Symmetry Medical Inc.
Form 10-K
March 10, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 28, 2013

Commission File Number: 001-32374

SYMMETRY MEDICAL INC.
(Exact name of registrant as specified in its charter)

Delaware	35-1996126
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3724 North State Road 15, Warsaw, Indiana	46582
(Address of principal executive offices)	(Zip Code)

(574) 268-2252
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock, Par Value $0.001 Per Share	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ý Yes ¨ No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (S232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ý Yes ¨ No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of voting stock of Symmetry Medical Inc. held by non-affiliates of the Registrant as of June 29, 2013, based on the closing price was $8.42, as reported by the New York Stock Exchange: Approximately $313.7 million.

The number of shares outstanding of the registrant’s common stock as of March 6, 2014 was 37,493,113 shares.

DOCUMENTS INCORPORATED BY REFERENCE
Certain information is incorporated into Part III of this report by reference to the Registrant's 2014 Proxy Statement to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

SYMMETRY MEDICAL INC.

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Cautionary Note Regarding Forward-Looking Statements

Throughout this Annual Report on Form 10-K, or in other reports or registration statements filed from time to time with the Securities and Exchange Commission under the Securities Exchange Act of 1934, or under the Securities Act of 1933, as well as in documents we incorporate by reference or in press releases or oral statements made by our officers or representatives, we may make statements that express our opinions, expectations, or projections regarding future events or future results, in contrast with statements that reflect historical facts. These predictive statements, which we generally precede or accompany by such typical conditional words such as “anticipate,” “intend,” “believe,” “estimate,” “plan,” “seek,” “project,” “potential,” or “expect,” or by the words “may,” “will,” “could,” or “should,” and similar or terminology are intended to operate as “forward-looking statements” of the kind permitted by the Private Securities Litigation Reform Act of 1995. That legislation protects such predictive statements by creating a “safe harbor” from liability in the event that a particular prediction does not turn out as anticipated.

Forward-looking statements convey our current expectations or forecast future events. While we always intend to express our best judgment when we make statements about what we believe will occur in the future, and although we base these statements on assumptions that we believe to be reasonable when made, these forward-looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. Forward-looking statements are subject to many uncertainties and other variable circumstances, many of which are outside of our control, that could cause our actual results and experience to differ materially from those we thought would occur.

We also refer you to and believe that you should carefully read the portion of this report described in “Risk Factors” to better understand the risks and uncertainties that are inherent in our business and in owning our securities.

Any forward-looking statements which we make in this report or in any of the documents that are incorporated by reference herein speak only as of the date of such statement, and we undertake no ongoing obligation to update such statements. Comparisons of results between current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

PART I

Item 1. Business
(Dollars in thousands, unless otherwise noted)

General
Symmetry Medical Inc. (which we sometimes refer to, together with our consolidated subsidiaries, as the “Corporation,” “we,” “our” or “Symmetry”) operates in two reportable segments: (1) Original Equipment Manufacturer (“OEM”) Solutions and (2) Symmetry Surgical.

Symmetry, headquartered in Warsaw, Indiana, is a leading global source of medical device products. We employ over 2,500 teammates around the world who are dedicated to being the trusted global source of innovative medical device solutions and surgical instruments for today’s needs and tomorrow’s growth.

During fiscal year 2013, Symmetry’s OEM Solutions business generated revenue of $310,733, derived primarily from the sale of products to the orthopedic device market and other medical markets. Our Total Solutions® approach is supported by an experienced team of designers, development engineers, logistics specialists and by our global sales force that works with our customers to coordinate the design and manufacture of products. During fiscal year 2013, Symmetry Surgical generated revenue of $89,259 from the sale of a broad range of reusable stainless steel and titanium surgical hand-held instruments, single use instruments, sterilization containers and disposable surgical instruments directly to hospitals and other sites of care.

History
Our business was established in 1976 as a supplier of instruments to orthopedic device manufacturers and Symmetry Medical Inc. was incorporated in Delaware on July 25, 1996. Over the past eight years, we have made eight acquisitions which has expanded our customer base, enhanced our product offerings and extended our product lines.

Our most recent acquisitions were in 2011. In August and December 2011, respectively, we acquired PSC Industries’ Olsen Medical division and the surgical instruments business of Codman & Shurtleff, Inc. ("Codman"). Olsen Medical manufactures a full line of single-use and reusable bipolar and monopolar forceps, cords, electrosurgical pens/pencils, electrodes, and accessories. Codman distributes surgical instruments and sterile disposable surgical products directly to hospitals. The addition of Codman allowed us to offer an expanded array of medical instruments and related products, expand our global distribution, increase our intellectual property, trademarks, and regulatory approvals, and provide an instrument procurement center and personnel located in Tuttlingen, Germany. Products from both of these acquisitions are now sold by Symmetry Surgical's sales force in the U.S. and internationally through country specific distributors.

OEM Solutions Business Segment
Our OEM Solutions business is a leading global source of innovative medical device solutions, including surgical instruments, orthopedic implants, and sterilization cases and trays. We design, develop and offer worldwide production and supply chain capabilities for these products to customers in the orthopedic industry and other medical device markets (including but not limited to arthroscopy, dental, laparoscopy, osteobiologic, and endoscopy segments). We also manufacture specialized non-healthcare products, primarily in the aerospace industry. Our trusted reputation and brands, broad intellectual property portfolio and commitment to innovation enable us to collaborate with hundreds of global medical device manufacturers to provide solutions for today’s needs and tomorrow’s growth.

Our primary products produced in the OEM Solutions segment include:
- implants, including forged, cast and machined products for the global orthopedic device market;
- instruments used in the placement and removal of orthopedic implants and in other surgical procedures;

- cases, including plastic, metal and hybrid cases used to organize, secure and transport medical devices for orthopedic, endoscopy, dental and other surgical procedures; and
- other specialized products for the aerospace market.

We believe that our close customer relationships, broad capability offering and leading quality and regulatory performance give us a competitive advantage. In addition, we believe that our OEM Solutions segment has created a distinct competitive

position in the orthopedic device market based upon our Total Solutions® approach. Our Total Solutions® approach provides our customers with a broad range of products, as well as comprehensive design, engineering and project management services and state of the art production capabilities to help bring their implant systems to market quickly and efficiently. Symmetry Medical pioneered the Total Solutions® business model, gaining many years of experience and significant expertise in fully leveraging this end to end capability.

Our Total Solutions® offering is based on:

- Comprehensive Offerings. We can support our customers' new product offerings from product concept through market introduction and thereafter, by providing seamless design, engineering, prototyping and manufacturing offerings.
- Single Source for Complete Systems. We assist our customers in developing new implants, and we design and produce instruments for implant-specific surgical procedures. We also provide customized cases that provide a secure, clearly labeled and well organized arrangement of instruments and devices.
- Proprietary Symmetry Instruments and Cases. Our established lines of proprietary products allow our customers to complete their proprietary implant systems and bring them to market faster.
- Precision Manufacturing Expertise. Our extensive expertise and know-how enable us to produce large volumes of specialized products to our customers' precise standards, which we believe makes us a supplier of choice to the largest orthopedic companies as well as the broader needs of smaller customers. Our core production competencies include net shaped forging, precision casting, thermo forming, precision sheet metal working and machining/finishing.
- Quality and Regulatory Compliance. Our quality systems are based upon and in compliance with International Organization for Standardization ("ISO") requirements and, where applicable, United States Food and Drug Administration ("FDA") regulations. We believe our level of quality and regulatory compliance systems meet or exceed our customers' expectations. We continue investing in this area to strengthen our leadership position.
- Global Reach. Our manufacturing capabilities in the U.S., United Kingdom, France, Ireland and Malaysia allow us to offer single-source products to our multinational customers and the benefits of scale to our smaller customers, and the geographic breadth of our experienced sales force effectively brings our Total Solutions® approach to customers around the globe.

We believe that our Total Solutions® approach offers a number of benefits to our customers, including:

- Shorter Time to Market. Our design, engineering and prototyping skills, as well as our ability to transition seamlessly from product development to production of implants, instruments and cases, enable our customers to reduce time to market for their new products.
- Reduced Total Product Acquisition Costs. Our comprehensive offerings, including design, engineering, prototyping, project management, production and inventory control, allow our customers to simplify their supply chain, reduce procurement transactions and costs, and streamline inventory levels through increased outsourcing, resulting in lower product acquisition costs.
- Increased Focus on Marketing and Research and Development Efforts. Our extensive production capabilities and comprehensive offerings provide a one-stop outsourcing solution and when combined with our Total Solutions® approach for non-core products, allow our customers to focus their resources on their design, development and marketing efforts on their most critical competitive advantages.
- Rationalized and Reliable Supply Chain. Our scale, scope of products and Total Solutions® approach allow large orthopedic companies to reduce their number of independent suppliers and focus their internal and procurement operations.
- Enhanced Product Consistency on a Global Basis. Our extensive production platform, global quality system, Total Solutions® approach and international presence allow us to meet global demand for orthopedic devices, which is expected to continue to increase.
- A Strategic Partner for Smaller Companies and Start-ups. We offer smaller companies and start-ups a proven partner with quality and regulatory systems experience and the ability to support prototype through finished product for companies looking for a strategic global supply chain partner.

We have developed our Total Solutions® offering through strategic acquisitions which expanded our product offerings to include medical cases and trays, additional patented products, enhanced implant finishing capabilities and minimally invasive instrumentation.

Symmetry Surgical Business Segment

Our Symmetry Surgical business segment, headquartered in Nashville, Tennessee, was created in 2011. The segment arose from the integration of the acquired Codman surgical instruments and Olsen Medical lines with our Corporation's already existing hospital direct business, Specialty Surgical Instrumentation ("SSI"). In 2013 we further expanded Symmetry Surgical with the opening of our Symmetry Surgical Switzerland subsidiary based in Schaffhausen, Switzerland to provide global supply chain management (including for example, strategic sourcing, demand and supply planning and supplier quality) and international customer service for Symmetry Surgical. Symmetry Surgical Switzerland also manages the Corporation's instrument procurement and quality facility located in Tuttlingen, Germany.

Symmetry Surgical offers a broad range of reusable stainless steel and titanium surgical hand-held instruments and retractor systems, sterile disposable surgical products (vein strippers, SECTO dissectors, tonsil sponges and surgical marker pens), and sterilization containers. These products are typically used in the surgical specialties of spine, general/obstetrics/gynecology, microsurgery/neurosurgery, orthopedics, laparoscopy, cardiovascular, thoracic and general surgery in the hospital setting as well as in surgery centers and in select physician offices.

We believe our brands, which include SYMMETRY®, BOOKWALTER® Retractor Systems, RAPIDCLEAN® Surgical Instruments, CLASSIC PLUS® and CLASSIC® Surgical Instruments, MICROSECT® Surgical Instruments, OLSEN® Electrosurgical Instruments, SECTO® Surgical Dissectors, OPTI-LENGTH® Extended Length Surgical Instruments, MAGNAFREE® Non-Magnetic Surgical Instruments, ACCESS SURGICAL® Endoscopic Surgical Instruments, GREENBERG® Neurosurgical Retractor System, RILEY ™ Sterilization Case and Tray Solutions, QUAD-LOCK® Sterilization Container Systems and ULTRA ™ System Sterilization Container Systems, are respected by clinicians and hospital customers and are backed by intellectual property.

We believe Symmetry Surgical has an appealing offering for customers in the countries we serve. Symmetry Surgical's global supply chain team in Switzerland sources its products from instrument manufacturers in Tuttlingen, Germany and other regions, as well as from Symmetry's OEM Solutions business. Symmetry Surgical focuses on products that are not competitive with Symmetry's OEM Solutions customers.

In 2011, we completed the two acquisitions that led to the creation of our Symmetry Surgical business segment that previously consisted of our SSI hospital direct business. On August 15, 2011, for $11,000 in cash, we acquired certain assets of Olsen Medical, a division of PSC Industries, Inc., a privately-owned world leader in the design, development and manufacture of electrosurgical instruments and accessories. Olsen Medical manufactures a full line of single-use and reusable bipolar and monopolar forceps, cords, electrosurgical pens/pencils, electrodes, and accessories. Olsen Medical's products are primarily sold through our wholly-owned subsidiary, Symmetry Surgical, domestically and internationally.

On December 29, 2011 we acquired the surgical instruments product portfolio from Codman & Shurtleff, Inc., a Johnson & Johnson Company, for $165,687 in cash. This transaction included certain U.S. and Germany-based personnel, as well as the acquisition of inventory, intellectual property, trademarks, regulatory approvals, and an instrument procurement center located in Tuttlingen, Germany. As part of the transaction, Codman & Shurtleff, Inc. provided Symmetry Surgical with transition services. The majority of these services, including U.S. distribution, global quality and regulatory, and distribution through Codman affiliates in select countries outside the U.S. terminated in September 2012. Distribution services continued in the majority of international markets through mid-year 2013 when the transfer of regulatory approvals and local distributor representation occurred.

Symmetry Surgical markets and distributes products to hospitals and other sites of care in the U.S., as well as in over 100 additional countries around the world. Symmetry Surgical Nashville is home to our administrative services as well as U.S. customer service, physical distribution, and western hemisphere sourcing as directed by Symmetry

Surgical Switzerland. Our Tuttlingen, Germany facility provides sourcing and quality services for products procured in Germany, as well as other regions of the world as directed by Symmetry Surgical Switzerland. Symmetry Surgical Switzerland provides international customer service, global demand and supply planning, strategic sourcing, supplier quality and manages other Symmetry Surgical supply chain functions. Our U.S. based marketing team collaborates with Symmetry engineers and product developers to create a product pipeline that addresses unmet needs for the surgical specialties which we serve in the product categories in which we compete.

Our new product development team collaborates with surgeon innovators from conception through launch to ensure that they will meet the needs of healthcare providers in the clinical setting. Symmetry Surgical compensates health care professionals for their contributions of intellectual property or consulting services in the product development process consistently with our healthcare compliance guidelines and all applicable laws and regulations. Once product designs are finalized they are sourced by Symmetry Surgical from a broad range of instrument manufacturers (including Symmetry's OEM Solutions business) in the U.S., Germany, and other regions of the world.

Symmetry Surgical's products are subject to our rigorous quality standards and are only made available to the commercial marketplace after passing inspection tests and appropriate regulatory approvals. Commercial demand is generated by both direct sales representatives and geographically defined authorized distributors in the U.S. as well as many distributors outside the U.S. Symmetry Surgical does not maintain a direct sales force outside the U.S., although we have established regionally-based business development teammates to collaborate with country-based distributors to generate demand and reinforce Symmetry Surgical's standards for marketing, sales, and compliance. Sales outside the U.S. are accomplished through authorized distributors who purchase products from us and then sell the products to the final customer and are accountable for inventory and accounts receivable in local markets. In the U.S., our direct representatives are compensated in a variety of manners, but primarily via commission. U.S. based distributors are compensated via commission for sales processed by Symmetry Surgical. Customer orders are received by customer service in the U.S. or Switzerland based on their source. U.S. customer and global distributor orders are physically processed at our Nashville, TN headquarters and distributed by third party carriers and freight forwarders worldwide. During the period of transition services (2012 and 2013) provided by Codman & Shurtleff, Inc., Symmetry Surgical sold products to Codman's U.S. affiliate who, in turn, distributed the products to other Codman affiliates worldwide.

Our Symmetry Surgical offering is based on:

- Comprehensive Portfolio. We provide a wide range of surgical products to a broad array of surgical specialties. We offer over 20,000 different products that may be typically used in surgical specialties related to spine, general/obstetrics/gynecology, microsurgery/neurosurgery, orthopedics, laparoscopy, cardiovascular, thoracic and general surgery in the hospital setting as well as surgery centers and in select physician offices.
- Proprietary Branded Products. With brands including SYMMETRY®, BOOKWALTER® Retractor Systems, RAPIDCLEAN® Surgical Instruments, CLASSIC PLUS® and CLASSIC® Surgical Instruments, MICROSECT® Surgical Instruments, OLSEN® Electrosurgical Instruments, SECTO® Surgical Dissectors, OPTI-LENGTH® Extended Length Surgical Instruments, MAGNAFREE® Non-Magnetic Surgical Instruments, ACCESS SURGICAL® Endoscopic Surgical Instruments, GREENBERG® Neurosurgical Retractor System, RILEY ™ Sterilization Case and Tray Solutions, QUAD-LOCK® Sterilization Container Systems and ULTRA ™ System Sterilization Container Systems, that are respected by clinicians and hospital customers and intellectual property-backed products, Symmetry Surgical has an appealing offering for customers in a multitude of specialties.
- Quality and Regulatory Compliance. Our quality systems are based upon and in compliance with International Organization for Standardization ("ISO") requirements and, where applicable, United States Food and Drug Administration ("FDA") regulations. We believe our level of quality and regulatory compliance systems meet or exceed our customers' expectations. We continue investing in this area to strengthen our position.
- Global Reach. Commercial demand is generated by both direct representatives and geographically defined authorized distributors in the U.S. as well as scores of distributors outside the U.S.

We believe Symmetry Surgical offers a number of benefits to our customers, including:

- Rationalized and Reliable Supply Chain. Our scale and scope of products allow our customers to reduce their number of suppliers and streamline their procurement. Under the direction of Symmetry Surgical Switzerland, our Tuttlingen, Germany facility provides sourcing and quality services for products procured in Germany, as well as other regions of the world.
- Research and Development Efforts. Our extensive product portfolio continues to expand through additions of products based on our own innovation and intellectual property. We also collaborate with surgeons to provide design,

development, prototyping, quality and regulatory registration and marketing efforts on proprietary products.

- Enhanced Products on a Global Basis. Our extensive product portfolio and distribution capability allows us to meet our customers' needs across numerous locations (one of our larger U.S. customers has over 1,400 locations) on a timely basis. We also provide these products and services to customers in over 100 countries.

Our Symmetry Surgical segment was built from no sales eight years ago to a peak of 26.1% of total Symmetry Medical sales in 2012. During 2013, Symmetry Surgical sales were reduced to 22.3% of our total sales as a result of a customer moving to direct purchases from Symmetry Medical OEM Solutions as well as revenue erosion primarily due to sales disruptions during the integration of the Codman surgical instruments business into Symmetry Surgical in late 2012 and the first half of 2013.

Business Strategy

To achieve our goal of a more stable revenue growth that is faster than the overall orthopedic market, our business strategy is to gain market share as a preferred supplier to Orthopedic OEM customers, to diversify our revenue base by expanding our direct to hospital surgical instruments business in a manner that is non-competitive with our OEM customers, to leverage our experiences in Symmetry Surgical to create innovation that will benefit both segments, and to capitalize on our strengths in OEM Solutions to serve our customers in adjacent medical device segments. The key elements of our business strategy are to:

OEM Solutions Focus:

- Develop Strategic Relationships With Our OEM Customers Through Access to Key Decision Makers. Our scale, scope of products and Total Solutions® approach position us as an important partner with our customers. This position of trust and insight provides access to key decision makers with whom we intend to continue to build strategic relationships.
- Capitalize on Our Total Solutions® Approach. We believe that our Total Solutions® approach shortens product development cycles, reduces design and manufacturing costs, and simplifies purchasing and logistics. We intend to aggressively market these benefits to our customers as they continue to look for suppliers who can support broader supply chain needs and capabilities beyond manufacturing.
- Increase Our Presence In Adjacent Medical Device Surgical Specialties By Diversifying Our Revenue Base and Expanding Our Sales Channels to Market. Our 2011 acquisitions of Olsen Medical and the Codman surgical instruments portfolio created a larger footprint in the surgical instruments market and a presence in a wide array of surgical interventions - both domestically and abroad. We will continue to grow this channel and will work to leverage this exposure to clinicians, Operating Room (“OR”) Directors, hospital material managers, and hospital sterile processing managers to identify unmet needs for product development that we can bring to our OEM customers in orthopedics and appropriate medical device adjacencies.
- Increase Sales to Existing Customers by Cross-Selling Products and Offerings. Our cases are currently sold in nearly every segment of the medical device market. We believe that our diverse customer base offers us a natural entry point to new orthopedic and non-orthopedic customers for our implants, instruments, and other products we may innovate or acquire, and we plan to utilize our access to these customers through the case business to cross-sell these products. We will also look to cross-sell products and offerings to our orthopedic customers in their non-orthopedic divisions.
- Leverage Manufacturing Skills. We have continued to expand our manufacturing capacity and design resources and update our manufacturing and development equipment. We intend to continue to leverage our investments in sophisticated equipment and manufacturing know-how to expand our existing customer relationships and to obtain new customers. This includes not only manufacturing competencies, but also support processes such as statistical process quality control and information management.
- Leverage Symmetry Business System. Like many companies, we are faced with intensifying competition requiring cost reduction initiatives. Benchmarking best practices from companies such as Toyota, Danaher, and General Electric - who all have successfully launched their own improvement based programs around Six Sigma, Toyota Production Systems, and Lean manufacturing - in 2011 we began a journey of continuous improvement with the creation and roll-out of the Symmetry Business System ("SBS"). The SBS is a business process supported by lean tools and a culture of continuous improvement in all facets of the business. Lean is a philosophy of eliminating non-value-adding operations, equipment, and resources. It is our belief that anything that does not add value is waste, such as injuries, defects, excess inventory, over-production, waiting time, motion, transportation, and processing waste. The SBS process will drive the Corporation through a continuous cycle of change and improvement around

processes and daily accountability to improve performance. Guiding all efforts is the simple focus on customer-facing priorities to include safety, quality, lead-times, delivery, cost, and innovation. We believe that SBS will be a unique and a clear differentiator for our customers and our core business. We will continue to refine our tools over time and ensure we remain focused on value creation which is based on the voice of the customer.

- Increase New Product Offerings and Increase Gross Margin. Our research & development team and our Design and Development Centers provide expertise and coordination for our design, engineering and prototyping offerings as well as internally innovated products. We intend to use this dedicated expertise to develop intellectual property and expand our line of innovative and independently developed instruments and cases and to generate additional development projects with our customers that will lead to increased sales and long-term manufacturing opportunities.

- Collaborate With Emerging Companies. We believe that new and innovative medical device companies are creating a meaningful market presence and that our Total Solutions® approach positions us to help these companies, many of which may have limited resources, manage their product manufacturing and logistic services.
- Continue Global Presence. We believe that we can best serve the marketplace with a broad range of manufacturing capabilities, including facilities in close proximity to our customers' manufacturing and development centers, in high technology/specialized centers, in low cost labor countries, and in markets that provide us with exposure to end consumers to allow us to better serve their needs. Our investments in manufacturing infrastructure and globally based sales professionals will continue to adhere to this approach.
- Utilize Our Technology and Manufacturing Capacity. Our expertise in metal processing and, in particular, high integrity net shape forging enables us to utilize capacity and leverage infrastructure by pursing a role as a niche supplier in certain other markets, such as the aerospace sector, where we supply engine aerofoil blades and other similar parts.

Symmetry Surgical Focus:

- Develop Strategic Relationships With Large Hospital Customers Through Access to Key Decision Makers. Our scale and expansive scope of products positions us as an important partner with our customers. This position gives us access to key decision makers with whom we intend to continue to build strategic relationships and serve their multiple hospital sites.
- Continue to Increase Our Presence In Surgical Specialties By Diversifying Our Revenue Base and Expanding Our Sales Channels to Market. The 2011 acquisitions of Olsen Medical and the Codman surgical instruments portfolio gave us a larger footprint in the surgical instruments market and a presence in a wide array of surgical interventions - both domestically and abroad. We will continue to grow this channel serving clinicians, operating room directors, hospital material managers, and hospital central sterilization to identify unmet needs for product development that we can bring to our direct customers, all while not competing with our OEM Solutions customers.
- Build Sales Synergies by Cross-Selling Products and Offerings. Symmetry Surgical offers over 20,000 products to our global customers. We believe we can leverage the sales synergies created by this expansive product offering across these customers and our sales teams to generate increased revenue.
- Increase New Product Offerings. Our new product development team identifies and provides solutions to the unmet needs of our customers. We intend to use this dedicated expertise to develop intellectual property and expand our line of innovative and independently developed instruments and cases.
- Continue to Expand our Collaboration With Proprietary Products. We believe that comprehensive product offerings and global customer access offer new and innovative medical companies a meaningful channel to market, enabling us to realize revenue through helping these companies bring their products to market, manufacturing those products through Symmetry OEM Solutions, and providing logistic services.

Symmetry Products

In our OEM Solutions business we design, develop and manufacture implants, related surgical instruments and cases for orthopedic device companies. In our current portfolio, in most cases a customer purchase of an implant is a "cost of good" item, while in an instrument or case purchase, it is more often a capital expenditure and depreciated as a marketing expense on the customer's statement of operations. We also design, develop and manufacture products for companies in other medical device markets, such as dental, osteobiologic and endoscopy, and we provide specialized products used in the aerospace market. In our Symmetry Surgical business we procure, market and sell reusable general surgical instruments used in the operating room and purchased by clinicians, operating room directors, and hospital material managers. In addition, we also sell other ancillary products, including instrumentation, fiber optic light sources and non-toxic enzymatic detergent. Our revenue from the sale of instruments, implants, cases and other products through our OEM Solutions segment represented 77.7% of our total revenue in fiscal 2013 with each product category representing 36.1%, 34.3%, 21.7% and 7.9%, respectively, compared with 38.0%, 33.6%, 19.3% and 9.1%, respectively, of our OEM Solutions revenue in fiscal 2012. Revenue from Symmetry Surgical represented 22.3% of our revenue in fiscal 2013 as compared to 26.1% in fiscal 2012.

OEM Solutions - Implants

We design, develop and manufacture implants for use in specific implant systems developed by our customers. The orthopedic implants we produce are used primarily in knee and hip implant systems. The orthopedic implants we supply are used in reconstructive surgeries to replace or repair hips, knees and other joints, such as shoulders, ankles and elbows (sometimes referred to as extremities), that have deteriorated as a result of disease or injury. An orthopedic implant system is generally comprised of several implants designed to work in concert to replicate the structure and function of a healthy joint.

We also manufacture implant products for trauma, spine and other implant systems. Trauma implant systems are used primarily to reattach or stabilize damaged bone or tissue while the body heals. Spinal implant systems are used by orthopedic surgeons and neurosurgeons in the treatment of degenerative diseases, deformities and injuries in various regions of the spine.

Our design, engineering and prototyping expertise is an integral part of our implant offering. Medical device companies, which typically focus their resources on developing new implant systems as well as sales and marketing, routinely rely on us and companies like us to design, develop and manufacture the implants that comprise their implant systems. Our manufacturing capabilities, including our net shaped forging capabilities, technologically advanced casting facility and precision machining expertise, allow us to produce consistent, tight tolerance implants in large volumes for our customers.

We produce gross shaped, near-net shaped and net shaped implants for medical device manufacturers. Gross shaped implants require a significant amount of machining and hand processing post-forging. Near-net shaped implants are distinguished by geometric features that are thinner; more detailed and have tighter tolerances. Net shaped and near-net shaped implants require far fewer machine and hand operations post-forging. Net shaped implants typically require machining only on vital areas, such as the taper segment of a hip where it is joined to the femoral head.

We have the machining expertise needed to provide finished implants to our customers. Some customers purchase finished implants from us, while others purchase unfinished implants and machine them to final specifications. We do not develop or own proprietary products or intellectual property on implant designs. We recently filed for a patent for a coating technology to improve implant performance, which we have offered to license to all OEM customers.

Our primary implant products and their applications are:

- Knees. The knee joint includes the surfaces of three distinct bones: the lower end of the femur, the upper end of the tibia (shin bone), and the patella (knee cap). Cartilage on any of these surfaces can be compromised by disease or injury, leading to pain and inflammation that may require knee reconstruction. Our knee implants include a femoral component, a patella, a tibial tray and an articulating surface (placed on the tibial tray) and are used in total knee reconstruction, partial knee reconstruction and revision procedures. We provide one or more, and in some cases, all of these implants for our customers' knee implant systems. We use proprietary manufacturing know-how and advanced computer-aided simulation techniques to produce tight tolerance near-net shaped to net shaped tibial implants that require minimal, if any, machining.
- Hips. The hip joint consists of a ball-and-socket joint that enables a wide range of motion. The hip joint is often replaced due to degeneration of the cartilage between the head of the femur (the ball) and the acetabulum or hollow portion of the pelvis (the socket). This loss of cartilage causes pain, stiffness and a reduction in hip mobility. We produce tight tolerance femoral heads, hip stems, acetabular cups and spiked acetabular cups used in bone conservation, total-hip reconstruction and revision replacement procedures. Our hip stems are forged with tight tolerance details.
- Extremities, Trauma and Spine. Extremity reconstruction involves the use of an implant system to replace or reconstruct injured or diseased joints, such as the finger, toe, wrist, elbow, foot, ankle and shoulder. Our forging capabilities allow us to produce thin cross sections of material to very tight tolerances for these smaller joint procedures. Trauma implant procedures commonly involve the internal fixation of bone fragments using an assortment of plates, screws, rods, wires and pins. Our spinal implant products consist primarily of plates, hooks and screws. We manufacture trauma and spinal plate implants to exact details to fit bone contours. We have in place a high precision machining cell to serve the spine market.

OEM Solutions - Instruments

We make high-precision surgical instruments used in hip, knee and shoulder reconstruction procedures, as well as in spinal, trauma and other implant procedures. We design, develop and manufacture implant-specific and procedure-specific instruments. In addition, we have several proprietary orthopedic reamer systems used by many of our large customers. Because of low volume, we typically do not manufacture general surgical instruments, but will procure them as an offering to our customers in order to provide our customers with complete instrument sets.

We currently have over 1,500 Symmetry proprietary products in our catalog and are continually investing in creating or acquiring intellectual property protected new products.

We produce a wide variety of products, primarily knee cutting blocks (instruments that guide blades that cut bone), osteotome revision systems (instruments used to cut through bone), reamers (instruments used for shaping bone sockets or cavities) and retractors (instruments used to pull back tissue for clear sight during surgery). Some of our instrument handles are produced with our patented plastic thermal assembly process, which is designed to withstand the intense heat produced during frequent sterilizations. Our instruments are made to tight tolerances to ensure precise alignment and fitting of implants.

Each implant system typically has an associated instrument set that is used in the surgical procedure to insert that specific implant system. Instruments included in a set vary by implant system. For example, hip and knee implant procedure instrument sets often contain in excess of 100 instruments, whereas revision procedure sets may contain approximately 50 or more instruments. Usually, instrument sets are sterilized after each use and then reused.

The instruments we produce are typically used in either open, minimally invasive, or revision implant procedures and can generally be categorized as:

- Implant-specific instruments, which are used solely for a specific brand of implant, such as high-precision knee cutting blocks, certain reamers and broaches; and
- Procedure-specific instruments, which are designed for a particular type of procedure, such as a minimally invasive hip implant procedure, but can be used with the implant systems of multiple companies.

Implant-Specific Instruments. The size, shape and other features of each implant system are unique. Consequently, unique instruments must be used to ensure precise alignment and fitting during the surgical procedure to insert an implant system. Accordingly, when a medical device company develops a new implant system, it typically also develops instruments specifically designed to insert the implant system. Medical device companies typically provide complete, customized implant-specific instrument sets to end users (hospitals, outpatient centers and physicians) in order to facilitate use of the implant.

We seek to collaborate with our customers early in the development process to facilitate the concurrent design of the implant system and the instruments that will accompany the system. Our implant-specific instruments generally include customized reamers, cutting blocks, broaches, rasps, guides and other instruments designed to accommodate the unique size, shape and other features of our customers' implant systems. These instruments are used by the surgeon to cut and shape bone and cavities during the surgical procedure and to align and fit the implant system. We are recognized in the orthopedic community for constructing these instruments to extremely tight tolerances.

Procedure-Specific Instruments. We also manufacture independently developed instruments, referred to as our Symmetry-branded products. We have developed these products through our years of experience serving the orthopedic market and our investments in research and development. Complete implant procedure instrument sets typically include certain instruments that are designed for a particular type of procedure but can be used with the implant systems of multiple companies. By purchasing our proven Symmetry-branded products, customers can leverage our extensive experience and expertise to complete their instrument sets more quickly and efficiently.

Our Symmetry-branded products include successful hip, knee and spinal revision systems and a new shoulder system. Instruments that make up revision systems, which are used to remove orthopedic implants, are typically designed for a specific type of procedure but can be used to remove various brands of implants. These self-contained systems include an assortment of osteotome blades that assist the surgeon in separating an implant from cement or bone in-growth where access is limited, while minimizing damage to the bone. Our established revision systems can also be readily modified for a customer by adding additional instruments. In recent years we have seen our Symmetry-branded product sets grow in demand as our large OEM customers distribute the products and we maintain the device files.

OEM Solutions - Cases

We produce a wide range of plastic, metal and hybrid cases used in over 25 medical device markets, including orthopedic, spinal, arthroscopy, osteobiologic, endoscopy, cardiovascular, dental, ophthalmology, diagnostic imaging and ear, nose and throat surgical procedures. Cases are used to store, transport and arrange implant systems and other medical devices and related surgical instruments. Our cases are generally designed to allow for sterilization and re-use after an implant or other surgical procedure is performed. Our plastic cases are designed to withstand the intense heat produced during the sterilization process.

Many of the cases we make are tailored for specific implant procedures so that the instruments, implants and other devices are arranged within the case to match the order of use in the procedure and are securely held in clearly labeled, custom-formed pockets. We seek to collaborate with our customers early in the development processes to facilitate the concurrent design of the case and related instruments.

We also produce standard cases which are primarily used in the non-orthopedic market segments where the security or presentation of the instruments and devices is not customized for a specific surgery. We have made a significant investment to obtain 510(k) clearance for our line of standard cases through the FDA pre-market notification process. We believe this allows our customers to reduce time to market and to reallocate financial and human resources that would otherwise be spent on approval efforts, which provides us with a significant competitive advantage in selling our standard cases.

We believe that our complete line of plastic, metal and hybrid product offerings strategically positions us for growth in the case market. We also offer medical containers which are used by hospitals to hold instruments when they are sterilized.

Highlights of our case product offerings include:

- Orthopedic Cases. We produce custom metal, plastic and hybrid cases designed to store, transport and arrange surgical instruments and related implant systems for orthopedic device manufacturers. Proper identification of instruments, such as reamers (which are generally included in a range of sizes in one to two millimeter increments), is critical in orthopedic implant procedures. Our graphics and thermo formed tray pockets provide a secure and organized arrangement to assist surgeons during procedures.
- Endoscopy Cases. We produce cases for endoscope sterilization utilizing the many types of sterilization methods.
- Dental Cases. We produce cases used in dental implant and general dental procedures. Dental implant cases are typically complex, and include many levels of trays, while cases used in general dental procedures tend to be smaller and less complex.
- Sterilization Containers. We produce the lightweight and durable ULTRA ™ Container as well as the QUAD-LOCK® system, which is designed for the sterilization of all surgical instruments. These products are primarily sold directly to hospitals through Symmetry Surgical.
- Other Cases. We also manufacture and sell cases for arthroscopy, osteobiologic, cardiovascular, ophthalmology, diagnostic imaging and ear, nose and throat procedures. Additionally, we sell sterilization containers through our Symmetry Surgical segment.

OEM Solutions - Other (Specialized Non-Healthcare Products)

We offer specialized non-healthcare products on a limited basis, primarily focused on the aerospace industry. Our core design, engineering and manufacturing competencies give us the expertise to offer aerospace products. Our aerospace products consist primarily of net shaped aerofoils and non-rotating aircraft engine forgings produced for our aerospace customers. Additionally, our offering in the aerospace industry includes aerospace machining capabilities.

Symmetry Surgical - General Surgical Instruments and Related Products

We distribute a wide array of general surgical instruments directly to hospitals and other sites of care. These instruments comprise retracting, cutting, dissecting, grasping, cauterizing, ligating, coagulating, hot blade cutting, and bi-polar and mono-polar instruments - both reusable and disposable instruments. Most of these instruments are sold into operating room settings, including neurology, orthopedics, ophthalmology, ENT, reconstructive, cardiovascular, thoracic, vascular, laparoscopic, gynecology, and general surgery. In some cases products are patent protected and are marketed under well-known brands including: SYMMETRY®, BOOKWALTER® Retractor Systems, RAPIDCLEAN® Surgical Instruments, CLASSIC PLUS® and CLASSIC® Surgical Instruments, MICROSECT® Surgical Instruments, OLSEN® Electrosurgical Instruments, SECTO® Surgical Dissectors, OPTI-LENGTH®

Extended Length Surgical Instruments, MAGNAFREE® Non-Magnetic Surgical Instruments, ACCESS SURGICAL® Endoscopic Surgical Instruments, GREENBERG® Neurosurgical Retractor System, RILEY ™ Sterilization Case and Tray Solutions, QUAD-LOCK® Sterilization Container Systems and ULTRA ™ System Sterilization Container Systems. There are over 20,000 products available in our printed catalog.

We offer ancillary products through Symmetry Surgical, including sterilization containers, disposable instrumentation, fiber optic light sources and non-toxic enzymatic detergent, all of which are complementary to our call points and enable us to comprehensively meet customer needs.

Product Development

Our research and development team and our Design and Development Centers provide dedicated expertise and greater coordination for our design, engineering and prototyping offerings. These capabilities support both our OEM Solutions as well as Symmetry Surgical business. Our main Design and Development Center is located in Warsaw, Indiana, where we bring together talented engineering and design personnel and provide them with state-of-the-art design software and prototyping equipment. We also have additional R&D resources in other Symmetry locations in the U.S., Europe, and Asia. Our Design and Development Centers serve to centralize and better institutionalize our design and engineering knowledge and create a fertile environment for new product development. We can coordinate the product development projects for our customers as well as the efforts of our engineers and designers in order to ensure that we have the appropriate people and technology focused on particular product development initiatives. We seek to collaborate with our customers' product development teams and to assist in the design, engineering and prototyping of new medical device systems from the beginning of the development process. Our sales staff is technically trained and works closely with our customers' staff. As new product concepts are formulated, our salespeople partner with our design and engineering personnel and utilize the resources of our Design and Development Centers to provide dedicated design teams with exceptional knowledge and experience. As a project evolves, we can rapidly create prototypes of the proposed instrument, case or implant. Working closely with our customers through the conceptual, planning and prototyping stages allows us to quickly scale up for manufacturing when the product is approved for production.

In addition to supporting our customers' product development efforts, our Design and Development Centers are continuously developing our own product lines, which we refer to as Symmetry-branded products for our OEM Solutions business, or specific branded products for Symmetry Surgical. We develop products by utilizing years of experience and knowledge, investing in research and development and continually seeking to expand our knowledge of the marketplace by consulting surgeons and other end users of our products. We currently offer over 1,500 Symmetry-branded products in OEM Solutions, including instruments for spine, minimally invasive surgical implant procedures, and hip and knee revision systems. We hold 207 issued or pending patents and are investing to increase our patent estate.

Environmental Issues

Our discussion of environmental issues is presented under the caption "Environmental" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-K.

Capital Investment

Information concerning our capital expenditures is presented under the caption "Capital Expenditures" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-K.

Customers

Our OEM Solutions business supplies products primarily to manufacturers in the medical device market. Our customers include large orthopedic device manufacturers, including Biomet Inc., DePuy Synthes Companies, part of Johnson & Johnson, ("DePuy"), Medtronic Inc., Smith & Nephew Plc, Stryker Corp. and Zimmer Holdings, Inc. ("Zimmer"), as well as a wide range of start-up and smaller companies in hip, knee, trauma, spine, and extremities. We also have established relationships, primarily through our case product offerings, with leading medical device manufacturers and distributors in numerous other medical device market segments, including BioHorizons, CareFusion, Edward Lifesciences, Karl Storz Endoscopy and St. Jude Medical Inc. Our Symmetry Surgical business supplies products primarily to hospitals and other sites of care. Symmetry Surgical serves virtually every hospital in

the U.S. and has a growing presence with hospitals in over 100 countries worldwide. Our relationships with sites of care are often through Group Purchasing Organizations, proprietary hospital chains, or government funded institutions.

In our OEM Solutions business we sell to approximately 600 customers and in our Symmetry Surgical business we sell to over 4,500 customers. Sales to our ten largest customers across total Symmetry represented 60.9% and 59.9% of our revenue in

fiscal 2013 and 2012, respectively. Our largest customer, DePuy, accounted for 32.4% of our revenue in fiscal 2013 and 32.4% of our revenue in fiscal 2012, or 29.9% excluding Codman. No other customer accounted for more than 10% of our revenue in fiscal 2013 or fiscal 2012. We typically serve several product teams and facilities within each of our largest customers, which mitigates our reliance on any particular customer. Over the past eight years, we have reduced our concentration in the orthopedic industry through various acquisitions, which increased our presence in non-orthopedic markets. Our Symmetry Surgical segment went from no sales eight years ago, to 22.3% of our total Symmetry sales in 2013. See Note 16 of the consolidated financial statements for additional customer segment information.

We sell our products to customers domestically and in a number of regions outside the U.S. In addition, our customers often distribute globally products purchased from us in the U.S. Set forth below is a summary of percent of revenue by selected geographic locations in our last three fiscal years, based on the location to which we shipped our products:

	Fiscal Year Ended		
	2013	2012	2011
United States	73.2 %	73.7 %	72.8 %
Ireland	7.9 %	5.4 %	6.3 %
United Kingdom	6.1 %	7.4 %	8.2 %
Other foreign countries	12.8 %	13.5 %	12.7 %
Total revenues	100.0 %	100.0 %	100.0 %

Sales and Marketing

Our OEM Solutions sales and marketing efforts emphasize our design and engineering expertise, internally developed Symmetry products, manufacturing capabilities, international distribution network and ability to provide customers with a comprehensive product offering. We present our products to customers in a Total Solutions® concept which offers the customer a collaborator for developing complete implant, instrument and case solutions while working to create and respond to opportunities for any one of our product offerings. Our sales and marketing personnel are based worldwide and serve our OEM customers. Our sales personnel are trained in all of our products in order to cross-sell and identify opportunities outside their immediate area of focus. While we attempt to diminish our reliance on any one purchasing decision by serving several product teams and facilities within each OEM customer, customers are increasingly consolidating their procurement activities across multiple entities. Our customer base for cases extends into nearly every segment of the medical device market. We believe there is an opportunity to leverage our existing relationships among this customer base to achieve greater penetration of our customized instrument and implant products. We intend to increase our marketing of implants, instruments and our Total Solutions® concept to these customers. Our sales personnel are technically trained and are based in close proximity to or located at our largest customers' sites. This physical proximity allows sales personnel to engage quickly with the marketing, design, engineering and purchasing staffs of these orthopedic device manufacturers. Our sales people are empowered to bring in design and engineering product development teams to facilitate a customer's efforts. Our goal is to collaborate with customers early in the development cycle and to continue through production, packaging, delivery and logistics.

Our Symmetry Surgical sales and marketing efforts emphasize the quality, clinical performance, and comprehensive breadth of our product line. Sales and marketing personnel are predominantly located in the U.S., although we have regionally-based business development leaders to assist in driving growth through our global network of distributors. U.S. sales are through a combination of direct representatives as well as valued distributors in certain geographic regions to generate demand which is processed directly by Symmetry Surgical. Our hospital customers include clinicians, operating room Directors, hospital Materials Management, hospital Central Sterilization, multi-hospital strategic sourcing entities, and Group Purchasing Organizations. Our efforts include: tender opportunities for new or updated operating rooms where customers seek to outfit a full range of capabilities, new surgeons or new services

being added to an existing operating room requiring a specific clinical focus of instruments, introduction of specialized clinical innovation and new products, and replacement of existing products which have reached the end of their life cycle. Our customer interactions often involve training and education in the use of our products. Our sales personnel are technically trained and are based in the territories they serve. This enables us to be responsive to the needs of our customers and actively involved in the planning and developing of future opportunities.

Manufacturing and Materials

Our OEM Solutions segment has manufacturing facilities in the U.S., United Kingdom, France, Ireland and Malaysia. We continue to make investments to modernize our production facilities, improve our production processes and develop superior technical skills that complement our manufacturing capabilities. These investments have allowed us to continue to improve the quality of our products, increase our manufacturing capacity and improve our efficiency. Our manufacturing processes include:

- Forging. Our forging process uses presses to force heated metal between two dies (called tooling) that contain a precut profile of the desired implant. The forging process enhances the strength of an implant, which is important for hip stems and other implants that must withstand significant stress. Many customers prefer forging because it provides greater mechanical properties. We forge gross shaped, near-net shaped and net shaped implants. Our know-how enables us to produce precision net shaped forgings in large volumes.
- Casting. In the casting process, metal is heated until it is liquid and then poured into an implant mold. Casting can be used to produce implants with intricate shapes. We have developed a technologically advanced, highly automated casting facility in the United Kingdom.
- Plastic and Metal Forming. Our know-how and technology facilitates our extensive plastic and metal forming capabilities. We use thermoform processes to draw uniform plastic cases and specialized equipment to form metal. Our laser controlled metal working machines allow us to punch and shape metal in intricate and complex detail.
- Machining/Finishing. Machining is used extensively to enhance our forged, cast and formed products. We use computer numerically controlled, multi-axis and wire electric discharge equipment to cut, bend, punch, polish and otherwise shape or detail metal or plastic. Our finishing processes include polishing, laser etch marking, graphics and other customer specific processes.

The majority of products that we produce are customized to the unique specifications of our customers. Our ability to maintain flexible operations is an important factor in maintaining high levels of productivity. We endeavor to use “just-in-time” manufacturing and flexible manufacturing cells in our production processes. Just-in-time manufacturing is a production technique that minimizes work-in-process inventory and manufacturing cycles. Manufacturing cells are clusters of individual manufacturing operations and work stations grouped in a circular configuration, with the operators placed centrally within the configuration. Cell manufacturing provides flexibility by allowing efficient changes to the number of operations each operator performs, which enhances our ability to maintain product volumes that are consistent with our customers’ requirements and reduce our level of inventory.

We use raw materials, including plastic, titanium, cobalt chrome, stainless steel and nickel alloys, and various other components in the manufacture of our products. Although we generally believe these materials are readily available from multiple sources, from time to time we rely on a limited number of suppliers and in some cases on a single source vendor. For example, we obtain patented Radel® R plastic, which is designed to withstand intense heat produced during frequent sterilizations, from a single supplier for use in our instrument handles and plastic cases.

Our Symmetry Surgical business does limited manufacturing in the U.S. and operates quality and procurement centers in the U.S., Switzerland, and Germany. These centers engage with suppliers (including Symmetry Medical’s OEM Solutions business) to manufacture to our specifications. Our manufacturers use raw materials, including plastic, titanium, cobalt chrome, stainless steel and nickel alloys, and various other components in the manufacture of our products. Although we generally believe these materials are readily available from multiple sources for our manufacturers, they may rely on a limited number of suppliers and in some cases on a single source vendor. For example, we are aware that the patented Radel® R plastic, which is designed to withstand intense heat produced during frequent sterilizations, is sourced from a single supplier for use in our plastic cases.

Quality Assurance

We maintain a comprehensive quality assurance and quality control program, which includes the control and documentation of all material specifications, operating procedures, equipment maintenance and quality control

methods. Our quality systems are based upon FDA requirements and the ISO standards for medical device manufacturers. We believe that all of our facilities are currently in substantial compliance with regulations applicable to them. For example, in the U.S., France, Germany, Ireland, Malaysia and United Kingdom these regulations include the current good manufacturing practice regulations and other quality system regulations administered by the FDA. Fifteen of Symmetry's seventeen manufacturing facilities are currently registered with and subject to inspection by the FDA. Our line of standard cases received FDA 510(k) clearance, which can reduce our customers' burden in obtaining FDA approval. The Europe, Malaysia and specific U.S. based facilities are ISO registered and audited annually. Our facilities have obtained numerous industry-specific quality and regulatory assurance certifications. We

have made investments in statistical process controls to improve our overall quality system.

All aspects of the supply chain are integrated into our overall quality system. Our suppliers are evaluated and audited to assure compliance with all international trade compliance quality standards. Relative to our manufacturing processes we maintain and adhere to specific standard operating procedures within our quality systems to ensure compliance with our customers' requirements for their products. Our Symmetry Surgical business likewise operates under a comprehensive quality system to ensure compliance with all product quality and customer obligations. The suppliers we utilize in the distribution process are evaluated and audited to assure compliance to all international trade compliance quality standards.

We are not aware of any significant quality issues or concerns, although if we experience a breakdown in our quality systems that result in the sale or manufacture of noncompliant products we could incur costs and loss of business, recalls, lawsuits or other adverse results. In 2013 we had two such recalls executed by Symmetry Surgical. Additionally, during 2013, a major customer at our Clamonta Ltd. subsidiary significantly increased the quality review requirements for our products which resulted in a lack of manufacturing output at this facility.

Regulatory Compliance

We maintain an effective regulatory program to assure compliance with all applicable U.S. and international regulatory standards and directives with regard to both our OEM Solutions and Symmetry Surgical businesses. Our regulatory program focuses primarily on minimizing any risks associated with noncompliance with requirements or standards that could impact our products' fit, form and function. We also place great emphasis on maintaining and following effective auditing practices and procedures to assure compliance with all internal and external standard operating procedures and 510(k) process requirements. Finally, we conduct ongoing due diligence to monitor and assure compliance with all country of origin requirements and certifications with regard to international regulatory agencies.

We are not aware of any failures to comply with applicable laws and regulations, although we cannot assure you that the costs of compliance or failure to comply with any obligations would not impact our business negatively.

Competition

Our OEM Solutions customers, to varying degrees, are capable of internally developing and producing most of the products we provide. While we believe that our comprehensive offerings and core production competencies allow medical device companies to reduce costs and shorten time to market by utilizing our services, one or more of our customers may seek to expand their development and manufacturing operations which may reduce their reliance on independent suppliers such as us. We compete on the basis of development capability, breadth of product offering, manufacturing quality, total cost/value relationship and on time delivery. We also compete with independent suppliers of implants, instruments and cases to medical device companies. A majority of these suppliers are privately owned and produce some, but not all, of the products required in orthopedic implant systems. We compete with other independent suppliers primarily on the basis of development capability, breadth of product offering, manufacturing quality, costs and on time delivery. We believe that we are the largest independent supplier of implants, instruments and cases to orthopedic device manufacturers. However, other independent suppliers may consolidate and some of our current and future competitors, either alone or in conjunction with their respective parent corporate groups, may have financial resources and research and development, sales and marketing, manufacturing capabilities and brand recognition that are greater than ours. We estimate there to be less than ten (10) competitors who can offer implant manufacturing capabilities from forging/casting to finishing, less than fifty (50) competitors who can offer complete case manufacturing capabilities and nearly 1,000 who compete in instrument or implant machining. In 2013, there were ownership changes at several of our larger competitors, but no significant consolidation occurred.

Our Symmetry Surgical business competes with a range of large multi-national branded instrument companies including Asculap, CareFusion, and Integra as well as hundreds of smaller, independent suppliers of specific instruments located throughout the world. We compete with our larger competitors on the basis of product quality, breadth of product offering, reputation for sourcing from quality manufacturers, clinically trained sales force, training/education, product performance, value/cost relationship, product availability, innovation, and responsiveness to tender opportunities and other customer needs. We compete with the smaller independent competitors on the basis of breadth of product offering, clinically trained sales force, training/education, product quality, product performance, value/cost relationship, product availability, innovation, and responsiveness to tender opportunities and other customer needs. Independent providers may consolidate and some of our

current and future competitors, either alone or in conjunction with their respective parent corporate groups, may have financial resources and research and development, sales and marketing, manufacturing capabilities and brand recognition that are greater than ours.

Intellectual Property

We believe our patents are valuable; however, our knowledge, experience, proprietary and trade secret information, manufacturing processes, product design and development staff and sales staff have been equally or more important in maintaining our competitive position. We seek to protect our non-patented know-how, trade secrets, processes and other proprietary confidential information principally through confidentiality, non-compete and invention assignment agreements.

Our research & development team manages our intellectual property across both our OEM Solutions and Symmetry Surgical businesses. Some patents held by our OEM Solutions segment are for products sold by Symmetry Surgical. For those Symmetry Surgical products not manufactured by OEM Solutions, Symmetry Surgical is the patent holder. We currently own 207 issued or pending patents related to our cases, instruments and an implant coating. These patents expire at various times beginning in 2014 and ending in 2032. There are three (3) patents expiring during 2014 which accounted for 3.4% of our 2013 revenue. In 2013, over 24% of instrument and case sales were on Symmetry standard products where we own the intellectual property. We also have 48 issued trademarks and three (3) pending trademarks. Our policy is to protect technology, inventions and improvements that we consider important through the use of patents, trademarks, copyrights and trade secrets in the U.S. and significant foreign markets. If our products were found to infringe any proprietary right of a third party, we could be required to pay significant damages or license fees to the third party or cease production, marketing and distribution of those products. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets or other proprietary information we own and to determine the validity and scope of our proprietary rights.

Employees

As of March 6, 2014 we had 2,560 employees. Our employees are not represented by any unions. We believe that we have a good relationship with our employees.

Government Regulation

Our business is subject to governmental regulation. We are subject to federal, state and local environmental laws and regulations governing the emission, discharge, use, storage and disposal of hazardous materials and the remediation of contamination associated with the release of these materials at our facilities and at off-site disposal locations. We are not aware of any material noncompliance with the environmental laws currently applicable to our business and we are not subject to any material claim for liability with respect to contamination at any company facility or any off-site location. We cannot assure you that we will not be subject to such environmental liabilities in the future as a result of historic or current operations.

As a component manufacturer, our medical products are subject to regulation by the FDA. The FDA and related state and foreign governmental agencies regulate many of our customers' products as medical devices. In many cases, the FDA must approve those products prior to commercialization. We believe that our existing medical manufacturing plants comply with current Good Manufacturing Practices as applicable.

We have "master files" on record with the FDA. Master files may be used to provide confidential detailed information about facilities, processes or articles used in the manufacturing, processing, packaging and storing of one or more medical device components. These submissions may be used by device manufacturers to support the premarket notification process required by Section 510(k) of the federal Food Drug & Cosmetic Act. This notification process is necessary to obtain clearance from the FDA to market a device for human use in the U.S.

We design, develop, manufacture, procure and sell surgical instruments, orthopedic implants, sterilization cases and trays, and aerospace products. The vast majority of the devices we sell to our OEM Solutions customers are manufactured to each particular customer's specifications. None of these products require us to obtain Food and Drug Administration (“FDA”) Premarket Approval (“PMA”) or the foreign country equivalent thereof, as doing so is the respective customer's responsibility. Accordingly, the appropriate U.S. or Non-U.S. regulatory filing is determined and executed by the customer, not the Corporation, and the Corporation plays no role in that process.

The remaining healthcare products which we sell to OEM Solutions customers or to the direct or hospital market are subject to the premarket notification process required by Section 510(k) as Class I or Class II devices with the FDA or foreign country equivalent. These products include our own sterilization containers and instrument products, where we own the underlying intellectual property. Our quality and regulatory team continuously monitors our registration compliance and we believe we are fully compliant with all registration requirements in the U.S. and in all other Non-U.S. markets where we sell these products.

A delay in an OEM Solutions customer's registration and associated PMA required for commercial distribution could directly impact us to the extent that such circumstance could result in a delay in orders related to the associated product launches and the revenue stream associated with them. The new U.S. FDA deadline for device registration and listing requirements was March 31, 2013. We have completed all required registration processes for products that are manufactured with our intellectual property and for which we are responsible for registration and, accordingly, we do not believe that we have any material risk or exposure in this regard. Thus, the new FDA requirement did not and will not impact sales of our own products to the marketplace. At this time, there is no Non-U.S. requirement to register as a contract manufacturer, so we do not anticipate any issues with Non-U.S. jurisdictions.

We are also subject to various other environmental, transportation and labor laws as well as various other directives and regulations both in the U.S. and abroad. We believe that compliance with these laws will not have a material impact on our capital expenditures, earnings or competitive position. Given the scope and nature of these laws; however, there can be no assurance that they will not have a material impact on our results of operations.

Executive Officers of the Registrant

Set forth below are the name, age, position and a brief account of the business experience of each of the Corporation’s executive officers as of March 6, 2014.

Name	Age	Position
Executive Officers:		
Thomas J. Sullivan	50	President and Chief Executive Offer
Fred L. Hite	46	Senior Vice President, Chief Financial Officer and Investor Relations Officer
Thomas W. Barrett	49	Senior Vice President and Chief Commercial Officer, OEM Solutions
Christopher G. Cummins	44	Senior Vice President and Chief Manufacturing Officer, OEM Solutions
Ajey S. Atre	44	President of Symmetry Surgical
Stephen Hinora Jr.	53	Senior Vice President of Quality Assurance/Regulatory Affairs
David C. Milne	46	Senior Vice President of Human Resources, General Counsel, Compliance Officer and Corporate Secretary
Ronda L. Harris	43	Chief Accounting Officer

Thomas J. Sullivan has served as President and Chief Executive Officer and has been a member of the Board of Directors since January 17, 2011. Mr. Sullivan joined the company from Johnson & Johnson (“J&J”) where he held several executive and functional leadership roles from 1990, when he joined as an intern, until 2011. From 2005 to 2007, Mr. Sullivan was the President of DePuy Orthopaedics, Inc. From 2002 to 2005 he served as President of J&J Medical Products Canada. From 1999 to 2001, Mr. Sullivan served as General Manager for J&J Gateway LLC and Worldwide Vice President of e-Business. In his most recent role at J&J, Mr. Sullivan was the President of the Supply Chain & Business Process Division of J&J Health Care Systems Inc. Prior to J&J, Mr. Sullivan served in management roles at Bell Atlantic / Verizon. Mr. Sullivan graduated as a Palmer Scholar from The Wharton School in 1991 where he earned an MBA in Strategic Management and Information Technology. He also holds a Bachelor of Science magna cum laude in Applied Mathematics and Computer Science from the University of Pittsburgh.

Fred L. Hite has served as Senior Vice President and Chief Financial Officer since March 2004. Mr. Hite served in various capacities at General Electric Industrial Systems, including Finance Manager of General Electric Motors and Controls from 2001 to 2004, Manufacturing Finance Manager from 2000 to 2001, and Finance Manager of Engineering Services from 1997

to 2000. From 1995 to 1997, Mr. Hite served as Sourcing Finance Manager and Commercial Finance Analyst at General Electric Industrial Control Systems. From 1990 to 1995, Mr. Hite served in various finance positions at General Electric Appliances. Mr. Hite received a B.S. in Finance at Indiana University, Bloomington.

In 2007, the Corporation discovered accounting irregularities at its Sheffield, UK operating unit, resulting in a restatement of certain financial reports and an SEC inquiry. In July 2006, Mr. Hite received a status report from the Corporation's internal auditor for submission to the Corporation's Audit Committee for consideration at its next meeting that claimed to have identified problematic transactions at the Sheffield unit, asserted that Sheffield personnel had not provided requested evidence, and implied the potential presence of deeper accounting issues there. The report also sought permission to solicit outsourcing proposals from “Big Four” accounting firms to provide internal control testing and financial audits at the unit due to staffing limitations in the internal audit department. Although Mr. Hite provided the report to the Corporation's controller and its independent accounting firm, and discussed its contents with them and with the internal auditor, he did not provide a copy of the report to the Audit Committee. Following the internal auditor's resignation shortly thereafter, Mr. Hite hired a new internal auditor and directed her to focus her efforts on the issues at the Sheffield unit. He also subsequently expanded the internal audit department to include four individuals, one of whom is located in the Sheffield facility.

On January 30, 2012, without admitting or denying the Commission's findings therein, the Corporation and Mr. Hite consented to the entry of an order in which the Commission found, among other things, that in failing to deliver the internal auditor's report to the Audit Committee, Mr. Hite circumvented the Corporation's internal accounting controls in violation of Section 13(b)(5) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and was a cause of the Corporation's violation of Section 13(b)(2)(B) of the Exchange Act. Pursuant to the order, Mr. Hite agreed to: (i) cease and desist from committing or causing any violation or future violations of Section 13(b)(5) of the Exchange Act and Section 304(a) of the Sarbanes-Oxley Act of 2002, and from causing any violation and any future violation of Section 13(b)(2)(B) of the Exchange Act, (ii) pay a civil monetary penalty, and (iii) reimburse the Corporation for incentive compensation received during the statutory time period established by the Sarbanes-Oxley Act.

Thomas W. Barrett has served as Senior Vice President and Chief Commercial Officer, OEM Solutions since February 2013. Prior to this position, Mr. Barrett had served as Symmetry Medical’s Senior Vice President Worldwide Instruments since joining the company in November 2011. Prior to joining Symmetry Medical, Mr. Barrett served as Vice President of Operations for Medrobotics Corporation, with previous service as SVP of Operations and SVP of Business Development for Keystone Dental. From 2005 – 2007 Mr. Barrett was Senior Vice President of the Orthopedics Division at Accellent and, from 1991 – 2004, he served in various positions for Stryker, including Vice President of Operations for Stryker Biotech. Mr. Barrett holds a Bachelor of Science Degree in Mechanical Engineering from Union College and a MBA from the Harvard Business School.

Christopher G. Cummins has served as Senior Vice President and Chief Manufacturing Officer, OEM Solutions since February 2013. Mr. Cummins joined Symmetry Medical in 2011 as Senior Vice President Worldwide Cases. In 2012, his responsibilities were expanded to include Worldwide Implants and Aerospace. Prior to joining Symmetry, Mr. Cummins ran multiple aerospace and industrial business units within Danaher Corporation, where he honed his skills as a strong champion of lean and continuous improvement tools. Mr. Cummins received his B.S. from Purdue University and his MBA from Arizona State University.

Ajey S. Atre joined Symmetry Medical in 2013 as the President of Symmetry Surgical. Ajey has over 20 years of experience in the Medical Devices Industry, including service as the General Manager of Zimmer’s (NYSE:ZMH) Trabecular Metal Technologies business from 2008 - 2013, where he had responsibility for strategic planning, new product development, market development, global revenue expansion and surgeon education. Prior to Zimmer, Mr. Atre was employed at DJO Global's Aircast Division from 2003 to 2008. At DJO, his experience included Sales,

Engineering and Operations positions. Mr. Atre holds a Master’s of Science in Biomechanical Engineering from the New Jersey Institute of Technology and a Bachelor's of Science in Mechanical Engineering from the College of Engineering, Pune, in India. He earned a Master's in Business Administration with Honors from the Harvard Business School.

Stephen Hinora Jr. joined Symmetry Medical, at the time Othy Inc., in 1988 and since February 2014, Mr. Hinora has been serving as Senior Vice President of Quality Assurance and Regulatory Affairs. Prior to this position from 2010 - 2014, Mr. Hinora served as Global Vice President of Quality & Regulatory Affairs. From 2008 - 2010, Mr. Hinora served as the Vice President of Quality & Regulatory Affairs U.S. Operations with previous service as Quality Assurance and Regulatory Affairs

Director and preceding Manager at the Warsaw IN facilities. From 1985 - 1988 Mr. Hinora had supported Quality Assurance functional responsibilities for Owens-Illinois Inc.'s Kimble HealthCare Division, a Pharmaceutical industry service provider of ampules and vials. Mr. Hinora is a Certified Six Sigma Black and ASQ Certified Auditor. Mr. Hinora's experience includes the application of Lean Principles and Risk Management process improvement tools. Mr. Hinora received both his B.S. in Pharmaceutical Sciences and M.B.A in Business Administration from Concordia University

David C. Milne joined Symmetry in 2009 as Senior Vice President of Human Resources, General Counsel and Corporate Secretary. From 2000 through 2009 Mr. Milne was employed by The Steak 'n Shake Company (NYSE: SNS), where he most recently served as Vice President, General Counsel and Corporate Secretary. After graduating cum laude from the Indiana University School of Law, Mr. Milne practiced with Bose, McKinney & Evans and Scopelitis, Garvin, Light, Hanson & Feary where he concentrated on representing employers in labor and employment law matters. Mr. Milne received his undergraduate degree from Wabash College and his MA English Literature from Indiana University, Bloomington.

Ronda L. Harris joined Symmetry in 2008 with extensive experience in financial management, planning and implementation of effective financial reporting and financial control processes. Prior to joining Symmetry, Ms. Harris served as Assistant Controller of General Electric's Consumer and Industrial Business. Ms. Harris began her career at PricewaterhouseCoopers. She received a Bachelor of Science degree in Accounting from Indiana University and became a Certified Public Accountant in 1997.

For information regarding our directors, and additional information regarding our executive officers, see our 2014 Proxy Statement which will be filed with the Securities Exchange Commission no later than 120 days after the end of our fiscal year.

Family Relationships
There are no family relationships between any of the executive officers or directors of the Corporation.

Available Information
Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Our internet address is www.symmetrymedical.com (access the filings by using the "Investor Relations" link on the home page, and "SEC Filings" within the "Investor Relations" box located in the text). You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov.

Information relating to our corporate governance, including our Corporate Governance Guidelines, Code of Business Conduct and Ethics and information concerning our executive officers, directors and Board committees (including committee charters), and transactions in Symmetry Medical Inc. securities by directors and officers, is available on or through our website at www.symmetrymedical.com under "Investor Relations" then "Corporate Governance."

We are not including the information on our website as a part of, or incorporating it by reference into, our Form 10-K.

Item 1A. Risk Factors

We face a variety of risks in our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of or that we currently believe to be immaterial, may also become important factors that affect us. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected.

Risks Related to Our Business

- We depend heavily on sales to our five largest OEM customers, and our business could be adversely affected if any of them reduced or terminated purchases from us.

A limited number of large orthopedic device manufacturers, all of whom are our customers, control the predominant share of the orthopedic device market. We depend heavily on revenue from the top five companies in the orthopedic industry. Revenue from our ten largest customers represented approximately 60.9% of our revenue in fiscal year 2013 and 59.9% of our revenue in fiscal year 2012. Our largest customer accounted for approximately 32.4% of our revenue in the fiscal years 2013 and 2012.

We expect that we will continue to depend on a limited number of large customers for a significant portion of our revenue. Our sales may be impacted by significant changes in these customers' market share, cyclicality, inventory reductions, capital budget investment in instruments and cases, unpredictability of their new product launch activity, changes in their supply chain management, as well as the impact the global economy has on these customers' buying patterns.

- Customer or competitor consolidation could adversely affect demand and pricing, which could adversely affect our business.

Many healthcare companies are consolidating to create new companies that possess greater market power. As the healthcare industry continues to consolidate, our customers may delay purchases or new product launches as they integrate operations and products. Customer consolidation may also impact demand for our products, as the consolidated company implements its supply chain management philosophy. Competitor consolidation may also increase pressure as a result of the resulting larger company's greater product and services offerings. Consolidation of our customers or competitors may increase pricing pressure or reduce our revenue, either of which would impact our operating results.

- Loss of a large Group Purchasing Organization contract, a proprietary hospital system contract, a large U.S. distributor or a country specific international distributor could adversely affect Symmetry Surgical's revenue and could adversely affect our business.

We maintain positive relations with several Group Purchasing Organizations and large proprietary hospital systems. As these organizations continue to pursue cost reduction opportunities, they may demand contractual concessions which we are not willing to accept. Additionally, inside the U.S. we are represented in some local markets by independent distributors and outside the U.S., we sell through country specific distributors either of whom may also demand contractual concessions which may be undesirable for us in that market. While we believe we could pursue other distributors in local and global markets and engage GPO or hospital system hospitals directly, the loss of their contracts would impede our ability to generate demand and revenue and could adversely affect sales and profitability.

- If we are unable to continue to improve our current products, develop new products or achieve customer quality expectations; we may experience a decrease in demand for our products, our products could become obsolete, or we may incur higher costs in attempts to respond to customer expectations.

We sell our products to customers in markets that are characterized by technological change, product innovation and evolving industry standards and expectations. We are continually engaged in product development and improvement programs, both in collaboration with our customers and independently. Our customers may engage in additional in-house development and manufacturing, and if the product advances we make are not sufficient for their needs, they may instead rely on internal capabilities. In addition, our independent competitors may produce products that are more appealing to our customers and thereby impair our ability to compete effectively with them. Our competitors' product development capabilities could also become more effective than ours, and their new products may get to market before our products, may be more effective or less expensive than our products or render our products obsolete. Increased regulatory pressures and longer approval processes may impair our ability to develop and assist our customers in developing innovative products, as well as our ability to do so on a commercially effective timeline. If

our customers change or increase quality expectations or requirements, and we are unable to achieve them and competitors are, we may lose volume. Additionally, we may significantly increase our costs in attempts to achieve customer quality expectations. If one or more of these events were to occur, our business, financial condition and results of operation could be adversely affected. Further, in recent years customers have increased their quality expectations and we have increased our investment in internal quality as well as new product development and there is a risk that we may not realize the financial returns expected from that investment, which could also adverse impact our business.

- We face competition from our customers' in-house capabilities, established independent suppliers and potential new market entrants, and if we lose customers it would have an adverse effect on our revenue and operating results as many of our global facilities would be underutilized.

Our largest customers have varying degrees of development and manufacturing capabilities, and one or more of them may seek to expand their in-house capabilities in the future, including adding capacity in existing sites or expanding into low labor cost areas such as Asia. Many of our customers are larger than we are and have greater financial and other resources than we do and can commit significant resources to product development and manufacturing. Many of our independent competitors are smaller companies, many of which have close customer relationships and either a low cost structure or highly specialized design or production capabilities. Our independent competitors may continue to consolidate and some of our current and future competitors, either alone or in conjunction with their respective parent corporate groups, may have financial resources and research and development, sales and marketing and manufacturing capabilities or brand recognition that are greater than ours. In addition, the innovative nature of our markets may attract new entrants to the field. Our products may not be able to compete successfully with the products developed, manufactured or sold by other companies, which could result in the loss of customers and, as a result, decreased revenue and operating results. Because we have multiple global facilities with associated fixed overhead, our profits vary widely depending on volume. If we were to lose customers and/or key volumes, it could significantly impact our profits.

- Continued changes in the healthcare industry, our competitors or our customers may require us to decrease the selling price for our products.

Trends towards healthcare cost containment as well as the recently implemented 2.3% medical device excise tax could adversely affect the sale and/or prices of our products. We have provided some price rebates to some of our larger customers in recent years and we expect customer pressure for price reductions will continue. We are party to group purchasing organizations, which negotiate pricing for member hospitals, which require price discounts for certain products. Pricing pressure may have an impact our financial results.

- If product liability lawsuits are brought against us or our customers our business may be harmed.

The manufacture and sale of our healthcare and other products, including our aerospace products, expose us to potential product liability claims and product recalls, including those which may arise from misuse or malfunction of, or design or manufacturing flaws in, our products, or use of our products with components or systems not manufactured by us. Product liability claims or product recalls, regardless of their ultimate outcome, could require us to spend significant time and money in litigation or otherwise require us to pay significant damages, which could adversely affect our earnings and financial condition. The product liability insurance that we carry is limited in scope and amount and may not be adequate to protect us against product liability claims. Further, significant litigation or adverse awards could render us unable to maintain this insurance at reasonable costs and on reasonable terms, if at all.

- We rely on our independent sales distributors and sales representatives to market and sell our products.

Success in our Symmetry Surgical segment depends largely upon marketing arrangements with independent sales distributors and sales representatives, in particular their sales and service expertise and relationships with the customers in the marketplace. Independent distributors and sales representatives may terminate their relationships with us or devote insufficient sales efforts to our products. We do not control our independent distributors, and they may not be successful in implementing our marketing plans. Our failure to maintain our existing relationships with our independent distributors and sales representatives could have an adverse effect on our operations. We have experienced turnover with some of our independent sales distributors in the past, which adversely affected short-term financial results while we transitioned to new independent sales distributors. While we believe these transitions have been managed effectively, similar occurrences could happen in the future with different results which could have a greater adverse effect on our operations than we have previously experienced.

- We are subject to complex and costly regulation.

Our products are subject to regulation by the FDA and other national, federal and state governmental authorities. It can be costly and time-consuming to obtain regulatory clearance and/or approval to market medical products. Clearance and/or approval might not be granted for a new or modified device or other product on a timely basis, if at

all. Regulations are subject to change as a result of legislative, administrative or judicial action, which may further increase our costs or reduce sales. Unless an exception applies, the FDA requires that the manufacturer of new medical products or a new indication for use of, or other significant change in, an existing medical device obtain either 510(k) pre-market notification clearance or pre-market approval before those products can be marketed or sold in the U.S. Modifications or enhancements to a product that could significantly affect its safety or effectiveness, or that would constitute a major change in the intended use of the product, technology, materials, labeling, packaging, or manufacturing process may also require a new 510(k) clearance. The FDA has proposed changes to its 510(k) pre-market clearance process and although we cannot predict with certainty the future impact of these initiatives, it appears that the time and cost to get many of our medical devices to market could increase significantly. This could impact both our OEM Solutions customers as well as Symmetry Surgical products.

In addition, we are subject to regulations covering manufacturing practices, product labeling and advertising, and adverse-event reporting that apply after we have obtained clearance or approval to sell a product. Our failure to maintain clearances or approvals for existing products, to obtain clearance or approval for new or modified products, or to adhere to regulations for manufacturing, labeling, advertising or adverse event reporting could adversely affect our results of operations and financial condition. Further, if we determine a product manufactured or marketed by us does not meet our specifications, published standards or regulatory requirements, we may seek to correct the product or withdraw the product from the market, which could have an adverse effect on our business. Many of our facilities and procedures, and those of our suppliers, are subject to ongoing oversight, including periodic inspection by governmental authorities. Compliance with production, safety, quality control and quality assurance regulations can be costly and time-consuming.

The sales and marketing of medical products is coming under increased scrutiny by the FDA and other regulatory agencies and enforcement bodies, including but not limited to the federal Anti-Kickback Statute, state anti-kickback laws and the federal Physician Payment Sunshine Act. If our sales and marketing activities fail to comply with FDA regulations or guidelines, or other applicable laws, we may be subject to warnings or enforcement actions from the FDA or other enforcement bodies.

- Any claims in excess of our insurance coverage limits may result in substantial costs and a reduction in its available capital resources.

We maintain property insurance policies covering physical damage to its equipment, facilities, buildings and inventory; employer’s liability insurance generally covering death or work injury of employees; product liability insurance covering product liability claims arising from the use, consumption or operation of its products; general liability insurance covering certain incidents to third parties that occur on or in the premises of the Corporation; business interruption insurance, and directors and officers liability insurance, among others. Our insurance coverage, however, may not be sufficient to cover all claims. As we expand our Symmetry Surgical sales efforts into multiple international countries it may increase the risk of claims.

- Our Symmetry Surgical sales efforts may be impaired by consolidation of customers or an inability to compete with regard to pricing or products, or the replacement of reusable surgical instruments with single use instruments.

Our Symmetry Surgical segment’s direct sales success relies upon its ability to provide products to customers on competitive price, delivery and quantity terms. If our sales efforts are unable to bring our value proposition to our customers, customers may consider competitive products or less expensive alternatives of our own. Some of our customers utilize a single or small group of suppliers, and some producers utilize a small or limited group of distributors. If consolidation in the hospital industry continues we may lose customers that are absorbed into larger hospital companies that work with a limited number of competitive suppliers. In addition, our competitors may provide products similar to ours on a more price competitive basis, or we may find that we are unable to secure necessary products on a price or quantity basis required by our customers. Further, we may be unable to secure distribution rights for products required by our customers, causing them to consolidate their purchasing with competitors who are able to provide such products. Some of the manufacturers for whom we provide distribution services might decide to sell directly to customers, bypassing our distribution services. Finally, concerns with infection could result in the marketplace migrating from reusable surgical instruments to single use instruments. Given that several of our OEM Solutions compete in that marketplace, Symmetry Surgical could not follow this trend with new products, resulting in the potential for lost revenue due to market contraction. If any of these events should occur, it would impair our direct sales business and cause a decline in revenue and profit.

- Our operating results are subject to significant potential fluctuation and historical results should not be relied on as an indication of our future results.

Our operating results have fluctuated in the past and may vary significantly from quarter to quarter or year to year in the future due to a combination of factors, many of which are beyond our control. These factors include, but are not limited to:

- the timing of significant orders and shipments, including the effects of changes in inventory management practices by our customers;
- the number, timing and significance of new products and product introductions and enhancements by us, our customers and our competitors;
- changes in pricing policies by us and our competitors;
- changes in medical treatment or regulatory practices;
- delays caused by the regulatory approval process for our new products;
- restrictions and delays caused by regulatory review of our customers' products;

our ability to meet customer demand for certain products or types of products;
the utilization of our manufacturing assets;
significantly changing quality and regulatory requirements from the FDA and our customers;
recalls of our or our customers' products;
and
availability and cost of raw materials.

Our quarterly revenue and operating results may vary significantly in the future and period-to-period comparisons of our results of operations may not necessarily be meaningful and should not be relied upon as indications of our future performance. We cannot assure you that our revenue will increase or be sustained in future periods or that we will be profitable in any future period. Any shortfalls in revenue or earnings from levels expected by securities or industry analysts could have an immediate and significant adverse effect on the trading price of our common stock in any given period.

- If we do not retain key individuals and retain and attract skilled manufacturing workers and sales representatives, we may not be able to operate successfully, and we may not be able to meet our strategic objectives.

Our success depends in part upon the retention of key managerial, sales and technical personnel, and skilled manufacturing workers. We compete for such personnel with other companies and organizations, many of which are larger and have greater name recognition and financial and other resources than we do. Many of these competitors are located in the same limited geographic areas in which our current operations are located. There can be no assurance that we will be successful in retaining our current personnel or in hiring or retaining qualified personnel in the future. The 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. We do not maintain key man life insurance on any of our executive officers, senior management or other key personnel.

In our industry, skilled manufacturing workers are difficult to identify and hire because we compete with numerous precision manufacturing companies to attract and retain qualified and highly skilled manufacturing employees. Our Northeast Indiana and Massachusetts facilities, in particular, face significant and increasing competition, including from certain of our customers and other companies, such as orthopedic related start-up companies located in or near Warsaw, Indiana or in Massachusetts. Some of these competitors are larger and have greater financial and other resources than we do. If we are not able to retain and attract skilled manufacturing employees, we may be unable to support our anticipated growth, which could adversely affect our profitability.

Our Symmetry Surgical segment relies on our direct sales force. Our competitors may try to recruit our key Symmetry Surgical employees, or certain key employees may elect to leave the Corporation. The loss of key Symmetry Surgical employees could impair our ability to successfully operate the Symmetry Surgical business, resulting in loss of sales and profit.

- A significant shift in technologies or methods used in the treatment of damaged or diseased bone and tissue could make our products obsolete or less attractive.

The development of new technologies could reduce or shift demand for our products. For example, pharmaceutical advances could result in non-surgical treatments gaining more widespread acceptance as a viable alternative to orthopedic implants. The emergence of successful new biological tissue-based or synthetic materials to regenerate damaged or diseased bone and to repair damaged tissue could minimize or delay the need for implant surgery and provide other biological alternatives to orthopedic implants. New surgical procedures could diminish demand for our instruments or implants. New sterilization methods could also limit the demand for our sterilization cases. Any of these or other shifts in technologies or methods used in the treatment of damaged or diseased bone and tissue could adversely affect demand for our products.

In recent years we have seen a trend to more customer specific implants or robotic surgery which require less instrument sets and if this trend were to increase, it may reduce the demand for our reusable instruments. We have also seen a trend to try and replace reusable instruments, which we largely make, with disposable instruments, which we do source on a limited basis. If this trend gains significant momentum, we would have to retool our facilities to support this demand. We have also seen several large manufacturers begin reprocessing of single use devices for resale despite single use labeling. If this trend gains momentum, it could place pricing pressure on some Symmetry Surgical instrument products.

- We depend on third party suppliers, and in some cases a single third party supplier, for key components and raw materials used in our manufacturing processes and the loss of these sources could harm our business.

We use plastic, titanium, cobalt chrome, stainless steel and nickel alloys, and various other raw materials in our products. Although we generally believe these materials are readily available from multiple sources, from time to time we rely on a

limited number of suppliers and in some cases on a single source vendor. For example, we obtain patented Radel® R plastic, which is designed to withstand intense heat produced during frequent sterilizations, for use in our instrument handles and plastic cases from a single supplier. Further, some of our raw materials are produced in areas of the world that are subject to political and other disruptions that could impair supply. Any supply interruption in a limited or sole-sourced component or raw material could materially harm our ability to manufacture our products until a new source of supply, if any, could be found. Further, our efforts to cover such materials could be costly and impair our ability to meet our contractual obligations for certain products on a profitable basis. We may be unable to find a sufficient alternative supply channel in a reasonable time period or on commercially reasonable terms if at all. This could interrupt our business, cause us to become involved in litigation with suppliers or customers, impair our profitability and/or reduce the quality of our products. In addition, changes in suppliers may require customer approval, which could delay the production and sale of the products we manufacture.

In our Symmetry Surgical segment, we have several products which are sourced from a single manufacturer. If that manufacturer experiences issues with its ability to supply the product we require, raises the price of that product, or otherwise impairs our ability to obtain the product, it would reduce our sales and delay or prevent products from reaching our customers.

Additionally, certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act imposes new disclosure requirements regarding the use of “conflict minerals” in products that originate from the Democratic Republic of Congo and adjoining countries. The implementation of these requirements could affect the pricing, sourcing and availability of minerals used in certain of our products, disrupt our supply of raw materials, or adversely impact the price that we pay for certain raw materials. There will be additional costs associated with complying with the disclosure requirements, such as costs related to determining the source of any conflict minerals used in our products. We may also encounter challenges with our customers and shareholders if we are unable to certify that our products are conflict free.

- Our current and future levels of indebtedness may limit our ability to operate our business, finance acquisitions and pursue new business strategies.

As of December 28, 2013, our total indebtedness, including long-term senior secured debt and capital lease obligations was $173,420 and we had $45,000 of our $200,000 revolving credit facility remaining available. Our revolving credit facility, maturing in November 2015 and our bank term loans, maturing in December 2016, all contain covenants limiting our ability to incur additional indebtedness.

Our indebtedness could:

- make us more vulnerable to unfavorable economic conditions;
- make it more difficult to obtain additional financing in the future for working capital, capital expenditures or other general corporate purposes;
- make us susceptible to fluctuations in market interest rates that affect the cost of our borrowings to the extent that our variable rate debt is not covered by interest rate derivative agreements; and
- make it more difficult to pursue strategic acquisitions, alliances and collaborations.

Our ability to service our level of indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, including but not limited to all of the factors and risks discussed herein. Some of these factors are beyond our control. We believe that, based upon current levels of operations, we will be able to meet our debt service obligations when due. Significant assumptions underlie this belief, including, among others, that we will continue to be successful in implementing our business strategy and that there will be no material adverse developments in our business, liquidity or capital requirements. If we cannot generate sufficient cash flow from operations to service our indebtedness and to meet our other obligations and commitments, we may be required to refinance our debt or to dispose of assets to obtain funds for such purpose.

We cannot be certain that refinancing or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments. To the extent we incur additional indebtedness or other obligations in the future, the risks associated with our indebtedness described above, including our possible inability to service our debt, would increase.

- Failure to satisfy the obligations and maintain compliance with our lending agreements could have a material adverse effect on our business.

Each of our lending arrangements requires timely payments of interest and our Bank Term Loan requires quarterly principal payments which commenced September 2012. Additionally, both lending arrangements include various restrictive covenants

where compliance is essential for credit availability. We may be unable to comply with the financial ratios or covenants and, if we fail to do so, we may be unable to obtain waivers from our lenders. Failure to comply with any payment or compliance requirements of our debt would entitle the lenders to, among other things, accelerate the maturity or terminate the availability of credit commitments.

- Our lending agreements contain restrictions that limit our ability to pay dividends, incur additional debt, make acquisitions and make other investments.

Our lending agreements contain covenants that restrict our ability to make distributions to stockholders or other payments unless we satisfy certain financial tests and comply with various financial ratios. Our lending agreements also contain covenants that limit our ability to incur indebtedness, invest in our foreign operations, acquire other businesses and make capital expenditures, and impose various other restrictions. These covenants could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise.

- Our future capital needs are uncertain and we may need to raise additional funds in the future.

Our future capital needs are uncertain and we may need to raise additional funds in the future through debt or equity offerings. Our future capital requirements will depend on many factors, including, but not limited to:

revenue generated by sales of our products;
expenses incurred in manufacturing and selling our products;
costs of developing new products or technologies;
costs associated with capital expenditures;
costs associated with our expansion;
costs associated with regulatory compliance, including maintaining compliance with the quality system regulations imposed by the FDA;
the number and timing of acquisitions and other strategic transactions;
working capital requirements related to growing new acquisitions or existing business;
expansion of our international or domestic facilities; and
costs of litigation, awards or other legal issues that arise.

As a result of these factors, we may need to raise additional funds, and these funds may not be available on favorable terms, or at all. Furthermore, if we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or convertible debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, execute our business strategy, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements.

- We may not realize all of the sales expected from new product development programs.

We incur substantial expenses in developing and testing new products and related devices. These expenses have continued to increase over recent years. Our realization of additional revenue from new product development efforts is inherently subject to a number of important risks and uncertainties, including, directly or indirectly, end-user acceptance of the product, reimbursement approval by third-party payers such as Medicaid, Medicare and private insurers and, in some cases, FDA or comparable foreign regulatory approval of the product. In addition, our customers typically have no contractual requirement to purchase from us the products that we develop, and they could seek to have another supplier or in-house facility manufacture products that we have developed (or substitutes for them). We also incur costs and make capital expenditures for new product development and production based upon certain estimates of production volumes for our existing and anticipated products. If the actual demand for our products is less than planned, our revenue and net income may decline.

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Our earnings would be negatively impacted if we write off goodwill or intangible assets created as a result of our various acquisitions.

As a result of acquisitions, we have accumulated a substantial amount of goodwill, amounting to $182,178 as of December 28, 2013, or 35.3% of our total assets as of such date. Goodwill and certain intangible assets are not amortized but rather are tested for impairment by us annually or more frequently if an event occurs or circumstances develop that would likely result in impairment. Examples of such events or circumstances include, but are not limited to, a significant adverse change in legal or business climate, an adverse regulatory action, unanticipated competition or financial restatements.

During 2013, the Corporation conducted its annual impairment test and determined that impairment existed for three reporting units. The impairment charge is $51,942 for goodwill and other assets and has been recorded in the condensed consolidated statements of operations within asset impairment. See Note 5 for additional information.

- If we are unable to protect our intellectual property and property rights, or are subject to intellectual property claims by third parties, our business could be harmed.

We rely on a combination of patents, trade secrets, copyrights, know-how, trademarks, license agreements and contractual provisions to establish and protect our proprietary rights to our technologies and products. We cannot guarantee that the steps we have taken or will take to protect our intellectual property rights will be adequate or that they will deter infringement, misappropriation or violation of our intellectual property. Litigation may be necessary to enforce our intellectual property rights and to determine the validity and scope of our proprietary rights. Any litigation could result in substantial expenses and may not adequately protect our intellectual property rights. In addition, the laws of some of the countries in which our products are or may be sold may not protect our products and intellectual property to the same extent as U.S. laws, if at all. We may be unable to protect our rights in trade secrets and unpatented proprietary technology in these countries. If our trade secrets become known, we may lose our competitive advantages.

We seek to protect our trade secrets, know-how and other unpatented proprietary technology, in part, with confidentiality agreements with our employees, independent distributors and customers. We cannot confirm, however, that:

these agreements will not be breached;

these agreements will be enforced by a court or other judicial body;

we will have adequate remedies for any breach; or

trade secrets, know-how and other unpatented proprietary technology will not otherwise become known to or independently developed by our competitors.

In addition, third parties may claim that we are infringing, misappropriating or violating their intellectual property rights. We could be found to infringe those intellectual property rights, which could affect our ability to manufacture any affected product. In addition, any protracted litigation to defend or prosecute our intellectual property rights could drain our financial resources, divert the time and effort of our management and cause customers to delay or limit their purchases of the affected product until resolution of the litigation.

Any litigation or claims against us, whether or not successful, could result in substantial costs and could harm our reputation. In addition, intellectual property litigation or claims could force us to do one or more of the following:

cease selling or using any of our products that incorporate the challenged intellectual property, which could adversely affect our revenue;

obtain a license from the holder of the intellectual property right alleged to have been infringed, which license may not be available on reasonable terms, if at all; and

redesign or, in the case of trademark claims, rename our products to avoid infringing the intellectual property rights of third parties, which may not be possible and could be costly and time-consuming if it is possible to do so.

- We are subject to risks associated with our foreign operations.

We have significant international operations and we continue to expand and grow these operations. We have operations in the United Kingdom, France, Ireland, Malaysia, Switzerland, and Germany and sales into over 100 countries. Certain risks are inherent in international operations that could have an adverse impact on our business, results of operations or profitability, including, but not limited to:

difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;

foreign customers who may have longer payment cycles than customers in the U.S.;

tax rates in certain foreign countries that may exceed those in the U.S. and foreign earnings that may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions including transfer pricing restrictions when products produced in one country are sold to an affiliated entity in another country;
general economic and political conditions in countries where we operate or where end users of our products reside;
difficulties associated with managing a large organization spread throughout various countries;
changes in governmental approaches to foreign industry;
changes in tax, training or other incentives upon which we relied (or rely) in deciding to do business in a particular country;
wars, insurrections or other strife;

difficulties in enforcing intellectual property rights;
compliance obligations under a variety of foreign laws and regulations; and
compliance with complex international laws and regulations.

In addition, compliance with complex international and U.S. laws and regulations that apply to our international operations increases our cost of doing business. These numerous and sometimes conflicting laws and regulations include, among others, the Foreign Corrupt Practices Act, the U.S. Bribery Act of 2010, and similar worldwide and local anti-bribery laws in non-U.S. jurisdictions, which generally prohibit companies and their intermediaries from making improper payments. Violations of these laws and regulations could result in fines, penalties, criminal sanctions against us, or officers, or our employees, and damage our reputation. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations as well as training on such policies and procedures, there can be no assurance that our employees, contractors, distributors and agents will not violate our policies.

As we continue to expand our business globally, our success will depend, in part, on our ability to anticipate and effectively manage these and other risks. We cannot assure you that these and other factors will not have a material adverse effect on our international operations or our business as a whole.

- Efforts to acquire additional companies or product lines may divert our managerial resources away from our business operations, and if we complete additional acquisitions, we may incur or assume additional liabilities or experience integration problems.

In the past eight years, we have completed eight acquisitions. In the future, we may seek to acquire additional businesses or product lines for various reasons, including providing new product manufacturing capabilities, adding new customers, increasing penetration with existing customers or expanding into new geographic markets. Our ability to successfully grow through additional acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financings. These additional efforts could divert the attention of our management and key personnel from our business operations and integration of our recently completed acquisitions. If we complete additional acquisitions, we may also experience:

- difficulties 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;
- limited or no direct prior experience in new markets or countries we may enter;
- higher costs of integration than we anticipated;
- difficulties in retaining key employees of the acquired business who are necessary to manage these businesses;
- difficulties in maintaining uniform standards, controls, procedures and policies throughout our acquired companies; or
- adverse customer reaction to the business combination.

Additional acquisitions could also materially impair our operating results by causing us to incur debt and acquisition expenses or requiring us to amortize acquired assets.

- Currency exchange rate fluctuations could have an adverse effect on our revenue and financial results.

We generate a significant portion of our revenue and incur a significant portion of our expenses in currencies other than U.S. dollars. We have operations in the United Kingdom, France, Ireland, Malaysia, Switzerland and Germany as well as sales in over 100 countries. Currency exchange rates are subject to fluctuation due to, among other things, changes in local, regional or global economic conditions, the imposition of currency exchange restrictions and unexpected changes in regulatory or taxation environments. To the extent that we are unable to match revenue received in foreign currencies with costs incurred in the same currency, exchange rate fluctuations in any such

currency could have an adverse effect on our financial results. During 2013, we hedged approximately 60% of our Symmetry Surgical segment exposure of U.S. annual purchases payable in Euros.

- We may be adversely affected as a result of the long lead times required for sales of certain new products, including our customer launches.

We often compete for business at the beginning of the development cycle of new medical devices or upon customer redesign of existing medical devices. Our customers generally must obtain clearance or approval from the FDA before commercially distributing their products. Unless exempt, a new medical device must be approved for commercial distribution in the U.S. by the FDA through the 510(k) pre-market Notification Process or, in some cases, through the more burdensome pre-market

approval, or PMA, process. In recent years it has taken three to nine months from the date of submission to the FDA to obtain 510(k) clearance and one to three years from the date of submission to the FDA to obtain approval through the PMA process, but in each case the approval may take significantly longer. This results in long lead times for some of our customers' new products, which may make it difficult in the short term for us to obtain sales of new products to increase revenue or replace any unexpected decline in sales of existing products.

- We may be adversely impacted by work stoppages, other labor matters, or new labor laws.

Currently, none of our U.S. facilities are unionized. However, in the last decade, our employees at two of our locations have engaged in some consideration of becoming unionized, although they have decided against doing so. Certain foreign facilities have a works counsel or similar group in place pursuant to applicable local country laws and regulations. In addition, some of our orthopedic device customers and some suppliers have unionized work forces. While we have not experienced any adverse effects from work stoppages or slow-downs at our customers' or suppliers' facilities, work stoppages or slow-downs experienced by us, our suppliers or our customers or their suppliers could result in slow-downs or the interruption of production at facilities where our products are made or used. We cannot assure you that we will not encounter strikes, further unionization efforts, new labor laws, or other types of conflicts with labor unions or our employees, which could have an adverse effect on our financial results.

- If a natural or man-made disaster strikes one or more of our manufacturing and distribution facilities or Information Technology infrastructure, we may be unable to manufacture certain products for a substantial amount of time and our revenue could decline.

We have seventeen manufacturing and distribution facilities located in the U.S., United Kingdom, France, Ireland, Malaysia, Switzerland and Germany. These facilities and the manufacturing equipment and personnel know-how that we use to produce and distribute our products would be difficult to replace and could require substantial lead-time to repair or replace. Our facilities may be affected by natural or man-made disasters. In the event that one or more of our facilities was affected by a disaster, we would be forced to attempt to shift production to our other manufacturing facilities or rely on third-party manufacturers, and our other facilities or a third-party manufacturer may not have the capability to effectively supply the affected products. Our Symmetry Surgical business provides global distribution from our Nashville, Tennessee headquarters. Should a disaster strike this facility, we would be forced to attempt to shift distribution to another facility in the U.S. or Europe and adversely affect our ability to ship and invoice product. Disruptions to the global transportation network could also affect our ability to ship and invoice product. Although we have insurance for damage to our property and the interruption of our business, this insurance may not be sufficient in scope or amount to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

The efficient operation of our business is dependent on the support of our information technology systems. In addition, despite our security measures and our best attempts, our systems may be damaged by viruses, disasters, hackers, hardware failure, power failure or other disruptions. Any significant disruption could adversely affect our ability to operate efficiently which could negatively impact our sales and profits.

- We may experience difficulties, delays, performance impact or unexpected costs from consolidation of facilities.

In past years, we have consolidated facilities which resulted in higher costs and delayed deliveries. In the future, we may be required to further consolidate our operations in order to improve our cost structure, achieve increased operating efficiencies, and improve our competitive standing or results of operations and/or to address unfavorable economic conditions. We may also lose favorable tax incentives or not be able to renew a lease on acceptable terms, resulting in the need to consolidate. As part of these actions, we may further reduce staff, make changes to certain capital projects, close certain production operations and abandon leases for certain facilities that will not be used in our operations. In conjunction with any actions, we will continue to make significant investments and build the framework for our future growth. We may not realize, in full or in part, all of the anticipated benefits and savings from these efforts due to unforeseen difficulties, delays or unexpected costs. If we are unable to achieve or maintain all of

the resulting savings or benefits to our business or other unforeseen events occur, our business and results of operations may be adversely affected.

As a result of the current economic environment, we have worked and will continue to work to increase cost efficiencies and to reduce discretionary expenditures, and in the event the economy does not continue to recover, or if it further deteriorates, we may also be required to consider further steps to improve our cost structure. Additionally, the anticipated benefits of our cost reduction initiatives are based on forecasts which could vary substantially from actual results, and we cannot provide assurance that any such cost saving initiatives will not have a material adverse effect on our business.

- Significant changes to U.S. federal, state and foreign tax laws and regulations that apply to our operations and activities could have a material adverse effect on our financial results.

Our operations are subject to the tax laws, regulations and administrative practices of the U.S., U.S. state jurisdictions and other countries in which we do business. Significant changes in these rules could have a material adverse effect on the results of operations. For example, our effective tax rate reflects the impact of undistributed foreign earnings for which no U.S. taxes have been provided because such earnings are intended to be invested indefinitely outside the U.S. Substantial reform of U.S. tax law regarding tax on certain foreign profits could result in an increase in our effective tax rate, which could have a material adverse effect on our financial results.

Risks Related to Our Industry

- Orthopedic device manufacturers have significant leverage over their independent suppliers and consolidation could increase their leverage, which could result in the loss of customers or force us to reduce our prices.

We compete with many manufacturers to develop and supply implants, surgical instruments and cases to a limited number of large orthopedic device manufacturers. As a result, orthopedic device manufacturers (and the other industries in which we market our products) have historically had significant leverage over their independent suppliers. For example, independent suppliers like us are subject to continuing pressure from the major orthopedic device manufacturers to reduce the cost of products while maintaining or increasing quality levels. In the past, the medical device industry has experienced substantial consolidation. If the medical device industry, and the orthopedic device industry in particular, continue to consolidate, competition to provide products to orthopedic device manufacturers may become more intense. Orthopedic device manufacturers may seek to use their market power to negotiate price or other concessions for our products. If we are forced to reduce prices or if we lose customers because of competition, our revenue and results of operations would suffer. In recent years, the industry has experienced a lack of demand and competition has become more aggressive trying to win orders and fill their facilities.

- Our business is indirectly subject to healthcare industry cost containment measures and other industry trends affecting pricing that could result in reduced sales of or prices for our products.

Acceptance of our customers' products by hospitals, outpatient centers and physicians depend on, among other things, reimbursement approval of third-party payers such as Medicaid, Medicare and private insurers. The continuing efforts of government, insurance companies and other payers of healthcare costs to contain or reduce those costs could lead to lower reimbursement rates or non-reimbursement for medical procedures that use our products. As that occurs, medical device manufacturers might insist that we lower prices on products related to the affected medical device or they might significantly reduce or eliminate their purchases from us of these related products, which could affect our profitability.

- We and our customers are subject to substantial government regulation that is subject to change and could force us to make modifications to how we develop, manufacture and price our products.

The medical device industry is regulated extensively by governmental authorities, principally the FDA and corresponding state and foreign regulatory agencies. Some of our manufacturing processes are required to comply with quality systems regulations, including current good manufacturing practices and quality system requirements that cover the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging and shipping of our products. Further, some of our facilities, records and manufacturing processes are subject to periodic unscheduled inspections by the FDA or other agencies.

Failure to comply with applicable medical device regulatory requirements could result in, among other things, warning letters, fines, injunctions, civil penalties, repairs, replacements, refunds, recalls or seizures of products, total or partial suspensions of production, refusal of the FDA or other regulatory agencies to grant future pre-market clearances or approvals, withdrawals or suspensions of current clearances or approvals and criminal prosecution.

In addition, orthopedic implants and other medical devices produced by our customers are subject to intensive regulation and potential pre-approval requirements by the FDA and similar international agencies that govern a wide variety of product activities from design and development to labeling, manufacturing, promotion, sales and distribution. Recently, the FDA has imposed more significant requirements on supplier control procedures that may require additional audits, process validations and potentially increased costs to get products to market. Compliance with these regulations may be time consuming,

burdensome and expensive for our customers and, indirectly, for us, to the extent that our customers' compliance depends on our operations. These regulations could negatively affect our customers' abilities to sell their products, which in turn would adversely affect our ability to sell our products. This may result in higher than anticipated costs or lower than anticipated revenue.

The regulations to which we and our customers are subject are complex, change frequently and have become more stringent over time. Federal and state legislatures have periodically considered programs to reform or amend the U.S. healthcare system at both the federal and state levels. The FDA has implemented a substantial 510(k) reform amendment that has changed the requirements and review process. The FDA may also review all current and past 510(k)s to assure they are compliant with current regulatory requirements. These regulations may potentially increase governmental involvement in healthcare, lower reimbursement rates or otherwise change the environment in which healthcare industry participants operate. In 2012, the FDA required all contract manufacturer companies that produce a finished medical device to register in the Electronic Registration and Listing System (FURLS). If a device requires a premarket approval or notification before being marketed in the US, then the owner/operator needs to submit the FDA premarket submission number (510(k), PMA, PDP, HDE). The FDA has also implemented new Device Registration and Listing requirements requiring all contract manufacturers and sterilizers of finished devices to register and list regardless of whether they put the device into commercial distribution or return the device to the manufacturer or specification developer will therefore also be subject to potential future FDA audit inspections. Foreign governmental authorities that regulate the manufacture and sale of medical devices have become increasingly stringent and, to the extent we sell our products in foreign countries, we may be subject to rigorous regulation in the future. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated revenue.

- If our customers fail to obtain, or experience significant delays in obtaining, FDA clearances or approvals to commercially distribute our future products our ability to sell our products could suffer.

Some of our products are subject to rigorous regulatory pre-approval by the FDA and other federal, state and foreign governmental authorities. Our customers are typically responsible for obtaining the applicable regulatory approval for the commercial distribution of our products. The process of obtaining this approval, particularly from the FDA, can be costly and time consuming, and there can be no assurance that our customers will obtain the required approvals on a timely basis, if at all. The FDA, for example, assigns medical devices to one of three classes which determine, among other things, the type and degree of FDA approval required to commercially distribute the device in the U.S. We produce Class I, II and III devices. Class I devices are deemed to present little risk to patients and are generally exempt from FDA approval requirements. Class II devices can generally be commercially distributed only after the device has received 510(k) clearance. The FDA will clear marketing of a medical device through the 510(k) process if certain design, testing and validation requirements are met and it is demonstrated that the device is "substantially equivalent" to a device that was legally marketed prior to May 28, 1976, or to another commercially available device subsequently cleared through the 510(k) Pre-Market Notification process. This process generally takes three to six months, but recently has taken substantially longer, up to nine months or more, due to increased review time and scrutiny of requirements to assure a more safe and effective product. Before a Class III device can be commercially distributed in the U.S., a pre-market approval, or PMA, must be obtained from the FDA. The PMA process can be expensive and uncertain, requires detailed and comprehensive scientific and other data and generally takes between one and three years, but may take significantly longer. The commercial distribution of any products we develop that require regulatory clearance may be delayed. In addition, because we cannot assure you that any new products or any product enhancements we develop for commercial distribution in the U.S. will be exempt from the FDA market clearance requirements or subject to the shorter 510(k) clearance process, the regulatory approval process for our products or product enhancements may take significantly longer than anticipated by us or our customers.

- We may be adversely affected by the impact of environmental and safety regulations.

We are subject to federal, state, local and foreign laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating air emissions, wastewater discharges, and the management and disposal of hazardous materials and wastes, and the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations. If we violate or fail to comply with these laws, regulations or permits, we could incur fines, penalties or other sanctions, which could have a material adverse effect on us. Environmental laws tend to become more stringent over time, and we could incur material expenses in the future relating to compliance with future environmental laws. In addition, we could be held responsible for costs and damages arising from any contamination at our past or present facilities or at third-party waste disposal sites. Such costs could be material. We cannot completely eliminate the risk of contamination or injury resulting from hazardous materials and we may incur material liabilities as a result of any contamination or injury.

• The impact of the recently enacted federal healthcare reform legislation on our business remains uncertain.

In March 2010, the U.S. Congress adopted and President Obama signed into law comprehensive health care reform legislation through the passage of the Patient Protection and Affordable Health Care Act, as amended by the Health Care and Education Reconciliation Act, collectively the PPACA which significantly impacts the medical device industry. To help offset the cost of the healthcare reforms provided therein, the legislation imposed a 2.3% excise tax on all domestic sales of medical devices after December 31, 2012. With the addition of the 2.3% excise tax, the medical device industry will bear a significant additional cost burden, or be required to find ways to pass such costs on to its customers. We cannot predict with certainty the ultimate effect the federal health care reform will have on us. While it is too early to estimate the future impact of the excise tax or any health care reform, in general, on our business, the legislation could have a material adverse effect on our customers' businesses and our business, cash flows, financial condition and results of operations.

Many significant parts of the law will be phased in over the next decade and require further clarification in the form of regulations. As a result, many impacts will not be known until those regulations are enacted.

Effective August 1, 2013, certain manufacturers of medical devices covered by Medicare, Medicaid, and the Children's Health Insurance Program who make payments or other transfers of value to physicians and teaching hospitals will be required to track and report such payments and transfers under the regulations known as the National Physician Payment Transparency Program. Efforts to comply with these requirements may result in an increase in operational expenses and a diversion of management's time from other business activities and failure to comply fully could cause the Corporation to incur costs and expenses associated with remedial compliance or fines.

• Changing laws and increasingly complex corporate governance and public disclosure requirements could have an adverse effect on our business and operating results.

Changing laws, regulations and standards, including those relating to corporate governance and public disclosure such as the Dodd-Frank Wall Street Reform and Consumer Protection Act and recently enacted SEC regulations, have created additional compliance requirements for companies such as ours. These include the reporting of the use of conflict minerals. Our efforts to comply with these requirements have resulted in, and are likely to continue to result in, an increase in operational expenses and a diversion of management's time from other business activities.

Risks Relating to Our Common Stock

• Our common stock may be volatile and could decline substantially.

There has been significant volatility in the market price and trading volume of securities of companies operating in the medical device industry, including our company, which has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Price declines in our common stock could result from general market and economic conditions and a variety of other factors, including:

actual or anticipated fluctuations in our operating results;
our announcements or our competitors' announcements regarding new products, significant contracts, acquisitions or strategic investments;
loss of any of our key management or technical personnel;
conditions affecting orthopedic device manufacturers or the medical device industry generally;
product liability lawsuits against us or our customers;
clinical trial results with respect to our customers' medical devices;
changes in our growth rates or our competitors' growth rates;
developments regarding our patents or proprietary rights, or those of our competitors;
FDA and international actions with respect to the government regulation of medical devices and third-party reimbursement practices;

public concern as to the safety of our products;
changes in health care policy in the U.S. and internationally;
conditions in the financial markets in general or changes in general economic conditions;
our inability to raise additional capital;
changes in stock market analyst recommendations regarding our common stock, other comparable companies or the medical device industry generally, or lack of analyst coverage of our common stock;
sales of our common stock by our executive officers, directors and five percent stockholders or sales of substantial amounts of common stock;
changes in accounting principles; and

the announcement of financial restatements.

In the past, following periods of volatility in the market price of a particular company's securities or financial restatements, litigation has often been brought against that company. If litigation of this type is brought against us, it could be extremely expensive and divert management's attention and the Corporation's resources.

- Our Certificate of Incorporation, our Bylaws and Delaware law contain provisions that could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of the Delaware General Corporation Law, our Certificate of Incorporation and our Bylaws may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our board of directors. These provisions include:

providing for a classified board of directors with staggered terms;

requiring supermajority stockholder voting to effect certain amendments to our certificate of incorporation and by-laws;

eliminating the ability of stockholders to call special meetings of stockholders;

prohibiting stockholder action by written consent;

establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings;

limiting the ability of stockholders to amend, alter or repeal the by-laws; and

authorizing of the board of directors to issue, without stockholder approval, shares of preferred stock with such terms as the board of directors may determine and shares of our common stock.

We are also protected by Section 203 of the Delaware General Corporation Law, which prevents us from engaging in a business combination with a person who becomes a 15.0% or greater stockholder for a period of three years from the date such person acquired such status unless certain board or stockholder approvals were obtained.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The properties below are owned or leased by us and we believe these properties are suitable and adequate for our current operations and are appropriately utilized.

Location	Principal Use	Approximate Square Footage	Own/ Lease	Segment
Avilla, Indiana	Instrument and implant design and manufacturing	40,000	Lease	OEM Solutions
Cheltenham, United Kingdom	Instrument design and manufacturing	25,000	Lease	OEM Solutions
Claypool, Indiana	Instrument design and manufacturing	33,800	Own	OEM Solutions
Cork, Ireland	Implant finishing	18,000	Lease	OEM Solutions
Fort Wayne, Indiana	Administrative offices	4,500	Lease	OEM Solutions
Hillburn, New York	Implant finishing	11,800	Lease	OEM Solutions
Lansing, Michigan	Implant design, forging and machining	65,000	Own	OEM Solutions
Lansing, Michigan	Implant finishing and Design and Development Center	15,000	Own	OEM Solutions
Manchester, New Hampshire	Plastic and metal case design and manufacturing	122,000	Lease	OEM Solutions
Louisville, Kentucky	Instrument finishing and packaging operation	25,000	Lease	Symmetry Surgical
Nashville, Tennessee	Medical products distribution; Symmetry Surgical administrative headquarters	43,000	Lease	Symmetry Surgical
New Bedford, Massachusetts	Instrument and implant manufacturing	85,000	Own	OEM Solutions
Penang, Malaysia	Case, instrument and implant design and manufacturing	80,000	Lease	OEM Solutions
Schaffhausen, Switzerland	Symmetry Surgical non-U.S. customer service and global supply chain management	900	Lease	Symmetry Surgical
Sheffield, United Kingdom	Implant and specialized non-healthcare product design, forging, casting and machining	120,500	Own	OEM Solutions
Sheffield, United Kingdom	Implant machining	43,400	Own	OEM Solutions
Tuttlingen, Germany	Instrument procurement and quality center	5,400	Lease	Symmetry Surgical
Wambrechies, France	Case design and manufacturing	25,000	Lease	OEM Solutions
Warsaw, Indiana	Instrument design and manufacturing	58,000	Own	OEM Solutions
Warsaw, Indiana	Design and Development Center; Corporate Headquarters	15,800	Own	OEM Solutions
Warwickshire, United Kingdom	Specialized non-healthcare machining	20,300	Own	OEM Solutions
	Total square footage	857,400		

We own approximately 16 acres of land in Warsaw, Indiana, and approximately 9 acres in Lansing, Michigan. These sites are available for future expansion.

All of our owned properties in the U.S. are encumbered by our Amended Credit Agreement (see Note 9 of our consolidated financial statements). Our capital lease arrangements are discussed in Note 10 of our Financial Statements.

Item 3. Legal Proceedings
None

Item 4. Mine Safety Disclosures
Not Applicable

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades on the New York Stock Exchange ("NYSE") under the trading symbol SMA. As of March 6, 2014, there were approximately 131 registered holders of record of our common stock. The transfer agent and registrar for our common stock is Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170, telephone (800) 962-4284.

In the two most recent fiscal years, we have not paid dividends on our common stock and do not expect to pay dividends for the foreseeable future. Instead, we anticipate that our earnings in the foreseeable future will be used in the operation and growth of our business. The payment of dividends by us to holders of our common stock is restricted by our Amended Credit Agreement. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements and contractual restrictions.

We currently do not have a share repurchase plan or program.

The information required by Item 5 with respect to securities authorized for issuance under Equity Compensation Plans is set forth in Part III, Item 12 of this Form 10-K.

Our common stock has been listed on the New York Stock Exchange since our initial public offering on December 9, 2004. The following table sets forth, for the period indicated, the highest and lowest sale price for our common stock by quarter for 2013 and 2012, as reported by the New York Stock Exchange:

	2013		2012	
	High	Low	High	Low
Fourth Quarter	$10.12	$7.69	$10.64	$8.12
Third Quarter	$9.41	$7.76	$10.11	$7.49
Second Quarter	$12.83	$7.44	$8.79	$6.65
First Quarter	$11.53	$9.85	$8.38	$6.41

The closing sale price for our common stock on March 6, 2014 was $10.55.

Unregistered Sales of Equity Securities and Use of Proceeds

The following information is provided pursuant to Item 703 of Regulation S-K:

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Share (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 2013	5,673	$8.19	—	—
November 2013	6,765	$8.11	—	—
December 2013	33,753	$9.27	—	—

The shares repurchased represent shares of our common stock that employees elected to surrender to the Corporation to satisfy their tax withholding obligations upon the vesting of shares of restricted stock. We do not consider this a

share buyback program.

Total Return Graph (Unaudited)

The following graph compares the cumulative total return on the Corporation's common stock during the last five fiscal years with the S&P 500 Stock Index, the S&P Health Care Index and the RDG SmallCap Medical Devices Index during the same period. The graph shows the value, at the end of each of the last five fiscal years, of $100 invested Symmetry Medical Inc. stock or the indices on December 31, 2008 and assumes the reinvestment of all dividends. No dividends have been declared or paid on the Corporation's common stock. The graph depicts the change in the value of common stock relative to the indices at the end of each fiscal year and not for any interim period. Returns over the indicated period should not be considered indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Symmetry Medical, Inc., the S&P 500 Index, the S&P Health Care Index,
and the RDG SmallCap Medical Devices Index
* $100 invested on 12/31/08 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

Item 6. Selected Financial Data

The following selected consolidated financial data should be read in connection with our consolidated financial statements, the notes related thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations and has been derived from our consolidated financial statements.

	Fiscal Year Ended				
	2013	2012	2011[1]	2010	2009
	(in thousands, except share data)				
Consolidated Statements of Operations Data:					
Revenue	$399,992	$410,505	$359,046	$360,830	$365,943
Cost of revenue	297,936	301,449	287,897	281,132	278,926
Gross profit	102,056	109,056	71,149	79,698	87,017
Research and development expenses	4,572	4,152	4,040	3,374	2,843
Sales and marketing expenses	26,025	26,380	17,455	17,931	14,744
General and administrative expenses	46,294	44,857	37,163	29,224	30,276
Asset impairment[2]	51,942	—	1,529	—	—
Facility closure and severance costs[3]	1,582	622	2,710	961	2,822
Operating income (loss)	(28,359)	33,045	8,252	28,208	36,332
Interest expense, net	17,679	19,620	3,862	5,698	6,647
Loss on debt extinguishment[4]	4,460	—	—	828	—
Derivative valuation (gain) loss[5]	242	(242)	—	(1,328)	(1,173)
Other	1,691	(102)	400	1,111	428
Income (loss) before income taxes	(52,431)	13,769	3,990	21,899	30,430
Income tax expense (benefit)	(16,633)	4,642	1,098	7,928	8,646
Net income (loss)	$(35,798)	$9,127	$2,892	$13,971	$21,784
Net income (loss) per share:					
Basic	$(0.99)	$0.25	$0.08	$0.39	$0.61
Diluted	$(0.99)	$0.25	$0.08	$0.39	$0.61
Weighted average common shares and equivalent shares outstanding:					
Basic	36,327	35,987	35,576	35,451	35,308
Diluted	36,327	36,418	36,021	35,810	35,530
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$7,362	$9,815	$18,931	$15,067	$14,219
Working capital	81,214	94,653	122,612	106,124	70,455
Total Assets	515,836	605,318	638,865	449,954	438,267
Long-term debt and capital lease obligations, less current portion	166,424	201,530	261,224	89,767	72,087
Total shareholders' equity	284,797	314,730	301,399	296,369	282,470
Other Financial Data:					
Depreciation and amortization	$23,810	$25,245	$21,297	$21,129	$22,252

(1) Fiscal 2011 includes the results of Olsen Medical since its date of acquisition on August 15, 2011. Codman surgical instrumentation was acquired on December 29, 2011 and had an immaterial impact on our consolidated statements of operations in fiscal 2011.

(2)

In fiscal 2011, we recorded an intangible asset impairment charge of $1,529 related to the write off of the Specialty Surgical Instruments ("SSI") tradename as the Corporation has elected to discontinue using the tradename in connection

with the acquisition of Codman surgical instrumentation. During fiscal 2013, we recorded a pre-tax asset impairment charge of $51,942 associated with our annual impairment testing.

(3) In fiscal 2009 through 2013, we recorded facility closure and severance costs as a separate component of operating income related to our ongoing cost saving and consolidation efforts.

(4) During fiscal 2010, we refinanced substantially all of our debt arrangements that were to mature in June 2011, resulting in a loss on debt extinguishment of $828. During fiscal 2013, we fully repaid our subordinated debt arrangements that were to mature in December 2017, resulting in a loss on debt extinguishment of $4,460.

(5) Historically, we have had a significant amount of variable rate long-term indebtedness. We have managed our exposure to changes in interest rates by entering into interest rate swap agreements. We have also entered into foreign currency exchange forward contracts to mitigate fluctuations in foreign currency on the statement of operations. Each agreement is evaluated on its ability to qualify for hedge accounting treatment. Changes in fair market value of agreements that do not qualify as a hedge are recorded each period in earnings.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in thousands, unless otherwise noted)

Overview

Introduction

Healthcare is a $3 trillion global industry which is expected to continue to grow as the population ages, standards of care in developing nations evolve, and advances in medical care are achieved. Representing one of the largest percentages of GDP, cost containment in healthcare is becoming an increasingly critical issue in both government funded and privately insured populations. Nonetheless, there is an expectation of continued improvements in the standard of care and prevention. The global medical device market was estimated to be $331 billion, with annual growth anticipated in the low to mid-single digits. We compete primarily in two segments of the medical device market - orthopedic products and general surgical instruments.

Symmetry Medical OEM Solutions

Based on the most recently available data, in 2012 we estimate revenues generated by sales of orthopedic products worldwide exceeded $43.2 billion (13% of the global medical device market), an increase of 3% over 2011 global revenues. Of the $43.2 billion, 76% of those revenues is generated by the ten largest orthopedic companies in the world. Reconstructive products (implants used to replace knees, hips, shoulders, and other joints) represent the largest segment of OEM sales, at 33%, followed by Spine and Trauma (products which repair bone fractures) at 17% and 14%, respectively. The market is global in nature with growth in the U.S. estimated to be in the low-to-mid single digits in 2013 and growth outside of the U.S. ("OUS") to be slightly less positive. Long-term procedural growth rates in orthopedics are estimated to be four to five percent; however, pricing pressure on OEM companies offset by mix and product introductions may result in a more variable revenue projection.

In 2012, global sales of reconstructive joint replacement products (hips, knees, shoulders, elbows, wrists, digits) were over $14 billion with slight growth over the prior year driven by the extremities and knee segments. The knee segment of the reconstructive joint market is the largest followed by hips. As in past years, sales in the U.S. accounted for just under an estimated 60% of total orthopedic revenues. In 2012, sales of products (excluding biologics) used in spinal procedures (including fusion, discectomy, disc replacement, vertebroplasty/kyphoplasty, and fracture repair) are estimated to be approximately $7.3 billion, showing a slight decline from prior year. The seven largest OEM global spine companies controlled 88% of the worldwide spine market in 2012. It is believed that 2013 procedural growth rates were slowed as a result of macro-economic issues (government funding and GDP growth) as well as unemployment/risk of unemployment and access to insurance. Nonetheless, over the long term we expect continued mid-single digit growth in the orthopedic device market to be driven by a number of trends including:

- growing elderly population;

- aging, affluent and active “baby boomers” placing additional “wear and tear” on their joints;
- obesity trends significantly increasing risk of osteoarthritis and subsequent joint replacements;
- improving technologies that expand the market, including minimally invasive surgery enabling procedures to be done earlier in life;
- successful clinical outcomes increasing patient confidence;
- increasing patient awareness through orthopedic device companies’ direct marketing programs;
- increasing volume of procedures to replace older implants (or revision procedures); and
- emerging international markets.

The contract manufacturing industry, in which our OEM Solutions business competes, serves the orthopedic OEM companies by providing engineering, manufacturing, and distribution services in the areas of implants, surgical instruments (used to implant the prosthesis), and cases (used to carry and sterilize instruments/implants). Because of the lack of availability of data regarding OEM self-manufacturing and the number of privately held competitors, internal estimates for the size of the contract manufacturing industry range from $1.5 billion to $2.8 billion. We do not believe there was a significant change in 2013, although there could have been minimal erosion due to OEM self-manufacturing insourcing. Over the long term, we expect that this market will grow at a rate faster than procedural growth as OEMs outsource additional capabilities and share growth can be won as the OEMs consolidate among fewer larger competitors as a result of:

- OEM customers being forced to make choices regarding the application of limited resources in product development
- OEM customers looking to eliminate inefficiencies in their supply chain resulting from alternately insourcing and outsourcing multiple steps in the manufacturing process;
- new OEM entrants capitalizing on the expertise and scale afforded by contract manufacturers;
- OEM customers focusing on technologies and resources on areas they consider core competencies and choosing to outsource others;
- medical device OEMs addressing pressure to comply with increased regulatory pressures related to the manufacture, repackage, relabel, and/or import medical devices sold in the U.S.;
- OEM customers continuing to consolidate their supplier base in an effort to streamline their supply chain and concentrate relationships with more sophisticated suppliers; and
- the impact of significant switching costs related to any change in suppliers/contract manufacturers resulting from product complexity and long-standing relationships.

Our OEM Solutions business competes in the contract manufacturing industry serving the Orthopedic OEM marketplace and to a lesser degree adjacent medical device segments (including arthroscopy, dental, laparoscopy, osteobilogic, and endoscopy segments predominantly through our cases and trays product lines). We also offer services to specialized non-healthcare markets such as aerospace where our forging and precision machining capacity can bring value. We manufacture most of the products we sell and have manufacturing locations worldwide to service our global customer base. We believe that our comprehensive product and services offering, our quality and regulatory expertise, our global resources and our size as the largest provider in the orthopedic industry and range of capabilities provide us a competitive advantage. We leverage these competitive advantages to accelerate our customers' time to market as they develop and launch new products. This relationship typically leads to an ongoing supply of products to our customers during the life of the product. Our primary products in the OEM Solutions segment include:

- implants, including forged, cast and machined products for the global orthopedic device market;
- instruments used in the placement and removal of orthopedic implants and in other surgical procedures;
- cases, including plastic, metal and hybrid cases used to organize, secure and transport medical devices for orthopedic, endoscopy, dental and other surgical procedures; and
- other specialized products for the aerospace market.

In our OEM Solutions business, our core strategy is built around our business model which leverages our global resources to expand our leadership position within the orthopedic sector and to diversify our revenue base to related medical markets as an OEM supplier. Specific to our orthopedic customers, we believe that we have well-established relationships which provide us access to decision makers in product development, sales & marketing, engineering, and procurement. In addition to attempting to gain a greater share of new opportunities from these customers, we believe that trends among our OEM customers to consolidate their supply chains will continue to create opportunities for growth faster than the end market. The larger OEMs are increasingly focused on improving their supply chains by outsourcing more of their products among a consolidated group of strategic suppliers who are expected to provide a wider range of services. These actions are intended to result in an increased level of attention among their suppliers to quality and regulatory compliance, resulting in reduced overall costs for the OEM. The smaller OEMs are becoming

more reliant on their suppliers to support the increased regulatory and quality requirements being placed on their systems, thus utilizing the strong offering of the OEM Solutions business. Additionally, we believe that growth opportunities exist to provide products that we have developed or modified specifically for our customers' particular product lines. The receptivity of customers to our innovations as well as opportunities for our OEM Solutions business to grow market share are built upon a foundation of meeting our customers' basic expectations for product and process quality as well as customer service in the form of responsive lead-times and on time delivery of expected purchase orders.

We have several long term programs which we believe will help to reduce costs and lead to improvements in gross margin and

a further solidify of our status of having what we believe is a best in class quality system. Under the Symmetry Business System umbrella, predictive and outcome metrics, Win SPC for statistical quality control, human factors for quality improvement, ETQ for quality management, and Epicor-9 for a comprehensive Enterprise Resource Planning ("ERP") infrastructure are all being driven to improve outcomes. We believe that our SBS has delivered value to our customers and shareholders with improvements in safety, quality, customer service and costs. In our information technology back office, we now have all U.S. plants on one instance of our ERP software and a common version at other global sites. While substantial progress has been made during these first three years, these programs are expected to continue to evolve over multiple years and their benefits continue to be realized although to a diminishing impact. We believe that these actions will enable us to continue to remove incremental legacy costs and improve gross margin through a reduction of scrap, increased machine and labor efficiency, better information flow reducing inventory, and reduction in back office administration. While we will always strive to improve our performance and set the benchmark in our industry, we are pleased at the progress we continue to make. We believe we are well positioned to pursue market share opportunities (as customers increase outsourcing and rationalize their supplier base) as well as new programs with existing customers and new customers.

Demand for our OEM Solutions products weakened throughout 2011 and remained soft in 2012 and the first half of 2013. While performance issues in 2010 and early 2011 contributed to order weakness, market factors had an additional impact. Specific to our implant product line, the weakness in overall procedural demand (specifically knees and hips), the concentration of our sales to select customers and their resulting market share changes, reductions in inventories by OEM customers, customer forecast reductions leading to additional inventory reductions, and customer in-sourcing to keep their factories at desirable output levels all contributed to the overall weakness we experienced in implant volume. We are encouraged at procedural volumes in the fourth quarter of 2013 and believe they point to an increase in 2014. We, like others in the industry however, are cautious that the fourth quarter of 2013 demand could be artificially inflated by a one time “pull forward” of patients from the first half of 2014 related to concerns with insurance coverage in the wake of the implementation of the Affordable Care Act.

Our instrument and cases business suffered weakness throughout the past three years as a result of OEM customers dramatically reducing their capital spending on instrumentation beginning in the latter half of 2011 in the face of declining procedural volumes and financial result/cash flow objectives. This was further compounded by some customers’ efforts to in-source selected manufacturing activities. While we did not see a rebound in capital spending in 2013 beyond select large new product launches, we believe that the strengthening of procedural volumes in the back half of 2013, and particularly the fourth quarter, increases the prognosis for long term growth as customers make capital investments to drive market share gains and launch new products. We remain cautious, however, that OEM customers may not increase their capital spending until they are confident that procedural volumes have strengthened.

To leverage our position for the expected long term rebound in orthopedic procedures and new product launches, as well as the opportunities created by increased outsourcing and the rationalization of suppliers by OEM customers, we are focused on engaging in more active and positive discussions with our customers to satisfy a greater portion of their product and service needs. While these strategic changes do not happen overnight, we continue to believe that we are in a favorable position to continue as a supplier of choice for our major customers and increase the volume of work they provide. We believe our global capacity and competitive strengths will continue to benefit us as the order volume and large project launches continue, particularly within the dynamic and aging US population. We continue to focus on improved performance and are confident that further improvements can be achieved. We are reviewing all aspects of our operations to achieve these further improvements and believe the following actions will help position us for sustainable long-term profitable growth:

- Continuous Improvement — We are focused on improving competitiveness by becoming more efficient while strengthening our operating processes and internal controls. Our leadership team is working together to increase efficiency across all functions. We are focused on improving our manufacturing processes through the use of lean principles and techniques in the Symmetry Business System.

- Diversification — Within the orthopedic sector we will continue to expand our product portfolio and build upon the strength of our presence in the large reconstructive joint market. Orthopedic sector diversification will include: spine, trauma, extremities and small joints. This will also include diversification of implant manufacturing capabilities.
- Diversification outside of the orthopedic market could include areas where we know the customer, know the regulatory standards that govern products and processes, and know (or can manage acquired capabilities) the manufacturing processes.
- Low Cost Country Manufacturing — We will continue to take advantage of the low cost country capabilities we have created in Malaysia to support cost reduction opportunities in partnership with our customers.
- Capitalize On New Capabilities — With the growth and increased capabilities of Symmetry Surgical, we believe we can expand the type of products we can offer our OEM customers. Additionally, our Swiss based global supply chain

capability and instrument quality and procurement facility located in Tuttlingen, Germany can be used to offer purchase for resale services to OEM customers who would prefer to not do business with the less than 50 small manufacturers in this important manufacturing center.

- Partnership — We will continue to develop and grow our customer relationships to include more strategic and longer term partnerships.
- Intellectual Property — We plan to continue to expand and develop our intellectual property portfolio, with a focus on both process and product patents. The development of proprietary Symmetry products which we can customize for multiple OEM customers creates an opportunity to drive increased revenue as well as improved gross margins. In 2013 we filed for 7 patents.
- Organizational Development — We continue to build an organization structure that is capable of delivering upon our strategic objectives of OEM supplier leadership, diversification, innovation and support business development.
- Engaged Employees — We frequently communicate with our employees to assure they have the right tools to do their jobs, are being developed properly and to further discover ways to make their employment more satisfying and fulfilling. We believe that through engaged employees we build satisfied customers.

In our OEM Solutions business, we completed five acquisitions during 2006 to 2008 for an aggregate purchase price of $119,307 which focused on enhancing our product offerings and business model. We have not completed any acquisitions since 2008 focused on our OEM Solutions business, but we do believe that the 2011 acquisitions of Olsen Medical and Codman's line of surgical instruments (for a total of $176,687) will provide a tangential benefit for OEM Solutions as described above. Our acquisitions have afforded us the opportunity to offer a comprehensive line of implants, surgical instruments and cases for orthopedic device manufacturers on a global basis, instruments and cases into other medical markets and specialized parts into the aerospace industry. Growth through acquisition is a significant part of our business strategy. We will continue to seek out acquisitions that bring us capabilities to pursue opportunities as an OEM solutions provider in adjacent medical device categories or to further strengthen our implant services offerings.

Symmetry Surgical

The reusable general surgical instruments market includes products common to operating rooms that enable clinicians to expose, grasp, cut, and clamp during surgery. The products are common to a wide range of surgical procedures including general surgery, neurosurgery, spine, arthroscopy, cardio vascular/thoracic, OB/Gyn, ENT, and ophthalmic. Products include table-mounted retractors, holders, scissors, clamps, forceps, dissectors, hemostats, speculums, vascular scissors, vascular forceps, needle holders, clamps, rib retractors, curettes, dissectors/elevators, nerve hooks, duralhooks, retractors, rongeurs, bone-cutting forceps, osteotomes, chisels, gouges, hand-held retractors, self-retaining retractors, spreaders, storage containers, and general disposables including suction tubes, skin markers, vein strippers, disposable towel clips, and lubricants.

Products are sold primarily to the tertiary hospital operating room environment, although increasingly growth is coming from a migration of site of care to ambulatory surgery centers and physician offices for select procedures. Management estimates that there are four large players in the global market with the balance being in hundreds of regional or specialty smaller companies. We expect that market growth will be driven by the following factors:

- Macro economics and demographics driving overall hospital procedural growth;
- Capital investment in new hospital and/or new operating room construction, especially in developing countries;
- Customer cost pressures increasing the use of reusable surgical instruments versus disposable; and
- Innovations that result in a reduction of labor required during surgery, decreased operating room times, or other reductions in cost to serve.

Symmetry Surgical competes in the reusable general surgical instruments segment of the medical device industry. We offer a range of general instrumentation, cases, and other general disposables manufactured by plants within Symmetry's OEM Solutions plants, as well as procured from smaller contract manufacturers and other smaller OEMs.

We believe that our well established customer relationships - based on total value, responsiveness, and training - with Group Purchasing Organizations, as well as hospital materials management, operating room directors, and clinicians has positioned us to drive growth. In the U.S. we sell through a combination of direct representatives and authorized dealers (who do not take title to the products) in specific geographies. Internationally, we sell through country specific distributors who take title and represent us in their respective local markets.

Over the past two years, Symmetry Surgical has undergone significant growth in its product offerings and market reach. During 2012 and 2013 we completed the integration of the Codman surgical instruments acquisition and Olsen Medical. This

included the establishment of a new global distribution center at our Nashville, TN headquarters, the implementation of a new ERP system for order to cash and supply chain processing for the acquired Codman surgical instrument products, the establishment of a global distributor network, the integration of an instrument quality and procurement facility in Tuttlingen, Germany, the integration of the Olsen Medical Louisville, KY instrument finishing and packaging facility, and the initiation of cross training our direct selling force in the United States. In 2013, we established a global supply chain and international customer service center in Schaffhausen, Switzerland as well as began the process of establishing country specific regulatory approval for those of our legacy products which were not historically sold outside the U.S. We also engaged in the education and training of our international distributor network and made our first Symmetry Surgical comprehensive catalog available to the U.S. and International markets.

Today, Symmetry Surgical provides several strategic benefits for our overall business, including increased revenue diversification, enhanced gross margin, a strategic instruments procurement capability in Tuttlingen, Germany, a strengthened intellectual property portfolio, and innovation driven by access to broader hospital market intelligence in additional surgical specialties. Our offering is one of the broadest and is a respected product portfolio in the market for general surgical instruments. This positions us well for future growth in our U.S. market share of the hospital direct business, as well as building on the strong international presence in 100+ countries.

While we will continue to evaluate acquisition candidates for Symmetry Surgical, we are conscious not to enter into product categories which could be considered competitive to our core OEM Solutions customers. While growth through acquisition will continue to be a part of our business strategy, we will focus our resources on execution of the Codman surgical instruments and Olsen acquisitions, innovation of new products, and market share gains to drive growth domestically and abroad.

During fiscal 2013, the combination of our two reportable segments sold products to approximately 5,100 customers. Our largest customer accounted for approximately 32.4% of our revenue in both fiscal 2013 and 2012. Our five largest customers collectively accounted for approximately 55.2% and 53.0% of our revenue in fiscal 2013 and fiscal 2012, respectively. Within each of our largest customers, we typically serve several product teams and facilities, which reduces our reliance on any single purchasing decision. Approximately 73.2%, 7.9%, 6.1% and 12.8%, respectively, of our revenue in fiscal 2013 and approximately 73.7%, 5.4%, 7.4% and 13.5%, respectively, of our revenue in fiscal 2012 was from sales to the U.S., Ireland, United Kingdom, and other foreign countries, respectively.

Our revenue from the sale of instruments, implants, cases and other products through our OEM Solutions segment represented 77.7% of our total revenue with each product category representing 36.1%, 34.3%, 21.7% and 7.9%, respectively, of our OEM Solutions revenue in fiscal 2013, compared with 38.0%, 33.6%, 19.3% and 9.1%, respectively, of our OEM Solutions revenue in fiscal 2012. Revenue from Symmetry Surgical represented 22.3% of our revenue in fiscal 2013 as compared to 26.1% in fiscal 2012.

Results of Operations

The following table summarizes our consolidated results of operations for each of the past three years. Our historical results are not necessarily indicative of the operating results that may be expected in the future.

	Fiscal Year Ended					
	2013		2012		2011	
	(in thousands)					
	Dollars	% of Revenue	Dollars	% of Revenue	Dollars	% of Revenue
Statement of Operations Data:						
Revenue	$399,992	100.0 %	$410,505	100.0 %	$359,046	100.0 %
Cost of revenue	297,936	74.5 %	301,449	73.4 %	287,897	80.2 %
Gross profit	102,056	25.5 %	109,056	26.6 %	71,149	19.8 %
Research and development expenses	4,572	1.1 %	4,152	1.0 %	4,040	1.1 %
Sales and marketing expenses	26,025	6.5 %	26,380	6.4 %	17,455	4.9 %
General and administrative expenses	46,294	11.6 %	44,857	10.9 %	37,163	10.4 %
Asset impairment	51,942	13.0 %	—	— %	1,529	0.4 %
Facility closure and severance costs	1,582	0.4 %	622	0.2 %	2,710	0.8 %
Operating income (loss)	(28,359)	(7.1)%	33,045	8.0 %	8,252	2.3 %
Other (income) expense:						
Interest expense	17,679	4.4 %	19,620	4.8 %	3,862	1.1 %
Loss on debt extinguishment	4,460	1.1 %	—	— %	—	— %
Derivatives valuation (gain) loss	242	0.1 %	(242)	(0.1)%	—	— %
Other	1,691	0.4 %	(102)	— %	400	0.1 %
Income (loss) before income taxes	(52,431)	(13.1)%	13,769	3.4 %	3,990	1.1 %
Income tax expense (benefit)	(16,633)	(4.2)%	4,642	1.1 %	1,098	0.3 %
Net income (loss)	$(35,798)	(8.9)%	$9,127	2.2 %	$2,892	0.8 %

Fiscal Year 2013 Compared to Fiscal Year 2012

Revenue. Revenue for fiscal 2013 decreased $10,513, or 2.6%, to $399,992 from $410,505 for the comparable 2012 period. Revenue for each of our segments and principal product categories in these periods was as follows:

	Fiscal Year Ended			
Sales by product	2013	2012	Dollar Change	Percent Change
OEM Solutions Revenue				
Instruments	$112,198	$115,154	$(2,956)	(2.6)%
Implants	106,729	101,957	4,772	4.7 %
Cases	67,352	58,545	8,807	15.0 %
Other	24,454	27,609	(3,155)	(11.4)%
Total OEM Solutions Revenue	310,733	303,265	7,468	2.5 %
Total Symmetry Surgical Revenue	89,259	107,240	(17,981)	(16.8)%
Total Revenue	$399,992	$410,505	$(10,513)	(2.6)%

The $7,468 increase in OEM Solutions revenue resulted from increased customer demand within our implants and cases product lines, partially offset by decreased demand in our instrument and other product lines. Overall, we experienced increased revenue of 6.2% from our five largest OEM customers. OEM Solutions Instrument revenue decreased $2,956 due to a 4.0% decrease from our five largest OEM customers partially offset by higher demand from other medical customers. OEM Solutions Implant revenue increased $4,772 driven by increased customer consumption demand, timing of stocking orders and

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inventory adjustments at our customers, as well as favorable foreign currency exchange rate fluctuations of $246. Case revenue increased $8,807 due primarily to higher capital spending by our customers to support launch volumes as well as favorable foreign currency exchange rate fluctuations of $466. OEM Solutions Other product revenue decreased $3,155 driven by a lack of manufacturing output at the Corporation's Clamonta Ltd. subsidiary, as well as unfavorable foreign currency exchange rate fluctuations of $234.

The $17,981 decrease in Symmetry Surgical revenue in fiscal 2013 as compared to 2012 was primarily tied to a decline in sales of products that were acquired in a late 2011 acquisition from Johnson & Johnson (“J&J”) and migrated from a transition services agreement with J&J in the third and fourth quarter of 2012 and in the first half of 2013 which resulted in lost market share during the disruption. In the U.S. sales decreased $13,220 primarily due to former J&J customers having to change their internal ordering procedures which caused multiple customers to review products, price, brands and competitors offerings resulting in lower 2013 revenue. Additionally, one customer had a one-time end of year stocking order of $2,926 in December 2012 which did not repeat in 2013. Outside the U.S. sales weakness of $4,761 resulted from the need to transition the business from J&J affiliates to Symmetry Surgical distributors. The transition required a lengthy regulatory authorization transfer process from J&J to Symmetry Surgical, together with local market ineffectiveness caused a decline in revenue.

Gross Profit. Gross profit for fiscal 2013 decreased $7,000, or 6.4%, to $102,056 from $109,056 for the comparable 2012 period. Gross margin as a percentage of revenue decreased 1.1%, to 25.5% for 2013 from 26.6% for the comparable 2012 period.

	Fiscal Year 2013	
	Dollars	As a % of Revenue
2012 period reported gross profit	$109,056	26.6 %
Change in organic revenue and mix	(4,778)	(0.5)%
Foreign currency impact	141	— %
Manufacturing costs and other	(2,363)	(0.6)%
2013 period reported gross profit	$102,056	25.5 %

Gross margin was impacted by a lower percentage of revenue from our higher margin Symmetry Surgical segment as compared to the same period last year, along with gross margin pressure in the OEM Solutions segment due to a lack of manufacturing output at the Clamonta Ltd. subsidiary, resulting in significantly higher expenses in our attempt to deliver product to the customer. In addition, the lower volume in the instruments product line and the fire at the Sheffield, U.K. manufacturing plant impacted our ability to leverage our fixed costs. These unfavorable factors were partially offset by the efficiencies resulting from the increased revenue within the implant and cases product lines and our ability to leverage our fixed costs at the facilities, while also realizing the impacts of lean initiatives.

Research and Development Expenses. For fiscal 2013, research and development expenses increased $420 or 10.1% to $4,572 from $4,152 in the comparable period in 2012, primarily due to incremental projects and increased project expense, offset by a reduction in costs associated with maintaining patents.

Sales and Marketing Expenses. For fiscal 2013, sales and marketing expenses decreased $355 or 1.3% to $26,025 from $26,380 in the comparable period in 2012, primarily due to tight cost control on discretionary expenses partially offset by $633 incremental expenses incurred for publication and distribution of the updated and comprehensive Symmetry Surgical catalog.

General and Administrative Expenses. For fiscal 2013, general and administrative expenses increased $1,437 or 3.2%, to $46,294 from $44,857 in the comparable period in 2012. Significant items that impacted general and administrative expenses included:

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	Fiscal Year 2013		
	Dollars	As a % of Revenue	
2012 period reported General &Administrative expenses	$44,857	10.9	%
Symmetry Surgical infrastructure additional costs	2,172		
Changes in employee compensation and benefit costs paid in cash	2,677		
Change in amortization of intangible assets	(800)		
Medical device excise tax expense	844		
Management transition expenses	(231)		
Change in stock compensation	(1,310)		
Other	(1,915)		
2013 period reported General & Administrative expenses	$46,294	11.6	%

During 2013, we incurred increased costs for salaries, technology and professional fees associated with increased infrastructure to support the Symmetry Surgical segment. Employee compensation and benefit costs paid in cash increased due to an increase in self-insurance medical claims incurred during 2013 under the Corporation's U.S. based medical plan. The full year impact of the medical device excise tax resulted in an increase of $844. These increases were partially offset by a reduction in performance-based stock compensation expense, amortization expense, management transition expenses, acquisition related costs, and cash bonus expense.

Asset Impairment. During fiscal 2013, we recorded a pre-tax non-cash charge in the amount of $51,942. This amount included $31,837 related to the OEM Solutions segment and $20,105 related to the Symmetry Surgical segment. The impairment in OEM Solutions is driven primarily by our reduced outlook on revenues and profitability related to instrument production for future customer expenditures for product launches and instrument replenishment as well as operational issues at the Clamonta, Ltd. subsidiary, which services the Aerospace industry. The impairment in Symmetry Surgical is driven primarily by lower revenue due to previously disclosed integration challenges related to the 2011 acquisition of Codman surgical instruments business, which we have not recovered from as quickly as previously expected.

Facility Closure and Severance Costs. Results of Operations include pre-tax charges of $1,582 and $622 for fiscal 2013 and 2012, respectively. As of December 28, 2013, severance accruals related to these cost reduction actions totaled $361 and were included in other accrued liabilities in the consolidated balance sheets.

Operating Income (loss). On a consolidated basis, operating income (loss) decreased $61,404, or 185.8% for fiscal 2013 as compared to Fiscal 2012 due to a decline in OEM Solutions operating income of $29,133 and Symmetry Surgical operating income of $33,342 offset by a reduced Unallocated loss of $1,071. Operating income (loss) for each of our segments in these periods was as follows:

	OEM Solutions		Symmetry Surgical		Unallocated		Consolidated Total	
	Dollars	As a % of Revenue	Dollars	As a % of Revenue	Dollars	As a % of Revenue	Dollars	As a % of Revenue
2012 period reported operating income (loss)	$25,792	8.2 %	$18,226	16.9 %	$(10,973)	106.8 %	$33,045	8.0 %
Impact of gross profit and SG&A	2,626	0.8 %	(12,581)	(10.6)%	1,453	67.8 %	(8,502)	(1.9)%
Asset impairment	(31,837)	(10.1)%	(20,105)	(22.5)%	—	— %	(51,942)	(13.0)%
Facility closure and severance	78	— %	(656)	(0.7)%	(382)	7.0 %	(960)	(0.2)%

2013 period reported operating income (loss)	$(3,341)	(1.1)%	$(15,116)	(16.9)%	$(9,902)	181.6 %	$(28,359)	(7.1)%

OEM Solutions operating income declined by $29,133 and was (1.1)% of segment revenue in the 2013 period as compared to 8.2% in the prior year period due to a $31,837 asset impairment charge, partially offset by increases in revenue and gross margin and reduced impacts of facility closure and severance costs. Symmetry Surgical operating income decreased by $33,342 and was (16.9)% of segment revenue in the 2013 period as compared to 16.9% in 2012 primarily due to a $20,105 asset impairment charge, a reduction in revenue as discussed above, and increased infrastructure expenses. The decrease in Unallocated operating costs is primarily related to reduced acquisition related costs, lower performance based stock compensation expense and cash bonus expense partially offset by higher employee self-insurance medical claims incurred during 2013 under the Corporation's U.S. based self-funded medical plan.

Other (Income) Expense. Interest expense for fiscal 2013 decreased $1,941, or 9.9%, to $17,679 from $19,620 for the comparable period in 2012. This decrease is mostly attributable to the decrease in debt outstanding by $39,713 as compared to 2012.

During fiscal 2013, we fully repaid our subordinated debt arrangements that were scheduled to mature in December 2017, resulting in a loss on debt extinguishment of $4,460.

Derivatives valuation consists of foreign currency forward contracts which were used to mitigate the effect of changes in the foreign exchange rates on net income. As of December 28, 2013, we had settled all of our outstanding forward swap contracts. We recorded a loss of $242 for fiscal 2013 as compared to a gain of $242 for the comparable period in 2012, which is a result of fluctuation in the Euro versus the US Dollar.

Other income for the periods ended December 28, 2013 and December 29, 2012 represents foreign currency exchange rate fluctuations on transactions denominated in foreign currencies.

Income Tax Expense. Our effective tax rate was a benefit of 31.7% for fiscal 2013 as compared to an expense of 33.7% for fiscal 2012. Provision for income taxes decreased by $21,275, or 458.3%, to $(16,633) for fiscal 2013 from $4,642 in fiscal 2012, primarily due to a $66,200 decrease in pre-tax income. The rate differs from the U.S. Federal statutory rate primarily due to $6,581 impact of the non-deductible goodwill impairment, which was partially offset by net reductions to uncertain tax benefits, primarily due to the expiration of the statute of limitations, which had a $4,908 net impact.

Fiscal Year 2012 Compared to Fiscal Year 2011

Revenue. Revenue for fiscal 2012 increased $51,459 or 14.3% to $410,505 from $359,046 in fiscal 2011. Revenue for each of our segments and principal product categories in these periods was as follows:

	Fiscal Year Ended			
Sales by product	2012	2011	Dollar Change	Percent Change
OEM Solutions Revenue				
Instruments	$115,154	$115,271	$(117)	(0.1)%
Implants	101,957	103,328	(1,371)	(1.3)%
Cases	58,545	75,847	(17,302)	(22.8)%
Other	27,609	25,101	2,508	10.0 %
Total OEM Solutions Revenue	303,265	319,547	(16,282)	(5.1)%
Total Symmetry Surgical Revenue	107,240	39,499	67,741	171.5 %
Total Revenue	$410,505	$359,046	$51,459	14.3 %

The $16,282 decrease in OEM Solutions revenue resulted from decreased customer demand within our instruments, implants and cases product lines, in addition to unfavorable foreign currency exchange rate fluctuations which had an impact of $3,674. These reductions were partially offset by increased customer demand within our Other product line. Overall, we experienced reduced revenues of 5.3% from our five largest OEM customers which drove the decrease in revenue. OEM Solutions Instrument revenue remained consistent with 2011; however, revenues from our five largest OEM customers decreased 1.5% related to fewer and smaller customer launches, as well as unfavorable foreign currency fluctuation of $374. These reductions were offset by increased demand from other customers. OEM Solutions Implant revenue decreased $1,371 driven by unfavorable foreign currency exchange rate fluctuations of $1,585 and decreased revenue from our five largest OEM customers of $1,113 offset by increased demand from other customers. Case revenue decreased $17,302 due primarily to lower revenue from our five largest OEM customers of $10,833 associated with fewer and smaller customer launches. Additionally, the decrease was driven by $5,010 lower customer demand in other medical industries and unfavorable foreign currency exchange rate fluctuations of $1,459.

Increase in our OEM Solution Other product revenue was driven by increased customer demand for aerospace products, which was partially offset by unfavorable foreign currency exchange rate fluctuations of $256.

The $67,741 increase in Symmetry Surgical revenue in fiscal 2012 as compared to 2011 was primarily the result of the acquisition of Codman surgical instruments in December 2011 and Olsen Medical in August 2011, which added $59,758 of revenue in 2012 compared to the same period 2011. Excluding the contributions of the acquired businesses and the impact of a large, one-time end of year stocking order of $2,926, revenue increased $5,057 due to broader product offerings and additional direct sales representation as compared to the prior year period.

Gross Profit. Gross profit for fiscal 2012 increased $37,907, or 53.3%, to $109,056 from $71,149 in fiscal 2011. Gross margin as a percent of revenue increased 6.8% to 26.6% for 2012 from 19.8% for the comparable 2011 period.

	Fiscal Year 2012		
	Dollars	As a % of Revenue	
2011 period reported gross profit	$71,149	19.8	%
Change in organic revenue and mix	(917)	—	%
Impact of acquisitions	37,769	6.3	%
Foreign currency impact	(697)	—	%
Manufacturing costs and other	1,752	0.5	%
2012 period reported gross profit	$109,056	26.6	%

Our gross profit was favorably impacted by $37,769 due to the acquisitions of Olsen Medical and Codman surgical instruments within our Symmetry Surgical segment. Olsen Medical was acquired during third quarter 2011 and therefore contributed slightly to gross profit in the prior year period. The Codman surgical instruments business was acquired December 29, 2011, therefore did not contribute to gross profit in the prior year period. Excluding the impact of newly acquired businesses and the change in foreign exchange rates, organic revenue declined by $4,625 which adversely impacted gross profit by approximately $917. Offsetting these reductions were improved manufacturing efficiencies driven by lower scrap and consumables as well as improvements resulting from the implementation of the Symmetry Business System.

Research and Development Expenses. For fiscal 2012, research and development expenses remained relatively flat to the comparable period in 2011.

Sales and Marketing Expenses. For fiscal 2012, sales and marketing expenses increased $8,925 or 51.1%, to $26,380 from $17,455 in the comparable period in 2011. Significant items which impacted sales and marketing expenses included:

	Fiscal Year 2012		
	Dollars	As a % of Revenue	
2011 period reported Sales & Marketing expenses	$17,455	4.9	%
Impact of acquisitions	10,578		
Foreign currency impact	(103)		
Other	(1,550)		
2012 period reported Sales & Marketing expenses	26,380	6.4	%

The impact of acquisitions reflects higher costs from the acquisitions of Olsen Medical and Codman surgical instruments business, primarily related to employee compensation in our Symmetry Surgical segment.

General and Administrative Expenses. For fiscal 2012, general and administrative expenses increased $7,694 or 20.7%, to $44,857 from $37,163 in the comparable period in 2011. Significant items which impacted general and administrative expenses included:

	Fiscal Year 2012		
	Dollars	As a % of Revenue	
2011 period reported General &Administrative expenses	$37,163	10.4	%
Impact due to acquired businesses	4,009		
Change in amortization of intangible assets	5,156		
Management transition expenses	(3,444)		
Change in stock compensation	3,038		
Foreign currency impact	(157)		
Other	(908)		
2012 period reported General & Administrative expenses	44,857	10.9	%

The impact due to acquired businesses reflects higher costs from the acquisitions of Olsen Medical and Codman primarily related to higher employee compensation in our Symmetry Surgical segment. Additionally, intangible assets were acquired with both Olsen Medical and Codman which resulted in an increase of amortization expense. Stock compensation increased during 2012 due to performance based restricted stock awarded in 2012. Management transition expenses, which primarily consist of stock and incentive compensation, of $3,676 were incurred in the 2011 period related to the appointment of our new CEO as compared with $232 incurred in 2012.

Facility Closure and Severance Costs. Results of operations for fiscal 2012 and 2011 include charges of $622 and $2,710, respectively, associated with employee cost reduction and efficiency actions. In fiscal 2012 and 2011, these charges were comprised entirely of severance costs. As of December 29, 2012 and December 31, 2011, severance accruals related to these cost reduction and efficiency actions totaled $177 and $605, respectively.

Operating Income (loss). On a consolidated basis, operating income (loss) increased $24,793, or 300.4% during fiscal year 2012 as compared to fiscal 2011 due to an increase in Symmetry Surgical operating income of $19,001, an increase OEM Solutions operating income of $2,609 as well as a decline in Unallocated costs of $3,183. Operating income (loss) for each of our segments in these periods was as follows:

	OEM Solutions		Symmetry Surgical		Unallocated		Consolidated Total	
	Dollars	As a % of Revenue	Dollars	As a % of Revenue	Dollars	As a % of Revenue	Dollars	As a % of Revenue
2011 period reported operating income (loss)	$23,183	7.1 %	$(775)	(1.9)%	$(14,156)	186.7 %	$8,252	2.3 %
Impact of gross profit and SG&A	1,271	0.7 %	19,196	19.0 %	2,238	(70.7)%	22,705	5.2 %
Facility closure and severance	1,338	0.4 %	(195)	(0.2)%	945	(9.2)%	2,088	0.5 %
2012 period reported operating income (loss)	$25,792	8.2 %	$18,226	16.9 %	$(10,973)	106.8 %	$33,045	8.0 %

Symmetry Surgical operating income increased by $19,001 and was 16.9% of segment revenue in the 2012 period as compared to negative contribution in the prior year. The year over year increase was primarily due to the acquisitions of Olsen Medical and Codman as discussed previously offset by increased allocations of $1,205. OEM Solutions operating income improved by $2,609 and was 8.2% of segment revenue in the 2012 period as compared to 7.1% in the prior year period due to improvements in gross margin and the lower impact of facility closure and severance costs and the impact of increased allocations of $718. The decline in the Unallocated operating loss is related primarily to the reduction in management transition expenses of $3,444 associated with the appointment of our new CEO in 2011 and the increase in costs allocated to the segments as noted above.

Other (Income) Expense. Interest expense for fiscal 2012 increased $15,758, or 408.0%, to $19,620 from $3,862 in fiscal 2011. This increase is attributable to the increase in debt of $176,687 related to acquisitions of Olsen Medical in August and Codman surgical instruments in December 2011, of which the Term Notes bear interest at 14%. Additionally, our applicable margin applied to variable rate debt increased by 150 basis points due to our increased leverage ratio associated with our 2011 acquisitions.

The derivatives valuation gain consists of foreign currency forward contracts entered into which are used to mitigate the effect of changes in the foreign exchange rates on net income. We recorded a gain of $242 in fiscal 2012, which is a result of fluctuation in the Euro versus the US Dollar.

Other income for the period ended December 29, 2012 and December 31, 2011 represents foreign currency exchange rate

fluctuations on transactions denominated in foreign currencies.

Income Tax Expense. Our effective tax rate in fiscal year 2012 was 33.7% compared to 27.5% in fiscal 2011. This rate is lower than the U.S. Federal statutory rate primarily due to the favorable impact of foreign income taxes where the statutory tax rates are lower than the Federal statutory rate.

Liquidity and Capital Resources

Liquidity

Our principal sources of liquidity in fiscal 2013 were cash generated from operations and borrowings under our Amended Credit Agreement. Principal uses of cash in fiscal 2013 included debt service and capital expenditures. We expect that our principal uses of cash in the future will be to service debt, to pay for capital expenditures, to finance working capital, and to fund possible future acquisitions.

We believe our cash resources will permit us to stay committed to our strategic plan of serving the orthopedic market and expanding into other medical device segments and growing the business. The following table summarizes our primary sources and uses of cash in the periods presented:

	Fiscal Year Ended		
	2013	2012	2011
Net Cash Flow provided by (used in):			
Operating activities	46,189	62,690	20,961
Investing activities	(9,362)	(10,343)	(190,174)
Financing activities	(40,249)	(61,705)	173,269
Effect of exchange rate changes on cash and cash equivalents	969	242	(192)
Net increase (decrease) in cash and cash equivalents	(2,453)	(9,116)	3,864

Operating Activities. Operating activities generated cash of $46,189 in fiscal 2013 compared to $62,690 for fiscal 2012, a decrease of $16,501. The decrease in cash from operations is primarily a result of a reduction in net cash provided by working capital and net income. Net cash provided by working capital for fiscal 2013 was $8,398 lower than the comparable 2012 period. Aggregate adjustments for other operating activities positively impacted operating cash flows by $69,606, a $36,822 increase from the comparable prior year period, primarily due to an asset impairment charge of $51,942 as well as fluctuations in foreign currency of $1,768 and the non-cash loss on debt extinguishment of $1,766 offset by a decrease in our deferred income tax provision of $15,069, a decrease of $2,670 in our interest paid in kind and a decrease in stock based compensation of $1,310.

Investing Activities. Capital expenditures of $10,188 were $569 lower in fiscal 2013 compared to fiscal 2012.

Financing Activities. Financing activities used $40,249 of cash in fiscal 2013 compared to a usage of $61,705 in fiscal 2012. This decrease in cash used by financing activities is due primarily to a $115,438 increase in net borrowings on the revolving credit agreement and short term borrowings, associated with the payoff of our senior subordinated term notes and payments made on our bank term loans, partially offset by increases in net payments of $92,128 on bank term loans, capital lease obligations and the full payoff of our senior subordinated term notes, as well as the payment for debt issuance costs of $586.

Capital Expenditures

Capital expenditures totaled $10,188 for fiscal 2013, compared to $10,757 for fiscal 2012. Fiscal 2013 spending was primarily for replacement of existing equipment, customer specific capacity additions and investment in information

technology. Capital expenditures totaled $10,757 in fiscal 2012, compared to $13,666 in fiscal 2011. Fiscal 2012 capital spending was on manufacturing equipment for increased automation and replacement of existing equipment, as well as software costs associated with our Symmetry Surgical Epicor multi-plant system implementation.

Debt and Credit Facilities

The Corporation’s Amended Credit Agreement, which is senior and secured, currently provides for a $200,000 revolving line of credit (Bank Revolver) and a $50,000 bank term loan (Bank Term Loan). The Amended Credit Agreement also includes an accordion feature, which permits us to borrow up to an additional $50,000 in the form of additional term loans or an increase in the Bank Revolver subject to the terms and conditions set forth in the Amended Credit Agreement. Borrowings under the Amended Credit Agreement bear interest at a rate per annum based upon LIBOR, the Federal Funds rate or the Lenders' prime rate, in each case plus an applicable margin, at the Corporation's option. The Bank Term Loan is to be repaid in quarterly installments of $2,778, may be prepaid, in whole or in part, at the option of the Corporation, and is required to be prepaid using all or a portion of the net cash proceeds of certain asset sales, recovery events, and issuances of new debt or equity and, depending on the Corporation's Total Leverage Ratio (as defined in the Amended Credit Agreement), using a portion of the Corporation's Excess Cash Flow (as defined in the Amended Credit Agreement) (the "Excess Cash Flow Prepayment"). The Excess Cash Flow Prepayment is required to be made within 90 days of the end of the fiscal year in which the Excess Cash Flow is generated. As of December 28, 2013, the Excess Cash Flow calculation will require the Corporation to prepay the bank term loan payable in full prior to March 29, 2014. The payment will be made with capacity on the Bank Revolver. The Bank Revolver matures on November 3, 2015 and the Bank Term Loan matures on December 31, 2016.

As of December 28, 2013, we had an aggregate of $173,420 of outstanding indebtedness, which consisted of $155,000 of borrowings on our Bank Revolver; $16,981 of borrowings on a Bank Term Loan; and $1,439 of capital lease obligations. We had one outstanding letter of credit as of December 28, 2013, in the amount of $100.

The Amended Credit Agreement contains various financial covenants, including covenants imposing a maximum ratio of total debt to EBITDA (as defined in the Amended Credit Agreement) and prescribing a minimum ratio of EBITDA to fixed charges (as defined in the Amended Credit Agreement). The Amended Credit Agreement also contains covenants restricting certain corporate actions, including asset dispositions, acquisitions, payment of dividends and certain other restricted payments, changes of control, incurring indebtedness, incurring liens, making loans and investments and transactions with affiliates. The Amended Credit Agreement is secured by substantially all of the assets of the Corporation (and its U.S. subsidiaries) and also contains customary events of default.

On December 27, 2013, the Corporation amended its Amended Credit Agreement to allow for the prepayment of the senior subordinated term notes (referred to as "Term Notes" or "Mezzanine Debt") and to modify certain financial covenants. In connection with the amendment, the Corporation paid off the outstanding principal and interest of the Term Notes that were to mature on December 29, 2017. The outstanding principal balance of the Term Notes bore interest at a rate of 14% per annum.

As of December 28, 2013, the most restrictive financial covenants per the Corporation’s lending arrangements included the debt to EBITDA covenant ratio to be less than 4.00:1. The Corporation's ratio was approximately 3.13:1. The minimum interest coverage ratio is required to be greater than 1.25:1, and the Corporation's ratio at December 28, 2013 was approximately 1.52:1. The Corporation was in compliance with all covenants as of December 28, 2013. The debt to EBITDA covenant will become more restrictive throughout 2014, which will be required to be less than 3.50:1.0, as of January 3, 2015. We intend to closely monitor our revenues, cost of revenues and selling, general and administrative expenses to manage our ability to meet our debt covenant requirements.

We believe that cash flow from operating activities and borrowings on our Bank Revolver will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for the foreseeable future, including at least the next twelve months.

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Contractual Obligations and Commercial Commitments

The following table reflects our contractual obligations as of December 28, 2013:

	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Long-term debt obligations					
Bank revolver[1]	$155,000	$—	$155,000	$—	$—
Bank term loan[2]	16,981	16,981	—	—	—
Capital lease obligations	2,471	897	1,574	—	—
Operating lease obligations	6,215	2,580	3,124	511	—
Employee benefit pension obligations [3]	748	—	—	—	748
Purchase obligations[4]	7,876	7,876	—	—	—
Total	$189,291	$28,334	$159,698	$511	$748

(1) Represents principal maturities only and, therefore, excludes the effects of interest which is due quarterly based on outstanding borrowings. There are no scheduled principal payments for our Bank Revolver prior to maturity. Borrowings under the Bank Revolver bear interest at a variable rate based on the London Interbank Offer Rate (LIBOR) or a base rate determined by the lender's prime rate plus an applicable margin, as defined in the Amended Credit Agreement. The applicable margin for borrowings under the Amended Credit Agreement ranges from 0.75% to 2.75% for base rate borrowings and 1.75% to 3.75% for LIBOR borrowings, subject to adjustment based on the average availability under the Bank Revolver.

(2) Represents principal maturities only and, therefore excludes the effects of interest. As required by the Amended Credit Agreement, the Corporation will be required to make an Excess Cash Flow Prepayment which will reduce the Bank Term Loan balance to zero with borrowings under the Corporation's Bank Revolver within 90 days of December 28, 2013.

(3) Represents benefit liability related to the one sponsored defined benefit pension plan for the benefit of its employees at its German subsidiary. There are no significant benefits under the plan which are expected to be paid within the next 10 years.

(4) For the purposes of this table, contractual obligations for purchases of goods or services are defined as agreements that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities, fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase orders are normally based on our current manufacturing needs and are fulfilled by our vendors within a short time. We enter into blank orders with vendors that have preferred pricing terms; however, these orders are normally cancelable by us without penalty. Amounts predominantly represent purchase agreements to buy minimum quantities of cobalt chrome, nickel and titanium through December 2014.

This table does not include liabilities for unrecognized tax benefits of $2.0 million as reasonable estimates could not be made regarding the timing of future cash outflows associated with those liabilities.

We hold certain property and equipment pursuant to capital leases. As of December 28, 2013, these leases have future minimum lease payments of $897, $897, and $677 in each of the next 3 fiscal years and nil thereafter.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements include our operating leases and letter of credit, which are available under the Amended Credit Agreement. We had one letter of credit outstanding as of December 28, 2013 in the amount of $100.

Environmental

Our facilities and operations are subject to extensive federal, state, local and foreign environmental and occupational health and safety laws and regulations. These laws and regulations govern, among other things, air emissions; wastewater discharges; the

generation, storage, handling, use and transportation of hazardous materials; the handling and disposal of hazardous wastes; the cleanup of contamination; and the health and safety of our employees. Under such laws and regulations, we are required to obtain permits from governmental authorities for some of our operations. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. We could also be held responsible for costs and damages arising from any contamination at our past or present facilities or at third-party waste disposal sites. We cannot completely eliminate the risk of contamination or injury resulting from hazardous materials, and we may incur material liability as a result of any contamination or injury.

We incurred minimal capital expenditures specifically for environmental compliance and health and safety in 2013 and 2012. The fire in our Acid Shop at our Sheffield, U.K. manufacturing plant did not result in any environmental impact or damages, either on site or in the adjacent community. The total destruction of the Acid Shop has resulted in the construction of both a temporary Acid Shop on site as well as a new permanent facility which will be completed in 2014. It is expected that this construction, while covered by insurance, will result in the expenditure of capital for environmental compliance as part of good building practices.

In connection with past acquisitions, we completed Phase I environmental assessments and did not find any significant issues that we believe needed to be remediated. Based on information currently available, we do not believe that we have any material environmental liabilities. We cannot be certain, however, that environmental issues will not be discovered or arise in the future related to these acquisitions or existing facilities.

Based on information currently available, we do not believe that we have any material environmental liabilities.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the periods presented. On an ongoing basis, we evaluate these estimates. We base our estimates on historical experiences and assumptions believed to be reasonable under the circumstances. Those estimates form the basis for our judgments that affect the amounts reported in the consolidated statements. Actual results could differ from our estimates under different assumptions or conditions. Our significant accounting policies, which may be affected by our estimates and assumptions, are more fully described in Note 2 to our consolidated financial statement that appear elsewhere in this Form 10-K.

Revenue Recognition. We recognize revenue on orders received from customers when there is persuasive evidence of an arrangement with the customer that is supportive of revenue recognition, the customer has made a fixed commitment to purchase the product for a fixed or determinable sales price, collection is reasonably assured under our normal billing and credit terms, and ownership and all risks of loss have been transferred to the buyer, which is normally upon shipment. In certain circumstances, customer terms require receipt of product prior to the transfer of the risk of ownership. In such circumstances, revenue is not recognized upon shipment, but rather upon confirmation of delivery. For product sales to distributors, the Corporation recognizes revenue upon shipment to the distributor under standard contract terms stating that title to the goods passes to the distributors at point of shipment to the distributor’s location. All shipments to distributors are at contract prices and payment is not contingent upon resale of the product. Estimated discounts, rebates, product returns and credits are recorded as a reduction of revenue in the same period revenue is recognized.

Inventories. Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market (net realizable value). Costs include material, labor and manufacturing overhead costs. We review our inventory balances quarterly for excess products or obsolete inventory levels and write down, if necessary, the inventory to net

realizable value.

Definite-Lived Long-Lived Assets. We assess the impairment of definite lived long-lived assets when circumstances indicate the carrying value of an asset may not be recoverable based on the undiscounted future cash flows of an asset. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, undiscounted cash flows, or external appraisals, as applicable. We review long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Intangible assets subject to amortization consist of technology, certain trademarks and non-compete intangible assets which are amortized using the straight-line method, as well as customer related intangible assets which are amortized on an accelerated method. All of the Corporation’s intangible definite-lived assets were acquired in connection with our various acquisitions. The Corporation is required to reassess the expected useful lives of existing definite-lived assets annually. Impairment charges were recorded at one of our reporting units in 2013 related to customer relationships and trademarks of

$1,403 and $953, respectively. We reviewed all other definite-lived long-lived assets and have not recorded any impairment related to the remaining assets for fiscal 2013, 2012 or 2011.

Goodwill and Other Indefinite-Lived Assets. We test goodwill and other indefinite-lived assets for impairment annually on the first day of the fourth fiscal quarter and more frequently if circumstances warrant. We determine fair values for each of the reporting units using an income approach. When available and appropriate, we use comparative market multiples to corroborate discounted cash flow results. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for each reporting unit. Actual results may differ from those assumed in our forecasts. We derive our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 12.4% to 15.7%. Valuations using the market approach reflect prices and other relevant observable information generated by market transactions involving comparable businesses. Compared to the market approach, the income approach more closely aligns each reporting unit valuation to our business profile, including geographic markets served and product offerings. Required rates of return, along with uncertainty inherent in the forecasts of future cash flows, are reflected in the selection of the discount rate.

We conducted our annual impairment test for our various reporting units, and recorded an impairment charge of $51,942 related to three of our reporting units in 2013. The fair value of two of our reporting units that were not impaired and that contained total goodwill of $119,185 exceeded carrying value by 3% and 5%, respectively, for fiscal 2013. An impairment charge was recorded in 2013 related to one reporting unit which did not result in the full impairment of goodwill. Subsequent to the impairment, goodwill on this one reporting unit of $62,993 was recorded on the consolidated balance sheet. Revenue growth rates assumed for these reporting units were approximately 1-6% in 2014 and beyond. These growth rates are driven by new product launches as well as further integration of acquisitions and recapturing market share. A significant decline in our revenue and earnings or a significant decline in the price of common stock could result in an impairment charge in the future.

Intangible assets with an indefinite life are not amortized but are subject to review each reporting period to determine whether events and circumstances continue to support an indefinite useful life as well as an annual impairment test. In connection with our annual impairment test, we recognized an impairment charge at one of our reporting units in 2013 related to certain trademarks and in-process research and development of $1,245 and $610, respectively, as the carrying values of these assets exceeded the associated cash flows. During fiscal 2011, in connection with the Codman acquisition in December 2011, we elected to discontinue use of the SSI tradename and renamed the hospital direct business Symmetry Surgical. This resulted in the full impairment of the SSI trademark of $1,529 in 2011. We reviewed all other intangible assets and have not recorded any impairment related to the remaining assets for fiscal 2013, 2012 or fiscal 2011.

The assessment of the recoverability of long-lived assets reflects management’s assumptions and estimates. Factors that management must estimate when performing impairment tests include sales volume, prices, inflation, discount rates, exchange rates, tax rates and capital spending. Significant management judgment is involved in estimating these factors, and they include inherent uncertainties. Measurement of the recoverability of these assets is dependent upon the accuracy of the assumptions used in making these estimates, as well as how the estimates compare to the eventual future operating performance of the specific reporting unit to which the assets are attributed. Changes in these estimates could change our conclusion regarding the impairment of goodwill or other intangible assets and potentially result in a non-cash impairment in the future period.

Stock-Based Compensation. We measure stock-based compensation cost at the grant date based on the estimated fair value of the award. Compensation cost for service-based awards is recognized ratably over the applicable service period. Compensation cost for performance-based awards is reassessed each period and recognized based upon the probability that the performance targets will be achieved. For restricted stock subject to service conditions or with performance targets, the fair market value of the award is determined based upon the closing value of the Corporation's stock price on the grant date and the amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. We estimate forfeitures at the time of grant by analyzing historical data and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. For restricted stock with service conditions or with performance targets, the total expense recognized for each grant is only for those awards that ultimately vest. We also grant restricted stock which vest upon achieving certain market conditions and the grant date fair values for these awards were estimated based upon the results of a Monte Carlo model, and the resulting expense will be recorded regardless of whether the market conditions are achieved. Compensation expense for restricted stock awards with market conditions is not recorded if the employee is no longer an employee of the Corporation. For stock options, the fair market value is determined using the Black-Scholes Option Pricing Model. We are required to make certain assumptions with respect to selected Black Scholes model inputs, including expected volatility, expected life, expected dividend yield and the risk-free interest rate. Expected volatility is

based on the historical volatility of our stock over the most recent period commensurate with the estimated expected life of the stock options. The expected life of stock options granted, which represents the period of time that the stock options are expected to be outstanding, is based on “simplified method” using the midpoint of the vesting and expiration period of each grant, due to the limited historical data. The expected dividend yield is based on our history and expectation of dividend payouts. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period commensurate with the estimated expected life. Refer to Note 14 for additional information on our compensation plans.

Income Taxes. The consolidated financial statements of the Corporation have been prepared using the asset and liability method in accounting for income taxes, which requires the recognition of deferred income taxes for the expected future tax consequences of net operating losses, credits, and temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Differences between the anticipated and actual outcomes of these future tax consequences could have a material impact on our consolidated results of operations or financial position. Additionally, we use tax planning strategies as part of our global tax compliance program. Judgments and interpretation of statutes are inherent in this process. The Corporation provides related valuation reserves, where applicable, in accounting for uncertain tax positions. Interest and penalties associated with reserves for uncertain tax positions are classified in income tax expense in the consolidated statements of operations.

Impact of Recently Issued and Adopted Accounting Standards
Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income: In February 2013, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("ASU") 2013-2, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, ("ASU 2013-2"). ASU 2013-2 requires entities to report either on the statement of operations or disclose in the footnotes to the consolidated financial statements the effects on earnings from items that are reclassified out of comprehensive income. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-2 is effective prospectively for the first reporting period after December 15, 2012 with early adoption permitted. The adoption of ASU 2013-2 did not have an impact on our consolidated financial position, results of operations or cash flows as it only enhances disclosures.

Technical Corrections and Improvements: In October 2012, the Financial Accounting Standards Board (“FASB”), issued Accounting Standards Update (“ASU”) 2012-4, Technical Corrections and Improvements (“ASU 2012-4”), which covers a wide range of topics in the Accounting Standards Codification. These amendments include technical corrections and improvements to the Accounting Standards Codification and confirming amendments related to fair value measurements. ASU 2012-4 is effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-4 did not have an impact on our consolidated financial position, results of operations or cash flows as the Standard only clarified existing Codification.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk
We are exposed to market risk from fluctuations in interest rates. Historically, we have managed our interest rate risk by balancing the amount of our fixed rate and variable rate debt and through the use of interest rate swaps. The objective of the swaps is to more effectively balance borrowing costs and interest rate risk. For fixed rate debt, interest rate changes affect the fair market value of such debt but do not impact earnings or cash flows. Conversely for variable rate debt, interest rate changes generally do not affect the fair market value of such debt, but do impact future earnings and cash flows, assuming other factors are held constant. At December 28, 2013, we had $173,398 of variable rate debt. The weighted average interest rate for this debt as of December 28, 2013 was 3.73%. Holding other

variables constant (such as foreign exchange rates and debt levels), a one percentage point change in interest rates would be expected to have an impact on pre-tax earnings and cash flows for the next year of approximately $1,734.

In March 2012, we entered into two forward swap contracts to manage interest rate risk related to our Bank Term Loan and a portion of our Bank Revolver. The notional amount on the contracts is $78,106 as of December 28, 2013 and is reduced to $37,500 by December 2022 in line with expected reductions in the related debt instruments The fixed per annum interest rate on the swap contracts is 0.60% in 2013 that incrementally increases to 3.81% by 2022. We will receive payments at variable rates, while we make payments at fixed rates. The objective of these swap agreements is to hedge against potential changes in cash flows on our outstanding debt. No credit risk was hedged. The receivable variable leg of the swaps and the variable rate paid on the Bank Term Loan and Bank Revolver bear the same rate of interest, excluding the credit spread, and reset and pay

interest on the same dates.

Foreign Currency Risk

Foreign currency risk is the risk that we will incur economic losses due to adverse changes in foreign currency exchange rates. As a global company with holdings in the United Kingdom, France, Ireland, Switzerland, Malaysia and Germany, we experienced an impact from foreign exchange rate fluctuations in fiscal 2013. As a result of the fluctuation in rates for fiscal year 2013, we experienced increases in our revenue by $681, our gross margin by $141 and our net income was improved by $143 due to the impact on net gains in foreign jurisdictions.

In June and July 2012, we entered into foreign currency forward contracts to mitigate fluctuations in foreign currency on the statement of operations. As of December 28, 2013, we had settled our entire outstanding forward swap contracts, resulting in a loss of $242 included in derivative income (loss) offsetting foreign currency transaction gains included within the other expense of $1,697.

Our primary exposures to foreign currency exchange fluctuations are pound sterling/U.S. dollar and Euro/U.S. dollar. At December 28, 2013, the potential reduction in earnings from a hypothetical instantaneous 10.0% increase or decrease in quoted foreign currency spot rates applied to foreign currency sensitive instruments would be approximately $3,200. This foreign currency sensitivity model is limited by the assumption that all of the foreign currencies to which we are exposed would simultaneously increase or decrease by 10.0% because such synchronized changes are unlikely to occur.

Commodity Price Risk

We are exposed to fluctuations in commodity prices through the purchase of raw materials that are processed from commodities, such as plastic, titanium, stainless steel, cobalt chrome and aluminum. Given the historical volatility of certain commodity prices, this exposure can impact product costs. To manage these fluctuations, we utilize competitive pricing methods such as bulk purchases, blanket orders and long-term contracts with our major suppliers to reduce short term fluctuations. For 2014, we have entered into purchasing contracts on certain raw materials totaling $7,876 at fixed prices in order to manage our risk of commodity price movements. Additionally, we often do not set prices for our products in advance of our commodity purchases; therefore, we can take into account the cost of the commodity in setting our prices for each order. In instances where we have supply agreements with customers; many of these agreements allow us to partially adjust prices for the impact of any raw material price increases. However, to the extent that we are unable to offset the increased commodity costs in our product prices, our results would be adversely affected.

Item 8. Financial Statements and Supplemental Data

SYMMETRY MEDICAL INC.

CONSOLIDATED BALANCE SHEETS
(In Thousands)

	December 28, 2013	December 29, 2012
ASSETS:		
Current Assets:		
Cash and cash equivalents	$7,362	$9,815
Accounts receivable, net	51,813	62,593
Inventories	58,879	64,437
Refundable income taxes	5,784	4,904
Deferred income taxes	5,439	7,878
Derivative valuation asset	—	242
Other current assets	4,900	4,145
Total current assets	134,177	154,014
Property and equipment, net	89,993	98,046
Goodwill	182,178	229,134
Intangible assets, net of accumulated amortization	105,004	116,403
Other assets	4,484	7,721
Total Assets	$515,836	$605,318
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current Liabilities:		
Accounts payable	$28,837	$27,863
Accrued wages and benefits	9,656	9,354
Other accrued expenses	7,138	10,028
Accrued income taxes	53	—
Derivative valuation liability	283	513
Current portion of capital lease obligations	465	492
Current portion of long-term debt	6,531	11,111
Total current liabilities	52,963	59,361
Accrued income taxes	2,126	7,035
Deferred income taxes	7,536	17,910
Derivative valuation liability	1,104	3,883
Other liabilities	886	869
Capital lease obligations, less current portion	974	1,417
Long-term debt, less current portion	165,450	200,113
Total Liabilities	231,039	290,588
Commitments and contingencies		
Shareholders' Equity:		
Common Stock, $.0001 par value; 75,000 shares authorized; shares issued December 28, 2013-37,209; December 29, 2012-36,795	4	4
Additional paid-in capital	289,257	287,453

Retained earnings (deficit)	(9,531)	26,267
Accumulated other comprehensive income	5,067	1,006
Total Shareholders' Equity	284,797	314,730
Total Liabilities and Shareholders' Equity	$515,836	$605,318

See accompanying notes to consolidated financial statements.

SYMMETRY MEDICAL INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except per Share Data)

	Fiscal Year Ended		
	2013	2012	2011
Revenue	$399,992	$410,505	$359,046
Cost of revenue	297,936	301,449	287,897
Gross profit	102,056	109,056	71,149
Research and development expenses	4,572	4,152	4,040
Sales and marketing expenses	26,025	26,380	17,455
General and administrative expenses	46,294	44,857	37,163
Asset impairment	51,942	—	1,529
Facility closure and severance costs	1,582	622	2,710
Operating income (loss)	(28,359)	33,045	8,252
Other (income) expense:			
Interest expense	17,679	19,620	3,862
Loss on debt extinguishment	4,460	—	—
Derivatives valuation (gain) loss	242	(242)	—
Other	1,691	(102)	400
Income (loss) before income taxes	(52,431)	13,769	3,990
Income tax expense (benefit)	(16,633)	4,642	1,098
Net income (loss)	$(35,798)	$9,127	$2,892
Net income (loss) per share:			
Basic	$(0.99)	$0.25	$0.08
Diluted	$(0.99)	$0.25	$0.08
Weighted average common shares and equivalent shares outstanding:			
Basic	36,327	35,987	35,576
Diluted	36,327	36,418	36,021

See accompanying notes to consolidated financial statements.

SYMMETRY MEDICAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)

	Fiscal Year Ended		
	2013	2012	2011
Net income (loss)	$(35,798)	$9,127	$2,892
Other comprehensive income (loss)			
Foreign currency adjustments:			
Intra-entity foreign currency transaction adjustment	1,694	1,083	(56)
Foreign currency translation adjustments	548	1,635	(1,285)
Pension plan actuarial gain (loss), net of taxes	64	(196)	—
Net unrealized gains on derivative instruments:			
Unrealized holding gains (losses), net of taxes	1,560	(2,777)	—
Reclassification adjustment for realized losses included in net income	195	77	—
Other comprehensive income (loss)	$4,061	$(178)	$(1,341)
Comprehensive income (loss)	$(31,737)	$8,949	$1,551

See accompanying notes to consolidated financial statements.

SYMMETRY MEDICAL INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2011	$4	$279,592	$14,248	$2,525	$296,369
Comprehensive income:					
Net income			2,892		2,892
Other comprehensive income (loss)				(1,341)	(1,341)
Exercise of Common Stock options		31			31
Amortization of unearned compensation cost		3,672			3,672
Issuance of Common Stock -					
Employee Stock Purchase Plan		135			135
Restricted Stock		(359)			(359)
Balance at December 31, 2011	$4	$283,071	$17,140	$1,184	$301,399
Comprehensive income:					
Net income			9,127		9,127
Other comprehensive income (loss)				(178)	(178)
Exercise of Common Stock options		920			920
Amortization of unearned compensation cost		4,032			4,032
Issuance of Common Stock -					
Employee Stock Purchase Plan		151			151
Restricted Stock		(721)			(721)
Balance at December 29, 2012	$4	$287,453	$26,267	$1,006	$314,730
Comprehensive income:					
Net loss			(35,798)		(35,798)
Other comprehensive income (loss)				4,061	4,061
Exercise of Common Stock options		125			125
Amortization of unearned compensation cost		2,722			2,722
Issuance of Common Stock -					
Employee Stock Purchase Plan		84			84
Restricted Stock		(1,127)			(1,127)
Balance at December 28, 2013	$4	$289,257	$(9,531)	$5,067	$284,797

See accompanying notes to consolidated financial statements.

SYMMETRY MEDICAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOW
(In Thousands)

	Fiscal Year Ended		
	2013	2012	2011
Operating activities			
Net income (loss)	$(35,798)	$9,127	$2,892
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	16,571	17,206	18,414
Amortization of intangible assets	7,239	8,039	2,883
Amortization of debt issuance costs	2,004	1,718	353
Interest paid in kind	—	1,335	—
Net (gain) loss on sale of assets	610	(154)	272
Asset impairment	51,942	—	1,529
Deferred income tax provision	(9,220)	798	(2,133)
Reserve for uncertain tax positions	(4,908)	191	281
Loss on debt extinguishment	1,766	—	—
Excess tax deficit (benefit) from stock-based compensation	45	(251)	—
Stock-based compensation	2,722	4,032	3,672
Derivative valuation (gain) loss	242	(242)	—
Unrealized foreign currency transaction (gain) loss	1,880	112	(1,245)
Change in operating assets and liabilities:			
Accounts receivable	11,326	(10,188)	(1,334)
Other assets	(642)	507	(1,875)
Inventories	5,734	21,006	(3,416)
Current income taxes	(815)	(344)	(2,827)
Accounts payable	451	3,728	(218)
Accrued expenses and other	(4,960)	6,070	3,713
Net cash provided by operating activities	46,189	62,690	20,961
Investing activities			
Purchases of property and equipment	(10,188)	(10,757)	(13,666)
Proceeds from the sale of property and equipment	826	414	179
Acquisitions	—	—	(176,687)
Net cash used in investing activities	(9,362)	(10,343)	(190,174)
Financing activities			
Proceeds from Bank Revolver	181,088	27,458	135,687
Payments on Bank Revolver	(124,088)	(79,331)	(72,814)
Proceeds from (payments on) short term borrowings, net	—	(6,565)	3,135
Issuance of (payments on) senior subordinated term notes	(65,000)	—	65,000
Issuance of bank term loan	—	—	50,000
Payments on bank term loans and capital lease obligations	(30,745)	(3,617)	(1,931)
Proceeds from the issuance of common stock, net	(873)	99	(226)
Excess tax deficit (benefit) from stock-based compensation	(45)	251	—
Debt issuance cost	(586)	—	(5,582)
Net cash provided by (used in) financing activities	(40,249)	(61,705)	173,269

Effect of exchange rate changes on cash	969	242	(192)
Net increase (decrease) in cash and cash equivalents	(2,453)	(9,116)	3,864
Cash and cash equivalents at beginning of period	9,815	18,931	15,067
Cash and cash equivalents at end of period	$7,362	$9,815	$18,931
Supplemental disclosures:			
Cash paid for interest	$19,493	$14,311	$3,306
Cash paid (received) for income taxes	$(1,824)	$3,691	$5,647

See accompanying notes to consolidated financial statements.

SYMMETRY MEDICAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Share and Per Share Data)

1. Description of the Business

The consolidated financial statements include the accounts of Symmetry Medical Inc. and its wholly-owned subsidiaries (collectively referred to as the Corporation), which operates in two reportable segments: (1) Original Equipment Manufacturer ("OEM") Solutions and (2) Symmetry Surgical.

Symmetry Medical Inc. through its OEM Manufacturing business is a leading global source of innovative medical device solutions, including surgical instruments, orthopedic implants, and sterilization cases and trays. The Corporation designs, develops and offers worldwide production and supply chain capabilities for these products to customers in the orthopedic industry, and other medical device markets (including but not limited to arthroscopy, dental, laparoscopy, osteobiologic, and endoscopy segments). The Corporation also manufactures specialized non-healthcare products, primarily in the aerospace industry.

Symmetry Surgical is the Corporation's business segment which arose from the integration of the 2011 acquisitions of the surgical instruments business of Codman & Shurtleff Inc. ("Codman") and Olsen Medical lines of surgical instruments with Symmetry's previous hospital direct business, Specialty Surgical Instrumentation ("SSI"). Symmetry Surgical offers a broad range of reusable stainless steel and titanium surgical hand-held instruments and retractor systems, sterile disposable surgical products (vein strippers, SECTO dissectors, tonsil sponges and surgical marker pens), and sterilization containers.

On August 15, 2011, the Corporation acquired the assets of PSC's Olsen Medical division for $11,000 in cash. Olsen Medical manufactures a full line of single-use and reusable bipolar and monopolar forceps, cords, electrosurgical pens/pencils, electrodes, and accessories. Olsen Medical's products are primarily sold directly to hospitals in the U. S. and internationally through distributors.

On December 29, 2011, the Corporation acquired the surgical instruments business of Codman for $165,687 in cash. Codman distributes surgical instruments and sterile disposable surgical products directly to hospitals. The addition of Codman surgical instruments allows us to offer an expanded array of medical instruments and related products, expands our intellectual property, trademarks, regulatory approvals, and provides an instrument procurement center and personnel located in Tuttlingen, Germany. Codman's surgical instrument products are primarily sold in the U. S. and internationally through distributors.

2. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Year End. The Corporation's fiscal year is the 52 or 53 week period ending on the Saturday closest to December 31. Fiscal year 2013 was a 52 week year (ending December 28, 2013), fiscal year 2012 was a 52 week year (ending December 29, 2012), and fiscal year 2011 was a 52 week year (ending December 31, 2011). References in these consolidated financial statements to 2013, 2012 and 2011 refer to these financial periods, respectively.

Use of Estimates. Preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, but management does not believe such differences will materially affect the Corporation's

financial position or results of operations.

Business Combinations. The Corporation records its business combinations under the acquisition method of accounting. Under the acquisition method of accounting, the Corporation allocates the purchase price of each acquisition to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. The fair value of identifiable intangible assets is based upon detailed valuations that use various assumptions made by management. Any excess of the purchase price over the fair value of the net tangible and intangible assets acquired is

allocated to goodwill. Direct acquisition related costs are expensed as incurred.

Revenue Recognition. The Corporation recognizes revenue on orders received from its customers when there is persuasive evidence of an arrangement with the customer that is supportive of revenue recognition, the customer has made a fixed commitment to purchase the product for a fixed or determinable price, collection is reasonably assured under the Corporation's normal billing and credit terms and ownership and all risks of loss have been transferred to the buyer, which is normally upon shipment. In certain circumstances, customer terms require receipt of product prior to the transfer of the risk of ownership. In such circumstances, revenue is not recognized upon shipment, but rather upon confirmation of delivery. For product sales to distributors, the Corporation recognizes revenue upon shipment to the distributor under standard contract terms stating that title to the goods passes to the distributors at point of shipment to the distributor's location. All shipments to distributors are at contract prices and payment is not contingent upon resale of the product. Estimated discounts, rebates, product returns and credits are recorded as a reduction of revenue in the same period revenue is recognized.

Cash and Cash Equivalents. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less at the time of purchase.

Allowance for Doubtful Accounts. The Corporation performs periodic credit evaluations of customers' financial condition and generally does not require collateral. Receivables are generally due within 30 to 90 days. The Corporation maintains an allowance for doubtful accounts for estimated losses in the collection of accounts receivable. The Corporation makes estimates regarding the future ability of its customers to make required payments based on historical credit experience and expected future trends. Provisions to the allowance for doubtful accounts are charged to current selling and marketing expenses. Actual losses are charged against this allowance when incurred. The activity in the allowance for doubtful accounts was as follows:

	December 28, 2013	December 29, 2012	December 31, 2011
Beginning balance	$859	$945	$1,003
Provision	528	498	290
Write-offs	(355)	(584)	(348)
Ending balance	$1,032	$859	$945

Inventories. Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market (net realizable value). Costs include material, labor and manufacturing overhead costs. Inventory balances are reviewed quarterly for excess products or obsolete inventory levels and written down, if necessary, to net realizable value.

Property and Equipment. Property and equipment, which includes assets under capital lease, are stated on the basis of cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the respective assets or lease terms, whichever is shorter. Accelerated methods are used for income tax purposes. Repair and maintenance costs are charged to expense as incurred. Upon retirement or sale of an asset, its cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet and any gain or loss is recorded in operating income or expense.

Definite-Lived Long-Lived Assets. The Corporation assesses the impairment of definite lived long-lived assets when circumstances indicate the carrying value of an asset may not be recoverable based on the undiscounted future cash flows of an asset. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, undiscounted cash flows, or external appraisals, as applicable. The Corporation reviews long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Intangible assets subject to amortization

consist of technology, certain trademarks and non-compete intangible assets which are amortized using the straight-line method, as well as customer related intangible assets which are amortized on an accelerated method. Straight-line methods are used for income tax purposes. All of the Corporation’s intangible assets were acquired in connection with our various acquisitions. The Corporation is required to reassess the expected useful lives of existing definite-lived assets annually. The Corporation recorded impairment charges at one of the Corporation's reporting units in 2013 related to customer relationships and trademarks of $1,403 and $953, respectively. The Corporation reviewed all other definite-lived long-lived assets and has not recorded any impairment related to the remaining assets for fiscal 2013, 2012 or 2011.

Goodwill and Other Indefinite-Lived Assets. Goodwill recorded by the Corporation represents the purchase price in excess of the net assets of businesses acquired. Goodwill is not amortized but is tested for impairment annually on the first day of the fourth fiscal quarter and more frequently if circumstances warrant using a two-step process. The first step is a screen for potential impairment, while the second step measures the amount of impairment. Potential impairment is determined by comparing estimated fair value to the net book value of the reporting unit. Fair value is calculated using an income approach based on the present value of estimated future cash flows. The Corporation has multiple operating segments which are comprised of multiple components that represent the lowest level for which discrete financial information is available and the operating results of that component are regularly reviewed by management. The Corporation aggregates certain components that share similar economic similarities and that are vertically integrated within the same operating segment into reporting units. The Corporation completed its annual impairment testing and recorded impairment charges at three of the Corporation's reporting units in 2013 totaling $47,450. No other impairment of goodwill existed in fiscal 2012 or 2011.

Intangible assets with an indefinite life are not amortized but are subject to review each reporting period to determine whether events and circumstances continue to support an indefinite useful life as well as an annual impairment test. In connection with the annual impairment test, the Corporation recognized an impairment charge at one of the Corporation's reporting units related to certain trademarks and in-process research and development of $1,245 and $610, respectively. During fiscal 2011, in connection with the Codman acquisition in December 2011, the Corporation elected to discontinue use of the SSI tradename and renamed the hospital direct business Symmetry Surgical. This resulted in the full impairment of the SSI tradename of $1,529 in 2011 which has been reflected in the impairment of intangible asset line item in the consolidated statements of operations and within the Symmetry Surgical reportable segment. The Corporation reviewed all other amortizing intangible assets and has not recorded any impairment related to the remaining assets for fiscal 2013, 2012 or 2011.

The assessment of the recoverability of long-lived assets reflects management’s assumptions and estimates. Factors that management must estimate when performing impairment tests include sales volume, prices, inflation, discount rates, exchange rates, tax rates and capital spending. Significant management judgment is involved in estimating these factors, and they include inherent uncertainties. Measurement of the recoverability of these assets is dependent upon the accuracy of the assumptions used in making these estimates, as well as how the estimates compare to the eventual future operating performance of the specific reporting unit to which the assets are attributed. Changes in these estimates could change our conclusion regarding the impairment of goodwill or other intangible assets and potentially result in a non-cash impairment in the future period.

Income Taxes. The consolidated financial statements of the Corporation have been prepared using the asset and liability method in accounting for income taxes, which requires the recognition of deferred income taxes for the expected future tax consequences of net operating losses, credits, and temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Differences between the anticipated and actual outcomes of these future tax consequences could have a material impact on our consolidated results of operations or financial position. Additionally, we use tax planning strategies as part of our global tax compliance program. Judgments and interpretation of statutes are inherent in this process. The Corporation provides related reserves, where applicable, in accounting for uncertain tax positions. Interest and penalties associated with reserves for uncertain tax positions are classified in income tax expense in the consolidated statements of operations.

Foreign Currency Translation. The financial statements of the Corporation’s foreign subsidiaries are accounted for and have been translated into U.S. dollars in accordance with accounting guidance on foreign currency translation. Assets and liabilities have been translated using the exchange rate in effect at the balance sheet date. Revenues and expenses have been translated using a weighted-average exchange rate for the period. Currency translation adjustments have been recorded as a separate component of shareholders’ equity. Foreign currency transaction gains and losses resulting from a subsidiary’s foreign currency denominated assets and liabilities included in other income were losses of $1,697,

$384 and $331 in 2013, 2012 and 2011, respectively.

Shipping and Handling Costs. The Corporation reflects freight costs associated with shipping its products to customers as a component of cost of revenues.

Advertising Costs. Advertising costs are expensed as incurred. Advertising costs were $910, $265 and $249 in 2013, 2012 and 2011, respectively.

Derivative Financial Instruments. The Corporation recognizes all derivative instruments in its consolidated financial statements at fair value. Changes in the fair value of derivatives are recorded each period in the Derivative Valuation (gain)/loss line item of the consolidated statements of operations unless the derivative qualifies for hedge accounting in which case the realized changes in fair value are reflected in the same financial statement line item of the item being hedged or the effective portion of changes in fair value of hedges is recorded each period in accumulated other comprehensive income (loss), net of tax, until the related hedge transaction occurs. Any ineffective portion of changes in fair value of the hedges is recorded in the derivative valuation (gain)/loss line item of the statement of operations.

Stock-Based Compensation. The Corporation measures stock-based compensation cost at the grant date based on the estimated fair value of the award. Compensation cost for service-based awards is recognized ratably over the applicable service period. Compensation cost for performance-based awards is reassessed each period and recognized based upon the probability that the performance targets will be achieved. For restricted stock subject to service conditions or with performance targets, the fair market value of the award is determined based upon the closing value of the Corporation’s stock price on the grant date and the amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. The Corporation estimates forfeitures at the time of grant by analyzing historical data and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. For restricted stock with service conditions or with performance targets, the total expense recognized for each grant is only for those awards that ultimately vest. The Corporation also grants restricted stock which vest upon achieving certain market conditions and the grant date fair values for these awards were estimated based upon the results of a Monte Carlo model, and the resulting expense will be recorded regardless of whether the market conditions are achieved. Compensation expense for restricted stock awards with market conditions is not recorded if the employee is no longer an employee of the Corporation. For stock options, the fair market value is determined using the Black-Scholes Option Pricing Model. The Corporation makes certain assumptions with respect to selected Black Scholes model inputs, including expected volatility, expected life, expected dividend yield and the risk-free interest rate. Expected volatility is based on the historical volatility of our stock over the most recent period commensurate with the estimated expected life of the stock options. The expected life of stock options granted, which represents the period of time that the stock options are expected to be outstanding, is based on “simplified method” using the midpoint of the vesting and expiration period of each grant, due to the limited historical data. The expected dividend yield is based on our history and expectation of dividend payouts. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period commensurate with the estimated expected life. Refer to Note 14 for additional information on the Corporation’s compensation plans.

Recently Adopted Accounting Pronouncements

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income: In February 2013, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("ASU") 2013-2, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, ("ASU 2013-2"). ASU 2013-2 requires entities to report either on the statement of operations or disclose in the footnotes to the consolidated financial statements the effects on earnings from items that are reclassified out of comprehensive income. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-2 is effective prospectively for the first reporting period after December 15, 2012 with early adoption permitted. The adoption of ASU 2013-2 did not have an impact on the Corporation’s consolidated financial position, results of operations or cash flows as it only enhances disclosures.

Technical Corrections and Improvements: In October 2012, the Financial Accounting Standards Board (“FASB”), issued Accounting Standards Update (“ASU”) 2012-4, Technical Corrections and Improvements (“ASU 2012-4”), which covers a wide range of topics in the Accounting Standards Codification. These amendments include technical corrections and improvements to the Accounting Standards Codification and confirming amendments related to fair value measurements. ASU 2012-4 is effective for fiscal periods beginning after December 15, 2012. The adoption of

ASU 2012-4 did not have an impact on the Corporation’s consolidated financial position, results of operations or cash flows as the Standard only clarified existing Codification.

3. Inventories

Inventories consist of the following:

	December 28, 2013	December 29, 2012
Raw material and supplies	$10,249	$12,683
Work-in-process	23,315	20,335
Finished goods	25,315	31,419
	$58,879	$64,437

4. Property and Equipment

Property and equipment, including depreciable lives, consists of the following:

	December 28, 2013	December 29, 2012
Land	$6,046	$6,572
Buildings and improvements (20 to 40 years)	42,519	42,885
Machinery and equipment (5 to 15 years)	161,734	156,157
Office equipment (3 to 5 years)	21,619	19,445
Construction-in-progress	4,061	6,414
	235,979	231,473
Less accumulated depreciation	(145,986)	(133,427)
	$89,993	$98,046

5. Goodwill and Other Intangible Assets

The Corporation has multiple operating segments which are comprised of multiple components that represent the lowest level for which discrete financial information is available and the operating results of that component are regularly reviewed by management. The Corporation aggregates certain components that share similar economic similarities and that are vertically integrated within the same operating segment into reporting units

In the third quarter, the Corporation determined that the expected operating results for certain of its reporting units were projected to be substantially lower than previous forecasts. Given this information, the Corporation conducted its annual impairment test and determined that impairment existed for three reporting units. The Corporation finalized its impairment tests during the fourth quarter 2013. The finalized impairment is $51,942 for goodwill and other assets and has been recorded in the condensed consolidated statements of operations within Asset Impairment. The Corporation recorded a pre-tax non-cash charge during fiscal 2013 in the amount of $31,837 related to the OEM Solutions segment and $20,105 related to the Symmetry Surgical segment. The impairment in OEM Solutions consisted of goodwill, trademarks, customer relationships, and property and equipment of $29,200, $953, $1,403, and $281, respectively, and was primarily driven by the reduced outlook on revenues and profitability related to instrument production for customer capital expenditures related to product launches and instrument replenishment, as well as operational issues at the Clamonta, Ltd. subsidiary, which services the Aerospace industry. The impairment in Symmetry Surgical consisted of goodwill, trademarks and in-process research and development of $18,250, $1,245, and $610, respectively, and was primarily driven by lower revenue due to the previously disclosed integration challenges related to the 2011 acquisition of the surgical instruments business of Codman & Shurtleff, Inc. ("Codman") which the Corporation has not recovered from as quickly as previously expected.

The Corporation determines the fair value of intangible assets using an income based approach. The approach calculates fair value by estimating the after-tax cash flows attributable to the asset and then discounting these after-tax cash flows to a present value using a risk-adjusted discount rate. The calculated fair value is compared to the carrying

value to determine if any impairment exists.

To derive the fair value of the reporting units, as required in step one of the impairment test, the Corporation used the income approach, specifically the discounted cash flow method, to determine the fair value of each reporting units and the associated amount of the impairment charges. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting these after-tax cash flows to a present value using a risk-adjusted discount rate. This methodology is consistent with how the Corporation estimates the fair value of its reporting units during its annual goodwill

and indefinite lived intangible asset impairment tests. Inputs used to fair value the Corporation's reporting units are considered Level 3 inputs of the fair value hierarchy and include the following:

- The Corporation's financial projections for its reporting units are based on management's assessment of macroeconomic variables, industry trends and market opportunities, as well as the Corporation's strategic objectives and future growth plans. Revenue growth rates assumed for each of the Corporation's reporting units where impairment was recognized were approximately 4-34% for 2014 and 2-8% for 2015 and beyond.
- The discount rate used to measure the present value of the projected future cash flows is set using a weighted-average cost of capital method that considers market and industry data, as well as the Corporation's specific risk factors that are likely to be considered by a market participant. The weighted-average cost of capital is the Corporation's estimate of the overall after-tax rate of return required by equity and debt holders of a business enterprise. Discount rates used for each of the Corporation's reporting units where impairment was recognized were approximately 12.4%, 15.7% and 12.5%.

For Level 3 measurements, significant increases or decreases in long-term growth rates or discount rates in isolation or in combination could result in a significantly lower or higher fair value measurement.

In the second step, the Corporation assigned the reporting unit's fair value to all of its assets and liabilities, including any unrecognized intangible assets, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit were being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment charge. This allocation process was performed only for the purposes of measuring the goodwill impairment and not to adjust the carrying values of the recognized assets and liabilities. Based on the results of this testing, the Corporation's OEM Solutions reporting segment impaired goodwill for $29,200, while the Corporation's Symmetry Surgical reporting segment impaired goodwill for $18,250.

Prior to performing the annual goodwill impairment tests for the reporting units whom failed step 1, the Corporation tested long-lived assets to be held and used for impairment on an undiscounted cash flow basis. Based on the results of this testing, the Corporation's OEM Solutions reporting segment impaired trademarks, customer relationships, and property and equipment of $953, $1,403, and $281, respectively, while the Corporation's Symmetry Surgical reporting segment impaired trademarks and in-process research and development of $1,245, and $610, respectively.

As of December 28, 2013, the balances of intangible assets, other than goodwill, were as follows:

	Weighted-Average Amortization Period	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Acquired technology and patents	11 years	$1,730	$(1,178)	$552
Acquired customers	19 years	123,961	(27,766)	96,195
Trademarks and other	9 years	5,393	(169)	5,224
Intangible assets subject to amortization	19 years	131,084	(29,113)	101,971
Proprietary processes	Indefinite			3,033
Total				$105,004

As of December 29, 2012, the balances of intangible assets, other than goodwill, were as follows:

	Weighted-Average Amortization Period	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Acquired technology and patents	12 years	$2,161	$(1,467)	$694
Acquired customers	19 years	126,481	(22,027)	104,454
Other	17 years	1,421	(414)	1,007

Intangible assets subject to amortization	19 years	130,063	(23,908)	106,155
Proprietary processes	Indefinite			3,578
In process research and development	Indefinite			610
Trademarks	Indefinite			6,060
Indefinite-lived intangible assets, other than goodwill				10,248
Total				$116,403

Annual intangible asset amortization expense is estimated to approximate $7,500 for each of the next 5 fiscal years.

The reconciliation of the beginning and ending carrying amounts of goodwill are as follows:

Balance as of December 31, 2011	$229,112
Adjustment to goodwill	(402)
Effects of foreign currency	424
Balance as of December 29, 2012	$229,134
Impairment of goodwill	(47,450)
Effects of foreign currency	494
Balance as of September 28, 2013	$182,178

6. Employee Benefit Plan

The Corporation sponsors one defined benefit pension plan for the benefit of its employees at its German subsidiary, which is a legacy plan of the Codman surgical instruments business acquired during the year ended December 31, 2011. The plan is unfunded and provides defined benefits based on the final average salary of the employees as defined in the plan.

The components of net periodic pension cost for 2013 is as follows:

	Fiscal Year Ended	
	2013	2012
Components of Net Periodic Pension Cost:		
Service cost	$50	$29
Interest cost	22	18
Amortization of net actuarial loss	16	—
Foreign currency exchange rate changes	—	—
Net periodic pension cost	$88	$47
Weighted average assumptions used to determine net periodic pension cost:		
Discount rate	3.00%	4.60%
Salary increases	2.00%	2.00%

The change in the projected benefit obligation and the funded status of the plan and a reconciliation of such funded status to the amounts reported in the consolidated balance sheets as of December 28, 2013 and December 29, 2012 is as follows:

	Fiscal Year Ended		
	2013	2012	2011
Change in projected benefit obligation			
Benefit obligation, beginning of year	$728	$394	$—
Service cost	50	29	—
Interest cost	22	18	—
Actuarial (gain) loss	(117)	275	—
Foreign currency exchange rate changes	65	12	—
Acquisition	—	—	394
Benefit obligation, end of year	$748	$728	$394
Change in fair value of assets:			
Fair value of plan assets, beginning of year	$—	$—	$—
Fair value of plan assets, end of year	$—	$—	$—
Funded status at end of year - under funded	$(748)	$(728)	$(394)

The following summarizes the Corporation’s balance sheet related pension and other benefit plan accounts at December 28, 2013 as compared to accounts at December 29, 2012:

	Fiscal Year Ended		
	2013	2012	2011
Noncurrent benefit liability	$748	$728	$394
Accumulated other comprehensive loss, net of tax	$132	$196	$—

No contributions were made during 2013 to the plan, nor are any contributions expected to be made to the plan in 2014, since the plan is unfunded. The accumulated benefit obligation for the plan was $592 and $570 at December 28, 2013 and December 29, 2012, respectively.

The amounts recognized in accumulated other comprehensive income as of December 28, 2013 and December 29, 2012 are as follows:

	Fiscal Year Ended		
	2013	2012	2011
Net actuarial (gain) loss	$(117)	$275	$—
Less: Tax (benefit) expense	53	(79)	—
Accumulated other comprehensive income impact	$(64)	$196	$—
Weighted average assumptions used to determine benefit obligation:			
Discount rate	3.60%	3.00%	4.60%
Salary increases	2.00%	2.00%	2.00%

The net actuarial loss for the pension plan required to be amortized from accumulated other comprehensive income into net periodic pension cost in 2014 is expected to be $9.

There are no significant benefits under the plan which is expected to be paid from fiscal 2014 through fiscal 2018.

7. Fair Value of Financial Instruments

Accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of December 28, 2013, the Corporation held certain assets and liabilities that are required to be measured at fair value on a recurring basis. These included the Corporation's cash equivalents and derivative instruments in the form of interest rate swaps and foreign currency forward contracts. The Corporation's cash equivalents include highly liquid financial instruments that are readily convertible with maturities of 90 days or less. The Corporation’s derivative instruments consist of contracts that are not traded on a public exchange. The fair values of interest rate derivative instruments and foreign currency forward contracts are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. Therefore, the Corporation has categorized these derivative instruments as Level 2 in accordance with the FASB Standard on fair value measurement.

On a recurring basis management measures the fair value of its interest rate swaps using the market approach based on projections of the one month LIBOR rate over the life of each swap. Also on a recurring basis, management measures the fair value of its foreign currency forward contracts using the market approach based on the projections of the Euro rate over the life of each forward contract. The fair value and carrying value of the Corporation’s assets and liabilities measured at fair value on a recurring basis were as follows:

	December 28, 2013 Fair Value Measurements				December 29, 2012 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents	$—	$35	$—	$35	$—	$920	$—	$920
Foreign currency forwards	—	—	—	—	—	242	—	242
Total assets	$—	$35	$—	$35	$—	$1,162	$—	$1,162
Liabilities								
Interest rate swaps	$—	$(1,387)	$—	$(1,387)	$—	$(4,396)	$—	$(4,396)
Total liabilities	$—	$(1,387)	$—	$(1,387)	$—	$(4,396)	$—	$(4,396)

Certain nonfinancial assets and liabilities are measured at fair value on a nonrecurring basis and are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. Assets and liabilities acquired in business combinations are recorded at their fair value as of the date of acquisition.

The Corporation has performed its annual impairment test for goodwill. The fair value of the reporting units is determined using the income approach. The income approach focuses on the income-producing capability of an asset, measuring the current value of the asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, corporate tax structure and product offerings. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation and risks associated with the reporting unit. These assets are classified within Level 3, in the event that the Corporation were required to measure and record such assets at fair value within its consolidated financial statements, as discussed in the Note 5, Goodwill and Other Intangible Assets.

The Corporation periodically evaluates the carrying value of long-lived assets to be held and used, including definite-lived intangible assets and property plant and equipment, when events or circumstances warrant such a review. Fair value is determined primarily using anticipated cash flows assumed by a market participant, discounted at a rate commensurate with the risk involved and these assets would generally be classified within Level 3, in the event that the Corporation were required to measure and record such assets at fair value within its consolidated financial statements.

Additionally, financial instruments also consist of cash, accounts receivable, accounts payable and long-term debt. The carrying value of long-term debt materially approximates fair value. Additionally, the fair value of cash and net accounts receivables and payables was estimated by management to approximate fair value due to the relatively short period of time to maturity for these instruments.

8. Derivatives

The Corporation utilizes derivative instruments to minimize the volatility of cash flows and statement of operations impacts associated with interest rate payments on its variable rate debt and the impact of fluctuations in foreign currency. The Corporation recognizes all derivative instruments as either assets or liabilities at fair value on the consolidated balance sheets. Derivative asset and liability amounts with the same counterparty are netted against each other for financial reporting purposes. The Corporation utilizes third party valuations to assist in the determination of the fair value of these derivatives. The Corporation considered its derivative instrument valuations to be Level 2 fair value measurements.

To the extent a derivative instrument was designated effective as a cash flow hedge of an exposure to changes in the fair value of a future transaction, the change in fair value of the derivative was deferred in accumulated other comprehensive income, a component of shareholders' equity in the consolidated balance sheets, until the underlying

transaction hedged was recognized in the consolidated statements of operations. The Corporation accounts for certain derivatives hedging the payment of interest as cash flow hedges and the impact of the hedge was reclassified to interest expense in the consolidated statements of operations upon payment of interest.

The Corporation's profitability and cash flows are affected by changes in interest rates, specifically LIBOR. The primary purpose of the Corporation's interest rate risk management activities is to hedge its exposure to changes in interest rates. In March, 2012, the Corporation entered into two forward swap contracts to manage interest rate risk related to its Bank Term Loan and a portion of its Bank Revolver. The notional amount on the swap contracts is $78,106 as of December 28, 2013 and is reduced to $37,500 by December 2022 in line with expected reductions in the related debt instruments. The fixed per annum interest rate on the swap contracts is 0.60% in 2013 that incrementally increase to 3.81% by 2022. These swap contracts, which were a fair value liability of $1,387 and $4,396 as of December 28, 2013 and December 29, 2012, respectively, were

designated as cash flow hedges of the future payments of variable rate interest with one-month LIBOR. For the twelve months ended December 28, 2013 and December 29, 2012, the Corporation recorded gain (loss) of $3,009 and ($4,396), respectively, attributable to these cash flow hedges included in other comprehensive income. Of the total cumulative loss, $283 will be reclassified into earnings in the next twelve months.

In June and July 2012, the Corporation entered into forward swap contracts to mitigate the impact of fluctuations in foreign currency on the statement of operations. As of December 28, 2013, the Corporation had settled all of its outstanding forward swap contracts. As of December 29, 2012, the Corporation had contracts for the sale of 3,161 Euros, which were settling in equal amounts over the twelve month period which began July 2012. These swap contracts, which were an aggregate fair value asset of $242 at December 29, 2012, were not designated as cash flow hedges and therefore the change in the fair value was immediately recorded in derivatives valuation (gain) loss in the consolidated statements of operations.

9. Debt Arrangements

Long-term debt consists of the following:

	December 28, 2013	December 29, 2012
Bank term loan payable in quarterly installments beginning September 2012, plus interest at a variable rate, through December 2016	$16,981	$47,222
Senior subordinated term notes, plus interest at 14.0%, payable upon maturity at December 2017	—	66,002
Bank Revolver, due November 2015	155,000	98,000
	171,981	211,224
Less current portion	(6,531)	(11,111)
	$165,450	$200,113

The Corporation’s Amended Credit Agreement currently provides for a $200,000 revolving line of credit (Bank Revolver) and a $50,000 bank term loan (Bank Term Loan). The Amended Credit Agreement also includes an accordion feature, which permits the Corporation to borrow up to an additional $50,000 in the form of additional term loans or an increase in the Bank Revolver subject to the terms and conditions set forth in the Amended Credit Agreement. The Amended Credit Agreement, which is senior and secured, has an aggregate of $171,981 outstanding as of December 28, 2013.

Borrowings under the Amended Credit Agreement bear interest at a rate per annum based upon LIBOR, the Federal Funds rate or the Lenders' prime rate, in each case plus an applicable margin, at the Corporation's option. The Bank Term Loan is to be repaid in quarterly installments of $2,778, may be prepaid, in whole or in part, at the option of the Corporation, and is required to be prepaid using all or a portion of the net cash proceeds of certain asset sales, recovery events, and issuances of new debt or equity and, depending on the Corporation's Total Leverage Ratio (as defined in the Amended Credit Agreement), using a portion of the Corporation's Excess Cash Flow (as defined in the Amended Credit Agreement) (the "Excess Cash Flow Prepayment"). The Excess Cash Flow Prepayment is required to be made within 90 days of the end of the fiscal year in which the Excess Cash Flow is generated. As of December 28, 2013, the Excess Cash Flow calculation will require the Corporation to prepay the bank term loan payable in full prior to March 29, 2013. The payment will be made with capacity on the Bank Revolver. The Bank Revolver matures on November 3, 2015 and the Bank Term Loan matures on December 31, 2016.

The Amended Credit Agreement contains various financial covenants, including covenants imposing a maximum ratio of total debt to EBITDA (as defined in the Amended Credit Agreement) and prescribing a minimum ratio of

EBITDA to fixed charges (as defined in the Amended Credit Agreement). The Amended Credit Agreement also contains covenants restricting certain corporate actions, including asset dispositions, acquisitions, payment of dividends and certain other restricted payments, changes of control, incurring indebtedness, incurring liens, making loans and investments and transactions with affiliates. The Amended Credit Agreement is secured by substantially all of the assets of the Corporation (and its U.S. subsidiaries) and also contains customary events of default.

On December 27, 2013, the Corporation amended its Amended Credit Agreement to allow for the prepayment of the senior subordinated term notes (referred to as "Term Notes" or "Mezzanine Debt") and to modify certain financial covenants. In

connection with the amendment, the Corporation paid off the outstanding principal and interest of the Term Notes that were to mature on December 29, 2017. The outstanding principal balance of the Term Notes bore interest at a rate of 14% per annum.

As of December 28, 2013, the most restrictive financial covenants per the Corporation’s lending arrangements included the debt to EBITDA covenant ratio to be less than 4.00:1. The Corporation's ratio was approximately 3.13:1. The minimum interest coverage ratio is required to be greater than 1.25:1, and the Corporation's ratio at December 28, 2013 was approximately 1.52:1. The Corporation was in compliance with all covenants as of December 28, 2013. The debt to EBITDA covenant will become more restrictive throughout 2014, which will be required to be less than 3.50:1.0, as of January 3, 2015

In April 2012, our Penang, Malaysia unit renewed its existing short-term revolving line of credit of $8,000 which is renewable on an annual basis. The facility required interest only monthly payments at LIBOR, plus an applicable margin per year and the total outstanding amount was due upon maturity in April 2013. During December 2012, this agreement was paid in full and terminated.

In March 2013, our Sheffield, U.K. unit renewed its existing short-term revolving line of credit of £1,000 which is renewable on an annual basis. The facility requires monthly payments plus interest at 2.75% per year. There were no borrowings on the short-term revolver as of December 28, 2013 or December 29, 2012. The revolver is secured by certain assets of our Sheffield, U.K. unit.

Maturities of long-term debt for the five years succeeding December 28, 2013 are as follows:

2014	$6,531
2015	160,225
2016	5,225
Thereafter	—
	$171,981

10. Leases

The Corporation has a capital lease arrangement through October 1, 2016 for its New Hampshire manufacturing facility. Beginning October 1, 2001, and every five years thereafter, including extensions, the annual base rent changes based on the Consumer Price Index. The Corporation has an option to extend the lease for an additional five-year period and has a right of first opportunity to purchase the leased property. Any leasehold improvements are depreciated over the shorter of the useful asset life or the minimum lease period. Additionally, the Corporation has entered into capital leases for various machinery and equipment.

Property and equipment and related accumulated amortization for building and equipment under capital leases are as follows:

	December 28, 2013	December 29, 2012
Buildings and improvements	$4,991	$4,991
Machinery and equipment	39	877
	5,030	5,868
Less accumulated amortization	(4,305)	(4,727)
	$725	$1,141

Amortization of leased assets is included in depreciation expense.

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Future minimum payments for capital leases are as follows at December 28, 2013:

2014	$897
2015	897
2016	677
Thereafter	—
Total minimum payments	2,471
Amounts representing interest	(1,032)
Present value of net minimum lease payments (including total current portion of $465)	$1,439

11. Accumulated Other Comprehensive Income

Accumulated other comprehensive income is comprised of gains (losses) resulting from currency translations of foreign entities and unrealized losses on our derivative designated as a hedge. Other comprehensive income consists of the following:

	Foreign Currency Translation	Unrealized Gains (Losses) on Derivative Instruments, net of tax	Pension Plan Actuarial Loss, net of tax	Other Comprehensive Income (loss)
Balance at December 29, 2012	$3,902	$(2,700)	$(196)	$1,006
Other comprehensive income before reclassifications	2,242	1,560	64	3,866
Amounts reclassified from accumulated other comprehensive income	—	195	—	195
Net current-period other comprehensive income	2,242	1,755	64	4,061
Balance at December 28, 2013	$6,144	$(945)	$(132)	$5,067

Amounts reclassified from accumulated other comprehensive income (loss) to earnings during the twelve months ended December 28, 2013 and December 29, 2012 were as follows:

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	December 28, 2013	December 29, 2012	
Realized losses on derivative instruments	$348	$130	Interest expense
Tax benefit	(153)	(53)	Income tax expense (benefit)
Loss, net of tax	$195	$77	

12. Income Taxes

Income before income taxes consisted of:

	Fiscal Year Ended		
	2013	2012	2011
Domestic	$(46,486)	$13,206	$(2,745)
Foreign	(5,945)	563	6,735
	$(52,431)	$13,769	$3,990

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Significant components of the Corporation's net deferred tax liabilities are as follows:

	December 28, 2013	December 29, 2012
Deferred tax asset		
Compensation	$1,673	$2,181
Inventory	3,747	4,102
Loss carryforwards	5,050	3,696
Credit carryforwards	1,223	1,002
Derivative agreements	524	1,697
Other	1,911	3,920
	14,128	16,598
Valuation allowance	(6,828)	(5,833)
Total deferred tax asset	7,300	10,765
Deferred tax liability		
Intangibles	(3,949)	(13,974)
Property, plant and equipment	(5,448)	(6,823)
Total deferred tax liabilities	(9,397)	(20,797)
Deferred tax liabilities, net	$(2,097)	$(10,032)

Significant components of the income tax provision are as follows:

	Fiscal Year Ended		
	2013	2012	2011
Current:			
Federal	$(9,226)	$2,166	$1,420
State	520	178	166
Foreign	1,293	1,599	1,642
	(7,413)	3,943	3,228
Deferred	(9,220)	699	(2,130)
	$(16,633)	$4,642	$1,098

The provision for income taxes differs from that computed at the Federal statutory rate of 35% in 2013, 2012 and 2011 as follows:

	Fiscal Year Ended		
	2013	2012	2011
Tax at Federal statutory rate	$(18,351)	$4,819	$1,397
State income taxes	(1,843)	512	41
State tax credits	(50)	(116)	(117)
Foreign income taxes	1,118	(1,180)	(697)
Qualified production activities deduction	—	(210)	(139)
Research and development credits--current year	(206)	(72)	(433)
Valuation allowance	874	513	320
Goodwill impairment	6,581		—
Reserve for uncertain tax positions	(4,908)	191	281
Other	152	185	445
	$(16,633)	$4,642	$1,098

At December 28, 2013, the Corporation had a net operating loss carryforward of approximately $18,817 and an associated deferred tax asset of $4,328 in the U.K. The U.K. carryforward has no expiration date, however, due to the uncertainty of the realization of the full benefit of the U.K. net operating loss carryforward, the Corporation has established a valuation allowance of $6,828 against its net deferred tax asset in the U.K., which includes the net operating loss carryforward. The Corporation has United States federal and various multistate income tax net operating loss carryforwards which have been recorded as a deferred tax asset of approximately $722. No provision has been made for United States federal and state or foreign taxes that may result from future remittances of undistributed earnings of foreign subsidiaries because it is expected that such earnings will be reinvested in these foreign operations indefinitely. Additional tax provision will be required if these earnings are repatriated in the future to the United States. Due to complexities in the tax laws and assumptions that we would have to make, it is not practicable to determine the amount of the unrecognized deferred income tax liability. At December 28, 2013, we had an aggregate of $34,592 of unremitted earnings of foreign subsidiaries that have been or are intended to be permanently reinvested for continued use in foreign operations.

The Corporation's policy with respect to interest and penalties associated with reserves for uncertain tax positions is to classify such interest and penalties in income tax expense in the consolidated statements of operations. As of December 28, 2013, the total amount of unrecognized income tax benefits computed under ASC 740 was approximately $1,962, all of which, if recognized, would impact the effective income tax rate of the Corporation. As of December 28, 2013 and December 29, 2012, the Corporation had recorded a total of $165 and $856, respectively, in the consolidated balance sheets of accrued interest and penalties related to uncertain tax positions. Due to the expiration of statutes of limitations in various jurisdictions in 2014, it is reasonably possible the Corporation's reserve for uncertain tax positions could decrease by approximately $317 in the next twelve months. During 2013, certain reserves relating to federal income tax positions expired due to the statutes of limitations. As such, the consolidated statement of operations was benefited $5,231 through a reduction in income tax expense. As of December 28, 2013, the Corporation is subject to unexpired statutes of limitations for U.S. federal income taxes for the year 2009. The Corporation is also subject to unexpired statutes of limitations for various states including most significantly Indiana, Massachusetts and New Hampshire generally for the years 2009-2012. During 2013, 2012 and 2011, the Corporation recorded $(691), $191 and $241, respectively of interest and penalties in the consolidated statements of operations.

The reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at December 31, 2011	$6,179
Additions based on tax positions--current year	—
Additions for tax positions--prior years	—
Settlements	—
Balance at December 29, 2012	6,179
Additions based on tax positions--current year	82
Additions for tax positions--prior years	932
Settlements	—
Lapses of statutes of limitations	(5,231)
Balance at December 28, 2013	$1,962

13. Profit Sharing Plan

During fiscal 2013, the Corporation maintained a profit sharing plan, which qualifies for favorable tax treatment under Section 401(k) of the Internal Revenue Code. Contributions by the Corporation are based upon both discretionary and matching nondiscretionary amounts. The matching amounts represent a 50% match of employees’ contributions, up to a maximum of $4 per participant per year. Expense recorded for the plans was $1,848, $1,751 and $1,708 for 2013, 2012 and 2011, respectively.

14. Stock-Based Compensation Plans

The 2003 Stock Option Plan. The 2003 Stock Option Plan provides for the grant of nonqualified stock options to the Corporation's directors, officers and employees and other persons who provide services to us. A total of 907,167 shares of common stock are reserved for issuance under this plan. Options for 786,979 shares of common stock have been granted, although there have been no grants of stock options under this plan since 2004. These options vested ratably over a four year period as of the end of each of our fiscal years following a grant. Options granted under the 2003 Stock Option Plan are generally not transferable by the optionee, and such options must be exercised within 30 days after the end of an optionee's status as an employee, director or consultant (other than a termination by us for cause, as defined in the 2003 Stock Option Plan), within 180 days after such optionee's termination by death or disability, or within 90 days after such optionee's retirement, but in no event later than the expiration of the option term. All options were granted, as determined by its board of

directors, at the fair market value of the Corporation's common stock on the date of grant. The term of all options granted under the 2003 Stock Option Plan may not exceed ten years.

The 2004 Amended and Restated Equity Incentive Plan. The 2004 Amended and Restated Equity Incentive Plan as amended ("the 2004 Incentive Plan") is designed to enable us to attract, retain and motivate our directors, officers, employees and consultants, and to further align their interests with those of the Corporation's stockholders, by providing for or increasing their ownership interests in our Corporation. The 2004 Incentive Plan provides for the issuance of stock options, stock appreciation rights ("SARs"), restricted stock, deferred stock, dividend equivalents, other stock-based awards and performance awards. Performance awards will be based on the achievement of one or more business or personal criteria or goals, as determined by the compensation committee. During 2012, the 2004 Incentive Plan was amended to increase the number of shares of common stock permitted for the grant of equity incentive awards by 1,710,000 shares. An aggregate of 3,383,333 shares of common stock are now reserved for issuance under the 2004 Incentive Plan, subject to certain adjustment reflecting changes in the Corporation capitalization. The Corporation provides newly issued shares to satisfy stock option exercises and issuance of SARs, restricted stock, deferred stock, dividend equivalents, other stock-based awards and performance awards.

The Corporation granted 300,000 shares of stock options to one employee during 2012. Stock options under the 2004 Incentive Plan generally are not transferable, and such options must be exercised within 30 days of termination by death or disability, or within 90 days after retirement, but in no event later than the expiration of the option term. Stock options are awarded with an exercise price equal to the market price on the date of grant, become fully exercisable five years after the date of grant and expire six years after the date of grant. The fair value of stock option awards is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the following table:

Valuation Assumptions	
Risk-free interest rate	0.75%
Expected volatility	48%
Expected dividend yield	—
Expected term	5.5 years

The expected volatility is based upon the Corporation's historical experience. The expected term represents the period of time that options granted are expected to be outstanding, is based on "simplified method" using the midpoint of the vesting and expiration period of each grant, due to the limited historical data. The risk-free interest rate utilized for periods throughout the contractual life of the options are based on U.S. Treasury security yields at the time of grant.

A summary of stock option activity and weighted-average exercise prices for the periods indicated are as follows:

	Number of Options	Weighted Average Price	Intrinsic Value
Outstanding at December 29, 2012	351,941	$7.15	$1,146
Granted	—	—	—
Exercised	(22,631)	$3.04	—
Canceled	—	—	—
Outstanding at December 28, 2013	329,310	$7.44	$874
Exercisable at December 28, 2013	29,310	$4.83	—

Range of Exercise	Number Outstanding	Weighted Average Remaining Life	Weighted Average Outstanding Price	Number Exercisable at December 28, 2013	Weighted Average Exercisable Price
$4.83 - $7.69	329,310	4.2 years	$7.44	29,310	$4.83

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During 2012, the Corporation granted 300,000 stock options with aggregate fair values on the date of grant of $1,011. The estimated fair value of the stock options granted in 2012 was $3.37. The Corporation did not grant any options during 2013 or 2011. Intrinsic value for stock options is the difference between the current market value of the Corporations' stock and the option strike price. The total intrinsic value of stock options exercised during 2013, 2012 and 2011 were $139, $1,056 and $38, respectively. In 2013 and 2012, the Corporation recorded compensation expense of $202 and $84 , respective, related to stock options grants. The Corporation had no compensation expense relating to stock options during 2011. As of December 28, 2013, $725 of unrecognized compensation cost related to non-vested stock options is expected to be recognized over a weighted-average period of approximately 3.6 years.

Restricted stock is a grant of shares of common stock that may not be sold or disposed of, and that may be forfeited in the event of certain terminations of employment, prior to the end of a restricted period set by the compensation committee. A participant granted restricted stock generally has all of the rights of a shareholder, unless the compensation committee determines otherwise.

During 2013, the Corporation awarded no performance based restricted stock to employees, however. an aggregate of 95,302 shares of non-performance based restricted stock were granted to several employees during 2013 that have vesting schedules that vary by grant and range from immediately upon grant through five years. The Corporation also granted 65,730 shares of non-performance based restricted stock to directors that vest over three years with one-third vesting on December 21 of each year. The aggregate fair value of 2013 granted shares was $1,609.

During 2012, the Corporation awarded 457,540 shares of performance based restricted stock to employees. Additionally, an aggregate of 51,096 shares of non-performance based restricted stock were granted to several employees during 2012 that have vesting schedules that vary by grant and range from immediately upon grant through four years. The Corporation also granted 96,096 shares of non-performance based restricted stock to directors that vest over three years with one-third vesting on December 21 of each year. The aggregate fair value of 2012 granted shares was $5,668.

During 2011, the Corporation awarded 112,696 shares of performance based restricted stock to employees. Additionally, an aggregate of 355,050 shares of non-performance based restricted stock were granted to several employees during 2011 that have vesting schedules that vary by grant and range from three months through five years. An additional 100,742 shares were granted to certain employees associated with the successful completion of the Codman acquisition which vested immediately. The Corporation also granted 88,326 shares of non-performance based restricted stock to directors that vest over three years with one-third vesting on December 21 of each year. A total of 57,005 shares were granted in 2011 that contained market conditions which were not achieved and therefore the stock was never earned. The total fair value of this grant was $506 as determined by the Monte Carlo Method and will be expensed over the three year service period unless the employee is no longer an employee of the Corporation. Awards that are subject to performance conditions are expensed based on the probability that these conditions will be achieved. The aggregate fair value of 2011 granted shares was $5,598.

In 2013, 2012 and 2011, the Corporation recorded compensation expense of $2,520, $3,948 and $3,672, respectively, related to restricted stock grants. The Corporation's policy is to recognize expense for awards subject to graded or cliff vesting using the straight-line attribution method. As of December 28, 2013, the Corporation had unearned compensation cost related to unvested restricted stock awards of $2,520 which will be expensed through 2018.

A summary of all restricted stock activity for the period indicated below is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 29, 2012	1,042,972	$9.08
Granted	161,032	$9.99

Vested	(271,986)	$9.26
Canceled	(236,976)	$9.06
Outstanding at December 28, 2013	695,042	$9.24

The total fair value of restricted stock that vested during 2013, 2012 and 2011 was $2,631, $2,245 and $1,957, respectively.

15. Employee Stock Purchase Plan

2004 Employee Stock Purchase Plan. As of July 25, 2013, the Corporation terminated the 2004 Amended and Restated Employee Stock Purchase Plan as amended ("the Plan"), following the completion of the May 2013 purchase. A total of 600,000 shares of the Corporation's common stock were reserved for issuance over the term of the Plan. The Corporation filed an amendment to its registration statement to deregister the remaining 301,985 shares of unissued common stock on the termination date. This plan was non-compensatory.

The Plan was designed to provide an incentive for our domestic employees to purchase our common stock and acquire a proprietary interest in the Corporation. During 2012, the Plan was amended to clarify that eligible compensation includes commissions earned by the Corporation's salespeople. The Amendment also provided that fractional shares may be purchased to facilitate recordkeeping and avoid participants retaining an amount less than the price of a single share in their accounts after each purchase.

Each participant was granted an option to purchase shares of the Corporation's common stock at the beginning of each 6-month "offering period" under the plan, on each "exercise date," during the offering period. Exercise dates occurred on the last date on which the NYSE was open for trading prior to each May 31 and November 30. Participants purchased the shares of the Corporation's common stock through after-tax payroll deductions, not to exceed 10% of the participant's total base salary on each payroll date. No participant could purchase more than 750 shares of common stock on any one exercise date or more than $25 of common stock in any one calendar year. The purchase price for each share was 95% of the fair market value of such share on the exercise date. If a participant's employment with the Corporation or one of its designated subsidiaries terminated, any outstanding option of that participant also terminated.

On May 31, 2013, 9,477 shares of the Corporation's common stock were purchased by the participants in the plan at a price of $8.86 per share. On November 30, 2012, 8,313 shares of the Corporation's common stock were purchased by the participants in the plan at a price of $9.26 per share. On May 31, 2012, 10,079 shares of the Corporation's common stock were purchased by the participants in the plan at a price of $7.35 per share.

16. Segment Reporting

The Corporation has two reportable segments: OEM Solutions and Symmetry Surgical. OEM Solutions primarily designs, develops and manufactures implants and related surgical instruments and cases for orthopedic device companies and companies in other medical device markets such as arthroscopy, dental, laparoscopy, osteobiologic and endoscopy. OEM Solutions also manufactures specialized non-healthcare products, primarily in the aerospace industry. OEM Solutions manages its business in multiple operating segments. Because of the similar economic characteristics of these operations, including the nature of the products, comparable level of FDA regulations, and same or similar customers, those operations have been aggregated for segment reporting purposes. Symmetry Surgical is the Corporation's hospital direct business which sells a broad range of reusable stainless steel and titanium surgical hand-held instruments and retractor systems, sterile disposable surgical products (vein strippers, SECTO dissectors, tonsil sponges and surgical marker pens), and sterilization containers. These products are typically used in the surgical specialties of spine, general/OB-GYN, microsurgery/neurosurgery, orthopedics, laparoscopy, cardiovascular, thoracic and general surgery in the hospital setting as well as surgery centers and in select physician offices.

The Corporation is a multi-national company with operations in the U.S., United Kingdom, France, Ireland, Malaysia, Germany and Switzerland. As a result, the Corporation's financial results can be impacted by currency exchange rates in the foreign markets in which the Corporation sells its products. Revenues are attributed to geographic locations based on the location to which we ship our products.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies except that the Corporation evaluates segment performance based on income from operations. The

Corporation allocates certain administrative corporate charges to the OEM Solutions and Symmetry Surgical reportable segments. Other Corporation charges, such as interest, income taxes and remaining unallocated administrative charges have not been allocated to the OEM Solutions or Symmetry Surgical reportable segments. The Corporation generally accounts for intersegment sales and transfers at cost plus a specified mark-up.

Reportable segment information is as follows:

	Fiscal Year Ended 2013					
	OEM Solutions	Symmetry Surgical	Unallocated	Combined segments	Eliminations	Consolidated Total
Revenues						
External revenues	$310,733	$89,259	—	$399,992	—	$399,992
Intersegment revenues	5,381	71	—	5,452	$(5,452)	—
Total revenues	316,114	89,330	—	405,444	(5,452)	399,992
Depreciation and amortization	17,491	6,084	$235	23,810	—	23,810
Operating income (loss)	(3,341)	(15,116)	(9,899)	(28,356)	(3)	(28,359)
Interest expense						17,679
Loss on debt extinguishment						4,460
Derivatives valuation loss						242
Other						1,691
Loss before income taxes						(52,431)
Total assets	320,076	179,650	16,110	515,836	—	515,836
Capital expenditures	8,985	903	300	10,188	—	10,188

	Fiscal Year Ended 2012					
	OEM Solutions	Symmetry Surgical	Unallocated	Combined segments	Eliminations	Consolidated Total
Revenues						
External revenues	$303,265	$107,240	—	$410,505	—	$410,505
Intersegment revenues	9,929	342	—	10,271	$(10,271)	—
Total revenues	313,194	107,582	—	420,776	(10,271)	410,505
Depreciation and amortization	18,490	6,542	$213	25,245	—	25,245
Operating income (loss)	25,792	18,226	(11,192)	32,826	219	33,045
Interest expense						19,620
Derivatives valuation gain						(242)
Other						(102)
Income before income taxes						13,769
Total assets	370,704	214,391	20,223	605,318	—	605,318
Capital expenditures	8,246	2,298	213	10,757	—	10,757

	Fiscal Year Ended 2011					
	OEM Solutions	Symmetry Surgical	Unallocated	Combined segments	Eliminations	Consolidated Total
Revenues						
External revenues	$319,547	$39,499	—	$359,046		$359,046
Intersegment revenues	7,195	387	—	7,582	$(7,582)	—
Total revenues	326,742	39,886	—	366,628	(7,582)	359,046
Depreciation and amortization	20,124	978	$195	21,297	—	21,297
Operating income (loss)	23,183	(775)	(14,156)	8,252	—	8,252
Interest expense						3,862
Derivatives valuation gain						—
Other						400
Income before income taxes						3,990
Total assets	411,143	206,308	21,414	638,865	—	638,865
Capital expenditures	13,081	473	112	13,666	—	13,666

Revenues to External Customers:

	Fiscal Year Ended		
	2013	2012	2011
United States	$292,593	$302,558	$261,327
Ireland	31,656	22,362	22,473
United Kingdom	24,544	30,203	29,397
Other foreign countries	51,199	55,382	45,849
Total revenues	$399,992	$410,505	$359,046

Long-Lived Assets:

	Fiscal Year Ended		
	2013	2012	2011
United States	$52,959	$60,292	$66,596
Ireland	3,610	25,499	25,683
United Kingdom	25,551	3,116	2,605
Other foreign countries	7,873	9,139	8,479
Total long-lived assets	$89,993	$98,046	$103,363

Concentration of Credit Risk:
Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of accounts receivable. A significant portion of the Corporation’s sales are derived from our top ten customers, predominantly in the orthopedic device market, and, as such, the Corporation is directly affected by the condition of those customers and that industry. However, the credit risk associated with the trade receivables is partially mitigated due to the stability of those customers. The Corporation performs ongoing credit evaluations of its customers and does not require collateral or other security from its customers.

A substantial portion of the Corporation's net revenues is derived from a limited number of customers. Net revenue from customers of the Corporation which individually account for 10% or more of the Corporation's net revenue is as

follows:

2013- One customer represented approximately 32.4% of revenue.

2012- One customer represented approximately 32.4% of revenue, however, excluding the Codman related transitional services agreement, this customer would represent 29.9%.

2011 - Two customers represented approximately 31.6% and 11.2% net revenues, respectively.

The customers listed above, which are predominantly OEM Solution customers, with the exception of the Codman related transitional services agreement, comprised approximately 26%, 28% and 41% of the accounts receivable balance at December 28, 2013, December 29, 2012 and December 31, 2011, respectively.

Following is a summary of the composition by segment and product category of the Corporation's net revenues to external customers.

	Fiscal Year Ended		
Sales by product	2013	2012	2011
OEM Solutions Revenue			
Instruments	$112,198	$115,154	$115,271
Implants	106,729	101,957	103,328
Cases	67,352	58,545	75,847
Other	24,454	27,609	25,101
Total OEM Solutions Revenue	310,733	303,265	319,547
Total Symmetry Surgical Revenue	89,259	107,240	39,499
Total Revenue	$399,992	$410,505	$359,046

17. Accounts Receivable Factoring

In January 2012, the Corporation entered into an agreement with an unrelated third-party for the factoring of specific accounts receivable in the U.K. to reduce the amount of working capital required to fund such receivables. The factoring of accounts receivable under this agreement is accounted for as a sale in accordance with ASC 860, Transfers and Servicing. Proceeds on the transfer reflect the face value of the account less a discount. The discount is recorded as a charge in general and administrative expenses in the consolidated statement of operations in the period of the sale. Net funds received reduced accounts receivable outstanding while increasing cash. The Corporation has no retained interests, nor any continuing involvement or servicing liabilities related to the accounts receivable that have been sold. For fiscal 2013 and 2012, the Corporation sold $3,663 and $7,024, respectively, of accounts receivable pursuant to this agreement, which represents the face amount of total outstanding receivables at the time the receivables are sold. Fees paid pursuant to this agreement were $28 and $50, respectively, for fiscal 2013 and 2012.

18. Net Income Per Share

The following table sets forth the computation of earnings per share.

	Fiscal Year Ended		
	2013	2012	2011
Earnings per share - Basic:			
Net income (loss)	$(35,798)	$9,127	$2,892
Less: Undistributed earnings allocated to nonvested stock	$—	$(36)	$(20)
Income available to common shares - Basic	$(35,798)	$9,091	$2,872
Weighted-average common shares outstanding - Basic	36,327	35,987	35,576
Earnings per share - Basic:	$(0.99)	$0.25	$0.08
Earnings per share - Diluted:			
Net income (loss)	$(35,798)	$9,127	$2,892
Less: Undistributed earnings allocated to nonvested stock	$—	$—	$—
Income available to common shares - Diluted	$(35,798)	$9,127	$2,892
Weighted-average common shares outstanding - Basic	36,327	35,987	35,576
Effect of dilution	—	431	445
Weighted-average common shares outstanding - Diluted	36,327	36,418	36,021
Earnings per share - Diluted	$(0.99)	$0.25	$0.08

19. Facility Closure and Severance Costs

Results of operations for fiscal 2013, 2012 and 2011 include pre-tax charges of $1,582, $622 and $2,710, respectively, associated with employee cost reduction and efficiency actions. The segment composition of these charges includes OEM Solutions of $327, $405 and $1,743; Symmetry Surgical of $873, $217 and $22; and Unallocated of $382, nil and $945, respectively for each fiscal year. As of December 28, 2013 and December 29, 2012, severance accruals related to these cost reduction and efficiency actions totaled $361 and $177, respectively, and are included in other accrued expenses in the consolidated balance sheets. The decrease in the accrual from December 29, 2012 to December 28, 2013 represents severance charges paid during 2013.

20. Commitments and Contingencies

Legal & Environmental Matters. The Corporation is involved, from time to time, in various contractual, product liability, patent (or intellectual property) and other claims and disputes incidental to its business. Currently, there is no environmental or other litigation pending or, to the knowledge of the Corporation, threatened, that the Corporation expects to have a material adverse effect on its financial condition, results of operations or liquidity. While litigation is subject to uncertainties and the outcome of litigated matters is not predictable with assurance, the Corporation currently believes that the disposition of all pending or, to the knowledge of the Corporation, threatened claims and disputes, individually or in the aggregate, should not have a material adverse effect on the Corporation’s consolidated financial condition, results of operations or liquidity.

Operating Leases. The Corporation has various operating leases, primarily for equipment and vehicles. Total rental expense for these operating leases amounted to $2,996, $2,869 and $2,671 in 2013, 2012 and 2011, respectively. December 28, 2013, future minimum payments for operating leases with initial terms of one year or more are as follows: $2,580 in 2014; $1,603 in 2015; $937 in 2016; $584 in 2017; $411 in 2018 and $100 thereafter.

Unconditional Purchase Obligations. The Corporation has contracts to purchase minimum quantities of cobalt chrome, nickel and titanium through December 2014. Based on contractual pricing at December 28, 2013, the minimum purchase obligations total $7,876. Purchases under cobalt chrome, nickel and titanium contracts total approximately $11,480 for fiscal 2013. These purchases are not in excess of our forecasted requirements.

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21. Quarterly Results of Operations (Unaudited)

The Corporation's fiscal year end is the 52 or 53 week period ending the Saturday closest to December 31. Fiscal 2013 and 2012 were 52 week years. The following quarterly results of operations refer to these financial periods (in thousands, except per share data):

	Fiscal Year Ended 2013				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
	(in thousands except per share data)				
Revenue	98,864	101,948	98,003	101,177	399,992
Gross profit	25,144	26,571	24,529	25,812	102,056
Net income (loss)	(294)	1,177	(34,524)	(2,157)	(35,798)
Earnings per share:					
Basic	(0.01)	0.03	(0.95)	(0.06)	(0.99)
Diluted	(0.01)	0.03	(0.95)	(0.06)	(0.99)

	Fiscal Year Ended 2012				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
	(in thousands except per share data)				
Revenue	100,685	102,335	100,929	106,556	410,505
Gross profit	25,144	26,771	28,226	28,915	109,056
Net income (loss)	830	1,636	3,738	2,923	9,127
Earnings per share:					
Basic	0.02	0.05	0.10	0.08	0.25
Diluted	0.02	0.05	0.10	0.08	0.25

The sum of the quarters may not equal the year to date amounts due to rounding.

22. Subsequent Event

On February 21, 2014, the Corporation announced that the consultation proceeds begun with its employees on January 30, 2014 had concluded with an agreement that the facility in Cheltenham, United Kingdom should cease production within calendar 2014. The Cheltenham plant is engaged primarily in the manufacture of medical instruments and employs approximately 40 people. The Corporation estimates costs of approximately $2,000 will be incurred in 2014 primarily related to employee severance in connection with the plant closure. No costs were recorded in 2013.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Symmetry Medical Inc.:

We have audited the accompanying consolidated balance sheets of Symmetry Medical Inc. as of December 28, 2013 and December 29, 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flow for each of the three years in the period ended December 28, 2013. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Symmetry Medical Inc. at December 28, 2013 and December 29, 2012, and the consolidated results of its operations, comprehensive income (loss), and its cash flow for each of the three years in the period ended December 28, 2013, in conformity with US generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Symmetry Medical Inc.'s internal control over financial reporting as of December 28, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated March 10, 2014, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Indianapolis, Indiana
March 10, 2014

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Symmetry Medical Inc. (the Corporation) is responsible for establishing and maintaining adequate internal control over financial reporting. The Corporation's 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 for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 28, 2013, based on criteria for effective internal control over financial reporting described in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework (the COSO criteria). Based on this assessment, we have concluded that internal control over financial reporting is effective as of December 28, 2013.

Ernst and Young, LLP the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report, have also issued an attestation report on the effectiveness of internal control over financial reporting which appears on the following page.

/s/ Thomas J. Sullivan
Thomas J. Sullivan
Chief Executive Officer

/s/ Fred L. Hite
Fred L. Hite
Chief Financial Officer
March 10, 2014

Report of Independent Registered Public Accounting Firm
The Board of Directors and Shareholders of Symmetry Medical Inc.
We have audited Symmetry Medical Inc.'s internal control over financial reporting as of December 28, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework (the COSO criteria). Symmetry Medical Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's 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 for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Symmetry Medical Inc. maintained, in all material respects, effective internal control over financial reporting as of December 28, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Symmetry Medical Inc. as of December 28, 2013 and December 29, 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flow for each of the three years in the period ended December 28, 2013 of Symmetry Medical, Inc. and our report dated March 10, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Indianapolis, Indiana
March 10, 2014

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures. In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as of the end of the period covered by this Annual Report on Form 10-K, the Corporation's management evaluated, with the participation of the Corporation's Chief Executive Officer and Senior Vice President and Chief Financial Officer, the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based upon their evaluation of these disclosure controls and procedures, the Chief Executive Officer and Senior Vice President and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K to ensure that information required to be disclosed by the Corporation in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission rules and forms, and to ensure that information required to be disclosed by the Corporation in the reports it files or submits under the Exchange Act is accumulated and communicated to the Corporation's management, including its Chief Executive Officer and Senior Vice President and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

(b) Changes in Internal Control over Financial Reporting

Changes in Internal Controls. There were no changes in the Corporation's "internal control over financial reporting that occurred during the quarter ended December 28, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

The report of management required under this Item 9A can be found on page 84 of this Form 10-K under the heading "Management's Report on Internal Control over Financial Reporting."
Symmetry Medical's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the effectiveness of the Corporation's internal control over financial reporting. This report appears on page 85 of this Form 10-K under the heading "Report of Independent Registered Public Accounting Firm."

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required to be furnished pursuant to Item 10 with respect to directors and corporate governance is incorporated herein by reference from the sections entitled “Governance of the Company,” "Committees, Director Independence and Meetings," "Management of Risk" and "Information Regarding our Directors" in our Proxy Statement for the 2014 Annual Meeting of Shareholders which we will file with the Securities and Exchange Commission no later than 120 days after the end of our fiscal year. Information regarding our executive officers is disclosed in Item 1 of this annual report filed on Form 10-K.

Item 11. Executive Compensation

The information required to be furnished pursuant to Item 11 is incorporated herein by reference from the sections entitled "Executive Compensation" and "Compensation Discussion and Analysis" in our Proxy Statement for the 2014 Annual Meeting of Shareholders which we will file with the Securities and Exchange Commission no later than 120 days after the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required to be furnished pursuant to Item 12 is incorporated herein by reference from the sections entitled “Stock Ownership of Directors and Executive Officers” and “Stock Ownership of Certain Beneficial Owners” in our Proxy Statement for the 2014 Annual Meeting of Shareholders which we will file with the Securities and Exchange Commission no later than 120 days after the end of our fiscal year.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required to be furnished pursuant to Item 13 is incorporated herein by reference from the sections entitled “Governance of the Corporation” and “Related Party Transactions” in our Proxy Statement for the 2014 Annual Meeting of Shareholders which we will file with the Securities and Exchange Commission no later than 120 days after the end of our fiscal year.

Item 14. Principal Accounting Fees and Services

The information required to be furnished pursuant to Item 14 is incorporated herein by reference from the section entitled “Audit and Non-Audit Fees” in our Proxy Statement for the 2014 Annual Meeting of Shareholders which we will file with the Securities and Exchange Commission no later than 120 days after the end of our fiscal year.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)	See Part II, Item 8 for an index of the Corporation's consolidated financial statements.
(b)	Exhibits:
	Asset Purchase Agreement between Codman & Shurtleff, Inc. and Specialty Surgical
2.1	Instrumentation, Inc., and Symmetry Medical Inc., dated December 11, 2011 (incorporated by reference to Exhibit 2.1 of our Form 8-K filed December 13, 2011).
	Articles of Incorporation and Bylaws
	Amended and Restated Certificate of Incorporation of Symmetry Medical Inc. (incorporated by
3.1	reference to Exhibit 3.2 of Amendment No. 3 to our Registration Statement, on Form S-1/A, filed July 22, 2004).
	Amended and Restated Bylaws of Symmetry Medical Inc., as amended through March 24, 2005
3.2	(incorporated by reference to Exhibit 3.2 from our 2004 Annual Report on Form 10-K, filed March 25, 2005).
	Instruments Defining the Rights of Security Holders, Including Indentures
4.1	Form of Common Stock certificate (incorporated by reference to Exhibit 4.1 of Amendment No. 3 to our Registration Statement, on Form S-1/A, filed July 22, 2004).
	Material Contracts
10.1 †	Stock Option Agreement between Symmetry Medical Inc. and Thomas J. Sullivan dated July 27, 2012 (incorporated by reference to Exhibit 10.1 of our Form 8-K filed August 2, 2012).
10.10†	Symmetry Medical Inc. 2003 Stock Option Plan (incorporated by reference to Exhibit 10.12 of our Registration Statement on Form S-1, filed May 28, 2004).
10.11†	Form of Nonqualified Stock Option Agreement issued under 2003 Stock Option Plan (incorporated by reference to Exhibit 10.13 of our Registration Statement on Form S-1, filed May 28, 2004).
10.12†	Symmetry Medical Inc. Amended and Restated 2004 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.13 from our 2004 Annual Report on Form 10-K, filed March 25, 2005).
10.13†	Amendment to Symmetry Medical Inc. 2004 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.14 from our 2004 Annual Report on Form 10-K, filed March 25, 2005).
10.14†	Employment Agreement, dated as of January 6, 2004, by and between Symmetry Medical Inc. and Fred L. Hite (incorporated by reference to Exhibit 10.17 of Amendment No. 4 to our Registration Statement, on Form S-1/A, filed July 30, 2004).
10.15†	Form of Restricted Stock Agreement (Key Employees) (incorporated by reference to Exhibit 10.1 to our Form 8-K filed May 30, 2008).
10.16†	Symmetry Medical Inc. Amendment No. 1 to the Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to our Form DEF 14A filed May 1, 2009.)
10.17†	Employment Agreement, dated May 4, 2010, by and between Symmetry Medical Inc. and Fred Hite (incorporated by reference to Exhibit 10.45 to our Form 10-Q filed May 11, 2010).
10.18†	Form of Restricted Stock Agreement (CEO) issued under Amendment No. 1 to the Amended and Restated Equity Incentive Plan (incorporated by reference to Exhibit 10.45 to our Form 10-Q filed May 11, 2010).
10.19†	Employment Agreement with Mr. Sullivan, dated January 17, 2011 (incorporated by reference to Exhibit 10.2 to our Form 8-K filed January 19, 2011).
10.20†	Executive Benefit Agreement with Mr. Sullivan, dated January 17, 2011 (incorporated by reference to Exhibit 10.3 to our Form 8-K filed January 19, 2011).
10.21†	Bonus Agreement with Mr. Hite, dated January 11, 2011 (incorporated by reference to Exhibit 10.4 to our Form 8-K filed January 19, 2011).
10.22†	Form of Transition Retention Bonus Agreement (incorporated by reference to Exhibit 10.1 to our Form 8-K filed February 3, 2011).

10.23†	Form of Key Employee Restricted Stock Agreement (incorporated by reference to Exhibit 10.2 to our Form 8-K filed February 3, 2011).
10.24†	Form of Restricted Stock Agreement (Key Employees) issued under Amendment No. 1 to the Amended and Restated Equity Incentive Plan (incorporated by reference to Exhibit 10.60 to our Form 10-Q filed May 6, 2011.
10.25†	Restricted Stock Agreement between Symmetry Medical Inc. and Thomas J. Sullivan dated April 28, 2011 (incorporated by reference to Exhibit 10.60 to our Form 10-Q filed August 9, 2011).

10.26†	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.2 of our Form 8-K filed January 5, 2012).
10.27†	Restricted Stock Agreement between Symmetry Medical Inc. and Thomas J. Sullivan dated March 1, 2012 (incorporated by reference to Exhibit 10.67 of our Form 10-K filed March 15, 2012).
10.28†	Form of Key Employee Restricted Stock Agreement (incorporated by reference to Exhibit 10.68 of our Form 10-K filed March 15, 2012).
10.29†	Amendment No. 3 to Amended and Restated 2004 Equity Incentive Amended Plan (incorporated by reference to Exhibit 10.70 of our Form 10-Q filed May 8, 2012).
10.30†	First Amendment to Executive Benefit Agreement between Symmetry Medical Inc. and Thomas J. Sullivan dated August 3, 2012 (incorporated by reference to Exhibit 10.70 of our Form 10-Q filed August 3, 2012).
10.31†	Amended Employment Agreement between Symmetry Medical Inc. and Fred Hite dated August 3, 2012 (incorporated by reference to Exhibit 10.71 of our Form 10-Q filed August 3, 2012)
10.32†	Form of Amended Employment Agreement between Symmetry Medical Inc. and D. Darin Martin and David C. Milne and Christopher Huntington and Christopher G. Cummins and Thomas W. Barrett dated August 3, 2012 (incorporated by reference to Exhibit 10.72 of our Form 10-Q filed August 3, 2012)
10.33†	2004 Employee Stock Purchase Plan, as amended June 1, 2005 and November 16, 2012 (incorporated by reference to Exhibit 10.73 of our Form 8-K filed November 19, 2012).
10.34†	Release Agreement dated May 31, 2013, between Symmetry Medical Inc. and Chris Huntington (incorporated by reference to Exhibit 99.1 of our Form 8-K filed June 3, 2013).
10.35†	Form of Restricted Stock Agreement (Executive Officers) issued under Amendment No. 1 to the Amended and Restated Equity Incentive Plan.*
10.44	Credit Agreement, dated November 3, 2010, among Symmetry Medical Inc. as borrower, JPMorgan Chase Bank, N.A. as Administrative Agent, the lenders identified on the signature pages thereto, Wells Fargo Bank, National Association as Syndication Agent and Fifth Third Bank, Bank of America, N.A. and PNC Bank National Association as Co-Documentation Agents (incorporated by reference to EX-99.1 to our Form 8-K filed November 9, 2010).
10.45	Asset Purchase Agreement, dated August 3, 2011, between SMA Acquisition, LLC and PSC Industries, Inc. (incorporated by reference to Exhibit 10.61 to our Form 10-Q filed August 9, 2011).
10.46	First Amendment to Credit Agreement entered into by Symmetry Medical Inc. and Wells Fargo Securities, LLC and JPMorgan Chase Bank, N.A., dated December 11, 2011 (incorporated by reference to Exhibit 10.1 of our Form 8-K filed December 15, 2011).
10.47	Senior Subordinated Credit Agreement among Symmetry Medical Inc., JPMorgan Mezzanine Capital LLC/FS Investment Corporation and GSO/Blackstone Debt Funds Management LLC dated December 29, 2011 (incorporated by reference to Exhibit 10.1 of our Form 8-K filed January 5, 2012).
10.48	Asset Purchase Agreement between Codman & Shurtleff, Inc. and Specialty Surgical Instrumentation, Inc., and Symmetry Medical Inc., dated December 11, 2011 (incorporated by reference to Exhibit 2.1 of our Form 8-K filed December 15, 2011). See Exhibit 2.1
10.49	Third Amendment to Credit Agreement entered into by Symmetry Medical Inc. and Wells Fargo Securities, LLC and JPMorgan Chase Bank, N.A., dated December 27, 2013 (incorporated by reference to Exhibit 10.1 of our Form 8-K filed January 2, 2014).
	Other
21.1	List of Subsidiaries.*
23.1	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.*
24.1	Power of Attorney.*
	Executive Officer Certifications
31.1	

	Certification of Chief Executive Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
	XBRL
101.INS	XBRL Instance Document.~
101.SCH	XBRL Taxonomy Extension Schema Document.~
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.~

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.~
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.~
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.~

†	Indicates management contract or compensatory plans or arrangements required to be filed as an exhibit.
*	Filed with this Amendment No. 1.
~	In accordance with Rule 406T under Regulation S-T, the XBRL-related information in Exhibit 101 shall be deemed “furnished” and not “filed.”

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYMMETRY MEDICAL INC.

By /s/ Thomas J. Sullivan
Thomas J. Sullivan,
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ Fred L. Hite
Fred L. Hite,
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

March 10, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

	Name	Title	Date
	/s/ Thomas J. Sullivan Thomas J. Sullivan	Chief Executive Officer, President and Director (Principal Executive Officer)	March 10, 2014
	/s/ Fred L. Hite Fred L. Hite	Senior Vice President, Chief Financial Officer	March 10, 2014
	/s/ Ronda L. Harris Ronda L. Harris	Chief Accounting Officer	March 10, 2014
*	Craig B. Reynolds	Director	March 10, 2014
*	Francis T. Nusspickel	Director	March 10, 2014
*	James S. Burns	Director	March 10, 2014
*	John S. Krelle	Director	March 10, 2014
*	Robert G. Deuster	Director	March 10, 2014
*	By: /s/ Fred L. Hite Fred L. Hite Attorney-in-fact Pursuant to Power of Attorney (Exhibit 24.1 hereto)		