

WRIGHT MEDICAL GROUP INC

Form DEF 14A

April 13, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

**SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

WRIGHT MEDICAL GROUP, INC.
(Name of Registrant as Specified in Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials:

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement no.:

(3) Filing party:

(4) Date filed:

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Wright Medical Group, Inc. 5677 Airline Road, Arlington, Tennessee 38002 901-867-9971 www.wmt.com

**NOTICE OF
2007 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 17, 2007**

To Our Stockholders:

The 2007 Annual Meeting of Stockholders of Wright Medical Group, Inc. will be held at the Doubletree Hotel, located at 5069 Sanderlin Avenue, Memphis, Tennessee, on May 17, 2007, beginning at 9:00 a.m. (Central Time). At the meeting, our stockholders will vote on the following proposals to:

1. Elect nine directors to serve on our Board of Directors for a term of one year; and
2. Ratify the selection of KPMG LLP as our independent auditor for 2007.

Stockholders also will transact any other business that properly comes before the meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ALL THE PROPOSALS.

Only stockholders of record at the close of business on March 26, 2007, are entitled to receive notice of, and to vote at, the meeting and any postponement or adjournment thereof. A list of such stockholders will be available for inspection by any stockholder at the office of our legal counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, 165 Madison Avenue, 22nd Floor, Memphis, Tennessee, during ordinary business hours beginning May 1, 2007, as well as at the Doubletree Hotel during the meeting on May 17, 2007.

YOUR VOTE IS IMPORTANT. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE BY TELEPHONE OR COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY IS MAILED IN THE UNITED STATES OR CANADA. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

By Order of the Board of Directors,

Jason P. Hood
Secretary

April 13, 2007

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Wright Medical Group, Inc. 5677 Airline Road, Arlington, Tennessee 38002 901-867-9971 www.wmt.com

**PROXY STATEMENT
FOR
2007 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 17, 2007**

This Proxy Statement is being furnished in connection with the solicitation of proxies by Wright Medical Group, Inc. (the Company), on behalf of its Board of Directors, for use at the 2007 Annual Meeting of Stockholders and any postponement or adjournment thereof. The meeting will be held at the Doubletree Hotel, located at 5069 Sanderlin Avenue, Memphis, Tennessee, on May 17, 2007, beginning at 9:00 a.m. (Central Time).

At the meeting, our stockholders will vote on proposals to (1) elect nine directors to serve on our Board of Directors for a term of one year and (2) ratify the selection of KPMG LLP as our independent auditor for 2007. The proposals are set forth in the accompanying Notice of 2007 Annual Meeting of Stockholders and are described in more detail in this Proxy Statement. Stockholders also will transact any other business, not known or determined at the time of this proxy solicitation, that properly comes before the meeting, although the Board of Directors knows of no such other business to be presented.

When you submit your proxy, by either voting by telephone or executing and returning the enclosed proxy card, you will authorize the proxy holders F. Barry Bays, the Executive Chairman of the Board; John K. Bakewell, the Executive Vice President and Chief Financial Officer of the Company; and Jason P. Hood, the Vice President, General Counsel and Secretary of the Company to represent you and vote your shares of the Company's common stock on these proposals at the meeting in accordance with your instructions. These persons also will have discretionary authority to vote your shares on any other business that properly comes before the meeting. They also may vote your shares to adjourn the meeting and will be authorized to vote your shares at any postponement or adjournment of the meeting.

Our 2006 Annual Report, which includes our audited consolidated financial statements, accompanies this Proxy Statement. Although the 2006 Annual Report is being distributed with this Proxy Statement, it does not constitute a part of the proxy solicitation materials and is not incorporated herein by reference.

We will provide, without charge, a copy of our annual report on Form 10-K for the year ended December 31, 2006, to our stockholders upon request. All stockholder requests should be sent to the Corporate Secretary, Wright Medical Group, Inc., 5677 Airline Road, Arlington, Tennessee 38002.

This Proxy Statement and the accompanying materials are first being sent or given to our stockholders on or about April 13, 2007.

YOUR VOTE IS IMPORTANT. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE BY TELEPHONE OR COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

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INFORMATION ABOUT THE MEETING

What is the purpose of the meeting?

At the meeting, our stockholders will vote on the following proposals to:

1. Elect nine directors to serve on our Board of Directors for a term of one year; and
2. Ratify the selection of KPMG LLP as our independent auditor for 2007.

In addition, our management will report on the performance of the Company during 2006 and will respond to appropriate questions from stockholders.

Who is entitled to vote?

The record date for the meeting is March 26, 2007. Only stockholders of record at the close of business on March 26, 2007, are entitled to receive notice of the meeting and to vote at the meeting the shares of the Company's common stock that they held on that date. Each outstanding share of common stock entitles its holder to one vote on each matter voted on at the meeting. At the close of business on March 26, 2007, there were 35,344,689 outstanding shares of common stock.

Am I entitled to vote if my shares are held in street name ?

If you are the beneficial owner of shares held in street name by a brokerage firm, bank, or other nominee, such entity, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If you do not give instructions to your nominee, it will nevertheless be entitled to vote your shares on discretionary items but will not be permitted to do so on non-discretionary items. Both Proposal 1 (election of directors) and Proposal 2 (ratification of the selection of the independent auditor) are discretionary items on which your nominee will be entitled to vote your shares even in the absence of instructions from you. As of the date hereof, there is no proposal to be voted on at the meeting that is a non-discretionary item on which your nominee will not have discretion to vote in the absence of voting instructions from you.

How many shares must be present to conduct business at the meeting?

A quorum must be present at the meeting in order for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of the Company's common stock outstanding on the record date of March 26, 2007, will constitute a quorum. Abstentions and broker non-votes will be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum.

What happens if a quorum is not present at the meeting?

If a quorum is not present at the scheduled time of the meeting, the holders of a majority of the shares present in person or represented by proxy at the meeting may adjourn the meeting to another place, date, or time until a quorum is present. The place, date, and time of the adjourned meeting will be announced when the adjournment is taken, and no other notice will be given.

How do I vote my shares?

If you are a registered stockholder, you may vote by telephone. If you are a registered stockholder (i.e., your shares are held in your own name), you may vote by telephone by following the instructions included on the proxy card. You do not need to return your proxy card if you vote by telephone.

If your shares are held in street name, you may be eligible to provide voting instructions to your nominee by telephone or on the Internet. If you are a beneficial owner of shares held in street name (i.e., your shares are held in the name of a brokerage firm, bank, or other nominee), you may be eligible to provide voting instructions to your nominee by telephone or on the Internet. A large number of brokerage firms, banks, and other nominees participate in a program provided through ADP Investor Communications Services (ADP) that offers

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telephone and Internet voting options. If your shares are held in street name by a brokerage firm, bank, or other nominee that participates in the ADP program, you may provide voting instructions to your nominee by telephone or on the Internet by following the instructions set forth on the voting instruction form provided to you. You do not need to return your proxy card if you provide voting instructions to your nominee by telephone or on the Internet.

You may vote by mail. If you are a registered stockholder, you may vote by properly completing, signing, dating, and returning the accompanying proxy card. The enclosed postage-paid envelope requires no additional postage if it is mailed in the United States or Canada. If you are a beneficial owner of shares held in street name, you may provide voting instructions to the brokerage firm, bank, or other nominee that holds your shares by properly completing, signing, dating, and returning the voting instruction form provided to you by your nominee.

You may vote in person at the meeting. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. In addition, we will pass out written ballots to registered stockholders who wish to vote in person at the meeting. If you are a beneficial owner of shares held in street name and wish to vote at the meeting, you will need to obtain a proxy form from the brokerage firm, bank, or other nominee that holds your shares.

Can I change my vote after I submit my proxy?

Yes, you can revoke your proxy and change your vote at any time before the polls are closed at the meeting in any of the following ways: (1) by voting again by telephone, because only your latest telephone vote will be counted; (2) by properly completing, signing, dating, and returning another proxy card with a later date; (3) if you are a registered stockholder, by voting in person at the meeting; (4) if you are a registered stockholder, by giving written notice of such revocation to our Corporate Secretary prior to or at the meeting; or (5) if you are a beneficial owner of shares held in street name, by following the instructions given by the brokerage firm, bank, or other nominee that holds your shares. Your attendance at the meeting itself will not revoke your proxy unless you give written notice of revocation to our Secretary before the polls are closed.

Who will count the votes?

American Stock Transfer & Trust Company (AST), the registrar and transfer agent for the Company's common stock, will tabulate and certify the stockholder votes submitted by proxy. A representative of AST will serve as the inspector of election at the meeting.

How does the Board of Directors recommend that I vote on the proposals?

Our Board of Directors recommends that you vote:

1. FOR the election of the nine director nominees to serve on our Board of Directors for a term of one year; and
2. FOR the ratification of the selection of KPMG LLP as our independent auditor for 2007.

What happens if I do not specify how my shares are to be voted?

If you submit a proxy but do not indicate any voting instructions, your shares will be voted FOR each of the proposals.

Will any other business be conducted at the meeting?

As of the date hereof, the Board of Directors knows of no business that will be presented at the meeting other than the proposals described in this Proxy Statement. However, if any other proposal properly comes before the stockholders

for a vote at the meeting, the proxy holders will vote your shares in accordance with their best judgment.

How many votes are required for action to be taken on each proposal?

Election of Directors. The nine director nominees will be elected to serve on the Board of Directors for a term of one year if they receive a plurality of the votes of the shares present in person or represented by proxy at the

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meeting and entitled to vote on the subject matter. This means that the nine director nominees will be elected if they receive more votes than any other person at the meeting. If you vote to **Withhold Authority** with respect to the election of one or more director nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for the purpose of determining whether there is a quorum at the meeting.

Ratification of Selection of Independent Auditor. The selection of KPMG LLP as our independent auditor for 2007 will be ratified if a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter are voted in favor of the proposal.

How will abstentions be treated?

You do not have the option of abstaining from voting on Proposal 1 (election of directors), but you may abstain from voting on Proposal 2 (ratification of the selection of the independent auditor). With respect to Proposal 1, because the directors are elected by a plurality vote, an abstention will have no effect on the outcome of the vote and, therefore, is not offered as a voting option on the proposal. In the case of an abstention on Proposal 2, your shares would be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum. Because your shares would be voted but not in favor of Proposal 2, your abstention would have the same effect as a negative vote in determining the outcome of the vote on the proposal.

How will broker non-votes be treated?

A broker non-vote occurs when a brokerage firm, bank, or other nominee does not vote shares that it holds in street name on behalf of a beneficial owner because the beneficial owner has not provided voting instructions to the nominee with respect to a non-discretionary item. Proposal 1 (election of directors) and Proposal 2 (ratification of the selection of the independent auditor) are discretionary items for which a nominee will have the discretion to vote even without voting instructions from the beneficial owner. Accordingly, there will not be broker non-votes with regard to Proposals 1 and 2. As of the date hereof, there is no proposal to be voted on at the meeting that is a non-discretionary item on which a nominee will not have the discretion to vote in the absence of voting instructions from the beneficial owner. However, if a proposal that is a non-discretionary item is submitted to the stockholders for a vote at the meeting, it would be possible for there to be broker non-votes with respect to the proposal. In the case of a broker non-vote, the shares would be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum. The effect of a broker non-vote on the outcome of the vote on the proposal would depend on the applicable voting standard for the proposal. For instance, if the approval of the proposal required the affirmative vote of a majority of the outstanding shares, a broker non-vote would have the effect of a negative vote in determining the outcome of the vote on the proposal. On the other hand, if the approval of the proposal required the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal, a broker non-vote, being shares not entitled to vote, would not have any effect on the outcome of the vote on the proposal.

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The following table provides information about the beneficial ownership of the Company's common stock as of March 31, 2007, by each director of the Company, each existing and former executive officer of the Company named in the Summary Compensation Information table in this Proxy Statement, all directors and existing and former executive officers of the Company as a group, and each person known to our management to be the beneficial owner of more than 5% of the outstanding shares of common stock.

Name of Beneficial Owner	Number of Shares Beneficially Owned ^(1,2)	Percentage of Shares Outstanding ⁽³⁾
Directors and Executive Officers:		
F. Barry Bays	347,500	*
Gary D. Henley	75,000	*
John K. Bakewell	260,749	*
Jeffrey G. Roberts	212,444	*
John R. Treace	185,477	*
Jason P. Hood ⁽⁴⁾	31,265	*
Martin J. Emerson	5,000	*
Lawrence W. Hamilton		
Beverly A. Huss	5,000	*
John L. Miclot		
Robert J. Quillinan		
David D. Stevens	30,000	*
Thomas E. Timbie	55,113	*
James T. Treace ⁽⁵⁾	340,338	*
All directors and executive officers as a group (17 persons) ⁽⁴⁻⁵⁾	1,709,702	4.8%
Other Stockholders:		
BlackRock, Inc. ⁽⁶⁾ 40 East 52 nd Street New York, NY 10022	4,245,345	12.0%
T. Rowe Price Associates, Inc. ⁽⁷⁾ 100 E. Pratt Street Baltimore, MD 21202	2,253,412	6.4%
Wellington Management Company, LLP ⁽⁸⁾ 75 State Street Boston, MA 02109	2,223,000	6.3%
Neuberger Berman Inc. ⁽⁹⁾ 605 Third Avenue New York, NY 10158	2,164,139	6.1%

* Less than 1% of the outstanding shares of common stock.

- (1) A person's beneficial ownership of common stock is determined in accordance with the rules and regulations of the Securities and Exchange Commission. Except as indicated elsewhere in the footnotes to this table and subject to applicable community property laws, the persons named in the table have sole voting power and sole investment power with respect to the shares of common stock that they beneficially own.
- (2) The shares of common stock shown in the table include the following numbers of shares that the indicated persons have the right to acquire as of March 31, 2007, or within 60 days thereafter (i.e., May 30, 2007), upon the exercise of options granted by the Company: Mr. Bays 327,500 shares; Mr. Henley 75,000 shares; Mr. Bakewell 215,591 shares;

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Mr. Roberts 210,455; Mr. J. R. Treace 165,477; Mr. Hood 30,000 shares; Mr. Emerson 5,000 shares; Ms. Huss 5,000 shares; Mr. Stevens 30,000 shares; Mr. Timbie 55,113 shares; Mr. J. T. Treace 156,931 shares; and all directors and executive officers as a group 1,426,812 shares.

- (3) The percentage of outstanding shares of common stock beneficially owned by each person is calculated based on the 35,349,689 outstanding shares of common stock as of March 31, 2007, plus the shares of common stock that such person has the right to acquire as of such date or within 60 days thereafter (i.e., May 30, 2007) upon the exercise of options granted by the Company.
- (4) The shares of common stock beneficially owned by Mr. Hood include 150 shares owned by his wife and 100 shares owned by his daughter. Mr. Hood disclaims beneficial ownership of the shares owned by his wife and daughter.
- (5) The shares of common stock beneficially owned by Mr. Treace include 103,622 shares owned by J&A Group, LLC, a private investment and consulting company controlled by Mr. Treace and his wife, and 90 shares owned by his wife. Mr. Treace disclaims beneficial ownership of the shares owned by his wife.
- (6) The shares of common stock beneficially owned by BlackRock, Inc. (BlackRock) consist of shares owned in various investment accounts for which BlackRock's subsidiaries serve as investment adviser. BlackRock has shared voting power and shared investment power with respect to 4,245,345 shares owned in the investment accounts that its subsidiaries serve.
- (7) The shares of common stock beneficially owned by T. Rowe Price Associates, Inc. (T. Rowe) consist of shares owned in various investment accounts for which T. Rowe serves as investment adviser. T. Rowe has sole voting power with respect to 563,187 shares and sole investment power with respect to 2,253,412 shares owned in the investment accounts that it serves.
- (8) The shares of common stock beneficially owned by Wellington Management Company, LLP (Wellington) consist of shares owned in various investment accounts for which Wellington serves as investment adviser. Wellington has shared voting power with respect to 2,142,900 shares and shared investment power with respect to 2,223,000 shares owned in the investment accounts that it serves.
- (9) The shares of common stock beneficially owned by Neuberger Berman Inc. (Neuberger) consist of shares owned in various investment accounts for which Neuberger's affiliates serve as sub-adviser or investment manager. Neuberger has sole voting power with respect to 53,831 shares, shared voting power with respect to 1,946,894 shares, and shared investment power with respect to 2,164,139 shares owned in the investment accounts that its affiliates serve.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors and executive officers and the beneficial owners of more than 10% of the Company's registered equity securities (the reporting persons) file with the Securities and Exchange Commission (SEC) initial reports of, and subsequent reports of changes in, their beneficial ownership of the Company's equity securities. The reporting persons are required to furnish us with copies of all such Section 16(a) reports. Based solely on our review of the copies of such Section 16(a) reports and written representations from certain reporting persons furnished to us, we believe that the reporting persons complied with all applicable Section 16(a) filing requirements during 2006.

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BOARD OF DIRECTORS

General

Our Board of Directors currently consists of ten directors. Our directors are F. Barry Bays, Martin J. Emerson, Lawrence W. Hamilton, Gary D. Henley, Beverly A. Huss, John L. Miclot, Robert J. Quillinan, David D. Stevens, Thomas E. Timbie, and James T. Treace. The directors are elected at each annual meeting of stockholders and serve for a term of one year until the next annual meeting of stockholders and until their respective successors are elected and qualified, subject to their prior death, resignation, retirement, disqualification, or removal from office. Messrs. Bays, Emerson, Henley, Stevens, Timbie, and Treace and Ms. Huss were elected by our stockholders at the 2006 annual meeting of stockholders, while Mr. Quillinan was elected by the Board of Directors in July 2006, Mr. Hamilton was elected by the Board of Directors in February 2007, and Mr. Miclot was elected by the Board of Directors in March 2007 to serve on the Board of Directors. Beverly A. Huss has notified the Company that she will not stand for reelection and will retire from the Board of Directors at this meeting.

Director Independence

It is the policy of the Board of Directors that a majority of the directors be independent as defined in the listing standards of the Nasdaq Stock Market (Nasdaq). The Board of Directors has determined that seven directors – Martin J. Emerson, Lawrence W. Hamilton, Beverly A. Huss, John L. Miclot, Robert J. Quillinan, David D. Stevens, and Thomas E. Timbie – are independent as defined in Nasdaq’s listing standards. Richard B. Emmitt and Elizabeth H. Weatherman, former directors of the Company who resigned on March 9, 2006, and April 6, 2006, respectively, were determined to be independent as defined in Nasdaq’s listing standards. James E. Thomas, a former director of the Company who did not stand for reelection at the 2006 Annual Meeting of Stockholders, was also determined to be independent as defined in Nasdaq’s listing standards.

Meetings Attended by Directors

The Board of Directors holds meetings on a quarterly basis and on other occasions as necessary or appropriate. The Board of Directors met eight times in 2006. The Board of Directors has four standing committees – the Executive Committee, the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee met 13, seven, and four times, respectively, in 2006. The Executive Committee did not meet in 2006. Director attendance at all Board of Directors and committee meetings in 2006 was in excess of 95%. Each incumbent director attended at least 88% of the total number of meetings of the Board of Directors and its committees on which he or she served in 2006.

Our independent directors have regularly scheduled meetings at which only they are present. Our independent directors met two times in 2006. Pursuant to our Corporate Governance Principles, the chairman of our Nominating and Corporate Governance Committee or another independent director selected by a majority of the independent directors presides at these meetings.

Our directors are encouraged to attend our annual meeting of stockholders absent exceptional cause. In 2006, five directors attended the annual meeting of stockholders.

Board of Directors Committees

Our Board of Directors delegates certain of its functions to its standing Executive Committee, Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. Information regarding the responsibilities of these committees and their members is provided below.

Executive Committee. The Executive Committee exercises all the powers of the Board of Directors in the management of our business and affairs during the intervals between meetings of the Board of Directors, subject to such restrictions or limitations as the Board of Directors may specify from time to time or as otherwise limited by Delaware law. The Executive Committee is composed of three directors who are appointed by the Board of

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Directors. The members of the Executive Committee are F. Barry Bays (chairman), Gary D. Henley, and James T. Treace.

Audit Committee. The Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements. In this role, the Audit Committee monitors and oversees the integrity of our financial statements and related disclosures, the qualifications, independence, and performance of our independent auditor, the performance of our internal auditing function, and our compliance with applicable legal requirements and our business conduct policies. The Audit Committee has a written charter which was revised by the Board of Directors on April 21, 2005. A copy of the charter is posted on our website at www.wmt.com/Corporate/AuditCommitteeCharterReviseApril212005.pdf. The information on our website, however, is not a part of this Proxy Statement. The Audit Committee is composed of three directors who are appointed by the Board of Directors. The members of the Audit Committee are Thomas E. Timbie (chairman), Martin J. Emerson, and Robert J. Quillinan, all of whom are independent as defined in Nasdaq's listing standards and meet the independence criteria set forth in the SEC's rules. Richard B. Emmitt, a former director of the Company who resigned on March 9, 2006, James E. Thomas, a former director of the Company who did not stand for reelection at the 2006 annual meeting of stockholders, and David D. Stevens, a director of the Company who resigned from the Audit Committee on August 1, 2006, all of whom were also independent as defined in Nasdaq's listing standards and met the independence criteria set forth in the SEC's rules, were also members of the Audit Committee during 2006. Our Board of Directors has determined that each member of the Audit Committee is an audit committee financial expert as defined in the SEC's regulations. The report of the Audit Committee appears beginning on page 10 of this Proxy Statement.

Compensation Committee. The Compensation Committee oversees our general programs of compensation and benefits for all employees and determines the compensation of our executive officers and directors. The Compensation Committee has a written charter which was revised by the Board of Directors on October 23, 2006. A copy of the charter is posted on our website at www.wmt.com/Corporate/CompensationCommitteeCharter102306.pdf. The information on our website, however, is not a part of this Proxy Statement. The Compensation Committee is composed of three directors who are appointed by the Board of Directors. The members of the Compensation Committee are David D. Stevens (chairman), Martin J. Emerson, and Beverly A. Huss, all of whom are independent as defined in Nasdaq's listing standards and meet the independence criteria set forth in the SEC's rules. Elizabeth H. Weatherman, a former director of the Company who resigned on April 6, 2006, and James E. Thomas, a former director of the Company who did not stand for reelection at the 2006 annual meeting of stockholders, both of whom were independent as defined in Nasdaq's listing standards and met the independence criteria set forth in the SEC's rules, were also members of the Compensation Committee during 2006. The report of the Compensation Committee appears beginning on page 11 of this Proxy Statement.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee oversees our corporate governance processes. In this role, the Nominating and Corporate Governance Committee identifies and recommends individuals qualified to become members of the Board of Directors, makes recommendations regarding the establishment and membership of the Board of Directors' committees, develops and reviews corporate governance principles applicable to us, and leads the annual review of the performance of the Board of Directors and its committees. The Nominating and Corporate Governance Committee has a written charter which was revised by the Board of Directors on February 27, 2007. A copy of the charter is posted on our website at www.wmt.com/Corporate/CorporateGovernanceCommitteeCharterReviewv5.pdf. The information on our website, however, is not a part of this Proxy Statement. The Nominating and Corporate Governance Committee is composed of two directors who are appointed by the Board of Directors. The members of the Nominating and Corporate Governance Committee are Thomas E. Timbie (chairman) and Beverly A. Huss, both of whom are independent as defined in Nasdaq's listing standards and meet the independence criteria set forth in the SEC's rules. Richard B. Emmitt, a former director of the Company who resigned on March 9, 2006, and Elizabeth H. Weatherman, a former

director of the Company who resigned on April 6, 2006, both of whom were independent as defined in Nasdaq's listing standards and met the independence criteria set forth in the SEC's rules, were also members of the Nominating and Corporate Governance Committee during 2006.

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Director Nominations

The Board of Directors will consider all potential candidates for nomination by the Board of Directors for election as directors who are recommended by the Company's stockholders, directors, officers, and employees. All director recommendations must be made in accordance with the provisions of Article II, Section 5 of our bylaws, which sets forth requirements concerning the information about the candidate to be provided and the timing for the submission of the recommendations. All director recommendations should be sent to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Wright Medical Group, Inc., 5677 Airline Road, Arlington, Tennessee 38002. The Nominating and Corporate Governance Committee will screen all potential director candidates in the same manner, regardless of the source of their recommendation. The Nominating and Corporate Governance Committee's review typically will be based on the written materials provided with respect to a potential director candidate. The Nominating and Corporate Governance Committee will evaluate and determine whether a potential candidate meets our minimum qualifications and specific qualities and skills for directors and whether requesting additional information or an interview is appropriate.

The Board of Directors has adopted the following series of minimum qualifications and specific qualities and skills for our directors, which will serve as the basis upon which potential director candidates are evaluated by the Nominating and Corporate Governance Committee:

Directors should possess the highest personal and professional ethics, integrity, and values.

Directors should have an inquisitive and objective perspective, practical wisdom, and mature judgment.

Directors should have expertise and experience at policy-making levels in areas that are relevant to our business.

Directors should have, or demonstrate an ability and willingness to acquire in short order, a clear understanding of the fundamental aspects of our business.

Directors should be committed to representing the long-term interests of our stockholders.

Directors should be willing to devote sufficient time to carry out their duties and responsibilities effectively and should be committed to serving on the Board of Directors for an extended period of time.

Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities.

Directors who also serve as the chief executive officer, chief operating officer, or chief financial officer of another enterprise should not serve on more than two boards of public companies in addition to our Board of Directors, and other directors should not serve on more than four boards of public companies in addition to our Board of Directors.

In making our determinations regarding director nominees, the Board of Directors will consider whether a potential candidate has previously served as a director of the Company. The Board of Directors does not believe, however, that directors should expect to be automatically renominated on an annual basis. Instead, the annual self-assessment of the performance of the Board of Directors and its committees is an important determinant of director tenure.

Corporate Governance Principles

In furtherance of our goal of providing effective governance of our business and affairs for the long-term benefit of our stockholders, the Board of Directors has approved and adopted Corporate Governance Principles. The Corporate Governance Principles are posted on our website at

www.wmt.com/Corporate/CorporateGovernancePrinciplesv4a.pdf. The information on our website, however, is not a part of this Proxy Statement. In addition to other matters, our Corporate Governance Principles require that any director up for election at our annual meeting of stockholders who fails to receive at least a majority of the votes cast for election shall offer to resign from the Board of Directors. The Nominating and Corporate Governance Committee then makes a recommendation to the Board of Directors whether to accept, reject, or take other action regarding the offered resignation. The Board of Directors must review the recommendation of the Nominating and Corporate Governance Committee and act promptly to accept, reject, or take other action it deems

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appropriate under the circumstances. The affected director does not take part in the deliberations or actions of the Nominating and Corporate Governance Committee or the Board of Directors in this matter.

Policies and Procedures for Monitoring, Reviewing, Approving, or Ratifying Transactions