

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information	
1a Name of plan <u>ACCLARENT, INC. 401(K) PLAN</u> 2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>ACCLARENT, INC</u> <u>1525-B O'BRIEN DRIVE</u> <u>MENLO PARK, CA 94025</u>	1b Three-digit plan number (PN) ▶ <u>001</u> 1c Effective date of plan <u>01/01/2006</u> 2b Employer Identification Number (EIN) <u>20-1772549</u> 2c Sponsor's telephone number <u>650-687-5888</u> 2d Business code (see instructions) <u>339110</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/01/2011	CARMELA MARKLINGER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	08/08/2011	ANNE-MARIE HODKINSON
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ACCLARENT, INC 1525-B O'BRIEN DRIVE MENLO PARK, CA 94025	3b Administrator's EIN 20-1772549 3c Administrator's telephone number 650-687-5888
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	354
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	403
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	39
d Subtotal. Add lines 6a , 6b , and 6c	6d	442
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	442
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	346
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2G 2J 2K 2S 2T 3D 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan ACCLARENT, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 ACCLARENT, INC	D Employer Identification Number (EIN) 20-1772549	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FID.INV.INST.OPS.CO.

04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 60	RECORDKEEPER	2025	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

AMERIPRISE FINANCIAL SERVICES INC

707 2ND AVE S
MINNEAPOLIS, MN 55402

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
61	ADVISOR	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
BLKRK EQUITY DIV A - BNY MELLON INV	0.25%	
04-2270522		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
BLKRK GLOBAL ALLOC A - PNC GLB INVE	0.25%	
04-2871943		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
BLKRK INTL OPP A - BNY MELLON INVES	0.25%	
760 MOORE ROAD KING OF PRUSSIA, PA 19406		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BLKRK US OPPS INV A - BNY MELLON IN 760 MOORE ROAD KING OF PRUSSIA, PA 19406	0.25%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COL CONTRARN CORE A - COLUMBIA MGT P.O. BOX 8081 BOSTON, MA 02266-8081	0.25%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
EV DIV BUILDER A - PNC GLOBAL INVES	0.25%	
04-2871943		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
GS TECH TOLLKEEPER A - GOLDMAN, SAC 13-5108880	0.25%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
IVK SMALL CAP VAL A - INVESCO TRIMA P.O. BOX 4739 HOUSTON, TX 77210-4739	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
JANUS FLEXIBLE BD S - JANUS SERVICE 43-1804048	0.25%	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPHMR DEV MKTS A - OPPENHEIMERFUND P.O. BOX 5270 COLORADO, CO 80217	0.25%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPHMR GLOBAL OPP A - OPPENHEIMERFU P.O. BOX 5270 COLORADO, CO 80217	0.25%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PERKINS MID CP VAL S - JANUS SERVIC 43-1804048	0.25%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
AMERIPRISE FINANCIAL SERVICES INC	61	0
(d) Enter name and EIN (address) of source of indirect compensation		
COL CONTRARN CORE A - COLUMBIA MGT P.O. BOX 8081 BOSTON, MA 02266-8081	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. $\$0 < \$3M = 1.00\%$ $\$3M < \$50M = 0.50\%$ $\$50M+ = 0.25\%$	
(a) Enter service provider name as it appears on line 2		
AMERIPRISE FINANCIAL SERVICES INC	61	0
(d) Enter name and EIN (address) of source of indirect compensation		
OPPHMR DEV MKTS A - OPPENHEIMERFUND 13-2953455	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. $\$5M+ = 0.25\%$	
(a) Enter service provider name as it appears on line 2		
AMERIPRISE FINANCIAL SERVICES INC	61	0
(d) Enter name and EIN (address) of source of indirect compensation		
OPPHMR GLOBAL OPP A - OPPENHEIMERFU 13-2953455	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. $\$5M+ = 0.25\%$	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan ACCLARENT, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 ACCLARENT, INC	D Employer Identification Number (EIN) 20-1772549	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)	67098	0
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	250366	150511
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	111243	111748
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	5237703	10208071
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5666410	10470330

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5666410	10470330
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	3062206	
(C) Others (including rollovers)	2a(1)(C)	899816	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3962022
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	8172	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	2138	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		10310
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	273734	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		273734
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1078906
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		5324972

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	516813	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		516813
f Corrective distributions (see instructions)	2f		2200
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	2039	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		2039
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		521052

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4803920
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ZAJAC & PERRONE LLP (2) EIN: 77-0423480

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....	☒	☐	264306
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....	☐	☒	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	☐	☒	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	☐	☒	
e Was this plan covered by a fidelity bond?.....	☒	☐	400000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	☐	☒	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	☐	☒	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	☐	☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	☒	☐	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	☐	☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	☐	☒	
l Has the plan failed to provide any benefit when due under the plan?	☐	☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	☐	☒	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	☐	☒	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>		
A Name of plan <u>ACCLARENT, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ACCLARENT, INC</u>		
D Employer Identification Number (EIN) <u>20-1772549</u>		

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....

1	<u>0</u>
----------	----------

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
EIN(s): 04-6568107

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....

3	
----------	--

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6

a Enter the minimum required contribution for this plan year	6a	
b Enter the amount contributed by the employer to the plan for this plan year	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No

11

a Does the ESOP hold any preferred stock?	☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

ACCLARENT, INC. 401(k) PLAN

Financial Statements and Supplemental Schedules
Years Ended December 31, 2010 and 2009
And Independent Auditors' Report

ACCLARENT, INC. 401(k) PLAN
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INDEPENDENT AUDITORS' REPORT

Administrative Committee
Acclarent, Inc. 401(k) Plan
San Jose, California

We were engaged to audit the financial statements and supplemental schedules of the Acclarent, Inc. 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and for the years then ended, as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by Fidelity Management Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of and for the years ended December 31, 2010 and 2009 that the information provided to the Plan administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

ZAJAC & PERRONE LLP

June 28, 2011

ACCLARENT, INC. 401(k) PLAN**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

	December 31,	
	2010	2009
ASSETS:		
Investments, at fair value	\$ 10,358,582	\$ 5,488,069
Receivables:		
Participant contributions	-	67,098
Notes receivable from participants	111,748	111,243
	<u>111,748</u>	<u>178,341</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 10,470,330</u>	<u>\$ 5,666,410</u>

See independent auditors' report and notes to financial statements.

ACCLARENT, INC. 401(k)**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	Years Ended December 31,	
	2010	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net appreciation in fair value of investments	\$ 1,078,906	\$ 1,059,292
Interest and dividends	281,906	99,480
	1,360,812	1,158,772
Interest income on notes receivable from participants	2,138	888
Contributions:		
Participant	3,062,206	2,179,039
Participant rollovers from other qualified plans	899,816	168,705
	3,962,022	2,347,744
TOTAL ADDITIONS	5,324,972	3,507,404
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	519,013	398,832
Administrative expenses	2,039	905
TOTAL DEDUCTIONS	521,052	399,737
NET INCREASE DURING THE YEAR	4,803,920	3,107,667
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	5,666,410	2,558,743
End of year	<u>\$ 10,470,330</u>	<u>\$ 5,666,410</u>

See independent auditors' report and notes to financial statements.

ACCLARENT, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(See independent auditors' report)

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Acclarent, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that was established on January 1, 2006 to provide benefits to eligible employees of Acclarent, Inc. (the Company) and was restated effective December 1, 2009. The Plan administrator believes that the Plan is designed and operated in compliance with the applicable requirements of the Internal Revenue Code and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Termination of Plan and Transfer of Plan Assets

In January 2010, the Company was acquired by Ethicon, Inc., a wholly-owned subsidiary of Johnson & Johnson. Effective January 1, 2011, participants were no longer permitted to make contributions to the Plan. Alternatively, eligible employees of the Company became participants in the Johnson & Johnson Savings Plan. Upon the successful determination of certain Plan evaluations, it is the intention of Johnson & Johnson to combine the Plan's assets with those of Johnson & Johnson Savings Plan during 2011.

Administration

The Company has appointed a 401(k) Committee (the Committee) to manage the operation and administration of the Plan. The Company has contracted with Fidelity Management Trust Company (Fidelity) to act as custodian and trustee of the Plan assets. The Company has appointed Fidelity Investments Institutional Operations Company, Inc. to process and maintain the records of participant data.

Eligibility

Prior to January 1, 2011, all employees of the Company were immediately eligible to participate in the Plan, except those covered by a collective bargaining agreement, leased employees, and nonresident aliens who do not receive any earned income from the Company.

Participant Accounts

A separate individual account is maintained within the Plan for each participant. Each participant's account is credited with the participant's contribution, an allocation of the Company's matching contribution, if any, an allocation of Plan earnings or losses, and administrative expenses.

Participant Contributions

Participants could elect to have the Company contribute up to a 100% of their pre-tax annual compensation, as defined in the Plan, not to exceed the amount allowable under the IRC 402(g)(1) elective deferrals limit.

Effective January 1, 2009, unless the employee makes an affirmative election not to participate in the Plan, eligible employees were automatically enrolled in the Plan at an enrollment rate of 3%. Participants who elected to have the Company contribute a portion of their compensation to the Plan agreed to accept an equivalent reduction in taxable compensation. Contributions withheld were invested in accordance with each participant's direction.

Participants were also allowed to make rollover contributions of amounts received from other qualified employer-sponsored retirement plans. Such contributions were deposited in the appropriate investment funds in accordance with the participants' direction and the Plan's provisions.

ACCLARENT, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(See independent auditors' report)

Employer Contributions

As set forth in the Plan, the Company could make discretionary matching employer contributions in an amount equal to a percentage of the eligible contributions made by each eligible participant to the Plan. The Company did not make any contributions to the Plan for the years ended December 31, 2010 and 2009.

Vesting

Participants were vested immediately in their contributions plus actual earnings thereon. Vesting in the company's matching contribution portion of their accounts was based on years of service. Participants vested in 25% annual increments per year of service and were 100 percent vested in the employer's matching contribution after four years of service. In the event that the termination of service was the result of death or disability of a participant, the participant's account balance automatically became fully vested.

Forfeited Accounts

Unallocated employer contributions, if any, were used to reduce future employer contributions. There were no forfeitures in 2010 and 2009.

Investments

Investments of the Plan are held by Fidelity and invested based solely as directed by participants.

Payment of Benefits

Benefits were payable when the participant retired, when employment was terminated or upon death or disability. A participant could also elect a hardship distribution from his deferral contributions account in accordance with the Plan's policy. As set forth in the Plan, the amount payable may be distributed to the participant or directly rolled over to a qualified retirement plan in a lump sum amount equal to the vested value of the participant's account.

Notes Receivable From Participants

The Plan allowed participants to borrow up to the lesser of \$50,000, reduced by the highest outstanding loan balance from the Plan during the previous 12 months, if any, or 50% of their vested account balance. The loans were secured by up to 50% of the participant's vested account balance. Such loans bore interest at a reasonable rate as determined by the Plan administrator and must be repaid within a five-year period, unless the loan was for the purchase of a principal residence, in which case the loan could have a repayment period that exceeds five years from the date of the loan. The specific terms and conditions of such loans were established by the Company. Principal and interest were paid ratably through payroll deductions.

Reclassification

Certain amounts in the 2009 financial statements have been reclassified to conform with the presentation in the 2010 financial statements. There was no impact to the net assets available for benefits.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

ACCLARENT, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(See independent auditors' report)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

The net change in fair value of investments includes the unrealized appreciation or depreciation arising from the differences between the fair value at the beginning of the year and at the end of the year and includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date.

Contributions

Participant contributions are recorded in the year in which the Company makes payroll deductions from the participants' earnings.

Notes Receivable From Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants, if any, are reclassified as distributions based upon the terms of the Plan document.

Benefit Payments

Benefits are recorded when paid.

Administrative Expenses

Unless paid by the Company, all administrative expenses are to be paid by the Plan. The Company paid the majority of the Plan expenses during each year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risks

The Plan offers a variety of investment options, each with a different level of risk that is commensurate with the investment option's investment strategy and targeted investment composition. Investment securities are exposed to various risks, such as interest rate and market price fluctuations. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the accompanying financial statements. Additionally, the quality of the securities in each investment option is affected by the expertise of the fund manager and/or investment advisors. Further diversification of investment risk is available to participants by investing in more than one investment option.

Income Taxes

The Plan has received a favorable determination letter dated June 22, 2011 from the Internal Revenue Service. The Company believes that the Plan is operated in accordance with the requirements of the Internal Revenue Code and state statutes, and that the trust is exempt from federal income and state franchise taxes.

ACCLARENT, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(See independent auditors' report)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NOTE 3 - INVESTMENTS

Investments that represent 5 percent or more of the Plan's net assets available for benefits are as follows:

	December 31,	
	2010	2009
Fidelity Advisor Freedom 2035 Fund - Class A	\$1,060,910	\$ 462,350
Oppenheimer Developing Markets – Class A	1,010,374	317,240
Fidelity Advisor Freedom 2040 Fund - Class A	974,415	510,711
Fidelity Advisor Freedom 2025 Fund - Class A	772,918	729,348
Fidelity Advisor Freedom 2030 Fund - Class A	642,971	406,527
Fidelity Advisor Freedom 2020 Fund – Class A	*	431,432

* - Investment is less than 5 percent of the Plan's net assets available for benefits.

During 2010 and 2009, the Plan's mutual fund investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$1,078,906 and by \$1,059,292 respectively.

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value accounting guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities that the Plan has the ability to access.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data such as quoted prices, interest rates and yield curves.

Level 3: Inputs are unobservable data points that are not corroborated by market data.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no transfers between the fair value measurement levels during 2010 and 2009.

Mutual funds and the money market fund are valued at the net asset value of the shares held by the Plan at year end. It is not probable that the mutual funds will be sold at amounts that differ materially from the net asset value of the shares held.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There have been no changes in the methodology used at December 31, 2010 and 2009.

ACCLARENT, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(See independent auditors' report)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 150,511	\$ -	\$ -	\$ 150,511
Mutual funds				
Blend funds	2,358,150	-	-	2,358,150
Bond funds	822,384	-	-	822,384
Growth funds	2,001,868	-	-	2,001,868
Target date funds	4,684,996	-	-	4,684,996
Value funds	340,673	-	-	340,673
Total mutual funds	10,208,071	-	-	10,208,071
Total assets at fair value	\$ 10,358,582	\$ -	\$ -	\$ 10,358,582

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 250,366	\$ -	\$ -	\$ 250,366
Mutual funds				
Blend funds	1,086,743	-	-	1,086,743
Bond funds	376,595	-	-	376,595
Growth funds	734,608	-	-	734,608
Target date funds	2,878,013	-	-	2,878,013
Value funds	161,744	-	-	161,744
Total mutual funds	5,237,703	-	-	5,237,703
Total assets at fair value	\$ 5,488,069	\$ -	\$ -	\$ 5,488,069

NOTE 5 - NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable are collateralized by the respective participant's vested account balance. At December 31, 2010, the Plan has loans that bear interest rates between 3.25% and 5% and are due in various installments through July 2020.

NOTE 6 - INFORMATION CERTIFIED BY THE CUSTODIANS (UNAUDITED)

In accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, information certified by the custodians of the Plan summarized at December 31, 2010 and 2009 and for the years then ended is as follows:

	December 31,	
	2010	2009
Investments, at fair value:	\$10,358,582	\$ 5,488,069
Notes receivable from participants	111,748	111,243
	<u>\$10,470,330</u>	<u>\$ 5,599,312</u>

ACCLARENT, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(See independent auditors' report)

	Years Ended December 31,	
	2010	2009
Net appreciation in fair value of investments	<u>\$ 1,078,906</u>	<u>\$ 1,059,292</u>
Interest and dividends	<u>\$ 281,906</u>	<u>\$ 99,480</u>
Interest on notes receivable from participants	<u>\$ 2,138</u>	<u>\$ 888</u>

NOTE 7 - PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of a money market fund and certain mutual funds managed by Fidelity. Fidelity is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Although such transactions are considered party-in-interest transactions under ERISA regulations, they are permitted under provisions of the Plan and are specifically exempt from the prohibited party-in-interest transactions under ERISA.

NOTE 8 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The differences between the information reported in the financial statements and the information reported in Form 5500 arises from presenting the financial statements on the accrual basis of accounting.

The following schedule presents a reconciliation of the affected component of changes in net assets available for benefits per the financial statements to Schedule H of Form 5500:

	Years Ended December 31,	
	2010	2009
Participant contributions per the financial statements	\$ 3,062,206	\$ 2,179,039
Excess contributions refunded to participants after year end 2008	<u>-</u>	<u>(106,533)</u>
Participant contributions per Form 5500	<u>\$ 3,062,206</u>	<u>\$ 2,072,506</u>

NOTE 9 - SUBSEQUENT EVENTS

The company has evaluated subsequent events through June 28, 2011, the date which the financial statements were issuable.

ACCLARENT, INC. 401(k) PLAN

SCHEDULE H, 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

EMPLOYER IDENTIFICATION NUMBER: 20-1772549

PLAN NUMBER: 001

Participant Contributions Transferred Late to Plan Check here if late participant loan repayments are included: ☒	<u>Total that constitute nonexempt prohibited transactions</u>				Total fully corrected under VFCP and PTE 2002-51
	Contributions not corrected	Contributions corrected outside VFCP	Contributions pending correction in VFCP		
\$ 264,306	\$ -	\$ 264,306	\$ -	\$ -	

ACCLARENT, INC. 401(k) PLAN

SCHEDULE H, 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2010

EMPLOYER IDENTIFICATION NUMBER: 20-1772549

PLAN NUMBER: 001

(a)	(b)	(c)	(d)	(e)
	Identity of issuer or borrower	Description of investment	Cost	Market value
*	Prime Fund - Daily Money Class	Money market fund	** \$	150,511
	Oppenheimer Global Opportunities Class A	Mutual fund	**	172,064
	BlackRock US Opportunities Class A	Mutual fund	**	441,875
	Goldman Sachs Tollkeeper Class A	Mutual fund	**	110,491
	BlackRock Global Allocation Class A	Mutual fund	**	363,678
	BlackRock Equity Dividend Class A	Mutual fund	**	340,673
	Columbia Contrarian Core Class A	Mutual fund	**	367,175
	Oppenheimer Developing Mkt Class A	Mutual fund	**	1,010,374
	Van Kampen Small Cap Value Class A	Mutual fund	**	299,542
	Eaton Vance Dividend Builder Class A	Mutual fund	**	210,675
	BlackRock Internatl Opps Class A	Mutual fund	**	305,408
	Janus Flexible Bond Fund Class S	Mutual fund	**	121,356
	Perkins Mid Cap Value Fund Class S,	Mutual fund	**	259,199
*	Fidelity Advisor Strategic Income Fund - Class A	Mutual fund	**	376,044
*	Fidelity Advisor Small Cap Fund - Class A	Mutual fund	**	389,251
*	Fidelity Advisor Freedom 2005 Fund - Class A	Mutual fund	**	32,571
*	Fidelity Advisor Freedom 2010 Fund - Class A	Mutual fund	**	21,766
*	Fidelity Advisor Freedom 2015 Fund - Class A	Mutual fund	**	223,939
*	Fidelity Advisor Freedom 2020 Fund - Class A	Mutual fund	**	512,704
*	Fidelity Advisor Freedom 2025 Fund - Class A	Mutual fund	**	772,918
*	Fidelity Advisor Freedom 2030 Fund - Class A	Mutual fund	**	642,971
*	Fidelity Advisor Freedom 2035 Fund - Class A	Mutual fund	**	1,060,910
*	Fidelity Advisor Freedom 2040 Fund - Class A	Mutual fund	**	974,415
*	Fidelity Advisor Freedom 2045 Fund - Class A	Mutual fund	**	343,116
*	Fidelity Advisor Freedom 2050 Fund - Class A	Mutual fund	**	99,686
*	Fidelity Advisor High Income Fund - Class A	Mutual fund	**	116,882
*	Fidelity Advisor Freedom Income Fund - Class A	Mutual fund	**	25,973
*	Fidelity Advisor New Insights Fund - Class A	Mutual fund	**	341,764
*	Fidelity Advisor International Discovery Fund - Class A	Mutual fund	**	62,549
*	Fidelity Advisor Government Income Fund - Class A	Mutual fund	**	208,102
	Total investments at fair value			10,358,582
*	Notes receivable from participants - interest rates between 3.25% and 5%, payable through July 2020	Participant loans	\$-0-	111,748
	Total assets held for investment purposes			<u>\$ 10,470,330</u>
*	Party-in-interest			
**	Historical cost information is not presented for participant-directed investments			

ACCLARENT, INC. 401(k) PLAN

SCHEDULE H, 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2010

EMPLOYER IDENTIFICATION NUMBER: 20-1772549

PLAN NUMBER: 001

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