fair market value of the Shares on the date of exercise) will be subject to capital gains tax (currently 25%). However, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

Withholding and Reporting

The Grantee's employer will not withhold income tax and USC but will withhold employee PRSI in relation to grants made on or after 1 January 2011 which are exercised during 2011 when the Options are exercised and will report the grant and exercise of the Options to the Irish Revenue Commissioners. It is

the Grantee's responsibility to report and pay any tax due as a result of the exercise of the Options and the subsequent sale of Shares within the timeframes set forth by the Irish Revenue Commissioners.

PLEASE NOTE THAT PERSONAL INCOME TAX AND SOCIAL SECURITY CONTRIBUTIONS CONSEQUENCES ARISING FROM THE GRANT AND VESTING OF OTHER SHARE AWARDS, IF ANY ARE GRANTED, MAY BE DIFFERENT.

13.3 Dutch Tax Consequences

The information set out below describes the principal Dutch dividend withholding tax consequences of the holding of shares for non-Dutch resident shareholders and is included for general information only.

The information presented below is of a general nature and should not constitute the sole basis for evaluating the tax consequences of making any investment decisions. Potential investors are urged to consult their tax advisers. Please note that the information presented below has been prepared based on the legal statutes as at the date of the prospectus.

Dutch dividend withholding tax

If Shares are acquired under the 2010 ESPP or following an exercise of options granted under the 2010 Plan, dividends may be paid with respect to those Shares if Tornier in its discretion, declares a dividend. For further information on Tornier's dividend policy, please see the paragraph Dividend Rights in Section 4.5 of Chapter C of this prospectus, Rights Attached to the Securities.

Dividends distributed by Tornier (if any) are generally subject to Dutch dividend withholding tax at a rate of 15%. Dividends distributed include, amongst others, (i) distributions in cash or in kind; (ii) liquidation proceeds, proceeds of redemption of the Shares, or proceeds of the repurchase of the Shares by the Tornier or one of the subsidiaries of Tornier or other affiliated entities to the extent such proceeds exceed the average paid-in capital of the Shares recognized for Dutch dividend withholding tax purposes; (iii) an amount equal to the par value of the Shares, to the extent that it does not appear that a contribution, recognized for the purposes of Dutch dividend withholding tax, has been made or will be made; and (iv) partial repayment of the paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that Tornier has net profits (*zuivere winst*), unless the holders of Tornier's Shares have resolved in advance at a General Meeting to make such repayment and the par value of the relevant shares has been reduced by an equal amount by way of an amendment to the articles of association of Tornier.

Tornier will be obliged to file a dividend withholding tax return and withhold tax from the distribution and remit it to the tax authorities. Dividend withholding tax must be withheld at the moment the distribution becomes payable. Dividend withholding tax withheld from dividends to which entitlement has lapsed is non-refundable.

EXHIBITS

EXHIBIT I

THE TORNIER N.V. 2010 EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED

TORNIER N.V.
2010 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. This Tornier N.V. 2010 Employee Stock Purchase Plan (the "Plan") is intended to advance the interests of Tornier N.V., a public limited liability company (*naamloze vennootschap*) organized under the laws of The Netherlands, or any successor thereto (the "Company") and its stockholders by providing Eligible Employees of the Company and each Designated Subsidiary with opportunities to acquire shares of Stock on favorable terms through payroll deductions. The Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and will be construed so as to extend and limit participation in a manner consistent with the requirements of Section 423 of the Code.

2. Definitions. For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Committee" shall mean the Compensation Committee of the Board or a subcommittee thereof consisting solely of not less than two members of the Board who are "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act.

(c) "Company Group" shall mean the Company, together with each Designated Subsidiary.

(d) "Compensation" shall mean regular straight-time earnings and commissions that are included in regular compensation, including amounts that would have constituted compensation but for a Participant's election to defer or reduce compensation pursuant to any deferred compensation, cafeteria, capital accumulation or any other similar plan of the Company and excluding all other amounts such as amounts attributable to overtime, shift premium, incentive compensation and bonuses (except to the extent that the inclusion of any such item is specifically directed by the Committee), determined in a manner consistent with the requirements of Section 423 of the Code.

(e) "Designated Subsidiary" shall mean a Subsidiary that has been designated by the Board from time to time, in its sole discretion, as eligible to participate in the Plan.

(f) "Eligible Employee" shall mean an Employee of the Company or a Designated Subsidiary (i) who would not, immediately after an option is granted to him hereunder, own shares possessing five percent (5%) or more of the total combined voting power or value of all classes of shares of the Company or any Subsidiary (as determined under Section 423(b)(3) of the Code); (ii) whose customary employment is for more than twenty (20) hours per week; and (iii) whose customary employment is for more than five (5) months in any calendar year. For purposes of clause (i) of this subsection (f), the rules of Section 424(d) of the Code with regard to the attribution of share ownership shall apply in determining the share ownership of an individual, and shares which an Employee may purchase under outstanding options shall be treated as shares owned by the Employee. Notwithstanding anything herein to the contrary, Employees who are citizens or residents of a foreign jurisdiction (without regard to

whether they are citizens of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) shall not be considered Eligible Employees for purposes of the Plan if (x) the grant of an option hereunder or any Offering to a citizen or foreign resident of such foreign jurisdiction is prohibited by the laws of such jurisdiction, or (y) compliance with the laws of such foreign jurisdiction would cause the Plan or any Offering to violate the requirements of Section 423 of the Code.

(g) "Employee" shall mean any person, including an officer, who renders services to the Company or a Designated Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. "Employee" shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-7(h)(2). Where the period of leave exceeds ninety (90) days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety first (91st) day of such leave.

(h) "Employer" shall mean, with respect to a Participant, the member of the Company Group by which the Participant is principally employed.

(i) "Enrollment Date" shall mean the first Trading Day of each Offering Period.

(j) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(k) "Exercise Date" shall mean the last Trading Day of each Offering Period.

(l) "Fair Market Value" shall mean, with respect to the Stock, as of any date: (i) the closing sale price of the Stock as of such date at the end of the regular trading session, as reported by the Nasdaq Stock Market, the New York Stock Exchange, the American Stock Exchange or any national securities exchange on which the Stock is then listed or quoted (or, if no shares were traded on such date, as of the next preceding date on which there was such a trade); (ii) if the Stock is not so listed, admitted to unlisted trading privileges, or reported on any national securities exchange, the closing sale price as of such date at the end of the regular trading session, as reported by the OTC Bulletin Board or the Pink Sheets, LLC, or other comparable service (or, if no shares were traded or quoted on such date, as of the next preceding date on which there was such a trade or quote); or (iii) if the Stock is not so listed or reported, such price as the Committee determines in its sole discretion in a manner acceptable under Section 423 of the Code.

(m) "Offering" means any of the offerings to Participants of options to purchase Stock under the Plan, as described in Section 4 below.

(n) "Participant" shall mean an Eligible Employee who participates in the Plan pursuant to Section 5 hereof.

(o) "Purchase Price" shall mean eighty five percent (85%) of the Fair Market Value of one share of Stock on the Exercise Date; *provided, however*, that the Purchase Price may be adjusted by the Committee pursuant to Section 19 hereof; *provided, further*, that the Purchase Price shall not be less than the par value of one share of Stock.

(p) "Securities Act" shall mean the Securities Act of 1933, as amended.

(q) "Stock" shall mean the ordinary shares, par value €0.03 per share, of the Company, or the number and kind of shares of stock or other securities into which such ordinary shares may be changed in accordance with Section 13 of the Plan.

(r) "Subsidiary" shall mean any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

(s) "Trading Day" shall mean a day on which the principal exchange on which the Stock is traded is open for trading.

3. Eligibility.

(a) Any Employee who is an Eligible Employee on the Enrollment Date for an Offering Period (as defined in Section 4 below) shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of Section 3(b) hereof and the limitations imposed by Section 423(b) of the Code.

(b) No Eligible Employee shall be granted an option under the Plan if the amount of payroll deductions that the Eligible Employee has elected to have withheld under such option (pursuant to Section 5 below) would permit the Eligible Employee to purchase shares of Stock under all "employee stock purchase plans" (within the meaning of Section 423 of the Code) of the Company or any Subsidiary to accrue (i.e., become exercisable) at a rate that exceeds twenty five thousand dollars ($25,000) of the Fair Market Value of such shares of Stock (determined as of the Enrollment Date) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. Options to purchase shares of Stock shall be offered to Participants under the Plan through a continuous series of Offerings, each continuing for six months and each of which shall commence on January 1 and July 1 of each year, as the case may be, and shall terminate on June 30 and December 31 of such year, as the case may be (each such period being, an "Offering Period"); *provided, however*, that the first Offering Period under the Plan and any subsequent Offering Period commenced immediately after a suspension of the Plan shall have an Enrollment Date and Exercise Date as determined by the Committee in its sole discretion. Offerings under the Plan shall continue until either (a) the Committee decides, in its sole discretion, that no further Offerings shall be made because the Stock remaining available under the Plan is insufficient to make an Offering to all Eligible Employees, or (b) the Plan is terminated under Section 20 below. Notwithstanding the foregoing, and without limiting the authority of the Committee under Section 14, 19 and 20 of the Plan, the Committee, in its sole discretion, may (a) accelerate the Exercise Date of the then current Offering Period and provide for the exercise of options thereunder by Participants in accordance with Section 8 of the Plan, or (b) accelerate the Exercise Date of the then current Offering Period and provide that all payroll

deductions credited to the accounts of Participants will be paid to Participants as soon as practicable after such Exercise Date and that all options for such Offering Period will automatically be canceled and will no longer be exercisable, if such change is announced at least five (5) days prior to the newly scheduled Exercise Date.

5. Participation.

(a) Each Eligible Employee may become a Participant with respect to any Offering Period by completing a subscription agreement authorizing payroll deductions in a form acceptable to the Committee and filing it with the Company (or its designated third-party stock plan administrator) fifteen (15) business days (or a different number of days as may be determined by the Committee, in its sole discretion) prior to the first day of such Offering Period. A Participant's completion of a subscription agreement with respect to any Offering Period will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Section 10 hereof, or otherwise becomes ineligible to participate in the Plan.

(b) Payroll deductions for a Participant shall commence on the first payday following the Enrollment Date and shall end on the last payday in the Offering Period with respect to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

(c) During a Participant's leave of absence approved by his Employer and meeting the requirements of Treasury Regulation Section 1.421-7(h)(2), such Participant may continue to participate in the Plan by making cash payments to the Company on each payday equal to the amount of the Participant's payroll deductions under the Plan for the payday immediately preceding the first day of such Participant's leave of absence. If a leave of absence is unapproved or fails to meet the requirements of Treasury Regulation Section 1.421-7(h)(2), the Participant will automatically cease to participate in the Plan and may not make any further contributions to the Plan hereunder. In such event, the Company will automatically cease to deduct the Participant's payroll under the Plan. The Company will pay to the Participant his total payroll deductions for the Offering Period, in cash in one lump sum (without interest), as soon as practicable after the Participant ceases to participate in the Plan.

(d) The subscription agreement(s) used in connection with the Plan shall be in a form prescribed by the Committee, and the Committee may, in its sole discretion, determine whether such agreement shall be submitted in written or electronic form.

6. Payroll Deductions.

(a) At the time a Participant files his subscription agreement, such Participant shall elect to have payroll deductions made on each payday (such amount to be deducted after any applicable deduction for tax and other withholding) during the Offering Period in an amount from one percent (1%) to ten percent (10%) of the Compensation which he receives on each pay day during the Offering Period.

(b) All payroll deductions made for a Participant shall be credited to his account under the Plan and shall be withheld in whole percentages only. Except as described in Section 5(c) hereof, a Participant may not make any additional payments into such account.

(c) A Participant may discontinue his participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his payroll deductions during the Offering Period by completing or filing with the Company (or its designated third-party stock plan administrator) a new subscription agreement authorizing a change in payroll deduction rate. The Committee may, in its discretion, limit the number of participation rate changes per Participant during any Offering Period. The change in rate shall be effective with the first full payroll period following five business (5) days (or a different number of days as may be determined by the Committee, in its sole discretion) after the Company's (or its designated third-party stock plan administrator's) receipt of the new subscription agreement.

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period.

(e) At the time an option is exercised, in whole or in part, or at the time some or all of the shares of Stock issued under the Plan are disposed of, the Participant must make adequate provision for any federal, state, or other tax obligations, if any, which arise upon the exercise of the option or the disposition of the shares of Stock. At any time, the Company may, but shall not be obligated to, withhold from all of the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to the sale or early disposition of shares of Stock by the Participant.

7. Grant of Option. On the Enrollment Date of each Offering Period, each Participant in such Offering Period shall be granted an option to purchase on the Exercise Date with respect to such Offering Period (at the applicable Purchase Price) up to a number of the shares of Stock determined by dividing such Participant's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; *provided, however,* that (i) such purchase shall be subject to the limitations set forth in Sections 3 and 13 hereof, and (ii) in no event may more than eight hundred thirty-three (833) shares of Stock be purchased by any Participant during any Offering Period. Exercise of the option shall occur as provided in Section 8 hereof, unless the Participant has withdrawn from participation pursuant to Section 10 hereof or otherwise becomes ineligible to participate in the Plan. The option shall expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10 hereof or otherwise becomes ineligible to participate in the Plan, such Participant's option for the purchase of Stock shall be exercised automatically on the Exercise Date, and the maximum number of full shares of Stock subject to the option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his account. No fractional shares of Stock shall be purchased, and any payroll deductions accumulated in a Participant's

account which are not sufficient to purchase a full share of Stock shall be retained in such Participant's account for the subsequent Offering Period. During a Participant's lifetime, a Participant's option to purchase Stock hereunder is exercisable only by him.

(b) If the Committee determines that, on a given Exercise Date, the number of shares of Stock with respect to which options are to be exercised may exceed either (i) the number of shares of Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period (notwithstanding any authorization of additional shares of Stock for issuance under the Plan by the Company's shareholders subsequent to such Enrollment Date); or (ii) the number of shares of Stock available for sale under the Plan on such Exercise Date, the Committee shall provide that the Company (or its designated third-party stock plan administrator) shall make a pro rata allocation of the Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising options to purchase Stock on such Exercise Date, and shall decide, in its sole discretion, to either (x) continue all Offering Periods then in effect or (y) terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. In the event of such a pro rata allocation of Stock pursuant to this Section 8(b), the balance of the amount credited to the account of each Participant that has not been applied to the purchase of Stock shall be paid to each such Participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date, without any interest thereon.

9. Deposit of Stock. As promptly as practicable after each Exercise Date on which a purchase of Stock occurs, the Company may arrange for the deposit, into each Participant's account with any broker designated by the Company to administer this Plan, of the number of shares of Stock purchased upon exercise of each such Participant's option.

10. Withdrawal.

(a) At any time prior to the Exercise Date, a Participant, by giving written notice to the Company (or its designated third-party stock plan administrator) in a form acceptable to the Committee, may withdraw all but not less than all of the payroll deductions credited to his account and not yet used to exercise an option under the Plan. All of the Participant's payroll deductions credited to his account during the Offering Period, plus any balance retained in his account from a prior Offering Period, if any, shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal, and such Participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Stock shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of any subsequent Offering Period unless the Participant delivers to the Company (or its designated third-party stock plan administrator) a new subscription agreement in accordance with the terms of Section 5(a) hereof.

(b) A Participant's withdrawal from an Offering Period shall not have any effect upon his eligibility to participate in any similar plan which may hereafter be adopted by the Company or in Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, such Participant shall be deemed to have elected to withdraw from the Plan, and the payroll deductions credited to such Participant's account during the Offering Period, plus any balance retained in his account from a prior Offering Period, if any, shall be paid to him, or in the case of his death, to the person or persons entitled thereto under Section 15 hereof, as soon as reasonably practicable, and such Participant's option for the Offering Period shall be automatically terminated.

12. Interest. No interest shall accrue on the payroll deductions or lump sum contributions of a Participant in the Plan.

13. Stock Subject to Plan.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, a maximum of three hundred thirty-three thousand, three hundred thirty-three (333,333) shares of Stock shall be made available for sale under the Plan. If any option granted under the Plan shall for any reason terminate without having been exercised, the shares of Stock not purchased under such option shall again become available for issuance under the Plan. The shares of Stock subject to the Plan may be unissued shares or reacquired shares bought on the market or otherwise.

(b) Except as otherwise provided herein, with respect to Stock subject to an option granted under the Plan, a Participant shall not be deemed to be a shareholder of the Company, and the Participant shall not have any of the rights or privileges of a shareholder, until such Stock has been issued to the Participant or his nominee following exercise of the Participant's option. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distributions or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein.

14. Administration. The Plan will be administered by the Committee. To the extent consistent with corporate law, the Committee may delegate to any officers of the Company the duties, power and authority of the Committee under the Plan pursuant to such conditions or limitations as the Committee may establish; *provided, however*, that only the Committee may exercise such duties, power and authority with respect to Participants who are subject to Section 16 of the Exchange Act. The Committee may exercise its duties, power and authority under the Plan in its sole discretion without the consent of any Participant or other party, unless the Plan specifically provides otherwise. Each determination, interpretation or other action made or taken by the Committee pursuant to the provisions of the Plan will be final, conclusive and binding for all purposes and on all persons, including, without limitation, the Company, the stockholders of the Company, the Participants and their respective successors-in-interest. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under the Plan.

15. Designation of Beneficiary.

(a) A Participant may file a written designation of a beneficiary who is to receive any Stock and cash, if any, from such Participant's account under the Plan in the event of

such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such Stock and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. To the extent required under applicable law, spousal consent shall be required for such designation to be effective if the Participant is married and the designated beneficiary is not the Participant's spouse.

(b) Such beneficiary designation may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Stock and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company may, in its discretion, deliver such Stock and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent, or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive Stock under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the Participant (other than by will, the laws of descent and distribution, or as provided in Section 15 hereof). Any such attempt at assignment, transfer, pledge, or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be given to Participants following each Offering Period, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares of Stock purchased, and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Merger, Amalgamation, Asset Sale, Dissolution or Liquidation.

(a) Changes in Capitalization. The number of shares of Stock which have been authorized for issuance under the Plan but not yet placed under option, the maximum number of shares of Stock each Participant may purchase in each Offering Period (pursuant to Section 7 hereof), as well as the price per share of Stock and the number of shares of Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Stock resulting from a stock split, reverse stock split, stock dividend, combination, or reclassification of the Stock, or any other increase or decrease in the number of shares of Stock effected without receipt of consideration by the Company; *provided, however*, that conversion of any convertible securities of the

Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Committee, whose determination in that respect shall be final, binding, and conclusive on all Participants and the Company. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Stock subject to an option.

(b) Merger, Amalgamation, Asset Sale, Dissolution or Liquidation. In the event of a proposed merger or amalgamation of the Company with or into another corporation or a proposed sale of all or substantially all of the assets of the Company, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation or a parent or subsidiary of the successor corporation refuses to assume or substitute for the option, or in the event of the proposed dissolution, or liquidation of the Company, the Offering Period then in progress shall be shortened by the Committee by setting a new Exercise Date (the "New Exercise Date"), which shall occur no later than immediately prior to the effective date of such proposed merger, amalgamation, sale, dissolution or liquidation, as applicable. The Company shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date, unless prior to such New Exercise Date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination shall affect options previously granted, *provided* that an Offering Period may be terminated by the Board if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its shareholders. Except as provided in Section 19 hereof and this Section 20, no amendment may make any change in any option theretofore granted which adversely affects the rights of any Participant without the consent of such Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation, or stock exchange rule), the Company shall obtain shareholder approval of any amendment in such a manner and to such a degree as required.

(b) Without shareholder consent and without regard to whether any Participant's rights may be considered to have been "adversely affected," the Committee shall be entitled to change the Offering Periods (but in no event may an Offering Period have a duration in excess of twenty seven (27) months), limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Stock for each Participant properly correspond with amounts withheld

from the Participant's Compensation, and establish such other limitations or procedures as the Committee determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify, or amend the Plan to reduce or eliminate such financial accounting consequences, including, but not limited to:

(i) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Committee action; and

(iii) allocating shares.

Such modifications or amendments shall not require shareholder approval or the consent of any Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions to Issuance of Stock.

(a) The Company shall not be required to issue or deliver to a Participant any certificate or certificates for shares of Stock purchased upon the exercise of options prior to fulfillment of all the following conditions:

(i) The admission of such shares of Stock to listing on all stock exchanges, if any, on which the Stock is then listed;

(ii) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;

(iii) Such Participant's payment to the Company of all amounts which it is required to withhold under federal, state or local law upon exercise of the option; and

(iv) The lapse of such reasonable period of time following the exercise of the option as the Committee may from time to time establish for reasons of administrative convenience.

(b) The obligation of the Company to make a payment of Stock or otherwise shall be subject to all applicable laws, rules and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any

option to the contrary, the Company shall be under no obligation to offer to sell or to sell and shall be prohibited from offering to sell or selling any Stock pursuant to an option unless such Stock has been properly registered for sale with the Securities and Exchange Commission pursuant to the Securities Act or unless the Company has received an opinion of counsel, satisfactory to the Company, that such Stock may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale or resale under the Securities Act any of the Stock to be offered or sold under the Plan or any Stock issued upon exercise or settlement of options. If the Stock offered for sale or sold under the Plan is offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such Stock and may legend the share certificates representing such Stock in such manner as it deems advisable to ensure the availability of any such exemption.

23. Term of Plan. The Plan shall become effective as of the Effective Date. The Plan shall be deemed to be approved by the Company's shareholders if it receives the affirmative vote of the Company's shareholders in accordance with the by-laws of the Company. Subject to approval by the shareholders of the Company in accordance with this Section 23, the Plan shall be in effect until the tenth (10^{th}) anniversary of the date of the initial adoption of the Plan by the Board, unless sooner terminated under Section 20 hereof. In the event the Company's shareholders do not approve this Plan pursuant to this Section 23, neither this Plan nor any elections made hereunder shall be of any force or effect, any outstanding option shall be cancelled for no consideration, and all amounts deducted from each Participant's paycheck shall be repaid to such Participant as soon as practicable without interest.

24. Equal Rights and Privileges. All Eligible Employees will have equal rights and privileges under this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Any provision of this Plan that is inconsistent with this requirement to provide equal rights and privileges will, without further act or amendment by the Company, the Board or the Committee, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

25. Section 409A. The options to purchase Stock under the Plan are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code. However, if at any time the Committee determines that the options may be subject to Section 409A of the Code, the Committee shall have the right, in its sole discretion, to amend the Plan and any outstanding options as it may determine is necessary or desirable either to exempt the options from the application of Section 409A of the Code or to cause the options to comply with the requirements of Section 409A of the Code.

26. No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or a Subsidiary, or to affect the right of the Company or any Subsidiary to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

27. Notice of Disposition of Stock; Transfer Restrictions. If required by the Company, each Participant shall give prompt notice to the Company (at its local Human Resources office), or cause a designated third-party stock administrator to give prompt notice to the Company, of any disposition or other transfer of any Stock purchased upon exercise of an option hereunder if such disposition or transfer is made either (a) within two (2) years from the Enrollment Date of the Offering Period in which the Stock was purchased or (b) within one (1) year after the Exercise Date on which such Stock was purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness, or other consideration, by the Participant in such disposition or other transfer. Notwithstanding anything herein to the contrary, no Participant shall be permitted to dispose of or transfer any Stock purchased pursuant to an option hereunder prior to the date that is twelve (12) months following the date upon which such Stock was so purchased. The Committee may provide, in its sole discretion, that the Stock purchased pursuant to an option hereunder shall be held in book entry form, rather than delivered to the Participant, through the expiration of such twelve (12) month period. If certificates representing the shares of Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Stock and that the Company retain physical possession of the certificates.

28. Governing Law. Subject to any applicable provisions of United States federal law (including, without limitation, Section 423(b) of the Code), the validity and enforceability of this Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to otherwise governing principles of conflicts of law.

* * *

FIRST AMENDMENT OF THE
TORNIER N.V. 2010 EMPLOYEE STOCK PURCHASE PLAN

WHEREAS, Tornier N.V., a public limited liability company organized under the laws of The Netherlands (the "Company") maintains and operates the Tornier N.V. 2010 Employee Stock Purchase Plan (the "Plan"); and

WHEREAS, the Company desires to amend the Plan to accommodate Plan participation by employees of the Company's subsidiaries incorporated outside of the United States;

NOW, THEREFORE, by virtue and in exercise of the power reserved to the Company's Board of Directors (the "Board") by Section 20(a) of the Plan and pursuant to the authority delegated to the undersigned officer of the Company by resolution of the Board, the Plan be and it is hereby amended, effective August 5, 2011, in the following particulars:

1. By inserting the following at the end of Section 1 of the Plan as a part thereof:

> "Notwithstanding the foregoing, the Company may establish one or more sub-plans of the Plan which do not qualify as an employee stock purchase plan under Section 423 of the Code for Eligible Employees of Designated Subsidiaries in countries outside of the United States in order to achieve tax, employment, securities law or other purposes and objectives, and to conform the terms of the Plan with the laws and requirements of such countries in order to allow such Eligible Employees to purchase shares of Stock in a manner similar to the Plan."

2. By substituting the following for Section 14 of the Plan as a part thereof:

> "14. Administration.
>
> (a) The Plan will be administered by the Committee. To the extent consistent with corporate law, the Committee may delegate to any officers of the Company the duties, power and authority of the Committee under the Plan pursuant to such conditions or limitations as the Committee may establish; *provided*, *however*, that only the Committee may exercise such duties, power and authority with respect to Participants who are subject to Section 16 of the Exchange Act. The Committee may exercise its duties, power and authority under the Plan in its sole discretion without the consent of any Participant or other party, unless the Plan specifically provides otherwise. Each determination, interpretation or other action made or taken by the Committee pursuant to the provisions of the Plan will be final, conclusive and binding for all purposes and on all persons, including, without limitation, the Company, the stockholders of the Company, the

Participants and their respective successors-in-interest. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under the Plan.

(b) Notwithstanding anything in the Plan to the contrary, the Committee, in its sole discretion, may establish one or more sub-plans of the Plan which do not satisfy the requirements of Section 423 of the Code for purposes of effectuating the participation of Eligible Employees of Designated Subsidiaries incorporated in countries outside of the United States. For purposes of the foregoing, the Committee may establish one or more sub-plans to: (a) amend or vary the terms of the Plan in order to conform such terms with the laws, rules and regulations of each country outside of the United States where a Designated Subsidiary is located; (b) amend or vary the terms of the Plan in each country where a Designated Subsidiary is located as it considers necessary or desirable to take into account or to mitigate or reduce the burden of taxation and social insurance contributions for Participants and/or the Designated Subsidiary; or (c) amend or vary the terms of the Plan in each country outside of the United States where a Designated Subsidiary is located as it considers necessary or desirable to meet the goals and objectives of the Plan. All sub-plans of the Plan shall be reflected in a written Appendix to the Plan, and shall be treated as being separate and independent from the Plan; provided, the total number of shares of Stock authorized to be issued under the Plan shall include any shares of Stock issued under any sub-plan established hereunder. To the extent permitted under applicable law, the Committee may delegate is authority and responsibilities hereunder to an appropriate sub-committee consisting of one or more designated officers of the Company."

IN WITNESS WHEREOF, the Board has caused this amendment to be executed on its behalf by its duly authorized officer this _____ day of _____, 2011.

TORNIER N.V.

By: _____

Its: _____

EXHIBIT II

THE TORNIER N.V. 2010 INCENTIVE PLAN

TORNIER N.V.
2010 INCENTIVE PLAN

1. BACKGROUND AND PURPOSE

The purpose of this Plan is to promote the interests of the Company and its Affiliates by authorizing the Committee to grant Awards to Eligible Recipients in order to (i) attract and retain such individuals, (ii) provide an additional incentive to such individuals to work to increase the value of Stock, and (iii) provide such individuals with a stake in the future of the Company which corresponds to the stake of each of the Company's shareholders. The Plan shall become effective as of the Effective Date, *provided, however*, that no grants of Awards shall be made under this Plan until the IPO Effective Date. As of the IPO Effective Date, no further grants shall be made under the Prior Plan.

2. DEFINITIONS

2.1. **Adverse Action**. Adverse Action means any action or conduct by a Participant that the Committee, in its sole discretion, determines to be injurious, detrimental, prejudicial, or adverse to the interests of the Company or any Affiliate, including: (i) disclosing confidential information of the Company or any Affiliate to any person not authorized by the Company or Affiliate to receive it, (ii) engaging, directly or indirectly, in any commercial activity that in the judgment of the Committee competes with the business of the Company or any Affiliate, or (iii) interfering with the relationships of the Company or any Affiliate and their respective employees, independent contractors, customers, prospective customers, and vendors.

2.2. **Affiliate**. Affiliate means any other entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company and any other entity determined by the Committee to be an "Affiliate" for purposes of this Plan.

2.3. **Award**. Award means, individually or collectively, an Option, Stock Appreciation Right, Stock Grant, Stock Unit Grant, Cash-Based Award, or Other Stock-Based Award, in each case granted to an Eligible Recipient pursuant to this Plan.

2.4. **Award Agreement**. Award Agreement means either: (i) a written or electronic agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, including any amendment or modification thereof, or (ii) a written or electronic certificate or statement issued by the Company to a Participant describing the terms and provisions of such an Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, Internet, or other non-paper Award Agreements, and the use of electronic, Internet, or other non-paper means for the acceptance thereof and actions thereunder by a Participant.

2.5. **Board**. Board means the Management Board of the Company or any successor thereto, *provided*, that if the Management Board does not exist, "Board" means the Board of Directors of the Company.

2.6. **Cash-Based Award**. Cash-Based Award means an Award, denominated and paid in cash, not otherwise described by the terms of this Plan, granted pursuant to Section 9.1 of this Plan.

2.7. **Cause**. Cause means with respect to any Participant: (i) the Participant has engaged in conduct that in the judgment of the Committee constitutes gross negligence, misconduct, or gross neglect in the performance of the Participant's duties and responsibilities, including any breach of the policies of the Company, including but not limited to the Company's Code of Conduct on Insider Trading and Confidentiality and the Company's Code of Conduct on Interactions with Health Care Professionals, and conduct resulting or intending to result directly or indirectly in gain or personal enrichment for the Participant at the Company's expense, (ii) the Participant has been convicted of or has pled guilty to a felony for fraud, embezzlement, or theft, (iii) the Participant has engaged in a breach of any policy of the Company for which termination of employment or service is a permissible consequence, or (iv) the Participant has engaged in any conduct that would constitute "cause" under the terms of his or her employment or consulting agreement, if any; *provided*, *however*, that if, subsequent to the Participant's voluntary termination for any reason or involuntary termination by the Employer without Cause, it is discovered that the Participant's employment could have been terminated for Cause, such Participant's employment shall be deemed to have been terminated for Cause for all purposes under this Plan.

2.8. **Change in Control**. Change in Control means (i) the acquisition (other than from the Company) after the date hereof by any person, entity, or "group" within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act (excluding, for this purpose, the Company or its subsidiaries, any employee benefit plan of the Company or its Affiliates) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of fifty percent (50%) or more of either the then-outstanding ordinary shares or the combined voting power of the Company's then-outstanding capital stock entitled to vote generally in the election of directors, (ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") ceasing for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board, (iii) consummation of a reorganization, merger, or consolidation, in each case, with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger, or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the then-outstanding voting securities of the reorganized, merged, consolidated, or other surviving corporation (or its direct or indirect parent corporation), (iv) approval by the shareholders of the Company of a liquidation or dissolution of the Company, or (v) the consummation of the sale of all or substantially all of the assets of the Company with respect to which persons who were the shareholders of the Company immediately prior to such sale do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors

of the then-outstanding voting securities of the acquiring corporation (or its direct or indirect parent corporation).

2.9. **Code**. Code means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein shall be deemed to include a reference to any applicable regulations thereunder and any successor or amended section of the Code.

2.10. **Committee**. Committee means the Compensation Committee of the Board or a subcommittee thereof, or any other committee comprised solely of directors designated by the Board to administer this Plan who are (i) "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and (ii) "independent directors" as defined in the Listing Rules of the Nasdaq Global Market (or other applicable exchange or market on which the Stock may be traded or quoted). The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under this Plan that would otherwise be the responsibility of the Committee, except as otherwise provided in the Plan. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements of membership provided herein.

2.11. **Company**. Company means Tornier N.V., a public limited liability company (*naamloze vennootschap*) organized under the laws of The Netherlands or any successor thereto.

2.12. **Consultant**. Consultant means a person engaged to provide consulting or advisory services (other than as an Employee or a Non-Employee Director) to the Company or any Affiliate that: (i) are not in connection with the offer and sale of the Company's securities in a capital raising transaction, and (ii) do not directly or indirectly promote or maintain a market for the Company's securities.

2.13. **Director**. Director means any member of the Board.

2.14. **Disability**. Disability means any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months and which renders a Participant unable to engage in any substantial gainful activity. The Committee shall determine whether a Participant has a Disability. If a Participant disputes such determination, the issue shall be submitted to a competent licensed physician appointed by the Board, and the physician's determination as to whether a Participant has a Disability shall be binding on the Company and the Participant.

2.15. **Disqualifying Disposition**. Disqualifying Disposition means any disposition (including any sale) of Stock acquired upon the exercise of an ISO made within the period that ends either (i) two (2) years after the date the Participant was granted the ISO or (ii) one (1) year after the date the Participant acquired Stock by exercising the ISO.

2.16. **Effective Date**. Effective Date means the date on which the Plan is approved by a majority of the Company's shareholders.

2.17. **Eligible Recipients**. Eligible Recipients means all Employees, all Non-Employee Directors, and all Consultants.

2.18. **Employee**. Employee means any individual performing services for the Company or an Affiliate and designated as an employee of the Company or an Affiliate on the payroll records thereof. An Employee shall not include any individual during any period he or she is classified or treated by the Company or an Affiliate as an independent contractor, a consultant, or any employee of an employment, consulting, or temporary agency or any other entity other than the Company or an Affiliate, without regard to whether such individual is subsequently determined to have been, or is subsequently retroactively reclassified as a common-law employee of the Company or an Affiliate during such period. An individual shall not cease to be an Employee in the case of: (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company or any Affiliate. For purposes of ISOs, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company or an Affiliate, as applicable, is not so guaranteed, then three (3) months following the ninety-first (91st) day of such leave, any ISO held by a Participant shall cease to be treated as an ISO and shall be treated for tax purposes as a Non-ISO. Neither service as a Non-Employee Director nor payment of a Non-Employee Director's retainer or other fee by the Company shall be sufficient to constitute "employment" by the Company.

2.19. **Fair Market Value**. Fair Market Value means with respect to the Stock, as of any date: (i) the closing sale price of the Stock as of such date at the end of the regular trading session, as reported by the Nasdaq Stock Market, the New York Stock Exchange, the American Stock Exchange, or any national securities exchange on which the Stock is then listed (or, if no shares were traded on such date, as of the next preceding date on which there was such a trade), (ii) if the Stock is not so listed, admitted to unlisted trading privileges, or reported on any national exchange, the closing sale price as of such date at the end of the regular trading session, as reported by the OTC Bulletin Board or the Pink Sheets LLC, or other comparable service (or, if no shares were traded or quoted on such date, as of the next preceding date on which there was such a trade or quote); or (iii) if the Stock is not so listed or reported, such price as the Committee determines in good faith in the exercise of its reasonable discretion, and consistent with the definition of "fair market value" under Section 409A of the Code. If determined by the Committee, such determination shall be final, conclusive, and binding for all purposes and on all persons, including the Company, the shareholders of the Company, the Participants, and their respective successors-in-interest. No member of the Committee shall be liable for any determination regarding the Fair Market Value of the Stock that is made in good faith.

2.20. **Full Value Award**. Full Value Award means an Award other than in the form of an Option or Stock Appreciation Right, and which is settled by the issuance of shares of Stock.

2.21. **Grant Date**. Grant Date means the date an Award is granted to a Participant pursuant to this Plan.

2.22. **IPO**. IPO means an initial underwritten public offering of the Company's equity securities pursuant to an effective Form S-1 registration statement filed under the 1933 Act.

2.23. **IPO Effective Date**. IPO Effective Date means the effective date of an IPO.

2.24. **ISO**. ISO means an option granted under this Plan to purchase Stock which is intended to satisfy the requirements of Section 422 of the Code.

2.25. **1933 Act**. 1933 Act means the Securities Act of 1933, as amended. Any reference to a section of the 1933 Act herein shall be deemed to include a reference to any applicable regulations thereunder and any successor or amended section of the 1933 Act.

2.26. **1934 Act**. 1934 Act means the Securities Exchange Act of 1934, as amended. Any reference to a section of the 1934 Act herein shall be deemed to include a reference to any applicable regulations thereunder and any successor or amended section of the 1934 Act.

2.27. **Non-Employee Director**. Non-Employee Director means any Director who is not an Employee of the Company or an Affiliate of the Company.

2.28. **Non-ISO**. Non-ISO means an option granted under this Plan to purchase Stock which is not intended to satisfy the requirements of Section 422 of the Code.

2.29. **Option**. Option means an ISO or a Non-ISO.

2.30. **Other Stock-Based Award**. Other Stock-Based Award means an equity-based or equity-related Award not otherwise described by the terms of this Plan, granted pursuant to Section 9.2 of this Plan.

2.31. **Participant**. Participant means an Eligible Recipient who receives one or more Awards under this Plan.

2.32. **Performance Goals**. Performance Goals mean with respect to any applicable Award, one or more targets, goals, or levels of attainment required to be achieved in terms of the specified performance measures (as determined by the Committee in its sole discretion) during the specified Performance Period, as set forth in the related Award Agreement.

2.33. **Performance Period**. Performance Period means the period of time, as determined by the Committee, during which the Performance Goals must be met in order to determine the degree of payout or vesting with respect to an Award.

2.34. **Plan**. Plan means this Tornier N.V. 2010 Incentive Plan, as the same may be amended from time to time.

2.35. **Prior Plan**. Prior Plan means the Tornier B.V. Stock Option Plan, which was adopted effective as of July 18, 2006, as amended.

2.36. **Retirement**. Retirement means, unless otherwise defined in an Award Agreement or in a written employment, services, or other agreement between the Participant and the Company or an Affiliate, "Retirement" as defined from time to time for purposes of this Plan by the Committee or by the Company's chief human resources officer or other person performing that function.

2.37. **Rule 16b-3**. Rule 16b-3 means the exemption under Rule 16b-3 to Section 16(b) of the 1934 Act or any successor to such rule.

2.38. **Stock**. Stock means the ordinary shares of the Company, with a par value per share as defined in the articles of association of the Company, or the number and kind of shares or other securities into which such Stock may be changed in accordance with Section 3.5 of this Plan.

2.39. **Stock Appreciation Right**. Stock Appreciation Right means a right which is granted under Section 7 of this Plan to receive the appreciation in a share of Stock.

2.40. **Stock-Based Award**. Stock-Based Award means any equity-based or equity-related Award made pursuant to this Plan, including Options, Stock Appreciation Rights, Stock Grants, Stock Unit Grants, and Other Stock-Based Awards.

2.41. **Stock Grant**. Stock Grant means a grant under Section 8 of this Plan which is designed to result in the issuance of the number of shares of Stock described in such grant rather than a payment in cash based on the Fair Market Value of such shares of Stock.

2.42. **Stock Unit Grant**. Stock Unit Grant means a grant under Section 8 of this Plan which is designed to result in the payment of cash based on the Fair Market Value of the number of shares of Stock described in such grant rather than the issuance of the number of shares of Stock described in such grant.

2.43. **Ten Percent Shareholder**. Ten Percent Shareholder means an individual who owns (after taking into account the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of shares of either the Company, an Affiliate or a "parent corporation" (within the meaning of Section 424(e) of the Code).

3. SHARES AVAILABLE FOR ISSUANCE; GRANT LIMITS AND ADJUSTMENTS

3.1. **Stock Available for Issuance**. Subject to adjustment as provided in Section 3.5, the maximum number of shares of Stock that shall be available for issuance under this Plan shall be the sum of:

(a) The number of shares of Stock available for grant under the Prior Plan as of the IPO Effective Date (not including any shares of Stock that are subject to outstanding "options" (as defined in the Prior Plan) under the Prior Plan as of the IPO Effective Date, or any shares of Stock that were issued pursuant to options granted under the Prior Plan prior to the IPO Effective Date); and

(b) The number of shares of Stock underlying options which have been granted pursuant to the Prior Plan and are outstanding as of the IPO Effective Date that remain undelivered following any expiration, cancellation, forfeiture, cash settlement, or other termination of such options following the IPO Effective Date; and

(c) The number of shares of Stock issued or subject to Awards granted under the Plan in connection with the settlement, assumption, or substitution of outstanding awards or obligations to grant future awards as a condition of the Company and/or any Affiliate(s) acquiring, merging, or consolidating with another entity; and

(d) The number of shares that are unallocated and available for grant under a stock plan assumed by the Company or any Affiliate(s) in connection with the merger, consolidation, or acquisition of another entity by the Company and/or any of its Affiliates, based on the applicable exchange ratio and other transaction terms, but only to the extent that such shares may be utilized by the Company or its Affiliates following the transaction pursuant to the rules and regulations of the Nasdaq Global Market (or other applicable market or exchange on which the Company's Stock may be quoted or traded);

provided, however, that no more than the maximum number of shares of Stock authorized for issuance under this Plan may be issued pursuant to Full Value Awards and no more than the maximum number of shares of Stock authorized for issuance under this Plan may be issued in connection with the exercise of ISOs.

3.2. **Source of Stock**. The shares of Stock described in Section 3.1 shall be reserved to the extent that the Company deems appropriate from authorized but unissued shares of Stock and from shares of Stock which have been reacquired by the Company.

3.3. **Accounting for Awards**. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award. If an Award expires or is canceled, forfeited, settled in cash, or otherwise terminated without a delivery to the Participant of the full number of shares to which the Award related, the shares subject to such Award shall, to the extent of such expiration, cancellation, forfeiture, cash settlement or termination, again be available for grant. Shares withheld in payment of the exercise price or taxes relating to an Award and shares equal to the number surrendered in payment of any exercise price or taxes relating to an Award shall be deemed to constitute shares not delivered to the Participant and shall be deemed to again be available for Awards under the Plan; *provided, however*, that such shares shall not become available for issuance hereunder if either (i) the applicable shares are withheld or surrendered following the termination of the Plan, or (ii) at the time the applicable shares are withheld or surrendered, it would constitute a material revision of the Plan subject to shareholder approval under any then-applicable rules of the national securities exchange on which the Stock is listed.

3.4. **Use of Proceeds**. The proceeds which the Company receives from the sale of any shares of Stock under this Plan shall be used for general corporate purposes and shall be added to the general funds of the Company.

3.5. **Adjustments to Stock and Awards**.

(a) In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin off) or any other similar change in the corporate structure or shares of the Company after the date of grant of any Award, or in the event of any change in applicable laws or circumstances that results in or could result in, in either case, the substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants in the Plan, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) shall make appropriate adjustment (which determination shall be conclusive) as to: (i) the number and kind of securities or other property (including cash) available for issuance or payment under this Plan, including the sublimits set forth in Section 3.1, and (ii) in order to prevent dilution or enlargement of the rights of Participants, the number and kind of securities or other property (including cash) subject to outstanding Awards and the exercise price of outstanding Awards. The determination of the Committee as to the foregoing adjustments, if any, shall be final, conclusive, and binding on Participants under this Plan.

(b) Notwithstanding anything else herein to the contrary, without affecting the number of shares of Stock reserved or available hereunder and the sublimits in Section 3.1, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with the rules under Sections 409A, 422 and 424 of the Code, as and where applicable.

4. COMMITTEE

4.1. **Plan Administration**. This Plan shall be administered by the Committee; *provided, however*, that the Board may, in its sole discretion, take any action delegated to the Committee under this Plan as it may deem necessary. Notwithstanding anything in the Plan to the contrary, to the extent required by the laws of The Netherlands, Awards granted pursuant to this Plan (to the extent they constitute Options or other rights to acquire shares of Stock or Stock Grants) shall be deemed to have been granted subject to the approval of such Award (including its terms and conditions as established by the Committee) by the Board (if and to the extent the Company's general meeting of shareholders has delegated such authority to the Board) or by the Company's general meeting of shareholders itself (if and to the extent the Company's general meeting of shareholders has not delegated such authority to the Board), and no Awards shall be effective until such approval, as applicable, is received. The Committee acting in its sole discretion shall exercise such powers and take such action as expressly called for under this Plan and, further, the Committee shall have the power to interpret this Plan and (subject to Section 12 and Section 17 herein and Rule 16b-3) to take such other action in the administration and operation of this Plan as the Committee deems equitable under the circumstances, which action shall be binding on the Company, on each affected Participant, and on each other person directly or indirectly affected by such action. The Committee shall not be obligated to treat Participants or Eligible Recipients uniformly, and determinations made under this Plan may be made by the

Committee selectively among Participants or Eligible Recipients, whether or not such Participants and Eligible Recipients are similarly situated. Furthermore, the Committee as a condition to making any grant under this Plan to any Eligible Recipient shall have the right to require him or her to execute an agreement which makes the Eligible Recipient subject to non-competition provisions and other restrictive covenants which run in favor of the Company.

4.2. **Participants Based Outside of the United States**. In addition to the authority of the Committee under Section 4.1 and notwithstanding any other provision of the Plan, the Committee may, in its sole discretion, amend the terms of the Plan or Awards with respect to Participants resident outside of the United States or employed by a non-U.S. Affiliate in order to comply with local legal requirements, to otherwise protect the Company's or Affiliate's interests, or to meet objectives of the Plan, and may, where appropriate, establish one or more subplans (including the adoption of any required rules and regulations) for the purposes of qualifying for preferred tax treatment under foreign tax laws. The Committee shall have no authority, however, to take action pursuant to this Section 4.2: (i) to reserve shares or grant Awards in excess of the limitations provided in this Plan, (ii) to grant an Option or Stock Appreciation Right having an exercise price less than one hundred percent (100%) of the Fair Market Value of one share of Stock on the Grant Date in violation of this Plan, or (iii) for which shareholder approval would then be required pursuant to Section 17.2.

5. ELIGIBILITY

Only Employees shall be eligible for the grant of ISOs under this Plan. All Eligible Recipients shall be eligible for the grant of Non-ISOs, Stock Appreciation Rights, Cash-Based Awards, Other Stock-Based Awards, and for Stock Grants and Stock Unit Grants under this Plan.

6. OPTIONS

6.1. **Grant; Award Agreement**. The Committee acting in its sole discretion shall have the right to grant Options to Eligible Recipients under this Plan to purchase shares of Stock subject to such terms and conditions, consistent with the other provisions of this Plan, as may be determined by the Committee in its sole discretion. Each grant of an Option to an Eligible Recipient shall be evidenced by an Award Agreement, and each Award Agreement shall set forth whether the Option is an ISO or a Non-ISO and shall set forth such other terms and conditions of such grant as the Committee acting in its sole discretion deems consistent with the terms of this Plan*; provided, however*, that if the Committee grants an ISO and a Non-ISO to an Employee on the same date, the right of the Employee to exercise the ISO shall not be conditioned on his or her failure to exercise the Non-ISO. To the extent that any ISO (or portion thereof) granted under this Plan ceases for any reason to qualify as an "incentive stock option" for purposes of Section 422 of the Code, such ISO (or portion thereof) shall continue to be outstanding for purposes of this Plan but shall thereafter be deemed to be a Non-ISO.

6.2. **$100,000 Limit**. To the extent the aggregate Fair Market Value (determined as of the date of grant) of Stock for which ISOs are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, such excess ISOs shall be treated as Non-ISOs.

6.3. **Exercise Price**. The per share price to be paid by a Participant upon exercise of an Option granted pursuant to this Section 6 shall be determined by the Committee in its sole discretion at the time of grant; *provided, however*, that other than with respect to any substitute Award described in Section 3.1, such price shall not be less than one hundred percent (100%) of the Fair Market Value of one share of Stock on the Grant Date and; *provided, further*, that if the Option is an ISO granted to an Employee who is a Ten Percent Shareholder, the per share price for each share of Stock subject to such ISO shall be no less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the date such ISO is granted.

6.4. **Payment**.

(a) The exercise price of an Option shall be payable in full upon the exercise of such Option in cash (including check, bank draft, or money order); *provided, however*, that the Committee, in its sole discretion, may allow such payments to be made, in whole or in part, by (i) by a "net exercise" of the Option (as further described in paragraph (b), below), (ii) through cashless exercise procedure which is effected by an unrelated broker through a sale of Stock in the open market, (iii) by a combination of such methods; or (iv) any other method approved or accepted by the Committee in its sole discretion.

(b) In the case of a "net exercise" of an Option, a Participant shall receive the number of shares of Stock underlying the Options so exercised reduced by the number of shares of Stock equal to the aggregate exercise price of the Options divided by the Fair Market Value on the date of exercise (the "Reduced Shares"). In the event of a "net exercise" of an Option, Options to purchase the Reduced Shares shall be cancelled in exchange for the right to receive an amount (the "Redemption Amount") equal to the Fair Market Value of the Reduced Shares on the date of exercise. The Redemption Amount shall automatically be applied by the Company to satisfy the amount the Participant is required to pay to exercise the Options. Thereafter, the Participant shall receive the number of shares of Stock remaining after such Reduced Shares have been cancelled. Shares of Stock shall no longer be outstanding under an Option (and shall therefore not thereafter be exercisable) following the exercise of such Option to the extent of (i) shares cancelled to pay the exercise price of an Option under the "net exercise," (ii) shares actually delivered to the Participant as a result of such exercise and (iii) any shares withheld for purposes of tax withholding.

6.5. **Exercisability and Duration**. An Option shall become exercisable at such times and in such installments and upon such terms and conditions as may be determined by the Committee in its sole discretion at the time of grant and as set forth in the related Award Agreement, including (i) the achievement of one or more Performance Goals, or that (ii) the Participant remain in continuous employment or service with the Company or an Affiliate for a certain period; *provided, however*, that no Option shall be exercisable after ten (10) years from the Grant Date (five (5) years from the Grant Date in the case of an ISO that is granted to a Ten Percent Shareholder on the date the Option is granted).

6.6. **Manner of Exercise**. An Option may be exercised by a Participant in whole or in part from time to time, subject to the conditions contained in this Plan and in the Award Agreement evidencing such Option, by delivery in person, by facsimile or electronic transmission, or through the mail of written notice of exercise to the Company at its principal executive office (or to the Company's designee as may be established from time to time by the Company and communicated to Participants) and by paying in full the total exercise price for the shares of Stock to be purchased in accordance with Section 6.4 of this Plan.

6.7. **Disqualifying Disposition**. Each Participant who receives an ISO shall notify the Company in writing immediately after the Participant makes a Disqualifying Disposition of any Stock acquired pursuant to the exercise of an ISO.

7. STOCK APPRECIATION RIGHTS

7.1. **Grant; Award Agreement**. The Committee acting in its sole discretion shall have the right to grant Stock Appreciation Rights to Eligible Recipients under this Plan subject to such terms and conditions, consistent with the other provisions of this Plan, as may be determined by the Committee in its sole discretion. Each Stock Appreciation Right grant shall be evidenced by an Award Agreement or, if such Stock Appreciation Right is granted as part of an Option, shall be evidenced by an Award Agreement for the related Option.

7.2. **Exercise Price**. The exercise price of a Stock Appreciation Right shall be determined by the Committee, in its sole discretion, at the time of grant; *provided, however*, that other than with respect to any substitute Award described in Section 3.1, such price shall not be less than one hundred percent (100%) of the Fair Market Value of one share of Stock on the Grant Date.

7.3. **Exercisability and Duration**. A Stock Appreciation Right shall become exercisable at such times and in such installments as may be determined by the Committee in its sole discretion at the time of grant and as set forth in the related Award Agreement, including (i) the achievement of one or more Performance Goals, or that (ii) the Participant remain in continuous employment or service with the Company or an Affiliate for a certain period; *provided, however*, that no Stock Appreciation Right shall be exercisable after ten (10) years from its Grant Date.

7.4. **Manner of Exercise**. A Stock Appreciation Right shall be exercised by giving notice in the same manner as for Options, as set forth in Section 6.6, subject to any other terms and conditions consistent with the other provisions of this Plan as may be determined by the Committee in its sole discretion.

7.5. **Settlement**. Upon the exercise of a Stock Appreciation Right, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(a) The excess of the Fair Market Value of a share of Stock on the date of exercise over the per share exercise price; by

(b) The number of shares of Stock with respect to which the Stock Appreciation Right is exercised.

7.6. **Form of Payment**. Payment, if any, with respect to a Stock Appreciation Right settled in accordance with Section 7.5 shall be made in accordance with the terms of the applicable Award Agreement, in cash, shares of Stock, or a combination thereof, as the Committee determines in its sole discretion.

8. STOCK GRANTS AND STOCK UNIT GRANTS

8.1. **Grant; Award Agreement**. The Committee acting in its sole discretion shall have the right to make Stock Grants and Stock Unit Grants to Eligible Recipients, subject to such terms and conditions, consistent with the other provisions of this Plan, as may be determined by the Committee in its sole discretion. Each Stock Grant and each Stock Unit Grant shall be evidenced by an Award Agreement, and each Award Agreement shall set forth the conditions, if any, under which Stock shall be issued under the Stock Grant or cash shall be paid under the Stock Unit Grant and the conditions under which the Participant's interest in any Stock which has been issued shall become non-forfeitable.

8.2. **Conditions**.

(a) Conditions to Issuance of Stock. The Committee acting in its sole discretion may make the issuance of Stock under a Stock Grant subject to the satisfaction of one or more conditions which the Committee deems appropriate under the circumstances for Participants generally or for a Participant in particular, and the related Award Agreement shall set forth each such condition and the deadline for satisfying each such condition. Stock subject to a Stock Grant shall be issued in the name of a Participant only after each such condition, if any, has been timely satisfied. In addition to any restrictions set forth in a Participant's Award Agreement, until such time that the Stock underlying a Stock Grant has vested pursuant to the terms of the Award Agreement, the Participant shall not be permitted to sell, transfer, pledge, or otherwise encumber such Stock. The Committee shall take into account compliance with local laws relating to payment for shares of Stock in connection with any Stock Grant made under the Plan, to the extent applicable.

(b) Conditions on Forfeiture of Stock or Cash Payment. The Committee acting in its sole discretion may make any cash payment due under a Stock Unit Grant or Stock issued in the name of a Participant under a Stock Grant non-forfeitable subject to the satisfaction of one or more conditions, including the achievement of one or more Performance Goals, that the Committee acting in its sole discretion deems appropriate under the circumstances for Participants generally or for a Participant in particular, and the related Award Agreement shall set forth each such condition, if any, and the deadline, if any, for satisfying each such condition. A Participant's non-forfeitable interest in the shares of Stock underlying a Stock Grant or the cash payable under a Stock Unit Grant shall depend on the extent to which he or she timely satisfies each such condition.

8.3. **Satisfaction of Forfeiture Conditions**. A share of Stock shall cease to be subject to a Stock Grant at such time as a Participant's interest in such Stock becomes non-forfeitable under this Plan, and the certificate or other evidence of ownership representing such share shall be transferred to the Participant as soon as practicable thereafter.

8.4. **Section 83(b) Election**. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to a Stock Grant, the Participant must file, within thirty (30) days following the Grant Date of the Stock Grant, a copy of such election with the Company and with the Internal Revenue Service, in accordance with the regulations under Section 83 of the Code. The Committee may provide in the Award Agreement that the Stock Grant is conditioned upon the Participant's making or refraining from making an election with respect to the Award under Section 83(b) of the Code.

9. CASH-BASED AWARDS AND OTHER STOCK-BASED AWARDS

9.1. **Cash-Based Awards**. Subject to such terms and conditions, consistent with the other provisions of this Plan, as may be determined by the Committee in its sole discretion, the Committee, at any time and from time to time, may grant Cash-Based Awards to Participants in such amounts and upon such terms as the Committee shall determine, subject to limitations under applicable law. The terms and conditions applicable to such Awards shall be determined by the Committee and evidenced by Award Agreements.

9.2. **Other Stock-Based Awards**. Subject to such terms and conditions, consistent with the other provisions of this Plan, as may be determined by the Committee in its sole discretion, the Committee may grant Other Stock-Based Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted shares of Stock) in such amounts and subject to such terms and conditions as the Committee shall determine, subject to limitations under applicable law. Such Other Stock-Based Awards may involve the transfer of actual shares of Stock to Participants or payment in cash or otherwise of amounts based on the value of shares of Stock, and may include Stock-Based Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

9.3. **Value of Cash-Based Awards and Other Stock-Based Awards**. Each Cash-Based Award shall specify a payment amount or payment range as determined by the Committee in its sole discretion. Each Other Stock-Based Award shall be expressed in terms of shares of Stock or units based on shares of Stock, as determined by the Committee in its sole discretion. The Committee may establish Performance Goals in its sole discretion for any Cash-Based Award or any Other Stock-Based Award. If the Committee exercises its discretion to establish Performance Goals for any such Awards, the number or value of Cash-Based Awards or Other Stock-Based Awards that shall be paid out to the Participant shall depend on the extent to which the Performance Goals and any other non-performance terms have been met.

9.4. **Payment of Cash-Based Awards and Other Stock-Based Awards**. Payment, if any, with respect to an Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash for any Cash-Based Award and in cash or shares of Stock for any Other Stock-Based Award, as the Committee determines in its sole discretion, except to the extent that a Participant has properly elected to defer payment that may be attributable to an Cash-Based Award or Other Stock-Based Award under a Company deferred compensation plan or arrangement.

10. DIVIDEND EQUIVALENTS

Any Participant selected by the Committee may be granted dividend equivalents based on the dividends declared on shares of Stock that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests, or expires, as determined by the Committee. Such dividend equivalents shall be converted to cash or additional shares of Stock by such formula and at such time and subject to such limitations as may be determined by the Committee. Notwithstanding the foregoing or any other provision of this Plan to the contrary, the Committee shall not grant dividend equivalents based on the dividends declared on shares of Stock that are subject to an Option or Stock Appreciation Right. Dividend equivalents shall be accrued for the account of the Participant and shall be paid to the Participant on the date on which the corresponding Awards are exercised, settled, paid, or become free of restrictions, as applicable. Dividend equivalents shall be subject to forfeiture to the same extent that the corresponding Awards are subject to forfeiture as provided in this Plan or any Award Agreement.

11. EFFECT OF TERMINATION OF EMPLOYMENT OR OTHER SERVICE

11.1. **Termination Due to Death or Disability**. Unless otherwise expressly provided by the Committee in its sole discretion in an Award Agreement, and subject to Sections 11.3 and 11.5, in the event a Participant's employment or other service with the Company and all Affiliates is terminated by reason of death or Disability:

(a) All outstanding Options and Stock Appreciation Rights held by the Participant as of the effective date of such termination shall, to the extent exercisable as of such termination, remain exercisable for a period of one (1) year after such termination (but in no event after the expiration date of any such Option or Stock Appreciation Right) and Options and Stock Appreciation Rights not exercisable as of such termination shall be terminated and forfeited;

(b) All outstanding Stock Grants and Stock Unit Grants held by the Participant as of the effective date of such termination that have not vested as of the date of such termination, and all outstanding but unpaid Cash-Based Awards and Other Stock-Based Awards held by the Participant as of the effective date of such termination, shall be terminated and forfeited; *provided, however,* that with respect to any such Awards the vesting of which is based on the achievement of Performance Goals, if a Participant's employment or other service with the Company or any Affiliate, as the case may be, is terminated by reason of death or Disability prior to the end of the Performance Period of such Award, but after the conclusion of a portion of the Performance Period (but in no event less than one (1) year), the Committee may, in its sole discretion, cause shares of Stock to be delivered or payment made with respect to the Participant's Award, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the applicable Performance Period completed at the date of such event, with proration based on full fiscal years only and no shares to be delivered for partial fiscal years. The Committee shall consider the provisions of Section 11.5 and shall have the discretion to consider any other fact or circumstance in making its decision as to whether to deliver such shares of Stock or other payment, including whether the Participant again becomes employed. If the effective date

of such termination is on or after the end of the Performance Period applicable to an Award which vests based on the achievement of Performance Goals, then any such Award held by a Participant shall be paid to the Participant in accordance with the payment terms of such Award.

11.2. **Termination for Reasons Other than Death, Disability, or Actions Constituting Cause or Adverse Action**. Unless otherwise expressly provided by the Committee in its sole discretion in an Award Agreement, and subject to Sections 11.3 and 11.5 of this Plan, in the event a Participant's employment or other service with the Company and all Affiliates is terminated for any reason other than (i) death, (ii) Disability, or (iii) due to actions constituting Cause or Adverse Action:

(a) All outstanding Options and Stock Appreciation Rights held by the Participant as of the effective date of such termination shall, to the extent exercisable as of such termination, remain exercisable for a period of three (3) months after such termination (but in no event after the expiration date of any such Option or Stock Appreciation Right) and Options and Stock Appreciation Rights not exercisable as of such termination shall be terminated and forfeited.

(b) All Stock Grants and Stock Unit Grants held by the Participant as of the effective date of such termination that have not vested as of such termination, and all outstanding unpaid Cash-Based Awards and Other Stock-Based Awards held by the Participant as of the effective date of such termination, shall be terminated and forfeited; *provided, however,* that with respect to any such Awards the vesting of which is based on the achievement of Performance Goals, if the effective date of such termination is on or after the end of the Performance Period applicable to an Award which vests based on the achievement of Performance Goals, then any such Award held by a Participant shall be paid to the Participant in accordance with the payment terms of such Award.

11.3. **Modification of Rights upon Termination**. Notwithstanding the other provisions of this Section 11, upon a Participant's termination of employment or other service with the Company or any Affiliate, as the case may be, the Committee may, in its sole discretion (which may be exercised at any time on or after the Grant Date, including following such termination) cause Options or Stock Appreciation Rights (or any part thereof) held by such Participant as of the effective date of such termination to terminate, become or continue to become exercisable or remain exercisable following such termination of employment or service, and Stock Grants, Stock Unit Grants, Cash-Based Awards, and Other Stock-Based Awards held by such Participant as of the effective date of such termination to terminate, vest, or become free of restrictions and conditions to payment, as the case may be, following such termination of employment or service, in each case in the manner determined by the Committee; *provided, however,* that (i) no Option or Stock Appreciation Right may remain exercisable beyond its expiration date, (ii) the Committee may not take any action not permitted pursuant to Section 17.5 herein, and (iii) any such action by the Committee adversely affecting any outstanding Award shall not be effective without the consent of the affected Participant (subject to the right of the Committee to take whatever action it deems appropriate under Section 3.5, 11.5, 12, or 17).

11.4. **Determination of Termination of Employment or Other Service**. Unless the Committee otherwise determines in its sole discretion, a Participant's employment or other service shall, for purposes of this Plan, be deemed to have terminated on the date recorded on the personnel or other records of the Company or the Affiliate for which the Participant provides employment or other service, as determined by the Committee in its sole discretion based upon such records. Notwithstanding the foregoing, if payment of an Award that is subject to Section 409A of the Code is triggered by a termination of a Participant's employment or other service, such termination shall also constitute a "separation from service" within the meaning of Section 409A of the Code, and any change in employment status that constitutes a "separation from service" under Section 409A of the Code shall be treated as a termination of employment or service, as the case may be.

11.5. **Additional Forfeiture Events**.

(a) Effect of Actions Constituting Cause or Adverse Action. Notwithstanding anything in this Plan to the contrary and in addition to the other rights of the Committee under this Section 11.5, if a Participant is determined by the Committee, acting in its sole discretion, to have taken any action that would constitute Cause or an Adverse Action during or within one (1) year after the termination of employment or other service with the Company or an Affiliate, irrespective of whether such action or the Committee's determination occurs before or after termination of such Participant's employment or other service with the Company or any Affiliate and irrespective of whether or not the Participant was terminated as a result of such Cause or Adverse Action, (i) all rights of the Participant under this Plan and any Award Agreements evidencing an Award then held by the Participant shall terminate and be forfeited without notice of any kind, and (ii) the Committee in its sole discretion shall have the authority to rescind the exercise, vesting or issuance of, or payment in respect of, any Awards of the Participant that were exercised, vested or issued, or as to which such payment was made, during such period and to require the Participant to pay to the Company, within ten (10) days of receipt from the Company of notice of such rescission, any amount received or the amount of any gain realized as a result of such rescinded exercise, vesting, issuance or payment (including any dividend equivalents paid or other distributions made with respect to any shares subject to any Award). The Company shall be entitled to withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or an Affiliate) or make other arrangements for the collection of all amounts necessary to satisfy such payment obligations. Unless otherwise provided by the Committee in an applicable Award Agreement, this Section 11.5(a) shall not apply to any Participant following a Change in Control.

(b) Forfeiture of Awards under Sarbanes-Oxley Act. If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then any Participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 shall reimburse the Company with respect to any Award received by such individual under this Plan during the twelve (12) month period following the first public issuance or filing with the Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement.

12. CHANGE IN CONTROL

12.1. **Acceleration of Vesting**. Without limiting the authority of the Committee under Sections 3.5 and 4.1 of this Plan, if a Change in Control of the Company occurs, then, unless otherwise provided by the Committee in its sole discretion either in the Award Agreement evidencing an Award at the time of grant or at any time after the grant of an Award, (i) all outstanding Options and Stock Appreciation Rights shall become immediately exercisable in full and shall remain exercisable for the remainder of their terms, regardless of whether the Participant to whom such Options or Stock Appreciation Rights have been granted remains in employment or service with the Company or any Affiliate, (ii) all restrictions and vesting requirements applicable to any Award based solely on the continued service of the Participant shall terminate, and (iii) all Awards the vesting or payment of which are based on Performance Goals shall vest as though such Performance Goals were fully achieved at target and shall become immediately payable; *provided, however*, that no Award that provides for a deferral of compensation within the meaning of Section 409A of the Code shall be accelerated upon the occurrence of a Change in Control unless the event or circumstances constituting the Change in Control also constitute a "change in the ownership" of the Company, a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company, in each case as determined under Section 409A of the Code. The treatment of any other Awards in the event of a Change in Control shall be as determined by the Committee in connection with the grant thereof, as reflected in the applicable Award Agreement.

12.2. **Alternative Treatment of Stock-Based Awards**. In connection with a Change in Control, the Committee in its sole discretion, either in an Award Agreement at the time of grant of a Stock-Based Award or at any time after the grant of such an Award, may determine that any or all outstanding Stock-Based Awards granted under this Plan, whether or not exercisable or vested, as the case may be, shall be canceled and terminated and that in connection with such cancellation and termination the holder of such Stock-Based Award shall receive for each share of Stock subject to such Award a cash payment (or the delivery of shares, other securities or a combination of cash, shares and securities with a fair market value (as determined by the Committee in good faith) equivalent to such cash payment) equal to the difference, if any, between the consideration received by shareholders of the Company in respect of a share of Stock in connection with such Change in Control and the purchase price per share, if any, under the Award, multiplied by the number of shares of Stock subject to such Award (or in which such Award is denominated); *provided, however*, that if such product is zero ($0) or less or to the extent that the Award is not then exercisable, the Award may be canceled and terminated without payment therefor. If any portion of the consideration pursuant to a Change in Control may be received by holders of shares of Stock on a contingent or delayed basis, the Committee may, in its sole discretion, determine the fair market value per share of such consideration as of the time of the Change in Control on the basis of the Committee's good faith estimate of the present value of the probable future payment of such consideration. Notwithstanding the foregoing, any shares of Stock issued pursuant to a Stock-Based Award that immediately prior to the effectiveness of the Change in Control are subject to no further restrictions pursuant to this Plan or an Award Agreement (other than pursuant to the securities laws) shall be deemed to be outstanding shares of Stock and receive the same consideration as other outstanding shares of Stock in connection with the Change in Control.

12.3. **Limitation on Change in Control Payments**. Notwithstanding anything in Section 12.1 or 12.2 to the contrary, if, with respect to a Participant, the acceleration of the

vesting of an Award as provided in Section 12.1 or the payment of cash in exchange for all or part of a Stock-Based Award as provided in Section 12.2 (which acceleration or payment could be deemed a "payment" within the meaning of Section 280G(b)(2) of the Code), together with any other "payments" that such Participant has the right to receive from the Company or any corporation that is a member of an "affiliated group" (as defined in Section 1504(a) of the Code without regard to Section 1504(b) of the Code) of which the Company is a member, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the "payments" to such Participant pursuant to Section 12.1 or 12.2 shall be reduced (or acceleration of vesting eliminated) to the largest amount as shall result in no portion of such "payments" being subject to the excise tax imposed by Section 4999 of the Code; *provided, however*, that such reduction shall be made only if the aggregate amount of the payments after such reduction exceeds the difference between (i) the amount of such payments absent such reduction, minus (ii) the aggregate amount of the excise tax imposed under Section 4999 of the Code attributable to any such excess parachute payments, and provided further that such payments shall be reduced (or acceleration of vesting eliminated) in the following order: (a) Options with an exercise price above fair market value that have a positive value for purposes of Section 280G of the Code, (b) pro rata among Awards that constitute deferred compensation under Section 409A of the Code, and (c) finally, among the Awards that are not subject to Section 409A of the Code. Notwithstanding the foregoing sentence, if a Participant is subject to a separate agreement with the Company or an Affiliate that expressly addresses the potential application of Section 280G or 4999 of the Code, then this Section 12.3 shall not apply and any "payments" to a Participant pursuant to Section 12.1 or 12.2 shall be treated as "payments" arising under such separate agreement.

13. PAYMENT OF WITHHOLDING TAXES

13.1. **General Rules**. The Company is entitled to (i) withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or an Affiliate), or make other arrangements for the collection of, all amounts the Company reasonably determines are required to satisfy any and all federal, foreign, state, and local withholding and employment related tax requirements attributable to an Award, including the grant, exercise, vesting or settlement of, or payment of dividend equivalents with respect to, an Award or a disqualifying disposition of shares received upon exercise of an ISO, or (ii) require the Participant promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Stock, with respect to an Award. When withholding for taxes is effected under this Plan, it shall be withheld only up to the minimum required tax withholding rates or such other rate that will not trigger a negative accounting impact on the Company.

13.2. **Special Rules**. The Committee may, in its sole discretion and upon terms and conditions established by the Committee, permit or require a Participant to satisfy, in whole or in part, any withholding or employment related tax obligation described in Section 13.1 by withholding shares of Stock underlying an Award, electing to tender, or by attestation as to ownership of, other shares of Stock held by a Participant, by delivery of a Broker Exercise Notice, or a combination of such methods. For purposes of satisfying a Participant's withholding or employment-related tax obligation, shares of Stock withheld by the Company or tendered or covered by an attestation shall be valued at their Fair Market Value.

14. NON-TRANSFERABILITY

14.1. **General Rule**. Except as provided in Section 14.2, no Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and any Option or Stock Appreciation Right shall be exercisable during a Participant's lifetime only by the Participant. The person or persons to whom an Award is transferred by will or by the laws of descent and distribution or pursuant to Section 14.2, thereafter shall be treated as the Participant.

14.2. **Transfers to Family Members**. A Non-ISO may be transferred by a Participant to a "family member" (as defined in Rule 701(c)(3) of the 1933 Act) of such Participant or to a trust exclusively for the benefit of one or more of such family members of such Participant; *provided, however*, that such transfer is made as a gift without consideration, and such transfer complies with applicable securities laws.

15. SECURITIES REGISTRATION

As a condition to the receipt of shares of Stock under this Plan, a Participant shall, if so requested by the Company, agree to hold such shares of Stock for investment and not with a view of resale or distribution to the public and, if so requested by the Company, shall deliver to the Company a written statement satisfactory to the Company to that effect. Furthermore, if so requested by the Company, a Participant shall make a written representation to the Company that he or she shall not sell or offer for sale any of such Stock unless a registration statement shall be in effect with respect to such Stock under the 1933 Act and any applicable state securities law or he or she shall have furnished to the Company an opinion in form and substance satisfactory to the Company of legal counsel satisfactory to the Company that such registration is not required. Certificates or other evidence of ownership representing the Stock transferred upon the exercise of an Option or Stock Appreciation Right or upon the lapse of the forfeiture conditions, if any, on any Stock Grant may at the discretion of the Company bear a legend to the effect that such Stock has not been registered under the 1933 Act or any applicable state securities law and that such Stock cannot be sold or offered for sale in the absence of an effective registration statement as to such Stock under the 1933 Act and any applicable state securities law or an opinion in form and substance satisfactory to the Company of legal counsel satisfactory to the Company that such registration is not required.

16. LIFE OF PLAN

Subject to earlier termination as provided in Section 17 below, this Plan shall terminate at midnight on the tenth (10^{th}) anniversary of the Effective Date. No Award shall be granted after termination of this Plan, but Awards outstanding upon termination of this Plan shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

17. AMENDMENT, MODIFICATION, OR TERMINATION

17.1. **Generally**. Subject to other subsections of this Section 17 and Section 17.3, the Board at any time may suspend or terminate this Plan (or any portion thereof) or terminate any outstanding Award Agreement and the Committee, at any time and from time to time, may amend this Plan or amend or modify the terms of an outstanding Award. The Committee's

power and authority to amend or modify the terms of an outstanding Award includes the authority to modify the number of shares of Stock or other terms and conditions of an Award, extend the term of an Award, accelerate the exercisability or vesting or otherwise terminate any restrictions relating to an Award, accept the surrender of any outstanding Award or, to the extent not previously exercised or vested, authorize the grant of new Awards in substitution for surrendered Awards; *provided, however*, that the amended or modified terms are permitted by this Plan as then in effect and that any Participant adversely affected by such amended or modified terms has consented to such amendment or modification.

17.2. **Shareholder Approval**. No amendments to this Plan shall be effective in respect of any jurisdiction without approval of the Company's shareholders if shareholder approval of the amendment is then required pursuant to Section 422 of the Code, the rules of the primary stock exchange or stock market on which the Stock is then traded, applicable United States state corporate laws or regulations, applicable United States federal laws or regulations, or the applicable laws of any foreign country or jurisdiction where Awards are, or shall be, granted under this Plan.

17.3. **Awards Previously Granted**. Notwithstanding any other provision of this Plan to the contrary, no termination, suspension, or amendment of this Plan may adversely affect any outstanding Award without the consent of the affected Participant; *provided, however*, that this sentence shall not impair the right of the Committee to take whatever action it deems appropriate under Sections 3.5, 11.5, 12 or 17.4 of this Plan.

17.4. **Amendments to Conform to Law**. Notwithstanding any other provision of this Plan to the contrary, the Committee may amend this Plan or an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming this Plan or an Award Agreement to any present or future law relating to plans of this or similar nature, including Section 422 and 409A of the Code and Rule 16b-3 of the Exchange Act, and to the administrative regulations and rulings promulgated thereunder. By accepting an Award under this Plan, a Participant agrees to any amendment made pursuant to this Section 17.4 to any Award granted under this Plan without further consideration or action.

17.5. **Waiver, Lapse or Acceleration of Exercisability or Vesting**. Notwithstanding any other provision of this Plan, the Committee shall not have the authority to waive, lapse, or accelerate the exercisability or vesting of any Award held by any Participant who is an Employee, except (i) in connection with the death, Disability, or Retirement of the Participant or a Change in Control or (ii) to the extent that the number of shares of Stock covered by such waived, lapsed, or accelerated Award (together with the number of shares of Stock covered by all other Awards, the exercisability or vesting of which previously have been waived, lapsed, or accelerated by the Committee under this Plan) do not exceed ten percent (10%) of the total number of shares of Stock authorized for Awards under this Plan.

18. DEFERRED COMPENSATION

It is intended that all Awards issued under this Plan be in a form and administered in a manner that shall comply with the requirements of Section 409A of the Code, or the requirements of an exception to Section 409A of the Code, and the Award Agreements and this

Plan shall be construed and administered in a manner that is consistent with and gives effect to such intent. The Committee is authorized to adopt rules or regulations deemed necessary or appropriate to qualify for an exception from or to comply with the requirements of Section 409A of the Code. Notwithstanding anything in this Section 18 to the contrary, with respect to any Award subject to Section 409A of the Code, no amendment to or payment under such Award shall be made except and only to the extent permitted under Section 409A of the Code. Neither the Committee nor the Company shall be liable to anyone for any federal, state, local, or foreign taxes, interest, or penalties incurred by anyone in connection with the participation in or receipt of benefits under the Plan, including, but not limited to, any taxes, interest, or penalties incurred on account of the failure of the Plan or the operation of the Plan to comply with, or be exempt from, Section 409A.

19. MISCELLANEOUS

19.1. **Shareholder Rights**. Except as otherwise specifically provided in the Plan or in an Award Agreement, no person shall be entitled to the rights and privileges of share ownership in respect of shares of Stock that are subject to Awards hereunder until such shares have been issued to that person. Specifically, no Participant shall have any rights as a shareholder of the Company as a result of the grant of an Option or a Stock Appreciation Right pending the actual delivery of the Stock subject to such Option or Stock Appreciation Right to such Participant. A Participant's rights as a shareholder in the shares of Stock that remain subject to forfeiture under Section 8.2(b) shall be set forth in the related Award Agreement.

19.2. **No Contract of Employment**. No individual shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither the Plan nor any action taken hereunder shall be construed as giving any individual any right to be retained in the employ or service of the Company or an Affiliate of the Company. The grant of an Award to a Participant under this Plan shall not constitute a contract of employment or a right to continue to serve on the Board and shall not confer on a Participant any rights upon his or her termination of employment or service in addition to those rights, if any, expressly set forth in this Plan or the related Award Agreement.

19.3. **Construction**. All references to Sections are to Sections of this Plan unless otherwise indicated. Each term set forth in Section 2 shall, unless otherwise stated, have the meaning set forth opposite such term for purposes of this Plan and, for purposes of such definitions, the singular shall include the plural and the plural shall include the singular. In this Plan, except where otherwise indicated by clear contrary intention, "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term, and "or" is used in the inclusive sense of "and/or". Wherever possible, each provision of this Plan and any Award Agreement shall be interpreted so that it is valid under the applicable law. If any provision of this Plan or any Award Agreement is to any extent invalid under the applicable law that provision shall still be effective to the extent it remains valid. The remainder of this Plan and the Award Agreement also shall continue to be valid, and the entire Plan and Award Agreement shall continue to be valid in other jurisdictions. If there is any conflict between the terms of this Plan and the terms of any Award Agreement, the terms of this Plan shall control.

19.4. **Other Conditions**. Each Award Agreement may require that a Participant (as a condition to the exercise of an Option or a Stock Appreciation Right or the issuance of Stock or cash subject to any other Award) enter into any agreement or make such representations prepared by the Company, including any agreement which restricts the transfer of Stock acquired pursuant to the exercise of an Option or a Stock Appreciation Right or a Stock Grant or other Award or provides for the repurchase of such Stock by the Company.

19.5. **Rule 16b-3**. The Committee shall have the right to amend any Award to withhold or otherwise restrict the transfer of any Stock or cash under this Plan to a Participant as the Committee deems appropriate in order to satisfy any condition or requirement under Rule 16b-3 to the extent Section 16 of the 1934 Act might be applicable to such grant or transfer.

19.6. **Coordination with Employment Agreements and Other Agreements**. If the Company enters into an employment agreement or other agreement with a Participant which expressly provides for the acceleration in vesting of an outstanding Award or for the extension of the deadline to exercise any rights under an outstanding Award, any such acceleration or extension shall be deemed effected pursuant to, and in accordance with, the terms of such outstanding Award and this Plan even if such employment agreement or other agreement is first effective after the date the outstanding Award was granted; *provided, however*, no extension of the deadline to exercise any rights under an outstanding Option or Stock Appreciation Right shall be permitted to the extent such extension would cause the Option or Stock Appreciation Right to become subject to the requirements of Section 409A of the Code.

19.7. **Fractional Shares**. No fractional shares of Stock shall be issued or delivered under this Plan or any Award. The Committee shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of fractional shares of Stock or whether such fractional shares of Stock or any rights thereto shall be forfeited or otherwise eliminated by rounding up or down.

19.8. **Unfunded Plan**. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company or its Affiliates may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other individual. To the extent that any individual acquires a right to receive payments from the Company or any Affiliate under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or the Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company or the Affiliate, as the case may be, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in this Plan.

19.9. **Relationship to Other Benefits**. No payment under this Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare, or benefit plan of the Company or any Affiliate unless provided otherwise in such plan.

19.10. **Governing Law**. Except to the extent expressly provided herein or in connection with other matters of corporate governance and authority (all of which shall be governed by the laws of the Company's jurisdiction of incorporation), the validity, construction, interpretation, administration and effect of this Plan and any rules, regulations, and actions relating to this Plan shall be governed by and construed exclusively in accordance with the laws of the State of Delaware, notwithstanding the conflicts of laws principles of any jurisdictions. Unless otherwise provided in an Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Delaware to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement.

19.11. **Successors**. All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

19.12. **Delivery and Execution of Electronic Documents**. To the extent permitted by applicable law, the Company may: (i) deliver by email or other electronic means (including posting on a Web site maintained by the Company or by a third party under contract with the Company) all documents relating to this Plan or any Award hereunder (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements), and (ii) permit Participants to use electronic, internet, or other non-paper means to execute applicable Plan documents (including Award Agreements) and take other actions under this Plan in a manner prescribed by the Committee.

19.13. **No Liability of Committee Members**. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee or for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer, or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against all costs and expenses (including counsel fees) and liabilities (including sums paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful misconduct; *provided, however*, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate or articles of incorporation or by-laws, each as may be amended from time to time, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

19.14. **Payments Following Accidents or Illness**. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution

maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

19.15. **Reliance on Reports**. Each member of the Committee and each member of the Board shall be fully justified in relying, acting or failing to act, and shall not be liable for having so relied, acted, or failed to act in good faith, upon any report made by the independent public accountant of the Company and its Affiliates and upon any other information furnished in connection with the Plan by any person or persons other than such member.

19.16. **Titles and Headings**. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

* * *

EXHIBIT III

CURRENT REPORT ON FORM 8-K FURNISHED BY TORNIER N.V. TO THE SEC ON AUGUST 9, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 9, 2011**

Tornier N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**1-35065**	**98-0509600**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

Fred Roeskestraat 123 **1076 EE Amsterdam, The Netherlands**	**None**
(Address of Principal Executive Offices)	(Zip Code)

(+ 31) 20 675-4002
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On August 9, 2011, Tornier N.V. issued a press release announcing its consolidated financial results for the second quarter of 2011. A copy of the press release is attached as Exhibit 99.1 to this report and the information set forth therein is incorporated herein by reference and constitutes a part of this report.

The attached press release includes the following non-GAAP measures: EBITDA, which represents net loss before interest expense, income tax expense and benefit, depreciation and amortization, and Adjusted EBITDA, which gives further effect to, among other things, non-operating income and expense related to the mark to market of the previously outstanding warrant liability, foreign currency gains and losses, share-based compensation, loss on extinguishment of debt, special charges and operating expenses from a consolidated variable interest entity.

In order to measure Tornier's sales performance on a constant currency basis, it is necessary to remove the impact of changes in foreign currency exchange rates, which affects the comparability and trend of sales. Constant currency results are calculated by translating current year results at prior year average foreign currency exchange rates.

Tornier believes that EBITDA and Adjusted EBITDA provide additional information for measuring performance and are measures frequently used by securities analysts and investors and therefore management uses these metrics to evaluate Tornier's business. EBITDA and Adjusted EBITDA do not represent, and should not be used as a substitute for, net income (loss) or cash flows from operations as determined in accordance with generally accepted accounting principles, and neither EBITDA nor Adjusted EBITDA is necessarily an indication of whether cash flow will be sufficient to fund Tornier's cash requirements.

Tornier's definitions of constant currency, EBITDA and Adjusted EBITDA may differ from that of other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Tornier believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Tornier's results of operations as determined in accordance with GAAP and these measures should only be used to evaluate its results of operations in conjunction with the corresponding GAAP measures.

Tornier uses these non-GAAP measures in making operating decisions because it believes the measures provide meaningful supplemental information regarding core operational performance and give a better understanding of how Tornier should invest in research and development activities and how Tornier should allocate resources to both ongoing and prospective business initiatives. Tornier uses these measures to help make budgeting and spending decisions, for example, between product development expenses and research and development, sales and marketing and general and administrative expenses. Additionally, management is evaluated on the basis of these non-GAAP measures when determining achievement of their incentive performance compensation targets. Further, these non-GAAP measures facilitate management's internal comparisons to both Tornier's historical operating results and to Tornier's competitors' operating results.

All of the historical non-GAAP measures are reconciled to the most directly comparable GAAP measure in the press release. Tornier is furnishing the information contained in this report, including Exhibit 99.1, pursuant to Item 2.02 of Form 8-K promulgated by the Securities and Exchange Commission (the "SEC"). This information shall not be deemed to be "filed" with the SEC or incorporated by reference into any other filing with the SEC. By filing this report on Form 8-K and furnishing this information, Tornier makes no admission as to the materiality of any information in this report, including Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits* .

Exhibit No.	Description
99.1	Press Release issued August 9, 2011

SIGNATURES

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

Dated: August 9, 2011

TORNIER N.V.

By: /s/ Kevin M. Klemz
Name: Kevin M. Klemz
Title: Vice President, Chief Legal Officer and Secretary

TORNIER N.V.
CURRENT REPORT ON FORM 8-K

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing
99.1	Press Release issued August 9, 2011	Furnished herewith

Exhibit 99.1

FOR IMMEDIATE RELEASE

TORNIER REPORTS SECOND QUARTER 2011 FINANCIAL RESULTS

Extremity Product Sales Growth Reported at 19%, 14% Constant Currency

Sales and Adjusted EBITDA Guidance Maintained for 2011

AMSTERDAM, The Netherlands, August 9, 2011 — Tornier N.V. (NASDAQ: TRNX), a global medical device company focused on providing surgical solutions to orthopaedic extremity specialists, reported sales of $65.2 million for the second quarter of 2011 compared to sales of $54.6 million for the second quarter 2010, an increase of 19.4% as reported and 12.2% in constant currency. Year to date sales were reported at $134.6 million compared to sales of $116.4 million in the first half of 2010, an increase of 15.6% as reported and 12.1% in constant currency. Second quarter 2011 sales of Tornier's extremity product categories increased 19.3% as reported, 14.4% in constant currency over the prior year's second quarter, and represented 78% of reported global sales.

Douglas W. Kohrs, President and Chief Executive Officer of Tornier, commented, "We are pleased to report double digit constant currency growth in the second quarter despite a challenging health care utilization environment. Upper extremities lead our global growth as the new *Aequalis*™ *Ascend*™ shoulder arthroplasty system continues to exceed our expectations while our flagship *Aequalis*™ family of shoulder arthroplasty systems continues to grow. We also recognized double digit constant currency sales growth of our lower extremity and sports medicine/biologics product categories and we continue to expect these product lines to benefit in the second half from global expansion and several new product introductions."

The Company's second quarter 2011 adjusted EBITDA, as defined in the GAAP to non-GAAP reconciliation provided later in this release, was $6.2 million or 9.6% of sales, compared to $6.0 million in the same quarter last year. For the first six months of 2011, adjusted EBITDA reached $15.4 million or 11.4% of sales, compared to $10.8 million or 9.2% of sales in the same period last year.

Mr. Kohrs continued, "Our second quarter operating results met our expectations and we remain on track to demonstrate continued improvement in adjusted EBITDA for the full year, while maintaining our commitment to innovation, evidence-based medicine, and clinical education."

Sales and Product Review

Tornier's second quarter 2011 constant currency sales growth of 12.2% continued to be led by its extremity product line categories which together posted constant currency growth of 14.4% over second quarter 2010. Within the extremity products group, second quarter constant currency growth of the upper extremity category was 15.1% led by the new *Aequalis*™ *Ascend*™ arthroplasty system. The recent international launch of the new *Simpliciti*™ stemless shoulder system is expected to contribute to upper extremity sales growth in the second half of 2011. Tornier's lower extremity and sports medicine and biologics product categories posted constant currency sales growth rates of 11.2% and 11.8%, respectively, in the

second quarter over the same quarter last year. The lower extremity product category is beginning to benefit from the expanded instrument set availability for key new products such as the *Stabilis*™ ankle fusion system and the *Wave*® calcaneal fracture system. Tornier's sports medicine and biologics product category has seen the early benefit of the launch of the *BioFiber*® surgical mesh and expanded availability in our international markets. Tornier's large joint product category again posted above market constant currency growth in the second quarter at 4.5% over the same quarter last year, primarily as the result of favorable reception to the Company's total hip arthroplasty systems.

On a geographic basis as compared to second quarter 2010, Tornier's second quarter 2011 sales in the United States increased by 12.1% and represented 53% of global sales. International sales increased 28.7% in the quarter as reported and 12.3% in constant currency, representing 47% of global sales.

Outlook

The Company is confirming and narrowing its previous guidance and now projects 2011 sales in the range of $260 to $265 million, representing growth of 14% to 17% as reported, and 12% to 14% in constant currency over 2010 sales. The Company projects 2011 adjusted EBITDA, as described in the GAAP to non-GAAP reconciliation provided later in this release, of $29 to $32 million or 11% to 12% of total sales.

For the third quarter of 2011, the Company projects sales in the range of $57.0 to $59.0 million, representing growth of 15% to 19%, based on recent currency exchange rates, and 12% to 16% in constant currency over third quarter 2010. The Company projects adjusted EBITDA for the third quarter of 2011 of $4.5 to $5.5 million, representing 8% to 9% of sales.

Earnings Call Information

Tornier will host a conference call today at 5:30 p.m. eastern time to discuss its second quarter 2011 financial results. The conference call will be available to interested parties through a live audio webcast available through the Company's website at www.tornier.com where it will be available for replay beginning two hours after completion of the call and archived and accessible for approximately 12 months. Those without internet access may join the call from within the U.S. by dialing 877-673-5355; outside the U.S., dial +1-760-666-3805.

Forward-Looking Statements

Statements contained in this release that relate to future, not past, events are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations of future events and often can be identified by words such as "expect," "should," "project," "anticipate," "intend," "will," "may," "believe," "could," "would," "continue," "outlook," "guidance," other words of similar meaning or the use of future dates. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Uncertainties and risks may cause Tornier's actual results to be materially different than those expressed in or implied by Tornier's forward-looking statements. For Tornier, such uncertainties and risks include, among others, Tornier's future operating results and financial performance, fluctuations in foreign currency exchange rates, the effect of global economic conditions, the timing of regulatory approvals and introduction of new products,

physician acceptance, endorsement, and use of new products; the effect of regulatory actions, changes in and adoption of reimbursement rates, potential product recalls, competitor activities and the costs and effects of litigation and changes in tax and other legislation. More detailed information on these and other factors that could affect Tornier's actual results are described in Tornier's filings with the U.S. Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q. Tornier undertakes no obligation to update its forward-looking statements.

About Tornier

Tornier is a global medical device company focused on serving extremities specialists who treat orthopaedic conditions of the shoulder, elbow, wrist, hand, ankle and foot. The Company's broad offering of over 80 product lines includes joint replacement, trauma, sports medicine, and biologic products to treat the extremities, as well as joint replacement products for the hip and knee in certain international markets. Since its founding approximately 70 years ago, Tornier's "Specialists Serving Specialists" philosophy has fostered a tradition of innovation, intense focus on surgeon education, and commitment to advancement of orthopaedic technology stemming from its close collaboration with orthopaedic surgeons and thought leaders throughout the world. For more information regarding Tornier, visit www.tornier.com.

Use of Non-GAAP Financial Measures

To supplement Tornier's consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), Tornier uses certain non-GAAP financial measures in this release. Reconciliations of the non-GAAP financial measures used in this release to the most comparable U.S. GAAP measures for the respective periods can be found in tables later in this release immediately following the detail of revenue by geography. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for Tornier's financial results prepared in accordance with GAAP.

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Tornier N.V.
Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	July 3, 2011	July 4, 2010	July 3, 2011	July 4, 2010
Revenue	$ 65,158	$ 54,563	$ 134,593	$ 116,406
Cost of goods sold	18,017	14,725	38,058	32,001
Gross profit	47,141	39,838	96,535	84,405
Operating expenses				
Sales and marketing	34,872	29,721	69,571	64,191
General and administrative	6,362	4,668	12,387	11,194
Research and development	5,189	4,003	10,299	8,816
Amortization of intangible assets	2,897	2,881	5,707	5,878
Special charges	132	28	132	252
Total operating expenses	49,452	41,301	98,096	90,331
Operating (loss)	(2,311)	(1,463)	(1,561)	(5,926)
Other income (expense)				
Interest expense	(489)	(4,935)	(2,967)	(10,765)
Foreign currency transaction gain (loss)	226	(3,445)	147	(5,739)
Loss on extinguishment of debt	—	—	(29,475)	—
Other non-operating income (expense)	35	(153)	16	61
Loss before income taxes	(2,539)	(9,996)	(33,840)	(22,369)
Income tax (expense) benefit	(330)	1,393	7,002	3,715
Consolidated net loss	(2,869)	(8,603)	(26,838)	(18,654)
Net loss attributable to non-controlling interest	—	—	—	(695)
Net loss attributable to Tornier N.V.	(2,869)	(8,603)	(26,838)	(17,959)
Accretion of non-controlling interest	—	—	—	(679)
Net loss attributable to ordinary shareholders	$ (2,869)	$ (8,603)	$ (26,838)	$ (18,638)
Net loss per share				
Basic and diluted	$ (0.07)	$ (0.31)	$ (0.72)	$ (0.72)
Weighted average ordinary shares outstanding				
Basic and diluted	39,040	27,411	37,248	26,039

Tornier N.V.
Condensed Consolidated Balance Sheets
(in thousands)

	July 3, 2011 (unaudited)	January 2, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 59,733	$ 24,838
Accounts receivable, net	47,666	42,758
Inventories	86,191	77,525
Deferred income taxes and other current assets	19,870	28,093
Total current assets	213,460	173,214
Instruments, net	47,480	42,378
Property, plant and equipment, net	34,825	33,680
Goodwill and intangibles, net	248,456	240,854
Deferred income taxes and other assets	1,144	1,052
Total assets	$ 545,365	$ 491,178
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowing and current portion of long-term debt	$ 13,572	$ 28,392
Accounts payable	16,765	12,890
Accrued liabilities and deferred income taxes	34,641	34,967
Total current liabilities	64,978	76,249
Notes payable	—	84,261
Other long-term debt	27,272	25,467
Deferred income taxes and other long-term liabilities	28,280	34,962
Total liabilities	120,530	220,939
Shareholders' equity	424,835	270,239
Total liabilities and shareholders' equity	$ 545,365	$ 491,178

Tornier N.V.
Consolidated Statements of Cash Flow
(in thousands)

	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	July 3, 2011	July 4, 2010	July 3, 2011	July 4, 2010
Cash flows from operating activities				
Consolidated net loss	$ (2,869)	$ (8,603)	$ (26,838)	$ (18,654)
Adjustments to reconcile consolidated net loss to net cash provided by (used in) operating activities				
Depreciation and amortization	6,798	6,202	13,891	13,011
Non-cash foreign currency (gain) loss	(30)	2,429	603	4,106
Deferred and prepaid income taxes	1,904	(1,579)	(6,165)	(3,722)
Share-based compensation	1,615	1,276	2,910	2,835
Non-cash interest expense and discount amortization	—	4,622	2,040	9,819
Inventory obsolescence	870	1,256	2,466	2,738
Change in fair value of warrant liability	—	(271)	—	(418)
Loss on extinguishment of debt	—	—	29,475	—
Other non-cash items affecting earnings	231	960	336	1,245
Changes in operating assets and liabilities				
Accounts receivable	2,235	60	(3,657)	(1,378)
Inventories	(4,645)	(5,711)	(6,680)	(10,443)
Accounts payable and accruals	337	(474)	2,011	5,186
Other current assets and liabilities	(199)	(698)	3,295	(1,894)
Other non-current assets and liabilities	(734)	(716)	(1,222)	78
Net cash provided by (used in) operating activities	5,513	(1,247)	12,465	2,509
Cash flows from investing activities				
Acquisition-related cash payments	(1,154)	(591)	(1,635)	(1,652)
Additions of instruments	(5,582)	(4,685)	(8,456)	(7,854)
Purchases of property, plant and equipment	(762)	(1,072)	(1,476)	(5,651)
Net cash provided by (used in) investing activities	(7,498)	(6,348)	(11,567)	(15,157)
Cash flows from financing activities				
Change in short-term debt	(3,832)	10,265	(16,764)	13,801
Repayments of long-term debt	(1,945)	(4,688)	(4,015)	(7,297)
Proceeds from issuance of long-term debt	3,509	(1,199)	3,509	2,165
Deferred financing costs	(215)	(525)	(2,629)	(525)
Repayment of notes payable	—	—	(116,108)	—
Issuance of ordinary shares	51	397	168,308	938
Net cash provided by (used in) financing activities	(2,432)	4,250	32,301	9,082
Effect of currency exchange rates on cash and cash equivalents	36	(1,757)	1,696	(1,194)
Increase (decrease) in cash and cash equivalents	(4,381)	(5,102)	34,895	(4,760)
Cash and cash equivalents at beginning of period	64,114	38,311	24,838	37,969
Cash and cash equivalents at end of period	$ 59,733	$ 33,209	$ 59,733	$ 33,209

Tornier N.V.
Selected Revenue Information
(in thousands)

	Three Months Ended (unaudited)			Six Months Ended (unaudited)		
	July 3, 2011	July 4, 2010	Percent change	July 3, 2011	July 4, 2010	Percent change
Revenue by product category						
Upper extremity joints and trauma	$ 40,795	$ 33,940	20.2%	$ 82,950	$ 70,587	17.5%
Lower extremity joints and trauma	6,447	5,592	15.3%	13,079	11,848	10.4%
Sports medicine and biologics	3,583	3,076	16.5%	7,440	6,517	14.2%
Total extremities	50,825	42,608	19.3%	103,469	88,952	16.3%
Large joints and other	14,333	11,955	19.9%	31,124	27,454	13.4%
Total	$ 65,158	$ 54,563	19.4%	$ 134,593	$ 116,406	15.6%
Revenue by geography						
United States	$ 34,395	$ 30,669	12.1%	$ 71,416	$ 64,464	10.8%
International	30,763	23,894	28.7%	63,177	51,942	21.6%
Total	$ 65,158	$ 54,563	19.4%	$ 134,593	$ 116,406	15.6%

Tornier N.V.
Reconciliation of Revenue to Non-GAAP Revenue on a Constant Currency Basis
(in thousands)

	Three Months Ended (unaudited)				
	July 3, 2011			July 4, 2010	
	Revenue as reported	Foreign exchange impact as compared to prior period	Revenue on a constant currency basis	Revenue as reported	Percent change on a constant currency basis
Revenue by product category					
Upper extremity joints and trauma	$ 40,795	$ (1,715)	$ 39,080	$ 33,940	15.1%
Lower extremity joints and trauma	6,447	(231)	6,216	5,592	11.2%
Sports medicine and biologics	3,583	(145)	3,438	3,076	11.8%
Total extremities	50,825	(2,091)	48,734	42,608	14.4%
Large joints and other	14,333	(1,836)	12,497	11,955	4.5%
Total	$ 65,158	$ (3,927)	$ 61,231	$ 54,563	12.2%
Revenue by geography					
United States	$ 34,395	$ —	$ 34,395	$ 30,669	12.1%
International	30,763	(3,927)	26,836	23,894	12.3%
Total	$ 65,158	$ (3,927)	$ 61,231	$ 54,563	12.2%

	Six Months Ended (unaudited)				
	July 3, 2011			July 4, 2010	
	Revenue as reported	Foreign exchange impact as compared to prior period	Revenue on a constant currency basis	Revenue as reported	Percent change on a constant currency basis
Revenue by product category					
Upper extremity joints and trauma	$ 82,950	$ (1,890)	$ 81,060	$ 70,587	14.8%
Lower extremity joints and trauma	13,079	(264)	12,815	11,848	8.2%
Sports medicine and biologics	7,440	(159)	7,281	6,517	11.7%
Total extremities	103,469	(2,313)	101,156	88,952	13.7%
Large joints and other	31,124	(1,742)	29,382	27,454	7.0%
Total	$ 134,593	$ (4,055)	$ 130,538	$ 116,406	12.1%
Revenue by geography					
United States	$ 71,416	$ —	$ 71,416	$ 64,464	10.8%
International	63,177	(4,055)	59,122	51,942	13.8%
Total	$ 134,593	$ (4,055)	$ 130,538	$ 116,406	12.1%

Tornier N.V.
Reconciliation of Net Loss to
Non-GAAP Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
(in thousands)

	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	July 3, 2011	July 4, 2010	July 3, 2011	July 4, 2010
Net loss, as reported	$ (2,869)	$ (8,603)	$ (26,838)	$ (18,654)
Interest expense	489	4,935	2,967	10,765
Income tax expense (benefit)	330	(1,393)	(7,002)	(3,715)
Depreciation	3,901	3,321	8,184	7,133
Amortization	2,897	2,881	5,707	5,878
Subtotal Non-GAAP EBITDA (Loss)	4,748	1,141	(16,982)	1,407
Other non-operating (income) expense	(35)	153	(16)	(61)
Foreign currency transaction (gain) loss	(226)	3,445	(147)	5,739
Share-based compensation	1,615	1,276	2,910	2,835
Loss on extinguishment of debt	—	—	29,475	—
Special charges	132	28	132	252
Operating expenses from consolidated VIE	—	—	—	594
Non-GAAP Adjusted EBITDA	$ 6,234	$ 6,043	$ 15,372	$ 10,766