LVB Acquisition, Inc.
Form 10-Q
April 14, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2015.

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File Number 000-54505

Commission File Number 001-15601

LVB ACQUISITION, INC.
BIOMET, INC.
(Exact name of registrant as specified in its charter)

Delaware Indiana	26-0499682 35-1418342
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
56 East Bell Drive, Warsaw, Indiana	46582
(Address of principal executive offices)	(Zip Code)

(574) 267-6639
(Registrant's telephone number, including area code)

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.

LVB ACQUISITION, INC. Yes þ No ¨

BIOMET, INC. Yes þ 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

(§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

LVB ACQUISITION, INC. Yes þ No ¨

BIOMET, INC. Yes þ No ¨

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. (Check one):

LVB ACQUISITION, INC.			
Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	þ	Smaller reporting company	¨
BIOMET, INC.			
Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	þ	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

LVB ACQUISITION, INC. Yes ¨ No þ

BIOMET, INC. Yes ¨ No þ

The number of shares of the registrants’ common stock outstanding as of March 31, 2015:

LVB ACQUISITION, INC. 552,647,934 shares of common stock

BIOMET, INC. 1,000 shares of common stock

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PART I. FINANCIAL INFORMATION

Explanatory Note

This Form 10-Q is a combined quarterly report being filed separately by two registrants: LVB Acquisition, Inc. ("LVB") and Biomet, Inc. ("Biomet"). Unless the context indicates otherwise, any reference in this report to the "Company," "we," "us" and "our" refer to LVB, Biomet and their subsidiaries. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

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Item 1. Condensed Consolidated Financial Statements.

LVB Acquisition, Inc. and Subsidiaries Condensed Consolidated Balance Sheets
(in millions, except shares and per share data)

	(Unaudited) February 28, 2015	May 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$363.2	$247.6
Accounts receivable, less allowance for doubtful accounts receivables of $34.8 ($31.9 at May 31, 2014)	548.4	577.3
Inventories	710.1	693.4
Deferred income taxes	143.3	149.9
Prepaid expenses and other	122.4	202.9
Total current assets	1,887.4	1,871.1
Property, plant and equipment, net	702.3	716.0
Investments	4.2	12.5
Intangible assets, net	3,101.3	3,439.6
Goodwill	3,554.6	3,634.4
Other assets	121.9	93.0
Total assets	$9,371.7	$9,766.6
Liabilities & Shareholders’ Equity		
Current liabilities:		
Current portion of long-term debt	$132.8	$133.1
Accounts payable	90.0	135.3
Accrued interest	33.0	53.4
Accrued wages and commissions	126.7	168.7
Other accrued expenses	282.8	354.7
Total current liabilities	665.3	845.2
Long-term liabilities:		
Long-term debt, net of current portion	5,580.6	5,587.3
Deferred income taxes	913.1	968.6
Other long-term liabilities	262.0	256.3
Total liabilities	7,421.0	7,657.4
Commitments and contingencies		
Shareholders’ equity:		
Common stock, par value $0.01 per share; 740,000,000 shares authorized; 552,647,934 and 552,484,996 shares issued and outstanding	5.5	5.5
Contributed and additional paid-in capital	5,693.6	5,681.5
Accumulated deficit	(3,471.2)	(3,617.1)
Accumulated other comprehensive income (loss)	(277.2)	39.3
Total shareholders’ equity	1,950.7	2,109.2
Total liabilities and shareholders’ equity	$9,371.7	$9,766.6

The accompanying notes are an integral part of the condensed consolidated financial statements.

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LVB Acquisition, Inc. and Subsidiaries Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in millions)

	(Unaudited) For the Three Months Ended		(Unaudited) For the Nine Months Ended	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Net sales	$800.9	$822.5	$2,419.3	$2,378.9
Cost of sales	200.3	326.9	600.0	790.0
Gross profit	600.6	495.6	1,819.3	1,588.9
Selling, general and administrative expense	342.4	366.4	1,071.8	1,020.1
Research and development expense	39.7	42.5	125.4	121.4
Amortization	70.9	86.5	222.4	237.2
Operating income	147.6	0.2	399.7	210.2
Interest expense	78.3	81.1	236.9	274.4
Other (income) expense	(2.4)	(0.5)	(8.7)	5.4
Other expense, net	75.9	80.6	228.2	279.8
Income before income taxes	71.7	(80.4)	171.5	(69.6)
Provision (benefit) from income taxes	22.9	(14.5)	25.6	(39.7)
Net income (loss)	48.8	(65.9)	145.9	(29.9)
Other comprehensive income (loss), net of tax:				
Change in unrealized holding value on available-for-sale securities	—	1.1	0.1	2.4
Interest rate swap unrealized gains (losses)	2.2	3.4	5.4	25.7
Foreign currency related gains (losses)	(139.4)	(11.4)	(324.9)	20.3
Unrecognized actuarial gains (losses)	1.0	(0.4)	2.9	(0.4)
Other comprehensive income (loss)	(136.2)	(7.3)	(316.5)	48.0
Comprehensive income (loss)	$(87.4)	$(73.2)	$(170.6)	$18.1

The accompanying notes are an integral part of the condensed consolidated financial statements.

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LVB Acquisition, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows
(in millions)

	(Unaudited) Nine Months Ended February 28, 2015	February 28, 2014
Cash flows provided by (used in) operating activities:		
Net income (loss)	$145.9	$(29.9)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	370.9	378.4
Amortization and write off of deferred financing costs	6.5	18.6
Stock-based compensation expense	10.8	13.6
Provision for (recovery of) doubtful accounts receivable	(3.1)	—
Litigation recoveries	(44.1)	—
Deferred income taxes	(50.2)	(126.5)
Other	(5.2)	(6.2)
Changes in operating assets and liabilities, net of acquired assets:		
Accounts receivable	(10.0)	(30.9)
Inventories	(45.0)	(18.8)
Prepaid expenses	18.5	4.4
Accounts payable	(40.5)	(18.2)
Income taxes	105.5	18.8
Accrued interest	(20.4)	(20.9)
Accrued wages and commissions	(31.7)	(6.4)
Accrued expenses and other	(86.3)	149.6
Net cash provided by operating activities	321.6	325.6
Cash flows provided by (used in) investing activities:		
Proceeds from sales/maturities of investments	24.4	19.0
Purchases of investments	(16.3)	(19.8)
Net proceeds from sale of assets	0.7	0.8
Capital expenditures	(179.3)	(158.8)
Acquisitions, net of cash acquired - 2013 Spine Acquisition	—	(148.8)
Other acquisitions, net of cash acquired	(0.6)	(1.3)
Net cash used in investing activities	(171.1)	(308.9)
Cash flows provided by (used in) financing activities:		
Debt:		
Payments under European facilities	—	(2.3)
Payments under senior secured credit facilities	(8.3)	(22.6)
Proceeds under revolvers	205.0	159.3
Payments under revolvers	(20.0)	(63.0)
Proceeds from senior notes due 2020 and term loans	—	870.5
Retirement of term loans	(180.0)	(1,091.6)
Payment of fees related to refinancing activities	—	(15.5)
Equity:		
Option exercises	1.3	0.6
Net cash used in financing activities	(2.0)	(164.6)
Effect of exchange rate changes on cash	(32.9)	4.7
Increase (decrease) in cash and cash equivalents	115.6	(143.2)
Cash and cash equivalents, beginning of period	247.6	355.6
Cash and cash equivalents, end of period	$363.2	$212.4

Supplemental disclosures of cash flow information:

Cash paid during the period for:		
Interest	$248.2	$287.0
Income taxes	$(50.0)	$69.7

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Biomet, Inc. and Subsidiaries Condensed Consolidated Balance Sheets
(in millions, except shares)

	(Unaudited) February 28, 2015	May 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$363.2	$247.6
Accounts receivable, less allowance for doubtful accounts receivables of $34.8 ($31.9 at May 31, 2014)	548.4	577.3
Inventories	710.1	693.4
Deferred income taxes	143.3	149.9
Prepaid expenses and other	122.4	202.9
Total current assets	1,887.4	1,871.1
Property, plant and equipment, net	702.3	716.0
Investments	4.2	12.5
Intangible assets, net	3,101.3	3,439.6
Goodwill	3,554.6	3,634.4
Other assets	121.9	93.0
Total assets	$9,371.7	$9,766.6
Liabilities & Shareholder’s Equity		
Current liabilities:		
Current portion of long-term debt	$132.8	$133.1
Accounts payable	90.0	135.3
Accrued interest	33.0	53.4
Accrued wages and commissions	126.7	168.7
Other accrued expenses	282.8	354.7
Total current liabilities	665.3	845.2
Long-term liabilities:		
Long-term debt, net of current portion	5,580.6	5,587.3
Deferred income taxes	913.1	968.6
Other long-term liabilities	262.0	256.3
Total liabilities	7,421.0	7,657.4
Commitments and contingencies		
Shareholder’s equity:		
Common stock, without par value; 1,000 shares authorized; 1,000 shares issued and outstanding	—	—
Contributed and additional paid-in capital	5,699.1	5,687.0
Accumulated deficit	(3,471.2)	(3,617.1)
Accumulated other comprehensive income (loss)	(277.2)	39.3
Total shareholder’s equity	1,950.7	2,109.2
Total liabilities and shareholder’s equity	$9,371.7	$9,766.6

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Biomet, Inc. and Subsidiaries Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in millions)

	(Unaudited) For the Three Months Ended		(Unaudited) For the Nine Months Ended	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Net sales	$800.9	$822.5	$2,419.3	$2,378.9
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Research and development expense	39.7	42.5	125.4	121.4
Amortization	70.9	86.5	222.4	237.2
Operating income	147.6	0.2	399.7	210.2
Interest expense	78.3	81.1	236.9	274.4
Other (income) expense	(2.4)	(0.5)	(8.7)	5.4
Other expense, net	75.9	80.6	228.2	279.8
Income before income taxes	71.7	(80.4)	171.5	(69.6)
Provision (benefit) from income taxes	22.9	(14.5)	25.6	(39.7)
Net income (loss)	48.8	(65.9)	145.9	(29.9)
Other comprehensive income (loss), net of tax:				
Change in unrealized holding value on available-for-sale securities	—	1.1	0.1	2.4
Interest rate swap unrealized gains (losses)	2.2	3.4	5.4	25.7
Foreign currency related gains (losses)	(139.4)	(11.4)	(324.9)	20.3
Unrecognized actuarial gains (losses)	1.0	(0.4)	2.9	(0.4)
Other comprehensive income (loss)	(136.2)	(7.3)	(316.5)	48.0
Comprehensive income (loss)	$(87.4)	$(73.2)	$(170.6)	$18.1

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Biomet, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows
(in millions)

	(Unaudited) Nine Months Ended February 28, 2015	February 28, 2014
Cash flows provided by (used in) operating activities:		
Net income (loss)	$145.9	$(29.9)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	370.9	378.4
Amortization and write off of deferred financing costs	6.5	18.6
Stock-based compensation expense	10.8	13.6
Provision for (recovery of) doubtful accounts receivable	(3.1)	—
Litigation recoveries	(44.1)	—
Deferred income taxes	(50.2)	(126.5)
Other	(5.2)	(6.2)
Changes in operating assets and liabilities, net of acquired assets:		
Accounts receivable	(10.0)	(30.9)
Inventories	(45.0)	(18.8)
Prepaid expenses	18.5	4.4
Accounts payable	(40.5)	(18.2)
Income taxes	105.5	18.8
Accrued interest	(20.4)	(20.9)
Accrued wages and commissions	(31.7)	(6.4)
Accrued expenses and other	(86.3)	149.6
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Proceeds from sales/maturities of investments	24.4	19.0
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Net proceeds from sale of assets	0.7	0.8
Capital expenditures	(179.3)	(158.8)
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Proceeds under revolvers	205.0	159.3
Payments under revolvers	(20.0)	(63.0)
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Retirement of term loans	(180.0)	(1,091.6)
Payment of fees related to refinancing activities	—	(15.5)
Equity:		
Option exercises	1.3	0.6
Net cash used in financing activities	(2.0)	(164.6)
Effect of exchange rate changes on cash	(32.9)	4.7
Increase (decrease) in cash and cash equivalents	115.6	(143.2)
Cash and cash equivalents, beginning of period	247.6	355.6
Cash and cash equivalents, end of period	$363.2	$212.4

Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$248.2	$287.0
Income taxes	$(50.0)	$69.7

The accompanying notes are an integral part of the condensed consolidated financial statements.

LVB ACQUISITION, INC.
BIOMET, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
Note 1—Basis of Presentation.

The accompanying unaudited condensed consolidated financial statements include the accounts of LVB Acquisition, Inc. ("LVB" and "Parent") and Biomet, Inc. and its subsidiaries (individually and collectively with its subsidiaries referred to as "Biomet", and together with LVB, the "Company", "we", "us" or "our"). Biomet is a wholly-owned subsidiary of LVB. LVB has no other operations beyond its ownership of Biomet. Intercompany accounts and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for condensed financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. As a result, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial condition, results of operations and cash flows for the periods presented have been included. Operating results for the three and nine months ended February 28, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2015. For further information, including the Company's significant accounting policies, refer to the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2014 (the "2014 Form 10-K").

The May 31, 2014 condensed consolidated balances have been derived from the audited financial statements included in the 2014 Form 10-K.

Zimmer Merger

On April 24, 2014, LVB, a Delaware corporation, which owns all of the outstanding shares of common stock of Biomet, Inc., entered into an Agreement and Plan of Merger (the "Merger Agreement"), with Zimmer Holdings, Inc., a Delaware corporation, and Owl Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Zimmer. On April 13, 2015, Zimmer informed LVB that it was extending the termination date of the Merger Agreement in accordance with its terms for an additional 90 days to July 23, 2015 in order to accommodate the timing of the regulatory approval process. The parties are obligated under the Merger Agreement to take "any and all steps" necessary to obtain regulatory approvals for the transaction to permit the closing to occur as promptly as reasonably practicable and in any event by the specified termination date, but no assurance can be given that all remaining regulatory approvals for the transaction will be obtained to permit the closing to occur by July 23, 2015.

LVB Acquisition Holding, LLC ("Holdings") and the Principal Stockholders (as defined below) have entered into a voting agreement with Zimmer (the "Voting Agreement"). Under the Voting Agreement, Holdings agreed to execute and deliver a written consent with respect to the shares of LVB common stock owned by it, adopting the Merger Agreement and approving the merger. On October 3, 2014, Holdings executed and delivered a written consent adopting the Merger Agreement and approving the merger with respect to the 536,034,330 shares, or approximately 97%, of our common stock outstanding on the record date for the consent, September 19, 2014. As such, we have received written consents sufficient to approve our proposed merger with Zimmer.

Under the Merger Agreement, LVB will be acquired for an aggregate purchase price based on a total enterprise value of $13.35 billion, which will consist of $10.35 billion in cash (which is subject to adjustment) and 32,704,677 shares of Zimmer common stock (which number of shares represents the quotient of $3.0 billion divided by $91.73, the volume weighted average price of Zimmer's common stock on the New York Stock Exchange for the five trading days prior to the date of the Merger Agreement). According to Zimmer's Form 10-K filed on February 23, 2015, in connection with the merger, Zimmer expects to pay off all of the outstanding funded debt of LVB, totaling $5,713.4 million as of February 28, 2015 and its subsidiaries, and the aggregate cash merger consideration paid by Zimmer at the closing will be reduced by such amount. Zimmer is expected to fund the cash portion of the merger consideration and the repayment of the outstanding funded debt of LVB and its subsidiaries with a combination of new debt and cash on hand. The closing of the merger is not conditioned on the receipt of any debt financing by Zimmer. Zimmer,

however, is not required to consummate the merger until the completion of a 15 consecutive business day marketing period.
Recent Accounting Pronouncements
Revenue—In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This update provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for

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those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact this ASU will have on its financial position, results of operations or cash flows.

Note 2—Recent Acquisitions by Biomet.

2013 Spine Acquisition

On October 5, 2013, the Company and its wholly-owned subsidiaries EBI Holdings, LLC, a Delaware limited liability company ("EBI"), and LNX Acquisition, Inc., a Delaware corporation ("Merger Sub Lanx"), entered into an Agreement and Plan of Merger with Lanx, Inc., a Delaware corporation ("Lanx"). On October 31, 2013, Merger Sub Lanx merged with and into Lanx and the separate corporate existence of Merger Sub Lanx ceased (the "Lanx Merger"). Upon the consummation of the Lanx Merger, Lanx became a wholly-owned subsidiary of EBI and the Company ("2013 Spine Acquisition"). As of November 1, 2013, the activities of Lanx were included in the Company's consolidated results. The aggregate purchase price for the acquisition was approximately $150.8 million on a debt-free basis. The Company acquired Lanx to strengthen its spine product portfolio, as well as integrate and focus its distribution network to grow the spine business.

The acquisition has been accounted for as a business combination. The purchase price was allocated to the acquired assets and liabilities based on the estimated fair value of the acquired assets at the date of acquisition.

The following table summarizes the purchase price allocation:

(in millions)		
Cash	$2.0	
Accounts receivable	16.5	
Inventory	24.8	
Prepaid expenses and other	11.0	
Instruments	9.9	
Other property, plant and equipment	2.1	
Deferred tax liability	(36.8	)
Other liabilities assumed	(20.7	)
Intangible assets	102.3	
Goodwill	39.7	
Purchase price	$150.8	

The results of operations of the business have been included subsequent to the October 31, 2013 closing date in the accompanying condensed consolidated financial statements. The intangible assets are allocated to core technology, corporate trade names, distributors, product trade names and customer relationships. The goodwill arising from the acquisition consists largely of the synergies and economies of scale from combining operations as well as the value of the workforce. All of the intangible assets and goodwill were assigned to the spine and bone healing reporting unit. The goodwill value is not tax deductible.

The following pro forma financial information summarizes the combined results of the Company and Lanx, which assumes that they were combined as of the beginning of the Company's fiscal year 2013.

The unaudited pro forma financial information for the combined entity is as follows:

(in millions)	Three Months Ended February 28, 2014		Nine Months Ended February 28, 2014	
Net sales	$ 822.5		$2,417.8	
Net income	$ (51.0	)	$(15.4	)

Pro forma adjustments have been made to the historical financial statements to account for those items directly attributable to the transaction and to include only adjustments which have a continuing impact. Pro forma adjustments include

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the incremental amortization and depreciation of assets of $1.9 million for the nine months ended February 28, 2014. The pro forma financial information also reflects the elimination of $10.4 million and $14.5 million for the three and nine months ended February 28, 2014, respectively, of transaction costs directly attributable to the acquisition. Adjustments reflect the elimination of the historical interest expense of Lanx as the transaction was a debt-free transaction. All pro forma adjustments were calculated with no tax impact due to the historical and acquired net operating losses.

Note 3—Inventories.

Inventories are stated at the lower of cost or market, with cost determined under the first-in, first-out method. The Company reviews inventory on hand and writes down excess and slow-moving inventory based on an assessment of future demand and historical experience. Inventories consisted of the following:

(in millions)	February 28, 2015	May 31, 2014
Raw materials	$82.8	$83.1
Work-in-process	46.7	54.4
Finished goods	580.6	555.9
Inventories	$710.1	$693.4

Note 4—Property, Plant and Equipment.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Related maintenance and repairs are expensed as incurred.

The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows relating to the asset, or asset group, are less than its carrying value, with the amount of the loss equal to the excess of carrying value of the asset, or asset group, over the estimated fair value. Useful lives by major product category consisted of the following:

	Useful life
Land improvements	20 years
Buildings and leasehold improvements	30 years
Machinery and equipment	5-10 years
Instruments	4 years

Property, plant and equipment consisted of the following:

(in millions)	February 28, 2015	May 31, 2014
Land and land improvements	$39.6	$40.8
Buildings and leasehold improvements	120.3	126.8
Machinery and equipment	432.8	414.5
Instruments	781.9	791.9
Construction in progress	28.8	47.9
Total property, plant and equipment	1,403.4	1,421.9
Accumulated depreciation	(701.1)	(705.9)
Total property, plant and equipment, net	$702.3	$716.0

The Company recorded depreciation expense of $50.9 million and $49.7 million for the three months ended February 28, 2015 and 2014, respectively, and $148.5 million and $141.5 million for the nine months ended February 28, 2015 and 2014, respectively.

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Note 5—Investments.

At February 28, 2015, the Company's investment securities were classified as follows:

(in millions)	Amortized Cost	Unrealized Gains	Losses	Fair Value
Available-for-sale:				
Equity securities	$0.5	$—	$—	$0.5
Time deposit	0.7	—	(0.1)	0.6
Total available-for-sale investments	$1.2	$—	$(0.1)	$1.1

	Amortized Cost	Realized Gains	Losses	Fair Value
Trading:				
Equity securities	$2.9	$0.2	$—	$3.1
Total trading investments	$2.9	$0.2	$—	$3.1

At May 31, 2014, the Company's investment securities were classified as follows:

(in millions)	Amortized Cost	Unrealized Gains	Losses	Fair Value
Available-for-sale:				
Equity securities	$0.2	$0.6	$(0.3)	$0.5
Time deposit	10.2	—	—	10.2
Total available-for-sale investments	$10.4	$0.6	$(0.3)	$10.7

	Amortized Cost	Realized Gains	Losses	Fair Value
Trading:				
Equity securities	$1.6	$0.3	$(0.1)	$1.8
Total trading investments	$1.6	$0.3	$(0.1)	$1.8

The Company recorded proceeds on the sales/maturities of investments of $9.2 million during the three months ended February 28, 2015, with no proceeds during the three months ended February 28, 2014, and $24.4 million and $19.0 million during the nine months ended February 28, 2015 and 2014, respectively. The Company purchased investments of $0.2 million during the three months ended February 28, 2014, with no purchases during the three months ended February 28, 2015, and $16.3 million and $19.8 million during the nine months ended February 28, 2015 and 2014, respectively.

Note 6—Goodwill and Other Intangible Assets.

The balance of goodwill as of February 28, 2015 and May 31, 2014 was $3,554.6 million and $3,634.4 million, respectively. The change in goodwill is primarily related to foreign currency fluctuations.

The Company uses an accelerated method for amortizing customer relationship intangibles, as the value for those relationships is greater at the beginning of their life. The accelerated method was calculated using historical customer attrition rates. The remaining finite-lived intangibles are amortized on a straight line basis. The decrease in the net intangible asset balance is primarily due to amortization and foreign currency fluctuations.

The Company performs its annual assessment for impairment as of March 31 for all reporting units, or on an interim basis if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The estimates and assumptions underlying the fair value calculations used in the Company's annual impairment tests are uncertain by their nature and can vary significantly from actual results. Factors that management must estimate include, but are not limited to, industry and market conditions, sales volume and pricing, raw material costs, capital expenditures, working capital changes, cost of capital, and tax rates. These factors are especially difficult to predict when global financial markets are volatile. The estimates and assumptions used in its impairment tests are consistent with those

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the Company uses in its internal planning. These estimates and assumptions may change from period to period. If the Company uses different estimates and assumptions in the future, impairment charges may occur and could be material.

Intangible assets consisted of the following at February 28, 2015 and May 31, 2014:

(in millions)	February 28, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core technology	$1,730.0	$(623.1)	$1,106.9
Completed technology	656.9	(291.6)	365.3
Product trade names	181.5	(81.1)	100.4
Customer relationships	2,282.6	(1,048.8)	1,233.8
Non-compete contracts	4.9	(4.6)	0.3
Sub-total	4,855.9	(2,049.2)	2,806.7
Corporate trade names	294.6	—	294.6
Total	$5,150.5	$(2,049.2)	$3,101.3

(in millions)	May 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core technology	$1,743.3	$(569.8)	$1,173.5
Completed technology	672.0	(262.1)	409.9
Product trade names	208.1	(77.6)	130.5
Customer relationships	2,371.6	(955.9)	1,415.7
Non-compete contracts	4.9	(4.6)	0.3
Sub-total	4,999.9	(1,870.0)	3,129.9
Corporate trade names	309.7	—	309.7
Total	$5,309.6	$(1,870.0)	$3,439.6

The weighted average useful life of the intangibles at February 28, 2015 is as follows:

	Weighted Average Useful Life
Core technology	14 years
Completed technology	8 years
Product trade names	12 years
Customer relationships	13 years
Non-compete contracts	1 year
Corporate trade names	Indefinite life

Expected amortization expense for the intangible assets stated above for the years ending May 31, 2015 through 2019 is $278.2 million, $273.3 million, $269.6 million, $252.3 million, and $246.3 million, respectively.

Note 7—Debt.
The terms and carrying value of each debt instrument at February 28, 2015 and May 31, 2014 are set forth below:

(U.S. dollars in millions)	Maturity Date	Interest Rate	Currency	February 28, 2015	May 31, 2014
Debt Instruments					
Term loan facility B	March 25, 2015	LIBOR + 3.00%	USD	$102.7	$103.3
Term loan facility B-1	July 25, 2017	LIBOR + 3.50%	USD	$2,772.2	$2,959.6
Cash flow revolving credit facility	April 25, 2017	LIBOR + 3.50%	USD	$—	$—
Cash flow revolving credit facility	April 25, 2017	LIBOR + 3.50%	USD/EUR	$—	$—
Asset-based revolving credit facility	July 25, 2017	LIBOR + 2.00%	USD	$185.0	$—
Senior notes	August 1, 2020	6.500%	USD	$1,825.0	$1,825.0
Senior subordinated notes	October 1, 2020	6.500%	USD	$800.0	$800.0
Premium on notes				$28.5	$32.5
Total debt				$5,713.4	$5,720.4

The Company has the option to choose the frequency with which it resets and pays interest on its term loans. The Company currently pays interest on the majority of its term loans and interest rate swaps each month. The remaining term loan and swap interest is paid quarterly. Interest on the 6.500% senior notes due 2020 is paid semiannually in February and August. Interest on the 6.500% senior subordinated notes due 2020 is paid semiannually in April and October.

The Company currently elects to use 1-month LIBOR for setting the interest rates on 100% of its U.S. dollar-denominated term loans. The 1-month LIBOR rate for the majority of the U.S. dollar-denominated term loan and asset-based revolver as of February 28, 2015 was 0.16%. The Company's term loan facilities require payments each year in an amount equal to (x) 0.25% of the product of (i) the aggregate principal amount of all dollar-denominated term loans outstanding under the original credit agreement on the closing date multiplied by (ii) a fraction, the numerator of which is the aggregate principal amount of dollar-denominated term B loans outstanding on August 2, 2012 (after giving effect to certain conversions to occur on or after August 2, 2012 pursuant to the amended and restated credit agreement) and the denominator of which is the aggregate principal amount of all outstanding term loans on August 2, 2012 and (y) 0.25% of the aggregate principal amount of all outstanding dollar-denominated term B-1 loans, in each case in equal calendar quarterly installments until maturity of the loan and after giving effect to the application of any prepayments. The total amount of required payments under the Company's term loan facilities was $8.3 million for the nine months ended February 28, 2015. The cash flow and asset-based revolving credit facilities and the notes do not have terms for mandatory principal paydowns.

The Company's revolving borrowing base available under all debt facilities at February 28, 2015 was $494.8 million, which is net of the borrowing base limitations relating to the asset-based revolving credit facility and outstanding balances of $185.0 million under the asset-based revolving credit facility.

As of February 28, 2015, $58.6 million of financing fees related to the Company's credit agreement and refinancing remain in long-term assets and continue to be amortized through interest expense over the remaining life of the credit agreement and new debt instruments.

Each of Biomet, Inc.'s existing wholly-owned domestic subsidiaries fully, unconditionally, jointly, and severally guarantee the 6.500% senior notes due 2020 on a senior unsecured basis and the 6.500% senior subordinated notes due 2020 on a senior subordinated unsecured basis, in each case to the extent such subsidiaries guarantee Biomet, Inc.'s senior secured credit facilities. LVB Acquisition, Inc. is neither an issuer nor guarantor of the notes described within this footnote.

Retirement of euro-denominated Term Loan and Repricing of U.S. dollar-denominated Term B-1 Loan

On September 10, 2013, Biomet retired €167.3 million ($221.4 million) principal amount of its euro-denominated term loan using cash on hand. On September 25, 2013, Biomet completed an $870.5 million U.S. dollar-denominated term loan offering, the proceeds of which were used to retire the remaining euro-denominated term loan principal balance of €657.7 million ($870.2 million). Concurrently with the new $870.5 million U.S. dollar-denominated term loan offering, Biomet also completed a repricing of its existing $2,111.4 million extended U.S. dollar-denominated term loan to LIBOR + 3.50%. The terms of the new term loan are consistent with the existing extended U.S. dollar-denominated term loan.

Note 8—Fair Value Measurements.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Fair value measurements are principally applied to (1) financial assets and liabilities such as marketable equity securities and debt securities, (2) investments in equity and other securities and (3) derivative instruments consisting of interest rate swaps. These items are marked-to-market at each reporting period to fair value. The information in the following paragraphs and tables primarily addresses matters relative to these financial assets and liabilities.

- Level 1—Inputs are quoted prices in active markets for identical assets or liabilities. The Company's Level 1 assets include money market investments and marketable equity securities.

- Level 2—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. The Company's Level 2 assets and liabilities primarily include time deposits, interest rate swaps, pension plan assets (equity securities, debt securities and other) and foreign currency exchange contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

- Level 3—Inputs are unobservable for the asset or liability. The Company's Level 3 assets include other equity investments. See the section below titled Level 3 Valuation Techniques for further discussion of how the Company determines fair value for investments classified as Level 3.

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The following table provides information by level for assets and liabilities that are measured at fair value on a recurring basis at February 28, 2015 and May 31, 2014:

(in millions)	Fair Value at February 28, 2015	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Assets:				
Money market funds	$229.2	$229.2	$—	$—
Time deposits	0.6	—	0.6	—
Pension plan assets	146.6	—	131.6	15.0
Foreign currency exchange contracts	3.1	—	3.1	—
Equity securities	3.6	3.5	—	0.1
Total assets	$383.1	$232.7	$135.3	$15.1
Liabilities:				
Interest rate swaps	$12.4	$—	$12.4	$—
Foreign currency exchange contracts	0.5	—	0.5	—
Total liabilities	$12.9	$—	$12.9	$—

(in millions)	Fair Value at May 31, 2014	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Assets:				
Money market funds	$145.0	$145.0	$—	$—
Time deposits	25.8	—	25.8	—
Pension plan assets	147.5	—	132.5	15.0
Foreign currency exchange contracts	1.1	—	1.1	—
Equity securities	0.5	0.3	—	0.2
Total assets	$319.9	$145.3	$159.4	$15.2
Liabilities:				
Interest rate swaps	$20.2	$—	$20.2	$—
Foreign currency exchange contracts	1.3	—	1.3	—
Total liabilities	$21.5	$—	$21.5	$—

Level 3 Valuation Techniques

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial assets also include certain investment securities for which there is limited market activity where the determination of fair value requires significant judgment or estimation. Level 3 investment securities primarily include other equity investments for which there was a decrease in the observation of market pricing. As of February 28, 2015 and May 31, 2014, these securities were valued primarily using internal cash flow valuation that incorporates transaction details such as contractual terms, maturity, timing and amount of future cash flows, as well as assumptions about liquidity and credit valuation adjustments of marketplace participants.

The estimated fair value of the Company’s long-term debt, including the current portion, at February 28, 2015 and May 31, 2014 was $5,846.5 million and $5,912.9 million, respectively, compared to carrying values of $5,713.4 million and $5,720.4 million, respectively. The fair value of the Company’s traded debt is considered Level 3 and was estimated using quoted market prices for the same or similar instruments, among other inputs. The fair value of the Company’s variable rate term debt was estimated using Bloomberg composite quotes. In determining the fair values and carrying values, the Company considers the terms of the related debt and excludes the impacts of debt discounts and interest rate swaps.

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Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis
During the three and nine months ended February 28, 2015 and 2014, the Company had no significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Note 9—Derivative Instruments and Hedging Activities.
The Company is exposed to certain market risks relating to its ongoing business operations, including foreign currency risk, interest rate risk and commodity price risk. The Company currently manages foreign currency risk and interest rate risk through the use of derivatives.
Derivatives Designated as Hedging Instruments
Interest Rate Instruments—The Company uses interest rate swap agreements (cash flow hedges) in U.S. dollars as a means of fixing the interest rate on portions of its floating-rate debt instruments. As of February 28, 2015, the Company had a swap liability of $12.4 million, which consisted of $5.9 million short-term and $6.7 million long-term, partially offset by a $0.2 million credit valuation adjustment. As of May 31, 2014, the Company had a swap liability of $20.2 million, which consisted of $8.8 million short-term and $11.6 million long-term, partially offset by a $0.2 million credit valuation adjustment.
The table below summarizes existing swap agreements at February 28, 2015 and May 31, 2014:

(in millions)					Fair Value at February 28, 2015	Fair Value at May 31, 2014
Structure	Currency	Notional Amount	Effective Date	Termination Date	Asset (Liability)	Asset (Liability)
5 years	USD	$195.0	September 25, 2009	September 25, 2014	$—	$(1.7)
2 years	USD	190.0	March 25, 2013	March 25, 2015	(0.1)	(1.0)
3 years	USD	270.0	December 27, 2013	September 25, 2016	(3.7)	(5.8)
5 years	USD	350.0	September 25, 2012	September 25, 2017	(4.4)	(6.0)
5 years	USD	350.0	September 25, 2012	September 25, 2017	(4.4)	(5.9)
Credit valuation adjustment					0.2	0.2
Total interest rate instruments					$(12.4)	$(20.2)

The interest rate swaps are recorded in other accrued expenses and other long-term liabilities. As a result of cash flow hedge treatment being applied, all unrealized gains and losses related to the derivative instruments are recorded in accumulated other comprehensive income (loss). Hedge effectiveness is tested quarterly to determine if hedge treatment is still appropriate. The tables below summarize the effective portion and ineffective portion of the Company's interest rate swaps before tax for the three and nine months ended February 28, 2015 and 2014:

(in millions)	Three Months Ended		Nine Months Ended	
Derivatives in cash flow hedging relationship	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Interest rate swaps:				
Amount of gain (loss) recognized in OCI	$3.1	$5.5	$7.8	$31.7
Amount of (gain) loss reclassified from accumulated OCI into interest expense (effective portion)	5.8	6.2	13.1	20.5
Amount (gain) loss recognized in other income (expense) (ineffective portion and	—	—	—	21.8

amount excluded from effectiveness
testing)
As of February 28, 2015, the effective interest rate, including the applicable lending margin, on 41.84% ($1,160.0 million) of the outstanding principal of the Company’s U.S. dollar term loan was fixed at 4.84% through the use of interest rate swaps. The remaining unhedged balances of the U.S. dollar term loans had an effective interest rate of 3.62%. As of February 28, 2015 and May 31, 2014, the Company’s effective weighted average interest rate on all outstanding debt, including the interest rate swaps, was 5.15% and 5.37%, respectively.

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Derivatives Not Designated as Hedging Instruments

Foreign Currency Instruments—The Company faces transactional currency exposures that arise when it or its foreign subsidiaries enter into transactions, primarily on an intercompany basis, denominated in currencies other than their functional currency. The Company may enter into short-term forward currency exchange contracts in order to mitigate the currency exposure related to these intercompany payables and receivables arising from intercompany trade. The Company does not designate these contracts as hedges; therefore, all forward currency exchange contracts are recorded at their fair value each period, with the resulting gains and losses recorded in other (income) expense. Any foreign currency remeasurement gains or losses recognized in a period are generally offset with gains or losses on the forward currency exchange contracts. As of February 28, 2015, the fair value of the Company's derivatives not designated as hedging instruments on a gross basis were assets of $3.1 million recorded in prepaid expenses and other, and liabilities of $0.5 million recorded in other accrued expenses. As of May 31, 2014, the fair value of the Company's derivatives not designated as hedging instruments on a gross basis were assets of $1.1 million recorded in prepaid expenses and other, and liabilities of $1.3 million recorded in other accrued expenses.

Note 10—Accumulated Other Comprehensive Income (Loss).

Accumulated other comprehensive income (loss) includes currency translation adjustments, certain derivative-related activity, changes in the value of available-for-sale investments and changes in pension assets. The Company generally deems its foreign investments to be essentially permanent in nature and does not provide for taxes on currency translation adjustments arising from translating the investment in a foreign currency to U.S. dollars. When the Company determines that a foreign investment is no longer permanent in nature, estimated taxes are provided for the related deferred tax liability (asset), if any, resulting from currency translation adjustments.

Accumulated other comprehensive income (loss) and the related components, net of tax, are included in the table below:

(in millions)	Unrecognized actuarial gains (losses)	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swaps	Unrealized gain (loss) on available-for-sale securities	Accumulated other comprehensive income (loss)
May 31, 2014	$(11.0)	$62.6	$(12.3)	$—	$39.3
OCI before reclassifications	2.9	(324.9)	(2.9)	0.1	(324.8)
Reclassifications	—	—	8.3	—	8.3
February 28, 2015	$(8.1)	$(262.3)	$(6.9)	$0.1	$(277.2)

Reclassification adjustments from OCI are included in the table below:

(in millions)	Three Months Ended February 28, 2015	Three Months Ended February 28, 2014	Nine Months Ended February 28, 2015	Nine Months Ended February 28, 2014	Location on Statement of Operations
Interest rate swaps	$5.8	$6.2	$13.1	$42.3	Interest expense

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The tax effects in other comprehensive income (loss) are included in the tables below:

	Three Months Ended February 28, 2015			Three Months Ended February 28, 2014		
(in millions)	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Unrecognized actuarial gains (losses)	$1.3	$(0.3)	$1.0	$(0.6)	$0.2	$(0.4)
Foreign currency translation adjustments	(148.9)	9.5	(139.4)	2.1	(13.5)	(11.4)
Unrealized gain (loss) on interest rate swaps	(4.4)	2.9	(1.5)	(0.7)	0.4	(0.3)
Reclassifications on interest rate swaps	5.8	(2.1)	3.7	6.2	(2.5)	3.7
Unrealized gain (loss) on available-for-sale securities	—	—	—	1.4	(0.3)	1.1
Other comprehensive income (loss)	$(146.2)	$10.0	$(136.2)	$8.4	$(15.7)	$(7.3)

	Nine Months Ended February 28, 2015			Nine Months Ended February 28, 2014		
(in millions)	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Unrecognized actuarial gains (losses)	$4.0	$(1.1)	$2.9	$(0.6)	$0.2	$(0.4)
Foreign currency translation adjustments	(352.7)	27.8	(324.9)	20.3	—	20.3
Unrealized gain (loss) on interest rate swaps	(10.1)	7.2	(2.9)	(10.6)	10.8	0.2
Reclassifications on interest rate swaps	13.1	(4.8)	8.3	42.3	(16.8)	25.5
Unrealized gain (loss) on available-for-sale securities	0.1	—	0.1	4.1	(1.7)	2.4
Other comprehensive income (loss)	$(345.6)	$29.1	$(316.5)	$55.5	$(7.5)	$48.0

Note 11—Share-based Compensation and Stock Plans.

The Company expenses all share-based payments to employees and non-employee distributors, including stock options, leveraged share awards and restricted stock units (“RSUs”), based on the grant date fair value over the required award service period using the graded vesting attribution method. As the Company’s common stock is not currently traded on a national securities exchange, the fair market value of the Company’s common shares is determined by the Compensation Committee. For awards with a performance vesting condition, the Company recognizes expense when the performance condition is considered probable to occur. Share-based compensation expense recognized was $4.3 million and $5.5 million for the three months ended February 28, 2015 and 2014, respectively, and $12.7 million and $14.7 million for the nine months ended February 28, 2015 and 2014, respectively.

On March 27, 2013, the Compensation Committee of LVB approved and adopted an Amended LVB Acquisition, Inc. 2012 Restricted Stock Unit Plan. The amendment permits certain participants in the Plan to be eligible to elect to receive a cash award with respect to their vested time-based RSUs subject to certain conditions, including the satisfaction of certain Company performance thresholds with respect to Adjusted EBITDA and unlevered free cash flow. To the extent the Company performance conditions have been satisfied for the applicable fiscal year, eligible participants will be entitled to elect to receive a cash award based on the fair market value of the Parent’s common stock on the first day of the applicable election period, payable in three installments over a two-year period, with respect to their vested time-based RSUs and such vested time-based RSU will be forfeited upon such election. Payment of the cash award is subject to the participant's continued employment through the payment date (other than with respect to a termination by the Company without cause).

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Note 12—Income Taxes.

The Company applies guidance issued by the Financial Accounting Standards Board for uncertainty in income taxes. The Company records the liability for unrecognized tax positions as a long-term liability.

The Company conducts business globally and, as a result, certain of its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examinations by taxing authorities throughout the world, including major jurisdictions such as Australia, Canada, China, France, Germany, Japan, Luxembourg, the Netherlands, Spain, the United Kingdom and the United States. In addition, certain state and foreign tax returns are under examination by various regulatory authorities. The Company is no longer subject to U.S. federal income tax examinations for the fiscal years prior to and including the year ended May 31, 2011.

The Company regularly reviews issues that are raised from ongoing examinations and open tax years to evaluate the adequacy of its liabilities. As the various taxing authorities continue with their audit/examination programs, the Company will adjust its reserves accordingly to reflect these settlements. As of February 28, 2015, the Company does not anticipate a significant change in its worldwide gross liabilities for unrecognized tax benefits within the succeeding twelve months.

The Company’s effective income tax rates were 31.9% and 14.9% for the three and nine months ended February 28, 2015, compared to 17.9% and 56.9% for the three and nine months ended February 28, 2014. Primary factors in determining the effective tax rates include the mix of various jurisdictions in which profits are projected to be earned and taxed, as well as assertions regarding the expected repatriation of earnings of the Company’s foreign operations. Fluctuations in effective tax rates between comparable periods also reflect the discrete tax benefit or expense of items in continuing operations that represent tax effects not attributable to current-year ordinary income. Discrete items, consisting primarily of the finalization of the 2014 income tax returns, changes in deferred taxes due to state and international reorganizations and release of valuation allowance on state net operating loss carryforwards, impacted the quarterly income tax provision by $3.8 million and $6.0 million, or 5.2% and 3.5%, in the three and nine months ended February 28, 2015, respectively.

Note 13—Segment Reporting.

The Company operates in one reportable segment, musculoskeletal products, which includes the designing, manufacturing and marketing of knees; hips; sports, extremities and trauma (“S.E.T.”); spine, bone healing and microfixation; dental; and cement, biologics and other products. Other products consist primarily of general instruments and operating room supplies. The Company operates in various geographies. These geographic markets are comprised of the United States, Europe and International. Major markets included in the International geographic market are Canada, Latin America and the Asia Pacific region.

Net sales by product category for the three and nine months ended February 28, 2015 and 2014 were as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Net sales by product:				
Knees	$247.3	$254.2	$746.3	$743.3
Hips	160.2	162.9	483.5	480.3
S.E.T.	163.2	169.0	478.3	478.8
Spine, Bone Healing and Microfixation	117.3	115.9	364.6	322.4
Dental	60.8	64.4	182.1	188.8
Cement, Biologics and Other	52.1	56.1	164.5	165.3
Total	$800.9	$822.5	$2,419.3	$2,378.9

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Net sales by geography for the three and nine months ended February 28, 2015 and 2014 were as follows:

(in millions)	Three Months Ended February 28, 2015	February 28, 2014	Nine Months Ended February 28, 2015	February 28, 2014
Net sales by geography:				
United States	$514.8	$508.9	$1,522.3	$1,471.9
Europe	175.1	199.8	542.5	563.1
International[1]	111.0	113.8	354.5	343.9
Total	$800.9	$822.5	$2,419.3	$2,378.9

(1) International primarily includes Canada, Latin America and the Asia Pacific region.

Long-term assets by geography as of February 28, 2015, May 31, 2014 and 2013 were as follows:

(in millions)	February 28, 2015	May 31, 2014	May 31, 2013
Long-term assets[1] by geography:			
United States	$422.6	$396.9	$336.8
Europe	155.0	241.4	255.7
International	124.7	77.7	72.7
Total	$702.3	$716.0	$665.2

(1) Defined as property, plant and equipment.

Note 14—Guarantor and Non-Guarantor Financial Statements.

Each of Biomet's existing wholly owned domestic subsidiaries fully, unconditionally, jointly, and severally guarantee the senior notes on a senior unsecured basis and the senior subordinated notes on a senior subordinated unsecured basis, in each case to the extent such subsidiaries guarantee Biomet's senior secured cash flow facilities. LVB is neither an issuer nor guarantor of the notes described in Note 7.

The following financial information presents the composition of the combined guarantor subsidiaries:
CONDENSED CONSOLIDATING BALANCE SHEETS

	February 28, 2015				
(in millions)	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$—	$87.1	$ 276.1	$—	$363.2
Accounts receivable, net	—	307.4	241.0	—	548.4
Inventories, net	—	400.2	309.9	—	710.1
Deferred income taxes	—	118.8	24.5	—	143.3
Prepaid expenses and other	—	68.1	54.3	—	122.4
Total current assets	—	981.6	905.8	—	1,887.4
Property, plant and equipment, net	—	433.2	269.1	—	702.3
Investments	—	3.6	0.6	—	4.2
Investment in subsidiaries	7,697.1	—	—	(7,697.1)	—
Intangible assets, net	—	2,546.7	554.6	—	3,101.3
Goodwill	—	3,142.9	411.7	—	3,554.6
Other assets	—	111.7	10.2	—	121.9
Total assets	$7,697.1	$7,219.7	$ 2,152.0	$(7,697.1)	$9,371.7
Liabilities & Shareholder’s Equity					
Current liabilities:					
Current portion of long-term debt	$132.8	$—	$ —	$—	$132.8
Accounts payable	—	54.6	35.4	—	90.0
Accrued interest	33.0	—	—	—	33.0
Accrued wages and commissions	—	68.4	58.3	—	126.7
Other accrued expenses	—	212.5	70.3	—	282.8
Total current liabilities	165.8	335.5	164.0	—	665.3
Long-term debt	5,580.6	—	—	—	5,580.6
Deferred income taxes	—	760.2	152.9	—	913.1
Other long-term liabilities	—	176.8	85.2	—	262.0
Total liabilities	5,746.4	1,272.5	402.1	—	7,421.0
Shareholder’s equity	1,950.7	5,947.2	1,749.9	(7,697.1)	1,950.7
Total liabilities and shareholder’s equity	$7,697.1	$7,219.7	$ 2,152.0	$(7,697.1)	$9,371.7

(in millions)	May 31, 2014 Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$—	$101.8	$ 145.8	$—	$247.6
Accounts receivable, net	—	284.6	292.7	—	577.3
Inventories	—	374.3	319.1	—	693.4
Deferred income taxes	—	117.9	32.0	—	149.9
Prepaid expenses and other	—	128.0	74.9	—	202.9
Total current assets	—	1,006.6	864.5	—	1,871.1
Property, plant and equipment, net	—	412.4	303.6	—	716.0
Investments	—	11.9	0.6	—	12.5
Investment in subsidiaries	7,882.9	—	—	(7,882.9)	—
Intangible assets, net	—	2,740.1	699.5	—	3,439.6
Goodwill	—	3,146.7	487.7	—	3,634.4
Other assets	—	81.5	11.5	—	93.0
Total assets	$7,882.9	$7,399.2	$ 2,367.4	$(7,882.9)	$9,766.6
Liabilities & Shareholder's Equity					
Current liabilities:					
Current portion of long-term debt	$133.1	$—	$ —	$—	$133.1
Accounts payable	—	86.9	48.4	—	135.3
Accrued interest	53.3	—	0.1	—	53.4
Accrued wages and commissions	—	90.0	78.7	—	168.7
Other accrued expenses	—	259.4	95.3	—	354.7
Total current liabilities	186.4	436.3	222.5	—	845.2
Long-term debt	5,587.3	—	—	—	5,587.3
Deferred income taxes	—	811.3	157.3	—	968.6
Other long-term liabilities	—	170.8	85.5	—	256.3
Total liabilities	5,773.7	1,418.4	465.3	—	7,657.4
Shareholder's equity	2,109.2	5,980.8	1,902.1	(7,882.9)	2,109.2
Total liabilities and shareholder's equity	$7,882.9	$7,399.2	$ 2,367.4	$(7,882.9)	$9,766.6

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended February 28, 2015				
(in millions)	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$—	$532.8	$268.1	$—	$800.9
Cost of sales	—	188.1	12.2	—	200.3
Gross profit	—	344.7	255.9	—	600.6
Selling, general and administrative expense	—	232.3	110.1	—	342.4
Research and development expense	—	30.5	9.2	—	39.7
Amortization	—	55.4	15.5	—	70.9
Operating income	—	26.5	121.1	—	147.6
Interest expense	77.7	—	0.6	—	78.3
Other (income) expense	—	11.7	(14.1)	—	(2.4)
Income (loss) before income taxes	(77.7)	14.8	134.6	—	71.7
Tax expense (benefit)	(29.5)	5.8	46.6	—	22.9
Equity in earnings of subsidiaries	97.0	—	—	(97.0)	—
Net income (loss)	$48.8	$9.0	$88.0	$(97.0)	$48.8
Other comprehensive income (loss)	$(136.2)	$—	$(138.4)	$138.4	$(136.2)
Total comprehensive income (loss)	$(87.4)	$9.0	$(50.4)	$41.4	$(87.4)

	Three Months Ended February 28, 2014				
(in millions)	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$—	$527.6	$294.9	$—	$822.5
Cost of sales	—	272.4	54.5	—	326.9
Gross profit	—	255.2	240.4	—	495.6
Selling, general and administrative expense	—	238.3	128.1	—	366.4
Research and development expense	—	31.3	11.2	—	42.5
Amortization	—	73.0	13.5	—	86.5
Operating income (loss)	—	(87.4)	87.6	—	0.2
Interest expense	80.9	0.2	—	—	81.1
Other (income) expense	(2.4)	(0.8)	2.7	—	(0.5)
Income (loss) before income taxes	(78.5)	(86.8)	84.9	—	(80.4)
Tax expense (benefit)	(29.8)	(33.1)	48.4	—	(14.5)
Equity in earnings of subsidiaries	(17.2)	—	—	17.2	—
Net income (loss)	$(65.9)	$(53.7)	$36.5	$17.2	$(65.9)
Other comprehensive income (loss)	$3.4	$—	$(10.7)	$—	$(7.3)
Total comprehensive income (loss)	$(62.5)	$(53.7)	$25.8	$17.2	$(73.2)

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	Nine Months Ended February 28, 2015				
(in millions)	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$—	$1,574.1	$845.2	$—	$2,419.3
Cost of sales	—	552.8	47.2	—	600.0
Gross profit	—	1,021.3	798.0	—	1,819.3
Selling, general and administrative expense	—	702.0	369.8	—	1,071.8
Research and development expense	—	93.9	31.5	—	125.4
Amortization	—	171.5	50.9	—	222.4
Operating income	—	53.9	345.8	—	399.7
Interest expense	236.3	—	0.6	—	236.9
Other (income) expense	—	22.8	(31.5)	—	(8.7)
Income (loss) before income taxes	(236.3)	31.1	376.7	—	171.5
Tax expense (benefit)	(89.8)	11.9	103.5	—	25.6
Equity in earnings of subsidiaries	292.4	—	—	(292.4)	—
Net income (loss)	$145.9	$19.2	$273.2	$(292.4)	$145.9
Other comprehensive income (loss)	$(316.5)	$0.1	$(322.0)	$321.9	$(316.5)
Total comprehensive income (loss)	$(170.6)	$19.3	$(48.8)	$29.5	$(170.6)

	Nine Months Ended February 28, 2014				
(in millions)	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$—	$1,519.6	$859.3	$—	$2,378.9
Cost of sales	—	671.4	118.6	—	790.0
Gross profit	—	848.2	740.7	—	1,588.9
Selling, general and administrative expense	—	645.0	375.1	—	1,020.1
Research and development expense	—	89.5	31.9	—	121.4
Amortization	—	196.1	41.1	—	237.2
Operating income (loss)	—	(82.4)	292.6	—	210.2
Interest expense	274.0	0.2	0.2	—	274.4
Other (income) expense	2.4	(4.3)	7.3	—	5.4
Income (loss) before income taxes	(276.4)	(78.3)	285.1	—	(69.6)
Tax expense (benefit)	(105.0)	(29.8)	95.1	—	(39.7)
Equity in earnings of subsidiaries	141.5	—	—	(141.5)	—
Net income (loss)	$(29.9)	$(48.5)	$190.0	$(141.5)	$(29.9)
Other comprehensive income (loss)	$25.7	$—	$22.3	$—	$48.0
Total comprehensive income (loss)	$(4.2)	$(48.5)	$212.3	$(141.5)	$18.1

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOW

	Nine Months Ended February 28, 2015				
(in millions)	Biomet, Inc.	Guarantor	Non-Guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$3.3	$79.9	$ 238.4	$—	$321.6
Capital expenditures	—	(105.4)	(73.9)	—	(179.3)
Other	—	9.5	(1.3)	—	8.2
Cash flows provided by (used in) investing activities	—	(95.9)	(75.2)	—	(171.1)
Proceeds under revolvers	205.0	—	—	—	205.0
Retirement of term loans	(180.0)	—	—	—	(180.0)
Other	(28.3)	1.3	—	—	(27.0)
Cash flows provided by (used in) financing activities	(3.3)	1.3	—	—	(2.0)
Effect of exchange rate changes on cash	—	—	(32.9)	—	(32.9)
Increase (decrease) in cash and cash equivalents	—	(14.7)	130.3	—	115.6
Cash and cash equivalents, beginning of period	—	101.8	145.8	—	247.6
Cash and cash equivalents, end of period	$—	$87.1	$ 276.1	$—	$363.2

	Nine Months Ended February 28, 2014				
(in millions)	Biomet, Inc.	Guarantor	Non-Guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$159.2	$236.6	$ (70.2)	$—	$325.6
Capital expenditures	—	(91.7)	(67.1)	—	(158.8)
Acquisitions, net of cash acquired - 2013 Spine Acquisition	—	(148.8)	—	—	(148.8)
Other	—	(1.4)	0.1	—	(1.3)
Cash flows provided by (used in) investing activities	—	(241.9)	(67.0)	—	(308.9)
Proceeds under revolvers	155.0	—	4.3	—	159.3
Payments under revolver	(55.0)	—	(8.0)	—	(63.0)
Proceeds from senior notes due 2020 and term loans	870.5	—	—	—	870.5
Retirement of term loans	(1,091.6)	—	—	—	(1,091.6)
Other	(38.1)	0.6	(2.3)	—	(39.8)
Cash flows provided by (used in) financing activities	(159.2)	0.6	(6.0)	—	(164.6)
Effect of exchange rate changes on cash	—	—	4.7	—	4.7
Decrease in cash and cash equivalents	—	(4.7)	(138.5)	—	(143.2)
Cash and cash equivalents, beginning of period	—	35.3	320.3	—	355.6
Cash and cash equivalents, end of period	$—	$30.6	$ 181.8	$—	$212.4

Note 15—Restructuring.

The Company recorded $1.4 million and $6.6 million in short-term restructuring costs during the three months ended February 28, 2015 and 2014, respectively, and $6.4 million and $18.8 million during the nine months ended February 28, 2015 and 2014, respectively. During fiscal year 2014 the expense is employee severance costs, with fiscal year

2015 including both employee severance costs and plant closure costs. The expense resulted primarily from the planned closures of the Swindon, United Kingdom manufacturing facility and the Le Locle, Switzerland manufacturing facility. These restructuring charges were recorded within cost of sales, selling, general and administrative expense, and research and development expense and other accrued expenses.

A summary of the severance and benefit costs in the periods presented is as follows:

(in millions)	Restructuring Costs
Restructuring Accrual:	
Balance at May 31, 2014	$42.5
Costs incurred and charged to expense	1.8
Costs paid or otherwise settled	(21.0)
Non-cash adjustments[1]	(0.2)
Balance at August 31, 2014	23.1
Costs incurred and charged to expense	3.2
Costs paid or otherwise settled	(2.5)
Non-cash adjustments[1]	—
Balance at November 30, 2014	23.8
Costs incurred and charged to expense	